

## **Executive Summary**

### **3<sup>rd</sup> Quarter 2010**

This report covers Wurts & Associates' evaluation of the investments within the portfolios relative to the Fresno County Employees' Retirement Association's (Association) Investment Policy and Guidelines (Guidelines). It contains a compliance worksheet summary of the investments evaluated, the private and public managers' representations regarding compliance, and a detailed compliance worksheet specifying the scope of each evaluation.

The Association's portfolio is comprised of both commingled vehicles and separate accounts. All of the separate account managers employed by the Association have specific language within the Guidelines for Wurts & Associates to evaluate. Please refer to Exhibit A which is a table summarizing the managers employed by the Association, the type of investment vehicle used by each, the general asset class of the investment, and whether or not the Guidelines contain specific language.

Investments made by managers using a commingled vehicle are typically governed by a partnership agreement or prospectus. The reason for this is that since commingled investment vehicles are designed to accommodate many different investors, only one common document may govern the investment strategy.

#### **Public Market Managers**

All managers employed by the Association that manage publicly traded securities have specific language in the Guidelines. Wurts & Associates has evaluated each manager's compliance relative to these guidelines and they are contained in this report. Mondrian Investment Partners Limited, Standish Mellon, Blackrock Inc., and State Street Global Advisors are employed through the usage of a commingled fund. The investment policies of these managers shall be governed by their prospectuses.

#### **Private Market Managers**

Private Market Investment Managers are given full discretion within the scope of their assigned segment, governed by their Limited Partnership Agreements. All private equity managers employed by the Association are made through commingled vehicles and none of them has specific language in the Guidelines to evaluate. All have warranted that they have complied with the appropriate governing authority over their investment strategy. Wurts & Associates is unable to verify this compliance.

#### **Real Estate Managers**

The Real Estate Investment Managers employed are given full discretion within the scope of the relevant language that governs the investment strategy. None of them has specific language in the Guidelines to evaluate. All have warranted that they have complied with the appropriate governing authority over their investment strategy. Wurts & Associates is unable to verify this compliance.

## Summary of Findings

Of the managers employed by the Association that have specific guidelines, Wurts & Associates has determined the following:

<b>Manager</b>	<b>In Compliance</b>	<b>Out of Compliance</b>
Aronson + Johnson + Ortiz	✓	
Kalmar Investments Inc.	✓	
Wellington Capital Management	✓	
Enhanced Investment Technologies (INTECH)	✓	
State Street Global Advisors	✓	
Mondrian Investment Partners (Int'l. Small Cap)	✓	
Mondrian Investment Partners (Emerging Mkts)	✓	
Oechsle International	✓	
Franklin Templeton (International)	✓	
BlackRock, Inc. (Core Plus Fixed Income)	✓	
Western Asset Management Company	✓	
Loomis Sayles	✓	
Loomis Sayles Opportunistic	✓	
Standish Mellon Opportunistic	✓	

We are pleased to report this quarter that there were no material breaches of any consequence by any of the managers we audit.



Jeffrey MacLean  
President & Chief Operating Officer

### Disclaimer

Wurts & Associates, Inc. has exercised all reasonable professional care in the evaluation of the each investment manager's compliance to the Investment Policy and Guidelines of the Fresno County Employees' Retirement Association as of December 31, 2003. This report is provided to the Board of Trustees in conjunction with our responsibilities under the investment consulting agreement. Our professionals necessarily relied on data provided by third parties to perform our evaluation. Wurts & Associates makes no claims as to the accuracy of the data used in this evaluation and shall not be held liable for damages caused by errors or omissions in content, except to the extent arising from our sole gross negligence.

## Exhibit A

Investment Manager	Investment Vehicle	General Asset Class	Enforcable Guidelines
Aronson + Johnston + Ortiz	Separate Account	Public Market (Equity)	Yes
Kalmar Investments Inc.	Separate Account	Public Market (Equity)	Yes
Wellington Capital Management	Separate Account	Public Market (Equity)	Yes
Enhanced Investment Technologies (INTECH)	Separate Account	Public Market (Equity)	Yes
State Street Global Advisors	Commingled Fund	Public Market (Equity)	No
Mondrian Investment Partners Limited	Commingled Fund	Public Market (Equity)	No
Oechsle International	Separate Account	Public Market (Equity)	Yes
Franklin Templeton (International)	Separate Account	Public Market (Equity)	Yes
BlackRock, Inc.	Separate Account	Public Market (Fixed Income)	Yes
Standish Mellon Opportunistic	Commingled Fund	Public Market (Fixed Income)	No
Loomis Sayles	Separate Account	Public Market (Fixed Income)	Yes
Loomis Sayles Opportunistic	Separate Account	Public Market (Fixed Income)	Yes
Western Asset Management Company	Separate Account	Public Market (Fixed Income)	Yes
PIMCO	Commingled Fund	TALF (Fixed Income)	No
Metropolitan West	Commingled Fund	TALF (Fixed Income)	No
Blackrock Inc.	Commingled Fund	Commodities	No
Heitman / JMB Group Trust V	Commingled Fund	Real Estate	No
Sentinel Real Estate Corp.	Commingled Fund	Real Estate	No
TA Associates V & IX	Commingled Fund	Real Estate	No
JER Fund I & II	Commingled Fund	Real Estate	No
INVESCO	Commingled Fund	Real Estate	No
Colony Capital Partners	Commingled Fund	Real Estate	No
BCI Fund V	Commingled Fund	Private Market	No
The Blackstone Group III & IV	Commingled Fund	Private Market	No
Angelo Gordon	Commingled Fund	Private Market	No
Landmark	Commingled Fund	Private Market	No
Lonestar	Commingled Fund	Private Market	No
New Mountain I & II	Commingled Fund	Private Market	No
TCW Fund III & IV	Commingled Fund	Private Market	No
Warburg Pincus I, VIII, & X	Commingled Fund	Private Market	No
Common Sense Partners (Hedge Fund of Funds)	Commingled Fund	Private Market	No
Grosvenor Institutional Partners (Hedge Fund of Funds)	Commingled Fund	Private Market	No
Hamilton Lane	Commingled Fund	Private Market	No

Client: **Fresno County Employees Retirement Association**  
 Analysis Date: **September 30, 2010**

Asset Class: Domestic Equity

Manager	Style	Market Cap Weighting	Diversification: at Market	Commercial Paper Rating	Weighted Avg Market Cap	Allowable Securities
Aronson + Johnson + Ortiz	M/LV					
Kalmar Investments Inc.	SG					
Wellington Management Co.	LV					
Enhanced Investment Technologies (INTECH)	LG					
State Street Global Advisors - Russell 1000 Growth	LG					
State Street Global Advisors - Russell 2000 Value	SV					
State Street Global Advisors - S&P 500	LC					

Asset Class: International Equity

Manager		Market Cap Weighting	Diversification: at Market	Commercial Paper Rating	Weighted Avg Market Cap	Allowable Securities
Oechsle International	INT					
Franklin Templeton Cos.	INT					
Mondrian Investment Partners Limited -SC	INT					
Mondrian Investment Partners Limited	EM					

Asset Class: Domestic Fixed Income

Manager		Bond Quality	Diversification: at Market	Duration	Commercial Paper Rating	Derivatives Restricted	Prohibited Securities
BlackRock, Inc.	CP						
Loomis, Sayles & Co.	CP						
Western Asset Management Company	CP						
Loomis Sayles & Co. Opportunistic	CPP						
Standish Mellon Opportunistic	CPP						
State Street Global Advisors	TIPS						

**Legend**

	No Violation - In Compliance with Policy Guidelines
	Potential Violation - Currently Being Researched
	Confirmed Violation - Out of Compliance with Policy Guidelines
	Not Applicable - Commingled Vehicle

ARONSON + JOHNSON + ORTIZ

230 SOUTH BROAD STREET  
TWENTIETH FLOOR  
PHILADELPHIA, PA 19102

215/546-7500  
215/546-7506 FAX  
ajopartners.com

October 5, 2010



Mr. Tony Ferrara  
Wurts & Associates Inc.  
2321 Rosecrans Avenue  
Suite 2250  
El Segundo, California 90245

Re: FRESNO COMPLIANCE

Dear Tony:

We're pleased to certify:

The portfolio managed for the Fresno County Employees' Retirement Association remained in compliance with all investment guidelines from July 1, 2010, to September 30, 2010.

We welcome your questions.

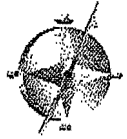
Sincerely,

A handwritten signature in black ink, appearing to read 'J. Dietrick', with a large, stylized flourish at the end.

Joseph F. Dietrick  
dietrick@ajopartners.com

srl (FX)

cc: Roberto L. Peña



**Fresno County Employees Retirement Association  
Investment Guidelines Certification Statement**

**Certification of Investment Manager**

To the best of our knowledge, the undersigned investment manager certifies that its investment decisions have stayed within the restrictions outlined in accordance with the provisions of the Board's Investments Policy Statement and Investment Guidelines agreed upon on May 27, 2004.

Signature: Nancy M. Romito

By: Nancy Romito

Title: Client Services Director

Firm: Kalmar Investments Inc.

Date: November 17, 2010

Reporting Period: Third Quarter 2010

Fresno County Employees' Retirement Association  
Certification of Compliance Statement  
Third Quarter, 2010

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This statement is to verify that to the best of our knowledge and based upon Wellington Management's systems, all transactions and positions in Fresno County Employees' Retirement Association's Research Value portfolio for the period of July 1, 2010 – September 30, 2010, have been reviewed and are in compliance with the investment management agreement and Wellington Management's internal policies.

*Sue Bonfeld*

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Sue Bonfeld  
Vice President  
Wellington Management

September 30, 2010  
Date



*Math is Power*

Patricia Flynn  
Vice President &  
Chief Compliance Officer

October 19, 2010

Mr. Anthony Ferrara  
Wurts & Associates, Inc.  
2321 Rosecrans Avenue  
Suite 2250  
El Segundo, CA 90245  
*Via e-mail: aferrara@wurts.com*

Re: Fresno County Employees' Retirement Association (I0240LG.240) ("Portfolio")

Dear Mr. Ferrara:

The purpose of this correspondence is to certify that for the period July 1, 2010 through September 30, 2010, INTECH has complied with the Portfolio's Separate Account Large Capitalization Growth Equity Assignment as amended.

Sincerely,

Patricia Flynn  
Vice President &  
Chief Compliance Officer

cc: Roberto Pena, Retirement Administrator (*via e-mail: rpena@co.fresno.ca.us*)



November 22, 2010

Lorelei V. Chao, CFA  
Wurts & Associates  
2321 Rosecrans, Suite 2250  
El Segundo, CA 90245

Dear Ms. Chao,

The U.S. TIPS Index Non Lending Fund, S&P 500 Flagship Securities Lending Fund, the Russell 1000 Growth Index Securities Lending Fund, the Russell 1000 Growth Index Non-Lending Fund and the Russell 2000 (R) Value Index NL QP Common Trust Fund in which the Fresno County Employees' Retirement Association is invested, are in compliance with the fund guidelines and restrictions outlined in their Fund Declarations as of September 30, 2010.

Should you have any questions or require additional information, please feel free to contact Daniel Pinheiro directly at (617) 664-1079, or Neil Tremblay of Relationship Management at (415) 836-9854.

Sincerely,



Daniel Pinheiro  
Compliance Analyst  
SSgA Compliance



Thomas Phan  
Assistant Vice President and Compliance Officer  
SSgA Compliance

cc: Neil Tremblay, SSgA  
Roberto Pena, FCERA


**Mondrian International Small Cap Equity Fund, L.P. (the "Fund")**

**Certification of Compliance with Investment Strategy**

**for the period from July 1, 2010 to September 30, 2010**

The Fund has been in compliance with its Investment Strategy, as fully set forth in the Confidential Information Memorandum of the Fund, during the period described above. Each item of the Investment Strategy is described in the Appendix and initialed as being in compliance.

Mondrian Investment Partners Limited  
(as Investment Manager to the Fund)

By: 

Name: Ormala Krishnan  
Title: Senior Portfolio manager  
Date: 12<sup>th</sup> October 2010

## Mondrian International Small Cap Equity Fund, L.P.

Investment Strategy Detail	Initial
<p data-bbox="207 432 602 464"><u>Securities, Approach and Markets</u></p> <p data-bbox="207 495 1341 789">The Fund pursues its investment objective primarily by investing in equity securities of non-U.S. small capitalization companies that, in the Investment Manager's opinion, are undervalued at the time of purchase based on fundamental value analysis employed by the Investment Manager. Equity securities in which the Fund may invest include, but are not limited to, common stocks, preferred stocks, convertible securities, index related securities, certain non-traditional equity securities, 144A securities and warrants. The Fund may purchase securities of non-U.S. issuers directly or indirectly in the form of American, European or Global depository receipts or other securities representing underlying shares of non-U.S. issuers. The Fund may also purchase other investment funds, including, but not limited to registered funds, unregistered funds and REIT's.</p> <p data-bbox="207 827 1341 1020">For purposes of investments to be made by the Fund, small capitalization companies will be defined to mean issuers that have a market capitalization of less than approximately \$2.75 billion (\$3.5 billion from January 1, 2009 to March 16, 2009) at the time of initial purchase. This level is subject to market movements and is regularly reviewed by the Investment Manager. Under normal circumstances, the Fund will invest at least 50% of its assets in equity securities of small capitalization companies.</p> <p data-bbox="207 1058 1341 1545">The Investment Manager's approach in selecting investments for the Fund is primarily oriented to individual stock selection and is value driven. In selecting stocks for the Fund, the Investment Manager identifies those stocks that it believes will provide capital appreciation over a market cycle, taking into consideration movements in the price of the individual security and the impact of currency fluctuation on a United States domiciled, dollar-based investor. The Investment Manager conducts fundamental research on a global basis in order to identify securities that, in the Investment Manager's opinion, have the potential for long-term capital appreciation. This research effort generally centers on a value-oriented dividend discount methodology with respect to individual securities and market analysis that isolates value across country boundaries. The approach focuses on future anticipated dividends and discounts the value of those dividends back to what they would be worth if they were being received today. In addition, the analysis typically includes a comparison of the values and current market prices of different possible investments. The Investment Manager's general management strategy emphasizes long-term holding of securities, although securities may be sold in the Investment Manager's discretion without regard to the length of time they have been held.</p> <p data-bbox="207 1583 1341 1713">Investments will be made mainly in marketable securities of companies located in developed countries which may include but are not limited to Australia, Belgium, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, the Netherlands, New Zealand, Norway, Singapore, Spain, Sweden, Switzerland and the United Kingdom.</p> <p data-bbox="207 1751 1341 1808">The Fund may hold up to 20% of its assets measured at the time of purchase in securities of emerging market companies.</p>	<p data-bbox="1382 1766 1442 1797">OK</p>

Emerging Markets Company

The Fund considers an emerging country to be any country that is included in the International Finance Corporation Free Index or the Morgan Stanley Capital International Emerging Markets Index. In addition, any country which is generally recognized to be an emerging or developing country by the international financial community, including the World Bank and the International Finance Corporation, as well as any country that is classified by the United Nations or otherwise regarded by its authorities as developing will be considered an emerging country.

There are more than 130 countries that are generally considered to be emerging or developing countries by the international financial community, approximately 40 of which currently have stock markets. Almost every nation in the world is included within this group of developing or emerging countries except the United States, Canada, and those in the Morgan Stanley Capital International EAFE Index.

In considering possible emerging countries in which the Fund may invest, the Investment Manager places particular emphasis on certain factors, such as economic conditions (including growth trends, inflation rates and trade balances), regulatory and currency controls, accounting standards and political and social conditions.

OLC

Currency, Debt Securities and Cash

Currency considerations carry a special risk for a portfolio of international securities. The Fund may invest in securities issued in any currency and may hold foreign currency. Securities of issuers within a given country may be denominated in the currency of another country or in multinational currency units, including the euro. The Investment Manager primarily uses a purchasing power parity approach to evaluate currency risk. In this regard, the Fund may carry out hedging activities, and may invest in forward foreign currency contracts to hedge currency risks associated with the purchase of individual securities denominated in a particular currency. Under normal circumstances, hedging is undertaken defensively back into the base currency of the Fund.

Under normal circumstances, no more than 10% of the Fund's assets will be invested in debt securities issued by governments or by their agencies, instrumentalities or political subdivisions, or by corporate entities, all of which may be high-yield, high-risk fixed income securities rated lower than BBB by S&P and Baa by Moody's or, if unrated, considered to be of equivalent quality. In addition, for temporary defensive purposes, the Fund may invest in high-quality debt instruments.

To facilitate investment activities, the Fund will generally hold a small portion of its assets in cash or cash equivalent instruments.

OLC

*The Investment Manager manages the Fund's assets in accordance with the investment objective and guidelines described in the Confidential Information Memorandum and not in accordance with the individual guidelines of any one investor.*



OECHSLE  
INTERNATIONAL  
ADVISORS, LLC

Tony Ferrara  
Wurts & Associates  
999 Third Avenue  
Seattle WA, 98104

October 1, 2010

Re: Compliance with Investment Guidelines for Fresno County

This statement is to confirm that the assets invested by Oechsle International Advisors, LLC ("Oechsle") were managed in accordance with the Account's Investment Guidelines for the third quarter July 1, 2010 through September 30, 2010.

Oechsle agrees and acknowledges that the Account will continue to be managed according to the Investment Guidelines. If you have any questions, please do not hesitate to contact me at 617-330-8979.

Chris Gelinis  
Director of Compliance



Franklin Templeton®


TEMPLETON INVESTMENT COUNSEL, LLC

500 East Broward Boulevard/Suite 2100  
Fort Lauderdale, Florida 33394-3091  
Telephone 954-527-7500

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DATE: October 12, 2010

TO: The Board of Trustees of the Fresno County Employees Retirement Association

FROM: Jennifer Sator   
Supervisor, Global Investment Adviser Compliance

RE: Account #325 – Fresno County Employees' Retirement Association  
Compliance Certification

We have reviewed the investment guidelines and restrictions for Fresno County Employees' Retirement Association. In our opinion, for the quarter-ended September 30, 2010 the account is in compliance in all material respects with the investment restrictions set forth in the Investment Policy Guidelines dated July 30, 2004.

# BLACKROCK

October 26, 2010

## COMPLIANCE CERTIFICATION

BlackRock performs compliance checks daily on the Fresno County Employees' Retirement Association, FCERA ("Client") account and, if necessary, BlackRock rebalances or otherwise takes such action for the account to ensure compliance with the relevant investment policies and guidelines applicable to the account that have been previously communicated to us and are currently in effect for the account ("Guidelines"). Therefore, and on that basis, for the period from July 1, 2010 to September 30, 2010, the Client's account has been in compliance, in all material respects, with its Guidelines, with the following exception:

During the period, the portfolio held the following downgraded securities that were below the minimum allowable ratings constraint:

CUSIP	Description	Ratings (M/S/F)
12544MAA7	CWHL_07-16	NR/CCC/CC
23245GAA9	CWALT_06-OC9	Caa1/D/NR
22942MAC0	CSMC_06-8	NR/D/D
524908XA3	LEHMAN BROTHERS HOLDINGS CAPITAL	NR/NR/NR
5249087M6	LEHMAN BROTHERS HOLDINGS INC	NR/NR/NR
524908R36	LEHMAN BROTHERS HOLDINGS INC	NR/NR/NR
46630RAB7	JPMMT_07-S1	NR/CCC/C
46628YBB5	JPMMT_06-S2	Caa1/NR/CC
45661SAD5	INDA_06-AR2 4A1	NR/CCC/C
17313MAA5	CMALT_07-A8 A1	NR/CCC/C
933634AJ6	WAMU_07-HY3 4A1	NR/CCC/B
466247E74	JPMMT_06-A1 2A2	NR/BB-/B
41162GAA0	HVMLT_06-11 A1A	Caa1/CCC/NR
41161XAC0	HVMLT_06-9 2A1A	B3/B-/NR
126694M96	CWHL_06-OA5 2A1	Caa1/B-/NR
25150QAA5	DBALT_06-OA1 A1	Ba3/BB+/NR
23245QAA7	CWALT_06-OA21 A1	B3/CCC/NR
02146QAA1	CWALT_06-OA10 1A1	Caa1/CCC/NR
008684AA0	AHMA_06-6 A1A	Caa1/B-/NR
93364CAA6	WAMU_07-OA4 1A	B2/B-/NR
61755YAF1	MSC_07-IQ15 A4	NR/BBB+/AAA
05949AMJ6	BOAA_04-7	NR/B/BBB
362341FR5	GSR_05-AR4 6A1	NR/A+/BBB
94983PAF5	WFMB5_06-AR4 IIA4	NR/A-/B

46628YBB5  
23322BMZ8  
23245GAA9

JPMMT\_06-S2 2A2  
DLJCM\_00-CKP1 A1B  
CWALT\_06-OC9 A1

Caa1/NR/CC  
NR/NR/AAA  
Caa1/D/NR

BlackRock will provide periodic updates on their rating status. These securities were within the ratings constraint at time of purchase.

BLACKROCK

By:



Andrew Novak  
Managing Director



# WESTERN ASSET

October 14, 2010

Mr. Tony Ferrara  
Senior Consulting Associate  
Wurts & Associates, Inc.  
999 3<sup>rd</sup> Avenue, Suite 4200  
Seattle, Washington 98104-4021

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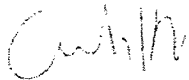
***Re: Fresno CERA***

Dear Mr. Ferrara:

This letter is to certify that, to the best of our knowledge, the investment portfolio managed on behalf of the Fresno County Employees' Retirement Association was in compliance with stated investment objectives, policies and guidelines during the third quarter of 2010.

Please contact Western Asset should you have any questions.

Sincerely,



Andrew Kang  
Compliance Officer



LOOMIS † SAYLES & COMPANY, L.P.

CERTIFICATION OF COMPLIANCE

FIXED INCOME MANAGER NAME: *Loomis Sayles & Co. L.P.*

LOOMIS SAYLES ACCOUNT NUMBER(s): F48865 and M467N8

PERIOD: July 1, 2010 through September 30, 2010

This is to certify that the investment portfolios managed on behalf of the Fresno County Employees Retirement Association during the period of July 1, 2010 through September 30, 2010, was in compliance with the *Fresno County Employees Retirement Association Investment Policy*.

Signed by, title and date:

Client Portfolio Manager November 18, 2010

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STANDISH



Standish Mellon Asset Management Company LLC  
BNY Mellon Center, 201 Washington Street, Boston, MA 02108-4408  
Tel: 617.248.6000 | Fax: 617.248.6050

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November 18, 2010

Mr. Michael Kamell  
Wurts & Associates  
2321 Rosecrans, Suite 2250  
El Segundo, CA 90245

Re: Fresno County Employees' Retirement Association  
Compliance with Statement of Investment Policy and Guidelines

Dear Michael:

The EB Opportunistic Fixed Income Fund, in which Fresno County Employees' Retirement Association invests, was in compliance with the fund guidelines and restrictions as of September 30, 2010. Please do not hesitate to contact me if you have any questions or concerns.

Regards,

Martin Coughlin  
Relationship Manager

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LONE STAR FUND IV (U.S.), L.P.

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October 5, 2010

Mr. Tony Ferrara  
Wurts & Associates  
2321 Rosecrans Ave., Suite 2250  
El Segundo, CA 90245

Re: *Statement of Compliance for the quarter ended September 30, 2010 – Lone Star Fund IV (U.S.), L.P.*

Dear Mr. Ferrara:

Please note that Lone Star Partners IV, L.P., the general partner of Lone Star Fund IV (U.S.), L.P. was in compliance with the provisions of the Amended and Restated Limited Partnership Agreement of Lone Star Fund IV (U.S.), L.P. (the "Partnership Agreement") for the quarter ended September 30, 2010.

If you have any questions regarding the above, please contact Kevin Carlson at 214-754-8475 (email: [kcarlson@lonestarfunds.com](mailto:kcarlson@lonestarfunds.com)) or me at 214-754-8312 (e-mail: [gquillen@lonestarfunds.com](mailto:gquillen@lonestarfunds.com)).

LONE STAR FUND IV (U.S.), L.P.,

By: 

Ginger Quillen  
Vice President of  
Lone Star Management Co. IV, Ltd.,  
general partner of Lone Star Partners IV, L.P.,  
general partner of Lone Star Fund IV (U.S.), L.P.

cc: Roberto Peña

## Domestic Equity

### Domestic Equity Accounts 9/30/2010

<b>Aronson + Johnson + Ortiz</b>	
<b>Guideline</b>	<b>In Compliance</b>
No single equity position > 5% of company's total market cap	Yes
≤ 7% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Weighted average market cap should not fall below \$5B	Yes
No derivatives, non-AD foreign stocks without consent of Association	Yes

<b>Kalmar Investments Inc.</b>	
<b>Guideline</b>	<b>In Compliance</b>
No single equity position > 5% of that company's total market cap	Yes
≤ 8% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Initial position caps shall be between \$100M and \$2B	Yes
No derivatives, non-ADR foreign stocks, non-U.S. jurisdictional	Yes

## Domestic Equity 2

### Domestic Equity Accounts 9/30/2010

<b>Enhanced Investment Technologies (INTECH)</b>	
Guideline	In Compliance
No single equity position > 5% of that company's total market cap	Yes
Weight of any holding shall not exceed benchmark holding by more than 2.5% at time of purchase	Yes <sup>1</sup>
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Weighted average market cap should not fall below \$10B	Yes
No derivatives, non-ADR foreign stocks without consent of Association	Yes

<b>Wellington Capital Management</b>	
Guideline	In Compliance
No single equity position > 5% of company's total market cap	Yes
≤ 7% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Weighted average market cap should not fall below \$5B	Yes
No derivatives, non-ADR foreign stocks without consent of Association	Yes <sup>2</sup>

<b>State Street Global Advisors</b>	
Guideline	In Compliance
The investment policies of State Street shall be governed by the State Street's Fund Declaration.	Yes <sup>3</sup>

<sup>1</sup>INTECH's guidelines were revised during 3Q07 to allow for holdings to be more than 2.5% after initial purchase as long as the position is trimmed within 30 calendar days.

<sup>2</sup>Wellington's guidelines were revised during 3Q07 to allow for ADR's to be purchased in the over-the-counter markets as well.

<sup>3</sup>The Association's investment in State Street is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment processes of the fund.

## International Equity

**International Equity Accounts**  
**9/30/2010**

<b>Oechsle International</b>	
Guideline	In Compliance
No single equity position > 5% of company's total market cap	Yes
≤ 5% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Weighted average market cap should not fall below \$1B	Yes
No securities outside of the MSCI EAFE Index as well as Bermuda, Canada, and Cayman Islands	Yes
No derivatives without consent of Association	Yes

<b>Franklin Templeton</b>	
Guideline	In Compliance
No single equity position > 5% of company's total market cap	Yes
≤ 5% per issue at <b>market</b>	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Weighted average market cap should not fall below \$1B	Yes
No securities outside of the MSCI EAFE Index as well as Bermuda, Canada, and Cayman Islands	Yes
No derivatives without consent of Association	Yes

<b>Mondrian Investment Partners Limited</b>	
Guideline	In Compliance
The investment policies of Mondrian shall be governed by the Mondrian Emerging Markets Equity Fund, L.P.'s Offering Memorandum.	Yes <sup>2</sup>

<b>Mondrian Investment Partners Limited</b>	
Guideline	In Compliance
The investment policies of Mondrian shall be governed by the Mondrian International Small Cap, L.P.'s Offering Memorandum.	Yes <sup>2</sup>

<sup>2</sup>The Association's investment in Mondrian is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment processes of the fund.

## Domestic Fixed Income

### Domestic Fixed Income Accounts

9/30/2010

<b>BlackRock, Inc.</b>	
Guideline	In Compliance
80% of portfolio to be comprised of investment grade (BBB or higher)	Yes
≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds	Yes
Duration shall not exceed Lehman aggregate Bond Index by +/- 30%	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Use of derivatives to be disclosed quarterly to Association. No derivatives outside of benchmark duration	Yes
No use of stock options, margins, letter stocks, emer. mkt. securities, Z-Bonds, etc.	Yes

<b>Loomis Sayles</b>	
Guideline	In Compliance
80% of portfolio to be comprised of investment grade (BBB or higher) (inform Board)	Yes
≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds	Yes
Duration shall not exceed Lehman aggregate Bond Index by more than 30%	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Use of derivatives to be disclosed quarterly to Association. No derivatives outside of benchmark duration	Yes
No use of stock options, margins, letter stocks, emer. mkt. securities, Z-Bonds, etc.	Yes



## Domestic Fixed Income 2

### Domestic Fixed Income Accounts

9/30/2010

<b>Western Asset Management Company</b>	
Guideline	In Compliance
80% of portfolio to be comprised of securities rated BBB- or higher	Yes
≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds	Yes
Duration shall not exceed Lehman aggregate Bond Index by more than 30%	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
No use of stock options, margins, letter stocks, emer. mkt. securities, Z-Bonds, etc.	Yes

<b>Loomis Sayles Opportunistic</b>	
Guideline	In Compliance
65% of portfolio to be comprised of investment grade (BBB or higher) (inform Board)	Yes
≤ 5% per issue at <b>market</b> except U.S. Govt. Bonds	Yes
Duration shall not exceed Lehman aggregate Bond Index by more than 3 years	Yes
All commercial paper obligations to have min. rtgs. of P-2 (Moody's) or A-2 (S&P's)	Yes
Use of derivatives to be disclosed quarterly to Association. No derivatives outside of benchmark duration	Yes
No use of stock options, margins, letter stocks, emer. mkt. securities, Z-Bonds, etc.	Yes

<b>Standish Mellon Opportunistic</b>	
Guideline	In Compliance
The investment policies of Standish Mellon shall be governed by the Fund's Declaration.	Yes <sup>1</sup>

<sup>1</sup>The Association's investment in Standish Mellon is made through a commingled vehicle. Therefore, the Association's investment guidelines do not govern the investment processes of the fund.