

PROPOSAL TO PROVIDE INVESTMENT CONSULTING SERVICES TO THE:

Fire and Police Pension Fund,
San Antonio

September 30, 2011, 4:30 p.m. CST

Brett Hazen
Vice President
(281) 671-5617
bhazen@segaladvisors.com

Segal Advisors
10740 North Gessner Drive
Houston, TX 77064
www.segaladvisors.com

Copyright ©2011 by Segal Advisors, Inc. All rights reserved.



SEGAL ADVISORS



10740 North Gessner Drive Houston, TX 77064
T 281.671.5617 F 281.671.5608 www.segaladvisors.com

Brett W. Hazen
Vice President
bhazen@segaladvisors.com

September 29, 2011

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

Via Email: investment@safireandpolicepension.org

Re: Proposal to Provide Investment Consulting Services

Dear Mr. Torres:

As both an Officer and Shareholder of Segal Advisors, I am delighted to submit our proposal to provide investment consultant services to the ***Fire and Police and Pension Fund, San Antonio*** ("Fund"). Segal Advisors is fully capable of, and committed to, providing the entire scope of consulting services described in your Request for Proposal ("RFP").

Segal Advisors is an independent consulting firm with no affiliations to investment managers, brokerage firms, or other financial intermediaries allowing us to avoid all perceived or real conflicts of interest. The firm was founded in 1969 as a 100% employee-owned firm and remains that way today; we have a stake in meeting our clients' needs. We employ a holistic approach to the delivery of our services that focuses on adding value to our client's asset base as well as their funding level.

I, *Brett Hazen*, will be the lead consultant assigned to your account and will serve as your contact. As an Officer of the Company, I certify that our firm meets all proposal requirements and that I am authorized to bind the firm to perform the services outlined in this proposal. My contact information can be found on the letterhead above.

Thank you again for considering us for this important assignment. We look forward to participating in the next phase of the consultant search process. 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,

Brett W. Hazen
Vice President

/wd

cc: Rafael Ramirez, Jr. Via Email: rramirez@safireandpolicepension.org

7503857v1/96022.902

REQUEST FOR PROPOSALS (RFP)

FOR

Investment Consultant Firm

FIRE AND POLICE PENSION FUND, SAN ANTONIO

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

PROPOSAL SUBMISSION DEADLINE:

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

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

Segal Advisors, Inc.

10740 North Gessner Drive

Houston, TX 77064

Contact Person: Brett Hazen

Phone: (281) 671-5617 Fax: (281) 671-5608

E-Mail: bhazen@segaladvisors.com

Response to Questionnaire

A Company Background

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

Segal Advisors, a wholly-owned subsidiary of The Segal Group, was established in 1969 by the firm's parent when the company saw 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.

The Segal Group is a privately held corporation, owned entirely by its active senior employees, including employees of Segal Advisors. Other subsidiaries include, The Segal Company, an actuarial and benefit consulting firm, and Sibson Consulting, a human resources consulting firm.

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

The only change was the broadening of ownership in the firm to allow more active employees to buy in to the firm thus better aligning their interests with that of our clients.

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

Segal Advisors is headquartered in New York City with six additional offices located in Boston, Chicago, Cleveland, Houston, Los Angeles, and Toronto. Since 1969, the firm has provided independent investment consulting exclusively to pension funds and other benefit plans. We provide full service consulting covering traditional assets, alternative assets, asset liability modeling, and dynamic asset allocation. Within our seven offices, we currently have 18 professional consultants and given our national footprint, we have strategically located our offices so that, in most cases, the direct contact person is only a short distance to each client. The Houston office will service the Retirement System and addresses for our Headquarters as well as our Houston office are listed below:



333 West 34th Street
New York, NY 10001
(212) 251-5900
(212) 251-5290, fax



10740 N. Gessner Drive
Houston, TX 77064
(281) 671-5617
(281) 671-5608, fax

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

An organizational chart is provided in the Attachments section following our response on page 1.

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

A majority of our investment professionals and support staff will have some involvement with your account but the primary individuals will be Brett Hazen, lead consultant, performing direct client service roles as well as coordinating the firm's activity from a consulting, research, and performance perspective with Amy Heyel, back-up consultant, providing additional support in these areas. Glenn Ezard and Justin Mallis will be the primary leads from a research effort and Dan Westerheide and T.R. Singh will oversee all asset allocation, asset liability, and dynamic asset allocation work on your behalf. Collectively this group of six investment professionals has 95 years of consulting experience.

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

Segal Advisors' only line of business is providing investment consulting services to plan sponsors. One hundred percent (100%) of our revenue is derived from these services. Furthermore, all of our revenues come from plan sponsors such as yourself; we do not have any relationships with investment managers or other financial intermediaries.

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

We believe what distinguishes Segal Advisors from other investment consulting firms, is that we offer:

- Holistic approach that integrates both assets and liabilities that focuses on specific economic metrics of the Fund.
- Stable – 42 Years Old, No Bad Press
- 100% employee-owned
- Objective, unbiased consulting focused on client needs,
- Proactive, innovative approach to delivering solutions
- Proximity – Very short trip to San Antonio

B Clients

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

Size	Public Funds	All Other Funds
Less \$100 M	21	246
\$100 M – \$500 M	27	65
\$500 M – \$1 B	6	14
\$1 B – \$10 B	9	7
Greater than \$10 B	0	0

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

<i>Client References</i>	<i>Contact</i>
Louisiana School Employees' Retirement System	Contact: Mr. Jeffrey Faulk, Vice Chairman Phone: 337.349.5354 Assets: \$1.5 Billion Yrs. As client: 16
City of Memphis, Tennessee Retirement System	Contact: Mr. Sam Johnson, Investment Manager Phone: 901.576.6177 Assets: \$1.9 Billion Yrs. As client: 2
Louisiana Municipal Police Employees' Retirement System	Contact: Mr. Kelly Gibson, Chairman Phone: 337.207.0242 Assets: \$1.4 Billion Yrs. As client: <1

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

Size	Number of accounts lost	Value of assets lost
2008	8	\$1.1 billion
2009	6	\$2.1 billion
2010	9	\$4.1 billion

C Standards of Conduct

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

Segal Advisors has adopted the CFA Institute Code of Ethics and the Standards of Professional Conduct. Employee compliance is monitored by senior personnel supervision, compliance reviews, and on going required reporting by all employees.

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

We believe risk management is critical to the long-term success of our clients' funds. Our holistic approach integrates assets with the liabilities so both sides of the pension equation are considered. We approach risk management on a macro and micro level and our philosophy is twofold; first, take only the amount of risk needed, and second, make sure the Fund is compensated for all risk.

On a macro level, our asset liability modeling focuses on determining the right level of risk to take and managing that level on a constant basis to assure that the overall allocation is structured in line with the Fund's objectives from a funding basis. In addition, we believe clients should have a dynamic philosophy with respect to their strategic asset allocation as needs vary with the economics of the plan and have implemented glide path structures that shift the overall risk budget based on this concept.

On the micro level, we are active in developing risk attributions of both benchmark exposures as well as active manager exposures. The risk attribution is tied to our factor models of the market and allow us to understand how our clients are positioned at any point in time.

We have done this for several clients; recent clients are Kansas City Public Schools Retirement System and Louisiana Municipal Police Employees' Retirement System.

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

Yes.

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

No.

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

No.

D Conflicts of Interest

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

We do not foresee any potential conflicts of interest if hired as the investment consultant for the Fund.

In the spirit of full disclosure, we do understand that you use, The Segal Company, as your actuary. Despite the affiliation, we do not see any conflict raised by this as we are two distinct companies with the appropriate firewalls in place and neither of our services affect the other company's compensation from the Fund in any way, shape, or form.

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

No.

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

Not applicable; we do not provide services such as portfolio management or brokerage services. Additionally, we do not provide consulting services to investment management companies.

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

There are absolutely no circumstances under which our firm or any individual in our firm would receive any compensation, finder's fee or any other benefit from investment managers or third parties. Given this, we have not received any compensation from investment management firms or third parties within the last five years.

E Staff and Consultants in the Firm

1. How many investment consultants does your firm have?

We have 18 consultants.

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

While we do not have any stated maximum with regard to staff, assets and number of clients, we pay close attention to each of these areas in the management of our business. In fact, our stated policy to limit the number of primary relationships serviced by a lead consultant provides internal controls. In general, consultants service 12 to 15 relationships. The caseload may vary based on the size and complexity of each client's account. While there is no pre-determined maximum number of relationships, Segal Advisors regularly reviews

caseload and hours, and makes adjustments as necessary to provide adequate support and/or establish a timeline for transition of relationship responsibility.

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

We pride ourselves on our ability to attract, maintain, 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.

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

Professional staff members are compensated through a combination of base salary and annual incentives. Payments under the Annual Incentive Plan are based on a combination of the overall financial results of the Company, the particular business segment's financial performance, and on each individual's performance measured against specific objectives established at the beginning of the year. In addition, the Company will make an annual profit sharing contribution and at least a 50% discretionary match based on the firm's profitability. For senior officers and shareholders, stock appreciation and dividend payments are benefits of equity ownership. Like many of our clients, we value the retirement security that comes with a defined benefit plan and therefore we sponsor such a plan for our employees.

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

Over the last three years, we have lost the following employees:

- Jeffrey Snyder, Consultant, left for new opportunity (2011)
- Leigh Morrissey, Research Analyst, left for new opportunity (2011)
- Gino Reina, CFA, Vice President, left for new opportunity (2011)
- George Kiriakos, Vice President, personal reasons (2010)
- Bridget McKenna, Senior Research Analyst, left for new opportunity (2010)

F Consulting Team

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

Brett Hazen will be the consultant directly responsible for providing consulting services to the Fund and is located in our Houston office. His biographical information is listed below:

Expertise

Mr. Hazen joined Segal Advisors' Cleveland office in 2006 as a Vice President; in 2010, he opened our office in Texas. His primary responsibilities include delivering consulting services, overseeing our business in the South Central States area, and heading up our public

fund practice. His consulting experience is broad with considerable expertise in asset/liability modeling, alternative strategies, manager research, and cost analysis.

Professional Background

Mr. Hazen has over twenty-three years of investment consulting experience, primarily in working with public sector retirement systems. Prior to joining Segal Advisors, he was a Principal and Managing Consultant at a regional consulting firm, where he was responsible for managing the consulting operation and providing services to clients. Previously, he held similar roles in the brokerage industry where he was involved with providing consulting services to institutional clients and manager research. Brett has been a frequent speaker at International Foundation (IFEBP) conferences, Opal Public Fund Summit conferences, MAPERS, LATEC, and various other public forums on investment related issues.

Education/Professional Designations/Memberships

Mr. Hazen earned a BA degree in Business Administration from Northwood University and a MBA degree from the University of Detroit-Mercy. He has also achieved the designations of CIMA (Certified Investment Management Analyst) from the Investment Management Consultants Association and the ChFC (Chartered Financial Consultant) and CLU (Chartered Life Underwriter) from The American College. He is a member of TEXPERS, LATEC, LAPERS, and MAPERS.

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

No. The consultants assigned to your account dedicate 100% of their time to investment consulting.

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

Because Segal Advisors employs a team approach to client servicing, a member of your team is always available to assist the Fund should your consultants be unavailable.

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

As previously mentioned, our team approach to client servicing ensures that if a key person assigned to an account should leave the firm, there is always a team member familiar with the account ready to continue providing uninterrupted investment consulting services. In the event a team member leaves the firm, the client is contacted and another team member is immediately assigned. Barring circumstances beyond our control (i.e., the resignation of an employee), the team assigned to your account will remain intact for the duration of the contract.

G Research

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

Our investment consulting approach described below employs an insightful, comprehensive, and proven methodology built through our 42 years in the business. Segal Advisors' resources and experience in each of the following areas is deep and robust and we have a significant budget allocated to our systems and technology to assure state-of-the-art consulting capabilities and deliverables to our clients.

- **Performance Evaluation and Reporting**

Our systems are designed to deliver information on a composite and manager/fund level that compares your Fund's return and risk to market benchmarks, peer groups, and, most importantly, to your specific objectives (i.e. actuarial assumed rate of return) along with attribution and various market conditions present in the reporting period(s).

- **Asset Allocation**

Our asset allocation work takes a forward-looking approach that employs stochastic modeling and focuses on integrating the Fund's specific economic measures (i.e. funding level) into a holistic framework.

- **Investment Policy**

Drafting investment policies is very closely tied to our work in the asset allocation and our use of liability modeling (ALM). Through the ALM process, we have an insight into the Fund's specific needs and risk tolerances and apply that on both a macro (asset) and micro (manager) level. On a macro level, our goal is to draft a document that mimics our ALM work and allows for the appropriate risk level that meets the Fund's needs and sees to it that the Fund is compensated for that risk. On a micro level, we strive to have the appropriate safeguards in place so the Fund does not deviate from its objectives but also that each investment manager has the adequate latitude to achieve the role that they were hired to do.

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

Manager selection is driven by the role the manager will play in the portfolio (i.e. beta provider or alpha driver) so that the manager structure is optimized from a risk and return standpoint. Our manager research is an ongoing process within the firm to assure that superior firms are well researched and thoroughly understood.

- **Research**

Research is an underlying theme in our firm at all levels, not just our Research Group. Both Consultants and Associates work closely to complement our overall research effort. This coordinated effort provides a seamless transition from the Analyst that initiates a project to the Consultant who delivers the information to you. We take a proactive approach to research that focuses on bringing better ideas/managers to our clients that help them better meet their needs.

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

Segal Advisors maintains a dedicated investment manager research group where, 100% of their time is spent conducting research on investment ideas and managers as well as other topical issues. We employ a generalist approach with our Analysts but have several analysts with a chosen specialty (i.e. private equity, real estate, hedge funds).

3. Describe the manner in which external resources and sources of information are used in the research process. How does your firm integrate internal and external research?

Segal Advisors subscribes to many investment related databases provided by outside vendors for the bulk of the data but supplement that with our own questionnaires, RFI's, and customized manager-reporting system that comprises our internal, proprietary database along with our own write-up's from our meetings and calls with firms.

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

The type and frequency of research is completely dependent upon client needs. The majority of our research is tailored and intended for specific client use only and can range from our analysis of a PPM to a presentation on a new investment idea. We have several examples of this and would be happy to provide samples at a further stage of the process due to the sensitive nature of the material.

For client use only, Segal Advisors provides *Manager Note*, *Manager Alert* and *Manager Focus*. *Manager Note* is a periodic manager review based on recent performance issues (both positive and negative). *Manager Alert* highlights a significant change to an investment manager's organizational structure, investment professional turnover, and/or litigation issues. *Manager Focus* is a detailed analysis of an investment manager, which includes a summary of a manager's completed RFI, extensive analysis, and our findings from multiple manager meetings/conversations. A sample of one of these is provided in the Attachments section following our response on page 2.

On a general basis, Segal Advisors provides very frequent research pieces including *The Segal Advisory*, which provides in-depth analysis of current investment and regulatory issues concerning our clients; *Synopsis*, which is an overview of the previous quarter market period; *Research Note*, a monthly publication highlighting newsworthy items including current macroeconomic events and relevant investment consulting issues; and *Prism*, which depicts a snapshot of a model pension plan's funded status and how it has changed over the most recent four quarters. We post these to our website and they are usually available through print as well. A sample of one of these is provided in the Attachments section following our response on pages 3 and 4.

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

Segal Advisors utilizes several computer-based analytical tools and systems to best serve our clients. While our clients are not authorized by the various suppliers to use these tools, we do offer access to a web-based portal in which clients can view output, download historical performance reports, and other Fund specific documents.

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

We do not believe in publishing white papers or position statements as it conflicts with our philosophy of tailoring our services to each specific client. As part of our communications with our clients, we regularly put out pieces as mentioned in Question 4 above that keep our clients abreast of market conditions, funding levels, and other areas of interest. A sample of a recent publication is discussed below:

➤ *Research Note, Whither Bond Yields?, September, 2011*

Bond yields are disappearing. This is a concern for investors because yield provides the majority of the long-term total return for a fixed-income investment. Moreover, the yield on most high-quality bonds is now below the current rate of inflation. Negative real interest rates (the yield on bonds net of inflation) means the interest income is not sufficient to offset the erosion of purchasing power from inflation. It is tantamount to sacrificing a portion of principal at redemption in return for safety. Investors need to consider the portfolio implications.

This *Research Note* addresses means to measure the potential for loss in the fixed-income segment of an investment portfolio. It also discusses potential portfolio adjustments.

H Asset Allocation

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

We believe that developing the appropriate mix of the various asset classes is one of the most important decisions to be made in the management of institutional assets. Choosing the proper ratio among asset classes has been proven to be much 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.

For modeling expected returns we primarily utilize a forward looking approach reflecting current market data such as real yields, inflation expectations, dividend yields, PE ratios, credit spreads, etc. For risk premiums in addition to using the applicable market factors, we use a Black-Litterman equilibrium model to determine market clearing risk premium relationships. These risk premiums can then be adjusted to reflect any particular views we may have.

We try to use price discovery as much as possible in determining the 'market's' views of risk. In developing risk assumptions, we start by using implied volatility estimates found in option instruments with high liquidity and transaction volume. These estimates may be supplemented with historical and forward looking adjustments where necessary.

Our starting point for correlations is a 10-year historical data set. We may adjust reflecting our forward-looking views. One recent example of this is the strong negative correlation between treasury returns and equity. We feel the recent decade of experience has been biased

with deflationary shocks (bursting of the dot.com and real estate bubbles.) Forward looking we feel that inflationary shocks are just as likely as future additional deflationary shocks (if not more likely) so our correlation structure has been moved from negative toward zero overriding the recent historical data.

While considering asset classes for client portfolios, we have adopted a less granular approach to asset classes. For example, we have moved away from small / large cap and growth / value divisions. This has been driven by a focus on the larger systematic factors as well as ones, which transcend both sides of funds' balance sheets, i.e. liability factors.

We realize the shortcomings of mean variance optimization models is the single period nature of the model as well as its assumption of asset return normality. We adjust risk estimates for asset classes, which are not routinely marked-to-market by focusing on the historical serial correlation in the data. Obvious examples of this would be real estate and private equity investments. Assets which are not routinely valued often show high persistence (or positive serial correlation) in the data. For funds with horizons beyond one quarter, this adds real risk as a poor quarterly return is more likely followed with another poor return. We use mathematical techniques to adjust upward the one period mean variance volatility to better reflect the asset's true (longer term) risk.

In a similar manner, we examine the tendency of the asset to experience larger shocks than would be probable under a Gaussian model. For those assets we adjust upward the volatility or risk to generate portfolio exposures more consistent with the investment's true risk.

An important additional consideration in recommending exposures to illiquid or 'fat-tailed' investments is the cashflow situation of the fund. Funds with large operating deficits have much less capacity for these instruments. Part of our asset liability modeling is to determine how much exposure of a fund can have without becoming (a.) highly concentrated in the illiquid investment and/or (b.) needing to liquidate in a distressed condition (with a significant haircut to NAV.) Additionally, large negative operating deficits can expose the plan more severely to large (albeit what may be temporary) capital draw-downs.)

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

Variables that we use to develop strategies for Plans include:

- Fund's economic metrics (funding level, projected cash flow, demographics, trends)
- Historical data on returns, volatility and correlations.
- Historical data with adjustment to reflect current market conditions.
- Estimates of future inflation, real yields and risk premiums.
- Economic forecast of inflation, interest rates and economic growth.

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

Short-term shifts in the market can present opportunities and, where appropriate and prudent, believe in having an opportunistic allocation that can capture inefficiencies in the market.

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

Our primary tool with risk management is our asset liability modeling, which allows us to match the risk in the markets up with the specific financial metrics of the Fund. Our goal here is to assure that the right amount of risk is taken, the Fund is compensated for that risk, and adjust the risk tolerance as your financial metrics change.

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

Our asset liability modeling is very robust and allows a number of scenarios to be forecasted. Furthermore, it provides forecasts that are tied in with the liability and funding levels of the Fund so that we are always able to see “both sides” of the pension equation.

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

Segal Advisors believes that strategic asset allocation should be revisited on a regular basis based on changes to the Fund’s economic metrics as well as shifts in the market. We prefer to utilize an opportunistic approach, as mentioned above but do not believe in aggressive tactical calls that rely on forecasts that difficult to get right. Furthermore, we have found that a disciplined rebalancing program can capture the majority of the upside with short-term swings in the market.

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

Yes. Asset liability modeling is at the core of our holistic approach. Our asset-liability modeling group is comprised of nationally recognized leaders in this field and is headed by Dan Westerheide. Our process enables us to analyze the impact of allocation changes on key actuarial metrics using a stochastic process that allows for an understanding of not only what may occur, but also what is likely to occur.

I Investment Policy Development and Review

1. Describe your philosophy and process for development of:
- overall investment policy as well as investment policy for specific asset classes;
 - client investment objectives, especially public pension clients.

Our investment policy recommendation process incorporates three steps or phases:

- Understand the Fund’s liabilities
- Determine client risk tolerances
- Implement an effective and efficient strategy

We will work closely with the Board at each phase to accomplish these fundamental responsibilities. Since there are no absolute “right answers” to building a successful investment program, we work together with the Board to explain the tradeoffs associated with each investment decision. For example, investment policy discussion issues can include

passive vs. active management, appropriate asset allocation strategies, style analysis within asset categories, target asset mix and rebalancing methodologies.

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 Board 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 Board.

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 Plan's obligations and can make it difficult to stay with the policy guidelines adopted for the Plan.

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 set of overall investment policy guidelines and our suggestions with regard to management structure.

Following the adoption of an investment policy, implementation of the asset class exposure requires careful planning and establishment risk management and monitoring procedures. Key areas addressed include: cost effectiveness of active management in a given asset class, credit risk exposures, asset class and security level expected volatilities, investment vehicle liquidity, and counterparty risk management in derivatives positions.

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

Portfolio structure will flow naturally from the investment policy guidelines and asset allocation. Our process takes into consideration the return objectives, risk, time horizon, liquidity, legal and regulatory constraints and the asset classes specified in the investment policy. The asset allocation will specify the appropriate targets for the allowable asset classes. At this point, we will analyze the current structure to determine the level of rebalancing necessary to incorporate the specifics of the results of the allocation study. Finally, we will evaluate the managers, which are currently in place in order to assess the effectiveness in meeting their prior objectives. The end result of this process will be the determination of gaps in the current manager roster to determine if a more optimal structure can be achieved.

J Investment Manager Database & Research (Traditional and Alternative)

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

Segal Advisors subscribes and has access to several manager databases for quantitative data analysis. They include:

- eVestment Alliance & InvestWorks – Manager databases for traditional asset classes covering well over 1,800 firms and 6,400 products
- ThomsonONE – Private Equity manager source with over 24,000 fund profiles and more than 13,000 firm profiles
- Preqin – Real Estate and Infrastructure database with data/profile access to over 1,000 real estate and 280 infrastructure fund managers
- Morningstar Direct & Lipper – Access to over 23,000 mutual fund products

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

Please see response to Question 1 above.

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

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. CMS is used to store all research notes on the hundreds of investment managers that manage money for our clients as well as all potential managers with whom our research group has met face to face or through an onsite visit.

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

We keep up to date on all the managers that manage money for our clients and any other managers that are “up and coming” to the marketplace. We have a dedicated research

department in New York and Boston, which meet with managers daily to keep us abreast of all of the best managers in the industry and any changes to current managers. On average, our research group “touches” over 100 managers per week. Touches include on-site meetings, meetings held at our offices, calls, and web conferences.

Our proprietary database is used to maintain manager information. It is not used for manager evaluation.

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

No.

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

Our investment research team proactively monitors alternative assets across various strategies including real estate (core, value-add, opportunistic), hedge fund-of-funds (market-neutral, fixed income substitute, equity substitute), private equity (fund-of-funds, distressed, secondary, co-investment) infrastructure and real assets. The generalist nature of our group (including alternatives and traditional strategies) helps to provide insights across all the alternative asset classes. Allowing individual analysts to take on assignments across traditional long-only and alternative investment strategies supports a broader perspective as to context for alternative investments within portfolio structure. During the financial crisis of 2008 and 2009, a common theme heard from analysts was that they were surprised by the high level of beta among alternative strategies that were supposed to provide diversification. In fact, there have always been significant overlaps in sources of return among traditional and alternative strategies. For example, levered hedge fund strategies seek excess return from the same source as long-only strategies, but magnified in both expected risk and return. For this reason, we feel that an integrated structure is better suited for a more holistic analysis. Moreover, recent concerns regarding high fees and lack of transparency have contributed to a general convergence among traditional and alternative strategies. Examples include lower cost 130/30 equity strategies that include short sales of individual stocks, but a zero net leverage position, and hedge fund replication strategies that invest in exchange traded funds, utilizing long and short positions to access specific alpha sources.

Our firm does not utilize specialty consultants or sub-advisors; all research and analysis is conducted internally by our dedicated Research team.

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

<i>Asset Category</i>	<i>Number of Searches</i>
All Cap Equity	12
Asset Allocation	3
Balanced	3
Cash	1

<i>Asset Category</i>	<i>Number of Searches</i>
Commodities	6
Convertibles	2
Core Plus Fixed Income	4
Domestic Equity	4
Domestic Fixed Income	1
Emerging Markets	14
Fixed Income and Cash Equivalents	1
Fixed Income Core	5
Fixed Income Global	1
Fixed Income High Yield	1
Fixed Income Intermediate	9
Global Equity	1
GTAA	8
International Equity	6
Large Cap	1
Large Cap Core	3
Large Cap Growth	8
Large Cap Value	1
Mid Cap Core	1
Mid Cap Growth	4
Mid Cap Value	2
Private Equity	11
Real Estate	33
REITS	1
Small Cap Core	6
Small Cap Growth	5
Small Cap Value	3
SMID Core	3
Stable Value	1
TIPS	2
Total Equity	1
Totals	168

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

Given our generalist approach, there is no personnel solely dedicated to Alternatives.

K Investment Manager Searches

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

The research group's role is to screen the various investment databases to be aware of what managers are available for the specific mandate, who is performing well and why. Next, the group meets with the portfolio managers and investment staff of prospective investment managers to qualitatively assess those product's investment processes, key people, and

organizational stability. When a client is performing a search, the research group first meets with the Consultant to better understand the goals and parameters of the project. The team meets about a week or so later and the research group typically recommends 8 to 10 investment managers to the Consultant for consideration. The team discusses the strengths and weaknesses and pros/cons of each manager and ultimately decides which firms should be given consideration for the client assignment. With those names in mind, the group goes through the due diligence process on those investment managers and prepares a report summarizing the analysis. Throughout this process, the research group is working with the Consultant and Analyst teams on all areas of due diligence.

Segal Advisors has extensive experience analyzing and evaluating manager structure and it does so for all new and existing clients. The target asset allocation and/or investment strategy study serve as guideposts for the Fund's manager line-up. Each asset class will have a specific manager(s) whose process is expected to produce risk/return characteristics in line with its style. Attention is also given to reducing the correlation across the managers in the lineup to increase diversification and reduce redundant styles and holdings. A manager's portfolio characteristics are analyzed to ensure that the style has been consistent with the expectations in that asset class.

The manager selection process marries quantitative analysis with a thorough qualitative assessment, which Segal Advisors has developed over years of due diligence and monitoring experience. Segal Advisors does not utilize a manager rating system or manager approved list. Due to client-specific target goals, we believe that every search is unique.

Quantitative analysis is primarily utilized during an initial screening of a broad universe in order to develop a focused list of potential candidates for further review. The quantitative screens are broad and geared to identify managers that fall within the client and Plan's risk tolerance, consistently meet or exceed performance expectations, exhibit style purity, and demonstrate desired risk-adjusted performance attributes. Analysts examine the results of the quantitative screens in order to develop a comprehensive focus list of investment managers.

Qualitative analysis includes an assessment of each organization's stability, investment style, and product characteristics based upon existing experiences. At this point in the process, the focus list is narrowed down to managers that will receive the Segal Advisors' proprietary Request For Proposal (RFP).

Completed RFPs are assigned to a team, consisting of a research analyst supported by a back-up team member. This team thoroughly reviews the response and arranges conference calls, meetings, or on-site due diligence to analyze and review the following areas:

<i>Organization</i>	<i>Investment Philosophy and Process</i>	<i>Professional Staff</i>
<ul style="list-style-type: none"> ➤ Ownership structure and changes in ownership ➤ Resources ➤ Legal/Regulatory ➤ Compliance and risk management ➤ Assets under management 	<ul style="list-style-type: none"> ➤ Investment philosophy ➤ Differentiating characteristics ➤ Consistency of process ➤ Universe ➤ Portfolio structure ➤ Buy/Sell disciplines ➤ Risk controls ➤ Correlation between 	<ul style="list-style-type: none"> ➤ History and stability of the investment team ➤ Credentials ➤ Tenure with the firm and specific strategy ➤ Incentives alignment ➤ Turnover

	process and performance	
--	-------------------------	--

Detailed notes and observations are compiled and stored in Segal Advisors' proprietary database, CMS.

The team meets with other members of the Research Group and the Consulting Group to discuss each manager in order to select the finalist group to be included in the client search book. From here, the assigned research analyst will compile the information to complete the executive summary and quantitative portion of the search report, which goes through a final review by senior members of the Research Group.

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.

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

As previously noted, Segal Advisors draws on a number of sources for information about investment managers and universe data for performance comparisons. Benchmarks and comparative universes may be constructed for an asset class or investment style.

We employ a variety of risk measures including standard deviation, up and down market capture ratios, and Sharpe ratios to assess the risks associated with each investment option. As discussed above, attribution analysis is employed to evaluate the sources of fund performance.

Our primary concern in presenting performance comparisons is to assure consistency with the targets and restrictions, if any, spelled out in the investment guidelines, objectives and benchmarks. Our comparisons are defined not only in terms of the benchmark to be used, but also in terms of the time periods to be covered (typically a full market cycle).

Our holdings-based attribution analysis measures the components of the portfolio return that are attributable to the portfolio managers active management decisions, compared to the relevant market indices and asset mix policy. It measures the returns due to total active management, timing relative to asset allocation or sector allocation, security selection, trading effect, market cap effect and style.

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

Our manager research focuses on qualitative and quantitative factors. We believe qualitative factors are important because all quantitative factors are historical and do not provide insight into the manager's ability going forward. We utilize the face to face meetings as opportunities to, on-going communication, questionnaires, and third-party sources to compile qualitative information on potential and existing money managers. 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 objective is to find a stable organization with a compensation structure that incentivizes the investment team, a seasoned investment team that has created a process, which has been successful in the past, and is designed to be consistent and repeatable in the future.

Comparisons with information contained in our database, managers' marketing materials, information on the quality of composites submitted and actual performance on client accounts are combined to ensure the validity of the managers' performance records. In addition, we spot check the managers' actual clients to determine their similarity to reported composites.

L Performance Review, Analysis, and Reporting

1. Describe your firm's performance analysis philosophy and discuss the portfolio analytics your firm is capable of providing, including factors you consider to be critical in reporting performance and give reasons why this approach is superior to others. Is this service performed by your firm or through an outside vendor and can

we access the information via the web? If you outsource, please identify the vendor and detail all quality controls in place.

We utilize the PARis performance measurement system to produce our performance reports. This web-based software tool is licensed from a third party vendor, Investment Metrics. Together with this software, our performance group analysts enter all relevant data into the PARis system.

Our performance measurement system is very comprehensive and can conduct both fundamental and returns based analysis. Our system calculates all of the necessary return and risk statistics (time weighted and internal rate of return calculations along with all risk and risk-adjusted measures) over rolling, annualized and year by year time periods. Our system has international benchmarks and universes and can conduct fundamental analysis on international portfolios.

We believe 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 Advisor's performance measurement service is to assist our clients in evaluating the strengths and weaknesses of the investment program and of the Fund's individual managers' investment judgments, whether the mandate be domestic, international, or global. Finally, the Board should understand 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
- 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.

In monitoring the performance of a client's total Fund, our analysis is directed towards making sure the portfolio is appropriately structured to meet the client's investment goals without exceeding their risk tolerance. This is accomplished through a close examination of the total portfolio's composition and its return characteristics on a variety of levels. The allocation of assets among the Fund's investment managers and among different investment styles is examined to ensure that the weighting of Fund assets complies with directed guidelines. Comparisons of the Fund's performance relative to a benchmark of blended market indices (which corresponds to the composition of the client's total Fund) is used to evaluate the quality of the Fund's returns in relation to the performance of the applicable financial markets. An evaluation of the effectiveness of the Fund's structure is made through performance comparisons with funds of similar investment composition and objectives. Lastly, the risk characteristics of the total Fund's performance is examined and compared

with that of peer funds and market indices to ensure that the variability of returns does not put the portfolio at risk of failing to meet its funding requirements.

The analytical process employed when evaluating the performance of a client's individual investment managers is similar in philosophy to our examination of the total Fund, but with the addition of in-depth analysis focusing on the investment characteristics of each manager's portfolio to confirm that investment policy guidelines and restrictions are being followed. The fundamental characteristics of the investments making up each manager's portfolio are investigated and analyzed to ensure that assets are being invested in a manner that is consistent with each managers assigned investment style. Performance is evaluated through comparisons of each portfolio's returns and risk levels with relevant market indices and other investment managers of similar styles. Additionally, attribution analysis may be employed to provide insight identifying which aspects of each manager's portfolio contributed to or detracted from performance. Our performance attribution analysis measures the impact of the portfolio manager's decisions regarding sector allocation weightings by comparing the portfolio's sector returns to those of the appropriate benchmark index. The risk traits of a client's portfolio are examined through a graphic representation of portfolio returns and their standard deviation or variability. The risk and return characteristics of each sub-portfolio are also examined and graphed to provide a comparison of each manager with their individual benchmarks and to illustrate the total Fund's level of diversification.

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

Yes.

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

Yes. We have always reconciled our calculated returns to investment manager returns on a monthly/quarterly basis. We require that investment managers to report their monthly return and market value for each client's portfolio through a proprietary web-based solution. If a discrepancy exists, we then request more detail such as portfolio holdings and cash flow. We then work to resolve the discrepancy and never publish our return without understanding why a discrepancy exists (trade/settlement, valuation differential, cash flow timing, or delayed payment securities such as mortgage TBAs). We often serve as a third party that facilitates reconciliations between the investment manager and the custodian.

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

Segal Advisors' reporting system allows for a high degree of flexibility in the production of the performance report production including client input and customization.

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

Your consulting team along with members from our Performance Group will work with the Fund to design the report and compile on a quarterly basis.

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

All asset classes are tracked in our system with a statistically-significant representation in each peer group covering the broad spectrum of each universe.

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

Our performance reporting system utilizes internal sources and external sources for the development of peer groups and universes.

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

Our performance attribution analysis measures the components of the portfolio return that are attributable to the portfolio managers active management decisions, compared to the relevant market indices and asset mix policy. It measures the returns due to total active management, timing relative to asset allocation or sector allocation, security selection, trading effect, market cap effect and style. A peer group comparison is also available based on portfolio characteristics. The international attribution's main focus is to explain the effects on return of stock selection, country selection as well as detailing the portfolio summary statistics. In addition to these factors, currency effect (including the impact of currency hedging) is measured for foreign securities portfolios.

We have provided a sample attribution analysis in the Attachments section following our response on pages 5-8.

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

Segal Advisors is able to evaluate the securities lending programs available through a variety of financial institutions. We regularly review the competitiveness of revenue sharing arrangements as well as the risk control mechanisms in place. Specifically, we would analyze the following characteristics: investment policy and provisions for the collateral pool, utilization rate, spread, collateral duration, collateral quality and percent collateralization as well as the indemnification language.

M Subcontracting

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

Segal Advisors does not propose the use of a subcontractor for this engagement.

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

Not applicable.

N Insurance and Liability

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

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.

O Fee Schedule

1. Provide, in detail, the fees your firm would charge for investment consulting services. Fees must be proposed as "all in." The Fund has extensive investments across all three major areas of alternatives. Please propose a tiered fee schedule as follows:

- Traditional Asset Consulting (excluding alternative assets),

Based on the information provided with this RFP, we would charge \$270,000 per year, which will include our Asset Liability Modeling (ALM) services as well.

- Under this structure, how much would your firm charge for a "one off" alternative asset manager search? \$30,000 to \$50,000 per search dependent upon specifics of the search.
- How much for a "one-off" prudent letter report on an assigned alternatives manager? \$25,000 to \$35,000 per report dependent upon specifics of the manager.

- Traditional plus direct hedge funds - \$440,000 per year (includes ALM)
- Traditional plus real estate - \$310,000 per year (includes ALM)
- Traditional plus private equity - \$320,000 per year (includes ALM)
- Traditional and all alternative assets - \$510,000 per year (includes ALM)

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

Our fee would be guaranteed for three years.

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

No. Our fees are fixed on a full service retainer basis.

P APPENDICES

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

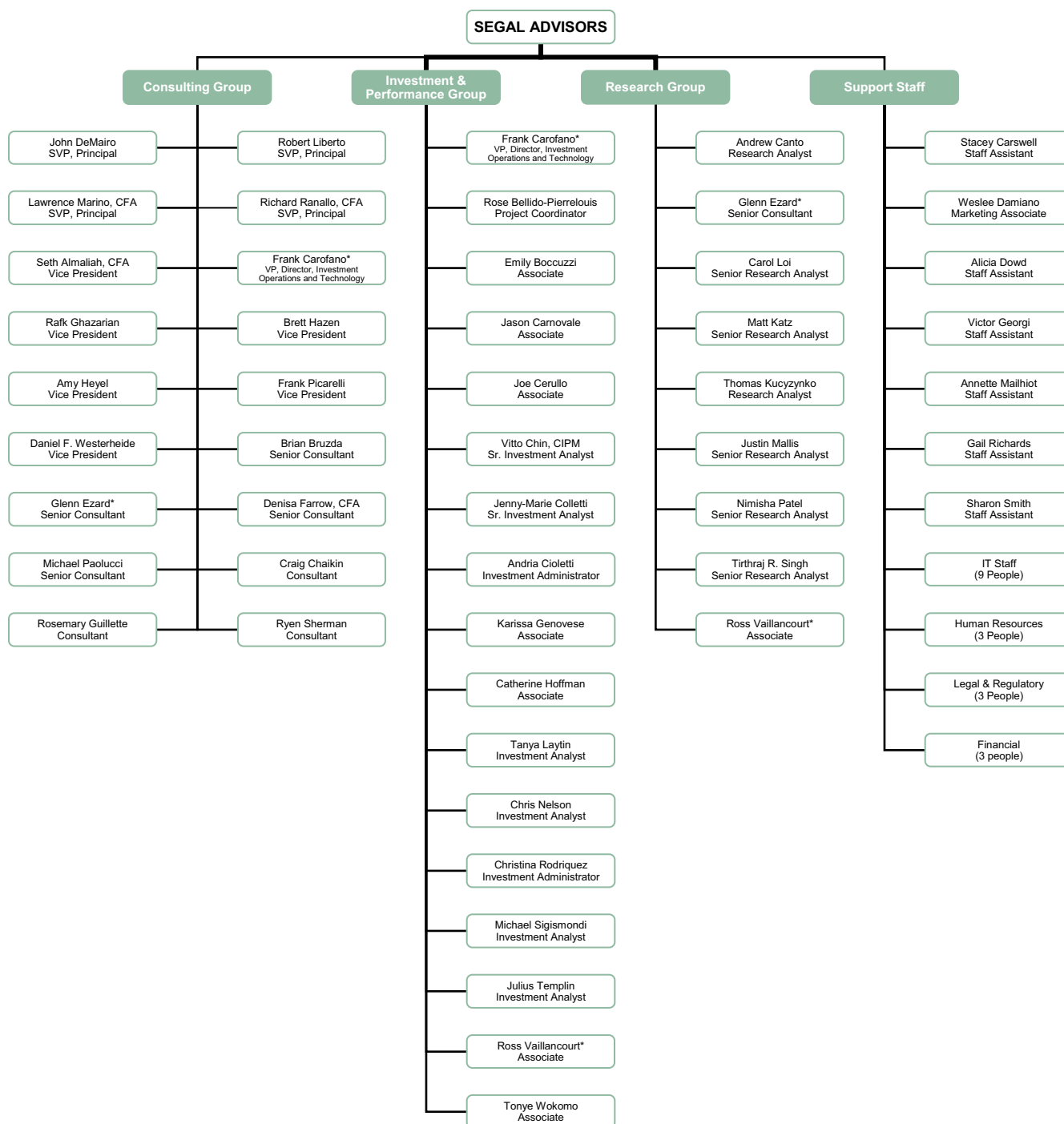
We have included a copy of our Form ADV Brochure in the Attachments section following our response on pages 9-26.

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

Yes.

Attachments

Organizational Chart



*Denotes multiple roles
As of September 2011

Item 10 Other Financial Industry Activities and Affiliations

Our firm and our related persons are not engaged in other financial industry activities and have no other industry affiliations. Our parent company, The Segal Group, may from time to time provide certain consulting services (not relating to investment advisory matters) to financial institutions that provide investment management services or offer investment vehicles for investors including employee benefit plans. The Segal Group provides these consulting services on a project by project basis for fixed or hourly fees, over a limited time frame. Segal Advisors operates separately from The Segal Group as separate profit center. Our advisory employees are physically separated from The Segal Group consulting business and are not aware of the nature, scope or timing of these consulting projects.

Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Our firm has adopted a Code of Ethics which sets forth high ethical standards of business conduct that we require of our employees, including compliance with applicable federal securities laws.

Segal Advisors and our personnel owe a duty of loyalty, fairness and good faith towards our clients, and have an obligation to adhere not only to the specific provisions of the Code of Ethics but to the general principles that guide the Code.

Our Code of Ethics includes policies and procedures for the review of quarterly securities transactions reports as well as initial and annual securities holdings reports that must be submitted by the firm's access persons. Our code also provides for oversight, enforcement and recordkeeping provisions.

Our Code of Ethics further includes the firm's policy prohibiting the use of material non-public information. While we do not believe that we have any particular access to non-public information, all employees are reminded that such information may not be used in a personal or professional capacity.

A copy of our Code of Ethics is available to our advisory clients and prospective clients. You may request a copy by email sent to jdemairo@segaladvisors.com, or by calling us at 212-251-5262.

Segal Advisors and individuals associated with our firm are prohibited from engaging in principal transactions.

Segal Advisors and individuals associated with our firm are prohibited from engaging in agency cross transactions.

Segal Advisors provides full-discretion advisory services to the pension plan of its corporate parent, The Segal Group, Inc. The Segal Pension Plan may select investment managers that Segal Advisors recommends for other clients, in the same manner as any two or more Segal Advisors clients may invest with the same investment managers. All clients have the same

access to investment managers, and fees are set by each manager, not by Segal Advisors.

Item 12 Brokerage Practices

Segal Advisors does not have any soft-dollar arrangements and does not receive any soft-dollar benefits.

In general, plan clients are required to select brokers and dealers to effect purchases and sales of securities for their portfolios, or the plan client's investment managers are responsible for selecting brokers and dealers in connection with their investment management of the client's portfolio. Therefore, Segal Advisors generally does not effect purchases and sales of securities for clients, or select brokers and dealers to effect purchases and sales of securities for clients. When we have full discretionary authority regarding a client's investments, we may, on a limited basis, assist the client in making an investment in certain types of investment vehicles, such as mutual funds, group trusts, or private placements. However, all such transactions are effected directly with the investment issuer or underwriter and not through a broker-dealer.

Segal Advisors assists clients who are interested in reducing securities brokerage costs by suggesting commission recapture and discount brokerage firms experienced in handling institutional accounts. The use of any brokerage firm is determined by the client's investment manager(s) considering the quality of execution capability and brokerage costs involved. Any cost savings realized by these arrangements are received by the client.

Item 13 Review of Accounts

PENSION CONSULTING SERVICES

Review of IPS

Segal Advisors reviews the IPS established for its plan clients whenever the plan client advises of a change of circumstances regarding the plan client's needs, and periodically as set forth in its agreement with the plan client (typically, annually).

Review of Client Accounts

As described above under Methods of Analysis (Item 8) of this Brochure, our firm reviews the plan client's investment portfolio periodically as specified by our management agreement with each client (typically, quarterly). The review typically includes overall plan results, results for each major asset class, and results for each investment manager on a quarterly and annual basis. The review includes comparison of portfolio composition and performance to the client's investment guidelines. These reviews are performed by one of the following officers of Segal Advisors:

John DeMairo, Senior Vice President
Rich Ranallo, Senior Vice President
Lawrence Marino, Senior Vice President
Robert Liberto, Senior Vice President
Seth Almaliah, Vice President

Frank Carofano, Vice President
Amy Heyel, Vice President
Rafik Ghazarian, Vice President
Brett Hazen, Vice President
Michael Raub, Vice President
Frank Picarelli, Vice President

Reports: Clients receive reports as set forth by the client advisory agreement between Segal Advisors and the client, or in accordance with the client's IPS.

Item 14 Client Referrals and Other Compensation

It is our policy not to engage solicitors or to pay related or non-related persons for referring potential clients to our firm.

It is our policy not to accept or allow our related persons to accept any form of compensation, including cash, sales awards or other prizes, from a non-client in conjunction with the advisory services we provide to our clients.

Item 15 Custody

It is the policy of Segal Advisors not to have custody of client funds or securities, with the exception of clients who are high net-worth individuals.

Clients should carefully review statements received from their custodian and are urged to compare the account statements received from their custodian with reports that we provide. When clients have questions about their account statements, they could contact Segal Advisors or the custodian preparing the statement.

Item 16 Investment Discretion

We may accept discretionary authority to select investment managers and certain investment vehicles for full-discretion advisory clients and certain high-net worth individual clients. Please see a discussion of these services under the discussion of our Advisory Business (Item 4) of this Brochure.

Clients may place reasonable restrictions on the discretionary powers granted to our firm in their written advisory agreement or in another written document that is acknowledged by our firm.

Item 17 Voting Client Securities

As a matter of firm policy, we do not vote proxies on behalf of clients. Therefore, although our firm may provide investment advisory services relative to client investment assets, clients maintain exclusive responsibility for: (1) directing the manner in which proxies solicited by issuers of securities beneficially owned by the client shall be voted, and (2) making all

elections relative to any mergers, acquisitions, tender offers, bankruptcy proceedings or other type events pertaining to the client's investment assets. Clients are responsible for instructing each custodian of the assets, to forward to the client copies of all proxies and shareholder communications relating to the client's investment assets. When a client requests, we will review the proxy voting guidelines of each manager for consistency with the client's investment policy and review investment managers' proxy voting activities for consistency with the managers' proxy voting policies.

Item 18 Financial Information