

**HOFFMAN ESTATES POLICE PENSION FUND**

**ANNUAL PENSION FUND REPORT  
AS OF OCTOBER 31, 2014**

	Audited FY2013	Estimated FY2014	Projected FY2015
1. Total Fund Assets			
Cash Balance	1,000	1,000	N/A
Investments	55,926,128	59,644,460	N/A
Unrealized Gains/(Losses)	10,491,229	10,491,229 <sup>(2)</sup>	N/A
Accrued Interest Receivable	160,141	79,146	N/A
Due From General Fund	-	1,791	N/A
Total Assets	<u>\$ 66,578,499</u>	<u>\$ 70,217,626 <sup>(3)</sup></u>	<u>N/A</u>
2. Current Market Value of Assets	\$ 66,578,499	\$ 70,217,626 <sup>(2) (3)</sup>	N/A
		See Attachment A for details of investments	
3. Receipts from employee contributions	855,767	854,810	891,410
4. Estimated money needed to cover:			
a) pension payments	3,355,817	3,761,020	3,885,230
b) employer contributions	2,525,766	2,722,880	2,609,029
c) debt reserves	-	-	-
5., 8. Total net income from investment of assets	8,260,638	3,794,290 <sup>(1)</sup>	N/A
6., 9. Total assumed investment return	7.50%	7.50%	N/A
7., 10. Actual investment return	14.37%	6.13%	N/A
11. Total number of active employees making contributions to the fund	93	90	N/A
12. Total amount of money disbursed in benefits	3,355,817	3,761,020	N/A
13. Total number of annuitants receiving retirement pension	47	45	N/A
14. Total number of annuitants receiving disability pension	14	15	N/A
15. Total number of survivors and children receiving benefits	7	8	N/A
16. Funded ratio of pension fund	65.30%	N/A	N/A
17. Total unfunded liability and actuarial explanation of unfunded liability	34,006,682	N/A	N/A
		See Attachment B for explanation	
18. Investment policy of the pension board as defined by State statute		See Attachment C for current Investment Policy	

NOTES:

<sup>(1)</sup> FY2014 does not include unrealized gains or losses.

<sup>(2)</sup> Unrealized gains and losses are subject to significant volatility and can therefore be misleading. Market value adjustments are made at year end.

<sup>(3)</sup> FY2014 numbers are as of 10/31/14 for Total Assets and Current Market Value.

**STATEMENT OF INVESTMENTS-POLICE PENSION FUND**  
**As of December 31, 2013**

Investment	Investment Date	Maturity Date	Book Value	Market Value	Maturity Value	Rate of Interest
Illinois Funds	09/30/86		1,180,882.63	1,180,882.63		0.017
IMET Convenience Fund	01/24/12		402,504.04	402,504.04		
<b>Fidelity Investments</b>						
Spartan Intl Index FID Advantage Class (FSVIX)	06/05/09		3,609,241.27	4,902,083.62		
Dimensional US Vector Equity Port (DFVEX)	08/08/11		2,046,906.83	3,302,579.44		
DFA International Small Company Port (DFISX)	08/08/11		2,551,941.32	3,149,550.11		
DFA Emerging Markets Portfolio	06/05/09		4,935,756.15	4,711,479.78		
Dimensional Adv US Small Cap Value Port (DFS VX)	08/08/11		4,604,914.36	6,850,785.94		
Dimensional Advisor US Large Cap Val (DFLVX)	08/08/11		2,971,837.27	4,995,363.77		
Dimensional Advisor US Small Cap Value Port (DFSTX)	08/08/11		3,138,808.99	5,017,341.25		
Dimensional Inv't Grp Inc Int'l (DFIVX)	08/08/11		2,473,850.46	3,038,149.56		
Vanguard Reit Index Signal Shares (VGRSX)	08/08/11		1,074,509.12	1,276,072.12		
Vanguard Institutional Index Fund (Fund 0094)	03/09/10		1,635,318.89	2,939,199.16		
Fidelity Cash Reserve			0.41	0.41		
			29,043,085.08	40,182,605.16		
<b>Fifth Third Bank</b>						
Money Market	12/02/03		53,463.01	53,463.01		
Fannie Mae	02/26/13	10/26/17	124,908.75	122,873.75	125,000.00	0.9
Fannie Mae	03/01/13	02/08/18	450,167.15	443,524.90	455,000.00	0.9
Fannie Mae	07/19/13	08/26/16	214,393.05	214,643.10	215,000.00	0.6
Fannie Mae Remic Trust	08/14/13	12/25/19	123,012.70	122,652.50	125,000.00	1.8
Fannie Mae	12/01/12	08/25/22	131,800.47	119,896.40	130,000.00	2.5
Fannie Mae	11/13/13	05/25/22	12,268,783.57	120,944.20	0.00	2.6
Fed Home Ln Mtg Corp., 1.655%	04/12/12	11/25/16	100,499.50	101,396.00	100,000.00	1.6
FG J13917	01/20/11	12/01/20	38,618.04	37,080.90	35,301.36	3.3
FG J17343	02/23/12	12/01/21	108,263.97	103,106.35	99,582.14	2.9
FG B13808	02/15/11	04/01/19	51,698.72	45,960.98	43,360.63	4.2
FG C90441	04/14/11	05/01/21	69,306.85	63,097.46	57,166.96	5.4
FHLB, 4.75%	09/19/05	02/13/15	0.00	262,575.00	250,000.00	4.5
FHLB, 5.25%	06/01/05	06/18/14	345,556.90	332,650.50	325,000.00	5.1
FHLB, 1.0%	05/04/12	06/21/17	254,163.60	254,204.40	255,000.00	1.0
FHLB, 0.25%	04/01/13	01/16/15	524,737.50	525,420.00	525,000.00	0.2
FHLB, .375%	05/10/13	06/24/16	314,442.45	313,932.15	315,000.00	1.2
FN 257264, 5.5%	04/19/11	06/01/18	66,762.10	57,215.78	53,799.51	5.2
FN 257329, 5.0%	02/15/11	08/01/18	26,466.13	22,409.17	21,033.57	4.7
FN 257492, 4.5%	02/15/11	11/01/18	29,139.89	25,519.37	23,995.19	4.2
FN A12859, 4.0%	08/16/11	06/01/21	77,836.77	75,361.61	70,964.64	3.8
FN AJ8198, 3.0%	02/23/12	01/01/02	120,662.63	116,929.33	112,491.53	2.9
FN AM1291, 2.26%	12/01/12	12/01/22	84,920.83	77,649.25	83,473.17	2.4
FN AQ1217, 2.50%	11/01/12	11/01/27	56,477.59	53,177.32	53,668.93	2.5
FN 725517, 5.0%	03/17/11	05/01/19	82,371.32	76,614.08	71,505.71	4.7
FN AB1481, 3.5%	08/16/11	09/01/20	43,428.81	40,428.86	38,464.11	3.3
FN AB1827, 3.5%	11/17/11	11/01/20	61,371.00	58,990.17	56,121.25	3.3
FN AB2576, 3.5%	07/19/11	05/01/21	61,633.86	59,530.36	56,638.40	3.3
FN MA0403, 3.5%	03/17/11	04/01/20	78,175.21	77,660.89	73,919.10	3.3
FN MA0464, 3.5%	02/16/12	06/01/20	68,776.02	65,100.75	61,944.08	3.3
FN MA0548, 3.5%	01/20/11	09/01/20	32,970.67	31,470.86	29,942.31	3.3
Freddie Mac	06/06/11	05/27/16	0.00	648,885.80	620,000.00	2.4
Freddie Mac	04/24/13	01/13/22	558,208.80	640,493.20	540,000.00	2.5
Freddie Mac	09/03/13	10/02/19	436,169.70	435,776.40	460,000.00	1.3
Freddie Mac	02/28/13	03/07/18	428,542.15	417,697.70	430,000.00	0.9
Freddie Mac	04/04/13	05/01/20	485,832.90	464,067.45	495,000.00	1.5
Freddie Mac Ser K702	01/10/13	02/25/18	120,162.11	115,398.80	110,000.00	3.0
Freddie Mac	02/01/12	09/25/18	128,313.34	127,637.26	126,281.00	2.3
Freddie Mac	08/22/11	03/15/19	13,186.35	5,486.75	5,483.67	4.5
GNMA #142495	07/22/87	12/15/15	1,840.63	2,015.07	2,007.42	7.9
GNMA #197505	06/23/87	03/15/17	725.17	773.56	748.56	7.7
GNMA #223913	10/29/87	09/15/17	107.75	109.89	109.26	10.4
GNR 2003-72D	05/25/07	12/16/36	36,251.71	45,620.30	44,413.58	5.3
GINNIE MAE SER 2011-144	03/26/13	06/16/43	82,400.00	80,856.80	80,000.00	2.7
Treasury Note, 4.0%	03/04/05	02/15/15	0.00	495,149.50	0.00	3.8
Treasury Note, 4.75%	08/29/07	08/15/17	597,065.62	660,915.45	585,000.00	4.2
Treasury Note, 2.125%	12/30/09	11/30/14	0.00	203,546.00	200,000.00	2.1
Treasury Note, 2.250%	02/24/10	01/31/15	0.00	408,908.00	0.00	2.2
Treasury Note, 2.625%	08/30/10	08/15/20	223,506.93	224,468.20	220,000.00	2.6
Treasury Note, 1.375%	02/14/11	11/30/15	0.00	152,901.00	150,000.00	1.3
Treasury Note, 1.25%	03/15/11	03/15/14	819,273.88	806,883.70	805,000.00	1.2
Treasury Note, 3.125%	07/05/11	05/15/21	119,217.19	125,090.40	120,000.00	3.0
Treasury Note, 1.0%	09/01/11	08/31/16	0.00	686,378.40	0.00	1.0
Treasury Note, 0.25%	10/05/11	09/15/14	0.00	165,141.90	165,000.00	0.2
Treasury Note, 1.0%	10/05/11	09/30/16	358,668.44	358,049.45	355,000.00	1.0

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Treasury Note, 1.0%	03/31/12	03/31/17	99,937.49	100,219.00	100,000.00	1.0
Treasury Note, 0.625%	09/14/12	08/31/17	134,894.53	132,468.75	135,000.00	0.6
Treasury Note, 1.0%	09/21/12	08/31/19	499,423.45	477,578.50	505,000.00	1.1
Treasury Note, 1.125%	12/31/12	12/31/19	94,333.63	89,156.08	94,400.00	1.2
Treasury Note, 0.125%	04/23/13	01/15/23	253,586.87	224,345.59	235,000.00	0.1
Treasury Note, 2.0%	05/24/13	02/15/23	25,263.67	23,191.50	25,000.00	2.2
			21,581,721.37	12,394,689.80		
<b>Bank One</b>						
Money Market	12/08/03		121,317.40	121,317.40		
Fannie Mae, 5.375%	03/29/12	07/15/16	342,959.64	324,530.30	290,000.00	4.8
Fannie Mae, 4.375%	12/16/10	10/15/15	164,587.50	160,575.00	150,000.00	4.1
Fed Home Ln Mtg Corp., 3.75%	05/12/10	03/27/19	215,932.69	217,994.00	200,000.00	3.4
Federal Farm Cr, 4.450%	02/22/06	06/01/15	95,736.00	105,817.00	100,000.00	4.2
Federal Farm Cr, 5.08%	01/09/08	10/05/15	79,292.25	81,169.50	75,000.00	4.7
FG G3-0100	05/13/13	02/01/18	64,886.20	58,841.39	58,078.40	6.6
FG G30290, 6.5%	05/14/07	03/01/26	17,192.93	15,499.18	14,612.09	5.8
FG E82733, 5.5%	07/17/07	03/01/16	4,651.30	5,128.03	5,351.49	5.2
FG E89857, 5.5%	07/24/08	05/01/17	12,329.66	12,259.06	12,273.61	5.2
FG E96458, 5%	09/28/09	05/01/18	9,566.51	7,621.24	7,678.19	4.7
FG E98992, 4.5%	06/18/07	09/01/18	11,448.06	13,775.86	14,038.03	4.2
FG A67024, 6.0%	12/18/12	10/01/37	14,058.56	11,065.95	11,408.13	5.4
FG G14187, 5.5%	06/27/12	12/01/20	69,593.77	63,145.59	61,663.39	5.1
FG H02432, 6.0%	08/11/11	03/13/38	90,495.71	68,939.38	74,506.24	5.6
FG G12111, 5%	09/17/09	10/01/19	6,193.63	4,871.37	4,808.99	4.7
FG G06380, 6.5%	10/31/13	02/01/35	126,516.25	121,869.64	113,087.15	5.8
FG JO-1655, 5.5%	10/04/13	04/01/21	109,967.58	100,823.79	100,169.73	5.0
FG J-12371, 4.50%	09/20/10	06/01/25	31,986.30	24,049.98	25,044.79	4.2
FG C90990, 6.5%	02/12/13	09/01/26	41,782.64	38,954.93	36,196.31	5.8
FG C91033, 5.5%	06/27/12	06/01/27	62,311.82	55,734.41	52,681.77	5.0
FG C91093, 6%	09/14/09	09/01/27	10,830.96	7,975.45	7,799.86	5.4
FG C91149, 6%	09/14/09	01/01/28	13,614.03	11,400.94	10,676.01	5.4
FG H0-9079, 5.5%	10/13/11	06/01/37	30,947.92	24,024.17	24,848.88	5.1
FG G11187, 5.5%	02/19/08	09/01/16	15,787.29	12,166.88	13,000.74	5.2
FG G11606, 4.5%	03/16/06	05/01/18	3,121.17	5,084.70	5,214.12	4.2
FG G11707, 6.0%	06/18/07	03/01/20	7,750.43	7,183.70	7,147.34	5.6
FG G1-1722, 5.0%	12/17/13	07/01/20	118,969.55	118,441.79	111,577.44	4.7
FG C01371	02/12/04	06/01/32	13,085.60	8,305.25	7,452.96	6.0
FG E00617	03/18/04	01/01/14	2,494.35	20.31	118.20	5.2
FG E00678, 6.5%	11/19/07	06/01/14	3,868.74	1,447.66	2,105.08	6.4
Fed Home Ln Mtg Corp Pool E01141, 7%	04/17/07	03/01/17	13,258.40	10,132.79	10,274.43	6.6
Fed Home Ln Mtg Corp Pool E01156, 6.5%	11/19/07	05/01/17	13,919.09	11,143.15	11,738.04	6.1
FG E01250, 5%	09/29/09	11/01/17	6,748.98	5,236.33	5,326.15	4.7
FG E01307, 5%	03/19/07	02/01/18	7,971.02	8,469.59	8,626.52	4.7
FG E01345, 5.5%	02/15/07	04/01/18	7,522.31	7,494.51	7,545.18	5.1
FG E01385, 4.5%	09/22/09	06/01/18	10,935.65	9,152.18	9,224.19	4.2
FG E01426, 5.0%	03/16/06	08/01/18	9,033.57	10,040.89	9,985.04	4.7
FG E01488, 5%	05/19/08	10/01/18	11,688.94	11,188.83	11,318.41	4.7
FG E01490, 5%	02/18/04	11/01/18	8,153.97	6,399.93	6,390.25	4.7
FG E01544, 4.5%	03/18/04	01/01/19	6,147.14	5,398.44	5,328.68	4.2
FG E01590, 5.0%	07/17/08	02/01/19	12,416.79	12,755.21	12,681.56	4.7
FG E01642, 5%	09/17/09	05/01/19	7,783.99	6,486.13	6,463.52	4.7
FG A9-1904, 5.50%	06/14/10	04/01/40	34,837.63	34,708.91	31,410.39	4.9
FG A11312, 6.0%	12/12/06	07/01/33	31,774.24	32,701.79	30,894.98	5.3
FG B11231, 4.5%	04/20/04	12/01/18	6,978.69	5,888.29	6,072.72	4.2
FG B11429, 4.5%	03/16/06	12/01/18	11,136.47	14,246.25	14,069.77	4.2
FG B14039, 4.0%	10/19/07	05/01/14	0.00	294.21	428.56	3.8
FG B17493, 4.0%	05/31/06	12/01/14	0.00	1,378.57	1,628.34	3.8
FG B18639, 4.0%	10/19/07	01/01/15	391.23	1,226.60	1,435.78	3.8
FH K0-0034, 5.50%	12/13/10	05/01/37	20,557.37	16,227.37	15,047.48	5.0
FH U9-0155, 4.0%	03/14/13	09/01/42	105,180.25	98,538.04	97,007.75	3.9
FG C80398, 6.5%	01/13/05	05/01/26	13,420.43	8,348.06	7,802.36	5.8
FHLMC Pool C90230, 6.5%	06/14/04	09/01/18	6,425.96	4,318.35	4,115.49	5.8
FG C90247, 6.5%	06/25/04	01/01/19	9,824.78	6,880.78	6,788.82	5.8
FG C90438, 6.5%	06/14/04	04/01/21	7,359.65	5,022.32	4,772.99	5.8
FG C90481, 6%	02/24/04	09/01/21	4,775.21	3,016.22	2,813.38	5.4
FHLMC POOL C90584, 5.5%	09/29/09	10/01/22	7,845.31	6,230.65	6,096.49	5.0
FHLMC POOL C90588, 5.5%	09/29/09	11/01/22	8,505.92	6,770.41	6,523.27	5.0
FHLMC POOL C90589, 6.0%	06/11/09	11/01/22	3,910.48	3,367.56	3,172.06	5.4
FG C90686, 4.5%	04/13/05	06/01/23	3,986.33	6,074.57	6,159.07	4.2
FG C90698, 4.5%	08/20/07	08/01/23	6,131.88	9,512.58	9,459.09	4.2
FG C90808, 6.5%	11/15/04	01/01/24	5,045.29	4,152.58	3,781.14	5.8
FN 251818, 6%	09/30/04	06/01/18	18,904.43	13,029.84	12,361.79	5.4

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FN 253946	07/15/04	08/01/21	11,057.19	7,227.71	6,715.70	6.3
FN 254342, 6.0%	01/29/08	06/01/17	21,924.73	17,183.32	17,723.44	5.7
FN 254471, 6.0%	06/11/09	09/01/22	3,865.34	3,386.65	3,222.48	5.4
FN 254513, 6.0%	06/11/09	10/01/22	3,574.94	3,082.40	2,941.31	5.4
FN 254544, 6.0%	06/11/09	11/01/22	6,611.45	5,691.79	5,362.71	5.4
FN 254631, 5.0%	11/19/07	02/01/18	3,910.36	4,078.33	4,136.40	4.7
FN 254634, 5.5%	09/29/09	02/01/23	10,302.78	8,659.13	8,272.93	5.0
FN 254719, 4.5%	09/22/09	04/01/18	8,976.11	7,477.09	7,526.63	4.2
FN 254802, 4.5%	10/31/05	07/01/18	6,632.54	8,724.37	8,760.14	4.2
FN 254908, 5%	04/15/04	09/01/23	8,457.86	7,279.68	7,026.98	4.6
FN 254987, 5.0%	02/18/09	12/01/18	7,932.01	7,128.49	7,118.62	4.7
FN 255117, 5%	02/18/04	02/01/14	2,766.00	19.79	216.86	4.7
FN 255271, 5%	04/12/06	06/01/24	5,299.16	7,179.28	6,937.76	4.6
FN 255290, 4.0%	11/18/08	06/01/14	991.69	1,049.87	1,543.20	3.8
FN 779774, 5%	03/16/06	07/01/24	9,049.97	11,980.73	11,532.37	4.6
FN 255342, 6%	10/10/13	07/01/24	62,693.09	60,034.60	57,237.62	5.4
FN 255431, 4.5%	03/14/07	09/01/14	337.69	1,079.54	1,359.45	4.2
FN 255574, 4.50%	03/09/06	12/01/14	838.09	2,024.60	2,359.16	4.2
FN 255810, 5.0%	11/14/11	08/01/25	49,779.78	43,968.09	42,302.99	4.6
FN 255938, 4.50%	11/17/05	11/01/15	1,336.39	2,401.67	2,604.46	4.2
FN 256323, 5.5%	01/13/11	07/01/26	74,930.20	57,570.07	59,651.35	5.0
FN 256566, 6.0%	03/10/11	01/01/27	38,343.06	32,143.36	30,365.42	5.4
FN 256708, 6.5%	06/27/12	03/01/27	90,069.43	73,018.86	74,231.97	5.8
FN 256752, 6.0%	06/27/12	06/01/27	24,395.38	21,054.44	20,530.57	5.4
FN 303771, 6.5%	10/29/04	03/01/16	7,197.76	3,922.92	3,861.71	5.8
FM AM0359, 2.310%	06/18/13	08/01/22	96,000.00	94,150.00	100,000.00	2.5
FN AQ7308, 3.0%	03/12/13	01/01/43	100,992.53	92,250.88	98,500.70	3.2
FN 465392, 4.41%	10/08/13	07/01/20	131,273.79	130,508.03	120,107.54	4.0
FN 469117, 3.45%	02/04/13	10/01/21	51,351.06	49,364.71	48,405.61	3.4
FN 535170, 5.50%	03/16/06	09/01/14	358.47	123.88	358.47	5.2
FNI 545639, 6.5%	03/13/06	04/01/32	14,005.96	13,978.65	12,759.85	5.7
FN 545696, 6.0%	05/19/09	06/01/22	17,189.06	15,561.74	14,357.99	5.4
FN 555545, 5%	08/18/09	06/01/18	16,946.15	14,218.26	14,190.02	4.7
FN 555591, 5.5%	02/12/04	07/01/33	7,909.33	7,015.36	6,720.88	5.0
FN 555876, 5.5%	03/30/12	10/01/33	60,399.28	52,614.50	50,486.08	4.9
FN 658867, 6.0%	07/17/07	08/01/17	5,797.07	4,295.48	5,608.92	5.7
FN 676674, 5%	11/19/07	12/01/17	5,968.17	6,222.42	6,308.21	4.7
FN 681347, 5%	11/19/07	02/01/18	6,274.87	6,737.42	6,725.03	4.7
FN 687984, 5.5%	12/18/12	03/01/33	73,525.24	65,486.12	64,336.88	5.0
FN 695871, 4.5%	10/31/07	04/01/18	4,825.00	6,082.94	6,149.30	4.2
FN 704460, 6%	01/20/04	05/01/18	6,398.21	2,816.58	2,828.94	5.7
FN 708760, 4.5%	03/16/04	06/01/18	7,694.56	6,400.37	6,855.06	4.2
FN 709028, 5.0%	03/16/06	06/01/18	10,863.68	12,711.86	12,365.06	4.7
FN 709122, 4.5%	08/20/07	07/01/18	8,661.84	11,023.38	10,764.81	4.2
FN 725045, 4.5%	11/30/06	11/01/18	8,178.60	10,031.53	10,026.06	4.2
FN 725352, 4.5%	09/18/07	04/01/19	6,251.35	7,988.71	7,985.94	4.2
FN 725510, 6.5%	11/19/07	07/01/17	4,868.73	1,623.96	2,188.60	6.4
FN 725704, 6%	09/14/09	08/01/34	16,553.90	14,689.87	13,810.16	5.3
FN 725876, 5%	05/26/06	10/01/19	8,510.15	10,890.25	10,717.80	4.7
FN 729347, 4.0%	03/13/06	07/01/18	3,095.90	6,483.59	6,556.96	3.8
FN 730675, 4.5%	12/13/05	08/01/33	5,226.74	8,602.30	8,142.77	4.2
FN 731190, 4.5%	08/20/07	08/01/18	5,086.86	7,397.30	7,223.97	4.2
FN 734741, 4%	08/17/04	10/01/18	792.96	1,144.45	1,149.57	3.8
FN 735727, 6%	04/17/08	01/01/20	16,936.88	12,664.55	13,153.89	5.7
FN 744316, 5%	02/18/09	09/01/18	20,263.62	17,955.35	18,034.55	4.7
FN 745017, 4.5%	05/19/09	07/01/20	12,812.29	11,004.10	11,037.84	4.2
FN 745444, 5.5%	10/28/08	04/01/16	7,035.02	5,832.91	6,113.52	5.2
FN 745575, 6.5%	10/13/10	02/01/36	41,424.54	33,113.36	32,505.43	5.8
FN 748682, 4.5%	03/19/07	10/01/18	4,848.50	6,179.83	6,189.88	4.2
FNMA 759424, 5.5%	01/14/04	01/01/34	11,622.57	11,667.32	10,700.69	4.9
FN 763860, 4.0%	03/13/06	03/01/34	11,046.57	14,774.53	14,431.33	3.9
FN 827732, 5.5%	01/12/12	06/01/35	107,322.19	84,526.85	84,555.93	5.0
FN 868241, 5.5%	10/16/13	03/01/21	71,330.18	70,168.41	65,742.10	5.0
FNMA 888250, 5.5%	09/16/08	01/01/21	11,817.24	10,633.86	10,958.88	5.1
FN 888889, 4.5%	12/17/07	12/01/18	12,620.25	14,662.19	14,711.46	4.2
FN 889634, 6.0%	07/19/10	02/01/23	37,180.24	29,494.10	28,937.33	5.5
FN 923790, 6.50%	09/14/10	05/01/37	94,684.24	90,008.34	86,134.78	6.2
FN 976871, 6.5%	05/12/09	08/01/36	22,661.34	19,615.78	18,651.17	5.8
FN 995264, 6.5%	12/24/13	12/01/23	112,816.86	113,187.47	102,096.71	5.9
FN 995656, 7.0%	04/13/09	11/15/16	32,586.78	29,935.36	27,102.40	6.1
FN 995787, 6.5%	12/12/12	09/01/36	99,727.50	87,346.96	81,924.86	5.8
FN AB1940, 3.50%	10/18/11	12/01/25	133,459.85	127,206.48	124,243.75	3.3
FN AC6761, 5.50%	12/20/11	01/01/40	133,314.45	119,427.41	119,491.78	5.0
FN AD0329, 6.5%	07/15/13	09/01/28	117,503.42	109,802.14	104,679.75	5.8

**STATEMENT OF INVESTMENTS-POLICE PENSION FUND**  
**As of December 31, 2013**

Investment	Investment Date	Maturity Date	Book Value	Market Value	Maturity Value	Rate of Interest
FN AD7139, 5.50%	11/10/10	07/01/40	70,985.20	67,966.72	62,578.12	4.9
Freddie Mac Note, 2.375%	02/21/12	01/13/22	164,384.06	157,733.40	165,000.00	2.5
Freddie Mac Note, 0.875%	11/18/13	10/14/16	503,485.00	501,730.00	500,000.00	0.9
Ginnie Mae, 6.0%	02/17/11	09/20/36	26,319.41	20,779.70	18,819.41	5.4
Ginnie Mae G2 2563, 6.5%	05/18/11	03/20/28	128,575.69	119,158.96	106,593.65	5.7
Ginnie Mae G2 2687, 6.0%	02/19/13	12/20/28	35,555.34	32,665.52	30,735.59	5.4
Ginnie Mae G2 3273, 6.0%	03/19/12	08/20/32	94,719.09	83,588.10	77,263.53	5.4
Ginnie Mae G2 3851, 5.5%	04/20/11	05/20/36	31,549.86	27,286.90	25,993.81	5.0
GN 004211M, 6.5%	07/21/10	08/20/38	38,852.78	33,969.44	31,378.45	6.0
GN 781403, 6%	03/18/04	02/15/17	6,658.72	3,192.02	3,288.77	5.7
GN 781407, 7%	01/21/04	11/15/16	6,378.10	663.21	703.88	6.8
GN 781567, 5%	02/18/04	02/15/18	4,677.84	3,375.95	3,370.30	4.7
GN 781688X, 6.0%	02/19/13	12/15/33	40,865.43	38,034.24	35,265.76	5.3
Treasury Note, 9.875%	05/01/09	11/15/15	144,234.38	117,688.00	100,000.00	8.4
Treasury Note, 8.875%	11/15/07	08/15/17	973,177.93	893,158.00	700,000.00	7.0
Treasury Note, 7.875%	12/04/08	02/15/21	429,803.93	408,189.00	300,000.00	5.8
Treasury Note, 8.125%	07/31/09	08/15/21	345,887.12	347,792.50	250,000.00	5.8
Treasury Note, 4.25%	08/18/09	11/15/14	600,426.38	569,398.50	550,000.00	4.1
Treasury Note, 4.125%	08/03/12	05/15/15	359,467.77	342,290.00	325,000.00	3.9
Treasury Note, 3.875%	12/15/10	05/15/18	655,402.34	661,314.00	600,000.00	3.5
Treasury Note, 2.625%	06/16/09	04/30/16	804,013.28	886,455.70	845,000.00	2.5
Treasury Note, 2.625%	06/23/11	07/31/14	317,601.56	304,359.00	300,000.00	2.6
Treasury Note, 3.375%	03/18/10	11/15/19	244,990.24	268,907.50	250,000.00	3.1
Treasury Note, 2.125%	09/26/11	08/15/21	410,271.48	387,500.00	400,000.00	2.2
Treasury Note, 1.75%	01/10/12	10/31/18	544,226.17	537,343.30	535,000.00	1.7
Treasury Note, 1.75%	09/15/12	02/15/22	460,414.07	427,041.00	450,000.00	2.1
Treasury Note, 0.875%	12/24/12	07/31/19	344,832.03	329,574.00	350,000.00	0.9
Treasury Note, 1.625%	12/13/13	11/15/22	209,821.09	207,611.80	230,000.00	1.8
Zero Coupon Strips	01/12/09	05/15/14	446,714.50	204,930.30	500,000.00	-

13,039,425.61      12,256,551.16      11,749,845.33

**Total Investments**

**\$ 65,247,618.73    \$ 66,417,232.79**

**Total Invested Per Institution**

	Book Value	Market Value	Percent Invested
Illinois Funds	1,180,882.63	1,180,882.63	1.81
IMET Convenience Fund	402,504.04	402,504.04	0.62
Money Market	174,780.82	174,780.82	0.27
Mutual Funds	29,043,084.67	40,182,604.75	44.51
GNMA	535,477.52	492,089.66	0.82
Treasury Notes	10,069,741.47	12,023,013.72	15.43
FNMA	20,661,871.83	8,792,675.06	31.67
FHLMC Bonds	1,118,632.56	1,087,983.26	1.71
FHLB Agency Bonds	1,438,900.45	1,688,782.05	2.21
Federal Farm Cr Bonds	175,028.25	186,986.50	0.27
Zero Coupon Bonds	446,714.50	204,930.30	0.68
	<b>\$65,247,618.73</b>	<b>\$66,417,232.79</b>	<b>100.00</b>

**STATEMENT OF INVESTMENTS-POLICE PENSION FUND**

**As of October 31, 2014**

Investment	Investment Date	Maturity Date	Book Value	Market Value	Maturity Value	Rate of Interest
Illinois Funds	09/30/86		160,453.12	160,453.12		0.012
IMET Convenience Fund	01/24/12		863,402.30	863,402.30		0.430
<b>Fidelity Investments Mutual Funds</b>						
Spartan Intl Index FID Advantage Class (FSIVX)	06/05/09		2,084,135.36	2,648,729.24		
Dimensional US Vector Equity Port (DFVEX)	08/08/11		2,683,757.67	4,090,809.43		
DFA Emerging Markets Portfolio	06/05/09		5,794,586.06	5,770,545.19		
DFA International Small Company Port (DFISX)	08/08/11		4,031,239.84	4,372,525.08		
Dimensional Adv US Small Cap Value Port (DFSVX)	08/08/11		3,097,790.54	4,587,686.08		
Dimensional Advisor US Large Cap Val (DFLVX)	08/08/11		2,012,072.08	3,526,214.64		
Dimensional Advisor US Small Cap Value Port (DFSTX)	08/08/11		3,015,449.35	4,617,930.94		
Dimensional Inv't Grp Inc Int'l (DFIVX)	08/08/11		4,269,342.78	4,557,259.34		
Vanguard Institutional Index Fund (Fund 0094)	03/09/10		2,010,864.91	3,620,655.10		
Vanguard Reit Index Admiral MER	10/24/14		1,061,188.50	1,524,724.60		
Fidelity Cash Reserve			1.10	1.10		
			30,060,428.20	39,317,080.74		
<b>Fidelity Investments Mutual Funds w/Corporate Bonds</b>						
Vanguard Short Tem Invmt Grade Admiral (VFSUX)	03/31/14		3,020,265.35	3,018,288.21		
Fidelity Cash Reserve			0.27	0.27		
			3,020,265.62	3,018,288.48		
<b>Fifth Third Bank</b>						
Money Market	12/02/03		257,554.55	257,554.55		
Fannie Mae	01/03/14	09/28/16	319,587.03	319,280.85	315,000.00	1.2
Fannie Mae	02/26/13	10/26/17	124,908.75	124,438.75	125,000.00	0.9
Fannie Mae	03/01/13	02/08/18	450,167.15	449,858.50	455,000.00	0.9
Fannie Mae	07/19/13	08/26/16	214,393.05	215,232.20	215,000.00	0.6
Fannie Mae Remic Trust	08/14/13	12/25/19	123,012.70	124,793.75	125,000.00	1.8
Fannie Mae	12/01/12	08/25/22	131,800.47	127,307.70	130,000.00	2.4
Fannie Mae	01/30/14	11/25/18	100,995.80	102,050.00	100,000.00	2.3
FNMA Remic Trust	04/02/14	01/25/24	121,198.56	126,033.60	120,000.00	3.3
Fannie Mae	11/13/13	05/25/22	123,362.89	127,574.20	130,000.00	2.4
Fed Home Ln Mtg Corp., 1.655%	04/12/12	11/25/16	100,499.50	101,304.00	100,000.00	1.6
Federal Natl Mtg Assn, 2.63%	09/08/14	09/06/24	158,539.20	159,356.80	160,000.00	2.6
FG J13917	01/20/11	12/01/20	32,077.21	30,419.15	28,760.53	3.3
FG J17343	02/23/12	12/01/21	87,860.54	82,524.80	79,178.71	2.9
FG B13808	02/15/11	04/01/19	39,679.49	33,084.62	31,341.40	4.3
FG C90441	04/14/11	05/01/21	60,409.96	54,471.32	48,270.07	5.3
FG V6-0358	08/18/14	12/01/28	61,051.66	61,438.38	59,053.22	2.9
FHLB, 4.75%	09/19/05	02/13/15	251,817.75	253,205.00	250,000.00	4.7
FHLB, 1.0%	05/04/12	06/21/17	274,164.60	275,607.75	275,000.00	1.0
FHLB, 0.25%	04/01/13	01/16/15	524,737.50	525,152.25	525,000.00	0.2
FN 257264, 5.5%	04/19/11	06/01/18	50,302.34	39,489.03	37,339.75	5.2
FN 257329, 5.0%	02/15/11	08/01/18	19,816.08	15,209.86	14,383.52	4.7
FN 257492, 4.5%	02/15/11	11/01/18	21,594.95	17,331.99	16,450.25	4.3
FN AI2859, 4.0%	08/16/11	06/01/21	60,478.08	56,919.87	53,605.95	3.8
FN AJ8198, 3.0%	02/23/12	01/01/02	102,597.01	98,567.44	94,425.91	2.9
FN AM1291, 2.26%	12/01/12	12/01/22	83,602.37	80,786.01	82,154.71	2.2
FN AQ1217, 2.50%	11/01/12	11/01/27	52,522.21	50,667.56	49,713.55	2.5
FN 725517, 5.0%	03/17/11	05/01/19	62,188.22	54,921.36	51,322.61	4.7
FN AB1481, 3.5%	08/16/11	09/01/20	34,575.00	31,319.12	29,610.30	3.3
FN AB1827, 3.5%	11/17/11	11/01/20	48,435.16	45,678.51	43,185.41	3.3
FN AB2576, 3.5%	07/19/11	05/01/21	49,596.81	47,172.17	44,601.35	3.3
FN MA0403, 3.5%	03/17/11	04/01/20	60,679.18	59,675.30	56,423.07	3.3
FN MA0464, 3.5%	02/16/12	06/01/20	55,024.81	50,970.71	48,192.87	3.3
FN MA0548, 3.5%	01/20/11	09/01/20	25,852.13	24,140.93	22,823.77	3.3
FN MA0865, 3.0%	08/18/14	10/01/21	119,563.04	119,825.78	114,792.15	2.9
Freddie Mac	06/06/11	05/27/16	640,096.29	639,852.40	620,000.00	2.4
Freddie Mac	04/24/13	01/13/22	633,406.29	628,968.75	625,000.00	2.4
Freddie Mac	09/03/13	10/02/19	436,169.70	448,656.40	460,000.00	1.3
Freddie Mac	02/28/13	03/07/18	485,146.79	484,134.70	490,000.00	0.9
Freddie Mac	04/04/13	05/01/20	634,102.30	632,398.00	650,000.00	1.4
Freddie Mac Ser K702	01/10/13	02/25/18	130,770.31	126,150.00	120,000.00	3.0
Freddie Mac	02/01/12	09/25/18	128,313.34	128,948.05	126,281.00	2.3
Freddie Mac Ser K715	05/13/14	01/25/21	81,596.88	82,264.80	80,000.00	2.8
GNMA #142495	07/22/87	12/15/15	864.25	1,034.72	1,031.04	7.9
GNMA #197505	06/23/87	03/15/17	430.82	460.40	454.21	7.9
GNR 2003-72D	05/25/07	12/16/36	3,362.10	11,532.61	11,523.97	5.3
GINNIE MAE SER 2011-144	03/26/13	06/16/43	82,400.00	81,204.80	80,000.00	2.7
Treasury Note, 1.25%	01/02/14	11/30/18	210,422.85	213,757.30	215,000.00	1.3

**STATEMENT OF INVESTMENTS-POLICE PENSION FUND**

**As of October 31, 2014**

Investment	Investment Date	Maturity Date	Book Value	Market Value	Maturity Value	Rate of Interest
Treasury Note, .375%	04/02/14	03/31/16	504,506.84	505,590.85	505,000.00	0.4
Treasury Note, 4.75%	08/29/07	08/15/17	352,115.62	381,656.25	345,000.00	4.3
Treasury Note, 2.625%	08/30/10	08/15/20	101,594.06	104,289.00	100,000.00	2.5
Treasury Note, 1.375%	02/14/11	11/30/15	504,431.45	511,428.65	505,000.00	1.4
Treasury Note, 3.125%	07/05/11	05/15/21	266,111.34	272,829.60	255,000.00	2.9
Treasury Note, 1.0%	09/01/11	08/31/16	686,298.22	686,800.00	680,000.00	1.0
Treasury Note, 1.0%	10/05/11	09/30/16	358,668.44	358,383.15	355,000.00	1.0
Treasury Note, 1.0%	03/31/12	03/31/17	99,937.49	100,711.00	100,000.00	1.0
Treasury Note, 1.75%	03/04/14	05/15/22	62,120.70	63,364.60	65,000.00	1.8
Treasury Note, 0.625%	09/14/12	08/31/17	614,339.65	615,207.40	620,000.00	0.6
Treasury Note, 1.0%	09/21/12	08/31/19	785,216.57	782,105.80	805,000.00	1.0
Treasury Note, 2.0%	05/24/13	02/15/23	274,270.63	280,790.55	285,000.00	2.0
Treasury Note, 1.25%	07/29/14	08/31/15	192,285.93	191,721.40	190,000.00	1.2
Treasury Note, 2.5%	07/29/14	05/15/24	10,109.47	10,160.90	10,000.00	2.5
			12,683,734.08	12,687,765.89	12,329,919.32	
<b>Great Lakes</b>						
Money Market	12/08/03		116,043.12	116,043.12		
Fannie Mae, 5.375%	03/29/12	07/15/16	342,959.64	313,542.20	290,000.00	5.0
Fed Home Ln Mtg Corp., 3.75%	05/12/10	03/27/19	215,932.69	217,950.00	200,000.00	3.4
Federal Farm Cr, 4.450%	02/22/06	06/01/15	95,736.00	102,304.00	100,000.00	4.3
Federal Farm Cr, 5.08%	01/09/08	10/05/15	79,292.25	78,434.25	75,000.00	4.8
FG G3-0100	05/13/13	02/01/18	42,379.33	37,419.83	35,571.53	6.6
FG G30290, 6.5%	05/14/07	03/01/26	13,670.14	12,567.61	11,089.30	5.7
FG E82733, 5.5%	07/17/07	03/01/16	1,782.95	2,626.69	2,483.14	5.2
FG E89857, 5.5%	07/24/08	05/01/17	7,926.85	8,325.81	7,870.80	5.2
FG E96458, 5%	09/28/09	05/01/18	6,655.23	5,029.48	4,766.91	4.7
FG E98992, 4.5%	06/18/07	09/01/18	6,691.33	9,786.20	9,281.30	4.3
FG G14187, 5.5%	06/27/12	12/01/20	50,683.81	45,612.36	42,753.43	5.1
FG H02432, 6.0%	08/11/11	03/13/38	64,537.71	53,436.08	48,548.24	5.4
FG G12111, 5%	09/17/09	10/01/19	4,575.00	3,366.09	3,190.36	4.7
FG G12399 6.0%	10/31/14	09/01/21	141,351.14	141,300.83	128,318.77	6.0
FG G06380, 6.5%	10/31/13	02/01/35	101,896.72	102,716.21	88,467.62	5.6
FG JO-1655, 5.5%	10/04/13	04/01/21	80,337.54	77,115.26	70,761.58	5.0
FG J-12371, 4.50%	09/20/10	06/01/25	25,976.43	20,266.67	19,034.92	4.2
FG C90990, 6.5%	02/12/13	09/01/26	35,805.84	35,155.56	30,219.51	5.6
FG C91033, 5.5%	06/27/12	06/01/27	48,246.46	43,070.81	38,616.41	4.9
FG C91093, 6%	09/14/09	09/01/27	8,527.55	6,204.56	5,496.45	5.3
FG G11606, 4.5%	03/16/06	05/01/18	1,162.05	3,432.07	3,255.00	4.3
FG G11707, 6.0%	06/18/07	03/01/20	5,394.54	5,128.19	4,791.45	5.6
FG G1-1722, 5.0%	12/17/13	07/01/20	92,058.02	90,544.37	84,665.91	4.7
FG C01371	02/12/04	06/01/32	11,811.68	7,346.32	6,179.04	5.9
Fed Home Ln Mtg Corp Pool E01141, 7%	04/17/07	03/01/17	9,683.47	7,020.88	6,699.50	6.7
Fed Home Ln Mtg Corp Pool E01156, 6.5%	11/19/07	05/01/17	8,832.17	6,963.72	6,651.12	6.2
FG E01250, 5%	09/29/09	11/01/17	4,690.45	3,447.60	3,267.62	4.7
FG E01307, 5%	03/19/07	02/01/18	4,773.84	5,728.39	5,429.34	4.7
FG E01345, 5.5%	02/15/07	04/01/18	4,767.73	5,067.54	4,790.60	5.2
FG E01385, 4.5%	09/22/09	06/01/18	7,665.40	6,277.83	5,953.94	4.3
FG E01426, 5.0%	03/16/06	08/01/18	5,763.74	7,085.08	6,715.21	4.7
FG E01488, 5%	05/19/08	10/01/18	7,881.11	7,924.26	7,510.58	4.7
FG E01490, 5%	02/18/04	11/01/18	6,129.52	4,606.31	4,365.80	4.7
FG E01544, 4.5%	03/18/04	01/01/19	4,574.74	3,966.22	3,756.28	4.3
FG E01590, 5.0%	07/17/08	02/01/19	8,516.50	9,350.03	8,781.27	4.7
FG E01642, 5%	09/17/09	05/01/19	5,894.93	4,870.98	4,574.46	4.7
FG A9-1904, 5.50%	06/14/10	04/01/40	29,932.00	29,950.11	26,504.76	4.9
FG B11231, 4.5%	04/20/04	12/01/18	4,923.17	4,247.27	4,017.20	4.2
FG B11429, 4.5%	03/16/06	12/01/18	6,417.95	9,905.03	9,351.25	4.2
FG B17493, 4.0%	05/31/06	12/01/14	0.00	120.24	113.34	3.8
FG B18639, 4.0%	10/19/07	01/01/15	0.00	174.62	164.60	3.8
FH U9-0155, 4.0%	03/14/13	09/01/42	100,629.56	99,018.74	92,457.06	3.8
FG C80398, 6.5%	01/13/05	05/01/26	11,744.75	6,943.43	6,126.68	5.7
FHLMC Pool C90230, 6.5%	06/14/04	09/01/18	5,125.06	3,189.80	2,814.59	5.7
FG C90247, 6.5%	06/25/04	01/01/19	7,702.10	5,288.18	4,666.14	5.7
FG C90438, 6.5%	06/14/04	04/01/21	6,125.30	4,010.38	3,538.64	5.7
FG C90481, 6%	02/24/04	09/01/21	4,114.77	2,440.34	2,152.94	5.3
FHLMC POOL C90584, 5.5%	09/29/09	10/01/22	6,283.29	5,049.13	4,534.47	4.9
FHLMC POOL C90588, 5.5%	09/29/09	11/01/22	6,849.79	5,419.56	4,867.14	4.9
FHLMC POOL C90589, 6.0%	06/11/09	11/01/22	3,227.04	2,808.33	2,488.62	5.3
FG C90686, 4.5%	04/13/05	06/01/23	2,343.20	4,892.07	4,515.94	4.1
FG C90698, 4.5%	08/20/07	08/01/23	3,906.01	7,835.67	7,233.22	4.1
FG C90808, 6.5%	11/15/04	01/01/24	4,364.96	3,514.96	3,100.81	5.7
FN 251818, 6%	09/30/04	06/01/18	15,010.95	9,572.32	8,468.31	5.3

## STATEMENT OF INVESTMENTS-POLICE PENSION FUND

As of October 31, 2014

Investment	Investment Date	Maturity Date	Book Value	Market Value	Maturity Value	Rate of Interest
FN 253946	07/15/04	08/01/21	9,332.98	5,515.39	4,991.49	6.3
FN 254342, 6.0%	01/29/08	06/01/17	14,474.26	10,720.36	10,272.97	5.7
FN 254471, 6.0%	06/11/09	09/01/22	3,037.59	2,706.93	2,394.73	5.3
FN 254513, 6.0%	06/11/09	10/01/22	2,897.65	2,559.18	2,264.02	5.3
FN 254544, 6.0%	06/11/09	11/01/22	5,499.84	4,805.32	4,251.10	5.3
FN 254631, 5.0%	11/19/07	02/01/18	2,385.56	2,756.83	2,611.60	4.7
FN 254634, 5.5%	09/29/09	02/01/23	8,219.02	6,904.14	6,189.17	4.9
FN 254719, 4.5%	09/22/09	04/01/18	6,286.00	5,095.76	4,836.52	4.2
FN 254802, 4.5%	10/31/05	07/01/18	3,649.13	6,086.36	5,776.73	4.2
FN 254908, 5%	04/15/04	09/01/23	6,780.85	5,922.89	5,349.97	4.5
FN 254987, 5.0%	02/18/09	12/01/18	5,590.09	5,099.65	4,776.70	4.7
FN 255271, 5%	04/12/06	06/01/24	3,582.09	5,779.77	5,220.69	4.5
FN 779774, 5%	03/16/06	07/01/24	6,310.94	9,735.02	8,793.34	4.5
FN 255342, 6%	10/10/13	07/01/24	50,945.79	51,420.90	45,490.32	5.3
FN 255574, 4.50%	03/09/06	12/01/14	0.00	53.56	50.85	4.3
FN 255810, 5.0%	11/14/11	08/01/25	39,416.51	35,360.14	31,939.72	4.5
FN 255938, 4.50%	11/17/05	11/01/15	(0.00)	860.71	816.92	4.3
FN 256323, 5.5%	01/13/11	07/01/26	55,176.66	44,550.30	39,897.81	4.9
FN 256556, 6.0%	03/10/11	01/01/27	29,747.76	24,622.22	21,770.12	5.3
FN 256708, 6.5%	06/27/12	03/01/27	67,842.38	59,021.94	52,004.92	5.7
FN 256752, 6.0%	06/27/12	06/01/27	18,621.33	16,682.69	14,756.52	5.3
FN 303771, 6.5%	10/29/04	03/01/16	4,894.19	1,768.38	1,558.14	5.7
FN 313882, 7.0%	03/18/14	12/01/17	26,782.77	25,676.44	24,691.50	6.7
FM AM0359, 2.310%	06/18/13	08/01/22	96,000.00	98,604.00	100,000.00	2.2
FN AQ7308, 3.0%	03/12/13	01/01/43	96,809.49	94,647.77	94,317.66	3.0
FN AT1660, 3.5%	03/13/14	04/01/43	95,678.13	99,061.31	95,678.13	3.4
FN 467059, 3.810%	01/31/14	01/01/19	101,827.59	101,402.03	94,472.47	3.3
FN 469117, 3.45%	02/04/13	10/01/21	50,495.14	50,560.54	47,549.69	3.0
FNI 545639, 6.5%	03/13/06	04/01/32	11,970.31	12,639.97	10,724.20	5.5
FN 545696, 6.0%	05/19/09	06/01/22	14,287.89	12,950.45	11,456.82	5.3
FN 555545, 5%	08/18/09	06/01/18	11,981.46	9,744.44	9,225.33	4.7
FN 555876, 5.5%	03/30/12	10/01/33	48,276.92	43,489.50	38,363.72	4.8
FN 658867, 6.0%	07/17/07	08/01/17	2,748.83	2,674.66	2,560.68	5.8
FN 676674, 5%	11/19/07	12/01/17	3,506.60	4,060.55	3,846.64	4.7
FN 681347, 5%	11/19/07	02/01/18	3,791.35	4,477.38	4,241.51	4.7
FN 687984, 5.5%	12/18/12	03/01/33	59,190.08	56,230.93	50,001.72	4.9
FN 695871, 4.5%	10/31/07	04/01/18	2,467.16	3,994.70	3,791.46	4.2
FN 704460, 6%	01/20/04	05/01/18	4,920.13	1,419.81	1,350.86	5.7
FN 708760, 4.5%	03/16/04	06/01/18	5,135.12	4,525.87	4,295.62	4.2
FN 709028, 5.0%	03/16/06	06/01/18	6,449.19	8,393.42	7,950.57	4.7
FN 709122, 4.5%	08/20/07	07/01/18	5,472.93	7,981.97	7,575.90	4.2
FN 725045, 4.5%	11/30/06	11/01/18	4,857.71	7,064.57	6,705.17	4.2
FN 725352, 4.5%	09/18/07	04/01/19	3,589.68	5,618.65	5,324.27	4.2
FN 725510, 6.5%	11/19/07	07/01/17	2,728.53	48.73	48.40	6.4
FN 725876, 5%	05/26/06	10/01/19	5,237.87	7,973.04	7,445.52	4.7
FN 731190, 4.5%	08/20/07	08/01/18	2,962.81	5,373.28	5,099.92	4.2
FN 735727, 6%	04/17/08	01/01/20	11,296.73	7,870.04	7,513.74	5.7
FN 744316, 5%	02/18/09	09/01/18	15,135.52	13,626.37	12,906.45	4.7
FN 745017, 4.5%	05/19/09	07/01/20	9,353.48	8,001.57	7,579.03	4.2
FN 745444, 5.5%	10/28/08	04/01/16	3,558.70	2,785.73	2,637.20	5.2
FN 748682, 4.5%	03/19/07	10/01/18	2,533.20	4,082.25	3,874.58	4.2
FN 827732, 5.5%	01/12/12	06/01/35	85,768.06	70,820.96	63,001.80	4.9
FN 868241, 5.5%	10/16/13	03/01/21	52,866.94	51,513.63	47,278.86	5.0
FNMA 888250, 5.5%	09/16/08	01/01/21	7,661.97	7,193.18	6,803.61	5.2
FN 888889, 4.5%	12/17/07	12/01/18	7,608.86	10,219.99	9,700.07	4.2
FN 889634, 6.0%	07/19/10	02/01/23	29,037.92	23,138.40	20,795.01	5.4
FN 923790, 6.50%	09/14/10	05/01/37	94,396.26	91,872.39	85,846.80	6.1
FN 995264, 6.5%	12/24/13	12/01/23	90,857.98	88,895.29	80,137.83	5.9
FN 995787, 6.5%	12/12/12	09/01/36	80,613.50	72,537.75	62,810.86	5.6
FN AA7523, 4.5%	06/23/14	06/01/24	31,977.42	31,773.69	29,336.15	4.2
FN AB1940, 3.50%	10/18/11	12/01/25	114,164.69	111,756.61	104,948.59	3.3
FN AC6761, 5.50%	12/20/11	01/01/40	113,841.21	111,731.71	100,018.54	4.9
FN AD0329, 6.5%	07/15/13	09/01/28	91,281.30	89,338.13	78,457.63	5.7
Freddie Mac Note, 0.875%	11/18/13	10/14/16	402,788.00	402,520.00	400,000.00	0.9
Ginnie Mae G2 2563, 6.5%	05/18/11	03/20/28	113,948.74	107,650.70	91,966.70	5.5
Ginnie Mae G2 2687, 6.0%	02/19/13	12/20/28	29,657.92	28,124.26	24,838.17	5.3
Ginnie Mae G2 3273, 6.0%	03/19/12	08/20/32	78,919.92	70,835.83	61,464.36	5.2
GN 004211M, 6.5%	07/21/10	08/20/38	30,057.77	25,781.48	22,583.44	5.7
GN 781403, 6%	03/18/04	02/15/17	5,237.21	1,935.88	1,867.26	5.8
GN 781407, 7%	01/21/04	11/15/16	6,056.16	388.48	381.94	6.9
GN 781567, 5%	02/18/04	02/15/18	3,493.48	2,313.37	2,185.94	4.7
Treasury Note, 8.875%	11/15/07	08/15/17	375,368.63	329,421.60	270,000.00	7.3

**STATEMENT OF INVESTMENTS-POLICE PENSION FUND**

**As of October 31, 2014**

Investment	Investment Date	Maturity Date	Book Value	Market Value	Maturity Value	Rate of Interest
Treasury Note, 7.875%	12/04/08	02/15/21	164,758.17	155,995.20	115,000.00	5.8
Treasury Note, 4.25%	08/18/09	11/15/14	21,833.69	20,026.60	20,000.00	4.2
Treasury Note, 3.875%	12/15/10	05/15/18	322,239.48	322,426.15	295,000.00	3.5
Treasury Note, 2.125%	09/26/11	08/15/21	164,108.59	161,012.80	160,000.00	2.1
Treasury Note, 1.75%	01/10/12	10/31/18	264,483.74	263,777.80	260,000.00	1.7
Air Lease Corp	06/10/14	02/01/24	102,241.39	99,500.00	100,000.00	4.8
Allergan Inc	06/04/14	03/15/23	90,371.40	87,112.00	100,000.00	3.1
Altria Group	06/05/14	08/09/22	96,358.00	96,905.00	100,000.00	2.9
Amphenol Corp	09/12/14	09/15/21	119,894.40	120,831.60	120,000.00	3.1
Apple Inc	06/05/14	05/03/23	94,731.00	96,480.00	100,000.00	2.5
Bank Amer Corp Sr IntNotes	08/19/14	05/15/15	25,587.50	25,388.00	25,000.00	3.3
Bank of America Corp	06/05/14	11/15/14	21,392.62	21,025.41	21,000.00	5.1
Bear Stearns	08/19/14	07/02/18	27,462.50	27,133.00	25,000.00	4.3
Blackrock Inc	06/09/14	12/10/14	20,270.51	20,061.00	20,000.00	3.5
CBS Corp	06/05/14	02/15/21	107,600.11	107,385.00	100,000.00	4.0
CRH America	08/18/14	09/30/16	27,525.00	27,223.00	25,000.00	5.5
CVS Caremark Corp	09/23/14	12/01/22	23,969.35	24,292.00	25,000.00	2.8
Carolina Power & Light Co	06/09/14	01/15/19	114,776.00	113,044.00	100,000.00	4.7
Citigroup Inc	06/05/14	01/14/22	108,207.00	108,490.00	100,000.00	4.1
CB DirecTV Hldgs LLC	09/25/14	03/15/22	102,652.40	101,864.00	100,000.00	3.7
Dun & Bradstreet	07/01/14	12/01/17	103,516.00	103,689.00	100,000.00	3.1
Ebay Inc	07/28/14	08/01/21	124,723.75	122,497.50	125,000.00	2.9
Freeport McMoran Copper & Gold	09/25/14	03/01/22	98,470.30	97,723.00	100,000.00	3.6
Gatx Corp	06/20/14	05/15/15	200,952.03	198,958.50	195,000.00	4.6
General Elec Cap Corp	06/05/14	01/19/23	99,737.00	100,177.00	100,000.00	3.1
GE Capital	08/27/14	05/15/15	12,355.55	12,220.08	12,000.00	5.0
GE Capital InterNotes	08/19/14	10/15/20	17,002.50	16,665.45	15,000.00	4.8
Goldman Sachs Group	06/05/14	01/31/19	101,279.00	100,744.00	100,000.00	2.6
HCP Inc	06/16/14	02/01/20	99,741.00	99,254.00	100,000.00	2.6
HSBC Fin Corp	06/02/14	07/15/15	71,001.00	70,112.28	69,000.00	3.8
Hasbro Inc	07/14/14	09/15/17	108,925.27	108,164.16	96,000.00	5.6
Humana Inc	06/11/14	08/01/18	115,960.44	114,189.00	100,000.00	5.5
Intel Corp	08/26/14	12/15/42	19,752.56	19,739.00	20,000.00	4.2
JP Morgan Chase	06/09/14	01/20/15	15,255.01	15,102.45	15,000.00	3.7
JP Morgan Chase	06/09/14	07/22/20	109,378.00	108,398.00	100,000.00	4.0
Juniper Networks	06/16/14	03/15/16	90,988.48	90,177.12	88,000.00	3.0
KLA Instruments	08/20/14	05/01/18	29,237.50	28,944.75	25,000.00	5.9
Kohls Corp	07/28/14	11/01/21	121,068.55	120,186.50	115,000.00	3.8
Lorrillard Tob Co	06/13/14	05/01/20	158,694.38	158,176.28	134,000.00	5.8
Manufacturer and Traders	07/25/14	07/25/19	99,704.00	99,960.00	100,000.00	2.2
Merrill Lynch	06/06/14	01/15/15	82,040.00	80,688.00	80,000.00	4.9
Merrill Lynch	07/10/14	05/02/17	110,673.00	109,068.00	100,000.00	5.2
Morgan Stanley	06/05/14	09/23/19	114,904.00	113,277.00	100,000.00	5.0
Nabors Inds Inc	06/05/14	09/15/21	107,625.95	105,494.00	100,000.00	4.3
Nasdaq OMX Group	06/09/14	01/15/20	110,704.00	110,964.00	100,000.00	5.0
Newmont Mining	06/04/14	03/15/22	94,719.00	92,956.00	100,000.00	3.7
Nomura Amer Fin	06/16/14	10/25/18	42,255.60	41,500.00	40,000.00	4.0
Paccar Finl Corp	09/15/14	09/15/19	99,943.00	100,650.00	100,000.00	2.2
Pitney Bowes	08/29/14	01/15/16	116,476.60	115,259.07	111,000.00	4.5
Quest Diagnostics	06/09/14	04/01/21	108,293.00	108,412.00	100,000.00	4.3
Staples Inc	06/13/14	01/12/18	100,320.00	101,495.00	100,000.00	2.7
Sunoco Inc	06/05/14	01/15/17	110,351.97	108,876.00	100,000.00	5.3
Thomas & Betts Corp	08/20/14	11/15/21	29,360.00	29,338.25	25,000.00	4.8
Total Sys Svcs Inc	06/13/14	06/01/18	100,093.00	99,613.00	100,000.00	2.4
Toyota Mtr Corp	06/05/14	11/17/14	15,037.72	15,004.50	15,000.00	1.2
URS Corp	06/03/14	04/01/17	104,806.00	101,247.00	100,000.00	3.7
Unitrin Inc	08/11/14	05/15/17	55,100.00	54,487.50	50,000.00	5.5
Valmont Industries	09/22/14	10/01/44	99,536.00	98,611.00	100,000.00	5.0
Washington Post Co	09/29/14	02/01/19	58,375.00	58,226.00	50,000.00	6.2
Wells Fargo & Co	06/05/14	08/15/23	103,459.50	104,300.00	100,000.00	4.0
Wells Fargo & Co	09/03/14	11/15/14	50,416.00	50,062.50	50,000.00	5.0
Western Union	06/16/14	10/01/16	110,135.00	108,694.00	100,000.00	5.4
Williams Partners	06/09/14	02/15/15	61,248.00	60,495.00	60,000.00	3.8
Zimmer Holdings	08/20/14	11/30/19	27,737.50	27,412.50	25,000.00	4.2
AON	06/26/14	05/24/43	95,600.00	96,541.00	100,000.00	4.5
Allied World Assurn Co Hldgs	09/23/14	11/15/20	66,899.52	67,305.60	60,000.00	4.9
BP Cap Mkts PLC	08/19/14	03/10/16	27,977.50	27,564.50	25,000.00	4.3
Baidu Corp	06/13/14	08/06/18	23,822.48	23,648.14	23,000.00	3.1
Ecpetrol SA Sr	09/16/14	01/16/25	99,001.00	97,500.00	100,000.00	4.2
Invesco Finance PLC	06/16/14	11/30/22	46,551.76	46,651.26	47,000.00	3.1
Noble Hldg Inc	09/02/14	08/01/20	109,779.20	103,332.00	100,000.00	4.6
Nomura Hldgs Inc	06/25/14	03/04/15	102,974.00	101,309.00	100,000.00	4.9

**STATEMENT OF INVESTMENTS-POLICE PENSION FUND**

**As of October 31, 2014**

Investment	Investment Date	Maturity Date	Book Value	Market Value	Maturity Value	Rate of Interest
Orix Corp	06/12/14	01/12/16	127,316.80	125,268.00	120,000.00	4.8
Petrobas Intl	06/09/14	02/06/17	79,187.57	78,215.83	77,000.00	3.4
Royal Bank of Scotland	06/09/14	03/16/15	103,119.22	101,476.00	100,000.00	4.8
Teva Pharmaceutical	07/14/14	11/10/21	102,410.00	102,113.00	100,000.00	3.6
Transalta Corp	06/16/14	01/15/15	20,458.80	20,156.80	20,000.00	4.7
Georgia Pac Corp	07/11/14	06/15/15	79,744.20	78,092.25	75,000.00	7.3
Teck Cominco	06/25/14	10/01/15	85,582.17	84,194.64	81,000.00	5.2
Chicago Ill	09/19/14	01/01/17	107,903.00	106,093.00	100,000.00	5.0
Chicago Bd of Ed	08/26/14	12/01/15	52,440.00	52,347.50	50,000.00	4.8
McHenry Cnty IL Cmnty Unit	08/05/14	01/01/18	126,105.00	125,336.25	125,000.00	2.2
McHenry IL	08/18/14	12/15/22	128,276.40	128,947.20	120,000.00	3.8
Naperville IL	06/16/14	12/01/17	80,288.25	79,617.75	75,000.00	3.4
Peoria Cnty IL	07/31/14	12/15/19	106,029.00	104,668.00	100,000.00	3.3
Rosemont IL	06/17/14	12/01/17	51,320.50	50,531.50	50,000.00	2.4
St Clair Cnty Ill Cmnty Unit	09/26/14	01/01/21	83,812.50	82,873.50	75,000.00	5.0
Schiller Park IL	07/02/14	12/01/19	99,745.00	100,282.00	100,000.00	2.2
Union Alexander Etc Cntys Ill	09/29/14	12/01/16	104,900.00	102,502.00	100,000.00	3.5
Will Grundy Etc Cntys Ill	09/09/14	01/01/22	114,470.00	113,549.00	100,000.00	5.2
			12,856,176.28	12,539,482.00	11,526,639.76	

**Total Investments**

**\$ 59,644,459.60    \$ 68,586,472.53**

**Total Invested Per Institution**

	Book Value	Market Value	Percent Invested
Illinois Funds	160,453.12	160,453.12	0.27
IMET Convenience Fund	863,402.30	863,402.30	1.45
Money Market	373,599.04	373,599.04	0.63
Mutual Funds	33,080,692.45	40,810,643.25	55.46
GNMA	354,428.37	331,262.53	0.59
Municipal Bonds	1,055,289.65	1,046,747.70	1.77
Treasury Notes	6,335,221.56	6,331,456.60	10.62
FNMA	9,371,588.44	9,145,944.30	15.71
FHLMC Bonds	1,809,940.86	1,806,190.42	3.03
Corporate Bonds	6,064,815.56	6,011,310.42	10.17
Federal Farm Cr Bonds	175,028.25	180,738.25	0.29
	\$59,644,459.60	\$67,061,747.93	100.00



Actuary

To: Ms. Rachel Musiala

Comments:

Re: Police &amp; Firefighter Pension Funds

Rachel:

Recall, over the past three years as a result of PA 096-1495 many changes were made including the actuarial method (Projected Unit Credit), 30-year amortization period, 90% amortization target, asset smoothing (5-year average market value) and the RP2000 Mortality Table. This year, the smoothed values are less than the straight market values, thus both Funds have significant deferred gains (\$2.5M Police, \$2.7M Fire). The investment returns were more than assumed and salaries increased less than assumed. Police has the same number of active members and had 1 new incident of disability. Fire has 1 more active member and had 2 new incidents of disability. Due to the several retirements in Police during the year, the Tax Levy Requirement this year is no longer the PA 096-1495 amount. Thus, the Tax Levy has decreased for Police and increased slightly for Fire. The Percent Funded has increased for both.

Highlights:

1. Investment returns: Police 14.37%; Fire 14.95%.
2. Annual payroll increases: Police -0.7%, Fire 2.9%.  
Average increases: Police 2.4%, Fire 4.1%.
3. New members: Police 7, Fire 4; Terminations: Police 0, Fire 0;  
Retirements: Police 6, Fire 1; Incidents of Disability: Police 1, Fire 2.
4. Percent Funded: Police increased from 63.2% to 65.3%;  
Fire increased from 70.9% to 73.1%.
5. Tax Levy: Police decreased from \$2,710,874 (PA 096-1495) to \$2,609,029 (3.8%);  
Fire increased slightly from \$2,529,741 to \$2,531,184 (0.1%).

As Always,

T. Sharpe

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*Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600*

August 19, 2014

**VILLAGE OF HOFFMAN ESTATES  
Actuarial Valuation Results**

<b>POLICE</b>	<u>1/1/13</u>		<u>1/1/14</u>		
	Int: 7.50%	Int: 7.50%	Int: 7.00%	Int: 7.00%	Int: 7.50%
	<u>Sal: 5.00%<sup>2</sup></u>	<u>Sal: 5.00%<sup>1</sup></u>	<u>Sal: 5.00%<sup>1</sup></u>	<u>Sal: 4.75%<sup>1</sup></u>	<u>Sal: 5.50%<sup>2</sup></u>
1. Village Normal Cost	1,545,058	745,182	961,559	895,284	1,438,186
2. Accrued Liability	88,483,169	98,078,675	104,239,670	103,578,590	93,037,839
3. Assets	59,368,731	64,071,993	64,071,993	64,071,993	64,071,993
4. Unfunded Liability/(Surplus)	29,114,438	34,006,682	40,167,677	39,506,597	28,965,846
5. Amortization of UL	976,685	1,681,822	1,880,881	1,902,650	972,400
6. Interest for One Year	189,131	182,025	198,971	195,855	180,794
7. Tax Levy Requirement (1+5+6)	<u>2,710,874</u>	<u>2,609,029</u>	<u>3,041,411</u>	<u>2,993,789</u>	<u>2,591,380</u>
8. Payroll	8,667,490	8,609,981	8,609,981	8,609,981	8,609,981
9. Percent Funded (3/2)	67.1%	65.3%	61.5%	61.9%	68.9%

<sup>1</sup> Reflects Entry Age, 27-year, 100% Amortization, Smoothed Market

<sup>2</sup> Reflects PA 096-1495, PUC, 27-year, 90% Amortization, Smoothed Market

August 19, 2014

**VILLAGE OF HOFFMAN ESTATES  
Police Pension Fund**

**Investment Performance 2004-2013**

	FYE 04	FYE 05	FYE 06	FYE 07	FYE 08	FYE 09	FYE 10	FYE 11	FYE 12	FYE 13
BOY Assets	33,445,485	36,312,217	38,197,403	41,968,211	45,509,710	40,439,193	46,170,267	52,092,944	52,085,622	58,169,982
Village Contribution	1,373,666	1,355,494	1,471,015	1,638,142	1,800,870	1,979,784	2,541,814	2,497,419	2,450,556	2,525,766
Officer Contribution	657,747	697,120	736,842	977,560	878,028	867,482	836,839	864,316	1,194,862	1,010,124
Pension Payments	1,735,847	1,767,133	1,952,493	2,075,790	2,203,708	2,348,010	2,540,174	2,996,242	2,993,874	3,355,817
Expenses	91,230	108,109	16,749	115,241	102,018	18,589	131,392	115,364	125,256	132,034
Income	2,662,396	1,707,814	3,532,192	3,116,828	(5,443,689)	5,250,407	5,215,590	(257,451)	5,558,072	8,359,798
EOY Assets	36,312,217	38,197,403	41,968,210	45,509,710	40,439,193	46,170,267	52,092,944	52,085,622	58,169,982	66,577,819
Annual Yield	7.94%	4.69%	9.22%	7.39%	-11.91%	12.91%	11.21%	-0.49%	10.62%	14.37%
5-Year Yield (2009-13)	9.72%									
10-Year Yield (2004-13)	6.59%									

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Timothy W. Sharpe, Actuary, Geneva, IL (630) 262-0600

Hoffman Estates Police Pension Fund

**STATEMENT OF  
INVESTMENT POLICY,  
OBJECTIVES AND  
GUIDELINES**

General Information.....	1
Definitions .....	1
Primary Purpose of this Statement.....	2
Responsibilities of the Pension Fund Board of Trustees.....	2
Delegation of Authority .....	3
Responsibilities of Investment Consultant(s).....	4
Responsibilities of Investment Manager(s).....	5
Responsibility of the Custodian .....	6
The Investment Committee.....	7
Fees.....	7
General Investment Principles .....	7
Investment Objectives.....	8
Definition Of Risk .....	8
Specific Investment Goal.....	9
Losses .....	10
Liquidity .....	10
Marketability of Assets .....	10
Permitted Investments.....	10
Prohibited Transactions .....	13
Asset Allocation Guidelines (at market value).....	13
Selection of Investment Manager(s) .....	13
Investment Manager Performance Review and Evaluation.....	14
Meeting Schedules.....	14
Actuarial Study .....	14
Additional Rules and Procedures.....	15

## **General Information**

The Hoffman Estates, Illinois, Police Pension Fund is a defined benefit contributory pension plan, created under Article 3 of the Illinois Pension Code (40 ILCS 5/3-101 et seq.) The Fund was created for the purpose of providing retirement and/or disability benefits to Police, their surviving spouses and dependents. Contributions to the plan come from active duty Police and from taxes upon the City. This Statement of Investment Policy, Objectives and Guidelines applies to all assets of the Hoffman Estates Police Pension Fund. All Investment Consultant(s), Investment Manager(s), and the Hoffman Estates Police Pension Fund Board of Trustees, shall affix their signatures on the last page hereof and hereby acknowledge that

- (a) they have read, understood, and agreed to adhere to this statement;
- (b) they are a “fiduciary” with respect to the Fund as provided under Illinois law including Section 1-101.2 of the Code;
- (c) investments of the Fund are restricted to those investments permitted under the provisions of the Code applicable to the Fund, including Section 1-113 thereof; and
- (d) all investments shall be made in the name of the Pension Fund and shall be clearly held and accounted for to indicate ownership by the Pension Fund.

## **Definitions**

The following terms used herein have the meanings stated below.

1. “Code” shall mean the “Illinois Pension Code (40 ILCS 5/3-101 et seq.)
2. “Plan” shall mean the pension plan of Hoffman Estates Police Pension Fund. Plan shall also mean the Fund as defined herein.
3. “Fund” shall mean the Hoffman Estates Police Pension Fund. Fund shall also mean the Plan as defined herein.
4. “Pension Fund Board of Trustees” shall refer to the governing body established to administer and control the Fund.
5. “Fiduciary” shall mean shall mean any individual or group of individuals as defined in the Illinois Pension Code, 40 ILCS 5/1-101, et seq. as may be applicable to investments under Article 3 (Police Pension Code), including, but not limited to, Investment Consultant(s), Investment Manager(s), and Custodian(s) as defined herein.
6. “Investment Manager” shall mean an “Investment Manager” as defined the Section 1-101.4 of the Code and shall include any person employed to manage the investment of all or part of the Plan’s assets.

7. "Investment Consultant" shall mean any person employed to provide advisory services, including advice on investment objectives, asset allocation, manager search, and performance monitoring.
8. "Custodian" shall mean any person employed to maintain possession of securities or funds owned by the plan as custodian always identified as Custodian(s) of the Fund defined herein subject to the direction of the Pension Fund Board of Trustees. "Securities" shall refer to the marketable investment securities which are defined as acceptable in this Statement.
9. "Investment Horizons" shall be the time period over which the investment objectives, as set forth in this Statement, are expected to be met. The investment horizon for this Fund is in excess of 10 years. Investment horizons may differ for individual equity and fixed income investments.
10. "Statement" shall mean this Statement of Investment Policy, Objectives and Guidelines.

### ***Primary Purpose of this Statement***

This Statement is set forth by the Pension Fund Board of Trustees in order to achieve the following primary purposes:

1. Define and assign the responsibilities of all involved parties.
2. Ensure that Fund assets are managed in accordance with the Illinois Pension Code (40 ILCS 5/1-101 et seq. and 5/1A-101 et seq.) and other laws as may be applicable to investments under Article 3 of the Code (40 ILCS 5/3-101 et seq.), and as such statutes may be amended hereafter.
3. Establish a clear understanding for all involved parties of the investment goals and objectives for Plan assets.
4. Offer guidance and limitations to all Investment Managers regarding the investment of Plan assets.
5. Establish a basis for evaluating investment results.
6. Establish the relevant Investment Horizons for which Plan assets will be managed.
7. To achieve a target rate of return over the investment horizon that meets or exceeds the actuarially assumed rate of return.

### ***Responsibilities of the Pension Fund Board of Trustees***

The Pension Fund Board of Trustees is charged by law with the responsibility for the management of the Plan's assets. As provided in Section 1-113.1 of the Code, the Pension Fund Board of Trustees shall discharge its duties solely in the interest of the Plan, with the care, skill,

prudence and diligence under the circumstances then prevailing, that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character with like aims. The specific responsibilities of the Pension Fund Board of Trustees relating to the investment management of the Plan's assets include, but are not limited to, the following:

1. Adhering to the guidelines as defined in the Illinois Pension Code.
2. Projecting the Plan's financial needs, and communicating such needs to the Investment Consultant and Investment Managers as the Pension Fund Board of Trustees deems appropriate.
3. Determining the Plan's risk tolerance and Investment Horizons, Investment Policy, and communicating these to other appropriate parties.
4. Establishing reasonable and consistent investment objectives and policies to direct the investment of the Plan's assets.
5. Prudently and diligently selecting qualified investment professionals, including Investment Consultant(s), Investment Manager(s), and Custodian(s).
6. Informing Investment Managers and Investment Consultants of expected changes in cash flow requirements.
7. Regularly evaluating the performance of the Investment Manager(s) to assure adherence to policy guidelines and to monitor investment objective progress.
8. Regularly evaluating the performance of the Fund as a whole to assure adherence to policy guidelines and to monitor investment objective progress.
9. Developing and enacting proper control procedures.

### ***Delegation of Authority***

As provided in Section 1-109.1 of the Code, the Pension Fund Board of Trustees as a fiduciary is responsible for directing and monitoring the investment management of the Plan's assets, and is authorized to delegate certain responsibilities to professional experts in various fields, including, but not limited to:

1. The Investment Consultant, who may assist the Pension Fund Board of Trustees in establishing investment policy, objectives, and guidelines; selecting investment managers, reviewing such managers over time; measuring and evaluating investment performance on a continuing basis; and other tasks as deemed appropriate by the Pension Fund Board of Trustees.

2. The Investment Manager, who has discretion to direct the purchase, sale or holding of the specific securities or funds that will be used to meet the Plan's investment objectives.
3. The Custodian(s), who as custodian(s) will always be identified as Custodian(s) of the Hoffman Estates Police Pension Fund, will maintain possession of securities or funds owned by the Plan, collect dividend and interest payments, redeem maturing securities, effect receipt and delivery following purchases and sales, and also perform regular accounting of all assets owed, purchased, or sold, as well as move assets into and out of the Plan accounts.
4. The Investment Committee if the committee has been constituted by the board.

Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others may be utilized by the Pension Fund Board of Trustees to assist in meeting its responsibilities and obligations to administer Plan assets prudently.

If such experts have discretionary investment authority or other powers, duties and responsibilities which make them a "Fiduciary" they must acknowledge their fiduciary status in writing. Such fiduciary status shall exist to all such experts including but not limited to the Pension Fund Board of Trustees, Investment Consultant(s), Investment Manager(s) and Custodian(s) regardless of whether such acknowledgment is given.

The Board of Trustees will have ultimate control of Fund assets and in Investment Manager allocations. The Board of Trustees will not reserve any control over daily investment decisions; those decisions will be the responsibility of the Investment Managers selected. Managers will be held responsible and accountable to achieve the objectives herein stated and operate within the Illinois Pension Code. As provided in section 1-110(b) a fiduciary of this fund shall not:

1. Deal with the assets of the retirement system or pension fund in his own interest or for his own account.
2. In his own individual or any other capacity act in any transaction involving the fund on behalf of a party whose interest is adverse to the interests of the fund or the participants or beneficiaries.
3. Receive any consideration for his own personal account from any party dealing with the fund in connection with a transaction involving the fund.

### ***Responsibilities of Investment Consultant(s)***

The Pension Fund Board of Trustees may hire or retain an Investment Consultant. The Investment Consultant's role is that of a non-discretionary advisor to the Pension Fund Board of Trustees. Nevertheless, the Investment Consultant has fiduciary status as may be defined under the applicable provisions of 40 ILCS 5/1-101.2 with respect to any advice or consultation provided to the Board. Advice concerning the investment management of Plan assets will be

offered by the Investment Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this Statement. The Investment Consultant shall assume such responsibilities as directed by the Pension Fund Board of Trustees, and as detailed in the Investment Consultant's contract. Specific responsibilities of the Investment Consultant include:

1. Complying with applicable laws, regulations, and rulings.
2. Maintain a list of qualified investment managers.
3. Assist in the development and periodic review of the investment policy.
4. Conduct investment manager searches when requested by the Board Of Trustees.
5. Monitor investment performance of investment managers and of the Fund as a whole.
6. Report to the Board of Trustees on market conditions and the impact on investments.
7. Calculate investment performance, and reconcile performance with investment managers.
8. Provide quarterly written reports that summarize the performance of the pension fund as a whole, and of investment managers and mutual funds.
9. Meet with investment managers periodically and confirm compliance with the investment policy.
10. Make long term assumptions on the capital markets for the purpose of evaluating the Pension Fund's asset allocation policy.
11. Establish and review the Pension Fund's asset allocation policy.
12. Review the holdings of investment managers to ensure that investments are in compliance with Illinois Statutes.
13. That investment managers provide updated contracts as necessary and disclose fees on a quarterly basis.
14. That investments are properly collateralized, to the extent that they are required to be collateralized.
15. Acknowledging that they are a fiduciary to the fund.

### ***Responsibilities of Investment Manager(s)***

The Pension Fund Board of Trustees may hire or retain an Investment Manager(s). The terms and conditions of any such appointment shall be in writing. Each Investment Manager must acknowledge in writing its acceptance of responsibility as a fiduciary under Illinois law. The Investment Management Consultant has fiduciary status as may be defined under the applicable

provisions of 40 ILCS 511-101, et seq. Subject to the requirements thereof and to the authority of the Pension Fund Board of Trustees, each Investment Manager will have full discretion to make investment decisions for the assets placed under its jurisdiction, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this Statement. Specific responsibilities of the Investment Manager(s) include, but are not limited to, the following:

1. Discretionary investment management, within the guidelines set forth by the board, including decisions to buy, sell, or hold individual securities, and to alter asset allocation within the guidelines set for in this Statement.
2. Reporting, on a timely basis, accurate quarterly investment performance results, net of fees.
3. Communicating any major changes in economic outlook, investment strategy, or any other factors which affect implementation of investment process, or the investment objective progress of the Plan's investment management.
4. Informing the Board of Trustees regarding any qualitative change in the investment management organization: Examples include changes in portfolio management personnel, ownership structure, investment philosophy, etc.
5. Voting proxies on behalf of the Plan if directed to do so by the Pension Fund Board of Trustees and communicating such voting records to the Pension Fund Board of Trustees on a timely basis.
6. Have a written contract, with the Investment Policy as part of the contract, and acknowledging that they are a fiduciary to the Pension Fund.
7. Provide full disclosure of fees, both direct, and indirect.

Investment Managers will be held responsible and accountable to achieve the objectives of this Statement. It is not the intent of this Policy to hamper Investment Managers and they should request modifications when they deem it appropriate.

### ***Responsibility of the Custodian***

The Custodian exercises specified authority or control respecting management or disposition of the Fund's assets, among other things. The Custodian accepts possession of securities and/or funds in a manner which insures their safety and ownership. In view of Section 1-101 et seq. of the Code, the Custodian acts as a "Fiduciary" with respect to the Fund. Additional specific responsibilities of the Custodian include, but are not limited to, the following:

1. Providing accurate, timely market value pricing, including accrued interest, for all securities under their care.

2. Collecting dividends and interest payments on a timely basis.
3. Redeeming of maturing securities on a timely basis.
4. Effecting receipt and delivery following purchases and sales on a timely and accurate basis.
5. Providing timely monthly statements which accurately detail all transactions in the accounts, as well as detail all of the securities owned.
6. Ensuring that all cash is productively employed at all times.

### ***The Investment Committee***

The Pension Fund President may create an Investment Committee of at least two individuals. Upon a vacancy during the year the Pension Fund Board of Trustees may select an alternate to fill the vacancy for the remainder of the term. The Investment Committee may meet as required to carry out the provisions of this policy. All actions of the investment committee are to be ratified and approved by the board at the appropriate meeting. The board shall establish a system of internal controls to regulate the activities of the investment committee.

In the event of an emergency, the President of the Board of trustees may authorize transactions, trades, reallocations or such investment matters as required upon obtaining consent from at least two other Trustees and any action must be ratified at the next Board of Trustees meeting.

### ***Fees***

All charges by professional experts must be at rates charged by such experts for comparable work, and will be borne by the Fund. Any fees for investment services provided by a professional expert shall be detailed in a written disclosure of all fees and compensation, both direct and indirect, prior to providing the services, or at any time the Pension Fund Board of Trustees requests, subsequent to providing investment services. Any fee increases shall be submitted in a proposal to the board, and shall not become effective until board authorization is given.

### ***General Investment Principles***

General investment principles of the Plan include, but are not limited, to the following:

1. Investments shall be made in the name of and clearly held and accounted for to indicate ownership of the Hoffman Estates Police Pension Fund.
2. All investments shall be made solely in the interest of the participants and beneficiaries of the Plan and for the exclusive purpose of providing benefits accrued thereunder and defraying the reasonable expenses of administration.

3. The Plan shall be invested with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a fund of a like character and with like aims.
4. Understanding that risk is present in all types of securities and investment styles, the Pension Fund Board of Trustees recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Plan's objectives. However, the Investment Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
5. Investment Managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to their investment discipline.
6. Investment managers should make reasonable efforts to preserve capital, consistent with their investment style, understanding that losses may occur in individual securities.
7. Investments of the Plan shall be diversified so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
8. The Pension Fund Board of Trustees may employ one or more investment managers of varying styles and philosophies to attain the Plan's objectives.
9. Cash is to be employed productively at all times, by investment in short-term cash equivalents to provide safety, liquidity and return.
10. The Board shall require that deposits in banks are collateralized to the extent required.

### ***Investment Objectives***

The investment objective of the Fund is to reduce the need for the funding of retirement benefits from active duty Police and taxpayers. The paramount goal of the fund is to have investment returns carry as much of this financial load as possible within the boundaries of prudent risk. To this end, it is the policy of the Fund to use total return; that is, the aggregate return of capital appreciation, dividend income, and interest income. To minimize investment costs, and to aid the total return of the fund, passive or index investment products may be used. To evaluate success, the Trustees will compare the performance of the Pension Fund to the actuarial assumed rate of return and the performance of a custom benchmark.

### ***Definition Of Risk***

The Board of Trustees realizes that there are many ways to define risk. It believes that any person or organization involved in the process of managing the Hoffman Estates Police Pension Fund assets understands how it defines risk so that the assets are managed in a manner consistent with

the Fund's objectives and investment strategy as designed in this statement of investment policy. The Board of Trustees defines risk as:

1. The possibility of losing money over any time period.
2. The possibility of losing money over the Fund's investment time horizon.
3. The possibility of not maintaining purchasing power over the Fund's investment time horizon.
4. The possibility of not meeting the Fund's investment objectives.
5. The possibility of not meeting the Fund's liabilities or cash flow requirements.
6. The possibility that the investment returns of the Fund's assets fail to meet or exceed the return of the specified investment goals.
7. High volatility (fluctuation) of investment returns.
8. The possibility of surprises (upside or downside) in investment returns.
9. Credit risk; The possibility of loss due to the failure of the security issuer or backer. The Fund seeks to mitigate credit risk by limiting investments to those listed in the Permitted Investments section of this policy. Investments of the Fund shall be made with a firm authorized to provide investment management services. No more than 20% of the portfolio shall be invested in any debt issuer to the exclusion of US Treasury securities, and issues of FNMA, FHLMC, FHLB, and GNMA.
10. Interest rate risk: The risk that the market value of securities in the portfolio will fall due to changes in general interest rates. The fund seeks to limit interest rate risk by investing in securities that would give the fixed income portfolio a duration of within 0.25 of the Barclays Intermediate Government Bond index. The investment manager(s) are to make reasonable efforts to control risk and will be evaluated regularly to insure that the risk assumed is commensurate with the given styles and objectives.

### ***Specific Investment Goal***

Over the investment horizons, or statutory defined time period for funding, established in this Statement, it is the goal of the Pension Fund Board of Trustees that aggregate Plan market value returns meet or exceed the actuarial assumption of the Fund. The investment goals above are the objectives of the aggregate Plan, and are not meant to be imposed on each investment account (if more than one account is used). The investment horizon for investment managers is assumed to be five years. The goal of each Investment Manager, over the investment horizon, shall be to:

1. Generate returns that meet or exceed, net of fees, the market index or benchmark, or blended market index or benchmark, selected and agreed upon by the Pension Fund Board of Trustees

that most closely corresponds to the style of investment management. It is expected that investments that are made in passive or index funds will match the appropriate benchmark consistent with the fee charged.

2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above.

Specific investment goals and constraints for each Investment Manager, if any, shall be incorporated as part of this Statement. Each Manager shall receive a written statement outlining specific goals and constraints if they differ from those objectives of the entire Plan.

### ***Losses***

The Pension Fund Board of Trustees understands that in order to achieve its objectives for Plan assets, the Plan will experience volatility of returns and fluctuations of market value as well as periods of losses. Losses will be viewed within the context of appropriate market indices or benchmarks.

### ***Liquidity***

To minimize the possibility of a loss occasioned by the sale of a security forced by the need to meet a required payment, the Pension Fund Board of Trustees will periodically provide Investment Managers with an estimate of expected net cash flow with sufficient advance notice to allow the orderly build-up of necessary liquid reserves.

### ***Marketability of Assets***

Based on the Plan's long-term investment horizon, the Pension Fund Board of Trustees has determined that, as appropriate, up to 5% of Plan assets may be invested in non-liquid, long-term investments. Any other Plan holding which would have a noticeable impact on market price if traded in whole or in part is also defined as non-liquid.

### ***Permitted Investments***

Permitted investments are those allowed under Section 1-113.2, 1-113.3, 1-113.4, and 1-113.4a of the Code, including, but not limited to:

1. Interest bearing direct obligations of the United States of America.
2. Interest bearing obligations to the extent that they are fully guaranteed or insured as to payment of principal and interest by the United States of America.

3. Interest bearing bonds, notes, debentures, or other similar obligations of agencies of the United States of America. For the purposes of this Section, "agencies of the United States of America" includes:
  - a. the Federal National Mortgage Association and the Student Loan Marketing Association;
  - b. federal land banks, federal intermediate credit banks, federal farm credit banks, and any other entity authorized to issue direct debt obligations of the United States of America under the Farm Credit Act of 1971 or amendments to that Act;
  - c. (iii)federal home loan banks and the Federal Home Loan Mortgage Corporation; and
  - d. any agency created by Act of Congress that is authorized to issue direct debt obligations of the United States of America.
4. Interest bearing savings accounts or certificates of deposit, issued by federally chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
5. Interest bearing savings accounts or certificates of deposit, issued by State of Illinois chartered banks or savings and loan associations, to the extent that the deposits are insured by agencies or instrumentalities of the federal government.
6. Investments in credit unions, to the extent that the investments are insured by agencies or instrumentalities of the federal government.
7. Interest bearing bonds of the State of Illinois.
8. Pooled interest bearing accounts managed by the Illinois Public Treasurer's Investment Pool in accordance with the Deposit of State Moneys Act and interest bearing funds or pooled accounts managed, operated, and administered by banks, subsidiaries of banks, or subsidiaries of bank holding companies in accordance with the laws of the State of Illinois.
9. Interest bearing bonds or tax anticipation warrants of any county, township, or municipal corporation of the State of Illinois.
10. Direct obligations of the State of Israel, subject to the conditions and limitations of item (5.1) of Section 1-113.
11. Money market mutual funds managed by investment companies that are registered under the federal Investment Company Act of 1940 and the Illinois Securities Law of 1953 and are diversified, open ended management investment companies; provided that the portfolio of the money market mutual fund is limited to the following:

- a. bonds, notes, certificates of indebtedness, treasury bills, or other securities that are guaranteed by the full faith and credit of the United States of America as
- b. to principal and interest;
- c. bonds, notes, debentures, or other similar obligations of the United States of America or its agencies; and
- d. short term obligations of corporations organized in the United States with assets exceeding \$400,000,000, provided that
  - i. the obligations mature no later than 180 days from the date of purchase,
  - ii. at the time of purchase, the obligations are rated by at least 2 standard national rating services at one of their 3 highest classifications, and
  - iii. the obligations held by the mutual fund do not exceed 10% of the corporation's outstanding obligations.

12. Corporate bonds managed through an investment advisor must meet all of the following requirements:

- a. The bonds must be rated as investment grade or better as hereinafter defined by one of the 2 largest rating agencies at the time of purchase.
- b. If subsequently downgraded below investment grade, the bonds must be liquidated from the portfolio within 90 days after being downgraded by the manager.

13. Equity Investments are allowed in the following as provided in accordance with Sections 1-113.1, 1-113.2, 1-113.3, 1-113.4, and 1-113.4a relating to permissible investments (40 ILCS 5/1-113.1 et. seq.):

- a. An account managed by a life insurance company authorized to do business in Illinois, comprised of real estate loans or upon real estate secured by first or second mortgages.
- b. Mutual Funds that meet the following requirements: (1) managed by an investment company as defined and registered under the Federal Investment Act of 1940 and registered under the Illinois Securities Law of 1953; (2) has been in operation for 5 years; (3) has total net assets of \$250 million or more; and (4) is comprised of stocks, bonds, or money market instruments.
- c. Common or preferred stocks in accordance with 40 ILCS 5/1-113.1, 1-113.2, 1-113.3, 1-113.4, and 1-113.4a.

- d. Separate accounts of a life insurance company authorized to do business in Illinois, comprised of common or preferred stocks, bonds, or money market instruments.

### ***Prohibited Transactions***

Prohibited transactions are those transactions prohibited under section 1-110 of the code and also include, but are not limited to, the following:

1. Short Selling
2. Margin Transactions
3. Purchase of commodities or options
4. Any borrowing or lending agreements

### ***Asset Allocation Guidelines (at market value)***

The Board of Trustees will establish the target asset allocation and permissible percentage ranges shown in an Addendum attached to this document as Appendix A:

Investment management of the Plan's assets shall be in accordance with the following asset allocation guidelines:

In accord with the interpretation of the Illinois Pension Code, adopted by the Trustees and incorporated into this document by reference, the book value of total equities, at time of the investment, may not exceed the following percentage of the market value of the Pension Fund: 45%, 50%, or 55% as provided by Statute for mutual funds, separate account of an insurance company, or separate accounts of a money manager. (40 ILCS 5/1-113.4 and 5/1-113-10 et. seq.)

The Board of Trustees, with the assistance of the investment consultant, will review the asset allocation of the Pension Fund on a regular basis and adjust the portfolio to comply with the guidelines above.

### ***Selection of Investment Manager(s)***

The Pension Fund Board of Trustees' selection of Investment Manager(s) will primarily be based upon matching the Fund's investment objectives with an Investment Manager's investment style. At a minimum and subject to the requirements of Section 1-101.2 and 1-113.5 of the Code, the following items will be required in the selection of an Investment Manager.

1. Investment professionals with a minimum of five (5) years of investment experience.
2. A registered investment advisor under the Investment Advisors Act of 1940, or bank or insurance company.

3. Investment Managers of separate accounts must be able to demonstrate knowledge of the Illinois Code governing police and fire pension funds.

As indicated above, the Pension Fund Board of Trustees requires that each Investment Manager provide, in writing, acknowledgment of fiduciary responsibility to the Plan, and receipt of this Investment Policy document.

### ***Investment Manager Performance Review and Evaluation***

Performance reports generated by the Investment Consultant shall be compiled at least quarterly and communicated to the Pension Fund Board of Trustees for review. The investment performance of total portfolios will be measured against commonly accepted performance benchmarks or against benchmarks set by the Pension Fund Board of Trustees which are comparable to the managers investment style. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement, with the intent to evaluate the portfolio(s) over an Investment Horizon of at least a three year period. The Pension Fund Board of Trustees reserves the right to terminate a Manager for any reason or may terminate an Investment Manager without cause. Among the causes for termination (but not limited to those causes) are the following:

1. Investment performance which is significantly less than anticipated, net of fees, given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes to the investment management organization, investment philosophy, or style.

Investment managers shall be reviewed at least semi-annually regarding performance, personnel, strategy, investment philosophy or style, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

### ***Meeting Schedules***

General meetings will be scheduled each year in advance in accordance with the Open Meetings Act and published for beneficiaries to note. Any investment activity shall be discussed at each meeting and appear as an item on the agenda.

### ***Actuarial Study***

The central element of this investment policy is to ensure plan funding. To this end the funding status of the pension is an important variable as it provides information on the financial health of the plan, as well as on the plan's ability to bear risk. An actuarial study of the fund shall be performed annually, or as needed.

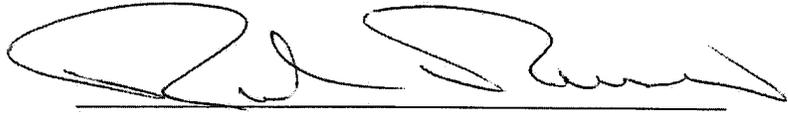
***Additional Rules and Procedures***

The Pension Fund Board of Trustees may impose additional duties, obligations, and procedures under separate document as the need arises.

This Statement is adopted on July 19, 2011, 2011 by the Pension Fund Board of Trustees of the Fund whose signatures appear below.

**Board of Trustees Acknowledgement:**

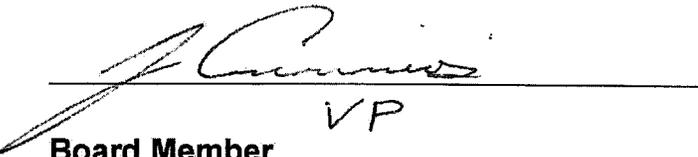
We have received this Investment Policy and studied its provisions. We believe we can abide by its restrictions and fulfill its goals and expectations over the timetables set forth in this policy.



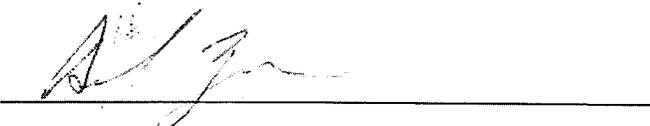
**President**

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**Secretary**



**Board Member**



**Board Member**



**Board Member**

## **Investment Professional Adoption of Policy**

This Policy was adopted by the Board of Trustees of the Hoffman Estates Police Pension Fund on 10/18/11.

### **Investment Professional's Acknowledgments:**

The firm has received this copy of the Pension Fund's Investment Policy. The firm has studied its' provisions and believe that we can both abide by its restrictions and fulfill its goals and expectations over the timetables set forth in the Policy.

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Firm Name

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Investment Professional

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Date

# Hoffman Estates Police Pension Fund

## Asset Allocation

**APPENDIX A**

Actuarial Assumed Rate of Return 7.50%

Asset Class	Investment Manager / Vehicle	Benchmark	Target Allocation	Range
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Large Cap	Vanguard 500 Index Instl.	S&P 500	7.6%	
Large Cap Value	DFA Large Cap Value	Russell 1000 Value	11.4%	3.8%
Mid Cap Value	DFA Vector Equity	Russell 2500 Value	7.6%	5.7%
Small Cap	DFA Small Company	Russell 2000	11.4%	3.8%
Small Cap Value	DFA Small Value	Russell 2000 Value	15.0%	5.7%
International Developed	Fidelity Spartan International	MSCI EAFE	13.2%	7.5%
International Value	DFA International Value	MSCI EAFE Value	7.6%	6.6%
International Small	DFA International Small	MSCI EAFE Small	7.6%	3.8%
Emerging Markets	DFA Emerging Markets	MSCI EM	15.0%	3.8%
US Real Estate	Vanguard REIT	DJ Select REIT	3.6%	7.5%
Total			100%	1.8%

JP Morgan  
5th 3rd

Barclays Intermediate  
Government Bond Index

Percent Of Equity Allocation 50% 10% 10% 50%

Barclays 1-3 Month T Bill

Rebalancing will be addressed by the Board of Trustees when allocations are +/- 5% from targets.

Adopted

10/18/11