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City of San Jose Police & Fire Department Retirement Plan

First Quarter 2011 Private Markets Review

July 5, 2011

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Information Disclosure

- NEPC, LLC uses, as its data source, the plan's fund manager and custodian bank or fund service company, and NEPC, LLC relies on those sources for all transactions, including capital calls, distributions, income/expense and reported values. While NEPC, LLC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.
- The Investment Performance Analysis is provided as a management aid for the client's internal use only. Portfolio performance reported in the Investment Performance Analysis does not constitute a recommendation by NEPC, LLC.
- Information in this report on market indices and security characteristics is received from sources external to NEPC, LLC. While efforts are made to ensure that this external data is accurate, NEPC, LLC cannot accept responsibility for errors that may occur.



July 5, 2011

Board of Administration
City of San Jose Police & Fire Department Retirement Plan
1737 North First Street
San Jose, CA 95112

RE: Private Equity Strategy – 1st Quarter 2011

Dear Board of Administration Members:

We are pleased to present the March 31, 2011 Private Equity Report for the City of San Jose Police & Fire Department Retirement Plan (“the Plan”). The report provides a variety of performance analysis for the overall portfolio, as well as trailing performance, performance by lifecycle, vintage year and strategy.

The Plan’s private markets portfolio experienced a positive quarter, having a nominal IRR of 4.92% for the quarter and 16.28% for the past year. The annualized IRR of the private markets portfolio since inception was 6.41% at quarter end. Since inception, the Total Value to Paid In multiple (current valuation plus cumulative distributions, divided by total capital calls) was 1.19.

The following table presents the status of the Plan’s private markets portfolio as of March 31, 2011:

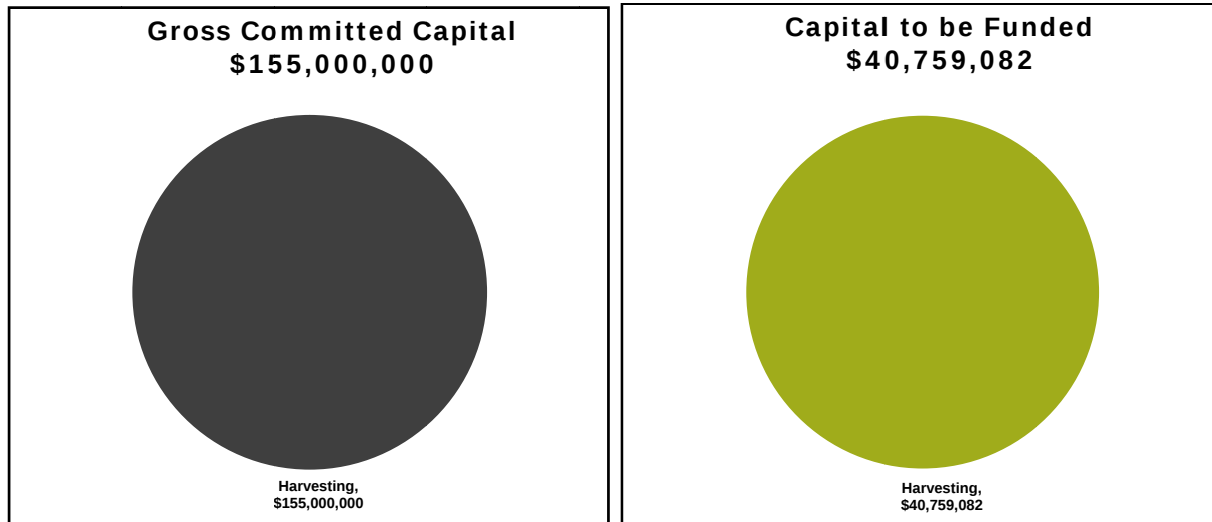
Commitment	Terminated Commitments	Amount Funded	Amount Distributed	Reported Value	Call Ratio	Distribution Ratio
\$155,000,000	\$0	\$114,240,918	\$17,488,569	\$118,462,064	73.70%	15.31%

Unfunded Commitment	Market Exposure (Reported Value + Unfunded Commitment)	Total Fund Composite as of 3/31/2011	Private Markets Target	Reported Value as a % of Total Fund	Market Exposure as a % of Total Fund
\$40,759,082	\$159,221,146	\$2,650,850,472	5%	4.47%	6.01%

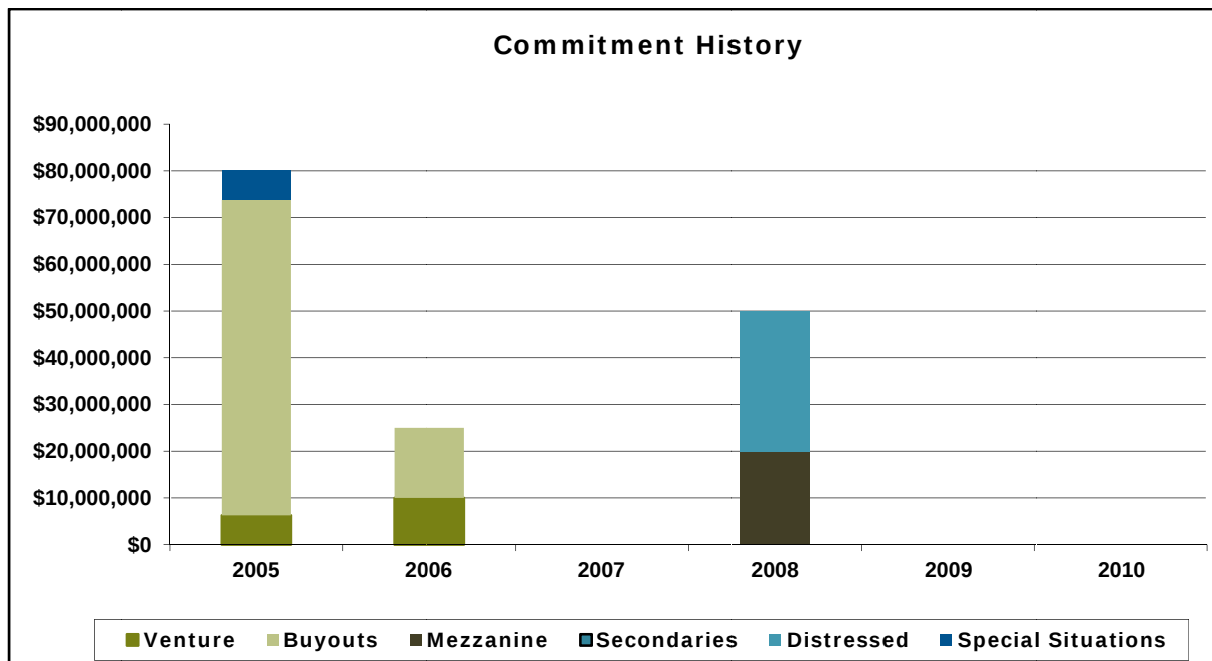
Total Value (Reported Value + Distributions)	Total Value To Capital Call Ratio	Internal Rate of Return IRR, Since Inception (September 2005)
\$135,950,633	1.19	6.41%



As of March 31, 2011, the Plan had net commitments totaling \$155.0 million to 9 private equity funds. The following charts illustrate the program's current life cycle.

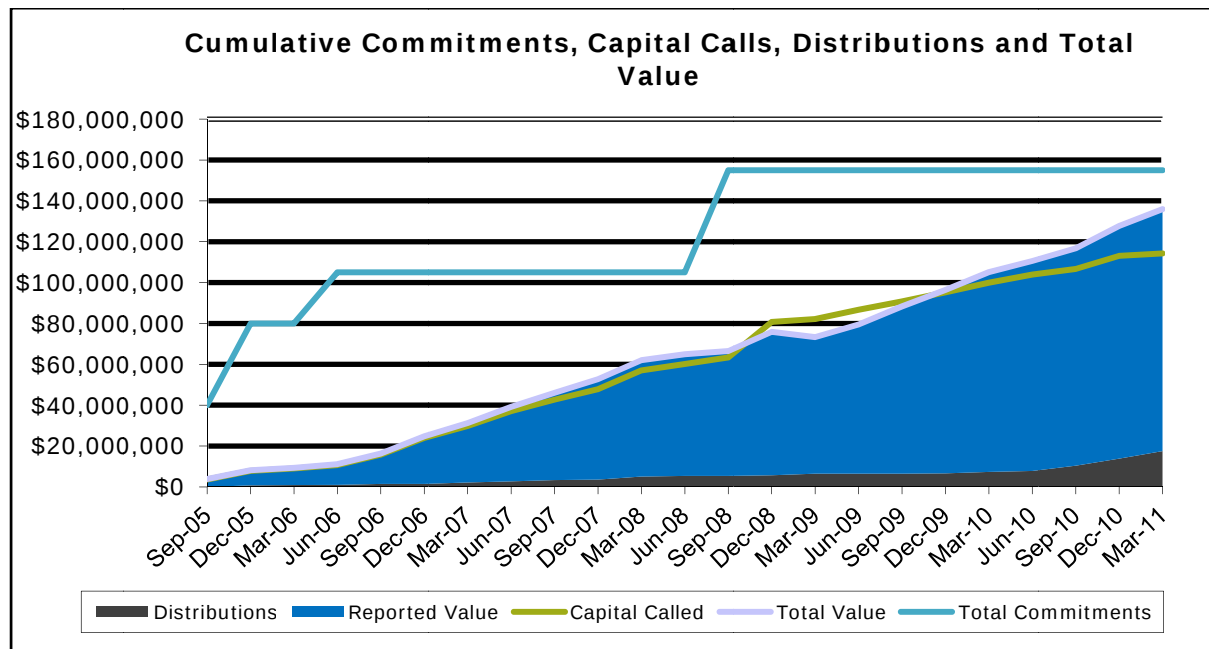


The following chart illustrates the commitment history of the Plan's private equity program through March 31, 2011:

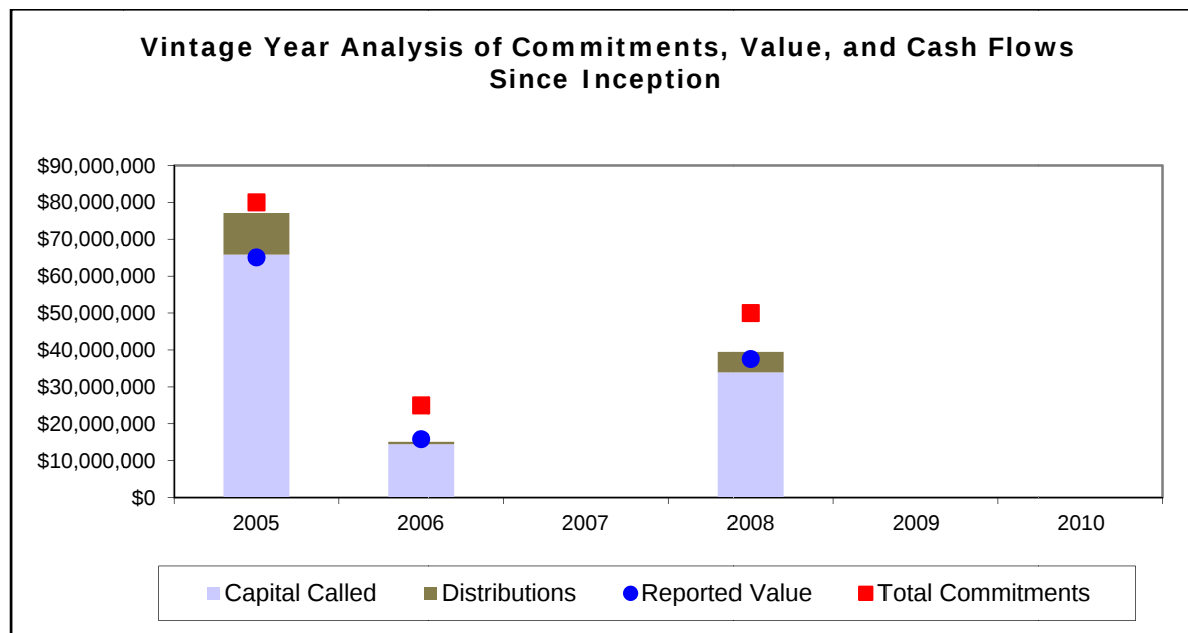




The following chart illustrates the Plan's cumulative commitment history, cumulative capital calls, cumulative distributions and reported value through March 31, 2011:



The following chart provides an analysis of the Plan's vintage year performance comparing the capital calls to the distributions and reported value through March 31, 2011:

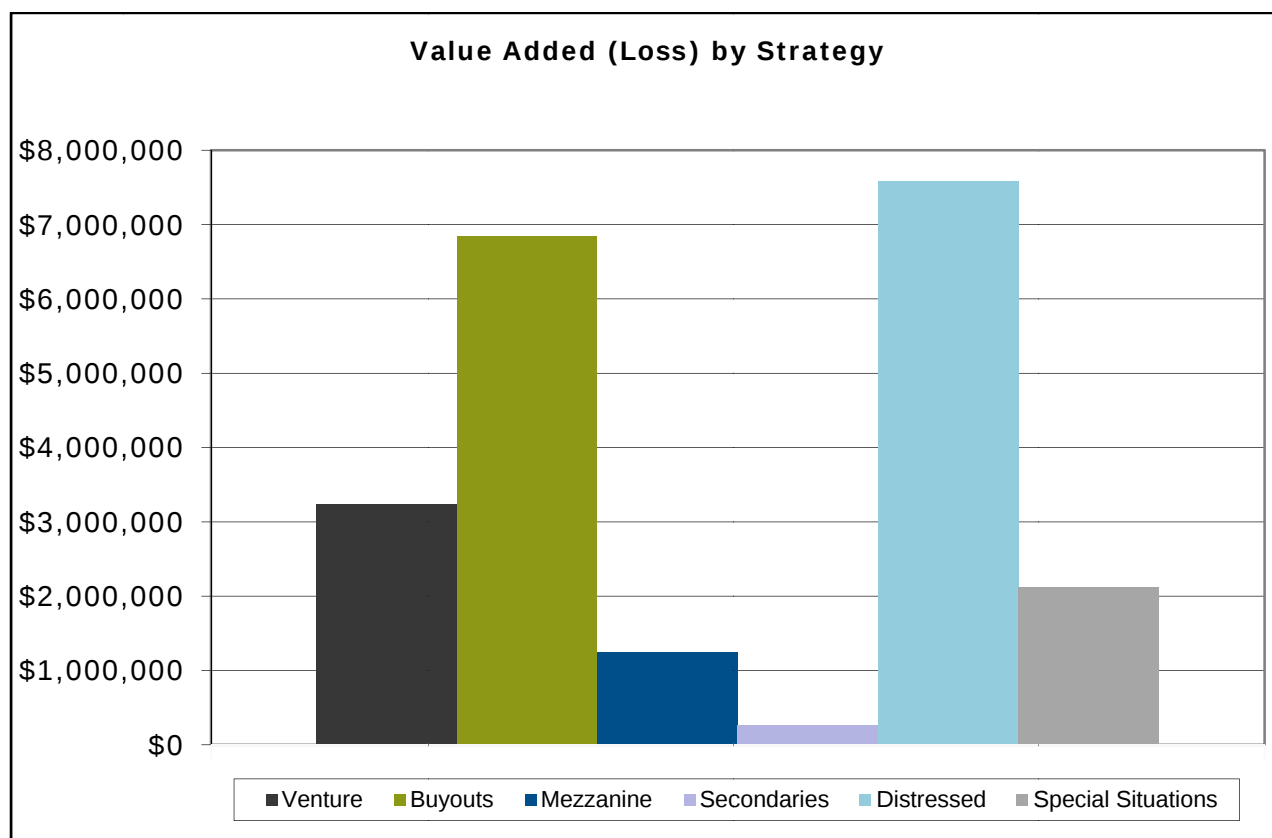




During the quarter-ended March 31, 2011, the Plan's private equity portfolio had capital calls from 3 funds and received distributions from 7 funds. The summary of the cash flows is as follows:

Amount Funded for the Quarter	Number of Funds Calling Capital	Distributions for the Quarter	Number of Funds Making Distributions	Net Cash/Stock Flows for the Quarter
\$1,175,000	3	\$3,632,274	7	\$2,457,274

Since inception, the private equity program has gained \$21.30 million in value for the Plan. Venture has added \$3.24 million; Buyout has added \$6.84 million; Mezzanine has added \$1.24 million; Secondaries have added \$0.27 million; Distressed has added \$7.59 million; and Special Situations has added \$2.12 million.

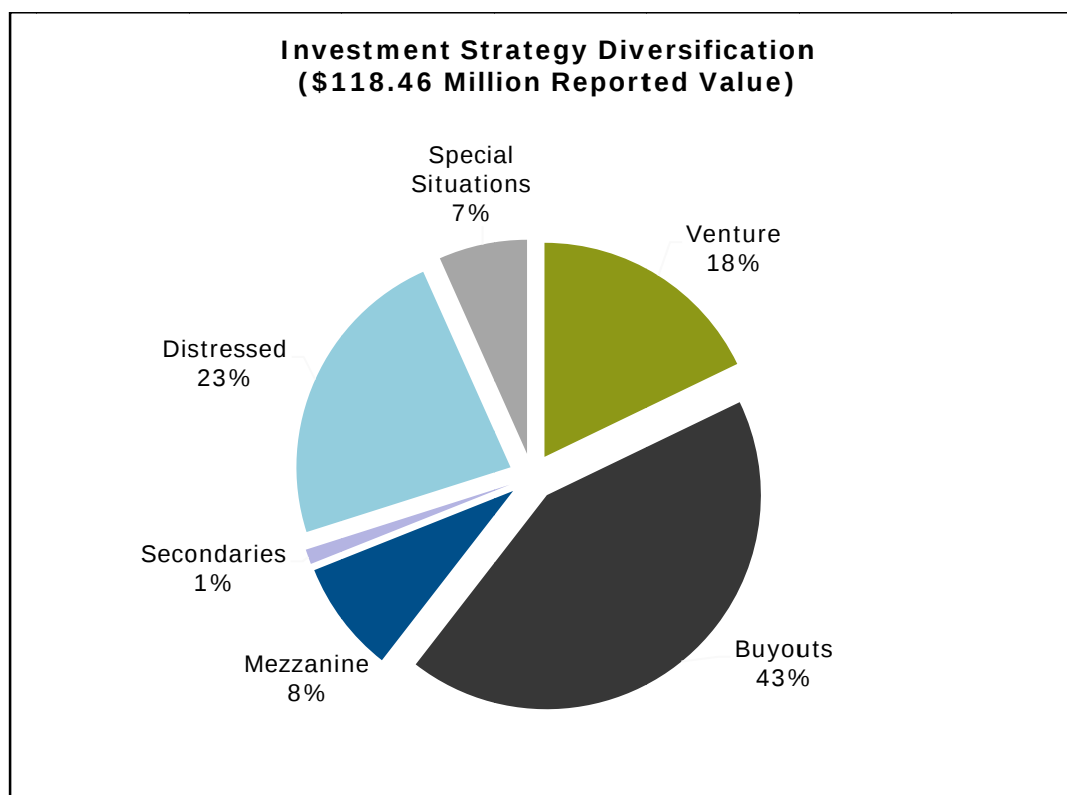




The following table compares the recommended investment strategy allocation to the Plan's actual allocation using the reported value at quarter end.

Investment Strategy	Target	Min.	Max.	Reported Value	Unfunded Commitment	Total Exposure
Venture	20 %	0%	40%	13.3%	4.5%	17.8 %
Growth Equity	10 %	0%	20%	-	-	-
Buyouts	20 %	0%	40%	31.7%	9.9%	41.6 %
Mezzanine	15 %	10%	30%	6.3%	5.2%	11.5 %
Secondaries	15 %	10%	30%	0.8%	0.2%	1.1 %
Distressed	15 %	0%	30%	17.3%	4.9%	22.2 %
Energy	5 %	0%	10%	-	-	-
Opportunistic	0 %	0%	10%	-	-	-
Special Situations	0 %	0%	10%	5.0%	0.9%	5.9 %
Totals	100 %			74.4 %	25.6 %	100.0 %
<i>Variance due to rounding</i>						
<i>Fund of Fund breakdown: 57% Buyout; 28% Venture; 11% Special Situations and 4% Secondaries</i>						

As of March 31, 2011 the 9 private equity funds in the Plan's portfolio were invested by market value in the following strategies:





Private Equity Allocations – Status of Target Allocations by Vintage Year

2011 – Recommended Commitments of \$35 million:

- \$15 million commitment to Secondaries
- \$20 million commitment to Growth Equity

SJP&F should maintain an active commitment pace in each vintage year going forward.

Annual Meetings Scheduled by the Private Equity Managers

- There are no upcoming meetings scheduled

We thank you for the opportunity to work with the City of San Jose Police and Fire Department Retirement Plan and look forward to continued success in the future.

Best regards,

Allan Martin
Partner

Kevin Tatlow, CAIA
Senior Consultant

Daniel LeBeau
Consultant

San Jose Police and Fire
Executive Summary IRR Performance Report

3/31/2011

Investment	Vintage Year	Commitment	Qtr TD	YTD	1 Year	3 Year	5 Year	Inception
HarbourVest Partners VII Buyout	2005	15,000,000	6.12	6.12	16.21	0.27	0.90	0.66
HarbourVest Partners VIII Buyout Fund	2006	15,000,000	5.02	5.02	22.50	5.50	N/A	5.94
HarbourVest Partners VIII Venture	2006	10,000,000	5.59	5.59	19.57	7.03	N/A	5.63
Pantheon USA Fund VI, L.P.	2005	40,000,000	4.84	4.84	19.56	5.94	5.84	5.74
Portfolio Advisors Fund III, L.P. A - Buyout	2005	12,500,000	5.27	5.27	19.39	-0.28	4.07	4.06
Portfolio Advisors Fund III, L.P. B - Venture	2005	6,250,000	6.53	6.53	10.82	0.65	3.44	3.09
Portfolio Advisors Fund III, L.P. C - Special Situ	2005	6,250,000	4.91	4.91	14.33	1.92	5.65	7.13
Siguler Guff DOF III	2008	30,000,000	4.67	4.67	12.44	N/A	N/A	17.26
TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	2.79	2.79	9.87	N/A	N/A	9.16
Total: San Jose Police and Fire		155,000,000	4.92	4.92	16.28	6.02	6.43	6.41

Composite IRRS include all flows of the selected investments regardless of the start date of the investment.
"N/A" will be displayed if the investment has insufficient cash flows for the period

**San Jose Police and Fire
Performance Analysis**

3/31/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
1 HarbourVest Partners VII Buyout	2005	15,000,000	12,825,000	2,175,000	2,840	0	13,111,156	13,111,156	283,316	86 %	0.00	1.02	0.66 %
2 HarbourVest Partners VIII Buyout Func	2006	15,000,000	8,062,500	6,937,500	0	503,484	8,785,804	9,289,288	1,226,788	54 %	0.06	1.15	5.94 %
3 HarbourVest Partners VIII Venture	2006	10,000,000	6,400,000	3,600,000	0	158,300	7,056,913	7,215,213	815,213	64 %	0.02	1.13	5.63 %
4 Pantheon USA Fund VI, L.P.	2005	40,000,000	31,000,000	9,000,000	136,032	4,200,000	33,582,227	37,782,227	6,646,195	78 %	0.14	1.21	5.74 %
5 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	3,061,489	9,484,690	12,546,179	1,546,179	88 %	0.28	1.14	4.06 %
6 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	1,064,384	4,684,351	5,748,735	561,235	83 %	0.21	1.11	3.09 %
7 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	2,981,371	4,220,882	7,202,253	1,389,753	93 %	0.51	1.24	7.13 %
8 Siguler Guff DOF III	2008	30,000,000	22,200,000	7,800,000	158,692	2,443,215	27,502,381	29,945,596	7,586,904	74 %	0.11	1.34	17.26 %
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	11,753,418	8,246,582	115,157	3,076,326	10,033,660	13,109,986	1,241,411	59 %	0.26	1.10	9.16 %
9 Total Partnerships		155,000,000	114,240,918	40,759,082	412,721	17,488,569	118,462,064	135,950,633	21,296,995	74 %	0.15	1.19	6.41 %

San Jose Police and Fire
Lifecycle Performance Analysis

3/31/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
3 Harvesting													
1 HarbourVest Partners VII Buyout	2005	15,000,000	12,825,000	2,175,000	2,840	0	13,111,156	13,111,156	283,316	86 %	0.00	1.02	0.66 %
2 HarbourVest Partners VIII Buyout Func	2006	15,000,000	8,062,500	6,937,500	0	503,484	8,785,804	9,289,288	1,226,788	54 %	0.06	1.15	5.94 %
3 HarbourVest Partners VIII Venture	2006	10,000,000	6,400,000	3,600,000	0	158,300	7,056,913	7,215,213	815,213	64 %	0.02	1.13	5.63 %
4 Pantheon USA Fund VI, L.P.	2005	40,000,000	31,000,000	9,000,000	136,032	4,200,000	33,582,227	37,782,227	6,646,195	78 %	0.14	1.21	5.74 %
5 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	3,061,489	9,484,690	12,546,179	1,546,179	88 %	0.28	1.14	4.06 %
6 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	1,064,384	4,684,351	5,748,735	561,235	83 %	0.21	1.11	3.09 %
7 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	2,981,371	4,220,882	7,202,253	1,389,753	93 %	0.51	1.24	7.13 %
8 Siguler Guff DOF III	2008	30,000,000	22,200,000	7,800,000	158,692	2,443,215	27,502,381	29,945,596	7,586,904	74 %	0.11	1.34	17.26 %
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	11,753,418	8,246,582	115,157	3,076,326	10,033,660	13,109,986	1,241,411	59 %	0.26	1.10	9.16 %
3 Harvesting Subtotal		155,000,000	114,240,918	40,759,082	412,721	17,488,569	118,462,064	135,950,633	21,296,995	74 %	0.15	1.19	6.41 %
9 Total Partnerships													
		155,000,000	114,240,918	40,759,082	412,721	17,488,569	118,462,064	135,950,633	21,296,995	74 %	0.15	1.19	6.41 %

San Jose Police and Fire
Vintage Year Performance Analysis

3/31/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
2005													
1 HarbourVest Partners VII Buyout	2005	15,000,000	12,825,000	2,175,000	2,840	0	13,111,156	13,111,156	283,316	86 %	0.00	1.02	0.66 %
2 Pantheon USA Fund VI, L.P.	2005	40,000,000	31,000,000	9,000,000	136,032	4,200,000	33,582,227	37,782,227	6,646,195	78 %	0.14	1.21	5.74 %
3 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	3,061,489	9,484,690	12,546,179	1,546,179	88 %	0.28	1.14	4.06 %
4 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	1,064,384	4,684,351	5,748,735	561,235	83 %	0.21	1.11	3.09 %
5 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	2,981,371	4,220,882	7,202,253	1,389,753	93 %	0.51	1.24	7.13 %
2005 Subtotal		80,000,000	65,825,000	14,175,000	138,872	11,307,244	65,083,306	76,390,550	10,426,678	82 %	0.17	1.16	4.45 %
2006													
6 HarbourVest Partners VIII Buyout Func	2006	15,000,000	8,062,500	6,937,500	0	503,484	8,785,804	9,289,288	1,226,788	54 %	0.06	1.15	5.94 %
7 HarbourVest Partners VIII Venture	2006	10,000,000	6,400,000	3,600,000	0	158,300	7,056,913	7,215,213	815,213	64 %	0.02	1.13	5.63 %
2006 Subtotal		25,000,000	14,462,500	10,537,500	0	661,784	15,842,717	16,504,501	2,042,001	58 %	0.05	1.14	5.81 %
2008													
8 Siguler Guff DOF III	2008	30,000,000	22,200,000	7,800,000	158,692	2,443,215	27,502,381	29,945,596	7,586,904	74 %	0.11	1.34	17.26 %
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	11,753,418	8,246,582	115,157	3,076,326	10,033,660	13,109,986	1,241,411	59 %	0.26	1.10	9.16 %
2008 Subtotal		50,000,000	33,953,418	16,046,582	273,849	5,519,541	37,536,041	43,055,582	8,828,316	68 %	0.16	1.26	15.37 %
9 Total Partnerships													
		155,000,000	114,240,918	40,759,082	412,721	17,488,569	118,462,064	135,950,633	21,296,995	74 %	0.15	1.19	6.41 %

San Jose Police and Fire
Investment Strategy Performance Analysis

3/31/2011

Partnership Name	Vintage Year	Commitment	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
100 Venture													
1 HarbourVest Partners VIII Venture	2006	10,000,000	6,400,000	3,600,000	0	158,300	7,056,913	7,215,213	815,213	64 %	0.02	1.13	5.63 %
2 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	1,064,384	4,684,351	5,748,735	561,235	83 %	0.21	1.11	3.09 %
100 Venture Subtotal		16,250,000	11,587,500	4,662,500	0	1,222,684	11,741,264	12,963,948	1,376,448	71 %	0.11	1.12	4.20 %
120 Buyouts													
1 HarbourVest Partners VII Buyout	2005	15,000,000	12,825,000	2,175,000	2,840	0	13,111,156	13,111,156	283,316	86 %	0.00	1.02	0.66 %
2 HarbourVest Partners VIII Buyout Func	2006	15,000,000	8,062,500	6,937,500	0	503,484	8,785,804	9,289,288	1,226,788	54 %	0.06	1.15	5.94 %
3 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	3,061,489	9,484,690	12,546,179	1,546,179	88 %	0.28	1.14	4.06 %
120 Buyouts Subtotal		42,500,000	31,887,500	10,612,500	2,840	3,564,973	31,381,650	34,946,623	3,056,283	75 %	0.11	1.10	3.00 %
130 Mezzanine													
1 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	11,753,418	8,246,582	115,157	3,076,326	10,033,660	13,109,986	1,241,411	59 %	0.26	1.10	9.16 %
130 Mezzanine Subtotal		20,000,000	11,753,418	8,246,582	115,157	3,076,326	10,033,660	13,109,986	1,241,411	59 %	0.26	1.10	9.16 %
150 Distressed													
1 Siguler Guff DOF III	2008	30,000,000	22,200,000	7,800,000	158,692	2,443,215	27,502,381	29,945,596	7,586,904	74 %	0.11	1.34	17.26 %
150 Distressed Subtotal		30,000,000	22,200,000	7,800,000	158,692	2,443,215	27,502,381	29,945,596	7,586,904	74 %	0.11	1.34	17.26 %
160 Special Situations													
1 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	2,981,371	4,220,882	7,202,253	1,389,753	93 %	0.51	1.24	7.13 %
160 Special Situations Subtotal		6,250,000	5,812,500	437,500	0	2,981,371	4,220,882	7,202,253	1,389,753	93 %	0.51	1.24	7.13 %
170 Fund of Funds													
1 Pantheon USA Fund VI, L.P.	2005	40,000,000	31,000,000	9,000,000	136,032	4,200,000	33,582,227	37,782,227	6,646,195	78 %	0.14	1.21	5.74 %
170 Fund of Funds Subtotal		40,000,000	31,000,000	9,000,000	136,032	4,200,000	33,582,227	37,782,227	6,646,195	78 %	0.14	1.21	5.74 %
9 Total Partnerships		155,000,000	114,240,918	40,759,082	412,721	17,488,569	118,462,064	135,950,633	21,296,995	74 %	0.15	1.19	6.41 %

**San Jose Police and Fire
Transaction Summary**

1/1/2011 - 3/31/2011

Date	Funding	Additional Fees	Cash	Stock	Net Cash Flow
HarbourVest Partners VII Buyout					
3/1/2011	300,000.00				300,000.00
Total: HarbourVest Partners VII Buyout					
	300,000.00				300,000.00
HarbourVest Partners VIII Buyout Fund					
3/21/2011			250,180.00		-250,180.00
3/21/2011	375,000.00				124,820.00
Total: HarbourVest Partners VIII Buyout Fund					
	375,000.00		250,180.00		124,820.00
HarbourVest Partners VIII Venture					
3/22/2011			158,300.00		-158,300.00
3/22/2011	500,000.00				341,700.00
Total: HarbourVest Partners VIII Venture					
	500,000.00		158,300.00		341,700.00
Pantheon USA Fund VI, L.P.					
1/28/2011			600,000.00		-600,000.00
3/21/2011			600,000.00		-1,200,000.00
Total: Pantheon USA Fund VI, L.P.					
			1,200,000.00		-1,200,000.00
Portfolio Advisors Fund III, L.P. A - Buyout					
3/29/2011			58,223.00		-58,223.00
Total: Portfolio Advisors Fund III, L.P. A - Buyout					
			58,223.00		-58,223.00
Portfolio Advisors Fund III, L.P. B - Venture					
3/29/2011			86,475.00		-86,475.00
Total: Portfolio Advisors Fund III, L.P. B - Venture					
			86,475.00		-86,475.00
Portfolio Advisors Fund III, L.P. C - Special Situ					
3/29/2011			277,416.00		-277,416.00

Activity is cumulative for the period

**San Jose Police and Fire
Transaction Summary**

1/1/2011 - 3/31/2011

Date	Funding	Additional Fees	Cash	Stock	Net Cash Flow
Portfolio Advisors Fund III, L.P. C - Special Situ					
Total: Portfolio Advisors Fund III, L.P. C - Special Situ					
			277,416.00		-277,416.00
Siguler Guff DOF III					
1/31/2011			1,594,179.89		-1,594,179.89
3/30/2011			7,500.00		-1,601,679.89
Total: Siguler Guff DOF III					
			1,601,679.89		-1,601,679.89
Total: San Jose Police and Fire					
			1,175,000.00		-2,457,273.89
Total:					
			1,175,000.00		-2,457,273.89

Activity is cumulative for the period