

PROPOSAL TO PROVIDE INVESTMENT CONSULTING SERVICES TO:

City of Fresno Retirement Systems

September 10, 2012

Glenn Ezard

Senior Consultant

(310) 231-1775 / (310) 914-7365, fax
gezard@segalrc.com

Lawrence Marino, CFA

Senior Vice President

(617) 424-7340 / (617) 424-7390, fax
lmarino@segalrc.com

Segal Rogerscasey

10880 Wilshire Boulevard, Suite 850
Los Angeles, CA 90024

www.segalrc.com

Copyright ©2012 by Segal Rogerscasey, Inc. All rights reserved.

 **Segal Rogerscasey**



10880 Wilshire Boulevard, Suite 850 Los Angeles, CA 90024
T 310.231.1775 F 310.914.7365 www.segalrc.com

September 7, 2012

Mr. Stanley L. McDivitt
Retirement Administrator
City of Fresno Retirement Systems
2828 Fresno Street, Suite 201
Fresno, CA 93721-1327

Re: Proposal to Provide Investment Consulting Services

Dear Mr. McDivitt:

Segal Rogerscasey (SRC) appreciates the opportunity to submit a proposal to provide investment consulting services to the Board of *City of Fresno Retirement Systems* (the "Plans"). As a comprehensive consulting firm, Segal Rogerscasey is fully capable of, and committed to, providing the entire scope of consulting services described in your Request for Proposal ("RFP") and based on our history of providing said services to public plans.

In February 2012, Segal Advisors, Inc. acquired the business of Rogerscasey, a global investment solutions firm that has served institutional asset owners and others for more than 40 years. Together, our expanded investment consulting business, which we have named Segal Rogerscasey, has approximately 350 clients with worldwide advisory assets approaching \$400 billion. The acquisition of Rogerscasey is the next step to ensure that our clients receive the highest quality of research into the future. In short, this demonstrates a commitment to the investment consulting business and more importantly commitment to providing our clients with the best service in the industry.

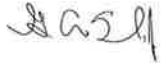
I, Glenn Ezard, am authorized to bind the firm contractually and am the primary contact for this Proposal. My contact information is as follows:

Glenn Ezard
Senior Consultant
Segal Rogerscasey
10880 Wilshire Boulevard, Suite 850
Los Angeles, CA 90024
(310) 231-1775 / (310) 914-7365, fax
gezard@segalrc.com

The Proposal is a firm and irrevocable offer good for six (6) months from the deadline for submission of the Proposal. Segal Rogerscasey has the ability in terms of staff, expertise and resources required to perform all of the services and provide all of the deliverables specified in this Request for Proposal. Segal Rogerscasey meets the Minimum Qualifications for the Proposal set out in this Request for Proposal and accepts the terms and conditions of the Draft Agreement provided in Appendix 1 to this Request for Proposal. Lastly, Segal Rogerscasey acknowledges that all documents submitted pursuant to this Request for Proposal will become a matter of public record.

Thank you again for considering us for this important assignment. We look forward to participating in the next phase of your search for an investment consultant. Upon review, if there are any questions or need for additional information regarding our proposal response and related fees, please feel free to contact our office.

Sincerely,

A handwritten signature in dark ink, appearing to read 'G. Ezard', with a stylized flourish at the end.

Glenn Ezard
Senior Consultant

GE/ad

cc: Mr. Tom Iannucci

20004809v1/96022.902

Table of Contents

	SECTION
Letter of Transmittal	1
Response to Questionnaire	2
Philosophy and Approach to Consulting	3
Additional Documents and Materials.....	4
Fees	5

Response to Questionnaire

Name and Contact Information

1. Please provide the following information on the Firm:

	Information on the Firm
Name of the Firm	Segal Advisors Inc., d.b.a. Segal Rogerscasey
Address of Head Office	333 West 34 th Street, 5 th Floor, New York, NY 10001
Telephone Number	212.251.5000
Website	www.segalrc.com

2. Please provide the following information on the primary RFP contact for the Firm:

	Primary RFP Contact
Name	Glenn Ezard
Title	Senior Consultant
Telephone Number	310.231.1775
Fax Number	310.914.7365
E-mail Address	gezard@segalrc.com

History, Ownership and Organization

3. When was the Firm founded or established?

Segal Advisors Inc. was incorporated in 1969.

- (a) Who were the founders?

Martin Segal.

- (b) Please provide the names of any predecessor companies or other organizations with which the founders were previously associated.

Not applicable.

- (c) If the Firm was subsequently acquired by another company, when did this take place? What is the name of the parent company?

The firm's parent company, The Segal Company, is an international firm established in 1939, of consultants and actuaries providing services to all types of employee benefit plans from 19 offices throughout the United States and Canada.

4. Please provide the names of the owners of the Firm and indicate their percentage of ownership.

The Segal Group is a privately held corporation, owned entirely by its active senior employees, including employees of SRC.

5. Please provide a brief description of the ownership and organizational structure of the Firm. Indicate the names of any subsidiary or affiliated companies and briefly describe the nature of their business, and the relationship between the Firm and these other companies.

The firm's parent company, The Segal Company, is an international firm established in 1939, comprised of consultants and actuaries providing services to all types of employee benefit plans from 19 offices throughout the United States and Canada. In 2001, The Segal Group acquired Marjorie Gross & Company (MGC), a New York-based firm specializing in employee communications. Early in 2002, The Segal Group acquired Sibson Consulting, a human resources consulting firm dedicated to helping companies improve the return on human capital through talent strategies, effective organization practices, change management, rewards and compensation design, work/life programs and other solutions that help enhance employee performance. In 2006, The Segal Group acquired Irwin Tepper Associates, Inc., a consulting firm that specializes in asset/liability analysis for employee benefit programs and other organizations. Irwin Tepper Associates has been integrated into Segal Advisors.

6. What significant changes, if any, have there been in the Firm's ownership, structure or organization over the past three years? Do you anticipate any significant changes (including any proposed sale or merger of the firm) in the future?

In February 2012, Segal Advisors, Inc. acquired the business of Segal Rogerscasey, a global investment solutions firm that has served institutional asset owners and others for more than 40 years. Together, our expanded investment consulting business, which we have branded Segal Rogerscasey (SRC), has about 350 clients with worldwide advisory assets of approximately \$400 billion. The acquisition of Segal Rogerscasey is the next step to ensure that our clients receive the highest quality of research and creative solutions into the future. In short, this demonstrates a commitment to the investment consulting business and more importantly a commitment to providing our clients with the best service in the industry. There are no changes in ownership anticipated in the near future.

7. Please provide the locations of all offices and the total number of employees in each office. Indicate the office that would service this account.

We have ten offices: Atlanta, GA (11 employees); Boston, MA (15 employees); Chicago, IL (5 employees); Cleveland, OH (4 employees); Darien, CT (47 employees); Houston, TX (1 employee); Los Angeles, CA (1 employee); New York,

NY – headquarters (27 employees); and Toronto, ON (7 employees). In addition, we have an office Ireland that focuses on research on United Kingdom and Europe based investment managers. Each office has consulting teams with primary responsibilities to service clients. In addition, our New York office maintains our Performance Group, and our Boston, Darien and New York offices houses most members of our Research and ALM Practices.

Our Los Angeles office will service your account.

8. Is the Firm registered as an investment advisor under the Investment Advisor Act of 1940? Does the Firm acknowledge that it has fiduciary status as an investment advisor in providing investment consulting services to pension plans?

Yes, SRC is a registered investment advisor and we acknowledge our fiduciary status as such.

Services and Revenues

9. Please confirm whether or not the Firm can provide all of the services listed in Section I of the RFP under “Nature and Scope of Services.”

SRC confirms that we can provide all of the services as listed in your RFP.

(a) Are there any services that the Firm cannot or will not provide?

No.

(b) List any additional services that the firm would provide and which are included in the fee proposal in Section IV.

Dynamic Asset Allocation

We have been introducing the concept of dynamic asset allocation as a means for managing risk. Dynamic asset allocation sets targeted asset class commitments in accordance with liability risk – the risk of shortfall against promised benefit payments. Using actuarial valuation metrics, we establish a long term funding policy with the objective of defeasing liabilities. For a fully funded plan, or one with excess reserves, the cost of defeasing liabilities through low volatility investments, such as bonds, is significantly less expensive than it is for a plan that is less than fully funded. Following the recent sharp decline in asset prices, many pensions are in an underfunded position, some at distressed levels. For such plans, a full defeasance is an expensive option. A more practical approach is to separate the portfolio among a liability hedging sub-portfolio and a performance seeking sub-portfolio. A less well funded plan will allocate a greater portion performance-seeking investments, and necessarily accept greater volatility. As the plan progresses toward fully funded status, the asset allocation is systematically subjected to a de-risking process, with

greater allocation to liability hedging investments. Importantly, the allocation among liability hedging and performance seeking investments is a function of actuarial valuation metrics. As such, dynamic asset allocation is not a strategy for market-timing, or tactical asset allocation. Instead, it is a discipline for implementation of a long term strategy for liability management.

Liquidity Stress Testing (Alternative Investments)

Of late, many retirement systems have experienced liquidity problems, whether related to the ability to pay benefits, adhere to spending policies or even the day-to-day operations of companies. We look at the entire liquidity profile of a client in order to align the projected unfunded commitments that will occur as part of an alternative investments program. For the past several years, we have helped sponsors and companies identify current liquidity needs, current available liquidity (on demand), and establish guidelines and investment structure to support these requirements.

(c) Indicate any other products or services that may be of interest to a plan sponsor and which would be available at additional cost.

Segal Rogerscasey offers a discretionary outsourced investment service. Our outsourced investment management service model benefits from the client specific focus and inherent customization that is a hallmark of our investment consulting services, along with the fiduciary design, construction, and ongoing decision making reflective of our manager and market insights and research capabilities. This model provides a completely transparent, independent, and customized solution for meeting our client's investment goals. Importantly, this service model enables us to provide significant scale to our clients. In addition to a Client Advocacy team that serves as the day-to-day contact and ensure access and transparency to the client's portfolio management and investment operations teams, we provide two levels of investment portfolio management:

- A dedicated Client Portfolio CIO leverages the collective resources of the firm and is responsible for all investment decisions on the client's investment portfolio
- Segal Rogerscasey Pooled Fund Chief Investment Officer, is responsible for the management of value-added Segal Rogerscasey cooperative investment funds

Our outsourced solutions are highly customized and inherently unique to each client. Depending on the discretionary investment functions outsourced to Segal Rogerscasey, an outsourced solution may or may not include elements of our traditional investment consulting service offering. With these caveats in mind, our outsourced solutions generally fall within the following service lines:

- Full-Discretion Account Management – Segal Rogerscasey takes on fiduciary and discretionary responsibility for the selection, monitoring, and replacement

of managers and portfolio construction, as well performance monitoring and reporting. Asset allocation, short-term and long-term, rebalancing and implementation decisions are also made by Segal Rogerscasey. In addition, Segal Rogerscasey takes over operational responsibilities on behalf of clients. We provide ongoing, highly customized, highly detailed communication regarding our clients' portfolios, decision documentation, portfolio exposures and performance measurement. We work closely with any designated staff or Board/Committee member to satisfy all reporting requirements.

- Investment Manager Selection Outsourcing - Some clients want to maintain the flexibility of the advisory service model that Segal Rogerscasey offers, but prefer streamline decision-making by having Segal Rogerscasey choose managers. To further assist clients in meeting account minimums and price points, Segal Rogerscasey established the MasterManagersSM funds in 2007. These funds represent a series of 26 single-managed investment funds established as a cooperative for benefit of Segal Rogerscasey clients. Each fund represents a distinct investment style that forms an important building block in structuring Segal Rogerscasey's "best ideas" portfolio. Segal Rogerscasey clients can use some or all of these portfolios in structuring their investment programs. Segal Rogerscasey does not earn any fees directly in the funds, but rather earns a direct fee from the client. This allows all economies of scale to be passed directly to Segal Rogerscasey clients invested in the funds. The funds are established as individual Series of a Delaware LLC and are established as 3(c)(7) entities open to Accredited Investors who are also Qualified Purchasers as defined by the SEC. MasterManager funds are utilized in advisory as well as discretionary client accounts.
- Model Portfolio Management - In some cases, Segal Rogerscasey serves as a sub-advisor to investment programs maintained by clients at independent custodians and provides portfolio construction management and investment manager selection services in managing model portfolios. This management is relevant for defined contribution and private client advisor clients, who have established custodial, brokerage/trading, and reporting platforms, but wish Rogerscasey to take on the day-to-day discretionary management role. Operationally, Segal Rogerscasey provides periodic weights and manager allocations, as well as rebalancing ranges.
- Alternatives Portfolio Investment Outsourcing - In this service model, Segal Rogerscasey serves as an advisor to a client's dedicated alternative asset portfolio, including but not limited to hedge funds, private equity, real estate (direct), oil and gas partnerships, among others. Segal Rogerscasey recommends portfolio structures and managers for client portfolios and assists clients in manager hiring, redemption and subscription management, and cash flow management. If a client grants Segal Rogerscasey discretionary authority, we assume fiduciary and discretionary responsibility for portfolio structure and manager selection, as well as day to day investment operations.

- Sub-Advisor to Client Funds – Segal Rogerscasey serves as a sub-advisor or investment manager for several client funds, where we have assumed full investment and operational authority over the funds. Segal Rogerscasey performs these services for a client’s proprietary private equity portfolio as well as a series of Target Date Retirement Funds.

The above service model descriptions highlight the more than a decade long experience Segal Rogerscasey has in working with clients under various advisory and discretionary relationships. As such, Segal Rogerscasey has a significant amount of experience in the recommendation and selection of portfolio construction and investment manager selection, as well as all surrounding activities, including but not limited to portfolio cash management, redemption and subscription management, internal controls, and investment operations.

10. When did the firm begin providing investment consulting services to pension plans?

1969.

11. Please indicate the percentage of the Firm’s investment consulting revenue received during the most recent fiscal year from full service consulting relationships (where a full service relationship is defined to include advice on asset allocation, investment manager selection and performance measurement), as well as non-full service consulting relationships.

Source of Investment Consulting Revenue	Percent of Revenue
Full Service Consulting Relationships	90%
Non-Full Service Consulting Relationships	10%

12. Does the Firm or any affiliate of the firm (including any subsidiary companies or parent company) provide any services in addition to investment consulting?

The Segal Group currently employs over 900 people with services in addition to investment consulting including:

- Retirement and Health Benefits Consulting
- Administration, Human Resources, and Technology Solutions
- Fiduciary Liability Insurance
- Compliance Services
- Communications

During the current fiscal year, Segal acquired investment consulting firm Rogerscasey. The combined firm, Segal Rogerscasey, is expected to generate approximately 15% of The Segal Group’s total revenue. Information provided below

pertains to the most recent completed fiscal year, prior to the acquisition of Rogerscasey.

- (a) If so, please indicate the percentage of total revenue received by the Firm (including any subsidiary companies) from investment consulting and other services listed below during the most recent fiscal year.

Source of Total Firm Revenue	Percent of Revenue
Investment Consulting	7.5
Human Resources, Actuarial and Benefits Consulting	92.5
Investment Management Services (excluding Fund-of-Funds)	0
Fund-of-Funds Services	0
Broker/ Dealer Services	0
Other (please specify):	0

- (b) If the Firm has a parent company, please indicate the percentage of total revenue received by the parent company from the following sources during the most recent fiscal year?

Source of Parent Company Revenue	Percent of Revenue
Plan Sponsor Clients	100
Investment Manager Clients	0
Brokerage Clients	0
Other (please specify):	0

Independence, Objectivity and Conflict of Interest

13. Does the Firm or any affiliate provide any services to, or receive any compensation from, investment managers, including but not limited to: (i) charges for inclusion in the Firm's database, (ii) conference fees, (iii) brokerage commissions, (iv) purchase of software, (v) consulting services, etc.?

No.

- (a) If so, please describe briefly the nature of these services and compensation.

Not applicable.

- (b) Does the Firm or any affiliate provide any services or conduct any business with the retirement systems' current investment managers?

No.

14. Does the Firm have any arrangements with broker-dealers under which it, or any affiliated company, will benefit if investment managers place trades for their clients with such broker-dealers?

No.

15. Does the Firm accept a pension plan's brokerage commissions as payment for its services? If so, please explain briefly how it ensures that the plan receives best execution in securities transactions.

No.

16. Please disclose any potential conflicts of interest that may arise from the Firm's representation of the Retirement Systems, including the activities of any affiliated companies.

None.

17. Has the Firm or anyone in the firm provided any gifts or other remuneration, or paid any expenses for travel, hotel, meals or entertainment for or on behalf of a Board member or staff of the Retirement Systems during the past twelve months. If so, please indicate the amount and purpose of the payments.

No.

18. Has the Firm or anyone in the Firm had any professional relationship with the Retirement Systems' plan sponsors or legislative bodies during the past three years? If so, please describe the nature of the relationship.

No. SRC has not had any professional relationships with the City of Fresno's plan sponsors or legislative bodies in the past three years. However, the firm's affiliate, The Segal Company, provides actuarial services to the City and County of Fresno.

Institutional Clients

19. How many institutional clients on a full service consulting basis does the Firm currently have? What are the total assets under advisement?

SRC has approximately 350 clients with worldwide advisory assets approaching \$400 billion.

20. Please indicate the number of full service consulting clients that the Firm currently has by size of assets and type of client:

Type of Client	Under \$1 billion	\$1 - 10 billion	\$10 - 25 billion	Over \$25 billion
----------------	-------------------	------------------	-------------------	-------------------

Type of Client	Under \$1 billion	\$1 - 10 billion	\$10 - 25 billion	Over \$25 billion
Public Pension Plan	53	2		
Corporate Plans	38	2		
Union/ Taft-Hartley Plans	276	7		
Endowments, Foundations & Hospitals	4			
Other				
Total Number of Full Service Clients	371	11		

21. Please indicate the number of full service public pension plan consulting clients that the Firm currently has by length of service with the firm:

Length of Service	Number of Clients
Less than 1 year	3
1 – 5 years	157
5 -10 years	152
Over 10 years	229

22. How many client relationships were terminated, or the firm resigned, over the last three years ending June 30, 2012? What were the reasons for the termination or resignation and what was the total value of assets involved?

Reasons for Termination	Number of Cases	Value of Assets
Firm Dismissed Outright		
Contract Rebid-Firm Not Retained	12	\$6.0 billion
Firm Asked Not to Bid		
Firm Resigned Client Relationship		
Plan Merger or Consolidation		
Fund Management Outsourced		
Other (please specify): *	5	\$950 million
Total Termination/ Resignations		

* In recent years, several local municipalities' pension plans in the State of Massachusetts have been absorbed by the State Plan.

Professional Staff

23. Please indicate the number of professional staff (not administrative or clerical staff) that the Firm currently employ in each of the following categories. (Each person should be assigned to only one category.)

Category of Professional Staff	Number of Staff
Lead Consultants	26
Consultants – Consulting Group Analysts	32
Analysts – Research & Infrastructure Group	34

Category of Professional Staff	Number of Staff
Firm Management	
Marketing	
Technical/ Systems	18
Total Professional Staff	110

24. Please indicate the turnover in professional staff (including consultants, analysts, firm management and key executives) during the last three years.

Staff Turnover	Number of Staff			
	Consultants	Analysts	Firm Management	Other
Hired		3		
Terminated				
Resigned	2	3		
Retired				
Other (please specify):				

25. Please provide the average number of clients per consultant, both lead and support consultant. Indicate the maximum limit, if any, on the number of clients assigned per consultant.

Role as Consultant	Average No. of Client Plans	Maximum Limit per Consultant
Lead Consultant	14.69	15
Support Consultant - Analyst	11.94	20

Segal Rogerscasey employs a team approach to client servicing. Under this approach, each client is assigned at least one primary consultant and a back-up consultant who are, in turn, supported by an investment associate(s) and the rest of our support staff. This approach allows us to utilize the knowledge and practical experience of our staff, while providing each client with the high level of service that they expect and deserve from a firm of our caliber. Given the importance of this relationship, SRC will assign multiple senior principals of the firm to service the Plans.

While our averages may seem high, we believe that multiple people should “touch” client relationships. Our consultant client loads also vary based on complexity and logistical characteristics of their plans. Finally, we have provided average number of *plans*, which is greater than the number of client relationships that we have. For example, if we provide consulting services to a pension and annuity plan, they are counted as two plans.

26. How many staff have acquired professional designations such as the CFA, CAIA, FSA, etc.? How many are currently enrolled in these programs?

Professional Designation	Acquired	Enrolled
Chartered Financial Analyst (CFA)	18	9
Chartered Alternative Investment Analyst (CAIA)	2	6
Fellow of the Secretary of Actuaries (FSA)	*	*
Other (please specify): CIPM	1	1

* The Segal Company employs dozens of FSAs.

27. Which of the following types of compensation are provided to professional staff? Please indicate whether the compensation applies to all staff, senior staff, key employees, or principals only.

Type of Compensation	All/Senior/Key/Principals
Salary	All
Bonus	All
Profit Sharing	All
Stock Ownership	Officers
Stock Options	Officers
Equity Participation	Officers
401(k) or Other Deferred	All
Other (please specify):	n/a

28. How many professional staff will be assigned to this account?

Your team will include experienced and senior lead consultants, supported by other professionals with specialist expertise when needed. We have used this type of team structure and have found it to be helpful in facilitating the delivery of value-added investment results and high quality service to our clients.

The lead consultant on your account will be **Glenn Ezard**. Your back-up consultant will be **Lawrence Marino, CFA**. Additional support will be provided from research and investment analytics personnel.

29. Please provide the following information on the lead consultant and, if applicable, the support consultant to be assigned to this account:

	Lead Consultant	Support Consultant
Name	Glenn Ezard	Lawrence Marino, CFA
Title	Sr. Consultant	Sr. Vice President
Role and/or Function	Consultant	Consultant

		Lead Consultant	Support Consultant
Number of Years of Experience	Institutional Investments	25	40
	Investment Consulting	9	19
	With the Firm	9	19
Educational Qualification (including Name of College/University)		MPA, New York University BA, Political Science, Temple University	MBA, Boston University BS, Boston College
Number of Accounts as Lead Consultant		12	8
Names of Three Largest Accounts		Laborers Pension Fund for Western Canada	Plumbers & Pipefitters National Pension
		Bakery & Confectionery Union and Industry Pension	City of Memphis Retirement System
		California Service Employees Health Trust	City of Tallahassee, FL
Number of Accounts as Support Consultant		1	0

30. Please provide the name and title and/or role of any other members of the team to be assigned to this account.

- Tonye Wokoma, Associate Consultant
- Vitto Chin, CIPM, Senior Investment Analyst

Asset Allocation

31. When did the Firm begin conducting asset allocation studies for pension plans? How many studies (formal comprehensive studies rather than informal reviews or updates) has the Firm conducted over the past three years?

Our firm has extensive experience conducting asset allocation studies. Assignments in this area have been awarded to us by a wide range of plan sponsors including governmental systems, corporate and multiemployer plans. In addition, for each new client, we will review the latest study to determine its current relevance. If our analysis reveals the need to perform a new study, we will do so. All such studies are performed “in-house.” We have conducted approximately 25 studies in the past three years.

32. Please describe the Firm's asset allocation methodology by responding to the following questions:

(a) Is the asset allocation process based on analysis of both assets and liabilities of the pension plan, or assets only?

We can provide both asset-only studies and asset-liability studies.

(b) Is the asset allocation process stochastic or deterministic with respect to (i) assets and (ii) liabilities?

We employ stochastic modeling, generally referred to as Monte Carlo simulation, to ensure that our clients understand the range of possible outcomes, and the probability of their occurrence under various target allocation scenarios.

(c) Please explain briefly how the modeling of the assets is linked to or integrated with the modeling of the liabilities.

Under the framework of our stochastic analysis, there is no direct influence of asset modeling on liability modeling, or vice versa. Asset class return expectations are a function of current market conditions, forward looking market indicators, and historical risk premia relationships, and liability valuations are a function of actuarially projected cash flows, and an agreed discount rate for the cash flows. We generally view the projected cash flows as a short bond position, using a market derived term structure. Bond returns on the asset side are derived from the same term structure of interest rates, for an unbiased perspective on asset and liability valuations.

(d) Does the process incorporate analysis of different economic scenarios?

Yes.

33. Does the Firm analyze the impact of asset allocation over different future time periods? If so, what future time periods and why?

Our asset-liability modeling addresses risk as a function of funded status. We generally discuss risk in terms of a 10-20 year horizon. While we can and do provide shorter horizon outlooks, the dispersion of high probability outcomes is materially wider.

34. How does the Firm analyze the trade-off between risk and reward of alternative asset allocation policies for a defined benefit pension plan? How does it define and measure reward? How does it define and measure risk?

In terms of risk management and mitigation, our asset-liability modeling services provides answers for the following:

- What is the range of possible and probable funding requirements over the next 10 years?
- To what extent can future investment returns be expected to improve/jeopardize the plan's funded position?
- Is the plan likely to experience a funding deficiency and, if so, when is it expected?
- What are the plan's future annual liquidity requirements?
- How should trustees determine their plan's funding policy?
- How might plan design changes under consideration affect the plan's long-term financial position?

35. Please list the various steps or components of the asset allocation model (e.g. mean-variance optimization, projection of liabilities, multi-period simulation, etc.).

(a) Which components of the asset allocation model were internally developed, and which, if any, are licensed from one or more third-party vendors?

(b) Please provide the names of the third-party vendors if any.

SRC has a proprietary Asset/Liability Model (ALM). We have enhanced our model to account for PPA '06, which will allow our clients to more effectively manage funded status. Our ALM studies provide projections of plan funding under various sets of assumptions about future experience, such as demographic trends (based on the Plan's experience), the effects of inflation and the performance of capital markets. ALM is particularly helpful in comparing the effects of one or more sets of future "what if" scenarios on plan fundings. The projections are made using sophisticated actuarial software. The outputs of ALM studies include analyses of emerging trends depicted in sets of graphs and tables that generally cover a 10- to 20-year period.

36. How are investment assumptions with respect to returns, volatility and correlations – i.e. the inputs to the asset allocation model – developed?

(a) To what extent are these assumptions derived from historical data or trends, or reflect current market conditions, or are based on future expectations of inflation, real yields, risk premiums, etc.? Please explain briefly.

(b) Who in the firm is involved in developing the assumptions?

(c) How often are these assumptions updated or revised?

Data sources used in the development of capital markets assumptions include both forward-looking market indicators, such as breakeven inflation rates, and implied forward interest rates, as well as historical return data sources, such as Ibbotson and Bloomberg. Dan Westerheide, ALM Practice Leader, has primary responsibility for model maintenance and development for capital markets assumptions. Aside from analytical staff, Dan is supported by colleagues Tirthraj Singh and Glenn Ezard.

Capital markets assumptions are reviewed continuously and updated at least annually.

37. If the asset allocation model includes pension liabilities, how are liability projections developed? Please explain briefly.
- (a) Does the firm use its own actuarial assumptions and methodology or does it rely on the benefit projections of the retirement system's actuary?
 - (b) Does the Firm have any actuarial staff and expertise of its own?

Please refer to our answer to Question 36, above.

38. Are there any asset classes or market segments that are NOT included in the asset allocation model?

Domestic All Cap Equity, International Developed Equity, Emerging Markets Equity, Domestic Core Fixed Income, International Fixed Income, High Yield Fixed Income, Core Real Estate (Open End), Inflation Hedge (Commodities), Low Volatility Alternatives (GTAA & Unlevered Hedge Strategies) and High Return Private Market Strategies (Private Equity, Private Debt, etc.).

- (a) If so, how is the allocation to these asset classes determined in the asset allocation study?

Generally, our approach to asset class return and risk modeling is focused on systematic risk factors, such as real growth, inflation and interest rates, and also accounts for liquidity premiums offered in private market investments, such as private equity. Differentiations derived from growth or value or market cap size bias are not modeled, but instead considered as a source of excess return in implementation.

- (b) If alternative or non-traditional asset classes (such as real estate, private equity, hedge funds, etc.) are included, how does the model deal with non-market valuations and/or non-normal distribution of returns for these asset classes?

We adjust risk estimates for asset classes which are not routinely marked-to-market by focusing on the historical serial correlation in the data. Assets that are not routinely valued can display a false high persistence (or positive serial correlation) in the data. For plans with horizons beyond one quarter, this adds real risk as a poor quarterly return is more likely followed with another poor return. We use mathematical techniques to adjust upward the one period mean variance volatility to better reflect the asset's true (longer term) risk.

39. How frequently would the Firm conduct a formal comprehensive asset allocation study within the flat fee proposed in Part C?

- (a) What type of follow-up analysis or review of asset allocation would the Firm perform in between comprehensive asset allocation studies?
- (b) How frequently would such follow-up reviews be conducted?

We generally review asset allocation at least annually. Annual reviews provide an opportunity to address any gaps in asset allocation, as well as to provide analysis of asset class returns, valuations, and correlations relative to historical trends.

For clients that utilize our dynamic asset-liability modeling, we will update funded status on a quarterly basis, providing any necessary recommended shifts in asset allocation. Generally, we will track funded status on a monthly basis, with actions expected, as needed, on a quarterly basis.

40. What approach does the Firm recommend toward rebalancing the asset allocation of the Fund? Please explain briefly.

We recommend a disciplined policy of managing asset allocation in the context of economic funded status of the pension, adjusting risk level up when the funded status declines, and down on improvements.

41. Does the Firm advocate short-term or tactical changes in asset allocation in response to changing market conditions? If so, what approach does it recommend toward making such changes?

While we do not recommend attempts to tactically adjust asset allocation against general market conditions, we do seek to identify certain dislocations within market segments as a source of excess return. For example, capital constraints in the banking industry have presented opportunities for investment in direct lending.

Investment Manager Search and Selection

42. What is the Firm's approach towards investment manager search and selection? Does it undertake every manager search starting from scratch? Or does it develop and maintain a list of preferred managers for various asset classes and investment mandates and recommend managers from that list?

Overview

Consistent with our philosophy, past performance is not a good indicator of future success, we do not rely on quantitative screens to narrow the universe of investment strategies; instead, we conduct bottom-up grassroots research to construct a universe of investment strategies that we recommend to our clients. Given the bottom-up nature of our manager evaluation process, we begin the research with a face-to-face meeting with asset managers.

Data Collection

We supplement manager-provided information with other publically available information, historical portfolio holdings (typically, we collect five years worth of monthly portfolio holdings), historical return strings, back test data, and information provided by the manager such as SAS 70 reports, audited financial statements, GIPS compliance verification letters and recent SEC audit letters.

Interviews

An initial face-to-face meeting in our office is typically followed by an onsite due diligence meeting in the asset manager's office. It is not unusual at all for us to conduct multiple face-to-face meetings in our office before moving onto the next stage of our research process. During onsite due diligence meetings we conduct an in-depth review of the investment processes through interviews with portfolio managers, research analysts and traders; in addition, we conduct an operational review by interviewing compliance officers and middle and back office personnel; finally, we meet with chief investment officers and chief executive officers to assess the overall investment and firm culture at asset management organizations.

The research analysts are responsible for setting up the initial face-to-face meetings as well as the follow-up due diligence meetings. It should be noted that onsite due diligence analyses are conducted only on those firms that look promising and have passed our initial qualitative review. Like the initial face-to-face meetings, we may conduct multiple onsite due diligence meetings before forming an opinion on an asset manager and his investment strategy. We do not mandate the length of time necessary to complete the manager evaluation process. We rely on the research analysts' investment experience and professional judgment to discern the appropriate level of due diligence and analysis to support a final rating on an investment strategy. Notwithstanding, research analysts cannot assign a final rating solely based on face-to-face meetings in our office. Onsite due diligence must have been conducted prior to arriving at a final rating for an investment strategy.

Process for Ensuring Consistency in Research Process

Our research analysts rely on our proprietary Manager Research & Ranking, MR², process in their evaluation of investment strategies. We institutionalized MR² ten years ago to ensure consistency in manager evaluation across asset classes and research analysts. It forms the foundation of our manager research process. MR² defines 50 success and risk factors within ten categories. Four of these categories relate to the firm's organization, and six to the investment process.

Each manager/fund will be evaluated and scored based on these factors:

Organizational Issues
Structure/Culture
Business Management
Stability
Risk Management

Investment Process
Investment Philosophy
People
Collecting and Refining Information
Portfolio Construction
Trading

Validation

Multiple research analysts generally participate in the manager evaluation process; however, the assignment of the final rating rests with the lead analyst who began the evaluation process. The rating does not become final until peer reviewed by the broader asset class research team. Not all research analysts participate in the peer review; rather, only the directors and senior officers participate in the ratings review meeting. Given his extensive knowledge of investment strategies and asset managers, the Chief Investment Officer and the Head of Beta Research also participates in the ratings review meetings.

Manager Ratings and Review Process

We rely on the following four ratings to express our views on investment strategies: Buy, Qualified, Not Qualified and Sell. Buy and upper tier Qualified rated managers represent investment candidates recommended to all clients.

BUY <ul style="list-style-type: none">• A <i>BUY</i> rated strategy exhibits a sound, convincing, and stable investment philosophy and process.• An exceptional investment professional or a team of investment professionals often manages a BUY rated strategy.• A <i>BUY</i> rated strategy often resides in an organization that emphasizes investment results and places client interests ahead of business and asset growth.• We have full conviction in the BUY rated strategy's ability to generate superior investment results over a meaningful time horizon within its peer universe.• BUY rated strategies are included in manager searches.• Only a small number of strategies within a given peer universe receive BUY ratings.	QUALIFIED <ul style="list-style-type: none">• A <i>QUALIFIED</i> rated strategy exhibits many of the positive qualities of a BUY rated strategy. However, there are certain attributes that prevent it from receiving the BUY rating.• The strategy usually exhibits a sound and stable investment philosophy and process.• An above average, not exceptional, investment professional or a team of investment professionals, manages a QUALIFIED rated strategy.• We have some conviction in its ability to generate superior investment results over a meaningful time horizon within its peer universe.• Some QUALIFIED rated strategies are included in manager searches.• There are a greater number of QUALIFIED rated managers than BUY rated managers
NOT QUALIFIED <ul style="list-style-type: none">• A <i>NOT QUALIFIED</i> rated strategy is deemed to be below institutional standards.• The investment philosophy and process are neither convincing nor stable.• An investment professional or a team of investment professionals with questionable investment acumen and/or limited investment experience manages a NOT QUALIFIED rated strategy.	SELL <ul style="list-style-type: none">• A <i>SELL</i> rated strategy is deemed to be substantially below institutional standards.• The SELL rated strategy is commonly plagued by an unstable and/or unconvincing investment process.• An ineffective investment professional or a team of investment professionals, often beset with high investment professional turnover and/or severe organizational

<ul style="list-style-type: none"> • We have low conviction in NOT QUALIFIED rated strategy's ability to generate superior investment results over a meaningful time horizon within its peer universe. • Outperformance of a NOT QUALIFIED strategy is attributed to chance rather than superior investment acumen. • We recommend an orderly divestiture of NOT QUALIFIED rated strategies. 	<p>distress, manages a SELL rated strategy.</p> <ul style="list-style-type: none"> • A material event with detrimental consequences often precedes a SELL rating. • We recommend an immediate divestiture of SELL rated strategies. • Only a small number of strategies within a given peer universe receive SELL ratings.
---	---

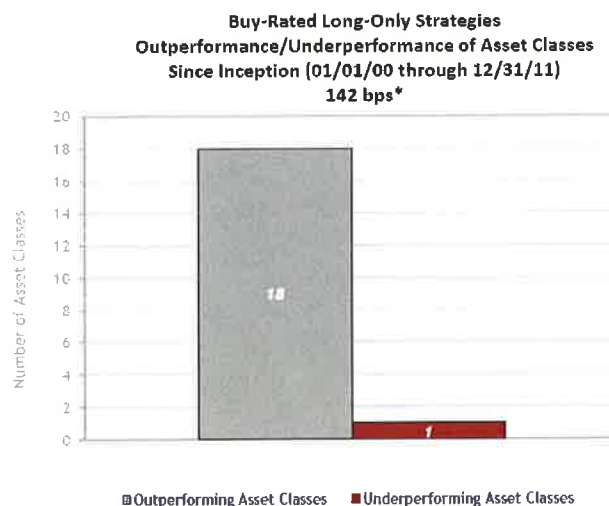
There is one final review of all Buy and Qualified rated managers. The Manager Review Committee reviews the appropriateness of ratings based on proper documentation of investment thesis and supporting analyses. It can, however, advise the research analysts to provide greater clarity into the investment thesis and provide further evidence to support the final rating. This committee typically meets on a quarterly basis.

43. Do you undertake a self-evaluation of your success in recommending investment managers that outperform their benchmark over the first capital market cycle for new client mandates?
- (a) If so, what changes, if any, have you made to your manager search and selection process based on those self-evaluations?
- (b) What results based on these changes have you achieved?

The success of a manager should be measured on their ability to meet the goals and objectives assigned to them when originally hired. These goals and objectives (such as benchmarks and universe comparisons) will be specifically detailed in the Investment Policy/Guidelines Statement that the manager will be required to sign off on previous to funding. The measurement of this success will be reviewed on a quarterly basis through a formal performance report review conducted by SRC and presented to the Board.

Since 2000, we have been tracking the performance of our Buy-rated investment managers using MR². Since inception (January 1, 2000), these managers, in aggregate, outperformed their respective benchmarks by 1.42% per year. When analyzed across 19 distinct investment peer universes, our Buy-rated investment managers have exceeded their respective benchmark in 18 of the 19 investment peer groups – an 95% success rate! Our historical performance does not guarantee future investment success; notwithstanding, it validates and gives credence to the effectiveness of our manager research and selection skill.

Segal Rogerscasey's Buy-rated managers have added, on average, 142 bps of alpha across all traditional asset classes.



*The average value added represents preliminary results calculated as geometrically-linked average returns of Buy-rated managers less the performance of representative passive benchmarks. Returns are presented gross of fees. Past performance does not guarantee future results.

44. How many investment manager searches has the firm conducted over the past three years ending June 30, 2012 for the following asset classes and investment strategies? What was the total value of assets involved in each type of search?

Investment Manager Searches		Number	Value of Assets
Domestic Equities – all styles & market caps		251	\$4.4 billion
Domestic Fixed Income – inc. high-yield bonds, mortgages, etc.		147	\$4.5 billion
International and Global Equities – inc. emerging & frontier markets		157	\$3.5 billion
International and Global Bonds – inc. emerging & frontier markets		38	\$680 million
Alternative Investments – real estate, private equity & hedge funds	Individual funds or managers	83	\$5 billion + Total Alternatives & Real Assets
	Fund-of funds	45	-
Real Assets – commodities, timberland, infrastructure, etc.	Individual funds or managers	160	-
	Fund-of	Included	Included

Investment Manager Searches		Number	Value of Assets
	funds	above	above
Synthetic Strategies – TAA, currency overlay, alpha transport, managed futures, etc.			
Other (please specify):			
Total Manager Searches			

NOTE - Data shown for last three years ending December 31, 2012.

45. Is there a specific unit or group within the Firm dedicated to (i.e. spends 100% of its time on) manager research, including for both public market (traditional) assets and private market (alternative non-traditional) investments? If so, please provide the following information for that group:

Professional Staff for Manager Research	Consultants	Analysts
Dedicated Staff for Traditional Investment Managers	0	12
Dedicated Staff for Alternative Investment Managers/Funds	5	8
Other Staff Involved in Manager Research & Due Diligence	10	5
Percent of Time (on Average) Spent on Such Activities	10-20%	100%

46. Please list the databases used for manager research for both traditional and alternative assets. Provide the following information for each database. Enter the information or an 'X' as required in the appropriate cell or cells of the tables below.

- (a) The type of database – whether it is internal/proprietary, purchased or licensed from a third party, or part of a consultants' network or cooperative;

Name of Database	Type of Database		
	Internal/ Proprietary	Third Party	Network or Cooperative
Manager Research & Ranking (MR ²)	X		
eVestment Alliance & InvestWorks		X	
ThomsonONE		X	
Preqin		X	
Morningstar Direct & Lipper		X	
CMS	X		

- (b) The type of information in the database – investment performance, manager profiles, portfolio holdings or product characteristics, or other (meeting notes, news items, recent changes, etc.);

Name of Database	Type of Information			
	Investment Performance	Manager Profiles	Portfolio Holdings or Characteristics	Meeting Notes, News, etc.
Manager Research & Ranking (MR ²)	X	X	X	X
eVestment Alliance & InvestWorks	X	X	X	
ThomsonONE	X	X	X	
Preqin	X	X	X	
Morningstar Direct & Lipper	X	X	X	
CMS			X	X

- (c) The number of investment managers, funds, portfolios and/or products/strategies covered by the database;

Name of Database	Number of Managers, Funds, etc.		
	Investment Managers	Funds/ Partnerships	Products/ Portfolios
Manager Research & Ranking (MR ²)			
eVestment Alliance & InvestWorks	1,800		6,400
ThomsonONE	13,000	24,000	
Preqin	1,280		
Morningstar Direct & Lipper			23,000
CMS			

- (d) How information is entered and updated, by whom, whether the information is verified and how any discrepancies are resolved. Please explain briefly.

The validity of the managers' performance records is verified by combining and comparing information on the quality of composites submitted and actual performance on client accounts with information contained in our database and in managers' marketing materials. In addition, we spot check the managers' actual clients to determine their similarity to reported composites. We also review SEC Form ADV and look for GIPS compliance and audit statements.

We do not independently verify returns presented by managers for marketing purposes; however, in our questionnaires we do request copies of independent performance audits if they are available. We also request independent audit verification and performance attribution, as available from the manager.

47. Please indicate how many times a year the Firm formally met with investment managers (or general partners) on average over the past three years ending [date].

Meetings with Investment Managers	Number of Meetings a Year
On-Site at the Investment Manager's Premises	100+
In the Consulting Firm's Offices	250+
By Conference Call (lasting at least ½ hour)	1000+

With how many different investment management organizations did the Firm meet over this period?

Over 250.

Performance Evaluation and Compliance

48. What benchmarks does the Firm use to evaluate the investment performance of a retirement system at the total fund level?

Total Fund Benchmarks	Yes/No
Asset Mix Policy or Target Return	Yes
Return Based on Actual Allocation	Yes
Assumed Actuarial Return or Discount Rate	Yes
Inflation plus x%	Yes
Return on Pension Liabilities	Yes
Rank versus Peer Group Funds	Yes
Other (please specify):	

49. What benchmarks does the Firm use to evaluate the performance of individual asset classes, investment managers and portfolios?

Asset Class & Investment Manager Benchmarks	Yes/No
Broad Market Indices	Yes
Style-Based Indices	Yes
Blend of Publicly Available Indices	Yes
Normal Portfolio to Reflect a Unique Investment Strategy or Process	Yes
Rank versus Peer Group Managers or Portfolios	Yes
Other (please specify):	

(a) Are there any asset classes, market segments, or investment styles or strategies – e.g., private markets, hedge funds or real assets – for which the Firm CANNOT provide benchmarks to measure performance?

We are able to provide benchmarks on all asset classes suitable for institutional investment.

(b) What types of customized benchmarks – such as blended indices, normal portfolios, etc. – can the Firm provide for specialized investment strategies?

Our system is fully capable of creating a customized benchmark comprised of a mix of indices and/or absolute returns.

50. What performance measurement databases or systems does the Firm use to measure the performance of the Fund and individual asset classes, investment managers and portfolios against peer groups?

The PARis performance measurement system is equipped with the InvestWorks manager database. InvestWorks provides access to hundreds of manager peer groups categorized by market cap, style, account type, etc.

Regarding Plan Sponsor peer groups, we are able to compare client performance to comparable plans based on plan type (e.g. Public, Endowment, Taft-Hartley), plan size (e.g. Plans less than \$1 Billion AUM), and allocation (e.g. Total AUM less than 60% equity).

(a) How many pension funds are covered in those databases? How many of them are public funds?

Our Plan Sponsor peer group database is comprised of over 1,300 retirement plans, of which more than half are pension funds. There are over 300 public funds in our database.

(b) How many investment managers and portfolios/products are included?

Name of Database	Number of Pension Funds, Managers, etc.			
	Pension Funds	Public Funds	Investment Managers	Portfolios or Products
PARis	700	300	1,000	6,000

(c) For each database, please indicate where the data comes from, how it is verified, who calculates the investment returns, and how any errors or discrepancies are resolved.

Most manager databases in use today rely on the integrity of each manager to submit accurate data for their investment products. In our experience, there have been few instances, in which a significant misstatement has taken place. In each case, the error was quickly resolved. As an additional measure, we make comparisons with information contained in our database, managers' marketing materials, information on the quality of composites submitted and actual performance on client accounts are combined to ensure the validity of the managers' performance records. In addition, we spot check the managers' actual clients to determine their similarity to reported composites.

51. Does the Firm provide performance attribution analysis at the total fund level as well as for individual asset classes or portfolios?

Performance Attribution	Yes/No
Total Fund	Yes
Domestic Equities	Yes
International and/or Global Equities	Yes
Domestic Fixed Income	Yes
International and/or Global Fixed Income	Yes
Other (please specify): Hedge Funds	Yes

52. How does the Firm monitor or track the investment style of portfolios? What style analysis systems or models does it use?

Style Analysis Model	Returns or Holdings-Based	Asset Classes (Yes/No)			
		Domestic Equities	Global Equities	Fixed Income	Other (specify)
PARis	Holdings	Yes	Yes	Yes	
	Returns	Yes	Yes	Yes	

53. Does the Firm monitor or track the compliance of the client's portfolios with:
(a) Investment policies and guidelines of the fund?
(b) Manager mandates, agreements or contracts?
(c) Laws and regulations?
If so, how and to what extent? Please explain briefly.

As part of our ongoing monitoring of the client's portfolio, we verify that the individual investment managers are in compliance with the plan's guidelines. This may include the use of style analysis, review of portfolio holdings and weights, and transaction report analysis. Finally, we verify that the client's investments are in compliance with current laws and regulations.

Research and Education

54. Does the Firm undertake any research on general investment and pension-related issues?

Yes. Providing our clients with noteworthy developments of an economic, political, investment, or regulatory nature is of utmost importance. To this end, SRC has, in the past, sponsored educational seminars and authored position papers on topical investment issues. Also, our staff members have published trade-journal articles and frequently appear as public speakers throughout the United States and Canada.

(a) How many research studies (reports and/or white papers) has the Firm produced over the last three years ending [date] on the following broad topics?

Research Reports/ White Papers (Last 3 Years)	Number of Studies
Asset Allocation	7
Asset/ Liability	-
Equity Markets & Strategies	4
Fixed Income Markets & Strategies	11
Alternative Investments – Private Equity, Hedge Funds, etc.	5
Real Assets – Real Estate, Infrastructure, Commodities, etc.	13
Risk Management	1
Investment Management or Portfolio Structure	3
Performance Measurement	6
Economic Policy	20
Other (please specify):	-

(b) What other types of publications are made available to clients? How frequently are these publications produced?

Other Publications	Frequency of Publication
Economic or Capital Market Outlook	Quarterly
Newsletters	Monthly
Client Memos	Quarterly or as need arises
Other (please specify):	n/a

55. How does the Firm provide education services to board trustees and staff?

Delivery of Education to Trustees/ Staff	Yes/No
Regular Board Meetings and Retreats	Yes
Half to One-Day Seminars/Workshops at Client Offices	Yes
Annual Client Conference	Yes
Internet (Webinars)	Yes
Other (please specify):	n/a

What is distinctive about your delivery of education to clients? Please explain briefly.

Education is a continuous process and integral to our service. SRC offers quarterly webinars on the economy and capital markets. Additionally, we will conduct on-site seminars for clients at centralized locations throughout the country. For example, during the early part of 2010, we conducted a series of seminars in cities in the U.S. and Canada, outlining our approach to dynamic asset-liability management.

We also provide customized seminars for individual clients regularly scheduled client meetings, at special meetings, and during board retreats. The venue can be at the discretion of the client.

56. What percentage of total revenue did the Firm spend on research and investment technology (software, databases, etc.) on average over the past three years?

On average, we spend a minimum of 25% of our revenue on research & technology initiatives.

Litigation and Insurance

57. Has the Firm, or any officer, principal, or employee of the Firm or an affiliated company, ever been investigated and/or charged by the Securities and Exchange Commission ("SEC"), the U.S. Department of Labor ("DOL"), or any other regulatory authority for violation of applicable laws? If so, please explain.

No.

58. Has the Firm, or any officer, principal, or employee of the Firm, ever been involved in any business litigation or other legal proceeding? If so, please explain and indicate the current status of the litigation.

No.

59. Does the Firm, or any officer, principal, or employee of the Firm, have any lawsuits pending against it concerning the delivery of investment consulting or related services for any client? If yes, please explain.

No.

60. What level of insurance coverage does the Firm have for professional liability or errors and omissions, and other types of liability insurance?

Type of Insurance Claim	Name of Carrier	Aggregate Coverage	Coverage per Claim
Professional Liability or	XL Insurance	\$5,000,000	

Type of Insurance Claim	Name of Carrier	Aggregate Coverage	Coverage per Claim
Errors & Omissions (E&O)			
Directors' & Officers' Liability	-		
Fiduciary Liability	-		
Fidelity Bond	Great American Insurance	\$6,500,000	\$500,000
Other (please specify): General Liability Auto	Chubb (Federal, Great Northern Ins. and Vigilant)	\$2,000,000 \$1,000,000	

Note: In most cases we can meet the Statutory limits for Workers' Compensation.

Performance

61. Please provide the following information on the investment performance for the 5- year period ending June 30, 2012 of your full service public pension fund clients (where full service is defined to include advice on asset allocation, investment manager selection and performance measurement) which are similar in size to the City of Fresno Retirement Systems (i.e. \$1-10 billion). Note that we are asking for the simple unweighted average performance for all of these public pension client funds as a group, not the performance of each individual fund.

Performance Information	
Number of Full-Service Public Pension Fund Clients	5
Average Total Fund Return	1.75%
Average Asset Mix Policy Return	2.04%
Average Excess Return (Total Fund – Asset Mix Policy)	(0.29)%
Average Volatility (Standard Deviation) of the Total Fund Return	14.62%

Philosophy and Approach to Consulting

1. What is the overall philosophy of the firm regarding an investment consultant's relationship with the board of trustees, staff, and investment managers?

We believe in maintaining an open relationship with the Plan's Trustees, Executive Director, employees, attorneys, accountants, actuarial consultants and other professionals. In maintaining an open relationship, SRC is able to best serve the Plan and meet the required needs of the Plan.

2. State as clearly as possible the firm's investment philosophy. Are there any fundamental beliefs about capital markets which underpin the firm's investment advice to its pension plan clients? What are the critical issues to consider in establishing the investment policy for a public pension plan?

Our investment philosophy is centered on a disciplined approach to risk management. For a pension, the key risk is the fiduciary responsibility to provide future payments to beneficiaries. Accordingly, we emphasize a program of de-risking against the probability of future funding deficiencies by segregating investments into a liability hedge portfolio and a return generation portfolio. As the pension moves toward improved funded status, asset allocation is shifted to low volatility bonds that serve to indemnify against forward pension obligations. Conversely, a pension moving away funded status assumes a higher risk profile to capture greater return to diminish the funding gap.

Because the allocation among liability hedge and return generation portfolio is set in accordance with a pre-determined risk appetite against funded status, it is a passive approach to portfolio management. Nevertheless, because funded status is improved on asset value appreciation (triggering a shift to the liability hedge), our approach serves as a contra-trade against market action: banking gains in up markets, and raising the risk profile in down markets.

3. Please summarize, in one page or less, the firm's investment consulting capabilities and expertise. What are the firm's major strengths and limitations? Do you provide any services which are not provided by other investment consultants? Why should the retirement system engage you as its investment consultant?

For over 40 years, we have assisted clients in formulating practical investment policies, developing appropriate asset allocation strategies, selecting investment managers and measuring and evaluating investment performance.

We believe that the following key characteristics identify our strengths and show how we are uniquely qualified to serve the City of Fresno Retirement Systems:

- Independence – We are an independent consulting firm with no affiliations with investment managers, brokerage firms or financial organizations. Our only business is investment consulting.
- Client Expertise – SRC currently serves as an investment consultant to approximately 350 clients with \$400 billion in assets and is one of the top consultants in the country.
- Professional Expertise – Our professional staff is highly trained and experienced. Senior level professionals and leaders of the firm manage client servicing. We have dedicated teams to research, consulting, operations and defined contribution matters. Our acquisition of Irwin Tepper Associates has provided us with an asset liability platform that most others cannot match.
- Alignment with our Clients – Unlike most of our competitors, we sponsor defined benefit and defined contribution plans, therefore, we understand the importance of assisting our participants in meeting their retirement objectives just like our clients. We are able to relate to the challenges that our clients face with regard to legislative changes and market conditions.
- Consulting Approach – We listen. While our team of consultants draws upon years of experience, our focus is on the particular environment in which the client operates. We work with our clients to develop strategic solutions to current challenges and to identify future directions. We view our consulting role as one providing the necessary professional and technical information to our clients so that well-defined investment policies can be formulated, implemented and evaluated.
- Clear Communication – To SRC, consulting is teaching. We recognize that any plan has the attention of a wide range of people with a diversity of interests. We also play a vital role in the interaction with the Plans' investment manager, by ensuring that their reporting procedures and presentation materials are consistent and comply with the Plans' requirements.

4. What do you consider the unique attributes of: (a) your asset allocation methodology, and (b) your investment manager search process? How do these distinguish your firm from other investment consulting organizations?

We consider our firm as one whose distinguishing capabilities revolve around qualitatively-oriented research; global economic, capital markets and manager research, and technology. Our research capabilities, in particular, are separated into three distinct groups: Alpha, Beta and Global Portfolio Solutions. Given our

structure, personnel and experience, we believe we have exceptional expertise in the following areas:

- *Liquidity Assessment:* Of late, many asset pools have experienced liquidity problems, whether related to the ability to pay benefits and adhere to spending policies. This also includes securities lending pools. For the past four years, we have helped sponsors identify current liquidity needs, current available liquidity (on demand), and establish guidelines and investment structure to support these requirements.
- *Fixed Income:* SRC has developed significant resources within the fixed income research arena and has, for some years, advised on emerging market debt, global fixed income, high yield, CMBS, and other securitized issues. Both in manager research and structure reviews, we believe that fixed income asset classes are unique and that managers bring differing skill sets to the process.
- *Private Equity/Hedge Funds:* Qualitative research and practical experience are essential elements in the alternative arena. Our qualitative research process consists of a review of all aspects of the investment manager: personnel, business factors, investment strategy, operational aspects, legal aspects and the like. In addition, our research team consists of individuals with varied backgrounds, including former plan sponsors, investment managers, bankers, consultants, etc. Our research staff has extensive experience in the alternative area. Alan Kosan, who heads up our Alpha Research Group, is both a former plan sponsor and investment manager.
- *Emerging Markets:* We believe we have unique and differentiating capabilities in ‘frontier markets’ including investing throughout Northern Africa and the Middle East. Our Research Group researched the region significantly and developed extensive relationships with Central Banks, local investors, company management and the like. Seemingly, each “emerging market” region presents its own set of investing challenges: liquidity, investment vehicles, exchange practices, etc. Frontier markets offer extraordinary investment opportunities, yet possess specific investment challenges.

We offer our clients an excellent client service model, which can be customized to our clients’ needs and objectives. We always go above and beyond to provide our best ideas and service to our clients to solve its unique needs. In addition, we develop an intimate knowledge of our clients’ investment challenges and can immediately assist to accomplish its goals and objectives. More importantly, we have the ability to fill in clients’ gaps in staff needs, when needed.

Thought Leadership

Many of the breakthroughs pioneered by Segal Rogerscasey professionals are now cornerstones in the practice of investment planning and management. Increasingly, we are bringing the expertise and skills we have utilized with the largest institutional entities to smaller institutional investors.

SRC's MR² ratings database is populated with thousands of traditional and non-traditional investment products, of which almost 2,000 are rated as buy or qualified, suitable for client investment. Our Alpha research team constantly looks for new products that may not have been picked up by our screening (primarily due to lack of long-term historical data), emerging managers, and frontier markets.

5. Please summarize the firm's capabilities and expertise in value-added and opportunistic real estate investments, and its due diligence process for manager searches in this asset class.

Real Estate: SRC has been tracking and recommending real estate managers and funds to clients for over 30 years. We believe that the real estate investment decision has become increasingly complex given the growth in product offerings, investment vehicles, and investment strategies. As such, we expend substantial effort to research market trends and assess managers in order to construct an optimized real estate program that meets our clients' objectives. We believe that our extensive due diligence process and broad industry relationships reduces much of the selection risk inherent in this alternative asset class. Our market coverage is comprehensive and includes on a global basis, both private and publicly traded real estate investment opportunities. Our real estate research team is comprised of senior professionals representing a diversified industry background that includes experience working for a private operator, pension fund, corporate real estate department, and real estate consulting. With professionals located across North America and in Dublin, Ireland, our combined expertise has been built over several market cycles, and as such, provides both a unique technical base and market view with which to perform a thorough assessment of managers, their strategies, and underlying portfolio properties across a range of strategies and geographies.

6. Describe the plans for managing the future growth of the firm, including limitations, if any, on the number of clients that the firm intends to accept.

SRC intends to continue operating as an employee owned, fee for service investment consultant with no ties to financial organizations that pose a conflict of interest.

It is our belief that our clients are the key to our current and future success. As a privately held, employee owned firm, we have a vested interest in ensuring client satisfaction. It is our goal to continue to provide the highest quality objective investment and defined contribution consulting services and not to dilute our focus by expanding into other areas.

While we do not have any stated maximum with regard to staff, assets and number of clients, we pay close attention to each of these areas in management of our business. In fact, our stated policy to limit the number of primary relationships serviced by a lead consultant provides internal controls. Currently, we have a 15 client/consultant target ratio.

7. If the firm or any affiliate provides services other than investment consulting, please explain briefly what policies or procedures the firm has established to avoid or mitigate any potential conflicts of interest that could arise in providing advice to its pension plan clients.

SRC is not affiliated with any other companies or joint ventures. SRC does not offer investment management or securities brokerage services or serve as a consultant to investment managers, investment advisors, brokers or registered investment companies. We have no involvement in brokerage commission arrangements. One hundred percent of our revenue represents fees paid by clients for investment consulting services rendered. SRC has deliberately forgone these additional revenue opportunities to maintain the highest level of independence in the industry. We work diligently to maintain our independence and avoid any conflicts of interest.

8. Explain how the consulting team assigned to this account would function, including lead consultant, back-up, quality control and support services.

SRC employs a team approach to client servicing. Under this approach, each client is assigned at least one primary consultant and a back-up consultant who are, in turn, supported by an investment associate(s) and the rest of our support staff. This approach allows us to utilize the knowledge and practical experience of our staff, while providing each client with the high level of service that they expect and deserve from a firm of our caliber.

The proposed consulting team that will be assigned to this relationship would consist of experienced individuals with proven consulting skills.

As lead consultant, **Glenn Ezard** will perform direct client service roles and coordinate the firm's activity. **Lawrence Marino, CFA**, will serve as back-up consultant. **Vitto Chin, CIPM**, will manage internal operations. The team is supported by members of the research and ALM practices in our New York, Darien and Boston offices.

Our team approach to client servicing ensures that if a key person assigned to an account should leave the firm, there is always a team member familiar with the account ready to continue providing uninterrupted investment consulting services. In the event a team member leaves the firm, the client is contacted and another team member is immediately assigned.

Our internal quality control standards require a three-stage production and review process of the work performed. We assign a consulting team to every client account to assure that a consultant familiar with the account will always be available for meetings and have in place a checks and balances system whereby there are at least two professionals overseeing and monitoring the work being produced for the account.

Through this client service team, the firm makes checks and balances for quality control an organic feature of the consulting process. All meetings and significant phone calls and other contacts with the client are documented in file memoranda that are shared with the team. In the course of keeping one another informed about client developments, the team members go through an automatic quality-review procedure.

All personnel assigned to the Plan would contribute to the maintenance of a client file that would contain written summaries of all meetings and conversations relative to the account and copies of all other written correspondence, reports and analyses produced for the account. SRC has in place rigorous review procedures established to assure quality in the production of all reports.

9. How would you suggest that we measure and evaluate your performance as an investment consultant?

Our performance as investment consultants to Plans can be measured in a number of ways:

- Is the total fund policy index performing in the upper two thirds of the peer universe over a market cycle.
- Has the Plan's total performance outperformed its policy index and the median plan in the universe over a market cycle?
- Was it necessary to change the manager roster on a continuous basis, after the initial restructuring of the Plan has taken place?
- Has the total cost of maintaining the Plan been reduced or increased at a rate consistent with asset growth?
- Have fund returns been in excess of policy targets?

In addition, we can also be measured on the:

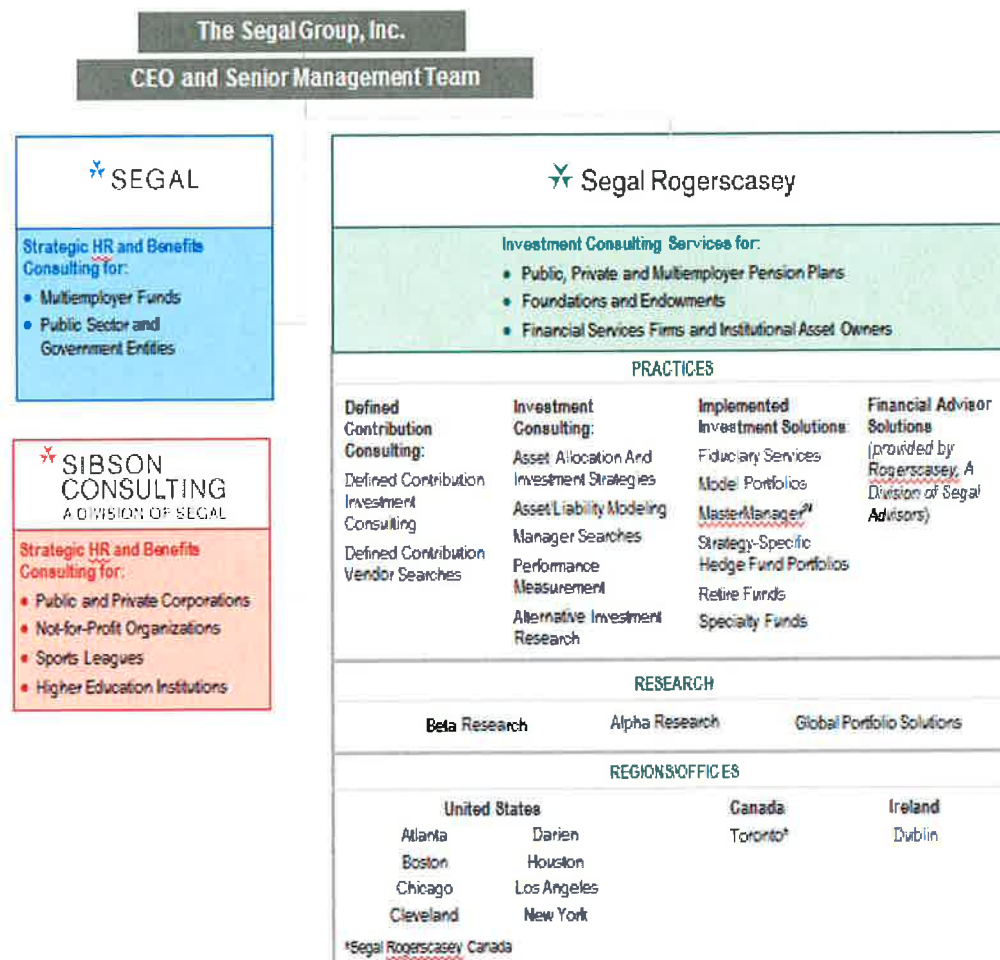
- Timeliness of our reports.
- Responsiveness of our personnel.
- Trust and integrity of the organization.

Additional Materials & Documents

In addition to the information requested in the RFP, please submit a copy of the following additional materials and documents:

1. An organization chart of the firm, parent and all subsidiary and affiliated companies.
2. Biographies of the firm's professional staff to be assigned to this account.
3. A list of the firm's current full service institutional clients, including the year they retained the firm, plan size and type.
4. The latest Annual Report or Statement of Financial Condition.
5. The most recently filed SEC Form ADV, Parts I and II.
6. A copy of the firm's policies and procedures related to Conflict of Interest.
7. A sample of the firm's Quarterly Performance Report, both in executive summary form and in full detail.
8. A sample of the firm's due diligence reports on investment managers.
9. A sample Investment Policy Statement the firm has developed for a pension plan client.
10. Three sample research reports on different investment topics.
11. A sample presentation on investment education provided to a pension plan client.
12. The firm's standard marketing brochure that describes the firm's products and services.
13. Any other information you feel would be necessary to gain a complete understanding of the firm and the services it provides.

1. Firm Organizational Chart



2. Biographies

Glenn Ezard, Senior Consultant, Los Angeles

Mr. Ezard is a Senior Consultant in Segal Rogercasey's Los Angeles office with 25 years of experience in investment management and consulting. Mr. Ezard works directly with clients on all aspects of investment policy and portfolio construction, including the development of asset allocation strategies, investment manager selection and investment performance review and analysis. In addition to client consulting, Mr. Ezard also works with the firm's Investment Solutions Group, with responsibility for review and recommendation of investment managers assigned to Segal Rogercasey's full fiduciary client relationships. Mr. Ezard serves on the Editorial Board for Segal Rogercasey, a group charged with providing thought leadership in the analysis of capital markets and investment portfolio solutions.

Mr. Ezard has direct portfolio management experience in both fixed income and equity securities. Prior to joining Segal Rogercasey, he served as Lead Portfolio Manager and Director of fixed income investments at Amalgamated Bank, where he was responsible for more than \$1 billion in fixed income portfolios. Mr. Ezard was also responsible for Amalgamated Bank's quantitative equity strategies. Prior to joining Amalgamated Bank, he served as Portfolio Manager and Analyst for corporate and municipal bonds at W.R. Berkley, a property & casualty insurance company. Mr. Ezard began his career in 1987 as a Municipal Securities Analyst with J.P. Morgan.

Mr. Ezard graduated with a BA *magna cum laude*, with Honors in Political Science, from Temple University. He also holds a Master's in Public Administration with a concentration in Public Finance from New York University's Wagner School for Public Service. While in graduate school, Mr. Ezard served as an Analyst for the New York State Financial Control Board, which had oversight authority for the New York City budget process.

Mr. Ezard is a frequent speaker at industry conferences, where he addresses a wide range of issues including asset allocation and asset liability strategies, portfolio management analysis, and the role of private market investments in institutional portfolios. He has also authored several articles. Topics have included a review of Federal Reserve monetary policy and its impact on fixed income investing, alternative views on equity market valuation, and the evolution of private market investment in infrastructure.

Mr. Lawrence H. Marino, CFA is a Senior Vice President in the Boston Office and has over 18 years of investment consulting experience for all types of employee benefit plans, including Taft-Hartley, corporate and public sectors. He serves as lead consultant to several major multiemployer and public plan sponsor clients. In his role as investment consultant, he provides expertise in the development of investment strategies, the selection of investment managers and the measurement and evaluation of investment performance.

Prior to joining Segal Rogercasey, Mr. Marino was an asset management consultant with a well-known brokerage firm. He was the comptroller for the City of Newton and a member of the Newton Retirement Board for 18 years, the last four of which he served as Chairman.

Mr. Marino graduated from Boston College and received his MBA from Boston University. He has taught finance and accounting courses at Suffolk University, Boston University and Boston College. Mr. Marino was awarded the designation of Chartered Financial Analyst in November 1996. He also served in the United States Army from 1967 to 1969, which included a tour of duty in Vietnam.

Mr. Vitto Chin, CIPM is a Senior Investment Analyst in Segal Rogercasey's New York office with over eight years of experience in investment consulting. His responsibilities include overseeing performance analytics for many of the firm's largest clients and providing technical guidance on performance measurement. Mr. Chin is also responsible for

new business development. Prior to joining SRC, Mr. Chin worked as a Regional Sales Manager for an automotive parts manufacturer. In 2002, he was engaged in a project performing quantitative analyses for the newly-formed Transportation Security Administration (TSA). Mr. Chin is a graduate of the State University of New York (SUNY), Empire State College, where he received a BS in Business, Management and Economics. In 2009, he received the CIPM credential (the investment industry's only designation dedicated solely to the specialized field of investment performance analysis and presentation) from the CFA Institute. Mr. Chin is currently a Level II candidate in the Chartered Financial Analyst (CFA) Program.

3. Client List

Corporate

AIG Investment Corporation
Amphenol Corporation
Arrow Electronics, Inc.
ASARCO
BMW Group
Bull HN Information System
Ceridian Corporation
Clark Construction
Congoleum Corp.
Consolidated Communications
Copperweld VEBA
DFS Group Ltd
DuPont Capital Management
FM Global
Global Crossing
GM
Hilliard Lyons
Honeywell
Jackson National Life Insurance
King Industries, Inc.
Lenovo
Lenox International, Inc.
LyondellBasell Industries
Manship Media Companies
Meggitt Whitaker
Muscular Dystrophy Association
National Basketball Association
National Hockey League
Northwest Airlines 1114 VEBA Trust
Pearson Inc. Savings and Investment
Progressive Casualty Insurance Co.
Public Health Solutions Retirement Plan
Raytheon Company
Rose Associates
RSC Equipment Rental
Rudin Management
Ryder System, Inc.
SCANA Corporation
Senior Service America, Inc. Staff Pension Plan
Sephora
Tempe Union High School District
Texas Instruments
The Washington Post Co.
Wegmans Food Markets, Inc.

Endowments, Foundations and Not-for-Profit

Amarillo Area Foundation / Don and Sybil Harrington Foundation
American Cancer Society Illinois Division, Inc.
American Cancer Society, Inc.
Association of Manufacturing Technology
Baylor College of Medicine
Baylor Oral Health Foundation
Beavers Charitable Trust

Bradley Home
Columbia College
Communities Foundation of Texas
Dalhousie University
Dallas Museum of Art
Episcopal Homes Foundation
Irving S. Gilmore Foundation
Jewish Healthcare Foundation
John W. Anderson Foundation
Lumpkin Family Foundation
Niagara University
Robert M. Hearin Support Foundation
Seminole Boosters Inc.
Society of Manufacturing Engineers
Sunnyside Foundation
Texas Presbyterian Foundation
Universal Health Care Foundation
Virginia Environmental Endowment
Wegman Foundation (Margaret)
Wyncote Foundation

Healthcare

Albert Einstein Healthcare Network
Berkshire Health Systems
Broward (Hospital District) Health Employees
Care Foundation Inc.
Elmhurst Memorial Hospital
Group Health Permanente
Huntington Hospital
Middlesex Health System
Mott Children's Health Center
Overlake Hospital Medical Center
Parkland Health & Hospital System
Providence Health & Services
Providence Willamette Falls Medical Center
Scottsdale Healthcare 403(b) Plan
Signature Healthcare 403(b) Plan, Brockton Hospital
Tallahassee Memorial Healthcare 401(a) & 403(b) Plans
Texas Health Resources

Other

American Bankers Association
Catalyst
Day, Pitney LLP
Wegman Estate (Robert)

Public

Berrien County (MI) Employees Amended Retirement Plan
Board of Education Employees Retirement Fund of Essex County
Bristol County Retirement Board
Cecil County Pension Plan for Public Safety Employees
City of Baltimore

City of Cambridge, MA Retirement Board
 City of Cape Coral (FL.) Municipal General Employees Retirement Plan
 City of Chicago
 City of Hollywood, Florida
 City of Memphis
 City of Ocala General Employees Retirement System
 City of Rockville, Maryland
 City of Springfield Police and Fire Fighter Pension Fund
 City of Tallahassee
 City of Virginia Beach Deferred Compensation Plan
 Clark County, Nevada 457 Plan
 County of Cooke, IL 457 Deferred Compensation Plan
 Essex County Retirement System
 Government of District Columbia
 Hampden County Retirement Board
 Hampton Roads Transit Employees Pension Fund
 Kansas Board of Regents
 Kansas City Public School Retirement System
 Kent County Retirement
 Kentucky Teachers Retirement System
 Lancaster County
 Las Vegas Metropolitan Police Dept Employees Health & Welfare Trust
 Loudon County Public Schools
 Louisiana Municipal Police Employees Retirement System
 Louisiana School Employees Retirement System
 Melrose Retirement Board
 Metropolitan Government Nashville & Davidson Counties Deferred Comp (MetroMax)
 Metropolitan Pier & Exposition Authority
 Metropolitan Washington Airports Authority
 Metropolitan Water Reclamation District of Greater Chicago
 Monmouth University
 Montgomery County Union Employees Deferred Compensation Plan
 Nassau County Deferred Compensation Plan
 Nassau Health Care Corporate Deferred Compensation Plan
 New Bedford, MA Retirement Board
 Northern Virginia Regional Park Authority
 Omaha Public Power District
 Parochial Employees' Retirement System of Louisiana
 Police Retirement System of St. Louis
 Roosevelt University
 Sacramento City Employees' Retirement System
 South Carolina Deferred Compensation Committee 401k & 457 Plans
 State of Maryland Deferred Compensation - ORP
 State of New Hampshire 457 Deferred Compensation Plan
 State of West Virginia 457
 Transit Employees of Tidewater Pension Fund
 Transit Management of SE Louisiana, Inc.
 Union Benefits Trust (Formerly OCSEA)
 University of Missouri
 VIA Metropolitan Transit
 WMATA Transit Police Retirement Plan

Actors Equity Association
 Aluminum Brick & Glass Workers IU 12
 American Bakers Association
 American Federation of Teachers
 American Radio Association
 Asbestos Workers' of Alberta
 BAC Local Union 15
 BAC1 Connecticut
 Bakery & Confectionery Union and Industry Canada
 Bakery & Sales Drivers 33 Industry
 Bakery Drivers 194
 Beer Industry 703
 Beverage & Brewery Driver 67
 Boilermakers National
 Bricklayers & Allied Craftworkers of Alberta and Saskatchewan
 Bricklayers 74
 Building Laborers 310
 Butler Works Hourly & Salaried Union Retirees
 California Service Employees
 Carpenters' of Saskatchewan
 Carpenters Regional Council of Kansas City
 Chicago Regional Council Carpenters
 Chicago Regional Council Carpenters Millmen
 Connecticut Carpenters
 Connecticut Laborers
 Connecticut Pipe Trades 777
 Day Care Council Local 205, DC 1707
 DC 37
 Doctors Council Annuity Fund
 Drywall Tapers
 Equity League
 Glaziers 558 Pension Fund
 Greater Kansas City Laborers
 Greater Texas IBEW-NECA
 Hawaii Tapers
 Hawaii Truckers-Teamsters Union
 I.A.M. Labour Management
 I.A.M. National
 IBEW 26
 IBEW 369
 IBEW 716
 IBEW 7th District
 IBEW 86
 IBEW Local 1249
 IBEW Local 139
 IBEW Local 325
 IBEW Local 479
 IBEW Local 540
 IBEW Local 861
 IBEW Local 90
 IBEW Local Union No. 241
 Inland
 Iron Workers 17
 Iron Workers 498
 Iron Workers 5
 Iron Workers Colorado
 Iron Workers District Council of Southern Ohio
 Iron Workers District Council of Western New York and Vicinity
 Iron Workers Local 12
 Iron Workers Local Union 549 and 550
 Iron Workers Mid-South

Multiemployer

4th District IBEW

Iron Workers of Tennessee Valley
Ironworkers' Local 721 (Rodmen)
IUOE 14-14B
IUOE 4
IUOE 478
IUOE Local 30
IUOE Local 57
IUPAT Local 177
Laborers' of Western Canada
Laborers National
Laborers' of Western Canada
League - ATPAM
Lima Plumbers & Pipefitters
LIUNA
Local 381
Local 531, IBEW & NECA
Local 758 - Division A
Local 840
Local 868 IBT
Local 917
Louisiana Regional Council of Carpenters
Machinists Money Purchase
Make-up & Hairstylists Local 798
Man-U Service Contract
Massachusetts Bricklayers & Masons
Middletown Works Hourly & Salaried Union Retirees
Mid-Jersey Trucking Industry & Teamsters Local 701
Mo-Kan Teamsters
Musicians' 802
National Elevator Industry
National Integrated Group
NECA-IBEW Memphis Electrical
New England Carpenters
New Orleans Electrical
Newspaper Guild
North Central States Regional Council of Carpenters
Nursing Homes and Related Industries
Office & Professional Employees Local 30 & 537 Fund
Ohio AFL-CIO Employees' Plan
Oklahoma Iron Workers Direct Contribution Plan
Oklahoma State Pipe Trades
Oregon & SW Washington Painters
Painters District Council No. 3
Painting Industry of Hawaii
Pipeline Industry
Plasterers & Cement Masons 40
Plumbers & Gasfitters 5
Plumbers & Pipefitters 112
Plumbers & Pipefitters 430
Plumbers & Pipefitters 5
Plumbers & Pipefitters Local No. 396
Plumbers & Pipefitters National
Plumbers & Steamfitters 10
Plumbers & Steamfitters 106
Plumbers & Steamfitters 118
Plumbers & Steamfitters 42
Plumbers & Steamfitters Local 131
Plumbers & Steamfitters Local 486 Severance & Annuity Funds
& 401(k) Plan
Plumbers 27
Rhode Island Laborers

Rhode Island Sheet Metal Local 17
Richmond Teamsters & Industry
Rochester Carpenters
Rochester Laborers
Roofers 96
Sheet Metal Workers Local 54
Sheet Metal Workers Local 71
Sheet Metal Workers Local No. 19
SSDC-League
Teamsters 52
Teamsters 553
Teamsters 617
Teamsters Joint Council 16
Teamsters Joint Council No. 83 of Virginia
Teamsters Local 816
Texas Iron Workers
Toledo Newspaper Unions-Blade Pension Trust
Treasurers & Ticket Sellers 751
Twin City Carpenters
UA 13
UA 190 Plumbers
UA General Fund
UAW Employees VEBA (UAW Master Trust Welfare)
UAW Local 259
UAW Master Trust
UAW Strike Fund
UFCW 23 & Employers
United Association of Journeymen & Apprentices of Plumbers &
Pipefitting Industry of the US
Wardrobe Local 764 I.A.T.S.E.
Worcester Plumbers & Pipefitters Local 4
WWEC 863

4. Statement of Financial Condition

SRC is privately-owned by its employees and, accordingly, its financial statements are not released to the public nor to any of the financial credit rating services and an annual report is not prepared. Our statements are audited annually by Grant Thornton, LLP who provides us with an unqualified report. If we are formally invited to present to the Board, we will provide a copy of our recent financial statements for review.

13. Additional Information

Fees

The proposed fees shall be guaranteed for the duration of the Contract which shall be a period of five (5) years from the effective date of the Contract. The services listed in Section I of the RFP under “Nature and Scope of Services” should form the basis for the proposed fees. The method of payment will be set forth in the Contract. Once the consultant is selected, the fee may be negotiated further depending on the variance from the other proposals. In no case will the negotiated fee be higher than the fee contained in this Proposal.

A. All-Inclusive, Flat Fees:

Year	Fees
Year 1	\$210,000
Year 2	\$217,500
Year 3	\$225,000
Year 4	\$232,500
Year 5	\$240,000
Total Fees (Year 1 to 5)	\$1,125,000

B. Additional Fees or Charges:

Please indicate the fees for any additional services such as, for example, asset/liability studies, custodian searches, alternative investments, etc., that would not be covered in the all-inclusive fees quoted above. The additional fees may be provided as either flat fees or hourly rates per consultant, as appropriate.

Type of Service	Fees
Asset/Liability Study	\$80,000

C. Additional Information:

Please provide any additional information that may assist us in more clearly understanding your fee proposal:

Segal Rogerscasey

September 7, 2012

Name of Firm

Date

A handwritten signature in black ink, appearing to read 'Segal Rogerscasey', written over a horizontal line.

Senior Consultant

Signature

Title