

# YOUR PENSION MATTERS

## 12/31/15 Edition

### End of 1<sup>st</sup> Quarter FY 2015 - 2016

by: Chief Paul O'Connell  
Board Chairperson  
2/20/16

*"Predictions can be very difficult, especially when you are talking about the future."*

Yogi Berra

We recently lost an American legend, but Yogi's quotes will live on forever! The above is one of my favorite Yogi quotes because it hits home when it comes to investing in this crazy market. 2015 was a roller coaster ride which ended pretty much where it began.

**First Quarter Performance** – As you review the performance numbers for the first quarter of FY 15-16, (which ended on 12/31/15), I am sure you will see some good and some bad numbers. **The DOW finished 7.7%; while the S&P 500 finished 7.05%, and the NASDAQ finished 8.8%.** However, during the current second quarter (which will end in about 4 weeks – 3.31.16) the roller coaster ride continues as world events and all the emotion that comes with it continues! In fact, for the month of January 2016 the DOW was down 5.5%; always remember.....these fluctuations are part of the "ups and downs" of investing.

For the entire calendar year of 2015 market performance was: **S&P 500 1.41%; Dow Jones 0.21%.**

Regardless of the volatile times in which we live, there is some comfort in knowing that an informed investment style is the correct direction in which to travel. Did you know that over the past 30 years the S&P 500 recorded a +11.1% annual return? Paul Merriman (Market-watch, 1/06/16) wrote the following,

"the S&P 500 is expected to have the lowest long-term returns of all four major U.S. equity asset classes. (The others are large-cap value, small-cap blend and small-cap value.) Now here's another fact: Academic experts believe that over time, small-cap stocks as an asset class should have an advantage of 1% to 2% over the S&P 500, and value stocks should have an advantage of 2% to 3%.

That's the theory. Let's look at the reality. In 38 of the 50-year periods starting in 1928, **not once** did the S&P 500 outperform *any* of those other major U.S. asset classes.

**Large-cap value:** On average, its compound return over 50-year periods was 13.5%. In its worst 50 years, this asset class compounded at 8.8%. (For the S&P 500, the worst half-century was 7.7%.)

**Small-cap blend:** On average, its compound return over 50-year periods was 13.8%. In its worst 50 years, this asset class compounded at 10.9%.

**Small-cap value:** On average, the 50-year compound return was 16.3%, an enormous improvement over the S&P 500. Small-cap value's worst 50 years resulted in a compound return of 11.1%. It should be noted all of these figures would be lower if commissions, management fees, taxes and inflation were taken into consideration. That can't be helped, though there are of course ways to minimize fees and taxes."

The Board continues to believe in our prudent reliance on investment experts which is coupled with proper diversification. All of this is done in an emotional vacuum. This "*cold style*" of investing is a necessary and critical ingredient as we navigate the turbulent times in which we live.

Speaking of turbulent times and making informed investment decisions; here is your chance to access a wealth of information directly from those money managers upon whom we rely. Our **10<sup>th</sup> Annual Symposium** is scheduled for **May 5<sup>th</sup> – 7<sup>th</sup> 2016**. It will be held in Pompano Beach at the **Marriott Resort** located on A1A just south of the 14 Street Causeway; which was the site of our last two symposiums. Please mark your calendars and join us if you can; we promise you it will be worth your time because of all the investment insight you will gain from the experts .... free of charge!! If you cannot make it we will summarize the event in our next newsletter. Remember, at many of the preceding Symposiums we experienced great attendance by our membership (active & retired). Please watch our web site for the latest schedule of speakers (the agenda is still being developed as we write this newsletter). Please join us!!!!

**The Feds recently decided** to begin the process of raising interest rates (i.e. the cost of borrowing money). It was, in their view, a sign of confidence in the economy. By raising rates the Fed was signaling its confidence that our economy is better able to begin standing on its own two feet and to continue being able to grow at a moderately faster rate in the year(s) ahead.

Delivering this rate hike in December avoided the greater risk of surprising the market with no rate hike; we can rest assured this is not a Fed that is going to surprise us or the markets. Raising the rate range to the upside doesn't suggest the sky's the limit for either our economy's growth or the Fed's interest-rate-hike policy. Instead, it reflects an assessment of moderately faster growth that is capable of sustaining that better pace ... maybe even picking up that pace a bit down the road. Two keys to watch.....the jobs report & inflation; both of these signals will guide future Fed action.

The Fed remained crystal clear about their safeguarding role: If economic conditions worsen, they'll delay their rate-hike course. If not, a few more rate hikes are the likely corollary to a few more upticks in the pace of U.S. economic growth. That is a good thing.

Also good: In her press conference following the FOMC announcement of their rate hike decision, Chair Yellen did establish a bit of intellectual independence from prior Fed rate hike patterns, saying, "I strongly doubt that it will mean equally spaced hikes." In short, she's more interested in fine-tuning Fed actions to the current conditions not past precedent. Stay tuned!!

**THANK YOU!!** – to those who helped plan and execute the dedication ceremony on January 24<sup>th</sup>! The event was **VERY WELL** attended both by current and past Pompano Beach public safety personnel. In addition, the Elliott and Reyka families were in attendance and expressed **DEEP** gratitude for the dedication and to those who attended. If you were unable to attend, please stop by the Bank of America building at 2335 East Atlantic Blvd. to view the Bronze Plaques dedicated to **K-9 Officer Scott Winters; Sgt. Chris Reyka and Firefighter Billy Elliott.**

**FY 2014 – 2015 Audit Report** – Our annual audit report was released to and adopted by the Board of Trustees at our January 2016 meeting. Here is a nutshell summary of that report which is available, in its entirety, at our Pension Office or on our website: [www.pbpfrs.org](http://www.pbpfrs.org) . For **FY** ending 9/30/15, the Fund showed a membership with **7 active police officers, 153 active firefighters and 400 benefit recipients.** During the FY net assets of the Fund decreased by over \$13 million (-1.63% net of fees) which was “primarily due to investment loses.” As noted above, the first quarter of our FY got off to a rough start and January 2016 was even worse investment wise. Again, we remind you that it is not the monthly or yearly gyrations that count; it is the long term returns which have proven to be the wisest course to follow.

**Once again, ALL EYES ARE ON TALLAHASSEE** – As we have reported in past newsletters, the war drums are still beating in Tallahassee, this year louder than ever, as a new, more conservative Legislature continues its early 2016 session (to accommodate the March primary elections). **Open Carry and Carry on Campus** are priority bills (we cannot understand why). In the meantime, the State continues to cut employees. Did you know that Florida has reduced its workforce by over 10,000 positions in the last 5 years? Did you know that Florida is in **last place** in per capita number of state workers? In fact, Florida has 94 full time workers per 10,000 residents. Meanwhile, Alabama has 180 full time employees per 10,000 residents. Less government and fewer taxes are okay; but when citizens do not get the services they want or need that may signal that government is going in the wrong direction. You decide. Keep your attention focused on your respective State Representative / State Senator and how they vote on the many bills coming onto the floor of the House or Senate. The 2016 Session will be the precursor to the elections in November. Remember, if you don’t vote, you don’t count!

*“A Public Office is a Public Trust”*

**Florida Constitution, Article II, Section 8**

**Forfeiture** – your Pension Board of Trustees navigated some *VERY* difficult waters during the past two months as it reviewed the forfeiture case of **David Benjamin.**

As a review, here is a summary of how Florida Statute mandates the process of pension forfeiture.

**FSS 112.3173 (3)** is the legislative enactment of the Constitutional directive illustrated above. It reads:

**FORFEITURE** — Any public officer or employee who is convicted of a specified offense committed prior to retirement, or whose office or employment is terminated by reason of his or her admitted commission, aid, or abetment of a specified offense, shall forfeit all rights and benefits under any public retirement

system of which he or she is a member, except for the return of his or her accumulated contributions as of the date of termination.

**FSS 112.3173 (2) (e)** identifies and defines the “specified offenses” which warrant forfeiture.

e) “Specified offense” means:

1. The committing, aiding, or abetting of an embezzlement of public funds;
2. The committing, aiding, or abetting of any theft by a public officer or employee from his or her employer;
3. Bribery in connection with the employment of a public officer or employee;
4. Any felony specified in chapter 838, except ss. [838.15](#) and [838.16](#);
5. The committing of an impeachable offense;
6. The committing of any felony by a public officer or employee who, willfully and with intent to defraud the public or the public agency for which the public officer or employee acts or in which he or she is employed of the right to receive the faithful performance of his or her duty as a public officer or employee, realizes or obtains, or attempts to realize or obtain, a profit, gain, or advantage for himself or herself or for some other person through the use or attempted use of the power, rights, privileges, duties, or position of his or her public office or employment position; or
7. The committing on or after October 1, 2008, of any felony defined in s. [800.04](#) against a victim younger than 16 years of age, or any felony defined in chapter 794 against a victim younger than 18 years of age, by a public officer or employee through the use or attempted use of power, rights, privileges, duties, or position of his or her public office or employment position.

Specifically, the Board looked at both **#4 & #6** above.

**#4 states:** *Any felony specified in chapter 838, except 838.15 & 838.16.*

Chapter 838.022 (1) identifies and defines “Official Misconduct” as follows:

(1) it is unlawful for a public servant, with corrupt intent to obtain a benefit for any person or cause harm to another, to

- (a) falsify, or cause another person to falsify, any official record or official document;
- (b) conceal, cover up, destroy, mutilate, or alter any official record or official document or cause another person to perform such an act; or
- (c) obstruct, delay, or prevent the communication of information relating to the commission of a felony that directly involves or affects the public agency or public entity served by the public servant.

FSS 838.022 (3) – states that the violation of 838.022 (1) is a felony of the third degree.

**#6**, known as the “catch all provision” of this section, states as follows:

FSS 112.3173 (2) (e) – The committing of any felony by a public officer or employee who, willfully and with intent to defraud the public or the public agency for which the public officer or employee acts or in which he or she is employed of the right to receive the faithful performance of his or her duty as a public officer or employee, realizes or obtains, or attempts to realize or obtain, a profit, gain, or advantage for himself or herself or for some other person through the use or attempted use of the power, rights, privileges, duties, or position of his or her public office or employment position.

On January 19<sup>th</sup> the Board issued a unanimous vote to forfeit Lt. Benjamin's pension and issue a demand for all pension payments made to him in excess of his contributions (approximately \$41K).

The February 10<sup>th</sup> special set hearing for Detective Jeff Poole was postponed at the request of Det. Poole because the full Board (9 members) would be unable to attend. The hearing has been rescheduled for April 12<sup>th</sup> at 9AM.

**In our next newsletter** we will write to you about the reports we received from our experts at **10<sup>th</sup> Annual Symposium** and review the highlights of that event.

#### **Notification to Fire Members Re Your VEBA Benefit:**

**The Pension Office does not administer the VEBA Trust Fund. Any forms you are required to file for your VEBA benefit must be submitted to the address listed below (although the Pension staff is always happy to notarize your form provided you sign it in our presence):**

**Pompano Beach Professional Firefighters  
VEBA Trust Fund  
PO Box 596  
Pompano Beach, FL 33061**

**Contacts for any questions regarding your VEBA benefit are listed below:**

**Ted Martin, VEBA Chairman  
772-559-1425  
Email: [president@iaff1549.org](mailto:president@iaff1549.org)**

**Jorge Rossi, active member Trustee  
954-914-8238  
Email: [JorgeRossi001@gmail.com](mailto:JorgeRossi001@gmail.com)**

**Frank Ross, retired member Trustee  
954-790-4437  
Email: [fross24@embarqmail.com](mailto:fross24@embarqmail.com)**

**Until then, stay safe and stay in touch!**

**SUMMARY OF RELEVANT FACTS**  
**Pompano Beach Police & Firefighters' Retirement System**  
**As of December 31, 2015**

Distribution of Assets:	
Equity	
-Large Cap. Value	\$28,078,797
-Large Cap. Growth	\$28,681,000
-Large Cap. Core	\$0
-Mid Cap. Value	\$11,029,442
-Small/Mid Cap. Growth	\$11,266,473
-International Value	\$15,960,602
-International Growth	\$15,957,932
<b>Total Equity</b>	<b>\$110,974,247</b>
Fixed Income	\$50,231,912
Private Real Estate	\$16,861,669
Fund of Hedge Funds	\$19,720,016
Master Limited Partnerships	\$8,308,835
Private Equity	\$9,237,856
Cash (Non-Managed Account)	\$3,826,670
<b>Total Portfolio</b>	<b>\$219,161,206</b>

Distribution by Percentages:		
	Policy	Current
<b>Equity Breakdown</b>		
-Large Cap. Value	12.50%	12.81%
-Large Cap. Growth	12.50%	13.09%
-Large Cap. Core	0.00%	0.00%
-Mid Cap. Value	5.00%	5.03%
-Small/Mid Cap. Growth	5.00%	5.14%
-International Value	7.50%	7.28%
-International Growth	7.50%	7.28%
<b>Total Equity</b>	<b>50.00%</b>	<b>50.64%</b>
Fixed Income	22.50%	22.92%
Private Real Estate	7.50%	7.69%
Fund of Hedge Funds	10.00%	9.00%
Master Limited Partnerships	5.00%	3.79%
Private Equity	5.00%	4.22%
Cash (Non-Managed Account)	0.00%	1.75%
<b>Total Portfolio</b>	<b>100.00%</b>	<b>100.00%</b>

<b>INVESCO (Private Real Estate)</b>		
Private Real Estate	100.00%	\$13,861,669
Fees		(\$38,301)
Gain or (Loss)		\$342,671

<b>OFFICE BUILDING</b>		
Total Assets	100.00%	\$3,000,000
Gain or (Loss)		\$13,863

<b>UBP Fund of Hedge Fund</b>		
Fund of Hedge Fund	100.00%	\$110,309
Gain or (Loss)		(\$35,529)

<b>MAIN ACCOUNT (NON-MANAGED)</b>		
Cash	100.00%	\$3,826,670
Gain or (Loss)		\$383

<b>Other Important Facts:</b>	
Total Portfolio	\$219,161,206
Total Gain or (Loss) - Gross of Fees	\$6,818,377

<b>BLACKROCK</b>			
Total Assets	100.00%	\$28,078,797	
Equity	96.51%	\$27,098,705	
Cash	3.49%	\$980,092	
Fees		(\$38,636)	
Gain or (Loss)		\$2,028,252	

<b>SANDS CAPITAL MANAGEMENT</b>			
Total Assets	100.00%	\$28,681,000	
Equity	99.17%	\$28,441,581	
Cash	0.83%	\$239,419	
Fees		(\$39,326)	
Gain or (Loss)		\$3,056,973	

<b>CORNERSTONE (TERMINATED)</b>			
Total Assets		\$0	
Equity		\$0	
Cash		\$0	
Fees		\$0	
Gain or (Loss)		\$0	

<b>RBC GLOBAL</b>			
Total Assets	100.00%	\$11,029,442	
Equity	99.11%	\$10,931,567	
Cash	0.89%	\$97,876	
Fees		(\$10,824)	
Gain or (Loss)		\$235,688	

<b>WELLS</b>			
Total Assets	100.00%	\$11,266,473	
Equity	97.23%	\$10,954,788	
Cash	2.77%	\$311,685	
Fees		(\$27,700)	
Gain or (Loss)		\$223,243	

<b>Ironwood Fund of Hedge Fund</b>			
Fund of Hedge Fund	100.00%	\$10,302,091	
Gain or (Loss)		(\$7,425)	

<b>Pine Grove Fund of Hedge Fund</b>			
Fund of Hedge Fund	100.00%	\$9,307,617	
Gain or (Loss)		(\$148,155)	

<b>Center Coast Master Limited Partnerships</b>			
Fund of Hedge Fund	100.00%	\$8,308,835	
Gain or (Loss)		(\$109,940)	

<b>LAZARD (International Value)</b>			
Total Assets	100.00%	\$15,960,602	
Equity	97.55%	\$15,569,750	
Cash	2.45%	\$390,852	
Fees		(\$21,930)	
Gain or (Loss)		\$546,692	

<b>RENAISSANCE (International Growth)</b>			
Total Assets	100.00%	\$15,957,932	
Equity	98.94%	\$15,788,301	
Cash	1.06%	\$169,631	
Fees		(\$24,589)	
Gain or (Loss)		\$953,334	

<b>STANDISH MELLON</b>			
Total Assets	100.00%	\$25,098,271	
Fixed	95.09%	\$23,866,985	
Cash	4.91%	\$1,231,286	
Fees		(\$19,475)	
Gain or (Loss)		(\$140,299)	

<b>INCORE/VICTORY (FORMERLY MUNDER)</b>			
Total Assets	100.00%	\$25,133,641	
Fixed	98.70%	\$24,806,614	
Cash	1.30%	\$327,026	
Fees		(\$12,992)	
Gain or (Loss)		(\$161,594)	

<b>NB CROSSROADS (PRIVATE EQUITY) #1</b>			
Total Assets	100.00%	\$3,872,618	
Gain or (Loss)		\$41,654	

<b>NB CROSSROADS (PRIVATE EQUITY) #2</b>			
Fund of Hedge Fund	100.00%	\$1,130,752	
Gain or (Loss)		\$16,239	

<b>BLACKSTONE (PRIVATE EQUITY)</b>			
Total Assets	100.00%	\$2,527,187	
Gain or (Loss)		(\$9,982)	

<b>GOLDMAN SACHS (PRIVATE EQUITY)</b>			
Total Assets	100.00%	\$1,707,300	
Gain or (Loss)		(\$27,691)	

**BREAKDOWN OF RETURNS**  
**Pompano Beach Police & Firefighters' Retirement System**  
**As of December 31, 2015**

**TRADITIONAL INVESTMENTS**

<b>BLACKROCK</b>		<b>Your Returns</b>		<b>Russ 1000 Value</b>	<b>PSN Money Mgrs.</b>	<b>S&amp;P 500</b>
<i>Large Cap. Value</i>		<b>Gross</b>	<b>Net</b>			
	Quarter	7.62	7.48	5.64	5.32	7.05
	1 year	(0.57)	(1.17)	(3.84)	(2.71)	1.41
	Since 1/31/2013	9.33	8.69	11.06	NA	13.62
<b>SANDS CAPITAL</b>				<b>Russ 1000 Growth</b>	<b>PSN Money Mgrs.</b>	
<i>Large Cap. Growth</i>						
	Quarter	11.57	11.41	7.32	6.50	
	1 year	3.88	3.28	5.68	3.67	
	3 year	17.82	17.12	16.84	15.95	
	5 year	16.04	15.36	13.54	12.63	
	Since 5/31/2003	12.45	11.82	8.98	NA	
<b>RBC GLOBAL</b>				<b>Russ Mid Value</b>	<b>PSN Money Mgrs.</b>	
<i>Mid Cap. Value</i>						
	Quarter	2.09	2.00	3.11	3.22	
	1 year	(4.07)	(4.68)	(4.79)	(3.53)	
	3 year	15.46	14.84	13.39	12.33	
	5 year	11.99	11.33	11.25	10.52	
	Since 1/31/2009	17.97	17.26	18.21	NA	
<b>WELLS</b>				<b>Russ 2500 Growth</b>	<b>PSN Money Mgrs.</b>	
<i>Small/Mid Cap. Growth</i>						
	Quarter	1.94	1.69	3.81	3.13	
	1 year	(0.49)	(1.41)	(0.20)	(1.06)	
	3 year	13.67	12.65	14.53	14.13	
	5 year	11.76	10.77	11.42	11.11	
	Since 1/31/2009	19.83	18.80	19.02	NA	
<b>LAZARD</b>				<b>MSCI AC Wld x US</b>		
<i>International Value</i>						
	Quarter	3.55	3.41	3.24		
	1 year	(1.24)	(1.74)	(5.67)		
	Since 1/31/2013	2.16	1.68	0.16		
<b>RENAISSANCE</b>				<b>MSCI AC Wld x US</b>		
<i>International Growth</i>						
	Quarter	6.35	6.18	3.24		
	1 year	(0.03)	(0.71)	(5.67)		
	3 year	8.39	7.67	1.49		
	5 year	5.05	4.37	1.06		
	Since 1/31/2009	11.24	10.56	9.03		
<b>STANDISH MELLON</b>				<b>BC Aggregate</b>	<b>BC Int. Aggregate</b>	<b>BC Int. Gov/Credit</b>
<i>Fixed Income</i>						
	Quarter	(0.56)	(0.63)	(0.57)	(0.51)	(0.69)
	1 year	0.30	(0.00)	0.55	1.22	1.07
	3 year	1.47	1.12	1.44	1.41	1.10
	5 year	3.57	3.23	3.25	2.74	2.58
	Since 4/30/2003	4.38	4.04	4.24	3.96	3.71
<b>INCORE/VICTORY (Munder)</b>				<b>BC Aggregate</b>	<b>BC Int. Aggregate</b>	<b>BC Int. Gov/Credit</b>
<i>Fixed Income</i>						
	Quarter	(0.64)	(0.69)	(0.57)	(0.51)	(0.69)
	1 year	0.39	0.29	0.55	1.22	1.07
	3 year	1.67	1.58	1.44	1.41	1.10
	5 year	3.63	3.47	3.25	2.74	2.58
	Since 9/30/2002	4.67	4.44	4.35	4.05	3.85

**ALTERNATIVE INVESTMENTS**

<b>INVESCO</b>					
<i>Private Real Estate</i>		Gross	Net	NCREIF	NCREIF ODCE
Quarter		2.53	2.24	2.91	3.34
1 year		14.81	13.53	13.34	15.01
3 year		13.87	12.60	12.05	13.81
5 year		13.18	11.90	12.19	13.66
Since 7/31/2006		4.75	3.57	7.40	6.03
<b>OFFICE BUILDING</b>					
<i>Private Real Estate</i>				90-Day T-Bill	BC Aggregate
Quarter		1.07	1.07	0.01	(0.57)
1 year		90.16	90.16	0.03	0.55
3 year		9.73	9.73	0.04	1.44
5 year		5.04	5.04	0.05	3.25
Since 3/31/2007		(0.47)	(0.47)	0.56	4.49
<b>UBP</b>					
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	
Quarter		(24.19)	(24.19)	0.14	
1 year		(23.50)	(23.50)	0.51	
3 year		(7.45)	(7.45)	3.74	
5 year		(4.50)	(4.50)	2.33	
Since 4/30/2008		(3.58)	(3.58)	0.77	
<b>Ironwood</b>					
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	
Quarter		(0.07)	(0.07)	0.14	
1 year		2.04	2.04	0.51	
3 year		6.91	6.91	3.74	
5 year		6.29	6.29	2.33	
Since 7/31/2008		3.16	3.16	0.90	
<b>Pine Grove</b>					
<i>Fund of Hedge Funds</i>				HFRI FOF Cons	
Quarter		(1.57)	(1.57)	0.14	
1 year		(3.98)	(3.98)	0.51	
3 year		2.40	2.40	3.74	
5 year		2.18	2.18	2.33	
Since 9/30/2008		3.41	3.41	1.88	
<b>Center Coast</b>					
<i>Master Limited Partnerships</i>				Alerian MLP	
Quarter		(1.31)	(1.43)	(2.77)	
Since 1/31/2015		(28.52)	(28.70)	(30.47)	
<b>Neuberger Berman</b>					
<i>Private Equity #1</i>		Time-Wtd	Dollar-Wtd	S&P 500	
Quarter		1.06	1.06	7.05	
1 year		11.62	11.71	1.41	
3 year		14.06	13.90	15.14	
5 year		8.89	10.94	12.58	
Since 3/31/2010		1.30	10.12	12.56	
<b>Neuberger Berman</b>					
<i>Private Equity #2</i>		Time-Wtd	Dollar-Wtd	S&P 500	
Quarter		1.80	1.71	7.05	
1 year		1.45	2.18	1.41	
Since 7/31/2014		(0.78)	0.60	6.35	
<b>Blackstone</b>					
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500	
Quarter		(0.40)	(0.78)	7.05	
1 year		6.96	5.11	1.41	
Since 11/30/2013		10.17	5.95	8.36	
<b>Goldman Sachs</b>					
<i>Private Equity</i>		Time-Wtd	Dollar-Wtd	S&P 500	
Quarter		(1.56)	(1.56)	7.05	
1 year		4.87	3.86	1.41	
Since 12/31/2013		5.55	7.86	7.37	

TOTAL FUND				Policy Index	Composite Index
<i>Time-Weighted Return (TWR)</i>					
Quarter	3.21	3.08		2.97	2.80
1 year	(0.30)	(0.80)		(1.28)	(1.44)
3 year	8.34	7.80		7.85	8.16
5 year	7.50	6.95		7.33	7.53
Since 9/30/2002	7.49	6.99		7.38	7.63
Since 6/30/1995	7.03				

TOTAL FUND				Actuarial Rate	CPI +3
<i>Dollar-Weighted Net Return (IRR)</i>					
Quarter		3.08		1.82	1.08
1 year		(0.77)		7.50	3.91
3 year		8.09		7.50	4.03
5 year		7.07		7.50	4.59
Since 9/30/2002		7.06		7.50	5.13

**Note**

Per the Board's request, all performance results (including but not limited to rates of return, risk, measures, unit values, and dollar values) prior to September 30, 2002, were provided by GRS Asset Consulting Group, who was the previous consultant. The performance data is believed to be accurate, but there is no assurance. Graystone Consulting has not calculated or independently verified the accuracy of the returns or market values and is not responsible or liable for any mistake or miscalculations. Effective September 30, 2002, all valuations and rates of return are calculated by Graystone Consulting.