

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: DATE: 07/26/2011
Retirement Board of Authority

SUBJECT:	ITEM #:	<u>2011/2012-001</u>
Approval of Agenda	Enclosure:	<u>Yes</u>
	Action Item	<u>Yes</u>

Prepared by: Keenan Financial Services

Requested by: Retirement Board of Authority

BACKGROUND:

Under California Government Code Section §54950 (The Ralph M. Brown Act) the "Legislative Body" is required to post an agenda detailing each item of business to be discussed. The Authority posts the agenda in compliance with California Government Code Section §54954.2.

STATUS:

Unless items are added to the agenda according to G.C. §54954.2 (b) (1) (2) (3) the agenda is to be approved as posted.

RECOMMENDATION:

Subject to changes or corrections, the agenda is to be approved.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: Retirement Board of Authority DATE: 07/26/2011

SUBJECT: Approval of Minutes ITEM #: 2011/2012-002
Enclosure: Yes
Action Item: Yes

Prepared by: Keenan Financial Services
Requested by: Retirement Board of Authority

BACKGROUND:

As a matter of record and in accordance with the Brown Act, minutes of each meeting are kept and recorded.

STATUS:

The Retirement Board of Authority will review the minutes from the previous meeting on January 25, 2011.

RECOMMENDATION:

Subject to changes or corrections, the minutes are to be approved.

MEETING MINUTES

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING
JANUARY 25, 2011
9:00 AM TO 12:00 PM

SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
3401 CSM DRIVE
SAN MATEO, CA 94402
(650) 358-6828

I. CALL TO ORDER

The meeting was called to order by Board member Kathy Blackwood at 9:06 AM.

II. ROLL CALL

Those in attendance were:

MEMBERS:

Chief Financial Officer	Kathy Blackwood
Vice Chancellor of Human Resources	Harry Joel
Controller	Ray Chow
Classified Representative	Stephanie Samuelsen
Academic Representative	Bruce Maule

PROGRAM COORDINATOR:

Senior Vice President	Gail Beal
Account Manager	Roslyn Washington
Account Manager	Ken Threeths

CONSULTANTS:

Benefit Trust Company	Scott Rankin
Morgan Stanley Smith Barney	Cary Allison
RPM Consultant Group	Chuck Thompson

GUESTS

District's General Counsel	Tom Casey
Vavrinek, Trine, Day & Company LLP	Xiupin Guillaume

III. APPROVAL OF AGENDA

A motion was made by Board member Bruce Maule to approve the Agenda as presented, seconded by Board member Ray Chow and unanimously carried by the Board.

IV. APPROVAL OF MINUTES

A motion was made by Board member Ray Chow to approve the Meeting Minutes as presented, seconded by Board member Bruce Maule and unanimously carried by the Board.

V. THE DISTRICT'S OPEB PLAN INDEPENDENT AUDITORS REPORT

Xiupin Guillaume of Vavrinek, Trine, Day & Company, LLP (VTD) briefly reviewed the Audit Report for the Board. Xiupin noted that the District's OPEB Net Assets at the close of fiscal year 2010 were \$4,990,358.00. VTD had reviewed all the asset classes in the OPEB's portfolio and were able to confirm that the fair market value is accurate. VTD worked with a third party to confirm the pricing sources.

As this is the first year the OPEB Audit Report has been for the District, the Board members made inquiries relative to audit guidelines for this type of Audit Report. Xiupin noted the Audit Report that VTD provided for the District followed all standard audit procedures and the audit methods are similar to guidelines established under the Employee Retirement Income Security Act (ERISA). Chuck Thompson of RPM Consultant Group noted that GASB is new to everyone and that the process will continue to develop.

Per a request from Xiupin Guillaume of Vavrinek, Trine, Day & Company LLP (VTD) and Chuck Thompson of RPM Consultant Group, for next year's audit, Scott Rankin of Benefit Trust Company will provide VTD with a letter certifying that the Trust's Portfolio complies with the Investment Policy Statement (IPS).

A motion was made by Board member Harry Joel to approve the Auditors Report as presented, seconded by Board member Bruce Maule and unanimously carried by the Board.

VI. CORRESPONDENCE:

There was no correspondence presented.

VII. INVESTMENTS

PORTFOLIO REVIEW:

Cary Allison of Morgan Stanley Smith Barney (MSSB) provided an overview of the District's Change in Portfolio, Asset Allocation, and Time Weighted Return (Gross and Net of Fees) for period ending December 31, 2010. As of December 31, 2010, the District's portfolio had an allocation of 49.6% in fixed income funds and 50.4% in equity funds (equity funds comprised of 29.1% in domestic equity and 21.3% in international equity). The value of the portfolio as of

September 30, 2010 was \$10,652,908.12 and as of December 31, 2010, the value is \$11,089,468.69. The December 31, 2010 portfolio value represents an inception to date net rate of return of 12.26% compared to the S&P/ Barclays Blend of 10.68%. The investment results for the last 12 months show a net increase of 12.47% compared to the S&P/ Barclays Blend of 11.49%.

A motion was made by Board member Bruce Maule to accept the Portfolio Review as presented, seconded by Board member Harry Joel and unanimously carried by the Board.

MARKET OVERVIEW:

Cary Allison of MSSB presented the fourth quarter Capital Markets Overview from Morgan Stanley Smith Barney tracking global economic expansion. Through the fourth quarter of 2010, markets continued to benefit from the intervention by governments and central banks, making a second year of recovery from the financial crisis. Going forward, there is every indication that the recovery could become an expansion with the primary engine for this expansion being the emerging market economies. Growth in excess of 6% is expected in 2011 for emerging market economies, whereas developed-market economies are expected to grow only 2%. In the U.S., recently enacted federal tax-cut extensions seem likely to provide a platform for stronger growth. U.S. corporate profits gained 30% in 2010, while cash reserves were the highest in half a century. The volume of mergers and acquisitions grew in 2010 by 25% and corporations continued to be able to borrow at exceedingly low rates.

Cary also provided Board members with MSSB's Global Investment Committee Outlook. This Report reiterated many of the same positive growth indicators reflected in the Capital Markets Overview for 2011 as follows:

- | Global GDP recovery has now become a business cycle expansion.
- | Global economic growth of 4% with emerging economies expanding by 6% and developed markets by a much slower 2%.
- | Low 1%-2% inflation in developed countries but 5% in developing ones.
- | Developing economy central banks tighten; developed economy central banks are on hold until 2012.
- | U.S. and European policy risk is asymmetric to the upside; Emerging Markets policy risk is asymmetric to downside.
- | Modest US trade-weighted dollar strength; broad developed country currencies weakness to developing country currencies, especially Asia.
- | Longer-term prospects are good for a multiyear global business cycle expansion.

REVIEW OF INVESTMENT POLICY STATEMENT:

Scott Rankin of Benefit Trust Company (BTC) reviewed the Investment Policy Statement (IPS) for the Board members. He explained that Benefit Trust Company (BTC) is recommending changes to language contained in Appendix A as regards both Equity and Fixed Income Investments that reads "nor shall the trust assets be invested in any mutual fund that holds more than 5% of its portfolio in any single issue or issuer". Benefit Trust Company recommends this language be deleted and replaced with "not more than 5% of the Trust assets shall be invested in any single equity issue or issuer". Scott explained that by deleting this language, it will prevent a mutual fund manager from

being fired for being temporarily over the 5% restriction. The IPS would maintain a requirement that the trust as a whole can not have 5% invested in any one security, looking at the underlying securities of each mutual fund. Technology allows this calculation to be done automatically and Morgan Stanley Smith Barney periodically runs these reports to monitor diversification.

Under Appendix A: Fixed Income Investments, Benefit Trust Company recommends that the following verbiage be deleted “Yankee Bonds” i.e. foreign government bonds or corporate bonds of foreign companies, issued in U.S. dollar denominations, and offered through registration and filing with the SEC and carry a minimum BBB rating” and that it be replaced with new verbiage as follows: “Investment grade foreign government or corporate bonds, whether or not denominated in U.S. currency, and whether or not hedged for foreign currency risk.” This recommendation is made as a concession to the evolution of the management of international fixed income funds as few of the top managers continue to invest in Yankee Bonds, preferring instead to buy bonds directly off of the foreign exchanges.

A motion was made by Board member Harry Joel to accept the modifications to the Investment Policy Statement (IPS) as presented, seconded by Board member Bruce Maule and unanimously carried by the Board.

VIII. EDUCATION:

Cary Allison of Morgan Stanley Smith Barney (MSSB) presented an article prepared by OppenheimerFunds and entitled “Oppenheimer International Bond Fund”.

Cary discussed the importance of International Bond Funds relative to a comprehensive portfolio investment strategy as follows:

- | International Bond Funds provide potential benefits for overall portfolio diversification.
- | International Bond Funds may provide attractive long-term returns.
- | International Bond Fund yields may be greater than domestic opportunities.
- | Foreign currency exposure is provided by International Bond Funds as an inflation hedge.
- | International Bond Funds provide low correlation to other financial assets.

IX. ADMINISTRATION

REVIEW OF THE COMPREHENSIVE COMPLIANCE PLAN INCLUDING THE SUBSTANTIVE PLAN:

Volumes I, II and III of the Comprehensive Compliance Plan, which includes the Substantive Plan, have been delivered. Board members were informed that Keenan Financial Services is in the process of scanning Volumes I, II and III for electronic storage.

STATUS OF THE ACTUARIAL STUDY:

Board member Kathy Blackwood informed the Board that the District provided the Actuary with the last portion of his requested information in order to complete a current Actuarial Valuation Study. Kathy will present this Actuarial Valuation Study to the Board.

A request was made by the Board to have a second discount rate of 5% listed in the Actuarial Valuation Study due to fears that public agencies assume discount rates that have been traditionally too high. Board member Kathy Blackwood mentioned that she would take this Retirement Board of Authority recommendation to the District's Governing Board.

TRUST BYLAWS

A copy of the updated and adopted Trust Bylaws was provided to the Board.

ANNUAL REPORT TO THE COMMUNITY

Kathy Blackwood provided and reviewed the cover letter that will be provided to employees and retirees of the district. The Board recommended adding Tom Casey's title next to his name in the third paragraph. The Board also suggested rewording the fourth paragraph in order to clearly explain that a deposit was made to the Trust after the date of the Report was being communicated.

Kathy will update the letter and send out to Board members via email and Board members can vote their approval via email as well.

DISBURSEMENTS

There have been no current withdrawals from the Trust for the reimbursement of retiree premium payments.

RETIREMENT BOARD OF AUTHORITY (RBOA) FIDUCIARY AND CONFLICT OF INTEREST FOR OPEB PLANS

The District's General Counsel, Tom Casey informed the Board that members will receive an official request to complete Form 700. Tom supplied the members with a document explaining why it was necessary to file. In addition a review of a proposed draft for establishing the District's RBOA Policies, Procedures and Training for Fiduciary Liability and Conflict of Interest were distributed and briefly review.

Tom Casey is to prepare a formal training program which is to be conducted at the District's next RBOA meeting in April.

X. INFORMATION REPORTS

RETIREMENT BOARD OF AUTHORITY COMMENTS

There were no Retirement Board of Authority comments.

PROGRAM COORDINATOR/ CONSULTANT COMMENTS

Gail Beal of Keenan Financial Services (KFS) informed the Board that KFS will be hosting a Futuris Investment Workshop on March 23rd in Ontario and March 24th in Walnut Creek. Board members should receive their invitations within the next few weeks.

Chuck Thompson of RPM Consultant Group stated that he wished to thank the District's General Counsel, Tom Casey, for his assistance with the creation of Conflict of Interest protocols for the District's Public Entity Investment Trust.

VISITORS COMMENTS

There were no Visitor comments

XI. DATE FOR NEXT MEETING

The next meeting is scheduled for April 26th, 2011.

XII. AGENDA ITEMS NEXT MEETING:

There were no Agenda items recorded for the next Retirement Board of Authority meeting.

XIII. ADJOURNMENT

A motion was made by Board member Ray Chow to adjourn the meeting at 11.53 AM, seconded by Board member Harry Joel and unanimously carried by the Board.

States Begin to Address Long-Term Pension Obligations in Era of Fiscal Austerity Headlines the Bigger Risk to Municipal Bonds



Over the past few months, the municipal bond market has come under significant pressure as US public finance continues to capture media attention. While the headline risk is real, we challenge the validity of the underlying arguments regarding the creditworthiness of states and municipalities. In particular, we do not agree with predictions of widespread bond defaults and emphatically counter claims that state pension liabilities may be the impetus for such an outcome.

The majority of reports today fail to distinguish current operating deficits from longer-term pension liabilities. The media is indiscriminately grouping largely recession-related fiscal problems with longer-term obligations such as pension obligations and retiree healthcare costs. While it may be true that the current fiscal crisis and struggle to maintain necessary services in the immediate term is causing some municipalities to focus on short-term obligations at the expense of longer-term obligations, the reality is that states and localities have many years and various resources available to address pension underfunding — and many have already taken the initial steps toward pension reform. In fact, we would argue that current operating deficits will be resolved as the economy improves and that the recent Great Recession has actually shed light on the pension problem in such a way that, ultimately, may result in meaningful long-term structural reforms and improvements. This *ViewPoint* focuses primarily on pension plans and the options available to states to address unfunded pension liabilities.

Background

Pensions garnered broad attention in February 2010 when the Government Accounting Standards Board (GASB) proposed changes to the assumptions and methodology for calculating municipal pension funding status. In particular, GASB proposed that municipalities be required to both lower the discount rate and shorten the amortization period for unfunded liabilities. According to GASB, pension plans are assuming average investment returns of 8% (see Figure 1 on following page), which it considers too optimistic. GASB attributes the overstatement in many plans' funding statuses to these aggressive return assumptions. In addition, most pension plans amortize unfunded liabilities over 30 years; GASB recommends an adjustment to 15-20 years to reflect the remaining employment period in specific plans. Assuming these proposals were adopted, the reported funding status of many plans would decline dramatically. An updated GASB proposal is expected by the second quarter of 2011, with final rules for implementation anticipated in 2013 and beyond.



Barbara Novick, Vice Chairman, is head of Government Relations and Public Policy



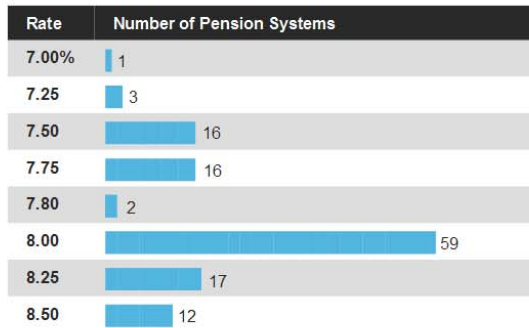
Peter Hayes, Managing Director, is head of the Municipal Bonds Group within BlackRock Fundamental Fixed Income



Joseph Pangallozzi, Director, is a credit research analyst within the BlackRock Municipal Bonds Group

The opinions expressed are as of April 2011 and may change as subsequent conditions vary.

Figure 1: Pension Plan Return Assumptions
Assumed annual rate of investment return of many
of the largest US public pension plans



Sources: National Association of State Retirement Administrators; National Council on Teacher Retirement; *The Wall Street Journal*, March 23, 2011.

Since the release of the GASB proposal, numerous prognosticators have predicted a rash of municipal defaults. While the basis for these forecasts centers largely on current operating deficits, they also have brought significant attention to the funding status of pension obligations of various states. The consensus is that neither the Senate nor the House of Representatives is inclined to bail out any states. As a result, several parties have recently lobbied Congress to pass a law enabling states to declare bankruptcy. These bankruptcy advocates invariably cite the need for states to gain control over pension and healthcare benefits. Under the proposal, states would use bankruptcy as a way to renegotiate contracts with union employees, and would also change retiree benefits. Interestingly, no governors have asked for such measures. Furthermore, at the National Governors Association meeting in February 2011, the governors expressed concern that the mere proposal of a new bankruptcy law has already increased their financing costs. Subsequently, they appealed to Congress for an explicit repudiation of the idea.

Given the concerns around consistency and transparency, the Public Pension Transparency Act was introduced by Representatives Devin Nunes (R-CA) and Paul Ryan (R-WI) in December 2010. This Act would require states and municipalities to disclose financial information on public pensions to the Treasury and the public. Non-complying governments would be stripped of their tax-exempt bonding authority. As proposed, this bill would also ban a federal bailout of state pension plans. While the push for improved disclosure is a positive development, it appears unlikely that the Federal government will provide assistance to states or cities in the form of bailouts. Regardless of whether the bill becomes law, it reflects the broader need for pension transparency and reform.

The rating agencies also published reports in January and February 2011 addressing the pension obligations of municipalities. In its report, entitled "Combining Debt and

Pension Liabilities of U.S. States Enhances Comparability," Moody's announced a more formal approach to factoring in bonded debt and unfunded pension obligations as a measure of a state's total obligations. The Fitch report, entitled "The Reporting of U.S. State and Local Government Pension Obligations," addressed the challenges of comparing one fund to another due to "the wide range of permitted assumptions and methods" and recommended "standardizing some of these pension variables." Both agencies have indicated that they would begin recalculating states' debt burdens by factoring unfunded pension obligations into their ratings calculations. As such, pension liabilities would no longer be treated as "soft" obligations. While we could envision some negative rating

Timeline of Major Headlines

February 2010

- ▶ GASB proposes changes to pension funding assumptions and methodology.

September 2010

- ▶ Wall Street analyst Meredith Whitney releases report predicting widespread municipal bond defaults.

November 2010

- ▶ Former House Speaker Newt Gingrich makes speech requesting new law to enable states to declare bankruptcy.

December 2010

- ▶ Public Pension Transparency Act introduced to improve transparency into pension funding status.

January 2011

- ▶ Moody's publishes report, combines bond indebtedness and pension obligations as a measure of fiscal strength (or weakness).
- ▶ Illinois Governor Pat Quinn signs legislation temporarily increasing the state income tax rate by 67% to close budget gap. State is constrained in its ability to make actuarially recommended pension contributions.

February 2011

- ▶ Fitch releases report noting that lack of consistency makes it difficult to compare funding status across pension plans.
- ▶ Wisconsin Governor Scott Walker announces intentions to end collective bargaining for state public employees.
- ▶ Illinois issues \$3.7 billion pension obligation bond with proceeds earmarked for Illinois Teachers' Retirement System, Illinois State Universities Retirement System and Illinois State Board of Investment.

March 2011

- ▶ Ohio becomes the largest state to impose sweeping reforms on public-sector unions.
- ▶ Wisconsin passes law to restrict collective bargaining rights for most state workers (although a judge subsequently issued a temporary stay on implementation).

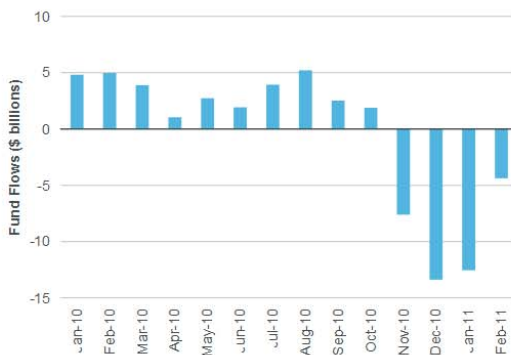
action for states that do not address pension underfunding issues, both agencies indicate in their reports that they do not expect to make widespread ratings changes. Interestingly, Fitch points out that local governments are responsible for a major portion of the underfunded pension liabilities reported for states. For local pension systems that are critically underfunded, have a high ratio of retirees to current plan employees and a high discount rate, maintaining system viability will be especially challenging.

Market Impact

Not surprisingly, the combination of default predictions and the call for a plan that would permit state bankruptcy has weighed heavily on the municipal bond market. After a high-profile default prediction in late 2010, the market suffered a spike in rates that resulted in price weakness and a pronounced steepening of the municipal yield curve. The market volatility was exacerbated by the uncertain future of the Build America Bond (BAB) program, which had been bolstering market technicals since its introduction in 2009. This program ultimately was left to expire at the end of the year. As a result of these developments, the fourth quarter of 2010 represented the municipal market's worst quarterly performance since 1994.

The onslaught of negative headlines also resulted in a loss of confidence among individual investors who buy municipal bonds or shares in mutual funds. From mid-November through year-end 2010, tax-exempt bond funds experienced weekly outflows averaging over \$2.5 billion. Long-term and high-yield funds saw the greatest redemptions, followed by state-specific funds to a lesser, but still significant, degree. The outflows continued in early 2011, applying additional upward pressure on municipal yields. By the end of February, tax-exempt mutual funds had experienced 15 consecutive weeks of outflows. Total assets redeemed since mid-November has been reported at \$39 billion. (See Figure 2 below.)

Figure 2: Municipal Bond Fund Flows



Source: Morningstar, Inc.

Figure 3: AAA-Rated Muni Spreads Widen Amid Negative Headlines, Outflows



Source: Municipal Market Data (MMD).

Overall, the steepening of the municipal yield curve was spurred on by Treasury market weakness, heavy supply and the record outflows. As measured by Municipal Market Data, yields for AAA-rated municipal bonds rose roughly 100 basis points (bps) for maturities 25 years and longer from September 30, 2010, to February 28, 2011. The spread from 2- to 30-year maturities widened from 340 bps to 430 bps over the same period. (See Figure 3 above.)

Headlines Don't Tell the Whole Story

Despite the recent volatility, we believe it is important to distinguish reality from hyperbole and would emphasize the following points in regard to the municipal bond market:

When it comes to defaults, the popular math does not add up. Predictions of a rash of municipal defaults, the most notable calling for 50 to 100 defaults totaling "hundreds of billions of dollars," have been light on details and based on questionable math. Debt service for most of the \$2.9 trillion municipal market is not at risk. Even the market's harshest critics agree that state debt service is well protected. About half of the market consists of very high-quality essential service providers, prominent not-for-profit institutions, dedicated-tax revenue bonds and pre-refunded bonds that are isolated from state budgetary problems. Local government debt — after removing the high yield sectors (tobacco, healthcare, land secured, corporate-backed) — represents just 15% of the market. We agree that outside of high yield, the local government segment is the most vulnerable. However, outstanding debt for the majority of local governments is typically less than \$40 million. The number of defaults would have to be in the thousands to reach the lofty dollar estimates hyped in the media. Based on our analysis, such a scenario is highly unlikely.

State defaults are remote; local defaults are likely to be limited. The municipal marketplace remains a vast universe, comprising more than 100,000 issuers, in which state and city defaults are very rare. State governments cannot declare bankruptcy, and the likelihood of default on general obligation (GO) debt by any state remains extremely remote. Local governments have a higher risk of default and some do have the ability to declare bankruptcy (in only 26 of the 50 states). Even so, for many reasons — economic, political and social — we expect bankruptcies to be minimal and isolated to mismanaged or weak credits. As demonstrated in the cases of Harrisburg, PA, and Nassau County, NY, most states have strong intervention measures that would likely come into play before a locality could declare bankruptcy. However, the worst underfunded pension systems could tip the weakest local credits — such as those of rust-belt areas with high legacy costs — into bankruptcy, depending on the level of state intervention.

Fiscal flexibility should allow states and most local governments to improve pension funding over the long term. The Rockefeller Institute reports that overall revenue collections in 41 states grew 6.9% from fourth quarter 2009 to fourth quarter 2010. If this preliminary figure holds, it would represent the fourth consecutive quarter of year-over-year revenue increases and the largest increase since second quarter 2006. At the same time, the National Association of State Budget Officers notes that state general fund spending has declined in real terms for an unprecedented three consecutive fiscal years, with a 9% drop noted in fiscal year 2010. The improved revenue picture should make it easier for governments to start funding more or all of their ARC (annual required contribution) payments. One recent report noted that, "even after the worst market crash in decades, state and local plans do not face an immediate liquidity crisis; most plans will be able to cover benefit payments for the next 15-20 years."¹ Another study shows states running out of pension money between 2022 and 2030, depending on average returns.² Many avenues are available to avoid this fate. (See "Managing Pension Obligations: The Options" on page 6.)

The municipal bond market has a history of low defaults. A Moody's default rate study released in 2010 shows a record of strong credit quality among municipal bonds. The report found that only 54 municipal issues defaulted over the period 1970-2009, with 78% of those concentrated in the high yield segments of the healthcare and multifamily housing sectors. Compared to corporate bonds, municipal bonds demonstrated much lower default rates and provided higher recovery values. As highlighted in Figure 4, the default rate over the past 40 years for investment-grade municipals was less than 0.25% compared to more than 2.50% for investment-grade corporate bonds.

Figure 4: Munis Remain a Low-Default Asset Class
Cumulative Historic Default Rates, 1970-2009

Rating Category	Moody's		S&P	
	Municipals	Corporates	Municipals	Corporates
Investment Grade (IG)	0.06%	2.50%	0.25%	3.76%
Non-IG	4.55%	34.01%	6.75%	27.82%
All	0.09%	11.06%	0.33%	11.38%

Source: Moody's Investors Service.

Although painful, the late 2010/early 2011 sell-off in the municipal market has been healthy in that it has created an opportunity for investors to purchase tax-exempt municipals at higher yields. Municipal bonds remain attractive compared to many other fixed income assets, given their favorable relative yields and track record of high quality and low defaults. In our view, the current environment could present a compelling buying opportunity in municipal bonds for long-term investors with the ability to weather interim volatility. (See related content and recommendations under "Investment Strategies for Today's Municipal Markets" on page 8.) Ultimately, BlackRock advocates an approach that emphasizes credit research and selectivity among bonds. Our evaluation of municipal bonds has always included an independent credit review, and the recent volatility reinforces the importance of this approach.

State Pension Liabilities: A Long-Term Challenge, But Action Needed Now

The issue of pension funding clearly has factored into the media's recent preoccupation with the municipal market and the ensuing headline risk. While we acknowledge that pension liabilities could be a contributing cause of future rating downgrades, we dismiss the notion that long-term pension funding issues will lead to a rash of municipal defaults. As a percentage of current budgets, debt service is manageable for states and the majority of localities. Annual pension contributions typically are not a significant part of government budgets. In some cases, this may reflect underfunding of what is actuarially recommended. Since pension funding is a long-term obligation, many municipalities have chosen to omit or reduce pension contributions in order to fund more immediate service obligations, especially during the recession. That said, lack of pension reform could cause problems in the long run. Heightened transparency in reporting guidelines and the use of consistent standards would be beneficial for investors. In addition, transparency would encourage state and local governments to take actions to improve pension funding, which would have long-term benefits. Regardless, analysis of municipal bonds must consider the unique status of governments as ongoing concerns and recognize that the present financial strain on current budgets is largely attributable to recessionary pressures and not to longer-term liabilities. In addition, many

¹ Munnell, Alicia H.; Aubry, Jean-Pierre; and Quinby, Laura, "Public Pension Funding in Practice," NBER Working Paper 16442, October 2010.

² Rauh, Joshua D., "Are State Public Pensions Sustainable? Why the Federal Government Should Worry About State Pension Liabilities," Social Science Research Network Working Paper Series, April 2010. Rauh and Novy-Marx, Robert, "The Crisis in Local Government Pensions in the United States," October 2010.

states and local municipalities already have taken actions, and many more are considering actions, aimed at addressing the issue of unfunded pension obligations.

Current pension underfunding reflects a multi-year combination of weaker-than-expected investment results, previous benefit enhancements and employers' failure to make required annual contributions. As highlighted in Figure 5 below, many states recorded subpar funding ratios due to these factors. Given the current pension funding status of many plans, as well as the prevailing political climate, investors should expect continued headlines around these issues. According to a recent Wilshire Consulting study of 126 state retirement systems, the ratio of assets to liabilities grew from 65% in 2009 to 69% in 2010, due mainly to the US economy's recovery and improving asset values. While experts differ on the optimal funding status, most would agree that these levels are too low. Of greatest concern are studies predicting that the most severely underfunded plans may deplete their resources over the next 5 to 10 years (cities cited in papers written by Joshua Rauh and Robert Novy-Marx include Boston, Chicago and Philadelphia³).

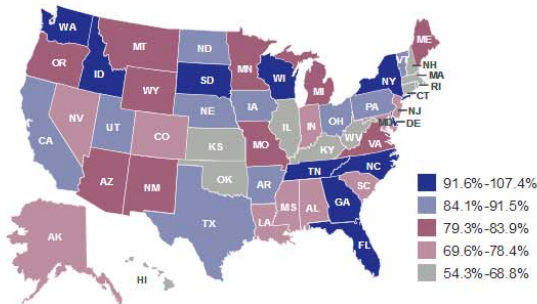
While the news stories are disconcerting, they do not tend to acknowledge the many tools that governments can use to address underfunding. For example, governments can increase taxes, cut services, reduce benefits or increase employee contributions. A more detailed discussion of various options follows on page 6. Importantly, many states have already begun to take action. In the first 10 months of 2010, 19 states took steps to reduce their pension liabilities, either through cuts in benefits or increases in employee contributions. In 2009 and 2008, 11 and 8 states, respectively, took similar measures. Late in 2010, for example, New York State passed a "Tier Five" category for its retirement system that would effectively reduce pension benefits for new employees. In 2011, a growing number of governors and mayors have spoken out in "state of the state"

addresses and similar venues about the need to raise retirement ages, end spiking, eliminate early retirement incentives and curtail double-dipping. We expect to see a series of proposals in fiscal year 2012 budgets. Figure 6 below summarizes states' efforts at reducing pension liabilities.

Managing pension liabilities is an important factor in government finance and is part of our assessment of the overall credit quality of state and local governments. There is a growing consensus that policymakers must address funding mechanisms for these mounting liabilities. Because of various funding and cost control options available to states, we believe unfunded pension liabilities can be reduced significantly over time. *It is the lack of corrective action, not the obligation, that could hurt overall fiscal health and eventually lead to credit deterioration.* Even if various speculators are correct about all or portions of pension payments not being made, it is a "leap of logic"⁴ to assume that debt service, currently and historically low as a percentage of state and local budgets, will not be made in full upon the due date. As state budget problems persist, contract negotiations with unions may also yield concessions with substantial savings, especially if political pressure for such change grows among the electorate.

Without the ability to change contractual agreements with current employees and retirees, governments more frequently have resorted to the threat of layoffs in lieu of renegotiating prior benefits that are now unpaid. It is very possible that either workforce reductions (which reduce the number of years worked and thus accumulated benefits) or give-backs on benefits will reduce retirement costs. Studies predicting pension run-offs cannot easily factor in these changes and, quite appropriately, must consider only the current workforce and assume that existing benefits continue. These reforms are likely to be insufficient alone, but combined actions that raise taxes, cut spending, reduce benefits and add employee contributions can reduce pension underfunding over time.

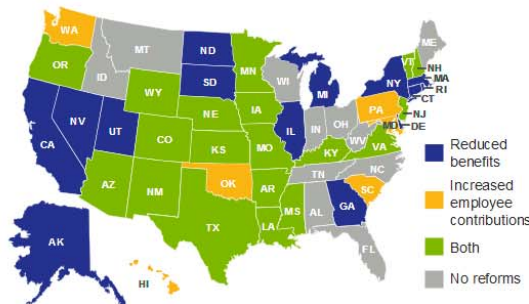
Figure 5: Pension Funding by State



Note: 2008 data for all states, except Ohio, which are for 2007.
Source: Pew Center on the States, 2010.

3 Rauh, "Are State Public Pensions Sustainable? Why the Federal Government Should Worry About State Pension Liabilities," and Rauh and Novy-Marx, "The Crisis in Local Government Pensions in the United States."

Figure 6: Pension Policy Reform by State, 2001-2010



Note: Based on data collected by the National Conference of State Legislatures, which has tracked retirement reform legislation since 1999.
Source: Pew Center on the States, 2010.

4 Reilly, David and Denning, Liam, "Jumping Into Munis Requires a Leap of Faith," *The Wall Street Journal*, October 4, 2010.

State Pensions: Key Points

- ▶ While pension liabilities are cause for concern, they will not by themselves generate a rash of municipal defaults.
- ▶ Each state is unique in its funding status, as well as its political climate, fiscal condition and legal framework.
- ▶ Many states have already begun the process of addressing pension liabilities.
- ▶ Local governments have multiple tools available to them to address pension funding issues, although those few municipalities with extremely underfunded pension liabilities may be put under state supervision or seek bankruptcy protection.
- ▶ Initiatives to establish consistent methodology to calculate liabilities and to improve transparency will likely lead to additional corrective actions.

Managing Pension Obligations: The Options

As noted earlier, governments have many options for dealing with unfunded pension obligations, and many measures have been or are in the process of being implemented. Following is an overview of several tools available to municipalities. Each measure must be considered for its impact on taxpayers, retirees, current employees and employees not yet hired.

Raise the retirement age. This approach has been suggested for both existing and/or new employees. Massachusetts Governor Deval Patrick and New York City Mayor Michael Bloomberg have included retirement age proposals as part of a package of fixes. In 2010, ten states — Arizona, California, Colorado, Illinois, Mississippi, Missouri, Michigan, Utah, Vermont and Virginia — raised the retirement age and/or service requirement for normal retirement.

Increase contributions from employees. In 2010, Louisiana, Missouri, Utah and Virginia raised contributory rates for new employees. California, Colorado, Iowa, Minnesota, Mississippi, Vermont and Wyoming have increased rates for current employees.

Increase contributions by raising taxes and fees. While not specifically dedicated to pension contributions, a few states — namely Connecticut, Illinois and Minnesota — have passed or proposed significant tax and fee increases to address budget gaps.

Increase contributions by employers. In recent years, employers have skipped or deferred contributions. In addition, changes in state laws have effectively pushed costs down to counties, cities and school districts. At some point, these employers will need to restart contributions and/or make deferred payments.

Curtail spiking in the final years before retirement. Illinois, Louisiana and Nebraska passed “anti-spiking” laws several years ago that lower eligible increases in salary in the years just prior

to retirement. California and Massachusetts are considering similar measures. In addition, in 2010, eight states authorized a longer period for calculation of final average salary. The states are Arizona, California, Illinois, Iowa, Louisiana, Michigan, New Jersey and Virginia.

Limit, reduce or eliminate automatic cost-of-living adjustments (COLAs). Some states constitutionally protect retiree benefits while others have greater flexibility. Colorado, Minnesota and South Dakota each introduced measures to cut COLAs and are being challenged in court. Several states, including Maine, Oklahoma and Ohio, are actively considering reducing or freezing COLAs; other states, including Arizona, New Jersey and Washington, are considering eliminating COLAs. Washington Governor Christine Gregoire recently proposed repealing automatic COLAs. Likewise, New Jersey Governor Chris Christie recently signed into law measures that will roll back a 9% increase in pension benefits enacted in 2001 and suspend COLA increases for at least three years.

Disallow “double-dipping.” This would prevent an employee from retiring and collecting a pension from one public job while collecting a salary for a new role in the same system.

Means testing for benefits and/or taxing of benefits. While these approaches have not been widely pursued, some states are considering these options. Hawaii and Michigan have proposed taxing pension income.

Bond issuance. Several states and municipalities have issued pension obligation bonds (POBs) to help fund retirement systems. The state of Illinois recently issued a \$3.7 billion POB, which came to market with an average yield of 5.56% and single-A ratings from S&P and Moody's. The state's pension plans will need to earn in excess of 5.56% to benefit the pensions' funding status. Conversely, a lower return would exacerbate the underfunding of the state's plan.

Adjust asset allocation strategies. Many states have invested pension monies in hedge funds and other alternative investments in an effort to achieve higher returns on their investment. This trend is accelerating.

Freeze defined-benefit plans and move to mandatory defined-contribution plans. While many corporations and the Federal government have taken this approach, at the municipal level, there has been strong support for traditional defined-benefit plans. In the past few years, California, Alaska, Louisiana, Florida, Alabama, Arizona, Kentucky, Nevada, New Hampshire, North Carolina and North Dakota have considered this option as a way of shifting future liabilities to employees. To date, only Alaska and Michigan have implemented this option fully. Utah adopted a hybrid plan in 2010. In part, there has been strong union resistance. However, there is also concern that a switch puts near-term pressure on states to cover the unfunded portion of their liabilities if no new monies are coming into the defined-benefit plan from current employees.

Pension Reform at Work

It is important to understand that each state, which legislates its pension rules, is unique in regard to its overall budget, longer-term indebtedness, pension funding status and sources of revenue, as well as its individual political climate and ability to raise taxes and/or cut costs. Wisconsin and Ohio represent two recent examples of states that have taken a more stringent approach to address both current budget gaps and long-term pension liabilities.

Efforts at pension reform in Wisconsin recently erupted into a political standoff in which 14 Democratic senators fled the state to prevent a final vote. After stripping out budget bills, the Senate was able to pass the bill without a quorum, meaning the presence of the opponents was no longer required for a vote. The Assembly passed the bill and Governor Scott Walker signed it on March 11. The law ends collective bargaining rights for most public employees (police and fire personnel are exempt), except in salary negotiations. The law also raises employee pension

contributions to nearly 6% of pay from current minimal levels and more than doubles employees' healthcare contributions, to nearly 13% of healthcare premiums. (A county circuit court judge subsequently issued a temporary restraining order preventing the law from taking effect. At issue is whether a legislative committee violated the state's open meetings law.)

Late on March 31, a similar measure was signed into law in Ohio, which has the sixth-largest number of public-sector union members in the nation and twice the number of Wisconsin. Like the new law in Wisconsin, the Ohio law eliminates collective-bargaining rights (except for wages) and requires workers to pay more of their health and pension costs. However, the legislation goes further in making it illegal for workers to strike. Additionally, the law affects all public-sector union employees in the state, whereas the Wisconsin law exempts unions representing police, firefighters and state troopers. The Ohio legislation also broadens the factors that can determine layoffs or dismissals and limits the number of vacation days and paid holidays for long-time workers. Teacher contracts can no longer set ratios, such as the number of students per teacher, and pay is based on merit, not necessarily length of service. Ohio is the largest state to impose sweeping reforms on public-sector unions. Similar measures are moving through legislatures in Indiana, Tennessee, Idaho and Kansas.

It is difficult to say whether the erosion of collective bargaining will be part of benefit and pension reform in other states. Various national polls have indicated that a majority of the public still favors collective bargaining rights for public employees. However, in states where legislation is eventually passed, future rollbacks to reinstate collective bargaining may not carry the single-issue fervor that would result in the election of like-minded legislators. The larger point, and one that we have maintained throughout the current fiscal crisis, is this: States will pursue various avenues to balance budgets and achieve longer-term savings through spending reductions, including employee salaries, benefits and jobs. While efforts in some states may arguably go beyond the minimum necessary to remedy current budget gaps, the proposals underscore the determination of governors and legislatures to bring future spending obligations in line with available revenues.

Conclusion

We view pension liabilities as a challenge to governments' long-term fiscal integrity, but maintain that the greatest risk to the municipal marketplace today is in the volatility sparked by headlines and not, as some project, in the likelihood of defaults. Gaps in pension funding were created over the course of many years and will not be resolved overnight. Remedies to the pension problem will likely be painful for public employees, retirees and taxpayers. In addition, credit downgrades could result in especially egregious cases where fiscally strapped governments ignore the problem. Nevertheless, each state has

Recent Statements by Public Officials

"At every level of government — local, state, and federal — public sector pensions are a ticking fiscal time bomb. Florida has to bring its pension system into line with other states' plans by increasing employee contributions."

*Florida Governor Rick Scott,
Speech to Florida Council of 100, November 2010*

"City workers deserve a safe and secure retirement, but right now, they receive retirement benefits that are far more generous than those received by most workers in the private sector and that provide for a much earlier retirement age ... It would be great if we could continue to afford such generous benefits, but we can't."

*New York City Mayor Michael Bloomberg,
State of the City Address, January 2011*

"A series of loopholes and avoided decisions has left us [Massachusetts] with an unfunded pension liability of \$20 billion. That problem was not created overnight and it will not be solved overnight. I support the defined benefit program but without these reforms it is not sustainable."

*Massachusetts Governor Deval Patrick,
State House Press Conference, January 2011*

"If we cannot make the promises of your pension system more realistic, there will be no pensions for those who have earned them."

*New Jersey Governor Chris Christie,
Address to State General Assembly, January 2011*

"Pension reform can be hard to talk about. In the long run, reform now means fewer demands for layoffs and less draconian measures in the future. It's in the best interest of all Californians to fix this system now."

*California Governor Jerry Brown,
Gubernatorial Campaign, Summer 2010*

many levers to address fiscal challenges, including the pension issues discussed in this *ViewPoint*. States have been able to build their pension funds in the past; we believe they will be able to do so again — and with greater ease once the economy, markets and, in turn, their revenues fully recover from the Great Recession.

Until this occurs, it is reasonable to expect increased demand from bondholders, the general public and the US Treasury for more thorough and standardized information on pension funding. We believe consistency and transparency (via proper disclosure) are generally beneficial to all stakeholders in the long term, but must be applied with the recognition that state and local governments have unique standing and are susceptible to worse financial constraint in the short term if pension requirements are

overly stringent and punitive. Positive remediation is beneficial to employees, retirees and taxpayers, as well as to investors in the municipal markets. Ultimately, voters will determine whether the actions taken by their respective governments are appropriate for allocating resources in a way that meets prevailing sentiments on service delivery and the broader public welfare. Given the importance of these issues, we expect to see continued headlines, especially as states consider 2012 budgets. For investors, today's environment illuminates the importance of credit research in making sound investment decisions in the municipal space. Opportunities exist, and the market's recent downturn creates an attractive value opportunity for long-term investors, but selectivity is critical. "Investment Strategies for Today's Municipal Markets" below offers some thoughts for investors in the municipal bond market.

Investment Strategies for Today's Municipal Markets

We continue to find opportunity in the municipal markets, although careful credit analysis and selectivity are key in the current environment. While not comprehensive, following are several investment strategies that we would advocate in today's markets:

Focus on the intermediate portion of the yield curve. We favor a bias toward intermediate maturities, with a particular focus inside of 10 years. This area of the curve provides significant yield pick-up over shorter bonds without the principal risk of longer securities. Volatility in this portion of the curve is also less than would be seen on the long end.

Overweight tax-backed issues, especially dedicated-tax bonds and stronger state GOs. GO default is extremely rare. Among GOs, we prefer states over local governments, particularly states less susceptible to volatility from budgetary challenges. In the local segment, we generally prefer GO debt of school districts over cities and counties. Dedicated-tax bonds are attractive because they are backed by revenues that are specifically pledged to debt service; they benefit from legal protection and provide a measure of stability during economic downturns. We favor dedicated-tax bonds secured by broad-based revenue streams such as statewide sales tax, motor fuel tax and income tax.

Look for opportunities in pre-refunded bonds. "Pre-res" come with the tax benefit of a municipal bond, but with high relative safety because they are backed by US Treasuries. Pre-res are municipal bonds that were refinanced by the issuer to lock in a lower interest rate. With the proceeds from the favorable refinance, the issuer buys Treasuries, places them in an escrow account and uses the interest proceeds to pay the interest on the original municipal bond

until it is callable. That bond becomes known as a pre-refunded bond and is seen as quite safe, generally receiving an AAA rating. Pre-res also tend to be at the shorter end of the curve, helping to insulate a portfolio from volatility.

Favor education issues. The education sector has been insulated from much of the recent volatility. We prefer flagship public universities and private institutions. Despite losing state aid, lower tuition rates have enabled public universities to attract students away from less-selective private institutions. The most-selective private universities continue to benefit from growing demand and have seen their endowments recover with the upturn in the equity market. We tend to avoid highly leveraged private and charter schools that are encountering declining enrollment and political funding pressure.

Seek safety in essential service revenue bonds. Among essential services, we prefer public utilities and transportation. Within utilities, we see opportunities in public power and water & sewer bonds and favor established systems that serve wide user bases. Rate-setting autonomy and a diversified fuel mix are key credit positives for municipal utilities. In transportation, we recommend established toll facilities located in highly traveled corridors, whereas start-up facilities should be viewed with caution. We also favor origination and destination airports with sizable carrier diversification in the major markets throughout the country.

While not comprehensive, this offers a sample of the opportunities we currently see in the municipal marketplace. Meanwhile, our underweights presently include bonds related to tobacco, long-term healthcare, land deals and community development districts in areas with negative real estate fundamentals.

Investment involves risk. The two main risks related to fixed income investing are interest rate risk and credit risk. Typically, when interest rates rise, there is a corresponding decline in the market value of bonds. Credit risk refers to the possibility that the issuer of the bond will not be able to make principal and interest payments. There may be less information available on the financial condition of issuers of municipal securities than for public corporations. The market for municipal bonds may be less liquid than for taxable bonds. A portion of the income may be taxable. Some investors may be subject to Alternative Minimum Tax (AMT). Capital gains distributions, if any, are taxable.

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San Mateo Community College District
Actuarial Study of
Retiree Health Liabilities
As of February 1, 2011

Prepared by:
Total Compensation Systems, Inc.

Date: April 12, 2011

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**San Mateo Community College District
Actuarial Study of Retiree Health Liabilities**

PART I: EXECUTIVE SUMMARY

A. Introduction

San Mateo Community College District engaged Total Compensation Systems, Inc. (TCS) to analyze liabilities associated with its current retiree health program as of February 1, 2011 (the valuation date). The numbers in this report are based on the assumption that they will first be used to determine accounting entries for the fiscal year ending June 30, 2011. If the report will first be used for a different fiscal year, the numbers will need to be adjusted accordingly.

This report does not reflect any cash benefits paid unless the retiree is required to provide proof that the cash benefits are used to reimburse the retiree's cost of health benefits. Costs and liabilities attributable to cash benefits paid to retirees are reportable under Governmental Accounting Standards Board (GASB) Standards 25/27.

This actuarial study is intended to serve the following purposes:

- » To provide information to enable San Mateo CCD to manage the costs and liabilities associated with its retiree health benefits.
- » To provide information to enable San Mateo CCD to communicate the financial implications of retiree health benefits to internal financial staff, the Board, employee groups and other affected parties.
- » To provide information needed to comply with Governmental Accounting Standards Board Accounting Standards 43 and 45 related to "other postemployment benefits" (OPEB's).

Because this report was prepared in compliance with GASB 43 and 45, as appropriate, San Mateo CCD should not use this report for any other purpose without discussion with TCS. This means that any discussions with employee groups, governing Boards, etc. should be restricted to the implications of GASB 43 and 45 compliance.

This actuarial report includes several estimates for San Mateo CCD's retiree health program. In addition to the tables included in this report, we also performed cash flow adequacy tests as required under Actuarial Standard of Practice 6 (ASOP 6). Our cash flow adequacy testing covers a twenty-year period. We would be happy to make this cash flow adequacy test available to San Mateo CCD in spreadsheet format upon request.

We calculated the following estimates separately for active employees and retirees. As requested, we also separated results by the following employee classifications: AFSCME, Faculty, CSEA and Management. We estimated the following:

- the total liability created. (The actuarial present value of total projected benefits or APVTPB)
- the ten year "pay-as-you-go" cost to provide these benefits.
- the "actuarial accrued liability (AAL)." (The AAL is the portion of the APVTPB attributable to employees' service prior to the valuation date.)

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- the amount necessary to amortize the UAAL over a period of 30 years.
- the annual contribution required to fund retiree benefits over the working lifetime of eligible employees (the "normal cost").
- The Annual Required Contribution (ARC) which is the basis of calculating the annual OPEB cost and net OPEB obligation under GASB 43 and 45.

We summarized the data used to perform this study in Appendix A. No effort was made to verify this information beyond brief tests for reasonableness and consistency.

All cost and liability figures contained in this study are estimates of future results. Future results can vary dramatically and the accuracy of estimates contained in this report depends on the actuarial assumptions used. Normal costs and liabilities could easily vary by 10 - 20% or more from estimates contained in this report.

B. General Findings

We estimate the "pay-as-you-go" cost of providing retiree health benefits in the year beginning February 1, 2011 to be \$7,465,566 (see Section IV.A.). The "pay-as-you-go" cost is the cost of benefits for current retirees.

For current employees, the value of benefits "accrued" in the year beginning February 1, 2011 (the normal cost) is \$1,204,418. This normal cost would increase each year based on covered payroll. Had San Mateo CCD begun accruing retiree health benefits when each current employee and retiree was hired, a substantial liability would have accumulated. We estimate the amount that would have accumulated to be \$118,923,929. This amount is called the "actuarial accrued liability" (AAL). Of this amount, the remaining unamortized balance of the initial AAL is \$116,254,524. This leaves a "residual" AAL of \$2, 669,405.

The District has established a GASB 45 trust to cover OPEB liabilities. At February 1, 2011 the actuarial value of plan assets was \$15,643,762. This leaves an unfunded residual AAL of *negative* \$12,974,357. We calculated the annual cost to amortize the unfunded actuarial accrued liability using a 7% discount rate. We used a 30 year amortization period. The current year cost to amortize the unfunded residual actuarial accrued liability is *negative* \$739,731.

Combining the normal cost, initial and residual UAAL amortization costs produces a total annual required contribution (ARC) of \$7,702,017. The ARC is used as the basis for determining expenses and liabilities under GASB 43/45. The ARC is used in lieu of (rather than in addition to) the "pay-as-you-go" cost.

We based all of the above estimates on employees as of January, 2011. Over time, liabilities and cash flow will vary based on the number and demographic characteristics of employees and retirees.

C. Description of Retiree Benefits

Following is a description of the current retiree benefit plan:

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	<u>Faculty</u>	<u>AFSCME</u>	<u>CSEA</u>	<u>Management</u>
Benefit types provided	Medical, Part B	Medical, Part B	Medical, Part B	Medical, Part B
Duration of Benefits	Lifetime	Lifetime	Lifetime	Lifetime
Required Service	Age + Service = 75	Age + Service = 75	Age + Service = 75	Age + Service = 75
Minimum Age	55	50	50	50
Dependent Coverage	Yes	Yes	Yes	Yes
College Contribution %	100%	100%	100%	100%
College Cap	\$450 per month before age 65 After 65, Lowest cost employee only rate for medical	\$450 per month before age 65 After 65, Lowest cost employee only rate for medical	\$450 per month before age 65 After 65, Lowest cost employee only rate for medical	\$450 per month before age 65 After 65, Lowest cost employee only rate for medical

D. Recommendations

It is outside the scope of this report to make specific recommendations of actions San Mateo CCD should take to manage the substantial liability created by the current retiree health program. Total Compensation Systems, Inc. can assist in identifying and evaluating options once this report has been studied. The following recommendations are intended only to allow the District to get more information from this and future studies. Because we have not conducted a comprehensive administrative audit of San Mateo CCD's practices, it is possible that San Mateo CCD is already complying with some or all of our recommendations.

- We recommend that San Mateo CCD inventory all benefits and services provided to retirees – whether contractually or not and whether retiree-paid or not. For each, San Mateo CCD should determine whether the benefit is material and subject to GASB 43 and/or 45.
- We recommend that San Mateo CCD conduct a study whenever events or contemplated actions significantly affect present or future liabilities, but no less frequently than every two or three years, as required under GASB 43/45.
- We recommend that the District communicate the magnitude of these costs to employees and include employees in discussions of options to control the costs.
- Under GASB 45, it is important to isolate the cost of retiree health benefits. San Mateo CCD should have all premiums, claims and expenses for retirees separated from active employee premiums, claims, expenses, etc. To the extent any retiree benefits are made available to retirees over the age of 65 – *even on a retiree-pay-all basis* – all premiums, claims and expenses for post-65 retiree coverage should be segregated from those for pre-65 coverage. Furthermore, San Mateo CCD should arrange for the rates or prices of all retiree benefits to be set on what is expected to be a self-sustaining basis.
- San Mateo CCD should establish a way of designating employees as eligible or ineligible for future OPEB benefits. Ineligible employees can include those in ineligible job classes; those hired after a designated date restricting eligibility; those who, due to their age at hire cannot qualify for District-paid OPEB benefits; employees who exceed the termination age for OPEB benefits, etc.
- Several assumptions were made in estimating costs and liabilities under San Mateo CCD's

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retiree health program. Further studies may be desired to validate any assumptions where there is any doubt that the assumption is appropriate. (See Appendices B and C for a list of assumptions and concerns.) For example, San Mateo CCD should maintain a retiree database that includes – in addition to date of birth, gender and employee classification – retirement date and (if applicable) dependent date of birth, relationship and gender. It will also be helpful for San Mateo CCD to maintain employment termination information – namely, the number of OPEB-eligible employees in each employee class that terminate employment each year for reasons other than death, disability or retirement.

Respectfully submitted,

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PART II: BACKGROUND

A. Summary

Accounting principles provide that the cost of retiree benefits should be “accrued” over employees' working lifetime. For this reason, the Governmental Accounting Standards Board (GASB) issued in 2004 Accounting Standards 43 and 45 for retiree health benefits. These standards apply to all public employers that pay any part of the cost of retiree health benefits for current or future retirees (including early retirees).

B. Actuarial Accrual

To actuarially accrue retiree health benefits requires determining the amount to expense each year so that the liability accumulated at retirement is, on average, sufficient (with interest) to cover all retiree health expenditures without the need for additional expenses. There are many different ways to determine the annual accrual amount. The calculation method used is called an “actuarial cost method.”

Under most actuarial cost methods, there are two components of actuarial cost - a “normal cost” and amortization of something called the “unfunded actuarial accrued liability.” Both accounting standards and actuarial standards usually address these two components separately (though alternative terminology is sometimes used).

The normal cost can be thought of as the value of the benefit earned each year if benefits are accrued during the working lifetime of employees. This report will not discuss differences between actuarial cost methods or their application. Instead, following is a description of a commonly used, generally accepted actuarial cost method that will be permitted under GASB 43 and 45. This actuarial cost method is called the “entry age normal” method.

Under the entry age normal cost method, the actuary determines the annual amount needing to be expensed from hire until retirement to fully accrue the cost of retiree health benefits. This amount is the normal cost. Under GASB 43 and 45, normal cost can be expressed either as a level dollar amount or a level percentage of payroll.

The normal cost is determined using several key assumptions:

- The current **cost of retiree health benefits** (often varying by age, Medicare status and/or dependent coverage). The higher the current cost of retiree benefits, the higher the normal cost.
- The **“trend” rate** at which retiree health benefits are expected to increase over time. A higher trend rate increases the normal cost. A “cap” on District contributions can reduce trend to zero once the cap is reached thereby dramatically reducing normal costs.
- **Mortality rates** varying by age and sex. (Unisex mortality rates are not often used as individual OPEB benefits do not depend on the mortality table used.) If employees die prior to retirement, past contributions are available to fund benefits for employees who live to retirement. After retirement, death results in benefit termination or reduction. Although higher mortality rates reduce normal costs, the mortality assumption is not likely to vary from employer to employer.
- **Employment termination rates** have the same effect as mortality inasmuch as higher termination rates reduce normal costs. Employment termination can vary considerably between public agencies.
- The **service requirement** reflects years of service required to earn full or partial retiree benefits.

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While a longer service requirement reduces costs, cost reductions are not usually substantial unless the service period exceeds 20 years of service.

- **Retirement rates** determine what proportion of employees retire at each age (assuming employees reach the requisite length of service). Retirement rates often vary by employee classification and implicitly reflect the minimum retirement age required for eligibility. Retirement rates also depend on the amount of pension benefits available. Higher retirement rates increase normal costs but, except for differences in minimum retirement age, retirement rates tend to be consistent between public agencies for each employee type.
- **Participation rates** indicate what proportion of retirees are expected to elect retiree health benefits if a significant retiree contribution is required. Higher participation rates increase costs.
- The **discount rate** estimates investment earnings for assets earmarked to cover retiree health benefit liabilities. The discount rate depends on the nature of underlying assets. For example, employer funds earning money market rates in the county treasury are likely to earn far less than an irrevocable trust containing a diversified asset portfolio including stocks, bonds, etc. A higher discount rate can dramatically lower normal costs. GASB 43 and 45 require the interest assumption to reflect likely *long term* investment return.

The assumptions listed above are not exhaustive, but are the most common assumptions used in actuarial cost calculations. The actuary selects the assumptions which - taken together - will yield reasonable results. It's not necessary (or even possible) to predict individual assumptions with complete accuracy.

If all actuarial assumptions are exactly met and an employer expensed the normal cost every year for all past and current employees and retirees, a sizeable liability would have accumulated (after adding interest and subtracting retiree benefit costs). The liability that would have accumulated is called the actuarial accrued liability or AAL. The excess of AAL over the **actuarial value of plan assets** is called the *unfunded* actuarial accrued liability (or UAAL). Under GASB 43 and 45, in order for assets to count toward offsetting the AAL, the assets have to be held in an irrevocable trust that is safe from creditors and can only be used to provide OPEB benefits to eligible participants.

The actuarial accrued liability (AAL) can arise in several ways. At inception of GASB 43 and 45, there is usually a substantial UAAL. Some portion of this amount can be established as the "transition obligation" subject to certain constraints. UAAL can also increase as the result of operation of a retiree health plan - e.g., as a result of plan changes or changes in actuarial assumptions. Finally, AAL can arise from actuarial gains and losses. Actuarial gains and losses result from differences between actuarial assumptions and actual plan experience.

Under GASB 43 and 45, employers have several options on how the UAAL can be amortized as follows:

- The employer can select an amortization period of 1 to 30 years. (For certain situations that result in a reduction of the AAL, the amortization period must be at least 10 years.)
- The employer may apply the same amortization period to the total combined UAAL or can apply different periods to different components of the UAAL.
- The employer may elect a "closed" or "open" amortization period.
- The employer may choose to amortize on a level dollar or level percentage of payroll method.

PART III: LIABILITIES AND COSTS FOR RETIREE BENEFITS

A. Introduction.

We calculated the actuarial present value of projected benefits (APVPB) separately for each employee. We determined eligibility for retiree benefits based on information supplied by San Mateo CCD. We then selected assumptions for the factors discussed in the above Section that, based on plan experience and our training and experience, represent our best prediction of future plan experience. For each employee, we applied the appropriate factors based on the employee's age, sex and length of service.

We summarized actuarial assumptions used for this study in Appendix C.

B. Medicare

The extent of Medicare coverage can affect projections of retiree health costs. The method of coordinating Medicare benefits with the retiree health plan's benefits can have a substantial impact on retiree health costs. We will be happy to provide more information about Medicare integration methods if requested.

C. Liability for Retiree Benefits.

For each employee, we projected future premium costs using an assumed trend rate (see Appendix C). To the extent San Mateo CCD uses contribution caps, the influence of the trend factor is further reduced.

We multiplied each year's projected cost by the probability that premium will be paid; i.e. based on the probability that the employee is living, has not terminated employment and has retired. The probability that premium will be paid is zero if the employee is not eligible. The employee is not eligible if s/he has not met minimum service, minimum age or, if applicable, maximum age requirements.

The product of each year's premium cost and the probability that premium will be paid equals the expected cost for that year. We discounted the expected cost for each year to the valuation date February 1, 2011 at 5% interest.

Finally, we multiplied the above discounted expected cost figures by the probability that the retiree would elect coverage. A retiree may not elect to be covered if retiree health coverage is available less expensively from another source (e.g. Medicare risk contract) or the retiree is covered under a spouse's plan.

For any current retirees, the approach used was similar. The major difference is that the probability of payment for current retirees depends only on mortality and age restrictions (i.e. for retired employees the probability of being retired and of not being terminated are always both 1.0000).

We added the APVPB for all employees to get the actuarial present value of total projected benefits (APVTPB). The APVTPB is the estimated present value of all future retiree health benefits for all **current** employees and retirees. The APVTPB is the amount on February 1, 2011 that, if all actuarial assumptions are exactly right, would be sufficient to expense all promised benefits until the last current employee or retiree dies or reaches the maximum eligibility age.

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Actuarial Present Value of Total Projected Benefits

February 1, 2011	Total	AFSCME	Faculty	CSEA	Management
Active: Pre-65	\$8,593,236	\$764,720	\$4,541,662	\$2,079,389	\$1,207,465
Post-65	\$40,254,391	\$3,478,820	\$20,193,962	\$10,230,171	\$6,351,438
Subtotal	\$48,847,627	\$4,243,540	\$24,735,624	\$12,309,560	\$7,558,903
Retiree: Pre-65	\$3,751,604	\$0	\$1,334,330	\$2,383,986	\$33,288
Post-65	\$73,702,107	\$0	\$47,269,487	\$25,388,031	\$1,044,589
Subtotal	\$77,453,711	\$0	\$48,603,817	\$27,772,017	\$1,077,877
Grand Total	\$126,301,338	\$4,243,540	\$73,339,441	\$40,081,577	\$8,636,780
Subtotal Pre-65	\$12,344,840	\$764,720	\$5,875,992	\$4,463,375	\$1,240,753
Subtotal Post-65	\$113,956,498	\$3,478,820	\$67,463,449	\$35,618,202	\$7,396,027

The APVTPB should be accrued over the working lifetime of employees. At any time much of it has not been "earned" by employees. The APVTPB is used to develop expense and liability figures. To do so, the APVTFB is divided into two parts: the portions attributable to service rendered prior to the valuation date (the past service liability or actuarial accrued liability under GASB 43 and 45) and to service after the valuation date but prior to retirement (the future service liability).

The past service and future service liabilities are each funded in a different way. We will start with the future service liability which is funded by the normal cost.

D. Cost to Prefund Retiree Benefits

1. Normal Cost

The average hire age for eligible employees is 36. To accrue the liability by retirement, the District would accrue the retiree liability over a period of about 24 years (assuming an average retirement age of 60). We applied an "entry age normal" actuarial cost method to determine funding rates for active employees. The table below summarizes the calculated normal cost.

Normal Cost Year Beginning

February 1, 2011	Total	AFSCME	Faculty	CSEA	Management
# of Employees	763	64	286	271	142
Per Capita Normal Cost					
Pre-65 Benefit	N/A	\$180	\$218	\$190	\$200
Post-65 Benefit	N/A	\$1,079	\$1,508	\$1,262	\$1,467

First Year Normal Cost

Pre-65 Benefit	\$153,758	\$11,520	\$62,348	\$51,490	\$28,400
Post-65 Benefit	\$1,050,660	\$69,056	\$431,288	\$342,002	\$208,314
Total	\$1,204,418	\$80,576	\$493,636	\$393,492	\$236,714

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Accruing retiree health benefit costs using normal costs levels out the cost of retiree health benefits over time and more fairly reflects the value of benefits "earned" each year by employees. This normal cost would increase each year based on covered payroll.

2. Amortization of Unfunded Actuarial Accrued Liability (UAAL)

If actuarial assumptions are borne out by experience, the District will fully accrue retiree benefits by expensing an amount each year that equals the normal cost. If no accruals had taken place in the past, there would be a shortfall of many years' accruals, accumulated interest and forfeitures for terminated or deceased employees. This shortfall is called the actuarial accrued liability (AAL). We calculated the AAL as the APVTPB minus the present value of future normal costs.

The initial UAAL was amortized using a closed amortization period of 30 years. The District can amortize the remaining or residual UAAL over many years. The table below shows the annual amount necessary to amortize the UAAL over a period of 30 years at 5% interest. (Thirty years is the longest amortization period allowable under GASB 43 and 45.) GASB 43 and 45 will allow amortizing the UAAL using either payments that stay the same as a dollar amount, or payments that are a flat percentage of covered payroll over time. The figures below reflect the level percentage of payroll method. This amortization payment would increase each year based on covered payroll.

Actuarial Accrued Liability as of February 1, 2011

	<u>Total</u>	<u>AFSCME</u>	<u>Faculty</u>	<u>CSEA</u>	<u>Management</u>
Active: Pre-65	\$7,647,890	\$683,285	\$4,193,054	\$1,722,460	\$1,049,091
Post-65	\$33,822,328	\$2,990,663	\$17,782,490	\$7,859,410	\$5,189,765
Subtotal	\$41,470,218	\$3,673,948	\$21,975,544	\$9,581,870	\$6,238,856
Retiree: Pre-65	\$3,751,604	\$0	\$1,334,330	\$2,383,986	\$33,288
Post-65	\$73,702,107	\$0	\$47,269,487	\$25,388,031	\$1,044,589
Subtotal	\$77,453,711	\$0	\$48,603,817	\$27,772,017	\$1,077,877
Subtot Pre-65	\$11,399,494	\$683,285	\$5,527,384	\$4,106,446	\$1,082,379
Subtot Post-65	\$107,524,434	\$2,990,663	\$65,051,977	\$33,247,440	\$6,234,354
Grand Total	\$118,923,929	\$3,673,948	\$70,579,361	\$37,353,886	\$7,316,734
Unamortized Initial UAAL	\$116,254,524				
Actuarial Value of Plan Assets	\$15,643,762				
Residual AAL	\$(12,974,357)				
Residual UAAL Amortization at 5.0% over 30 Years	\$(739,731)				

3. Annual Required Contributions (ARC)

If the District determines retiree health plan expenses in accordance with GASB 43 and 45, costs will include both normal cost and one or more components of UAAL amortization costs. The sum of normal cost and UAAL amortization costs is called the Annual Required Contribution (ARC) and is shown below.

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Annual Required Contribution (ARC) Year Beginning

February 1, 2011	Total
Normal Cost	\$1,204,418
Initial UAAL Amortization	\$7,237,330
Residual UAAL Amortization	<u>\$(739,731)</u>
ARC	\$7,702,017

The normal cost remains as long as there are active employees who may some day qualify for District-paid retiree health benefits. This normal cost would increase each year based on covered payroll.

4. Other Components of Annual OPEB Cost (AOC)

Expense and liability amounts may include more components of cost than the normal cost plus amortization of the UAAL. This will apply to employers that don't fully fund the Annual Required Cost (ARC) through an irrevocable trust.

- The annual OPEB cost (AOC) will include assumed interest on the net OPEB obligation (NOO). The annual OPEB cost will also include an amortization adjustment for the net OPEB obligation. (It should be noted that there is no NOO if the ARC is fully funded through a qualifying "plan".)
- The net OPEB obligation will equal the accumulated differences between the (AOC) and qualifying "plan" contributions.

PART IV: "PAY AS YOU GO" FUNDING OF RETIREE BENEFITS

We used the actuarial assumptions shown in Appendix C to project ten year cash flow under the retiree health program. Because these cash flow estimates reflect average assumptions applied to a relatively small number of employees, estimates for individual years are certtain to be *in*accurate. However, these estimates show the size of cash outflow.

The following table shows a projection of annual amounts needed to pay the District share of retiree health premiums.

Year					
Beginning					
February 1	<u>Total</u>	<u>AFSCME</u>	<u>Faculty</u>	<u>CSEA</u>	<u>Management</u>
2011	\$7,465,566	\$4,532	\$4,733,079	\$2,601,753	\$126,202
2012	\$7,588,296	\$9,065	\$4,856,982	\$2,569,977	\$152,272
2013	\$7,868,911	\$19,895	\$5,057,792	\$2,586,668	\$204,556
2014	\$8,109,922	\$32,004	\$5,223,033	\$2,605,196	\$249,689
2015	\$8,327,117	\$51,353	\$5,360,553	\$2,623,416	\$291,795
2016	\$8,513,663	\$76,739	\$5,467,019	\$2,643,453	\$326,452
2017	\$8,680,535	\$107,206	\$5,544,383	\$2,659,475	\$369,471
2018	\$8,809,478	\$130,319	\$5,580,201	\$2,689,791	\$409,167
2019	\$8,942,796	\$158,687	\$5,624,482	\$2,708,258	\$451,369
2020	\$9,123,006	\$193,434	\$5,695,575	\$2,734,674	\$499,323

PART V: RECOMMENDATIONS FOR FUTURE VALUATIONS

To effectively manage benefit costs, an employer must periodically examine the existing liability for retiree benefits as well as future annual expected premium costs. GASB 43/45 require biennial or triennial valuations. In addition, a valuation should be conducted whenever plan changes, changes in actuarial assumptions or other employer actions are likely to cause a material change in accrual costs and/or liabilities.

Following are examples of actions that could trigger a new valuation.

- An employer should perform a valuation whenever the employer considers or puts in place an early retirement incentive program.
- An employer should perform a valuation whenever the employer adopts a retiree benefit plan for some or all employees.
- An employer should perform a valuation whenever the employer considers or implements changes to retiree benefit provisions or eligibility requirements.
- An employer should perform a valuation whenever the employer introduces or changes retiree contributions.

We recommend San Mateo CCD take the following actions to ease future valuations.

- We have used our training, experience and information available to us to establish the actuarial assumptions used in this valuation. We have no information to indicate that any of the assumptions do not reasonably reflect future plan experience. However, the District should review the actuarial assumptions in Appendix C carefully. If the District has any reason to believe that any of these assumptions do not reasonably represent the expected future experience of the retiree health plan, the District should engage in discussions or perform analyses to determine the best estimate of the assumption in question.

PART VI: APPENDICES

APPENDIX A: MATERIALS USED FOR THIS STUDY

We relied on the following materials to complete this study.

- We used paper reports and digital files containing employee demographic data from the District personnel records.
- We used relevant sections of collective bargaining agreements provided by the District.

APPENDIX B: EFFECT OF ASSUMPTIONS USED IN CALCULATIONS

While we believe the estimates in this study are reasonable overall, it was necessary for us to use assumptions which inevitably introduce errors. We believe that the errors caused by our assumptions will not materially affect study results. If the District wants more refined estimates for decision-making, we recommend additional investigation. Following is a brief summary of the impact of some of the more critical assumptions.

1. Where actuarial assumptions differ from expected experience, our estimates could be overstated or understated. One of the most critical assumptions is the medical trend rate. The District may want to commission further study to assess the sensitivity of liability estimates to our medical trend assumptions. For example, it may be helpful to know how liabilities would be affected by using a trend factor 1% higher than what was used in this study. There is an additional fee required to calculate the impact of alternative trend assumptions.
2. We used an "entry age normal" actuarial cost method to estimate the actuarial accrued liability and normal cost. GASB will allow this as one of several permissible methods under its upcoming accounting standard. Using a different cost method could result in a somewhat different recognition pattern of costs and liabilities.

APPENDIX C: ACTUARIAL ASSUMPTIONS AND METHODS

Following is a summary of actuarial assumptions and methods used in this study. The District should carefully review these assumptions and methods to make sure they reflect the District's assessment of its underlying experience. It is important for San Mateo CCD to understand that the appropriateness of all selected actuarial assumptions and methods are San Mateo CCD's responsibility. Unless otherwise disclosed in this report, TCS believes that all methods and assumptions are within a reasonable range based on the provisions of GASB 43 and 45, applicable actuarial standards of practice, San Mateo CCD's actual historical experience, and TCS's judgement based on experience and training.

ACTUARIAL METHODS AND ASSUMPTIONS:

ACTUARIAL COST METHOD: Entry age normal. The allocation of OPEB cost is based on years of service. We used the level percentage of payroll method to allocate OPEB cost over years of service.

Entry age is based on the age at hire for eligible employees. The attribution period is determined as the difference between the expected retirement age and the age at hire. The present value of future benefits and present value of future normal costs are determined on an employee by employee basis and then aggregated.

To the extent that different benefit formulas apply to different employees of the same class, the normal cost is based on the benefit plan applicable to the most recently hired employees (including future hires if a new benefit formula has been agreed to and communicated to employees).

AMORTIZATION METHODS: We used the level percentage of payroll method to allocate amortization cost by year. We used a closed 30 year amortization period for the initial UAAL. We used an open 30 year amortization period for any residual UAAL.

SUBSTANTIVE PLAN: As required under GASB 43 and 45, we based the valuation on the substantive plan. The formulation of the substantive plan was based on a review of written plan documents as well as historical information provided by San Mateo CCD regarding practices with respect to employer and employee contributions and other relevant factors.

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ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 27 (ASOP 27). Among other things, ASOP 27 provides that economic assumptions should reflect a consistent underlying rate of general inflation. For that reason, we show our assumed long-term inflation rate below.

INFLATION: We assumed 3% per year.

INVESTMENT RETURN / DISCOUNT RATE: We assumed 5% per year. This is based on assumed long-term return on plan assets assuming 100% funding. We used the "Building Block Method" as described in ASOP 27 Paragraph 3.6.2.

TREND: We assumed 4% per year. Our long-term trend assumption is based on the conclusion that, while medical trend will continue to be cyclical, the average increase over time cannot continue to outstrip general inflation by a wide margin. Trend increases in excess of general inflation result in dramatic increases in unemployment, the number of uninsured and the number of underinsured. These effects are nearing a tipping point which will inevitably result in fundamental changes in health care finance and/or delivery which will bring increases in health care costs more closely in line with general inflation. We do not believe it is reasonable to project historical trend vs. inflation differences several decades into the future.

PAYROLL INCREASE: We assumed 3% per year. This assumption applies only to the extent that either or both of the normal cost and/or UAAL amortization use the level percentage of payroll method. For purposes of applying the level percentage of payroll method, payroll increase must not assume any increases in staff or merit increases.

ACTUARIAL ASSET VALUATION: We used a 15 year smoothing formula with a 20% corridor around market value.

(1) Market value at 1/31/11:	\$16,167,118
(2) Accumulated contributions(disbursements) at 7.75%:	\$15,606,380
(3) Value in (2) + 1/15 of (1) minus (2)	\$15,643,762
(4) Value in (3) adjusted to minimum or maximum*	\$15,643,762
(5) AVA at 6/30/10 adjusted to valuation date at 7.75%	\$15,643,762

* Minimum is 80% of market value; maximum is 120% of market value

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NON-ECONOMIC ASSUMPTIONS:

Economic assumptions are set under the guidance of Actuarial Standard of Practice 35 (ASOP 35).

MORTALITY: CalSTRS mortality for faculty employees.
CalPERS mortality for Miscellaneous employees for other employees.

RETIREMENT RATES: CalSTRS retirement rates for faculty employees.
CalPERS retirement rates for the 2%@55 pension formula for other employees.

VESTING RATES:

	<u>Faculty</u>	<u>AFSCME</u>	<u>CSEA</u>	<u>Management</u>
Vesting Percentage	100%	100%	100%	100%
Vesting Period	Age + Service = 75	Age + Service = 75	Age + Service = 75	Age + Service = 75

COSTS FOR RETIREE COVERAGE:

There was not sufficient information available to determine whether there is an implicit subsidy for retiree health costs. Based on ASOP 6, there can be justification for using "community-rated" premiums as the basis for the valuation where the insurer is committed to continuing rating practices. This is especially true where sufficient information is not available to determine the magnitude of the subsidy. However, San Mateo CCD should recognize that costs and liabilities in this report could change significantly if either the current insurer changes rating practices or if San Mateo CCD changes insurers.

First Year costs are as shown below. Subsequent years' costs are based on first year costs adjusted for trend and limited by any District contribution caps.

	<u>AFSCME</u>	<u>Faculty</u>	<u>CSEA</u>	<u>Management</u>
Current Retirees: based on actual costs				
<u>Current Plan:</u>				
Future Retirees Pre-65	\$5,400	\$5,400	\$5,400	\$5,400
Future Retirees Post-65	\$4,714	\$4,714	\$4,714	\$4,714

PARTICIPATION RATES: 100%

TURNOVER: CalSTRS turnover for faculty employees.
CalPERS turnover for Miscellaneous employees for other employees.

SPOUSE PREVALENCE: To the extent not provided and when needed to calculate benefit liabilities, 80% of retirees assumed to be married at retirement. After retirement, the percentage married is adjusted to reflect mortality.

SPOUSE AGES: To the extent spouse dates of birth are not provided and when needed to calculate benefit liabilities, female spouse assumed to be three years younger than male.

APPENDIX D: DISTRIBUTION OF ELIGIBLE PARTICIPANTS BY AGE

ELIGIBLE ACTIVE EMPLOYEES:

<u>Age</u>	<u>Total</u>	<u>AFSCME</u>	<u>Faculty</u>	<u>CSEA</u>	<u>Management</u>
Under 25	4	1	0	3	0
25-29	19	1	1	14	3
30-34	58	8	11	28	11
35-39	66	5	20	30	11
40-44	78	5	29	33	11
45-49	122	11	48	35	28
50-54	122	19	39	49	15
55-59	149	9	58	50	32
60-64	102	3	52	24	23
65 and older	42	2	28	5	7
Total	762	64	286	271	141

ELIGIBLE RETIREES:

<u>Age</u>	<u>Total</u>	<u>AFSCME</u>	<u>Faculty</u>	<u>CSEA</u>	<u>Management</u>
Under 50	0	0	0	0	0
50-54	2	0	0	2	0
55-59	29	0	6	22	1
60-64	68	0	30	36	2
65-69	137	0	84	52	1
70-74	139	0	92	45	2
75-79	132	0	94	37	1
80-84	118	0	78	38	2
85-89	133	0	71	60	2
90 and older	8	0	3	4	1
Total	766	0	458	296	12

APPENDIX E: CALCULATION OF GASB 43/45 ACCOUNTING ENTRIES

This report is to be used to calculate accounting entries rather than to provide the dollar amount of accounting entries. How the report is to be used to calculate accounting entries depends on several factors. Among them are:

- 1) The amount of prior accounting entries;
- 2) Whether individual components of the ARC are calculated as a level dollar amount or as a level percentage of payroll;
- 3) Whether the employer using a level percentage of payroll method elects to use for this purpose projected payroll, budgeted payroll or actual payroll;
- 4) Whether the employer chooses to adjust the numbers in the report to reflect the difference between the valuation date and the first fiscal year for which the numbers will be used.

To the extent the level percentage of payroll method is used, the employer should adjust the numbers in this report as appropriate to reflect the change in OPEB covered payroll. It should be noted that OPEB covered payroll should only reflect types of pay generating pension credits for plan participants. Please note that plan participants do not necessarily include all active employees eligible for health benefits for several reasons. Following are examples.

- 1) The number of hours worked or other eligibility criteria may differ for OPEB compared to active health benefits;
- 2) There may be active employees over the maximum age OPEB are paid through. For example, if an OPEB plan pays benefits only to Medicare age, any active employees currently over Medicare age are not plan participants;
- 3) Employees hired at an age where they will exceed the maximum age for benefits when the service requirement is met are also not plan participants.

Finally, GASB 43 and 45 require reporting covered payroll in RSI schedules regardless of whether any ARC component is based on the level percentage of payroll method. This report does not provide, nor should the actuary be relied on to report covered payroll.

GASB 45 Paragraph 26 specifies that the items presented as RSI "should be calculated in accordance with the parameters." The RSI items refer to Paragraph 25.c which includes annual covered payroll. Footnote 3 provides that when the ARC is based on covered payroll, the payroll measure may be the projected payroll, budgeted payroll or actual payroll. Footnote 3 further provides that comparisons between the ARC and contributions should be based on the same measure of covered payroll.

At the time the valuation is being done, the actuary may not know which payroll method will be used for reporting purposes. The actuary may not even know for which period the valuation will be used to determine the ARC. Furthermore, the actuary doesn't know if the client will make adjustments to the ARC in order to use it for the first year of the biennial or triennial period. (GASB 45 is silent on this.) Even if the actuary were to know all of these things, it would be a rare situation that would result in me knowing the appropriate covered payroll

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number to report. For example, if the employer uses actual payroll, that number would not be known at the time the valuation is done.

As a result, we believe the proper approach is to report the ARC components as a dollar amount. It is the client's responsibility to turn this number into a percentage of payroll factor by using the dollar amount of the ARC (adjusted, if desired) as a numerator and then calculating the appropriate amount of the denominator based on the payroll determination method elected by the client for the appropriate fiscal year.

If we have been provided with payroll information, we are happy to use that information to help the employer develop an estimate of covered payroll for reporting purposes. However, the validity of the covered payroll remains the employer's responsibility even if TCS assists the employer in calculating it.

APPENDIX F: GLOSSARY OF RETIREE HEALTH VALUATION TERMS

Note: The following definitions are intended to help a *non-actuary* understand concepts related to retiree health valuations. Therefore, the definitions may not be actuarially accurate.

Actuarial Accrued Liability: The amount of the actuarial present value of total projected benefits attributable to employees' past service based on the actuarial cost method used.

Actuarial Cost Method: A mathematical model for allocating OPEB costs by year of service.

Actuarial Present Value of Total Projected Benefits: The projected amount of all OPEB benefits to be paid to current and future retirees discounted back to the valuation date.

Actuarial Value of Assets: Market-related value of assets which may include an unbiased formula for smoothing cyclical fluctuations in asset values.

Annual OPEB Cost: This is the amount employers must recognize as an expense each year. The annual OPEB expense is equal to the Annual Required Contribution plus interest on the Net OPEB obligation minus an adjustment to reflect the amortization of the net OPEB obligation.

Annual Required Contribution: The sum of the normal cost and an amount to amortize the unfunded actuarial accrued liability. This is the basis of the annual OPEB cost and net OPEB obligation.

Closed Amortization Period: An amortization approach where the original ending date for the amortization period remains the same. This would be similar to a conventional, 30-year mortgage, for example.

Discount Rate: Assumed investment return net of all investment expenses. Generally, a higher assumed interest rate leads to lower normal costs and actuarial accrued liability.

Implicit Rate Subsidy: The estimated amount by which retiree rates are understated in situations where, for rating purposes, retirees are combined with active employees.

Mortality Rate: Assumed proportion of people who die each year. Mortality rates always vary by age and often by sex. A mortality table should always be selected that is based on a similar "population" to the one being studied.

Net OPEB Obligation: The accumulated difference between the annual OPEB cost and amounts contributed to an irrevocable trust exclusively providing retiree OPEB benefits and protected from creditors.

Normal Cost: The dollar value of the "earned" portion of retiree health benefits if retiree health benefits are to be fully accrued at retirement.

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<u>OPEB Benefits:</u>	Other PostEmployment Benefits. Generally medical, dental, prescription drug, life, long-term care or other postemployment benefits that are not pension benefits.
<u>Open Amortization Period:</u>	Under an open amortization period, the remaining unamortized balance is subject to a new amortization schedule each valuation. This would be similar, for example, to a homeowner refinancing a mortgage with a new 30-year conventional mortgage every two or three years.
<u>Participation Rate:</u>	The proportion of retirees who elect to receive retiree benefits. A lower participation rate results in lower normal cost and actuarial accrued liability. The participation rate often is related to retiree contributions.
<u>Retirement Rate:</u>	The proportion of active employees who retire each year. Retirement rates are usually based on age and/or length of service. (Retirement rates can be used in conjunction with vesting rates to reflect both age and length of service). The more likely employees are to retire early, the higher normal costs and actuarial accrued liability will be.
<u>Transition Obligation:</u>	The amount of the unfunded actuarial accrued liability at the time actuarial accrual begins in accordance with an applicable accounting standard.
<u>Trend Rate:</u>	The rate at which the cost of retiree benefits is expected to increase over time. The trend rate usually varies by type of benefit (e.g. medical, dental, vision, etc.) and may vary over time. A higher trend rate results in higher normal costs and actuarial accrued liability.
<u>Turnover Rate:</u>	The rate at which employees cease employment due to reasons other than death, disability or retirement. Turnover rates usually vary based on length of service and may vary by other factors. Higher turnover rates reduce normal costs and actuarial accrued liability.
<u>Unfunded Actuarial Accrued Liability:</u>	This is the excess of the actuarial accrued liability over assets irrevocably committed to provide retiree health benefits.
<u>Valuation Date:</u>	The date as of which the OPEB obligation is determined. Under GASB 43 and 45, the valuation date does not have to coincide with the statement date.
<u>Vesting Rate:</u>	The proportion of retiree benefits earned, based on length of service and, sometimes, age. (Vesting rates are often set in conjunction with retirement rates.) More rapid vesting increases normal costs and actuarial accrued liability.

January 25, 2011

Dear employees and retirees,

In March, 2010, I reported to you about the creation of a Government Accounting Standard Board (GASB) irrevocable trust to fund post-retirement benefits for current and future eligible retirees. At that time, I told you that we would report back on the status of the GASB irrevocable trust after it was audited. This communication includes portions of the GASB irrevocable trust's first annual audit as well as other information about the trust. More information, including the agendas and minutes of the Retirement Board of Authority, can be found at the District Sharepoint site <https://sharepoint.smccd.edu/ SiteDirectory/ srba/ default.aspx>.

The Retirement Board of Authority (RBOA) consists of 5 members who were appointed by the District Board of Trustees. These members are:

Kathy Blackwood, CFO, Chair
Harry Joel, Vice Chancellor for Human Resources, Vice Chair
Ray Chow, Controller
Bruce Maule, Faculty Representative
Stephanie Samuelson, Classified Representative

The RBOA meets quarterly at this time. The RBOA has received a significant overview of investment platform options, including an assessment of risk tolerance, and has established a GASB 45 funding investment policy statement. Retired County Counsel Tom Casey has also provided training in conflicts of interest and fiduciary liability responsibility.

I am enclosing an excerpt from the Management Discussion and Analysis of the irrevocable trust's audit for the period from July 1, 2009 through June 30, 2010. This shows the funds available as of June 30, 2010. During 2009/10, the district transferred \$5 million into the trust, and the statement shows that amount plus earnings and less fees. In addition, the District transferred \$10 million into the irrevocable trust in 2010/11, \$5 million in November 2010 and an additional \$5 million in January 2011. Next June's statement will reflect those deposits. The District will continue to monitor the investments in the irrevocable trust and transfer funding in as cash flow permits.

As usual, if you have any questions, please don't hesitate to ask.

Kathy Blackwood
Chair, Retirement Board of Authority
650-358-6869
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**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY**

**RETIREE BENEFIT PLAN
MANAGEMENT DISCUSSION AND ANALYSIS**

JUNE 30, 2010

This section provides an overview and analysis of the financial activities of San Mateo County Community College District Retirement Board of Authority Retirees' Other Post Employment Benefits Plan (Plan) for the fiscal year ended June 30, 2010. The Plan was established in September 2009 by the District's Board of Directors and assets held for Other Post Employment Benefits were transferred to an irrevocable trust in September 2009. Comparative information will be presented next year when the trust has been funded and in existence for more than one year. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our financial statements.

FINANCIAL HIGHLIGHTS

The net assets of San Mateo County Community College District Retirement Board of Authority Retirees Other Post Employment Benefits Plan at the close of fiscal year 2010 are \$4,990,358 (net assets held in trust for retiree medical benefits). All of the net assets are available to meet the Plan's ongoing obligations to Plan participants and beneficiaries.

The Plan's funding objective is to meet long-term benefit obligations through contributions and investment income. The Plan was funded by the District by transferring of \$5,000,000 from the District Retiree Benefits Reserve Fund.

OVERVIEW OF THE FINANCIAL STATEMENTS

The following discussion and analysis are intended to serve as an introduction to the Plan's financial statements, which comprises these components:

1. Statement of Plan Net Assets
2. Statement of Changes in Plan Net Assets
3. Notes to the Basic Financial Statements

Please note, however, that this report also contains other supplementary information in addition to the basic financial statements themselves.

The Statement of Plan Net Assets is a snapshot of account balances at year-end. It indicates the assets available for future payments to retirees and any current liabilities that are owed at this time.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY**

**RETIREE BENEFIT PLAN
MANAGEMENT DISCUSSION AND ANALYSIS**

JUNE 30, 2010

The Statement of Changes in Plan Net Assets, on the other hand, provides a view of current year additions to and deductions from the Plan. Both statements are in compliance with Governmental Accounting Standard Board Statements (GASB Pronouncements 34, 43 and 45). These pronouncements require certain disclosures and require the state and local governments to report using the full accrual method of accounting. The Plan complies with all material requirements of these pronouncements.

The Statement of Plan Net Assets and the Statement of Changes in Plan Net Assets report information about the Plan's activities. These statements include all assets and liabilities, using the full accrual basis of accounting, which is similar to the accounting used by most private sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. All investment gains and losses are shown at trade date. In addition, both realized and unrealized gains and losses are shown on investments.

These two statements report the Plan's net assets held in irrevocable trust account for retirees' medical benefits. Net assets, the difference between assets and liabilities, is one way to measure the plan's financial position. Over time, increase and decrease in net assets is one indicator of whether its financial health is improving or deteriorating. Other factors, such as market conditions, should also be considered in measuring the Plan's overall health.

Notes to the Basic Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

OTHER INFORMATION

In addition to the financial statements and accompanying notes, this report presents certain required supplementary information concerning the Plan's progress in funding its obligations to provide retiree medical benefits to members.

FINANCIAL ANALYSIS

As previously noted, net assets may serve over time as a useful indication of the Plan's financial position. The Plan had no liabilities as of June, 30 2010.

The changes to plan net assets during the fiscal year ended June 30, 2010, is as follows:

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY**

**RETIREE BENEFIT PLAN
MANAGEMENT DISCUSSION AND ANALYSIS**

JUNE 30, 2010

CHANGES IN NET ASSETS	2010
Additions	\$ 5,002,166
Deductions	(11,808)
Beginning balance	-
Net assets	<u>\$ 4,990,358</u>

Contacting the Trust's Financial Management

This financial report is designed to provide our citizens, taxpayers, students, investors, and creditors with a general overview of the Plan's finances and to show the Plan's accountability for the money it receives. If you have any questions about this report or need any additional financial information, please contact Kathy Blackwood at blackwoodk@smccd.edu or (650) 358-6869 with the San Mateo County Community College District.



**SAN MATEO COUNTY
COMMUNITY COLLEGE DISTRICT**

Office of the Executive Vice Chancellor

Cañada College, Redwood City
College of San Mateo, San Mateo
Skyline College, San Bruno

**ANNUAL REPORT FOR THE
SAN MATEO COMMUNITY COLLEGE DISTRICT
FUTURIS TRUST**

The San Mateo Community College District has established the Futuris Public Entity Investment Trust. This Trust is an IRS Section 115 Trust that is used for the purposes of investment and disbursement of funds irrevocably designated by the District for the payment of its obligations to eligible employees (and former employees) of the District and their eligible dependents and beneficiaries for life, sick, hospitalization, major medical, accident, disability, dental and other similar benefits (sometimes referred to as “other post-employment benefits,” or “OPEB”), in compliance with governmental Accounting Statement Nos. 43 and 45.

The Governmental Accounting Standards Board (GASB) adopted Statements 43 and 45 for public sector employers to identify and report their Other Post-Employment Benefits (OPEB) liabilities. GASB Statements 43 and 45 establish uniform financial reporting standards for OPEB and improve relevance and usefulness of the reporting. In particular, the statements require systematic, accrual-based measurement and recognition of OPEB expenses over the employees’ years of service as well as providing information regarding the progress being made toward funding the plan.

GASB 43 establishes uniform financial reporting standards for OPEB Plans, while GASB 45 establishes uniform financial reporting standards for Employers. Both of these standards provide instructions for calculating expenses and liabilities as well as requiring supplementary information schedules to be added to the year-end financial reports.

The District has created a Retirement Board of Authority consisting of District personnel to oversee and run the Futuris Trust. Benefit Trust Company is the qualified Discretionary Trustee for asset and fiduciary management and investment policy development. Keenan & Associates is the Program Coordinator for the Futuris Trust providing oversight of the Futuris program and guidance to the District.

Attached to this notice is the most recent annual statement for the Trust. This statement shows (as of the date of the statement); the total assets in the Trust, the market value, the book value, all contribution and distribution activity (including all fees and expenses associated with the Trust), income activity, purchase activity, sale activity, and realized gains and losses. Please note that the Trust is not itself an employee benefit plan. Rather, the assets in the Trust are irrevocably designated for the funding of employee benefit plans. You are being provided this information pursuant to California Government Code Section 53216.4.

For more information regarding the Futuris Public Entity Investment Trust, please contact Kathy Blackwood at (650) 358-6869 with the San Mateo Community College District.

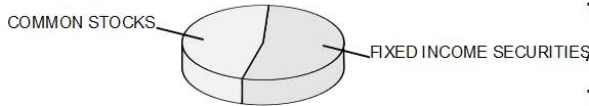
San Mateo County Ccd**

ROSLYN WASHINGTON
 KEENAN & ASSOCIATES
 2355 CRENSHAW BLVD STE 200
 TORRANCE CA 90501

Account Number: 43-E035-01-9

For Period 07/01/10 Through 06/30/11

Asset Allocation	Asset Valuation		
	Description	Market Value	% of Account
	Common Stocks	7,767,451.60	46.7%
	Fixed Income SE	8,872,685.66	53.3%
	Cash & Equivale	0.00	
	Total Assets	\$ 16,640,137.26	100.0%
	Accrued Income	16,446.73	
	Total Valuation	\$ 16,656,583.99	



Market Reconciliation		
	Period	YTD
Beginning Market Value	\$ 4,990,357.62	\$ 4,990,357.62
Contributions		
Other Receipts.....	10,000,000.00	10,000,000.00
Distributions		
Expenses.....	-44,899.89	-44,899.89
Income		
Dividend Income.....	366,427.68	366,427.68
Other Income.....	114,542.27	114,542.27
Realized Gains/(Losses).....	236,702.42	236,702.42
Accrued Income.....	13,024.31	13,024.31
Net Change In Unrealized Apprec(Deprec).....	980,429.58	980,429.58
Ending Market Value	\$ 16,656,583.99	\$ 16,656,583.99

San Mateo County Ccd**

Account Number: 43-E035-01-9

For Period 07/01/10 Through 06/30/11

Asset Position As of 06/30/11

Asset Description	Shares	Accruals	Cost	Market Value
Common Stocks				
Blackrock Equity Dividend I Madvx	34,798.504		562,992.57	651,775.98
Brandes Instl International Equity Biidx	42,022.349		624,474.21	661,852.00
Cohen & Steers Realty Shares Instl Csrix	12,455.718		412,184.68	520,524.46
Jhancock Classic Value I Jcvix	47,426.607		720,085.03	834,708.28
Hartford Capital Appreciation Y Hcayx	21,662.195		734,076.85	807,783.25
Hartford Midcap Y Hmdyx	19,255.430		399,628.27	495,827.32
Nuveen Tradewinds Val Opportunites I Nvorx	13,701.557		439,166.83	489,556.63
Nuveen Tradewinds Global All-Cap I Nwgrx	16,613.524		453,111.74	490,763.50
Prudential Global Real Estate Z Purzx	8,582.537		169,768.05	171,221.61
Royce Global Value Invmt Rgvix	54,456.776		816,851.64	822,841.89
Royce Special Equity Instl Rseix	22,489.349		488,468.65	482,396.54
Thornburg Investment Income Builder Tibix	33,839.968	550.08	653,071.23	666,647.37
Thornburg International Value I Tgvix	22,377.633		587,078.03	671,552.77
Fixed Income Securities				
Delaware Diversified Income Instl Dpffx	161,746.966	1,444.39	1,515,996.48	1,505,864.25
Legg Mason Bw Global Opps Bd Is Gobsx	65,421.714	2,307.07	698,883.40	710,479.81
Metropolitan West Total Return Bond Mwtix	143,039.678	5,283.48	1,495,457.95	1,491,903.84
Oppenheimer International Bond Y	93,642.337	2,092.53	614,668.81	631,149.35

San Mateo County Ccd**

Account Number: 43-E035-01-9

For Period 07/01/10 Through 06/30/11

Asset Position As of 06/30/11

Asset Description	Shares	Accruals	Cost	Market Value
Pimco Total Return Fd Instl	31.932	0.96	347.44	350.93
Prudential Total Return Bond Z Pdbzx	107,256.148	4,768.22	1,480,375.61	1,510,166.56
Templeton Global Bond Adv Tgbax	109,728.493		1,453,640.50	1,521,934.20
Western Asset Core Plus Bond Instl Wacpx	137,062.714		1,457,458.88	1,500,836.72
Cash & Equivalents				
Cash				
Total Market Value		\$ 16,446.73	\$ 15,777,786.85	\$ 16,640,137.26
Total Market Value Plus Accruals				\$ 16,656,583.99

Contribution Activity

Date	Description	Cash
Other Receipts		
08/20/10	Received From Previous Custodian	5,000,000.00
01/12/11	Funds Received From Previous Custodian	5,000,000.00
	Total Other Receipts	\$ 10,000,000.00
	Total Contributions	\$ 10,000,000.00

Distribution Activity

Date	Description	Cash
Expenses		
07/16/10	Futuris Platform Fee	-598.69
07/19/10	Monthly Trustee Fee	-1,059.88
08/09/10	Futuris Platform Fee	-621.48
08/10/10	Monthly Trustee Fee	-1,105.46

For Period 07/01/10 Through 06/30/11

Distribution Activity		
Date	Description	Cash
09/09/10	Futuris Platform Fee	-780.75
09/10/10	Monthly Gasb Fee	-1,424.00
10/15/10	Futuris Platform Fee	-1,163.85
10/18/10	Monthly Fee	-2,190.20
11/22/10	Futuris Platform Fee	-1,188.13
11/23/10	Monthly Fee	-2,238.76
12/09/10	Futuris Platform Fee	-1,171.84
12/10/10	Trustee Fee	-2,206.18
01/12/11	Futuris Platform Fee	-1,205.84
01/13/11	Monthly Trustee Fee	-2,274.18
02/07/11	Futuris Platform Fee	-1,716.71
02/09/11	Trustee Fees For January	-3,295.92
03/08/11	Futuris Platform Fee	-1,747.31
03/09/11	Monthly Gasb Fee	-3,357.12
04/11/11	Futuris Platform Fee	-1,746.77
04/13/11	Monthly Gasb Fee	-3,356.04
05/10/11	Futuris Platform Fee	-1,790.85
05/13/11	Monthly Gasb Fee	-3,444.20
06/13/11	Futuris Platform Fee	-1,784.41
06/15/11	Trustee Fee	-3,431.32
	Total Expenses	\$ -44,899.89
	Total Distributions	\$ -44,899.89

For Period 07/01/10 Through 06/30/11

Income Activity

Date	Description	Cash
	Dividend Income	
07/01/10	Artio Total Return Bond I Jbgix Div \$.044 P/S on 34,126.501	1,501.57
07/01/10	Oppenheimer International Bond Y Div To 06/30/10	1,430.33
07/02/10	Cohen & Steers Global Realty I Cspix Div \$.379 P/S on 1,404.305	532.23
07/02/10	Cohen & Steers Realty Shares Instl Csrix Div \$.200 P/S on 5,312.873	1,064.70
07/02/10	Pimco Total Return Fd Instl Div To 06/30/10	1,216.54
07/02/10	Western Asset Core Plus Bond Instl Wacpx Div \$.045 P/S on 46,172.612	2,115.17
07/19/10	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 35,160.230	1,856.46
07/23/10	Blackrock Equity Dividend I Madvx Div \$.076 P/S on 13,050.538	997.19
07/23/10	Blackrock Global Allocation I Malox Div \$.078 P/S on 2,896.326	226.49
07/26/10	Delaware Diversified Income Instl Dpffx Div To 07/22/10	1,708.35
08/02/10	Oppenheimer International Bond Y Div To 07/30/10	1,455.43
08/02/10	Western Asset Core Plus Bond Instl Wacpx Div To 7/30/10	2,074.09
08/04/10	Metropolitan West Total Return Bond Mwtix Div To 07/30/10	1,043.14
08/04/10	Pimco Total Return Fd Instl Div To 07/30/10	1,354.11

For Period 07/01/10 Through 06/30/11

Income Activity

Date	Description	Cash
08/20/10	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 35,274.859	1,862.51
08/24/10	Delaware Diversified Income Instl Dpffx Div To 08/23/10	1,634.79
09/01/10	Oppenheimer International Bond Y Div To 08/31/10	1,936.89
09/01/10	Pimco Total Return Fd Instl Div To 08/31/10	1,389.16
09/01/10	Western Asset Core Plus Bond Instl Wacpx Div \$.041 P/S on 84,311.745	3,504.84
09/02/10	Metropolitan West Total Return Bond Mwtix Div To 08/31/10	2,211.61
09/17/10	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 69,170.239	3,659.11
09/24/10	Delaware Diversified Income Instl Dpffx Div To 09/22/10	3,314.70
09/28/10	Thornburg Investment Income Builder Tibix Div To 09/24/10	1,314.77
09/28/10	Thornburg International Value I Tgvix Div \$.087 P/S on 16,617.012	1,446.68
10/01/10	Oppenheimer International Bond Y Div To 09/30/10	2,927.44
10/04/10	Cohen & Steers Realty Shares Instl Csrix Div \$.207 P/S on 9,258.683	1,916.55
10/04/10	Metropolitan West Total Return Bond Mwtix Div To 09/30/10	3,611.09
10/04/10	Pimco Total Return Fd Instl Div To 09/30/10	2,355.80

For Period 07/01/10 Through 06/30/11

Income Activity

Date	Description	Cash
10/04/10	Western Asset Core Plus Bond Instl Wacpx Div \$.042 P/S on 84,614.393	3,570.73
10/19/10	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 69,441.284	3,673.44
10/22/10	Blackrock Equity Dividend I Madvx Div \$.115 P/S on 25,875.128	2,979.21
10/26/10	Delaware Diversified Income Instl Dpffx Div To 10/22/10	3,256.06
11/01/10	Metropolitan West Total Return Bond Mwtix Div To 10/31/10	3,409.31
11/01/10	Oppenheimer International Bond Y Div To 10/31/10	3,233.50
11/01/10	Western Asset Core Plus Bond Instl Wacpx Div \$.045 P/S on 84,912.735	3,873.53
11/02/10	Pimco Total Return Fd Instl Div To 10/29/10	2,600.01
11/17/10	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 69,685.763	3,679.41
11/24/10	Delaware Diversified Income Instl Dpffx Div To 11/22/10	3,448.77
12/01/10	Metropolitan West Total Return Bond Mwtix Div To 11/30/10	3,500.14
12/01/10	Oppenheimer International Bond Y Div To 11/30/10	2,973.42
12/01/10	Western Asset Core Plus Bond Instl Wacpx Div \$.042 P/S on 85,236.332	3,645.56
12/02/10	Pimco Total Return Fd Instl Div To 11/30/10	2,682.88

For Period 07/01/10 Through 06/30/11

Income Activity

Date	Description	Cash
12/10/10	Blackrock Equity Dividend I Madvx Div \$.096 P/S on 26,045.709	2,522.22
12/17/10	Templeton Global Bond Adv Tgbax Div \$.184 P/S on 69,912.036	12,919.74
12/20/10	Cohen & Steers Global Realty I Cssp Div \$ 1.151 P/S on 2,824.110	3,250.55
12/20/10	Cohen & Steers Realty Shares Inst Csrix Div \$.253 P/S on 9,304.674	2,354.08
12/21/10	Blackrock Global Allocation I Malox Div \$.193 P/S on 5,718.549	1,106.37
12/22/10	Dodge & Cox Intl Stock Div \$.495 P/S on 13,283.845	6,575.50
12/22/10	Jhancock Classic Value I Jcvix Div \$.084 P/S on 36,026.899	3,046.43
12/22/10	Perkins Mid Cap Value I Jmvax Div \$.201 P/S on 15,420.708	3,108.21
12/27/10	Delaware Diversified Income Inst Dpffx Div To 12/23/10	3,447.16
12/29/10	Thornburg Investment Income Builder Tibix Div To 12/27/10	2,194.93
12/29/10	Thornburg International Value I Tgvix Div \$.030 P/S on 16,656.573	500.20
12/30/10	Artio International Equity II I Jetix Div \$.257 P/S on 37,304.811	9,616.06
12/31/10	Oppenheimer International Bond Y Div To 12/30/10	3,480.23
01/03/11	Brandes Intl International Equity Biex Div \$.346 P/S on 29,135.932	10,107.84

For Period 07/01/10 Through 06/30/11

Income Activity

Date	Description	Cash
01/03/11	Nuveen Tradewinds Val Opportunit I Nvorx Div \$.609 P/S on 9,787.181	5,969.01
01/03/11	Nuveen Tradewinds Global All-Cap I Nwgrx Div \$.581 P/S on 8,175.377	4,756.43
01/03/11	Pimco Total Return Fd Instl Div To 12/31/10	2,947.78
01/04/11	Metropolitan West Total Return Bond Mwtix Div To 12/31/10	3,464.68
01/10/11	Western Asset Core Plus Bond Instl Wacpx Div \$.071 P/S on 85,898.130	6,164.91
01/20/11	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 103,930.919	5,497.95
01/25/11	Delaware Diversified Income Instl Dpffx Div To 01/22/11	4,198.83
02/01/11	Oppenheimer International Bond Y Div To 01/31/11	3,603.54
02/01/11	Pimco Total Return Fd Instl Div To 01/31/11	3,141.13
02/02/11	Western Asset Core Plus Bond Instl Wacpx Div \$.036 P/S on 127,759.486	4,696.44
02/03/11	Metropolitan West Total Return Bond Mwtix Div To 01/31/11	4,843.84
02/17/11	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 104,304.551	5,486.42
02/24/11	Delaware Diversified Income Instl Dpffx Div To 02/22/11	5,679.28
03/01/11	Metropolitan West Total Return Bond Mwtix Div To 02/28/11	4,729.10

For Period 07/01/10 Through 06/30/11

Income Activity		
Date	Description	Cash
03/01/11	Oppenheimer International Bond Y Div To 02/28/11	3,959.84
03/01/11	Pimco Total Return Fd Instl Div To 02/28/11	3,751.23
03/01/11	Western Asset Core Plus Bond Instl Wacpx Div \$.036 P/S on 128,151.446	4,641.65
03/17/11	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 108,832.453	5,757.24
03/25/11	Delaware Diversified Income Instl Dpffx Div To 03/22/11	5,239.34
03/28/11	Prudential Global Real Estate Z Purzx Div \$.041 P/S on 8,284.733	342.99
03/29/11	Thornburg Investment Income Builder Tibix Div To 03/27/11	1,889.69
03/29/11	Thornburg International Value I Tgvix Div \$.049 P/S on 22,037.201	1,087.98
04/01/11	Legg Mason Bw Global Opps Bd Is Gobsx Div To 03/31/11	83.77
04/01/11	Metropolitan West Total Return Bond Mwtix Div To 03/31/11	5,832.19
04/01/11	Oppenheimer International Bond Y Div To 03/31/11	4,284.71
04/01/11	Pimco Total Return Fd Instl Div To 03/31/11	345.48
04/01/11	Prudential Total Return Bond Z Pdbzx Div To 03/31/11	3,972.25
04/01/11	Western Asset Core Plus Bond Instl Wacpx Div \$.034 P/S on 136,043.378	4,664.93

For Period 07/01/10 Through 06/30/11

Income Activity

Date	Description	Cash
04/05/11	Cohen & Steers Realty Shares Instl Csrix Div \$.185 P/S on 12,410.391	2,295.92
04/19/11	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 108,543.592	5,728.93
04/21/11	Blackrock Equity Dividend I Madvx Div \$.083 P/S on 34,666.025	2,893.85
04/26/11	Delaware Diversified Income Instl Dpffx Div To 04/24/11	6,075.42
05/02/11	Legg Mason Bw Global Opps Bd Is Gobsx Div To 04/30/11	2,677.98
05/02/11	Metropolitan West Total Return Bond Mwtix Div To 05/01/11	5,564.02
05/02/11	Oppenheimer International Bond Y Div To 05/01/11	2,130.47
05/02/11	Pimco Total Return Fd Instl Div To 04/30/11	0.98
05/02/11	Prudential Total Return Bond Z Pdbzx Div To 04/30/11	4,984.36
05/02/11	Western Asset Core Plus Bond Instl Wacpx Div \$.029 P/S on 136,431.731	4,041.11
05/18/11	Templeton Global Bond Adv Tgbax Div \$.053 P/S on 108,923.228	5,772.93
05/24/11	Delaware Diversified Income Instl Dpffx Div To 05/22/11	5,919.48
06/01/11	Legg Mason Bw Global Opps Bd Is Gobsx Div To 05/31/11	2,275.15
06/01/11	Metropolitan West Total Return Bond Mwtix Div To 05/31/11	5,810.62

For Period 07/01/10 Through 06/30/11

Income Activity

Date	Description	Cash
06/01/11	Oppenheimer International Bond Y Div To 05/31/11	2,045.20
06/01/11	Pimco Total Return Fd Inst Div To 05/31/11	0.98
06/01/11	Prudential Total Return Bond Z Pdbzx Div To 05/31/11	4,771.09
06/01/11	Western Asset Core Plus Bond Inst Wacpx Div \$.028 P/S on 136,758.214	3,833.33
06/17/11	Templeton Global Bond Adv Tgbax Div \$.052 P/S on 109,309.092	5,783.54
06/20/11	Prudential Global Real Estate Z Purzx Div \$.014 P/S on 8,521.879	123.57
06/20/11	Div \$.123 P/S on 8,521.879	1,055.01
06/24/11	Delaware Diversified Income Inst Dpffx Div To 06/22/11	5,982.16
06/28/11	Thornburg Investment Income Builder Tibix Div To 06/25/11	9,049.58
06/28/11	Thornburg International Value I Tgvix Div \$.187 P/S on 22,233.664	4,162.14
Total Dividend Income		\$ 366,427.68
Miscellaneous Income		
12/09/10	Pimco Total Return Fd Inst Lt Cg \$.169 P/S on 80,656.123	13,647.02
12/09/10	St Cg \$.370 P/S on 80,656.123	29,845.99
12/14/10	Metropolitan West Total Return Bond Mwtix St Cg \$.106 P/S on 87,749.915	9,362.92
12/14/10	Lt Cg \$.062 P/S on 87,749.915	5,449.27
12/15/10	Nuveen Tradewinds Val Opportunites I Nvorx Lt Cg \$.480 P/S on 9,787.181	4,704.70
12/15/10	St Cg \$.678 P/S on 9,787.181	6,642.56

For Period 07/01/10 Through 06/30/11

Income Activity

Date	Description	Cash
12/15/10	Nuveen Tradewinds Global All-Cap I Nwgrx Lt Cg \$.058 P/S on 8,159.192	474.05
12/27/10	Delaware Diversified Income Instl Dpffx Lt Cg \$.116 P/S on 96,397.224	11,182.08
12/27/10	St Cg \$.251 P/S on 96,397.224	24,195.70
12/31/10	Oppenheimer International Bond Y Lt Cg \$.062 P/S on 126,291.678	7,888.18
06/16/11	Legg Mason Bw Global Opps Bd Is Gobsx Lt Cg \$.017 P/S on 65,329.659	1,149.80
	Total Miscellaneous Income	\$ 114,542.27
	Total Income	\$ 480,969.95

Purchase Activity

Date	Description	Cash
	Common Stocks	
07/02/10	Cohen & Steers Global Realty I Cssp Pur 15.840 @ \$ 33.600 P/S	-532.23
07/02/10	Cohen & Steers Realty Shares Instl Csrix Pur 33.768 @ \$ 31.530 P/S	-1,064.70
07/12/10	Artio International Equity II I Jetix Purchased 2178.353 Shs 07/09/10 @ 10.78	-23,482.65
07/12/10	Blackrock Equity Dividend I Madvx Purchased 504.536 Shs 07/09/10 @ 15.31	-7,724.44
07/12/10	Blackrock Global Allocation I Malox Purchased 102.100 Shs 07/09/10 @ 17.6	-1,797.00

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
07/12/10	Brandes Intl International Equity Biex Purchased 1488.990 Shs 07/09/10 @ 13.75	-20,473.61
07/12/10	Cohen & Steers Global Realty I Cssp Purchased 39.037 Shs 07/09/10 @ 35.04	-1,367.86
07/12/10	Dodge & Cox Intl Stock Purchased 536.999 Shs 07/09/10 @ 30.12	-16,174.40
07/12/10	Jhancock Classic Value I Jcvix Purchased 615.887 Shs 07/09/10 @ 14.31	-8,813.34
07/12/10	Hartford Capital Appreciation Y Hcayx Purchased 460.340 Shs 07/09/10 @ 31.34	-14,427.05
07/12/10	Perkins Mid Cap Value I Jmvax Purchased 37.230 Shs 07/09/10 @ 19.68	-732.69
07/12/10	Nuveen Tradewinds Global All-Cap I Nwgrx Purchased 61.011 Shs 07/09/10 @ 24.47	-1,492.94
07/12/10	Thornburg Investment Income Builder Tibix Purchased 12.281 Shs 07/09/10 @ 17.46	-214.43
07/12/10	Thornburg International Value I Tgvix Purchased 642.517 Shs 07/09/10 @ 24.12	-15,497.50
07/23/10	Blackrock Equity Dividend I Madvx Pur 64.335 @ \$ 15.500 P/S	-997.19
07/23/10	Blackrock Global Allocation I Malox Pur 12.803 @ \$ 17.690 P/S	-226.49

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
08/23/10	Arto International Equity II I Jetix Purchased 18416.206 Shs 08/20/10 @ 10.86	-200,000.00
08/23/10	Blackrock Equity Dividend I Madvx Purchased 12777.778 Shs 08/20/10 @ 15.3	-195,500.00
08/23/10	Blackrock Global Allocation I Malox Purchased 2816.901 Shs 08/20/10 @ 17.75	-50,000.00
08/23/10	Brandes Instl International Equity Biiox Purchased 14430.014 Shs 08/20/10 @ 13.86	-200,000.00
08/23/10	Cohen & Steers Global Realty I Csspz Purchased 1369.113 Shs 08/20/10 @ 36.52	-50,000.00
08/23/10	Cohen & Steers Realty Shares Instl Csrix Purchased 4484.305 Shs 08/20/10 @ 33.45	-150,000.00
08/23/10	Dodge & Cox Intl Stock Purchased 6538.084 Shs 08/20/10 @ 30.59	-200,000.00
08/23/10	Jhancock Classic Value I Jcvix Purchased 18007.117 Shs 08/20/10 @ 14.05	-253,000.00
08/23/10	Hartford Capital Appreciation Y Hcayx Purchased 8003.796 Shs 08/20/10 @ 31.61	-253,000.00
08/23/10	Hartford Midcap Y Hmdyx Purchased 7588.832 Shs 08/20/10 @ 19.7	-149,500.00
08/23/10	Perkins Mid Cap Value I Jmvax Purchased 7674.538 Shs 08/20/10 @ 19.48	-149,500.00

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
08/23/10	Nuveen Tradewinds Val Opportunités I Nvorx Purchased 4790.131 Shs 08/20/10 @ 31.21	-149,500.00
08/23/10	Nuveen Tradewinds Global All-Cap I Nwgrx Purchased 3990.423 Shs 08/20/10 @ 25.06	-100,000.00
08/23/10	Thornburg Investment Income Builder Tibix Purchased 2823.264 Shs 08/20/10 @ 17.71	-50,000.00
08/23/10	Thornburg International Value I Tgvix Purchased 8153.282 Shs 08/20/10 @ 24.53	-200,000.00
09/28/10	Thornburg Investment Income Builder Tibix Pur 71.377 @ \$ 18.420 P/S	-1,314.77
09/28/10	Thornburg International Value I Tgvix Pur 54.183 @ \$ 26.700 P/S	-1,446.68
10/04/10	Cohen & Steers Realty Shares Instl Csrix Pur 54.278 @ \$ 35.310 P/S	-1,916.55
10/22/10	Blackrock Equity Dividend I Madvx Pur 178.610 @ \$ 16.680 P/S	-2,979.21
12/10/10		-2,522.22
12/15/10	Nuveen Tradewinds Val Opportunités I Nvorx Pur 133.770 @ \$ 35.170 P/S	-4,704.70
12/15/10		-6,642.56
12/15/10	Nuveen Tradewinds Global All-Cap I Nwgrx Pur 16.185 @ \$ 29.290 P/S	-474.05
12/20/10	Cohen & Steers Global Realty I Csspx Pur 82.690 @ \$ 39.310 P/S	-3,250.55
12/20/10	Cohen & Steers Realty Shares Instl Csrix Pur 65.192 @ \$ 36.110 P/S	-2,354.08

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
12/21/10	Blackrock Global Allocation I Malox Pur 57.684 @ \$ 19.180 P/S	-1,106.37
12/22/10	Dodge & Cox Intl Stock Pur 185.906 @ \$ 35.370 P/S	-6,575.50
12/22/10	Jhancock Classic Value I Jcvix Pur 183.852 @ \$ 16.570 P/S	-3,046.43
12/22/10	Perkins Mid Cap Value I Jmvax Pur 139.569 @ \$ 22.270 P/S	-3,108.21
12/29/10	Thornburg Investment Income Builder Tibix Pur 114.978 @ \$ 19.090 P/S	-2,194.93
12/29/10	Thornburg International Value I Tgvix Pur 17.588 @ \$ 28.440 P/S	-500.20
12/30/10	Artio International Equity II I Jetix Pur 776.115 @ \$ 12.390 P/S	-9,616.06
01/03/11	Brandes Intl International Equity Briex Pur 664.116 @ \$ 15.220 P/S	-10,107.84
01/03/11	Nuveen Tradewinds Val Opportunités I Nvorx Pur 170.203 @ \$ 35.070 P/S	-5,969.01
01/03/11	Nuveen Tradewinds Global All-Cap I Nwgrx Pur 163.283 @ \$ 29.130 P/S	-4,756.43
01/13/11	Artio International Equity II I Jetix Purchased 15936.255 Shs 01/12/11 @ 12.55	-200,000.00
01/13/11	Blackrock Equity Dividend I Madvx Purchased 11026.509 Shs 01/12/11 @ 17.73	-195,500.00
01/13/11	Blackrock Global Allocation I Malox Purchased 2536.783 Shs 01/12/11 @ 19.71	-50,000.00

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
01/13/11	Brandes Instl International Equity Biex Purchased 12870.013 Shs 01/12/11 @ 15.54	-200,000.00
01/13/11	Cohen & Steers Global Realty I Cssp Purchased 1209.775 Shs 01/12/11 @ 41.33	-50,000.00
01/13/11	Cohen & Steers Realty Shares Instl Csrix Purchased 3961.965 Shs 01/12/11 @ 37.86	-150,000.00
01/13/11	Dodge & Cox Intl Stock Purchased 5544.774 Shs 01/12/11 @ 36.07	-200,000.00
01/13/11	Jhancock Classic Value I Jcvix Purchased 14692.218 Shs 01/12/11 @ 17.22	-253,000.00
01/13/11	Hartford Capital Appreciation Y Hcayx Purchased 6529.032 Shs 01/12/11 @ 38.75	-253,000.00
01/13/11	Hartford Midcap Y Hmdyx Purchased 6082.181 Shs 01/12/11 @ 24.58	-149,500.00
01/13/11	Perkins Mid Cap Value I Jmvax Purchased 6519.843 Shs 01/12/11 @ 22.93	-149,500.00
01/13/11	Nuveen Tradewinds Val Opportunites I Nvorx Purchased 4238.730 Shs 01/12/11 @ 35.27	-149,500.00
01/13/11	Nuveen Tradewinds Global All-Cap I Nwgrx Purchased 3424.658 Shs 01/12/11 @ 29.2	-100,000.00
01/13/11	Thornburg Investment Income Builder Tibix Purchased 2594.707 Shs 01/12/11 @ 19.27	-50,000.00

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
01/13/11	Thornburg International Value I Tgvix Purchased 6913.239 Shs 01/12/11 @ 28.93	-200,000.00
03/04/11	Prudential Global Real Estate Z Purzx Purchased 8287.348 Shs 03/03/11 @ 19.8	-164,089.50
03/28/11	Pur 17.818 @ \$ 19.250 P/S	-342.99
03/29/11	Thornburg Investment Income Builder Tibix Pur 96.413 @ \$ 19.600 P/S	-1,889.69
03/29/11	Thornburg International Value I Tgvix Pur 36.918 @ \$ 29.470 P/S	-1,087.98
03/30/11	Brandes Instl International Equity Biiex Purchased 1665.730 Shs 03/29/11 @ 15.57	-25,935.42
03/30/11	Jhancock Classic Value I Jcvix Purchased 234.239 Shs 03/29/11 @ 17.46	-4,089.81
03/30/11	Hartford Capital Appreciation Y Hcayx Purchased 72.534 Shs 03/29/11 @ 38.31	-2,778.76
03/30/11	Nuveen Tradewinds Val Opportunites I Nvorx Purchased 148.917 Shs 03/29/11 @ 35.74	-5,322.30
03/30/11	Nuveen Tradewinds Global All-Cap I Nwgrx Purchased 5804.047 Shs 03/29/11 @ 29.52	-171,335.47
03/30/11	Prudential Global Real Estate Z Purzx Purchased 227.222 Shs 03/29/11 @ 19.21	-4,364.94
03/30/11	Royce Global Value Invmt Rgvix Purchased 54508.281 Shs 03/29/11 @ 15	-817,624.21

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
03/30/11	Royce Special Equity Instl Rseix Purchased 22511.017 Shs 03/29/11 @ 21.72	-488,939.28
03/30/11	Thornburg Investment Income Builder Tibix Purchased 24989.231 Shs 03/29/11 @ 19.65	-491,038.38
03/30/11	Thornburg International Value I Tgvix Purchased 180.235 Shs 03/29/11 @ 29.54	-5,324.15
04/05/11	Cohen & Steers Realty Shares Instl Csrix Pur 56.802 @ \$ 40.420 P/S	-2,295.92
04/21/11	Blackrock Equity Dividend I Madvx Pur 154.669 @ \$ 18.710 P/S	-2,893.85
06/20/11	Prudential Global Real Estate Z Purzx Pur 6.360 @ \$ 19.430 P/S	-123.57
06/20/11	Pur 54.298 @ \$ 19.430 P/S	-1,055.01
06/28/11	Thornburg Investment Income Builder Tibix Pur 470.597 @ \$ 19.230 P/S	-9,049.58
06/28/11	Thornburg International Value I Tgvix Pur 143.969 @ \$ 28.910 P/S	-4,162.14
Fixed Income		
07/01/10	Artio Total Return Bond I Jbgix Pur 108.967 @ \$ 13.780 P/S	-1,501.57
07/01/10	Oppenheimer International Bond Y Pur 230.327 @ \$ 6.210 P/S	-1,430.33
07/02/10	Pimco Total Return Fd Instl Pur 108.041 @ \$ 11.260 P/S	-1,216.54
07/02/10	Western Asset Core Plus Bond Instl Wacpx Pur 198.050 @ \$ 10.680 P/S	-2,115.17

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
07/12/10	Metropolitan West Total Return Bond Mwtix Purchased 44097.886 Shs 07/09/10 @ 10.38	-457,736.06
07/12/10	Oppenheimer International Bond Y Purchased 2529.895 Shs 07/09/10 @ 6.3	-15,938.34
07/19/10	Templeton Global Bond Adv Tgbax Pur 142.585 @ \$ 13.020 P/S	-1,856.46
07/26/10	Delaware Diversified Income Instl Dpffx Pur 179.449 @ \$ 9.520 P/S	-1,708.35
08/02/10	Oppenheimer International Bond Y Pur 224.257 @ \$ 6.490 P/S	-1,455.43
08/02/10	Western Asset Core Plus Bond Instl Wacpx Pur 191.868 @ \$ 10.810 P/S	-2,074.09
08/04/10	Metropolitan West Total Return Bond Mwtix Pur 99.347 @ \$ 10.500 P/S	-1,043.14
08/04/10	Pimco Total Return Fd Instl Pur 118.784 @ \$ 11.400 P/S	-1,354.11
08/20/10	Templeton Global Bond Adv Tgbax Pur 139.514 @ \$ 13.350 P/S	-1,862.51
08/23/10	Delaware Diversified Income Instl Dpffx Purchased 46683.938 Shs 08/20/10 @ 9.65	-450,500.00
08/23/10	Metropolitan West Total Return Bond Mwtix Purchased 42500 Shs 08/20/10 @ 10.6	-450,500.00
08/23/10	Oppenheimer International Bond Y Purchased 60502.283 Shs 08/20/10 @ 6.57	-397,500.00
08/23/10	Pimco Total Return Fd Instl Purchased 39173.913 Shs 08/20/10 @ 11.5	-450,500.00

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
08/23/10	Templeton Global Bond Adv Tgbax Purchased 33770.615 Shs 08/20/10 @ 13.34	-450,500.00
08/23/10	Western Asset Core Plus Bond Instl Wacpx Purchased 41254.579 Shs 08/20/10 @ 10.92	-450,500.00
08/24/10	Delaware Diversified Income Instl Dpffx Pur 169.408 @ \$ 9.650 P/S	-1,634.79
09/01/10	Oppenheimer International Bond Y Pur 296.161 @ \$ 6.540 P/S	-1,936.89
09/01/10	Pimco Total Return Fd Instl Pur 120.378 @ \$ 11.540 P/S	-1,389.16
09/01/10	Western Asset Core Plus Bond Instl Wacpx Pur 320.956 @ \$ 10.920 P/S	-3,504.84
09/02/10	Metropolitan West Total Return Bond Mwtix Pur 207.858 @ \$ 10.640 P/S	-2,211.61
09/17/10	Templeton Global Bond Adv Tgbax Pur 271.045 @ \$ 13.500 P/S	-3,659.11
09/24/10	Delaware Diversified Income Instl Dpffx Pur 342.074 @ \$ 9.690 P/S	-3,314.70
10/01/10	Oppenheimer International Bond Y Pur 430.506 @ \$ 6.800 P/S	-2,927.44
10/04/10	Metropolitan West Total Return Bond Mwtix Pur 338.434 @ \$ 10.670 P/S	-3,611.09
10/04/10	Pimco Total Return Fd Instl Pur 203.086 @ \$ 11.600 P/S	-2,355.80
10/04/10	Western Asset Core Plus Bond Instl Wacpx Pur 325.797 @ \$ 10.960 P/S	-3,570.73
10/19/10	Templeton Global Bond Adv Tgbax Pur 266.578 @ \$ 13.780 P/S	-3,673.44

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
10/26/10	Delaware Diversified Income Instl Dpffx Pur 333.271 @ \$ 9.770 P/S	-3,256.06
11/01/10	Metropolitan West Total Return Bond Mwtix Pur 317.440 @ \$ 10.740 P/S	-3,409.31
11/01/10	Oppenheimer International Bond Y Pur 467.945 @ \$ 6.910 P/S	-3,233.50
11/01/10	Western Asset Core Plus Bond Instl Wacpx Pur 351.820 @ \$ 11.010 P/S	-3,873.53
11/02/10	Pimco Total Return Fd Instl Pur 222.413 @ \$ 11.690 P/S	-2,600.01
11/17/10	Templeton Global Bond Adv Tgbax Pur 271.543 @ \$ 13.550 P/S	-3,679.41
11/24/10	Delaware Diversified Income Instl Dpffx Pur 355.910 @ \$ 9.690 P/S	-3,448.77
12/01/10	Metropolitan West Total Return Bond Mwtix Pur 328.652 @ \$ 10.650 P/S	-3,500.14
12/01/10	Oppenheimer International Bond Y Pur 459.570 @ \$ 6.470 P/S	-2,973.42
12/01/10	Western Asset Core Plus Bond Instl Wacpx Pur 334.148 @ \$ 10.910 P/S	-3,645.56
12/02/10	Pimco Total Return Fd Instl Pur 233.497 @ \$ 11.490 P/S	-2,682.88
12/09/10	Pur 1,263.613 @ \$ 10.800 P/S	-13,647.02
12/09/10	Pur 2,763.518 @ \$ 10.800 P/S	-29,845.99
12/14/10	Metropolitan West Total Return Bond Mwtix Pur 903.757 @ \$ 10.360 P/S	-9,362.92
12/14/10	Pur 525.991 @ \$ 10.360 P/S	-5,449.27
12/17/10	Templeton Global Bond Adv Tgbax Pur 965.601 @ \$ 13.380 P/S	-12,919.74

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
	Delaware Diversified Income Instl Dpffx	
12/27/10	Pur 375.508 @ \$ 9.180 P/S	-3,447.16
12/27/10	Pur 1,218.092 @ \$ 9.180 P/S	-11,182.08
12/27/10	Pur 2,635.697 @ \$ 9.180 P/S	-24,195.70
	Oppenheimer International Bond Y	
12/31/10	Pur 533.778 @ \$ 6.520 P/S	-3,480.23
12/31/10	Pur 1,209.844 @ \$ 6.520 P/S	-7,888.18
	Pimco Total Return Fd Instl	
01/03/11	Pur 271.685 @ \$ 10.850 P/S	-2,947.78
	Metropolitan West Total Return Bond Mwtix	
01/04/11	Pur 334.106 @ \$ 10.370 P/S	-3,464.68
	Western Asset Core Plus Bond Instl Wacpx	
01/10/11	Pur 571.884 @ \$ 10.780 P/S	-6,164.91
	Delaware Diversified Income Instl Dpffx	
01/13/11	Purchased 48861.171 Shs 01/12/11 @ 9.22	-450,500.00
	Metropolitan West Total Return Bond Mwtix	
01/13/11	Purchased 43317.308 Shs 01/12/11 @ 10.4	-450,500.00
	Oppenheimer International Bond Y	
01/13/11	Purchased 61342.593 Shs 01/12/11 @ 6.48	-397,500.00
	Pimco Total Return Fd Instl	
01/13/11	Purchased 41520.737 Shs 01/12/11 @ 10.85	-450,500.00
	Templeton Global Bond Adv Tgbax	
01/13/11	Purchased 33076.358 Shs 01/12/11 @ 13.62	-450,500.00
	Western Asset Core Plus Bond Instl Wacpx	
01/13/11	Purchased 41674.376 Shs 01/12/11 @ 10.81	-450,500.00
	Templeton Global Bond Adv Tgbax	
01/20/11	Pur 406.954 @ \$ 13.510 P/S	-5,497.95

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
01/25/11	Delaware Diversified Income Instl Dpffx Pur 456.395 @ \$ 9.200 P/S	-4,198.83
02/01/11	Oppenheimer International Bond Y Pur 557.824 @ \$ 6.460 P/S	-3,603.54
02/01/11	Pimco Total Return Fd Instl Pur 289.505 @ \$ 10.850 P/S	-3,141.13
02/02/11	Western Asset Core Plus Bond Instl Wacpx Pur 434.052 @ \$ 10.820 P/S	-4,696.44
02/03/11	Metropolitan West Total Return Bond Mwtix Pur 465.306 @ \$ 10.410 P/S	-4,843.84
02/17/11	Templeton Global Bond Adv Tgbax Pur 406.401 @ \$ 13.500 P/S	-5,486.42
02/24/11	Delaware Diversified Income Instl Dpffx Pur 615.307 @ \$ 9.230 P/S	-5,679.28
03/01/11	Metropolitan West Total Return Bond Mwtix Pur 453.413 @ \$ 10.430 P/S	-4,729.10
03/01/11	Oppenheimer International Bond Y Pur 611.086 @ \$ 6.480 P/S	-3,959.84
03/01/11	Pimco Total Return Fd Instl Pur 344.782 @ \$ 10.880 P/S	-3,751.23
03/01/11	Western Asset Core Plus Bond Instl Wacpx Pur 428.196 @ \$ 10.840 P/S	-4,641.65
03/04/11	Delaware Diversified Income Instl Dpffx Purchased 9549.523 Shs 03/03/11 @ 9.22	-88,046.60
03/04/11	Metropolitan West Total Return Bond Mwtix Purchased 8241.107 Shs 03/03/11 @ 10.38	-85,542.69
03/04/11	Oppenheimer International Bond Y Purchased 10251.663 Shs 03/03/11 @ 6.5	-66,635.81

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
03/04/11	Prudential Total Return Bond Z Pdbzx Purchased 107133.796 Shs 03/03/11 @ 13.8	-1,478,446.38
03/04/11	Templeton Global Bond Adv Tgbax Purchased 4155.383 Shs 03/03/11 @ 13.59	-56,471.65
03/04/11	Western Asset Core Plus Bond Instl Wacpx Purchased 7956.376 Shs 03/03/11 @ 10.8	-85,928.86
03/17/11	Templeton Global Bond Adv Tgbax Pur 430.609 @ \$ 13.370 P/S	-5,757.24
03/25/11	Delaware Diversified Income Instl Dpffx Pur 567.028 @ \$ 9.240 P/S	-5,239.34
03/31/11	Legg Mason Bw Global Opps Bd Is Gobsx Purchased 64919.975 Shs 03/30/11 @ 10.68	-693,345.33
04/01/11	Pur 7.828 @ \$ 10.700 P/S	-83.77
04/01/11	Metropolitan West Total Return Bond Mwtix Pur 560.249 @ \$ 10.410 P/S	-5,832.19
04/01/11	Oppenheimer International Bond Y Pur 654.154 @ \$ 6.550 P/S	-4,284.71
04/01/11	Pimco Total Return Fd Instl Pur 31.754 @ \$ 10.880 P/S	-345.48
04/01/11	Prudential Total Return Bond Z Pdbzx Pur 286.598 @ \$ 13.860 P/S	-3,972.25
04/01/11	Western Asset Core Plus Bond Instl Wacpx Pur 430.741 @ \$ 10.830 P/S	-4,664.93
04/19/11	Templeton Global Bond Adv Tgbax Pur 413.641 @ \$ 13.850 P/S	-5,728.93

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
04/26/11	Delaware Diversified Income Instl Dpffx Pur 653.974 @ \$ 9.290 P/S	-6,075.42
05/02/11	Legg Mason Bw Global Opps Bd Is Gobsx Pur 242.791 @ \$ 11.030 P/S	-2,677.98
05/02/11	Metropolitan West Total Return Bond Mwtix Pur 530.412 @ \$ 10.490 P/S	-5,564.02
05/02/11	Oppenheimer International Bond Y Pur 313.304 @ \$ 6.800 P/S	-2,130.47
05/02/11	Pimco Total Return Fd Instl Pur .089 @ \$ 11.030 P/S	-0.98
05/02/11	Prudential Total Return Bond Z Pdbzx Pur 354.003 @ \$ 14.080 P/S	-4,984.36
05/02/11	Western Asset Core Plus Bond Instl Wacpx Pur 369.388 @ \$ 10.940 P/S	-4,041.11
05/18/11	Templeton Global Bond Adv Tgbax Pur 419.849 @ \$ 13.750 P/S	-5,772.93
05/24/11	Delaware Diversified Income Instl Dpffx Pur 631.748 @ \$ 9.370 P/S	-5,919.48
06/01/11	Legg Mason Bw Global Opps Bd Is Gobsx Pur 206.456 @ \$ 11.020 P/S	-2,275.15
06/01/11	Metropolitan West Total Return Bond Mwtix Pur 550.248 @ \$ 10.560 P/S	-5,810.62
06/01/11	Oppenheimer International Bond Y Pur 304.345 @ \$ 6.720 P/S	-2,045.20
06/01/11	Pimco Total Return Fd Instl Pur .089 @ \$ 11.060 P/S	-0.98
06/01/11	Prudential Total Return Bond Z Pdbzx Pur 336.704 @ \$ 14.170 P/S	-4,771.09

For Period 07/01/10 Through 06/30/11

Purchase Activity

Date	Description	Cash
06/01/11	Western Asset Core Plus Bond Instl Wacpx Pur 347.222 @ \$ 11.040 P/S	-3,833.33
06/16/11	Legg Mason Bw Global Opps Bd Is Gobsx Pur 105.390 @ \$ 10.910 P/S	-1,149.80
06/17/11	Templeton Global Bond Adv Tgbax Pur 419.401 @ \$ 13.790 P/S	-5,783.54
06/24/11	Delaware Diversified Income Instl Dpffx Pur 639.120 @ \$ 9.360 P/S	-5,982.16
Total Purchase Activity		\$ -15,802,101.80

Sale Activity

Date	Description	Realized Gain/Loss	Cash
Common Stocks			
07/12/10	Cohen & Steers Realty Shares Instl Csrix Sold 566.740 Shs 07/09/10 @ 32.4	2,133.29	18,362.38
07/12/10	Hartford Midcap Y Hmdyx Sold 315.945 Shs 07/09/10 @ 20.07	417.04	6,341.01
07/12/10	Nuveen Tradewinds Val Opportunites I Nvorx Sold 8.824 Shs 07/09/10 @ 30.55	7.41	269.57
07/16/10	Artio International Equity II I Jetix Sold 2.488 Shs 07/15/10 @ 11.01	-3.12	27.38
07/16/10	Blackrock Equity Dividend I Madvx Sold 1.723 Shs 07/15/10 @ 15.56	-0.25	26.77

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
07/16/10	Blackrock Global Allocation I Malox Sold .386 Shs 07/15/10 @ 17.77	-0.14	6.84
07/16/10	Brandes Instl International Equity Biiox Sold 1.946 Shs 07/15/10 @ 14.07	-2.09	27.38
07/16/10	Cohen & Steers Global Realty I Cspix Sold .193 Shs 07/15/10 @ 35.63	-0.32	6.84
07/16/10	Cohen & Steers Realty Shares Instl Csrix Sold .624 Shs 07/15/10 @ 32.96	2.67	20.54
07/16/10	Dodge & Cox Intl Stock Sold .886 Shs 07/15/10 @ 30.89	-1.22	27.38
07/16/10	Jhancock Classic Value I Jcvix Sold 2.382 Shs 07/15/10 @ 14.55	-0.16	34.64
07/16/10	Hartford Capital Appreciation Y Hcayx Sold 1.082 Shs 07/15/10 @ 32.03	-0.21	34.64
07/16/10	Hartford Midcap Y Hmdyx Sold 1.001 Shs 07/15/10 @ 20.41	1.70	20.47
07/16/10	Perkins Mid Cap Value I Jmvax Sold 1.030 Shs 07/15/10 @ 19.91	0.59	20.47
07/16/10	Nuveen Tradewinds Val Opportunitites I Nvorx Sold .663 Shs 07/15/10 @ 30.84	0.77	20.47

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
07/16/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold .551 Shs 07/15/10 @ 24.79	0.28	13.69
07/16/10	Thornburg Investment Income Builder Tibix Sold .394 Shs 07/15/10 @ 17.62	-0.08	6.94
07/16/10	Thornburg International Value I Tgvix Sold 1.114 Shs 07/15/10 @ 24.61	-1.06	27.38
07/19/10	Artio International Equity II I Jetix Sold 2.228 Shs 07/16/10 @ 10.75	-3.37	23.94
07/19/10	Blackrock Equity Dividend I Madvx Sold 1.542 Shs 07/16/10 @ 15.17	-0.78	23.40
07/19/10	Blackrock Global Allocation I Malox Sold .341 Shs 07/16/10 @ 17.49	-0.18	5.98
07/19/10	Brandes Instl International Equity Biiex Sold 1.745 Shs 07/16/10 @ 13.71	-2.49	23.94
07/19/10	Cohen & Steers Global Realty I Cssp Sold .175 Shs 07/16/10 @ 34.64	-0.51	5.98
07/19/10	Cohen & Steers Realty Shares Instl Csrix Sold .563 Shs 07/16/10 @ 31.86	1.84	17.96
07/19/10	Dodge & Cox Intl Stock Sold .798 Shs 07/16/10 @ 29.98	-1.82	23.94

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
07/19/10	Jhancock Classic Value I Jcvix Sold 2.154 Shs 07/16/10 @ 14.06	-1.18	30.29
07/19/10	Hartford Capital Appreciation Y Hcayx Sold .973 Shs 07/16/10 @ 31.11	-1.05	30.29
07/19/10	Hartford Midcap Y Hmdyx Sold .906 Shs 07/16/10 @ 19.76	0.91	17.90
07/19/10	Perkins Mid Cap Value I Jmvax Sold .926 Shs 07/16/10 @ 19.37	0.03	17.90
07/19/10	Nuveen Tradewinds Val Opportunites I Nvorx Sold .593 Shs 07/16/10 @ 30.14	0.28	17.90
07/19/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold .494 Shs 07/16/10 @ 24.24	-0.05	11.97
07/19/10	Thornburg Investment Income Builder Tibix Sold .347 Shs 07/16/10 @ 17.43	-0.11	6.07
07/19/10	Thornburg International Value I Tgvix Sold .992 Shs 07/16/10 @ 24.18	-1.38	23.94
07/20/10	Artio International Equity II I Jetix Sold 3.943 Shs 07/19/10 @ 10.75	-5.95	42.39
07/20/10	Blackrock Equity Dividend I Madvx Sold 2.720 Shs 07/19/10 @ 15.24	-1.21	41.44

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
07/20/10	Blackrock Global Allocation I Malox Sold .604 Shs 07/19/10 @ 17.51	-0.33	10.59
07/20/10	Brandes Instl International Equity Biiox Sold 3.081 Shs 07/19/10 @ 13.75	-4.27	42.39
07/20/10	Cohen & Steers Global Realty I Cspix Sold .301 Shs 07/19/10 @ 35.12	-0.57	10.59
07/20/10	Cohen & Steers Realty Shares Instl Csrix Sold .982 Shs 07/19/10 @ 32.32	3.67	31.79
07/20/10	Dodge & Cox Intl Stock Sold 1.410 Shs 07/19/10 @ 30.05	-3.12	42.39
07/20/10	Jhancock Classic Value I Jcvix Sold 3.789 Shs 07/19/10 @ 14.15	-1.73	53.62
07/20/10	Hartford Capital Appreciation Y Hcayx Sold 1.718 Shs 07/19/10 @ 31.23	-1.71	53.62
07/20/10	Hartford Midcap Y Hmdyx Sold 1.593 Shs 07/19/10 @ 19.91	1.82	31.69
07/20/10	Perkins Mid Cap Value I Jmvax Sold 1.630 Shs 07/19/10 @ 19.46	0.23	31.69
07/20/10	Nuveen Tradewinds Val Opportunites I Nvorx Sold 1.048 Shs 07/19/10 @ 30.18	0.55	31.69

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
07/20/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold .872 Shs 07/19/10 @ 24.28	-0.03	21.19
07/20/10	Thornburg Investment Income Builder Tibix Sold .616 Shs 07/19/10 @ 17.44	-0.27	10.70
07/20/10	Thornburg International Value I Tgvix Sold 1.759 Shs 07/19/10 @ 24.1	-2.51	42.39
08/11/10	Artio International Equity II I Jetix Sold 2.203 Shs 08/10/10 @ 11.28	-2.16	24.85
08/11/10	Sold 3.917 Shs 08/10/10 @ 11.28	-3.81	44.21
08/11/10	Blackrock Equity Dividend I Madvx Sold 1.525 Shs 08/10/10 @ 15.91	0.38	24.29
08/11/10	Sold 2.714 Shs 08/10/10 @ 15.91	0.67	43.22
08/11/10	Blackrock Global Allocation I Malox Sold .342 Shs 08/10/10 @ 18.11	0.03	6.21
08/11/10	Sold .611 Shs 08/10/10 @ 18.11	0.01	11.05
08/11/10	Brandes Intl International Equity Biiex Sold 1.702 Shs 08/10/10 @ 14.59	-0.93	24.85
08/11/10	Sold 3.030 Shs 08/10/10 @ 14.59	-1.68	44.21
08/11/10	Cohen & Steers Global Realty I Csspx Sold .166 Shs 08/10/10 @ 37.64	0.05	6.21
08/11/10	Sold .294 Shs 08/10/10 @ 37.64	0.15	11.05

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
08/11/10	Cohen & Steers Realty Shares Instl Csrix Sold .536 Shs 08/10/10 @ 34.88	3.29	18.64
08/11/10	Sold .952 Shs 08/10/10 @ 34.88	5.90	33.16
08/11/10	Dodge & Cox Intl Stock Sold .772 Shs 08/10/10 @ 32.14	-0.07	24.85
08/11/10	Sold 1.376 Shs 08/10/10 @ 32.14	-0.20	44.21
08/11/10	Jhancock Classic Value I Jcvix Sold 2.122 Shs 08/10/10 @ 14.8	0.44	31.44
08/11/10	Sold 3.779 Shs 08/10/10 @ 14.8	0.73	55.93
08/11/10	Hartford Capital Appreciation Y Hcayx Sold .953 Shs 08/10/10 @ 32.97	0.74	31.44
08/11/10	Sold 1.698 Shs 08/10/10 @ 32.97	1.24	55.93
08/11/10	Hartford Midcap Y Hmdyx Sold .907 Shs 08/10/10 @ 20.48	1.57	18.58
08/11/10	Sold 1.614 Shs 08/10/10 @ 20.48	2.79	33.05
08/11/10	Perkins Mid Cap Value I Jmvax Sold .921 Shs 08/10/10 @ 20.16	0.80	18.58
08/11/10	Sold 1.637 Shs 08/10/10 @ 20.16	1.45	33.05
08/11/10	Nuveen Tradewinds Val Opportunitites I Nvorx Sold .586 Shs 08/10/10 @ 31.84	1.17	18.58
08/11/10	Sold 1.040 Shs 08/10/10 @ 31.84	2.15	33.05
08/11/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold .480 Shs 08/10/10 @ 25.77	0.74	12.42

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
08/11/10	Sold .855 Shs 08/10/10 @ 25.77	1.30	22.10
	Thornburg Investment Income Builder		
	Tibix		
08/11/10	Sold .349 Shs 08/10/10 @ 18.17	0.12	6.34
08/11/10	Sold .614 Shs 08/10/10 @ 18.17	0.22	11.15
	Thornburg International Value I		
	Tgvix		
08/11/10	Sold .979 Shs 08/10/10 @ 25.43	-0.14	24.85
08/11/10	Sold 1.738 Shs 08/10/10 @ 25.43	-0.16	44.21
	Artio International Equity II I		
	Jetix		
09/13/10	Sold 2.754 Shs 09/10/10 @ 11.34	-0.63	31.23
09/13/10	Sold 5.024 Shs 09/10/10 @ 11.34	-1.16	56.96
	Blackrock Equity Dividend I		
	Madvx		
09/13/10	Sold 1.919 Shs 09/10/10 @ 15.9	0.79	30.52
09/13/10	Sold 3.501 Shs 09/10/10 @ 15.9	1.43	55.67
	Blackrock Global Allocation I		
	Malox		
09/13/10	Sold .429 Shs 09/10/10 @ 18.14	0.11	7.80
09/13/10	Sold .786 Shs 09/10/10 @ 18.14	0.16	14.24
	Brandes Instl International Equity		
	Biex		
09/13/10	Sold 2.176 Shs 09/10/10 @ 14.35	-0.34	31.23
09/13/10	Sold 3.969 Shs 09/10/10 @ 14.35	-0.63	56.96
	Cohen & Steers Global Realty I		
	Cspx		
09/13/10	Sold .204 Shs 09/10/10 @ 38.39	0.29	7.80
09/13/10	Sold .371 Shs 09/10/10 @ 38.39	0.58	14.24

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
09/13/10	Cohen & Steers Realty Shares Instl Csrix Sold .661 Shs 09/10/10 @ 35.45	2.95	23.42
09/13/10	Sold 1.205 Shs 09/10/10 @ 35.45	5.40	42.72
09/13/10	Dodge & Cox Intl Stock Sold .977 Shs 09/10/10 @ 31.89	0.51	31.23
09/13/10	Sold 1.787 Shs 09/10/10 @ 31.89	0.76	56.96
09/13/10	Jhancock Classic Value I Jcvix Sold 2.713 Shs 09/10/10 @ 14.56	0.62	39.50
09/13/10	Sold 4.948 Shs 09/10/10 @ 14.56	1.15	72.05
09/13/10	Hartford Capital Appreciation Y Hcayx Sold 1.215 Shs 09/10/10 @ 32.54	0.72	39.50
09/13/10	Sold 2.213 Shs 09/10/10 @ 32.54	1.42	72.05
09/13/10	Hartford Midcap Y Hmdyx Sold 1.145 Shs 09/10/10 @ 20.39	1.33	23.34
09/13/10	Sold 2.086 Shs 09/10/10 @ 20.39	2.47	42.57
09/13/10	Perkins Mid Cap Value I Jmvax Sold 1.166 Shs 09/10/10 @ 20.01	0.73	23.34
09/13/10	Sold 2.130 Shs 09/10/10 @ 20.01	1.27	42.57
09/13/10	Nuveen Tradewinds Val Opportunites I Nvorx Sold .725 Shs 09/10/10 @ 32.21	1.27	23.34
09/13/10	Sold 1.323 Shs 09/10/10 @ 32.21	2.29	42.57
09/13/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold .605 Shs 09/10/10 @ 25.94	0.67	15.61

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
09/13/10	Sold 1.098 Shs 09/10/10 @ 25.94	1.37	28.48
	Thornburg Investment Income Builder Tibix		
09/13/10	Sold .437 Shs 09/10/10 @ 18.09	0.14	7.90
09/13/10	Sold .792 Shs 09/10/10 @ 18.09	0.23	14.30
	Thornburg International Value I Tgvix		
09/13/10	Sold 1.222 Shs 09/10/10 @ 25.58	0.63	31.23
09/13/10	Sold 2.228 Shs 09/10/10 @ 25.58	1.18	56.96
	Artio International Equity II I Jetix		
10/19/10	Sold 3.787 Shs 10/18/10 @ 12.29	2.74	46.55
	Blackrock Equity Dividend I Madvx		
10/19/10	Sold 2.699 Shs 10/18/10 @ 16.86	3.69	45.50
	Blackrock Global Allocation I Malox		
10/19/10	Sold .607 Shs 10/18/10 @ 19.19	0.76	11.63
	Brandes Instl International Equity Blieq		
10/19/10	Sold 2.976 Shs 10/18/10 @ 15.65	3.37	46.55
	Cohen & Steers Global Realty I Csspq		
10/19/10	Sold .278 Shs 10/18/10 @ 42.06	1.40	11.63
	Cohen & Steers Realty Shares Instl Csrix		
10/19/10	Sold .937 Shs 10/18/10 @ 37.33	5.87	34.91
	Dodge & Cox Intl Stock		
10/19/10	Sold 1.311 Shs 10/18/10 @ 35.52	5.32	46.55

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
10/19/10	Jhancock Classic Value I Jcvix Sold 3.717 Shs 10/18/10 @ 15.84	5.63	58.89
10/19/10	Hartford Capital Appreciation Y Hcayx Sold 1.689 Shs 10/18/10 @ 34.87	4.99	58.89
10/19/10	Hartford Midcap Y Hmdyx Sold 1.587 Shs 10/18/10 @ 21.94	4.28	34.79
10/19/10	Perkins Mid Cap Value I Jmvax Sold 1.635 Shs 10/18/10 @ 21.27	3.09	34.79
10/19/10	Nuveen Tradewinds Val Opportunites I Nvorx Sold 1.006 Shs 10/18/10 @ 34.61	4.16	34.79
10/19/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold .831 Shs 10/18/10 @ 28.02	2.75	23.27
10/19/10	Thornburg Investment Income Builder Tibix Sold .619 Shs 10/18/10 @ 18.98	0.74	11.74
10/19/10	Thornburg International Value I Tgvix Sold 1.680 Shs 10/18/10 @ 27.71	4.48	46.55
10/20/10	Artio International Equity II I Jetix Sold 7.299 Shs 10/19/10 @ 12	3.16	87.60
10/20/10	Blackrock Equity Dividend I Madvx Sold 5.165 Shs 10/19/10 @ 16.58	5.61	85.63

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
10/20/10	Blackrock Global Allocation I Malox Sold 1.159 Shs 10/19/10 @ 18.91	1.14	21.90
10/20/10	Brandes Instl International Equity Biiox Sold 5.717 Shs 10/19/10 @ 15.32	4.65	87.60
10/20/10	Cohen & Steers Global Realty I Cssp Sold .527 Shs 10/19/10 @ 41.43	2.50	21.90
10/20/10	Cohen & Steers Realty Shares Instl Csrix Sold 1.782 Shs 10/19/10 @ 36.84	10.47	65.70
10/20/10	Dodge & Cox Intl Stock Sold 2.524 Shs 10/19/10 @ 34.71	8.23	87.60
10/20/10	Jhancock Classic Value I Jcvix Sold 7.108 Shs 10/19/10 @ 15.59	8.97	110.82
10/20/10	Hartford Capital Appreciation Y Hcayx Sold 3.228 Shs 10/19/10 @ 34.33	7.80	110.82
10/20/10	Hartford Midcap Y Hmdyx Sold 3.035 Shs 10/19/10 @ 21.58	7.14	65.48
10/20/10	Perkins Mid Cap Value I Jmvax Sold 3.123 Shs 10/19/10 @ 20.96	4.92	65.48
10/20/10	Nuveen Tradewinds Val Opportunites I Nvorx Sold 1.936 Shs 10/19/10 @ 33.81	6.54	65.48

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
10/20/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 1.598 Shs 10/19/10 @ 27.42	4.35	43.80
10/20/10	Thornburg Investment Income Builder Tibix Sold 1.169 Shs 10/19/10 @ 18.82	1.25	22.02
10/20/10	Thornburg International Value I Tgvix Sold 3.204 Shs 10/19/10 @ 27.33	7.36	87.60
11/23/10	Artio International Equity II I Jetix Sold 3.824 Shs 11/22/10 @ 12.43	3.28	47.52
11/23/10	Blackrock Equity Dividend I Madvx Sold 2.759 Shs 11/22/10 @ 16.84	3.69	46.45
11/23/10	Blackrock Global Allocation I Malox Sold .620 Shs 11/22/10 @ 19.17	0.77	11.88
11/23/10	Brandes Instl International Equity Biiex Sold 3.083 Shs 11/22/10 @ 15.42	2.79	47.52
11/23/10	Cohen & Steers Global Realty I Cssp Sold .291 Shs 11/22/10 @ 40.66	1.17	11.88
11/23/10	Cohen & Steers Realty Shares Instl Csrix Sold .979 Shs 11/22/10 @ 36.4	5.30	35.64
11/23/10	Dodge & Cox Intl Stock Sold 1.344 Shs 11/22/10 @ 35.3	5.25	47.52

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
11/23/10	Jhancock Classic Value I Jcvix Sold 3.771 Shs 11/22/10 @ 15.95	6.07	60.11
11/23/10	Hartford Capital Appreciation Y Hcayx Sold 1.674 Shs 11/22/10 @ 35.92	6.69	60.11
11/23/10	Hartford Midcap Y Hmdyx Sold 1.571 Shs 11/22/10 @ 22.62	5.32	35.52
11/23/10	Perkins Mid Cap Value I Jmvax Sold 1.638 Shs 11/22/10 @ 21.68	3.76	35.52
11/23/10	Nuveen Tradewinds Val Opportunites I Nvorx Sold .998 Shs 11/22/10 @ 35.57	5.14	35.52
11/23/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold .837 Shs 11/22/10 @ 28.49	3.10	23.76
11/23/10	Thornburg Investment Income Builder Tibix Sold .632 Shs 11/22/10 @ 18.92	0.73	11.96
11/23/10	Thornburg International Value I Tgvix Sold 1.688 Shs 11/22/10 @ 28.14	5.25	47.52
11/24/10	Artio International Equity II I Jetix Sold 7.371 Shs 11/23/10 @ 12.15	4.27	89.55
11/24/10	Blackrock Equity Dividend I Madvx Sold 5.270 Shs 11/23/10 @ 16.61	5.85	87.53

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
11/24/10	Blackrock Global Allocation I Malox Sold 1.182 Shs 11/23/10 @ 18.93	1.20	22.38
11/24/10	Brandes Instl International Equity Biiox Sold 5.968 Shs 11/23/10 @ 15	2.96	89.55
11/24/10	Cohen & Steers Global Realty I Cspix Sold .560 Shs 11/23/10 @ 39.9	1.77	22.38
11/24/10	Cohen & Steers Realty Shares Instl Csrix Sold 1.860 Shs 11/23/10 @ 36.1	9.51	67.16
11/24/10	Dodge & Cox Intl Stock Sold 2.622 Shs 11/23/10 @ 34.15	7.09	89.55
11/24/10	Jhancock Classic Value I Jcvix Sold 7.201 Shs 11/23/10 @ 15.73	10.09	113.28
11/24/10	Hartford Capital Appreciation Y Hcayx Sold 3.207 Shs 11/23/10 @ 35.34	10.93	113.28
11/24/10	Hartford Midcap Y Hmdyx Sold 2.994 Shs 11/23/10 @ 22.35	9.37	66.93
11/24/10	Perkins Mid Cap Value I Jmvax Sold 3.120 Shs 11/23/10 @ 21.45	6.43	66.93
11/24/10	Nuveen Tradewinds Val Opportunitites I Nvorx Sold 1.904 Shs 11/23/10 @ 35.14	8.97	66.93

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
11/24/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 1.588 Shs 11/23/10 @ 28.15	5.57	44.77
11/24/10	Thornburg Investment Income Builder Tibix Sold 1.202 Shs 11/23/10 @ 18.68	1.10	22.46
11/24/10	Thornburg International Value I Tgvix Sold 3.273 Shs 11/23/10 @ 27.37	7.58	89.55
12/13/10	Artio International Equity II I Jetix Sold 10.749 Shs 12/10/10 @ 12.57	10.75	135.11
12/13/10	Blackrock Equity Dividend I Madvx Sold 7.658 Shs 12/10/10 @ 17.25	13.30	132.07
12/13/10	Blackrock Global Allocation I Malox Sold 1.745 Shs 12/10/10 @ 19.34	2.51	33.77
12/13/10	Brandes Instl International Equity Biiex Sold 8.842 Shs 12/10/10 @ 15.28	6.82	135.11
12/13/10	Cohen & Steers Global Realty I Cssp Sold .825 Shs 12/10/10 @ 40.96	3.40	33.77
12/13/10	Cohen & Steers Realty Shares Instl Csrix Sold 2.729 Shs 12/10/10 @ 37.11	16.75	101.33
12/13/10	Dodge & Cox Intl Stock Sold 3.804 Shs 12/10/10 @ 35.53	15.48	135.11

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
12/13/10	Jhancock Classic Value I Jcvix Sold 10.255 Shs 12/10/10 @ 16.67	23.97	170.92
12/13/10	Hartford Capital Appreciation Y Hcayx Sold 4.615 Shs 12/10/10 @ 37.03	23.63	170.92
12/13/10	Hartford Midcap Y Hmdyx Sold 4.248 Shs 12/10/10 @ 23.78	19.33	100.99
12/13/10	Perkins Mid Cap Value I Jmvax Sold 4.514 Shs 12/10/10 @ 22.38	13.46	100.99
12/13/10	Nuveen Tradewinds Val Opportunites I Nvorx Sold 2.788 Shs 12/10/10 @ 36.22	16.11	100.99
12/13/10	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 2.321 Shs 12/10/10 @ 29.09	10.25	67.55
12/13/10	Thornburg Investment Income Builder Tibix Sold 1.795 Shs 12/10/10 @ 18.93	2.09	33.98
12/13/10	Thornburg International Value I Tgvix Sold 4.777 Shs 12/10/10 @ 28.28	15.48	135.11
01/13/11	Artio International Equity II I Jetix Sold 3.843 Shs 01/12/11 @ 12.55	3.71	48.23
01/13/11	Blackrock Equity Dividend I Madvx Sold 2.659 Shs 01/12/11 @ 17.73	5.90	47.14

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
01/13/11	Blackrock Global Allocation I Malox Sold .611 Shs 01/12/11 @ 19.71	1.10	12.05
01/13/11	Brandes Instl International Equity Biiox Sold 3.104 Shs 01/12/11 @ 15.54	3.14	48.23
01/13/11	Cohen & Steers Global Realty I Cspix Sold .292 Shs 01/12/11 @ 41.33	1.28	12.05
01/13/11	Cohen & Steers Realty Shares Instl Csrix Sold .955 Shs 01/12/11 @ 37.86	6.54	36.17
01/13/11	Dodge & Cox Intl Stock Sold 1.337 Shs 01/12/11 @ 36.07	6.11	48.23
01/13/11	Jhancock Classic Value I Jcvix Sold 3.542 Shs 01/12/11 @ 17.22	10.22	61.01
01/13/11	Hartford Capital Appreciation Y Hcayx Sold 1.574 Shs 01/12/11 @ 38.75	10.78	61.01
01/13/11	Hartford Midcap Y Hmdyx Sold 1.465 Shs 01/12/11 @ 24.58	7.89	36.05
01/13/11	Perkins Mid Cap Value I Jmvax Sold 1.575 Shs 01/12/11 @ 22.93	5.47	36.05
01/13/11	Nuveen Tradewinds Val Opportunitites I Nvorx Sold 1.023 Shs 01/12/11 @ 35.27	4.68	36.05

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
01/13/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold .826 Shs 01/12/11 @ 29.2	3.64	24.11
01/13/11	Thornburg Investment Income Builder Tibix Sold .632 Shs 01/12/11 @ 19.27	0.92	12.17
01/13/11	Thornburg International Value I Tgvix Sold 1.668 Shs 01/12/11 @ 28.93	6.45	48.23
01/14/11	Artio International Equity II I Jetix Sold 7.248 Shs 01/13/11 @ 12.55	4.92	90.96
01/14/11	Blackrock Equity Dividend I Madvx Sold 5.018 Shs 01/13/11 @ 17.72	7.79	88.92
01/14/11	Blackrock Global Allocation I Malox Sold 1.154 Shs 01/13/11 @ 19.71	1.42	22.74
01/14/11	Brandes Instl International Equity Biiex Sold 5.812 Shs 01/13/11 @ 15.65	4.76	90.96
01/14/11	Cohen & Steers Global Realty I Cssp Sold .549 Shs 01/13/11 @ 41.43	1.77	22.74
01/14/11	Cohen & Steers Realty Shares Instl Csrix Sold 1.797 Shs 01/13/11 @ 37.96	8.81	68.22
01/14/11	Dodge & Cox Intl Stock Sold 2.502 Shs 01/13/11 @ 36.35	8.81	90.96

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
01/14/11	Jhancock Classic Value I Jcvix Sold 6.706 Shs 01/13/11 @ 17.16	13.33	115.07
01/14/11	Hartford Capital Appreciation Y Hcayx Sold 2.972 Shs 01/13/11 @ 38.72	14.40	115.07
01/14/11	Hartford Midcap Y Hmdyx Sold 2.766 Shs 01/13/11 @ 24.58	10.58	67.99
01/14/11	Perkins Mid Cap Value I Jmvax Sold 2.972 Shs 01/13/11 @ 22.88	7.20	67.99
01/14/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 1.938 Shs 01/13/11 @ 35.09	5.95	67.99
01/14/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 1.559 Shs 01/13/11 @ 29.17	4.84	45.48
01/14/11	Thornburg Investment Income Builder Tibix Sold 1.183 Shs 01/13/11 @ 19.31	1.26	22.84
01/14/11	Thornburg International Value I Tgvix Sold 3.137 Shs 01/13/11 @ 29	8.82	90.96
02/09/11	Artio International Equity II I Jetix Sold 5.458 Shs 02/08/11 @ 12.58	3.87	68.66
02/09/11	Blackrock Equity Dividend I Madvx Sold 3.660 Shs 02/08/11 @ 18.34	7.95	67.12

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
02/09/11	Blackrock Global Allocation I Malox Sold .858 Shs 02/08/11 @ 20	1.31	17.16
02/09/11	Brandes Instl International Equity Biiox Sold 4.236 Shs 02/08/11 @ 16.21	5.83	68.66
02/09/11	Cohen & Steers Global Realty I Cspix Sold .410 Shs 02/08/11 @ 41.84	1.50	17.16
02/09/11	Cohen & Steers Realty Shares Instl Csrix Sold 1.293 Shs 02/08/11 @ 39.83	8.76	51.50
02/09/11	Dodge & Cox Intl Stock Sold 1.857 Shs 02/08/11 @ 36.97	7.69	68.66
02/09/11	Jhancock Classic Value I Jcvix Sold 4.855 Shs 02/08/11 @ 17.89	13.20	86.86
02/09/11	Hartford Capital Appreciation Y Hcayx Sold 2.207 Shs 02/08/11 @ 39.36	12.10	86.86
02/09/11	Hartford Midcap Y Hmdyx Sold 2.020 Shs 02/08/11 @ 25.41	9.40	51.32
02/09/11	Perkins Mid Cap Value I Jmvax Sold 2.176 Shs 02/08/11 @ 23.58	6.81	51.32
02/09/11	Nuveen Tradewinds Val Opportunitites I Nvorx Sold 1.422 Shs 02/08/11 @ 36.09	5.80	51.32

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
02/09/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 1.146 Shs 02/08/11 @ 29.96	4.45	34.33
02/09/11	Thornburg Investment Income Builder Tibix Sold .878 Shs 02/08/11 @ 19.71	1.28	17.30
02/09/11	Thornburg International Value I Tgvix Sold 2.331 Shs 02/08/11 @ 29.45	7.62	68.66
02/10/11	Artio International Equity II I Jetix Sold 10.555 Shs 02/09/11 @ 12.49	6.54	131.83
02/10/11	Blackrock Equity Dividend I Madvx Sold 7.042 Shs 02/09/11 @ 18.3	15.02	128.87
02/10/11	Blackrock Global Allocation I Malox Sold 1.653 Shs 02/09/11 @ 19.93	2.42	32.95
02/10/11	Brandes Instl International Equity Biiex Sold 8.113 Shs 02/09/11 @ 16.25	11.50	131.83
02/10/11	Cohen & Steers Global Realty I Cssp Sold .791 Shs 02/09/11 @ 41.65	2.74	32.95
02/10/11	Cohen & Steers Realty Shares Instl Csrix Sold 2.480 Shs 02/09/11 @ 39.87	16.89	98.87
02/10/11	Dodge & Cox Intl Stock Sold 3.571 Shs 02/09/11 @ 36.92	14.58	131.83

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
02/10/11	Jhancock Classic Value I Jcvix Sold 9.327 Shs 02/09/11 @ 17.88	25.26	166.77
02/10/11	Hartford Capital Appreciation Y Hcayx Sold 4.267 Shs 02/09/11 @ 39.08	22.24	166.77
02/10/11	Hartford Midcap Y Hmdyx Sold 3.887 Shs 02/09/11 @ 25.35	17.87	98.54
02/10/11	Perkins Mid Cap Value I Jmvax Sold 4.191 Shs 02/09/11 @ 23.51	12.82	98.54
02/10/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 2.746 Shs 02/09/11 @ 35.89	10.64	98.54
02/10/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 2.206 Shs 02/09/11 @ 29.88	8.40	65.91
02/10/11	Thornburg Investment Income Builder Tibix Sold 1.680 Shs 02/09/11 @ 19.69	2.42	33.07
02/10/11	Thornburg International Value I Tgvix Sold 4.484 Shs 02/09/11 @ 29.4	14.42	131.83
03/03/11	Cohen & Steers Global Realty I Csspdx Sold 4114.533 Shs 03/02/11 @ 41.48	13,535.60	170,670.83
03/04/11	Artio International Equity II I Jetix Sold 1754.309 Shs 03/03/11 @ 12.71	1,473.08	22,297.27

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
03/04/11	Blackrock Equity Dividend I Madvx Sold 2101.535 Shs 03/03/11 @ 18.58	5,070.27	39,046.52
03/04/11	Blackrock Global Allocation I Malox Sold 123.738 Shs 03/03/11 @ 20.21	215.02	2,500.74
03/04/11	Brandes Instl International Equity Biiex Sold 2239.618 Shs 03/03/11 @ 16.38	3,468.56	36,684.94
03/04/11	Cohen & Steers Realty Shares Instl Csrix Sold 873.437 Shs 03/03/11 @ 40.24	6,272.63	35,147.12
03/04/11	Dodge & Cox Intl Stock Sold 1134.602 Shs 03/03/11 @ 37.26	5,021.66	42,275.28
03/04/11	Jhancock Classic Value I Jcvix Sold 3626.508 Shs 03/03/11 @ 17.83	9,639.79	64,660.64
03/04/11	Hartford Capital Appreciation Y Hcayx Sold 1165.060 Shs 03/03/11 @ 39.02	5,997.01	45,460.64
03/04/11	Hartford Midcap Y Hmdyx Sold 1834.103 Shs 03/03/11 @ 25.78	9,218.09	47,283.17
03/04/11	Perkins Mid Cap Value I Jmvax Sold 1104.555 Shs 03/03/11 @ 23.75	3,640.49	26,233.18
03/04/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 941.668 Shs 03/03/11 @ 36.38	4,113.35	34,257.88

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
03/04/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 928.834 Shs 03/03/11 @ 30.48	4,096.82	28,310.86
03/04/11	Thornburg Investment Income Builder Tibix Sold 189.519 Shs 03/03/11 @ 19.84	302.51	3,760.06
03/04/11	Thornburg International Value I Tgvix Sold 1531.639 Shs 03/03/11 @ 30.01	5,858.38	45,964.49
03/10/11	Artio International Equity II I Jetix Sold 5.573 Shs 03/09/11 @ 12.54	3.74	69.89
03/10/11	Blackrock Equity Dividend I Madvx Sold 3.694 Shs 03/09/11 @ 18.49	8.59	68.31
03/10/11	Blackrock Global Allocation I Malox Sold .870 Shs 03/09/11 @ 20.08	1.40	17.47
03/10/11	Brandes Instl International Equity Biiex Sold 4.317 Shs 03/09/11 @ 16.19	5.86	69.89
03/10/11	Cohen & Steers Realty Shares Instl Csrix Sold 1.309 Shs 03/09/11 @ 40.03	9.14	52.41
03/10/11	Dodge & Cox Intl Stock Sold 1.901 Shs 03/09/11 @ 36.77	7.47	69.89
03/10/11	Jhancock Classic Value I Jcvix Sold 4.984 Shs 03/09/11 @ 17.74	12.79	88.41

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
03/10/11	Hartford Capital Appreciation Y Hcayx Sold 2.289 Shs 03/09/11 @ 38.63	10.88	88.41
03/10/11	Hartford Midcap Y Hmdyx Sold 2.053 Shs 03/09/11 @ 25.44	9.63	52.24
03/10/11	Perkins Mid Cap Value I Jmvax Sold 2.213 Shs 03/09/11 @ 23.61	6.98	52.24
03/10/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 1.443 Shs 03/09/11 @ 36.19	6.05	52.24
03/10/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 1.154 Shs 03/09/11 @ 30.28	4.86	34.94
03/10/11	Prudential Global Real Estate Z Purzx Sold .885 Shs 03/09/11 @ 19.75	-0.05	17.47
03/10/11	Thornburg Investment Income Builder Tibix Sold .890 Shs 03/09/11 @ 19.73	1.31	17.55
03/10/11	Thornburg International Value I Tgvix Sold 2.348 Shs 03/09/11 @ 29.77	8.41	69.89
03/11/11	Artio International Equity II I Jetix Sold 10.953 Shs 03/10/11 @ 12.26	4.26	134.28
03/11/11	Blackrock Equity Dividend I Madvx Sold 7.228 Shs 03/10/11 @ 18.16	14.40	131.26

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
03/11/11	Blackrock Global Allocation I Malox Sold 1.698 Shs 03/10/11 @ 19.77	2.20	33.57
03/11/11	Brandes Instl International Equity Biiox Sold 8.467 Shs 03/10/11 @ 15.86	8.70	134.28
03/11/11	Cohen & Steers Realty Shares Instl Csrix Sold 2.555 Shs 03/10/11 @ 39.41	16.25	100.71
03/11/11	Dodge & Cox Intl Stock Sold 3.726 Shs 03/10/11 @ 36.04	11.94	134.28
03/11/11	Jhancock Classic Value I Jcvix Sold 9.763 Shs 03/10/11 @ 17.4	21.75	169.87
03/11/11	Hartford Capital Appreciation Y Hcayx Sold 4.494 Shs 03/10/11 @ 37.8	17.65	169.87
03/11/11	Hartford Midcap Y Hmdyx Sold 4.028 Shs 03/10/11 @ 24.92	16.77	100.37
03/11/11	Perkins Mid Cap Value I Jmvax Sold 4.319 Shs 03/10/11 @ 23.24	12.03	100.37
03/11/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 2.821 Shs 03/10/11 @ 35.58	10.06	100.37
03/11/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 2.261 Shs 03/10/11 @ 29.7	8.20	67.14

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
03/11/11	Prudential Global Real Estate Z Purzx Sold 1.730 Shs 03/10/11 @ 19.4	-0.68	33.57
03/11/11	Thornburg Investment Income Builder Tibix Sold 1.723 Shs 03/10/11 @ 19.54	2.23	33.66
03/11/11	Thornburg International Value I Tgvix Sold 4.592 Shs 03/10/11 @ 29.24	14.04	134.28
03/29/11	Artio International Equity II I Jetix Sold 52219.242 Shs 03/28/11 @ 12.49	32,359.76	652,218.33
03/29/11	Blackrock Global Allocation I Malox Sold 8182.434 Shs 03/28/11 @ 19.98	12,337.14	163,485.03
03/29/11	Dodge & Cox Intl Stock Sold 17865.029 Shs 03/28/11 @ 36.18	59,774.85	646,356.75
03/29/11	Perkins Mid Cap Value I Jmvax Sold 20958.119 Shs 03/28/11 @ 23.59	65,722.41	494,402.03
03/30/11	Blackrock Equity Dividend I Madvx Sold 404.074 Shs 03/29/11 @ 18.58	974.88	7,507.69
03/30/11	Cohen & Steers Realty Shares Instl Csrix Sold 37.614 Shs 03/29/11 @ 39.75	251.68	1,495.14
03/30/11	Hartford Midcap Y Hmdyx Sold 164.233 Shs 03/29/11 @ 25.58	792.57	4,201.07

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
04/12/11	Blackrock Equity Dividend I Madvx Sold 3.634 Shs 04/11/11 @ 18.79	9.54	68.29
04/12/11	Brandes Instl International Equity Biix Sold 4.425 Shs 04/11/11 @ 15.79	4.11	69.87
04/12/11	Cohen & Steers Realty Shares Instl Csrix Sold 1.321 Shs 04/11/11 @ 39.66	8.69	52.40
04/12/11	Jhancock Classic Value I Jcvix Sold 4.960 Shs 04/11/11 @ 17.82	13.07	88.38
04/12/11	Hartford Capital Appreciation Y Hcayx Sold 2.290 Shs 04/11/11 @ 38.6	10.78	88.38
04/12/11	Hartford Midcap Y Hmdyx Sold 2.037 Shs 04/11/11 @ 25.64	9.94	52.22
04/12/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 1.435 Shs 04/11/11 @ 36.39	6.22	52.22
04/12/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 1.744 Shs 04/11/11 @ 30.04	4.83	52.40
04/12/11	Prudential Global Real Estate Z Purzx Sold .895 Shs 04/11/11 @ 19.5	-0.25	17.46
04/12/11	Royce Global Value Invmt Rgvix Sold 5.644 Shs 04/11/11 @ 15.49	2.77	87.43

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
04/12/11	Royce Special Equity Instl Rseix Sold 2.374 Shs 04/11/11 @ 22	0.66	52.22
04/12/11	Thornburg Investment Income Builder Tibix Sold 3.502 Shs 04/11/11 @ 19.95	2.28	69.87
04/12/11	Thornburg International Value I Tgvix Sold 2.298 Shs 04/11/11 @ 30.4	9.62	69.87
04/14/11	Blackrock Equity Dividend I Madvx Sold 7.059 Shs 04/13/11 @ 18.59	17.09	131.22
04/14/11	Brandes Instl International Equity Briex Sold 8.512 Shs 04/13/11 @ 15.77	7.75	134.24
04/14/11	Cohen & Steers Realty Shares Instl Csrix Sold 2.546 Shs 04/13/11 @ 39.55	16.43	100.68
04/14/11	Jhancock Classic Value I Jcvix Sold 9.594 Shs 04/13/11 @ 17.7	24.14	169.81
04/14/11	Hartford Capital Appreciation Y Hcayx Sold 4.429 Shs 04/13/11 @ 38.34	19.72	169.81
04/14/11	Hartford Midcap Y Hmdyx Sold 3.936 Shs 04/13/11 @ 25.49	18.65	100.34
04/14/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 2.782 Shs 04/13/11 @ 36.07	11.17	100.34

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
04/14/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 3.380 Shs 04/13/11 @ 29.79	8.50	100.68
04/14/11	Prudential Global Real Estate Z Purzx Sold 1.727 Shs 04/13/11 @ 19.43	-0.61	33.56
04/14/11	Royce Global Value Invmt Rgvix Sold 10.967 Shs 04/13/11 @ 15.31	3.40	167.90
04/14/11	Royce Special Equity Instl Rseix Sold 4.596 Shs 04/13/11 @ 21.83	0.51	100.34
04/14/11	Thornburg Investment Income Builder Tibix Sold 6.756 Shs 04/13/11 @ 19.87	3.85	134.24
04/14/11	Thornburg International Value I Tgvix Sold 4.426 Shs 04/13/11 @ 30.33	18.20	134.24
05/12/11	Blackrock Equity Dividend I Madvx Sold 3.721 Shs 05/11/11 @ 18.82	9.82	70.02
05/12/11	Brandes Instl International Equity Biiex Sold 4.466 Shs 05/11/11 @ 16.04	5.26	71.63
05/12/11	Cohen & Steers Realty Shares Instl Csrix Sold 1.271 Shs 05/11/11 @ 42.26	11.66	53.72
05/12/11	Jhancock Classic Value I Jcvix Sold 5.045 Shs 05/11/11 @ 17.96	14.01	90.61

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
05/12/11	Hartford Capital Appreciation Y Hcayx Sold 2.326 Shs 05/11/11 @ 38.96	11.79	90.61
05/12/11	Hartford Midcap Y Hmdyx Sold 2.046 Shs 05/11/11 @ 26.17	11.08	53.54
05/12/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 1.484 Shs 05/11/11 @ 36.07	5.97	53.54
05/12/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 1.802 Shs 05/11/11 @ 29.81	4.57	53.72
05/12/11	Prudential Global Real Estate Z Purzx Sold .888 Shs 05/11/11 @ 20.15	0.33	17.90
05/12/11	Royce Global Value Invmt Rgvix Sold 5.847 Shs 05/11/11 @ 15.33	1.94	89.64
05/12/11	Royce Special Equity Instl Rseix Sold 2.439 Shs 05/11/11 @ 21.95	0.56	53.54
05/12/11	Thornburg Investment Income Builder Tibix Sold 3.567 Shs 05/11/11 @ 20.08	2.79	71.63
05/12/11	Thornburg International Value I Tgvix Sold 2.340 Shs 05/11/11 @ 30.61	10.28	71.63
05/16/11	Blackrock Equity Dividend I Madvx Sold 7.186 Shs 05/13/11 @ 18.74	18.40	134.66

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
05/16/11	Brandes Instl International Equity Blx Sold 8.702 Shs 05/13/11 @ 15.83	8.44	137.76
05/16/11	Cohen & Steers Realty Shares Instl Csrix Sold 2.466 Shs 05/13/11 @ 41.9	21.72	103.32
05/16/11	Jhancock Classic Value I Jcvix Sold 9.801 Shs 05/13/11 @ 17.78	25.46	174.27
05/16/11	Hartford Capital Appreciation Y Hcayx Sold 4.509 Shs 05/13/11 @ 38.65	21.47	174.27
05/16/11	Hartford Midcap Y Hmdyx Sold 3.953 Shs 05/13/11 @ 26.05	20.94	102.98
05/16/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 2.872 Shs 05/13/11 @ 35.86	10.93	102.98
05/16/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 3.494 Shs 05/13/11 @ 29.57	8.03	103.32
05/16/11	Prudential Global Real Estate Z Purzx Sold 1.724 Shs 05/13/11 @ 19.98	0.33	34.44
05/16/11	Royce Global Value Invmt Rgvix Sold 11.365 Shs 05/13/11 @ 15.16	1.82	172.30
05/16/11	Royce Special Equity Instl Rseix Sold 4.700 Shs 05/13/11 @ 21.91	0.90	102.98

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
05/16/11	Thornburg Investment Income Builder Tibix Sold 6.909 Shs 05/13/11 @ 19.94	4.42	137.76
05/16/11	Thornburg International Value I Tgvix Sold 4.559 Shs 05/13/11 @ 30.22	18.23	137.76
06/15/11	Blackrock Equity Dividend I Madvx Sold 3.817 Shs 06/14/11 @ 18.28	8.02	69.77
06/15/11	Brandes Instl International Equity Biiex Sold 4.593 Shs 06/14/11 @ 15.54	3.12	71.37
06/15/11	Cohen & Steers Realty Shares Instl Csrix Sold 1.309 Shs 06/14/11 @ 40.9	10.21	53.53
06/15/11	Jhancock Classic Value I Jcvix Sold 5.237 Shs 06/14/11 @ 17.24	10.78	90.29
06/15/11	Hartford Capital Appreciation Y Hcayx Sold 2.462 Shs 06/14/11 @ 36.68	6.86	90.29
06/15/11	Hartford Midcap Y Hmdyx Sold 2.132 Shs 06/14/11 @ 25.02	9.10	53.35
06/15/11	Nuveen Tradewinds Val Opportunites I Nvorx Sold 1.521 Shs 06/14/11 @ 35.08	4.60	53.35
06/15/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 1.841 Shs 06/14/11 @ 29.07	3.32	53.53

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
06/15/11	Prudential Global Real Estate Z Purzx Sold .899 Shs 06/14/11 @ 19.85	0.05	17.84
06/15/11	Royce Global Value Invmt Rgvix Sold 5.965 Shs 06/14/11 @ 14.97	-0.17	89.30
06/15/11	Royce Special Equity Instl Rseix Sold 2.564 Shs 06/14/11 @ 20.81	-2.34	53.35
06/15/11	Thornburg Investment Income Builder Tibix Sold 3.641 Shs 06/14/11 @ 19.6	1.10	71.37
06/15/11	Thornburg International Value I Tgvix Sold 2.387 Shs 06/14/11 @ 29.9	8.79	71.37
06/16/11	Blackrock Equity Dividend I Madvx Sold 7.466 Shs 06/15/11 @ 17.97	13.37	134.16
06/16/11	Brandes Instl International Equity Biiex Sold 9.077 Shs 06/15/11 @ 15.12	2.36	137.25
06/16/11	Cohen & Steers Realty Shares Instl Csrix Sold 2.562 Shs 06/15/11 @ 40.18	18.15	102.93
06/16/11	Jhancock Classic Value I Jcvix Sold 10.279 Shs 06/15/11 @ 16.89	17.55	173.62
06/16/11	Hartford Capital Appreciation Y Hcayx Sold 4.829 Shs 06/15/11 @ 35.95	9.98	173.62

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
06/16/11	Hartford Midcap Y Hmdyx Sold 4.165 Shs 06/15/11 @ 24.63	16.15	102.59
06/16/11	Nuveen Tradewinds Val Opportunit I Nvorx Sold 2.959 Shs 06/15/11 @ 34.67	7.75	102.59
06/16/11	Nuveen Tradewinds Global All-Cap I Nwgrx Sold 3.594 Shs 06/15/11 @ 28.64	4.91	102.93
06/16/11	Prudential Global Real Estate Z Purzx Sold 1.761 Shs 06/15/11 @ 19.48	-0.53	34.31
06/16/11	Royce Global Value Invmt Rgvix Sold 11,717 Shs 06/15/11 @ 14.65	-4.11	171.65
06/16/11	Royce Special Equity Instl Rseix Sold 4.995 Shs 06/15/11 @ 20.54	-5.90	102.59
06/16/11	Thornburg Investment Income Builder Tibix Sold 7.093 Shs 06/15/11 @ 19.35	0.36	137.25
06/16/11	Thornburg International Value I Tgvix Sold 4.680 Shs 06/15/11 @ 29.33	14.55	137.25
Fixed Income			
07/12/10	Artio Total Return Bond I Jbgix Sold 34235.468 Shs 07/09/10 @ 13.74	8,497.13	470,395.33
07/12/10	Delaware Diversified Income Instl Dpffx Sold 1944.366 Shs 07/09/10 @ 9.43	244.97	18,335.37

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
07/12/10	Pimco Total Return Fd Instl Sold 1607.302 Shs 07/09/10 @ 11.24	464.46	18,066.07
07/12/10	Templeton Global Bond Adv Tgbax Sold 1254.129 Shs 07/09/10 @ 13.06	415.73	16,378.93
07/12/10	Western Asset Core Plus Bond Instl Wacpx Sold 3471.316 Shs 07/09/10 @ 10.67	1,872.75	37,038.94
07/16/10	Delaware Diversified Income Instl Dpffx Sold 6.501 Shs 07/15/10 @ 9.49	1.20	61.69
07/16/10	Metropolitan West Total Return Bond Mwtix Sold 5.920 Shs 07/15/10 @ 10.42	0.24	61.69
07/16/10	Oppenheimer International Bond Y Sold 8.545 Shs 07/15/10 @ 6.37	-2.35	54.43
07/16/10	Pimco Total Return Fd Instl Sold 5.459 Shs 07/15/10 @ 11.3	1.91	61.69
07/16/10	Templeton Global Bond Adv Tgbax Sold 4.738 Shs 07/15/10 @ 13.02	1.38	61.69
07/16/10	Western Asset Core Plus Bond Instl Wacpx Sold 5.755 Shs 07/15/10 @ 10.72	3.39	61.69
07/19/10	Delaware Diversified Income Instl Dpffx Sold 5.676 Shs 07/16/10 @ 9.5	1.13	53.94
07/19/10	Metropolitan West Total Return Bond Mwtix Sold 5.171 Shs 07/16/10 @ 10.43	0.27	53.94

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
07/19/10	Oppenheimer International Bond Y Sold 7.461 Shs 07/16/10 @ 6.38	-1.99	47.59
07/19/10	Pimco Total Return Fd Instl Sold 4.761 Shs 07/16/10 @ 11.33	1.80	53.94
07/19/10	Templeton Global Bond Adv Tgbax Sold 4.161 Shs 07/16/10 @ 12.96	0.98	53.94
07/19/10	Western Asset Core Plus Bond Instl Wacpx Sold 5.024 Shs 07/16/10 @ 10.73	3.04	53.94
07/20/10	Delaware Diversified Income Instl Dpffx Sold 10.062 Shs 07/19/10 @ 9.49	1.87	95.49
07/20/10	Metropolitan West Total Return Bond Mwtix Sold 9.155 Shs 07/19/10 @ 10.43	0.46	95.49
07/20/10	Oppenheimer International Bond Y Sold 13.228 Shs 07/19/10 @ 6.37	-3.64	84.26
07/20/10	Pimco Total Return Fd Instl Sold 8.443 Shs 07/19/10 @ 11.31	3.03	95.49
07/20/10	Templeton Global Bond Adv Tgbax Sold 7.402 Shs 07/19/10 @ 12.9	1.26	95.49
07/20/10	Western Asset Core Plus Bond Instl Wacpx Sold 8.916 Shs 07/19/10 @ 10.71	5.17	95.49
08/11/10	Delaware Diversified Income Instl Dpffx Sold 5.822 Shs 08/10/10 @ 9.62	1.82	55.99
08/11/10	Sold 10.353 Shs 08/10/10 @ 9.62	3.27	99.60

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
08/11/10	Metropolitan West Total Return Bond Mwtix Sold 5.306 Shs 08/10/10 @ 10.55	0.91	55.99
08/11/10	Sold 9.441 Shs 08/10/10 @ 10.55	1.60	99.60
08/11/10	Oppenheimer International Bond Y Sold 7.497 Shs 08/10/10 @ 6.59	-0.41	49.40
08/11/10	Sold 13.335 Shs 08/10/10 @ 6.59	-0.73	87.88
08/11/10	Pimco Total Return Fd Inst Sold 4.886 Shs 08/10/10 @ 11.46	2.48	55.99
08/11/10	Sold 8.691 Shs 08/10/10 @ 11.46	4.41	99.60
08/11/10	Templeton Global Bond Adv Tgbax Sold 4.194 Shs 08/10/10 @ 13.35	2.60	55.99
08/11/10	Sold 7.461 Shs 08/10/10 @ 13.35	4.62	99.60
08/11/10	Western Asset Core Plus Bond Instl Wacpx Sold 5.165 Shs 08/10/10 @ 10.84	3.65	55.99
08/11/10	Sold 9.188 Shs 08/10/10 @ 10.84	6.49	99.60
09/13/10	Delaware Diversified Income Instl Dpffx Sold 7.319 Shs 09/10/10 @ 9.61	1.00	70.34
09/13/10	Sold 13.351 Shs 09/10/10 @ 9.61	1.81	128.30
09/13/10	Metropolitan West Total Return Bond Mwtix Sold 6.655 Shs 09/10/10 @ 10.57	0.54	70.34
09/13/10	Sold 12.138 Shs 09/10/10 @ 10.57	0.99	128.30
09/13/10	Oppenheimer International Bond Y Sold 9.505 Shs 09/10/10 @ 6.53	-0.75	62.06
09/13/10	Sold 17.335 Shs 09/10/10 @ 6.53	-1.35	113.20

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
09/13/10	Pimco Total Return Fd Instl Sold 6.149 Shs 09/10/10 @ 11.44	1.34	70.34
09/13/10	Sold 11.215 Shs 09/10/10 @ 11.44	2.45	128.30
09/13/10	Templeton Global Bond Adv Tgbax Sold 5.224 Shs 09/10/10 @ 13.47	2.28	70.34
09/13/10	Sold 9.525 Shs 09/10/10 @ 13.47	4.20	128.30
09/13/10	Western Asset Core Plus Bond Instl Wacpx Sold 6.483 Shs 09/10/10 @ 10.85	2.14	70.34
09/13/10	Sold 11.825 Shs 09/10/10 @ 10.85	3.90	128.30
10/19/10	Delaware Diversified Income Instl Dpffx Sold 10.722 Shs 10/18/10 @ 9.78	3.27	104.86
10/19/10	Metropolitan West Total Return Bond Mwtix Sold 9.754 Shs 10/18/10 @ 10.75	2.55	104.86
10/19/10	Oppenheimer International Bond Y Sold 13.236 Shs 10/18/10 @ 6.99	5.04	92.52
10/19/10	Pimco Total Return Fd Instl Sold 8.969 Shs 10/18/10 @ 11.69	4.21	104.86
10/19/10	Templeton Global Bond Adv Tgbax Sold 7.632 Shs 10/18/10 @ 13.74	5.41	104.86
10/19/10	Western Asset Core Plus Bond Instl Wacpx Sold 9.532 Shs 10/18/10 @ 11	4.57	104.86
10/20/10	Delaware Diversified Income Instl Dpffx Sold 20.177 Shs 10/19/10 @ 9.78	6.15	197.33

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
10/20/10	Metropolitan West Total Return Bond Mwtix Sold 18,339 Shs 10/19/10 @ 10.76	4.97	197.33
10/20/10	Oppenheimer International Bond Y Sold 25,271 Shs 10/19/10 @ 6.89	7.11	174.12
10/20/10	Pimco Total Return Fd Instl Sold 16,880 Shs 10/19/10 @ 11.69	7.90	197.33
10/20/10	Templeton Global Bond Adv Tgbax Sold 14,467 Shs 10/19/10 @ 13.64	8.77	197.33
10/20/10	Western Asset Core Plus Bond Instl Wacpx Sold 17,923 Shs 10/19/10 @ 11.01	8.75	197.33
11/23/10	Delaware Diversified Income Instl Dpffx Sold 11,049 Shs 11/22/10 @ 9.69	2.35	107.05
11/23/10	Metropolitan West Total Return Bond Mwtix Sold 10,014 Shs 11/22/10 @ 10.69	2.00	107.05
11/23/10	Oppenheimer International Bond Y Sold 14,140 Shs 11/22/10 @ 6.68	0.98	94.45
11/23/10	Pimco Total Return Fd Instl Sold 9,263 Shs 11/22/10 @ 11.56	3.09	107.05
11/23/10	Templeton Global Bond Adv Tgbax Sold 7,878 Shs 11/22/10 @ 13.59	4.36	107.05
11/23/10	Western Asset Core Plus Bond Instl Wacpx Sold 9,785 Shs 11/22/10 @ 10.94	4.08	107.05

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
11/24/10	Delaware Diversified Income Instl Dpffx Sold 20,816 Shs 11/23/10 @ 9.69	4.46	201.71
11/24/10	Metropolitan West Total Return Bond Mwtix Sold 18,851 Shs 11/23/10 @ 10.7	3.96	201.71
11/24/10	Oppenheimer International Bond Y Sold 26,926 Shs 11/23/10 @ 6.61	0.00	177.98
11/24/10	Pimco Total Return Fd Instl Sold 17,449 Shs 11/23/10 @ 11.56	5.87	201.71
11/24/10	Templeton Global Bond Adv Tgbax Sold 14,997 Shs 11/23/10 @ 13.45	6.22	201.71
11/24/10	Western Asset Core Plus Bond Instl Wacpx Sold 18,438 Shs 11/23/10 @ 10.94	7.68	201.71
12/13/10	Delaware Diversified Income Instl Dpffx Sold 31,903 Shs 12/10/10 @ 9.54	2.01	304.35
12/13/10	Metropolitan West Total Return Bond Mwtix Sold 28,958 Shs 12/10/10 @ 10.51	0.56	304.35
12/13/10	Oppenheimer International Bond Y Sold 41,252 Shs 12/10/10 @ 6.51	-4.11	268.55
12/13/10	Pimco Total Return Fd Instl Sold 28,285 Shs 12/10/10 @ 10.76	-12.56	304.35
12/13/10	Templeton Global Bond Adv Tgbax Sold 22,395 Shs 12/10/10 @ 13.59	12.42	304.35

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
12/13/10	Western Asset Core Plus Bond Instl Wacpx Sold 28,285 Shs 12/10/10 @ 10.76	6.65	304.35
01/13/11	Delaware Diversified Income Instl Dpffx Sold 11,783 Shs 01/12/11 @ 9.22	-2.88	108.64
01/13/11	Metropolitan West Total Return Bond Mwtix Sold 10,446 Shs 01/12/11 @ 10.4	-0.92	108.64
01/13/11	Oppenheimer International Bond Y Sold 14,793 Shs 01/12/11 @ 6.48	-1.90	95.86
01/13/11	Pimco Total Return Fd Instl Sold 10,014 Shs 01/12/11 @ 10.85	-3.55	108.64
01/13/11	Templeton Global Bond Adv Tgbax Sold 7,977 Shs 01/12/11 @ 13.62	4.62	108.64
01/13/11	Western Asset Core Plus Bond Instl Wacpx Sold 10,049 Shs 01/12/11 @ 10.81	2.86	108.64
01/14/11	Delaware Diversified Income Instl Dpffx Sold 22,175 Shs 01/13/11 @ 9.24	-3.20	204.90
01/14/11	Metropolitan West Total Return Bond Mwtix Sold 19,645 Shs 01/13/11 @ 10.43	-0.57	204.90
01/14/11	Oppenheimer International Bond Y Sold 27,814 Shs 01/13/11 @ 6.5	-1.86	180.79
01/14/11	Pimco Total Return Fd Instl Sold 18,833 Shs 01/13/11 @ 10.88	-3.90	204.90

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
01/14/11	Templeton Global Bond Adv Tgbax Sold 15.099 Shs 01/13/11 @ 13.57	5.22	204.90
01/14/11	Western Asset Core Plus Bond Instl Wacpx Sold 18.920 Shs 01/13/11 @ 10.83	3.99	204.90
02/09/11	Delaware Diversified Income Instl Dpffx Sold 16.885 Shs 02/08/11 @ 9.16	-3.78	154.67
02/09/11	Metropolitan West Total Return Bond Mwtix Sold 15.002 Shs 02/08/11 @ 10.31	-2.24	154.67
02/09/11	Oppenheimer International Bond Y Sold 21.158 Shs 02/08/11 @ 6.45	-2.46	136.47
02/09/11	Pimco Total Return Fd Instl Sold 14.388 Shs 02/08/11 @ 10.75	-4.84	154.67
02/09/11	Templeton Global Bond Adv Tgbax Sold 11.390 Shs 02/08/11 @ 13.58	4.03	154.67
02/09/11	Western Asset Core Plus Bond Instl Wacpx Sold 14.442 Shs 02/08/11 @ 10.71	1.30	154.67
02/10/11	Delaware Diversified Income Instl Dpffx Sold 32.384 Shs 02/09/11 @ 9.17	-6.93	296.96
02/10/11	Metropolitan West Total Return Bond Mwtix Sold 28.720 Shs 02/09/11 @ 10.34	-3.43	296.96
02/10/11	Oppenheimer International Bond Y Sold 40.623 Shs 02/09/11 @ 6.45	-4.73	262.02

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
02/10/11	Pimco Total Return Fd Instl Sold 27,599 Shs 02/09/11 @ 10.76	-9.02	296.96
02/10/11	Templeton Global Bond Adv Tgbax Sold 21,932 Shs 02/09/11 @ 13.54	6.89	296.96
02/10/11	Western Asset Core Plus Bond Instl Wacpx Sold 27,650 Shs 02/09/11 @ 10.74	3.32	296.96
03/03/11	Pimco Total Return Fd Instl Sold 127010.844 Shs 03/02/11 @ 10.87	-27,422.02	1,380,607.87
03/10/11	Delaware Diversified Income Instl Dpffx Sold 17,038 Shs 03/09/11 @ 9.24	-2.28	157.43
03/10/11	Metropolitan West Total Return Bond Mwtix Sold 15,108 Shs 03/09/11 @ 10.42	-0.52	157.43
03/10/11	Oppenheimer International Bond Y Sold 21,404 Shs 03/09/11 @ 6.49	-1.56	138.91
03/10/11	Prudential Total Return Bond Z Pdbzx Sold 11,367 Shs 03/09/11 @ 13.85	0.57	157.43
03/10/11	Templeton Global Bond Adv Tgbax Sold 11,559 Shs 03/09/11 @ 13.62	4.38	157.43
03/10/11	Western Asset Core Plus Bond Instl Wacpx Sold 14,523 Shs 03/09/11 @ 10.84	3.04	157.43
03/11/11	Delaware Diversified Income Instl Dpffx Sold 32,735 Shs 03/10/11 @ 9.24	-4.37	302.47

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
03/11/11	Metropolitan West Total Return Bond Mwtix Sold 28.972 Shs 03/10/11 @ 10.44	-0.42	302.47
03/11/11	Oppenheimer International Bond Y Sold 41.378 Shs 03/10/11 @ 6.45	-4.67	266.89
03/11/11	Prudential Total Return Bond Z Pdbzx Sold 21.807 Shs 03/10/11 @ 13.87	1.53	302.47
03/11/11	Templeton Global Bond Adv Tgbax Sold 22.323 Shs 03/10/11 @ 13.55	6.90	302.47
03/11/11	Western Asset Core Plus Bond Instl Wacpx Sold 27.852 Shs 03/10/11 @ 10.86	6.37	302.47
03/30/11	Delaware Diversified Income Instl Dpffx Sold 569.754 Shs 03/29/11 @ 9.2	-98.59	5,241.74
03/30/11	Metropolitan West Total Return Bond Mwtix Sold 340.640 Shs 03/29/11 @ 10.39	-21.97	3,539.25
03/30/11	Oppenheimer International Bond Y Sold 108173.983 Shs 03/29/11 @ 6.54	-2,465.36	707,457.85
03/30/11	Prudential Total Return Bond Z Pdbzx Sold 721.969 Shs 03/29/11 @ 13.83	21.66	9,984.83
03/30/11	Templeton Global Bond Adv Tgbax Sold 686.331 Shs 03/29/11 @ 13.61	253.07	9,340.97
03/30/11	Western Asset Core Plus Bond Instl Wacpx Sold 450.265 Shs 03/29/11 @ 10.81	80.59	4,867.37

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
04/12/11	Delaware Diversified Income Instl Dpffx Sold 17,069 Shs 04/11/11 @ 9.22	-2.61	157.38
04/12/11	Legg Mason Bw Global Opps Bd Is Gobsx Sold 6,883 Shs 04/11/11 @ 10.76	0.55	74.06
04/12/11	Metropolitan West Total Return Bond Mwtix Sold 15,147 Shs 04/11/11 @ 10.39	-0.97	157.38
04/12/11	Oppenheimer International Bond Y Sold 9,789 Shs 04/11/11 @ 6.62	0.56	64.80
04/12/11	Prudential Total Return Bond Z Pdbzx Sold 11,347 Shs 04/11/11 @ 13.87	0.79	157.38
04/12/11	Templeton Global Bond Adv Tgbax Sold 11,339 Shs 04/11/11 @ 13.88	7.24	157.38
04/12/11	Western Asset Core Plus Bond Instl Wacpx Sold 14,545 Shs 04/11/11 @ 10.82	2.74	157.38
04/14/11	Delaware Diversified Income Instl Dpffx Sold 32,689 Shs 04/13/11 @ 9.25	-4.03	302.37
04/14/11	Legg Mason Bw Global Opps Bd Is Gobsx Sold 13,187 Shs 04/13/11 @ 10.79 Commission: 2.85	-1.40	139.44
04/14/11	Metropolitan West Total Return Bond Mwtix Sold 28,990 Shs 04/13/11 @ 10.43	-0.70	302.37

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
04/14/11	Oppenheimer International Bond Y Sold 18.807 Shs 04/13/11 @ 6.62	1.08	124.50
04/14/11	Prudential Total Return Bond Z Pdbzx Sold 21.722 Shs 04/13/11 @ 13.92	2.60	302.37
04/14/11	Templeton Global Bond Adv Tgbax Sold 21.800 Shs 04/13/11 @ 13.87	13.71	302.37
04/14/11	Western Asset Core Plus Bond Instl Wacpx Sold 27.843 Shs 04/13/11 @ 10.86	6.35	302.37
04/21/11	Delaware Diversified Income Instl Dpffx Sold .307 Shs 04/20/11 @ 9.28	-0.03	2.85
05/12/11	Sold 17.220 Shs 05/11/11 @ 9.37	-0.05	161.35
05/12/11	Legg Mason Bw Global Opps Bd Is Gobsx Sold 6.960 Shs 05/11/11 @10.91 Sec Fee/Other Cost: 1.52	0.07	74.41
05/12/11	Metropolitan West Total Return Bond Mwtix Sold 15.308 Shs 05/11/11 @ 10.54	1.31	161.35
05/12/11	Oppenheimer International Bond Y Sold 9.976 Shs 05/11/11 @ 6.66	0.96	66.44
05/12/11	Prudential Total Return Bond Z Pdbzx Sold 11.435 Shs 05/11/11 @ 14.11	3.53	161.35
05/12/11	Templeton Global Bond Adv Tgbax Sold 11.583 Shs 05/11/11 @ 13.93	7.95	161.35

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
05/12/11	Western Asset Core Plus Bond Instl Wacpx Sold 14,668 Shs 05/11/11 @ 11	5.39	161.35
05/16/11	Delaware Diversified Income Instl Dpffx Sold 33,154 Shs 05/13/11 @ 9.36	-0.42	310.32
05/16/11	Legg Mason Bw Global Opps Bd Is Gobsx Sold 13,459 Shs 05/13/11 @ 10.85 Commission: 2.92	-0.65	143.11
05/16/11	Metropolitan West Total Return Bond Mwtix Sold 29,442 Shs 05/13/11 @ 10.54	2.52	310.32
05/16/11	Oppenheimer International Bond Y Sold 19,271 Shs 05/13/11 @ 6.63	1.28	127.77
05/16/11	Prudential Total Return Bond Z Pdbzx Sold 22,024 Shs 05/13/11 @ 14.09	6.36	310.32
05/16/11	Templeton Global Bond Adv Tgbax Sold 22,422 Shs 05/13/11 @ 13.84	13.37	310.32
05/16/11	Western Asset Core Plus Bond Instl Wacpx Sold 28,237 Shs 05/13/11 @ 10.99	10.09	310.32
05/25/11	Delaware Diversified Income Instl Dpffx Sold .474 Shs 05/24/11 @ 9.37	0.00	4.44
06/15/11	Sold 17,195 Shs 06/14/11 @ 9.35	-0.39	160.77
06/15/11	Legg Mason Bw Global Opps Bd Is Gobsx Sold 6,902 Shs 06/14/11 @ 10.96	1.92	75.65

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
06/15/11	Metropolitan West Total Return Bond Mwtix Sold 15.326 Shs 06/14/11 @ 10.49	0.54	160.77
06/15/11	Oppenheimer International Bond Y Sold 9.822 Shs 06/14/11 @ 6.74	1.73	66.20
06/15/11	Prudential Total Return Bond Z Pdbzx Sold 11.402 Shs 06/14/11 @ 14.1	3.40	160.77
06/15/11	Templeton Global Bond Adv Tgbax Sold 11.566 Shs 06/14/11 @ 13.9	7.57	160.77
06/15/11	Western Asset Core Plus Bond Instl Wacpx Sold 14.642 Shs 06/14/11 @ 10.98	5.07	160.77
06/16/11	Delaware Diversified Income Instl Dpffx Sold 32.959 Shs 06/15/11 @ 9.38	0.25	309.16
06/16/11	Legg Mason Bw Global Opps Bd Is Gobsx Sold 13.335 Shs 06/15/11 @ 10.91	3.03	145.48
06/16/11	Metropolitan West Total Return Bond Mwtix Sold 29.388 Shs 06/15/11 @ 10.52	1.91	309.16
06/16/11	Oppenheimer International Bond Y Sold 19.114 Shs 06/15/11 @ 6.66	1.84	127.30
06/16/11	Prudential Total Return Bond Z Pdbzx Sold 21.880 Shs 06/15/11 @ 14.13	7.17	309.16
06/16/11	Templeton Global Bond Adv Tgbax Sold 22.419 Shs 06/15/11 @ 13.79	12.21	309.16

San Mateo County Ccd**

Account Number: 43-E035-01-9

For Period 07/01/10 Through 06/30/11

Sale Activity

Date	Description	Realized Gain/Loss	Cash
06/16/11	Western Asset Core Plus Bond Instl Wacpx Sold 28.080 Shs 06/15/11 @ 11.01	10.57	309.16
Total Sales		\$ 236,702.42	\$ 5,366,031.74

WE MAY SELECT A MONEY MARKET OR OTHER MUTUAL FUND ON YOUR BEHALF FOR INVESTMENT OF ALL OR A PORTION OF YOUR FUNDS. WE RECEIVE ADMINISTRATIVE FEES FROM CERTAIN FUND MANAGERS FOR ADMINISTRATIVE SERVICES WE PROVIDE IN CONNECTION WITH THE ACCOUNTS WE HOLD WITH INVESTMENTS IN THEIR FUNDS. STATE TRUST STATUTES PROVIDE THAT A BENEFICIARY MAY NOT COMMENCE A PROCEEDING AGAINST A TRUSTEE FOR BREACH OF TRUST MORE THAN ONE YEAR AFTER THE DATE THE BENEFICIARY OR A REPRESENTATIVE OF A BENEFICIARY WAS SENT A REPORT THAT ADEQUATELY DISCLOSED THE EXISTENCE OF A POTENTIAL CLAIM FOR BREACH OF TRUST AND INFORMED THE BENEFICIARY OF THE TIME ALLOWED FOR COMMENCING A PROCEEDING. THIS ACCOUNT STATEMENT REPRESENTS THE TRUSTEE'S REPORT OF ITS ACTS AND EACH BENEFICIARY OR A REPRESENTATIVE OF A BENEFICIARY HAS ONE YEAR FROM THE DATE OF MAILING OF THIS TRUSTEE'S REPORT TO COMMENCE A PROCEEDING AGAINST THE TRUSTEE FOR BREACH OF TRUST FOR ANY ACTS DISCLOSED IN THE TRUSTEE'S REPORT. STATE TRUST STATUTES REQUIRE THAT A TRUSTEE WHO RECEIVES COMPENSATION FROM AN INVESTMENT COMPANY OR INVESTMENT TRUST FOR WHICH THE TRUSTEE, OR ITS AFFILIATE, PROVIDE INVESTMENT ADVISORY OR INVESTMENT MANAGEMENT SERVICES, THE TRUSTEE MUST AT LEAST ANNUALLY NOTIFY THE PERSONS ENTITLED TO RECEIVE A COPY OF THE TRUSTEE'S ANNUAL REPORT, THE RATE, FORMULA, OR METHOD BY WHICH THAT COMPENSATION WAS DETERMINED. FINANCIAL COUNSELORS, INC., AN AFFILIATE OF THE MIDWEST TRUST COMPANY, RECEIVES UP TO 60 BASIS POINTS FOR SERVING AS INVESTMENT ADVISOR TO THE FCI EQUITY FUND AND RECEIVES UP TO 40 BASIS POINTS FOR SERVING AS INVESTMENT ADVISOR TO THE FCI FIXED INCOME FUND. IF YOU HAVE ANY QUESTIONS, PLEASE CALL YOUR TRUST OFFICER.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: Retirement Board of Authority
DATE: 07/26/2011

SUBJECT: Review of the Comprehensive Compliance Plan including the Substantive Plan
ITEM #: 2011/2012-010
Enclosure: Yes (Separate)
Action Item: No

Prepared by: Keenan Financial Services
Requested by: Retirement Board of Authority

BACKGROUND:

GASB 43 & 45 state that the actuarial report will be based on the substantive plan, which is comprised of the terms of an OPEB plan as understood by the employer and plan members. Under the Futuris program, Keenan Financial Services prepares a written summary of the Substantive Plan, as part of an overall Comprehensive Compliance Plan, which acts as both a road map and a record of the Retirement Board of Authority's compliance with its fiduciary duties.

STATUS:

The Retirement Board of Authority will discuss a structure for the Comprehensive Compliance including the Substantive Plan. The repositioning of Volumes I, II & III in digital format to comprise an electronic library will also be discussed.

RECOMMENDATION:

The Retirement Board of Authority will hear and review the information.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO: Retirement Board of Authority DATE: 07/26/2011

SUBJECT:	ITEM #:	<u>2011/2012-011</u>
Correspondence	Enclosure:	<u>No</u>
	Action Item	<u>No</u>

Prepared by: Keenan Financial Services
Requested by: Retirement Board of Authority

BACKGROUND:

Communications received by, or sent on behalf of, the Retirement Board of Authority are presented to the governing body. These communications are normally informational in content and no action is required except to acknowledge receipt.

STATUS:

The Retirement Board of Authority will review any correspondence received.

RECOMMENDATION:

If the Retirement Board of Authority decides further discussions or actions are required on any specific communication, they will direct it be placed on a future agenda and/or have staff research the issue further.

**SAN MATEO COUNTY COMMUNITY COLLEGE DISTRICT
RETIREMENT BOARD OF AUTHORITY MEETING**

PRESENTED TO:	DATE:	07/26/2011
Retirement Board of Authority		

SUBJECT:	ITEM #:	<u>2011/2012-012</u>
Market Overview	Enclosure:	<u>Yes</u>
	Action Item	<u>No</u>

Prepared by:	<u>Morgan Stanley Smith Barney</u>
Requested by:	<u>Retirement Board of Authority</u>

BACKGROUND:

As Board members of the Retirement Board of Authority you have a fiduciary responsibility as described in Government Code section 53215, et seq. In fulfilling your fiduciary responsibility, it is important to understand the impact of market conditions on the assets in the Investment Trust.

STATUS:

Morgan Stanley Smith Barney (MSSB) will provide an overview of current capital market conditions.

RECOMMENDATION:

The Retirement Board of Authority should receive the information.



Asset Allocation and Portfolio Updates

Cary M. Allison, CIMA®
Senior Vice President, Senior Investment Management Consultant
March 31, 2011

MODELS (USING CAPITAL MARKET ASSUMPTIONS AND EFFICIENT FRONTIER)

	Portfolio 4.5	Portfolio 5	Portfolio 6	Portfolio 7	Portfolio 8	Portfolio 9
Target Returns	4.5%	5%	6%	7%	8%	9%
EQUITIES						
Large Cap Growth	0%	1%	3%	5%	5%	7%
Large Cap Value	0%	4%	7%	8%	11%	14%
Small/Mid Growth	0%	0%	1%	2%	4%	6%
Small/Mid Value	0%	2%	3%	5%	8%	10%
	0%	7%	14%	20%	28%	37%
International	0%	6%	13%	18%	25%	32%
REITs	0%	1%	3%	4%	5%	7%
Total Equities	0%	14%	30%	42%	58%	76%
FIXED INCOME						
Domestic Intermediate	80%	60%	48%	40%	27%	14%
International Intermediate	20%	26%	22%	18%	15%	10%
Total Fixed Income	100%	86%	70%	58%	42%	24%
Grand Total	100%	100%	100%	100%	100%	100%
PORTFOLIO STATISTICS						
Avg Annual Return	4.61%	5.03%	6.09%	7.11%	8.01%	9.15%
Standard Deviation (Risk)	3.92%	3.89%	5.24%	6.84%	8.66%	11.33%
Sharpe Ratio	0.54	0.65	0.69	0.68	0.64	0.58
Nominal Benchmarks						
Standard & Poor's 500	0%	10%	25%	40%	60%	75%
Barclay's Aggregate Bond	100%	90%	75%	60%	40%	25%

NOTE: The Futuris portfolios listed above are sample representations only and may be altered from time to time at the discretion of the Trustee.

Cary M. Allison, CIMA
 Senior Vice President, Senior Investment Management Consultant

