

INVESTMENT POLICY SUMMARY

Local Union No. 212 I.B.E.W. Pension Trust Fund
2nd Quarter 2000

Investment Guidelines Dated: September 30, 1997

Guideline Requirements

Allowable Assets

- Collateralized Notes
- Cash & equivalents

Maximum Exposure

100%
Minimized

Portfolio as of 6/30/2000

98.1%
1.9%

Account Restrictions

- Maximum single issuer holding
(excluding U.S. govt., cash
management obligations and
collateralized notes)

10% at market value

In compliance



Capital Consultants LLC

LOCAL UNION NO. 212 IBEW PENSION TRUST FUND

Capital Consultants Account 858.88

Prudential Securities Account BAS-851713-50

ACKNOWLEDGMENT AND AUTHORIZATION

LOCAL UNION NO. 212 IBEW PENSION TRUST FUND hereby acknowledges receipt of the foregoing written notice from Capital Consultants LLC. By signing below LOCAL UNION NO. 212 IBEW PENSION TRUST FUND authorizes Capital Consultants LLC to change the custodian of the above-named Investment Advisory account from Prudential Securities, Inc. to First Security Bank, and to take any action as may be necessary to effect said transfer.

Dated this 7th day of September, 1999.

LOCAL UNION NO. 212 IBEW PENSION TRUST FUND

By: Don Bally

By: William E. Long

By: _____



CAPITAL
CONSULTANTS

INVESTMENT ADVISORY AGREEMENT

The undersigned LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND, hereinafter called the "Client," authorizes and instructs CAPITAL CONSULTANTS, INC., hereinafter called the "Manager," to proceed with the investment management of those securities and funds placed by the Client now or subsequently in a custody account in the Client's name with Prudential Securities, Inc., or with such other custodian or successor thereto of which the Manager is notified in writing by the Client, hereinafter called the "Custodian."

The following terms shall govern the relationships between the Client and the Manager and, to the extent applicable, shall constitute authorization to the Custodian in respect to the Client's account with the Custodian and control the manner in which that account shall operate.

1. The Manager, as it deems advisable, shall on behalf of the Client cause securities to be bought and sold, invest in Manager's Insured, Cash and/or Cash-equivalent Collateralized Note Program, and shall cause all other functions necessary for investment management to be performed for the account.
2. The Manager shall notify the Client or the Custodian by mail of any transactions executed for the Client and the Custodian shall render monthly statements of all transactions for the account. The Manager shall, at calendar quarterly intervals, make an appraisal of the account at market value (including cash or its equivalent) and shall forward a copy thereof to the Client. The appraisal shall include the initial cost of each investment.
3. The entire compensation of the Manager shall be paid quarterly in advance and calculated and paid in accordance with the attached Schedule of Fees which is attached hereto as Exhibit "A," which may be amended from time to time by the Manager and the Client upon written agreement.
4. The Client shall pay the Manager's fee upon presentation of the Manager's fee bill.
5. The Manager shall make no profit on any securities transaction executed for the account. It is acknowledged that the Manager invests monies for similar clients. The Manager shall allocate investment opportunities among all accounts having similar objectives to the extent practicable over a period of time on a fair and equitable basis. The Manager may bunch orders for the same security for the account and other accounts and may charge the account with the average price of executing all bunched orders.
6. The Manager shall issue all necessary instructions to the Custodian for the account. All instructions by the Manager to the Custodian shall be in writing and all acts performed by the Custodian upon written instructions from the Manager shall be for the account and risk of the Client. Instructions to the Custodian pertaining to acts other than those herein authorized must be approved by the Client in writing.

Capital Center
2300 SW First Avenue
Portland, Oregon 97201
(503) 241-1200
Fax (503) 241-0207

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7. The Custodian is authorized to carry out all instructions of the Manager pertaining to purchases and sales of investments and all other functions necessary to the management of the account.

8. The provisions hereof, insofar as they relate to relationships between the Client and the Custodian, may be subject to a written supplementary agreement between the Client and Custodian.

9. The Manager represents to the Client that the Manager is registered as an investment adviser under the Investment Advisers Act of 1940 and, regardless of whether the Client is an "employee benefit plan" as defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that:

(a) the Manager is a fiduciary with respect to Client's account and assumes the duties, responsibilities and obligations as such fiduciary; and

(b) the Manager is bonded for the protection of the portfolio in conformance with the applicable requirements of ERISA Section 412.

10. No assignment of this agreement shall be made by the Manager without the written consent of the Client and the Custodian.

11. This agreement shall remain in effect until terminated by thirty (30) days written notice from either party to the other, and the relationship between the Client and the Custodian may be terminated by written notice to the Custodian either from the Client or from the Manager at the direction of the Client. No such termination shall affect commitments actually made for the account by the Manager or by the Custodian prior to such notice. Upon termination of the arrangement between the Custodian and the Client, all securities and funds in the account shall be delivered to the Client or to its order.

12. The Manager shall perform its duties hereunder consistent with the prudence, diversification, and other requirements of ERISA. The Manager shall discharge its duties hereunder with respect to the Client solely in the interest of the Client and with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims. The Manager shall diversify the investments of the Client under its management so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.

13. The Manager shall have no duty, responsibility, or liability whatsoever with respect to any of the Client's property not constituting a portion of the portfolio. The Manager shall not be liable to the Client for any act of or breach of duty by the Custodian, except to the extent it violates its co-fiduciary duties under ERISA.

14. The Client acknowledges receipt of a copy of Capital Consultants, Inc.'s Form ADV, Part II (disclosure statement) or its informational equivalent and may terminate this agreement without penalty within five (5) business days of the agreement date.

15. Attached hereto and made a part of this agreement are Exhibit "B" (Investment Criteria and Confidentiality), and Exhibit "C" (Trading Authorization and Limited Power of Attorney).

16. All the books and records of the Manager with respect to the Client shall be open to examination, investigation, and audit during usual business hours by the Client and its agents who are duly authorized in a writing delivered to the Manager.

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17. In case suit or action is instituted by any party against another, the prevailing party shall be entitled to recover such sum as the court may adjudge reasonable as attorneys' fees and costs in such suit or action, including any appeal taken from a decree or judgment rendered therein.

18. This Agreement may be amended only by written instrument, signed by both of the parties hereto.

19. This Agreement shall be construed and interpreted in accordance with the laws of the State of Ohio.

**CLIENT:
LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST
FUND**

Date: Sept 29, 1997 By: Robert Harrison
Robert Harrison, Chairman

Date: Sept 29, 1997 By: William E. Cunningham
William Cunningham, Secretary

Date: Sept 29, 1997 By: Anthony S. Carle
Anthony S. Carle, Administrator

**MANAGER:
CAPITAL CONSULTANTS, INC.**

Date: 9/30/97 By: Jeffrey L. Grayson
Jeffrey L. Grayson, Chairman and CEO

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EXHIBIT "A"
SCHEDULE OF FEES
for

LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND

Fees are payable in advance, and are based on the fair market value of the assets under Capital Consultants, Inc.'s management appraised as of the last business day of the prior calendar quarter as follows:

Collateralized Notes/Receivable Financing	
Asset Management fee, <i>plus</i>	1.00%
Underwriting and Loan Servicing fee	2.00%

The fee schedule is expressed in terms of annual rates. One-fourth of the pertinent rate will be billed at the beginning of each quarter. Billings are due and payable upon receipt. If this agreement terminates during a quarter, a pro rata adjustment of the fee shall be made to reduce the fee proportionately to the part of the quarter elapsed before the termination.

Private placements or other securities with respect to which there is no active trading market shall be valued at cost for purposes of computing the fee, unless the market value can be determined by an independent third party transaction or appraisal.

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EXHIBIT "B"
INVESTMENT CRITERIA AND CONFIDENTIALITY
for
LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND

Manager shall have the authority to invest assets of Client in Manger's Insured, Cash and/or Cash-equivalent Collateralized Note Program described in the attached Collateralized Note Program (Attachments B-1 and B-2), wherein Capital Consultants, Inc lends money to a commercial borrower and the borrower collateralizes the loan with the payables from the borrower's customers.

The obligation to pay is covered by either credit insurance¹ from a qualified credit insurance company or a surety bond or cash reserve in escrow for at least 15% of the amount of the loan. No insurance is required in the event the payor is a government agency.

For cash placed in the custodial account pending investment or reinvestment, Manager shall have authority to direct the investment of such cash in short term money market instruments.

Investments shall be made in accordance with the terms of the Investment Policy Guidelines attached hereto and incorporated herein as "Exhibit B-1".

Unless the Manager obtains written authorization from the Client, the Manager shall not disclose, in any way, to any other person, firm or organization, the Client's name or identity as a customer of the Manager, and the Manager shall not disclose to any other person (whether related or not), or to any firm or organization, any information of or from the Client's account; except that the Manager may disclose information about or from the Client's account to the extent required by governmental authority, and to a person or persons designated in writing by the Client to receive the information from the Manager.

¹ Clients may pay correspondingly higher advisory fees as a result of registrant's practices with regard to appraised values of real estate assets.

All fees are computed on an annual basis using the Total Market Value of assets in the account and are billed quarterly in advance.

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Private Investment Management

Collateralized Note Program

PORTFOLIO OBJECTIVES

- Maximum current income consistent with preservation of investment capital
- Enhanced fixed income returns in excess of short to intermediate term fixed income investments
- Control of portfolio risk through active management and credit quality

PERFORMANCE BENCHMARKS

- Morley Capital GIC 5 Year Index
- Merrill Lynch 1-3 Year Index

INVESTMENT GUIDELINES AND PROCEDURES

- Active management of financing relationships
- Analysis of credit reports, tax returns and financial statements of borrower
- Qualified receivables from creditworthy payors
- Appropriate security interest in all collateral for each loan
- Appropriate personal and/or corporate guarantees for each loan
- Appropriate portfolio diversification
- Up to 90% advance rate against qualified receivables
- Additional collateral equal to 15% of the loan balance is required in the form of cash, marketable securities or cash equivalent collateral. Ultimate loan to value, therefore, does not exceed 76.5% for those loans with cash or cash equivalent collateral. Credit insurance may be provided in lieu of this additional collateral
- Monthly analysis of borrowing base for all applicable loans is performed
- Regularly scheduled third party audits

PORTFOLIO PERFORMANCE¹ as of June 30, 1997 (Annualized)

	Year-to-Date	1 Year	3 Years	5 years	7 years	Since Inception 8/31/89
Composite Portfolio ^{2,3}	5.7%	11.9%	11.9%	11.3%	11.3%	11.4%
Morley Capital GIC 5-Year	3.3%	6.8%	7.2%	7.6%	8.0%	8.2%
Merrill Lynch 1-3 Year	2.9%	6.6%	6.6%	5.6%	6.9%	7.1%

1. Portfolio Performance

- Performance figures are gross of advisory fees;
- The client's return will be reduced by the advisory fees and any other expenses that may be incurred by the management of the account; and
- The advisory fees are described in Part II of the Advisor's Form ADV; and
- The advisory fee, compounded over a period of years will result in a reduction of the total value of the clients portfolio.

2. As of July 31, 1992 CCI began using credit insurance or 15% cash/cash equivalent collateral.

3. All performance figures have been calculated using a time weighted rate of return.

The information presented herein was compiled from sources believed to be reliable and is intended for reference purposes only. Past performance should not be construed as an indication of future performance.

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Collateralized Note Credit Insurance

- CCI lends money to a commercial borrower.
- Borrower collateralizes, or provides security for the loan with payables of approved, creditworthy customers.
- Credit insurance guarantees that the policy holder will be paid for goods shipped or services rendered. The reduction or elimination of risk to principal through credit insurance policies is limited to the extent the insurance company or other insuring agent is able to meet its obligations and has the ability to pay the policy in full.
- The insured accounts receivable are used as collateral for the loan, providing a guarantee of return of principal to the lender.

INSURANCE PROVIDERS

American Credit Indemnity*

100 East Pratt Street, 5th Floor
Baltimore, Maryland 21202-1008
(410) 554-0700
Founded: 1893
AM Best: A+
Total Assets: \$153 million
Shareholders Equity: \$85 million

Continental Credit Insurance

a subsidiary of the CNA Companies

One Continental Drive
Cranbury, New Jersey 08570
(609) 395-2453
Founded: 1897
AM Best Rated: A
Standard & Poors: A+
Moody's: A1
Total Assets: \$44.3 billion
Shareholders Equity: \$4.5 billion

With nearly 100 years experience in credit insurance, Continental Insurance is the largest multi-line insurance company offering credit insurance to small to medium sized companies. Continental provides coverage on domestic and Canadian receivables and access to coverage on foreign receivables.

* ACI is a subsidiary of Dunn and Bradstreet and is one of the oldest and largest business credit insurers in North America. ACI writes nearly 70% of the premium volume for A/R coverage.

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Exhibit "B-1"
Statement of Investment Policy Guidelines
for
LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND

I STATEMENT OF OBJECTIVES.

The goal of this investment policy for LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND, hereinafter referred to as the Client, is to obtain a total rate of return consistent with the objectives stated herein. The assets shall be invested prudently with due regard to the preservation of capital, diversification and liquidity requirements as stated in these guidelines. In addition, investments shall be made according to the prudent man rule and, if applicable, the fiduciary standards of ERISA and the Plan's provisions.

II PERFORMANCE OBJECTIVE AND MEASUREMENT.

A. General.

1. Measurement of performance shall be based on total rate of return utilizing current market value, and include dividends and interest accrued or received during the period and realized and unrealized appreciation.
2. Performance measurement shall be monitored utilizing a long-term investment horizon, generally lasting three to five years.

B. Absolute Measures of Return.

1. The primary performance objective is to achieve a total rate of return equal to the greater of the Consumer Price Index (CPI) plus N/A% or, if applicable, the actuarial rate of return, which is N/A%. The long term integrity of the assets is dependent upon attainment of the primary performance objectives.

C. Relative Measures of Return.

1. The secondary performance objective is to achieve competitive rates of return in the equity and fixed income portions of the account, as well as the total balanced account, as measured against relevant market indices and a peer manager universe.
2. In addition to total return, the Trustors/Client may also evaluate the method by which the Investment Manager achieved the return and the extent of risk to which the Trust/Client has been exposed.

III. DIVERSIFICATION OF INVESTMENTS.

The Client shall, after consultation with the Investment Manager, agree on appropriate percentages for each investment class. The definitions, diversification percentages and permitted investments for each asset class are defined below

A. PUBLIC AND PRIVATE INVESTMENTS ALLOCATION.

1. Public Investments Allocation.

Public investments (See Section IV) are securities registered with the Securities and Exchange Commission and provide access to the long-term appreciation and liquidity inherent in capital markets.

Percentage of Total Portfolio: Up to 0%

2. Private Investments Allocation.

Private Investments (See Section V, below) are those traditional and non-traditional investments that do not participate in the capital markets and which are analyzed, placed and serviced in-house.

Percentage of Total Portfolio: Up to 100%

TOTAL PORTFOLIO: 100%

IV. PUBLIC INVESTMENTS.

A. Equities.

Percentage of Public Portfolio: Up to 0%

The primary objective of the equities portion of the portfolio is to obtain long-term capital appreciation through a diversified and actively managed stock portfolio.

The equities portion of the portfolio will generally be limited to common and preferred stock, and equity equivalents (convertible bonds, stock warrants and rights, options, American Depository receipts), but may also be invested in fixed income securities under the guidelines set forth for the cash management portfolio.

Assets in the equities portion of the portfolio shall be invested in the following programs:

1. **Growth Portfolio:**

This program primarily invests in larger, more stable companies exhibiting undervaluation characteristics relative to the overall market with emphasis on companies with market valuations greater than \$1 billion.

2. **Small Cap Portfolio:**

This program primarily invests in smaller, faster growing companies in the United States, with market valuation of up to \$1 billion.

Public Investments Allocation

<u>Equities:</u>	<u>Maximum Exposure</u>
Growth Equities	up to 0%
Small Cap Equities	up to 0%

B. **Fixed Income:**

Percentage of Public Portfolio: Up to 0%

1. **Intermediate Fixed Income.**

- a) The primary objective of the core fixed income program is to generate a positive inflation-adjusted total rate of return over a market cycle while avoiding the volatility of long-term fixed income assets. This portion of the portfolio will be diversified among intermediate fixed income assets with an average maturity of between three and seven years.
- b) This portion of the portfolio may include U.S. Treasury obligations, U.S. government agency obligations, corporate bonds, asset-backed securities, mortgage-backed securities, and yankee bonds, as well as first lien private mortgages and guaranteed investment contracts.
- c) Portfolio purchases no securities with less than an investment grade rating and will never invest in derivative securities to leverage the portfolio. All cash management securities that are marketable shall have a minimum quality rating of A1/P1 by Moody's Investors Service or Standard & Poor's Corporation.

2. **Cash Management.**

- a) The primary objective of the cash management portfolio is to obtain current income, while preserving principal and maintaining a high degree of liquidity. The cash management portfolio will generally be limited to short term marketable fixed income instruments with an average maturity of eighteen months or less and may include securities issued or guaranteed by the United States Government or its agencies,

certificates of deposit, Banker's Acceptances, repurchase agreements, commercial paper and other institutional money market funds.

- b) The Investment Manager will determine the appropriate allocation to the cash management portfolio unless otherwise instructed by Client.

3. **Public Investments Allocation.**

<u>Fixed Income:</u>	<u>Maximum Exposure</u>
Intermediate Fixed Income	up to 0%
Cash Management	up to 0%

V. **PRIVATE INVESTMENTS.**

Private Investments constitute private investments which are not readily marketable or otherwise lack liquidity. The primary objective of these investments vary from high to current income to aggressive capital appreciation dependent upon the original characteristics of the investment. Prudent diversification is required to minimize risk of loss of capital. The definitions, diversification percentages and permitted investments for each asset class are defined below.

A. **Private Investments.**

Percentage of Total Portfolio: up to 100%

1. **Real Estate Equities.**

Investments in commercial property which provide an ownership interest for either current income or future market value appreciation.

2. **Real Estate Conventional 1st Mortgages.**

Loans secured by a first mortgage or deed of trust interest in the real estate, typically underwritten at a 75 to 80% loan to value ratio. Loan terms may not exceed 30 years and will depend on the term length of the tenant leases for the property. Provides a fixed monthly coupon rate.

3. **Real Estate Subordinate Mortgages.**

Loans secured by a mortgage or deed of trust interest in the real estate which is junior to other loans. Provides a fixed monthly coupon rate, typically higher than on a first mortgage, based on the higher risk. Loan terms generally run from 3 to 7 years.

4. **Real Estate Construction Loans.**

Short term loans for construction of new real estate product, generally followed by long-term financing, called a "take-out" loan. Generally provides a return which is in excess of the prime interest rate charged by banks to their most creditworthy borrowers and pays monthly interest-only payments.

5. Venture Capital.

Private investments consist of investments in stock or debt of privately held or start-up companies (venture capital) at or prior to an initial public offering (IPO).

6. Real Estate Participating 1st Mortgages.

Loans secured by a first lien interest in real estate. The Lender receives an interest rate at or below market, plus a negotiated percentage of equity in the project. This equity participation is paid as additional interest out of the project's cash flow and/or upon a sale of the project to provide a guaranteed minimum return to the Lender. Typical minimum returns are anticipated to range from 12% to 15%, dependent on related risk factors. Such loans provide a monthly return and anticipate monthly principal amortization.

7. Real Estate Participating Subordinate Mortgages

Loans secured by a subordinate lien interest in real estate. The Lender receives an interest rate at or below market, plus a negotiated percentage of equity in the project. This equity participation is paid as additional interest out of the project's cash flow and/or upon a sale of the project to provide a guaranteed minimum return to the Lender. Typical returns are dependent on related risk factors and should exceed returns on Participating First Mortgages. Such loans typically provide a monthly interest-only payment.

8. Private Debt (non-real estate)

Any loan made to an individual or company supported primarily by stock or inventory. Other marketable assets which may include real estate are often taken as additional collateral. Such loans may return a fixed coupon or may participate in the growth of the borrower either through a percentage of the revenues of the borrower or a residual equity interest in the borrowing entity.

9. Private Equities

Investments made for an ownership interest in a firm. Such investments typically do not generate a current income return but instead rely on the capital appreciation of the investment and the development of a source of liquidity for an investor's exit (for example, an Initial Public Offering).

10. Collateralized Notes/Receivable Financing:

Loans made to a borrower secured by an assignment of the borrower's receivables or contract rights and made in conformity with prescribed advance rates and interest reserve requirements. Such loans have typical

maturities of between two to five years and provide a return based upon a spread above the prime interest rate (the rate charged by banks to their most creditworthy borrowers).

B. Private Investments Diversification.

<u>Asset Allocation</u>	<u>Maximum Exposure</u>
Real Estate Equities	up to 0%
Real Estate Conventional 1st Mortgages	up to 0%
Real Estate Subordinate Mortgages	up to 0%
Real Estate Construction Loans	up to 0%
Real Estate Participating 1st Mortgages	up to 0%
Real Estate Participating Subordinate Mortgages	up to 0%
Private Debt (non-real estate)	up to 0%
Private Equities	up to 0%
Collateralized Notes/Receivable Financing	up to 100%

- C. The Client may, from time to time, modify the percentages set forth above. In each asset class there shall be a diversification among investments. However, unless otherwise agreed to with the Client, the Investment Manager shall not invest more than 10% of the assets in or with a single issuer, except for U.S. Government, cash management obligations or insured collateralized notes.
- D. The Investment Manager shall determine the diversification and actual investments within the percentages set forth above. The percentages referred to above shall be valued at cost and shall be based on the percentage under the control of the Investment Manager. However, the Client may give written authorization to the Investment Manager to maintain a higher percentage than set forth above for assets in any asset class. The Investment Manager shall consult periodically with the Client to determine the Client's liquidity requirements.

VI. COMMUNICATION.

- A. The Investment Manager shall report to the Client at least annually and preferably quarterly or as agreed to with the Client.
- B. The Investment Manager shall have the responsibility, without any request from the Client, to promptly disclose to the Client any relevant information about the following:
1. A change in the prospects for investments under the Investment Manager's control.
 2. The necessity for change in the diversification of the assets.
 3. Significant changes in market conditions.

- C. The Investment Manager will recommend changes to the statement of policy guidelines and objectives at any time when it views any part of the guidelines to be at variance with overall market and economic conditions.
- D. The Investment Manager will be expected to continually assess its own compliance with these guidelines.
- E. To the extent that any investment includes ownership rights, such as the voting of proxies, then ownership rights shall be exercisable by the Investment Manager with respect to such investment, unless the power to exercise such investment rights has been reserved by the Client. The Investment Manager shall keep accurate written records as to the exercise of such ownership rights and shall report such actions to the Client when taken.

**CLIENT:
LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST
FUND**

Date: Sept 29, 1997 By: Robert Harrison
Robert Harrison, Chairman

Date: Sept 29, 1997 By: William Cunningham
William Cunningham, Secretary

Date: Sept 29, 1997 By: Anthony S. Carle
Anthony S. Carle, Administrator

**MANAGER:
CAPITAL CONSULTANTS, INC.**

Date: 9/30/97 By: Jeffrey L. Grayson
Jeffrey L. Grayson, Chairman and CEO

EXHIBIT B-1
APPENDIX A
DEFINITION OF TERMS

1. PRIVATE INVESTMENTS

A. **Commercial Real Estate Mortgages:** A debt instrument (promissory note) secured by a first mortgage/deed of trust for permanent loans on real property, which shall conform to the following guidelines:

Types of Properties: Commercial office, office/industrial, retail buildings, or marketable timber; if the building is not already built, all construction work shall be performed by signatories to a collective bargaining agreement.

Loan to Value: Shall not exceed 80% of MAI appraisal.

Term: When utilized in the Money Market Fund, it will have a maturity of no more than 2 years.

When utilized in the Fixed Income Fund, it may not have a maturity of more than 10 years and each loan must have a call date or rate adjustment feature at least every 5 years.

Amortization: Shall not exceed 30 years.

Interest Rate: Market rate for commercial properties; rate shall be the same as used by Investment Manager for all similar mortgage loans.

Payments: Principal and interest on a monthly basis.

Loan Fee: To be determined at discretion of Investment Manager.

B. **Equity Participation Mortgages:** In addition to conventional mortgages, Capital Consultants, Inc. ("Capital") offers investors equity participation first and second lien loans on qualified projects.

These loans pay interest at or below market rates. They also pay an interest "kicker" in the form of a percentage of cash flow or, as an alternative, a percentage of gross income. The lender also receives a percentage of the equity in the property (sales price less balance of mortgages) upon the sale of the project, or at the maturity of the loan, whichever occurs first. Payments during the term of the loan would typically be monthly principal and interest on a 30 year amortization schedule for equity participation first mortgages, and monthly interest only for second lien loans.

For a first lien equity participation mortgage, the projected minimum internal rate of return (IRR) would range from 12.5% to 15.0% depending on the borrower and the project. For a second lien position, Capital's minimum IRR expectation varies between

15% and 25% depending upon the project. As an equity participant, Capital requires a premium for second position financing.

For equity participation first or second liens, total debt against the project may not exceed 85% of the MAI appraisal value. Most equity participation second liens are approximately 10% of the MAI appraised value. However, if the conventional first lien is less than 75% of the MAI appraised value, the equity participation second lien may be larger than 10%.

Based upon the project and current market factors, there may be a negotiated loan fee payable by the borrower to the Capital client at closing of approximately three-quarters of a percent (.75%) to one percent (1.0%) of the stabilized MAI appraised value of the project which rate is subject to Capital's discretion.

Capital considers any type of income-producing commercial property, including office buildings, industrial complexes, retail projects, apartments, or assisted senior housing for equity participation loans from \$500,000 to \$50,000,000. Capital prefers new construction or rehab projects and typically requires all contractors to be signatories to collective bargaining agreement.

The clients of Capital interested in investing in "institutional grade" equity participation mortgage investments are: unions, corporate pension and/or profit-sharing funds, public pension funds, charitable foundations, and individuals.

Capital's real estate investments on behalf of clients have been concentrated in the Northwestern United States, specifically the states of Oregon, Washington, Idaho, and Alaska. However, its investments are not necessarily limited to these areas.

2. **Collateralized Note Financing:** A short-term debt instrument (promissory note) secured by an assignment of the borrower's interest in monies to be paid to it by third party payors acceptable to Capital.

Form of Loan Documentation:	All loan documentation shall be in form acceptable to Capital and counsel for lender selected by Capital.
Interest Rate:	Shall float monthly with the prime rate published in the Wall Street Journal.
Loan Fee:	None.
Loan to Value:	Up to 80% of verified value of uninsured/cash collateralized qualifying receivables and up to 90% on insured qualifying receivables.
Payments:	Monthly, except for those certain promissory notes which terms state that interest may accrue for specified periods.
Credit Insurance or Cash Collateral	On insured loans, credit insurance protects the borrower (and the lender) against the failure of an account debtor to pay an open invoice due to insolvency of that debtor. 100% of approved account debtors

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APPENDIX A, Page ii

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are covered by the policy. A reserve account is established at closing to hold 110% of the policy deductible. Provided by American Credit Indemnity or other acceptable credit insurer, this insurance covers all approved account debtors in the borrowing base of each borrower. The lender is named as loss payee. Credit insurance shall not be required on receivables from agencies of the State or the Federal government.

As an adjunct to the "insured" loans program, we also allow selected borrowers to over-secure contract receivables, which would not qualify for credit insurance, or to borrow against pools of loans. In such instances, we require the borrower at closing to assign to the lender cash collateral in the amount of 15% of the principal balance of the loan. The cash collateral is held until final repayment of the loan, however, if required, can be used at lenders discretion during the loan term to satisfy payment defaults while the collateral is being liquidated to retire the principal balance.

The reduction or elimination of risk to principal through credit insurance policies is limited to the extent the insurance company or other insuring agent is able to meet its obligations and has the ability to pay the policy in full.

EXHIBIT "C"

TRADING AUTHORIZATION AND LIMITED POWER OF ATTORNEY

for

LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND

TO: The Custodian, Broker/Dealer and any other party requested by Capital Consultants, Inc. to engage in those transactions outlined herein (hereinafter referred to as "you"):

The undersigned hereby constitutes and appoints Capital Consultants, Inc., as the undersigned's agent and attorney in fact with full power and authority for the undersigned, and in behalf of the undersigned, to buy, sell, and to trade in stock, bonds and any other securities, commodities, or other properties, issued or unissued, or on margin or otherwise, in accordance with your terms and conditions for the account and risk of the undersigned and in the name or account number of the undersigned. The undersigned hereby agrees to indemnify and hold you harmless from, and pay you promptly upon demand for, any and all losses arising therefrom or debit balance due thereon.

In all such purchases, sales, trades or transactions you are authorized to follow the instructions of Capital Consultants, Inc. in every respect concerning the undersigned's account with you; and Capital Consultants, Inc. is authorized to act for and on behalf of the undersigned in the same manner and with the same force and effect as the undersigned might or could do with respect to such purchases, sales, trades or transactions as well as with respect to all other things necessary or incidental to the furtherance or conduct of such purchases, sales, trades or transactions.

The undersigned hereby ratifies and confirms any and all transactions heretofore or hereafter made by Capital Consultants, Inc. for the account of the undersigned.

This authorization and indemnity is in addition to (and in no way limits or restricts) any rights which you may have under any other agreements or agreement between your firm and the undersigned.

This authorization and indemnity is also a continuing one and shall remain in full force and effect until revoked by the undersigned by a written notice addressed to and actually received by you, but such revocation shall not affect any liability in any way resulting from transactions initiated prior to such revocation. This authorization and indemnity shall inure to the benefit of your present firm and of any successor firm or firms irrespective of any change

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or changes at any time in the personnel thereof for any cause whatsoever, and of the dates of your present firm or any successor firm.

Dated: Sept 29, 1997

CLIENT:

By: Robert Harrison
Robert Harrison, Chairman

By: William Cunningham
William Cunningham, Secretary

By: Anthony S. Carle
Anthony S. Carle, Administrator

State of Ohio
County of Hamilton } ss:

On this 29th day of September, 1997, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named Robert Harrison, Chairman, of LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND, and known to me to be the identical individual, who, being first duly sworn, did say that he is authorized to sign on behalf of said by authority of its Board of Trustees, and acknowledges this to be his voluntary act and deed.

In witness whereof I have hereunto set my and affixed my official seal the day and year last above written.

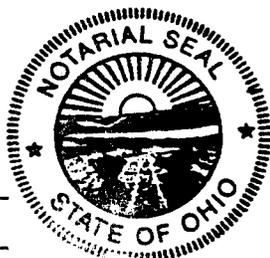


Kelly J. Huber
Notary Public, State of Ohio
My Commission Expires: Jan 30, 2001

State of Ohio
County of Hamilton } ss:

On this 29th day of September, 1997, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named William Cunningham, Secretary, of LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND, and known to me to be the identical individual, who, being first duly sworn, did say that he is authorized to sign on behalf of said by authority of its Board of Trustees, and acknowledges this to be his voluntary act and deed.

In witness whereof I have hereunto set my and affixed my official seal the day and year last above written.



Kelly J. Huber
Notary Public for Ohio
My commission expires: _____

KELLY J. HUBER
Notary Public, State of Ohio
My Commission Expires Jan. 30, 2001

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State of Ohio

County of Hamilton } ss:

On this 27th day of September, 1997, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named Anthony S. Carle, Administrator, of LOCAL UNION NO. 212 I.B.E.W. PENSION TRUST FUND, and known to me to be the identical individual, who, being first duly sworn, did say that he is authorized to sign on behalf of said by authority of its Board of Trustees, and acknowledges this to be his voluntary act and deed.

In witness whereof I have hereunto set my and affixed my official seal the day and year last above written.

Kelly J. Huber
Notary Public for Ohio
My commission expires: _____



KELLY J. HUBER
Notary Public, State of Ohio
My Commission Expires Jan. 30, 2001

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