

City & County of Broomfield New Hire Police Officers MPP Plan

Fund Search Analysis:

High Yield Bond & Foreign Large Blend (passive)

Together we'll go far

June 2012

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Overview: Asset Consulting and Investment Research Teams

- Average 15+ years of investment experience
- Low turnover rate
- Compensation based on combination of assets under management and client satisfaction for asset consultants
- Access to virtually unlimited investment management resources

Wells Fargo investment teams and affiliated subadvisors

Non-proprietary alliance partners (more than 110 Families)

- Wells Capital Management
- Peregrine Capital Management
- Galliard Capital Management
- Nelson Capital Management
- Wells Fargo unaffiliated subadvisors
 - Artisan Partners, L.P.
 - Cadence Capital Management
 - Cooke & Bieler, L.P.
 - Evergreen Investments
 - Global Index Advisors, Inc.
 - LSV Asset Management
 - Matrix Asset Advisors
 - Phocus Financial Corporation
 - Crow Point Partners, LLC

- RCM Capital Management, LLC
- SSgA Funds Management, Inc.
- Schroder Investment Management North America, Inc.
- Smith Asset Management Group, L.P. •
- Systematic Financial Management, L.P.
- Barclays Global Asset
- Grantham, Mayo, Van Otterloo & Co. LLC
- Stamper Capital & Investments, Inc.

- First International Advisors Golden Capital Management, LLC
 - Metropolitan West Capital Management, LLC
 - European Credit Management, Ltd.

Overview: Best in class relationships

Strategic relationships with more than 110 investment management firms to provide one of the broadest selections of offerings in the industry.



Overview: Investment selection process

Narrowing the candidates

- Qualitative/Quantitative screening characteristics match objective
 - Identify strategies for further research
- In-depth qualitative analysis 150-200 manager meetings per year
 - Seek to understand and evaluate investment strategy
- Additional quantitative evaluation multi-variable approach
 - Confirm that qualitative evaluation is supported by available data

Final investment candidates

- Strategy must accommodate needs of a daily recordkeeping environment
- Manager exhibits a high degree of accessibility to Wells Fargo's professionals
- Fund complements current fund array to provide the optimal mix of fund options for the plan

Overview: Investment selection process

Ongoing monitoring

- Screening Analysis updated periodically
- Returns-only analysis with emphasis on 3- & 5-year returns
- Short-term returns (past 1-year and less) evaluated for trends
- Manager meetings continually conducted to revalidate thesis and to stay apprised of developments
- Formal watch list criteria
 - Loss of key Portfolio Management personnel
 - Shift in investment style
 - Failure to meet established performance standards

Fund search analysis – *High Yield Bond*

Fund search candidate summary

Proposed funds:

- 1) Delaware High-Yield Opportunities Instl
- 2) Goldman Sachs High Yield Instl
- 3) JP Morgan High Yield R6
- 4) PIMCO High Yield Instl

Performance analysis: Cumulative return history



Performance analysis: Calendar year return history



Performance analysis: Rolling 3-year return history



Performance analysis: Excess return

Zephyr StyleADVISOR



Style analysis: Performance based



Risk and value added statistics



Risk and Value Added Statistics April 2007 - March 2012: Summary Statistics

	Return	Standard Deviation	Downside Deviation (MAR = 0.00%)	Cash-Adj. Alpha vs. Market	Sharpe Ratio	Information Ratio vs. Market	Tracking Error vs. Market	Batting Average vs. Market	Cash-Adj. Beta vs. Market	Cash-Adj. R-Squared vs. Market
Delaware High-Yield Opportunities In	7.07%	13.73%	9.95%	-0.37%	0.43	-0.25	2.74%	50.00%	0.96	96.24%
Goldman Sachs High Yield Instl	5.96%	13.49%	9.84%	-1.33%	0.36	-0.68	2.60%	41.67%	0.94	96.67%
JPMorgan High Yield R6	7.28%	11.68%	8.19%	0.62%	0.53	-0.13	3.55%	48.33%	0.82	95.82%
PIMCO High Yield Instl	6.85%	12.74%	9.02%	-0.19%	0.45	-0.29	3.11%	40.00%	0.89	95.66%
Morningstar High Yield Bond	5.35%	12.64%	9.35%	-1.64%	0.33	-1.02	2.34%	31.67%	0.89	98.06%
Merrill Lynch High Yield Master	7.74%	14.04%	9.91%	0.00%	0.47	0.00	0.00%	0.00%	1.00	100.00%

Upside/downside analysis



Upside / Downside Table April 2007 - March 2012 (Single Computation)

	# of N	/lonths	Average Return (%)		Average Return (%) vs. Market		Month (%)		1-Year (%)		Market Benchmark (%)		ırk (%)
	Up	Down	Up	Down	Up Market	Down Market	Best	Worst	Best	Worst	Up Capture	Down Capture	R-Squared
Delaware High-Yield Opportunities In	40	20	2.63	-3.31	2.54	-3.42	10.10	-16.90	52.72	-29.02	95.9	99.3	96.18
Goldman Sachs High Yield Instl	41	19	2.46	-3.54	2.45	-3.53	9.52	-16.40	53.44	-30.43	92.3	101.5	96.62
JPMorgan High Yield R6	41	19	2.31	-2.94	2.29	-2.91	8.86	-13.39	48.79	-24.98	85.6	86.4	95.76
PIMCO High Yield Instl	41	19	2.46	-3.35	2.45	-3.32	7.91	-12.40	50.75	-28.69	92.1	96.4	95.58
Morningstar High Yield Bond	41	19	2.27	-3.31	2.27	-3.30	9.10	-15.41	47.92	-30.11	84.5	96.2	98.03
Merrill Lynch High Yield Master	41	19	2.63	-3.46	2.63	-3.46	11.27	-16.25	63.24	-31.21	100.0	100.0	100.00

Performance and characteristics as of March 31, 2012

Category/ Fund	Asset Category	Ticker	1 Year	% Rank	3 Years	% Rank	5 Years	% Rank	10 Years	% Rank	3Yr. Std. Dev.	3Yr. Sharpe Ratio	Expense Ratio
High Yield Bond													
Delaware High-Yield Opportunities Instl	High Yield Bond	DHOIX	4.82	54	22.12	28	7.07	21	9.71	4	11.05	1.87	0.81
Goldman Sachs High Yield Instl	High Yield Bond	GSHIX	4.90	53	20.82	47	5.96	55	8.66	14	10.07	1.93	0.71
JPMorgan High Yield R6	High Yield Bond	JHYUX	4.32	64	20.26	<u>56</u>	7.28	15	8.88	11	9.35	2.02	0.82
PIMCO High Yield Instl	High Yield Bond	PHIYX	5.74	31	21.46	36	6.85	28	8.13	27	9.53	2.09	0.55
Merrill Lynch High Yield Master			5.71	-	23.38	-	7.74	-	8.86	-	-	-	-
Morningstar Avg: High Yield Bond			4.62	-	20.50	-	5.67	-	7. <i>42</i>	-	9.74	1.99	1.16

						Assets in Top		
	Manager Tenure	Ανα	Ava	Avg Credit	Total # of	10 Holdings	Turnover	Total Net Assets
Name	(Longest)	Maturity	Duration	Quality	Holdings	(%)	(%)	(all classes)
Delaware High-Yield Opportunities Instl	4.67	6.33	3.81	В	238	11	115	\$587,879,733
Goldman Sachs High Yield Instl	8.33	N/A	N/A	N/A	567	3	46	\$5,801,831,540
JPMorgan High Yield R6	13.42	7.18	4.29	В	1088	11	45	\$11,743,529,298
PIMCO High Yield Instl	2.25	5.26	3.17	N/A	1011	14	36	\$16,626,020,276

Fund search analysis – Foreign Large Blend (passive)

Fund search candidate summary

Proposed funds:

- 1) American Beacon Intl Equity Index Instl
- 2) Dreyfus International Stock Index
- 3) Vanguard Developing Markets Index Inv
- 4) Wells Fargo Int'l Equity Equity Index G

American Beacon International Equity Index

Investment Management:

 American Beacon Advisors, Inc. serves as the Manager of the Fund. The Manager invests all of the Fund's investable assets in the Master International Index Series of the Index Trust which is advised by BlackRock Advisors, LLC.

- The Fund uses a "passive" or "indexing" investment approach that attempts to replicate, before expenses, the performance of the Morgan Stanley Capital International Europe Australasia Far East Index (MSCI EAFE).
- Invests in a statistically selected sample of equity securities included in the EAFE Index and in derivative instruments linked to the EAFE Index.
- The Fund intends to purchase investments so that the market capitalizations, industry weightings and other fundamental characteristics of the stocks and derivative instruments chosen are similar to the EAFE Index as a whole.
- The Fund seeks its investment objective by investing all of its investable assets in the Master International Index Series of the Quantitative Master Series LLC.

Dreyfus International Stock Index

Investment Management:

Thomas J. Durante, Karen Q. Wong and Richard A. Brown serve as the primary portfolio managers of the fund. Ms. Wong and Mr. Brown have been primary portfolio managers of the fund since April 2007. Ms. Wong is a managing director of equity index strategies with Mellon Capital Management Corporation (Mellon Capital), where she has been employed since 2000. Mr. Brown is a director of equity portfolio management with Mellon Capital, where he has been employed since 1995. Mr. Durante has been a primary portfolio manager of the fund since June 2010. He is a senior portfolio manager with Mellon Capital, where he has been employed since January 2000. All three managers are dual employees of Dreyfus and Mellon Capital.

- The Fund seeks to match the performance of the Morgan Stanley Capital International Europe, Australasia, Far East Index (MSCI EAFE\n).
- To pursue its goal, the fund generally is fully invested in the stocks included in the MSCI EAFE Index and in futures whose performance is tied to certain countries included in the index. The Fund generally invests in all stocks included in the index.
- The Fund's investments are selected to match the benchmark composition along individual name, country, and industry weighting, and other benchmark characteristics. Under these circumstances, the fund maintains approximately the same weighting for each stock as the index does.

Vanguard Developed Markets Index

Investment Management:

– Donald M. Butler, CFA, Principal of Vanguard. He has managed the Fund since 2010.

- The Fund employs a "passive management"—or indexing—investment approach designed to track the performance of the MSCI EAFE Index, which includes approximately 940 common stocks of companies located in Europe, Australia, Asia, and the Far East.
- The Fund attempts to replicate the target index by investing all, or substantially all, of its assets in the stocks that make up the Index, holding each stock in approximately the same proportion as its weighting in the Index.
- As of October 31, 2011, the largest markets covered in the Index were the United Kingdom, Japan, France, Australia, Switzerland, and Germany, which made up approximately 22%, 20%, 10%, 9%, 8%, and 8%, respectively, of the Index's market capitalization.

Wells Fargo Int'l Equity Index

Investment Management:

- This Fund is a bank collective fund and BlackRock is the appointed advisor and custodian. The Fund is team managed.

- The Fund seeks to achieve its objective through investment in equity securities consisting of substantially the same stocks in substantially the same percentages as the MSCI EAFE Index. However, the Fund may depart from the Index if BlackRock determines that doing so would more accurately reflect the markets for international equity securities.
- The Fund generally intends to remain 90% invested in the stocks comprising the Index. The remaining 10% of the Fund's portfolio will be invested in cash reserves (the "Liquidity Reserve") primarily to facilitate contributions and redemptions.
- The Liquidity Reserve is generally "equitized" through the purchase of index futures and other financial instruments, so that its return approximates the return from foreign common stocks.
- The Fund will not use defensive strategies, such as temporarily moving assets to cash or bond markets, to protect against potential stock market declines. Instead, the Fund will remain fully invested (subject to maintenance of the Liquidity Reserve) in the stocks comprising the Index. The Fund will also not attempt to hedge against currency exposure in the Fund's portfolio. However, with respect to the Liquidity Reserve, the Fund may enter into forward foreign currency exchange contracts to maintain the same currency exposure as the Index.

Performance analysis: Excess return

Zephyr StyleADVISOR

Zephyr StyleADVISOR: Wells Fargo Institutional Asset Advisor



Performance and characteristics as of March 31, 2012

Category/ Fund	Asset Category	Ticker	1 Year	% Rank	3 Years	% Rank	5 Years	% Rank	10 Years	% Rank	3Yr. Std. Dev.	3Yr. Sharpe Ratio	Expense Ratio
Non-U.S. Stock													
<u>Core</u>													
American Beacon Intl Eq Index Inst	Foreign Lg Blend	AIIIX	-5.59	37	16.89	51	-3.62	62	5.65	38	21.52	0.83	0.21
Dreyfus Intl Stock Index	Foreign Lg Blend	DIISX	-6.23	46	16.40	60	-3.90	66	4.98	<i>53</i>	21.22	0.82	0.60
Vanguard Developed Markets Index Inv	Foreign Lg Blend	VDMIX	-5.35	32	17.26	43	-3.34	57	5.75	35	21.51	0.84	0.20
Wells Fargo Int'l Equity Index Fund G	Foreign Lg Blend	DIEF2	-5.38	-	17.49	-	-3.19	-	5.90	-	-	-	-
MSCI EAFE (Net)			-5.77	-	17.13	-	-3.51	-	5.70	-	20.89	0.86	-
Morningstar Avg: Foreign Large Blend			-6.47	-	17.09	-	-3.06	-	5.16	-	21.42	0.84	1.40

	Manager					Assets in Top 10		
Name	Tenure (Longest)	Avg Mkt Cap (\$MM)	P/E Ratio	P/B Ratio	Total # of Holdings	Holdings (%)	Turnover (%)	Total Net Assets (all classes)
American Beacon Intl Eq Index Inst	11.75	35948.43	N/A	1.31	930	13.80	6	\$358,920,564
Dreyfus Intl Stock Index	5.00	30176.06	11.91	1.34	933	13.25	6	\$467,980,872
Vanguard Developed Markets Index Inv	1.42	27902.69	10.95	1.23	940	13.55	5	\$11,815,919,876
Wells Fargo Int'l Equity Index Fund G	20+	N/A	12.36	1.39	929	12.64	N/A	\$206,000,000

Appendix

Appendix: Market index descriptions

- **Citigroup 3-Month Treasury Bill Index** represents monthly return equivalents of yield averages of the last 3-Month Treasury Bill issues.
- **Dow Jones Wilshire 5000** represents all U.S. securities that have readily available prices.
- **Dow Jones Wilshire 4500** is a subset of the DJ Wilshire 5000 but excludes components of the S&P 500.
- **Dow Jones Wilshire Real Estate Investment Trust (REIT)** is a subset of the DJ Real Estate Security Index as only the REIT components of the Dow Jones RESI index are included.
- **Dow Jones Wilshire Real Estate Security Index (RESI)** is designed to provide measures of U.S. real estate securities that serve as proxies for direct real estate investing.
- Barclays Capital U.S. Aggregate Bond Index is a composite of the Barclays Capital Government/Credit Index , Mortgage-Backed Securities Index, and the Asset-Backed Securities Index.
- **Barclays Capital Government/Credit Bond Index** consists of investment-grade corporate bonds and U.S. Treasury/agency issues with maturities greater than one year.
- **Barclays Capital Intermediate Government Bond Index** is composed of U.S. government securities with maturities in the 1- to 10- year range, including securities issued by the U.S. Treasury and U.S. government agencies.
- **Barclays Capital Short Treasury Bond Index 9-12 Months** is an index of U.S. Treasury notes with maturities ranging from nine to twelve months.
- **Merrill Lynch 1-3 yr Treasury Index** consists of short-term U.S. government securities with maturities between 1 and 2.99 years.
- **Merrill Lynch High Yield Master Index** is a market capitalization-weighted index of domestic and Yankee high yield bonds. The index tracks the performance of high yield securities traded in the U.S. bond market.
- **MSCI EAFE (Europe, Australasia, Far East) Index** is a free float-adjusted market capitalization index that is designed to measure the equity market performance of 21 developed markets indices, excluding the US & Canada.
- **MSCI Emerging Markets Index** is a free float-adjusted market capitalization index that is designed to measure 25 emerging market country indices.
- **MSCI World Index** is a free float-adjusted market capitalization weighted index that is designed to measure 23 developed market country indices.
- **Nasdaq Composite Index** is a market capitalization-weighted index that measures all NASDAQ domestic and international based common type stocks listed on The NASDAQ Stock Market, including over 3,000 companies.
- **NYSE ArcaEx Tech 100 Index** is a price-weighted, broad-based index of 100 exchange listed and OTC stocks designed to mirror the technology sector. The index represents the entire technology and science sector.

- **Russell 3000 Index** measures the performance of the stocks of the 3,000 largest public traded U.S. companies, based on market capitalization, and measures the performance of about 98% of the total market capitalization of the publicly traded U.S. equity market.
- **Russell 1000 Index** includes the 1,000 largest companies in the Russell 3000 Index, and represents 92% of the U.S. equities market.
- **Russell 1000 Growth Index** measures the performance of the stocks of those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.
- **Russell 1000 Value Index** measures the performance of the stocks of those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values.
- **Russell MidCap Index** measures the 800 smallest companies in the Russell 1000 Index, approximately 31% of the total market capitalization of the Russell 1000 Index.
- **Russell MidCap Growth Index** measures the performance of those Russell MidCap Index companies with higher price-to-book ratios and higher forecasted growth values.
- **Russell MidCap Value Index** measures the performance of those Russell MidCap Index companies with lower price-to-book ratios and lower forecasted growth values.
- **Russell 2500 Index** represents the 2,500 small to mid-cap companies in the Russell 3000 Index.
- **Russell 2000 Index** represents the 2,000 smallest companies in the Russell 3000 Index, which represents approximately 10% of the Russell 3000 total market capitalization.
- **Russell 2000 Growth Index** measures the performance of those Russell 2000 Index companies with higher price-to-book ratios and higher forecasted growth values.
- **Russell 2000 Value Index** measures the performance of those Russell 2000 Index companies with lower price-to-book ratios and lower forecasted growth values.
- **S&P 500 Index** is a market capitalization-weighted index of 500 leading companies in the leading industries of the U.S. economy, with approximately 75% coverage of U.S. equities.
- **S&P MidCap 400 Index** is a market capitalization-weighted index that measures the performance of the mid-size company segment of the U.S. market, which represents approximately 7% of the U.S. equity markets.
- **S&P SmallCap 600 Index** is a market capitalization-weighted index that measures the performance of the small-size company segment of the U.S. market, covering approximately 3% of the domestic equity markets.
- * You cannot invest directly in an index.

Appendix: Definitions

- Alpha measures a portfolio's return in excess of the market return adjusted for risk. It is a measure of the manager's contribution to performance with reference to security selection. A positive alpha indicates that a portfolio was positively rewarded for the residual risk which was taken for that level of market exposure.
- Average Credit Quality is the average of all credit quality positions for a fund's bond holdings. U.S. Government bonds carry the highest credit rating, while bonds issued by speculative or bankrupt companies usually carry the lowest credit ratings. Anything at or below BB is considered a high-yield or "junk" bond.
- Average Effective Maturity is a weighted average of all the effective maturities of the bonds in a portfolio. Effective maturity takes into consideration mortgage prepayments, puts, calls, adjustable coupons, and other features of individual bonds and is thus a more accurate measure of interest-rate sensitivity. Longer-maturity funds are generally considered more interest-rate sensitive than their shorter counterparts.
- Beta measures the sensitivity of rates of portfolio returns to movements in the market index. A portfolio's beta measures the expected change in return per 1% change in the return on the market. If a beta of a portfolio is 1.5, a 1 percent increase in the return on the market will result on average, in a 1.5 percent increase in the return on the portfolio. The converse would also be true.
- Duration is a time measure of a bond's interest-rate sensitivity, based on the weighted average of the time periods over which a bond's cash flows accrue to the bondholder. Time periods are weighted by multiplying by the present value of its cash flow divided by the bond's price. (A bond's cash flows consist of coupon payments and repayment of capital). A bond's duration will almost always be shorter than its maturity, with the exception of zero-coupon bonds, for which maturity and duration are equal.
- Geometric Mean of the Market Capitalization defines the overall "size" of a stock fund's portfolio for all of the stocks owned. Calculated by raising the market capitalization of each stock to a power equal to that stock's stake in the portfolio. The resulting numbers are multiplied together to produce the geometric mean of the market caps of the stocks in the portfolio, which is reported as average market capitalization. For example, if a fund currently held equal stakes in three stocks, with market capitalizations of \$2 billion, \$10 billion, and \$25 billion, the geometric mean would equal: (\$2 billion1/3) * (\$10 billion1/3) = \$7.94 billion. This number is different from the fund's median market capitalization of the median stock in its portfolio. The geometric mean better identifies the portfolio's "center of gravity." That is, it provides more accurate insight into how market trends (as defined by capitalization) might affect the portfolio.
- **P/B Ratio** of a company relates the per-share market price of the company's stock to its per-share book value, the historical accounting value of the company's tangible assets. This figure may not always represent the real value of a company because it excludes such intangible assets as patents and trademarks. A high P/B ratio indicates that the price of the stock exceeds the actual worth of the company's assets. A low P/B ratio would indicate that the stock is a bargain, priced below what the company's assets could be worth if liquidated.
- P/E Ratio relates the price of the stock to the per-share earnings of the company. A high P/E generally indicates that the market will pay more to obtain the company because it has confidence in the company's ability to increase its earnings. Conversely, a low P/E indicates that the market has less confidence that the company's earnings will increase, and therefore will not pay as much for its stock.
- Returns can be displayed in a variety of ways. The most common are termed as "cumulative" or "annualized" returns. Monthly returns for a fund or benchmark are compounded to derive a cumulative return (i.e. quarter-to-date, year-to-date, etc.). Typically returns greater than 1-year are annualized in order to provide the ability to display the average annual return over a specified period of time (i.e. last 3 years).
- **R-Squared** indicates the extent to which the variability of the portfolio returns are explained by market action. It can also be thought of as measuring the diversification relative to the appropriate benchmark. An r-squared value of .75 indicates that 75% of the fluctuation in a portfolio return is explained by market action. An r-squared of 1.0 indicates that a portfolio's returns are entirely related to the market and it is not influenced by other factors. An r-squared of zero indicates that no relationship exists between the portfolio's return and the market.
- Sharpe Ratio is a commonly used measure of risk-adjusted return. It is calculated by subtracting the "risk-free" return (usually the 3 month Treasury bill) from the portfolio return and dividing the resulting "excess return" by the portfolio's risk level (standard deviation). The result is a measure of return gained per unit of risk taken.
- Standard Deviation is a statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically is. The wider the typical range of returns the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (i.e., has a bell shaped curve distribution) then approximately 2/3 of the returns would occur within plus or minus one standard deviation from the sample mean.

Zephyr upside/downside graph description

StyleADVISOR's Upside / Downside Market Capture graph displays the percentage of benchmark movement captured by a manager in both up and down markets. The graph plots the manager's upside capture ratio (vertical axis) against the downside capture ratio (horizontal axis).

The capture ratio is the manager's return divided by the benchmark's return, or the percentage of the benchmark's return that was "captured" by the manager.

The Upside capture ratio is computed for periods when the market has a positive return. The Downside capture ratio is computed for periods when the market has a negative return.

The chart will have crosshairs that provide a basis for comparison by dividing the graph into four quadrants. The crosshairs will be centered at 100%, which is where the benchmark will always fall.

If north is the top of the page:

Northwest is where you want to be. The manager has outperformed the benchmark during both up and down periods, going up more in up periods and down less in down periods.

7 Northeast is where most aggressive managers will fall, going up and down more than the benchmark.

Southwest is where most defensive managers will fall, going up and down less than the benchmark.

Southeast is where a manager does not want to be, assuming that the benchmark used is relevant. A manager in the southeast quadrant has underperformed (gone up less and down more) than the benchmark in up and down markets.