

May 26, 2010

Ms. Lynn Wenguer
Pension Administrator
City of Fort Lauderdale Police & Fire Retirement System
888 S. Andrews Avenue, #202
Fort Lauderdale, FL 33316

Re: Request for Proposal for Independent Consulting Services

Dear Ms. Wenguer:

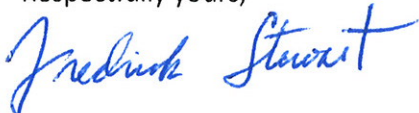
Please allow this letter to serve as our response to the Pension Board of the City of Fort Lauderdale Police & Firefighter's Retirement System (the "Board") request for a proposal to provide Independent Consulting Services.

PEI has developed a unique approach to reporting the details of investment portfolio performance, risk and fee structure analysis. I am confident that the Board will be pleased with the quality and convenience of using our services. My staff and I are enthusiastic about the opportunity to work with the Board.

We have enclosed all required components of the Request for Proposal and confirmed that there aren't any addenda.

If there is anything else you need from me please feel free to call me at (404) 942-3653. Thank you for your consideration and I look forward to speaking with you soon.

Respectfully yours,



Frederick A. Stewart
Senior Consultant
FStewart@porteval.com
Telephone: (404) 942-3653
Fax: (404) 233-4883

**Portfolio Evaluations, Inc.
15 Independence Blvd.
Warren, NJ 07059
New Jersey Phone: 973-538-4347
Atlanta Phone: 404-942-3653**

Contact Person: Frederick Stewart, Senior Consultant

Date: May 26, 2010

**Response to
The City of Fort Lauderdale
Police Officers' & Firefighters' Retirement System
Request for Proposal for
Independent Consulting Services**



**Fred Stewart, Senior Consultant
Portfolio Evaluations, Inc.**

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Tab 1

C. ORGANIZATION

1. Describe your firm's strengths, highlighting the aspects of your service that make you unique from your competition. Which investment consulting services are the firm's specialties or areas of greatest expertise?

What makes Portfolio Evaluations Inc. (PEI) unique:

- Independence - No broker/dealer or money manager affiliation
- Proprietary reporting – Developed with ongoing client feedback
- Analysis – One of the largest analytical staffs among mid-sized consulting firms*
- Experience – 16 years average investment experience per consultant vs. 12.8**
- Fee negotiation – Identified cost savings for client portfolios from \$110,000 – over \$1,000,000

PEI offers a complete package of investment consulting services, including:

- Investment Fiduciary
- Investment Policy Statement (IPS) review/design/on-going monitoring
- Investment Performance / Risk / Return Analysis & Monitoring
- Investment Manager Search & Replacement
- Plan Design & Compliance Oversight
- Fee Benchmarking: total plan costs and provider revenue
- Vendor & Service Provider Searches, Fee, & Service Reviews
 - 40+ vendor and custodian searches over the last 3 years.
- Executive Summary/Comments on best practices and market trends
- Asset Allocation Study & Modeling
- Employee Education

* Ann Schleck Survey, 2009; 2008 PIMCO Defined Contribution Consulting Support and Trends Survey

**2009 Brightwork Partners, LLC Retirement Services Intermediaries

2. Summarize your organization's long-term strategy for business development.

We intend to build on our strengths and Industry reputation by continuing to deliver the best service possible to our Clients. Our strategy is to enhance the Plan for the benefit of your Employees, while also reducing your potential Fiduciary exposure on the Plan-level. PEI provides:

Skills/Expertise not available in-house

Independent & Objective oversight

Fiduciary Oversight & Support

Specialized Expertise: Plan design, Compliance, & Investments

Demonstrated track record

Ability to negotiate competitive pricing & services with Providers

3. What percentage of your annual budget is allocated toward research and development?

We allocate 5% - 8% of our annual budget to research and development.

4. Does your organization anticipate any changes in ownership or organizational structure?

There are not any plans for changes to PEI's ownership or organization structure.

5. Provide information that documents your firm's qualifications with respect to its independence, ability, capacity, skill, financial strength and number of years your firm has provided pension fund consulting services to public pension plans.

PEI has no monetary relationships with any money managers, mutual funds, or other financial services providers. We do not solicit or accept any type of payment from any money managers we work with or recommend. PEI is entirely independent and bases recommendations solely on what is best for our clients.

Our analytical capabilities & resources form the foundation of every successful investment program we help our clients create. We have a team of 19 analysts that provide research, analysis and performance reporting every quarter to our clients. In fact, we have one of the largest teams of analysts when compared to our competition (Ann Schleck Survey, 2009).

We are very strong financially. PEI has had positive cash flows almost since inception and continues to do so.

PEI has five public sector clients: Federal Home Loan Bank of Boston, Mohegan Indian Tribe, Tohono O'odham Nation, The City of Garland, Texas, and The Office of Thrift Supervision. We have been providing services to public entities for two years.

6. Is providing investment advisory services your sole line of business? If not, describe what other services your firm provides and show the percentages of your organization's revenues attributable to the investment advisory service as well as the other lines of services.

Yes. Investment consulting is PEI's sole line of business.

7. Are you registered with the S.E.C.?

Yes. Our SEC file number is 801-70015.

8. Are you a member of the Association for Investment Management and Research (AIMR)?

Yes, PEI employs four CFA charter holders. Each of these individuals is a member of the CFA Institute formerly known as the Association for Investment Management and Research (AIMR).

9. Are you a member of the Florida Public Pension Trustees' Association (FPPTA) or the International Foundation of Employee Benefit Plans (IFEBP)?

Yes. Fred Stewart holds the Certified Employee Benefit Specialist (CEBS) designation co-sponsored by the IFEBP and the Wharton School of the University of Pennsylvania.

10. Is your firm registered with the Florida Secretary of State to do business in the state? Please provide your registration number.

Yes. PEI is registered with Florida. Our Florida registration number is F09000003112.

11. Is the firm or any of its principals or employees currently engaged in any litigation with the SEC, current or former client or employee or any other person or organization related to your business activities?

Neither our firm nor any member of our firm has ever been fined, disciplined, or suspended by the SEC, the NASD, any regulatory agency or exchange, association, or government agency.

12. Has the firm been fined, sanctioned or otherwise disciplined by the SEC or any other regulatory agency?

No. PEI has not ever been fined, sanctioned or otherwise disciplined by the SEC or any other regulatory agency.

13. Has the firm or any of its principals or employees been convicted of any crimes in Florida or any other State?

No. Neither PEI nor its principals or employees have ever been convicted of any crimes in Florida or any other State.

D. CLIENTS AND REFERENCES

1. Please provide a summary of your firm's total clients and assets under investment consulting advisement. Indicate a breakdown by public pension funds, corporate pension funds, Taft Hartley funds, endowments and others. At a minimum, please include:

- a. Total number of investment consulting clients
- b. Number of clients and assets by category
- c. Fund size of average client
- d. Representative client list

PEI has a total of \$21.3 billion of assets under advisement as of 3/31/2010. We advise 174 unique clients. The table below illustrates the number of client portfolios and assets under advisement by category at PEI.

Count of Portfolios

	Plan Type	Corporate DC	Corporate DB	Taft Hartley	Endowments & Foundations	Public Sector Clients	Other*	Grand Total
Asset Range								
\$0 - \$50mm		138	35	8	31	6	15	233
\$51 - \$99mm		30	9	3	1	0	3	46
\$100 - \$249mm		24	9	-	1	2	1	37
\$250 - \$499mm		12	-	-	-	-	-	12
\$500 - \$999mm		1	-	1		-	-	2
\$1B or More		2	-	-	-	-	1	3
Grand Total		207	53	12	33	8	20	333

Assets by Category

	Plan Type	Corporate DC	Corporate DB	Taft Hartley	Endowments & Foundations	Public Sector Clients	Other*	Grand Total
Asset Range								
\$0 - \$50mm		\$2,236.2	\$547.0	\$43.2	\$250.7	\$154.5	\$48.9	\$3,280.5
\$51 - \$99mm		\$2,175.2	\$638.2	\$232.1	\$65.3	\$0.0	\$215.2	\$3,326.0
\$100 - \$249mm		\$3,437.5	\$1035.6	\$0.0	\$154.6	\$379.6	\$244.8	\$5,252.1
\$250 - \$499mm		\$4,187.9	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$4,187.9
\$500 - \$999mm		\$534.5	\$0.0	\$592.6	\$0.0	\$0.0	\$0.0	\$1,127.1
\$1B or More		\$2,178.8	\$0.0	\$0.0	\$0.0	\$0.0	\$2,000.0	\$4,178.8
Grand Total		\$14,750.1	\$2,220.8	\$867.9	\$470.6	\$534.1	\$2,508.9	\$21,352.4

*Includes Operating Accounts, and Non-Qualified Plans

Our average client has \$123 million in assets under our advisement. Please refer to Tab 2 for a representative client list.

2. Provide a breakdown of clients gained and lost the past three years, including both fund size and type. Indicate reasons for any clients lost.

PEI does not maintain records of the size of client portfolios that are no longer under our advisement.

	2009	2008	2007
Client Portfolios Gained	29	23	22
Clients Portfolios Lost	4	3	4

Reasons for clients lost include: acquisition, terminated the plan, and bankruptcy. None of these clients terminated their agreement with PEI due to client dissatisfaction.

3. Provide a list of at least six public employee retirement systems (primarily retirement plans of similar size as ours) for which your firm currently provides evaluation services, including system name and approximate value of investment portfolio. Also provide the address, telephone number, name and title of person who may be contacted for reference. Please obtain prior authorization for us to contact each reference.

Listed below are several public sector clients, including Federal, City, & Tribal Nation Plans. For confidentiality reasons PEI does not release the values of our client's portfolios.

City of Garland Texas
Mr. Steve Jansen, Chief of Police
200 N. Fifth St.
Garland, TX 75040
Phone: 972-205-1610
Email: sjansen@ci.garland.tx.us

City of Garland Texas
Mr. Rick French, Director of HR Services
200 N. Fifth St.
Garland, TX 75040
Phone: 972-205-3840
Email: rfrench@ci.garland.tx.us

Federal Home Loan Bank of Boston
Ms. Janelle K. Authur
Sr. Vice President, Director of Human Resources
111 Huntington Avenue, 24th Floor
Boston, MA 02199
Phone: 617-292-9659
Email: janelle.authur@fhlbboston.com

The Mohegan Tribe
Mr. Philip M. Cahill, CPA, COO
5 Crow Hill Rd
Uncasville, CT 06382
Phone: 860-862-6202
Email: pcahill@moheganmail.com

The Office of Thrift Supervision
Ms. Valerie Waller-Milton
Program Manager, Compensation and Benefits
1700 G Street N.W.
Washington, DC 20552
Phone: 202-906-7303
Email: valerie.waller@ots.treas.gov

Tohono O'odham Nation
Mr. Ryan Claw
Office of the Treasurer
P.O. Box 837
Sells, AZ 85634
Phone: 520.383.1800 ext 2455
Email: ryan.claw@tonation-nsn.gov

E. PROFESSIONAL STAFF

1. Please provide a detailed listing of your firm's professional staff by category including Consultants and analysts.

Please refer to Tab 3 for PEI's organizational chart which lists our professional staff including consultants and analysts.

2. Provide the name(s) and locations of the individuals(s) who will be responsible for this account if your firm is awarded this contract. Provide a brief biography of each member of the team, including titles, functions, academic credentials, professional affiliations, relevant work experience, and number of years with your firm and any history of discipline from any regulatory agency.

The team for the Pension Board for the City of Fort Lauderdale Police & Firefighters' Retirement System (hereafter "Board") will be as follows: Fred Stewart will be the Board's primary consultant. Fred is a member of the State and Local Government Benefits Association (SALGBA) which is based in Richmond, KY. Michael Sasso will be the Principal at PEI overseeing the relationship. Saleem Banatwala, CFA will be the assigned senior analyst. Neither PEI nor any of its employees have ever been disciplined by any regulatory agency.

Please refer to Tab 3 for complete biographies of these team members.

3. If more than one person will be assigned responsibility for the account, how will the responsibility be allocated among these individuals?

Fred Stewart will have primary responsibility for your Plan. If there is some unforeseen reason why Fred may not be able to attend a meeting or a conference call personally, the consultant who will act upon his behalf is Michael Sasso. Michael is a founder and principal of PEI.

4. How many client accounts are assigned to each of the persons named above? What is the range in asset values of those client accounts? What is the maximum and average number of accounts assigned to each professional?

Fred has responsibility for 12 clients with assets ranging from \$4 million - \$500 million.
Michael has responsibility for 34 clients with assets ranging from \$12 million to \$1.2 Billion.
Our average per Consultant is 14 firm-wide.

5. Summarize the average annual turnover in your firm cumulative over the last 3 years measured as departures divided by the total number of employees. Describe the turnover of key professional personnel during the past 3 years and provide a brief

The average annual turnover at PEI over the last three years has been approximately 7% of all personnel. There weren't any key employee departures during that last three years.

6. Comment on how your firm attracts and retains motivated qualified professionals. What are your firms' continuing education requirements for its professionals?

To attract professionals, we seek to identify individuals with fiduciary investment consulting experience. We look for excellent analytical and communication skills as well as effective problem solving experiences. Candidates must hold a bachelors or masters degree. Certifications such as CFA are a plus. The consultants and analysts that we hire externally have experience in working in an advisory capacity helping individuals, boards, committees or

investment professionals to make smart asset allocation and investment decisions. We also ensure that they have the integrity to present well thought out ideas and solutions and help clients to make prudent decisions.

To retain professionals PEI offers attractive compensation and incentive arrangements for consultants and other professional staff. Compensation includes a base salary and a profit sharing plan for all employees. Salary is the biggest component of that.

We encourage our employees to seek advanced degrees and designations. In addition we suggest that they attend at least two investment or pension conferences per year. All of PEI's employees involved in the preparation of client materials are involved on a day-to-day basis with investment management teams and analysis of investment products. This constant interaction with investment personnel provides significant knowledge about the trends in investing and the financial markets.

F. INVESTMENT CONSULTING SERVICES

Asset Allocation

1. Describe your firm's philosophy and approach to development of asset allocation strategies including methodology used for asset allocation modeling considering linkage to liabilities and funding, application of major variables (risk tolerance, etc.), and how frequently and under what conditions asset allocation should be changed.

Asset Allocation Strategies

PEI's philosophy concerning asset allocation strategies centers on how we guide our clients in the development and implementation of an appropriate asset allocation that maximizes future benefits while allowing for given liabilities. Based on past, present and future asset class risk and return statistics, we help build the asset class mixes which will bring our client's the greatest profit, without taking too many chances. This gives our clients the necessary information to meet their goals and objectives, within their investment guidelines and risk.

PEI uses asset allocation studies to assist in the development of the strategies. Asset allocation studies typically use a number of different methods to derive long term capital market expectations. The two most widely used are the historical approach and the Black Litterman approach. The method that we have used for developing capital market assumptions uses a combination of the Black Litterman, Monte Carlo, and historical approaches as well as the assumption that within the standard asset classes, a no arbitrage relationship exists. This last point implies that for any increase in return, the amount of risk must increase. Where possible, we attempt to correct for any significant serial correlation in order to better represent the expected volatility of these asset classes.

Below is a further explanation of the historical approach, Black Litterman method, and Monte Carlo simulations:

Historical Approach

The historical approach simply calculates the arithmetic average return and standard deviation of each asset class using historical returns as a proxy for future expected returns. Although this method seems very intuitive, it suffers from a number of drawbacks.

The biggest concern with this method is that it is highly dependent on the historical period that is being assessed. Over any measurement period, one or two asset classes typically dominate with higher return and lower risk than all other asset classes. Standard portfolio optimization software will tend to favor these assets to the exclusion of all other assets leading to unacceptable portfolio weights to these favored asset classes.

Black Litterman

The Black Litterman method is not as intuitive as the historical method although it does have its advantages. The Black Litterman model attempts to derive asset return assumptions by using a combination of historical data, equilibrium pricing models, and investor outlook.

Monte Carlo Simulation

As in all stochastic processes, we will never be able to predict one particular outcome with any degree of certainty. We will, however, be able to predict a range of possible outcomes with a much stronger degree of certainty. Monte Carlo Simulation is the process of determining that range of outcomes through the use of computer aided sampling techniques. Returns for each period are randomly drawn from a normal probability distribution, and portfolio values are calculated out to termination. Any deposits or withdrawals are factored in to the beginning and ending balances for each period.

This whole process is then repeated 10,000 times and a probability distribution that represents the range of possible outcomes is generated. From this data we can draw conclusions regarding the ability of an investment strategy to meet its objectives.

Several factors are used to determine an asset allocation strategy for a specific client, including:

- Current and future liabilities of the investment pool
- Time horizon of the portfolio
- Liquidity needs
- Assumed variability of returns or risk tolerance
- Expected rate of return
- Selection of asset classes
- The willingness or ability to make further monetary contributions to the portfolio

Asset Allocation Changes

We do not actively engage in tactical asset allocation strategies. We believe in the ongoing review of goals and objectives and an asset allocation that is reflective of these goals and objectives. Before embarking upon a strategic allocation change in a portfolio, PEI will review the investment policy statements with the Board. If the mission & goals are the same and the asset allocation falls outside the targets, then PEI will develop risk appropriate scenarios to address the asset allocation adjustments and work with the Board to implement the changes. If the goals and objectives are the same, then the strategic asset allocation should not change. However, it should be reviewed.

Frequency

PEI recommends asset/liability modeling occur at least every 3 years, or more frequently if significant changes occur.

2. What type of software do you use to model liabilities? Is this proprietary or other software?

We use proprietary software to perform complete asset/liability studies in house, and we partner with actuarial firms who model and analyze portfolio liabilities.

3. How many asset/liability studies has your organization performed in the last three years?

Over the last three years PEI has completed two asset/liability studies in cooperation with an actuary who supplied the liability data. At the same time we also completed seven asset allocation studies for our clients.

4. What type of software do you use to view assets and their allocation?

PEI uses Morningstar to collect data about mutual funds, collective investment trusts, separate accounts, and ETF's. We then analyze that information using Zephyr, for attribution, and Ibbotson to perform regression analysis and portfolio optimization.

Board Education

1. What resources (i.e., human resources, internal research, conferences or seminars, industry information, etc.) will your firm draw upon to provide our plan fiduciaries with board education?

In addition to general consulting with clients, PEI's uses its newsletter *Prudent Press* to educate clients about current trends or topics (Please refer to the table of contents of the sample performance report under Tab 4 to locate a copy). PEI also produces Investment Alerts whenever a significant change occurs with an investment product and/or manager. Please refer to Tab 5 for examples. This information is readily distributed via email to all effected clients. Finally, PEI has provided fiduciary education training for investment committees upon request. In addition, PEI has a fiduciary checklist handbook that can serve as part of the ongoing prudent process. PEI will utilize these tools to help the Board to function effectively.

2. How often will these resources be available to our plan fiduciaries?

The general consulting style and philosophy of PEI is to provide education to our clients, at every opportunity. At every meeting with have the fiduciaries of the Board we will provide guidance investment policy, investment selection and plan related best practices. Our *Prudent Press* newsletter is published quarterly. Investment Alerts are sent as needed. Our fiduciary checklist can be provided as needed but is usually used annually.

Investment Manager Searches and Monitoring

1. Describe your firm's experience and capabilities in conducting searches for investment managers.

PEI's Director of Product Research, Marcia Peters, leads our team of 19 analysts (Please refer to Tab 3 for Marcia's bio). Seven of these analysts are solely dedicated to manager research. In a typical year, PEI conducts over 150 due diligence meetings and analyzes over 1,000 unique products for clients. In addition PEI has completed two major investment restructurings, merging multiple plans in the past year, plus several more over the previous two years.

2. Describe in detail the process you will use to conduct manager searches for our plan.

PEI would conduct manager searches for the Board by dividing asset class research into two components: (1) traditional asset classes and (2) alternative asset classes.

Traditional Asset Classes

Traditional asset class research is headed up by Marcia Peters, Director of Operations & Research, Senior Consultant. Each of the senior analysts have dedicated asset class assignments for which they are responsible for screening, monitoring, ongoing due diligence, and selecting top managers in their research space, which is then applied firm wide. Assignments are broken down in the following manner:

- (1) Large Cap Equity Funds
- (2) Mid Cap Equity Funds
- (3) Small Cap Equity Funds
- (4) Non-U.S. Equity
- (5) Real Estate
- (6) Hedge Funds & Alternatives
- (7) Money Market Funds
- (8) High Quality Fixed Income
- (9) Inflation Protected Securities
- (10) High Yield
- (11) Stable Value
- (12) Hybrid/Balanced

Quantitative and qualitative factors are used to narrow the universe of managers. Quantitative factors include (all factors not listed): (1) above average long term trailing performance, (2) high consistency of performance, (3) above average long term risk-adjusted performance, (4) portfolio characteristics indicative of a diversified portfolio including top 10 holdings concentration and diversified sector weightings, (5) portfolio characteristics which represent the asset class including appropriate p/e, p/b, market capitalization, (6) long manager tenure, (7) returns based analytics consistent with the asset class, (8) assets under management, and (9) expenses. Qualitative factors include (1) investment organization structure, (2) culture, (3) investment process and evidence to support that is consistently applied, (4) research analyst staff and resources, and (5) risk management.

Formally, every six months, each analyst presents an update on their screening process and manager recommendations. These are presented to Marcia along with the three principals of the firm. The recommended managers are applied to every investment search the firm undertakes.

Alternative Asset Classes

Alternative Asset Class research is led by Marcia Peters and supported by a select team of senior research analysts. Alternative asset classes can be valuable in structuring a more optimal portfolio, creating a better balance between return and risk, than with just traditional asset classes. Exposure to alternative asset classes can be reached through a variety of avenues. PEI will construct the best portfolio given each unique circumstance, goals, and constraints. For example, real estate exposure could be attained through REITs or direct property, which would depend on liquidity needs and portfolio size. For institutions that are large in size and sophisticated an allocation to hedge funds, either specific strategies or fund of funds, may be appropriate.

3. Describe your manager search database, including the number of managers it contains, the source of information, the process of manager inclusion and under what circumstances a manager would be removed.

PEI maintains and utilizes data from Morningstar. We use that data as a starting point to conduct our analysis and assemble our reports using our in house system. We track 152 managers and 1,250 investment strategies currently. Those data are filtered whenever we conduct manager searches, according to certain acceptable characteristics determined by PEI. In addition PEI collects, stores, and verifies manager data using Zephyr and Ibbotson. We generally do not remove managers from our database. However, a manager may no longer be recommended if it does not meet our minimum criteria. We will make data changes in cases where third party return data is incorrect. PEI will correct the data in its in house system and override the inaccurate nationally reported data, so that reports to clients contain the correct data.

4. Please describe the circumstances under which you would recommend terminating an investment manager.

Managers may be recommended for termination for any of the following reasons: (1) significant organizational changes, (2) lead manager or significant analyst turnover (3) relative performance that is below the benchmark on a three and/or five year trailing basis, (4) change in investment process or indication that investment process is not being applied consistently (5) change in fee structure, (6) consistent levels of non-diversification seen in top ten holdings or sector exposure, (7) returns-based analysis which is indicating behavior less indicative of the style mandate, (8) portfolio characteristics such as p/e, p/b, and market capitalization that are not consistent with the mandate, (9) asset base that is rapidly growing or declining.

5. Please provide the most recent performance of all the managers your firm has recommended over the last two years. The performance should be measured against the applicable benchmark over periods of 1, 3 and 5 years ending December 31, 2009.

We consider our manager recommendations to be proprietary and sensitive information. We are including recommendations for two asset classes. We can provide a comprehensive list upon receipt of a signed non-disclosure agreement (NDA). Please let us know if you would like a comprehensive list and we will send you a copy of our NDA for your review and signature, Phone: 404-942-3653, Email: FStewart@porteval.com. Please refer to Tab 6 for copies of our recommendations over the last two years.

6. During the past 24 months, what number of investment management firms have you recommended for termination?

Because PEI does not have discretionary authority, PEI does not track manager terminations.

7. Describe your philosophy and process for conducting prior due diligence when conducting a manager search.

Our manager due diligence is designed help our clients to make educated and unbiased decisions. Our independence is the key to that because we only accept payment from clients and no one else.

Our process starts with face-to-face, telephone and web based research. We collect qualitative and quantitative data to understand recent and historical performance. We listen to their philosophy for overweighting or underweighting sectors. At the same time that explains which sectors and securities helped and hurt in recent periods. That helps us to see how the manager is attempting to fulfill their investment objectives. At the same time we collect quantitative data such as performance, and sector weightings as well as the use of derivatives and securities lending practices. Our research process also includes learning about the manager's style drift, liquidity management, GIPS compliance, tax sensitive management, and benchmarking conventions. We take all of that information and create an investment process summary which is included on each of our detailed investment pages.

8. Do you conduct on-site visits of investment managers that are in your database? How many? How often?

PEI does conduct site visits of managers in our database. On average we conduct up to two manager site visits per quarter.

9. Describe the process of monitoring the activities of the various managers. How often do you perform this assessment? How do you assess that the manager is maintaining consistency with their mandated style?

Our approach to monitoring focuses upon keeping our fiduciary clients informed while monitoring the investment managers and compliance with the investment policy of the plan.

To keep fiduciaries informed PEI delivers a complete report quarterly, semi-annually or annually based upon our client's meeting frequency.

PEI's performance measurement and monitoring service provides the due diligence process on managers that fiduciaries require. Each complete report has the following sections: Executive Summary, Economic & Market Review, Investment Policy & Objectives, Asset Allocation Summary, Plan Performance Summary, Plan Growth Summary, Investment Risk/Return Analysis & Statistics, Fund Style Diagrams, Expense Ratio Analysis, and Investment Manager Profiles. A key benefit of PEI's customized performance reports is they identify adjustments that are necessary to maintain desired performance in the future, at acceptable levels of risk.

If any manager does not seem to be meeting the mandated style or a client's investment policy guidelines, that would warrant multiple observations throughout the report. The plan summary grid, investment commentary page, and executive summary are sections of the report where those observations would be made.

10. What qualitative factors do you evaluate when researching investment management firms? How does your firm identify qualitative problems at these organizations? How do you verify investment manager information such as performance history?

One of the most important qualitative criteria is information transparency.

A lack of transparency is often one sign of a qualitative problem. When a manager cannot or will not validate data or honor requests for information that is viewed very unfavorably. However the shortcomings of other qualitative factors may cause concerns as well:

- Aggressive culture
- Inconsistent adherence to the manager's stated investment process
- Research analyst staff and resource deficiency
- Unclear risk management processes

To verify manager data we collect performance data directly from the manager (gross of fees for separate account and commingled and net for mutual funds). We also collect from them portfolio statistics such as p/b, p/cf, p/e, dividend yield, portfolio turnover, among others. We then compare that to the data within Morningstar. If the data conflicts we validate it by speaking to Morningstar and the investment manager then make any necessary corrections.

10. How is historical performance used in your evaluation of investment managers? How do you verify investment manager information and their compliance with AIMR performance reporting standards?

Past performance is one piece of data used to assess a manager's success. Past performance is used to compare each manager to its peers as well as a relevant passive benchmark (e.g. S&P 500). There are many criteria such as risk and consistency that are critical as well. We check manager data using a time weighted return estimate. We also check manager statements regarding GIPS compliance.

12. What process do you use to classify a manager's style for inclusion in your database?

We evaluate manager style using Zephyr for attribution and compare that the manager's stated style and objective. For example, assume a manager states its mandate is small cap value and meets all of our other qualitative and quantitative screens we will include that manager in our database. If we determine that the manager's performance behavior is consistently more similar to a small cap blend style we will maintain that manager in our database as small cap blend rather than small cap value.

13. Does your firm charge direct or indirect fees for investment managers to be included in your database or in any manager searches that you conduct on behalf of your clients?

No. PEI does not charge any direct or indirect fees to be included in its database or manager searches.

14. Does your firm receive any compensation, directly or indirectly, from investment management firms for any reason? If so, what is the source of the compensation and how do you prevent conflicts of interest as a result of the relationship?

No. PEI does not receive any compensation, directly or indirectly, from investment management firms for any reason.

15. Please provide a specific example of a pro-active investment proposal to a Board and the outcome of this suggestion.

Over the last few years, Governmental Plans (457 Plans in particular) have undergone significant changes. The competitive marketplace and evolving Service Provider ability to react quickly to legislative and Plan Sponsor demands has created a need for an Independent

Consultant (such as PEI) to assist with your Fiduciary challenges to ensure you have the best Plan available for participants and beneficiaries.

Recent examples of proactive efforts include: reducing (in some cases eliminating) the number of vendors, identifying and monitoring the most cost-effective share class per investment type, and assisting with the development of Fiduciary standards on the Committee/Board level in an effort to educate and potentially reduce Fiduciary exposure.

Each Plan/Client is unique in the specific challenges they face. Our goal is to leverage our experience and expertise to address those challenges for the benefit you as the Plan Sponsor, but most importantly to always act in the best interest and for the benefit of your employees.

Investment Policy

1. Please describe how your firm develops investment objectives, investment policy, and guidelines.

First we define the mission, goals, performance benchmarks as well as any other objectives of the investment plan. Then we use analysis that is based on historical and forward looking asset class risk and return statistics. Several factors are used to determine the asset allocation strategy, including as mentioned in our response to Question 1 under Asset Allocation:

- Current and future liabilities of the plan or investment pool
- Time horizon of the portfolio
- Liquidity needs
- Assumed variability of returns or risk tolerance
- Expected rate of return
- Selection of asset classes
- Future anticipated cash flows into the plan or investment pool

Then we also create guidelines for the selection and monitoring of managers including watch list criteria to be utilized. In addition we set out the roles & responsibilities of all of the fiduciaries involved. In the end the investment policy is used as a guide to the success of the plan or investment pool.

2. Describe how your firm monitors investment managers' compliance with policy, objectives and guidelines and the process for continually reviewing investment policy, asset allocation and portfolio structure.

When analyzing performance of an investment manager relative to an investment policy, we use several criteria. Some examples follow.

- Did the fund achieve its expected return and investment objectives?
- Did the investment manager abide by the plan's Investment Policy Statement (IPS)?
- What contributed to the portfolio's total return?

- Did the manager stay within the funds respective style?
- How does performance of the investment compare to their respective peer group and benchmark indices?
- How does the investment manager control the different kinds of risks associated with an investment portfolio?
- How does the fund's expense ratio compare to its peer group?
- How does the total fee per participant compare to industry averages?

For ongoing compliance, PEI's uses a multi-step process to ensure that the investment policy, asset allocation and portfolio structure are all aligned.

- Review IPS target allocations
- Review IPS portfolio/holdings restriction
- Identify asset gaps
- Relate the above information to the portfolio
- The portfolio's investments represent a diversified mix of equity and fixed income asset classes
- The portfolio's investments accurately reflect the risk levels the committee is willing to accept
- The portfolio's investments are structured to deliver risk adjusted returns above the median
- Performance objectives of the plan are realistic and achievable
- Discuss actual portfolio allocations with committee to check continued relevance
- Work with investment committee to rebalance portfolio if necessary

3. Describe your development of investment portfolio structure and strategy, including multiple managers and active versus passive management.

The investment portfolio structure and strategy is based upon the objectives and targets within the investment policy statement. Our research department continually monitors and updates our database of managers. Using our research departments top picks we help our clients determine which managers will best meet the investment policy guidelines.

Research indicates returns for most active managers eventually regress to the mean (i.e. the index's return). Therefore some investors prefer to invest only in index funds. Other studies indicate a mix of passively and actively managed funds can often yield higher returns than a concentration in just passively or actively managed funds. For these reasons, we prefer a mix of passively and actively managed equity and bond funds that provide access to global investment opportunities.

4. Provide an opinion regarding the retirement plan's current asset allocation, manager structure, and performance benchmarks referred to in the Investment policy.

Regarding the asset allocation we would recommend that the Board consider rebalancing its portfolio closer to the Investment Policy Targets.

Regarding the manager structure we would suggest that the Board consider much closer observation of the Northpointe Small Cap Growth strategy. If we were the consultant to the Board today, we would make this suggestion due to the relative three year and five year returns as well as the 5 year risk adjusted return. By all of these measurements this fund is well below its peers. In addition the manager's turnover is very high relative to its peers. Lastly it is worth noting that the Board owns 4.25% of this strategy. Please refer to Tab 7 for our recent analysis of this manager.

Regarding the performance benchmarks, the weights and indices used are appropriate.

5. Describe the process that would be used for review and assessment of existing investment policies, guidelines, asset allocation and investment performance of the Fund.

PEI will continually monitor the relevance of the Board's policy to ensure its effective application during decision-making. Furthermore, during the monitoring process, PEI will make sure that the IPS is updated to reflect the Board's changing circumstances.

6. What does your firm consider to be the most critical issue regarding a public pension plan investment policy?

We consider the protection of benefits promised to public employees to be the most critical issue. This means that pension fiduciaries should act prudently with respect to the investments in the plan. The best practices for fiduciaries are the following:

- Prepare written investment policies and document the process used to derive investment decisions.
- Diversify portfolio assets with regards to the specific risk/return objectives of participants/beneficiaries.
- Use professional money managers ("prudent experts") to make investment decisions.
- Monitor the activities of all money managers and service providers.
- Avoid conflicts of interest.

7. What is your firm's philosophy regarding the proper role of the consultant in the development of an investment policy and manager guidelines for a public pension plan?

PEI sees its role as an extension of its clients' interests. PEI shall be deemed a "fiduciary" as defined by section 3(21)(A) of ERISA with respect to the services it performs for the Plan, but shall not take any action that will result in its being an "investment manager" as defined in section 3 (38) of ERISA with respect to the Plan.

Performance Measurement and Evaluation

1. Describe in detail your performance measurement system and philosophy behind it. Is your system proprietary or did you obtain it from an outside source?

PEI incorporates several outside sources of information into its proprietary performance reporting system. We collect data about individual securities, investment managers, and portfolio attribution and compile that into our database.

We made a strategic decision to develop our own system. We retain control over the format and quality of our reporting. That has also allowed us to make enhancements over time based upon feedback directly from our clients.

2. Do you purchase universe data or do you maintain your own? If purchased, from whom?

We purchase our universe data from Morningstar. Generally we use the universes created by Morningstar. We will move a manager from one universe to another (e.g. large value to large blend) if our research indicates the manager's style is a better fit in another peer group. Furthermore we filter Morningstar's data to create our own universes for manager expense ratios and target date fund portfolios.

3. Please specify and describe the universes you have available, how often they are updated, their sources (i.e., manager information, federal filings, calculation from bank statements, etc.), the type of accounts they contain, the number of portfolios, and the size range of the portfolios they contain.

PEI subscribes to Morningstar for return series data. Morningstar currently carries return and portfolio data for over 300,000 investments worldwide. This includes over 130,000 open-end mutual funds, all share classes, 31,000 stocks, closed-end funds (2,600+), life insurance/variable annuities(145,000+), ETF's (3,000+), and separate accounts/CIT's (9,800+). PEI verifies the accuracy of all return data with each investment manager used in its investment manager search reports and performance reports.

Data releases occur monthly. However, performance data is updated monthly and all other statistical information is updated as received which can be monthly or quarterly.

4. Describe the types of analysis included in a typical performance evaluation report. To what extent can performance reports be customized?

The types of analysis included in a typical report are:

- Peer group (decile ranking)
- Risk adjusted (Sharpe, Beta, Upside/Downside)
- Style (versus manager stated benchmark as well as a best fit)
- Diversification (top ten holdings, overall, sector)
- Portfolio Statistics (p/e, p/b, duration, average maturity)
- Attribution
- Fee analysis
- Summary Performance
- Total Portfolio Performance vs. Benchmark and peer group
- Risk/Return Analysis of each investment
- Executive Summary
- Asset Allocation
- Plan Growth Summary

Each report is uniquely customized to meet a client's investment policy statement, highlighting if the portfolio is in compliance. PEI's proprietary reporting system allows for customization of other features of our reports, should this be requested by the Board. Depending on the level of customization, additional costs may apply.

5. What risk analysis tools will your firm use to help our plan maintain an overall desirable risk level?

PEI subscribes to Ibbotson and Zephyr and utilizes these software tools for asset allocation modeling. Then, PEI customizes the asset allocation modeling by incorporating forward looking capital market assumptions for returns, risks, and correlations. These steps help us to monitor our clients' portfolios to maintain a desirable risk level.

6. How frequently are client reports generated? How soon after the end of the reporting period are these reports distributed? Are these reports available through Internet access? Does your standard report format include an executive summary? Do you have the ability to customize reports for your clients? Will you provide a .pdf version of your report?

PEI's reports are usually delivered quarterly for portfolio's the size of the Board's portfolio.

Reports are available 45 days after each calendar quarter end.

PEI does make reports available to clients who wish to have secure Internet access through our online fiduciary resource center.

Our standard report includes an executive summary.

PEI can customize reports although there may be added costs depending upon the level of customization requested.

We offer/provide PDF version of all reports.

7. What asset categories are tracked in your performance measurement system? How many investment managers are included within each asset category? How many years [of returns are included for each manager].

The following asset classes are tracked in our performance measurement system:

<u>Asset Class</u>	<u>Number of Products</u>
(1) Hedge Funds & Alternatives	30
(2) High Quality Fixed Income	1469
(3) High Yield	631
(4) Hybrid/Balanced	3499
(5) Inflation Protected Securities	157
(6) Large Cap Equity Funds	4616
(7) Mid Cap Equity Funds	1521
(8) Money Market Funds	1593
(9) Non-U.S. Equity	2940
(10) Real Estate	371
(11) Small Cap Equity Funds	1620
(12) Stable Value	63

We maintain the entire performance history of every manager. We provide ten calendar years of history with every report.

8. Describe how a new client would transition to your services and setup fees, if any.

- If PEI is selected to work with the Board, the following steps would be taken:
- Welcome Call/Meeting – To meet all of the committee members and discuss urgent issues.
- Gain Access to Plan Information – This will be to obtain written authorization to access fund, investment portfolio, or plan data. May include access to a secure vendor website or paper statements.
- Review Investment Policy Statement – This will ensure that we can properly assess that the portfolio structure is aligned with the investment policy objectives and targets. Also we are able to determine any suggestions for improvements.
- Create an initial report.
- Meet with the committee to review report. This is ongoing as well.
- Obtain Board feedback about the report and analysis.
- Incorporate Board feedback into ongoing reporting

There are not any set-up fees.

9. When the performance of an investment manager is not what is expected by your client, what additional steps would you follow in monitoring that managers' performance?

We would confirm with our client what expectations they had and what role the manager was intended to fulfill. Then we would speak to the manager to understand why the performance was not in line with expectations and its stated mandate. Furthermore we would seek out any corrective steps the manager is taking. We would then contact the Board to update them and discuss the course of action.

Research Capabilities

1. What internal research capabilities and resources does your organization have to obtain information and assist in decision-making?

PEI's research team is responsible for conducting manager due diligence, economic and financial market research.

Regarding manager research, our analysts follow up with managers to obtain qualitative information such as performance attribution, organization, and risk management information. We also utilize Morningstar, Zephyr and Ibbotson software to assist with the investment. When our research uncovers significant changes with regards to a manager's organization, investment process or other important warning signals we inform our clients through our Investment Alert process. For instance at the beginning of the 2008 credit crisis PEI began issuing Investment Alerts to update our clients regarding their fund, plan, or portfolio holdings in troubled companies such as AIG, Lehman, and Washington Mutual. This helped our clients prepare for participant inquiries that were directed toward them.

Our economic and market research uncovers trends and perspectives which help to explain the prevailing and past investment environments. Using that information as a context we can help our clients to better understand their investments and why a manager may have met, exceeded, or fallen short of expectations. This is clearly helpful in deciding if a manager should be maintained, more closely watched, or terminated.

2. How does your firm gain knowledge pertaining to the relevant products and technology in the pension industry, and maintain an ongoing understanding of global market environments?

One of the primary tasks of PEI's research department is collecting economic and financial information which is used in every client performance report. That keeps all of our analysts involved in the financial markets as we explain the prevailing and past investment environments. In addition all of our employees are required to attend at least two investment-related or pension industry conferences per year.

We are in a fortunate position to learn about relevant products and technology in the pension industry. We speak regularly with twenty vendors, including all of the top tier custodians. We learn first-hand about the ways managers are thinking about the markets. Our direct access to

some of the leading recordkeepers and custodians help us to learn about developments. That includes improvements to participant and plan sponsor services as well as new retirement plan investment products such as retirement income. Another primary use of our time spent with vendors is to discuss any feedback or developmental suggestions we may have regarding servicing of clients we have in common with those vendors.

3. How many individuals in your firm are dedicated to research, what are their responsibilities, and where are they located?

PEI has a team of seven dedicated research analysts. There are two other analysts not listed who allocate 50% of their time to research.

<u>Asset Class</u>	<u>Responsible Analyst</u>	<u>Location</u>
(1) Large Cap Equity Funds	Danny Kwak	New Jersey
(2) Mid Cap Equity Funds	Scott Rubin	New Jersey
(3) Small Cap Equity Funds	Christina Popova-Sotirova	New Jersey
(4) Non-U.S. Equity	Kate Burns	New Jersey
(5) Real Estate	Kate Burns	New Jersey
(6) Hedge Funds & Alternatives	Scott Rubin	New Jersey
(7) Money Market Funds	Ashley Chen	New Jersey
(8) High Quality Fixed Income	Jennifer Preller	New York
(9) Inflation Protected Securities	Jennifer Preller	New York
(10) High Yield	Jennifer Preller	New York
(11) Stable Value	Saleem Banatwala	New Jersey
(12) Hybrid/Balanced	Ashley Chen	New Jersey

4. Describe your firms' manager research, evaluation and search capabilities in both the traditional marketable securities markets as well as your capabilities in less traditional, alternative assets areas, e.g. marketable alternative assets, hedge funds, and private, non-marketable equity funds such as real estate, private equity, venture capital, etc.

As mentioned in our response to question 3 under Investment Manager Searches and Monitoring, PEI's research team tracks 1250 investment strategies per year and maintains contact with 152 unique investment managers. We provide detailed performance evaluations for all 1250 investment strategies. Our research about alternative assets primarily focuses upon hedge fund of funds. The head of our research team, Marcia Peters, worked at Goldman Sachs as a derivatives specialist. She is an excellent source of leadership for our alternative asset research. You can see the level of detail we provide within our sample Hedge Fund of Funds Search under Tab 8.

5. What do you do to stay current with the Florida public pension laws?

PEI is very active in all areas of Pension Legislation, including state-specific concerns. Fred Stewart's membership in the State and Local Government Benefits Association (SALGBA) and Michael Sasso's appointment to the ERISA Advisory Council (advisory Committee to the

Department of Labor) helps us to stay at the forefront of developments affecting public sector pension and benefit issues. PEI's fee analysis and asset allocation services can help the Board to handle these issues.

G. OTHER

1. Please describe any investment consulting services that you can provide that have not been covered in previous sections. Discuss associated fees, if any.

All of the services PEI can offer to the Board have been covered. Our vendor search service which was mentioned in our response to question 1 under Organization would carry an additional fee. That fee varies based upon the complexity of the plan as well as if the Board were to request conversion services or site visits.

2. Does your firm have insurance coverage for errors or omission of at least \$5 million, or general liability insurance of at least \$1 million? Will you provide certificates if your firm is hired and annually thereafter?

PEI maintains errors and omission liability coverage and fiduciary insurance. PEI's liability insurance for error and omissions (E&O) is supplied by Chubb Insurance Company. Our policy provides \$3,000,000 of E&O liability insurance for each claim. Insured services include those in the areas of:

- Investment policy statement setting and adherence monitoring;
- Existing asset modeling and comparison;
- Portfolio performance evaluation and monitoring;
- Fee analysis and expense control monitoring; and
- Investment management and vendor service evaluation and comparison.

In addition PEI has general liability insurance of \$1,000,000 per occurrence. PEI will obtain additional coverage per the Board's requirements if we are fortunate to be hired by the board.

Please refer to Tab 9 for our current proof of insurance.

3. What periodic publications do you distribute to your clients? How frequently?

As noted in the response to question 1 and 2 under Board Education, PEI publishes a quarterly newsletter, *Prudent Press*. This is distributed to all clients. Please refer to the table of contents of the sample performance report under Tab 4 to locate a copy.

In addition, we distribute research *White Papers* as soon as they are published and *Investment Alerts* to clients to inform them about significant manager developments or concerns we may have.

H. FEES

1. Please provide a proposed annual fee schedule to encompass all of the items listed under the scope of services for the 3-year period of the contract.

The fee to provide all requested items under the scope services is \$75,000. PEI will guarantee that fee for a period of three years. PEI's travel & expense costs are included.

2. In addition, provide a separate fee schedule for any additional services you could provide that would not be done on a regular or at least annual basis.

Additional services include:

RFP, Vendor/Custodian Search:	\$25,000
Asset Allocation Study:	\$15,000

Please note that one asset allocation study is included with the three year contract.

Tab 2



Portfolio Evaluations, Inc. Representative Client List

Corporations

Advanced Auto Parts
AEP Industries
Aer Lingus Irish Airlines
Barnes & Noble CB
BBDO Detroit
BNP Paribas
Bon Ton Stores, Inc.
Casio, Inc.
The Children's Place
Church & Dwight
Computer Associates
Crane & Co.
Dannon Company Inc.
Duane Reade, Inc.
Ethan Allen
Heineken USA
H.O. Penn Machinery Co., Inc.
Icahn Associates Corp
Lufthansa German Airlines
MBIA, Inc.
Michelin N. America
Ogilvy & Mather
Peoples United Bank
Peugeot Motors of America
Philadelphia Coca-Cola Bottling Company
Reagent Chemical & Research, Inc.
Sanofi Pasteur Inc.
Scandinavian Airlines System (SAS)
Skanska USA Building Inc.
Tilcon, Inc.
Toshiba America, Inc.
Wallenius Wilhelmsen Logistics
Wawa Food Stores, Inc.
Weichert Realtors, Inc.
Wendy's/Arby's Group

Healthcare

Anesthesia Service Medical Group, Inc. - California
Baptist Health - Alabama
Bayonne Hospital
Bloomsburg Hospital - PA
ConnectiCare, Inc. - Connecticut
Princeton Medical Group - New Jersey
Raritan Bay Medical Center-New Jersey
Shore Memorial Hospital - New Jersey
Temple University Health System, Inc.
Terumo Medical Corporation
University Radiology Group, LLC - New Jersey
White Plains Hospital - New York

Law Firms

Ballard Spahr Andrews & Ingersoll, LLP
Day Pitney LLP
Fox, Rothschild, O'Brien & Frankel, LLP
Greenbaum, Rowe, Smith, Ravin, Davis & Himmel
Kelley, Drye & Warren, LLP
McCarter & English, LLP

Not for Profit

American Foundation for the Blind
American Society for Testing Materials
Belmont University
Commission on Economic Opportunity
The Conference Board
Consumers Union
Gettysburg Seminary
The Legal Aid Society
Local Initiatives Support Corporation
National Industries for the Blind
Troy State University
United States Fund for UNICEF
Robert Wood Johnson Foundation

Public Sector

City of Garland, TX
Federal Home Loan Bank of Boston
The Mohegan Tribe
Tohono O'odham Nation
The U.S. Office of Thrift Supervision

Tab 3

PEI's TEAM STRUCTURE

Principals: Michael Sasso, Richard Torbinski, & Attila Toth

Research & Operations

Marcia Peters, CFA (4,20+)

Greg McCarthy, CFA(16,16)

Sr. Investment Analysts

Mike Amberger (2,11)
Saleem Banatwala, CFA (2,12)
Jennifer Brands (13,17)
Christine Brown (8,20+)
Kate Burns (1,10)
Danny Kwak (2,7)
Edward Landsman (6,8)
Michael Miller (3,3)
Christina Popova-Sotirova (2,10)
Jennifer Preller, CPA (2,12)
Scott Rubin (1,5)
Julie Yusko (4,5)

Investment Analysts

Ryan Aldrich (2,2)
Ashley Chen (2,2)
Jeff Hoberman (2,2)
Marc Lescarret (3,3)
Josh Magness (2,2)
Ryan MacDonald (1,1)
Dan Urban (3,3)

Investment Consultants

Christine Brown (8,20+)
Brian Higgins, CFA (4,3)
Dave Hudak (4,10)
Edward Landsman (6,8)
Greg McCarthy, CFA (16,16)
Marcia Peters, CFA (4,20+)
Michael Sasso (18,20+)
Fred Stewart (1,20+)
Rich Torbinski (18,20+)
Attila Toth (18,20+)
Julie Yusko (4,5)
Ken Zlotnick (2,16)

New Client Development

Michael Stapleton (1,1)

Controller

Fana Horenbein

Provider Search

Jean Martone (3,20+)
Ann Fisher (9,9)

Office Manager

Connie Yee-Cohen

•Additional advanced degrees & Professional designations: 9 MBA's, 4 CFA designations, CIMA, QKA, QPFC, CPA.

•The experience is listed as years of service with PEI and is followed by years of industry experience.

Consulting Team

Frederick A Stewart

Senior Consultant

Role for Engagement with the Board: Primary Consultant

As the Senior Consultant leading PEI in the Atlanta office, Fred brings more than 22 years of Financial Services/Retirement Plan experience with him to PEI. Prior to joining the firm he was most recently Vice President of the Institutional Consulting Group with UBS and member of the Defined Contribution Advisory Board. Previously, Fred has worked in many diverse organizations, namely the mutual fund, insurance, and banking industries, including starting his career with Fidelity Investments. This accumulated experience with many firms and extensive knowledge of qualified and non-qualified retirement plans and compliance issues provides a strong knowledge base to leverage and better serve his Clients. Areas of focus include: consulting, sales and administration/operations of mid-size and large retirement plans and investment management analysis, among others. He has serviced clients with assets ranging from \$5-\$500+ million. In keeping with the PEI philosophy, Fred provides independent and unbiased advice, personalized solutions and the highest commitment to personal customer service. Fred earned a B.S. in industrial psychology/business from Eastern Kentucky University in 1988. He is a Series 66 Registered Investment Adviser and has also earned the Series 6, 7, 63 securities licenses as well as Life, Health and Variable Annuity Insurance licenses. In addition, Fred has been awarded the Certified Employee Benefit Specialist (CEBS) professional designation.

Michael A. Sasso

Principal

Role for Engagement with the Board: Supporting Consultant

Michael is a Principal and co-founder of PEI and consults clients nationwide. Michael was appointed in January 2010 to a three year term to serve the ERISA Advisory Council in Washington, DC. Prior to co-founding PEI, Michael worked at PaineWebber in New York and Princeton, New Jersey. At PaineWebber, Michael worked as both an Investment Executive and as a Retirement Plan Analyst. As a Retirement Plan Analyst, Michael was responsible for establishing new plans and monitoring existing plans for ERISA regulation compliance. Michael has worked extensively with trustees in the area of portfolio management and fiduciary compliance. His ongoing responsibilities with existing clients include reviewing client's investment policies and strategies, analyzing portfolios with respect to rates of return and risk, asset liability matching, and asset allocation studies. Michael received his BS in Business Administration from Montclair State University and has passed the Series 7 & 63 (Registered Representative) exams. Michael has 19 years of professional experience. He has written articles and spoken at national seminars on topics relating to investment portfolio performance and fiduciary compliance.

Jean Martone

Vendor Search Consultant

Role for Engagement with the Board: Primary Vendor Search Consultant, if requested

Ms. Martone has over twenty years of experience with employee benefits plans, specializing in defined contribution plans. She has a diverse background that includes benefits consulting as well as corporate benefits administration. Her experience encompasses a wide variety of industries including financial services, retail and manufacturing.

As the RFP Practice Leader at Portfolio Evaluations, Inc. (PEI) Jean's responsibilities include conducting vendor searches for retirement plans, focusing on defined contribution plans. While at PEI, Jean has developed a comprehensive process for evaluating vendors based on each client's specific requirements. Given her extensive industry experience, she has in-depth knowledge about the capabilities and constraints of the full-service providers and TPAs and can therefore effectively guide clients through the selection and conversion process.

Prior to joining PEI, Jean was a Senior Consultant for Wallach & Associates, Inc. for nine years. Her client projects included conducting key vendor searches for clients (where she was instrumental in developing the firm's Request for Proposal – RFP), helping clients successfully complete vendor conversions as well as working on regulatory related projects. Other important roles were to assist clients where they lacked in-house expertise in compliance related issues and to assist clients in understanding and completing Form 5500 government reporting requirements.

Also at Wallach & Associates, Inc., Ms. Martone was responsible for new business development. Her duties included expanding new business prospects as well as working within existing relationships to facilitate additional opportunities.

Ms. Martone's prior corporate roles include having served as Vice President and Manager of Qualified Plans at Shearson Lehman Brothers. In this position, Jean was responsible for the plan design and administration of five defined contribution plans as well as managing a staff of fifteen. Earlier, she was employed at Kwasha Lipton and with a small New York boutique benefits firm where she designed and structured a flexible 401(k) recordkeeping system. Jean also has extensive experience dealing with plan merger issues and the IRS correction programs.

Ms. Martone holds a B.A. in Economics (with a Concentration in Finance) from Douglass College, Rutgers University.

Analytical Team

Marcia J. Peters, CFA

Director, Product Research & Risk Management

Role for Engagement with the Board: Oversee Analytical Work Products

Marcia is Director of Product Research & Risk Management, overseeing alternative asset class research, including hedge fund, private equity, and alpha enhancing strategies. She has also focused on special projects such as investment fund searches, performance evaluations, liability driven investment strategies, and asset allocation studies. Prior to joining PEI, Marcia was a derivatives specialist for The Goldman Sachs Group, Inc., in their New York office. She covered mutual funds, pension funds, corporate treasury departments, and high net worth individuals, helping them to manage investment return and risk in the currency, commodity and interest rate markets. Her responsibilities included structuring hybrid notes and warrants, creating option and swap strategies, and developing risk management tools. Marcia graduated cum laude with a BSE in Chemical Engineering from the University of Pennsylvania, and an MBA with high honors distinction from The Wharton School. She holds the Chartered Financial Analyst designation and had passed the Series 7 & 63 (Registered Representative) exams. She is also a member of the CFA Institute, the New York Society of Security Analysts, and the Beta Gamma Sigma Business Honor Society.

Saleem Banatwala, CFA

Senior Investment Analyst

Role for Engagement with the Board: Primary Analyst

Saleem is a senior investment analyst focusing on both trustee directed and participant directed plans. Saleem has over 10 years of industry experience. Prior to joining PEI in 2008 he was an investment consultant with T. Rowe Price Investor Services. Saleem is a graduate of Texas A&M University. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute (CFAI) and New York Society of Security Analysts (NYSSA).

Tab 11

PROPOSER'S WARRANTY

The following authorization must be included with the response to this Request for Proposal:

1. I am an officer of the organization.
2. I have been specifically authorized to offer a proposal in full compliance with all requirements and conditions as set forth in this Request for Proposal.
3. I have fully read and understand the Request for Proposal and have full knowledge of the scope, nature, quantity and quality of work to be performed. I have carefully prepared the proposal upon the basis thereof and state that the amounts set forth in this proposal are correct and that no mistake or error has occurred in this proposal or in the computations. I agree to make no claim for reformation, modification, recession or correction of this proposal after the scheduled closing time for the receipt of proposals.
4. If this proposal is accepted, a contract will be issued as proposed, subject to any revisions which may be mutually agreed upon by the Board and the Proposer.

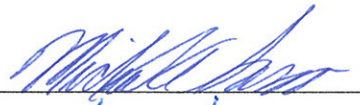
Firm Name: Portfolio Evaluations, Inc.

Submitter's Name: Michael A. Sasso

Title: Principal

Signature: _____

Date: _____


5/25/2010

Tab 14

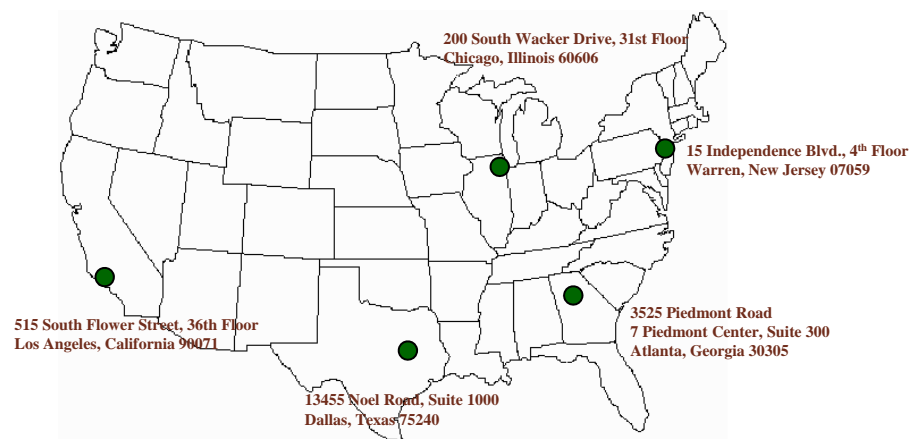
PEI SNAPSHOT

PEI, “The Benchmark in Investment Consulting.”

- PEI is an Independent, Fee-only, Institutional Investment Consulting firm established in 1992.
- 170+ Clients in 20+ states, including Canada & Puerto Rico
- \$21+ billion in assets under advisement, 300+ portfolios
- Client size: \$10 million - \$1.5 billion
- Dedicated Research Group, Client Services Group, and Retirement Plan Consulting Group
- Privately held
- High client retention and consistent growth

OFFICES

Our offices are located in NY metro (HQ), Chicago, Atlanta, Dallas, and Los Angeles.



CLIENT TYPES

Plan Type	Clients
Defined Contribution	62%
Defined Benefit	16%
Endowments/Foundations	10%
Board Designated and Other	6%
Taft Hartley	4%
Public Sector	2%

PEI's MISSION & PHILOSOPHY

PEI's Mission:

Enable our clients to define and realize the objectives of their investment programs by providing objective information and expert advice.

Our focus on education provides our clients the opportunity to gain a clearer understanding of the implication of their investment decisions.

PEI consultants serve as an extension of the committee members in order to provide facts and alternatives, educate the decision makers, and increase the effectiveness of communication between clients and their investment managers and vendors.

PEI's Philosophy is Simple: Always do what is in the best interest of our clients.

PEI Revenue



Non-Independent Broker/Advisor Revenue



True independence requires conflict-free advice which can only be provided by firms without ties to any other financial organizations.

PEI RECOGNIZED AS INDUSTRY EXPERTS

The following organizations have asked PEI to share our expertise:

Pensions&Investments



For organizations with 401(k), pension, profit sharing, 403(b), 457 or retirement savings plans



ERISA Advisory Council

- Mike Sasso, a PEI Principal was recently appointed to the ERISA Advisory Council
- Attila Toth, a PEI Principal was recently nominated by Plan Advisor for Advisor of the Year

PEI's DEPTH AND BREADTH

Among the largest, most experienced Research Staff in the Industry

- Our 19 Investment Analysts outnumber the Industry average by 3X
- Larger than 87% of mid-to-large consulting practices

Routinely meet with 150+ Investment Managers each year

- Frequent contact with all Managers utilized by Clients

In-depth, in-house Research includes:

- Unlimited universes of Separate Accounts, Collective Trusts and ETFs
- Expertise in specific asset classes
 - Target Date Funds, Stable Value, Money Market, and Hedge Funds

Serve more than 3x the number of DC Plans versus other consulting firms

- Industry average is 49
- Most firms serve less than 100

Ranked #2 in vendor searches versus all consulting firms

- We work closely with more than 20 service providers/custodians

Sources

2009 Ann Schleck & Company DC Consulting Practice Management Database

PIMCO 2008 Defined Contribution Consulting Support and Trends Survey

2008 JP Morgan Retirement Plan Services Consultant Survey



ETHAN ALLEN®



CASIO



THE MOHEGAN TRIBE



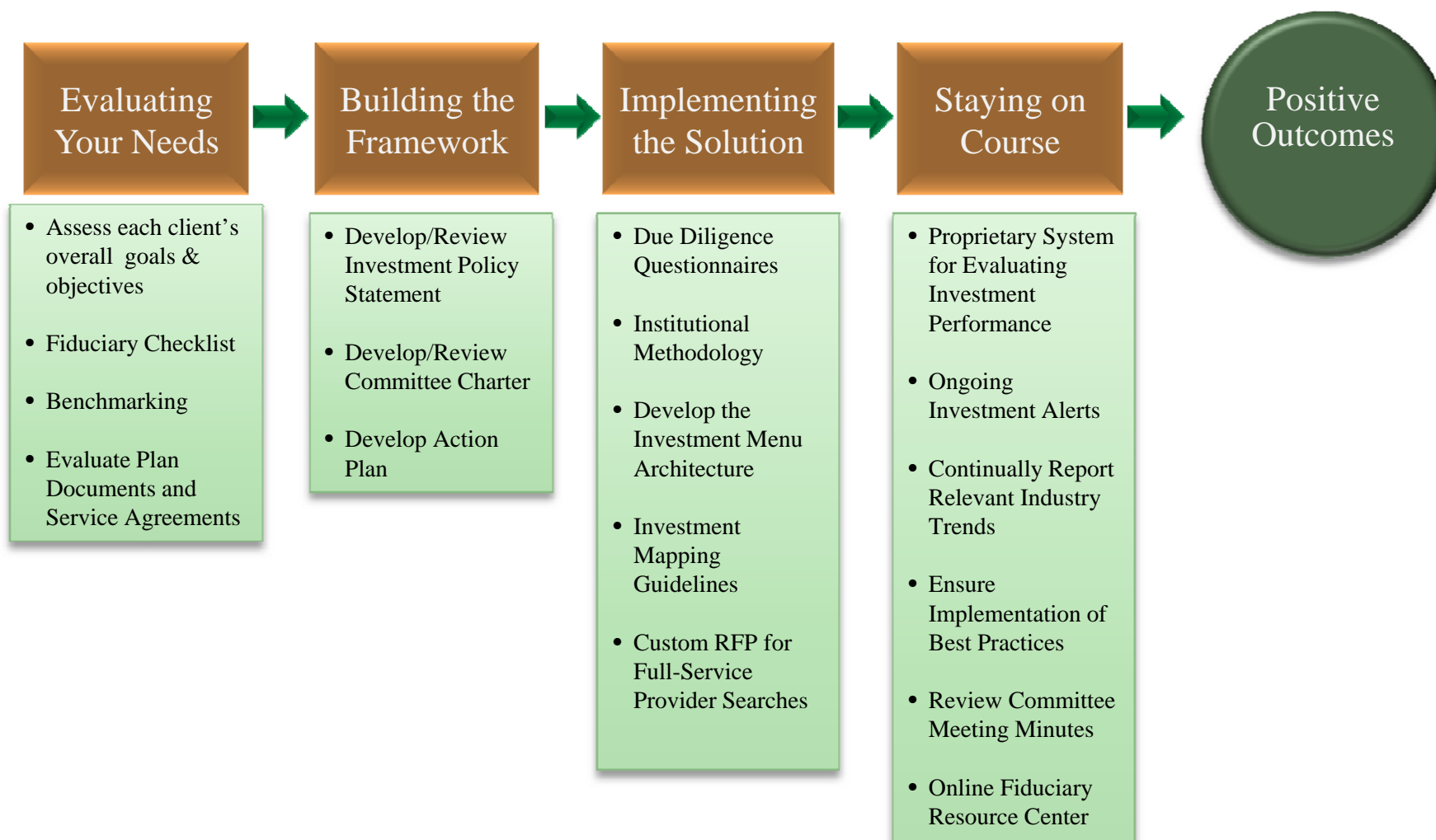
THE CHILDREN'S
PLACE

Gartner

TOSHIBA



PEI's FIDUCIARY PROCESS



CLIENT TESTIMONIALS

“The Stewardship Committee of our Foundation has endorsed all of PEI’s recommendations – this has produced savings in fees, lowered our portfolio’s risk, and helped us outperform our peers for 7 years in a row. Since the inception of our relationship with PEI, the commitment and service provided by PEI to Troy University has been remarkable.”

Jack Hawkins, Jr. Ph.D., Chancellor for Troy University

We have been doing business with PEI for nearly 10 years. They have always been a reliable and trustworthy partner that has continually looked for ways to improve our investment performance and lower costs for our DB and DC plans.”

Gerri Stone, Senior Partner & Director of Benefits for Ogilvy & Mather

“PEI’s Consultants identified fees that excessive in our retirement plan. Together we worked on converting these dollars into a more robust educational program for our participants.”

Vicki Herrin, Director of Compensation & Benefits of Bovis Lend Lease

Thank you for your time and consideration.
We look forward to earning your business and trust.



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As the Senior Consultant leading PEI in the Atlanta office, Fred brings more than 22 years of Financial Services/Retirement Plan experience with him to PEI. Prior to joining the firm he was most recently Vice President of the Institutional Consulting Group with UBS and member of the Defined Contribution Advisory Board. Previously, Fred has worked in many diverse organizations, namely the mutual fund, insurance, and banking industries, including starting his career with Fidelity Investments. This accumulated experience with many firms and extensive knowledge of qualified and non-qualified retirement plans and compliance issues provides a strong knowledge base to leverage and better serve his Clients. Areas of focus include: consulting, sales and administration/operations of mid-size and large retirement plans and investment management analysis, among others. He has serviced clients with assets ranging from \$4-\$500+ million. In keeping with the PEI philosophy, Fred provides independent/unbiased advice, personalized solutions and the highest commitment to personal customer service. Fred earned a B.S. in industrial psychology/business from Eastern Kentucky University in 1988. He is a Series 66 Registered Investment Adviser and has also earned the Series 6, 7, 63 securities licenses as well as Life, Health and Variable Annuity Insurance licenses. In addition, Fred has been awarded the Certified Employee Benefit Specialist (CEBS) professional designation.

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