CHESHIRE RETIREMENT BOARD
WEDNESDAY, NOVEMBER 5, 2014
CHESHIRE TOWN HALL – ROOM 210
84 SOUTH MAIN STREET @ 6:00 P.M.
CHESHIRE, CONNECTICUT 06410

In attendance were Chairman Michael Evans, members Dennis Flagg, Mark Izzo, Paul Shay; Police Department representatives Thomas Bobok and Kevin Costa; Finance Director James Jaskot; Town Council Liaison Thomas Ruocco; and Ross Charkatz of Graystone Consulting

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1. CALL TO ORDER

Chairman Michael Evans called the meeting to order at 6:02 p.m.

2. ROLL CALL AND DETERMINATION OF A QUORUM

Chairman Michael Evans called the roll and a quorum was determined.

3. PLEDGE OF ALLEGIANCE

All present recited the Pledge of Allegiance.

4. APPROVAL OF MINUTES FROM THE AUGUST 6, 2014 MEETING

MOTION: Mark Izzo made a motion to approve the minutes as corrected from the meeting on August 6, 2014. Motion seconded by Dennis Flagg. Minutes were unanimously approved as revised by members present.

Revisions: Page 3, last paragraph, 2nd sentence: There are some yellow flags, however, with two existing equity managers – Neuberger Berman **Large Cap Disciplined Growth** and Thornburg International Value.

6. OLD BUSINESS

None

7. NEW BUSINESS

a) INVESTMENT UPDATE AND MARKET COMMENTS – Mr. Ross Charkatz of Graystone Consulting

Referring to the Quarterly Portfolio Review dated September 30, 2014 (Attachment 1), Mr. Charkatz commented that the portfolio for the 3rd quarter was down just under 1%; the portfolio for the past year was up 7.9%. More recently the market has been more volatile. At the last meeting we discussed three managers; recently there have been some developments and Graystone Consulting will be making some recommendations to the Board this evening.

Note that in the 3rd quarter, Abbey Capital was up over 13%. This type of fund tends to perform well when the market is struggling because of the characteristics of this portfolio. They are a global macro strategy – the investments they are trafficking in are currencies around the globe; fixed income instruments; commodities - broad asset categories around the globe. They have a particular emphasis on managed futures, which are trend strategies using computer driven algorithms. Managers will use that look for trends going on – short term, intermediate trends, or long term trends in all the different asset classes around the world.

Mr. Izzo questioned the Merrill Lynch – Private Equity Fund amount of $2,705.00. Mr. Charkatz explained that this is the residual amount of a private equity investment made back in 1998. This may be an audit holdback.

Overall they are generally pleased with the portfolio performance. It has been an interesting period. Mr. Charkatz commented in response to a recent news article about CalPERS (California Public Employee Retirement System – largest public pension in the country) exiting their hedge funds. The reason for their exit was they had 1.5% of their portfolio in hedge funds and they could not scale it.

Our alternative investments have done well in the last year. Mr. Charkatz included the Liquidity Schedule and Investment Performance and Policy checklist in tonight's materials. He also reviewed the Illiquids Investment Schedule, which reports the amount committed, capital amount called to date, capital returned, and the market value as of valuation date. Mr. Izzo asked for clarification on the difference between Gross IRR and Net IRR on the Performance summary for Blackstone (BTOF). Mr. Charkatz explained that Gross IRR represents the compound annual rate of return based on actual fund cash flows and valuations before management fees and the general partner's allocation of profits but after expenses withheld from distributions; effectively before management fees are charged over the lifetime of the fund.

Looking forward (7-10 year cycle in markets), Mr. Charkatz stated their biggest challenges are:

1) The returns they have enjoyed over the past 6 ½ years are unlikely to be achieved in the future. Equity markets are not inexpensive; the price you pay

for something will impact the return you receive. With bonds, interest rates are very low so valuations will decrease as rates increase.

2) Portfolios are more risky today than they probably ever have been, and more risky than intended. Stocks are your "risky" assets and bonds are considered your "safe" assets. Because interest rates are so low, bonds will not be able to go up much. The implication – we need to be more risk aware in the equity side of the portfolio, which includes many of the managers they've employed. They have migrated towards advantage value managers.
3) There are very attractive opportunities in illiquid investments, which they will try to continue to take advantage of.

Graystone Consulting is recommending manager replacements for the Neuberger Berman Large Cap Disciplined Growth and Thornburg International Value positions.

- Concerning the Neuberger large cap US growth portfolio. Dan Rosenblatt, one of the two primary portfolio managers, announced his retirement at the end of September and has since left. Mr. Rosenblatt has managed the portfolio since 1992 and has been a co-portfolio manager with John Baker since 1994. Mr. Barker has solely assumed the portfolio manager duties. The recent turnover within the team, as well as changes over the past several years, suggested that it was time to consider alternatives where the track record could be fully attributed to the management in place.
- In their replacement recommendation, Graystone sought candidates that would provide similar intent:
    - A strategy with performance that is representative of the US large cap growth style, as measured by the Russell 1000 Growth Index.
    - An approach that emphasizes certain investment themes: emphasis on stocks with higher than average growth rates, competitive advantages, companies with pricing power, revenue sources that benefit from growth in emerging markets/middle class emergence, high quality balance sheets.
    - In selecting candidates, there are qualities they generally seek in managers: tenured managers/teams that have been through multiple cycles, understandable performance, a manageable asset base, justifiable fees, personal wealth at stake alongside investors, and long-term performance consistency.
- Thornburg is one of the portfolio's two non-US equity exposures. They mentioned caution on Thornburg based on several issues, although primarily related to the asset base growing at one point recently beyond $40 billion across the strategy from around $12 billion when hired in 2009. For a period of time, Thornburg was one of the portfolio's best performing managers, although it appears the process has begun to change. The soft target allocation of 40% to basic value securities, 40% to consistent earners, and 20% to emerging franchises has changed with more emphasis on consistent earners (50%). The portfolio has begun to lose

institutional mandates and has increased its cash to accommodate further redemptions. One of the important team members has since left the strategy. Although no longer one of their highest conviction managers, they still consider Bill Fries and Lei Wang as experienced and capable investment professionals. Their recommendation to replace the manager is process-oriented and based on greater comfort with alternative options available.

- In their replacement recommendation, Graystone sought from candidates with the ability to provide broad exposure to non-US markets, long histories of successfully managing portfolios through multiple cycles, flexibility/conviction in names, and qualities that they generally seek in managers (detailed above).

Mr. Charkatz discussed the following replacement recommendations:

- Wedgewood Partners – Large Cap Growth: A St. Louis-based manager that was established in 1988. The large cap focused growth strategy is the firm's only product, and David Rolfe has been the portfolio manager since the strategy's inception in 1992.
  - ➢ In total, there is approximately $8.5 billion in assets in this strategy. Wedgewood has indicated they will close the strategy at about $10 billion; initially a "soft close" – they will not take any more new clients. A point to consider is that the firm has grown its assets under management quickly over the past 5 years (from approx. $1 billion). Because the firm has the same staff and traffics in large stocks, Graystone does not view this growth as much a concern as they might otherwise in a more capacity constrained portfolio.
  - ➢ They believe in a self-ascribed "patient" approach, taking a much longer view on corporate earnings in order to "invest as business owners" and therefore seek outperformance. The manager believes that outperformance against an index requires one to emulate the powerful attributes of an index fund (minimum turnover) while focusing only on companies with the "Brightest multi-year" growth prospects.
  - ➢ The manager assesses companies qualitatively, seeking companies with dominant products that are not easily substituted, sustainable revenue and earnings growth, high profit margin, and strong, shareholder-oriented management teams. Although unquestionably a growth-manager, the approach incorporates characteristics one expects from a value manager given their valuation discipline.
  - ➢ Relative to the index, the portfolio often holds a slightly higher proportion of mid-caps, as well as some cheaper, less growth-y names.
  - ➢ Longer-term performance reflects a manager that generally earns most of the market upside and has mitigated some of the downside. Given the process, its performance has been less sensitive to air

pockets that tend to make growth investing more volatile than other strategies.

- Oppenheimer International – Non-US Equity
  - Portfolio Manager George Evans has overseen this fund for approximately 18 years (since 1996, and others internally since 1990).
  - Evans oversees a small team focused on this portfolio and as a subset of the Oppenheimer organization, is supported by the resources of Global Equity division that supports $60 billion across a variety of portfolios.
  - The fund invests across all capitalizations, is primarily invested in developed economies with an allowance up to 20% in emerging markets that has ranged generally between 10% and 20%.
  - Four themes drive security selection, described as MATRA: 1) MA – Mass Affluence; 2) NT – New Technologies; 3) R – Restructuring; and 4) A – Aging of the Population.
  - Evans trades minimally, and incrementally adds or redeems positions. He does not manage the portfolio with purposeful relative weightings versus market indices, and is purely focused on the drivers that he believes will accrue over the long-term.
  - Fund performance has been in the top 10% of peers over 1, 3, 5, and 7 years; since inception in 1996, the fund has outpaces 90% of peers in all rolling 3-year periods.
  - Underlying holdings tend toward larger and mid-sized names.
  - At just over $17 billion, the fund is not small, although Graystone believes manageable in relation to its mandate. Fees (72 basis points) are lower than 2/3rds of peers.

Graystone also provided an illiquid recommendation:

- EnTrust Special Opportunities III – their recommendation is a $1 million commitment.
  - EnTrust is a fund of funds, including vehicles that are set up by credit and activist managers specifically for this investment fund. They will invest in opportunities that will arise in either fixed income or equities.
  - This fund is a pseudo-illiquid in that it has a 3 year capital call period. After 3 years (shorter than traditional illiquid investments), the underlying liquidity of the fund is passed through to the investor and many of the underlying holdings will be semi-liquid (quarterly or semi-annual redemptions).
  - This portfolios ties with several current themes: credit dislocations; bank recapitalizations; and potential equity opportunities.
  - A relatively short capital call period, the time frame could shorten depending on the market conditions. The fund is, by definition, opportunistic.

- The fund is the third in a series of opportunistic funds. EnTrust's fee structure is favorable, having pre-negotiated lower fees with managers.
- EnTrust's transparency and reporting are notably client friendly. The bulk of their long-term investor base is municipal retirement plans and Taft-Hartley clients.
- The source of funds for EnTrust would come initially from the Index Funds - Fixed Income Equity (Eaton Vance Floating Rate)

MOTION: Dennis Flagg moved that we sell 100% of Neuberger Berman Large Cap Growth Fund and dollar for dollar purchase Wedgewood Partners Large Cap Growth Fund. Motion seconded by Michael Evans. VOTE: Motion was unanimously approved by members present.

MOTION: Mark Izzo moved that we sell 100% of Thornburg International Value Fund and dollar for dollar purchase Oppenheimer International Growth Fund. Motion seconded by Dennis Flagg. VOTE: Motion was unanimously approved by members present.

MOTION: Paul Shay moved that we add EnTrust Special Opportunities III to our collection of our illiquid investments, up to a $1,000,000 commitment. Funding would come from the Eaton Vance Floating Rate. Motion seconded by Dennis Flagg. VOTE: Motion was unanimously approved by members present.

b) ANNUAL REVIEW OF INVESTMENT POLICY STATEMENTS (IPS)

Mr. Jaskot explained that a policy was set in place years ago for the Retirement Board to annually review the Investment Policy Statements and determine if any revisions are needed.

Mr. Charkatz provided an overview of the four Investment Policy Statements (IPS). These statements cover the major areas that govern how the portfolio is managed, including the objective/mission of each plan; definitions; responsibilities; and overall investment strategy including the long term allocation between equity and fixed income. Our primary investment strategy is long-term growth of capital, with a secondary strategy of preservation of capital.

Mr. Izzo noted that the absolute rate of return objective on page 8 was listed as 8.25%; that rate should be listed as 7.5%. Board members felt there were no other compelling issues with the Investment Policy Statements.

The Board has reviewed the Investment Policy Statements as of 11/5/2014 and no additional action is needed related to the Investment Policy Statements, other than to correct the absolute rate of return objective to 7.5% on page 8.

c) OPEB VALUATION UPDATE

Because the Board monitors the assets that contribute to these funds, Mr. Jaskot wanted to update the Board on the status of the July 1, 2013 biennial actuarial valuation of the Other Post-Employment Benefits (OPEB). These are benefits other than pensions. In Cheshire, these refer to post-retirement medical benefits. There are two trusts – the first is the police plan known as VEBA (Voluntary Employee Beneficiary Association), a type of non-profit organization trust. This is the police post-retirement health care plan, which bridges the officers with health insurance if they retire after 25 years of service through to their Medicare eligibility at age 65 (for the officers and their spouses).

The other plan is the OPEB trust, for non-police employees. The town does not have a large liability exposure compared to other municipalities because they only fund up to Medicare eligibility (age 65) and benefits are capped. For most non-police employees (other than teachers), if you retire before the age of 65, you can collect from the Town up to $2,500 a year towards health insurance premiums. Only a few employees are currently receiving benefits since most work until age 65.

Also impacting the OPEB are retired teachers from the Board of Education (BOE). Teachers pay for their own health insurance when they retire, but they are allowed to purchase their health benefits through the town plan until they are Medicare eligible. These retired teachers are included in the health benefits pool, in addition to the active Town employees, which drives up the premium costs; hence, to a degree, the Town is subsidizing their post-retirement health insurance.

For the pension plans, there are generally biennial and interim valuations. The OPEB exposure is low, so interim valuations are not needed. The Retirement Board and subsequently the Town Council approved a contribution rate of return assumption that was lower than what was used in the last pension valuation. We went to 7.5% rate of return assumption and the OPEB valuations will conform to that lower threshold. The OPEB trust had a 4.5% discount rate because the Town was not actively funding that trust. There is no on-going Town contribution in the budget; the Town Council put in an initial lump sum of $500,000, which has been invested since then. Mr. Jaskot did not recall any other contributions. The reporting of OPEB on our financial statements has only recently been required by the Government Accounting Standards Board (GASB). Because benefits were on a "pay-as-you-go" basis, we were using a 4.5% discount rate instead of 8.5%. Now that we have a 7.5% rate of return assumption for pensions, the actuaries insist that we use a 4.0% discount rate for the July 1, 2013 valuation. This will drive up our liabilities slightly.

For the "VEBA" (Police Post-Retirement Health Care Plan) trust, the actuaries were using a 7.5% discount rate; that will now change to a 5.4% discount rate in this valuation. New GASB standards now require that if you are not fully funding your actuarial required contribution, you must use a rate of return that is commensurate with your general fund investments. The issue at hand - we are not funding our VEBA to the extent we need to be; the Town is making an annual contribution to the VEBA of 1.5% of police salaries. The officers are also contributing 1.5%. The actuaries are giving us credit for the portion of the annual required contribution that we are making. The OPEB valuation reports should be available in a month; they will use the lower discount rates discussed above.

At a recent seminar Mr. Jaskot attended, the rating agencies shared that they focus on whether you are paying your actuarial recommended contribution, and if you are not, do you have a plan to get there and are you following that plan. They focus on this more than on the ultimate liabilities.

d) 2015 RETIREMENT BOARD CALENDAR

The Board members set the following meeting dates for 2015: February 4, 2015; May 6, 2015; August 5; 2015; November 4, 2015; and February 3, 2016.

Mr. Jaskot will provide these meeting dates to the Town Clerk's Office.

e) PENSION DISBURSEMENTS – INFORMATIONAL ONLY

The Board reviewed new pension disbursements since the last meeting.

f) SUMMARY OF BILLS – FOR INFORMATIONAL ONLY

The Board reviewed invoices paid since the last meeting.

7. PUBLIC COMMENT

None

8. ADJOURNMENT

The next meeting is scheduled for Wednesday, February 4, 2015. Michael Evans made a motion to adjourn the meeting at 8:13 p.m. Seconded by Paul Shay. All members present were in favor of the motion.

Respectfully submitted,

Kathy Kirby

Kathy Kirby
Recording Clerk

ATTACHMENT 1, 1/2

	Managers		Account Balance	Percent Of Total	Current Quarter	Calendar YTD	Last 12 Months	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Since Inception	Since Incep. Date
					Portfolio Performance								
DOMESTIC EQUITY	**SNOW CAPITAL - ALL CAP VALUE**	$	5,161,292.80	8%	-4.46%	5.23%	16.69%	27.41%	15.33%	4.73%	N/A	7.12%	12/31/04
	Russell 3000 Value				-0.88%	7.00%	17.65%	23.67%	15.08%	4.84%	N/A	6.89%	
	Mstar Large Value				-0.55%	6.32%	16.23%	21.39%	13.52%	4.15%	N/A	6.05%	
	NEUBERGER BERMAN LARGE CAP	$	5,027,784.78	8%	1.05%	4.05%	14.05%	18.10%	12.73%	6.14%	9.35%	12.35%	10/31/91
	Russell 1000				0.65%	7.97%	19.02%	23.23%	15.90%	6.26%	8.46%	9.70%	
	Mstar Large Blend				-0.10%	6.30%	16.62%	21.24%	13.75%	4.88%	7.24%	8.11%	
	VANGUARD GROWTH INDEX	$	1,605,696.30	2%	0.99%	8.07%	18.95%	N/A	N/A	N/A	N/A	19.22%	5/31/13
	Russell 1000 Growth				1.49%	7.89%	19.15%	N/A	N/A	N/A	N/A	19.21%	
	Mstar Large Growth				0.68%	5.43%	16.29%	N/A	N/A	N/A	N/A	18.11%	
	VANGUARD SMALL CAP INDEX	$	164,155.65	0%	-5.60%	-1.59%	8.00%	N/A	N/A	N/A	N/A	13.91%	5/31/13
	Russell 2000				-7.36%	-4.41%	3.93%	N/A	N/A	N/A	N/A	10.29%	
	Mstar Small Blend				-6.75%	-3.23%	5.69%	N/A	N/A	N/A	N/A	10.77%	
	FPA CRESCENT	$	4,760,600.62	7%	-0.96%	4.03%	10.74%	N/A	N/A	N/A	N/A	11.46%	3/31/12
	Mstar Moderate Allocation				-1.29%	3.91%	9.49%	N/A	N/A	N/A	N/A	9.28%	
INT'L/GLOBAL EQUITY	**NEUBERGER BERMAN - INT'L**	$	3,938,319.36	6%	-5.90%	-2.85%	1.30%	11.68%	7.97%	-0.12%	6.74%	7.42%	11/30/94
	MSCI EAFE				-5.88%	-1.39%	4.25%	13.65%	6.56%	-0.20%	6.32%	5.29%	
	Mstar Foreign Large Blend				-5.62%	-2.04%	3.78%	13.03%	6.14%	-0.77%	5.89%	5.12%	
	THORNBURG INT'L VALUE	$	3,503,814.02	5%	-1.41%	-3.86%	0.30%	10.27%	5.90%	N/A	N/A	14.29%	2/28/09
	MSCI EAFE				-5.88%	-1.39%	4.25%	13.65%	6.56%	N/A	N/A	15.07%	
	Mstar Foreign Large Blend				-5.62%	-2.04%	3.78%	13.03%	6.14%	N/A	N/A	14.43%	
	IVA WORLDWIDE	$	4,739,058.45	7%	-1.20%	4.18%	8.23%	11.06%	N/A	N/A	N/A	9.19%	12/31/09
	Mstar World Allocation				-2.89%	2.35%	6.46%	8.39%	N/A	N/A	N/A	8.39%	
	PIMCO ALL ASSET ALL AUTHORITY	$	4,623,672.49	7%	-3.86%	2.10%	1.24%	N/A	N/A	N/A	N/A	4.02%	10/31/11
	Mstar Moderate Allocation				-1.29%	3.91%	9.49%	N/A	N/A	N/A	N/A	12.91%	
	FIRST EAGLE GLOBAL	$	4,682,581.66	7%	-3.22%	3.07%	8.18%	N/A	N/A	N/A	N/A	13.43%	5/31/12
	Mstar World Allocation				-2.89%	2.35%	6.46%	N/A	N/A	N/A	N/A	8.65%	
	VANGUARD EMERGING MKTS	$	1,533,173.24	2%	-2.38%	3.55%	6.67%	N/A	N/A	N/A	N/A	3.30%	10/31/11
	MSCI Emerging Mkts Index				-3.50%	2.42%	4.30%	N/A	N/A	N/A	N/A	2.92%	
	Mstar Emerging Markets				-3.46%	2.13%	4.77%	N/A	N/A	N/A	N/A	4.77%	

ATTACHMENT 1, 2/2

	Managers		Account Balance	Percent Of Total	Current Quarter	Calendar YTD	Last 12 Months	Last 3 Years	Last 5 Years	Last 7 Years	Last 10 Years	Since Inception	Since Incep. Date
					Portfolio Performance								
FIXED INCOME	LOOMIS SAYLES BOND	$	1,418,156.81	2%	-1.81%	5.09%	7.67%	8.51%	8.90%	6.89%	N/A	7.31%	9/30/06
	BC Aggregate Bond Index				*0.17%*	*4.10%*	*3.96%*	*2.44%*	*4.12%*	*4.95%*	*N/A*	*4.97%*	
	Mstar Multi Sector Bond				*-1.01%*	*3.81%*	*5.86%*	*6.80%*	*5.46%*	*5.46%*	*N/A*	*5.55%*	
	METWEST LOW DURATION	$	3,083,079.06	5%	0.15%	1.52%	2.07%	4.16%	6.34%	6.56%	N/A	6.65%	9/30/06
	BC Aggregate Bond Index				*0.17%*	*4.10%*	*3.96%*	*2.44%*	*4.12%*	*4.95%*	*N/A*	*4.97%*	
	Mstar Short Term Bond				*-0.18%*	*1.14%*	*1.58%*	*1.91%*	*2.37%*	*2.23%*	*N/A*	*2.50%*	
	TEMPLETON GLOBAL BOND [7]	$	3,647,357.96	5%	0.06%	3.55%	6.39%	7.01%	N/A	N/A	N/A	4.49%	12/31/10
	Citi World Gov't Bond				*2.01%*	*6.55%*	*7.02%*	*4.68%*	*N/A*	*N/A*	*N/A*	*4.67%*	
	Mstar World Bond				*-1.95%*	*2.88%*	*3.36%*	*2.72%*	*N/A*	*N/A*	*N/A*	*2.87%*	
	DOUBLELINE TOTAL RETURN	$	2,203,056.40	3%	0.75%	5.27%	4.99%	N/A	N/A	N/A	N/A	5.35%	10/31/11
	BC Aggregate Bond Index				*0.17%*	*4.10%*	*3.96%*	*N/A*	*N/A*	*N/A*	*N/A*	*2.47%*	
	EATON VANCE FLOATING RATE	$	1,331,083.29	2%	-0.48%	0.86%	2.45%	N/A	N/A	N/A	N/A	2.20%	5/31/13
	S&P/LSTA Leveraged Loan Index				*-1.20%*	*0.46%*	*N/A*	*N/A*	*N/A*	*N/A*	*N/A*	*1.95%*	
	JPM STRATEGIC INCOME	$	1,488,407.56	2%	-0.27%	0.59%	1.59%	N/A	N/A	N/A	N/A	3.97%	10/31/11
	BC Universal				*-0.03%*	*4.16%*	*4.39%*	*N/A*	*N/A*	*N/A*	*N/A*	*3.12%*	
	90 Day T-Bill				*0.00%*	*0.03%*	*0.04%*	*N/A*	*N/A*	*N/A*	*N/A*	*0.06%*	
	TRADITIONAL ASSETS SUBTOTAL				**-1.83%**	**2.58%**	**7.60%**	**12.53%**	**9.35%**	**2.82%**	**6.49%**		
	Traditional Policy (Traditional Benchmarks) [1]				*-1.53%*	*2.82%*	*7.80%*	*11.73%*	*8.33%*	*2.95%*	*5.63%*	*N/A*	
ALTERNATIVE INVEST.	IRONWOOD [4]	$	4,629,426.55	7%	1.34%	6.22%	10.49%	9.51%	8.30%	2.92%	N/A	4.99%	5/31/05
	HFRI FOF Conservative				*0.57%*	*3.20%*	*5.97%*	*5.05%*	*3.49%*	*0.66%*	*N/A*	*2.67%*	
	SCS OPPORTUNITIES FUND	$	3,391,040.83	5%	3.82%	4.41%	9.27%	6.23%	N/A	N/A	N/A	4.97%	12/31/09
	HFRI FOF Diversified				*0.49%*	*2.50%*	*6.53%*	*5.21%*	*N/A*	*N/A*	*N/A*	*3.43%*	
	UBP MULTI-STRATEGY [4]	$	100,629.35	0%	1.01%	5.40%	9.93%	6.85%	5.31%	2.42%	N/A	4.66%	5/31/05
	HFRI FOF Diversified				*0.49%*	*2.50%*	*6.53%*	*5.21%*	*3.58%*	*0.77%*	*N/A*	*3.27%*	
	BERENS CAPITAL [4]	$	4,282,264.92	6%	-1.47%	1.46%	4.70%	5.86%	5.88%	N/A	N/A	2.39%	1/31/08
	HFRI FOF Strategic				*0.13%*	*2.49%*	*6.52%*	*6.10%*	*3.74%*	*N/A*	*N/A*	*0.67%*	
	ABBEY CAPITAL [7]	$	1,654,610.09	2%	13.14%	10.61%	16.46%	-1.36%	N/A	N/A	N/A	-2.29%	12/31/10
	Barclays BTOP 50 Index				*3.84%*	*4.38%*	*7.62%*	*0.23%*	*N/A*	*N/A*	*N/A*	*-0.35%*	
	ALTERNATIVE INVESTMENTS SUBTOTAL				**2.30%**	**4.77%**	**9.02%**	**6.17%**	**5.74%**	**2.15%**	**N/A**		
	HFRI FOF Composite Index				*0.55%*	*2.68%*	*6.45%*	*5.28%*	*3.46%*	*0.62%*	*N/A*		
	TOTAL	**$**	**66,969,262.19**	**100%**	**-0.98%**	**3.04%**	**7.90%**	**11.21%**	**8.66%**	**2.63%**	**6.26%**	**11.83%**	**06/30/79**
	Traditional and Alternative Policy (Trad. & Alt. Benchmarks) [2]				*-0.77%*	*3.12%*	*7.83%*	*10.49%*	*7.69%*	*2.30%*	*5.23%*	*N/A*	
	RESERVE CASH	$	1,006,926.10										
	MERRILL LYNCH - PVT EQ	$	2,705.00										
	PRIVATE ADVISORS SM CO	$	484,750.00										
	BLACKSTONE TACTICAL OPS	$	1,006,288.00										
	PLAN TOTAL	**$**	**69,469,931.29**										
	POLICE HEALTHCARE TR PLAN [6]	**$**	**542,503.05**		**-1.23%**	**3.98%**	**9.22%**	**13.69%**	**9.69%**	**4.00%**	**6.46%**	**5.94%**	**8/31/01**
	FIREFIGHTERS PLAN	**$**	**1,376,188.68**		**-1.65%**	**3.96%**	**8.57%**	**N/A**	**N/A**	**N/A**	**N/A**	**11.17%**	**12/31/11**
	OPEB PLAN	**$**	**577,649.57**		**-1.63%**	**4.09%**	**9.33%**	**N/A**	**N/A**	**N/A**	**N/A**	**9.33%**	**2/29/12**