

Performance Summary

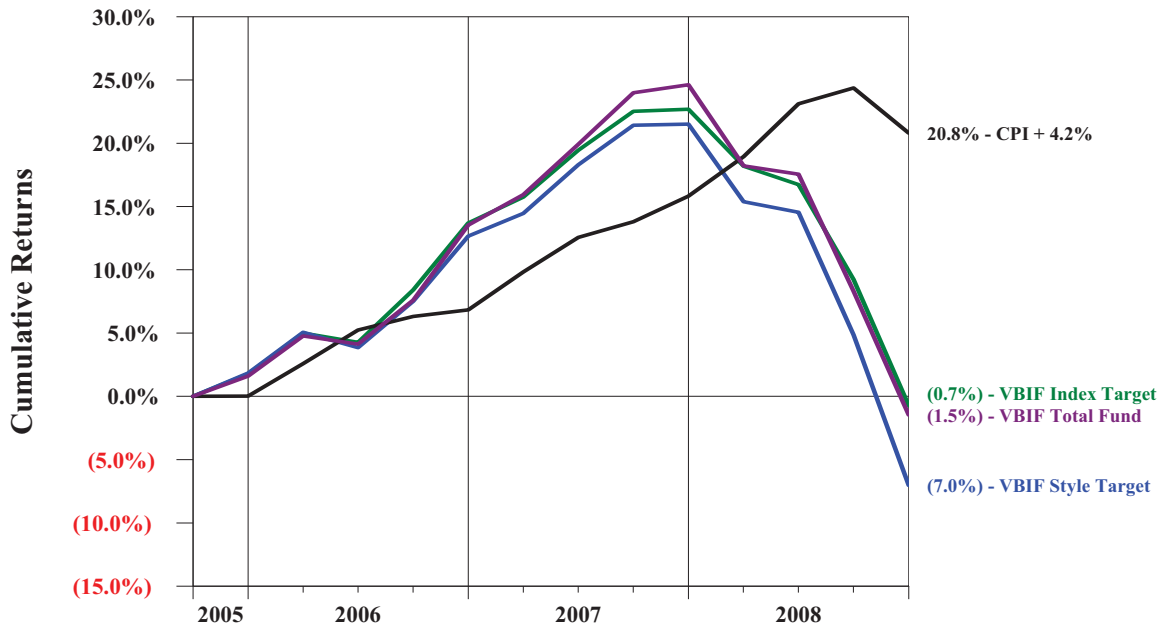
Total Fund Returns for Periods Ended December 31, 2008

	Last Quarter	Year to Date	Last Year	Last 3 1/4 Years
VBIF Total Fund	(9.0)	(20.9)	(20.9)	(0.5)
VBIF Total Fund (net)	(9.1)	(21.2)	(21.2)	(0.7)
VBIF Index Target	(9.1)	(19.1)	(19.1)	(0.2)
VBIF Style Target	(11.3)	(23.5)	(23.5)	(2.2)

Overview

- ◆ The S&P 500 Index declined -21.9% for the quarter, marking 5 consecutive quarters of losses.
- ◆ The loss of 37% for 2008 was the largest annual drop for the S&P 500 since 1931's decline of -43.4%.
- ◆ Impacted by the continuing global financial crisis, the VBIF portfolio incurred a loss of -9% for the 4th quarter and -20.9% for the year.
- ◆ The VBIF account's performance results continue to rank above the median of the funds in the Callan institutional tax exempt database for all periods measured.
- ◆ The Fund's conservative strategy and high allocation to bonds helped to preserve value relative to most other institutional fund results.
- ◆ The majority of the Fund's individual managers outperformed their peers for the quarter.
- ◆ Alliance Bernstein's large cap value fund was terminated due to continued underperformance and replaced with Boston Partners.
- ◆ The Fund remains in compliance with all guidelines and policies.

Cumulative Return: Actual vs Targets

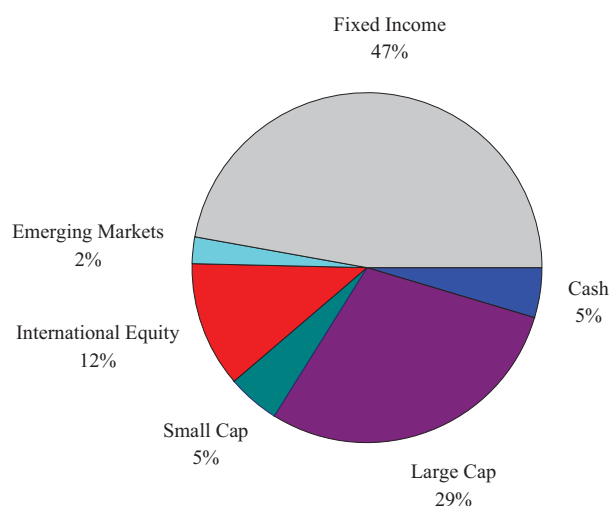


Allocation And Market Value Statement

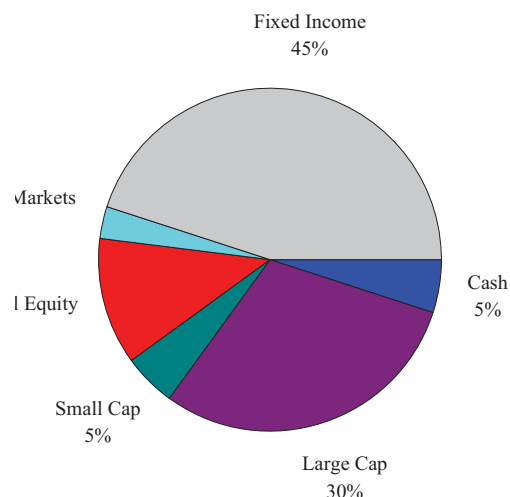
Asset Distribution Across Investment Managers

	December 31, 2008		Net Investment	September 30, 2008	
	Market Value	Percent		Market Value	Percent
Domestic Equity	\$ 53,527,090	28.7%		\$ 63,446,894	34.1%
INTECH Large Cap Growth	\$ 7,851,166	4.2%		\$ 9,831,889	5.3%
Rainier Large Cap Growth	\$ 8,918,161	4.8%		\$ 11,906,107	6.4%
Vanguard Large Cap Index	\$ 17,307,507	9.3%	\$ 3,000,000	\$ 18,157,803	9.8%
AllianceBernstein Diversified Value	\$ 5,428,415	2.9%		\$ 6,816,645	3.7%
Great Lakes Large Cap Value	\$ 7,169,947	3.8%	\$ 1,000,000	\$ 7,705,216	4.1%
Eagle Asset Mgmt	\$ 3,702,760	2.0%		\$ 4,762,010	2.6%
TAMRO Capital Partners	\$ 3,149,134	1.7%		\$ 4,267,224	2.3%
International Equity	\$ 21,600,247	11.6%		\$ 21,626,873	11.6%
Artisan International Fund	\$ 10,526,410	5.6%	\$ 2,500,000	\$ 10,157,755	5.5%
Harbor International Fund	\$ 11,073,838	5.9%	\$ 2,000,000	\$ 11,469,117	6.2%
Emerging Markets	\$ 3,732,368	2.0%		\$ 4,579,875	2.5%
SSgA Emerging Markets Fund	\$ 3,732,368	2.0%	\$ 500,000	\$ 4,579,875	2.5%
Domestic Fixed Income	\$ 91,000,912	48.7%		\$ 87,739,480	47.2%
Vanguard Total Bond Index	\$ 44,501,292	23.8%	\$ (18,000,000)	\$ 60,459,733	32.5%
Western Asset Mgmt	\$ 13,783,314	7.4%	\$ 6,000,000	\$ 7,719,004	4.1%
Richmond Capital Management	\$ 16,476,716	8.8%	\$ 6,000,000	\$ 9,778,683	5.3%
Atlantic Asset Management	\$ 16,239,590	8.7%	\$ 6,000,000	\$ 9,782,059	5.3%
Cash Equivalents	\$ 16,917,070	9.1%		\$ 8,622,705	4.6%
RidgeWorth U.S. Treasury Fund	\$ 16,917,070	9.1%	\$ 8,300,000	\$ 8,622,705	4.6%
Total Fund	\$ 186,777,688	100.0%	\$ 17,300,000	\$ 186,015,827	100.0%

Actual Allocation



Target Allocation



Fund Performance Highlights

Returns for Periods Ended December 31, 2008

	<u>Last Quarter</u>	<u>Year to Date</u>	<u>Last Year</u>	<u>Last 3 Years</u>	<u>Last 3 1/4 Years</u>
<u>Domestic Equity</u>					
<i>INTECH Large Cap Growth</i>	(20.1%)	(34.0%)	(34.0%)	--	--
S&P:500 Growth	(20.2%)	(34.9%)	(34.9%)	(7.6%)	(6.5%)
<i>Rainier Large Cap Growth</i>	(25.0%)	(43.2%)	(43.2%)	--	--
Russell 1000 Growth	(22.8%)	(38.4%)	(38.4%)	(9.1%)	(7.6%)
<i>Vanguard Large Cap Index</i>	(22.1%)	(37.0%)	(37.0%)	(8.1%)	(6.9%)
MSCI:US Prime Mkt 750	(22.2%)	(37.1%)	(37.1%)	(8.2%)	(6.9%)
<i>Bernstein Divers. Value</i>	(20.2%)	(39.5%)	(39.5%)	--	--
S&P:500	(21.9%)	(37.0%)	(37.0%)	(8.4%)	(7.2%)
<i>Great Lakes Large Value</i>	(20.1%)	(34.2%)	(34.2%)	--	--
Russell 1000 Value	(22.2%)	(36.8%)	(36.8%)	(8.3%)	(7.3%)
<i>Eagle Asset Management</i>	(22.3%)	(31.7%)	(31.7%)	--	--
<i>TAMRO Capital Partners</i>	(26.0%)	(32.3%)	(32.3%)	--	--
MSCI:US Small Cap 1750	(26.8%)	(36.2%)	(36.2%)	(9.2%)	(8.2%)
Russell 2000 Index	(26.1%)	(33.8%)	(33.8%)	(8.3%)	(7.4%)
<u>International Equity</u>					
<i>Artisan International</i>	(22.1%)	(46.9%)	(46.9%)	--	--
<i>Harbor International</i>	(21.7%)	(42.6%)	(42.6%)	--	--
MSCI:EAFE USS	(20.0%)	(43.4%)	(43.4%)	(7.4%)	(5.7%)
<i>SSgA Emerging Markets</i>	(29.8%)	(56.3%)	(56.3%)	--	--
MSCI:Emer Mkts -Net	(27.6%)	(53.3%)	(53.3%)	(4.9%)	(2.5%)
<u>Domestic Fixed Income</u>					
<i>Atlantic Asset Management</i>	1.8%	0.3%	0.3%	--	--
<i>Richmond Capital Mgmt</i>	4.6%	2.8%	2.8%	--	--
<i>Western Asset Core Plus</i>	(3.8%)	(9.9%)	(9.9%)	--	--
<i>Vanguard Total Bond</i>	4.4%	5.2%	5.2%	5.5%	5.3%
BC:Aggr Bond	4.6%	5.2%	5.2%	5.5%	5.3%

Style Target = 30% CAI: Lg Cap Broad Style; 5% CAI: Sm Cap Broad Style; 12% CAI: Intl Core Equity Style; 3% CAI: Emerging Markets Style; 45% CAI: Core Bond Style; 5% CAI: Cash Management

Index Target = 30% MSCI U.S. Prime Market 750; 5% Russell 2000; 12% MSCI EAFE; 3% MSCI Emerging Markets; 45% BC Aggregate; 5% 90-day T-Bill