INVESTMENT POLICY STATEMENT
CHATTANOOGA FIRE AND POLICE PENSION FUND

CURRENT ADOPTION: JULY 01, 2021

PRIOR REVISIONS

June 18, 2020
March 7,2019
May 3, 2018
September 7, 2017
October 2, 2014
February 3, 2011
December 17, 2009
January 15, 2009
October 10, 2008
March 16, 2006
February 5, 2004
December 30, 1998

OVERVIEW

The City of Chattanooga Fire and Police Pension Fund ("Fund") is a defined benefit pension plan ("Plan") established for the exclusive benefit of eligible employees and their beneficiaries.

The Plan was established by Chattanooga City Code Section 2-400 through 2-429 and became effective in 1949; it is intended to qualify as a defined benefit pension plan under Code Section 401(a), and is a governmental plan under Code Section 414(d) and Section 3(32) of the Employee Income Retirement and Security Act of 1974, as amended ("ERISA").

This Investment Policy Statement ("IPS") is divided into four sections.

- **Section 1 (P. 3)** outlines **Process** to be followed in making and executing investment policy.
- **Section 2 (P. 4)** displays **Strategy:** return assumption, asset allocation, measurement criteria.
- **Section 3 (P. 5)** describes each **Manager** with any guidelines unique to that manager.
- **Section 4** (**P. 23)** lists **Guidelines** for major asset classes.

In addition, an Investment Glossary is provided to help the reader understand any unfamiliar terms. The glossary is not part of the IPS.

SECTION 1 - PROCESS

A. Fiduciary Standards

Assets of the Fund shall be managed solely for the benefit of Plan participants in a manner consistent with Tennessee fiduciary standards. Investments shall be made with the care, skill, and diligence that a prudent person would use in achieving the aims outlined in this IPS.

The Board of Trustees ("Board") and investment professionals are to acknowledge in writing that they are fiduciaries of the Plan relative to the services they provide. The custodian to whom the assets are entrusted shall be a national or state chartered bank under a suitable bond.

B. Board Duties

The Board has the responsibility of establishing and maintaining policies governing management of the Plan's financial assets held in the Fund, including:

1. Selecting professionals to assist in management of the plan;
2. Choosing an asset allocation to balance risk and return;
3. Selecting and evaluating professionals to manage those assets;
4. Communicating guidelines to those professionals;
5. Monitoring performance of the plan;
6. Maintaining sufficient liquidity to pay benefits and expenses.

C. Investment Goals

The goal of the Fund is to earn the actuarial return assumption net of fees over a long period of time such as 20 years, while minimizing risk. Risk should be thought of both as short term, meaning, the stress that a sharp but temporary decline in value can place on the Fund; and long term, meaning, the chance of not achieving the actuarial return assumption.

The Board shall employ the following philosophy in pursuing that goal:

1. Adhere to a long-term perspective;
2. Align strategy with goals and risk tolerance;
3. Maintain consistent exposure to the capital markets;
4. Work toward a thorough understanding of financial concepts and strategies used;
5. Minimize investment costs.

D. Investment Guidelines

Guidelines unique to each manager are contained in Section 3. These guidelines incorporate general guidelines for certain asset classes contained in Section 4. Any investment in a commingled structure is governed by the prospectus of that structure and not by this IPS.

SECTION 2 - STRATEGY

The following sets out the Board's actuarial assumption, asset allocation and performance standards.

A. Actuarial Assumed Rate of Return: 7.00%

B. Asset Allocation

ASSET SUBCLASS	TARGET	RANGE +/-
A. Domestic Large Cap Equity	20%	5%
B. Domestic Mid Cap Equity	15%	4%
C. Domestic Small Cap Equity	5%	2%
D. Foreign Developed Equity	10%	3%
E. Foreign Emerging Market Equity	10%	3%
F. Private Equity	5%	3%
G. Private Real Estate	5%	5%
H. Timber and Farmland	10%	5%
I. Domestic Fixed Income	20%	10%
J. Cash	0%	5%
TOTAL	**100%**	

Due to illiquidity, private equity and mid cap equity may be combined for allocation purposes. Also due to illiquidity, timber, farmland, private real estate, domestic fixed income and cash may be combined. The balance between risk assets (A-F) and Safety Assets (G-K) should be maintained near the implied 65%/35% targets. Rebalancing is required if an allocation falls outside any range.

C. Performance Measurement

1. Time Period. Judgment regarding performance of both the portfolio and individual managers should ideally be over a market cycle to include both up and down markets, both lasting 2-4 quarters. The Board may use shorter periods if performance trends fail to meet expectations.

2. Portfolio Goal**.** The short-term goal is to rank in the upper half of a universe of public fund portfolios. The long-term goal is to earn the actuarial assumption over a long period of time such as 20 years, while assuming only as much risk as needed to achieve that return.

3. Manager Goals. Each manager shall be assigned a benchmark. Active managers are expected to outperform their benchmark over a market cycle net of fees, and to perform in the upper half of a universe of managers in a similar style. Passive managers are expected to nearly match their benchmark on a quarterly basis gross of fees.

SECTION 3 – MANAGERS

The managers in Section 3 have been chosen to implement the asset allocation in Section 2. Each manager description includes the asset class, benchmark, strategy, and expected performance pattern. The descriptions are intended to remind the trustees of what is expected from each manager, particularly prior to a manager review.

PUBLIC EQUITY

A. Vanguard Institutional Index
B. Vanguard Mid Cap Index
C. PIMCO StocksPlus Small Cap
D1. ClearBridge Investments International Growth ADR
D2. Tocqueville Asset Management International Multi Cap Equity
E. AQR Capital Management Emerging Markets

PRIVATE EQUITY

F1. Energy & Minerals Group Fund II
F2. Glouston Capital Partners Private Equity Opportunities IV

REAL ASSETS

G1. BlackRock US Core Property Fund
G2. Prudential Real Estate Investors PRISA
G3. Siguler Guff Distressed Real Estate Opportunities Fund II
H1. Hancock Timber and Farmland
H2. Molpus Sustainable Woodlands Fund V
H3. UBS AgriVest Farmland Fund

FIXED INCOME

I1. 1607 Capital Partners Taxable Fixed Income
I2. Johnson Institutional Management Core Bond
I3. TCW Group Metropolitan West Total Return

A. Vanguard Institutional Index

1. Asset Class: domestic equity-large cap index fund

2. Type: mutual fund, ticker VINIX institutional shares

3. Benchmark: S&P 500

4. Fee: 3.5 bps

5. Inception: 2Q 2012 Termination: Open Ended

6. Description

Vanguard seeks to track the performance of a benchmark index that measures the investment return of large-capitalization stocks in the Standard & Poor's 500 Index. Vanguard attempts to replicate the index by holding each stock in the same proportion as its weighting in the index.

7. Rationale

The Board chose to utilize a passive core strategy for the large cap equity allocation to minimize expenses, believing the chance of earning return in excess of the benchmark is not worth the incremental cost.

8. Manager Guidelines and Exceptions

Vanguard Institutional Index is a commingled fund governed by its own prospectus and not this IPS. Guidelines for the strategy may be viewed at the following site and selecting VINIX:

https://institutional.vanguard.com/web/c1/product-details/fund/0094

B. Vanguard Mid Cap Index

1. Asset Class: domestic equity-mid cap index fund

2. Type: mutual fund, ticker VMCIX institutional shares

3. Benchmark: CRSP US Mid Cap

4. Fee: 4 bps

5. Inception: 2Q 2017 Termination: Open Ended

6. Description

Vanguard seeks to track the performance of a benchmark index that measures the investment return of mid-capitalization stocks in the CRSP US Mid Cap Index. Vanguard attempts to replicate the index by holding each stock in the same proportion as its weighting in the index.

7. Rationale

The Board chose to utilize a passive core strategy for the mid cap equity allocation to minimize expenses, believing the chance of earning return in excess of the benchmark is not worth the incremental cost.

8. Manager Guidelines and Exceptions

Vanguard Mid Cap Index is a commingled fund governed by its own prospectus and not this IPS. Guidelines for the strategy may be viewed at the following site and selecting VMCIX:

https://institutional.vanguard.com/web/c1/product-details/fund/0864

C. PIMCO StocksPLUS Small Cap

1. Asset Class: domestic equity-small cap core

2. Type: Type: mutual fund, ticker PSCSX institutional shares

3. Benchmark: Russell 2000

4. Fee: 69 bps

5. Inception: 4Q 2018 Termination: Open Ended

6. Description

The StocksPLUS Small Fund uses derivatives to create the return of the Russell 2000, and invests the excess cash in fixed income instruments designed to deliver higher yield than that assumed in the derivatives contracts. This technique is a type of portable alpha strategy. The investor therefore receives the benchmark return plus incremental yield (which can be positive or negative) less expenses. The strategy also benefits from being on the lending side of small cap stocks to those who want to short them as the market for lending small cap stocks tends to favor lenders.

The strategy tends to underperform in the following environments: 1) a flat to inverted yield curve 2) low yield premiums vs. Treasuries, and 3) periods when financing cost associated with synthetic long equity index exposure is above short-term LIBOR.

7. Rationale

StocksPLUS appears to have an ability to consistently add excess return in ways unrelated to equity. This results in part from supply/demand imbalance for the Russell 2000 index. Futures tend to roll cheap because many small cap managers short the index to hedge the broad beta. There is a consistent demand to short the Russell 2000 while there is no consistent demand for long exposure. This imbalance is not typical for other equity segments like the S&P 500. StocksPLUS therefore provides a different source of excess return than our other active equity strategies.

8. Guidelines and Exceptions

StocksPLUS is a commingled fund governed by its own prospectus and not this IPS. Guidelines for the strategy may be viewed at the following site and selecting PSCSX:

http://investments.pimco.com/prospectuses

D1. ClearBridge Investments International Growth ADR

1. Asset Class: foreign equity - developed markets

2. Type: separate account utilizing ADRs, open end

3. Benchmark: MSCI EAFE

4. Fees: 60 bps

5. Inception: 1Q 2019 Termination: Open Ended

6. Description

The investment team invests in high-quality businesses with sustainable growth characteristics that are trading below their intrinsic value. The investment universe incorporated in the team's model evaluates approximately 4,000 non-US names with market caps above $100 million across the growth spectrum. Initial evaluation is conducted looking at the company's competitive ecosystem, its long-term competitive advantage and returns on capital invested, the uses of operating cash flow, and a thorough analysis of its capital structure. The team incorporates its view of future industry consolidation, demand and supply strength and pricing, focusing on what is mispriced and where they have a differentiated point of view.

The team uses a proprietary earnings model to quantify that view into a target price, taking into account potential upside and downside scenarios. Stocks are selected based on their level of conviction in the investment theses, along with upside price targets. A stock is sold if it reaches its target price, if the thesis is broken or if a better opportunity is identified.

7. Rationale

Foreign developed equity is an area of the equity market where active management has a relatively higher chance of adding value. This strategy should protect on the downside due to its focus on high-quality companies while keeping up in positive return markets due to its focus on growth businesses. It will likely underperform in major bull markets where low-quality stocks have the best price performance. It may also under perform in markets where the value outperforms growth. ClearBridge was selected as a growth complement to the Fund's other foreign developed manager Tocqueville, which is a value manager.

8. Manager Guidelines

ClearBridge is governed by the foreign equity guidelines in Section 4(A)(2) of this IPS with one exception. The portfolio may invest up to 10% in US incorporated companies. If an investment in a US incorporated company is initiated, the client will be notified with the rationale for purchase within one month after the end of the quarter in which the purchase was made in our normal reporting cycle, by email to the administrator and the consultant.

D2. Tocqueville Asset Management International Multi Cap Equity

1. Asset Class: foreign equity - developed markets

2. Type: commingled fund, open end

3. Benchmark: MSCI EAFE

4. Annual Fee: 85 bps

5. Inception: 1Q 2019 Termination: Open Ended

6. Description

The investment philosophy for the International Multi Cap strategy is absolute return in nature and the portfolio is not managed to a benchmark. Investment decisions are made on a bottom-up basis according to their individual risk/reward characteristics. The investment team identifies good businesses that are depressed in price, out of favor in the market or misunderstood and trading at a substantial discount to intrinsic value, typically at least 30%. Frequently this requires quantifying the risk to earnings implied by the event that resulted in the price decline.

The team targets securities with a potential for 60%-100% upside over 3 years with limited downside risk. When the team initiates a position, it has established an estimate of intrinsic value as well as a price target which is an estimate of future intrinsic value. When a stock reaches the estimate of intrinsic value, the team sells. The team may also replace a stock approaching its intrinsic value with one that has a more attractive risk/reward profile.

7. Rationale

Foreign developed equity is an area of the equity market where active management has a relatively higher chance of adding value. Tocqueville has roots in value investing. The strategy typically performs better during cyclical recoveries. It was selected as a value complement to the Fund's other foreign developed manager ClearBridge, which is a growth manager. At the time both managers were hired in early 2019, ClearBridge was coming off two very good years while Tocqueville was coming off one very bad year relative to the benchmark. A consideration for balancing ClearBridge with Tocqueville was that both might revert to the mean.

8. Manager Guidelines

The International Multi Cap strategy is a commingled fund governed by its own prospectus and not this IPS. Further information about the strategy can be found on Tocqueville's website, http://tocqueville.com/institutional/international-multi-cap-equity/.

E. AQR Capital Management Emerging Markets

1. Asset Class: emerging markets equity

2. Type: commingled fund, open end

3. Benchmark: MSCI Emerging Markets

4. Fee: 93 bps

5. Inception: 4Q 2018 Termination: Open Ended

6. Description

AQR's investment philosophy is anchored in the concepts of value and momentum. The firm believes both strategies have positive expected returns but are negatively correlated to each other. They employ both quantitative and fundamental tools to maintain a diversified portfolio that is overweight cheap securities with good momentum and underweight expensive securities with poor momentum. A set of additional signals based on carry, sentiment, earnings quality, growth and management themes is incorporated into the process.

AQR looks to isolate the active risks taken across three dimensions – stock, country and currency – in order to add alpha in each. Buy and sell decisions are based on the trade-off between expected return, risk, transaction cost and other investment constraints. The firm's models are run on a daily basis and transactions are made through periodic rebalancing to maintain the efficiency of the portfolio.

7. Rationale

Emerging market equity offers the potential to earn above-average return at the cost of greater volatility. The Board chose the strategy because it is tightly risk controlled and less likely than fundamental strategies to suffer deep under performance.

8. Manager Guidelines and Exceptions

The AQR strategy is a commingled fund governed by its own prospectus and not this IPS. Further information about the strategy can be found on AQR's website, https://www.aqr.com/Strategies#overview.

F1. Energy & Minerals Group Fund II

1. Asset Class: private equity

2. Type: commingled fund, $5 million commitment, closed end

3. Benchmark: Bloomberg Commodity Index

4. Annual Fee: 140 bps, 20% carry over 8% hurdle

5. Inception: 4Q 2012 Termination: 10 years plus two 1-year extensions (2020-2022)

6. Description

The Fund focuses on making investments in the global natural resources industry, which generally includes the entire energy complex and all facets of the mining, minerals and metals industry. The Fund targets equity investments of $150 million to $400 million in entities with highly accomplished management teams specializing in hard assets that are integral to existing and growing markets, with a focus on non-substitutable industrial commodities.

The Fund targets investment in the U.S, Canada, South Africa and Australia, with up to 50% of its investments outside the U.S. The team looks for companies with low-cost sources of supply and/or production, high-quality commodity-based products and strategic proximal locations. Investments are made in companies or assets with tangible value that are integral to the natural resources industry. Companies or assets that rely on the development of new markets or projects with speculative asset values are avoided.

7. Rationale

Private equity was added to the portfolio as a means of increasing return and providing diversification. EMG believes long-term global macroeconomic fundamentals emphasize the need for significant energy investments in natural gas, crude oil, and coal. The EMG team is well established in the natural resources industry both as part of the Firm and earlier in their careers.

8. Manager Guidelines

Energy & Minerals Group Fund II is a commingled fund governed by its own prospectus and not this IPS. Because it is a private investment not registered with the SEC, information about the fund is provided in a private placement memorandum which is not publicly available.

F2. Glouston Capital Partners Private Equity Opportunities IV

1. Asset Class: private equity

2. Type: commingled fund, $5 million commitment, closed end

3. Benchmark: S&P Completion Index

4. Annual Fee: started at 1.25%, declining to 1.07% in 2017, 0.56% by 2020, then 1% through 2024.

5. Inception: 2Q 2012 Termination: eight years with two 1-year extensions (2020-2022)

6. Description

Glouston Partners Equity Opportunities IV (GPEO IV) is a secondary fund, which purchases pre-existing investor commitments in private equity funds. Glouston's strategy focuses on smaller private equity positions where the team believes they can negotiate the best deals. The team leverages its sourcing network to look for quality funds that come to market due to liquidity needs or changes in the asset allocation of the pre-existing investors. They also look for funds that are in transition or going through a general partner restructuring.

6. Rationale

Private equity was added to the portfolio as a means of increasing return and providing diversification. Secondary funds, being more mature, tend to have shorter periods of negative returns in the early part of their life (the so-called J curve). Glouston Capital Partners is a well-known, established private equity manager with experience investing in primary, secondary and co-investments.

7. Manager Guidelines

GPEO IV is a commingled fund governed by its own prospectus and not this IPS. Because it is a private investment not registered with the SEC, information about the fund is provided in a private placement memorandum which is not publicly available.

G1. BlackRock US Core Property Fund

1. Asset Class: private real estate

2. Type: commingled fund, open end

3. Benchmark: NCREIF ODCE

4. Fees: 110 bps

5. Inception: 2Q 2011 Termination: open ended

6. Description

The BlackRock US Core Property Fund ("CPF") adheres to a core strategy. Core properties generally are 100% complete, 90%+ leased, and located in major U.S. gateway markets (New York, San Francisco, Los Angeles, Chicago, Boston, Washington DC). Leverage for core property funds generally is 20%-30%.

CPF believes these markets exhibit supply constraints that allow pricing power. CPF focuses on four sectors: office, retail, multi-family residential and industrial. Within these categories CPF pursues strategic sub-types such as high-rise apartments, central business district offices, necessity retail, and trade-based warehouses, believing these have consistent demand, higher occupancies, and historic outperformance.

CPF expects to maintain 5%-15% of the portfolio in value-added properties in the United States that may have higher appreciation potential. These properties may exist outside the gateway markets, may be partially incomplete, and have lower occupancy rates. Such properties are acquired to take advantage of the ability to earn higher rents or occupancy rates through capital improvements.

7. Rationale

The US Core Property Fund is intended to act as a bond substitute, offering an underlying value that can fluctuate (like bond principal) and an income component (like a coupon). Real estate can be superior to bonds in an environment where interest rates and inflation increase.

However, core real estate can be inferior to bonds in that the principal value can decline like equity in times of severe stress (2008-2009) or during a real estate downturn (mid 1990s) when bonds hold or even increase in value. The Board believes interest rates and inflation are both likely to increase in coming years, making real estate an attractive alternative to bonds.

8. Manager Guidelines

The US Core Property Fund is a commingled fund governed by its own prospectus and not this IPS. Further information about the strategy can be found on BlackRock's website, https://www.blackrock.com/investing/library?materialType=summary+prospectus.

G2. Prudential Real Estate Investors PRISA

1. Asset Class: private real estate

2. Type: commingled fund, open end

3. Benchmark: NCREIF ODCE

4. Fees: 100 bps

5. Inception: 3Q 2001   Termination: open ended

6. Description

PRISA adheres to a core strategy. Core properties generally are 100% complete, 90%+ leased, and located in major U.S. gateway markets (New York, San Francisco, Los Angeles, Chicago, Boston, Washington DC). Leverage is generally 20%-30%.

PRISA has about $20 billion in assets diversified by property type (multi-family, retail, industrial, office, self-storage, hotels) and geography (West, East, South, Midwest) with focus on the six gateway markets. The goal of PRISA is to deliver returns between stocks and bonds with an income component of about two-thirds of return, and an appreciation component comprising one-third of return. The income component is generated by rents, appreciation is calculated by rolling appraisals completed on the entire portfolio every year.

7. Rationale

PRISA is intended to act as a bond substitute, offering an income component (like a coupon) and an underlying value (like bond principal) that can fluctuate. Real estate can be superior to bonds in that it can appreciate in a rising rate environment and respond positively to inflation.

Core real estate can be inferior to bonds in that its principal value can decline like equity in times of severe stress (2008-2009) or during real estate downturn (mid 1990s) when bond values hold steady or even increase. It is the current belief of the Board that interest rates will rise and inflation will increase for the intermediate term, making real estate an attractive alternative to fixed income.

8. Manager Guidelines

PRISA I is a commingled fund governed by its own prospectus and not this IPS. Further information about the strategy can be found on Prudential's website, http://www.pgimrealestate.com.

G3. Siguler Guff Distressed Real Estate Opportunities Fund II

1. Asset Class: private real estate

2. Type: commingled fund, closed end

3. Benchmark: NCREIF ODCE

4. Fees: 100 bps on first $10mm, 5% carry on investments and 15% carry on co-investments over an 8% hurdle (see Dahab glossary)

5. Inception: 4Q 2014 Termination: 12 years plus optional three-year extension (2025-2028)

6. Description

The Distressed Real Estate Opportunities Fund II (DREOF II) targets specific opportunities within the real estate investment universe that Siguler Guff believes present the greatest value at a particular time. Investments focus on various types of real property interests and investment types, including equity interests in commercial property, commercial mortgages and commercial mortgage-backed securities, and the debt and equity securities of real estate operating companies or real estate investment trusts.

The portfolio targets high-quality properties, primarily in the U.S. and Europe, which have deteriorated in value due to high levels of vacancy and deferred maintenance issues, often as a result of overleveraged capital structures. Siguler Guff employs a value-oriented, business cycle-aware and investment structure-agnostic strategy to target the evolving opportunities in the current business cycle.

7. Rationale

DREOF II is a value-add real estate strategy, which is considered risky private real estate investing. The increased risk is due to high leverage, more redevelopment and illiquidity for closed-end funds. The strategy is primarily to improve suboptimal properties to increase leasing rates and rent. Target returns are typically in the middle double digits, which are closer to equity-like returns than fixed income.

8. Manager Guidelines

DREOF II is a commingled fund governed by its own prospectus and not this IPS. The offering memorandum is not publicly available.

H1. Hancock Timberland and Farmland

1. Asset Class: timber and farmland

2. Type: commingled fund, open end

3. Benchmark: 50% NCREIF Timber / 50% NCREIF Farmland

4. Fees: 100 bps based on assets

5. Inception: 4Q 2017 Termination: Open Ended

6. Description

The Hancock Timberland and Farmland Fund is a new investment vehicle which held it's first close at the end of 2017. The Fund is targeting the United States, Australia, Brazil, Canada, Chile, New Zealand, Uruguay, and Western Europe. The target allocation is 60% U.S./40% non-U.S. However, the fund intends to be opportunistic in making acquisitions, and flexible in the resulting mix.

The fund is targeting a gross internal rate of return of 10%-12%. After a three-year lockup period, the fund will allow quarterly contributions and redemptions subject to market conditions and cash flow needs. The timber/farmland investment space is now dominated by closed-end funds.

Continued biological growth of trees increases volume and value per volume as small trees used for particleboard become large trees used for saw timber. The manager can delay harvesting if market prices are unfavorable. The greatest risk is price fluctuation of the underlying commodity. Tree farming is also subject to natural risks including flooding, fire, hurricanes, drought and insects. Of these, insects have posed the greatest risk in the past.

Farmland crops are a mixture of row, permanent and tabletop crops. Row crops (cereal grains) mature in 11-14 weeks and provide a more stable income from rent and capital returns. Permanent crops (nut and fruit trees, grapes) mature in 3-7 years and have a more volatile income stream from farm operations and commodities prices, and have the highest potential margin. Tabletop crops (vegetables) are similar to row crops. The greatest risk is commodity price fluctuation.

7. Rationale

Like real estate, timber and farmland have bond-like qualities: an underlying value that is relatively stable, and an income component from the harvesting like a coupon payment. Timber and farmland have relatively low correlations to other asset classes, making them good diversifiers. Returns should be between stocks and bonds, but historically have been somewhat higher.

8. Manager Guidelines

The Fund is a commingled fund governed by its own prospectus and not this IPS.

H2. Molpus Sustainable Woodlands V

1. Asset Class: timber

2. Type: commingled fund, $5mm commitment, closed end

3. Benchmark: NCREIF Timber

4. Fees: 100 bps based on assets, 15% carry over 7% hurdle

5. Inception: 1Q 2019 Termination: 15 years

6. Description

Molpus is a firm dedicated solely to timber investments within the United States, and primarily focused on Southeastern pine timber. Fund V has as its stated goal investing in North America, primarily in the United States, including five regions: the Southeast, Inland West, Great Lakes, New England. Fund V has a target size of $500 million and can utilize leverage up to 20%.

7. Rationale

Like real estate, timber has bond-like qualities: an underlying value that is relatively stable, and an income component from the harvesting of the wood like a coupon payment. Timber has relatively low correlation to other asset classes, making it a good diversifier. Returns should be between stocks and bonds, but historically have been somewhat higher than stocks.

Continued biological growth of trees increases volume and value per volume as small trees used for particleboard become large trees used for saw timber. The manager can delay harvesting if market prices are unfavorable. The greatest risk is price fluctuation of the underlying commodity. Tree farming is also subject to natural risks including flooding, fire, hurricanes, drought and insects. Of these, insects have posed the greatest risk in the past.

Molpus is a follow-on timber investment to Hancock in an attempt to keep the allocation close to the 5% target.

8. Manager Guidelines

The Fund is a commingled fund governed by its own prospectus and not this IPS. The offering memorandum is not publicly available.

H3. UBS AgriVest Farmland Fund

1. Asset Class: private farmland

2. Type: commingled fund, open end

3. Benchmark: NCREIF Farmland

4. Fees: 100 bps on invested capital, 20 bps on cash and equivalents

5. Inception: 1Q 2019 Termination: open ended

6. Description

The AgriVest Farmland Fund is, like Hancock, open end, providing quarterly investment openings and redemptions at the discretion of the manager. The fund owns land which is leased to operating farmers. Within the scope of agricultural managers, AgriVest is one of the most conservative. The farmer takes all the risk and reward associated with producing the crop, while UBS gets a lease payment as per the contractual agreement. We expect returns to between stocks and bonds but toward the low end of the spectrum for farmland because of the conservative strategy

The fund invests primarily in annual row crops like corn, wheat and soybeans, with smaller allocations to vegetable crops and permanent crops like nut and fruit trees. As with the leasing strategy this positions UBS on the conservative end of the risk/reward spectrum, as permanent crops can fluctuate considerably in value but tend to have higher return.

7. Rationale

Investing in farmland provides regular bond-like returns from lease payments with the potential for the underlying properties to appreciate in value if interest rates rise and inflation returns, as we expect. Farmland also provides diversity away from timber, which we also use as a bond substitute.

AgriVest is a follow-on farmland investment to Hancock in an attempt to keep the allocation close to the 5% target.

8. Manager Guidelines

The Fund is a commingled fund governed by its own prospectus and not this IPS. The offering memorandum is not publicly available.

I1. 1607 Capital Partners Taxable Fixed Income

1. Asset Class: fixed income, core plus

2. Type: commingled fund, open end

3. Benchmark: BC Aggregate

4. Fees: 70 bps

5. Inception: 4Q 2013 Termination: open ended

6. Description

The team utilizes a fund-of-funds approach, investing in closed-end funds. They seek to buy high quality funds that are temporarily trading at a discount to their net asset value (NAV). They seek to add value both from the fund reverting back to the mean from the discount price as well as from the manager performance of the underlying fund. The team utilizes a bottom-up, value-oriented approach in evaluating closed-end funds combined with a proprietary scoring system driven by factors the investment team sees as most important to recognizing value in funds.

The process combines analysis of underlying manager performance, relative and absolute discounts, size, and other qualitative factors affecting each fund in the universe. The strategy may also invest in ETFs and up to 30% of the portfolio can be in non-investment grade bonds. An underlying fund may be sold if it is trading equal to or above its NAV or if there is a downgrade in the underlying fund rating.

7. Rationale

The 1607 Bond Fund is a unique strategy that seeks to add value by investing in publicly traded closed-end fixed income funds. The investment was made to capture the greater diversity and potentially higher returns offered by the less efficient closed-end fund trading market.

8. Manager Guidelines

The 1607 Bond Fund is a commingled fund governed by its own prospectus and not this IPS. Further information about the strategy can be found on 1607's website http://1607capital.com/.

I2. Johnson Institutional Management Core Bond

1. Asset Class: fixed income, core

2. Type: mutual fund, ticker JIBFX institutional shares

3. Benchmark: BC Aggregate

4. Fees: 25 bps

5. Inception: 1Q 2018		Termination: open ended

6. Description

Johnson manages an all-domestic, all-investment grade portfolio, with the goal of beating the benchmark consistently by small increments. Johnson attempts to achieve this goal by employing a a quality yield approach emphasizing the spread sectors of the fixed income market to provide consistent compounding of excess income that drives bond returns, while simultaneously providing downside risk protection to the portfolio.

Portfolios are built from both a top-down, macro-economic perspective and a bottom-up, fundamental analysis of relative value. They do not speculate on the direction of interest rates, limiting the duration and structure of the portfolio to a range around the benchmark. Instead, sector and security selection account for the majority of value-added in their portfolios.

Investment decisions are made from an internal assessment of relative value based on fundamental assessment of risk and yield spread. Johnson typically emphasizes investment-grade corporate bonds and agency-backed mortgage securities. A bond can be sold if it is deemed overpriced, if there is a downgrade in their internal credit analysis or if a better opportunity has been found.

7. Rationale

The investment was added to the portfolio to include a low-risk strategy to the fixed income allocation. The investment is designed to serve as the portfolio anchor in bad markets such as 2008.

8. Manager Guidelines

The Johnson Institutional Core Bond Fund is a commingled fund governed by its own prospectus and not this IPS. Guidelines for the strategy may be viewed at the following site.

http://quote.morningstar.com/fund-filing/Prospectus/2018/5/1/t.aspx?t=JIBFX&ft=497&d=1215f2357a54f568006edbaa63095b91

I3. TCW Group Metropolitan West Total Return

1. Asset Class: fixed income, core plus

2. Type: mutual fund, ticker MWTIX institutional shares

3. Benchmark: BC Aggregate

4. Fees: 46 bps

5. Inception: 1Q 2015 Termination: open ended

6. Description

The team seeks to outperform the market over a full market cycle by utilizing five value adding strategies: duration management, yield curve management, sector selection, issue selection, and opportunistic execution. The process begins with a long-term economic outlook, which is determined by the portfolio management team on a quarterly basis. Duration management is predicated on the belief that interest rates are positively correlated with the business cycle. The yield curve management is driven by the team's consensus on business cycle conditions and prospective Federal Reserve policy.

The sector allocation is based on pricing and fundamentals and whether risk budgets to spread sectors should be more or less than the benchmark. Finally, security selection looks for bonds believed to be undervalued that also possess a near-term investment catalyst. A security may be sold if credit fundamentals deteriorate or if a better risk/reward opportunity is found.

7. Rationale

TCW/MetWest is a well-known and respected investment firm. The investment was made to capture the greater diversity and potentially higher returns offered by this less constrained strategy.

8. Manager Guidelines

The TCW Group Metropolitan West Total Return is a commingled fund governed by its own prospectus and not this IPS. Guidelines for the strategy may be viewed at the following site.

https://www.tcw.com/Funds/MetWest_Funds/US_Fixed_Income/MetWest_Total_Return_Bond_Fund

SECTION 4 – GENERAL MANAGER GUIDELINES

All managers are given full discretionary authority with the exception of 1) manager guidelines in Section 3 above, and 2) the general guidelines in this section.

A. Equity Guidelines

1. Domestic Equity Guidelines

Domestic equity managers shall be governed by the following guidelines.

1. Permissible securities.
    a. Domestic common stocks or ADRs for listed securities of foreign companies;
    b. Convertible securities rated "A" or better by S&P, A2 or better by Moody's.

2. Non-permissible securities.
    a. Foreign securities other than those evidenced by listed ADRs as defined above;
    b. Fixed income securities;
    c. Commodities;
    d. Unregistered letter stock;
    e. Warrants;
    f. Real estate mortgages;
    g. Options and futures;
    h. Real or personal property;
    i. Oil and gas property;
    j. Loans of portfolio securities;
    k. Venture capital issues;
    l. Private placements;
    m. Securities of a contributing employer;
    n. Derivatives, including collateralized mortgage obligations, interest-only and principal-only strips, and currency swaps or other specialized investment activities.

3. Non-permissible transactions. Except with the written consent of the Board, equity managers may not purchase securities on margin or sell short.

4. Cash Balances. Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager's discretion, keeping in mind that the benchmark will be applied to the manager's total portfolio and not just to the non-cash portion. Managers should inform the Board within 10 business days if cash balances exceed 10%. Cash and equivalents may be invested in commercial paper rated A1 or P1, repurchase agreements, U.S. Treasury Bills and money market funds.

5. Marketability. Securities should be marketable. It is understood that small- and mid-capitalization stocks offer less liquidity than more widely held securities.

6. Diversification. Notification shall be given to the Board and to the Board's consultant in writing if any equity investment exceeds 5% of the portfolio at purchase or 10% at any quarterly valuation within 10 business days of such occurrence.

7. Trading. In placing portfolio transaction orders on behalf of the plan, the manager shall obtain execution of orders at the most favorable prices and at competitive commission rates, taking into consideration efficiency of execution. Any soft dollars created by trading should be treated as Plan assets.

8. Changes and legal action. The manager must notify the Board and consultant of changes in ownership structure, and key personnel, litigation relating to investments, and enforcement action by any regulatory body within 14 days of learning about such changes or legal action.

9. Portfolio communications. Monthly the manager is expected to report to the Board and the consultant the market and book value of all securities and performance relative to the benchmark. Quarterly the manager is expected to provide a report detailing market overview, investment strategy, performance analysis, and statistics comparing the portfolio to the benchmark.

10. Proxy voting. The manager is to cast all proxy votes solely in the economic interest of the Plan using its best judgment. An annual proxy report should be provided to the Plan including: affirmation that all votes were cast, summation of votes cast, and an explanation of any variance with this policy.

2. Foreign Equity Guidelines

Foreign equity managers shall be governed by the following guidelines.

1. Permissible securities.
    a. Non-U.S. common stock traded on any major stock exchange;
    b. Convertible securities rated "A" or better by S&P, A2 or better by Moody's;
    c. ADRs and GDRs for listed securities of foreign companies.

2. Non-permissible securities.
    a. Domestic securities other than those evidenced by listed ADRs as defined above;
    b. Fixed income securities;
    c. Commodities;
    d. Unregistered letter stock;
    e. Warrants
    f. Real estate mortgages;
    g. Options and futures;
    h. Real or personal property;
    i. Oil and gas property;
    j. Loans of portfolio securities;
    k. Venture capital issues;
    l. Private placements;

m. Securities of a contributing employer;
n. Derivatives, including collateralized mortgage obligations, interest-only and principal-only strips, and currency swaps or other specialized investment activities.

3. Non-permissible transactions. Except with the written consent of the Board, equity managers may not purchase securities on margin or sell short.

4. Cash Balances. Managers are expected to remain fully invested. However, the decision to maintain cash balances is left to the manager's discretion, keeping in mind that the benchmark will be applied to the manager's total portfolio and not just to the non-cash portion. Managers should inform the Board within 10 business days if cash balances exceed 10%. Cash and equivalents may be invested in commercial paper rated A1 or P1, repurchase agreements, U.S. Treasury Bills and money market funds.

5. Marketability. Securities should be marketable. It is understood that small- and mid-capitalization stocks offer less liquidity than more widely held securities.

6. Diversification. Notification shall be given to the Board and to the Board's consultant in writing if any equity investment exceeds 5% of the portfolio at purchase or 10% at any quarterly valuation within 10 business days of such occurrence.

7. Trading. In placing portfolio transaction orders on behalf of the plan, the manager shall obtain execution of orders at the most favorable prices and at competitive commission rates, taking into consideration efficiency of execution. Any soft dollars created by trading should be treated as Plan assets.

8. Changes and legal action. The manager must notify the Board and consultant of changes in ownership structure, and key personnel, litigation relating to investments, and enforcement action by any regulatory body within 14 days of learning about such changes or legal action.

9. Portfolio communications. Monthly the manager is expected to report to the Board and the consultant the market and book value of all securities and performance relative to the benchmark. Quarterly the manager is expected to provide a report detailing market overview, investment strategy, performance analysis, and statistics comparing the portfolio to the benchmark.

10. Proxy voting. The manager is to cast all proxy votes solely in the economic interest of the Plan using its best judgment. An annual proxy report should be provided to the Plan including: affirmation that all votes were cast, summation of votes cast, and an explanation of any variance with this policy.

B. Domestic Fixed Income Guidelines

Domestic fixed income managers shall be governed by the following guidelines.

1. Permissible securities:
    a. U.S. Treasury and agency bills, notes and bonds;
    b. Corporate and municipal notes and bonds;
    c. Mortgage-backed securities;
    d. Asset-backed securities;
    e. Convertible securities;
    f. Cash equivalent securities;
    g. Money market funds;
    h. Stock index futures and other exchanged-based derivatives for the purpose of hedging and establishing unleveraged long positions within the underlying benchmark.

2. Non-permissible securities:
    a. Derivatives other than those listed in 1(h);
    b. Direct loans or extension lines of credit to any interested party;
    c. Private placement bonds or unregistered securities except Rule 144A securities.
    d. Non-U.S. dollar bonds.

3. Credit quality. The overall credit quality of the portfolio shall be A or better in the S&P ratings, A2 or better in Moody's. Fixed income securities shall be limited to those of investment grade or better upon purchase, BBB in S&P, Baa in Moody's. Should a security be downgraded to below investment grade by either service, the manager must notify the Plan administrator and consultant by email within 10 business days with an explanation of what caused the downgrade, and what the manager intends to do with the security.

4. Concentration. Investments of any one issuer excluding obligations of the U.S. government, either direct or implied, shall not exceed 5% of any fixed income portfolio's market value.

5. Changes and legal action. The manager must notify the Board and consultant of changes in ownership structure and key personnel, litigation relating to investments, and enforcement action by any regulatory body within 10 business days learning about such events.

6. Portfolio communications. Monthly the manager should report to the Board and consultant the market and book value of all securities and performance relative to the benchmark. Quarterly the manager is expected to provide a report detailing market overview, investment strategy, performance analysis, and statistics comparing the portfolio to the benchmark.

C. Real Asset and Diversified Asset Guidelines

Real assets include real estate, timber, farmland, MLPs, commodities and infrastructure. Diversified assets include hedge funds and tactical allocation. Investments in both asset classes will likely be made through commingled structures. Should the Board wish to invest in an individual account within either asset class, separate guidelines should be adopted.