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POLICE AND FIRE DEPARTMENT RETIREMENT PLAN

City of San Jose Police & Fire Department Retirement Plan

Fourth Quarter 2010 Private Markets Review

April 12, 2011

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25
Years
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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.



NEPC, LLC

April 25, 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 – 4th Quarter 2010

Dear Board of Administration Members:

We are pleased to present the December 31, 2010 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.

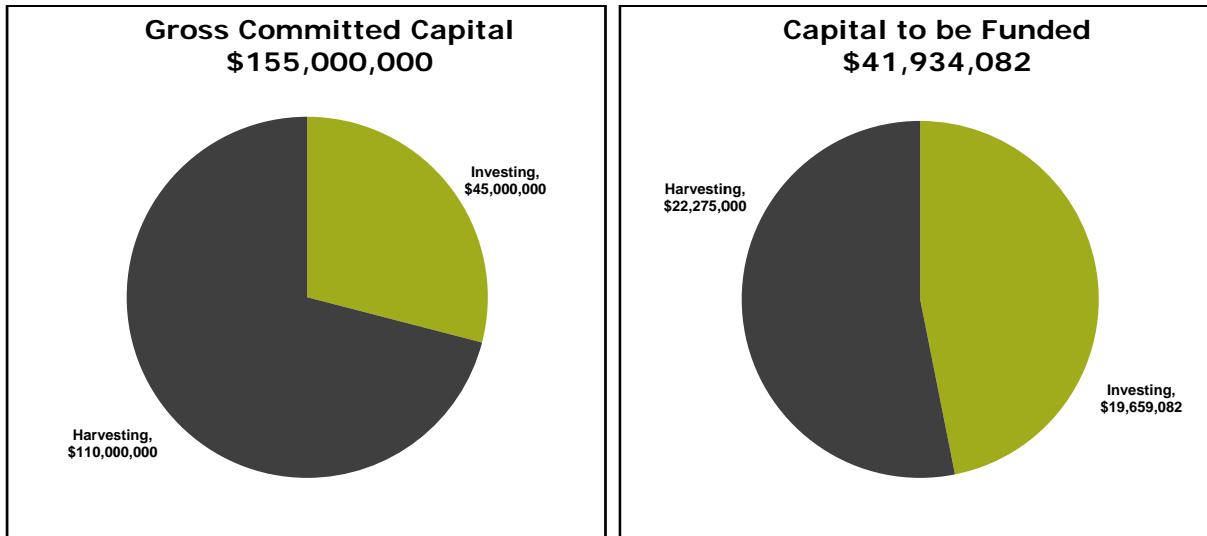
The Plan's private markets portfolio experienced a positive quarter, having a nominal IRR of 4.31% for the quarter and 12.53% for the past year. The annualized IRR of the private markets portfolio since inception was 4.80% at quarter end. Since inception, the Total Value to Paid In multiple (current valuation plus cumulative distributions, divided by total capital calls) was 1.13.

The following table presents the status of the Plan's private markets portfolio as of December 31, 2010:

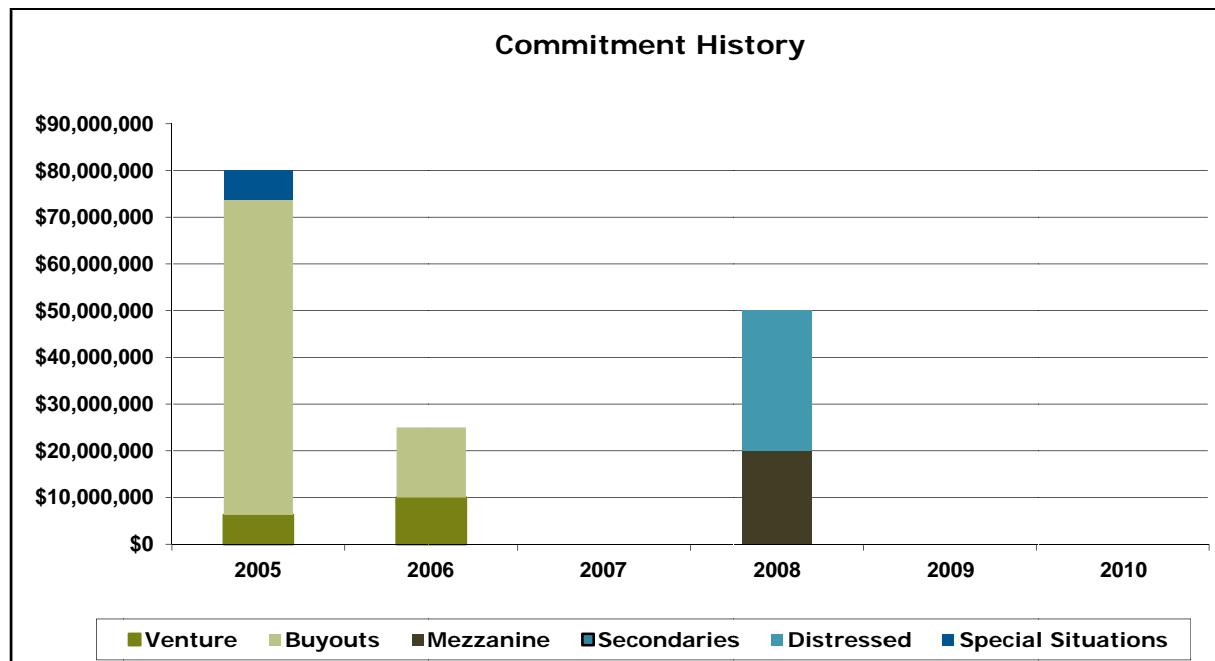
Commitment	Terminated Commitments	Amount Funded	Amount Distributed	Reported Value	Call Ratio	Distribution Ratio
\$155,000,000	\$0	\$113,065,918	\$13,856,295	\$113,915,802	72.95%	12.26%
Unfunded Commitment	Market Exposure (Reported Value + Unfunded Commitment)	Total Fund Composite as of 12/31/2010	Private Markets Target	Reported Value as a % of Total Fund	Market Exposure as a % Total Fund	
\$41,934,082	\$155,849,884	\$2,627,069,998	5%	4.34%	5.93%	
Total Value (Reported Value + Distributions)	Total Value To Capital Call Ratio	Internal Rate of Return IRR, Since Inception (September 2005)				
\$127,772,097	1.13	4.80%				



As of December 31, 2010, the Plan had net commitments totaling \$155.0 million to 9 private equity funds. The following charts illustrate the program's current life cycle.

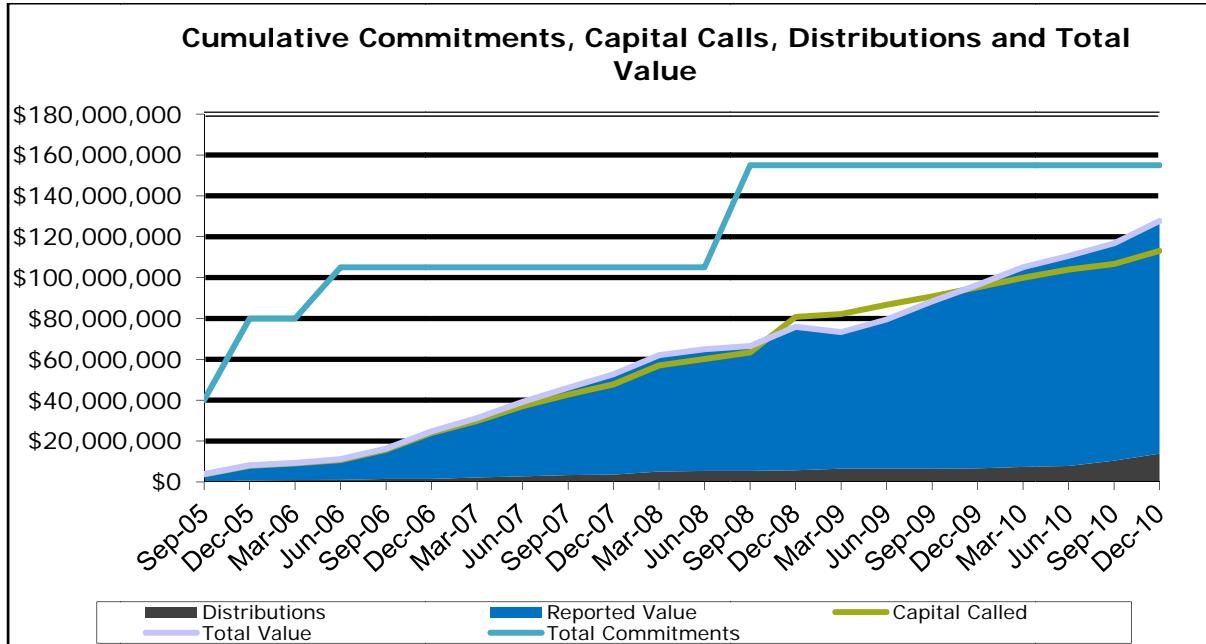


The following chart illustrates the commitment history of the Plan's private equity program through December 31, 2010:

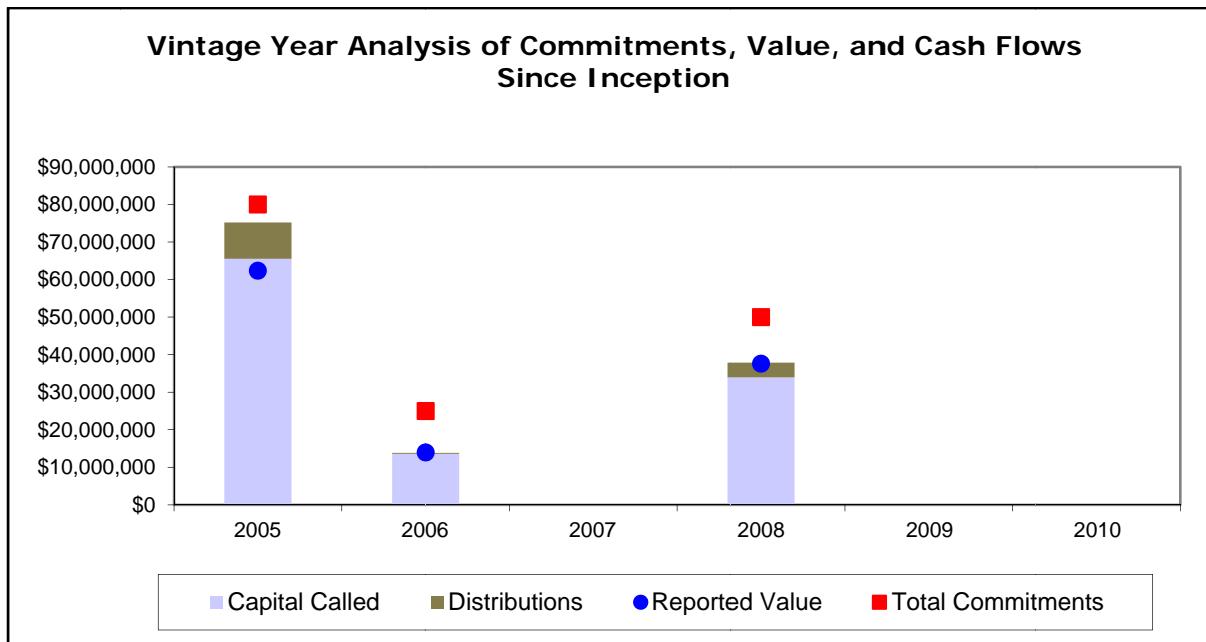




The following chart illustrates the Plan's cumulative commitment history, cumulative capital calls, cumulative distributions and reported value through December 31, 2010:



The following chart provides an analysis of the Plan's vintage year performance comparing the capital calls to the distributions and reported value through December 31, 2010:

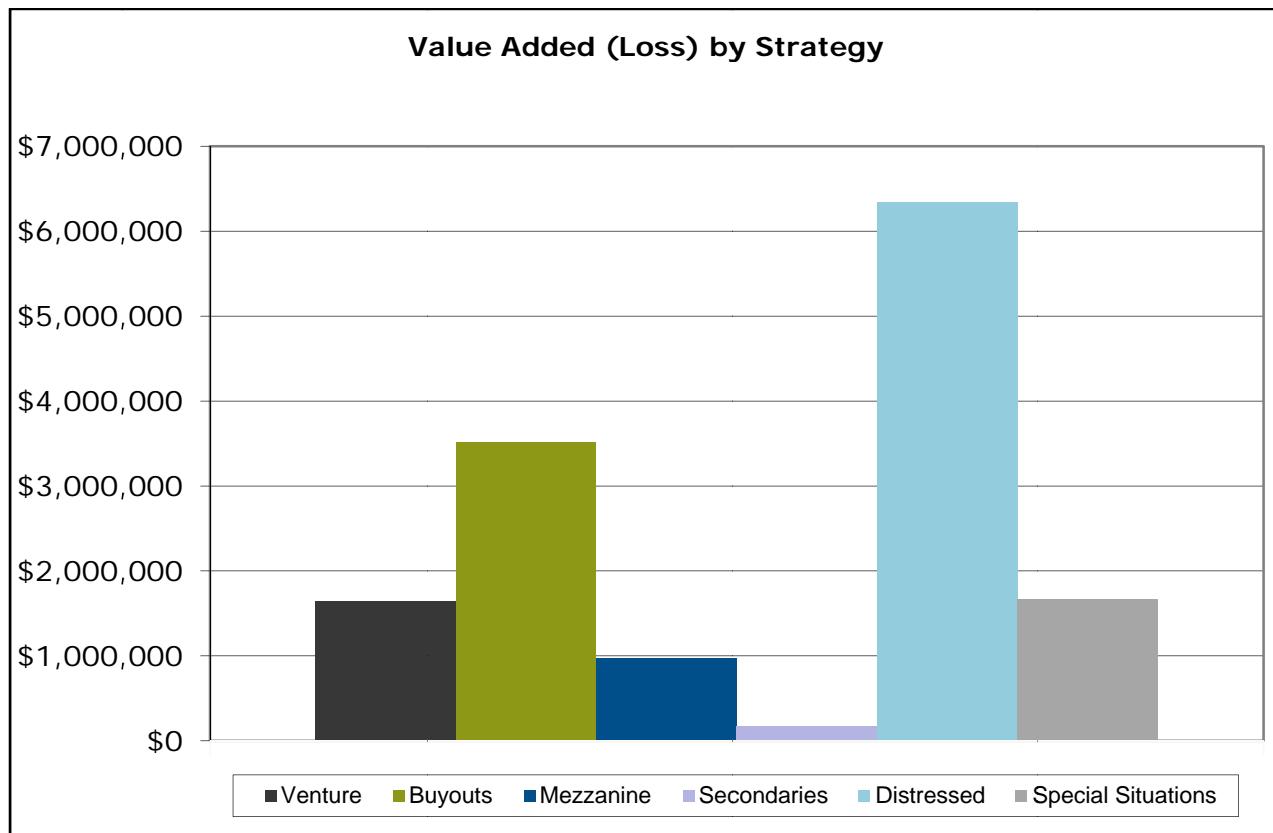




During the quarter-ended December 31, 2010, the Plan's private equity portfolio had capital calls from 6 funds and received distributions from 6 funds. The summary of the cash flows is as follows:

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
\$6,355,166	6	\$3,450,436	6	(\$2,904,730)

Since inception, the private equity program has gained \$14.29 million in value for the Plan. Venture has added \$1.64 million; Buyout has added \$3.51 million; Mezzanine has added \$0.97 million; Secondaries has added \$0.18 million; Distressed has added \$6.34 million; and Special Situations has added \$1.66 million.

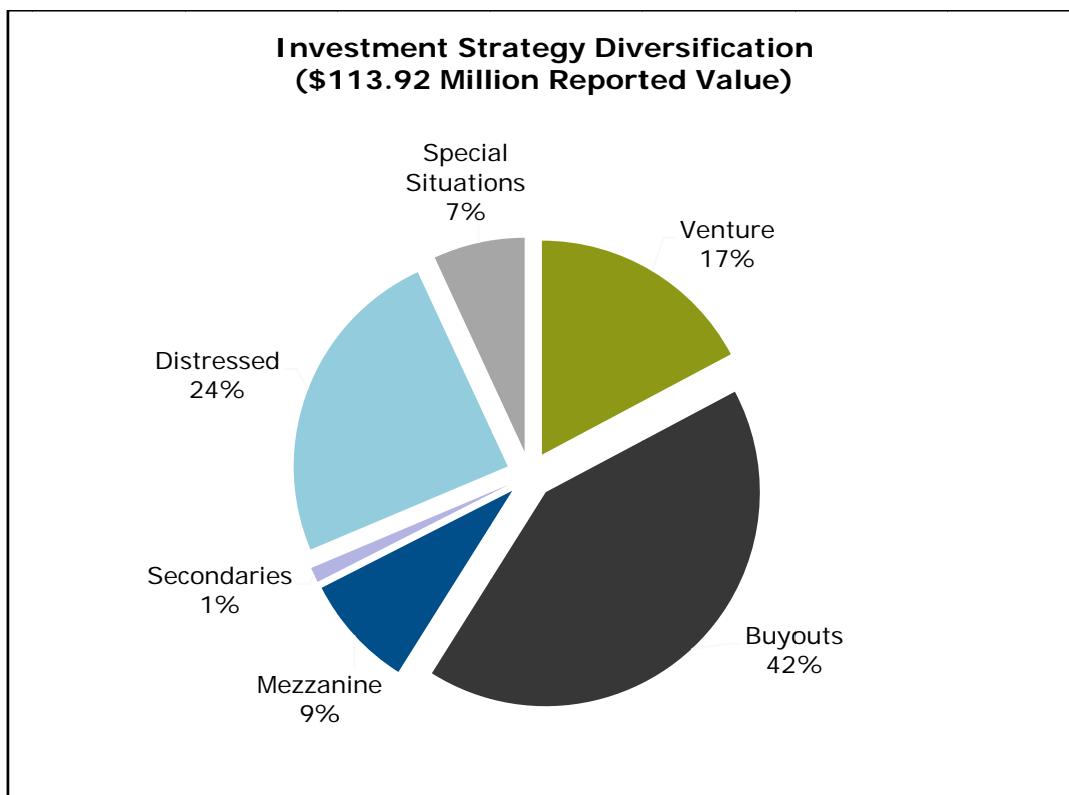




The following table compares the recommended investment strategy allocation to the Plan's actual allocation using the reported value at quarter end.

Investment Strategy	Target	Min.	Max.	Reported Value	Unfunded Commitment	Total Exposure
Venture	20%	0%	40%	12.6%	4.9%	17.5%
Growth Equity	10%	0%	20%	-	-	-
Buyouts	20%	0%	40%	30.5%	10.5%	41.0%
Mezzanine	15%	10%	30%	6.3%	5.3%	11.6%
Secondaries	15%	10%	30%	0.8%	0.2%	1.1%
Distressed	15%	0%	30%	17.9%	5.0%	22.9%
Energy	5%	0%	10%	-	-	-
Opportunistic	0%	0%	10%	-	-	-
Special Situations	0%	0%	10%	5.0%	0.9%	6.0%
Totals	100%			73.1%	26.9%	100.0%
Variance due to rounding						
Fund of Fund breakdown: 57% Buyout; 28% Venture; 11% Special Situations and 4% Secondaries						

As of December 31, 2010 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 – We recommend private equity investors maintain a steady commitment pace.

Annual Meetings Scheduled by the Private Equity Managers

- Siguler Guff – May 16 - 17, 2011, New York, NY
- HarbourVest – May 17 – 19, 2011, London

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

12/31/2010

Investment	Vintage	Commitment	Qtr TD	YTD	1 Year	3 Year	5 Year	Inception
HarbourVest Partners VII Buyout	2005	15,000,000	3.84	14.92	14.92	-2.56	-1.22	-1.38
HarbourVest Partners VIII Buyout Fund	2006	15,000,000	2.80	15.00	15.00	1.44	N/A	2.67
HarbourVest Partners VIII Venture	2006	10,000,000	3.37	7.22	7.22	1.66	N/A	1.13
Pantheon USA Fund VI, L.P.	2005	40,000,000	5.72	15.28	15.28	3.81	4.23	4.17
Portfolio Advisors Fund III, L.P. A - Buyout	2005	12,500,000	6.59	13.16	13.16	-0.37	2.82	3.03
Portfolio Advisors Fund III, L.P. B - Venture	2005	6,250,000	3.58	3.92	3.92	-0.30	1.95	1.62
Portfolio Advisors Fund III, L.P. C - Special Situ	2005	6,250,000	3.31	8.86	8.86	1.01	5.21	6.47
Siguler Guff DOF III	2008	30,000,000	3.41	11.76	11.76	N/A	N/A	16.84
TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	3.07	9.14	9.14	N/A	N/A	8.66
Total: San Jose Police and Fire		155,000,000	4.31	12.53	12.53	4.01	4.77	4.80
Total Investments: 9		155,000,000	4.31	12.53	12.53	4.01	4.77	4.80

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**

12/31/2010

Partnership Name	Vintage Year	Paid In Capital Commitment	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	12,525,000	2,475,000	2,840	0	11,989,745	11,989,745	-538,095	84 %	0.00	0.96
2 HarbourVest Partners VIII Buyout Fund	2006	15,000,000	7,687,500	7,312,500	0	253,304	7,913,421	8,166,725	479,225	51 %	0.03	1.06
3 HarbourVest Partners VIII Venture	2006	10,000,000	5,900,000	4,100,000	0	0	6,040,352	6,040,352	140,352	59 %	0.00	1.02
4 Pantheon USA Fund V, L.P.	2005	40,000,000	31,000,000	9,000,000	136,032	3,000,000	32,526,618	35,526,618	4,390,586	78 %	0.10	1.14
5 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	3,003,286	9,064,936	12,068,202	1,068,202	88 %	0.27	1.10
6 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	977,909	4,478,393	5,456,302	268,802	83 %	0.19	1.05
7 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	2,703,955	4,288,233	6,992,188	1,179,688	93 %	0.47	1.20
8 Siguler Guff DOF III	2008	30,000,000	22,200,000	7,800,000	158,692	841,535	27,853,083	28,694,618	6,335,926	74 %	0.04	1.28
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	11,753,418	8,246,582	115,157	3,076,326	9,7761,021	12,837,347	968,772	59 %	0.26	1.08
9 Total Partnerships		155,000,000	113,065,918	41,934,082	412,721	13,856,295	113,915,802	121,772,097	14,293,459	73 %	0.12	1.13
												4.80 %

San Jose Police and Fire
Lifecycle Performance Analysis

12/31/2010

Partnership Name	Vintage Year	Commitment Capital	Paid In Capital	Capital To Be Funded	Additional Fees	Cumulative Distributions	Valuation	Total Value	Net Benefit	Call Ratio	DPI Ratio	TVPI Ratio	IRR
2 Investing													
1 HarbourVest Partners VII Buyout Fund	2006	15,000,000	7,687,500	7,312,500	0	253,304	7,913,421	8,166,725	479,225	51 %	0.03	1.06	2.67 %
2 HarbourVest Partners VII Venture	2006	10,000,000	5,900,000	4,100,000	0	6,040,352	6,040,352	140,352	59 %	0.00	0.00	1.02	1.13 %
3 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	11,753,418	8,246,582	115,157	3,076,326	9,771,021	12,837,347	968,772	59 %	0.26	1.08	8.66 %
2 Investing Subtotal		45,000,000	25,340,918	19,659,082	115,157	3,329,630	23,714,794	27,044,424	1,588,349	56 %	0.13	1.06	3.80 %
3 Harvesting													
4 HarbourVest Partners VII Buyout	2005	15,000,000	12,525,000	2,475,000	2,840	0	11,989,745	11,989,745	-538,095	84 %	0.00	0.96	-1.38 %
5 Pantheon USA Fund VI, L.P.	2005	40,000,000	31,000,000	9,000,000	136,032	3,000,000	32,526,618	35,526,618	4,390,586	78 %	0.10	1.14	4.17 %
6 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	3,003,266	9,064,936	12,068,202	1,068,202	88 %	0.27	1.10	3.03 %
7 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	977,909	4,478,393	5,456,302	268,802	83 %	0.19	1.05	1.62 %
8 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	2,703,965	4,288,233	6,992,188	1,179,688	93 %	0.47	1.20	6.47 %
9 Siguler Guff DOF III	2008	30,000,000	22,200,000	7,800,000	158,692	841,535	27,853,083	28,694,618	6,335,926	74 %	0.04	1.28	16.84 %
3 Harvesting Subtotal		110,000,000	87,725,000	22,275,000	297,564	10,526,665	90,201,008	100,727,673	12,705,109	80 %	0.12	1.14	4.96 %
9 Total Partnerships		155,000,000	113,065,918	41,934,082	412,721	13,856,295	113,915,802	127,772,097	14,293,459	73 %	0.12	1.13	4.80 %

San Jose Police and Fire
Vintage Year Performance Analysis

12/31/2010

Partnership Name	Vintage Year	Commitment Capital	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	12,525,000	2,475,000	2,840	0	11,989,745	-538,095	84 %	0.00	0.96	-1.38 %	
2 Pantheon USA Fund VI, L.P.	2005	40,000,000	31,000,000	9,000,000	136,032	3,000,000	32,526,618	35,526,618	4,390,586	78 %	0.10	1.14	4.17 %
3 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	3,003,286	9,064,936	12,068,202	1,068,202	88 %	0.27	1.10	3.03 %
4 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	977,909	4,478,393	5,456,302	268,802	83 %	0.19	1.05	1.62 %
5 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	2,703,955	4,288,233	6,992,188	1,179,688	93 %	0.47	1.20	6.47 %
2005 Subtotal		80,000,000	65,525,000	14,475,000	138,872	9,685,130	62,347,925	72,033,055	6,369,183	82 %	0.15	1.10	2.98 %
2006													
6 HarbourVest Partners VIII Buyout Func	2006	15,000,000	7,687,500	7,312,500	0	253,304	7,913,421	8,166,725	479,225	51 %	0.03	1.06	2.67 %
7 HarbourVest Partners VIII Venture	2006	10,000,000	5,900,000	4,100,000	0	0	6,040,352	6,040,352	140,352	59 %	0.00	1.02	1.13 %
2006 Subtotal		25,000,000	13,587,500	11,412,500	0	253,304	13,953,773	14,207,077	619,577	54 %	0.02	1.05	2.04 %
2008													
8 Siguler Guff DOF III	2008	30,000,000	22,200,000	7,800,000	158,692	841,535	27,853,083	28,694,618	6,335,926	74 %	0.04	1.28	16.84 %
9 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	11,753,418	8,246,582	115,157	3,076,326	9,776,1021	12,837,347	968,772	59 %	0.26	1.08	8.66 %
2008 Subtotal		50,000,000	33,953,418	16,046,582	273,849	3,917,361	37,614,104	41,531,965	7,304,699	68 %	0.12	1.21	14.97 %
9 Total Partnerships		155,000,000	113,065,918	41,934,082	412,721	13,856,285	113,915,802	127,772,097	14,293,459	73 %	0.12	1.13	4.86 %

San Jose Police and Fire Investment Strategy Performance Analysis

12/31/2010

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	5,900,000	4,100,000	0	0	6,040,352	140,352	59 %	0.00	1.02	1.13 %	
2 Portfolio Advisors Fund III, L.P. B - Ve	2005	6,250,000	5,187,500	1,062,500	0	977,909	4,478,393	5,456,302	268,802	83 %	0.19	1.05	1.62 %
100 Venture Subtotal		16,250,000	11,087,500	5,162,500	0	977,909	10,518,745	11,496,654	409,154	68 %	0.09	1.04	1.41 %
120 Buyouts													
1 HarbourVest Partners VII Buyout	2005	15,000,000	12,525,000	2,475,000	2,840	0	11,989,745	11,989,745	-538,095	84 %	0.00	0.96	-1.38 %
2 HarbourVest Partners VII Buyout Func	2006	15,000,000	7,687,500	7,312,500	0	253,304	7,913,421	8,166,725	479,225	51 %	0.03	1.06	2.67 %
3 Portfolio Advisors Fund III, L.P. A - Bu	2005	12,500,000	11,000,000	1,500,000	0	3,003,266	9,064,936	12,068,202	1,068,202	88 %	0.27	1.10	3.03 %
120 Buyouts Subtotal		42,500,000	31,212,500	11,287,500	2,840	3,256,570	28,968,102	32,224,672	1,009,332	73 %	0.10	1.03	1.10 %
130 Mezzanine													
1 TCW/Crescent Mezzanine V, L.P.	2008	20,000,000	11,753,418	8,246,582	115,157	3,076,326	9,761,021	12,837,347	968,772	59 %	0.26	1.08	8.66 %
130 Mezzanine Subtotal		20,000,000	11,753,418	8,246,582	115,157	3,076,326	9,761,021	12,837,347	968,772	59 %	0.26	1.08	8.66 %
150 Distressed													
1 Siguler Guff DOF III	2008	30,000,000	22,200,000	7,800,00	158,692	841,535	27,853,083	28,694,618	6,335,926	74 %	0.04	1.28	16.84 %
150 Distressed Subtotal		30,000,000	22,200,000	7,800,00	158,692	841,535	27,853,083	28,694,618	6,335,926	74 %	0.04	1.28	16.84 %
160 Special Situations													
1 Portfolio Advisors Fund III, L.P. C - Sp	2005	6,250,000	5,812,500	437,500	0	2,703,955	4,288,233	6,992,188	1,179,688	93 %	0.47	1.20	6.47 %
160 Special Situations Subtotal		6,250,000	5,812,500	437,500	0	2,703,955	4,288,233	6,992,188	1,179,688	93 %	0.47	1.20	6.47 %
170 Fund of Funds													
1 Pantheon USA Fund VI, L.P.	2005	40,000,000	31,000,000	9,000,00	136,032	3,000,000	32,526,618	4,390,586	78 %	0.10	1.14	4.17 %	
170 Fund of Funds Subtotal		40,000,000	31,000,000	9,000,00	136,032	3,000,000	32,526,618	4,390,586	78 %	0.10	1.14	4.17 %	
9 Total Partnerships													
155,000,000	113,065,918	41,934,082	412,721	13,856,295	113,915,802	127,772,097	14,293,459	73 %	0.12	1.13	4.80 %		

**San Jose Police and Fire
Transaction Summary**

10/1/2010 - 12/31/2010

Date	Funding	Additional Fees	Cash	Stock	Net Cash Flow
HarbourVest Partners VII Buyout					
10/1/2010	375,000.00				375,000.00
Total: HarbourVest Partners VII Buyout					
	375,000.00				375,000.00
 HarbourVest Partners VIII Buyout Fund					
10/19/2010	375,000.00				375,000.00
12/29/2010		151,190.00			223,810.00
12/29/2010	337,500.00				561,310.00
Total: HarbourVest Partners VIII Buyout Fund					
	712,500.00		151,190.00		561,310.00
 HarbourVest Partners VIII Venture					
12/17/2010	300,000.00				300,000.00
Total: HarbourVest Partners VIII Venture					
	300,000.00				300,000.00
 Pantheon USA Fund VI, L.P.					
11/19/2010	400,000.00				400,000.00
12/30/2010		400,000.00			-0.00
Total: Pantheon USA Fund VI, L.P.					
	400,000.00		400,000.00		-0.00
 Portfolio Advisors Fund III, L.P. A - Buyout					
12/27/2010		318,257.00			-318,257.00
Total: Portfolio Advisors Fund III, L.P. A - Buyout					
		318,257.00			-318,257.00
 Portfolio Advisors Fund III, L.P. C - Special Situ					
12/27/2010		311,673.00			-311,673.00
Total: Portfolio Advisors Fund III, L.P. C - Special Situ					
		311,673.00			-311,673.00
 Siguler Guff DOF III					
12/3/2010	1,200,000.00				1,200,000.00
12/29/2010		7,500.00			1,192,500.00

Activity is cumulative for the period

**San Jose Police and Fire
Transaction Summary**

10/1/2010 - 12/31/2010

Date	Funding	Additional Fees	Cash	Stock	Net Cash Flow
Siguler Guff DOF III					
Total: Siguler Guff DOF III					
	1,200,000.00		7,500.00		1,192,500.00
TCW/Crescent Mezzanine V, L.P.					
11/24/2010	506,111.00				506,111.00
12/27/2010		2,261,816.00			-1,755,705.00
12/27/2010	2,861,555.00				1,105,850.00
Total: TCW/Crescent Mezzanine V, L.P.					
	3,367,666.00		2,261,816.00		1,105,850.00
Total: San Jose Police and Fire					
	6,355,166.00		3,450,436.00		2,904,730.00
Total:					
	6,355,166.00		3,450,436.00		2,904,730.00