

**STATEMENT OF INVESTMENT OBJECTIVES**

**OF THE CITY OF CHATTANOOGA**

**GENERAL PENSION PLAN**

**Re-Adopted – June 21, 2008**

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**STATEMENT OF INVESTMENT OBJECTIVES  
OF THE CITY OF CHATTANOOGA  
GENERAL PENSION PLAN**

**I. INTRODUCTION**

**A. Purpose**

The management of the funds of The City of Chattanooga General Pension Plan (hereinafter referred to as the "Plan" will be governed by a Statement of Investment Objectives to be approved by the Board of Trustees. The purpose of this document is to ensure that the Plan is managed according to appropriate fiduciary standards and in a manner consistent with the Plan's financial needs.

**B. Content**

Specifically, this document will address the following:

1. Delegation and delineation of the responsibilities of the various parties involved in the management of the Plan.
2. Overall investment objectives and performance standards.
3. Structure and Plan guidelines.
4. Plan component guidelines.
5. Relationship with investment managers.
6. A statement of specific investment guidelines and performance standards for each investment manager to ensure that they fulfill their appointed role in the management of the Plan.

## II. DELEGATION OF RESPONSIBILITIES

### A. Board of Trustees

Ultimate responsibility for the management of the Plan resides in the Board of Trustees (the "Board"). More specifically, the Board's responsibilities are:

1. Regulating all matters dealing with investment capital committed to the Plan.
2. Investing and reinvesting the principal and income of the Plan in its discretion, in all stocks, bonds, notes, debentures, mortgages, equipment trust certificates, investment trust certificates, and in such other property, real or personal, investments and securities of any kind, class or character, whether income producing or not, as the Board may deem suitable for the Plan, including units of any common trust fund of any bank or trust organized under the laws of the state or the United States and qualified as state depositories.
3. Making investments and reinvestment. The Board shall be restricted to properties and securities authorized for investment by trustees or other fiduciaries under any present or future law.
4. Keeping, in its discretion, such portion of the Plan in cash or cash balances as the Board may, from time to time, deem to be in the best interest of the Plan.
5. Selling, exchanging, conveying, transferring or otherwise disposing of any property held by it, by private contract or at public auction.
6. Voting or refraining from voting upon any stocks, bonds or other securities; giving general or special proxies or powers of attorney with or without power of substitution; exercising any conversion privileges, subscription rights or other options and making any payments incidental thereto; consenting to or otherwise participating in corporate reorganizations or other changes affecting corporate securities and delegating discretionary powers and paying any assessments or charges in connection therewith, and generally exercising any of the powers of an owner with respect to stocks, bonds, securities or other property held in the Plan.
7. Making, executing, acknowledging and delivering any and all documents of transfer and conveyance and any and all other instruments that may be necessary or appropriate to carry out the powers herein granted.

8. Determining an asset allocation strategy and investment manager structure designed to meet the Plan's investment objectives.
9. Evaluating and selecting investment managers.
10. Communicating investment objectives, portfolio guidelines and performance standards to the investment managers.
11. Deploying existing assets and new monies to the investment managers.
12. Reviewing and evaluating investment results in the context of predetermined performance standards.
13. Ensuring that investment managers are in compliance with all portfolio guidelines and restrictions.
14. Taking necessary corrective action when investment managers fail to achieve expected results.
15. Evaluating, appointing, and monitoring a custodian bank to provide safekeeping of Plan assets, timely collection of income, and accurate reporting.
16. Ensuring that the Plan is adequately diversified.
17. From time to time, the Board may consider matters in which members of the Board, or persons affiliated with them, have a direct or indirect financial interest. In order to resolve any question of conflict of interest, whether real or apparent, the Board has the following procedures:
  - a) Members of the Board shall disclose any relevant facts, which might give rise to a conflict of interest with respect to any matter to be considered by the Board.
  - b) Members so affected shall abstain from the Board discussion of any such matters, unless the Board specifically requests information from such members. Such abstention shall be recorded in the minutes of the meeting.
  - c) The affected members, if requested to do so by any member of the Board, shall withdraw from the meeting during the Board consideration of the relevant matter. If, on any potential conflict of interest matter, the Board reaches a conclusion as to appropriate corrective action, the affected member will be obligated to comply.

- d) Under normal circumstances members of the Board may not be employed by firms managing an investment of the Plan.

**B. The Consultant(s)**

The Board shall retain one (1) or more consultants to provide advice. The role of the consultant(s) shall be:

1. Assisting the Board in drafting statements of investment objectives and performance measurement standards.
2. Providing the Board with recommendations and supporting data regarding an appropriate asset mix and manager structure.
3. Conducting initial screening of investment managers and offering recommendations for ultimate determination by the Board, as well as advising the Board in regard to annual evaluations, and such other evaluations requested by the Board, of all investment managers.
4. Providing the Board with relevant performance data.
5. Monitoring of the custodian bank in the fulfillment of its duties and reporting to the Board.
6. Providing the Board with information on changing practices and industry trends of funds similar in nature to the Plan.
7. Reviewing real estate, venture capital, and other alternative investments for consideration by the Board, as requested by the Board.
8. Furthermore, the consultant shall provide full disclosure of all fee-sharing relationships with any investment made by the Plan prior to the Plan making that investment and shall notify the staff if any such relationship is established with any current investment manager employed by the Plan.

**C. Board Office**

The City of Chattanooga Staff shall provide staff support to the Board.

**D. Actuary**

The actuary shall provide the Board with appropriate information relating to the financial needs of the Plan.

**E. Investment Managers**

The Board will select traditional managers to manage all or a portion of the Plan assets. Traditional managers (e.g. non-leveraged, long only equity and fixed income strategies) must pursue their own investment strategy within the performance

guidelines created for individual managers within this Investment Policy Statement or by individual guidelines shown as example in section VII. Coordination of the guidelines for the individual managers assures the combined efforts of the managers will be consistent with the overall investment objectives of the Plan.

Investment managers retained by the Plan must recognize their role as co-fiduciaries by assuming certain specific responsibilities. They include:

1. Investing the assets under their management in accordance with the guidelines and restrictions formulated by the Board.
2. Exercising full discretionary authority over the assets entrusted to them, subject to these guidelines and restrictions.
3. Adhering to written instructions, which from time to time amend these guidelines and restrictions pertaining to their portion of the Plan.
4. Providing written documentation of portfolio activity, portfolio valuations, performance data, etc. as requested by the Board, Master Custodian, internal or external auditors, and the Board's consultant(s).
5. Establishing and maintaining an effective relationship with the Plan's custodian.
6. Attending meetings with representatives of the Board as requested.
7. Acting solely in the interest of the beneficiaries of the Plan.
8. Providing copies of the firm ADV, Code of Ethics and Trading Policies. These documents should address allocation of investments among clients, allocation of trades among clients, policies that strictly prohibit employee transactions from conflicting with client interests, and outlining how potential conflicts of interest are managed.

**F. Investment Manager Qualifications**

To be considered as an investment manager for the Plan, after March 1, 2004, a management firm must have a minimum of five hundred million dollars (\$500,000,000.00) under management and a minimum of five (5) years experience as an investment manager. This provision applies to all equity and fixed income managers other than small cap equity managers who must have a minimum of one hundred million dollars (\$100,000,000.00) under management and a minimum of three (3) years experience as an investment manager.

**G. Master Custodian**

The Plan's custodian has an array of responsibilities including the safekeeping of assets, collection of income, and periodic reporting. Specific responsibilities include:

1. Establishing and maintaining directed account relationships with each investment manager.
2. All normal custodial functions including security safekeeping, collection of income, settlement of trades, collection of proceeds of maturing securities, distribution of income, daily investment of uninvested cash, etc.
3. Following accounting practices as specified by the Board and its auditors.
4. Preparing accounting reports as requested by the Board and the Pension Board's auditors.
5. Performing global custody services.
6. Providing access to records through computer terminals. (if applicable)
7. Providing a high level of service and consultation as requested.
8. Completing disclosure of fees to the Board including itemized invoices, disclosure, detail and approval of extraordinary services not included in a fee schedule, and notification of fee increases to the Chairman of the Board.

### **III. INVESTMENT OBJECTIVES AND PERFORMANCE STANDARDS**

#### **A. Primary Objectives**

The Board has formulated specific performance standards for the Plan. Underlying these standards is the Board's belief that its management of the Plan should be directed toward achieving the following investment objectives:

1. The total Plan must provide sufficient return to meet its actuarial assumptions.
2. Achieve other goals for the Plan as determined. These objectives should be achieved without undue investment risk.

#### **B. Secondary Objectives**

In addition to the primary investment objective outlined above, the Board will also measure the progress of the Plan toward meeting the following over rolling three and five year periods:

1. The total return on the Plan should exceed the return on a composite of unmanaged market indices weighted in proportion to the actual structure of the Plan. In other words, the Plan should benefit from active management.
2. The return on the total Plan should fall in the top one half of a universe of similarly structured tax-exempt funds.
3. The return on each security class utilized (stocks, bonds, cash equivalents, etc.) should exceed the appropriate market index.

### **C. Performance Measurement**

Return shall be calculated on current market value based upon time-weighted rates of return. Assets which do not have a readily available market quotation, such as real estate, venture capital and hedge funds, shall be carried at cost unless the Board has caused the investment to be appraised by a qualified independent company or the investment manager can provide reasonable monthly or quarterly updates. Further, the Board will not approve investment proposals designed to benefit special political, social, or economic sub-groups within or external to the Plan's beneficiaries unless they clearly meet all fiduciary standards of investing and meet all established standards under the Investment Objectives.

## **IV. ASSET ALLOCATION STRUCTURE AND PLAN GUIDELINES**

### **A. Asset Allocation**

1. The Board is charged with the responsibility of determining the structure of the Plan that offers the highest probability of achieving its investment objectives. Therefore, the Board has approved a list of permissible asset classes with maximum, minimum and target allocations (Exhibit A). Moreover, this list should be updated and revised as a result of:
  - a. Recent divergences in the performance of different classes of securities
  - b. Changes in the financial needs of the Plan
  - c. Change in the outlook for the capital markets
  - d. Style tilting for tactical allocations
  - e. Managers' decisions to raise or lower cash positions
  - f. The allocation of cash flow

The Plan's asset allocation should be reviewed at least annually.

### **B. Guidelines**

1. Subject to the factors mentioned above, the actual structure of the Plan will approximate the long-term asset allocation target (Exhibit A).
2. The Plan will be diversified. No more than ten percent (10%) at current market value, of either the fixed income or equity portion of the Plan, will be invested in the securities of one company, except securities of the United States Government.

3. Securities should be marketable, excepting venture capital, hedge funds, hedge fund of funds and real estate, no investment should be made in private placements or other non-marketable securities without prior written permission from the Board.
4. There are no current income guidelines. The Plan is governed by total return objectives.
5. All executions should be evaluated on the basis of net realized price which considers both commission cost and market impact.
6. Portfolio turnover will not be an evaluative factor if other objectives are met.

### **C. Re-balancing of Strategic Asset Allocation**

It is recognized that divergence in the performance of individual asset classes over time can have an impact on the risk and return characteristics of the Plan's asset allocation. If any asset class strays from its original asset allocation as a percentage of total Plan assets as outlined in Exhibit A, the Board should review the changes necessary to bring the total Plan allocation back to its original optimal target allocation or within the approved asset allocation ranges.

The Board should effect changes that they consider necessary to positively impact the Plan's performance and risk characteristics at each quarterly meeting using cashflow in and out of the Plan where appropriate.

## **V. PLAN COMPONENT GUIDELINES**

### **A. Equity Holdings**

1. **Permissible Securities.** "Equity" managers may only invest in common stocks, convertible securities, American Depositary Receipts (ADRs), Real Estate Investment Trust (REIT), and listed (NYSE, AMEX, NASDAQ) securities of foreign corporations. "Equity" managers may purchase or hold fixed income securities as equity substitutes with prior written permission from the Board of Trustees. Investments in 144(a) private placement investments are allowed with a maximum weighting of ten percent (10%) for any investment manager.
2. **Diversification.** No manager shall invest more than ten percent (10%) of current market value of the Plan's assets in the stock of one company, at market value. Moreover, no manager shall have more than twenty-five percent (25%) of their portfolio invested in any single industry.
3. **Quality.** There are no quality standards except convertible bonds must be rated as BBB by at least one (1) major rating agency.
4. **Income.** There are no minimum yield requirements.
5. **Marketability.** Equity positions must be readily marketable.

6. **Leverage.** Leverage is not permitted.
7. **Derivatives.** No futures, forward contracts, or options activity without prior written permission from the Board.

## **B. Fixed Income Holdings**

1. **Permissible Securities.** Managers may invest in the following types of debt securities:
  - a. U.S. Government and Agency Securities
  - b. U.S. Domestic Corporate Bonds and Preferred Stocks
  - c. Other U.S. "Dollar" Denominated Securities (Yankees, Eurodollars, etc.)
  - d. Convertible Bonds (when viewed as a debt issue)
  - e. Taxable Municipal Bonds
  - f. Investments in 144(a) private placement investments are allowed with a maximum weighting of ten percent (10%) for any investment manager.
2. **Diversification.** Except for U.S. Treasury and Agency obligations, no manager should invest more than ten percent (10%) of current market value of the Plan assets in the securities of a single issuer. The Board reserves the right to issue additional diversification guidelines should the overall Plan exhibit undue concentration.
3. **Quality.** Managers should have no more than five percent (5%) of securities rated less than BBB by a nationally recognized rating agency. No more than twenty percent (20%) of current market value of the portfolio may be invested in securities rated BBB or lower. Should an issue receive a split rating, the lower rating will apply.
4. **Marketability.** Managers should not purchase illiquid private placements without prior written permission from the Board. Investments in 144(a) private placement investments are allowed with a maximum weighting of ten percent (10%) for any investment manager.
5. **Derivatives.** No futures, forward contracts, or options activity without prior written permission from the Board.

## **C. Alternative Investments**

Alternative investment strategies are defined as those strategies that seek to produce investment returns that may have low correlation to traditional equity and fixed income

markets. These strategies can include: venture capital, private equity, hedged equity, multi-manager/multi-strategy fund of funds, real estate etc. Typically, alternative investment strategies are structured in a limited partnership format and therefore may not conform to the regulatory requirements for traditional managers. These strategies may be considered as appropriate investments for the Plan, but must be approved on a case-by-case basis by the Board as part of the Plan's overall asset allocation strategy.

#### **D. Cash Equivalent Holdings**

1. ***Permissible Securities.*** Managers may invest temporary cash in the following types of securities:
  - a. U.S. Treasury and Agency Obligations
  - b. Money Market Funds and Other Commingled Vehicles
  - c. Commercial Paper
  - d. Bankers Acceptances
  - e. Certificates of Deposit (including Yankee and Eurodollar Certificates of Deposit)

Neither the managers nor the Master Custodian may engage in repurchase agreements for the purpose of leverage. Only the Master Custodian, or its designee, may invest in "repurchase agreements".

2. ***Quality.*** Commercial Paper should be rated A1/P1. Bankers Acceptances and Certificates of Deposit should only be purchased from larger, well-capitalized domestic and foreign banks with a minimum of an A rating from one (1) of the major rating agencies. All securities should be U.S. dollar denominated.

#### **E. Foreign Securities**

1. ***"International" Managers.*** International managers may purchase equities or bonds as appropriate according to the specific guidelines governing their portion of the portfolio.
  - a. ***Diversification.*** International managers are expected to maintain adequate diversification with respect to both currency and issuer exposure. Not more than ten percent (10%) of current market value of each portfolio may be invested in the securities of a single issuer excluding AAA rated sovereign debt. While there is no guideline with respect to currency exposure, country weighting will be monitored to prevent undue concentration.

- b. **Quality.** International bonds must have a minimum rating of BBB or better by at least one (1) major rating agency.
- c. **Income.** There are no minimum income or yield requirements.
- d. **Marketability.** Securities must be readily marketable. Managers should not purchase illiquid private placements without prior written permission from the Board. Investments in 144(a) private placement investments are allowed with a maximum weighting of ten percent (10%) for any investment manager.
- e. **Hedging of Currency Risk.** Currency hedging is permitted as part of a defensive strategy to protect the portfolio assets and enhance returns.
- f. **Derivatives.** All foreign exchange counterparties will have a credit rating of at least A- or A3 unless the manager has received written consent to use a lower rated firm. Furthermore, the account should not have foreign exchange obligations to any one counter-party that exceeds 40% of the accounts total foreign exchange exposure. The only exception to the maximum 40% exposure requirement is when the total currency hedge is less than 20% of the underlying portfolio.

#### **F. Exceptions to Policy Guidelines**

Exceptions to Investment Policy may be granted by the Board for reasons of size of the Plan, specific manager requests in the benefit of the overall Plan, or other reasons that are in the best interest of the overall Plan. Any exceptions granted must be documented as to why in the Board minutes.

### **VI. RELATIONSHIP WITH INVESTMENT MANAGERS**

In addition to the achievement of performance objectives and adherence to investment guidelines, the Board expects to receive a high level of communication and service from its investment managers. Specific requirements include:

#### **A. Communication**

1. **Initially.** Each manager will acknowledge in writing receipt, acceptance, and a statement of intent to comply with these statements of objectives.
2. **Semi-Annual Report.**
  - a. Investment performance along with a brief discussion of the key factors that contributed to investment results.

- b. A brief review of any changes in strategy during the quarter, current investment outlook, and expected changes in portfolio strategy.
3. *Annually.*
- a. Each manager should provide a copy of its form ADV, Parts 1 and I1, to the Board's Keeper of the Records by March 31 of the following year.
  - b. Each manager should provide an electronic copy of the firm's proxy decisions made during the previous calendar year to the Chairman of the Board, Board's Keeper of the Records and Investment Consultant by March 31<sup>st</sup> of the following year.
4. *As Requested.* Upon request, each manager should supply:
- a. Documentation in support of any purchase or sale decision.
  - b. A copy of the organization's financial statements.
  - c. Statements of any fiduciary, liability or bonding insurance coverage.
5. *As a Matter of Course.* The Board expects to be notified promptly of the following:
- a. A significant change in investment strategy and portfolio structure.
  - b. A material change in the ownership, personnel, financial condition, or investment approach of the organization.
  - c. Any changes in the regulatory environment that would affect the Plan or the organization's role in its management.

**B. Meetings**

- 1. Managers should expect to meet with representatives of the Board on at least an annual basis to review their progress in meeting the investment objectives of the Plan. At the Board's discretion, managers may be asked to attend meetings on a more frequent basis. Additionally, managers may be asked periodically to make formal presentations to the Board.
- 2. Meetings should include both a written and an oral presentation which will cover, but not be limited to, the following:
  - a. A brief review of the Board's investment objectives and the role of the manager in the Plan structure.
  - b. A review of performance data versus these objectives including diagnostic commentary.

- c. A review of current investment strategy with emphasis on major changes since the last meeting.
- d. A brief discussion of the manager's organization, business plan, etc.
- e. Any suggestions regarding the Board's investment objectives and guidelines.
- f. Any personnel changes in the company directly or indirectly affecting the Board of Trustees.

### **C. Proxies**

It is the general policy of the Board that proxies will be voted by the investment managers in a manner that will provide the best ultimate value to the shareholders of a particular entity. The managers will analyze the economic consequences of the options presented to them for voting and elect the option most likely to protect and enhance the value of the investment.

### **D. Commission Designation**

Managers will accept instructions from the Board regarding the designation of commissions to the commission recapture firm employed by the Board. Execution is of prime importance and the investment manager should perform trades that are always in the best interest of the Plan. The commission recapture manager shall provide detail as to the amount captured, commission costs, and an analysis of the total trade execution cost. The recapture manager will rebate the negotiated percentage of all commissions directly back to the Plan.

## **VII. TRADITIONAL MANAGER GUIDELINES**

Each traditional manager will be designated to a specified manager type and or style. Each manager will be restricted to making investments in the designated area as outlined herein. Investments outside of the designated area may result in immediate termination of the manager by the Board.

Monthly performance measurement and quarterly performance evaluation reports will be used to test progress toward meeting and/or exceeding the expectations of the Board, within the qualitative and quantitative parameters contained in this Investment Policy Statement. It is understood that there are likely to be short-term periods during which individual manager performance deviates from market indices and thus these guidelines should not be applied mechanically. During such times, greater emphasis shall be placed on peer-performance comparisons with managers employing similar styles. The following is an example of individual manager guidelines that will become part of the manager's investment management contract:

## **A. Traditional - Large Capitalization Growth Equity**

1. Investment Objectives - The following investment objectives apply to this portion of the Plan:
  - a. Outperform the Russell 1000 Growth Index, net of fees.
  - b. Be in the top half of a growth manager universe over a trailing one-year period and each calendar year, and in the top third over a trailing five-year period.
  - c. Accomplish the previous objectives with approximate market volatility.

While progress towards meeting these objectives will be reviewed continuously, our primary focus will be on the attainment of goals over three and five-year periods.

### **2. Approved Investment Strategy:**

Primary emphasis for security selection is earnings momentum and growth.

### **3. Specific Guidelines and/or Investment Restrictions:**

Maintain diversification by limiting equity concentration to 25% in one economic sector and no more than 7% in any one issue at market.

4. Asset Mix - Managers may raise and lower cash equivalent holdings as appropriate. There is no minimum equity weight.
5. Permissible Securities - U.S. common stocks, ADR's and listed stocks of foreign corporations are acceptable.

## **B. Manager Type - Alternative Asset Class**

The Plan is invested in a number of alternative asset class investments. While these investments are primarily non-marketable and can carry a higher degree of risk, the principle of diversification should still apply.

Private equity, private debt, real estate, hedge funds, and similar investments will not be placed with an organization or investment manager that has less than three (3) years proven successful experience as an organization, association, partnership, etc.

The Board may entertain proposals from alternative asset class managers at any regular or special called meeting of the Board. To provide the Board an appropriate opportunity to perform a due diligence review in regard to any presentation made, the Board will not take final action to place any money with any alternative asset class manager until at least the next regularly scheduled meeting of the Board.

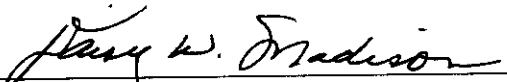
The overall objective of an alternative asset class investment shall be to diversify the investment assets of the Plan and to achieve higher expected returns than are normally received in the public markets for a similar level of risk.

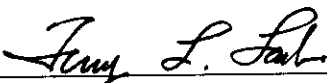
In selecting alternative investment advisors for the Plan, the following general objectives shall apply:

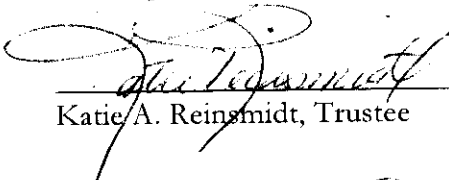
1. Total real estate investment shall not exceed five percent (5%) of current market of the total Plan assets. Total private equity shall not exceed five percent (5%) of the total Plan assets.
2. The Plan's share in a single partnership, once the partnership has closed to new investments, shall not exceed 25% of that partnership's total commitments from all limited partners.
3. International private equity or debt cannot be more than 15% of the total allocation to private equity and debt.
4. Each investment should represent appropriate diversification considering the existing investments owned by the Plan.
5. The minimum investment in any one alternative investment shall be one million dollars (\$1,000,000).
6. The following investment vehicles are deemed appropriate for investing in this asset class: limited partnerships, offshore funds, fund of funds, mutual funds. Direct, co-investments and structured products cannot be more than 10% of the alternative pool allocation.
7. The liquidity constraints, use of leverage, and total fees should be evaluated before making any investment.
8. All returns of capital on this type of investment are to be surrendered to the Master Custodian for reinvestment.
9. Statistics and partnership documents must be reviewed by Board's attorney prior to implementation.

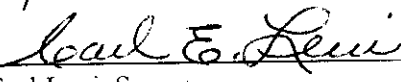
These Investment Objectives shall be reviewed by the Board annually and shall be ratified as written or ratified as amended no later than December 31st of each year.

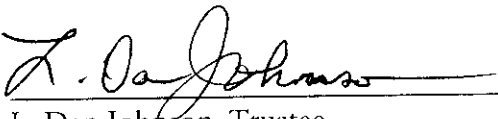
These Investment Objectives have been reviewed by the Pension Board **and are to be effective as of the 1<sup>st</sup> day of March, 2008**, and adopted as the Investment Objectives of the Pension Board as of this date.

  
\_\_\_\_\_  
Daisy W. Madison, Chairwoman

  
\_\_\_\_\_  
Terry Lamb, Trustee

  
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Katie A. Reinsmidt, Trustee

  
\_\_\_\_\_  
Carl Levi, Secretary

  
\_\_\_\_\_  
L. Dan Johnson, Trustee

This document has been presented to and filed as an official record effective on the 21<sup>st</sup> day of June, 2008.

  
\_\_\_\_\_  
Donna R. Kelley, Recordkeeper

**EXHIBIT A**  
**ASSET ALLOCATION RANGES AND TARGETS**

**CITY OF CHATTANOOGA GENERAL PENSION PLAN**  
**APPENDIX – ASSET ALLOCATION**

Revised March 28, 2007

<u>Asset Class</u>	<u>Minimum</u>	<u>Target</u>	<u>Maximum</u>
<b><u>Total Equity</u></b>	<b><u>35.0%</u></b>	<b><u>60.0%</u></b>	<b><u>70.0%</u></b>
<b><u>Total Domestic Equity</u></b>	<b><u>35.0%</u></b>	<b><u>45.0%</u></b>	<b><u>65.0%</u></b>
Domestic Mid/Lg Cap	<u>25.0%</u>	<u>35%</u>	<u>60.0%</u>
Domestic Small Cap	<u>10.0%</u>	<u>10%</u>	<u>20.0%</u>
<b><u>International Equity</u></b>	<b><u>0.0%</u></b>	<b><u>15%</u></b>	<b><u>20%</u></b>
<b><u>Total Fixed Income</u></b>	<b><u>20%</u></b>	<b><u>20%</u></b>	<b><u>65.0%</u></b>
Core Fixed	<u>10%</u>	<u>10%</u>	<u>45.0%</u>
High Yield	<u>0.0%</u>	<u>5.0%</u>	<u>10.0%</u>
International	<u>0.0%</u>	<u>5.0%</u>	<u>10.0%</u>
<b><u>Total Alternatives</u></b>	<b><u>0.0%</u></b>	<b><u>20.0%</u></b>	<b><u>35.0%</u></b>
Equity Hedge Funds	<u>0.0%</u>	<u>5.0%</u>	<u>10.0%</u>
Diversified Hedge Funds	<u>0.0%</u>	<u>5.0%</u>	<u>10.0%</u>
Private Equity	<u>0.0%</u>	<u>5.0%</u>	<u>5.0%</u>
Real Estate	<u>0.0%</u>	<u>5.0%</u>	<u>10.0%</u>
<b><u>Total</u></b>		<b><u>100.0%</u></b>	