



**Response To Request for Proposal
For Investment Consulting Services**

San Antonio Fire & Police Pension Fund

September 30, 2011

RVKuhns

▶ ▶ ▶ & ASSOCIATES, INC.

111 SW Naito Parkway
Portland, Oregon 97204
503.221.4200 f: 503.802.6912
www.rvkuhns.com

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▶ ▶ ▶ & ASSOCIATES, INC.

September 26, 2011

Mr. Jesús R. Torres
Investment Analyst
Fire and Police Pension Fund, San Antonio
11603 W. Coker Loop; Suite 201
San Antonio, TX 78216

RE: Investment Consulting Services RFP

Dear Mr. Torres:

Thank you for giving our firm the opportunity to submit a proposal for investment consulting services to the San Antonio Fire and Police Pension Fund (FPPF). In consideration of the requested services, R.V. Kuhns & Associates, Inc. (RVK) has designed a service team composed of professionals who have direct experience with defined benefit public pension plans, each of whom look forward to becoming familiar with the specifics of your portfolio. We believe RVK's extensive public fund background in combination with our relationship with existing public funds; will provide the FPPF with unique insight and valuable recommendations in achieving your objectives.

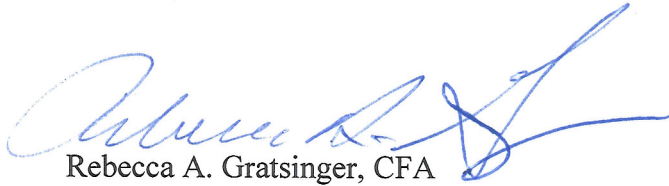
Our goal at RVK is to ensure that the investments of your Plan achieve above-median performance during the long-term and top quartile performance in a significant number of measurement periods. In so doing, we pride ourselves on our reputation of high ethical standards and no conflicts of interest.

In addition to our consulting experience with public funds, we also maintain a proprietary Public Fund Database. Using our database, we provide public funds with a comprehensive analysis of public pension funds, which we produce semi-annually for the periods ending June 30th and December 31st. The analysis provides an "apples to apples" comparison of asset allocation, performance, fees, and actuarial comparative data from over 75% of U.S. public pension funds with combined assets of over \$1.34 trillion. Many of our clients and their participants utilize this analysis as a gage to the best practices of public funds.

Please contact Andy Dow, Business Development Coordinator, via telephone at (503) 802-6121, facsimile at (503) 802-6921 or by her e-mail address, Andy.Dow@rvkuhns.com with any questions concerning our submission.

We thank you for your consideration of R.V. Kuhns & Associates, Inc. and look forward to the opportunity to make a personal presentation.

Sincerely,



Rebecca A. Gratsinger, CFA
CEO, Senior Consultant, Principal
R.V. Kuhns & Associates, Inc.
111 SW Naito Parkway
Portland, OR 97204
(503) 221-4200 p
(503) 802-6910 f
Becky.Gratsinger@rvkuhns.com

RAG/amd

REQUEST FOR PROPOSALS (RFP)

FOR

Investment Consultant Firm

**FIRE AND POLICE PENSION FUND,
SAN ANTONIO**

FIRE AND POLICE PENSION FUND, SAN ANTONIO
11603 W. COKER LOOP; SUITE 201
SAN ANTONIO, TX 78216
TELEPHONE: 210-534-3262
E-MAIL: INVESTMENT@SAFIREANDPOLICEPENSION.ORG

PROPOSAL SUBMISSION DEADLINE:

*******MUST BE RECEIVED NO LATER THAN 4:30 P.M., SEPTEMBER 30, 2011*******
CENTRAL STANDARD TIME

NAME AND ADDRESS OF COMPANY SUBMITTING PROPOSAL ("PROPOSER"):

R.V. Kuhns & Associates, Inc.

111 SW Naito Parkway

Portland, OR 97221

Contact Person: _____
Andrew Dow

Phone: (503) 221-4200 Fax: (503) 802-8921

E-Mail: _____
Andy.Dow@rvkuhns.com

Section III - Consultant Questionnaire

A Company Background

- 1. Provide a brief history of the firm including year of inception, ownership, affiliated and subsidiary companies and relationships, joint ventures, and any business partners.**

R.V. Kuhns & Associates, Inc. (RVK) was founded in 1985 and since inception has focused solely on providing investment advice to institutions including pension plans, defined contribution plans, endowments & foundations, insurance companies, and special purpose funds along with select high-net-worth individuals and families. RVK has grown steadily since its founding and is one of the ten largest consulting firms as determined by *Pension & Investments' 2010 Special Report – Consultants*. RVK is headquartered in Portland, Oregon and also has offices in Seattle, New York and Chicago. The consulting staff offers a broad array of services, covering every critical element of a general consulting mandate.

RVK is led by Becky Gratsinger as CEO and Jim Voytko as President and Director of Research. A five-member Board of Directors comprised of senior consultants oversees the firm's operating policy. RVK has steadfastly remained an independent firm, which is owned by a broadening base of dedicated professionals. Ownership in the firm will continue to remain in the hands of a broad set of senior professionals. All RVK owners are active in the business and expect to remain so for the foreseeable future. As a privately held company, we do not list each owner's percentage ownership, except to note that no single shareholder holds a majority of the stock.

In 2008 RVK added specialty real estate and infrastructure consulting with the retention of a dedicated team of professionals in that asset class. Our real estate consulting capability is offered both independently and in conjunction with general consulting. In addition, the firm has expanded its special projects capabilities in multiple areas, most notably in the areas of asset custody, defined contribution recordkeeping, and securities lending. We have continued to expand our professional staff, investment capabilities, and academic qualifications. We have added 29 investment professionals over the past 5 years. We currently have 15 CFA charterholders and 28 additional advanced degrees.

- 2. Describe all significant developments with your firm in the last three years, such as changes in ownership, restructuring, personnel reorganization, and philosophy. Disclose any known or contemplated future changes in your organization.**

At the end of 2008 our founder, Russell V. Kuhns, nominated Becky Gratsinger to be our new Chief Executive Officer and the Board unanimously approved her selection. During this same time period we also expanded our Board of Directors from three individuals to eight professionals. These changes were major milestones in a process that has been pursued since the mid 1990's, as RVK has expanded our equity partnership base and progressively deepened our management structure while at the same time growing our institutional consulting business at a record pace. After 25 years with the firm, Russ retired in 2010. Throughout this time and for the

foreseeable future, RVK has steadfastly remained an independent firm, owned and run by a steadily broadening base of dedicated professionals. Over our history we have incrementally moved from essentially a sole regional proprietor model in 1986 to a national firm with ownership spread among 15 partners. We do not anticipate any future significant changes in our organization.

- 3. Provide the address of your corporate office and a description of the firm, including number and location of offices, number of professional consultants, and scope of services offered. Also indicate which office(s) would service the Retirement System.**

Headquarters:

Portland

R.V. Kuhns & Associates, Inc.
111 SW Naito Parkway
Portland, OR 97204
503.221.4200

Regional Service Centers:

Seattle

R. V. Kuhns & Associates, Inc.
600 University Street
Suite 1725
Seattle, Washington 98101
206.623.2600

Chicago

R. V. Kuhns & Associates, Inc.
190 South LaSalle Street
Suite 560
Chicago, Illinois 60603
312.445.3100

New York City

R. V. Kuhns & Associates, Inc.
1 Penn Plaza
Suite 2128
New York, NY 10119
646.805.7075

RVK is headquartered in Portland, Oregon with offices located in New York, NY, Seattle, WA, and Chicago, IL. All offices provide investment consulting services. Our Chicago office is also responsible for providing real estate investment consulting services. The firm currently employs 23 consultants and 9 associate consultants. This mandate would be serviced by our Portland, OR office with assistance and resources from other offices as necessary.

- 4. Provide an organizational chart of your firm showing functions, positions, and titles of all key personnel involved in consulting services. Provide a brief description of the relationship between each component and the consultant(s) who would service the Retirement System.**

Please see **TAB 3** for a copy of the firm's organizational chart.

Consultants

Our consultants work directly with the clients, which are comprised of corporate and public defined benefit and defined contribution retirement systems, Taft-Hartley funds, endowments and foundations, non-pension operating funds, and selective high-net-worth individuals and families.

Consultants attend quarterly and annual performance meetings to report on investment performance, asset allocation reports, public fund reports, and manager searches; review and develop investment policies for clients; report on asset liability studies; and perform numerous special projects at the behest of clients.

Because RVK emphasizes a team approach to consulting, two or three senior consultants are assigned to accounts. This client service philosophy ensures that the client always has an RVK consultant available to service the account.

Associate Consultants (ACs)

Associate consultants are the direct point of contact for each consultant's clients for whom they are assigned and operate as a liaison between clients and consultants. ACs are responsible for completing projects on behalf of the client for the consultant to present. Additionally, ACs perform such assignments as asset allocation studies; wire transfers on behalf of clients; coordinate meetings between managers, clients, and the consultants; write correspondence on behalf of the client and consultant for investment actions to take place; review performance reports before they are sent to clients; work with Business Development to answer RFP questions; attend new business finals presentations when required; answer any questions the client has when the consultant is unavailable to the client. Frequently, ACs attend client meetings with the consultant and, sometimes, on behalf of the consultant. ACs coordinate meetings between the clients and consultants. They work with PST, notifying PST when quarterly meetings will take place in order for PST to place the appointment on the consultants' calendars.

Investment Associates (IAs)

Investment Associates work closely with the associated consultants and consultants on a day to day basis. IAs are responsible for completing projects on behalf of the client for the consultant or associate consultant to present. Additionally, IAs perform such assignments as asset allocation studies; educational and research presentations; wire transfers on behalf of clients; coordinate meetings between managers, clients, and the consultants; write correspondence on behalf of the client and consultant for investment actions to take place; review performance reports before they are sent to clients; work with Business Development to answer RFP questions; assist with answering any questions the client has when the consultant or associate consultant is unavailable to the client. IAs may also coordinate meetings between the clients and consultants.

Investment Manager Research

Our Investment Manager Research Department (IMR) continually screens databases for investment managers who meet our strict quantitative and qualitative criteria. Once investment managers are identified, the Investment Manager Research Department contacts them for in

depth interviews. RVK interviews managers via on-site visits, conference calls, and during presentations at our offices.

While IMR much of the preliminary work, the consultants ultimately drive the process. Our consultants give IMR continual feedback regarding the suitability of the managers presented to them based on their assessment of client needs. Periodically, our consultants review top candidates in an asset class of their choice. RVK then invites investment managers to a mock finalist presentation where the consultants carefully evaluate the managers' products and presentations. If an investment manager passes our thorough review, members of our consultant team will perform an on-site visit with the investment manager.

Periodically, we evaluate the performance of investment managers currently serving our clients. Additionally, these investment managers meet with our Investment Manager Research Department and consultants on a regular basis. In the event an issue arises that our consultant team believes may impair the investment manager's ability to add value for our clients, members of our consultant team meet with the portfolio managers to determine the appropriate course of action.

Performance Measurement & Analytics (PMA)

PMA prepares full performance measurement reports for our clients on a quarterly basis, showing performances of the client's various portfolios and specific manager performance and rankings. PMA is made up of 22 investment analysts, who produce all of our clients' performance measurement reports.

The reports that PMA produces are easily understandable, yet sufficiently detailed to give our clients a clear picture of their absolute and relative performance. Each report also contains a market environment summary, providing an analysis of that quarter's returns for the various indices. Our quarterly reports are generally available five to six weeks after a period ends. the month. Additionally, PMA can provide our clients with monthly flash reports. These monthly reports summarize the fund's performance experience during the month and recent periods, and compare results to relevant benchmarks and indices.

PMA utilizes two technology platforms for performance measurement and reporting: the PARis performance system, which is a securities-based platform, and MPI Stylus ("MPI"), a returns based analytical and reporting platform. Using these two systems, in conjunction with our subscription and proprietary databases, CST can customize performance reports that includes all appropriate benchmarks, peer groups, and quantitative return and risk analytics.

After an analyst produces an initial report, the analyst has the report reviewed by the AC to whom the account is assigned. Once the report has been reviewed and any changes required are made to it, the analyst works with Production and PST to ensure that the reports are received by the date requested by the client.

Business Development

Business Development (BD) is the point of contact for all new business generated by RVK through requests for proposals (RFPs). The Director of Business Development responds to organizations who solicit our business; initiates contact with organizations who are interested in

hiring a consultant through the RFP process; and coordinates the entire process of answering the RFP questions, producing the proposal, and ensuring that the potential client receives the materials as requested. Additionally, the Director ensures that information disseminated from RVK is up-to-date with the most current information including the organizational chart, principals' holdings, current asset sizes of RVK clients, biographies of RVK personnel, and that all externally published materials are accurate.

After receiving word that RVK has been selected to make a finals presentation to the potential client, the Business Development Coordinator works in coordination with the Director to send a meeting notice to the consultants, coordinate and prepare the finals presentation for the consultants and potential client, as well as coordinates any on-site visits by the potential client. Additionally the Coordinator ensures that the library of standard information about RVK is kept current.

Operations

The Operations Department develops and executes the operational plans and projects that ensure the company and management have the necessary information to make informed business decisions. The day-to-day functions of the department include conducting new employee orientations; administering the employee benefit program; researching answers to daily inquiries from employees about company policies, payroll, and benefits. Operations implements HR procedures and processes with the approval of the Management Committee.

Operations works with Accounting to conduct research for future planning of RVK by contributing to the budget process as part of the company's overall strategic planning. As part of the department's function, Operations oversees and participates in contract initiation with new clients and fee increase letters to existing clients.

Project Support Team (PST)

PST is responsible for arranging and coordinating all of the consultants' and ACs' travel arrangements to and from client meetings, which also involves making sure each consultant's calendar is up-to-date. In addition to arranging travel, PST is responsible for maintaining minutes of client master files and distributing them to the appropriate personnel who is assigned a particular responsibility by the client. PST types all correspondence for the consultants, ensures that clients receive their performance reports, and arranges manager meetings on behalf of the client and at the request of the consultant. PST is responsible for maintaining the Master Client List in Microsoft Outlook, which is used by all RVK members to find out information about our clients.

PST is comprised of four executive assistants and the front desk coordinator, who all report to the senior executive assistant and team leader for PST.

We strongly believe in a team approach to consulting rather than a lone consultant approach. This not only allows clients to benefit from the experience and ideas of more than one individual, but also ensures that you can easily contact members of your service team. Having a team consisting of senior consultants, associate consultants, and an assigned analyst familiar with your account ensures that a professional is always available to assist you. Additionally, consultants

direct specific projects for our clients through our Executive Leadership Team before presenting them to clients. These “peer reviews” allow our clients to experience the benefit of all of RVK’s senior consultants’ knowledge.

We believe it is important to assign clients a service team that specializes in that client's specific plan(s), as there are substantial differences between corporate plans, public plans, defined contribution plans, and so forth. When responding to a Request for Proposal, we design a service team composed of professionals having direct experience with your Plan’s type. For the Fund we have put together a Primary Consulting Team, comprised of 2 consultants, an associate consultant, an investment associate, and a designated analyst.

Consultants

Our consultants work directly with the clients, which are comprised of corporate and public defined benefit and defined contribution retirement systems, Taft-Hartley funds, endowments and foundations, non-pension operating funds, and selective high-net-worth individuals and families.

Consultants attend quarterly and annual performance meetings to report on investment performance, asset allocation reports, public fund reports, and manager searches; review and develop investment policies for clients; report on asset liability studies; and perform numerous special projects at the behest of clients.

Because RVK emphasizes a team approach to consulting, two or three senior consultants are assigned to accounts. This client service philosophy ensures that the client always has an RVK consultant available to service the account.

Associate Consultants (ACs)

Associate consultants are the direct point of contact for each consultant’s clients for whom they are assigned and operate as a liaison between clients and consultants. ACs are responsible for completing projects on behalf of the client for the consultant to present. Additionally, ACs perform such assignments as asset allocation studies; wire transfers on behalf of clients; coordinate meetings between managers, clients, and the consultants; write correspondence on behalf of the client and consultant for investment actions to take place; review performance reports before they are sent to clients; work with Business Development to answer RFP questions; attend new business finals presentations when required; answer any questions the client has when the consultant is unavailable to the client. Frequently, ACs attend client meetings with the consultant and, sometimes, on behalf of the consultant. ACs coordinate meetings between the clients and consultants. They work with PST, notifying PST when quarterly meetings will take place in order for PST to place the appointment on the consultants’ calendars.

- 5. Describe all of your firm’s lines of business and the approximate contribution of each to the total revenue. If your firm is an affiliate or subsidiary of an organization, state percent of the parent firm’s total revenue generated by your firm.**

RVK derives 100% of its revenue from providing investment consulting services to plan sponsor clients. That is our only line of business.

6. State what you believe distinguishes your consulting services from your competitors. Describe any services of your organization that may not be offered by other consultants.

RVK has many unique features that we believe distinguish our firm from other investment consultants. We provide our clients with the best resources to make quality and timely investment decisions. To achieve this, we have invested a considerable portion of revenue into developing innovative resources and products in various areas, including, to name just a few, but not limited to:

- Customized asset allocation studies
- Asset liability studies
- Manager structure and optimization
- Manager research
- Performance measurement
- Private equity research and performance measurement
- Custody research and compliance monitoring (Compliance-Trak)

The attributes of our firm, listed below, are what we believe distinguishes us from our competitors.

Team Approach to Consulting

If there is one defining attribute of our firm it is our team approach to consulting. There are multiple benefits of this approach. First, it allows our clients to benefit from the collective experience and skills of multiple individual. For example, when our senior consultants prepare major reviews and recommendations for clients, or work on special projects for clients, they will frequently ask colleagues for a "peer review" of the presentation. Second, it facilitates quick access to investment professionals should an urgent request arise. Finally, our team approach ensures service continuity over long time horizons, as team members may periodically change due to issues, such as internal promotions.

No Conflict of Interest

Maintaining an uncompromising "no conflict of interest" policy is becoming increasingly uncommon in the investment consulting world. Despite economic incentives to abandon this policy, we remain steadfastly committed to maintaining our unbiased perspective. In short, we view ourselves as non-voting, unseen trustees. We cannot fulfill this role in good conscience if we have any conflicts of interest. For example, we cannot be objective regarding making recommendations for manager and custodian selections if we have any type of relationship with those providers. Therefore, we do not solicit the sales or products of any money management firms, nor do we have any ownership or cross-ownership with any other financial firm.

We derive 100% of our revenue from cash fees generated from providing consulting services to our clients.

Ethics

As evidenced by our no conflicts of interest policy, RVK prides itself on its reputation of maintaining high ethical standards while working with clients, investment managers, and employees of the firm. As a privately held company, we are more sensitive to our reputation than to our bottom line.

Co-Fiduciary Commitment

We fully embrace co-fiduciary status in all the relationships we have with our clients. We believe our pro-active nature and willingness to forward recommendations differentiates RVK from our competition. Indeed, we consider the provision of advisory recommendations a vital part of our executing our co-fiduciary responsibility. It is one more way in which we add value to our client relationships. Our role as a co-fiduciary requires us to adhere to our contract mandate, our code of ethics and the standards of professional care in our practice. That role is conditioned only by the non-discretionary nature of our service where the client has the ultimate authority over investment decisions.

Awareness of Switching Costs

The cost of manager and security transitions can be expensive, so we spend time evaluating what is working well in a portfolio and what needs fixing. We renovate portfolios rather than tear them down so that we properly balance the value of improvement with the cost of change.

Organizational Stability

The individuals who will service your account are either principals or prospective principals of the firm. In compensating consultants, we strongly believe that ownership is one of the essential components for retaining talented senior professionals. In a service-oriented business, talented employees will usually move on to better opportunities. However, talented, committed owners will remain and grow the business. All of our consultants have strong motivation to remain with RVK due to its ownership structure.

Customized Performance Reporting Architecture

Over the years, our firm has invested more than 10% of its revenue in enhancing technology. Because of this, we have a state-of-the-art performance measurement system that allows us to customize performance reports and exhibits.

Education and Training

RVK considers client education an integral element in a productive consulting relationship. We strongly believe that one of our fundamental roles as a consultant is to provide education at all levels: Board members/Trustees, investment staff, and plan participants. One of our key goals in performance reporting and other activities is to ensure that our clients have the right tools to make the important decisions needed to oversee the asset base for which they are responsible. To this end, we assist many of our clients with customized educational seminars and training sessions.

Customized Research and Operational Consulting

San Antonio Fire and Police Pension Fund
Response to Request for Proposal

One of RVK's most unique capabilities is our skill in addressing client problems or issues that do not fall squarely into the most common functions executed by investment consulting firms. The range of projects our firm has completed range well beyond these to compensation reviews for public funds, the potential use of hybrid investment vehicles, unique strategies for vendor competitions, strategic planning reviews, and audit support analyses.

B Clients

- 1. For all general, full-service consulting clients with which your firm has a current contractual relationship, provide the following by category:**

Size	Public Funds	All Other Funds
Less \$100 M	2	90
\$100 M - \$500 M	2	55
\$500 M - \$1 B	2	14
\$1 B - \$10 B	4	14
Greater than \$10 B	12	1

The numbers above represent number of clients (on a full retainer basis) not number of plans as many of our clients have more than one plan that we consult to.

- 2. Provide a list of 3 current public fund general or full-service consulting clients with assets greater than \$500 million for whom work similar to that requested in this RFP has been performed by your firm. Include name, contact person, telephone number, asset value, number of years they have been a client of the firm, and the services provided. The Fund may contact any of these clients as references. If you require advance notice of the Fund's intent to make inquiries, please so indicate.**

C. Bruce Dunn, CFA
Chief Investment Officer
Ohio Bureau of Workers' Compensation
Investment Division
30 W. Spring Street, L-27
Columbus, OH 43215
(614) 466-0088
\$20B+ Assets under Advisement
Full retainer investment consulting services.
Guy Cooper has been consulting to them for 5 years.

Tom Lopez
Chief Investment Officer - Investment
Division
Los Angeles Fire and Police Pension System

Ms. Ruth Ryerson
Executive Director/Chief Investment Officer
Fort Worth Employees' Retirement Fund
3801 Hulen Street, Suite 101
Fort Worth, TX 76107
(817) 632-8900
\$1.7 B+ Assets under Advisement
Full retainer investment consulting services
since 2009

360 E. Second Street
Suite 400
Los Angeles, CA 90012
(213) 978-4464
\$14B+ in Assets under Advisement
Full retainer investment consulting services
since 2010

As a professional courtesy to RVK and our client references, please notify us prior to contacting our references.

- 3. State the number of accounts, and value of assets represented in those accounts, lost during the last three years. List this for each one year period ending 2008, 2009, and 2010.**

Please see **TAB 4** for a list of clients terminated in the past three years. RVK does not track the assets values of previous clients thus we cannot give the value of assets of our terminated clients.

C Standards of Conduct

- 1. Has your firm adopted the Code of Ethics and The Standards of Professional Conduct of the CFA Institute? If so, how is employee compliance monitored?**

Yes. RVK has an uncompromisingly strict Code of Conduct and Ethics Policy that reduces the potential for conflicts of interest. Please see **TAB 5** for a copy of RVK's Code of Conduct and Ethics Policy.

To identify and manage conflicts of interest, our Executive Committee monitors our policy and reviews any lunch, dinner, or personal information brought to their attention by managers in the firm. Questions concerning any deviation from our policy are either brought to a manager's attention, or brought to the attention of our management team. Additionally, we monitor employee expense reports, review travel arrangements, and track weekly reimbursement forms to determine if expenses are out of the norm.

We also take all necessary and careful steps to be fully compliant with all governmental requirements in our field. We take extra care while reviewing compliance issues with our attorneys and appropriate government agencies to maintain a no conflicts of interest standard. Our Operations Department, supported by many areas of the company, makes all required annual filings. For example, the LM-10 filing requirement asked our firm to report all expenditures over \$25 to our Taft-Hartley clients. This filing required a high level of review for all expenses above \$25. Our ability to track this type of information is one example of the many areas where our Code of Conduct and Ethics Policy sets us apart in maintaining the highest level of ethics.

We believe that ethical leadership begins at the highest level of an organization and sends a strong message regarding the importance of ethical behavior to employees throughout the firm.

RVK places the highest value on our “no conflict of interest” policy, and the CFA Standards reinforce our own policy and position on ethical issues.

Consultants at RVK place client interests before their own interests. We do not accept gifts during the course of any business relationship that could reasonably be expected to affect our loyalty to our clients. Our consultants preserve the confidentiality of information communicated by clients within the scope of the manager-client relationship. We also adhere to a strict policy by which consultants must refuse to participate in any business relationship or accept any gift that could reasonably be expected to affect their independence, objectivity, or loyalty to clients.

Our firm monitors compliance by our employees in the following ways.

- We have developed a “no-conflicts” policy and a firm Code of Ethics ensuring that managers comply with the provision of the CFA Code and all applicable legal and regulatory requirements.
- Any issues that arise that might conflict with our “no conflicts of interest policy” are immediately elevated to our firm’s Executive Committee. The same is true for any complaints regarding the conduct of a manager or its personnel. To date, we have never received a complaint regarding RVK’s ethics.
- We ensure that portfolio information provided to clients by the managers is accurate and complete, and that we communicate with clients on an ongoing, timely basis.
- We maintain records to the standards of Federal regulations for our clients.
- We employ qualified staff and sufficient human and technological resources to thoroughly investigate, analyze, implement, and monitor investment decisions and actions.
- We have established a business continuity plan to address disaster recovery or periodic disruptions of the financial markets.

RVK has built its business on the principles of integrity, client service, and our “no conflicts of interest” policy. We have a reputation of high ethical standards in working with clients, investment managers, and employees of the firm. As a privately held company, with no affiliates or parent company, we are more sensitive to our reputation than to the bottom line of the company. We pride ourselves in our impeccable client service standards and our adherence to the highest level of ethical standards.

2. Describe your expertise in assisting clients in developing their own risk management procedures. Please include names of clients and briefly describe the projects for which you have provided these services.

Risk management procedures are generally deployed at two distinctly different levels—(1) at the fund investment policy and fund management levels, (2) at the more granular operational levels. In our view, the first level lies fully within the scope of work of a competent general investment consultant. At RVK we have included in our broad slate of services everything necessary to successfully execute the general consulting mandate including services, analyses and metrics associated with risk management.

At the policy level, RVK's risk control strategies begin with a "top down" approach focusing on risk preference setting for the entire portfolio in the context of its investment purpose. Using various tools such as asset allocation optimization, Monte Carlo analyses, and risk budgeting via mean benchmark optimization (MBO), we review the risk associated with various portfolio structures and assist clients in matching risk to investment objectives taking in consideration the risk preferences of the fiduciaries. For clients with specific liability streams, we also conduct upon request asset/liability studies which examine a variety of risks including funding risk, liquidity risk and contribution risk.

Market events have provided additional context and forced a reassessment of existing risk management frameworks. As a firm, we believe that there are multiple types of risk. Each type of risk requires different methods for assessment; different metrics for measurement; and, different approaches for mitigation. Addressing only one type of risk, no matter how successfully done, can leave the fund at the mercy of other types of risk. RVK is familiar with the various types of risk and in most cases has embedded in our team consulting services and deliverables continuous assessment and monitoring of many of them. Others tend to lend themselves to more periodic risk assessments.

Among the many types of risk that should be monitored and mitigated in total fund management are:

- **Liability risk:** How well are the assets invested in light of the fund's expected liabilities?
- **Total fund volatility:** How volatile is the return stream of the fund likely to be given its investment strategy?
- **Benchmark risk:** How likely are the fund's returns and asset values likely to diverge from established benchmarks?
- **Liquidity risk:** How liquid is the fund's asset allocation and deployment to specific investments in both normal and extreme market environments?
- **Equity beta:** How closely correlated is the return stream of the total fund to the equity market, a substantial source of volatility?
- **Operational risk:** How tightly executed and monitored are all the operational details of the fund's management, particularly cash flows and performance reporting?
- **Fiduciary risk:** How solid is the ethical and fiduciary framework embedded in the Investment Policy and is it periodically monitored?
- **Leverage risk:** How much of the fund's returns are due to the use of leverage in underlying investments?
- **Inflation and/or Interest rate risk:** How sensitive might the fund's returns be to substantial, sustained changes in inflation/interest rates. By running sensitivity analyses, RVK can simulate the effect of parallel interest rate changes and provide an understanding of the range of potential outcomes to a portfolio based on interest rate movements.
- **Tail risk:** How would the fund's returns be affected by "left tail events"?
- At the asset class level, many, indeed most, of these same risks apply but also some additional ones such as duration risk, credit risk, term risk, sector risk, etc.

While our standard reporting package does not include formal risk-budgeting metrics, RVK evaluates risk on both a portfolio and composite level using a variety of methodologies, and we are capable of producing a more formal report of portfolio risk based upon specific client demands. We leverage our consultative relationship with clients to determine the optimal delivery of information in an understandable and actionable format. We would be happy to explore the manner in which we could communicate this data.

At the manager level, we help clients develop appropriate manager guidelines that may include limitations on individual position sizes for equity securities or limit exposure to individual issuers of debt securities so that the appropriate level of diversification among securities is maintained.

Our firm believes that risk budgeting tools are developing rapidly but tend to lag client specific needs. We attack this deficiency in the risk tool kit by addressing the issue of risk control and budgeting in the portfolio at multiple levels. At the macro level, we use both traditional mean variance analysis followed by Monte Carlo stochastic forecasts to assess portfolio risk versus investment objectives and sponsor risk preference. At a more granular level, we have developed a Mean Benchmark Optimization process that allows us to allocate in an optimal fashion active risk within a traditional asset classes. At a micro level, we consistently monitor manager performance to ensure that appropriate levels of benchmark risk are maintained.

Moving to the second level -- operational risk --RVK also has experience in a “bottom up” risk control review that encompasses custodian use and performance standards, securities lending risk controls, derivatives exposure and compliance reporting, audit trails, manager contract reviews, and manager monitoring to reduce risks in every way possible. We have been called upon by major clients to do risk analyses, stress testing and/or compliance review for specific areas or funds, including cash management (STIF vehicles), securities lending collateral pools, derivatives usage, etc. However, there is level of risk procedures that are typically referred to as desk level protocols (or similar terms) that are more the purview of auditors and consultants offering audit level risk management procedures. These typically involve signoff procedures, internal auditing obligations, cash handling requirements and so on. RVK does not offer specific consulting services of these types.

Taken as a whole, risk assessment, measurement, and mitigation is an integrated part of our consulting practice and the services we provide to clients.

3. Is your firm, its parent, or any affiliate a registered investment adviser with the SEC under the Investment Advisers Act of 1940? If not, state your fiduciary classification.

RVK is registered as an investment advisor under the Investment Advisor Act of 1940 and functions as a fiduciary. RVK’s SEC File Number is 801-27679.

4. Within the last five years, has your organization or an officer or principal been involved in litigations, SEC investigations, or other legal proceedings relating to your investment consulting assignments? If so, please provide an explanation and indicate the current status or disposition.

No.

- 5. Has your firm ever been censured by any regulatory body? If so, please describe the situation.**

No.

D Conflicts of Interest

- 1. Explain in detail any potential for conflict of interest that may be created by your firm's providing services to the Fund.**

RVK does not have any conflicts of interest in servicing the Fund.

- 2. Does your firm or an affiliate manage money for clients? Include also whether your firm or its parent or an affiliate is a broker/dealer. Do you trade for your client accounts through your own broker/dealer? Does your firm accept soft dollars as a method of payment for services provided? Do you use soft dollars to make payment for services received? What percentage of your clients has soft dollar arrangements with your firm?**

No.

- 3. Describe how conflicts of interest among your consulting functions are prevented if your firm also provides portfolio management or brokerage services, or if your firm also provides consulting services to investment management companies.**

N/A. RVK does not provide portfolio management or brokerage services and does not provide services to investment management companies.

- 4. Describe in detail all circumstances under which your firm or any individual in your firm receives compensation, finder's fees or any other benefit from investment managers or third parties, and list all investment management firms or third parties from which your firm has received any compensation within the last five years.**

Neither RVK or any of its employees receives any compensation whatsoever from investment managers or third parties.

E Staff and Consultants in the Firm
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- 1. How many investment consultants does your firm have?**

The firm currently employs 23 consultants and 9 associate consultants.

2. Discuss the ways you manage growth, including any limits to the client/consultant ratio.

Our primary business objective is to provide high-quality, independent investment consulting services to our clients. Over the next five years we plan to continue to execute this plan. Critical to our mission is our strict adherence to our no conflicts of interest policy. We believe the extent of our commitment is uncommon in the investment industry, and believe our clients see it as an important aspect of our relationship.

In terms of growth, we plan to continue to grow the business at a rate that is consistent with our past growth rate of approximately 10% per year. We have found that this controlled approach allows the firm to grow in a manner that does not jeopardize service quality. In addition, moderate growth allows the company to attract and retain top talent and enables RVK to continuously enhance the tools, talent, and resources applied to each individual client's needs and circumstances.

In terms of consultant capacity, there is no hard limit on the number of clients we will accept over time. It is more a function of the complexity and workload associated with each client, coupled with our internal monitoring of available consultant capacity.

Consultant workload is monitored very closely. As our only revenue-producing product is the investment consulting services we provide, it is imperative that our service be of the highest caliber possible. We believe that monitoring workload is critical to our success.

3. Describe your company philosophy for recruiting, hiring, and retaining senior personnel.

Our recruiting is highly selective and somewhat unusual. We do not use executive recruiters but conduct all candidate searches and evaluations personally. Because of our highly collegial corporate culture and emphasis on team consulting to our clients, candidates for positions in our firm are almost always interviewed by anywhere from 5 to 20 members of our firm. Also, we rarely hire from competitors and almost all senior professionals joining our firm approach us first based on our reputation.

The compensation package for professional staff (both client consultants and research analysts) is a combination of base salary, year-end bonus contingent on individual performance and firm profitability, and an ongoing equity ownership program for key consulting and support staff. We also believe in promoting from within wherever possible and invest significantly in training programs for talented junior personnel.

We strongly believe that equity ownership is a critical element for long-term retention. This is a key element in the success of our firm, as continuity in client knowledge and internal intellectual resources is critical to successful and effective client service. It is our intent to continue to diversify the equity of the firm to include more key professionals including, over time, the next generation of investment talent as it is developing. Currently, 15 of our employees are equity owners in the firm, a relatively high percentage for a firm of our size.

Performance bonuses (particularly those awarded for superior client service), equity awards, dividends, and a strong record of professional talent development all contribute to low staff turnover. But perhaps the greatest driver of retention is the firm's reputation as a great place to work. In independent surveys conducted in both our headquarters' marketplace in Portland and statewide, RVK has been named one of the best places to work.

4. Describe how consultants and analysts in your firm are compensated.

Please see our prior answer for details on our compensation arrangements for all professionals.

5. List the turnover of consulting and research personnel in the last three years. State the reason of departure for each.

Senior Staff Hires

Name	Title	Years with Firm
Johnny Fang	Chief Administrative Officer	2008 - present
Anthony Johnson	Senior Consultant, Principal	2008 – present
Dainius “Dan” Krivinskas, JD	Director of Real Estate Consulting, Consultant, Principal	2008 – present
Karl Cheng, CFA, FRM	Manager Research Consultant	2008 - present
Amy Hsiang	Manager Research Consultant	2010 – present
Joe Ledgerwood, CFA	Manager Research Consultant	2010 - present
Michael Ford, CFA	Senior Consultant	2010 - present
Inma Conde Goldman, CFA	Manager Research Consultant	2010 - present
David Dougherty	Consulting Actuary	2010 - present
Jon Jurevic	Consulting Insurance Advisor	2010 - present
Guy Cooper	Senior Consultant	2011 - present
Scott Krouse	Consultant	2011 - present

Senior Staff Departures

Person	Title	Dates with RVK	Reason for Departure
Karl Cheng, CFA, FRM	Manager Research Consultant	2008 - 2011	Left the investment consulting business to pursue other

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			interests
Peter Madsen	Consultant, Principal	2005-2011	Left the investment consulting business to pursue other interests
Eric Tanaka, CFA, CPA	Senior Consultant, Principal	2006 - 2010	Left the investment consulting business to pursue other interests
Russell V. Kuhns	Senior Consultant	1985 - 2010	Retired
Jim Bethea, CFA	Manager Research Consultant	2007 - 2010	Left the investment consulting business to pursue other interests
Jennifer Losquadro	Consultant	1998 – 2010	Left for family reasons
Michael Paolucci	Consultant, Principal	2008 – 2010	Another investment consulting opportunity

F Consulting Team

- 1. Provide name, title, home office location, and biography of the key individual(s) who would be directly responsible for providing consulting services to the Fund, including what year the individual joined your firm, current responsibilities, areas of expertise, experience, education, professional designations, and memberships. Detail their roles and the scope of their involvement for this assignment.**

Guy M. Cooper – Senior Consultant

Guy is a Senior Consultant with R.V. Kuhns & Associates, Inc. He is based in Dallas, Texas and is supported by our Portland office. Prior to joining RVK in 2011, Guy was a lead consultant and relationship manager with Mercer Consulting, where he had responsibility for several accounts. His previous investment consulting experience also includes working with Ennis Knupp & Associates out of Chicago as a lead consultant and relationship manager for several of the firm's principal accounts. Guy has served as the Chief Investment Officer for five companies with oversight of billion dollars in investment portfolios and responsibilities as Chair of the Investment Strategy, Investment, Asset Allocation, Trust, and Credit Committees respectively.

Guy holds an A.B. (Honors) from Yale College and a Master of Business Administration from the Stanford Graduate School of Business at Stanford University.

Michael Ford, CFA – Senior Consultant

Michael is a Senior Consultant with R.V. Kuhns & Associates, Inc. He is based in Los Angeles and is supported by our Portland office. Michael joined RVK in 2010. His career in capital markets and investment consulting spans more than 20 years and he has worked with most institutional client plan types including corporate and public defined contribution and defined benefit, endowment/foundation, health care, Taft-Hartley, and insurance. He has extensive experience in a broad range of consulting disciplines including investment policy, asset allocation, performance evaluation and attribution, investment manager searches, and asset liability studies. In his work with larger defined contribution clients, he has provided innovative solutions in plan structure design. Prior to joining RVK, Michael held senior consultant roles at both Watson Wyatt Investment Consulting and Mercer Investment Consulting. Michael's capital market experience is grounded in his prior roles as a portfolio manager for Trusco Capital Management and as securities analyst for Liberty Capital Advisors.

Michael holds a Bachelor of Business Administration from Mississippi State University and an MBA from Millsaps College. He holds the Chartered Financial Analyst designation and is a member of the CFA Institute and a member of the Los Angeles Society of Financial Analysts.

Mark J. Higgins, CFA – Associate Consultant

Mark joined R.V. Kuhns & Associates, Inc. in 2009 as an Associate Consultant and is located in our Portland office. Prior to joining RVK, he served as a Consultant for Portfolio Logic, a private equity firm located in Washington, DC. Mark also co-founded Career Next Step and served as the company's CEO. Prior to attending business school Mark served in management positions at Symantec Corporation and the Advisory Board Company, where he led a variety of strategic and quantitative research studies.

Mark graduated Magna Cum Laude and Phi Beta Kappa from Georgetown University with a Bachelor of Arts degree in English and Psychology. He also has a Master of Business Administration from the Darden School of Business at the University of Virginia. Mark holds the Chartered Financial Analyst designation. He is a member of both the CFA Institute and the CFA Society of Portland.

Spencer Hunter – Investment Associate

Spencer joined R.V. Kuhns & Associates as an intern and was hired as an Investment Analyst in 2008 and quickly earned the promotion to Senior Investment Analyst and Team leader. Due to his dedication, achievement, and ability, Spencer was again promoted in 2011 to the position of Investment Associate. He graduated Cum Laude from Linfield College with a degree in Finance. Spencer primarily works with large public funds as well as endowments and foundations at RVK. In addition, he has worked on a variety of projects, including monthly market reviews, capital market assumptions, custom performance and asset allocation related deliverables, asset class structure studies, asset allocation studies, fee analyses, and client education presentations.

Consultants

Our consultants work directly with the clients, which are comprised of corporate and public defined benefit and defined contribution retirement systems, Taft-Hartley funds, endowments and foundations, non-pension operating funds, and selective high-net-worth individuals and families.

Consultants attend quarterly and annual performance meetings to report on investment performance, asset allocation reports, public fund reports, and manager searches; review and develop investment policies for clients; report on asset liability studies; and perform numerous special projects at the behest of clients.

Because RVK emphasizes a team approach to consulting, two or three senior consultants are assigned to accounts. This client service philosophy ensures that the client always has an RVK consultant available to service the account.

Associate Consultants (ACs)

Associate consultants are the direct point of contact for each consultant's clients for whom they are assigned and operate as a liaison between clients and consultants. ACs are responsible for completing projects on behalf of the client for the consultant to present. Additionally, ACs perform such assignments as asset allocation studies; wire transfers on behalf of clients; coordinate meetings between managers, clients, and the consultants; write correspondence on behalf of the client and consultant for investment actions to take place; review performance reports before they are sent to clients; work with Business Development to answer RFP questions; attend new business finals presentations when required; answer any questions the client has when the consultant is unavailable to the client. Frequently, ACs attend client meetings with the consultant and, sometimes, on behalf of the consultant. ACs coordinate meetings between the clients and consultants. They work with PST, notifying PST when quarterly meetings will take place in order for PST to place the appointment on the consultants' calendars.

Investment Associates (IAs)

Investment Associates work closely with the associated consultants and consultants on a day to day basis. IAs are responsible for completing projects on behalf of the client for the consultant or associate consultant to present. Additionally, IAs perform such assignments as asset allocation studies; educational and research presentations; wire transfers on behalf of clients; coordinate meetings between managers, clients, and the consultants; write correspondence on behalf of the client and consultant for investment actions to take place; review performance reports before they are sent to clients; work with Business Development to answer RFP questions; assist with answering any questions the client has when the consultant or associate consultant is unavailable to the client. IAs may also coordinate meetings between the clients and consultants.

2. State whether the individuals assigned to the work have any responsibilities other than providing consulting services, and if so, specify such responsibilities.

The individuals named above only provide investment consulting services.

3. What are the procedures for addressing this account when the lead consultant or other assigned personnel are unavailable?

As mentioned before, RVK prefers to use a team consulting model. This ensures that there are multiple individuals who are familiar with your plan(s) which guarantees that there will always be a professional familiar with your plan available when needed.

4. Describe your firm's backup procedures in the event that key personnel in this assignment should leave the firm.

In the event any of the personnel specifically named as the client service team are no longer available to perform the services required by the client, RVK shall give the members of the Client prompt notice of such change, and our firm would provide the names of replacement personnel assigned by RVK. The replacement consultant(s) shall meet with the Plan at the earliest mutually convenient date thereafter. The members of the Plan can evaluate the performance of the replacement personnel, and if the client notifies RVK in writing that the performance of the replacement personnel is unsatisfactory to the Plan, then RVK shall designate new replacement personnel as soon as possible. Because of our team approach we are able to ensure that there is always backup in the event of key personnel leaving the firm.

G Research

1. Describe your firm's philosophy and resources, including history of experience in the following areas:

- **Performance Evaluation and Reporting;**

Please see full details on our experience, philosophy and resources in **Section L** later on in our response.

- **Asset Allocation;**

Please see full details on our experience, philosophy and resources in **Section H** later on in our response.

- **Investment Policy;**

Please see full details on our experience, philosophy and resources in **Section I** later on in our response.

- **Manager Search (by asset class);**

Please see full details on our experience, philosophy and resources in **Sections J & K** later on in our response.

- **Research.**

Please see full details on our experience, philosophy and resources in following two questions.

2. Describe the internal structure and organization of your research department. If no separate department exists, describe how this function is performed.

Our research and development efforts are extremely client-centric. Rather than reward our staff for researching and writing analyses for publication in journals and magazines, we focus our research solely on analyses directed at our clients' needs. In our judgment, a firm that spends most of its research effort in external reputation building is investing valuable resources to attract new business at the expense of existing clients. Thus, when we asked for a list of research projects, we point to such things as regular active/passive studies and background papers on risk, return, and correlation parameters—all essential to advising clients on optimal portfolio structure. We also point to our large and growing “shelf” of issue specific presentations we are frequently asked to deliver to trustees and their staff. Finally, we stress our willingness to focus our research capability on unique and/or difficult to resolve client issues, such as the deployment of derivatives in their portfolios, the development of after-tax asset allocation assumptions for finite life funds, or proposals to adopt annuity-based investment strategies.

The following list includes examples of educational presentations we have produced for our clients:

<ul style="list-style-type: none">• The Prudent Investor Rule and Its Implications• Alternative Assets• Asset Allocation Concepts• What Every Client Should Know About Capital Markets Assumptions• Asset Class Characteristics• Manager Style Definitions and Review• Manager Structure• Elements of Investment Risk (i.e., liquidity risk, purchasing power risk, credit quality risk, asset allocation risk, etc.)• The Role of and Rationale for International Equity• Portfolio Theory• Understanding Performance Measurement• Basics of Portable Alpha• Basics of Risk Budgeting—Active Risk	<ul style="list-style-type: none">• The Pro's and Con's of Fund of Funds Products and Direct Partnership Investments• A Primer on Portfolio Rebalancing• Basics of Gifting Management Programs for Foundations and Endowments• Evaluating and Managing Third Party Administrators in DC Plans• Risk Preference Based vs. Time to Retirement Based DC Investment Programs• Risk Based Capital Rules and Asset Allocation Consequences• Critical Factors in Best Practices Cash Management• Annuitizing DC Lump Sums at Retirement: Products Pro's and Con's• Evaluating and Managing Securities Lending Programs• The Purpose and Interpretation of Asset
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<p>Budgets and VAR (Value at Risk)</p> <ul style="list-style-type: none">• A Primer on Selected Investment Manager Performance Measures	<p>Liability Studies</p> <ul style="list-style-type: none">• Do ETFs Have a Role in DC Investment Menus?• Total Fund Return Attribution (The RVK Active/Passive Annual Study)
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3. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research?

Many different external resources are use in the research process. General investment research is conducted using a variety of sources including periodicals (Wall Street Journal, Plan Sponsor, Pensions and Investments, etc.) and web-based research databases (Lexis-Nexis, Bloomberg, etc.). Asset class specific research is conducted through industry journals, attending conferences, and visiting with investment managers. Investment manager research is conducted utilizing several external databases (eVestment Alliance & Morningstar), visits with managers, and industry journals. The external databases are combined and we are able to attach internal firm and product research to the data already collected by these databases. We feel this allows our firm to spend more time researching and less time gathering data.

4. Describe the type, subject matter, and frequency of research provided to clients, and provide an example.

Since our research is extremely “client-centric” we do not have set subject matter or schedules for specific research distributions. RVK’s research efforts are “on call” to our clients.

5. Describe your ability to provide customized computer-based analytical tools to your clients. Please describe features.

RVK utilizes two technology platforms for performance measurement and reporting: the PARis performance system, which is a securities-based platform, and MPI Stylus (“MPI”), a returns based analytical and reporting platform. Using these two systems, in conjunction with our subscription and proprietary databases, we have customized a powerful reporting package that includes all appropriate benchmarks, peer groups, and quantitative return and risk analytics. The package is capable of illustrating numerous total return and risk metrics on each investment option and relative to appropriate benchmarks and peer groups. Each plan’s structure helps drive the reporting platform used. However, we have used both platforms to meet various client needs.

The Compliance-Trak system provides accurate, real-time monitoring and reporting of custodial banks’ accuracy, service level, and responsiveness to the client. During the course of custodial searches over the years, RVK has gained invaluable perspective on both the traditional and emerging services provided by custodial banks. Frequently, we have found that beyond an initial evaluation of the custodial bank’s capabilities, actual performance (both timeliness and accuracy) of such activities is lacking after conducting an ongoing evaluation of the custodial bank and its service team. We have worked with clients to develop monitoring criteria and a service-delivery

tracking tool, providing clients with an objective assessment to be made of actual custodial performance.

RVK has performed significant public fund research during the last 15 years and has a wealth of data from which we can draw targeted insights to meet the needs of public fund plan sponsors from a performance, allocation, structure, and most recently, compensation perspective.

This public fund research effort began at the behest of one of our earliest public fund clients who requested that our firm create a more appropriate benchmark universe for their fund (e.g., Public Plan Sponsors with assets in excess of \$20 billion). This willingness to undertake special projects and engagements in support of our clients' unique needs provided the genesis of our semi-annual Public Fund Report and created a new service orientation for the firm.

6. List any relevant research papers written by your firm.

Please see **TAB 6** for recent sample research RVK has performed for clients and see our list above in our answer to Question 2 for a list of research and education.

H Asset Allocation

1. Discuss the theory, methodology, and process your firm uses in determining the investment strategy and asset allocation. Please include information about the asset allocation models your firm employs and a brief explanation of how you develop asset class assumptions.

Multiple studies show that asset allocation is by far the most critical driver of portfolio risk and return. As such, we believe that setting a long-term, strategic asset allocation is a critical component to the investment policy. Since each plan has different objectives and goals, we believe no one optimal portfolio will suit all clients and plan types. The plan's portfolio guidelines and overall structure should reflect consideration of each investor's risk/return objectives and constraints, such as time horizon, liquidity, and legal/regulatory requirements.

Asset allocation studies are the foundation of the asset allocation process. At scheduled intervals or on demand, RVK provides clients with an asset allocation studies. Studies are based on mean variance optimization (MVO), which produces a set of optimal portfolios that provide the highest level of expected return for a given level of risk. A sample study is attached to this document for your reference.

To fully appreciate the rigor of these studies, there are several elements that are worthy of discussion:

- **Capital Markets Assumptions**—The critical inputs of an asset allocation study are the expected risk, return, and correlations of different asset classes. Each year, RVK completes an extensive asset allocation assumptions setting process that requires participation from virtually all members of the firm. Teams are assigned to review the historical performance, current dynamics, and future economic expectations of

each asset class to set expected risk, return, and correlations. Given the long time horizon of analysis (10+ years), annual adjustments are relatively small, but they ensure that evolving market dynamics impact the asset allocation process.

- **Adjustments for “Non-Normality” of Asset Class Returns**—A common criticism of MVO is that by predicting portfolio returns and risk based on standard deviations, it assumes that future asset class returns fit a “normal distribution.” However, history has proven that returns do not fit this pattern—in fact significant outlier events (often referred to as “fat tail” events) happen much more frequently than expected. Realizing this weakness, RVK has employed advanced statistical techniques to ensure that our return distributions properly reflect these “fat tail” events and provide our clients with more realistic expectations of portfolio volatility over short and long time periods.
- **Qualitative Analysis Informed by Quantitative Results**—MVO is a powerful tool, but it is not a suitable replacement for human judgment. For example, perhaps the most significant drawback of MVO is that it defines “risk” solely in terms of standard deviation of returns despite the fact that there are many other risks with which investors must be concerned. One such risk that is considered is liquidity (i.e., will the portfolio be able to meet spending requirements), and there are many others. To ensure that risk is viewed holistically, RVK supplements the MVO analysis with a qualitative review to shape optimal portfolios that consider objectives and risks beyond simple metrics of risk and return.

In summary, although no asset allocation process or client portfolio is perfect, we employ a rigorous methodology that leverages quantitative tools to inform human judgment. We believe the resulting discussions with clients is healthy, enlightening, and sharpens the alignment between plan objectives and portfolio structure.

Please see **TAB 7** for a copy of our White Paper on Asset Allocation Assumptions.

2. What variables would your firm consider essential in reviewing and developing long-range strategies for the Fund?

RVK recommends a wide variety of target allocations and allocation guidelines for our clients based upon their unique portfolio return expectations and tolerance level for portfolio risk. We believe a portfolio's overall structure should reflect consideration of the investor's risk and return needs, while also considering key constraints such as liquidity, time horizon, legal requirements, and in the case of a defined benefit plan, the expected liability payment stream and funded status.

Once we have a solid understanding of the unique requirements of the fund, we typically begin the relationship with an asset allocation study and help the client choose an appropriate asset allocation for their organization. An extension to our asset allocation study is an asset/liability study. In the asset/liability study, the liability profile of the client is evaluated along with potential asset allocation strategies. In addition to offering insight on the risk/return trade-offs,

the asset/liability study evaluates the impact of different allocations on the future funded status of the plan.

We believe that both an asset allocation study and asset liability study would offer value to San Antonio Fire and Police Pension.

3. Describe your policy for changes to a pension system's asset allocation with changes in the market environment.

We do not believe that market timing is a successful strategy over time and we prefer to focus on longer term strategies. In a non-discretionary consultant relationship, clients are the ultimate decision makers, but they rely heavily on input and recommendations from RVK. To this end, we work to ensure that any portfolio strategy review process includes a thorough discussion of expected return as well as upside and downside risk analysis. We want to ensure that fiduciaries are aware of the imbedded risk/volatility in the portfolio structure they select. By preparing clients in this way, even markets such as those experienced in 2008 were within the realm of possibilities and explained as such in our discussions so that most clients did not overreact.

In the recent financial crisis, client actions followed a similar pattern which included reviewing their investment strategy, affirming the direction, determining the timing and process for rebalancing the portfolios, and maintaining their long term strategy. In some cases, clients decided that due to financial pressures, a change in risk tolerance toward a more conservative posture was prudent. In most cases, the implementation of a conservative portfolio represented a long-term, risk mitigation strategy rather than market timing. On the margin, clients have moved within policy ranges (e.g. maintained large cap domestic equities at the bottom of the policy ranges versus at target) to recognize some risk avoidance but these variances have been limited to policy ranges. Also, some clients have chosen particular strategies such as higher allocation to corporate bonds and high yield. Our point is that if we have prepared our clients well, the recent volatility was explained as "possible" so that knee-jerk reactions were not experienced.

One issue that the market turmoil of 2008 highlighted was the importance of liquidity. We have been working with our pension plan clients to revisit their liquidity needs in light of the fund's current status and discuss cash management processes. Liquidity is a key consideration when setting overall asset allocation for the Plan as well as in selecting the individual investment vehicles utilized. This has historically been a largely qualitative assessment; however we are also working to develop a liquidity metrics to assist in evaluation of asset allocation alternatives and to aid in ongoing assessments of the Plan's liquidity status.

4. Discuss your firm's view on risk management from an asset allocation perspective. Describe the tools you use here.

At the policy level, RVK's risk control strategies begin with a "top down" approach focusing on risk preference setting for the entire portfolio in the context of its investment purpose. Using various tools such as asset allocation optimization, Monte Carlo analyses, and risk budgeting via mean benchmark optimization (MBO), we review the risk associated with various portfolio structures and assist clients in matching risk to investment objectives taking in consideration the

risk preferences of the fiduciaries. For clients with specific liability streams, we also conduct upon request asset/liability studies, which examine a variety of risks including funding risk, liquidity risk and contribution risk.

Leveraging our operational experience, RVK also engages in a “bottom up” risk control review that encompasses custodian use and performance standards, securities lending risk controls, derivatives exposure and compliance reporting, audit trails, manager contract reviews, and manager monitoring to reduce risks in every way possible. We have been called upon by major clients to do risk analyses, stress testing and/or compliance review for specific areas or funds, including cash management (STIF vehicles), securities lending collateral pools, derivatives usage, etc.

While our standard reporting package does not include formal risk-budgeting metrics, RVK evaluates risk on both a portfolio and composite level using a variety of methodologies, and we are capable of producing a more formal report of portfolio risk based upon specific client demands. We leverage our consultative relationship with clients to determine the optimal delivery of information in an understandable and actionable format. We would be happy to explore the manner in which we could communicate this data.

At the manager level, we help clients develop appropriate manager guidelines that may include limitations on individual position sizes for equity securities or limit exposure to individual issuers of debt securities so that the appropriate level of diversification among securities is maintained.

Our firm believes that risk budgeting tools are developing rapidly but tend to lag client specific needs. We attack this deficiency in the risk tool kit by addressing the issue of risk control and budgeting in the portfolio at multiple levels. At the macro level, we use both traditional mean variance analysis followed by Monte Carlo stochastic forecasts to assess portfolio risk versus investment objectives and sponsor risk preference. At a more granular level, we have developed a Mean Benchmark Optimization process that allows us to allocate in an optimal fashion active risk within a traditional asset classes. At a micro level, we consistently monitor manager performance to ensure that appropriate levels of benchmark risk are maintained.

Market events have provided additional context and forced a reassessment of existing risk management frameworks. As a firm, we believe that there are multiple types of risk. Each type of risk requires different methods for assessment; different metrics for measurement; and, different approaches for mitigation. Addressing only one type of risk, no matter how successfully done, can leave the fund at the mercy of other types of risk. RVK is familiar with the various types of risk and in most cases has embedded in our team consulting services and deliverables continuous assessment and monitoring of many of them. Others tend to lend themselves to more periodic risk assessments.

Among the many types of risk that should be monitored and mitigated in total fund management are:

- **Liability risk:** How well are the assets invested in light of the fund’s expected liabilities?

- **Total fund volatility:** How volatile is the return stream of the fund likely to be given its investment strategy?
- **Benchmark risk:** How likely are the fund's returns and asset values likely to diverge from established benchmarks?
- **Liquidity risk:** How liquid is the fund's asset allocation and deployment to specific investments in both normal and extreme market environments?
- **Equity beta:** How closely correlated is the return stream of the total fund to the equity market, a substantial source of volatility?
- **Operational risk:** How tightly executed and monitored are all the operational details of the fund's management, particularly cash flows and performance reporting?
- **Fiduciary risk:** How solid is the ethical and fiduciary framework embedded in the Investment Policy and is it periodically monitored?
- **Leverage risk:** How much of the fund's returns are due to the use of leverage in underlying investments?
- **Inflation and/or Interest rate risk:** How sensitive might the fund's returns be to substantial, sustained changes in inflation/interest rates. By running sensitivity analyses, RVK can simulate the effect of parallel interest rate changes and provide an understanding of the range of potential outcomes to a portfolio based on interest rate movements.
- **Tail risk:** How would the fund's returns be affected by "left tail events"?
- At the asset class level, many, indeed most, of these same risks apply but also some additional ones such as duration risk, credit risk, term risk, sector risk, etc.

Taken as a whole, risk assessment, measurement, and mitigation is an integrated part of our consulting practice and the services we provide to clients.

5. Does your firm have a process to allow the Fund to review alternative market conditions? If so, briefly describe.

We routinely incorporate into our asset allocation, asset/liability and risk studies a variety of scenario's testing alternative market conditions once we have collaborated with the client on setting, modeling and vetting the base case. Examples include: sharply rising asset class correlations, substantially larger asset class standard deviations, etc. Our scenarios are generally driven by capital markets hypotheticals, not social events or geopolitical events. We model questions such as: What if asset class returns are dramatically lower than expected? What if the anticipated benefits of diversification among normally uncorrelated returns fails? What if volatility in asset class returns is dramatically higher than expected? What might happen to asset class returns from current levels in a rising inflation environment? What happens if contributions are reduced or expanded relative to current pension contribution policy? How might fund payout ranges and therefore fund liquidity pressures change under various asset allocation srAnd so on. We do not model social or geopolitical events such as: What if there is war in the Middle East? What if Iran tests a nuclear device? We believe it is misleading to assume clear, dependable links between capital markets drivers and the vast number of these more vaguely defined scenarios.

6. Describe your firm's philosophy regarding strategic versus tactical asset allocation.

There are three categories of active decision making in a managing a major institutional fund:

First, there must be a strategic foundation. By that, we mean an asset allocation with outlook that extends well into the duration of the least liquid asset classes in the fund. It cannot be so short as to render the entire structure of the fund and its asset allocation driven performance completely dependent on continuous (and continuously effective) market timing across all asset classes and subject to high levels of transaction/transition costs. Our firm grounds our strategic outlook using a ten year horizon, which we believe meets this test. And we are strong proponents of extensive (and effective) fund diversification for both return enhancement as well as primary risk management.

Second, the bridge between the strategic foundation for the total fund and the first elements of more tactical fund management is the rebalancing policy. Rebalancing policies can be structured to place extreme emphasis on maintaining the strategic fund structure via narrow ranges, high rebalancing frequency and a requirement to move all the way to the policy portfolio with each rebalancing effort. However, rebalancing policies can also be constructed so as to introduce—within specified ranges—the opportunity to make controlled tactical decisions. These policies are characterized by wider ranges, sometimes lower frequency and greater latitude regarding how far one must rebalance to/into the prescribed policy range. Structuring the rebalancing policy (and executing it) is a critical task for fund management. Attached find our most recent analysis of one rebalancing policy showing its effect on fund outcomes.

Third, there are opportunities to make strategic and tactical decisions (with the latter having horizons typically of 3 to 5 years, significantly shorter than the total fund's strategic 10 year horizon) during the construction and maintenance of each asset class. The specific opportunities and actions that present themselves will vary depending on the asset class. In alternatives, for example, there will be vintage years in which the fund might want to favor buyouts vs distressed debt vs venture capital investment opportunities. The same is true in real estate—core vs. non-core. In the traditional asset classes, there may be market outlooks that would suggest greater attention be paid to high quality, low turnover, fundamental approaches while others may tend to favor quantitative, algorithm based approaches. We routinely use asset class structure studies—both subjective diversification analyses along multiple axes as well as MBO optimization—to assist clients in advanced asset class structuring decisions. We can provide examples of these studies should you request them.

7. Is your firm capable of performing asset/liability modeling studies? How many certified actuaries does your firm employ that work in this area of your firm's research?

We do not provide pure liability studies for clients. We believe this a job for the plan's actuary. However, we do conduct asset/liability studies in which liabilities are modeled for the purpose of selecting an optimal asset allocation.

I Investment Policy Development and Review

1. Describe your philosophy and process for development of:

- **overall investment policy as well as investment policy for specific asset classes;**
- **client investment objectives, especially public pension clients.**

We believe that the development of an Investment Policy, Guidelines, and Objectives statement is one of the most important aspects of fiduciary responsibility. The investment policy statement should not only document investment goals and basic underlying strategies, but also outline a practical implementation process. Accordingly, we have extensive experience assisting in the development of investment policy statements for our clients and spend considerable time ensuring that policy guidelines are current, applied, and continue to serve the objectives of the organization.

RVK's first priority in reviewing or designing investment policy guidelines is to work closely with staff to develop a statement that appropriately reflects the plan objectives. A typical policy will:

- Review the history, structure, and mission of the plan
- Identify the responsible fiduciaries and spell out the sponsor's role
- Identify where responsibilities are delegated and the terms guiding their execution
- Outline risk tolerance/posture
- Outline investment performance objectives and risk parameters
- Determine performance measurement standards and establish an effective review procedure (i.e., benchmarks)
- Establish criteria for selection of investment managers
- Describe the review process for all delegates including money managers, consultants, custodians, and so forth

As a component of the initial investment policy and governance review process, RVK also works with clients to determine the appropriate legal framework under which our clients' investment decisions are to be analyzed. Naturally, plan governance documents and legal regulations governing plan investments evolve over time and we work together with investment staff to anticipate and respond to any conflict that may arise. As a fiduciary to our clients, we provide additional verification that investments are made within the established restrictions and parameters. Once a full review of the investment policy has been conducted and proposed changes are reviewed with staff, we bring the revised policy to the Board/Trustees for discussion and approval.

2. Outline your process for analyzing a client's investment portfolio structure.

RVK employs a comprehensive methodology for evaluating a client's investment portfolio structure, mix and type of managers, and the optimal number of managers for a large, multi-billion dollar portfolio. We strive to aid our clients in creating an "efficient" investment

portfolio (as defined by modern portfolio theory) that achieves the highest level of return possible at a given level of risk, or the lowest possible risk for a given level of required return.

We believe a portfolio's overall structure should appropriately reflect the investor's fundamental needs and constraints, including time horizon, liquidity needs, transparency requirements, and risk tolerance, and return expectations. Initially, we look at the goals and/or risk tolerance of the client. This will help us decide what asset classes should be included and at what weighting. We then provide an asset allocation study and help the client choose the proper asset allocation. To achieve this optimal asset allocation, we use sophisticated software systems that analyze portfolios and build an efficient frontier using mean variance optimization. We test these results with a Monte Carlo simulation based on our input assumptions for the expected return, risk, and correlation of asset classes.

Once this asset-allocation analysis is complete, we work with the client to determine which investment managers might best fulfill the asset-class mandates selected by the client. Our consultants, assisted by our manager research department, prepare manager search materials to evaluate investment managers that would be appropriate for these mandates. As a firm, we philosophically believe in “renovation vs. tear-down” of existing portfolio structures.

We are highly responsive to client requests but also believe that a good advisor proactively offers advice on issues needing attention, alternative approaches, risk/return/programmatic trade-offs and much more.

We believe that understanding your needs and objectives is a prerequisite to providing suitable recommendations. Each client is unique in their required return, risk tolerance, constraints, and resources. We strive to optimize our recommendations in consideration of these factors.

Our experience and approach with all client types includes proactive assessments of asset allocation, risk profile, and manager structure. We research potential enhancements to portfolios and consider new ideas within our collegial atmosphere, and bring that to bear where applicable with our clients. Nobody can forecast market movements perfectly, but we consistently strive to understand the drivers of risk and return in order to take a balanced approach based on client needs and potential market environments.

J Investment Manager Database & Research (Traditional and Alternative)

1. Does your firm maintain an in-house database of investment managers? If not, from what vendor do you purchase the database?

Listed in the chart below are the databases currently in use, along with a brief description, number of firms, and number of products (as of December 31, 2010) to which we have access.

Database	Description	# of Firms	# of Products
eVestment Alliance	Internet-based database for predominately traditional asset classes. Includes performance as well as qualitative data.	2,661	14,010
Morningstar and Morningstar Direct	Multiple Morningstar applications to access mutual fund data. Morningstar Direct also has commingled fund and separate account data.	NA	361,679 total number of funds, separate accounts, and commingled funds not necessarily unique strategies
HFN	Hedge Fund database which is accessed through eVestment Alliance. Contains performance and qualitative data.	1,651	4,461
PARis	Performance reporting database that provides product performance on separate accounts and commingled funds. Mutual fund returns are provided through Lipper.	1,000+ for separate accounts and commingled funds and 600 mutual fund firms	4,500 separate account and commingled funds and 23,000 mutual funds
Thompson VentureXpert	Profiles for Venture Funds, Buyout Funds and Private Equity Funds. Also provides benchmarking and universe performance data.	9,145 profiles	19,549 profiles. 3,387 performance records
RADAR	Proprietary alternatives database for HFOF, Real Estate, and Private Equity. Tracks qualitative as well as performance data	231	315
Manager Comments Database	Proprietary qualitative comments database for both traditional and alternative strategies	1,181*	2,238*

*Currently there are 1181 firms with comments associated with them. However we have the ability to track almost 3000 managers and add new managers as needed.

We primarily use the eVestment Alliance database for our traditional asset class research. The database has extensive qualitative and quantitative information pertaining to both the investment firm and investment strategy. This is an online application so information is updated on a regular basis, typically quarterly if not more frequently. One of the benefits of this online tool is the immediate availability of information. Once a manager has submitted data to the site, it is immediately available for our review. There is no cost associated with a manager entering their information into the database. There is no “pay to play” arrangement with managers. This is a database that is used by the staff at RVK and is currently not available to clients directly through RVK. Clients are able to purchase access to the database directly through eA.

In conjunction with eA, we utilize Morningstar both through their Principia application as well as through Morningstar Direct. Morningstar is a database predominately for mutual fund strategies although the Morningstar Direct database also contains information on separate account composites as well as commingled fund vehicles. These databases contain return information as well as strategy characteristics and qualitative attributes.

HFN is an alternatives database focused on hedge funds and Fund of Funds investment strategies. We are able to access HFN through our eA license. It is an on-line database that contains both return information as well as qualitative information on the investment strategies.

PARis is the third-party provided performance measurement system our firm currently utilizes for client reporting. Our manager research department is able to access the returns and holdings of various investment strategies. This is not an on-line application nor can clients directly access the database.

In addition to the above mentioned third party databases, we utilize two proprietary databases developed by our IT staff. Our proprietary Manager Comments Database is an internal database that we use to store internal qualitative information regarding investment managers. This would include our internal rating of the manager, meeting notes, research profiles, firm and team updates, quarterly commentary/attribution, etc. Any communication we receive from a manager is stored in this database. This database contains both traditional and alternative strategies/managers. Currently clients do not have direct access to this database but our team can provide reports for the client.

For alternative asset classes we developed a proprietary alternatives database, RADAR, which gathers information on Hedge Fund of Funds, Private Equity, and Real Estate firms and their products. The database captures characteristics, performance, and information pertaining to the team, strategy, terms, etc. Currently this database is not available to clients although our manager research team provides clients with reports based on information gathered in this system.

2. How many traditional managers and how many products are included in the database your firm uses?

Please see our answer above to Question J(1).

3. If the database you use is proprietary, describe the risk management procedures that have been implemented to protect it.

RVK maintains several web sites, both inward- and outward-facing, which results in a multi-layered approach to the security configuration involving physical security, router and firewall configuration, digital certificates, and user authentication: General static web site physical security - equipment is secured in a locked room, router and firewall configuration - limits on port access and control of data flow, user authentication - staff must physically log onto server in order to change content; RVK Staff web site (internal) physical security, router and firewall configuration - web site is only available on RVK internal network or VPN, user authentication - staff must be authenticated onto the RVK internal network; RVK Staff web site (external) physical security, router and firewall configuration - limits on port access to encrypted web delivery and control of data flow, user authentication - staff must perform secondary authentication to the RVK network, digital certificates - implementation of 128-bit security certificate by a root authority;

Data provider web sites physical security, router and firewall configuration - limits on port access to encrypted web delivery and control of data flow, database access to relational databases is completed by a firewall tunnel between the outward-facing site residing in a DMZ and the internal databases, digital certificates - implementation of 128-bit security certificate by a root authority.

4. Describe how your firm gathers, verifies, updates, and maintains the data collected on managers for the database. Please include how often the databases are updated, how often staff visits managers and the nature of the visits, and whether your firm uses surveys in evaluating managers in the database.

RVK continuously collects information from investment manager interviews and in-depth questionnaires. To test the validity of the data within the databases, we randomly sample our universe and compare our in-house database and those reported in the vendor database with the information received during in-person meetings.

In-house Meetings

Our IMR group constantly meets with managers both in our office and via conference call. In 2010, our group conducted over 843 manager meetings in our offices. We stress meetings with actual portfolio managers, rather than client service or marketing professionals. During these meetings we review updates regarding the firm, the team, the investment process, and recent performance attribution. In addition to formal in-house meetings with managers, our manager research group maintains a consistent dialogue with managers.

On-Site Meetings

Typically, a member of our research team and/or the consultant team has conducted an initial on-site with the investment manager. Once this initial on-site has been completed, there is no set

timeframe for how frequently maintenance on-site due diligence is conducted. However, should issues arise that we do not feel comfortable with, typically our research team will follow up on these developments with an on-site. Or, should the client request this more frequently, we will visit the manager more often but typically not more than once a year. In 2010, our team did 79 on-site visits.

5. Do you or the vendor you use charge direct or indirect fees for investment managers to be included in the database? If so, describe the fees.

No.

6. With regard to “Alternative Assets” (broadly defined as Real Estate, Private Equity, and Hedge Funds), describe your firm’s research facility for each area.

RVK has extensive expertise with hedge funds, private equity, core-plus, value-added, and opportunistic real estate as well as infrastructure, timber, commodities, and other real assets. Specific capabilities include:

Real Estate

Dan Krivinskas, Anthony Johnson, Jennifer Nichols, Roman Nemtsov, and other RVK consultants have extensive experience conducting searches, performing evaluations, and negotiating investment terms for direct real estate (via commingled funds and separate accounts), international real estate, REITs, and infrastructure investments. Our real estate professionals have legal, audit, tax, investment manager, and plan sponsor backgrounds. RVK consultants and associates have worked on many real estate manager searches and separate account reviews, with particular emphasis on evaluating minimum manager qualifications, track record verification, manager co-investment requirements, manager interest subordination, strategy, term, leverage ratios, control & termination rights, investment limitations, geographic foci, management and other fees, key person clauses, time requirements, asset valuation policies, and promoted interest structures.

This team has advised many of the largest pension funds and corporate endowments on more than \$15 billion worth of private equity real estate, infrastructure, timber, commodities, and other real asset investments. RVK often recommends (and a majority of RVK’s 250+ client accounts use) real estate in their diversified portfolios. In addition to the above experiences, RVK offers the deep quantitative and qualitative skills. To this end, we have invested a considerable portion of revenue into developing innovative resources and products in various areas, including:

- Dedicated real estate manager research department
- Studies on real estate benchmarking for both private and public real estate
- Review and analysis of manager fees structures
- Development of real estate specific databases and performance measurement systems
- Private equity real estate market trends research

Infrastructure Consulting Expertise

RVK consultants have evaluated and negotiated over \$3 billion worth of investments in infrastructure commingled funds, separate accounts, and direct investments. Dan Krivinskas, for

example, has spoken at the Pension Real Estate Association (PREA), as well as many conferences related to infrastructure investment opportunities, such as the Investing in Infrastructure Conference sponsored by Institutional Real Estate, Inc. (IREI). Dan Krivinskas and Roman Nemtsov were also instrumental in negotiating CalPERS' infrastructure separate account program. They helped draft term sheets and review limited partnership and investment management agreements. Moreover, our infrastructure database includes more than 40 managers and 100 investment opportunities.

Private Equity

RVK dedicates several professionals to private equity research. This includes an associate consultant who participated in a large corporate private equity program, a consultant who designed our private equity performance measurement product, and a consultant with trustee experience in a state plan with one of the largest allocations to private equity in the U.S. Our investment manager research team supports the consulting group by providing technical capabilities in the acquisition and analysis of private equity data.

Leveraging these capabilities, RVK has established expertise in the selection of private equity fund of funds. RVK assists many general consulting clients with the development of investment policy statements and guidelines specifically for the private equity asset class. We feel that evaluating private equity within the context of an investor's total portfolio is the most advisable strategy. RVK's private equity research concentrates largely on fund-of-funds evaluation. Within the fund-of-funds space, we attempt to promote an open-door policy, which allows us to gain a broad market perspective.

Absolute Return & Real Return Strategies

RVK has recommended absolute return and real return asset classes for many years, and we have assisted a number of DB plans, foundations and endowments with implementation of these strategies. We currently track 38 absolute return firms and 150 absolute return products in our internal manager database. Our database includes profiles and performance records for Hedge Fund of Funds. We also track performance of individual hedge funds for our clients with separate account portfolios, but do not advise clients regarding construction or manager monitoring. We categorize products in our database in a variety of ways, such as degree of international exposure, risk/return characteristics, manager concentration, strategy concentration, sophistication of internal risk monitoring systems, manner of systematic reporting to RVK and clients, fee structures, willingness to create customized portfolios, personnel, and many others. We recommend the most optimal strategy after considering these criteria and the client's desired role for absolute return strategies in the portfolio. For clients with absolute return allocations exceeding \$75-\$100 million, we have completed several advisor searches, whose role is to form separate account portfolios on a discretionary or nondiscretionary basis for clients. There is some significant overlap between these advisors/consultants and the firms that are constructing hedge fund of funds.

- 7. How many searches did you conduct in each area in 2010? List this by asset class for traditional managers and for Alternatives, list by Real Estate, Private Equity, Hedge Funds, and (including fund of funds).**

Asset Class	Number of Searches
US Equity	88
International Equity	59
US Fixed Income	68
Non-US and Global Fixed Income	3
Real Estate	16
Private Equity	3
Hedge Fund	26
Real Return	39
Other (Global, Date Based Retirement, etc.)	16

- 8. List your firm's Alternative Asset Research organizational chart.**

Please see **TAB 3** for a copy of the firm's organizational chart.

K Investment Manager Searches

- 1. Describe your philosophy and methodology used in evaluating and selecting investment managers.**

Our investment manager research process is executed utilizing a combination of quantitative and fundamental research techniques. The factors we review can be broadly summarized into the following categories:

- Firm – we are looking for healthy and stable firms that are preferably owned by employees or have strong performance-based incentive. We review ownership structure, regulatory compliance, insurance levels, client base, asset base, etc.
- Team – we prefer experienced and consistent teams of professionals that are appropriately staffed, but we recognize this can be structured in a variety of ways. We review experience in the industry, experience at the firm, credentials, historical changes in structure, etc.
- Philosophy/Process – we look for stability over time, consistency of application, and alignment with the firm and team resources employed to successfully manage the product. We review stated philosophy and process, historical changes made, alignment with the team structure, portfolio characteristics, risk controls and historical changes made to portfolio construction.
- Performance – we concentrate our research on firms that have demonstrated consistent performance in line with the returns expected given the philosophy/process employed. We review consistency of rolling period excess return, volatility, outlier performance periods and multiple risk factors.

- **Product Assets** – we prefer products that have enough assets to ensure that their track record is repeatable at a significant asset base, yet not so large that the process can no longer be employed appropriately. We review the asset history and the rate of change.

Step #1: Identifying the Universe of Candidates

For traditional asset classes, the process begins with a quantitative ranking of the investment manager universe. We rank each product using quantifiable measures that represent the key categories listed above: firm, team, philosophy/process, performance, and product assets. The number and specific factors utilized depend on the asset class. The score for each underlying category is averaged to create a total product score.

The full universe is then sorted on a risk adjusted return basis. While there is no absolute rule for identifying a manager for further research, generally the research group first reviews those managers with superior risk adjusted returns that also rank well based on our rating methodology. The ranking process also produces “red flags” that helps the research team identify potential concerns.

It is important to note that the manager research process cannot be solved quantitatively. We use the ranking process as a systemic method review every product in the universe and to identify products that appear to have the characteristics that we value.

Step 2: Focused List of Final Search Candidates

Once the initial universe of candidates is defined, we move into a fundamental research process. In this phase, we meet directly with key investment professionals and strive to understand all aspects of the product offering. We analyze each manager’s fundamental strategy, including how they select securities, construct portfolios, and implement their sell discipline. We also evaluate the ownership structure of the firm, the tenure of the key decision makers, the evolution of their investment process, and any transition plans that may affect the structure of the firm. Since the process is ongoing, we are also evaluating how firms and products are changing over time.

Step 3: Additional Review and Onsite Due Diligence

Firms and products that continue to look promising will be reviewed in context of the other approved products in the asset class. If managers pass this review, the final step is to conduct an onsite visit. Consultants and/or representatives of the research group lead these meetings and follow a consistent framework for interviewing key employees and support processes. Upon the successful conclusion of the onsite visit, a strategy can be approved for inclusion in searches.*

It is important to note that while RVK follows a structured review process, our due diligence process is perpetual. We continually meet with managers approved for investments to identify meaningful changes in strategy, staff, organizational attributes and performance. While patience is critical when evaluating managers, we will not hesitate to alter a recommendation if warranted.

Additionally, the research process often helps identify trends, positive or negative, that are developing within an asset class. Top performers often exhibit similar characteristics such as

quantitative versus qualitative, concentrated vs. diversified, or conservative vs. aggressive. We utilize this information to help evaluate performance in context of style.

RVK works closely with clients to facilitate their formal RFP process. RVK does not limit the scope of our recommendations to RVK approved managers.

There are no inherent biases within our manager research approach. Across asset classes we are looking for superior investment teams at stable firms that have a consistent investment philosophy and approach. These key characteristics are found in a variety of investment teams.

2. Describe your firm's methodology and source of data for analyzing and evaluating a potential manager's performance. Describe how risk is factored into this analysis. Discuss any attribution analysis that is performed.

Our firm's source of data is ultimately the investment manager or mutual fund databases. All RVK staff has access to performance based attribution and holdings based attribution. Both types of attribution are produced quarterly for all client investments and reviewed by the client team. Any outlier requiring further analysis is reviewed by the Investment Manager Research team.

In addition, each asset class team with the Investment Manager Research group reviews the entire universe of investment managers on a risk adjusted framework. The products are reviewed based on a simple ranking system across firm, team, product, performance and assets, but are sorted based on five year information ratio. The performance component ranks the three year rolling period and calendar year consistency. This allows the team to quickly review the universe and highlights those managers with consistent excess return and strong risk adjusted returns.

3. What qualitative factors do you evaluate when researching investment management organizations? How does your firm identify qualitative problems at investment organizations? How is historical performance used in your evaluation?

As stated before in our answer to Question 1, our investment manager research process is executed utilizing a combination of quantitative and fundamental research techniques. The factors we review can be broadly summarized into the following categories:

- Firm – we are looking for healthy and stable firms that are preferably owned by employees or have strong performance-based incentive. We review ownership structure, regulatory compliance, insurance levels, client base, asset base, etc.
- Team – we prefer experienced and consistent teams of professionals that are appropriately staffed, but we recognize this can be structured in a variety of ways. We review experience in the industry, experience at the firm, credentials, historical changes in structure, etc.
- Philosophy/Process – we look for stability over time, consistency of application, and alignment with the firm and team resources employed to successfully manage the product. We review stated philosophy and process, historical changes made,

alignment with the team structure, portfolio characteristics, risk controls and historical changes made to portfolio construction.

- Performance – we concentrate our research on firms that have demonstrated consistent performance in line with the returns expected given the philosophy/process employed. We review consistency of rolling period excess return, volatility, outlier performance periods and multiple risk factors.
- Product Assets – we prefer products that have enough assets to ensure that their track record is repeatable at a significant asset base, yet not so large that the process can no longer be employed appropriately. We review the asset history and the rate of change.

Qualitative factors are further vetted by meeting with the team in our offices or via on-site due diligence. Once a baseline and historical understanding is established, evaluating changed to the firm, team, process becomes the focus of the evaluation. Examples:

- A CEO is retiring and moving to Chairman.
- The firm is selling a minority stake.
- One of three co-portfolio managers is leaving the firm.
- The firm's central research team of analysts is being restructured.
- The trailing one year performance is much worse/better than would be expected given historical performance.
- Tracking error used to range from 6-8%, but is now 2-4%. What is the explanation?
- Assets have grown/shrunk dramatically.

Our Investment Manager Research team must determine if any of these changes will impact the firm's future ability to provide alpha. They do so using their experience and a considerable amount of time understanding the real impact of the changes.

L Performance Review, Analysis, and Reporting

- 1. Describe your firm's performance analysis philosophy and discuss the portfolio analytics your firm is capable of providing, including factors you consider to be critical in reporting performance and give reasons why this approach is superior to others. Is this service performed by your firm or through an outside vendor and can we access the information via the web? If you outsource, please identify the vendor and detail all quality controls in place.**

RVK provides performance reports that allow our clients to access and more fully understand the information central to their decisions and operations. RVK has the ability to prepare comprehensive performance measurement and analytics reports for our clients on a quarterly, semi-annual, or annual basis and performance summaries on a monthly basis. These reports show performance on the total fund composite, asset class and investment manager level. Our performance reports are simple yet sufficiently detailed to give clients a clear picture of both absolute and relative performance. Our reporting system allows us to customize each client's investment performance analysis report to fit their specific needs. The firm has invested a substantial portion of annual revenues in technology during the past several years. Our

performance measurement architecture and relational database allows us great flexibility in varying and adapting performance reports. We see this as a dynamic process, and our clients are one of the best sources available to aid in this development. Therefore, our clients play a significant role in determining the content and format of our charts and exhibits; we strive to include the suggestions and ideas provided by our clients in our performance reports.

Our performance reports include the following:

- **Capital Markets Review** - We provide a summary of market performance for the quarter, year-to-date, and five- and ten-year periods, including basic market indices - domestic and internal equity, domestic and international fixed income, real estate, etc.
- **Plan Assets and Asset Changes for Performance Period**
- **Investment Manager Asset Allocation**
- **Total Fund Asset allocation vs. Target Allocation**
- **Long-Term Performance of Each Investment Manager, Sub-Composite, and Total Fund Composite, Compared to Indices and Relevant Peer Groups** - RVK will work with the Investment Committee to determine relevant indices and peer groups for investment manager, sub-composite, and total fund composite comparison.
 - **Traditional Indices** - Our approach for developing performance benchmarks revolves around our belief that past performance yardsticks may not be appropriate going forward. We have been extremely proactive in using both quantitative and qualitative metrics to determine suitable benchmarks for investment managers, rather than measure performance with a default benchmark. Our benchmark selection process addresses the following:
 - What is the most appropriate benchmark to evaluate an investment manager's performance?
 - What benchmarks should be utilized when designing a customized benchmark/policy portfolio for an individual client?
 - What is a manager's long-term, targeted capitalization mix?
 - What is a manager's long-term, targeted style tilt?

Once we have determined the asset class, capitalization and style of the manager, we can select an appropriate benchmark. Our performance measurement system has access to over 1,370 individual benchmarks (e.g., domestic equity, international equity, domestic fixed-income, international fixed-income, real return, real estate, absolute return, private equity, and cash).

We classify individual equity managers by capitalization ranging from micro, small, small/mid, mid, large, and all cap. In terms of management style, we use classifications including value, core, and growth. These classifications are determined based on information provided by

managers with respect to their strategy including preferred benchmark, style emphasis, market capitalization range, and written strategy narratives. This is supported by our review of similar characteristics. In addition, we review statistics such as dividend yield, price-to-earnings ratios, price-to-book values, five-year ROE, earnings growth, sector allocations, performance, volatility, and tracking error.

We classify individual fixed income managers by style, maturity and quality. In terms of management style, we use classifications including core, core plus, or a specific sector of the Barclays Capital US Aggregate Bond Index. We classify maturity as being short-, intermediate- or long-term, and quality is classified as either investment grade or non-investment grade. These classifications are determined based on information provided by managers with respect to their strategy, including preferred benchmark, style emphasis, and written strategy narratives. This is supported by our review of similar characteristics. In addition, we review statistics such as duration, convexity, maturity, quality, yield measures, sector allocations, performance, volatility, and tracking error.

- **Hybrid Indices** - We have the ability to create custom indices that combine multiple traditional indices based on a predetermined, actual allocation, or blend of the two.
- **Total fund dynamic hybrid indices (asset class and/or investment)** - We have the ability to create a dynamic custom benchmark that uses beginning weights of either the asset class or the individual investment applied to the corresponding primary benchmark returns. These benchmarks are calculated on a monthly basis.
- **Total fund static hybrid indices** - Static benchmarks are created by assigning predetermined weights to corresponding indices. These weights and indices follow a set target allocation.
- **Plan Sponsors Peer Groups** - We utilize the Mellon Analytical Solutions Trust Universe along with the Investment Metrics Plan Sponsor Universe. The combined Mellon Analytical Solutions Trust Universe and Investment Metrics Plan Sponsor Universe is used for comparison of total fund composite results and utilizes actual client returns compiled from consultant and custodial data. The Plan Sponsor Peer Group database includes performance and other quantitative data for over 1,100 plans which include corporate, endowment, foundation, public, and Taft Hartley plans.
- **Institutional Peer Groups (Separate Account and Commingled Fund)** - We utilize the Investment Metrics Separate Account and Commingled Fund Manager Peer Groups for peer comparison and rankings. The Separate Account and Commingled Fund Peer Group database includes performance and other quantitative data for over 1,000 investment management firms and 4,500 investment products across more than 145 standard peer groups.
- **Mutual Fund Peer Groups** - We utilize the Lipper Mutual Fund Manager Peer Groups for peer comparison and rankings. The Lipper Manager Peer Group database includes performance and other quantitative data for over 600 investment

management firms and 23,000 investment products across more than 125 standard peer groups.

- **Alternative Investment Manager Peer Group** - Data provided by the Thomson Reuters database is utilized to build a universe of peer funds and to compare individual private equity managers through quartile rankings. These reports are available quarterly and are presented at a one-quarter lag due to availability of fund data.
- **Long-Term Performance vs. Assumed Rate of Return**
- **Long-Term Asset Growth Inclusive of Net Withdrawal and Investment Gain Detail**
- **Total Fund and Asset Class Sub-Composite Attribution** - Performance attribution is a quantitative tool utilized in the investment process to help clients understand performance results by measuring the effects of active management decisions and identifying the sources of active return. Our performance reports can deliver a variety of attribution data, including total portfolio attribution and equity manager level attribution analysis. In our use of performance attribution, our firm identifies drivers of portfolio or aggregate returns, interprets and monitors investment decisions, affirms portfolio processes and strategies, identifies concentrations or trends across funds, and identifies shifts in concentrations over time.

We use total fund attribution to identify the sources of a total fund's over- or underperformance relative to its benchmark. The calculation identifies the contributions of positive or negative total fund excess return caused by allocation differences relative to the total fund's custom benchmark, and performance differences of the investment managers relative to the benchmark components that represent them. This metric can also be applied to sub-composites.

- **Returns Based Statistics** -
 - Attribution (Sector, Country, Composite)
 - Time-weighted Rate of Return
 - Internal Rate of Return
 - Standard Deviation
 - Sharpe Ratio
 - Alpha
 - Beta
 - R-Squared
 - Treynor Ratio
 - Downside Risk
 - Tracking Error
 - Information Ratio
 - Consistency
 - Excess Return vs. Risk Free/Market
 - Excess Risk

- Simple Alpha
- Up Market Capture
- Down Market Capture
- Actual Correlation
- Excess Correlation

This is not an exhaustive list of the metrics available within PARis. The Investment Committee will have the opportunity to review additional metrics and decide if they should be included in the final report format.

- **Domestic and International Equity Manager Portfolio Characteristics –**
 - Top Ten Holdings
 - Weighted Average Market Cap
 - Median Market Cap
 - Price/Earnings Ratio
 - Price/Book Ratio
 - 5 Year EPS Growth Rate
 - Current Yield
 - Beta
 - Number of Stocks
 - Distribution of Market Capitalization
- **Domestic and International Equity Manager Portfolio Sector and Region Diversification and Stock Selection** - We use a buy-and-hold attribution process for equity managers that can highlight whether sector selection, stock selection or both factors contributed to overall manager performance. This attribution is also run on international equity managers, where we can review country or region allocation as another factor of over- or under-performance by the manager in addition to sector and stock selection. In addition to individual manager attribution, we can also calculate attribution for equity sub-composites. To calculate buy and hold attribution, manager and benchmark portfolios are broken down into segments (i.e., styles, sectors, countries, and regions) based on the desired type of attribution. The formula assumes zero turn-over within the manager and benchmark portfolios throughout the period and calculates the segment returns to arrive at performance attribution. Country, region, sector, and style allocations are typically as of the date one quarter prior to the reporting date, and the returns shown are for those segments throughout the quarter reported. The following is the methodology for segment classification:
 - **Sector** - Attribution is calculated using the Industry Classification Benchmark (ICB), which is a detailed and comprehensive structure for sector and industry analysis. Stocks are classified by their primary sector, as defined by Worldscope data.
 - **Country/Region** - Attribution is calculated using the Morgan Stanley Capital International (MSCI) region standards. Stocks are classified by their domicile country/region, as defined by Worldscope data.
 - **Style** - Stocks are classified into the following style boxes: large/mid/small vs. value/core/growth. Stocks are classified along the capitalization and style categories

at the time of the Russell index rebalancing, using the index market cap boundaries and price/book ratio as cutoff points. Stocks in the Russell 3000 Index portfolio are sorted by price/book ratio; names with the highest price/book ratio that make up 1/3 of the total market capitalization are assigned to the growth category, names that make up the subsequent 1/3 of the total market capitalization are assigned to the neutral category, while the balance of the names are assigned to the value category.

- **Domestic and International Fixed Income Manager Portfolio Characteristics** - For fixed income managers we evaluate and compare portfolio characteristics and sector distribution versus an appropriate benchmark. We request the following statistics from each investment manager:
 - Effective, Modified, and Spread Duration
 - Convexity
 - Yield To Maturity
 - Yield To Worst
 - Average Maturity
 - Average Quality
 - Coupon Rate
 - Current Yield

In addition, we request the breakdown of the portfolio into the following sectors:

- Cash
 - US Treasurys
 - Government-Related
 - Agency MBS
 - Non-Agency MBS
 - ABS
 - CMBS
 - Investment Grade Corporate
 - Non-Investment Grade Corporate
 - Municipals
 - Developed Non-US
 - Emerging Market Debt
- **Alternative Investment Manager** - We have created a proprietary software system (AltInvest) that has the ability to evaluate alternative asset classes (Private Equity, Private Real Estate and Absolute Return). While we are capable of calculating traditional time-weighted rates of return on alternative investments, our supplemental reporting includes an analysis of the investments on a composite and investment manager level.

This software allows RVK to track all historical cash flows along with monthly and/or quarterly capital account balances (NAVs). The cash flows are tracked not only on a contribution and distribution basis but are broken down further to the specific type of cash flow. This process permits RVK to more accurately report on the funds remitted to satisfy management fees, funds

contributed for specific deals, and so forth. The same is true for distributions – we track return of capital, gains, and income among other cash flow types. RVK calculates an annualized since-inception internal rate of return (IRR), net of all fees. This requires that we maintain records of all fees paid to the General Partner in the form of management fees and operating expenses, when available and applicable.

As part of the traditional performance report which is provided on a quarterly basis, RVK will also prepare a supplemental alternatives report at that time, providing an up-to-date review of the Plan's alternative investments. The information and metrics contained in this report include Commitment, Paid-in Capital, Distributions, Valuation, annualized since-inception IRR, Fund Multiple, and Index IRR for each underlying investment, sub-asset class, vintage year, and on an aggregate level. The Index IRR represents the dollar-weighted returns calculated using an applicable broad market index assuming an index investment with the same cash flow pattern and timing as the investment/portfolio. These reports also contain quartile ranks for private equity investments that are based on information and data provided by Thomson Reuters.

- **Executive Summary** - On a monthly or quarterly basis, we can provide an executive summary for the Plan's investments. Summaries can range in length and level of detail or complexity depending on the client's needs.
- **Fee Analysis** - On a quarterly basis, we have the ability to generate comprehensive fee analyses for the Plan's investment. By utilizing Morningstar and eVestment Alliance peer group data, we can rank investment managers' fees against an appropriate universe. Custodian, consultant, participant, and/or recordkeeper fees can also be included in the analyses.
- **Fund Fact Sheets** - For Defined Contribution clients, we have the ability to create custom fund fact sheets that can be distributed to participants on a quarterly or annual basis.
- **Investment Policy Review** - On a quarterly or annual basis, we can provide a review of investment managers against the performance objectives of the investment policy. We can also provide a review of other quantitative and qualitative objectives as set forth in the investment policy statement.
- **Liability Driven Investing (LDI) Analysis** - For Corporate Pension Plans that either already adopted an LDI framework through dedicated, duration-matched long bonds or alternatively for Plans with measurable liabilities. Our analysis reviews Plan funded status, level of immunization, tracking error of Plan assets relative to liabilities, and correlation of long bonds to Plan liabilities and assets, among other statistics.
- **Thematic Investing Analysis** - We have the ability to evaluate the Plan in terms of liquidity and theme. We look at the Plan's investments in terms of liquid, less liquid and not liquid; we also review the style of investments in terms of Alpha, Capital Appreciation, Capital Preservation, and Inflation.

Performance Calculation Methodology:

We utilize in-house performance monitoring and reporting tools to compute, track, and evaluate investment performance for our clients through our purchased software performance reporting system, PARis (Performance Analysis & Reporting Information System) and our proprietary alternative investment performance reporting system, AltInvest. Both PARis and AltInvest use data received from investment managers and custodial banks to calculate and create our performance reports.

We have the ability to calculate performance gross and net of fees, depending on our clients' investments and preference.

For clients that utilize a record keeper for performance calculation purposes, we have the ability to use monthly performance calculated by the book of record to create our standard performance reports.

Portfolios are valued at the end of each month based on custodian or investment manager data. Our Investment Analysts receive monthly statements from the Plan's custodian bank or investment manager and are responsible for inputting this data into our performance systems to calculate a monthly return. RVK employs a third party data provider, Insignis, which interacts with custodian banks on a daily/monthly basis and receives data feeds. Insignis collects and formats the data so that it can be electronically loaded into RVK's performance calculating software. Calculated returns are verified against the manager's reported returns.

We believe that our firm's ability to calculate and monitor performance of mutual funds, commingled funds, separate accounts, and alternative investments provides our clients with a strategic investment advantage, as well as an additional layer of fiduciary protection. Our performance monitoring provides our clients with the firm assurance that any investment vehicle that they may wish to employ can be carefully monitored and reported upon by RVK.

- **Investment Manager Return Calculation Methodology** - RVK endorses the Global Investment Performance Standards (GIPS) and calculates performance for investment managers and composites using different methodologies. Investment manager performance is calculated by revaluing the portfolio on the date of all large external cash flows while composite performance is calculated using the Modified Dietz calculation methodology. According to the CFA Institute, "Only investment management firms that actually manage assets can claim compliance with the Standards. Plan Sponsors and consultants cannot make a claim of compliance unless they actually manage assets for which they are making a claim of compliance. They can claim to endorse the Standards and/or require that their investment managers comply with the Standards."
- **Private Equity Investment Manager Return Calculation Methodology** - RVK calculates an annualized since-inception internal rate of return (IRR), net of all fees. This requires that we maintain records of all fees paid to the General Partner in the form of management fees and operating expenses, when available and applicable.

- **Composite Return Calculation Methodology** - The Modified Dietz methodology is utilized to calculate total fund composite, asset class and sub-asset class performance. The Modified Dietz method calculates a time-weighted total rate of return that considers the timing of external cash flows; however, it does not utilize interim period performance to mitigate the impact of significant cash in and outflows to the composite.

Performance Reporting Systems and Databases:

Below is list of the systems and databases used by the Investment Analysts in performance reporting and analysis. All of these tools combine to give us access to information on thousands of indices, peer groups, firms and products across all asset classes. Most of these systems/databases hold monthly data and have online capabilities for updating the information.

- **PARis** - Investment analytics system that delivers performance measurement, risk attribution and streamlined, customized, presentation-quality reports on traditional investments and total fund and sub-composite level
- **Morningstar** - Investment manager research system that includes commingled fund and mutual fund manager databases and peer groups
- **AltInvest** - Calculates performance and statistics and generates presentation-quality reports on alternative investments
- **eVestment Alliance** - Investment manager research system that includes separate account, commingled fund, and mutual fund manager databases and peer groups
- **Insignis** - Custodian data aggregation database
- **Investment Manager Data Manager (IMDM)** - Investment manager data aggregation database
- **SharePoint** - Alternative manager data aggregation database
- **Bloomberg** - A terminal computer system that enables us to monitor and analyze real-time financial market data movements. The system also provides news, price quotes, and messaging across its proprietary secure network
- **MPI Stylus** - Investment analytics system that performs style analysis, risk analysis, performance analysis, and measures investment efficiency

In general, we are able to satisfy our clients' requests for their reporting needs, whether that means additional information or custom analyses. However, we have received feedback regarding the possible addition of an online client "portal". Currently our reports can be delivered via email, hard copy, or CD. Intermittently, our clients have asked if we can post their reports on a secure website, which would house the reports and any other relevant information as it pertains to each client. At this time, we do not have that ability; however, we have been working with our software provider to engineer such a system and it is currently in its early stages of development and testing.

We believe our performance reports provide clients a clear picture of both absolute and relative performance, statistics, and characteristics using a simple, yet detailed format and layout. While we know our reports do not address each exception or situation, we are constantly working to improve our reports to provide clients with the most meaningful and accurate data in a timely fashion. As such, the firm has invested a substantial portion of annual revenues in technology

during the past several years. We see client reporting as a dynamic process and our clients are one of the best resources available to aid in this development. Therefore, our clients play a significant role in determining the content, format, and delivery method of our performance reports and other analyses; we strive to include the suggestions and ideas provided by our clients.

2. Does your firm meet the requirement that all performance reporting complies with CFA Institute Performance Reporting Standards?

RVK endorses the Global Investment Performance Standards (GIPS) and calculates performance for investment managers and composites using different methodologies. Investment manager performance is calculated by revaluing the portfolio on the date of all large external cash flows while composite performance is calculated using the Modified Dietz calculation methodology. According to the CFA Institute, "Only investment management firms that actually manage assets can claim compliance with the Standards. Plan Sponsors and consultants cannot make a claim of compliance unless they actually manage assets for which they are making a claim of compliance. They can claim to endorse the Standards and/or require that their investment managers comply with the Standards."

3. Do you reconcile your calculated performance with investment managers' and custodians' reports? If yes, please describe.

Yes, investment managers' performance returns are calculated by revaluing the portfolio on the date of all large external cash flows. Performance, calculated by our system, is also reconciled to the records provided by custodial banks and investment managers.

Whenever there is a difference of 5 basis points or greater between our calculations and the manager's calculation for monthly performance, our analysts reconcile performance differences (i.e., X basis points due to pending trades, X basis points due to pricing, and so forth).

The analysts and data entry team, known as our Client Service Team, have written guidelines on how to correctly use the proprietary database for performance calculation, as well as problem solving techniques.

4. What amount of input may the client have in the content and format of an investment performance evaluation report? Do you have the ability to customize reports for your clients?

Our reporting system allows us to customize each client's investment performance analysis report to fit their specific needs. The firm has invested a substantial portion of annual revenues in technology during the past several years. Our performance measurement architecture and relational database allows us great flexibility in varying and adapting performance reports. We see this as a dynamic process, and our clients are one of the best sources available to aid in this development. Therefore, our clients play a significant role in determining the content and format of our charts and exhibits; we strive to include the suggestions and ideas provided by our clients in our performance reports.

5. Who will be responsible for working with the Fund to design the standard performance evaluation report and for compiling the report each quarter?

Lindsay Helseth – Senior Investment Analyst

Lindsay joined R.V. Kuhns & Associates, Inc. in 2009. In January 2011, she was promoted to Senior Investment Analyst. Lindsay has experience with both defined benefit and defined contribution plans across a variety of client types. She has produced a number of custom client deliverables including executive summaries with in-depth performance attribution analysis at the manager and total fund level and comprehensive fee analyses. Lindsay's involvement with the Defined Contribution Task Force aided in the development of expanded reporting capabilities for stable value and target retirement date funds. Lindsay graduated summa cum laude with a BSBA in Finance from the University of San Francisco.

6. What asset classes are tracked in your performance measuring system? How many managers are included within each asset category?

RVK will work with the Investment Committee to determine relevant peer groups for investment managers' comparison.

- **Institutional Peer Groups (Separate Account and Commingled Fund)** - We utilize the Investment Metrics Separate Account and Commingled Fund Manager Peer Groups for peer comparison and rankings. The Separate Account and Commingled Fund Peer Group database includes performance and other quantitative data for over 1,000 investment management firms and 4,500 investment products across more than 145 standard peer groups.
- **Mutual Fund Peer Groups** - We utilize the Lipper Mutual Fund Manager Peer Groups for peer comparison and rankings. The Lipper Manager Peer Group database includes performance and other quantitative data for over 600 investment management firms and 23,000 investment products across more than 125 standard peer groups.
- **Alternative Investment Manager Peer Group** - Data provided by the Thomson Reuters database is utilized to build a universe of peer funds and to compare individual private equity managers through quartile rankings. These reports are available quarterly and are presented at a one-quarter lag due to availability of fund data.

Our performance system has the ability to track the Plan's fund lineup in its entirety, regardless of the asset class. Certain asset classes – private equity and private real estate – are also tracked in our proprietary performance system due to the nature of these investments. However, these assets are still tracked in our main performance system in order to calculate a true total plan return.

7. Describe the database/universe used by your firm for performance reporting. Is it an in-house product, or do you purchase the information? Describe any public fund components of this database as related to number and size of entities and amount of assets involved.

Plan Sponsors Sponsor Peer Groups - We utilize the Mellon Analytical Solutions Trust Universe along with the Investment Metrics Plan Sponsor Universe. The combined Mellon Analytical Solutions Trust Universe and Investment Metrics Plan Sponsor Universe is used for comparison of total fund composite results and utilizes actual client returns compiled from consultant and custodial data. The Plan Sponsor Peer Group database includes performance and other quantitative data for over 1,100 plans which include corporate, endowment, foundation, public, and Taft Hartley plans.

- As of June 2011, the public fund portion of the Plan Sponsor Peer Group Universe included 300 members, ranging in size from \$225 Thousand to \$128 Billion in total assets, with a peer group median of \$79 million. Currently, there are 86 plans with greater than \$1 Billion in total assets, with a peer group median of \$5 Billion. The public fund peer group contains more than 15 years of statistically robust return and performance ranking data.
- In addition to the Plan Sponsor Peer Group Universe, R.V. Kuhns & Associates, Inc. (RVK) publishes a supplementary Public Fund Report twice a year based on the RVK Public Fund Universe, our own in-house survey-based universe, which currently consists of 83 public funds. As of June, 2011, the RVK Public Fund Universe included funds ranging in size from \$11 Million to \$237 Billion in total assets, with a peer group median of \$6 Billion. The membership of the Plan Sponsor Peer Group Universe and the RVK Public Fund Universe does contain some overlap in membership, but a significant portion of the two universes is unique. The RVK Public Fund Universe, like the Plan Sponsor Peer Group Universe, provides return and performance ranking data, but also details asset allocation information along with a comparison of administrative and investment management fees versus peers.

Institutional Peer Groups (Separate Account and Commingled Fund) - We utilize the Investment Metrics Separate Account and Commingled Fund Manager Peer Groups for peer comparison and rankings. The Separate Account and Commingled Fund Peer Group database includes performance and other quantitative data for over 1,000 investment management firms and 4,500 investment products across more than 145 standard peer groups.

Mutual Fund Peer Groups - We utilize the Lipper Mutual Fund Manager Peer Groups for peer comparison and rankings. The Lipper Manager Peer Group database includes performance and other quantitative data for over 600 investment management firms and 23,000 investment products across more than 125 standard peer groups.

Alternative Investment Manager Peer Group - Data provided by the Thomson Reuters database is utilized to build a universe of peer funds and to compare individual private equity managers through quartile rankings. These reports are available quarterly and are presented at a one-quarter lag due to availability of fund data.

8. Describe the performance attribution analysis you use and provide a sample report.

Please see our answer prior to **Question L(1)**.

9. Describe your capabilities in the production/interpretation of securities lending.

RVK has been an active participant in the discussion surrounding the ongoing evolution of the securities lending industry. More recently, the liquidity crisis of 2008 made very apparent the importance of understanding the structure and risks associated with the collateral investment vehicles supporting the securities on loan. During that critical time when the market values of both cash and non-cash collateral vehicles fell below book values, we worked quickly and tirelessly to assess client exposures, interview securities lending firms, continuously communicate information and updates to clients, and offer plans of action to prudently remain or exit those programs.

Notwithstanding the 2008 events, our securities lending activities have focused on appropriate routes for clients to take in accessing the market, lending agent research and due diligence, trustee education, and regular monitoring. The securities lending role is frequently bundled with the vendor providing custodial banking services. The relatively high degree of vendor integration has led to a natural cohesion between research efforts in investment operations broadly, to include custodial banking services and securities lending providers.

Through regular discussion and engagement with our clients and their lending agents, we have been at the middle of negotiations surrounding appropriate strategies surrounding continued participation of lending activities, assisted with the appropriately gauged revision to investment guidelines, provided general comments on lending agent representations, and assisted our clients' staff and boards in negotiations. Also, our consulting services include monitoring of clients' custodial services, including securities lending programs. This involves exploring the internal controls and processes of new or existing lending programs to ensure clients' securities are properly collateralized and that the reinvestment of cash collateral is performed in a risk-managed and fully understood manner. We have assisted a number of clients with restructuring and of their guidelines addressing collateral reinvestment risk. Our firm also works with clients and their custodian to negotiate security-lending revenue splits.

Many of our clients participating in securities lending require formal annual reviews of their securities lending programs which we participate in or conduct depending on the scope of each situation. Although we have been continuously active in the space over the course of past three years (and beyond), it has been an exceptionally busy recent period since the start of the credit crisis.

M Subcontracting

- 1. If your firm uses the services of a subcontractor, please identify the subcontractor and describe the skills and qualifications of the subcontractor and its individual employees.**

No.

San Antonio Fire and Police Pension Fund
Response to Request for Proposal

2. Describe the contractual arrangement contemplated with each subcontractor and describe generally the control/delegation of responsibilities anticipated in that arrangement.

N/A

N Insurance and Liability

1. Please describe the levels of coverage for errors and omissions insurance and any fiduciary or professional liability insurance your firm carries. Is the coverage on a per client basis, or is the dollar figure applied to the firm as a whole? List the insurance carriers and provide evidence of professional liability insurance.

Active policies for R. V. Kuhns & Associates, Inc. as of 1/01/2011

Policy number	Line of coverage	Term of coverage	Limits of Liability	Carrier	Carrier Rating
PHSD579474	Professional Liability (Errors & Omissions)	12/15/10-11	\$5,000,000 Aggregate \$500,000 Deductible	Philadelphia Indemnity	A+ XIV
PHSD579477	Directors & Officers Liability	12/15/10-11	\$3,000,000 Aggregate \$50,000 Deductible	Philadelphia Indemnity	A+ XIV
"	Crime	12/15/10-11	\$3,000,000 Employee Theft & Client Coverage \$3,000,000 ERISA Fidelity \$500,000 Forgery & Alteration \$500,000 Inside & Outside premises – Money, Securities, Other Prop. \$500,000 Money Orders/ Counterfeit Currency \$500,000 Computer & Funds Transfer Fraud \$500,000 Third Party Dishonesty \$10,000 Deductible	Philadelphia Indemnity	A+ XIV
"	Employment Practices Liability	12/15/10-11	\$1,000,000 Aggregate \$50,000 Deductible	Philadelphia Indemnity	A+ XIV
"	Fiduciary Liability	12/15/10-11	\$1,000,000 Aggregate \$1,000 Deductible	Philadelphia Indemnity	A+ XIV
FF 1U39893	Commercial package	8/26/10-11	\$1,000,000 ea Occur \$2,000,000 Aggregate	One Beacon "Employers Fire"	A XV
"	Commercial Umbrella Liability	8/26/10-11	\$4,000,000 ea Occur \$4,000,000 Aggregate \$10,000 retention	One Beacon "Employers Fire"	A XV

O Fee Schedule

- 1. Provide, in detail, the fees your firm would charge for investment consulting services. Fees must be proposed as “all in.” The Fund has extensive investments across all three major areas of alternatives. Please propose a tiered fee schedule as follows:**
- **Traditional Asset Consulting (excluding alternative assets),**

Our retainer covers virtually *all* proposed consulting services including travel. We typically do not itemize our fee or quote hourly rates for retainer clients because doing so could create a misalignment of consultant and client interests. Our general retainer fee is just that: It is designed to cover all investment consulting services our clients may need rather than providing RVK implicit incentives to perform more lucrative, fee-based services more often than necessary in order to generate additional revenue from the client. We believe that our comprehensive retainer fee policy simplifies the consulting relationship and allows for a more appropriate alignment of interests.

Our general retainer fee for all services would be an all-inclusive retainer of \$240,000 annually. This covers all proposed services, including travel. This also includes all manager searches and evaluation, RFP assistance, trustee education, and every other duty within the purview of the general retainer investment consultant. The sole exceptions to our general retainer policy are a request to execute a full system asset/liability study, which carries a separate, fixed fee of \$50,000, and a custody search which carries a separate, fixed fee of \$35,000.

Should the Fund wish us to execute any special assignments clearly remote from the duties of a general retainer consultant, we would work with you to develop scope and submit a transparent cost proposal with favorable pricing given the general retainer mandate or conduct a search for a third party specialist if we believe that is the best way to assure the success of the relationship.

- i. Under this structure, how much would your firm charge for a “one off” alternative asset manager search? How much for a “one-off” prudent letter report on an assigned alternatives manager?**

Asset Class	Fee per Search
Private Equity	\$50,000
Hedge Fund of Funds	\$35,000
Real Return	\$35,000
Real Estate	\$40,000

- **Traditional plus direct hedge funds,**

N/A

- **Traditional plus real estate,**

\$340,000

- **Traditional plus private equity,**

N/A

- **Traditional and all alternative assets.**

N/A

SAFP currently retains Townsend for real estate and Albourne for hedge funds. It is not contemplated that we will change but we want to understand if your organization has the capabilities and how much it would cost.

2. Identify the period of time the proposed fees will remain in effect.

Our fee is guaranteed for two years, after which our fee would be adjusted annually by 3% or CPI, whichever is greater.

3. Does your firm's proposed fee arrangement consist of any incentive or contingent payments? If so, please describe the manner of calculation in detail.

No.

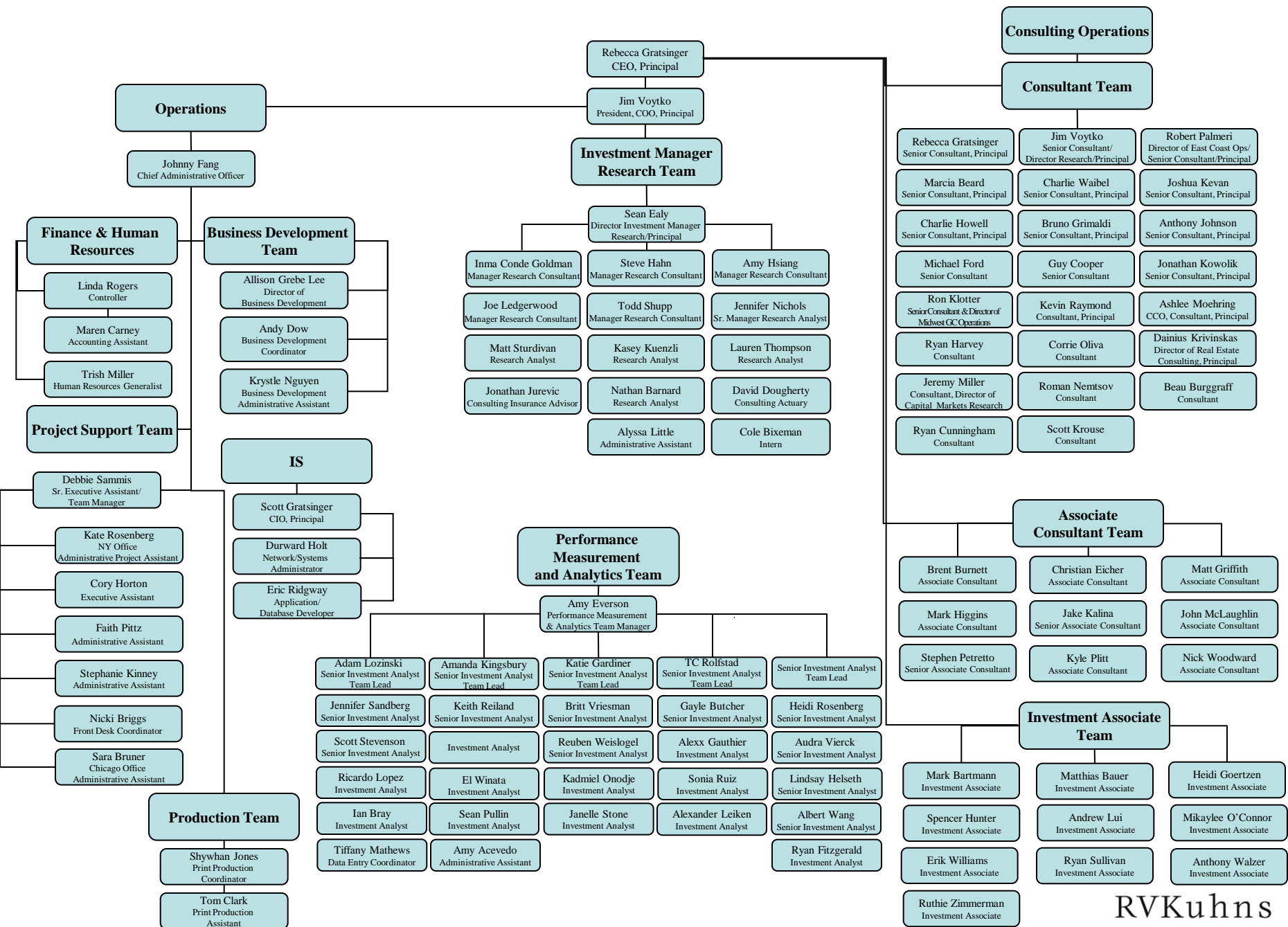
P APPENDICES

1. Appendix A - FORM ADV Parts I and II: Please attach a copy of the current Form ADV Parts I and II of your firm and all other registered investment advisers (whether SEC or state registered) that are affiliated or related to your firm.

Please see **TAB 8** for a copy of the firm's Form ADV.

2. If you are hired, will you acknowledge in writing that you have a fiduciary obligation as an investment adviser to the plan while providing the consulting services we are seeking?

RVK will contractually agree that our relationship with the is that of a "fiduciary" a relationship in which we agree to perform the fiduciary duties that are imposed on a fiduciary that are subject to the fiduciary liability provisions of ERISA, as amended.



Year	Plan Name	Client Type	Reason	AUM	Client Type	Plan Type
2008	Client #1	Retainer	External plan consolidation	\$ 39,572,553.00	Taft Hartley	Defined Benefit
2008	Client #2	Retainer	Internal plan consolidation	\$ 72,031,607.11	Corporation - Insurance	Operating Reserve/Assets
2008	Client #3	Retainer	Chose to operate without consultant	\$ 29,520,188.00	High Net Worth	Personal/Family Trust
2008	Client #4	Retainer	Internal plan consolidation	\$ 14,711,911.00	Corporation	Defined Contribution
2008	Client #5	Retainer	Desired a discretionary advisor	\$ 61,703,442.00	High Net Worth	Personal/Family Trust/Foundation
2008	Client #6	Retainer	Internal plan consolidation	\$ 9,894,584.00	Charity/Non-Profit	Endowment/Foundation
2008	Client #7	Retainer	Selected another provider	\$ 154,097,493.00	Corporation	Defined Contribution
2008	Client #8	Retainer	External plan consolidation	\$ 44,369,625.12	Taft Hartley	Defined Contribution
2008	Client #9	Retainer	Selected another provider	\$ 363,477,687.90	Charity/Non-Profit	Endowment/Foundation
2008	Client #10	Retainer	Selected another provider	\$ 227,307,521.00	Government - State	Defined Contribution
2008	Client #11	Retainer	Scope of work eliminated	\$ 14,516,233,035.00	Government - State	Defined Benefit
2008	Client #12	Retainer	Selected another provider	\$ 28,414,243.00	Corporation	Defined Contribution
2009	Client #13	Retainer	Desired a bundled provider	\$ 264,410,716.00	Corporation	Defined Contribution
2009	Client #14	Retainer	Desired a local service provider	\$ 260,924,345.00	Charity/Non-Profit	Endowment/Foundation/Defined Contribution
2009	Client #15	Retainer	Vendor consolidation	\$ 515,899,794.18	Charity/Non-Profit	Endowment/Foundation
2009	Client #16	Retainer	Selected another provider	\$ 282,520,727.96	Charity/Non-Profit	Endowment/Foundation
2009	Client #17	Retainer	Decline in asset	\$ 355,900,826.00	Charity/Non-Profit	Endowment/Foundation
2009	Client #18	Retainer	Internal plan consolidation	\$ 170,646,741.03	Corporation	Defined Benefit

2009	Client #19	Retainer	Differences in fundamental investment philosophy	\$ 429,493,305.05	Charity/Non-Profit	Endowment/Foundation
2009	Client #20	Retainer	Selected another provider	\$ 121,156,091.00	Corporation	Defined Contribution
2009	Client #21	Retainer	Selected another provider	\$ 25,099,999,998.00	Government - State	Endowment/Foundation
2009	Client #22	Retainer	External plan consolidation	\$ 7,142,100.35	Charity/Non-Profit	Endowment/Foundation
2010	Client #23	Retainer	Desired a local service provider	\$ 8,260,581.67	Corporation	Defined Contribution
2010	Client #24	Retainer	Selected another provider	\$ 17,735,813.00	Charity/Non-Profit	Endowment/Foundation
2010	Client #25	Retainer	Desired a discretionary advisor	\$ 27,783,488.69	Taft Hartley	Defined Benefit
2010	Client #26	Retainer	Desired a discretionary advisor	\$ 23,164,786.32	Charity/Non-Profit	Endowment/Foundation
2010	Client #27	Retainer	Vendor consolidation	\$ 89,500,060.20	Corporation	Defined Benefit
2010	Client #28	Retainer	Selected another provider	\$ 2,425,539,916.00	Corporation	Defined Benefit/Defined Contribution
2010	Client #29	Retainer	Chose to operate without consultant	\$ 51,487,521.52	Charity/Non-Profit	Endowment/Foundation
2010	Client #30	Retainer			Charity/Non-Profit	Endowment/Foundation
2010	Client #31	Retainer	Desired a bundled provider	\$ 50,288,174.81	Corporation	Defined Contribution
2010	Client #32	Retainer	Selected another provider	\$ 294,330,752.00	Corporation	Defined Benefit
2010	Client #33	Retainer	Desired a discretionary advisor	\$ 55,835,855.13	Charity/Non-Profit	Endowment/Foundation
2010	Client #34	Retainer	Desired a discretionary advisor	\$ 9,451,285.00	High Net Worth	Personal/Family Trust
2010	Client #35	Retainer	Selected another provider	\$ 170,466,300.00	Corporation	Defined Benefit/Defined Contribution

Charlie J. Waibel, CFA

Item 2 – Educational Background and Business Experience

Year of Birth: 1955

Educational Background:

- BA – Natural Science, Lewis and Clark College (1978)
- MD – Oregon Health Sciences University (1982)

Business Experience:

- R.V. Kuhns & Associates, Inc. (since 2005)
 - Senior Consultant (2005 – Present)
 - Director (2008 – 2011)
 - Shareholder (2006 – Present)

Professional Designations:

- CFA Charterholder and member of the CFA Institute and the CFA Society of Portland

Item 3 – Disciplinary Information

No legal or disciplinary events to disclose.

Item 4 – Other Business Activities

No other business activities to disclose.

Item 5 – Additional Compensation

No additional compensation to disclose.

Item 6 – Supervision

Mr. Waibel is supervised by Rebecca Gratsinger and James Voytko, who can both be reached at 503-221-4200. As detailed in Item 4 of our Firm Brochure, all of R.V. Kuhns' investment advice is individually tailored to each client to suit their financial situation, investment experience, investment objectives, risk tolerance and other circumstances that we consider relevant. Ms. Gratsinger and Mr. Voytko supervise Mr. Waibel by performing periodic reviews of his activity to ensure appropriateness and consistency with R.V. Kuhns' policies.