# BOARD OF TRUSTEES OF THE FIREFIGHTERS' PENSION FUND

901 W DEVON AVENUE • PARK RIDGE, ILLINOIS 60068 • 847.318.5283

**Posted: November 06, 2015**

## NOTICE AND AGENDA FOR THE QUARTERLY MEETING

The Board of Trustees of the Park Ridge Firefighters' Pension Fund will conduct a quarterly meeting on Tuesday,Novembe r 10,2 015 at 10:00 AM at Park Ridge Fire Station 36, 1000 N. Greenwood Ave., Park Ridge, IL 60068.

CALL TO ORDER
ROLL CALL
PUBLIC COMMENT
APPROVAL OF MINUTES
- 18August 2015
- Six-month review of closed meeting minutes

BENEFIT OF THE BOARD
TREASURER'S REPORT
- **A.J. Weber – Board Accountant**
- Discussion / Action Monthly Accounting Statements – Lauterbach & Amen
- Review and Payment of Bills
  - August 2015 - $ 257,836.16
  - September 2015- $ 265,776.72
  - October 2015 - $ provided at the meeting
- Status of DOI Annual Statement
- **Mike Piotrowski – Board Financial Advisor**
- Discussion/Action - Marquette Associates 3Q15 report
- Discussion/Action - Transition update
- Discussion/Action - Fixed income and global tactical investment manager searches
- Discussion/Action - Principal U.S. Property Account real estate investment
- Discussion/Action - Investment Policy
- **Joe Gilmore – City Finance Director**
- City Audit

COMMUNICATIONS OR REPORTS
- **Carolyn Clifford – Board Attorney**
- Discussion/Action - Approval of Board Rules updates
- Discussion/Action - Status of Zermeno disability matter
- Discussion/Action - Status of annual IMEs – Franzen and Carrillo

OLD BUSINESS
- Discussion / Action on DOI Actuarial report
- Discussion/Action - Approval of tax levy letter and certification of municipal compliance report

NEW BUSINESS
- Discussion / Action New Hire Application
  - Nicholas Arzer-9/28/2015
  - Matthew Perkins – 9/28/2015
- Discussion / Action Potential Retirement Applications
- Discussion / Action on Disability Application
- Discussion / Action Pension Refund
- Discussion / Action Approval of the January 2016 Pension Increases

CLOSED SESSION – If needed
BENEFIT OF THE BOARD
- Discussion / Action approval of the 2016 meeting schedule.
- Discussion / Action Renewal of IPPFA membership.
- Discussion / Action Secretary Services by Lauterbach & Amen

PENSION TRUSTEE TRAINING
- Skinner, Holthouse, Egan and Bruchsaler IPPFA conference October 6th -October 9th, 2015
- Upcoming pension training
- State and national pension updates

PUBLIC COMMENT
ADJOURNMENT

Respectfully submitted,

JD Bruchsaler
Board Secretary

# BOARD OF TRUSTEES OF THE FIREFIGHTERS' PENSION FUND

901 W DEVON AVENUE • PARK RIDGE, ILLINOIS 60068 • 847.318.5283

18 August 2015

Park Ridge Fire Station 36
1000 N. Greenwood Ave.
Park Ridge, IL 60068
10:00 HRS

**CALL TO ORDER**
President Skinner called the quarterly meeting of the Board of Trustees of the Park Ridge Firefighters' Pension Fund to order at the above place and time.

**ROLL CALL**
**President Skinner introduced Kevin Buggy as the new Mayor Appointee. His term expires April 30, 2018.**

Secretary Bruchsaler took the roll. Board members present were President Skinner, Secretary Bruchsaler, Trustee Buggy, Trustee Holthouse, and Trustee Egan.

Also present were:
AJ Weber, Fund Accountant, Lauterbach and Amen
Jessica Fain, Lauterbach and Amen
Carolyn Clifford, Fund Attorney, Ottosen Britz
Mike Piotrowski, Board Investment Consultant, Marquette Associates
Paul Lisowski – Park Ridge Fire Department Executive Officer
Carl Brauweiler – Former Appointed Trustee

Fund Members present – Bill Smaha, John Boeringa

**PUBLIC COMMENT**
President Skinner asked if anyone wished to address the Board at this time. There was no response.

**APPROVAL OF THE MINUTES**
President Skinner asked the Board members if they had read the special meeting minutes of July 13, 2015 and found them satisfactory.

TRUSTEE HOLTHOUSE MOVED AND PRESIDENT SKINNER SECONDED TO ACCEPT THE MINUTES FROM THE SPECIAL MEETING ON JULY 13, 2015. UPON A VOICE VOTE, THE VOTE WAS UNANIMOUS. THE MOTION CARRIED.

**TREASURER'S REPORT**
**Jessica Fain- Actuary**

The Board was presented a draft copy of the Actuarial Valuation as of May 1, 2015. Jessica Fain reviewed the draft in detail and answered the Board members' questions. The Board will take a final review at the report and vote to make the formal tax levy recommendation to the City at the next Board meeting.

**AJ Weber – Board Accountant**

TRUSTEE HOLTHOUSE MOVED AND TRUSTEE EGAN SECONDED TO ACCEPT THE LAUTERBACH & AMEN, LLP MAY 2015 MONTHLY REPORT AND PAY PAYROLL AND VENDOR BILLS IN THE AMOUNT OF $255,589.38 PER THE ACCOUNTING JOURNAL.

PRESIDENT SKINNER- YES, SECRETARY BRUCHSALER- YES, TRUSTEE BUGGY- YES, TRUSTEE HOLTHOUSE- YES AND TRUSTEE EGAN- YES. THE MOTION CARRIED.

TRUSTEE HOLTHOUSE MOVED AND TRUSTEE EGAN SECONDED TO ACCEPT THE LAUTERBACH & AMEN, LLP JUNE 2015 MONTHLY REPORT AND PAY PAYROLL AND VENDOR BILLS IN THE AMOUNT OF $263,376.11 PER THE ACCOUNTING JOURNAL. PRESIDENT SKINNER- YES, SECRETARY BRUCHSALER- YES, TRUSTEE BUGGY- YES, TRUSTEE HOLTHOUSE- YES AND TRUSTEE EGAN- YES. THE MOTION CARRIED.

TRUSTEE HOLTHOUSE MOVED AND TRUSTEE EGAN SECONDED TO ACCEPT THE LAUTERBACH & AMEN, LLP JULY 2015 MONTHLY REPORT AND PAY PAYROLL AND VENDOR BILLS IN THE AMOUNT OF $265,036.38 PER THE ACCOUNTING JOURNAL. PRESIDENT SKINNER- YES, SECRETARY BRUCHSALER- YES, TRUSTEE BUGGY- YES, TRUSTEE HOLTHOUSE- YES AND TRUSTEE EGAN- YES. THE MOTION CARRIED.

AJ Weber reported that the DOI annual statement is completed, but he is having issues with the online reporting of the interrogatories. Once this is fixed -- and/or the October 31st deadline for filing arrives -- the report will be submitted to the DOI and the Board should be on the lookout for the certification form in the mail.

PRESIDENT SKINNER MOVED AND TRUSTEE HOLTHOUSE SECONDED TO APPROVE THE QUARTERLY REPORT FROM LAUTERBACH & AMEN, LLP BOARD ACCOUNTANT.
PRESIDENT SKINNER- YES, SECRETARY BRUCHSALER- YES, TRUSTEE BUGGY- YES, TRUSTEE HOLTHOUSE- YES AND TRUSTEE EGAN- YES. THE MOTION CARRIED.

**Mike Piotrowski – Board Financial Advisor**

Mike reviewed the Fund's quarterly investment report with the Board in detail.

Marquette conducted its systems review analysis of the Fund's current portfolio. Included within this analysis was an asset allocation study which looked at future expected risk and return characteristics for the Fund's portfolio. Based upon the analysis, Marquette made a recommendation to modify the current asset allocation policy and move towards a proposed portfolio it outlined in detail. Going forward Marquette will provide investment manager searches where appropriate. Additionally, Marquette will provide a more detailed education presentation on the potential real estate investment and allocation.

PRESIDENT SKINNER MOVED AND TRUSTEE EGAN SECONDED TO APPROVE THE MODIFICATION OF THE CURRENT ASSET ALLOCATION POLICY AND MOVE TOWARDS THE PROPOSED PORTFOLIO.
PRESIDENT SKINNER- YES, SECRETARY BRUCHSALER- YES, TRUSTEE BUGGY- YES, TRUSTEE HOLTHOUSE- YES AND TRUSTEE EGAN- YES. THE MOTION CARRIED.
Marquette updated the Board and provided a time line for the transition of assets from Graystone/Morgan Stanley. Marquette will work with current custodian Morgan Stanley to transfer all Fund assets in-kind to the new custodian, U.S. Bank.

PRESIDENT SKINNER MOVED AND TRUSTEE BUGGY SECONDED TO HIRE CAPITAL INSTITUTIONAL SERVICES, INC. "CAPIS" FOR TRANSITION MANAGEMENT SERVICES PER MARQUETTE'S RECOMMENDATION. CAPIS WILL BE UTILIZED FOR THE TRANSITION OF ASSETS FROM THE CURRENT GRAYSTONE INVESTMENT MANAGER LINE-UP TO THE NEW MARQUETTE INVESTMENT MANAGEMENT STRUCTURE. MARQUETTE RECOMMENDED UTILIZING LOW COST VANGUARD INDEX MUTUAL FUNDS THROUGHOUT THE TRANSITION PROCESS.
PRESIDENT SKINNER- YES, SECRETARY BRUCHSALER- YES, TRUSTEE BUGGY- YES, TRUSTEE HOLTHOUSE- YES AND TRUSTEE EGAN- YES. THE MOTION CARRIED.

**Treasurer's Report – Joseph Gilmore**

Finance Director Gilmore reported the City Audit is in progress and should be completed soon. He reported that no formal funding policy is in place yet.

**COMMUNICATIONS OR REPORTS**

**Carolyn Clifford – Board Attorney**

An update was given on the status of the Independent Medical Exams for Franzen and Carrillo. Both are being scheduled and should be completed by the next meeting.

**OLD BUSINESS**

The Board tabled discussions on the actuarial report pending additional calculations regarding new salary information under the collective bargaining agreement.

**NEW BUSINESS**

No new members' applications were received in the past quarter.
No new retirement applications were received in the past quarter.
No action or vote is required on any disability applications.
No pension contribution refunds.

**President Skinner left meeting at 11:45hrs**

TRUSTEE HOLTHOUSE MOVED AND TRUSTEEE EAGAN SECONDED TO APPOINT SECRETARY BRUCHSALER PRO-TEM PRESIDENT FOR THE REMAINDER OF THE MEETING. UPON A VOICE VOTE, THE VOTE WAS UNANIMOUS. THE MOTION CARRIED.

**CLOSED SESSION**
None

**BENEFIT OF THE BOARD**

SECRETARY BRUCHSALER MOVED AND TRUSTEE HOLTHOUSE SECONDED TO APPROVE A RESOLUTION OF APPRECIATION TO APPOINTED TRUSTEE BRAUWEILER FOR HIS SERVICE TO THE PENSION BOARD SINCE 1977.

PRESIDENT SKINNER- ABSENT, SECRETARY BRUCHSALER- YES, TRUSTEE BUGGY- YES, TRUSTEE HOLTHOUSE- YES AND TRUSTEE EGAN- YES. THE MOTION CARRIED.

**PENSION TRUSTEE TRAINING**
Secretary Bruchsaler informed trustees of upcoming pension training seminars.

**PUBLIC COMMENT**
Secretary Bruchsaler asked if anyone wished to address the Board at this time. There was no response.

**ADJOURNMENT**
Secretary Bruchsaler asked if there was any other business.

SECRETARY BRUCHSALER MOTIONED AND TRUSTEE EGAN SECONDED TO ADJOURN THE MEETING. UPON A VOICE VOTE, THE VOTE WAS UNANIMOUS. THE MOTION CARRIED.

Secretary Bruchsaler declared the meeting adjourned at 12:02 HRS.

Respectfully submitted,

JD Bruchsaler
Board Secretary

*Approved by the Board of Trustees at its meeting on November 10, 2015.*

# Park Ridge Firefighters' Pension Fund

## Monthly Financial Report

## For the Month Ended
## September 30, 2015

Prepared by:

Lauterbach & Amen, LLP

# Park Ridge Firefighters' Pension Fund

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# Accountant's Compilation Report

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
27W157 WARRENVILLE RD. • WARRENVILLE, ILLINOIS 60555
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

October 19, 2015

Members of the Pension Board of Trustees
Park Ridge Firefighters' Pension Fund
Park Ridge, IL 60068

We have compiled the accompanying modified cash basis statement of net position of the Park Ridge Firefighters' Pension Fund as of September 30, 2015 and the related modified cash basis statement of changes in net position for the five months then ended, and the accompanying other supplementary information as referred to in the table of contents. We have not audited or reviewed the accompanying financial statements and other supplementary information and, accordingly, do not express an opinion or provide any assurance about whether the financial statements and other supplementary information are in accordance with the modified cash basis of accounting.

Management is responsible for the preparation and fair presentation of the financial statements and other supplementary information in accordance with the modified cash basis of accounting and for designing, implementing, and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and other supplementary information.

Our responsibility is to conduct the compilation in accordance with Statements for Standards and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist the management in presenting financial information in the form of financial statements and other supplementary information without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements and other supplementary information.

Management has elected to omit substantially all of the disclosures, Management Discussion and Analysis (MD&A), and Required Supplementary Information (RSI) required by the modified cash basis of accounting. If the omitted disclosures were included in the financial statements and other supplementary information, they might influence the user's conclusions about the Pension Fund's assets, liabilities, fund balance, revenues and expenses. Accordingly, these financial statements and other supplementary information are not designed for those who are not informed about such matters.

We are not independent with respect to the Park Ridge Firefighters' Pension Fund.

Cordially,

Lauterbach & Amen, LLP

Lauterbach & Amen, LLP

# Financial Statements

# Park Ridge Firefighters' Pension Fund
# Statement of Net Position - Modified Cash Basis
# As of September 30, 2015

| | |
|---|---|
| **Assets** | |
| Cash and Cash Equivalents | $ 10,000.00 |
| Investments, at Fair Value | |
| Money Market Mutual Funds | 1,911,166.56 |
| Fixed Income | 16,056,224.25 |
| Stock Equities | 11,134,888.57 |
| Mutual Funds | 10,073,148.18 |
| Total Cash and Investments | 39,185,427.56 |
| Accrued Interest | 156,481.55 |
| Prepaids | 13,209.49 |
| Total Assets | 39,355,118.60 |
| **Liabilities** | |
| Expenses Due/Unpaid | 10,489.48 |
| Total Liabilities | 10,489.48 |
| **Net Position Held in Trust for Pension Benefits** | 39,344,629.12 |

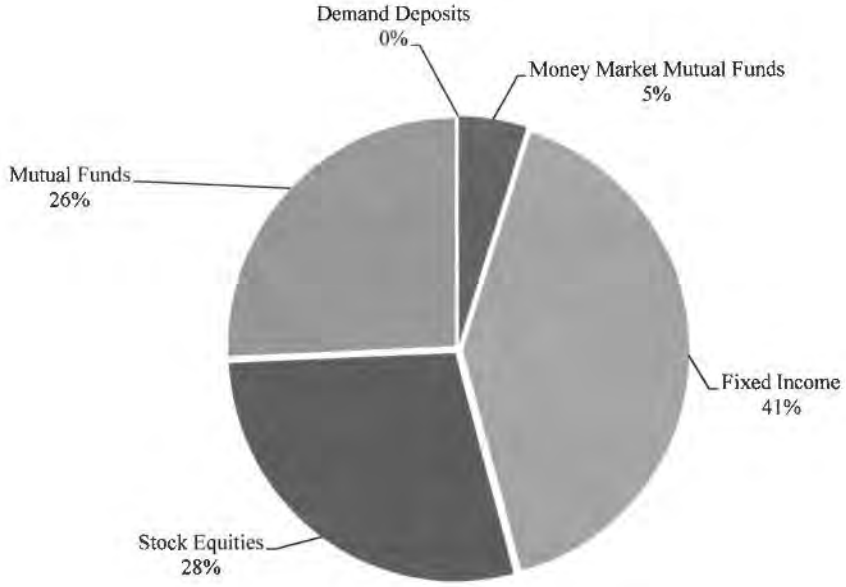
See Accountants' Compilation Report

# Park Ridge Firefighters' Pension Fund
# Statement of Changes in Net Position - Modified Cash Basis
# For the Five Months Ended September 30, 2015

| | |
|---|---|
| **Additions** | |
| Contributions - Employer | $ 879,543.99 |
| Contributions - Employee | 165,414.66 |
| Total Contributions | 1,044,958.65 |
| Investment Income | |
| Interest and Dividends Earned | 460,847.29 |
| Net Change in Fair Value | (2,312,765.05) |
| Total Investment Income | (1,851,917.76) |
| Less: Investment Expense | (57,787.54) |
| Net Investment Income | (1,909,705.30) |
| Total Additions | (864,746.65) |
| **Deductions** | |
| Administration | 25,493.93 |
| Benefits and Refunds | |
| Benefits | 1,224,333.28 |
| Refunds | 0.00 |
| Total Deductions | 1,249,827.21 |
| **Change in Position** | (2,114,573.86) |
| **Net Position Held in Trust for Pension Benefits** | |
| Beginning of Year | 41,459,202.98 |
| End of Period | 39,344,629.12 |

# Other Supplementary Information

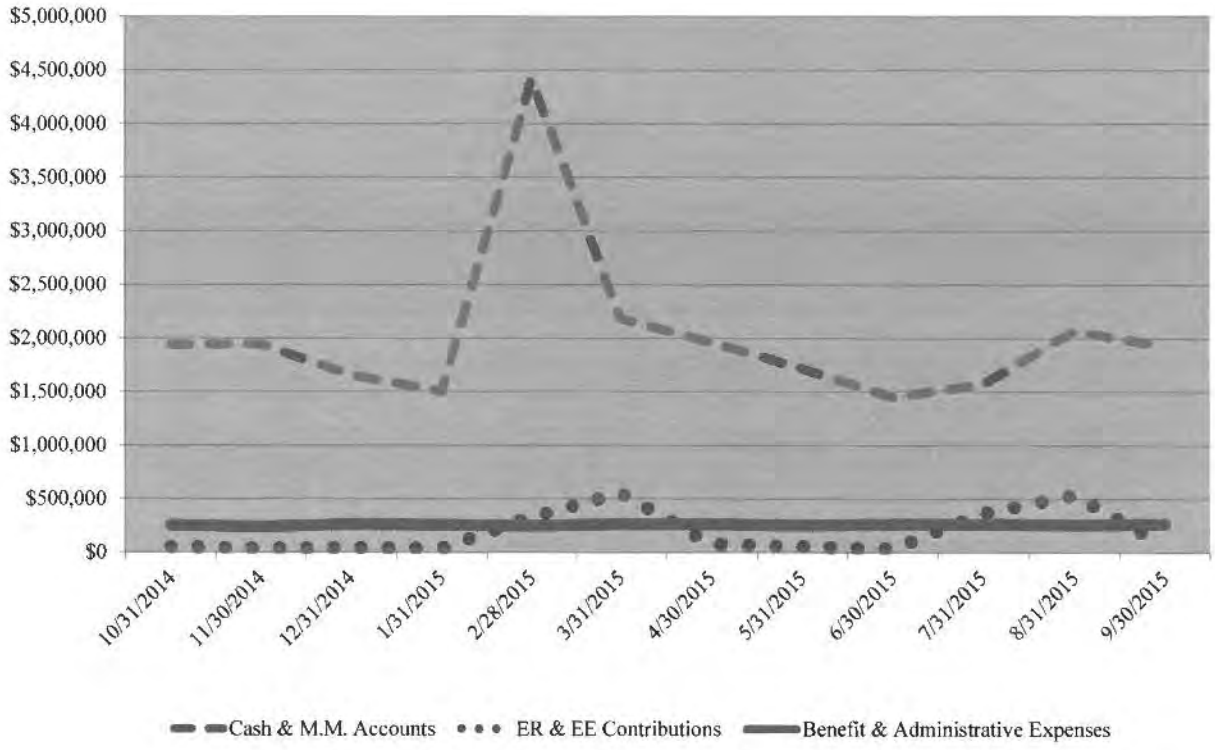
## Park Ridge Firefighters' Pension Fund
## Cash and Investments



# Park Ridge Firefighters' Pension Fund
# Cash Analysis Report
# For the Twelve Periods Ending September 30, 2015

| Financial Institutions | | 10/31/14 Balance | 11/30/14 Balance | 12/31/14 Balance | 1/31/15 Balance | 2/28/15 Balance | 3/31/15 Balance | 4/30/15 Balance | 5/31/15 Balance | 6/30/15 Balance | 7/31/15 Balance | 8/31/15 Balance | 9/30/15 Balance |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| CK - Harris Bank | #317-540- | 6,940 | 10,000 | 2,778 | 9,890 | 9,752 | 10,585 | 6,912 | 2,073 | 9,310 | 9,310 | 1,768 | 10,000 |
| | | 6,940 | 10,000 | 2,778 | 9,890 | 9,752 | 10,585 | 6,912 | 2,073 | 9,310 | 9,310 | 1,768 | 10,000 |
| SB - Pension | #918712 | 65,734 | 36,484 | 41,269 | 58,187 | 44,190 | 49,876 | 43,746 | 45,295 | 70,579 | 37,635 | 39,319 | 69,069 |
| SB - Madison | #918720 | 257,258 | 301,090 | 215,529 | 196,631 | 240,515 | 239,024 | 154,621 | 138,634 | 140,783 | 114,371 | 133,673 | 105,938 |
| SB - RBC | #918751 | 26,981 | 27,868 | 42,132 | 15,811 | 24,334 | 38,084 | 52,979 | 69,643 | 57,180 | 41,603 | 53,711 | 66,814 |
| SB - Atalanta | #918750 | 125,513 | 109,146 | 125,652 | 230,379 | 81,755 | 107,464 | 40,258 | 68,944 | 51,233 | 124,671 | 111,864 | 153,467 |
| SB - Cambiar | #918749 | 71,994 | 112,586 | 66,435 | 68,857 | 40,570 | 139,102 | 176,173 | 129,329 | 78,625 | 75,525 | 62,608 | 53,137 |
| SB - Wells | #918748 | 17,122 | 18,849 | 25,931 | 32,504 | 31,366 | 34,629 | 37,942 | 37,159 | 70,424 | 45,243 | 44,990 | 27,008 |
| SB - Advisor | #918783 | 111 | 111 | 111 | 111 | 111 | 112 | 112 | 112 | 112 | 112 | 112 | 112 |
| SB - Wire Acct | #253-90510-17 | 19,649 | 19,340 | 23,064 | 4,267 | 248,752 | 553,338 | 384,118 | 188,648 | 33,031 | 247,346 | 531,070 | 340,175 |
| SB - Fixed Income | #918794 | 1,262,084 | 1,249,986 | 1,050,076 | 855,925 | 895,779 | 895,787 | 895,795 | 992,252 | 927,261 | 828,268 | 1,034,563 | 1,034,572 |
| SB - Fixed Income | #017455 | 85,847 | 57,497 | 62,080 | 30,728 | 2,797,812 | 115,508 | 167,628 | 43,694 | 11,415 | 40,630 | 50,054 | 60,873 |
| | | 1,932,293 | 1,932,957 | 1,652,278 | 1,493,400 | 4,405,184 | 2,172,923 | 1,953,372 | 1,713,710 | 1,440,642 | 1,555,405 | 2,061,964 | 1,911,167 |
| Totals | | 1,939,233 | 1,942,957 | 1,655,056 | 1,503,290 | 4,414,937 | 2,183,508 | 1,960,284 | 1,715,783 | 1,449,952 | 1,564,715 | 2,063,732 | 1,921,167 |
| Contributions | | | | | | | | | | | | | |
| Current Tax | | 3,992 | 4,258 | 7,956 | 4,257 | 296,162 | 515,502 | 21,921 | 7,420 | 1,083 | 333,431 | 501,960 | 35,650 |
| Personal Property Replacement Tax | | - | - | - | - | - | - | 20,680 | - | - | - | - | - |
| Contributions - Current Year | | 45,602 | 30,108 | 30,184 | 30,331 | 30,675 | 30,307 | 30,690 | 45,530 | 30,192 | 30,177 | 29,767 | 29,749 |
| Contributions - Prior Year | | - | - | - | - | - | 5,279 | - | - | - | - | - | - |
| Interest Received from Members | | - | - | - | - | - | 721 | - | - | - | - | - | - |
| | | 49,594 | 34,367 | 38,140 | 34,589 | 326,837 | 551,809 | 73,291 | 52,950 | 31,274 | 363,608 | 531,727 | 65,400 |
| Expenses | | | | | | | | | | | | | |
| Benefits | | 234,327 | 234,327 | 234,327 | 240,334 | 240,334 | 240,486 | 240,486 | 240,486 | 243,966 | 246,627 | 246,627 | 246,627 |
| Administration | | 21,226 | 4,534 | 28,351 | 16,317 | 8,887 | 24,580 | 22,473 | 15,104 | 19,410 | 18,409 | 11,209 | 19,150 |
| | | 255,553 | 238,861 | 262,678 | 256,651 | 249,221 | 265,066 | 262,959 | 255,589 | 263,376 | 265,036 | 257,836 | 265,777 |
| Total Contributions less Expenses | | (205,959) | (204,495) | (224,538) | (222,062) | 77,617 | 286,743 | (189,668) | (202,640) | (232,102) | 98,572 | 273,890 | (200,377) |

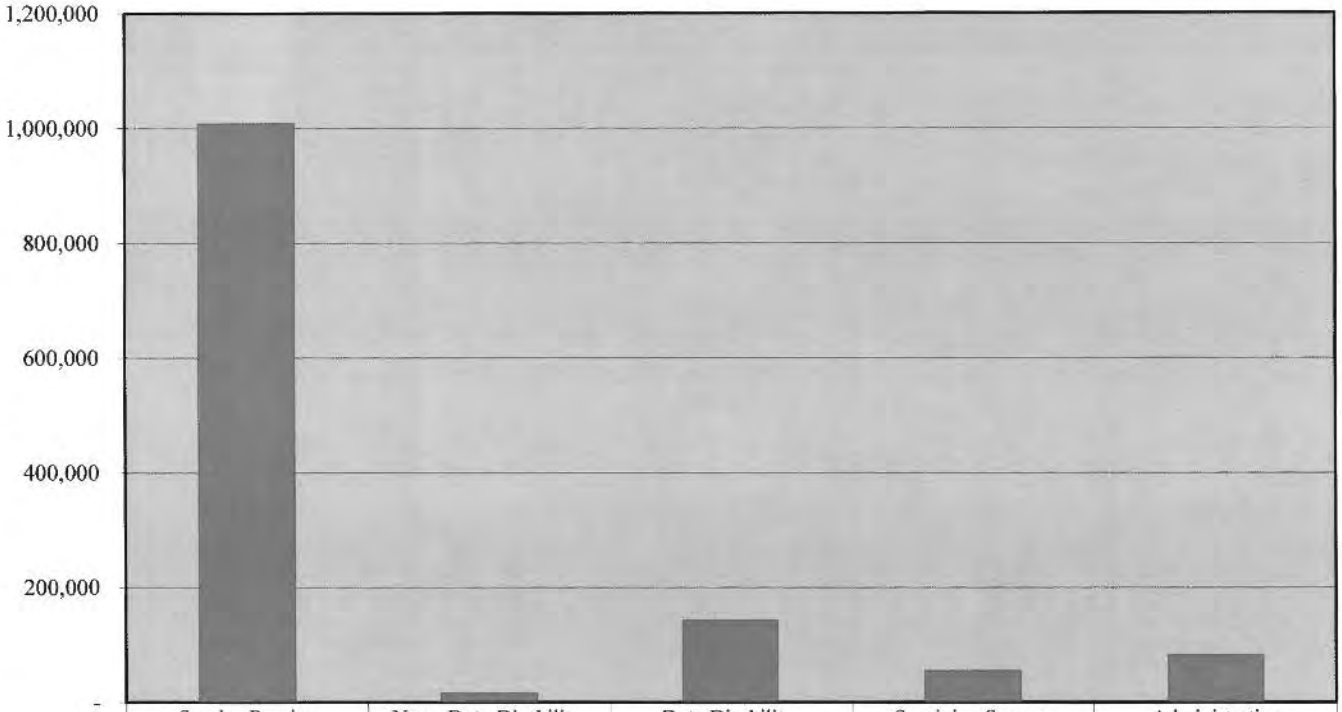
## Park Ridge Firefighters' Pension Fund
## Cash Analysis Summary



# Park Ridge Firefighters' Pension Fund
# Revenue Report as of September 30, 2015

| | | Received this Month | Received this Year |
|---|---|---|---|
| **Revenues** | | | |
| **Municipal and Member Contributions** | | | |
| **Municipal Contributions** | | | |
| 41-210-00 - Current Tax | | 35,650.46 | 879,543.99 |
| | | 35,650.46 | 879,543.99 |
| **Member Contributions** | | | |
| 41-410-00 - Contributions - Current Year | | 29,749.24 | 165,414.66 |
| | | 29,749.24 | 165,414.66 |
| **Total Municipal and Member Contributions** | | 65,399.70 | 1,044,958.65 |
| **Investment Income** | | | |
| **Interest and Dividends** | | | |
| 43-105-10 - SB - Wire Acct | #253-90510-17 | 4.66 | 13.39 |
| 43-252-11 - SB - Fixed Income | #918794 | 9.01 | 302,777.29 |
| 43-252-12 - SB - Fixed Income | #017455 | 22,183.16 | 65,810.05 |
| 43-450-01 - SB - Stock Equities | #918712 | 4,942.00 | 16,686.99 |
| 43-450-02 - SB - Stock Equities | #918720 | 1,581.05 | 7,419.77 |
| 43-450-03 - SB - Stock Equities | #918751 | 799.56 | 3,107.78 |
| 43-450-04 - SB - Stock Equities | #918750 | 2,839.00 | 12,151.51 |
| 43-450-05 - SB - Stock Equities | #918749 | 4,613.27 | 19,817.74 |
| 43-450-06 - SB - Stock Equities | #918748 | 1,345.98 | 4,874.24 |
| 43-550-08 - SB - Mutual Funds | #918783 | 40,143.21 | 80,033.71 |
| | | 78,460.90 | 512,692.47 |
| **Gains and Losses** | | | |
| 44-252-11 - SB - Fixed Income | #918794 | 75,011.30 | (140,970.00) |
| 44-252-12 - SB - Fixed Income | #017455 | 31,290.07 | (67,714.42) |
| 44-450-01 - SB - Stock Equities | #918712 | (28,568.65) | (162,996.13) |
| 44-450-02 - SB - Stock Equities | #918720 | (58,532.65) | (154,399.36) |
| 44-450-03 - SB - Stock Equities | #918751 | (79,324.43) | (106,018.25) |
| 44-450-04 - SB - Stock Equities | #918750 | (59,421.60) | (160,310.21) |
| 44-450-05 - SB - Stock Equities | #918749 | (120,337.93) | (211,280.84) |
| 44-450-06 - SB - Stock Equities | #918748 | (72,368.23) | (135,729.23) |
| 44-550-08 - SB - Mutual Funds | #918783 | (400,444.59) | (1,173,346.61) |
| | | (712,696.71) | (2,312,765.05) |
| **Other Income** | | | |
| 45-200-00 - Accrued Interest | | 38,844.12 | (51,845.18) |
| 49-000-01 - Other Income | | 0.00 | 0.00 |
| | | 38,844.12 | (51,845.18) |
| **Total Investment Income** | | (595,391.69) | (1,851,917.76) |
| **Total Revenues** | | (529,991.99) | (806,959.11) |

## Park Ridge Firefighters' Pension Fund
## Expenses




| | Service Pension | Non - Duty Disability | Duty Disability | Surviving Spouse | Administrative |
|---|---|---|---|---|---|
| Expenses | 1,008,959 | 16,847 | 143,033 | 55,494 | 83,281 |

# Park Ridge Firefighters' Pension Fund
# Expense Report as of September 30, 2015

| | Expended this Month | Expended this Year |
|---|---|---|
| **Expenses** | | |
| **Pensions and Benefits** | | |
| 51-020-00 - Service Pensions | 203,552.45 | 1,008,959.43 |
| 51-030-00 - Non-Duty Disability Pensions | 3,369.38 | 16,846.90 |
| 51-040-00 - Duty Disability Pensions | 28,606.61 | 143,033.05 |
| 51-050-00 - Occupational Disease Pensions | 0.00 | 0.00 |
| 51-060-00 - Surviving Spouse Pensions | 11,098.78 | 55,493.90 |
| 51-070-00 - Children's Pensions | 0.00 | 0.00 |
| 51-080-00 - Parent's Pensions | 0.00 | 0.00 |
| 51-090-00 - Handicapped Annuitant Pensions | 0.00 | 0.00 |
| 51-100-00 - Refund of Contributions | 0.00 | 0.00 |
| 51-110-00 - Transfers to Other Pensions | 0.00 | 0.00 |
| | 246,627.22 | 1,224,333.28 |
| **Administrative** | | |
| **Professional Services** | | |
| 52-170-03 - Accounting & Bookkeeping Services | 1,440.00 | 4,850.00 |
| 52-170-05 - Legal Services | 0.00 | 9,999.00 |
| | 1,440.00 | 14,849.00 |
| **Investment** | | |
| 52-190-01 - Investment Manager/Advisor Fees | 17,709.50 | 57,774.02 |
| 52-190-02 - Custodial Fees | 0.00 | 13.52 |
| | 17,709.50 | 57,787.54 |
| **Electronic Data** | | |
| 52-210-01 - IT Equipment Purchases | 0.00 | 267.00 |
| | 0.00 | 267.00 |
| **Other Expense** | | |
| 52-290-25 - Conference/Seminar Fees | 0.00 | 1,600.00 |
| 52-290-26 - Association Dues | 0.00 | 150.00 |
| 52-290-27 - Travel Expense | 0.00 | 500.64 |
| 52-290-31 - Telecommunications Expense | 0.00 | 200.00 |
| 52-290-34 - IDOI Filing Fee Expense | 0.00 | 7,927.29 |
| | 0.00 | 10,377.93 |
| **Total Administrative** | 19,149.50 | 83,281.47 |
| **Total Expenses** | 265,776.72 | 1,307,614.75 |

See Accountants' Compilation Report

# Park Ridge Firefighters' Pension Fund
# Member Contribution Report
# As of Month Ended - September 30, 2015

| Name | Thru Prior Fiscal Year | Current Fiscal Year | Service Purchase | Refunds | Total Contributions |
|---|---|---|---|---|---|
| Ascione, Joseph A. | $ 76,815.16 | 3,389.26 | 0.00 | 0.00 | 80,204.42 |
| Bieniek, John C. | 152,431.88 | 3,223.44 | 0.00 | 0.00 | 155,655.32 |
| Blane, Aaron M. | 97,495.55 | 3,403.02 | 0.00 | 0.00 | 100,898.57 |
| Boeringa, John I. III | 166,337.10 | 4,063.44 | 0.00 | 0.00 | 170,400.54 |
| Bruchsaler, John D. | 123,487.04 | 3,475.72 | 0.00 | 0.00 | 126,962.76 |
| Buckley, Christopher P. | 115,389.84 | 3,408.18 | 0.00 | 0.00 | 118,798.02 |
| Cleary, Christopher T. | 47,696.25 | 3,345.14 | 0.00 | 0.00 | 51,041.39 |
| Debs, Timothy C. | 160,729.88 | 3,919.08 | 0.00 | 0.00 | 164,648.96 |
| Decker, Derek R. | 104,413.79 | 3,987.77 | 0.00 | 0.00 | 108,401.56 |
| Falco, Nicholas | 116,664.36 | 3,235.26 | 0.00 | 0.00 | 119,899.62 |
| Finn, Jeffrey M. Jr. | 14,318.63 | 2,630.04 | 0.00 | 0.00 | 16,948.67 |
| Garland, Gregory | 80,640.99 | 3,389.26 | 0.00 | 0.00 | 84,030.25 |
| Hanson, John M. | 137,995.47 | 4,445.00 | 0.00 | 0.00 | 142,440.47 |
| Harris, Paul D. | 84,551.00 | 3,389.26 | 0.00 | 0.00 | 87,940.26 |
| Herling, Christopher D. | 53,681.90 | 3,327.63 | 0.00 | 0.00 | 57,009.53 |
| Hohmeier, David P. | 156,913.07 | 3,420.72 | 0.00 | 0.00 | 160,333.79 |
| Isom, Michael A. | 111,864.65 | 3,408.18 | 0.00 | 0.00 | 115,272.83 |
| Jarka, Matthew | 108,202.07 | 3,504.40 | 0.00 | 0.00 | 111,706.47 |
| Knautz, Jeremy | 45,370.81 | 3,345.14 | 0.00 | 0.00 | 48,715.95 |
| Kuester, Aaron K. | 4,665.27 | 2,475.39 | 0.00 | 0.00 | 7,140.66 |
| Kuzmanovich, Zivko | 111,831.27 | 3,408.18 | 0.00 | 0.00 | 115,239.45 |
| Laube, Jeffrey J. | 68,358.18 | 3,377.23 | 0.00 | 0.00 | 71,735.41 |
| Lazenby, Wedge C. | 116,435.85 | 3,769.94 | 0.00 | 0.00 | 120,205.79 |
| Malcomson, David L. II | 76,965.77 | 3,389.26 | 0.00 | 0.00 | 80,355.03 |
| McFarlin, Jesse T. | 14,136.95 | 2,618.22 | 0.00 | 0.00 | 16,755.17 |
| Mleko, Geoffrey S. | 95,642.32 | 3,389.26 | 0.00 | 0.00 | 99,031.58 |
| Naffziger, Joel F. | 123,288.03 | 3,420.72 | 0.00 | 0.00 | 126,708.75 |
| Norton, Timothy J. | 177,362.89 | 4,345.82 | 0.00 | 0.00 | 181,708.71 |
| Ortlund, John L. | 131,339.56 | 3,766.84 | 0.00 | 0.00 | 135,106.40 |
| Pavone, Brian M. | 97,190.22 | 3,403.02 | 0.00 | 0.00 | 100,593.24 |
| Piltaver, John M. | 56,334.09 | 3,345.14 | 0.00 | 0.00 | 59,679.23 |
| Plach, Kevin S. | 136,075.16 | 3,973.97 | 0.00 | 0.00 | 140,049.13 |
| Portell, Alvin T. | 167,738.61 | 3,929.75 | 0.00 | 0.00 | 171,668.36 |
| Sankey, Scott E. | 108,910.35 | 4,314.14 | 0.00 | 0.00 | 113,224.49 |
| Schneider, Timothy A. | 55,375.33 | 3,345.14 | 0.00 | 0.00 | 58,720.47 |
| Scott, John F. | 103,040.03 | 3,219.42 | 0.00 | 0.00 | 106,259.45 |
| Sempoch, Robert J. | 68,880.94 | 3,377.23 | 0.00 | 0.00 | 72,258.17 |
| Skinner, Kurt F. | 110,504.63 | 3,408.18 | 0.00 | 0.00 | 113,912.81 |
| Smaha, William C. | 55,367.54 | 3,345.14 | 0.00 | 0.00 | 58,712.68 |
| Sorensen, Jeffrey T. | 153,250.47 | 5,750.25 | 0.00 | 0.00 | 159,000.72 |

# Park Ridge Firefighters' Pension Fund
# Member Contribution Report
# As of Month Ended - September 30, 2015

| Name | Thru Prior Fiscal Year | Current Fiscal Year | Service Purchase | Refunds | Total Contributions |
|---|---|---|---|---|---|
| Vaci, Daniel | 7,787.84 | 2,529.38 | 0.00 | 0.00 | 10,317.22 |
| Villari, Frank J. | 115,586.62 | 3,408.18 | 0.00 | 0.00 | 118,994.80 |
| Weingart, Kenneth I. | 92,333.06 | 3,748.93 | 0.00 | 0.00 | 96,081.99 |
| Wilson, Aaron A. | 10,671.57 | 2,586.25 | 0.00 | 0.00 | 13,257.82 |
| Wolff, Raymond | 48,300.67 | 3,345.14 | 0.00 | 0.00 | 51,645.81 |
| Woodford, Gregory A. | 94,705.46 | 3,389.26 | 0.00 | 0.00 | 98,094.72 |
| Zermeno, Anthony J. | 108,040.47 | 3,219.42 | 0.00 | 0.00 | 111,259.89 |
| | 4,465,118.59 | 163,908.74 | 0.00 | 0.00 | 4,629,027.33 |
| Terminated/Removed Members | | | | | |
| Krause, Ronald W. | 172,463.28 | 1,505.92 | 0.00 | 0.00 | 173,969.20 |
| Total | 4,637,581.87 | 165,414.66 | 0.00 | 0.00 | 4,802,996.53 |

# Park Ridge Firefighters' Pension Fund
## Vendor Checks Report



| Vendor Name | Chk. No. | Check Date | Amount | |
|---|---|---|---|---|
| DIGITAL PAPER SOLUTIONS INC | 30289 | 07/08/15 | 267.00 | |
| JOHN D BRUCHSALER * | 30290 | 07/08/15 | 100.00 | |
| | | Subtotal | 367.00 | |
| OTTOSEN BRITZ KELLY COOPER & GILBI | 30288 | 07/09/15 | 609.00 | **Electronic** |
| MSSB (FAYEZ SAROFIM & CO) | 50339 | 07/15/15 | 3,451.29 | |
| MSSB (MADISON INVESTMENT) | 50341 | 07/15/15 | 5,726.10 | |
| MSSB (MCDONNELL) | 50338 | 07/15/15 | 1,152.76 | |
| MSSB (SB ADVISOR) | 50340 | 07/15/15 | 6,413.01 | |
| | | Subtotal | 16,743.16 | |
| LAUTERBACH & AMEN LLP | 30292 | 07/29/15 | 690.00 | **Electronic** |
| CITY OF PARK RIDGE | 30291 | 07/31/15 | 11,764.81 | **Electronic** |
| LAUTERBACH & AMEN LLP | 30293 | 08/17/15 | 690.00 | **Electronic** |
| MSSB (MCDONNELL) | 50342 | 08/24/15 | 2,286.94 | |
| JOHN D BRUCHSALER * | 30295 | 08/25/15 | 50.00 | |
| IPPFA | 30296 | 08/26/15 | 1,600.00 | **Electronic** |
| OTTOSEN BRITZ KELLY COOPER & GILBI | 30297 | 08/26/15 | 6,582.00 | **Electronic** |
| | | Subtotal | 8,182.00 | |
| CITY OF PARK RIDGE | 30294 | 08/31/15 | 10,914.92 | **Electronic** |
| MSSB (ATALANTA SOSNOFF CAPITAL LL | 50344 | 09/15/15 | 4,208.82 | |
| MSSB (CAMBIAR INVESTORS LLC) | 50345 | 09/15/15 | 5,356.79 | |
| MSSB (RBC GLOBAL ASSET MGMT) | 50343 | 09/15/15 | 4,470.08 | |
| MSSB (WELLS CAPITAL MGMT) | 50346 | 09/15/15 | 3,673.81 | |
| | | Subtotal | 17,709.50 | |
| LAUTERBACH & AMEN LLP | 30298 | 09/21/15 | 1,440.00 | **Electronic** |
| CITY OF PARK RIDGE | 30299 | 09/30/15 | 8,822.88 | **Electronic** |
| | | TOTAL | 80,270.21 | |

APPROVED BY BOARD OF TRUSTEES

President Date

Secretary Date

# Park Ridge Firefighters' Pension Fund
# Disbursement Warrant

Pursuant to Section 4-132 of the Illinois Pension Code (40 ILCS 5/4-132), the attached payments to be made be made by the treasurer of the Park Ridge Firefighters' Pension Fund have been approved by the Board of Trustees of the Fund at a meeting of the Board as set forth below.

Date of Board Meeting: _____

Date of Warrant: _____

APPROVED this _____ day of _____, _____, by a roll call vote as follows:

AYES: _____

NAYS: _____

ABSENT: _____

ABSTAIN: _____

_____
President, Board of Trustees
Park Ridge Firefighters' Pension Fund

ATTEST:

_____
Secretary, Board of Trustees
Park Ridge Firefighters' Pension Fund

# Ottosen Britz Pension Practice
# Quarterly Insights for Pension Trustees (Fourth Quarter 2015)

## Drawing a clear distinction:
## How board members can benefit from official email addresses

### *Emails as Local Records*

Illinois local governments are required to retain and disclose public records by a myriad of applicable laws (*e.g.*, FOIA and the Local Records Act). Public records are also subject to subpoenas in litigation and official inquires by the Attorney General and the Department of Justice. Depending on their contents, emails may constitute public records—regardless of the email address it was sent or received from.

### *Best Practice: Official Email Addresses*

Currently, Illinois law does not require all appointed public officials or board members to have an official email address. Nevertheless, when conducting official business, it is in the best interest of board members and the localities they serve to draw a clear distinction between personal affairs and official business. The easiest way to do that is to provide an official individual email address to each Board member.

### *Official Email Addresses Protect Board Member Privacy*

When a board member uses their personal email account for public business, their personal inbox will almost certainly contain local records. This means that *the board member's privacy is at risk*—the contents of their personal email account (both work-related and private) is subject to inspection by litigants, the Attorney General, the Department of Justice, and the general public.

The easiest and most effective way to prevent *anyone* from prying into the contents of a board member's personal email account is to keep official communications separate from personal emails from the beginning. In this respect, official email addresses are imperative to protect board member privacy.

### *Other Advantages to Official Email Addresses*

- **Increased organization**: By keeping business emails in one place, local entities are able to respond to public record requests more efficiently, thus resulting in savings to the Board.
- **Increased security and confidentiality**: Board members often consider sensitive and confidential issues. Official email addresses can be properly supervised and managed to ensure proper security measures are in place, which minimizes the risk of inadvertent disclosures of information and unauthorized data breaches.
- **Decreased ambiguity**: Using personal email accounts can blur the line between public business and private affairs. With an official email address, board members can be certain of which communications are subject to public scrutiny.

**Pension Fund**

Park Ridge Firefighters

Pension Fund

Executive Summary

**September 30, 2015**

Investment Stewardship Guidance

# MARQUETTEUpdate

4Q 2015

## 4Q Firm Updates

- Imran Zahid joins Marquette as discretionary analyst
- Kweku Obed speaks at PSCA 68th annual conference 10/14
- Mike Piotrowski speaks at Illinois Police and Fire conference 10/7
- Kelli Schrade quoted in FundFire on manager search and more
- Kweku Obed speaks at 529 conference 9/28

## About Marquette

An independent investment consulting firm, Marquette Associates guides institutional investment programs with a focused three-point approach & careful research.

Marquette has served a single mission since 1986 – enable institutions to become more effective investment stewards.

270 clients
$132 billion AUA
68 employees

Data as of June 30, 2015

## New Clients this Quarter

- Michigan Laborers
- Milwaukee Transport Services
- Orland Park Police
- Park Ridge Firefighters
- ProHealth Care, Inc.

## 2015 Investment Symposium

**Friday, October 16th, 2015**

Union League Club, Chicago, IL

Marquette's 4th annual discussion of the market environment, emerging investment themes and investment stewardship challenges in the year ahead.

Highlight videos coming soon (November)

## Charts of the Week

- China: Manufacturing vs. Services
- Asset Class Review: What Has Worked in 2015?
- Which Equity Sectors are Most Sensitive to Rising Interest Rates?

## Newsletters

- U.S. Equity Market Update
- Creating Social Impact Through Responsible Investing
- The Greek Debt Drama and Guidance for Investors

## Webinars & Videos

- 3Q 2015 Market Briefing (Oct 22)
- Responsible Investing for Social Impact
- Portfolio Strategies for a Rising Interest Rate Environment
- Rising Rate Portfolio Strategies in Brief

## White Papers

- Positioning Fixed Income Portfolios for a Rate Hike (October)
- Defined Contribution Plans: A Look at the Past, Present and Future

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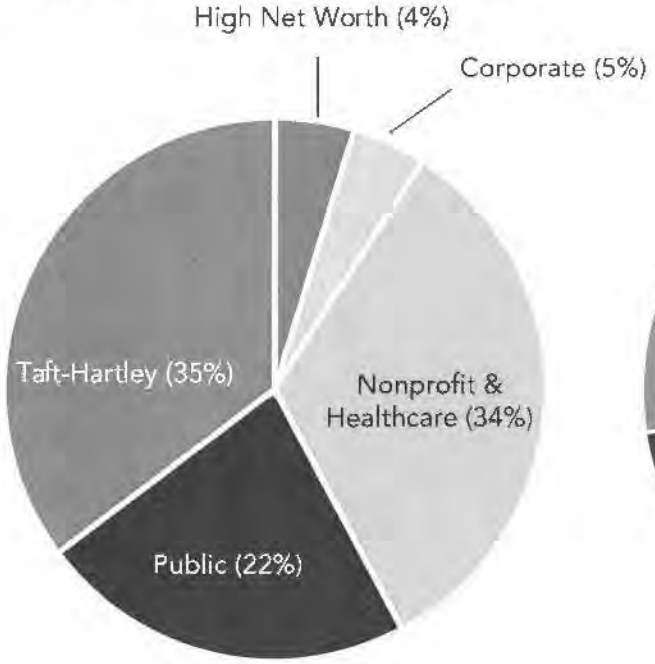
## Investment Consulting Service Lines

| Traditional Investment Consulting | OCIO/Full Discretionary Services | Real Estate Advisory | Wealth Advisement |
|---|---|---|---|
| Partner with clients to be effective stewards for investment decision making. | Assume full responsibility for clients to outsource investment decision making. | Become the delegated decision maker for oversight of specific real estate projects and assets. | Assume full responsibility for clients regarding investment decision making. |

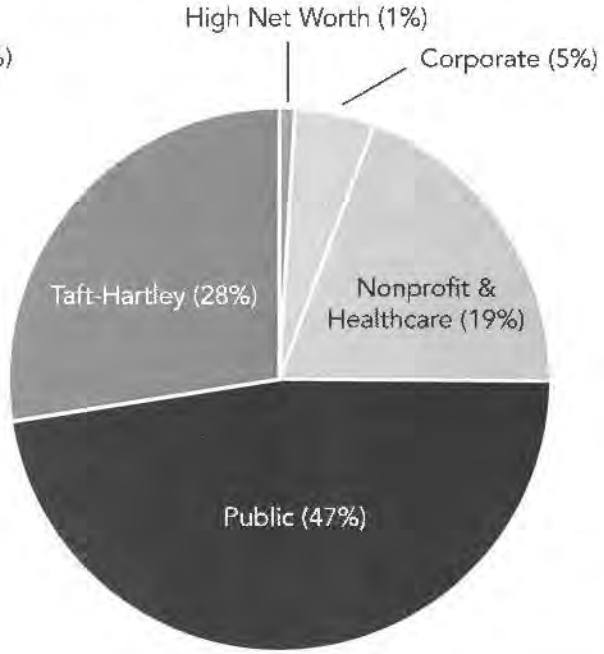
## Our Clients

### Client Breakdown by Quantity




Data as of 6/30/15

### Client Breakdown by Assets




Data as of 6/30/15

## 2015 Anniversaries Over 10 Years

| | | | | | |
|---|---|---|---|---|---|
| Brian Wrubel | 26 Years | Rita Cirullo | 17 Years | Tim Hamann | 12 Years |
| Tim Fallon | 19 Years | Brett Christenson | 15 Years | Doug Oest | 12 Years |
| Nichole Roman-Bhatty | 17 Years | Tim Burdick | 15 Years | Dave Wernecke | 12 Years |

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# Market Environment

**3Q 2015**

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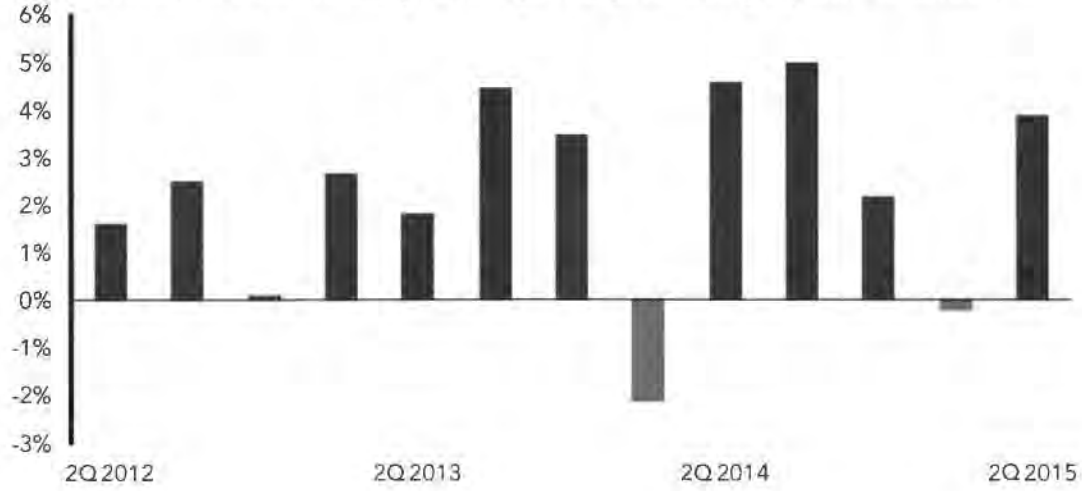
Real Estate ..... 12
Infrastructure ..... 13
Private Equity ..... 14

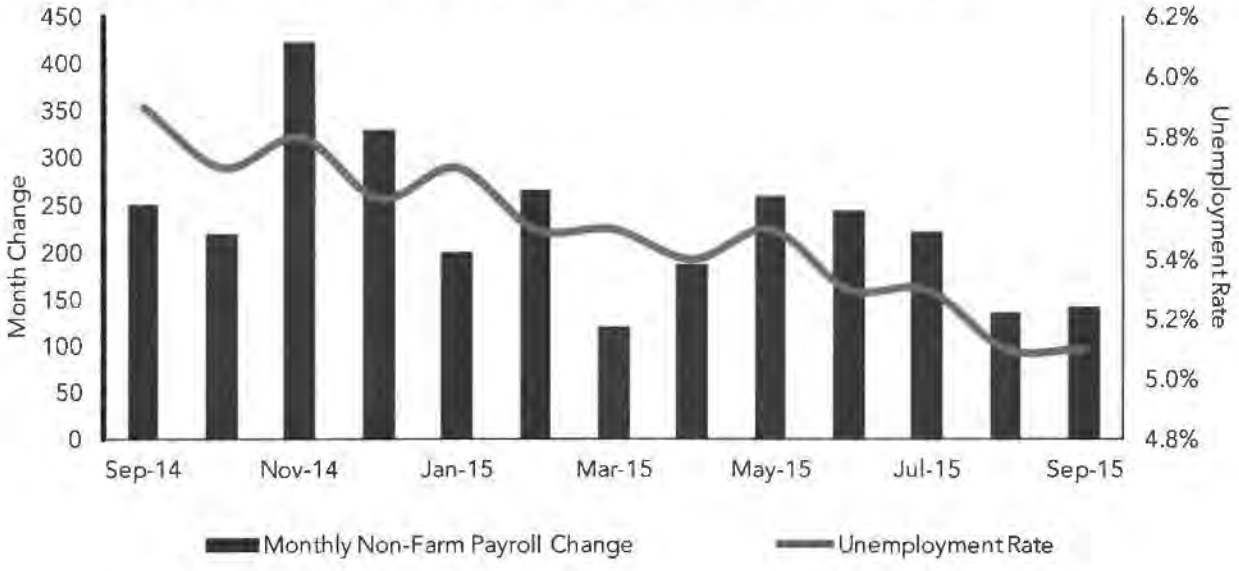
## U.S. Economy

The third estimate for the second quarter GDP was released showing an increase of 3.9%, an improvement from the previous second quarter estimate of 3.7%. Compared to the prior estimate, personal consumption and nonresidential fixed investments had larger increases. Major contributors to second quarter GDP included private domestic investments (adding .9%) and personal consumption expenditures (adding 2.4%). In September, the unemployment rate remained at 5.1%. In the last twelve months the number of unemployed and long-term unemployed decreased by 1.2M and 947K, respectively. In September, the labor force participation rate decreased to 62.4% and the employment-population ratio was unchanged at 59.2%. The average duration of unemployment in September lasted 26.3 weeks and broad unemployment (U6) decreased by .3% to 10.0%. Non-farm payroll gained 142K jobs in September and averaged 230K per month over the last twelve months. Non-farm payroll was revised for July and August for a net decrease of 59K jobs.

**Gross Domestic Product:** Real GDP Quarterly Percentage Change (seasonally adjusted annual rates)




**Unemployment Data:** Unemployment Rate % & Non-Farm Payroll (000's) Net Jobs Created



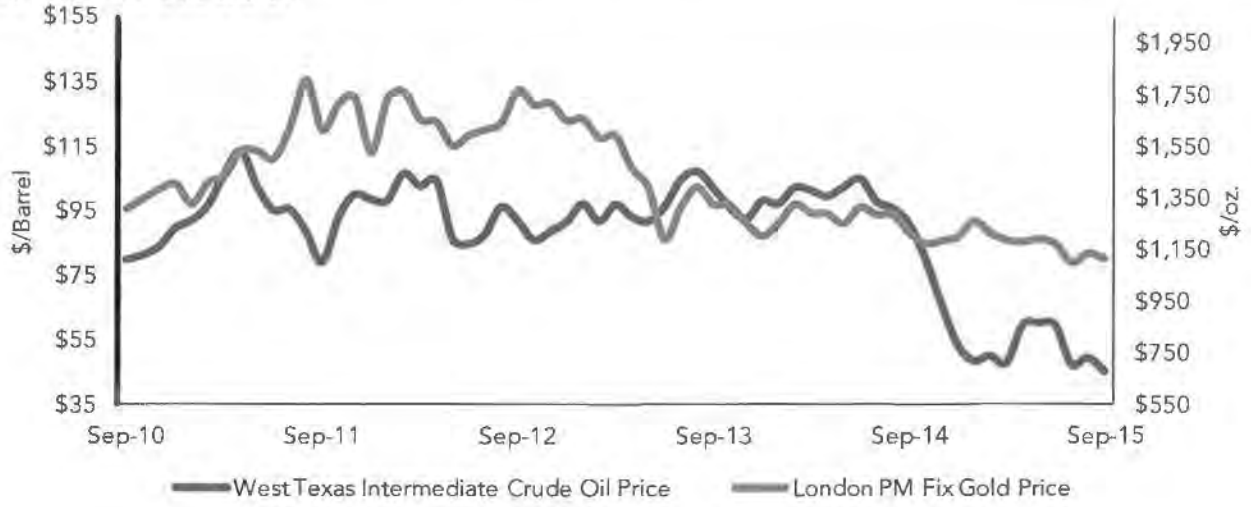

Sources: Bureau of Economic Analysis, Bureau of Labor Statistics

### U.S. Economy

The Consumer Price Index (CPI-U) decreased by .1% in August. Within CPI-U, energy decreased by 2.0% while food increased .2%. In the last twelve months, the CPI-U has risen .2%, with food increasing 1.6% and energy declining by 15.0%. Core CPI rose by .1% in August and increased by 1.8% over the last twelve months. The Producer Price Index for final demand was unchanged in August and declined by .8% over the last twelve months. Within total final demand, final demand goods declined .6% and final demand services increased .4%. WTI crude oil prices finished the quarter at $45.09 per barrel, a monthly decrease of 8.4%. Gold ended September at $1114/oz, a monthly decline of 1.9%. Year-over-year crude oil decreased by 50.5% while gold decreased by 8.4%.

**U.S. Inflation Data:** Consumer Price Index & Producer Price Index (Year over Year)

**Commodities:** Gold and Oil




Sources: St. Louis Federal Reserve, Union Pacific, Kitco

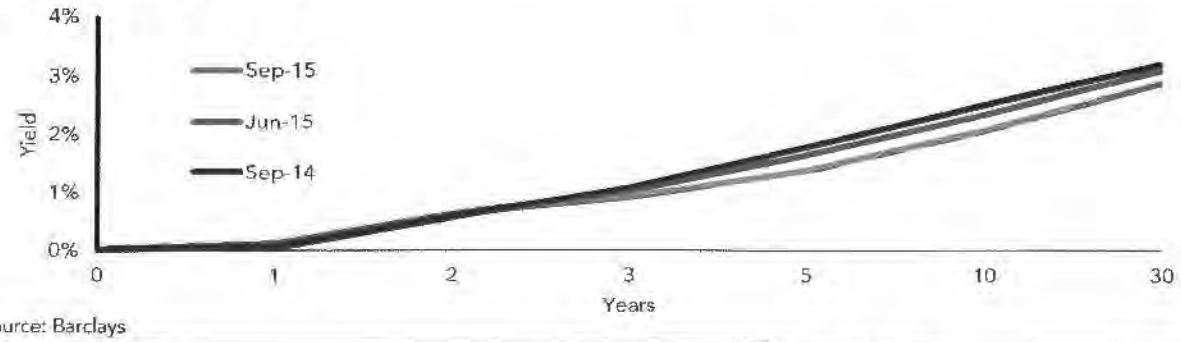
## Fixed Income

The bond markets this quarter maintained a risk-off tendency as news of China's hard landing led to a global equity and credit selloff followed by the Fed's decision to delay a rate hike in September. Safe haven assets performed the best as long government bonds returned 5.0% and the Agg returned 1.2% for the quarter. With the expected reduction in Chinese demand for oil/gas and metals/mining, credit spreads for these sectors widened, causing the high yield bond index to return -4.9% and the bank loan index to return -1.2% for the quarter. Meanwhile, Greece's bailout packaged calmed the non-U.S. developed markets, resulting in a 0.9% return for the Global Agg. However, facing the headwinds of lower anticipated commodity demand from China, emerging markets bonds lost 1.7%. The yield curve fell across the board for the quarter in this risk-off environment, sending the 10-year yield down to 2.06%.

**Benchmark Performance:** Select Fixed Income Indices

| | Month | Qtr | YTD | 1 Yr | 3 Yr Ann | 5 Yr Ann | 10 Yr Ann |
|---|---|---|---|---|---|---|---|
| **Broad Market Indices** | | | | | | | |
| BarCap Aggregate | 0.7% | 1.2% | 1.1% | 2.9% | 1.7% | 3.1% | 4.6% |
| BarCap Gov./Credit | 0.7% | 1.2% | 0.9% | 2.7% | 1.6% | 3.1% | 4.6% |
| BarCap Long Gov./Credit | 0.8% | 2.2% | -2.4% | 3.1% | 2.2% | 6.0% | 6.6% |
| **Intermediate Indices** | | | | | | | |
| BarCap Int. Gov./Credit | 0.7% | 0.9% | 1.8% | 2.7% | 1.4% | 2.4% | 4.2% |
| **Government Bond Indices** | | | | | | | |
| BarCap Gov. | 0.9% | 1.7% | 1.8% | 3.7% | 1.3% | 2.5% | 4.3% |
| BarCap Long Gov. | 1.5% | 5.0% | 0.2% | 8.6% | 2.8% | 6.2% | 6.9% |
| BarCap Int. Gov. | 0.7% | 1.2% | 2.0% | 3.0% | 1.1% | 1.9% | 3.9% |
| BarCap 1-3 Year Gov. | 0.3% | 0.3% | 1.0% | 1.2% | 0.7% | 0.8% | 2.6% |
| BarCap 91 Day T-Bill | 0.0% | 0.0% | 0.1% | 0.1% | 0.1% | 0.1% | 1.4% |
| BarCap U.S. TIPS | -0.6% | -1.1% | -0.8% | -0.8% | -1.8% | 2.5% | 4.0% |
| **Corporate Bond Indices** | | | | | | | |
| BarCap U.S. Credit | 0.5% | 0.5% | -0.3% | 1.5% | 2.0% | 4.1% | 5.3% |
| BarCap U.S. Long Credit | 0.4% | 0.5% | -3.9% | 0.0% | 1.9% | 5.8% | 6.4% |
| BarCap High Yield | -2.6% | -4.9% | -2.5% | -3.4% | 3.5% | 6.1% | 7.3% |
| CS Leveraged Loan Index | -0.7% | -1.2% | 1.6% | 1.2% | 3.8% | 4.8% | 4.4% |
| **Securitized Bond Indices** | | | | | | | |
| BarCap MBS | 0.6% | 1.3% | 1.6% | 3.4% | 2.0% | 3.0% | 4.7% |
| BarCap ABS | 0.5% | 0.7% | 1.8% | 2.4% | 1.2% | 2.1% | 3.4% |
| BarCap CMBS | 1.2% | 1.5% | 2.2% | 3.7% | 2.5% | 4.5% | 5.4% |
| **Non-U.S. Indices** | | | | | | | |
| BarCap Global Aggregate | 0.5% | 0.9% | -2.3% | -3.3% | -1.6% | 0.8% | 3.7% |
| BarCap Global Aggregate Ex-U.S. | 0.4% | 0.6% | -4.8% | -7.7% | -4.0% | -0.9% | 3.0% |
| JPM EMBI Global Diversified | -1.3% | -1.7% | -0.1% | -0.6% | 1.5% | 4.7% | 6.9% |

**Yield Curve:** Change Over Time




Source: Barclays

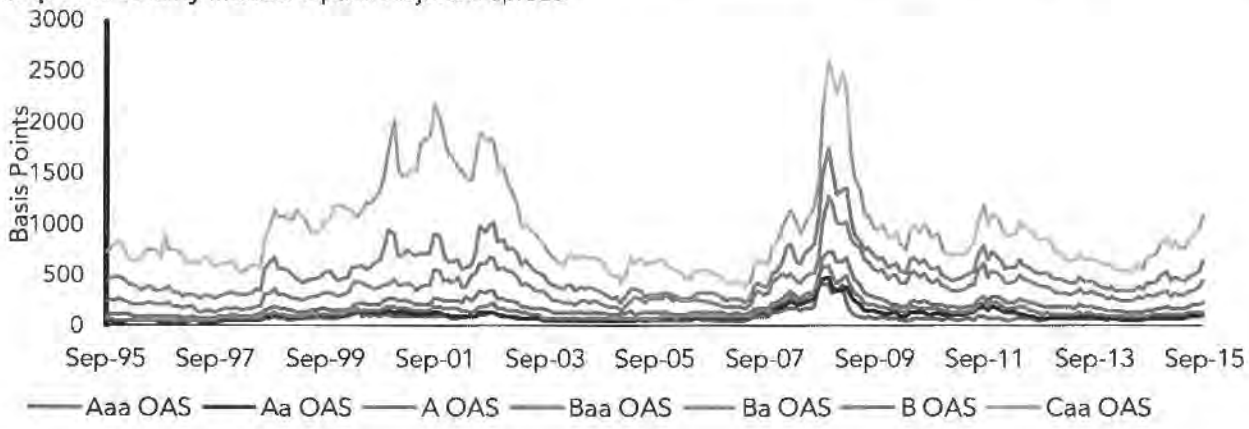
## Fixed Income

Higher quality corporate bonds generated positive returns, while lower quality corporate bonds generated negative returns, due to the risk-off tendency of the bond markets throughout the quarter. AAAs, the highest-rated investment grade corporate bonds, returned 2.4% as CCCs, the lowest-rated high yield corporate bonds, returned -7.3% for the quarter. China's hard landing leading to persistent $45 oil and the expected defaults from high yield energy issuers are widely held as the root cause. Spreads for investment grade corporate bonds remained relatively stable, while high yield spreads widened out more the lower the quality. The Agg returned an overall 1.2% with 0.7% of that from income and 0.5% from price appreciation amidst the safe haven purchasing.

**Corporate Quality Indices:** Performance

| | Month | Qtr. | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| BarCap Corporate AAA | 1.2% | 2.4% | -0.1% | 3.1% | 1.3% | 3.4% | 4.3% |
| BarCap Corporate AA | 0.9% | 1.4% | 0.9% | 2.9% | 1.6% | 3.3% | 4.6% |
| BarCap Corporate A | 1.0% | 1.5% | 0.7% | 2.9% | 2.2% | 4.2% | 4.9% |
| BarCap Corporate BBB | 0.5% | 0.0% | -1.1% | 0.1% | 2.4% | 4.8% | 6.0% |
| BarCap Corporate BB | -2.1% | -3.1% | -0.9% | 0.0% | 4.1% | 6.5% | 7.6% |
| BarCap Corporate B | -3.0% | -5.6% | -2.8% | -4.3% | 3.1% | 5.9% | 6.1% |
| BarCap Corporate CCC | -2.7% | -7.3% | -5.0% | -8.7% | 3.4% | 6.3% | 6.4% |

**Corporate Quality Indices:** Option-Adjusted Spread



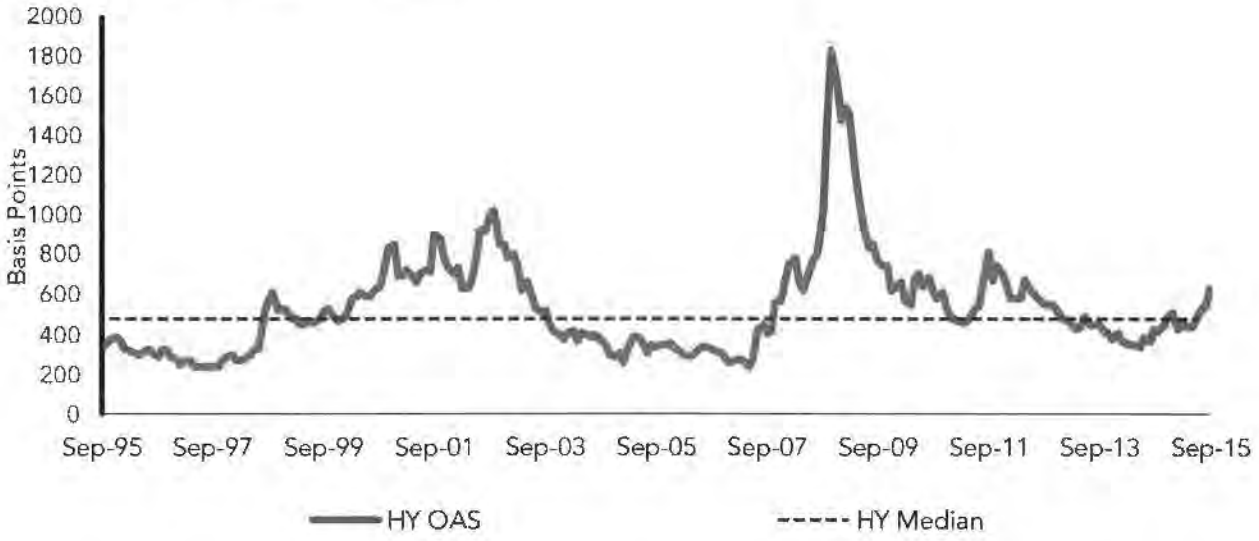

**BarCap Aggregate:** Components of Total Return

Source: Barclays

**Below Investment Grade**

Leveraged finance spreads continued to widen throughout the quarter in the risk-off bond market environment. The Barclays High Yield index widened from 476bp to 630bp, while the Credit Suisse Leveraged Loan index widened from 524bp to 581bp.

**OAS:** High Yield OAS and Long-Term Median




**Three-Year Discount Margin:** Credit Suisse Leveraged Loan Index and Long-Term Median

Sources: Barclays, Credit Suisse

## U.S. Equity

U.S. equities posted their worst quarterly performance since 2011 as concern over slower global growth, prolonged weaknesses in commodities, and Fed rate hike uncertainty weighed on the market. Small-cap indices experienced the steepest declines for both the month and quarter during this "risk-off" environment. The S&P 500 fell by 6.4% in the third quarter, following ten consecutive positive quarters. As of September 30, the S&P 500 was 9.9% below its prior closing high on May 21st and the Russell 2000 was 15.1% below its prior closing high on June 23rd. In order for the S&P 500 to finish the year in positive territory, it will need to generate a return of greater than 5.6% during the fourth quarter. Year-to-date, growth indices continue to outperform value indices by a significant margin across all market caps.

**Equity Returns:** Select Index Performance

| | Month | Qtr. | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| **Broad Market Indices** | | | | | | | |
| Dow Jones (16,284.70) | -1.4% | -7.0% | -7.0% | -2.1% | 9.3% | 11.4% | 7.2% |
| Wilshire 5000 | -2.7% | -6.9% | -5.4% | -0.4% | 12.4% | 13.2% | 7.0% |
| Russell 3000 | -2.9% | -7.3% | -5.5% | -0.5% | 12.5% | 13.3% | 6.9% |
| **Large-Cap Market Indices** | | | | | | | |
| S&P 500 (1,920.03) | -2.5% | -6.4% | -5.3% | -0.6% | 12.4% | 13.3% | 6.8% |
| Russell 1000 | -2.7% | -6.8% | -5.2% | -0.6% | 12.7% | 13.4% | 7.0% |
| Russell 1000 Value | -3.0% | -8.4% | -9.0% | -4.4% | 11.6% | 12.3% | 5.7% |
| Russell 1000 Growth | -2.5% | -5.3% | -1.5% | 3.2% | 13.6% | 14.5% | 8.1% |
| **Mid-Cap Market Indices** | | | | | | | |
| Russell MidCap | -3.6% | -8.0% | -5.8% | -0.3% | 13.9% | 13.4% | 7.9% |
| Russell MidCap Value | -3.3% | -8.0% | -7.7% | -2.1% | 13.7% | 13.2% | 7.4% |
| Russell MidCap Growth | -3.9% | -8.0% | -4.2% | 1.5% | 14.0% | 13.6% | 8.1% |
| **Small-Cap Market Indices** | | | | | | | |
| Russell 2000 | -4.9% | -11.9% | -7.7% | 1.3% | 11.0% | 11.7% | 6.6% |
| Russell 2000 Value | -3.5% | -10.7% | -10.1% | -1.6% | 9.2% | 10.2% | 5.4% |
| Russell 2000 Growth | -6.3% | -13.1% | -5.5% | 4.0% | 12.9% | 13.3% | 7.7% |

**Operating Earnings Ratio:** S&P 500

Sources: Bloomberg, Standard & Poors

## U.S. Equity

Eight out of ten S&P 500 sectors had negative returns in September with defensive sectors Utilities (+2.9%) and Consumer Staples (+0.5%) posting the only positive monthly returns. Materials (-7.4%) and Energy (-6.7%) had the steepest monthly declines and are the worst performing sectors for both the quarter and year-to-date. Consumer Discretionary (+4.1%) is the only positive sector year-to-date. Third quarter S&P 500 EPS growth estimates are expected to have declined by 4.6% year-over-year with the fall largely driven by a 66% decline in the energy sector. Excluding the decline in energy, third quarter year-over-year EPS growth is estimated to be +3.1%. Consumer Discretionary, Telecom, and Health Care are projected to have the strongest EPS growth in the third quarter.

**S&P 500 Sector Performance:** Historic Returns

| | Month | Qtr. | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| Consumer Staples | 0.5% | -0.2% | -1.0% | 7.1% | 12.5% | 14.2% | 10.3% |
| Consumer Discretionary | -0.6% | -2.6% | 4.1% | 13.2% | 18.6% | 19.3% | 10.4% |
| Energy | -6.7% | -17.4% | -21.3% | -29.7% | -4.1% | 3.9% | 3.2% |
| Financials | -3.0% | -6.7% | -7.1% | -0.3% | 15.4% | 11.6% | -0.4% |
| Health Care | -5.7% | -10.7% | -2.1% | 5.2% | 20.2% | 19.0% | 9.9% |
| Industrials | -1.8% | -6.9% | -9.8% | -3.7% | 13.1% | 12.3% | 7.0% |
| Information Technology | -1.0% | -3.7% | -3.0% | 2.1% | 12.2% | 14.2% | 8.6% |
| Materials | -7.4% | -16.9% | -16.5% | -18.0% | 4.8% | 6.7% | 6.4% |
| Telecommunications | -3.6% | -6.9% | -3.9% | -7.9% | 1.2% | 8.3% | 6.7% |
| Utilities | 2.9% | 5.4% | -5.9% | 6.6% | 10.1% | 11.0% | 6.7% |

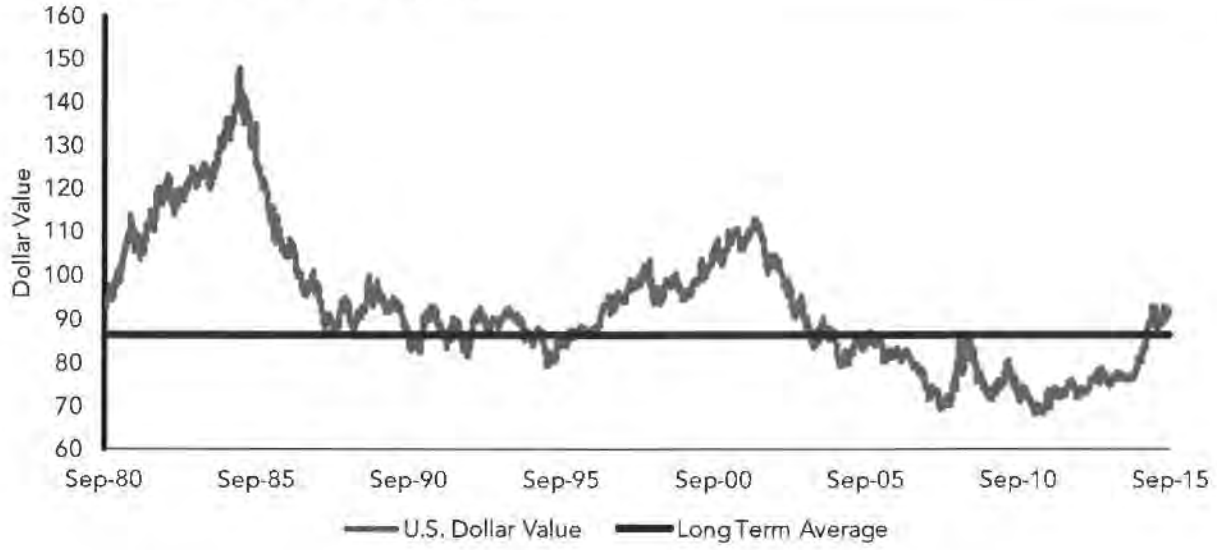
**Quarterly Earnings:** Analyst Expectations vs. Actual, Breakdown by Sector

Sources: Bloomberg, Standard & Poors

## Global Economy

The Federal Reserve tracks a trade-weighted exchange index between the U.S. dollar and other major widely circulated currencies. The index increased .5% in September but increased 13.8% in the last twelve months. The index is currently 6.6% above its long-term average. The International Monetary Fund (IMF) in its most recent World Economic Outlook is projecting global growth of 3.1% in 2015 and 3.6% in 2016. Advanced economies are projected to expand 2.0% in 2015 and 2.2% in 2016. Emerging market and developing economies are expected to grow 4.0% and 4.5% in 2015 and 2016, respectively.

**Currency:** Weighted U.S. Dollar vs. Major Currencies




**Economic Indicators:** For Select Countries

| Consumer Prices (Inflation) | | *as of* | GDP | | *as of* | Unemployment Rate | | *as of* |
|---|---|---|---|---|---|---|---|---|
| Britain | 0.0% | Aug-15 | Britain | 2.6% | 2Q | Britain | 5.5% | Jun-15 |
| Canada | 1.3% | Aug-15 | Canada | -0.5% | 2Q | Canada | 7.0% | Aug-15 |
| China | 2.0% | Aug-15 | China | 7.0% | 2Q | China | 4.0% | 2Q |
| France | 0.0% | Aug-15 | France | 0.0% | 2Q | France | 10.8% | Aug-15 |
| Germany | 0.0% | Sep-15 | Germany | 1.8% | 2Q | Germany | 6.4% | Sep-15 |
| India | 3.7% | Aug-15 | India | 6.6% | 2Q | India | 4.9% | 2013 |
| Italy | 0.3% | Sep-15 | Italy | 1.3% | 2Q | Italy | 11.9% | Aug-15 |
| Japan | 0.2% | Aug-15 | Japan | -1.2% | 2Q | Japan | 3.4% | Aug-15 |
| United States | 0.2% | Aug-15 | United States | 3.9% | 2Q | United States | 5.1% | Sep-15 |

Sources: St. Louis Federal Reserve, Economist, Bloomberg

### Non-U.S. Equity

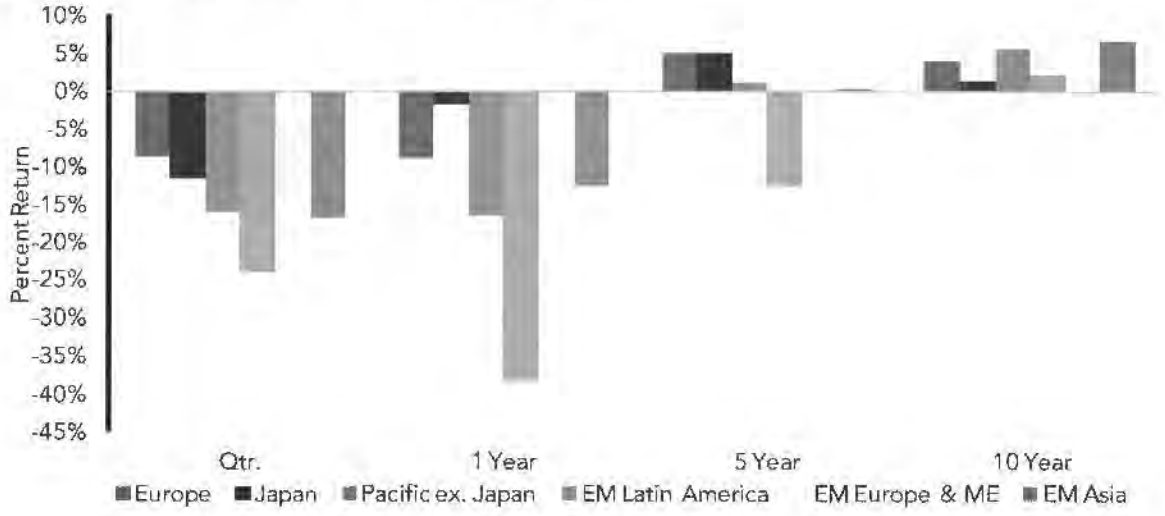
In the first half of the year, investors focused on the Greece debt negotiations where a deal was finally reached in early July. Soon after markets let out a sigh of relief, events in China drove market volatility higher. First the local stock market fell dramatically with investors questioning the government's attempts at intervention. Second, China adjusted its currency calculation, allowing the market more say on the daily rate. This led to a near 2% drop versus the dollar. While the IMF saw this as a move in the right direction, markets interpreted the action as a means to boost exports, thus raising concerns over a slowdown in the economy.

These concerns led to a sell-off in the third quarter, with the MSCI EAFE and MSCI EM indices losing 10.2% and 17.8%, respectively. On a year-to-date basis, developed markets (-4.9%) have significantly outperformed emerging markets (-15.2%). Small-cap stocks have held up relatively well versus their large-cap peers. Developed small-cap is slightly up for the year (0.7%) while emerging small-cap (-9.6%) is outperforming emerging large-cap by 5.6%.

**Non U.S. Equity Performance:** Select Indices

| | Month | Qtr. | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| MSCI ACWI ex U.S. IMI | -4.4% | -11.8% | -7.5% | -11.0% | 3.2% | 2.5% | 3.8% |
| MSCI ACWI ex U.S. | -4.6% | -12.1% | -8.3% | -11.8% | 2.8% | 2.3% | 3.5% |
| MSCI EAFE (U.S. dollar) | -5.0% | -10.2% | -4.9% | -8.3% | 6.1% | 4.5% | 3.4% |
| MSCI EAFE (Local) | -4.8% | -8.9% | -0.6% | 1.2% | 13.2% | 8.2% | 3.8% |
| MSCI EAFE Value | -6.2% | -11.7% | -7.7% | -12.2% | 5.2% | 3.6% | 2.7% |
| MSCI EAFE Growth | -3.9% | -8.7% | -2.1% | -4.3% | 6.9% | 5.2% | 4.2% |
| S&P Global ex U.S. Small Cap | -3.0% | -9.7% | -2.1% | -5.3% | 6.6% | 4.7% | 5.6% |
| S&P Developed ex U.S. Small Cap | -3.3% | -7.9% | 0.7% | -1.9% | 8.8% | 6.7% | 5.5% |
| MSCI Emerging Markets | -3.0% | -17.8% | -15.2% | -19.0% | -4.9% | -3.3% | 4.6% |
| MSCI Frontier Markets | -2.2% | -10.5% | -13.0% | -23.9% | 6.7% | 2.6% | -1.8% |

**Regional Performance:** Equity Market Performance by Region

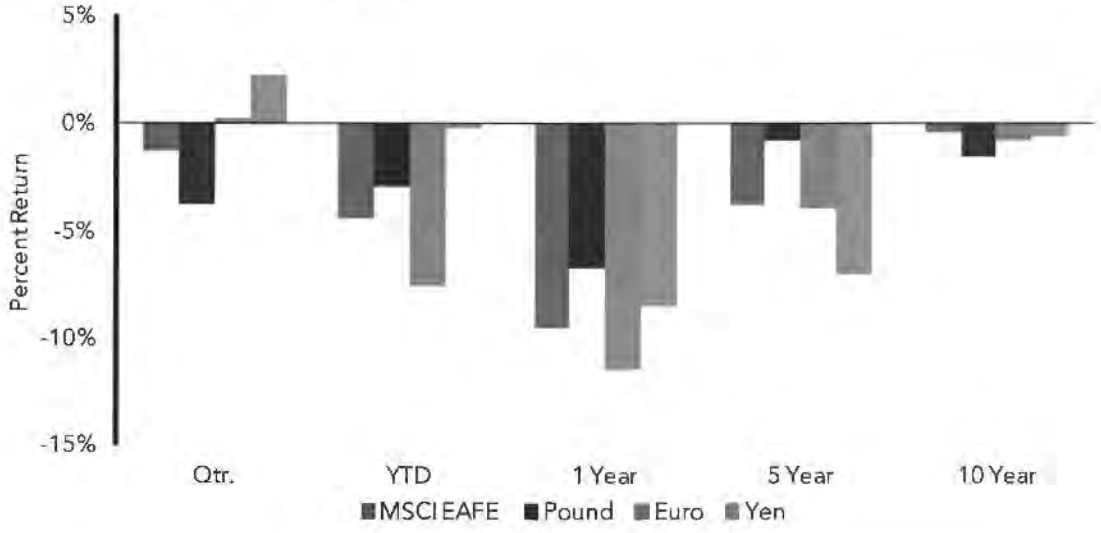



Source: Evestment

### Non-U.S. Equity

During the second quarter, equity dividend yields increased, while P/E ratios decreased. As of September 30, the MSCI ACWI ex. U.S. had a dividend yield and P/E ratio of 3.2% and 15.1, respectively. The MSCI EAFE currency return in the third quarter was slightly negative (1.3%) for U.S. based investors. The Euro (0.3%) and Yen (2.2%) were positive while the Pound (-3.7%) was negative. Year-to-date, currencies have subtracted roughly 4.4% from developed equity returns The MSCI EM currency return was -5.8% for the quarter bring the year-to-date loss to 8.4%.

**Currency Returns:** Select Major Currencies




**Valuation:** Trailing PE and Dividend Yield

Source: Evestment, Bloomberg

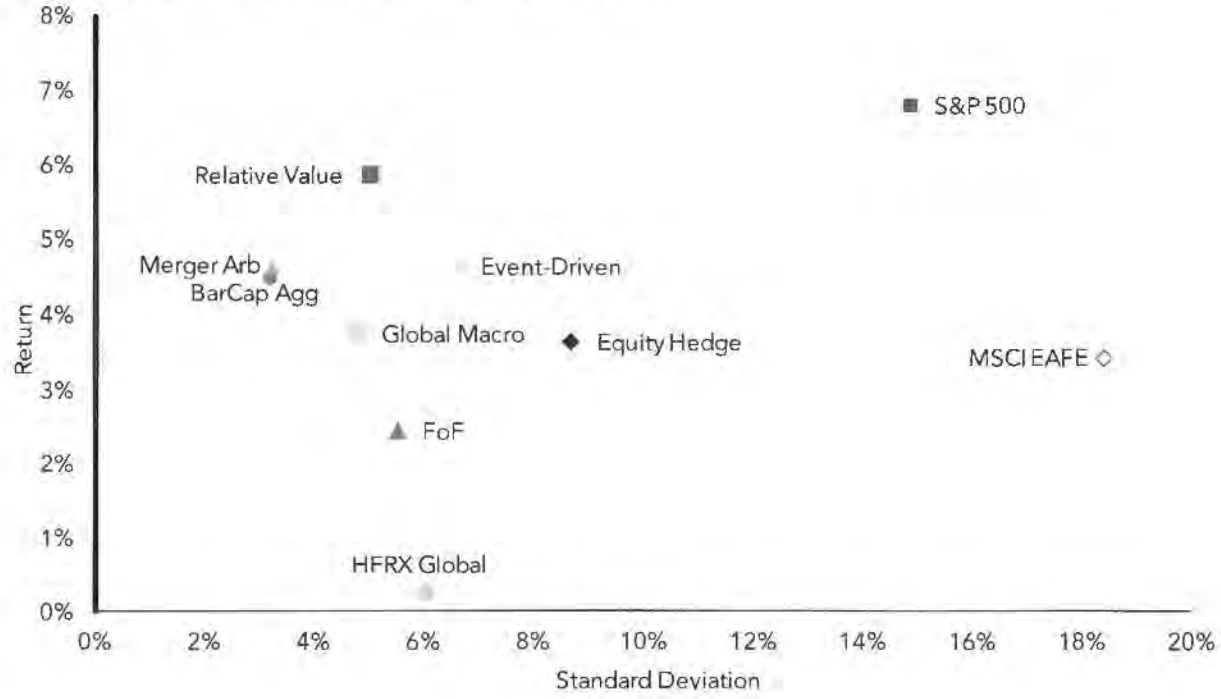
## Hedge Fund

Hedge fund strategies across the board were negative for the third quarter with hedged equity strategies impacted the most, down 5.8%. Despite being down for the quarter, hedged equity strategies outperformed the S&P 500 and Russell 2000 which were down 6.4% and 11.9%, respectively. Macro strategies, which were up earlier in the year followed by a mid-year downswing, ended nearly flat for the quarter at -0.3% despite downward pressure on risk assets and a pickup in the U.S. Dollar during September.

**Hedge Fund Performance:** HFR Strategy Index Returns

| | Month | Qtr. | YTD | 1 Year | 3 Year | 5 Year | 10 Year |
|---|---|---|---|---|---|---|---|
| HFRX Global | -2.1% | -4.3% | -3.0% | -4.7% | 1.2% | 0.0% | 0.2% |
| HFRX Hedged Equity | -2.1% | -5.4% | -3.1% | -2.9% | 3.4% | -0.2% | -0.3% |
| HFRI Composite | -1.1% | -3.8% | -1.4% | -1.2% | 4.0% | 3.3% | 4.2% |
| HFRI Fund of Funds | -1.5% | -3.3% | -0.7% | 0.3% | 4.3% | 2.7% | 2.4% |
| HFRI Convertible Arbitrage | 0.2% | -1.2% | 2.2% | 1.6% | 4.5% | 3.8% | 5.2% |
| HFRI Equity Hedge | -1.7% | -5.8% | -2.2% | -2.2% | 5.0% | 3.6% | 3.6% |
| HFRI Event-Driven | -2.5% | -5.5% | -3.2% | -4.6% | 4.4% | 4.0% | 4.6% |
| HFRI Macro | 0.4% | -0.3% | -0.6% | 1.6% | 1.2% | 0.9% | 3.8% |
| HFRI Merger Arbitrage | -0.6% | -1.2% | 1.8% | 1.8% | 3.1% | 2.7% | 4.5% |
| HFRI Relative Value | -1.0% | -2.5% | 0.0% | -0.9% | 4.5% | 4.9% | 5.9% |

**Ten Year Risk Return:** Hedge Fund Returns vs. Public Markets




Source: HFR, Bloomberg

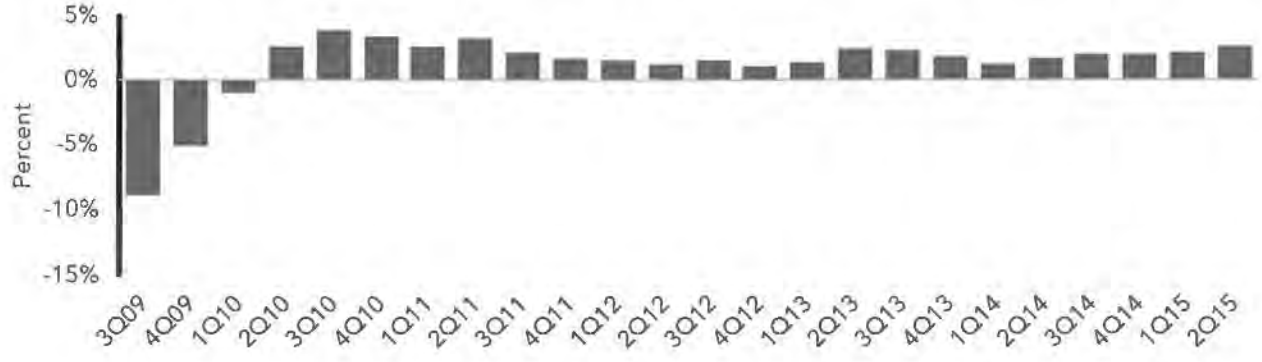
### Commercial Real Estate

The NPI advanced 3.1% in the second quarter of 2015. The total return was comprised of 1.3% income and 1.9% appreciation. Year-to-date, the NPI has gained 6.8%, comprised of 2.5% income and 4.3% appreciation. The NFI-ODCE posted a 3.8% gain in the second quarter, comprised of 1.2% income and 2.6% appreciation. For the first half of the year, the NFI-ODCE has delivered a 7.3% return, with 2.4% coming from income and 4.9% coming from appreciation. NFI leverage ticked down slightly to 21.4% in the second quarter, and occupancy climbed to 92.4%, surpassing the 2007 peak of 92.3% from the prior cycle. Occupancy rose across all property types in the second quarter, with Industrial and Apartments holding the highest levels of 94.6% and 94.2%, respectively. From a total returns standpoint, Industrial properties were the leading category in the second quarter and gained 3.8%. Properties in the Western and Southern regions of the country continued to lead with gains of 3.4% and 3.1%, respectively.

**Real Estate Performance:** Select Indices

| Indices | 2Q15 | YTD | 1 Year | 3 Year | 5 Year | 10 Year | 10 Yr Risk |
|---|---|---|---|---|---|---|---|
| **NPI** | **3.1%** | **6.8%** | **13.0%** | **11.6%** | **12.7%** | **8.2%** | **6.6%** |
| Income | 1.3% | 2.5% | 5.2% | 5.5% | 5.6% | 5.8% | 0.3% |
| Appreciation | 1.9% | 4.3% | 7.5% | 5.9% | 6.8% | 2.3% | 6.3% |
| **NFI-ODCE** | **3.8%** | **7.3%** | **14.4%** | **13.1%** | **14.4%** | **6.8%** | **9.4%** |
| Income | 1.2% | 2.4% | 4.9% | 5.1% | 5.3% | 5.5% | 0.3% |
| Appreciation | 2.6% | 4.9% | 9.2% | 7.7% | 8.7% | 1.2% | 9.0% |
| **FTSE NAREIT All Eq. REITs** | **-9.1%** | **-5.4%** | **4.1%** | **9.1%** | **14.4%** | **7.0%** | **28.2%** |
| NPI Apartment | 3.0% | 5.9% | 11.6% | 10.7% | 13.3% | 7.8% | 6.9% |
| NPI Office | 3.1% | 6.5% | 12.9% | 10.9% | 11.7% | 8.0% | 7.3% |
| NPI Industrial | 3.8% | 7.4% | 14.8% | 12.7% | 13.0% | 8.0% | 6.6% |
| NPI Retail | 3.0% | 8.1% | 13.5% | 13.3% | 13.7% | 9.1% | 5.4% |
| NPI Hotel | 3.5% | 6.1% | 14.0% | 9.9% | 10.4% | 6.8% | 7.8% |
| NPI East | 2.9% | 6.0% | 11.0% | 9.7% | 11.6% | 7.6% | 7.0% |
| NPI Midwest | 3.0% | 6.4% | 12.5% | 11.1% | 11.6% | 7.1% | 5.3% |
| NPI South | 3.1% | 7.4% | 13.9% | 12.9% | 13.2% | 8.5% | 5.8% |
| NPI West | 3.4% | 7.4% | 14.5% | 12.9% | 13.9% | 8.9% | 7.2% |

**Commercial Real Estate Market:** NFI-ODCE Property Appreciation

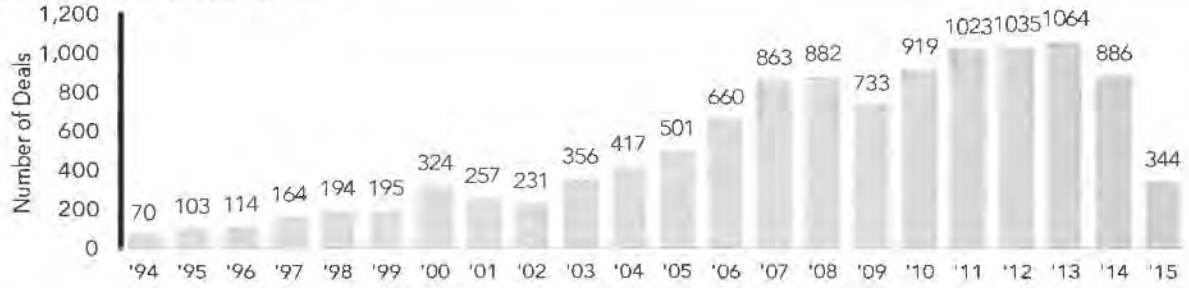



Sources: Encorr, NCREIF

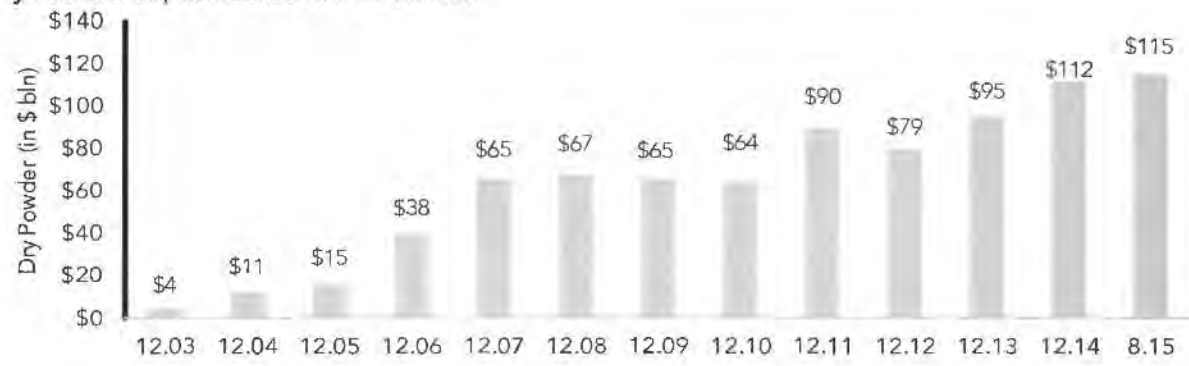
### Infrastructure

Infrastructure deal activity is progressing at a slightly slower pace in 2015. So far this year, 344 deals have closed, with Europe and North America representing the lion's share of activity. Despite the slower pace, the deals that reach completion are increasing in size, as the average deal size this year is $635M. Energy and transportation transactions continue to see the majority of deal activity in 2015, accounting for 54% and 22% of deals, respectively. Dry powder levels have climbed to $115B from $112B at the end of 2014. Recent transactions of note include: the awarding of the $3.6B LaGuardia Airport Central Terminal Building replacement PPP/PFI project to a consortium of investors; the 50% acquisition of the Hess Midstream Crude Oil and Natural Gas Portfolio by Global Infrastructure Partners for $2.7B; and the $1.9B sale of SourceGas by Alinda & GE.

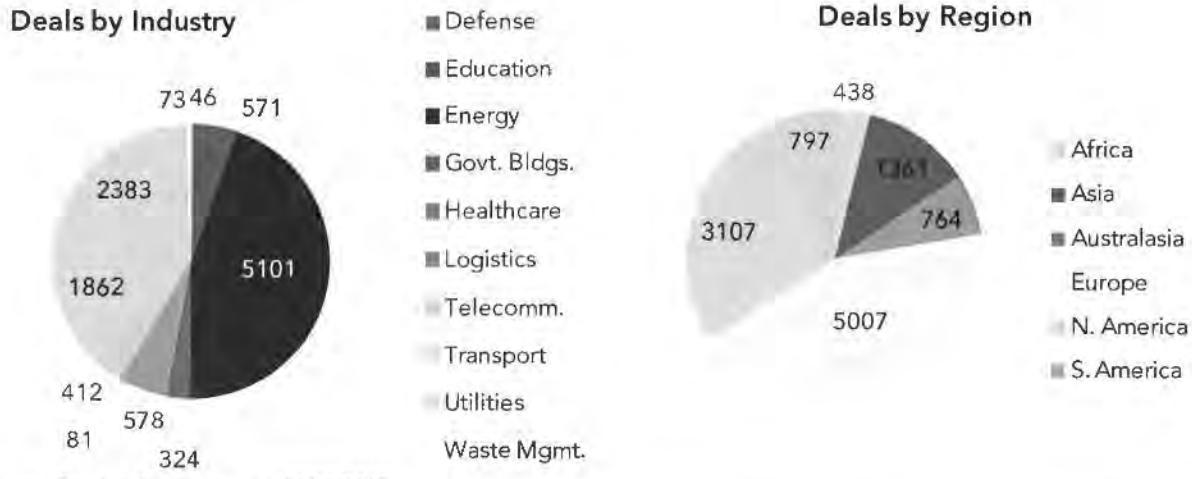
**Number of Deals:** Deals by Year




**Dry Powder:** Capital Available for Investment




**Deal Breakdown:** By Industry (left) and by Region (right)

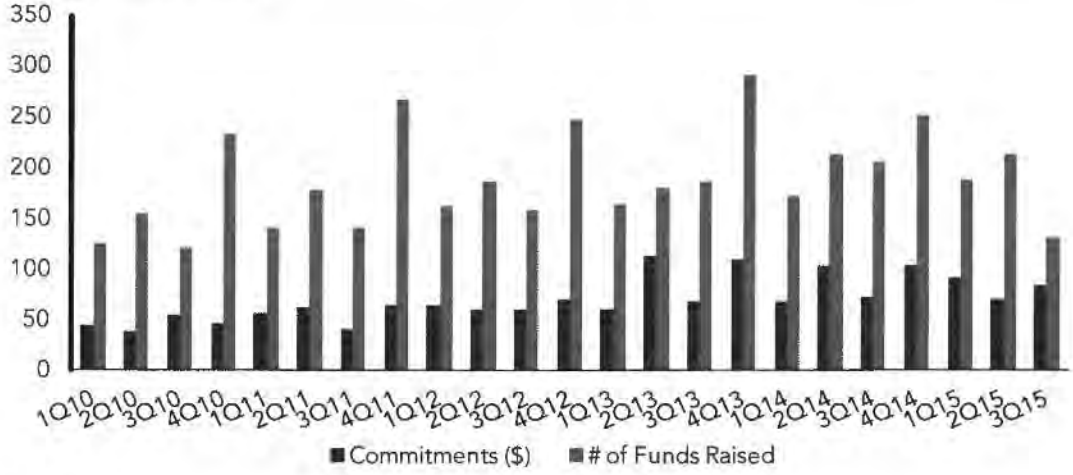



Source: Preqin Infrastructure as of 8/12/2015
Note: Information for prior time periods may change due to daily updates by Prequin

## Private Equity

Private equity activity in the third quarter remained largely unaffected by the volatility in the public equity markets. Global fundraising was $83 billion in the third quarter which was down 15% from a year ago. However, given that fundraising can be lumpy a more telling number is trailing twelve months fundraising, which was virtually unchanged from a year ago at $348 billion. Exit activity continues to be very robust with third quarter exits of $116 billion, up 5% from a year ago. This is particularly impressive given the overall level of volatility in the financial markets during the quarter. Buyout deal activity was $85 billion in the third quarter, down 6% year-on-year. Private equity continues to be a net seller in this market as the third quarter marked the 10th consecutive quarter that exit activity exceeded new deal activity. Venture capital funding continues to set records with $40 billion invested in venture deals in the third quarter, which is up 88% from a year ago.

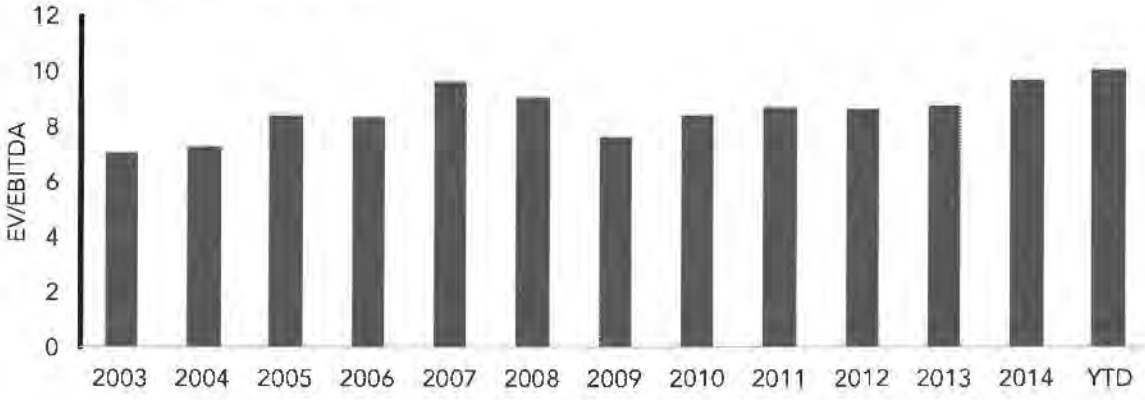
**Fundraising:** Buyout and Venture




**Annualized Performance:** Select Benchmarks as of March 31, 2015

| | Qtr | YTD | 1 Year | 3 Year | 5 Year | 10 Year | 15 Year |
|---|---|---|---|---|---|---|---|
| Cambridge Private Equity Index | 1.7% | 1.7% | 9.1% | 13.1% | 14.1% | 12.9% | 8.3% |
| Wilshire 5000 Index | 1.6% | 1.6% | 12.2% | 16.2% | 14.6% | 8.4% | 4.6% |
| Russell 2000 Index | 4.3% | 4.3% | 8.2% | 16.3% | 14.6% | 8.8% | 7.2% |

**Purchase Price Multiples:** EV/EBITDA




Sources: Venture Economics, Preqin Ltd., Standard & Poors, Bloomberg

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# Total Fund Composite

## Manager Status

Market Value: $39.3 Million and 100.0% of Fund

| Investment Manager | Asset Class | Status | Reason |
|---|---|---|---|
| McDonnell Investment Management | Int. Fixed Income | In Compliance | --- |
| Internal Fixed Income | Core Govt. Fixed Income | In Compliance | --- |
| Vanguard Total Stock Index Fund | All-Cap Core | In Compliance | --- |
| Wells Fargo | All-Cap Growth | In Compliance | --- |
| Cambiar Investors | Large-Cap Value | In Compliance | --- |
| Fayez Sarofim & Co. | Large-Cap Core | In Compliance | --- |
| Atalanta Sosnoff Capital | Large-Cap Core | In Compliance | --- |
| Madison Investment Advisors | Mid-Cap Core | In Compliance | --- |
| RBC Global Asset Management | Small-Cap Growth | In Compliance | --- |
| Ivy Int'l Core Equity Fund | Non-U.S. Large-Cap Core | In Compliance | --- |
| Lazard Emerging Markets Equity Fund | Emerging Markets | In Compliance | --- |

## Open-End Investment Manager Evaluation Terminology

The following terminology has been developed by Marquette Associates to facilitate efficient communication among the Investment Manager, Investment Consultant, and the Plan Sponsor. Each term signifies a particular status with the Fund and any conditions that may require improvement. In each case, communication is made only after consultation with the Trustees and/or the Investment Committee of the Plan.

**In Compliance** – The investment manager states it is acting in accordance with the Investment Policy Guidelines.

**Alert** – The investment manager is notified of a problem in performance (usually related to a benchmark or volatility measure), a change in investment characteristics, an alteration in management style or key investment professionals, and/or any other irregularities.

**On Notice** – The investment manager is notified of continued concern with one or more Alert issues. Failure to improve upon stated issues within a specific time frame justifies termination.

**Termination** – The Trustees have decided to terminate the investment manager. The investment manager is notified and transition plans are in place.

# Total Fund Composite

Market Value: $39.3 Million and 100.0% of Fund

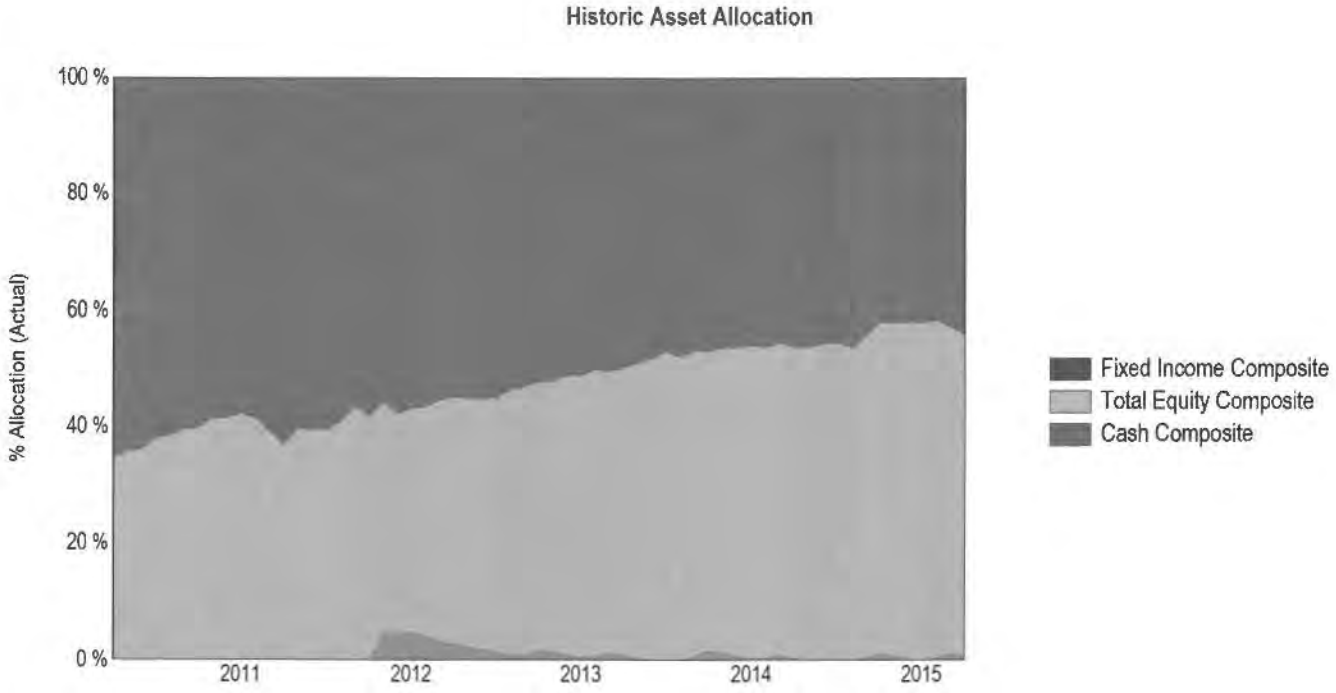
**Ending September 30, 2015**

| | Asset Class | Market Value ($) | 3 Mo Net Cash Flows ($) | % of Portfolio | Policy % | Policy Difference ($) |
|---|---|---|---|---|---|---|
| **Total Fund Composite** | | **39,331,797** | **187,739** | **100.0** | **100.0** | **0** |
| **Fixed Income Composite** | | **17,308,151** | **-101,287** | **44.0** | **43.0** | **395,479** |
| McDonnell Investment Management | Int. Fixed Income | 4,612,486 | -2,287 | 11.7 | | |
| Internal Fixed Income | Core Govt. Fixed Income | 12,695,666 | -99,000 | 32.3 | | |
| **Total Equity Composite** | | **21,683,471** | **-33,300** | **55.1** | **57.0** | **-735,654** |
| **U.S. Equity Composite** | | **19,464,172** | **-33,300** | **49.5** | **51.0** | **-595,045** |
| Vanguard Total Stock Index Fund | All-Cap Core | 7,853,849 | 0 | 20.0 | | |
| Wells Fargo | All-Cap Growth | 1,600,904 | -3,674 | 4.1 | | |
| Cambiar Investors | Large-Cap Value | 2,323,542 | -5,357 | 5.9 | | |
| Fayez Sarofim & Co. | Large-Cap Core | 1,428,334 | -9,864 | 3.6 | | |
| Atalanta Sosnoff Capital | Large-Cap Core | 1,859,654 | -4,209 | 4.7 | | |
| Madison Investment Advisors | Mid-Cap Core | 2,442,077 | -5,726 | 6.2 | | |
| RBC Global Asset Management | Small-Cap Growth | 1,955,811 | -4,470 | 5.0 | | |
| **Non- U.S. Equity Composite** | | **2,219,299** | **0** | **5.6** | **6.0** | **-140,609** |
| Ivy Int'l Core Equity Fund | Non-U.S. Large-Cap Core | 1,523,491 | 0 | 3.9 | | |
| Lazard Emerging Markets Equity Fund | Emerging Markets | 695,808 | 0 | 1.8 | | |
| **Cash Composite** | | **340,175** | **322,326** | **0.9** | **0.0** | **340,175** |
| Morgan Stanley Investment Management | Cash & Equivalents | 340,175 | 322,326 | 0.9 | | |

# Total Fund Composite

## Asset Allocation

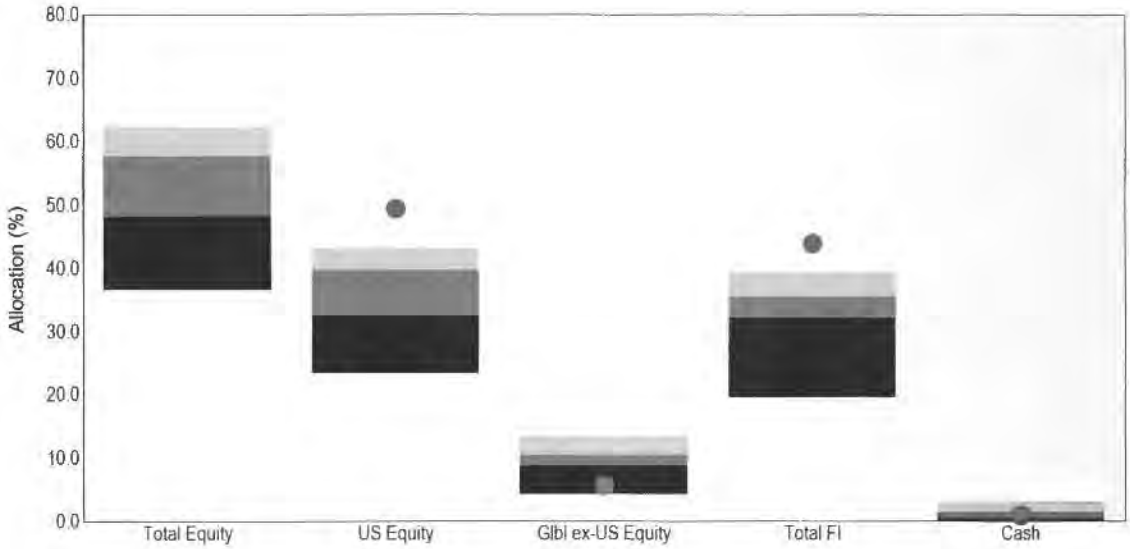
Market Value: $39.3 Million and 100.0% of Fund




| | Current | Policy | Difference | % |
|---|---|---|---|---|
| Fixed Income | $17,308,151 | $16,912,673 | $395,479 | 1.0% |
| U.S. Equity | $19,464,172 | $20,059,217 | -$595,045 | -1.5% |
| Non-U.S. Equity | $2,219,299 | $2,359,908 | -$140,609 | -0.4% |
| Other | $340,175 | $0 | $340,175 | 0.9% |
| **Total** | **$39,331,797** | **$39,331,797** | | |

Market Value: $39.3 Million and 100.0% of Fund

Total Plan Allocation vs. InvestorForce Public DB < $50mm Net

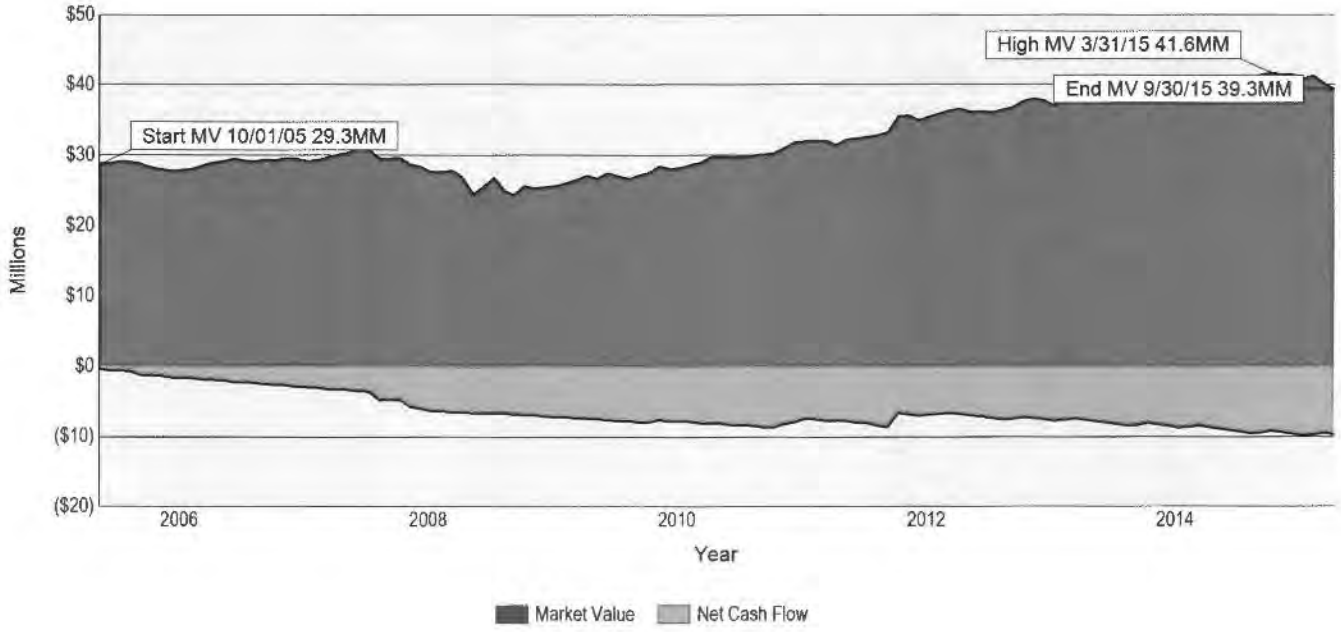



| | Allocation (Rank) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 5th Percentile | 68.8 | | 54.5 | | 18.5 | | 53.3 | | 6.0 | |
| 25th Percentile | 62.3 | | 43.2 | | 13.4 | | 39.4 | | 3.1 | |
| Median | 57.6 | | 39.8 | | 10.4 | | 35.6 | | 1.3 | |
| 75th Percentile | 48.3 | | 32.6 | | 8.8 | | 32.2 | | 0.3 | |
| 95th Percentile | 36.7 | | 23.4 | | 4.2 | | 19.6 | | 0.0 | |
| # of Portfolios | 70 | | 64 | | 58 | | 70 | | 61 | |
| ● Total Fund Composite | 55.1 | (57) | 49.5 | (10) | 5.6 | (91) | 44.0 | (12) | 0.9 | (63) |

# Total Fund Composite

## Market Value History

Market Value: $39.3 Million and 100.0% of Fund




### Summary of Cash Flows

| Sources of Portfolio Growth | Third Quarter | Year-To-Date | One Year | Three Years | Five Years |
|---|---|---|---|---|---|
| **Beginning Market Value** | **$40,763,453.51** | **$40,681,992.59** | **$40,104,426.05** | **$36,526,275.01** | **$29,787,359.49** |
| Net Additions/Withdrawals | $187,738.92 | -$316,081.94 | -$943,851.94 | -$2,844,188.22 | -$1,522,127.64 |
| Investment Earnings | -$1,619,395.29 | -$1,034,113.51 | $171,223.03 | $5,649,710.35 | $11,066,565.29 |
| **Ending Market Value** | **$39,331,797.14** | **$39,331,797.14** | **$39,331,797.14** | **$39,331,797.14** | **$39,331,797.14** |

## Total Fund Composite

## Annualized Performance (Gross of Fees)

Market Value: $39.3 Million and 100.0% of Fund

**Ending September 30, 2015**

| | 3 Mo | YTD | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 7 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|---|---|---|
| **Total Fund Composite** | **-3.9** | **-2.6** | **0.4** | **4.0** | **5.0** | **6.9** | **6.4** | **6.7** | **5.9** |
| *Policy Benchmark* | *-3.2* | *-2.1* | *0.8* | *5.1* | *5.8* | *7.4* | *6.7* | *6.4* | *5.7* |
| *Actuarial Rate* | *1.6* | *5.0* | *6.8* | *6.7* | *6.6* | *6.6* | *6.6* | *6.6* | *6.5* |
| **Fixed Income Composite** | **1.7** | **2.0** | **3.8** | **3.3** | **1.3** | **2.1** | **3.1** | **4.9** | **5.2** |
| *Barclays Govt/Credit* | *1.2* | *0.9* | *2.7* | *3.4* | *1.6* | *2.6* | *3.1* | *5.0* | *4.6* |
| **Total Equity Composite** | **-8.1** | **-5.9** | **-2.0** | **5.1** | **9.5** | **13.5** | **10.9** | **8.9** | **6.6** |
| *MSCI ACWI* | *-9.4* | *-7.0* | *-6.7* | *1.9* | *7.0* | *10.3* | *6.8* | *6.0* | *4.6* |
| **U.S. Equity Composite** | **-7.3** | **-5.3** | **-0.4** | **6.3** | **10.5** | **14.6** | **12.0** | **9.4** | **7.0** |
| *S&P 500* | *-6.4* | *-5.3* | *-0.6* | *9.1* | *12.4* | *16.6* | *13.3* | *9.8* | *6.8* |
| **Non- U.S. Equity Composite** | **-14.4** | **-10.6** | **-13.8** | **-3.2** | **--** | **--** | **--** | **--** | **--** |
| *MSCI EAFE* | *-10.2* | *-5.3* | *-8.7* | *-2.4* | *5.6* | *7.6* | *4.0* | *3.8* | *3.0* |

# Total Fund Composite

## Calendar Performance (Gross of Fees)

Market Value: $39.3 Million and 100.0% of Fund

| | Calendar Year | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| **Total Fund Composite** | **6.5** | **11.5** | **8.2** | **7.8** | **11.2** | **4.8** | **-3.6** | **9.8** | **5.9** | -- | -- |
| *Policy Benchmark* | *8.4* | *11.5* | *7.4* | *6.4* | *9.3* | *6.1* | *-4.7* | *8.0* | *6.5* | *3.3* | *5.3* |
| *Actuarial Rate* | *6.7* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* |
| **Fixed Income Composite** | **5.6** | **-3.4** | **4.0** | **12.5** | **8.7** | **-5.5** | **16.1** | **10.6** | **3.0** | -- | -- |
| *Barclays Govt/Credit* | *6.0* | *-2.4* | *4.8* | *8.7* | *6.6* | *4.5* | *5.7* | *7.2* | *3.8* | *2.4* | *4.2* |
| **Total Equity Composite** | **7.2** | **29.8** | **14.2** | **1.8** | **15.3** | **29.9** | **-33.5** | **8.2** | **14.8** | -- | -- |
| *MSCI ACWI* | *4.2* | *22.8* | *16.1* | *-7.3* | *12.7* | *34.6* | *-42.2* | *11.7* | *21.0* | *10.9* | *15.3* |
| **U.S. Equity Composite** | **8.4** | **31.8** | **14.4** | **2.9** | **15.3** | **27.4** | **-32.0** | **8.5** | **14.3** | -- | -- |
| *S&P 500* | *13.7* | *32.4* | *16.0* | *2.1* | *15.1* | *26.5* | *-37.0* | *5.5* | *15.8* | *4.9* | *10.9* |
| **Non- U.S. Equity Composite** | **-0.6** | **10.7** | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-4.9* | *22.8* | *17.3* | *-12.1* | *7.8* | *31.8* | *-43.4* | *11.2* | *26.3* | *13.6* | *20.2* |

# Total Fund Composite

## Calendar Performance (Gross of Fees)

Market Value: $39.3 Million and 100.0% of Fund

| | Fiscal Year (May 1) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fiscal YTD | Fiscal 2015 | Fiscal 2014 | Fiscal 2013 | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 | Fiscal 2009 | Fiscal 2008 | Fiscal 2007 | Fiscal 2006 | Fiscal 2005 |
| **Total Fund Composite** | -4.5 | 7.6 | 6.9 | 8.2 | 9.9 | 11.2 | 13.7 | -8.2 | 7.2 | 10.3 | 0.5 | -- |
| *Policy Benchmark* | *-4.1* | *8.2* | *7.7* | *8.7* | *6.9* | *9.6* | *12.4* | *-7.0* | *5.5* | *8.9* | *3.9* | *5.3* |
| *Actuarial Rate* | *2.8* | *6.8* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* |
| **Fixed Income Composite** | 0.6 | 4.5 | -2.0 | 3.3 | 14.6 | 6.5 | 3.1 | 5.8 | 11.1 | 8.8 | -2.5 | -- |
| *Barclays Govt/Credit* | *-0.4* | *4.4* | *-0.7* | *4.4* | *8.6* | *5.4* | *8.6* | *2.6* | *7.1* | *7.3* | *0.2* | *5.1* |
| **Total Equity Composite** | -8.3 | 10.4 | 16.7 | 14.2 | 3.2 | 18.6 | 37.3 | -29.3 | -1.6 | 14.4 | 10.4 | -- |
| *MSCI ACWI* | *-11.7* | *7.5* | *14.4* | *15.0* | *-5.7* | *18.5* | *39.3* | *-39.7* | *-0.1* | *17.1* | *26.5* | *11.0* |
| **U.S. Equity Composite** | -7.2 | 11.2 | 17.4 | 14.8 | 4.2 | 18.9 | 35.8 | -28.3 | -1.6 | 14.0 | 10.4 | -- |
| *S&P 500* | *-7.1* | *13.0* | *20.4* | *16.9* | *4.8* | *17.2* | *38.8* | *-35.3* | *-4.7* | *15.2* | *15.4* | *6.3* |
| **Non- U.S. Equity Composite** | -16.9 | 4.7 | 8.8 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-13.2* | *1.7* | *13.4* | *19.4* | *-12.8* | *19.2* | *34.4* | *-42.8* | *-1.8* | *19.8* | *33.5* | *15.0* |

## Investment Manager

## Annualized Performance (Gross of Fees)

Market Value: $39.3 Million and 100.0% of Fund

**Ending September 30, 2015**

| | 3 Mo | YTD | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 7 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|---|---|---|
| **Total Fund Composite** | -3.9 | -2.6 | 0.4 | 4.0 | 5.0 | 6.9 | 6.4 | 6.7 | 5.9 |
| *Policy Benchmark* | *-3.2* | *-2.1* | *0.8* | *5.1* | *5.8* | *7.4* | *6.7* | *6.4* | *5.7* |
| *Actuarial Rate* | *1.6* | *5.0* | *6.8* | *6.7* | *6.6* | *6.6* | *6.6* | *6.6* | *6.5* |
| **Fixed Income Composite** | 1.7 | 2.0 | 3.8 | 3.3 | 1.3 | 2.1 | 3.1 | 4.9 | 5.2 |
| *Barclays Govt/Credit* | *1.2* | *0.9* | *2.7* | *3.4* | *1.6* | *2.6* | *3.1* | *5.0* | *4.6* |
| McDonnell Investment Management | 0.9 | 1.6 | 2.4 | -- | -- | -- | -- | -- | -- |
| *Barclays Int Credit* | *0.5* | *1.4* | *2.2* | *3.1* | *2.1* | *3.6* | *3.5* | *6.4* | *4.9* |
| Internal Fixed Income | 2.0 | 2.1 | 4.1 | 3.4 | 1.4 | -- | -- | -- | -- |
| *Barclays Government* | *1.7* | *1.8* | *3.7* | *3.0* | *1.3* | *1.7* | *2.5* | *3.7* | *4.3* |
| *Barclays Int Govt/Credit* | *0.9* | *1.8* | *2.7* | *2.4* | *1.4* | *2.2* | *2.4* | *4.2* | *4.2* |
| **Total Equity Composite** | -8.1 | -5.9 | -2.0 | 5.1 | 9.5 | 13.5 | 10.9 | 8.9 | 6.6 |
| *MSCI ACWI* | *-9.4* | *-7.0* | *-6.7* | *1.9* | *7.0* | *10.3* | *6.8* | *6.0* | *4.6* |
| **U.S. Equity Composite** | -7.3 | -5.3 | -0.4 | 6.3 | 10.5 | 14.6 | 12.0 | 9.4 | 7.0 |
| *S&P 500* | *-6.4* | *-5.3* | *-0.6* | *9.1* | *12.4* | *16.6* | *13.3* | *9.8* | *6.8* |
| Vanguard Total Stock Index Fund | -7.3 | -5.5 | -0.6 | 8.1 | -- | -- | -- | -- | -- |
| *Russell 3000* | *-7.2* | *-5.4* | *-0.5* | *8.2* | *12.5* | *16.7* | *13.3* | *9.9* | *6.9* |
| Wells Fargo | -8.1 | -4.8 | -1.7 | 5.5 | 11.6 | 16.8 | 13.0 | 10.3 | -- |
| *Russell 3000 Growth* | *-5.9* | *-1.9* | *3.2* | *10.3* | *13.5* | *17.3* | *14.4* | *11.6* | *8.1* |
| Cambiar Investors | -7.9 | -4.1 | -2.3 | 6.6 | 12.1 | 13.2 | 9.1 | 7.7 | -- |
| *Russell 1000 Value* | *-8.4* | *-9.0* | *-4.4* | *6.6* | *11.6* | *16.1* | *12.3* | *8.2* | *5.7* |
| Fayez Sarofim & Co. | -7.7 | -9.4 | -6.7 | 4.1 | 5.7 | 11.1 | 10.3 | 7.6 | 5.9 |
| *S&P 500* | *-6.4* | *-5.3* | *-0.6* | *9.1* | *12.4* | *16.6* | *13.3* | *9.8* | *6.8* |
| Atalanta Sosnoff Capital | -7.9 | -6.7 | -3.2 | 5.9 | 11.0 | 14.3 | 9.9 | 8.4 | -- |
| *S&P 500* | *-6.4* | *-5.3* | *-0.6* | *9.1* | *12.4* | *16.6* | *13.3* | *9.8* | *6.8* |
| Madison Investment Advisors | -5.4 | -4.0 | 5.1 | 8.1 | 13.2 | 17.2 | 14.7 | 11.5 | 8.8 |
| *Russell MidCap* | *-8.0* | *-5.8* | *-0.2* | *7.5* | *13.9* | *17.3* | *13.4* | *11.4* | *7.9* |
| RBC Global Asset Management | -7.6 | -3.1 | 6.3 | 3.6 | 12.4 | 17.3 | 15.4 | 12.9 | -- |
| *Russell 2000 Growth* | *-13.1* | *-5.5* | *4.0* | *3.9* | *12.8* | *17.2* | *13.3* | *10.4* | *7.7* |
| **Non- U.S. Equity Composite** | -14.4 | -10.6 | -13.8 | -3.2 | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-10.2* | *-5.3* | *-8.7* | *-2.4* | *5.6* | *7.6* | *4.0* | *3.8* | *3.0* |
| Ivy Int'l Core Equity Fund | -12.1 | -5.6 | -7.3 | 1.5 | 8.0 | 9.4 | -- | -- | -- |
| *MSCI EAFE* | *-10.2* | *-5.3* | *-8.7* | *-2.4* | *5.6* | *7.6* | *4.0* | *3.8* | *3.0* |
| Lazard Emerging Markets Equity Fund | -19.1 | -19.9 | -25.3 | -11.6 | -7.0 | -0.8 | -4.2 | 1.5 | -- |
| *MSCI Emerging Markets* | *-17.9* | *-15.5* | *-19.3* | *-8.2* | *-5.3* | *-0.1* | *-3.6* | *2.6* | *4.3* |

## Investment Manager

## Calendar Performance (Gross of Fees)

Market Value: $39.3 Million and 100.0% of Fund

| | Calendar Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 |
| **Total Fund Composite** | 6.5 | 11.5 | 8.2 | 7.8 | 11.2 | 4.8 | -3.6 | 9.8 | 5.9 |
| *Policy Benchmark* | *8.4* | *11.5* | *7.4* | *6.4* | *9.3* | *6.1* | *-4.7* | *8.0* | *6.5* |
| *Actuarial Rate* | *6.7* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* |
| **Fixed Income Composite** | 5.6 | -3.4 | 4.0 | 12.5 | 8.7 | -5.5 | 16.1 | 10.6 | 3.0 |
| *Barclays Govt/Credit* | *6.0* | *-2.4* | *4.8* | *8.7* | *6.6* | *4.5* | *5.7* | *7.2* | *3.8* |
| McDonnell Investment Management | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *Barclays Int Credit* | *4.2* | *-0.2* | *8.1* | *5.4* | *7.8* | *15.9* | *-2.8* | *5.6* | *4.5* |
| Internal Fixed Income | 5.7 | -3.5 | -- | -- | -- | -- | -- | -- | -- |
| *Barclays Government* | *4.9* | *-2.6* | *2.0* | *9.0* | *5.5* | *-2.2* | *12.4* | *8.7* | *3.5* |
| *Barclays Int Govt/Credit* | *3.1* | *-0.9* | *3.9* | *5.8* | *5.9* | *5.2* | *5.1* | *7.4* | *4.1* |
| **Total Equity Composite** | 7.2 | 29.8 | 14.2 | 1.8 | 15.3 | 29.9 | -33.5 | 8.2 | 14.8 |
| *MSCI ACWI* | *4.2* | *22.8* | *16.1* | *-7.3* | *12.7* | *34.6* | *-42.2* | *11.7* | *21.0* |
| **U.S. Equity Composite** | 8.4 | 31.8 | 14.4 | 2.9 | 15.3 | 27.4 | -32.0 | 8.5 | 14.3 |
| *S&P 500* | *13.7* | *32.4* | *16.0* | *2.1* | *15.1* | *26.5* | *-37.0* | *5.5* | *15.8* |
| Vanguard Total Stock Index Fund | 12.4 | -- | -- | -- | -- | -- | -- | -- | -- |
| *Russell 3000* | *12.6* | *33.6* | *16.4* | *1.0* | *16.9* | *28.3* | *-37.3* | *5.1* | *15.7* |
| Wells Fargo | 5.1 | 39.0 | 20.8 | -3.4 | 27.7 | 28.0 | -37.2 | 11.7 | -- |
| *Russell 3000 Growth* | *12.4* | *34.2* | *15.2* | *2.2* | *17.6* | *37.0* | *-38.4* | *11.4* | *9.5* |
| Cambiar Investors | 8.8 | 31.7 | 7.9 | -7.2 | 16.6 | 34.9 | -34.4 | 3.4 | -- |
| *Russell 1000 Value* | *13.5* | *32.5* | *17.5* | *0.4* | *15.5* | *19.7* | *-36.8* | *-0.2* | *22.2* |
| Fayez Sarofim & Co. | 9.6 | 23.4 | 10.5 | 10.0 | 14.7 | 22.6 | -32.2 | 7.0 | 16.3 |
| *S&P 500* | *13.7* | *32.4* | *16.0* | *2.1* | *15.1* | *26.5* | *-37.0* | *5.5* | *15.8* |
| Atalanta Sosnoff Capital | 8.2 | 34.8 | 16.0 | -6.2 | 6.8 | 31.2 | -29.7 | 11.0 | -- |
| *S&P 500* | *13.7* | *32.4* | *16.0* | *2.1* | *15.1* | *26.5* | *-37.0* | *5.5* | *15.8* |
| Madison Investment Advisors | 11.2 | 32.1 | 16.2 | 8.1 | 23.4 | 24.1 | -35.1 | 11.6 | 17.9 |
| *Russell MidCap* | *13.2* | *34.8* | *17.3* | *-1.5* | *25.5* | *40.5* | *-41.5* | *5.6* | *15.3* |
| RBC Global Asset Management | 0.4 | 43.5 | 21.5 | 4.8 | 27.4 | 33.7 | -30.0 | 7.4 | -- |
| *Russell 2000 Growth* | *5.6* | *43.3* | *14.6* | *-2.9* | *29.1* | *34.5* | *-38.5* | *7.0* | *13.3* |
| **Non- U.S. Equity Composite** | -0.6 | 10.7 | -- | -- | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-4.9* | *22.8* | *17.3* | *-12.1* | *7.8* | *31.8* | *-43.4* | *11.2* | *26.3* |
| Ivy Int'l Core Equity Fund | 1.4 | 24.9 | 14.0 | -- | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-4.9* | *22.8* | *17.3* | *-12.1* | *7.8* | *31.8* | *-43.4* | *11.2* | *26.3* |
| Lazard Emerging Markets Equity Fund | -4.2 | -0.8 | 22.4 | -17.8 | 22.8 | 69.8 | -- | -- | -- |
| *MSCI Emerging Markets* | *-2.2* | *-2.6* | *18.2* | *-18.4* | *18.9* | *78.5* | *-53.3* | *39.4* | *32.2* |

# Total Fund Composite

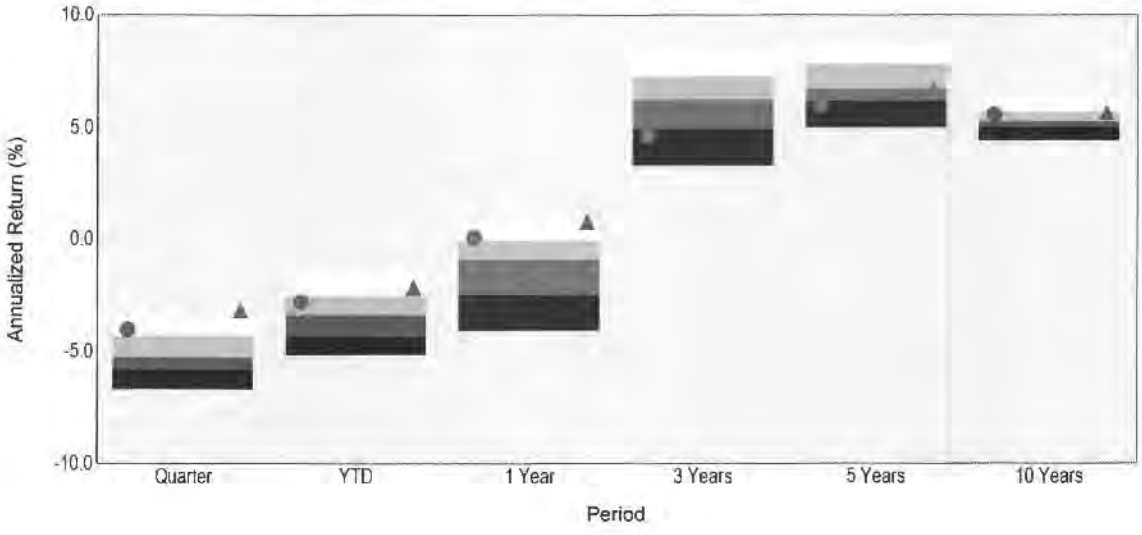
## Annualized Performance (Net of Fees)

Market Value: $39.3 Million and 100.0% of Fund

**Ending September 30, 2015**

| | 3 Mo | YTD | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 7 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|---|---|---|
| **Total Fund Composite** | **-4.0** | **-2.8** | **0.1** | **3.7** | **4.7** | **6.5** | **6.0** | **6.3** | **5.6** |
| *Policy Benchmark* | *-3.2* | *-2.1* | *0.8* | *5.1* | *5.8* | *7.4* | *6.7* | *6.4* | *5.7* |
| *Actuarial Rate* | *1.6* | *5.0* | *6.8* | *6.7* | *6.6* | *6.6* | *6.6* | *6.6* | *6.5* |
| *InvestorForce Public DB < $50mm Net Rank* | *13* | *34* | *20* | *56* | *81* | *91* | *77* | *52* | *31* |
| **Fixed Income Composite** | **1.7** | **1.9** | **3.7** | **3.2** | **1.3** | **2.1** | **3.1** | **4.8** | **5.2** |
| *Barclays Govt/Credit* | *1.2* | *0.9* | *2.7* | *3.4* | *1.6* | *2.6* | *3.1* | *5.0* | *4.6* |
| *InvestorForce Public DB US Fix Inc Net Rank* | *1* | *9* | *4* | *31* | *71* | *75* | *57* | *53* | *29* |
| **Total Equity Composite** | **-8.2** | **-6.2** | **-2.5** | **4.5** | **8.8** | **12.7** | **10.1** | **8.1** | **5.7** |
| *MSCI ACWI* | *-9.4* | *-7.0* | *-6.7* | *1.9* | *7.0* | *10.3* | *6.8* | *6.0* | *4.6* |
| *InvestorForce Public DB Total Eq Net Rank* | *36* | *53* | *35* | *44* | *54* | *39* | *20* | *17* | *18* |
| **U.S. Equity Composite** | **-7.4** | **-5.7** | **-0.9** | **5.6** | **9.8** | **13.8** | **11.3** | **8.8** | **6.5** |
| *S&P 500* | *-6.4* | *-5.3* | *-0.6* | *9.1* | *12.4* | *16.6* | *13.3* | *9.8* | *6.8* |
| *InvestorForce Public DB US Eq Net Rank* | *40* | *62* | *66* | *84* | *95* | *95* | *89* | *84* | *56* |
| **Non- U.S. Equity Composite** | **-14.4** | **-10.6** | **-13.8** | **-3.2** | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-10.2* | *-5.3* | *-8.7* | *-2.4* | *5.6* | *7.6* | *4.0* | *3.8* | *3.0* |
| *InvestorForce Public DB ex-US Eq Net Rank* | *95* | *93* | *88* | *54* | -- | -- | -- | -- | -- |

**InvestorForce Public DB < $50mm Net Accounts**




| | Return | | | | | |
|---|---|---|---|---|---|---|
| **5th Percentile** | -3.5 | -1.4 | 0.8 | 8.4 | 8.6 | 6.2 |
| **25th Percentile** | -4.3 | -2.6 | -0.1 | 7.2 | 7.8 | 5.7 |
| **Median** | -5.3 | -3.4 | -0.9 | 6.2 | 6.7 | 5.3 |
| **75th Percentile** | -5.8 | -4.3 | -2.5 | 4.9 | 6.2 | 5.0 |
| **95th Percentile** | -6.7 | -5.2 | -4.1 | 3.3 | 5.0 | 4.4 |
| **# of Portfolios** | 77 | 74 | 72 | 53 | 41 | 36 |
| ● **Total Fund Composite** | -4.0 | -2.8 | 0.1 | 4.7 | 6.0 | 5.6 |
| ▲ **Policy Benchmark** | -3.2 | -2.1 | 0.8 | 5.8 | 6.7 | 5.7 |

# Total Fund Composite

## Calendar Performance (Net of Fees)

Market Value: $39.3 Million and 100.0% of Fund

| | Calendar Year | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| **Total Fund Composite** | **6.1** | **11.1** | 7.8 | 7.5 | 10.9 | **4.5** | **-3.9** | 9.5 | **5.7** | -- | -- |
| *Policy Benchmark* | *8.4* | *11.5* | *7.4* | *6.4* | *9.3* | *6.1* | *-4.7* | *8.0* | *6.5* | *3.3* | *5.3* |
| *Actuarial Rate* | *6.7* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* |
| *InvestorForce Public DB < $50mm Net Rank* | *32* | *89* | *96* | *1* | *62* | *99* | *1* | *28* | *98* | -- | -- |
| **Fixed Income Composite** | **5.6** | **-3.4** | **4.0** | **12.5** | **8.7** | **-5.5** | **16.1** | **10.6** | **3.0** | -- | -- |
| *Barclays Govt/Credit* | *6.0* | *-2.4* | *4.8* | *8.7* | *6.6* | *4.5* | *5.7* | *7.2* | *3.8* | *2.4* | *4.2* |
| *InvestorForce Public DB US Fix Inc Net Rank* | *30* | *95* | *75* | *3* | *35* | *99* | *1* | *1* | *95* | -- | -- |
| **Total Equity Composite** | **6.6** | **28.9** | **13.3** | **0.9** | **14.4** | **28.8** | **-34.1** | **7.3** | **13.8** | -- | -- |
| *MSCI ACWI* | *4.2* | *22.8* | *16.1* | *-7.3* | *12.7* | *34.6* | *-42.2* | *11.7* | *21.0* | *10.9* | *15.3* |
| *InvestorForce Public DB Total Eq Net Rank* | *46* | *53* | *96* | *11* | *81* | *71* | *6* | *83* | *77* | -- | -- |
| **U.S. Equity Composite** | **7.6** | **30.7** | **13.6** | **2.6** | **14.9** | **26.8** | -32.4 | **8.0** | **13.9** | -- | -- |
| *S&P 500* | *13.7* | *32.4* | *16.0* | *2.1* | *15.1* | *26.5* | *-37.0* | *5.5* | *15.8* | *4.9* | *10.9* |
| *InvestorForce Public DB US Eq Net Rank* | *90* | *99* | *89* | *11* | *92* | *75* | *6* | *8* | *56* | -- | -- |
| **Non- U.S. Equity Composite** | **-0.6** | **10.7** | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-4.9* | *22.8* | *17.3* | *-12.1* | *7.8* | *31.8* | *-43.4* | *11.2* | *26.3* | *13.6* | *20.2* |
| *InvestorForce Public DB ex-US Eq Net Rank* | *9* | *90* | -- | -- | -- | -- | -- | -- | -- | -- | -- |

# Total Fund Composite

## Calendar Performance (Net of Fees)

Market Value: $39.3 Million and 100.0% of Fund

| | Fiscal Year (May 1) | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Fiscal YTD | Fiscal 2015 | Fiscal 2014 | Fiscal 2013 | Fiscal 2012 | Fiscal 2011 | Fiscal 2010 | Fiscal 2009 | Fiscal 2008 | Fiscal 2007 | Fiscal 2006 | Fiscal 2005 |
| **Total Fund Composite** | -4.6 | 7.2 | 6.5 | 7.8 | 9.5 | 10.8 | 13.4 | -8.4 | 6.9 | 10.1 | 0.3 | -- |
| *Policy Benchmark* | *-4.1* | *8.2* | *7.7* | *8.7* | *6.9* | *9.6* | *12.4* | *-7.0* | *5.5* | *8.9* | *3.9* | *5.3* |
| *Actuarial Rate* | *2.8* | *6.8* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* | *6.5* |
| *InvestorForce Public DB < $50mm Net Rank* | *11* | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Fixed Income Composite** | 0.6 | 4.4 | -2.0 | 3.3 | 14.6 | 6.5 | 3.1 | 5.8 | 11.1 | 8.8 | -2.5 | -- |
| *Barclays Govt/Credit* | *-0.4* | *4.4* | *-0.7* | *4.4* | *8.6* | *5.4* | *8.6* | *2.6* | *7.1* | *7.3* | *0.2* | *5.1* |
| *InvestorForce Public DB US Fix Inc Net Rank* | *8* | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total Equity Composite** | -8.5 | 9.7 | 15.9 | 13.3 | 2.3 | 17.6 | 36.2 | -29.9 | -2.4 | 13.4 | 9.4 | -- |
| *MSCI ACWI* | *-11.7* | *7.5* | *14.4* | *15.0* | *-5.7* | *18.5* | *39.3* | *-39.7* | *-0.1* | *17.1* | *26.5* | *11.0* |
| *InvestorForce Public DB Total Eq Net Rank* | *20* | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **U.S. Equity Composite** | -7.4 | 10.5 | 16.4 | 13.8 | 3.8 | 18.5 | 35.1 | -28.6 | -2.0 | 13.6 | 10.1 | -- |
| *S&P 500* | *-7.1* | *13.0* | *20.4* | *16.9* | *4.8* | *17.2* | *38.8* | *-35.3* | *-4.7* | *15.2* | *15.4* | *6.3* |
| *InvestorForce Public DB US Eq Net Rank* | *37* | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Non- U.S. Equity Composite** | -16.9 | 4.7 | 8.8 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-13.2* | *1.7* | *13.4* | *19.4* | *-12.8* | *19.2* | *34.4* | *-42.8* | *-1.8* | *19.8* | *33.5* | *15.0* |
| *InvestorForce Public DB ex-US Eq Net Rank* | *85* | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |

## Investment Manager

## Annualized Performance (Net of Fees)

Market Value: $39.3 Million and 100.0% of Fund

Ending September 30, 2015

| | 3 Mo | YTD | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 7 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|---|---|---|
| **Total Fund Composite** | -4.0 | -2.8 | 0.1 | 3.7 | 4.7 | 6.5 | 6.0 | 6.3 | 5.6 |
| *Policy Benchmark* | -3.2 | -2.1 | 0.8 | 5.1 | 5.8 | 7.4 | 6.7 | 6.4 | 5.7 |
| *Actuarial Rate* | 1.6 | 5.0 | 6.8 | 6.7 | 6.6 | 6.6 | 6.6 | 6.6 | 6.5 |
| *InvestorForce Public DB < $50mm Net Rank* | 13 | 34 | 20 | 56 | 81 | 91 | 77 | 52 | 31 |
| **Fixed Income Composite** | 1.7 | 1.9 | 3.7 | 3.2 | 1.3 | 2.1 | 3.1 | 4.8 | 5.2 |
| *Barclays Govt/Credit* | 1.2 | 0.9 | 2.7 | 3.4 | 1.6 | 2.6 | 3.1 | 5.0 | 4.6 |
| *InvestorForce Public DB US Fix Inc Net Rank* | 1 | 9 | 4 | 31 | 71 | 75 | 57 | 53 | 29 |
| McDonnell Investment Management | 0.9 | 1.5 | 2.2 | -- | -- | -- | -- | -- | -- |
| *Barclays Int Credit* | 0.5 | 1.4 | 2.2 | 3.1 | 2.1 | 3.6 | 3.5 | 6.4 | 4.9 |
| *eA US Interm Duration Fixed Inc Net Rank* | 51 | 61 | 62 | -- | -- | -- | -- | -- | -- |
| Internal Fixed Income | 2.0 | 2.1 | 4.1 | 3.4 | 1.4 | -- | -- | -- | -- |
| *Barclays Government* | 1.7 | 1.8 | 3.7 | 3.0 | 1.3 | 1.7 | 2.5 | 3.7 | 4.3 |
| *Barclays Int Govt/Credit* | 0.9 | 1.8 | 2.7 | 2.4 | 1.4 | 2.2 | 2.4 | 4.2 | 4.2 |
| *eA US Government Fixed Inc Net Rank* | 5 | 10 | 6 | 20 | 43 | -- | -- | -- | -- |
| **Total Equity Composite** | -8.2 | -6.2 | -2.5 | 4.5 | 8.8 | 12.7 | 10.1 | 8.1 | 5.7 |
| *MSCI ACWI* | -9.4 | -7.0 | -6.7 | 1.9 | 7.0 | 10.3 | 6.8 | 6.0 | 4.6 |
| *InvestorForce Public DB Total Eq Net Rank* | 36 | 53 | 35 | 44 | 54 | 39 | 20 | 17 | 18 |
| **U.S. Equity Composite** | -7.4 | -5.7 | -0.9 | 5.6 | 9.8 | 13.8 | 11.3 | 8.8 | 6.5 |
| *S&P 500* | -6.4 | -5.3 | -0.6 | 9.1 | 12.4 | 16.6 | 13.3 | 9.8 | 6.8 |
| *InvestorForce Public DB US Eq Net Rank* | 40 | 62 | 66 | 84 | 95 | 95 | 89 | 84 | 56 |
| Vanguard Total Stock Index Fund | -7.3 | -5.5 | -0.6 | 8.1 | -- | -- | -- | -- | -- |
| *Russell 3000* | -7.2 | -5.4 | -0.5 | 8.2 | 12.5 | 16.7 | 13.3 | 9.9 | 6.9 |
| *All Cap MStar MF Rank* | 33 | 45 | 49 | 28 | -- | -- | -- | -- | -- |
| Wells Fargo | -8.3 | -5.3 | -2.5 | 4.7 | 10.7 | 15.8 | 12.0 | 9.4 | -- |
| *Russell 3000 Growth* | -5.9 | -1.9 | 3.2 | 10.3 | 13.5 | 17.3 | 14.4 | 11.6 | 8.1 |
| *eA US All Cap Growth Equity Net Rank* | 54 | 72 | 80 | 71 | 64 | 52 | 70 | 74 | -- |
| Cambiar Investors | -8.1 | -4.6 | -3.0 | 5.8 | 11.2 | 12.2 | 8.2 | 6.8 | -- |
| *Russell 1000 Value* | -8.4 | -9.0 | -4.4 | 6.6 | 11.6 | 16.1 | 12.3 | 8.2 | 5.7 |
| *eA US Large Cap Value Equity Net Rank* | 43 | 10 | 36 | 60 | 55 | 87 | 97 | 88 | -- |
| Fayez Sarofim & Co. | -7.9 | -10.1 | -7.5 | 3.2 | 4.8 | 10.1 | 9.4 | 6.7 | 5.0 |
| *S&P 500* | -6.4 | -5.3 | -0.6 | 9.1 | 12.4 | 16.6 | 13.3 | 9.8 | 6.8 |
| *eA US Large Cap Core Equity Net Rank* | 69 | 97 | 97 | 97 | 99 | 99 | 96 | 97 | 98 |
| Atalanta Sosnoff Capital | -8.1 | -7.2 | -3.9 | 5.1 | 10.1 | 13.4 | 9.0 | 7.5 | -- |
| *S&P 500* | -6.4 | -5.3 | -0.6 | 9.1 | 12.4 | 16.6 | 13.3 | 9.8 | 6.8 |
| *eA US Large Cap Core Equity Net Rank* | 73 | 80 | 88 | 93 | 86 | 89 | 96 | 91 | -- |
| Madison Investment Advisors | -5.6 | -4.7 | 4.1 | 7.1 | 12.2 | 16.1 | 13.7 | 10.5 | 7.8 |
| *Russell MidCap* | -8.0 | -5.8 | -0.2 | 7.5 | 13.9 | 17.3 | 13.4 | 11.4 | 7.9 |
| *eA US Mid Cap Core Equity Net Rank* | 17 | 68 | 30 | 65 | 80 | 64 | 51 | 69 | 76 |

## Investment Manager

## Annualized Performance (Net of Fees)

Market Value: $39.3 Million and 100.0% of Fund

**Ending September 30, 2015**

| | 3 Mo | YTD | 1 Yr | 2 Yrs | 3 Yrs | 4 Yrs | 5 Yrs | 7 Yrs | 10 Yrs |
|---|---|---|---|---|---|---|---|---|---|
| RBC Global Asset Management | -7.9 | -3.6 | 5.5 | 2.7 | 11.5 | 16.3 | 14.4 | 11.9 | -- |
| *Russell 2000 Growth* | *-13.1* | *-5.5* | *4.0* | *3.9* | *12.8* | *17.2* | *13.3* | *10.4* | *7.7* |
| *eA US Small Cap Growth Equity Net Rank* | *12* | *40* | *32* | *56* | *66* | *60* | *37* | *32* | -- |
| **Non- U.S. Equity Composite** | -14.4 | -10.6 | -13.8 | -3.2 | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-10.2* | *-5.3* | *-8.7* | *-2.4* | *5.6* | *7.6* | *4.0* | *3.8* | *3.0* |
| *InvestorForce Public DB ex-US Eq Net Rank* | *95* | *93* | *88* | *54* | -- | -- | -- | -- | -- |
| Ivy Int'l Core Equity Fund | -12.1 | -5.6 | -7.3 | 1.5 | 8.0 | 9.4 | -- | -- | -- |
| *MSCI EAFE* | *-10.2* | *-5.3* | *-8.7* | *-2.4* | *5.6* | *7.6* | *4.0* | *3.8* | *3.0* |
| *Foreign Large Blend MStar MF Rank* | *86* | *67* | *43* | *9* | *9* | *21* | -- | -- | -- |
| Lazard Emerging Markets Equity Fund | -19.1 | -19.9 | -25.3 | -11.6 | -7.0 | -0.8 | -4.2 | 1.5 | -- |
| *MSCI Emerging Markets* | *-17.9* | *-15.5* | *-19.3* | *-8.2* | *-5.3* | *-0.1* | *-3.6* | *2.6* | *4.3* |
| *Diversified Emerging Mkts MStar MF Rank* | *92* | *94* | *93* | *93* | *85* | *76* | *69* | *75* | -- |

## Investment Manager

## Calendar Performance (Net of Fees)

Market Value: $39.3 Million and 100.0% of Fund

| | Calendar Year | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| **Total Fund Composite** | 6.1 | 11.1 | 7.8 | 7.5 | 10.9 | 4.5 | -3.9 | 9.5 | 5.7 | -- | -- |
| *Policy Benchmark* | 8.4 | 11.5 | 7.4 | 6.4 | 9.3 | 6.1 | -4.7 | 8.0 | 6.5 | 3.3 | 5.3 |
| *Actuarial Rate* | 6.7 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 | 6.5 |
| *InvestorForce Public DB < $50mm Net Rank* | 32 | 89 | 96 | 1 | 62 | 99 | 1 | 28 | 98 | -- | -- |
| **Fixed Income Composite** | 5.6 | -3.4 | 4.0 | 12.5 | 8.7 | -5.5 | 16.1 | 10.6 | 3.0 | -- | -- |
| *Barclays Govt/Credit* | 6.0 | -2.4 | 4.8 | 8.7 | 6.6 | 4.5 | 5.7 | 7.2 | 3.8 | 2.4 | 4.2 |
| *InvestorForce Public DB US Fix Inc Net Rank* | 30 | 95 | 75 | 3 | 35 | 99 | 1 | 1 | 95 | -- | -- |
| McDonnell Investment Management | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *Barclays Int Credit* | 4.2 | -0.2 | 8.1 | 5.4 | 7.8 | 15.9 | -2.8 | 5.6 | 4.5 | 1.4 | 4.1 |
| *eA US Interm Duration Fixed Inc Net Rank* | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Internal Fixed Income | 5.7 | -3.5 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *Barclays Government* | 4.9 | -2.6 | 2.0 | 9.0 | 5.5 | -2.2 | 12.4 | 8.7 | 3.5 | 2.7 | 3.5 |
| *Barclays Int Govt/Credit* | 3.1 | -0.9 | 3.9 | 5.8 | 5.9 | 5.2 | 5.1 | 7.4 | 4.1 | 1.6 | 3.0 |
| *eA US Government Fixed Inc Net Rank* | 11 | 99 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| **Total Equity Composite** | 6.6 | 28.9 | 13.3 | 0.9 | 14.4 | 28.8 | -34.1 | 7.3 | 13.8 | -- | -- |
| *MSCI ACWI* | 4.2 | 22.8 | 16.1 | -7.3 | 12.7 | 34.6 | -42.2 | 11.7 | 21.0 | 10.9 | 15.3 |
| *InvestorForce Public DB Total Eq Net Rank* | 46 | 53 | 96 | 11 | 81 | 71 | 6 | 83 | 77 | -- | -- |
| **U.S. Equity Composite** | 7.6 | 30.7 | 13.6 | 2.6 | 14.9 | 26.8 | -32.4 | 8.0 | 13.9 | -- | -- |
| *S&P 500* | 13.7 | 32.4 | 16.0 | 2.1 | 15.1 | 26.5 | -37.0 | 5.5 | 15.8 | 4.9 | 10.9 |
| *InvestorForce Public DB US Eq Net Rank* | 90 | 99 | 89 | 11 | 92 | 75 | 6 | 8 | 56 | -- | -- |
| Vanguard Total Stock Index Fund | 12.4 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *Russell 3000* | 12.6 | 33.6 | 16.4 | 1.0 | 16.9 | 28.3 | -37.3 | 5.1 | 15.7 | 6.1 | 11.9 |
| *All Cap MStar MF Rank* | 22 | -- | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Wells Fargo | 4.1 | 37.8 | 19.7 | -4.3 | 26.6 | 26.9 | -37.7 | 10.8 | -- | -- | -- |
| *Russell 3000 Growth* | 12.4 | 34.2 | 15.2 | 2.2 | 17.6 | 37.0 | -38.4 | 11.4 | 9.5 | 5.2 | 6.9 |
| *eA US All Cap Growth Equity Net Rank* | 70 | 40 | 13 | 44 | 33 | 73 | 24 | 83 | -- | -- | -- |
| Cambiar Investors | 7.8 | 30.5 | 7.0 | -8.0 | 15.6 | 33.7 | -34.9 | 2.5 | -- | -- | -- |
| *Russell 1000 Value* | 13.5 | 32.5 | 17.5 | 0.4 | 15.5 | 19.7 | -36.8 | -0.2 | 22.2 | 7.0 | 16.5 |
| *eA US Large Cap Value Equity Net Rank* | 87 | 72 | 98 | 94 | 29 | 18 | 46 | 68 | -- | -- | -- |
| Fayez Sarofim & Co. | 8.7 | 22.4 | 9.5 | 9.1 | 13.7 | 21.5 | -32.8 | 6.0 | 15.3 | 1.9 | 4.7 |
| *S&P 500* | 13.7 | 32.4 | 16.0 | 2.1 | 15.1 | 26.5 | -37.0 | 5.5 | 15.8 | 4.9 | 10.9 |
| *eA US Large Cap Core Equity Net Rank* | 92 | 96 | 96 | 2 | 44 | 70 | 31 | 62 | 33 | 91 | 97 |

## Investment Manager

## Calendar Performance (Net of Fees)

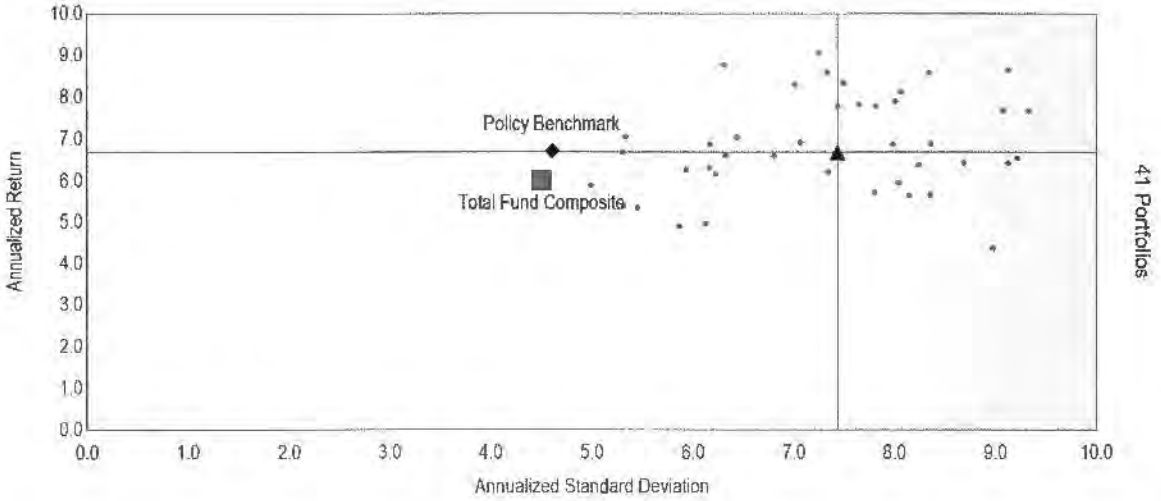
Market Value: $39.3 Million and 100.0% of Fund

| | Calendar Year | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 | 2006 | 2005 | 2004 |
| Atalanta Sosnoff Capital | 7.3 | 33.6 | 15.0 | -7.0 | 5.9 | 30.0 | -30.3 | 10.0 | -- | -- | -- |
| *S&P 500* | *13.7* | *32.4* | *16.0* | *2.1* | *15.1* | *26.5* | *-37.0* | *5.5* | *15.8* | *4.9* | *10.9* |
| *eA US Large Cap Core Equity Net Rank* | *96* | *31* | *47* | *96* | *96* | *25* | *18* | *37* | -- | -- | -- |
| Madison Investment Advisors | 10.2 | 30.9 | 15.1 | 7.1 | 22.4 | 23.1 | -35.7 | 10.7 | 16.9 | -3.1 | -- |
| *Russell MidCap* | *13.2* | *34.8* | *17.3* | *-1.5* | *25.5* | *40.5* | *-41.5* | *5.6* | *15.3* | *12.6* | *20.2* |
| *eA US Mid Cap Core Equity Net Rank* | *36* | *77* | *41* | *5* | *59* | *99* | *28* | *34* | *8* | *99* | -- |
| RBC Global Asset Management | -0.5 | 42.3 | 20.5 | 3.8 | 26.4 | 32.6 | -30.6 | 6.5 | -- | -- | -- |
| *Russell 2000 Growth* | *5.6* | *43.3* | *14.6* | *-2.9* | *29.1* | *34.5* | *-38.5* | *7.0* | *13.3* | *4.1* | *14.3* |
| *eA US Small Cap Growth Equity Net Rank* | *72* | *76* | *10* | *13* | *62* | *60* | *5* | *62* | -- | -- | -- |
| **Non- U.S. Equity Composite** | -0.6 | 10.7 | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-4.9* | *22.8* | *17.3* | *-12.1* | *7.8* | *31.8* | *-43.4* | *11.2* | *26.3* | *13.6* | *20.2* |
| *InvestorForce Public DB ex-US Eq Net Rank* | *9* | *90* | -- | -- | -- | -- | -- | -- | -- | -- | -- |
| Ivy Int'l Core Equity Fund | 1.4 | 24.9 | 14.0 | -- | -- | -- | -- | -- | -- | -- | -- |
| *MSCI EAFE* | *-4.9* | *22.8* | *17.3* | *-12.1* | *7.8* | *31.8* | *-43.4* | *11.2* | *26.3* | *13.6* | *20.2* |
| *Foreign Large Blend MStar MF Rank* | *5* | *13* | *94* | -- | -- | -- | -- | -- | -- | -- | -- |
| Lazard Emerging Markets Equity Fund | -4.2 | -0.8 | 22.4 | -17.8 | 22.8 | 69.8 | -- | -- | -- | -- | -- |
| *MSCI Emerging Markets* | *-2.2* | *-2.6* | *18.2* | *-18.4* | *18.9* | *78.5* | *-53.3* | *39.4* | *32.2* | *34.0* | *25.6* |
| *Diversified Emerging Mkts MStar MF Rank* | *71* | *45* | *20* | *29* | *27* | *66* | -- | -- | -- | -- | -- |

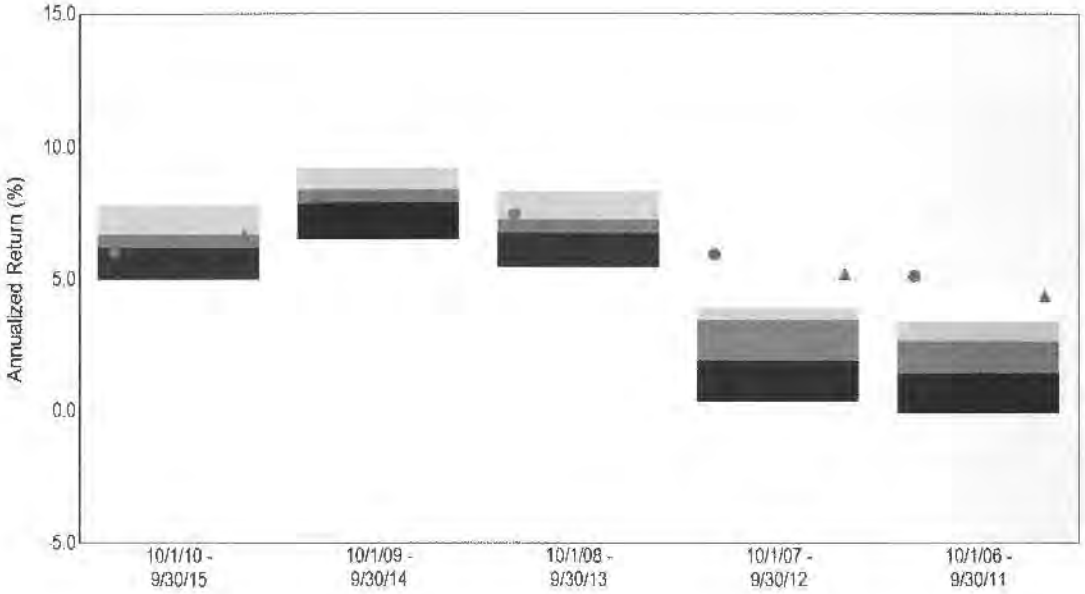
# Total Fund vs. Peer Universe

Market Value: $39.3 Million and 100.0% of Fund

Annualized Return vs. Annualized Standard Deviation
5 Years Ending September 30, 2015




Rolling 5 Year Returns




| | Return (Rank) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| 5th Percentile | 8.6 | | 10.3 | | 8.8 | | 4.4 | | 4.5 | |
| 25th Percentile | 7.8 | | 9.2 | | 8.3 | | 3.9 | | 3.4 | |
| Median | 6.7 | | 8.4 | | 7.2 | | 3.4 | | 2.6 | |
| 75th Percentile | 6.2 | | 7.9 | | 6.7 | | 1.9 | | 1.4 | |
| 95th Percentile | 5.0 | | 6.5 | | 5.4 | | 0.3 | | -0.1 | |
| # of Portfolios | 41 | | 27 | | 34 | | 33 | | 33 | |
| ■ Total Fund Composite | 6.0 | (77) | 8.2 | (65) | 7.4 | (43) | 6.0 | (1) | 5.1 | (1) |
| ▲ Policy Benchmark | 6.7 | (50) | 8.2 | (64) | 7.0 | (68) | 5.2 | (1) | 4.4 | (8) |

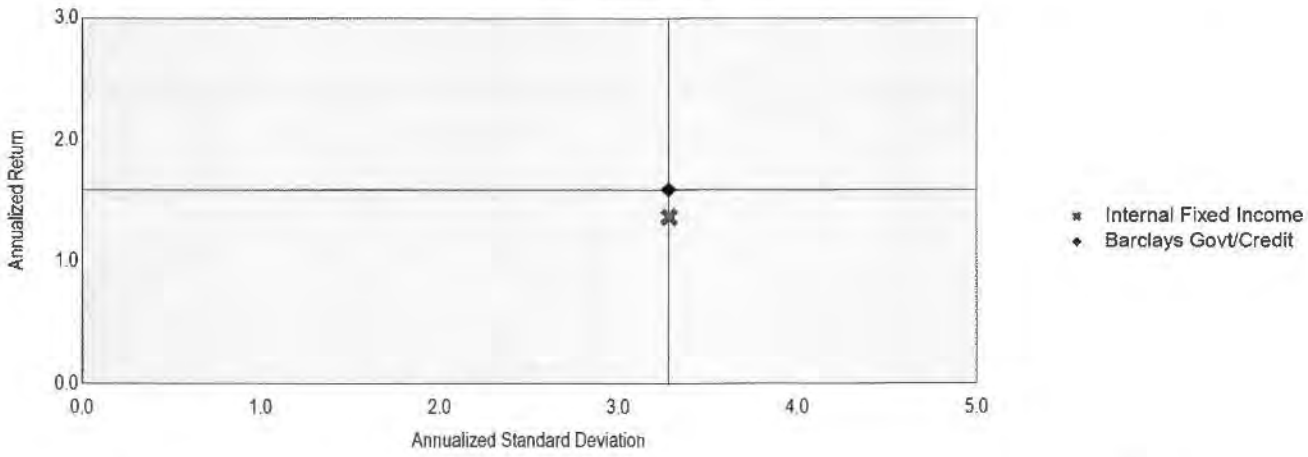
# Fixed Income Composite

## Characteristics

As of September 30, 2015

Market Value: $17.3 Million and 44.0% of Fund

### Risk / Return - 3 Years




### Characteristics

| | Portfolio Q3-15 | Index Q3-15 |
|---|---|---|
| Yield to Maturity | 1.8% | 2.2% |
| Avg. Eff. Maturity | 6.7 yrs. | 8.5 yrs. |
| Avg. Duration | 5.4 yrs. | 6.2 yrs. |
| Avg. Quality | AA | -- |

### Sector

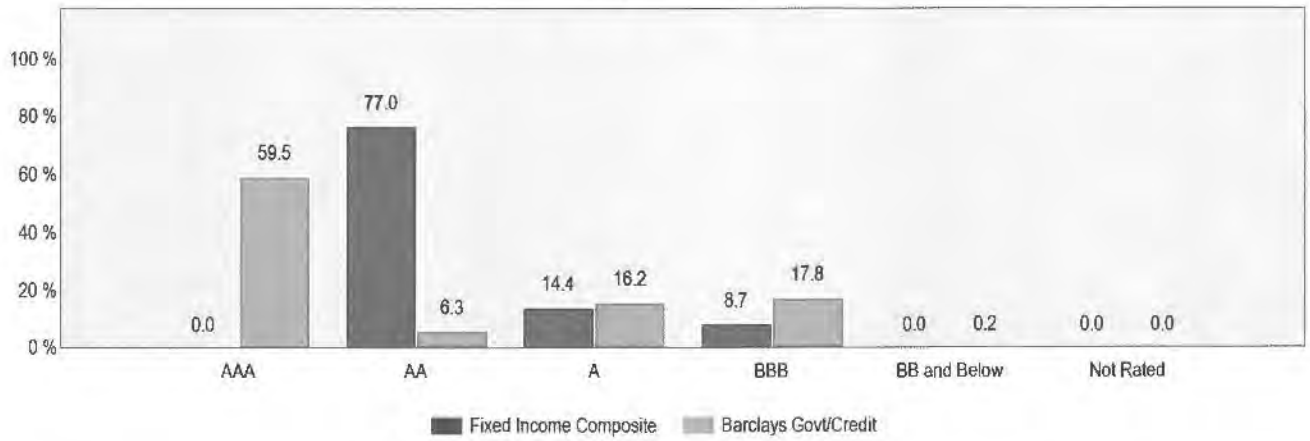
| | Portfolio Q3-15 | Index Q3-15 |
|---|---|---|
| UST/Agency | 73.4% | 65.5% |
| Corporate | 26.2% | 34.5% |
| MBS | -- | -- |
| ABS | -- | -- |
| Foreign | -- | -- |
| Muni | 0.1% | -- |
| Other | 0.4% | -- |

### Maturity

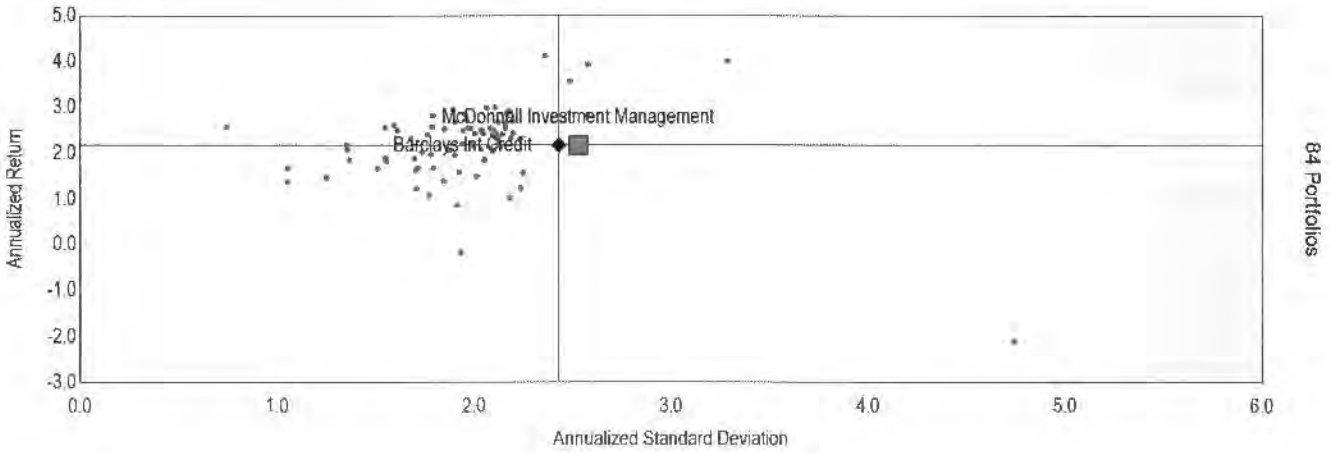
| | Q3-15 |
|---|---|
| <1 Year | 12.9% |
| 1-3 Years | 6.5% |
| 3-5 Years | 13.4% |
| 5-7 Years | 5.5% |
| 7-10 Years | 39.3% |
| 10-15 Years | 22.4% |
| 15-20 Years | 0.0% |
| >20 Years | 0.0% |
| Not Rated/Cash | 0.0% |

| Region | Number Of Assets |
|---|---|
| United States | 67 |
| Other | 0 |
| **Total** | **67** |

### Quality Distribution



## Risk / Return - 1 Year




## Characteristics

| | Portfolio Q3-15 | Index Q3-15 |
|---|---|---|
| Yield to Maturity | 2.4% | 2.6% |
| Avg. Eff. Maturity | 4.7 yrs. | 4.8 yrs. |
| Avg. Duration | 4.2 yrs. | 4.3 yrs. |
| Avg. Quality | A | -- |

## Sector

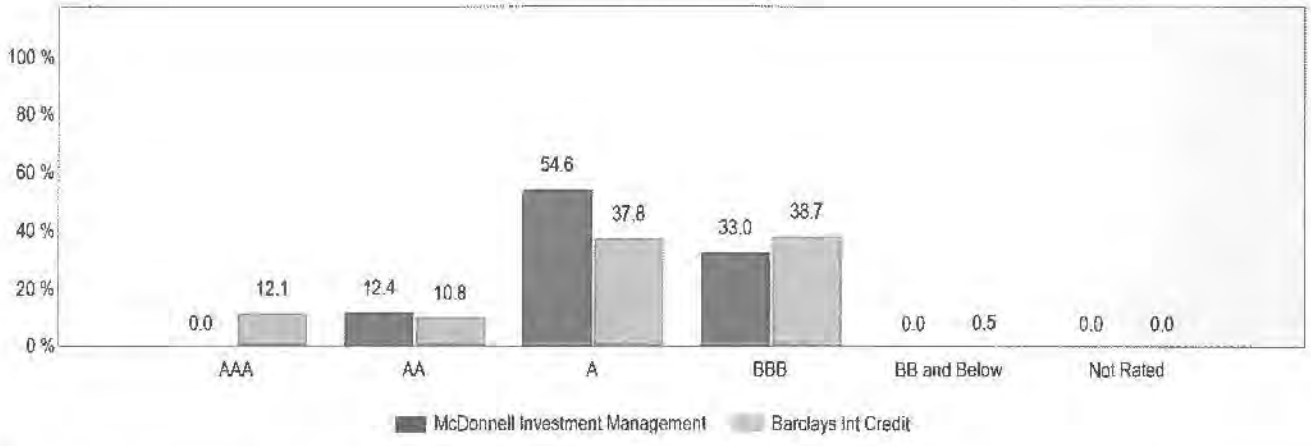
| | Portfolio Q3-15 | Index Q3-15 |
|---|---|---|
| UST/Agency | -- | 20.2% |
| Corporate | 98.2% | 79.8% |
| MBS | -- | -- |
| ABS | -- | -- |
| Foreign | -- | -- |
| Muni | 0.3% | -- |
| Other | 1.4% | -- |

## Maturity

| | Q3-15 |
|---|---|
| <1 Year | 3.7% |
| 1-3 Years | 24.5% |
| 3-5 Years | 27.9% |
| 5-7 Years | 21.1% |
| 7-10 Years | 20.7% |
| 10-15 Years | 2.1% |
| 15-20 Years | 0.0% |
| >20 Years | 0.0% |
| Not Rated/Cash | 0.0% |

| Region | Number Of Assets |
|---|---|
| United States | 58 |
| Other | 0 |
| **Total** | **58** |

## Quality Distribution



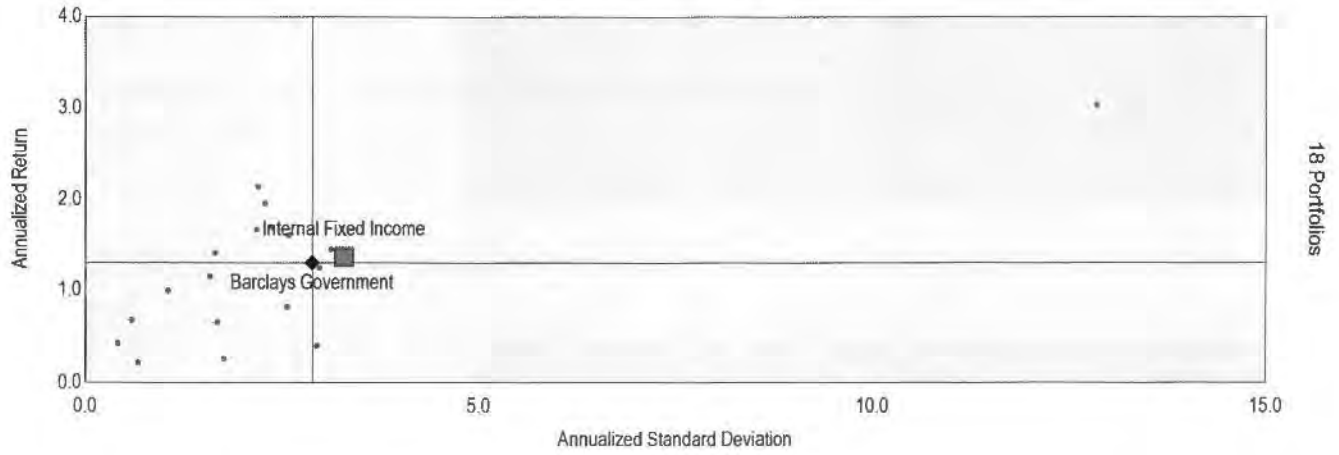
# Internal Fixed Income

As of September 30, 2015

## Characteristics

Market Value: $12.7 Million and 32.3% of Fund

### Risk / Return - 3 Years




### Characteristics

| | Portfolio Q3-15 | Index Q3-15 |
|---|---|---|
| Yield to Maturity | 1.6% | 1.4% |
| Avg. Eff. Maturity | 7.4 yrs. | 6.9 yrs. |
| Avg. Duration | 5.9 yrs. | 5.7 yrs. |
| Avg. Quality | AA | -- |

### Sector

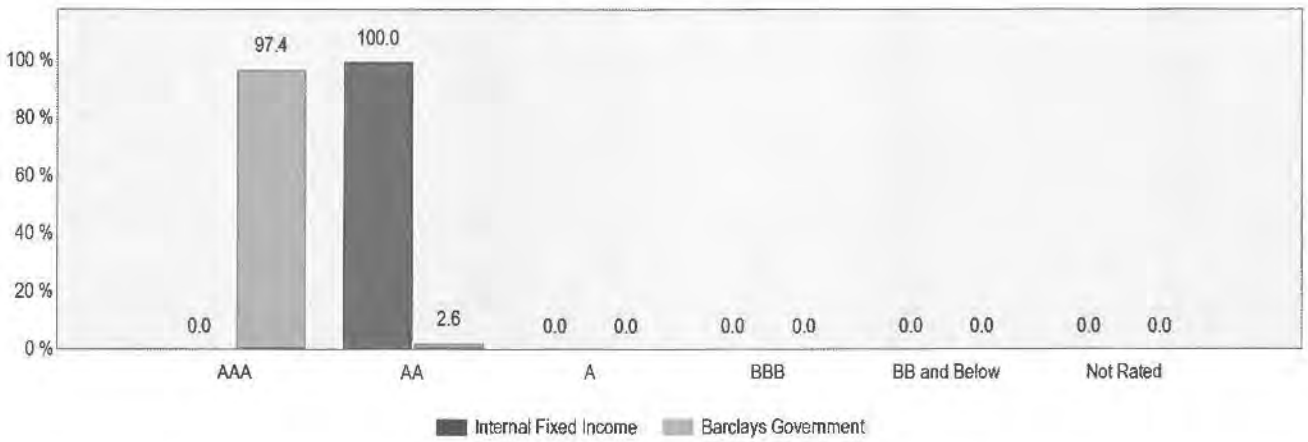
| | Portfolio Q3-15 | Index Q3-15 |
|---|---|---|
| UST/Agency | 100.0% | 100.0% |
| Corporate | -- | -- |
| MBS | -- | -- |
| ABS | -- | -- |
| Foreign | -- | -- |
| Muni | -- | -- |
| Other | -- | -- |

### Maturity

| | Q3-15 |
|---|---|
| <1 Year | 16.2% |
| 1-3 Years | 0.0% |
| 3-5 Years | 8.2% |
| 5-7 Years | 0.0% |
| 7-10 Years | 45.9% |
| 10-15 Years | 29.7% |
| 15-20 Years | 0.0% |
| >20 Years | 0.0% |
| Not Rated/Cash | 0.0% |

| Region | Number Of Assets |
|---|---|
| United States | 9 |
| Other | 0 |
| **Total** | **9** |

### Quality Distribution



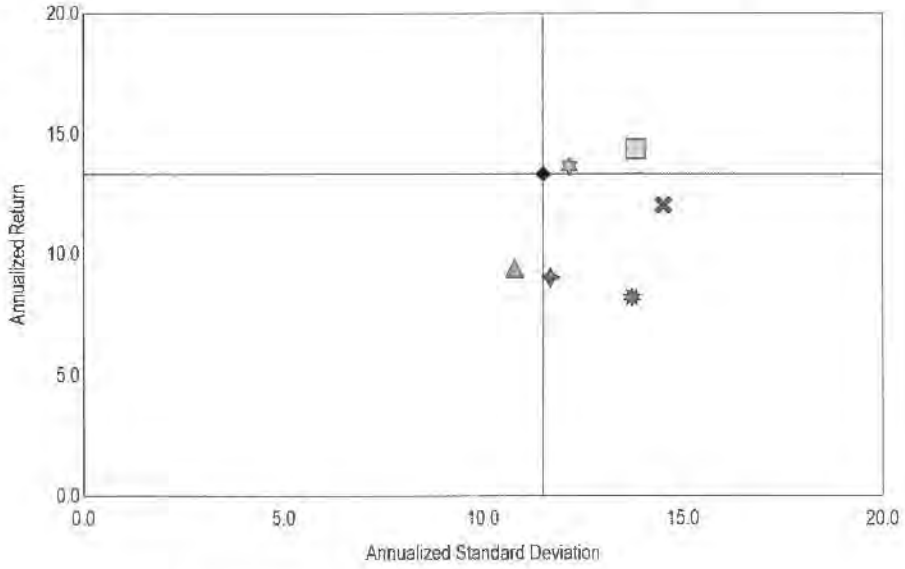
# U.S. Equity Composite

As of September 30, 2015

## Characteristics

Market Value: $19.5 Million and 49.5% of Fund

### Risk / Return - 5 Years




### Characteristics

| | Portfolio | S&P 500 |
|---|---|---|
| Number of Holdings | 3,809 | 505 |
| Weighted Avg. Market Cap. ($B) | 79.3 | 119.2 |
| Median Market Cap. ($B) | 0.9 | 16.6 |
| Price To Earnings | 24.6 | 20.9 |
| Price To Book | 4.7 | 4.1 |
| Price To Sales | 3.5 | 3.0 |
| Return on Equity (%) | 18.5 | 18.3 |
| Yield (%) | 1.7 | 2.3 |
| Beta | 1.0 | 1.0 |
| R-Squared | 1.0 | 1.0 |

### Largest Holdings

| | End Weight | Return |
|---|---|---|
| APPLE | 2.5 | -11.7 |
| ALPHABET 'A' | 1.3 | 18.2 |
| FACEBOOK CLASS A | 1.2 | 4.8 |
| EXXON MOBIL | 1.0 | -9.8 |
| COCA COLA | 1.0 | 3.2 |

### Top Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| ALPHABET 'A' | 1.0 | 18.2 | 0.2 |
| AMAZON.COM | 0.7 | 17.9 | 0.1 |
| ABIOMED | 0.2 | 41.1 | 0.1 |
| ALPHABET 'C' | 0.5 | 16.9 | 0.1 |
| CDW | 0.4 | 19.4 | 0.1 |

### Characteristics

| | Portfolio | S&P 500 |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 5.4 | 6.9 |
| Materials | 3.2 | 2.8 |
| Industrials | 11.9 | 10.1 |
| Consumer Discretionary | 15.0 | 13.1 |
| Consumer Staples | 7.4 | 9.9 |
| Health Care | 15.3 | 14.7 |
| Financials | 18.1 | 16.5 |
| Information Technology | 20.3 | 20.4 |
| Telecommunications | 1.7 | 2.4 |
| Utilities | 1.3 | 3.1 |
| Unclassified | 0.4 | 0.0 |

### Bottom Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| APPLE | 2.6 | -11.7 | -0.3 |
| CHEVRON | 0.7 | -17.2 | -0.1 |
| ABBVIE | 0.7 | -18.4 | -0.1 |
| BIOGEN | 0.4 | -27.8 | -0.1 |
| GILEAD SCIENCES | 0.8 | -15.8 | -0.1 |

### Market Capitalization

| | Small Cap | Small/ Mid | Mid Cap | Mid/ Large | Large Cap |
|---|---|---|---|---|---|
| U.S. Equity Composite | 12.6% | 13.2% | 19.3% | 24.7% | 30.2% |
| S&P 500 | 0.1% | 2.6% | 18.2% | 33.9% | 45.2% |
| *Weight Over/Under* | *12.5%* | *10.5%* | *1.1%* | *-9.2%* | *-14.9%* |

## U.S. Equity Style Map

## Common Holdings Matrix

| | Vanguard Total Stock Index Fund | | Wells Fargo | | Cambiar Investors | | Fayez Sarofim & Co. | | Atalanta Sosnoff Capital | | Madison Investment Advisors | | RBC Global Asset Management | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | # | % | # | % | # | % | # | % | # | % | # | % | # | % |
| Vanguard Total Stock Index Fund | -- | -- | 64 | 98 | 40 | 97 | 47 | 99 | 49 | 99 | 33 | 100 | 74 | 100 |
| Wells Fargo | 64 | 13 | -- | -- | 1 | 3 | 9 | 16 | 14 | 35 | 0 | 0 | 1 | 1 |
| Cambiar Investors | 40 | 10 | 1 | 2 | -- | -- | 8 | 15 | 8 | 17 | 0 | 0 | 0 | 0 |
| Fayez Sarofim & Co. | 47 | 25 | 9 | 23 | 8 | 22 | -- | -- | 12 | 28 | 0 | 0 | 0 | 0 |
| Atalanta Sosnoff Capital | 49 | 26 | 14 | 36 | 8 | 22 | 12 | 26 | -- | -- | 1 | 1 | 0 | 0 |
| Madison Investment Advisors | 33 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 2 | -- | -- | 1 | 2 |
| RBC Global Asset Management | 74 | 1 | 1 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 1 | 4 | -- | -- |

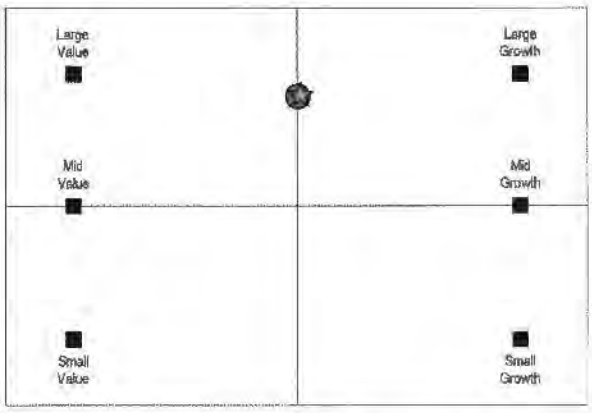
# Vanguard Total Stock Index Fund

As of September 30, 2015

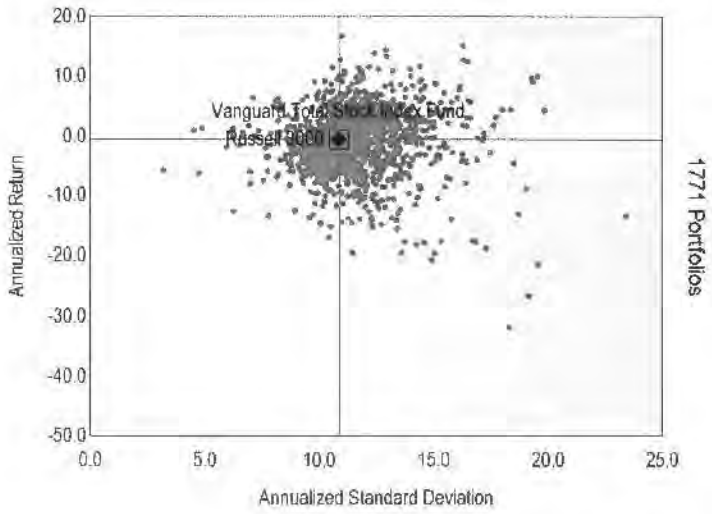
## Characteristics

Market Value: $7.9 Million and 20.0% of Fund

### Style Drift - 1 Year




### Risk / Return - 1 Year




### Characteristics

| | Portfolio | Russell 3000 |
|---|---|---|
| Number of Holdings | 3,803 | 2,984 |
| Weighted Avg. Market Cap. ($B) | 97.2 | 97.4 |
| Median Market Cap. ($B) | 0.8 | 1.4 |
| Price To Earnings | 22.6 | 21.5 |
| Price To Book | 4.6 | 3.6 |
| Price To Sales | 3.5 | 3.1 |
| Return on Equity (%) | 18.2 | 16.7 |
| Yield (%) | 2.2 | 2.1 |
| Beta | | 1.0 |
| R-Squared | | 1.0 |

### Largest Holdings

| | End Weight | Return |
|---|---|---|
| APPLE | 3.0 | -11.7 |
| MICROSOFT | 1.5 | 0.9 |
| EXXON MOBIL | 1.5 | -9.8 |
| JOHNSON & JOHNSON | 1.2 | -3.5 |
| GENERAL ELECTRIC | 1.2 | -4.2 |

### Top Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| AMAZON.COM | 0.7 | 17.9 | 0.1 |
| ALPHABET 'A' | 0.7 | 18.2 | 0.1 |
| ALPHABET 'C' | 0.7 | 16.9 | 0.1 |
| ALTRIA GROUP | 0.4 | 12.4 | 0.1 |
| NIKE 'B' | 0.3 | 14.1 | 0.0 |

### Characteristics

| | Portfolio | Russell 3000 |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 6.3 | 6.3 |
| Materials | 3.1 | 3.1 |
| Industrials | 10.6 | 10.7 |
| Consumer Discretionary | 13.3 | 13.7 |
| Consumer Staples | 8.6 | 8.7 |
| Health Care | 14.4 | 14.3 |
| Financials | 18.1 | 18.2 |
| Information Technology | 19.4 | 19.5 |
| Telecommunications | 2.2 | 2.2 |
| Utilities | 3.2 | 3.2 |
| Unclassified | 0.9 | 0.0 |

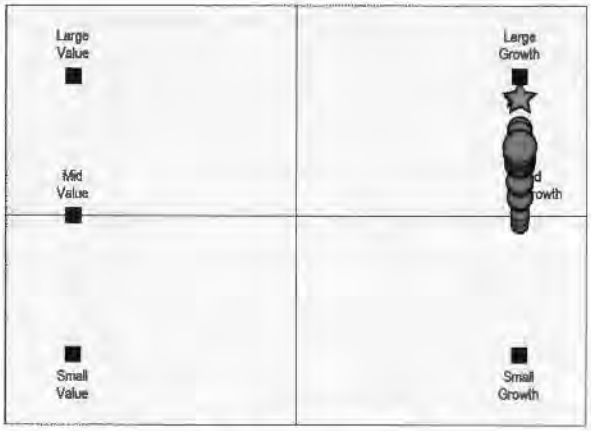
### Bottom Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| APPLE | 3.2 | -11.7 | -0.4 |
| EXXON MOBIL | 1.5 | -9.8 | -0.2 |
| CHEVRON | 0.8 | -17.2 | -0.1 |
| GILEAD SCIENCES | 0.8 | -15.8 | -0.1 |
| BIOGEN | 0.4 | -27.8 | -0.1 |

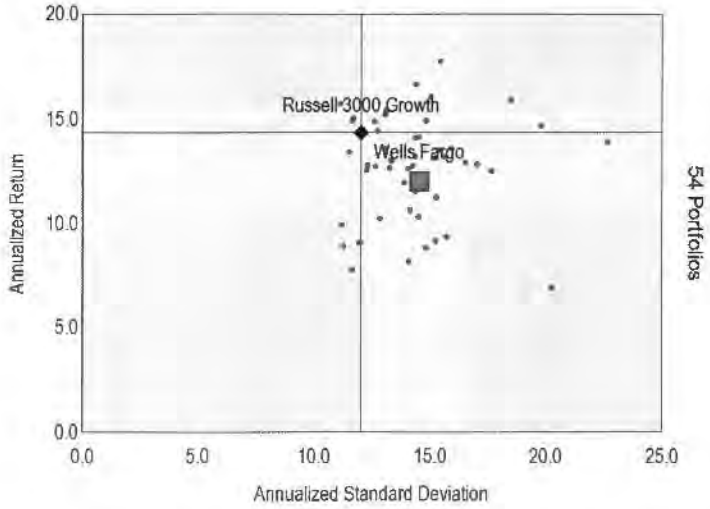
### Market Capitalization

| | Small Cap | Small/ Mid | Mid Cap | Mid/ Large | Large Cap |
|---|---|---|---|---|---|
| Vanguard Total Stock Index Fund | 7.8% | 10.4% | 17.5% | 27.8% | 36.6% |
| Russell 3000 | 7.6% | 10.1% | 17.4% | 27.1% | 37.7% |
| *Weight Over/Under* | *0.2%* | *0.3%* | *0.0%* | *0.7%* | *-1.2%* |

### Style Drift - 5 Years




### Risk / Return - 5 Years




### Characteristics

| | Portfolio | Russell 3000 Growth |
|---|---|---|
| Number of Holdings | 66 | 1,796 |
| Weighted Avg. Market Cap. ($B) | 91.1 | 106.8 |
| Median Market Cap. ($B) | 12.4 | 1.6 |
| Price To Earnings | 33.8 | 24.6 |
| Price To Book | 8.1 | 6.4 |
| Price To Sales | 5.6 | 3.6 |
| Return on Equity (%) | 21.0 | 24.7 |
| Yield (%) | 0.6 | 1.6 |
| Beta | 1.1 | 1.0 |
| R-Squared | 0.9 | 1.0 |

### Largest Holdings

| | End Weight | Return |
|---|---|---|
| APPLE | 6.0 | -11.7 |
| AMAZON.COM | 3.9 | 17.9 |
| FACEBOOK CLASS A | 3.6 | 4.8 |
| HOME DEPOT | 3.6 | 4.5 |
| VISA 'A' | 3.4 | 3.9 |

### Top Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| AMAZON.COM | 3.0 | 17.9 | 0.5 |
| ALPHABET 'A' | 1.6 | 18.2 | 0.3 |
| ALPHABET 'C' | 1.7 | 16.9 | 0.3 |
| UNDER ARMOUR 'A' | 1.5 | 16.0 | 0.2 |
| VANTIV CLASS A | 1.0 | 17.6 | 0.2 |

### Characteristics

| | Portfolio | Russell 3000 Growth |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 0.0 | 0.7 |
| Materials | 2.7 | 3.5 |
| Industrials | 10.6 | 11.2 |
| Consumer Discretionary | 20.1 | 21.2 |
| Consumer Staples | 3.2 | 10.6 |
| Health Care | 17.5 | 17.5 |
| Financials | 8.3 | 5.6 |
| Information Technology | 34.9 | 27.5 |
| Telecommunications | 2.6 | 2.0 |
| Utilities | 0.0 | 0.1 |
| Unclassified | 0.0 | 0.0 |

### Bottom Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| APPLE | 6.9 | -11.7 | -0.8 |
| BIOGEN | 2.2 | -27.8 | -0.6 |
| COMMUNITY HEALTH SYSTEMS | 1.4 | -32.1 | -0.5 |
| AXALTA COATING SYSTEMS | 1.5 | -23.4 | -0.4 |
| AFFILIATED MANAGERS | 1.6 | -21.8 | -0.4 |

### Market Capitalization

| | Small Cap | Small/ Mid | Mid Cap | Mid/ Large | Large Cap |
|---|---|---|---|---|---|
| Wells Fargo | 4.2% | 22.6% | 26.7% | 15.6% | 30.8% |
| Russell 3000 Growth | 6.5% | 9.5% | 16.9% | 26.6% | 40.5% |
| *Weight Over/Under* | *-2.2%* | *13.1%* | *9.8%* | *-11.0%* | *-9.7%* |

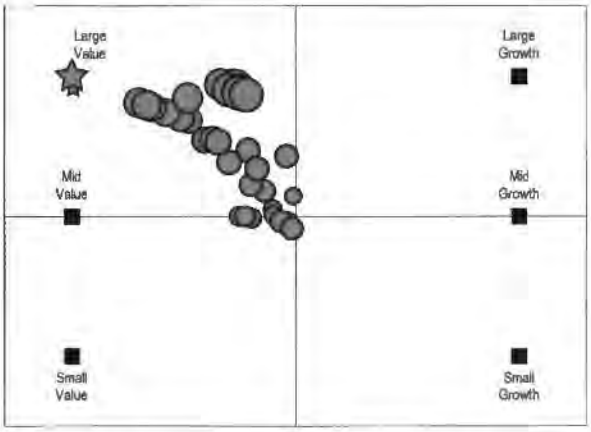
# Cambiar Investors

As of September 30, 2015

# Characteristics

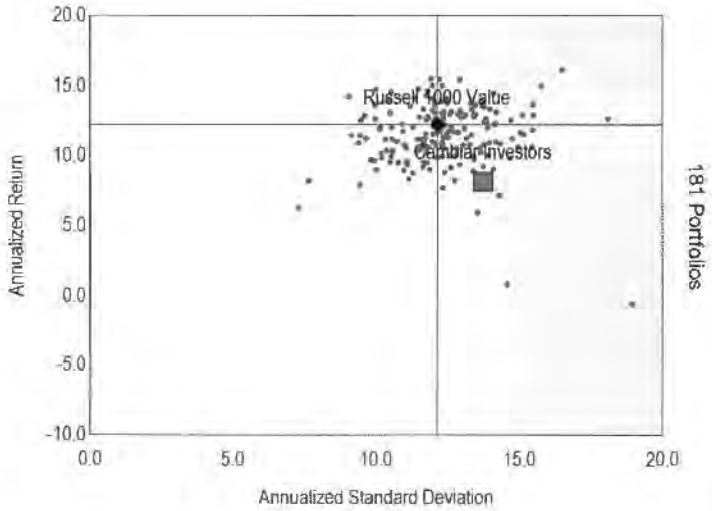
Market Value: $2.3 Million and 5.9% of Fund

## Style Drift - 5 Years




● Cambiar Investors ★ Russell 1000 Value

## Risk / Return - 5 Years




## Characteristics

| | Portfolio | Russell 1000 Value |
|---|---|---|
| Number of Holdings | 41 | 689 |
| Weighted Avg. Market Cap. ($B) | 61.1 | 95.0 |
| Median Market Cap. ($B) | 39.3 | 6.8 |
| Price To Earnings | 20.2 | 17.9 |
| Price To Book | 3.2 | 2.1 |
| Price To Sales | 2.6 | 2.5 |
| Return on Equity (%) | 17.2 | 11.6 |
| Yield (%) | 2.0 | 2.7 |
| Beta | 0.9 | 1.0 |
| R-Squared | 0.9 | 1.0 |

## Largest Holdings

| | End Weight | Return |
|---|---|---|
| UNITED PARCEL SER.'B' | 3.3 | 2.6 |
| MCDONALDS | 3.3 | 4.6 |
| COCA COLA | 3.3 | 3.2 |
| ALPHABET 'A' | 3.1 | 18.2 |
| QUALCOMM | 3.1 | -13.5 |

## Top Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| ALPHABET 'A' | 3.2 | 18.2 | 0.6 |
| ACTIVISION BLIZZARD | 2.1 | 27.6 | 0.6 |
| MCDONALDS | 2.9 | 4.6 | 0.1 |
| AMDOCS | 2.2 | 4.5 | 0.1 |
| COCA COLA | 2.9 | 3.2 | 0.1 |

## Characteristics

| | Portfolio | Russell 1000 Value |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 5.9 | 12.9 |
| Materials | 4.1 | 2.7 |
| Industrials | 8.5 | 10.0 |
| Consumer Discretionary | 9.3 | 5.4 |
| Consumer Staples | 8.1 | 7.0 |
| Health Care | 17.0 | 11.6 |
| Financials | 26.3 | 30.3 |
| Information Technology | 18.0 | 11.3 |
| Telecommunications | 2.9 | 2.5 |
| Utilities | 0.0 | 6.4 |
| Unclassified | 0.0 | 0.0 |

## Bottom Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| ANADARKO PETROLEUM | 2.8 | -22.3 | -0.6 |
| CAPITAL ONE FINL. | 3.2 | -17.2 | -0.6 |
| ABBVIE | 2.9 | -18.4 | -0.5 |
| METLIFE | 3.3 | -15.2 | -0.5 |
| EOG RES. | 2.9 | -16.7 | -0.5 |

## Market Capitalization

| | Small Cap | Small/ Mid | Mid Cap | Mid/ Large | Large Cap |
|---|---|---|---|---|---|
| Cambiar Investors | 0.0% | 5.5% | 26.7% | 43.9% | 24.0% |
| Russell 1000 Value | 1.9% | 10.5% | 19.6% | 30.1% | 37.8% |
| *Weight Over/Under* | *-1.9%* | *-5.1%* | *7.1%* | *13.7%* | *-13.8%* |

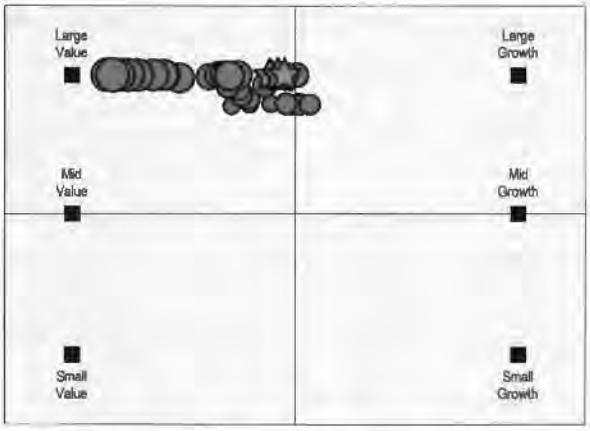
# Fayez Sarofim & Co.

As of September 30, 2015

## Characteristics

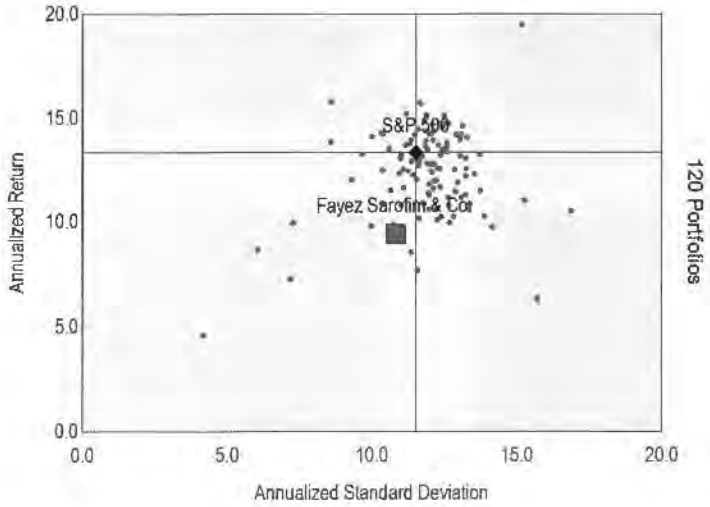
Market Value: $1.4 Million and 3.6% of Fund

### Style Drift - 5 Years




● Fayez Sarofim & Co. ★ S&P 500

### Risk / Return - 5 Years




### Characteristics

| | Portfolio | S&P 500 |
|---|---|---|
| Number of Holdings | 48 | 505 |
| Weighted Avg. Market Cap. ($B) | 143.6 | 119.2 |
| Median Market Cap. ($B) | 83.9 | 16.6 |
| Price To Earnings | 20.1 | 20.9 |
| Price To Book | 3.4 | 4.1 |
| Price To Sales | 3.9 | 3.0 |
| Return on Equity (%) | 21.0 | 18.3 |
| Yield (%) | 2.8 | 2.3 |
| Beta | 1.0 | 1.0 |
| R-Squared | 1.0 | 1.0 |

### Largest Holdings

| | End Weight | Return |
|---|---|---|
| PHILIP MORRIS INTL. | 6.0 | 0.2 |
| EXXON MOBIL | 5.8 | -9.8 |
| APPLE | 5.2 | -11.7 |
| COCA COLA | 4.1 | 3.2 |
| CHEVRON | 3.6 | -17.2 |

### Top Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| ALTRIA GROUP | 2.1 | 12.4 | 0.3 |
| COCA COLA | 3.4 | 3.2 | 0.1 |
| MCDONALDS | 1.7 | 4.6 | 0.1 |
| FACEBOOK CLASS A | 1.1 | 4.8 | 0.1 |
| INTERCONTINENTAL EX. | 0.9 | 5.4 | 0.1 |

### Characteristics

| | Portfolio | S&P 500 |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 14.9 | 6.9 |
| Materials | 3.4 | 2.8 |
| Industrials | 5.6 | 10.1 |
| Consumer Discretionary | 12.6 | 13.1 |
| Consumer Staples | 20.4 | 9.9 |
| Health Care | 8.8 | 14.7 |
| Financials | 15.6 | 16.5 |
| Information Technology | 18.6 | 20.4 |
| Telecommunications | 0.0 | 2.4 |
| Utilities | 0.0 | 3.1 |
| Unclassified | 0.0 | 0.0 |

### Bottom Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| CHEVRON | 3.7 | -17.2 | -0.6 |
| EXXON MOBIL | 5.5 | -9.8 | -0.5 |
| CONOCOPHILLIPS | 2.5 | -20.8 | -0.5 |
| UNITED TECHNOLOGIES | 2.6 | -19.3 | -0.5 |
| APPLE | 4.2 | -11.7 | -0.5 |

### Market Capitalization

| | Small Cap | Small/ Mid | Mid Cap | Mid/ Large | Large Cap |
|---|---|---|---|---|---|
| Fayez Sarofim & Co. | 0.0% | 0.0% | 6.1% | 37.2% | 56.7% |
| S&P 500 | 0.1% | 2.6% | 18.2% | 33.9% | 45.2% |
| *Weight Over/Under* | *-0.1%* | *-2.6%* | *-12.1%* | *3.3%* | *11.5%* |

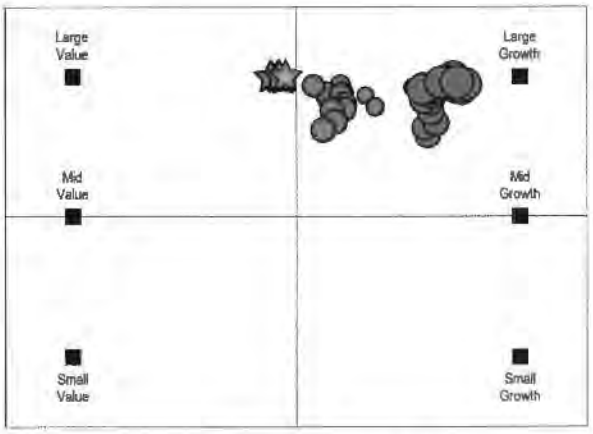
# Atalanta Sosnoff Capital

As of September 30, 2015

## Characteristics

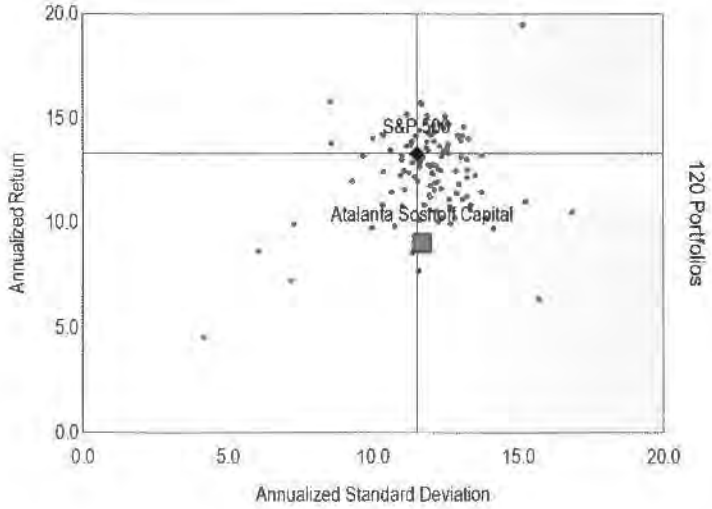
Market Value: $1.9 Million and 4.7% of Fund

### Style Drift - 5 Years




● Atalanta Sosnoff Capital ★ S&P 500

### Risk / Return - 5 Years




### Characteristics

| | Portfolio | S&P 500 |
|---|---|---|
| Number of Holdings | 50 | 505 |
| Weighted Avg. Market Cap. ($B) | 138.0 | 119.2 |
| Median Market Cap. ($B) | 88.1 | 16.6 |
| Price To Earnings | 26.8 | 20.9 |
| Price To Book | 6.2 | 4.1 |
| Price To Sales | 4.3 | 3.0 |
| Return on Equity (%) | 20.3 | 18.3 |
| Yield (%) | 1.6 | 2.3 |
| Beta | 1.0 | 1.0 |
| R-Squared | 0.9 | 1.0 |

### Largest Holdings

| | End Weight | Return |
|---|---|---|
| FACEBOOK CLASS A | 4.5 | 4.8 |
| BOEING | 4.1 | -5.0 |
| APPLE | 4.0 | -11.7 |
| ALPHABET 'A' | 3.8 | 18.2 |
| CVS HEALTH | 3.3 | -7.7 |

### Characteristics

| | Portfolio | S&P 500 |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 4.0 | 6.9 |
| Materials | 2.5 | 2.8 |
| Industrials | 11.0 | 10.1 |
| Consumer Discretionary | 15.0 | 13.1 |
| Consumer Staples | 3.3 | 9.9 |
| Health Care | 18.3 | 14.7 |
| Financials | 17.9 | 16.5 |
| Information Technology | 25.8 | 20.4 |
| Telecommunications | 2.3 | 2.4 |
| Utilities | 0.0 | 3.1 |
| Unclassified | 0.0 | 0.0 |

### Top Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| ALPHABET 'A' | 1.8 | 18.2 | 0.3 |
| AMAZON.COM | 1.3 | 17.9 | 0.2 |
| FACEBOOK CLASS A | 3.3 | 4.8 | 0.2 |
| ALPHABET 'C' | 0.9 | 16.9 | 0.1 |
| HOME DEPOT | 2.5 | 4.5 | 0.1 |

### Bottom Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| ALIBABA GROUP HLDG SPN. ADR 1:1 | 2.7 | -28.3 | -0.8 |
| APPLE | 4.7 | -11.7 | -0.6 |
| DOW CHEMICAL | 3.1 | -16.3 | -0.5 |
| ALLERGAN | 4.0 | -10.4 | -0.4 |
| CONOCOPHILLIPS | 2.0 | -20.8 | -0.4 |

### Market Capitalization

| | Small Cap | Small/ Mid | Mid Cap | Mid/ Large | Large Cap |
|---|---|---|---|---|---|
| Atalanta Sosnoff Capital | 0.0% | 0.0% | 2.6% | 35.0% | 62.4% |
| S&P 500 | 0.1% | 2.6% | 18.2% | 33.9% | 45.2% |
| *Weight Over/Under* | *-0.1%* | *-2.6%* | *-15.6%* | *1.1%* | *17.2%* |

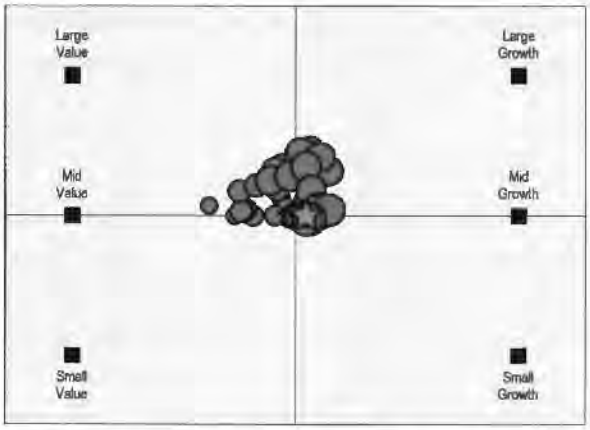
# Madison Investment Advisors

As of September 30, 2015

## Characteristics

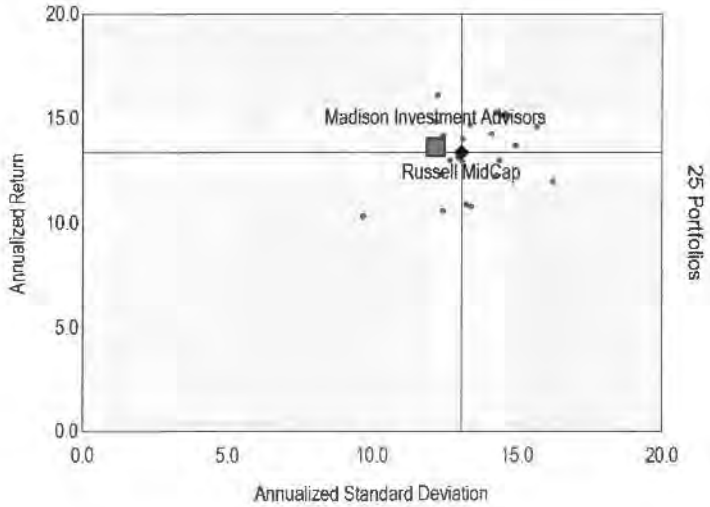
Market Value: $2.4 Million and 6.2% of Fund

### Style Drift - 5 Years




Madison Investment Advisors ★ Russell MidCap

### Risk / Return - 5 Years




### Characteristics

| | Portfolio | Russell MidCap |
|---|---|---|
| Number of Holdings | 33 | 829 |
| Weighted Avg. Market Cap. ($B) | 11.6 | 11.5 |
| Median Market Cap. ($B) | 11.0 | 5.7 |
| Price To Earnings | 24.7 | 23.3 |
| Price To Book | 3.7 | 3.6 |
| Price To Sales | 2.4 | 3.1 |
| Return on Equity (%) | 19.3 | 15.4 |
| Yield (%) | 0.9 | 1.8 |
| Beta | 0.9 | 1.0 |
| R-Squared | 0.9 | 1.0 |

### Largest Holdings

| | End Weight | Return |
|---|---|---|
| MARKEL | 6.6 | 0.1 |
| ROSS STORES | 5.6 | 0.0 |
| BROWN & BROWN | 5.4 | -5.4 |
| CDW | 4.2 | 19.4 |
| EXPEDITOR INTL.OF WASH. | 4.1 | 2.0 |

### Top Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| CDW | 3.2 | 19.4 | 0.6 |
| ADV.AUTO PARTS | 2.7 | 19.0 | 0.5 |
| MOTOROLA SOLUTIONS | 2.4 | 19.9 | 0.5 |
| RLI | 3.3 | 4.5 | 0.1 |
| W R BERKLEY | 2.9 | 4.9 | 0.1 |

### Characteristics

| | Portfolio | Russell MidCap |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 4.2 | 4.9 |
| Materials | 3.8 | 5.5 |
| Industrials | 18.8 | 12.6 |
| Consumer Discretionary | 26.2 | 16.9 |
| Consumer Staples | 2.4 | 5.9 |
| Health Care | 9.1 | 9.6 |
| Financials | 25.8 | 22.8 |
| Information Technology | 9.6 | 14.8 |
| Telecommunications | 0.0 | 1.0 |
| Utilities | 0.0 | 6.1 |
| Unclassified | 0.0 | 0.0 |

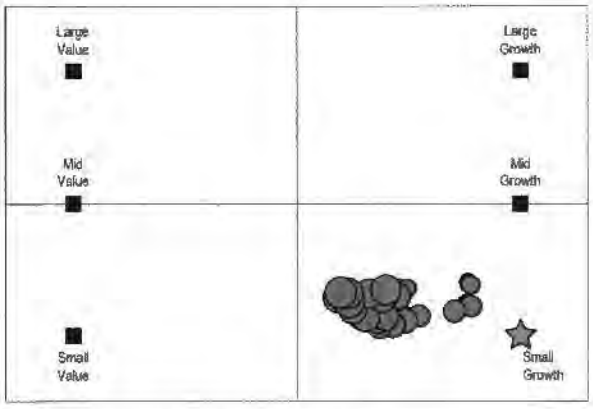
### Bottom Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| SALLY BEAUTY HOLDINGS | 3.8 | -24.8 | -0.9 |
| DISCOVERY COMMS.'C' | 3.6 | -21.8 | -0.8 |
| WORLD FUEL SVS. | 3.1 | -25.2 | -0.8 |
| DOLLAR TREE | 4.1 | -15.6 | -0.6 |
| CROWN HDG. | 4.0 | -13.5 | -0.5 |

### Market Capitalization

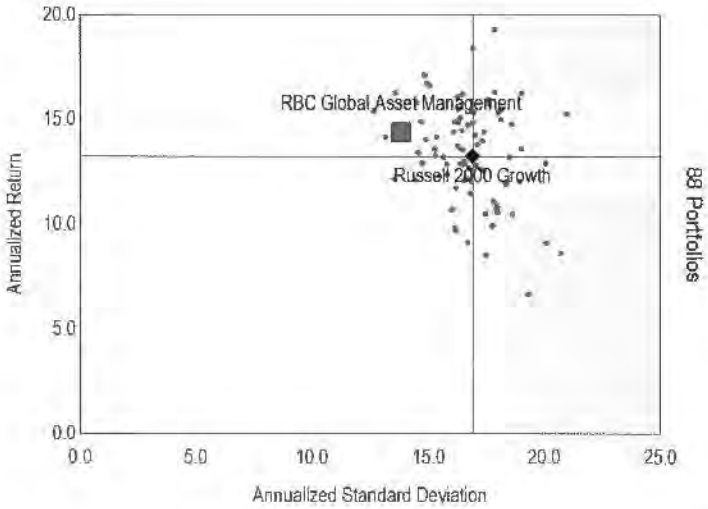
| | Small Cap | Small/ Mid | Mid Cap | Mid/ Large | Large Cap |
|---|---|---|---|---|---|
| Madison Investment Advisors | 9.0% | 34.5% | 49.5% | 7.1% | 0.0% |
| Russell MidCap | 4.0% | 31.7% | 58.2% | 6.1% | 0.0% |
| *Weight Over/Under* | *5.0%* | *2.8%* | *-8.8%* | *1.0%* | *0.0%* |

### Style Drift - 5 Years




● RBC Global Asset Management
★ Russell 2000 Growth

### Risk / Return - 5 Years




### Characteristics

| | Portfolio | Russell 2000 Growth |
|---|---|---|
| Number of Holdings | 74 | 1,155 |
| Weighted Avg. Market Cap. ($B) | 2.1 | 2.0 |
| Median Market Cap. ($B) | 1.6 | 0.7 |
| Price To Earnings | 33.1 | 27.8 |
| Price To Book | 4.6 | 5.0 |
| Price To Sales | 3.0 | 3.3 |
| Return on Equity (%) | 14.7 | 16.2 |
| Yield (%) | 0.4 | 0.5 |
| Beta | 0.8 | 1.0 |
| R-Squared | 0.9 | 1.0 |

### Largest Holdings

| | End Weight | Return |
|---|---|---|
| CANTEL MED. | 3.1 | 5.7 |
| ABIOMED | 2.7 | 41.1 |
| BALCHEM | 2.5 | 9.1 |
| MANHATTAN ASSOCS. | 2.5 | 4.4 |
| PAREXEL INTL. | 2.4 | -3.7 |

### Characteristics

| | Portfolio | Russell 2000 Growth |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 1.7 | 1.3 |
| Materials | 2.9 | 4.0 |
| Industrials | 19.3 | 12.8 |
| Consumer Discretionary | 12.4 | 18.5 |
| Consumer Staples | 5.9 | 3.5 |
| Health Care | 24.9 | 26.6 |
| Financials | 8.5 | 7.9 |
| Information Technology | 24.3 | 24.4 |
| Telecommunications | 0.0 | 0.9 |
| Utilities | 0.0 | 0.1 |
| Unclassified | 0.0 | 0.0 |

### Top Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| ABIOMED | 2.2 | 41.1 | 0.9 |
| HEARTLAND PAYMENT SYS. | 1.5 | 16.8 | 0.3 |
| BUFFALO WILD WINGS | 1.1 | 23.4 | 0.3 |
| BALCHEM | 2.0 | 9.1 | 0.2 |
| ULTIMATE SOFTWARE GP. | 1.9 | 8.9 | 0.2 |

### Bottom Contributors

| | Beg Wgt | Return | Contribution |
|---|---|---|---|
| ZEBRA TECHNOLOGIES 'A' | 2.3 | -31.1 | -0.7 |
| WOODWARD | 2.0 | -25.8 | -0.5 |
| UNITED NATURAL FOODS | 2.0 | -23.8 | -0.5 |
| VINCE HOLDING | 0.6 | -71.4 | -0.4 |
| INTACT INTELLIGENCE GP. | 1.3 | -33.2 | -0.4 |

### Market Capitalization

| | Small Cap | Small/ Mid | Mid Cap | Mid/ Large | Large Cap |
|---|---|---|---|---|---|
| RBC Global Asset Management | 78.6% | 21.4% | 0.0% | 0.0% | 0.0% |
| Russell 2000 Growth | 78.2% | 21.8% | 0.0% | 0.0% | 0.0% |
| *Weight Over/Under* | *0.5%* | *-0.5%* | *0.0%* | *0.0%* | *0.0%* |

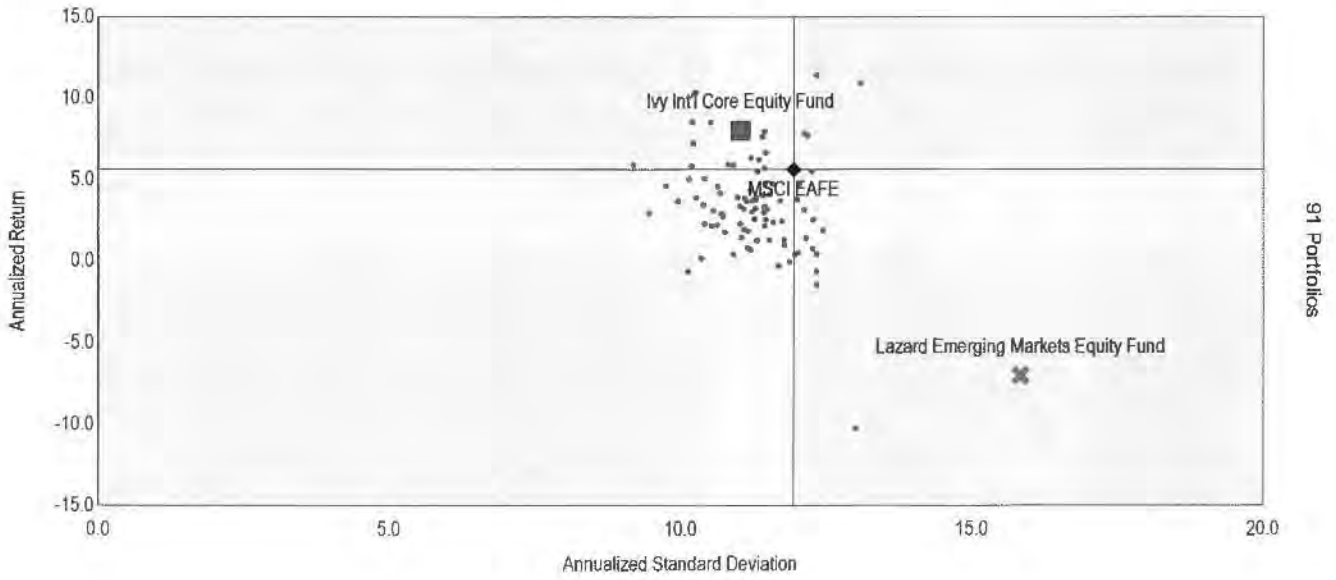
# Non- U.S. Equity Composite

As of September 30, 2015

## Characteristics

Market Value: $2.2 Million and 5.6% of Fund

### Risk / Return - 3 Years




### Characteristics

| | Portfolio | MSCI EAFE |
|---|---|---|
| Number of Holdings | 153 | 913 |
| Weighted Avg. Market Cap. ($B) | 39.2 | 52.8 |
| Median Market Cap. ($B) | 15.5 | 8.1 |
| Price To Earnings | 17.2 | 18.3 |
| Price To Book | 3.2 | 2.3 |
| Price To Sales | 2.2 | 2.1 |
| Return on Equity (%) | 18.0 | 14.5 |
| Yield (%) | 3.2 | 3.2 |
| Beta | | 1.0 |
| R-Squared | | 1.0 |

| Region | % of Total | % of Bench |
|---|---|---|
| North America ex U.S. | 0.0% | 0.0% |
| United States | 2.6% | 0.0% |
| Europe Ex U.K. | 25.3% | 45.9% |
| United Kingdom | 18.3% | 20.2% |
| Pacific Basin Ex Japan | 7.6% | 10.9% |
| Japan | 11.5% | 22.3% |
| Emerging Markets | 32.1% | 0.0% |
| Other | 2.5% | 0.6% |
| **Total** | **100.0%** | **100.0%** |

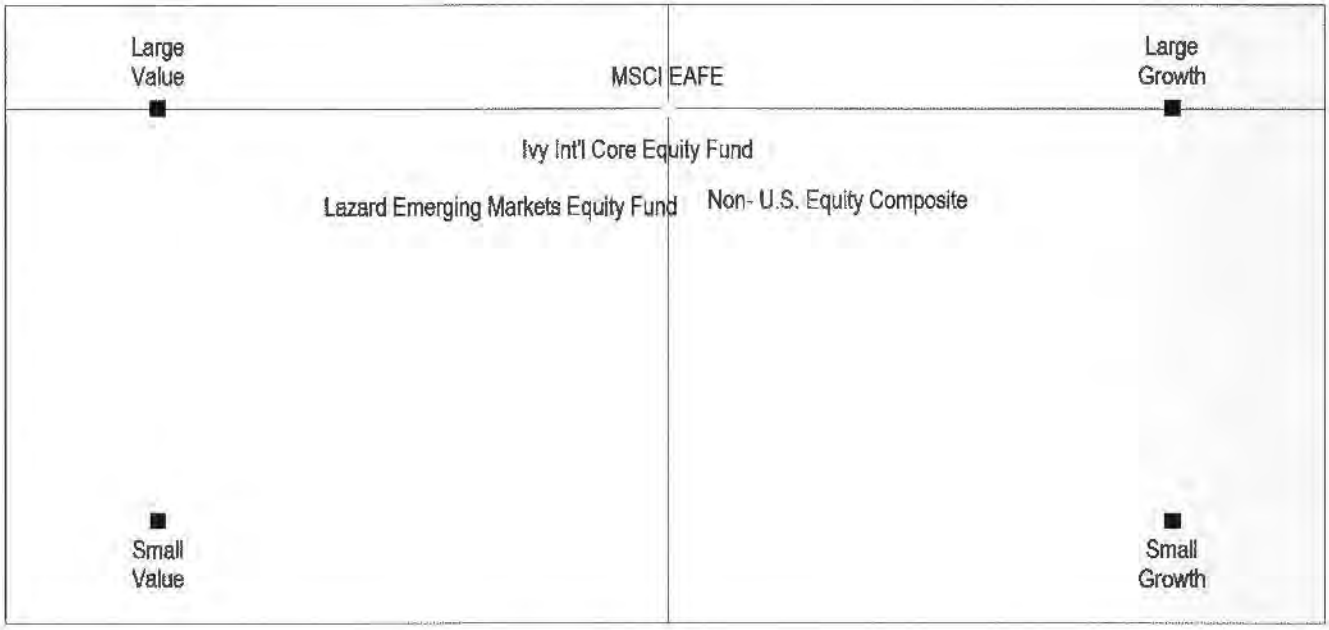
### Characteristics

| | Portfolio | MSCI EAFE |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 4.7 | 4.8 |
| Materials | 7.0 | 6.6 |
| Industrials | 9.5 | 12.5 |
| Consumer Discretionary | 12.6 | 13.0 |
| Consumer Staples | 11.7 | 11.9 |
| Health Care | 11.2 | 11.9 |
| Financials | 22.8 | 25.7 |
| Information Technology | 11.7 | 4.8 |
| Telecommunications | 5.8 | 4.9 |
| Utilities | 1.3 | 3.8 |
| Unclassified | 1.8 | 0.0 |

### Market Capitalization

| | Small Cap | Mid Cap | Large Cap |
|---|---|---|---|
| Non- U.S. Equity Composite | 7.3% | 22.8% | 69.9% |
| MSCI EAFE | 6.7% | 20.8% | 72.5% |
| *Weight Over/Under* | *0.7%* | *2.0%* | *-2.6%* |

## Equity Style Map




## Common Holdings Matrix

| | Ivy Int'l Core Equity Fund | | Lazard Emerging Markets Equity Fund | |
|---|---|---|---|---|
| | # | % | # | % |
| Ivy Int'l Core Equity Fund | -- | -- | 2 | 5 |
| Lazard Emerging Markets Equity Fund | 2 | 2 | -- | -- |

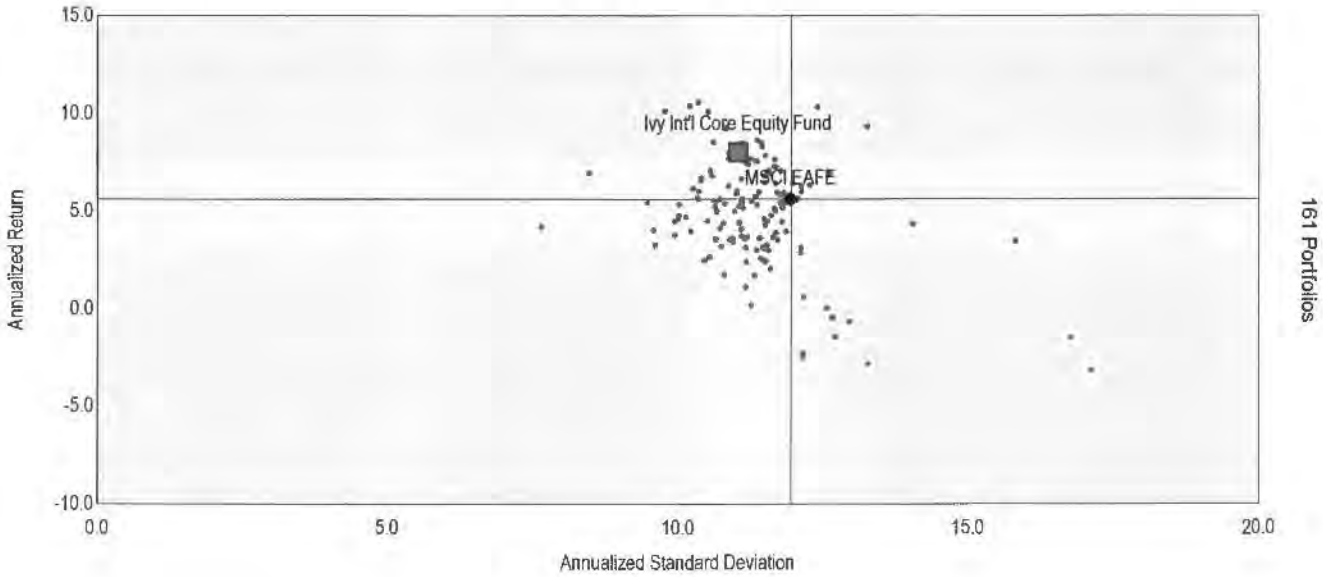
# Ivy Int'l Core Equity Fund

As of September 30, 2015

## Characteristics

Market Value: $1.5 Million and 3.9% of Fund

### Risk / Return - 3 Years




### Characteristics

| | Portfolio | MSCI EAFE |
|---|---|---|
| Number of Holdings | 76 | 913 |
| Weighted Avg. Market Cap. ($B) | 39.2 | 52.8 |
| Median Market Cap. ($B) | 27.9 | 8.1 |
| Price To Earnings | 18.6 | 18.3 |
| Price To Book | 3.0 | 2.3 |
| Price To Sales | 2.0 | 2.1 |
| Return on Equity (%) | 16.2 | 14.5 |
| Yield (%) | 2.9 | 3.2 |
| Beta | 1.0 | 1.0 |
| R-Squared | 0.9 | 1.0 |

| Region | % of Total | % of Bench |
|---|---|---|
| North America ex U.S. | 0.0% | 0.0% |
| United States | 3.7% | 0.0% |
| Europe Ex U.K. | 35.9% | 45.9% |
| United Kingdom | 25.9% | 20.2% |
| Pacific Basin Ex Japan | 8.2% | 10.9% |
| Japan | 16.3% | 22.3% |
| Emerging Markets | 7.7% | 0.0% |
| Other | 2.2% | 0.6% |
| **Total** | **100.0%** | **100.0%** |

### Characteristics

| | Portfolio | MSCI EAFE |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 3.8 | 4.8 |
| Materials | 8.6 | 6.6 |
| Industrials | 11.3 | 12.5 |
| Consumer Discretionary | 14.2 | 13.0 |
| Consumer Staples | 12.2 | 11.9 |
| Health Care | 16.1 | 11.9 |
| Financials | 20.7 | 25.7 |
| Information Technology | 8.3 | 4.8 |
| Telecommunications | 3.1 | 4.9 |
| Utilities | 1.7 | 3.8 |
| Unclassified | 0.0 | 0.0 |

### Market Capitalization

| | Small Cap | Mid Cap | Large Cap |
|---|---|---|---|
| Ivy Int'l Core Equity Fund | 4.7% | 16.4% | 78.9% |
| MSCI EAFE | 6.7% | 20.8% | 72.5% |
| *Weight Over/Under* | *-1.9%* | *-4.5%* | *6.4%* |

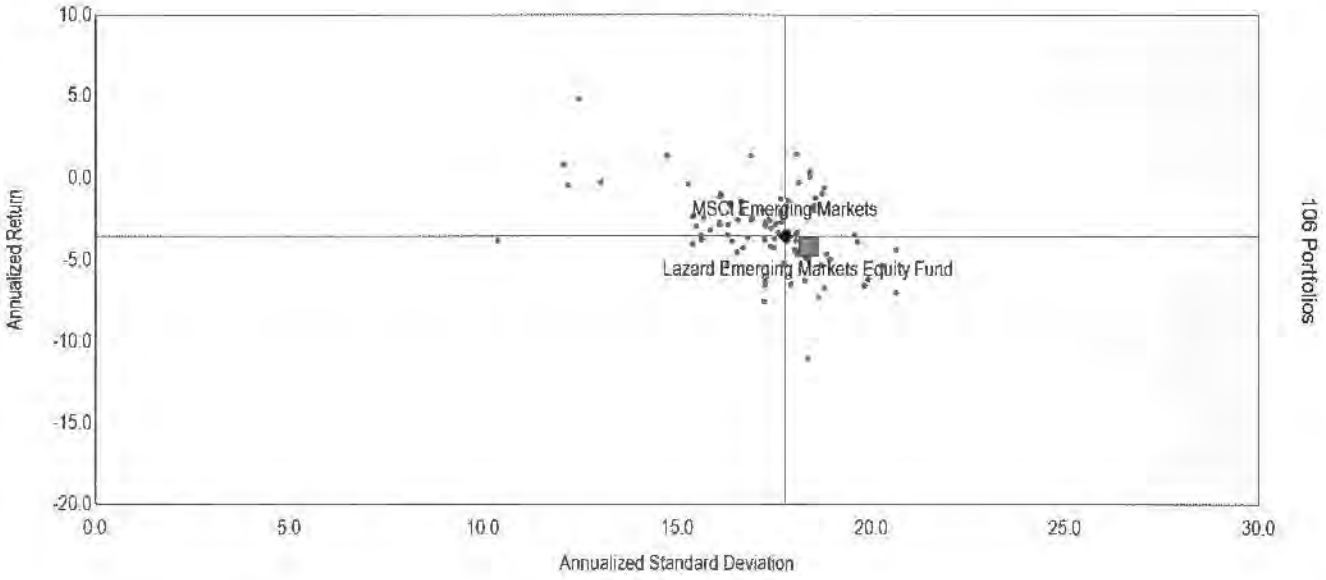
# Lazard Emerging Markets Equity Fund

## Characteristics

As of September 30, 2015

Market Value: $0.7 Million and 1.8% of Fund

### Risk / Return - 5 Years




### Characteristics

| | Portfolio | MSCI Emerging Markets |
|---|---|---|
| Number of Holdings | 79 | 837 |
| Weighted Avg. Market Cap. ($B) | 39.3 | 33.6 |
| Median Market Cap. ($B) | 6.4 | 4.2 |
| Price To Earnings | 13.8 | 17.0 |
| Price To Book | 3.5 | 2.3 |
| Price To Sales | 2.4 | 2.5 |
| Return on Equity (%) | 22.2 | 17.2 |
| Yield (%) | 4.1 | 3.0 |
| Beta | 1.1 | 1.0 |
| R-Squared | 0.9 | 1.0 |

| Region | % of Total | % of Bench |
|---|---|---|
| EM Asia | 54.9% | 69.5% |
| EM Latin America | 13.4% | 12.9% |
| EM Europe & Middle East | 11.7% | 7.4% |
| EM Africa | 10.8% | 8.0% |
| Other | 9.3% | 2.2% |
| **Total** | **100.0%** | **100.0%** |

### Characteristics

| | Portfolio | MSCI Emerging Markets |
|---|---|---|
| INDUSTRY SECTOR DISTRIBUTION (% Equity) | | |
| Energy | 6.7 | 7.4 |
| Materials | 3.4 | 6.7 |
| Industrials | 5.3 | 7.2 |
| Consumer Discretionary | 9.0 | 9.3 |
| Consumer Staples | 10.5 | 8.7 |
| Health Care | 0.0 | 2.9 |
| Financials | 27.4 | 28.6 |
| Information Technology | 19.6 | 18.3 |
| Telecommunications | 11.9 | 7.4 |
| Utilities | 0.4 | 3.4 |
| Unclassified | 5.8 | 0.0 |

### Market Capitalization

| | Small Cap | Mid Cap | Large Cap |
|---|---|---|---|
| Lazard Emerging Markets Equity Fund | 4.6% | 23.2% | 72.1% |
| MSCI Emerging Markets | 8.2% | 24.4% | 67.4% |
| *Weight Over/Under* | *-3.6%* | *-1.1%* | *4.7%* |

# Total Fund Composite

## Fee Schedule

Market Value: $39.3 Million and 100.0% of Fund

| Asset Class | Investment Manager | Fee Schedule | Expense Ratio & Estimated Annual Fee [1] | Industry Average [2] |
|---|---|---|---|---|
| Int. Fixed Income | McDonnell Investment Management | 0.20% on the Balance | 0.20%<br>$9,225 | 0.30% |
| Core Govt. Fixed Income | Internal Fixed Income | 0.00% on the Balance | 0.00%<br>$0 | 0.27% |
| All-Cap Core | Vanguard Total Stock Index Fund | 0.04% on the Balance | 0.04%<br>$3,142 | 0.12% |
| All-Cap Growth | Wells Fargo | 0.88% on the Balance | 0.88%<br>$14,088 | 0.77% |
| Large-Cap Value | Cambiar Investors | 0.88% on the Balance | 0.88%<br>$20,447 | 0.63% |
| Large-Cap Core | Fayez Sarofim & Co. | 0.88% on the Balance | 0.88%<br>$12,569 | 0.60% |
| Large-Cap Core | Atalanta Sosnoff Capital | 0.88% on the Balance | 0.88%<br>$16,365 | 0.60% |
| Mid-Cap Core | Madison Investment Advisors | 0.88% on the Balance | 0.88%<br>$21,490 | 0.73% |
| Small-Cap Growth | RBC Global Asset Management | 0.88% on the Balance | 0.88%<br>$17,211 | 0.97% |
| Non-U.S. Large-Cap Core | Ivy Int'l Core Equity Fund | 1.02% on the Balance | 1.02%<br>$15,540 | 0.97% |
| Emerging Markets | Lazard Emerging Markets Equity Fund | 1.09% on the Balance | 1.09%<br>$7,584 | 1.27% |
| **Total Investment Management Fees** | | | **0.35%**<br>**$137,661** | **0.42%** |
| Investment Consultant | Marquette Associates | 0.15% on the Balance | 0.15%<br>$58,998 | |
| Custodian | US Bank | 0.025% on the Balance | 0.025%<br>$9,833 | |
| **Total Fund** | | | **0.52%**<br>**$206,492** | |

[1] Expense Ratio & Estimated Annual Fee are Based on Market Value at Quarter End.
[2] Source: Marquette Associates Investment Management Fee Study.

# Intermediate Fixed Income Search

**Park Ridge Firefighters**

**Pension**
Searchbook
June 30, 2015

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## Search Background

Park Ridge Firefighters (the Fund) has retained Marquette Associates to conduct, among other things, an investment manager search to manage a Intermediate Fixed Income portfolio. The search is to emphasize a complementary investment style to the existing manager roster and to further diversify the portfolio to improve the overall efficiency of the investment program. Marquette Associates has prepared this search utilizing data from various sources. The sources of information are believed to be reliable. Marquette has not independently verified all of the information contained herein. Past performance is no guarantee of future results.

**NOTE: All Data is as of Jun 30, 2015**

**NOTE:** Approx. amount of assets in consideration $16,000,000

**NOTE:** All Performance Data is Gross of Fees

**NOTE:** Glossary of Definitions Enclosed

### Methodology

The following highlights provide a summary of our general impressions of the various investment managers and recommendations we think should be implemented to govern the future management of the Fund's Intermediate Fixed Income assets. All of the included managers met the following criteria:

**Benchmark:** BarCap Interm GC

### Search Criteria

1. All firms claim compliance with the Global Investment Performance Standards (GIPS®).
2. Over $100 million in assets in the product.
3. Over $500 million in total firm assets.
4. Over 3 years of history in the product.

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## Search Information to Consider

The information below may be useful to help make distinctions between investment managers. This information is intended to make reference to general areas Marquette Associates believes are important to consider when evaluating Intermediate Fixed Income managers.

**1. Risk and Return Statistics:** Total return should always be considered within the context of total risk. The ideal investment manager will outperform the benchmark while maintaining an acceptable level of risk.

**2. Style Analysis:** Returns based style analysis can both indicate whether a manager is generating alpha, and explain beta components of the manager's returns. Factor weights can be looked at across managers to compare different risk exposures. Fixed income factors considered include Credit, Duration, and MBS. A higher number indicates a higher exposure to a given risk factor, and a lower number indicates a lower exposure.

**3. Rolling Three Year Risk and Returns:** Rolling returns are useful in reviewing historical performance over longer term investment cycles. Outperformance of the rolling three year returns of a manager over the benchmark is an indication of consistency. Likewise, rolling three year risk below the benchmark is an indication of managers with below market risk.

**4. Three and Five Year Statistics:** Information Ratio and Sharpe Ratio help determine how much value a manager is providing in performance, relative to risk. The best case scenario is a manager with historically strong returns without assuming too much market risk. As a result, high Information and Sharpe Ratios are signals of strong outperformance at reasonable risk levels. These two statistics become more accurate the higher the R-Squared Coefficient. Typically, an R-Squared Coefficient greater than 0.85 coincides with accurate Information and Sharpe Ratio statistics.

**5. Up and Down Market Capture:** The greater the up-market capture ratio of a manager, the better they have performed when the market was positive. The lower the down-market capture ratio of a manager, the better they have preserved capital when the stock market is negative. Up-market capture ratios at or above 100% (indicating the manager performed at or above the Index during periods of positive index performance), and the down-market capture ratios below 100% (indicating the manager outperformed during periods of negative index returns) are signals of strong managers.

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## Candidate Summary

### Product Summary

| Firm Name | Firm Assets ($M) | Product ($M) | Product Type | Product Style | E&O Ins. Policy Limit ($M) |
|---|---|---|---|---|---|
| BMO - TCH | $11,275.0 | $2,227.0 | Separate | Intermediate | $25 |
| C. S. McKee | $10,926.7 | $1,045.7 | Separate | Intermediate | $10 |
| McDonnell | $11,883.0 | $1,798.0 | Separate | Intermediate | $10 |
| Mesirow Financial | $100,699.1 | $1,002.9 | Separate | Intermediate | $10 |
| PNC Capital | $39,821.9 | $2,313.7 | Separate | Intermediate | $200 |
| Segall Bryant | $9,701.0 | $1,919.0 | Separate | Intermediate | $15 |

### General Information Summary

| Firm Name | Location | Phone | Contact Name | Contact Email |
|---|---|---|---|---|
| BMO - TCH | Miami, FL | (305) 379-2100 | Sean Curry | sean.curry@bmo.com |
| C. S. McKee | Pittsburgh, PA | (412) 566-1234 | Eugene M. Natali Jr. | emnatali@csmckee.com |
| McDonnell | Oakbrook Terrace, IL | (630) 684-8600 | Peter Clerkin | clerkinp@mcdmgmt.com |
| Mesirow Financial | Chicago, IL | (312) 595-6761 | Jim Kilbane | jkilbane@mesirowfinancial.com |
| PNC Capital | Baltimore, MD | (312) 384-8263 | Ayesha Rehman | faiza.rehman@pnc.com |
| Segall Bryant | Chicago, IL | (312) 474-4213 | Clark Koertner | CKoertner@sbhic.com |

### Firm Ownership

| Firm Name | % Employee Owned | # of Employee Owners | % Parent Owned | % Owned by Other | % Minority Owned | % Female Owned |
|---|---|---|---|---|---|---|
| BMO - TCH | 0.0% | 0 | 100.0% | 0.0% | 0.0% | 0.0% |
| C. S. McKee | 100.0% | 35 | 0.0% | 10.2% | 0.0% | 10.3% |
| McDonnell | 0.0% | 0 | 100.0% | 0.0% | 0.0% | 0.0% |
| Mesirow Financial | 93.0% | 327 | 0.0% | 7.0% | 2.0% | 10.0% |
| PNC Capital | 0.0% | 0 | 100.0% | 0.0% | 0.0% | 0.0% |
| Segall Bryant | 45.0% | 18 | 0.0% | 55.0% | 0.0% | 0.0% |

### Notes on % Owned by Other

| Firm Name | Notes |
|---|---|
| BMO - TCH | Please see Other Manager Notes in Appendix |
| C. S. McKee | Please see Other Manager Notes in Appendix |
| McDonnell | Please see Other Manager Notes in Appendix |
| Mesirow Financial | Please see Other Manager Notes in Appendix |
| PNC Capital | Please see Other Manager Notes in Appendix |
| Segall Bryant | Please see Other Manager Notes in Appendix |

## Firm Compliance*

| Firm Name | Registered Investment Advisor? | GIPS Verified? | Year of Last Verification | Accounting Firm | Soft Dollars? | Firmwide Soft Dollars Last Year | Own Broker/ Dealer? |
|---|---|---|---|---|---|---|---|
| BMO - TCH | Yes | Yes | 2014 | ACA Beacon Verification Service | No | -- | No |
| C. S. McKee | Yes | Yes | 2014 | Ashland Partners & Co. | No | -- | No |
| McDonnell | Yes | Yes | 2014 | ACA Beacon Verification Service | No | -- | No |
| Mesirow Financial | Yes | Yes | 2014 | ACA Beacon Verification Service | No | $522,913 | No |
| PNC Capital | Yes | Yes | 2014 | Ashland Partners & Co. | Yes | $565,000 | No |
| Segall Bryant | Yes | Yes | 2014 | ACA Beacon Verification Service | Yes | $210,000 | No |

## Product Composite* Characteristics

| Firm Name | Calendar Year | # of Portfolios | Composite Dispersion | Total Composite Assets (End of Period) ($M) | % of Firm Assets | Total Firm Assets (End of Period) ($M) |
|---|---|---|---|---|---|---|
| BMO - TCH | 2011 | 6 | 0.3% | $357.0 | 5.3% | $6,781.0 |
| | 2012 | 7 | 1.4% | $409.0 | 5.5% | $7,431.0 |
| | 2013 | 15 | 0.9% | $1,507.0 | 16.6% | $9,075.0 |
| | 2014 | 24 | 0.3% | $2,028.0 | 19.3% | $10,525.0 |
| C. S. McKee | 2011 | 29 | 0.1% | $711.4 | 5.9% | $12,068.6 |
| | 2012 | 32 | 0.2% | $818.3 | 6.1% | $13,440.1 |
| | 2013 | 44 | 0.2% | $1,098.5 | 8.8% | $12,537.2 |
| | 2014 | 52 | 0.2% | $1,237.4 | 10.8% | $11,490.9 |
| McDonnell | 2011 | 25 | 0.3% | $656.0 | 5.3% | $12,314.0 |
| | 2012 | 28 | 0.2% | $676.0 | 5.1% | $13,188.0 |
| | 2013 | 31 | 0.1% | $658.0 | 5.6% | $11,708.0 |
| | 2014 | 35 | 0.1% | $704.0 | 5.8% | $11,956.0 |
| Mesirow Financial | 2011 | 7 | 0.0% | $223.4 | 0.4% | $58,796.1 |
| | 2012 | 4 | 0.3% | $194.9 | 0.3% | $66,535.2 |
| | 2013 | 8 | 0.0% | $216.1 | 0.3% | $84,562.8 |
| | 2014 | 8 | 0.1% | $226.9 | 0.2% | $91,233.6 |
| PNC Capital | 2011 | 45 | 0.2% | $1,753.1 | 5.0% | $35,113.0 |
| | 2012 | 51 | 0.3% | $1,782.5 | 5.2% | $34,425.0 |
| | 2013 | 43 | 0.2% | $1,680.5 | 4.6% | $36,882.0 |
| | 2014 | 41 | 0.1% | $1,759.7 | 4.3% | $41,062.0 |
| Segall Bryant | 2011 | 45 | 0.2% | $1,094.7 | 14.0% | $7,866.5 |
| | 2012 | 50 | 0.1% | $1,112.9 | 12.5% | $8,936.6 |
| | 2013 | 53 | 0.1% | $1,053.5 | 11.1% | $9,468.1 |
| | 2014 | 57 | 0.1% | $1,253.0 | 12.9% | $9,729.0 |

*Definitions in Glossary

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## Firm Client Breakdown

| | BMO - TCH | C. S. McKee | McDonnell | Mesirow Financial | PNC Capital | Segall Bryant |
|---|---|---|---|---|---|---|
| Corporate | 16.2% | 10.4% | 3.6% | 27.4% | 13.2% | 19.0% |
| Endowment/Foundation | 2.1% | 7.4% | 1.8% | 0.9% | 6.4% | 7.0% |
| HNW/Family | 0.5% | 1.3% | 14.8% | 4.5% | 22.5% | 29.0% |
| Insurance/Financial | 1.1% | 4.2% | 35.2% | 2.9% | 10.2% | 0.0% |
| Mutual Fund | 16.9% | 2.9% | 0.0% | 0.0% | 21.2% | 1.0% |
| Public | 63.0% | 49.0% | 5.2% | 31.3% | 13.1% | 14.0% |
| Religious | 0.0% | 0.0% | 0.3% | 0.0% | 0.7% | 0.0% |
| Taft-Hartley | 0.2% | 13.8% | 4.0% | 3.2% | 2.7% | 22.0% |
| Sub-Advisory | 0.0% | 1.1% | 1.0% | 0.0% | 0.0% | 4.0% |
| Wrap* | 0.0% | 1.3% | 31.7% | 0.0% | 0.0% | 4.0% |
| Other | 0.0% | 8.7% | 2.4% | 29.9% | 10.0% | 0.0% |

### Notes on Other

C. S. McKee - UMA Wrap.

McDonnell - Healthcare.

Mesirow Financial - Sovereign/Foreign, Superannuation Funds, Employee Funds, General Partner, Third Party, Religious, Investment Funds and Feeder Funds.

PNC Capital - College, Healthcare.

## Product Client Breakdown

| | BMO - TCH | C. S. McKee | McDonnell | Mesirow Financial | PNC Capital | Segall Bryant |
|---|---|---|---|---|---|---|
| Corporate | 18.2% | 13.4% | 6.8% | 7.7% | 26.5% | 27.0% |
| Endowment/Foundation | 3.6% | 20.3% | 10.5% | 12.9% | 7.1% | 5.0% |
| HNW/Family | 0.0% | 3.4% | 0.5% | 0.0% | 10.2% | 6.0% |
| Insurance/Financial | 2.1% | 9.1% | 41.6% | 0.0% | 0.7% | 0.0% |
| Mutual Fund | 5.3% | 0.0% | 0.0% | 0.0% | 14.2% | 0.0% |
| Public | 69.9% | 37.2% | 21.3% | 75.2% | 10.6% | 12.0% |
| Religious | 0.0% | 0.0% | 1.1% | 0.0% | 1.0% | 0.0% |
| Taft-Hartley | 0.9% | 16.6% | 8.8% | 3.8% | 7.1% | 50.0% |
| Sub-Advisory | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Wrap* | 0.0% | 0.0% | 0.9% | 0.0% | 0.0% | 0.0% |
| Other | 0.0% | 0.0% | 8.5% | 0.4% | 22.6% | 0.0% |

### Notes on Other

McDonnell - Healthcare.

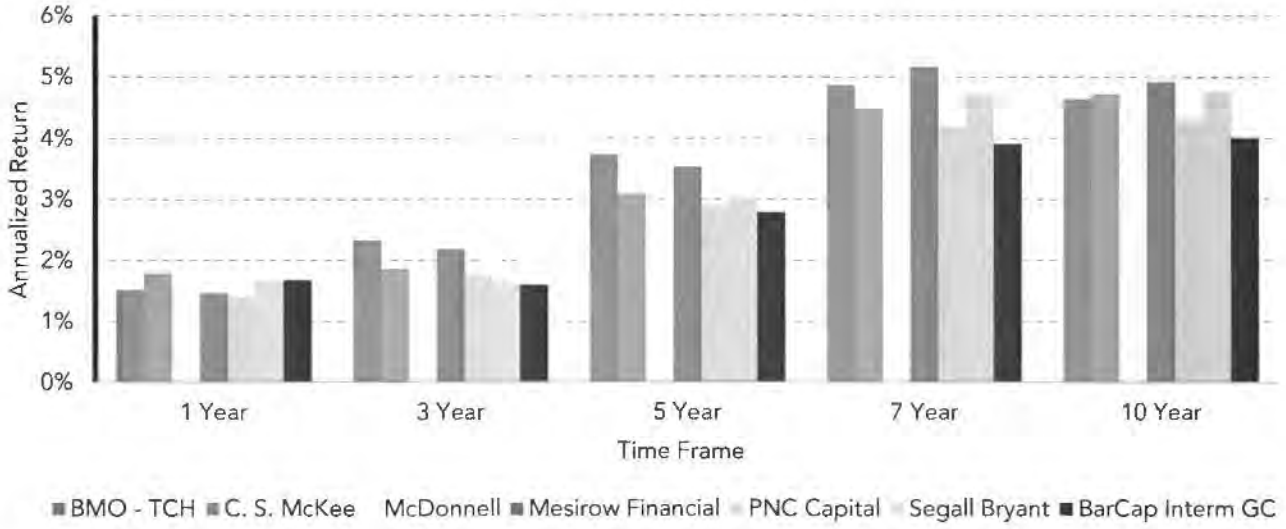
Mesirow Financial - Religious.

PNC Capital - College, Healthcare.

*Definitions in Glossary

## Performance Comparison

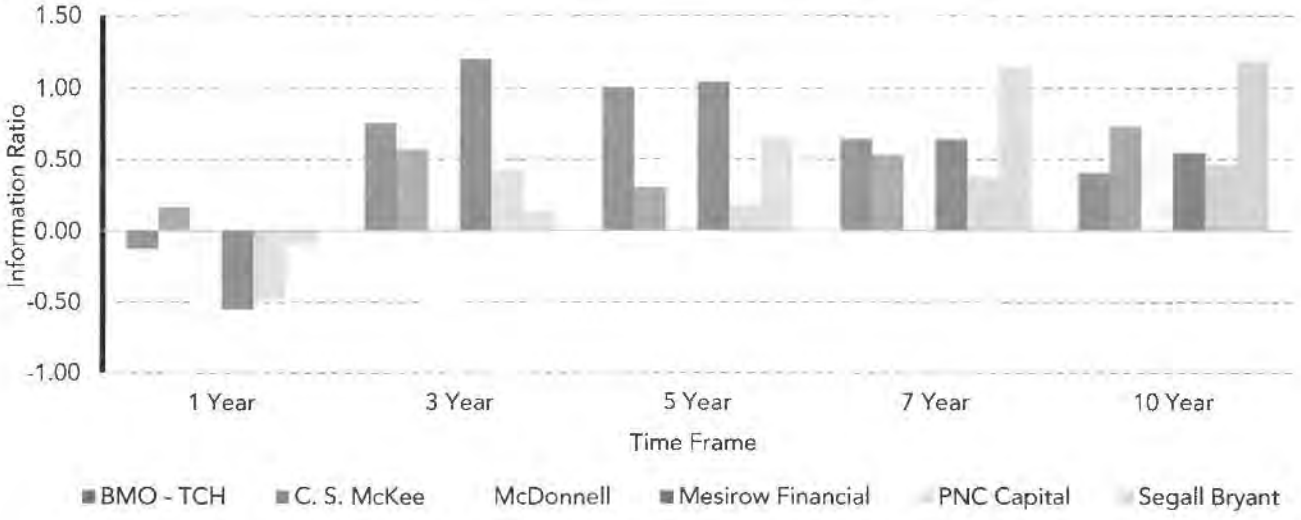
### Trailing Returns




### Trailing Return and Risk

| | 3 Year | | 5 Year | | 7 Year | | 10 Year | |
|---|---|---|---|---|---|---|---|---|
| | Ret. | StDev | Ret. | StDev | Ret. | StDev | Ret. | StDev |
| BMO - TCH | 2.33% | 2.48% | 3.74% | 2.41% | 4.87% | 3.37% | 4.65% | 2.97% |
| C. S. McKee | 1.86% | 1.84% | 3.10% | 1.95% | 4.48% | 2.76% | 4.73% | 2.62% |
| McDonnell | 1.46% | 2.22% | 2.93% | 2.31% | 4.59% | 3.25% | 4.52% | 3.06% |
| Mesirow Financial | 2.18% | 2.26% | 3.54% | 2.30% | 5.16% | 3.65% | 4.92% | 3.33% |
| PNC Capital | 1.77% | 1.92% | 2.90% | 2.08% | 4.20% | 2.84% | 4.32% | 2.74% |
| Segall Bryant | 1.63% | 2.19% | 3.01% | 2.28% | 4.72% | 3.05% | 4.76% | 2.95% |
| BarCap Interm GC | 1.60% | 2.13% | 2.79% | 2.24% | 3.91% | 2.96% | 4.02% | 2.86% |
| eVestment Median | 1.99% | | 3.20% | | 4.51% | | 4.47% | |

**Trailing Information Ratios* (Returns vs. risk relative to benchmark. A higher information ratio indicates higher risk adjusted returns).**

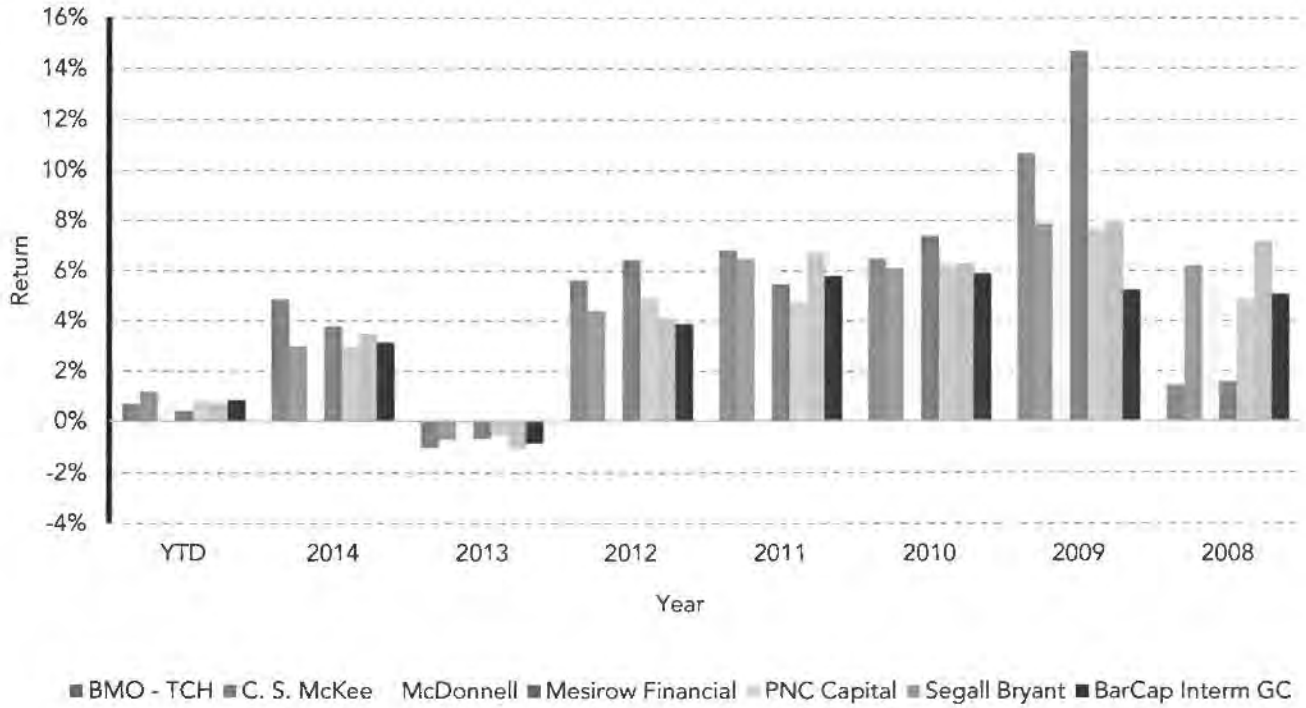



*Based on Monthly Returns; See Glossary



MarquetteAssociates

## Calendar Year Returns

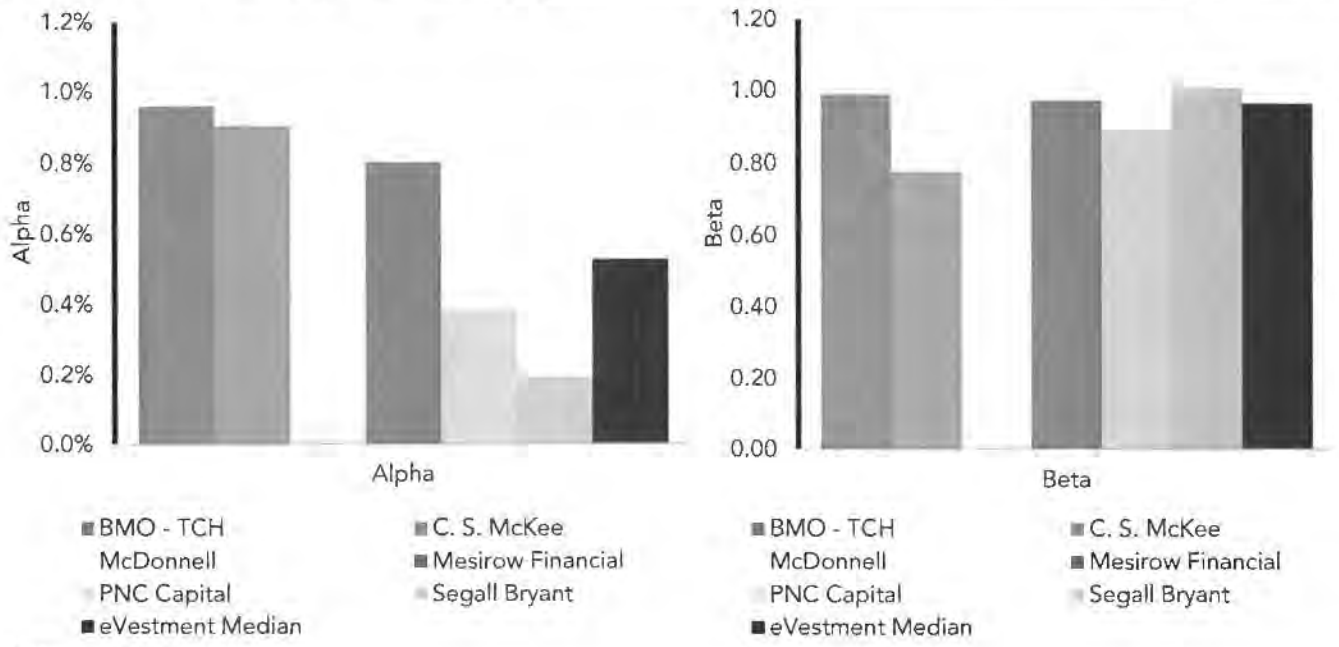



## Calendar Year Returns Data

| | YTD | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 | 2007 |
|---|---|---|---|---|---|---|---|---|---|
| BMO - TCH | 0.66% | 4.85% | -1.05% | 5.63% | 6.82% | 6.49% | 10.67% | 1.44% | 5.11% |
| C. S. McKee | 1.16% | 2.99% | -0.71% | 4.42% | 6.48% | 6.10% | 7.86% | 6.20% | 7.72% |
| McDonnell | 0.73% | 3.18% | -1.25% | 4.14% | 6.54% | 6.50% | 8.72% | 5.46% | 7.17% |
| Mesirow Financial | 0.40% | 3.80% | -0.67% | 6.44% | 5.47% | 7.40% | 14.66% | 1.58% | 6.42% |
| PNC Capital | 0.75% | 2.97% | -0.53% | 4.92% | 4.81% | 6.23% | 7.68% | 4.87% | 7.47% |
| Segall Bryant | 0.70% | 3.50% | -1.07% | 4.10% | 6.72% | 6.28% | 7.93% | 7.17% | 8.09% |
| BarCap Interm GC | 0.82% | 3.13% | -0.86% | 3.89% | 5.80% | 5.89% | 5.24% | 5.07% | 7.39% |
| eVestment Median | 0.82% | 3.58% | -0.52% | 4.90% | 5.85% | 6.31% | 7.90% | 4.53% | 7.14% |

## Performance Comparison

**5 Year Benchmark Based Alpha (left), Beta (right)**




**Return Statistics***

| | Beta | Alpha | $R^2$ |
|---|---|---|---|
| BMO - TCH | 0.99 | 0.96% | 84.6% |
| C. S. McKee | 0.78 | 0.90% | 79.7% |
| McDonnell | 1.03 | 0.07% | 99.1% |
| Mesirow Financial | 0.97 | 0.80% | 90.3% |
| PNC Capital | 0.90 | 0.38% | 93.1% |
| Segall Bryant | 1.01 | 0.19% | 97.9% |
| BarCap Interm GC | 1.00 | 0.00% | 100.0% |

**Modern Portfolio Theory (Alpha & Beta) Explanation**

The above calculations are based on the Capital Asset Pricing Model (CAPM). Developed in the 1960's, CAPM is a widely used method of understanding the relationship between risk and return. Under the CAPM, expected return is a function of risk. Assuming all security specific risk (the risk related to individual holdings and not to general market movements) is diversifiable, portfolios are then only exposed to market risk. Using a benchmark index as a proxy for "the market," past returns can be estimated as a function of market risk (beta), and unexplainable variance (alpha). By determining which segment of returns is derived from beta (market risk) or alpha (manager skill), investors can evaluate a product's performance record more accurately.

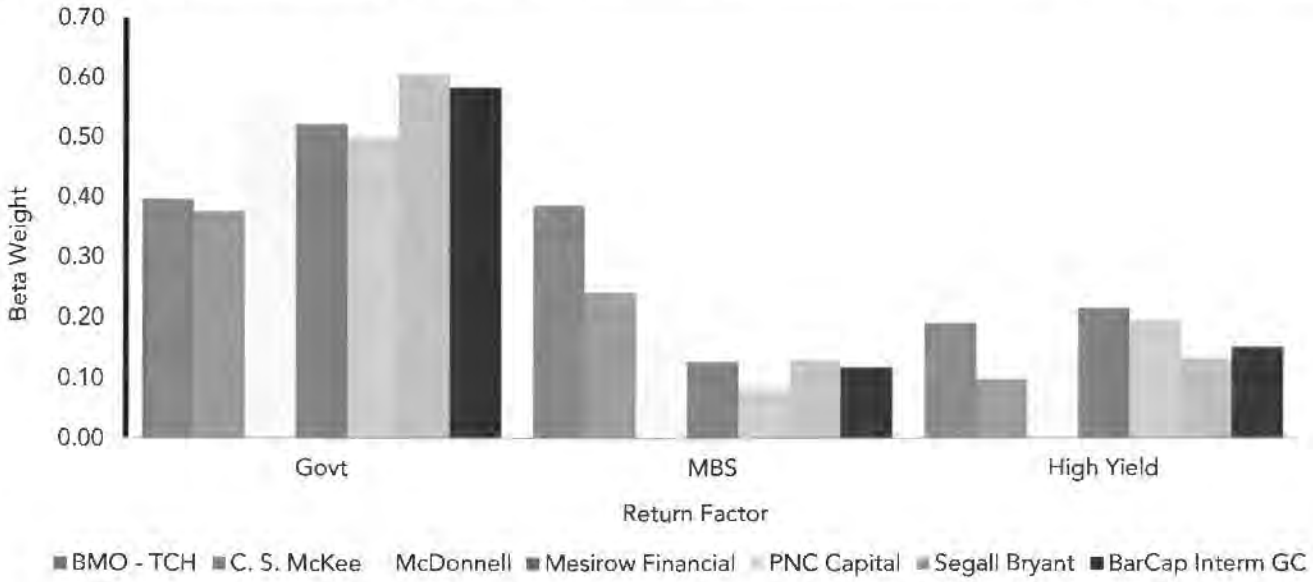
**$R^2$** is a measure of the explanatory power of the CAPM model (goodness of fit). An $R^2$ value ranges from 0% to 100%. An $R^2$ of 100% indicates the model completely explains manager returns. Therefore, a higher $R^2$ is desirable because it indicates a more useful model, and more confidence in the beta and alpha calculation results.

**Beta** is a measure of sensitivity of investment manager portfolio returns to the market. Positive beta indicates manager returns are correlated with market returns. The value of beta is a measure of market risk. A manager with a beta of 1.00 generated historical portfolio returns by taking the same level of risk as the overall market. Higher betas indicate higher market risk, and lower betas indicate lower market risk based on the CAPM.

**Alpha** is a measure of return not attributable to market risk. Alpha can be interpreted as a measure of manager skill. Positive alpha indicates positive manager skill, while negative alpha indicates negative manager skill after controlling for market risk. Managers that outperform due to skill should exhibit positive alpha.

*Based on Monthly Returns; See Glossary

**5 Year Returns Based Factor Analysis***




**Return Statistics***

| | Factor Weights | | | | |
|---|---|---|---|---|---|
| | **Govt** | **MBS** | **High Yield** | **Alpha** | **$R^2$** |
| BMO - TCH | 0.40 | 0.39 | 0.19 | -0.07% | 87.1% |
| C. S. McKee | 0.38 | 0.24 | 0.10 | 0.54% | 75.0% |
| McDonnell | 0.57 | 0.17 | 0.15 | -0.38% | 93.3% |
| Mesirow Financial | 0.52 | 0.13 | 0.21 | -0.06% | 89.2% |
| PNC Capital | 0.50 | 0.08 | 0.19 | -0.33% | 90.2% |
| Segall Bryant | 0.61 | 0.13 | 0.13 | -0.11% | 94.3% |
| BarCap Interm GC | 0.58 | 0.12 | 0.15 | | |

**Factor Analysis Explanation**

Returns based factor analysis attempts to take into account the fact that, in reality, there are multiple market risk factors that influence returns. Instead of one benchmark "market" factor, returns based style analysis uses multiple benchmarks as proxies for multiple sources of risk. The above calculations are based on a multiple linear regression using several benchmark returns to explain manager returns. Returns based factor analysis is useful to identify which risk factors different managers are exposed to relative to each other and to the benchmark, and to identify outperformance while controlling for multiple measures of risk.

**Factor Weights** represent manager exposure to benchmark risk factors, holding other factors constant. For example, the "high yield" factor weight can be seen as a proxy for credit risk, so managers with a larger high yield factor weight have portfolios that behave as more "credit risky." Note that these managers may or may not actually hold high yield securities, merely that their historic returns are explainable by similar risk factors.

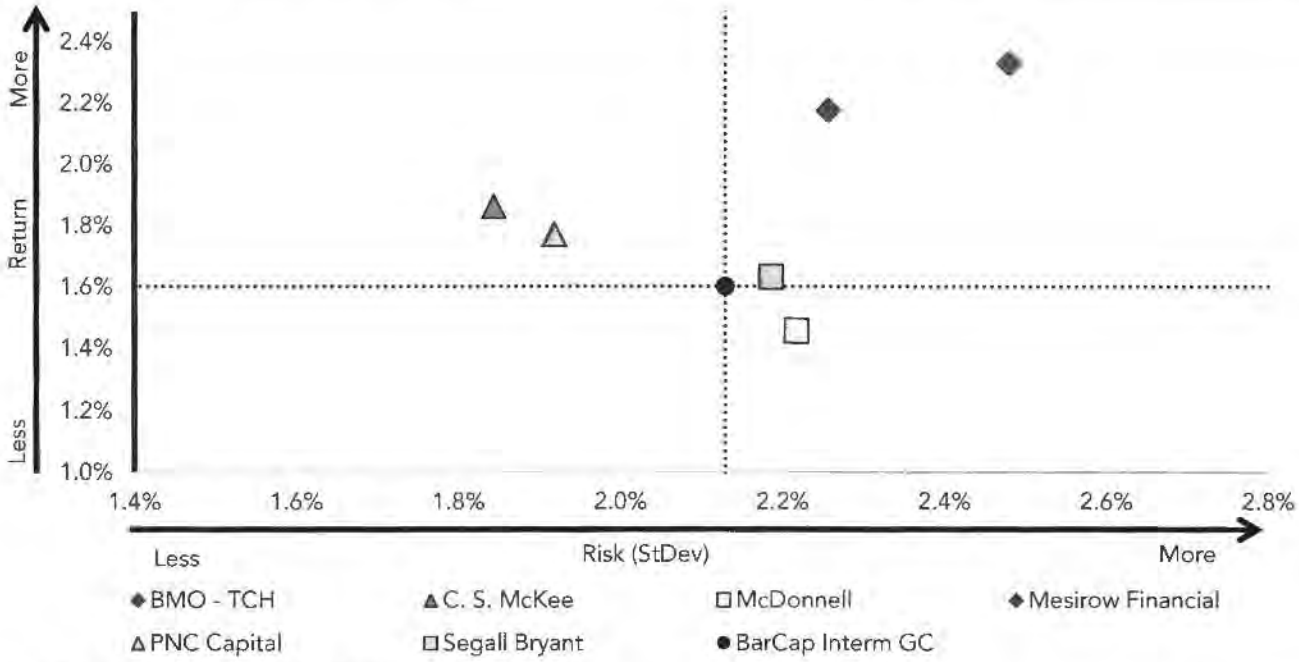
**$R^2$** in the multi-factor model has the same interpretation under the CAPM model (goodness of fit). If $R^2$ is higher with a multi-factor model, manager returns are better explained by taking into account additional risk factors. Therefore, a higher $R^2$ is desirable because it indicates a more useful model, and more confidence in the beta and alpha calculation results.

**Alpha** in the multi-factor model has the same interpretation under the CAPM. A lower alpha term under multi-factor analysis indicates that some manager "alpha" compared to a single benchmark may be generated by taking out-of-benchmark risks. Alpha is not a static number, and varies based on the time period of the regression. Therefore, a positive alpha number, indicating that a manager has outperformed in the past controlling for risk, may be more important than the size of the alpha term.

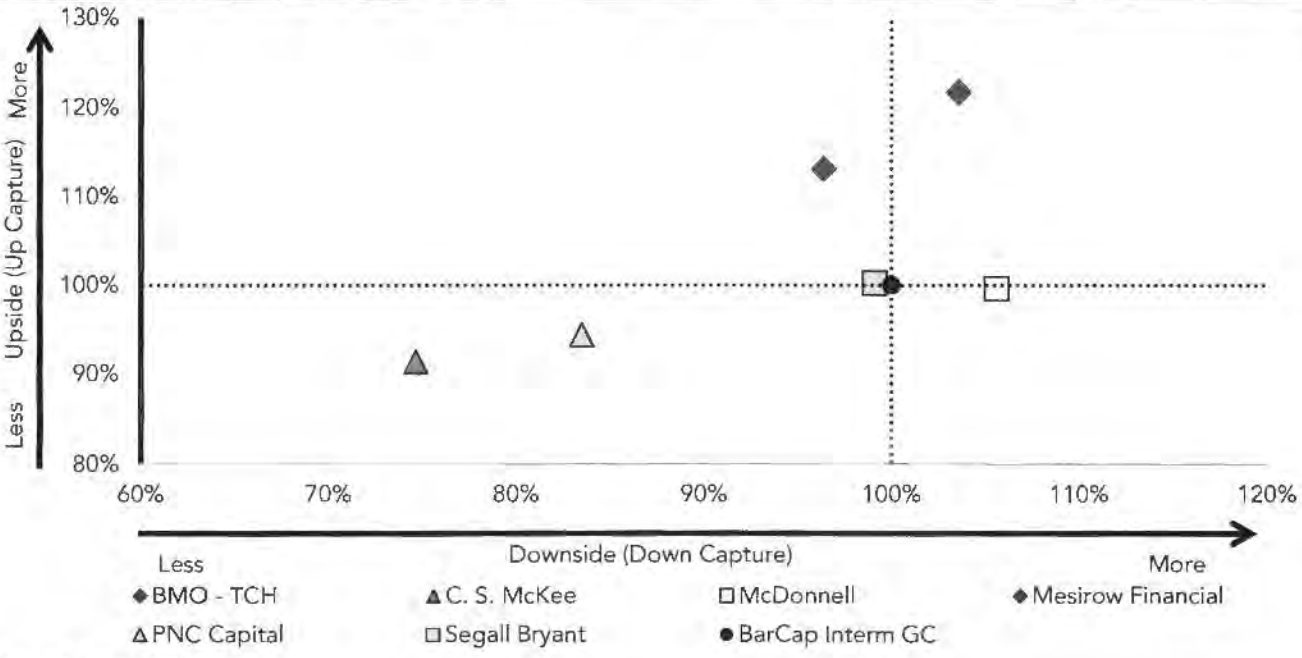
*Based on Monthly Returns; See Glossary

## Risk Return Profile

### 3 Year Risk/Return




### 3 Year Upside and Downside Market Capture*




### Return Statistics*

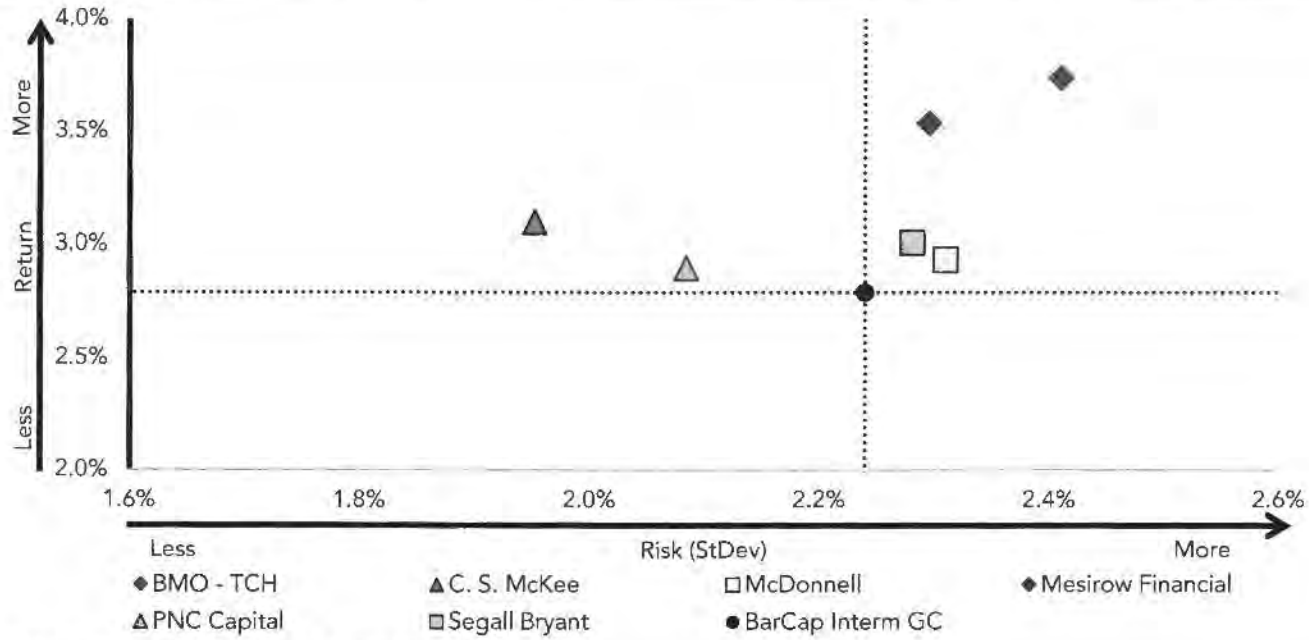
| | 3 Year Return | 3 Year StDev | 3 Year Sharpe | 3 Year Up Capture | 3 Year Down Capture |
|---|---|---|---|---|---|
| BMO - TCH | 2.33% | 2.48% | 0.93 | 121.74% | 103.59% |
| C. S. McKee | 1.86% | 1.84% | 0.99 | 91.36% | 74.65% |
| McDonnell | 1.46% | 2.22% | 0.64 | 99.63% | 105.61% |
| Mesirow Financial | 2.18% | 2.26% | 0.95 | 113.10% | 96.37% |
| PNC Capital | 1.77% | 1.92% | 0.91 | 94.39% | 83.50% |
| Segall Bryant | 1.63% | 2.19% | 0.73 | 100.25% | 99.10% |
| BarCap Interm GC | 1.60% | 2.13% | 0.75 | 100.00% | 100.00% |

*See Glossary

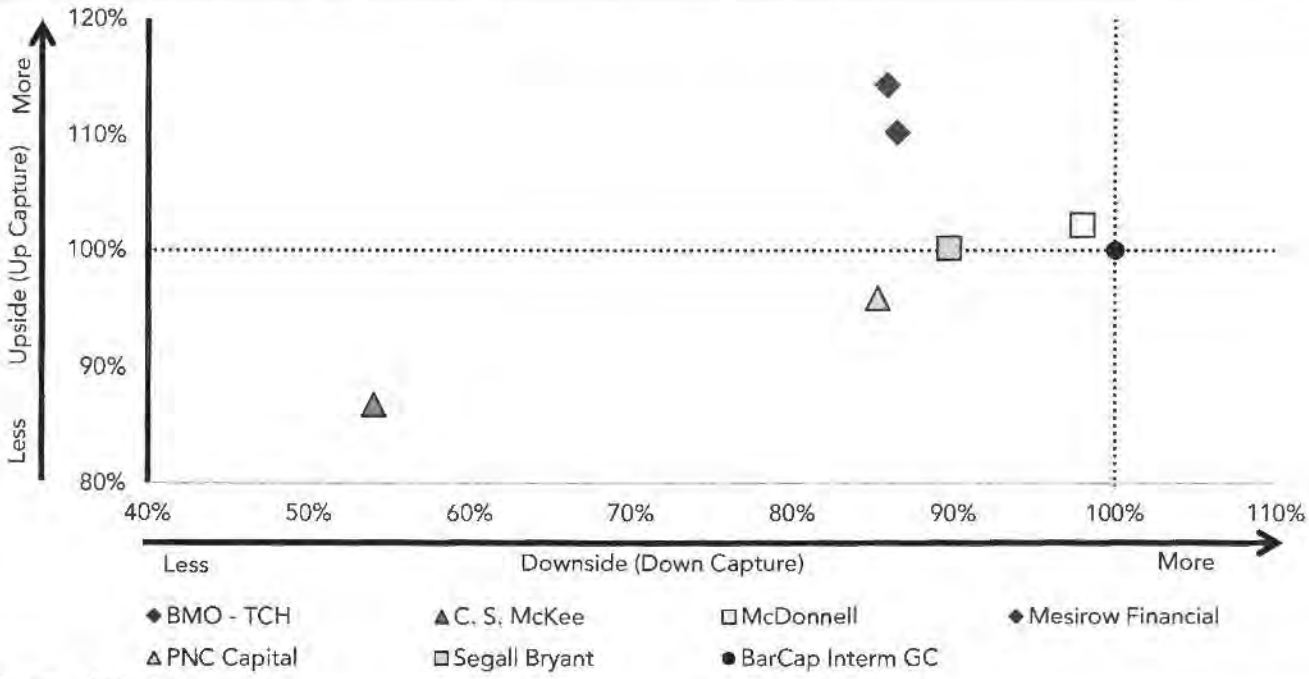


MarquetteAssociates

**5 Year Risk/Return**




**5 Year Upside and Downside Market Capture***



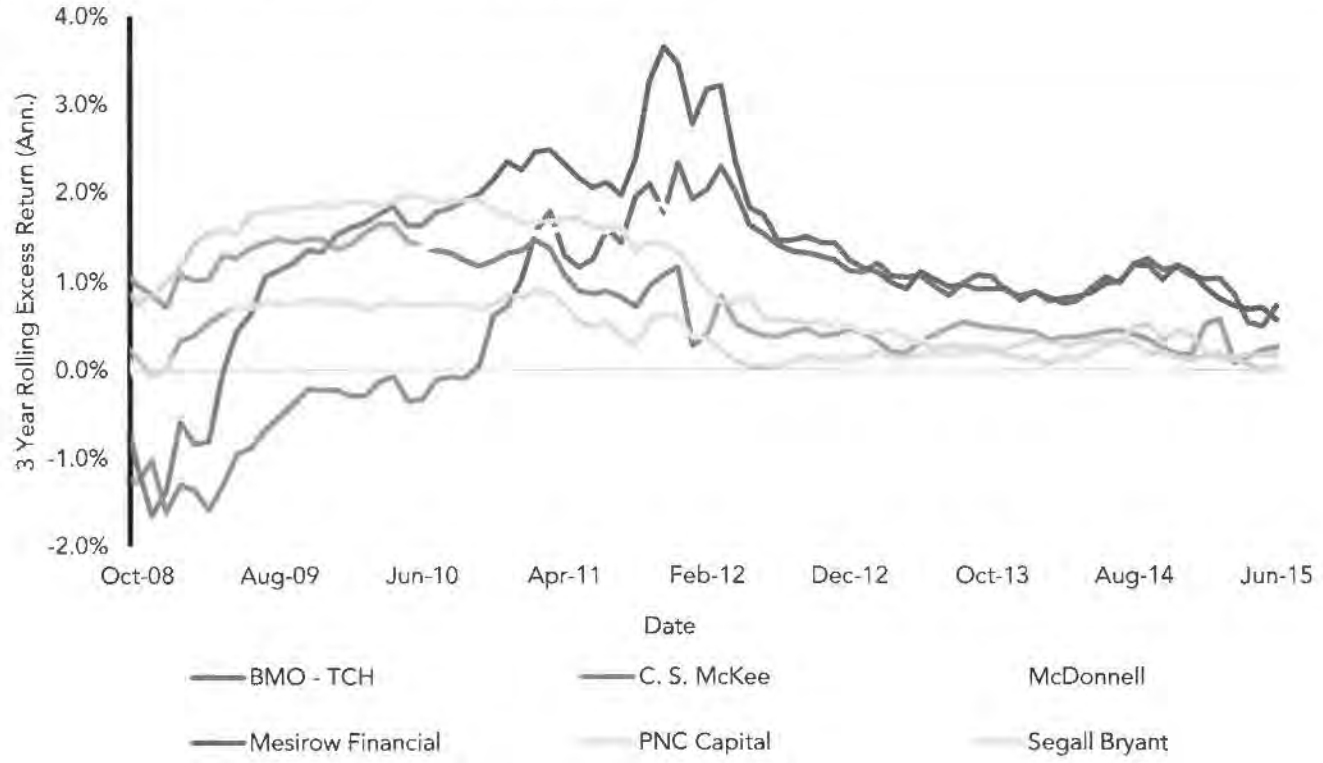

**Return Statistics***

| | 5 Year Return | 5 Year StDev | 5 Year Sharpe | 5 Year Up Capture | 5 Year Down Capture |
|---|---|---|---|---|---|
| BMO - TCH | 3.74% | 2.41% | 1.53 | 114.38% | 85.84% |
| C. S. McKee | 3.10% | 1.95% | 1.56 | 86.81% | 54.02% |
| McDonnell | 2.93% | 2.31% | 1.25 | 102.23% | 97.97% |
| Mesirow Financial | 3.54% | 2.30% | 1.52 | 110.30% | 86.49% |
| PNC Capital | 2.90% | 2.08% | 1.37 | 95.93% | 85.27% |
| Segall Bryant | 3.01% | 2.28% | 1.30 | 100.21% | 89.68% |
| BarCap Interm GC | 2.79% | 2.24% | 1.22 | 100.00% | 100.00% |

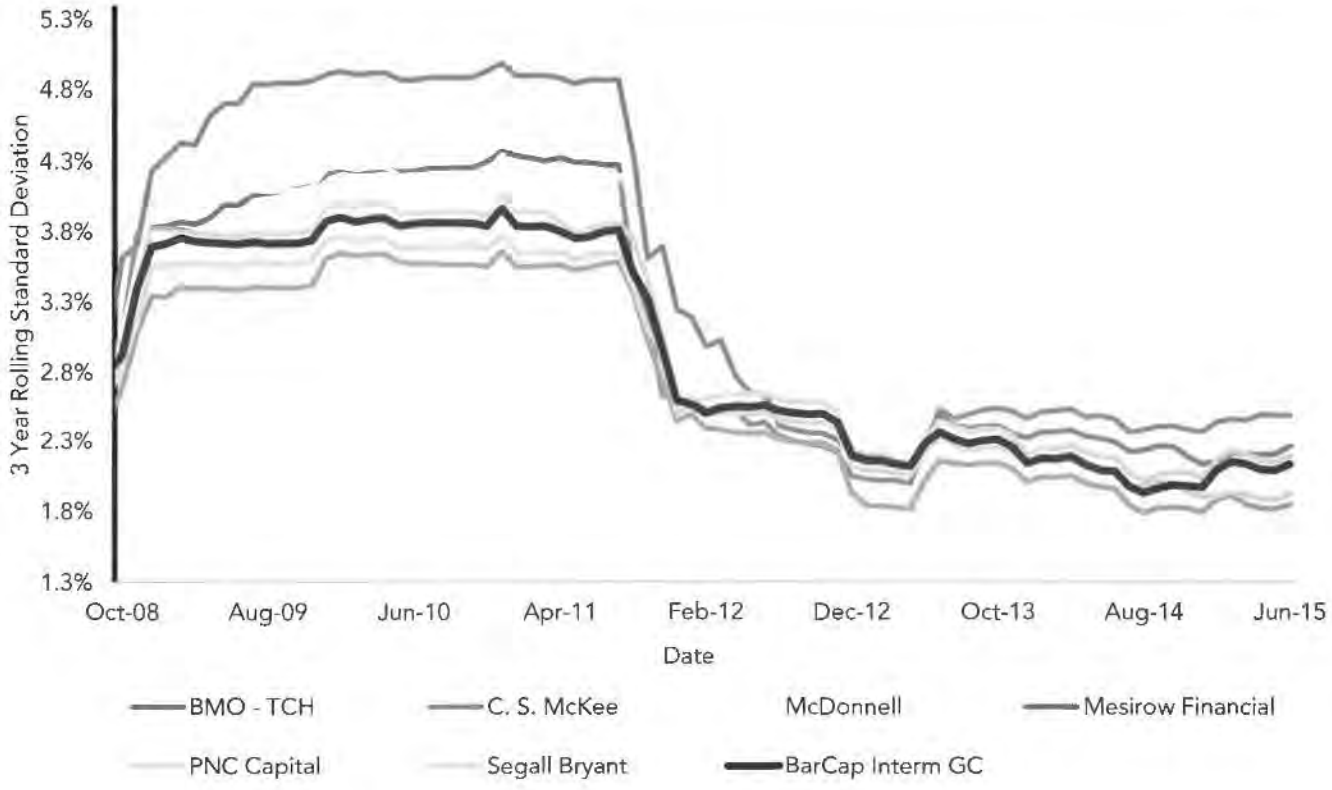
*See Glossary

## Rolling 3 Year Return and Risk

### Rolling 3 Year Excess Returns Over BarCap Interm GC




### Rolling 3 Year Standard Deviation






MarquetteAssociates

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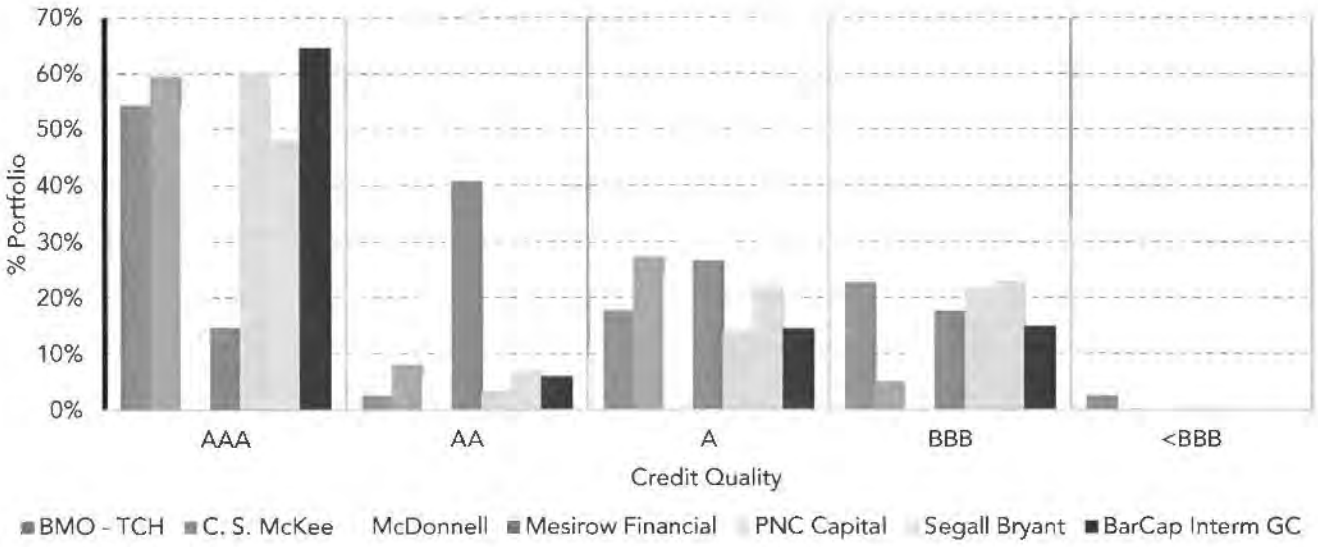
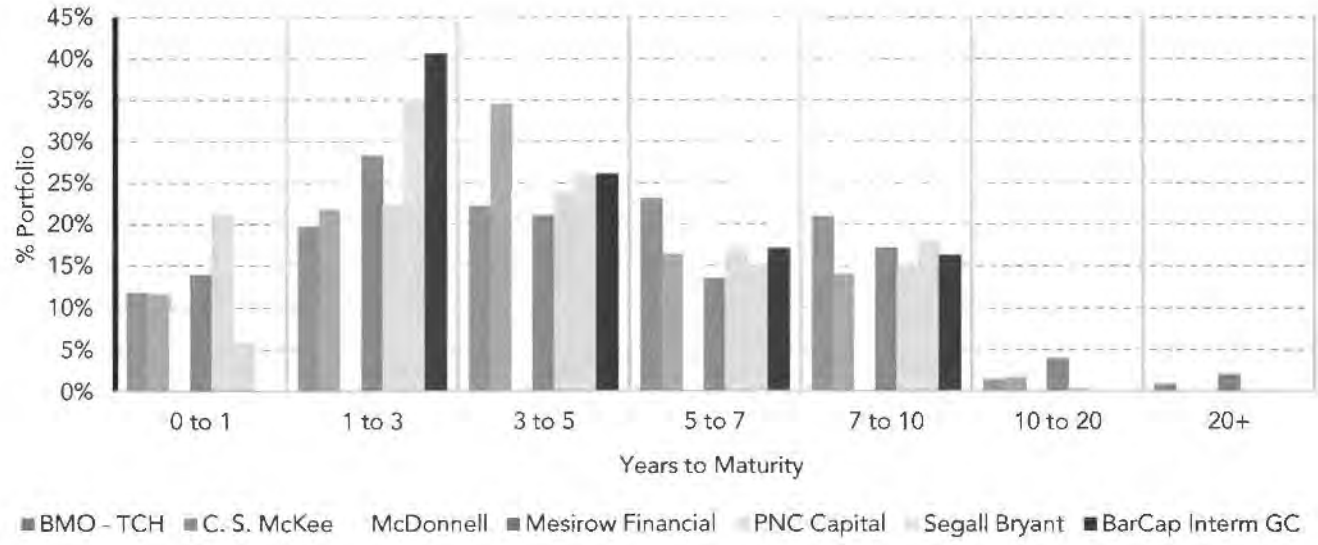
## Portfolio Comparison

### Credit Quality Comparison*




### Maturity Comparison*

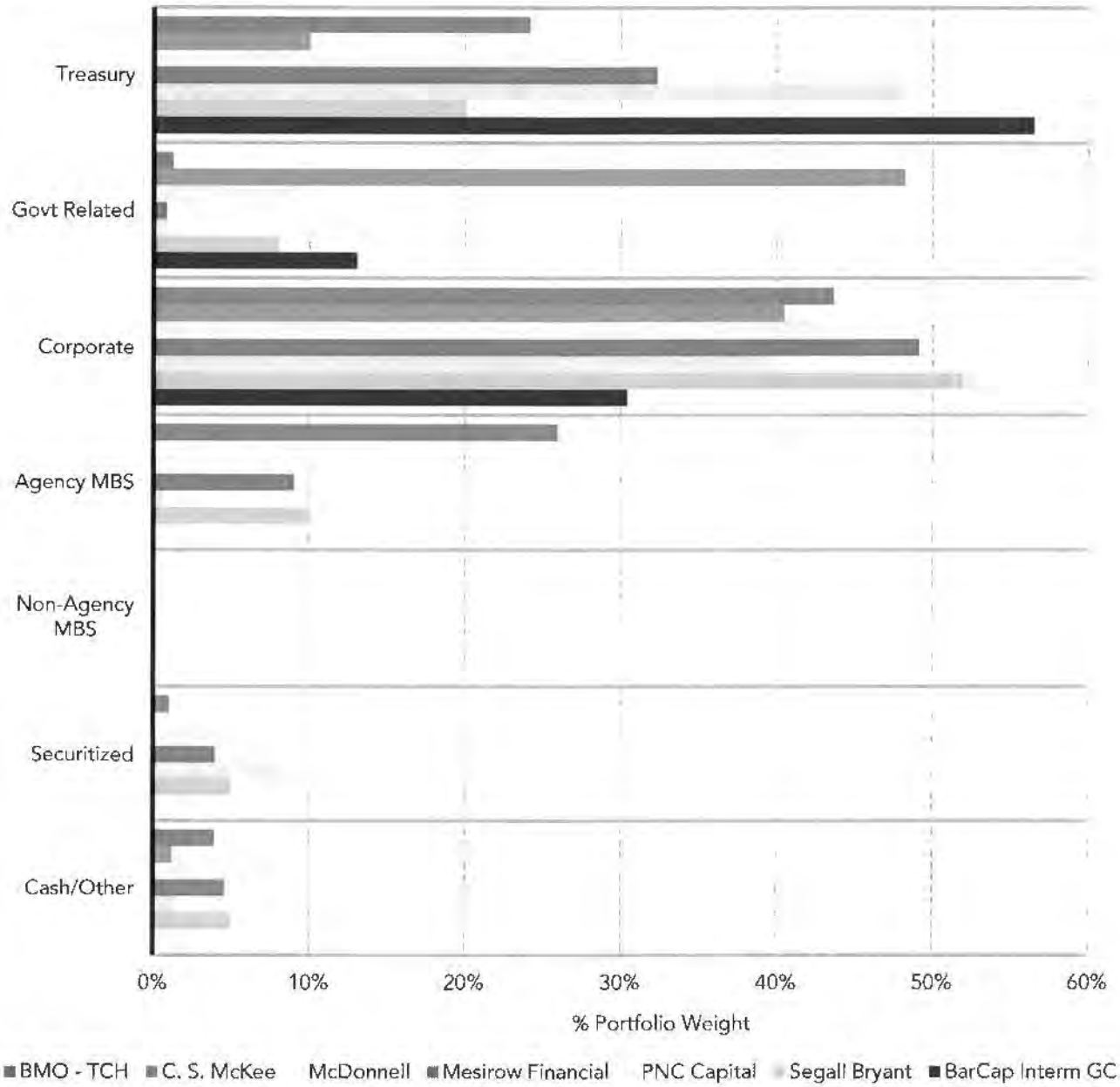



### Portfolio Characteristics*

| Firm | # of Holdings | Average Turnover | Yield to Worst | Current Coupon | Time to Maturity | Modified Duration | Average Quality |
|---|---|---|---|---|---|---|---|
| BMO - TCH | 129 | 34% | 2.3% | 2.9% | 5.1 | 4.1 | Aa3 |
| C. S. McKee | 275 | 136% | 2.3% | 2.7% | 4.7 | 4.3 | Aa2 |
| McDonnell | 525 | 27% | 1.8% | 2.7% | 4.2 | 3.8 | Aa3 |
| Mesirow Financial | 169 | 22% | 2.0% | 3.3% | 4.8 | 3.9 | AA- |
| PNC Capital | 161 | 61% | 1.8% | 2.2% | 3.7 | 3.4 | Aa2 |
| Segall Bryant | 90 | 35% | 1.9% | 3.2% | 4.3 | 3.8 | Aa3 |
| BarCap Interm GC | 5031 | -- | 1.7% | 2.5% | 4.3 | 3.9 | AA2/AA3 |

*Definition in Glossary

## Sector Comparison*



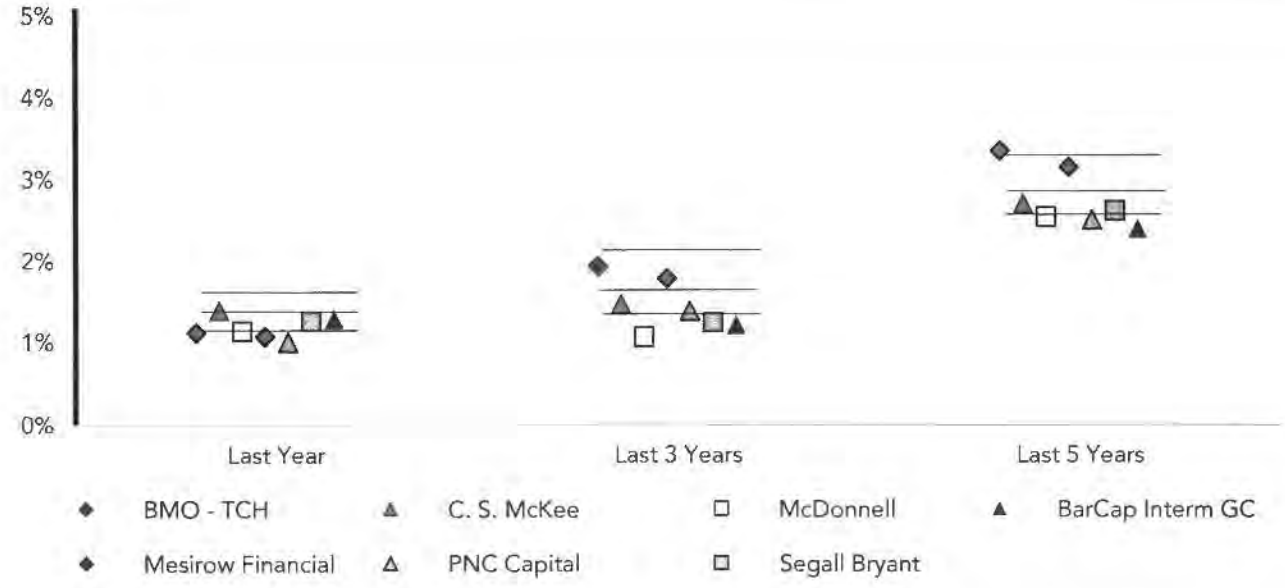

## Current Weights

| Firm | Treasury | Govt Related | Corporate | Agency MBS | Non-Agency MBS | ABS | CMBS | Cash | Other |
|---|---|---|---|---|---|---|---|---|---|
| BMO - TCH | 24% | 1% | 44% | 26% | 0% | 1% | 0% | 4% | 0% |
| C. S. McKee | 10% | 48% | 40% | 0% | 0% | 0% | 0% | 1% | 0% |
| McDonnell | 30% | 10% | 44% | 3% | 0% | 4% | 3% | 2% | 4% |
| Mesirow Financial | 32% | 1% | 49% | 9% | 0% | 1% | 3% | 0% | 5% |
| PNC Capital | 48% | 1% | 40% | 1% | 0% | 9% | 0% | 1% | 0% |
| Segall Bryant | 20% | 8% | 52% | 10% | 0% | 5% | 0% | 1% | 4% |
| BarCap Interm GC | 57% | 13% | 30% | 0% | 0% | 0% | 0% | 0% | 0% |

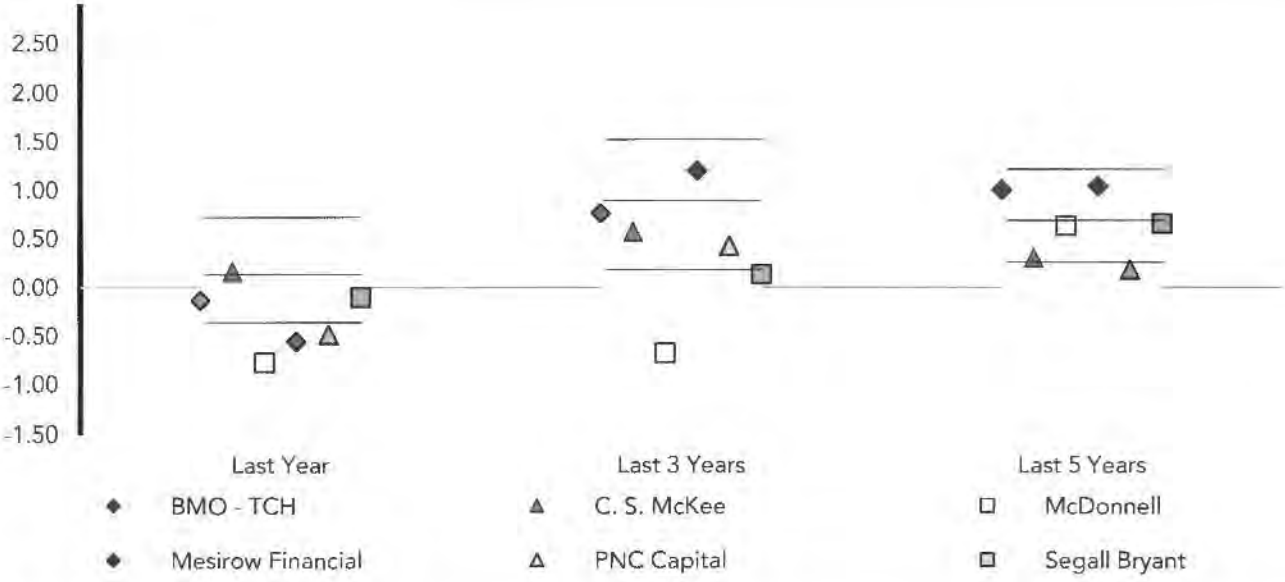
*See Glossary

## Manager Ranks

### Trailing Returns*




### Information Ratio*




### Ranks*

| Firm | Last Year Returns | Last Year Info Ratio | Last 3 Years Returns | Last 3 Years Info Ratio | Last 5 Years Returns | Last 5 Years Info Ratio |
|---|---|---|---|---|---|---|
| BMO - TCH | 73 | 72 | 30 | 44 | 22 | 27 |
| C. S. McKee | 51 | 52 | 54 | 58 | 56 | 46 |
| McDonnell | 72 | 92 | 88 | 93 | 73 | 52 |
| Mesirow Financial | 77 | 86 | 36 | 35 | 29 | 33 |
| PNC Capital | 81 | 81 | 70 | 65 | 76 | 77 |
| Segall Bryant | 58 | 64 | 78 | 77 | 69 | 50 |
| BarCap Interm GC | 55 | -- | 80 | -- | 81 | -- |

*See Glossary

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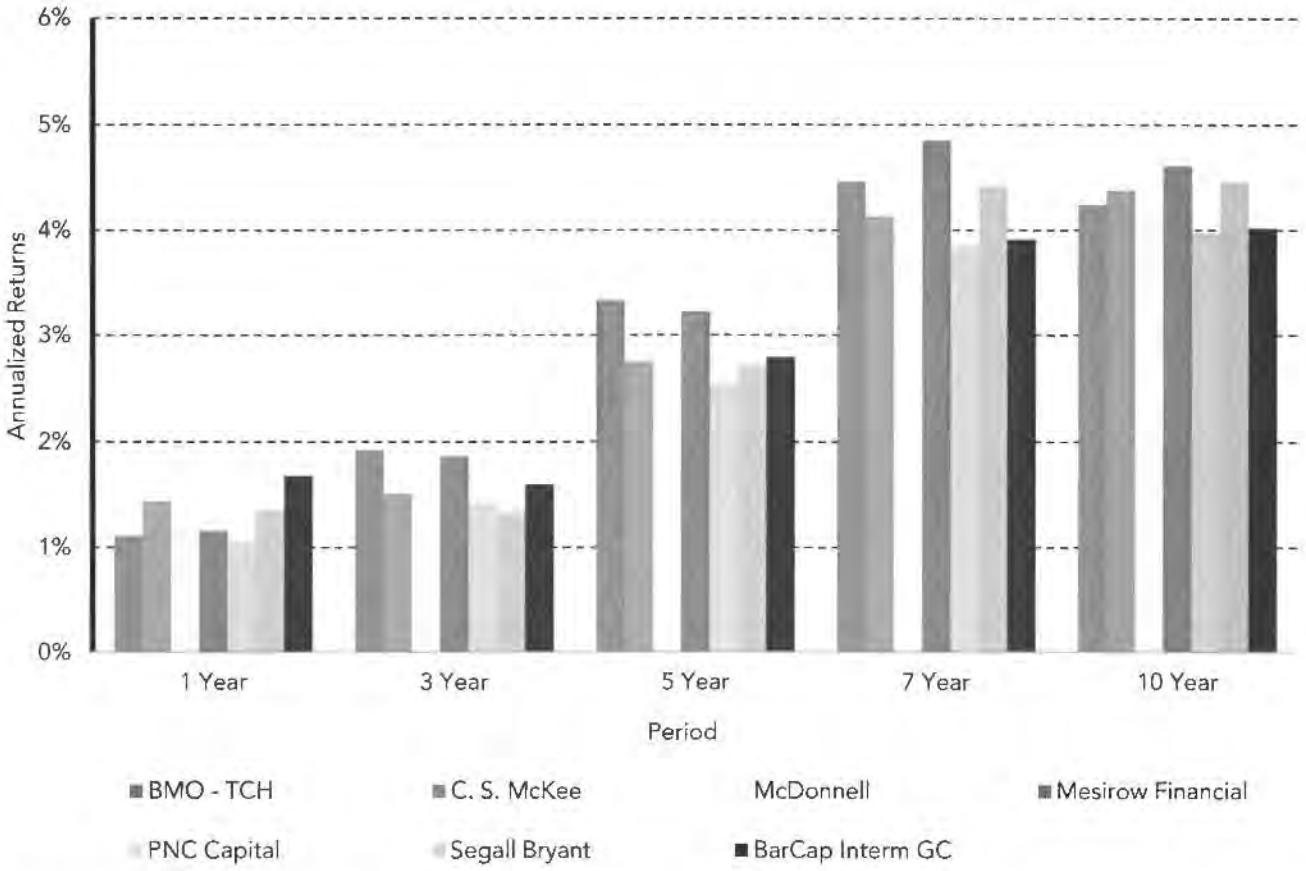
## Estimated Net of Fee Returns

### Estimated Trailing Net of Fee Performance (based on expense ratio)




### Estimated NOF Return Statistics

| | 3 Year | 5 Year | 7 Year | 10 Year |
|---|---|---|---|---|
| BMO - TCH | 1.93% | 3.33% | 4.46% | 4.24% |
| C. S. McKee | 1.51% | 2.75% | 4.13% | 4.38% |
| McDonnell | 1.19% | 2.67% | 4.32% | 4.25% |
| Mesirow Financial | 1.87% | 3.22% | 4.85% | 4.61% |
| PNC Capital | 1.43% | 2.55% | 3.85% | 3.98% |
| Segall Bryant | 1.33% | 2.71% | 4.42% | 4.46% |
| BarCap Interm GC | 1.60% | 2.79% | 3.91% | 4.02% |

*See Glossary; Yellow indicates outperformance relative to primary benchmark

## Fee Schedule and Expense Ratios

| Firm | Fee Schedule | Expense Ratio | Industry Avg. | Fee for $16,000,000 | Other Fees |
|---|---|---|---|---|---|
| BMO - TCH | 50 bps on the first $10 million<br>25 bps on the Balance | 0.41% | 0.30% | $65,000 | None |
| C. S. McKee | 35 bps on the first $25 million<br>30 bps on the next $25 million<br>25 bps on the next $50 million<br>20 bps on the Balance | 0.35% | 0.30% | $56,000 | None |
| McDonnell | 32 bps on the first $5 million<br>24 bps on the next $20 million<br>20 bps on the Balance | 0.27% | 0.30% | $42,400 | None |
| Mesirow Financial | 35 bps on the first $10 million<br>25 bps on the next $40 million<br>20 bps on the next $100 million<br>15 bps on the next $150 million<br>13 bps on the next $200 million | 0.31% | 0.30% | $50,000 | None |
| PNC Capital | 35 bps on the first $15 million<br>30 bps on the next $35 million<br>25 bps on the next $50 million<br>20 bps on the next $100 million<br>15 bps on the Balance | 0.35% | 0.30% | $55,500 | None |
| Segall Bryant | 30 bps on the first $50 million<br>25 bps on the next $50 million<br>20 bps on the Balance | 0.30% | 0.30% | $48,000 | None |

# Appendix

## Manager Correlations

### Five Year Manager Correlations*

| | BMO - TCH | C. S. McKee, L. P. | McDonnell | Mesirow Financial | PNC Capital | Segall Bryant | BarCap Interm GC |
|---|---|---|---|---|---|---|---|
| **BMO - TCH** | 1.00 | | | | | | |
| **C. S. McKee, L. P.** | 0.86 | 1.00 | | | | | |
| **McDonnell** | 0.93 | 0.90 | 1.00 | | | | |
| **Mesirow Financial** | 0.94 | 0.86 | 0.95 | 1.00 | | | |
| **PNC Capital** | 0.93 | 0.86 | 0.96 | 0.99 | 1.00 | | |
| **Segall Bryant** | 0.91 | 0.90 | 0.99 | 0.94 | 0.95 | 1.00 | |
| **BarCap Interm GC** | 0.92 | 0.89 | 1.00 | 0.95 | 0.96 | 0.99 | 1.00 |

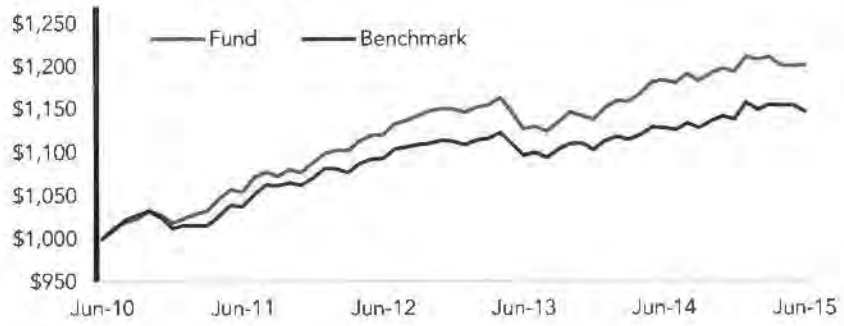
### Five Year Correlations with other Asset Classes*

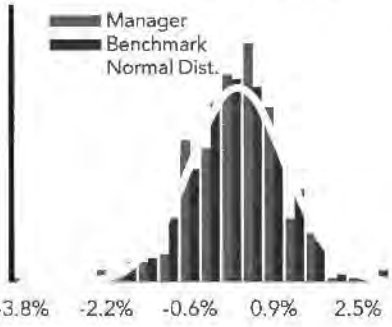
| | S&P 500 | Russell 2000 | MSCI EAFE | BarCap Agg | High Yield | CSFB Loan | HFR FoF | HFR Eq Hedge |
|---|---|---|---|---|---|---|---|---|
| **BMO - TCH** | 0.06 | 0.02 | 0.19 | 0.89 | 0.46 | 0.16 | 0.13 | 0.08 |
| **C. S. McKee, L. P.** | -0.09 | -0.17 | 0.04 | 0.87 | 0.26 | 0.00 | -0.04 | -0.12 |
| **McDonnell** | -0.09 | -0.14 | 0.07 | 0.96 | 0.31 | 0.03 | 0.01 | -0.07 |
| **Mesirow Financial** | 0.06 | 0.00 | 0.23 | 0.91 | 0.48 | 0.20 | 0.15 | 0.09 |
| **PNC Capital** | 0.02 | -0.04 | 0.20 | 0.91 | 0.47 | 0.20 | 0.14 | 0.07 |
| **Segall Bryant** | -0.17 | -0.22 | -0.01 | 0.97 | 0.25 | -0.01 | -0.05 | -0.14 |
| **BarCap Interm GC** | -0.10 | -0.14 | 0.06 | 0.95 | 0.31 | 0.02 | 0.00 | -0.07 |

*See Glossary

## BMO - TCH
## Intermediate Fixed Income

**June, 2015**
**Benchmark: BarCap Interm GC**




**Trailing Returns** *Inception Date Oct, 1992*

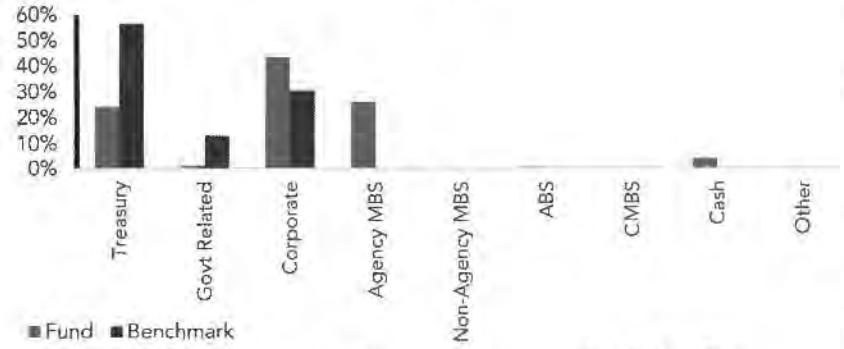
| | Qtr | Ytd | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Incept. |
|---|---|---|---|---|---|---|---|
| Fund | -0.8% | 0.7% | 1.5% | 2.3% | 3.7% | 4.6% | 5.8% |
| Benchmark | -0.6% | 0.8% | 1.7% | 1.6% | 2.8% | 4.0% | 5.2% |
| *Excess* | *-0.2%* | *-0.2%* | *-0.2%* | *0.7%* | *1.0%* | *0.6%* | *0.5%* |
| Rank | | | 73 | 30 | 22 | 33 | -- |

**Calendar Returns**

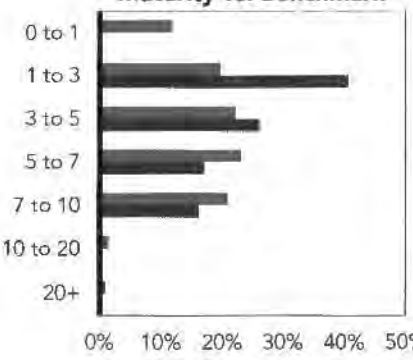
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| Fund | 4.9% | -1.0% | 5.6% | 6.8% | 6.5% | 10.7% | 1.4% |
| Benchmark | 3.1% | -0.9% | 3.9% | 5.8% | 5.9% | 5.2% | 5.1% |
| *Excess* | *1.7%* | *-0.2%* | *1.7%* | *1.0%* | *0.6%* | *5.4%* | *-3.6%* |

**Portfolio Characteristics**

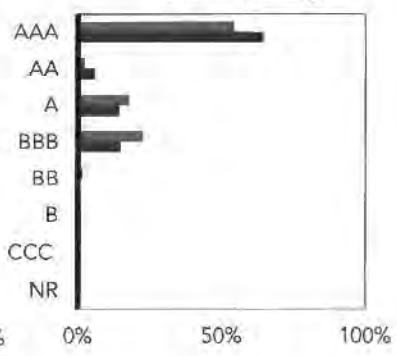
| | Fund | Benchmark |
|---|---|---|
| # of Holdings | 129 | 5031 |
| Avg YTW | 2.3% | 1.7% |
| Avg Coupon | 2.9% | 2.5% |
| Avg Maturity | 5.1 | 4.3 |
| Duration | 4.1 | 3.9 |




**Maturity vs. Benchmark**




**Credit Quality**




**Return Statistics**

| | Fund | | Benchmark | |
|---|---|---|---|---|
| | 5 Yr | Incept. | 5 Yr | Incept. |
| Mean | 3.8% | 5.8% | 2.8% | 5.3% |
| Stdev | 2.4% | 3.1% | 2.2% | 3.1% |
| Skew | -0.52 | -0.37 | -0.18 | -0.13 |
| Kurtosis | 0.21 | 3.20 | -0.26 | 0.81 |
| Alpha | 0.96% | 0.83% | 0.00 | 0.00 |
| Beta | 0.99 | 0.86 | 1.00 | 1.00 |

**Risk/Return**

| | 3 Yr | 5 Yr | 10 Yr |
|---|---|---|---|
| Sharpe Ratio | 0.93 | 1.53 | 1.13 |
| Information Ratio | 0.76 | 1.01 | 0.41 |
| Up Capture | 122% | 114% | 100% |
| Down Capture | 104% | 86% | 73% |

**Factor Analysis**

Alpha: -0.07% R2: 0.87

| Factor | Fund | Benchmark |
|---|---|---|
| Govt | 0.40 | 0.58 |
| MBS | 0.39 | 0.12 |
| High Yield | 0.19 | 0.15 |

**Fee Structure**

| Break Point | Amount |
|---|---|
| 50 bps on the first | $10 million |
| 25 bps on the Balance | |

**Other Fees**



MarquetteAssociates

## Current Team Key Employees

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Education |
|---|---|---|---|---|---|
| Tere Alvarez Canida | PM | 38 | 30 | 22 | MBA/CFA |
| Alan M. Habacht | PM | 47 | 28 | 22 | BA |
| William J. Canida | PM | 40 | 30 | 22 | MBA/CFA |
| Scott M. Kimball | PM | 12 | 8 | 8 | MBA/CFA |
| Daniela Mardarovici | PM | 15 | 3 | 3 | CFA |
| Janelle E. Woodward | Analyst | 14 | 8 | 8 | CFA |
| Ronald J. Salinas | Analyst | 15 | 11 | 11 | MBA/CFA |
| Tammy Li Tullis | Analyst | 20 | 11 | 11 | MBA |
| Eduardo J. Simpson | Analyst | 16 | 4 | 4 | MBA/CFA |
| Julie Kwock | Analyst | 9 | 9 | 9 | MBA |
| Baylor Lancaster-Samuel | Analyst | 16 | 2 | 2 | MBA |
| Adam M. Phillips | Other | 11 | 2 | 2 | BA |
| Frank J. Reda | Trader | 19 | 14 | 14 | MS/CMT |

## Former Professionals (2 Years)

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Year Departed |
|---|---|---|---|---|---|
| David M. Komberec | Analyst | 17 | 1 | 1 | 2015 |

## Product Turnover

| | 2011 | 2012 | 2013 | 2014 | YTD |
|---|---|---|---|---|---|
| # Gained | 1 | 1 | 8 | 13 | 0 |
| New Assets ($M) | $98 | $25 | $1,090 | $376 | $0 |
| % Product Gained | 0.3% | 0.1% | 0.7% | 0.2% | 0.0% |
| # Lost | 0 | 0 | 0 | 3 | 0 |
| Lost Assets ($M) | $0 | $0 | $0 | $54 | $0 |
| % Product Lost | 0.0% | 0.0% | 0.0% | 3.0% | 0.0% |

| Employee Turnover (5 Years) | |
|---|---|
| Hired | 5 |
| Terminated | 0 |
| Retired | 0 |
| Resigned | 2 |
| Total Firm Employees | 23 |

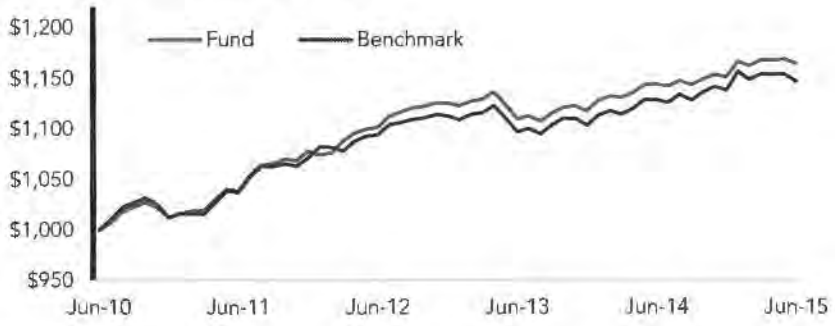
## Five Largest Clients

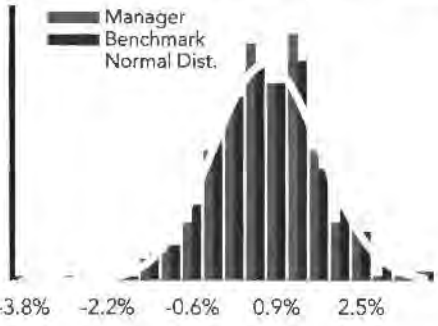
| Client Type | Assets ($M) | % of Assets |
|---|---|---|
| Public | $1,207.0 | 54.0% |
| Corporate | $122.0 | 5.0% |
| Mutual Fund | $118.0 | 5.0% |
| Public | $117.0 | 5.0% |
| Public | $110.0 | 5.0% |

| Client Averages ($M) | |
|---|---|
| Avg. Client Size | $93.0 |
| Smallest Client Size | $5.0 |

## C. S. McKee
## Intermediate Gov't Credit

**June, 2015**
**Benchmark: BarCap Interm GC**




**Trailing Returns** *Inception Date Jan, 1990*

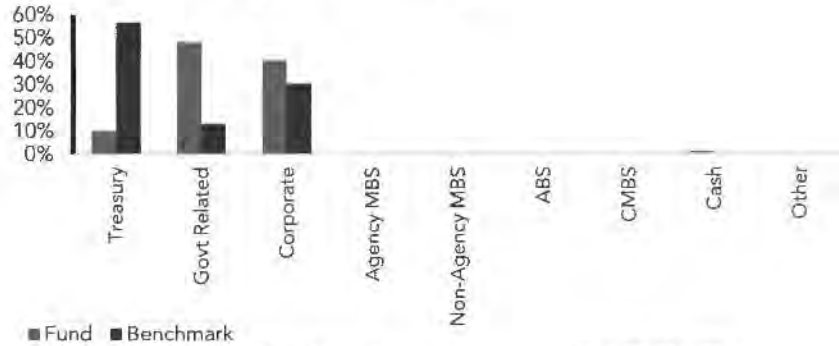
| | Qtr | Ytd | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Incept. |
|---|---|---|---|---|---|---|---|
| Fund | -0.3% | 1.2% | 1.8% | 1.9% | 3.1% | 4.7% | 6.2% |
| Benchmark | -0.6% | 0.8% | 1.7% | 1.6% | 2.8% | 4.0% | 5.9% |
| *Excess* | *0.3%* | *0.3%* | *0.1%* | *0.3%* | *0.3%* | *0.7%* | *0.3%* |
| Rank | | | 51 | 54 | 56 | 28 | -- |

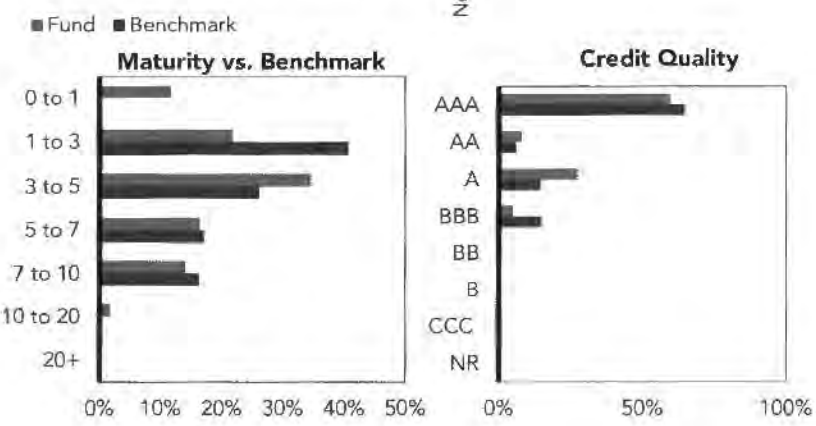
**Calendar Returns**

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| Fund | 3.0% | -0.7% | 4.4% | 6.5% | 6.1% | 7.9% | 6.2% |
| Benchmark | 3.1% | -0.9% | 3.9% | 5.8% | 5.9% | 5.2% | 5.1% |
| *Excess* | *-0.1%* | *0.2%* | *0.5%* | *0.7%* | *0.2%* | *2.6%* | *1.1%* |

**Portfolio Characteristics**

| | Fund | Benchmark |
|---|---|---|
| # of Holdings | 275 | 5031 |
| Avg YTW | 2.3% | 1.7% |
| Avg Coupon | 2.7% | 2.5% |
| Avg Maturity | 4.7 | 4.3 |
| Duration | 4.3 | 3.9 |







**Return Statistics**

| | Fund | | Benchmark | |
|---|---|---|---|---|
| | 5 Yr | Incept. | 5 Yr | Incept. |
| Mean | 3.1% | 6.2% | 2.8% | 5.3% |
| Stdev | 2.0% | 3.0% | 2.2% | 3.1% |
| Skew | -0.34 | -0.46 | -0.18 | -0.13 |
| Kurtosis | 0.27 | 1.82 | -0.26 | 0.81 |
| Alpha | 0.90% | 0.52% | 0.00 | 0.00 |
| Beta | 0.78 | 0.94 | 1.00 | 1.00 |

**Risk/Return**

| | 3 Yr | 5 Yr | 10 Yr |
|---|---|---|---|
| Sharpe Ratio | 0.99 | 1.56 | 1.31 |
| Information Ratio | 0.57 | 0.30 | 0.73 |
| Up Capture | 91% | 87% | 97% |
| Down Capture | 75% | 54% | 61% |

**Factor Analysis**

Alpha: 0.54% R2: 0.75

| Factor | Fund | Benchmark |
|---|---|---|
| Govt | 0.38 | 0.58 |
| MBS | 0.24 | 0.12 |
| High Yield | 0.10 | 0.15 |

**Fee Structure**

| Break Point | Amount |
|---|---|
| 35 bps on the first | $25 million |
| 30 bps on the next | $25 million |
| 25 bps on the next | $50 million |
| 20 bps on the Balance | |

**Other Fees**



MarquetteAssociates

## Current Team Key Employees

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Education |
|---|---|---|---|---|---|
| Gregory M. Melvin | EVP & Chief Comp Officer | 36 | 15 | 15 | MBA/CFA/CFP |
| Bryan R. Johanson | SVP, Portfolio Manager | 28 | 21 | 21 | MBA/CFA/CPA |
| Brian S. Allen | SVP, Portfolio Manager | 28 | 16 | 16 | MBA/CFA |
| Jack P. White | VP, Portfolio Manager | 18 | 18 | 18 | MBA/CFA |

## Former Professionals (2 Years)

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Year Departed |
|---|---|---|---|---|---|
| None | | | | | |

## Product Turnover

| | 2011 | 2012 | 2013 | 2014 | YTD |
|---|---|---|---|---|---|
| # Gained | 7 | 7 | 1 | 3 | 1 |
| New Assets ($M) | $98 | $227 | $3 | $85 | $16 |
| % Product Gained | 25.3% | 12.4% | 0.3% | 6.5% | 1.3% |
| # Lost | 3 | 2 | 1 | 3 | 0 |
| Lost Assets ($M) | $38 | $31 | $44 | $14 | $0 |
| % Product Lost | 0.0% | 3.5% | 4.3% | 1.1% | 0.0% |

| Employee Turnover (5 Years) | |
|---|---|
| Hired | 8 |
| Terminated | 1 |
| Retired | 9 |
| Resigned | 2 |
| Total Firm Employees | 35 |

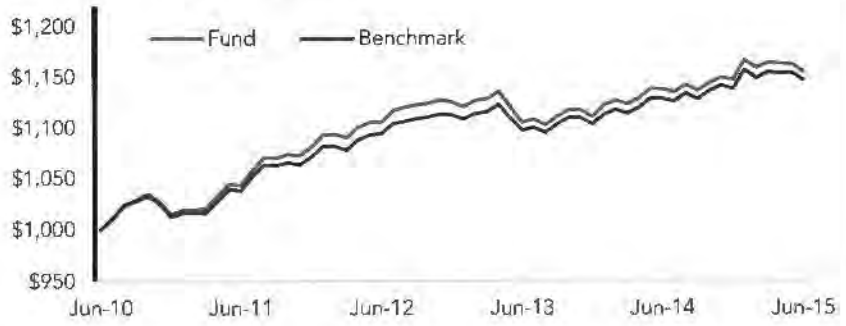
## Five Largest Clients

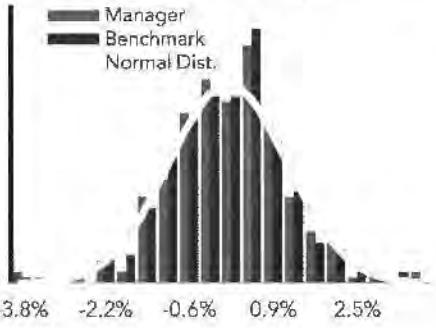
| Client Type | Assets ($M) | % of Assets |
|---|---|---|
| Endowment | $176.2 | 14.0% |
| Insurance | $114.8 | 9.1% |
| Corporate | $76.6 | 6.1% |
| Public | $61.1 | 4.8% |
| Public | $52.7 | 4.2% |

| Client Averages ($M) | |
|---|---|
| Avg. Client Size | $22.2 |
| Smallest Client Size | $0.02 |

## McDonnell
## Intermediate Gov't/Credit

**June, 2015**
**Benchmark: BarCap Interm GC**




**Trailing Returns** *Inception Date Jan, 1995*

| | Qtr | Ytd | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Incept. |
|---|---|---|---|---|---|---|---|
| Fund | -0.7% | 0.7% | 1.5% | 1.5% | 2.9% | 4.5% | 5.8% |
| Benchmark | -0.6% | 0.8% | 1.7% | 1.6% | 2.8% | 4.0% | 5.5% |
| *Excess* | *-0.1%* | *-0.1%* | *-0.1%* | *-0.1%* | *0.1%* | *0.5%* | *0.3%* |
| Rank | | | 72 | 88 | 73 | 44 | -- |

**Calendar Returns**

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| Fund | 3.2% | -1.3% | 4.1% | 6.5% | 6.5% | 8.7% | 5.5% |
| Benchmark | 3.1% | -0.9% | 3.9% | 5.8% | 5.9% | 5.2% | 5.1% |
| *Excess* | *0.1%* | *-0.4%* | *0.2%* | *0.7%* | *0.6%* | *3.5%* | *0.4%* |

**Return Statistics**

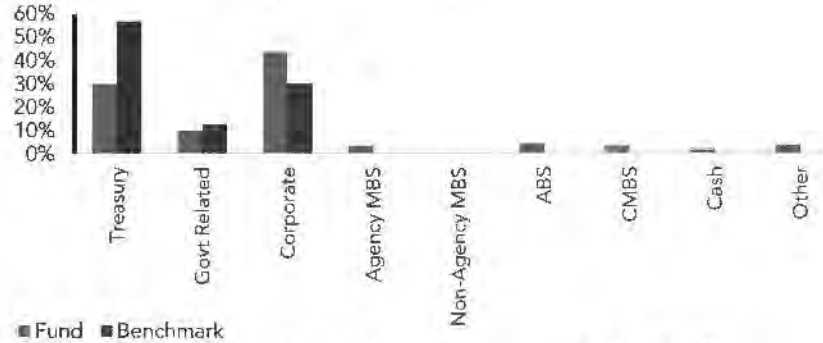
| | Fund | | Benchmark | |
|---|---|---|---|---|
| | 5 Yr | Incept. | 5 Yr | Incept. |
| Mean | 3.0% | 5.8% | 2.8% | 5.6% |
| Stdev | 2.3% | 3.1% | 2.2% | 3.1% |
| Skew | -0.26 | -0.15 | -0.18 | -0.12 |
| Kurtosis | -0.02 | 1.47 | -0.26 | 1.04 |
| Alpha | 0.07% | 0.26% | 0.00 | 0.00 |
| Beta | 1.03 | 1.00 | 1.00 | 1.00 |

**Portfolio Characteristics**

| | Fund | Benchmark |
|---|---|---|
| # of Holdings | 525 | 5031 |
| Avg YTW | 1.8% | 1.7% |
| Avg Coupon | 2.7% | 2.5% |
| Avg Maturity | 4.2 | 4.3 |
| Duration | 3.8 | 3.9 |

**Risk/Return**

| | 3 Yr | 5 Yr | 10 Yr |
|---|---|---|---|
| Sharpe Ratio | 0.64 | 1.25 | 1.05 |
| Information Ratio | -0.68 | 0.63 | 0.75 |
| Up Capture | 100% | 102% | 107% |
| Down Capture | 106% | 98% | 98% |

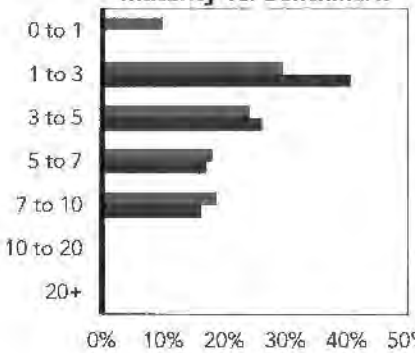



**Factor Analysis**

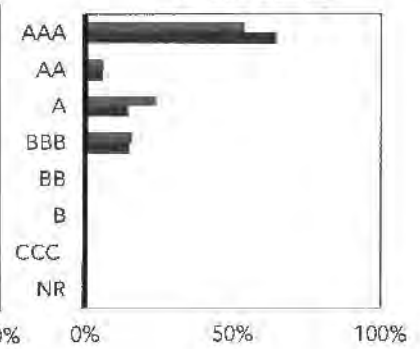
Alpha: -0.38% R2: 0.93

| Factor | Fund | Benchmark |
|---|---|---|
| Govt | 0.57 | 0.58 |
| MBS | 0.17 | 0.12 |
| High Yield | 0.15 | 0.15 |

**Maturity vs. Benchmark**




**Credit Quality**




**Fee Structure**

| Break Point | Amount |
|---|---|
| 32 bps on the first | $5 million |
| 24 bps on the next | $20 million |
| 20 bps on the Balance | |

**Other Fees**



MarquetteAssociates

## Current Team Key Employees

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Education |
|---|---|---|---|---|---|
| Mark Giura | Other | 26 | 26 | 26 | M.B.A./CPA |
| Steve Wlodarski | Other | 34 | 21 | 21 | M.B.A./CFA |
| Dirck Davis | PM | 25 | 23 | 23 | M.B.A. |
| Thomas O'Connell | PM | 31 | 9 | 9 | M.S. |
| Dominic Pappalardo | PM | 14 | 14 | 13 | M.B.A. |
| Robert Romanik | PM | 18 | 7 | 7 | B.S. |
| Mark Muskievicz | PM/Analyst | 9 | 9 | 9 | B.S. |
| James Butler, CFA, CPA | Analyst | 35 | 12 | 12 | M.A./CFA/CPA |
| Dana D'Andre, CFA | Analyst | 13 | 8 | 8 | B.B.A./CFA |
| Robert Shaw | Analyst | 8 | 7 | 1 | B.S. |

## Former Professionals (2 Years)

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Year Departed |
|---|---|---|---|---|---|
| Richard Ciccarone | Other | 36 | 23 | 23 | 2013 |

## Product Turnover

| | 2011 | 2012 | 2013 | 2014 | YTD |
|---|---|---|---|---|---|
| # Gained | 3 | 4 | 6 | 4 | 2 |
| New Assets ($M) | $114 | $169 | $21 | $10 | $18 |
| % Product Gained | 13.2% | 17.8% | 1.4% | 0.6% | 1.0% |
| # Lost | 1 | 1 | 4 | 2 | 0 |
| Lost Assets ($M) | $2 | $5 | $33 | $43 | $0 |
| % Product Lost | 0.2% | 0.5% | 2.1% | 2.5% | 0.0% |

| Employee Turnover (5 Years) | |
|---|---|
| Hired | 15 |
| Terminated | 0 |
| Retired | 5 |
| Resigned | 40 |
| Total Firm Employees | 61 |

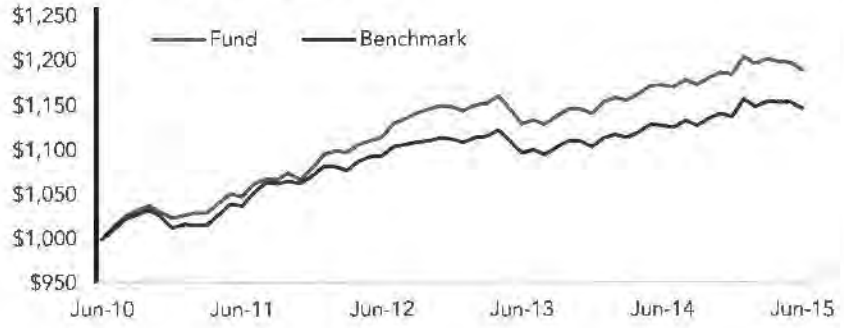
## Five Largest Clients

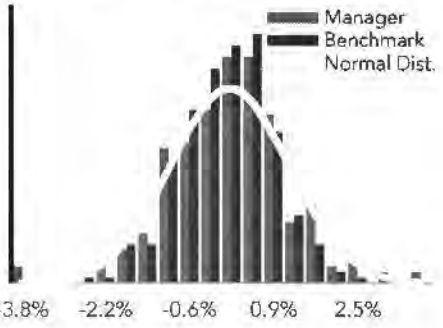
| Client Type | Assets ($M) | % of Assets |
|---|---|---|
| Insurance | $235.4 | 13.1% |
| Public Fund | $167.1 | 9.3% |
| Insurance | $154.9 | 8.6% |
| Insurance | $122.8 | 6.8% |
| Insurance | $109.6 | 6.1% |

| Client Averages ($M) | |
|---|---|
| Avg. Client Size | $20.0 |
| Smallest Client Size | $0.1 |

## Mesirow Financial
## Intermediate Gov't/Credit

**June, 2015**
**Benchmark: BarCap Interm GC**




**Trailing Returns** *Inception Date Jan, 1995*

| | Qtr | Ytd | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Incept. |
|---|---|---|---|---|---|---|---|
| Fund | -1.0% | 0.4% | 1.5% | 2.2% | 3.5% | 4.9% | 6.4% |
| Benchmark | -0.6% | 0.8% | 1.7% | 1.6% | 2.8% | 4.0% | 5.5% |
| *Excess* | *-0.4%* | *-0.4%* | *-0.2%* | *0.6%* | *0.7%* | *0.9%* | *0.9%* |
| Rank | | | 77 | 36 | 29 | 19 | -- |

**Calendar Returns**

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| Fund | 3.8% | -0.7% | 6.4% | 5.5% | 7.4% | 14.7% | 1.6% |
| Benchmark | 3.1% | -0.9% | 3.9% | 5.8% | 5.9% | 5.2% | 5.1% |
| *Excess* | *0.7%* | *0.2%* | *2.5%* | *-0.3%* | *1.5%* | *9.4%* | *-3.5%* |

**Return Statistics**

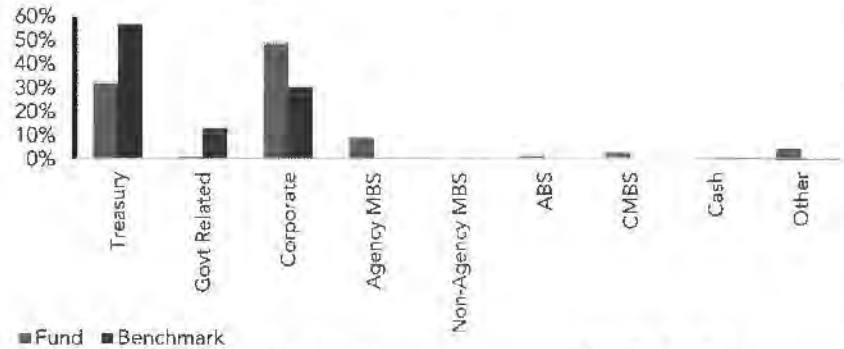
| | Fund | | Benchmark | |
|---|---|---|---|---|
| | 5 Yr | Incept. | 5 Yr | Incept. |
| Mean | 3.6% | 6.5% | 2.8% | 5.6% |
| Stdev | 2.3% | 3.6% | 2.2% | 3.1% |
| Skew | -0.27 | -0.30 | -0.18 | -0.12 |
| Kurtosis | -0.11 | 1.67 | -0.26 | 1.04 |
| Alpha | 0.80% | 0.56% | 0.00 | 0.00 |
| Beta | 0.97 | 1.10 | 1.00 | 1.00 |

**Portfolio Characteristics**

| | Fund | Benchmark |
|---|---|---|
| # of Holdings | 169 | 5031 |
| Avg YTW | 2.0% | 1.7% |
| Avg Coupon | 3.3% | 2.5% |
| Avg Maturity | 4.8 | 4.3 |
| Duration | 3.9 | 3.9 |

**Risk/Return**

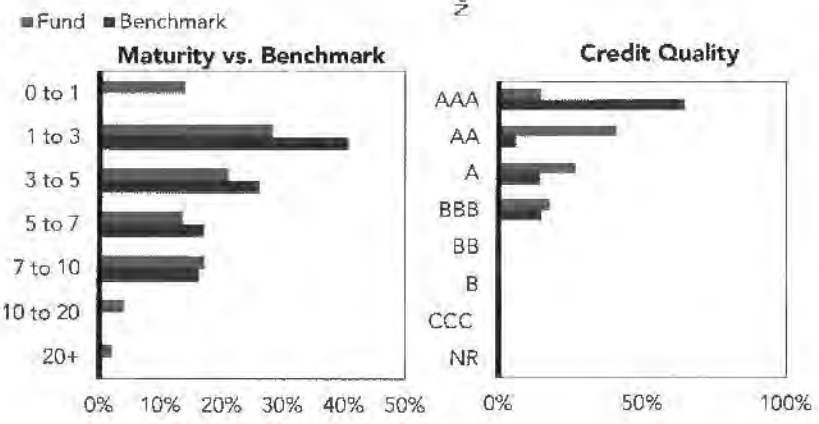
| | 3 Yr | 5 Yr | 10 Yr |
|---|---|---|---|
| Sharpe Ratio | 0.95 | 1.52 | 1.09 |
| Information Ratio | 1.20 | 1.04 | 0.54 |
| Up Capture | 113% | 110% | 112% |
| Down Capture | 96% | 86% | 92% |




**Factor Analysis**

Alpha: -0.06% R2: 0.89

| Factor | Fund | Benchmark |
|---|---|---|
| Govt | 0.52 | 0.58 |
| MBS | 0.13 | 0.12 |
| High Yield | 0.21 | 0.15 |




**Fee Structure**

| Break Point | Amount |
|---|---|
| 35 bps on the first | $10 million |
| 25 bps on the next | $40 million |
| 20 bps on the next | $100 million |
| 15 bps on the next | $150 million |
| 13 bps on the next | $200 million |
| 10 bps on the Balance | |

**Other Fees**



MarquetteAssociates

## Current Team Key Employees

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Education |
|---|---|---|---|---|---|
| Steven Luetger | PM | 39 | 10 | 27.5 | MBA |
| Mark Newlin | PM | 30.5 | 10 | 18.5 | MBA |
| Peter Hegel | PM | 33.5 | 10 | 10.5 | MBA |
| Mike Coutre | Analyst | 21.5 | 10 | 9.5 | MBA |
| Anne Tremmel | Analyst | 26.4 | 9.5 | 9 | BS |
| Ryan Johnson | PM/Analyst | 14.5 | 10 | 11.5 | MBA |
| Luke Lau | Trader | 16 | 0.5 | 0.5 | MBA |

## Former Professionals (2 Years)

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Year Departed |
|---|---|---|---|---|---|
| Todd Mick | Trader | 20 | 9.5 | 16 | 2014 |

## Product Turnover

| | 2011 | 2012 | 2013 | 2014 | YTD |
|---|---|---|---|---|---|
| # Gained | 2 | 3 | 27 | 10 | 1 |
| New Assets ($M) | $5 | $41 | $558 | $96 | $19 |
| % Product Gained | 1.7% | 12.2% | 44.3% | 9.5% | 1.8% |
| # Lost | 0 | 0 | 0 | 0 | 1 |
| Lost Assets ($M) | $0 | $0 | $0 | $0 | $11 |
| % Product Lost | 0.0% | 0.0% | 0.0% | 0.0% | 1.0% |

| Employee Turnover (5 Years) | |
|---|---|
| Hired | 74 |
| Terminated | 51 |
| Retired | 3 |
| Resigned | 33 |
| Total Firm Employees | 161 |

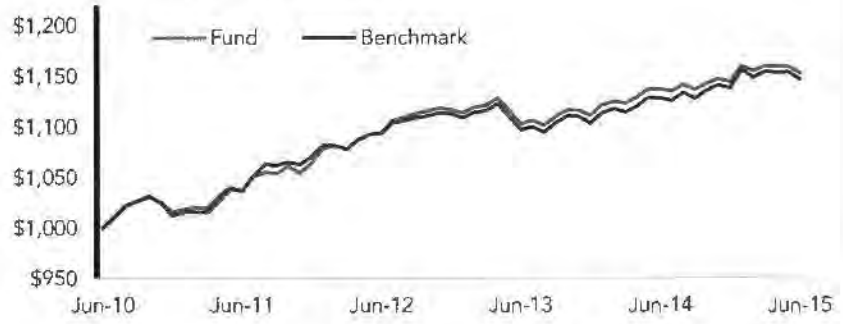
## Five Largest Clients

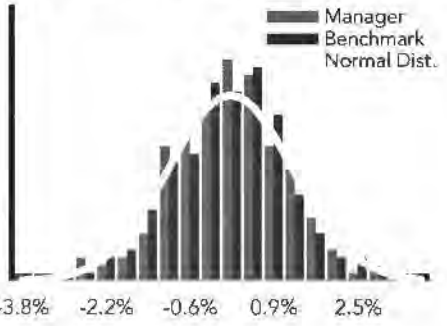
| Client Type | Assets ($M) | % of Assets |
|---|---|---|
| Public Fund | $169.6 | 16.9% |
| Public Fund | $134.3 | 13.4% |
| Public Fund | $93.6 | 9.3% |
| Endowment | $59.7 | 6.0% |
| Public Fund | $43.6 | 4.3% |

| Client Averages ($M) | |
|---|---|
| Avg. Client Size | $14.7 |
| Smallest Client Size | $1.0 |

## PNC Capital
## Intermediate Gov't/Credit

**June, 2015**
**Benchmark: BarCap Interm GC**




**Trailing Returns** *Inception Date Jan, 2001*

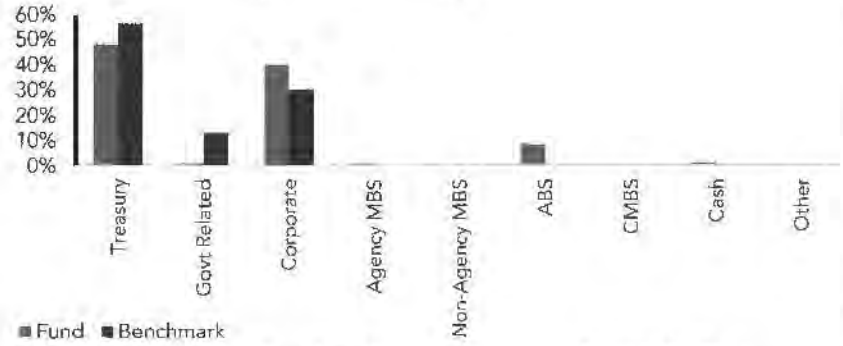
| | Qtr | Ytd | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Incept. |
|---|---|---|---|---|---|---|---|
| Fund | -0.6% | 0.8% | 1.4% | 1.8% | 2.9% | 4.3% | 5.0% |
| Benchmark | -0.6% | 0.8% | 1.7% | 1.6% | 2.8% | 4.0% | 4.7% |
| *Excess* | *0.1%* | *-0.1%* | *-0.3%* | *0.2%* | *0.1%* | *0.3%* | *0.3%* |
| Rank | | | 81 | 70 | 76 | 68 | -- |

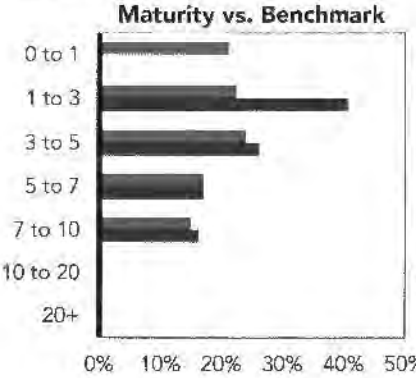
**Calendar Returns**

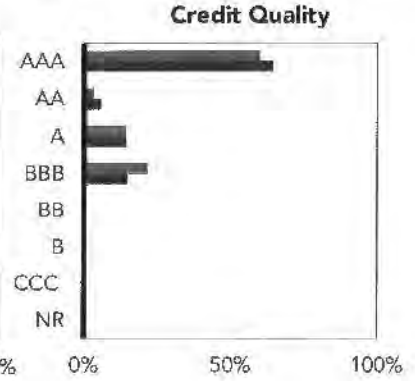
| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| Fund | 3.0% | -0.5% | 4.9% | 4.8% | 6.2% | 7.7% | 4.9% |
| Benchmark | 3.1% | -0.9% | 3.9% | 5.8% | 5.9% | 5.2% | 5.1% |
| *Excess* | *-0.2%* | *0.3%* | *1.0%* | *-1.0%* | *0.3%* | *2.4%* | *-0.2%* |

**Portfolio Characteristics**

| | Fund | Benchmark |
|---|---|---|
| # of Holdings | 161 | 5031 |
| Avg YTW | 1.8% | 1.7% |
| Avg Coupon | 2.2% | 2.5% |
| Avg Maturity | 3.7 | 4.3 |
| Duration | 3.4 | 3.9 |




**Return Statistics**

| | Fund | | Benchmark | |
|---|---|---|---|---|
| | 5 Yr | Incept. | 5 Yr | Incept. |
| Mean | 2.9% | 5.0% | 2.8% | 4.7% |
| Stdev | 2.1% | 3.1% | 2.2% | 3.1% |
| Skew | -0.15 | -0.23 | -0.18 | -0.17 |
| Kurtosis | -0.23 | 1.18 | -0.26 | 1.19 |
| Alpha | 0.38% | 0.41% | 0.00 | 0.00 |
| Beta | 0.90 | 0.95 | 1.00 | 1.00 |

**Risk/Return**

| | 3 Yr | 5 Yr | 10 Yr |
|---|---|---|---|
| Sharpe Ratio | 0.91 | 1.37 | 1.10 |
| Information Ratio | 0.43 | 0.18 | 0.46 |
| Up Capture | 94% | 96% | 99% |
| Down Capture | 83% | 85% | 83% |

**Factor Analysis**

Alpha: -0.33% R2: 0.90

| Factor | Fund | Benchmark |
|---|---|---|
| Govt | 0.50 | 0.58 |
| MBS | 0.08 | 0.12 |
| High Yield | 0.19 | 0.15 |

**Fee Structure**

| Break Point | Amount |
|---|---|
| 35 bps on the first | $15 million |
| 30 bps on the next | $35 million |
| 25 bps on the next | $50 million |
| 20 bps on the next | $100 million |
| 15 bps on the Balance | |

**Other Fees**



MarquetteAssociates

## Current Team Key Employees

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Education |
|---|---|---|---|---|---|
| Sean Rhoderick | PM | 21 | 10 | 10 | BBA/CFA |
| Adam Hynes | PM | 12 | 10 | 10 | MS/CFA |
| Mark Lozina | PM | 19 | 13 | 13 | MBA/CFA |
| Cynthia Cole | PM | 30 | 16 | 15 | MBA |
| Tim Compan | PM | 15 | 12 | 12 | MBA/CFA |
| Ken Karwowski | PM | 29 | 9 | 9 | BS/CFA |
| Kelly Peel | PM | 17 | 14 | 14 | MBA/CFA |
| Patrick Azouri | PM | 16 | 9 | 9 | MBA/CFA |
| Keith Erwin | PM | 18 | 17 | 17 | MA |
| Richard Stevenson | PM | 19 | 13 | 13 | MBA |
| Richard Mears | PM | 18 | 11 | 11 | MBA/CFA |
| Melvin Fernandes | PM | 17 | 14 | 14 | MBA |
| Joseph Robison | Analyst | 27 | 14 | 14 | MBA |

## Former Professionals (2 Years)

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Year Departed |
|---|---|---|---|---|---|
| Andrew Harding | PM | 34 | 14 | 14 | 2015 |
| Lijun Shi | Analyst | 8 | 8 | 8 | 2014 |
| Michael Shires | Analyst | 8 | 8 | 8 | 2014 |
| Donna Ennis | Analyst | 24 | 6 | 6 | 2014 |
| Josh Kakel | PM | 14 | 14 | 14 | 2014 |
| Khoa Minh Huynh | Analyst | 0 | 0 | 0 | 2014 |

## Product Turnover

| | 2011 | 2012 | 2013 | 2014 | YTD |
|---|---|---|---|---|---|
| # Gained | 4 | 2 | 2 | 2 | 0 |
| New Assets ($M) | $187 | $34 | $20 | $21 | $0 |
| % Product Gained | 10.4% | 1.4% | 0.9% | 0.9% | 0.0% |
| # Lost | 5 | 9 | 6 | 8 | 6 |
| Lost Assets ($M) | $47 | $241 | $42 | $65 | $113 |
| % Product Lost | 2.6% | 10.2% | 1.8% | 2.8% | 4.7% |

| Employee Turnover (5 Years) | |
|---|---|
| Hired | 14 |
| Terminated | 0 |
| Retired | 1 |
| Resigned | 18 |
| Total Firm Employees | 249 |

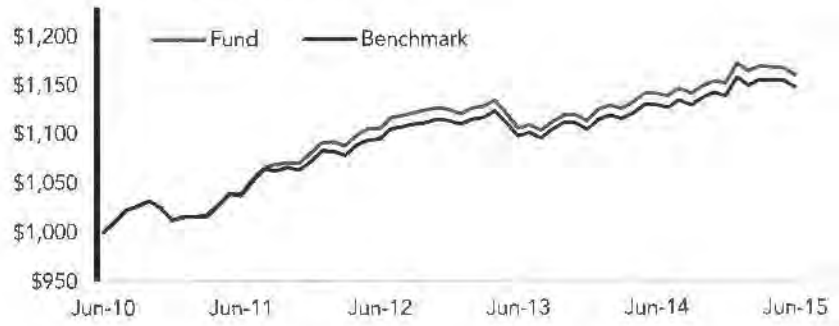
## Five Largest Clients

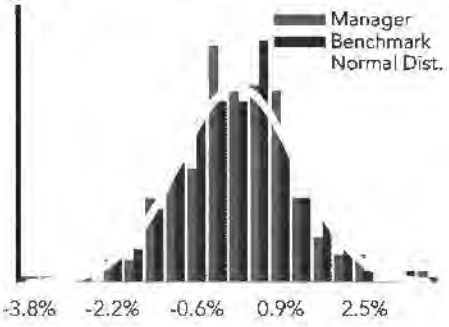
| Client Type | Assets ($M) | % of Assets |
|---|---|---|
| Mutual Fund | $327.7 | 14.2% |
| Corporate | $226.5 | 9.8% |
| Corporate | $188.7 | 8.2% |
| HNW | $152.9 | 6.6% |
| Healthcare | $135.9 | 5.9% |

| Client Averages ($M) | |
|---|---|
| Avg. Client Size | $23.4 |
| Smallest Client Size | $0.5 |

## Segall Bryant
## Intermediate Fixed Income

**June, 2015**
**Benchmark: BarCap Interm GC**




**Trailing Returns** *Inception Date Jan, 1995*

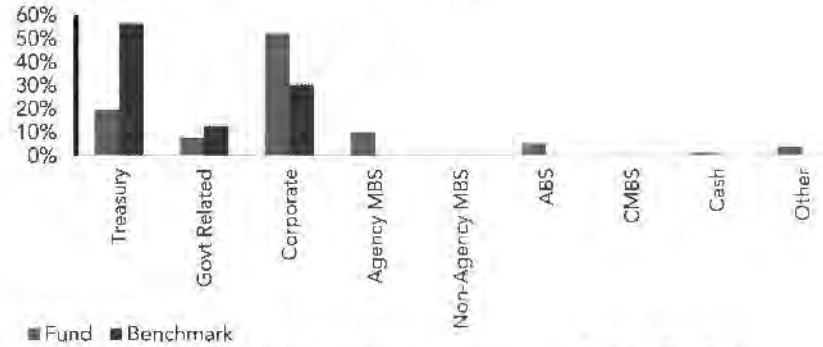
| | Qtr | Ytd | 1 Yr | 3 Yr | 5 Yr | 10 Yr | Incept. |
|---|---|---|---|---|---|---|---|
| Fund | -0.8% | 0.7% | 1.7% | 1.6% | 3.0% | 4.8% | 6.0% |
| Benchmark | -0.6% | 0.8% | 1.7% | 1.6% | 2.8% | 4.0% | 5.5% |
| *Excess* | *-0.1%* | *-0.1%* | *0.0%* | *0.0%* | *0.2%* | *0.7%* | *0.5%* |
| Rank | | | 58 | 78 | 69 | 28 | -- |

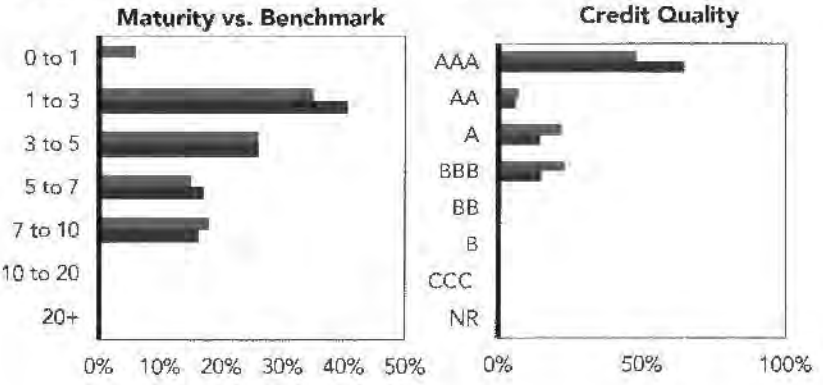
**Calendar Returns**

| | 2014 | 2013 | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|---|---|
| Fund | 3.5% | -1.1% | 4.1% | 6.7% | 6.3% | 7.9% | 7.2% |
| Benchmark | 3.1% | -0.9% | 3.9% | 5.8% | 5.9% | 5.2% | 5.1% |
| *Excess* | *0.4%* | *-0.2%* | *0.2%* | *0.9%* | *0.4%* | *2.7%* | *2.1%* |

**Portfolio Characteristics**

| | Fund | Benchmark |
|---|---|---|
| # of Holdings | 90 | 5031 |
| Avg YTW | 1.9% | 1.7% |
| Avg Coupon | 3.2% | 2.5% |
| Avg Maturity | 4.3 | 4.3 |
| Duration | 3.8 | 3.9 |







**Return Statistics**

| | Fund | | Benchmark | |
|---|---|---|---|---|
| | 5 Yr | Incept. | 5 Yr | Incept. |
| Mean | 3.0% | 6.1% | 2.8% | 5.6% |
| Stdev | 2.3% | 3.1% | 2.2% | 3.1% |
| Skew | -0.27 | -0.12 | -0.18 | -0.12 |
| Kurtosis | 0.09 | 1.15 | -0.26 | 1.04 |
| Alpha | 0.19% | 0.55% | 0.00 | 0.00 |
| Beta | 1.01 | 0.98 | 1.00 | 1.00 |

**Risk/Return**

| | 3 Yr | 5 Yr | 10 Yr |
|---|---|---|---|
| Sharpe Ratio | 0.73 | 1.30 | 1.17 |
| Information Ratio | 0.13 | 0.66 | 1.19 |
| Up Capture | 100% | 100% | 107% |
| Down Capture | 99% | 90% | 86% |

**Factor Analysis**

Alpha: -0.11% R2: 0.94

| Factor | Fund | Benchmark |
|---|---|---|
| Govt | 0.61 | 0.58 |
| MBS | 0.13 | 0.12 |
| High Yield | 0.13 | 0.15 |

**Fee Structure**

| Break Point | Amount |
|---|---|
| 30 bps on the first | $50 million |
| 25 bps on the next | $50 million |
| 20 bps on the Balance | |

**Other Fees**



MarquetteAssociates

## Current Team Key Employees

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Education |
|---|---|---|---|---|---|
| Greg Hosbein, CFA | PM/Analyst | 29 | 18 | 18 | MBA, CFA |
| Jim Dadura, CFA | PM/Analyst | 20 | 16 | 16 | MBA, CFA |
| Carolyn Moriarty, CFA | Analyst | 22 | 10 | 10 | BS, CFA |
| Maergrethe Haines, CFA | Analyst | 7 | 5 | 5 | BS, CFA |
| Michael Diehl, CFA | Analyst | 13 | 3 | 3 | BS, CFA |
| Nick Detchev, CFA | Analyst | 5 | 3 | 3 | BS, CFA |

## Former Professionals (2 Years)

| Name | Role on Product | Years Experience | Years with Firm | Years on Product | Year Departed |
|---|---|---|---|---|---|
| None | | | | | |

## Product Turnover

| | 2011 | 2012 | 2013 | 2014 | YTD |
|---|---|---|---|---|---|
| # Gained | 26 | 11 | 11 | 3 | 10 |
| New Assets ($M) | $145 | $223 | $20 | $65 | $39 |
| % Product Gained | 10.0% | 13.1% | 1.0% | 3.1% | 2.0% |
| # Lost | 5 | 6 | 9 | 24 | 9 |
| Lost Assets ($M) | $9 | $7 | $23 | $77 | $70 |
| % Product Lost | 0.6% | 0.4% | 1.2% | 3.6% | 3.5% |

| Employee Turnover (5 Years) | |
|---|---|
| Hired | 35 |
| Terminated | 0 |
| Retired | 3 |
| Resigned | 18 |
| Total Firm Employees | 70 |

## Five Largest Clients

| Client Type | Assets ($M) | % of Assets |
|---|---|---|
| Public | $234.0 | 12.2% |
| Union | $89.0 | 4.6% |
| Corporate | $88.0 | 4.6% |
| Union | $75.0 | 3.9% |
| Corporate | $69.0 | 3.6% |

| Client Averages ($M) | |
|---|---|
| Avg. Client Size | $4.5 |
| Smallest Client Size | $1.0 |

## Other Manager Notes

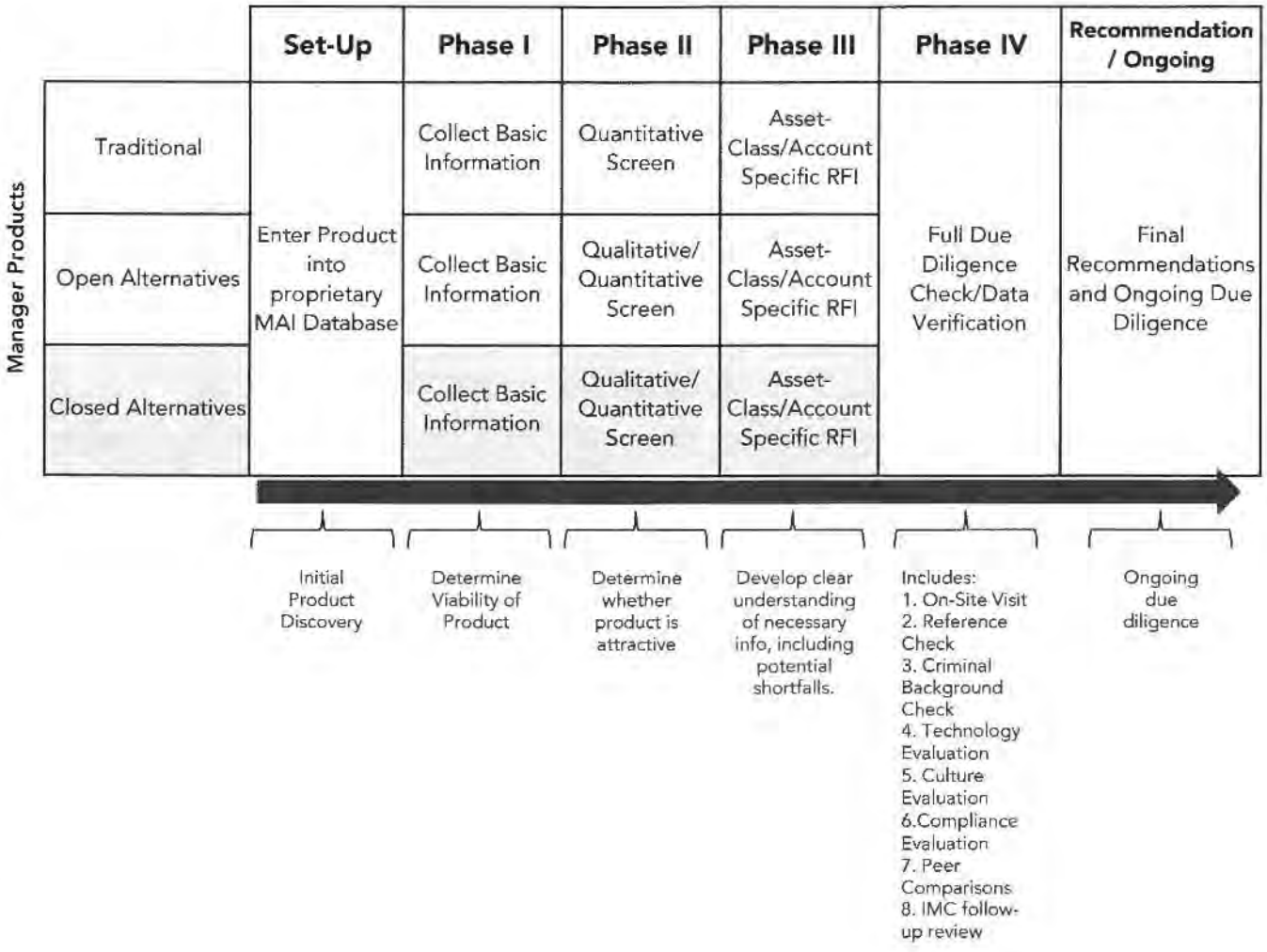
### Notes on % Owned by Other

| Firm Name | Notes |
|---|---|
| BMO - TCH | Parent company is BMO Asset Management Corp. |
| C. S. McKee | 10.2 represents (in combination ) charitable trusts, UTMA's and a family trust established and controlled by three, full-time employees Firms ownership # of people does not match Full Time Employees due to the additon of Family Trusts. |
| McDonnell | McDonnell is a wholly owned subsidiary of Natixis Global Asset Management, L.P. |
| Mesirow Financial | 7% is owned by eight non-employee stockholders (individuals with a prior or current business relationship with the Company). |
| PNC Capital | Corporate Parent: PNC Bank N.A. |
| Segall Bryant | SBH is 55% owned by Thoma Bravo. |

## Phase Process Overview

### Marquette Manager Search Phase Process

**Bottom-up Evaluation Process:** To vet investment ideas, we use a bottom-up process. As an idea passes through multiple evaluation phases, the idea is provided with additional resources (i.e. time, attention, and money) and will be placed at a higher level of scrutiny. While the traditional and alternative research efforts utilize the same general approach, there are differences due to the specifics of each asset class. There is a product Set-Up and five levels of due diligence. Phase I and Phase II are the initial evaluation phases, Phase III is the documentation phase, Phase IV is the validation phase, and the last phase is the final recommendation and on-going due diligence. During every stage of the process, the lead analyst presents information at the weekly Investment Manager Search Committee ("IMC") meetings. The lead analyst or the IMC may "fail" an idea at any step in the process. In order to pass Phase III and IV, an idea must receive unanimous support from the IMC. Note: Managers included in Marquette searches may not be fully through all five phases of the evaluation process at the time the search is published.



**Global Investment Performance Standards ® (GIPS)** is a set of standards developed by the CFA Institute to provide a common methodology of calculating and presenting historical performance. These standards provide uniformity for comparing investment returns and ensure accurate, accountant verified data.

**GIPS Soft Dollar Standards** is a voluntary set of standards developed by the CFA Institute that managers may choose to comply with in relation to their firm's soft dollar trading practices. The standards are primarily made up of four ethical principles applying to seven major areas of firm practice. They were developed to give guidance to managers for ethical practices in the use and application of soft dollar client brokerage.

**Alpha** measures nonsystematic return, or the return of the manager that cannot be attributed to the market. It can be thought of as how the manager performed if the market has no gain or loss. Marquette calculates alpha as the annualized y-intercept of the best fit line based on the ordinary least squares regression, using the market's monthly return less the risk-free rate as the independent variable and the manager's monthly return less the risk-free rate as the dependent variable. Marquette uses the one month T-Bill returns as the risk-free rate.

**Average Coupon** is the arithmetic average of the coupon rates of all of the bonds in a portfolio. The Coupon Rate of a bond is the interest the bond issuer agrees to pay annually.

**Average Time to Maturity** is the arithmetic average of the maturities of all of the bonds in a portfolio. The Time to Maturity of a bond is the number of years remaining prior to final principal payment.

**Average Yield to Worst** is the arithmetic average of yield to worst of all of the bonds in a portfolio. The Yield to Worst of a bond is the lowest possible yield of a bond, represented by the lower of either the yield to maturity or the yield to call. Yield is defined as the interest earned on a bond, calculated as coupon rate divided by current price. Yield to Maturity or Yield to Call refers the yield an investor will earn if the bond is held from purchase date to redeem date.

**Batting Average** is a measure of a manager's ability to beat a benchmark consistently. It is calculated by dividing the number of months in which the manager beat or matched the benchmark by the total number of months in the period. For example, a manager who meets or outperforms the market every month in a given period would have a batting average of 100. A manager who beats the market half of the time would have a batting average of 50. Marquette calculates batting average on five years of monthly returns.

**Beta** measures the risk level of the manager. It is a measure of systematic risk, or the manager return attributable to market movements. A beta equal to 1.0 indicates a risk level equivalent to the market. Higher betas are associated with higher risk levels, while lower betas are associated with lower risk levels. Marquette calculates beta as the covariance (correlation of two assets multiplied by their standard deviation) divided by the variance (standard deviation squared) of the market.

**Composite Dispersion** measures the variability of returns amongst all of the underlying portfolios representing a composite. The higher the dispersion, the larger the differences between the various manager portfolios in the product.

**Correlation** measures the variation between two sets of historical returns and is a useful tool in portfolio diversification. The correlation between two sets of returns is a number between -1.0 and +1.0. A +1.0 means that the two sets of returns move in the exact same manner, while a -1.0 means the returns move exactly opposite. The lower the correlation number, the stronger the diversification between two products.

**Dividend yield** measures the annual return of the portfolio attributable to dividends. It is determined by dividing the total amount of annual dividends per total shares by the average market price of the total stocks in the portfolio.

**Down-Market Capture Ratio** is a measure of a manager's performance relative to the benchmark when the benchmark's monthly return is less than zero. The lower the manager's down-market capture ratio, the better the manager protected capital during a market decline. For instance, a value of 90.0 suggests that the manager's losses were only 90% of the benchmark's losses when the benchmark declined. A negative down-market capture ratio indicates that the manager's returns were actually positive when the benchmark declined.

**Duration** is a measure of the approximate price sensitivity of a bond to interest rate changes. Rule of thumb: duration is the approximate percentage change in the price of a bond for a 1% change in interest rates.

## Glossary

### Definitions

**Factor Analysis** is based multi-variate regression. R-squared represents the percentage of manager returns explained by the underlying factors, and each factor weight can be interpreted as the manager's sensitivity to the underlying factor.

**Information Ratio** is a measure of risk-adjusted value added by a manager. It is the ratio of a manager's excess return over the benchmark over the tracking error (residual risk).

**Kurtosis,** or excess kurtosis as used in this report, measures peakedness of the distribution of manager returns. A value greater than zero indicates a more peaked distribution than a normal distribution, with more returns clustered around the mean and more extreme values.

**Minority Status** is defined by Marquette Associates as Female, African American, Hispanic, Asian, and/or Native American.

**Ranks** are measured based on percentile relative to the eVestment Alliance universe, a third party database.

**R-Squared** measures how closely the manager's returns track the benchmark. The closer the R-squared statistic is to 1.0, the more closely related the manager's returns are to the benchmark. A higher R-squared also increases the reliability of alpha and beta.

**Sharpe Ratio** measures the excess return per unit of risk. The higher the ratio, the more efficient the manager. It is the average return of the manager minus the risk-free rate, divided by the standard deviation of the differences of the two return streams.

**Skew** measures the symmetry of the distribution of manager returns. A negative skew implies more extreme negative return values, a positive skew implies more extreme positive return values.

**Soft Dollars** refer to non-cash revenue on commissions, spreads, and discounts generated by trades that the manager may use to pay for proprietary and third-party research, which provide lawful and appropriate assistance to the manager in the investment decision making process. The manager must use its best judgment as a fiduciary to justify the use of client brokerage to pay for a product or service. The CFA Institute has developed a set of Standards to aid GIPS members in their determination process.

**Standard Deviation** is a measure of the volatility of a manager's returns by measuring the spread of the difference of returns from their average. The more a portfolio's returns vary from the average, the higher the standard deviation. Since it measures total variation of return, standard deviation is a measure of total risk, unlike beta, which measures market risk.

**Sub-Advisory** relationships are where the manager oversees another investment firm's product.

**Turnover** measures the trading activity of a portfolio during a given time period. It is the percentage of the portfolio's assets that have changed over the course of the time period. Turnover is calculated by dividing the average market value during the time period by the lesser value of the value of purchases or sales during the same period.

**Tracking Error**, also known as residual risk, is a measure of how closely a manager's returns track the returns of the benchmark. It can also be viewed as a measure of consistency of excess returns. It is computed as the annualized standard deviation of the difference between a portfolio's return and the benchmark.

**Up-Market Capture Ratio** is a measure of a manager's performance relative to the benchmark when the benchmark's monthly return is greater than or equal to zero. The higher the manager's up-market capture ratio, the better the manager performed during a market rise. For instance, a value of 110.0 suggests that the manager's returns were 110% of the benchmark's returns when the benchmark rose. An up-market capture ratio under 100.0 indicates that the manager's returns were less than the benchmark's returns in a positive market.

**Wrap relationships** are negotiated relationships between the manager and a brokerage firm(s), whereby the brokerage firm(s) provide their clients access to the manager's product through a sub account.

**PREPARED BY MARQUETTE ASSOCIATES**

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*The sources of information used in this report are believed to be reliable. Marquette Associates, Inc. has not independently verified all of the information and its accuracy cannot be guaranteed. Opinions, estimates, projections and comments on financial market trends constitute our judgment and are subject to change without notice. References to specific securities are for illustrative purposes only and do not constitute recommendations. Past performance does not guarantee future results.*

## About Marquette Associates

Marquette Associates is an independent investment consulting firm that helps institutions guide investment programs with a focused three-point approach and carefully researched advice. For more than 25 years, Marquette has served this mission in close collaboration with clients – enabling institutions to be more effective investment stewards. Marquette is a completely independent and 100% employee-owned consultancy founded with the sole purpose of advising institutions. For more information, please visit www.marquetteassociates.com.

Investment Stewardship Guidance

MarquetteAssociates

# Park Ridge Firefighters' Pension Fund

## Real Estate Overview

## July 2015

# Commercial Real Estate

# Benefits of Commercial Real Estate

| | |
|---|---|
| Healthy current income | • Privately held and publicly traded real estate have historically generated attractive current income compared to other asset classes |
| Superior risk-adjusted performance | • Produced compelling returns with lower volatility than other investment sectors<br>• Expected total return lies between investment-grade fixed income and large-cap equities |
| Large investable universe | • Third largest investment class<br>• Wide range of strategies and opportunities |
| Diversification | • Low correlation with financial assets' returns<br>• Local economic factors and supply dynamics |
| Inflation hedge | • Potential hedge against inflation |

# Attractive Investment Profile

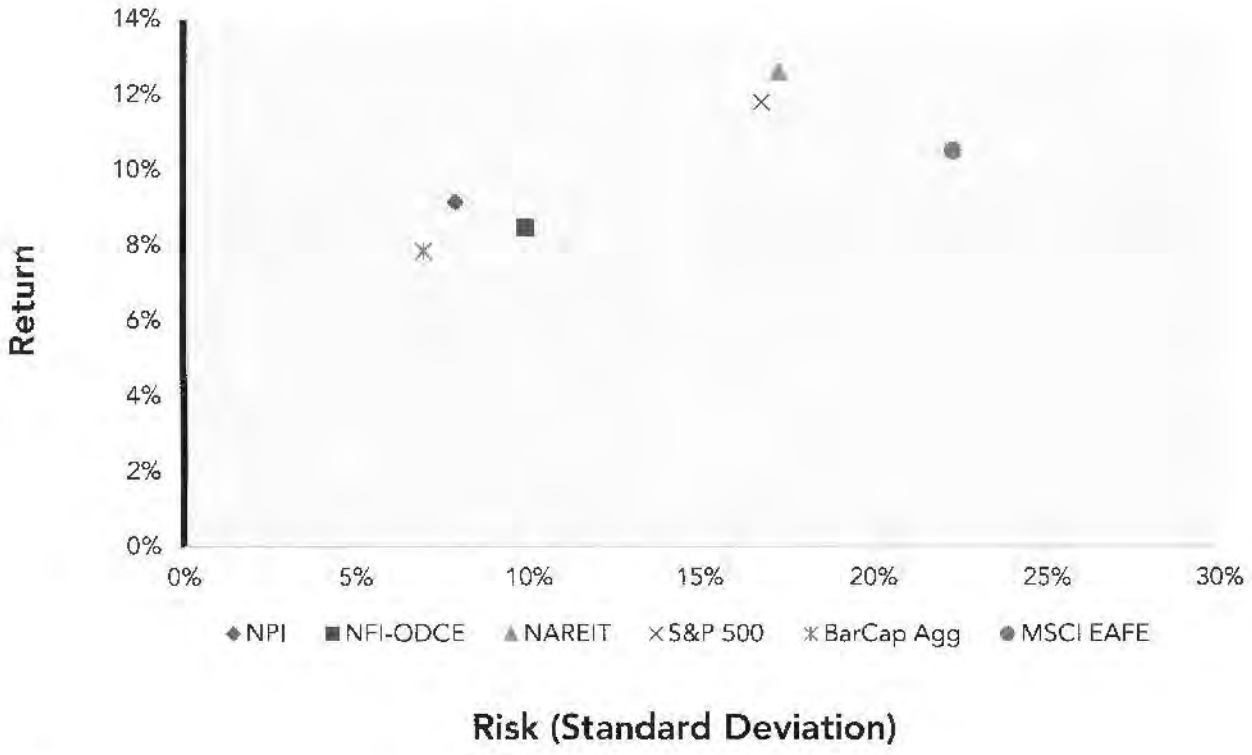
**Annualized Performance (1978 – 2013)**

| Index | Average Return (%/year) | Standard Deviation (%/year) | Sharpe Ratio | NCREIF Correlation | NAREIT Correlation |
|---|---|---|---|---|---|
| NCREIF Property (NPI) | 9.2% | 7.9% | 0.52 | 1.00 | 0.12 |
| NAREIT Equity REIT | 12.6% | 17.3% | 0.44 | 0.12 | 1.00 |
| S&P 500 | 11.8% | 16.8% | 0.40 | 0.13 | 0.48 |
| BarCap Aggregate | 7.8% | 7.0% | 0.40 | -0.15 | 0.15 |
| MSCI EAFE | 10.5% | 22.3% | 0.24 | 0.17 | 0.37 |

Source: Encorr Analyzer

# Risk/Return Profile

**Risk & Return Profile (1978 – 2013)**

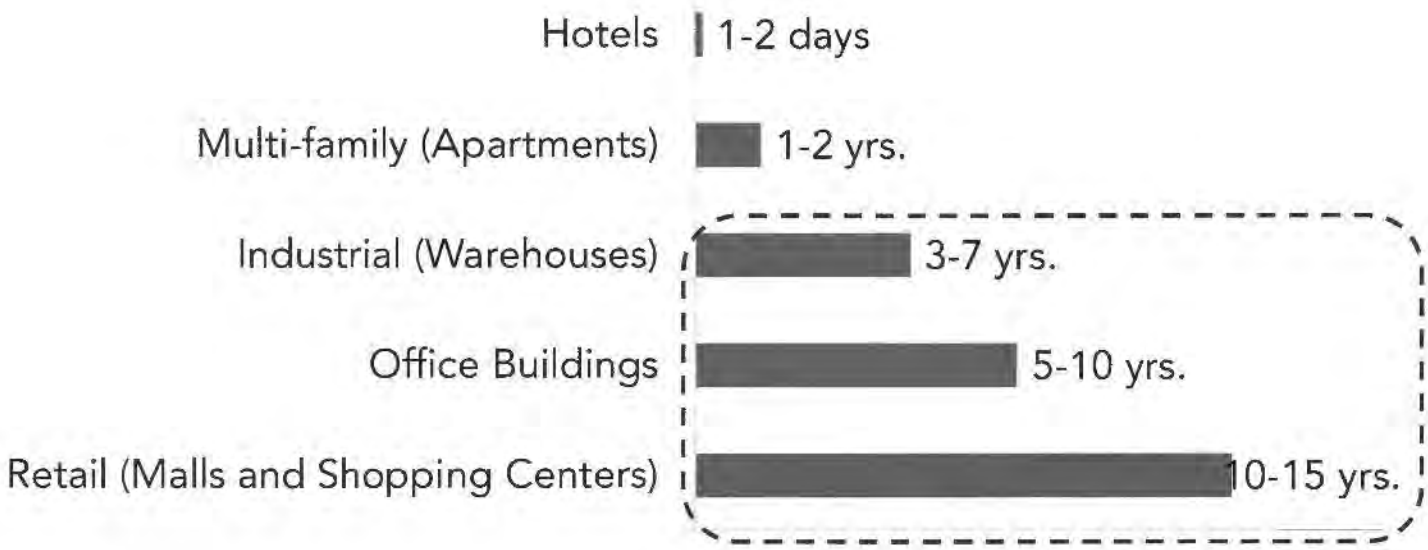



Source: Encorr Analyzer

# Long-Term Leases Drive Stable Income Return

**More than 70% of the NPI's income stream comes from warehouses, office buildings, and malls & shopping centers**

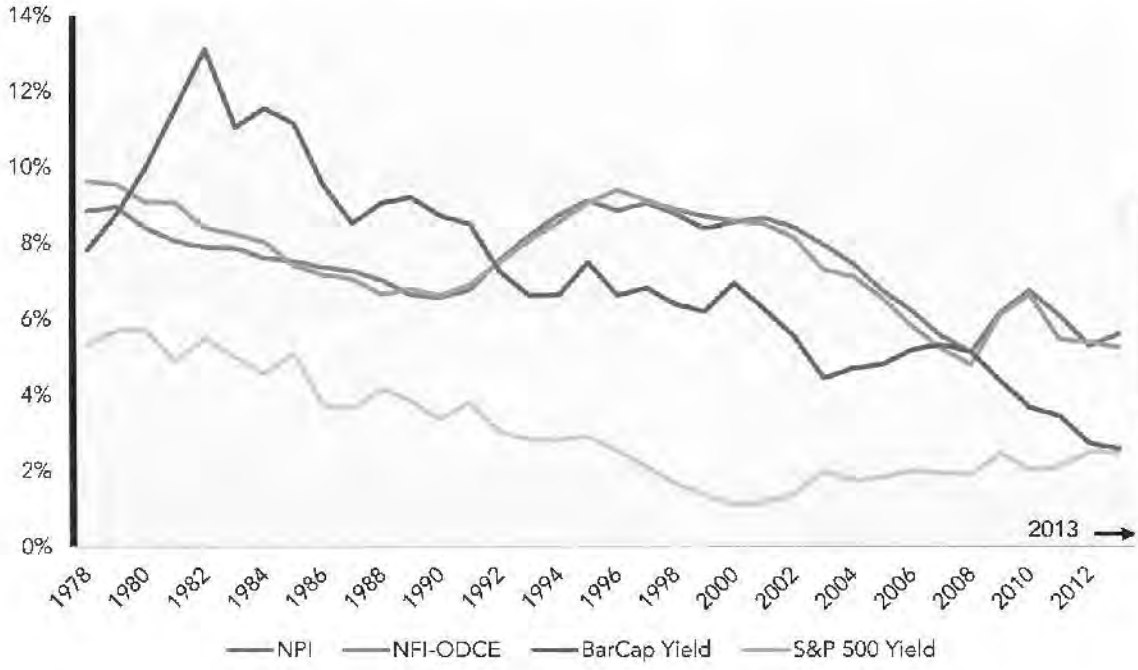
## Lease Duration




Source: Security Capital Research and Management

# Annual Income Yield

**Historical Annual Yields (1978 – 2013)**




| Average Annual Yield | |
|---|---|
| NPI | 7.50% |
| NFI ODCE | 7.52% |
| BarCap Agg | 7.13% |
| S&P 500 | 3.06% |

Source: Encorr Analyzer

# Property Types

**Traditional & Non-traditional**

| Traditional |
| --- |
| **Office**<br>- Commercial Business District (CBD), Suburban, Special Purpose |
| **Industrial**<br>- Warehouse, R&D, Flex |
| **Retail**<br>- Shopping Malls, Power Centers, Lifestyle Centers, Neighborhood & Community Centers |
| **Multi-family (apartments)**<br>- High-Rise, Garden, Special Purpose |
| **Non-traditional** |
| Hotel, Self-Storage, Senior Living, Medical Office, Land, etc. |

# Property Level Attributes

| | Core Real Estate |
|---|---|
| Property type | Office, Apartments, Retail, Industrial (Major) |
| Lifecycle | Fully operating |
| Occupancy | High |
| Rollover (resale) concentration | Low, held for a long period of time |
| Near-term rollover | Low |
| Leverage | Low |
| Market recognition | Easily recognized institutional markets/properties |
| Investment structure/control | Meaningful or direct control |

# Principal U.S. Property Account

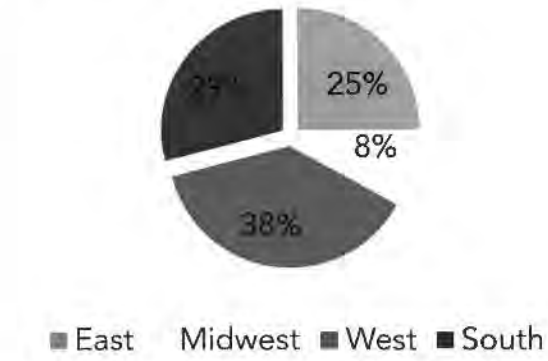
- The Principal U.S. Property Account is an open-end commingled insurance company separate account sponsored by Principal Life Insurance Company and managed by Principal Real Estate Investors
- It is available through group annuity contracts of Principal Life Insurance Company

# Principal U.S. Property Account - Statistics

- Gross Asset Value $7.34 billion
- Net Asset Value $5.69 billion
- Investments 129
- Portfolio Occupancy 94%

| Index | 1Q 2015 | 1 Yr | 3 Yr | 5 Yr | 10Yr |
|---|---|---|---|---|---|
| Principal (Net) | 2.9% | 13.5% | 12.6% | 14.4% | 5.8% |
| NCREIF | 3.6% | 12.7% | 11.5% | 12.8% | 8.4% |
| BarCap Int G/C | 1.4% | 3.6% | 2.3% | 3.5% | 4.3% |
| S&P 500 | 1.0% | 12.7% | 16.1% | 14.5% | 8.0% |

| Index | 2014 | 2013 | 2012 | 2011 | 2010 |
|---|---|---|---|---|---|
| Principal (Net) | 12.6% | 13.4% | 11.5% | 15.4% | 16.0% |
| NCREIF | 11.8% | 11.0% | 10.5% | 14.3% | 13.1% |
| BarCap Int G/C | 3.1% | -0.9% | 3.9% | 5.8% | 5.9% |
| S&P 500 | 13.7% | 32.4% | 16.0% | 2.1% | 15.1% |



# Principal U.S. Property Account

| | |
|---|---|
| Inception Date | • January 1982 |
| Legal Structure | • Insurance company separate account sponsored by Principal Life Insurance Company |
| Investors | • Qualified retirement plans and 457 |
| Minimum Investment | • $1.0 million |
| Contributions | • Daily, in the absence of a contribution queue |
| Distributions | • All cash is automatically reinvested in the account unless otherwise directed by each individual client |
| Redemptions | • Daily, in the absence of a withdrawal limitation; large clients whose first year investment is greater that $50 million may be subject to additional restrictions. |
| Asset Mgmt Fee | • 110 bps up to $10 million |

# Questions?

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REACH | RESEARCH | RESULTS

# PRINCIPAL U.S. PROPERTY ACCOUNT

MARQUETTE ASSOCIATES • OCTOBER 2015

Principal® Real Estate Investors

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# PRINCIPAL REAL ESTATE INVESTORS

- $61.2 billion[1] in real estate assets under management
- Draw from six decades of real estate investment experience[2]
- In-depth coverage of over 45 U.S. metropolitan real estate markets
- Over 280 unaffiliated institutional clients
- Top 10 manager of real estate[3]

FOUR QUADRANT REAL ESTATE PLATFORM

As of 30 September 2015. See Important Information page for AUM description.
[1]Due to real estate assets managed by another affiliate, figures shown may not add to the total real estate AUM for Principal Global Investors. Includes assets managed by Principal Enterprise Capital, LLC. [2]Experience includes investment activities beginning in the real estate investment area of Principal Life Insurance Company and continuing through the firm to present. [3]Managers ranked by U.S. Institutional tax-exempt real estate assets (net of leverage), as of 31 December 2014. "Largest Money Managers", PENSIONS & INVESTMENTS, 18 May 2015.



Principal Real Estate Investors

For One-on-One Use Only

# PORTFOLIO MANAGEMENT – A TEAM APPROACH

## PRINCIPAL U.S. PROPERTY SEPARATE ACCOUNT PORTFOLIO MANAGEMENT TEAM

| | |
|---|---|
| JOHN BERG | Managing Director, Portfolio Management |
| DARREN KLEIS | Managing Director, Portfolio Management |
| JENNIFER PERKINS | Portfolio Manager |
| MEIGHAN PHILLIPS | Associate Portfolio Manager |
| BRIDGET LECHTENBERG | Portfolio Analyst |

### PRINCIPAL U.S. PROPERTY SEPARATE ACCOUNT SENIOR STRATEGY COMMITTEE

- Meets at least quarterly
- Sets strategy & guidelines
- Reviews performance

### PRODUCTION GROUP INTERACTION ASSET MANAGEMENT & ACQUISITIONS/DISPOSITIONS

Asset Management

- Formal quarterly property review meeting
- On-going material event meetings

Acquisitions/Dispositions

- Formal weekly meetings
- On-going activity meetings

### INVESTMENT COMMITTEE

- Meets weekly
- Reviews transactions over $1 million
- Reviews transactions for market and strategy consistency

As of 30 September 2015



Principal Real Estate Investors

# ACCOUNT OVERVIEW

| KEY STATISTICS | 30 September 2015 |
|---|---|
| • Inception | Jan. 1982 |
| • Gross Asset Value | $8.06 billion |
| • Net Asset Value | $6.22 billion |
| • Investments | 137 |
| • Institutional Investors >$5 million | 150 |
| • Leverage Ratio[1] | 20.1% |
| • Size | 34.2 million sf |
| • Portfolio Occupancy[2] | 93.9% |
| • One Year Net Absorption | 615,572 sf |

CAN PLANT
San Antonio, TX

[1]USPA share of total debt (both property and portfolio) divided by USPA share of total gross assets
[2]Occupancy excludes value-added assets which are acquired at less than 85% occupancy or are under development. Occupancy for the total portfolio is 92%.
Properties shown are representative of the Account's current holdings.



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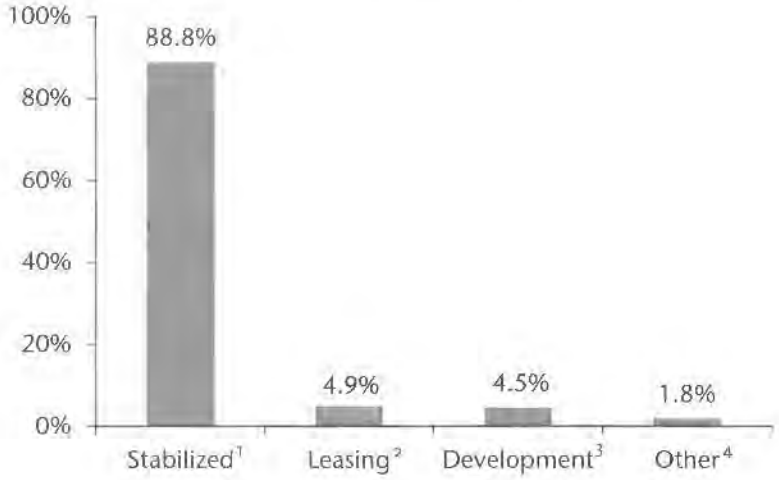
# 2015 STRATEGIC THEMES

- High-quality infill portfolio
- Increase "same-store" NOI
- Seek good risk-adjusted opportunities to fully utilize non-core allocation
- Selective portfolio pruning of non-strategic assets

LIFECYCLE DIVERSIFICATION

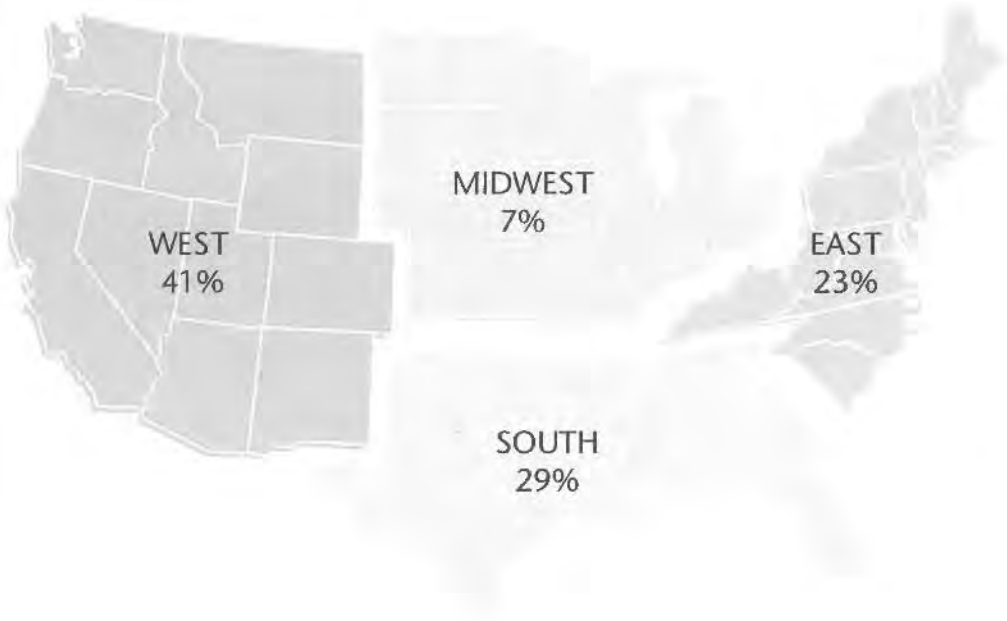


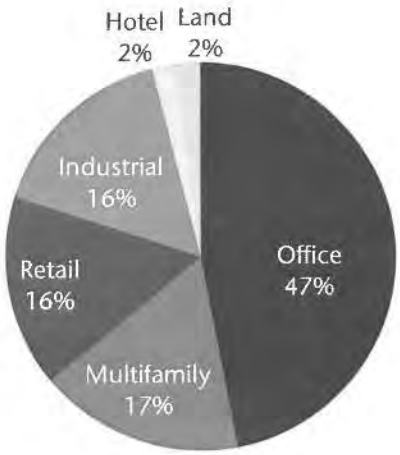

As of 30 September 2015. Percentages reflect the Gross Asset Value of properties within each category.
[1]Portfolio minimum requirement of 85% in stabilized properties
[2]Properties acquired at less than 85% occupancy
[3]Portfolio maximum limit of 7.5% in development
[4]Includ[illegible]



Principal Real Estate Investors

# DIVERSIFICATION




Based on Gross Asset Value
As of 30 September 2015



Principal Real Estate Investors

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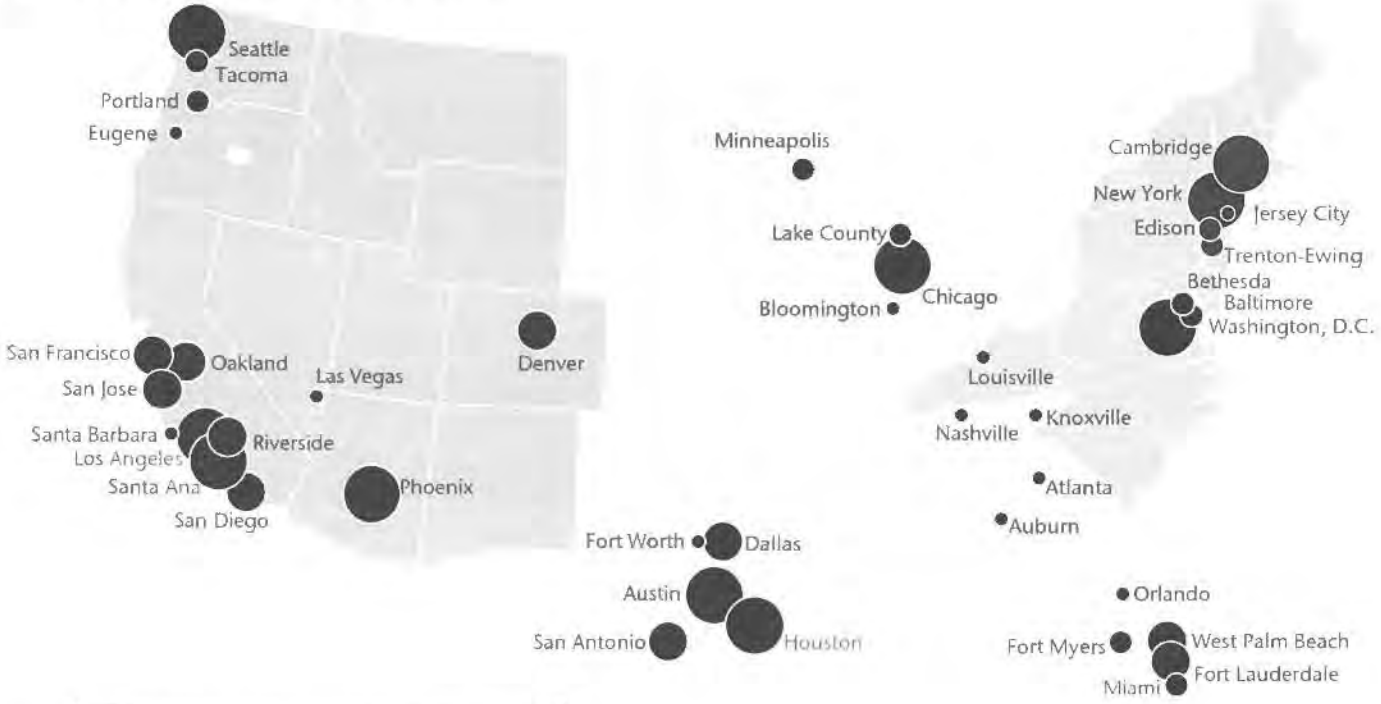
# DIVERSIFICATION




All assets represented on a consolidated basis.
As of 30 September 2015



Principal Real Estate Investors

# OFFICE

CURRENT POSITION

- Portfolio Weight – 47%
- NFI-ODCE Equal Weight – 39%[1]

SECTOR STRATEGY

- Strategic Range – 35%-45%
- Maintain overweight position
- Urban locations
- Execute build-to-core and lease-to-core

PARK PLACE
Santa Ana, CA

As of 30 September 2015
[1]As of 30 June 2015
Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

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# RETAIL

CURRENT POSITION

- Portfolio Weight – 16%
- NFI-ODCE Equal Weight – 20%[1]

SECTOR STRATEGY

- Strategic Range – 15%-25%
- Monitor weighting to bond-like retail
- Own primarily necessity-based formats
- Seek value-add opportunities

CHERRY HILLS MARKETPLACE
Denver, CO

As of 30 September 2015
[1]As of 30 June 2015
Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

# MULTIFAMILY

CURRENT POSITION

- Portfolio Weight – 17%
- NFI-ODCE Equal Weight – 25%[1]

SECTOR STRATEGY

- Strategic Range – 15%-25%
- Own non-commodity properties
- Execute build-to-core and lease-to-core

ICON & ICON GARDENS
Santa Barbara, CA

As of 30 September 2015
[1]As of 30 June 2015
Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

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# INDUSTRIAL

CURRENT POSITION

- Portfolio Weight – 16%
- NFI-ODCE Equal Weight – 12%[1]

SECTOR STRATEGY

- Strategic Range – 15%-25%
- Maintain overweight position
- Remain primarily in warehouse sub-sector
- Overweight in major distribution hubs

MEDLEY LOGISTICS CENTER
Miami, FL

As of 30 September 2015
[1]As of 30 June 2015
Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

# TOP 10 ASSETS

| | PROPERTY | MSA | SECTOR | % OF GROSS REAL ESTATE ASSETS | OCCUPANCY | YEAR 1 ROLLOVER |
|---|---|---|---|---|---|---|
| 1 | Energy Center | Houston | Office | 6.8% | 100.0%[1] | 0.0% |
| 2 | Park Place | Santa Ana | Office/Retail/Land | 4.6% | 88.1% | 1.6% |
| 3 | 1370 Avenue of the Americas | New York | Office | 4.1% | 87.3% | 2.7% |
| 4 | Watermark Kendall East & West | Cambridge | Multifamily/Retail | 3.3% | 95.1% | N/A |
| 5 | Charles Park | Cambridge | Office | 2.8% | 97.5% | 8.7% |
| 6 | Burbank Empire Center | Los Angeles | Retail | 2.8% | 100.0% | 0.0% |
| 7 | 112 at 12th Street | Seattle | Office | 2.4% | 72.5% | 20.7% |
| 8 | J.W. Marriott Resort and Spa | San Antonio | Hotel | 2.3% | 77.5% | N/A |
| 9 | West Campus | Austin | Multifamily/Retail | 2.1% | 97.5% | N/A |
| 10 | Capitol Plaza | Washington, D.C. | Office | 2.1% | 99.5% | 0.5% |

As of 30 September 2015

[1]Energy Center III is 100% leased and is included in the Account's occupancy statistics. Energy Center IV is 100% pre-leased and currently under development. Energy Center V is under construction on a speculative basis.

Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

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# LEVERAGE HIGHLIGHTS

## DEBT MATURITIES

## COST OF DEBT

| | Interest Rate | % of Total Debt |
|---|---|---|
| Fixed Interest Rate Obligations | 3.82% | 72% |
| Floating Interest Rate Obligations | 2.35% | 28% |
| Total Obligations | 3.41% | 100% |

## LINE OF CREDIT

| | |
|---|---|
| Year | 2016 |
| Size ($M) | $400 |
| Outstanding ($M) | $0 |

As of 30 September 2015



Principal Real Estate Investors

# PERFORMANCE SUMMARY

## PRINCIPAL U.S. PROPERTY ACCOUNT

| RETURNS | 3Q 2015 | ONE YEAR | THREE YEARS | FIVE YEARS | TEN YEARS | SINCE INCEPTION[4] |
|---|---|---|---|---|---|---|
| Gross Property Level[1] | 3.84% | 14.37% | 12.48% | 13.19% | 7.14% | 8.30% |
| Gross Portfolio Level[2] | 4.21% | 16.33% | 14.08% | 14.94% | 6.60% | 7.89% |
| Net Portfolio Level[3] | 3.91% | 15.00% | 12.78% | 13.63% | 5.38% | 6.72% |

As of 30 September 2015 [1]Property returns are unlevered, exclude cash, are before fees, and are calculated in accordance with NCREIF Property Return Methodology. [2]Gross portfolio returns include leverage. Actual client returns will be reduced by investment management fees and other expenses that may be incurred in the management of the Fund. The highest standard institutional investment management fee (annualized) for The Principal U.S. Property Account is 1.15% on account values. Actual investment management fees incurred by clients may vary and are collected daily which produces a compounding effect on the total rate of return net of management fees and other expenses. Investment management fees are subject to change. [3]Net portfolio level returns are shown after deduction for portfolio expenses including the investment management fee, which is 1.15% annually from 1 July 2002 through the present. Net portfolio level returns prior to 1 July 2002 are calculated to reflect deduction of blended annualized investment management fees of 1.15% and 1.05% in the periods in which those amounts were charged. [4]Principal U.S. Property Account Inception Date: 30 January 1982.
Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions.



Principal Real Estate Investors

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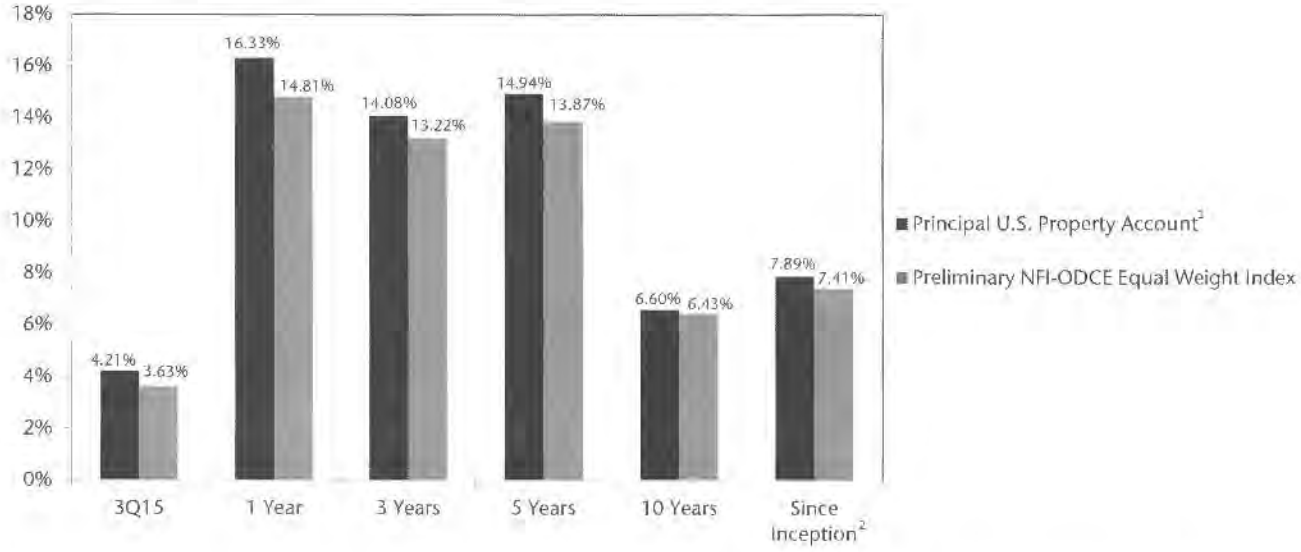
# PERFORMANCE SUMMARY




| | 3Q2015 | One Year | Three Years | Five Years | Ten Years |
|---|---|---|---|---|---|
| **INCOME RETURN** | | | | | |
| Principal U.S. Property Account Portfolio Level (Gross)[1] | 1.27% | 5.20% | 5.43% | 5.66% | 5.54% |
| Preliminary NCREIF Fund Index – ODCE Equal Weight (Gross) | 1.19% | 4.87% | 5.11% | 5.28% | 5.45% |

As of 30 September 2015 [1]Gross portfolio returns include leverage. Actual client returns will be reduced by investment management fees and other expenses that may be incurred in the management of the Account. The highest standard institutional investment management fee (annualized) for The Principal U.S. Property Account is 1.15% on account values. Actual investment management fees incurred by clients may vary and are collected daily which produces a compounding effect on the total rate of return net of management fees and other expenses. Investment management fees are subject to change. [2]Principal U.S. Property Account Inception Date: 30 January 1982. Net Total Returns are 3.91%, 15.00%, 12.78%, 13.63%, 5.38% and 6.72%, respectively. Net portfolio level returns are shown after deduction for fund expenses including the investment management fee, which is 1.15% annually from 1 July 2002 through the present. Net portfolio level returns prior to 1 July 2002 are calculated to reflect deduction of blended annualized investment management fees of 1.15% and 1.05% in the periods in which those amounts were charged. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions. The NFI-ODCE Equal Weight presented to show what the results would be if all funds were treated equally, regardless of size. This presentation is typically used for statistical purposes and peer to



Principal Real Estate Investors

# ADDITIONAL INFORMATION

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# PRINCIPAL REAL ESTATE INVESTORS

AVERAGE OF 28 YEARS EXPERIENCE IN THE INDUSTRY
AVERAGE OF 23 YEARS EXPERIENCE WITH THE FIRM

As of 21 September 2015

# INVESTMENT PROCESS

## TIMELY AND DISCIPLINED EXECUTION

| | | | | | |
|---|---|---|---|---|---|
| Macroeconomic Research | Real Estate Research | Access to Investment Opportunities | Transaction Analysis | Comprehensive Due Diligence | $9.1 B in Transactions During 2014* |

*Transaction volume of Principal Real Estate Investors for the calendar year ending 31 December 2014



Principal Real Estate Investors

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# RESEARCH CAPABILITIES

RESEARCH IS FUNDAMENTAL TO OUR INVESTMENT STRATEGY AND PROCESS

- Macroeconomic and microeconomic research, including economic, political, technological, property trend and capital market analyses
- Supply and demand analyses of major property types in over 45 markets equip our investment professionals with the insight they need to successfully execute strategies for our clients
- Research products
  - Comprehensive quarterly research and Capital Market reports
  - Real Estate Insights quarterly space markets update
  - Economic Base Analysis (EBA) reports at the market level, focusing on supply/demand relationships
  - Proprietary quantitative models and market specific research

# REAL ESTATE EQUITY

- $28.8 billion in private equity real estate assets and $10.0 billion in public REITs
- 168 million square feet of commercial property
- 23,753 multifamily units
- More than 114 million square feet of developed real estate

## REAL ESTATE EQUITY ASSETS

BY PROPERTY TYPE[1]

BY GEOGRAPHIC REGION[2]

As of 30 September 2015
[1]Excludes Cash
[2]Excludes REITs & Cash
Due to rounding, totals may not equal 100%
See Important Information page for AUM description.



Principal Real Estate Investors

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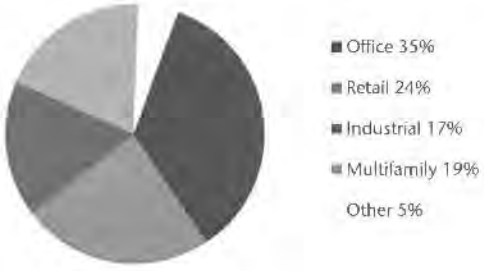
# REAL ESTATE DEBT

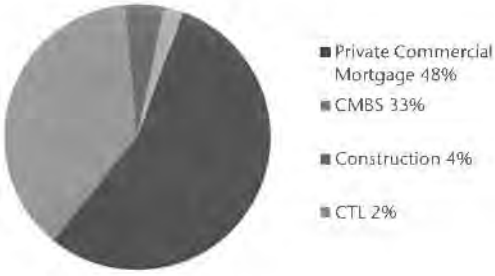
- $22.2 billion in public and private debt assets
- Manage $7.4 billion of CMBS investments ranging across the risk spectrum
- Specialized bridge, mezzanine and opportunistic capabilities
- Extensive relationship network enhances transaction access in debt and equity markets

## REAL ESTATE DEBT ASSETS

BY PROPERTY TYPE[1]




BY DEBT TYPE



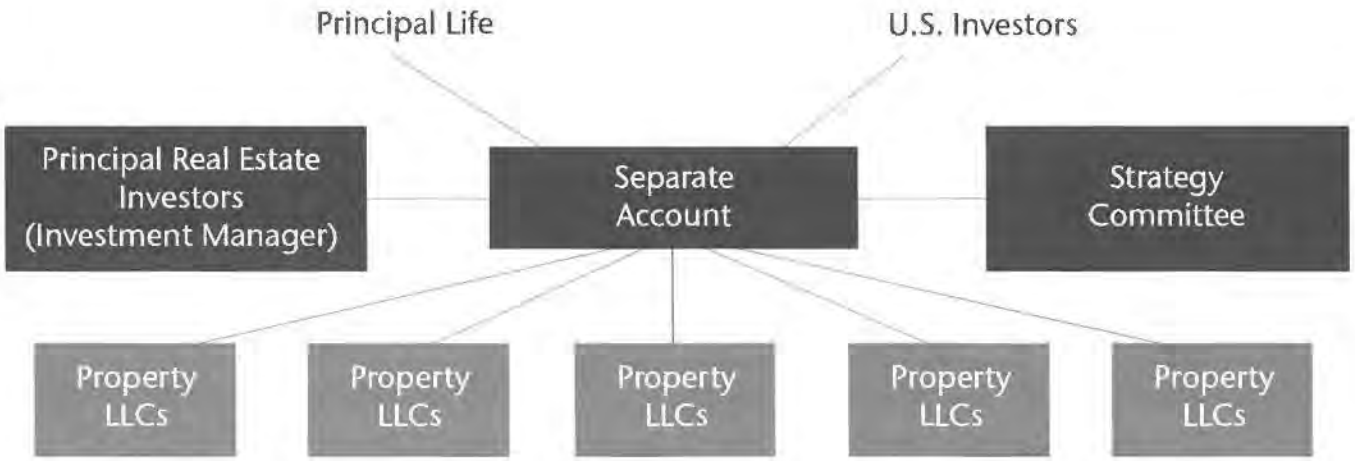

As of 30 September 2015
[1]Property type breakdown does not include CMBS assets. Debt type and property type does not include advisory only.
Due to rounding, totals may not equal 100%
See Important Information page for AUM description.



Principal Real Estate Investors

# ACCOUNT STRUCTURE

- The Principal U.S. Property Account is an open-end commingled insurance company separate account sponsored by Principal Life Insurance Company and managed by Principal Real Estate Investors
- It is available through group annuity contracts of Principal Life Insurance Company



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# SUMMARY OF ACCOUNT TERMS

| | |
|---|---|
| INCEPTION DATE | • January, 1982 |
| LEGAL STRUCTURE | • Insurance company separate account sponsored by Principal Life Insurance Company and managed by Principal Real Estate Investors |
| INVESTORS | • Qualified retirement plans and 457 plans[1] |
| MINIMUM INVESTMENT | • $1.0 million |
| CONTRIBUTIONS | • Daily, in the absence of a contribution queue |
| DISTRIBUTIONS | • All cash is automatically reinvested in the Account unless otherwise directed by each individual client |
| REDEMPTIONS | • Daily, in the absence of a withdrawal limitation; large clients whose first year investment is greater than $50 million may be subject to additional restrictions[2] |

[1]The Principal U.S. Property Separate Account is an open-end, commingled real estate account available to retirement plans meeting the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986 ("Code"), as amended, and governmental plans meeting the requirements of Section 457 of the Code, as amended, since 1982. U.S. investors only.

[2]For large clients whose investment is greater than $50 million, a mutually agreeable withdrawal schedule may be considered.



Principal Real Estate Investors

# FEE STRUCTURE

ASSET MANAGEMENT FEE

- Deducted daily based upon the net asset value of each investor's account balance

| Total Equity Invested | Annual Fee |
|---|---|
| Up to $10 million | 110 bp |
| $10 million up to $25 million | 100 bp |
| $25 million up to $100 million | 95 bp |
| $100 million and greater | 80 bp |

EXPENSES

- Account pays operating and management costs

When a client increases the amount of its investment, the entire balance is charged the lower fee level.



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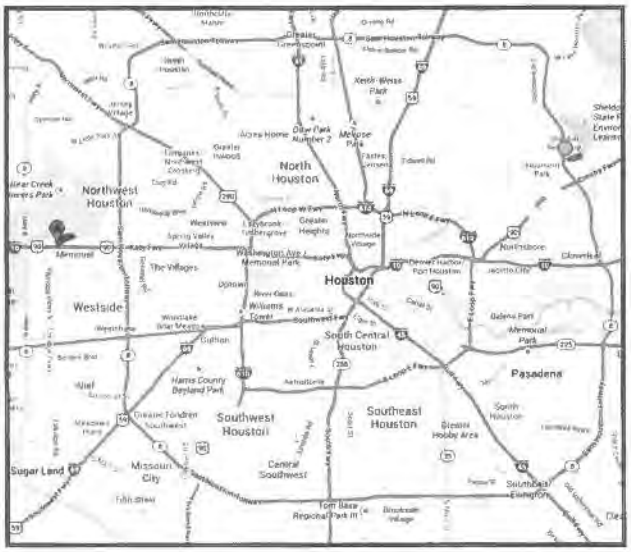
# INVESTMENT GUIDELINES

| | |
|---|---|
| PROPERTY TYPE | • Office, Retail, Multifamily, Industrial and Hotels<br>• 50% - 150% of NCREIF Property Index |
| LOCATION | • Broad geographic diversification<br>• Focus on approximately 40 U.S. markets. |
| LEVERAGE | • Account-level maximum leverage is 33%<br>• Property-level maximum leverage is 80% (initial leverage) |
| HOLD/SELL STRATEGY | • Hold most assets for 2 to 10 years<br>• Continuously monitor market conditions to dictate sale timing |

Investment guidelines are subject to change

# ENERGY CENTER

## HOUSTON, TX




- Located in Houston's Energy Corridor and situated on the southwest corner of Eldridge Parkway and Interstate 10
- A final certificate of occupancy was received first quarter 2015 for Energy Center III, a 548,685 sf, 20-story office tower
- Energy Center IV is a 597,628 sf, 22-story office tower under construction with completion anticipated fourth quarter 2015
- Full building leases with Conoco Phillips executed on Energy Center III and IV
- Construction commenced on Energy Center V, a 524,397 sf 18-story office tower in third quarter 2014 with completion anticipated second quarter 2016



Properties shown are representative of the Account's current holdings.

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# PARK PLACE

SANTA ANA, CA

- Includes eight office buildings, two retail buildings (2,184,671 sf total) and a 3 acre developable land parcel
- Frontage along the 405 Freeway at Jamboree
- Onsite amenities include an array of restaurants and retail stores, on site state-of-the-art LA Fitness and a full service café
- Leased occupancy is 95%

Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

# 1370 AVENUE OF THE AMERICAS

NEW YORK, NY

- Upper floors enjoy excellent views of Central Park and city views
- Lower floors with less desirable views leased to "shoe tenants"
- Historically very high occupancy
- Leased occupancy is 93%

Properties shown are representative of the Account's current holdings.



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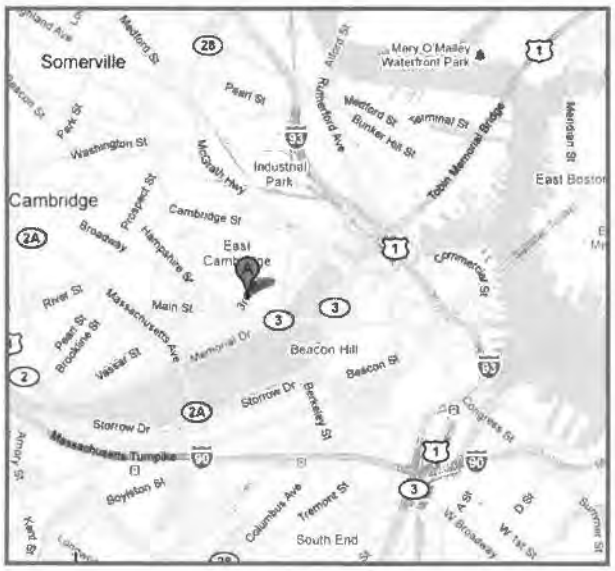
# WATERMARK

## CAMBRIDGE, MA




- Amenities include Zen Garden, Cambridge Landing park, boat launch and fitness center
- Views of Charles River and Boston skyline
- Transportation options include short walk to MIT/Kendall Square Red Line T stop and ZipCar
- Watermark Kendall West is LEED Gold Certified and Watermark Kendall East is LEED Silver Certified

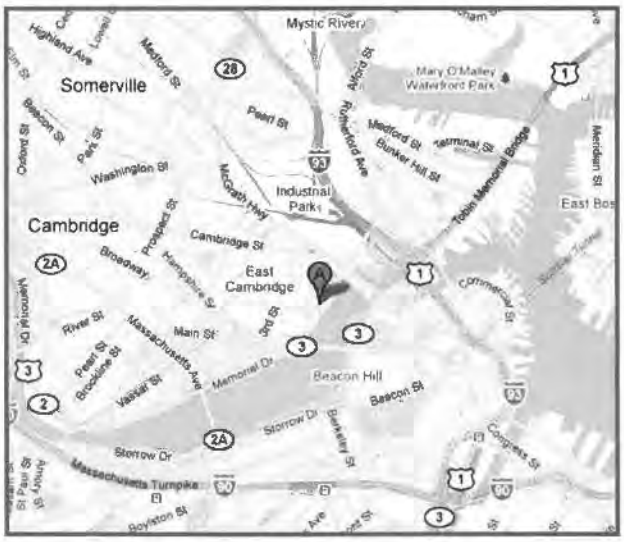
Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

# CHARLES PARK

## CAMBRIDGE, MA




- Adjacent to CambridgeSide Galleria Mall
- Originally headquarters for Lotus prior to IBM acquisition
- LEED Gold Certification

Properties shown are representative of the Account's current holdings.



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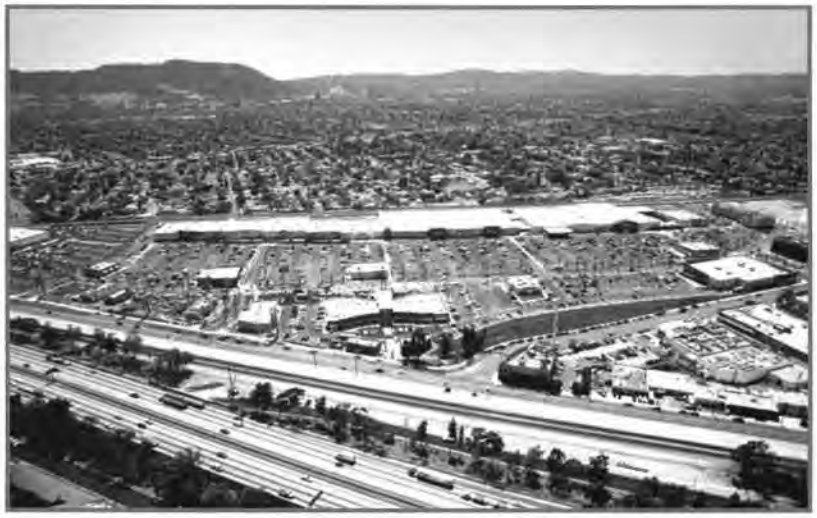
# BURBANK EMPIRE CENTER

## LOS ANGELES, CA



- 100% leased
- Anchors include:
  - Lowes
  - Target
  - Best Buy
  - Sports Authority
  - Nordstrom Rack

Properties shown are representative of the Account's current holdings.

# 112TH AT 12TH STREET

SEATTLE, WA

- Bellevue CBD location with I-405 frontage and close to Transit Center
- Among the largest floorplates in Bellevue CBD
- 3.25/1,000 sf parking ratio (all covered) is one of the best in Bellevue CBD

Properties shown are representative of the Account's current holdings.



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# J.W. MARRIOTT RESORT

## SAN ANTONIO, TX

- Opened in 2010
- 1,002 rooms - 2 golf courses – waterpark
- Property hosts Valero Texas Open - PGA Tour event in April
- Highest house profit margin for all J.W. Resorts in the U.S. and #2 within all of Marriott in 2014

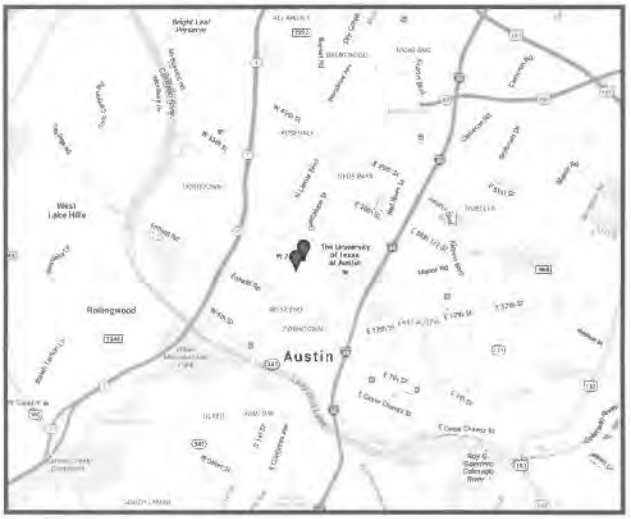
Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

# WEST CAMPUS

AUSTIN, TX




- Includes 480-bed West Campus Phase I and 970-bed West Campus Phase II
- Located two blocks from the University of Texas campus and primarily utilized as student housing
- Amenities include a fitness center, pool, in-unit washer/dryer and granite countertops as well as over 57,000 sf of retail space between the two projects
- 98% occupied

Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

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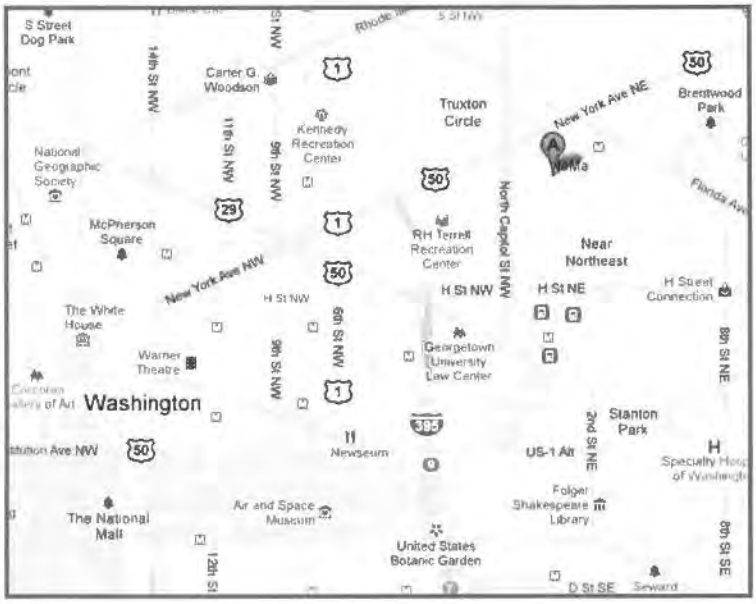
# CAPITOL PLAZA

## WASHINGTON, D.C.




- Built in 2007 and located in the NoMa submarket of Washington, D.C.
- Government credit tenancy
- LEED EB Platinum certification
- NoMa Metrorail station one block from property
- Project is 99% occupied

Properties shown are representative of the Account's current holdings.



Principal Real Estate Investors

# PROPERTY LIST

| Property | MSA | NCREIF Region | Sector | SF/Units/Acres | Occupancy (09/30/2015) | GAV (09/30/2015) | Debt at Market (09/30/2015) |
|---|---|---|---|---|---|---|---|
| J.W. Marriott Resort and Spa | San Antonio, TX | South | Hotel | 1,002 units | 78% | $184,880,233 | $92,086,981 |
| Dorsey Run Road | Baltimore-Towson, MD | East | Industrial | 156,045 | 0% | $15,600,000 | $0 |
| Patuxent Range Road | Baltimore-Towson, MD | East | Industrial | 241,457 | 80% | $30,300,000 | $0 |
| 26 Englehard Drive | Edison, NJ | East | Industrial | 324,540 | 100% | $23,200,000 | $0 |
| 1500 Rahway | Edison, NJ | East | Industrial | 326,741 | 96% | $39,900,000 | $0 |
| 1980 U.S. Highway 1 | Edison, NJ | East | Industrial | 247,634 | 52% | $12,500,000 | $0 |
| 1000 Corporate Road | Edison, NJ | East | Industrial | 156,097 | 100% | $10,200,000 | $0 |
| 571 Jersey Avenue | Edison, NJ | East | Industrial | 301,626 | 100% | $21,400,000 | $0 |
| Airspace I, II, III | Louisville, KY-IN | East | Industrial | 779,426 | 100% | $41,000,000 | $0 |
| Secaucus | New York-Wayne-White Plains, NY-NJ | East | Industrial | 68,439 | 100% | $8,200,000 | $0 |
| West Manor Way | Trenton-Ewing, NJ | East | Industrial | 905,000 | 100% | $64,600,000 | $0 |
| Woodridge Centre | Chicago-Naperville-Joliet, IL | Midwest | Industrial | 100,972 | 100% | $8,500,000 | $0 |
| Vapor Industrial | Chicago-Naperville-Joliet, IL | Midwest | Industrial | 414,747 | 98% | $34,000,000 | $0 |
| University Crossing | Chicago-Naperville-Joliet, IL | Midwest | Industrial | 455,870 | 100% | $22,600,000 | $0 |
| Bedford Park | Chicago-Naperville-Joliet, IL | Midwest | Industrial | 341,245 | 100% | $18,700,000 | $0 |
| Melrose Park | Chicago-Naperville-Joliet, IL | Midwest | Industrial | 139,331 | 100% | $8,600,000 | $0 |
| Cicero | Chicago-Naperville-Joliet, IL | Midwest | Industrial | 113,948 | 100% | $8,850,000 | $0 |
| Airport Distribution Center | Atlanta-Sandy Springs-Marietta, GA | South | Industrial | 406,989 | 100% | $26,300,000 | $0 |
| Stone Lake 6 | Austin-Round Rock, TX | South | Industrial | 108,000 | 90% | $18,700,000 | $0 |
| Grand Lakes Distribution Center | Dallas-Plano-Irving, TX | South | Industrial | 636,248 | 100% | $33,800,000 | $13,771,530 |
| Bethel Business Center | Dallas-Plano-Irving, TX | South | Industrial | 162,810 | 81% | $16,200,000 | $6,814,846 |
| Trinity Overlook Distribution | Dallas-Plano-Irving, TX | South | Industrial | 305,000 | 100% | $18,400,000 | $7,013,419 |
| Pointe West Commerce Center | Fort Lauderdale-Pompano Beach-Deerfield Beach, FL | South | Industrial | 169,033 | 91% | $22,100,000 | $0 |
| Port 95 Business Plaza | Fort Lauderdale-Pompano Beach-Deerfield Beach, FL | South | Industrial | 99,753 | 100% | $14,900,000 | $0 |
| Lyons Technology Center | Fort Lauderdale-Pompano Beach-Deerfield Beach, FL | South | Industrial | 232,887 | 97% | $27,800,000 | $0 |
| Midway IDC Building | Houston-Baytown-Sugar Land, TX | South | Industrial | 127,257 | 100% | $10,300,000 | $0 |
| NW Distribution Center | Houston-Baytown-Sugar Land, TX | South | Industrial | 389,966 | 73% | $27,200,000 | $0 |
| Medley Logistics Center | Miami-Miami Beach-Kendall, FL | South | Industrial | 300,000 | 100% | $30,500,000 | $0 |
| 400 New Sanford | Nashville-Davidson--Murfreesboro, TN | South | Industrial | 518,667 | 100% | $22,000,000 | $0 |
| Boynton Commerce Center | West Palm Beach-Boca Raton-Boynton Beach, FL | South | Industrial | 295,576 | 92% | $28,100,000 | $0 |

As of 30 September 2015



Principal Real Estate Investors

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# PROPERTY LIST (CONT.)

| Property | MSA | NCREIF Region | Sector | SF/Units/Acres | Occupancy (09/30/2015) | GAV (09/30/2015) | Debt at Market (09/30/2015) |
|---|---|---|---|---|---|---|---|
| Denver Business Center | Denver-Aurora, CO | West | Industrial | 162,841 | 100% | $12,100,000 | $0 |
| Smithway Commerce Center | Los Angeles-Long Beach-Glendale, CA | West | Industrial | 329,267 | 100% | $46,900,000 | $0 |
| Magellan Gateway | Los Angeles-Long Beach-Glendale, CA | West | Industrial | N/A | N/A | $41,900,000 | $8,131,563 |
| Elmhurst Business Park | Oakland-Fremont-Hayward, CA | West | Industrial | 294,954 | 92% | $35,300,000 | $5,819,692 |
| West Winton Industrial Ctr. | Oakland-Fremont-Hayward, CA | West | Industrial | 220,213 | 100% | $25,000,000 | $0 |
| Carver and Kyrene | Phoenix-Mesa-Scottsdale, AZ | West | Industrial | 272,460 | 100% | $23,500,000 | $0 |
| Park Ladera | Phoenix-Mesa-Scottsdale, AZ | West | Industrial | 220,823 | 9% | $16,500,000 | $8,768,740 |
| Corridors Industrial Park | Phoenix-Mesa-Scottsdale, AZ | West | Industrial | N/A | N/A | $5,620,000 | $0 |
| Ontario Distribution Ctr. | Riverside-San Bernardino-Ontario, CA | West | Industrial | 317,070 | 100% | $29,600,000 | $0 |
| 3351 Philadelphia | Riverside-San Bernardino-Ontario, CA | West | Industrial | 203,408 | 100% | $18,400,000 | $0 |
| Jurupa Business Park | Riverside-San Bernardino-Ontario, CA | West | Industrial | 1,077,990 | 100% | $104,800,000 | $0 |
| O'Brien Drive | San Francisco-San Mateo-Redwood City, CA | West | Industrial | 126,193 | 94% | $47,150,000 | $0 |
| Fullerton Business Center | Santa Ana-Anaheim-Irvine, CA | West | Industrial | 180,918 | 100% | $21,600,000 | $0 |
| Valley Centre Corporate Park | Seattle-Bellevue-Everett, WA | West | Industrial | 1,084,409 | 100% | $104,600,000 | $0 |
| Fife Commerce Center | Tacoma, WA | West | Industrial | 798,950 | 80% | $71,900,000 | $0 |
| Amber Glen | Portland-Vancouver-Beaverton, OR-WA | West | Industrial/Office/Land | 580,115 | 84% | $95,250,000 | $0 |
| Hacienda Business Park | Oakland-Fremont-Hayward, CA | West | Industrial/Office/Retail | 380,459 | 76% | $73,600,000 | $30,018,224 |
| Riverside Station | Washington-Arlington-Alexandria, DC-VA-MD-WV | East | Land | 11.0 acres | N/A | $8,200,000 | $0 |
| Lindenhurst Village Green | Lake County-Kenosha County, IL-WI | Midwest | Land | 55.0 acres | N/A | $1,300,000 | $0 |
| Quarry Oaks Land | Austin-Round Rock, TX | South | Land | 10.0 acres | N/A | $1,345,000 | $0 |
| Discovery Tower II | Houston-Baytown-Sugar Land, TX | South | Land | 0.5 acres | N/A | $5,700,000 | $0 |
| Oak Grove Shoppes | Orlando, FL | South | Land | 1.0 acre | N/A | $53,000 | $0 |
| INOVA Dry Creek | Denver-Aurora, CO | West | Land | 48.0 acres | N/A | $5,454,960 | $0 |
| The Grove Littleton | Denver-Aurora, CO | West | Land | 4.5 acres | N/A | $5,650,000 | $0 |
| Henderson Lofts | Las Vegas-Paradise, NV | West | Land | 16.3 acres | N/A | $3,550,000 | $0 |
| Guasti | Riverside-San Bernardino-Ontario, CA | West | Land | 53.3 acres | N/A | $27,700,000 | $0 |
| Midpoint @ 237 | San Jose-Sunnyvale-Santa Clara, CA | West | Land | 57.0 acres | N/A | $53,400,000 | $0 |
| Park Place Surf Lots E&F Land | Santa Ana-Anaheim-Irvine, CA | West | Land | 3.0 acres | N/A | $6,751,637 | $0 |
| Camden Courts | Baltimore-Towson, MD | East | Multifamily | 221 units | 86% | $43,300,000 | $20,846,473 |
| Watermark Kendall West | Cambridge-Newton-Framingham, MA | East | Multifamily | 321 units | 95% | $191,200,000 | $88,617,744 |
| Watermark Kendall East | Cambridge-Newton-Framingham, MA | East | Multifamily | 144 units | 94% | $76,600,000 | $0 |
| 420 West 42nd Street | New York-Wayne-White Plains, NY-NJ | East | Multifamily | 264 units | 92% | $149,300,000 | $66,843,943 |
| The Swift | Washington-Arlington-Alexandria, DC-VA-MD-WV | East | Multifamily | 218 units | 82% | $79,600,000 | $0 |
| The Flats | Bloomington-Normal, IL | Midwest | Multifamily | 447 units | 97% | $45,000,000 | $27,042,656 |

As of 30 September 2015

# PROPERTY LIST (CONT.)

| Property | MSA | NCREIF Region | Sector | SF/Units/ Acres | Occupancy (09/30/2015) | GAV (09/30/2015) | Debt at Market (09/30/2015) |
|---|---|---|---|---|---|---|---|
| Evolve @ Auburn | Auburn-Opelika, AL | South | Multifamily | N/A | N/A | $7,470,000 | $0 |
| West Campus Phase II | Austin-Round Rock, TX | South | Multifamily | 970 units | 97% | $109,900,000 | $52,085,962 |
| Hardin House | Austin-Round Rock, TX | South | Multifamily | 229 units | 100% | $26,900,000 | $8,370,154 |
| West Campus Phase I | Austin-Round Rock, TX | South | Multifamily | 704 units | 99% | $65,500,000 | $0 |
| The Phoenix Apartments | Dallas-Plano-Irving, TX | South | Multifamily | 449 units | 99% | $66,700,000 | $0 |
| Ravello Apartments | Dallas-Plano-Irving, TX | South | Multifamily | 290 units | 98% | $69,800,000 | $26,660,127 |
| Routh Street Flats | Dallas-Plano-Irving, TX | South | Multifamily | 208 units | 38% | $45,427,000 | $22,302,026 |
| Aqua Isles | Fort Lauderdale-Pompano Beach-Deerfield Beach, FL | South | Multifamily | 127 units | 99% | $32,000,000 | $0 |
| The Trestles Apartments | Houston-Baytown-Sugar Land, TX | South | Multifamily | 188 units | 97% | $24,200,000 | $0 |
| Evolve | Knoxville, TN | South | Multifamily | 225 units | 88% | $25,400,000 | $11,695,410 |
| Can Plant | San Antonio, TX | South | Multifamily | 293 units | 97% | $62,900,000 | $0 |
| Premier Lofts | Denver-Aurora, CO | West | Multifamily | 250 units | 93% | $65,600,000 | $29,211,898 |
| Uncommon | Eugene-Springfield, OR | West | Multifamily | 380 units | 98% | $45,900,000 | $23,011,162 |
| Channel Point Apartments | Los Angeles-Long Beach-Glendale, CA | West | Multifamily | 212 units | 96% | $70,600,000 | $31,635,082 |
| Icon & Icon Gardens | Santa Barbara-Santa Maria-Goleta, CA | West | Multifamily | 207 units | 96% | $38,900,000 | $18,293,789 |
| Identity | Seattle-Bellevue-Everett, WA | West | Multifamily | 206 units | 92% | $45,400,000 | $22,917,708 |
| EpiCenter | Seattle-Bellevue-Everett, WA | West | Multifamily/Retail | 124 units / 32,457 sf | 94% | $50,000,000 | $0 |
| Summit at Washingtonian | Bethesda-Frederick-Gaithersburg, MD | East | Office | 193,199 | 92% | $62,300,000 | $40,381,889 |
| Charles Park | Cambridge-Newton-Framingham, MA | East | Office | 370,972 | 98% | $233,200,000 | $0 |
| 1370 Avenue of the Americas | New York-Wayne-White Plains, NY-NJ | East | Office | 346,706 | 87% | $333,000,000 | $147,698,328 |
| 77 Water Street | New York-Wayne-White Plains, NY-NJ | East | Office | 546,803 | 100% | $155,342,308 | $23,388,042 |
| Spring Mall Office Building | Washington-Arlington-Alexandria, DC-VA-MD-WV | East | Office | 113,913 | 57% | $16,000,000 | $0 |
| Capitol Plaza | Washington-Arlington-Alexandria, DC-VA-MD-WV | East | Office | 291,838 | 99% | $175,000,000 | $82,717,598 |
| Dulles Metro Center | Washington-Arlington-Alexandria, DC-VA-MD-WV | East | Office | 219,235 | 54% | $46,500,000 | $24,631,742 |
| Union Tower | Chicago-Naperville-Joliet, IL | Midwest | Office | 332,608 | 98% | $85,800,000 | $0 |
| Campbell Mithun Tower | Minneapolis-St. Paul-Bloomington, MN-WI | Midwest | Office | 727,170 | 72% | $92,700,000 | $0 |
| Quarry Oaks | Austin-Round Rock, TX | South | Office | 292,417 | 98% | $94,300,000 | $0 |
| 500 West Second Street | Austin-Round Rock, TX | South | Office | N/A | N/A | $80,150,000 | $0 |
| Freeport Parkway | Dallas-Plano-Irving, TX | South | Office | 151,656 | 72% | $19,900,000 | $0 |
| 20 Greenway Plaza | Houston-Baytown-Sugar Land, TX | South | Office | 432,633 | 94% | $89,800,000 | $0 |
| Energy Center | Houston-Baytown-Sugar Land, TX | South | Office | 548,685 | 100% | $557,000,000 | $163,263,046 |
| One DTC | Denver-Aurora, CO | West | Office | 240,842 | 94% | $59,700,000 | $0 |
| Crescent V | Denver-Aurora, CO | West | Office | 90,197 | 100% | $16,200,000 | $0 |
| Crescent VI | Denver-Aurora, CO | West | Office | 135,481 | 90% | $28,100,000 | $0 |
| 505 North Brand | Los Angeles-Long Beach-Glendale, CA | West | Office | 319,967 | 82% | $83,900,000 | $0 |
| The Signature Center | Oakland-Fremont-Hayward, CA | West | Office | 257,709 | 92% | $64,800,000 | $0 |

As of 30 September 2015



Principal Real Estate Investors

For One-on-One Use Only

# PROPERTY LIST (CONT.)

| Property | MSA | NCREIF Region | Sector | SF/Units/ Acres | Occupancy (09/30/2015) | GAV (09/30/2015) | Debt at Market (09/30/2015) |
|---|---|---|---|---|---|---|---|
| Papago Buttes | Phoenix-Mesa-Scottsdale, AZ | West | Office | 511,524 | 98% | $117,900,000 | $0 |
| Portales Corporate Center | Phoenix-Mesa-Scottsdale, AZ | West | Office | 453,511 | 96% | $146,500,000 | $0 |
| 150 Spear Street | San Francisco-San Mateo-Redwood City, CA | West | Office | 264,859 | 100% | $171,000,000 | $0 |
| Oakmead Tower | San Jose-Sunnyvale-Santa Clara, CA | West | Office | 104,470 | 100% | $54,800,000 | $0 |
| 225 West Santa Clara | San Jose-Sunnyvale-Santa Clara, CA | West | Office | 348,671 | 95% | $150,700,000 | $0 |
| Park Place Concourse & Atrium | Santa Ana-Anaheim-Irvine, CA | West | Office | 1,630,514 | 85% | $247,956,728 | $129,842,164 |
| Park Place Tower 3333 Michelson | Santa Ana-Anaheim-Irvine, CA | West | Office | 241,660 | 95% | $38,130,549 | $19,360,782 |
| 3121 Michelson | Santa Ana-Anaheim-Irvine, CA | West | Office | 149,112 | 100% | $28,254,784 | $14,259,175 |
| Lincoln Plaza | Seattle-Bellevue-Everett, WA | West | Office | 148,857 | 90% | $47,500,000 | $0 |
| 112th at 12th Street | Seattle-Bellevue-Everett, WA | West | Office | 480,267 | 72% | $199,400,000 | $0 |
| Nine Two Nine | Seattle-Bellevue-Everett, WA | West | Office | N/A | N/A | $138,000,000 | $56,605,715 |
| North Avenue Collection | Chicago-Naperville-Joliet, IL | Midwest | Office/Retail | 199,683 | 99% | $81,400,000 | $0 |
| Hazard Center | San Diego-Carlsbad-San Marcos, CA | West | Office/Retail | 405,707 | 92% | $136,900,000 | $0 |
| Sacramento Shopping Center | Washington-Arlington-Alexandria, DC-VA-MD-WV | East | Retail | 84,492 | 71% | $14,700,000 | $0 |
| West Springfield Shopping Center | Washington-Arlington-Alexandria, DC-VA-MD-WV | East | Retail | 83,700 | 79% | $42,100,000 | $0 |
| Old Town Square | Chicago-Naperville-Joliet, IL | Midwest | Retail | 87,123 | 97% | $34,900,000 | $0 |
| Stony Island | Chicago-Naperville-Joliet, IL | Midwest | Retail | 159,785 | 84% | $22,500,000 | $0 |
| Grand Hunt Center | Lake County-Kenosha County, IL-WI | Midwest | Retail | 133,360 | 81% | $23,700,000 | $0 |
| The Marketplace at Vernon Hills | Lake County-Kenosha County, IL-WI | Midwest | Retail | 191,418 | 100% | $27,600,000 | $0 |
| Fischer Market Place | Minneapolis-St. Paul-Bloomington, MN-WI | Midwest | Retail | 233,308 | 100% | $45,900,000 | $0 |
| Fischer Market Place Outlot | Minneapolis-St. Paul-Bloomington, MN-WI | Midwest | Retail | 20,388 | 100% | $5,000,000 | $0 |
| Bell Tower Shops | Cape Coral-Fort Myers, FL | South | Retail | 325,697 | 95% | $80,300,000 | $0 |
| Southport Shopping Center | Fort Lauderdale-Pompano Beach-Deerfield Beach, FL | South | Retail | 146,833 | 99% | $56,600,000 | $0 |
| Lake Worth Marketplace | Fort Worth-Arlington, TX | South | Retail | 197,332 | 99% | $32,800,000 | $0 |
| Meadows Marketplace | Houston-Baytown-Sugar Land, TX | South | Retail | 251,944 | 99% | $60,000,000 | $23,025,161 |
| South Dade | Miami-Miami Beach-Kendall, FL | South | Retail | 208,687 | 92% | $50,900,000 | $0 |
| 530 Lincoln Road | Miami-Miami Beach-Kendall, FL | South | Retail | 11,000 | 0% | $53,600,000 | $0 |
| ARC Building | Miami-Miami Beach-Kendall, FL | South | Retail | 12,148 | 0% | $14,100,000 | $0 |
| Shoppes at Woolbright | West Palm Beach-Boca Raton-Boynton Beach, FL | South | Retail | 133,771 | 99% | $62,100,000 | $0 |
| Pinewood Square Shopping Center | West Palm Beach-Boca Raton-Boynton Beach, FL | South | Retail | 182,248 | 99% | $61,900,000 | $0 |
| Lantana Square | West Palm Beach-Boca Raton-Boynton Beach, FL | South | Retail | 105,550 | 100% | $33,500,000 | $0 |
| Cherry Hills Marketplace | Denver-Aurora, CO | West | Retail | 203,491 | 93% | $55,800,000 | $0 |
| Burbank Empire Center | Los Angeles-Long Beach-Glendale, CA | West | Retail | 618,562 | 100% | $227,100,000 | $111,349,194 |
| Plaza Paseo | San Diego-Carlsbad-San Marcos, CA | West | Retail | 148,590 | 94% | $80,500,000 | $0 |
| Park Place Health Club | Santa Ana-Anaheim-Irvine, CA | West | Retail | 46,762 | 100% | $10,934,988 | $5,910,851 |
| Park Place Retail | Santa Ana-Anaheim-Irvine, CA | West | Retail | 116,623 | 93% | $42,395,612 | $20,985,469 |
| Green Firs Towne Center | Tacoma, WA | West | Retail | 148,716 | 96% | $36,750,000 | $0 |
| | | | | | | **$8,207,566,798** | **$1,485,378,284** |

As of 30 September 2015



Principal Real Estate Investors

# JOINT VENTURE INVESTMENTS

| Property Name | Property Type | JV Partner | USPA JV Ownership | GAV (09/30/2015) |
|---|---|---|---|---|
| Routh Street Flats | Multifamily | Alamo Manhattan Carlisle | 90.00% | $ 45,427,000 |
| Summit at Washingtonian | Office | American Real Estate Partners/The Davis Companies | 75.00% | $ 62,300,000 |
| Icon & Icon Gardens | Multifamily | CA Student Living | 87.50% | $ 38,900,000 |
| Uncommon | Multifamily | CA Student Living | 87.50% | $ 45,900,000 |
| Evolve | Multifamily | CA Student Living | 87.50% | $ 25,400,000 |
| Identity | Multifamily | CA Student Living | 87.50% | $ 45,400,000 |
| The Flats | Multifamily | CA Student Living | 87.50% | $ 45,000,000 |
| Evolve @ Auburn | Multifamily | CA Student Living | 90.00% | $ 7,470,000 |
| Hacienda Business Park | Industrial/Office/Retail | Ellis Partners | 90.00% | $ 73,600,000 |
| Meadows Marketplace | Retail | Fidelis Realty Partners | 95.00% | $ 60,000,000 |
| Riverside Station Land | Land | Kettler | 90.00% | $ 8,200,000 |
| Park Place Land* | Land | LBA Realty | 45.00% | $ 6,751,637 |
| Park Place Concourse & Atrium* | Office | LBA Realty | 45.00% | $ 118,114,564 |
| Park Place Tower 3333 Michelson* | Office | LBA Realty | 45.00% | $ 18,769,768 |
| Park Place 3121 Michelson* | Office | LBA Realty | 45.00% | $ 13,995,608 |
| Park Place Health Club* | Retail | LBA Realty | 45.00% | $ 5,024,137 |
| Park Place Retail* | Retail | LBA Realty | 45.00% | $ 21,410,143 |
| Plaza Paseo Real | Retail | Madison Marquette | 95.00% | $ 80,500,000 |
| Bell Tower Shops | Retail | Madison Marquette | 90.00% | $ 80,300,000 |
| J.W. Marriott Resort and Spa* | Hotel | Marriott/PGA/Miller Global | 33.00% | $ 92,793,252 |
| Spring Mall Office Building | Office | McCaffrey Interests | 97.16% | $ 16,000,000 |
| Sacramento Shopping Center | Retail | McCaffrey Interests | 97.16% | $ 14,700,000 |
| W. Springfield Shopping Center | Retail | McCaffrey Interests | 97.16% | $ 42,100,000 |
| Fife Commerce Center | Industrial | Northwest Building | 70.00% | $ 71,900,000 |
| Camden Court Apartments | Multifamily | Quadrangle | 90.00% | $ 43,300,000 |
| Can Plant | Multifamily | Silver Ventures | 90.00% | $ 62,900,000 |
| Hardin House | Multifamily | Simmons Vedder | 81.28% | $ 26,900,000 |
| O'Brien Drive | Industrial | Tarlton | 95.00% | $ 47,150,000 |
| Magellan Gateway | Industrial | The Magellan Group | 90.00% | $ 41,900,000 |
| Dulles Metro Center | Office | The Pinkard Group | 85.00% | $ 46,500,000 |
| Park Ladera | Industrial | Trammell Crow | 90.00% | $ 16,500,000 |
| Discovery Tower II | Land | Trammell Crow | 60.00% | $ 5,700,000 |
| Midpoint @ 237 | Land | Trammell Crow | 90.00% | $ 53,400,000 |
| Corridors Industrial Park | Land | Trammell Crow | 90.00% | $ 5,620,000 |
| Energy Center | Office | Trammell Crow | 90.00% | $ 557,000,000 |
| Nine Two Nine | Office | Trammell Crow | 90.00% | $ 138,000,000 |
| 500 West Second Street | Office | Trammell Crow | 90.00% | $ 80,150,000 |
| 77 Water Street* | Office | Travelers/William Kaufman Organization | 49.00% | $ 131,954,266 |
| 530 Lincoln Road | Retail | Tristar Capital | 91.50% | $ 53,600,000 |
| ARC Building | Retail | Tristar Capital | 85.00% | $ 14,100,000 |
| Watermark Kendall West | Multifamily/Retail | Twining Properties | 94.20%/80.00% | $ 191,200,000 |
| INOVA Dry Creek* | Land | United Properties | 50.00% | $ 5,454,960 |
| Oak Groves Shoppes | Land | Woolbright | 90.00% | $ 53,000 |
| The Grove Littleton | Land | Zocalo Community Development | 90.00% | $ 5,650,000 |
| | | **TOTAL JOINT VENTURES** | | **$ 2,566,988,335** |
| | | **% of Account GAV** | | **31.85%** |

As of 30 September 2015

*Non-majority joint ventures are shown at net investment in real estate partnership.



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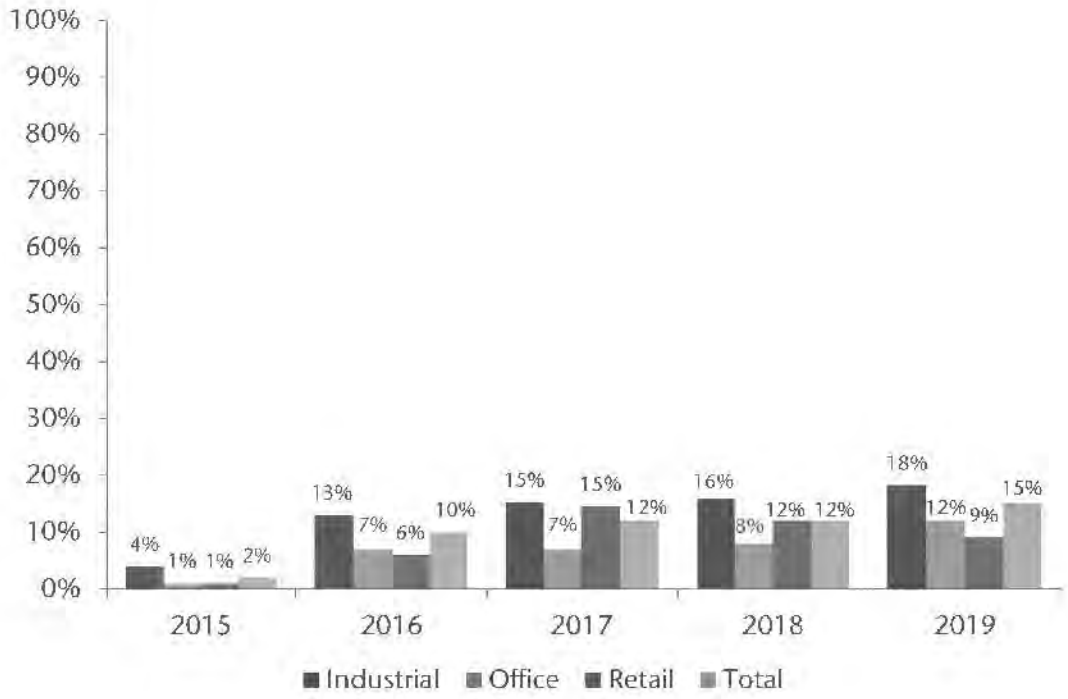
# LEASE ROLLOVER




As of 30 September 2015

Rollover is based on percentage of square footage expiring within each property sector within a given calendar year.

# PROPERTY PRIORITIES

## 2015 PROPERTY PRIORITIES

**Energy Center IV** - Complete construction of 100% preleased Houston office building development

**Energy Center V** - Execute build-to-core strategy and lease-up of Houston office development

**500 West Second Street** - Execute build-to-core strategy of Austin office development

**Nine Two Nine** - Execute build-to-core strategy of Bellevue office tower

**112th at 12th** - Stabilize occupancy at Seattle area office property

**Dorsey Run Road** - Execute lease-up of newly constructed Baltimore industrial building

**ARC Building** - Execute lease-up of Miami retail asset

**530 Lincoln Road** - Execute redevelopment and lease-up of Miami Beach retail asset

**Freeport III** - Stabilize occupancy at Dallas area office building

**The Swift** - Execute lease-up of newly constructed multifamily asset in Washington, D.C.

**Dulles Metro Center** - Stabilize occupancy at recently acquired lease-to-core office building in Washington, D.C.

**Fife Commerce Center** - Stabilize occupancy after the expected move-out of a 453,000 sf tenant at Seattle industrial property

**505 North Brand** - Stabilize occupancy at recently acquired lease-to-core office building in Los Angeles

**Summit at Washingtonian** - Execute lease-to-core strategy of Bethesda office asset

**Patuxent Range Road** - Finalize lease-up of recently completed Baltimore industrial asset

As of 30 September 2015

## RECENT ACCOMPLISHMENTS

**Energy Center III** - Final certificate of occupancy received first quarter 2015 at 100% leased Houston office development

**500 West Second Street** - Signed a 207,000 sf lease with Google resulting in 42% preleasing at Austin office development

**Energy Center IV** - Executed a 597,628 sf full-building lease with Conoco Phillips for Houston office building currently under construction

**112th at 12th** - Signed leases for over 100,000 sf to mitigate rollover at Seattle area office property

**Valley Center** - Executed new leases for nearly 114,000 sf increasing occupancy of Seattle industrial property to 100%

**Cherry Hills** - Leasing with national tenants including Trader Joe's and Sierra Trading Post repositioned Denver retail center

**Fischer Marketplace** - Signed lease with an organic grocer to replace a bookstore tenant and expand this Minneapolis retail center

**The Swift** - Increased occupancy to approximately 82% at Washington, D.C. multifamily property

**O'Brien Drive** - Executed an 18,000 sf expansion with an existing tenant, increasing occupancy to 100% at San Francisco industrial building

**Oakmead Tower** - Signed a full building lease with Blue Coat at San Jose office asset

**Summit at Washingtonian** - Executed a new full floor lease increasing leased occupancy to 92% at Bethesda office asset

**250 Bowery** - Completed sale of New York retail asset

**Fife Commerce Center** - Executed three leases totaling 453,000 sf backfilling all of the space from a first quarter 2015 moveout

**20 Greenway** - Completed common area renovation and stabilized occupancy at Houston office property



Principal Real Estate Investors

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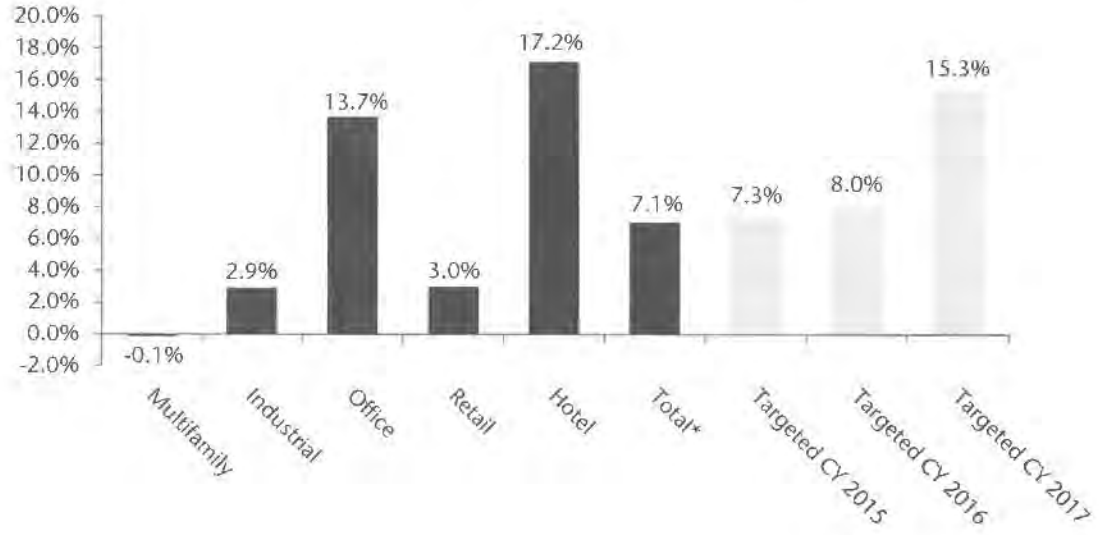
# SAME-PROPERTY NET OPERATING INCOME (NOI) GROWTH

## YEAR-OVER-YEAR
## THROUGH 30 SEPTEMBER 2015




As of 30 September 2015
*Total includes land NOI growth.
NOI is net operating income at the property level and is before fees. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions. Targeted growth reflects the current views and opinions of Principal Real Estate Investors and is not intended to be, nor should

# SECTOR EXPOSURE

| RANK | NAICS CODE | INDUSTRY | % OF REVENUE |
|---|---|---|---|
| 1 | 54 | Professional, Scientific, and Technical Services | 18% |
| 2 | 52 | Finance and Insurance | 17% |
| 3 | 44-45 | Retail Trade | 11% |
| 4 | 31-33 | Manufacturing | 11% |
| 5 | 92 | Public Administration | 6% |
| 6 | 56 | Administrative and Support Services | 5% |
| 7 | 48-49 | Transportation and Warehousing | 5% |
| 8 | 62 | Health Care and Social Assistance | 4% |
| 9 | 51 | Information | 4% |
| 10 | 42 | Wholesale Trade | 4% |
| | | **TOTAL** | **85%** |

As of 30 September 2015
Due to rounding, figures shown may not add to the totals.



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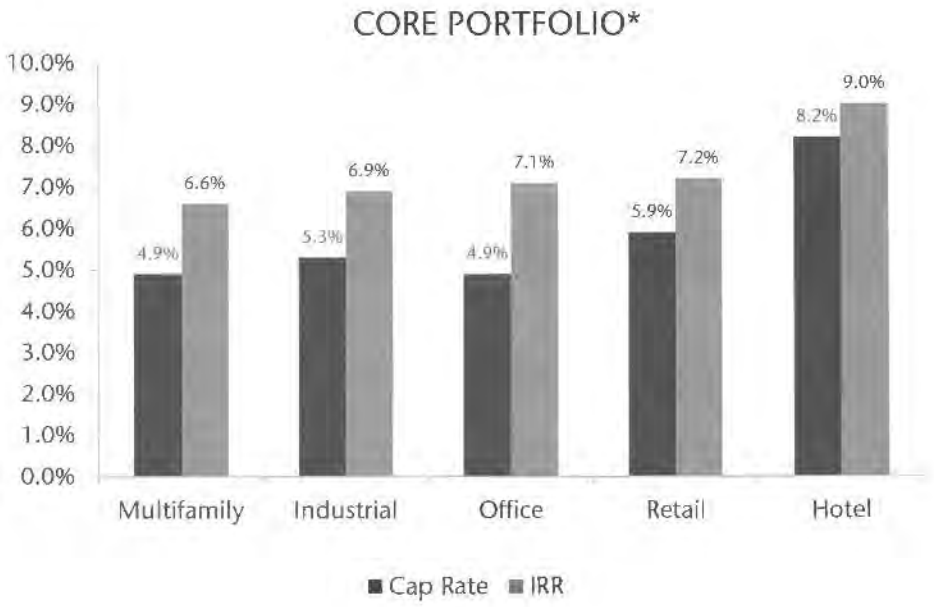
# VALUATION METRICS

| | TOTAL PORTFOLIO | CORE PORTFOLIO* |
|---|---|---|
| Cap Rate | 4.8% | 5.2% |
| IRR | 7.2% | 7.1% |




As of 30 September 2015
*Excludes value-added assets
IRRs are gross unleveraged property level returns and are before fees. Past performance is not a reliable indicator of future performance and should not be relied upon to make investment decisions.



Principal Real Estate Investors

# 2015 TRANSACTION ACTIVITY

## SUMMARY OF ACQUISITIONS

| Property | Property Type | Metropolitan Area | Size | Transaction Amount ($M) |
|---|---|---|---|---|
| Icon & Icon Gardens | Multifamily | Santa Barbara, CA | 205 units | $38.9 |
| The Flats | Multifamily | Bloomington, IL | 447 units | $44.9 |
| Uncommon | Multifamily | Eugene, OR | 380 units | $45.9 |
| Evolve | Multifamily | Knoxville, TN | 225 units | $25.4 |
| Identity | Multifamily | Seattle, WA | 206 units | $45.4 |
| Can Plant | Multifamily | San Antonio, TX | 293 units | $61.5 |
| Evolve @ Auburn† | Multifamily | Auburn, AL | 1.4 acres | $7.5 |
| Park Place | Office/Retail/Land | Santa Ana, CA | 2,184,671 sf/3 acres | $371.5 |
| 1080 O'Brien Drive*† | Industrial | San Francisco, CA | 28,920 sf | $6.6 |
| Green Firs Towne Center† | Retail | Tacoma, WA | 148,716 sf | $36.7 |
| The Grove Littleton† | Land | Denver, CO | 7.7 acres | $5.5 |
| Corridors Industrial Park | Land | Phoenix, AZ | 16.2 acres | $3.4 |
| | | | | **$693.4** |

## SUMMARY OF DISPOSITIONS

| Property | Property Type | Metropolitan Area | Size | Transaction Amount ($M) |
|---|---|---|---|---|
| Costco Way | Industrial | Edison, NJ | 1,223,320 sf | $62.2 |
| O'Hare Business Center | Industrial | Chicago, IL | 127,642 sf | $5.8 |
| 250 Bowery | Retail | New York, NY | 11,000 sf | $22.5 |
| Pompano Marketplace | Retail | Fort Lauderdale, FL | 238,800 sf | $46.1 |
| 100 East Las Olas† | Land | Fort Lauderdale, FL | 0.9 acre | $16.8 |
| INOVA Dry Creek*† | Land | Denver, CO | 9.7 acres | $2.6 |
| Amber Glen Land* | Land | Portland, OR | 2.8 acres | $1.9 |
| | | | | **$161.2** |

## SUMMARY OF FORWARD COMMITMENT DISPOSITIONS

| Property | Property Type | Metropolitan Area | Size | Transaction Amount ($M) |
|---|---|---|---|---|
| 15th & Island | Land | San Diego, CA | 1.4 acres | $17.2 |
| | | | | **$17.2** |

As of 30 September 2015
*Partial sale or acquisition
†Denotes 3Q2015 transactions
Due to rounding, figures shown may not add to totals



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# LEVERAGE SUMMARY

| Fixed Rate Loans | Lender | GAV | Loan Amount | LTV | Maturity Date | Note Rate |
|---|---|---|---|---|---|---|
| Ravello | Fannie Mae | $69,800,000 | $26,656,073 | 38.19% | 12/01/2015 | 5.24% |
| Capitol Plaza | Mass Mutual | $175,000,000 | $82,500,000 | 47.14% | 08/01/2016 | 4.02% |
| Elmhurst Business Park | Prudential | $35,300,000 | $5,393,193 | 15.28% | 08/15/2017 | 7.97% |
| Camden Court (Consolidated LTV = 49.5%) | Fannie Mae | $43,300,000 | $20,250,919 | 46.77% | 04/01/2019 | 3.45% |
| Burbank Empire Center | Mass Mutual | $227,100,000 | $111,158,661 | 48.95% | 04/01/2019 | 3.80% |
| Meadows Marketplace | Mass Mutual | $60,000,000 | $21,615,839 | 36.03% | 10/01/2020 | 5.00% |
| Channel Pointe | Fannie Mae | $70,600,000 | $30,160,000 | 42.72% | 12/01/2020 | 4.59% |
| Premier Lofts | Fannie Mae | $65,600,000 | $27,820,000 | 42.41% | 01/01/2021 | 4.59% |
| Dallas Core Industrial Portolio | Allianz | $68,400,000 | $25,070,771 | 36.65% | 04/10/2021 | 5.88% |
| 77 Water Street[1] | AXA Equitable | $155,342,308 | $22,050,000 | 14.19% | 11/01/2021 | 4.66% |
| Watermark | Fannie Mae | $191,200,000 | $88,000,000 | 46.03% | 01/01/2022 | 3.88% |
| Hardin House | John Hancock | $26,900,000 | $8,250,000 | 30.67% | 05/01/2022 | 4.15% |
| West Campus Phase II | Fannie Mae | $109,900,000 | $52,320,000 | 47.61% | 08/01/2022 | 3.58% |
| 1370 Avenue of the Americas | Mass Mutual | $333,000,000 | $150,000,000 | 45.05% | 10/01/2024 | 3.90% |
| Icon & Icon Gardens | Fannie Mae | $38,900,000 | $18,854,000 | 48.47% | 04/01/2025 | 3.38% |
| Uncommon | Fannie Mae | $45,900,000 | $23,638,000 | 51.50% | 04/01/2025 | 3.42% |
| Evolve | Fannie Mae | $25,400,000 | $12,014,000 | 47.30% | 04/01/2025 | 3.42% |
| Identity | Fannie Mae | $45,400,000 | $23,542,000 | 51.85% | 04/01/2025 | 3.42% |
| The Flats | Fannie Mae | $45,000,000 | $27,846,000 | 61.88% | 04/01/2025 | 3.44% |
| Park Place[1] | Prudential/MetLife | $367,672,660 | $193,500,000 | 52.63% | 04/05/2025 | 3.65% |
| Camden Court (Consolidated LTV = 49.5%) | City of Baltimore | $43,300,000 | $1,168,216 | 2.70% | 03/01/2034 | 2.00% |
| **Total Fixed Rate Debt** | | **$2,199,714,968** | **$971,807,172** | **44.18%** | | **3.91%** |
| **Floating Rate Loans** | **Lender** | **GAV** | **Loan Amount** | **LTV** | **Maturity Date** | **Note Rate** |
| Energy Center III | US Bank/Wells Fargo | $264,600,000 | $95,620,143 | 36.14% | 12/21/2015 | LIBOR + 200 |
| Energy Center IV | US Bank/Wells Fargo | $200,300,000 | $48,841,233 | 24.38% | 11/30/2016 | LIBOR + 180 |
| South Street Flats | Texas Capital Bank | $45,477,000 | $22,195,236 | 48.86% | 05/22/2017 | LIBOR + 245 |
| Nine Two Nine | US Bank | $138,000,000 | $56,605,715 | 41.02% | 06/02/2017 | LIBOR + 250 |
| Hacienda Business Park | Wells Fargo | $73,600,000 | $30,018,224 | 40.79% | 06/06/2017 | LIBOR + 325 |
| Energy Center V | US Bank/Wells Fargo | $92,100,000 | $19,056,057 | 20.69% | 07/09/2017 | LIBOR + 200 |
| Summit at Washingtonian | Compass Bank | $62,300,000 | $40,603,111 | 65.17% | 08/10/2017 | LIBOR + 210 |
| Park Ladera | US Bank | $16,500,000 | $8,768,740 | 53.14% | 10/31/2017 | LIBOR + 225 |
| Magellan Gateway | US Bank | $41,900,000 | $8,139,153 | 19.43% | 05/31/2018 | LIBOR + 195 |
| J.W. Marriott Resort and Spa[1] | HSBC Syndicate | $184,880,233 | $92,086,981 | 49.81% | 06/01/2018 | LIBOR + 265 |
| Dulles Metro Center | Santander Bank | $46,500,000 | $24,631,742 | 52.97% | 06/23/2018 | LIBOR + 250 |
| 420 West 42nd Street | NY State Housing Finance Agency | $149,300,000 | $66,989,531 | 44.87% | 11/01/2032 | Bond Rate + 116 |
| **Total Floating Rate Debt** | | **$1,315,407,233** | **$513,555,896** | **39.04%** | | **2.35%** |
| **Lines of Credit** | **Lender** | **GAV** | **Loan Amount** | **LTV** | **Maturity Date** | **Note Rate** |
| Line of Credit - $400m | Wells Fargo/JP Morgan Syndicate | | $0 | - | 10/04/2016 | LIBOR + 100 |
| **Total Line of Credit Debt** | | | **$0** | | | **0.00%** |
| **Private Placement** | **Lender** | **GAV** | **Loan Amount** | **LTV** | **Maturity Date** | **Note Rate** |
| Private Placement 5 Year | Prudential | | $100,000,000 | - | 06/25/2021 | 3.49% |
| Private Placement 7 Year | Prudential | | $100,000,000 | - | 06/25/2023 | 3.30% |
| **Total Private Placement Debt** | | | **$200,000,000** | | | **3.40%** |
| **Total Fixed, Variable and LOC** | | | **$1,685,363,068** | | **5.89 Years** | **3.41%** |

As of 30 September 2015

[1]The property is a non-consolidated joint venture and as such, gross asset value and loan amounts are shown at USPA share.



Principal Real Estate Investors

# BIOGRAPHIES

**Patrick Halter - Chief Executive Officer, Real Estate**

Pat is the Chief Executive Officer for Principal Real Estate Investors, the dedicated real estate unit of Principal Global Investors. As head of real estate, he is responsible for overall global real estate strategy, new business development, and business management, including oversight of staff professionals located in the United States, Europe, Asia, and Australia. As a veteran in commercial real estate, Pat's expertise includes product and fund design, new business development, portfolio strategy and investment management. He also has substantial transaction experience originating and approving investments for Principal and its clients. Pat chairs the board of Principal Real Estate Investors. He is also a Senior Executive Director of Principal Global Investors. He also serves as the chair of numerous other Principal Real Estate Investors subsidiaries. Pat joined the firm in 1984. He has held various positions within the real estate group. He received an MBA in finance and a bachelor's degree in finance and marketing from the University of Wisconsin. Pat is past Chairman of the Board of the National Association of Real Estate Investment Managers (NAREIM). He is a member of the Real Estate Roundtable and serves on the REPAC Steering Committee. Pat is also a member of the Pension and Real Estate Association (PREA), the Association of Foreign Investors in Real Estate (AFIRE), and serves on the Board of the Graaskamp Center for Real Estate at the University of Wisconsin.

**Jay B. Davis - Senior Managing Director, Head of Private Equity Portfolio Management**

Jay is senior managing director at Principal Real Estate Investors and oversees the firm's private equity portfolio management group. Since 1982, Jay has been involved in real estate investment management on behalf of institutional investors, both non-U.S. and domestic. Jay joined the firm in early 2000 and has been active in portfolio management and new business development. Previously, he was vice president and co-head of asset management with J.P. Morgan Investment Management in New York. Jay was also senior vice president and director of portfolio management with The O'Connor Group. He received a bachelor's degree in real estate and finance from Missouri State University. Jay is on the board of directors of the Association of Foreign Investors in Real Estate (AFIRE), and is a member of the Pension Real Estate Association (PREA) and the International Council of Shopping Centers (ICSC). He also serves on Principal Real Estate Investors' Investment Committee.

**Indy Karlekar, Ph.D. - Managing Director, Global Research & Strategy**

Indy is managing director, global head of research & strategy at Principal Real Estate Investors, the dedicated real estate unit of Principal Global Investors. His responsibilities include helping with allocation of capital via the creation of real estate portfolio strategies across the four quadrants of commercial real estate. He also helps disseminate our economic and real estate views to external clients and is a member of Principal Global Investors Economic Committee. Indy joined the industry in 2003 and Principal Real Estate Investors in 2013. Prior to his current role he has served as an executive vice president and chief investment strategist at Cole Real Estate Investments and head of global research and strategy at ING Clarion. At ING Clarion, he worked on creating global top-down asset allocation strategies by analyzing macroeconomic and real estate variables and was also responsible for investment research, white papers, and new product development. Prior to ING, Indy was a member of the global research team at AIG Global Real Estate. Indy started his career as an Economic Analyst at The Economist Intelligence Unit. He received a Ph.D. in economics from University of Cambridge and is a member of PREA and NCREIF.



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# BIOGRAPHIES

**John T. Berg - Managing Director, Portfolio Management**

John is managing director, portfolio management for Principal Real Estate Investors. He is the portfolio manager of the Principal U.S. Property Account, a core open-end real estate strategy. John joined the firm in 1994 and has spent his entire tenure with the firm in the real estate equity area. In addition to portfolio management, John has significant experience in asset management and product development. John received an MBA from the University of Iowa and a bachelor's degree in economics and psychology from Georgetown University. He is a member of the National Council of Real Estate Investment Fiduciaries (NCREIF), the National Association of Real Estate Investment Managers (NAREIM), and the Pension Real Estate Association (PREA).

**Darren Kleis - Managing Director, Portfolio Management**

Darren is a managing director, portfolio management at Principal Real Estate Investors. Darren joined the management team of the Principal U.S. Property Account in 2007, and is responsible for portfolio management activities of the Principal U.S. Property Account including market research, asset management oversight, leasing and capital expenditures, financing, annual business plans, and hold/sell analysis. Prior to his current role, Darren was an investment director of asset management for 12 years for Principal Real Estate Investors. Darren joined Principal Financial Group in 1992 as an investment accountant at Principal Financial Group. He received an MBA from Drake University and a bachelor's degree in accounting from Northwestern College.

**Jennifer Perkins - Portfolio Manager**

Jennifer is a portfolio manager at Principal Real Estate Investors. She is responsible for overseeing the implementation of various fund and property business plans including tactical property type, regional and property strategies as well as client communications and new business development for the Account. Jennifer joined the firm in 1995 and spent seven years in the asset management/dispositions and acquisitions area before joining the Principal U.S. Property Account team in 2002. Jennifer received an MBA from the University of Iowa and a bachelor's degree in economics from Central College.

**Meighan E. Phillips - Associate Portfolio Manager**

Meighan is an associate portfolio manager for Principal Real Estate Investors. She is a member of the portfolio team for the Principal U.S. Property Account, the firm's core open-end fund. This team is responsible for the strategic and tactical operations of the portfolio. Meighan is responsible for portfolio statistics and analysis, annual business plans and quarterly reporting, performance attribution and client/consultant communication. She joined the firm in 2005. Previously, Meighan was an acquisition analyst for Principal Real Estate Investors. She received an MBA from the University of Iowa and a bachelor's degree in finance with a concentration in investments from Drake University.

**Bridget Lechtenberg - Portfolio Analyst**

Bridget is a portfolio analyst for Principal Real Estate Investors. She is a member of the portfolio team for the Principal U.S. Property Account, the firm's core open-end fund. Bridget is responsible for portfolio statistics and analysis, annual business plans and quarterly reporting. Bridget joined the firm in 2006 and spent six years in the asset management/development and acquisition/dispositions area before joining the Principal U.S. Property Account team in 2013. She received her bachelor's degree in finance and real estate from the University of Northern Iowa.

# ENDNOTES

# ENDNOTES

**Performance Disclosures**

Performance shown is time-weighted and returns for periods over one year are annualized. Investment results shown represent historical performance and do not guarantee future results. Investment returns and principal values fluctuate with changes in interest rates and other market conditions so that value, when redeemed, may be worth more or less than original costs. Currently performance may be lower or higher than the performance data shown. This investment is subject to investment and liquidity risk and other risks inherent in real estate such as those associated with general local economic condition.

**Principal U.S. Property Account Background**

The Principal U.S. Property Separate Account is a commingled separate account managed by Principal Real Estate Investors, LLC, and maintained by Principal Life Insurance Company. It is available, through group annuity contracts issued by Principal Life Insurance Company, to plans meeting the requirements for qualification under Section 401(a) of the Internal Revenue Code of 1986 ("Code"), as amended, and governmental plans meeting the requirements of Section 457 of the Code, as amended.

Separate Accounts are available through a group annuity contract with Principal Life Insurance Company. Insurance products and plan administrative services, if applicable, are provided by Principal Life Insurance Company, a member of the Principal Financial Group, Des Moines, IA 50392. Certain investment options may not be available in all states or U.S. commonwealths. Principal Life Insurance Company reserves the right to defer payments or transfers from Principal Life Separate Accounts as described in the group annuity contracts providing access to the Separate Accounts or as required by applicable law. Such deferment will be based on factors that may include situations such as: unstable or disorderly financial markets; investment conditions which do not allow for orderly investment transactions; or investment, liquidity, and other risks inherent in real estate (such as those associated with general and local economic conditions). If you elect to allocate funds to a Separate Account, you may not be able to immediately withdraw them.

**NFI-ODCE** is a capitalization-weighted, gross of fee, time-weighted return index with an inception date of 31 December 1977. Supplemental data is also provided, such as equal-weight and net of fee returns, for informational purposes and additional analysis. Open-end Funds are generally defined as infinite-life vehicles consisting of multiple investors who have the ability to enter or exit the fund on a periodic basis, subject to contribution and/or redemption requests, thereby providing a degree of potential investment liquidity. The term Diversified Core Equity style typically reflects lower risk investment strategies utilizing low leverage and generally represented by equity ownership positions in stable U.S. operating properties. The NFI-ODCE, like the NCREIF Property Index and other stock and bond indices, is a capitalization-weighted index based on each funds Net Invested Capital, which is defined as Beginning Market Value Net Assets (BMV), adjusted for Weighted Cash Flows (WCF) during the period. To the extent WCF are not available; which may be the case for older liquidated funds, BMV is used. Indices are typically capitalization-weighted, as they better represent the universe and the performance of the overall marketplace. Total Return of any capitalization-weighted Index is, therefore, more influenced by the larger funds (based on Net Invested Capital) included in the Index. Additional information, such as the equally-weighted NFI-ODCE, is also presented to show what the results would be if all funds were treated equally, regardless of size. This presentation is typically used for statistical purposes and peer-to-peer comparisons.

# IMPORTANT INFORMATION

This document is intended for sophisticated institutional and professional investors only and is delivered on an individual basis to the recipient and should not be passed on or otherwise distributed by the recipient to any other person or organization.

The information in this document has been derived from sources believed to be accurate as of October 2015. Information derived from sources other than Principal Global Investors or its affiliates is believed to be reliable; however we do not independently verify or guarantee its accuracy or validity.

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Past performance is not a reliable indicator of future performance and should not be relied upon as a significant basis for an investment decision. You should consider whether an investment fits your investment objectives, particular needs and financial situation before making any investment decision.

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Principal Real Estate Investors, LLC (the "Firm") is the dedicated real estate group of Principal Global Investors[1]. The Firm is a registered investment adviser and a member of the Principal Financial Group.

Principal Global Investors is the asset management arm of the Principal Financial Group ® (The Principal ®)[1] and includes the asset management operations of the following subsidiaries of The Principal: Principal Global Investors, LLC; Principal Real Estate Investors, LLC; Principal Enterprise Capital, LLC; Liongate Capital Management LLP; Spectrum Asset Management, Inc.; Post Advisory Group, LLC; Columbus Circle Investors; Edge Asset Management, Inc.; Morley Financial Services Inc.; Finisterre Capital, LLP; Origin Asset Management, LLP; Principal Global Investors (Europe) Limited; Principal Global Investors (Singapore) Ltd.; Principal Global Investors (Australia) Ltd.; Principal Global Investors (Japan) Ltd.; Principal Global Investors (Hong Kong) Ltd.; CIMB-Principal Islamic Asset Management Sdn. Bhd.; and the majority owned affiliates of Principal International, Inc. Assets under management includes assets managed by investment professionals of Principal Global Investors under dual employee arrangements with other subsidiaries of The Principal and assets managed in accordance with investment advice provided by Principal Global Investors through the delivery of a model.

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# Lauterbach & Amen, LLP

PROPOSAL

TO PROVIDE PROFESSIONAL SERVICES TO

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# PARK RIDGE FIRE

# PENSION FUND

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27W457 Warrenville Road, Warrenville, IL 60555
Phone: 630.393.1483 www.lauterbachamen.com

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS

27W457 WARRENVILLE RD. • WARRENVILLE, ILLINOIS 60555
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www.lauterbachamen.com

## Executive Summary

Lauterbach & Amen, LLP (L&A) is a multi-dimensional and multi-service accounting firm which has exclusively served the government sector for over eighteen years. L&A provides monthly accounting and bookkeeping service, actuary services, and tax services for police and firefighter pension funds, libraries, fire districts, dispatch centers and other small units of government. L&A also provides audit, consulting, and assurance services to municipalities, park districts, pension funds, libraries, and other local units of government.

Lauterbach & Amen, LLP was founded by two partners, Sherry Lauterbach and Ron Amen, who have extensive governmental auditing and consulting backgrounds, as well as private sector experience. Sherry Lauterbach has worked exclusively with the pension and municipal sectors for over 30 years. Ron Amen brings more than 20 years of experience servicing Illinois local governments.

Providing exceptional customer service to all of our clients is our hallmark. Over the last decade, our knowledge, experience and integrity have grown our firm to provide a level of service that is second to none, allowing us to service over 300 public entities in the State of Illinois. We understand the financial and administrative needs of governmental agencies like no other firm, and strive to provide personalized professional relationships that grow stronger every year.

Thank you for the opportunity to provide our proposal for services, and we look forward to assisting you with the financial and administrative needs of your governmental agency.

Respectfully,

LAUTERBACH & AMEN, LLP

Sherry Lauterbach

Sherry Lauterbach, Partner

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# ILLINOIS ARTICLE 4 – FIRE PENSION FUND CLIENTS

Addison
Algonquin Lake in the Hills
Barrington
Bartlett
Batavia
Beach Park
Bellwood
Belvidere
Bensenville
Berwyn
Bloomingdale
Bolingbrook
Bridgeview
Broadview
Brookfield
Buffalo Grove
Burbank
Calumet City
Carol Stream
Carpentersville
Chicago Heights
Chicago Ridge
Cicero
Country Club Hills
Countryside
Crystal Lake
Darien Woodridge
DeKalb
Des Plaines
Dixon
Dolton
Downers Grove
Edwardsville
Elgin
Forest Park
Forest View
Frankfort
Franklin Park
Geneva
Glenview
Glenwood
Grayslake
Gurnee
Hanover Park
Harvey
Hazel Crest
Highland Park
Hillside
Hinsdale
Hoffman Estates
Homewood
Huntley
Kankakee
Lake Forest
Lake Zurich
Lansing
Lemont
Leyden
Libertyville
Lincoln
Lincolnshire Riverwoods
Lombard
Long Grove
Manhattan
Matteson
Maywood
Melrose Park
Midlothian
Minooka
Moline
Morton Grove
Mount Prospect
Mundelein
New Lenox
Newport Township
Niles
North Aurora
North Chicago
North Maine
Northbrook
Norwood Park
Oak Brook
Oakbrook Terrace
Oak Forest
Oak Lawn
Oak Park
Orland
Oswego
Palatine Rural
Palos Heights
Park Ridge
Peoria
Plainfield
River Forest
Riverdale
Roberts Park
Rock Falls
Schiller Park
Skokie
South Elgin
South Holland
Springfield
Tri-State
University Park
Villa Park
Wauconda
Waukegan
Westchester
Wheaton
Wheeling
Wood Dale
Woodstock
Worth
Zion

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# ILLINOIS ARTICLE 3 – POLICE PENSION FUND CLIENTS

Addison
Algonquin
Barrington
Barrington Hills
Batavia
Bellwood
Belvidere
Bensenville
Berkeley
Berwyn
Blue Island
Bolingbrook
Braidwood
Broadview
Brookfield
Buffalo Grove
Burbank
Burnham
Carol Stream
Carpentersville
Cary
Cherry Valley
Chicago Heights
Chicago Ridge
Cicero
Country Club Hills
Crest Hill
Crete
Crystal Lake
Darien
DeKalb
Des Plaines
Dixon
Dolton
Downers Grove
East Dundee
East Moline
Edwardsville
Elgin
Elmwood Park
Forest Park
Flossmoor
Frankfort
Franklin Park
Fox Lake
Geneseo
Geneva
Glenview
Glenwood
Gurnee
Hanover Park
Harvard
Harwood Heights
Hazel Crest
Highland Park
Hillside
Hinsdale
Hodgkins
Hoffman Estates
Homewood
Johnsburg
LaGrange Park
Lake Forest
Lake in the Hills
Lake Zurich
Lansing
Lemont
Lincoln
Lincolnshire
Lincolnwood
Lisle
Lockport
Lombard
Lyons
Marengo
Markham
Matteson
Mattoon
Maywood
Melrose Park
Midlothian
Minooka
Mokena
Moline
Monee
Morton Grove
Mount Prospect
Mundelein
New Lenox
Niles
Northbrook
North Chicago
Northlake
Oak Brook
Oak Forest
Oak Lawn
Oak Park
Olympia Fields
Oswego
Palos Heights
Pekin
Peoria
Plainfield
Prospect Heights
Richton Park
River Forest
Riverdale
Rock Falls
Rolling Meadows
Roselle
Round Lake Park
Schiller Park
Skokie
South Elgin
South Holland
Steger
Sugar Grove
Vernon Hills
Wauconda
Waukegan
West Chicago
Westchester
Westmont
Wheaton
Wheeling
Willow Springs
Wilmington
Winthrop Harbor
Wood Dale
Worth

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# CLIENT LIST – PENSION SERVICES ADMINISTRATION (PSA SERVICES)

Addison Fire
Addison Police
Algonquin LITH Fire
Beach Park Fire
Bellwood Fire
Berkeley Police
Berwyn Fire
Berwyn Police
Bloomingdale Fire
Blue Island Police
Bolingbrook Police
Braidwood Police
Bridgeview Fire
Broadview Fire
Broadview Police
Brookfield Fire
Brookfield Police
Burbank Police
Cary Police
Cherry Valley Police
Chicago Ridge Police
Countryside Fire
Crete Police
Crest Hill Police
Crystal Lake Fire
Darien Police
Des Plaines Fire
East Moline Police
Franklin Park Fire
Franklin Park Police
Geneseo Police
Glenview Fire
Glenwood Fire
Glenwood Police
Harwood Hts. Police
Hazel Crest Fire
Hazel Crest Police
Hillside Fire
Hillside Police
Hinsdale Fire
Hinsdale Police
Hodgkins Police
Homewood Fire
Homewood Police
Lake Forest Fire
Lake Zurich Fire
Libertyville Fire
Lisle Police
Lombard Fire
Lombard Police
Manhattan Fire
Markham Police
Matteson Police
Mattoon Police
Maywood Fire
Midlothian Fire
Minooka Police
Moline Fire
Mount Prospect Fire
Mount Prospect Police
New Lenox Fire
Newport Township Fire
North Aurora Fire
North Chicago Fire
North Chicago Police
Oak Lawn Fire
Oak Lawn Police
Oakbrook Fire
Olympia Fields Police
Orland Fire
Oswego Fire
Pekin Police
Peoria Police
Richton Park Police
River Forest Police
Riverdale Fire
Riverdale Police
Rolling Meadows Police
Round Lake Park Police
Schiller Park Fire
Skokie Fire
South Holland Fire
South Holland Police
Springfield Fire
Sugar Grove Police
University Park Fire
Vernon Hills Police
Wauconda Police
Waukegan Fire
Waukegan Police
Westchester Fire
Westchester Police
Wheaton Fire
Wheaton Police
Willow Springs Police
Worth Fire
Worth Police

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# ILLINOIS POLICE AND FIREFIGHTERS' PENSION FUNDS PROFESSIONAL SERVICES ADMINISTRATION

- Board Meeting Attendance
  - ✓ Prepare and Post Agenda in Compliance with Open Meetings Act Requirements
  - ✓ Prepare Meeting Packets for Board Members
  - ✓ Prepare List of Vendor Payments Required for Approval
  - ✓ Take Minutes; Transcribe Minutes for Subsequent Distribution and Approval
  - ✓
- Prepare and Maintain Pension Board Trustee Binder
  - ✓ Agenda/Minutes/Financial Reports
  - ✓ Membership Reports (active and pensioners)
  - ✓ Leadership (Board Members, Consultants, Organizations)
  - ✓ Documents (Investment Policy, Tax Levy Reports, Actuarial Report, Audit Report, IDOI Report, Contracts)
  - ✓ Legal Issues and Reference Section (annual calendar, forms, statutes)
- Maintain Files for Active Fund Members
  - ✓ Application to Pension Fund
  - ✓ Certificates (birth, marriage, divorce)
  - ✓ Creditable Service (breaks, transfers)
  - ✓ Physicals
- Prepare Annual Member Information Report for All Active Members
  - ✓ Confirmation of Personal Information (such as date of birth)
  - ✓ Creditable Service Information
  - ✓ Estimate of Retirement Benefits
  - ✓ Current File Contents
- Assist with Illinois Department of Insurance Audit and Compliance Issues
- Maintain Records of Mandatory Pension Board Trustee Certification/Continuing Education
- Conduct Pension Board Trustee Elections; nominations, ballots, tabulation, certification of results
- Prepare, mail and maintain records of Annual Affidavits of Eligibility of Pension Benefits to all pension recipients to verify continued eligibility to receive monthly benefits
- Preparation of Annual Pension Fund Calendar
- Assist with Review and Renewal of Professional Service Contracts

# NOTICE OF REGULAR MEETING OF THE BOARD OF TRUSTEES OF THE ABC FIREFIGHTERS' PENSION FUND

The Board of Trustees of the ABC Firefighters' Pension Fund will conduct a Regular meeting on **Thursday, October 21, 2014 at 10:00 am** at 111 Main Street, My Town, Illinois, for the purposes set forth in the following Agenda:

## AGENDA

1. Call to Order
2. Roll Call
3. Public Comment - Limit of 3 minutes per comment
4. Approval of Minutes
   a. Regular Meeting of July 26, 2014
5. Treasurer's Report
   a. Monthly Financial Report
   b. Presentation and Approval of Bills
   c. 2015 Pension Benefit Increases
6. Investment Reports -
7. Communications or Reports -
8. Applications or Withdrawals from Pension Fund
   a. Peter Doyle – Contribution Refund
   b. Sam Smith – Application for Membership to the Pension Fund
9. Consideration/Action of any Retirement/Disability Applications
   a. John Smith - Retirement
10. Old Business
    a. Actuarial Report & 2014 Tax Levy Request
    b. Final approval of Rules and Regulations
11. New Business
    a. Establish Meeting Date Schedule for 2015
    b. Review of Investment Contracts
    c. Trustee Training status/updates and Open Meetings Act Required Training
12. Attorney's Report
13. Closed Session to discuss pending litigation, if necessary
14. Adjournment

Posted on: _____ by: _____

*Names used are fictitious*

# MINUTES OF THE REGULAR MEETING OF THE BOARD OF TRUSTEES
# ABC FIREFIGHTERS' PENSION FUND
# OCTOBER 21, 2014

The regular meeting of the Board of Trustees of the ABC Firefighters' Pension Fund was held on Monday, October 21, 2014 at 10:00 am at 141 Main Street, My Town, Illinois, in the Fire Department training room.

**CALL TO ORDER:** President Bill Smith called the meeting to order at 10:05 a.m.

**ROLL CALL:**
Present: President Bill Smith; Secretary Eric Johnson; Trustee Peter Campbell
Absent: Trustee Bob Kelly and Trustee Patrick Coleman

Also Present: Board Attorney Susan Sanders, Sanders & Associates; Tom Miller, Miller Consulting; Colleen Dillon and Barbara Utterback, Lauterbach & Amen, LLP

**PUBLIC COMMENT:** None

**APPROVAL OF MEETING MINUTES:**
The Board reviewed the November 14, 2014 meeting minutes. A motion was made by Trustee Smith and seconded by Trustee Campbell to approve the meeting minutes as written. Motion carried unanimously by voice vote.

**TREASURER'S REPORT:** Colleen Dillon presented the monthly Treasurer's Report for the period ending September 30, 2014. The total net plan assets as of 9-30-14 are $13,324,825. The total vendor checks for the quarter ending September 30, 2014, as itemized on the report, is $8,950. All questions were answered by Ms. Dillon. A motion to accept the financial report, including the vendor checks report, was made by Trustee Johnson and seconded by Trustee Campbell.
**AYES:** Trustees Campbell, Smith & Johnson
**NAYS:** None
**ABSENT:** Trustees Kelly & Coleman

2015 PENSION BENEFIT INCREASES: Lauterbach & Amen provided a report of the scheduled pension benefit increases for 2015 for all pensioners, based on the requirements of state statue. The report was reviewed and all questions were answered by Ms. Dillon. A motion was made by Trustee Campbell, seconded by Trustee Smith, to approve the pension benefit increases for 2015 as outlined on the report.
**AYES:** Trustees Campbell, Smith & Johnson
**NAYS:** None
**ABSENT:** Trustees Kelly & Coleman

**INVESTMENT REVIEW**: Mr. Tom Miller from Miller Consulting discussed the quarterly investment report with the Board. As of September 30, 2014, the value of the fund is $13,862,133. The total portfolio is up 4.7% for the quarter. The current asset allocation is 50% in equities and 50% in fixed income and cash. Based on recommendations from Mr. Miller, a motion was made by Trustee Campbell to move $350,000 from the cash account to the S&P 500 Index Fund. The motion was seconded by Trustee Smith.
**AYES:** Trustees Campbell, Smith & Johnson
**NAYS:** None
**ABSENT:** Trustees Kelly & Coleman

**RETIREMENT APPLICATION:** Trustee Smith stated that an application for retirement was received for John Smith. The Board reviewed the Pension Benefit Calculations as prepared by Lauterbach & Amen, identifying his hire date as 8/1/89; retirement date of 9/14/14; effective date of pension of 9/15/14; Credible Service earned of 25 years, 1 month; applicable salary of $102,988.00 for a monthly pension benefit amount of $5,381.84. A motion was made by Trustee Smith and seconded by Trustee Campbell to accept the pension benefit calculations as presented and to grant a retirement pension to John Smith as outlined above.

**AYES:** Trustees Campbell, Smith & Johnson
**NAYS:** None
**ABSENT:** Trustees Kelly & Coleman

**OLD BUSINESS**

Actuarial Report & 2014 Tax Levy Request to the Village: The Actuarial Reports from Albany Actuary and Accurate Actuary were reviewed and the differences in methods and calculations were discussed. A motion was made by Trustee Johnson to recommend a tax levy for the pension fund to the Village of My Town based on the Actuarial Report prepared by Albany Actuary in the amount of $1,085,433. The motion was seconded by Trustee Campbell. Ms. Sanders was asked to draft a letter to the Village of My Town requesting this tax levy amount for the Board's approval and signature. The Actuarial Report from Albany Actuary, the Pension Fund's Investment Policy and the Municipal Compliance Report will accompany the letter to the Village. Albany Actuary will send a copy of the Actuarial Report to the Department of Insurance, as required by statute.

**AYES:** Trustees Campbell, Smith & Johnson
**NAYS:** None
**ABSENT:** Trustees Kelly & Coleman

**NEW BUSINESS:**

**The 2015 meeting schedule was established as follows**:

| | |
|---|---|
| Thursday, January 9, 2015 | Wednesday, July 15, 2015 |
| Thursday, April 15, 2015 | Wednesday, October 14, 2015 |

All meetings will be held at 10:00 am at the Fire Department, 141 Main Street, My Town, USA.

A motion was made by Trustee Campbell to accept the meeting dates for 2015 as presented, and the motion was seconded by Trustee Johnson. Motion carried unanimously by voice vote.

**PENSION FUND RULES:** The pension fund's Rules & Regulations and associated Forms will be reviewed and discussed with the Board Attorney at the next meeting.

**TRAINING STATUS/UPDATES:** It was reported that all Trustees have completed the mandatory 16-hour trustee Training for the year. Board Attorney Sanders informed the Board that new legislation effective January 1, 2015 will require all pension fund trustees to complete Open Meetings Act Training in 2015 through the web site of the office of the Illinois Attorney General. Additional information will be made available at the next regular meeting.

With no further business to discuss, a motion was made by Trustee Campbell to adjourn the meeting at 15:15 pm. Motion carried.

**The next meeting is scheduled for Wednesday, January 9, 2015 at 10:00 am.**

*Respectfully Submitted,*

_____ Date Approved by Board _____.
Bill Smith, Board President

_____
Eric Johnson, Board Secretary

*Minutes prepared by Barbara Utterback, Lauterbach and Amen, LLP.*

*Names used are fictitious*

# ABC FIREFIGHTERS' PENSION FUND

111 Main Street - My Town, USA

May 1, 2012

PENSION FUND MEMBER: Joe Smith

The ABC Firefighters' Pension Fund is required to keep accurate records for all active pension fund members. Please review the list of documents below that are required to be kept for each active member. Any items checked are currently in your file. All other documents are either missing from your file or not applicable. Please review this list carefully and furnish any missing documents to (YOUR NAME AND TITLE), by no later than June 15th. You may send any missing documents one of four ways:

- Email to (your email address)
- Fax to (your fax number here)
- Use the Pension Fund Mailbox at the Fire Station
- Mail to: (Your Name and Mailing Address Here)

**DOCUMENTS CHECKED ARE CURRENTLY IN YOUR PENSION FILE**

- ☑ Application for Membership
- ☐ Member Birth Certificate
- ☑ Spouse Birth Certificate (Susan)
- ☑ Dependent(s) Birth Certificate(s)
- ☑ 1) Holly
- ☑ 2) Wyatt
- ☑ 3) Brett
- ☐ 4)
- ☐ 5)
- ☐ Physician's Fit for Duty Certificate, if required
- ☑ Marriage Certificate/Civil Union License
- ☐ Dissolution of Marriage/Civil Union
- ☐ QILDRO, if applicable to divorce
- ☑ Member Contribution Summary
- ☐ Transfer of Creditable Service
- ☑ Line-of-Duty Death Beneficiary Form, optional
- ☑ DD-214 - Military Service Discharge
- ☐ (add other items here)
- ☐
- ☐

If you have any questions, please contact me at (your phone number here), or speak with one of your pension fund trustees. Your cooperation is appreciated.

Your Name, Title and Pension Fund

**MEMBER RECORDS FILE** | CLIENT ** PENSION FUND | LAST UPDATED: May 23, 2012 12:37 PM

| Name | Application for Membership | Member Birth Certificate | Current Spouse Birth Certificate | Dependent 1 | Dependent 2 | Dependent 3 | Dependent 4 | Dependent 5 | Physician's Fit for Duty Certificate | Marriage Certificate/Civil Union License | Dissolution of Marriage/Civil Union (1st & last page only) | QILDRO (if applicable to divorce) | Member Contribution Summary | Transfer of Creditable Service (if applicable) | Line-of-Duty Death Beneficiary Form (optional) | DD-214 - Military Service Discharge |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|

# Annual Member Statement
# For the Year Ended December 31, 2013

ABC Firefighters' Pension Fund

To: Smith, Joseph

The Pension Board of Trustees is pleased to provide you with your Annual Member Statement.

Your statement contains information to help you plan for retirement including an estimated retirement projection based upon your employment history. The basic data includes your accumulated contributions and service credit activity through December 31, 2013.

A summary of the data is listed below. Please see the "Annual Member Statement Notes and Disclaimer" included on page 2 of this statement; they are an integral part of these disclosures. Please carefully review the information provided, and immediately notify the Pension Board of Trustees if there are any inaccuracies. You may also contact the pension fund's accountant, Lauterbach & Amen, LLP, toll-free at 866-952-6329 or email information or questions to office@lauterbachamen.com.

ABC Firefighters' Pension Fund Board of Trustees

| Personal Data | | |
|---|---|---|
| Social Security Number | | xxx-xx-1111 |
| Birth Date | | 8/27/1961 |
| Contribution Rate | | 9.455% |
| Current Pensionable Salary | $ | 108,740 |
| Creditable Service - Years | | 20.4 |
| Tier Classification | | Tier 1 |

| Accumulated Contributions | |
|---|---|
| Beginning Balance | $109,253.40 |
| Current Payroll Contributions | $10,277.50 |
| Service Purchases/Additions | $18,476.91 |
| Unpaid Service Breaks/Deletions | $0.00 |
| Ending Balance | $138,007.81 |
| After-Tax Portion | $11,469.37 |

| Creditable Service - Years | | | | |
|---|---|---|---|---|
| Unadjusted Creditable Service | Service Purchase/ Additions | | Service Breaks/ Deletions | Adjusted Creditable Service |
| 18.4 | 2.0 | | 0.0 | 20.4 |
| Original Entry Date | | | Entry Date for Pension Purposes | |
| 8/7/1995 | | | 8/7/1993 | |

| Service Purchases/Additions - Years | | | | |
|---|---|---|---|---|
| Begin Date | End Date | Years | Type | Contributions Paid |
| N/A | N/A | 2.0 | Military | $18,476.91 |

| Service Breaks/Deletions - Years | | | | |
|---|---|---|---|---|
| Begin Date | End Date | | Years | Type |
| | | | | |

| Estimated Benefits | | | | |
|---|---|---|---|---|
| Earliest Retirement Date | Age | | Creditable Service | Annual Benefit |
| December 31, 2013 | 52 | | 20 Years, 4 Months | $55,276.38 |

# Annual Member Statement
# Notes and Disclaimer

ABC Firefighters' Pension Fund

## Personal Data

**Contribution Rate:** In accordance with Illinois State Statutes, members are required to contribute 9.455% of their annual pensionable salary. Members subject to reciprocity contribute an additional 1.000% for a total of 10.455%.

**Current Pensionable Salary:** The estimated benefit is based on your current pensionable salary (not actual salary) as of the statement date, and is subject to change based on your pensionable salary at retirement.

**Tier Classification:** Tier 1 - Covered employees hired before January 1, 2011, attaining the age of 50 with 20 years of creditable service (standard retirement benefit) are entitled to receive an annual retirement benefit of 1/2 of the monthly salary attached to the rank held at the date of retirement. Tier 2 - Covered Employees hired on or after January 1, 2011, with no prior service, attaining the age of 55 with at least 10 years of creditable service (standard retirement benefit) are entitled to receive an annual retirement benefit of 2.5 % of final average salary for each year of service, with a maximum salary cap.

## Accumulated Contributions

**After-Tax Portion:** Members recover their after-tax contributions as a reduction of the taxable portion of their benefits. The recovery is in level amounts over the expected number of monthly payments determined from the IRS tables.

## Service Purchases/Additions - Years

If you have completed a service purchase as of the date of this statement, your entry date has been adjusted to reflect the amount of service time purchased. If you have completed a service combination with another fund (reciprocity), the additional service time is reflected in the "Creditable Service" section of the statement. This includes total service time in prior funds. Your creditable service in the "Personal Data" section of the statement only represents the creditable service coming from your current fund. Your benefit in the "Estimated Benefits" section of the statement only represents the estimated benefits coming from your current fund. If you are in the process of a service purchase or combination with another fund (reciprocity) but are not paid-in-full, total additional service has not been reflected. In accordance with the Illinois Department of Insurance, service purchases and transfers are not recognized until they are paid-in-full.

## Estimated Benefits

**Earliest Retirement Date (ERD):** Is the later of the "Annual Member Statement" date or the date of attaining both the minimum age and creditable service which is necessary to collect a standard retirement benefit.

**Pension Benefit:** This is the annual pension benefit based upon the earliest retirement date, the assumed creditable service at the earliest retirement date, and the current pensionable salary.

## Disclaimer

**This Annual Member Statement is intended as a tool to provide an *ESTIMATED AND UNOFFICIAL PENSION BENEFIT PROJECTION ONLY*. It is *NOT* intended as an official estimate nor should it be relied upon as a calculation of the exact amount of your pension benefit. The Pension Board and Lauterbach & Amen, LLP make no guarantee as to the accuracy of the information contained in the Annual Member Statement or that you will receive the benefit amounts set forth in this Annual Member Statement. Official benefit calculations are only performed at the time of formal application and become payable following Pension Board consideration and approval.**

# BOARD OF TRUSTEES
# ABC POLICE PENSION FUND

(Insert Date)

Dear Pensioner:

In an effort to maintain accuracy of eligibility of pension benefits, the Pension Board requires each member receiving monthly pension benefits to complete the enclosed **Annual Affidavit of Continued Eligibility Form.**

As a pension recipient, we ask that you:

(1) Complete the enclosed form
(2) **Have it notarized**, and
(3) Return it to the Board's Pension Services Administrator, Barb Utterback.

We have enclosed a self-addressed envelope for your convenience, but you may also return it to us via fax (630) 393-2516 or email at office@lauterbachamen.com. Please be sure that the notary stamp or seal on the Affidavit is visible.

**The form is due on or before DECEMBER 18, 2014**

Failure to comply can result in the delay of your pension benefit payment. Additionally, please understand that should any pension benefits be remitted after a pensioner has passed away, the Pension Board may take action to recover the overpaid benefits, including but not limited to filing a legal claim against the pensioner's estate.

Thank you for your prompt attention to this matter. Please do not hesitate to contact me should you have any questions whatsoever.

Sincerely,

Barb Utterback

Pension Services Administrator
On Behalf of the Board of Trustees
ABC City Police Pension Fund
Phone (630) 393-1483
Toll Free (866) 952-6329
Email: office@lauterbachamen.com

Enclosure

# ABC POLICE PENSION FUND
## MY CITY, ILLINOIS

## ANNUAL AFFIDAVIT OF CONTINUED ELIGIBILITY
STATE OF ILLINOIS

**NAME:** _____

**STREET:** _____
(street address, no P.O. Box numbers)

**CITY/TOWN:** _____

**STATE/ZIP:** _____

**PHONE(S): Home:** _____ **Cell:** _____
(please include the area code)

**Email Address** (optional, to expedite communication) _____

Please check this box if: ☐ **I DO <u>NOT</u>** wish to share this information with other pensioners/Police Dept.

The Undersigned, being first duly sworn on oath, deposes and states: I am currently a retired or disabled member or the surviving spouse of a member of the ABC Police Pension Fund. I certify, under oath, that I am still eligible for the pension benefits I am currently receiving.

**X** _____ _____
**Signature** **Date**

**This form must be returned on or before INSERT DATE**
***(Failure to do so may result in a delay of future pension payments.)***

Please return via fax (1-630-393-2516), via email (office@lauterbachamen.com), Via US mail (using the enclosed envelope) or by sending to:
Lauterbach & Amen, LLP
27W457 Warrenville Road
Warrenville, IL 60555

Subscribed and sworn to before me on _____, 2014, by the above named person, who is *(check one)*

_____ Personally known to me

_____ Presented the following identification to verify his/her identity:

Identity Type: _____ Number: _____

_____
Signature Notary Public (Notary Seal)

# BOARD OF TRUSTEES OF THE ABC FIREFIGHTERS' PENSION FUND

# OFFICIAL BALLOT

## APRIL 2014 ELECTION

### FOR MEMBER OF THE BOARD OF TRUSTEES OF THE ABC FIREFIGHTERS' PENSION FUND

**PENSION TRUSTEE – ACTIVE POSITION, THREE YEAR TERM**

**(VOTE FOR ONE)**

[ ] John Smith

[ ] Bill Jones

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The enclosed Ballot Envelope must be returned by mail or by personal delivery, during normal business hours, by no later than **April 9, 2014** to: _____, ABC FIREFIGHTERS' PENSION FUND, (mailing address)

Lauterbach & Amen, LLP
CERTIFIED PUBLIC ACCOUNTANTS
27W457 WARRENVILLE RD. • WARRENVILLE, ILLINOIS 60555
PHONE 630.393.1483 • FAX 630.393.2516
www.lauterbachamen.com

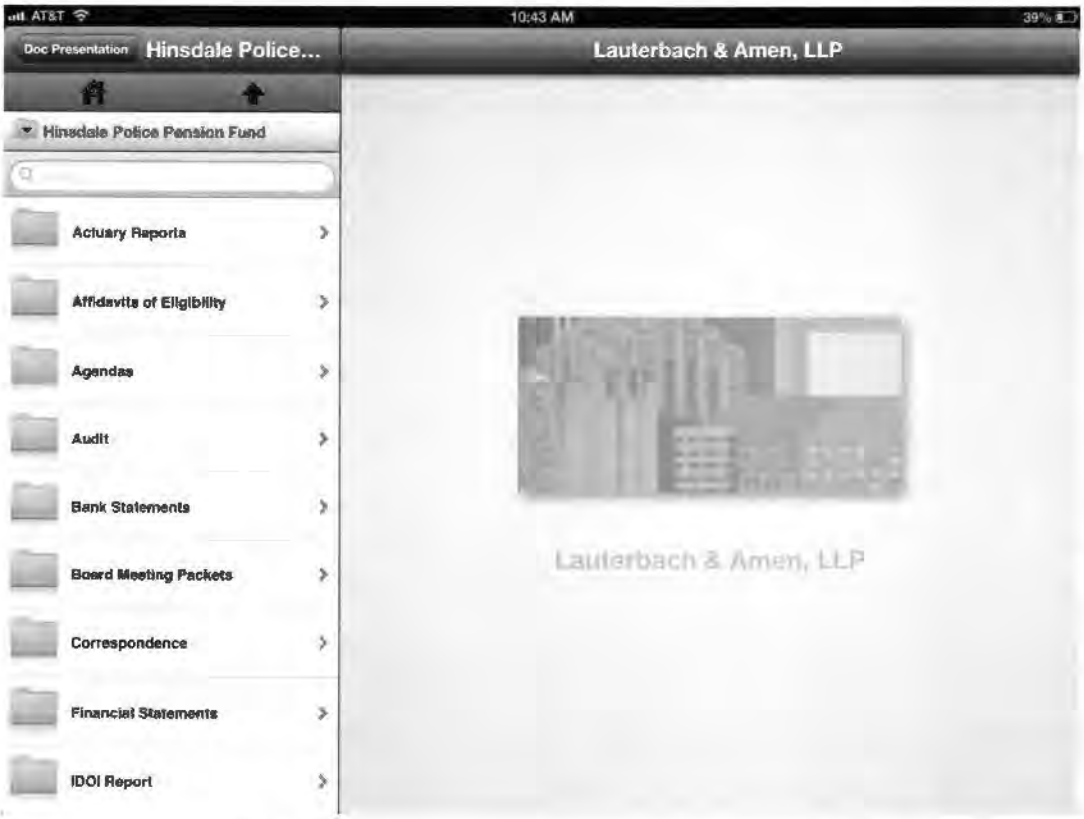
# Park Ridge Firefighters' Pension Fund

| Proposal for Services | | Cost of Services |
|---|---|---|
| **Professional Services Administration (PSA) with Portals** | | $1,215 - Monthly |
| **Professional Services Administration (PSA) no Portals** | | $1,040 - Monthly |

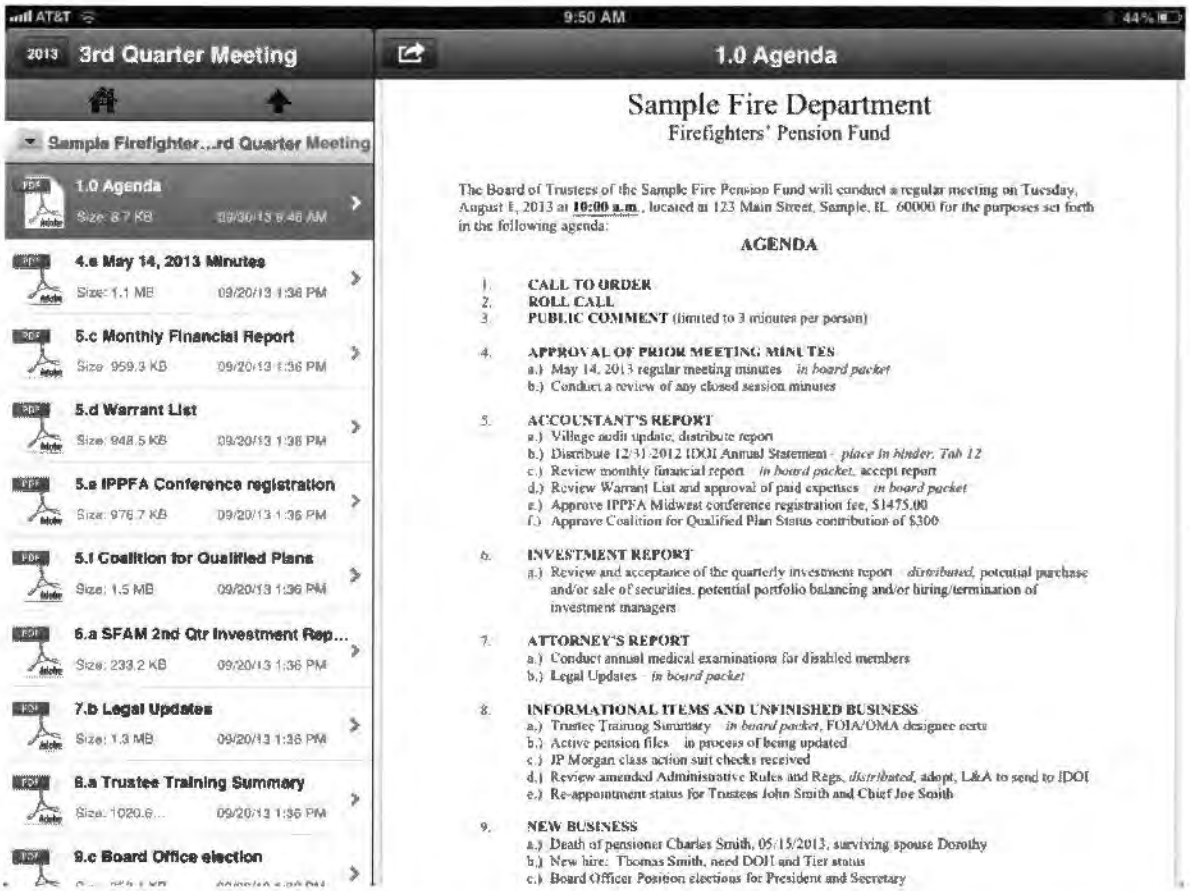
To establish Professional Services Administration there is a one-time setup cost of $2,500.

# NEW PORTAL SERVICE OFFERED AT

# LAUTERBACH & AMEN, LLP!!




*View ALL your pension files and records on your computer, smart phone or tablet via our secure portal integrated with our software!*




Sample Fire Department
Firefighters' Pension Fund

The Board of Trustees of the Sample Fire Pension Fund will conduct a regular meeting on Tuesday, August 6, 2013 at **10:00 a.m.**, located at 123 Main Street, Sample, IL 60000 for the purposes set forth in the following agenda:

**AGENDA**

1. **CALL TO ORDER**
2. **ROLL CALL**
3. **PUBLIC COMMENT** (limited to 3 minutes per person)

4. **APPROVAL OF PRIOR MEETING MINUTES**
   a.) May 14, 2013 regular meeting minutes – *in board packet*
   b.) Conduct a review of any closed session minutes

5. **ACCOUNTANT'S REPORT**
   a.) Village audit update, distribute report
   b.) Distribute 12/31/2012 IDOI Annual Statement – *place in binder, Tab 12*
   c.) Review monthly financial report – *in board packet*, accept report
   d.) Review Warrant List and approval of paid expenses – *in board packet*
   e.) Approve IPPFA Midwest conference registration fee, $1475.00
   f.) Approve Coalition for Qualified Plan Status contribution of $300

6. **INVESTMENT REPORT**
   a.) Review and acceptance of the quarterly investment report – *distributed*, potential purchase and/or sale of securities, potential portfolio balancing and/or hiring/termination of investment managers

7. **ATTORNEY'S REPORT**
   a.) Conduct annual medical examinations for disabled members
   b.) Legal Updates – *in board packet*

8. **INFORMATIONAL ITEMS AND UNFINISHED BUSINESS**
   a.) Trustee Training Summary – *in board packet*, FOIA/OMA designee certs
   b.) Active pension files – in process of being updated
   c.) JP Morgan class action suit checks received
   d.) Review amended Administrative Rules and Regs, *distributed*, adopt, L&A to send to IDOI
   e.) Re-appointment status for Trustees John Smith and Chief Joe Smith

9. **NEW BUSINESS**
   a.) Death of pensioner Charles Smith, 05/15/2013, surviving spouse Dorothy
   b.) New hire: Thomas Smith, need DOH and Tier status
   c.) Board Officer Position elections for President and Secretary

*For more info Call Nathan or Barb 630-393-1483*

## *Contact Us....*

# Lauterbach & Amen, LLP

27W457 Warrenville Road
Warrenville, IL 60555
Main Number: 630.393.1483
Fax No. 630.393.2516
Benefits Hotline: 866.952.6329 toll free
www.lauterbachamen.com

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***Allison Barrett, Principal*** ..... 630.393.1483 ext. 219
Pension Benefit Calculations, Transfers of Creditable Service, IRS reporting, Compliance Issues, Vendor & Payroll Disbursements
abarrett@lauterbachamen.com

***A.J. Weber, CPA*** ..... 630.393.1483 ext. 241
Monthly Accounting, Financial Reports, Department of Insurance Annual Reports, Cash Analysis Reports, Tax Preparation and Compliance
a.j.weber@lauterbachamen.com

***Todd Schroeder, Actuary*** ..... 630.393.1483 ext. 222
Actuarial Services, Funding Policy Statements, Unfunded Liability Reports, "True Cost" Service Transfers
tschroeder@lauterbachamen.com

***Barb Utterback, Pension Services Administrator*** ..... 630.393.1483 ext. 235
Active Member Files, Affidavits of Eligibility, Agenda and Minute Preparation, Trustee Elections & Education
butterback@lauterbachamen.com