

INVESTMENT POLICY SUMMARY

MO-KAN Sheet Metal Workers Local No. 2  
2<sup>nd</sup> Quarter 2000

Investment Guidelines Dated: August 26, 1998

No Guideline Requirements with respect to private investments

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INVESTMENT ADVISORY AGREEMENT



The undersigned MO-KAN SHEET METAL WORKERS LOCAL NO. 2 HEALTH & WELFARE 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 Brotherhood Bank & Trust 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 cause securities to be bought and sold 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.
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. If the Manager directly services mortgage investments, it shall be at no cost to the Client.
4. The Client shall pay the Manager's fee upon presentation of the Manager's fee bill. All brokerage commissions or expenses arising from transactions in the account shall be a charge against the Client's assets.
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 block orders for the same security for the account and other accounts and may charge the account with the average price of executing all blocked orders.

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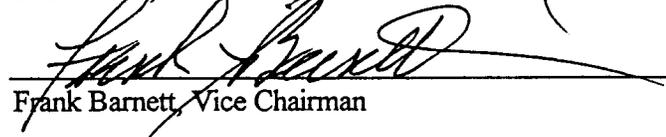
6. The Manager shall issue all necessary instructions to the Custodian for the account. All instructions by the Manager to the Custodian shall be in writing and all acts performed by the Custodian upon written instructions from the Manager shall be for the account and risk of the Client. Instructions to the Custodian pertaining to acts other than those herein authorized must be approved by the Client in writing.
7. The Manager is authorized to place brokerage transactions for the account with broker/dealers who provide supplemental research and statistical materials or quotation materials to the Manager and to pay commissions which are reasonable in relation to the value of the brokerage and other services so provided viewed in terms of either that particular transaction or the Manager's overall responsibilities with respect to all accounts of the Manager.
8. The Custodian is authorized to carry out all instructions of the Manager pertaining to purchases and sales of securities and all other functions necessary to the management of the account, including acts necessary to the carrying of securities in the name of the Custodian and acts relating to the delivery of securities or funds to the Client or to the Client's order. Unless directed otherwise by the Client, the Manager is further authorized but not required to execute all proxies by voting such proxies in such manner as the Manager shall in its absolute discretion determine.
9. The Custodian shall complete transactions for the account by delivering securities to any party acceptable to the Custodian against payment or against receipt to be held pending completion of the transaction, and by paying funds to any party acceptable to the Custodian against delivery of securities or against a receipt to be held pending delivery.
10. 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 the Custodian, no term of which, however, may be contrary to the provisions hereof.
11. 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.
12. No assignment of this agreement shall be made by the Manager without the written consent of the Client and the Custodian.
13. 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.

14. 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.
15. The Manager shall have no duty, responsibility, or liability whatever 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.
16. 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.
17. Attached hereto and made a part of this agreement are Exhibit "A" (Schedule of Fees), Exhibit "B" (Investment Criteria and Confidentiality), and Exhibit "C" (Trading Authorization and Limited Power of Attorney).
18. 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.
19. 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.
20. This Agreement may be amended only by written instrument, signed by both of the parties hereto.
21. This Agreement shall be construed and interpreted in accordance with the laws of the State of Missouri.

**CLIENT:  
MO-KAN SHEET METAL WORKERS LOCAL NO. 2  
HEALTH & WELFARE FUND**

Date: 6/24/98 By:   
Leo Zahner, Chairman

Date: 8-24-98 By:   
Frank Barnett, Vice Chairman

**MANAGER:  
CAPITAL CONSULTANTS, INC.**

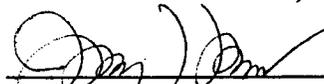
Date: 8-26-98 By:   
Jeffrey L. Grayson, Chairman and CEO

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**EXHIBIT "A"**

**SCHEDULE OF FEES**

**MO-KAN SHEET METAL WORKERS LOCAL NO. 2 HEALTH & WELFARE 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:

**INVESTMENT ADVISORY FEES**

**See Attachment A-1**

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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Attachment A-1

Capital Consultants, Inc.  
Investment Advisory Fees

		Fixed Income Portfolio Annual Fees
On the first	\$ 1,000,000	.75 of 1.00%
On the next	\$ 1,000,000	.625 of 1.00%
On the next	<del>\$ 2,000,000</del>	.50 of 1.00%
On the next	\$ 6,000,000	.40 of 1.00%
On the next	\$10,000,000	.30 of 1.00%
All sums over	\$20,000,000	.25 of 1.00%

All fees are billed quarterly in advance and are computed based upon the total Market Value of assets in the account.

8/22/97

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**Exhibit "B-1"**  
**Statement of Investment Policy Guidelines**  
**for**  
**MO-KAN SHEET METAL WORKERS LOCAL NO. 2 HEALTH & WELFARE FUND**

**I STATEMENT OF OBJECTIVES.**

The goal of this investment policy for MO-KAN SHEET METAL WORKERS LOCAL NO. 2 HEALTH & WELFARE 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. 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 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 100%**

### IV. PUBLIC INVESTMENTS.

#### A. Fixed Income:

**Percentage of Public Portfolio: Up to 100%**

##### 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

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APPENDIX A, Page 2

(wpliaas1pg1) - Mo-Kan Sheet Metal Workers Local No. 2 Health & Welfare Fund - 4/21/98

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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 100%
Cash Management	up to 100%

**V. 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:  
MO-KAN SHEET METAL WORKERS LOCAL  
NO. 2 HEALTH & WELFARE FUND**

Date: 6/24/98

By: [Signature]  
Leo Zahner, Chairman

Date: 8-21-98

By: [Signature]  
Frank Barnett, Vice Chairman

**MANAGER:  
CAPITAL CONSULTANTS, INC.**

Date: 8-26-98

By: [Signature]  
Jeffrey L. Grayson, Chairman and CEO

**EXHIBIT "B"**

**INVESTMENT CRITERIA AND CONFIDENTIALITY**

**MO-KAN SHEET METAL WORKERS LOCAL NO. 2 HEALTH & WELFARE FUND**

The Manager shall have the authority to buy, sell, and to trade in stocks, bonds and any other securities, 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. Each issued security in which the Manager invests shall be a domestic security and/or a foreign security which has listed American Depository Receipts or shares. Unless otherwise indicated in writing, the Manager may do option writing (puts or calls), and the Manager may purchase or sell option contracts, warrants or subscriptions.

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.

EXHIBIT "C"

TRADING AUTHORIZATION AND LIMITED POWER OF ATTORNEY

MO-KAN SHEET METAL WORKERS LOCAL NO. 2 HEALTH & WELFARE 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, 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, 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 those 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 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.

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Dated 06-26, 1998.

**CLIENT:  
MO-KAN SHEET METAL WORKERS LOCAL NO. 2  
HEALTH & WELFARE FUND**

By: [Signature]  
Leo Zahner, Chairman

By: [Signature]  
Frank Barnett, Vice Chairman

State of Missouri )  
County of Jackson ) ss:

On this 26<sup>th</sup> day of June, 1998, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named Leo Zahner, Chairman, of MO-KAN SHEET METAL WORKERS LOCAL NO. 2 HEALTH & WELFARE 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.

**JENNIFER L. LEAP**  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Jackson County  
My Commission Expires: Dec. 1, 2000

[Signature]  
Notary Public for Missouri  
My commission expires: 12-01-00

State of Missouri )  
County of Jackson ) ss:

On this 22 day of August, 1998, before me, the undersigned, a notary public in and for said county and state, personally appeared the within named Frank Barnett, Vice Chairman, of MO-KAN SHEET METAL WORKERS LOCAL NO. 2 HEALTH & WELFARE 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.

**NORMA M. HACKNEY**  
Notary Public - Notary Seal  
STATE OF MISSOURI  
Jackson County  
My Commission Expires: Sept. 24, 2001

[Signature]  
Notary Public for Missouri  
My commission expires: 9-24-01  
INVESTMENT ADVISORY AGREEMENT, Exhibit C, Page 2  
(wpliaas\iaa1) - Mo-Kan Sheet Metal Workers Local No. 2 Health & Welfare Fund - 4/21/98

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