
Public Safety Personnel Retirement System
Corrections Officer Retirement Plan
Elected Officials' Retirement Plan

Fiscal Year End Report
as of June 30, 2008

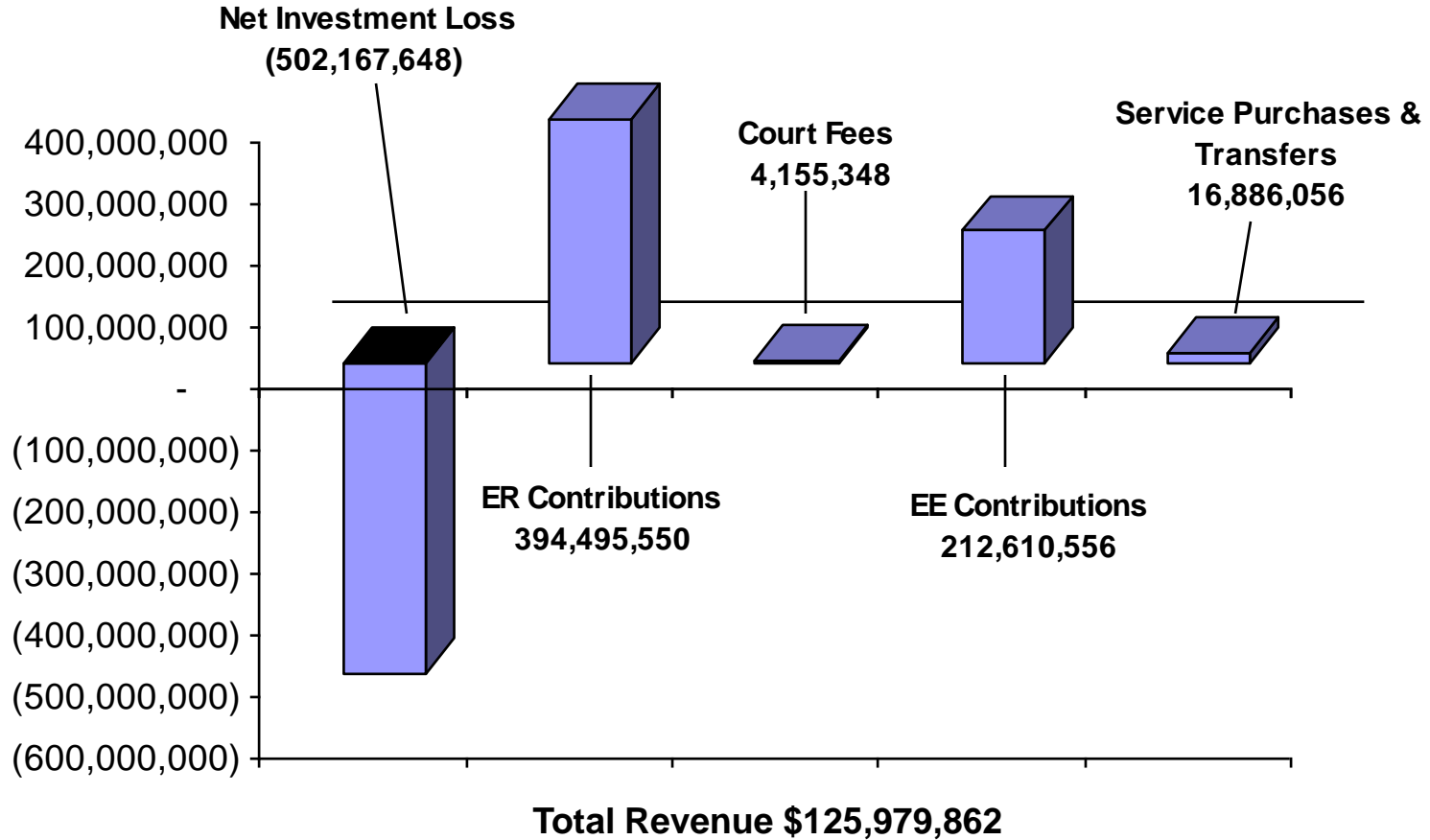
Total Plan Statistics

Defined Benefit Plan

Active Members		35,581
Terminated Vested Members		218
Drop		1,181
Retired		11,541
Normal	8,623	
Beneficiaries	1,618	
Disability	1,300	
Total Participants		48,521

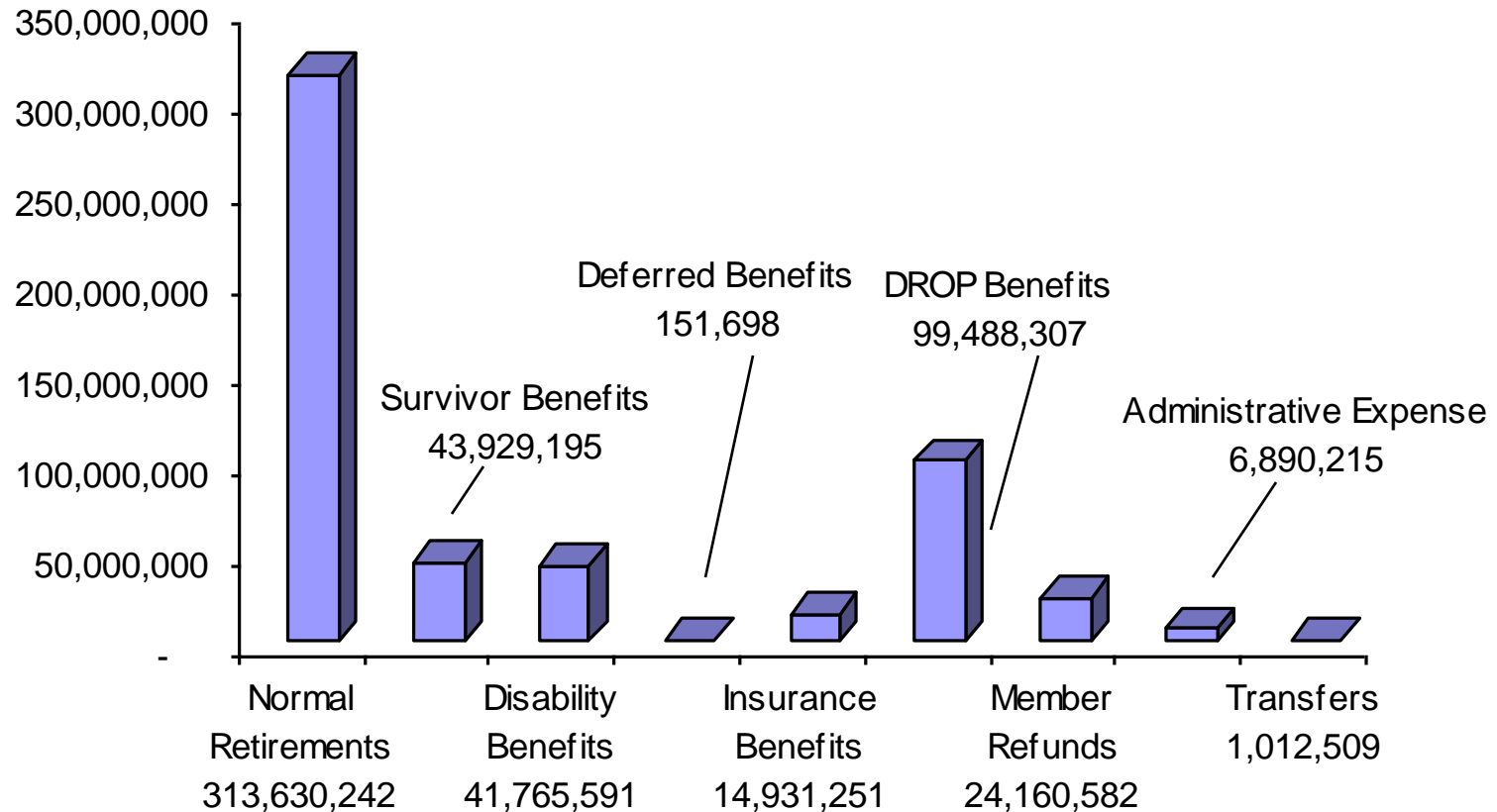
Total Revenue

June 30, 2008



Total Expenses

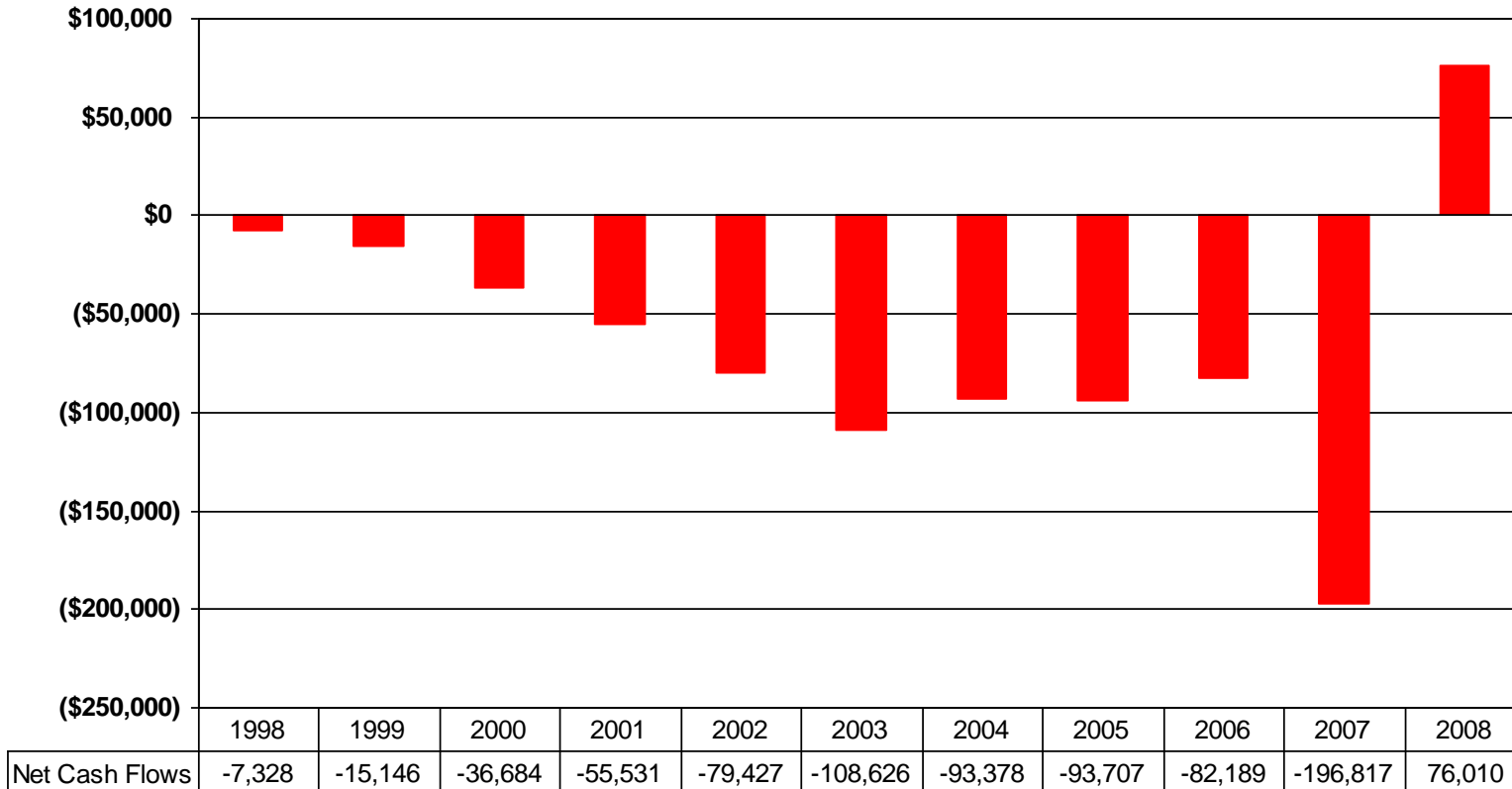
June 30, 2008



Total Expenses \$545,959,590

Net Cash Flow

FYE June 30 (thousands)

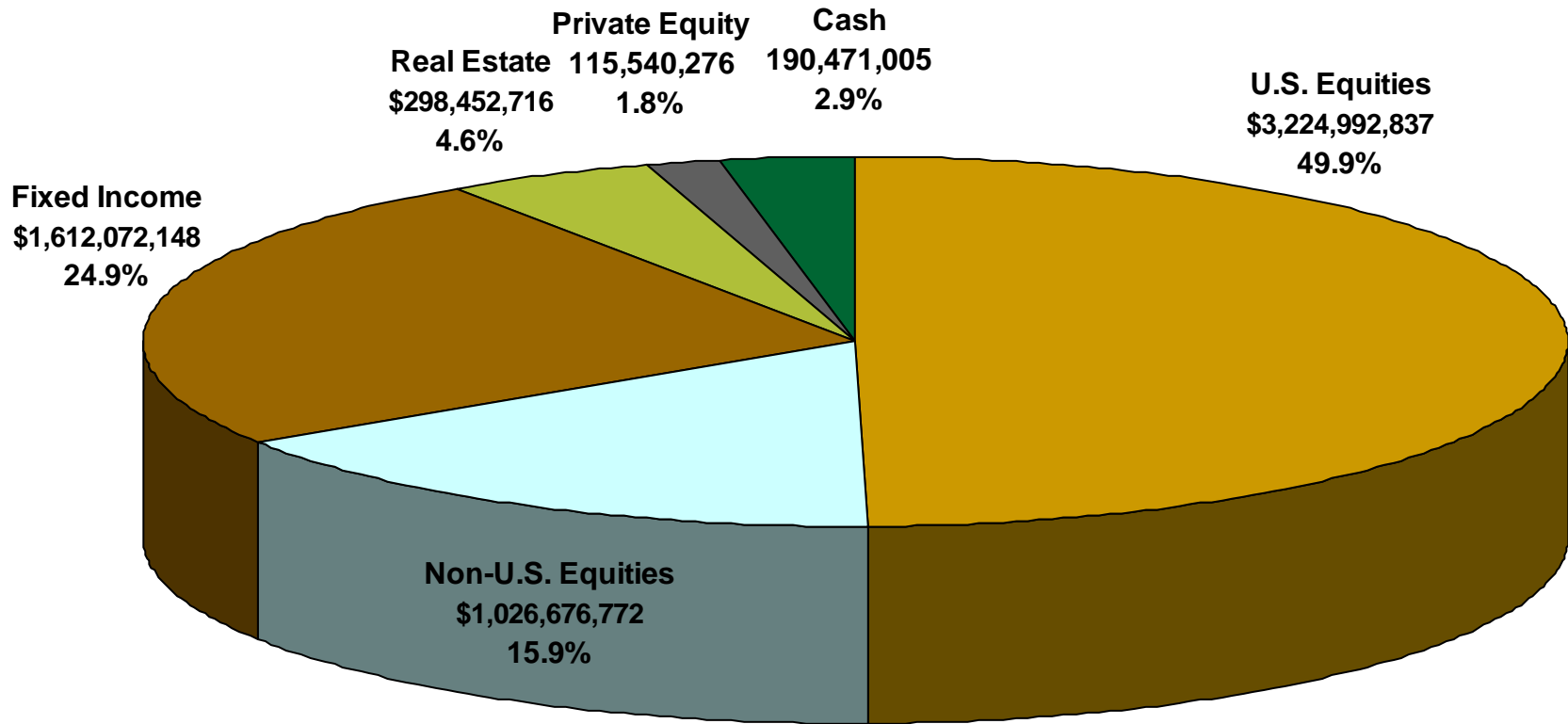


EE-ER Contributions – Benefits Payments and Expenses

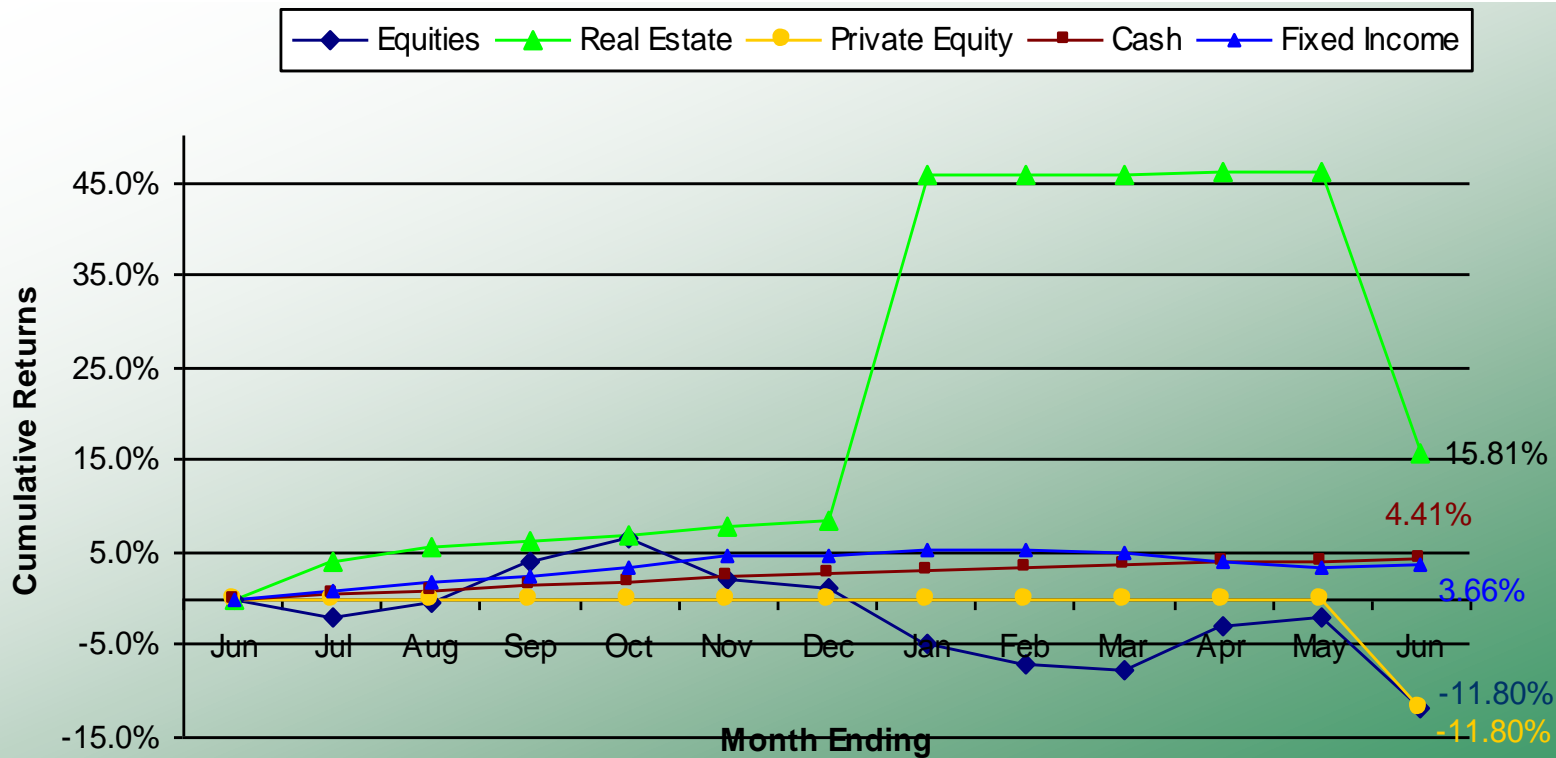
Footnote: Transfer of 2,000 CORP members July 1, 2007 increased cash flow for FYE 2008. Additionally, there was a decrease in retirements from the DROP program.

Asset Allocation

June 30, 2008 at Market



Total Fund – Returns by Asset Class (Fiscal Year 2007-08)



Real Estate was impacted by market valuation adjustments for fair value estimates from external managers in January 2008 and for independent appraisals in June 2008.

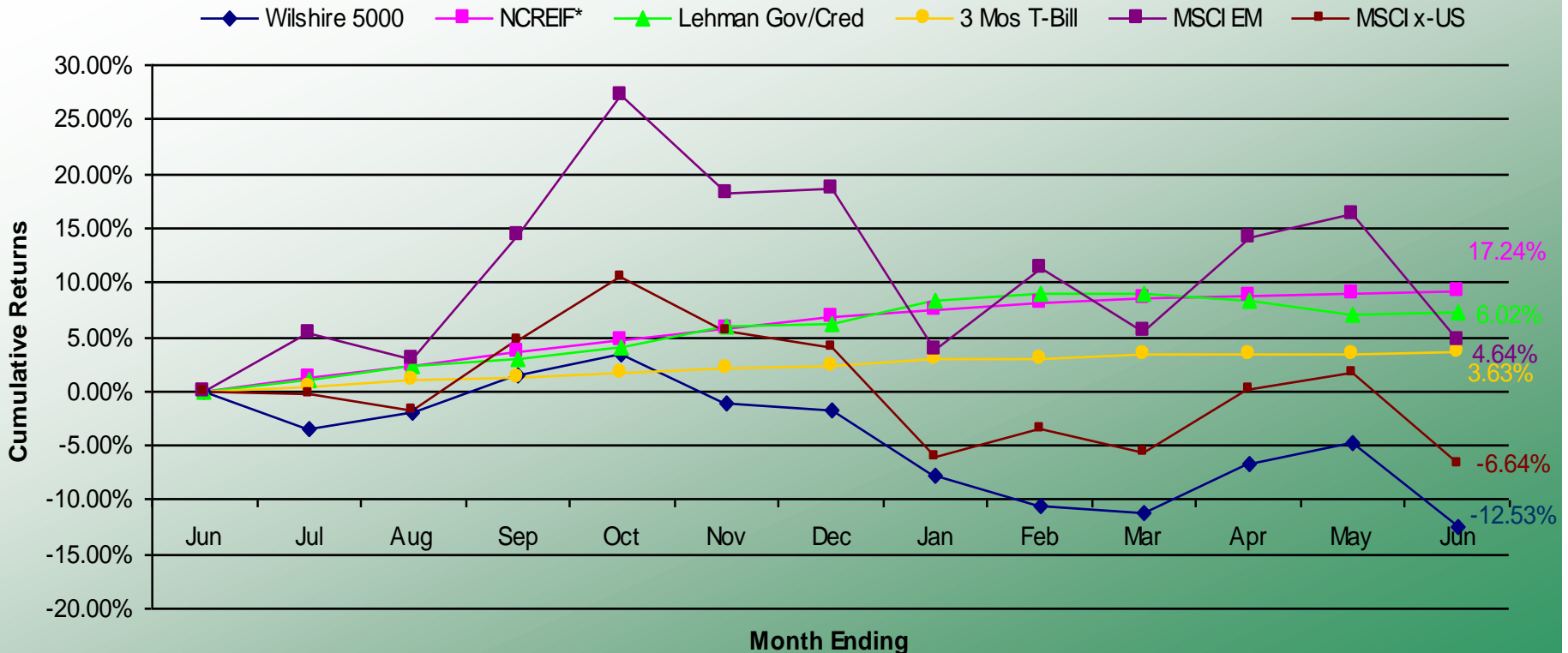
Private Equity was impacted by the market valuation adjustments in quarterly reports from external managers and for independent appraisals in June 2008.

Total Fund Rates of Return (Estimated)

			Target Benchmark	
	<u>Month</u>	<u>FYTD</u>	<u>Month</u>	<u>FYTD</u>
	<u>TOTAL FUND</u>			
7/31/2007	-1.2%	-1.2%	-1.5%	-1.5%
8/31/2007	1.6%	0.4%	0.7%	-0.8%
9/30/2007	3.4%	3.8%	3.5%	2.6%
10/31/2007	1.9%	5.8%	2.4%	5.1%
11/30/2007	-2.8%	2.8%	-2.8%	2.2%
12/31/2007	-0.7%	2.0%	-0.5%	1.7%
1/31/2008	-2.7%	-0.7%	-4.7%	-3.1%
2/28/2008	-1.7%	-2.4%	-0.8%	-3.9%
3/31/2008	-0.5%	-2.8%	-0.8%	-4.6%
4/30/2008	3.2%	0.3%	3.8%	-1.0%
5/31/2008	0.7%	1.0%	1.2%	0.2%
6/30/2008	-8.1%	-7.2%	-5.9%	-5.7%

TARGET BENCHMARK - 46% Wilshire 5000, 21% MSCI World Ex-U.S., 20% Lehman Gov/Credit 6% NCREIF NPI, 6% Wilshire 5000 +300 bps and 1% 91-Day T-Bill.

Annual Index Returns (Fiscal Year 2007-08)



*Return is based on 3 month smoothing of NCREIF's quarterly data.

Investment Portfolio Returns

June 30, 2008

	<u>1 Year</u>	<u>3 Year</u>	<u>5 Year</u>	<u>10 Year</u>
Total Fund*	-7.19%	5.56%	8.09%	3.93%
PSPRS	-7.21%	5.57%	8.10%	3.93%
CORP	-7.10%	5.52%	8.06%	3.94%
EORP	-7.53%	5.53%	8.03%	3.91%
Benchmark**	-5.73%	5.11%	6.84%	4.98%
ASRS	-7.60%	6.10%	8.80%	5.50%
COPERS	-5.14%	6.40%	8.69%	5.46%

* Returns shown are gross of fees

** Benchmark for 2008: 46% Wilshire 5000, 21% MSCI World Ex-US, 20% Lehman Gov/Credit, 6% NCREIF NPI, 6% Wilshire 5000 + 300 bps, 1% 91-Day Treasury Bill; Benchmark Prior to 2008: 50% S&P 500, 10% S&P 400, 5% S&P 600, 20% Lehman Gov/Credit, 10% Expected Annual Return of 8% for Alternative Investments, 5% 91-Day Treasury Bill

Total Fund Performance

As of June 30, 2008

	1-Year	3-Years	5-Years	10-Years
Total Fund Rank*	-7.2% 85	5.6% 75	8.1% 65	3.9% 95
Performance Benchmark Rank*	-5.7% 75	5.1% 80	6.8% 85	5.0% 80
Median Public Fund*	-4.1%	6.9%	9.1%	6.0%

- The Total Fund returned -7.2% over the Fiscal Year ending June 30
- Performance was below the benchmark over the fiscal year and also fell shy of the median public fund return
- The Total Fund Universe is comprised of Public Funds from the ICC Public Fund Universe and includes 100 Public Funds over the full ten years
- Rank shows how the performance of the Total Fund and Benchmark compared relative to other Public Funds

Index/Actual Total Returns

FY 2007 - 08

Index/Actual Total Returns July 1, 2007 - June 30, 2008

<u>Asset Class</u>	<u>Target Amount (\$)*</u>	<u>Target Allocation</u>	<u>Index Return</u>	<u>(A) Target Contribution (\$)</u>	<u>Actual Return</u>	<u>(B) Actual Contribution (\$)</u>	<u>(A) - (B) Net Hypothetical Contribution (\$)</u>
U.S. Equity	\$ 3,171,222,223	46%	-12.53%	\$ (397,304,006)	-11.80%		
Non-U.S. Equity	\$ 1,447,731,885	21%	-6.64%	\$ (96,119,883)			
Fixed Income	\$ 1,378,792,271	20%	7.24%	\$ 99,839,434	3.66%		
Cash Equivalents	\$ 68,939,614	1%	3.63%	\$ 2,505,024	4.41%		
Real Estate	\$ 413,637,681	6%	9.20%	\$ 38,065,228	15.81%		
Private Equity	\$ 413,637,681	6%	-9.53%	\$ (39,413,133)	-11.80%		
Hybrid Strategies**	\$ -	0%		\$ -			
	<u>\$ 6,893,961,355</u>	<u>100%</u>	<u>-5.69%</u>	<u>\$ (392,427,336)</u>	<u>-7.19%</u>	<u>\$ (495,691,567)</u>	<u>\$ 103,264,231</u>

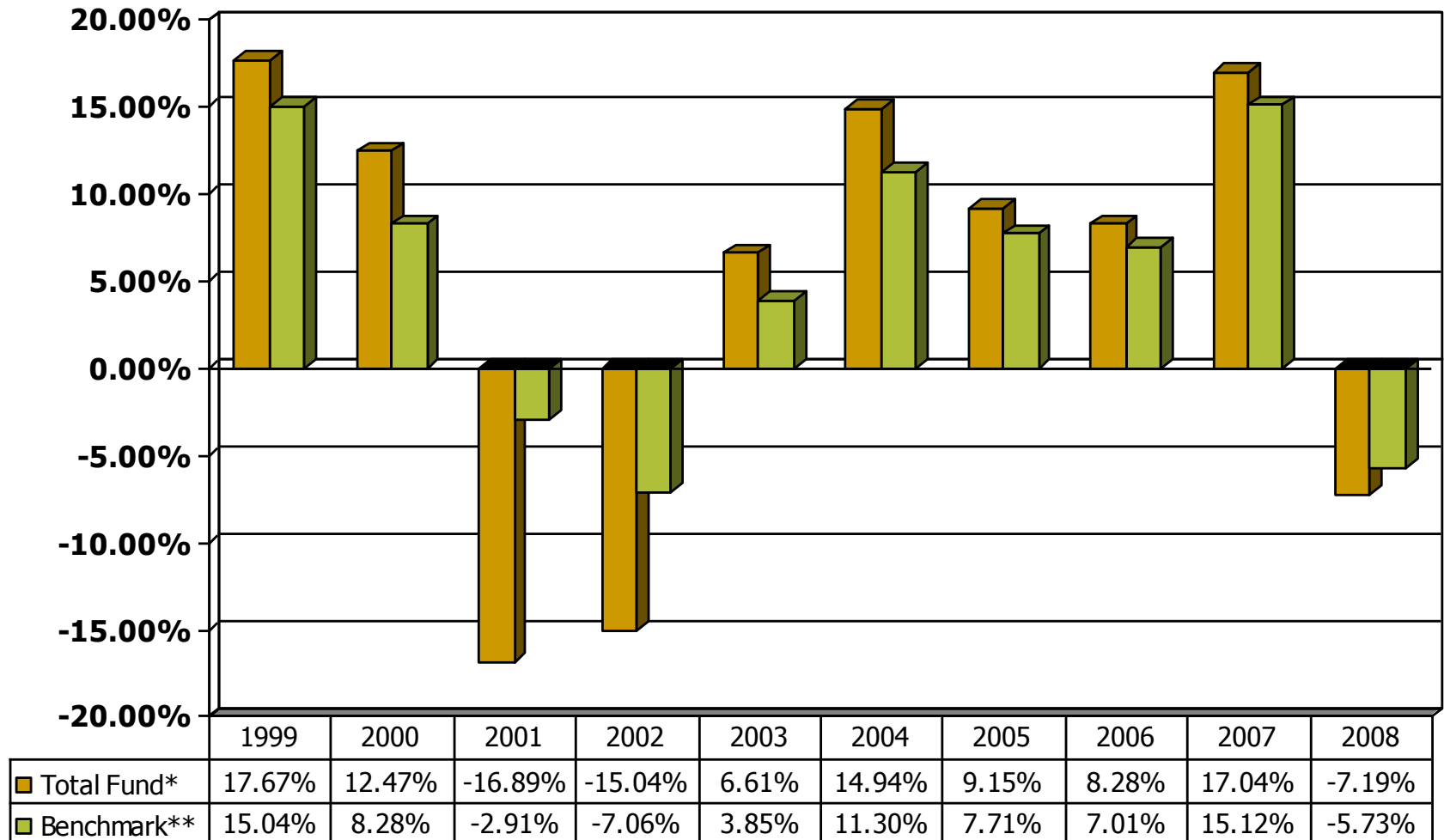
* Target Amount is based on total market value of the Fund as of 6/30/2007 at the old target allocation.

** Initial Target for Hybrid Strategies was 2%. An additional 2% has been allocated to U.S. Equity.

Note: The actual return for equities includes both U.S. and Non-U.S. equities.

Total Fund vs Benchmark

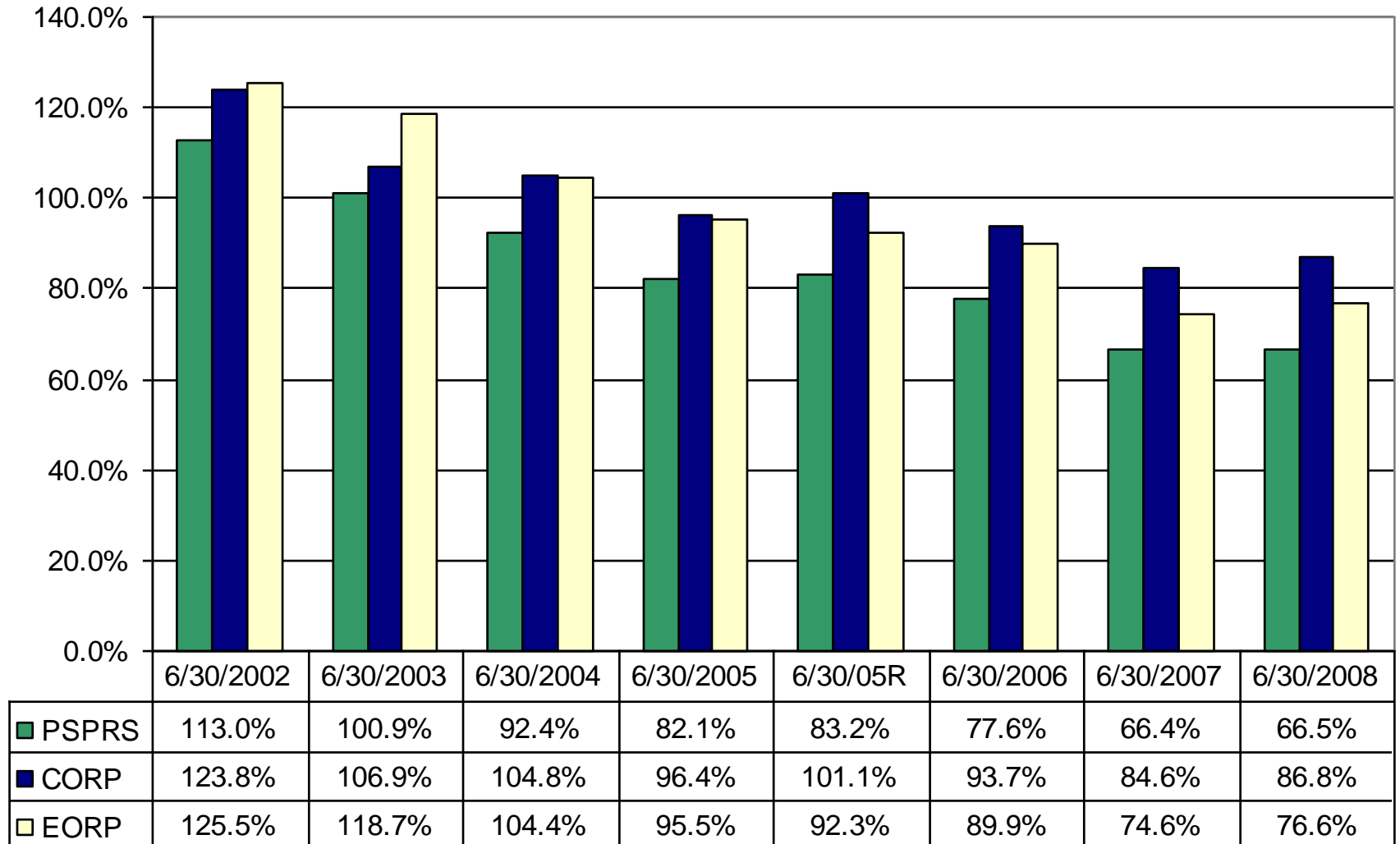
FYE June 30



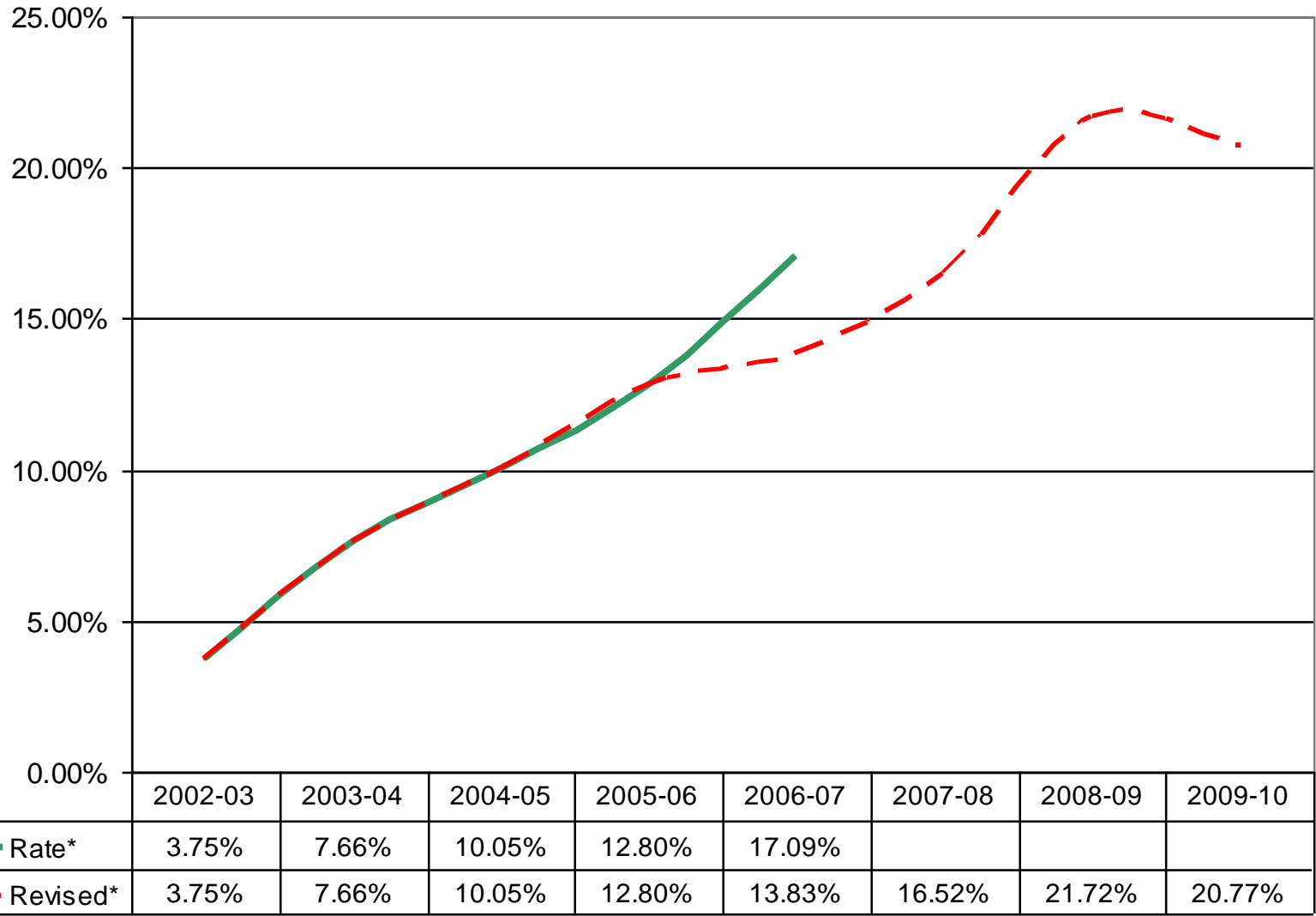
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Funding Levels

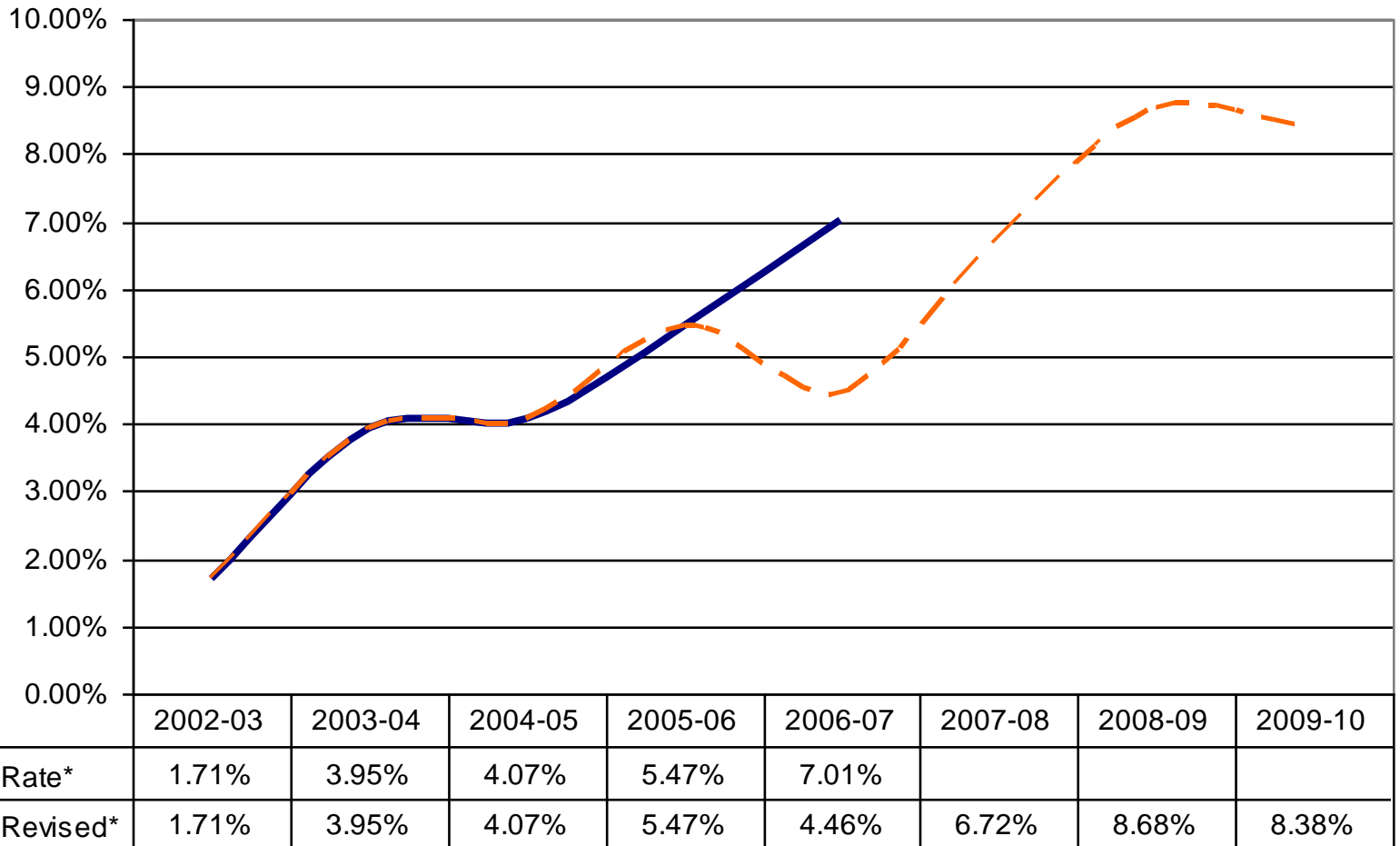


PSPRS – Aggregate Employer Rates



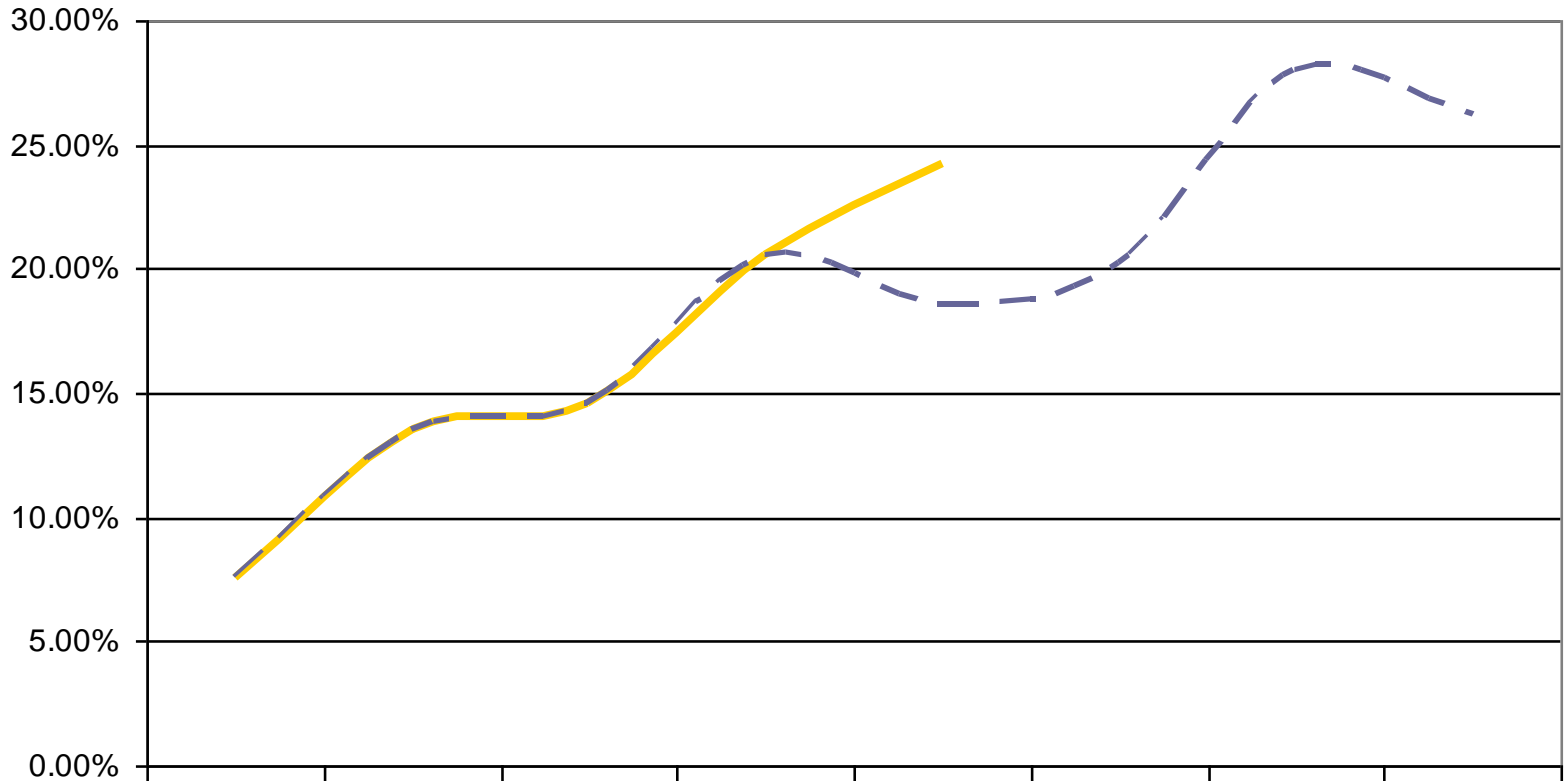
*The aggregate computed contribution rates before application of the statutory minimum

CORP – Aggregate Employer Rates



*The aggregate computed contribution rates before application of the statutory minimum

EORP – Employer Rates



	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10
— Rate	7.55%	13.49%	14.54%	20.54%	24.27%			
- - Revised	7.55%	13.49%	14.54%	20.54%	18.55%	20.21%	28.00%	26.26%

Total Fund Changing Financial Status (in 000s)

FYE June 30

<u>FYE</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Liabilities</u>	<u>Funded</u>	<u>Market Value*</u>	<u>Funded</u>
1997	\$3,523,112	\$3,058,978	115.2%	\$3,802,525	124.3%
1998	\$3,919,467	\$3,354,191	116.9%	\$4,465,854	133.1%
1999	\$4,584,740	\$3,752,978	122.2%	\$5,068,417	135.1%
2000	\$5,294,936	\$4,169,958	127.0%	\$5,619,426	134.8%
2001	\$5,793,886	\$4,480,132	129.3%	\$4,688,259	104.6%
2002	\$5,818,181	\$5,056,396	115.1%	\$3,987,905	78.9%
2003	\$5,946,631	\$5,746,803	103.5%	\$4,207,662	73.2%
2004	\$5,951,310	\$6,292,029	94.6%	\$4,682,652	74.4%
2005	\$6,104,548	\$7,218,720	84.6%	\$5,105,869	70.7%
2005R	\$6,104,548	\$7,109,867	85.9%	\$5,105,869	71.8%
2006	\$6,271,480	\$7,867,623	79.7%	\$5,554,802	70.6%
2007	\$6,106,364	\$8,830,392	69.2%	\$6,160,387	69.8%
2008	\$6,650,075	\$9,507,482	69.9%	\$5,933,568	63.3%

*Market value does not include future benefit increase reserve

PSPRS Changing Financial Status (in 000s)

<u>FYE 06/30</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Liabilities</u>	<u>Funded Ratio</u>	<u>Market Value*</u>	<u>Funded Ratio</u>
1997	\$2,915,173	\$2,533,435	115.1%	\$3,097,720	122.3%
1998	\$3,192,627	\$2,743,998	116.3%	\$3,628,536	132.2%
1999	\$3,709,251	\$3,082,202	120.3%	\$4,095,630	132.9%
2000	\$4,260,168	\$3,415,157	124.7%	\$4,516,110	132.2%
2001	\$4,661,941	\$3,674,758	126.9%	\$3,759,164	102.3%
2002	\$4,684,386	\$4,144,211	113.0%	\$3,193,862	77.1%
2003	\$4,781,377	\$4,739,613	100.9%	\$3,364,413	71.0%
2004	\$4,774,313	\$5,167,333	92.4%	\$3,741,116	72.4%
2005	\$4,886,963	\$5,951,937	82.1%	\$4,070,529	68.4%
2005R	\$4,886,963	\$5,872,736	83.2%	\$4,070,529	69.3%
2006	\$4,999,911	\$6,444,464	77.6%	\$4,415,684	68.5%
2007	\$4,829,521	\$7,268,291	66.4%	\$4,868,862	67.0%
2008	\$5,095,168	\$7,662,779	66.5%	\$4,518,865	59.0%

*Market value does not include future benefit increase reserve

CORP Changing Financial Status (in 000s)

<u>FYE</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Liabilities</u>	<u>Funded</u>	<u>Market Value*</u>	<u>Funded</u>
1997	\$393,904	\$355,950	110.7%	\$448,281	125.9%
1998	\$484,956	\$410,531	118.1%	\$555,751	135.4%
1999	\$592,152	\$443,676	133.5%	\$653,777	147.4%
2000	\$704,991	\$501,323	140.6%	\$747,981	149.2%
2001	\$776,177	\$554,387	140.0%	\$637,372	115.0%
2002	\$782,446	\$632,238	123.8%	\$551,876	87.3%
2003	\$811,791	\$709,298	114.4%	\$592,230	83.5%
2004	\$833,621	\$795,775	104.8%	\$673,322	84.6%
2005	\$872,981	\$906,025	96.4%	\$747,458	82.5%
2005R	\$872,981	\$863,790	101.1%	\$747,458	86.5%
2006	\$919,868	\$981,208	93.7%	\$828,490	84.4%
2007	\$940,126	\$1,110,801	84.6%	\$952,511	85.8%
2008	\$1,207,015	\$1,390,363	86.8%	\$1,100,943	79.2%

*Market value does not include future benefit increase reserve

EORP Changing Financial Status (in thousands)

<u>FYE</u>	<u>Asset Value</u>	<u>Liabilities</u>	<u>Funded</u>	<u>Market Value*</u>	<u>Funded</u>
1997	\$ 214,035	\$ 169,593	126.2%	\$ 256,524	151.3%
1998	\$ 241,884	\$ 199,662	121.1%	\$ 281,567	141.0%
1999	\$ 283,337	\$ 227,100	124.8%	\$ 319,010	140.5%
2000	\$ 329,777	\$ 253,478	130.1%	\$ 355,335	140.2%
2001	\$ 355,768	\$ 250,987	141.7%	\$ 291,723	116.2%
2002	\$ 351,349	\$ 279,947	125.5%	\$ 242,167	86.5%
2003	\$ 353,463	\$ 297,892	118.7%	\$ 251,019	84.3%
2004	\$ 343,376	\$ 328,921	104.4%	\$ 268,214	81.5%
2005	\$ 344,604	\$ 360,758	95.5%	\$ 287,882	79.8%
2005R	\$ 344,604	\$ 373,341	92.3%	\$ 287,882	77.1%
2006	\$ 351,701	\$ 391,403	89.9%	\$ 310,629	79.4%
2007	\$ 336,717	\$ 451,299	74.6%	\$ 339,013	75.1%
2008	\$ 347,892	\$ 454,341	76.6%	\$ 313,760	69.1%

*Market value does not include future benefit increase reserve

Implications for the Future

- Employer Rates
- Post Retirement Benefit Increase Reserves
(after cost of July 1, 2008 post retirement adjustment)
 - PSPRS: \$499,951,273 (July 1 adjustment = \$114.8M)
 - CORP: \$40,633,678 (July 1 adjustment = \$15.5M)
 - EORP: \$18,184,418 (July 1 adjustment = \$10.3M)

- 7-1-09 Future Increase Amount
 - PSPRS \$138.66
 - CORP 4%
 - EORP 4%

Post-Retirement Adjustment Reserve Balances

PSPRS Reserve		CORP Reserve		EORP Reserve	
Cost of 7/1/07 increase \$101.77 Million	Reserve Balance \$662.93 Million	Cost of 7/1/07 increase \$13.57 Million	Reserve Balance \$60.43 Million	Cost of 7/1/07 increase \$9.39 Million	Reserve Balance 30.83 Million
Cost of 7/1/08 increase \$114.77 Million	Reserve Balance \$499.95 Million	Cost of 7/1/08 increase \$15.53 Million	Reserve Balance \$40.63 Million	Cost of 7/1/08 increase \$10.30 Million	Reserve Balance \$18.18 Million

Asset Allocation

Asset Class	Old %	New %	Range %
U.S. Equity	44%	38%	35%-50%
Non-U.S. Equity	21%	21%	15%-30%
Fixed Income Global	20%	20%	15%-25%
Short Term Equivalents	1%	1%	4 Weeks Operating Capital – 4%
Real Estate global	6%	6%	0%-10%
Private Equity global	6%	6%	0%-10%
Opportunistic/Dislocated	2%	8%	0%-9%

Employer Contribution Rates

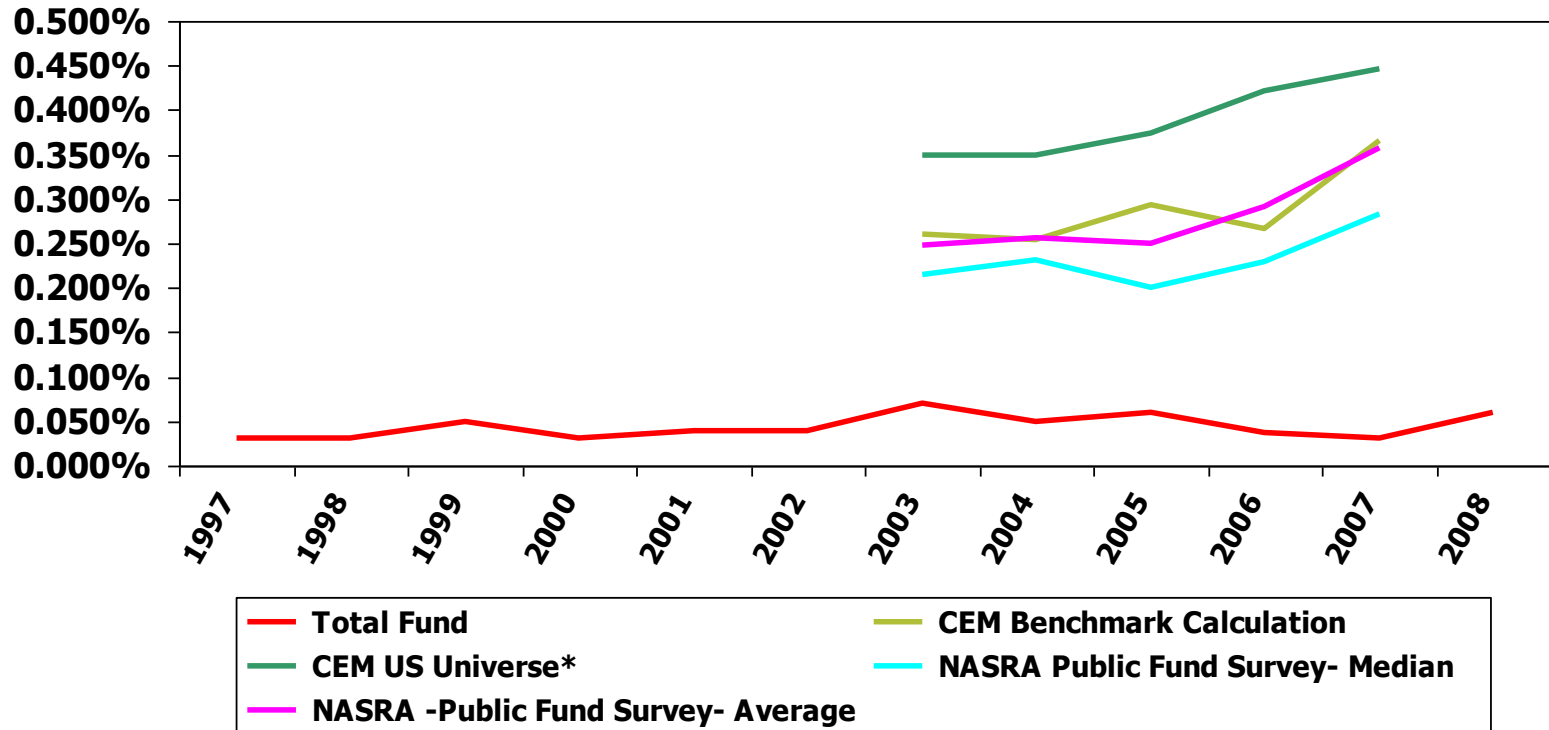
	PSPRS	CORP	EORP
<i>Employer Contribution as a % of Pay</i>			
Milliman Calculation / Rodwan Methods	16.34%	6.66%	19.37%
Adjustments for			
A1. Active Duty Death Benefit (PSPRS)	-0.15%	-	-
A2. Refund / Deferred Ret. Benefit (CORP)	-	-0.41%	-
A3. Disability Retirement Benefit (CORP)	-	0.02%	-
A4. Average Compensation (All Plans)	0.82%	0.54%	0.84%
A5. Calculation of Service (All Plans)	0.56%	1.01%	1.24%
A6. Assumption Ages (PSPRS)	0.09%	-	-
A7. Probability of Retirement (EORP)	-	-	0.47%
B1. Normal Cost Method (All Plans)	0.93%	0.69%	1.04%
B2. UAAL Amortization Method (All Plans)	0.18%	0.02%	0.10%
Total Adjustments	<u>2.43%</u>	<u>1.87%</u>	<u>3.69%</u>
Milliman Calculation	18.77%	8.53%	23.06%
Rodwan Calculation	16.53%	6.70%	20.21%
Milliman/Rodwan Ratio	113.6%	127.2%	114.1%

Impact of Assumption Changes

	PSPRS	CORP	EORP
Employer Contribution as a % of Pay			
Baseline Results	18.77%	8.53%	23.06%
Adjustment for Rodwan Recommendations	0.22%	(1.67)%	0.02%
Rodwan Recommended Assumptions	18.99%	6.86%	23.08%
Rodwan Recommended/Baseline	101.1%	80.4%	100.1%
Adjustments for Milliman Recommendations			
• Mortality	0.54%	0.14%	2.75%
• Probability of Retirement	(0.01)%	(0.06)%	(1.64)%
• Probability of Termination	0.36%	1.22%	0.39%
• Probability of Disability	0.01%	(0.63)%	(1.36)%
• Salary Increases	(0.26)%	(0.69)%	(0.63)%
Total Demographic Changes	0.64%	0.02%	(0.49)%
Milliman Recommendations with 8.5% Interest	19.63%	6.84%	22.59%
Milliman Recommended/Rodwan Recommended Ratio	103.4%	99.7%	97.9%
• Interest Rate 8.0%	3.02%	1.57%	4.11%
Milliman Recommendations with 8.0% Interest	22.65%	8.41%	26.70%
Milliman Recommended/Rodwan Recommended Ratio	119.3%	122.6%	115.7%
• Interest Rate 7.5%	3.41%	1.84%	3.58%
Milliman Recommendations with 7.5% Interest	26.06%	10.25%	30.28%
Milliman Recommended/Rodwan Recommended Ratio	137.2%	149.4%	131.2%

Investment Expense

FYE June 30 (% of Assets)



*"Comparison of costs to the universe must be interpreted with extreme caution given the breadth of the universe which encompasses funds with widely varying size and asset mix. Your benchmark cost calculation, is a much more valuable indicator as to whether you are a low or high cost producer since it adjusts for differences in fund size and asset mix." Cost Effectiveness Measurement Inc, 2006 pg 12