Memorandum

To: Board of Trustees, FCERA

From: Jeffrey MacLean, CEO & Senior Consultant

Date: June 1, 2016

RE: Hedge Fund of One Investment Guidelines

As you may recall, at the May 4th meeting the Board discussed the broad structure surrounding the Hedge Fund program FCERA is pursuing with Grosvenor. At this juncture Verus & Grosvenor are seeking approval of the investment guidelines that would govern the Fund of One. These investment guidelines are enclosed for your review.

In order to finalize the Fund of One, we anticipate that Grosvenor will bring specific Portfolio Funds for consideration by the Board at the June 15, meeting. Furthermore, our objective is to have the legal documents governing the creation of the Fund ready for review and approval at the same meeting.

Please call 310 297 1777 if you have any questions.

APPENDIX B
Hedge Fund Program Investment Guidelines (the "Guidelines")
Adopted XXX, 2016

Except as otherwise expressly noted herein, these Guidelines may only be amended with the consent of the Fund's sole investor.

The aforementioned Guidelines apply only to the "GCM Better Futures Fund", a Delaware manager-managed limited liability company (the "Fund"). The Fund is organized such that FCERA is the sole investor (i.e., a "fund of one").

Other Hedge Fund investments held outside of the Fund are made through commingled vehicles and as such are governed by separate investment guidelines specific to those vehicles.

I. STATEMENT OF PURPOSE

The purpose of the Fund is to complement FCERA's existing hedge fund investments in order to achieve the desired asset class exposure in a cost effective and transparent manner. The Fund will focus primarily on absolute return oriented investments that seek to generate returns by exploiting mispricing and inefficiencies in global capital markets, while attempting to reduce exposure to primary market factors (e.g., interest rates and equities) through various hedging techniques.

Broadly speaking, the Fund's objectives are (i) to generate a superior absolute and risk-adjusted rate of return, with low performance volatility and low correlation with global equity and fixed-income markets, over a full market cycle; and (ii) to preserve capital during challenging market environments.

II. INVESTMENT STRATEGY AND APPROACH

Grosvenor Capital Management, L.P. ("**Grosvenor**"), in its capacity as the non-discretionary manager of the Fund will identify to the Fund's sole investor for its consideration for inclusion in the Fund certain third party investment management firms (each, an **"Investment Manager"**) that invest, both long and short, in a wide range of "alternative" investment strategies[1]. The investment approach for the Fund is designed to achieve broad diversification across global capital markets and strategies.

The Fund allocates its assets to Investment Managers by investing in limited liability private investment vehicles (each, a "**Portfolio Fund**") managed by them.

In addition, the Fund may invest in one or several dedicated portfolio hedges, including short credit and tail risk strategies ("**Hedge Strategies**").

In addition, Grosvenor may, from time to time, request that an Investment Manager form and/or manage a Portfolio Fund for primary or exclusive investment by accounts managed by Grosvenor, including the Fund. In the case of any such Portfolio Fund that is sponsored and/or controlled by Grosvenor (each, a "**Grosvenor-Controlled Portfolio Fund**"), such Portfolio Fund will retain the investment management or investment advisory services of a party other than Grosvenor and its affiliates. The Fund may bear its *pro rata* share of the usual and customary expenses of Grosvenor-Controlled Portfolio Funds, including its *pro rata* share of the fees charged by the investment managers or investment advisers of such Grosvenor- Controlled Portfolio Funds, but (i) the Fund shall not directly or indirectly bear any fees payable to Grosvenor or any of its affiliates in connection with an investment in any Grosvenor-Controlled Portfolio Fund; and (ii) neither Grosvenor nor any of its affiliates may have an equity or other economic interest in the investment manager or investment adviser of any Grosvenor-Controlled Portfolio Fund. Each Grosvenor-Controlled Portfolio Fund shall be considered a Portfolio Fund for purposes of this document.

The Fund is denominated in U.S. Dollars.

III. PERFORMANCE OBJECTIVES[2]

Target Absolute Annualized Return:	90-day U.S. T-Bills plus 500 basis points
Target Relative Annualized Return:	HFRI RV: Multi-Strategy Index
Target Annualized Standard Deviation:	≤ 8%
Beta to MSCI All Country World Index:	≤ 0.30
Beta to Barclays Global Aggregate Index	≤ 0.30
Fund-Level ROR Impact of Severe Case Loss[3]	Not more than 12.5%

The Fund will generally be evaluated over the long-term (3-5 years +) relative to the absolute return benchmark and over the shorter term to the relative return benchmark.

IV. PORTFOLIO GUIDELINES & CONSTRAINTS[4]

The Fund seeks to be diversified across and within strategies, without regard to the specific vehicle (i.e., recognizing that Portfolio Funds may encompass more than one strategy). The following look-through exposure categories shall be represented in the Fund:

Relative Value Strategies
Relative Value strategies seek to earn excess returns by identifying mispriced securities without taking broad asset class directional risk. Representative strategies include convertible arbitrage, fixed income arbitrage, credit arbitrage, option volatility arbitrage, and equity market neutral strategies.

Event Driven Strategies
Event Driven strategies identify securities that can benefit from extraordinary transactions or events such as restructurings, takeovers, mergers, spin-offs, and bankruptcies. Representative strategies include merger/statistical arbitrage, corporate credit (including distressed credit) and structured credit.

Long/Short Equity Strategies
Long/Short Equity strategies attempt to earn excess returns through selected net market exposures, long or short, and security selection. Representative strategies include regional and global long/short, and sector specialist exposures

Opportunistic Strategies
Opportunistic strategies include shifting from directionally biased to non-directionally biased portfolios. Representative strategies include global macro, commodities trading advisors (CTAs), and tail risk hedging strategies.

Target number of Portfolio Funds[5]: 4 to 8

Portfolio Fund Liquidity[6]:
The Fund may not allocate any of its capital to Portfolio Funds that impose "lock-ups" (measured either from the time the Fund first invests in such a Portfolio Fund or on an investment-by-investment basis in such an Portfolio Fund, as applicable, and not from the time of any capital commitment to a Portfolio Fund) of more than 24 months.

Minimum capital invested with Portfolio Funds (after applicable "lock-ups" expire) with annual or more frequent liquidity: 75%

For purposes of applying the liquidity constraints immediately above, Portfolio Fund mandatory investor-level "gates" are taken into account, but all other types of "gates" (*e.g.,* mandatory share-class or Portfolio Fund-level "gates," and all discretionary "gates") are not taken into account. In addition, the Fund's exposure to Side Pocket Investments (defined below) shall not be taken into consideration.

Portfolio Fund Sizing and Rebalancing Protocol:
The relative monthly performance of each Portfolio Fund will cause the position size of each Portfolio Fund to diverge from the time such position size is implemented or the portfolio composition is modified. Should the position size of any Portfolio Fund, either initially or at the time any Portfolio Fund is added to or removed from the Fund (each, a "Measurement Point"), diverge more than +/- 25% from the position size of such Portfolio Fund on the Measurement Point (for example, if the Fund launched with 5 Portfolio Funds each at a 20% position size, and one Portfolio Fund increases to greater than 25% or decreases to less than 15%) as the result of the relative performance or by addition or removal of a Portfolio Fund, Grosvenor will inform the Fund's sole investor and, together, they will commence a dialogue to determine whether a rebalancing of the Portfolio Funds shall take place.

Borrowing:
The Fund may borrow on a secured or unsecured basis in order to: (i) address timing mismatches between inflows and outflows of capital to and from the Fund in connection with (a) investor subscriptions and redemptions/withdrawals, (b) the Fund's investment activities, and (c) the payment of fees, expenses and other obligations of the Fund in the ordinary course of business; and/or (ii) engage in hedging transactions. The Fund may not borrow for longer-term, strategic investment purposes.

V. INVESTMENT SELECTION CRITERIA & PROCESS

While ultimate approval for the selection of potential investments resides with the Board, they will rely on guidance from Grosvenor in order to identify to the Board Portfolio Funds that are consistent with these Guidelines. In sourcing potential Investment Managers and Portfolio Funds for consideration by the Board, Grosvenor should consider, but not limited to, the following attributes:

1. Investment Manager performance history;
2. Terms and structure of Portfolio Fund;
3. Fit within the existing investments held by the Fund;
4. Existing exposures held indirectly through investments managed by Grosvenor outside of the Fund;
5. Investment team, including staffing, key person dependency, turnover, compensation, and ownership;
6. Risk management, including philosophy, systems, risk exposure, and leverage, position sizing, and preferential terms;
7. Operations and Infrastructure, including fund transparency, business philosophy, business complexity, processes, non-investment staffing, independence of net asset value calculation; and
8. Regulatory, compliance, and financial statement review.

VI. INVESTMENT MONITORING & DISPOSITION OF INVESTMENTS

Grosvenor will provide the monitoring and reporting services to the Fund described in the Fund's LLC Agreement (in Schedule I and otherwise). The ultimate decision as to whether to dispose of an investment resides with the Board.

VII. DESIGNATED/SIDE POCKET INVESTMENTS

The Fund may allocate assets to Portfolio Funds that are authorized to make so-called "side pocket" or "designated" investments (collectively, "**Side Pocket Investments**"). Where offered by a Portfolio Fund as an election, the Fund, as an investor in such Portfolio Fund, shall elect to not participate in such investments unless the Fund's sole investor consents otherwise.

Notes:

[1] Grosvenor may from time to time recommend to the Fund's sole investor that the Fund to engage in hedging transactions; for example, by purchasing or selling securities or derivatives with the intent of reducing certain exposures.

[2] The performance objectives are expressed in terms of U.S. Dollars, net of all fees and expenses of the Fund and the Portfolio Funds, over a full market cycle. **NO ASSURANCE CAN BE GIVEN THAT THE FUND WILL ACHIEVE ITS PERFORMANCE OBJECTIVE OR AVOID SIGNIFICANT LOSSES**. Grosvenor may not modify the Fund's performance objectives without the consent of the Fund's sole investor.

[3] Fund-Level ROR Impact of Severe Case Loss is defined as the weighted sum of the Severe Case Losses of the Portfolio Funds in which the Fund invests, assuming perfect positive correlation of such Portfolio Funds that pursue a particular sub-strategy (see notes below) and a 40% average correlation among the sub-strategies pursued by the Portfolio Funds in which the Fund invests. Using its reasonable discretion, Grosvenor may, from time to time, modify either or both of the foregoing assumptions without prior notice to the Fund's sole investor.

For purposes of this performance objective, the Severe Case Loss of a Portfolio Fund is defined as Grosvenor's assessment of such Portfolio Fund's maximum expected potential loss over a 12-month period in the event of a debacle in the strategy(ies) pursued by such Portfolio Fund.

[4] Except where otherwise specifically agreed upon with the Fund's sole investor, exceptions are dealt with as soon as practicable, based upon the liquidity of the Portfolio Funds in which the Fund invests. For purposes of applying the Fund's portfolio constraints, the Fund's Side Pocket Investments, if any, shall not be taken into consideration. Grosvenor may not modify the Fund's portfolio constraints without the consent of the Fund's sole investor.

The Portfolio Constraints shall not apply during the Fund's "ramp-up" period which is expected to continue no more than six months following the commencement date of the Fund.

If the Fund dissolves and winds down upon the instructions of the Fund's sole investor, the investment constraints set forth in this document shall not apply during the period of such winding down.[5] Portfolio Funds managed by the same Investment Manager are counted separately for this purpose. If the Fund has submitted a request to withdraw/redeem in full from an Evergreen Portfolio Fund or if a Self-Liquidating Fund has entered its harvest period, such Portfolio Fund is disregarded for purposes of determining the number of Portfolio Funds in which the Fund may invest.

The target number of Portfolio Funds is the Fund's expected long-term range based on relatively "normal" market environments. Accordingly, there may be periods, perhaps extended periods, when the number of Portfolio Funds is outside the applicable target range.

[6] For purposes of testing and verifying the Fund's compliance with Portfolio Fund Liquidity Constraints, Grosvenor shall base such testing and verification exclusively on those provisions of the governing documents of the Portfolio Funds in which the Fund invests that specify the liquidity available to the Fund, as an investor in such Portfolio Funds, under ordinary circumstances. Grosvenor shall not take into account any of the following considerations in connection with such testing and verification: (i) a Portfolio Fund may impose an initial "lock-up" on the Fund's investment in such Portfolio Fund (either measured from the time the Fund first invests in such a Portfolio Fund, or on an investment-by-investment basis in such Portfolio Fund, as applicable)]; (ii) the payment of withdrawal/redemption proceeds is subject to the settlement provisions of the governing documents of such Portfolio Funds from which

withdrawals/redemptions are made (a Portfolio Fund's governing documents may provide, for example, that the Portfolio Fund will pay a substantial portion of withdrawal/redemption proceeds within a particular number of days after the effective date of a withdrawal/redemption, but may hold back the remaining proceeds until the Portfolio Fund is able to finalize its net asset value as of such effective date, which finalization may not take place until completion of such Portfolio Fund's annual audit for the year in which the withdrawal/redemption took place); (iii) withdrawals/redemptions from such Portfolio Funds may be subject to suspension; (iv) withdrawals/redemptions from such Portfolio Funds may be subject to fund-level, share-class level or investor-level discretionary or non-discretionary "gates" (however, Grosvenor does take into account mandatory, investor-level gates when testing compliance with Portfolio Fund Liquidity Constraints); (v) withdrawals/redemptions from such Portfolio Funds may be subject to withdrawal/redemption charges; (vi) notice deadlines with respect to withdrawals/redemptions from such Portfolio Funds; and (vii) the Fund, as a withdrawing/redeeming investor from such Portfolio Funds, may be required to continue to participate in certain illiquid investments and/or so-called "side pocket" or "designated investments" held by such Portfolio Funds from which the Fund has otherwise determined to withdraw/redeem until such Portfolio Funds determine to distribute the proceeds of such investments.