

PROPOSAL TO PROVIDE INDEPENDENT INVESTMENT CONSULTING SERVICES TO:

City of Fort Lauderdale Police &
Firefighters' Retirement System

May 28, 2010, 3:00 p.m.

Amy Heyel

Senior Consultant

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Segal Advisors

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 **SEGAL ADVISORS**



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May 26, 2010

Pension Board
City of Fort Lauderdale
Police & Firefighters' Retirement System
888 South Andrews Avenue, #202
Fort Lauderdale, Florida 33316

VIA E-MAIL: lwenguer@fortlauderdale.gov

Re: Proposal to Provide Independent Investment Consulting Services

Dear Pension Board:

Segal Advisors appreciates the opportunity to submit a proposal to provide independent investment consulting services to the Pension Board of the ***City of Fort Lauderdale Police & Firefighters' Retirement System*** (the "Board"). As a comprehensive consulting firm, Segal Advisors is fully capable of, and committed to, providing the entire scope of consulting services described in your Request for Proposal ("RFP") and based on our history of providing said services to public plans.

We are an independent consulting firm with no affiliations with investment managers, brokerage firms or financial organizations. Our only business is investment consulting. This allows us to avoid all perceived or real conflicts of interest. As an employee owned firm, we have a vested interest in meeting our clients' needs. We differ from most organizations providing similar services in our ability to combine funding expertise, knowledge of investment issues and practical experience in organizing and monitoring investment programs. Those capabilities enable us to better monitor the critical relationship between plan financial requirements and investment strategy.

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

Sincerely,

Amy Heyel
Senior Consultant

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Scope of Services

Segal Advisors is prepared to offer the following Scope of Services as listed in your RFP:

1. Provide unlimited revisions to asset allocation and Investment Policy.
2. Reconcile and coordinate the periodic rebalancing of the Fund.
3. Coordinate presentations by fund managers to Board.
4. Review investment manager ADV Forms annually and notify Board if there are any issues that are of concern.
5. Attend monthly Board meetings or special meetings as needed.
6. Monitor compliance with the investment guidelines.
7. Monitor performance of investment managers and prepare a quarterly report to include, but not be limited to:
 - a. a general commentary on the markets;
 - b. the asset allocation compared to the target;
 - c. each manager's and the total Fund's performance with comparisons to the appropriate benchmarks and investment category rankings over various time periods including:
 1. quarter;
 2. fiscal year-to-date;
 3. one, three and five year periods; and
 4. since inception;
 - d. time weighted historical rates of returns;
 - e. changes in fund value due to contributions, withdrawals, earnings, gains/losses and capital appreciation;
 - f. risk/return tables;
 - g. top ten holdings; and
 - h. sector distributions.
8. Advise the Board when a manager should be placed on probation and/or terminated.
9. Perform searches for new fund managers, including but not limited to, establishing search criteria, perform in-depth performance analysis, perform due diligence investigation, present results to Board, coordinate interviews of finalists, notify new and replaced managers, negotiate most favorable fee and coordinate transfer of assets.
10. Apprise Board on matters related to new developments in the capital markets and asset classes.
11. Respond to Board and staff inquiries and requests for services in an appropriate and timely manner.
12. Make no changes in the assigned representative without the explicit approval of the Board.
13. Monitor the Fund's commission recapture programs and trading costs.
14. Recognize that your firm is a fiduciary to the Board and agree to act as a fiduciary.
15. Perform any other services not specifically listed that would normally be done periodically on a monthly, quarterly or annual basis.

PROPOSER'S WARRANTY

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

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

Segal Advisors

Firm Name

Submitter's Name: John DeMairu

Title: Senior Vice President and Chief Operating Officer

Signature: John DeMairu

Date: May 26, 2010

Response to Questionnaire

ORGANIZATION

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

Segal Advisors was established in 1969 as an independent firm, specializing in investment related consulting services. Currently, we have on-going relationships with 225 clients representing \$67 billion in assets. Segal Advisors' only line of business is providing investment consulting services, this ensures that our services are objective and client-focused. For over 40 years, we have assisted clients in formulating practical investment policies, developing appropriate asset allocation strategies, selecting investment managers and measuring and evaluating investment performance.

We believe that the following key characteristics identify our strengths and show how we are uniquely qualified to serve the City of Fort Lauderdale Police & Firefighters' Retirement System:

- ***Independence*** – We are an independent consulting firm with no affiliations with investment managers, brokerage firms or financial organizations. Our only business is investment consulting. This allows us to avoid all perceived or real conflicts of interest. Along these lines, we are a fee for service consultant. We accept payment only in “hard dollars” and our only source of revenue is from our consulting services. As an employee owned firm, we have a vested interest in meeting our clients' needs.
- ***Client Expertise*** – Segal Advisors currently serves as an investment consultant to 225 clients representing 380 plans (*i.e.*, defined benefit, defined contribution and health & welfare) with \$67 billion in assets and is one of the top consultants in the country.
- ***Professional Expertise*** – Our professional staff is highly trained and experienced. Senior level professionals and leaders of the firm manage client servicing. We have dedicated teams to research, consulting, operations and defined contribution matters. Our acquisition of Irwin Tepper Associates has provided us with an asset liability platform that most others cannot match.
- ***Alignment with our Clients*** – Unlike most of our competitors, we sponsor defined benefit and defined contribution plans, therefore, we understand the importance of assisting our participants in meeting their retirement objectives just like our clients. We are able to relate to the challenges that our clients face with regard to legislative changes and market conditions.

- **Consulting Approach** – We listen. While our team of consultants draws upon years of experience, our focus is on the particular environment in which the City operates. We work with our clients to develop strategic solutions to current challenges and to identify future directions. We view our consulting role as one providing the necessary professional and technical information to our clients so that well-defined investment policies can be formulated, implemented and evaluated.
- **Clear Communication** – To Segal Advisors, consulting is teaching. We recognize that any plan has the attention of a wide range of people with a diversity of interests. We also play a vital role in the interaction with the Plans' investment manager, by ensuring that their reporting procedures and presentation materials are consistent and comply with the Plans' requirements.

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

Segal Advisors will continue to operate as an employee owned, fee for service investment consultant with no ties to financial organizations that pose a conflict of interest.

It is our intention to retain additional professional staff at all levels to support our growing business. For example, we have hired investment consultants in New York, Boston, and Cleveland while establishing offices in Chicago, Houston, and Portland over the last few years.

All of these areas of expansion are designed to meet the needs of servicing our existing clients. It is our belief that our clients are the key to our current and future success. As a privately held, employee owned firm, we have a vested interest in ensuring client satisfaction. We do not employ a dedicated sales force and depend on our industry reputation and client reference to successfully grow our business. It is our objective to continue to provide the highest quality objective investment and defined contribution consulting services and not to dilute our focus by expanding into other areas.

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

Segal Advisors dedicates approximately 25% of its annual revenue to the research process through the utilization of external databases and periodicals.

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

No.

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

Segal Advisors provides investment consulting expertise to each of the three major retirement market segments: multiemployer, public and corporate. We provide guidance to 153 multiemployer plans, 48 public pension plans, 21 corporate plans and 3 endowment plans. Our long-standing relationships, some in excess of 20 years, are evidence of our ability to deliver quality advice. Our extensive experience with plans of all sizes, coupled with our specialized expertise and qualifications, enables us to proactively assist clients in meeting a variety of challenges.

Segal Advisors, a wholly-owned subsidiary of The Segal Group, was established in 1969 by the firm's parent when the company identified a need to provide independent and unbiased investment consulting advice. Segal Advisors is a national firm providing services to all types of employee benefit plans from offices throughout the United States and Canada. Segal Advisors is headquartered in New York City with additional offices in Boston, Chicago, Cleveland, Houston, Los Angeles, Portland and Toronto, Ontario. Segal Advisors has been profitable throughout its entire history.

The Segal Group is a privately held corporation, owned entirely by its active senior employees, including employees of Segal Advisors. There have been no changes to the ownership structure of Segal Advisors nor are any expected in the near future.

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

As one of the largest providers of consulting services to pension plans in the country, Segal Advisors is staffed with a highly trained and experienced professional staff. Our consultants have a unique combination of "real world" experience as Boards and investment bankers, along with distinguished academic credentials.

We differ from most organizations providing similar services in our ability to combine funding expertise, knowledge of investment issues and practical experience in organizing and monitoring investment programs. These capabilities enable us to better monitor the critical relationship between plan financial requirements and investment strategy. In addition, we also utilize the knowledge and expertise outlined above to provide in-depth training and understanding to our client base.

We view our consulting role as one providing the necessary professional and technical information to our clients so that well defined investment policies can be formulated, implemented and evaluated. Our role is to advise you on how you can better achieve your goals and objectives. Through industry knowledge, experience, and research, we will help you make informed decisions. We understand the importance of developing and maintaining effective investment programs and helping you fulfill your responsibilities.

The organizational structure of Segal Advisors also lends itself well to providing objective, client-focused advice. We are an independent, 100% employee owned firm. As such, it is our policy to maintain no financial relationships with any investment organization we evaluate on behalf of our clients. In this respect, we do not accept brokerage commissions in payment for our services.

Segal Advisors offers:

- Objective, unbiased consulting focused on client needs
- Professionals with years of specialized expertise
- Proactive, innovative approach to delivering solutions in both short and long-term planning
- Access to extensive firm-wide resources and research
- A record of comprehensive and on-time deliverables for our clients
- Competitive fees

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

Yes.

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

Yes.

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

Yes.

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

Yes, we are members for both FPPTA and the IFEBP.

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

Yes, our registration number is F02000005225.

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

No.

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

No.

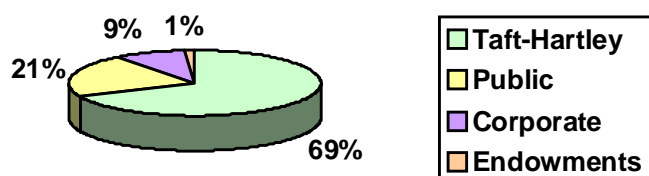
13. Has the firm or any of its principals or employees been convicted of any crimes in Florida or any other State?

No.

CLIENTS AND REFERENCES

1. Please provide a summary of your firm's total clients and assets under investment consulting advisement. Indicate a breakdown by public pension funds, corporate pension funds, Taft Hartley funds, endowments and others. At a minimum, please include:
- Total number of investment consulting clients
 - Number of clients and assets by category
 - Fund size of average client
 - Representative client list

We have included a representative client list in Section 4. We currently provide on-going investment consulting services to 225 clients representing \$67 billion in assets. The average client has \$210 million in assets. The pie chart below represents the breakdown of the four sectors we service.



Sector	# of Clients
Taft-Hartley	153
Public	48
Corporate	21
Endowment	3

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

We have listed lost clients over the last three years, along with fund assets and reason for termination.

2008

The following former clients funds were merged into the Massachusetts State Plan

- Amesbury Contributory Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$38 million
- Chicopee Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$135 million
- Pittsfield Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$92 million
- Plumbers & Pipefitters 162 Retirement Savings Plan, Welfare and Pension Funds, Competitive bid, SCIA, \$72 million
- Plymouth Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$120 million
- Swampscott Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$30 million
- Waltham Contributory Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$166 million
- Weymouth Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$144 million
- Worcester Regional Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$418 million

2009

- City of Holyoke Retirement Board, Competitive, Hired in-house CFO, \$151.5 million
- Local 138 Pension Trust Fund, Competitive, UBS, \$147 million
- Lynn Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$180 million
- Salem Retirement Board, Legislative, Passage of Chapter 68 of the Acts of 2007 (State Law), \$80 million
- Sheet Metal Workers 71 Welfare Fund, Plan too small to maintain consultant, \$1.5 million
- United Teamster Pension Fund "A", Political Change in client leadership, \$166 million

2010

- Chicago Housing Authority Employees Retirement Plan, Political, \$40.4 million

Below is a list of clients gained over the last three years:

2008

- 868 IBT Pension Fund
- American Federation of Teachers (AFT)
- Brockton Hospital
- Man-U-Service Trust Fund
- Mid-Jersey Trucking Industry & Teamsters Local 701 Annuity, Pension and Welfare Funds
- Middletown Works Hourly & Salaried Union Retirees Health Care Fund
- Montgomery County Union Employees Deferred Compensation Plan
- Nassau Health Care Corporation
- NBA- GM Serp and League Wide Pension Plan
- Ohio AFL-CIO Employees' Retirement Plan
- Office & Professional Employees International Union Local 30 & 537 Welfare Fund
- Oklahoma Iron Workers Direct Contribution Plan
- Porter Medical Center
- Prince William Health System
- Texas Iron Workers Defined Contribution Retirement Plan and Pension Fund
- Twin City Carpenters Pension Fund, Twin City Carpenters & Joiners Defined Contribution Plan and Welfare Fund
- University of Missouri Pension

2009

- BAC #3 NY, Niagara Falls /Buffalo Health & Welfare, Annuity and Pension Funds
- Beer Industry Local Union No. 744 Pension Fund
- Chicago Regional Council of Carpenters Apprenticeship & Training Fund
- City of Memphis Retirement System and OPEB Investment Trust
- Government of District of Columbia 401(a) and 457 Plans and Health Benefit Fund
- Hawaii Tapers Annuity and Health & Welfare Funds
- IBEW Local 325 Annuity, Joint Trust and Pension Funds
- IBEW Local 1249 Insurance and Pension Funds
- IBEW Local Union 241 Pension and Welfare Funds
- IUOE 4 Pension Fund
- Laborers' Local 103 Pension, Welfare, Annuity and Training Funds
- Loudon County Public Schools
- Officers & Employees 478 & Funds' Employees Pension Fund
- Plumbers & Steamfitters 131 Health & Welfare, Pension and Annuity Funds
- Plumbers Local Union No. 27 Welfare Fund
- Rocky Mountain UFCW Health Plan
- Roofers 96 Annuity and Welfare Funds
- Teamsters Local 553 Pension and Deferred Compensation Funds
- Teamsters Local 617 Pension and Welfare Funds
- Tempe Union High School Districts
- Worcester Plumbers and Pipefitters Union Local No. 4 Annuity and Health & Welfare Fund
- WWEC 863 Pension Fund

2010

- American Radio Associate Health Plan
- City of Virginia Beach
- Iron Workers Mid-South Direct Contribution Fund
- Rose Associates

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

Ms. James Carnicella
City of Hollywood Employees' Retirement Fund
City Hall Annex
2600 Hollywood Boulevard
Hollywood, Florida 33020
954-921-3333/ jcarnicella@hollywood.org
\$206.7 million in assets

Mr. Carlos Garcia
Financial Service Director
City of Hollywood 457 Fund
2600 Hollywood Boulevard
Hollywood, Florida 33020
954-921-3231
\$36.0 million in assets

Ms. Alicia Garafola
Fund Administrator
City of Ocala General Employees' Retirement System
151 SE Osceola Avenue
Ocala, Florida 34471
352.854.5813
\$74.0 million in assets

Mr. Brian Fenske
Chairman
Cape Coral Municipal General Employees' Pension Trust Fund
1413 SW 14th Street
Cape Coral, Florida 33991
239.574.0873
\$103.0 million in assets

Mr. James O. Cooke, IV
Deputy Treasurer-Clerk
City of Tallahassee
300 S. Adams Street
Tallahassee, Florida 32301
850.891.8146
\$1,018.0 million in assets

Mr. Arthur Wallace III
Vice President, Finance
Broward Health System
303 S.E. 17th Street
Ft. Lauderdale, Florida 33316
954.355.4524
\$483.7.0 million in assets

PROFESSIONAL STAFF

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

We currently have a staff of 53 located in New York, Boston, Chicago, Cleveland, Houston, Los Angeles, Portland and Toronto, Ontario:

- 19 employees with client consulting responsibilities
- 24 investment and research associates
- 11 administrative and marketing support staff

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

Ms. Amy Heyel, Senior Consultant, will be the lead consultant assigned to your account. She works out of our New York headquarters and spends a portion of her time in Savannah, Georgia. **Mr. John DeMairo, Senior Vice President**, will serve as back-up consultant. **Ms. Emily Boccuzzi, Associate**, will assist the team on all related evaluations and report preparations.

Amy Heyel, Senior Consultant, joined Segal Advisors' New York office in February 1995 as a financial analyst and worked as a senior analyst and associate consultant until 1998. Ms. Heyel rejoined Segal Advisors in June 2001 as a consultant. Ms. Heyel served as the Director of Relationship Management from 2003 to 2006. In 2007, she was promoted to Senior Consultant. Her responsibilities include overseeing several client relationships in the public, corporate and multiemployer markets. This comprises the analysis of performance evaluation reports, assisting in the manager search process, investment strategy and asset allocation studies and all aspects of the investment program process.

Ms. Heyel's prior work experience included defined benefit pension fund consulting at Montford Associates in Savannah, GA and working as a senior marketing associate at Weiss, Peck & Greer.

Ms. Heyel graduated from The College of Charleston with a Bachelor of Science degree in Business Administration.

Ms. Heyel currently spends a portion of her time in Savannah, Georgia.

John DeMairo, Senior Vice President and Chief Operating Officer, has 25 years of investment consulting experience. He joined the Segal Advisors' New York office in 1989 as a consultant. He became an officer of the company in 1993 and was promoted to Senior

Vice President in 1997. Mr. DeMairo was appointed national practice leader and chief operating officer of Segal Advisors, Inc., the investment consulting affiliate of The Segal Company, in 1998. In 2005, he was elected to the Board of Directors.

In addition to his management responsibilities, he serves as lead consultant to several major multiemployer, public and corporate plan sponsor clients of Segal Advisors. In his role as investment consultant, he provides expertise in the development of investment strategies, the selection of investment managers and the measurement and evaluation of investment performance. Mr. DeMairo provides consulting services and expertise to defined benefit, defined contribution and other types of investment programs.

Prior to joining Segal Advisors, Mr. DeMairo was affiliated with two other investment consulting organizations.

Mr. DeMairo is a *magna cum laude* graduate of St. John's University, where he received a BS in quantitative analysis in 1985 and an MBA in Finance in 1988. Mr. DeMairo is a member of the Investment Management Consultants Association (IMCA) and the International Foundation of Employee Benefits (IFEB). He is also a regular participant in the AFL-CIO Investment Consultant Advisory Board.

Emily Boccuzzi, Associate, joined Segal Advisors in 2007. Her responsibilities include overseeing several client relationships including the analysis of performance evaluation reports, assisting in the manager search process, investment strategy and asset allocation studies and all aspects of the investment program process.

Ms. Boccuzzi is a *magna cum laude* graduate of Providence College, where she received a BS in Finance and a minor in French. She is also a Member of the National Society of Collegiate Scholars, the Business Administration Honor Society and French Honor Society.

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

Segal Advisors employs a team approach to our client servicing. Clients are assigned a primary consultant and a back-up consultant who are, in turn, supported by an investment associate and the rest of our support staff. Therefore, several individuals are involved in the relationship and possess the necessary knowledge of the Plan's investment program to maintain the relationship should the primary consultant be unavailable due to a scheduling conflict.

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

Ms. Heyel is primary consultant for seven clients with assets ranging from \$30 million to \$2.5 billion. We do not have a maximum amount of clients per consultant, but each consultant does not normally maintain more than 15 dedicated clients. The team structure allows for a deeper servicing structure. Teams of multiple consultants support more than 15 client relationships. If a team's client base is growing support will continue to be added to the team structure.

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

Segal Advisors has been successful in maintaining its senior professional staff. Over the last three years, we have lost one consultant and hired three consultants (New York, Chicago and Portland).

<i>Former Employees</i>	<i>Position</i>	<i>Reason for Leaving</i>
Donald Saxton	Senior Consultant (Cleveland)	Pursue new opportunity

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

We pride ourselves on our ability to attract, retain and develop highly skilled staff. People are our most important asset and we strive to recruit the top talent in the investment consulting industry. Segal Advisors offers a collegial and challenging working environment with incentive compensation packages designed to reward success. Furthermore, each employee has the opportunity to participate in the firm's success through our profit sharing program or, in the case of senior staff, direct equity ownership.

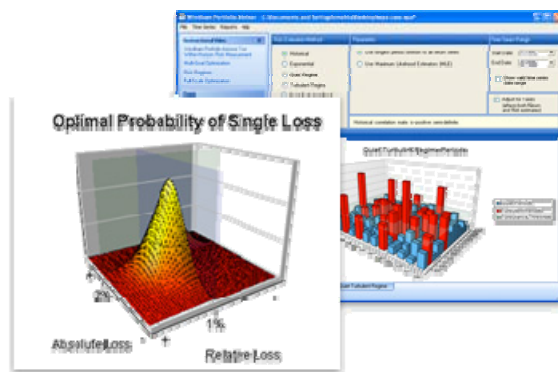
Our clients benefit from our independence and uniquely high level of education and experience. Most of our consultants hold a Masters degree, and either hold, or are pursuing, the designation of Chartered Financial Analyst. Five consultants currently hold the CFA designation and eight members of our staff are enrolled. Seven have advanced degrees.

INVESTMENT CONSULTING SERVICES

Asset Allocation

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

We believe that developing the appropriate mix of the various asset classes is one of the most important decisions made in the management of institutional assets. Choosing the proper ratio among asset classes has been proven more important than which type of security is ultimately owned. Each asset allocation study is designed to meet the specific needs of the individual client.



Our asset allocation model is based on the efficient frontier. An important component of our process is the development of the necessary assumptions to serve as inputs to the model. Segal Advisors employs a forward-looking building blocks methodology that takes into account current market and economic conditions when building expected return and risk assumptions. In addition, we analyze historical data when developing standard

deviation assumptions for each asset class as well as the underlying correlation matrix. Furthermore, we employ stochastic modeling, generally referred to as Monte Carlo simulation, to ensure that our clients understand the range of possible outcomes, and the probability of their occurrence under various target allocation scenarios.

Because of our relationship with our parent company, The Segal Company, our investment consultants have superior knowledge relating to liabilities relative to other investment consulting firms. As part of the asset allocation study, we conduct an analysis of the current plan including a review of the plan's demographic characteristics, liquidity needs, cash flow, and liability structure to determine the projected exposure for the Fund. For example, a plan's funding status has a definite bearing on the level of risk the plan should assume in the pursuit of investment return. More detailed analysis of the impact changes to the investment program will have on the liabilities of the plan are available through asset-liability modeling.

When introducing new asset classes, we initially discuss the new asset class with the Trustees and our justification for its inclusion. An educational presentation is prepared to increase the awareness of the role the new asset class will assume in the overall portfolio.

We believe it is appropriate to review asset allocation annually.

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

In 2006, The Segal Group acquired Irwin Tepper Associates, Inc., a consulting firm that specializes in asset/liability analysis for employee benefit programs and other organizations. Irwin Tepper Associates has been integrated into Segal Advisors.

Segal Advisors developed a proprietary Asset/Liability Model (ALM). Our ALM studies provide projections of plan funding under various sets of assumptions about future experience, such as demographic trends (based on the Plan's experience), the effects of inflation and the performance of capital markets. ALM is particularly helpful in comparing the effects of one or more sets of future "what if" scenarios on plan fundings. The projections are made using sophisticated actuarial software. The outputs of ALM studies include analyses of emerging trends depicted in sets of graphs and tables that generally cover a 10- to 20-year period.

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

Over the last three years, we have performed approximately 25 studies. Our firm has extensive experience conducting asset allocation and asset liability studies for government systems, corporate and multiemployer plans. All such studies are prepared internally.

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

We utilize a modeling system provided by Ibbotson Associates, a recognized leader in asset allocation software.

Board Education

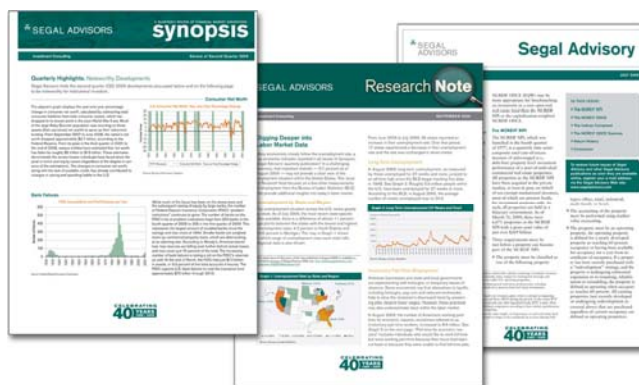
1. What resources (i.e., human resources, internal research, conferences or seminars, industry information, etc.) will your firm draw upon to provide our plan fiduciaries with board education?

Segal Advisors has a dedicated research group of six individuals, whose sole purpose is internal support for consulting teams. Our parent company employs legal experts on fiduciary law as well as national experts on pension plan design and regulations, which our consultants can draw upon as useful resources. Our consultants and analysts use the many different publications and databases to which we subscribe to remain current on trends in the world financial markets. This knowledge is incorporated into our daily consulting to

our clients. In addition, we produce a financial market overview that is included with our quarterly client reports. This overview highlights general economic conditions and market results by investment mandate and stylistic orientation with the goal of providing a framework for understanding how the current market conditions may have impacted a client's overall performance.

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

Periodically, the firm produces a newsletter, *The Segal Advisory*, which provides in-depth analysis of current investment and regulatory issues concerning our clients. This newsletter is mailed to our clients and is available on-line at our web site www.segaladvisors.com. On a quarterly basis, we produce *Synopsis*, which is an overview of the previous quarter market period. We also make our financial market conditions available on a quarterly basis to all clients through an interactive Webinar with our research group. On a monthly basis, *Research Note*, a publication highlighting newsworthy items including current macroeconomic events and relevant investment consulting issues.



Sibson Consulting and Segal Advisors have released a new e-publication called *Prism*, which depicts a snapshot of a model pension plan's funded status and how it has changed over the most recent four quarters. It is available on both the Sibson and the Segal Advisors Web sites. The purpose of Prism is to inform corporate pension Boards about broad-based interest rate movements and asset performance in the general pension fund market. It is intended to demonstrate an integrated asset/liability viewpoint and to spur discussions about these concepts and calculations. It will be updated quarterly.

Investment Manager Searches and Monitoring

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

Segal Advisors has extensive experience in conducting manager searches for our clients. This includes traditional and non-traditional asset classes. We maintain a dedicated

research team, which works with the client consulting team to prepare the manager search reports.

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

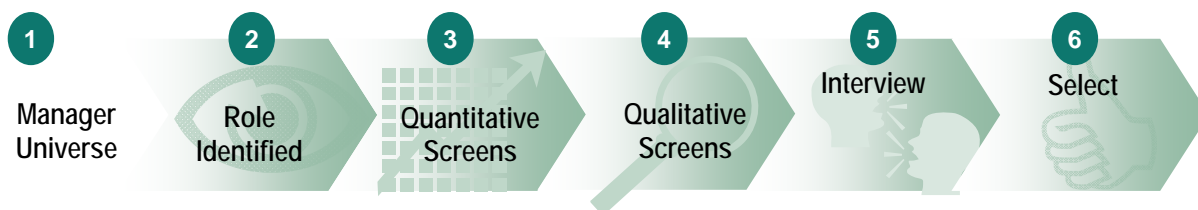
We believe detailed and carefully constructed screening procedures are well worth the effort when a Board considers choosing investment managers. We believe specific procedures provide evidence that the Board has made the selection in a prudent fashion after considering a variety of alternatives. Moreover, detailed discussions with potential managers provide a basis for establishing effective communication with the organizations finally selected.

We meet frequently with representatives of firms that wish to manage money for our clients and conduct thorough due diligence reviews on both qualitative and quantitative matters. In addition, we maintain individual profiles of such companies and subscribe to various independent services, which provide computerized data with regard to their activities, resources and results.

Generally, our reviews of investment managers focus on the following areas:

- Stability and size of organization, client retention, asset growth, ownership, business affiliations, types of accounts managed.
- Depth and experience of investment staff, roles of investment professionals in the decision-making process and compensation.
- Investment performance, including variability and dispersion of investment results among accounts with similar objectives.
- Implementation of and adherence to investment policy and process.
- Internal control procedures to monitor conformity with firm wide and/or client guidelines.
- Usefulness of client reports and communications.

In assisting the Board in the selection process, we will:



1. **Designate investment management candidates.** We will suggest names of organizations based on both our internal and external investment managers database files, which we believe, will effectively carry out the investment policy guidelines adopted by the Board. We would, of course, be pleased to request proposals from any companies the Board may wish to designate. Candidates considered may include existing managers, if they can fill the roles established in the Investment Policy

Guidelines. Our process is completely objective, as we do not receive any forms of compensation from the investment management community.

2. ***Prepare written questionnaires.*** We prepare questionnaires for the candidate managers requesting information concerning their capabilities and services. The questionnaires cover important features of each organization's personnel, fees and prior investment performance. We also obtain information on the scope and nature of each firm's clientele and a description of suggested investment practices and policies.
3. ***Prepare summary report.*** When the proposals have been received, we prepare a written summary report and meet with you to review it. This procedure will permit the elimination of those candidates who appear least likely to meet your requirements.
4. ***Conduct candidate interviews.*** We then arrange and participate in interviews of the finalist candidates. We assist in questioning the candidates with respect to aspects of the services not fully covered in the written proposals.
5. ***Assist in the selection of manager.*** We then assist in summarizing the key features of both the written and oral presentations to assist the Board in reaching a decision.
6. ***Implement new management arrangement.*** We assist the Board and legal counsel in setting up the new investment management arrangement. This includes negotiating the fee, reviewing the proposed contract to assure that it is consistent with the proposal made, and working with the manager to develop appropriate ongoing reporting procedures.

The systematic procedures we use are designed to make the choice of a manager as objective as possible and to provide a foundation for a good working relationship with the organization that is ultimately selected. Hiring a new investment manager can be a time consuming and expensive process and we believe every effort should be made to assure that the job would not need to be redone because of inadvertent misunderstandings.

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

We subscribe to eVestment Alliance, a web-based investment manager database. In addition to monthly and quarterly returns on over 1,800 managers representing more than 6,400 investment products, the system provides the names and biographies of all team members, a full description of a product's investment philosophy, process (buy/sell discipline), and risk controls, as well as firm information (e.g., assets, clients, litigation issues, compliance, etc.) as well as portfolio holdings and other portfolio characteristics. We utilize



the database as a screening tool to identify promising managers to perform additional due diligence on. The information contained in the database is instrumental in helping us get to know a manager and enables us to have a more productive meeting with Portfolio Managers when we interview them either in our offices or theirs. Managers are not charged fees for inclusion.

As a web-based system, the database is continuously updated by investment managers. Managers are asked to have their performance and other portfolio information submitted to eVestment by the 5th business day after quarter end; product asset, accounts and team information submitted by the 15th business day after quarter end; and all firm asset information submitted by 20th day.

eVestment maintains control of the database, and therefore, managers and product data can not be removed from performance history. This is helpful in eliminating any survivorship bias in the peer universe comparisons.

In addition, we have a proprietary database on our Client Management System (CMS). This database maintains all internal research notes and memos, important manager communications and manager profiles. All information in CMS is stored permanently and serves as a historical reference for our research.

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

There is no standard response for terminating performance from an investment manager. However, there is a discipline that can be applied in managing the monitoring process for effective decision-making regarding the retention of investment managers. During periods of underperformance, the first question to ask is whether the investment manager has undergone a material change in people or process. Barring material changes in people or process, it is important to revisit the considerations weighed when initially deciding to retain the investment manager. Is the investment manager still in a position to fulfill the delegated role in the portfolio? If the answer to the question is no, then the investment manager should be terminated. If the answer is yes, then it is our role to assist the Board in understanding the cause of the underperformance and if the situation can reasonably be expected to improve.

To the extent the goals and objectives are not followed or attained, the manager should be made aware of the specific circumstance. If in fact it is a major transgression (or a series of minor transgressions), the manager should be terminated. Issues such as style, capitalization, risk, prohibited investments, as well as performance need to be carefully evaluated in determining whether termination of the manager is necessary.

Finally, it is important to differentiate between sustained underperformance and temporary market conditions that may lead to unexpected downside volatility. Terminating an

investment manager at the wrong time could result in an unnecessary expense, and could lock in a loss that will not be recovered.

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

Please see attached Exhibit on Manager Search Winners. Please keep in mind that our manager search reports typically include 3 to 6 candidates for consideration by the client. In most instances, the plan sponsor will interview three finalists and select a winner. The decisions related to manager selection, manager termination, the investment strategy and asset allocation are ultimately the discretion of the Board and will vary from client to client. Segal Advisors will make recommendations regarding the selection. The attached is a list of those firms selected as winners over the last 2 years.

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

We do not regularly monitor this statistic. We have conducted almost 450 searches over the last 24 months for the 225 clients and 380 funds that we currently provide services to. We estimate that approximately 50% of those searches are related to new mandates (*i.e.*, new asset class, complementary managers, and further diversification) and 15% result in no selection. The remaining 35% relates to replacement due to termination of an existing manager. As we noted in a previous question, we have gained several new clients over the last few years. Therefore, many of those managers (assume 50%) are related to inherited managers from prior consultants. Based on these estimates, we would estimate about 70 terminations or a manager turnover rate of less than 5%.

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

Our due diligence process consists of many different elements designed to assure the Fund that credible and capable entities are being considered. A detailed questionnaire is sent out to potential candidates. After thorough review, a face to face meeting or conference call is scheduled to discuss questions arising from review of the firm's response as well as an opportunity to have a formal presentation from the team on the product and its philosophy.

Our manager due diligence process attempts to answer the following key questions with each manager in our clients' portfolios:

- Did the managers adhere to the investment guidelines and meet your objectives?
- What market conditions existed during the review period?

- How did the managers' investment results compare to market indices, other managers and stated investment objectives?
- What risks were incurred in achieving the investment results?
- What factors contributed to the managers' overall results, and did the managers add value?
- Are the asset classes meeting their projections?
- Is the overall Fund performing in line with its peer group?
- Did the managers adhere to style?
- What is their key personnel turnover?

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

Given our status as one of the nation's largest consulting firms, most manager meetings take place in our headquarters in New York. However, should the client request onsite meetings or the situation warrant a visit to the manager's office, we will conduct on-site due diligence. We routinely conduct approximately 15 due diligence meetings a month. On site visits do occur and are scheduled as needed.

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

Our investment manager database information is updated on a quarterly basis. We review manager performance on a monthly basis, but more formally prepare quarterly reviews of the investment results, which include returns against market indices and peers, risk analysis and performance attribution. We regularly conduct meetings and conference calls with those firms managing assets on behalf of our clients.

We typically employ returns based style analysis to ensure that managers continue to employ a style specific to the mandate for which they were originally hired. Portfolio level holdings analysis may also be employed to confirm compliance with style mandates.

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

Our manager research focuses on qualitative factors because all quantitative factors are historical and provide no insight into the manager's ability going forward. The quantitative factors do provide a good platform for qualitative factors, which we compile in our meetings with managers as well as on-going communication, questionnaires, and third-party sources. The following qualitative factors are part of our manager evaluation process:

Organization

- Ownership and changes in ownership
- Legal/regulatory problems
- Changes in assets and number of clients
- Employee turnover

Professional Staff

- History and stability of the investment team
- Credentials, e.g. education, experience
- Tenure with the firm and specific strategy
- Incentives aligned with clients interests.
- Retention issues

Investment process

- Clearly articulated
- Consistent
- Portfolio structure
- Buy / Sell Disciplines
- Logical and thorough
- How does process correlate with performance?

Qualitative factors are one of the primary considerations when considering a potential manager for a client and the specific issues to consider depend largely on each client's specific needs and objectives, which make it difficult to quantify or rank managers based on subjective or qualitative factors.

Our questionnaires always include a section on AIMR compliance and composite construction. However, we do not have any way to verify the investment manager returns supplied and must rely on their certification of the data.

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

Historical performance is the basis for our first round of quantitative screening and is essential in creating the long list for the client mandate. Our standard request for proposal has several questions regarding the composite's structure and AIMR reporting compliance. Also, our manager database, eVestment, requires that the manager certify its AIMR compliance.

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

Classification of investment manager products is primarily done through internal research including, but not limited to, interviews and portfolio holdings. On a secondary basis, information from our databases, along with various statistical methods (including regression versus style specific indices) is used to verify managers' styles.

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

No.

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

No.

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

The following is an excerpt from a *Manager Alert* distributed to clients.

Investment Management LLC: Organization Update

Segal Advisors spoke with representatives from Investment Management LLC to discuss the discovery of a coding error in the investment process, lapses in reporting procedure subsequent to the discovery of the error, and the actions of the firm's governing Board in response to the lapses.

Background

On April 15, 2010, the firm notified its clients and the clients' consultants that the firm had discovered a coding error that affected the flow of information between the risk model and the portfolio optimization process. The error was first discovered in late June 2009 and was corrected between September and mid-November 2009.

The error affected the scaling of inputs from the risk model into the portfolio optimizer. The firm currently has three types of risk controls: (1) stock specific risk controls, (2) common-factor risk controls, and (3) portfolio risk controls. As a result of the error, common-factor risks, which arise due to industry groupings, countries, style, and other

characteristics, were “significantly underrepresented” in the portfolio optimization process. Although the firm has multiple checks and controls built into its processes, the nature of the error was such that it went undetected for a long period. The firm believes that the error was introduced at the time of an update carried out in mid-2007 and was detected while testing an update to the risk model.

The analyst that detected the error reported it to senior investment professionals within the Research Center and the Research Center decided to fix the error and report it to the senior management of the firm. The error was not reported in a timely manner as required by the firm’s policies. According to the firm’s policies, all matters affecting the investment process are expected to be escalated in an expeditious manner, regardless of whether any of the individuals involved in identifying such an issue may view it as immaterial or mitigated by other controls or circumstances.

The Board carried out an in-depth review of the matter and as a result, decided to notify the firm’s clients. In addition, the firm hired an external firm, Cornerstone Research, to carry out a detailed and independent analysis of the possible financial impact of the error on the performance of the firm’s portfolios. The analysis is expected to be completed by the end of June 2010. Dr. XXX, Director of the Board, in agreement with the rest of the Board decided to take a 30-day leave of absence. In addition yyyy informed the firm of his decision to resign as Director of Research Center within one year, during which the firm will formalize a transition plan.

Segal Advisors inquired about the possibility of fee reduction/elimination for clients and, according to the firm, no such plans are in place. The Board continues to investigate the matter and further communication from the firm should be expected.

Segal Advisors’ Analysis

The firm’s longstanding reporting and monitoring guidelines have been put in place to protect the interests of both the firm and clients and prevent potential malpractice. Segal Advisors believes that the aforementioned lapse in reporting and monitoring procedures is material and we recommend conducting an investment manager search for their replacement.

It should be noted that the small/mid cap fund participated in a securities lending program with BNY Mellon and exited the program in 2009. As a result, a liquidating trust was created, where a portion of the assets were withdrawn in kind from the collateral of the lending program, and each member of the fund owned a weighted slice of the trust. As the individual holdings in the trust were liquidated, the proceeds were reinvested back into the mutual fund. As of the end of April 2010, the Plan owned shares of the trust totaling approximately \$94,000. As a result of the decision to exit the mutual fund, an election form was signed on April 27, 2010 to redirect proceeds from the liquidating trust to the Plan’s cash operating account at US Bank.

Investment Policy

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

The primary function of our written Investment Policy Statements is to establish a clear and concise set of guidelines that a manager must observe in the normal course of providing investment management service to the fund. Through the designation of a target asset mix and a target performance benchmark, we define the Fund's proper asset allocation within an acceptable range of expected risk and return parameters, permissible investment vehicles and management style. Once these issues are clearly defined, we review with the Trustees the current structure of the investment program for external consistency and highlight any observed strengths or weaknesses. If necessary, we will suggest alternative investment styles and/or strategies to fill any gaps in the investment program. At that point, we prepare a draft statement of guidelines and objectives (investment policy statement) for review by the Trustees.

Setting investment policies requires striking an appropriate balance between the desires to maximize investment returns and maintaining liquidity to meet funding needs. Variability of return rates is also undesirable because it can cause unanticipated problems in meeting the Fund's obligations and can make it difficult to stay with the policy guidelines adopted for the Fund.

In reviewing investment programs, we study the Fund's cash flow and expense characteristics with the goal of establishing overall investment policy guidelines and performance objectives. The study includes:

- A review of experience reports to understand the Fund's annual cash flow requirements
- Developing and/or reviewing projections of annual contributions vs. spending and expense disbursements
- Reviewing the current investment program and highlighting any strengths or weaknesses
- Preparing discussions and analyses which:
 - Describe the risk and return characteristics of various categories of investments based on actual experience of professionally managed portfolios and representative market indices;
 - Discuss the Fund's ability to bear the risk associated with portfolios comprising various combinations of asset categories;
 - Address the advantages and disadvantages of alternative ways to divide responsibilities among investment managers in order to effectively control asset allocation, encourage efficient trading and minimize costs; and
 - Provide comment on the advantages and disadvantages of alternative asset classes and specialty managers.

The end product of this phase is a draft set of overall investment policy guidelines and our suggestions with regard to management structure.

The draft is then presented to the Board for their review and input. We view the investment policy document as a living document that should be reviewed and updated at least annually or as a result of any major change to the investment program. Once approved by the Board the document is executed with each investment manager serving the fund.

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

The creation and ongoing review of the investment policy statement is included in our full service retainer. Our quarterly reports are designed to evaluate and analyze the Fund's adherence to its overall policy as well as the individual manager's compliance with their guidelines. Therefore, policy and objectives are reviewed for each client quarterly on a formal basis.

Our primary concern in presenting performance statistics is to assure the managers' compliance with the benchmarks, targets and restrictions spelled out in the account's statement of investment guidelines, objectives and benchmarks. The report is also intended to determine if the managers have complied with stipulations spelled out in the written investment policy statements.

We monitor our clients' portfolios in terms of the individual "sub"-portfolios, whether separate asset classes or separate investment managers that exist as underlying components of the total fund. Each sub-portfolio is monitored against benchmarks constructed to the specific guidelines and objectives established for that particular management relationship.

Segal Advisors views investment consulting as a proactive service. Your consultant constantly monitors the investment structure of the portfolio to identify inefficiencies (e.g. cross-holdings or duplicate style) and to create the optimal structure at the lowest cost to the client. Our consultants understand the importance of maintaining the framework of the Fund as set forth in the Investment Guidelines, and monitoring manager adherence and proactively inform the Board of any violations or necessary changes to the guidelines. Additionally, Segal Advisors understands that the investment markets have been and will continue to be dynamic in nature, and recognizes that suggested changes to the Investment Guidelines are a part of the investment consulting process.

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

Segal Advisors feels that an appropriately structured investment program contains elements of both active and passive strategies for equity and fixed income management. Specifically, active management has been found to add significant value in areas where the market is inefficient (*i.e.*, foreign, small capitalization, alternative investments, etc.), while

passive management has been effective in the major asset classes such as large capitalization domestic equities.

Segal Advisors believes that it is important to use multiple managers in carrying out the various investment mandates articulating in the Fund's strategy to help diversify risk. With regard to investment style (e.g. growth and value), we believe that a style neutral portfolio structure also helps to minimize the potential volatility of a portfolio based on styles being in or out of favor.

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

Segal Advisors believes in a customized approach to investment consulting. However, we do have a best ideas portfolio that examines asset classes, appropriate allocation and logical implementation. The best ideas portfolio is outlined below. You will see that the basic structure of the portfolio is in line with the asset classes and asset allocation utilized by your Fund. We have included private markets, closed end funds, dedicated emerging markets, core plus fixed income, and inflation hedging techniques in our portfolio. We also employ a risk and fee budgeting technique and often use passive management for asset classes we believe are efficient.

We are familiar with all of the current investment managers and have common client relationships with all but two firms (Northpointe and K2). We would add that the Fund has a strong investment manager line up currently.

Asset Class	Allocation Percentage	Active vs. Passive
US Large Cap Equity	20%	Passive
US SMID Cap Equity	10%	Passive
International Equity	10%	Active/Passive
Emerging Markets Equity	5%	Active/Passive
US Core Fixed Income	20%	Passive
Core Plus Fixed Income (high yield, international, bank loans)	15%	Active
Core Real Estate	10%	Active
Commodity Splice (real assets (timber), precious metals, energy related)	10%	Passive
Alternative Assets (hedge funds -non directional/directional, private equity (VC, Buyout, Secondary, infrastructure)	0-20%	Active

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

Periodically, the Board reviews the asset allocation structure of the Fund. The purpose of the periodic study is to insure that the current investment strategy is still appropriate going forward, or if modifications are needed to reflect the changing capital market environment. The Board is involved throughout the process. First, we discuss with the Board which asset classes should be further explored in the upcoming investment strategy study. Secondly, if necessary, we provide educational communications on any classes the Board may not be familiar with. Thirdly, we review with the Board the possible asset class combinations and come to a consensus on the most appropriate asset allocation going forward.

Segal Advisors views investment consulting as a proactive service. Your consultant constantly monitors the investment structure of the portfolio to identify inefficiencies (e.g. cross-holdings or duplicate style) and to create the optimal structure at the lowest cost to the client. Our consultants understand the importance of maintaining the framework of the Fund as set forth in the Investment Guidelines, and monitoring manager adherence and proactively inform the Board of any violations or necessary changes to the guidelines. Additionally, Segal Advisors understands that the investment markets have been and will continue to be dynamic in nature, and recognizes that suggested changes to the Investment Guidelines are a part of the investment consulting process.

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

The most critical portion of the investment policy statement is clearly articulating the stated return and risk objectives of the Board by properly stating the asset class targets and ranges and the appropriate conditions for rebalancing of the portfolio. The asset allocation section provides the natural lead in to establishing performance measurement standards, guideline restrictions and limitations and communication procedures.

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

We view our consulting role as one providing the necessary professional and technical information to our clients so that well defined investment policies can be formulated, implemented and evaluated. Our role is to advise you on how you can better achieve your goals and objectives. Through industry knowledge, experience, and research, we will help you make informed decisions. We understand the importance of developing and maintaining effective investment programs and helping you fulfill your responsibilities.

Performance Measurement and Evaluation

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

One of the more important aspects of investment consulting centers on measuring the Fund's overall performance as well as that of its individual managers. The main objective of Segal Advisors' performance measurement services is to assist our clients in evaluating the strengths and weaknesses of the investment program and of the Fund's individual managers' investment judgments.

PaRiS (Performance Analytical Research and Investment System) is our in-house performance measurement system. The PaRiS platform is built on the same programming standards utilized within our firm, which provides much greater flexibility in integrating our internal systems (client database etc.) with PaRiS. PaRiS has the capability to receive custodial feeds from our clients' accounts direct to the platform. PaRiS also provides data for customizable plan sponsor universes, and allows for holding based attribution analysis. PaRiS houses our client specific manager data. Segal Advisors' staff of internal analysts conducts the financial analysis, verifies guideline compliance, prepares the written analysis and executive summary, supplies quality control standards and finalizes the report before distribution to the client.

Segal Advisors believes it is important for the Board to determine how well the Fund performed with respect to its peer group, its composite benchmark, and how its managers contributed to the Funds' goals on an individual basis. Our customized reports:

- Analyze the extent to which investment policies and objectives have been carried out and how they have affected the actual results. In reviewing performance, we will comment on whether the managers are in compliance with the guidelines;
- Provide a basis for discussing effective investment policies and procedures for the future;
- Determine whether the current managers are effectively carrying out their responsibilities; and
- Provide concrete evidence of the Board's attention to their fiduciary responsibilities

Our performance measurement and investment management oversight services provide our clients with all the necessary data and analysis regarding their total fund, their individual investment managers and the economic environment to enable them to make informed decisions regarding the investment of their Fund's assets.

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

The plan sponsor universe data shown in our performance measurement reports is comprised of a compilation of Segal Advisor clients and other consulting firm/client plans that use PaRiS along with selected plans from Mellon's plan sponsor universes. All

traditional asset classes are tracked in the system (for universe comparison) across the equity (all styles, all capitalizations both domestic and international and REITs) and bond market (intermediate, core, core plus, high yield, international, government only etc.).

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

Segal Advisors utilizes several databases for evaluating non-client specific investment manager performance (for search work etc), including PaRiS, eVestment Alliance, Morningstar, and other public sources. Through such databases, Segal Advisors has access to information on more than 2,000 investment managers, with thousands of investment products. Returns in our universe rankings for quarterly monitoring are composite returns provided by investment managers to third-party database managers. The databases are updated monthly. Our most common universes, equity (all capitalizations and styles) and fixed income normally have members ranging from 200-400 products.

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

Our consulting services and reports are designed to address the need for and provide evidence of the Board's efforts to comply with their fiduciary responsibilities. Our reports:

- Provide an overview of economic and general market conditions over the relevant time periods;
- Compare Total Fund and Combined Segments to appropriate benchmarks.
- Compare each investment option's results to appropriate market indices and universes of similarly managed vehicles;
- Verify investment style of each option;
- Measure the risk characteristics of each investment option;
- Track historical performance with a focus on consistency;

We produce a report that communicates our finding and recommendations as listed above. We will determine the individual funds' strengths and weaknesses in the plan.

Segal Advisors' reporting capabilities are extensive and flexible. We view the reporting function and the report format as an evolving process. Trustees often wish to add/delete or change portions of the report as the client/consultant relationship develops. Our reports can be extremely detailed or more summary in nature. We will work with the Trustees to develop a customized reporting format. We have various "optional" reports that we may add as additional exhibits to our performance reports.

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

All commonly accepted risk measures and other account diagnostics are available in the standard reporting package (e.g. standard deviation, sharpe ratio, beta, information ratio, tracking error, upside/downside capture ratios, etc.).

We use various risk measures in analyzing a manager's performance. Standard deviation, a common measure of variability, is used to determine the volatility of returns. These and other risk measures are compared to those of the plan's designated benchmarks in order to assess the risk assumed by the investment manager.

A detailed style analysis of all equity and fixed income portfolios is utilized to ensure compliance with guidelines as well as managers stated style of management

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

Segal Advisors typically prepares performance evaluation reports for our clients on a quarterly basis. Representatives from Segal Advisors will typically meet with our clients on a quarterly basis as well to review these reports and related issues. As always, the client's preferences are our priority. We are, of course, also available to meet with our clients at any time should particular issues of concern arise between scheduled meetings.

Our investment performance reports are typically prepared within 30 to 45 days after the end of the calendar quarter. Timeliness of report preparation is dependent upon the receipt of plan financial data from the Fund's service providers and availability of performance data related to the universes used for comparison in the evaluation. We also regularly prepare monthly "flash" reports.

Hard copies and .PDF versions are available. We do maintain a client portal, where a client is assigned a login and password and can review reports and other relevant client specific data.

7. What asset categories are tracked in your performance measurement system? How many investment managers are included within each asset category? How many years

Our database allows us to monitor a wide variety of managers by asset class, investment style and organizational structure. Asset classes include, but are not limited to, the following:

- Value equity, large, mid small
- Core equity, large, mid and small
- Growth equity, large, mid and small
- Foreign equity (developed and emerging)
- Balanced managers (various styles)
- Fixed income (various durations)
- Fixed income (interest rate anticipators)
- Fixed income (corporate credit evaluators)
- Real estate (various styles)
- Venture Capital/Private equity/Infrastructure
- Hedge funds
- Global Tactical Asset Allocation
- Insurance company and bank pooled products

Segal Advisors also uses the eVestment Alliance database that contains information on over 1,800 investment managers and covers a wide range of investment styles, including domestic and international managers.

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

The process to start a new client on our performance system is as follows:

- Monthly/Quarterly performance data, including market values, cash flow, and rates of return at total portfolio and individual manager levels should be forwarded to our office.
- Historical data will be loaded into our system and checked for accuracy.
- Benchmarks for the overall portfolio and each manager should be specified before the first report is generated.
- The fund administrator and the investment managers should be directed to forward ongoing copies of audited trust statements, including assets and individual transactions, to Segal Advisors.

The most common obstacle to a successful transition is the timely receipt and completeness of historical data. We endeavor to open lines of communication to prior consultants and other professionals early in the process in order to mitigate this issue.

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

Our primary concern in presenting performance statistics is to assure the managers' compliance with the benchmarks, targets and restrictions spelled out in the account's investment guidelines. Deviation from a manager's specified mandates are discussed as they occur with formal manager reviews.

As previously noted, there is no standard response for poor performance from an investment manager. However, there is a discipline that can be applied in managing the monitoring process for effective decision-making regarding the retention of investment managers. During periods of underperformance, the first question to ask is whether the investment manager has undergone a material change in people or process. Barring material changes in people or process, it is important to revisit the considerations weighed when initially deciding to retain the investment manager. Is the investment manager still in a position to fulfill the delegated role in the portfolio? If the answer to the question is no, then the investment manager should be terminated. If the answer is yes, then it is our role to assist the Board in understanding the cause of the underperformance and if the situation can reasonably be expected to improve.

Finally, it is important to differentiate between sustained underperformance and temporary market conditions that may lead to unexpected downside volatility. Terminating an investment manager at the wrong time could result in an unnecessary expense, and could potentially lock in a loss without recovery.

Research Capabilities

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

Segal Advisors maintains a dedicated manager research group based in New York. In addition, the firm subscribes to numerous economic and investment related publications produced by investment houses, boutiques and news sources, Segal Advisors subscribes to many investment related databases provided by outside vendors. These external sources provide us with up-to-date quantitative and qualitative information on thousands of investment firms, portfolios, and market indices (domestic and foreign). This external material supplements and complements the material we compile internally, including the actual experience of our universe of client funds. We also maintain profiles of over one thousand investment firms, banks and insurance companies.

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

Segal Advisors dedicates approximately 20% of its annual revenue to the research process through the utilization of external databases, periodicals and professional staff. We have a dedicated research team which focuses on investment manager due diligence and other investment related issues. We have also found that it is effective to have all consultants involved in research activities as well as carrying out specific client responsibilities. Further, our consultants and analysts confer amongst each other continually in formulating consensus investment forecasts and strategies.

Our consultants and analysts use the many different publications and databases to which we subscribe to remain current on trends in the world financial markets. This knowledge is incorporated into our daily consulting to our clients. In addition, we produce a financial market overview that is included with our client reports. This overview highlights general economic conditions and market results by investment mandate and stylistic orientation with the goal of providing a framework for understanding the role that general market conditions played in determining their portfolio's overall performance over relevant time periods.

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

Segal Advisors maintains a dedicated research group based in New York. The group is managed by a Director of Research and is supported by five dedicated Research Analysts where 100% of their time is spent conducting research on investment managers as well as other topical issues. The research group's role is to continually analyze and review investment products and economic data relevant to our client programs. The group meets with portfolio managers and investment staff of investment management organizations to qualitatively and quantitatively assess their investment process, key people, organizational stability and performance track record. In addition to the research group, all professional staff has research objectives as part of their job descriptions. Based on the hourly targets assigned, this represents another ten individuals.

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

Please see the investment manager search section for information regarding the search process, our research group and our search activity.

For 40 years, we have delivered investment-consulting services from the perspective of an interested party trying to advance the objectives of our Board clients. In this connection, we have assisted many of our clients in evaluating certain investments that would be classified as non-traditional alternatives to equities and fixed income securities. Based on our experience in these matters, it is our view that in most cases, the unique characteristics of these investments require case-by-case expert analysis to determine the extent to which they may be appropriate for specific clients. We generally assume the role of helping to organize the analysis as follows:

- determining what role the asset class is expected to play in meeting the program's objectives;
- assisting in identifying and evaluating the various risks involved;

- serving as a fact-finding resource including the development of appropriate yardsticks for ongoing performance evaluation;
- coordinating the management of the program among internal staff, Boards and ourselves as consultants;
- coordinating with other professionals serving the plan (*i.e.*, actuaries, attorneys, accountants, etc.)

Alternative investments are playing an ever increasing role in our clients' portfolios. Because of the unique qualities of the class (attractive returns, low correlation with traditional asset classes, etc.) alternative investments may increase expected returns while actually lowering the risk of the total portfolio. Clients should also be aware of the specific risks and liquidity constraints typically associated with this asset class. The types of alternative investments that our clients may utilize include private equity (fund of funds), hedge funds (fund of funds), real estate, and absolute return strategies (*i.e.* market neutral).

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

We are familiar with the funding, cash flow, and regulatory issues unique to the Florida Retirement Systems, and understand the issues involved in designing an investment program specifically suited to those needs. More importantly, we have knowledge of how those issues may influence the City of Fort Lauderdale Police & Firefighters' Retirement System having served several public funds in the State of Florida. Florida public funds face major challenges. We are familiar with the 2009 legislation amending Chapters 175 & 185, Florida Statutes. The uncertainty of legislative reforms and budget constraints are issues that Boards must deal with today. Questions such as, will the plan's investment strategy generate enough cash flow in the future years to cope with an increasing retiree population without forced asset sales, need to be addressed. Finally, the status of the global economy, the market crisis, and the stability of the U.S. stock market, are uncertainties that all Florida public funds must face.

We are members and active participants of the Florida Public Pension Trustees Association (FFPTA). We regularly speak at the Association's conferences and educational forums.

In addition to the FFPTA, we are frequent speakers, authors and advisors to organizations such as Massachusetts Public Pension Forum, Michigan Public Pension Association, the National Association of Securities Professionals, National Conference of Public Employee Retirement Systems, National Association of State Retirement Administrators, National Council on Teacher Retirement, Government Finance Officers Association and National Association of Government Deferred Compensation Administrators.

OTHER

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

Segal Advisors offers a full range of independent investment consulting services to our clients, including:

- Investment Guidelines and Objectives
- Asset Allocation Studies
- Asset/Liability Studies
- Investment Manager/Fund Searches
- Performance Evaluation with Attendance at Periodic Meetings
- Trustee Education and Training
- Selection of Master Trustee/Custodian
- Custodial Fee Analysis
- Investment Management Fee Analysis
- Defined Contribution Vendor Searches
- Defined Contribution Plan Assessment Reviews/Fee Analysis
- Special Studies

These services are covered in our full retainer arrangements.

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

Segal Advisors is insured by Chubb (Federal, Great Northern Ins., and Vigilant) in the amount of \$2,000,000 for General Liability, \$1,000,000 for Auto and in most cases, we can meet the statutory limits for Workers' Compensation. In addition, Segal Advisors maintains Professional Liability/Errors and Omissions insurance through XL Insurance in the amount of \$5,000,000. Since we do not handle client assets, we do not maintain Fidelity Bond or Fiduciary coverage.

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

Periodically, the firm produces a newsletter, *The Segal Advisory*, which provides in-depth analysis of current investment and regulatory issues concerning our clients. This newsletter is mailed to our clients and is available on-line at our web site www.segaladvisors.com. On a quarterly basis, we produce *Synopsis*, which is an overview of the previous quarter market period. We also make our financial market conditions available on a quarterly basis to all clients through an interactive Webinar with our research group. On a monthly basis, *Research Note*, a publication highlighting newsworthy items including current macroeconomic events and relevant investment consulting issues.

Sibson Consulting and Segal Advisors have released a new e-publication called *Prism*, which depicts a snapshot of a model pension plan's funded status and how it has changed over the most recent four quarters. It is available on both the Sibson and the Segal Advisors Web sites. The purpose of Prism is to inform corporate pension Boards about broad-based interest rate movements and asset performance in the general pension fund market. It is intended to demonstrate an integrated asset/liability viewpoint and to spur discussions about these concepts and calculations. It will be updated quarterly.

FEES

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

Our fees are generally quoted as a flat dollar amount for clients on a full retainer basis. These fees are based on our past experience in providing investment consulting services to similar clients. For the scope of services listed in this proposal, we would propose an annual fee of **\$145,000** for a 3-year contract.

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

There are no separate fees.

Client List

Public Funds

Arizona Board of Regents
Barnstable County (MA) Retirement Association
Berrien County (MI) Employees Amended Retirement Plan
Board of Education Pension Fund of Essex County (NJ)
City of Baltimore, Maryland
City of Cambridge (MA) Retirement Board
City of Cape Coral (FL) Municipal General Employees' Retirement Plan
City of Chicago Deferred Compensation Plan
City of Hollywood, Florida
City of Memphis Retirement System and OPEB Investment Trust
City of Ocala (FL) General Employees Retirement System
City of Rockville, Maryland
City of Springfield (MO) Police and Fire Fighters Pension Fund
City of Stamford (CT) Policemen's Pension Trust Fund
City of Tallahassee, Florida
Clark County (NV) 457 Plan
Essex County (MA) Retirement System
Government of District of Columbia
Hampden County (MA) Retirement Board
Hampton Roads Transit Employees Pension Fund
Kent County (DE) Retirement Board
Lancaster County, NE
Loudon County Public Schools
Louisiana School Employees' Retirement System
Melrose (MA) Retirement Board
Methuen (MA) Retirement Board
Metropolitan Government of Nashville and Davidson County Deferred Compensation Plan
Metropolitan Washington Airports Authority
Metropolitan Water Reclamation District of Greater Chicago
Montgomery County Union Employees Deferred Compensation Plan
Nassau County (NY) Deferred Compensation Plan
New Bedford (MA) Retirement Board
Northern Virginia Regional Park Authority
South Carolina Deferred Compensation Plan
State of Kansas Deferred Compensation Plan
State of Maryland Deferred Compensation Plan, ORP
State of New Hampshire 457 Deferred Compensation Plan
State of West Virginia
Town of Southbridge (MA) Retirement Board
Transit Employees of Tidewater (VA) Pension Fund
Transit Management of Southeast Louisiana, Inc.
Union Benefits Trust Fund
VIA Metropolitan Transit and Other Post Employment Benefit Trust
Virgin Islands Government Employees Retirement System
WMATA Transit Police Retirement Plan
Waterford Township (MI) Police and Fire Retirement System

Corporate and Endowment Funds

Beavers Charitable Trust
BMW of North America
Bradley Home Endowment Fund
Brockton Hospital
Copperweld VEBA
King Industries, Inc.
Metropolitan Pier & Exposition Authority
Middlesex Health System
Minnesota State Colleges & Universities
Muscular Dystrophy Association (MDA), Inc. Savings Plan and the Retirement Plan for Employees
Nassau Health Care Corporation
National Basketball Association
National Hockey League
North Broward Hospital District
Northwest Airlines 1114 VEBA Trust
Pearson Inc.
Porter Medical Center
Prince William Health System
Public Health Solutions Retirement Plan
Rudin Management
Scottsdale Healthcare
Seminole Boosters, Inc.
Senior Service America, Inc. Staff Pension Plan
Signature Healthcare
Tallahassee Memorial Healthcare
Tempe Union High School District
University of Missouri Pension
Yeshiva University

Taft-Hartley Funds

Actors Equity Association Staff Pension Plan and Union Fund
AFTRA Health and Retirement Funds
Aluminum, Brick & Glass Workers International Union 12 Pension and Welfare Funds
American Bakers Association Retirement Plan
American Federation of Musicians & Employers 401(k) Plan
American Federation of Teachers (AFT)
American Radio Association Pension and Health Funds and IAP
ASCAP Employee Pension and Retirement Plans
Bakery Drivers 194 Pension Fund
Bakery & Sales Drivers 33 Industry Pension & Welfare Funds
Beer Industry Local Union No. 744 Pension Fund
Beverage & Brewery Drivers 67 Pension Fund
Boilermakers National Health & Welfare Plan
Bradley Home Pension Fund
Bricklayers and Allied Craftworkers 1 Connecticut Health Fund
Bricklayers and Allied Craftworkers 3 New York, Rochester Chapter, Annuity, Pension and Health & Welfare Funds

Bricklayers and Allied Craftworkers #3 New York,
Niagara Falls/Buffalo Chapters Annuity, Pension and Health
& Welfare Funds

Bricklayers and Allied Craftworkers Local Union 15 Pension,
Supplemental and Welfare Funds

Bricklayers 74 Pension Fund

Bridge Structural & Ornamental Iron Workers 207 Annuity and
Pension Funds

Building Laborers 310 Annuity, Pension, Welfare and Sub
Funds

Carpenters Regional Council of Kansas City Pension
and Welfare Funds

Chicago Regional Council of Millmen Pension Fund

Chicago Regional Council of Carpenters Pension, Annuity,
Welfare, Apprenticeship & Training Funds

Connecticut Carpenters Annuity, Health & Pension Funds

Connecticut Laborers Annuity, Pension and Health Funds and
Pension Plan for the Staff

Connecticut Pipe Trades 777 Annuity Fund

Day Care Council Local 205, DC 1707 Welfare Fund

Derrickmen 197 Annuity and Pension Funds

DC 37 Benefits Fund Trust

DC 37 AFSCME Annuity Fund

Doctors Council Annuity Fund

Drywall Tapers Annuity, Pension and Insurance Funds

Electrical Workers 26 Individual Account Plan

Electrical Workers Local 369 Retirement Fund

Electronics 431 Pension Fund

Equity League Pension, Health & Welfare and 401(k) Trust
Funds

4th District IBEW Health Fund

Glaziers 558 Pension Fund

Greater Kansas City Laborers Pension and Welfare Funds

Greater Texas IBEW-NECA Annuity Fund

Hawaii Tapers Annuity and Health & Welfare Funds

HERE 54 Severance Fund

Inland Pension Fund

I.A.M. National Pension Fund

IATSE Local 794-819 Pension Fund

IBEW Seventh District Retirement Fund

IBEW 86 Annuity Fund

IBEW Local No. 90 Annuity and Pension Funds

IBEW Local 139 Annuity and Pension Funds

IBEW Local Union 164 Joint Annuity Fund

IBEW Local Union 241 Pension and Welfare Funds

IBEW Local 325 Joint Trust, Annuity and Pension Funds

IBEW 479 Annuity, Pension and Retirement Funds

IBEW Local 540 Pension Fund

IBEW 716 Pension Trust Fund and Retirement Plan

IBEW 861 Pension Fund

IBEW Local 1249 Insurance and Pension Funds

IUOE 4 Pension, Annuity & 401(k) Fund

IUOE 14-14B Annuity, Welfare and Pension Funds

IUOE Local 30 Annuity and Pension Funds

IUOE Local 57 Annuity, Health and Pension Funds

IUOE 478 SUB, Annuity, Health and Pension Funds

Iron Workers 5 Pension and Welfare Funds

Iron Workers Local 12 Pension Fund

Iron Workers 17 Pension & Annuity Funds

Iron Workers 498 Pension and Health Plans

Iron Workers Colorado Pension and Annuity Trust Funds and
Defined Contribution Plan

Iron Workers Local Union 549 and 550 Pension Plan

Iron Workers Local 793 Pension Plan

Iron Workers D.C. of So. Ohio Benefit, Annuity and
Pension Trust Funds

Iron Workers District Council of Western New York &
Vicinity Pension Fund

Iron Workers Mid-South Pension and Direct Contribution
Funds

Laborers Local 103 Annuity, Pension, Training and
Welfare Funds

Laborers 1000 Annuity, Pension and Welfare Funds

Laborers National Health & Welfare Fund

Laborers Service Contract Education and Training Trust
Fund

League-ATPAM Pension and Welfare Funds

Lima Plumbers & Pipefitters Pension Plan & Trust

LIUNA Local Union-Council and National Industrial
Pension Funds, General Fund, National 401(k)
Retirement Savings Plan and Staff Pension Plan

Local 365 UAW Pension and Welfare Funds

Local 447 Pension & Annuity Funds

Local 531, IBEW & NECA Money Purchase Plan and
Pension Fund

Local 758 Pension Fund

Local 807 Labor-Management Benefit Funds

Local 840 Pension Fund

Local 868 IBT Pension Fund

Local 917 Pension Fund

Louisiana Regional Council of Carpenters Pension and
Welfare Funds

Machinists Money Purchase Pension Plan

Make-Up & Hairstylists Local 798 Pension & Welfare Funds

Man-U-Service Trust Fund

Massachusetts Bricklayers & Masons Annuity, Health &
Welfare and Pension Funds

Mid-Jersey Trucking Industry & Teamsters Local 701
Annuity, Pension and Welfare Funds

Middletown Works Hourly & Salaried Union Retirees
Health Care Fund

Mo-Kan Teamsters Pension and Health & Welfare Funds

Musicians' 802 Health Benefits Fund

National Integrated Group Pension Plan

NECA-IBEW Memphis Electrical Retirement Plan

New England Carpenters Training Fund

New Orleans Electrical Pension Fund

The Newspaper Guild International and Defense Funds

Northern Central States Regional Council of Carpenters
Benefit Funds

Ohio AFL-CIO Employees' Retirement Plan

Office and Professional Employees Local 30 & 537
Pension and Welfare Trust Funds

Oklahoma Iron Workers Direct Contribution Plan

Oklahoma State Pipe Trades Annuity Fund

Oregon & SW Washington Painters Pension Plan

Painters District Council No. 3 Pension Fund

Painting Industry of Hawaii Annuity, Health & Welfare
and Training Funds

Paintmakers Pension Trust Fund

Pipeline Industry Pension Fund

Pipeliners Union 798 General and Voluntary Fund

Plasterers & Cement Masons 40 Annuity, Health and
Pension Funds

Plumbers & Gasfitters 5 Retirement Savings Plan

Plumbers & Pipefitters National Pension Fund and
Staff Retirement Plan

Plumbers & Pipefitters 4 Pension Plan

Plumbers & Pipefitters 5 Medical Fund

Plumbers & Pipefitters 112 Health and Pension Funds
Plumbers & Pipefitters Local No. 396 Pension Fund
Plumbers & Pipefitters 430 Health & Welfare Fund
Plumbers & Steamfitters 10 Individual Account Plan and Health & Welfare Fund
Plumbers & Steamfitters 42 Pension Plan
Plumbers & Steamfitters 106 Pension Fund
Plumbers & Steamfitters 118 Pension Plan
Plumbers & Steamfitters Local 131 Annuity, Pension and Health & Welfare Plans
Plumbers & Steamfitters 486 Annuity/401(k) Plan
Plumbers Local 27 Pension, Welfare and Retirement Funds
Rhode Island Laborers Annuity, Health & Pension, District Council and Legal Services Funds
Rhode Island Sheet Metal Workers Local 17 Annuity Fund
Richmond Teamsters & Industry Pension Fund
Rochester Laborers Pension Fund
Rocky Mountain UFCW Health Plan
Roofers Local 96 Annuity and Welfare Funds
Sheet Metal Workers Local 19 Annuity, Pension and Welfare Funds
Sheet Metal Workers Local 54 Welfare Fund
Sheet Metal Workers Local 71 Pension Fund
Southwest Regional Council of Carpenters General Fund
SSDC- League Pension and Health Funds
Teamsters 52 Pension and Welfare Funds
Teamsters Joint Council No. 16 Pension Fund
Teamsters Joint Council No. 83 Pension & Welfare Funds
Teamsters Local 338 Industry Pension and Welfare Funds
Teamsters 553 Annuity and Pension Funds and Deferred

Compensation Plan
Teamsters 617 Pension and Welfare Funds
Teamsters Local 816 Pension Fund
Texas Iron Workers Defined Contribution Retirement Plan and Pension Fund
Toledo Newspaper Unions-Blade Pension Plan & Trust
Treasurers & Ticket Sellers 751 Annuity and Pension Funds
Twin City Carpenters & Joiners Pension, Welfare and Defined Contribution Plans
UA 13 Pension Fund
UA 190 Plumbers/Pipefitters/Service Technicians/Gas Distribution Health Care Plan and Pension and Health & Welfare Funds and Defined Contribution Plan
UA Local Union Officers & Employees Pension Fund and UA General Officers and Employees Retirement Plan
UA International Training Fund
UA Journeymen & Apprenticeship & Journeymen Training Trust Fund
U.A.W. 259 Social Security Department Pension Fund
UAW Employee VEBA
UAW Strike Fund and Master Trust
UFCW 23 Employers Pension and Health Funds
United Teamster Annuity Fund
Wardrobe Local 764 IATSE Annuity, Health & Welfare & Pension Funds
Worcester Plumbers and Pipefitters' Union Local No. 4 Annuity, and Health & Welfare Funds
WWEC Local 863 Pension Fund

Manager Search Winners

	Mandate	1-year ended 12/31/2009	3-year ended 12/31/2009	5-year ended 12/31/2009
Manning & Napier Advisors	All Cap Equity	39.98	-1.82	---
Russell Index	Russell 3000	28.34	-5.42	0.76
William Blair & Company	All Cap Equity	40.55	0.39	4.99
Russell Index	Russell 3000	28.34	-5.42	0.76
AXA Rosenberg Investment Management	Alternative	20.31	-5.12	---
Standard & Poors Index	S&P 500	26.46	-5.63	0.42
D.E. Shaw Investment Management	Alternatives	31.61	-1.99	---
Standard & Poors Index	S&P 500	26.46	-5.63	0.42
BlackRock	Asset Allocation	22	4.38	7.88
Index not specified	Index not specified	NA	NA	NA
Grantham, Mayo, Van Otterloo & Co.	Asset Allocation	24.32	-6.19	3.88
Index not specified	Index not specified	NA	NA	NA
PIMCO	Asset Allocation	43.24	-4.5	1.03
Index not specified	Index not specified	NA	NA	NA
Calamos Advisors	Convertibles	34.27	3	4.31
BofA Merrill Lynch Index	BofA ML All US Convertible	49.13	0.06	2.69
Mackay Shields	Convertibles	41.76	3.46	5.52
BofA Merrill Lynch Index	BofA ML All US Convertible	49.13	0.06	2.69
Loomis, Sayles & Company	Core Plus Fixed Income	37.32	0.47	7.42
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Pacific Income Advisers, Inc.	Core Plus Fixed Income	4.97	6.56	5.22
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
PIMCO	Core Plus Fixed Income	12.92	8.75	6.66
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Pyramis Global Advisors	Core Plus Fixed Income	21.48	5.71	5.35
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Reams Asset Management Company	Core Plus Fixed Income	31.45	8.4	6.82
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Schroder Investment Management	Core Plus Fixed Income	9.53	7.37	5.96
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
TCW Asset Management	Core Plus Fixed Income	12.81	7.93	6.15
Barclays Capital Index	Barclays Capital	5.93	6.04	4.97

		1-year ended 12/31/2009	3-year ended 12/31/2009	5-year ended 12/31/2009
	Aggregate			
Western Asset Management Co	US Core Full	21.6	4.32	4.45
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Amalgamated Bank	Fixed Income Core	7.32	6.78	5.44
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Chicago Equity Partners	Fixed Income Core	6.3	7.75	5.96
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Galliard Capital Management	Fixed Income Core	10.68	6.55	5.46
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Income Research & Management	Fixed Income Core	13.49	6.74	5.61
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Jennison Associates	Fixed Income Core	13.22	8.58	6.75
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Loomis, Sayles & Company	Fixed Income Core	18.67	8.89	7
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Lord, Abnett & Co.	Fixed Income Core	13.04	7.33	5.93
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Metropolitan West Asset Management	Fixed Income Core	32.06	-2.68	0.15
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Northern Trust Global Investments	Fixed Income Core	8.61	6.24	5.1
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
PIMCO	Fixed Income Core	12.92	8.75	6.66
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Segall Bryant & Hamill	Fixed Income Core	34.59	3.78	6.06
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
State Street Global Advisors	Fixed Income Core	5.98	6.11	5
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
ULLICO Investment Advisors	Fixed Income Core	38.88	-6.52	5.01
MSCI Index	MSCI EAFE Free-ND	31.78	-6.04	3.54

		1-year ended 12/31/2009	3-year ended 12/31/2009	5-year ended 12/31/2009
Shenkmen Capital Management	Fixed Income Core	32.09	5.89	5.95
Barclays Capital Index	Barclays Capital Aggregate	5.93	6.04	4.97
Galliard Capital Management	Fixed Income High Yield	12.52	5.76	4.88
BofA Merrill Lynch Index	BofA ML US High Yield Master II	57.51	5.82	6.35
Pyramis Global Advisors	Fixed Income Intermediate	12.28	5.81	4.87
Barclays Capital Index	Barclays Capital Interm. Govt/Credi...	5.24	5.9	4.66
Mondrian Investment Partners	Fixed Income Intermediate	8.94	10.78	5.59
Barclays Capital Index	Barclays Capital Interm. Govt/Credi...	5.24	5.9	4.66
Artio Global Management	Fixed Income International	32.29	-4.15	4.31
Barclays Capital Index	Barclays Capital Interm. Govt/Credi...	5.24	5.9	4.66
International Value Advisors	Global Equity	25.68	---	---
MSCI Index	MSCI World-GD	30.79	-5.09	2.57
Manning & Napier Advisors	Global Equity	40.14	-0.6	8.36
MSCI Index	MSCI World-GD	30.79	-5.09	2.57
Newton Capital Management	Global Equity	32.2	-4.31	3.77
MSCI Index	MSCI World-GD	30.79	-5.09	2.57
KRA Capital Management	Global REITS	39.72	-10.18	---
	NAREIT	NA	NA	
Grantham, Mayo, Van Otterloo & Co.	International Core	24.7	2.46	5.87
MSCI Index	MSCI EAFE Free-ND	31.78	-6.04	3.54
Artio Global Management	International Equity	25.14	-5.33	---
MSCI Index	MSCI EAFE Free-ND	31.78	-6.04	3.54
Herndon Capital Management	International Equity	38.37	-1.97	8.07
MSCI Index	MSCI EAFE Free-ND	31.78	-6.04	3.54
Manning & Napier Advisors	International Equity	38.7	-1.43	5.13
MSCI Index	MSCI EAFE Free-ND	31.78	-6.04	3.54
Thornburg Investment Management	International Equity	33.55	0.37	8.94
MSCI Index	MSCI EAFE Free-ND	31.78	-6.04	3.54
ULLICO Investment Advisors	International Equity	38.88	-6.52	5.01
MSCI Index	MSCI EAFE Free-ND	31.78	-6.04	3.54
Wellington Management Co	International Equity	43.34	-4.3	5.32
MSCI Index	MSCI EAFE Free-ND	31.78	-6.04	3.54
Fisher Investments	Large Cap Core	43.91	-0.02	3.48
Standard & Poors Index	S&P 500	26.46	-5.63	0.42

	Mandate	1-year ended 12/31/2009	3-year ended 12/31/2009	5-year ended 12/31/2009
Rothschild Asset Management	Large Cap Core	21.17	-3.54	2.72
Standard & Poors Index	S&P 500	26.46	-5.63	0.42
Valley Forge Capital Advisors Inc.	Large Cap Core	17.23	-6.25	0.78
Standard & Poors Index	S&P 500	26.46	-5.63	0.42
Vanguard	Large Cap Core	27.6	-5.15	0.9
Standard & Poors Index	S&P 500	26.46	-5.63	0.42
Brown Investment Advisory & Trust Co	Large Cap Growth	53.78	3.38	6.1
Russell Index	Russell 1000 Growth	37.21	-1.89	1.63
Fred Alger Management	Large Cap Growth	48.13	-0.72	3.18
Russell Index	Russell 1000 Growth	37.21	-1.89	1.63
INVESCO	Large Cap Growth	26.26	-2.53	1.91
Russell Index	Russell 1000 Growth	37.21	-1.89	1.63
Winslow Capital Management	Large Cap Growth	41.03	1.93	4.88
Russell Index	Russell 1000 Growth	37.21	-1.89	1.63
LSV Asset Management	Large Cap Value	25.89	-8.2	1.29
Russell Index	Russell 1000 Value	19.69	-8.96	-0.25
Systematic Financial Management	Large Cap Value	24.19	-7.02	1.19
Russell Index	Russell 1000 Value	19.69	-8.96	-0.25
Systematic Financial Management	Mid Cap Value	35.09	-0.56	7.03
Russell Index	Russell MidCap Value	34.21	-6.62	1.98
Rhumblin Advisers	Small Cap	27.53	-5.92	0.66
Russell Index	Russell 2000	27.17	-6.07	0.51
Segall Bryant & Hamill	Small Cap Core	8.72	8.05	6.3
Russell Index	Russell 2000	27.17	-6.07	0.51
Thomson Horstmann & Bryant	Small Cap Core	41.31	-5.93	1.14
Russell Index	Russell 2000	27.17	-6.07	0.51
Vanguard	Small Cap Core	27.6	-5.15	0.9
Russell Index	Russell 2000	27.17	-6.07	0.51
Cadence Capital Management	Small Cap Growth	11.74	-6.14	2.22
Russell Index	Russell 2000 Growth	34.47	-4	0.87
Lazard Asset Management	SMID Core	57.31	0.62	6.21
Russell Index	Russell 2500	34.39	-4.86	1.58
Loomis, Sayles & Company	SMID Core	15.85	6.7	5.58
Russell Index	Russell 2500	34.39	-4.86	1.58
The Boston Company Asset Management	SMID Growth	26.24	-0.43	4.34
Russell Index	Russell 2500 Growth	41.66	-3.13	2
Fred Alger Management	SMID Growth	46.59	-0.95	7.01
Russell Index	Russell 2500 Growth	41.66	-3.13	2
The Boston Company Asset Management	SMID Growth	26.24	-0.43	4.34
Russell Index	Russell 2500 Growth	41.66	-3.13	2
Lord, Abnett & Co.	SMID Value	35.73	3.67	---
Russell Index	Russell 2500 Value	27.68	-6.97	0.84
Robeco Investment Management	SMID Value	43.89	-2.36	4.19

	Mandate	1-year ended 12/31/2009	3-year ended 12/31/2009	5-year ended 12/31/2009
Russell Index	Russell 2500 Value	27.68	-6.97	0.84
Alinda Capital Partners	Infrastructure Funds	N/A	N/A	N/A
Industry Funds Management	Infrastructure Funds	N/A	N/A	N/A
JP Morgan Asset Management	Infrastructure Funds	N/A	N/A	N/A
Macquaire Capital (USA) Inc	Infrastructure Funds	N/A	N/A	N/A
Mesirow Advanced Strategies	Portable Alpha	N/A	N/A	N/A
HarbourVest Partners	Private Equity	N/A	N/A	N/A
Lexington Advisors Inc	Private Equity	N/A	N/A	N/A
Mesirow Advanced Strategies	Private Equity	N/A	N/A	N/A
RCP Advisors	Private Equity	N/A	N/A	N/A
American Realty Advisors	Real Estate	N/A	N/A	N/A
JP Morgan Asset Management	Real Estate	N/A	N/A	N/A
Landmark Partners	Real Estate	N/A	N/A	N/A
Morgan Stanley Real Estate Advisor	Real Estate	N/A	N/A	N/A
Penn Square	Real Estate	N/A	N/A	N/A
Principal Global Investors	Real Estate	N/A	N/A	N/A
Prudential Real Estate Investors	Real Estate	N/A	N/A	N/A
TA Associates Realty	Real Estate	N/A	N/A	N/A
UBS Realty Investors	Real Estate	N/A	N/A	N/A