

**CITY OF POMPANO BEACH
GENERAL EMPLOYEES' RETIREMENT SYSTEM
INVESTMENT PERFORMANCE ANALYSIS
THIRD 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

SEPTEMBER 30, 2010

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Executive Summary

CITY OF POMPANO BEACH GENERAL EMPLOYEES' RETIREMENT SYSTEM

Quarter Ending September 30, 2010

I. MARKET ENVIRONMENT

Index	Third Quarter	1 Year	3 Year
Standard & Poor's 500 Index	11.3%	10.2%	-7.2%
MSCI EAFE Index (Net)	16.5%	3.3%	-9.5%
NCREIF Index	3.9%	5.8%	-4.6%
CSFB Hedge Index	5.3%	9.3%	1.4%
Barclays U.S. Aggregate	2.5%	8.2%	7.4%
91 Day Treasury Bills	0.0%	0.1%	1.1%
Consumer Price Index	0.2%	1.1%	1.6%

The third quarter of 2010 found global stock markets rebounding strongly from their losses in the previous quarter, despite signs that the US economy's fragile recovery from the recession that ended in June 2009 was running out of momentum. U.S. real GDP growth slowed to an annual rate of 1.7% in the second quarter versus the 5.0% and 3.7% annual rates calculated for fourth quarter 2009 and first quarter 2010, respectively. Non-farm payrolls shed an estimated 218,000 jobs over the quarter, raising the official national unemployment rate to 9.6% from last quarter's 9.5%; year-to-date, however, the economy has added an estimated 613,000 jobs (source: Bureau of Labor Statistics).

Equities: The U.S. stock market rebounded strongly in the third quarter from the sharp losses experienced in the second quarter. The Wilshire 5000 Total Market Index surged 11.5% in Q3, bringing its year-to-date performance into positive territory at 5.0%. Small capitalization stocks experienced the strongest gains during the third quarter. The Wilshire U.S. Small Cap Index narrowly outpaced the Wilshire U.S. Large Cap Index, with returns of 12.0% and 11.5%, respectively. Among large-cap stocks, growth style was favored over value style for the quarter, as the Wilshire U.S. Large Growth Index outdistanced the Wilshire Large Value with 12.9% and 10.1% returns, respectively. This pattern was repeated in the small-cap segment of the market, with the Wilshire Small Growth at 13.3% outperforming the Wilshire Small Value at 10.7%.

Fixed Income: Investor cash has continued to flow into fixed income funds, and there have been record levels of new debt issuance. Net inflows into bonds combined with continued low interest rates and the widely-anticipated, upcoming influx of Fed cash into the Treasury markets to nudge Treasury yields lower over the quarter. Near-zero yields on short-term bonds sent investors looking for yield in longer-term paper; the Barclays U.S. 1-3 Year Treasury index's 0.6% was handily outdistanced by the Barclays U.S. Long Treasury's 5.2% return. The same pursuit of higher-yielding fixed income drove investors to credits, driving yield spreads on investable corporate paper lower and pushing the return on the Barclays U.S. Credit index to 4.7%, besting both Government (Barclays U.S. Government, 2.5%) and Mortgage-Backed securities (Barclays MBS, 0.6%).

Alternatives: Hedge funds posted their best performing month in 2010 during September. The HFRX Global Hedge Fund Index was +1.7% led by Long/Short Equity (+3.5%), Distressed Securities (+2.6%) and Event Driven (+2.3%) strategies. Despite continued challenges in commercial real estate, many asset managers have shored up their portfolios from a year ago thanks to capital inflows, lower borrowing costs and stabilization of property prices over the past two quarters.



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

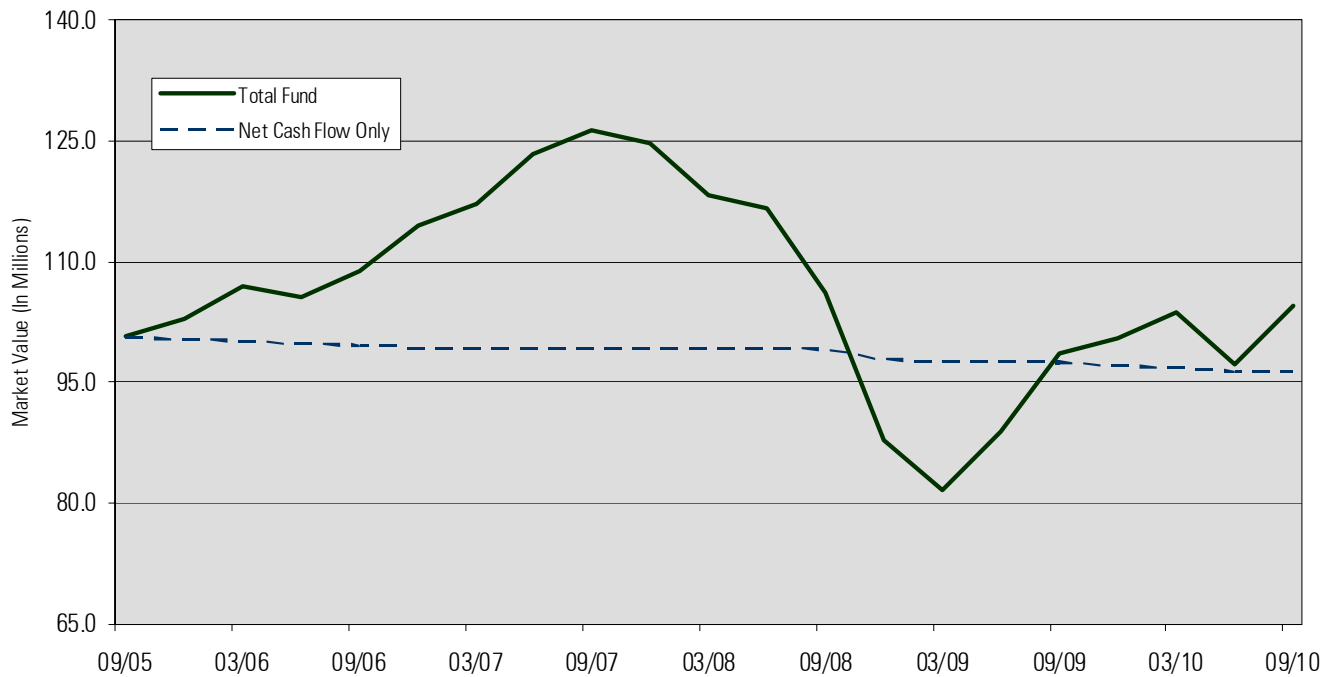
As a Wilshire affiliate, we are granted access to large and diverse peer comparisons, including total fund, portfolio-level, and style-based universes. The Wilshire Public Fund Universe (above) includes the actual, live results of over 200 public pension systems across the country. These are real public 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.



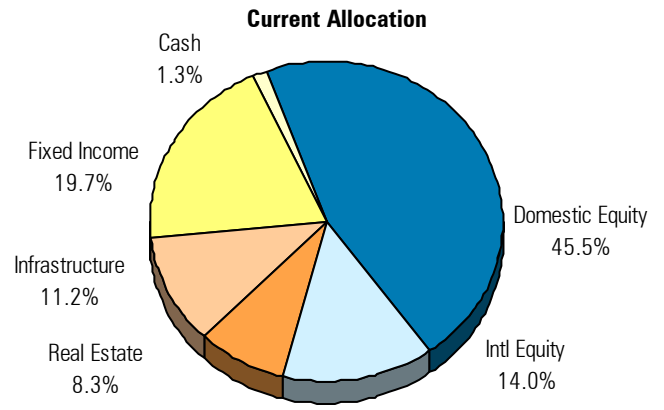
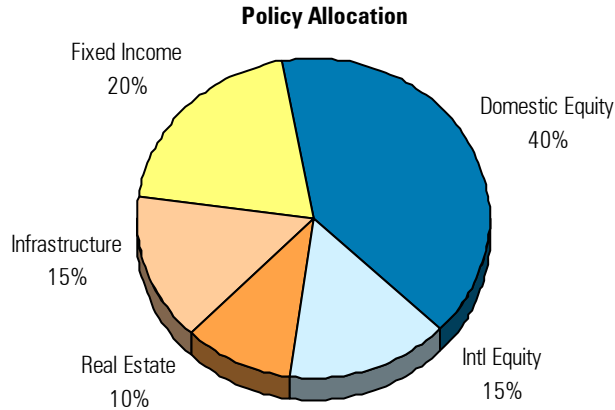
III. PORTFOLIO GROWTH- PERIOD ENDED SEPTEMBER 30, 2010



Period Ending	Beginning Value \$(000)	Net Cash Flow	Net Gain/Loss	Ending Value \$(000)	Quarterly Return	Fiscal Yr Return
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%	
Sep-10	97,081	32	7,418	104,530	7.3%	7.5%
Total	100,589	-4,217	8,158	104,530	9.0%	
Absolute Return Objective:						8.0%

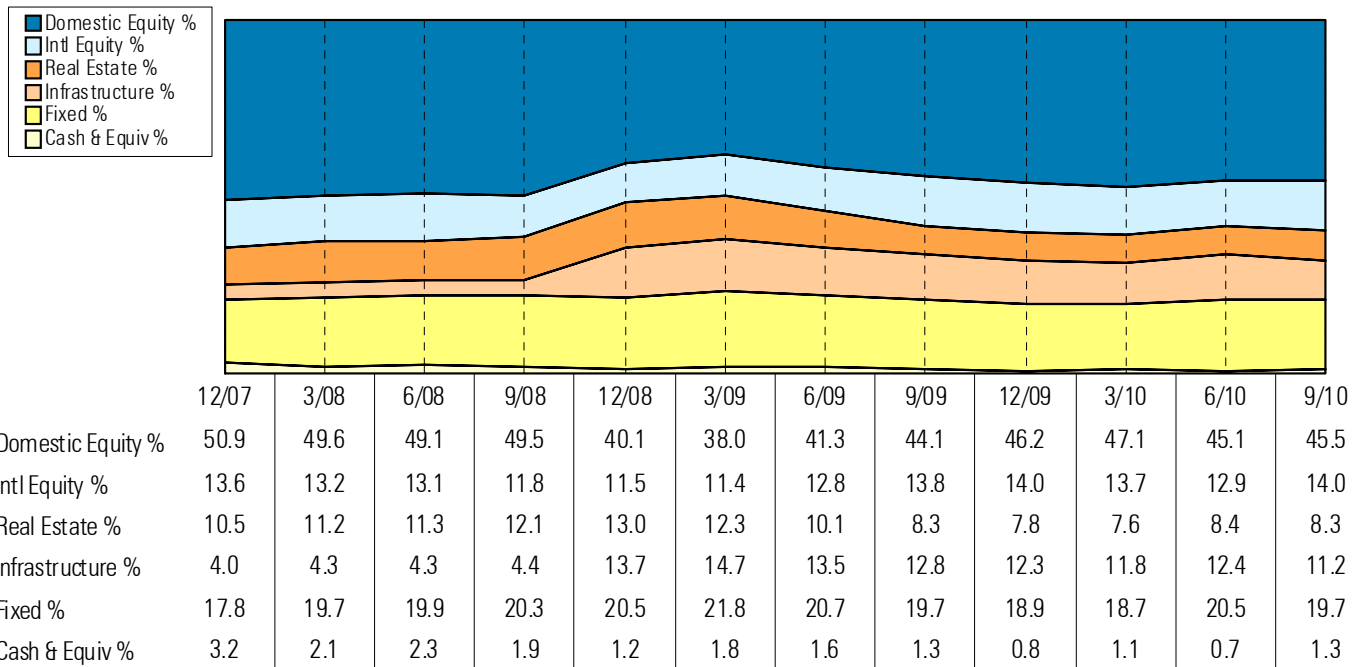


IV. ALLOCATION OF ASSETS



Asset Class	Target Range	Quarter End Allocation	Median Public Plan
Domestic Equity Securities	35%-65%	45.5%	38.4%
Intl Equity Securities	10%-25%	14.0%	12.8%
Real Estate	5%-15%	8.3%	2.7%
Fixed Income Securities	15%-30%	19.7%	34.2%
Infrastructure	10%-20%	11.2%	0.0%
Cash Equivalents	N/A	1.3%	11.9%

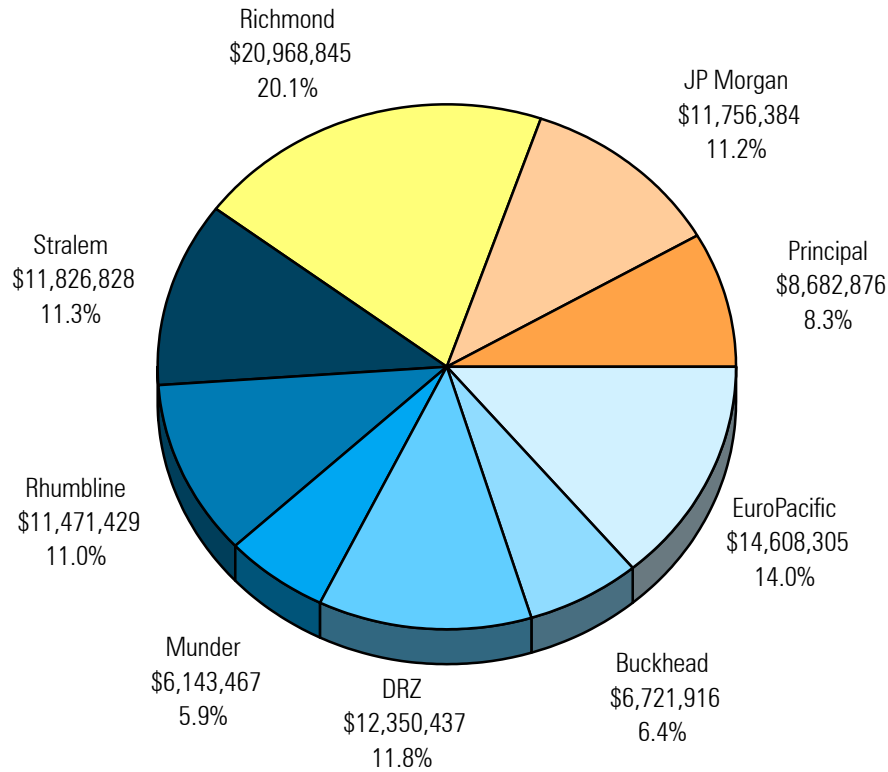
Historical Asset Allocation



Manager	Dom. Equity	Intl Equity	Real Estate	Infrastructure	Fixed Inc	Cash
DePrince, Race, and Zollo	99.1%	0.0%	0.0%	0.0%	0.0%	0.9%
Rhumblin	100.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Stralem Large Cap	95.2%	0.0%	0.0%	0.0%	0.0%	4.8%
Munder Capital	97.3%	0.0%	0.0%	0.0%	0.0%	2.7%
Buckhead Capital	97.7%	0.0%	0.0%	0.0%	0.0%	2.3%
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	45.5%	14.0%	8.3%	11.2%	19.7%	1.3%



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



Manager	Beginning Value	% Alloc	Cash In	Cash Out	Gain/Loss	Ending Value	% Alloc
DePrince, Race, and Zollo	\$11,174,064	11.5%	\$726	(\$1,700)	\$1,177,347	\$12,350,437	11.8%
Rhumblin	\$10,287,082	10.6%	\$1,033	(\$547)	\$1,183,861	\$11,471,429	11.0%
iShares R1000 Gr formerly Rigel	\$10,673,025	11.0%	\$0	(\$11,537,211)	\$864,186	\$0	0.0%
Stralem Large Cap	\$0	0.0%	\$11,537,211	\$0	\$289,617	\$11,826,828	11.3%
Munder Capital	\$5,458,171	5.6%	\$0	\$0	\$685,296	\$6,143,467	5.9%
Buckhead Capital	\$6,369,677	6.6%	\$0	\$0	\$352,239	\$6,721,916	6.4%
EuroPacific Growth Fund	\$12,493,607	12.9%	\$0	\$0	\$2,114,698	\$14,608,305	14.0%
Principal U.S. Property	\$8,200,886	8.4%	\$0	\$0	\$481,990	\$8,682,876	8.3%
JP Morgan Infrastructure	\$12,009,187	12.4%	\$32,003	\$0	(\$284,806)	\$11,756,384	11.2%
Richmond Capital Fixed	\$20,415,430	21.0%	\$0	\$0	\$553,415	\$20,968,845	20.1%
Total Fund	\$97,081,129	100%	\$11,570,973	(\$11,539,458)	\$7,417,843	\$104,530,487	100%
<i>Receipts & Disbursements Acct.</i>	<i>\$1,293,913</i>		<i>\$1,831,446</i>	<i>(\$1,873,860)</i>	<i>\$11</i>	<i>\$1,251,510</i>	
Total Fund + R&D Acct.	\$98,375,042		\$13,402,419	(\$13,413,318)	\$7,417,854	\$105,781,997	

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.
 The inception date for the Stralem Large Cap account was July 28, 2010.



VI. TOTAL FUND PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Total Fund - Gross of Fees	7.3%	7.5%	-5.0%	1.7%
Total Fund - Net of Fees	7.2%	6.9%	-5.4%	1.4%
Target Index	8.1%	8.5%	-1.9%	3.4%
vs. Total Public Fund Sponsors	73	90	99	98
Total Domestic Equities	9.8%	9.9%	-8.3%	0.2%
80% Russell 1000/ 20% Russell 2000	11.5%	11.3%	-6.3%	1.1%
vs. Equity Returns of Public Funds	93	84	88	73
Total International Equities	16.9%	7.3%	-4.4%	5.4%
MSCI EAFE Index (Net)	16.5%	3.3%	-9.5%	2.0%
vs. Intl Equity Returns of Public Funds	48	60	30	56
Total Real Estate	5.9%	5.7%	-12.5%	n/a
NCREIF ODCE Fund Index	5.5%	7.0%	-10.6%	n/a
NCREIF Property Index	3.9%	5.8%	-4.6%	n/a
vs. Real Estate Returns of Total Funds	51	48	75	n/a
Total Infrastructure	-2.4%	-5.7%	n/a	n/a
CPI + 4.0%	1.2%	5.1%	5.6%	5.9%
Total Fixed Income	2.8%	9.7%	8.7%	6.9%
Barclays U.S. Aggregate	2.5%	8.2%	7.4%	6.2%
vs. Fixed Inc Returns of Public Funds	52	39	18	28

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	10.5%	13.9%	-5.1%	2.6%
Russell 1000 Value	10.1%	8.9%	-9.4%	-0.5%
vs. Large Value Equity Portfolios	43	13	15	14
Rhumblin	11.5%	10.7%	-6.5%	1.1%
Russell 1000	11.6%	10.7%	-6.8%	0.9%
vs. Large Neutral Equity Portfolios	24	32	39	35
Stralem Large Cap	n/a	n/a	n/a	n/a
Russell 1000 Growth	n/a	n/a	n/a	n/a
vs. Large Growth Equity Portfolios	n/a	n/a	n/a	n/a
Munder Capital	12.6%	20.2%	-5.3%	n/a
Russell MidCap Growth	14.7%	18.3%	-3.9%	n/a
vs. Midcap Growth Equity Portfolios	68	23	79	n/a
Buckhead Capital	5.5%	5.5%	-5.9%	0.9%
Russell 2000 Value	9.7%	11.8%	-5.0%	0.7%
vs. Small Value Equity Portfolios	99	99	91	75



Equity Portfolio Summary: Total Fund*

	Portfolio	80% R1000/20% R2000
Total Number Of Securities	223	2,972
Equity Market Value	47,516,088	
Average Capitalization \$(000)	45,638,350	57,357,496
Median Capitalization \$(000)	5,847,593	
Equity Segment Yield	2.3	1.8
Equity Segment P/E - Average	18.7	21.0
Equity Segment P/E - Median	16.4	
Equity Segment Beta	0.9	1.1
Price/Book Ratio	1.8	2.0
Debt/Equity Ratio	46.4	40.3
Five Year Earnings Growth	3.5	4.2

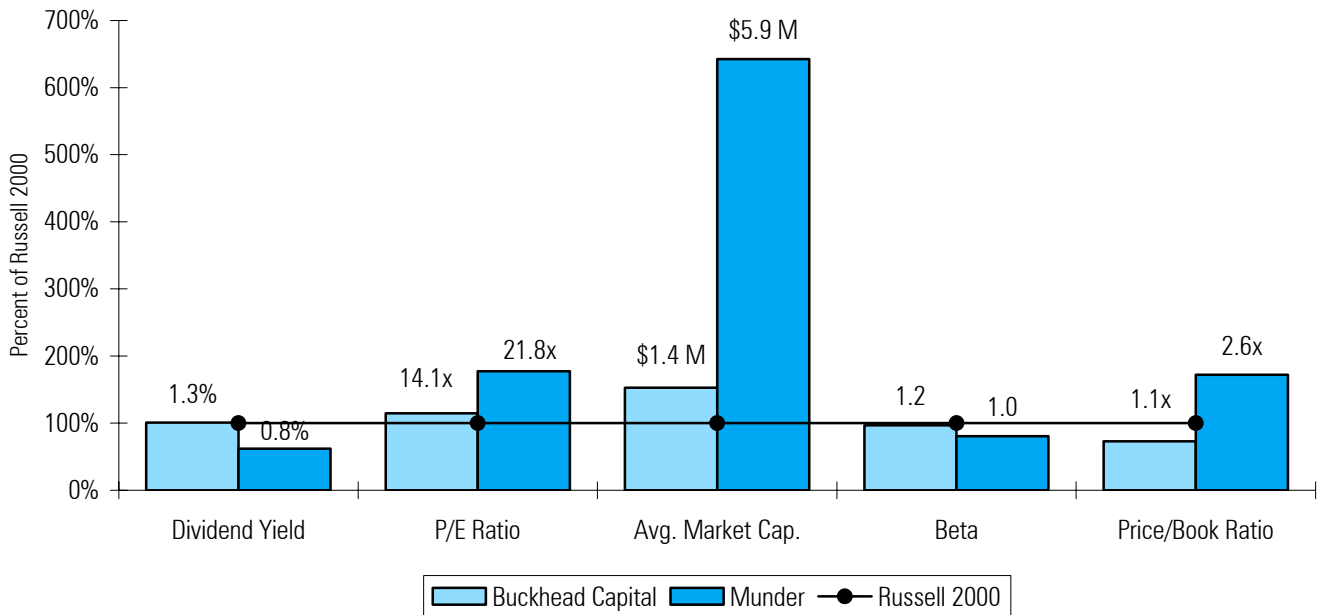
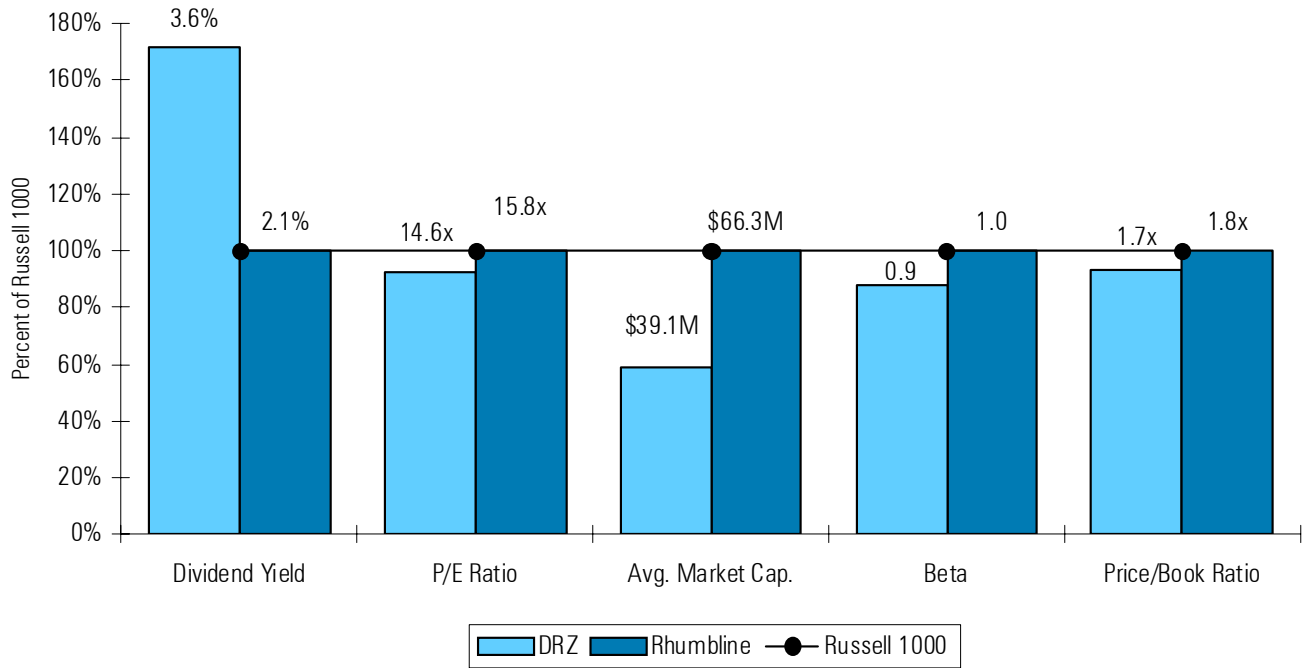
Ten Largest Holdings	Market Value	% of Portfolio	Quarterly Return
Chevron Corp	745,660	2.1%	20.5%
Exxon Mobil Corp	710,585	2.0%	9.1%
Procter & Gamble Co	611,694	1.7%	0.8%
General Elec Co	581,750	1.6%	13.5%
Johnson & Johnson	551,444	1.5%	5.9%
Abbott Labs	532,848	1.5%	12.7%
Wal Mart Stores Inc	524,496	1.5%	12.0%
Pfizer Inc	523,685	1.5%	21.7%
Microsoft Corp	506,943	1.4%	7.0%
Consolidated Edison	477,378	1.3%	13.3%

Ten Best Performers	Quarterly Return	Ten Worst Performers	Quarterly Return
Arm Hldgs Plc	51.7%	United Cmnty Bks Bla	-43.3%
AGCO Corp	44.6%	Wilmington Trust Cor	-19.0%
Netscout Sys Inc	44.2%	Comstock Res Inc	-18.9%
Borg-Warner Automoti	40.9%	Aeropostale	-18.8%
Joy Global Inc	40.8%	Crawford & Co	-16.7%
Carmax Inc	40.0%	Vulcan Matls Co	-15.2%
Greenbrier Cos Inc	39.2%	Southwestern Energy	-13.5%
Qualcomm Inc	38.1%	Intuitive Surgical I	-10.1%
Embraer Emp Aer Br	35.8%	Cree Inc	-9.6%
Huntsman Corp	34.7%	PNC Financial Corp	-8.0%

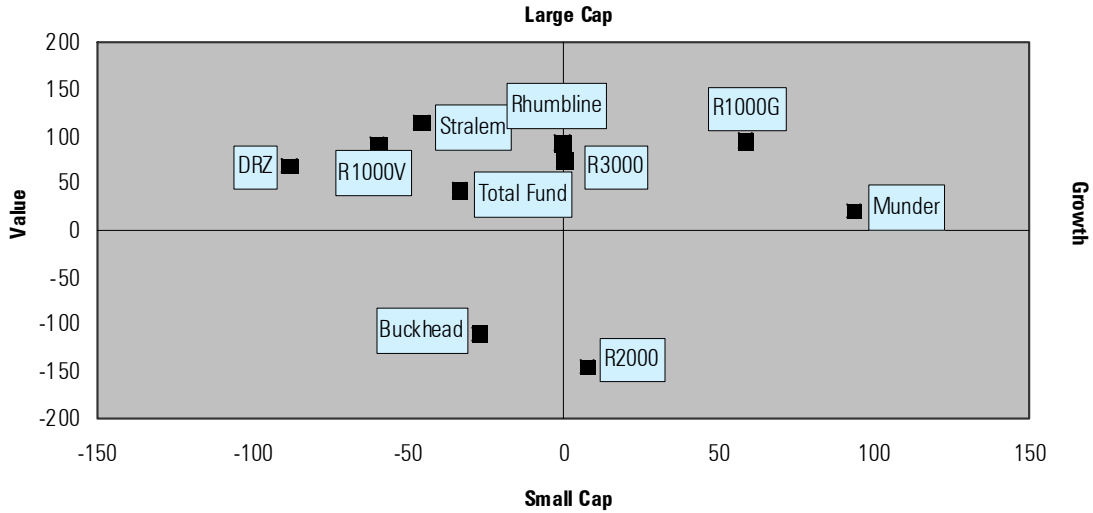
*Does not include Rhumblin as they are invested in a commingled account.



Equity Portfolio Characteristics



Equity Style Map (Current Quarter)



	Growth-Value	Size		Growth-Value	Size
Buckhead Capital	-27.5	-109.39	Total Fund	-33.4	42.95
DePrince Race Zollo	-88.3	69.7	Russell 2000	7.6	-144.2
Munder Capital	93.4	21.6	Russell 3000	0.3	74.6
Rhumblin	-0.4	93.6	Russell 1000 Growth	58.6	96.1
Stralem Large Cap	-45.8	115.0	Russell 1000 Value	-59.8	91.1

VIII. INTERNATIONAL EQUITY PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
EuroPacific Growth	16.9%	7.3%	-4.4%	6.0%
MSCI EAFE (Net)	16.5%	3.3%	-9.5%	2.0%
vs. International Equity Mutual Funds	61	50	18	27



American Funds EuroPacific Gr R6

Overall Morningstar Rtg™
 ☆☆☆☆☆ (665)
Standard Index
 MSCI Eafe Ndr_D

Incept 05-01-09 **Type** MF **Total Assets** \$9,139 mil **Morningstar Cat** Foreign Large Blend (MF)

Category Index
 MSCI AC World Ex USA NR

Performance 09-30-2010					
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	16.93	—	3.78
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Monthly	—	—	—	—	27.78
Std Quarterly	—	—	—	—	27.78
Total Return	7.40	-4.49	5.95	5.31	27.78
+/- Std Index	4.13	5.02	3.98	2.75	—
+/- Cat Index	-0.16	2.93	1.69	0.98	—
% Rank Cat	31	6	7	9	—
No. in Cat	808	665	476	268	—
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

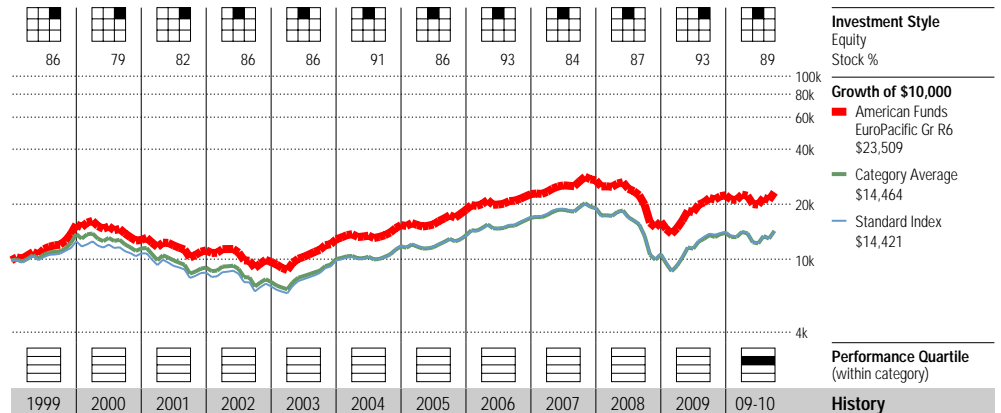
Risk and Return Profile

	3 Yr	5 Yr	10 Yr
MorningstarRating™	5☆	5☆	5☆
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	High
	3 Yr	5 Yr	10 Yr
Standard Deviation	25.06	20.58	17.63
Mean	-4.49	5.95	5.31
Sharpe Ratio	-0.09	0.26	0.25
MPT Statistics	Standard Index	Best Fit Index	NA
Alpha	4.66	—	—
Beta	0.94	—	—
R-Squared	97.00	—	—

12-Month Yield	—
30-day SEC Yield	—
Potential Cap Gains Exp	9.00% Assets

Operations

Family:	American Funds	Objective:	Foreign Stock	Minimum IRA Purchase:	\$0
Manager:	Knowles/Lee/Grace/Lyckeus/Bepler	Ticker:	REGX	Min Auto Investment Plan:	\$0
Tenure:	12.2 Years	Minimum Initial Purchase:	\$0	Purchase Constrains:	A/



1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	09-10	History
—	—	—	—	—	—	—	—	—	—	38.34	39.79	NAV
56.97	-17.84	-12.17	-13.61	32.91	19.69	21.12	21.87	18.96	-40.53	39.35	3.78	Total Return %
30.01	-3.67	9.27	2.33	-5.68	-0.56	7.58	-4.47	7.79	2.85	7.57	2.71	+/- Standard Index
26.34	-2.53	7.56	1.34	-7.92	-1.22	4.50	-4.78	2.31	5.00	-2.10	0.09	+/- Category Index
—	—	—	—	—	—	—	—	—	—	—	34	% Rank Cat
340	396	439	482	504	551	608	657	743	778	823	823	No. of Funds in Cat

Portfolio Analysis 06-30-2010

Composition %	Long %	Short%	Net %	Share Chg since 03-31-2010	Share Amount	283 Total Stocks	2 Total Fixed-Income	26% Turnover Ratio	% Net Assets
Cash	10.2	0.0	10.2						
U.S. Stocks	0.2	0.0	0.2		50 mil	America Movil S.A.B. de C.V.			2.82
Non-U.S. Stocks	89.3	0.0	89.3	⊖	39 mil	Anheuser-Busch InBev SA			2.22
Bonds	0.1	0.0	0.1	⊕	37 mil	Novartis AG			2.12
Other	0.3	0.0	0.3		22 mil	Novo Nordisk A/S			2.11
Total	100.0	0.0	100.0		30 mil	Bayer AG			1.96
Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat		10 mil	Roche Holding AG		1.56
Value Blend Growth	P/E Ratio TTM	14.3	1.05	1.07	⊕	24 mil	Daimler AG		1.44
	P/C Ratio TTM	6.9	1.10	1.05	⊕	24 mil	Nestle SA		1.34
	P/B Ratio TTM	1.8	1.20	1.13	⊖	41 mil	Softbank Corporation		1.27
	Geo Avg Mkt Cap \$mil	32381	1.12	1.51	⊕	2 mil	Samsung Electronics Co Ltd		1.22
					⊖	97 mil	Banco Santander SA		1.21
					⊖	22 mil	Sap AG		1.15
					⊕	126 mil	Prudential PLC		1.11
					⊕	70 mil	Ubs AG		1.09
					⊖	47 mil	Telefonica, S.A.		1.02

Sector Weightings	Stocks %	Rel Std Index
Information Economy	17.6	—
Software	2.2	—
Hardware	5.1	—
Media	1.2	—
Telecommunication	9.0	—
Service Economy	40.3	—
Healthcare Services	12.5	—
Consumer Services	5.1	—
Business Services	2.4	—
Financial Services	20.3	—
Manufacturing Economy	42.1	—
Consumer Goods	19.7	—
Industrial Goods	12.9	—
Energy	7.1	—
Utilities	2.5	—

Credit Analysis 09-30-2010	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR/NA	—
Avg Eff Duration	—
Avg Eff Maturity	—
Avg Credit Quality	—
Avg Wtd Coupon	7.84
Avg Wtd Price	118.50

Regional Exposure	Stocks %	Rel Std Index
Americas	9.9	—
Greater Europe	61.2	—
Greater Asia	28.9	—

IX. REAL ESTATE PERFORMANCE COMPARISONS

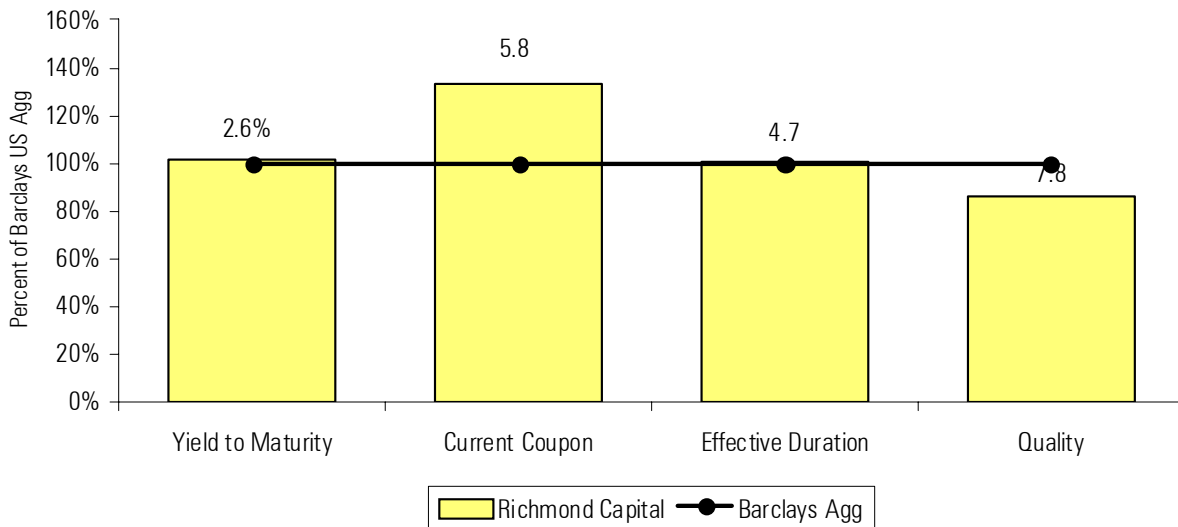
Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Principal U.S. Property	5.9%	5.7%	-12.5%	n/a
NCREIF ODCE Fund Index	0.5%	7.0%	-10.6%	n/a
NCREIF Property Index	3.9%	5.8%	-4.6%	n/a
vs. Real Estate Portfolios	44	48	72	n/a

X. FIXED INCOME/ABSOLUTE RETURN PERFORMANCE COMPARISONS

Manager/Index/Universe	Quarter	1 Year	3 Year	5 Year
Richmond Capital	2.7%	9.4%	8.5%	6.7%
Barclays US Aggregate	2.5%	8.2%	7.4%	6.2%
vs. Core Fixed Income Portfolios	59	42	34	44
JP Morgan Infrastructure	-2.4%	-5.7%	n/a	n/a
CPI + 4.0%	1.2%	5.1%	6.1%	6.6%

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	x	x	x
Rank Above 50 th Percentile in Public Fund Universe	90 th	99 th	98 th
Earn Average Annual Return of 8.0%	x	x	x
Standard Deviation Relative to Target Index	N/A	>	>

Guideline	Total Fund
Equity securities limited to less than 70% of Total Fund market value	59.5%
Investment in foreign company stock limited to 25% of value of Total Fund	14.0%
Investment in real estate limited to 15% of value of Total Fund	8.3%
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: Stralem Large Cap

Stralem Large Cap Goal	3 Years	5 Years
Exceed Russell 1000 Growth performance	N/A	N/A
Rank Above 50 th Percentile in Large Cap Growth Universe	N/A	N/A
Standard Deviation Relative to Russell 1000 Growth	N/A	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	79 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	✘	✓
Rank Above 50 th Percentile in Small Cap Value Universe	91 st	75 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 ODCE Index performance	✘	N/A
Rank Above 50 th Percentile in Real Estate Portfolio Universe	72 nd	N/A
Standard Deviation Relative to NCREIF ODCE 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	
Stralem Large Cap	Good Standing	
Munder Capital	Good Standing	
Buckhead Capital	Under Review	2Q2010
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	\$11,420	\$74
Fiscal YTD 2010	\$53,443	\$1,898

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.

