RETIREMENT BOARD MEETING **SECOND MONTHLY MEETING** 9:00 a.m. February 26, 2014	Retirement Board Conference Room The Willows Office Park 1355 Willow Way, Suite 221 Concord, California

THE RETIREMENT BOARD MAY DISCUSS AND TAKE ACTION ON THE FOLLOWING:

1. Pledge of Allegiance.

2. Accept comments from the public.

3. Approve minutes from the January 22, 2014 meeting.

4. Consider and take possible action on Actuarial Funding Policy as recommended by Segal Consulting.

5. Presentation by Segal Consulting regarding the application of administrative expenses under GASB 67 and GASB 68.

6. Review of total portfolio performance including:
   a. Consideration of any managers already under review or to be placed under review.
   b. Consideration of any changes in allocations to managers

7. Presentation from Adams Street Partners regarding potential commitment to the 2014 Adams Street Global Fund.

8. Consider and take possible action on staff recommendation regarding a commitment to the 2014 Adams Street Global Fund.

9. Presentation from Paladin Cybersecurity Fund I.

10. Consider and take possible action on investment consultant recommendation regarding a commitment to Paladin Cybersecurity Fund I.

11. Consider authorizing the attendance of Board and/or staff:
    a. Annual Conference, NCPERS, April 26 – May 1, 2014, Chicago, IL.
    b. Spring Conference, Council of Institutional Investors, May 7 – 9, 2014, Washington, DC. (Note: Conflict with Board Meeting)
    c. Spring Conference, CRCEA, April 7 – 9, 2014, Costa Mesa, CA.

12. Miscellaneous
    a. Staff Report
    b. Outside Professionals' Report
    c. Trustees' comments

The Retirement Board will provide reasonable accommodations for persons with disabilities planning to attend Board meetings who contact the Retirement Office at least 24 hours before a

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

Meeting Date 02/26/14 Agenda Item #3

RETIREMENT BOARD MEETING MINUTES

SECOND MONTHLY BOARD MEETING
9:00 a.m.

January 22, 2014

Retirement Board Conference Room
The Willows Office Park
1355 Willow Way, Suite 221
Concord, California

Present: Debora Allen, Richard Cabral, Scott Gordon, Brian Hast, Jerry Holcombe, Louie Kroll, Karen Mitchoff, John Phillips, William Pigeon, Gabe Rodrigues, Jerry Telles and Russell Watts

Absent: None

Staff: Marilyn Leedom, Retirement Chief Executive Officer; Kurt Schneider, Deputy Retirement Chief Executive Officer; Timothy Price, Retirement Chief Investment Officer; Karen Levy, Retirement General Counsel; Vickie Kaplan, Retirement Accounting Manager; and Christina Dunn, Retirement Administration Manager

Outside Professional Support:	Representing:
Harvey Leiderman	Reed Smith LLP
Bob Helliesen	Milliman
Marty Dirks	Milliman
Dorian Young	Milliman
Paul Angelo	Segal Company
John Monroe	Segal Company

1. **Pledge of Allegiance**

   Hast led all in the *Pledge of Allegiance.*

2. **Recognition of Richard Cabral for over 35.5 years of service to CCCERA**

   Hast presented Cabral with a plaque and thanked him for all his years of service. Telles thanked Cabral for the continued support for retired and active members, noting he was instrumental in the creation of Tier III.

3. **Accept comments from the public**

   No members of the public offered comment.

4. **Educational presentation from The Segal Co. regarding the CCCERA Funding Policy** – Paul Angelo, John Monroe

Angelo presented a draft Actuarial Funding Policy for CCCERA, noting the policy and asset smoothing methodology were reviewed in March 2013. He stated he will not be discussing the interest crediting and excess earnings policies at this meeting. He reviewed the general policy objectives and CCCERA's current funding policy. He reviewed the three current funding policy components: 1) cost method; 2) asset smoothing; and 3) unfunded actuarial accrued liability (UAAL) amortization. He also reviewed the recommended changes to the UAAL amortization schedule. Angelo reviewed each recommendation noting a decrease in the amortization periods for future UAALs would not impact current contribution rates.

He reviewed the market value of assets compared to the actuarial value of assets noting asset smoothing has created a smoother pattern of contributions.

Rodrigues was no longer present for subsequent discussion and voting.

5. **Consider and take possible action to adopt the CCCERA Funding Policy**

After discussion on the recommended changes to the UAAL amortization schedule it was **M/S/C** to continue this item to the next regular meeting and for Segal to return with a redlined funding policy noting the recommended changes. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

6. **Consider and take possible action regarding Segal Consulting's recommendation on rounding when determining the member contribution rates for PEPRA members**

It was **M/S/C** to discontinue the quarter percent rounding of the PEPRA member contribution rates, as recommended by the System's actuary, in accordance with Gov. Code §31620.5, effective with the December 31, 2013 Actuarial Valuation. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

7. **Educational presentation from Fiduciary Counsel on Municipal Bankruptcy and Public Pensions**

It was the consensus of the Board to move this item to a future agenda.

Gordon was no longer present for subsequent discussion and voting.

8. **Consider and take possible action regarding staff recommendation for assignment of Ceredex contract**

Price reported RidgeWorth Inc., the parent company of Ceredex has entered into an agreement to be acquired by Lightyear Capital and as a result of the acquisition the legal structure of RidgeWorth will be changed from a corporation to an LLC. This structural change requires consent of Ceredex investors, including CCCERA.

It was **M/S/C** to follow the recommendation and direct the CEO to execute the consent request. (Yes: Allen, Hast, Holcombe, Mitchoff, Phillips, Pigeon, Telles and Watts. No: Cabral)

It was the consensus of the Board to move to Item 13 (b).

13. **Miscellaneous**

(b) Outside Professionals' Report –

<u>Dirks</u> reported the CEO and co-CIO of PIMCO, Mohamed El-Erian is leaving.

Helliesen reported this is his last meeting as a full time employee of Milliman. He will continue to be involved with the CCCERA account.

9. **Consider and take possible action on staff recommendation to contract with a Vocational Review services provider**

Leedom reported three responses were received to the RFI issued for a vocational review service provider. The vocational review expert is needed to review Tier III disabilities to determine whether or not the applicant can engage in "gainful employment". She noted the estimated caseload is between 3 and 12 vocational reviews per year.

Gordon was present for subsequent discussion and voting.

After a short discussion, it was **M/S/C** to contract with Robert Cottle & Associates, subject to legal review, to perform the vocational review services as needed under the Tier III disability requirements. (Yes: Allen, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts. No: Cabral)

10. **Consider and take possible action on staff recommendation to issue an RFI for CCCERA web development services**

Schneider reported last year the Board expressed a desire to update the CCCERA website. He reported staff researched companies and websites to determine the desired capabilities and functions of a new CCCERA website and are ready to proceed with an RFI.

It was **M/** to authorize staff to issue an RFI for web development services with the top three responders presented to the Board for approval.

The motion died for lack of a second.

After discussion, staff was directed to return with a list of desired features for the website as well as a demonstration of a website with those features.

11. **Consider and take possible action regarding the Investment Consultant for CCCERA**

Price reported Board and staff conducted an onsite visit to Milliman and would now like direction from the Board on how to proceed. He reviewed the possible courses of action outlined in his memo to the Board.

After discussion it was **M/S/C** to draft an RFP for a general investment consultant. (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

12. **Conference Seminar Attendance**

a. It was **M/S/C** to authorize the attendance of all Board members and appropriate staff at the General Assembly, CALAPRS, March 2-4, 2014, Rancho Mirage, CA (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)
b. It was **M/S/C** to authorize the attendance of 2 Board members at the CAPP Part II, IFEBP, June 5-6, 2014, San Jose, CA (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)
c. It was **M/S/C** to authorize the attendance of 3 Board members and 1 staff member at the 2014 Investor Conference, Angelo Gordon, April 9-10, 2014, New York, NY (Yes: Allen, Cabral, Gordon, Hast, Mitchoff, Phillips, Pigeon, Telles and Watts)

Mitchoff was no longer present for subsequent discussion and voting.

13. Miscellaneous

(a) Staff Report –

Leedom requested Board direction on obtaining an updated projection of possible contribution rates for employers to use for budgeting purposes.

The Total Comp Study will be presented at the February 12, 2014 meeting and CCCERA staff has been invited to attend.

The COLA will be 2.5% and is effective April 1, 2014.

Leedom reported with Cabral's retirement his seat will become vacant but the seat term ends in June. It does not appear necessary to call a special election to fill his seat at this time because of the shortened time period of vacancy.

She reported she attended the on-site visit to Siguler Guff and Wellington with Allen, Telles, Chu and Dirks noting both on-sites went well.

Price reported the CEO and co-CIO of PIMCO, Mohamed El-Erian is leaving PIMCO mid-March and all of his assignments have been reassigned. Additional information regarding the PIMCO personnel change will be brought to the Board for discussion at a meeting in February.

(c) Trustees' comments –

Telles, as a member of nominating committee for SACRS, informed Board members that February 1, 2014 is the deadline for submitting nomination paperwork for a SACRS officer seat. The SACRS nominating committee will submit the nominations to all of the 1937 Acts for a vote on March 1, 2014.

He reported he attended the on-site visit to Siguler Guff, Wellington, Long Wharf and State Street. The visit at Long Wharf was quick and the visit at State Street included a discussion on transition costs.

Hast reported Rodrigues requested the meeting be adjourned in memory of Sgt. Tom Smith, the BART officer killed in the line of duty.

He announced Leedom will be retiring this year and created an ad hoc committee to search for a new CEO.

Hast appointed Holcombe, Kroll, Watts, and himself to the ad hoc committee.

Cabral expressed his concern with retirees returning to work while collecting a pension.

It was **M/S/C** to adjourn the meeting in memory of Sgt. Tom Smith. (Yes: Allen, Cabral, Gordon, Hast, Holcombe, Phillips, Pigeon, Telles and Watts)

Brian Hast, Chairman	Jerry Telles, Secretary

Segal Consulting

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VIA E-MAIL ONLY

February 18, 2014

Ms. Marilyn Leedom
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Summary of Proposed Changes to Actuarial Funding Policy**

Dear Marilyn:

As requested by the Board of Retirement, we have prepared this summary of proposed changes to CCCERA's Actuarial Funding Policy. The changes are summarized in the table that follows on Attachment 1 and are highlighted in yellow in the attached "Draft Actuarial Funding Policy" which has been included as Attachment 2. Any redlined changes shown in that document were made based on input from the Board during the January 22, 2013 meeting.

We also have attached our March 20, 2013 letter on "Review and Discussion of Actuarial Funding Policy" (Attachment 3) that includes a detailed discussion on funding policy. Attachment 1 that summarizes the changes also references this letter so that the reader can find more detail regarding the reasoning for proposed changes.

Finally, we have also attached a short Powerpoint presentation (Attachment 4) that contains high level summary information on the proposed funding policy.

Let us know if you have any questions, and we look forward to discussing this with the Board.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary

John Monroe
John Monroe, ASA, MAAA, EA
Vice President & Associate Actuary

/bqb

Enclosures 5244460, 5228155, 5295117

Attachment 1

Contra Costa County Employees' Retirement Association

Summary of Proposed Changes to Actuarial Funding Policy

Proposed Change to Actuarial Funding Policy	**Reference from March 20, 2013 Letter**
Page 2: Asset Smoothing Method We now note that the policy anticipates the possible need to consider future ad-hoc adjustments to change the pattern of the recognition of the net deferred investment gains or losses when certain circumstances arise and as long as certain conditions are met.	Page 4, last paragraph
Page 3: Amortization Policy Changes to amortization periods for plan amendments: ➤ Temporary retirement incentives (other than Golden Handshakes) amortized over a period of up to 5 years as compared to 18 years ➤ All plan amendments amortized over a period of up to 15 years as compared to 18 years (excluding temporary retirement incentives and Golden Handshakes) ➤ Note that policy reflects current policy of immediate funding for "Golden Handshakes"	Page 11
Page 3: Amortization Policy Changes regarding when the plan is in surplus (assets greater than liabilities): ➤ Reset amortization layers when the plan is in surplus ➤ Reflect PEPRA restrictions on amortizing surplus ➤ Increase amortization period for surplus to 30 years as compared to 18 years, if allowable under PEPRA	Page 6, paragraphs 2, 3 and 4 Page 12

Attachment #2

Contra Costa County Employees' Retirement Association

Draft Actuarial Funding Policy

Introduction

The purpose of this Actuarial Funding Policy is to record the funding objectives and policies set by the Board of Retirement (Board) for the Contra Costa County Employees' Retirement Association (CCCERA). The Board establishes this Actuarial Funding Policy to help ensure the systematic funding of future benefit payments for members of CCCERA. In addition, this document records certain guidelines established by the Board to assist in administering CCCERA in a consistent and efficient manner.

This Actuarial Funding Policy supersedes any previous Actuarial Funding Policies. It is a working document and may be modified as the Board deems necessary.

Goals of Actuarial Funding Policy

1. To have f~~F~~uture contributions that, together with~~and~~ current plan assets, are expected to be ~~should be~~ sufficient to provide for all benefits expected to be provided by CCCERA;
2. To seek reasonable and equitable allocation of the cost of benefits over time including the goal that annual contributions should, to the extent reasonably possible, maintain a close relationship to both the expected cost of each year of service and to variations around that expected cost;
3. To manage and control future contribution volatility to the extent reasonably possible, consistent with other policy goals; and,
4. To support the general public policy goals of accountability and transparency by being clear as to both intent and effect, allowing for an assessment of whether, how and when the plan sponsors will meet the funding requirements of the plan.

Funding Requirement and Policy Components

CCCERA annual funding requirement is comprised of a payment of the Normal Cost and a payment on the Unfunded Actuarial Accrued Liability (UAAL). The Normal Cost and the amount of payment on UAAL are determined by the following three components of this funding policy:

I. Actuarial Cost Method: Allocates the total present value of future benefits to each year (Normal Cost), including all past years (Actuarial Accrued Liability or AAL);

II. Asset Smoothing Method: Spreads the recognition of investment gains or losses over a period of time for the purposes of determining the Actuarial Value of Assets used in the actuarial valuation process. This reduces the effect of short-term market volatility while still tracking the overall movement of the market value of plan assets; and,

III. Amortization Policy: Determines the length of time and the structure of the increase or decrease in contributions required to systemically (1) fund any Unfunded Actuarial Accrued Liability or UAAL, or (2) recognize any surplus, i.e., any assets in excess of the AAL.

I. Actuarial Cost Method:

The Entry Age method shall be applied to the projected benefits in determining the Normal Cost and the AAL. The Normal Cost shall be determined on an individual basis for each active member.

II. Asset Smoothing Method:

The investment gains or losses of each valuation period, as a result of comparing the actual market return to the expected market return, shall be recognized in level amounts over 5 years in calculating the Actuarial Value of Assets.

This policy anticipates that future circumstances may warrant~~The Board reserves the right to consider~~ future ad-hoc adjustments to change the pattern of the recognition of the net deferred investment gains or losses after a period of significant market change followed by a period of market correction, upon receiving the necessary analysis from CCCERA'~~sits~~ actuary. Such~~The~~ adjustment would be appropriate when the net deferred investment gains or losses are relatively small (i.e., the actuarial and market values are very close together) and the following conditions are met:

- The net deferred investment gains or losses are unchanged as of the date of the adjustment; and,
- The period over which the net deferred investment gains and losses are fully recognized is unchanged as of the date of the adjustment.

III. Amortization Policy:

- The UAAL (i.e., the difference between the AAL and the Valuation Value of Assets) as of December 31, 2012 shall continue to be amortized over separate amortization layers based on the valuations during which each separate layer was previously established.
- Any new UAAL as a result of actuarial gains or losses identified in the annual valuation as of December 31 will be amortized over a period of 18 years.
- Any new UAAL as a result of change in actuarial assumptions or methods will be amortized over a period of 18 years.

- Unless an alternative amortization period is adopted~~recommended by the Actuary and accepted~~ by the Board -after receiving an appropriate ~~based on the results of an~~ actuarial analysis[1]:
   a. with the exception noted in b., below, the increase in UAAL as a result of any plan amendments will be amortized over a period of 15 years;
   b. the increase in UAAL resulting from a temporary retirement incentive will be funded over a period of up to 5 years. If the increase in UAAL is due to the ~~, including the~~ impact of benefits resulting from additional service permitted in Section 31641.04 of the 1937 CERL (Golden Handshake), the entire increase in UAAL will be funded in full upon adoption of the Golden Handshake.~~will be funded over a period of up to 5 years.~~
- UAAL shall be amortized over "closed" amortization periods so that the amortization period for each layer decreases by one year with each actuarial valuation.
- UAAL shall be amortized as a level percentage of payroll so that the amortization amount in each year during the amortization period shall be expected to be a level percentage of covered payroll, taking into consideration the current assumption for general payroll increase.
- If an overfunding or "surplus" exists (i.e., the Valuation Value of Assets exceeds the AAL, so that the total of all UAAL amortization layers become negative), any prior UAAL amortization layers will be considered fully amortized, and any subsequent UAAL will be amortized as the first of a new series of amortization layers, using the above amortization periods.

  If amount of such surplus is in excess of 20% of the AAL per Section 7522.52 of PEPRA, then the amount of such surplus in excess of 20% of the AAL (and any subsequent such surpluses in excess of that amount) will be amortized over an "open" amortization period of 30 years only if the other conditions of Section 7522.52 are deemed to have been met. If those conditions are not met, then the surplus will not be amortized and the full Normal Cost will be contributed.
- These amortization policy components will generally apply separately to each of CCCERA's UAAL cost groups with the exception that the conditions of Section 7522.32 apply to the total plan.

Other Policy Considerations

Adjustment for 18-Month Delay in Rate Implementation

In order to allow the employers to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each valuation (as of December 31) will apply to the 12-month period beginning 18 months after the valuation date. Any shortfall or

[1] In particular, the Board may want to incorporate into the amortization period demographic matching specific to the plan amendment. This could entail using the remaining active future service for plan changes that affect actives. For plan changes that affect retirees, this could entail using the remaining life expectancy for retirees or the period over which the increased cash flow to retirees is expected to be paid.

excess contributions as a result of the implementation lag will be amortized as part of CCCERA's UAAL in the following valuation.

Implementation of Contribution Rate Change Due to Plan Amendment

Any change in contribution rate requirement that results from a plan amendment is generally implemented on the effective date of the plan amendment or as soon as administratively feasible.

Cost Sharing Arrangements

Starting with the December 31, 2009 Actuarial Valuation, the Board took action to depool CCCERA's assets, liabilities and Normal Cost by employer when determining employer contribution rates. The Board action included a review of experience back to December 31, 2002. This did not involve recalculation of any employer rates prior to December 31, 2009. However, it did involve establishing the depooled assets so as to reflect the separate experience of the employers in each individual cost group from December 31, 2002 through December 31, 2009. In addition, the Board took action to discontinue certain cost sharing adjustments for both member and employer contribution rates for General Tier 1 and Safety Tier A.

Even under the depooling structure, there are a few remaining cost sharing arrangements. Here is a summary of the ongoing cost sharing arrangements:

- Smaller employers (less than 50 active members) were pooled with the applicable County tier. Safety members from the East Contra Costa Fire Protection District were pooled with Safety members of the Contra Costa County Fire Protection District.

- Due to a statutory requirement, the Superior Court is pooled with the County regardless of how many members the Court has.

- UAAL costs are pooled between Cost Group 1 and Cost Group 2 which represent General County and Small Districts for Tiers 1 and 3. UAAL costs are also pooled for Cost Groups 7 and 9 which are Safety County Tiers A and C.

  This was done because Cost Group 1 and Cost Group 7 had active members but were generally closed to new members. If the UAAL for these two cost groups is not pooled with another cost group that is open to new active members then the UAAL rate for these generally closed cost groups would increase substantially in future years. This is due to the fact that the UAAL for CCCERA is amortized as a level percent of payroll and the payroll growth for the generally closed cost group would be less than the payroll growth assumption (currently 4.00%). This will help stabilize the employer contribution rates for the mostly closed Cost Group 1 and Cost Group 7. Normal Cost rates for those cost groups are not pooled.

  There are some substantial differences between the Safety Tier A Enhanced and Safety Tier C Enhanced benefits, such as the period over which final average salaries are determined and the COLA. However, since the County is the only employer in these two cost groups, they will be the only employer affected by this particular pooling.

Employer/Member Cost Sharing

The Cost Impact of Terminal Pay

CCCERA's Basic member rates for members with membership dates before January 1, 2013 are not increased to anticipate terminal pay while COLA member rates are increased to anticipate terminal pay using the 50:50 sharing of COLA costs between the employer and the member (Government Code Section 31873).

The Cost Impact of Service from Unused Sick Leave Conversion

Pursuant to Government Code Section 31641.01, for members with membership dates before January 1, 2013, the cost of this benefit will be charged only to employers and will not affect member contribution rates.

Employer/Member cost sharing arrangements are subject to modification under Government Code Section 31631.5, and any such modifications would be incorporated into the determination of the employer and member contribution rates.

Additional Employer UAAL Payments

Absent any specific action by the Board, any additional UAAL payments (including those from Pension Obligation Bonds (POBs) will be accepted by CCCERA in exchange for a corresponding reduction in the employer's UAAL contribution rate over period(s) and in a manner consistent with that employer's outstanding UAAL amortization layers and payments.

The outstanding balance of the additional UAAL payment is tracked separately in a manner consistent with the procedure used to track the UAAL amortization layers. It will be credited with earnings at CCCERA's investment return assumption in effect at each valuation date and reduced by the dollar amount of the annual reduction in the employer's UAAL contributions due to the prepayment.

Unless otherwise directed by the Board, the dollar amount of the annual reduction in the employer's UAAL contributions due to the additional UAAL payment will be based on amortizing (as a level percentage of payroll) the outstanding balance of the additional UAAL payment amount over the same period as used for actuarial gains and losses, using CCCERA's investment return and payroll growth assumptions in effect at each valuation date.

The reduction in the UAAL contribution rate will then equal the dollar amount of reduction in the employer's UAAL contributions divided by the employer's expected payroll for the year following the valuation date. Rate reductions will apply starting on July 1 following receipt of the payment. The additional UAAL payment amount will be discounted back to the valuation date for which the contribution rates from that valuation become effective on that July 1.

The~~is~~ separate tracking of the outstanding balance, etc. ~~section~~ applies only to employers that are in a cost group with more than one employer. For employers that are in their own cost group, the additional UAAL payment amount is directly added to the assets of their cost group. Separate tracking of the outstanding balance of the additional UAAL payment is not needed in this situation as the additional UAAL payment will automatically reduce the employer's UAAL contributions.

Glossary of Funding Policy Terms

- **Present Value of Benefits (PVB) or total cost**: the "value" at a particular point in time of all projected future benefit payments for current plan members. The "future benefit payments" and the "value" of those payments are determined using actuarial assumptions as to future events. Examples of these assumptions are estimates of retirement patterns, salary increases, investment returns, etc. Another way to think of the PVB is that if the plan has assets equal to the PVB and all actuarial assumptions are met, then no future contributions would be needed to provide all future service benefits for all members, including future service and salary increases for active members.

- **Actuarial Cost Method:** allocates a portion of the total cost (PVB) to each year of service, both past service and future service.

- **Normal Cost (NC):** the cost allocated under the Actuarial Cost Method to each year of active member service.

- **Entry Age Actuarial Cost Method:** A funding method that calculates the Normal Cost as a level percentage of pay over the expected working lifetime of the plan's members.

- **Actuarial Accrued Liability (AAL)**: the value at a particular point in time of all past Normal Costs. This is the amount of assets the plan would have today if the current plan provisions, actuarial assumptions and participant data had always been in effect, contributions equal to the Normal Cost had been made and all actuarial assumptions came true. Note that for inactive members the AAL equals the entire PVB.

- **Market Value of Assets:** the fair value of assets of the plan as reported in the plan's audited financial statements.

- **Actuarial Value of Assets (AVA) or smoothed value:** a market-related value of the plan assets for determining contribution requirements. The AVA tracks the market value of assets over time, smoothes out short term fluctuations in market values and produces a smoother pattern of UAALs and contributions than would result from using market value.

- **Valuation Value of Assets (VVA):** the value of assets used in the actuarial valuation to determine contribution rate requirements. It is equal to the Actuarial Value of Assets reduced by the value of any non-valuation reserves.

- **Unfunded Actuarial Accrued Liability (UAAL):** the positive difference, if any, between the AAL and the VVA.

- **Surplus:** the positive difference, if any, between the VVA and the AAL.

- **Actuarial Value Funded Ratio:** the ratio of the VVA to the AAL.

- **Market Value Funded Ratio:** the ratio of the MVA to the AAL.

- **Actuarial Gains and Losses:** changes in UAAL or surplus due to actual experience different from what is assumed in the actuarial valuation. For example, if during a given year the assets earn more than the investment return assumption, the amount of earnings above the assumption will cause an unexpected reduction in UAAL, or "actuarial gain" as of the next valuation. These include contribution gains and losses that result from actual contributions made being greater or less than the level determined under the policy.

- **Valuation Date:** December 31 of every year.

SEGAL

ATTACHMENT #3

THE SEGAL COMPANY
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VIA E-MAIL ONLY

March 20, 2013

Ms. Marilyn Leedom
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

Re: Contra Costa County Employees' Retirement Association
Review and Discussion of Actuarial Funding Policy

Dear Marilyn:

We have prepared this discussion of the significant provisions that would comprise an Actuarial Funding Policy for CCCERA. This review incorporates CCCERA's current funding policy elements and reviews those policies in light of emerging model actuarial practice in this area. Here is a brief summary of our recommendations:

- No change in actuarial cost method (Entry Age)
- No change in asset smoothing method (5-year smoothing with no corridor)
- We recommend that the Board consider a change to the amortization periods used for plan amendments and for when the plan has a surplus (assets greater than liabilities).

Another consideration in undertaking this review relates to the Governmental Accounting Standards Board (GASB)'s recently adopted Statements No. 67 and 68 that substantially revise financial reporting requirements for governmental pension plans and their sponsors[1]. Included in those Statements is the requirement to describe and report the "actuarially determined (employer) contributions", based on the funding policy adopted by the governing body. One of the by-products of this review is that CCCERA will have a readily accessible comprehensive statement of funding policy to use in meeting the new GASB requirements.

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1 Statement 67 replaces Statement 25 for use in reporting by the pension plan and Statement 68 replaces Statement 27 for use in reporting by the plan sponsor. In the case of CCCERA, these new Statements will be effective for plan year 2014 for the Retirement Association and fiscal year 2014/2015 for the employers.

Please note that any recommended changes in funding policy are proposed for implementation in the December 31, 2012 actuarial valuation.

GENERAL FUNDING POLICY GOALS

This report starts with a general discussion of pension plan funding policy followed by detailed discussion of specific policy components along with various policy recommendations. This discussion is based on the following high level funding policy goals:

1. Future contributions and current plan assets should be sufficient to provide for all benefits expected to be paid to current active, inactive and retired members. This means that contributions should include the cost of current service plus a series of payments to fully fund (or recognize) any unfunded (or overfunded) past service costs.

2. The funding policy should seek a reasonable allocation of the cost of benefits to the years of service and the funding of such cost by the employer. This includes the goal that annual contributions should, to the extent reasonably possible, maintain a close relationship to the cost of each year of service, and that the current service cost should bear a stable relationship to compensation.

3. The funding policy should seek to manage and control future employer contribution volatility to the extent reasonably possible, consistent with other policy goals.

4. The funding policy should support the general public policy goals of accountability and transparency. While these terms can be difficult to define in general, here the meaning includes that the funding policy should be clear both as to intent and effect, and that it should allow an assessment of whether, how and when the plan sponsor will meet the funding requirements of the plan.

Policy objectives 2 and 3 reflect two aspects of the general policy objective of "interperiod equity" (IPE). The "demographic matching" goal of policy objective 2 promotes ***intergenerational*** IPE, which seeks to have each generation of taxpayers incur the cost of benefits for the employees who provide services to those taxpayers, rather than deferring those costs to future taxpayers. The "volatility management" goal of policy objective 3 promotes ***period-to-period*** IPE, which seeks to have the cost incurred by taxpayers in any period compare equitably to the cost for the periods just before and after.

GENERAL DISCUSSION OF PENSION PLAN FUNDING POLICIES

A pension plan funding policy is designed to determine how much should be contributed each year in total by the employer and the active members to provide for the secure funding of benefits in a systematic fashion. The funding policy starts with an actuarial cost method that allocates a portion of the total present value of the members' benefits to each year of service. In theory, contributing that "Normal Cost" for each year of service will be sufficient to fund all plan benefits, assuming that all actuarial assumptions are met including the assumed rate of investment return. In that ideal situation, plan assets will always be exactly equal to the value today of all the past Normal Costs less benefit payments (the Actuarial Accrued Liability or AAL), and the current contribution will be only the current Normal Cost.

In practice, for a variety of reasons, the assets will be greater than or less than the AAL, leaving the plan overfunded (i.e., with a surplus) or underfunded (i.e., with an Unfunded Actuarial Accrued Liability or UAAL). The funding policy adjusts contributions to reflect any surplus or UAAL in a way that reduces short term, year-by-year volatility, but still assures that future contributions, together with current assets, will be enough to provide all future benefits.

A comprehensive funding policy is generally made up of three major components:

I. An **actuarial cost method**, which allocates the total present value of future benefits to each year, including the current year (Normal Cost) and all past years (AAL).

II. An **asset smoothing method**, which reduces the effect of short term market volatility while still tracking the overall movement of the market value of plan assets.

III. An **amortization policy**, which determines the length of time and the structure of the payments for the contributions required to systematically pay off the plan's UAAL.

Each of these policy components is currently in effect for CCCERA. We are not recommending any change to the actuarial cost method or to the asset smoothing method (that was recently reviewed by the Board in 2009). We would recommend that the Board consider a change to the amortization periods used for plan amendments and for when the plan has a surplus. Accordingly, the next sections briefly review the first two major policy components, followed by a detailed discussion of the amortization policy.

ACTUARIAL COST METHOD

The ultimate cost of the plan is determined by the actual benefits and expenses paid from the plan, offset by actual investment income. Each year, an actuarial valuation is completed to develop the next year's annual contribution for the pension plan. The valuation uses a funding method to allocate the ultimate expected costs for active members to each year of service, and thus among past service, current service, and future service. As described above, the cost attributed to the current year of service is the plan's Normal Cost. The accumulated costs attributed to past service is the plan's AAL. The plan's annual contribution is the Normal Cost, plus an amount to fund or "amortize" the plan's UAAL.

Currently, the plan is funded using the Entry Age Normal method[2]. This method is considered a reasonable funding method under the Actuarial Standards of Practice. Further, this method is most consistent with the policy goal of having the Normal Cost bear a consistent relationship to payroll. In fact, for that reason, the recently adopted GASB Statements require all plans to report their liabilities for accounting purposes using the Entry Age method.

2 Recent guidance from both GASB and the California Actuarial Advisory Panel (CAAP) refer to this method as the Entry Age actuarial cost method. We will use that newer terminology throughout this discussion.

This method produces individual Normal Costs that are determined as a level percent of compensation over each member's career. The AAL is calculated on an individual basis and is based on each individual's past Normal Costs, allocated as a level percent of compensation.

CCCERA is currently using the individual Entry Age method which is the version of Entry Age method required under the recently adopted GASB Statements. Under this method, the Normal Cost and AAL for each of the cost groups is calculated by summing up the individual Normal Cost and AAL for each member covered in that cost group. Note that the Normal Cost rate would then be that total Normal Cost divided by the total compensation for that cost group. More information on the various Normal Cost and AAL cost sharing groups can be found later in this report under "Cost Sharing Arrangements".

We recommend that for funding purposes the Board continue to use the current Entry Age actuarial cost method.

ASSET SMOOTHING METHOD

In 2009 the Board conducted a comprehensive review of the asset smoothing method. As a result of that review, the Board decided to maintain its 5-year asset smoothing period for all investment gains/losses and to continue the smoothing method without a Market Value of Assets (MVA) Corridor so that the Actuarial Value of Assets (AVA) would not be constrained to be within a certain range of the MVA.

This decision was made after detailed discussions of the impact of different MVA corridors in developing the AVA, as detailed in our formal report from March 2009 as well as subsequent presentations. That decision was based in part on the fact that the 5-year asset smoothing period currently used by the Board is still the industry standard and is by far the most common period used by public plans. That 5-year period, in our opinion, also meets the Actuarial Standard of Practice standard of being "sufficiently short," which allows the Board substantial flexibility in setting the MVA Corridor, including having no MVA Corridor. For those reasons, we believe it is reasonable for the Board to continue the asset smoothing policy reaffirmed in 2009.

One observation we have made is that a period of significant market change may be followed by a period of market correction. Depending on the magnitude of the market change and subsequent market correction, it may be advisable to perform an ad-hoc adjustment to change the pattern of the recognition of the deferred investment gains or losses. We would recommend to the Board that the Statement of Funding Policy reserve to the Board the right to consider such future adjustments upon receiving the necessary analysis from its actuary. The funding policy could also describe in general terms the conditions that would typically lead to such an ad-hoc adjustment.

AMORTIZATION POLICY

General Discussions

With few exceptions, such as that the UAAL has to be amortized over a period not to exceed 30 years under Section 31453.5 of the 1937 CERL[3], governmental or public defined benefit plans like CCCERA are not subject to specific statutory funding or funding policy requirements such as those established for single employer (corporate) and multiemployer (Taft-Hartley) defined benefit pension plans under the Employee Retirement Income Security Act (ERISA) and the Internal Revenue Code (IRC). The prior accounting standards promulgated by GASB define an Annual Required Contribution (ARC) that, despite its name, is actually the amount of expense that the employer must recognize each year. Also, the prior GASB accounting standards provide considerable policy latitude when determining the ARC[4].

Even though this leaves governmental or public plans relatively free to set funding policy, it is worth noting that all long term funding policy structures – corporate, multiemployer and GASB – take the same form, at least for underfunded plans (plans with a UAAL):

1. Contribute the Normal Cost for the year, and

2. Contribute an additional amount that will fully fund ("amortize") any UAAL over a period of years.

Implicit in this form of policy is *a funding target of 100 percent*, since at the end of the amortization period the plan will be fully funded. This is in contrast to "corridor" or "collar" methods that allow contributions equal to only the Normal Cost as long as the plan is within, for example, 10 percent of being fully funded. The funding policy presented in this discussion is based on the UAAL amortization method because it targets 100 percent funding of the AAL, and accordingly is well established for all types of pension plans.

For CCCERA, the UAAL amortization policy was last reviewed in March 2009 for the December 31, 2008 valuation. As a result of that review, any future sources of UAAL are amortized over 18 years.

A general review of the UAAL amortization policy would include both the amortization periods and the structure of the amortization payments. A detailed discussion of the selection of the UAAL amortization period and structure is presented in the following sections. For now,

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3 Note that Section 7522.52 was recently enacted as part of the California Public Employees' Pension Reform Act (PEPRA) of 2013. Under that Section of the Act, a public pension plan has to have at least a 120% funded ratio, and meet other conditions, before any negative UAAL (i.e., surplus) may be amortized and used to reduce the Normal Cost of the plan.

4 As previously discussed, GASB has recently adopted Statements 67 and 68 that replace Statements 25 and 27 for accounting and financial reporting standards for governmental pension plans. The new standards eliminate the linkage between actuarial funding and financial reporting found in the prior standards. In this discussion, unless noted otherwise, all references to GASB standards relate to the prior standards, which were viewed as an authoritative guide to the range and limits of funding policy practices used by most public plans before GASB adopted the new reporting standards.

we note only that for plans with a UAAL, longer amortization periods result in lower current contributions and a longer period before the contribution reverts to the Normal Cost. Longer periods also produce lower contribution volatility. In contrast, shorter amortization periods get to full funding more rapidly but at the price of higher current contributions and higher contribution volatility.

That leaves the question of funding policy for overfunded plans, those that have a surplus instead of a UAAL. The policy structure used by most public plans when determining contribution amounts when there is a surplus is that the surplus is amortized the same way as a UAAL, except that instead of producing an amortization *charge*, there is an amortization *credit*. This means that the contribution amount would be the Normal Cost *minus* an amount that will in effect spend down the surplus over the amortization period.

Unlike for UAAL, longer amortization periods now result in a lower amortization credit, and so produce a higher current contribution (but still less than the Normal Cost). Shorter amortization periods for surplus take credit for the surplus more quickly. This produces a lower contribution, but it also means a shorter period before the contribution reverts up to the full Normal Cost.

While this policy structure still reflects a funding target of 100 percent, amortizing surplus results in an annual contribution that is less than the Normal Cost. This can lead to a full or partial "contribution holiday" where contributions are less than the regular, ongoing cost of current service, especially if the surplus amortization period is relatively short. Recent history has led to a reevaluation of this condition for public pension plans. This subject is discussed in more detail below, in the section on "Amortization of Surplus".

Selection of Amortization Structure and Methods

Setting an amortization policy involves a few policy decisions and considerations in addition to selecting the amortization periods. Here is a brief description of those issues, followed by a detailed discussion of amortization periods. That discussion includes the current CCCERA UAAL amortization policy elements and some possible changes that may be considered by the Board.

- Single amortization layer for the entire UAAL or surplus, or separate amortization layers for each source of UAAL or surplus.
- Closed (fixed) period amortization or open (rolling) period amortization.
- Level dollar or level percent of pay amortization payments.
- For separate amortization layers, when is it appropriate to "restart" or otherwise combine the amortization layers.

The current CCCERA policy uses separate, fixed period amortization layers for each source of UAAL and level percent of pay amortization payments.

Single vs. Multiple layers, Fixed vs. Rolling amortization

Historically many public pension systems amortized their UAAL as a single amount. Because new amounts of UAAL arise each year (due to gains and losses, assumption changes and plan amendments) this requires a policy choice as to how to determine the remaining amortization period each year.

A "closed" or fixed period works like a home mortgage and so gets shorter each year. However, unlike a home mortgage, for a pension plan this eventually leads to an unstable situation where each year's gain or loss (or other UAAL changes due to assumption or benefit changes) is amortized over a shorter and shorter period. Eventually the policy needs to be amended to restart the amortization period at something like its original period.

To avoid this need to periodically revisit the policy, some systems use an "open" or rolling amortization period. This is analogous to refinancing your home mortgage each year, but including any new UAALs arising each year. While this is a stable policy it also means that there is no date by which the UAAL is fully amortized, which raises questions of accountability and intergenerational equity.

To address both the stability and the accountability issues, many public systems (including CCCERA) have adopted the "layered" approach used by all corporate and multiemployer pension plans. Here each new amount of UAAL is amortized over a separate, fixed period. This approach also has the advantage of identifying the source of each dollar of current UAAL, as well as when each portion of UAAL will be fully amortized.

In March 2009, the Board of Retirement elected to continue to amortize the outstanding balance of the December 31, 2007 UAAL over a declining 15-year period. The Board also elected to amortize any additional amounts of UAAL, as determined in each subsequent actuarial valuation, over separate 18-year periods. As noted above, these additional amounts generally arise from (1) actuarial experience (gains and losses), (2) assumption or method changes, or (3) plan amendments and other changes in member benefits.

As described above, the layered approach adopted by CCCERA provides reassurance that any past UAAL will be paid off at a specific time (i.e., 18 years). It also shows when and how each new separate portion of underfunding originated and how much of each such original amount of UAAL remains to be amortized. It also allows for flexibility to allow underfunding from different sources to be amortized over different periods of time. We note that this is the structure required by the ERISA/IRC rules for corporate and multiemployer plans, and is increasingly common for public pension plans, especially in California.

Based on all of the above, we recommend no changes to CCCERA's current use of separate, fixed period amortization layers.

Level Dollar vs. Level Percent of Pay Amortization

The amortization payments may be patterned in one of two ways, as a level dollar amount or as a level percentage of pay. The ERISA/IRC rules for corporate and multiemployer plans require level dollar amortization, similar to a typical home mortgage. However, by far most public plans use level percent of pay amortization where the payments increase each year in proportion to the assumed payroll growth for the entire active workforce. That means they start lower than the corresponding level dollar payments, but then increase until they are higher.

The level dollar method is more conservative in that it funds the UAAL faster in the early years. For the same reason, it also incurs less interest cost over the amortization period.

The current CCCERA policy uses level percent of pay amortization. The justification for using level percent of pay payments is that it is consistent with the Normal Cost (which for pay related plans like CCCERA is almost always determined as a percentage of pay) and that it provides a total cost that remains level as a percentage of pay. In contrast, level dollar amortization of UAAL will produce a total cost that decreases as a percentage of pay over the amortization period. Note that both these results depend on actual payroll growth meeting the assumed payroll growth assumptions.

We recommend no change to CCCERA's current use of level percent of pay amortization.

Negative Amortization

Another important aspect of level percent of pay amortization is that, unlike a level dollar amortization, under level percent of pay amortization the UAAL may increase during the early years of the amortization period even though contributions are being made to amortize the UAAL. This happens because with level percent of pay amortization, the lower early payments can actually be less than interest on the outstanding balance, so that the outstanding balance increases instead of decreases. For typical public plan assumptions (including CCCERA), this happens whenever the amortization period is longer than about 18 years. This means that the outstanding balance of the UAAL does not decrease until there are 18 or fewer years left in the amortization period. It also means that the outstanding balance will not fall below the original amount until some years after that time.

A comparison of the contributions under level percent of payroll amortization using different amortization periods is provided in Attachment 1. Attachment 2 shows the resulting UAAL balances for a sample starting UAAL layer of $1 million under various level percent of pay amortization periods. While there is nothing inherently wrong with negative amortization, the Board should be aware of its consequences, especially for amortization periods substantially longer than 18 years. We understand that based on the previous action taken in March 2009 the Board intends to use an amortization period that has no negative amortization.

When is it Appropriate to "Restart" the Amortization Layers?

Unless the Board intends to substantially accelerate CCCERA's progress to 100% funding through increased employer contributions, Segal recommends that CCCERA continue to amortize its current UAAL of $1.49 billion as of December 31, 2011 in layers over the current respective remaining fixed periods. As discussed earlier, any new increases or decreases in underfunding would be amortized over separate layers each with its own fixed amortization period.

Under the recommended amortization policy, there may be conditions where the Board would want to consider action whereby all the amortization layers are wiped out ("considered fully amortized") and the series is restarted. For example, this would very likely be appropriate when the plan goes from surplus to UAAL, or from UAAL to surplus. This would be done to avoid possible anomalies that can arise from using layered amortiation.

In particular, under the layered approach, it is possible for a plan with a UAAL to nevertheless have a net amortization credit in the current year. While that result is actuarially consistent it is also very counterintuitive, since a UAAL would seem to require a net amortization charge. In this situation, the Board should consider combining all the UAAL layers and restarting the amortization.

The above is only one example of when the amortization layers might be restarted or combined. Another is when there are alternating years of gains and losses of relatively equal size. To address these situations as part of its funding policy, the Board should reserve the right to restart or otherwise combine the amortization layers whenever appropriate circumstances arise. In particular, we recommend that all amortization layers be restarted whenever the plan switches from an underfunded position to surplus or vice versa.

Amortization Periods

The UAAL amortization periods for public plans typically range from 15 to 30 years, with 30 years being the maximum allowable period under the prior GASB accounting standards. As discussed above under "General Funding Policy Goals", the amortization period should not be set so short that it creates too much volatility in the contributions yet it should not be so long that it constitutes a shift of cost to future funding sources. Balancing these two conflicting policy goals is a key consideration when setting amortization periods. Another consideration is how much and in what circumstances negative amortization is an acceptable consequence of using longer amortization periods.

Plans that amortize the UAAL in layers by source sometimes use different amortization periods for different sources of UAAL. Generally such plans amortize actuarial gains or losses over shorter periods (15 to 20 years or less) and UAAL changes due to assumption or method changes and plan amendments over longer periods (sometimes up to the 30-year GASB limit). We will discuss that further in the following sections.

Selection of Amortization Periods for Actuarial Gains or Losses

When selecting the amortization period for gains or losses, a review of both historical practices and recent experience is instructive. For amortizing actuarial gains or losses, a 15-year amortization period has been used in the ERISA/IRC rules for multiemployer plans and also for corporate plans prior to the 1987 overhaul of the corporate pension funding rules. Public plans also generally used 15 years or longer, often for the entire UAAL including any gains or losses. By the late 1990s, as plans came close to being fully funded or even overfunded there was a trend toward amortization periods as short as 10 or even 5 years. For example, in 1987, the ERISA/IRC rules for corporate plans were changed to reduce the amortization period for gains and losses from the original 15 years to 5 years. This led to rapid reductions in contributions when the large investment gains from that period were recognized over such short periods. The investment losses in the early 2000s led to similar cost increases except for public plans that lengthened their amortization periods substantially once those losses started to emerge.

Based on this experience, we recommend a balance between reducing contribution volatility by using a longer amortization period and maintaining a closer relationship between contributions and routine changes in the UAAL by using a shorter amortization period. Using a shorter amortization period also reduces or avoids negative amortization as previously discussed. Based on these three considerations we generally recommend gains and losses amortization periods in the range of 15 to 20 years.

For CCCERA, we believe it would be reasonable for the Board to continue to use 18-year amortization periods for actuarial gains and losses.

Selection of Amortization Periods for Assumption or Method Changes

Assumption or method changes, such as a modification in the mortality assumption to anticipate an improvement in life expectancy for current active members when they retire, often include a long term remeasurement of plan costs and liabilities. For assumption changes, in effect, such changes take gains or losses that are expected to occur in the future and build them into the cost and liability measures today. For method changes, such changes fundamentally redetermine how costs are allocated to years of service for active members. In either case the long term nature of these changes could justify using a longer amortization period than that used for actuarial gains or losses, in the range of 15 to 25 years for assumption changes or even 30 years for some method changes[5].

For CCCERA, we believe it would be reasonable for the Board to continue using 18-year amortization periods for assumption and method changes.

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[5] Note that the longer amortization for method changes would be most appropriate for substantial changes, such as going from Projected Unit Credit method to the Entry Age method. Since CCCERA already uses the Entry Age method, it may be appropriate to consider using the same amortization period for method changes as is used for assumption changes.

Selection of Amortization Periods for Plan Amendments

While some plans have used 30 years to amortize the UAAL from plan amendments, recent actuarial practice has evolved to use a much shorter period. As discussed above, amortization generally involves a balance between matching member demographics and managing contribution volatility. However, for plan amendments, volatility control is not generally a consideration. That leads to the following arguments and considerations for using a short amortization period:

- Matching the amortization period to the average future working lifetime of the active members receiving the benefit improvement
- Matching the amortization period to the average life expectancy of the retired members receiving the benefit improvement
- Avoiding "negative amortization" for UAAL changes that are within the control of or result from actions taken by the plan sponsor
- Considering any special circumstances that may apply to a specific benefit improvement

The first two considerations would usually lead to at most a 15 to 20-year amortization period while the third consideration would limit the period to around 18 years or less. Accordingly, we would recommend that the Board consider a maximum amortization period for plan amendments of 15 years.

As an example of the fourth consideration, current practice clearly favors shorter amortization periods for Golden Handshakes or early retirement incentive type programs (ERIP) due to the relatively short period of their expected financial impact. For example, a GFOA 2004 Recommended Practice states that "the incremental costs of an ERIP should be amortized over a short-term payback period, such as three to five years. This payback period should match the period in which the savings are realized". Recent comments to GASB by public plan actuaries are consistent with this view.

A demographically based amortization period for an ERIP could range from 0 years (for an immediate recognition of the entire UAAL due to the ERIP) to a period of 10 years. These different periods corresponded to various alternative periods of cost savings or benefit payments under such a program.

We recommend that the actuarial funding policy use a relatively short default amortization period for Golden Handshakes or ERIPs of up to five years along with a statement that a recommendation by the actuary to the Board on the amortization period be included as part of the required actuarial cost study for any such ERIP. As already stated, we also recommend that an amortization period of at most 15 years be used for any other plan amendments.

Amortization of Surplus

Recent experience indicates that funding policy for overfunded plans, those that have a surplus instead of a UAAL, requires separate consideration. As discussed above, generally surplus is amortized the same way as a UAAL, except that instead of producing an amortization *charge*, there is an amortization *credit*. This means that the contribution amount is the Normal Cost *minus* an amount that will in effect spend the surplus down over the amortization period.

One of the most significant changes in industry thinking and practice to come from the market experience around the turn of the 21st century is the way surplus is recognized in public pension funding policy. In many cases, short amortization periods for surplus in the late 1990s led to reductions in contributions below the level of Normal Cost, sometimes even to complete "contribution holidays" of zero contributions. As the market reversals in the early 2000s led to resumption of contributions in most pension plans, the general lesson was that a contribution level less than the Normal Cost (that is, funding the Normal Cost out of surplus) should always be viewed with caution, as ultimately the Normal Cost will reemerge as the basic cost of the plan.

One possible response would be to require that contributions never fall below the Normal Cost level. We note that this would be inconsistent with the actuarial principle that the funding policy should target 100 percent funding, and not sustain a level that is either higher or lower than 100 percent. That leads to the general conclusion that surplus should be amortized, but over very long periods. For example, CalPERS uses a 30-year amortization when there is a surplus. This same 30-year period can also be found as Recommendation 7 in the Report of the (California) Public Employee Post-Employment Benefits Commission. We recommend that the actuarial funding policy include a 30-year period for surplus amortization subject to any legal constraints[6].

6 Before PEPRA, a public pension plan could start to amortize surplus when the funded ratio is greater than 100%. Since PEPRA has imposed a new requirement that surplus be amortized only when the funded ratio is at least 120%, along with other conditions, we would propose that a reference be made in the Board's funding policy to that requirement. In practice, we understand that PEPRA may effectively preclude the amortization of surplus.

Recommended Amortization Periods for Future Changes in UAAL

Based on the above discussions, the table below summarizes our recommendations with respect to amortization periods that the Board may want to consider with respect to any future changes in UAAL.

	Current Policy	Recommended for Consideration
Actuarial Gains or Losses	18	18
Assumption or Method Changes	18	18
Plan Amendments	18	15 or less
ERIPs	18	Up to 5
Actuarial Surplus	18	30

Please note that with all of the above recommendations, we recommend that the Board maintain its current policies of using closed (fixed) amortization periods and level percent of pay amortization. The exception is for actuarial surplus where a rolling amortization period would be used.

Recent Developments Related to Actuarial Funding Policy From the CAAP

While, as discussed earlier, systems can no longer look to GASB for guidance on funding policy, there is another source of guidance that has recently become available. The California Actuarial Advisory Panel (CAAP) was created by the passage of Senate Bill 1123 of the 2008/2009 legislative session and consists of eight public sector actuaries appointed by the various appointing powers pursuant to Section 7507.2 of the Government Code. We note that your principal actuary, Paul Angelo, serves on the CAAP as an appointee of the University of California.

The CAAP has been studying actuarial funding policies for some time and recently issued a statement of model funding policies. While the recommendations and opinions of the Panel are nonbinding and advisory only, such viewpoints are still anticipated to have an influence on the retirement systems that operate in California as they select and finalize their individual funding policy approaches.

Because the CAAP's work in this area is based on Segal's and other actuaries' experience with California plans like CCCERA, it is no coincidence that the elements of the funding policy developed by Segal for CCCERA are in compliance with the CAAP model policies. In particular, those model policies include preferred ranges for amortization periods that are similar to the ones presented in the above section[7].

Cost Impact

It is not possible to quantify in advance the full future cost impact associated with adopting any of the alternative amortization periods simply because the plan's future changes in UAAL are not yet identified. However, for a general illustration of cost impact, the charts in Attachments #1 and #2 compare the annual UAAL payments and the outstanding balance of the UAAL for a sample change in UAAL of $1 million under different amortization periods. Please note that these attachments have been prepared using the economic assumptions approved for the actuarial valuation as of December 31, 2012.

OTHER FUNDING POLICY PARAMETERS

There are a few other more technical funding policy parameters that are used to determine the contribution rate in the annual actuarial valuation. These parameters are discussed in this section.

Adjustment for 18-Month Delay in Rate Implementation

In order to allow the employers to more accurately budget for pension contributions and other practical considerations, the contribution rates determined in each valuation (as of December 31) apply to the fiscal year beginning 18 months after the valuation date. As a result of that scheduled delay, the UAAL contribution rates in subsequent valuations will reflect either a gain or a loss when the actual contribution rate paid is higher or lower than the contribution rate calculated in the prior year's valuation.

Note that the contribution gain or loss as a result of this anticipated delay in implementing the contribution rate can be built into the development of the UAAL rate for the current valuation, rather than waiting until the following valuation and reflecting the delay as a gain or loss in the UAAL. CCCERA's current practice, which is the most common practice, is to reflect the delay as a gain or loss in the following valuation, rather than building the anticipated delay into the development of the current rate. We are not recommending a change to this practice for

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7 The "model" UAAL amortization periods are expressed as a set of ranges as follows:

Actuarial Gains or Losses	15 to 20 years
Assumption or Method Changes	15 to 25 years
Plan Amendments	Up to 15 years
ERIPs	5 years or less
Actuarial Surplus	30 years

CCCERA at this time based on the expectation that in the long term, there would be about the same number of occurrences of contribution gains or losses.

Cost Sharing Arrangements

Starting with the December 31, 2009 Actuarial Valuation, the Board took action to depool CCCERA's assets, liabilities and Normal Cost by employer when determining employer contribution rates. The Board action included a review of experience back to December 31, 2002. This did not involve recalculation of any employer rates prior to December 31, 2009. However, it did involve establishing the depooled assets so as to reflect the separate experience of the employers in each individual cost group from December 31, 2002 through December 31, 2009. In addition, the Board action called for a discontinuation of certain cost sharing adjustments for both member and employer contribution rates for General Tier 1 and Safety Tier A.

Even under the depooling structure, there are a few remaining cost sharing arrangements. Here is a summary of the cost sharing arrangements:

- Most smaller employers (less than 50 active members) were pooled with the applicable County tier. Two small employers with non-enhanced benefits were pooled together. Safety members from the East Contra Costa Fire Protection District were pooled with Safety members of the Contra Costa County Fire Protection District.

- Due to a statutory requirement, the Superior Court is pooled with the County regardless of how many members the Court has.

- UAAL costs are pooled between Cost Group #1 and Cost Group #2 which represent General County and Small Districts for Tiers 1 and 3. UAAL costs are also pooled for Cost Groups #7 and #9 which are Safety County Tiers A and C.

  This was done because Cost Group 1 and Cost Group 7 had active members but were generally closed to new members. If the UAAL for these two cost groups is not pooled with another cost group that is open to new active members then the UAAL rate for these generally closed cost groups would increase substantially in future years. This is due to the fact that the UAAL for CCCERA is amortized as a level percent of payroll and the payroll growth for the generally closed cost group would be less than the payroll growth assumption (currently 4.00%). This will help stabilize the employer contribution rates for the mostly closed Cost Group 1 and Cost Group 7. Normal Cost rates for those cost groups are <u>not</u> pooled.

  There are some substantial differences between the Safety Tier A Enhanced and Safety Tier C Enhanced benefits, such as the period over which final average salaries are determined and the COLA. However, since the County is the only employer in these two cost groups, they will be the only employer affected by this particular pooling.

Employer/Member Cost Sharing of the Cost Impact of Terminal Pay

For new members after January 1, 2013, PEPRA mandates a 50:50 sharing of the total Normal Cost between members and the employers. The specific funding policy parameter discussed here involves the sharing of Normal Cost for pre-PEPRA members. Even prior to PEPRA, the cost to provide a cost-of-living adjustment (COLA) has always been shared 50:50 between the employer and the member (Section 31873). This means that the COLA member rate has been increased to anticipate terminal pay as part of the 50:50 cost sharing. This practice is similar to other county retirement systems that recognize that pay element.

However, this is not the current cost sharing arrangement for the cost of the Basic benefits. The Basic member contribution rate is not affected by the terminal pay assumption (i.e. the effect of terminal pay is an employer only cost). This occurs because, after the Paulson Settlement, a terminal pay assumption was added to the employer rate calculation but not to the calculation of CCCERA's Basic member rates. The reasons for this may be that different member groups have different levels of possible terminal pay and that the level of terminal pay observed at the assumed retirement ages for setting COLA member rates may not represent the terminal pay at the fixed retirement age used for the Basic member rates. This practice of not anticipating terminal pay in developing the Basic member rates varies among other county retirement systems.

We recommend that the Board include the details of this and other similar cost sharing practices in the funding policy.

Additional Employer UAAL Payments

Historically, certain participating employers have on occasion contributed additional contributions towards their UAAL (sometimes via proceeds from a Pension Obligation Bond (POB)). The additional contributions were then separately tracked and amortized as a level percent of payroll over the remaining period of CCCERA's single amortization layer (which was the prior amortization policy), and used to reduce that employer's UAAL contribution rate over that same period.

Beginning with the December 31, 2008 Actuarial Valuation, CCCERA began using multiple amortization "layers". No employers have made additional contributions since CCCERA adopted this approach. With the December 31, 2009 Actuarial Valuation, the Board depooled CCCERA's UAAL. This eliminated the need for separately tracking and amortizing any additional contribution for employers that are in their own cost group. However, this need still exists for employers that are in a cost group with more than one employer. For example, small Districts remain pooled with the County.

From an actuarial perspective, we believe it would be reasonable for CCCERA to accept additional UAAL payments in exchange for a corresponding reduction in UAAL contribution rate over period(s) and in a manner consistent with that employer's outstanding UAAL amortization layers and payments.

The outstanding balance of the additional UAAL payment amount is credited with earnings at CCCERA's investment return assumption in effect at each valuation date (currently, 7.25% per year). This means that any gain or loss on the investment of those additional payments that occurs during the amortization period over which the additional UAAL payment is recognized will be pooled across all of the employers in that particular employer's cost group. Note that additional UAAL payments from small employers would generally not significantly increase the volatility of the UAAL contribution rates for their cost groups.

If the Board would like to eliminate or reduce the pooling of these gains or losses due to investment returns on the additional UAAL payments then the following are two possibilities for addressing this:

1. Instead of tracking the outstanding balance of the additional UAAL payment based on CCCERA's investment return assumption, the tracking could be done based on actual market value returns.

2. Instead of using the tracking mechanism described earlier, any additional UAAL payments could be set aside in a "prepayment account". This account would not be a part of the valuation value of assets used to determine contribution rates in the actuarial valuation. However, the account would be part of retirement plan assets and could be invested similarly to the rest of CCCERA's assets. This account would be credited with actual market returns. Employers' could draw down any balance they had in the account and apply those funds towards their contribution requirements. Because of the accounting and reporting issues involved with this type of prepayment account, more discussions with CCCERA staff and outside auditors and legal counsel would have to occur before implementation.

We invite direction from the Board as to whether further analysis and discussion is desired on any of these policy parameters.

We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please let us know if you have any questions, and we look forward to discussing this with the Board.

Sincerely,

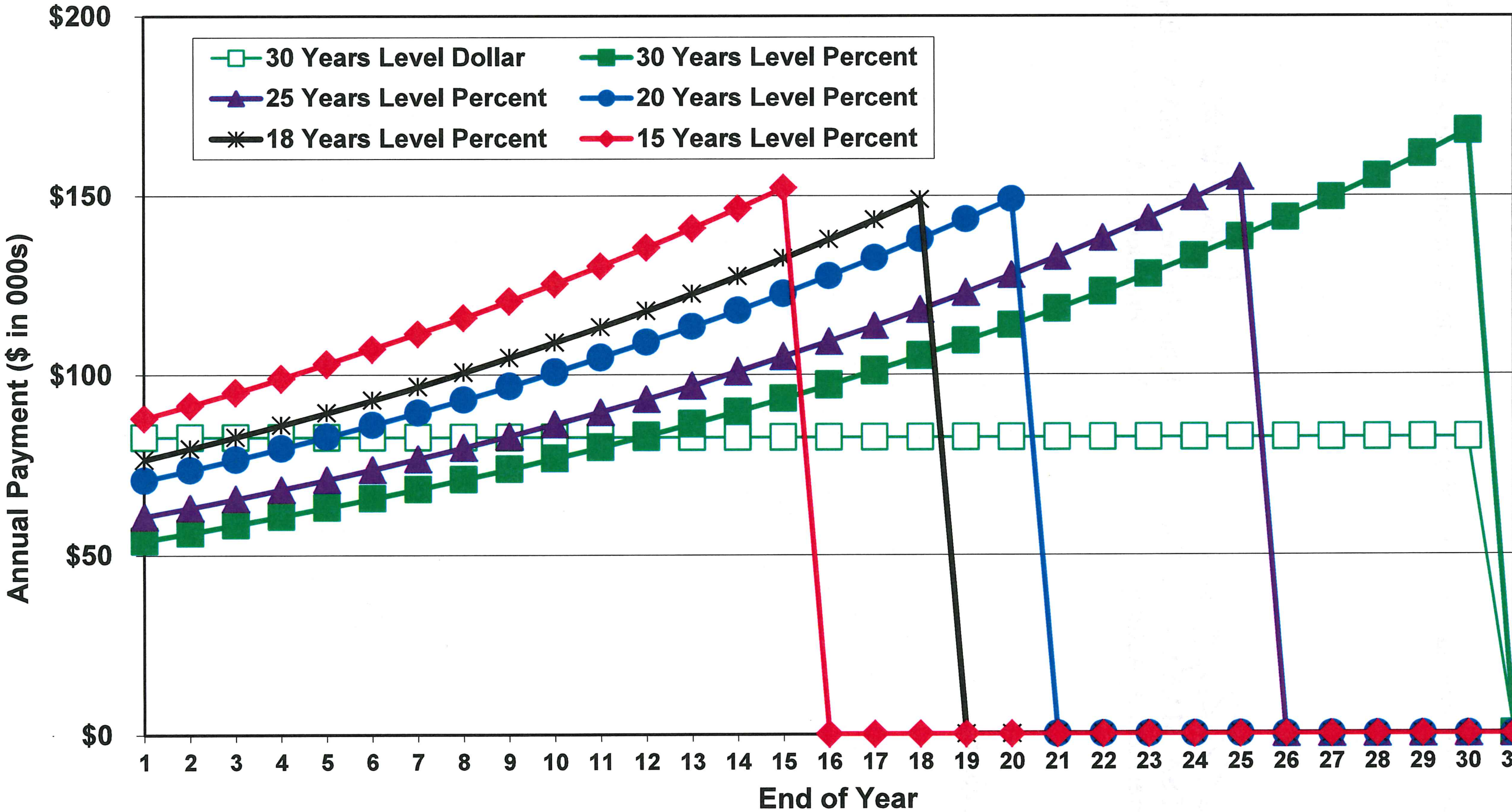
Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary

John Monroe, ASA, MAAA, EA
Vice President & Associate Actuary

JZM/gxk
Enclosures

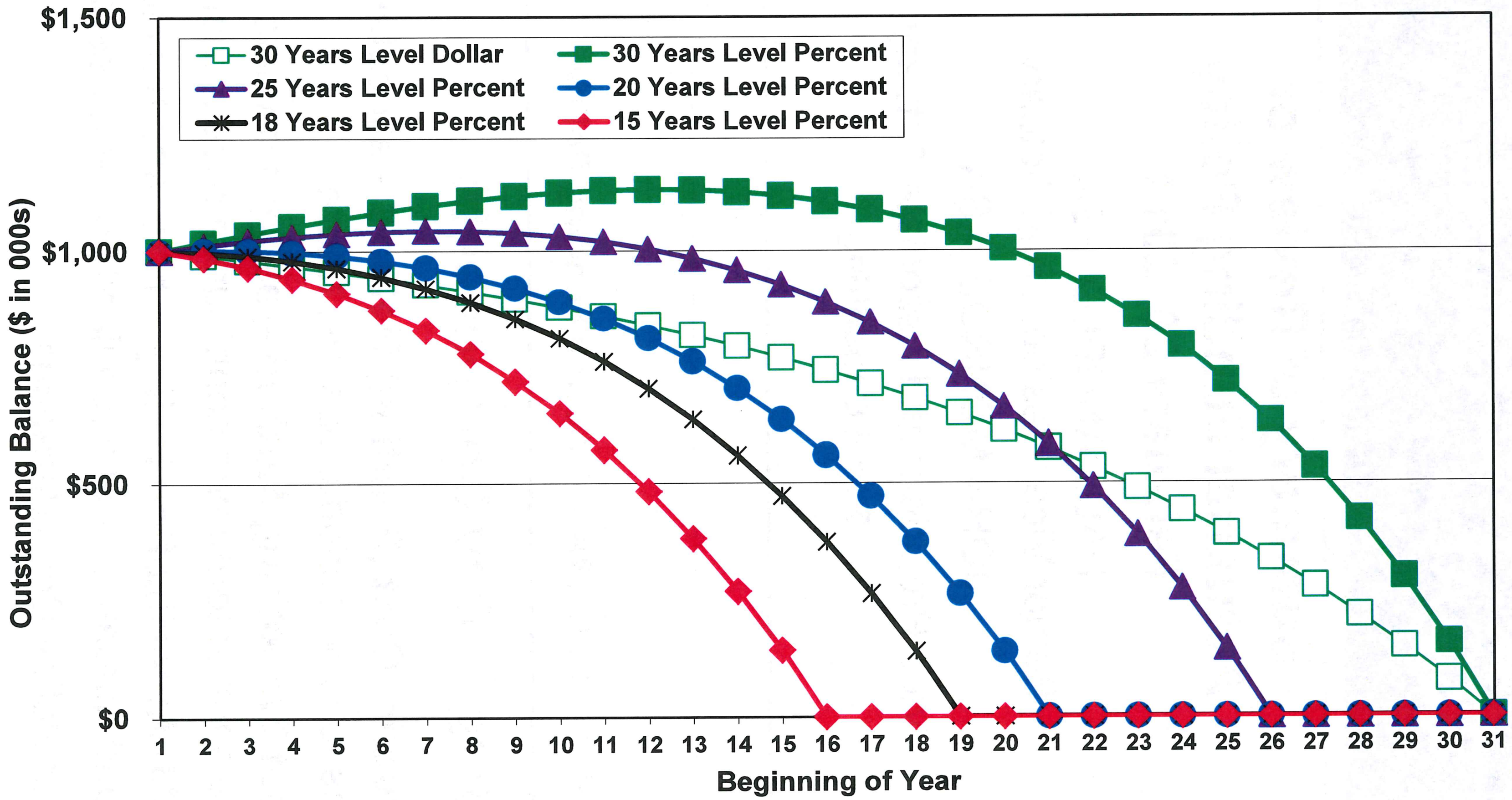
cc: Kurt Schneider

Attachment #1 - Illustration of Payments Under Different Amortization Periods (on $1 million UAAL)



Investment Return Assumption: 7.25%
Payroll Growth Assumption: 4.00%

Attachment #2 - Illustration of Outstanding UAAL Balance Under Different Amortization Periods



Investment Return Assumption: 7.25%
Payroll Growth Assumption: 4.00%

SEGAL | Attachment #4

Summary of Review of Actuarial Funding Policy
February 26, 2014

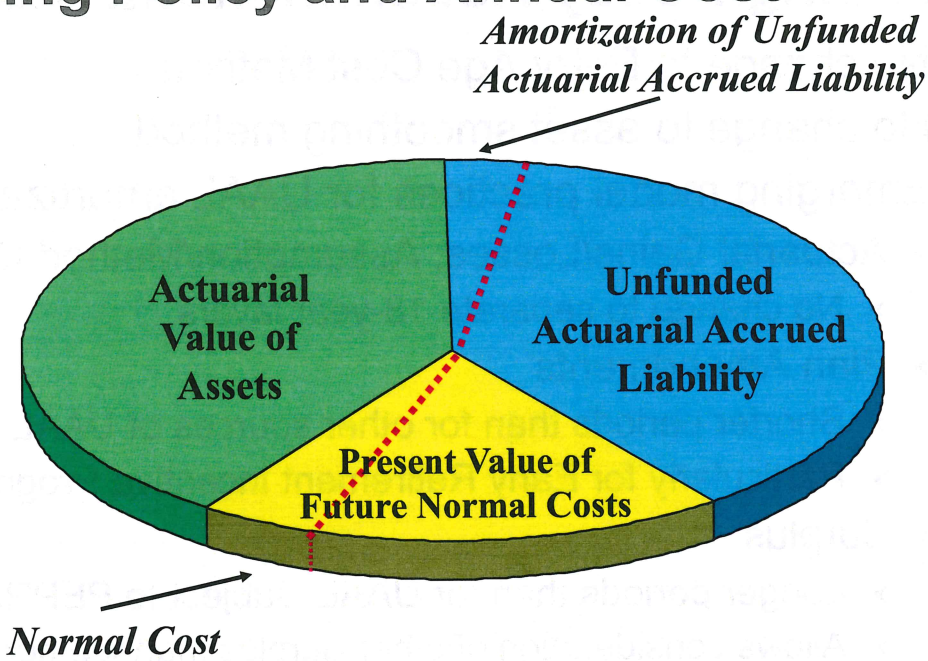
PAUL ANGELO, FSA
Senior Vice President and Actuary
JOHN MONROE, ASA
Vice President and Associate Actuary
Segal Consulting

5295117v1

Funding Policy Components

- **Actuarial Cost (Funding) Method** – allocates costs to time periods, past vs. future
- **Asset Smoothing Method** – assigns a value to assets for determining contribution requirements
- **UAAL Amortization Policy** – how, and how long to fund difference between liabilities and assets
- Other Policy Considerations
- Interest crediting and excess earnings policy
  - Unique to 1937 Act county systems
  - Generally separate from funding policy

Funding Policy and Annual Cost



CCCERA Current Funding Policy

- Cost method
  - Entry Age
- Asset smoothing method
  - 5-year smoothing period with no market value corridor
  - Reaffirmed by the Board in 2009
- UAAL amortization policy
  - Layered approach for UAAL established after 12/31/2007
    - 18-year periods
  - Approved by the Board effective with 12/31/2008 valuation
  - Level percent of pay amortization

Funding Policy Recommendations

- No change to Entry Age Cost Method
- No change to asset smoothing method
- Emerging model practices for UAAL amortization
  - Actuarial Gains/Losses, Assumption/Method Changes
    - No change to separate 18-year layers
  - Plan Amendments
    - Shorter periods than for other sources of UAAL
    - Particularly for Early Retirement Incentive Programs
  - Surplus
    - Longer periods than for UAAL, subject to PEPRA
    - Allows consideration of other Surplus management tools

SEGAL | CCCERA – Actuarial Funding Policy

Recommended Periods for Future UAALs

Source	Current Policy	Recommended
Actuarial Gains or Losses	18	18
Assumptions or Method Changes	18	18
Plan Amendments	18	15 or less
ERIPs (Not Golden Handshake)	18	Up to 5
Golden Handshake	Immediate	Immediate
Actuarial Surplus	18	30 if PEPRA OK's

QUESTIONS

Segal Consulting

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Meeting Date
02/26/14
Agenda Item
#5

February 19, 2014

Ms. Marilyn Leedom
Chief Executive Officer
Contra Costa County Employees' Retirement Association
1355 Willow Way, Suite 221
Concord, CA 94520

**Re: Contra Costa County Employees' Retirement Association
Adjustment to Exclude Administrative Expenses in Developing Investment Return Assumption to Maintain Consistency with GASB Financial Liability Reporting**

Dear Marilyn:

The Governmental Accounting Standards Board (GASB) has adopted Statements 67 and 68 that replace Statements 25 and 27 for financial reporting purposes. This letter discusses a recommended change in how CCCERA develops its investment return assumption that will allow the Association to maintain consistency in its liability measurements for funding and financial reporting purposes.

Background

GASB Statement 67 governs the Association's financial reporting and is effective for plan year 2014, while GASB Statement 68 governs the employers' financial reporting and is effective for employer fiscal year 2014/2015. The new Statements specify requirements for measuring both the pension liability and the annual pension expense incurred by the employers. The new GASB requirements are only for financial reporting and do not affect how the Association determines funding requirements for its employers. Nonetheless, it is important to understand how the new financial reporting results will compare with the funding requirement results. The comparison between funding and GASB financial reporting results will differ dramatically depending on whether one is considering measures of the accumulated pension liability or measures of the current year annual pension contribution/expense:

- When measuring pension liability GASB will use the same actuarial cost method (Entry Age method) and the same type of discount rate (expected return on assets) as CCCERA uses for funding. This means that the GASB "Total Pension Liability" measure for financial reporting will be determined on the same basis as CCCERA's "Actuarial Accrued Liability" measure for funding. This is a generally favorable feature of the new GASB rules that should largely preclude the need to explain why CCCERA has two different measures of pension liability. We note that the same is true for the "Normal Cost" component of the annual plan cost for both funding and financial reporting.

- When measuring annual pension expense GASB will require more rapid recognition of investment gains or losses and much shorter amortization of changes in the pension liability (whether due to actuarial gains or losses, actuarial assumption changes or plan amendments). Because of GASB's more rapid recognition of those changes, retirement systems that have generally used the same "annual required contribution" amount for both funding (contributions) and financial reporting (pension expense) will now have to prepare and disclose two different annual cost results, one for contributions and one for financial reporting under the new GASB Statements.

This situation will facilitate the explanation of why the funding and financial reporting results are different: the liabilities and Normal Costs are generally the same, and the differences in annual costs are due to differences in how changes in liability are recognized. However, there is one other feature that will make the liability and Normal Cost measures different unless action is taken by CCCERA.

Treatment of Expected Administrative Expenses when Measuring Liabilities

As noted above, according to GASB, the discount rate used for financial reporting purposes should be based on the long-term expected rate of return on a retirement system's investments, just as it is for funding. However, GASB requires that this assumption should be net of <u>investment</u> expenses <u>but not</u> net of <u>administrative</u> expenses (i.e., without reduction for administrative expenses). Currently, CCCERA's investment return assumption used for the annual funding valuation is developed net of both investment and administrative expenses.

While CCCERA could continue to develop its funding investment return assumption net of both investment and administrative expenses, that would mean that the Association would then have two slightly different investment return assumptions, one for funding and one for financial reporting. To avoid this apparent discrepancy, and to maintain the consistency of liability measures described above, we believe that it would be preferable to use the same investment return assumption for both funding and financial reporting purposes. This means that the assumption for funding purposes would be developed on a basis that is net of only investment expenses. To review, using the same assumption for both purposes would be easier for CCCERA's stakeholders to understand and should result in being able to report CCCERA's Actuarial Accrued Liability (AAL) for funding purposes as the Total Pension Liability (TPL) for financial reporting purposes.

The table below is from our report entitled "Review of Economic Actuarial Assumptions for the December 31, 2012 Actuarial Valuation" that was released early in 2013. It contains the information used to develop the expense assumption that was used in our recommendation for the investment return assumption shown in that report.

Administrative and Investment Expenses as a Percentage of Actuarial Value of Assets (All dollars in 000's)

FYE	Actuarial Value of Assets	Administrative Expenses	Investment Expenses	Administrative %	Investment %	Total %
2007	$5,029,276	$5,942	$26,322	0.12%	0.52%	0.64%
2008	5,295,961	5,601	26,942	0.11	0.51	0.62
2009	5,304,262	7,359	26,717	0.14	0.50	0.64
2010	5,355,971	5,283	30,475	0.10	0.57	0.67
2011	5,441,120	6,290	30,694	0.12	0.56	0.68
Average				0.12%	0.53%	0.65%

If the Board wishes to develop a single investment return assumption for both funding and financial reporting purposes, then it would be necessary to exclude the administrative expense component of roughly 0.12% from the 7.25% investment return. One way to do this would be to increase the investment return assumption by roughly 0.12% resulting in an irregular assumption of 7.37%.

Another possible approach would be to leave the investment return assumption at 7.25% instead of increasing it by 0.12%. This would result in an increase in the margin for adverse deviation or "confidence level" associated with this assumption from 53% to 54%. Note that under either of these approaches, the reduction in investment return would be replaced by an explicit loading for administrative expenses, as discussed below.

There is a substantive complication associated with eliminating the administrative expense in developing the investment return assumption used for funding that relates to the allocation of administrative expense between the employers and employees:

1. Even though GASB requires the exclusion of the administrative expense from the investment return assumption, such expense would continue to accrue for a retirement system. For private sector retirement plans, where the investment return is developed using an approach similar to that required by GASB (i.e., without deducting administrative expenses), contribution requirements are increased explicitly by the anticipated annual administrative expense.

2. Under CCCERA's current approach of subtracting the administrative expense in the development of the investment return assumption, such annual administrative expense is

funded implicitly by effectively deducting it from future expected investment returns. Since an investment return assumption net of investment and administrative expenses has been used historically to establish both the employer's and the employee's contribution requirements, these administrative expenses have been funded implicitly by both the employer and the employees.

3. A switch from the method described in (2) to the method described in (1) may require a new discussion on how to allocate administrative expenses between employers and employees, including possibly establishing a new method to allocate the anticipated annual administrative expense between them. Under current practice, part of the implicit funding of administrative expenses is in the Normal Cost and so is shared between the employer and the employees. However, the rest of the implicit expense funding is in the (Unfunded) Actuarial Accrued Liability, which is funded by the employers.

4. It will not be straightforward to quantify the current implicit sharing of administrative expenses between employers and employees. This means that reproducing that allocation on an explicit basis will be difficult to develop and to explain. This in turn means that CCCERA would need to develop a new basis for sharing the cost of administrative expenses. Alternatively, CCCERA could decide to treat administrative expenses as a loading applied only to the employer contribution rates, which is the practice followed by private plans, both single employer and multi-employer.

5. As the Board is aware, legislative changes under AB 340 imposed major modifications to both the level of benefits and the cost-sharing of the funding of those benefits for county employees' retirement systems. Included in such modifications is the requirement (for future hires) to fund the Normal Cost on a 50:50 basis between the employer and the employee. As noted in (3) above, under current practice, part of the implicit funding of administrative expenses is in the Normal Cost and so would be shared between the employer and the employees. This would not necessarily continue when the administrative expense loading is developed separate from the Normal Cost.

The more significant issues mentioned in (3), (4) and (5) above concern whether or not the costs associated with the administrative expenses should continue to be allocated to both the employers and the employees. Possible approaches could include the following:

- Continue to allocate the expenses to both employers and the employees on some basis. This approach would need to be developed from scratch as the current implicit allocation will be difficult to reproduce.

- Allocate the expenses to the employer only which would be a change from current practice.

We request direction from the Board to return with options for implementation.

Unless otherwise noted, all of the above calculations are based on the December 31, 2012 actuarial valuation results including the participant data and actuarial assumptions on which that valuation was based. That valuation and these calculations were completed under the supervision of John Monroe, ASA, MAAA, Enrolled Actuary.
We are members of the American Academy of Actuaries and we meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion herein.

Please feel free to call us with any questions and we look forward to discussing this with the Board.

Sincerely,

Paul Angelo, FSA, MAAA, FCA, EA
Senior Vice President & Actuary

John Monroe
John Monroe, ASA, MAAA, EA
Vice President & Associate Actuary

/bqb

cc: Kurt Schneider

QUARTERLY REVIEW & PERFORMANCE MEASUREMENT REPORT
for

Contra Costa County Employees' Retirement Association

FOR THE PERIOD ENDING
December 31, 2013

February 26, 2014

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Fourth Quarter 2013 Market Overview

Equity markets generally posted solid returns, driven by central bank stimulus, improving global economic data, and steady growth in U.S. corporate earnings. For the fourth quarter of 2013, the S&P 500 Index was up 10.51%. Developed international equity markets (MSCI EAFE Index) were also positive, ending the quarter with an increase of 5.71%. The fixed income market (Barclays Aggregate Bond Index) was negative, finishing the quarter with a loss of 0.14% in December. The Fed announced it would modestly reduce its securities purchases from $85 billion per month to $75 billion – a move interpreted as a vote of confidence in the U.S. economy and will continue through 2015. In addition, the Fed extended its commitment to keep short-term interest rates “exceptionally low” until either the unemployment rate falls to around 6.5% or the inflation rate exceeds 2.5% a year.

Index	4Q 2013
S&P 500 Index	10.51%
Russell 1000 Value Index	10.01%
Russell 1000 Growth Index	10.44%
Russell Midcap Index	8.39%
Russell 2000 Index	8.72%
Russell 2000 Value Index	9.30%
Russell 2000 Growth Index	8.17%
MSCI EAFE Index ND	5.71%
MSCI EM (Emerging Markets) Index ND	1.83%

Sector	% Weight of S&P 500	4Q 2013
Information Technology	18.6%	13.3%
Financials	16.2%	10.3%
Health Care	13.0%	10.1%
Consumer Discretionary	12.5%	10.8%
Industrials	10.9%	13.5%
Energy	10.3%	8.4%
Consumer Staples	9.8%	8.7%
Materials	3.5%	10.7%
Utilities	2.9%	2.8%
Telecommunications Services	2.3%	5.5%

Examining the economic sectors represented in the S&P 500 Index, the largest components are Information Technology and Financials, followed by Health Care and Consumer Discretionary. During the quarter, all sectors posted positive returns. The Industrials sector was the most positive with a return of 13.5%. In comparing styles, growth outperformed value in the large-cap area of the market, while value beat growth in the small-cap area. All sub-asset classes were up, as Large-cap outperformed Small-cap.

What’s Next?

There is increasing evidence that the U.S. economy is improving; however, economic data still offers a mixture of positive and negative signals. On the negative side, income growth is weak, and unemployment remains relatively high. Additional concerns are higher mortgage interest rates dampening home buying activity. The federal budget deficit remains high, though interest rates remain relatively low. On the positive side, corporate earnings continue to grow; the housing market is generally improving; and household net worth is at an all-time high. The S&P 500 is up 203% from the lows of March 2009 and up 36% from its October 2007 peak level. Lastly, inflation may become the next hurdle to overcome if raw material prices increase with stronger than expected economic growth, although the Fed appears more concerned about deflation than a small rise in inflation. For investors, a continued focus on long-term goals and objectives is a prudent course, balancing downside risk at current valuations with the potential for long-term upside performance.

KEY POINTS

Fourth Quarter, 2013

- The CCCERA Total Fund returned 4.9% for the fourth quarter, slightly trailing the 5.0% return of the median public fund. CCCERA Total Fund performance beat the median over the one-, two-, three-, four- and five-year periods and is in first quartile over the trailing three- through five-year periods.
- CCCERA domestic equities returned 10.1% in the quarter, matching the return of the Russell 3000 Index and outperforming the 9.7% return of the median equity manager while ranking in the 38th percentile of equity managers.
- CCCERA international equities returned 6.7% for the quarter, above the MSCI EAFE return of 5.7% and better than the MSCI ACWI ex-USA return of 4.8% while ranking in the 38th percentile of MSCI ACWI ex-US portfolios.
- CCCERA global equities returned 6.6% in the quarter, below the MSCI ACWI return of 7.3%, and ranked in the 70th percentile of global equity managers.
- CCCERA domestic fixed income, excluding the Allianz high yield portfolio, returned 1.4% for the quarter, exceeding the Barclays U.S. Universal return of 0.2% and the median core fixed income manager return of 0.2% and ranked in the 2nd percentile.
- CCCERA global fixed income returned 0.2%, above the -0.4% return of the Barclays Global Aggregate Index. This return ranked in the 68th percentile of global fixed income managers.
- The Allianz high yield portfolio returned 3.2%, below the 3.5% return of the ML High Yield index and the median high yield fund.
- The inflation hedging investments returned 0.9%, above the 0.5% of the CPI+4% benchmark.
- CCCERA real estate returned 1.7% for the quarter. This return trailed the median real estate manager return of 2.6% but beat the CCCERA real estate benchmark return of 0.9%.
- CCCERA alternative assets returned 3.8% for the quarter, below the target 6.3% return of the S&P 500 + 400 basis points per year.
- The CCCERA opportunistic allocation (entirely Oaktree) returned 1.9% in the fourth quarter.
- The total equity allocation stood at 49.5% at the end of the quarter, which was higher than the current target weight of 46.6%. Total global fixed income was slightly below its target at 21.9% vs. 23.6%, and High Yield was slightly below the 5.0% target at 4.8%. Inflation hedging assets were also slightly below their 5.0% target at 4.9%. Real Estate was below target at 11.7% vs. 12.5%. Alternative investments were slightly above their target at 6.3% vs. 6.0%.

WATCH LIST

Manager	Since	Reason
Adelante	5/22/2013	Performance
INTECH Large Cap and Global Portfolios	12/12/2012	Personnel Departures
*INVESCO IREF I, II	2/24/2010	Performance
*Nogales Investors	5/28/2008	Performance
*Long Wharf Real Estate Growth Fund II&III	5/23/2012	Performance
Lord Abbett	10/20/2013	Personnel Departures

***Indicates a closed-end fund**

- The Adelante domestic REIT portfolio beat its benchmark in the fourth quarter with a return of 0.1% compared to -0.8% for the Wilshire REIT Index and ranked in the 45th percentile of US REIT portfolios. Over the trailing year, Adelante is above the benchmark (3.6% vs. 1.9%) and ranks in the 40th percentile. Over the trailing seven-, and ten-year periods, Adelante ranks near or in the bottom decile. Performance has improved over the past two years.
- The Intech Large Cap portfolio outperformed the index during the quarter (11.2% vs. 10.5%) and slightly outperforms over the trailing one- and three-year periods. The fund slightly trails the index over the trailing five-year period. The Intech Global Low-Volatility portfolio trailed the index in the fourth quarter with a return of 4.5% vs. 7.3% for the MSCI ACWI but is ahead of the index over the trailing year (24.2% vs. 22.8%).
- INVESCO Fund I significantly underperformed its benchmark in the quarter with a return of -0.4% compared to 3.3% for the benchmark and ranked in the 88th percentile. INVESCO Fund II underperformed during the fourth quarter with a return of 1.5% versus to 3.3% for the benchmark, ranking in the 69th percentile. Performance for both INVESCO funds is in the bottom decile for the trailing five-year period.
- Nogales will remain on the Watch List until the fund is completely wound down.
- The Long Wharf Real Estate Funds (formerly Fidelity) were added to the watch list reflecting performance problems dating back some time. Fund II continues to compare poorly against index benchmarks and peers, while Fund III has done well recently.
- Lord Abbett has recently been added to the watch list due to personnel turnover.

PERFORMANCE DISCUSSION

CCCERA's total fund fourth-quarter return of 4.9% was slightly below the median public fund's return of 5.0%. Performance has been strong against peers through the past ten years. The fund matched its policy benchmark in the most recent quarter, and it has beaten the policy benchmark over the trailing one- through three-year periods. CCCERA has outperformed the median plan over the past five years and is mostly first quartile over all trailing time periods.

The Total Fund Policy Benchmark referred to above was constructed by weighting the various asset class benchmarks by their target allocations.

- From the 3rd quarter of 2009 through the 1st quarter of 2010, the benchmark was 40.6% Russell 3000, 10.4% MSCI EAFE (Gross), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.
- From the 2nd quarter of 2010 through the 1st quarter of 2011, the benchmark was 35.6% Russell 3000, 10.4% MSCI EAFE (Gross), 5% MSCI ACWI (Net), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.
- From the 2nd quarter of 2011 through the 1st quarter of 2012, the benchmark was 31% Russell 3000, 10.4% MSCI EAFE (Gross), 9.6% MSCI ACWI (Net), 25% Barclays U.S. Aggregate, 3% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 8.4% Dow Jones Wilshire REIT, 3.1% NCREIF, 5% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.
- Beginning the 2nd quarter of 2012, the benchmark is 27.7% Russell 3000, 10.6% MSCI ACWI ex-USA (Gross), 12.3% MSCI ACWI (Net), 19.6% Barclays U.S. Aggregate, 5% Bank of America High Yield Master II, 4% Barclays Global Aggregate, 13.5% Real Estate Benchmark (40% Wilshire REIT, 50% NCREIF, and 10% FTSE/EPRA NAREIT Developed ex-USA), 6.8% S&P 500 + 4% (Quarter Lag) and 0.5% 91-Day T-Bills.

Domestic Equity

CCCERA total domestic equities returned 10.1% for the quarter, matching the 10.1% return of the Russell 3000, and outperformed the 9.7% return of the median manager. Please note that WHV was terminated during the second quarter, and the assets were distributed between the PIMCO Stocks+ portfolio and the Intech Large Cap Core portfolio.

Ceredex outperformed its benchmark in the quarter with a return of 9.8% compared to 9.3% for the Russell 2000 Value Index, ranking in the 49th percentile. Ceredex outperformed the index for the trailing one-year period with a return of 36.5% and ranks in the 66th percentile of small cap value managers. Delaware outperformed the benchmark with a return of 11.2% compared to 10.4% for the Russell 1000 Growth Index. Delaware is above its benchmark for all trailing time periods and ranks very well compared to peers. Emerald Advisors trailed its benchmark in the quarter with a return of 6.1% compared to 8.2% for the benchmark. Emerald is ahead of the benchmark over all trailing time periods, and consistently ranks above the median.

The Intech Large Cap Core portfolio beat its index in the quarter with a return of 11.2% compared to 10.5% for the S&P 500 and ranked in the 23rd percentile. Intech is very close to its benchmark over all trailing time periods and is near the median fund over the trailing three- and five-year periods. The PIMCO Stocks+ portfolio slightly trailed the S&P 500 Index in the quarter with a return of 10.3% vs. 10.5%. This return ranked in the 47th percentile. PIMCO is above the index benchmark over all trailing time periods two years and longer, and is above the median large cap core portfolio for most trailing time periods two years and longer.

Robeco Boston Partners beat the Russell 1000 Value benchmark with a return of 10.9% vs. 10.0% in the quarter. Robeco Boston Partners is above its benchmark for all trailing time periods and ranks in the top quartile over most trailing time periods.

International Equity

CCCERA international equities returned 6.7% for the quarter, above the MSCI EAFE return of 5.7%, and above the MSCI ACWI ex-USA return of 4.8%. This return ranked in the 38th percentile of ACWI ex-US equity portfolios. The William Blair portfolio returned 7.6%, above the MSCI ACWI ex-US Growth Index return of 4.7%, and ranked in the 28th percentile. Over the trailing three year period, William Blair returned 9.3% compared to 4.9% for the benchmark and ranked in the 28th percentile.

The Board voted to terminate the GMO portfolio at the May 22, 2013 Board meeting, and the assets were transferred to a transition account with State Street and invested in a passively managed international equity index fund. Assets will remain in that fund until the replacement manager, Pyrford International, is funded.

Global Equity

CCCERA global equities returned 6.6% in the quarter, trailing the MSCI ACWI return of 7.3% and the median global equity return of 7.8%. In the quarter, Artisan Partners returned 6.1%, below the MSCI ACWI benchmark of 7.3%. The First Eagle portfolio returned 5.4%, below the MSCI ACWI Index return of 7.3%. First Eagle is below the index over the trailing two years, 15.9% vs. 19.4%.

The Intech Global Low Volatility portfolio trailed the MSCI ACWI with a return of 4.5% vs. 7.3%, and ranked in the 85th percentile. Over the trailing year, the Intech portfolio returned 24.2% compared to 22.8% for the index and ranked in the 62nd percentile.

The J.P. Morgan portfolio returned 8.4%, better than the 7.3% return of the MSCI ACWI Index, and ranked in the 37th percentile. Over the trailing year, JP Morgan returned 26.9%, better than the benchmark return of 22.8%, and ranked in the 46th percentile.

Domestic Fixed Income

CCCERA total domestic investment grade fixed income returned 1.4 % for the quarter, better than the 0.2% return of the Barclays Universal Index and the 0.2% return of the median core fixed income manager. This return ranked in the 2nd percentile of US Core Fixed Income managers. Over trailing periods extending out to five years, the domestic fixed income performance ranks in the top decile, and it ranks in the 3rd percentile over the trailing ten years.

AFL-CIO returned 0.2% in the quarter, exceeding the -0.1% return for the Barclays U.S. Aggregate and matching the median core fixed income manager. Performance of AFL-CIO is very close to the benchmark over longer periods, and ranks above the median core fixed income manager over all trailing time periods.

Allianz Global Investors returned 3.2%, which lagged the 3.5% return of the B of A ML High Yield Master II Index and the 3.5% return of the median high yield manager. Allianz outperformed the benchmark and the median for most trailing periods.

Goldman Sachs returned 0.8%, exceeding the Barclays U.S. Aggregate Index and the median fixed income manager. Performance of the Goldman Sachs portfolio has been very strong, beating the benchmark and the median core fixed income manager over all trailing time periods. The Goldman Sachs workout portfolio was transferred into the Core portfolio in the beginning of the quarter.

Lord Abbett returned 0.7%, outperforming the Barclays U.S. Aggregate and the 0.2% return of the median fixed income manager. Lord Abbett has beaten the benchmark over all trailing time periods, and consistently ranks in the top decile of core fixed income managers for periods longer than one year.

PIMCO Total Return returned 0.0%, outperforming the Barclays U.S. Aggregate but trailing the median. PIMCO exceeds the benchmark over all trailing time periods, and consistently ranks near the top quartile of core fixed income managers.

The Torchlight II fund returned 5.6%, above the 3.5% B of A ML High Yield Master II Index return and the high yield fixed income median. The Torchlight Fund III returned 11.7% in the quarter, above the Merrill Lynch High Yield Master II Index return and the high yield fixed income median return. Torchlight IV returned 6.2%, above the ML High Yield Master II Index and the high yield fixed income median. Please note that due to the unique structure of these funds, the high yield benchmark is an imperfect benchmark.

Global Fixed Income
Lazard Asset Management returned 0.2% in the quarter, which outperformed the Barclays Global Aggregate return of -0.4% but trailed the median global fixed income manager return of 1.0% and ranked in the 68th percentile of global fixed income portfolios. Lazard has beaten the benchmark for periods longer than two years but ranks below the median manager.

Inflation Hedge
The inflation hedging portfolios returned a combined 0.9% for the quarter, above the 0.5% of the CPI+4% per year benchmark. The PIMCO All Asset Fund returned 1.5% for the quarter, and the Wellington Real Total Return portfolio returned 0.6%. Please note that this asset class will be a mix of public and private investments, as CCCERA committed $75 million to Aether, and $50 million to CommonFund, which will both manage portfolios of private real assets. The CommonFund account had its first full quarter in the fourth quarter, returning -0.5%. This account is reported on a one quarter lag. The first capital call to Aether occurred in November, 2013. The Aether account will also be reported on a quarter lag and will have its first full quarter in the second quarter of 2014.

Real Estate
The median real estate manager returned 2.6% for the quarter while CCCERA's total real estate returned 1.7%. CCCERA's total real estate ranks in the 67th percentile over the trailing year, the 12th percentile over the trailing five-years, and the 10th percentile over the trailing ten years. For comments on each individual manager in the CCCERA real estate portfolio, please refer to page 99.

Adelante Capital REIT returned 0.1%, better than the Wilshire REIT benchmark return of -0.8%, and ranked in the 45th percentile of US REIT managers. Over the trailing three years, Adelante returned 10.0% vs. 9.4% for the benchmark and ranked in the 61st percentile of US REIT managers. Adelante was added to the watch list at the May 22, 2013 Board meeting due to performance concerns.

The INVESCO International REIT portfolio returned -0.1%, better than the FTSE EPRA/NAREIT Developed ex-USA benchmark of -0.4%, and ranked in the 39th percentile of EAFE REIT portfolios. INVESCO ranked in the 75th percentile of international REIT portfolios over the trailing year with a return of 5.4% compared to the benchmark return of 5.8%. Over the trailing five years, INVESCO ranked in the 57th percentile with a return of 14.9% compared to the benchmark return of 15.8%.

In the fourth quarter of 2013, Angelo Gordon returned 5.2%, DLJ RECP II returned -1.6%, DLJ RECP III returned 2.9%, and DLJ RECP IV returned 2.4%. (Due to timing constraints, the DLJ portfolio returns are for the quarter ending September 30, 2013). INVESCO Fund I returned -0.4%, INVESCO Fund II returned 1.5% and INVESCO Fund III returned 4.8%. LaSalle Income & Growth returned 0.3%. Long Wharf Fund II returned 3.1%, Long Wharf Fund III returned 7.1%, and Long Wharf IV returned 0.9%. Oaktree REOF V returned 2.9%, and REOF VI returned 0.1%. The Siguler Guff Distressed Real Estate Opportunities portfolio returned 2.4%, and the Willows Office Property returned 1.6%. Please note that the Angelo Gordon, DLJ, LaSalle and Siguler Guff funds are reported on a one-quarter lag due to financial reporting constraints, while all other portfolios are reported as of the current quarter end.

Alternative Investments
CCCERA total alternative investments returned 3.8% in the fourth quarter, below the 6.3% return of the S&P + 4% per year benchmark. CCCERA total alternatives beat the benchmark over the trailing seven- and ten-year periods, but shorter periods trail the benchmark. (Please note that due to timing constraints, all alternative portfolio and benchmark returns are for the quarter ending September 30, 2013). For further comments on each individual manager in the CCCERA alternatives portfolio, please refer to page 104.

Adam Street returned 5.7% for the fourth quarter, Adams Street II returned 6.9%, Adams Street V returned 13.6% and the Brison portfolio returned 5.6%. The Bay Area Equity Fund returned -5.7%, the Carpenter Bancfund returned 1.2%, Energy Investor Fund I returned -0.1%, EIF Fund II returned 1.9%, EIF III returned 1.0%, EIF IV returned 1.7%, Nogales returned 21.8%, Paladin III returned 0.6%, and Pathway returned 7.2%.

Opportunistic

The opportunistic allocation (entirely Oaktree) returned 1.9% in the fourth quarter.

Asset Allocation

The CCCERA fund at December 31, 2013 was above target in domestic equity (25.1% vs. 23.7), global equity (13.3% vs. 12.3%), international equity (11.1% vs. 10.6%), and alternatives (6.3% vs. 6.0%). CCCERA was below target in US investment grade fixed Income (18.0% vs. 19.6%), global fixed income (3.9% vs. 4.0%), high yield (4.8% vs. 5.0%), real estate (11.7% vs. 12.5%), opportunistic investments (0.5% vs. 0.8%), inflation hedging investments (4.9% vs. 5.0%) and cash (0.4% vs. 0.5%). Assets earmarked for alternative investments are temporarily invested in U.S. equities.

Private Investment Commitments

CCCERA has committed to various private investment vehicles across multiple asset classes. Within domestic fixed income, CCCERA has committed $85 million to the Torchlight Debt Opportunity Fund II, $85 million to Torchlight Debt Opportunity Fund III, and $60 million to Torchlight Debt Opportunity Fund IV.

Within real estate, commitments include: $15 million to DLJ RECP I; $40 million to DLJ RECP II; $75 million to DLJ III, $100 million to DLJ IV; $50 million to INVESCO I; $85 million INVESCO II; $35 million to INVESCO III; $50 million to Long Wharf II; $75 million to Long Wharf III; $25 million to Long Wharf IV; $50 million to Oaktree Real Estate Opportunities Fund V; $75 million to Siguler Guff; $75 million to LaSalle; and $80 million to Angelo Gordon.

Within private equity: $180 million to Adams Street Partners; $30 million to Adams Street Secondary II; $125 million to Pathway; $30 million to Pathway 2008; $30 million to Energy Investors USPF I; $50 million to USPF II; $65 million to USPF III; $15 million to Nogales; $10 million to Bay Area Equity Fund; $10 million to Bay Area Equity Fund II; $25 million to Paladin III, $30 million to Carpenter Community BancFund, and $40 million to the Adams Street Global Secondary Fund V, which had its first capital call in the first quarter of 2012.

Additionally, CCCERA has recently made commitments to two private real asset managers: $75 million to Aether and $50 million to CommonFund.

Within the opportunistic allocation, CCCERA made a $40 million commitment to Oaktree Private Investment Fund 2009.

Performance Compared to Investment Performance Objectives

The Statement of Investment Policies and Guidelines specifies investment objectives for each asset class. These goals are meant as targets, and one would not expect them to be achieved by every manager over every period. They do provide justification for focusing on sustained manager under-performance. We show the investment objectives and compliance with the objectives on the following page. We also include compliance with objectives in the manager comments.

Reflecting the Investment Policy objectives, the table below includes returns after fees (net), as well as returns before fees (gross).

Summary of Managers Compliance with Investment Performance Objectives
As of December 31, 2013

	Trailing 3 Years			Trailing 5 Years		
DOMESTIC EQUITY	Gross Return	Net Return	Rank Target	Gross Return	Net Return	Rank Target
Ceredex	-	-	-	-	-	-
Delaware	Yes	Yes	Yes	Yes	Yes	Yes
Emerald Advisors	Yes	Yes	Yes	Yes	Yes	Yes
Intech - Large Core	Yes	No	Yes	No	No	No
PIMCO Stocks Plus	Yes	Yes	Yes	Yes	Yes	Yes
Robeco Boston Partners	Yes	Yes	Yes	Yes	Yes	Yes
Total Domestic Equities	Yes	Yes	Yes	Yes	Yes	Yes
INT'L EQUITY						
International Eq Transition	-	-	-	-	-	-
William Blair	-	-	-	-	-	-
Total Int'l Equities	Yes	Yes	No	No	No	No
GLOBAL EQUITY						
Artisan Partners	-	-	-	-	-	-
First Eagle	-	-	-	-	-	-
Intech Global Low Vol	-	-	-	-	-	-
JP Morgan	Yes	Yes	No	-	-	-
Total Global Equities	No	No	No	-	-	-
DOMESTIC FIXED INCOME						
AFL-CIO Housing	Yes	No	No	Yes	Yes	Yes
Goldman Sachs Core Plus	Yes	Yes	Yes	Yes	Yes	Yes
Torchlight II	Yes	Yes	Yes	Yes	Yes	Yes
Torchlight III	Yes	Yes	Yes	No	No	Yes
Torchlight IV	-	-	-	-	-	-
Lord Abbett	Yes	Yes	Yes	Yes	Yes	Yes
PIMCO	Yes	Yes	No	Yes	Yes	Yes
Total Domestic Fixed	Yes	Yes	Yes	Yes	Yes	Yes
HIGH YIELD						
Allianz Global Investors	Yes	Yes	Yes	No	No	Yes
GLOBAL FIXED INCOME						
Lazard Asset Management	Yes	Yes	No	Yes	No	No

Summary of Managers Compliance with Investment Performance Objectives (cont.)
As of December 31, 2013

	Trailing 3 Years			Trailing 5 Years		
	Gross Return	Net Return	Rank Target	Gross Return	Net Return	Rank Target
INFLATION HEDGE	-	-	-	-	-	-
PIMCO All Asset	-	-	-	-	-	-
Wellington RTR	-	-	-	-	-	-
ALTERNATIVE INVESTMENTS						
Adams Street	No	No	-	No	No	-
Bay Area Equity Fund	Yes	Yes	-	Yes	Yes	-
Carpenter Bancfund	No	No	-	No	No	-
Energy Investor Fund	No	No	-	No	No	-
Energy Investor Fund II	No	No	-	No	No	-
Energy Investor Fund III	No	No	-	No	No	-
Energy Investor Fund IV	-	-	-	-	-	-
Nogales	No	No	-	No	No	-
Paladin III	No	No	-	Yes	No	-
Pathway	No	No	-	No	No	-
Total Alternative	No	No	-	No	No	-
REAL ESTATE						
Adelante Capital REIT	No	No	No	Yes	No	No
Angelo Gordon	-	-	-	-	-	-
DLJ RECP II	Yes	Yes	Yes	No	No	No
DLJ RECP III	No	No	No	No	No	No
DLJ RECP IV	No	No	Yes	No	No	No
Invesco Fund I	Yes	No	Yes	No	No	No
Invesco Fund II	Yes	Yes	Yes	No	No	No
Invesco Fund II	-	-	-	-	-	-
Invesco Int'l REIT	Yes	No	No	No	No	No
Long Wharf II	No	No	No	No	No	No
Long Wharf III	Yes	No	Yes	No	No	No
Long Wharf IV	-	-	-	-	-	-
Oaktree REOF V	-	-	-	-	-	-
Oaktree REOF VI	-	-	-	-	-	-
Siguler Guff	-	-	-	-	-	-
Willows Office Property	No	No	No	No	No	No
Total Real Estate	Yes	No	Yes	No	No	Yes
OPPORTUNISTIC						
Oaktree	-	-	-	-	-	-
CCCERA Total Fund	Yes	Yes	Yes	Yes	Yes	Yes

ASSET ALLOCATION
As of December 31, 2013

DOMESTIC EQUITY	Market Value	% of Portion	% of Total	Current Target % of Total
Ceredex	$ 212,912,235	6.7 %	3.3 %	3.0 %
Delaware Investments	327,544,332	10.3	5.1	4.5
Emerald	220,620,189	6.9	3.4	3.0
Intech - Large Core	296,251,375	9.3	4.6	4.3
PIMCO Stocks+	254,226,853	8.0	3.9	4.4
Robeco	308,685,420	9.7	4.8	4.5
WHV	9,699	0.0	0.0	0.0
TOTAL DOMESTIC	$ 1,620,250,103	50.7 %	25.1 %	23.7 %
INTERNATIONAL EQUITY				
William Blair	$ 367,945,400	11.5	5.7	5.3 %
International Transition	350,252,304	11.0	5.4	5.3
TOTAL INT'L EQUITY	$ 718,197,703	22.5 %	11.1 %	10.6 %
GLOBAL EQUITY				
Artisan Partners	$ 277,612,504	8.7 %	4.3 %	4.0 %
First Eagle	270,362,938	8.5	4.2	4.0
Intech Global Low Vol	21,663,030	0.7	0.3	0.3
JP Morgan	286,842,554	9.0	4.4	4.0
TOTAL GLOBAL EQUITY	$ 856,481,025	26.8 %	13.3 %	12.3 %
TOTAL EQUITY	$ 3,194,928,831	100.0 %	49.5 %	46.6 %
			Range:	*40 to 55 %*
DOMESTIC FIXED INCOME				
AFL-CIO	$ 199,091,709	14.1 %	3.1 %	3.2 %
Goldman Sachs Core Plus	245,186,887	17.3	3.8	3.7
GSAM Workout	4,078	0.0	0.0	0.0
Lord Abbett	262,707,789	18.6	0.0	4.2
PIMCO	312,818,439	22.1	4.8	5.0
Torchlight II	80,173,096	5.7	1.2	1.0
Torchlight III	33,514,100	2.4	0.5	1.4
Torchlight IV	27,259,131	1.9	0.4	1.1
TOTAL US FIXED INCOME	$ 1,160,755,229	82.0 %	18.0 %	19.6 %
GLOBAL FIXED				
Lazard Asset Mgmt	$ 254,675,016	18.0 %	3.9 %	4.0 %
TOTAL GLOBAL	$ 254,675,016	18.0 %	3.9 %	4.0 %
TOTAL GLOBAL FIXED INCOME	$ 1,415,430,246	100.0 %	21.9 %	23.6 %
			Range:	*20 to 30 %*
HIGH YIELD				
Allianz Global Investors	$ 312,113,286	100.0 %	4.8 %	5.0 %
TOTAL HIGH YIELD	$ 312,113,286	100.0 %	4.8 %	5.0 %
			Range:	*2 to 9 %*
INFLATION HEDGE				
PIMCO All Asset Fund	$ 112,430,047	35.7	1.7	-
Wellington RTR	200,273,622	63.7	3.1	-
Commonfund	1,864,430	0.6	0.0	
Inflation Hedge Cash	0	0.0	0.0	-
TOTAL INFLATION HEDGE	$ 314,568,099	100.0 %	4.9 %	5.0 %

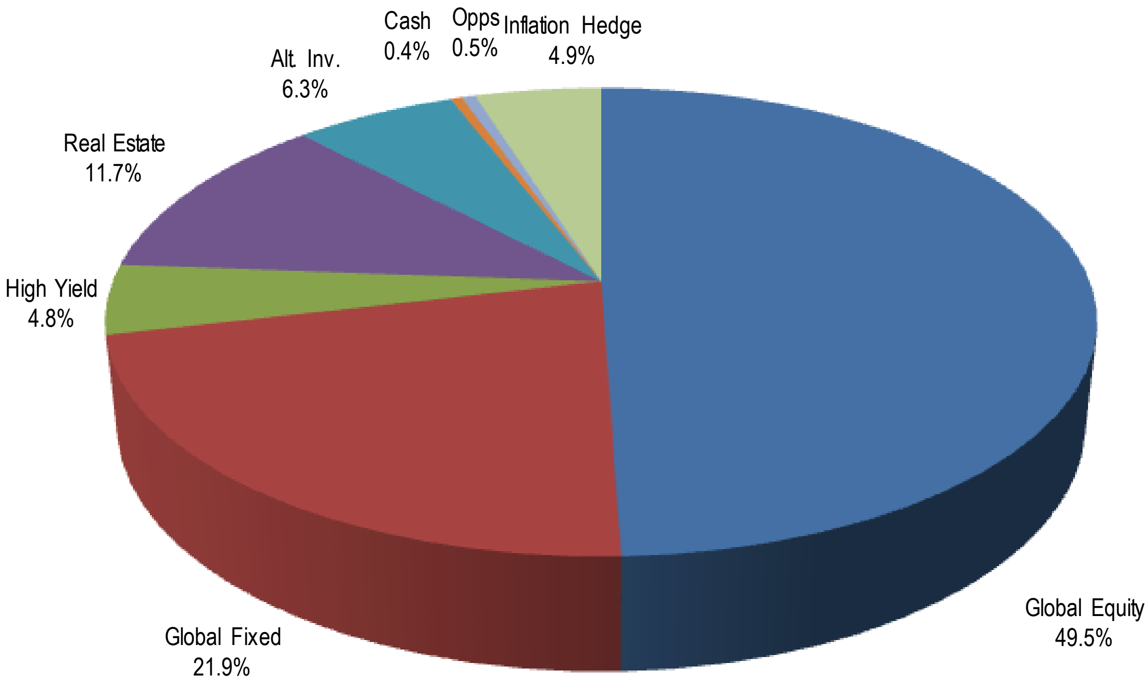
ASSET ALLOCATION
As of December 31, 2013

	Market Value	% of Portion	% of Total	Current Target % of Total
REAL ESTATE				
Adelante Capital	$ 201,754,011	26.7 %	3.1 %	3.0 %
Angelo Gordon	43,232,177	5.7	0.7	-
DLJ RECP II	4,398,614	0.6	0.1	-
DLJ RECP III	44,554,737	5.9	0.7	-
DLJ RECP IV	79,764,295	10.5	1.2	-
Long Wharf II	4,086,802	0.5	0.1	-
Long Wharf III	35,242,013	4.7	0.5	-
Long Wharf IV	6,598,609	0.9	0.1	-
Hearthstone I	73,409	0.0	0.0	-
Hearthstone II	-13,065	0.0	0.0	-
Invesco Fund I	9,225,433	1.2	0.1	-
Invesco Fund II	40,005,616	5.3	0.6	-
Invesco Fund III	17,017,317	2.3	0.3	-
Invesco International REIT	91,135,654	12.1	1.4	1.5
LaSalle Income & Growth	21,955,043	2.9	0.3	
Oaktree ROF V	56,443,466	7.5	0.9	-
Oaktree ROF VI	31,627,639	4.2	0.5	-
Siguler Guff	61,127,833	8.1	0.9	-
Willows Office Property	8,000,000	1.1	0.1	-
TOTAL REAL ESTATE	$ 756,229,603	100.0 %	11.7 %	12.5 %
			Range:	*10 to 16 %*
ALTERNATIVE INVESTMENTS				
Adams Street Partners	$ 125,742,138	31.1 %	1.9 %	- %
Bay Area Equity Fund	23,159,197	5.7	0.4	-
Carpenter Bancfund	36,261,942	9.0	0.6	-
Energy Investor Fund	1,553,962	0.4	0.0	-
Energy Investor Fund II	41,592,437	10.3	0.6	-
Energy Investor Fund III	47,903,079	11.9	0.7	-
Energy Investor Fund IV	7,918,669	2.0	0.1	-
Nogales	3,360,608	0.8	0.1	-
Paladin III	17,465,048	4.3	0.3	-
Pathway Capital	99,263,263	24.6	1.5	-
TOTAL ALTERNATIVE	$ 404,220,343	100.0 %	6.3 %	6.0 %
			Range:	*5 to 12 %*
OPPORTUNISTIC				
Oaktree PIF 2009	34,204,134	100.0	0.5	0.8
TOTAL OPPORTUNISTIC	$ 34,204,134	100.0 %	0.5 %	0.8 %
CASH				
Custodian Cash	$ 28,894,429	100.0 %	0.4 %	- %
Treasurer's Fixed	0	0.0	0.0	-
TOTAL CASH	$ 28,894,429	100.0 %	0.4 %	0.5 %
			Range:	*0 to 1 %*
TOTAL ASSETS	**$ 6,460,588,970**	**100.0 %**	**100.0 %**	**100.0 %**

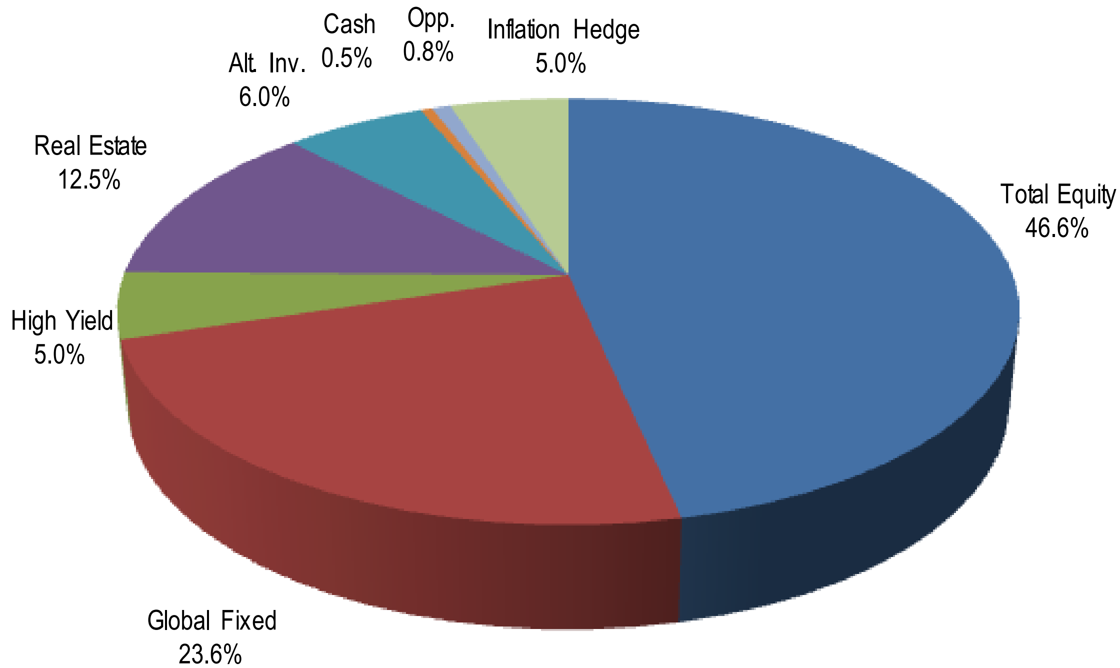
ASSET ALLOCATION

As of December 31, 2013

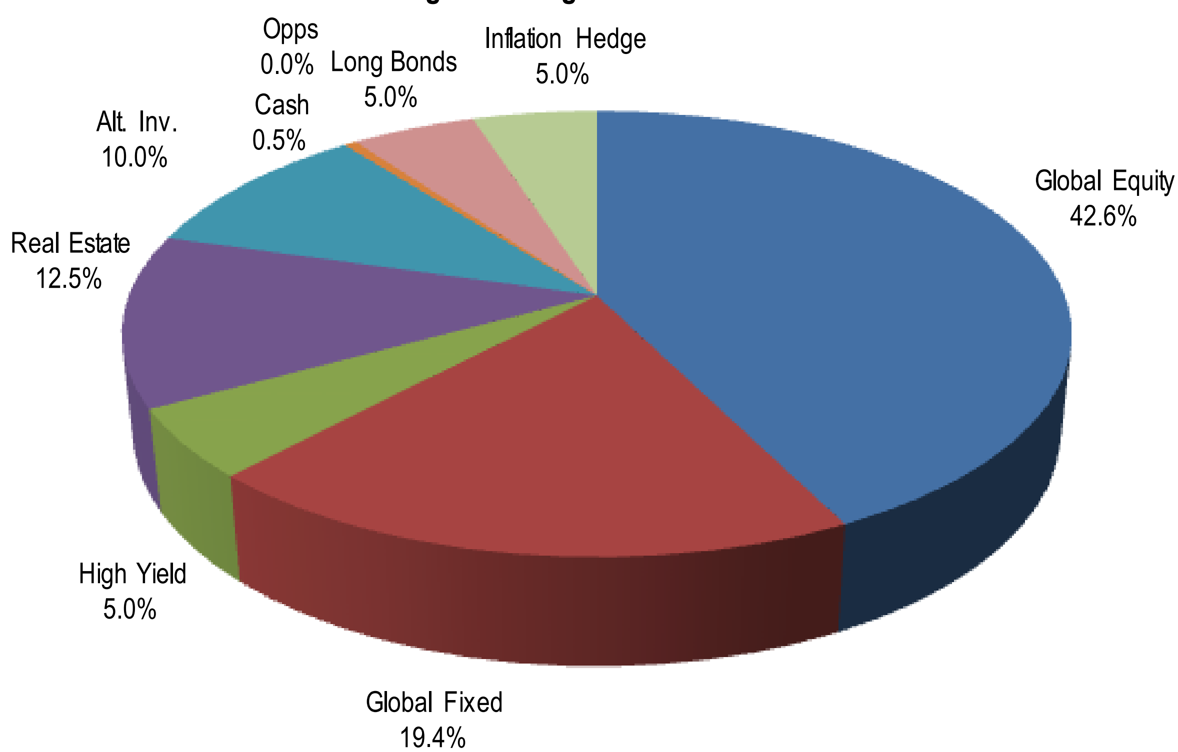
CCCERA Actual Asset Allocation



Current Target Asset Allocation



Long Term Target Asset Allocation



	Ending December 31, 2013							
	3 Mo	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Total Fund	**4.9%**	**16.5%**	**15.4%**	**11.0%**	**11.7%**	**13.7%**	**5.9%**	**8.1%**
CPI+400 bps	*0.5%*	*5.6%*	*5.8%*	*6.2%*	*6.1%*	*6.2%*	*6.2%*	*6.5%*
Policy Benchmark	*4.9%*	*15.6%*	*15.1%*	*10.9%*	*11.7%*	--	--	--
IFx Public DB Gross Rank	*54*	*43*	*28*	*8*	*8*	*15*	*32*	*3*
IFx Public DB Gross Median	*5.0%*	*15.5%*	*14.0%*	*9.5%*	*10.3%*	*12.2%*	*5.6%*	*6.8%*
Domestic Equity	**10.1%**	**36.2%**	**26.9%**	**17.6%**	**17.7%**	**20.2%**	**7.6%**	**8.8%**
Russell 3000	*10.1%*	*33.6%*	*24.7%*	*16.2%*	*16.4%*	*18.7%*	*6.5%*	*7.9%*
eA US All Cap Equity Gross Rank	*38*	*41*	*28*	*23*	*31*	*40*	*56*	*67*
eA US All Cap Equity Gross Median	*9.7%*	*34.7%*	*24.8%*	*16.0%*	*16.4%*	*19.0%*	*7.8%*	*9.7%*
Ceredex	9.8%	36.5%	27.4%	--	--	--	--	--
Russell 2000 Value	*9.3%*	*34.5%*	*26.0%*	*14.5%*	*16.9%*	*17.6%*	*5.4%*	*8.6%*
eA US Small Cap Value Equity Gross Rank	*49*	*66*	*54*	--	--	--	--	--
eA US Small Cap Value Equity Gross Median	*9.8%*	*38.1%*	*27.8%*	*16.8%*	*19.2%*	*21.6%*	*8.7%*	*11.0%*
Delaware	11.2%	35.4%	25.8%	19.9%	18.6%	23.3%	9.3%	--
Russell 1000 Growth	*10.4%*	*33.5%*	*24.0%*	*16.5%*	*16.5%*	*20.4%*	*8.2%*	*7.8%*
eA US Large Cap Growth Equity Gross Rank	*40*	*40*	*37*	*5*	*12*	*11*	*25*	--
eA US Large Cap Growth Equity Gross Median	*11.0%*	*34.3%*	*24.6%*	*15.7%*	*16.1%*	*19.7%*	*8.2%*	*8.5%*
Emerald Advisors	6.1%	50.3%	33.4%	21.0%	23.3%	25.2%	10.5%	10.2%
Russell 2000 Growth	*8.2%*	*43.3%*	*28.1%*	*16.8%*	*19.8%*	*22.6%*	*8.9%*	*9.4%*
eA US Small Cap Growth Equity Gross Rank	*88*	*27*	*17*	*19*	*22*	*42*	*45*	*65*
eA US Small Cap Growth Equity Gross Median	*8.8%*	*45.6%*	*29.5%*	*18.8%*	*21.4%*	*24.4%*	*10.1%*	*10.8%*
Intech Large Cap Core	11.2%	32.7%	23.7%	16.6%	16.2%	17.8%	6.5%	--
S&P 500	*10.5%*	*32.4%*	*23.9%*	*16.2%*	*15.9%*	*17.9%*	*6.1%*	*7.4%*
eA US Large Cap Core Equity Gross Rank	*23*	*54*	*51*	*42*	*42*	*54*	*73*	--
eA US Large Cap Core Equity Gross Median	*10.3%*	*32.9%*	*23.7%*	*16.2%*	*15.7%*	*17.9%*	*7.0%*	*8.5%*
PIMCO Stocks+	10.3%	31.4%	25.9%	17.5%	17.9%	21.6%	6.7%	7.8%
S&P 500	*10.5%*	*32.4%*	*23.9%*	*16.2%*	*15.9%*	*17.9%*	*6.1%*	*7.4%*
eA US Large Cap Core Equity Gross Rank	*47*	*68*	*23*	*25*	*11*	*4*	*67*	*72*
eA US Large Cap Core Equity Gross Median	*10.3%*	*32.9%*	*23.7%*	*16.2%*	*15.7%*	*17.9%*	*7.0%*	*8.5%*
Robeco Boston Partners	10.9%	37.4%	29.2%	19.0%	17.6%	19.5%	7.8%	10.3%
Russell 1000 Value	*10.0%*	*32.5%*	*24.8%*	*16.1%*	*15.9%*	*16.7%*	*4.5%*	*7.6%*
eA US Large Cap Value Equity Gross Rank	*26*	*24*	*10*	*9*	*16*	*19*	*17*	*10*
eA US Large Cap Value Equity Gross Median	*9.9%*	*33.6%*	*24.4%*	*16.0%*	*15.8%*	*17.5%*	*6.2%*	*8.6%*

Notes: Returns for periods longer than one year are annualized.

	Ending December 31, 2013							
	3 Mo	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
International Equity	**6.7%**	**17.8%**	**18.2%**	**7.3%**	**7.6%**	**10.6%**	**0.9%**	**6.7%**
MSCI ACWI ex USA	*4.8%*	*15.3%*	*16.1%*	*5.1%*	*6.6%*	*12.8%*	*2.2%*	*7.6%*
MSCI EAFE Gross	*5.7%*	*23.3%*	*20.6%*	*8.7%*	*8.5%*	*13.0%*	*2.3%*	*7.4%*
eA All ACWI ex-US Equity Gross Rank	*38*	*69*	*64*	*65*	*82*	*97*	*97*	*96*
eA All ACWI ex-US Equity Gross Median	*6.1%*	*20.2%*	*19.6%*	*8.2%*	*9.6%*	*14.8%*	*3.9%*	*9.5%*
William Blair	7.6%	20.9%	22.6%	9.3%	--	--	--	--
MSCI ACWI ex USA Growth	*4.7%*	*15.5%*	*16.1%*	*4.9%*	*7.2%*	*12.9%*	*2.7%*	*7.4%*
eA ACWI ex-US Growth Equity Gross Rank	*28*	*44*	*29*	*28*	--	--	--	--
eA ACWI ex-US Growth Equity Gross Median	*6.3%*	*20.3%*	*19.8%*	*8.1%*	*10.3%*	*16.8%*	*5.3%*	*9.7%*
International Equity Transition	5.8%	--	--	--	--	--	--	--
MSCI ACWI ex USA	*4.8%*	*15.3%*	*16.1%*	*5.1%*	*6.6%*	*12.8%*	*2.2%*	*7.6%*
eA All ACWI ex-US Equity Gross Rank	*57*	--	--	--	--	--	--	--
Global Equity	**6.6%**	**23.7%**	**17.2%**	**9.0%**	**--**	**--**	**--**	**--**
MSCI ACWI	*7.3%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
eA All Global Equity Gross Rank	*70*	*64*	*80*	*76*	--	--	--	--
eA All Global Equity Gross Median	*7.8%*	*26.2%*	*21.4%*	*11.6%*	*12.4%*	*16.5%*	*5.2%*	*9.1%*
Artisan Partners	6.1%	26.1%	--	--	--	--	--	--
MSCI ACWI	*7.3%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
eA All Global Equity Gross Rank	*75*	*51*	--	--	--	--	--	--
eA All Global Equity Gross Median	*7.8%*	*26.2%*	*21.4%*	*11.6%*	*12.4%*	*16.5%*	*5.2%*	*9.1%*
First Eagle	5.4%	17.9%	15.9%	--	--	--	--	--
MSCI ACWI	*7.3%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
eA All Global Equity Gross Rank	*80*	*80*	*85*	--	--	--	--	--
eA All Global Equity Gross Median	*7.8%*	*26.2%*	*21.4%*	*11.6%*	*12.4%*	*16.5%*	*5.2%*	*9.1%*
Intech Global Low Vol	4.5%	24.2%	--	--	--	--	--	--
MSCI ACWI	*7.3%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
eA All Global Equity Gross Rank	*85*	*62*	--	--	--	--	--	--
eA All Global Equity Gross Median	*7.8%*	*26.2%*	*21.4%*	*11.6%*	*12.4%*	*16.5%*	*5.2%*	*9.1%*
JP Morgan Global Opportunities	8.4%	26.9%	23.0%	11.2%	--	--	--	--
MSCI ACWI	*7.3%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
eA All Global Equity Gross Rank	*37*	*46*	*35*	*55*	--	--	--	--
eA All Global Equity Gross Median	*7.8%*	*26.2%*	*21.4%*	*11.6%*	*12.4%*	*16.5%*	*5.2%*	*9.1%*

Cumulative Performance Statistics

Before Fees

	Ending December 31, 2013							
	3 Mo	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Domestic Fixed Income	**1.4%**	**1.7%**	**5.6%**	**6.1%**	**7.2%**	**9.3%**	**6.1%**	**6.0%**
Barclays U.S. Universal	*0.2%*	*-1.3%*	*2.0%*	*3.8%*	*4.6%*	*5.4%*	*5.1%*	*4.9%*
Barclays Aggregate	*-0.1%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
eA US Core Fixed Inc Gross Rank	*2*	*1*	*2*	*1*	*1*	*2*	*21*	*3*
eA US Core Fixed Inc Gross Median	*0.2%*	*-1.4%*	*2.2%*	*4.0%*	*4.8%*	*5.8%*	*5.5%*	*5.0%*
AFL-CIO	0.2%	-1.9%	1.3%	3.6%	4.4%	4.8%	5.3%	4.9%
Barclays Aggregate	*-0.1%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
eA US Core Fixed Inc Gross Rank	*45*	*78*	*83*	*72*	*75*	*77*	*68*	*57*
eA US Core Fixed Inc Gross Median	*0.2%*	*-1.4%*	*2.2%*	*4.0%*	*4.8%*	*5.8%*	*5.5%*	*5.0%*
Goldman Sachs Core Plus	0.8%	-0.4%	3.7%	5.0%	5.6%	6.5%	--	--
Barclays Aggregate	*-0.1%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
eA US Core Fixed Inc Gross Rank	*10*	*15*	*10*	*10*	*17*	*29*	*--*	*--*
eA US Core Fixed Inc Gross Median	*0.2%*	*-1.4%*	*2.2%*	*4.0%*	*4.8%*	*5.8%*	*5.5%*	*5.0%*
Lord Abbett	0.7%	-0.6%	3.9%	5.3%	6.1%	7.9%	--	--
Barclays Aggregate	*-0.1%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
eA US Core Fixed Inc Gross Rank	*12*	*18*	*8*	*5*	*8*	*7*	*--*	*--*
eA US Core Fixed Inc Gross Median	*0.2%*	*-1.4%*	*2.2%*	*4.0%*	*4.8%*	*5.8%*	*5.5%*	*5.0%*
PIMCO Total Return	0.0%	-1.6%	3.3%	3.9%	5.2%	7.4%	6.4%	5.9%
Barclays Aggregate	*-0.1%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
eA US Core Fixed Inc Gross Rank	*75*	*61*	*13*	*57*	*32*	*13*	*10*	*7*
eA US Core Fixed Inc Gross Median	*0.2%*	*-1.4%*	*2.2%*	*4.0%*	*4.8%*	*5.8%*	*5.5%*	*5.0%*
Torchlight II	5.6%	24.6%	24.5%	24.3%	28.5%	26.0%	0.6%	--
ML HY Master II	*3.5%*	*7.4%*	*11.4%*	*9.0%*	*10.5%*	*18.6%*	*8.5%*	*8.5%*
eA US High Yield Fixed Inc Gross Rank	*1*	*1*	*1*	*1*	*1*	*1*	*99*	*--*
eA US High Yield Fixed Inc Gross Median	*3.5%*	*7.6%*	*11.6%*	*9.3%*	*10.8%*	*16.9%*	*8.6%*	*8.5%*
Torchlight III	11.7%	18.0%	17.0%	12.5%	12.4%	18.3%	--	--
ML HY Master II	*3.5%*	*7.4%*	*11.4%*	*9.0%*	*10.5%*	*18.6%*	*8.5%*	*8.5%*
eA US High Yield Fixed Inc Gross Rank	*1*	*1*	*4*	*3*	*9*	*25*	*--*	*--*
eA US High Yield Fixed Inc Gross Median	*3.5%*	*7.6%*	*11.6%*	*9.3%*	*10.8%*	*16.9%*	*8.6%*	*8.5%*
Torchlight IV	6.2%	16.4%	--	--	--	--	--	--
ML HY Master II	*3.5%*	*7.4%*	*11.4%*	*9.0%*	*10.5%*	*18.6%*	*8.5%*	*8.5%*
eA US High Yield Fixed Inc Gross Rank	*1*	*1*	*--*	*--*	*--*	*--*	*--*	*--*
eA US High Yield Fixed Inc Gross Median	*3.5%*	*7.6%*	*11.6%*	*9.3%*	*10.8%*	*16.9%*	*8.6%*	*8.5%*
High Yield								
Allianz Global Investors	3.2%	8.8%	11.4%	9.7%	11.1%	17.5%	9.2%	8.7%
ML HY Master II	*3.5%*	*7.4%*	*11.4%*	*9.0%*	*10.5%*	*18.6%*	*8.5%*	*8.5%*
eA US High Yield Fixed Inc Gross Rank	*68*	*28*	*52*	*32*	*36*	*43*	*20*	*36*
eA US High Yield Fixed Inc Gross Median	*3.5%*	*7.6%*	*11.6%*	*9.3%*	*10.8%*	*16.9%*	*8.6%*	*8.5%*

Cumulative Performance Statistics

Before Fees

	3 Mo	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
				Ending December 31, 2013				
Global Fixed Income	**0.2%**	**-3.5%**	**1.5%**	**2.8%**	**4.3%**	**5.7%**	**4.4%**	**4.5%**
Barclays Global Aggregate	*-0.4%*	*-2.6%*	*0.8%*	*2.4%*	*3.2%*	*3.9%*	*4.8%*	*4.5%*
eA All Global Fixed Inc Gross Rank	*68*	*83*	*77*	*81*	*65*	*61*	*87*	*89*
eA All Global Fixed Inc Gross Median	*1.0%*	*0.2%*	*5.0%*	*4.7%*	*5.1%*	*6.7%*	*5.8%*	*5.4%*
Lazard	0.2%	-3.5%	1.5%	2.8%	4.3%	5.7%	--	--
Barclays Global Aggregate	*-0.4%*	*-2.6%*	*0.8%*	*2.4%*	*3.2%*	*3.9%*	*4.8%*	*4.5%*
eA All Global Fixed Inc Gross Rank	*68*	*83*	*78*	*81*	*65*	*61*	*--*	*--*
eA All Global Fixed Inc Gross Median	*1.0%*	*0.2%*	*5.0%*	*4.7%*	*5.1%*	*6.7%*	*5.8%*	*5.4%*
Inflation Hedge	**0.9%**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
CPI+400 bps	*0.5%*	*5.6%*	*5.8%*	*6.2%*	*6.1%*	*6.2%*	*6.2%*	*6.5%*
IFx Public DB Real Assets/Commodities Gross Rank	*31*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
IFx Public DB Real Assets/Commodities Gross Median	*-0.7%*	*-4.5%*	*2.3%*	*-0.2%*	*5.2%*	*6.6%*	*4.0%*	*9.9%*
PIMCO All Asset Fund	1.5%	--	--	--	--	--	--	--
CPI+400 bps	*0.5%*	*5.6%*	*5.8%*	*6.2%*	*6.1%*	*6.2%*	*6.2%*	*6.5%*
IFx Public DB Real Assets/Commodities Gross Rank	*12*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
IFx Public DB Real Assets/Commodities Gross Median	*-0.7%*	*-4.5%*	*2.3%*	*-0.2%*	*5.2%*	*6.6%*	*4.0%*	*9.9%*
Wellington Real Total Return	0.6%	--	--	--	--	--	--	--
CPI+400 bps	*0.5%*	*5.6%*	*5.8%*	*6.2%*	*6.1%*	*6.2%*	*6.2%*	*6.5%*
IFx Public DB Real Assets/Commodities Gross Rank	*33*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
IFx Public DB Real Assets/Commodities Gross Median	*-0.7%*	*-4.5%*	*2.3%*	*-0.2%*	*5.2%*	*6.6%*	*4.0%*	*9.9%*
Commonfund	-0.5%	--	--	--	--	--	--	--
CPI+500 bps	*0.6%*	*6.4%*	*6.6%*	*7.1%*	*7.0%*	*7.2%*	*7.2%*	*7.5%*
IFx Public DB Real Assets/Commodities Gross Rank	*45*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
IFx Public DB Real Assets/Commodities Gross Median	*-0.7%*	*-4.5%*	*2.3%*	*-0.2%*	*5.2%*	*6.6%*	*4.0%*	*9.9%*
Real Estate	**1.7%**	**10.5%**	**13.6%**	**12.5%**	**14.6%**	**11.4%**	**1.2%**	**8.6%**
Real Estate Benchmark	*0.9%*	*7.1%*	*10.3%*	*11.4%*	*12.9%*	*9.2%*	*5.1%*	*9.4%*
NCREIF (ODCE) Index	*3.2%*	*13.9%*	*12.4%*	*13.6%*	*14.3%*	*3.7%*	*3.2%*	*7.2%*
NCREIF Property Index	*2.5%*	*11.0%*	*10.8%*	*11.9%*	*12.2%*	*5.7%*	*5.2%*	*8.6%*
IFx All DB Real Estate Gross Rank	*67*	*67*	*27*	*54*	*34*	*12*	*85*	*10*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
Adelante	0.1%	3.6%	10.4%	10.0%	14.9%	17.7%	0.5%	8.6%
Wilshire REIT	*-0.8%*	*1.9%*	*9.4%*	*9.4%*	*13.9%*	*16.7%*	*1.2%*	*8.4%*
eA US REIT Gross Rank	*45*	*40*	*48*	*61*	*36*	*53*	*97*	*95*
eA US REIT Gross Median	*0.1%*	*3.1%*	*10.3%*	*10.2%*	*14.8%*	*17.7%*	*3.0%*	*10.1%*
Angelo, Gordon & Co	5.2%	29.0%	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
IFx All DB Real Estate Gross Rank	*1*	*1*	*--*	*--*	*--*	*--*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
DLJ Real Estate II	-1.6%	19.0%	16.2%	14.6%	8.7%	-0.6%	4.5%	14.1%
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
IFx All DB Real Estate Gross Rank	*99*	*1*	*3*	*27*	*93*	*92*	*8*	*1*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*

	Ending December 31, 2013							
	3 Mo	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
DLJ Real Estate III	2.9%	12.3%	11.6%	7.7%	1.5%	-2.1%	2.6%	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
IFx All DB Real Estate Gross Rank	*44*	*55*	*57*	*94*	*98*	*94*	*52*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
DLJ Real Estate IV	2.4%	8.5%	8.8%	13.5%	6.4%	-9.8%	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
IFx All DB Real Estate Gross Rank	*55*	*75*	*90*	*40*	*96*	*98*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
INVESCO Intl REIT	-0.1%	5.4%	22.5%	7.8%	9.5%	14.9%	--	--
FTSE EPRA/NAREIT Dev. ex-US	*-0.4%*	*5.8%*	*21.0%*	*7.4%*	*9.5%*	*15.8%*	*-0.1%*	*9.3%*
eA EAFE REIT Gross Rank	*39*	*75*	*42*	*64*	*60*	*57*	*--*	*--*
eA EAFE REIT Gross Median	*-0.1%*	*6.5%*	*21.9%*	*7.9%*	*9.7%*	*15.1%*	*0.1%*	*10.4%*
INVESCO Fund I	-0.4%	4.0%	9.3%	15.3%	19.5%	0.7%	-1.9%	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
IFx All DB Real Estate Gross Rank	*88*	*86*	*83*	*12*	*1*	*90*	*97*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
INVESCO Fund II	1.5%	21.2%	18.8%	23.9%	39.0%	0.3%	--	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
IFx All DB Real Estate Gross Rank	*69*	*1*	*1*	*1*	*1*	*91*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
INVESCO Fund III	4.8%	--	--	--	--	--	--	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
IFx All DB Real Estate Gross Rank	*2*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
LaSalle Income & Growth Fund VI	0.3%	--	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
IFx All DB Real Estate Gross Rank	*75*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
Long Wharf Fund II	3.1%	9.5%	5.8%	7.8%	8.3%	-3.7%	-9.3%	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
IFx All DB Real Estate Gross Rank	*33*	*71*	*98*	*94*	*94*	*96*	*99*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
Long Wharf Fund III	7.1%	21.9%	16.8%	17.7%	25.0%	-6.8%	--	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
IFx All DB Real Estate Gross Rank	*1*	*1*	*2*	*1*	*1*	*97*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
Long Wharf Fund IV	0.9%	--	--	--	--	--	--	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
IFx All DB Real Estate Gross Rank	*71*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
Oaktree REOF V	2.9%	16.2%	14.3%	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
IFx All DB Real Estate Gross Rank	*45*	*6*	*11*	*--*	*--*	*--*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*

Cumulative Performance Statistics

Before Fees

	Ending December 31, 2013							
	3 Mo	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Oaktree REOF VI	0.1%	--	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
IFx All DB Real Estate Gross Rank	*76*	*--*	*--*	*--*	*--*	*--*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
Siguler Guff Distressed RE Opportunities	2.4%	14.4%	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
IFx All DB Real Estate Gross Rank	*55*	*18*	*--*	*--*	*--*	*--*	*--*	*--*
IFx All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
Willows Office Property	1.6%	7.5%	6.9%	6.6%	-10.4%	-7.5%	0.2%	0.7%
NCREIF Property Index	*2.5%*	*11.0%*	*10.8%*	*11.9%*	*12.2%*	*5.7%*	*5.2%*	*8.6%*
IF All DB Real Estate Gross Rank	*69*	*80*	*97*	*97*	*99*	*97*	*90*	*99*
IF All DB Real Estate Gross Median	*2.6%*	*12.4%*	*11.8%*	*12.9%*	*13.4%*	*3.5%*	*2.7%*	*6.4%*
Alternatives	**3.8%**	**15.0%**	**12.9%**	**12.8%**	**12.2%**	**9.5%**	**11.0%**	**13.9%**
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Adams Street Partners	5.7%	12.8%	12.4%	13.9%	14.3%	10.0%	9.6%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Adams Street Partners II	6.9%	14.3%	18.2%	26.5%	30.7%	--	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Brinson - Venture Capital	5.6%	12.5%	10.4%	9.7%	11.0%	6.4%	7.6%	10.6%
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Adams Street Partners Fund 5	13.6%	14.2%	--	--	--	--	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Bay Area Equity Fund	-5.7%	77.6%	43.1%	50.8%	48.7%	37.4%	38.9%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Carpenter Bancfund	1.2%	13.1%	17.6%	13.1%	9.2%	5.0%	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Energy Investor Fund	-0.1%	1.1%	-3.7%	-8.0%	-3.7%	10.4%	27.1%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Energy Investor Fund II	1.9%	1.5%	0.8%	2.9%	3.2%	2.6%	6.3%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Energy Investor Fund III	1.0%	8.9%	8.7%	12.7%	7.7%	8.3%	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Energy Investor Fund IV	1.7%	1.4%	2.0%	--	--	--	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Nogales	21.8%	40.4%	23.2%	17.7%	18.5%	-13.4%	-17.5%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Paladin III	0.6%	13.6%	8.9%	14.6%	13.5%	12.8%	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Pathway	7.2%	19.6%	15.7%	14.7%	15.0%	9.7%	12.2%	15.8%
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*

	Gross of Fees		Net of Fees				
	Fund Level IRR	CCCERA IRR	Fund Level IRR	CCCERA IRR		Current Assets	Inception
FIXED INCOME							
Torchlight II	-2.7%	-2.2%	-4.3%	-3.8%	$	80,173,096	07/01/06
Torchlight III	16.0%	14.0%	13.4%	11.4%	$	33,514,100	12/12/08
Torchlight IV	13.4%	15.9%	6.9%	13.4%	$	27,259,131	08/01/12
Oaktree PIF 2009	11.0%	11.0%	10.8%	10.7%	$	34,204,134	02/18/10
REAL ESTATE							
Angelo Gordon Realty Fund VIII	16.4%	18.9%	12.3%	15.5%	$	43,232,177	01/23/12
DLJ RECP II	26.3%	25.8%	23.2%	17.8%	$	4,398,614	09/24/99
DLJ RECP III	1.2%	0.8%	-0.4%	-0.7%	$	44,554,737	06/23/05
DLJ RECP IV	3.5%	3.9%	1.2%	1.6%	$	79,764,295	02/11/08
LaSalle Income & Growth IV	-3.2%	-3.2%	-18.6%	-16.8%	$	21,955,042	07/16/13
Long Wharf Fund II	-7.7%	-7.8%	-8.8%	-8.8%	$	4,086,803	03/10/04
Long Wharf Fund III	5.7%	5.8%	3.4%	3.4%	$	35,242,013	03/30/07
Long Wharf Fund IV	29.2%	37.4%	16.6%	19.4%	$	6,598,609	07/03/13
Hearthstone I	*n/a*	*n/a*	*n/a*	3.9%	$	73,409	06/15/95
Hearthstone II	*n/a*	*n/a*	*n/a*	26.7%	$	(13,065)	06/17/98
Invesco Real Estate I	1.9%	1.9%	0.8%	0.8%	$	9,225,433	02/01/05
Invesco Real Estate II	7.4%	7.2%	6.6%	6.3%	$	40,005,616	11/26/07
Invesco Real Estate III	25.0%	25.5%	23.1%	18.4%	$	17,017,317	06/30/13
Oaktree REOF V	17.1%	14.5%	11.8%	11.7%	$	56,443,466	12/31/11
Oaktree REOF VI	9.5%	13.3%	0.4%	-3.4%	$	31,627,639	09/30/13
Siguler Guff DREOF	11.4%	13.7%	7.9%	9.9%	$	61,127,833	01/25/12
ALTERNATIVE INVESTMENTS							
Adams Street Partners *(combined)*	*n/a*	13.8%	*n/a*	10.8%	$	125,742,138	03/18/96
Bay Area Equity Fund	30.0%	30.5%	21.5%	22.0%	$	23,159,197	06/14/04
Bay Area Equity Fund II*	9.3%	8.3%	-0.3%	0.1%		(included above)	12/07/09
Carpenter Bancfund	9.9%	9.7%	7.6%	7.4%	$	36,261,942	01/31/08
EIF US Power Fund I	33.6%	34.8%	28.7%	28.5%	$	1,553,962	11/26/03
EIF US Power Fund II	7.4%	6.6%	4.3%	3.6%	$	41,592,437	08/16/05
EIF US Power Fund III	5.3%	5.3%	2.0%	2.0%	$	47,903,079	05/30/07
EIF US Power Fund IV	5.7%	5.7%	-9.9%	-11.2%	$	7,918,669	11/28/11
Nogales	-4.4%	-4.9%	-9.6%	-9.9%	$	3,360,608	02/15/04
Paladin	4.3%	4.3%	4.3%	4.3%	$	17,465,048	11/30/07
Pathway *(combined)*	14.5%	11.2%	7.6%	8.3%	$	99,263,263	11/09/98
Benchmark [1]	10.5%	*n/a*	*n/a*	*n/a*			
Benchmark [2]	1.8%	*n/a*	*n/a*	*n/a*			

Benchmarks:

Pathway

Benchmark [1] Venture Economics Buyout Pooled IRR - 1999-2011 as of 09/30/13

Benchmark [2] Venture Economics Venture Capital IRR - 1999-2011 as of 09/30/13

** BAEF II returns reflect change in value over investment period*

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
					Ending December 31, 2013				
Total Fund	**4.8%**	**15.7%**	**15.7%**	**14.7%**	**10.3%**	**11.1%**	**13.0%**	**5.3%**	**7.5%**
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*5.8%*	*6.2%*	*6.1%*	*6.2%*	*6.2%*	*6.5%*
Policy Benchmark	*4.9%*	*15.6%*	*15.6%*	*15.1%*	*10.9%*	*11.7%*	--	--	--
Domestic Equity	**10.0%**	**35.7%**	**35.7%**	**26.4%**	**17.2%**	**17.2%**	**19.8%**	**7.2%**	**8.4%**
Russell 3000	*10.1%*	*33.6%*	*33.6%*	*24.7%*	*16.2%*	*16.4%*	*18.7%*	*6.5%*	*7.9%*
Ceredex	9.7%	35.8%	35.8%	26.9%	--	--	--	--	--
Russell 2000 Value	*9.3%*	*34.5%*	*34.5%*	*26.0%*	*14.5%*	*16.9%*	*17.6%*	*5.4%*	*8.6%*
Delaware	11.1%	35.0%	35.0%	25.3%	19.4%	18.1%	22.8%	8.8%	--
Russell 1000 Growth	*10.4%*	*33.5%*	*33.5%*	*24.0%*	*16.5%*	*16.5%*	*20.4%*	*8.2%*	*7.8%*
Emerald Advisors	6.0%	49.4%	49.4%	32.6%	20.2%	22.6%	24.5%	9.9%	9.5%
Russell 2000 Growth	*8.2%*	*43.3%*	*43.3%*	*28.1%*	*16.8%*	*19.8%*	*22.6%*	*8.9%*	*9.4%*
Intech Large Cap Core	11.1%	32.2%	32.2%	23.2%	16.2%	15.8%	17.4%	6.1%	--
S&P 500	*10.5%*	*32.4%*	*32.4%*	*23.9%*	*16.2%*	*15.9%*	*17.9%*	*6.1%*	*7.4%*
PIMCO Stocks+	10.2%	31.0%	31.0%	25.5%	17.1%	17.6%	21.2%	6.3%	7.4%
S&P 500	*10.5%*	*32.4%*	*32.4%*	*23.9%*	*16.2%*	*15.9%*	*17.9%*	*6.1%*	*7.4%*
Robeco Boston Partners	10.8%	37.0%	37.0%	28.8%	18.6%	17.2%	19.1%	7.5%	9.9%
Russell 1000 Value	*10.0%*	*32.5%*	*32.5%*	*24.8%*	*16.1%*	*15.9%*	*16.7%*	*4.5%*	*7.6%*
International Equity	**6.6%**	**17.4%**	**17.4%**	**17.7%**	**6.8%**	**7.1%**	**10.0%**	**0.4%**	**6.2%**
MSCI ACWI ex USA	*4.8%*	*15.3%*	*15.3%*	*16.1%*	*5.1%*	*6.6%*	*12.8%*	*2.2%*	*7.6%*
MSCI EAFE Gross	*5.7%*	*23.3%*	*23.3%*	*20.6%*	*8.7%*	*8.5%*	*13.0%*	*2.3%*	*7.4%*
William Blair	7.4%	20.4%	20.4%	22.0%	8.7%	--	--	--	--
MSCI ACWI ex USA Growth	*4.7%*	*15.5%*	*15.5%*	*16.1%*	*4.9%*	*7.2%*	*12.9%*	*2.7%*	*7.4%*
International Equity Transition	5.8%	--	--	--	--	--	--	--	--
MSCI ACWI ex USA	*4.8%*	*15.3%*	*15.3%*	*16.1%*	*5.1%*	*6.6%*	*12.8%*	*2.2%*	*7.6%*
Global Equity	**6.4%**	**22.9%**	**22.9%**	**16.6%**	**8.5%**	**--**	**--**	**--**	**--**
MSCI ACWI	*7.3%*	*22.8%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
Artisan Partners	5.9%	25.2%	25.2%	--	--	--	--	--	--
MSCI ACWI	*7.3%*	*22.8%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
First Eagle	5.2%	17.1%	17.1%	15.1%	--	--	--	--	--
MSCI ACWI	*7.3%*	*22.8%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
Intech Global Low Vol	4.4%	23.8%	23.8%	--	--	--	--	--	--
MSCI ACWI	*7.3%*	*22.8%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*
JP Morgan Global Opportunities	8.3%	26.4%	26.4%	22.5%	10.8%	--	--	--	--
MSCI ACWI	*7.3%*	*22.8%*	*22.8%*	*19.4%*	*9.7%*	*10.5%*	*14.9%*	*3.7%*	*7.2%*

Notes: Returns for periods longer than one year are annualized.

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
					Ending December 31, 2013				
Domestic Fixed Income	**1.3%**	**1.3%**	**1.3%**	**5.2%**	**5.7%**	**6.8%**	**8.8%**	**5.6%**	**5.6%**
Barclays U.S. Universal	*0.2%*	*-1.3%*	*-1.3%*	*2.0%*	*3.8%*	*4.6%*	*5.4%*	*5.1%*	*4.9%*
Barclays Aggregate	*-0.1%*	*-2.0%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
AFL-CIO	0.1%	-2.4%	-2.4%	0.9%	3.2%	3.9%	4.4%	4.8%	4.5%
Barclays Aggregate	*-0.1%*	*-2.0%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
Goldman Sachs Core Plus	0.7%	-0.6%	-0.6%	3.5%	4.8%	5.4%	6.2%	--	--
Barclays Aggregate	*-0.1%*	*-2.0%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
Lord Abbett	0.6%	-0.8%	-0.8%	3.7%	5.1%	5.9%	7.7%	--	--
Barclays Aggregate	*-0.1%*	*-2.0%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
PIMCO Total Return	-0.1%	-1.9%	-1.9%	3.0%	3.6%	4.9%	7.1%	6.1%	5.6%
Barclays Aggregate	*-0.1%*	*-2.0%*	*-2.0%*	*1.0%*	*3.3%*	*4.1%*	*4.4%*	*4.9%*	*4.5%*
Torchlight II	5.4%	23.5%	23.5%	23.3%	22.9%	26.2%	22.9%	-3.2%	--
ML HY Master II	*3.5%*	*7.4%*	*7.4%*	*11.4%*	*9.0%*	*10.5%*	*18.6%*	*8.5%*	*8.5%*
Torchlight III	11.3%	16.3%	16.3%	15.2%	10.7%	8.3%	13.3%	--	--
ML HY Master II	*3.5%*	*7.4%*	*7.4%*	*11.4%*	*9.0%*	*10.5%*	*18.6%*	*8.5%*	*8.5%*
Torchlight IV	5.8%	14.0%	14.0%	--	--	--	--	--	--
ML HY Master II	*3.5%*	*7.4%*	*7.4%*	*11.4%*	*9.0%*	*10.5%*	*18.6%*	*8.5%*	*8.5%*
High Yield									
Allianz Global Investors	3.1%	8.4%	8.4%	11.0%	9.3%	10.6%	17.0%	8.8%	8.3%
ML HY Master II	*3.5%*	*7.4%*	*7.4%*	*11.4%*	*9.0%*	*10.5%*	*18.6%*	*8.5%*	*8.5%*
Global Fixed Income	**0.1%**	**-3.8%**	**-3.8%**	**1.2%**	**2.6%**	**4.0%**	**5.4%**	**4.1%**	**4.2%**
Barclays Global Aggregate	*-0.4%*	*-2.6%*	*-2.6%*	*0.8%*	*2.4%*	*3.2%*	*3.9%*	*4.8%*	*4.5%*
Lazard	0.1%	-3.8%	-3.8%	1.2%	2.6%	4.0%	5.4%	--	--
Barclays Global Aggregate	*-0.4%*	*-2.6%*	*-2.6%*	*0.8%*	*2.4%*	*3.2%*	*3.9%*	*4.8%*	*4.5%*
Inflation Hedge	**0.8%**	**--**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*5.8%*	*6.2%*	*6.1%*	*6.2%*	*6.2%*	*6.5%*
PIMCO All Asset Fund	1.3%	--	--	--	--	--	--	--	--
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*5.8%*	*6.2%*	*6.1%*	*6.2%*	*6.2%*	*6.5%*
Wellington Real Total Return	0.5%	--	--	--	--	--	--	--	--
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*5.8%*	*6.2%*	*6.1%*	*6.2%*	*6.2%*	*6.5%*
Commonfund	-4.3%	--	--	--	--	--	--	--	--
CPI+500 bps	*0.6%*	*6.4%*	*6.4%*	*6.6%*	*7.1%*	*7.0%*	*7.2%*	*7.2%*	*7.5%*
Real Estate	**1.2%**	**9.0%**	**9.0%**	**12.3%**	**11.3%**	**13.4%**	**10.2%**	**0.2%**	**7.6%**
Real Estate Benchmark	*0.9%*	*7.1%*	*7.1%*	*10.3%*	*11.4%*	*12.9%*	*9.2%*	*5.1%*	*9.4%*
NCREIF (ODCE) Index	*3.2%*	*13.9%*	*13.9%*	*12.4%*	*13.6%*	*14.3%*	*3.7%*	*3.2%*	*7.2%*
NCREIF Property Index	*2.5%*	*11.0%*	*11.0%*	*10.8%*	*11.9%*	*12.2%*	*5.7%*	*5.2%*	*8.6%*
Adelante	0.0%	3.0%	3.0%	9.9%	9.5%	14.4%	17.1%	0.0%	8.1%
Wilshire REIT	*-0.8%*	*1.9%*	*1.9%*	*9.4%*	*9.4%*	*13.9%*	*16.7%*	*1.2%*	*8.4%*

Cumulative Performance Statistics

After Fees

	Ending December 31, 2013								
	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Angelo, Gordon & Co	3.5%	22.3%	22.3%	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
DLJ Real Estate II	-1.8%	17.9%	17.9%	15.2%	13.0%	7.2%	-2.1%	3.3%	12.8%
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
DLJ Real Estate III	2.6%	11.1%	11.1%	10.5%	6.5%	0.3%	-3.3%	1.6%	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
DLJ Real Estate IV	2.1%	7.3%	7.3%	7.7%	11.7%	3.8%	-11.1%	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
INVESCO Intl REIT	-0.3%	4.7%	4.7%	21.6%	7.1%	8.8%	14.2%	--	--
FTSE EPRA/NAREIT Dev. ex-US	*-0.4%*	*5.8%*	*5.8%*	*21.0%*	*7.4%*	*9.5%*	*15.8%*	*-0.1%*	*9.3%*
INVESCO Fund I	-0.4%	3.6%	3.6%	8.6%	14.4%	18.3%	-0.5%	-3.1%	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
INVESCO Fund II	1.3%	20.5%	20.5%	18.1%	23.0%	37.3%	-1.4%	--	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
INVESCO Fund III	4.3%	--	--	--	--	--	--	--	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
LaSalle Income & Growth Fund VI	-3.5%	--	--	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
Long Wharf Fund II	3.1%	9.5%	9.5%	5.4%	7.0%	7.2%	-5.0%	-10.1%	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
Long Wharf Fund III	6.7%	20.3%	20.3%	15.4%	15.8%	20.7%	-11.5%	--	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
Long Wharf Fund IV	-0.1%	--	--	--	--	--	--	--	--
NCREIF Property Index + 300 bps	*3.3%*	*14.3%*	*14.3%*	*14.1%*	*15.2%*	*15.5%*	*8.8%*	*8.4%*	*11.9%*
Oaktree REOF V	2.1%	14.4%	14.4%	12.5%	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
Oaktree REOF VI	-0.8%	--	--	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
Siguler Guff Distressed RE Opportunities	2.1%	13.2%	13.2%	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*3.8%*	*16.5%*	*16.5%*	*16.3%*	*17.5%*	*17.8%*	*11.0%*	*10.5%*	*14.1%*
Willows Office Property	1.6%	7.5%	7.5%	6.9%	6.6%	-10.4%	-7.5%	0.2%	0.7%
NCREIF Property Index	*2.5%*	*11.0%*	*11.0%*	*10.8%*	*11.9%*	*12.2%*	*5.7%*	*5.2%*	*8.6%*

Ending December 31, 2013

	3 Mo	YTD	1 Yr	2 Yrs	3 Yrs	4 Yrs	5 Yrs	7 Yrs	10 Yrs
Alternatives	**3.3%**	**12.7%**	**12.7%**	**10.5%**	**10.3%**	**9.6%**	**6.7%**	**8.2%**	**10.8%**
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Adams Street Partners	5.2%	10.6%	10.6%	10.1%	11.4%	11.6%	7.1%	6.3%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Adams Street Partners II	6.6%	13.1%	13.1%	17.0%	24.5%	28.8%	--	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Brinson - Venture Capital	5.4%	11.6%	11.6%	9.4%	8.7%	9.9%	5.5%	6.8%	9.5%
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Adams Street Partners Fund 5	10.0%	-1.2%	-1.2%	--	--	--	--	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Bay Area Equity Fund	-6.1%	73.7%	73.7%	39.5%	45.9%	44.5%	33.6%	34.6%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Carpenter Bancfund	1.0%	11.8%	11.8%	16.5%	13.2%	10.4%	9.7%	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Energy Investor Fund	-0.3%	0.2%	0.2%	-4.7%	-9.0%	-5.4%	8.1%	22.7%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Energy Investor Fund II	1.5%	-0.3%	-0.3%	-1.1%	1.0%	1.2%	0.5%	3.8%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Energy Investor Fund III	0.6%	7.1%	7.1%	6.6%	10.0%	4.8%	5.1%	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Energy Investor Fund IV	-1.0%	-8.8%	-8.8%	-6.7%	--	--	--	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Nogales	21.8%	40.4%	40.4%	23.2%	18.9%	21.1%	2.4%	-5.7%	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Paladin III	-0.2%	10.0%	10.0%	5.1%	10.4%	8.7%	7.8%	--	--
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Pathway	6.6%	17.1%	17.1%	13.3%	12.5%	12.6%	7.4%	9.9%	13.3%
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Opportunistic	**1.9%**	**16.8%**	**16.8%**	**15.2%**	**7.2%**	**8.6%**	**--**	**--**	**--**
S&P500 + 4% QTR Lag	*6.3%*	*24.1%*	*24.1%*	*29.6%*	*20.9%*	*19.3%*	*14.4%*	*9.8%*	*11.9%*
Oaktree PIF 2009	1.9%	16.8%	16.8%	14.8%	10.8%	--	--	--	--

Calendar Year Performance Statistics

	2013	2012	2011	2010	2009	2008
Total Fund	**16.5%**	**14.3%**	**2.7%**	**14.0%**	**21.9%**	**-26.5%**
CPI+400 bps	*5.6%*	*5.9%*	*7.1%*	*5.6%*	*6.9%*	*4.2%*
Policy Benchmark	*15.6%*	*14.6%*	*2.8%*	*14.1%*	*--*	*--*
IFx Public DB Gross Rank	*43*	*6*	*9*	*25*	*31*	*66*
IFx Public DB Gross Median	*15.5%*	*12.2%*	*0.9%*	*12.8%*	*20.3%*	*-24.7%*
Domestic Equity	**36.2%**	**18.2%**	**1.1%**	**17.8%**	**30.8%**	**-37.5%**
Russell 3000	*33.6%*	*16.4%*	*1.0%*	*16.9%*	*28.3%*	*-37.3%*
eA US All Cap Equity Gross Rank	*41*	*24*	*34*	*52*	*50*	*52*
eA US All Cap Equity Gross Median	*34.7%*	*15.0%*	*-1.0%*	*17.8%*	*30.5%*	*-37.0%*
Ceredex	36.5%	19.0%	--	--	--	--
Russell 2000 Value	*34.5%*	*18.1%*	*-5.5%*	*24.5%*	*20.6%*	*-28.9%*
eA US Small Cap Value Equity Gross Rank	*66*	*38*	*--*	*--*	*--*	*--*
eA US Small Cap Value Equity Gross Median	*38.1%*	*16.9%*	*-3.3%*	*26.9%*	*32.0%*	*-32.3%*
Delaware	35.4%	16.9%	8.9%	14.7%	43.9%	-42.5%
Russell 1000 Growth	*33.5%*	*15.3%*	*2.6%*	*16.7%*	*37.2%*	*-38.4%*
eA US Large Cap Growth Equity Gross Rank	*40*	*37*	*3*	*63*	*13*	*82*
eA US Large Cap Growth Equity Gross Median	*34.3%*	*15.7%*	*-0.3%*	*16.1%*	*34.0%*	*-38.4%*
Emerald Advisors	50.3%	18.5%	-0.6%	30.5%	33.2%	-36.5%
Russell 2000 Growth	*43.3%*	*14.6%*	*-2.9%*	*29.1%*	*34.5%*	*-38.5%*
eA US Small Cap Growth Equity Gross Rank	*27*	*22*	*42*	*36*	*64*	*20*
eA US Small Cap Growth Equity Gross Median	*45.6%*	*14.3%*	*-1.5%*	*28.6%*	*36.5%*	*-41.5%*
Intech Large Cap Core	32.7%	15.3%	3.6%	15.0%	24.6%	-36.2%
S&P 500	*32.4%*	*16.0%*	*2.1%*	*15.1%*	*26.5%*	*-37.0%*
eA US Large Cap Core Equity Gross Rank	*54*	*54*	*25*	*39*	*62*	*55*
eA US Large Cap Core Equity Gross Median	*32.9%*	*15.4%*	*1.3%*	*14.4%*	*26.3%*	*-35.4%*
PIMCO Stocks+	31.4%	20.6%	2.3%	19.2%	37.3%	-43.7%
S&P 500	*32.4%*	*16.0%*	*2.1%*	*15.1%*	*26.5%*	*-37.0%*
eA US Large Cap Core Equity Gross Rank	*68*	*4*	*36*	*7*	*7*	*99*
eA US Large Cap Core Equity Gross Median	*32.9%*	*15.4%*	*1.3%*	*14.4%*	*26.3%*	*-35.4%*
Robeco Boston Partners	37.4%	21.6%	0.9%	13.4%	27.3%	-33.2%
Russell 1000 Value	*32.5%*	*17.5%*	*0.4%*	*15.5%*	*19.7%*	*-36.8%*
eA US Large Cap Value Equity Gross Rank	*24*	*5*	*46*	*68*	*33*	*32*
eA US Large Cap Value Equity Gross Median	*33.6%*	*15.7%*	*0.5%*	*14.3%*	*24.3%*	*-35.1%*

Calendar Year Performance Statistics

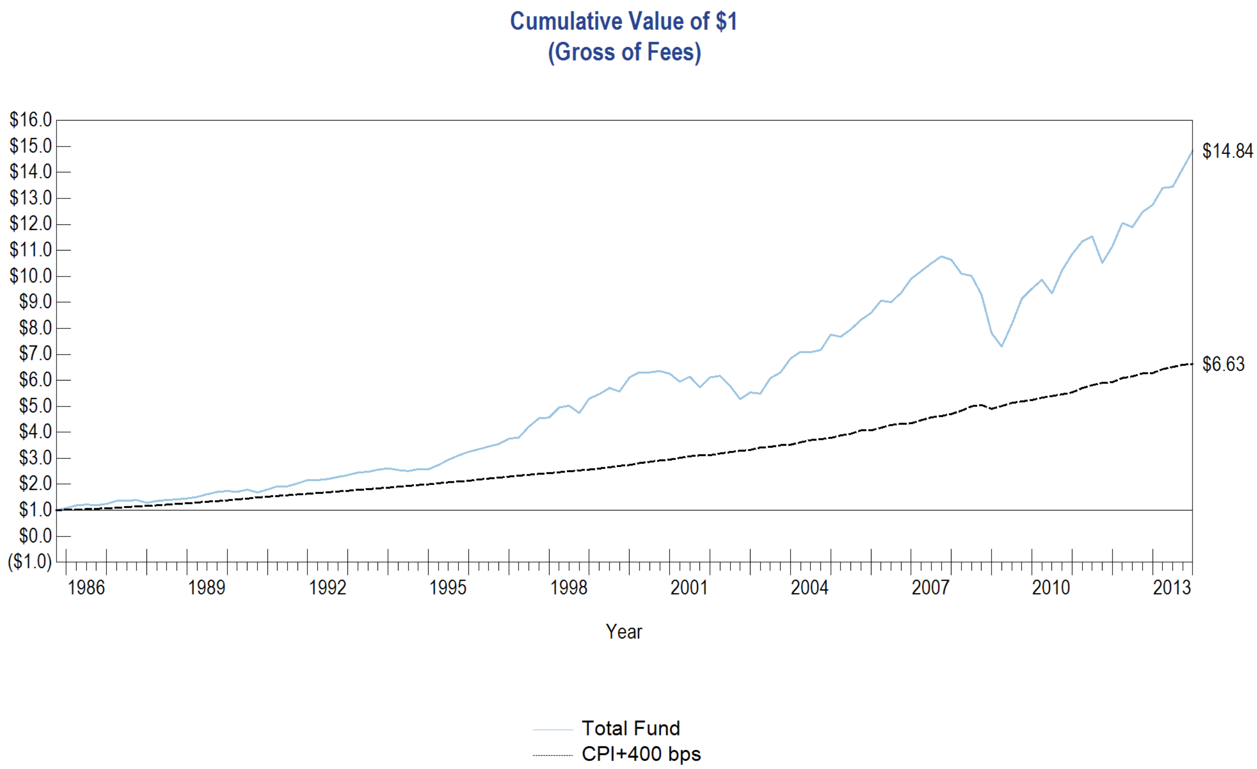
	2013	2012	2011	2010	2009	2008
International Equity	**17.8%**	**18.5%**	**-11.5%**	**8.3%**	**23.3%**	**-44.1%**
MSCI ACWI ex USA	*15.3%*	*16.8%*	*-13.7%*	*11.2%*	*41.4%*	*-45.5%*
MSCI EAFE Gross	*23.3%*	*17.9%*	*-11.7%*	*8.2%*	*32.5%*	*-43.1%*
eA All ACWI ex-US Equity Gross Rank	*69*	*63*	*43*	*89*	*98*	*46*
eA All ACWI ex-US Equity Gross Median	*20.2%*	*19.5%*	*-12.4%*	*14.8%*	*40.2%*	*-44.7%*
William Blair	20.9%	24.3%	-13.2%	--	--	--
MSCI ACWI ex USA Growth	*15.5%*	*16.7%*	*-14.2%*	*14.5%*	*38.7%*	*-45.6%*
eA ACWI ex-US Growth Equity Gross Rank	*44*	*6*	*55*	*--*	*--*	*--*
eA ACWI ex-US Growth Equity Gross Median	*20.3%*	*19.3%*	*-12.6%*	*16.7%*	*45.5%*	*-47.3%*
International Equity Transition	--	--	--	--	--	--
MSCI ACWI ex USA	*15.3%*	*16.8%*	*-13.7%*	*11.2%*	*41.4%*	*-45.5%*
eA All ACWI ex-US Equity Gross Rank	*--*	*--*	*--*	*--*	*--*	*--*
Global Equity	**23.7%**	**11.1%**	**-5.6%**	**--**	**--**	**--**
MSCI ACWI	*22.8%*	*16.1%*	*-7.3%*	*12.7%*	*34.6%*	*-42.2%*
eA All Global Equity Gross Rank	*64*	*90*	*40*	*--*	*--*	*--*
eA All Global Equity Gross Median	*26.2%*	*17.2%*	*-7.0%*	*14.3%*	*33.3%*	*-41.3%*
Artisan Partners	26.1%	--	--	--	--	--
MSCI ACWI	*22.8%*	*16.1%*	*-7.3%*	*12.7%*	*34.6%*	*-42.2%*
eA All Global Equity Gross Rank	*51*	*--*	*--*	*--*	*--*	*--*
eA All Global Equity Gross Median	*26.2%*	*17.2%*	*-7.0%*	*14.3%*	*33.3%*	*-41.3%*
First Eagle	17.9%	13.9%	--	--	--	--
MSCI ACWI	*22.8%*	*16.1%*	*-7.3%*	*12.7%*	*34.6%*	*-42.2%*
eA All Global Equity Gross Rank	*80*	*78*	*--*	*--*	*--*	*--*
eA All Global Equity Gross Median	*26.2%*	*17.2%*	*-7.0%*	*14.3%*	*33.3%*	*-41.3%*
Intech Global Low Vol	24.2%	--	--	--	--	--
MSCI ACWI	*22.8%*	*16.1%*	*-7.3%*	*12.7%*	*34.6%*	*-42.2%*
eA All Global Equity Gross Rank	*62*	*--*	*--*	*--*	*--*	*--*
eA All Global Equity Gross Median	*26.2%*	*17.2%*	*-7.0%*	*14.3%*	*33.3%*	*-41.3%*
JP Morgan Global Opportunities	26.9%	19.2%	-9.0%	--	--	--
MSCI ACWI	*22.8%*	*16.1%*	*-7.3%*	*12.7%*	*34.6%*	*-42.2%*
eA All Global Equity Gross Rank	*46*	*32*	*63*	*--*	*--*	*--*
eA All Global Equity Gross Median	*26.2%*	*17.2%*	*-7.0%*	*14.3%*	*33.3%*	*-41.3%*

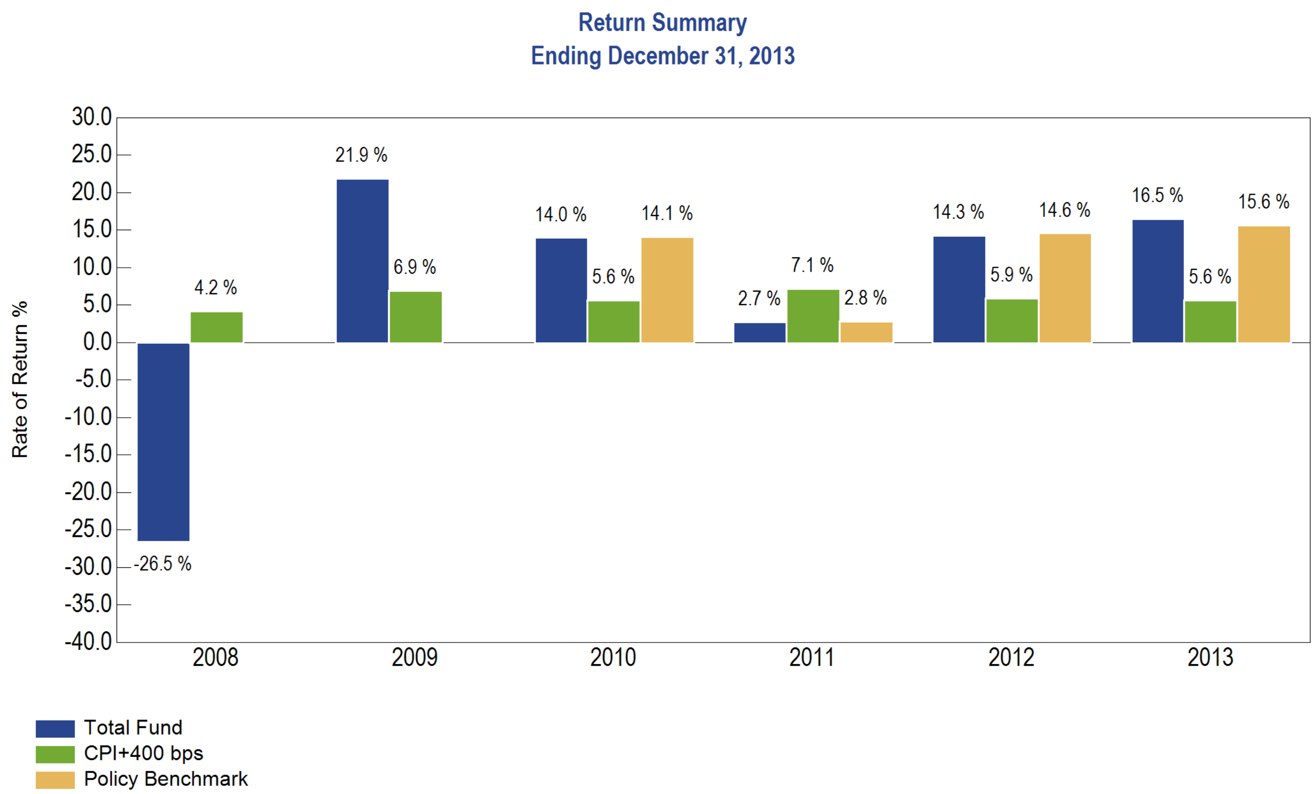
	2013	2012	2011	2010	2009	2008
Domestic Fixed Income	**1.7%**	**9.7%**	**7.2%**	**10.6%**	**17.8%**	**-8.1%**
Barclays U.S. Universal	*-1.3%*	*5.5%*	*7.4%*	*7.2%*	*8.6%*	*2.4%*
Barclays Aggregate	*-2.0%*	*4.2%*	*7.8%*	*6.5%*	*5.9%*	*5.2%*
eA US Core Fixed Inc Gross Rank	*1*	*5*	*71*	*4*	*6*	*96*
eA US Core Fixed Inc Gross Median	*-1.4%*	*5.9%*	*7.7%*	*7.3%*	*8.9%*	*4.1%*
AFL-CIO	-1.9%	4.7%	8.3%	6.6%	6.6%	5.7%
Barclays Aggregate	*-2.0%*	*4.2%*	*7.8%*	*6.5%*	*5.9%*	*5.2%*
eA US Core Fixed Inc Gross Rank	*78*	*80*	*23*	*75*	*76*	*32*
eA US Core Fixed Inc Gross Median	*-1.4%*	*5.9%*	*7.7%*	*7.3%*	*8.9%*	*4.1%*
Goldman Sachs Core Plus	-0.4%	7.9%	7.6%	7.6%	9.8%	--
Barclays Aggregate	*-2.0%*	*4.2%*	*7.8%*	*6.5%*	*5.9%*	*5.2%*
eA US Core Fixed Inc Gross Rank	*15*	*13*	*55*	*39*	*43*	*--*
eA US Core Fixed Inc Gross Median	*-1.4%*	*5.9%*	*7.7%*	*7.3%*	*8.9%*	*4.1%*
Lord Abbett	-0.6%	8.6%	8.2%	8.5%	15.6%	--
Barclays Aggregate	*-2.0%*	*4.2%*	*7.8%*	*6.5%*	*5.9%*	*5.2%*
eA US Core Fixed Inc Gross Rank	*18*	*8*	*27*	*15*	*9*	*--*
eA US Core Fixed Inc Gross Median	*-1.4%*	*5.9%*	*7.7%*	*7.3%*	*8.9%*	*4.1%*
PIMCO Total Return	-1.6%	8.5%	5.0%	9.3%	16.4%	0.0%
Barclays Aggregate	*-2.0%*	*4.2%*	*7.8%*	*6.5%*	*5.9%*	*5.2%*
eA US Core Fixed Inc Gross Rank	*61*	*8*	*97*	*8*	*7*	*74*
eA US Core Fixed Inc Gross Median	*-1.4%*	*5.9%*	*7.7%*	*7.3%*	*8.9%*	*4.1%*
Torchlight II	24.6%	24.5%	24.0%	41.9%	16.4%	-64.9%
ML HY Master II	*7.4%*	*15.6%*	*4.4%*	*15.2%*	*57.5%*	*-26.2%*
eA US High Yield Fixed Inc Gross Rank	*1*	*1*	*1*	*1*	*99*	*99*
eA US High Yield Fixed Inc Gross Median	*7.6%*	*15.5%*	*4.9%*	*14.9%*	*45.0%*	*-21.2%*
Torchlight III	18.0%	15.9%	4.2%	12.0%	45.2%	--
ML HY Master II	*7.4%*	*15.6%*	*4.4%*	*15.2%*	*57.5%*	*-26.2%*
eA US High Yield Fixed Inc Gross Rank	*1*	*43*	*64*	*91*	*50*	*--*
eA US High Yield Fixed Inc Gross Median	*7.6%*	*15.5%*	*4.9%*	*14.9%*	*45.0%*	*-21.2%*
Torchlight IV	16.4%	--	--	--	--	--
ML HY Master II	*7.4%*	*15.6%*	*4.4%*	*15.2%*	*57.5%*	*-26.2%*
eA US High Yield Fixed Inc Gross Rank	*1*	*--*	*--*	*--*	*--*	*--*
eA US High Yield Fixed Inc Gross Median	*7.6%*	*15.5%*	*4.9%*	*14.9%*	*45.0%*	*-21.2%*
High Yield						
Allianz Global Investors	8.8%	14.1%	6.4%	15.2%	47.1%	-20.0%
ML HY Master II	*7.4%*	*15.6%*	*4.4%*	*15.2%*	*57.5%*	*-26.2%*
eA US High Yield Fixed Inc Gross Rank	*28*	*73*	*21*	*42*	*44*	*44*
eA US High Yield Fixed Inc Gross Median	*7.6%*	*15.5%*	*4.9%*	*14.9%*	*45.0%*	*-21.2%*
Global Fixed Income	**-3.5%**	**6.7%**	**5.6%**	**8.8%**	**11.3%**	**-0.4%**
Barclays Global Aggregate	*-2.6%*	*4.3%*	*5.6%*	*5.5%*	*6.9%*	*4.8%*
eA All Global Fixed Inc Gross Rank	*83*	*68*	*40*	*32*	*47*	*60*
eA All Global Fixed Inc Gross Median	*0.2%*	*9.5%*	*5.0%*	*7.3%*	*10.6%*	*1.4%*
Lazard	-3.5%	6.7%	5.6%	8.8%	11.3%	-0.4%
Barclays Global Aggregate	*-2.6%*	*4.3%*	*5.6%*	*5.5%*	*6.9%*	*4.8%*
eA All Global Fixed Inc Gross Rank	*83*	*68*	*40*	*32*	*47*	*60*
eA All Global Fixed Inc Gross Median	*0.2%*	*9.5%*	*5.0%*	*7.3%*	*10.6%*	*1.4%*

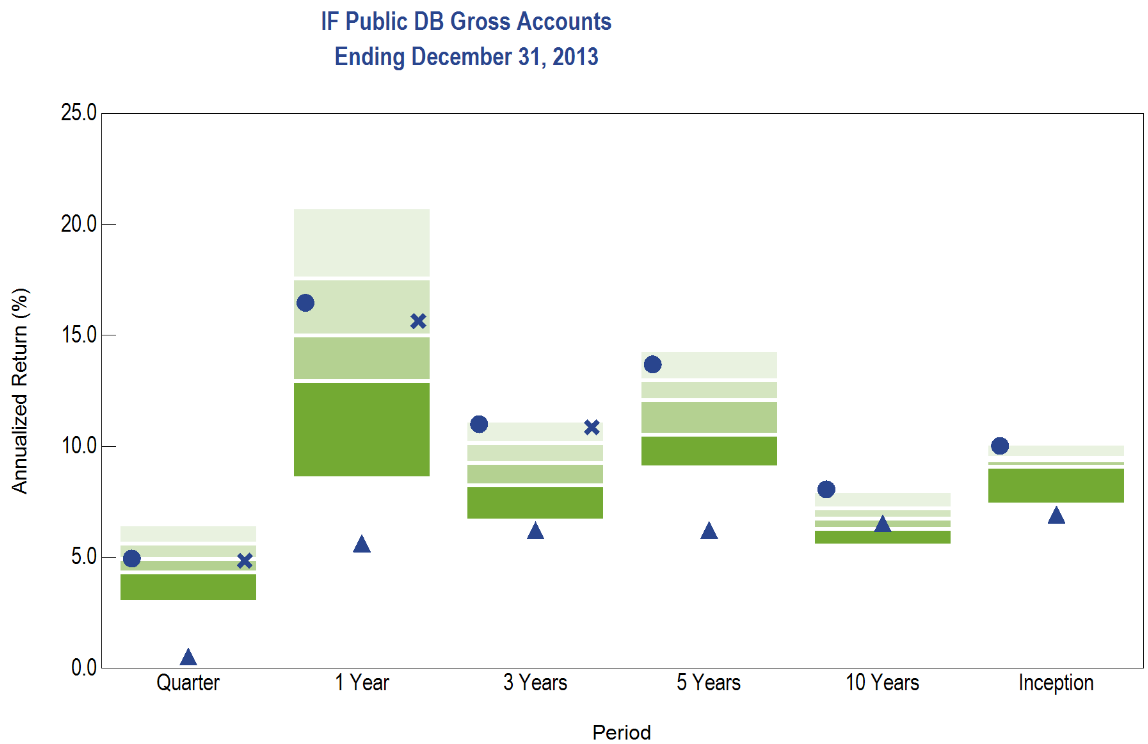
	2013	2012	2011	2010	2009	2008
Inflation Hedge	**--**	**--**	**--**	**--**	**--**	**--**
CPI+400 bps	*5.6%*	*5.9%*	*7.1%*	*5.6%*	*6.9%*	*4.2%*
IFx Public DB Real Assets/Commodities Gross Rank	*--*	*--*	*--*	*--*	*--*	*--*
IFx Public DB Real Assets/Commodities Gross Median	*-4.5%*	*3.9%*	*-6.0%*	*15.4%*	*2.9%*	*-8.9%*
PIMCO All Asset Fund	--	--	--	--	--	--
CPI+400 bps	*5.6%*	*5.9%*	*7.1%*	*5.6%*	*6.9%*	*4.2%*
IFx Public DB Real Assets/Commodities Gross Rank	*--*	*--*	*--*	*--*	*--*	*--*
IFx Public DB Real Assets/Commodities Gross Median	*-4.5%*	*3.9%*	*-6.0%*	*15.4%*	*2.9%*	*-8.9%*
Wellington Real Total Return	--	--	--	--	--	--
CPI+400 bps	*5.6%*	*5.9%*	*7.1%*	*5.6%*	*6.9%*	*4.2%*
IFx Public DB Real Assets/Commodities Gross Rank	*--*	*--*	*--*	*--*	*--*	*--*
IFx Public DB Real Assets/Commodities Gross Median	*-4.5%*	*3.9%*	*-6.0%*	*15.4%*	*2.9%*	*-8.9%*
Commonfund	--	--	--	--	--	--
CPI+500 bps	*6.4%*	*6.9%*	*8.2%*	*6.6%*	*7.9%*	*5.2%*
IFx Public DB Real Assets/Commodities Gross Rank	*--*	*--*	*--*	*--*	*--*	*--*
IFx Public DB Real Assets/Commodities Gross Median	*-4.5%*	*3.9%*	*-6.0%*	*15.4%*	*2.9%*	*-8.9%*
Real Estate	**10.5%**	**16.7%**	**10.4%**	**21.0%**	**-0.5%**	**-34.2%**
Real Estate Benchmark	*7.1%*	*13.6%*	*13.6%*	*17.5%*	*-4.3%*	*-14.1%*
NCREIF (ODCE) Index	*13.9%*	*10.9%*	*16.0%*	*16.4%*	*-29.8%*	*-10.0%*
NCREIF Property Index	*11.0%*	*10.5%*	*14.3%*	*13.1%*	*-16.9%*	*-6.5%*
IFx All DB Real Estate Gross Rank	*67*	*15*	*84*	*11*	*11*	*92*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
Adelante	3.6%	17.7%	9.2%	31.2%	29.3%	-44.8%
Wilshire REIT	*1.9%*	*17.6%*	*9.2%*	*28.6%*	*28.6%*	*-39.2%*
eA US REIT Gross Rank	*40*	*62*	*62*	*18*	*62*	*93*
eA US REIT Gross Median	*3.1%*	*17.9%*	*10.1%*	*29.3%*	*31.4%*	*-37.6%*
Angelo, Gordon & Co	29.0%	--	--	--	--	--
NCREIF Property Index + 500 bps	*16.5%*	*16.1%*	*19.9%*	*18.7%*	*-12.6%*	*-1.7%*
IFx All DB Real Estate Gross Rank	*1*	*--*	*--*	*--*	*--*	*--*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
DLJ Real Estate II	19.0%	13.5%	11.4%	-7.2%	-30.5%	4.0%
NCREIF Property Index + 500 bps	*16.5%*	*16.1%*	*19.9%*	*18.7%*	*-12.6%*	*-1.7%*
IFx All DB Real Estate Gross Rank	*1*	*18*	*82*	*96*	*72*	*3*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
DLJ Real Estate III	12.3%	10.9%	0.3%	-15.0%	-15.4%	1.7%
NCREIF Property Index + 500 bps	*16.5%*	*16.1%*	*19.9%*	*18.7%*	*-12.6%*	*-1.7%*
IFx All DB Real Estate Gross Rank	*55*	*47*	*93*	*99*	*15*	*3*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
DLJ Real Estate IV	8.5%	9.1%	23.5%	-12.5%	-53.5%	--
NCREIF Property Index + 500 bps	*16.5%*	*16.1%*	*19.9%*	*18.7%*	*-12.6%*	*-1.7%*
IFx All DB Real Estate Gross Rank	*75*	*67*	*2*	*98*	*99*	*--*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
INVESCO Intl REIT	5.4%	42.3%	-16.5%	14.6%	39.6%	--
FTSE EPRA/NAREIT Dev. ex-US	*5.8%*	*38.5%*	*-15.3%*	*16.0%*	*44.5%*	*-52.0%*
eA EAFE REIT Gross Rank	*75*	*19*	*55*	*64*	*47*	*--*
eA EAFE REIT Gross Median	*6.5%*	*40.5%*	*-16.3%*	*15.1%*	*39.0%*	*-49.4%*

	2013	2012	2011	2010	2009	2008
INVESCO Fund I	4.0%	15.0%	28.3%	32.8%	-49.2%	-23.2%
NCREIF Property Index + 300 bps	*14.3%*	*13.8%*	*17.7%*	*16.5%*	*-14.3%*	*-3.6%*
IFx All DB Real Estate Gross Rank	*86*	*16*	*1*	*1*	*99*	*90*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
INVESCO Fund II	21.2%	16.4%	34.9%	96.4%	-72.8%	-81.3%
NCREIF Property Index + 300 bps	*14.3%*	*13.8%*	*17.7%*	*16.5%*	*-14.3%*	*-3.6%*
IFx All DB Real Estate Gross Rank	*1*	*15*	*1*	*1*	*99*	*99*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
INVESCO Fund III	--	--	--	--	--	--
NCREIF Property Index + 300 bps	*14.3%*	*13.8%*	*17.7%*	*16.5%*	*-14.3%*	*-3.6%*
IFx All DB Real Estate Gross Rank	--	--	--	--	--	--
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
LaSalle Income & Growth Fund VI	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*16.5%*	*16.1%*	*19.9%*	*18.7%*	*-12.6%*	*-1.7%*
IFx All DB Real Estate Gross Rank	--	--	--	--	--	--
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
Long Wharf Fund II	9.5%	2.3%	11.8%	10.0%	-40.0%	-41.9%
NCREIF Property Index + 300 bps	*14.3%*	*13.8%*	*17.7%*	*16.5%*	*-14.3%*	*-3.6%*
IFx All DB Real Estate Gross Rank	*71*	*97*	*82*	*88*	*96*	*98*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
Long Wharf Fund III	21.9%	11.9%	19.6%	49.5%	-71.2%	-10.7%
NCREIF Property Index + 300 bps	*14.3%*	*13.8%*	*17.7%*	*16.5%*	*-14.3%*	*-3.6%*
IFx All DB Real Estate Gross Rank	*1*	*36*	*13*	*1*	*99*	*64*
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
Long Wharf Fund IV	--	--	--	--	--	--
NCREIF Property Index + 300 bps	*14.3%*	*13.8%*	*17.7%*	*16.5%*	*-14.3%*	*-3.6%*
IFx All DB Real Estate Gross Rank	--	--	--	--	--	--
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
Oaktree REOF V	16.2%	12.5%	--	--	--	--
NCREIF Property Index + 500 bps	*16.5%*	*16.1%*	*19.9%*	*18.7%*	*-12.6%*	*-1.7%*
IFx All DB Real Estate Gross Rank	*6*	*27*	--	--	--	--
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
Oaktree REOF VI	--	--	--	--	--	--
NCREIF Property Index + 500 bps	*16.5%*	*16.1%*	*19.9%*	*18.7%*	*-12.6%*	*-1.7%*
IFx All DB Real Estate Gross Rank	--	--	--	--	--	--
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
Siguler Guff Distressed RE Opportunities	14.4%	--	--	--	--	--
NCREIF Property Index + 500 bps	*16.5%*	*16.1%*	*19.9%*	*18.7%*	*-12.6%*	*-1.7%*
IFx All DB Real Estate Gross Rank	*18*	--	--	--	--	--
IFx All DB Real Estate Gross Median	*12.4%*	*10.7%*	*15.1%*	*15.5%*	*-29.2%*	*-9.6%*
Willows Office Property	7.5%	6.3%	6.1%	-46.7%	4.9%	3.7%
NCREIF Property Index	*11.0%*	*10.5%*	*14.3%*	*13.1%*	*-16.9%*	*-6.5%*
IF All DB Real Estate Gross Rank	*80*	*85*	*92*	*99*	*5*	*3*
IF All DB Real Estate Gross Median	*12.4%*	*10.7%*	*14.6%*	*15.1%*	*-29.5%*	*-9.0%*

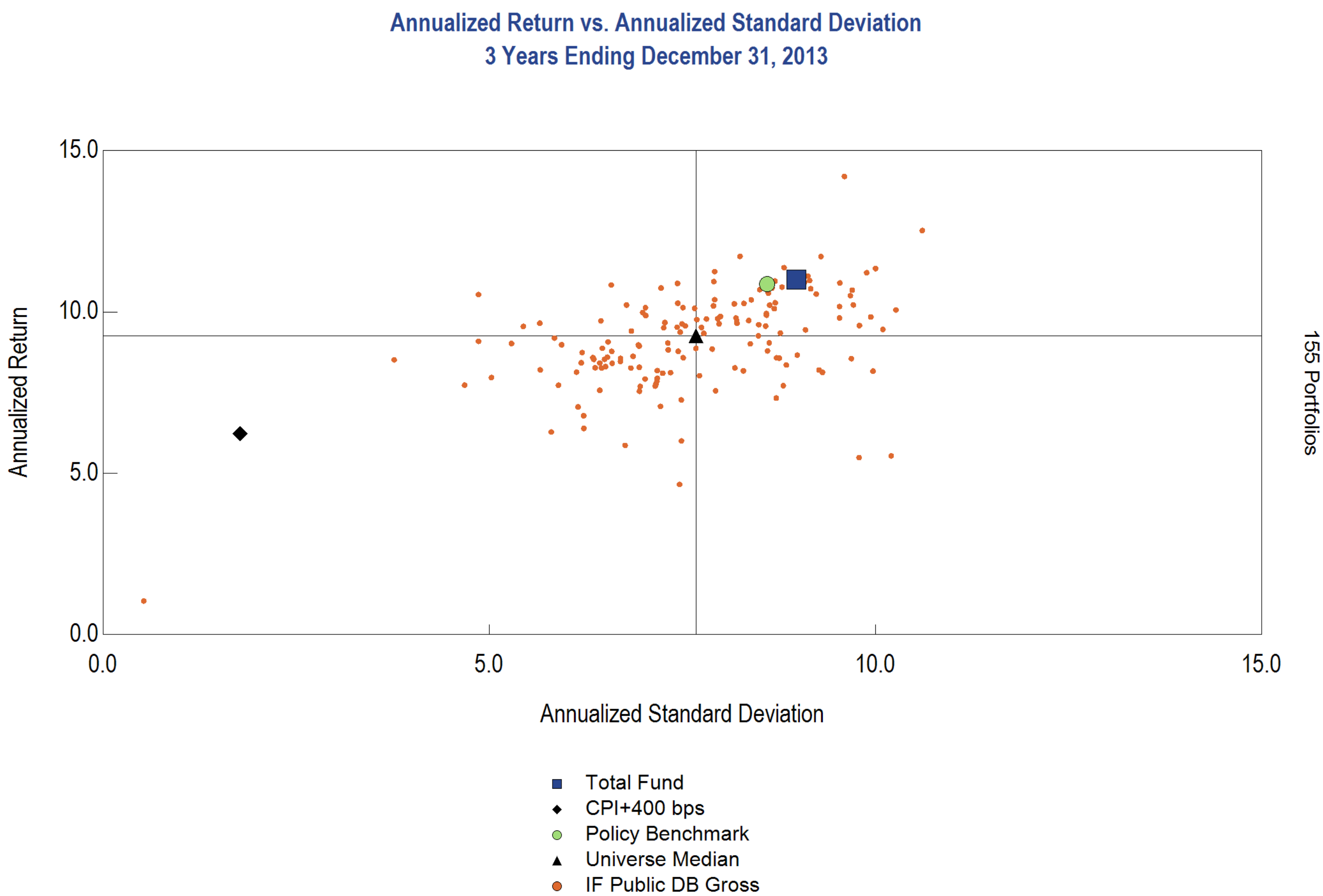
	2013	2012	2011	2010	2009	2008
Alternatives	**15.0%**	**10.9%**	**12.6%**	**10.5%**	**-0.9%**	**2.9%**
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Adams Street Partners	12.8%	12.0%	17.0%	15.5%	-5.5%	-3.0%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Adams Street Partners II	14.3%	22.3%	44.8%	44.1%	--	--
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Brinson - Venture Capital	12.5%	8.4%	8.3%	14.8%	-9.9%	-6.1%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Adams Street Partners Fund 5	14.2%	--	--	--	--	--
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Bay Area Equity Fund	77.6%	15.3%	67.4%	42.6%	0.2%	24.4%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Carpenter Bancfund	13.1%	22.4%	4.4%	-1.8%	-10.2%	--
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Energy Investor Fund	1.1%	-8.2%	-16.1%	10.5%	90.3%	220.5%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Energy Investor Fund II	1.5%	0.1%	7.2%	4.1%	0.4%	19.7%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Energy Investor Fund III	8.9%	8.4%	21.3%	-6.1%	10.6%	112.2%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Energy Investor Fund IV	1.4%	2.6%	--	--	--	--
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Nogales	40.4%	8.1%	7.4%	20.8%	-75.4%	-54.8%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Paladin III	13.6%	4.4%	27.0%	9.9%	10.0%	-10.8%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Pathway	19.6%	11.8%	12.8%	15.8%	-9.0%	-6.6%
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Opportunistic	**16.8%**	**13.6%**	**-6.6%**	**13.6%**	**--**	**--**
S&P500 + 4% QTR Lag	*24.1%*	*35.4%*	*5.2%*	*14.5%*	*-3.1%*	*-18.8%*
Oaktree PIF 2009	16.8%	12.8%	4.6%	--	--	--


Cumulative Value of $1
(Gross of Fees)
$16.0
$15.0
$14.0
$13.0
$12.0
$11.0
$10.0
$9.0
$8.0
$7.0
$6.0
$5.0
$4.0
$3.0
$2.0
$1.0
$0.0
($1.0)
$14.84
$6.63
1986
1989
1992
1995
1998
2001
2004
2007
2010
2013
Year
Total Fund
CPI+400 bps


Return Summary
Ending December 31, 2013
Rate of Return %
30.0
25.0
20.0
15.0
10.0
5.0
0.0
-5.0
-10.0
-15.0
-20.0
-25.0
-30.0
-35.0
-40.0
-26.5 %
4.2 %
21.9 %
6.9 %
14.0 %
5.6 %
14.1 %
2.7 %
7.1 %
2.8 %
14.3 %
5.9 %
14.6 %
16.5 %
5.6 %
15.6 %
2008
2009
2010
2011
2012
2013
Total Fund
CPI+400 bps
Policy Benchmark

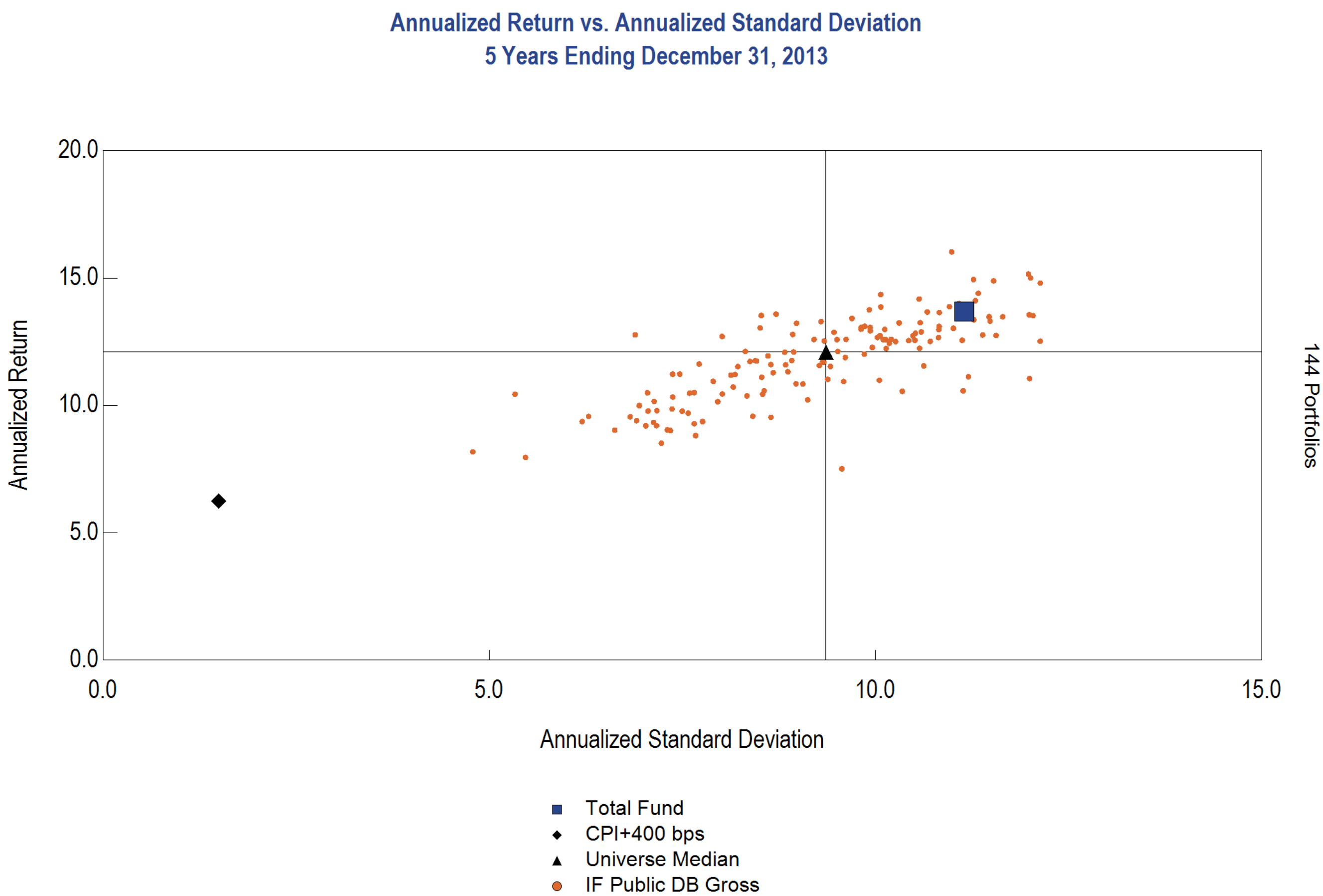


	Return	(Rank)										
5th Percentile	6.5		20.7		11.1		14.3		8.0		10.1	
25th Percentile	5.6		17.6		10.1		13.0		7.2		9.5	
Median	4.9		15.0		9.3		12.1		6.8		9.4	
75th Percentile	4.3		13.0		8.3		10.5		6.3		9.1	
95th Percentile	3.0		8.6		6.7		9.1		5.5		7.4	
# of Portfolios	182		182		155		144		122		17	
● **Total Fund**	4.9	(50)	16.5	(38)	11.0	(6)	13.7	(11)	8.1	(4)	10.0	(8)
▲ **CPI+400 bps**	0.5	(99)	5.6	(99)	6.2	(97)	6.2	(99)	6.5	(62)	6.9	(96)
✖ **Policy Benchmark**	4.9	(53)	15.6	(45)	10.9	(11)	--	(--)	--	(--)	--	(--)



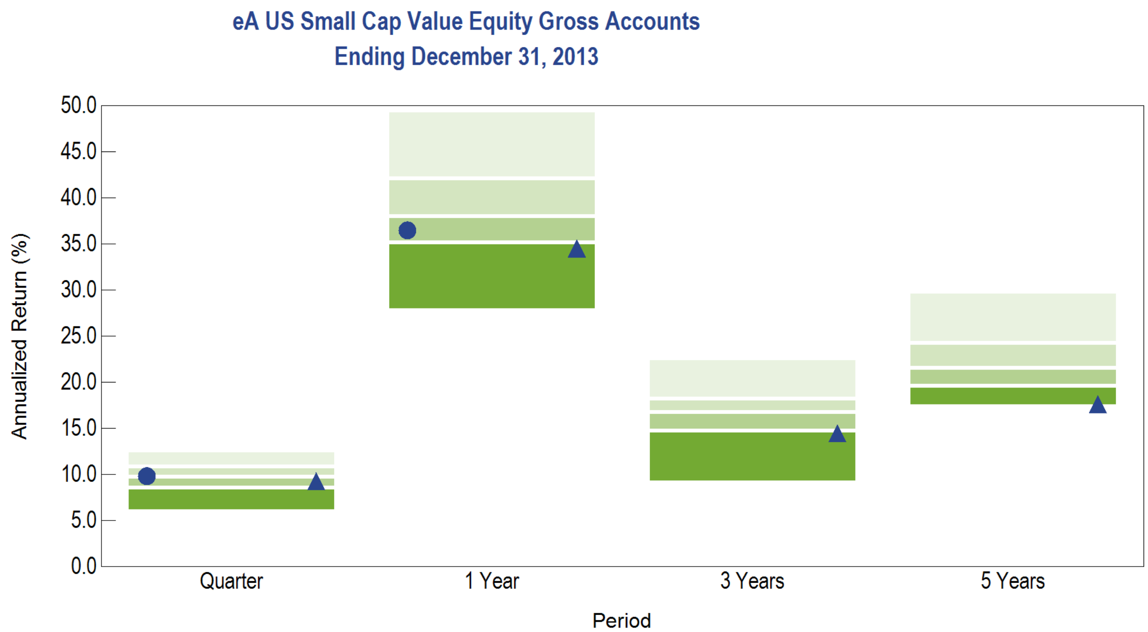
Risk vs. Return for 3 Years Ending December 31, 2013

Rank within IF Public DB Gross	Annualized Return	Standard Deviation
Total Fund	11.0%	9.0%
CPI+400 bps	6.2%	1.8%
Policy Benchmark	10.9%	8.6%
Median for this Universe	9.3%	7.7%

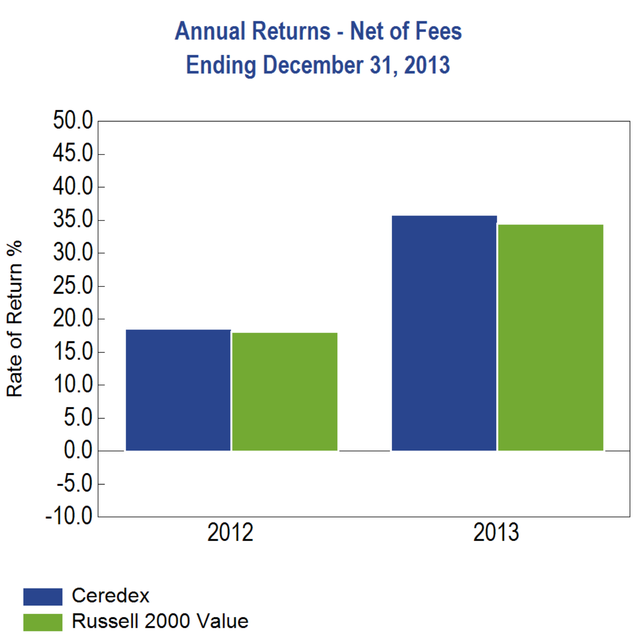


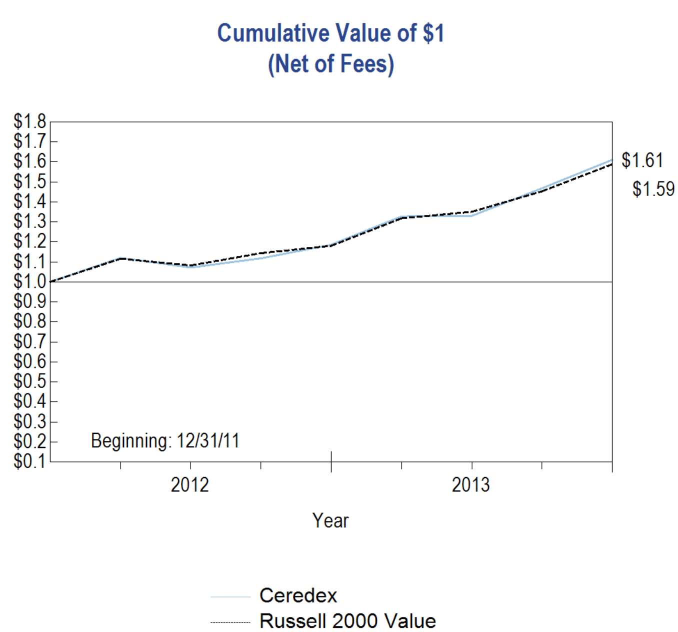
Risk vs. Return for 5 Years Ending December 31, 2013

Rank within IF Public DB Gross	Annualized Return	Standard Deviation
Total Fund	13.7%	11.2%
CPI+400 bps	6.2%	1.5%
Median for this Universe	12.1%	9.4%



	Return (Rank)							
5th Percentile	12.6		49.4		22.6		29.8	
25th Percentile	11.0		42.1		18.3		24.3	
Median	9.8		38.1		16.8		21.6	
75th Percentile	8.7		35.2		14.8		19.7	
95th Percentile	6.1		27.8		9.2		17.5	
# of Portfolios	199		199		197		190	
● Ceredex	9.8	(49)	36.5	(66)	--	(--)	--	(--)
▲ Russell 2000 Value	9.3	(61)	34.5	(78)	14.5	(78)	17.6	(95)





Ceredex

$212.9 Million and 3.3% of Fund

Characteristics

	Portfolio	Russell 2000 Value
Number of Holdings	92	1,394
Weighted Avg. Market Cap. ($B)	2.48	1.54
Median Market Cap. ($B)	2.02	0.62
Price To Earnings	23.38	26.69
Price To Book	2.99	1.60
Price To Sales	1.61	1.37
Return on Equity (%)	13.14	6.67
Yield (%)	1.86	1.92
Beta		1.00
R-Squared		1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	7.18	7.21
Materials	5.34	4.69
Industrials	23.90	13.56
Consumer Discretionary	20.12	10.65
Consumer Staples	3.40	2.74
Health Care	4.38	4.73
Financials	23.29	39.17
Information Technology	9.14	10.57
Telecommunications	0.00	0.59
Utilities	0.63	6.07
COMPANY SIZE DISTRIBUTION		
Weighted Ave. Market Cap. ($B)	2.48	1.54
Median Market Cap. ($B)	2.02	0.62
Large Cap. (%)	0.00	0.00
Medium/Large Cap. (%)	0.00	0.00
Medium Cap. (%)	0.00	0.00
Medium/Small Cap. (%)	25.40	8.71
Small Cap. (%)	74.60	91.29

Top Holdings

STANCORP FINL.GP.	3.53%
HSN	3.31%
CARBO CERAMICS	3.13%
GUESS	3.05%
PROGRESSIVE WASTE SLTN.	2.69%
INTERFACE	2.57%
SMITH (AO)	2.34%
CABOT	2.29%
HCC INSURANCE HDG.	2.22%
BRISTOW GROUP	2.21%

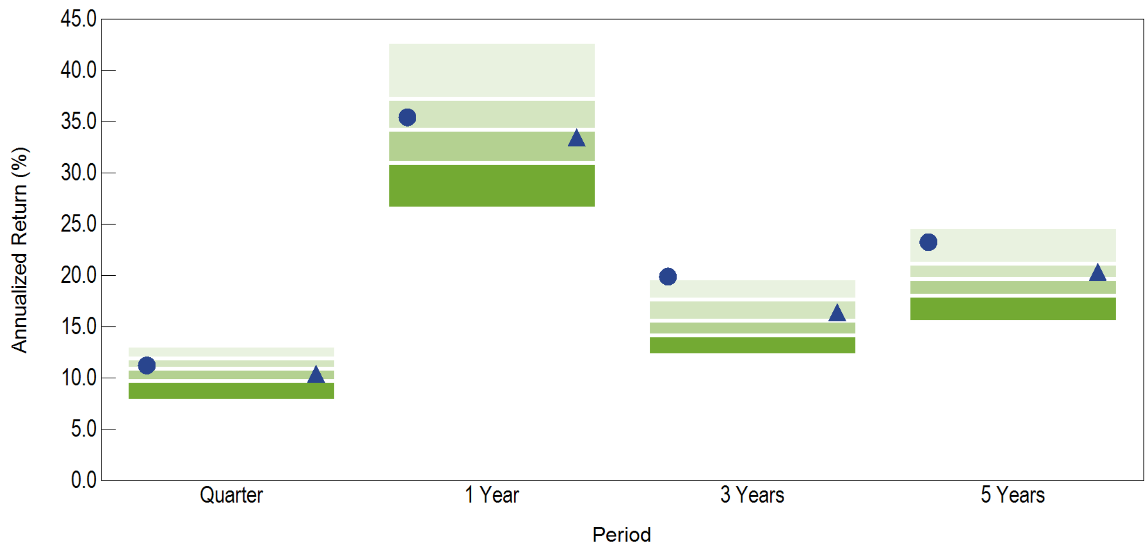
Best Performers

	Return %
OPPENHEIMER HDG.'A' (OPY)	40.23%
GREAT LAKES DREDGE & DOCK (GLDD)	23.82%
TITAN INTL.ILLINOIS (TWI)	22.85%
VIAD (VVI)	22.79%
CHICAGO BDG.&IO. (CBI)	22.76%
HAYNES INTL. (HAYN)	22.57%
STANCORP FINL.GP. (SFG)	22.48%
EVERCORE PARTNERS 'A' (EVR)	21.98%
TRUSTCO BK.NY (TRST)	21.78%
ITT (ITT)	21.07%

Worst Performers

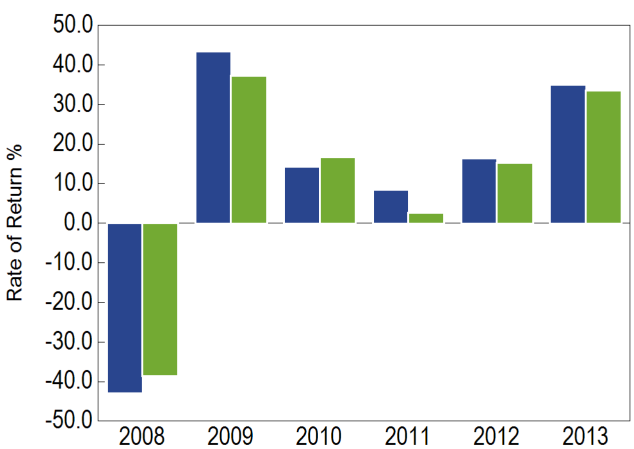
	Return %
TOWER GROUP INTL. (TWGP)	-51.71%
EINSTEIN NOAH RSTR.GP. (BAGL)	-15.60%
CASH AM.INTL. (CSH)	-15.34%
CHINA YUCHAI INTL. (CYD)	-12.20%
CAMPUS CREST COMMUNITIES (CCG)	-11.26%
CORRECTIONS AMER NEW (CXW)	-5.80%
DESTINATION MATERNITY (DEST)	-5.46%
LITHIA MTRS.A (LAD)	-4.66%
CASEY'S GENERAL STORES (CASY)	-4.04%
FLIR SYS. (FLIR)	-3.85%

eA US Large Cap Growth Equity Gross Accounts
Ending December 31, 2013

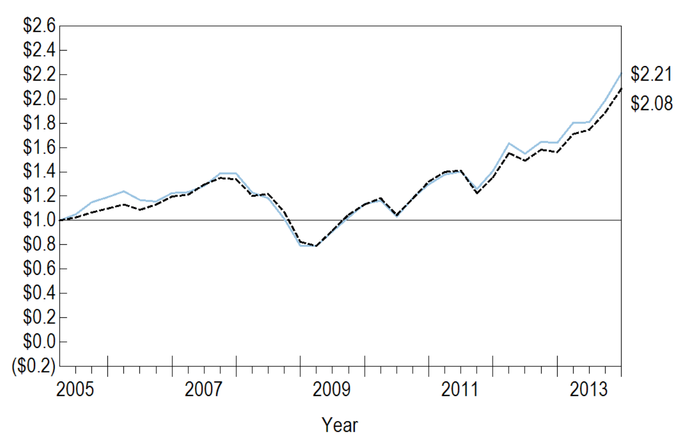


	Return (Rank)							
5th Percentile	13.1		42.8		19.7		24.7	
25th Percentile	11.9		37.3		17.7		21.2	
Median	11.0		34.3		15.7		19.7	
75th Percentile	9.8		31.0		14.2		18.1	
95th Percentile	7.8		26.6		12.2		15.5	
# of Portfolios	275		274		268		259	
● **Delaware**	11.2	(40)	35.4	(40)	19.9	(5)	23.3	(11)
▲ **Russell 1000 Growth**	10.4	(60)	33.5	(56)	16.5	(42)	20.4	(37)

Annual Returns - Net of Fees
Ending December 31, 2013



Cumulative Value of $1
(Net of Fees)



Delaware

$327.5 Million and 5.1% of Fund

Characteristics

	Portfolio	Russell 1000 Growth
Number of Holdings	31	625
Weighted Avg. Market Cap. ($B)	81.84	102.91
Median Market Cap. ($B)	37.22	8.08
Price To Earnings	27.35	23.39
Price To Book	6.02	5.11
Price To Sales	4.84	2.24
Return on Equity (%)	22.50	21.83
Yield (%)	0.96	1.57
Beta	0.99	1.00
R-Squared	0.97	1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	8.62	4.44
Materials	1.88	4.50
Industrials	0.00	12.41
Consumer Discretionary	16.06	19.89
Consumer Staples	4.07	11.89
Health Care	13.34	12.23
Financials	8.26	5.36
Information Technology	41.67	27.10
Telecommunications	4.56	1.95
Utilities	0.00	0.23
COMPANY SIZE DISTRIBUTION		
Weighted Ave. Market Cap. ($B)	81.84	102.91
Median Market Cap. ($B)	37.22	8.08
Large Cap. (%)	29.75	42.68
Medium/Large Cap. (%)	47.51	27.21
Medium Cap. (%)	18.81	20.57
Medium/Small Cap. (%)	3.10	9.02
Small Cap. (%)	0.83	0.53

Top Holdings

VISA 'A'	5.94%
MASTERCARD	5.93%
CELGENE	5.00%
LIBERTY INTACT.'A'	4.89%
EOG RES.	4.69%
GOOGLE 'A'	4.68%
QUALCOMM	4.57%
CROWN CASTLE INTL.	4.56%
PRICELINE.COM	4.13%
WALGREEN	4.07%

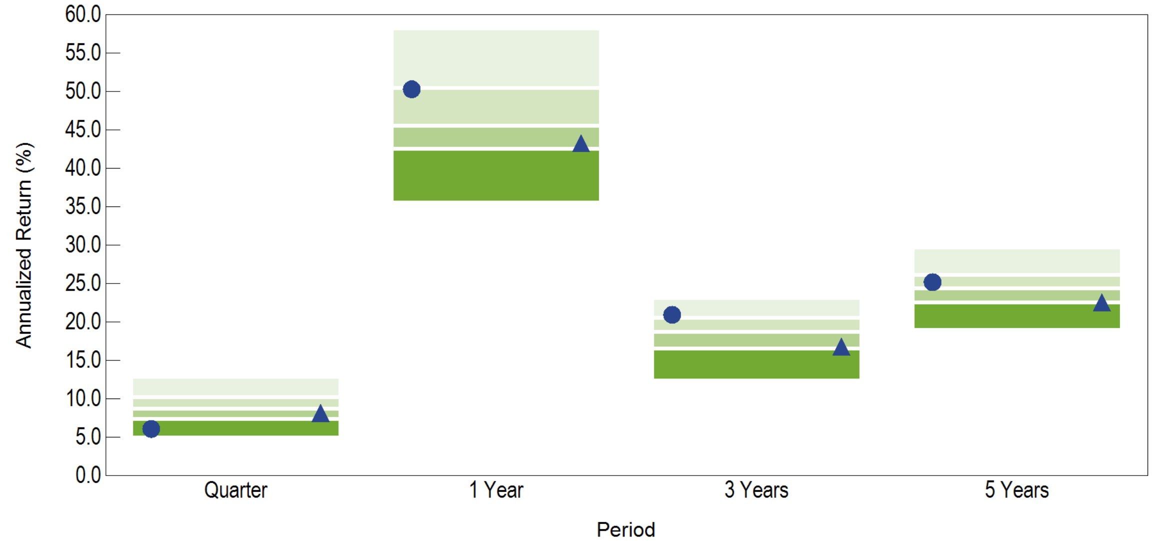
Best Performers

	Return %
GOOGLE 'A' (GOOG)	27.95%
LIBERTY INTACT.'A' (LINTA)	25.05%
PERRIGO (PRGO)	24.45%
INTERCONTINENTAL EX.GP. (ICE)	24.38%
MASTERCARD (MA)	24.29%
ALLERGAN (AGN)	22.87%
APPLE (AAPL)	18.36%
VERISIGN (VRSN)	17.47%
VERIFONE SYSTEMS (PAY)	17.32%
VISA 'A' (V)	16.76%

Worst Performers

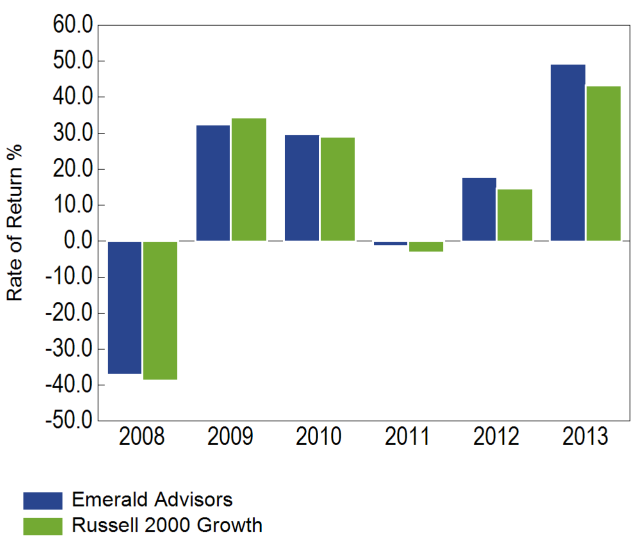
	Return %
KINDER MORGAN WTS. (KMIW)	-18.31%
TERADATA (TDC)	-17.95%
SYNGENTA SPN.ADR 5:1 (SYT)	-1.67%
EBAY (EBAY)	-1.67%
EOG RES. (EOG)	-0.75%
PROGRESSIVE OHIO (PGR)	0.15%
CROWN CASTLE INTL. (CCI)	0.55%
L BRANDS (LB)	1.70%
KINDER MORGAN (KMI)	2.37%
WALGREEN (WAG)	7.33%

eA US Small Cap Growth Equity Gross Accounts
Ending December 31, 2013

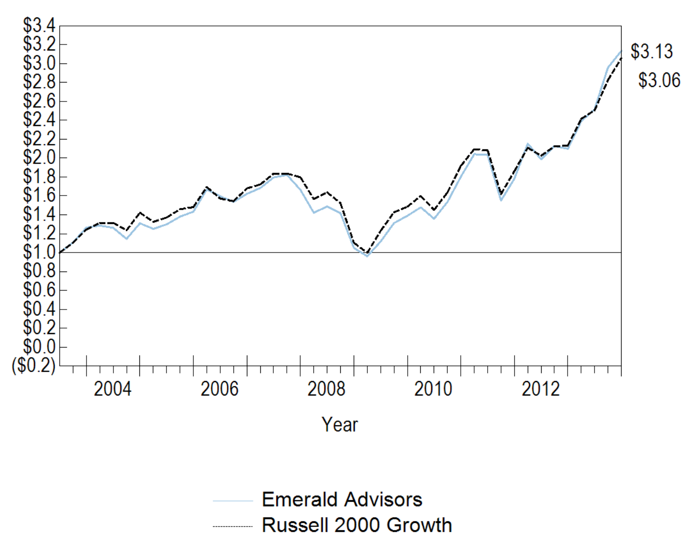


	Return (Rank)							
5th Percentile	12.9		58.2		23.1		29.7	
25th Percentile	10.3		50.6		20.6		26.2	
Median	8.8		45.6		18.8		24.4	
75th Percentile	7.4		42.6		16.6		22.6	
95th Percentile	5.0		35.6		12.5		19.0	
# of Portfolios	160		160		158		152	
● Emerald Advisors	6.1	(88)	50.3	(27)	21.0	(19)	25.2	(42)
▲ Russell 2000 Growth	8.2	(60)	43.3	(70)	16.8	(73)	22.6	(76)

Annual Returns - Net of Fees
Ending December 31, 2013



Cumulative Value of $1
(Net of Fees)



Emerald Advisors

$220.6 Million and 3.4% of Fund

Characteristics

	Portfolio	Russell 2000 Growth
Number of Holdings	118	1,174
Weighted Avg. Market Cap. ($B)	2.01	2.02
Median Market Cap. ($B)	1.23	0.89
Price To Earnings	30.00	43.89
Price To Book	6.10	4.33
Price To Sales	3.38	1.82
Return on Equity (%)	15.99	13.17
Yield (%)	0.14	0.58
Beta	1.17	1.00
R-Squared	0.95	1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	4.66	3.79
Materials	1.84	5.11
Industrials	16.37	15.39
Consumer Discretionary	17.52	16.68
Consumer Staples	0.00	4.83
Health Care	20.68	21.23
Financials	10.31	7.28
Information Technology	24.85	24.65
Telecommunications	1.18	0.91
Utilities	0.00	0.12
COMPANY SIZE DISTRIBUTION		
Weighted Ave. Market Cap. ($B)	2.01	2.02
Median Market Cap. ($B)	1.23	0.89
Large Cap. (%)	0.00	0.00
Medium/Large Cap. (%)	0.00	0.00
Medium Cap. (%)	0.00	0.00
Medium/Small Cap. (%)	25.19	21.49
Small Cap. (%)	74.81	78.51

Top Holdings

MWI VETERINARY SUPP.	3.25%
TREX COMPANY	2.90%
SPIRIT AIRLINES	2.46%
MIDDLEBY	2.10%
ACADIA HEALTHCARE CO.	2.09%
BANK OF THE OZARKS	1.96%
HOMEAWAY	1.77%
MULTIMEDIA GAMES HLDCO.	1.75%
SVB FINANCIAL GROUP	1.73%
PROOFPOINT	1.69%

Best Performers

	Return %
ORGANOVO HOLDINGS (ONVO)	91.85%
3D SYSTEMS (DDD)	72.12%
TREX COMPANY (TREX)	60.57%
CALAMP (CAMP)	58.83%
NANOSTRING TECHNOLOGIES (NSTG)	56.73%
HOMEAWAY (AWAY)	46.21%
FARO TECHS. (FARO)	38.25%
IPG PHOTONICS (IPGP)	37.73%
JAZZ PHARMACEUTICALS (JAZZ)	37.61%
TEXAS CAPITAL BANCSHARES (TCBI)	35.54%

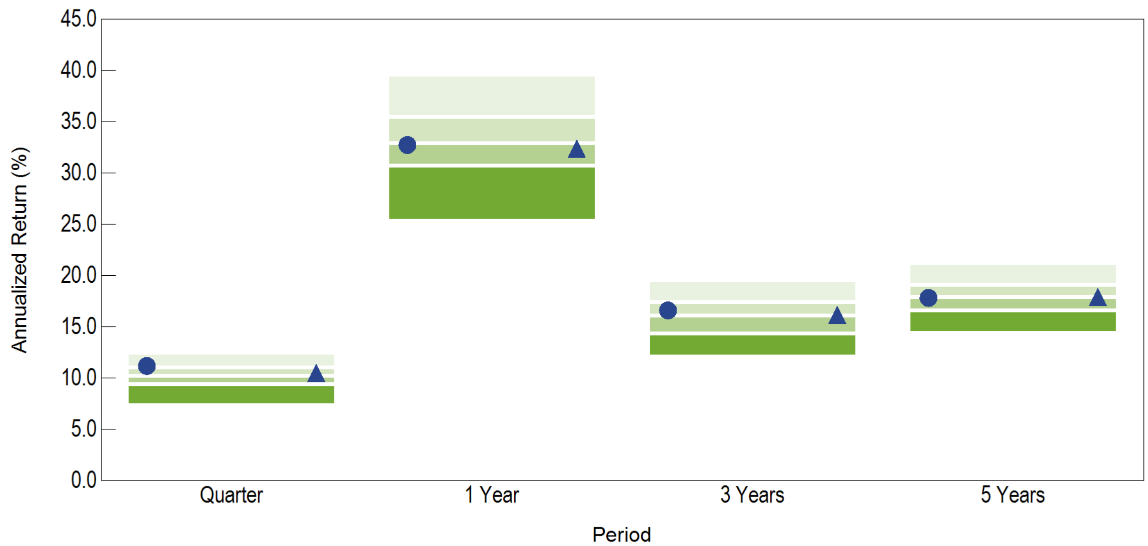
Worst Performers

	Return %
SAREPTA THERAPEUTICS (SRPT)	-56.87%
CYAN (CYNI)	-47.36%
UNI-PIXEL (UNXL)	-43.49%
TILE SHOP HOLDINGS (TTS)	-38.73%
RALLY SOFTWARE DEV. (RALY)	-35.08%
CELLDEX THERAPEUTICS (CLDX)	-31.67%
GIGAMON (GIMO)	-27.33%
DIVERSIFIED RESTAURANT HOLDINGS (BAGR)	-27.29%
CHART INDUSTRIES (GTLS)	-22.27%
QLIK TECHNOLOGIES (QLIK)	-22.20%

Intech Large Cap Core

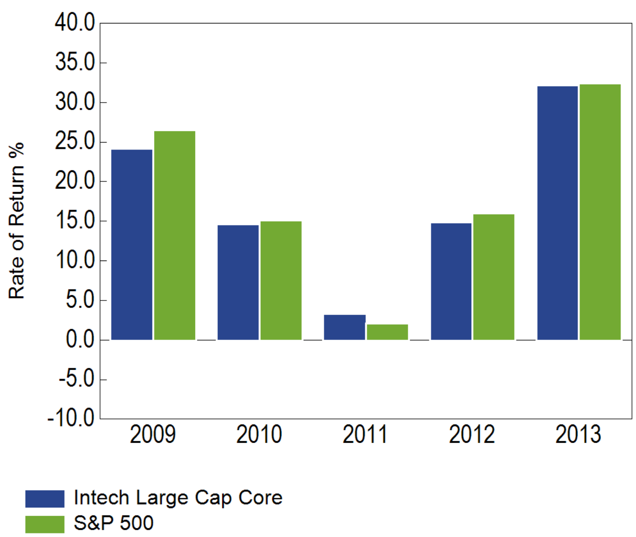
$296.3 Million and 4.6% of Fund

eA US Large Cap Core Equity Gross Accounts
Ending December 31, 2013

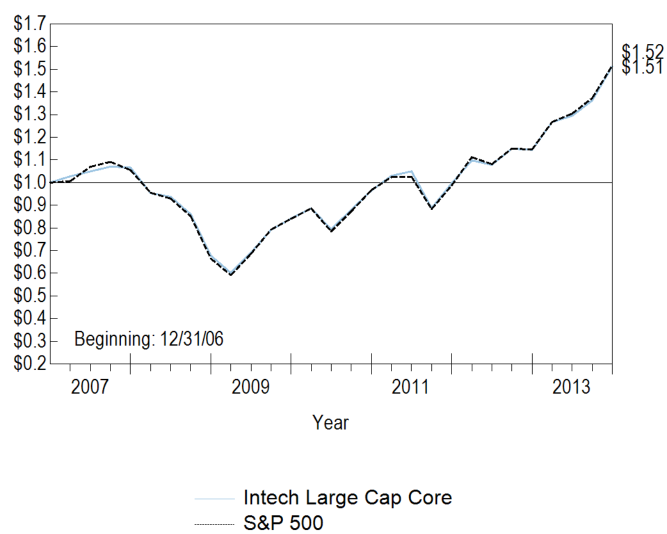


	Return (Rank)							
5th Percentile	12.4		39.6		19.5		21.2	
25th Percentile	11.1		35.5		17.4		19.1	
Median	10.3		32.9		16.2		17.9	
75th Percentile	9.4		30.8		14.4		16.6	
95th Percentile	7.4		25.4		12.2		14.5	
# of Portfolios	262		261		256		242	
● **Intech Large Cap Core**	11.2	(23)	32.7	(54)	16.6	(42)	17.8	(54)
▲ **S&P 500**	10.5	(41)	32.4	(58)	16.2	(50)	17.9	(50)

Annual Returns - Net of Fees
Ending December 31, 2013



Cumulative Value of $1
(Net of Fees)



Intech Large Cap Core

$296.3 Million and 4.6% of Fund

Characteristics

	Portfolio	S&P 500
Number of Holdings	274	500
Weighted Avg. Market Cap. ($B)	33.20	116.13
Median Market Cap. ($B)	16.20	16.40
Price To Earnings	22.31	20.26
Price To Book	4.43	3.94
Price To Sales	2.17	2.19
Return on Equity (%)	20.32	17.94
Yield (%)	1.60	1.97
Beta	1.01	1.00
R-Squared	0.98	1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	2.68	10.28
Materials	5.70	3.50
Industrials	9.87	10.94
Consumer Discretionary	21.78	12.54
Consumer Staples	11.49	9.76
Health Care	12.18	12.95
Financials	17.43	16.18
Information Technology	10.84	18.63
Telecommunications	0.79	2.30
Utilities	5.85	2.92
COMPANY SIZE DISTRIBUTION		
Weighted Ave. Market Cap. ($B)	33.20	116.13
Median Market Cap. ($B)	16.20	16.40
Large Cap. (%)	9.17	45.69
Medium/Large Cap. (%)	33.41	33.09
Medium Cap. (%)	49.89	18.58
Medium/Small Cap. (%)	7.53	2.64
Small Cap. (%)	0.00	0.00

Top Holdings

VISA 'A'	1.36%
DISCOVER FINANCIAL SVS.	1.16%
HOME DEPOT	1.14%
CBS 'B'	1.09%
DISCOVERY COMMS.'A'	1.08%
TJX COS.	1.05%
MATTEL	1.03%
AMERISOURCEBERGEN	1.01%
DELPHI AUTOMOTIVE	0.99%
TIME WARNER	0.93%

Best Performers

	Return %
VALERO ENERGY (VLO)	48.33%
MARATHON PETROLEUM (MPC)	43.39%
FIRST SOLAR (FSLR)	35.89%
EXPEDIA (EXPE)	34.79%
PHILLIPS 66 (PSX)	34.19%
HEWLETT-PACKARD (HPQ)	34.01%
TESORO (TSO)	33.60%
WESTERN DIGITAL (WDC)	32.82%
SOUTHWEST AIRLINES (LUV)	29.67%
SEAGATE TECH. (STX)	29.51%

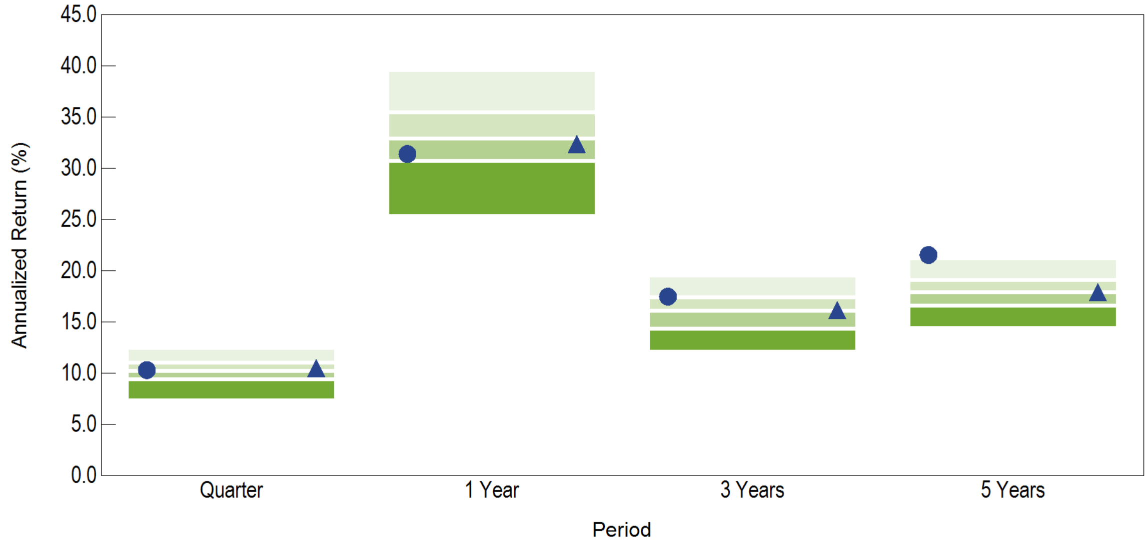
Worst Performers

	Return %
ANADARKO PETROLEUM (APC)	-14.52%
HEALTH CARE REIT (HCN)	-13.05%
REGENERON PHARMS. (REGN)	-12.03%
ELECTRONIC ARTS (EA)	-10.22%
HCP (HCP)	-10.18%
FORD MOTOR (F)	-8.01%
LABORATORY CORP.OF AM. HDG. (LH)	-7.84%
WESTERN UNION (WU)	-6.85%
VENTAS (VTR)	-5.64%
PUBLIC STORAGE (PSA)	-5.38%

PIMCO Stocks+

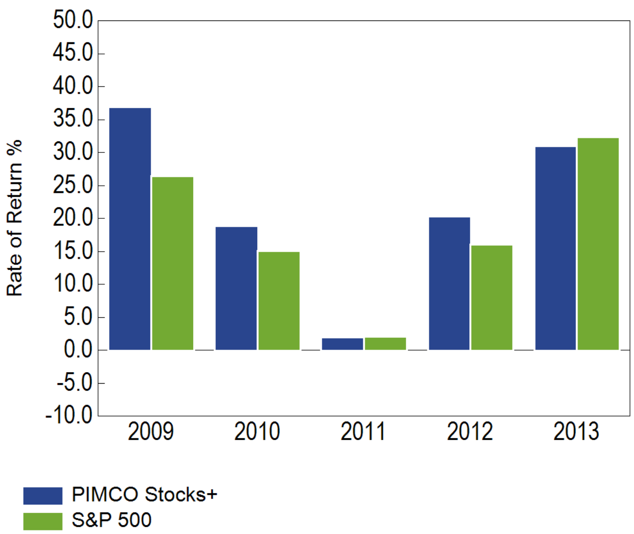
$254.2 Million and 3.9% of Fund

eA US Large Cap Core Equity Gross Accounts
Ending December 31, 2013

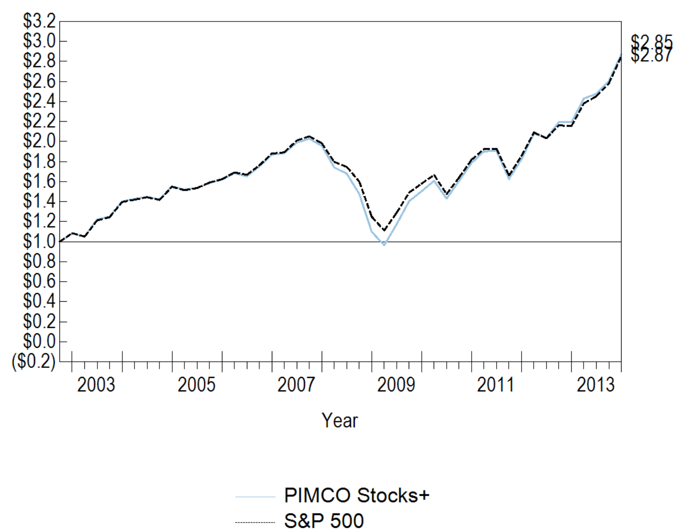


	Return (Rank)							
5th Percentile	12.4		39.6		19.5		21.2	
25th Percentile	11.1		35.5		17.4		19.1	
Median	10.3		32.9		16.2		17.9	
75th Percentile	9.4		30.8		14.4		16.6	
95th Percentile	7.4		25.4		12.2		14.5	
# of Portfolios	262		261		256		242	
● **PIMCO Stocks+**	10.3	(47)	31.4	(68)	17.5	(25)	21.6	(4)
▲ **S&P 500**	10.5	(41)	32.4	(58)	16.2	(50)	17.9	(50)

Annual Returns - Net of Fees
Ending December 31, 2013



Cumulative Value of $1
(Net of Fees)



PIMCO Stocks+

$254.2 Million and 3.9% of Fund

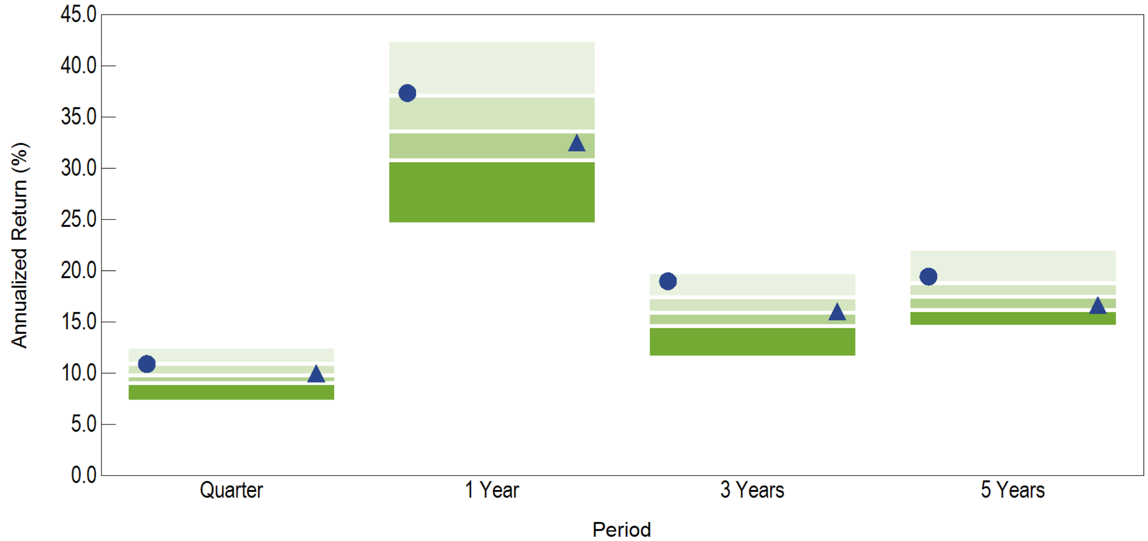
Characteristics

	Portfolio	S&P 500
Number of Holdings	187	500
Weighted Avg. Market Cap. ($B)	48.92	116.13
Median Market Cap. ($B)	48.92	16.40
Price To Earnings	15.84	20.26
Price To Book	1.02	3.94
Price To Sales	0.77	2.19
Return on Equity (%)	6.47	17.94
Yield (%)	0.36	1.97
Beta	1.04	1.00
R-Squared	0.99	1.00
ASSET ALLOCATION		
Number of Holdings	149	500
US Equity	0.00	100.00
Non-US Equity	12.36	0.00
US Fixed Income	68.99	0.00
Non-US Fixed Income	18.26	0.00
Cash	0.39	0.00
Alternatives	0.00	0.00
Real Estate	0.00	0.00
Other	0.00	0.00

Top Holdings

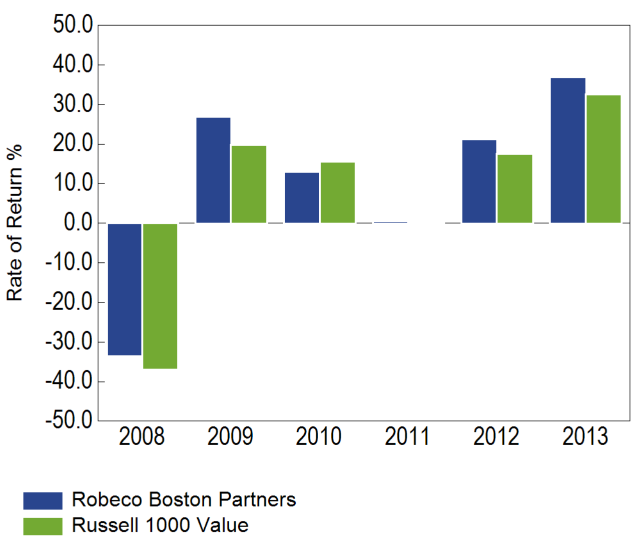
CREDIT SUISSE GROUP N	11.96%
UNITED STATES TREASURY	4.82%
UNITED STATES TREASURY	4.67%
BARCLAYS CAPITAL INC 12/30 VAR	4.54%
UNITED STATES TREASURY	4.14%
UNITED STATES TREASURY	3.78%
STATE STREET BANK + TRUST CO SHORT TERM INVESTMENT FUND	3.33%
MORGAN STANLEY REPO 9W08	2.95%
J P MORGAN TERM REPO	2.91%
SWU036QU7 IRS BRL R F 8.44000 NDFPREDISWAP	2.56%

eA US Large Cap Value Equity Gross Accounts
Ending December 31, 2013

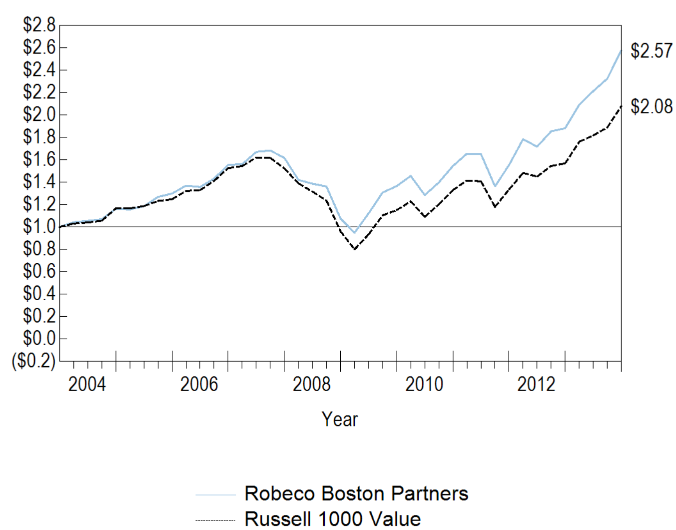


	Return (Rank)							
5th Percentile	12.6		42.5		19.8		22.2	
25th Percentile	11.0		37.2		17.4		18.8	
Median	9.9		33.6		16.0		17.5	
75th Percentile	9.1		30.8		14.6		16.2	
95th Percentile	7.3		24.6		11.6		14.6	
# of Portfolios	310		310		305		294	
● **Robeco Boston Partners**	10.9	(26)	37.4	(24)	19.0	(9)	19.5	(19)
▲ **Russell 1000 Value**	10.0	(48)	32.5	(60)	16.1	(49)	16.7	(68)

Annual Returns - Net of Fees
Ending December 31, 2013



Cumulative Value of $1
(Net of Fees)



Characteristics

	Portfolio	Russell 1000 Value
Number of Holdings	87	662
Weighted Avg. Market Cap. ($B)	102.55	115.34
Median Market Cap. ($B)	26.31	6.54
Price To Earnings	17.71	17.24
Price To Book	2.50	1.80
Price To Sales	1.55	1.54
Return on Equity (%)	15.78	12.24
Yield (%)	1.83	2.24
Beta	1.09	1.00
R-Squared	0.98	1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	12.97	15.03
Materials	2.17	2.93
Industrials	7.89	10.50
Consumer Discretionary	13.39	6.57
Consumer Staples	3.32	5.90
Health Care	17.18	12.92
Financials	27.40	28.97
Information Technology	11.98	8.93
Telecommunications	0.00	2.52
Utilities	2.03	5.74
COMPANY SIZE DISTRIBUTION		
Weighted Ave. Market Cap. ($B)	102.55	115.34
Median Market Cap. ($B)	26.31	6.54
Large Cap. (%)	43.56	40.64
Medium/Large Cap. (%)	27.93	30.30
Medium Cap. (%)	17.08	17.18
Medium/Small Cap. (%)	10.96	10.07
Small Cap. (%)	0.47	1.82

Top Holdings

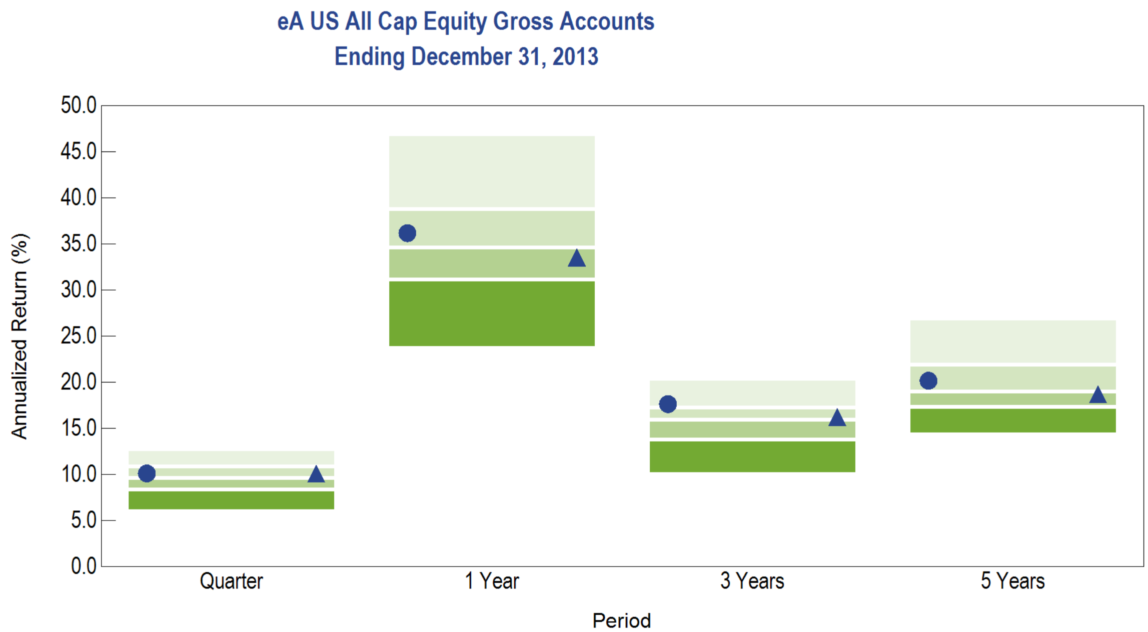
EXXON MOBIL	5.09%
BERKSHIRE HATHAWAY 'B'	3.72%
WELLS FARGO & CO	3.54%
PFIZER	3.15%
JP MORGAN CHASE & CO.	3.14%
CITIGROUP	3.08%
JOHNSON & JOHNSON	2.43%
CVS CAREMARK	2.13%
OCCIDENTAL PTL.	2.08%
CAPITAL ONE FINL.	2.08%

Best Performers

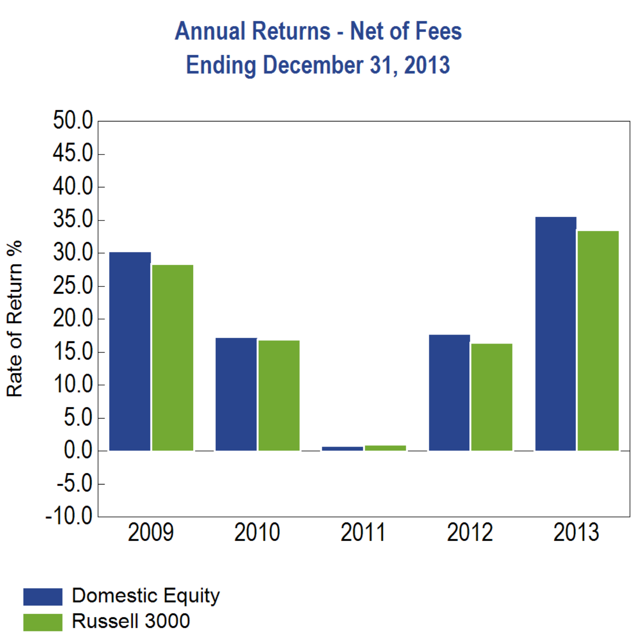
	Return %
LSI (LSI)	41.55%
PHILLIPS 66 (PSX)	34.19%
WESTERN DIGITAL (WDC)	32.82%
SEAGATE TECH. (STX)	29.51%
CVS CAREMARK (CVS)	26.59%
IAC/INTERACTIVECORP (IACI)	26.10%
MCKESSON (MCK)	25.98%
MACY'S (M)	24.00%
TIME WARNER CABLE (TWC)	21.99%
NORFOLK SOUTHERN (NSC)	20.73%

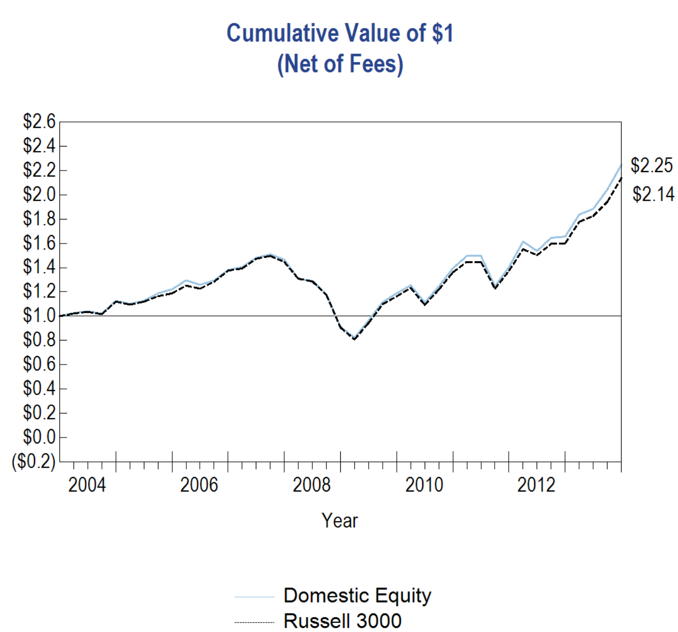
Worst Performers

	Return %
QUEST DIAGNOSTICS (DGX)	-13.35%
FIRSTENERGY (FE)	-8.18%
SYMANTEC (SYMC)	-4.12%
CISCO SYSTEMS (CSCO)	-3.57%
NETAPP (NTAP)	-3.12%
EQUITY RESD.TST.PROPS. SHBI (EQR)	-1.95%
AGCO (AGCO)	-1.87%
EOG RES. (EOG)	-0.75%
LIBERTY MEDIA SR.A (LMCA)	-0.58%
AMERICAN HOMES 4 RENT CL.A (AMH)	0.62%



	Return (Rank)							
5th Percentile	12.7		46.9		20.4		26.9	
25th Percentile	10.9		38.9		17.3		22.0	
Median	9.7		34.7		16.0		19.0	
75th Percentile	8.4		31.2		13.8		17.4	
95th Percentile	6.1		23.8		10.1		14.4	
# of Portfolios	275		275		267		244	
● Domestic Equity	10.1	(38)	36.2	(41)	17.6	(23)	20.2	(40)
▲ Russell 3000	10.1	(39)	33.6	(60)	16.2	(45)	18.7	(55)





Characteristics

	Portfolio	Russell 3000
Number of Holdings	722	3,019
Weighted Avg. Market Cap. ($B)	50.83	100.34
Median Market Cap. ($B)	9.95	1.45
Price To Earnings	23.30	20.57
Price To Book	4.30	2.66
Price To Sales	2.73	1.81
Return on Equity (%)	17.79	16.34
Yield (%)	1.28	1.84
Beta	1.10	1.00
R-Squared	0.99	1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	6.28	9.29
Materials	2.79	3.83
Industrials	8.68	11.72
Consumer Discretionary	14.81	13.40
Consumer Staples	4.00	8.55
Health Care	11.59	12.62
Financials	16.46	17.39
Information Technology	17.27	18.17
Telecommunications	1.23	2.11
Utilities	1.54	2.93
COMPANY SIZE DISTRIBUTION		
Weighted Ave. Market Cap. ($B)	50.83	100.34
Median Market Cap. ($B)	9.95	1.45
Large Cap. (%)	18.61	38.31
Medium/Large Cap. (%)	26.68	26.40
Medium Cap. (%)	18.79	17.38
Medium/Small Cap. (%)	12.56	10.00
Small Cap. (%)	23.36	7.91

Top Holdings

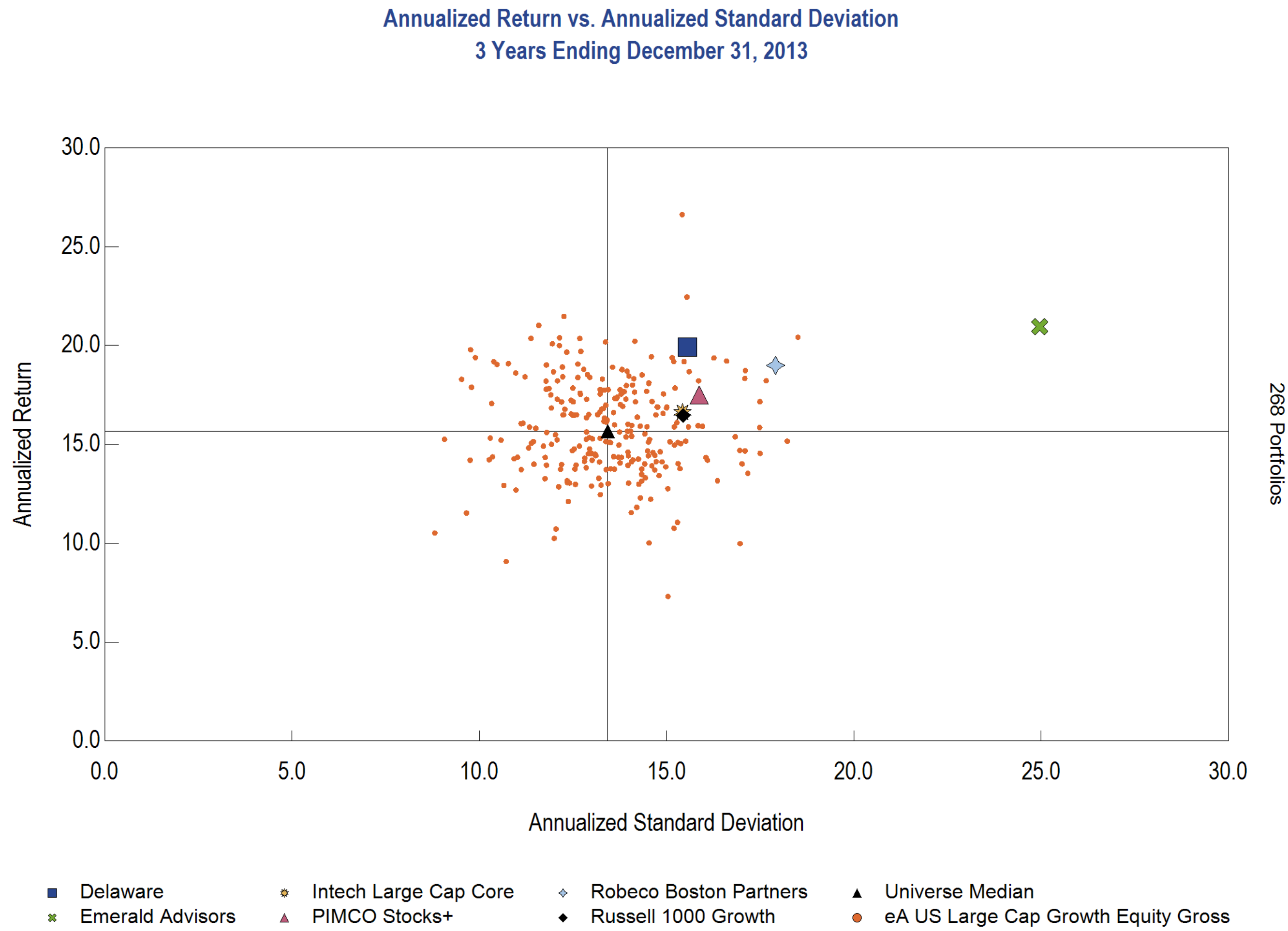
CREDIT SUISSE GROUP N	1.88%
STATE STREET BANK + TRUST CO SHORT TERM INVESTMENT FUND	1.53%
VISA 'A'	1.45%
MASTERCARD	1.30%
CELGENE	1.13%
QUALCOMM	1.11%
EOG RES.	1.06%
MICROSOFT	1.04%
CROWN CASTLE INTL.	1.03%
EXXON MOBIL	1.00%

Best Performers

	Return %
ORGANOVO HOLDINGS (ONVO)	91.85%
3D SYSTEMS (DDD)	72.12%
TREX COMPANY (TREX)	60.57%
CALAMP (CAMP)	58.83%
NANOSTRING TECHNOLOGIES (NSTG)	56.73%
VALERO ENERGY (VLO)	48.33%
HOMEAWAY (AWAY)	46.21%
MARATHON PETROLEUM (MPC)	43.39%
LSI (LSI)	41.55%
OPPENHEIMER HDG.'A' (OPY)	40.23%

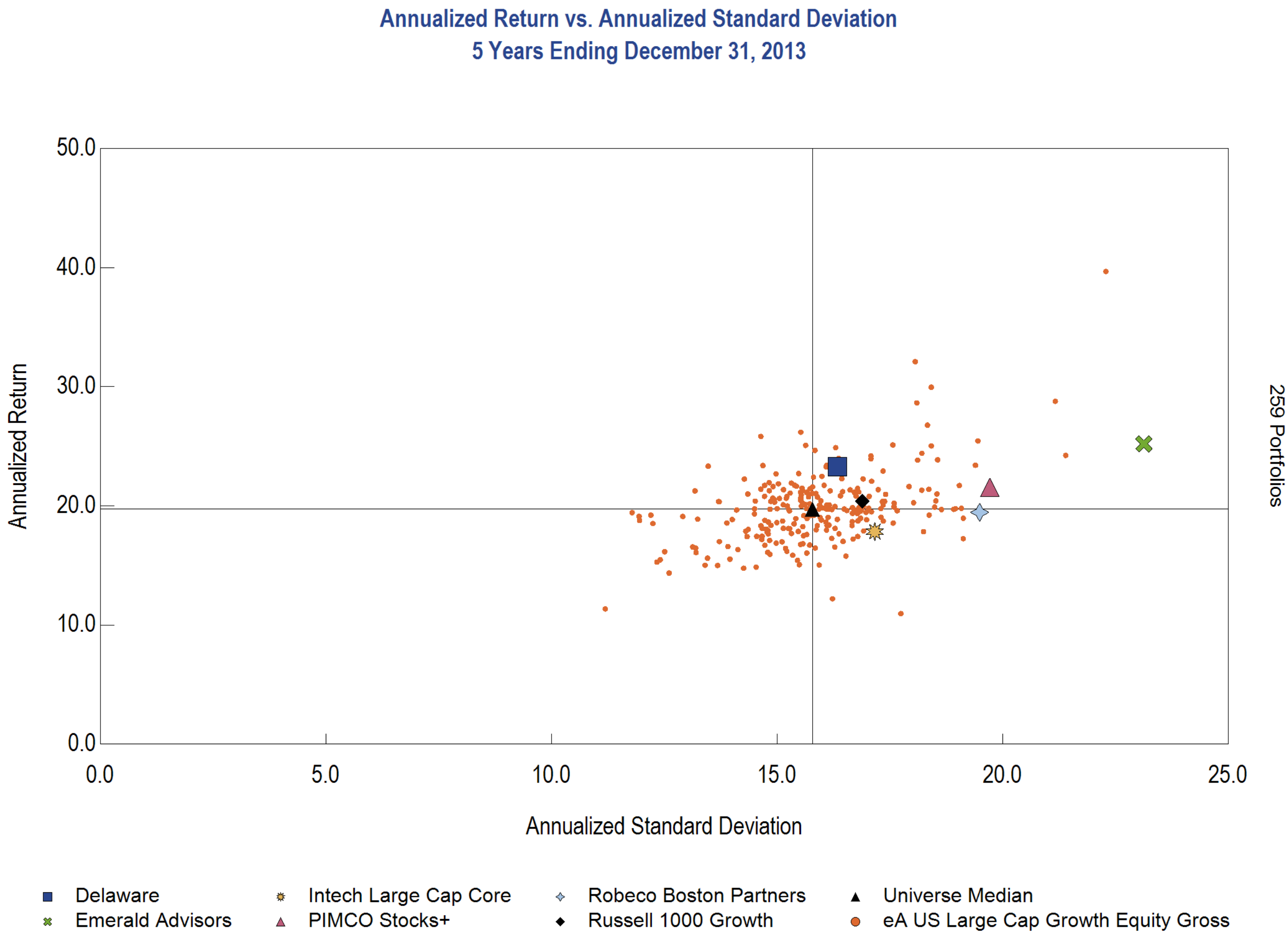
Worst Performers

	Return %
SAREPTA THERAPEUTICS (SRPT)	-56.87%
TOWER GROUP INTL. (TWGP)	-51.71%
CYAN (CYNI)	-47.36%
UNI-PIXEL (UNXL)	-43.49%
TILE SHOP HOLDINGS (TTS)	-38.73%
RALLY SOFTWARE DEV. (RALY)	-35.08%
CELLDEX THERAPEUTICS (CLDX)	-31.67%
GIGAMON (GIMO)	-27.33%
DIVERSIFIED RESTAURANT HOLDINGS (BAGR)	-27.29%
CHART INDUSTRIES (GTLS)	-22.27%



Risk vs. Return for 3 Years Ending December 31, 2013

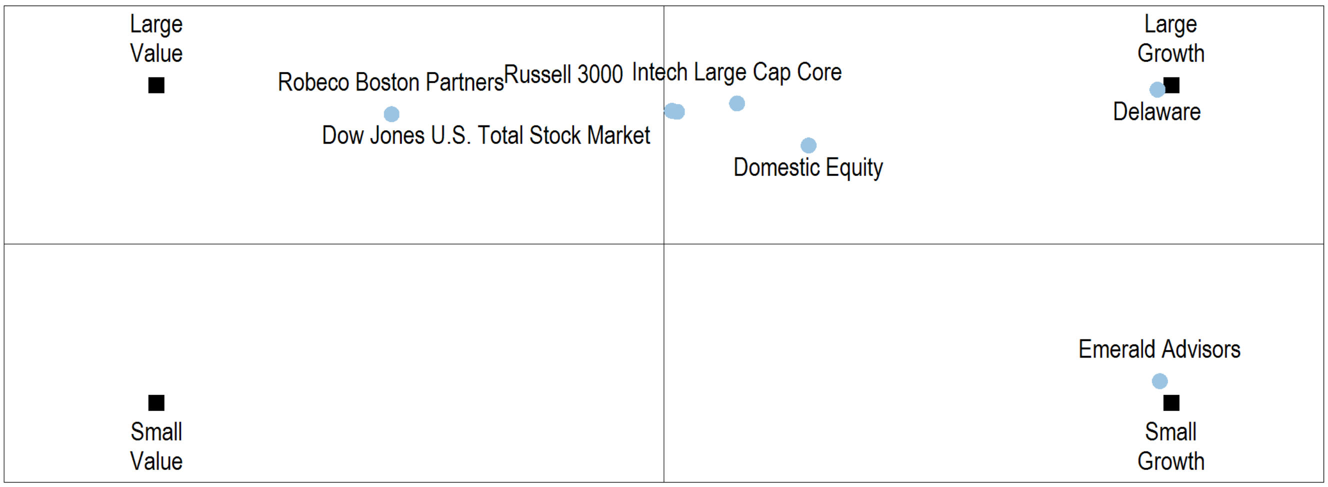
Rank within eA US All Cap Equity Gross	Annualized Return	Standard Deviation
Domestic Equity	17.6%	17.6%
Delaware	19.9%	15.6%
Emerald Advisors	21.0%	25.0%
Intech Large Cap Core	16.6%	15.4%
PIMCO Stocks+	17.5%	15.9%
Robeco Boston Partners	19.0%	17.9%
Russell 3000	16.2%	16.0%
Median for this Universe	16.0%	13.7%



Risk vs. Return for 5 Years Ending December 31, 2013

Rank within eA US Large Cap Growth Equity Gross	Annualized Return	Standard Deviation
Delaware	23.3%	16.3%
Emerald Advisors	25.2%	23.1%
Intech Large Cap Core	17.8%	17.2%
PIMCO Stocks+	21.6%	19.7%
Robeco Boston Partners	19.5%	19.5%
Russell 1000 Growth	20.4%	16.9%
Median for this Universe	19.7%	15.8%

U.S. Effective Style Map
6 Years 9 Months Ending December 31, 2013



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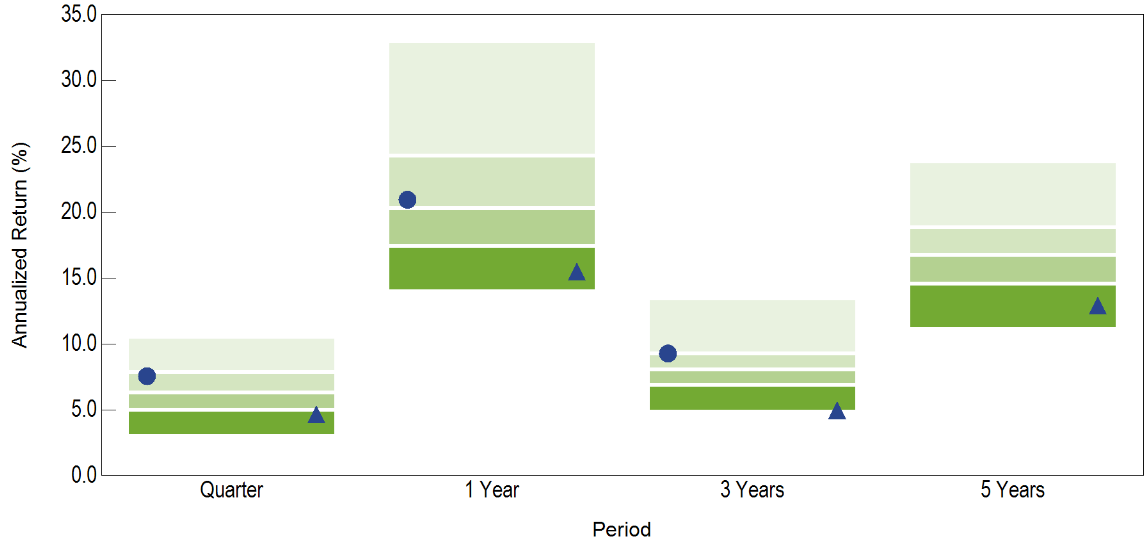
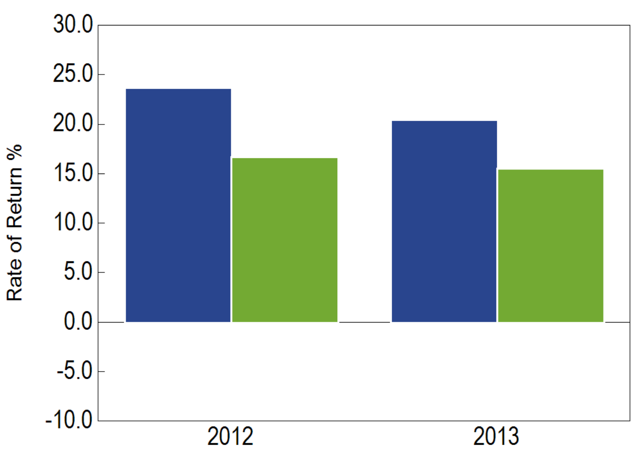
eA ACWI ex-US Growth Equity Gross Accounts
Ending December 31, 2013

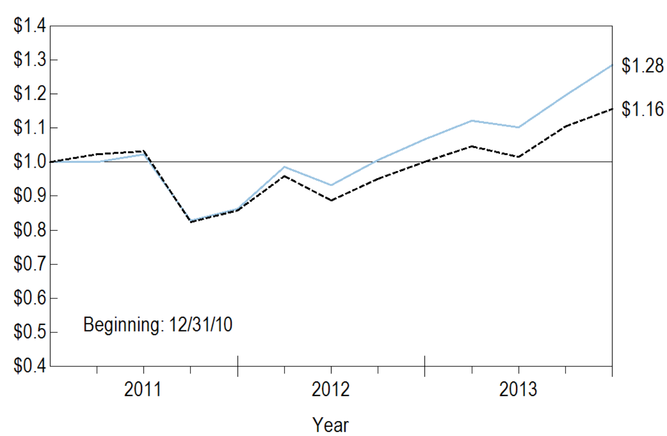


	Quarter		1 Year		3 Years		5 Years	
	Return (Rank)							
5th Percentile	10.5		33.0		13.4		23.8	
25th Percentile	7.9		24.3		9.3		18.9	
Median	6.3		20.3		8.1		16.8	
75th Percentile	5.0		17.5		6.9		14.6	
95th Percentile	3.0		14.0		4.9		11.2	
# of Portfolios	46		46		45		40	
● **William Blair**	7.6	(28)	20.9	(44)	9.3	(28)	--	(--)
▲ **MSCI ACWI ex USA Growth**	4.7	(85)	15.5	(87)	4.9	(95)	12.9	(90)

Annual Returns - Net of Fees
Ending December 31, 2013



Cumulative Value of $1
(Net of Fees)



$367.9 Million and 5.7% of Fund

Characteristics

	Portfolio	MSCI ACWI ex USA Growth Gross
Number of Holdings	221	1,062
Weighted Avg. Market Cap. ($B)	37.31	52.54
Median Market Cap. ($B)	7.83	6.99
Price To Earnings	21.19	21.98
Price To Book	4.31	3.42
Price To Sales	2.41	2.17
Return on Equity (%)	20.65	17.94
Yield (%)	2.19	2.00
Beta	0.99	1.00
R-Squared	0.98	1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	3.54	5.26
Materials	1.65	6.94
Industrials	17.21	14.50
Consumer Discretionary	18.71	14.91
Consumer Staples	3.62	15.52
Health Care	8.38	9.84
Financials	30.49	17.76
Information Technology	10.89	9.81
Telecommunications	5.48	4.02
Utilities	0.00	1.44

Top Holdings

BNP PARIBAS	2.57%
AXA	2.47%
SUMITOMO MITSUI FINL.GP.	2.25%
PRUDENTIAL	2.20%
ROCHE HOLDING	1.99%
BMW	1.80%
ORIX	1.63%
LLOYDS BANKING GROUP	1.54%
DAIWA SECURITIES GROUP	1.52%
FUJI HEAVY INDS.	1.44%

Country Allocation

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	81.9%	79.2%
Emerging*	17.2%	20.8%
Frontier**	0.9%	0.0%
Top 10 Largest Countries		
United Kingdom	25.6%	12.5%
Japan	16.6%	15.3%
France	9.6%	6.8%
China*	6.6%	4.1%
Germany	6.0%	6.1%
Switzerland	3.9%	9.5%
Brazil*	3.0%	2.2%
Canada	3.0%	7.1%
Hong Kong	2.9%	2.1%
India*	2.8%	1.3%
Total-Top 10 Largest Countries	**80.0%**	**67.1%**

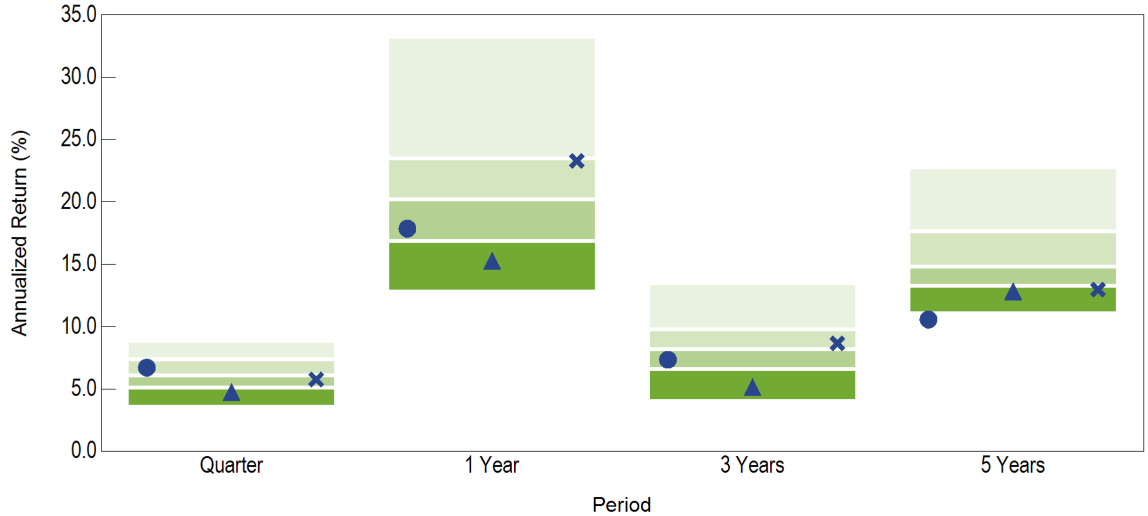
Best Performers

	Return %
BTG (UKIR:BTG)	53.33%
ALGETA (N:ALGE)	53.31%
HAIER ELECTRONICS GP. (K:WIL)	49.83%
HARGREAVES LANSDOWN (UKIR:HL.)	41.38%
OBEROI REALTY (IN:OOI)	40.12%
WUXI PHARMATECH (CAYMAN) ADR 1:8 (WX)	40.07%
ABERDEEN ASSET MAN. (UKIR:ADN)	38.00%
BANCA GENERALI (I:BANC)	37.21%
AZ ELECTRONIC MATS.(DI) (UKIR:AZEM)	36.95%
BERKELEY GROUP HDG.(THE) (UKIR:BKG)	35.92%

Worst Performers

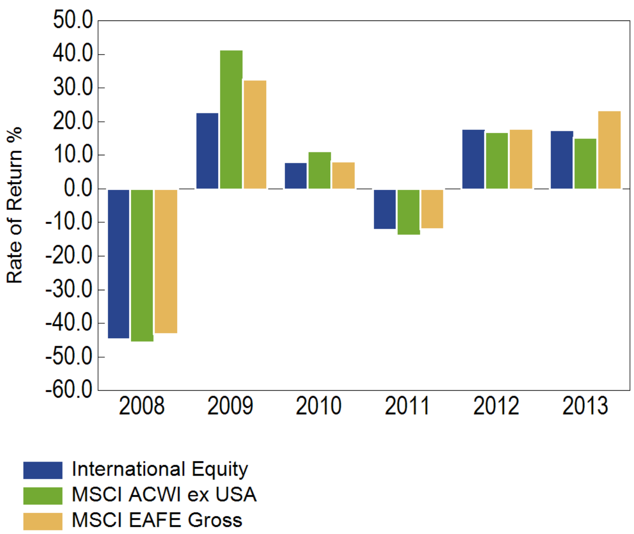
	Return %
NITTO DENKO (J:IF@N)	-35.20%
NEXON (J:NXCL)	-23.72%
CHINA OS.GRD.OCEANS GP. (K:SHEL)	-21.70%
INTERNATIONAL PSNL.FIN. (UKIR:IPFI)	-16.57%
CARSALES.COM (A:CRZX)	-14.85%
NIHON KOHDEN (J:NIKK)	-14.66%
AVEVA GROUP (UKIR:AVV)	-14.61%
TULLOW OIL (UKIR:TLW)	-14.60%
KASIKORNBANK FB (Q:TFBF)	-14.52%
TS TECH (J:TSTC)	-14.26%

eA All ACWI ex-US Equity Gross Accounts
Ending December 31, 2013

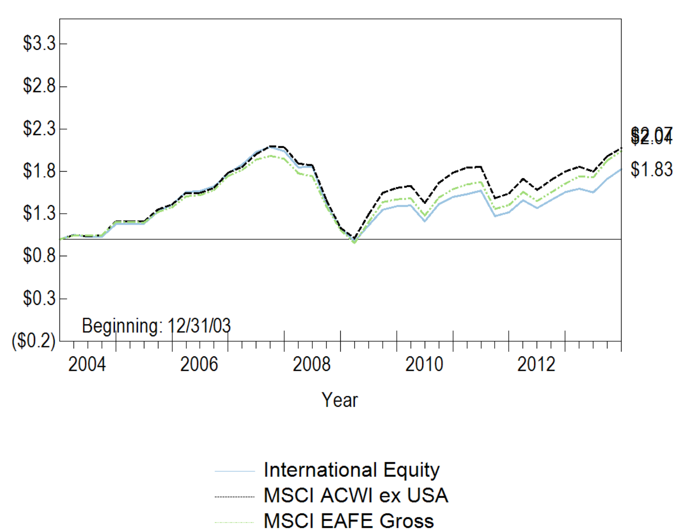


	Return (Rank)							
5th Percentile	8.8		33.2		13.5		22.7	
25th Percentile	7.4		23.5		9.8		17.7	
Median	6.1		20.2		8.2		14.8	
75th Percentile	5.1		16.9		6.6		13.3	
95th Percentile	3.6		12.8		4.0		11.1	
# of Portfolios	181		181		169		154	
● **International Equity**	6.7	(38)	17.8	(69)	7.3	(65)	10.6	(97)
▲ **MSCI ACWI ex USA**	4.8	(82)	15.3	(89)	5.1	(90)	12.8	(82)
✕ **MSCI EAFE Gross**	5.7	(59)	23.3	(30)	8.7	(42)	13.0	(80)

Annual Returns - Net of Fees
Ending December 31, 2013



Cumulative Value of $1
(Net of Fees)



Characteristics

	Portfolio	MSCI ACWI ex USA Gross
Number of Holdings	221	1,824
Weighted Avg. Market Cap. ($B)	37.31	55.56
Median Market Cap. ($B)	7.83	6.78
Price To Earnings	21.19	18.17
Price To Book	4.31	2.43
Price To Sales	2.41	1.80
Return on Equity (%)	20.65	15.00
Yield (%)	2.19	2.84
Beta	0.96	1.00
R-Squared	0.99	1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	3.54	9.37
Materials	1.65	8.31
Industrials	17.21	11.19
Consumer Discretionary	18.71	10.83
Consumer Staples	3.62	9.91
Health Care	8.38	7.84
Financials	30.49	26.75
Information Technology	10.89	6.66
Telecommunications	5.48	5.83
Utilities	0.00	3.32

Top Holdings

BNP PARIBAS	2.57%
AXA	2.47%
SUMITOMO MITSUI FINL.GP.	2.25%
PRUDENTIAL	2.20%
ROCHE HOLDING	1.99%
BMW	1.80%
ORIX	1.63%
LLOYDS BANKING GROUP	1.54%
DAIWA SECURITIES GROUP	1.52%
FUJI HEAVY INDS.	1.44%

Country Allocation

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	81.9%	79.5%
Emerging*	17.2%	20.5%
Frontier**	0.9%	0.0%
Top 10 Largest Countries		
United Kingdom	25.6%	15.9%
Japan	16.6%	15.1%
France	9.6%	7.3%
China*	6.6%	4.1%
Germany	6.0%	6.8%
Switzerland	3.9%	6.4%
Brazil*	3.0%	2.2%
Canada	3.0%	7.1%
Hong Kong	2.9%	2.1%
India*	2.8%	1.3%
Total-Top 10 Largest Countries	**80.0%**	**68.3%**

Best Performers

	Return %
BTG (UKIR:BTG)	53.33%
ALGETA (N:ALGE)	53.31%
HAIER ELECTRONICS GP. (K:WIL)	49.83%
HARGREAVES LANSDOWN (UKIR:HL.)	41.38%
OBEROI REALTY (IN:OOI)	40.12%
WUXI PHARMATECH (CAYMAN) ADR 1:8 (WX)	40.07%
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AZ ELECTRONIC MATS.(DI) (UKIR:AZEM)	36.95%
BERKELEY GROUP HDG.(THE) (UKIR:BKG)	35.92%

Worst Performers

	Return %
NITTO DENKO (J:IF@N)	-35.20%
NEXON (J:NXCL)	-23.72%
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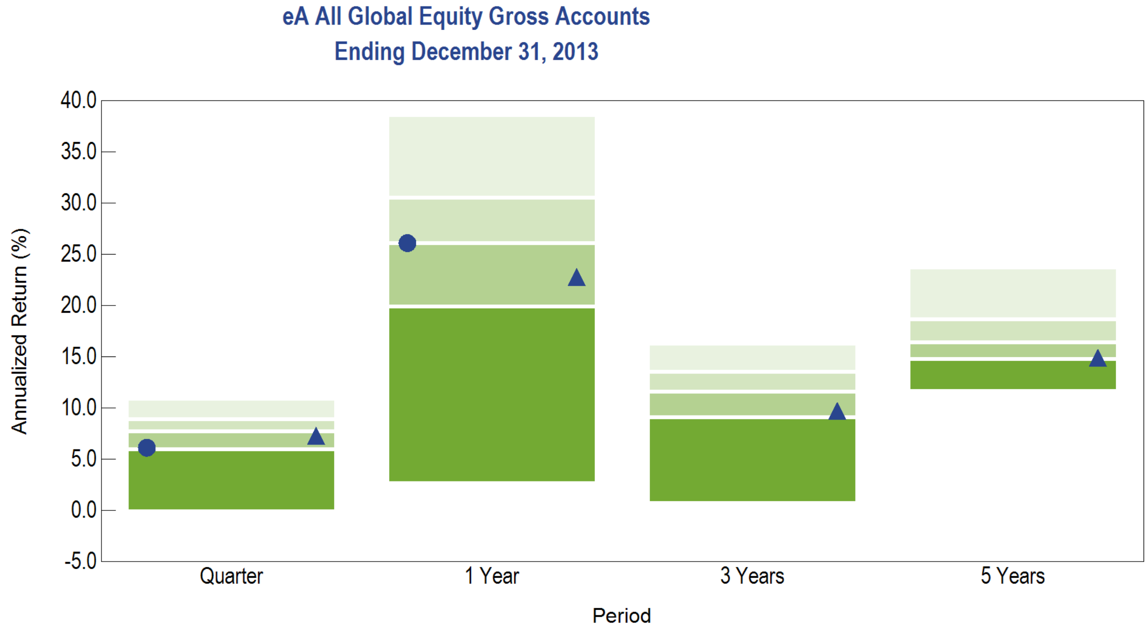
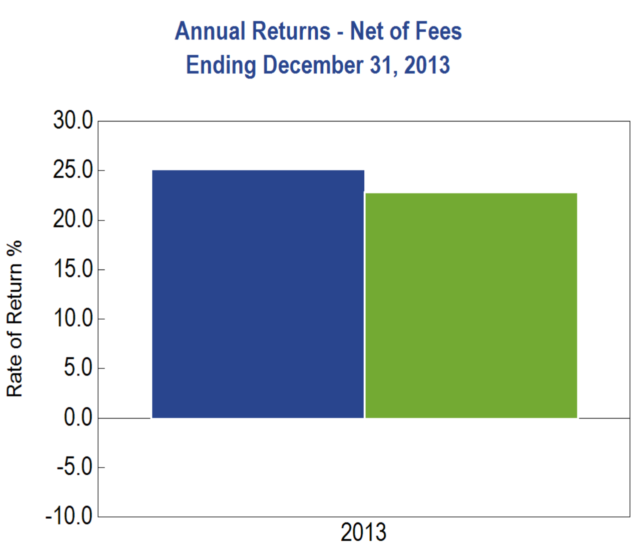
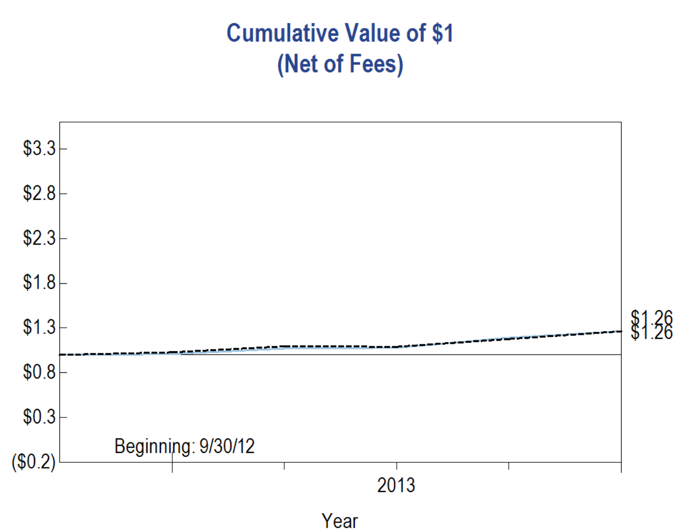
CARSALES.COM (A:CRZX)	-14.85%
NIHON KOHDEN (J:NIKK)	-14.66%
AVEVA GROUP (UKIR:AVV)	-14.61%
TULLOW OIL (UKIR:TLW)	-14.60%
KASIKORNBANK FB (Q:TFBF)	-14.52%
TS TECH (J:TSTC)	-14.26%



	Return (Rank)							
5th Percentile	10.9		38.6		16.3		23.7	
25th Percentile	9.0		30.6		13.6		18.7	
Median	7.8		26.2		11.6		16.5	
75th Percentile	6.0		20.0		9.1		14.9	
95th Percentile	-0.1		2.7		0.8		11.7	
# of Portfolios	552		552		508		442	
● **Artisan Partners**	6.1	(75)	26.1	(51)	--	(--)	--	(--)
▲ **MSCI ACWI**	7.3	(58)	22.8	(66)	9.7	(71)	14.9	(75)





Characteristics

	Portfolio	MSCI ACWI Gross
Number of Holdings	43	2,434
Weighted Avg. Market Cap. ($B)	63.89	82.50
Median Market Cap. ($B)	25.49	8.31
Price To Earnings	33.11	19.38
Price To Book	7.49	3.07
Price To Sales	5.46	2.05
Return on Equity (%)	20.02	16.40
Yield (%)	0.86	2.40
Beta		1.00
R-Squared		1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	4.45	9.79
Materials	4.38	5.94
Industrials	12.26	10.97
Consumer Discretionary	12.92	11.97
Consumer Staples	0.65	9.76
Health Care	21.31	10.26
Financials	11.95	21.52
Information Technology	31.26	12.52
Telecommunications	0.00	4.16
Utilities	0.82	3.11

Country Allocation

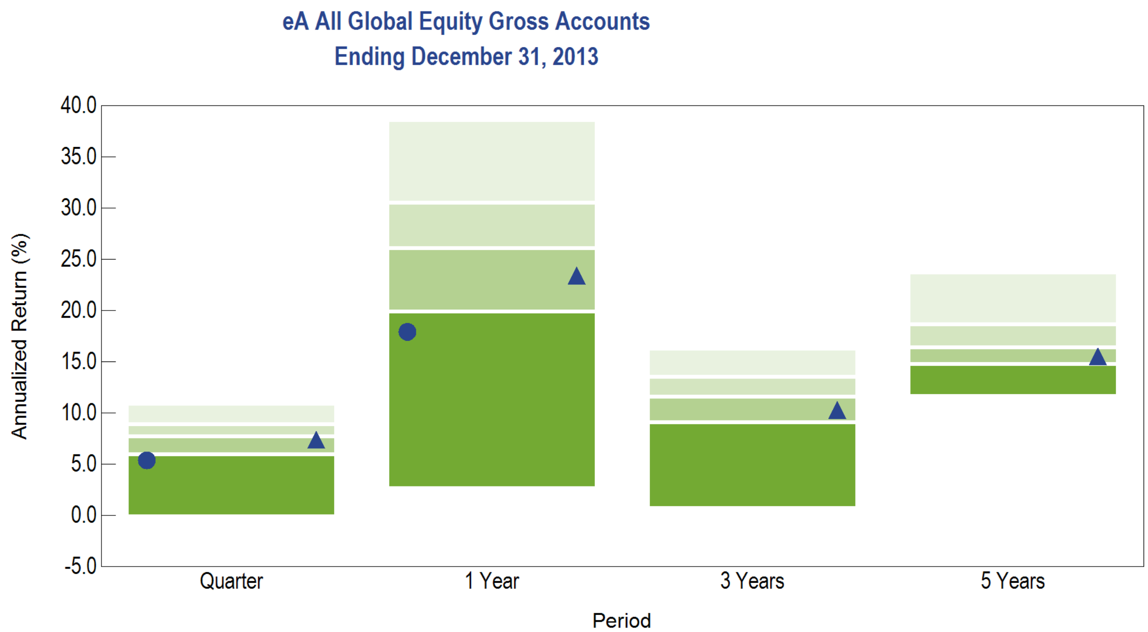
	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	89.9%	89.4%
Emerging*	10.1%	10.6%
Top 10 Largest Countries		
United States	57.4%	48.6%
United Kingdom	9.2%	8.1%
Japan	6.1%	7.8%
China*	4.9%	2.1%
Sweden	4.8%	1.2%
France	4.2%	3.7%
Germany	2.2%	3.5%
Australia	2.1%	2.8%
Hong Kong	2.0%	1.1%
Mexico*	1.9%	0.6%
Total-Top 10 Largest Countries	**94.8%**	**79.5%**

Top Holdings

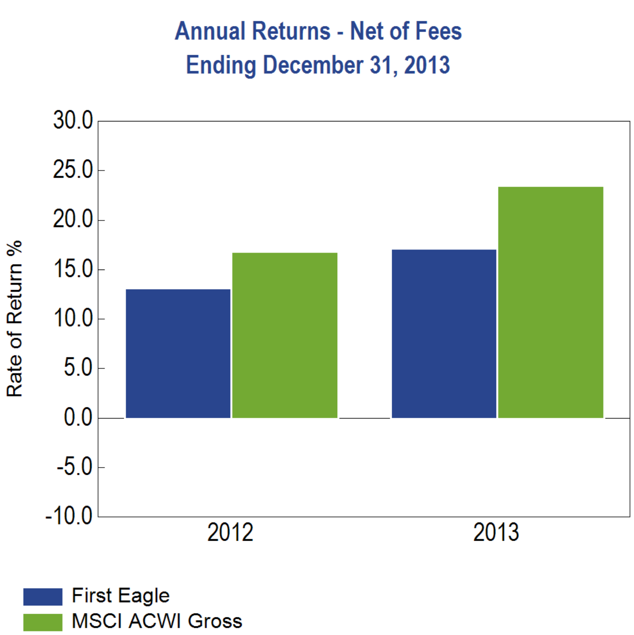
GOOGLE 'A'	7.03%
REGENERON PHARMS.	5.86%
HEXAGON 'B'	4.76%
IHS 'A'	4.47%
GILEAD SCIENCES	4.20%
CITIGROUP	3.74%
APPLIED MATS.	3.51%
FANUC	3.39%
EBAY	3.11%
DISCOVER FINANCIAL SVS.	3.10%

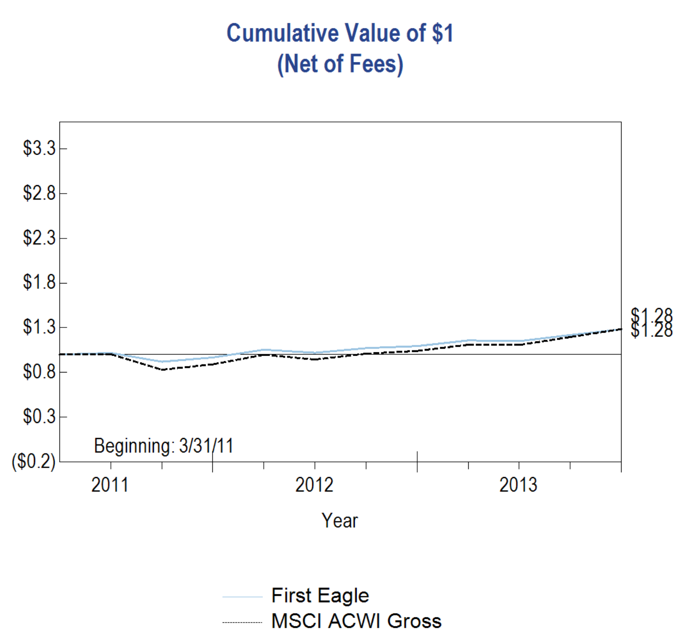
First Eagle

$270.4 Million and 4.2% of Fund



	Return (Rank)							
5th Percentile	10.9		38.6		16.3		23.7	
25th Percentile	9.0		30.6		13.6		18.7	
Median	7.8		26.2		11.6		16.5	
75th Percentile	6.0		20.0		9.1		14.9	
95th Percentile	-0.1		2.7		0.8		11.7	
# of Portfolios	552		552		508		442	
● First Eagle	5.4	(80)	17.9	(80)	--	(--)	--	(--)
▲ MSCI ACWI Gross	7.4	(56)	23.4	(65)	10.3	(65)	15.5	(65)





Characteristics

	Portfolio	MSCI ACWI Gross
Number of Holdings	138	2,434
Weighted Avg. Market Cap. ($B)	51.63	82.50
Median Market Cap. ($B)	13.91	8.31
Price To Earnings	20.17	19.38
Price To Book	2.82	3.07
Price To Sales	2.30	2.05
Return on Equity (%)	15.40	16.40
Yield (%)	2.35	2.40
Beta		1.00
R-Squared		1.00
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	6.35	9.79
Materials	9.72	5.94
Industrials	12.08	10.97
Consumer Discretionary	7.69	11.97
Consumer Staples	6.23	9.76
Health Care	4.19	10.26
Financials	14.80	21.52
Information Technology	13.79	12.52
Telecommunications	1.38	4.16
Utilities	1.47	3.11

Top Holdings

STATE STREET BANK + TRUST CO SHORT TERM INVESTMENT FUND	17.93%
GOLD COMMODITY IN OUNCES GOLD COMMODITY IN OUNCES	4.08%
ORACLE	1.85%
MICROSOFT	1.78%
KEYENCE	1.52%
COMCAST SPECIAL 'A'	1.51%
SECOM	1.46%
3M	1.44%
CISCO SYSTEMS	1.44%
BANK OF NEW YORK MELLON	1.43%

Country Allocation

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	78.3%	89.4%
Emerging*	3.4%	10.6%
Cash	18.2%	
Top 10 Largest Countries		
United States	39.7%	48.6%
Cash	18.2%	0.0%
Japan	15.0%	7.8%
France	6.7%	3.7%
Canada	5.1%	3.7%
United Kingdom	3.1%	8.1%
Germany	2.0%	3.5%
Switzerland	1.6%	3.3%
Mexico*	1.5%	0.6%
Belgium	1.1%	0.4%
Total-Top 10 Largest Countries	**94.0%**	**79.8%**

Best Performers

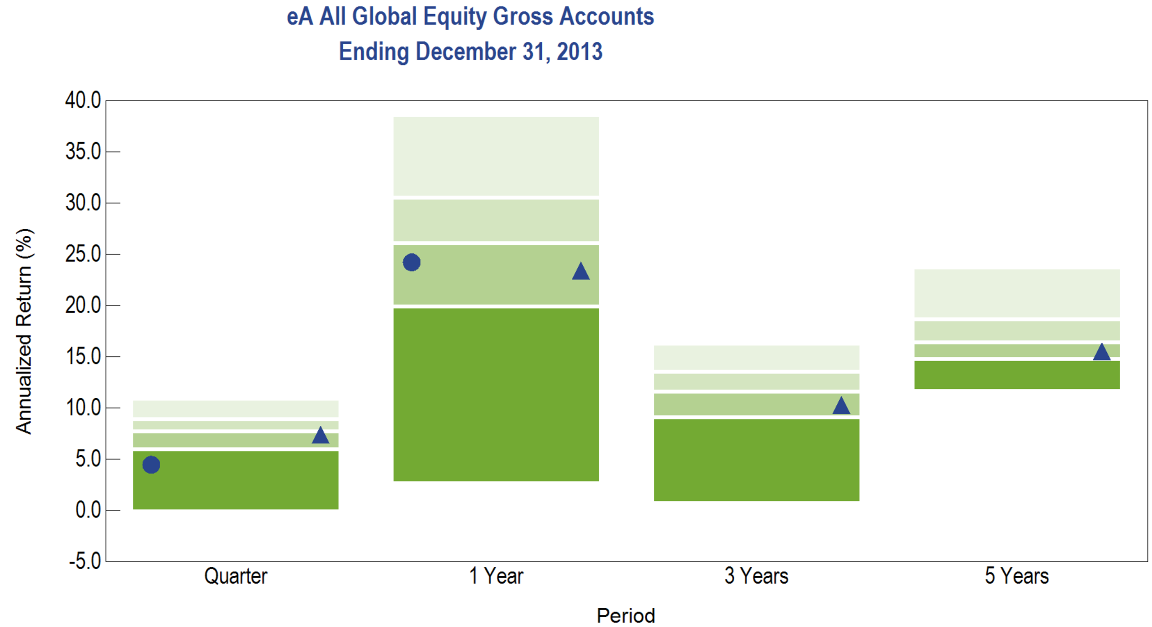
	Return %
ONO PHARM. (J:PS@N)	42.59%
BERKELEY GROUP HDG.(THE) (UKIR:BKG)	35.92%
ITALMOBILIARE (I:ITM)	34.36%
GOOGLE 'A' (GOOG)	27.95%
ALLIANT TECHSYSTEMS (ATK)	25.00%
MASTERCARD (MA)	24.29%
HELMERICH & PAYNE (HP)	22.74%
NORTHROP GRUMMAN (NOC)	20.96%
AMERICAN EXPRESS (AXP)	20.51%
KDDI (J:DDIC)	19.85%

Worst Performers

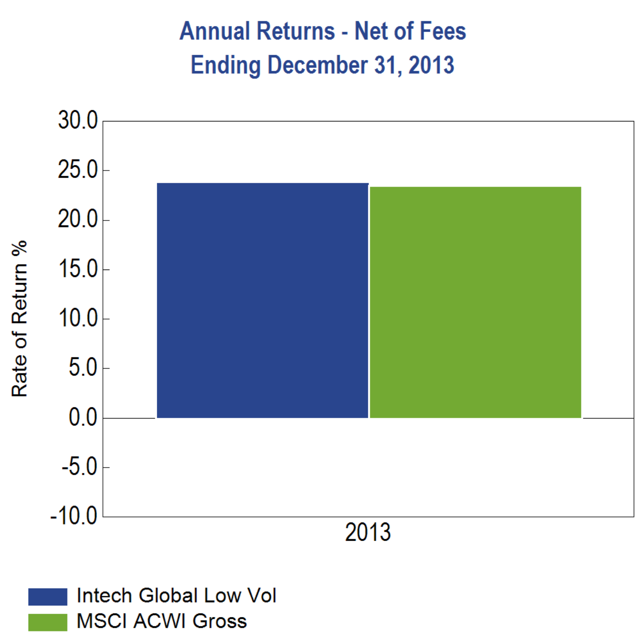
	Return %
NEWCREST MINING (A:NCMX)	-36.21%
GOLD FIELDS SPN.ADR 1:1 (GFI)	-29.98%
HARMONY GD.MNG.CO.ADR 1:1 (HMY)	-25.15%
PENN WEST PETROLEUM (C:PWT)	-23.76%
RAYONIER (RYN)	-23.47%
FRESNILLO (UKIR:FRES)	-21.64%
NEWMONT MINING (NEM)	-17.34%
GOLDCORP NEW (NYS) (GG)	-16.15%
PENOLES (MX:PA2)	-13.45%
KINROSS GOLD (NYS) (KGC)	-13.27%

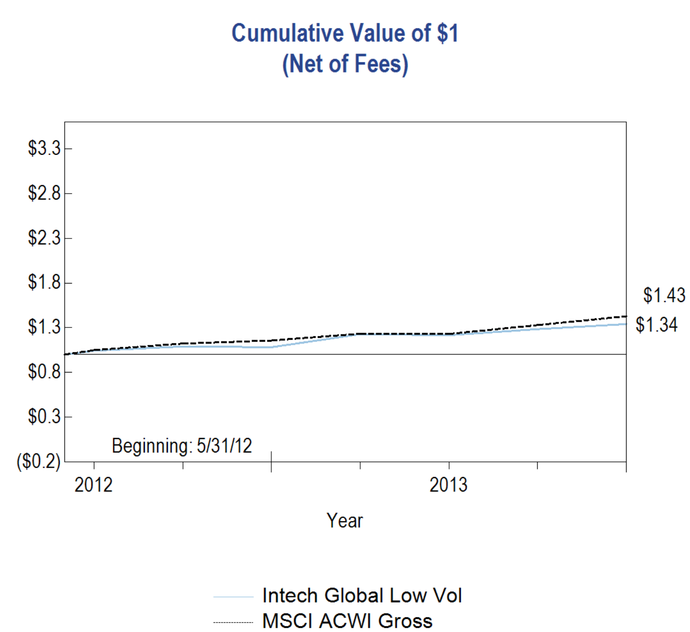
Intech Global Low Vol

$21.7 Million and 0.3% of Fund



	Return (Rank)							
5th Percentile	10.9		38.6		16.3		23.7	
25th Percentile	9.0		30.6		13.6		18.7	
Median	7.8		26.2		11.6		16.5	
75th Percentile	6.0		20.0		9.1		14.9	
95th Percentile	-0.1		2.7		0.8		11.7	
# of Portfolios	552		552		508		442	
● Intech Global Low Vol	4.5	(85)	24.2	(62)	--	(--)	--	(--)
▲ MSCI ACWI Gross	7.4	(56)	23.4	(65)	10.3	(65)	15.5	(65)





Intech Global Low Vol

$21.7 Million and 0.3% of Fund

Characteristics

	Portfolio	MSCI ACWI Gross
Number of Holdings	638	2,434
Weighted Avg. Market Cap. ($B)	35.28	82.50
Median Market Cap. ($B)	10.89	8.31
Price To Earnings	21.72	19.38
Price To Book	4.04	3.07
Price To Sales	2.50	2.05
Return on Equity (%)	19.58	16.40
Yield (%)	2.52	2.40
Beta (holdings; global)	0.63	1.09
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	3.28	9.79
Materials	3.88	5.94
Industrials	9.25	10.97
Consumer Discretionary	14.42	11.97
Consumer Staples	23.66	9.76
Health Care	8.95	10.26
Financials	11.38	21.52
Information Technology	5.75	12.52
Telecommunications	3.76	4.16
Utilities	13.96	3.11

Top Holdings

SOUTHERN	4.65%
GENERAL MILLS	3.92%
KELLOGG	2.14%
PROCTER & GAMBLE	1.92%
CLP HOLDINGS	1.90%
AUTOZONE	1.54%
STATE STREET BANK + TRUST CO SHORT TERM INVESTMENT FUND	1.53%
WAL MART STORES	1.35%
KIMBERLY-CLARK	1.26%
POWER ASSETS HOLDINGS	1.25%

Country Allocation

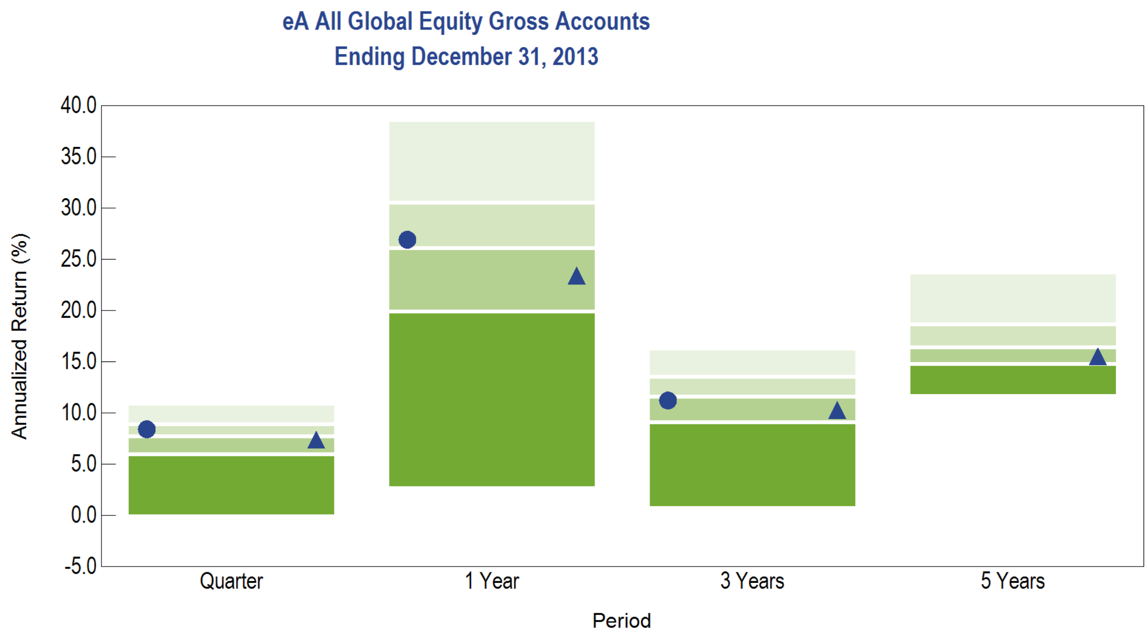
	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	98.5%	89.4%
Cash	1.5%	
Top 10 Largest Countries		
United States	53.7%	48.6%
Japan	16.3%	7.8%
Hong Kong	8.3%	1.1%
Canada	3.7%	3.7%
Switzerland	2.9%	3.3%
United Kingdom	2.7%	8.1%
Australia	2.4%	2.8%
France	1.7%	3.7%
Germany	1.7%	3.5%
Cash	1.5%	0.0%
Total-Top 10 Largest Countries	**94.8%**	**82.6%**

Best Performers

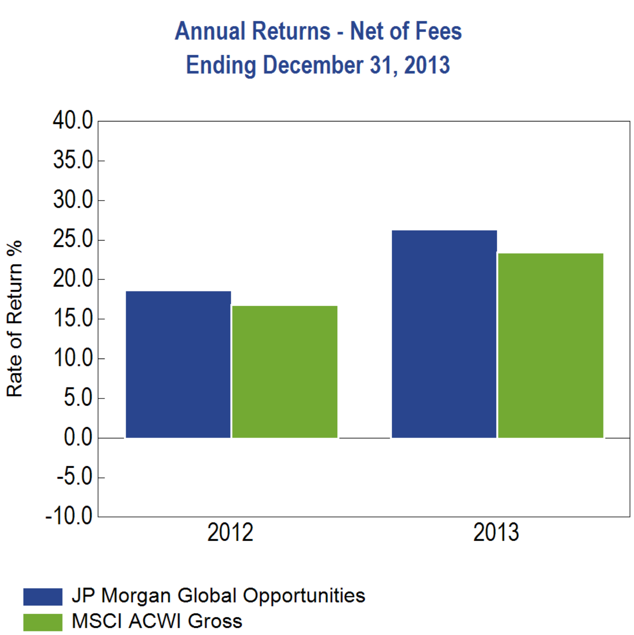
	Return %
HARGREAVES LANSDOWN (UKIR:HL.)	41.38%
COMMERZBANK (D:CBK)	40.53%
FUJITSU (J:FT@N)	38.76%
ILLUMINA (ILMN)	36.82%
ASSOCIATED BRIT.FOODS (UKIR:ABF)	34.63%
PHILLIPS 66 (PSX)	34.19%
HEWLETT-PACKARD (HPQ)	34.01%
ADV.AUTO PARTS (AAP)	33.94%
MONSTER BEVERAGE (MNST)	29.70%
T-MOBILE US (TMUS)	29.53%

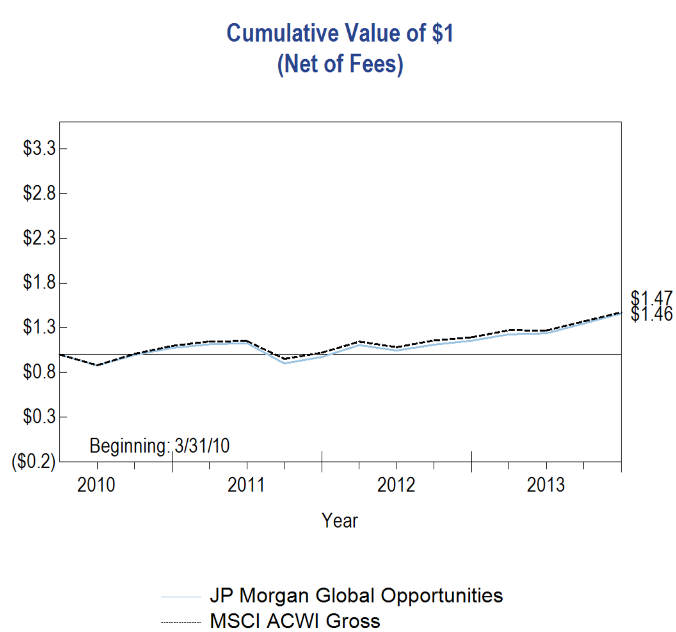
Worst Performers

	Return %
NITTO DENKO (J:IF@N)	-35.20%
FRESNILLO (UKIR:FRES)	-21.64%
LEIGHTON HOLDINGS (A:LEIX)	-19.93%
LULULEMON ATHLETICA (LULU)	-19.28%
KERRY PROPERTIES (K:KERP)	-18.59%
JAPAN AIRLINES (J:JAPL)	-18.43%
TECHNIP (F:TEC)	-18.06%
ALS (A:ALQX)	-17.90%
ASM PACIFIC TECH. (K:ASMP)	-17.52%
NEWMONT MINING (NEM)	-17.34%



	Return (Rank)							
5th Percentile	10.9		38.6		16.3		23.7	
25th Percentile	9.0		30.6		13.6		18.7	
Median	7.8		26.2		11.6		16.5	
75th Percentile	6.0		20.0		9.1		14.9	
95th Percentile	-0.1		2.7		0.8		11.7	
# of Portfolios	552		552		508		442	
● **JP Morgan Global Opportunities**	8.4	(37)	26.9	(46)	11.2	(55)	--	(--)
▲ **MSCI ACWI Gross**	7.4	(56)	23.4	(65)	10.3	(65)	15.5	(65)





JP Morgan Global Opportunities

$286.8 Million and 4.4% of Fund

Characteristics

	Portfolio	MSCI ACWI Gross
Number of Holdings	116	2,434
Weighted Avg. Market Cap. ($B)	83.48	82.50
Median Market Cap. ($B)	41.38	8.31
Price To Earnings	20.88	19.38
Price To Book	3.48	3.07
Price To Sales	2.24	2.05
Return on Equity (%)	17.74	16.40
Yield (%)	1.99	2.40
Beta (holdings; global)	1.30	1.09
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	8.76	9.79
Materials	6.49	5.94
Industrials	9.64	10.97
Consumer Discretionary	16.68	11.97
Consumer Staples	5.06	9.76
Health Care	11.91	10.26
Financials	21.27	21.52
Information Technology	15.04	12.52
Telecommunications	2.19	4.16
Utilities	1.56	3.11

Top Holdings

GOOGLE 'A'	2.25%
JOHNSON & JOHNSON	1.91%
BANK OF AMERICA	1.79%
BG GROUP	1.69%
UNITED TECHNOLOGIES	1.67%
SANDS CHINA	1.50%
BNP PARIBAS	1.50%
BAYER	1.49%
ROYAL DUTCH SHELL A(LON)	1.48%
MICROSOFT	1.42%

Country Allocation

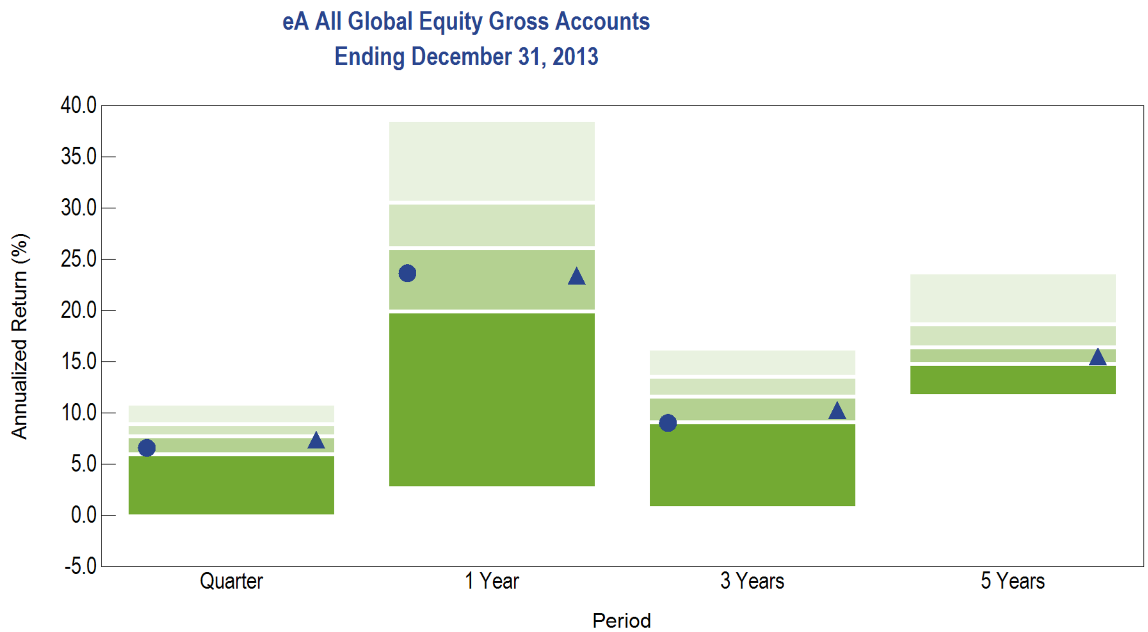
	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	91.0%	89.4%
Emerging*	9.0%	10.6%
Top 10 Largest Countries		
United States	47.6%	48.6%
United Kingdom	13.2%	8.1%
Japan	7.1%	7.8%
France	5.0%	3.7%
Germany	4.8%	3.5%
China*	4.7%	2.1%
Switzerland	3.9%	3.3%
Hong Kong	2.7%	1.1%
Korea*	2.2%	1.7%
Netherlands	1.4%	1.0%
Total-Top 10 Largest Countries	**92.5%**	**80.9%**

Best Performers

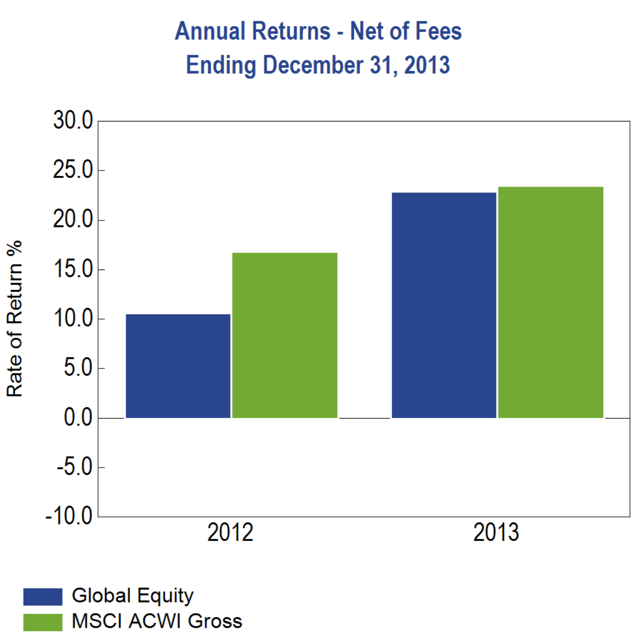
	Return %
MARATHON PETROLEUM (MPC)	43.39%
EXPEDIA (EXPE)	34.79%
ENN ENERGY HOLDINGS (K:XINA)	33.09%
SANDS CHINA (K:SNDC)	32.14%
DISH NETWORK 'A' (DISH)	28.68%
GOOGLE 'A' (GOOG)	27.95%
SOFTBANK (J:SFTB)	26.50%
KUNLUN ENERGY (K:PARG)	26.04%
V F (VFC)	25.84%
INTERCONTINENTAL EX.GP. (ICE)	24.38%

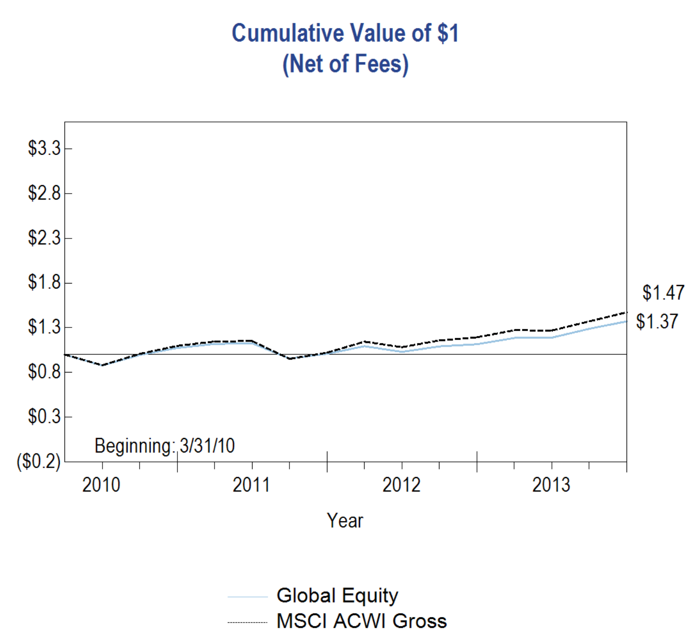
Worst Performers

	Return %
NITTO DENKO (J:IF@N)	-35.20%
BELLE INTERNATIONAL HDG. (K:BIHL)	-20.32%
ANADARKO PETROLEUM (APC)	-14.52%
PTRO.BRAO.ADR 1:2 (PBRA)	-12.19%
LINKEDIN CLASS A (LNKD)	-11.88%
WHARF HOLDINGS (K:HKWH)	-11.74%
CITRIX SYS. (CTXS)	-10.42%
JAPAN TOBACCO (J:ABOT)	-9.55%
MARUBENI (J:MRBU)	-8.58%
ERICSSON 'B' (W:SL@G)	-8.18%



	Quarter		1 Year		3 Years		5 Years	
	Return (Rank)							
5th Percentile	10.9		38.6		16.3		23.7	
25th Percentile	9.0		30.6		13.6		18.7	
Median	7.8		26.2		11.6		16.5	
75th Percentile	6.0		20.0		9.1		14.9	
95th Percentile	-0.1		2.7		0.8		11.7	
# of Portfolios	552		552		508		442	
● **Global Equity**	6.6	(70)	23.7	(64)	9.0	(76)	--	(--)
▲ **MSCI ACWI Gross**	7.4	(56)	23.4	(65)	10.3	(65)	15.5	(65)





Global Equity

$856.5 Million and 13.3% of Fund

Characteristics

	Portfolio	MSCI ACWI Gross
Number of Holdings	839	2,434
Weighted Avg. Market Cap. ($B)	66.98	82.50
Median Market Cap. ($B)	13.17	8.31
Price To Earnings	24.76	19.38
Price To Book	4.61	3.07
Price To Sales	3.31	2.05
Return on Equity (%)	18.00	16.40
Yield (%)	1.71	2.40
Beta (holdings; global)	1.14	1.09
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	6.46	9.79
Materials	6.76	5.94
Industrials	11.25	10.97
Consumer Discretionary	12.57	11.97
Consumer Staples	4.47	9.76
Health Care	12.45	10.26
Financials	15.96	21.52
Information Technology	19.67	12.52
Telecommunications	1.27	4.16
Utilities	1.60	3.11

Top Holdings

STATE STREET BANK + TRUST CO SHORT TERM INVESTMENT FUND	5.70%
GOOGLE 'A'	3.28%
REGENERON PHARMS.	1.90%
CITIGROUP	1.68%
HEXAGON 'B'	1.54%
FANUC	1.50%
IHS 'A'	1.45%
EBAY	1.44%
GILEAD SCIENCES	1.36%
GOLD COMMODITY IN OUNCES GOLD COMMODITY IN OUNCES	1.29%

Country Allocation

	Manager Ending Allocation (USD)	Index Ending Allocation (USD)
Totals		
Developed	86.8%	89.4%
Emerging*	7.4%	10.6%
Cash	5.8%	
Top 10 Largest Countries		
United States	48.4%	48.6%
Japan	9.5%	7.8%
United Kingdom	8.4%	8.1%
Cash	5.8%	0.0%
France	5.2%	3.7%
China*	3.2%	2.1%
Germany	3.0%	3.5%
Canada	2.4%	3.7%
Sweden	2.1%	1.2%
Switzerland	1.9%	3.3%
Total-Top 10 Largest Countries	**89.9%**	**82.0%**

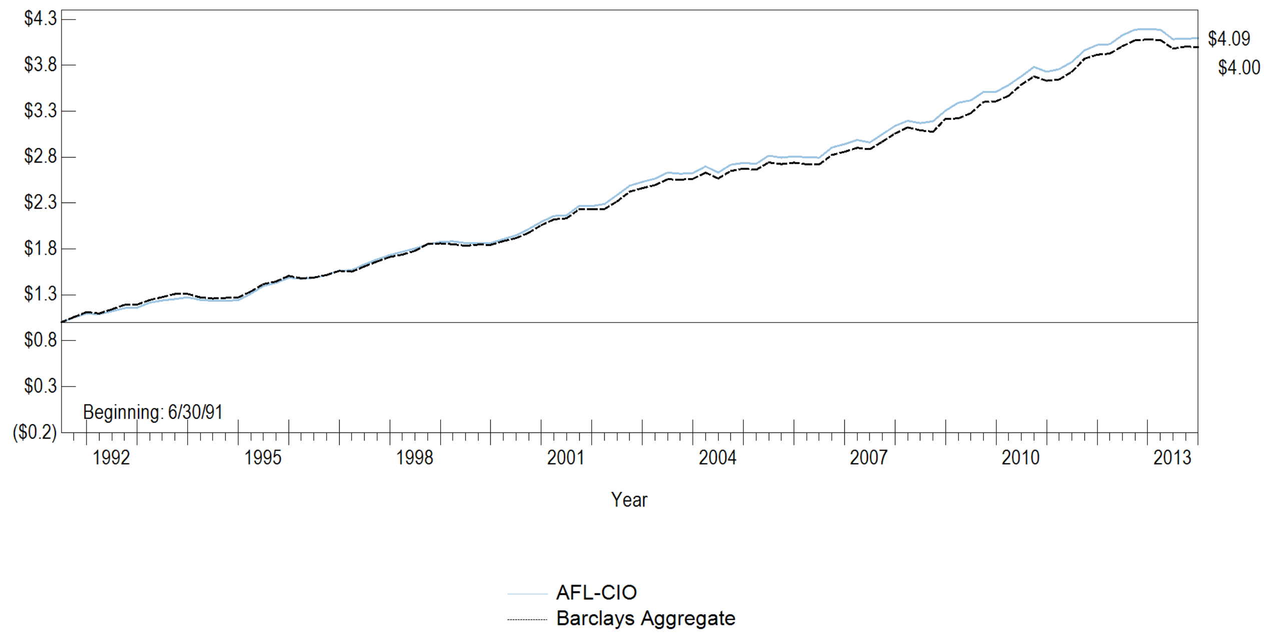
Best Performers

	Return %
MARATHON PETROLEUM (MPC)	43.39%
ONO PHARM. (J:PS@N)	42.59%
HARGREAVES LANSDOWN (UKIR:HL.)	41.38%
COMMERZBANK (D:CBK)	40.53%
FUJITSU (J:FT@N)	38.76%
ILLUMINA (ILMN)	36.82%
BERKELEY GROUP HDG.(THE) (UKIR:BKG)	35.92%
EXPEDIA (EXPE)	34.79%
ASSOCIATED BRIT.FOODS (UKIR:ABF)	34.63%
ITALMOBILIARE (I:ITM)	34.36%

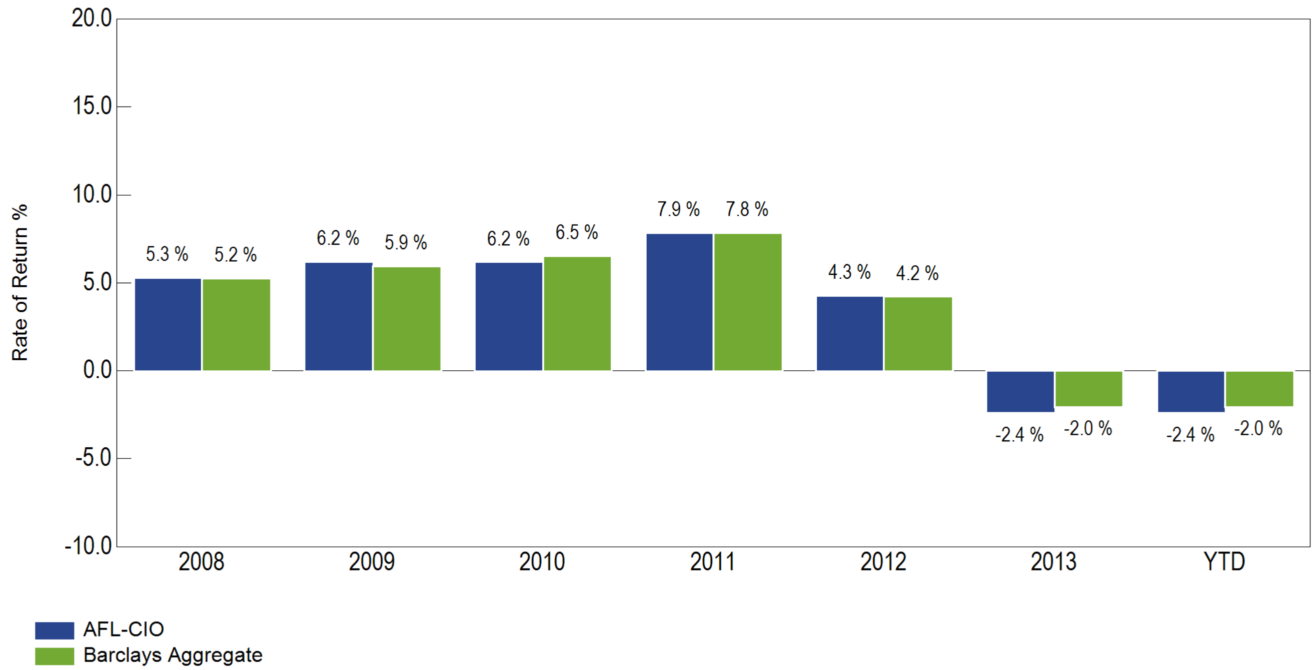
Worst Performers

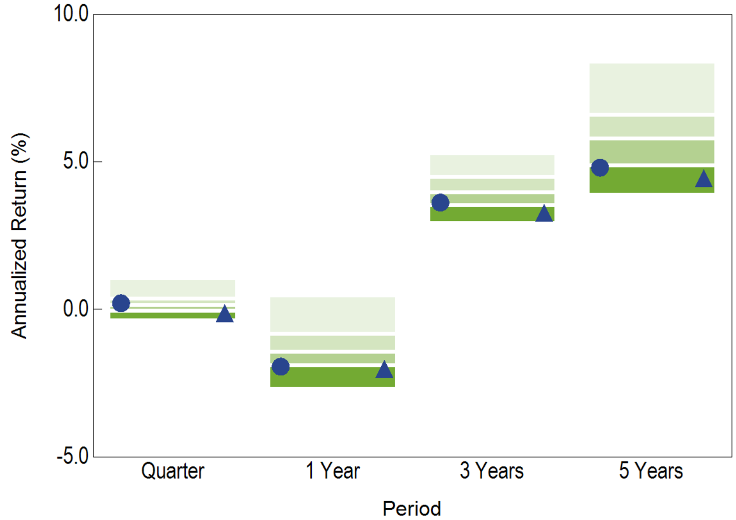
	Return %
NEWCREST MINING (A:NCMX)	-36.21%
NITTO DENKO (J:IF@N)	-35.20%
GOLD FIELDS SPN.ADR 1:1 (GFI)	-29.98%
HARMONY GD.MNG.CO.ADR 1:1 (HMY)	-25.15%
PENN WEST PETROLEUM (C:PWT)	-23.76%
RAIADROGASIL ON (BR:DR3)	-23.71%
RAYONIER (RYN)	-23.47%
FRESNILLO (UKIR:FRES)	-21.64%
BELLE INTERNATIONAL HDG. (K:BIHL)	-20.32%
BR MALLS PAR ON (BR:BRM)	-19.96%

Cumulative Value of $1
(Net of Fees)



Annual Returns - Net of Fees
Ending December 31, 2013

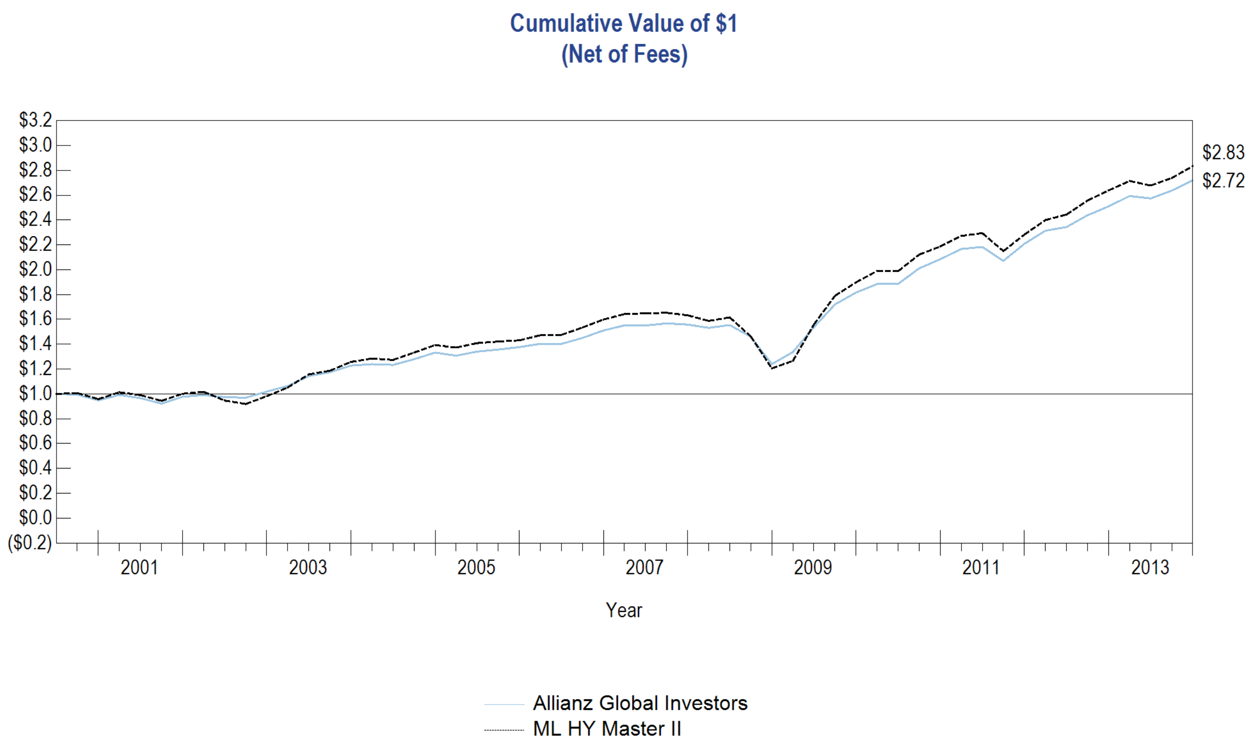




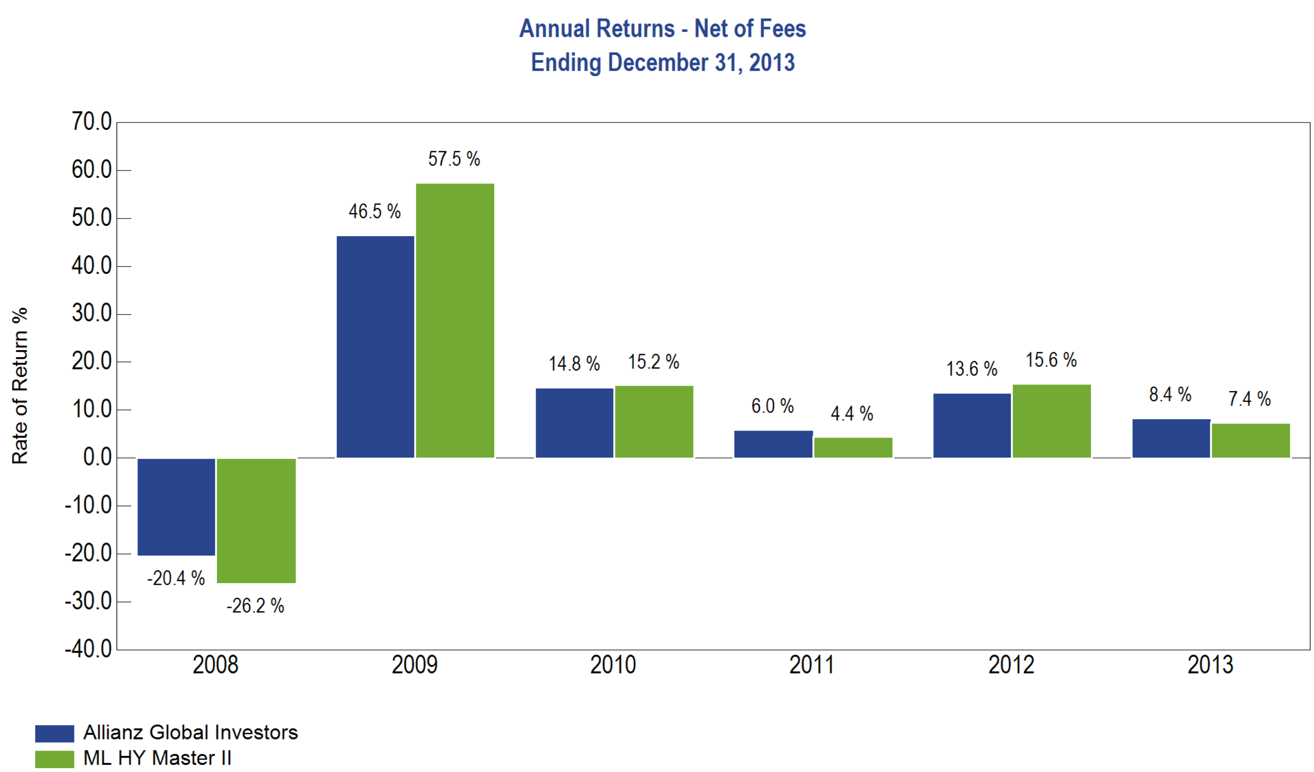
	Return (Rank)							
5th Percentile	1.0		0.5		5.3		8.4	
25th Percentile	0.4		-0.8		4.5		6.6	
Median	0.2		-1.4		4.0		5.8	
75th Percentile	0.0		-1.9		3.5		4.9	
95th Percentile	-0.4		-2.7		2.9		3.9	
# of Portfolios	209		209		207		201	
● AFL-CIO	0.2	(45)	-1.9	(78)	3.6	(72)	4.8	(77)
▲ Barclays Aggregate	-0.1	(84)	-2.0	(82)	3.3	(88)	4.4	(87)

Portfolio Characteristics	AFL CIO	Barclays Aggregate
Mkt Value ($Mil)	199.1	n/a
Yield to Maturity (%)	3.8 %	2.3 %
Duration (yrs)	5.0	5.4
Avg. Quality	AGY	AA1\AA2

Sectors	AFL CIO	Barclays Aggregate
Treasury/Agency	6 %	41 %
Single-Family MBS	28	32
Multi-Family CMBS	54	0
Corporates	3	28
High Yield	0	0
ABS/CMBS	0	0
Other	8	0
Cash	1	0

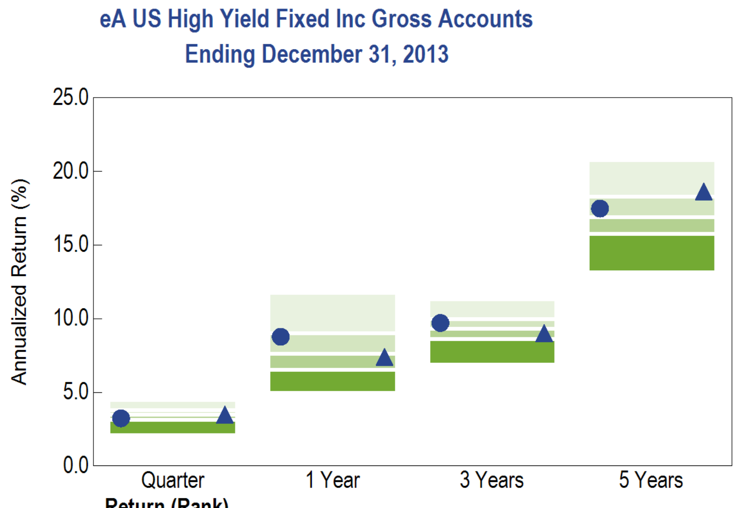


Cumulative Value of $1
(Net of Fees)
$3.2
$3.0
$2.8
$2.6
$2.4
$2.2
$2.0
$1.8
$1.6
$1.4
$1.2
$1.0
$0.8
$0.6
$0.4
$0.2
$0.0
($0.2)
$2.83
$2.72
2001
2003
2005
2007
2009
2011
2013
Year
Allianz Global Investors
ML HY Master II



Annual Returns - Net of Fees
Ending December 31, 2013
Rate of Return %
70.0
60.0
50.0
40.0
30.0
20.0
10.0
0.0
-10.0
-20.0
-30.0
-40.0
-20.4 %
-26.2 %
46.5 %
57.5 %
14.8 %
15.2 %
6.0 %
4.4 %
13.6 %
15.6 %
8.4 %
7.4 %
2008
2009
2010
2011
2012
2013
Allianz Global Investors
ML HY Master II

$312.1 Million and 4.8% of Fund



Return (Rank)	Quarter		1 Year		3 Years		5 Years	
5th Percentile	4.4		11.7		11.3		20.8	
25th Percentile	3.8		9.1		10.0		18.3	
Median	3.5		7.6		9.3		16.9	
75th Percentile	3.1		6.6		8.7		15.8	
95th Percentile	2.1		5.0		6.9		13.2	
# of Portfolios	130		130		118		108	
● Allianz Global Investors	3.2	(68)	8.8	(28)	9.7	(32)	17.5	(43)
▲ ML HY Master II	3.5	(49)	7.4	(55)	9.0	(64)	18.6	(21)

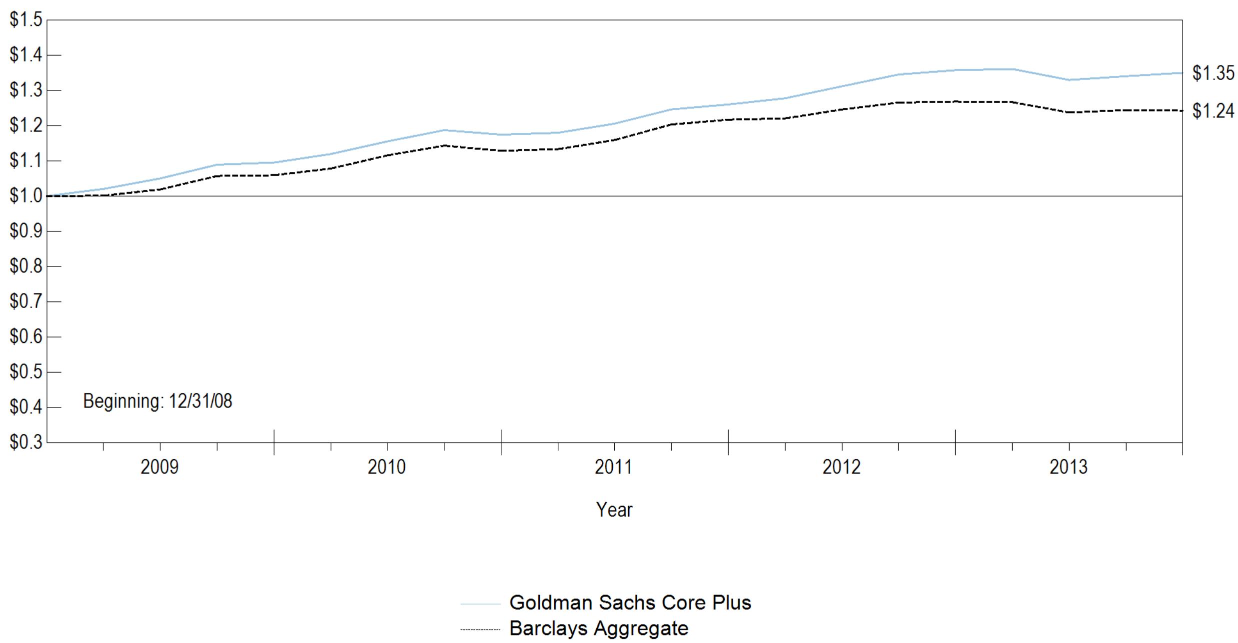
Portfolio Characteristics	Allianz Global	ML High Yield II
Mkt Value ($Mil)	312.1	n/a
Yield to Maturity (%)	5.9 %	5.7 %
Duration (yrs)	3.4	3.7
Avg. Quality	B1	B1

Quality Distribution	Allianz Global	ML High Yield II
A	0	0 %
BBB	0	0
BB	24	45
Less Than BB	75	55
Not Rated	0	0
Cash	1	0

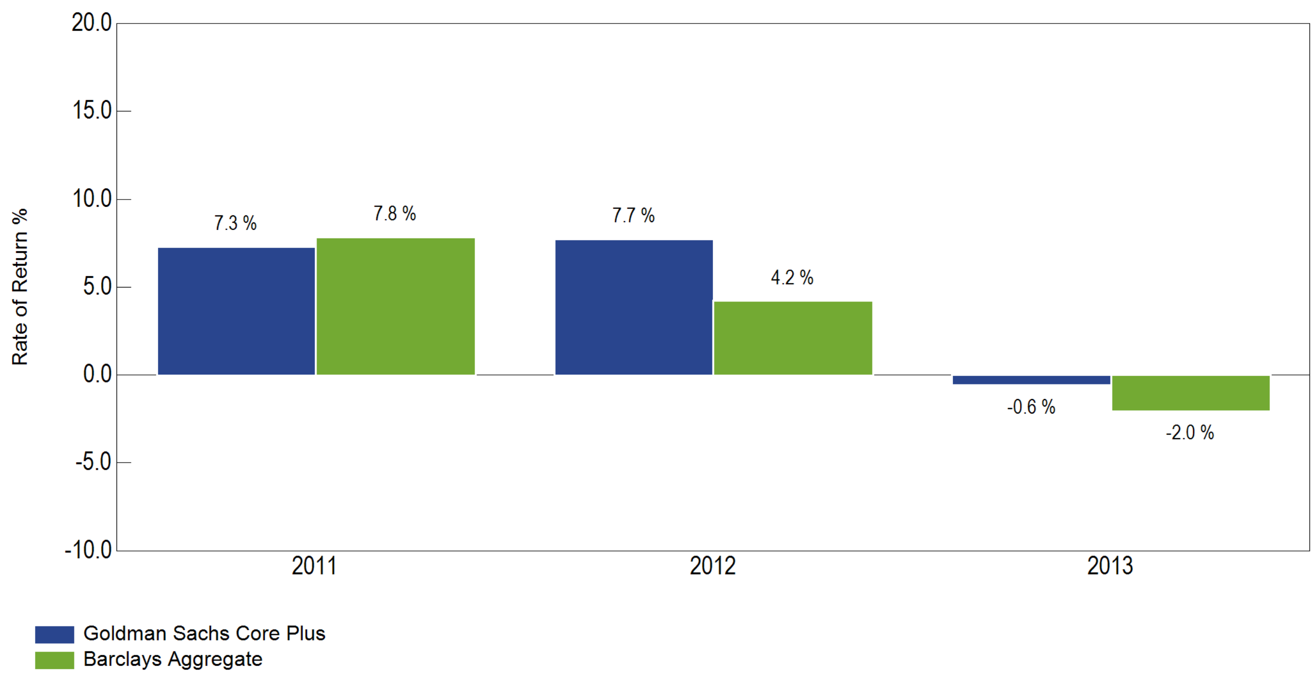
Goldman Sachs Core Plus

$245.2 Million and 3.8% of Fund

Cumulative Value of $1
(Net of Fees)



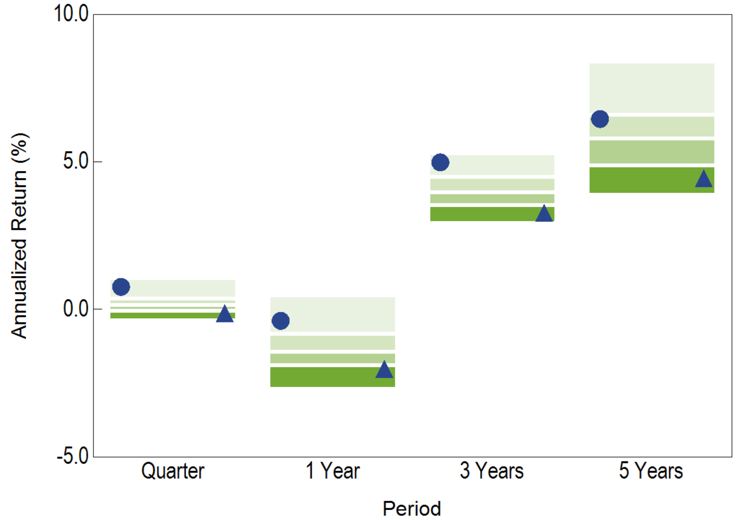
Annual Returns - Net of Fees
Ending December 31, 2013



Goldman Sachs Core Plus

$245.2 Million and 3.8% of Fund

eA US Core Fixed Inc Gross Accounts
Ending December 31, 2013

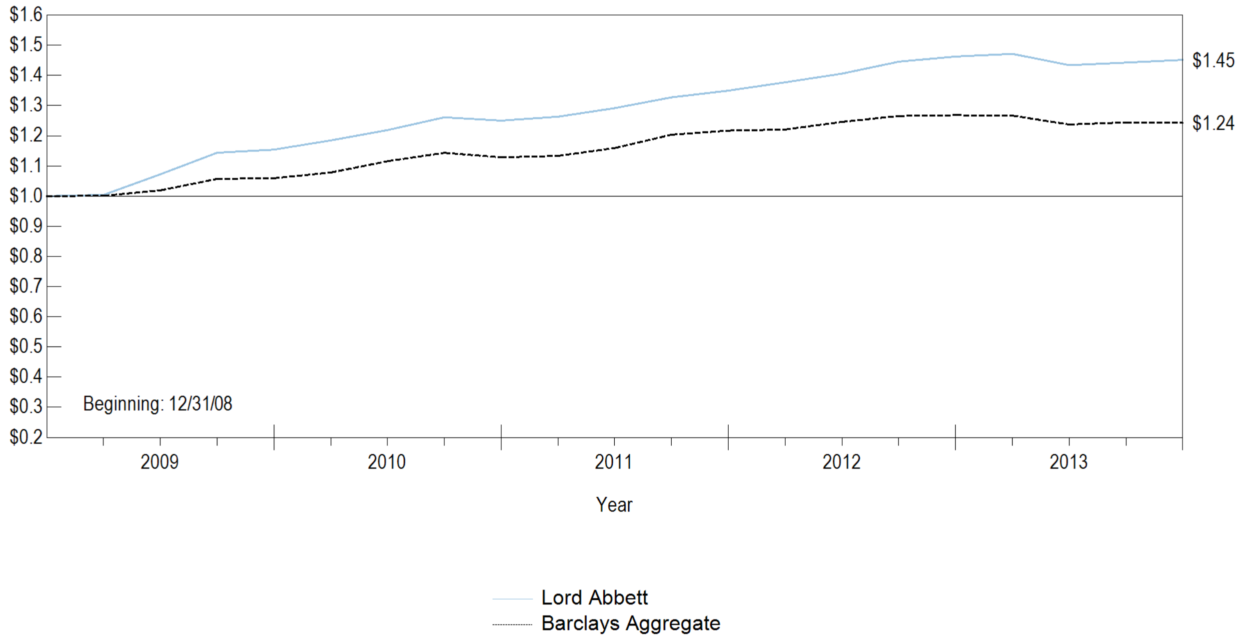


	Return (Rank)							
5th Percentile	1.0		0.5		5.3		8.4	
25th Percentile	0.4		-0.8		4.5		6.6	
Median	0.2		-1.4		4.0		5.8	
75th Percentile	0.0		-1.9		3.5		4.9	
95th Percentile	-0.4		-2.7		2.9		3.9	
# of Portfolios	209		209		207		201	
● Goldman Sachs Core Plus	0.8	(10)	-0.4	(15)	5.0	(10)	6.5	(29)
▲ Barclays Aggregate	-0.1	(84)	-2.0	(82)	3.3	(88)	4.4	(87)

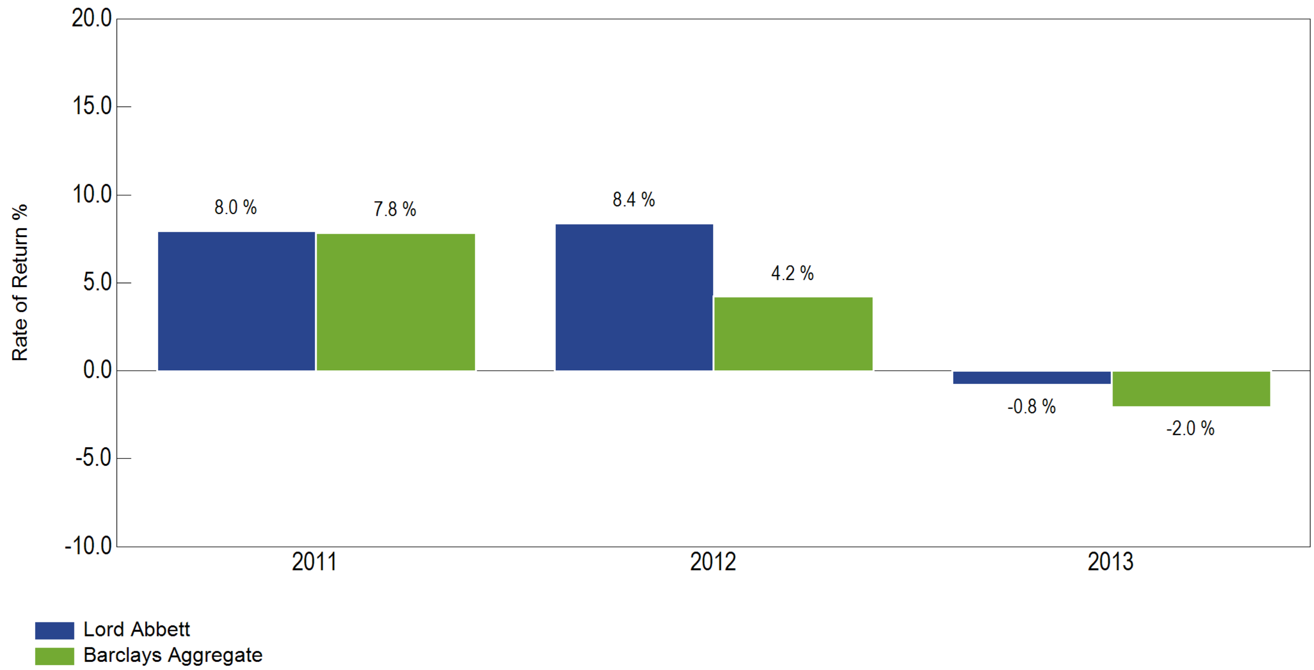
Portfolio Characteristics	Goldman Sachs	Barclays Aggregate
Mkt Value ($Mil)	243.4	n/a
Yield to Maturity (%)	2.7 %	2.5 %
Duration (yrs)	5.2	5.6
Avg. Quality	AA	AA1\AA2

Sectors	Goldman Sachs	Barclays Aggregate
Treasury/Agency	31 %	46 %
Mortgages	30	32
Corporates	21	22
High Yield	2	0
Asset-Backed	6	0
CMBS	2	0
International	0	0
Emerging Markets	4	0
Other	6	0
Cash	-1	0

Cumulative Value of $1
(Net of Fees)

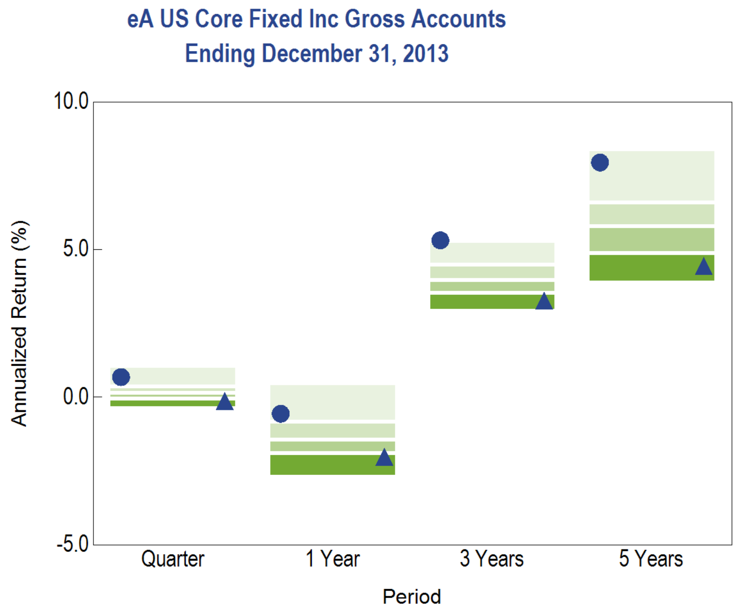


Annual Returns - Net of Fees
Ending December 31, 2013



Lord Abbett

$262.7 Million and 4.1% of Fund

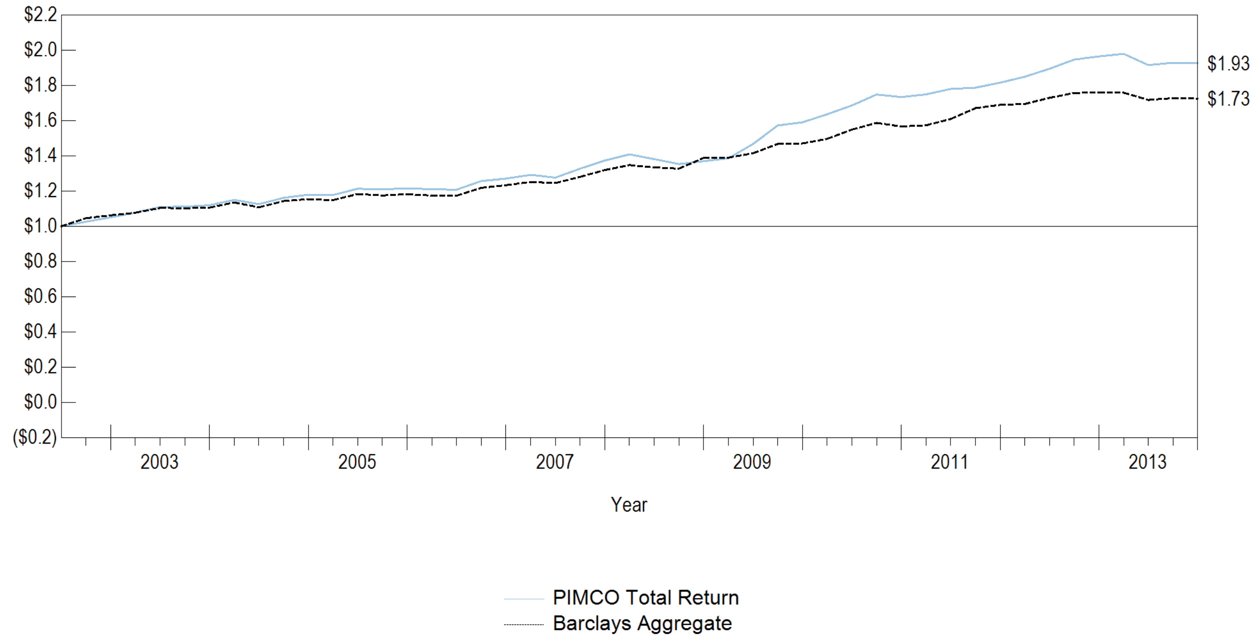


	Return (Rank)							
5th Percentile	1.0		0.5		5.3		8.4	
25th Percentile	0.4		-0.8		4.5		6.6	
Median	0.2		-1.4		4.0		5.8	
75th Percentile	0.0		-1.9		3.5		4.9	
95th Percentile	-0.4		-2.7		2.9		3.9	
# of Portfolios	209		209		207		201	
● Lord Abbett	0.7	(12)	-0.6	(18)	5.3	(5)	7.9	(7)
▲ Barclays Aggregate	-0.1	(84)	-2.0	(82)	3.3	(88)	4.4	(87)

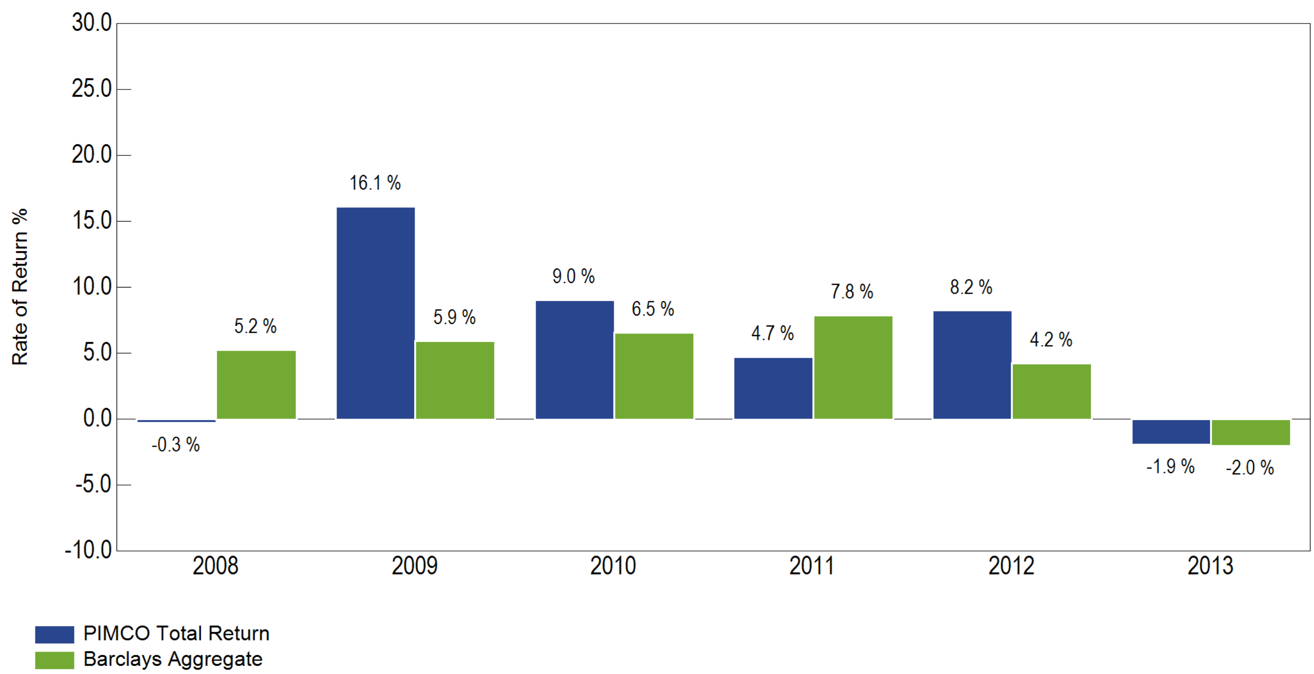
Portfolio Characteristics	Lord Abbett	Barclays Aggregate
Mkt Value ($Mil)	262.7	n/a
Yield to Maturity (%)	3.2 %	2.5 %
Duration (yrs)	5.2	5.6
Avg. Quality	AA	AA1\AA2

Sectors	Lord Abbett	Barclays Aggregate
Treasury/Agency	31 %	46 %
Mortgages	25	32
Corporates	35	22
High Yield	0	0
Asset-Backed	13	0
CMBS	4	0
International	2	0
Emerging Markets	0	0
Other	2	0
Cash	-12	0

Cumulative Value of $1
(Net of Fees)



Annual Returns - Net of Fees
Ending December 31, 2013



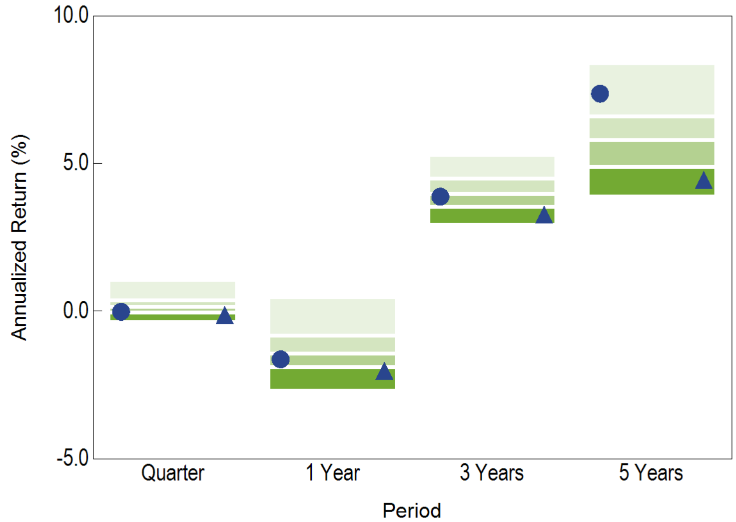
PIMCO Total Return

$312.8 Million and 4.8% of Fund

Portfolio Characteristics	PIMCO	Barclays Aggregate
Mkt Value ($Mil)	312.8	n/a
Yield to Maturity (%)	3.1 %	2.5 %
Duration (yrs)	5.1	5.6
Avg. Quality	AA+	AA1\AA2

Sectors	PIMCO	Barclays Aggregate
Treasury/Agency	40 %	46 %
Mortgages	29	32
Corporates	12	22
High Yield	0	0
Asset-Backed	0	0
CMBS	0	0
International	12	0
Emerging Markets	0	0
Other	1	0
Cash	6	0

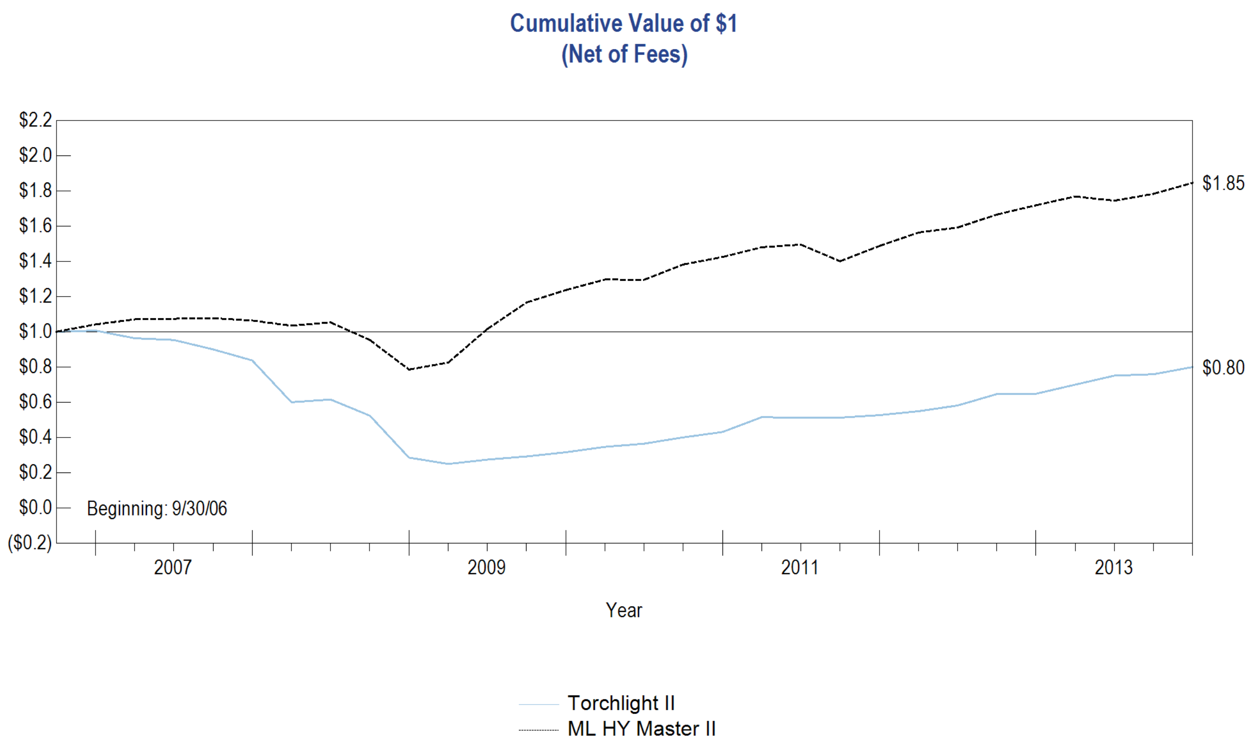
eA US Core Fixed Inc Gross Accounts
Ending December 31, 2013

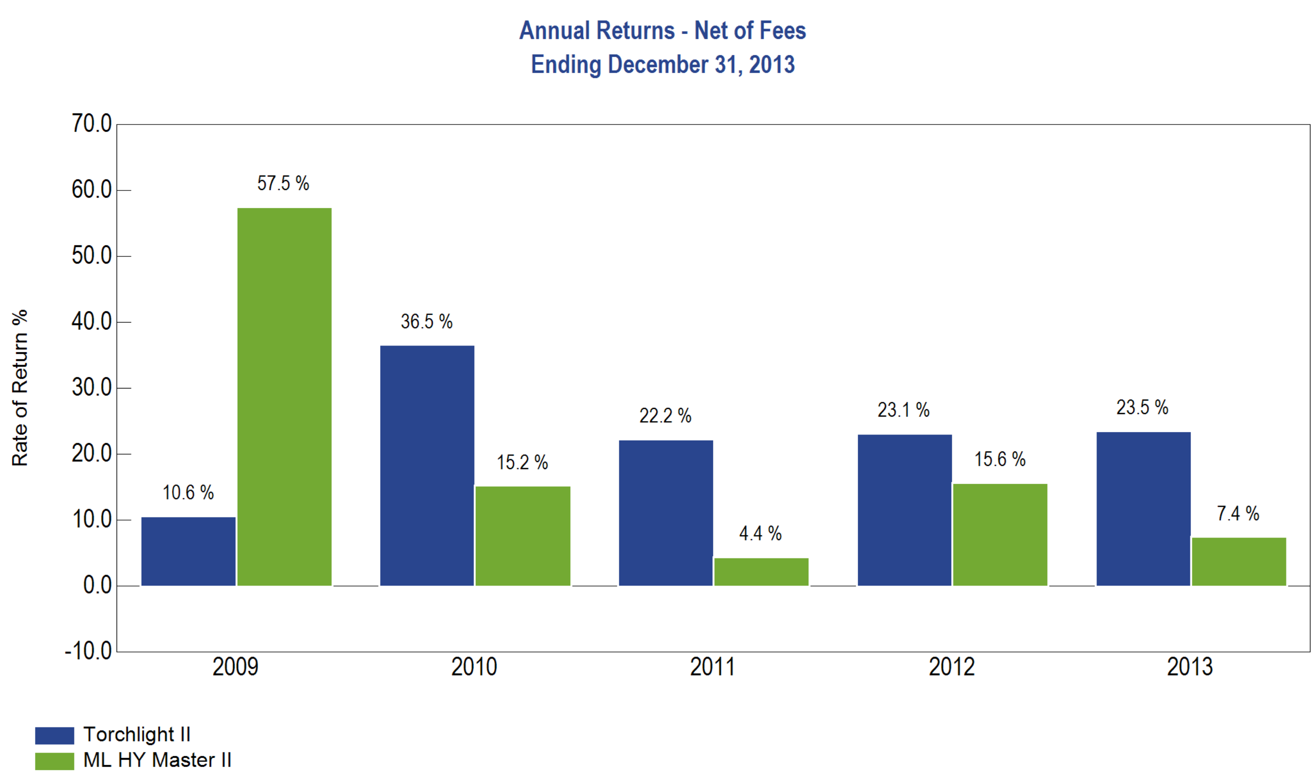


	Quarter	1 Year	3 Years	5 Years
	Return (Rank)			
5th Percentile	1.0	0.5	5.3	8.4
25th Percentile	0.4	-0.8	4.5	6.6
Median	0.2	-1.4	4.0	5.8
75th Percentile	0.0	-1.9	3.5	4.9
95th Percentile	-0.4	-2.7	2.9	3.9
# of Portfolios	209	209	207	201
● PIMCO Total Return	0.0 (75)	-1.6 (61)	3.9 (57)	7.4 (13)
▲ Barclays Aggregate	-0.1 (84)	-2.0 (82)	3.3 (88)	4.4 (87)

Torchlight II

$80.2 Million and 1.2% of Fund

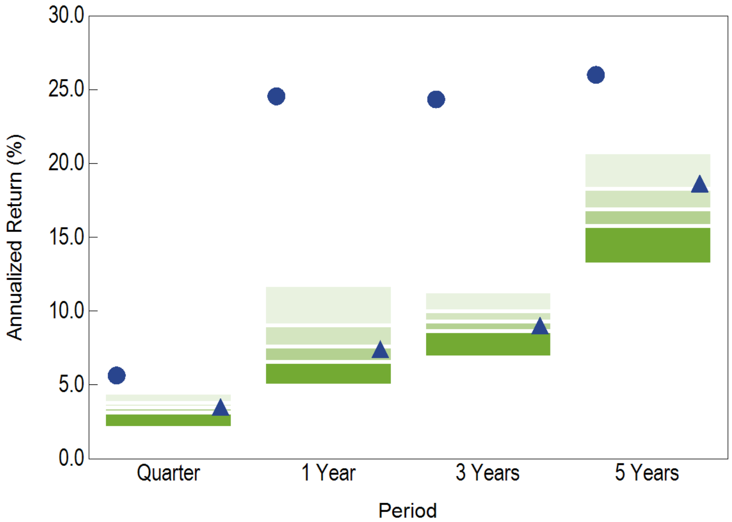




Torchlight II

$80.2 Million and 1.2% of Fund

eA US High Yield Fixed Inc Gross Accounts
Ending December 31, 2013

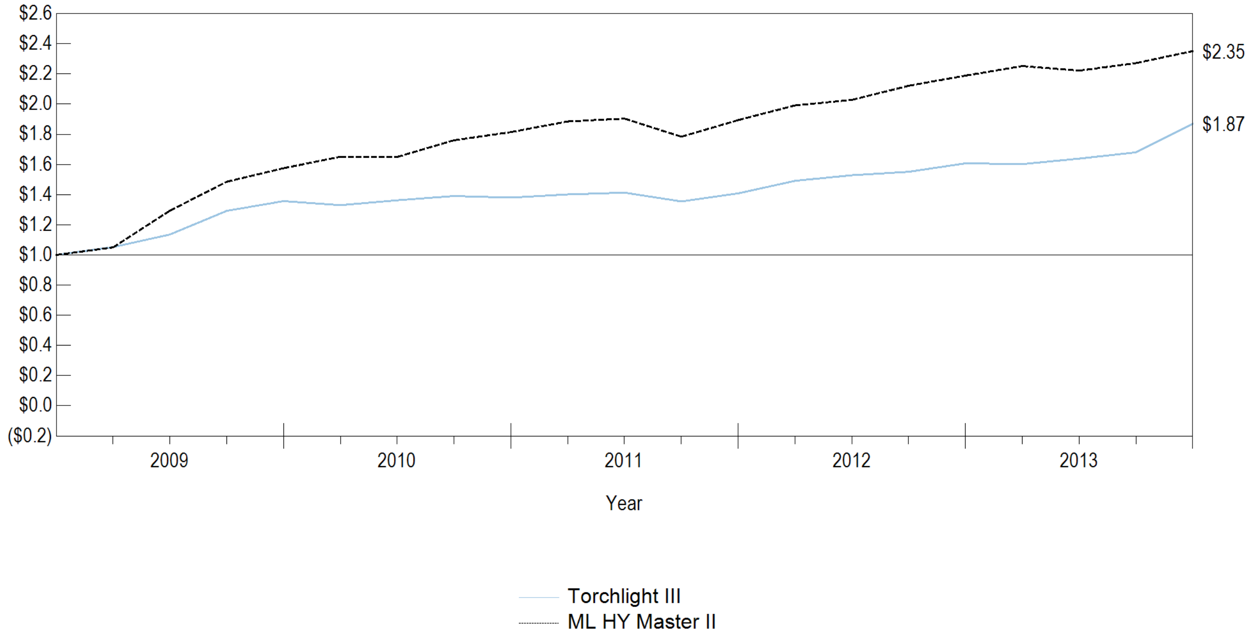


	Return (Rank)							
5th Percentile	4.4		11.7		11.3		20.8	
25th Percentile	3.8		9.1		10.0		18.3	
Median	3.5		7.6		9.3		16.9	
75th Percentile	3.1		6.6		8.7		15.8	
95th Percentile	2.1		5.0		6.9		13.2	
# of Portfolios	130		130		118		108	
● Torchlight II	5.6	(1)	24.6	(1)	24.3	(1)	26.0	(1)
▲ ML HY Master II	3.5	(49)	7.4	(55)	9.0	(64)	18.6	(21)

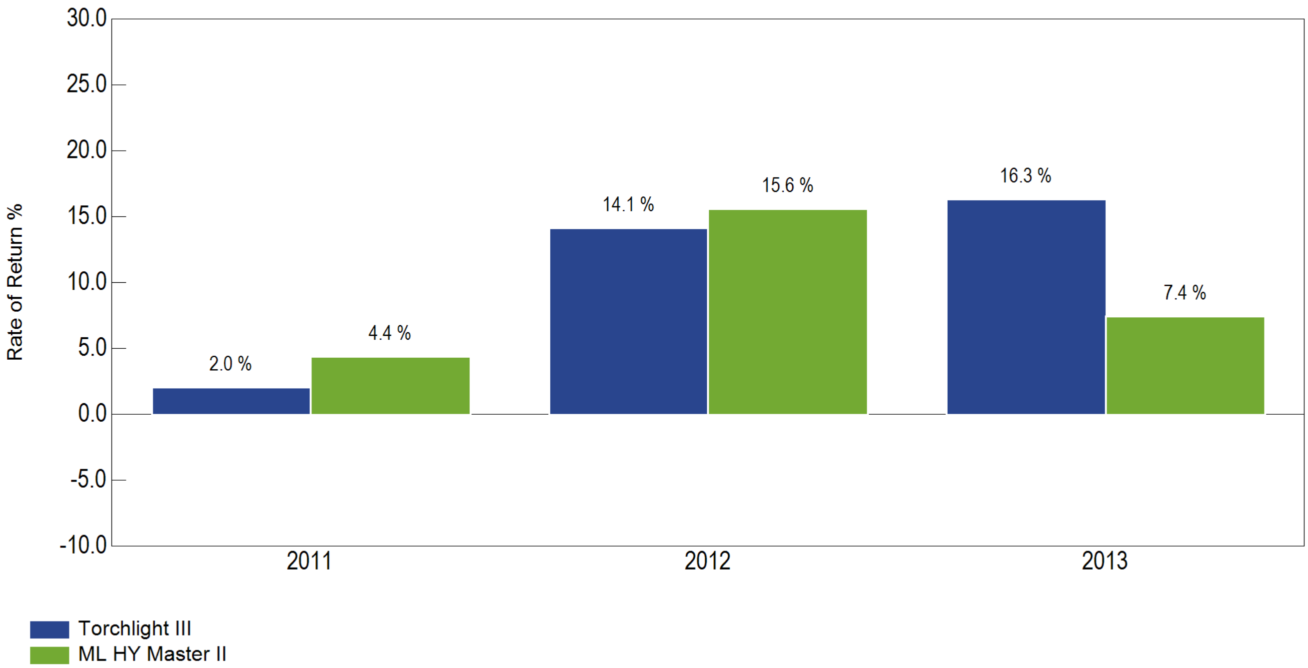
Portfolio Characteristics	Torchlight II	ML High Yield II
Mkt Value ($Mil)	80.2	n/a
Yield to Maturity (%)	10.1 %	5.7 %
Duration (yrs)	4.0	3.7
Avg. Quality	BB-	B1

Quality Distribution	Torchlight II	ML High Yield II
AAA	23 %	0 %
AA	8	0
A	1	0
BBB	19	0
BB	3	45
Less thn BB	8	55
Other	37	0
Cash	0	0
Total High Yield	11	
Total Inv Grade	51.7	100.1

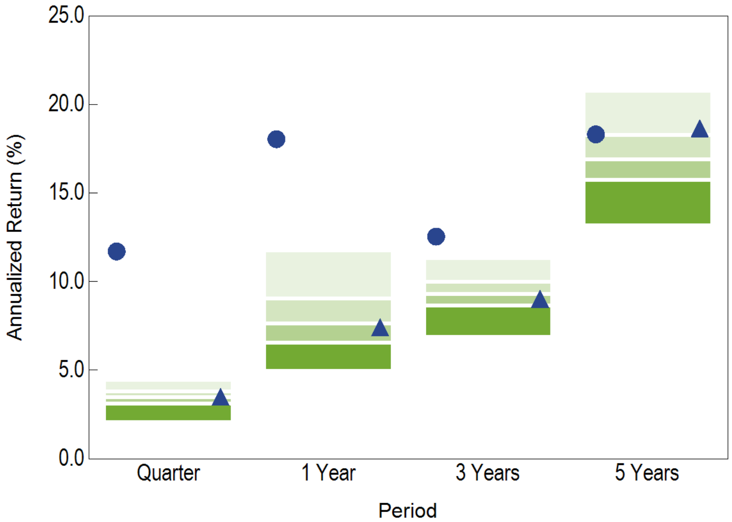
Cumulative Value of $1
(Net of Fees)



Annual Returns - Net of Fees
Ending December 31, 2013



eA US High Yield Fixed Inc Gross Accounts
Ending December 31, 2013

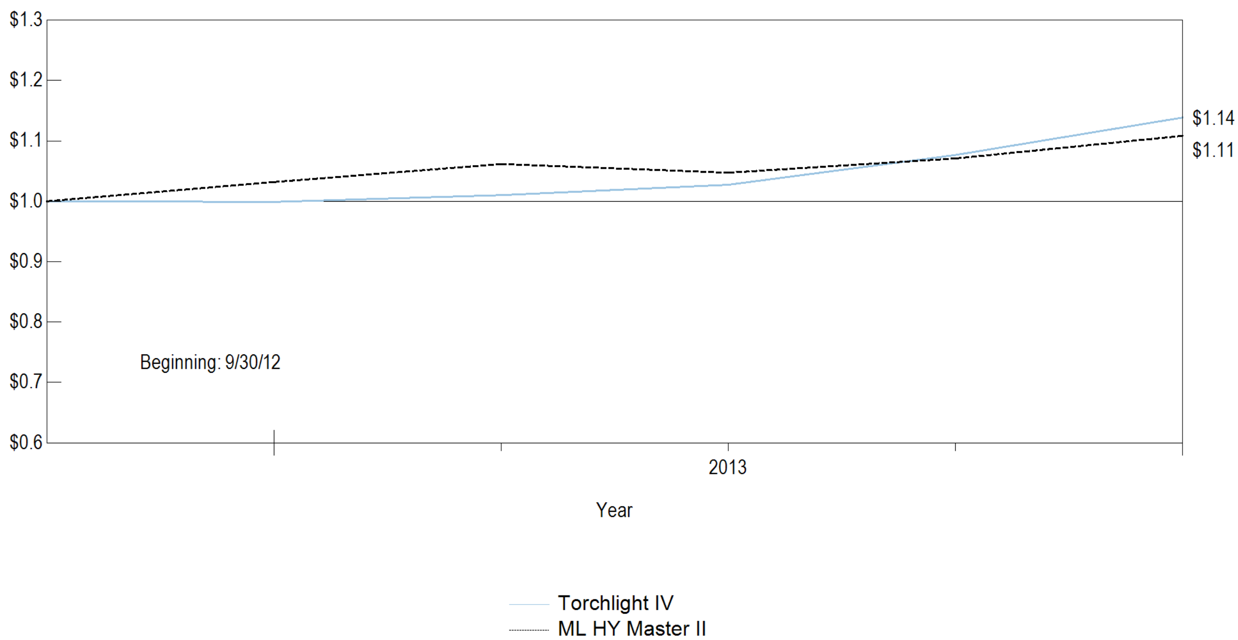


	Return (Rank)							
5th Percentile	4.4		11.7		11.3		20.8	
25th Percentile	3.8		9.1		10.0		18.3	
Median	3.5		7.6		9.3		16.9	
75th Percentile	3.1		6.6		8.7		15.8	
95th Percentile	2.1		5.0		6.9		13.2	
# of Portfolios	130		130		118		108	
● Torchlight III	11.7	(1)	18.0	(1)	12.5	(3)	18.3	(25)
▲ ML HY Master II	3.5	(49)	7.4	(55)	9.0	(64)	18.6	(21)

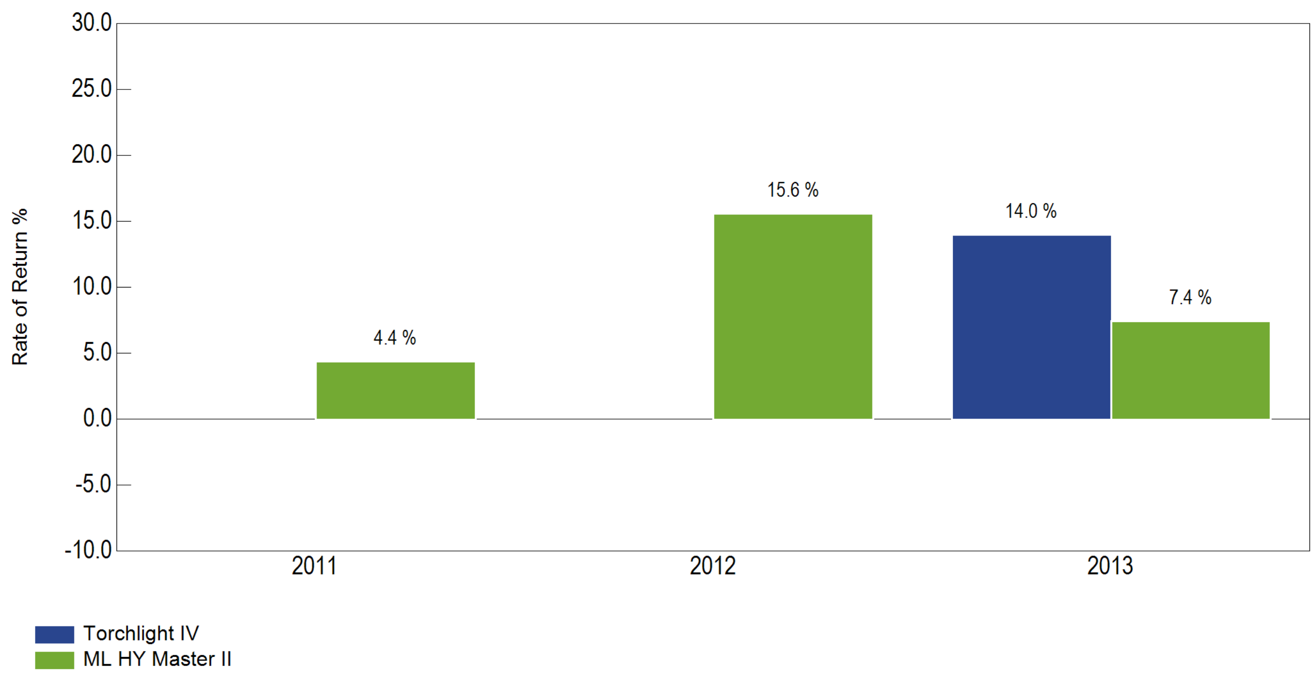
Portfolio Characteristics	Torchlight III	ML High Yield II
Mkt Value ($Mil)	33.5	n/a
Yield to Maturity (%)	18.1 %	5.7 %
Duration (yrs)	5.2	3.7
Avg. Quality	B	B1

Quality Distribution	Torchlight III	ML High Yield II
AAA	16 %	0 %
AA	0	0
A	0	0
BBB	9	0
BB	15	45
Less than BB	40	55
Other	19	0
Cash	0	0

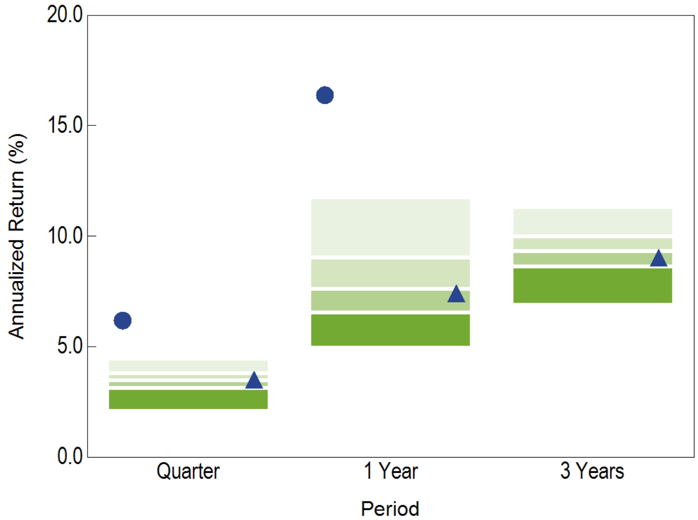
Cumulative Value of $1
(Net of Fees)



Annual Returns - Net of Fees
Ending December 31, 2013



eA US High Yield Fixed Inc Gross Accounts
Ending December 31, 2013

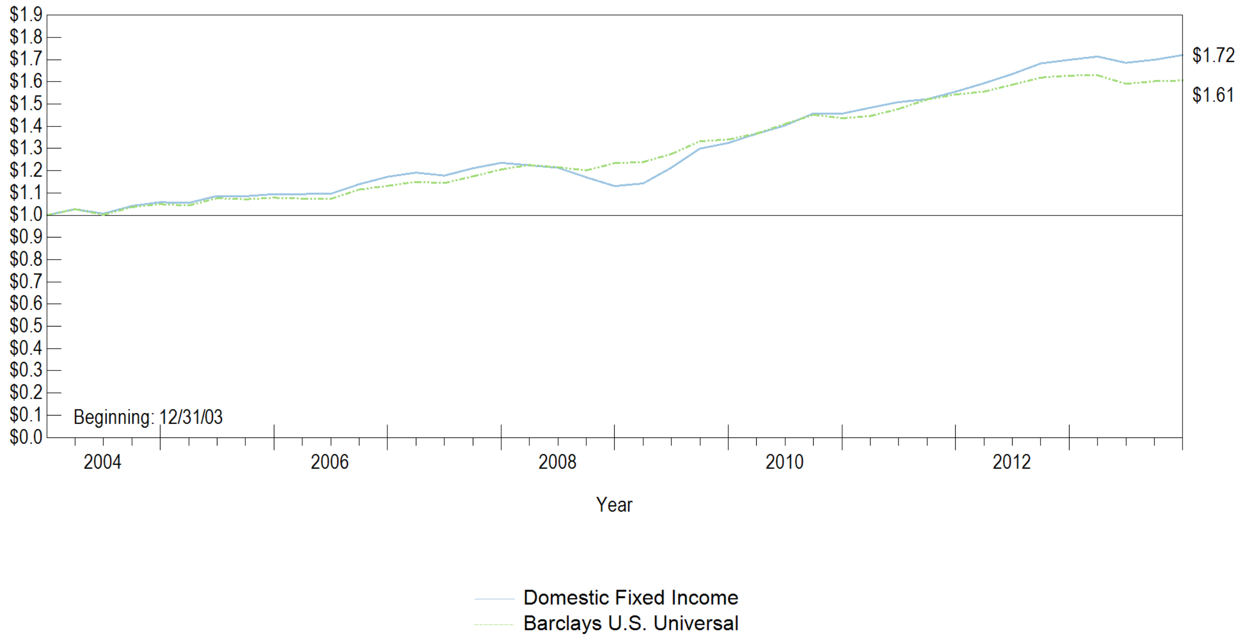


	Return (Rank)					
5th Percentile	4.4		11.7		11.3	
25th Percentile	3.8		9.1		10.0	
Median	3.5		7.6		9.3	
75th Percentile	3.1		6.6		8.7	
95th Percentile	2.1		5.0		6.9	
# of Portfolios	130		130		118	
● Torchlight IV	6.2	(1)	16.4	(1)	--	(--)
▲ ML HY Master II	3.5	(49)	7.4	(55)	9.0	(64)

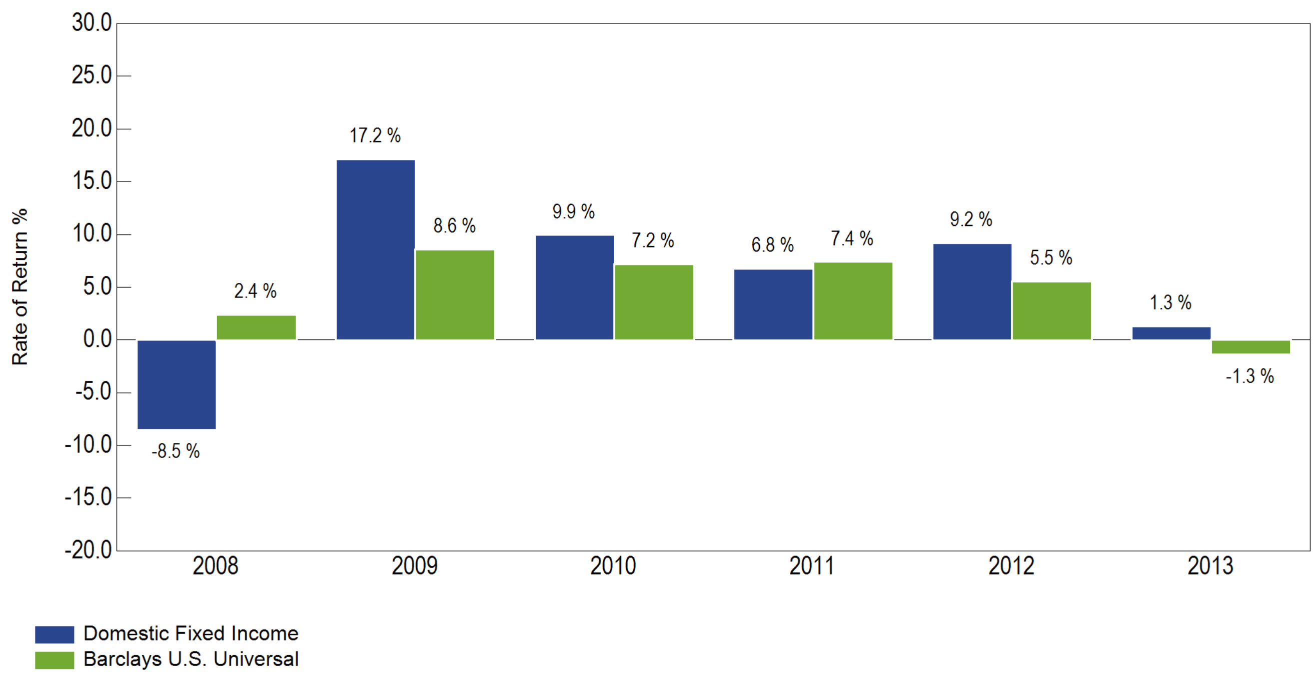
Portfolio Characteristics	Torchlight IV	ML High Yield II
Mkt Value ($Mil)	27.3	n/a
Yield to Maturity (%)	15.7 %	7.1 %
Duration (yrs)	2.6	3.7
Avg. Quality	BB-	B1

Quality Distribution	Torchlight IV	ML High Yield II
AAA	6 %	0 %
AA	0	0
A	0	0
BBB	0	0
BB	0	45
Less than BB	25	55
Other	70	0
Cash	0	0

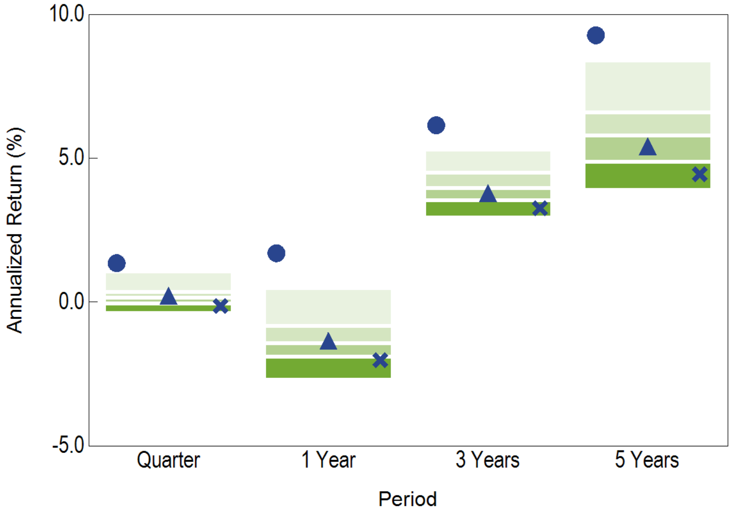
Cumulative Value of $1
(Net of Fees)



Annual Returns - Net of Fees
Ending December 31, 2013



eA US Core Fixed Inc Gross Accounts
Ending December 31, 2013

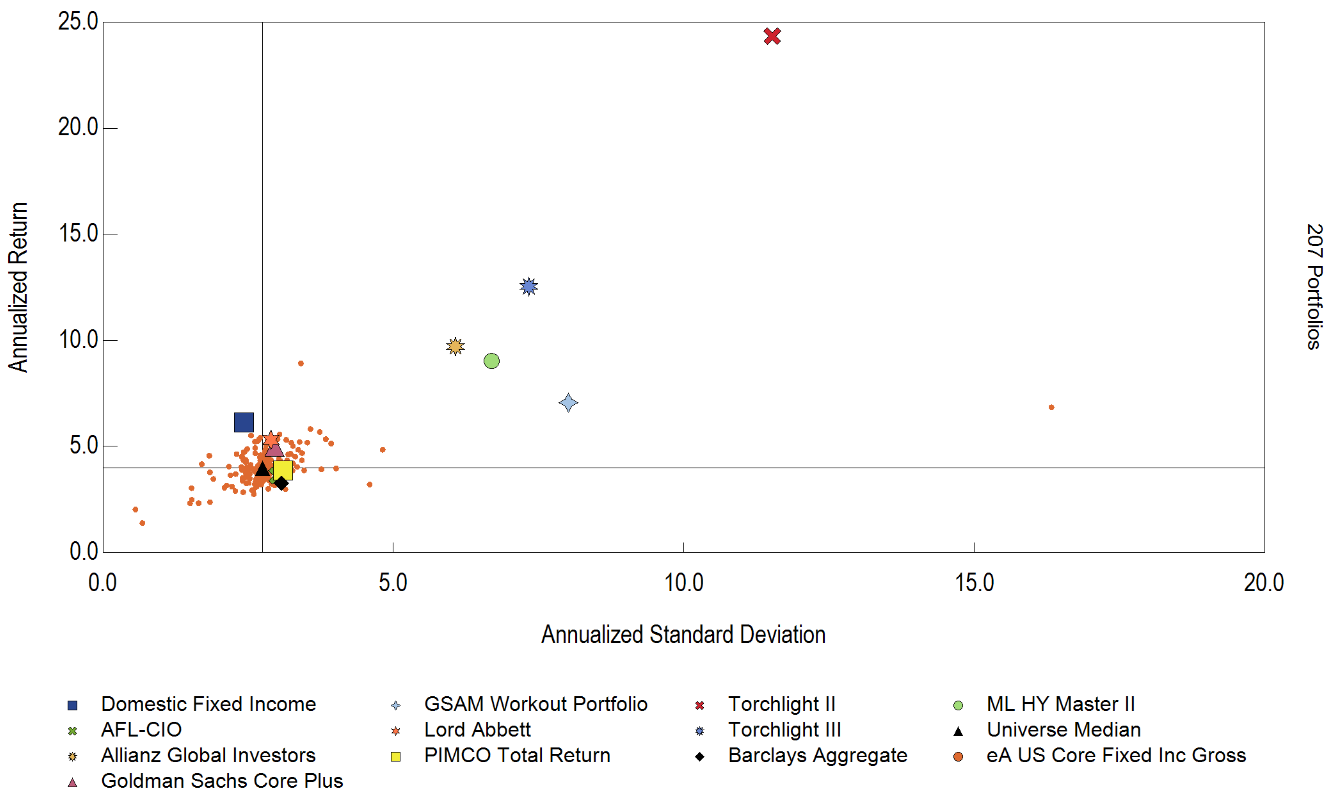


Return (Rank)	Quarter		1 Year		3 Years		5 Years	
5th Percentile	1.0		0.5		5.3		8.4	
25th Percentile	0.4		-0.8		4.5		6.6	
Median	0.2		-1.4		4.0		5.8	
75th Percentile	0.0		-1.9		3.5		4.9	
95th Percentile	-0.4		-2.7		2.9		3.9	
# of Portfolios	209		209		207		201	
● Domestic Fixed Income	1.4	(2)	1.7	(1)	6.1	(1)	9.3	(2)
▲ Barclays U.S. Universal	0.2	(43)	-1.3	(49)	3.8	(62)	5.4	(62)
✕ Barclays Aggregate	-0.1	(84)	-2.0	(82)	3.3	(88)	4.4	(87)

Portfolio Characteristics	Total Fixed	Barclays Universal
Mkt Value ($Mil)	1,471.1	n/a
Yield to Maturity (%)	4.7 %	2.8 %
Duration (yrs)	4.7	5.4
Avg. Quality	AA	n/a

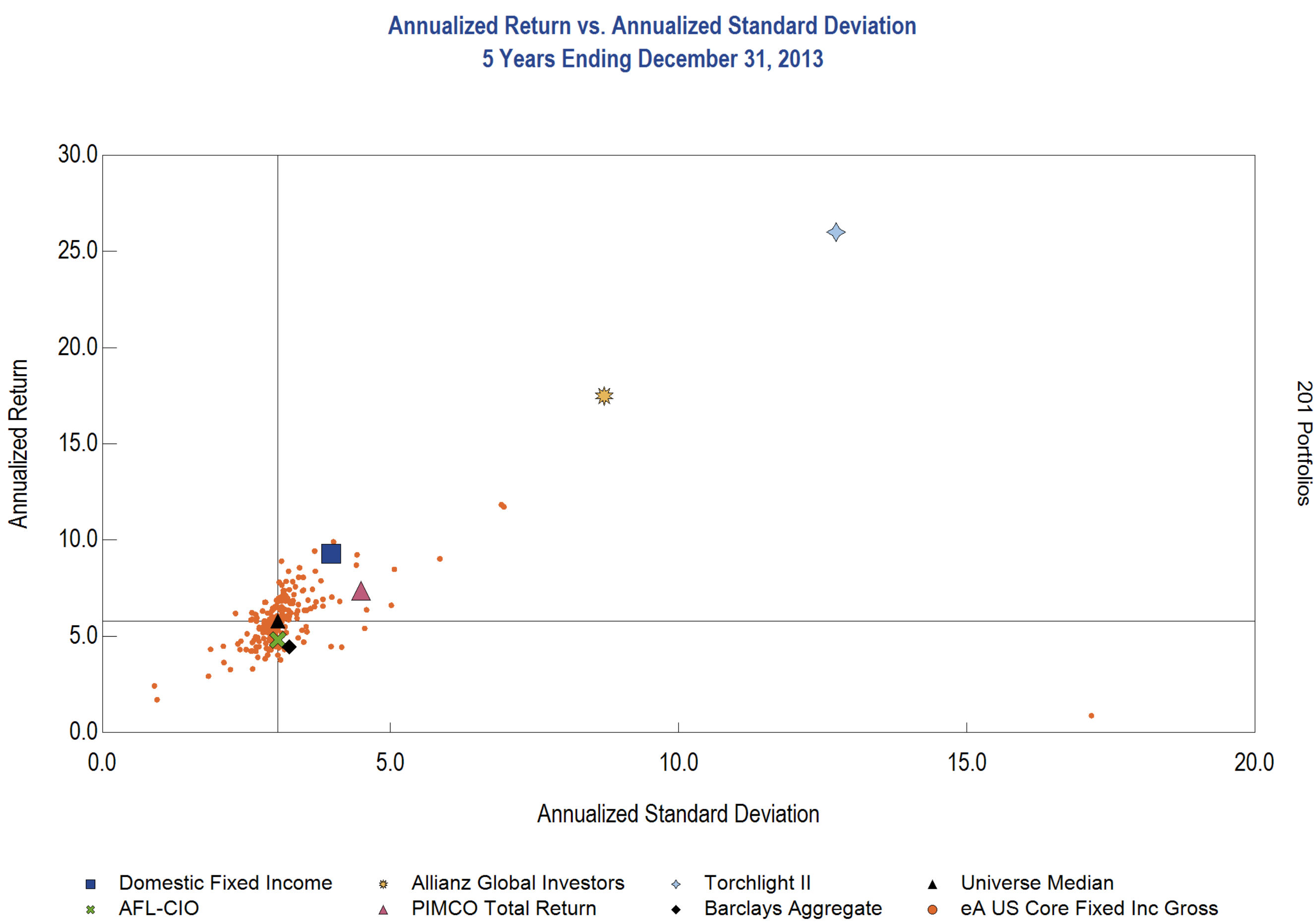
Sectors	Total Fixed	Barclays Universal
Treasury/Agency	20 %	43 %
Mortgages	27	28
Corporates	13	30
High Yield	26	0
Asset-Backed	3	0
CMBS	7	0
International	4	0
Emerging Markets	1	0
Other	1	0
Cash	-1	0

Annualized Return vs. Annualized Standard Deviation
3 Years Ending December 31, 2013



Risk vs. Return for 3 Years Ending December 31, 2013

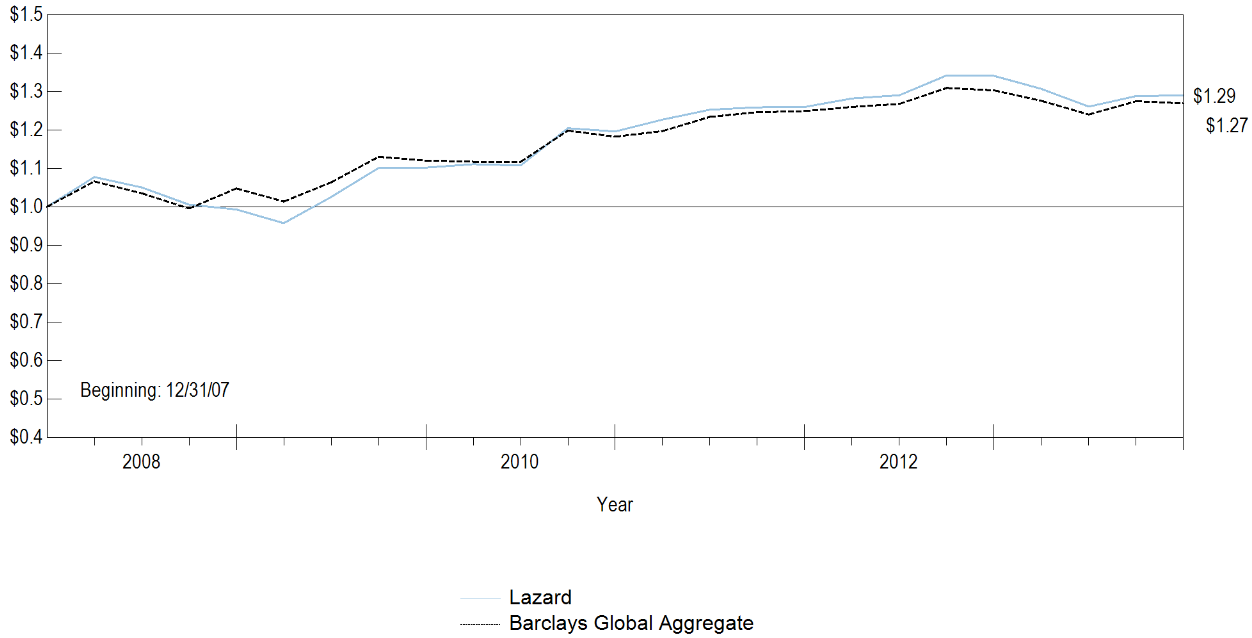
Rank within eA US Core Fixed Inc Gross	Annualized Return	Standard Deviation
Domestic Fixed Income	6.1%	2.4%
AFL-CIO	3.6%	3.0%
Allianz Global Investors	9.7%	6.1%
Goldman Sachs Core Plus	5.0%	3.0%
GSAM Workout Portfolio	7.1%	8.0%
Lord Abbett	5.3%	2.9%
PIMCO Total Return	3.9%	3.1%
Torchlight II	24.3%	11.5%
Torchlight III	12.5%	7.3%
Barclays Aggregate	3.3%	3.1%
ML HY Master II	9.0%	6.7%
Median for this Universe	4.0%	2.7%



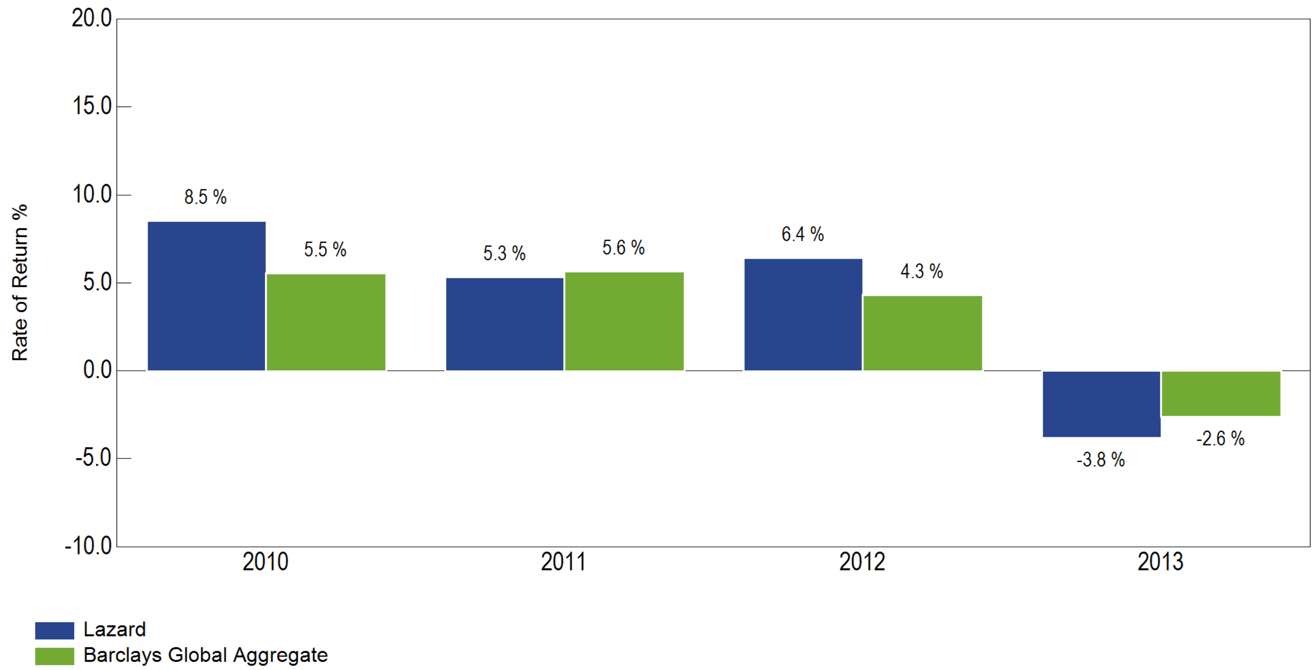
Risk vs. Return for 5 Years Ending December 31, 2013

Rank within eA US Core Fixed Inc Gross	Annualized Return	Standard Deviation
Domestic Fixed Income	9.3%	4.0%
AFL-CIO	4.8%	3.0%
Allianz Global Investors	17.5%	8.7%
PIMCO Total Return	7.4%	4.5%
Torchlight II	26.0%	12.7%
Barclays Aggregate	4.4%	3.2%
ML HY Master II	18.6%	11.9%
Median for this Universe	5.8%	3.0%

Cumulative Value of $1
(Net of Fees)



Annual Returns - Net of Fees
Ending December 31, 2013

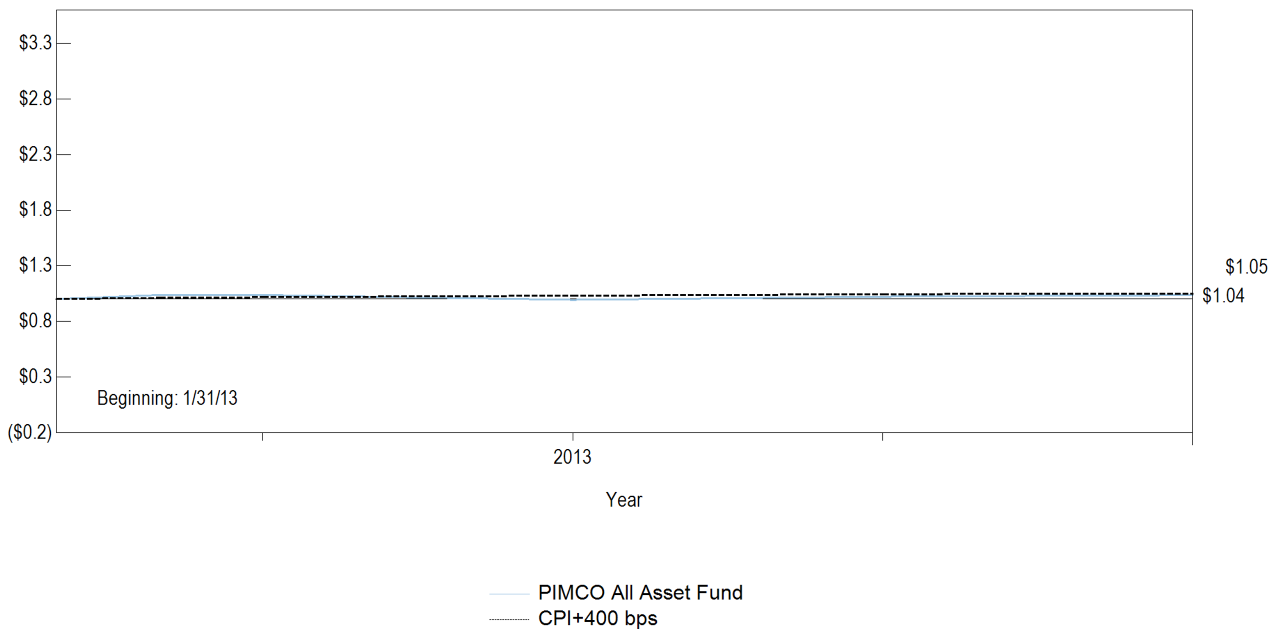


	Return (Rank)							
5th Percentile	4.7		12.1		9.8		18.4	
25th Percentile	2.7		3.9		6.9		11.6	
Median	1.0		0.2		4.7		6.7	
75th Percentile	0.0		-2.8		3.1		4.9	
95th Percentile	-1.1		-5.6		1.4		3.0	
# of Portfolios	227		225		200		162	
● **Lazard**	0.2	(68)	-3.5	(83)	2.8	(81)	5.7	(61)
▲ **Barclays Global Aggregate**	-0.4	(85)	-2.6	(74)	2.4	(87)	3.9	(87)

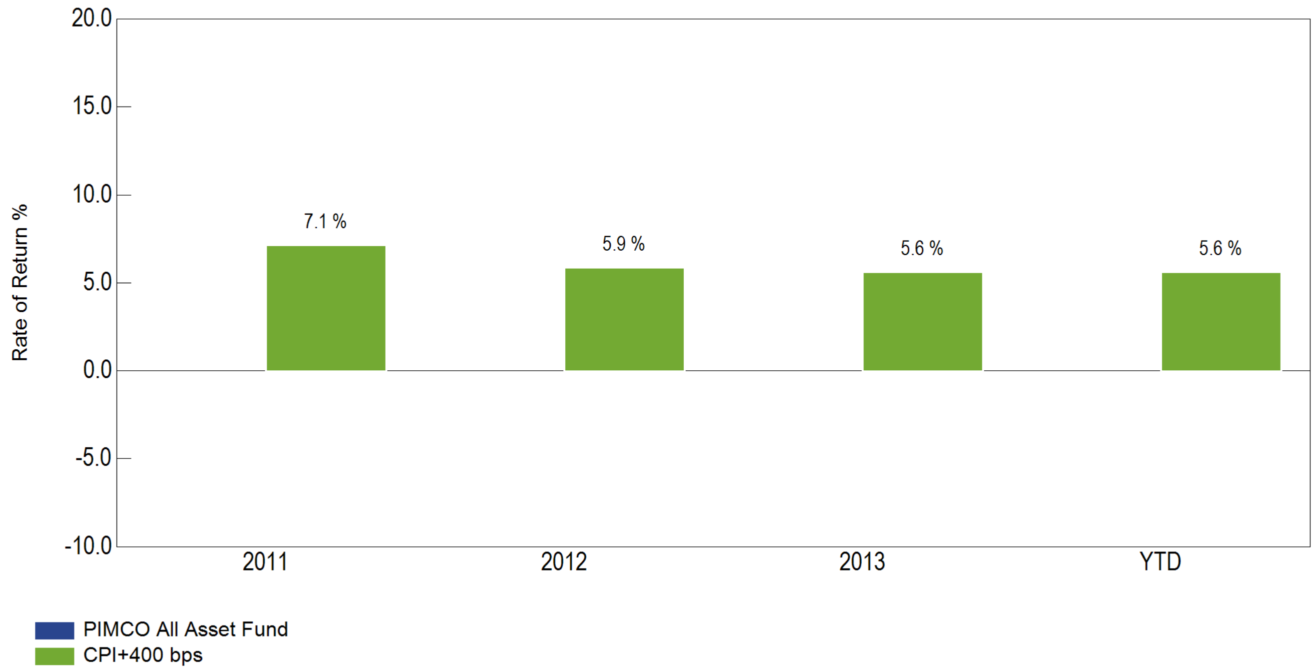
Portfolio Characteristics	**Lazard Asset Mgmt**	**Barclays Global Aggregate**
Mkt Value ($Mil)	254.7	n/a
Yield to Maturity (%)	3.5 %	2.1 %
Duration (yrs)	5.1	6.2
Avg. Quality	AA-	AA+

Sectors	**Lazard Asset Mgmt**	**Barclays Global Aggregate**
Government/Sovereign	37 %	58 %
Agency/Supranational	20	10
Sovereign External Debt	0	0
Corporate	21	17
High Yield	8	0
Emerging Markets	15	0
Mortgage	0	16
Other	0	0

Cumulative Value of $1
(Net of Fees)



Annual Returns - Net of Fees
Ending December 31, 2013



PIMCO All Asset Fund

$112.4 Million and 1.7% of Fund

	Ending December 31, 2013				
	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs
PIMCO All Asset Fund	1.5%	--	--	--	--
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*6.2%*	*6.2%*

Top Holdings as of 09/30/2013

PIMCO INCOME INSTL	10.47%
PIMCO EM FDMTL INDEXPLUS AR STRAT INSTL	9.96%
PIMCO EMERGING LOCAL BOND INSTL	7.34%
PIMCO EMERGING MARKETS CURRENCY INSTL	7.21%
PIMCO INTL FDMTL IDXPLUS AR STRAT INSTL	6.27%
PIMCO HIGH YIELD INSTL	5.49%
PIMCO UNCONSTRAINED BOND INST	5.37%
PIMCO HIGH YIELD SPECTRUM INSTL	4.22%
PIMCO WLDWD FDMTL ADVTG AR STRAT INSTL	3.87%
PIMCO LONG-TERM CREDIT INSTITUTIONAL	3.84%

Top Countries as of 09/30/2013

United States	2.88%
Cayman Islands	1.82%
Brazil	1.40%
Canada	1.19%
South Africa	1.01%
Netherlands	0.95%
Ireland	0.80%
Mexico	0.80%
Indonesia	0.71%
Venezuela	0.45%

Portfolio Fund Information as of 09/30/2013

Ticker	PAAIX
Morningstar Category	World Allocation
Average Market Cap ($mm)	20,134.49
Net Assets ($mm)	26,261.96
% Assets in Top 10 Holdings	64.03
Total Number of Holdings	46
Manager Name	Robert D. Arnott
Manager Tenure	12
Expense Ratio	0.89%
Closed to New Investors	No

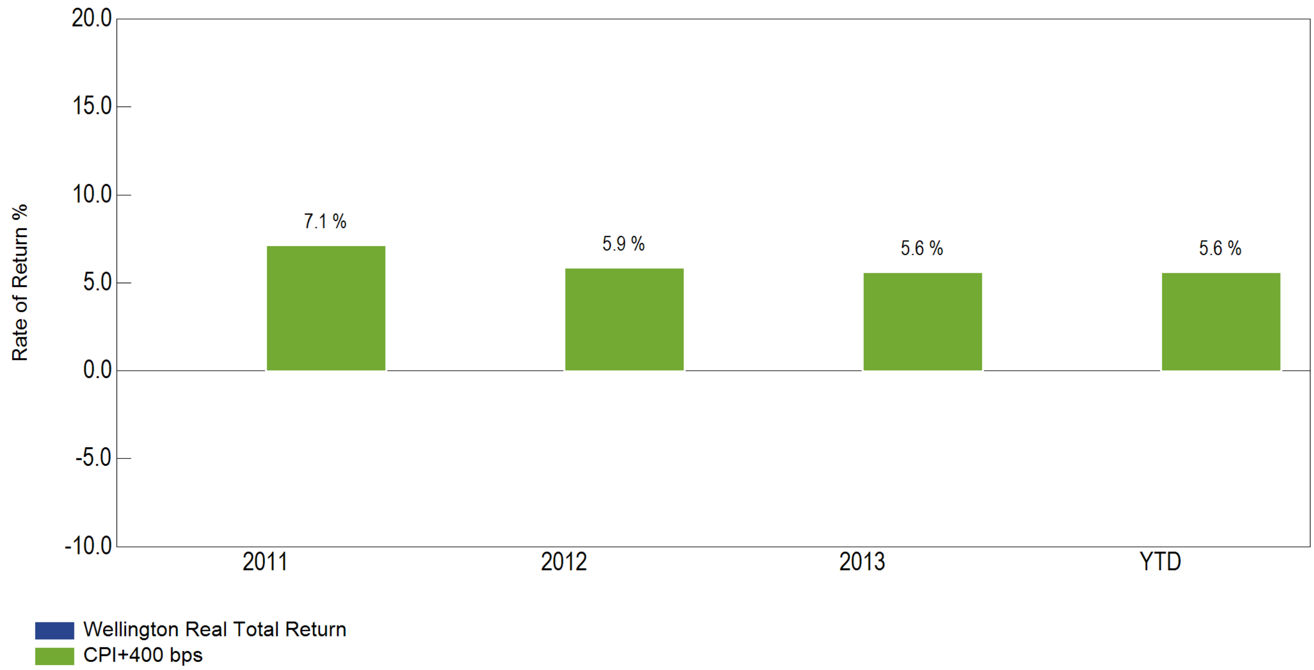
Description:

The investment seeks maximum real return, consistent with preservation of real capital and prudent investment management.

The fund normally invests substantially all of its assets in Institutional Class or Class M shares of any funds of the Trust or PIMCO Equity Series, an affiliated open-end investment company, except other funds of funds, or shares of any actively-managed funds of the PIMCO ETF Trust, an affiliated investment company. The fund's investment in a particular Underlying PIMCO Fund normally will not exceed 50% of its total assets. It is non-diversified.

Cumulative Value of $1
(Net of Fees)

Annual Returns - Net of Fees
Ending December 31, 2013

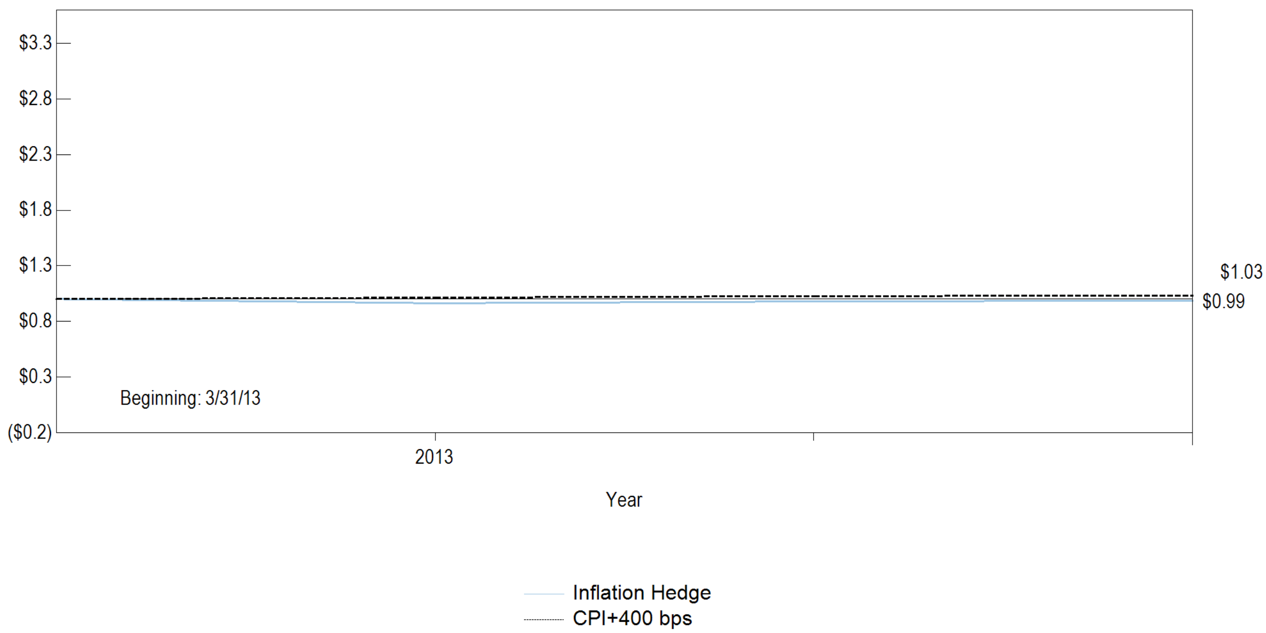


Wellington Real Total Return

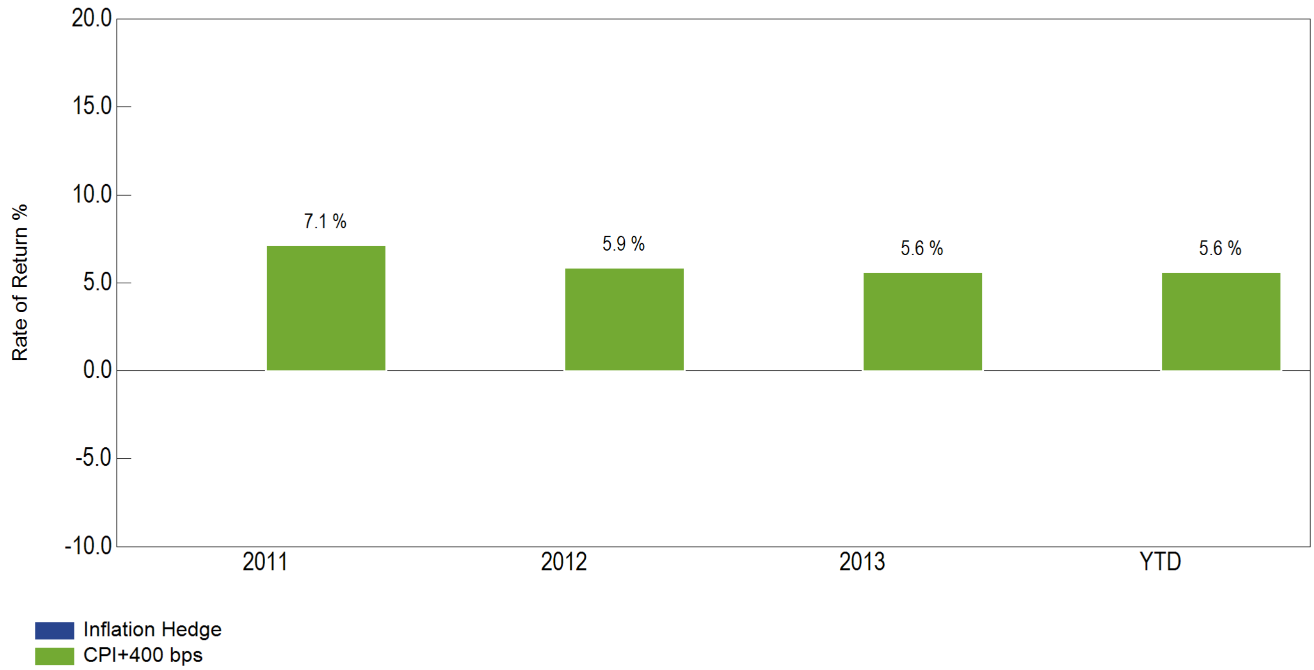
$200.3 Million and 3.1% of Fund

	Ending December 31, 2013				
	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs
Wellington Real Total Return	0.6%	--	--	--	--
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*6.2%*	*6.2%*

Cumulative Value of $1
(Net of Fees)



Annual Returns - Net of Fees
Ending December 31, 2013

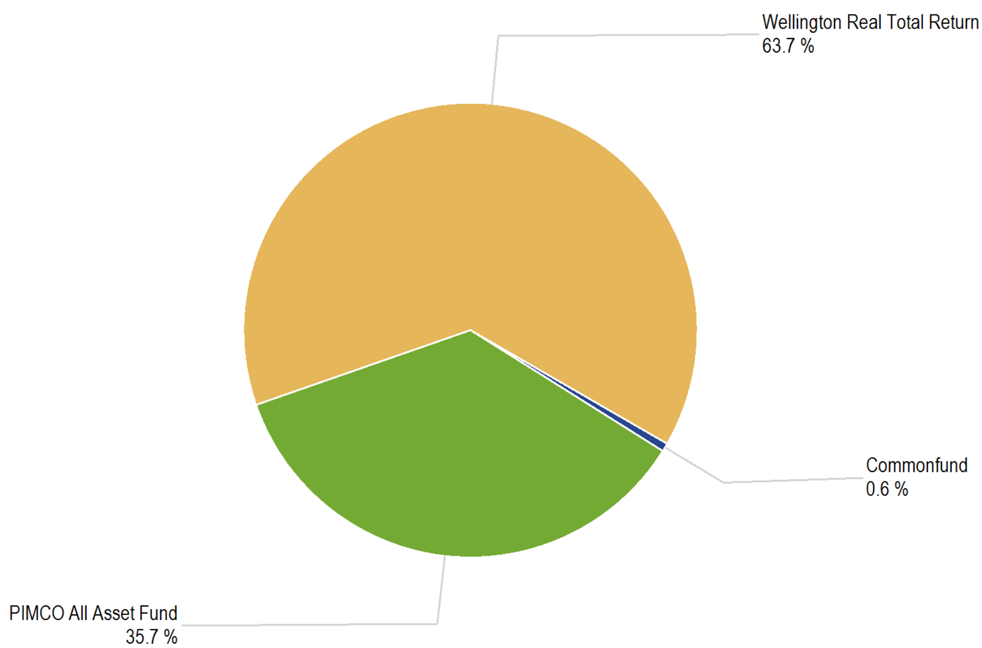


Total Inflation Hedge

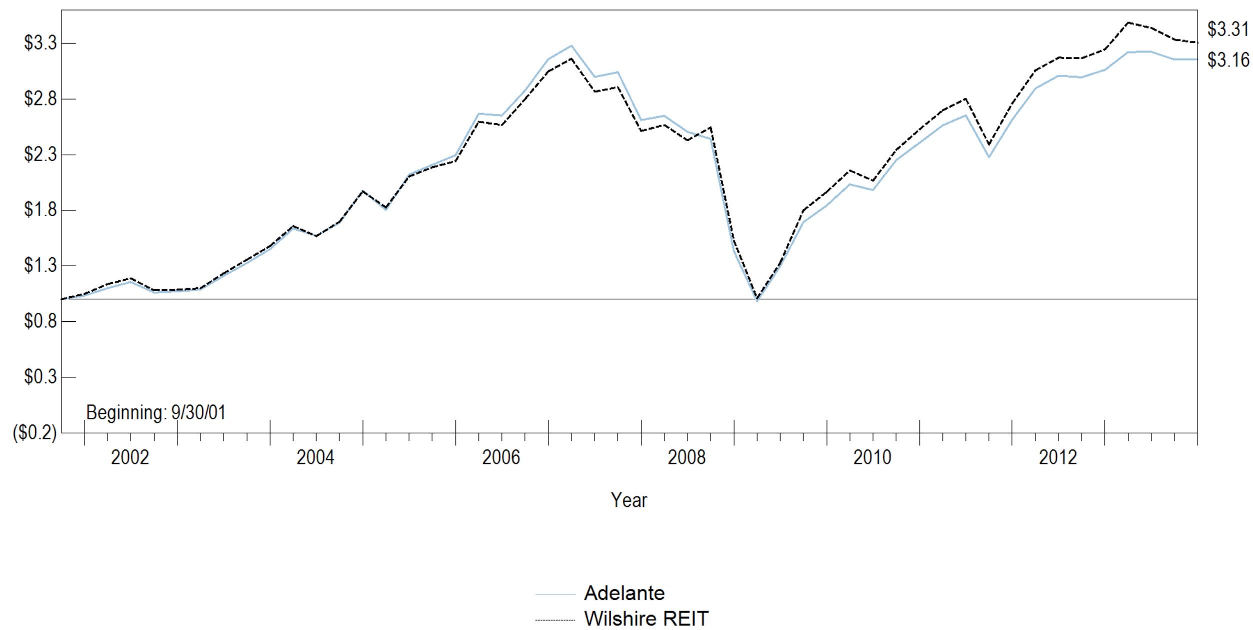
$314.6 Million and 4.9% of Fund

	Ending December 31, 2013				
	3 Mo	YTD	1 Yr	3 Yrs	5 Yrs
Inflation Hedge	**0.9%**	**--**	**--**	**--**	**--**
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*6.2%*	*6.2%*
PIMCO All Asset Fund	1.5%	--	--	--	--
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*6.2%*	*6.2%*
Wellington Real Total Return	0.6%	--	--	--	--
CPI+400 bps	*0.5%*	*5.6%*	*5.6%*	*6.2%*	*6.2%*
Commonfund	-0.5%	--	--	--	--
CPI+500 bps	*0.6%*	*6.4%*	*6.4%*	*7.3%*	*7.3%*

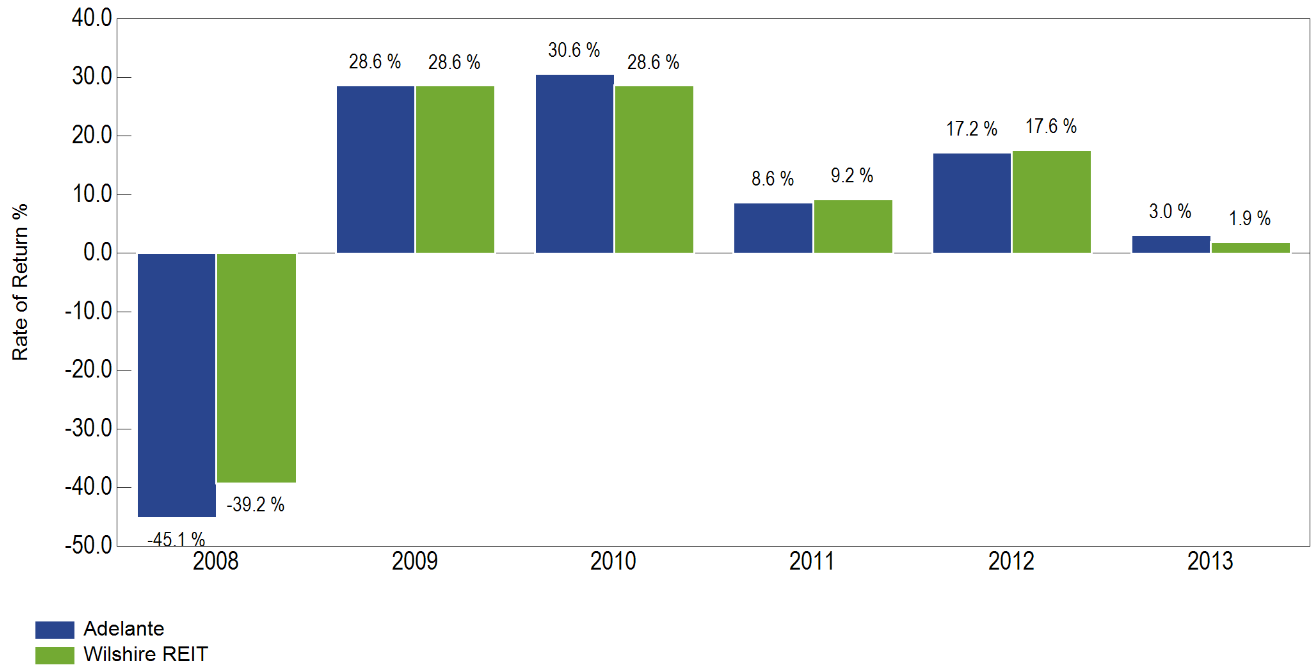
Current Mix of Inflation Hedging Investments



Cumulative Value of $1
(Net of Fees)



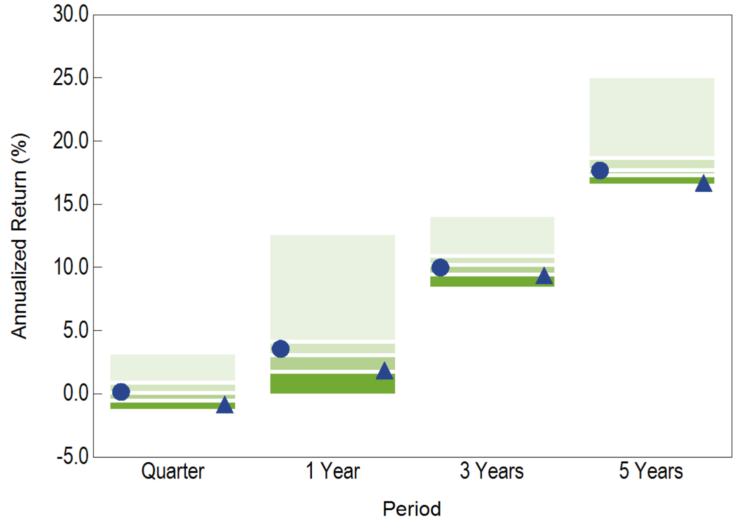
Annual Returns - Net of Fees
Ending December 31, 2013



Adelante

$201.8 Million and 3.1% of Fund

eA US REIT Gross Accounts
Ending December 31, 2013

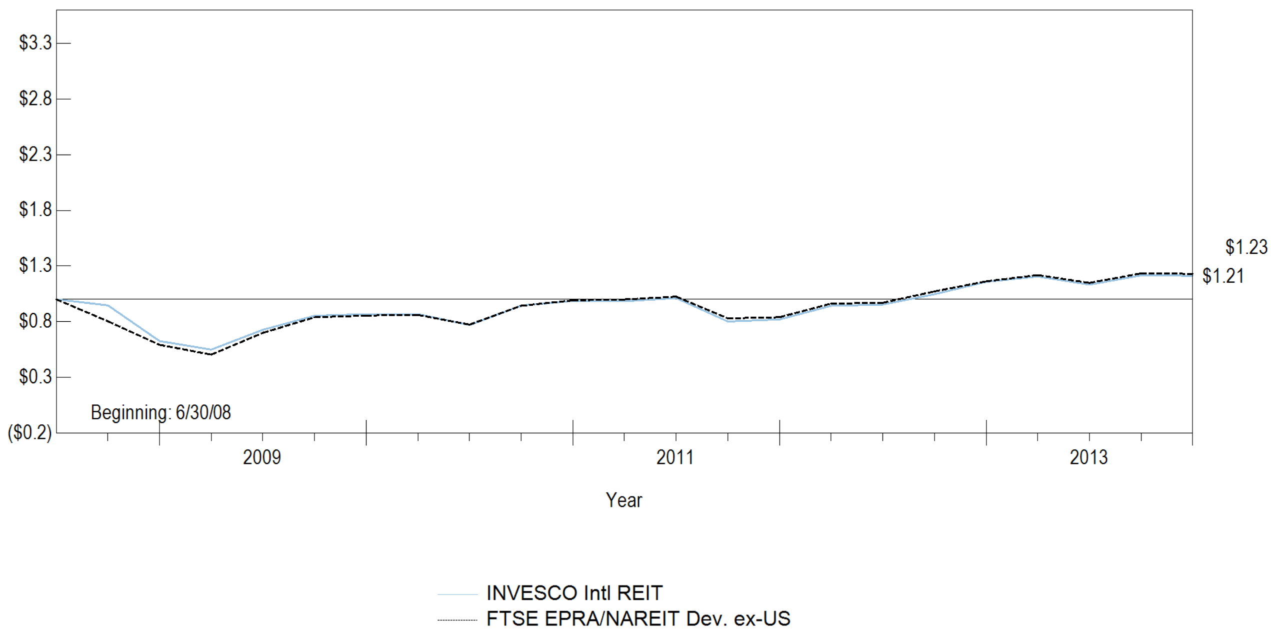


	Return (Rank)							
5th Percentile	3.2		12.7		14.1		25.1	
25th Percentile	0.9		4.1		10.9		18.7	
Median	0.1		3.1		10.2		17.7	
75th Percentile	-0.5		1.8		9.5		17.3	
95th Percentile	-1.3		-0.1		8.4		16.5	
# of Portfolios	44		44		42		41	
● Adelante	0.1	(45)	3.6	(40)	10.0	(61)	17.7	(53)
▲ Wilshire REIT	-0.8	(85)	1.9	(73)	9.4	(79)	16.7	(88)

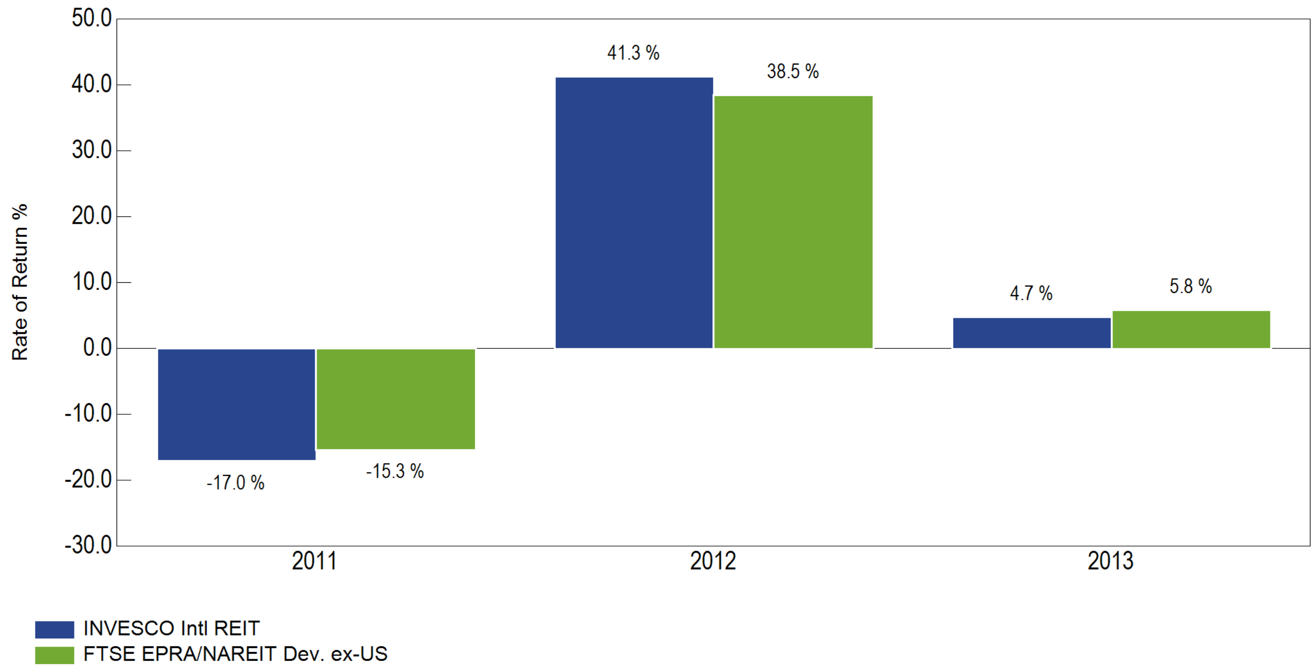
Characteristics

	Portfolio
Number of Holdings	37
Weighted Avg. Market Cap. ($B)	14.82
Median Market Cap. ($B)	4.12
Price To Earnings	34.63
Price To Book	2.87
Price To Sales	7.80
Return on Equity (%)	9.95
Yield (%)	3.54
Beta (holdings; global)	1.40
ASSET ALLOCATION	
Number of Holdings	37
US Equity	98.77
Non-US Equity	0.00
US Fixed Income	0.00
Non-US Fixed Income	0.63
Cash	0.60
Alternatives	0.00
Real Estate	0.00
Other	0.00

Cumulative Value of $1
(Net of Fees)

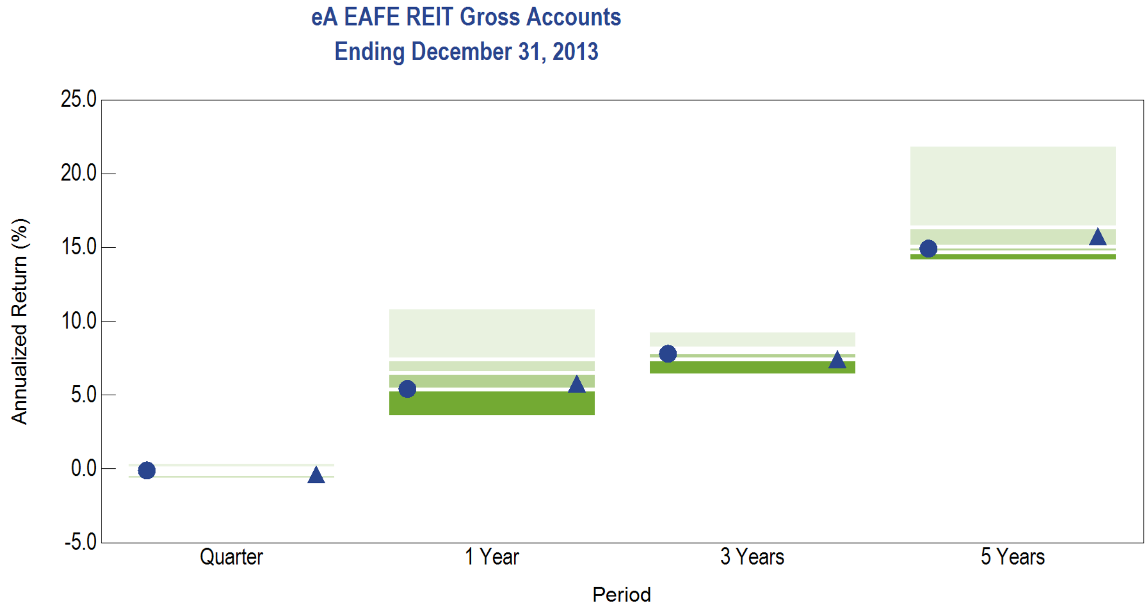


Annual Returns - Net of Fees
Ending December 31, 2013



INVESCO Intl REIT

$91.1 Million and 1.4% of Fund



	Return (Rank)							
5th Percentile	0.5		10.9		9.3		22.0	
25th Percentile	0.1		7.5		8.2		16.4	
Median	-0.1		6.5		7.9		15.1	
75th Percentile	-0.4		5.4		7.4		14.7	
95th Percentile	-0.7		3.5		6.4		14.1	
# of Portfolios	11		11		11		11	
● INVESCO Intl REIT	-0.1	(39)	5.4	(75)	7.8	(64)	14.9	(57)
▲ FTSE EPRA/NAREIT Dev. ex-US	-0.4	(74)	5.8	(73)	7.4	(76)	15.8	(35)

MANAGER COMMENTS – REAL ESTATE

For all but the Adelante and INVESCO REIT portfolios please see the Internal Rate of Return table on page 20.

Adelante Capital Management
$201,754,011

Adelante Capital Management returned 0.9% for the fourth quarter, above the -0.8% return of the Wilshire REIT Index. For the past year, Adelante returned 3.0% above the REIT index return of 1.9%.

As of December 31, 2013, the portfolio consisted of 35 public REITs. office properties comprised 12.1% of the underlying portfolio, apartments made up 17.3%, retail represented 25.1%, industrial was 9.6%, 3.8% was diversified/specialty, storage represented 6.6%, healthcare accounted for 11.5%, hotels accounted for 9.1%, manufactured Homes/Single Family homes 1.8% and Triple-Net Lease 1.4%.

Angelo Gordon Realty Fund VIII
$43,232,177

Angelo Gordon Realty Fund VIII returned 3.5% in the fourth quarter. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, Angelo Gordon has returned 22.3%. The Fund held investments in 39 real estate transactions totaling $543 million on a net cash basis and $680 million on a fair market value GAAP basis.

DLJ Real Estate Capital Partners II
$4,398,614

DLJ Real Estate Capital Partners II (RECP II) reported a return of -1.8% in the fourth quarter of 2013. (Performance lags by one quarter due to financial reporting constraints.) Over the one-year period, RECP II has returned 17.9%. CCCERA has a 3.4% ownership interest in RECP II.

As of December 31, 2013, the portfolio consisted of 0.3% in retail, hotels accounted for 61.4%, land development made up 18.6%, and residential properties accounted for 6.9%, and 12.8% in securities. The properties were diversified geographically with 87.1% domestic and 12.9% international.

The RECP II Fund has delivered strong results and is substantially realized. The Fund invested $1.02 billion and has distributed $2.02 billion to date. The remaining investments represent approximately $110 million in book value. DLJ expects to exit the remaining few investments and close the fund in an orderly manner over the next 12-18 months.

DLJ Real Estate Capital Partners III
$44,554,737

DLJ Real Estate Capital Partners III (RECP III) reported a return of 2.9% in the fourth quarter of 2013. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, RECP III returned 12.3%. CCCERA has a 6.7% ownership interest in RECP III.

As of December 31, 2013 the portfolio consisted of 26.1% hotel properties, 26.5% industrial, 41.3% mixed-use development, 2.0% apartments, 1.0% retail, 3.1% vacation home development and others. The properties were diversified globally with 72.1% international and 27.9% domestic.

The Fund completed 47 investments in U.S and Europe. To date the Fund has fully realized 31 investments resulting in net profits of $99 million and a gross proceeds to invested equity multiple of 1.2x. These realizations along with partial realizations, refinancing proceeds, and operating cash flows enabled the Fund to generate $785 million in realized proceeds to date. The book to value of the remaining portfolio is currently approximately $680 million. The Fund is on a stable track and positioned to achieve a gross equity multiple of approximately 1.3x based on current business plans.

DLJ Real Estate Capital Partners IV
$79,764,295

DLJ Real Estate Capital Partners IV (RECP IV) returned 2.4% in the fourth quarter of 2013. (Performance lags by one quarter due to financial reporting constraints). Over the past year, the fund has returned 8.5%. CCCERA has a 9.2% ownership interest in RECP IV.

As of December 31, 2013 the portfolio consisted of 9.7% office properties, 4.7% senior and mezzanine loans, 28.0% mixed use development, 7.4% land, 8.1% private securities, 11.5% hotel properties, 3.5% industrial, 21.3% apartments and 5.8% others. The properties were diversified globally with 36.4% international and 63.6% domestic.

The Fund has acquired 39 investments, corresponding to $1.2 billion of capital. Realized proceeds to date are $403 million and book value of the portfolio is approximately $900 million. The RECP IV investment pipeline is very active with a particular focus in opportunities in New York, Washington DC, Los Angeles. DLJ expects overall proceeds to invested equity multiple to be approximately 1.7x.

Hearthstone I
$73,409

Hearthstone II
$-13,065

As of December 31, 2013, Contra Costa County Employee's Retirement Association's commitment to HMSHP and MSII were nearly liquidated. The remaining balances represent residual accrued income positions. The MS1 and MS2 funds are expected to close out at the end of 2014 and 2022 respectively.

The Hearthstone MSII negative balance reflects excess cash on hand since CCERA has received in excess all capital back plus all previously allocated income. The excess cash creates a "negative capital" balance. In essence, CCERA has now received more cash than entitled. Thus, the cash is recallable if needed. If it is not needed the returned cash becomes profit distribution.

Invesco Real Estate Fund I
$9,225,433

Invesco Real Estate Fund I ("IREF") reported a fourth quarter total return of -0.4%. Over the past year, Invesco Real Estate Fund I returned 4.0%. CCCERA has a 15.6% interest in the Real Estate Fund I.
As of the fourth quarter of 2013, the portfolio consisted of one remaining investment. Canadian public REIT shares of the Milestone Portfolio represents the entire remaining $56.2 million NAV for the fund.

Invesco Real Estate Fund II
$40,005,616

Invesco Real Estate Fund II returned 1.5% in the fourth quarter. Over the past year, the fund has returned 21.2%. CCCERA has a 18.8% ownership stake in the fund.

IREF II had two years remaining to the fund maturity in December 2015 with seven remaining assets. Of these, four are positioned to sale in 2014. With these strong executions, the Fund by year-end 2014 will likely have fully returned all LPs invested capital.

The Fund’s investments are distributed nationwide with 29% in the West, 6% in the Midwest, 49% in the East and 16% in the south. The portfolio is weighted by gross asset value by property type with 56% multi-family, 25% office, 10% industrial and 6% retail and 3% high yield debt.

Invesco Real Estate Fund III
$17,017,317

Invesco Real Estate Fund II returned 4.8% in the fourth quarter. Contra Costa was one of two new investors committed to the fund. Invesco Real Estate Fund III was funded with an initial contribution of $14.2 million with a total capital commitment of $35 million. CCCERA has a 9.8% interest in the Real Estate Fund III.

Invesco International REIT
$91,135,654

The Invesco International REIT portfolio returned -0.1% in the fourth quarter of 2013. This return outperformed the FTSE EPRA/NAREIT Developed ex-US benchmark return of -0.4%. Over the past year, the portfolio underperformed the benchmark with a return of 5.4% compared to the FTST EPRA/NARIET Developed ex-US Benchmark return of 5.8%.

Long Wharf US Growth Fund II
$4,086,802

Long Wharf Fund II (formerly Fidelity Fund II) returned 3.1% for the fourth quarter of 2013. For the one-year period, the fund had a total return of 9.5%.

During the quarter the fund distributed $38 million to investors, bringing total distributions for 2013 to $103 million and cumulative distributions since inception to $360 million. FREG II has six remaining assets with an aggregate net asset value of $44.9 million. Each of these assets is currently being marketed or will be formally listed for sale in the first half of 2014.

The portfolio consists of 23% apartment properties, 22% for sale housing, 2% senior housing, 7% retail, 3% office, 17% student housing, 7% hotel and 19% in others. The properties were diversified regionally with 21% in the Pacific, 24% in the Southeast, 15% in the Mountain region, 5% in the Southwest, 11% in the East North Central, 5% in the Northeast and 18% in the Mideast.

Long Wharf US Growth Fund III
$35,242,013

Long Wharf (formerly Fidelity) US Growth Fund III reported a return of 7.1% for the fourth quarter of 2013. Over the past year, the Fund has returned 21.9%.

During the quarter, the fund distributed $138 million to investors bringing total distributions for 2013 to $273 million, and since inception to $455 million. The fund recognized income from 11 different properties during the quarter and marked up the value of three investments. The largest income contributors were the MacKenzie Place Portfolio and The Arboretum, which generated $2.2 million and $1.7 million respectively to the fund. Committed capital consists of 16% retail, 31% office, 13% apartments, 8% industrial, 12% hotels, 3% senior housing and 8% entitled land, and 9% in student housing.

Long Wharf Real Estate Partners Fund IV
$6,598,609

Long Wharf Real Estate Partners Fund III reported a return of 0.9% for the fourth quarter of 2013. During the fourth quarter, the fund acquired the Village at Camp Bowie, an unanchored 237,000 square foot infill shopping center in Fort Worth, TX. This brings the total of 5 investment properties to Fund IV.

Oaktree Real Estate Opportunities Fund V
$56,443,446

The Oaktree Real Estate Opportunities Fund V was funded in December 2011 with an initial investment of $43.0 million. The fund returned 2.9% in the fourth quarter ended December 31, 2013. Over the past year, the Fund has returned 16.2%.

The primary objective of the Fund is to achieve superior risk-adjusted returns without subjecting principal to undue risk of loss primarily through investments in real estate and real estate related debt, companies, securities and other assets on a global basis, with an emphasis on investments in the U.S.

Oaktree Real Estate Opportunities Fund VI
$31,627,639

The Oaktree Real Estate Opportunities Fund V was funded in September 2013 with an initial investment of $376 million. The fund returned 0.1% in the fourth quarter ended December 31, 2013.

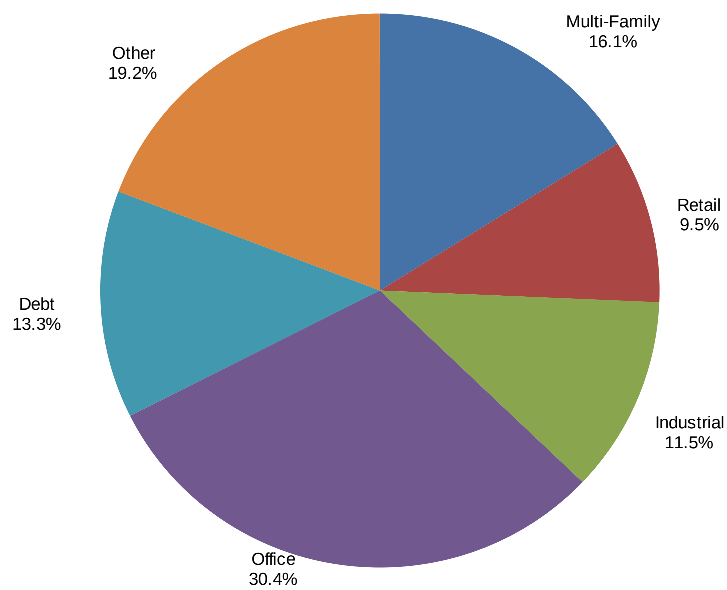
Siguler Guff Distressed Real Estate Opportunities Fund
$61,127,833

The Siguler Guff Distressed Real Estate Opportunities fund was funded in January 2012 with an initial investment of $21.0 million with a total capital commitment of $75.0 million. The fund returned 2.4% in the fourth quarter ended December 31, 2013. (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Siguler Guff returned 14.4%

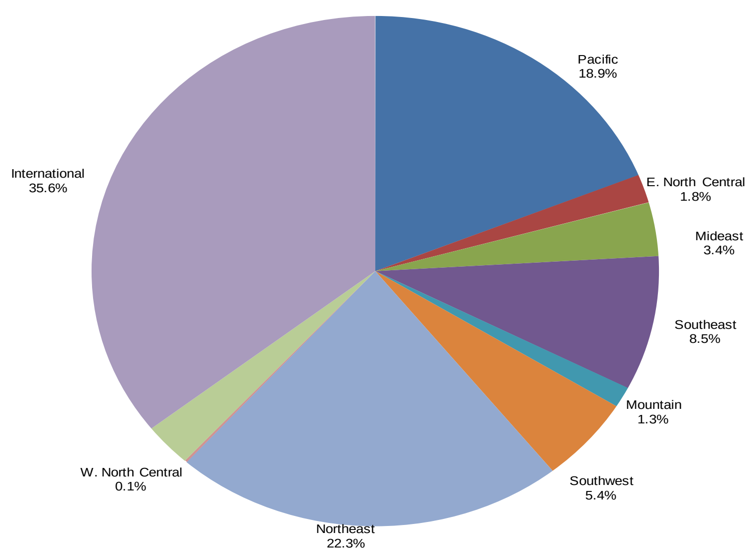
MANAGER COMMENTS – REAL ESTATE

Total Real Estate Diversification

Diversification by Property Type



Diversification by Geographic Region



MANAGER COMMENTS – ALTERNATIVE & PRIVATE INVESTMENTS

Please see the Internal Rate of Return table on page 20 for performance for the alternative portfolios.

Adams Street Partners
$125,742,138

The combined Adams Street portfolio had a fourth quarter gross return of 6.1% for CCCERA's investments. (Performance lags by one quarter due to financial reporting constraints, which is typical for this type of investment vehicle.) For the one-year period, Adams Street returned 12.8%. The portfolio continues in acquisition mode.

The Brinson (older) portfolio ($12,869,110) is comprised of 36.4% venture capital funds, 9.0% special situations, 7.8% in mezzanine funds, 4.3% in restructuring/distressed debt and 42.4% in buyout funds. The Adams Street program ($79,576,839) was allocated 39.3% to venture capital, 8.9% special situations, 2.0% mezzanine debt, 1.4% restructuring/distressed debt and 48.4% buyouts. The dedicated secondary allocation ($30,038,401) was allocated 43.4% to venture capital, 3.2% special situations and 53.4% to buyouts. The Adams Street Global Secondary Fund 5 ($3,257,788) was funded with a commitment of $40 million.

Bay Area Equity Fund
$23,159,197

Bay Area Equity Fund had a fourth quarter gross return of -5.7% (Performance lags by one quarter due to financial reporting constraints). For the one-year period, Bay Area Equity Fund has returned 77.6%. CCCERA has a 10.5% ownership interest in the BAEF Fund I and 6.6% in BAEF II.

The Bay Area Equity Fund I has 8 investments in private companies in the Bay Area. Currently, the Fund has invested $75.0 million. Total current value to date is $267 million. Bay Area Equity Fund II had 17 investments in private companies. Nine investments are in the clean technology sector, three investments in the consumer sector and the final four investments are in the information technology sector. The total capital commitment for Bay Equity Fund II is $150.8 million. Currently, the Fund has invested $93.7 million.

Carpenter Community BancFund
$36,261,942

Carpenter had a fourth quarter gross return of 1.2%. (Performance lags by one quarter due to financial reporting constraints). Over the past year, Carpenter has returned 13.1%.

The Carpenter BancFund has eight investments. They are BankUnited, Bridge Capital Investment Holdings, CGB Asset Management, Manhattan Bancorp, MBSF holdings, Mission Community Bancorp, and Pacific Mercantile Bancorp.Total partner's capital of the Fund's portfolio banks currently equaled totaled $428 million. On a consolidated basis, the Fund believes it is well positioned for future growth both organically and through opportunistic acquisitions.

Commonfund Capital
$1,864,430

Commonfund had a fourth quarter gross return of -0.5%. (Performance lags by one quarter due to financial reporting constraints). On a net of fee basis, Commonfund returned -4.3%. Fees will be high during the initial period of the fund's life.

CCCERA's investment in Commonfund Natural Resources Partners made its first capital call for CCCERA in the June of 2013 and the portfolio continues in acquisition mode. This fund will make investments in inflation-sensitive asset.s. These will be primarily in the following industries: Oil & Gas, Oilfield Services, Energy Infrastructure, Mining and Clean Energy. At September 30, 2013 CNR IX had made the following six investments with a total value of $14.5 million: ARC Energy Fund, Lime Rock Partners, Resource Capital Fund, SCF, White Deer Energy and

Yorktown Energy Partners.

Energy Investors - US Power Fund I
$1,553,962

The Energy Investors Fund Group (EIF) had a fourth quarter gross return of -0.1% which is in liquidation mode. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, EIF had a total return of 1.1%. CCCERA has a 9.6% ownership interest in Fund I.

The Fund made a $7.25 million cash distribution from proceeds derived from the Astoria contingent payment. Since the Fund's inception, the limited partners have received a total of $534.7 million in cash distributions. The Sea Breeze transmission project is now the Fund's only remaining investment.

Energy Investors - US Power Fund II
$41,592,437

Energy Investors fund II had a fourth quarter gross return of 1.9% for US Power Fund II. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund returned 1.5%. CCCERA has a 19.7% ownership interest in USPF-II.

The fund distributed $2.5 million to its investors, bringing year to date distributions to $8.5 million. Since the Fund's inception, total cash distributions to investors are $175.6 million. The third quarter distribution was a return of capital from the Burney Investment.

Energy Investors - US Power Fund III
$47,903,079

The EIF USPF III fund had a fourth quarter gross return of 1.0%. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund has returned 8.9%. CCCERA has a 6.9% ownership interest in USPF-III.

As of a result of the successful closing on the sale of Astoria II in September 2013, the Fund distributed $100 million to its investors. Since the Fund's inception, total cash distributions to investors are $329.8 million.

Energy Investors – US Power Fund IV
$7,918,669

The EIF USPF IV had a fourth quarter gross return of 1.7%. (Performance lags by one quarter due to financial reporting constraints). Over the past year, the fund has returned 1.4%. CCCERA has a 6.8% ownership interest in USPF-III.

The fund distributed $10.9 million to its investors in the third quarter, Cash distributions to investors thus far this year are $47.7 million, and since the Fund's inceptions, total distributions to investors are $86.2 million.

Nogales Investors Fund I
$3,360,608

The Nogales Investors Fund I had a gross return of 21.8% in the quarter ended December 31, 2013. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Nogales has returned 40.4%. CCCERA has commitments of $15 million, which is 15.2% of the fund.

Oaktree Private Investment Fund 2009
$34,204,134

The Oaktree PIF 2009 Fund was funded on February 18, 2010 with a commitment of $40.0 million and an initial investment of $7.0 million. The Oaktree PIF 2009 Fund had a gross return of 1.9% in the fourth quarter ended December 31, 2013. (Performance lags by one quarter due to financial reporting constraints.)

The limited partners have committed total capital of $138,100,000, of which $120,155,692 (or 85.0% of committed capital) has been drawn as of December 31, 2013.The capital commitments that the Fund makes to the underlying Funds will be allocated 60% to Opps VII, 30% to PF V and 10% to Mezz III.

Paladin Fund III
$17,465,048

Paladin Fund III returned 0.6% for the quarter ended December 31, 2013. (Performance lags by one quarter due to financial reporting constraints.) Over the past year, the fund has returned 13.6%.

The Fund reported $74.0 million of total Partners' Capital. The $68.5 million of assets consisted of the Fund's 27 investments. Cash at $2.7 million, Sales proceeds receivable at $2.1 million. Total liabilities total $577 thousand.

Pathway Private Equity Fund
$99,263,263

The combined Pathway Private Equity Fund (PPEF), Pathway Private Equity Fund 2008 (PPEF 2008), Pathway Private Equity Fund Investors 6 and Pathway Private Fund Investors 7 had a combined fourth quarter return of 7.2%. (Performance lags by one quarter due to financial reporting constraints.) For the one-year period, Pathway returned 19.6%.

The Fund's contain a mixture of acquisition-related, venture capital, and other special equity investments. As of December 31, 2013, CCCERA has committed $265 million to four separate equity funds of funds, including $70 million commitment to Pathway Private Fund Investors 7 LP.

DEFINITIONS

Alpha – Alpha is a measure of value added after adjusting for risk. Beta is the measure of risk used in the calculation of alpha, so the accuracy of alpha is dependent on the accuracy of beta. Alpha is the difference between the manager's return and what one would expect the manager to return after adjusting for the amount of risk taken. Mathematically, Alpha = Portfolio Return - Risk Free Rate - Beta * (Market Return - Risk Free Rate); $\alpha = r_p - r_f - ß(r_m - r_f)$. A positive alpha is an indication of value added.

Asset Backed Security (ABS) – A fixed income security which has specifically pledged collateral such as car loans, credit card receivables, lease loans, etc.

Average Capitalization – Average capitalization is the sum of the capitalization of each stock in the portfolio divided by the number of stocks in the portfolio.

Barbell – A barbell yield curve strategy is a portfolio made up of long term and short term bonds with nothing (or very little) in between. This strategy performs well during periods when the yield curve flattens.

Beta – Beta is a measure of risk for domestic equities. The market has a beta of 1. A manager with a beta above 1 exhibits more risk than the market, while a manager with a beta below 1 is less risky than the market.

Bullet – A bullet yield curve strategy focuses on the intermediate area of the yield curve. This strategy performs well during periods when the yield curve steepens.

Collateralized Mortgage Obligation (CMO) – A CMO is a security backed by a pool of pass through securities and/or mortgages. Since CMOs derive their cash flow from the underlying mortgage collateral, they are referred to as derivatives. CMOs are structured so there are several classes of bondholders with varying stated maturities and varying certainty of the timing of cash flows.

Consumer Price Index – The Consumer Price Index is an indicator of the general level of prices. It attempts to compare the cost of purchasing a market basket of goods purchased by a typical consumer during a specific period with the cost of purchasing the same market basket of goods during an earlier period.

Coupon – The coupon rate is the annual coupon (i.e. interest) payment value divided by the par value of the bond.

Diversifiable Risk – Diversifiable risk – also known as specific risk, non-market risk and residual risk – is the risk of a portfolio that can be diversified away.

Duration – Duration is a weighted average maturity, expressed in years. All coupon and principal payments are weighted by the present value term for the expected time of payment. Duration is a measure of sensitivity to changes in interest rates with a longer duration indicating a greater sensitivity to changes in interest rates.

Dividend Yield – Dividend yield is calculated on common stock holdings, and is the ratio of the last twelve months dividend payments as a percentage of the most recent quarter-ending stock market value.

Growth Sector – Growth sectors are referred to in the Portfolio Profile Report (PPR) in our quarterly reports. The market is divided into five growth sectors based on the forecast of the fifth year growth rate in earnings per share. The PPR reports what portion of a manager's (or the composite's) portfolio is invested in stocks in each growth sector.

Interest Only Strip (IO) – An IO is a type of CMO that gets its cash flows from interest payments only. IOS benefit from a slowing in prepayments (i.e. interest rates rise) and under-perform in an accelerating prepayment environment (i.e. interest rates decline). IOS can be very volatile, but can offset volatility in the overall portfolio.

Market Capitalization - Market capitalization is a company's market value, or closing price times the number of shares outstanding.

Maturity – The maturity for an individual bond is calculated as the number of years until principal is paid. For a portfolio of bonds, the maturity is a weighted average maturity, where the weighting factors are the individual security's percentage of the total portfolio.

Median Manager – The median manager is the manager with the middle return when returns are ranked from high to low. Half of the managers will have a higher return and half will have a lower return.

Mortgage Pass Through – A mortgage pass through is a security which “passes through” to the holder the interest and principal payments on a group of mortgages.

Percentile Rank – A manager's rank signifies the percentage of managers in the universe performing better than the manager. For example, a manager with a rank of 10 means that only 10% of managers had returns greater than the managers over the period of measurement. Likewise, a rank of 50 (i.e. the median manager) indicates that 50% of managers in the universe did better and 50% did worse.

Planned Amortization Class (PAC) – A PAC is a type of CMO with the cash flows set up to be fairly certain. PACS appeal to investors who want more certain cash flow payments from a mortgage security than provided by the underlying collateral.

Price/Book Value – The price/book value for an individual common stock is the stock's price divided by book value per share. Book value per share is the company's common stockholder’s equity divided by the number of common shares outstanding.

Price/Earnings Ratio (P/E) – The P/E ratio of a common stock's price divided by earnings per share. The ratio is used as a valuation technique employed by investment managers.

Principal Only Strip (PO) – A PO is a type of CMO that gets its cash flows from principal payments only. POS are sold at a discount and perform well if prepayments come in faster than expected (i.e. interest rates decrease) and extend and perform poorly if prepayments come in slower than expected (i.e. interest rates rise).

Quality – Quality relates to the credit risk of a bond (i.e. the issuer’s ability to pay). Quality is most relevant for corporate bonds. Several rating organizations publish ratings of bonds including Moody's and Standard

& Poor's. AAA is the highest quality rating, followed by AA+, AA, AA-, A+, A, A- and then BBB+, BBB, BBB-, BB+, BB, BB-, etc. Bonds rated above BBB- are said to be of investment grade.

R^2 (R Squared) – R^2 is a measure of how well a manager moves with the market. If a manager's performance closely tracks that of the market, the R^2 will be close to 1. Broadly diversified managers have an R^2 of 0.90 or greater, while the R^2 of un-diversified managers will be lower.

Return On Equity – The return on equity for a common stock is the annual net income divided by total common stockholders' equity.

Standard Deviation – Standard deviation is the degree of variability of a time series, such as quarterly returns, relative to the average. Standard deviation measures the volatility of the time series.

Weighted Capitalization – Weighted capitalization is the sum of the capitalization of each stock in the portfolio weighted by its percentage of the portfolio.

Yield to Maturity – The yield to maturity is the discount rate that equates the present value of cash flows (coupons and principal) to the market price taking into account the time value of money.

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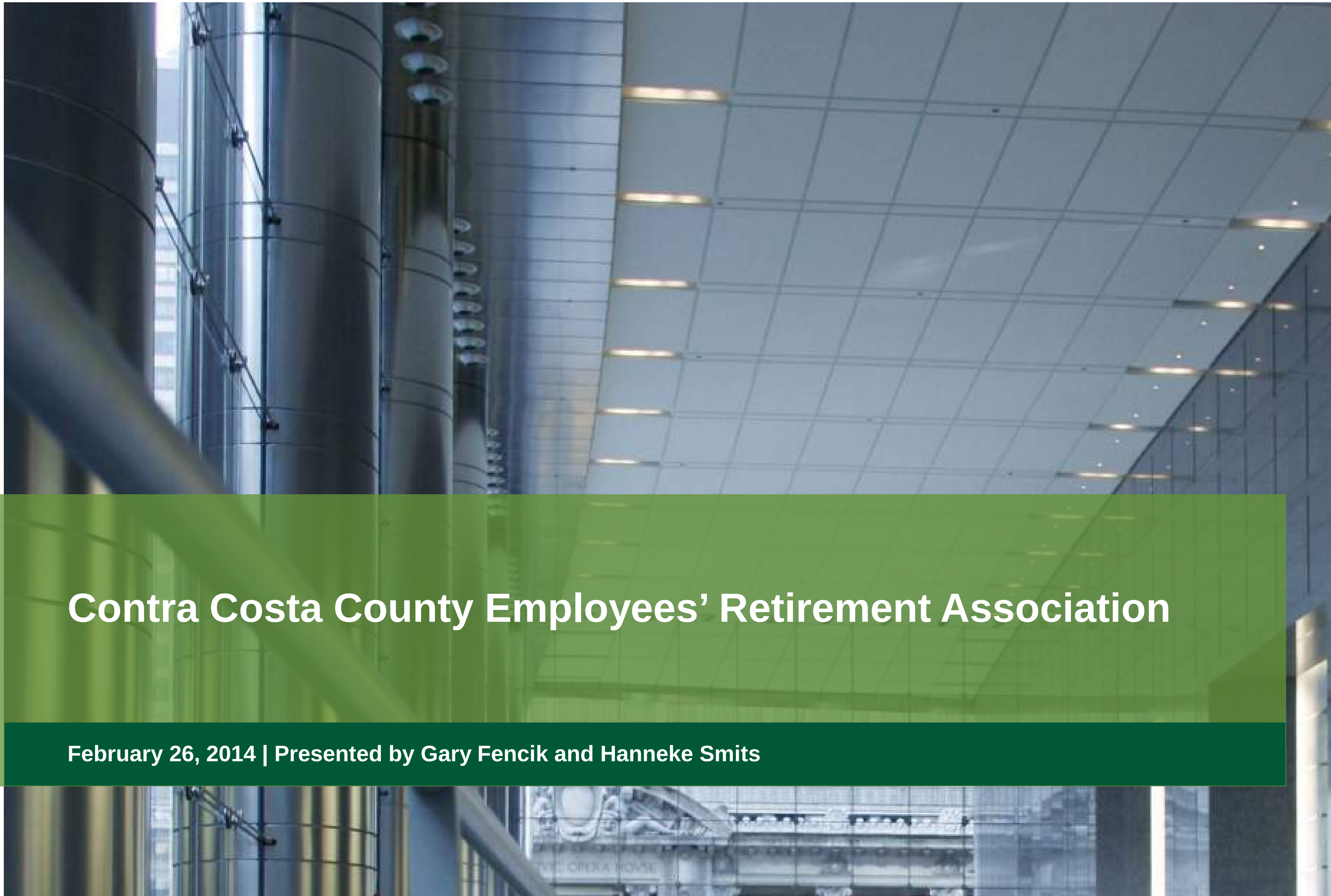

Contra Costa County Employees' Retirement Association

February 26, 2014 | Presented by Gary Fencik and Hanneke Smits

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Topics for Discussion

ADAMS STREET PARTNERS

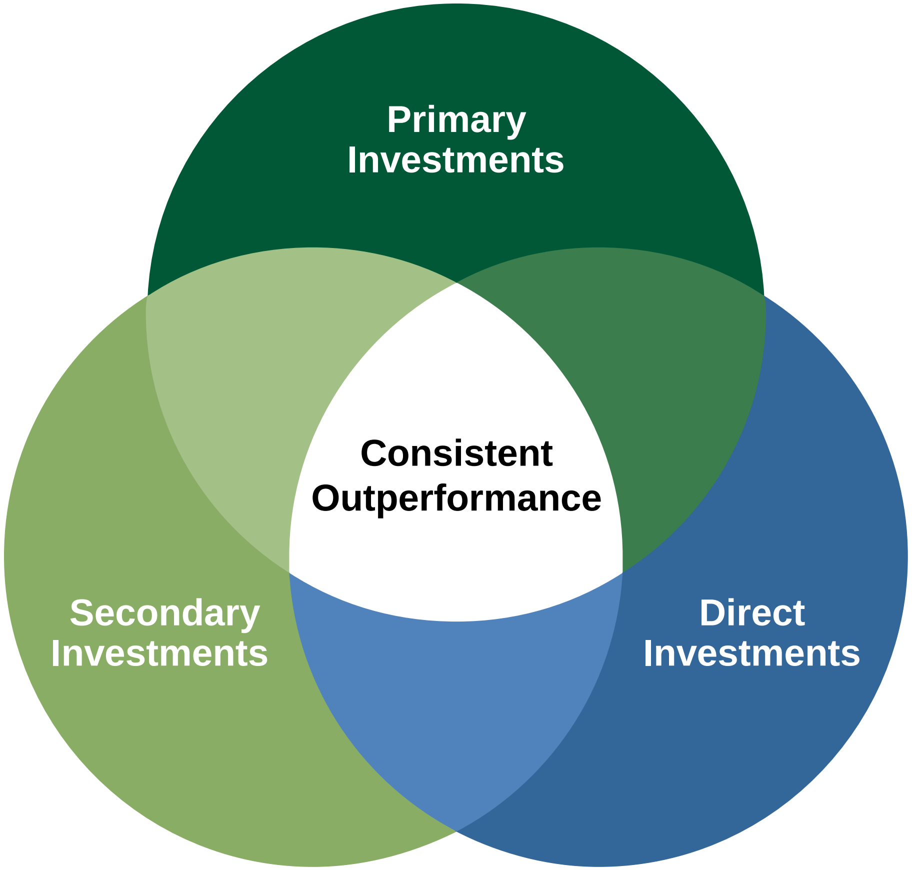
Goals and Organizational Overview

Adams Street Partners

- Generate long-term returns that consistently outperform private equity industry benchmarks and are commensurate with the above-average risks of the asset class
- Access top-performing private equity investments
- Invest in a diversified portfolio representing the best global opportunities
- Invest with a knowledgeable partner willing to share ideas and insights
- Achieve a rate of return after all fees which exceeds the S&P 500 + 4%

Adams Street Partners

A Proven Track Record Since 1972



- Shared insights across three global teams = better deal flow, due diligence and portfolio monitoring
- $25 billion* in assets under management:
  - 775+ fund investments
  - 200 venture/growth investments
  - 68 co-investments
  - 145+ secondary transactions
  - 270+ General Partner relationships
  - 125+ current advisory board seats
- Independent and 100% employee-owned with broad alignment of interests
- Signatory to the United Nations Principles for Responsible Investments (UNPRI)

* As of June 30, 2013.

Six Offices Sharing Insights Globally

Adams Street and General Partner Offices

Europe

Belgium	Netherlands
Denmark	Norway
Finland	Poland
France	Russia
Germany	Spain
Greece	Sweden
Israel	Switzerland
Italy	United Kingdom

North America

Canada
Mexico
United States

South America

Argentina
Brazil
Colombia

Africa

South Africa

Eurasia

Turkey

Asia / Australia

Australia	Japan
China	Korea
Hong Kong	Malaysia
India	Singapore
Indonesia	

* The Tokyo office is in the process of opening.

Organized to Ensure Investment Focus

Adams Street Partners

Executive Committee	
Bon French	Chief Executive Officer
Kevin Callahan	Chief Operating Officer
Gary Fencik	Head of Business Development
Terry Gould	Head of Direct Investments
Quintin Kevin	Chief Financial Officer
Hanneke Smits	Chief Investment Officer

Investment

Primary

David Arcauz
Jeff Burgis
Adam Chenoweth
Arnaud de Cremiers
Tom Gladden
Doris (Yiyang) Guo
Jim Korczak
Kelly Meldrum
Sunil Mishra
Ross Morrison
Sergey Sheshuryak
Yar-Ping Soo
Piau-Voon Wang
Kathy Wanner
Morgan Webber

Associates

Dominic Maier
Chin Bock Seng
Michael Taylor
Jared White
Ling Jen Wu

Secondary

Jeff Akers
Troy Barnett
Charlie Denison
Joe Goldrick
Jason Gull
Greg Holden
Eva Huang
Pinal Nicum

Associates

Nicolo Colombo
Sarah Finneran
Joel Niekamp
Kristof Van Overloop

Advanced Analytics

Ray Chan
Earl Richardson
Tobias True
Jian Zhang

Direct

Thomas Bremner
Dave Brett
Jeff Diehl
Mike Lynn
Robin Murray
Sachin Tulyani
Craig Waslin
Dave Welsh
Mike Zappert

Associates

Brian Dudley
Andrew Nesbit
Marisol Ryu

Strategy

Miguel Gonzalo

Client Service

Account Management

Liz Christensen
John Gray
Ana Maria Harrison
Scott Hazen
Jana Monier
Isamu Sai
Steven Wilde

Business Development

John Kremer

Legal

Ben Benedict
Tim Bryant
Gail Carey
Eric Mansell
Valencia Redding
Sara Robinson
Anne Semik

Communications

Becky Boyer
Martin Gawne

Finance, Performance Reporting, IT and HR

Finance

Stephen Baranowski
Sarah Bass
Juan Beltran
Lauren Bozzelli
Naz Busch
Sara Cushing
Scott Fisher
Marsha Gramata
Emilia Gura
Lynn Hayden
Christopher Larson
Alex Lesch
Stephanie Paine
Lena Pugh
Jamie Raibley
Scott Rybak
Sejal Shah
Jason Swanson
Christina Totton
Rocio Werner
Douglas Wong
Triste Wyckoff-Heintz

Performance Reporting

Molly Gilchrist
Mike Rosa
Renee Vogl

Information Technology

Philipp Bohren
Curt De Witt
Mike Giannangelo
Megan Heneghan
Derek Piunti

Human Resources

Carolyn Flanagan
Joan Newman
Erin Perry

The Investment Team

Adams Street Partners

Bon French – 31 Yrs
Chief Executive Officer
Chicago

Hanneke Smits – 22 Yrs
Chief Investment Officer
London

Terry Gould – 25 Yrs
Head of Direct Investments
Chicago

Fund Investments

Secondary

Jeff Akers 10 Yrs Chicago
Troy Barnett 12 Yrs Chicago
Charlie Denison **5 Yrs** **Chicago**
Joe Goldrick 7 Yrs Chicago
****Jason Gull** 17 Yrs Chicago
Greg Holden 11 Yrs London
Eva Huang 5 Yrs Singapore
Pinal Nicum 13 Yrs London

Primary

David Arcauz 14 Yrs London
Jeff Burgis 12 Yrs Chicago
Adam Chenoweth 6 Yrs Chicago
Arnaud de Cremiers 12 Yrs London
Tom Gladden 13 Yrs Chicago
Doris (Yiyang) Guo 6 Yrs Beijing
Jim Korczak 14 Yrs Chicago
***Kelly Meldrum** 23 Yrs Menlo Park
Sunil Mishra 6 Yrs Singapore
Ross Morrison 9 Yrs London
***Sergey Sheshuryak** 15 Yrs London
Yar-Ping Soo 17 Yrs Singapore
***Piau-Voon Wang** 18 Yrs Singapore
***Kathy Wanner** 17 Yrs Chicago
Morgan Webber 6 Yrs Chicago

Direct Investments

Co-Investments

******Dave Brett** 26 Yrs Chicago
Sachin Tulyani 14 Yrs London
Craig Waslin 16 Yrs Chicago

Venture Capital | Growth Equity

Tom Bremner 5 Yrs Chicago
Jeff Diehl 13 Yrs Chicago
Mike Lynn 10 Yrs Menlo Park
Robin Murray 16 Yrs Menlo Park
Dave Welsh 14 Yrs Menlo Park
Mike Zappert 7 Yrs Menlo Park

Associates (Secondary)

Nicolo Colombo < 1 Yr London
Sarah Finneran 2 Yrs Chicago
Joel Niekamp 3 Yrs Chicago
Kristof Van Overloop 2 Yrs London

Associates (Primary)

Dominic Maier 2 Yrs London
Chin Bock Seng <1 Yr Singapore
Michael Taylor 2 Yrs Chicago
Jared White <1 Yr Chicago
Ling Jen Wu 4 Yrs Singapore

Associates (Direct Investments)

Brian Dudley **< 1 Yr** Menlo Park
Andrew Nesbit 3 Yrs Menlo Park
Marisol Ryu 2 Yrs Chicago

Investment Analytics and Strategy

Investment Analytics

*****Ray Chan** 11 Yrs Chicago
Earl Richardson 10 Yrs Chicago
Toby True 1 Yr Chicago
Jian Zhang 1 Yr Chicago

Strategy

Miguel Gonzalo 13 Yrs Chicago

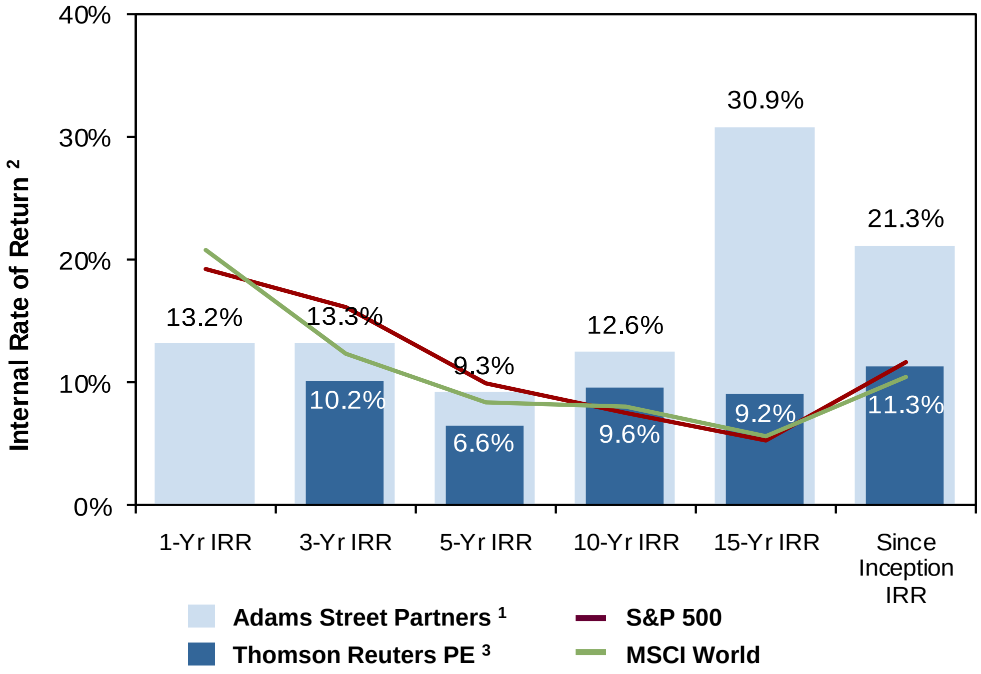
* Member of Primary Investment Committee   ** Head of Secondary Investments   *** Head of Advanced Analytics   **** Head of Co-Investments   Note: Yrs = Years of Private Equity Experience

Our Investment Philosophy

- Consistent outperformance in private equity requires both selectivity in choosing investments and discipline in building the portfolio
- Top-quartile returns require three critical ingredients:
  - Adherence to a high **global** investment standard and a well-defined portfolio construction discipline
  - **Consistent** weights in the primary portfolio regardless of the underlying fund size
  - **Portfolio diversification** by strategy (primary, secondary and direct investments) and by time, manager, subclass and geography
- Strategic integration through one combined global offering — primary, secondary and direct investments — provides an information advantage that facilitates consistent outperformance

Performance Over Time
Primary and Secondary Investments

As Compared to Global Industry Benchmark Data – September 30, 2013



- Inception date: 1979
- $20.5 billion in commitments
- Over 800 funds
- Over 275 General Partner groups
- Over 145 secondary transactions representing approximately $2.8 billion

1 This chart, in USD, shows composite performance of private equity fund investments in Adams Street Partners "Core Portfolios" as defined in Note 1 of "Notes to Performance: Primary and Secondary Investments." The returns presented in this chart do not represent returns achieved by any particular Adams Street Partners fund or any investor in an Adams Street Partners fund. For net returns achieved by a representative investor in Adams Street Partners funds, please see the Adams Street Partners Net Performance chart in the notes section of this presentation.

2 IRRs are net of fees, carried interest and expenses charged to the underlying private equity funds, but are gross of Adams Street Partners' fees, carried interest and expenses, which reduce returns to investors. For the effect of Adams Street Partners' fees, carried interest and expenses on Adams Street Partners' fund returns to investors, please see Adams Street Partners Net Performance chart in the notes section of this presentation. There can be no guarantee that unrealized investments will ultimately be liquidated at the values reflected in this return data.

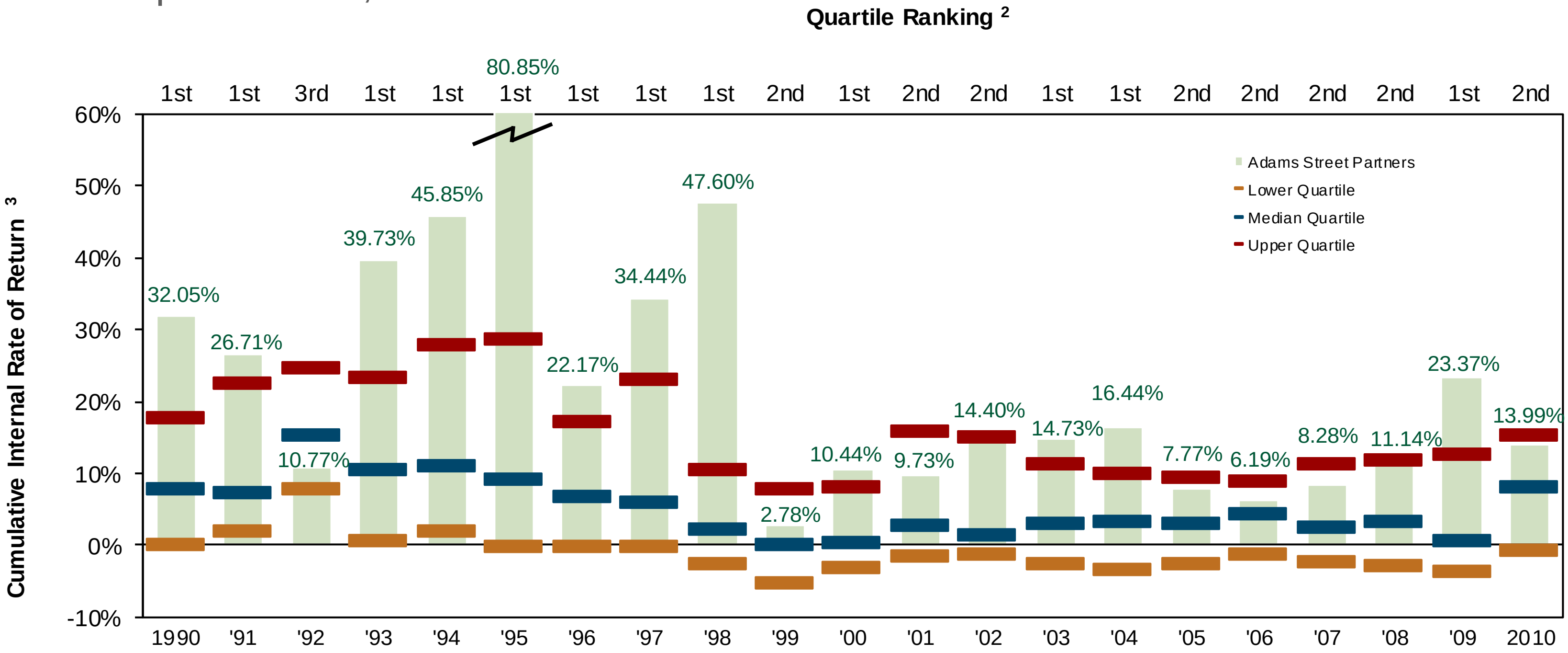
3 The Thomson Reuters Private Equity Fund Performance (formerly known as Venture Economics) survey (February 10, 2014) includes "All Regions" as defined therein (US and EMEA (Europe, Middle East and Africa)) venture capital, buyouts and other funds (numbers subject to change). The Thomson Reuters Private Equity Fund Performance Survey's EMEA (Europe, Middle East and Africa) benchmark data is updated only as of June and December quarter ends; therefore, where March 31 or September 30 benchmark data is provided, the EMEA benchmark data lags one quarter. The Thomson Reuters Private Equity Fund Performance Survey is a recognized source of private equity data that may not include all private equity funds and may include some funds which have investment focuses that Adams Street Partners does not invest in. The Thomson Reuters Private Equity Fund Performance Survey does not include secondary investments in private equity funds.

Past performance is not a guarantee of future results.

The page entitled "Notes to Performance: Primary and Secondary Investments," included in this presentation, is an important component of this performance data.

Vintage-Year Performance
Primary and Secondary Investments[1]

As of September 30, 2013



Mx	1990	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04	'05	'06	'07	'08	'09	2010
Mx	2.9	2.3	1.5	2.9	3.8	6.6	2.0	2.3	2.4	1.2	1.6	1.6	1.7	1.8	1.8	1.4	1.3	1.3	1.4	1.6	1.3

1 This chart, in USD, shows composite performance by vintage year of private equity fund investments in the Core Portfolios (as defined in Note 1 of "Notes to Performance: Primary and Secondary Investments") and contains both primary and secondary investments. The returns presented in this chart do not represent returns achieved by any particular Adams Street Partners fund or any investor in an Adams Street Partners fund. For net returns achieved by a representative investor in Adams Street Partners funds, please see the Adams Street Partners Net Performance chart in the notes section of this presentation.

2 The Thomson Reuters Private Equity Fund Performance Survey (sourced February 10, 2014) includes "All Regions" as defined therein (US and EMEA (Europe, Middle East and Africa)) venture capital, buyouts and other funds (numbers subject to change). The Thomson Reuters Private Equity Fund Performance Survey's EMEA (Europe, Middle East and Africa) benchmark data is updated only as of June and December quarter ends; therefore, where March 31 or September 30 benchmark data is provided, the EMEA benchmark data lags one quarter. The Thomson Reuters Private Equity Fund Performance Survey is a recognized source of private equity data that may not include all private equity funds (and typically does not include private equity funds whose primary market is Asia) and may include some funds which have investment focuses that Adams Street Partners does not invest in. The Thomson Reuters Private Equity Fund Performance Survey does not include secondary investments in private equity funds.

3 Capital-weighted annualized returns from inception through quarter end. IRRs are net of fees, carried interest and expenses charged to the underlying private equity funds, but are gross of Adams Street Partners' fees, carried interest and expenses, which reduce returns to investors. Net returns are not calculated on a vintage year basis as no investor is allocated a single vintage year. For the effect of Adams Street Partners' fees, carried interest and expenses on Adams Street Partners' fund returns to investors, please see the Adams Street Partners Net Performance chart in the notes section of this presentation. There can be no guarantee that unrealized investments will ultimately be liquidated at the values reflected in this return data. These returns may not be linked. Performance for vintage years later than 2010 is not shown because performance early in a fund's life is not generally meaningful due to fee drag and immature investments.

The page entitled "Notes to Performance: Primary and Secondary Investments," included in this presentation, is an important component of this performance data.

Portfolio Construction & Strategy

Adams Street Partners
An Integrated Global Offering*

ADAMS STREET PARTNERS

2014 Global Private Equity Program

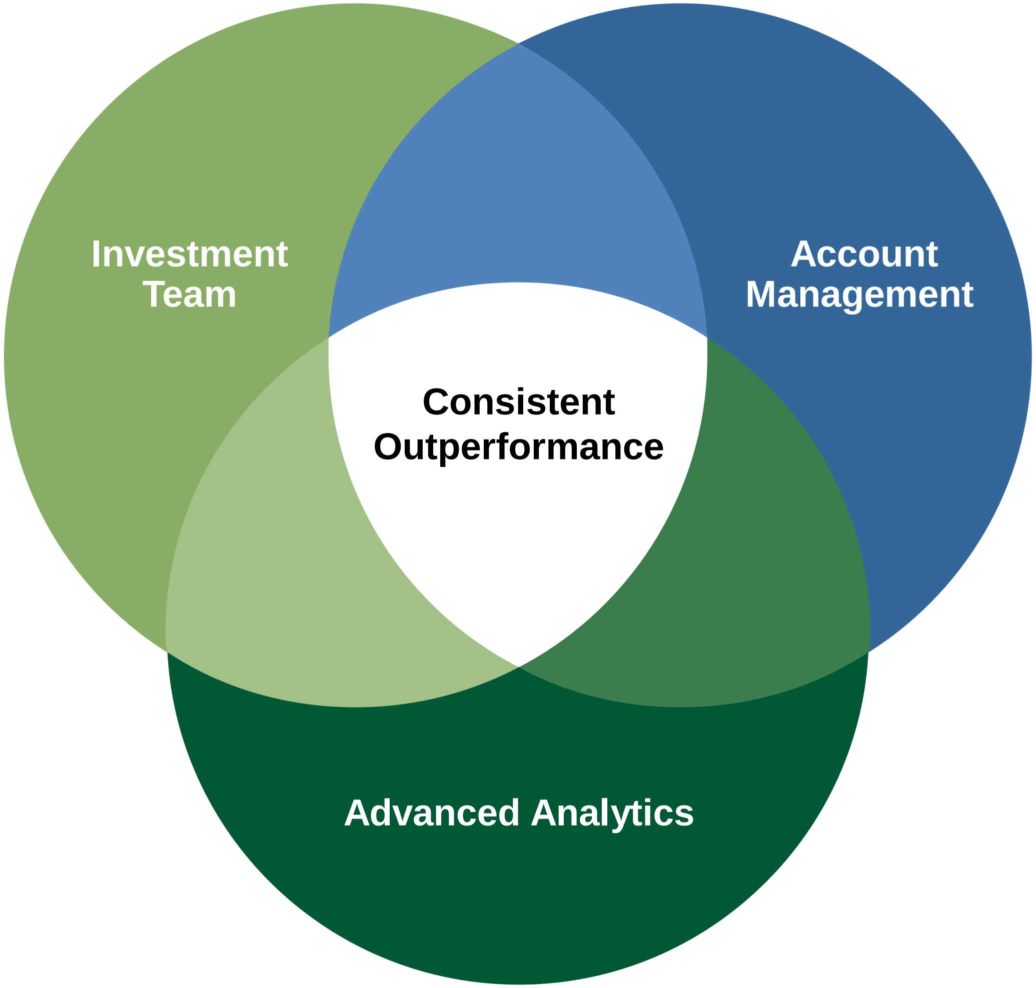
	US Fund	**Developed Markets Fund**	**Emerging Markets Fund**	**Direct Fund**
Allocation	50%	25%	15%	Up to 10%
Geography	US and Canada	Developed Europe and Developed Asia	Asia, Russia, Developing Europe, Latin America, Africa and the Middle East	Predominantly US
Secondary & Co-Investments	Target 25-35%	Target 20-30%	Target 5-15%	n/a

- Annual global fund offering established administrative convenience
- Access to top-performing investments across the entire global private equity opportunity set
- Diversification across five dimensions — strategy (primary, secondary, co-investments and direct), time, manager, subclass and geography
- Annual subscription model allowing investors flexibility in planning their commitments

* This is the global investment portfolio recommended by Adams Street Partners and chosen by a majority of our investors. This global program allocation, however, can be adjusted to meet specific investor goals and preferences.

Building the Global Investment Portfolios

An Integrated Approach



- CIO guides portfolio construction, integrating input from the investment team, account management and advanced analytics
- Bottom-up investment selection is balanced with top-down portfolio construction
- Portfolio construction reflects a well-defined methodology for market assessments and subclass assessments by market

Enhancements to the Global Program

- **Portfolio Construction:**
  - – Targeting IT venture capital and growth in middle market buyouts globally
  - – Emphasizing time diversification while maintaining consistent primary bite sizes
  - – Focus on maximizing IRR and minimizing J-curve
    - + Prioritize secondaries and co-invest at onset of program
- **Resources**
  - – Integrated Analytics Team with the Investment Team
  - – Created Investment Strategist role
- **Adams Street Partners lowered fees in 2012 to address the gross net spread**
  - – Reduced year one fees by 50% and year two fees by 25%

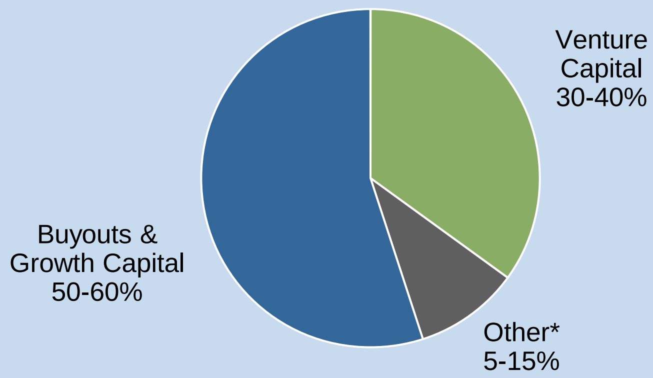
Investment Strategy and Portfolio Construction

Role of Primaries, Secondaries, Directs

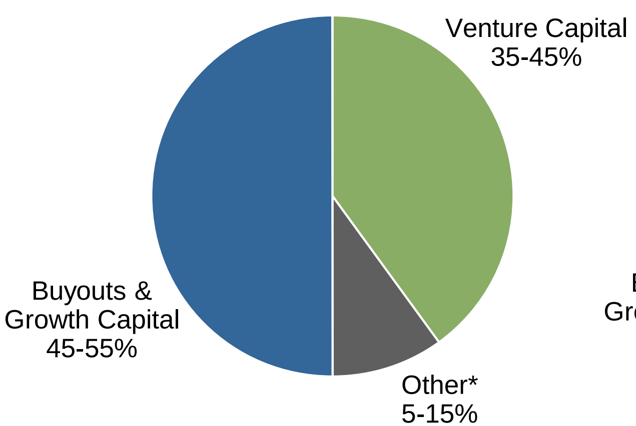
- **Primaries**
  - Diversified across manager, time and subclass
  - Balance the higher risk/higher reward venture and emerging market cycles with developed markets buyout strategies
- **Directs and Co-Investments**
  - Allows us to take advantage of market dislocations
  - Further utilization of Adams Street Partners' GP network
  - Improves overall economic terms
- **Secondaries**
  - The rapid deployment and early return of capital dampens the J-curve effect from primaries
  - Allows us to take advantage of market dislocations

2014 Global Investment Program

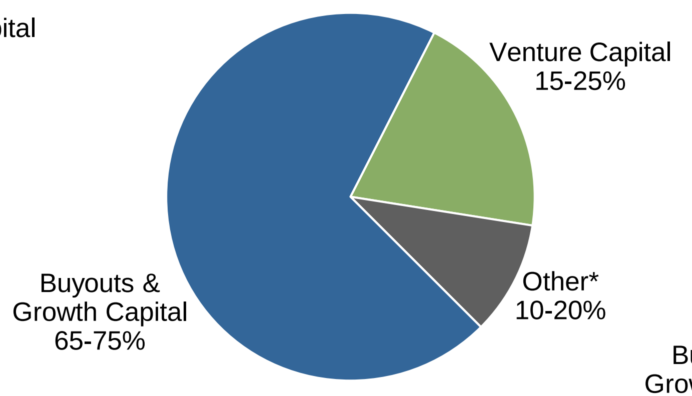
Target Allocations**



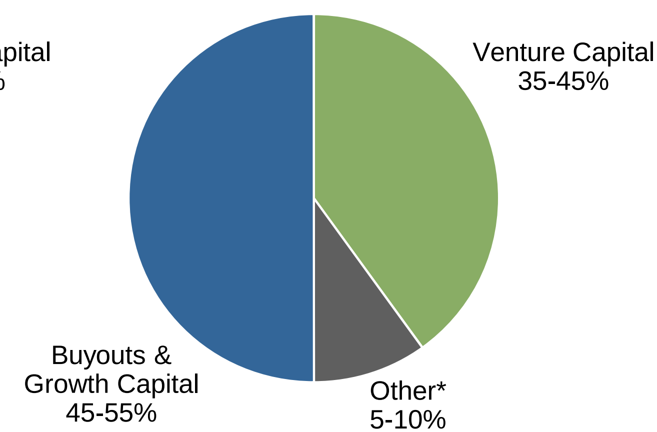
US Markets**



Developed Markets



Emerging Markets



* Other = Mezzanine, restructuring/distressed debt and special situations.

** Includes primary and direct investments.

Market Assessment Methodology

2014

	Emerging Markets Fund									Developed Fund					US Fund	
	Rest of Africa	Nigeria, Ghana, Kenya & Egypt	Emerging Asia	Emerging Europe	Middle East	South Africa	Latin America	Russia	Developing Asia	Israel	Developed Asia	Australasia	Continental Europe*	UK	Canada	US
Public market exits	Poor	Poor	Poor	Fair	Poor	Fair	Good	Fair	Good	Good	Good	Excellent	Excellent	Excellent	Excellent	Excellent
Enforceability of rights	Fair	Fair	Poor	Poor	Poor	Fair	Fair	Poor	Good	Good	Good	Excellent	Excellent	Excellent	Excellent	Excellent
Accounting, tax and legal issues	Poor	Poor	Poor	Poor	Poor	Fair	Poor	Fair	Fair	Good	Good	Excellent	Excellent	Excellent	Excellent	Excellent
Disclosure and due diligence standards	Poor	Poor	Poor	Poor	Poor	Fair	Poor	Fair	Fair	Good	Good	Excellent	Excellent	Excellent	Excellent	Excellent
Extent of equity culture	Fair	Fair	Poor	Poor	Fair	Fair	Fair	Good	Good	Good	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Extent of entrepreneurial culture	Good	Good	Fair	Fair	Fair	Good	Good	Good	Excellent	Excellent	Excellent	Excellent	Good	Excellent	Excellent	Excellent
Availability of attractive investment opportunities	Poor	Fair	Fair	Fair	Fair	Good	Good	Good	Good	Excellent	Excellent	Good	Excellent	Excellent	Good	Excellent
Availability of experienced investors	Poor	Fair	Fair	Fair	Fair	Fair	Fair	Fair	Good	Excellent	Good	Excellent	Excellent	Excellent	Excellent	Excellent

Poor Fair Good Excellent

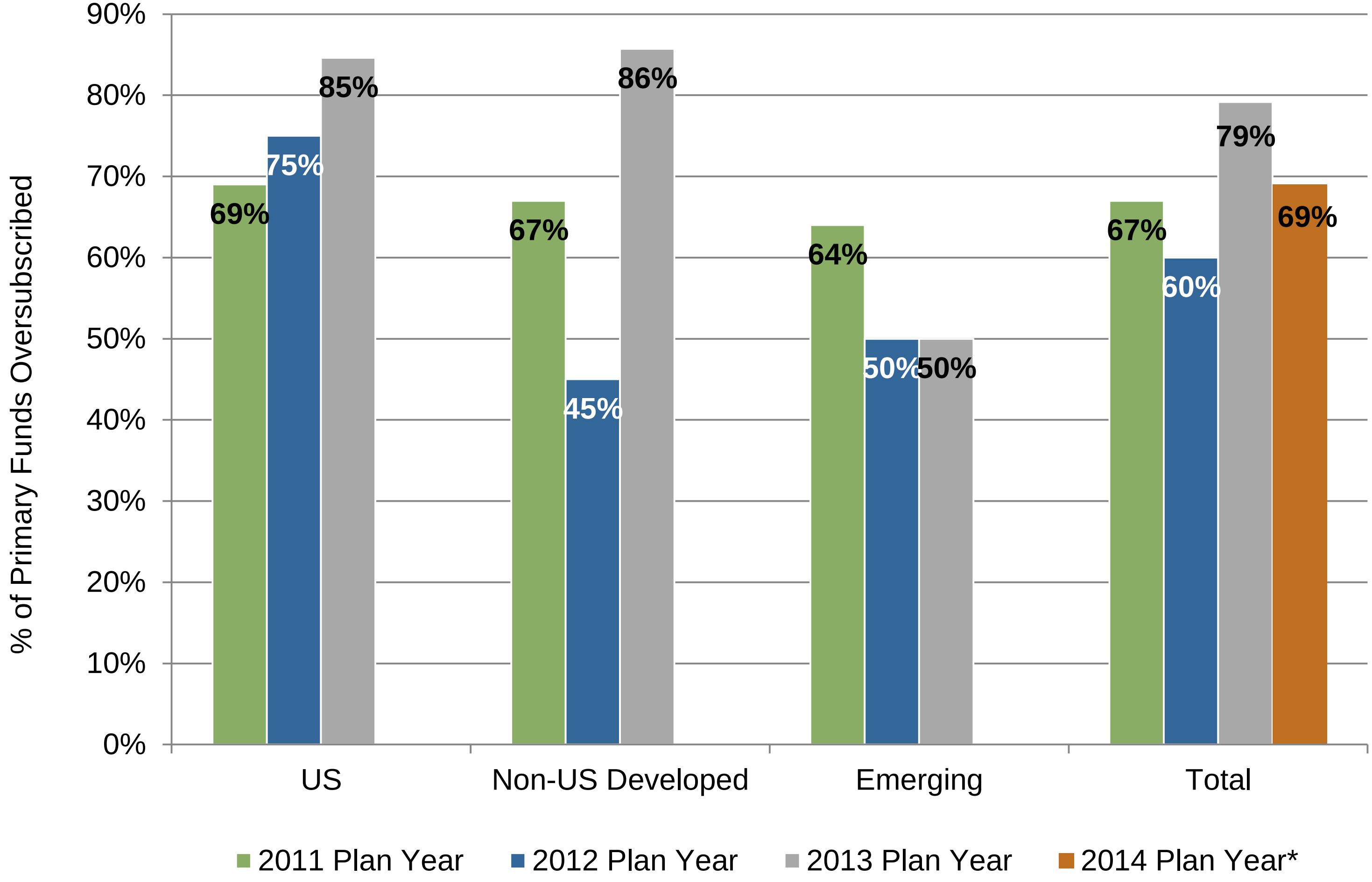
REGIONS WHERE ASP HAS MADE INVESTMENTS

* Continental Europe is defined as Western Europe ex-UK and core CEE countries (Poland, Hungary, Czech Republic and Slovakia)

Access to Best Funds is Important

ADAMS STREET PARTNERS

ASP Primary Commitments



* Estimate based on current 2014 Plan.

US Primary Investment Strategy

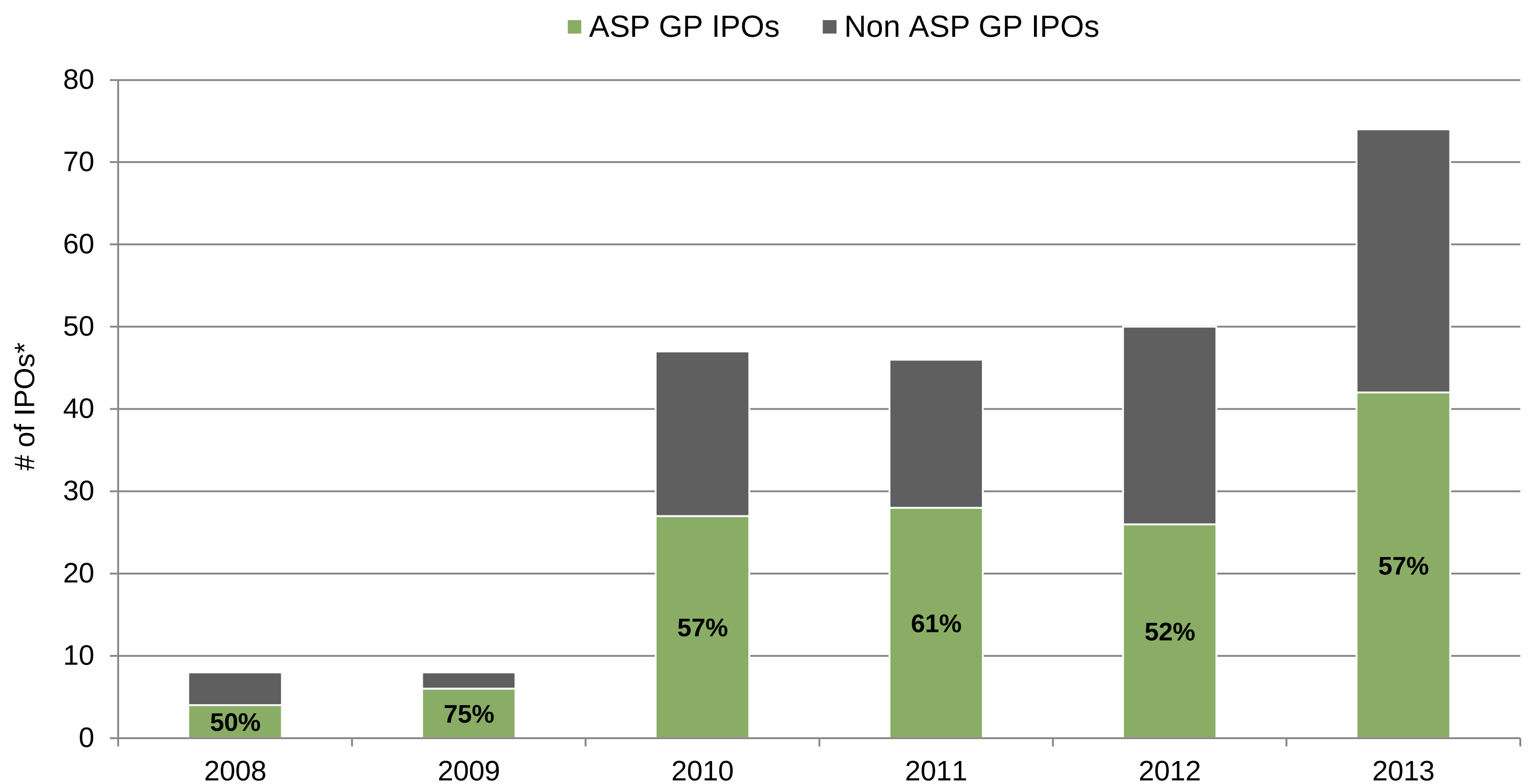
Market

- **Modest economic growth**
- **A high level of innovation**
- **Deeper, more liquid capital markets**
- **The most efficient private equity market**
- **A bifurcated private equity fundraising environment**

ASP Strategy

- **Buyouts and Other**
  - Growth opportunities less correlated with GDP
  - Experienced operators applying talents to smaller companies
- **Venture**
  - Focus mostly on IT
  - Invest in GPs that access top entrepreneurs

Adams Street Has Strong Share of Venture-Backed US IPOs[1]



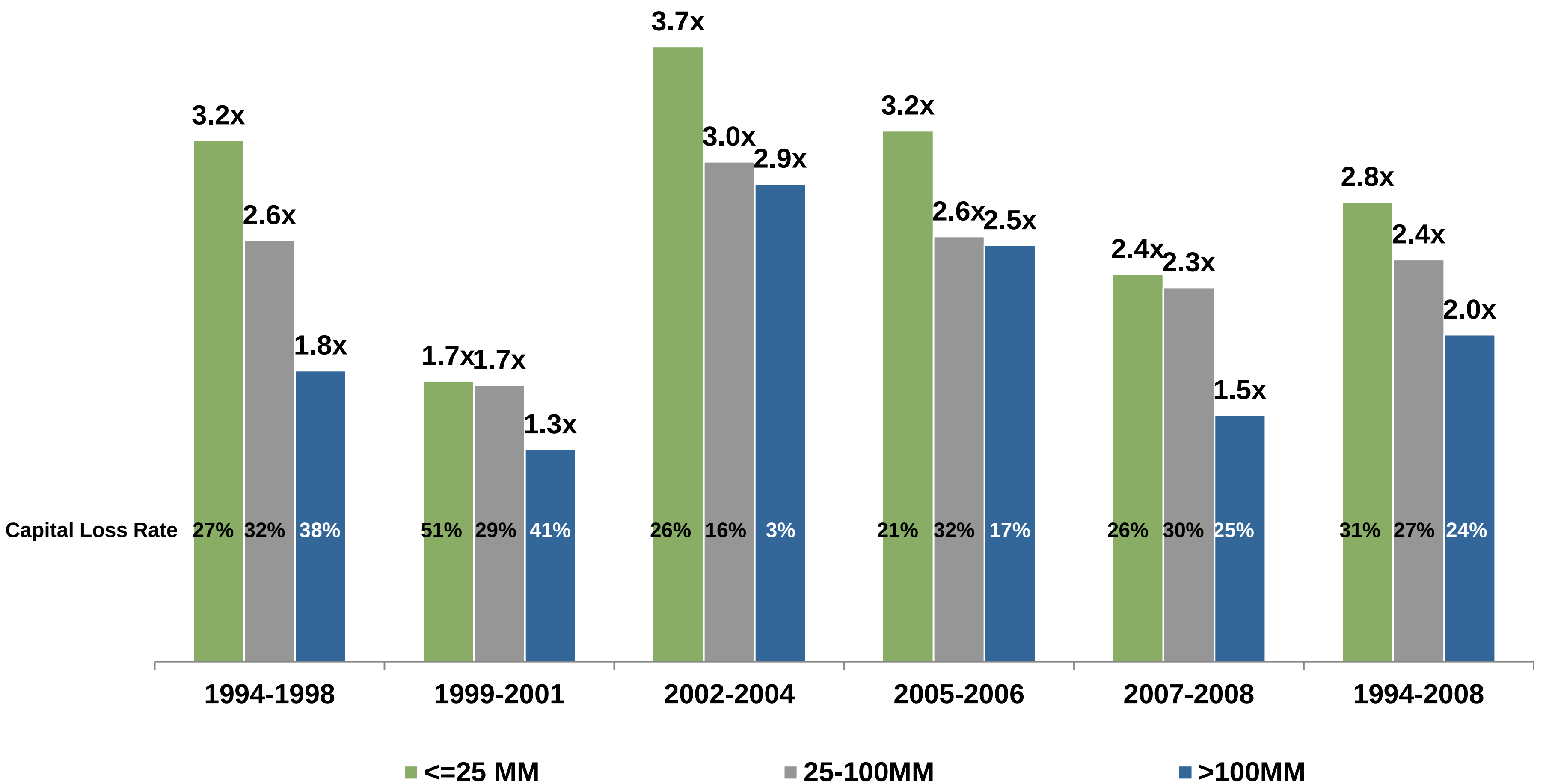
Adams Street has captured more than 50% of the US venture-backed IPOs while having only invested in ~5% of the venture funds raised

* All IPOs of US-based companies going public on any exchange, including exchanges outside the United States, owned by venture capital funds in which Adams Street Partners' Core Portfolios invested on a primary basis. "Core Portfolios" are funds and separate accounts (excluding special mandate funds and non-discretionary separate accounts) of which Adams Street Partners is the general partner, manager or investment adviser (as applicable) and for which Adams Street Partners makes discretionary investments in private equity funds. Core Portfolios include separate accounts no longer with Adams Street Partners.

Source: VentureSource

Smaller Investments Have Consistently Generated Higher Multiples

Adams Street Realized US Buyout Deals (By Deal Size and Vintage Year)*
As of March 31, 2013



* US buyout deals of funds in which Adams Street Partners' Core Portfolios (as defined herein) invested, which deals were realized or substantially realized (all deals of which more than 50% of total value or initial deal cost have been realized) as of March 31, 2013. Represents 966 deals from 1994 – 2008.

Source: ASPIRE as of March 31, 2013.

Multiples are gross of Adams Street and underlying GPs' fees, expenses and carried interest, which reduce returns to investors.

Past performance is not a guarantee of future results.

Developed Markets Primary Investment Strategy

ADAMS STREET PARTNERS

Market

- **Improved medium-term GDP growth prospects in Northern Europe**
- **Limited availability of debt**
- **Limited VC opportunity**
- **Difficult fundraising environment may lead to lower valuations and, ultimately, better returns**

ASP Strategy

- **Buyouts and Other**
  - Less debt dependent strategies
  - Export-oriented strategies
  - Differentiated sourcing models
  - Experienced operators applying talents to smaller companies
- **Venture**
  - Focus on limited number of proven investors

Emerging Markets Primary Investment Strategy

Adams Street Partners

Market

- Growth slowing but still more robust than in developed markets
- Emerging markets attracting less LP interest
- Relatively fewer experienced, proven private equity investors
- Opportunity set evolving quite rapidly
- Private equity organizations less stable

ASP Strategy

- Invest predominately in country funds, venture growth strategies that capture the rising middle class
- Avoid volatile pre-IPO strategies that are dependent upon strong capital markets to generate attractive returns

Why the Adams Street 2014 Global Program?

- A continuation of CCCERA's commitment to an **integrated, multidisciplinary strategy** that offers:
  - Access to top-performing funds that often are closed to new investors
  - Significant opportunities in the secondary market
  - Participation in direct investment opportunities
- One **cohesive global team** providing exceptional access to top-performing private equity investments worldwide
- An investment philosophy **honed and proven for more than 30 years**
- An **employee-owned organization** dedicated to serving as a long-term resource for investors
- A **competitive, transparent management fee schedule** that gives credit for CCCERA's subscription to the ASP 2012 Global Program and the Adams Street Global Secondary Fund 5

Appendix

ADAMS STREET PARTNERS

Adams Street Partners Management Fees – Key Points

- **$50 million subscription to the ASP 2014 Global Fund**
  - **Receives credit for CCCERA's prior subscriptions to our 2012 Global Program and to our Adams Street Global Secondary Fund 5 LP**
  - **Incorporates a fund-of-funds management fee discount during the first two years of the Fund's life**

Credit for prior subscriptions reduces the average annual fund-of-funds management fee to the 2014 Global Fund by 15%.

Note: Adams Street Partners management fee includes fund-of-funds fee on US, Developed Markets, and Emerging Markets Funds, and the direct fee on the Direct Fund (there is no fund-of-funds fee on the Direct Fund). Adams Street Partners will receive 20% carried interest on direct investments, and receive 10% carried interest on secondary and co-investments.

This fee information (this "Information") has been provided to CCCERA on a confidential and limited basis with the Adams Street 2014 Fund Program private offering memorandum. This Information is not investment advice or an offer or sale of any security or investment product or investment advice. Offerings are made only pursuant to a private offering memorandum containing important investment information. There can be no assurance that IRR targets or other objectives set forth herein will be attained.

Key Terms and Conditions

Adams Street 2014 Global Fund LP*

Target Commitment Period	3 to 4 years
Fund Term	12 years plus three one-year extensions (Partnership Funds) 10 years plus two one-year extensions (Direct)
Fund-of-Funds Management Fees (applies to 90% of Global Fund)**	<u>Annual Fee</u> — <u>Subscription Amount</u> 100 basis points — Up to $25 million 90 — Over $25 million up to $50 million 75 — Over $50 million up to $100 million 50 — Over $100 million up to $150 million 40 — Over $150 million
- Credit for Prior Subscriptions	**A credit amount for prior subscriptions will be applied to new subscription amounts and applied against the management fee schedule.** Credit amount equals 50% of the 2012 subscription plus 50% of the subscription to Adams Street Global Secondary Fund 5 LP
	For a $50 Million commitment into the global fund the fees would be: On $45 million into Fund of Funds: 55.6 basis points average over 15 years On $5 million into the Direct Fund: 140 basis points average over 15 years The total for a $50 million commitment: 64.1 basis points average over 15 years
- Fee Discounts & Tail Downs	Investors charged 50% of applicable annual fee in year 1 and 75% of applicable annual fee in year 2. Fees tail down to 90% of the regular fee in year 8, 80% in year 9, etc.
	10% carried interest on secondary and co-investment purchases only
Direct Fund Management Fees (applies to 10% of Global Fund)	The portion of a participant's subscription that is allocated to the Direct Fund will be assessed an annual management fee of 2%. In addition, Adams Street Partners will receive a 20% carried interest on direct investments. Fees tail down to 90% of the regular fee in year 7, 80% in year 8, etc. **There is no Fund of Fund Management Fee charged to Direct Fund.**

* Adams Street 2014 Global Fund LP solely invests in the US Fund, Developed Markets Fund, Emerging Markets Fund and Direct Fund.
** The term Fund-of-Funds refers to the US Fund, Developed Markets Fund and the Emerging Markets Fund.

Hanneke Smits

Chief Investment Officer, London

EDUCATION:

University of Nijenrode, Netherlands, BBA

London Business School, MBA

YEARS OF INVESTMENT/ OPERATIONAL EXPERIENCE:

26

- Hanneke is Chief Investment Officer and is responsible for formulating global investment strategy. She is also responsible for managing relationships with several of Adams Street's managers including BC Partners, Charterhouse Capital Partners, Pacific Equity Partners (PEP), Palamon Capital Partners and Vitruvian Partners. She joined the Firm in 1997 to expand its presence outside the United States. Hanneke chairs the Primary and Secondary Investment Committees, the Portfolio Construction Committee and is a member of the Adams Street Partners Executive Committee.

- Prior to joining the Firm, Hanneke was an investment manager for five years with Pantheon Ventures Limited, a London-based investment provider. Prior to that, she spent a year with the Philips China Hong Kong Group in Hong Kong, six months with Orange Nassau Asia Ltd. in Hong Kong and was a research consultant for a year with Knight Wendling B.V. in Amsterdam.

- Hanneke is past Chair of the EVCA Investor Relations Committee, a past member of the EVCA Executive Committee and BVCA Investor Relations Committee. She is on the Advisory Committee of the Coller Private Equity Institute at the London Business School, where she has also lectured and contributed to the development of case studies.

Gary Fencik

Partner, Chicago

EDUCATION:

Yale University, BA

Northwestern University, MBA

YEARS OF INVESTMENT/ OPERATIONAL EXPERIENCE:

25

- As Head of Business Development, Gary's responsibilities focus on the development of institutional client and consultant relationships and working with other members of the client service team to serve the needs of Adams Street Partners' clients. He is also involved in prioritizing the strategic initiatives of the Firm.
- Gary joined Adams Street Partners in 2001 after five years as Managing Director of Business Development at Brinson Partners/UBS Global Asset Management where he was responsible for business development in North America and consultant relationships on a global basis.
- Gary spent twelve seasons with the Chicago Bears football club and was co-captain of the 1985 Super Bowl Champion Team.
- Gary is a member of the Adams Street Partners Executive Committee.

ADAMS STREET PARTNERS

Notes to Performance: Primary and Secondary Investments

Performance Composite

1. Core Portfolio Composite - A diversified portfolio of both US and non-US private equity fund investments, both primary and secondary, across various subclasses which include: venture capital, buyouts, mezzanine and special situation funds. “Core Portfolios” are funds and separate accounts (excluding special mandate funds and non-discretionary separate accounts) of which Adams Street Partners is the general partner, manager or investment adviser (as applicable) and for which Adams Street Partners makes discretionary investments in private equity funds. Core Portfolios include separate accounts no longer with Adams Street Partners.
2. A list of all Firm composites is available upon request. The Firm is defined as all portfolios managed by Adams Street Partners, LLC.
3. Returns include the stock distributions received from the underlying primary and secondary investments and are gross of management and performance fees and expenses paid to Adams Street Partners but net of management and performance fees and expenses paid to the general partners of the underlying private equity funds. The underlying private equity funds are audited annually by an independent third party. Due to the graduated nature of fees, as account size increases, the annual percentage fee will decline. Investment returns will be reduced by management and performance fees payable to Adams Street Partners, which are described in Adams Street Partners’ Form ADV, Part 2.
4. **Fee schedule for 2012 fund of funds program:**

Annual Fee	Subscription Amount
100 basis points	First $25 million
90	Over $25 million up to $50 million
75	Over $50 million up to $100 million
50	Over $100 million up to $150 million
40	Amounts over $150 million

Investors charged 50% of applicable annual fee in year 1 and 75% of applicable annual fee in year 2. Fees tail down to 90% of the regular fee in year 8, 80% in year 9, etc.

Effective rate over 15-year term: 67 basis points for $50 million subscription
60 basis points for $100 million subscription

10% carried interest on secondary and co-investment purchases only

Credit for Prior Subscriptions
A credit amount for prior subscriptions will be applied to new subscription amounts and applied against the management fee schedule. Credit amount equals 75% of the 2011 subscription plus 50% of the 2010 subscription plus 25% of the 2009 subscription.

5. Results include all Core Portfolios including separate accounts no longer with the Firm. No alterations of composites have occurred due to changes in personnel. Portfolios are included in the composite beginning with the first full month of performance to present. Investments made for terminated separate accounts are included in the vintage years through the date at which these investments are liquidated.
6. Prior to January 1, 2001, the Firm was the Private Equity Group of Brinson Partners Inc. On January 1, 2001, a separate legal entity, Adams Street Partners, LLC, was formed to manage the legacy private equity assets. Total Firm assets under management at September 30, 2013 are $25.1 billion.

Core Portfolios

Cumulative Internal Rates of Return Through September 30, 2013
In USD

						Thomson Reuters PE Survey		
Vintage Year	Committed Capital ($ Millions)	Net Asset Value at 9/30/2013 ($ Millions)	% of Committed Capital to Firm Assets Under Management	IRR	Quartile Ranking	Sample Size	Upper Quartile	Median
1979	2.5	0.0	0.0%	18.99%	3rd	10	33.9%	19.2%
1980	8.5	0.0	0.0%	13.88%	2nd	18	18.5%	13.4%
1981	4.5	0.0	0.0%	8.73%	3rd	27	13.1%	8.7%
1982	4.0	0.0	0.0%	7.82%	2nd	32	9.3%	5.4%
1983	7.0	0.0	0.0%	8.78%	2nd	68	13.0%	7.3%
1984	15.2	0.0	0.1%	7.63%	2nd	81	12.5%	5.2%
1985	21.7	0.0	0.1%	7.17%	3rd	74	15.6%	8.0%
1986	33.6	0.0	0.1%	11.11%	2nd	71	13.5%	7.2%
1987	42.9	0.4	0.2%	11.44%	2nd	108	16.4%	7.2%
1988	34.9	0.0	0.1%	16.26%	1st	100	15.2%	9.5%
1989	101.0	0.0	0.4%	15.27%	2nd	113	19.0%	10.5%
1990	78.0	0.1	0.3%	32.05%	1st	68	17.8%	8.0%
1991	61.8	0.0	0.2%	26.71%	1st	53	22.6%	7.4%
1992	78.9	0.0	0.3%	10.77%	3rd	63	24.6%	15.4%
1993	190.9	0.0	0.8%	39.73%	1st	86	23.5%	10.6%
1994	138.9	0.1	0.6%	45.85%	1st	96	27.9%	11.1%

						Thomson Reuters PE Survey		
Vintage Year	Committed Capital ($ Millions)	Net Asset Value at 9/30/2013 ($ Millions)	% of Committed Capital to Firm Assets Under Management	IRR	Quartile Ranking	Sample Size	Upper Quartile	Median
1995	221.0	0.0	0.9%	80.85%	1st	113	28.6%	9.1%
1996	238.1	0.2	0.9%	22.17%	1st	111	17.3%	6.7%
1997	507.0	10.8	2.0%	34.44%	1st	179	23.1%	6.0%
1998	828.7	11.0	3.3%	47.60%	1st	214	10.6%	2.1%
1999	716.4	72.8	2.9%	2.78%	2nd	253	7.9%	0.0%
2000	623.5	96.8	2.5%	10.44%	1st	322	8.0%	0.4%
2001	420.4	120.6	1.7%	9.73%	2nd	190	15.9%	2.9%
2002	870.1	315.1	3.5%	14.40%	2nd	120	15.0%	1.5%
2003	623.1	236.3	2.5%	14.73%	1st	119	11.2%	3.0%
2004	1,226.8	577.9	4.9%	16.44%	1st	132	9.9%	3.4%
2005	1,322.5	835.9	5.3%	7.77%	2nd	157	9.3%	3.2%
2006	2,073.6	1,459.3	8.3%	6.19%	2nd	188	9.0%	4.3%
2007	1,530.6	1,236.2	6.1%	8.28%	2nd	178	11.4%	2.6%
2008	1,729.6	1,321.5	6.9%	11.14%	2nd	170	12.0%	3.2%
2009	1,129.4	929.7	4.5%	23.37%	1st	104	12.6%	0.8%
2010	1,006.4	727.8	4.0%	13.99%	2nd	57	15.4%	8.2%

Note: Past performance is not a guarantee of future results.
The Thomson Reuters Private Equity Fund Performance Survey does not include secondary investments in private equity funds.

CONTRA COSTA COUNTY CCCERA
Employees' Retirement Association

Meeting Date
02/26/14
Agenda Item
#8

MEMORANDUM

Date: February 12, 2014

To: CCCERA Board of Retirement

From: Timothy Price, Retirement CIO; Chih-chi Chu, Retirement Investment Analyst

Subject: Commitment to Adams Street 2014 Global Fund

Recommendation

In a memo regarding Alternative Investment Funding (dated December, 2012), the Board approved an investment roadmap for CCCERA's alternative investments for the 2013-2015 period. In that memo, we used the current market value of our alternative investments, the anticipated pace of contributions and distributions and the growth of the overall fund to come up with annual commitment targets in order to reach and maintain our target allocation of 10% to alternative investments. Updated with the current market values, the roadmap indicates that CCCERA should commit approximately $200 million per year over the next three years. Much of this commitment is targeted towards our larger fund of funds relationships (Adams Street, Pathway and soon Siguler Guff).

CCCERA has a long standing relationship with Adams Street Partners dating back to 1996. Adams Street is currently raising its 2014 Global Fund and we are due to consider a follow-on commitment per our practice. While Adams Street has been a positive contributor to our asset growth and the firm has proven track record of picking top quartile funds, its overall *net* return is currently below our internal private equity benchmark of S&P 500 + 4% per year.

We therefore recommend that the Board commit $50 million to the 2014 Global Fund. Our last commitment to Adams Street was $80 million in 2012, $40 million to 2012 Global Fund and $40 million to Global Secondary Fund 5. The firm is not raising a secondary fund this time. This will maintain our vintage year diversification, but recognizes that in light of the current investment results, we are unwilling to materially increase our commitment level. We will likely recommend a supplement to this commitment with another allocation to the firm's next secondary offering, where we have seen stronger results.

Overview

CCCERA's alternative investment allocation currently consists of two fund-of-funds anchor managers (Pathway and Adams Street), several direct investments in private equity partnerships, and energy investments (with Energy Investor Fund). We are currently in contract negotiations with Siguler Guff as well. To maintain consistent exposure across vintage years, CCCERA practice has been to make follow-on commitments to the fund-of-fund programs when new vintage funds are offered, typically alternating between Adams Street and Pathway. The Board most recently made a $70 million commitment to Pathway 7, in March 2013.

The last Adams Street investments were committed in early 2012: CCCERA made a $40 million commitment to Adams Street 2012 Global Fund and additional $40 million commitment to Adams Street Secondary Fund 5. Adams Street generally raises a secondary fund every 3 to 4 years. There is no secondary offering at this time. However there will be some allocation to the secondary market within the 2014 Global Fund.

The underlying funds included in the Adams Street 2014 Global Fund include the following:

2014 US Fund
2014 Developed Markets Fund
2014 Emerging Markets Fund
2014 Direct Fund.

Investing through Adams Street's global offering is an efficient way for CCCERA to gain diverse exposure to all the major private equity segments.

Adams Street is currently closing in on the final commitments from investors to the firm's 2014 Global Fund. The target size is $850 million, of which $400 million had been closed. The total commitment from investors currently stands at $700 million, excluding the recommended commitment from CCCERA.

This memo provides a review of CCCERA's investments with Adams Street Partners, an update on the amount of commitments available for CCCERA to alternative investments, the possible impacts of making the proposed commitments on the overall CCCERA alternative investment portfolio, and the summary of terms.

Review of CCCERA Relationship with Adams Street Partners

CCCERA began investing with Adams Street (originally Brinson) at the end of 1995 through a private equity fund-of-fund vehicle. CCCERA's original investment commitment was $30 million. Over the years CCCERA has made additional commitments of $260 million ($15 million in 1999, $15 million in 2000, $15 million in 2003, $15 million in 2004, $40 million in 2006, $80 million in 2008, and $80 million in 2012). The following highlights information for CCCERA's investments with Adams Street as of June 30, 2013:

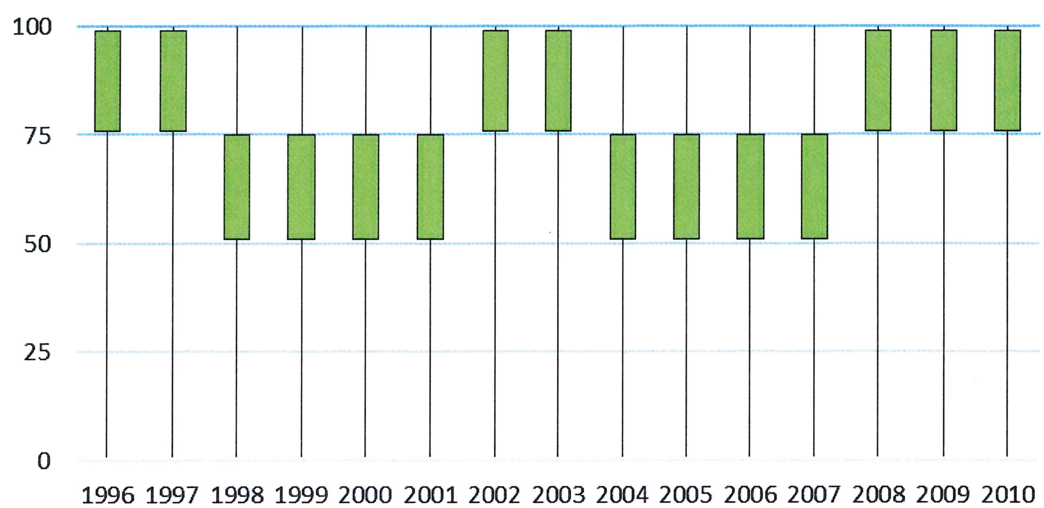
- Number of current underlying partnerships 438

- Since Inception Gross IRR 13.5%
- Since Inception Net IRR 10.5%

- Total Capital Called $170 million
- Total Capital Distributions $125 million
- Percentage of Capital Returned 74%
- Total Market Value as of 6/30/13 $120 million
- [Distributions + Market Value] / Capital Called 1.4x
- CCCERA Remaining Commitment $120 million

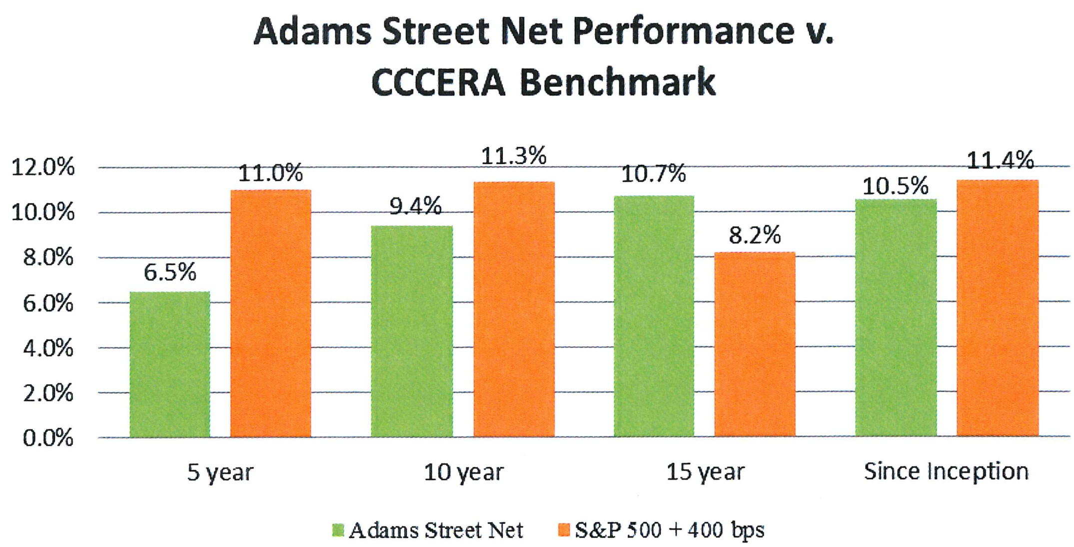
To review the performance of Adams Street, we compare it to both its peers and CCCERA's internal benchmark for Alternative Investment. On a peer comparison basis, the chart below shows the quartile rankings of the predecessor funds of Adams Street 2014 Global Fund. The data base is from *Thomson Reuters Private Equity Survey*.

Quartile Ranking of Adams Street
Vintage Year Subscriber Program (Gross of fees)

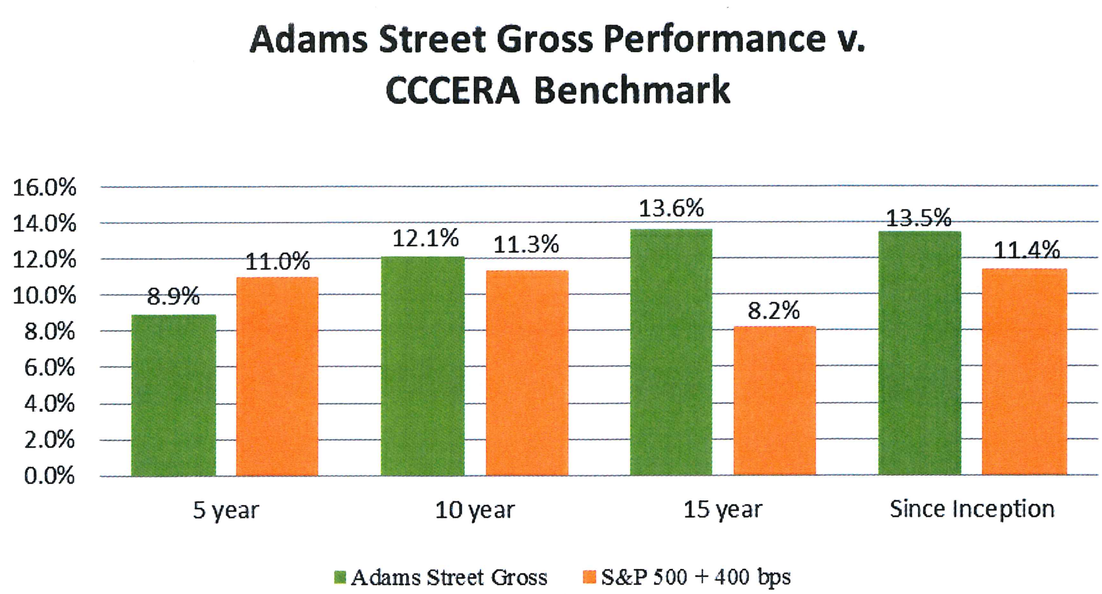


CCCERA's first commitment in 1996, Adams Street's vintage year funds have ranked in the first quartile 7 times and second quartile 8 times.

The next chart compares CCCERA's investments with Adams Street to our internal benchmark, S&P + 400bps, as of June 30, 2013. Displayed below are 5-year, 10- year, 15-year and since inception *net IRRs*.



As shown in the chart above, Adams Street's net of fee performance falls below the benchmark except for the 15 year period. It should be noted Adams Street's gross of fee performance outperformed the benchmarks for all periods except for the 5 year period. See the chart below for illustration:



In 2010, Adams Street conducted an extensive project to analyze the return expectation from private equity investors. It came up with the results that suggest the expected *net IRR* in the range between 12 and 15%. CCCERA's gross return since inception with Adams Street, 13.5%, is within the range; however our net return, 10.5%, falls below that expectation.

For investment diversification, the following table displays the allocation of Adams Street's investments on behalf of CCCERA:

Adams Street Portfolio Diversification

By Subclass*		**By Geography**		**By Type**	
LBO	46.4%	U.S.	71.6%	Primary	71.6%
VC	38.4%	W. Eur	18.3%	Secondary	28.4%
SPEC	8.9%	Asia	5.3%		
MEZZ	4.0%	Rest	4.8%		
RR	2.3%				
Total	100%	Total	100%	Total	100%

*LBO=Buyouts
VC=Venture Capital
SPEC=Special Situations
MEZZ=Mezzanine
RR=Restructure/Distressed Debt

CCCERA Capacity for Alternative Investment Commitments

Based on the December 31, 2013 market value of $6.56 billion and CCCERA's 10% target allocation to Alternative Investments, CCCERA has a target allocation of $656 million to alternative investments. CCCERA's actual allocation to alternative investments was $424 million. Outstanding commitments to alternative investments which have not yet been drawn total $307 million. The combination of market value and outstanding commitments totals $731 million, $75 million greater than the dollar target of $656 million.

As common in the private equity industry, there is a significant lag time from when a commitment is made to when the actual dollars are invested. The majority of CCCERA's alternative investments are in fund-of-funds like Adams Street. When a dollar is committed by CCCERA to a fund-of-funds it can take up to six or seven years before the final committed dollar is actually invested. Meanwhile, prior commitments begin making distributions and returning capital, thus reducing the overall exposure to the asset class.

Taking lag time and distribution characteristics of private equity into account, CCCERA needs to over-commit relative to the desired target of $656 million to alternative investments in order to actually reach our desired exposure. Historically, CCCERA has over-committed 75%-100% of its target allocation yet the actual allocation is still below the desired target. Based on an over-commitment amount of 100%, the total amount available for CCCERA to commit to alternative investments is $581 million. These figures are illustrated in the following table:

CCCERA Alternative Investment Positions as of 12/31/13

Fund	Commitment	Net Asset Value	Uncalled Capital
Adams Street Partners	180,000,000	93,016,000	79,396,000
Adams Street Secondary II	30,000,000	29,399,000	13,552,000
Adams Street Secondary V	40,000,000	5,958,000	33,132,000
Pathway	125,000,000	74,529,000	18,249,000
Pathway 2008	30,000,000	15,632,000	16,664,000
Pathway 6	40,000,000	7,229,000	35,232,000
Pathway 7	70,000,000	2,870,000	67,207,000
EIF USPF I	30,000,000	1,559,000	0
EIF USPF II	50,000,000	41,448,000	0
EIF USPF III	65,000,000	52,387,000	0
EIF USPF IV	50,000,000	17,063,000	28,979,000
Nogales Investment	15,000,000	3,361,000	1,651,000
Bay Area Equity Fund	10,000,000	18,102,000	0
BAEF II	10,000,000	7,079,000	3,070,000
Paladin III	25,000,000	18,583,000	3,752,000
Carpenter	30,000,000	35,909,000	6,032,000
Total	**800,000,000**	**424,124,000**	**306,916,000**

Estimated Available to Commit

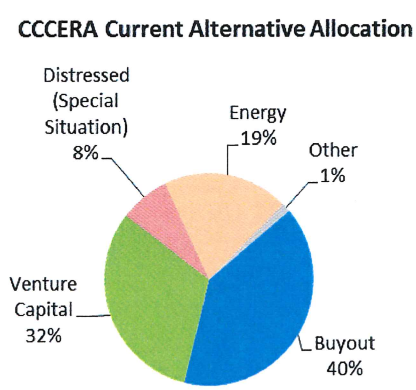
Target to Alternatives	$656 mm (10% total of Total Fund target)
Less Current Value	$424 mm
Less Uncalled Commitments	$307 mm
Available to Commit	-$75 mm
Plus 100% Over-Commitment	$656 mm
Estimated Available to Commit	$581mm

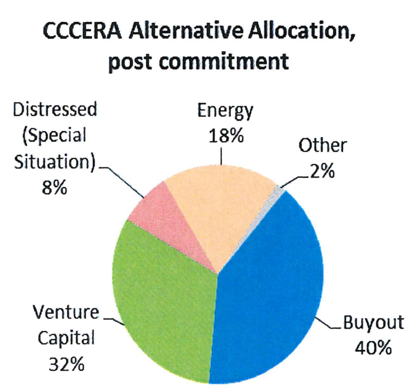
Impact on CCCERA Combined Alternative Investment Portfolio

As discussed in the previous section, the combined CCCERA alternative investment portfolio has $731 million of invested and committed capital. Currently, fund-of-fund investments account for 67% of the total CCCERA alternative allocation, with Adams Street and Pathway at 34% and 33% respectively. The fund-of fund allocation is broadly diversified in a large number of partnerships and multiple categories of private equity such as various stages of Buyouts, Venture Capital, Special Situation and Distressed. The rest of CCCERA's alternative allocations are direct investments energy partnerships, including US Power Fund I, II, III, and IV, and venture capital such as Bay Area Equity Fund I / II, Paladin Fund III, and Carpenter Community BancFund.

We have evaluated the impact of a $50 million commitment to Adams Street's 2014 Global Fund. The commitment will increase CCCERA's combined invested and committed allocation from $731 million to $781 million. With this additional commitment (and based on historical diversification), the only resulting allocations changes are in Energy (decrease from the current 19% to 18%) and Other (from 1% to 2%).

The pre- and post-commitment analysis on allocation by strategy is shown in the following two charts. The analysis shows that a $50 million investment in Adams Street's 2014 Global Offering will not drastically alter CCCERA's alternative investment structure.





Post commitment, CCCERA's alternative investments would have 40% allocation in various stages of Buyout, 32% in Venture Capital, 18% in Energy, 8% in Distressed and Special Situation, and 2% in Other category.

For fund-of-funds investments, CCCERA's exposure will increase from the current 67% to 68%. The allocation to Adams Street will increase from the current 34% to 38%. The chart below illustrates the slight change of the breakdown

Summary of Key Terms of 2014 Global Fund

The Fund:	The Adams Street 2014 Fund Program
Investment Options:	50% in the US Fund, 25% in the Developed Markets Fund, 15% in the Emerging Markets Fund and 10% in the Direct Fund.
Investment Restrictions:	No more than 10% of a Partnership Fund will be invested in any single partnership investment and no more than an aggregate of 40% of a Partnership Fund will be invested in secondary investments and co-investments.
Preferred Return:	None
General Partner Commitment:	0.25% for Fund-of-Fund; 1% for Direct Fund
Investment Period:	~3-4 years after the initial investment
Fund Term:	The twelfth anniversary of the Initial Closing Date
Fees:	1% per annum of the first $25 million subscription amount, 90 bps per annum on amounts over $25 million and up to $50 million, etc. Fee Discount 50% in the first year and 25% in year 2. Fee Credit for Prior Subscriptions (which would lower CCCERA's management fee to approximately 75 bps) Fees will be reduced by 10% of the regular fee beginning January 1, 2021, and by 10% each year thereafter.
Carried Interest:	10% on Partnership Fund, 20% on Direct Fund, only after the commitment amount has been returned.

PALADIN
CAPITAL GROUP

Investment Opportunities for Technologies in the Cyber Age – Paladin Cyber Fund

2020 K Street, NW – Suite 400
Washington, DC 20006
www.paladincapgroup.com

February 2014

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Table of Contents

Paladin Investment Mission

Paladin seeks to deliver superior risk-adjusted returns through a multi-stage, multi-sector, dual-use "Security in the Cyber Age" technologies investment strategy. New Cyber Age technologies, products and services now underlie the convergence and shared interdependency of all critical sectors and key assets requiring private enterprise and government to allocate billions of dollars to enhance and protect global critical infrastructure. This strategy leverages Paladin's unique knowledge and relationships with defense, intelligence and security agencies and with broad commercial interests into identifying excellent investments.

The Firm

- **Paladin Capital Management, LLC, founded in 2001, is an SEC registered investment management firm focused on global prudent private equity investing**
- **A leader in investing in the Homeland Security sector focused on dual-use, both commercial and governmental markets, products, services and technologies**
- **Over the past ten years as an investor in advanced technologies, Paladin has invested in 31 cyber-related investments working with renowned Intelligence and Defense agencies as well as commercial entities worldwide**
- **More than $950 million under management across multiple investment vehicles**
- **Experienced professionals with over 150 transactions and 100 years of combined expertise with access to global talent base across major industries at the highest leadership and technical levels**

The Firm

- **Paladin's investment team primary focus:**
  - **to achieve the highest possible IRR for its investors**
  - **to invest in best of breed companies with high quality management teams, products and services that serve both commercial and governmental markets with a focus on ROI**
  - **to build high value, high quality strategic partnerships**

- **Team approach ensures:**
  - **Partners have industry and government expertise**
  - **Advisors have specialized competence throughout spectrum**
  - **Contacts with top leaders and decision makers**

- **Firm Milestones:**

Investors	**61**	
Employees	**24**	
Investment Professionals	**19**	
Advanced Degrees	**13**	
PhDs or MDs	**6**	
JDs	**5**	
Top Secret Clearances	**13**	
Offices	**3**	**(Washington, New York, Silicon Valley)**

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Paladin: A Unique Partnership

The Team

- **National Security Experience:**

  - **Lt. General Kenneth Minihan (USAF Ret.):** Managing Director; Director NSA; Director DIA
  - **Richard A. Clarke:** Senior Member Strategic Advisory Group; senior White House Advisor for Cyber Security and National Coordinator for Security and Counterterrorism
  - **Alf Andreassen PhD:** Managing Director; APL/Johns Hopkins; White House; Bell Labs
  - **H. Lee Buchanan PhD:** Senior Member Strategic Advisory Group; Deputy Director DARPA; Asst. Secretary of the Navy for R&D and Acquisition

- **Technology & Financial Expertise:**

  - **Michael Steed**: Managing Partner; PCG; TFA; AFIC
  - **Mark Maloney**: Managing Director; PCG; TFA
  - **Paul Conley PhD:** Managing Director; Brightscale; Appfluent; Los Alamos National Labs
  - **Philip Eliot**: Managing Director; Core Capital; FBR; Dean & Company
  - **E. Kenneth Pentimonti**: Principal; JP Morgan Chase; H&Q; Arthur Andersen
  - **Christopher Steed**: Principal; Merrill Lynch
  - **Colin Bryant**: Vice President; Vigilant Investors Fund; Netamorphosis
  - **Mourad Yesayan:** Vice President; Pacific Ethanol
  - **William Reinisch:** Venture Partner; Motorola
  - **Matt Bigge**: Venture Partner; Strategic Social
  - **Niloofar Howe**: Operating Partner; Zone Ventures; McKinsey; O'Melveny & Myers

The Team: Strategic Advisory Group (Partial List)

NAME	BACKGROUND
R. James Woolsey Chairman	Former Director, CIA; Under Sec. Navy; Booz Allen Hamilton; served in the US Government on five different occasions, where he held Presidential appointments in two Republican and two Democratic administrations
Wesley K. Clark, General US Army (Ret.)	Retired 4 star General; CEO of Wesley K. Clark & Associates; Chairman of Rodman & Renshaw; Co-chairman of Growth Energy; Senior fellow at UCLA's Burkle Center for International Relations; member of Clinton Global Initiatives Energy & Climate Change Advisory Board
Richard A. Clarke	An internationally-recognized expert on security, including homeland security, national security, cyber security, and counterterrorism; Served the last three Presidents as a senior White House Advisor
Richard C. Schaeffer, Jr.	Former Senior Executive with the National Security Agency (NSA) and Defense Intelligence Senior Executive Service; Assistant Secretary of Defense Command, Control, Communications and Intelligence
Arthur L. Money	Former Assistant Secretary of Defense for Command, Control, Communications and Intelligence (C3I); DoD CIO; Asst. Secretary Air Force for Research Development and Acquisition
Elizabeth Hackenson	CIO and SVP of AES Corporation; former CIO and SVP for Alcatel-Lucent; former CIO of MCI
Clark K. Ervin	Partner at Patton Boggs and Director of the Aspen Institute Homeland Security Program; former Inspector General for Department of Homeland Security; former Inspector General for the Department of State and Broadcasting Board of Governors
Winston H. Hickox	Former Secretary of the California Environmental Protection Agency (member of Governor's Cabinet); Environmental Initiatives Portfolio and Green Wave program, California Public Employees Retirement System (CalPERS)
Dr. Francis J. Harvey	Former Secretary, US Army; Board of Directors, Sun Microsystems Federal; Former CEO, IT Group; Former Member, Army Science Board; Former Director and Vice Chairman, Duratek
Dr. Paul Bracken	PhD, Yale University School of Management; Council on Foreign Relations; CNO (Chief of Naval Operations) Executive Panel, Board of Advisors, Los Alamos National Laboratory
Richard Cirigliano	VP, Oracle Corporation – Platform Technologies
Togo D. West, Jr.	Former Secretary, US Army/Veterans Affairs; Associate Deputy Attorney General US Dept. of Justice
Allied Minds, Inc.	Investment firm that forms, funds, manages and builds startups based on early-stage technology originating from U.S. universities and federally funded research institutions

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Paladin's Heritage

Strategic Partnerships

- LPs Include Lockheed Martin, Battelle, Smiths Detection, Motorola, Boeing, Siemens, Sumitomo, NTT Data
- Institutional Limited Partners: CalPERS, NY Common, NY City, QIA, Contra Costa County Employees, Rhode Island Employees
- DARPA, Civitas Group, Good Harbor, Allied Minds, In-Q-Tel, Trident Capital, SAIC, National Laboratories and Universities
- Paladin Strategic Advisory Group
- Window to Washington and International Homeland Security Matters

Team

- National Security and Defense Experience
- Investment, Financial and Operating Expertise
- Specialized Competence
  - Strategic Advisory Group
  - Federal Government Experience and Understanding
  - Advanced Degrees, Access and Highest Levels of Security Clearance
- Access to National Labs and Research Centers

Investment Background

- Disciplined Due Diligence and Rigorous Investment Business Analysis
- Robust Deal Flow
- Considerable Expertise to Build a Successful Portfolio
- Historical Success Investing in Best of Breed Investment Opportunities

Value Add

- Unprecedented Team of Professionals
- Access to Strategic Limited Partners
- Access to First-Tier Public/Private Network of Companies and Individuals
- Leverage Strategic Advisory Board
- Critical Access to Cyber Opportunities
- Access to Highest Levels of US Government and Corporate Leadership

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What is It?

Cyberspace:

A global domain consisting of interdependent networks of information technology critical infrastructures, including the internet, telecommunications networks, computer systems, and imbedded processors and controllers.

It is the life blood of our society and, for now, does not have an immune system

Security in the Cyber Age – Strategic Paradigm Shifts

	AGRARIAN	INDUSTRIAL	CYBER
Society	Agrarian	Industrial	Information
Economy	Agriculture	Manufacturing	Service
World View	Familiar	National	Global
Power Sources	Family/Muscle	State/Money	Individual/Mind
Strategic Coin	Land	Industrial Base	Intellectual Property

Sweeping transformation of the world-wide landscape to Cyber Space

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What are its Key Characteristics?

- **Simultaneity:** Information will be globally ubiquitous. Single events will not happen in isolation from other events.
- **Convergence:** Cyber technologies, products and services underlie each of the critical sectors and key assets – resulting in shared interdependencies, vulnerabilities and opportunities.
- **Velocity:** Breathtaking evolution of technology and threats to cyber institutions and delivery systems will increase even more.
- **Big Data:** Mobility, aggregation, manipulation and extraction of critical information for greater productivity will challenge societies and governments

The Convergence of Cyber Space Critical Infrastructure

The interdependencies of critical sectors and key assets as a result of their underlying reliance on cyber technologies, products, and services has resulted in a convergence that will require billions of dollars to be allocated by private enterprises and governments for the continued enhancement, protection, and resiliency of US and global critical infrastructure.

Interdependent Critical Sectors and Key Assets					
Computer Networks	Communications & Telecom	Life Sciences & BioTech	Transportation Management	Energy Systems	Economic Systems
The collection, organization, sharing and storage of data and applications to support public and private sector operations	Information and communication networks that allow for the continuous flow of information between and among the private and public sectors	Bioinformatics, medical devices, next generation genomics, and pharmaceuticals that support the needs of both private and public sector priorities	Supply chain and distribution networks for the support of public and private sector manufacturing and continuity of operations	Electric power grids, water, dams, and oil and gas pipelines that ensure the "always on" requirements for the private and public sectors	Banking, finance and regulatory coordination of fiscal and monetary policy to support free market capitalism and availability of capital

Cyber technologies, products, and services underlie each of the critical sectors and key assets, and this has resulted in shared interdependencies.

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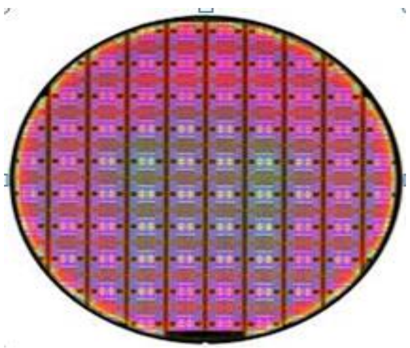
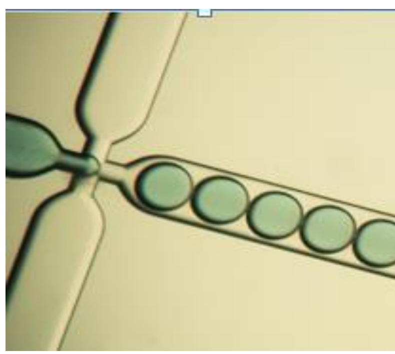
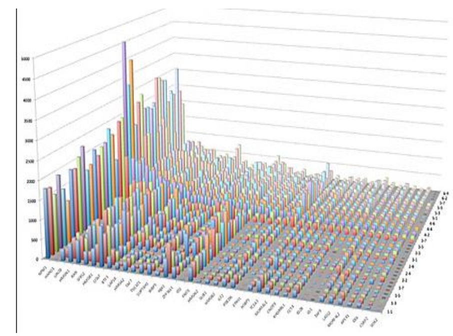
CyberBio – What Do We Mean?

- Security = Ability to quickly detect and immediately respond to new threats
- Cyber Age = Semiconductor size and cost drives computing into the fabric of work, play…and <u>life</u>



- CyberBio = Leveraging the Cyber Age technologies to improve detection and response to bio-threats
  - Semiconductor-based molecular diagnostics
  - Genomic and proteomic "Big-Data" analytics
  - Synthetic drug manufacturing

Cyber Fund Opportunity

- Use Paladin's unique and tested global network to establish an exclusive Cyber Investment Fund focused on early, growth and later stage investments in companies with advanced research and development, IT and cyber-related technologies, products and services

- Focus on companies that are dual-use, both commercial and government markets, providing viable applications and can be leveraged across multiple industries to strengthen global critical infrastructures

- Concentrated focus in portfolio company selection and industry segments that maximize opportunities for the Fund in order to achieve superior investment returns through sustained growth

Result: A powerful and unique array of expertise and strategic global relationships that will propel the Fund into the forefront of cyber security and resilience

A Wealth of Investment Opportunities

- Technologies in the Cyber Age are a rapidly emerging global priority showing vigorous growth, and from this growth comes a wealth of investment opportunities
- Globalization and ubiquitous connected systems are changing the fabric of national security, business operations and citizen interactions, bringing new targets and new threats into the picture
- Focus on growth investments with strong preference for disruptive technology opportunities
  - Adequate technology solutions do not currently exist in the market
  - Near term investment opportunities will emerge from early to late stage technologies and buy, build and grow, merger and acquisition solution models
  - End-to-End solutions are required and will be ***eternally dynamic*** as threats evolve

Take Advantage of the Investment Window

Investment Drivers

- Investment driven by:
  - Federal customer priorities in Intel/DoD
  - Commercial sector needs for business continuity
  - Regulatory and compliance environment
  - Increasing costs of a cyber attack

- Unique IP developed, leveraging government R&D
  - Government incubation and non-dilutive financing enhances equity investment
  - Near-term traction and technology validation
  - First mover advantage and early adoption

- Ecosystem
  - Applicability for government customers with extensions into the commercial markets
  - Vibrant markets for pervasive network and communications infrastructure adoption
  - Strong network of subject matter experts and advisors

Paladin's team possesses a unique array of expertise and strategic global relationships

Why Paladin and Security in the Cyber Age?

- Paladin is a Value Add investor, bridging gaps between the commercial and government sectors to bring advanced IT security products, services and technologies to a wide variety of global strategic investors, customers and acquirers

- Paladin's unique relationship with federal government and deep understanding of disruptive technologies helps us identify market drivers, target the right companies for investment and improve their performance through our value add
  - Federal customers often early adopters of cyber security products, services and technologies
  - Access to huge U.S. budget focused at cyber security in both federal and commercial markets

- Paladin's unique access to market drivers, disruptive technologies, policy and thought leaders, and strategic buyers creates tremendous opportunity for superior returns, and investors can benefit from Paladin's ten years in these markets

Investment Philosophy

- Paladin's opportunity focuses on the convergence of billions of dollars being allocated by global private enterprises and governments for the protection of interdependent networks of information technology including internet, telecommunications, networks, computer systems, imbedded processors and controllers – it is the life blood of our society.

- ***NEW CYBER AGE*** – represents a fundamental transition from old ways of doing business to the new global interdependencies of critical sectors and key assets on cyber technologies, products and services all of which converge on cyber systems for security, reliability, redundancy, resiliency, awareness, optimization and efficiency

- ***SECURITY*** – recognizes the need to ensure that societies critical sectors and key assets such as computer networks, communications and telecom, life sciences and biotech, transportation management and economic/financial systems can continue in the face of terrorism, inappropriate activity or natural disaster

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Investment Philosophy

- **DUAL USE** – a cornerstone in Paladin's investment thesis. Focus on products, services and technologies that serve both private enterprise and governmental needs leading to greater revenue reduced risk, multiple non-dilutive financing, greater intelligence gathering, a market hedge and expanded market opportunity

- **CRITICAL INFRASTRUCTURE** – is the assets, systems and networks, whether physical or virtual, so vital to the United States that their incapacitation or destruction would have a debilitating effect on security, the economy, public health or safety

    - Critical infrastructure has expanding vulnerabilities for which products, services and technology investments will supply resilience at times of crisis

    - Infrastructure resilience is a shared responsibility that requires the distinct expertise, capabilities, and combined resources of the private and public sectors

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Paladin Investment Strategy: What We Look For

Wave	A change taking place in an industry that will drive urgent spending. Ideally, the wave creates a situation where customers can't not purchase a solution. Some waves are already apparent, others will appear over the life of the Fund.
Team	A team that can execute, particularly an "engine of innovation" that will continue to keep a company competitive.
White Space	A broad enough market opportunity to allow for adjacent expansion.
Paladin Value Add	Opportunity for Paladin to support federal sales strategy, access to non-dilutive financing, or overall business strategy and commercial relationships.
Capital Efficient	An investment thesis that is testable with reasonable amounts of funding.
Deal Structure	Appropriate deal structure for Paladin to maximize risk-adjusted returns for its investors.

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Investment Strategy

- Establish a diversified portfolio of companies with initial investments of $2 - $10 million with **additional** reserves established for follow-on investments
  - employ multi-stage strategy from early to late stage and growth rounds of financing
  - employ a "buy, build and grow" strategy with both minority and majority ownership positions
  - whenever possible, take a leadership position in investment rounds of financings

- Seek broad, near-term and immediate solutions by focusing investments on:
  - making early stage capital investments into companies with ***groundbreaking technologies***
  - making growth stage capital investment into well managed, growing companies with ***customers and revenues***

- Invest in best-of-breed companies with:
  - proven, high quality management teams with unique insights into their markets
  - sustainable competitive advantages

Paladin will actively pursue investments in cyber related technologies using its extensive strategic network

Investment Strategy

- Set the *industry standard* for disciplined due diligence and rigorous investment business analysis
- Derive *significant investment advantage* from our ability to:
  - identify the most promising investments in order to achieve maximum value
  - enter transactions at reasonable valuations and structure desirable terms
  - form strong alliances with the management team and board of directors
  - provide strategic business direction and analysis of growth and consolidation opportunities
  - leverage Paladin's broad strategic network to identify partnering opportunities
  - implement high corporate governance standards through active participation on the board of directors
  - nurture and manage the exit process to maximize exit values

From an investment perspective, Paladin's goal is to identify the biggest changes and the largest market opportunities

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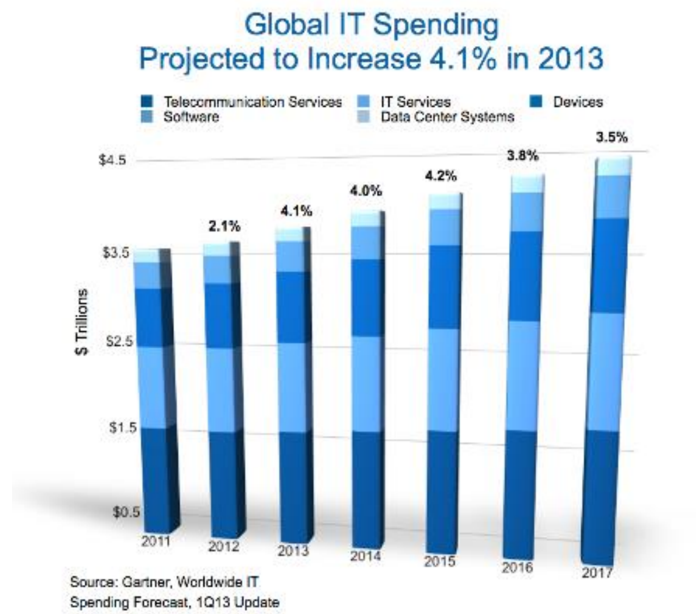
Backdrop: Macro Trends in IT

- Global data center traffic is expected to quadruple in the next five years, and the fastest growing component is cloud data
- "Addressing security challenges presented by virtualization and the cloud requires rethinking security postures to reflect this new paradigm." – Cisco
- The number of devices connected to the internet has grown to 9 billion
- A 70,000 employee Fortune 100 company reported 14,000 iPads (20% of employees) on the corporate network, merely three years after the introduction of the product.
- Worldwide spending on information technology reached $2 trillion in 2013, and increase of 5% over 2012 (IDC)
- Worldwide spending on enterprise software is expected to increase 6% to over $300 billion. Growth rates for all categories of IT spending are expected to increase in 2014, and enterprise software is expected to continue to be the fastest growing segment of IT (Gartner)

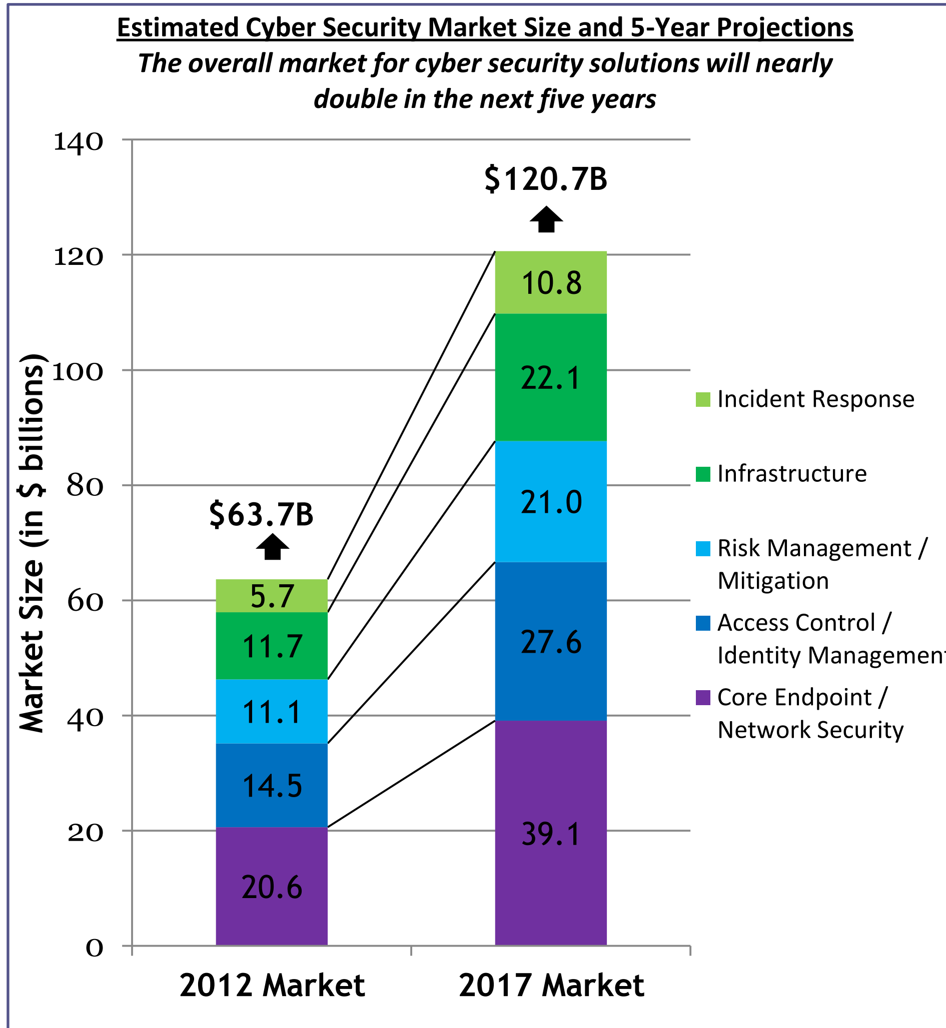


Cyber Security Market Drivers

Governments will Lead the Way . . . and Commercial Markets will follow

The U.S. Comprehensive National Cyber Security Initiative (CNCI) is underway to address these challenges by:

- Increase situational awareness by connecting Cyber Security Centers of Excellence worldwide
- Increase foreign intelligence collection provide indications and warnings
- Maximize the ability to attribute cyber attacks and intrusions through exploratory research and development
- Increase core foreign intelligence collection to provide indications and warning
- Develop framework to create future environment that no longer favors cyber intruders into networks and systems



Initial Investment Focus Areas for Paladin Cyber Fund

Enterprise IT/Cyber

- Cyber Security
- Storage
- Data Analysis
- IT Operations and Data Center Management
- Enterprise Middleware
- Business Process Automation

Communications and Mobility

- Mobile Device Security
- Mobile Device Software
- RF Componentry
- Network Device Management
- Carrier and Service Provider Business Process

Bio/Health Technology

- Bio-informatics
- Gene Sequencing
- Molecular Diagnostics
- Biodefense
- Synthetic Biology

Sample Portfolio Companies in Focus Areas

Enterprise IT/Cyber

Initiate

(Acquired by IBM)
Data Analysis

CloudShield

(Acquired by SAIC)
Network Security

phishme.com

Phishing Awareness Training

Communications and Mobility

NEWLANS INCORPORATED
BROADBAND ANALOG CMOS

Analog Circuitry for High Performance Communications Devices

wi Spry

RF Componentry for Mobile Devices

Bio/Health Technology

QUANTALIFE

(Acquired by Bio-Rad)
Next Generation Quantitative PCR

10X TECHNOLOGIES

Data Collection Technology for Gene Sequencing

TWIST BIOSCIENCE

Custom Gene Synthesis

Paladin III has a total of 30 portfolio companies. The companies on this slide are a representative sample of those investments, and the kinds of companies the Paladin Cyber Fund will seek for investment.

Investment Strategy: Value Add

- Unprecedented team of professionals – bridging gaps between the commercial and government sectors to bring advanced technology products, and services to a wide variety of global strategic investors, customers, and acquirers

- Access to talent and technologies from leading edge national laboratories along with decades of unparalleled interactions across the federal government / intelligence community

- Experienced investment focus on disruptive technologies with investment quality returns while sustaining dual bottom line philosophy

- Access to our institutional and commercial investment partners, top-tier global private equity funds and large systems integrators, offering deep and long-standing relationships

- Over time, Paladin has increased its breadth of knowledge and the strength of its networks to propel growth, sustainability, and exits for its portfolio companies

Paladin is uniquely positioned to persistently target opportunities to successfully drive positive outcomes in its portfolios

Investment Strategy: Value Add

For Paladin's portfolio companies, a relationship with the federal government increases the Fund's returns in several ways:

Revenue

Federal agencies are large enterprise customers that can create shareholder value in a portfolio company through the increase in revenue resulting from acquiring them as customers. In areas such as cyber security, where the federal government tends to be an early adopter, federal customers can drive revenue to the company before the commercial customers are ready to spend, giving the portfolio company a head start on competitors focused solely on commercial markets.

Example: **Application Security had federal revenue of $8 million last year (40% of its total revenue), primarily in Defense and Intelligence Agencies.**

Non-Dilutive Financing

The federal government can be a crucial source of non-dilutive financing for startup companies through grants from organizations like DARPA and through research funding as under a CRADA.

Example: **Newlans has received $2.5 million in grants and NRE from GOOGLE and Lockheed Martin.**

Exit

Having federal revenue makes a company attractive to a larger universe of acquirers, in particular the large federal systems integrators such as Raytheon, General Dynamics, Northrop Grumman, and SAIC.

Example: **CloudShield was acquired by SAIC for 6x TTM revenue. SAIC outbid traditional commercially focused buyers because of their interest in CloudShield's federal customer base. Paladin's relationship with SAIC senior management was instrumental in closing the acquisition.**

Investment Strategy: Value Add

Intelligence

In certain areas, such as cyber security, the federal government has more complex challenges as a customer than most commercial customers, and exposure to these problems gives a portfolio company unique insight into how to improve its product, and what challenges commercial customers will be facing soon. This insight enables them to be more efficient in their R&D spending.

Example: **ClearCube has sold extensively into classified environments in US Defense and Intelligence Agencies. These customers had particularly stringent needs around security, and the product improvements that ClearCube made in response to these needs enabled them to sell more effectively into other security conscious customers such as large financial institutions.**

Market Hedge

Federal customers are driven by different external economic drivers than commercial customers, so having both federal customers and commercial customers reduces the risk of a company suffering irreparable harm through the weakness of a specific customer vertical (e.g., financial services companies in 2008).

Example: **For many tech companies, this sector was the largest and most important (and in some cases only) customer vertical. While many of Paladin's tech companies had customers in the financial services sector, most also had customers in the federal government. As the collapse of the financial services sector occurred, federal government spending increased and, as a result, the aggregate revenue across Paladin's technology portfolio companies increased from 2008 to 2009 rather than declining.**

Paladin III

Investment Period Ends:	August 2014
Total portfolio companies funded:	30
Exited investments:	4
Gross Investment IRR	15.62%
Net Paladin Main Fund IRR	5.56%
Gross Cyber and Bio/Health Technology Portfolio IRR	41.57%
Cyber and Bio/Health Technology Portfolio Multiple of Investments	2.03X

Note

1. All figures are as of 12/31/13 and are preliminary and unaudited and represent the return to the PIII Main Fund.

Completed Investments

10X Technologies
Fixmo
BuildingIQ
Threat Stream
HealthTell
PerspecSys protecting cloud data
bugcrowd
Twist Bioscience
BA Insight
DigitalBridge Communications
Royalty Pharma
modius
phishme.com
Endgame.
PEA
Newlans Incorporated Broadband Analog CMOS
wi Spry
Unitrends
CyberCore Technologies
VREC
ADAPX
Initiate
Renewable Energy Products
Luminus
Shadow Networks
Toma Biosciences
CloudShield
Racemi Business Systems Agility
Damballa
QuantaLife

Paladin III Main Fund Performance

(as of December 31, 2013)

Cyber IT/Bio	
Gross IRR	41.57%
Net IRR	29.31%

Alternative Energy/Other	
Gross IRR	-2.77%
Net IRR	-8.69%

Total Main Fund	
Gross IRR	15.62%
Net IRR	5.56%

Notes

1. The Net IRR returns are net of fees, expenses and carried interest. Paladin III Cyber IT/Bio and Alternative Energy/Other Net IRR is calculated by the percentage of capital invested in their respective categories each year multiplied by the total yearly fees and expenses (except non-cash items) of the Main Fund and recording that as a cash flow each year.
2. All figures are as of 12/31/13 and are preliminary and unaudited and do not include accrued interest for Q4 2013 on certain investments.

- It is important to parse the performance as shown above to have an accurate view of the cyber and cyber/bio return profile which will be the focus of the new Paladin Cyber Fund;

- The alternative energy and other investments have a negative Gross and Net IRR to date which, when combined with the Cyber IT/Bio investments, results in the overall Paladin III Main Fund Net IRR figure being averaged down to the figures noted above;

- While there is still substantial unrealized value and future potential in the alternative energy and other companies, these types of investments will not be part of the Paladin Cyber Fund.

U.S. Venture Capital Benchmark Returns
2008 Vintage Year Funds

- The Paladin III Fund Cyber IT/Bio Net IRR performance of **29.31%** significantly exceeds the average benchmark reported by Cambridge Associates and Thomson Reuters and is also above the upper quartile benchmark of 19.01% and 13.56%.

	Source	
	Thomson Reuters[1]	**Cambridge Associates[1,2]**
Net IRR to Limited Partners		
Average	**7.02%**	**12.28%**
Upper Quartile	13.56%	19.01%
High	38.99%	26.55%
Low	-18.88%	-1.99%

Notes
1. Average IRR reported by Cambridge Associates and Thomson Reuters is weighted by each fund's amount of capital invested as of June 30, 2013 the most recent information publically available.
2. Cambridge does not report low and high figures – figures above estimated based on plus/minus one standard deviation reported to be 14.27%

The Cyber IT / Bio investment strategy utilized in Paladin III will be the investment strategy going forward for the Paladin Cyber Fund.

PALADIN CAPITAL GROUP

Fund Terms

Structure	Delaware Limited Partnership – binding capital commitments callable from limited partners as investments are made
Target Size	Up to $300 million
Target Return	IRR target of 25%
Management Fees	2% per annum
Profit Split	80%/20% After return of investment principal and deal expenses to Limited Partners
GP Commitment	1%
Fund Auditors	McGladrey LLP
Fund Counsel	Paul Hastings
Fund Back Office Support	Citi Private Equity Services LPs have secure access to investor reporting data 24/7/365

Summary

- A private equity fund offering up to $300 million in Limited Partner Interests
- Leverage existing *Paladin expertise* and focus
- Emphasize groundbreaking + early adopter technologies
- Focus on *multi-stage* products, services and technologies
- Continue to exploit expansion/growth opportunities through maintaining and expanding already *vibrant deal flow*
- Deploy a “buy – build – grow” strategy, where appropriate
- Exit market for cyber security products will remain robust over the next decade driven by federal government spending priorities as well as continuously evolving threat landscape
- Paladin has unique access to key players within the ecosystem to refine its investment thesis, target attractive markets, source unique opportunities, and build relationships with acquirers

Disclosures

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The value of investments may fall as well as rise. Past performance of an investment is not necessarily indicative of its future returns. Target returns are not guaranteed. It is possible that the Fund's investments may be subject to leverage and if so should therefore be considered higher risk than a similar unleveraged investment. Investment returns may be subject to foreign currency exchange risks regardless of whether or not any currency hedging is undertaken by the Fund.

A number of statements made in this presentation are not historical or current facts, but deal with potential circumstances and developments. They can be identified by the use of forward-looking words such as "believes", "expects", "intends", "anticipates", "may", "will", "would", "could", "should" or other comparable words. Any such forward-looking statements, including any projections or other estimates of returns or performance, are based on currently available information and certain assumptions. Such statements are conjecture, and as such are subject to risks and uncertainties that may cause actual results to differ from current projections, estimates and expectations. Assumptions as to future events may prove to be incorrect and events which were not anticipated or otherwise taken in to account may occur and may significantly affect the analysis.

Disclosures

RISK, continued

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Milliman

Meeting Date
02/26/14
Agenda Item
#10

Memorandum

Date: February 6, 2014
To: CCCERA
From: Bob Helliesen and Marty Dirks, Milliman

Subject: Paladin Cyber Fund, L.P.

Summary and Conclusion

Paladin Capital Group is launching the "Paladin Cyber Fund," and approached CCCERA concerning the possibility of Contra Costa investing in the new fund. Following Board direction, Milliman has performed due diligence on the new fund. Our conclusion is that the cyber security is an interesting market segment and that the fund's outlook seems promising. Before investing with Paladin in a "first close", CCCERA would want to confirm that the total amount of the first close including CCCERA and other investors would total at least $60 million, a number that Paladin has committed to. If CCCERA moves forward, we would recommend a $20 or $25 million CCCERA commitment.

History

CCCERA considered investing in the Paladin Homeland Security Fund, a 2002 fund that was launched following 9/11/2001, but eventually decided not to invest, wanting to see Paladin's newly augmented investment team get experience.

Following early indications that Homeland Security would be successful, CCCERA invested in the next Paladin fund, making a $25 million commitment to Paladin III, a 2008 vintage private equity fund with an emphasis on national security and a goal of finding private companies that have products that have markets both in government and in corporations. Returns on this fund, which is still fairly early in its realizations with only four of 27 investments fully realized, have been almost 15% gross and almost 5% net. The wide difference between gross and net should shrink as the fund matures.

The almost 15% gross return on the whole fund to date is acceptable. Paladin III has had much more success in the areas it defines as cyber and biological security, with a gross return of over 40%. Logically, this area, which makes up more than 50% of commitments, is the emphasis in the next fund.

CCCERA Investment Policy

As set out in the CCCERA Investment Policy and Guidelines, CCCERA can invest in a fund outside of the standard search process **either** because the fund is unique or because it is a follow-on fund ("an investment which has essentially the same strategy … [as a fund from the same sponsor in which] CCCERA has already invested.")

Paladin Cyber fits the unique criteria in that there are no direct competitors in the "cyber security" space. The fund's strategy, while similar to that of the earlier Fund III, is not identical in that it will focus on "Cyber security," which is more than half of Paladin III, but will not invest in alternative energy or other areas outside of cyber security that were part of the earlier fund. Thus, Paladin Cyber can be argued to be a follow-on fund but not "essentially the same" (but it does meet the "unique" criteria.)

CCCERA has a general preference to do its private equity investing through fund-of-funds. CCCERA made an exception with Paladin III (as it did with Energy Investors, DBL / Bay Area equity and Nogales) and can do so again with Paladin Cyber.

In both private equity and real estate, CCCERA has historically invested in later closed end funds where it has had a good experience with earlier funds from the same vendor.

The Fund

This fund, Paladin Cyber, has a target size of $300 million, focusing on "cyber security". First close will occur when Paladin has $75 million in firm commitments. Management fees are 2% per year (on capital commitments during the commitment period and then on net invested capital). The profit split is 80% to the limited partners (for example, CCCERA) and 20% to the general partner. The fund expects to have its initial close this winter.

Key Fund Parameters		
	Paladin Cyber	Paladin III
Fund Target Size	Up to $300 million, $75 million required for first close	$300 million target, $340mm actual
Target Return	IRR target of 25%	25%
Management Fee	2% per annum	2%
Profit Split	80% / 20%	80% / 20%
GP Commitment	1%	1%
Portfolio Companies	± 20	20+
Initial Investment Period	6 years	6 years

Terms of the new fund match those of the last fund.

Background

This is the fourth Paladin fund and the third since the investment team was restructured in 2001 after 9/11, when several high powered veterans of US government military and security operations approached the financial team which had been at Ullico (Union Labor Life) and had formed Paladin, with a proposal to join forces in the security area.

Paladin began in 2000 with Michael Steed and Mark Maloney, who had a history of success in private equity at Ullico (Union Labor Life) in the 1990s. They left Ullico at the end of 1999 to formed Paladin. The first Paladin fund, Paladin Partners, was closed in August of 2001.

Following the attacks of September 11, 2001, Lieutenant General Kenneth A. Minihan, former director of the National Security Agency and the Defense Intelligence Agency, and James Woolsey, former head of the Central Intelligence Agency and Under Secretary of the Navy, approached Paladin with the idea of launching a fund that would invest in companies to prevent attacks on government and private companies, defend them from attacks, cope with and recover attacks. The two former high ranking government security officers felt that US security infrastructure needed bolstering and that there was an opportunity for strong private equity returns investing in companies that could enhance security for both government and private companies. The two had gotten to know Mike Steed through being on a company board together.

Paladin Homeland Security Fund:
The first fruit of this combination – the Paladin Homeland Security Fund (PHSF) – was issued in 2004. CCCERA took a good look at this fund, but passed on it. There were two primary reasons: First, the team was unproven at that time, as PHSF was the first effort. Second, all else equal, CCCERA has established a preference for investing in private equity through fund-of-funds to increase diversification, and this is not a fund-of-funds, but a single fund. (The CCCERA Board has overridden this preference in several instances with mixed results: Energy Investors, Bay Area Equity Funds, Carpenter and Nogales.)

Paladin has a number of high level government security experts on its staff and advisory board. In addition to Minihan (a managing director of Paladin) and Woolsey (on the Paladin advisory board), there are 22 other employees including 19 investment professionals, 13 with advanced degrees, six PhDs or MDs, five JDs, and 13 with secret clearances. The national security experts that are participating in management of this fund appear to be able to deliver – according to portfolio companies we contacted, Paladin has been very helpful in terms of government introductions.

The PHSF got off to a good start but was impacted by the financial crisis of 2008 and 2009. It currently has a disappointing net internal rate of return of -5% on the whole fund, with a slightly positive +1% return on the cyber portion. While not a totally fair comparison, the Cambridge Associates Venture Capital Index for funds launched in 2002 has had a 0% return.

Paladin III
CCCERA invested in the 2008 vintage year Paladin III fund (the second fund by the current investment team), making a $25 million commitment. Current CCCERA investment in the fund is $16,896,287. Through June 30, 2013 the fund has an internal rate of return of 4.65% per year net and 14.7% gross. (We expect the difference between net and gross to narrow as more realizations occur.) This compares to Cambridge Venture Index gross returns for 2008 funds of 13.75%. Paladin holds that comparing returns to a venture index is a bit apples and oranges, since its energy company investments would not be classified as venture capital.

On the cyber portion of Paladin III, the returns have been much more exciting. Paladin has carved out the returns on this portion of the fund, which include 17 of the 25 total investments made by the fund. On these 17 investments, the gross IRR has been 43%. Overall fund return has been held down by energy and technology investments that have had a negative return.

What is Cyber?

Paladin describes its cyber approach as

"investments in companies using the entrepreneurial energy of creative minds to produce cyber technologies, products and services and technologies to protect our infrastructure and make it resilient to theft, attack or disruption. .... By focusing on the interdependent, cyber-related vulnerabilities of global critical infrastructure ... (beneficiaries of) dollars being allocation by global private enterprises and government for the protection of interdependent networks of information technology, including the internet, telecommunications, networks, computer systems, imbedded processors, and controllers... dual use technologies, products, and services serving critical infrastructure elements."

Areas of interest for Paladin Cyber Fund include:

ENTERPRISE IT	COMMUNICATIONS AND MOBILITY	BIO/HEALTH TECHNOLOGY
• Cyber Security	• Mobile Device Security	• Bio-informatics
• Storage	• Mobile Device Software	• Gene Sequencing
• Data Analysis	• RF Componentry	• Molecular Diagnostics
• IT Operations and Data Center Management	• Network Device Management	• Biodefense
• Enterprise Middleware	• Carrier and Service Provider Business Process	• Synthetic Biology
• Business Process Automation		

The Paladin Narrowing of Emphasis to Cyber in the current fund

In the last fund, Paladin III, the emphasis from the prospectus was:

> "Paladin will target early to late stage capital-efficient, high growth, worker-friendly companies in the largest emerging markets in the homeland security sector. Paladin's overall focus will be on companies that reduce the global and national vulnerabilities of our critical infrastructure by making this infrastructure resilient. Key critical infrastructure market segments include information technology, such as search, storage, network security, and wireless/mobile computing, as well as physical infrastructure, such as power (batteries, distributed power such as solar), sensors, transportation, alternative energy, distributed infrastructure, clean technologies, and food/air/water safety companies. (shading added)
>
> In order to mitigate risk, Paladin will prudently invest in companies whose products or services are dual use in nature and serve both commercial and federal government needs. While the federal government is often an important customer, validating the strength of the product or quality of the service offering, the dual use requirement is intended to ensure that Paladin only invests in companies with long-term sustainable growth largely driven by commercial market needs. As such, the Fund will not be operating as a traditional "Defense Fund" in which companies rely primarily on revenues from the federal government. Instead, the Fund will focus primarily on companies with customers and revenues from the commercial sector, which Paladin believes can provide long-term sustained growth."

The current fund has a slightly different emphasis:

> "Paladin's investment strategy is to create significant equity appreciation in companies that operate in the high growth segments of Security in the Cyber Age market, with a dual use offering addressing the needs of both the federal government as well as commercial enterprises …
>
> Paladin's overall investment strategy is to lead or co-lead investments in the largest and most promising emerging markets in the global Security in the Cyber Age market. Paladin's focus will be on companies that reduce global and national vulnerabilities by making cyber-reliant critical infrastructure elements resilient to attacks, criminal and inappropriate actions, and natural disasters. Key market segments include the following: information technology, including cyber security, storage, data analysis, IT operation and data center management, enterprise middleware, and business process automation; communications and mobility, including mobile device security, mobile device software, RF componentry, network device management, and carrier and service provider business processes; and bio / health technology, including bio-informatics, gene sequencing, molecular diagnostics, biodefense, and synthetic biology. These markets are characterized by significant long-term growth driven by regulatory compliance, government spending on infrastructure products and services, as well as private investment in the security and resiliency of private enterprises.

Note that the new fund does will not invest in physical infrastructure, which was a significant part of the last fund.

Paladin has been much more successful in the cyber area than in its other investments. The three big losers in Paladin III are all outside of cyber security: Digital Bridge -66% (WIMAX cellular, lost out to LTE), Modius -48% (building energy monitoring) and Renewable Energy Products -93% (biodiesel). Paladin has had some notable successes in the cyber area – Quantalife which had a 4X return and Cloudshield which has had an IRR of 460%. This makes sense to us, since cyber is a hot area and the government and defense contractor contacts at Paladin can be valuable in this area.

The outlook for cyber security products looks like it is and will continue to grow rapidly. Therefore, it makes sense for the firm to take advantage of this outlook and its historic success by narrowing its focus. It is also true that the firm's returns on a combined basis are not attention getting. This gives us some pause – is the focus on cyber just because this area is marketable and the other investments are not? But we conclude that the cyber area is the sweet spot for Paladin and it is appropriate for the firm to narrow its focus.

Underwriting Standards

Paladin targets three times returns and 25% IRR on its investments in total. Because it knows that some investments will not work out, it underwrites all investments to a return of 4-8 times in hopes of achieving the 25% and three times return. All investments are evaluated the same regardless of the particular industry segment the investment operates in.

National Conference on Public Employee Retirement Systems

ADVOCACY | RESEARCH

Meeting Date
02/26/14
Agenda Item
#11a.

NCPERS 2014
Annual Conference and Exhibition

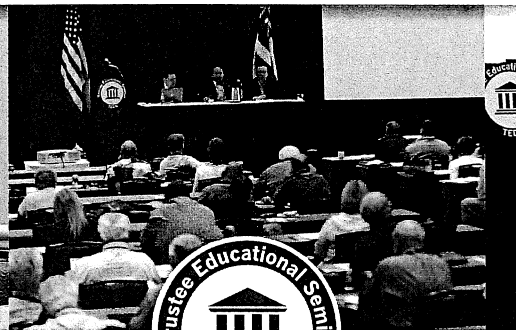
April 26 – May 1, 2014 | Sheraton Chicago Hotel & Towers | Chicago, IL

Navigating the River of Pension Success

NCPERS
1941

FUND MEMBER REGISTRATION FORM

PRE-CONFERENCE PROGRAM
TRUSTEE EDUCATIONAL SEMINAR (TEDS)


NEW THIS YEAR
Beginners and Advanced Trustee Tracks!

The Trustee Educational Seminar (TEDS) is intended for new and novice trustees who are seeking a better understanding of their roles and responsibilities as trustees of their pension funds. It also serves as a refresher for experienced trustees interested in staying up-to-date.

This two-day program provides an introduction to fiduciary responsibilities, creating a solid foundation of knowledge for those who have limited experience in pension plan trusteeship. Program content is designed to address the critical elements of trust fund management, including important topics such as investing, legal requirements, and trustee ethics.

Attendance at TEDS also provides trustees with eight (8) hours of continuing education (CE) credit.

Registration fee for this program is separate from the Annual Conference registration fee.

WHO SHOULD ATTEND?

New trustees: Get started with a solid foundation of knowledge so you'll be prepared to fulfill your obligations to your retirees.

Experienced trustees: Get updated on the most recent trends and developments in the public pension fund industry to ensure your continued success.

Administrators and pension staff: Be better prepared to do your job as a key implementer of policies and critical fund initiatives.

PRELIMINARY AGENDA

SATURDAY, APRIL 26

6:30 am – 8:00 am	Breakfast & Registration
8:00 am – 8:15 am	Opening Remarks
8:15 am – 10:15 am	Beginners Track Sessions
8:15 am – 10:15 am	Advanced Track Sessions
10:30 am – 1:00 pm	DAY 1 TEDS Sessions

- Measuring Public Retirement System Effectiveness: A Trustee Education
- Health Funding Strategies: 2014 National Survey of Local Governments
- 2014 Pension Battles: The Where's, When's, and How's

5:00 pm – 6:00 pm	President's Reception

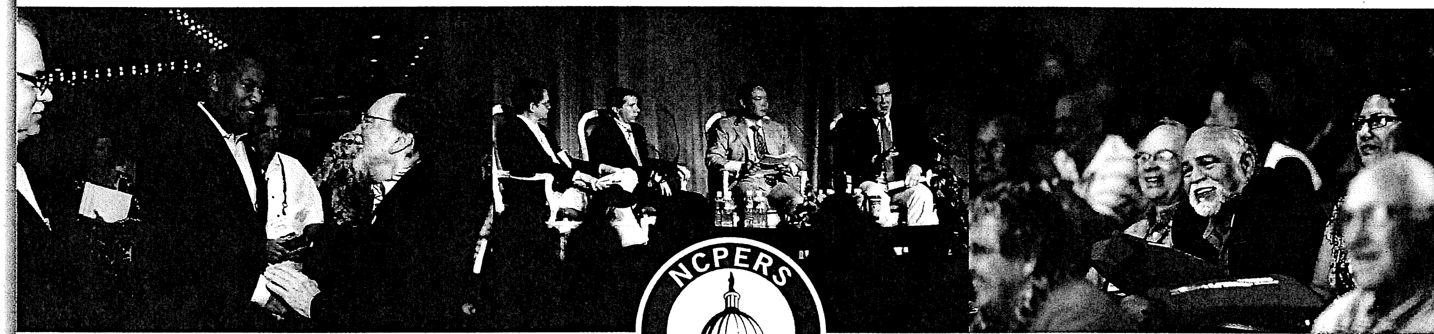
SUNDAY, APRIL 27

6:30 am – 8:00 am	Breakfast & Registration
8:00 am – 1:00 pm	Day 2 TEDS Sessions

- Manager Challenge *(Interactive Computer Session)*
- Laws New Trustee Need to Know

1:00 pm	Presentation of Certificates

ANNUAL CONFERENCE & EXHIBITION



SCHEDULE OF EVENTS

SUNDAY, APRIL 27

2:00 pm – 5:30 pm	Registration
4:00 pm – 6:00 pm	Exhibition
4:00 pm – 6:00 pm	Welcoming Reception

MONDAY, APRIL 28

6:30 am – 8:00 am	Breakfast
6:30 am – 2:00 pm	Registration
8:00 am – 10:30 am	First General Session
8:00 am – 1:30 pm	Exhibition
10:30 am – 11:00 am	Exhibit Break
11:00 am – 12:00 pm	Three (3) Concurrent Breakout Sessions
12:20 pm – 1:20 pm	Three (3) Concurrent Breakout Sessions
1:30 pm – 2:30 pm	Lunch & Lecture Series *(not open to guests)*
2:30 pm – 3:30 pm	National Committee Election
3:30 pm – 5:00 pm	Networking Activities

TUESDAY, APRIL 29

6:30 am – 8:00 am	Breakfast
7:00 am – 2:00 pm	Registration
8:00 am – 10:30 am	Second General Session
8:00 am – 11:00 am	Exhibition
10:30 am – 11:00 am	Exhibit Break
11:00 am – 12:00 pm	Three (3) Concurrent Breakout Sessions
12:20 pm – 1:20 pm	Three (3) Concurrent Breakout Sessions
1:30 pm – 2:30 pm	Lunch & Lecture Series *(not open to guests)*
2:30 pm – 3:00 pm	National Committee Executive Board Elections
3:00 pm – 5:00 pm	Networking Activities

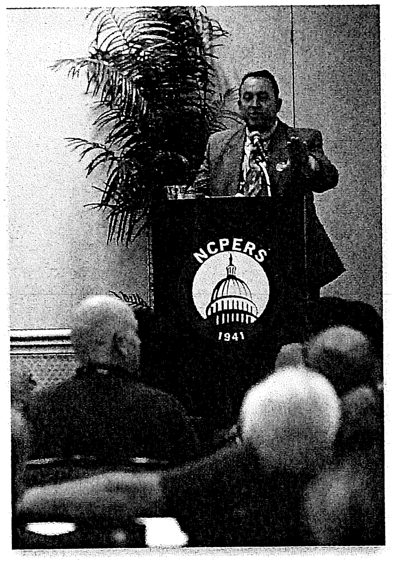
WEDNESDAY, APRIL 30

6:30 am – 8:00 am	Breakfast
7:30 am – 12:00 pm	Registration
8:00 am – 10:30 am	Third General Session
10:30 am – 11:00 am	Refreshment Break
11:00 am – 12:00 pm	Three (3) Concurrent Breakout Sessions
12:20 pm – 1:20 pm	Three (3) Concurrent Breakout Sessions
1:30 pm – 2:30 pm	Lunch & Lecture Series *(not open to guests)*
1:30 pm – 2:30 pm	Networking Luncheon
6:00 pm – 7:00 pm	Closing Reception
7:00 pm – 9:00 pm	Closing Dinner & Show

THURSDAY, MAY 1

9:00 am – 10:00 am	Annual Business Meeting

EDUCATIONAL HIGHLIGHTS



THE NCPERS ANNUAL CONFERENCE provides a multitude of educational offerings for its members at all levels of experience. These opportunities will help you develop the knowledge, skills, and ideas you need to better serve your fund or union, move forward in your professional development, and engage effectively with colleagues across the United States and Canada.

Featured Educational Sessions:

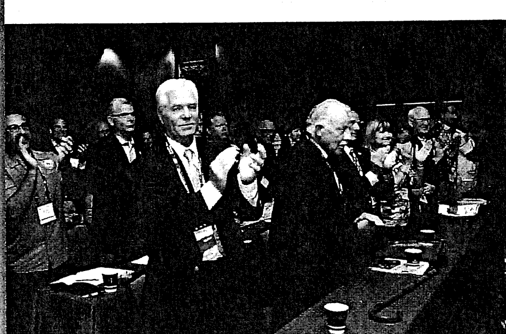
- State Pension Battle Update
- Media Workshop
- Shareholder Activism
- Emerging Markets
- Corporate Governance Reform
- Portfolio Risk and Performance
- Trustee Ethics
- Pension Law Update
- Financial Literacy
- Economic Update
- Investment Strategies
- Healthcare Reform
- GASB Update
- Pension Actuarial Science
- Detroit Legal Analysis

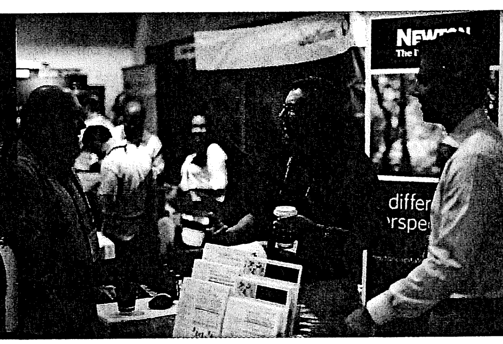
Announcing the New NCPERS Annual Conference App!!

Downloadable directly to your iPhone, iPad or Android, the new app will allow you to easily browse the conference schedule by date and time, and get detailed information on speakers, exhibitors and breakout session handouts!

With the new app you will be able to:

- View the conference schedule
- See a list of who is attending the conference
- Plan the educational sessions you want to attend
- See a list of all the speakers and exhibitors
- Complete the session evaluations immediately
- And takes notes on the conference.





ADMINISTATORS OPEN FORUM

Tuesday, April 29 12:20 pm – 1:20 pm

Recognizing the need for small plan administrators to meet and discuss issues with peers who have similar challenges, NCPERS will host an educational session devoted to the needs of municipal and county public plan administrators and staff. This session will be moderated by a city pension administrator and will allow attendees to ask questions, discuss issues related to their funds, and learn how others are addressing mutual concerns.

HOTEL INFORMATION

Book your hotel room at the Sheraton Chicago Hotel & Towers and receive the discounted conference rate.

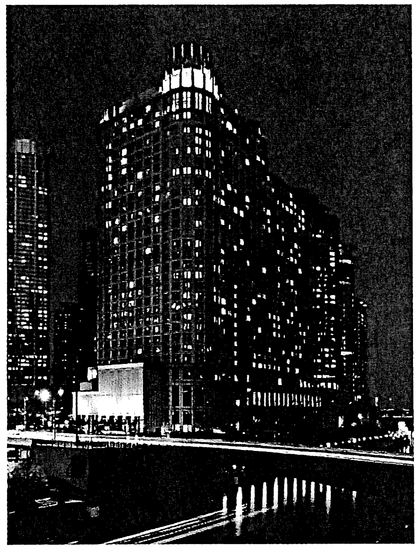
The group rate is available until Monday, April 7, or until the group block is sold out, whichever comes first. After April 7, rates will be based on the hotel's prevailing room rates.

Reservation Deadline: Monday, April 7

Group Rates: $249 single/double

Call: 1-888-627-7106

Online: www.NCPERS.org/annconf



Sheraton Chicago Hotel & Towers
301 East North Water Street
Chicago, IL 60611-4300
Phone: 312-464-1000

AIRLINE INFORMATION

NCPERS has partnered with American Airlines to provide our attendees a **5% discount** off ANY published airfare on www.aa.com for the 2014 Annual Conference in Chicago. **The valid travel dates for this discount are April 25 – May 4, 2014**. You can easily access American's fares and apply this discount by going to **www.aa.com** to book your flight. Place the below Promotion Code in the promotion code box and your discount will be calculated automatically. This special discount is valid off any applicable published fares listed for American Airlines, American Eagle, and American Connection.

You may also call 1-800-433-1790 to book your flights. Please note there is a reservation service charge for all tickets issued by phone.

Promotion Code: 7244AW

TRANSPORTATION

The airports in Chicago include O'Hare International Airport (approx. 18 miles away) and Midway Airport (approx. 12 miles away).

Shuttle Service

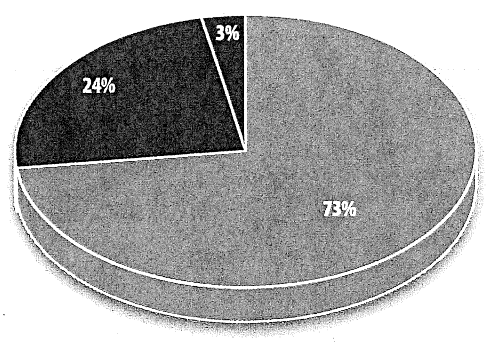
GO Airport Express Shuttle is offering a 15% discount on service. Call 1-888-284-3826 and mention code word: SHERATON

Taxi Service

O'Hare Airport	$35 - $40
Midway Airport	$25 - $30

Past Industry Representation

- Pension Fund Trustees
- Money Managers/Service Providers
- Guests



GENERAL CONFERENCE INFORMATION

NCPERS MEMBERSHIP

NCPERS Annual Conference is a members-only conference. Your organization must be a current member of NCPERS in order for your registration to be processed.

To verify your organization's membership status, please e-mail your inquiry to **membership@ncpers.org**.

WHO ATTENDS?

Professionals from all venues of the pension industry, including trustees, administrators and staff, state and local officials, investment and financial consultants, individuals who provide products and services to pension plans, union officers and regulators from across the United States and Canada.

REGISTRATION FEES

Your registration is not complete until all registration fees have been paid.

Registration fees include (unless otherwise noted) the following:

- Meeting materials, including the conference bag, lanyard and pen
- Breakfast
- Receptions
- Exhibit breaks
- Lunch & Lecture Series
- Closing dinner, and show

Registration fees do not include hotel accommodations, airfare, or transportation to and from the hotel.

GUEST REGISTRATION

A guest refers to a spouse or personal friend, not a business associate, staff member or colleague. All guests must be registered to attend NCPERS events. No admittance will be given to guests without a registration name badge.

The guest fee includes access to breakfast ($40), receptions ($60), exhibit hall refreshment breaks ($30), closing dinner and show ($100). Guests cannot attend the Lunch & Lecture Series.

REGISTRATION DEADLINE

Register by Monday, April 7, to receive the early-bird conference rates. You may still register for the conference after this date, but higher conference fees will apply.

REGISTRATION CHANGES

All registration changes must be received in writing. Please e-mail all registration changes to **erin@ncpers.org** or fax to 202-624-1439.

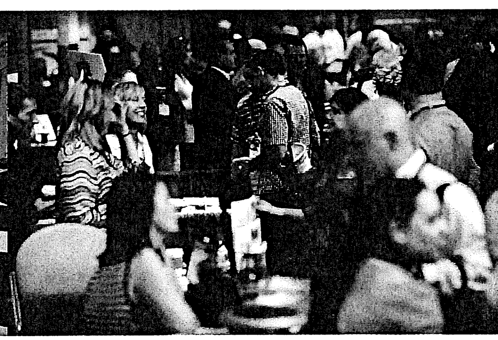
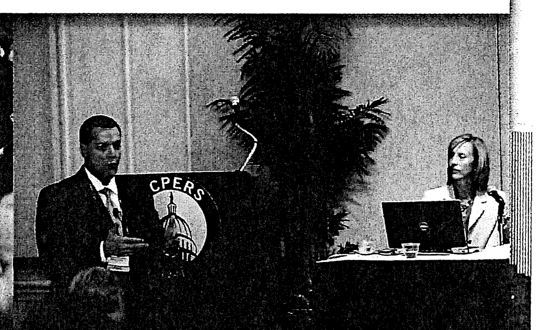
REGISTRATION METHODS

Submit your registration online at www.NCPERS.org. You will need your individual username and password to register.

Complete the registration form, include payment by check or credit card, and mail to:

444 North Capitol Street, NW
Suite 630
Washington, DC 20001

Complete the registration, indicate your method of payment, and fax to 202-624-1439.

FUND MEMBER REGISTRATION FORM

EVENTS REGISTRATION AND FEES	Early-Bird Registration Fees (through April 7)	Registration Fees (after April 7 or on-site)
❍ Trustee Educational Seminar (TEDS)	$400/person	$500/person
❍ Annual Conference and Exhibition	$800/person	$900/person

REGISTRATION INFORMATION

Organization Name: ______________________

First Name: ______________________ Last Name: ______________________

Title: ______________________

Preferred Mailing Address: ______________________

City: ______________________ State: ________ Zip Code: ______________

Daytime Phone: ______________________ Fax: ______________________

E-mail Address: ______________________

GUEST REGISTRATION

EVENTS REGISTRATION AND FEES	Early-Bird Registration Fees (through April 7)	Registration Fees (after April 7 or on-site)
❍ Guest Registration	$150/person	$200/person
❍ Children 12 and under	$50/person	$100/person

A guest refers to a spouse or personal friend, not a business associate, staff member or colleague. All guests must be registered to attend NCPERS events. The guest fee includes access to breakfast ($40), receptions ($60), exhibit hall refreshment breaks ($30), closing dinner and show ($100). Guests cannot attend the Lunch & Lecture Series.

First Name: ______________________ Last Name: ______________________

First Name: ______________________ Last Name: ______________________

GRAND TOTAL: $______________________

PAYMENT METHODS

Online at www.ncpers.org

You will need your username and password to login.

Check

Send registration form(s) and check, made payable to NCPERS at:

444 North Capitol Street, NW
Suite 630
Washington, DC 20001

Credit Card

❍ American Express ❍ Visa ❍ MasterCard

Credit Card #: ______________________

Expiration Date: ______________ CC Verification Code: ______________

Name (as it appears on the card): ______________________

CC Billing Address: ______________________

Authorized Amount to Charge: $______________________

By submitting this form, I certify I have read and understand the terms of this registration. If paying by credit card, I authorize NCPERS to charge my card for the total amount indicated.

Signature: ______________________

CANCELLATION POLICY

All registration cancellations must be received in writing by April 7 to receive a refund and will be subject to a $100 processing fee for TEDS and Annual Conference registrations and $50 for guest registrations. **No refunds will be given after April 7 or to no-shows**. All refunds will be processed post-conference. Please email your cancellation request to info@ncpers.org or fax to 202-624-1439.

National Conference on Public Employee Retirement Systems
The Voice for Public Pensions

444 North Capitol St., NW, Suite 630
Washington, DC 20001
Phone: 1-877-202-5706
Fax: 202-624-1439
info@NCPERS.org
www.NCPERS.org

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REC'D FEB 06 2014

******AUTO**MIXED AADC 200
MARILYN LEEDOM
CONTRA COSTA COUNTY EMPLOYEES RETIREMENT ASSOC
1355 WILLOW WAY STE 221
CONCORD CA 94520-5728

Register Today for the Largest Public Pension Conference in the Country!

The National Conference on Public Employee Retirement Systems (NCPERS) is the largest trade association for public sector pension funds, representing more than 550 funds throughout the United States and Canada. It is a unique non-profit network of trustees, administrators, public officials and investment professionals who collectively manage nearly $3 trillion in pension assets held in trust for approximately 21 million public employees and retirees — including firefighters, law enforcement officers, teachers, and other public servants.

Founded in 1941, NCPERS is the principal trade association working to promote and protect pensions by focusing on Advocacy, Research and Education for the benefit of public sector pension stakeholders…It's who we ARE!

Council of Institutional Investors
The Voice of Corporate Governance

May 7 – 9, 2014
2014 Spring Conference
Marriott Wardman Park
2660 Woodley Road, NW
Washington, DC 20008
202.328.2000
www.marriott.com

Meeting Date
02/26/14
Agenda Item
#11b.

DRAFT SUBJECT TO CHANGE

WEDNESDAY, MAY 7, 2014

1:00 – 7:00	**Registration & Member Registration Open**
2:00 – 2:30	**Policies Committee** (Open to All CII Members)
2:45 – 3:45	**International Governance Committee** (Open to All CII Members)
4:00 – 5:30	**Activism Committee** (Open to All CII Members)
6:00 – 7:00	**Reception & Registration** (Open to All Conference Attendees)

THURSDAY, MAY 8, 2014

8:00 – 5:00	**Registration Open**
8:00 – 6:30	**Member Lounge Open**
8:00 – 9:00	**Continental Breakfast**
9:00 – 9:15	**Welcome** Anne Sheehan, Chair, Council of Institutional Investors
9:15 – 10:00	**Insights: Economic Overview** Beth Ann Bovino, U.S. Chief Economist, Standard & Poor's Ratings Services (CONFIRMED)
10:00 – 10:45	**Update: Perspectives on Regulatory Reform**

THURSDAY, MAY 8 (continued)

10:45 – 11:15 **Networking Break**

11:15 – 12:15 **Workshop 1 TBD**

11:15 – 12:15 **Workshop 2 TBD**

12:30 – 1:45 **Luncheon Keynote**
Michael Useem, Author, Boards That Lead, and William and Jacalyn Egan Professor of Management, Editor, Wharton Leadership Digest, Director, Center for Leadership and Change Management, The Wharton School (CONFIRMED)

2:00 – 3:00 **Perspectives: US State Treasurers**
Janet Cowell, Treasurer, North Carolina (CONFIRMED)
Nancy Kopp, Treasurer, Maryland (CONFIRMED)

3:00 – 3:15 **Networking Break**

3:15 – 4:30 **Member Meetings**

- Corporate General Members
- Educational Sustainers, Honorary International Participants
- Endowment & Foundation General Members
- Labor General Members
- Public General Members

6:00 – 7:00 **Reception & Registration**

FRIDAY, MAY 9, 2014

8:00 – 9:30 **General Members' Business Meeting & Breakfast**
(Open to CII General Members)

9:00 – 12:00 **Registration & Member Lounge Open**

9:00 – 9:30 **Continental Breakfast**
(Open to All Conference Attendees)

9:45 – 10:30 **Update: U.S. Securities Regulation**
Kara Stein, Commissioner, U.S. Securities and Exchange Commission (CONFIRMED)

10:30 – 11:00 **Networking Break**

11:00 – 11:45 **Perspectives: Congressional Priorities**

DRAFT SUBJECT TO CHANGE

<u>FRIDAY, MAY 9, (continued)</u>

12:00 – 1:30 **Luncheon Keynote**

DRAFT SUBJECT TO CHANGE

REC'D FEB 13 2014

California Retired County Employees Association

Representing over 160,000 California County Retirees

Meeting Date
02/26/14
Agenda Item
#11c.

California Quail Official Bird of California

OFFICERS

E. F. (Skip) Murphy, President
Michael Sloan, Vice President
Dorothy Lueking, Secretary
Carlos Gonzalez, Treasurer
William (Bill) de la Garza, Past Pres.

MEMBER ASSOCIATIONS

Alameda
Contra Costa
Fresno
Imperial
Kern
Los Angeles
Marin
Mendocino
Merced
Orange
Sacramento
San Bernardino
San Diego
San Joaquin
San Mateo
Santa Barbara
Sonoma
Stanislaus
Tulare
Ventura

AFFILIATE MEMBERS

EFI Actuaries
Liberty Mutual Group
Pacific Group Agencies, Inc
SCAN Health Plan.
The Segal Company
Southland Credit Union
Stradling Yocca Carlson & Rauth
Western Group Agencies, Inc.

A 501(c)4 Association

February 11, 2014

To: CRCEA Delegates, Members, Affiliates and Friends of County Retirees, '37 ACT Retirement Board Members and Administrators:

Please accept this invitation to join your fellow retirees at our Annual CRCEA Spring Conference that will be held on **April 7-9, 2014** in beautiful Orange County, California**,** hosted by the Retired Employees Association of Orange County (REAOC). The conference will be held at the **Hilton Hotel in Costa Mesa.**

CRCEA is proud to continue our work which provides you with current educational information relative to our present and future county retiree issues. I am pleased to inform you that our Host Committee and your CRCEA Executive and Conference Committees have worked hard to bring you a meaningful and enjoyable Conference.

The past several conferences included Round Table Discussions which highlighted information and issues from various member associations and they were very well received. At this conference, the Conference Executive Committee has continued to allot time for individual associations to present informational materials relevant to emerging issues, requests for assistance, and successful accomplishments that may be helpful to other associations.

Included with this letter is a Tentative Program giving you an idea of the topics and great speakers who will share relevant information at this conference. Our hosts are also providing entertainment and gifts guaranteed to make the Tuesday evening social event relaxing, fun and rewarding.

The Wednesday Morning Business Session is an important segment, with discussion from local associations as well as updates from all our Standing Committees. We will consider other business brought before the Delegates, who are the Board of Directors and the official voting body for CRCEA. It is important that every association be represented at the Conference, not only for the valuable information, but especially at the Business Session.

Orange County is proud of the many entertainment adventures awaiting members and guests. The hotel is a short distance from the stunning Performing Arts Center that also features a concert hall and a Tony Award-winning repertory theatre. When you've had enough shopping the sales at South Coast Plaza and Fashion Island, kick up some sand at the nearby renowned beaches in Huntington, Newport and Laguna Beach. And, of course, there's Disneyland and the Honda Center in Anaheim. We will provide material to help you arrange activities on your leisure time and the hotel provides a shuttle within the local area (within one mile and also to the John Wayne Airport) so that you may enjoy the many offerings of Orange County.

You are always welcome to bring members of your family and friends to the Conference. Plan to attend this Spring CRCEA Conference. Encourage your Retirement Board Retiree Member (and Alternate) to join us. We look forward to seeing you in Costa Mesa.

Sincerely,

SMurphy

E. F. "Skip" Murphy, President

CRCEA Office P.O. Box 310756 - Fontana, CA 95331
Phone: 909-877-0367; dottylu@roadrunner.com

Retired Employees Association of Orange County, Inc.

PO Box 11787, Santa Ana, CA 92711-1787
Phone: 714 840-3995 • www.reaoc.org • Email: reaoc@reaoc.org

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Doug Storm
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Informer Editor

John Iagjian
Membership Chair

Ilene Bárcenas
Office Manager

CRCEA SPRING CONFERENCE
"Ride the Orange Wave"
April 7 – 9, 2014
Hilton Hotel, Costa Mesa, CA

To all CRCEA Delegates, Alternates, County Association Members, Affiliates, Retirement Board Members, Spouses, and Guests:

The Retired Employees Association of Orange County (REAOC) cordially invites you to attend the CRCEA Spring 2014 Conference to be held April 7-9, 2014 at the:

Hilton Orange County/Costa Mesa
3050 Bristol Street, Costa Mesa, CA 92626
Hotel Reservations Information (714) 540-7000
Hotel website: www.hiltonorangecounty.com

Enclosed are registration forms to assist you in registering to attend the CRCEA Spring 2014 Conference. Please complete a registration form for each attendee including spouse and/or guest. Your completed registration form(s) and check must be received by March 17, 2014. The check should include $35 for each attendee (excluding Affiliates) and $50 for each banquet reservation.

Hotel reservations must be made by March 21, 2014 and may be made directly with the hotel or by utilizing the link found on our website (www.reaoc.org). Please note the room rate is $159 plus 11.11% tax. This room rate includes a daily complimentary breakfast for two in the hotel restaurant and self-parking. When making reservations, please mention you are attending the CRCEA conference to receive the conference room rate. If hotel reservations are not made by the March 21st deadline, please contact REAOC to arrange for the hotel reservations. A free tour of the Segerstrom Performing Arts Center is being planned and sign-up sheets will be available at the conference registration.

Any questions regarding the conference registration should be referred to Ilene Bárcenas, the REAOC Office Manager, at (714) 840-3995 or reaoc@reaoc.org.

We look forward to seeing you and to your participation at the conference.

Sincerely,

Linda Robinson

Doug Storm

Linda Robinson
Co-President
REAOC

Doug Storm
Co-President
REAOC

Delegates Only: Please bring 25 copies of your association newsletter for placement on the information table.

SEE ENCLOSED MAP FOR HOTEL DIRECTIONS

CRCEA Spring 2014 Conference
Hosted by the Retired Employees Association of Orange County
Directions to Hilton Orange County/Costa Mesa
3050 Bristol Street, Costa Mesa, CA 92626

From John Wayne Airport

Follow signs to the 405 Freeway North.
Exit Bristol Street and turn left.
Drive over the bridge.
Turn left on Hotel Way.

From 405 Freeway Northbound

Take 405 North to Bristol Street exit.
Exit left onto Bristol Street.
Drive over the freeway and turn left on Hotel Way.

From 405 Freeway Southbound

Take 405 South to Bristol Street exit, past the Harbor Blvd and Hwy 73 interchange.
Hilton Orange County/Costa Mesa is located directly across from the exit on the left.

From the 57 Freeway

Take 57 South to I-5 South to Hwy 55 South.
Exit Baker and turn right.
Turn right again at Bristol Street.
The hotel will be on the right hand side.

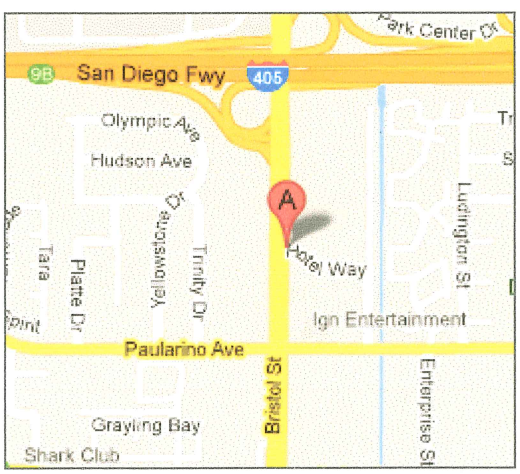
From the 73 Freeway

Take 73 North.
Exit Bear Street.
Turn right on Paularino.
Turn left on Bristol Street.

From the 91 Freeway

Take 91 West to Hwy 55 South to 405 North.
Exit at Bristol, turning left.
Drive over the freeway and turn left on Hotel Way.

Costa Mesa California Hotel Location Map



2014 CRCEA SPRING CONFERENCE REGISTRATION FORM
APRIL 7-9, 2014
Hilton Hotel, 3050 Bristol Street, Costa Mesa, CA 92626
Hosted by: Retired Employees Association of Orange County (REAOC)

NAME ____

ADDRESS ____

CITY ______________________ STATE __________ ZIP __________

PHONE: ____________________ EMAIL ______________________

AFFILIATE OR ASSOCIATION NAME ______________________________

EMERGENCY CONTACT: ______________________________________
Name and Phone #

SPRING CONFERENCE REGISTRATION DEADLINE: **Monday, March 17, 2014**

RESERVATION DEADLINE FOR HILTON HOTEL: **Friday, March 21, 2014**

For hotel reservations, call (714) 540-7000 and request the CRCEA Conference rate, which is $159 per night, plus taxes (this includes a daily breakfast for two and self-parking). If you wish, there is also a link on the REAOC website to the hotel so that you may make your room reservation directly on-line (www.reaoc.org) If there are any questions or issues, please contact Ilene Bárcenas, the REAOC Office Manager, at (714) 840-3995 or reaoc@reaoc.org.

Tell us what designation you wish on your name badge:

Delegate		Alternate Delegate		Retired Board Member	
Retired Board Member Alternate		Member		Guest	
Affiliate (pay only banquet fee)				CRCEA Officer (Indicate Title)	

ASSOCIATION FEE $75.00 (enter only on form submitted by Delegate) $ __________

ATTENDEE FEE OF $35.00________ Each $ __________
(To be paid by every attendee (including spouse/guest) except Affiliate and Host Conference Volunteers)

BANQUET TUESDAY EVENING $50 PER PERSON

Beef	**Quantity**		**@ $50.00 each**	**Total Paid**	**$**
Chicken	**Quantity**		**@ $50.00 each**	**Total Paid**	**$**
Vegetarian	**Quantity**		**@ $50.00 each**	**Total Paid**	**$**
TOTAL AMOUNT ENCLOSED (Association fee, banquet, attendee fee)			$ ______________		
Mail CHECK (payable to REAOC) along with this FORM to:			***REAOC PO Box 11787 Santa Ana, CA 92711-1787 Attn: CRCEA Conference***		

TENTATIVE PROGRAM AGENDA

CRCEA Spring 2014 CONFERENCE
"Ride the Orange Wave"
Costa Mesa, CA
April 7 – 9, 2014

SUNDAY, April 6, 2014

2:00 PM – 6:00 PM	**CONFERENCE REGISTRATION** (lobby outside of Catalina Ballroom II lobby level)

MONDAY, April 7, 2014

6:30 AM – 10:30 AM	**Breakfast** (for those who checked in on Sunday)
9:00 AM – 5:00 PM	**Registration:** Lobby outside of Catalina Ballroom II lobby level (main meeting room)
10:00 AM	**Executive Committee Meeting** (Catalina Ballroom II)
1:00 PM – 1:30 PM	**Opening Session** (Catalina Ballroom II)
	Call to Order: E. F. (Skip) Murphy, CRCEA President
	Invocation: Rex Castellaw
	Presentation of Colors: Orange County Sheriff's Department Color Guard and Buglers
	National Anthem: Tim Keppler
	Pledge of Allegiance: Dorothy Lueking, CRCEA Secretary
	Roll Call of Counties & Seating of Delegates: Dorothy Lueking, CRCEA Secretary

	Introduction of *first time* Attendees: E. F. (Skip) Murphy, CRCEA President
	Announcements: Linda Robinson & Doug Storm, REAOC Co-Presidents
1:30 PM – 2:00 PM	**Welcome Address:** E. F. (Skip) Murphy, CRCEA President
	Introduction: Doug Storm, Linda Robinson, REAOC Co-Presidents
	Speaker: Sandra Hutchens, Sheriff, Orange County Sheriff Department
2:00 PM - 3:00 PM	**Presentation:** Riding the Litigation Wave
	Introduction: Doug Storm, Linda Robinson, REAOC Co-Presidents
	Speaker: Michael Brown, Esq.
3:00 PM – 3:15 PM	**Afternoon Break**
3:15 PM – 4:15 PM	**Presentation:** How NIRS Can Help You
	Introduction: Lou Scarpino
	Speaker: Diane Oakley, Executive Director of NIRS
4:15 PM – 4:45 PM	**Breakout Sessions for Standing Committees & the Retirement Security Committee:** All attendees are welcome. If you are not assigned to a Committee, please join any Committee.
5:30 PM – 7:00 PM	**Hospitality Reception:** All Attendees and Affiliate Members are Invited – Bristol 1(lobby level) Hosted by Steve Pettee, Pacific Group Agencies
7:00 PM	**Dinner:** on your own

TUESDAY, April 8, 2014

6:00 AM – 8:30 AM	**Breakfast Buffet:** the Bristol Palms Restaurant (lobby level)
8:00 AM – 2:00 PM	**Registration:** Lobby outside of Catalina Ballroom II lobby level (main meeting room)
8:15 AM	**Morning General Session:** (Catalina Ballroom II)
	Call to Order: E. F. (Skip) Murphy, CRCEA President
	Announcements: Doug Storm, Linda Robinson, REAOC Co-Presidents
8:30 AM – 9:30 AM	**Presentation:** Maximize Life After 50
	Speaker: Kerry Burnight, Ph D Professor, Geriatric Medicine and Gerontology Director, Elder Abuse Forensic Center University of California, Irvine School of Medicine
	Introduction: Rebecca Guider
9:30 AM – 10:15 AM	**Presentation:** Have Seniors, Will Travel
	Speaker: Jill Swain
	Introduction: Faye Watanabe
10:15 AM – 10:30 AM	**Morning Break**
10:30 AM – 10:45 AM	**Introduction of Affiliates:** Affiliate Committee Chair
10:45 AM – 11:45 AM	**Presentation:** Bankruptcy/retirement security
	Speaker: Harvey Leiderman
	Introduction: Sara Ruckle Harms
11:45 AM – 1:30 PM	**Lunch:** On Your Own
1:30 PM – 3:00 PM	**Round Table Session:** E. F. (Skip) Murphy, CRCEA President
	Speakers: (Names, if necessary will be provided by CRCEA)

3:00 PM – 3:15 PM	**Afternoon Break**
3:15 PM – 4:30 PM	**Presentation**: pending
	Speaker: pending
5:30 PM – 7:00 PM	**Hospitality Reception:** All Attendees and Affiliate Members are Invited – Bristol 1(lobby level)
	Hosted by Steve Pettee, Pacific Group Agencies
7:00 PM – 9:30 PM	**Conference Banquet (Fountain Terrace on the Lobby Level)**
	Master of Ceremonies: Linda Robinson, Doug Storm
	Entertainment: Pulcini Brothers
	Door Prize Drawing

WEDNESDAY, April 9, 2014

6:00 AM – 8:00 AM	**Breakfast Buffet:** the Bristol Palms Restaurant (lobby level)
8:00 AM – 11:00 AM	**Business Session:** (Bristol III, lobby level)

Call to Order: E. F. (Skip) Murphy, CRCEA President

Announcements: E. F. (Skip) Murphy, Linda Robinson, Doug Storm

Approval of Fall Conference Minutes: Dorothy Lueking, CRCEA Secretary

Executive Committee Report: E. F. (Skip) Murphy, CRCEA President

Financial Report: (CRCEA Treasurer)

Committee Reports by CRCEA Committee Chairs

Affiliate: Bill de la Garza, Los Angeles

Benefits: Jerry Pundt, Tulare

***Bylaws*:** David Muir, Los Angeles

Communications: Vacant

Audit/Finance: Vacant

Legislation: Art Goulet, Ventura

Membership: Rhonda Biesemeier, Stanislaus

Retirement Security Ad Hoc Committee: David Muir, Los Angeles

Conference: Betty McCollum, Ventura

Invitation to Fall 2014 Conference (Name, County)

Closing Remarks: E. F. (Skip) Murphy, CRCEA President