



RETIREE HEALTH CARE BENEFIT TRUST

ANNUAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2011

MARTHA O. HAYNIE, CPA
ORANGE COUNTY COMPTROLLER



RETIREE HEALTH CARE BENEFIT TRUST

PERFORMANCE REVIEW

FISCAL YEAR ENDED SEPTEMBER 30, 2014

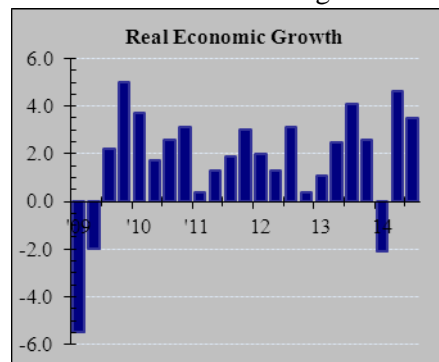
See Addendum and Attachment at end of this document for further information



ECONOMIC ENVIRONMENT

Modest Economic Growth Continues

The third quarter real GDP growth rate of 3.5% was surprisingly good. While it was not as strong as the second quarter's real GDP expansion



of 4.6%, it still exceeded most economists' expectations. There was abundant good news with strong employment gains and higher housing prices. Most manufacturing and service sectors made good progress as well. The CPI remained in check, thanks to falling commodity prices which were linked to great global harvests and to weak

economic news from Europe. After compiling all of this data and taking geopolitical concerns into account, the Fed decided to keep interest rates down. Most analysts were expecting Chairman Yellen to announce the first of several future rate increases; this decision caught them by surprise. All told, the third quarter economic story was constructive.

Below are the third quarter highlights:

- Economists remain confident that GDP expansion should continue to be strong for the rest of 2014 and into 2015. In the third quarter GDP rose 3.5% following the second quarter's 4.6% rate. Robust exports, business purchases and new car sales drove the strong expansion.
- Payroll numbers jumped 248,000 in September, not far below June's near-record 288,000. The unemployment rate fell to 5.9%, which was just a shade below the Fed's comfort level. Year-over-year, job gains have averaged an impressive 213,000 per month, while the unemployment rate has fallen by 1.3% for that period. In September, the number of unemployed fell 329,000 to 9.3 million. However, the number of *long-term* unemployed still hovers near 3 million. In addition, the 62.7% labor participation rate remains near a post WW II low.
- August home prices (latest available) edged up 0.3% from July and rose 6.4% year-over-year. These increases have subsided

from earlier in the current cycle; yet they represent a return to a more balanced picture and away from a housing bubble scenario. The return to normal is also reflected in a dramatic 6.3% bump in housing starts in September to an annualized pace of 1.02 million starts. For the 12-months ended in June, close to 800,000 home equity loans were originated. That's a 21% increase from the prior year and the highest number since the recession. The loan activity suggests that homeowners have become more confident in the strength of the housing recovery.

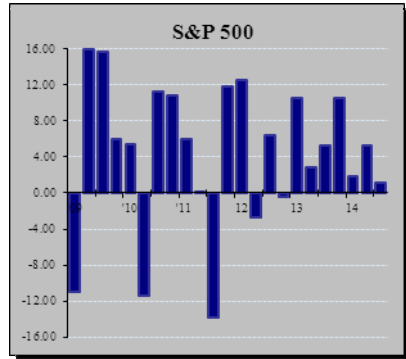
- Growth in both the manufacturing and service sectors showed the diversity of economic gains. The manufacturing sector expanded in September for the 16th straight month; the September ISM Manufacturing Index registered 56.6%. The Production Index was higher still, at 64.6%. Fifteen of the 18 manufacturing industries reported growth. Only machinery, plastics and electrical equipment contracted. The service sector reading was 58.6% in September, with new orders at 61%. Two-thirds of the service industries reported improvement and only entertainment, mining and education softened.
- The DJ-UBS Commodity Index posted its biggest drop (-12%) since the fourth quarter 2008. Component commodity price indices uniformly fell, but for different reasons. Grains were particularly hard hit (-23%), as record harvests led to greater inventories. Energy (-12%) suffered from lower global demand and increased US supplies. Precious metals (-11%) reflected higher US interest rate expectations. Raw materials (-4%) were impacted by an unusually strong US dollar and economic softness in Europe, Japan and China.
- CPI inflation has been very tame lately. Abundant food crops and oil supplies, both key to the index calculation, largely explain the consumer price stability. The CPI was flat for the quarter and expanded by 1.7% year over year as of September 30.
- The Federal Reserve is on track to end its QE3 bond buying program in October, reflecting ongoing economic and job gains. The next major item on the Fed's agenda is the timing of short-term interest rate hikes. At its September 16-17 meeting, the Federal Open Market Committee minutes indicated three major concerns. The dual effects of a stronger dollar and disappointing overseas growth led the Fed to hold down rates for at least several

more months. Geopolitical chaos in the Middle East, Africa and Ukraine also gave many Board members pause. However, the Board recognized that low interest rates have also fueled our stock market and may continue to do so, despite the fact that they contributed very little this past quarter.

DOMESTIC EQUITY MARKET

A Spot of Red Ink for Some Indices

The broad market indices had a roller coaster ride with little to show for it, rising in July and dropping precipitously in August; then, rising again to record levels by mid-September before falling back by quarter-end. When it was all over, gains were quite muted. The bellwether S&P 500



returned a paltry 1.1%. The tech-oriented NASDAQ gained 2.2%. The DJIA gains landed in between the two, moving up 1.9%. The large-caps performed relatively better than the mid-caps, which fared far better than their smaller-sized brethren. The Russell 1000 Index gained a paltry 0.7% and the Russell Mid Cap Index lost 1.7%, but they were both well ahead of the

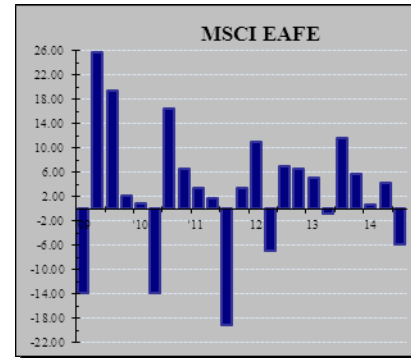
Russell 2000, which fell 7.4%! REITs, typically small-cap in size, lost 2.5%, following a nice run up during the first-half of the year. Results for all value style indices fared worse than comparable growth indices.

S&P sector returns were all over the map. Computer technology was the best performer (+6.4%), reflecting product enhancements from both Apple (iPhone 6) and Microsoft. Non-durable consumer goods added 5.3% on the strength of health care expenditures and FDA clearance for some new drugs. Additionally, finance names were up 2.3%. On the downside, traditional utility companies dipped 1.3%, as the EPA announced new environmental regulations. Basic industry stocks, excluding energy, lost 2.8% and resulted in falling commodity prices. Bringing up the rear was energy, which took an 8.6% tumble amid growing oil supplies and falling demand. At least, it offered a pleasant offset for the consumer.

INTERNATIONAL EQUITIES

Disheartening News Sparked Losses All Over the Globe

With the EU in recession and slow economic growth in most other developed markets, negative MSCI EAFE performance was widely expected. When the European Central Bank announced a round of limited quantitative easing, the program did little to lift investors' spirits. The EAFE Index was down 5.8% for the quarter. The combined EU market fell a fairly dramatic 7.4%, while the Far East dropped 2.2%. Germany and France, the two giant European markets, lost 11% and 8%, respectively. Third-ranked Italy gave back 9%. The small Portuguese and Austrian markets were particularly hard hit, each plummeting roughly 25%. With its ties to EU markets, the UK fell 6%.



Australian investors saw their market drop 8% due to falling raw materials prices and a sharply declining currency. Tumbling iron ore prices impacted Australian giant BHP Billiton and the currency decline dragged down the country's bank stocks. By comparison, Japan's 2% loss looked relatively strong, as its export-oriented economy was helped both by a falling Yen and by several Japanese tech stocks that soared. In Hong Kong, casino revenues fell amid the focus on corruption, while pro-democracy demonstrations didn't help the situation; the turmoil nicked prices there by 3%. Market winners were hard to find. Singapore turned in the second best return (-1%) and the tiny Israeli market edged up 0.4%.

Emerging markets also lost ground, but less so than EAFE. The MSCI EM Index declined 3.4%. Stock prices were depressed in the majority of EM countries for several reasons: (1) geopolitical instability; (2) the potential for tighter US Fed policy; (3) several slow growth economies; and (4) falling currencies. There was a 48 percentage point difference between Greece, the worst performer (-20%), and Egypt, the best performer (+28%). For the most part, though, country returns were typically in the single-digit negative to single-digit positive range.

The BRIC Index, comprising the four largest EM economies, fell 3%. **Brazil** lost 8.6%, as it dealt with the uncertain outcome of a looming presidential election, economic stagnation and a 10% decline in the Brazilian Real. **Russian** stocks plunged 15.1% in response to a host of issues including falling energy prices, military forays into Ukraine, economic sanctions, and a falling ruble. **India** made another relatively good showing (+2.3%). Not only did its GDP grow slightly, but, more importantly, investors remained hopeful for pro-business change after Prime Minister Modi's election. **China's** stock market was up 1.5% as investors approved of President Xi Jinping reforming state-owned enterprises, while also cracking down on corruption and balancing economic growth.

The Middle East continued to swirl with military conflicts. Most notably, Turkey is the latest country squeezed by political and military problems on its Syrian border. Adding to the unrest, credit rating agencies have downgraded its debt. Turkey's shares fell 11.8%.

Asian EM markets were modestly negative (-1.4%). Within the region, Thailand (+7.7%), the Philippines (+4.2%) and Indonesia (+3.5%) all gained ground due to more stable political environments. South Korea lost 7.3%, mainly because of sliding tech company prices.

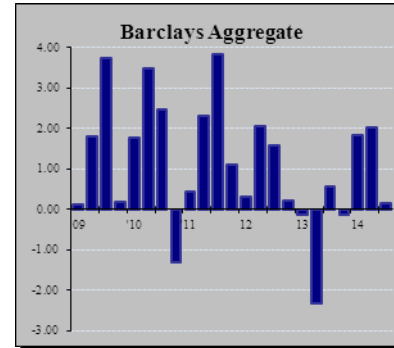
Markets were mostly negative in Latin America as that region's combined return was -5.4%. While most of the smaller-sized countries spilled red ink, Mexico continued to surprise on the upside; its 2.1% appreciation was attributable to solid economic growth, increasing success in capturing drug cartel leadership and ongoing reform efforts.

BOND MARKET

Greater Credit Risk Meant Worse Return

If the global stock market didn't provide Q3 gains, investors found no solace in bonds. Domestically, there was pullback in all sectors and credit ratings. The Barclays Aggregate Index barely edged into positive territory, returning only 0.2%. Junk bonds, which had been riding high since the end of the recession, fell 1.9%. Very long-maturity Treasuries, which gained ground, provided the only real exception, as 20-year-and-longer Treasuries earned 3%. Investors' bond concerns centered around:

(1) likely interest rate increases, sooner or later; (2) the fits and starts of this year's GDP growth; (3) CPI inflation that is too low as opposed to



too high; (4) the dramatic increase in strength of the US dollar vs. all other major currencies; (5) growing US involvement in Middle East conflicts; and (6) the potential economic implications from the growing Ebola threat.

Treasuries were the best-performing component, but only marginally, as the sector inched ahead 0.3%. A Treasury bond investor would have had to own issues maturing beyond five-years to have gained any ground. In fact, returns from 2-year-to-5-year Treasuries were fractionally negative. However, very long maturity issues performed well; as investors reached for yield, those issues returned 3%.

Investment grade corporates were slightly lower for the quarter (-0.1%); but, higher-yielding utility names were up 0.5%. Mortgage-backed securities (MBS) added just 0.2%. Asset-backed securities (ABS) were flat for the period, while commercial mortgage debt (CMBS) lost 0.2%.

From a credit rating perspective, the lower the credit rating, the poorer the bond performance. Starting with single A names, the return in that space was flat. BAAs lost 0.2%; BAs were down 1.3%; single Bs fell 1.9%; CAAs were lower by 2.7%; and CA-D issues hemorrhaged an astounding 17.2%! AA bonds were the sole exception to the pattern; AAs earned 0.3% vs. AAAs, which added 0.2%.

CASH EQUIVALENTS

Wait Until 2015 (or 2016?)

For some time we have commented that holding cash equivalents was a no-win game. Fed guidance points to a continuing of that for the foreseeable future.

MARKET SUMMARY

ECONOMIC STATISTICS

	CURRENT QTR	LAST QTR
GDP	3.5	4.6
Unemployment	5.9	6.1
CPI All Items Year/Year	1.70	2.10
Fed Funds Rate	0.25	0.25
Industrial Capacity	79.3	79.1
US Dollars per Euro	1.26	1.37

MAJOR INDEX QUARTER RETURNS

INDEX	PERFORMANCE
Russell 3000	0.0
S&P 500	1.1
Russell Mid	-1.7
Russell 2000	-7.4
MSCI EAFE	-5.8
MSCI Emg Mkts	-3.4
NCREIF ODCE	3.2
Barclays Agg	0.2
90 Day Tbills	0.0

EQUITY RETURN DISTRIBUTIONS

	QUARTER			TRAILING YEAR		
	VAL	COR	GRO	VAL	COR	GRO
LC	-0.2	0.7	1.5	18.9	19.0	19.1
MC	-2.6	-1.7	-0.7	17.4	15.8	14.4
SC	-8.6	-7.4	-6.1	4.1	3.9	3.8

MARKET SUMMARY

- * GDP expanded at a rate of 3.5% in Q3.
- * Unemployment continued to fall to 5.9%.
- * CPI was flat over Q3 and grew by 1.7% year over year.
- * Domestic markets were volatile, resulting in weak returns for large cap stocks and steep losses for small cap stocks. Mid cap stocks fell in between. Growth style indices beat their value counterparts for the quarter.
- * The US Dollar strengthened relative to the Euro.

INVESTMENT RETURN

On September 30th, 2014, the Orange County Florida Retiree Health Care Benefit Trust was valued at \$52,068,999, a decrease of \$1,044,383 from the June ending value of \$53,113,382. Last quarter, the account recorded total net withdrawals of \$355,836 in addition to \$688,547 in net investment losses. The fund's net investment loss was a result of income receipts totaling \$257,272 and realized and unrealized capital losses totaling \$945,819.

Since September 2009, the account has recorded net contributions totaling \$12.9 million, and generated net investment gains totaling \$17.9 million. Since September 2009, if the account earned a compounded nominal rate of 7.5% it would have been valued at \$46.4 million or \$5.7 million less than the actual value as of September 30th, 2014.

RELATIVE PERFORMANCE

Total Fund

For the third quarter, the total portfolio returned -1.3%, which ranked in the 58th percentile of the Public Fund universe. Over the trailing year, the portfolio's return was 12.0%, which ranked in the 11th percentile. Since September 2009, the portfolio returned 10.7% on an annualized basis and ranked in the 23rd percentile.

Domestic Equity

The domestic equity component returned 0.0% during the third quarter, equal to the Blended Total Market Index's return of 0.0% and ranked in the 35th percentile of the All Cap universe. Over the trailing twelve-month period, the domestic equity portfolio returned 17.8%, equal to the benchmark's 17.8% return, and ranked in the 31st percentile. Since September 2009, this component returned 15.9% on an annualized basis and ranked in the 53rd percentile. The Blended

Total Market Index returned an annualized 15.9% over the same time frame.

International Equity

In the third quarter, the international equity component returned -5.5%, which was 0.2% less than the Blended Global ex US Index's return of -5.3% and ranked in the 65th percentile of the International Equity universe. Over the trailing twelve-month period, this component returned 5.0%, which was 0.5% less than the benchmark's 5.5% return, ranking in the 61st percentile. Since September 2009, this component returned 6.1% per annum and ranked in the 81st percentile. The Blended Global ex US Index returned an annualized 6.6% over the same time frame.

Fixed Income

Last quarter, the fixed income component returned 0.1%, which was equal to the Blended Fixed Income Index's return of 0.1% and ranked in the 47th percentile of the Broad Market Fixed Income universe. Over the trailing year, this component returned 3.4%, which was 0.3% above the benchmark's 3.1% performance, and ranked in the 66th percentile. Since September 2009, this component returned 4.0% on an annualized basis and ranked in the 69th percentile. The Blended Fixed Income Index returned an annualized 4.0% during the same time frame.

ASSET ALLOCATION

At the end of the third quarter, domestic equities comprised 56.1% of the total portfolio (\$29.2 million), while international equities totaled 22.8% (\$11.9 million). The account's fixed income component comprised 20.2% (\$10.5 million), while the remaining 0.9% was comprised of cash & equivalents (\$480,050).

Orange County Florida Retiree Health Care Benefit Trust
Comparison to Dahab-Advised Plans with Prorated 20% Fixed Income Allocation (Early Data)
Periods Ending September 30, 2014

Total Plan Count: 63

	1 Quarter	1 Year	3 Years	5 Years
5th Percentile	0.89	15.00	17.95	12.82
25th Percentile	-0.32	12.29	15.99	11.83
50th Percentile	-1.02	10.78	14.94	10.98
75th Percentile	-1.59	9.67	14.23	10.41
95th Percentile	-1.99	9.10	12.78	9.02
Orange County Return	-1.3	12.0	16.4	10.7
Orange County Rank	61	26	23	60

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	FYTD	1 Year	-----Annualized-----	
				3 Years	5 Years
Total Gross/Fees	-1.3	12.0	12.0	16.4	10.7
<i>PUBLIC FUND RANK</i>	(58)	(11)	(11)	(3)	(23)
Total Net/Fees	-1.3	11.9	11.9	16.3	10.6
SHADOW INDEX	-1.3	11.7	11.7	16.2	10.7
Domestic Equity	0.0	17.8	17.8	23.1	15.9
<i>ALL CAP RANK</i>	(35)	(31)	(31)	(49)	(53)
TOTAL MKT INDEX	0.0	17.8	17.8	23.1	15.9
International Equity	-5.5	5.0	5.0	12.6	6.1
<i>INTERNATIONAL EQUITY RANK</i>	(65)	(61)	(61)	(66)	(81)
GLOBAL EX US	-5.3	5.5	5.5	12.4	6.6
Fixed Income	0.1	3.4	3.4	2.2	4.0
<i>BROAD MARKET FIXED RANK</i>	(47)	(66)	(66)	(77)	(69)
BLENDED FI IDX	0.1	3.1	3.1	2.2	4.0
1-3 YR GOV/CRED	0.0	0.8	0.8	0.9	1.5

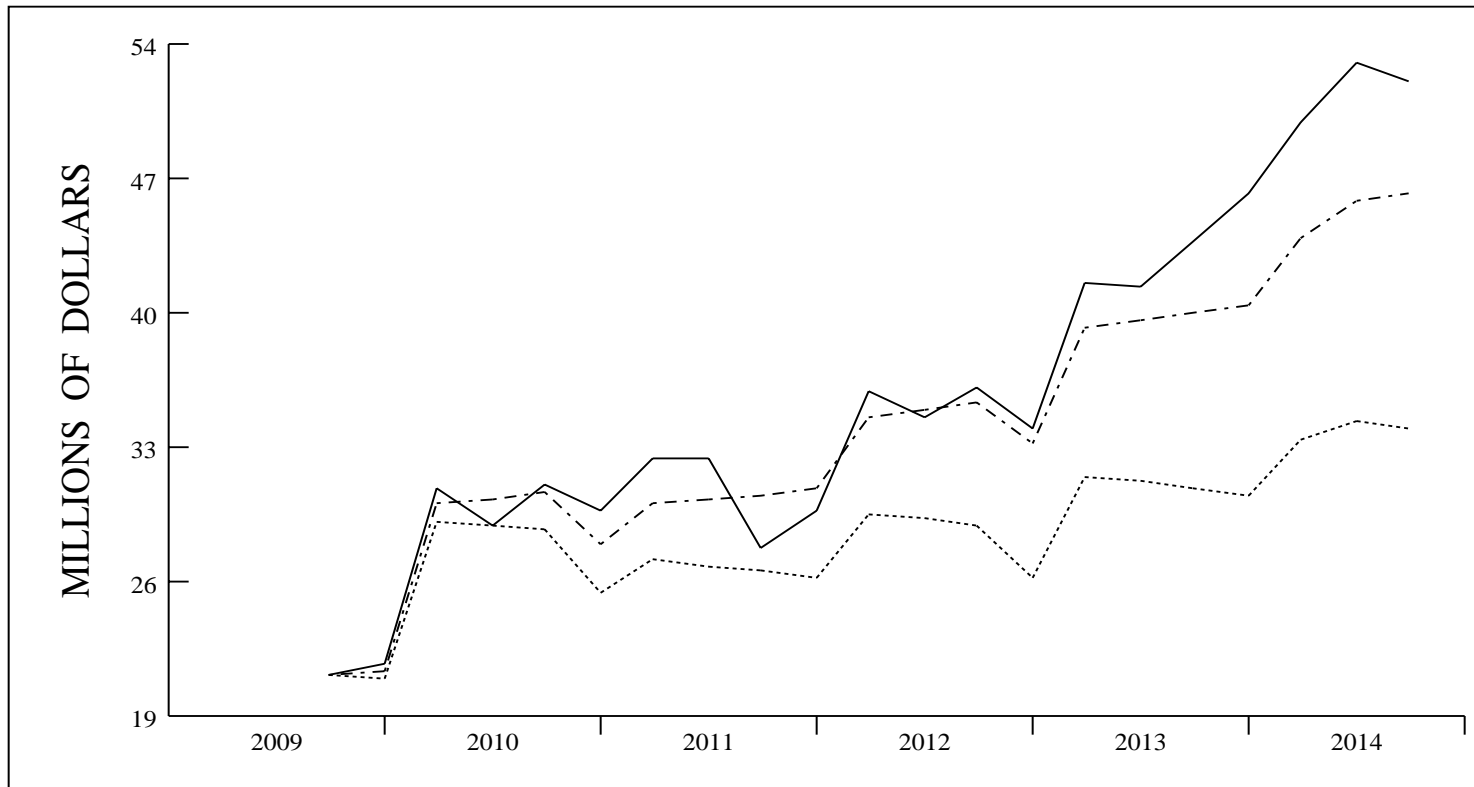
ASSET ALLOCATION

Domestic Equity	56.1%	\$ 29,198,239
Int'l Equity	22.8%	11,887,223
Fixed Income	20.2%	10,503,487
Cash	0.9%	480,050
Total Portfolio	100.0%	\$ 52,068,999

INVESTMENT RETURN

Market Value 6/2014	\$ 53,113,382
Contribs / Withdrawals	-355,836
Income	257,272
Capital Gains / Losses	-945,819
Market Value 9/2014	\$ 52,068,999

INVESTMENT GROWTH

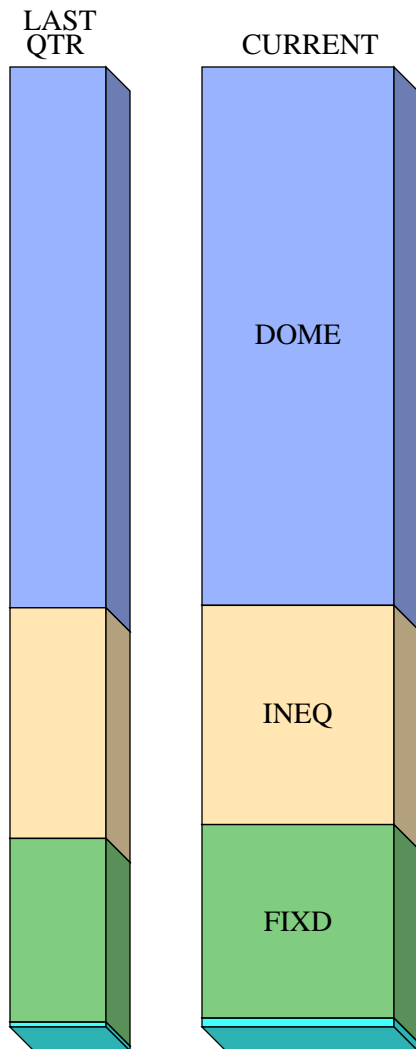


— ACTUAL RETURN
 - - - 7.5%
 . . . 0.0%

VALUE ASSUMING
 7.5% RETURN
 \$ 46,375,095

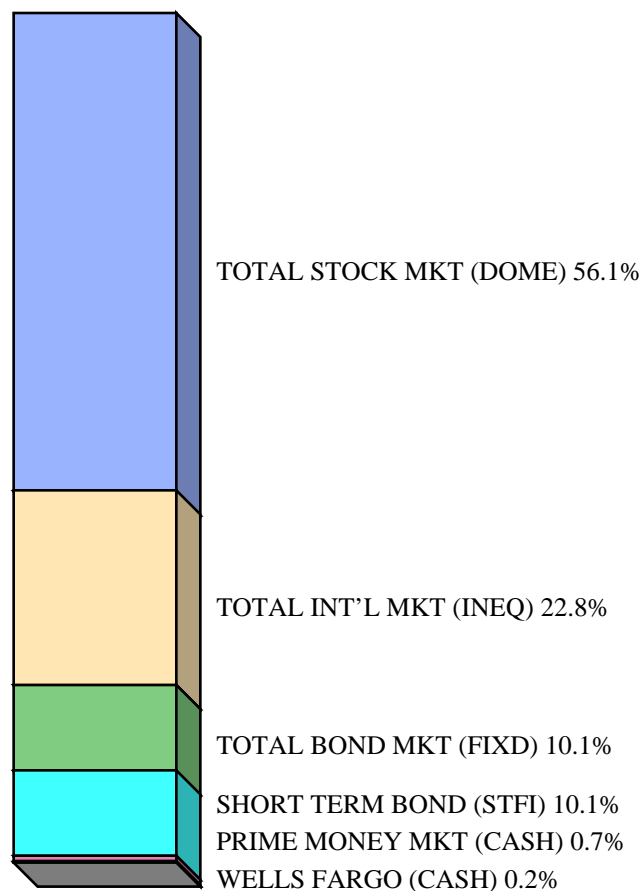
	LAST QUARTER	PERIOD 9/09 - 9/14
BEGINNING VALUE	\$ 53,113,382	\$ 21,252,707
NET CONTRIBUTIONS	-355,836	12,898,837
INVESTMENT RETURN	-688,547	17,917,456
ENDING VALUE	\$ 52,068,999	\$ 52,068,999
INCOME	257,272	4,311,073
CAPITAL GAINS (LOSSES)	-945,819	13,606,382
INVESTMENT RETURN	-688,547	17,917,456

ASSET ALLOCATION



	<u>VALUE</u>	<u>PERCENT</u>	<u>TARGET</u>	<u>DIFFERENCE</u> <u>+ / -</u>
■ DOMESTIC EQUITY	\$ 29,198,239	56.1%	56.0%	0.1%
■ INTERNATIONAL EQUITY	11,887,223	22.8%	24.0%	-1.2%
■ FIXED INCOME	10,503,487	20.2%	20.0%	0.2%
■ CASH & EQUIVALENT	480,050	0.9%	0.0%	0.9%
<hr/>				
TOTAL FUND	\$ 52,068,999	100.0%		

MANAGER ALLOCATION SUMMARY




Name	Market Value	Percent	Target
Total Stock Mkt (DOME)	\$29,198,239	56.1	56.0
Total Int'l Mkt (INEQ)	\$11,887,223	22.8	24.0
Total Bond Mkt (FIXD)	\$5,262,793	10.1	20.0
Short Term Bond (STFI)	\$5,240,694	10.1	0.0
Prime Money Mkt (CASH)	\$382,858	0.7	0.0
Wells Fargo (CASH)	\$97,192	0.2	0.0
Total Fund	\$52,068,999	100.0	100.0

MANAGER PERFORMANCE SUMMARY



Name	(Universe)	Quarter	1 Year	3 Years	5 Years	Market Value	%
Total Portfolio	(Public Fund)	-1.3 (58)	12.0 (11)	16.4 (3)	10.7 (23)	\$52,068,999	100.0%
<i>Shadow Index</i>		<i>-1.3 ----</i>	<i>11.7 ----</i>	<i>16.2 ----</i>	<i>10.7 ----</i>	<i>----</i>	
Total Stock Mkt	(All Cap)	0.0 (35)	17.8 (31)	23.1 (49)	15.9 (53)	\$29,198,239	56.1%
<i>Blended Total Market Index</i>		<i>0.0 ----</i>	<i>17.8 ----</i>	<i>23.1 ----</i>	<i>15.9 ----</i>	<i>----</i>	
Total Int'l Mkt	(Intl Eq)	-5.5 (65)	5.0 (61)	12.6 (66)	6.1 (81)	\$11,887,223	22.8%
<i>Blended Global ex US Index</i>		<i>-5.3 ----</i>	<i>5.5 ----</i>	<i>12.4 ----</i>	<i>6.6 ----</i>	<i>----</i>	
Total Bond Mkt	(Broad Fixed)	0.2 (33)	4.0 (58)	2.4 (74)	4.1 (66)	\$5,262,793	10.1%
<i>Barclays Aggregate Float Adjusted Index</i>		<i>0.2 ----</i>	<i>3.9 ----</i>	<i>2.5 ----</i>	<i>4.2 ----</i>	<i>----</i>	
Short Term Bond	(ST Fixed)	0.0 (81)	----	----	----	\$5,240,694	10.1%
<i>Barclays 1-5 Year Credit</i>		<i>-0.1 ----</i>	<i>2.2 ----</i>	<i>2.9 ----</i>	<i>3.7 ----</i>	<i>----</i>	
Prime Money Mkt		----	----	----	----	\$382,858	0.7%
Wells Fargo		----	----	----	----	\$97,192	0.2%
<i>90 Day T Bill</i>		<i>0.0 ----</i>	<i>0.0 ----</i>	<i>0.1 ----</i>	<i>0.1 ----</i>	<i>----</i>	

MANAGER VALUE ADDED

Most Recent Quarter

Manager	Benchmark	Value Added Vs. Benchmark
Total Stock Mkt	Total Mkt Index	0.0
Total Int'l Mkt	Global ex US	 -0.2
Total Bond Mkt	Barc Agg. Float	0.0
Short Term Bond	1-5 Yr Cred	0.0
Total Portfolio	Shadow Index	0.0

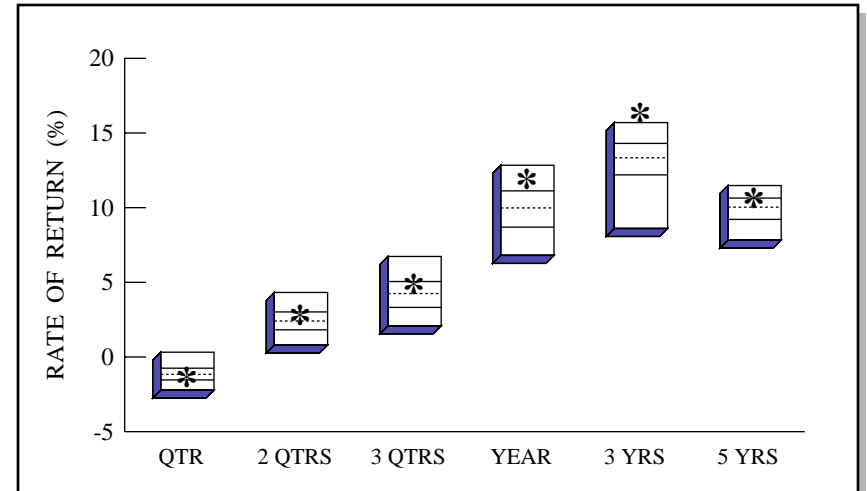
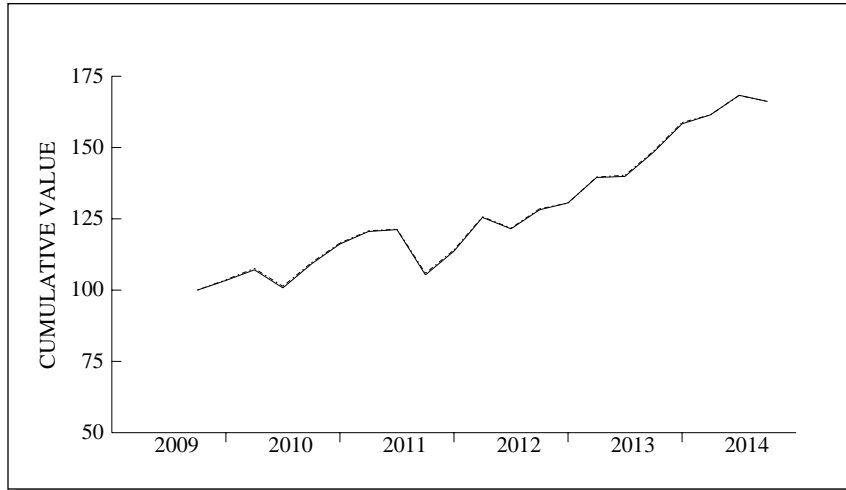
Trailing Twelve Months

Manager	Benchmark	Value Added Vs. Benchmark
Total Stock Mkt	Total Mkt Index	0.0
Total Int'l Mkt	Global ex US	 -0.4
Total Bond Mkt	Barc Agg. Float	0.1
Short Term Bond	1-5 Yr Cred	N/A
Total Portfolio	Shadow Index	0.3 

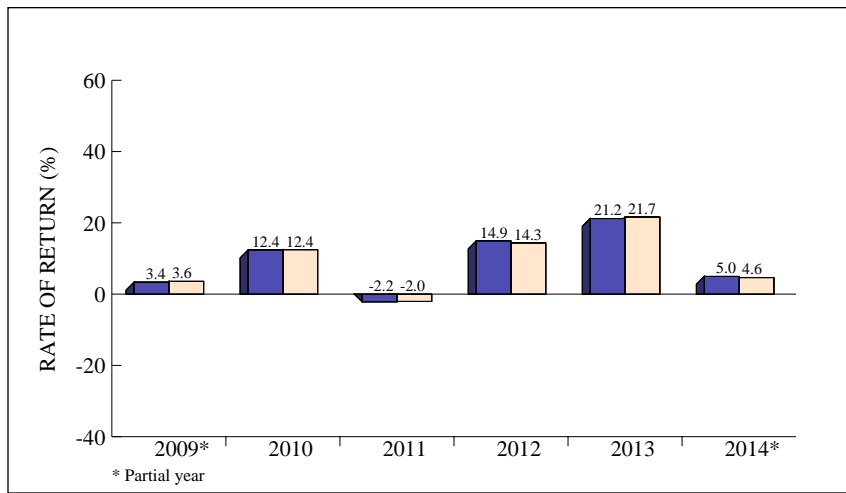
INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value June 30th, 2014	Net Cashflow	Net Investment Return	Market Value September 30th, 2014
Total Stock Mkt (DOME)	0.0	29,926,980	-727,483	-1,258	29,198,239
Total Int'l Mkt (INEQ)	-5.5	12,756,638	-175,340	-694,075	11,887,223
Total Bond Mkt (FIXD)	0.2	5,025,664	227,270	9,859	5,262,793
Short Term Bond (STFI)	0.0	5,133,322	110,456	-3,084	5,240,694
Prime Money Mkt (CASH)	---	172,740	210,107	11	382,858
Wells Fargo (CASH)	---	98,038	-846	0	97,192
Total Fund	-1.3	53,113,382	-355,836	-688,547	52,068,999

TOTAL RETURN COMPARISONS



Public Fund Universe



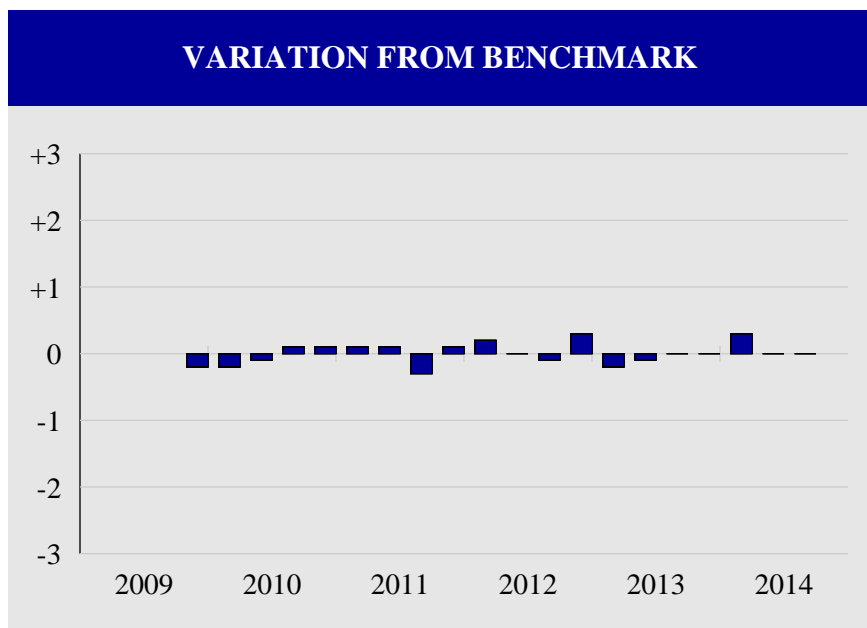
* Partial year

	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED----- 3 YRS	5 YRS
RETURN	-1.3	2.9	5.0	12.0	16.4	10.7
(RANK)	(58)	(31)	(29)	(11)	(3)	(23)
5TH %ILE	0.3	4.3	6.7	12.8	15.7	11.5
25TH %ILE	-0.8	3.0	5.1	11.1	14.3	10.6
MEDIAN	-1.2	2.4	4.3	10.0	13.3	10.0
75TH %ILE	-1.5	1.8	3.3	8.7	12.2	9.2
95TH %ILE	-2.2	0.8	2.1	6.8	8.6	7.8
Shadow Idx	-1.3	2.9	4.6	11.7	16.2	10.7

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

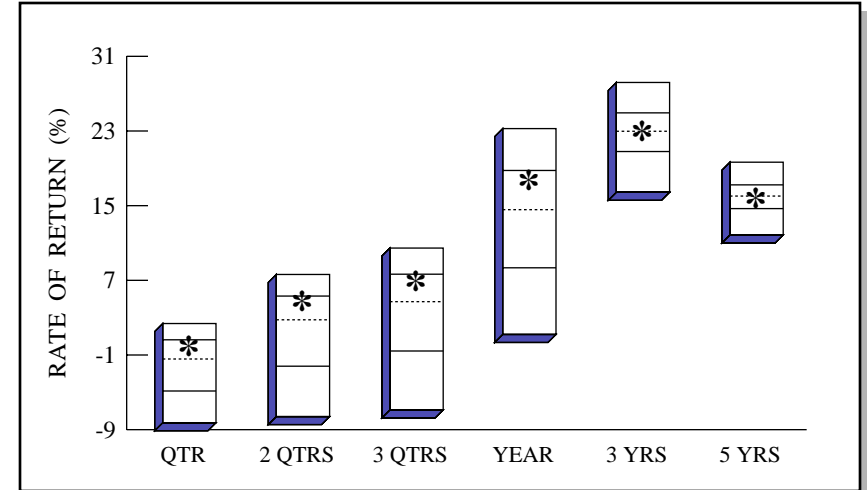
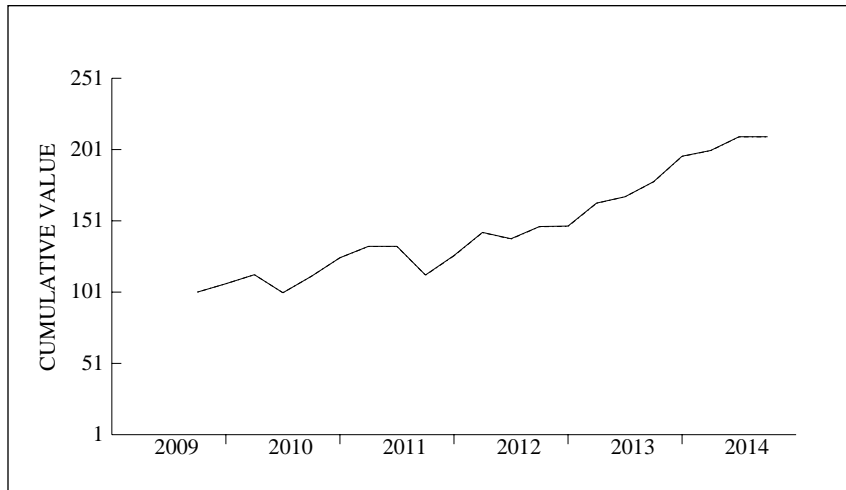
COMPARATIVE BENCHMARK: SHADOW INDEX



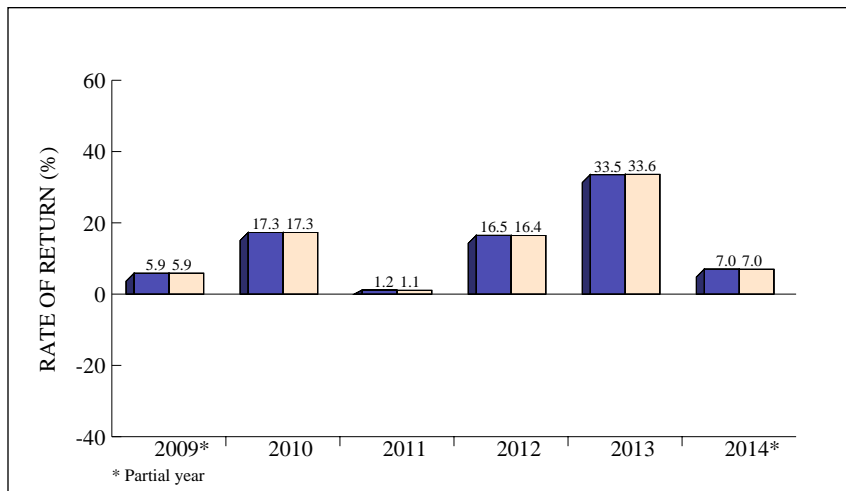
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/09	3.4	3.6	-0.2
3/10	3.6	3.8	-0.2
6/10	-5.9	-5.8	-0.1
9/10	8.3	8.2	0.1
12/10	6.4	6.3	0.1
3/11	3.8	3.7	0.1
6/11	0.6	0.5	0.1
9/11	-13.1	-12.8	-0.3
12/11	7.9	7.8	0.1
3/12	10.4	10.2	0.2
6/12	-3.2	-3.2	0.0
9/12	5.5	5.6	-0.1
12/12	1.9	1.6	0.3
3/13	6.8	7.0	-0.2
6/13	0.3	0.4	-0.1
9/13	6.1	6.1	0.0
12/13	6.7	6.7	0.0
3/14	2.0	1.7	0.3
6/14	4.2	4.2	0.0
9/14	-1.3	-1.3	0.0

Total Quarters Observed	20
Quarters At or Above the Benchmark	13
Quarters Below the Benchmark	7
Batting Average	.650

DOMESTIC EQUITY RETURN COMPARISONS



All Cap Universe



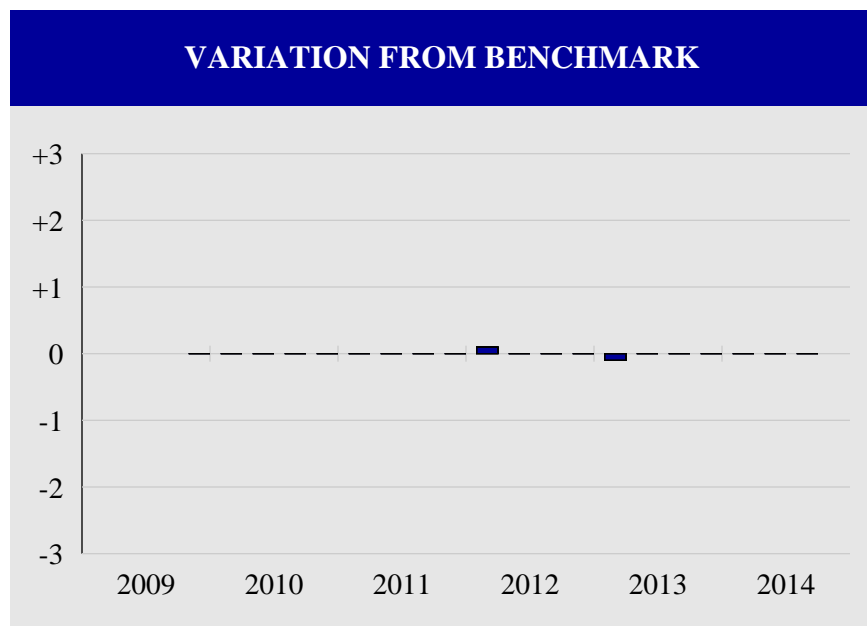
* Partial year

	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	0.0	4.9	7.0	17.8	23.1	15.9
(RANK)	(35)	(31)	(31)	(31)	(49)	(53)
5TH %ILE	2.4	7.6	10.5	23.3	28.2	19.7
25TH %ILE	0.6	5.3	7.7	18.8	25.0	17.2
MEDIAN	-1.4	2.8	4.7	14.6	23.0	16.0
75TH %ILE	-4.9	-2.2	-0.6	8.3	20.8	14.7
95TH %ILE	-8.3	-7.6	-6.9	1.2	16.4	11.9
Total Mkt	0.0	4.8	7.0	17.8	23.1	15.9

All Cap Universe

DOMESTIC EQUITY QUARTERLY PERFORMANCE SUMMARY

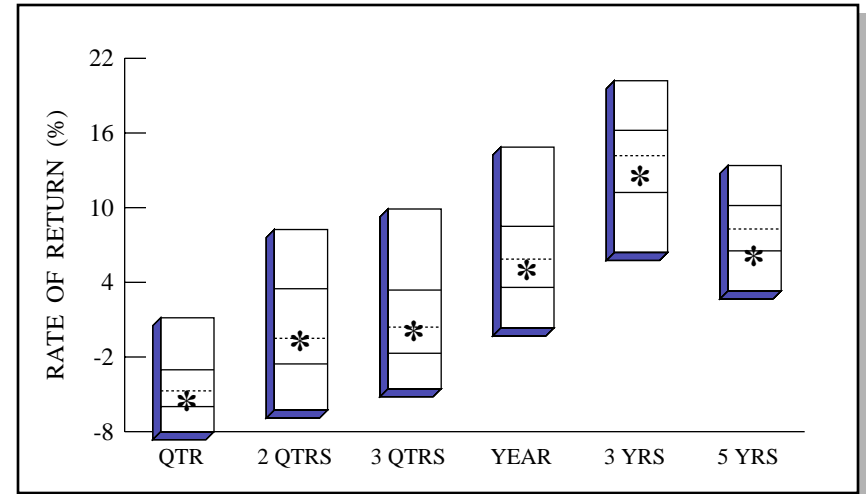
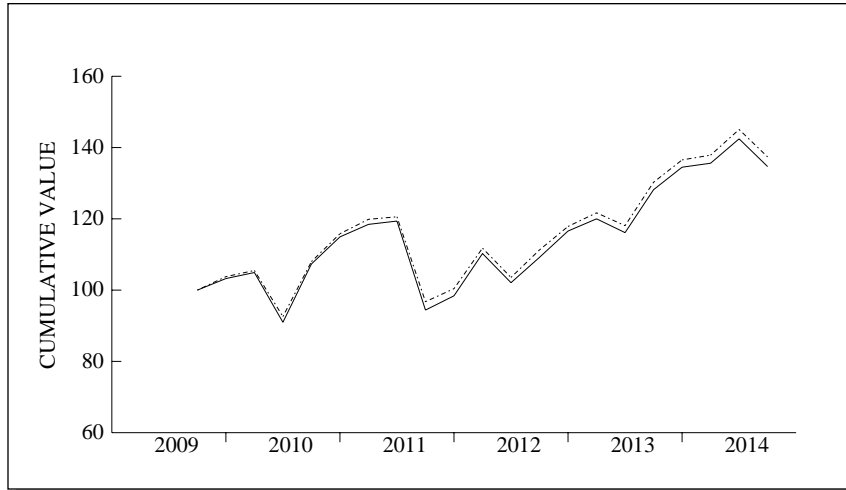
COMPARATIVE BENCHMARK: BLENDED TOTAL MARKET INDEX



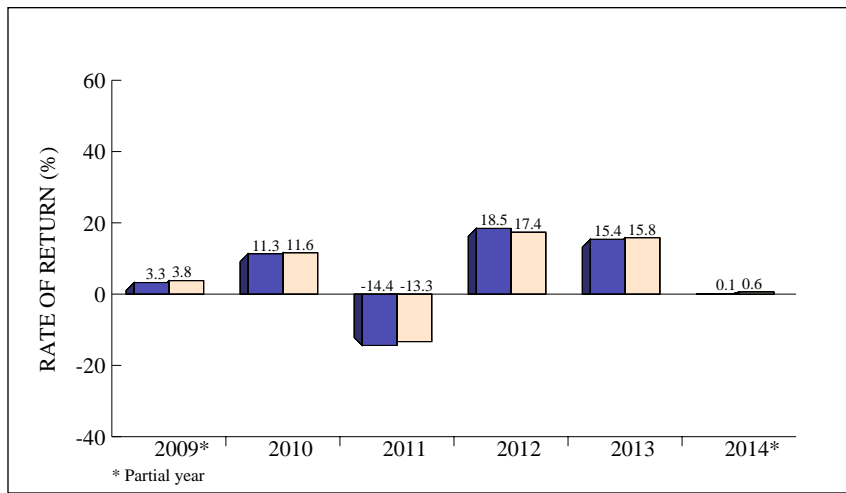
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/09	5.9	5.9	0.0
3/10	6.0	6.0	0.0
6/10	-11.3	-11.3	0.0
9/10	11.6	11.6	0.0
12/10	11.7	11.7	0.0
3/11	6.4	6.4	0.0
6/11	0.0	0.0	0.0
9/11	-15.2	-15.2	0.0
12/11	12.1	12.1	0.0
3/12	13.0	12.9	0.1
6/12	-3.2	-3.2	0.0
9/12	6.2	6.2	0.0
12/12	0.2	0.2	0.0
3/13	11.0	11.1	-0.1
6/13	2.8	2.8	0.0
9/13	6.3	6.3	0.0
12/13	10.1	10.1	0.0
3/14	2.0	2.0	0.0
6/14	4.9	4.9	0.0
9/14	0.0	0.0	0.0

Total Quarters Observed	20
Quarters At or Above the Benchmark	19
Quarters Below the Benchmark	1
Batting Average	.950

INTERNATIONAL EQUITY RETURN COMPARISONS



International Equity Universe



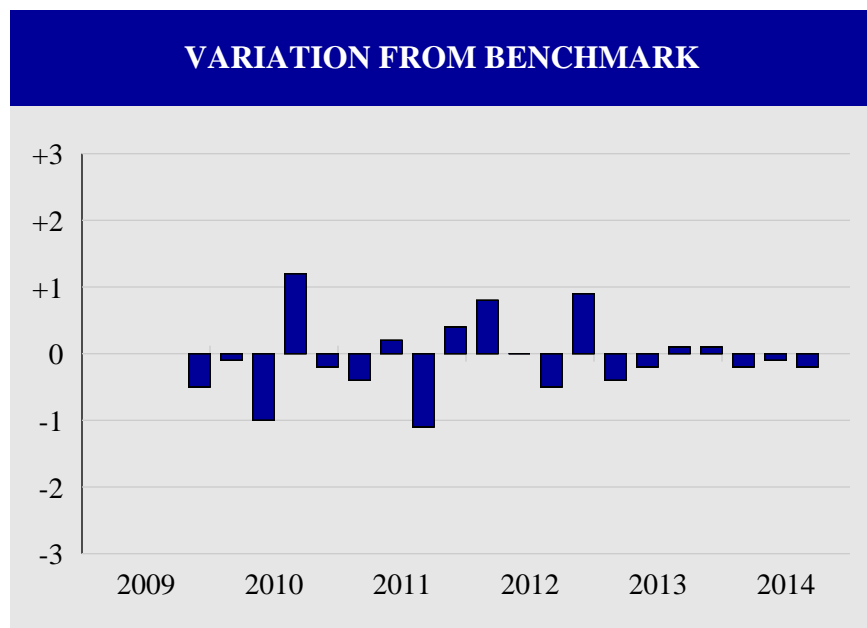
	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	-5.5	-0.7	0.1	5.0	12.6	6.1
(RANK)	(65)	(53)	(54)	(61)	(66)	(81)
5TH %ILE	1.1	8.3	9.9	14.9	20.2	13.4
25TH %ILE	-3.0	3.5	3.4	8.5	16.2	10.2
MEDIAN	-4.7	-0.5	0.4	5.9	14.2	8.3
75TH %ILE	-6.0	-2.6	-1.7	3.6	11.2	6.5
95TH %ILE	-8.0	-6.3	-4.5	0.3	6.4	3.3
Global xUS	-5.3	-0.3	0.6	5.5	12.4	6.6

-----ANNUALIZED-----

International Equity Universe

INTERNATIONAL EQUITY QUARTERLY PERFORMANCE SUMMARY

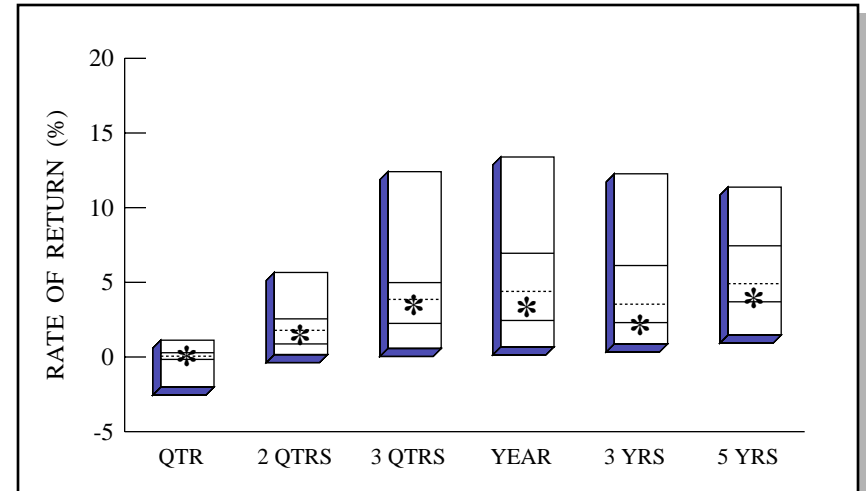
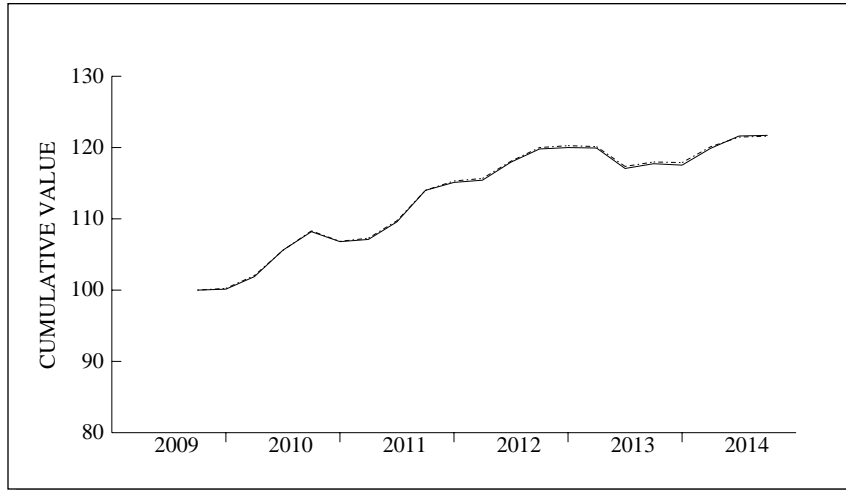
COMPARATIVE BENCHMARK: BLENDED GLOBAL EX US INDEX



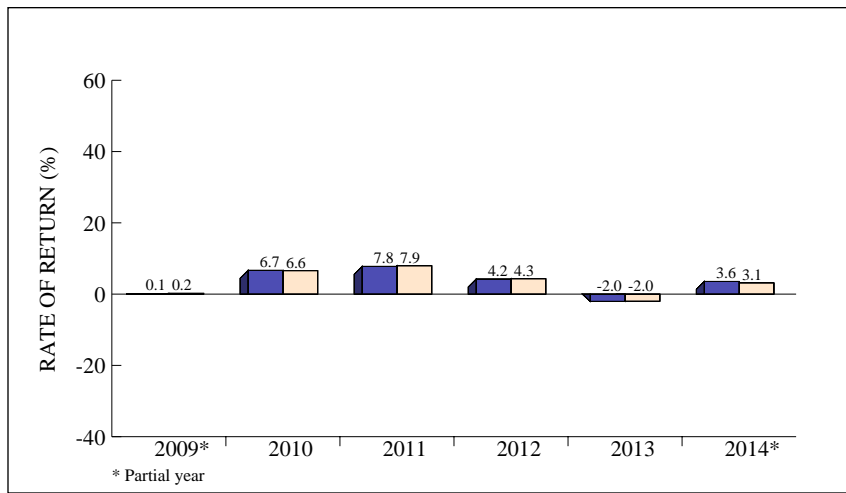
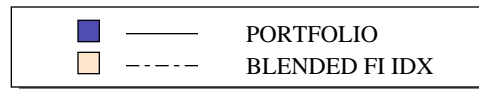
RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/09	3.3	3.8	-0.5
3/10	1.6	1.7	-0.1
6/10	-13.3	-12.3	-1.0
9/10	17.9	16.7	1.2
12/10	7.1	7.3	-0.2
3/11	3.1	3.5	-0.4
6/11	0.8	0.6	0.2
9/11	-20.9	-19.8	-1.1
12/11	4.2	3.8	0.4
3/12	12.1	11.3	0.8
6/12	-7.4	-7.4	0.0
9/12	7.0	7.5	-0.5
12/12	6.8	5.9	0.9
3/13	2.9	3.3	-0.4
6/13	-3.2	-3.0	-0.2
9/13	10.4	10.3	0.1
12/13	4.9	4.8	0.1
3/14	0.8	1.0	-0.2
6/14	5.1	5.2	-0.1
9/14	-5.5	-5.3	-0.2

Total Quarters Observed	20
Quarters At or Above the Benchmark	8
Quarters Below the Benchmark	12
Batting Average	.400

FIXED INCOME RETURN COMPARISONS



Broad Market Fixed Universe



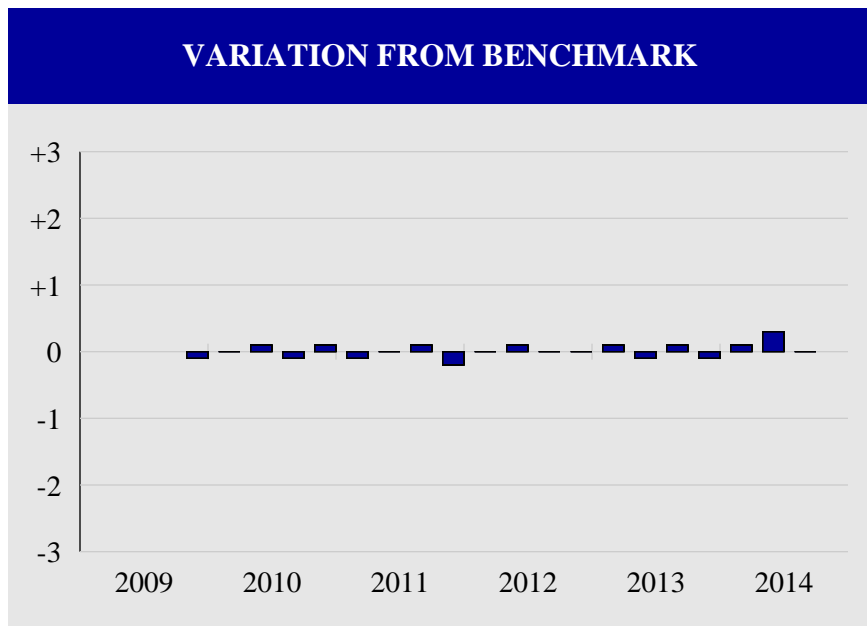
* Partial year

	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	0.1	1.5	3.6	3.4	2.2	4.0
(RANK)	(47)	(58)	(57)	(66)	(77)	(69)
5TH %ILE	1.1	5.7	12.4	13.4	12.3	11.4
25TH %ILE	0.3	2.6	5.0	7.0	6.1	7.5
MEDIAN	0.1	1.8	3.9	4.4	3.5	4.9
75TH %ILE	-0.2	0.9	2.3	2.4	2.3	3.7
95TH %ILE	-2.0	0.2	0.6	0.7	0.9	1.5
FI Idx	0.1	1.2	3.1	3.1	2.2	4.0

Broad Market Fixed Universe

FIXED INCOME QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: BLENDED FIXED INCOME INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
12/09	0.1	0.2	-0.1
3/10	1.8	1.8	0.0
6/10	3.6	3.5	0.1
9/10	2.5	2.6	-0.1
12/10	-1.3	-1.4	0.1
3/11	0.3	0.4	-0.1
6/11	2.3	2.3	0.0
9/11	4.0	3.9	0.1
12/11	1.0	1.2	-0.2
3/12	0.3	0.3	0.0
6/12	2.2	2.1	0.1
9/12	1.6	1.6	0.0
12/12	0.2	0.2	0.0
3/13	0.0	-0.1	0.1
6/13	-2.4	-2.3	-0.1
9/13	0.6	0.5	0.1
12/13	-0.2	-0.1	-0.1
3/14	2.0	1.9	0.1
6/14	1.4	1.1	0.3
9/14	0.1	0.1	0.0

Total Quarters Observed	20
Quarters At or Above the Benchmark	14
Quarters Below the Benchmark	6
Batting Average	.700

APPENDIX - MAJOR MARKET INDEX RETURNS

Domestic Equity	Style	QTR	FYTD	1 Year	3 years	5 Years
Russell 3000	Broad Equity	0.0	17.8	17.8	23.1	15.8
S&P 500	Large Cap Core	1.1	19.7	19.7	23.0	15.7
Russell 1000	Large Cap Core	0.7	19.0	19.0	23.2	15.9
Russell 1000 Growth	Large Cap Growth	1.5	19.1	19.1	22.4	16.5
Russell 1000 Value	Large Cap Value	-0.2	18.9	18.9	23.9	15.3
Russell Mid Cap	Midcap	-1.7	15.8	15.8	23.8	17.2
Russell Mid Cap Growth	Midcap Growth	-0.7	14.4	14.4	22.7	17.1
Russell Mid Cap Value	Midcap Value	-2.6	17.4	17.4	24.7	17.2
Russell 2000	Small Cap	-7.4	3.9	3.9	21.3	14.3
Russell 2000 Growth	Small Cap Growth	-6.1	3.8	3.8	21.9	15.5
Russell 2000 Value	Small Cap Value	-8.6	4.1	4.1	20.6	13.0

International Equity	Style	QTR	FYTD	1 Year	3 years	5 Years
MSCI EAFE	Developed Markets Equity	-5.8	4.7	4.7	14.2	7.0
MSCI EAFE Growth	Developed Markets Growth	-5.5	3.2	3.2	13.7	7.9
MSCI EAFE Value	Developed Markets Value	-6.1	6.2	6.2	14.6	6.1
MSCI All Country World Ex US	Foreign Equity	-5.2	5.2	5.2	12.3	6.5
MSCI Emerging Markets	Emerging Markets Equity	-3.4	4.6	4.6	7.5	4.7

Domestic Fixed Income	Style	QTR	FYTD	1 Year	3 years	5 Years
Barclays Aggregate Index	Core Fixed Income	0.2	3.9	3.9	2.4	4.1
Barclays Gov/Credit	Gov/Credit	0.2	4.1	4.1	2.5	4.3
Barclays Capital Gov't Bond	Treasuries	0.3	2.3	2.3	1.1	3.1
Barclays Capital Credit Bond	Corporate Bonds	-0.1	6.8	6.8	5.2	6.2
Intermediate Aggregate	Core Intermediate	0.0	2.7	2.7	2.1	3.6
Intermediate Gov/Credit	Gov / Credit Intermediate	0.0	2.2	2.2	2.0	3.4
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.0	0.5	0.5	0.3	0.9
CSFB High Yield	High Yield Bonds	-1.9	7.1	7.1	10.6	10.4

Alternative Assets	Style	QTR	FYTD	1 Year	3 years	5 Years
Barclays Global Ex US	International Treasuries	-5.3	-1.1	-1.1	-0.9	-0.5
NCREIF NFI-ODCE Index	Real Estate	3.2	12.4	12.4	12.3	12.4
HFRI FOF Composite	Hedge Funds	0.3	6.1	6.1	5.2	3.0

APPENDIX - DISCLOSURES

- * It is the policy of the Comptroller to invest funds held by or for the benefit of the beneficiaries participating in the Trust in a manner that will provide adequate liquidity to meet cash flow needs and optimize returns while conforming to all federal, state, and local laws governing the investment of public funds. The Trust was established as an irrevocable trust agreement between Orange County and the Comptroller as Trustee in September 2007 to fund the County's Other Postemployment Benefit Plan (OPEB).
- * The Objectives of the Trust are to achieve a long-term return of 7.5% annually, provide a sufficient level of funds to meet future disbursements on an inflation-adjusted basis, and maximize returns for the level of risk taken.
- * Information on employer contributions, benefits paid, the unfunded liability, and other data can be found in the Orange County, Florida Comprehensive Annual Financial Report for the Year Ended September 30, 2014.
- * The shadow index is a customized index that matches your portfolio's asset allocation on a quarterly basis. This index was calculated using the following asset classes and corresponding benchmarks:

Domestic Equity	Blended Total Market Index
International Equity	Blended Global ex US Index
Fixed Income	Blended Fixed Income Index
Cash & Equivalent	90 Day T Bill
- * The Blended Total Market Index was comprised of the MSCI US Broad Market Index through January 31, 2013 and the CRSP US Total Market Index thereafter.
- * The Blended Global Ex US Index was comprised of the MSCI All Country World Ex US through May 30, 2013 and the FTSE Global All Cap Ex US Index thereafter.
- * The Blended Fixed Income Index combines the performance of the Barclays Aggregate Float Adjusted Index through February 28, 2014 with a 50/50 split between the Barclays 1-3 Year Government/Credit Index and the Barclays Aggregate Float Adjusted Index thereafter.
- * Returns shown for the Barclays Aggregate Float Adjusted index include the performance of the Barclay's Aggregate index for periods through September 2009.
- * Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- * All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.
- * All returns for periods greater than one year are annualized.
- * All values are in US dollars.

ORANGE COUNTY FLORIDA RETIREE HEALTH CARE BENEFIT TRUST
VANGUARD - TOTAL STOCK MARKET INDEX
PERFORMANCE REVIEW
SEPTEMBER 2014

INVESTMENT RETURN

On September 30th, 2014, the Orange County Florida Retiree Health Care Benefit Trust's Vanguard Total Stock Market Index portfolio was valued at \$29,198,239, a decrease of \$728,741 from the June ending value of \$29,926,980. Last quarter, the account recorded total net withdrawals of \$727,483 in addition to \$1,258 in net investment losses. The fund's net investment loss was a result of income receipts totaling \$133,830 and realized and unrealized capital losses totaling \$135,088.

Since December 2008, the account has recorded net contributions totaling \$7.2 million, and generated net investment gains totaling \$16.4 million. Since December 2008, if the account earned a compounded nominal rate of 7.5% it would have been valued at \$18.5 million or \$10.7 million less than the actual value as of September 30th, 2014.

RELATIVE PERFORMANCE

Total Fund

The Vanguard Blended Total Market Index was comprised of the MSCI US Broad Market Index through January 31, 2013, and the CRSP US Total Market Index thereafter.

For the third quarter, the Vanguard Total Stock Market Index portfolio returned 0.0%, which was equal to the Blended Total Market Index's return of 0.0% and ranked in the 35th percentile of the All Cap universe. Over the trailing twelve-month period, this portfolio returned 17.8%, which was equal to the benchmark's 17.8% performance, and ranked in the 31st percentile. Since December 2008, the portfolio returned 17.6% annualized and ranked in the 60th percentile. The Blended Total Market Index returned an annualized 17.6% over the same time frame.

ASSET ALLOCATION

This account was fully invested in the Vanguard Total Stock Market Index Fund (VITSX).

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	FYTD	1 Year	-----Annualized-----	
				3 Years	Since 12/08
Total Gross/Fees	0.0	17.8	17.8	23.1	17.6
<i>ALL CAP RANK</i>	(35)	(31)	(31)	(49)	(60)
Total Net/Fees	0.0	17.8	17.8	23.1	17.6
TOTAL MKT INDEX	0.0	17.8	17.8	23.1	17.6
Domestic Equity	0.0	17.8	17.8	23.1	17.6
<i>ALL CAP RANK</i>	(35)	(31)	(31)	(49)	(60)
TOTAL MKT INDEX	0.0	17.8	17.8	23.1	17.6

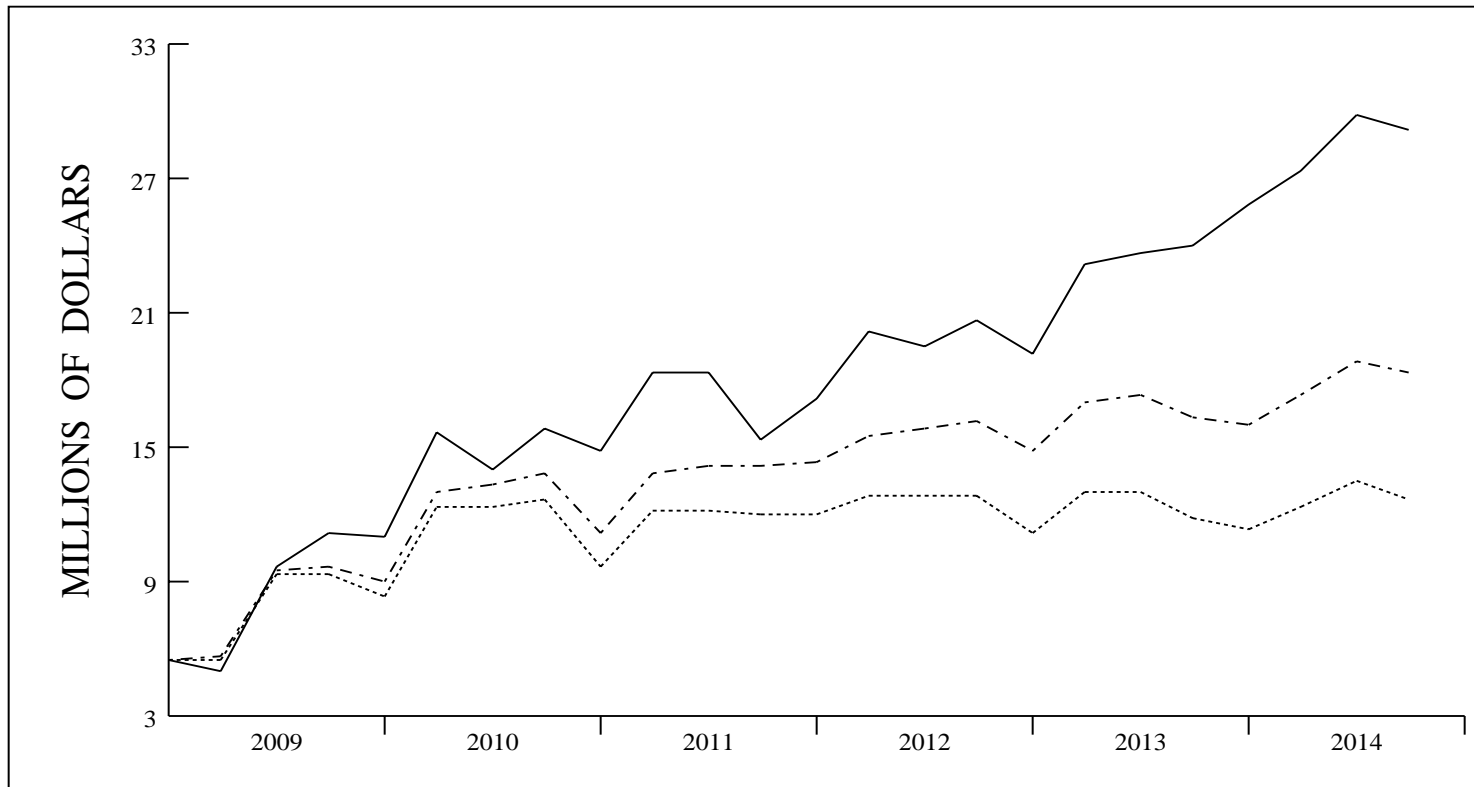
ASSET ALLOCATION

Domestic Equity	100.0%	\$ 29,198,239
Total Portfolio	100.0%	\$ 29,198,239

INVESTMENT RETURN

Market Value 6/2014	\$ 29,926,980
Contribs / Withdrawals	-727,483
Income	133,830
Capital Gains / Losses	-135,088
Market Value 9/2014	\$ 29,198,239

INVESTMENT GROWTH

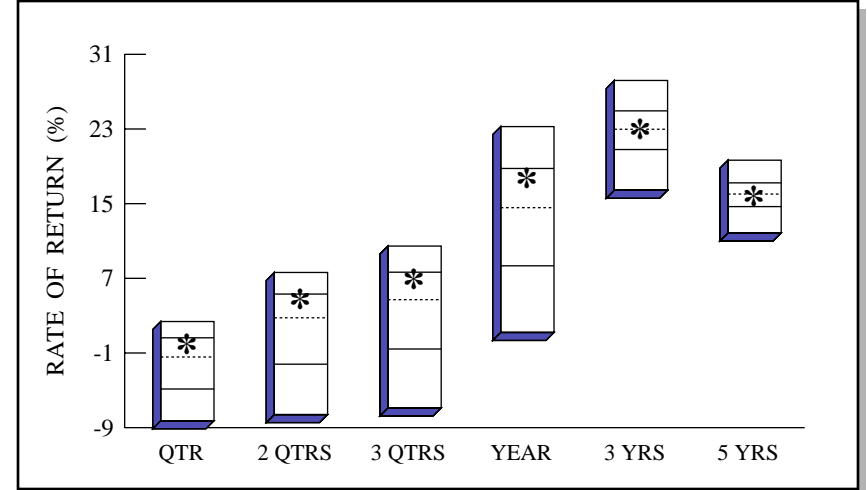
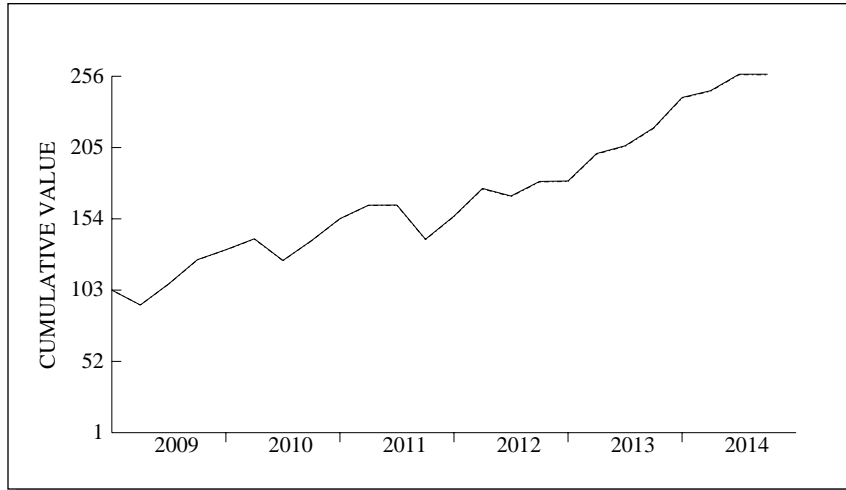


— ACTUAL RETURN
 - - - 7.5%
 0.0%

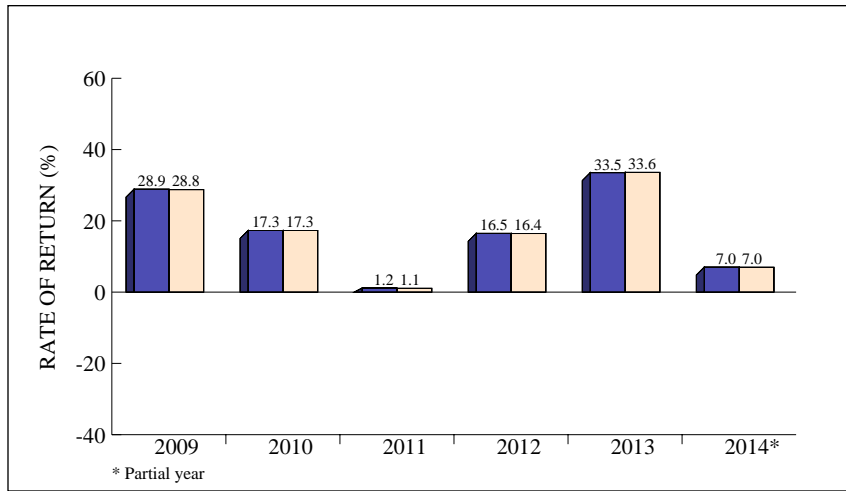
VALUE ASSUMING
 7.5% RETURN
 \$ 18,495,263

	LAST QUARTER	PERIOD 12/08 - 9/14
BEGINNING VALUE	\$ 29,926,980	\$ 5,630,878
NET CONTRIBUTIONS	-727,483	7,151,228
<u>INVESTMENT RETURN</u>	<u>- 1,258</u>	<u>16,416,133</u>
ENDING VALUE	\$ 29,198,239	\$ 29,198,239
INCOME	133,830	1,997,566
<u>CAPITAL GAINS (LOSSES)</u>	<u>-135,088</u>	<u>14,418,567</u>
INVESTMENT RETURN	- 1,258	16,416,133

TOTAL RETURN COMPARISONS



All Cap Universe



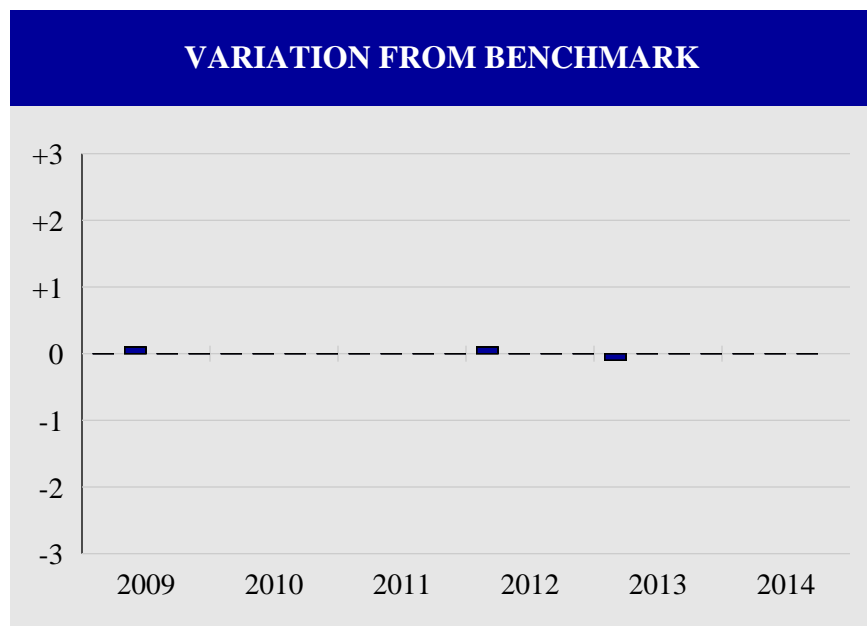
* Partial year

	QTR	2QTRS	3QTRS	YEAR	-----ANNUALIZED----- 3 YRS	5 YRS
RETURN	0.0	4.9	7.0	17.8	23.1	15.9
(RANK)	(35)	(31)	(31)	(31)	(49)	(53)
5TH %ILE	2.4	7.6	10.5	23.3	28.2	19.7
25TH %ILE	0.6	5.3	7.7	18.8	25.0	17.2
MEDIAN	-1.4	2.8	4.7	14.6	23.0	16.0
75TH %ILE	-4.9	-2.2	-0.6	8.3	20.8	14.7
95TH %ILE	-8.3	-7.6	-6.9	1.2	16.4	11.9
Total Mkt	0.0	4.8	7.0	17.8	23.1	15.9

All Cap Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: BLENDED TOTAL MARKET INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-10.7	-10.7	0.0
6/09	17.0	16.9	0.1
9/09	16.5	16.5	0.0
12/09	5.9	5.9	0.0
3/10	6.0	6.0	0.0
6/10	-11.3	-11.3	0.0
9/10	11.6	11.6	0.0
12/10	11.7	11.7	0.0
3/11	6.4	6.4	0.0
6/11	0.0	0.0	0.0
9/11	-15.2	-15.2	0.0
12/11	12.1	12.1	0.0
3/12	13.0	12.9	0.1
6/12	-3.2	-3.2	0.0
9/12	6.2	6.2	0.0
12/12	0.2	0.2	0.0
3/13	11.0	11.1	-0.1
6/13	2.8	2.8	0.0
9/13	6.3	6.3	0.0
12/13	10.1	10.1	0.0
3/14	2.0	2.0	0.0
6/14	4.9	4.9	0.0
9/14	0.0	0.0	0.0

Total Quarters Observed	23
Quarters At or Above the Benchmark	22
Quarters Below the Benchmark	1
Batting Average	.957

ORANGE COUNTY FLORIDA RETIREE HEALTH CARE BENEFIT TRUST
VANGUARD - TOTAL INTERNATIONAL STOCK MARKET INDEX
PERFORMANCE REVIEW
SEPTEMBER 2014

INVESTMENT RETURN

As of September 30th, 2014, the Orange County Florida Retiree Health Care Benefit Trust's Vanguard Total International Stock Market Index portfolio was valued at \$11,887,223, a decrease of \$869,415 from the June quarter's ending value of \$12,756,638. During the last three months, the account recorded net withdrawals equaling \$175,340 and net investment losses of \$694,075. The fund's net investment loss was comprised of \$64,075 in income receipts and \$758,150 in net realized and unrealized capital losses.

For the cumulative period since December 2008, the fund has posted net contributions totaling \$8.2 million, and recorded net investment gains of \$2.5 million. For the period since December 2008, if the total portfolio had earned a compounded nominal rate of 7.5% it would have been valued at \$12.2 million or \$267,084 more than the actual value as of September 30th, 2014.

RELATIVE PERFORMANCE

Total Fund

The Vanguard Blended Global ex US Index is comprised of the MSCI All Country World ex US index through May 31, 2013, and the FTSE All Cap Global ex US index thereafter.

During the third quarter, the Vanguard Total International Stock Market Index portfolio returned -5.5%, which was 0.2% less than the Blended Global ex US Index's return of -5.3% and ranked in the 65th percentile of the International Equity universe. Over the trailing year, this portfolio returned 5.0%, which was 0.5% below the benchmark's 5.5% performance, ranking in the 61st percentile. Since December 2008, the account returned 10.6% annualized and ranked in the 81st percentile. For comparison, the Blended Global ex US Index returned an annualized 11.6% over the same time frame.

ASSET ALLOCATION

This account was fully invested in the Vanguard Total International Stock Market Index Fund (VTSNX).

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

				-----Annualized-----	
	Quarter	FYTD	1 Year	3 Years	Since 12/08
Total Gross/Fees	-5.5	5.0	5.0	12.6	10.6
<i>INTERNATIONAL EQUITY RANK</i>	(65)	(61)	(61)	(66)	(81)
Total Net/Fees	-5.5	4.9	4.9	12.4	10.4
GLOBAL EX US	-5.3	5.5	5.5	12.4	11.6
International Equity	-5.5	5.0	5.0	12.6	10.6
<i>INTERNATIONAL EQUITY RANK</i>	(65)	(61)	(61)	(66)	(81)
GLOBAL EX US	-5.3	5.5	5.5	12.4	11.6

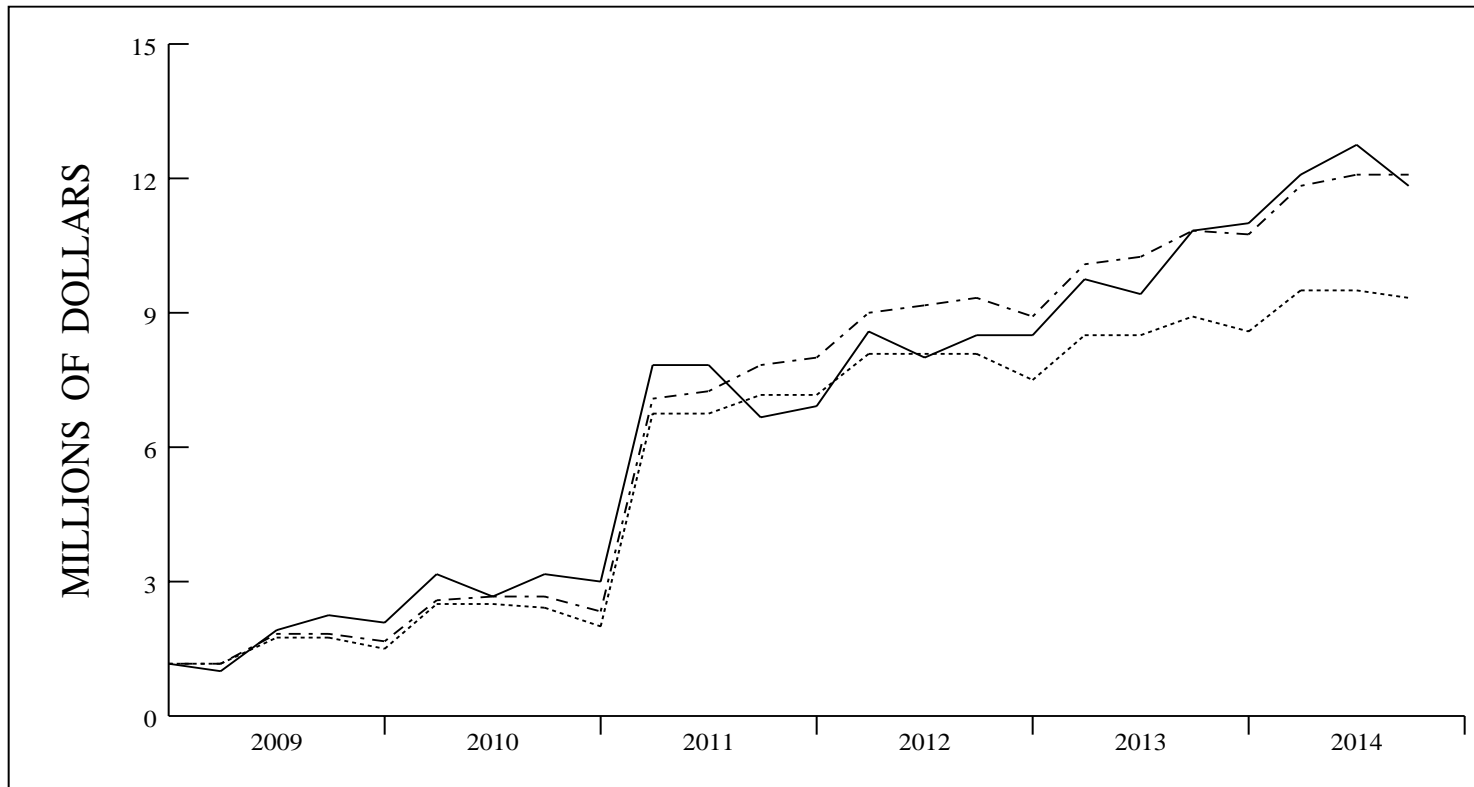
ASSET ALLOCATION

Int'l Equity	100.0%	\$ 11,887,223
Total Portfolio	100.0%	\$ 11,887,223

INVESTMENT RETURN

Market Value 6/2014	\$ 12,756,638
Contribs / Withdrawals	-175,340
Income	64,075
Capital Gains / Losses	-758,150
Market Value 9/2014	\$ 11,887,223

INVESTMENT GROWTH

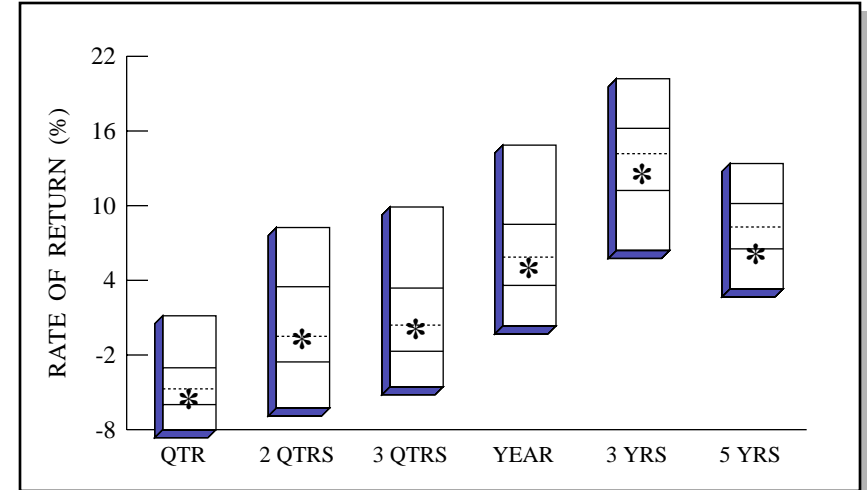
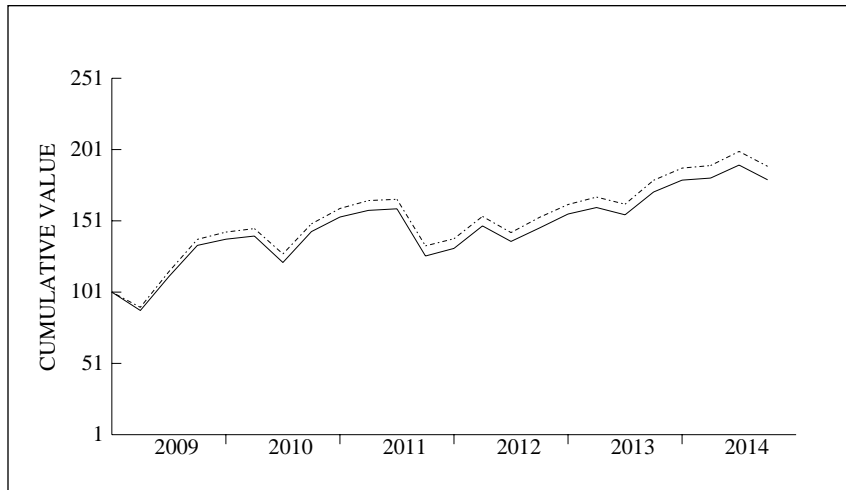


— ACTUAL RETURN
 - - - 7.5%
 . . . 0.0%

VALUE ASSUMING
 7.5% RETURN
 \$ 12,154,307

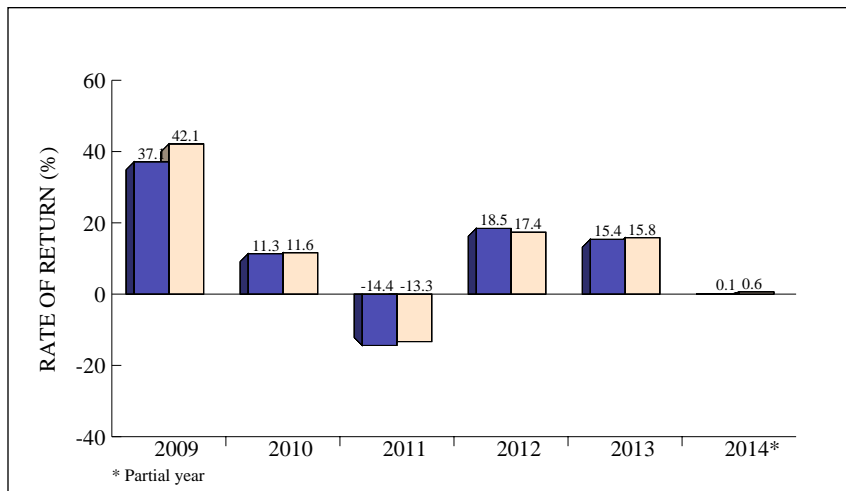
	LAST QUARTER	PERIOD 12/08 - 9/14
BEGINNING VALUE	\$ 12,756,638	\$ 1,191,094
NET CONTRIBUTIONS	-175,340	8,197,621
INVESTMENT RETURN	-694,075	2,498,508
<u>ENDING VALUE</u>	<u>\$ 11,887,223</u>	<u>\$ 11,887,223</u>
INCOME	64,075	1,154,446
CAPITAL GAINS (LOSSES)	-758,150	1,344,062
INVESTMENT RETURN	-694,075	2,498,508

TOTAL RETURN COMPARISONS



■ ——— PORTFOLIO
■ - - - - GLOBAL EX US

International Equity Universe

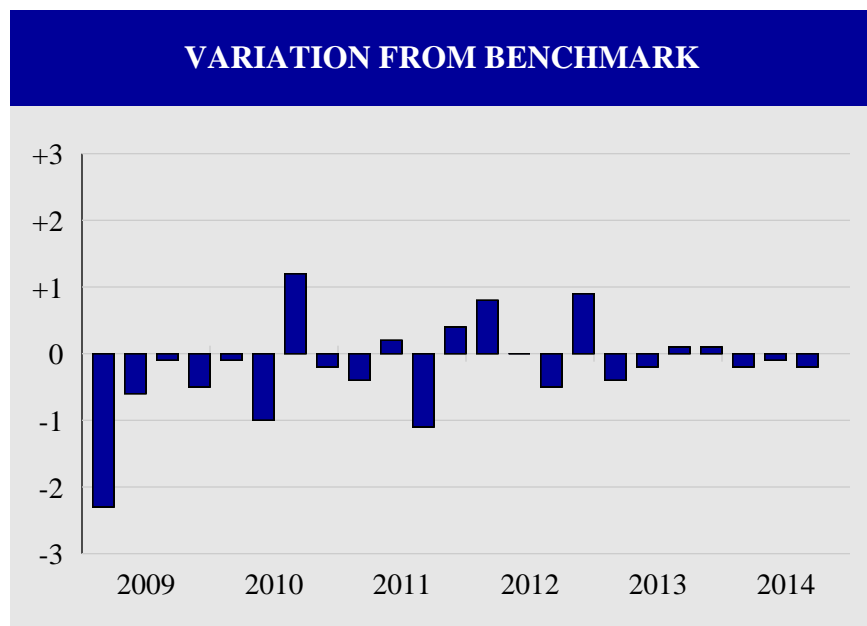


	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	-5.5	-0.7	0.1	5.0	12.6	6.1
(RANK)	(65)	(53)	(54)	(61)	(66)	(81)
5TH %ILE	1.1	8.3	9.9	14.9	20.2	13.4
25TH %ILE	-3.0	3.5	3.4	8.5	16.2	10.2
MEDIAN	-4.7	-0.5	0.4	5.9	14.2	8.3
75TH %ILE	-6.0	-2.6	-1.7	3.6	11.2	6.5
95TH %ILE	-8.0	-6.3	-4.5	0.3	6.4	3.3
Global xUS	-5.3	-0.3	0.6	5.5	12.4	6.6

International Equity Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: BLENDED GLOBAL EX US INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	-12.9	-10.6	-2.3
6/09	27.3	27.9	-0.6
9/09	19.7	19.8	-0.1
12/09	3.3	3.8	-0.5
3/10	1.6	1.7	-0.1
6/10	-13.3	-12.3	-1.0
9/10	17.9	16.7	1.2
12/10	7.1	7.3	-0.2
3/11	3.1	3.5	-0.4
6/11	0.8	0.6	0.2
9/11	-20.9	-19.8	-1.1
12/11	4.2	3.8	0.4
3/12	12.1	11.3	0.8
6/12	-7.4	-7.4	0.0
9/12	7.0	7.5	-0.5
12/12	6.8	5.9	0.9
3/13	2.9	3.3	-0.4
6/13	-3.2	-3.0	-0.2
9/13	10.4	10.3	0.1
12/13	4.9	4.8	0.1
3/14	0.8	1.0	-0.2
6/14	5.1	5.2	-0.1
9/14	-5.5	-5.3	-0.2

Total Quarters Observed	23
Quarters At or Above the Benchmark	8
Quarters Below the Benchmark	15
Batting Average	.348

ORANGE COUNTY FLORIDA RETIREE HEALTH CARE BENEFIT TRUST
VANGUARD - TOTAL BOND MARKET INDEX
PERFORMANCE REVIEW
SEPTEMBER 2014

INVESTMENT RETURN

As of September 30th, 2014, the Orange County Florida Retiree Health Care Benefit Trust's Vanguard Total Bond Market Index account was valued at \$5,262,793, an increase of \$237,129 over the June quarter's ending value of \$5,025,664. During the last three months, the fund posted total net contributions equaling \$227,270 and \$9,859 in net investment returns. The fund's net investment return was comprised of \$33,376 in income receipts and \$23,517 in net realized and unrealized capital losses.

For the cumulative period since December 2008, the account has posted net withdrawals totaling \$78,264 and net investment gains totaling \$1.7 million. For the period since December 2008, if the fund had earned a compounded nominal rate of 7.5% it would have been worth \$6.6 million or \$1.4 million more than its actual value as of September 30th, 2014.

RELATIVE PERFORMANCE

Total Fund

Returns shown for the Barclays Aggregate Float Adjusted index include the performance of the Barclay's Aggregate index for periods through September 2009.

In the third quarter, the Vanguard Total Bond Market Index portfolio gained 0.2%, which was equal to the Barclays Aggregate Float Adjusted Index's return of 0.2% and ranked in the 33rd percentile of the Broad Market Fixed Income universe. Over the trailing year, this portfolio returned 4.0%, which was 0.1% greater than the benchmark's 3.9% performance, and ranked in the 58th percentile. Since December 2008, the account returned 4.6% per annum and ranked in the 70th percentile. For comparison, the Barclays Aggregate Float Adjusted Index returned an annualized 4.6% over the same period.

ASSET ALLOCATION

This account was fully invested in the Vanguard Total Bond Market Index Fund (VBTIX).

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

				-----Annualized-----	
	Quarter	FYTD	1 Year	3 Years	Since 12/08
Total Gross/Fees	0.2	4.0	4.0	2.4	4.6
<i>BROAD MARKET FIXED RANK</i>	(33)	(58)	(58)	(74)	(70)
Total Net/Fees	0.2	3.9	3.9	2.3	4.6
BARC AGG. FLOAT	0.2	3.9	3.9	2.5	4.6
Fixed Income	0.2	4.0	4.0	2.4	4.6
<i>BROAD MARKET FIXED RANK</i>	(33)	(58)	(58)	(74)	(70)
BARC AGG. FLOAT	0.2	3.9	3.9	2.5	4.6

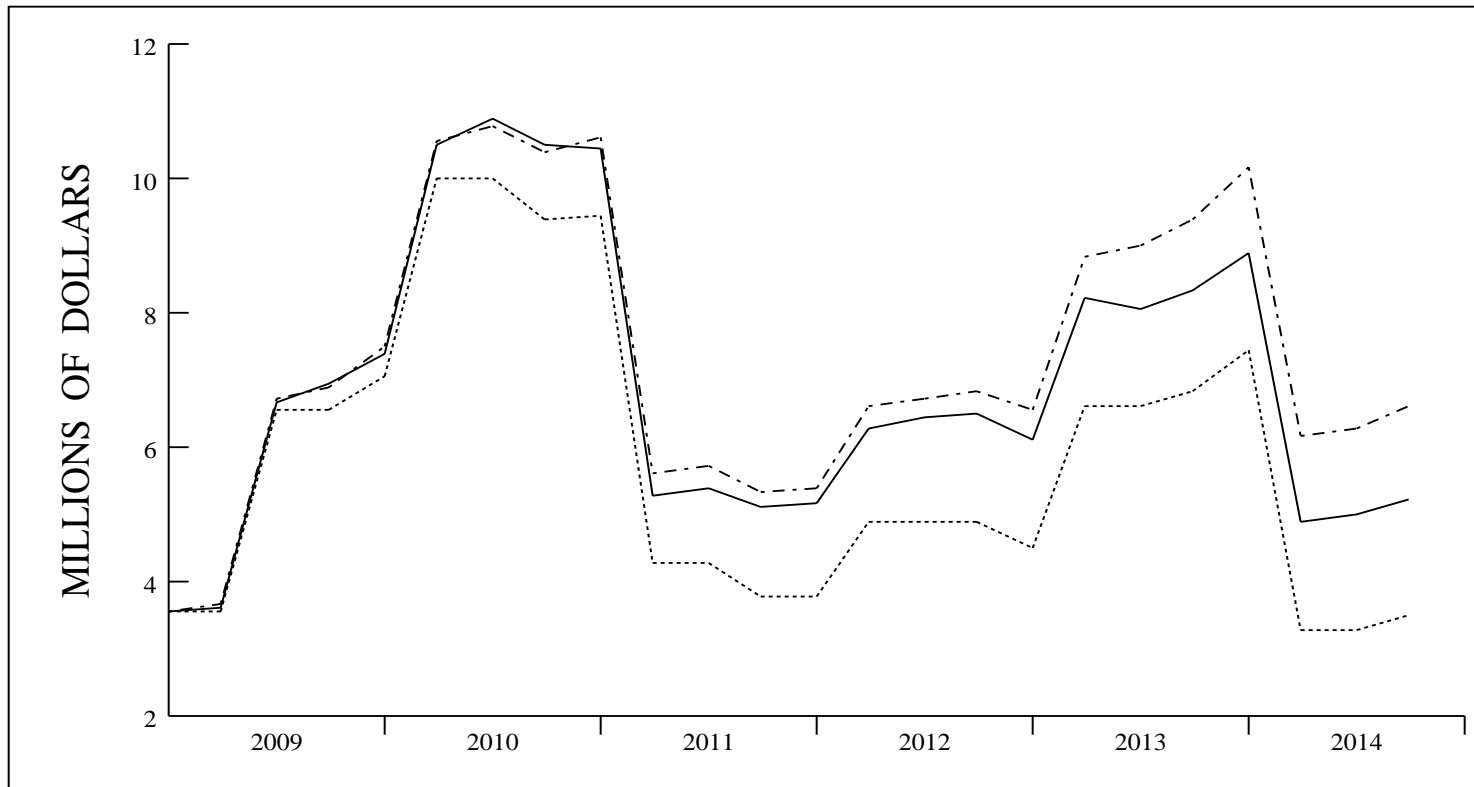
ASSET ALLOCATION

Fixed Income	100.0%	\$ 5,262,793
Total Portfolio	100.0%	\$ 5,262,793

INVESTMENT RETURN

Market Value 6/2014	\$ 5,025,664
Contribs / Withdrawals	227,270
Income	33,376
Capital Gains / Losses	- 23,517
Market Value 9/2014	\$ 5,262,793

INVESTMENT GROWTH

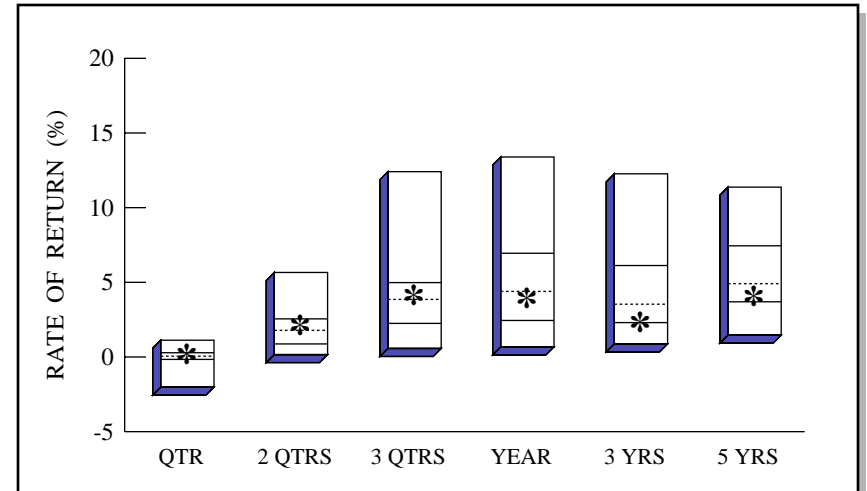
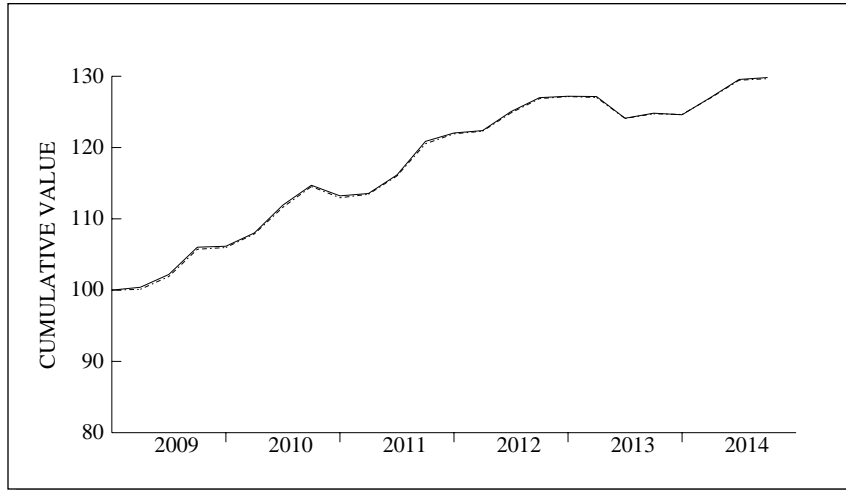


— ACTUAL RETURN
 - - - 7.5%
 . . . 0.0%

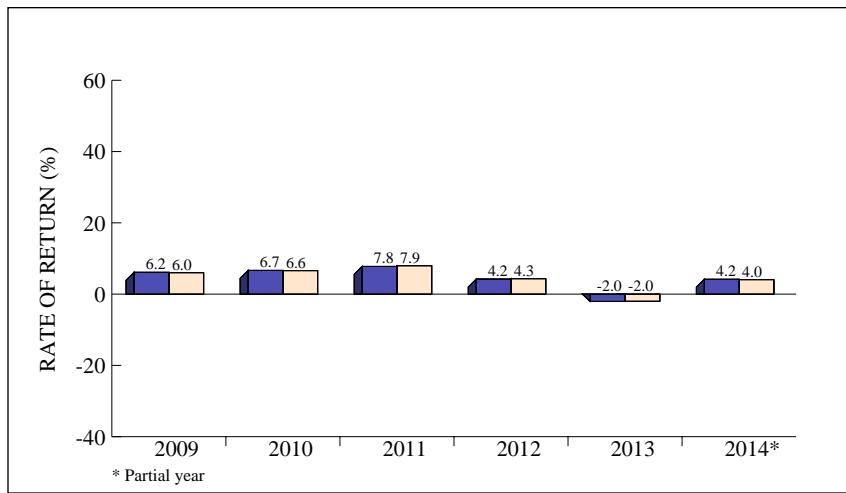
VALUE ASSUMING
 7.5% RETURN
 \$ 6,649,177

	LAST QUARTER	PERIOD 12/08 - 9/14
BEGINNING VALUE	\$ 5,025,664	\$ 3,602,650
NET CONTRIBUTIONS	227,270	- 78,264
<u>INVESTMENT RETURN</u>	<u>9,859</u>	<u>1,738,407</u>
ENDING VALUE	\$ 5,262,793	\$ 5,262,793
INCOME	33,376	1,382,742
CAPITAL GAINS (LOSSES)	- 23,517	355,665
<u>INVESTMENT RETURN</u>	<u>9,859</u>	<u>1,738,407</u>

TOTAL RETURN COMPARISONS



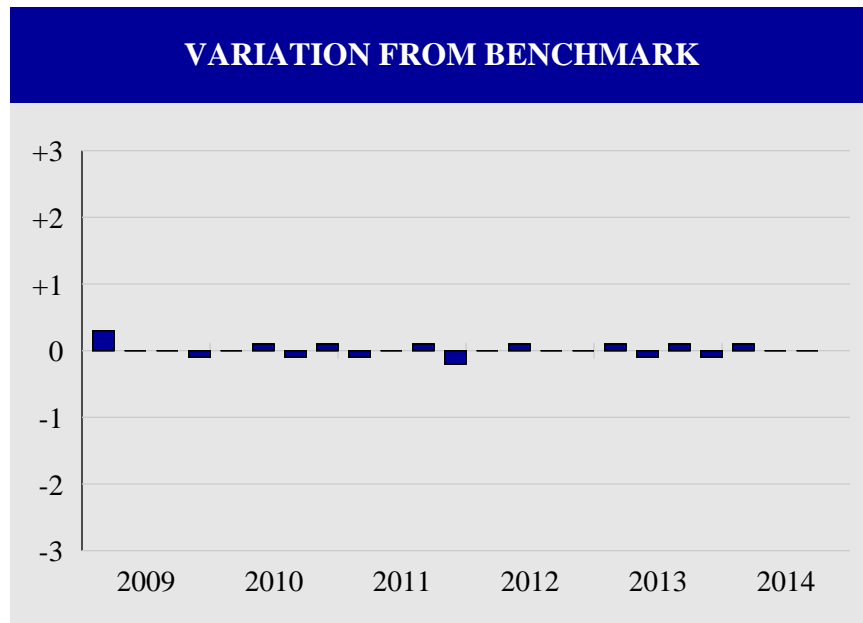
Broad Market Fixed Universe



	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	0.2	2.2	4.2	4.0	2.4	4.1
(RANK)	(33)	(39)	(43)	(58)	(74)	(66)
5TH %ILE	1.1	5.7	12.4	13.4	12.3	11.4
25TH %ILE	0.3	2.6	5.0	7.0	6.1	7.5
MEDIAN	0.1	1.8	3.9	4.4	3.5	4.9
75TH %ILE	-0.2	0.9	2.3	2.4	2.3	3.7
95TH %ILE	-2.0	0.2	0.6	0.7	0.9	1.5
Agg. Float	0.2	2.1	4.0	3.9	2.5	4.2

Broad Market Fixed Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY
COMPARATIVE BENCHMARK: BARCLAYS AGGREGATE FLOAT ADJUSTED INDEX



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
3/09	0.4	0.1	0.3
6/09	1.8	1.8	0.0
9/09	3.7	3.7	0.0
12/09	0.1	0.2	-0.1
3/10	1.8	1.8	0.0
6/10	3.6	3.5	0.1
9/10	2.5	2.6	-0.1
12/10	-1.3	-1.4	0.1
3/11	0.3	0.4	-0.1
6/11	2.3	2.3	0.0
9/11	4.0	3.9	0.1
12/11	1.0	1.2	-0.2
3/12	0.3	0.3	0.0
6/12	2.2	2.1	0.1
9/12	1.6	1.6	0.0
12/12	0.2	0.2	0.0
3/13	0.0	-0.1	0.1
6/13	-2.4	-2.3	-0.1
9/13	0.6	0.5	0.1
12/13	-0.2	-0.1	-0.1
3/14	1.9	1.8	0.1
6/14	2.0	2.0	0.0
9/14	0.2	0.2	0.0

Total Quarters Observed	23
Quarters At or Above the Benchmark	17
Quarters Below the Benchmark	6
Batting Average	.739

ORANGE COUNTY FLORIDA RETIREE HEALTH CARE BENEFIT TRUST
VANGUARD - SHORT TERM INVESTMENT GRADE ADMIRAL
PERFORMANCE REVIEW
SEPTEMBER 2014

INVESTMENT RETURN

On September 30th, 2014, the Orange County Florida Retiree Health Care Benefit Trust's Vanguard Short Term Investment Grade Admiral portfolio was valued at \$5,240,694, representing an increase of \$107,372 from the June quarter's ending value of \$5,133,322. Last quarter, the Fund posted net contributions totaling \$110,456, which overshadowed the account's \$3,084 net investment loss that was sustained during the quarter. The fund's net investment loss was a result of income receipts totaling \$25,981 and realized and unrealized capital losses totaling \$29,065.

Since March 2014, the account has recorded net contributions totaling \$289,285, and generated net investment gains totaling \$41,416. Since March 2014, if the account had earned a compounded nominal rate of 7.5% it would have been valued at \$5.4 million or \$147,084 more than the actual value as of September 30th, 2014.

RELATIVE PERFORMANCE

Total Fund

For the third quarter, the Vanguard Short Term Investment Grade Admiral portfolio returned 0.0%, which was 0.1% above the Barclays 1-5 Year Credit's return of -0.1% and ranked in the 81st percentile of the Short-Term Fixed Income universe.

ASSET ALLOCATION

This account was fully invested in the Vanguard Short Term Investment Grade Admiral Fund (VFSUX).

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	FYTD	1 Year	3 Years	Since 03/14
Total Gross/Fees	0.0	----	----	----	0.9
<i>SHORT-TERM FIXED RANK</i>	(81)	----	----	----	(16)
Total Net/Fees	-0.1	----	----	----	0.8
1-5 YR CRED	-0.1	2.2	2.2	2.9	0.9
Fixed Income	0.0	----	----	----	0.9
<i>SHORT-TERM FIXED RANK</i>	(81)	----	----	----	(16)
1-5 YR CRED	-0.1	2.2	2.2	2.9	0.9

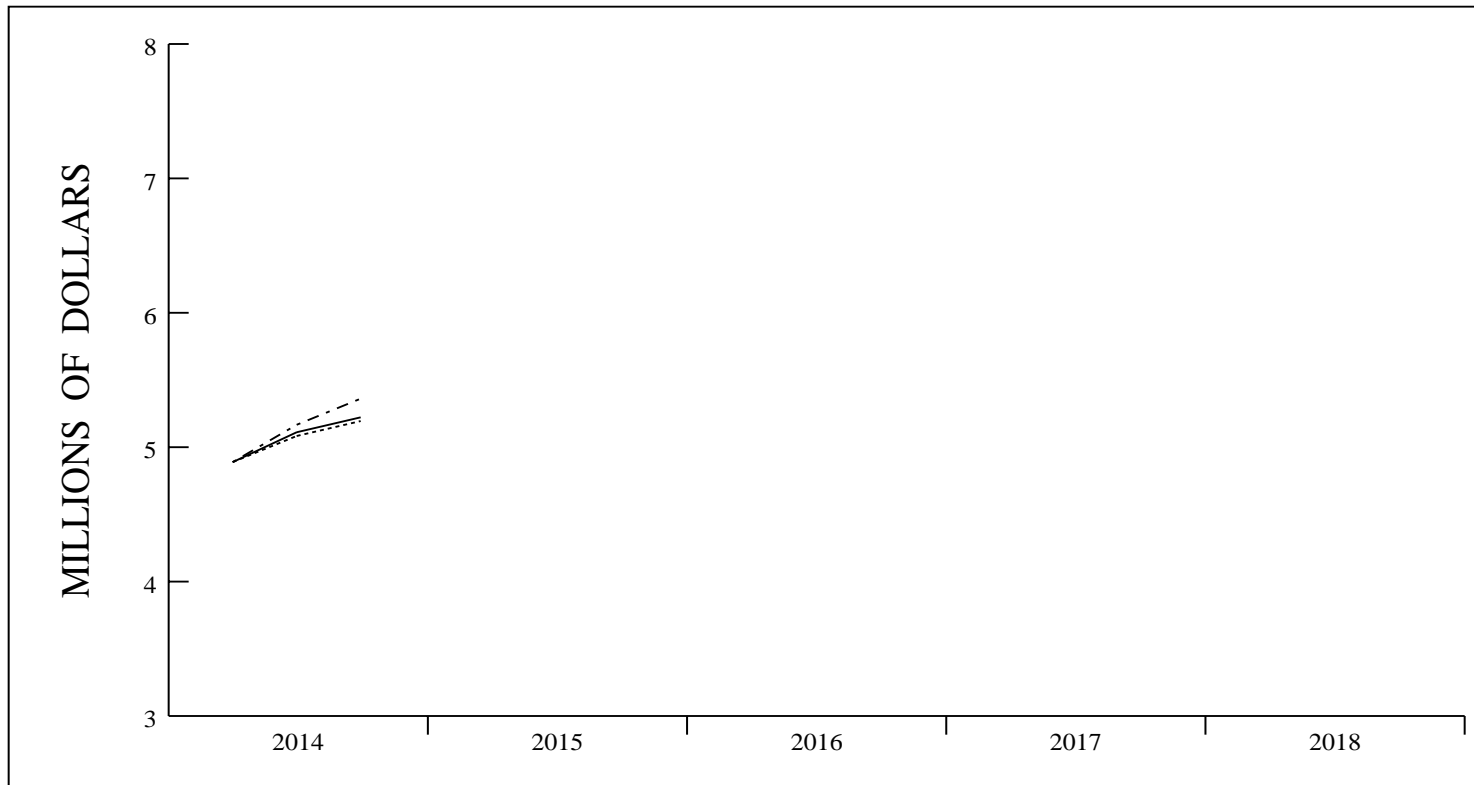
ASSET ALLOCATION

Fixed Income	100.0%	\$ 5,240,694
Total Portfolio	100.0%	\$ 5,240,694

INVESTMENT RETURN

Market Value 6/2014	\$ 5,133,322
Contribs / Withdrawals	110,456
Income	25,981
Capital Gains / Losses	- 29,065
Market Value 9/2014	\$ 5,240,694

INVESTMENT GROWTH

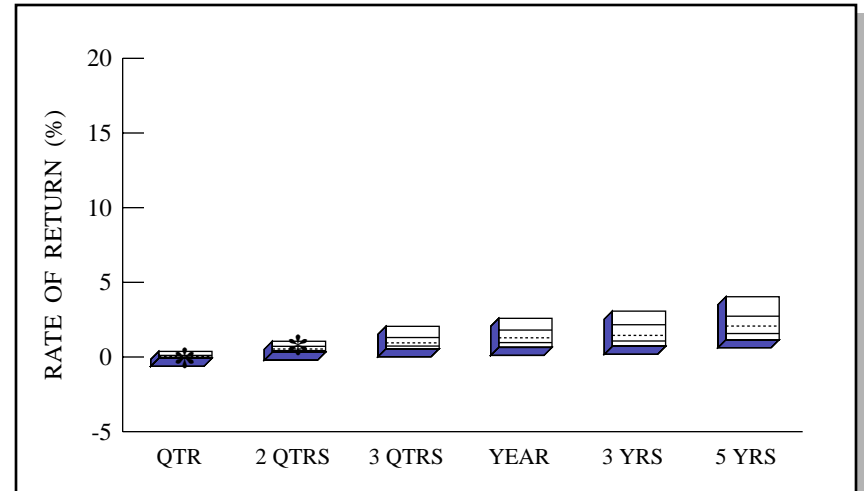
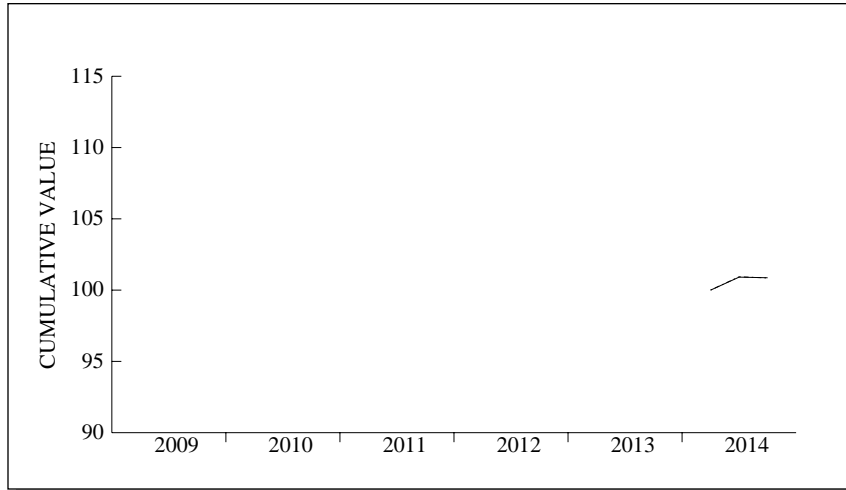


————	ACTUAL RETURN
-----	7.5%
.....	0.0%

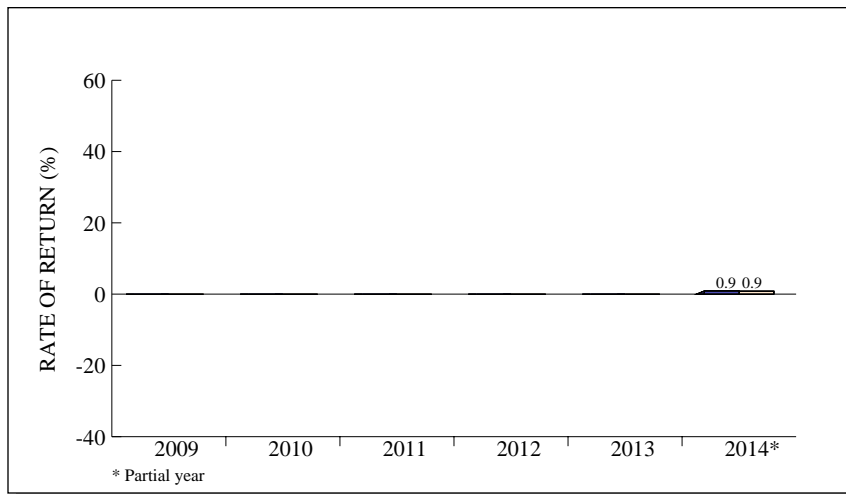
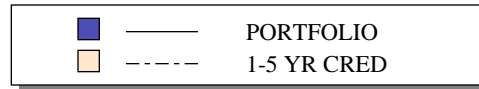
VALUE ASSUMING 7.5% RETURN
\$ 5,387,778

	LAST QUARTER	PERIOD 3/14 - 9/14
BEGINNING VALUE	\$ 5,133,322	\$ 4,909,993
NET CONTRIBUTIONS	110,456	289,285
INVESTMENT RETURN	- 3,084	41,416
ENDING VALUE	\$ 5,240,694	\$ 5,240,694
INCOME	25,981	51,671
CAPITAL GAINS (LOSSES)	- 29,065	- 10,255
INVESTMENT RETURN	- 3,084	41,416

TOTAL RETURN COMPARISONS



Short-Term Fixed Universe

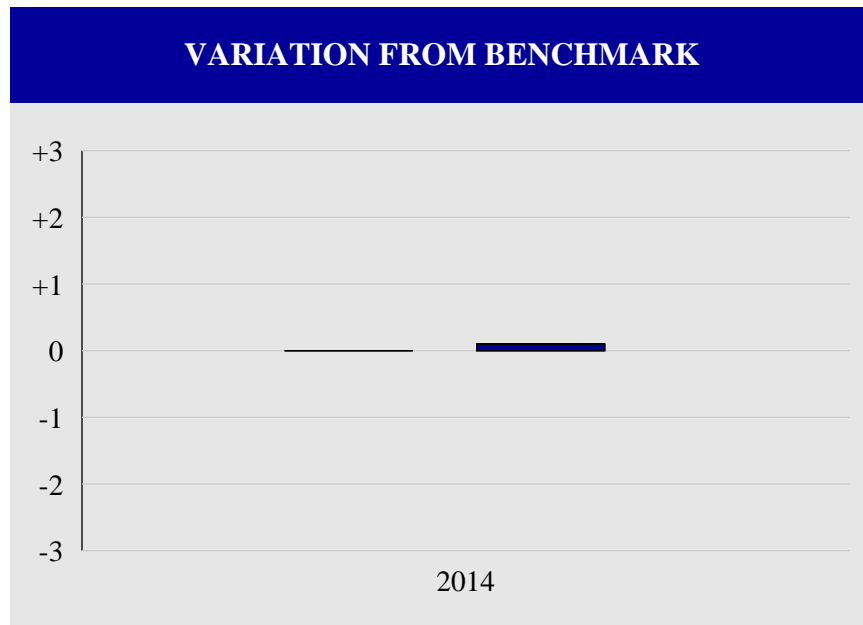


	QTR	2QTRS	3QTRS	YEAR	3 YRS	5 YRS
RETURN	0.0	0.9	---	---	---	---
(RANK)	(81)	(16)	---	---	---	---
5TH %ILE	0.4	1.1	2.1	2.6	3.1	4.0
25TH %ILE	0.1	0.7	1.3	1.8	2.2	2.7
MEDIAN	0.0	0.5	1.0	1.3	1.5	2.1
75TH %ILE	0.0	0.4	0.7	1.0	1.1	1.6
95TH %ILE	-0.1	0.3	0.6	0.7	0.7	1.2
1-5 Yr Cred	-0.1	0.9	1.6	2.2	2.9	3.7

Short-Term Fixed Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: BARCLAYS 1-5 YEAR CREDIT



RATES OF RETURN			
Date	Portfolio	Benchmark	Difference
6/14	0.9	0.9	0.0
9/14	0.0	-0.1	0.1

Total Quarters Observed	2
Quarters At or Above the Benchmark	2
Quarters Below the Benchmark	0
Batting Average	1.000

**RETIREE HEALTH CARE BENEFIT TRUST
ORANGE COUNTY, FLORIDA
ADDENDUM TO THE ANNUAL REPORT – FISCAL YEAR 2014**

The Orange County Comptroller (the “Comptroller”) receives quarterly and annual investment reports for the Retiree Health Care Benefit Trust (the “Trust”) prepared by the Trust’s independent consultant, Dahab Associates. Dahab’s *Orange County Retiree Health Care Benefit Trust Performance Review – Fiscal Year Ended September 30, 2014*, incorporated herein, serves as the Trust’s annual report. This Dahab report contains quarterly and annual performance data and includes an economic review, asset allocations, and the relative performance of each mutual fund used by the Trust.

Additionally, information on employer contributions, benefits paid, and unfunded actuarial liability is as follows:

:

- Employer contributions to the fund in 2014 totaled \$7.6 million.
- Total benefits paid to participants in 2014 amounted to \$4.3 million.
- The unfunded actuarial liability amounted to \$62.5 million on September 30, 2014.

It is the policy of the Comptroller to invest funds held by or for the benefit of the beneficiaries participating in the Trust in a manner that will provide adequate liquidity to meet cash flow needs and optimize returns while conforming to all federal, state and local laws governing the investment of public funds. The Trust was established as an irrevocable trust agreement between Orange County and the Comptroller as Trustee in September 2007 to fund the County’s Other Postemployment Benefits Plan (the “OPEB Plan”).

The objectives of the Trust are to achieve a long-term return of 7.5% annually, provide a sufficient level of funds to meet future OPEB Plan disbursements on an inflation-adjusted basis, and maximize returns for the level of risk taken.

Detailed actuarial data can be found in the *Orange County, Florida Comprehensive Annual Financial Report for the Year Ended September 30, 2014*. Relevant information from that report is attached.

/s/
Sean Polland, Treasury Manager

May 5, 2015
Date

ATTACHMENT

Relevant information from the *Orange County, Florida Comprehensive Annual Financial Report for the Year Ended September 30, 2014*

Orange County Other Postemployment Benefit Plan:

Plan Description - The Board and all constitutional officers, except for the Clerk of the Circuit and County Courts, administer a single-employer defined other postemployment benefit plan (OPEB Plan) and can amend the benefit provisions. In accordance with its Personnel Policies and Collective Bargaining Agreements, the Board offers an OPEB Plan that subsidizes the cost of health care for its retirees and eligible dependents. Board employees with at least 10 years of combined service under the Board and/or the Comptroller, Property Appraiser, Sheriff, Supervisor of Elections, or Tax Collector who retire and immediately begin receiving benefits from the Florida Retirement System (FRS) are eligible to receive a monthly health care subsidy payment of three dollars per year of service up to a maximum of \$90 per month. If combined service is at least 20 years and receipt of FRS benefits is deferred to a later date, this monthly benefit may be vested for commencement at such deferral date. Additionally, in accordance with State statute, Board employees who retire and immediately begin receiving benefits from the FRS have the option of continuing in the County health insurance plan at the same group rate as for active employees. Benefit provisions for the Comptroller and Supervisor of Elections are essentially the same as the Board. Benefit provisions for the Sheriff, Property Appraiser (if employed prior to October 1, 2005) and Tax Collector differ in that the monthly health care subsidy payment is five dollars per year of service up to a maximum of \$150 per month. Also, there are differences in the service reciprocity and vesting features of their respective plans.

In September 2007, the County established the Orange County Health Care Benefit Trust (Trust), a qualifying trust, and began funding its OPEB Plan obligation. The Clerk of the Circuit and County Courts was excluded from participation in the Trust, and benefit provisions of constitutional officers that exceed those of the Board are excluded from the Trust. Separate stand-alone financial statements for the Trust are not prepared.

At September 30, 2014, the date of the latest actuarial valuation, plan participation consisted of:

OPEB plan participants	9,350
Retirees receiving benefits	2,759

Funding Policy - The County has the authority to establish and amend funding policy. For the year ended September 30, 2014, the County contributed \$10,456,409 to the OPEB Plan, including a contribution of \$7,610,799 to the Trust. It is the County's intent to base future Trust contributions on the annual OPEB cost (AOC) in subsequent annual actuarial reports; however, no Trust contributions are legally or contractually required.

Annual OPEB Cost and Net OPEB Asset - The annual cost of the County's OPEB Plan is calculated based on the annual required contribution (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liability over a period not to exceed 30 years. The following table shows the components of the County's annual OPEB cost (expense) for the year, as calculated based on the ARC, the amount actually contributed, and the changes in the net OPEB Plan obligation (asset).

Annual Required Contribution (ARC)	\$ 7,864,464
Interest on net OPEB asset	(940,312)
Adjustment to ARC	<u>686,647</u>
Annual OPEB cost (AOC)	7,610,799
Contributions made	<u>(10,456,409)</u>
Increase in net OPEB asset (contribution greater than AOC)	(2,845,610)
Net OPEB asset (cumulative net contribution in excess of AOC) - beginning of year	<u>(12,537,494)</u>
Net OPEB asset (cumulative net contribution in excess of AOC) - end of year	<u><u>\$ (15,383,104)</u></u>

Three Year Trend Information:

<u>Year Ended September 30</u>	<u>Annual OPEB Cost (AOC)</u>	<u>AOC Contributed</u>	<u>Net OPEB Asset</u>
2012	\$5,729,689	134%	(\$9,562,015)
2013	\$5,655,845	153%	(\$12,537,494)
2014	\$7,610,799	137%	(\$15,383,104)

The County's net OPEB asset is reported as an asset in the government-wide statement of net position.

Funded Status and Funding Progress - As of the September 30, 2014 actuarial valuation date, the OPEB Plan was 44.0% funded, the actuarial accrued liability for benefits was \$111.7 million, and the actuarial value of assets was \$49.1 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$62.5 million. The annual covered payroll was \$485.7 million, and the ratio of the UAAL to the covered payroll was 12.9%. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Calculations for financial reporting purposes are based on the benefits provided under terms of the substantive plan (the plan as understood by the employer and the plan members) in effect at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the employer and plan members in the future. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

The actuarial methods are:

Actuarial cost method	Entry Age cost method
	Level percent of payroll projected to grow 3.5% per year
Amortization period (closed)	23 years
Asset valuation method	Fair value

The actuarial assumptions are:

Investment rate of return	7.5%
Projected annual salaries increase	4.5%
Inflation rate	2.5%
Healthcare cost trend rate	Increase of 8.5% pre Medicare for Fiscal Year 2014 grading to an ultimate rate of 5.0% for Fiscal Year 2023

Statement of Net Position:
at September 30, 2014

County
OPEB

Assets	
Cash and investments	<u>\$ 97,192</u>
Other investments:	
Domestic equity	
securities and mutual funds	29,198,238
International equity	
securities and mutual funds	11,887,223
Money market accounts	
and mutual funds	382,858
Fixed income mutual funds	<u>10,503,487</u>
 Total other investments	 <u>51,971,806</u>
 Total assets	 <u>52,068,998</u>
Liabilities	
Accounts payable	<u>2,948,467</u>
Total liabilities	<u>2,948,467</u>
Net position	
Held in trust for other postemployment benefits	<u>\$ 49,120,531</u>

Statement of Changes in Net Position:
year ended September 30, 2014

Additions:	
Employer contributions	\$ 7,610,799
Net investment income	<u>5,170,500</u>
Total additions	<u>12,781,299</u>
 Deductions:	
Benefits paid to participants	4,316,113
Administrative expenses	<u>33,505</u>
Total deductions	<u>4,349,618</u>
 Increase in net position	 8,431,681
 Net position - beginning of year	 <u>40,688,850</u>
Net position - end of year	<u>\$ 49,120,531</u>

**Orange County
Other Postemployment Benefit Plan**

Schedule of Funding Progress

	Actuarial Valuation Dates		
	<u>09/30/14</u>	<u>09/30/13</u>	<u>09/30/12</u>
Actuarial Value of Assets [a]	\$ 49,121,302	\$ 40,591,145	\$ 33,786,355
Actuarial Accrued Liability (AAL) - Entry Age [b]	\$ 111,658,353	\$ 104,742,218	\$ 80,092,213
Unfunded AAL (UAAL) [b-a]	\$ 62,537,051	\$ 64,151,073	\$ 46,305,858
Funded Ratio [a/b]	43.99%	38.75%	42.18%
Covered Payroll [c]	\$ 485,741,332	\$ 468,546,225	\$ 473,995,980
UAAL as a Percentage of Covered Payroll [(b-a)/c]	12.87%	13.69%	9.77%

Schedule of Employer Contributions

Year Ended September 30	Employer Contributions	
	Annual Required Contribution (ARC)	Percentage of ARC Contributed
2014	\$ 7,864,464	133%
2013	\$ 5,849,309	148%
2012	\$ 5,883,674	131%