ATTACHMENT A

INVESTMENT MANAGER GUIDELINES
Active Bond Management

This document contains the guidelines and restrictions that apply to the bond manager of the Pension Fund (see addendum A).

Permissible Fixed Income Investments

1. The manager is expected to comply with all of the provisions of the Illinois Pension Code relating to Article 3 Pension Funds, specifically Sections 113.1, 113.2, 113.3, and 113.4, relating to Permissible Investments (40 ILCS 5/1-113.2 et. Seg.). In accord with the applicable portions of the Pension Code, above referenced, the manager may invest in the following fixed income securities:

   a) Treasury Bills
   b) Treasury Notes
   c) Government Agencies (This includes bonds issued by the Federal National Mortgage Association, Student Loan Marketing Association, federal land banks, federal intermediate credit banks, entities allowed by the Farm Credit Act of 1971, federal home loan banks, Federal Home Loan Mortgage Association, and any other agency allowed by Act of Congress)
   d) Certificates of Deposit
   e) Money Markets Mutual Funds (See Section 113.2(11) for restrictions)

2. No single security should comprise more that 10% of the portfolio's overall allocation after accounting for price appreciation.

3. The manager may invest up to 10% of its portfolio in cash or cash equivalents.

Investment Objective

Over reasonable measurement periods (3 to 5 years), the Trustees expect the portfolio return to exceed that of the return of a blended benchmark consisting of 50% of the Lehman Brothers Government Index and 50% of the Lehman Mortgage Index.

For performance evaluation purposes, the manager returns will be calculated on an after-fee basis.