

**CITY OF POMPANO BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT PERFORMANCE ANALYSIS
SECOND QUARTER 2010**

Note: For a copy of Part II of Southeastern Advisory Services, Inc.'s most recent Form ADV please write: Southeastern Advisory Services, Inc., 12 Piedmont Center, Suite 202, Atlanta, GA 30305, or e-mail your request to kit@seadvisory.com. Part II of Form ADV will be mailed within seven (7) days upon receipt of the request.

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GENERAL EMPLOYEES' RETIREMENT SYSTEM**

INVESTMENT PERFORMANCE ANALYSIS

JUNE 30, 2010

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Executive Summary

CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending June 30, 2010

I. MARKET ENVIRONMENT

Index	Second Quarter	1 Year	3 Year
Standard & Poor's 500 Index	-11.4%	14.4%	-9.8%
MSCI EAFE Index (Net)	-14.0%	5.9%	-13.4%
NCREIF Index	3.3%	-1.5%	-4.7%
CSFB Hedge Index	-2.4%	11.3%	0.0%
Barclays U.S. Aggregate	3.5%	9.5%	7.6%
91 Day Treasury Bills	0.0%	0.2%	1.6%
Consumer Price Index	0.2%	1.1%	1.5%

The dramatic four-quarter rally in global stock markets managed to extend itself into April 2010. However, over May and June the bears rushed into the markets with a vengeance and the second quarter of 2010 yielded a global stock market correction not seen since the fourth quarter of 2008. Consumer confidence has been shaken in recent months from a combination of factors including European sovereign debt issues, the BP oil spill off the US Gulf Coast and a continued elevated level of unemployment in the US. However, there are persistent signs that the fragile US economic recovery continues to develop.

Equities: The S&P 500 Index's somewhat lower -11.4% return for the quarter reflected its very large-cap bias as well as smaller-cap stocks clinging to recent gains more tenaciously. Indeed, the Wilshire US Large Cap's -11.4% return lagged notably behind the US Small Cap's -9.8% and the US Micro Cap's -8.7% for the second quarter. Value-oriented large-cap stocks outperformed growth-oriented large-cap equities (Wilshire US Large Value, -9.9%; Wilshire US Large Growth, -12.9%); however, among small-cap stocks the quarter favored growth over value (Wilshire US Small Growth, -8.4%; Wilshire US Small Value, -11.1%). The best-performing sectors of the S&P 500 in the second quarter were Utilities (-3.8%) and Telecomm Services (-4.3%), while Materials (-15.2%) and Energy (-12.7%) were the worst performers.

Fixed Income: The second quarter of 2010 presented a classic, remarkable flight to safety as investors rotated out of stocks and lower-quality corporate bonds and retreated to US Treasuries. The aggressively accommodative stance of the US Federal Reserve held with no fixed end in sight; near-zero key rates may hold until year-end 2010. The broad bond market performed relatively well during the second quarter (Barclays US Aggregate, 3.5%), but there was notable return variance between economic sectors and maturity bands. Given extremely low short-term Treasury yields, investors sought safety farther up the yield curve and pushed yields markedly lower. Unsurprisingly, long-term Treasuries strongly outperformed shorter-term paper (Barclays 1-3 Year Treasury, 1.2%; Barclays Long Treasury, 12.2%).

Alternatives: Key findings of a recent alternative assets survey conducted by J.P. Morgan shows that institutions are generally expected to increase their average hedge fund allocations. Public funds were shown to expect the fastest rate of growth in hedge assets with average allocations likely to increase from 2.6% to 4.2% over the next two to three years. The state of Georgia will look for a private partner to design, construct and ultimately operate a new train and bus terminal in downtown Atlanta. Georgia's goal is to create a regional transit centre, akin to New York's Grand Central Terminal, that will serve as a one-stop connection point for various modes of transportation. (infrastructureinvestor.com).



II. Live Universe Comparisons and Reporting

Wilshire Public Plan Sponsor Universe



Number of Plans	208
Median Size	\$109.1 Million
Total Assets	\$529.9 Billion
Total Plans over \$1 Billion	35
Total Plans between \$100 - \$1,000 Million	71
Total Plans between \$20 Million - \$100 Million	74
Total Plans under \$20 Million	28

About Wilshire Associates

The Wilshire Cooperative is collaboration between Wilshire Associates and more than 60 independent investment consulting firms. Wilshire provides advanced performance measurement and attribution reporting systems to participating firms while Cooperative members provide asset and performance data for their sponsor clients. These are then pooled into peer groups for comparative purposes. Today, the Wilshire Cooperative is the standard utilized by over 1900 plan sponsors with assets over \$875 billion dollars.

Our Universe Comparisons

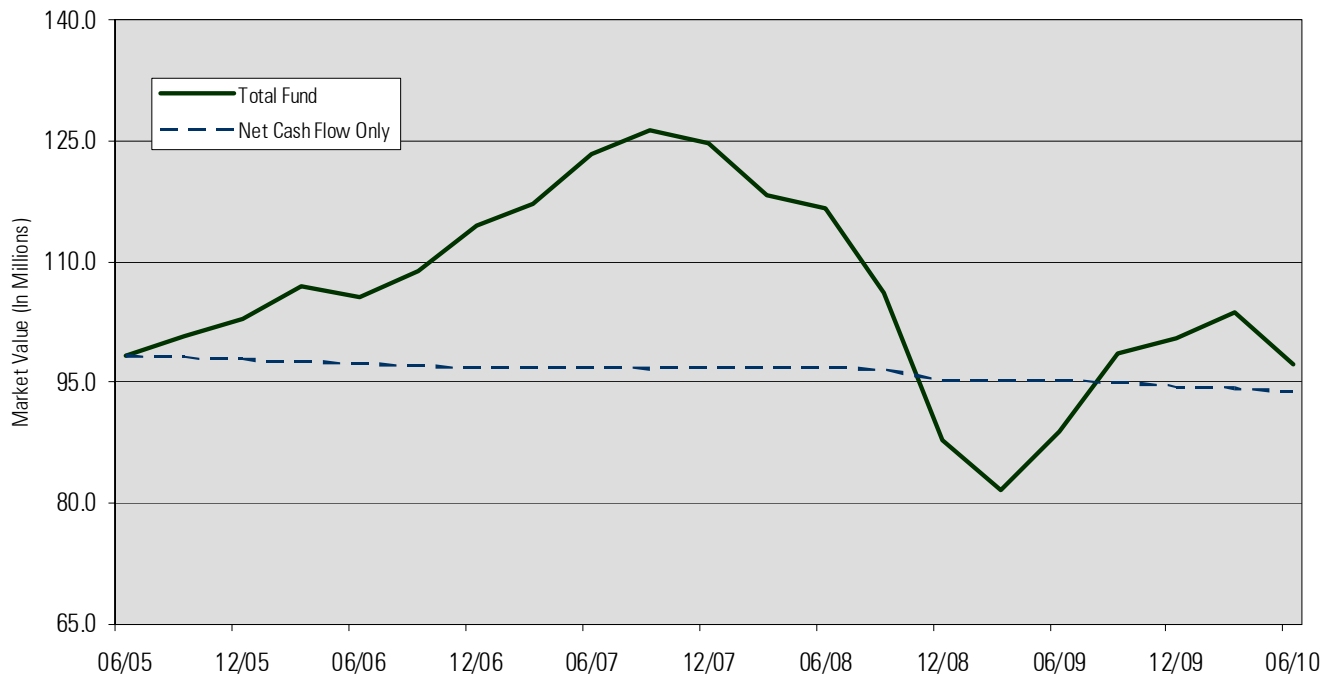
As a Wilshire affiliate, we are granted access to large and diverse peer comparisons, including total fund, portfolio-level, and style-based universes. The Wilshire Public Fund Universe (above) includes the actual, live results of over 200 public pension systems across the country. These are real public funds who face similar investment restrictions and guidelines to your own. These peer-to-peer performance comparisons are critical to the evaluation process.

Our Reporting

Unique to Southeastern Advisory Services is our customized reporting platform. We have the ability to accurately calculate performance against virtually any benchmark, comparison or metric. These industry-leading tools include sophisticated attribution analyses and holdings-based style and characteristic analysis. Our goal is to deliver a clear, easily-understood picture of performance that fairly assesses the effectiveness of your investment policy, strategy and managers. Each performance report is fully-customized based on your input. We welcome your requests and suggestions.



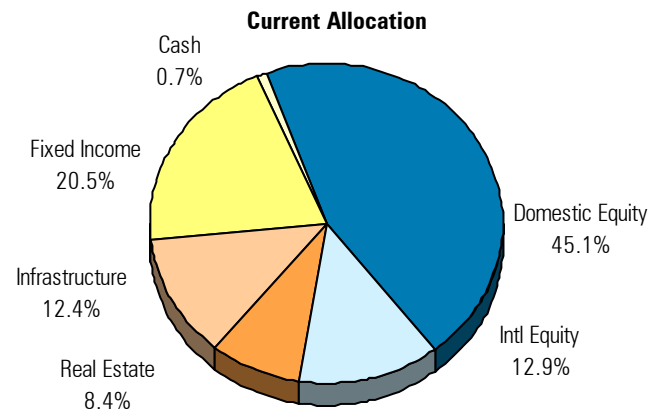
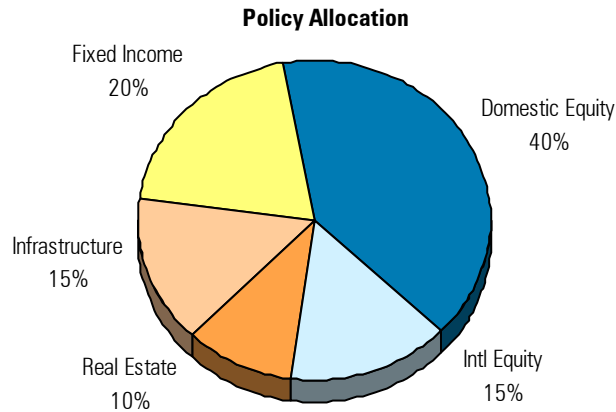
III. PORTFOLIO GROWTH- PERIOD ENDED JUNE 30, 2010



Period Ending	Beginning Value \$(000)	Net Cash Flow	Net Gain/Loss	Ending Value \$(000)	Quarterly Return	Fiscal Yr Return
Sep-05	98,291	-228	2,526	100,589	2.6%	9.8%
Dec-05	100,589	-254	2,428	102,763	2.4%	
Mar-06	102,763	-213	4,248	106,798	4.1%	
Jun-06	106,798	-319	-965	105,513	-0.9%	
Sep-06	105,513	-222	3,590	108,882	3.4%	9.3%
Dec-06	108,882	-288	5,811	114,405	5.3%	
Mar-07	114,405	-2	2,669	117,072	2.3%	
Jun-07	117,072	-39	6,351	123,385	5.4%	
Sep-07	123,385	-32	2,874	126,227	2.4%	16.3%
Dec-07	126,227	104	-1,534	124,797	-1.2%	
Mar-08	124,797	1	-6,647	118,150	-5.3%	
Jun-08	118,150	-12	-1,468	116,671	-1.2%	
Sep-08	116,671	-210	-10,276	106,185	-8.8%	-15.8%
Dec-08	106,185	-1,328	-17,143	87,713	-16.3%	
Mar-09	87,713	-84	-5,993	81,636	-6.8%	
Jun-09	81,636	12	7,153	88,801	8.8%	
Sep-09	88,801	-212	9,915	98,504	11.6%	-5.3%
Dec-09	98,504	-475	2,523	100,552	2.6%	
Mar-10	100,552	-219	3,343	103,676	3.4%	
Jun-10	103,676	-456	-6,139	97,081	-5.6%	0.1%
Total	98,291	-4,477	3,267	97,081	4.1%	
Absolute Return Objective:						8.0%

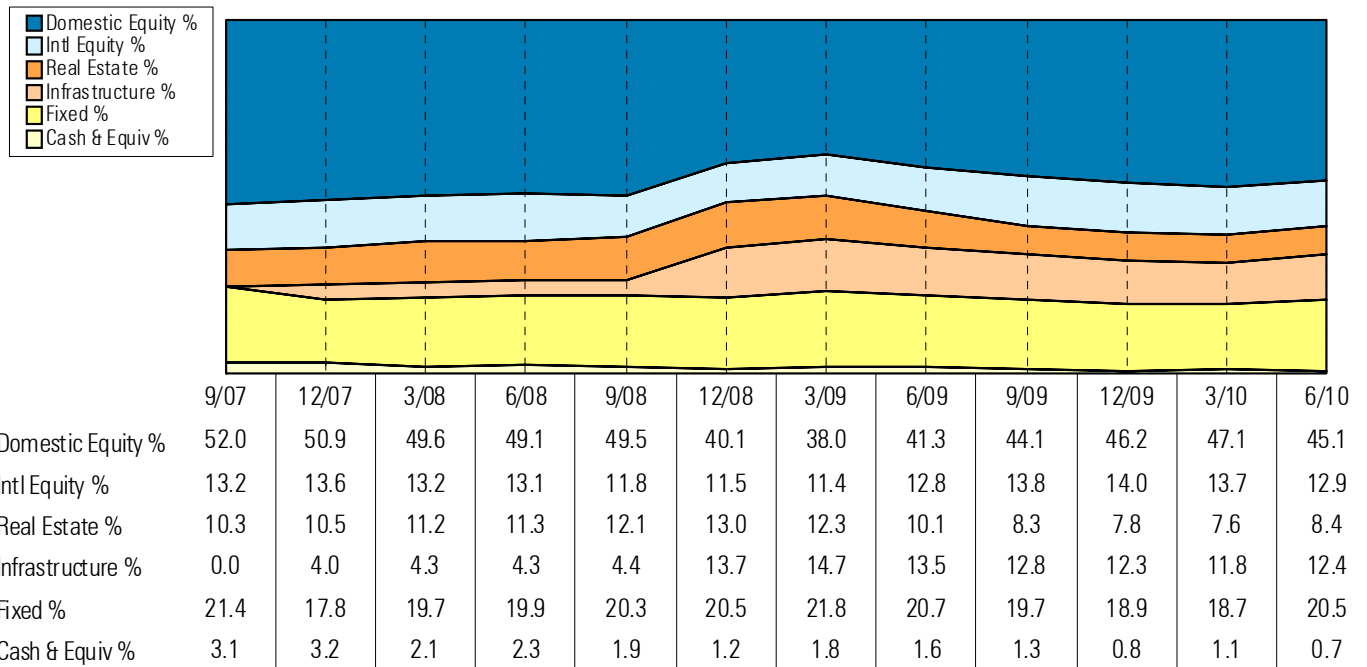


IV. ALLOCATION OF ASSETS



Asset Class	Target Range	Quarter End Allocation	Median Public Plan
Domestic Equity Securities	35%-65%	45.1%	40.2%
Intl Equity Securities	10%-25%	12.9%	12.6%
Real Estate	5%-15%	8.4%	2.9%
Fixed Income Securities	15%-30%	20.5%	32.5%
Infrastructure	10%-20%	12.4%	0.0%
Cash Equivalents	N/A	0.7%	11.8%

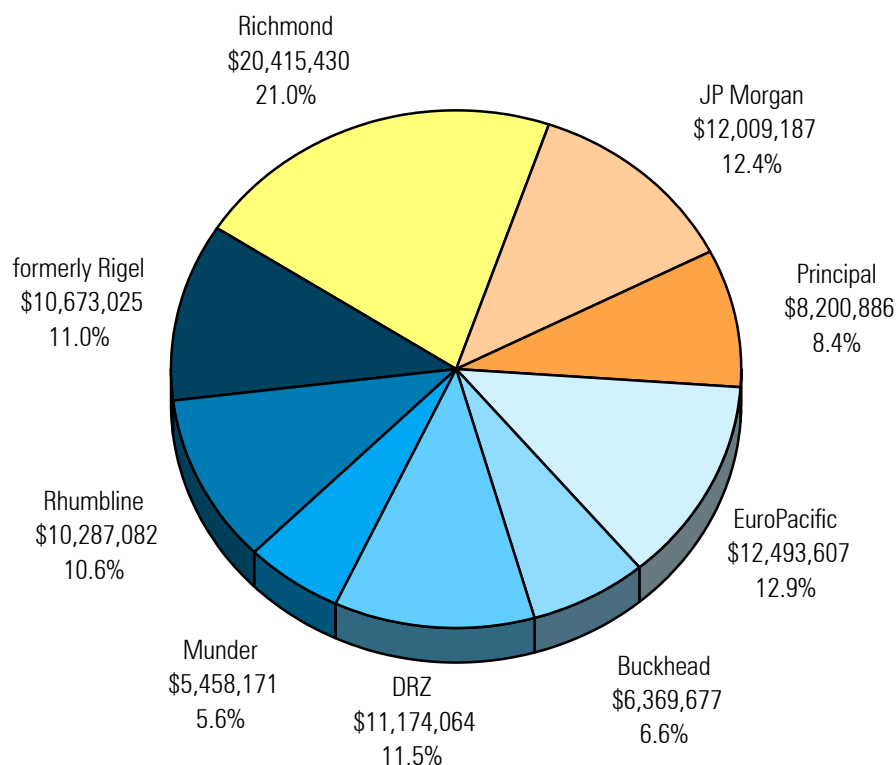
Historical Asset Allocation



Manager	Dom. Equity	Intl Equity	Real Estate	Infrastructure	Fixed Inc	Cash
DePrince, Race, and Zollo	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Rhumblin	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
iShares R1000G (Rigel)	99.9%	0.0%	0.0%	0.0%	0.0%	0.1%
Munder Capital	97.8%	0.0%	0.0%	0.0%	0.0%	2.2%
Buckhead Capital	99.2%	0.0%	0.0%	0.0%	0.0%	0.8%
EuroPacific Growth	0.0%	100.0%	0.0%	0.0%	0.0%	0.0%
Principal U.S. Property	0.0%	0.0%	100.0%	0.0%	0.0%	0.0%
JP Morgan Infrastructure	0.0%	0.0%	0.0%	100.0%	0.0%	0.0%
Richmond Capital	0.0%	0.0%	0.0%	0.0%	100.0%	0.0%
Total Fund	45.1%	12.9%	8.4%	12.4%	20.5%	0.7%



V. MANAGER ALLOCATION AND CASH FLOWS- Quarter ending June 30, 2010



Manager	Beginning Value	% Alloc	Cash In	Cash Out	Gain/Loss	Ending Value	% Alloc
DePrince, Race, and Zollo	\$12,936,291	12.5%	\$0	(\$432,775)	(\$1,329,452)	\$11,174,064	11.5%
Rhumblin	\$11,616,372	11.2%	\$0	\$0	(\$1,329,290)	\$10,287,082	10.6%
iShares Russell 1000 Gr (Rigel)	\$12,239,618	11.8%	\$0	(\$8,001)	(\$1,558,592)	\$10,673,025	11.0%
Munder Capital	\$5,885,460	5.7%	\$0	(\$8,001)	(\$419,288)	\$5,458,171	5.6%
Buckhead Capital	\$7,020,472	6.8%	\$0	(\$8,001)	(\$642,794)	\$6,369,677	6.6%
EuroPacific Growth Fund	\$14,192,701	13.7%	\$0	\$0	(\$1,699,094)	\$12,493,607	12.9%
Principal U.S. Property	\$7,840,523	7.6%	\$0	\$0	\$360,363	\$8,200,886	8.4%
JP Morgan Infrastructure	\$12,244,201	11.8%	\$0	\$0	(\$235,014)	\$12,009,187	12.4%
Richmond Capital Fixed	\$19,700,145	19.0%	\$967	\$0	\$714,318	\$20,415,430	21.0%
Total Fund	\$103,675,783	100%	\$967	(\$456,778)	(\$6,138,843)	\$97,081,129	100%
<i>Receipts & Disbursements Acct.</i>	<i>\$1,182,718</i>		<i>\$2,254,573</i>	<i>(\$2,143,385)</i>	<i>\$7</i>	<i>\$1,293,913</i>	
Total Fund + R&D Acct.	\$104,858,501		\$2,255,540	(\$2,600,163)	(\$6,138,836)	\$98,375,042	

For this report, all performance and asset allocation information for the Total Fund does not include the Receipts & Disbursements Account. The inception date for the JP Morgan account was November 20, 2008.



VI. TOTAL FUND PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Total Fund - Gross of Fees	-5.6%	11.7%	-6.5%	0.8%
Total Fund - Net of Fees	5.8%	11.0%	-6.9%	0.5%
Target Index	-5.3%	10.7%	-3.8%	2.4%
vs. Total Public Fund Sponsors	55	57	96	97
Total Domestic Equities	-11.1%	18.9%	-10.7%	-1.1%
80% Russell 1000/ 20% Russell 2000	-11.1%	16.5%	-9.3%	-0.3%
vs. Equity Returns of Public Funds	51	22	73	69
Total International Equities	-12.0%	9.8%	-7.6%	4.3%
MSCI EAFE Index (Net)	-14.0%	5.9%	-13.4%	0.9%
vs. Intl Equity Returns of Public Funds	32	51	25	46
Total Real Estate	4.6%	-8.9%	-12.8%	n/a
NCREIF ODCE Fund Index	4.3%	-6.0%	-11.0%	n/a
NCREIF Property Index	3.3%	-1.5%	-4.7%	n/a
vs. Real Estate Returns of Total Funds	10	75	64	n/a
Total Infrastructure	-0.8%	3.2%	n/a	n/a
CPI + 4.0%	1.2%	5.0%	5.5%	6.3%
Total Fixed Income	3.7%	12.4%	8.6%	6.2%
Barclays U.S. Aggregate	3.5%	9.5%	7.6%	5.5%
vs. Fixed Inc Returns of Public Funds	16	34	15	25

Current Target Index: 30% Russell 1000 /10% Russell 2000/20% Barclays US Aggregate/15% MSCI EAFE (Net)/10% NCREIF/15% CPI+4%. Prior to 4Q08, the Target Index was comprised of 40% Russell 1000 /10% Russell 2000/30% Barclays US Aggregate/10% MSCI EAFE (Net)/10% NCREIF. Prior to September 2007 the Target Index was comprised of 40% Russell 1000/10% Russell 2000/30% ML Govt/Corp Master/10% MSCI EAFE (Net)/10% NCREIF.

VII. EQUITY MANAGER COMPARISON

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
DePrince, Race, and Zollo	-10.4%	29.1%	-9.5%	0.8%
Russell 1000 Value	-11.1%	16.9%	-12.3%	-1.6%
vs. Large Value Equity Portfolios	42	3	26	24
Rhumblin	-11.4%	15.2%	-9.2%	-0.4%
Russell 1000	-11.4%	15.2%	-9.5%	-0.6%
vs. Large Neutral Equity Portfolios	70	29	35	38
iShares R1000G (formerly Rigel)	-12.7%	8.8%	-13.2%	n/a
Russell 1000 Growth	-11.7%	13.6%	-6.9%	n/a
vs. Large Growth Equity Portfolios	69	86	97	n/a
Munder Capital	-7.1%	24.3%	-7.5%	n/a
Russell MidCap Growth	-10.2%	21.3%	-7.5%	n/a
vs. Midcap Growth Equity Portfolios	20	19	64	n/a
Buckhead Capital	-9.2%	21.1%	-9.5%	0.3%
Russell 2000 Value	-10.6%	25.1%	-9.8%	-0.5%
vs. Small Value Equity Portfolios	35	77	58	67



Equity Portfolio Summary: Total Fund*

	Portfolio	80% R1000/20% R2000
Total Number Of Securities	207	2,996
Equity Market Value	43,808,117	
Average Capitalization \$(000)	20,808,994	53,203,309
Median Capitalization \$(000)	3,697,849	
Equity Segment Yield	2.3	1.9
Equity Segment P/E - Average	20.2	21.6
Equity Segment P/E - Median	15.6	
Equity Segment Beta	1.0	1.1
Price/Book Ratio	1.6	1.8
Debt/Equity Ratio	45.0	40.9
Five Year Earnings Growth	2.1	4.1

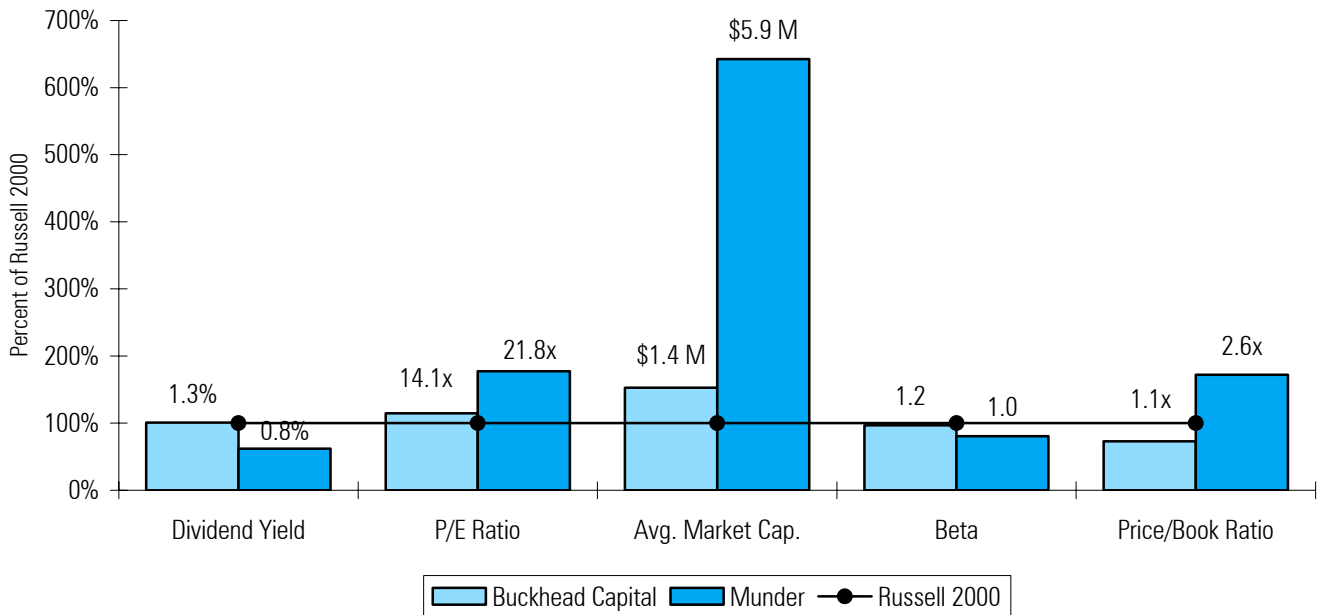
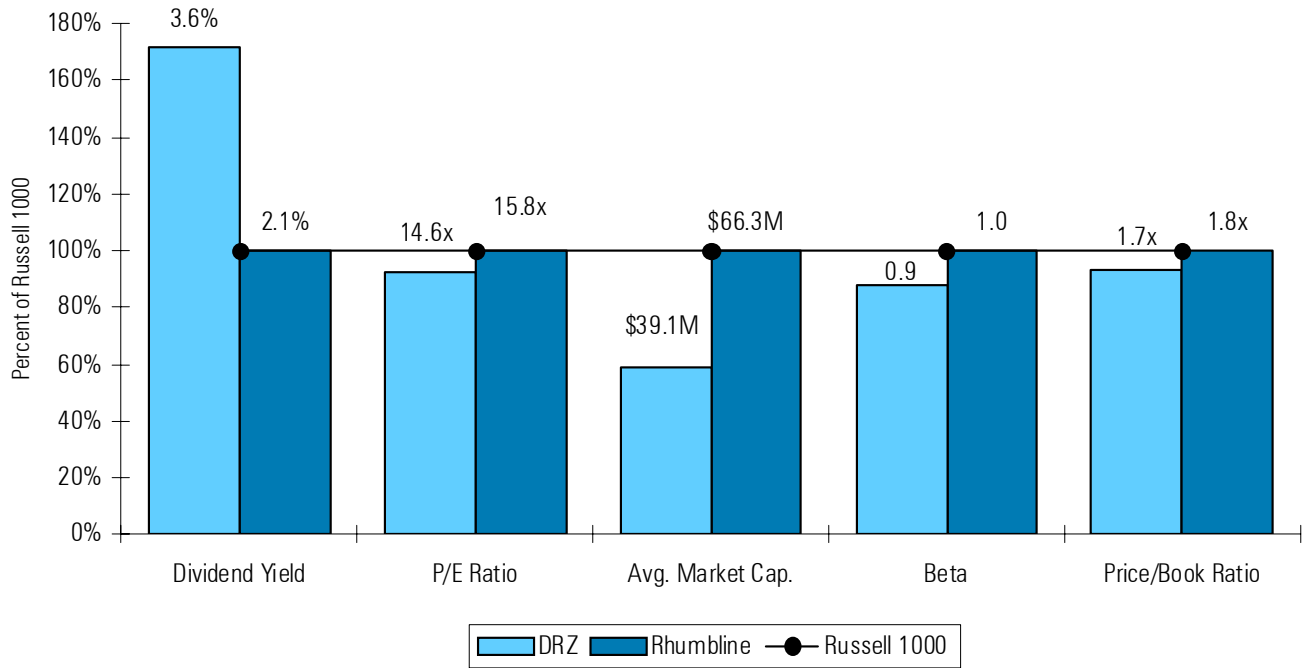
Ten Largest Holdings	Market Value	% of Portfolio	Quarterly Return
Coinstar Inc	289,403	1.3%	32.2%
Applied Materials In	262,036	1.2%	-10.3%
Comstock Res Inc	251,698	1.1%	-12.8%
Bank Hawaii Corp	250,211	1.1%	8.6%
Tidewater Inc.	240,645	1.1%	-17.6%
Wilmington Trust Cor	235,274	1.0%	-33.0%
Raymond James Finl I	234,185	1.0%	-7.3%
Johnson & Johnson	230,334	1.0%	-8.6%
Fresh Del Monte Prod	228,510	1.0%	-0.1%
Vulcan Matls Co	223,533	1.0%	-6.8%

Ten Best Performers	Quarterly Return	Ten Worst Performers	Quarterly Return
Coinstar Inc	32.2%	Nokia Corp	-45.8%
Akamai Technologies	29.2%	Nvidia Corp	-41.3%
Chipotle Mexican Gri	21.4%	Central European Dis	-38.9%
Stericycle Inc	20.3%	Thq Inc	-38.4%
Sunoco Inc	17.6%	Guess Inc	-33.2%
Arm Hldgs Plc	16.6%	Wilmington Trust Cor	-33.0%
Netapp Inc	14.6%	Sonic Corp	-29.9%
O Reilly Automotive	14.0%	Baxter Intl Inc	-29.7%
Pantry Inc	13.0%	On Assignment Inc	-29.5%
Core Laboratories N	12.9%	Veolia Environnement	-29.1%

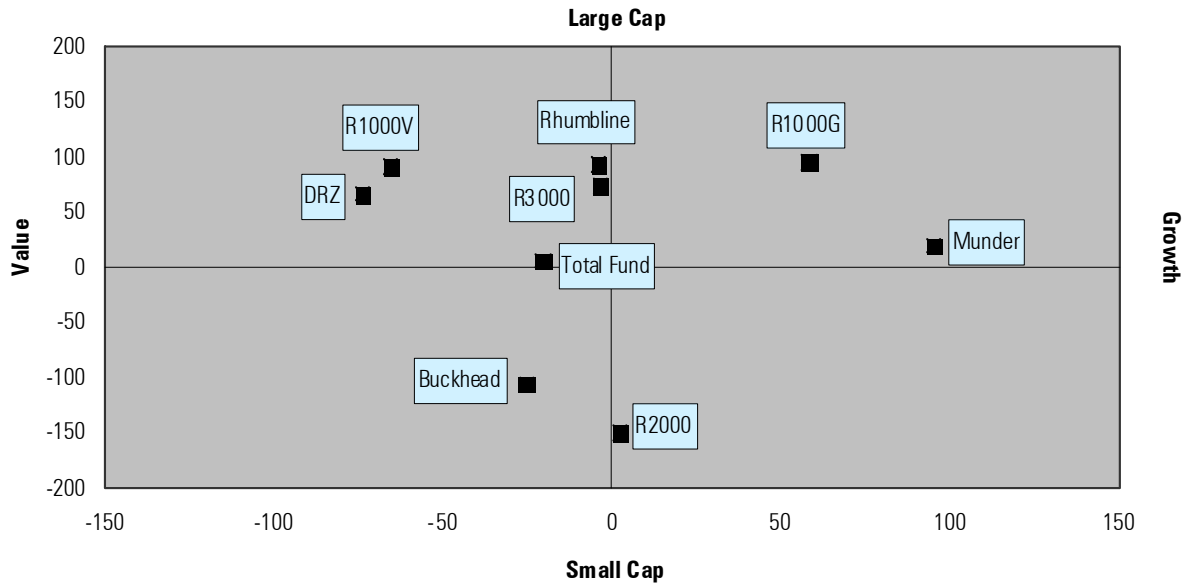
*Does not include Rhumblin or iShares Russell 1000 Growth as they are invested in a commingled account.



Equity Portfolio Characteristics



Equity Style Map (Current Quarter)



	Growth-Value	Size		Growth-Value	Size
Buckhead Capital	-25.3	-106.0	Russell 2000	2.3	-150.5
DePrince Race Zollo	-73.7	65.9	Russell 3000	-3.5	73.4
Munder Capital	95.4	19.1	Russell 1000 Growth	58.5	94.9
Rhumblin	-4.0	93.1	Russell 1000 Value	-65.3	91.3
Total Fund	-20.2	5.4			

VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
EuroPacific Growth	-12.0%	9.8%	-7.6%	5.1%
MSCI EAFE (Net)	-14.0%	5.9%	-13.4%	0.9%
vs. International Equity Mutual Funds	44	44	23	28



American Funds EuroPacific Gr R6

Overall Morningstar Rtg™ **★★★★☆ (655)**
 Incept 05-01-09 Type MF Total Assets \$7,729 mil Morningstar Cat Foreign Large Blend (MF)
 Standard Index MSCI Eafe Ndrtr_D Category Index MSCI AC World Ex USA NR

Performance 06-30-2010					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2008	-7.94	-2.35	-18.04	-19.28	-40.53
2009	-7.96	22.34	19.59	3.49	39.35
2010	0.81	-11.95	—	—	-11.24
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	—	—	—	—	17.80
Std Quarterly	—	—	—	—	17.80
Total Return	9.84	-7.79	5.09	2.76	17.80
+/- Std Index	3.92	5.59	4.21	2.60	—
+/- Cat Index	-0.59	2.91	1.71	0.90	—
% Rank Cat	22	5	8	10	—
No. in Cat	813	655	473	260	—
7-day Yield	—	—	—	—	—

Performance Disclosure
 The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and ten-year (if applicable) Morningstar metrics.
 The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate thus an investor's shares, when redeemed, may be worth more or less than their original cost.
 Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-421-0180 or visit www.americanfunds.com.

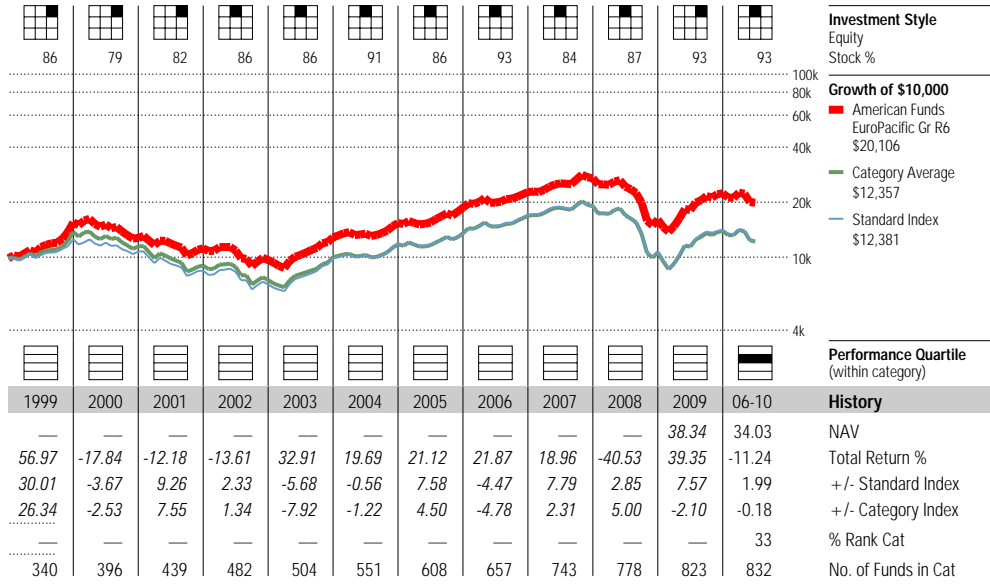
Fees and Expenses	
Sales Charges	NA
Front-End Load %	NA
Deferred Load %	NA
Fund Expenses	
Management Fees %	0.43
12b1 Expense %	NA
Prospectus Gross Exp Ratio %	0.52

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
	655 funds	473 funds	260 funds
MorningstarRating™	5☆	5☆	5☆
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	+Avg
	3 Yr	5 Yr	10 Yr
Standard Deviation	23.91	19.84	17.29
Mean	-7.79	5.09	2.76
Sharpe Ratio	-0.27	0.22	0.10

MPT Statistics	Standard Index	Best Fit Index
Alpha	5.22	—
Beta	0.94	—
R-Squared	96.00	—

12-Month Yield	
30-day SEC Yield	—
Potential Cap Gains Exp	-5.00% Assets

Operations	
Family:	American Funds
Manager:	Knowles/Lee/Grace/Lyckeus/Bepler
Tenure:	11.3 Years



Portfolio Analysis 03-31-2010	
Composition %	Long % Short% Net %
Cash	6.2 0.0 6.2
U.S. Stocks	0.1 0.0 0.1
Non-U.S. Stocks	93.3 0.0 93.3
Bonds	0.4 0.0 0.4
Other	0.0 0.0 0.0
Total	100.0 0.0 100.0
Equity Style	Portfolio Statistics Port Avg Rel Index Cat
Value Blend Growth	P/E Ratio TTM 17.2 1.50 1.34
	P/C Ratio TTM 7.5 1.27 1.07
	P/B Ratio TTM 2.0 1.54 1.18
	Geo Avg Mkt 35737 1.46 1.60
	Cap \$mil
Fixed-Income Style	Short Int Long Avg Eff Duration Avg Eff Maturity Avg Credit Quality Avg Wtd Coupon Avg Wtd Price
	— — — — — — — —

Share Chg since 12-31-2009	Share Amount	275 Total Stocks	13 Total Fixed-Income	26% Turnover Ratio	% Net Assets
⊕	50 mil	America Movil S.A.B. de C.V.			2.61
⊕	41 mil	Anheuser-Busch InBev SA			2.14
⊖	30 mil	Bayer AG			2.07
⊕	35 mil	Novartis AG			1.93
⊖	22 mil	Novo Nordisk A/S			1.77
⊖	10 mil	Roche Holding AG			1.68
⊖	56 mil	Telefonica, S.A.			1.36
⊖	96 mil	Banco Santander SA			1.32
⊖	24 mil	Nestle SA			1.24
⊖	2 mil	Samsung Electronics Co Ltd			1.24
⊖	50 mil	AO Gazprom			1.20
⊖	24 mil	Sap AG			1.20
⊕	207 mil	Barclays PLC			1.16
⊖	18 mil	Teva Pharmaceutical Industrie			1.14
⊕	57 mil	Xstrata PLC			1.11

Credit Analysis 06-30-2010	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—

Sector Weightings		Stocks %	Rel Std Index
Information Economy		17.3	—
Software		1.7	—
Hardware		4.8	—
Media		1.0	—
Telecommunication		9.8	—
Service Economy		41.7	—
Healthcare Services		12.0	—
Consumer Services		5.0	—
Business Services		2.1	—
Financial Services		22.7	—
Manufacturing Economy		41.0	—
Consumer Goods		17.2	—
Industrial Goods		13.4	—
Energy		7.6	—
Utilities		2.7	—

Regional Exposure		Stocks %	Rel Std Index
Americas		10.5	—
Greater Europe		62.6	—
Greater Asia		26.9	—

IX. REAL ESTATE PERFORMANCE COMPARISONS

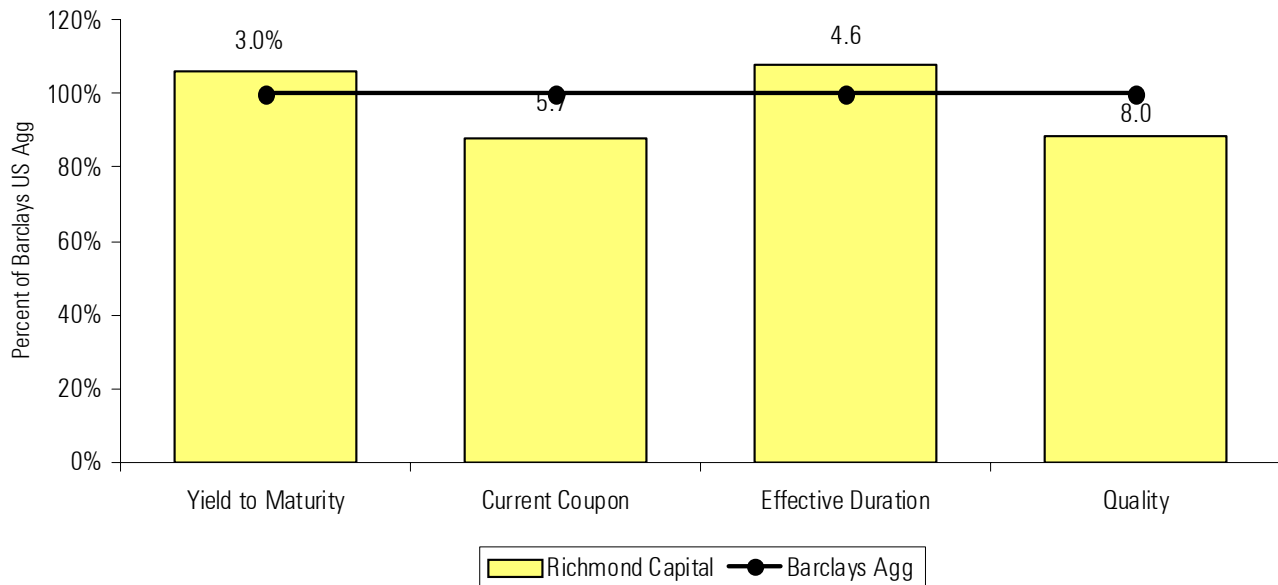
Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Principal U.S. Property	4.6%	-8.9%	-12.8%	n/a
NCREIF ODCE Fund Index	4.3%	-6.0%	-11.0%	n/a
NCREIF Property Index	3.3%	-1.5%	-4.7%	n/a
vs. Real Estate Portfolios	14	69	65	n/a

X. FIXED INCOME/ABSOLUTE RETURN PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Richmond Capital	3.6%	12.1%	8.4%	6.0%
Barclays US Aggregate	3.5%	9.5%	7.6%	5.5%
vs. Core Fixed Income Portfolios	34	35	36	2
JP Morgan Infrastructure	-0.8%	3.2%	n/a	n/a
CPI + 4.0%	1.2%	5.0%	6.1%	6.6%
vs. Intermediate Fixed Income Funds	9	99	n/a	n/a

The inception date for the JP Morgan Infrastructure account was November 20, 2008.

Fixed Income Portfolio Characteristics



XI. POLICY COMPLIANCE - For Discussion Only

A. Investment Guidelines: Total Fund

Goal	1 Year	3 Years	5 Years
Exceed Target Index	✓	✗	✗
Rank Above 50 th Percentile in Public Fund Universe	57 th	96 th	97 th
Earn Average Annual Return of 8.0%	✓	✗	✗
Standard Deviation Relative to Target Index	N/A	>	>

Guideline	Total Fund
Equity securities limited to less than 70% of Total Fund market value	58.0%
Investment in foreign company stock limited to 25% of value of Total Fund	12.9%
Investment in real estate limited to 15% of value of Total Fund	8.4%
Equity securities with Market Cap of less than \$5 billion limited to 25% of market value of Total Fund	✓
Fixed Income portfolio average credit quality of "A" or better	✓
Fixed Income portfolio duration should be < 135% of the market index duration	✓
< 5% of fixed income portfolio (at cost) shall be invested in single corp. issuer	✓

B. Investment Guidelines: DePrince, Race, and Zollo (DRZ)

DePrince, Race, and Zollo Goal	3 Years	5 Years
Exceed Russell 1000 Value performance	✓	✓
Rank Above 50 th Percentile in Large Cap Value Portfolio Universe	✓	✓
Standard Deviation Relative to Russell 1000 Value	>	>

Guideline	Total Fund
Equity securities: <5% equity portfolio cost/market value per single issuer	✓
Cash securities may not exceed 25% (at market) of portfolio	✓

C. Investment Guidelines: Rhumblin

Rhumblin Goal	3 Years	5 Years
Match Russell 1000 performance	✓	✓
Rank Above 50 th Percentile in Large Cap Neutral Universe	✓	✓
Standard Deviation Relative to Russell 1000	<	<



D. Investment Guidelines: Rigel Capital

Rigel Capital Goal	3 Years	5 Years
Exceed Russell 1000 Growth performance	x	N/A
Rank Above 50 th Percentile in Large Cap Growth Universe	97 th	N/A
Standard Deviation Relative to Russell 1000 Growth	>	N/A

Guideline	Total Fund
Equity securities: <5% equity portfolio cost/market value per single issuer	✓
Cash securities may not exceed 25% (at market) of portfolio	✓

E. Investment Guidelines: Munder Capital

Munder Capital Goal	3 Years	5 Years
Exceed Russell Midcap Growth performance	✓	N/A
Rank Above 50 th Percentile in Mid Cap Growth Universe	64 th	N/A
Standard Deviation Relative to Russell Midcap Growth	<	N/A

Guideline	Total Fund
Equity securities: <5% equity portfolio cost/market value per single issuer	✓
Cash securities may not exceed 25% (at market) of portfolio	✓

F. Investment Guidelines: Buckhead Capital

Buckhead Capital Goal	3 Years	5 Years
Exceed Russell 2000 Value performance	✓	x
Rank Above 50 th Percentile in Small Cap Value Universe	58 th	67 th
Standard Deviation Relative to Russell 2000 Value	<	<

Guideline	Total Fund
Equity securities: <5% equity portfolio cost value per single issuer	✓
Cash securities may not exceed 25% (at market) of portfolio	✓



G. Investment Guidelines: EuroPacific Growth

EuroPacific Growth Goal	3 Years	5 Years
Exceed MSCI EAFE (Net) performance	✓	✓
Rank Above 50 th Percentile in Intl Equity Fund Universe	✓	✓
Standard Deviation Relative to MSCI EAFE (Net)	<	<

H. Investment Guidelines: Principal U.S. Property Separate Account

Principal U.S. Property Goal	3 Years	5 Years
Exceed NCREIF Index performance	✗	N/A
Rank Above 50 th Percentile in Real Estate Portfolio Universe	74 th	N/A
Standard Deviation Relative to NCREIF Index	>	N/A

I. Investment Guidelines: Richmond Capital

Richmond Capital Goal	3 Years	5 Years
Exceed Barclays Aggregate Index performance	✓	✓
Rank Above 50 th Percentile in Core Fixed Income Universe	✓	✓
Standard Deviation Relative to Barclays Aggregate	>	>

Guideline	Total Fund
Fixed Income portfolio average credit quality of "A" or better	✓
Fixed Inc. portfolio duration should be < 135% of the index duration	✓
< 5% of fixed income portfolio (at cost) shall be invested in single corp issuer	✓



J. Manager Status

Manager	Status	Effective Date
DePrince, Race, and Zollo	Good Standing	
Rhumblin	Good Standing	
Rigel Capital	Terminated	2Q2010
Munder Capital	Good Standing	
Buckhead Capital	Good Standing	
EuroPacific Growth	Good Standing	
Principal U.S. Property	Under Review	3Q2008
Richmond Capital	Good Standing	
JP Morgan Infrastructure	Good Standing	

XII. COMMISSION RECAPTURE SUMMARY

Period	Commissions Paid	Commissions Received through Recapture/Rebates
4Q2009	\$26,659	\$798
1Q2010	\$23,541	\$450
2Q2010	\$18,336	\$576
3Q2010		
Fiscal YTD 2010	\$68,537	\$1,823

Source for commissions paid: Salem Trust custodial statements

XIII. NOTES

- 1) The prior investment consultant, Merrill Lynch Consulting Services, provided all performance and market value data for periods prior to December 31, 2006.
- 2) Performance data for The Plan is based on market value and transaction information provided in the Salem Trust accounting statements. The statements currently provided by Salem Trust are trade date statements.
- 3) Salem Trust reports the JP Morgan Infrastructure fund values via a "shadow entry" which causes this valuation to generally trail by one quarter. Because Salem Trust is the official record-keeper, SEAS uses only these statements for all performance reporting.

