PENSION FUND TRUSTEES MEETING
AGENDA

November 17, 2015

5:00 P.M. – 1201 S. Washington Ave.
Lansing, MI – REO Town Depot
Board of Water & Light Headquarters

Call to Order

Roll Call

Public Comments on Agenda Items

1. Pension Fund Trustees Meeting Minutes of 11/11/14 ....**TAB 1**

2. Financial Information Relative to DB, DC and VEBA Plans for FY 2015 ....**TAB 2**
   (Table of Contents)

3. Proposed Resolution Adopting the Audited 2015 Financial Statements ....**TAB 3**
   (Relative to DB, DC and VEBA Plans)

Other

Adjourn

Lansing Board of Water and Light
Pension Plans
FY 2015 Financial Information

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BOARD OF WATER AND LIGHT
PENSION FUND TRUSTEES' ANNUAL MEETING
MINUTES
Tuesday, November 11, 2014

The Pension Fund Trustees of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 7:14 on Tuesday, November 11, 2014. Chairperson David Price called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Trustees Margaret Bossenbery, Dennis M. Louney, David Price, Cynthia Ward, Sandra Zerkle and Tony Mullen

Absent: Trustees Anthony McCloud and Tracy Thomas

Public Comments

There were no public comments.

Approval of Minutes
On **Motion** by Trustee Bossenbery and Seconded by Trustee Ward to approve the minutes of October 8, 2013, Pension Fund Trustees' Annual Meeting Minutes

Action: Motion Carried

FY 2014 Financial Information

FY 2014 Financial Information Relative to DB, DC and VEBA Plan and Proposed Resolution Adopting the Audited Financial Statements
General Manager, J. Peter Lark introduced Chief Administrative Officer, Susan Devon, to provide an overview of the different Pension Plans.

Ms. Devon provided information on the Defined Benefit (DB) and VEBA Trust Plans. She stated that the data provided in the packets includes a copy of both funds' audited financial reports, the most recent actuarially report and the plans' performance information for the period ended in 2014. Also included are summaries of annual reports for both funds that are required by PA 347 of 2012.

Defined Benefit Plan
Ms. Devon stated that the Defined Benefit (DB) Plan currently has 26 active employees and 413 retirees and beneficiaries. As of the valuation date of February 2013, the plan had $80 million in plan assets and $70 million in plan liabilities. The BWL is currently over-funded by $10 million, meaning it has a Funded Ration of 114.5%. The BWL also had $14.2 million of investment gains on the plan assets for the fiscal year, equaling to roughly an 18% return. Last year, the BWL had about $10 million in investment gains. The BWL paid out $8.5 million in benefits and fees were $579,000 on the DB Plan.

Retirement Pension Plan – VEBA

Ms. Devon stated that in the VEBA Trust, the BWL has 667 active employees and 693 retirees and beneficiaries. The plan assets were $148 million at the valuation date and the plan liabilities were $195 million. The BWL is currently 76.3% funded; last year it was 45% funded. The BWL had $25.7 million in investment income, which equated to approximately 17% return on assets; last year, the BWL had $15.7 in investment returns. The BWL paid out $9 million in benefits and the fees were approximately $962,000.

Trustee Zerkle asked at what level does the BWL stop putting money into one of the plans. Ms. Devon stated that the BWL is not putting any money into its DB plan at this point in time. General Manager Lark stated that the VEBA is not fully funded but he believes it to be very well funded relative to other VEBAs.

Ms. Devon stated that she concurred with General Manager Lark, and stated that the City of Lansing does not have any money funded for their health care, so much that the State of Michigan is moving to fund their health care benefits. In retrospect, the BWL anticipates to be 100% funded in the VEBA trust that over the next 15 years.

<u>Defined Contribution Plan – 401A</u>

Ms. Devon stated that the data in the packet for the Defined Contribution (DC) Plan, or 401A, includes a copy of the audited financial report, an investment performance report called the Plan Service Report. The BWL currently has 682 active employees and 140 retirees and beneficiaries in the DC Plan. On the evaluation date, the DC Plan assets were $169 million, an increase of $23 million over the last year. The BWL contributed $5 million to the DC Plan in Fiscal Year 2014. The DC plan paid out $8 million in benefits and the BWL had total fees of $956,000. The BWL has seen a steady growth in the plan since 2009, and last fiscal year, the rate of return was over 16%.

Ms. Devon stated that last year the BWL established a payroll deduction for Roth IRA, which currently has 128 employees who have decided to participate in the plan. There is about $1.5 million of assets in the Roth IRA. Ms. Devon stated that this has been a very successful new option that the BWL is offering to its employees.

Overall, the BWL's employees are considered to be slightly more aggressive in their investment portfolios relative to other typical International City/County Management Association (ICMA) investors. The BWL does see a trend where employees are decreasing their portfolio risk over time to mirror their age.

Ms. Devon stated that BWL's DC Plan allows employees to take loans against their plan. The BWL currently has 403 loans outstanding in the plan, including 121 new loans taken out this year. The total loan balance for all outstanding loans is about $4.4 million dollars. Ms. Devon stated that employees can borrow against the DC Plan to the lesser of $50,000, or 50% of the balance that the employee has in his or her plan, however, the employee cannot have more than 2 loans outstanding at any given time.

Trustee Zerkle asked if the current outstanding loans affect the overall program or just the individual.

Ms. Devon stated that it affects the individual; there are $169 million dollars of funds invested in every employee's individual account, and from that, $4.4 million dollars has been bonded against. Ms. Devon stated that one thing that the BWL would want to be cautious of is loans that could potentially be defaulted on because it could hurt the employees.

Ms. Devon stated that employees are responsible for making their own decisions of how they would like their retirement money invested; therefore, the BWL offers education meetings to employees. ICMA provided 333 meetings in 2013, and additional 268 meetings through September of 2014. Ms. Devon stated that she believes this indicates that the employees are interested in being educated on making wise decisions on their retirement accounts. The BWL had 305 employees attend 15 different ICMA presentations, which covered topics such as: Estate Planning, Social Security, Investing in Volatile Markets and Retirement Readiness Report. The BWL also had a Retirement Plan Specialist, and a Certified Financial Planner, on site for 90 and 93 days, respectively. Employees attended and met with those individuals during those times.

Trustee Zerkle commented that she thought the educational meetings were a great option for the employees.

Trustee Bossenbery asked if the BWL has many defaults on the loans.

Ms. Devon stated that the BWL has experienced some.

General Manager J. Peter Lark respectfully asked the Board of Trustees to approve the Resolution for the acceptance of the 2014 Audited Financial Statements for the Defined Benefit Plan (DB), Defined Contribution Plan (DC) and the Retiree Benefit Plan known as VEBA, and that the Corporate Secretary receives and places these on file.

Motion by Trustee Bossenbery, Seconded by Trustee Mullen, to approve the following resolution:

RESOLUTION

ACCEPTANCE OF 2014 AUDITED FINANCIAL STATEMENTS FOR DEFINED BENEFIT PENSIONS PLAN, DEFINED CONTRIBUTION PENSION PLAN, AND RETIREE BENEFIT PLAN (VEBA)

Resolved, that the Corporate Secretary receive and place on file the Defined Benefit, Defined Contribution and Retiree Benefit Pension reports presented during the Pension Trustee Meeting.

Staff Comments: All three Plans received clean audit reports.

Action: Motion Carried

RESOLUTIONS: ETHICS, TRAINING AND RECORD RETENTION

Trustee Price stated that the resolutions re: 1) Retirements System Code of Conduct and Ethics, 2) Retirement System Education and Travel Policy and 3) Retirement System Records Retention Policy and Records Retention and Disposal Schedule, were considered during the Committee of the Whole (COW) meeting and will be brought before the full Board at next week's Regular Board meeting.

Acknowledging and receiving the Resolutions in this packet serves as notice to the Trustees.

Excused Absence

Motion by Trustee Ward, Seconded by Trustee Bossenbery to excuse Trustees McCloud and Thomas from tonight's meeting

Action: Motion Carried

On Motion by Trustee Bossenbery and Seconded by Trustee Mullen with no further business, the Pension Fund Trustees meeting adjourned at 7:34 p.m.

RESOLUTION

ACCEPTANCE OF 2015 AUDITED FINANCIAL STATEMENTS FOR DEFINED BENEFIT PENSION PLAN, DEFINED CONTRIBUTION PENSION PLAN, AND RETIREE BENEFIT PLAN(VEBA)

Resolved, that the Corporate Secretary receive and place on file the Defined Benefit, Defined Contribution, and Retiree Benefit Pension reports presented during the Pension Trustee Meeting.

Staff comments: All three Plans received clean audit reports.

Hometown People. Hometown Power.

M E M O R A N D U M

From: Heather Shawa-DeCook, Chief Financial Officer

To: Board of Water and Light Pension Trustees

Date: November 1, 2015

Subject: Annual Pension Trustee Meeting – November 17, 2015

At the Annual Trustee Meeting to be held November 17, 2015, Staff will give a brief overview of the Fiscal Year 2015 financial performance of the Defined Benefit Plan, the Defined Contribution Plan, and the Post-Retirement Benefit Plan and answer any questions you may have. Representatives from Merrill Lynch will be present in reference to the Defined Benefit Plan and the Post-Retirement Benefit Plan.

Audited financial reports for each of the three plans are included as attachments. You will find Plante and Moran has provided each plan with an unmodified opinion, indicating the financial statements present fairly, in all material respects, the plan assets for each plan as of June 30, 2015. Plante and Moran also indicates the changes in net assets for each plan have been recorded in conformity with accounting principles generally accepted in the United States of America. Attached is a resolution to accept the final audited financial reports for Fiscal Year 2015.

A review of the investment managers for the Defined Benefit Plan and the Post-Retirement Benefit Plan is also included. The performance of all thirteen managers is shown in the review.

Also of interest are the actuarial reports attached for the Defined Benefit Plan and the Post-Retirement Plan. These actuarial reports are prepared by Nyhart using information based on the 12 months ended February 28, 2015, to calculate the Plan's funded status and required contribution. While the complete report is attached, key information is shown below.

Defined Benefit Plan

	As of 2/28/2015	As of 2/28/2014
Target Contribution	$0	$0
Accrued Liability	$67.0 million	$70.0 million
Value of Plan Assets	$77.6 million	$80.1 million
Funded Ratio	115.8%	114.5%
Amount Under Funded	($10.5) million	($10.1) million

Post-Retirement Benefit Plan

	As of 03/01/2015	As of 03/01/2014
Target Contribution	$5.8 million	$5.8 million
Accrued Liability	$200.2 million	$194.4 million
Value of Plan Assets	$157.5 million	$148.3 million
Funded Ratio	78.7%	76.3%
Amount Under Funded	$42.6 million	$46.1 million

Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan

Financial Report

with Required Supplemental Information

June 30, 2015

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Independent Auditor's Report

To the Honorable Mayor, Members of
the City Council, and Commissioners
of the Board of Water and Light
Plan for Employees' Pension of the Board of Water and Light -
City of Lansing, Michigan - Defined Benefit Plan
City of Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan (the "Plan") as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor, Members of
the City Council, and Commissioners
of the Board of Water and Light
Plan for Employees' Pension of the Board of Water and Light -
City of Lansing, Michigan - Defined Benefit Plan

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the plan net position of the Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan as of June 30, 2015 and 2014 and the changes in its plan net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5 and the schedule of changes in the BWL's net pension asset and related ratios, schedule of employer contributions, and schedule of investment returns on pages 21-24 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

August 28, 2015

Using this Annual Report

This annual report consists of two parts: (1) management's discussion and analysis (this section) and (2) the basic financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior two years:

	2015	2014	2013
Assets held in trust:			
Money market collective trust fund	$ 2,321,310	$ 3,192,936	$ 3,209,522
U.S. government obligations	6,659,203	7,354,686	8,301,126
Corporate bonds and notes	11,312,551	11,844,906	12,168,664
Mutual funds	925,065	1,260,129	1,171,547
Common stock	52,356,437	56,770,168	50,459,178
Interest and dividend receivable	104,768	120,156	113,980
Total assets held in trust	**$ 73,679,334**	**$ 80,542,981**	**$ 75,424,017**
Liabilities - Accrued liabilities	$ -	$ 13,000	$ -
Net position restricted for pension	73,679,334	80,529,981	75,424,017
Total liabilities and net position	**$ 73,679,334**	**$ 80,542,981**	**$ 75,424,017**
Changes in net position:			
Net investment income	$ 1,771,423	$ 14,243,164	$ 10,169,847
Benefit payments	(8,045,948)	(8,541,275)	(7,777,260)
Administrative fees	(576,122)	(595,925)	(535,567)
Net change in net position	**$ (6,850,647)**	**$ 5,105,964**	**$ 1,857,020**

During fiscal year 2015, net investment income was $1.8 million. We believe this performance is consistent with the experience of similarly situated employee benefit funds.

Employer contributions were $0 in fiscal year 2015 according to the Board of Water and Light - City of Lansing, Michigan's (the "BWL") annual required contribution (ARC) as determined by the BWL's actuary.

Benefit payments in fiscal year 2015 decreased by $0.5 million to $8.0 million. This was due to a decrease in funds distributed in the form of lump-sum payouts upon retirement in fiscal year 2015 as compared to fiscal year 2014.

The BWL reimburses itself for the cost of retiree healthcare benefits pursuant to Internal Revenue Code Section 420. Reimbursement from the defined benefit pension plan assets is allowed to the extent that excess funds are available for transfer. In fiscal years 2015, 2014, and 2013, there were no excess funds available for transfer.

Investment Objectives and Asset Allocation

The Plan's assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the BWL has taken into account the time horizon available for investment, the nature of the Plan's cash flows and liabilities, and other factors that affect the Plan's risk tolerance.

In consideration of the Plan's investment goals, demographics, time horizon available for investment, and the overall risk tolerance of the BWL, a long-term investment objective of income and growth has been adopted for the Plan's assets. The primary objectives of the Plan's assets are to fund all disbursements as they are due to meet the actuarial rate of return of 7.5 percent, and to earn returns in excess of a passive set of market indexes representative of the Plan's asset allocation.

Consistent with the advice of the investment advisor, the BWL has selected the following target asset allocation strategy:

Domestic Large Capitalization Stocks	45.0%
Domestic Small Capitalization Stocks	10.0%
International Stocks	14.2%
U.S. Core Fixed Income	30.8%

Investment Results

The fiscal year ended June 30, 2015 saw a net investment income, net of administrative expenses, of $1.2 million. We believe that this gain is in line with the level of gains experienced by other employee benefit funds during this period.

Future Events

The Plan is currently overfunded, with a funded ratio (actuarial asset value divided by actuarial accrued liability) of 113 percent. This funding level results in an annual pension cost of $0 for fiscal year 2015. The board does not expect to make contributions to the trust in fiscal year 2016.

The Plan expects to make annual withdrawals of approximately $7,000,000 to cover participant benefits.

Contacting the Plan's Management

This financial report is intended to provide a general overview of the Plan's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the office of Heather Shawa-DeCook, Chief Financial Officer, at P.O. Box 13007, Lansing, Michigan 48901-3007.

Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan

Statement of Plan Net Position

	June 30 2015	June 30 2014
Assets		
Investments at fair value:		
Cash and money market trust fund	$ 2,321,310	$ 3,192,936
U.S. government obligations	6,659,203	7,354,686
Corporate bonds and notes	11,312,551	11,844,906
Mutual funds	925,065	1,260,129
Common stocks	52,356,437	56,770,168
Total investments at fair value	73,574,566	80,422,825
Receivable - Investment interest receivable	104,768	120,156
Total assets	73,679,334	80,542,981
Liabilities - Accrued liabilities	-	13,000
Net Position Restricted for Pensions	**$ 73,679,334**	**$ 80,529,981**

See Notes to Financial Statements.

Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan

Statement of Changes in Plan Net Position

	Year Ended June 30	
	2015	2014
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 215,209	$ 12,570,312
Interest and dividend income	1,556,214	1,672,852
Total investment income	1,771,423	14,243,164
Deductions		
Retiree benefits paid	8,045,948	8,541,275
Administrative expenses	576,122	595,925
Total deductions	8,622,070	9,137,200
Net (Decrease) Increase in Fiduciary Net Position	(6,850,647)	5,105,964
Fiduciary Net Position		
Beginning of year	80,529,981	75,424,017
End of year	**$ 73,679,334**	**$ 80,529,981**

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

The Board of Water and Light - City of Lansing, Michigan (BWL) sponsors the Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan (the "Plan"), which is a noncontributory single-employer defined benefit, public employee retirement system established and administered by the BWL under Section 5-203 of the City Charter. An employee becomes a participant of the Plan when hired. A participant's interest shall be fully vested when the participant has been credited with seven years of vesting service. The Plan was established in 1939 and has been amended several times, with the latest amendment taking effect on July 1, 2010. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

Accounting and Reporting Principles

The Plan follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

Basis of Accounting

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due pursuant to legal requirements. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

Report Presentation

This report includes the fund-based statements of the Plan.

Investment Valuation and Income Recognition - Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales prices. Investments that do not have an established market are reported at estimated fair value.

Purchases and sales of securities are recorded on a trade-date basis.

Appreciation or depreciation of investments is calculated based on the beginning of year fair value of investments.

Note 1 - Summary of Significant Accounting Policies (Continued)

Expenses - Substantially all costs and expenses incurred in connection with the operation and administration of the Plan are paid by the BWL, the plan sponsor. The Plan does pay all expenses incurred in connection with the custodial safekeeping account and investment advisor fees, which have been netted with interest and dividend income. Beginning in fiscal year 2008, the Plan began to pay the fees associated with the actuarial evaluation.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Regulatory Status - The Plan is not subject to the reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as it has been established for the benefit of a governmental unit.

Note 2 - Plan Description

Plan Administration - The BWL Pension Board administers the Plan - a noncontributory single-employer defined benefit pension plan for employees of the BWL. The benefit terms were established by the BWL and may be amended by future BWL actions.

Management of the Plan is vested in the BWL, which consists of eight members appointed by the mayor of the City of Lansing, Michigan.

Plan Membership - At February 28, 2015 and 2014 (the most recent actuarial valuation for funding purposes), plan membership consisted of the following:

	2015	2014
Inactive plan members or beneficiaries currently receiving benefits	398	413
Inactive plan members entitled to but not yet receiving benefits	8	9
Active plan members	14	17
Total	420	439

Note 2 - Plan Description (Continued)

The Plan, by resolution of the board of commissioners, was closed to employees hired subsequent to December 31, 1996, and a defined contribution plan was established for employees hired after December 31, 1996. Effective December 1, 1997, all active participants in this plan were required to make an irrevocable choice to either remain in this plan (defined benefit) or move to the newly established defined contribution plan. Those participants who elected to move to the defined contribution plan received lump-sum distributions from this plan, which were rolled into their accounts in the newly established defined contribution plan. Of the 760 employees who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan. As a result of this action, effective December 1, 1997, the board of commissioners transferred $75,116,470 to the newly established defined contribution plan, reflecting the plan participants' accumulated benefits as of said date.

Benefits Provided - The Plan provides retirement, early retirement, disability, termination, and death benefits. The Plan provides for an annual benefit upon normal retirement age equal to the product of the total number of years of credited service multiplied by a percentage equal to 1.80 percent of the highest annual pay during the last 10 years of service, paid in equal monthly installments.

Payments will either be nonincreasing or increase only as follows: (a) by an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics; (b) to the extent of the reduction in the amount of the employee's payments to provide for a survivor benefit upon death, but only if the beneficiary whose life was being used to determine the distribution period described in subsection 8 dies or is no longer the employee's beneficiary pursuant to a qualified domestic relations order within the meaning of Internal Revenue Code Section 414(p); (c) to provide cash refunds of employee contributions upon the employee's death; or (d) to pay increased benefits that result from a plan amendment.

Contributions - Article 9, Section 24 of the State of Michigan constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, the BWL Pension Board retains an independent actuary to determine the annual contribution. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. There was no contribution required for the years ended June 30, 2014 and 2015. Plan documents do not require participant contributions.

Note 3 - Cash, Investments, and Fair Disclosure

The pension trust fund is also authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Plan's deposits and investment policies are in accordance with PA 196 of 1997; the Plan has authorized the investments according to Michigan PA 314 of 1965, as amended.

Risks at June 30, 2015

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions must meet minimum criteria to offer adequate safety to the Plan. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year end, all investments of the Plan were held in the name of the Board of Water and Light and are therefore not subject to custodial credit risk.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government or agency bond	$ 6,659,203	12.97 years
Corporate bonds	11,312,551	14.59 years
Money market trust fund	1,906,792	Less than 1 year

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. government or agency bond	$ 6,659,203	Not rated	Not rated
Corporate bonds	1,040,057	AAA	S&P
Corporate bonds	4,637,184	AA+	S&P
Corporate bonds	261,047	AA	S&P
Corporate bonds	118,461	AA-	S&P
Corporate bonds	488,182	A+	S&P
Corporate bonds	927,872	A	S&P
Corporate bonds	1,296,826	A-	S&P
Corporate bonds	892,810	BBB+	S&P
Corporate bonds	698,087	BBB	S&P
Corporate bonds	333,191	BBB-	S&P
Corporate bonds	10,250	BB	S&P
Corporate bonds	105,867	BB+	S&P
Corporate bonds	17,786	BB-	S&P
Corporate bonds	38,325	B+	S&P
Corporate bonds	390,595	CCC	S&P
Corporate bonds	56,013	D	S&P
Money market trust fund	1,906,792	Not rated	Not rated

Concentration of Credit Risk - The board of commissioners places no limit on the amount the Plan may invest in any one issuer. As of year end, the Plan does not hold more than 5 percent of its investments in any one issuer.

Risks at June 30, 2014

Custodial Credit Risk of Bank Deposits - Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions meet minimum criteria to offer adequate safety to the Plan. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Custodial Credit Risk of Investments - Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year end, all investments of the Plan were held in the name of the Board of Water and Light and are therefore not subject to custodial credit risk.

Interest Rate Risk - Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government or agency bond	$ 7,354,686	12.79 years
Corporate bonds	11,844,906	14.26 years
Money market trust fund	3,104,927	Less than 1 year

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. government or agency bond	$ 7,354,686	Not rated	Not rated
Corporate bonds	1,097,382	AAA	S&P
Corporate bonds	4,590,886	AA+	S&P
Corporate bonds	217,542	AA	S&P
Corporate bonds	193,884	AA-	S&P
Corporate bonds	612,123	A+	S&P
Corporate bonds	952,508	A	S&P
Corporate bonds	1,483,155	A-	S&P
Corporate bonds	780,999	BBB+	S&P
Corporate bonds	640,981	BBB	S&P
Corporate bonds	544,851	BBB-	S&P
Corporate bonds	98,555	BB	S&P
Corporate bonds	78,154	BB+	S&P
Corporate bonds	32,325	BB-	S&P
Corporate bonds	26,250	B	S&P
Corporate bonds	495,311	CCC	S&P
Money market trust fund	3,104,927	Not rated	Not rated

Concentration of Credit Risk - The board of commissioners places no limit on the amount the Plan may invest in any one issuer. As of year end, the Plan does not hold more than 5 percent of its investments in any one issuer.

Note 4 - Net Appreciation or Depreciation of Investments

The net appreciation (depreciation) of the Plan's investments is as follows:

	2015	2014
Investments at fair value as determined by quoted market price:		
U.S. government obligations	$ 119,270	$ 90,724
Corporate bonds and notes	(192,596)	195,217
Mutual funds	(133,224)	200,285
Common stocks and mutual funds	332,467	12,031,656
Alternative investments	89,292	52,430
Total	$ 215,209	$ 12,570,312

Note 5 - 401(h) Account

Effective July 1, 1999, the Plan was amended to include a medical-benefit component, in addition to the normal retirement benefits, to fund a portion of the postretirement obligations for certain retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code (IRC). A separate account has been established and maintained in the Plan for the net assets related to the medical-benefit component 401(h) account. In accordance with IRC Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the plan sponsor. At June 30, 2015 and 2014, there were no excess pension plan assets available for transfer.

Note 6 - Tax Status

The Plan obtained its determination letter dated November 4, 2011, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code. Management believes the Plan continues to operate as a qualified plan.

Note 7 - Plan Investments - Policy and Rate of Return

Investment Policy - The Plan's policy in regard to the allocation of invested assets is established and may be amended by the BWL by a majority vote of its members. It is the policy of the board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the BWL's adopted asset allocation policy as of June 30, 2015 and 2014:

Asset Class	Target Allocation
Fixed income	30.80%
Domestic equity	55.00%
International equity	14.20%

Rate of Return - For the year ended June 30, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 1.55 percent. For the year ended June 30, 2014, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 19.18 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 8 - Net Pension Asset of the BWL

The components of the net pension asset of the BWL at June 30, 2015 and 2014 were as follows (in thousands):

	2015	2014
Total pension liability	$ 65,395	$ 69,341
Plan fiduciary net position	73,679	80,530
Plan's net pension asset	$ (8,284)	$ (11,189)
Plan fiduciary net position, as a percentage of the total pension liability	112.67%	116.13%

Note 8 - Net Pension Asset of the BWL (Continued)

Actuarial Assumptions - The June 30, 2015 total pension liability was determined by an actuarial valuation as of February 28, 2015, which used update procedures to roll forward the estimated liability to June 30, 2015. The June 30, 2014 total pension liability was determined by an actuarial valuation as of February 28, 2014, which used update procedures to roll forward the estimated liability to June 30, 2014. The valuations used the following actuarial assumptions, applied to all periods included in the measurements:

Inflation	3.00%
Salary increases	6.44%-10.26%
Investment rate of return	7.50%

The most recent experience review was completed in 2014. Since the Plan covered 14 active participants in fiscal year 2015 and 17 active participants in fiscal year 2014, assumptions like termination, retirement, and disability have an immaterial impact on the results and have not been changed.

Mortality rates were based on the RP-2014 mortality table projected generationally with scale MP-2014.

Discount Rate - The discount rate used to measure the total pension liability was 7.5 percent. The projection of cash flows used to determine the discount rate assumed that BWL contributions will be made at rates equal to the actuarially determined contribution rates.

Projected Cash Flows Section - Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 8 - Net Pension Asset of the BWL (Continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return as of June 30, 2015 and 2014 for each major asset class included in the pension plan's target asset allocation, as disclosed in Note 7, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Fixed income	2.00%
Domestic equity	6.40%
International equity	6.80%

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset of the BWL at June 30, 2015, calculated using the discount rate of 7.5 percent, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50 %)	Current Discount Rate (7.50 %)	1% Increase (8.50%)
Net pension asset of the BWL (in thousands)	$ (3,053)	$ (8,284)	$ (13,128)

Note 8 - Net Pension Asset of the BWL (Continued)

The following presents the net pension asset of the BWL at June 30, 2014, calculated using the discount rate of 7.5 percent, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1 percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50 %)	Current Discount Rate (7.50 %)	1% Increase (8.50%)
Net pension asset of the BWL (in thousands)	$ (5,315)	$ (11,189)	$ (16,603)

Note 9 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Plan is currently evaluating the impact this standard will have on the financial statements when adopted during the Plan's 2016 fiscal year.

Required Supplemental Information

Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan

Schedule of Changes in the BWL's Net Pension Asset and Related Ratios Last Ten Fiscal Years (in thousands)

	2015	2014	2013	2012*	2011*	2010*	2009*	2008*	2007*	2006*
Total Pension Liability										
Service cost	$ 274	$ 349	$ 407	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	4,919	4,751	5,085	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(1,093)	964	(1,716)	-	-	-	-	-	-	-
Changes in assumptions **	-	4,538	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(8,046)	(8,541)	(7,777)	-	-	-	-	-	-	-
Net Change in Total Pension Liability	(3,946)	2,061	(4,001)	-	-	-	-	-	-	-
Total Pension Liability - Beginning of year	69,341	67,280	71,281	-	-	-	-	-	-	-
Total Pension Liability - End of year	65,395	69,341	67,280	-	-	-	-	-	-	-
Plan Fiduciary Net Position										
Contributions - Employer	-	-	-	-	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	1,771	14,243	10,170	-	-	-	-	-	-	-
Administrative expenses	(576)	(596)	(536)	-	-	-	-	-	-	-
Benefit payments, including refunds	(8,045)	(8,541)	(7,777)	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net Change in Plan Fiduciary Net Position	(6,850)	5,106	1,857	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	80,529	75,424	73,567	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	73,679	80,530	75,424	-	-	-	-	-	-	-
BWL Net Pension Asset - Ending	**$ (8,284)**	**$ (11,189)**	**$ (8,144)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plan Fiduciary Net Position as a % of Total Pension Liability	112.67%	116.14%	112.10%	- %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	1,018	1,225	1,684	-	-	-	-	-	-	-
BWL's Net Pension Asset as a % of Covered Employee Payroll	(814%)	(913%)	(484%)	- %	- %	- %	- %	- %	- %	- %

*GASB Statement No. 67 was implemented as of June 30, 2014. Information from 2006 - 2012 is not available and this schedule will be presented on a prospective basis.

**Related to change in the mortality assumption from the RP2000CH table projected to 2018 with Scale AA to the RP-2014 table projected generationally with Scale MP-2014

See Note to Required Supplemental Information.

Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan

Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ 86	$ 2,109	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	86	2,109	-	-	-	-
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered Employee Payroll	1,018	1,225	1,684	2,101	2,398	2,660	3,089	3,162	3,391	3,942
Contributions as a Percentage of Covered Employee Payroll	- %	- %	- %	- %	3.59%	79.29%	- %	- %	- %	- %

See Note to Required Supplemental Information.

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2015, based on roll-forward of March 1, 2015 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level dollar over a 15-year period
Remaining amortization period	15 years
Asset valuation method	Market value of the assets
Inflation	3.0 percent
Salary increases	6.44 percent-10.26 percent per year, depending on age
Investment rate of return	7.5 percent per year compounded annually
Mortality	RP-2014 Mortality Table projected generationally with scale MP-2014

Plan for Employees' Pension of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan

Schedule of Investment Returns
Last Ten Fiscal Years

	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*
Annual money-weighted rate of return, net of investment expense	1.55%	19.18%	- %	- %	- %	- %	- %	- %	- %	- %

*GASB 67 was implemented as of June 30, 2014. Information from 2006-2013 is not available and this schedule will be presented on a prospective basis.

Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions

Actuarial Valuation Report
as of February 28, 2015
for July 1, 2015 – June 30, 2016
Fiscal Year

Table of Contents

Highlights

Purpose of the Valuation

This report summarizes actuarial information regarding the plan's liabilities and benefit obligations as compared to assets available for benefits on the valuation date. The report was prepared by Nyhart to:

- determine the acceptable range of employer contributions;
- determine the plan's funded status; and
- measure values of plan benefits and obligations under governmental financial accounting standards.

Principal results of the actuarial valuation are shown below. Please see the appropriate sections of the report for details of the valuation.

Fiscal Year Beginning	**07/01/2015**	**07/01/2014**	**07/01/2013**
Valuation Date	02/28/2015	02/28/2014	02/28/2013
Funded Position			
Accrued Liability	$ 67,042,338	$ 70,042,457	$ 68,477,909
Actuarial Value of Assets	77,616,673	80,181,680	76,394,859
Unfunded Accrued Liability	$(10,574,335)	$(10,139,223)	$ (7,916,950)
Funded Ratio	115.8%	114.5%	111.6%
Normal Cost	$ 212,652	$ 260,109	$ 333,022
Market Value of Assets	$ 77,616,673	$ 80,181,680	$ 76,394,859
Employer Contributions			
Total Payroll	$ 1,017,849	$ 1,224,727	$ 1,683,696
Annual Required Contribution	$ 0	$ 0	0
As percent of payroll	0.0%	0.0%	0.0%
Employer Contribution	N/A	$ 0	$ 0
As percent of payroll	N/A	0.0%	0.0%

Highlights (Continued)

Fiscal Year Beginning	07/01/2015	07/01/2014	07/01/2013
Valuation Date	02/28/2015	02/28/2014	02/28/2013
Participants			
Number of participants:			
Active	14	17	24
Inactive with deferred benefits	8	9	10
Inactive receiving benefits	398	413	423
Total in valuation	420	439	457
Active participant averages:			
Age	57.2	57.3	57.7
Service	29.6	29.8	29.0
Compensation	$ 72,704	$ 72,043	$ 70,154

Changes Since the Last Valuation

There have been no changes to the plan provisions since the last valuation.

Actuary's Opinion

This report provides information regarding the actuarial valuation prepared for the Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions. The information presented in this report is based on:

- the actuarial assumptions included in this report;
- the plan provisions;
- participant information furnished to us by the Plan Administrator;
- asset information furnished to use by the Plan Trustee.

We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we may have made assumptions we believe are reasonable for the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report.

The interest rate, other economic assumptions, and demographic assumptions have been selected by the plan sponsor with our recommendations. The assumptions used, in our opinion, are reasonable and represent a reasonable expectation of future experience under the plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

To our knowledge there have been no significant events prior to the current year's measurement date or as of the date of this report which could materially affect the results contained herein.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report.

Nyhart

Heath W Merlak Kimberly Lovingood

Heath W. Merlak, FSA, EA Kimberly Lovingood, FSA, EA

May 8, 2015
Date

Section 1 - Assets

1.1 Reconciliation of Plan Assets

	02/28/14 to 02/28/15	02/28/13 to 02/28/14
Income:		
(1) Employer contributions	$ 0	$ 0
(2) Investment earnings (realized and unrealized)	5,188,287	13,336,434
(3) Total Income	$ 5,188,287	$ 13,336,434
Disbursements:		
(4) Benefit payments	$ 7,153,476	$ 8,998,154
(5) Section 420 transfer	0	0
(6) Administrative expenses	599,818	551,459
(7) Total disbursements	$ 7,753,294	$ 9,549,613
Net Assets:		
(8) Net income (3) – (7)	$ (2,565,007)	$ 3,786,821
(9) Net assets at beginning of year	80,181,680	76,394,859
(10) Net assets at end of year (8) + (9)	$ 77,616,673	$ 80,181,680

Section 1 – Assets (Continued)

1.2 Summary of Assets

	02/28/15	02/28/14
(1) General investments:		
Interest-bearing cash	$ 2,519,200	$ 3,117,632
Fixed income	19,409,944	19,492,706
Common corporate stocks	55,578,393	57,459,039
Other	0	0
Total	$ 77,507,537	$ 80,069,377
(2) Receivables:		
Employer contributions	$ 0	$ 0
Other	109,136	112,303
Total	$ 109,136	$ 112,303
(3) Net assets	$ 77,616,673	$ 80,181,680

Section 1 – Assets (Continued)

1.3 Rates of Return on Assets

Average rates of investment return have been determined using the formula

Two times (**I**) divided by (**A + B – I**), where

I is the dollar amount of earnings (including unrealized appreciation or depreciation of plan assets) for the plan year;

A is the value of assets at the beginning of the year; and

B is the value of assets at the end of the year

Under this formula, all transactions are assumed to occur in the middle of the year; therefore rates of return determined in this manner are estimates and should be used only for comparison with actuarial assumptions.

Year Ending	**02/28/15**	**02/28/14**	**02/28/13**
Based on average market value	6.0%	17.8%	7.3%

Section 2 – Results of the Valuation

2.1 Annual Required Contribution

(1)	Accrued liability:		
	(a) Active	$	4,679,356
	(b) Deferred benefits		597,480
	(c) Receiving benefits		61,765,502
	(d) Total, (a)+(b)+(c)	$	67,042,338
(2)	Actuarial value of assets	$	77,616,673
(3)	Unfunded accrued liability	$	(10,574,335)
(4)	15-year level dollar amortization of (3)	$	(1,114,360)
(5)	Normal Cost	$	212,652
(6)	Annual Required Contribution, (4) + (5), no less than $0	$	0
(7)	Interest to end of year		1.075
(8)	Annual Required Contribution, (6) x (7)	$	0

Section 2 – Results of the Valuation (Continued)

2.2 Development of Actuarial Gain/(Loss)

(1)	Expected accrued liability:		
	(a)	Actuarial accrued liability at February 28, 2014	$ 70,042,457
	(b)	Normal cost at February 28, 2014	260,109
	(c)	Benefit payments for year ending February 28, 2015	7,153,476
	(d)	Interest on (a) + (b) – (c)	5,004,437
	(e)	Change in actuarial assumptions	0
	(f)	Expected actuarial accrued liability at February 28, 2015, (a)+(b)-(c)+(d)+(e)	$ 68,153,527
(2)	Actuarial accrued liability at February 28, 2015		67,042,338
(3)	Liability gain/(loss), (1)(f) – (2)		$ 1,111,189
(4)	Expected actuarial asset value:		
	(a)	Actuarial asset value at February 28, 2014	$ 80,181,680
	(b)	Contributions made for year ending February 28, 2015	0
	(c)	Benefit payments including administrative expenses for year ending February 28, 2015	7,153,476
	(d)	Section 420 transfer (postemployment health) for year ending February 28, 2015	0
	(e)	Interest on (a) + (b) – (c) – (d)	5,745,371
	(f)	Expected actuarial asset value at February 28, 2015, (a)+(b)-(c)-(d)+(e)	$ 78,773,575
(5)	Actuarial asset value as of February 28, 2015		$ 77,616,673
(6)	Actuarial asset gain/(loss), (5) - (4)(f)		(1,156,902)
(7)	Actuarial gain/(loss), (3) + (6)		$ (45,713)

Section 2 – Results of the Valuation (Continued)

2.3 Determination of Excess Assets Available for Section 420 Transfer

The amount of excess pension assets available for this Section 420 transfer is determined by taking the lesser of the Market Value of Assets and the Actuarial Value of Assets over the greater of the actuarial accrued liability under the Plan and 125% of the PPA Funding Target. The calculation is shown below.

	02/28/2014
(1) Assets	
(a) Market value of assets	$ 77,616,673
(b) Actuarial value of assets	77,616,673
(c) Lesser of (a) or (b)	$ 77,616,673
(2) Liabilities	
(a) Actuarial accrued liability	$ 67,042,338
(b) PPA Funding Target (estimated)	95,000,000
(c) 125% of (b)	118,750,000
(d) Greater of (a) or (c)	$ 118,750,000
(3) Excess Assets, (1)(c) – (2)(d)	$ 0

Section 3 – Basis for the Valuation

3.1 Plan Participants

Participant information provided by the plan administrator is summarized in the following table.

		Inactive Participants		
	Active	Benefits Deferred	Receiving Benefits	Total
Participants as of 02/28/14	17	9	413	439
Retired/Disabled	(3)	(1)	4	0
Deaths	0	0	(22)	(22)
New survivors	0	0	4	4
Vested terminations	0	0	0	0
Nonvested terminations	0	0	0	0
Add alternate payees	0	0	0	0
Benefits paid in full	0	0	0	0
New participants during the plan year	0	0	0	0
Adjustment to data	0	0	(1)	0
Participants as of 02/28/15	14	8	398	420

Section 3 – Basis for the Valuation (Continued)

3.2 Information about Participants

Active Participants

Number accruing benefits		14
Average age for valuation		57.2
Average years of employment		29.6
Average expected pay	$	72,704

Terminated Vested

Number of former participants with deferred benefits		8
Average age		55.8
Total deferred monthly benefits	$	6,555
Average deferred monthly benefit	$	819

Retired Participants

Number of retired pensioners		229
Average age		76.4
Total monthly benefits	$	417,753
Average monthly benefit	$	1,824

Disabled Participants

Number of disabled participants		35
Average age		68.9
Total monthly benefits	$	40,605
Average monthly benefit	$	1,160

Beneficiaries

Number of beneficiaries		134
Average age		80.1
Total monthly benefits	$	130,990
Average monthly benefit	$	978

Section 3 – Basis for the Valuation (Continued)

3.3 Summary of Plan Provisions

Plan Year and Effective date

The plan year is July 1 to June 30. The effective date of the most recent plan document is July 1, 2010.

Participation

Employees who were participants of the plan on December 31, 1996 and who elected to remain in this plan as of December 1, 1997 are eligible.

Normal retirement date

For employees hired prior to July 1, 1990, the normal retirement date is the earlier of (1) the first day of the month on or after age 60, and (2) the first day of the month on or after completion of 30 years of service and attainment of age 55.

If an employee who was hired before July 1, 1990 terminates employment after age 45 and 25 years of service, the normal retirement date is the first day of the month on or after the date he has attained age 55 and would have completed 30 years of pension service credit if he had remained employed.

For employees hired after July 1, 1990, the normal retirement date is age 65.

Normal retirement benefit

The normal retirement benefit is equal to 1.8% of annual pay times pension service credit payable as a life annuity.

Early retirement

A reduced early retirement benefit is payable during the 10 years prior to normal retirement date with 25 years of service or 5 years prior to normal retirement date with 15 years of service. The normal retirement benefit is reduced 0.25% per month for the first 60 months and then reduced 0.4167% per month for the next 60 months.

Disability benefit

A disability benefit is payable upon disability with 10 years of service. The disability benefit is equal to the normal retirement benefit earned to date payable immediately. The benefit is offset for any workers' compensation payments.

Termination benefit

Participants become vested in their accrued benefit over a 7 year graded vesting schedule.

Preretirement death benefit

If a married participant dies after completing at least 7 years of service and before retirement benefits begin, the spouse will receive a benefit assuming the participant retired on disability on the day before the participant's death and elected a 100% Joint and Survivor payment form.

Section 3 – Basis for the Valuation (Continued)

3.3 Summary of Plan Provisions (Continued)

Annual pay

Annual pay is the base pay plus bonus received during the year in which the base pay was the highest within the last ten years.

Pension service credit

Pension service credit is based on elapsed time.

Optional forms of payment

A participant may choose to receive benefits in the following actuarially equivalent payment forms:

- a monthly benefit payable for the participant's lifetime;
- a monthly benefit payable for the participant's lifetime with 15% up to 100% of such benefit continued to a surviving contingent annuitant following the participant's death;
- a monthly benefit payable for the participant's lifetime with 15% up to 100% of such benefit continued to a surviving contingent annuitant following the participant's death. If the beneficiary dies first, the pension amount will revert back to the life annuity amount; or
- a lump sum payment

Participant contributions

No participant contributions are required

Cost-of-Living Increases

None

Actuarial Equivalence

For non-decreasing annuities: Actuarial Equivalence will be computed using the 1983 Group Annuity Mortality Table applied on a unisex basis and 7.50% interest.

For accelerated forms of payments: Actuarial Equivalence will be computed using the 1983 Group Annuity Mortality Table applied on a unisex basis and the annual rate of interest on a 30 year constant maturity U.S. Treasury securities for the month of December immediately preceding the start of the calendar year in which distribution occurs.

Section 3 – Basis for the Valuation (Continued)

3.4 Actuarial Assumptions

Retirement Rates

Age	Rate
50-51	4.0%
52	8.0%
53	4.0%
54	10.0%
55	5.0%
56	8.0%
57	10.0%
58	12.0%
59	14.0%
60	10.0%
61	14.0%
62-63	25.0%
64	20.0%
65-66	25.0%
67-68	33.0%
69	50.0%
70	100.0%

Mortality of healthy lives: RP-2014 Mortality Table with MP-2014 Improvement Scale

Mortality of disabled lives: Same as healthy lives

Disablement: 1985 Pension Disability Incidence Class 1 rates for males and females. Sample rates include:

Age	Men	Women
25	0.04%	0.05%
30	0.05%	0.08%
40	0.12%	0.21%
50	0.36%	0.53%
55	0.72%	0.95%

Withdrawal: None

Future pay increases: Based on age ranging from 10.26% to 6.44% per year

Valuation interest rate: 7.5%

Eligible spouse: 100% of participants assumed to be married with female spouse 3 years younger

Payment form: All participants are assumed to elect a single life annuity

3.5 Valuation Procedures

Funding method

Annual Required Contribution – Projected Unit Credit Cost Method

The actuarial cost method used in determining the Annual Required Contribution is the projected unit credit cost method.

In determining the Annual Required Contribution, the excess of the actuarial accrued liability over the actuarial value of plan assets is amortized over 15 years.

Asset valuation method

The actuarial value of assets is equal to the fair market value of assets on the valuation date.

Other procedures

Benefits projected to assumed retirement age for active participants have been limited so as not to exceed maximum benefit limits imposed by Code Section 415(b) and/or maximum compensation limits of Code Section 401(a)(17).

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Lansing Board of Water and Light Defined Pension Plan for Employees' Pensions

June 30, 2015

GASB Nos. 67 & 68 Report

This report is prepared in accordance with our understanding of GASB Nos. 67 & 68 for the purpose of disclosing pension plans in financial statements. Determinations for purposes other than meeting these requirements may be significantly different from the results contained in this report.

The information presented in this report is based on:
- the actuarial assumptions included in this report;
- the plan provisions;
- participant information furnished to us by the Plan Administrator;
- asset information furnished to us by the Plan Trustee.

We have reviewed the provided data for reasonableness when compared to prior information provided, but have not audited the data. Where relevant data may be missing, we may have made assumptions we believe are reasonable for the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided. Any errors in the data provided may result in a different result than those provided in this report.

The interest rate, other economic assumptions, and demographic assumptions have been selected by the plan sponsor with our recommendations. The assumptions used, in our opinion, are reasonable and represent a reasonable expectation of future experience under the plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

A summary of any assumptions not included in this report, the plan provisions and the participant information is included in the Actuarial Valuation Report for funding purposes.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following
- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

To our knowledge there have been no significant events prior to the current year's measurement date or as of the date of this report which could materially affect the results contained herein.

Neither Nyhart nor any of its employees have any relationships with the plan or plan sponsor which could impair or appear to impair the objectivity of this report.

Nyhart

Heath W Merlak

Heath W. Merlak, FSA, EA, MAAA

Kimberly Lovingood

Kimberly Lovingood, FSA, EA

07/24/2015

Net Pension Liability

The components of the net pension liability at June 30	June 30, 2015	June 30, 2014
Total pension liability	$ 65,395,105	$ 69,341,279
Plan fiduciary net position	(73,679,335)	(80,529,981)
Net pension liability	$ (8,284,230)	$ (11,188,702)
Plan fiduciary net position as a percent of the total pension liability	112.67%	116.14%
Pension Expense for the Fiscal Year Ended June 30	$ (268,810)	

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions

Inflation	3.00%	3.00%
Salary increases, including inflation	6.44% - 10.26%	6.44% - 10.26%
Investment rate of return, including inflation, and net of investment expense	7.50%	7.50%

Plan Membership

The total pension liability was determined based on the plan membership as of February 28	2015	2014
Inactive plan members and beneficiaries currently receiving benefits	398	413
Inactive plan members entitled to but not yet receiving benefits	8	9
Active plan members	14	17
Total members	420	439

Assets	**June 30, 2015**	**June 30, 2014**
Cash and deposits	$ 2,321,310	$ 3,192,936
Securities lending cash collateral	0	0
Total cash	$ 2,321,310	$ 3,192,936
Receivables:		
Contributions	$ 0	$ 0
Due from broker for investments sold	0	0
Investment income	104,768	120,156
Other	0	0
Total receivables	$ 104,768	$ 120,156
Investments:		
Domestic fixed income securities	$ 17,971,754	$ 19,199,592
Domestic equities	53,281,503	58,030,297
International equities	0	0
Real estate	0	0
Total investments	$ 71,253,257	$ 77,229,889
Total assets	$ 73,679,335	$ 80,542,981
Liabilities		
Payables:		
Investment management fees	$ 0	$ 0
Due to broker for investments purchased	0	0
Collateral payable for securities lending	0	0
Other	0	13,000
Total liabilities	$ 0	$ 13,000
Net position restricted for pensions	**$ 73,679,335**	**$ 80,529,981**

	June 30, 2015	June 30, 2014
Additions		
Contributions:		
Employer	$ 0	$ 0
Member	0	0
Nonemployer contributing entity	0	0
Total contributions	$ 0	$ 0
Investment income:		
Net increase in fair value of investments	$ 215,210	$ 12,701,490
Interest and dividends	1,556,214	1,541,674
Less investment expense, other than from securities lending	0	0
Net income other than from securities lending	$ 1,771,424	$ 14,243,164
Securities lending income	0	0
Less securities lending expense	0	0
Net income from securities lending	$ 0	$ 0
Net investment income	$ 1,771,424	$ 14,243,164
Other	0	0
Total additions	$ 1,771,424	$ 14,243,164
Deductions		
Benefit payments, including refunds of member contributions	$ 8,045,948	$ 8,541,275
Administrative expense	576,122	595,925
Other	0	0
Total deductions	$ 8,622,070	$ 9,137,200
Net increase in net position	$ (6,850,646)	$ 5,105,964
Net position restricted for pensions		
Beginning of year	80,529,981	75,424,017
End of year	$ 73,679,335	$ 80,529,981

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	June 30, 2015	June 30, 2014
Total pension liability		
Service cost	$ 274,052	$ 348,952
Interest	4,919,427	4,751,843
Changes of benefit terms	0	0
Differences between expected and actual experience	(1,093,705)	964,016
Changes of assumptions	0	4,538,152
Benefit payments, including refunds of member contributions	(8,045,948)	(8,541,275)
Net change in total pension liability	(3,946,174)	2,061,688
Total pension liability - beginning	69,341,279	67,279,591
Total pension liability - ending (a)	**$ 65,395,105**	**$ 69,341,279**
Plan fiduciary net position		
Contributions - employer	$ 0	$ 0
Contributions - member	0	0
Contributions - nonemployer contributing member	0	0
Net investment income	1,771,424	14,243,164
Benefit payments, including refunds of member contributions	(8,045,948)	(8,541,275)
Administrative expenses	(576,122)	(595,925)
Other	0	0
Net change in plan fiduciary net position	$ (6,850,646)	$ 5,105,964
Plan fiduciary net position - beginning	80,529,981	75,424,017
Plan fiduciary net position - ending (b)	**$ 73,679,335**	**$ 80,529,981**
Net pension liability - ending (a) - (b)	**$ (8,284,230)**	**$ (11,188,702)**
Plan fiduciary net position as a percentage of the total pension liability	112.67%	116.14%
Covered-employee payroll	$ 1,017,849	$ 1,224,727
Net pension liability as percentage of covered-employee payroll	-813.90%	-913.57%

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Fiscal year ending	June 30, 2015
Service cost	$ 274,052
Interest on total pension liability	4,919,427
Projected earnings on pension plan investments	(5,738,026)
Changes of benefit terms	0
Employee contributions	0
Pension plan administrative expense	576,122
Other changes	0
Current period recognition of deferred outflows/(inflows) of resources	
Differences between Expected & Actual Experience in measurement of the Total Pension Liability	$ (1,093,705)
Changes of assumptions	0
Differences between Projected & Actual Earnings on Pension Plan Investments	793,320
Total	$ (268,810)

Differences between expected and actuarial experience in measurement of the total pension liability for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2015 Balance
June 30, 2015	$ (1,093,705)	1	$ (1,093,705)	$ 0
			$ (1,093,705)	$ 0

Changes in assumptions for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2015 Balance
June 30, 2015	$ 0	1	$ 0	$ 0
			$ 0	$ 0

Differences between projected and actual earnings on pension plan investments for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2015 Balance
June 30, 2015	$ 3,966,602	5	$ 793,320	$ 3,173,282
			$ 793,320	$ 3,173,282

The balances as of June 30, 2015 of the deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending June 30.

2016	$ 793,320
2017	$ 793,320
2018	$ 793,320
2019	$ 793,322
2020	$ 0
Thereafter	$ 0

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Domestic fixed income securities	30.8%	*2.00%*
Domestic equities	55.0%	*6.40%*
International equities	14.2%	*6.80%*
Real estate	0.0%	*5.00%*
Cash	0.0%	*0.00%*
Total	100.0%	

Long-term expected rate of return is 7.50%.

Discount rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that contributions will be made at rates equal to the difference between actuarially determined contribution rates and the member rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability, calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	$ (3,052,622)	$ (8,284,230)	$ (13,128,312)

	2015	2014	2013	2012	2011
Actuarially determined contribution	$ 0	$ 0	$ 0	$ 0	$ 85,652
Contributions in relation to the actuarially determined contribution	0	0	0	0	85,652
Contribution deficiency (excess)	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Covered-employee payroll	$ 1,017,849	$ 1,224,727	$ 1,683,696	$ 2,101,442	$ 2,397,921
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	3.57%

	2010	2009	2008	2007	2006
Actuarially determined contribution	$ 2,109,167	$ 0	$ 0	$ 0	$ 0
Contributions in relation to the actuarially determined contribution	2,109,167	0	0	0	0
Contribution deficiency (excess)	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Covered-employee payroll	$ 2,659,851	$ 3,089,358	$ 3,161,594	$ 3,390,502	$ 3,942,060
Contributions as a percentage of covered-employee payroll	79.30%	0.00%	0.00%	0.00%	0.00%

The total pension liability as of June 30, 2015 was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Method
Asset Method	Market Value of Assets
Interest Rates	
Discount Rate	7.50%
Expected Long Term Rate of Return	7.50%
Municipal Bond Rate	N/A
Annual Pay Increases	based on age ranging from 6.44% to 10.26%
Measurement Date	June 30, 2015, based on roll-forward of March 1, 2015 valuation
Ad-hoc Cost-of-living Increases	N/A
Mortality Rates	
Healthy and Disabled	RP-2014 Mortality Table with MP-2014 Improvement Scale
Retirement Rates	Samples rates include:

Age	Rates
50	4%
55	5%
60	10%
65	25%
70	100%

All other assumptions	As described in the assumptions section of the actuarial determined contribution
Experience Study	*The most recent experience review was completed in 2014. Since the plan only covers 14 active participants, assumptions like termination, retirement, and disability have an immaterial impact on the results and have not been changed.*

Cost Method Projected Unit Credit Cost Method with the excess of the actuarial accrued liability over the actuarial value of plan assets amortized over 15 years.

Asset Valuation Method Equal to the market value of assets

Interest Rates 7.50%, net of investment expenses

Annual Pay Increases Based on age ranging from 6.44% to 10.26% per year

Expense and/or Contingency Loading None Assumed

Mortality Rates

Healthy and Disabled RP-2014 Mortality Table with MP-2014 Improvement Scale

Retirement Rates Samples rates include:

Age	Rates
50	4%
55	5%
60	10%
65	25%
70	100%

Disability Rates 1985 Pension Disability Incidence Class 1 rates for males and females. Sample rates include:

Age	Men	Women
25	0.04%	0.05%
30	0.05%	0.08%
40	0.12%	0.21%
50	0.36%	0.53%
55	0.72%	0.95%

Withdrawal Rates None Assumed

Marital Status and Ages 100% of Members are assumed to be married with female spouses assumed to be three years younger.

Changes Since Prior Valuation None

Plan Status

The plan year is July 1 to June 30. The effective date of the most recent plan document is July 1, 2010.

Eligibility for Participation

Employees who were participants of the plan on December 31, 1996 and who elected to remain in this plan as of December 1, 1997 are eligible.

Accrual of Benefits

The accrued benefit is determined as 1.8% of annual pay times pension service credit

Benefits

Normal Retirement

Eligibility	For employees hired prior to July 1, 1990, the normal retirement date is the earlier of (1) the first day of the month on or after age 60, and (2) the first day of the month on or after completion of 30 years of service and attainment of age 55. If an employee who was hired before July 1, 1990 terminates employment after age 45 and 25 years of service, the normal retirement date is the first day of the month on or after the date he has attained age 55 and would have completed 30 years of pension service credit if he had remained employed. For employees hired after July 1, 1990, the normal retirement date is age 65.
Benefit	Unreduced Accrued Benefit payable immediately

Early Retirement

Eligibility	10 years prior to normal retirement date with 25 years of service or 5 years prior with 15 years of service.
Benefit	Accrued Benefit reduced 0.25% per month for the first 60 months and then reduced 0.4167% per month for the next 60 months.

Death before Retirement

Eligibility	Death of participant and at least 7 years of service.
Benefit	Beneficiary receives a pension equal to a benefit assuming the participant retired on disability on the day before death and elected a 100% Joint and Survivor payment form.

Termination Benefit

Eligibility	Participants become vested over a 7 year graded vesting schedule
Benefit	The vested Accrued Benefit payable at the participants Early or Normal Retirement Date

Disability Benefit In Line of Duty

Eligibility	Disability with 10 years of service
Benefit	Accrued benefit offset by any workers' compensation payments

Annual Pay

Base pay plus bonus received during the year in which base pay was the highest within the last ten years.

Pension service credit

For Vesting and Benefit Accrual service is based on elapsed time

Employee Contributions

None

COLA

None

Actuarial Equivalence

For non-decreasing annuities: Actuarial Equivalence will be computed using the 1983 Group Annuity Mortality Table applied on a unisex basis and 7.50% interest.

For accelerated forms of payments: Actuarial Equivalence will be computed using the 1983 Group Annuity Mortality Table applied on a unisex basis and the annual rate of interest on a 30 year constant maturity U.S. Treasury securities for the month of December immediately preceding the start of the calendar year in which distribution occurs.

Changes Since Prior Valuation

None

DB Performance Summary
FY 2015 Fourth Quarter Ended June 30, 2015

Summary of Investment Policy Goals and Objectives

- Growth and Income Investment Objective
- Exceed Actuarial Rate of Return Target of 7.5% on an annual basis
- Exceed Fixed Rate of Return Target of 8.0% on an annual basis
- Exceed Rate of Return Target of CPI + 5% on annual basis *(current CPI 1.8%)*
- Exceed Policy Index on a risk-adjusted basis over rolling full market cycles *(3 to 5 years)*
- Investment Managers seek to outperform appropriate benchmarks and achieve high peer group rankings over rolling full market cycles *(3 to 5 years)*

Absolute Performance

Sources of Funds ($) – in thousands	*Current Quarter (Ending 6/30/2015)*	*Since Investment Strategy Inception (12/31/2009)*
Beginning Market Value	75,870	66,078
Net Contribution	-2,828	-53,595
Investment Earnings	340	60, 899
Ending Market Value	73,382	73,382

DB Performance Summary
FY 2015 Fourth Quarter Ended June 30, 2015

	Asset Allocation	*Market Value ($)*	*Current Quarter*	*Last 12 Months*	*Since Inception**
Total Fund	***100%***	***$73,382,175***	***0.4***	***5.7***	***13.5***
Policy Index			**-0.3**	**7.3**	**14.2**
Fixed Income					
JP Morgan – Core	***14.7%***	***10,803,548***	**-1.0**	**3.0**	**5.1**
MetWest – CorePlus	***11.8%***	***8,672,107***	**-1.3**	**1.9**	**7.5**
Barclays Aggregate – JP Morgan			**-1.7**	**1.9**	**4.5**
Barclays Aggregate Met West – MetWest					**4.5**
Large Growth Equity					
Loomis	***13.5%***	***9,867,135***	**0.1**	**10.0**	**16.9**
Edgewood	***13.3%***	***9,726,016***	**3.6**	**11.7**	**19.3**
Russell 1000 Growth - Edgewood			**0.1**	**10.6**	**19.4**
Russell 1000 Growth - Loomis					**18.4**
Large Value Equity					
Eaton Vance	***7.3%***	***5,325,489***	**-0.3**	**4.2**	**15.0**
Herndon (Atl. Life)	***7.2%***	***5,297,671***	**-0.8**	**-0.3**	**14.4**
Jennison	***6.5%***	***4,774,321***	**1.2**	**2.3**	**16.3**
Russell 1000 Value			**0.1**	**4.1**	**17.1**
Russell 1000 Value – Herndon Only					**14.5**
Small to Mid Value Equity					
Advisory	***3.2%***	***2,311,658***	**-1.2**	**-5.1**	**15.4**
Russell 2500 Value			**-1.3**	**1.0**	**17.6**
Small Growth Equity					
Insight	***3.4%***	***2,484,748***	**3.2**	**-1.9**	**14.5**
Russell 2000 Growth			**2.0**	**12.3**	**21.2**
Small to Mid Growth Equity					
O'Shaughnessy	***4.1%***	***2,991,515***	**0.5**	**5.4**	**19.6**
Russell 2500 Growth			**0.6**	**11.3**	**22.2**
International Equity					
JP Morgan	***4.6%***	***3,374,465***	**2.1**	**-5.4**	**11.1**
MFS	***5.2%***	***3,786,478***	**0.7**	**-3.7**	**11.9**
Wentworth	***4.3%***	***3,147,156***	**-0.6**	**-22.0**	**10.3**
MSCI EAFE			**0.8**	**-3.8**	**11.9**
MSCI EAFE – JP Morgan – International Only					**13.1**
MSCI EAFE Growth			**1.2**	**-1.0**	**13.3**
MSCI EAFE Value – JP Morgan			**0.5**	**-6.6**	**12.9**
Cash	1.1%	819,868			

DB Performance Summary
FY 2015 Fourth Quarter Ended June 30, 2015

** Based on each individual portfolio start date*

Lansing Board of Water & Light - Defined Benefit Composite

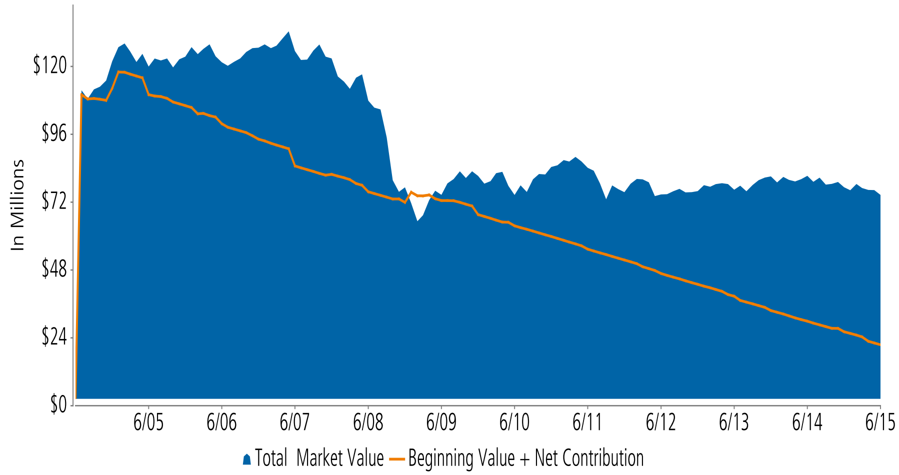
June 30, 2015

Bank of America Merrill Lynch

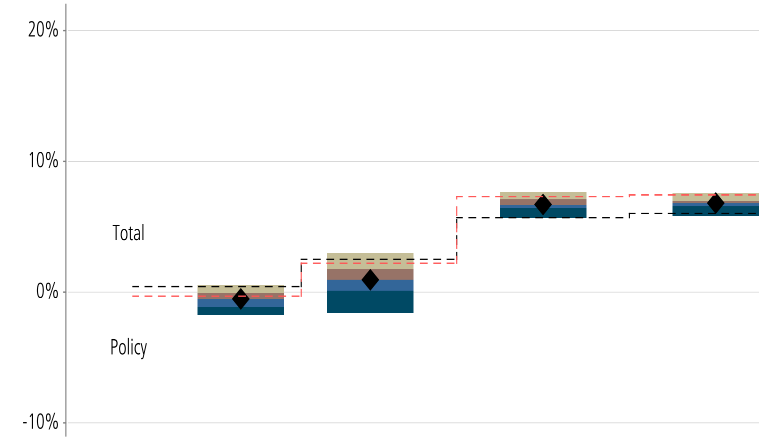
Contents

Total Portfolio Performance Summary

Investment Earnings and Cash Flows



Distribution of Returns : Domestic Balanced Sample - Total



Sources of Funds	3/15 - 6/15	6/14 - 6/15	6/04 - 6/15
Beginning Mkt Value	$ 75,870,282	$ 80,260,875	$ 0
Net Flow	$ (2,828,769)	$ (8,483,590)	$ 19,457,772
Investment Earnings	$ 340,662	$ 1,604,890	$ 53,924,403
Ending Mkt Value	$ 73,382,175	$ 73,382,175	$ 73,382,175

	3/15 - 6/15		12/14 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total	0.42	7	2.51	14	5.69	95	6.02	89
Policy	-0.31	39	2.21	16	7.30	10	7.43	7
Active Mg	0.73	21	0.31	39	-1.61	84	-1.41	79
Russ 1000	0.11	16	1.71	26	8.13	1	8.11	1
TBills	0.01	22	0.01	85	1.42	99	1.48	99
BcAggreg	-1.68	94	-0.10	86	4.44	99	4.65	99
R1000Val	0.11	16	-0.61	90	7.05	29	7.67	4
NAREIT	-9.95	99	-5.67	99	7.01	30	9.12	1
R2000Gr	1.98	1	8.74	1	9.86	1	9.34	1
R2000Val	-1.20	88	0.76	62	6.87	40	7.53	5
R1000Gr	0.12	16	3.96	1	9.10	1	8.41	1
Ru2500Vl	-1.27	89	1.71	26	7.76	1	8.61	1

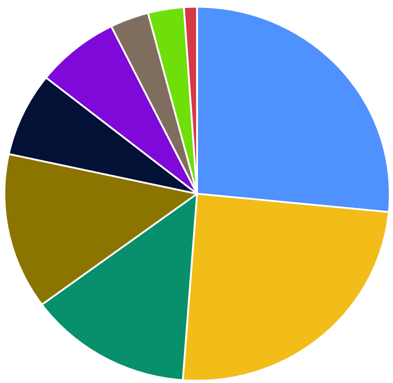
Bank of America Merrill Lynch

Total Portfolio Performance Summary

	3/15 - 6/15		12/14 - 6/15		6/05 - 6/15		6/04 - 6/15	
Ru2500Gr	0.61	3	8.09	1	10.32	1	10.06	1
5 Percent	0.51	-	2.95	-	7.67	-	7.56	-
25 Percent	-0.07	-	1.74	-	7.11	-	7.02	-
Median	-0.52	-	0.94	-	6.70	-	6.81	-
75 Percent	-1.14	-	0.11	-	6.46	-	6.55	-
95 Percent	-1.77	-	-1.58	-	5.68	-	5.80	-

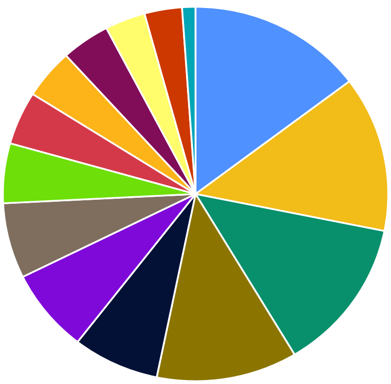
Asset and Manager Allocations

Asset Allocation : June 2015



Asset Class	Allocation (%)	Market Value ($)
Large Cap Growth	26.55	19,482,262
Fixed Income	24.63	18,076,892
International Equity	13.71	10,062,833
Large Cap Value	13.52	9,919,793
Small Cap Growth	7.25	5,323,275
Large Cap	6.99	5,132,657
Cash & Cash Equivalents	3.24	2,376,775
Small To Mid Cap	3.01	2,205,354
Common Stock	1.09	802,333
Total Portfolio	100.00%	$ 73,382,175

Manager Allocation : June 2015



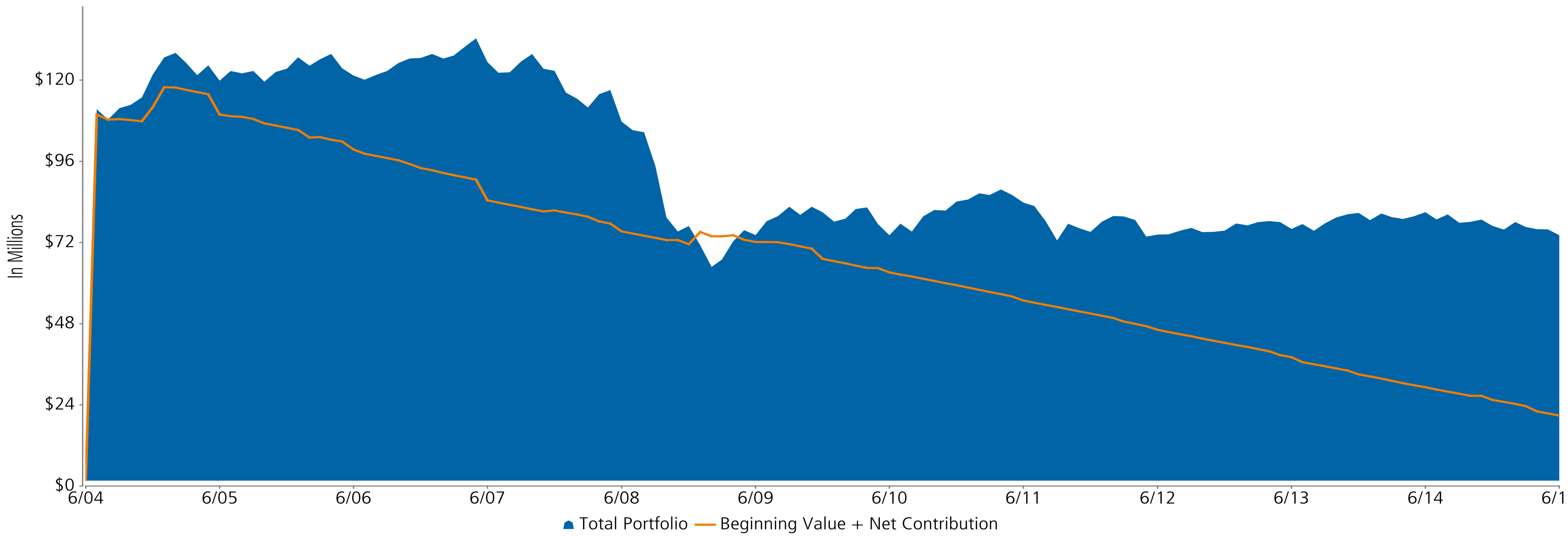
Manager	Allocation (%)	Market Value ($)
JP Morgan	14.72	10,803,548
Loomis Sayles	13.45	9,867,135
Edgewood Mgmg. Co.	13.25	9,726,016
MetWest	11.82	8,672,107
Eaton Vance Large Cap Value	7.26	5,325,489
Herndon Capital Management	7.22	5,297,671
Jennison Associates Capital	6.51	4,774,321
MFS Investment Management	5.16	3,786,478
JP Morgan Intl Value	4.60	3,374,465
Wentworth International Growth	4.29	3,147,156
OShaughnessy	4.08	2,991,515

Asset and Manager Allocations

Manager	Allocation (%)	Market Value ($)
Insight SC Growth	3.39	2,484,748
Advisory Research	3.15	2,311,658
Cash	1.12	819,868
Total Portfolio	100.00%	$ 73,382,175

Policy Asset Allocation (%)					
Bonds	Scap Val	Mcap Grow	Int Equity	Large Cap	Scap Grow
31.00	4.00	3.00	14.00	45.00	3.00

Investment Earnings and Cash Flows



Asset Category	3/15 - 6/15	% of Total	6/14 - 6/15	% of Total	6/04 - 6/15	% of Total
Total Portfolio						
Beginning Mkt Value	$ 75,870,282		$ 80,260,875		$ 0	
Net Flow	$ (2,828,769)		$ (8,483,590)		$ 19,457,772	
Investment Earnings	$ 340,662	100.00%	$ 1,604,890	100.00%	$ 53,924,403	100.00%
Ending Mkt Value	$ 73,382,175		$ 73,382,175		$ 73,382,175	
Advisory Research						
Beginning Mkt Value	$ 2,599,300		$ 2,944,216		$ 0	
Net Flow	$ (264,356)		$ (480,041)		$ (116,587)	
Investment Earnings	$ (23,286)	-6.84%	$ (152,517)	-9.50%	$ 2,428,244	4.50%

Investment Earnings and Cash Flows

Asset Category	3/15 - 6/15	% of Total	6/14 - 6/15	% of Total	6/04 - 6/15	% of Total
Ending Mkt Value	$ 2,311,658		$ 2,311,658		$ 2,311,658	
Cash						
Beginning Mkt Value	$ 805,538		$ 839,977		$ 0	
Net Flow	$ 14,332		$ (20,105)		$ 824,206	
Investment Earnings	$ (2)	0.00%	$ (4)	0.00%	$ (4,338)	-0.01%
Ending Mkt Value	$ 819,868		$ 819,868		$ 819,868	
Eaton Vance Large Cap Value						
Beginning Mkt Value	$ 5,434,246		$ 6,135,527		$ 0	
Net Flow	$ (93,816)		$ (1,043,688)		$ 436,612	
Investment Earnings	$ (14,941)	-4.39%	$ 233,650	14.56%	$ 4,888,877	9.07%
Ending Mkt Value	$ 5,325,489		$ 5,325,489		$ 5,325,489	
Edgewood Mgmg. Co.						
Beginning Mkt Value	$ 9,746,828		$ 9,597,358		$ 0	
Net Flow	$ (371,797)		$ (950,792)		$ 164,349	
Investment Earnings	$ 350,985	103.03%	$ 1,079,450	67.26%	$ 9,561,667	17.73%
Ending Mkt Value	$ 9,726,016		$ 9,726,016		$ 9,726,016	
Herndon Capital Management						
Beginning Mkt Value	$ 5,774,970		$ 6,054,699		$ 0	
Net Flow	$ (448,649)		$ (756,861)		$ 1,099,068	
Investment Earnings	$ (28,650)	-8.41%	$ (167)	-0.01%	$ 4,198,602	7.79%
Ending Mkt Value	$ 5,297,671		$ 5,297,671		$ 5,297,671	
Insight SC Growth						
Beginning Mkt Value	$ 2,565,007		$ 2,716,180		$ 0	
Net Flow	$ (162,091)		$ (180,042)		$ 308,547	
Investment Earnings	$ 81,832	24.02%	$ (51,390)	-3.20%	$ 2,176,202	4.04%

Investment Earnings and Cash Flows

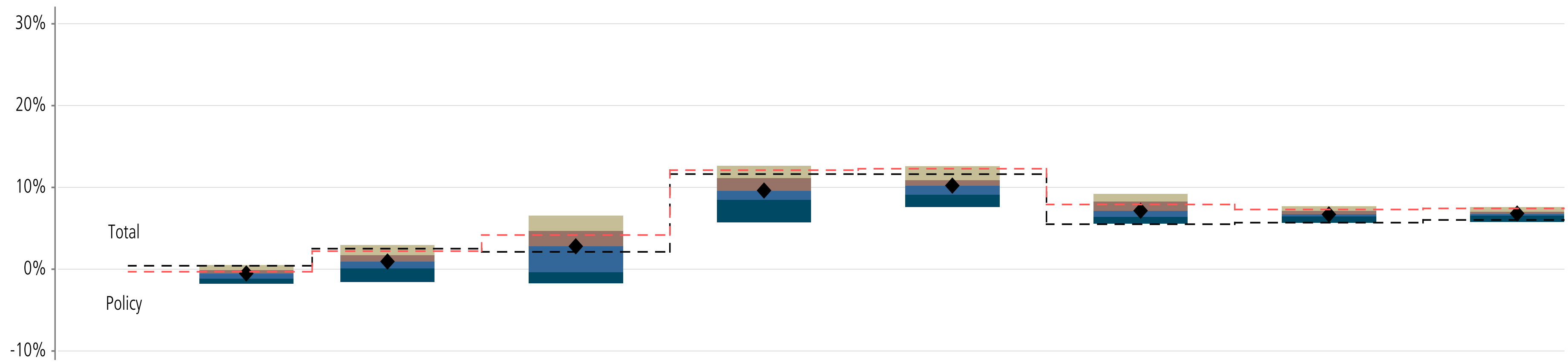
Asset Category	3/15 - 6/15	% of Total	6/14 - 6/15	% of Total	6/04 - 6/15	% of Total
Ending Mkt Value	$ 2,484,748		$ 2,484,748		$ 2,484,748	
JP Morgan						
Beginning Mkt Value	$ 11,119,054		$ 10,968,315		$ 0	
Net Flow	$ (207,091)		$ (489,939)		$ 7,788,744	
Investment Earnings	$ (108,415)	-31.82%	$ 325,172	20.26%	$ 3,014,805	5.59%
Ending Mkt Value	$ 10,803,548		$ 10,803,548		$ 10,803,548	
JP Morgan Intl Value						
Beginning Mkt Value	$ 3,592,028		$ 4,052,737		$ 0	
Net Flow	$ (301,779)		$ (469,910)		$ 1,030,106	
Investment Earnings	$ 84,216	24.72%	$ (208,362)	-12.98%	$ 2,344,359	4.35%
Ending Mkt Value	$ 3,374,465		$ 3,374,465		$ 3,374,465	
Jennison Associates Capital						
Beginning Mkt Value	$ 5,197,406		$ 6,110,868		$ 0	
Net Flow	$ (490,936)		$ (1,472,590)		$ (804,584)	
Investment Earnings	$ 67,851	19.92%	$ 136,043	8.48%	$ 5,578,906	10.35%
Ending Mkt Value	$ 4,774,321		$ 4,774,321		$ 4,774,321	
Loomis Sayles						
Beginning Mkt Value	$ 10,124,860		$ 9,581,399		$ 0	
Net Flow	$ (271,759)		$ (653,862)		$ 6,414,310	
Investment Earnings	$ 14,034	4.12%	$ 939,598	58.55%	$ 3,452,825	6.40%
Ending Mkt Value	$ 9,867,135		$ 9,867,135		$ 9,867,135	
MFS Investment Management						
Beginning Mkt Value	$ 3,855,090		$ 4,109,822		$ 0	
Net Flow	$ (98,392)		$ (173,506)		$ 1,375,628	

Investment Earnings and Cash Flows

Asset Category	3/15 - 6/15	% of Total	6/14 - 6/15	% of Total	6/04 - 6/15	% of Total
Investment Earnings	$ 29,780	8.74%	$ (149,838)	-9.34%	$ 2,410,850	4.47%
Ending Mkt Value	$ 3,786,478		$ 3,786,478		$ 3,786,478	
MetWest						
Beginning Mkt Value	$ 8,783,915		$ 9,944,401		$ 0	
Net Flow	$ (1,497)		$ (1,470,953)		$ 4,880,858	
Investment Earnings	$ (110,311)	-32.38%	$ 198,659	12.38%	$ 3,791,250	7.03%
Ending Mkt Value	$ 8,672,107		$ 8,672,107		$ 8,672,107	
OShaughnessy						
Beginning Mkt Value	$ 3,055,292		$ 2,928,166		$ 0	
Net Flow	$ (77,498)		$ (93,747)		$ (80,262)	
Investment Earnings	$ 13,721	4.03%	$ 157,096	9.79%	$ 3,071,776	5.70%
Ending Mkt Value	$ 2,991,515		$ 2,991,515		$ 2,991,515	
Wentworth International Growth						
Beginning Mkt Value	$ 3,216,748		$ 4,277,210		$ 0	
Net Flow	$ (53,440)		$ (227,554)		$ 830,645	
Investment Earnings	$ (16,152)	-4.74%	$ (902,500)	-56.23%	$ 2,316,510	4.30%
Ending Mkt Value	$ 3,147,156		$ 3,147,156		$ 3,147,156	

Distribution of Return

Domestic Balanced Sample - Total



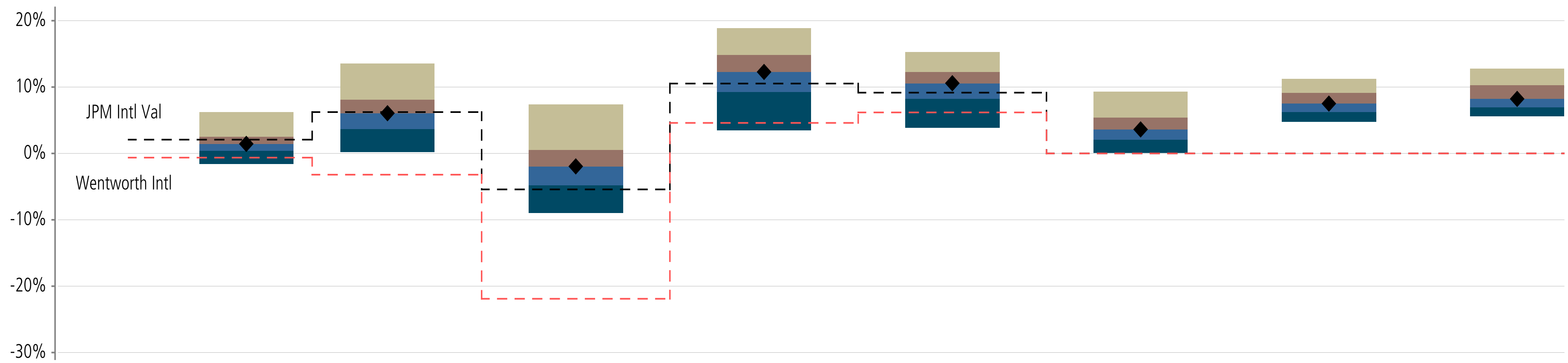
	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total	0.42	7	2.51	14	2.12	57	11.63	13	11.62	11	5.50	95	5.69	95	6.02	89
Policy	-0.31	39	2.21	16	4.18	33	12.11	11	12.28	6	7.91	30	7.30	10	7.43	7
Active Mg	0.73	21	0.31	39	-2.06	86	-0.49	44	-0.66	67	-2.41	91	-1.61	84	-1.41	79
Russ 1000	0.11	16	1.71	26	7.37	3	17.73	1	17.58	1	9.59	1	8.13	1	8.11	1
TBills	0.01	22	0.01	85	0.02	68	0.06	99	0.08	99	0.22	99	1.42	99	1.48	99
BcAggreg	-1.68	94	-0.10	86	1.86	58	1.83	99	3.35	99	4.59	99	4.44	99	4.65	99
R1000Val	0.11	16	-0.61	90	4.13	35	17.34	1	16.50	1	8.59	15	7.05	29	7.67	4
NAREIT	-9.95	99	-5.67	99	4.33	31	8.93	63	14.28	1	7.89	31	7.01	30	9.12	1
R2000Gr	1.98	1	8.74	1	12.34	1	20.11	1	19.33	1	11.52	1	9.86	1	9.34	1
R2000Val	-1.20	88	0.76	62	0.78	66	15.50	1	14.81	1	9.31	3	6.87	40	7.53	5
R1000Gr	0.12	16	3.96	1	10.56	1	17.99	1	18.59	1	10.50	1	9.10	1	8.41	1
Ru2500Vl	-1.27	89	1.71	26	0.99	62	16.99	1	16.24	1	10.25	1	7.76	1	8.61	1

Distribution of Return

	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Ru2500Gr	0.61	3	8.09	1	11.30	1	20.35	1	19.55	1	11.60	1	10.32	1	10.06	1
5 Percent	0.51	-	2.95	-	6.57	-	12.65	-	12.59	-	9.22	-	7.67	-	7.56	-
25 Percent	-0.07	-	1.74	-	4.71	-	11.14	-	10.89	-	8.30	-	7.11	-	7.02	-
Median	-0.52	-	0.94	-	2.80	-	9.62	-	10.22	-	7.15	-	6.70	-	6.81	-
75 Percent	-1.14	-	0.11	-	-0.36	-	8.50	-	9.11	-	6.42	-	6.46	-	6.55	-
95 Percent	-1.77	-	-1.58	-	-1.71	-	5.73	-	7.64	-	5.57	-	5.68	-	5.80	-

Distribution of Return - International Common Stock

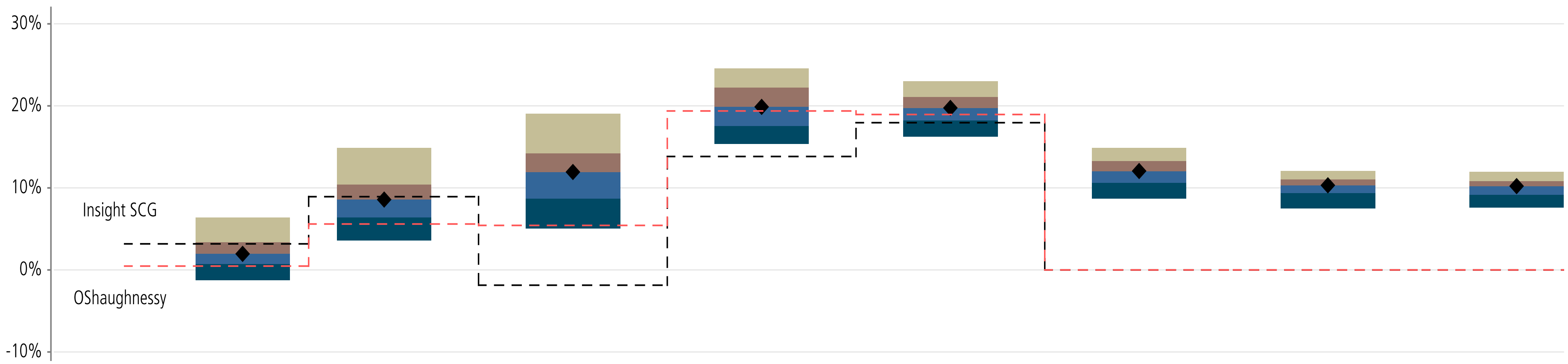
International Common Stock Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
JPM Intl Val	2.08	33	6.23	47	-5.42	81	10.53	68	9.16	68	-	-	-	-	-	-
Wentworth Intl	-0.63	89	-3.20	99	-21.90	99	4.60	91	6.18	85	-	-	-	-	-	-
MFS	0.67	71	5.20	61	-3.69	67	10.39	69	10.21	54	-	-	-	-	-	-
MSCIEAFE	0.84	65	5.88	53	-3.82	68	12.45	48	10.03	57	2.45	70	5.60	87	6.35	87
MSEAFENet	0.62	72	5.52	58	-4.22	70	11.97	54	9.54	65	1.97	77	5.12	93	5.87	94
5 Percent	6.20	-	13.55	-	7.35	-	18.85	-	15.25	-	9.34	-	11.21	-	12.78	-
25 Percent	2.51	-	8.12	-	0.54	-	14.85	-	12.28	-	5.43	-	9.14	-	10.31	-
Median	1.44	-	6.06	-	-1.95	-	12.28	-	10.58	-	3.62	-	7.51	-	8.22	-
75 Percent	0.40	-	3.71	-	-4.81	-	9.29	-	8.26	-	2.09	-	6.27	-	7.00	-
95 Percent	-1.60	-	0.23	-	-8.93	-	3.47	-	3.84	-	0.10	-	4.79	-	5.59	-

Distribution of Return - Domestic Small Cap Growth

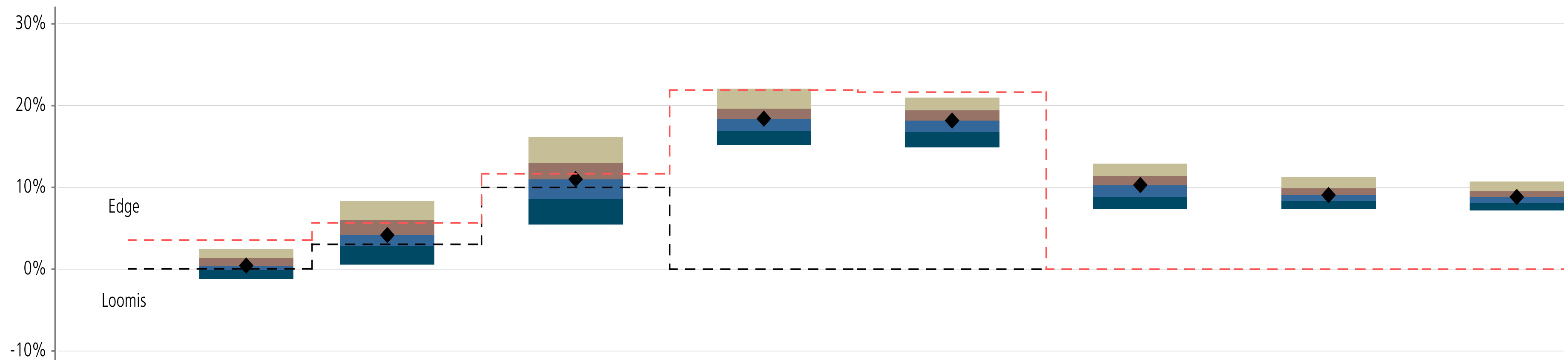
Domestic Small Cap Growth Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Insight SCG	3.18	30	8.93	45	-1.86	99	13.83	98	17.95	81	-	-	-	-	-	-
OShaughnessy	0.47	78	5.60	81	5.43	93	19.38	58	18.95	64	-	-	-	-	-	-
Ru2500Gr	0.61	76	8.09	55	11.30	53	20.35	42	19.55	56	11.60	60	10.32	50	10.06	58
5 Percent	6.42	-	14.85	-	19.04	-	24.55	-	23.01	-	14.85	-	12.08	-	11.97	-
25 Percent	3.40	-	10.40	-	14.23	-	22.25	-	21.13	-	13.27	-	11.06	-	10.86	-
Median	1.96	-	8.58	-	11.94	-	19.88	-	19.75	-	12.06	-	10.32	-	10.22	-
75 Percent	0.75	-	6.41	-	8.72	-	17.57	-	18.21	-	10.62	-	9.39	-	9.16	-
95 Percent	-1.27	-	3.58	-	5.07	-	15.34	-	16.27	-	8.73	-	7.52	-	7.63	-

Distribution of Return - Domestic Large Cap Growth

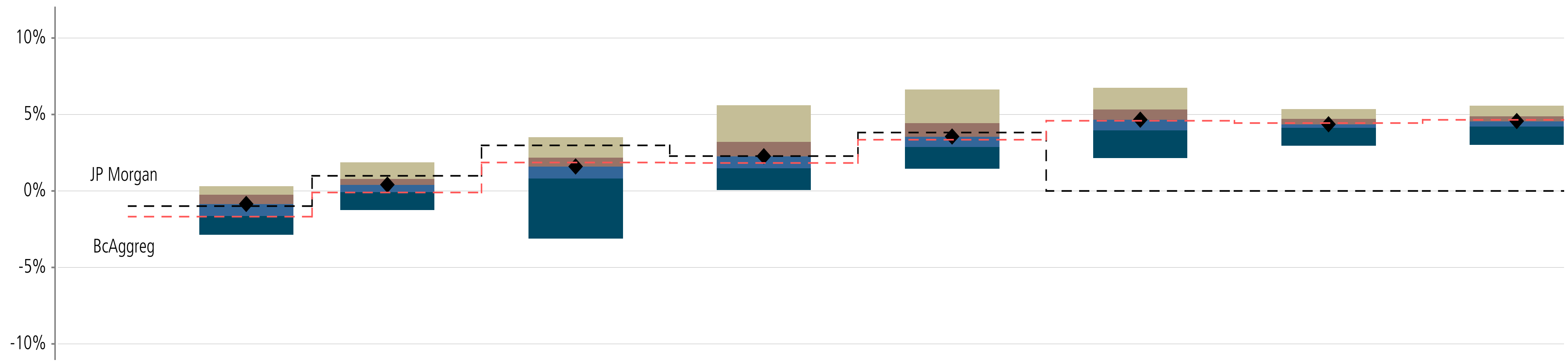
Domestic Large Cap Growth Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Loomis	0.05	69	3.04	73	9.99	62	-	-	-	-	-	-	-	-	-	-
Edge	3.57	2	5.67	28	11.67	42	21.90	6	21.64	1	-	-	-	-	-	-
R1000Gr	0.12	67	3.96	54	10.56	56	17.99	55	18.59	40	10.50	43	9.10	48	8.41	65
Wil Lg Gr	0.74	42	4.54	45	11.53	44	19.27	31	18.67	39	10.30	49	9.20	44	8.70	53
5 Percent	2.42	-	8.31	-	16.15	-	22.04	-	20.96	-	12.90	-	11.27	-	10.69	-
25 Percent	1.39	-	5.98	-	12.97	-	19.64	-	19.43	-	11.44	-	9.91	-	9.52	-
Median	0.44	-	4.17	-	11.01	-	18.40	-	18.17	-	10.29	-	9.06	-	8.83	-
75 Percent	-0.09	-	2.87	-	8.57	-	16.93	-	16.78	-	8.82	-	8.34	-	8.11	-
95 Percent	-1.22	-	0.58	-	5.45	-	15.22	-	14.91	-	7.40	-	7.38	-	7.20	-

Distribution of Return - Domestic Fixed Income

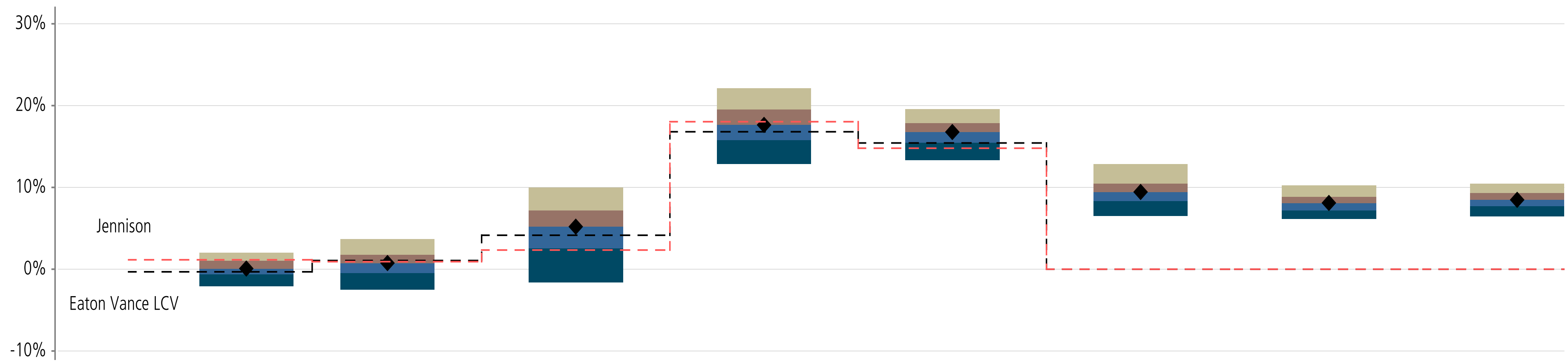
Domestic Fixed Income Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
JP Morgan	-0.99	56	0.99	17	2.98	9	2.28	50	3.82	43	-	-	-	-	-	-
BcAggreg	-1.68	77	-0.10	77	1.86	36	1.83	61	3.35	56	4.59	52	4.44	40	4.65	46
5 Percent	0.29	-	1.87	-	3.52	-	5.60	-	6.63	-	6.76	-	5.33	-	5.55	-
25 Percent	-0.25	-	0.81	-	2.20	-	3.23	-	4.44	-	5.34	-	4.71	-	4.88	-
Median	-0.85	-	0.41	-	1.60	-	2.27	-	3.56	-	4.66	-	4.36	-	4.57	-
75 Percent	-1.62	-	-0.07	-	0.82	-	1.48	-	2.87	-	3.98	-	4.14	-	4.22	-
95 Percent	-2.85	-	-1.23	-	-3.11	-	0.06	-	1.46	-	2.15	-	2.95	-	3.02	-

Distribution of Return - Domestic Large Cap Value

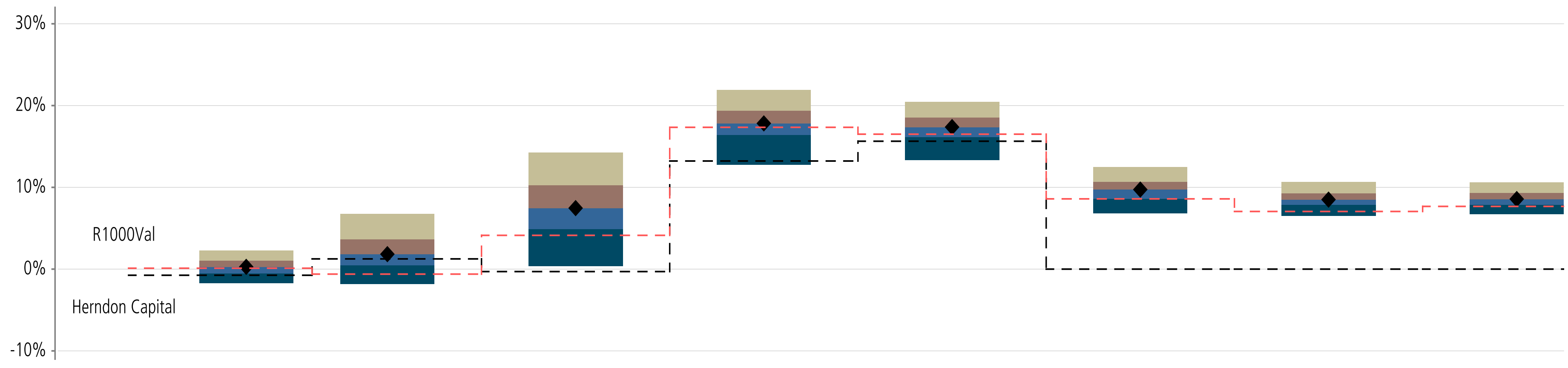
Domestic Large Cap Value Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Eaton Vance LCV	-0.32	65	1.06	45	4.15	63	16.80	67	15.43	76	-	-	-	-	-	-
Jennison	1.15	24	0.92	47	2.34	77	18.03	43	14.79	86	-	-	-	-	-	-
R1000Val	0.11	49	-0.61	79	4.13	63	17.34	59	16.50	58	8.59	70	7.05	80	7.67	77
5 Percent	2.02	-	3.67	-	9.98	-	22.14	-	19.57	-	12.83	-	10.22	-	10.44	-
25 Percent	1.08	-	1.78	-	7.19	-	19.55	-	17.87	-	10.44	-	8.85	-	9.32	-
Median	0.08	-	0.75	-	5.20	-	17.64	-	16.77	-	9.44	-	8.10	-	8.48	-
75 Percent	-0.60	-	-0.45	-	2.59	-	15.81	-	15.48	-	8.33	-	7.20	-	7.72	-
95 Percent	-2.08	-	-2.49	-	-1.62	-	12.85	-	13.35	-	6.51	-	6.15	-	6.44	-

Distribution of Return - Domestic Large Cap

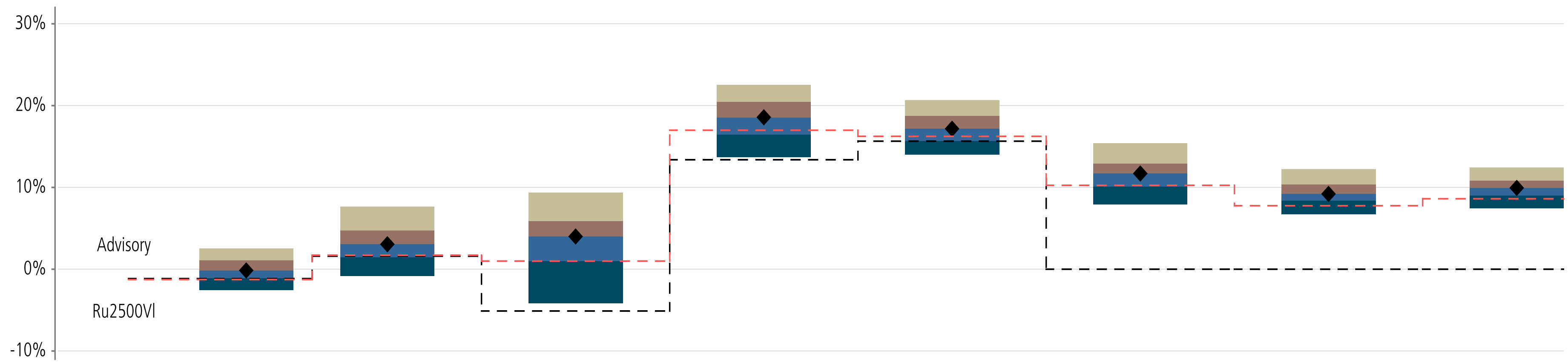
Domestic Large Cap Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Herndon Capital	-0.75	82	1.25	61	-0.30	96	13.22	93	15.64	80	-	-	-	-	-	-
R1000Val	0.11	55	-0.61	88	4.13	81	17.34	60	16.50	69	8.59	75	7.05	90	7.67	83
5 Percent	2.26	-	6.72	-	14.22	-	21.92	-	20.42	-	12.51	-	10.63	-	10.62	-
25 Percent	1.04	-	3.63	-	10.26	-	19.41	-	18.54	-	10.70	-	9.27	-	9.36	-
Median	0.28	-	1.83	-	7.46	-	17.82	-	17.37	-	9.73	-	8.50	-	8.57	-
75 Percent	-0.52	-	0.46	-	4.87	-	16.43	-	16.15	-	8.62	-	7.84	-	7.89	-
95 Percent	-1.70	-	-1.80	-	0.34	-	12.75	-	13.32	-	6.81	-	6.49	-	6.71	-

Distribution of Return - Domestic Small Cap Value

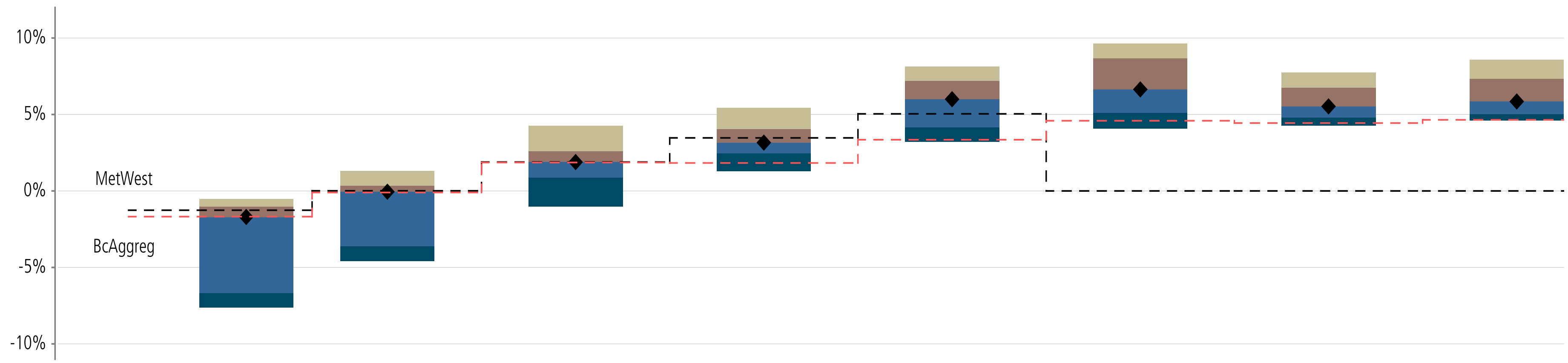
Domestic Small Cap Value Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Advisory	-1.15	76	1.59	73	-5.11	96	13.38	96	15.65	75	-	-	-	-	-	-
Ru2500Vl	-1.27	80	1.71	73	0.99	76	16.99	70	16.24	69	10.25	71	7.76	84	8.61	80
5 Percent	2.53	-	7.64	-	9.34	-	22.55	-	20.66	-	15.41	-	12.22	-	12.45	-
25 Percent	1.09	-	4.75	-	5.88	-	20.47	-	18.76	-	12.93	-	10.39	-	10.85	-
Median	-0.15	-	3.05	-	4.00	-	18.57	-	17.17	-	11.70	-	9.20	-	9.94	-
75 Percent	-1.11	-	1.46	-	1.02	-	16.45	-	15.68	-	10.09	-	8.38	-	9.03	-
95 Percent	-2.56	-	-0.83	-	-4.15	-	13.70	-	14.02	-	7.93	-	6.75	-	7.43	-

Distribution of Return - Domestic Long Term Fixed

Domestic Long Term Fixed Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
MetWest	-1.26	36	0.01	44	1.89	50	3.47	43	5.04	62	-	-	-	-	-	-
BcAggreg	-1.68	49	-0.10	52	1.86	52	1.83	88	3.35	92	4.59	86	4.44	88	4.65	91
5 Percent	-0.53	-	1.31	-	4.27	-	5.43	-	8.13	-	9.64	-	7.74	-	8.57	-
25 Percent	-1.02	-	0.35	-	2.61	-	4.05	-	7.20	-	8.67	-	6.75	-	7.34	-
Median	-1.70	-	-0.05	-	1.89	-	3.16	-	6.00	-	6.64	-	5.53	-	5.85	-
75 Percent	-6.67	-	-3.60	-	0.88	-	2.47	-	4.16	-	5.11	-	4.79	-	5.02	-
95 Percent	-7.62	-	-4.58	-	-1.03	-	1.28	-	3.21	-	4.07	-	4.28	-	4.61	-

Manager Performance Analysis Report

Managers Included in the Analysis			
Managers	Start Date	Portfolio Title	Sample
Composite	6/04	Lansing Board of Water & Light - Defined Benefit Composite	Domestic Balanced
Advisory Research	5/09	Lansing Board of Water & Light - Db - Advisory Research	Domestic Small Cap Value
Cash	1/09	Lansing Board of Water & Light - Cash	-
Eaton Vance Large Cap Value	1/09	Lansing Board of Water & Light - Eaton Vance	Domestic Large Cap Value
Edgewood Mgmg. Co.	1/09	Lansing Board of Water & Light - Edgewood	Domestic Large Cap Growth
Herndon Capital Management	8/09	Lansing Board of Water & Light DB - Herndon Capital	Domestic Large Cap
Insight SC Growth	1/09	Lansing Board of Water & Light - Insight	Domestic Small Cap Growth
JP Morgan	1/09	Lansing Board of Water & Light - JP Morgan	Domestic Fixed Income
JP Morgan Intl Value	3/09	Lansing Board Of Water & Light - JP Morgan International	International Common Stock
Jennison Associates Capital	1/09	Lansing Board of Water & Light - Jennison	Domestic Large Cap Value
Loomis Sayles	1/13	Lansing Board of Water & Light - Loomis	Domestic Large Cap Growth
MFS Investment Management	1/09	Lansing Board of Water & Light - MFS	International Common Stock
MetWest	3/09	Lansing Board of Water & Light - MetWest	Domestic Long Term Fixed
OShaughnessy	1/09	Lansing Board of Water & Light - OShaughnessy	Domestic Small Cap Growth
Wentworth International Growth	1/09	Lansing Board of Water & Light - Wentworth	International Common Stock

Portfolio Information

Portfolio Information

Policy Index as of 6/2004

Barclay Aggregate	35.00
Russell 1000 Growth	15.00
Russell 1000 Value	15.00
MSCI EAFE	15.00
Russell 1000	10.00
Russell 2000 Growth	5.00
Russell 2000 Value	5.00

Policy Index as of 1/2009

Russell 1000	45.00
Barclay Aggregate	31.00
MSCI EAFE	14.00
Russell 2500 Value	4.00
Russell 2000 Growth	3.00
Russell 2500 Growth	3.00

60% Equity 40% Fixed Blend as of 6/2004

ML Capital Markets Index	100.00

60% Equity 40% Fixed Blend as of 6/2009

Wilshire 5000 With Income	60.00
BofAML US Corp, Govt &Mortg	38.00
BofAMLHigh Yield Master Bond	2.00

Portfolio Information

Portfolio Information

MLPF&S, Bank of America, N.A., and Merrill Lynch Life Agency Inc. are wholly owned subsidiaries of Bank of America Corporation.

MLPF&S and Bank of America, N.A. make available investment products sponsored, managed, distributed or provided by companies that are affiliates of BofA Corp. or in which BofA Corp. has a substantial economic interest.

Important Information About This Report

The Institutional Performance Report (IPR) is provided for performance measurement purposes only. The inclusion of any particular manager, security, or other investment vehicle in this report does not constitute a recommendation, endorsement, or ongoing due diligence by Merrill Lynch of any kind with regard to the suitability or the appropriateness of continued investment.

In certain cases, investment accounts are held at Merrill Lynch, Pierce, Fenner & Smith Incorporated, Member SIPC. Bank deposits are held at Bank of America, N.A. and affiliated banks or other depository institutions and are covered by FDIC insurance up to applicable limits. Bank deposits are not protected by SIPC.

You may have identified a value for specific alternative investments and/or other "special" assets all or a portion of which are custodied in non-Merrill Lynch accounts. Be sure to periodically review these accounts with your Financial Advisor, and advise if there have been any changes to the accounts holdings or value.

This Report is designed to assist you in the evaluation of your account(s). In combination with the ongoing advice and guidance of your Merrill Lynch Financial Advisor, the Report helps you in the review phase of the portfolio evaluation process. Please contact your Financial Advisor if you have any questions regarding the information contained in the Report.

This Report provides important information about your account(s), market indices, goals and risk level. The return information for the account(s), market indices and return comparison charts reflect time-weighted rates of return unless the returns are labeled "money weighted rates of return." Time-weighted rates of return should be used to judge the performance of the selected investment manager(s) and the money-weighted rates of return should be used to assess overall growth and accumulation of wealth. Both return calculations reflect transaction costs, market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income. Partial Month index returns are not available. The treatment of fees is discussed below.

Data Explanation for Institutional Performance Report

In connection with the information in the Institutional Performance Report, such as the comparisons of the returns of an Institutional Performance Report client's portfolio with those of the selected market indexes

Portfolio Information

Portfolio Information

and other professionally managed portfolios, it should be noted that:

1. Changes in portfolio valuations due to capital gains or losses, dividends, interest or other income are included in the calculation of returns.
2. Transaction costs, such as commissions, are included in the purchase cost or deducted from the proceeds of a sale of a security.
3. Portfolio returns are generally shown before the deduction of investment advisory fees. Investment advisory fees (when reported to Merrill Lynch) are treated as a portfolio withdrawal rather than as a reduction in income and therefore do not reduce returns (unless the client requests that these fees be treated as a reduction in income).
4. When client assets are maintained by an unaffiliated custodian, Merrill Lynch will rely upon the data supplied by the custodian or third party manager in preparing the Institutional Performance Report. Merrill Lynch is not responsible for the accuracy of this data. When special circumstances come to its attention, Merrill Lynch reserves the right to make adjustments which, in its judgment, would more accurately reflect the value of securities held in, and the performance of, a particular portfolio.

When making performance comparisons, it should be noted that:

1. Differences in transaction costs among portfolios will affect portfolio comparisons.
2. The market indexes shown in the Institutional Performance Report do not include transaction costs. If available, an actual investment in these indexes, or in the securities comprising the indexes, would require an investor to incur transaction costs and performance would be reduced by such costs, and their compounded effect. Market indexes or other benchmark returns are shown for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.
3. Performance information from third party sources may differ from that shown in the Institutional Performance Report. These differences may be due to different methods of analysis, different pricing sources, treatment of accrued income, and different accounting procedures. For example, infrequently traded fixed income securities may be priced according to yields calculated on a matrix system which may vary among pricing sources. As another example, if sufficient data is available, Institutional Performance Reports are prepared on a trade date basis, and Institutional Performance Report performance information may differ from reports prepared on a settlement date basis.

Portfolio Information

4. Mutual Fund Data Analysis reports as well as valuations of hedge funds are prepared based on information from third party sources. This information has not been verified and cannot be guaranteed. This data may include estimates and is subject to revision.

Pricing of Securities

Pricing of securities is provided for your information. Your Merrill Lynch Account Statement or the account statements provided by other custodians reflect your official record of holdings, balances, and security values. Unless otherwise indicated, values reflect current information as of the date shown at the top of each report. Alternative investments and other "special" assets for which no independent custodial statement is provided will be valued on the basis of information you have provided. Please review these holdings and values with your Financial Advisor on a regular basis.

Performance

Account values, cash flows and returns may differ from other sources due to differing methods of pricing, accounting or calculation. Depending on the source of the data, performance may be reported on either a trade date or settlement date basis. If the information flows from a custodian who reports on a trade date basis, the performance information will be reported on trade date. If the custodian reports information on a settlement date basis, the Institutional Performance Report will reflect settlement date data. From time to time, asset valuation or transaction data may be adjusted, which in turn may impact the portfolio performance calculations and other information shown in the report.

Account returns presented "Net of Fees" reflect the deduction of account fees. Account returns presented "Gross of Fees" are shown without the impact of fees in order to make them comparable to the returns of the market indices. Market indices or other benchmark returns are shown for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.

It is very important that you provide Merrill Lynch with current information regarding the management of your account(s). If there have been any changes to your financial situation or investment objectives, or if you wish to impose reasonable restrictions on the management of your account(s) or to make reasonable modifications to any existing restrictions, please contact your Financial Advisor so that this information can be updated.

The valuation of alternative investments is prepared based upon information from third party sources. The information has not been verified and cannot be guaranteed. This data may include estimates and is subject to revision. If an account has been managed by more than one manager, the manager name in the report reflects the current manager. However, the return and standard deviation information may be calculated using the entire history of each account. Note that this Report may also include information regarding account(s) that are not managed by an investment manager (i.e., where you make the investment

Portfolio Information

decisions).

Asset Allocation

Your Financial Advisor may have customized an asset allocation for your specific situation. Regularly review your asset allocation with your Financial Advisor. Asset allocation does not assure a profit or protect against a loss in declining markets. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns.

Important Note about Alternative Investments:

Alternative investments can provide diversification benefits not obtained from more traditional investments, but should be carefully considered based on your investment objectives, risk tolerance and net worth. Alternative investments are often long-term, illiquid investments that are not easily valued. Note that not all assets that could be considered alternative investments are necessarily reflected in the alternative investment allocation.

- For Alternative Investments, Exchange Funds, Hedge Funds, Private Equity, Managed Futures Precious Metals and select Market-Linked Investments may be included.
- For "Other" and "Hard" Assets, items that are not easily classified into the asset classes above (such as business interests, investment real estate, options, and life insurance) are shown for informational purposes only and are not part of your analysis.

Alternative Investment Risks

Alternative Investments carry risks and returns which are generally not correlated with more traditional investments (i.e. equities, fixed income and cash) including Managed Futures, Hedge Funds, Private Equities, income producing Real Estate, Precious Metals, and Market-Linked Investments. For investors who may want to consider alternative investments as part of a diversified portfolio, careful consideration should be given to the risks associated with these investments. The investors investment objectives, risk tolerance and net worth should be appropriate for this asset class as alternative investments are often long-term, illiquid investments that are not easily valued. Often specific levels of net worth and liquidity are required in making certain alternative investments (e.g., for some alternative investments, net worth of $5 million or more is required). In addition, the timing of capital calls and distributions may not be predictable; periodic pricing or valuation information may not be available; and complex tax structures may be utilized and there may be delays in distributing important tax information. Whether a particular investment meets the investment objectives and risk parameters of any particular client must be determined on a case by case basis. No assurance can be given that the investment objectives of any particular alternative investment will be achieved. Many alternative investment products are sold pursuant to exemptions from registration with

Portfolio Information

the SEC and may not be subject to the same regulatory requirements as other investment products, such as mutual funds. In addition, each product will be subject to its own specific risks, including strategy and market risk. Certain alternative investments require tax reports on Schedule K-1 to be prepared and filed. As a result, investors will likely be required to obtain extensions for filing federal, state, and local income tax returns each year. For information regarding specific risks of any alternative investment, obtain a copy of the prospectus.

Tax Considerations

Neither Merrill Lynch nor any of its affiliates or financial advisors provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

Client Review Responsibilities for Off Platform Managers

It is important for you to understand that you are responsible for the continued review of the accounts and the performance of investment manager that are not included on a Merrill Lynch managed account platform. You must contact your investment manager if you have any questions or concerns.

We also want to take this opportunity to remind you that for off platform managers, Merrill Lynch will not:

- perform any ongoing due-diligence review with respect to your selected investment manager;
- make any representation concerning your investment manager's abilities or qualifications as an investment adviser; and
- bear responsibility for any of the services rendered, for any information provided, or for any recommendations made by your investment manager with respect to an off platform account.

As such, we strongly encourage you to contact your investment manager on a periodic basis to: (1) discuss your account and its investment performance, (2) review the investment manager's philosophy and style of management (so that you may determine the ongoing compatibility of your investment manager to your level of risk tolerance), (3) discuss any restrictions you may wish to impose or modify on your account, (4) request information regarding conflicts of interest between you and your investment manager, and (5) receive a current copy of the investment manager's Form ADV filing and/or disclosure statement for review. We also suggest that you periodically check the registration status and other information regarding your investment manager, including disciplinary events, at the SEC's website: http://www.adviserinfo.sec.gov.

It is very important that you provide Merrill Lynch and your investment manager with current information regarding the management of your account; particularly if there have been any changes to your financial situation or investment objectives. You should understand that you are responsible for monitoring any investment restrictions, if any, on your account, reviewing such investment restrictions with your investment manager and advising the investment manager of any discrepancies or modifications to such restrictions.

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Consulting Services clients should look to the Consulting Services Disclosure Statement for a description of the important responsibilities that you will continue to have regarding your investment manager. SPA clients should carefully read your SPA Disclosure Statement for further information regarding off platform managers. If you would like to receive a complimentary copy of the current Consulting Services or SPA Disclosure Statement, please send a written request to our administrative offices at the following address: Merrill Lynch, MAS Business Management, 101 Hudson Street, 9th flr., Jersey City, NJ 07302-3997.

Summary Annual Report

Plan for Employees' Pension of the Board of Water and Light – City of Lansing, Michigan – Defined Benefit Plan

For the Plan Year Ended February 28, 2015

This summary annual report is prepared by the management of the City of Lansing by its Board of Water and Light (d/b/a the Lansing Board of Water and Light). It is prepared pursuant to the requirements of State of Michigan Act No. 347 of 2012, Section 13. (3)(i), and contains the information required by that Act. The names of the System Investment Fiduciaries and the System Service Providers are current as of July 31, 2015. Investment performance is based upon returns for the calendar years 2004 – 2014. Actual and budgeted expenditures are based upon calendar years 2014 and 2013, respectively. All other information is for the System plan years ended February 28, 2015 and February 28, 2014.

Name of the System - Plan for Employees' Pension of the Board of Water and Light – City of Lansing, Michigan – Defined Benefit Plan.

Names of the System Investment Fiduciaries – The eight members of Board of Commissioners of the Lansing Board of Water and Light (David Price (Chairperson), Dennis M. Louney, Tony Mullen, Tracy Thomas, Ken Ross, Mark Alley, Anthony McCloud, Sandra Zerkle), General Manager Richard Peffley, and Heather Shawa-DeCook, Chief Financial Officer.

Names of the System Service Providers:

Investment Advisor and Plan Administrator - Merrill Lynch Wealth Management, Marie A. Vanerian – Senior Vice President, Wealth Management

Investment Managers:

Advisory Research – SMID Cap Value	ccrawshaw@advisoryresearch.com
Eaton Vance – Large Cap Value	CMurphy1@eatonvance.com
Edgewood Management – Large Cap Growth	JCarrier@edgewood.com
Herndon Capital Management – Large Cap Value	MSydnor@atlantalife.com
Insight – Small Cap Growth	Philip.Hamilton@ICRM.com
JPMorgan – Fixed Income	Brian.t.miller@jpmorgan.com
JPMorgan International – International Value	Brian.t.miller@jpmorgan.com
Jennison Associates - Large Cap Value	TMacdonald@jennison.com

Loomis Sayles - Large Cap Growth	DSowerby@loomissayles.com
MFS Investment - International Core	JKelley3@mfs.com
MetWest – Fixed Income	David.Vick@tcw.com
O'Shaughnessy - SMID Cap Growth	Ari.rosenbaum@osam.com
Wentworth – International Growth	Gladstein.l@whv.com

System Assets, Liabilities, and Changes in Net Plan Assets:

	2/28/2015	2/28/2014	Change
Market Value of Plan Assets	$77,616,673	$80,181,680	($2,565,007)
Accrued Liability	$67,042,338	$70,042,457	($3,000,119)
Net Plan Assets	$10,574,335	$10,139,223	$435,112

System Funded Ratio – 116%

System Investment Performance Net of Fees on a Calendar Year Basis (2004 – 2014):

1 Year:	5.54%
3 Years:	11.80%
5 Years:	10.07%
7 Years:	2.69%
10 Years:	4.98%

System Administrative and Investment Expenditures (Calendar Year 2014):

Administrative Expenses:	$13,000.00
Investment Expenses:	$595,126.91

System Budgeted Expenditures (Calendar Year 2015):

Administrative Expenses:	$13,000.00
Investment Expenses:	$595,000.00

System Information from the 2015 Actuarial Report:

Number of Active and Inactive Members:	2 2
Number of Retirees and Beneficiaries:	398
Average Annual Retirement Allowance:	$17,974
Total Annual Retirement Allowances Being Paid:	$7,153,476
Valuation Payroll:	$1,017,849
Normal Cost of Benefits as a Percent of Payroll:	20%
Total Contribution Rate as a Percent of Payroll:	20%
Weighted Average of Member Contributions:	0%
Actuarial Assumed Rate of Investment Return:	7.5%
Actuarial Assumed Rate of Long-term Wage Inflation:	6% - 10%
Smoothing Method Used for Funding Value of Assets:	none
Amortization Method and Period Used for Unfunded Liabilities:	15 years, with fresh start
Actuarial Cost Method:	Projected Unit Credit Cost
Open or Closed System Membership:	Closed as of December 31, 1996

Lansing Board of Water and Light Employees' Defined Contribution Pension Plan

Financial Report

with Supplemental Information

June 30, 2015

Lansing Board of Water and Light
Employees' Defined Contribution Pension Plan

Contents

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East Lansing, MI 48823
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Fax: 517.332.8502
plantemoran.com

Independent Auditor's Report

To the Honorable Mayor, Members of
the City Council, and Commissioners
of the Board of Water and Light
Lansing Board of Water and Light Employees'
Defined Contribution Pension Plan
City of Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (the "Plan") as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Honorable Mayor, Members of
the City Council, and Commissioners
of the Board of Water and Light
Lansing Board of Water and Light Employees'
Defined Contribution Pension Plan

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the net position of Lansing Board of Water and Light Employees' Defined Contribution Pension Plan as of June 30, 2015 and 2014, and the changes in its net position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 and 4 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Lansing Board of Water and Light Employees' Defined Contribution Pension Plan's basic financial statements. The statement of changes in net position by fund is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The statement of changes in net position by fund is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the statement of changes in net position by fund is fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

August 28, 2015

Using this Annual Report

This annual report consists of two parts: (1) management's discussion and analysis (this section) and (2) the basic financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior two years:

	2015	2014	2013
Assets held in trust:			
Mutual funds	$ 136,010,607	$ 130,442,786	$ 109,882,178
Stable value	31,844,948	33,607,203	32,243,585
Participant notes receivable and other	5,265,081	5,229,750	4,768,679
Net position	**$ 173,120,636**	**$ 169,279,739**	**$ 146,894,442**
Changes in plan assets:			
Net investment income	$ 7,317,020	$ 23,453,570	$ 16,035,621
Employer and participant contributions	6,893,841	6,521,703	7,889,794
Benefits paid to participants	(10,451,713)	(7,645,116)	(9,097,209)
Loan defaults and other increases	81,749	55,140	45,192
Changes in net position	**$ 3,840,897**	**$ 22,385,297**	**$ 14,873,398**

During fiscal year 2015, net investment income was $7.3 million.

Investment Objectives

The principal purpose of the Plan is to provide benefits at a normal retirement age. The Plan's funds are selected to optimize return on a risk-adjusted basis within each asset class, to provide an opportunity to create a well-diversified portfolio, to control administrative and management cost, and to comply with relevant Michigan and federal law.

The Plan allows each participant to direct the investment of the funds in his or her plan accounts. The Lansing Board of Water and Light (the "BWL") will offer various investment options (consistent with the investment policy statement), among which participants may choose to invest their respective interests in the Plan. The BWL periodically reviews the performance of investment options available to participants to ensure that each such option is meeting its investment objectives.

Investment Results

The fiscal year ended June 30, 2015 saw a net investment income of $7.3 million. Total assets held in trust at the end of the fiscal year were $173.1 million.

Future Events

The BWL has no current plans to revise the terms of its defined contribution pension plan.

Contacting the Plan's Management

This financial report is intended to provide a general overview of the Plan's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the office of Heather Shawa-Decook, Chief Financial Officer, at P.O. Box 13007, Lansing, Michigan 48901-3007.

Statement of Net Position

	June 30	
	2015	2014
Assets		
Participant-directed investments (Note 1):		
Mutual funds:		
Money market	$ 228,799	$ 117,793
Bond and equity funds	17,657,647	16,556,877
Stock funds	64,962,538	60,617,315
Balanced funds	30,214,407	29,495,580
Growth funds	6,269,076	6,144,760
International funds	16,678,140	17,510,461
Total mutual funds	136,010,607	130,442,786
Stable value	31,844,948	33,607,203
Self-directed brokerage account	1,376,730	1,147,041
Total participant-directed investments	169,232,285	165,197,030
Participant notes receivable	3,888,351	4,082,709
Net Position	**$ 173,120,636**	**$ 169,279,739**

See Notes to Financial Statements.

Statement of Changes in Net Position

	Year Ended June 30	
	2015	2014
Increase		
Investment income:		
Net appreciation in fair value of investments	$ 21,201	$ 17,907,856
Dividend income	7,295,819	5,545,714
Total investment income	7,317,020	23,453,570
Employer contributions (Note 1)	5,548,360	5,467,824
Participant rollover contributions	1,345,481	1,053,879
Interest from participant notes receivable	155,010	155,997
Other	152,128	114,992
Total increase	14,517,999	30,246,262
Decrease		
Benefits paid to participants	10,451,713	7,645,116
Loan defaults	125,254	119,694
Participants' note and administrative fees	100,135	96,155
Total decrease	10,677,102	7,860,965
Change in Net Position	3,840,897	22,385,297
Net Position		
Beginning of year	169,279,739	146,894,442
End of year	**$ 173,120,636**	**$ 169,279,739**

Note 1 - Description of the Plan

The following description of Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (the "Plan") provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General - The Plan was established by the Lansing Board of Water and Light (the "BWL") in 1997 under Section 5-203 of the City Charter. Prior to its establishment, the BWL sponsored a defined benefit plan (Plan for Employees' Pensions of the Board of Water and Light - City of Lansing, Michigan - Defined Benefit Plan) in which substantially all employees of the BWL were participants. Effective December 1, 1997, all active participants of the defined benefit plan were required to make an irrevocable choice to either remain in the defined benefit plan or move to the newly established defined contribution plan (Lansing Board of Water and Light Employees' Defined Contribution Plan). Those participants who elected to move to the defined contribution plan received lump-sum distributions from the defined benefit plan, which were rolled into their accounts in the new defined contribution plan. Of the 760 active participants who were required to make this election, 602 elected to convert their retirement benefits to the newly established defined contribution plan. As a result of this action, effective December 1, 1997, the board of commissioners transferred $75,116,470 to the newly established defined contribution plan, reflecting the plan participants' accumulated benefits as of said date.

ICMA-RC performs administrative duties associated with the Plan in its role as plan administrator.

Contributions - For employees hired before January 1, 1997, the BWL is required to contribute 15 percent of the employees' compensation. For employees hired on or after January 1, 1997, the BWL is required to contribute 8.1 percent of the employees' compensation. In addition, the BWL is required to contribute an additional 3.0 percent of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5 percent of the employees' compensation for all nonbargaining employees. The board of commissioners of the Board of Water and Light - City of Lansing may amend the Plan's provisions and contribution requirements.

Note 1 - Description of the Plan (Continued)

Participant Accounts - Each participant's account is credited with the participant's rollover contributions and withdrawals, as applicable, and allocations of the BWL's contributions and plan earnings. Allocations are based on participants' earnings or account balances, as defined in the plan document. Forfeited balances of terminated participants' nonvested accounts are used to reduce future BWL contributions. The benefit to which a participant is entitled is the benefit that can be provided from the participant's account.

As of June 30, 2015, there were 878 participants in the Plan, of which 725 were active employees. As of June 30, 2014, there were 822 participants in the Plan, of which 628 were active employees.

Vesting - Participants become vested in the BWL contribution and related earnings after completing three years of service, at a rate of 25 percent each year. Participants become fully vested after six years of service.

Investment Options - Participants may direct contributions in any of the following investment options, which are administered by ICMA-RC. Since ICMA-RC is the custodian as defined by the Plan, transactions in the ICMA funds qualify as transactions with parties in interest.

Stable Value - Seeks safety of principal, adequate liquidity, and returns superior to shorter maturity alternatives by actively managing a diversified portfolio of assets issued by highly rated financial institutions and corporations as well as obligations of the U.S. government or its agencies.

Balanced - Seeks both current income and capital appreciation by investing in a combination of stocks, bonds, and money market instruments.

Growth - Seeks long-term capital appreciation by investing primarily in equity securities of companies with above-average growth prospects. Current income is a secondary concern.

Note 1 - Description of the Plan (Continued)

International - Seeks long-term capital appreciation by investing primarily in equity securities of issuers located outside of the U.S.

Stock Funds - Seeks long-term growth through capital gains, although historically, dividends have been an important source of total return. These funds primarily invest in the common stocks of companies based in the United States. There are many options for diversification within this category.

Bond and Equity Funds - Seeks to maximize current income with capital appreciation as a secondary consideration by investing primarily in debt securities issued by the U.S. government or its agencies and domestic and foreign corporations. They are not fixed-income investments. Even when a mutual fund's portfolio is composed entirely of bonds, the fund itself has neither a fixed yield nor a contractual obligation to give investors back their principal at some later maturity date - the two key fixed characteristics of individual bonds.

Self-directed Brokerage Account - Participants with a minimum account balance of $35,000 may transfer from their fund accounts a minimum of $5,000 to a self-directed brokerage account. Eligible investments are equity securities traded on U.S. exchanges valued at greater than $5 and over 400 mutual funds from 18 investment management companies. Participants pay a one-time set-up fee of $50.

Participant Notes Receivable - Participants may borrow from their fund accounts a minimum of $1,000 up to a maximum of the lesser of $50,000 or 50 percent of their account balances. Notes receivable are treated as transfers between the investment fund and the notes receivable fund. Note terms range from one to five years or up to 20 years for the purchase of a primary residence. The notes receivable are secured by the balance in the participant's account and bear interest at a rate commensurate with prevailing rates as determined periodically by the plan administrator. Principal and interest are paid ratably through payroll deductions.

Payment of Benefits - Upon termination of service, a participant may elect to receive either a lump-sum amount equal to the value of the participant's vested interest in his or her account, or choose from a variety of periodic payment options.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting - The financial statements of the Plan have been prepared using the accrual method of accounting in accordance with Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans*.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of additions and deductions during the reporting period. Actual results could differ from those estimates.

Valuation of Investments and Income Recognition - The investments are stated at market value based on closing sales prices reported on recognized securities exchanges on the last business day of the year, or for listed securities having no sales reported, and for unlisted securities, upon the last reported bid prices on that date. The mutual funds are valued at quoted market prices, which represent the net asset values of shares held by the Plan at year end.

Purchases and sales of investments are recorded on a trade-date basis. Interest income is accrued when earned. Dividend income is recorded on the ex-dividend date.

Participant Notes Receivable - Participant notes receivable are recorded at their unpaid principal balances plus any accrued interest. Participant notes receivable are written off when deemed uncollectible.

Expenses - The Plan's expenses are paid by the BWL as provided by the plan document.

Regulatory Status - The Plan is not subject to the reporting requirements of the Employee Retirement Income Security Act of 1974 (ERISA) as it has been established for the benefit of a governmental unit.

Note 3 - Investments

The pension trust fund is authorized by Michigan Public Act 314 of 1965, as amended, to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Plan's deposits and investment policies are in accordance with PA 196 of 1997 and has authorized the investments according to Michigan PA 314 of 1965, as amended.

Risks at June 30, 2015

Custodial Credit Risk of Bank Deposits - At the end of the year, the Plan has no bank deposits.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds	$ 136,010,607	Not rated	Not rated
Stable value	31,844,948	AA	S&P

Risks at June 30, 2014

Custodial Credit Risk of Bank Deposits - At the end of the year, the Plan has no bank deposits.

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds	$ 130,442,786	Not rated	Not rated
Stable value	33,607,203	AA	S&P

Note 4 - Plan Termination

Although it has not expressed any intention to do so, the BWL has the right under the Plan to terminate the Plan subject to the provisions set forth in Article 12 of the Plan. In the event of any termination of the Plan, or upon complete or partial discontinuance of contributions, the accounts of each affected participant shall become fully vested.

Note 5 - Tax Status

The Plan is a prototype plan. The prototype plan has received a favorable opinion letter from the Internal Revenue Service (IRS) indicating that the prototype plan, as designed, is qualified for federal income tax-exempt status. The Plan has not individually sought its own determination letter.

Note 6 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This statement will also enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Plan is currently evaluating the impact this standard will have on the financial statements when adopted, during the Plan's 2016 fiscal year.

Supplemental Information

Lansing Board of Water and Light
Employees' Defined Contribution Pension Plan

Statement of Changes in Net Position by Fund

	Money Market		Bond Funds	
	Year Ended June 30		Year Ended June 30	
	2015	2014	2015	2014
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 410	$ 485	$ (845,789)	$ 449,026
Interest income	-	-	-	-
Dividend income	-	-	813,414	555,414
Employer contributions	13,977	13,731	477,593	487,362
Participant rollover contributions	-	-	25,541	33,403
Loan repayments	21,638	4,550	197,715	173,174
Interest from participant notes receivable	-	-	-	-
Other	-	-	(2,216)	13
Total increase, net of realized and unrealized gains and losses	36,025	18,766	666,258	1,698,392
Decrease				
Benefits paid to participants	150,217	64,086	660,545	536,673
Loans to participants	2,210	3,572	197,409	169,585
Loan defaults	-	-	-	-
Participants' note and administrative fees	327	972	24,358	21,360
Total decrease	152,754	68,630	882,312	727,618
Net (Decrease) Increase Prior to Interfund Transfers	(116,729)	(49,864)	(216,054)	970,774
Interfund Transfers	227,735	(250,764)	1,316,824	(852,733)
Net Increase (Decrease)	111,006	(300,628)	1,100,770	118,041
Net Position				
Beginning of year	117,793	418,421	16,556,877	16,438,836
End of year	**$ 228,799**	**$ 117,793**	**$ 17,657,647**	**$ 16,556,877**

Statement of Changes in Net Position by Fund (Continued)

	Stock Funds		Balanced Funds	
	Year Ended June 30		Year Ended June 30	
	2015	2014	2015	2014
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 530,586	$ 9,532,529	$ (81,064)	$ 3,198,720
Interest income	-	-	-	-
Dividend income	5,067,314	3,874,276	972,450	558,296
Employer contributions	1,689,400	1,752,951	1,652,808	1,375,608
Participant rollover contributions	246,359	100,790	643,541	197,557
Loan repayments	635,470	602,678	426,321	349,248
Interest from participant notes receivable	-	-	-	-
Other	87	5	40,575	65
Total increase, net of realized and unrealized gains and losses	8,169,216	15,863,229	3,654,631	5,679,494
Decrease				
Benefits paid to participants	3,269,915	2,539,594	1,658,124	996,083
Loans to participants	496,175	634,522	353,843	367,726
Loan defaults	-	-	-	-
Participants' note and administrative fees	29,869	31,744	14,930	12,891
Total decrease	3,795,959	3,205,860	2,026,897	1,376,700
Net (Decrease) Increase Prior to Interfund Transfers	4,373,257	12,657,369	1,627,734	4,302,794
Interfund Transfers	(28,034)	(3,657,845)	(908,907)	4,798,682
Net Increase (Decrease)	4,345,223	8,999,524	718,827	9,101,476
Net Position				
Beginning of year	60,617,315	51,617,791	29,495,580	20,394,104
End of year	**$ 64,962,538**	**$ 60,617,315**	**$ 30,214,407**	**$ 29,495,580**

Lansing Board of Water and Light
Employees' Defined Contribution Pension Plan

Statement of Changes in Net Position by Fund (Continued)

	Growth Funds		International Funds	
	Year Ended June 30		Year Ended June 30	
	2015	2014	2015	2014
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 115,442	$ 1,053,965	$ (279,065)	$ 3,063,853
Interest income	-	-	-	-
Dividend income	-	-	432,105	397,037
Employer contributions	568,790	588,556	514,289	535,453
Participant rollover contributions	71,130	9,045	44,996	31,217
Loan repayments	235,807	138,956	201,380	168,865
Interest from participant notes receivable	-	-	-	-
Other	-	-	50	22
Total increase, net of realized and unrealized gains and losses	991,169	1,790,522	913,755	4,196,447
Decrease				
Benefits paid to participants	160,116	266,068	605,388	712,842
Loans to participants	280,581	355,677	205,341	154,955
Loan defaults	-	-	-	-
Participants' note and administrative fees	3,972	4,010	15,306	14,078
Total decrease	444,669	625,755	826,035	881,875
Net (Decrease) Increase Prior to Interfund Transfers	546,500	1,164,767	87,720	3,314,572
Interfund Transfers	(422,184)	(756,292)	(920,041)	(1,080,852)
Net Increase (Decrease)	124,316	408,475	(832,321)	2,233,720
Net Position				
Beginning of year	6,144,760	5,736,285	17,510,461	15,276,741
End of year	**$ 6,269,076**	**$ 6,144,760**	**$ 16,678,140**	**$ 17,510,461**

Statement of Changes in Net Position by Fund (Continued)

	Total Mutual Funds	
	Year Ended June 30	
	2015	2014
Increase		
Investment income:		
Net (depreciation) appreciation in fair value of investments	$ (559,480)	$ 17,298,578
Interest income	-	-
Dividend income	7,285,283	5,385,023
Employer contributions	4,916,857	4,753,661
Participant rollover contributions	1,031,567	372,012
Loan repayments	1,718,331	1,437,471
Interest from participant notes receivable	-	-
Other	38,496	105
Total increase, net of realized and unrealized gains and losses	14,431,054	29,246,850
Decrease		
Benefits paid to participants	6,504,305	5,115,346
Loans to participants	1,535,559	1,686,037
Loan defaults	-	-
Participants' note and administrative fees	88,762	85,055
Total decrease	8,128,626	6,886,438
Net (Decrease) Increase Prior to Interfund Transfers	6,302,428	22,360,412
Interfund Transfers	(734,607)	(1,799,804)
Net Increase (Decrease)	5,567,821	20,560,608
Net Position		
Beginning of year	130,442,786	109,882,178
End of year	**$ 136,010,607**	**$ 130,442,786**

Lansing Board of Water and Light
Employees' Defined Contribution Pension Plan

Statement of Changes in Net Position by Fund (Continued)

	Stable Value Fund		Brokerage Account	
	Year Ended June 30		Year Ended June 30	
	2015	2014	2015	2014
Increase				
Investment income:				
Net appreciation in fair value of investments	$ 580,681	$ 609,278	$ -	$ -
Interest income	-	-	10,536	160,691
Dividend income	-	-	-	-
Employer contributions	631,503	714,164	-	-
Participant rollover contributions	313,914	681,866	-	-
Loan repayments	177,673	233,842	-	-
Interest from participant notes receivable	-	-	-	-
Other	113,632	114,887	-	-
Total increase, net of realized and unrealized gains and losses	1,817,403	2,354,037	10,536	160,691
Decrease				
Benefits paid to participants	3,947,408	2,529,770	-	-
Loans to participants	136,331	122,602	-	-
Loan defaults	-	-	-	-
Participants' note and administrative fees	11,373	11,100	-	-
Total decrease	4,095,112	2,663,472	-	-
Net (Decrease) Increase Prior to Interfund Transfers	(2,277,709)	(309,435)	10,536	160,691
Interfund Transfers	515,454	1,673,053	219,153	126,751
Net Increase (Decrease)	(1,762,255)	1,363,618	229,689	287,442
Net Position				
Beginning of year	33,607,203	32,243,585	1,147,041	859,599
End of year	**$ 31,844,948**	**$ 33,607,203**	**$ 1,376,730**	**$ 1,147,041**

Statement of Changes in Net Position by Fund (Continued)

	Participant Notes Receivable		Total	
	Year Ended June 30		Year Ended June 30	
	2015	2014	2015	2014
Increase				
Investment income:				
Net appreciation				
in fair value of investments	$ -	$ -	$ 21,201	$ 17,907,856
Interest income	-	-	10,536	160,691
Dividend income	-	-	7,285,283	5,385,023
Employer contributions	-	-	5,548,360	5,467,825
Participant rollover contributions	-	-	1,345,481	1,053,878
Loan repayments	(1,896,004)	(1,671,313)	-	-
Interest from participant notes receivable	155,010	155,997	155,010	155,997
Other	-	-	152,128	114,992
Total increase, net of realized and unrealized gains and losses	(1,740,994)	(1,515,316)	14,517,999	30,246,262
Decrease				
Benefits paid to participants	-	-	10,451,713	7,645,116
Loans to participants	(1,671,890)	(1,808,639)	-	-
Loan defaults	125,254	119,694	125,254	119,694
Participants' note and administrative fees	-	-	100,135	96,155
Total decrease	(1,546,636)	(1,688,945)	10,677,102	7,860,965
Net (Decrease) Increase Prior to Interfund Transfers	(194,358)	173,629	3,840,897	22,385,297
Interfund Transfers	-	-	-	-
Net Increase (Decrease)	(194,358)	173,629	3,840,897	22,385,297
Net Position				
Beginning of year	4,082,709	3,909,080	169,279,739	146,894,442
End of year	**$ 3,888,351**	**$ 4,082,709**	**$ 173,120,636**	**$ 169,279,739**

ICMA Performance - 401/457 Plan - Peer Report
June 30, 2015

Fund Name	Fund Ticker	Fund Performance				Peer Category	Peer Category Performance				Rank in Category			
		Qtr	1 Yr	3 Yr	5 Yr		Qtr	1 Yr	3 Yr	5 Yr	Qtr	1 Yr	3 Yr	5 Yr
Allianz GI Technology Admin (Funds A)	DGTAX	2.71	10.45	20.82	18.12	Special-Technology	1.91	1.42	3.03	1.87	23	32	18	21
Allianz NFJ Div Val Insti	NFJEX	0.29	(0.29)	14.75	15.27	Large Value	(0.11)	3.15	15.80	15.03	36	88	68	47
Am. Funds Capital World Growth & Inc. R5	RWIFX	0.35	1.16	14.43	12.91	World Stock	0.51	0.60	13.46	12.29	51	49	36	42
Am. Funds Grth Fund of Amer R5	RGAFX	1.43	8.42	19.28	16.83	Large Growth	0.93	(0.97)	1.80	(0.14)	22	61	19	55
American Funds Fundamental Invs R5	RFNFX	1.38	6.72	17.43	16.23	Large Blend	(0.09)	5.49	16.50	15.84	7	41	34	48
AMG TimesSquare Sm Cap Growth	TSCPX	1.70	12.48	19.14	18.79	Small-Cap Growth	1.83	9.60	17.99	17.65	54	28	35	34
BlackRock Global Allocation A	MDLOX	0.20	1.21	8.44	7.92	World Allocation	(0.68)	(2.34)	7.05	8.00	18	13	40	59
Columbia Mid Cap Value R4	RMCVX	(1.29)	3.34	17.93	16.20	Mid-Cap Value	(0.53)	0.51	16.06	14.76	69	33	21	28
Columbia Sm Cap. Value I, Class Z	CSCZX	(0.06)	0.18	15.35	13.54	Small-Cap Value	0.47	(0.33)	(0.71)	(1.22)	38	64	66	77
Delaware High-Yield Opp. In	DHOIX	(0.26)	(3.47)	6.40	8.31	High-yield Bond	0.15	(1.12)	6.02	7.61	77	88	35	22
Fidelity Balanced	FBALX	0.12	6.38	12.76	12.59	Moderate Allocation	(0.53)	2.06	10.08	10.38	13	4	5	7
Fidelity Contrafund	FCNTX	0.99	10.28	17.42	17.11	Large-Cap Growth	0.50	9.39	17.48	16.96	35	44	54	49
Fidelity Diversified Int'l	FDIVX	2.18	2.08	14.09	11.37	Forgn Large Blend	1.46	(0.61)	11.34	9.85	28	20	10	22
Fidelity Int'l Discovery	FIGRX	2.31	0.66	13.63	11.13	Forgn Large Blend	1.46	(0.61)	11.34	9.85	25	32	15	25
Fidelity Sm Cap Discovery	FSCRX	0.70	5.56	20.18	19.68	Small-Cap Blend	(0.12)	3.42	16.72	15.94	26	44	11	4
Harbor International Admin	HRINX	1.51	(4.38)	9.73	9.50	Forgn Large Blend	1.12	(3.28)	10.83	8.91	31	65	71	40
Harbor Mid Cap Growth Adm	HRMGX	2.12	8.07	18.48	16.95	Mid-Cap Growth	0.44	8.92	17.53	16.81	17	58	34	47
JP Morgan US Equity Select	JUESX	0.37	8.92	19.24	17.59	Large Blend	(0.09)	5.49	16.50	15.84	32	12	11	14
Nuveen Real Estate Securities	FARCX	(9.92)	3.85	8.67	14.38	Real Estate	(9.25)	3.96	8.23	13.53	51	54	26	15
Pimco Low Duration Admin	PLDAX	(0.10)	0.10	1.24	2.07	Short Term Bond	(0.04)	0.47	1.27	1.87	63	75	47	37
PIMCO Real Return Admin	PARRX	(1.74)	(3.29)	(1.15)	3.00	Inflation Protected Bond	(1.00)	(2.84)	(1.20)	2.41	92	75	43	12
Pimco Total Return Insti	PTTRX	(1.84)	1.30	2.45	4.03	Intermed-Term Bond	(1.50)	1.04	2.28	3.70	73	45	40	36
Prudential Jennison Utility A	PRUAX	(3.16)	(4.23)	16.12	16.45	Special-Utilities	(4.53)	(5.94)	9.81	12.36	29	13	2	4
T. Rowe Price Health Sciences	PRHSX	5.50	43.42	36.43	33.79	Special-Health	4.52	32.21	31.30	26.59	23	21	22	16
Vanguard 500 Index Admiral	VFIAX	0.28	7.40	17.27	17.31	Large-Cap Blend	(0.09)	5.49	16.50	15.84	36	24	37	20
Vanguard Mid Cap Index Admiral	VIMAX	(1.18)	8.63	19.68	18.24	Mid-Cap Blend	(0.68)	3.86	17.31	15.90	67	9	17	15
Vanguard Small Cap Index Admiral	VSMAX	(0.56)	5.24	18.73	18.15	Small-Cap Blend	(0.12)	3.42	16.72	15.94	65	48	25	19
Vanguard Target Retire 2010	VTENX	(0.82)	2.19	6.96	8.37	Target Date 2000-10	(0.56)	0.71	6.42	7.42	83	9	49	30
Vanguard Target Retire 2015	VTXVX	(0.64)	2.61	8.81	9.68	Target Date 2011-15	(0.66)	0.95	7.33	8.14	49	4	16	11
Vanguard Target Retire 2020	VTWNX	(0.58)	3.03	10.19	10.70	Target Date 2016-20	(0.68)	1.20	7.79	8.69	47	9	9	9
Vanguard Target Retire 2025	VTTVX	(0.41)	3.09	11.18	11.52	Target Date 2021-25	(0.48)	1.63	9.59	10.46	49	12	18	21
Vanguard Target Retire 2030	VTHRX	(0.24)	3.19	12.20	12.35	Target Date 2025-30	(0.43)	1.77	10.13	10.54	41	21	16	16
Vanguard Target Retire 2035	VTTHX	(0.05)	3.26	13.21	13.16	Target Date 2031-35	(0.16)	2.19	11.62	12.00	41	25	19	14
Vanguard Target Retire 2040	VFORX	0.13	3.28	13.82	13.50	Target Date 2036-40	(0.23)	2.16	11.60	11.62	36	27	14	12
Vanguard Target Retire 2045	VTIVX	0.10	3.29	13.80	13.51	Target Date 2041-45	(0.04)	2.43	12.53	12.66	39	28	21	14
Vanguard Target Retire 2050	VFIFX	0.13	3.29	13.81	13.51	Target Date 2046-50	(0.19)	2.33	12.13	11.92	37	30	22	17
Vanguard Target Retire Income	VTINX	(0.93)	1.94	5.35	6.76	Retirement Income	(1.00)	0.50	4.59	5.65	59	10	28	15
Vanguard Total Bond Market Idx Admiral	VBTLX	(1.79)	1.73	1.70	3.24	Intermed-Term Bond	(0.28)	0.69	(0.58)	(0.46)	66	22	71	70
Vantage Trust PLUS Fund*	PLUS*	0.00	0.02	0.06	0.08	Stable Value	0.00	0.02	0.06	0.08	n/a	n/a	n/a	n/a
Vantagepoint Equity Income	VPEIX	(1.20)	(0.42)	14.37	14.01	Large Value	(0.11)	3.15	15.80	15.03				
VP Model Port All Equty. Growth	VPAGX	(0.26)	2.32	15.06	14.19	Large-Cap Blend	(0.09)	5.49	16.50	15.84	69	83	77	81
VP Model Port Conser Growth	VPCGX	(0.43)	0.86	6.61	7.09	Conservative Allocation	(0.86)	(0.20)	5.88	7.00	23	44	40	49
VP Model Port Long-Term Growth	VPLGX	(0.35)	2.23	11.99	11.50	Aggressive Allocation	(0.40)	1.69	11.94	11.75	63	46	53	57
VP Model Port Tradit Growth	VPTGX	(0.42)	1.77	9.77	9.70	Moderate Allocation	(0.53)	2.06	10.08	10.38	47	64	59	69
Westwood Smid Cap Institutional	WHGMX	1.96	4.88	18.33	16.43	Mid-Cap Blend	(0.68)	3.86	17.31	15.90	2	56	43	54

Data from Morningstar

*Category comparison was U.S. 91-Day T-Bill

ICMA Performance - 401/457 Plan - Benchmark Report
June 30, 2015

	Fund	Fund Performance					Benchmark Index Performance				Fav/(Unfav) vs. Benchmark			
Fund Name	Ticker	Qtr	1 Yr	3 Yr	5 Yr	Benchmark Index Name	Qtr	1 Yr	3 Yr	5 Yr	Qtr	1 Yr	3 Yr	5 Yr
Allianz GI Technology Admin (Funds A)	DGTAX	2.71	10.45	20.82	18.12	NASDAQ Composite Indexa,b	2.03	14.44	20.86	20.18	0.68	(3.99)	(0.04)	(2.06)
Allianz NFJ Div Val Insti	NFJEX	0.29	(0.29)	14.75	15.27	Russell 1000 Value Indexa,b	0.11	4.13	17.34	16.50	0.18	(4.42)	(2.59)	(1.23)
Am. Funds Capital World Growth & Inc. R5	RWIFX	0.35	1.16	14.43	12.91	MSCI AC World Index (Net)a,b	0.35	0.71	13.01	11.93	0.00	0.45	1.42	0.98
Am. Funds Grth Fund of Amer R5	RGAFX	1.43	8.42	19.28	16.83	S&P 500 Indexa,b	0.28	7.42	17.31	17.34	1.15	1.00	1.97	(0.51)
American Funds Fundamental Invs R5	RFNFX	1.38	6.72	17.43	16.23	S&P 500 Indexa,b	0.28	7.42	17.31	17.34	1.10	(0.70)	0.12	(1.11)
AMG TimesSquare Sm Cap Growth	TSCPX	1.70	12.48	19.14	18.79	Russell 2000 Growth Indexa,b	1.98	12.34	20.11	19.33	(0.28)	0.14	(0.97)	(0.54)
BlackRock Global Allocation A	MDLOX	0.20	1.21	8.44	7.92	FTSE World Indexa,b	0.48	1.05	13.96	12.88	(0.28)	0.16	(5.52)	(4.96)
Columbia Mid Cap Value R4	RMCVX	(1.29)	3.34	17.93	16.20	Russell 2500 Value Indexa,b	(1.27)	0.99	16.99	16.24	(0.02)	2.35	0.94	(0.04)
Columbia Sm Cap. Value I, Class Z	CSCZX	(0.06)	0.18	15.35	13.54	Russell 2000 Value Indexa,b	(1.20)	0.78	15.50	14.81	1.14	(0.60)	(0.15)	(1.27)
Delaware High-Yield Opp. In	DHOIX	(0.26)	(3.47)	6.40	8.31	BofA ML US High Yield Master II Constraine	(0.05)	(0.54)	6.81	8.38	(0.21)	(2.93)	(0.41)	(0.07)
Fidelity Balanced	FBALX	0.12	6.38	12.76	12.59	S&P 500 Indexa,b	0.28	7.42	17.31	17.34	(0.16)	(1.04)	(4.55)	(4.75)
Fidelity Contrafund	FCNTX	0.99	10.28	17.42	17.11	S&P 500 Indexa,b	0.28	7.42	17.31	17.34	0.71	2.86	0.11	(0.23)
Fidelity Diversified Int'l	FDIVX	2.18	2.08	14.09	11.37	MSCI EAFE Index (Net)a,b	0.62	(4.22)	11.97	9.54	1.56	6.30	2.12	1.83
Fidelity Int'l Discovery	FIGRX	2.31	0.66	13.63	11.13	MSCI EAFE Index (Net)a,b	0.62	(4.22)	11.97	9.54	1.69	4.88	1.66	1.59
Fidelity Sm Cap Discovery	FSCRX	0.70	5.56	20.18	19.68	Russell 2000 Indexa,b	0.42	6.49	17.81	17.08	0.28	(0.93)	2.37	2.60
Harbor International Admin	HRINX	1.51	(4.38)	9.73	9.50	MSCI EAFE Index (Net)a,b	0.62	(4.22)	11.97	9.54	0.89	(0.16)	(2.24)	(0.04)
Harbor Mid Cap Growth Adm	HRMGX	2.12	8.07	18.48	16.95	Russell Midcap Growth Indexa,b	(1.14)	9.45	19.24	18.69	3.26	(1.38)	(0.76)	(1.74)
JP Morgan US Equity Select	JUESX	0.37	8.92	19.24	17.59	S&P 500 Indexa,b	0.28	7.42	17.31	17.34	0.09	1.50	1.93	0.25
Nuveen Real Estate Securities	FARCX	(9.92)	3.85	8.67	14.38	MSCI U.S. REIT Indexa,b	(10.44)	3.93	8.71	14.29	0.52	(0.08)	(0.04)	0.09
Pimco Low Duratin Admin	PLDAX	(0.10)	0.10	1.24	2.07	Morningstar Short-Term Bonda,c	(0.04)	0.47	1.27	1.87	(0.06)	(0.37)	(0.03)	0.20
PIMCO Real Return Admin	PARRX	(1.74)	(3.29)	(1.15)	3.00	Barclays U.S. Treasury Inflation-Protected S	(1.06)	(1.73)	(0.76)	3.29	(0.68)	(1.56)	(0.39)	(0.29)
Pimco Total Return Insti	PTTRX	(1.84)	1.30	2.45	4.03	Barclays U.S. Aggregate Bond Indexa,b	(1.68)	1.86	1.83	3.35	(0.16)	(0.56)	0.62	0.68
Prudential Jennison Utility A	PRUAX	(3.16)	(4.23)	16.12	16.45	Morningstar Utilitiesa,c	(4.53)	(5.94)	9.81	12.36	1.37	1.71	6.31	4.09
T. Rowe Price Health Sciences	PRHSX	5.50	43.42	36.43	33.79	Morningstar Healtha,c	4.52	32.21	31.30	26.59	0.98	11.21	5.13	7.20
Vanguard 500 Index Admiral	VFIAX	0.28	7.40	17.27	17.31	S&P 500 Indexa,b	0.28	7.42	17.31	17.34	0.00	(0.02)	(0.04)	(0.03)
Vanguard Mid Cap Index Admiral	VIMAX	(1.18)	8.63	19.68	18.24	Morningstar Mid-Cap Blenda,c	(0.68)	3.86	17.31	15.90	(0.50)	4.77	2.37	2.34
Vanguard Small Cap Index Admiral	VSMAX	(0.56)	5.24	18.73	18.15	Morningstar Small Blenda,c	(0.12)	3.42	16.72	15.95	(0.44)	1.82	2.01	2.20
Vanguard Target Retire 2010	VTENX	(0.82)	2.19	6.96	8.37	Morningstar Target Date 2000-2010a,d	(0.56)	0.71	6.42	7.42	(0.26)	1.48	0.54	0.95
Vanguard Target Retire 2015	VTXVX	(0.64)	2.61	8.81	9.68	Morningstar Target Date 2011-2015a,d	(0.66)	0.95	7.33	8.14	0.02	1.66	1.48	1.54
Vanguard Target Retire 2020	VTWNX	(0.58)	3.03	10.19	10.70	Morningstar Target Date 2016-2020a,d	(0.68)	1.20	7.79	8.69	0.10	1.83	2.40	2.01
Vanguard Target Retire 2025	VTTVX	(0.41)	3.09	11.18	11.52	Morningstar Target Date 2021-2025a,d	(0.48)	1.63	9.59	10.46	0.07	1.46	1.59	1.06
Vanguard Target Retire 2030	VTHRX	(0.24)	3.19	12.20	12.35	Morningstar Target Date 2026-2030a,d	(0.43)	1.77	10.13	10.54	0.19	1.42	2.07	1.81
Vanguard Target Retire 2035	VTTHX	(0.05)	3.26	13.21	13.16	Morningstar Target Date 2031-2035a,d	(0.16)	2.19	11.62	12.00	0.11	1.07	1.59	1.16
Vanguard Target Retire 2040	VFORX	0.13	3.28	13.82	13.50	Morningstar Target Date 2036-2040a,d	(0.23)	2.16	11.60	11.62	0.36	1.12	2.22	1.88
Vanguard Target Retire 2045	VTIVX	0.10	3.29	13.80	13.51	Morningstar Target Date 2041-2045a,d	(0.04)	2.43	12.53	12.66	0.14	0.86	1.27	0.85
Vanguard Target Retire 2050	VFIFX	0.13	3.29	13.81	13.51	Morningstar Target Date 2046-2050a,d	(0.19)	2.33	12.13	11.92	0.32	0.96	1.68	1.59
Vanguard Target Retire Income	VTINX	(0.93)	1.94	5.35	6.76	Barclays U.S. Aggregate Bond Indexa,b	(1.68)	1.86	1.83	3.35	0.75	0.08	3.52	3.41
Vanguard Total Bond Market Idx Admiral	VBTLX	(1.79)	1.73	1.70	3.24	Morningstar Intermediate-Term Bonda,c	(1.50)	1.04	2.28	3.70	(0.29)	0.69	(0.58)	(0.46)
Vantage Trust PLUS Fund	PLUS*	0.00	0.02	0.06	0.08	BofA ML US 3-Mo. T-Bill Index (Annualized)	0.02	0.02	0.06	0.08	(0.02)	0.00	0.00	0.00
Vantagepoint Equity Income	VPEIX	(1.20)	(0.42)	14.37	14.01	Russell 1000 Value Indexa,b	0.11	4.13	17.34	16.50	(1.31)	(4.55)	(2.97)	(2.49)
VP Model Port All Equty. Growth	VPAGX	(0.26)	2.32	15.06	14.19	Model All-Equity Growth Custom Bmk.c	0.36	4.82	15.87	15.53	(0.62)	(2.50)	(0.81)	(1.34)
VP Model Port Conser Growth	VPCGX	(0.43)	0.86	6.61	7.09	Model Conservative Growth Custom Bmk.c	(0.31)	2.47	8.14	9.06	(0.12)	(1.61)	(1.53)	(1.97)
VP Model Port Long-Term Growth	VPLGX	(0.35)	2.23	11.99	11.50	Model Long-Term Growth Custom Bmk.c	0.06	4.26	13.22	13.33	(0.41)	(2.03)	(1.23)	(1.83)
VP Model Port Tradit Growth	VPTGX	(0.42)	1.77	9.77	9.70	Model Traditional Growth Custom Bmk.c	(0.12)	3.52	11.07	11.56	(0.30)	(1.75)	(1.30)	(1.86)
Westwood Smid Cap Institutional	WHGMX	1.96	4.88	18.33	16.43	Russell 2500 Indexa,b	(0.34)	5.92	18.66	17.85	2.30	(1.04)	(0.33)	(1.42)

Benchmark data from _ICMARC.org_ for Quarter Ended **6/30/2015**

Plan Service Report

LANSING BOARD OF WATER LIGHT
For Period Ended June 30, 2015

2nd Quarter 2015

Platinum Services Plan Service Report

<u>Your Service Team:</u>

<u>Local On-Site Participant Education & Service</u>
Sandra Rouse-Thames, *Retirement Plans Specialist*
Nancy Lange (CFP), *Retirement Plans Specialist*
Kevin Kilpatrick, *Retirement Plans Specialist*

<u>Plan Sponsor Service Team</u>
Tim True, *Director, Strategic Relations*
Tonya Miller, *Client Services Manager*
John McCann, *Regional Vice President*

ICMA-RC's Platinum Commitment

ICMA-RC's Mission and Values Statement

We help public employees build retirement security.

We put clients first and serve them with excellence, integrity and leadership.

ICMA-RC's Service Commitment

At ICMA-RC, we recognize that our success is based on the quality of our relationships with employers and retirement plan participants. We know that the trust employers and their participants have in us is not to be taken lightly. Our customer-focused relationships are built on providing exceptional education, in good times and in bad, along with investment, retirement and plan administration solutions. We seek to maximize this experience by providing the best possible service, quality and value to plan sponsors and their employees as they build retirement security. We call this commitment Platinum Services.

Your Platinum Services Team Contact Information

Contact Name/Position	Phone Number		Email Address	Inquiries
Participant Service				
Sandra Rouse-Thames *Retirement Plans Specialist*	Office:	810-733-2895	SRouse-Thames@icmarc.org	Local onsite service Scheduling of sessions Education seminars Enrollment activities Department presentations
Nancy Lange (CFP) *Retirement Plans Specialist*	Office:	810-632-9798	nlange@icmarc.org	
Plan Sponsor Service				
Tim True *Director, Strategic Relations*	Office:	202-270-5651	TTrue@icmarc.org	Any questions or requests about the delivery of plan services or the relationship with ICMA-RC.
Tonya Miller *Client Services Manager*	Office:	202-682-5205	TMiller@icmarc.org	Plan administration and recordkeeping
John McCann *Regional Vice President*	Office:	734-996-9143	JMcCann@icmarc.org	Education and enrollment oversight

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ICMARC Building Retirement Security

IMPORTANT NOTICE: If your plan makes available VT Funds, note that these funds do NOT invest directly in Vantagepoint or third party mutual funds. *Data presented on the VT Vantagepoint Funds is for the funds in which your plan invests and is inclusive of all fees. Data presented on VT Funds that invest in funds of other fund companies is for the underlying fund and also is inclusive of all fees. Reference to such underlying fund non-performance data by VT Funds is for reference only and NOT reflective of the returns of the corresponding VT Funds.*

I. Investment Due Diligence Review

2nd Quarter 2015

Platinum Services Plan Service Report

Past performance is no guarantee of future results.

Please read Making Sound Investment Decisions: A Retirement Investment Guide and the accompanying VantageTrust Fund Fees and Expenses document ("Guide") carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks before investing. For a current Guide, contact ICMA-RC by calling 800-669-7400 or log into your account at www.icmarc.org.

Second Quarter 2015 Economic Review

Economic Commentary

U.S. economic growth was generally mixed in the second quarter of 2015. As measured by their respective ISM Indexes, U.S. manufacturing conditions were unchanged while U.S. nonmanufacturing conditions fell. Vehicle sales in the U.S. were stronger on average in the second quarter than the first. While reported as strong in June 2015, Consumer Confidence was lower than the first quarter average. Also, retail sales, new home sales, and existing home sales improved on average in the first two months of the second quarter compared to the first quarter. Long term interest rates moved higher in the quarter.

U.S. real GDP fell in the first quarter by 0.2% on an annualized basis compared to growth of 1.6% in the nineteen Eurozone countries. China's GDP is reported on a year-over-year basis and its first quarter GDP growth of 7.0% was the slowest since 2009.

- Nonfarm payrolls averaged 221,333 new jobs per month in the second quarter of 2015, up from the first quarter average of 195,333 new jobs. The unemployment rate was 5.3% at the end of the quarter, down from 5.5% at the end of the first quarter; however, the labor force participation rate fell to 62.6% from 62.7%.
- U.S. manufacturing conditions were mixed in the second quarter of 2015, as the ISM Manufacturing Index averaged 52.6 in the second quarter of 2015, unchanged from the prior quarter as the weak energy sector and the stronger U.S. dollar continue to be a drag on manufacturing. The ISM Nonmanufacturing Index declined slightly in the second quarter of 2015, with an average of 56.5 versus 56.7 in the prior quarter. Both indexes remain above 50 percent, which generally indicates expansion; below 50 percent generally indicates contraction.
- Sales of existing homes averaged 5.22 million annualized units in the first two months of the second quarter versus an average of 4.97 million annualized units in the first quarter of 2015. Sales of new homes in the first two months of the quarter were stronger as well, averaging 540 thousand annualized units, up from the monthly average of 520 thousand annualized units sold in the prior quarter.
- Retail Sales were up an average of 0.7% in the first two months of the quarter, compared to a 0.07% average increase in the fourth quarter.
- The Consumer Confidence Index averaged 96.76 for the second quarter, down from the first quarter reading of 101.33. The June value of 101.40 was significantly above the consensus forecast of 97.2
- U.S. vehicle sales averaged 17.17 million units in the second quarter, up from the first quarter average of 16.67 million units.

Second Quarter 2015 Economic Review

Domestic Equity Markets

U.S. equity markets were mixed in the quarter. Small-cap stocks outperformed large-cap stocks with slightly positive results. Mid-cap stocks underperformed both small- and large-cap stocks with moderately negative results. Five of the ten S&P sectors produced positive returns in the quarter.

- The S&P 500 Index (U.S. large-cap company stocks) had a gain of 0.28% (with dividends included) in the quarter, closing at 2,063.11.
- The Russell 2000 Index (U.S. small-cap company stocks) gained 0.42%, while the Russell Midcap Index fell -1.54%.
- U.S. growth stocks generally outperformed value stocks as represented by the all-cap Russell 3000 Growth index, which rose 0.27%, versus a 0.00% return in the Russell 3000 Value index. Small- and mid-cap stock performance was mixed. The small-cap Russell 2000 Growth index rose 1.97% in the quarter, while the small-cap Russell 2000 Value index decreased -1.20%. However, both the Russell Mid-Cap Value index and the Russell Mid-Cap Growth index decreased by -1.97% and 1.14%, respectively.
- Five of the ten S&P 500 sectors gained in the quarter, led by Health Care which gained 2.84%, and Consumer Discretionary which rose 1.92%. Utilities and Industrials were the biggest decliners at -5.78% and -2.23%, respectively.

Morningstar Returns for Domestic Equity Funds-- 2nd Quarter 2015*

	Value	Blend	Growth
Large-Cap	-0.11%	-0.09%	0.50%
Mid-Cap	-0.94%	-0.68%	0.44%
Small-Cap	-0.53%	-0.12%	1.83%

Morningstar Returns for Domestic Equity Funds-- 1 Year Ending 6/30/2015*

	Value	Blend	Growth
Large-Cap	3.15%	5.49%	9.39%
Mid-Cap	2.94%	3.86%	8.92%
Small-Cap	0.51%	3.42%	9.60%

*See disclosure at end of chapter

Past performance is no guarantee of future results

Second Quarter 2015 Economic Review

Fixed Income Markets

The majority of Barclays fixed income indexes shown posted negative returns in the second quarter of 2015 as interest rates generally rose. Positive index returns occurred in shorter term U.S. securities and emerging market debt in U.S. dollar terms. The Treasury yield curve steepened as rates on 2-year through 30-year U.S. government notes rose. The 2-year rate rose from 0.56% to 0.64% and the 30-year rate rose from 2.54% to 3.12%. In its June 2015 statement, the U.S. Federal Reserve ("Fed") restated that it will take a "balanced approach" to any Fed Funds target rate range increases, consistent with their mandates on employment and inflation.

- At the end of the second quarter, the 10-year Treasury note yield was 2.35%, up from 1.93% at the end of the previous quarter.
- Barclays U.S. Treasury Long Index fell -8.30% in the quarter, reflecting the fall in long term bond prices as yields rose.
- Barclays U.S. Corporate High Yield Index returned 0.00% in the quarter after positive returns in the first quarter. The Energy sector is a large issuer of High Yield bonds. The increase in oil prices helped support the value of Energy High Yield bonds and offset the negative influence of higher interest rates.
- Barclays U.S. Treasury Inflation Protected Securities ("TIPS") fell -1.06% as inflation forecasts remained moderate but the impact of higher long term rates weighed on returns.
- The Barclays U.S. Aggregate Bond Index, a broad measure of the U.S. investment grade fixed income market, fell 1.68% in the quarter.

Morningstar Returns for Domestic Fixed Income Funds--Period Ending 6/30/2015*

Category	Quarter	Year
Ultrashort Bond	0.10%	0.27%
Short Government	-0.11%	0.70%
Short-Term Bond	-0.04%	0.47%
Inflation-Protected Bond	-1.00%	-2.84%
Intermediate Government	-0.94%	1.52%
Intermediate-Term Bond	-1.50%	1.04%
Long Government	-6.77%	4.75%
Long-Term Bond	-5.87%	2.53%
High Yield Bond	0.15%	-1.12%

Past performance is no guarantee of future results

*See disclosure at end of chapter

Building Retirement Security

Second Quarter 2015 Economic Review

International Equity Markets

The stock markets of developed market countries outside of the U.S., as well as emerging market countries' stock markets, generally provided positive returns to U.S. dollar-based investors in the second quarter. Emerging markets slightly outperformed non-U.S. developed markets for the quarter. Worldwide, stocks were mixed as events in Greece weighed on Eurozone equity securities while Asian securities advanced with better than expected growth in Japan and continued economic growth in China.

- In the second quarter, the U.S. dollar rose 2.0% versus the Japanese Yen but fell 5.6% versus the British Pound and 3.6% versus the Euro. A stronger U.S. dollar generally reduces returns for U.S. dollar-based investors holding non-U.S. dollar denominated securities, and a weaker U.S. dollar generally increases the returns for U.S. dollar-based investors holding non-U.S. dollar denominated securities,
- For U.S. dollar-based investors, emerging markets as measured by the MSCI EM NR Index gained 0.69% while developed non-U.S. markets as measured by the MSCI EAFE NR Index gained 0.62% in the quarter.
- Performance was mixed in developed foreign markets, as represented by their respective MSCI NR Country Indexes for U.S. dollar-based returns. Among large developed non-U.S. markets as represented by MSCI EAFE, the best performers were Hong Kong (5.56%) and Japan (3.09%). Australia (-6.19%) and Germany (-5.59%) were the countries with the largest negative returns.
- Performance was generally positive in the quarter in emerging market countries' equity markets, represented by their respective MSCI NR Country Indexes for U.S. dollar-based returns. Among large emerging markets, Russia (7.56%), Brazil (6.96%), and China (6.04%) had positive returns, while India (-3.61%) had negative returns.

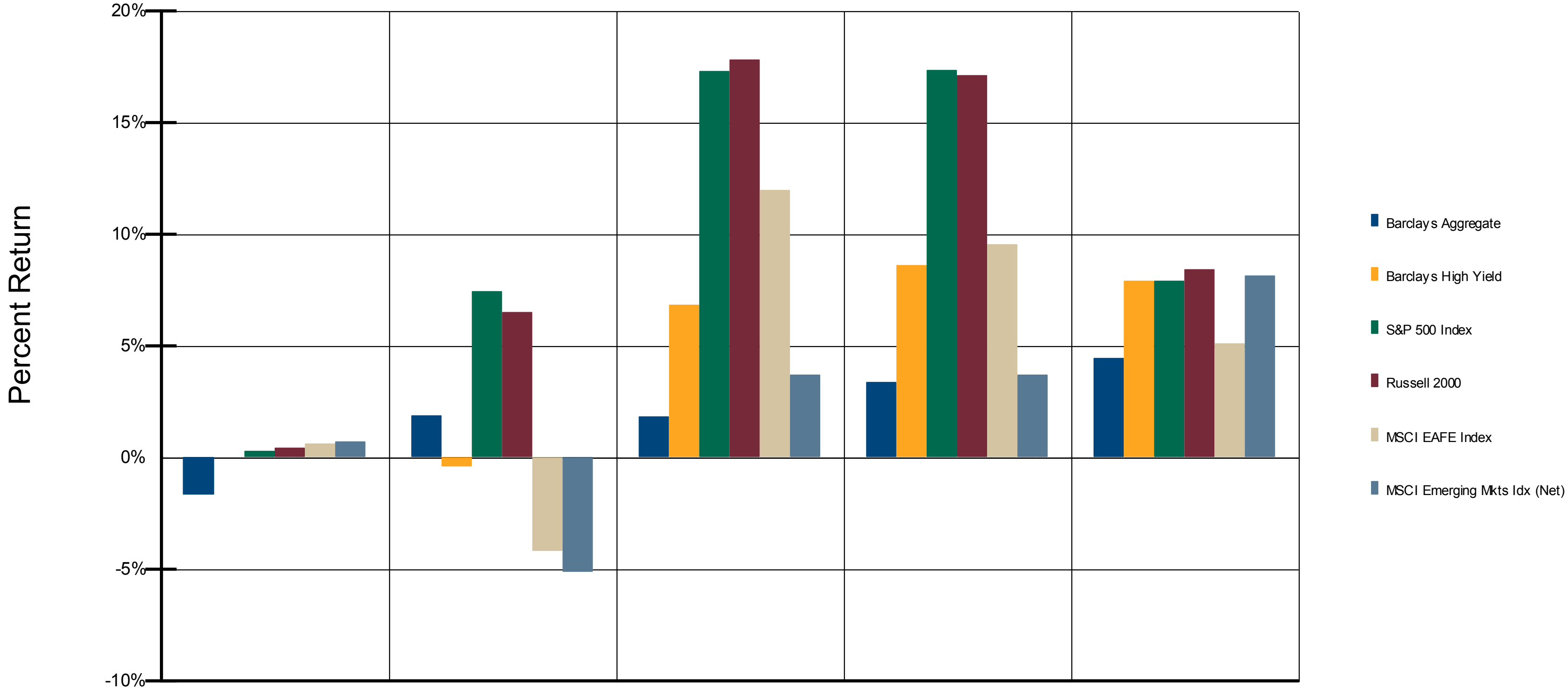
Past performance is no guarantee of future results

Morningstar Returns for International Equity Funds--1 Year Ending 6/30/2015*

Category	Quarter	Year
Foreign Large Value	1.33%	-6.08%
Foreign Large Blend	1.12%	-3.28%
Foreign Large Growth	1.46%	-0.61%
Foreign Small/Mid Value	3.65%	-4.69%
Foreign Small/Mid Growth	3.69%	-1.03%
Diversified Emerging Mkts	0.65%	-6.70%
World Allocation	-0.68%	-2.34%

*See disclosure at end of chapter

Capital Markets Returns



	Q2 '15	1 Year	3 Years	5 Years	10 Years
Barclays Aggregate	-1.68%	1.86%	1.83%	3.35%	4.44%
Barclays High Yield	0.00%	-0.40%	6.81%	8.61%	7.89%
S&P 500 Index	0.28%	7.42%	17.31%	17.34%	7.89%
Russell 2000	0.42%	6.49%	17.81%	17.08%	8.40%
MSCI EAFE Index	0.62%	-4.22%	11.97%	9.54%	5.12%
MSCI Emerging Mkts Idx (Net)	0.69%	-5.12%	3.71%	3.68%	8.11%

Periods greater than one year represent annualized performance.

Past performance is no guarantee of future results.

Building Retirement Security

401 Fund Structure[1,2]

Retirement Focused Investing – 401 Plans

	U.S. STOCK		
	Value	Blend	Growth
Large	VT Vantagepoint Equity Income AllianzGI NFJ Dividend Value	Vanguard 500 Index Admiral American Funds Fundamental Inv JPMorgan US Equity Select	Am Funds Growth Fund of Am R5 Fidelity Contrafund®
Mid	--	Vanguard Mid-Cap Index Admiral Westwood SMidCap Institutional	Harbor Mid Cap Growth Admin
Small	Columbia Small/Mid Cap Value K Columbia Small Cap Value I Z	Vanguard Small-Cap Index Adm Fidelity Small Cap Discovery	AMG TimesSquare Sm Cap Growth Royce Smaller-Companies Gr Srv

TARGET-RISK/TARGET-DATE

14 funds in asset category. See Fund Summary pages for names of all funds in asset category.

GUARANTEED LIFETIME INCOME

VT Retirement IncomeAdvantage

BALANCED

Fidelity Balanced
BlackRock Global Allocation

STABLE VALUE/CASH MANAGEMENT	BOND	INTERNATIONAL/GLOBAL STOCK	SPECIALTY
VT PLUS Fund VT Cash Management Certificate of Deposit	PIMCO Low Duration Vanguard Ttl Bond Mkt Idx Adm PIMCO Total Return Instl PIMCO Real Return Admin Delaware High-Yield Opp Instl	American Funds Cap World G&I Harbor International Admin Fidelity Diversified Intl Fidelity Intl Discovery	Prudential Jennison Utility A American Century® Utilities Nuveen Real Estate Securities T Rowe Price® Health Sciences AllianzGI Technology Admin

All data on page is as of June 30, 2015

See disclosure at end of chapter. This is a list of funds available for all 401 plans with more than five participants.

ICMARC
Building Retirement Security

457 Fund Structure[1,2]

Retirement Focused Investing – 457 Plans

	U.S. STOCK		
	Value	Blend	Growth
Large	VT Vantagepoint Equity Income AllianzGI NFJ Dividend Value	Vanguard 500 Index Admiral American Funds Fundamental Inv JPMorgan US Equity Select	Am Funds Growth Fund of Am R5 Fidelity Contrafund®
Mid	--	Vanguard Mid-Cap Index Admiral Westwood SMidCap Institutional	Harbor Mid Cap Growth Admin
Small	Columbia Small/Mid Cap Value K Columbia Small Cap Value I Z	Vanguard Small-Cap Index Adm Fidelity Small Cap Discovery	AMG TimesSquare Sm Cap Growth

TARGET-RISK/TARGET-DATE

14 funds in asset category. See Fund Summary pages for names of all funds in asset category.

GUARANTEED LIFETIME INCOME

VT Retirement IncomeAdvantage

BALANCED

Fidelity Balanced
BlackRock Global Allocation

STABLE VALUE/CASH MANAGEMENT

VT PLUS Fund
VT Cash Management
Certificate of Deposit

BOND

PIMCO Low Duration
Vanguard Ttl Bond Mkt Idx Adm
PIMCO Total Return Instl
PIMCO Real Return Admin
Delaware High-Yield Opp Instl

INTERNATIONAL/GLOBAL STOCK

American Funds Cap World G&I
Harbor International Admin
Fidelity Diversified Intl
Fidelity Intl Discovery

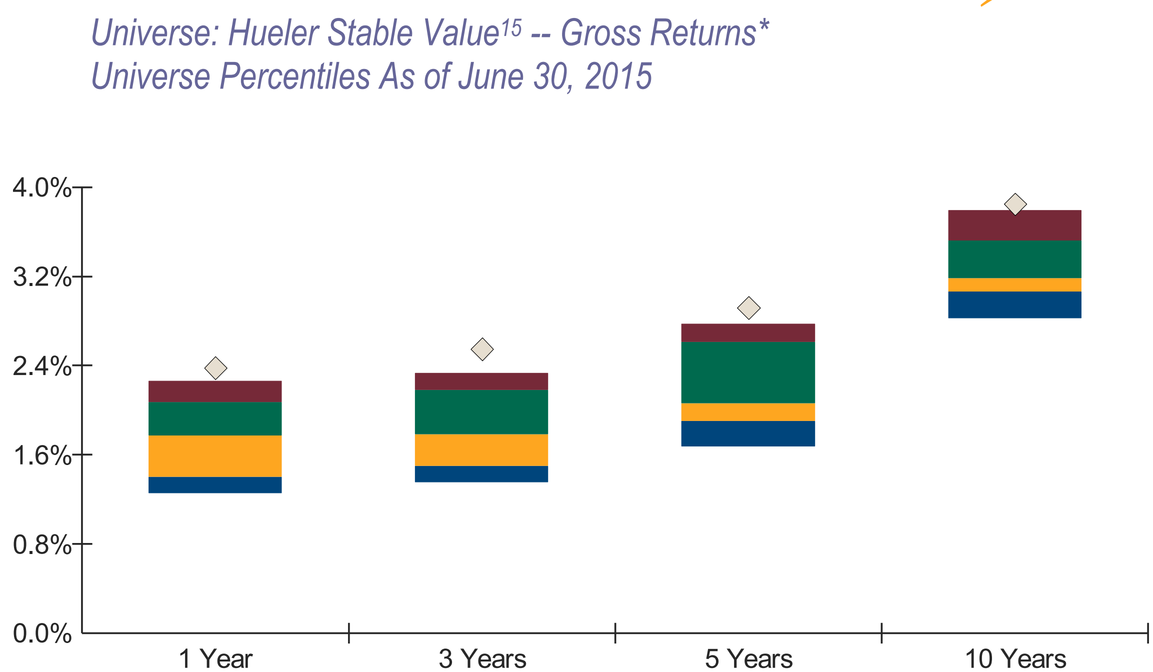
SPECIALTY

Prudential Jennison Utility A
Nuveen Real Estate Securities
T Rowe Price® Health Sciences
AllianzGI Technology Admin

All data on page is as of June 30, 2015

See disclosure at end of chapter. This is a list of funds available for all 457 plans with more than five participants.

Hueler Stable Value Universe Profile[15]



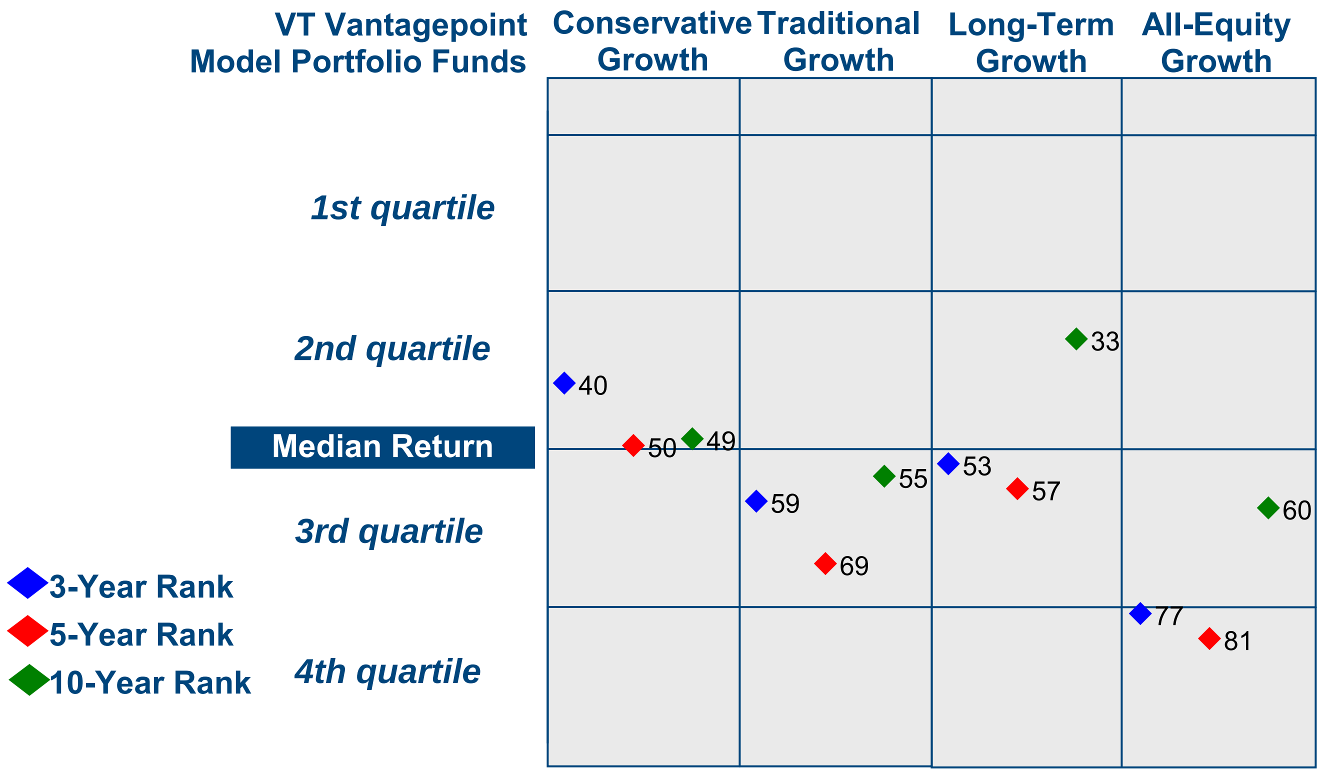
	1 Year	3 Years	5 Years	10 Years
VT PLUS Gross Returns*	2.38%	2.55%	2.92%	3.85%
VT PLUS Net Returns	1.81%	1.98%	2.34%	3.32%
11-25th Percentile	2.07 - 2.26	2.18 - 2.33	2.61 - 2.77	3.52 - 3.79
26-50th Percentile	1.77 - 2.07	1.78 - 2.18	2.06 - 2.61	3.18 - 3.52
51-75th Percentile	1.40 - 1.77	1.50 - 1.78	1.90 - 2.06	3.06 - 3.18
76-90th Percentile	1.25 - 1.40	1.35 - 1.50	1.67 - 1.90	2.82 - 3.06

*The PLUS Fund Gross Return is net of fixed income manager, wrap and custodial fees, and is reported in a manner consistent with stable value industry reporting practices. Total VT PLUS Fund fees were 0.84% of assets, as disclosed in the VantageTrust Funds Fees and Expenses document accompanying the most recently published Retirement Investment Guide, and consist of: (1) ICMA-RC and affiliate fees/expenses of 0.56% of assets, which include recordkeeping fees; and (2) fixed income manager, wrap and custodial fees of 0.28% of assets. Fees are subject to change due to fixed income manager, wrap, allocation, or other changes. Periods greater than one year represent annualized performance and past performance is no guarantee of future results.

See disclosure at the end of chapter.

VT Vantagepoint Model Portfolio Funds[1,13]

Morningstar®,2 Three-, Five- and Ten-Year Rankings as of 6/30/2015

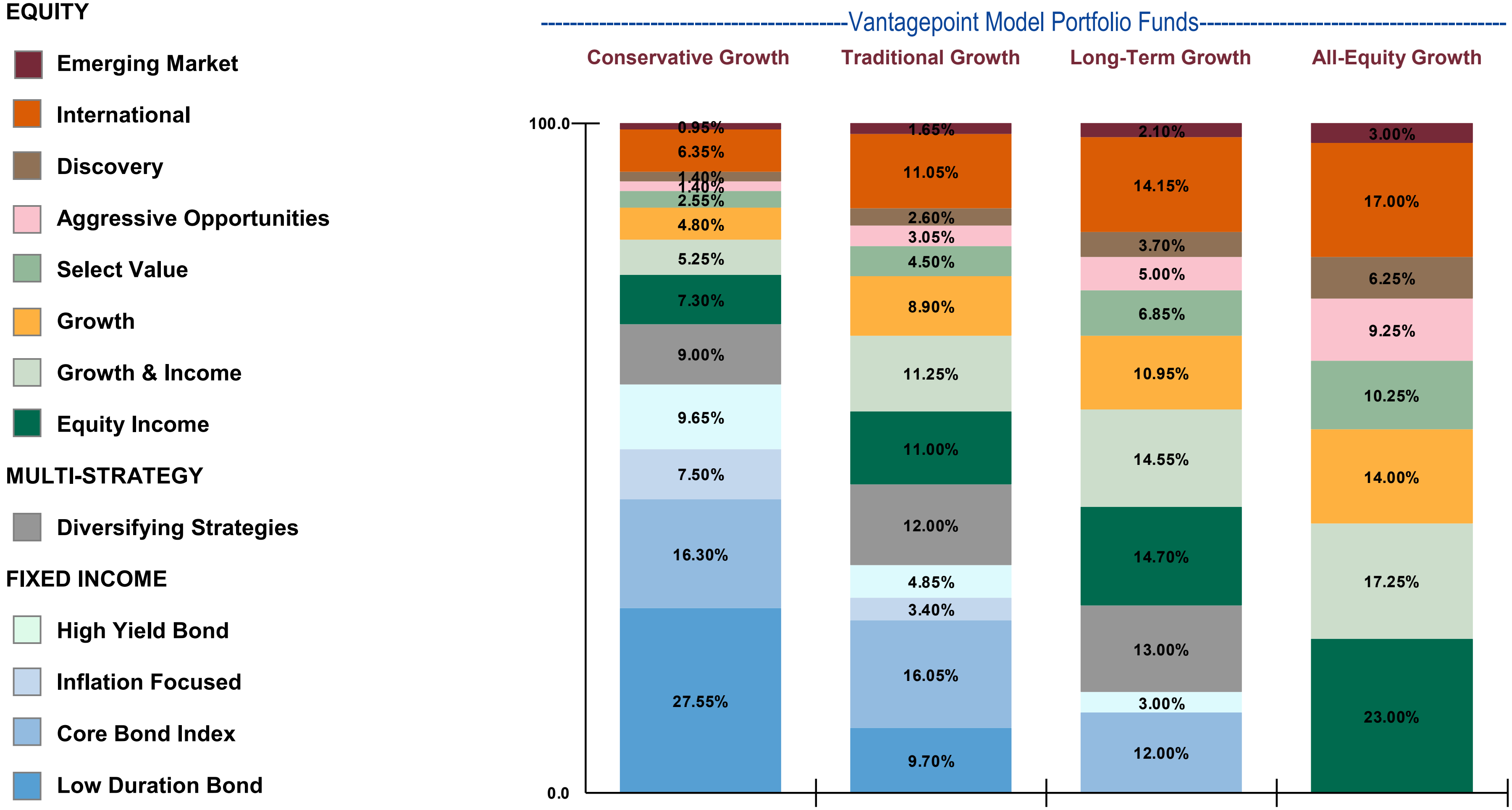


Morningstar®,2 Category	Conservative Allocation	Moderate Allocation	Aggressive Allocation	Large Blend
Funds Ranked in Category: 3-Year Period	676	815	389	1380
Funds Ranked in Category: 5-Year Period	549	703	328	1225
Funds Ranked in Category: 10-Year Period	307	472	225	854

Number next to each diamond represents a percentile rank within the appropriate Morningstar style category universe of funds. The percentile ranking is based on Total Return relative to funds in the same Morningstar category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Past performance is no guarantee of future results. Please be advised that with "Fund of Funds" arrangements such as the Vantagepoint Model Portfolio Funds, additional underlying fees may apply. Please read Making Sound Investment Decisions: A Retirement Investment Guide ("Guide") carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. Investors should carefully consider this information before investing.

VT Vantagepoint Model Portfolio Funds[1,13]

Underlying Vantagepoint Fund Target Allocations as of 6/30/2015

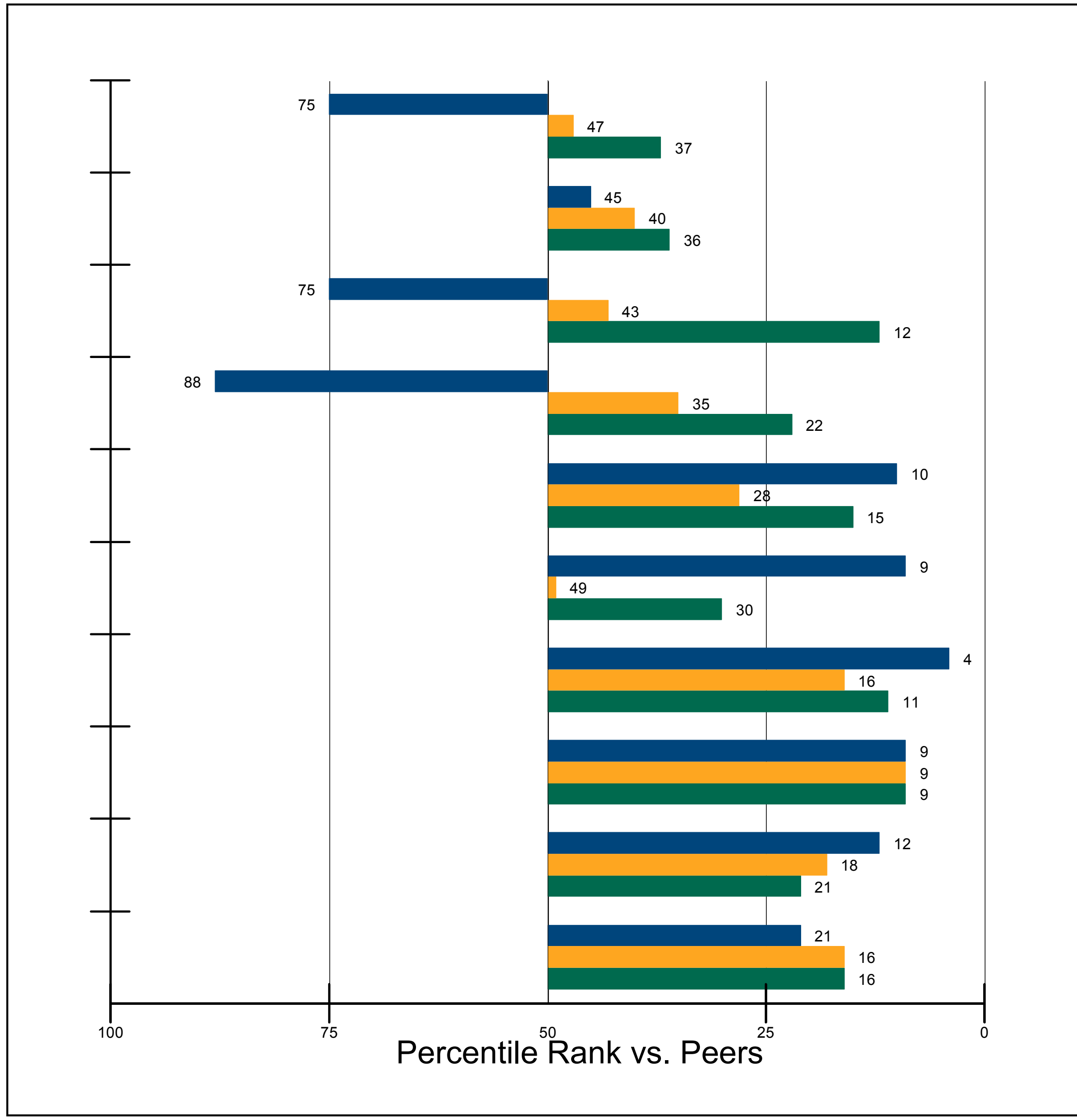


All data on page is as of June 30, 2015

See disclosure at end of chapter.

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
PIMCO Low Duration	★★★★	0.14%	0.23%
PIMCO Total Return Instl	★★★★	3.49%	4.64%
PIMCO Real Return Admin	★★★★	0.94%	2.60%
Delaware High-Yield Opp Instl	★★★★	2.07%	3.51%
Vanguard Target Retire Income	★★★★★	0.11%	0.11%
Vanguard Target Retire 2010	★★★★	0.56%	0.09%
Vanguard Target Retire 2015	★★★★	0.62%	0.20%
Vanguard Target Retire 2020	★★★★★	1.20%	0.37%
Vanguard Target Retire 2025	★★★★	1.19%	0.50%
Vanguard Target Retire 2030	★★★★	0.69%	0.70%



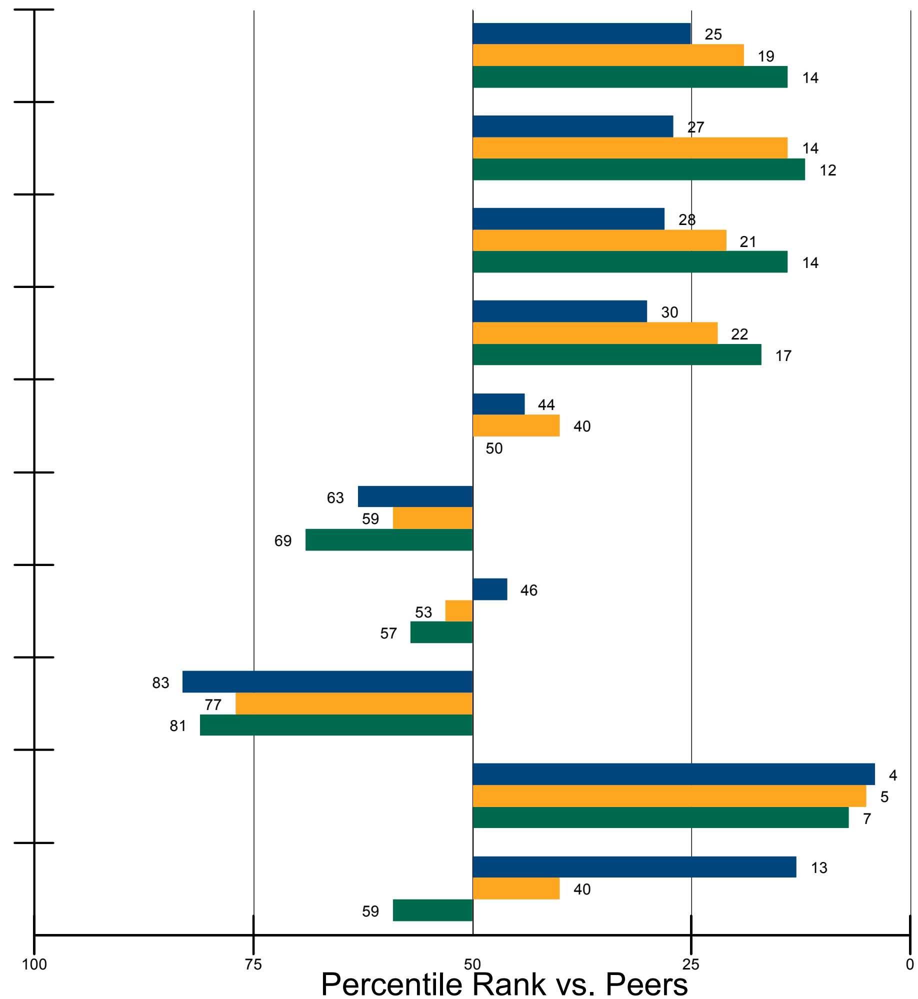
1 Year 3 Year 5 Year

All data on page is as of June 30, 2015

Page includes Morningstar® data for actively managed registered funds in plans with more than five participants.
See disclosure at end of chapter.

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Vanguard Target Retire 2035	✭✭✭✭	0.38%	0.63%
Vanguard Target Retire 2040	✭✭✭✭	0.68%	1.09%
Vanguard Target Retire 2045	✭✭✭✭	0.17%	0.95%
Vanguard Target Retire 2050	✭✭✭✭	0.02%	0.23%
VT Vantagepoint MP Cons Growth	✭✭✭	0.82%	0.51%
VT Vantagepoint MP Trad Growth	✭✭✭	3.25%	1.88%
VT Vantagepoint MP Lng-Trm Gr	✭✭✭✭	4.66%	2.65%
VT Vantagepoint MP All-Eq Gr	✭✭✭	1.50%	0.96%
Fidelity Balanced	✭✭✭✭✭	3.73%	3.54%
BlackRock Global Allocation	✭✭✭	0.54%	0.65%



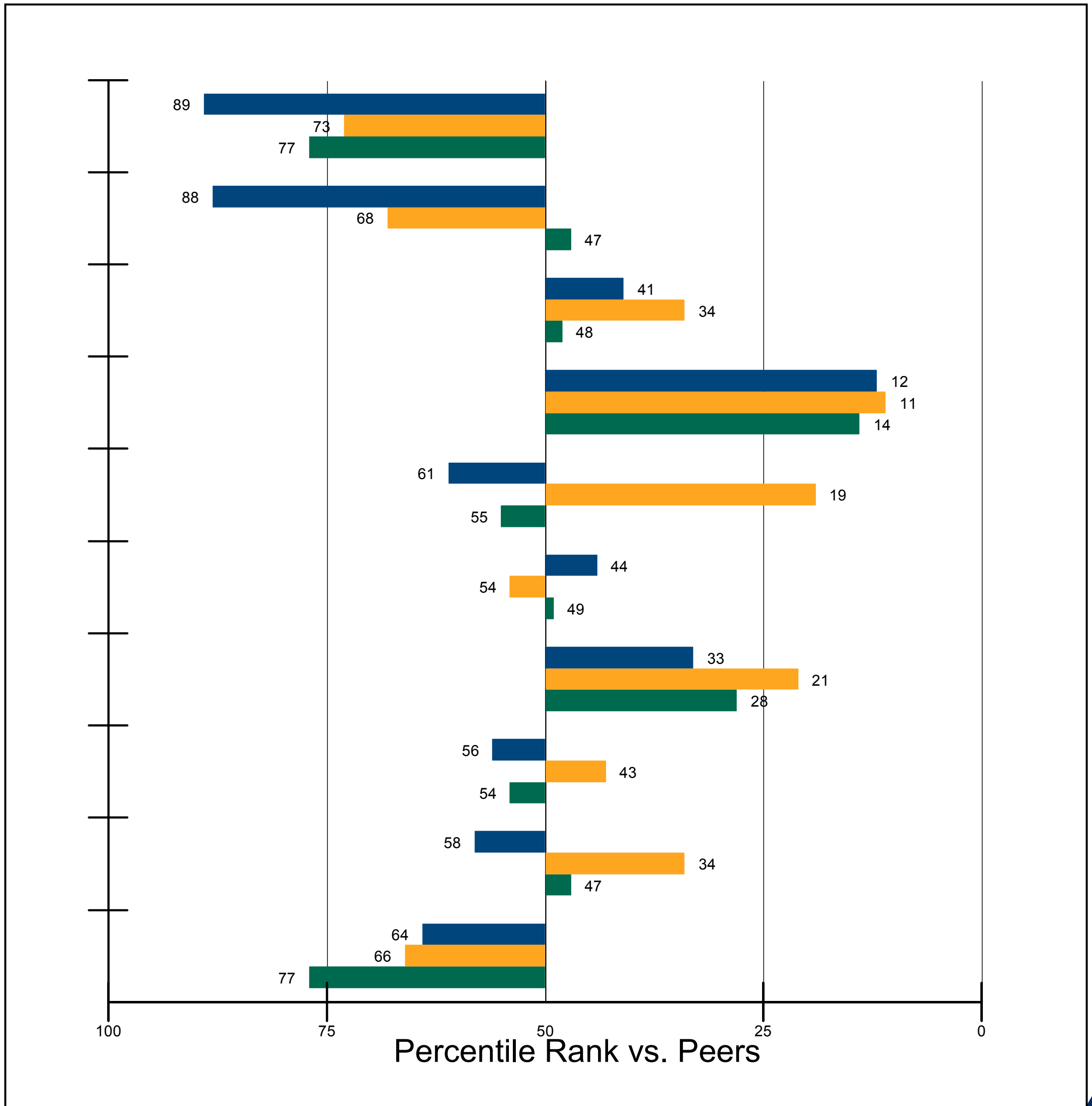
1 Year 3 Year 5 Year

All data on page is as of June 30, 2015

Page includes Morningstar® data for actively managed registered funds in plans with more than five participants.
See disclosure at end of chapter.

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
VT Vantagepoint Equity Income	☆☆☆	0.47%	1.05%
AllianzGI NFJ Dividend Value	☆☆☆	5.00%	5.83%
American Funds Fundamental Inv	☆☆☆☆	1.32%	1.39%
JPMorgan US Equity Select	☆☆☆☆☆	0.68%	1.49%
Am Funds Growth Fund of Am R5	☆☆☆☆	3.83%	3.28%
Fidelity Contrafund®	☆☆☆☆	4.07%	3.20%
Columbia Small/Mid Cap Value K	☆☆☆☆	0.47%	1.14%
Westwood SMidCap Institutional	☆☆☆	0.73%	1.96%
Harbor Mid Cap Growth Admin	☆☆☆	3.92%	3.13%
Columbia Small Cap Value I Z	☆☆☆	0.91%	1.18%



1 Year 3 Year 5 Year

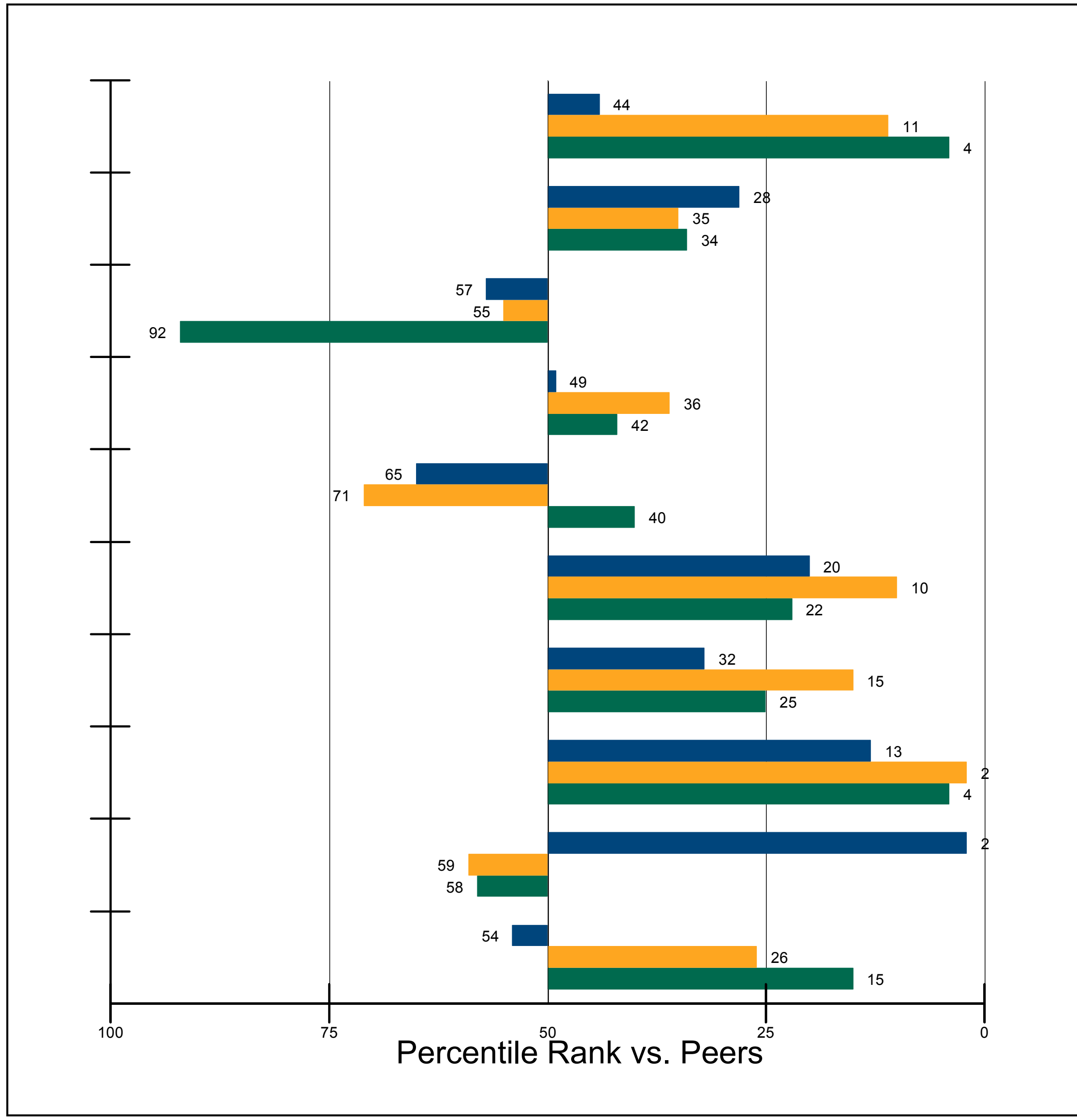
All data on page is as of June 30, 2015

Page includes Morningstar® data for actively managed registered funds in plans with more than five participants.
See disclosure at end of chapter.

ICMARC Building Retirement Security

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Fidelity Small Cap Discovery	★★★★★	1.49%	3.89%
AMG TimesSquare Sm Cap Growth	★★★★★	0.81%	0.97%
Royce Smaller-Companies Gr Srv	★★★	0.00%	0.01%
American Funds Cap World G&I	★★★★	5.59%	5.57%
Harbor International Admin	★★★	0.55%	1.18%
Fidelity Diversified Intl	★★★	1.86%	3.56%
Fidelity Intl Discovery	★★★★	0.56%	1.53%
Prudential Jennison Utility A	★★★★	1.02%	1.07%
American Century® Utilities	★★★	0.00%	0.01%
Nuveen Real Estate Securities	★★★★	0.78%	3.25%

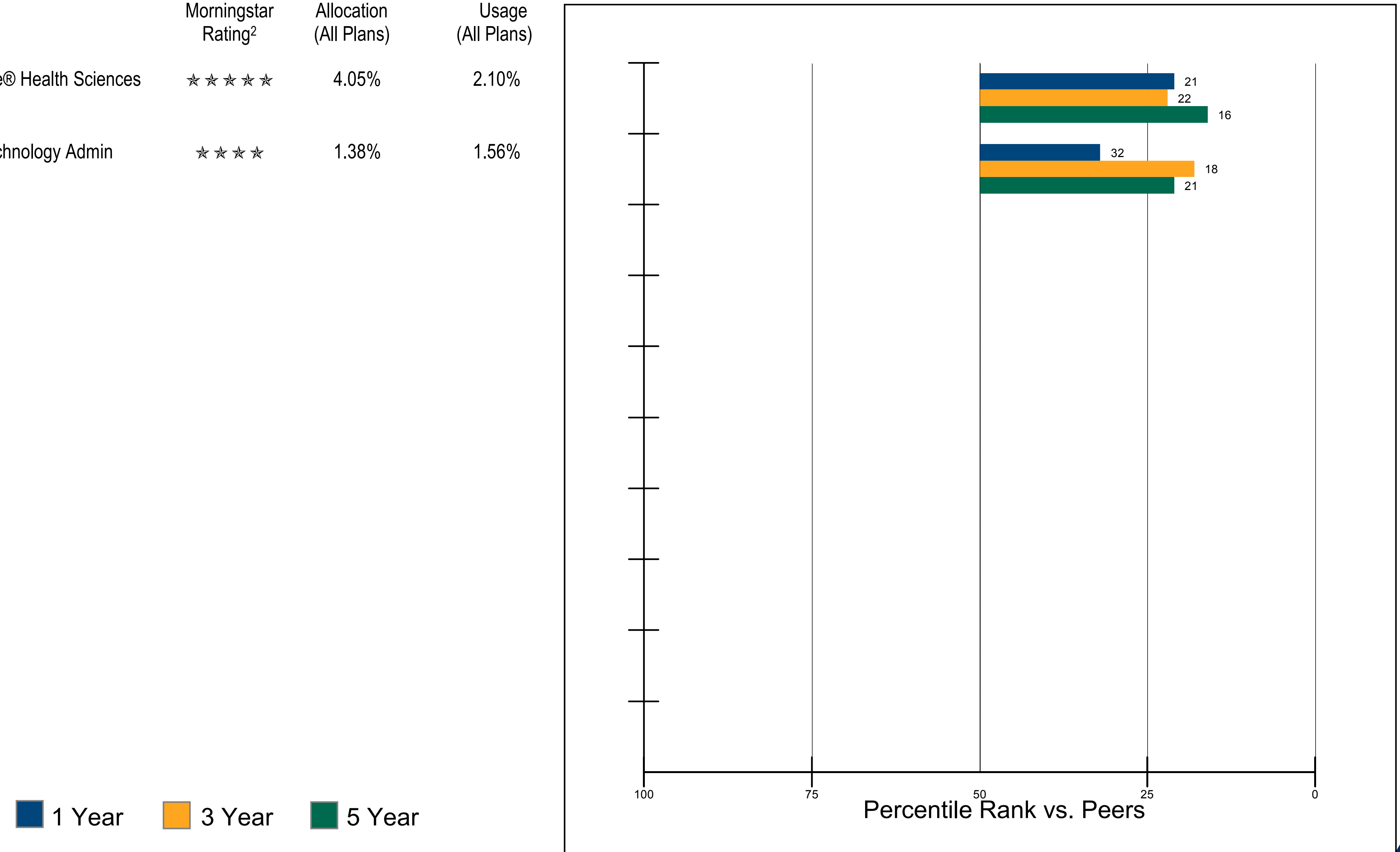


All data on page is as of June 30, 2015

Page includes Morningstar® data for actively managed registered funds in plans with more than five participants.
See disclosure at end of chapter.

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
T Rowe Price® Health Sciences	✮✮✮✮✮	4.05%	2.10%
AllianzGI Technology Admin	✮✮✮✮	1.38%	1.56%



All data on page is as of June 30, 2015

Page includes Morningstar® data for actively managed registered funds in plans with more than five participants.
See disclosure at end of chapter.

Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	PIMCO Low Duration	PIMCO Total Return Instl	PIMCO Real Return Admin	Delaware High-Yield Opp Instl	Vanguard Target Retire Income
% of Assets	--	0.14%	3.49%	0.94%	2.07%	0.11%
% of Participants	--	0.23%	4.64%	2.60%	3.51%	0.11%
Overall Morningstar Star Rating[2]	3 or higher	4	4	4	4	5
3-Year Morningstar Star Rating[2]	3 or higher	3	3	3	3	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	47%	40%	43%	35%	28%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	75%	45%	75%	88%	10%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	6	7	6	8
Manager Change	None in last 12 months	Yes	Yes	Yes	Yes	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**6 of 7**	**6 of 7**	**6 of 7**	**5 of 7**	**7 of 7**

Data above are some metrics a plan sponsor may consider in reviewing funds in their retirement plans. Additional data as deemed appropriate by the plan sponsor should be considered when conducting a comprehensive review of funds. Page includes Morningstar® data for actively managed registered funds in plans with more than five participants. If your plan makes available VT Funds, note that these funds do not invest directly in Vantagepoint and other third-party funds.

Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	Vanguard Target Retire 2010	Vanguard Target Retire 2015	Vanguard Target Retire 2020	Vanguard Target Retire 2025	Vanguard Target Retire 2030
% of Assets	--	0.56%	0.62%	1.20%	1.19%	0.69%
% of Participants	--	0.09%	0.20%	0.37%	0.50%	0.70%
Overall Morningstar Star Rating[2]	3 or higher	4	4	5	4	4
3-Year Morningstar Star Rating[2]	3 or higher	3	4	4	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	49%	16%	9%	18%	16%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	9%	4%	9%	12%	21%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	8	8	8	8
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**7 of 7**	**7 of 7**	**7 of 7**	**7 of 7**	**7 of 7**

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Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	Vanguard Target Retire 2035	Vanguard Target Retire 2040	Vanguard Target Retire 2045	Vanguard Target Retire 2050	VT Vantagepoint MP Cons Growth
% of Assets	--	0.38%	0.68%	0.17%	0.02%	0.82%
% of Participants	--	0.63%	1.09%	0.95%	0.23%	0.51%
Overall Morningstar Star Rating[2]	3 or higher	4	4	4	4	3
3-Year Morningstar Star Rating[2]	3 or higher	4	4	4	4	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	19%	14%	21%	22%	40%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	25%	27%	28%	30%	44%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	8	8	7	7	6
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**7 of 7**	**7 of 7**	**7 of 7**	**7 of 7**	**7 of 7**

Data above are some metrics a plan sponsor may consider in reviewing funds in their retirement plans. Additional data as deemed appropriate by the plan sponsor should be considered when conducting a comprehensive review of funds. Page includes Morningstar® data for actively managed registered funds in plans with more than five participants. If your plan makes available VT Funds, note that these funds do not invest directly in Vantagepoint and other third-party funds.

Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	VT Vantagepoint MP Trad Growth	VT Vantagepoint MP Lng-Trm Gr	VT Vantagepoint MP All-Eq Gr	Fidelity Balanced	BlackRock Global Allocation
% of Assets	--	3.25%	4.66%	1.50%	3.73%	0.54%
% of Participants	--	1.88%	2.65%	0.96%	3.54%	0.65%
Overall Morningstar Star Rating[2]	3 or higher	3	4	3	5	3
3-Year Morningstar Star Rating[2]	3 or higher	3	3	2	5	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	59%	53%	77%	5%	40%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	63%	46%	83%	4%	13%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	5	8	5	8	6
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**7 of 7**	**7 of 7**	**4 of 7**	**7 of 7**	**7 of 7**

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Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	VT Vantagepoint Equity Income	AllianzGI NFJ Dividend Value	American Funds Fundamental Inv	JPMorgan US Equity Select	Am Funds Growth Fund of Am R5
% of Assets	--	0.47%	5.00%	1.32%	0.68%	3.83%
% of Participants	--	1.05%	5.83%	1.39%	1.49%	3.28%
Overall Morningstar Star Rating[2]	3 or higher	3	3	4	5	4
3-Year Morningstar Star Rating[2]	3 or higher	3	3	4	5	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	73%	68%	34%	11%	19%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	89%	88%	41%	12%	61%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	4	6	6	8	7
Manager Change	None in last 12 months	No	No	No	Yes	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**5 of 7**	**6 of 7**	**7 of 7**	**6 of 7**	**7 of 7**

Data above are some metrics a plan sponsor may consider in reviewing funds in their retirement plans. Additional data as deemed appropriate by the plan sponsor should be considered when conducting a comprehensive review of funds. Page includes Morningstar® data for actively managed registered funds in plans with more than five participants. If your plan makes available VT Funds, note that these funds do not invest directly in Vantagepoint and other third-party funds.

Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	Fidelity Contrafund®	Columbia Small/Mid Cap Value K	Westwood SMidCap Institutional	Harbor Mid Cap Growth Admin	Columbia Small Cap Value I Z
% of Assets	--	4.07%	0.47%	0.73%	3.92%	0.91%
% of Participants	--	3.20%	1.14%	1.96%	3.13%	1.18%
Overall Morningstar Star Rating[2]	3 or higher	4	4	3	3	3
3-Year Morningstar Star Rating[2]	3 or higher	3	4	3	4	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	54%	21%	43%	34%	66%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	44%	33%	56%	58%	64%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	5	7	7	8
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	Yes	No	No	No
Metrics Met	--	**7 of 7**	**6 of 7**	**7 of 7**	**7 of 7**	**7 of 7**

Data above are some metrics a plan sponsor may consider in reviewing funds in their retirement plans. Additional data as deemed appropriate by the plan sponsor should be considered when conducting a comprehensive review of funds. Page includes Morningstar® data for actively managed registered funds in plans with more than five participants. If your plan makes available VT Funds, note that these funds do not invest directly in Vantagepoint and other third-party funds.

Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	Fidelity Small Cap Discovery	AMG TimesSquare Sm Cap Growth	Royce Smaller-Companies Gr Srv	American Funds Cap World G&I	Harbor International Admin
% of Assets	--	1.49%	0.81%	0.00%	5.59%	0.55%
% of Participants	--	3.89%	0.97%	0.01%	5.57%	1.18%
Overall Morningstar Star Rating[2]	3 or higher	5	5	3	4	3
3-Year Morningstar Star Rating[2]	3 or higher	5	4	3	3	2
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	11%	35%	55%	36%	71%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	44%	28%	57%	49%	65%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	5	6	7	8	6
Manager Change	None in last 12 months	No	No	No	Yes	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**7 of 7**	**7 of 7**	**7 of 7**	**6 of 7**	**6 of 7**

Data above are some metrics a plan sponsor may consider in reviewing funds in their retirement plans. Additional data as deemed appropriate by the plan sponsor should be considered when conducting a comprehensive review of funds. Page includes Morningstar® data for actively managed registered funds in plans with more than five participants. If your plan makes available VT Funds, note that these funds do not invest directly in Vantagepoint and other third-party funds.

Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	Fidelity Diversified Intl	Fidelity Intl Discovery	Prudential Jennison Utility A	American Century® Utilities	Nuveen Real Estate Securities
% of Assets	--	1.86%	0.56%	1.02%	0.00%	0.78%
% of Participants	--	3.56%	1.53%	1.07%	0.01%	3.25%
Overall Morningstar Star Rating[2]	3 or higher	3	4	4	3	4
3-Year Morningstar Star Rating[2]	3 or higher	4	4	5	3	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	10%	15%	2%	59%	26%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	20%	32%	13%	2%	54%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	7	8	5	7
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	Yes	Yes	No	No	No
Metrics Met	--	**6 of 7**	**6 of 7**	**7 of 7**	**7 of 7**	**7 of 7**

Data above are some metrics a plan sponsor may consider in reviewing funds in their retirement plans. Additional data as deemed appropriate by the plan sponsor should be considered when conducting a comprehensive review of funds. Page includes Morningstar® data for actively managed registered funds in plans with more than five participants. If your plan makes available VT Funds, note that these funds do not invest directly in Vantagepoint and other third-party funds.

Fund Focus List[1,2]

June 30, 2015

Criteria	Criterion Benchmark	T Rowe Price® Health Sciences	AllianzGI Technology Admin
% of Assets	--	4.05%	1.38%
% of Participants	--	2.10%	1.56%
Overall Morningstar Star Rating[2]	3 or higher	5	4
3-Year Morningstar Star Rating[2]	3 or higher	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	22%	18%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	21%	32%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	8	6
Manager Change	None in last 12 months	No	No
Morningstar Category Change	None in last 12 months	No	No
Metrics Met	--	**7 of 7**	**7 of 7**

Data above are some metrics a plan sponsor may consider in reviewing funds in their retirement plans. Additional data as deemed appropriate by the plan sponsor should be considered when conducting a comprehensive review of funds. Page includes Morningstar® data for actively managed registered funds in plans with more than five participants. If your plan makes available VT Funds, note that these funds do not invest directly in Vantagepoint and other third-party funds.

IMPORTANT NOTICE: If your plan makes available VT Funds, note that these funds do NOT invest directly in Vantagepoint or third party mutual funds. *Data presented on the VT Vantagepoint Funds is for the funds in which your plan invests and is inclusive of all fees. Data presented on VT Funds that invest in funds of other fund companies is for the underlying fund and also is inclusive of all fees. Reference to such underlying fund non-performance data by VT Funds is for reference only and NOT reflective of the returns of the corresponding VT Funds.*

Fund Data

2nd Quarter 2015

Platinum Services Plan Service Report

Fund past performance, as shown, is no guarantee of how the fund will perform in the future. The performance shown has been annualized for periods greater than one year. Investment returns and principal value will fluctuate, so that an investor's shares, when redeemed, may be worth more or less than their original cost. For current performance, contact ICMA-RC by calling 800-669-7400 or by visiting www.icmarc.org.

Fund Performance[1,2]

Stable Value/Cash Management Funds

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
VT PLUS Fund[7]	**--**	**--**	**--**	**--**	**1.81**	**1.98**	**2.34**	**3.32**	**--**	**1/1/1991**
BofA ML US 3-Mo. T-Bill Index (Annualized)					0.02	0.06	0.08	1.42		
Dreyfus Cash Management[14]	**--**	**--**	**--**	**--**	**0.00**	**0.00**	**0.00**	**1.36**	**2.27**	**11/21/1996**
Ibbotson US 30-Day T-Bill Index					0.01	0.03	0.04	1.30		
Crane Prime Retail Money Market Fund Index					0.01	0.01	0.01	1.31		

The 7-Day Yields below more closely reflect the current earnings of the Dreyfus Cash Management than the returns above:
The 7-Day Current Yield was 0.00%.

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Fund Performance[1,2]

Bond Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
PIMCO Low Duration[10]	**4**	**3**	**3**	**4**	**0.10**	**1.24**	**2.07**	**3.56**	**4.79**	**1/3/1995**
BofA ML US 1-3 Year Treasury Index					0.88	0.66	0.82	2.52		
Morningstar Short-Term Bond					0.47	1.27	1.87	2.91		
Vanguard Ttl Bond Mkt Idx Adm[10]	**3**	**3**	**3**	**3**	**1.73**	**1.70**	**3.24**	**4.40**	**4.48**	**11/12/2001**
Barclays U.S. Aggregate Float-Adjusted Bond Index					1.78	1.82	3.38	--		
Morningstar Intermediate-Term Bond					1.04	2.28	3.70	4.19		
PIMCO Total Return Instl[10]	**4**	**3**	**3**	**5**	**1.30**	**2.45**	**4.03**	**5.72**	**7.70**	**5/11/1987**
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Intermediate-Term Bond					1.04	2.28	3.70	4.19		
PIMCO Real Return Admin[10]	**4**	**3**	**4**	**4**	**-3.29**	**-1.15**	**3.00**	**4.14**	**6.04**	**4/28/2000**
Barclays U.S. Treasury Inflation-Protected Securities Index (Series-L)					-1.73	-0.76	3.29	4.13		
Morningstar Inflation-Protected Bond					-2.84	-1.20	2.41	3.24		
Delaware High-Yield Opp Instl[10,18]	**4**	**3**	**4**	**4**	**-3.47**	**6.40**	**8.31**	**7.41**	**7.35**	**12/30/1996**
BofA ML US High Yield Master II Constrained Index					-0.54	6.81	8.38	7.78		
Morningstar High Yield Bond					-1.12	6.02	7.61	6.53		

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Fund Performance[1,2]

Guaranteed Lifetime Income Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Retirement IncomeAdvantage[16]	**--**	**--**	**--**	**--**	**1.55**	**8.48**	**--**	**--**	**8.37**	**8/23/2010**
VT Retirement IncomeAdvantage Custom Benchmark					3.24	10.03	--	--		

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Fund Performance[1,2]

Target-Risk/Target-Date Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Vanguard Target Retire Income[5,12]	**5**	**4**	**4**	**5**	**1.94**	**5.35**	**6.76**	**5.23**	**5.46**	**10/27/2003**
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Retirement Income					0.50	4.59	5.65	3.97		
Vanguard Target Retire 2010[5,12]	**4**	**3**	**4**	**--**	**2.19**	**6.96**	**8.37**	**--**	**5.77**	**6/7/2006**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2000-2010					0.71	6.42	7.42	4.56		
Vanguard Target Retire 2015[5,12]	**4**	**4**	**4**	**4**	**2.61**	**8.81**	**9.68**	**5.95**	**6.39**	**10/27/2003**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2011-2015					0.95	7.33	8.14	4.30		
Vanguard Target Retire 2020[5,12]	**5**	**4**	**5**	**--**	**3.03**	**10.19**	**10.70**	**--**	**6.32**	**6/7/2006**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2016-2020					1.20	7.79	8.69	4.84		
Vanguard Target Retire 2025[5,12]	**4**	**4**	**4**	**4**	**3.09**	**11.18**	**11.52**	**6.31**	**6.83**	**10/27/2003**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2021-2025					1.63	9.59	10.46	5.47		

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Fund Performance[1,2]

Target-Risk/Target-Date Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Vanguard Target Retire 2030[5,12]	**4**	**4**	**4**	**--**	**3.19**	**12.20**	**12.35**	**--**	**6.48**	**6/7/2006**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2026-2030					1.77	10.13	10.54	5.33		
Vanguard Target Retire 2035[5,12]	**4**	**4**	**4**	**4**	**3.26**	**13.21**	**13.16**	**6.76**	**7.42**	**10/27/2003**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2031-2035					2.19	11.62	12.00	5.99		
Vanguard Target Retire 2040[5,12]	**4**	**4**	**4**	**--**	**3.28**	**13.82**	**13.50**	**--**	**6.77**	**6/7/2006**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2036-2040					2.16	11.60	11.62	5.74		
Vanguard Target Retire 2045[5,12]	**4**	**4**	**4**	**3**	**3.29**	**13.80**	**13.51**	**7.10**	**7.84**	**10/27/2003**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2041-2045					2.43	12.53	12.66	6.41		

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Fund Performance[1,2]

Target-Risk/Target-Date Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Vanguard Target Retire 2050[5,12]	**4**	**4**	**4**	**--**	**3.29**	**13.81**	**13.51**	**--**	**6.83**	**6/7/2006**
MSCI US Broad Market Index (Gross)					7.38	17.80	17.65	8.37		
Barclays U.S. Aggregate Bond Index					1.86	1.83	3.35	4.44		
Morningstar Target Date 2046-2050					2.33	12.13	11.92	5.98		
VT Vantagepoint MP Cons Growth[12]	**3**	**3**	**3**	**3**	**0.87**	**6.61**	**7.08**	**4.95**	**--**	**4/1/1996**
Barclays U.S. Intermediate Aggregate Bond Index					1.89	1.74	2.89	4.22		
Model Conservative Growth Custom Bmk.					2.47	8.14	9.06	6.04		
Former Model Conservative Growth Custom Bmk.					4.01	7.72	8.59	5.93		
Morningstar Conservative Allocation					-0.20	5.88	7.00	4.78		
VT Vantagepoint MP Trad Growth[12]	**3**	**3**	**3**	**3**	**1.82**	**9.78**	**9.71**	**5.88**	**--**	**4/1/1996**
S&P 500 Index					7.42	17.31	17.34	7.89		
Model Traditional Growth Custom Bmk.					3.52	11.07	11.56	6.84		
Former Model Traditional Growth Custom Bmk.					5.45	11.03	11.60	6.72		
Morningstar Moderate Allocation					2.06	10.08	10.38	5.98		

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Fund Performance[1,2]

Target-Risk/Target-Date Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
VT Vantagepoint MP Lng-Trm Gr[12]	**4**	**3**	**3**	**4**	**2.23**	**12.00**	**11.50**	**6.54**	**--**	**4/1/1996**
S&P 500 Index					7.42	17.31	17.34	7.89		
Model Long-Term Growth Custom Bmk.					4.26	13.22	13.33	7.38		
Former Model Long-Term Growth Custom Bmk.					6.42	13.50	13.84	7.36		
Morningstar Aggressive Allocation					1.69	11.94	11.75	6.00		
VT Vantagepoint MP All-Eq Gr[12]	**3**	**2**	**2**	**3**	**2.38**	**15.07**	**14.19**	**7.07**	**--**	**10/1/2000**
S&P 500 Index					7.42	17.31	17.34	7.89		
Model All-Equity Growth Custom Bmk.					4.82	15.87	15.53	7.80		
Former Model All-Equity Growth Custom Bmk.					5.10	16.33	15.83	7.36		
Morningstar Large Blend					5.49	16.50	15.84	7.26		

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Fund Performance[1,2]

Balanced Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Fidelity Balanced	**5**	**5**	**5**	**4**	**6.38**	**12.76**	**12.59**	**7.49**	**9.44**	**11/6/1986**
S&P 500 Index					7.42	17.31	17.34	7.89		
Morningstar Moderate Allocation					2.06	10.08	10.38	5.98		
BlackRock Global Allocation	**3**	**3**	**2**	**4**	**1.21**	**8.44**	**7.92**	**7.11**	**9.32**	**10/21/1994**
FTSE World Index					1.05	13.96	12.88	7.05		
Morningstar World Allocation					-2.34	7.05	8.00	5.53		

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Fund Performance[1,2]

U.S. Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
VT Vantagepoint Equity Income[19]	**3**	**3**	**2**	**3**	**-0.47**	**14.37**	**14.01**	**6.68**	**--**	**4/1/1994**
Russell 1000 Value Index					4.13	17.34	16.50	7.05		
Morningstar Large Value					3.15	15.80	15.03	6.59		
AllianzGI NFJ Dividend Value[19]	**3**	**3**	**3**	**3**	**-0.29**	**14.75**	**15.27**	**6.68**	**8.50**	**5/8/2000**
Russell 1000 Value Index					4.13	17.34	16.50	7.05		
Morningstar Large Value					3.15	15.80	15.03	6.59		
Vanguard 500 Index Admiral	**4**	**4**	**4**	**4**	**7.40**	**17.27**	**17.31**	**7.88**	**4.95**	**11/13/2000**
S&P 500 Index					7.42	17.31	17.34	7.89		
Morningstar Large Blend					5.49	16.50	15.84	7.26		
American Funds Fundamental Inv	**4**	**4**	**3**	**5**	**6.72**	**17.43**	**16.23**	**9.12**	**8.68**	**5/15/2002**
S&P 500 Index					7.42	17.31	17.34	7.89		
Morningstar Large Blend					5.49	16.50	15.84	7.26		
JPMorgan US Equity Select	**5**	**5**	**4**	**5**	**8.92**	**19.24**	**17.59**	**9.31**	**7.70**	**9/7/2001**
S&P 500 Index					7.42	17.31	17.34	7.89		
Morningstar Large Blend					5.49	16.50	15.84	7.26		

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Fund Performance[1,2]

U.S. Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Am Funds Growth Fund of Am R5[19]	**4**	**4**	**3**	**4**	**8.42**	**19.28**	**16.83**	**8.69**	**8.45**	**5/15/2002**
S&P 500 Index					7.42	17.31	17.34	7.89		
Morningstar Large Growth					9.39	17.48	16.96	8.26		
Fidelity Contrafund®[19]	**4**	**3**	**3**	**5**	**10.29**	**17.42**	**17.11**	**9.85**	**12.50**	**5/17/1967**
S&P 500 Index					7.42	17.31	17.34	7.89		
Morningstar Large Growth					9.39	17.48	16.96	8.26		
Columbia Small/Mid Cap Value K[6,19]	**4**	**4**	**4**	**4**	**3.34**	**17.93**	**16.20**	**8.42**	**10.03**	**2/14/2002**
Russell 2500 Value Index					0.99	16.99	16.24	7.76		
Morningstar Small Value					0.51	16.06	14.76	7.58		
Vanguard Mid-Cap Index Admiral[17]	**4**	**4**	**5**	**4**	**8.63**	**19.68**	**18.24**	**9.37**	**10.30**	**11/12/2001**
CRSP US Mid Cap Index					8.68	19.66	18.51	9.41		
Morningstar Mid-Cap Blend					3.86	17.31	15.90	8.00		
Westwood SMidCap Institutional[17]	**3**	**3**	**3**	**--**	**4.88**	**18.33**	**16.43**	**--**	**11.01**	**12/19/2005**
Russell 2500 Index					5.92	18.66	17.85	9.09		
Morningstar Mid-Cap Blend					3.86	17.31	15.90	8.00		

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Fund Performance[1,2]

U.S. Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Harbor Mid Cap Growth Admin[17,19]	**3**	**4**	**3**	**3**	**8.07**	**18.48**	**16.95**	**9.94**	**11.67**	**11/1/2002**
Russell Midcap Growth Index					9.45	19.24	18.69	9.69		
Morningstar Mid-Cap Growth					8.92	17.53	16.81	8.89		
Columbia Small Cap Value I Z[6,19]	**3**	**3**	**2**	**3**	**0.18**	**15.35**	**13.54**	**7.68**	**9.68**	**7/28/1995**
Russell 2000 Value Index					0.78	15.50	14.81	6.87		
Morningstar Small Value					0.51	16.06	14.76	7.58		
Vanguard Small-Cap Index Adm[6]	**4**	**4**	**4**	**4**	**5.24**	**18.73**	**18.15**	**9.49**	**9.30**	**11/13/2000**
CRSP US Small Cap Index					5.21	19.11	18.56	9.98		
Morningstar Small Blend					3.42	16.72	15.95	7.91		
Fidelity Small Cap Discovery[6]	**5**	**5**	**5**	**5**	**5.56**	**20.18**	**19.68**	**11.97**	**11.79**	**9/26/2000**
Russell 2000 Index					6.49	17.81	17.08	8.40		
Morningstar Small Blend					3.42	16.72	15.95	7.91		
AMG TimesSquare Sm Cap Growth[6,19]	**5**	**4**	**4**	**5**	**12.48**	**19.14**	**18.79**	**11.36**	**9.09**	**1/21/2000**
Russell 2000 Growth Index					12.34	20.11	19.33	9.86		
Morningstar Small Growth					9.60	17.99	17.65	9.00		

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Fund Performance[1,2]

U.S. Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Royce Smaller-Companies Gr Srv[6,19]	**3**	**3**	**2**	**3**	**8.73**	**17.73**	**13.98**	**8.63**	**12.41**	**6/14/2001**
Russell 2000 Index					6.49	17.81	17.08	8.40		
Morningstar Small Growth					9.60	17.99	17.65	9.00		

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Fund Performance[1,2]

International/Global Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
American Funds Cap World G&I[11]	**4**	**3**	**3**	**4**	**1.16**	**14.43**	**12.91**	**8.09**	**9.22**	**5/15/2002**
MSCI AC World Index (Net)					0.71	13.01	11.93	6.41		
Morningstar World Stock					0.60	13.46	12.29	6.65		
Harbor International Admin[11]	**3**	**2**	**3**	**4**	**-4.38**	**9.73**	**9.50**	**7.85**	**10.77**	**11/1/2002**
MSCI EAFE Index (Net)					-4.22	11.97	9.54	5.12		
Morningstar Foreign Large Blend					-3.28	10.83	8.91	5.15		
Fidelity Diversified Intl[11]	**3**	**4**	**4**	**3**	**2.08**	**14.09**	**11.37**	**5.93**	**8.81**	**12/27/1991**
MSCI EAFE Index (Net)					-4.22	11.97	9.54	5.12		
Morningstar Foreign Large Growth					-0.61	11.34	9.85	5.97		
Fidelity Intl Discovery[11]	**4**	**4**	**4**	**3**	**0.66**	**13.63**	**11.13**	**6.33**	**7.97**	**12/31/1986**
MSCI EAFE Index (Net)					-4.22	11.97	9.54	5.12		
Morningstar Foreign Large Growth					-0.61	11.34	9.85	5.97		

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Fund Performance[1,2]

Specialty Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Prudential Jennison Utility A[13]	**4**	**5**	**4**	**3**	**-4.23**	**16.12**	**16.45**	**9.18**	**10.42**	**1/22/1990**
S&P 500 Utilities Index					-2.90	8.02	12.47	6.88		
Morningstar Utilities					-5.94	9.81	12.36	7.34		
American Century® Utilities[3,13]	**3**	**3**	**3**	**3**	**-2.73**	**8.55**	**12.55**	**7.15**	**7.78**	**3/1/1993**
S&P 500 Index					7.42	17.31	17.34	7.89		
Morningstar Utilities					-5.94	9.81	12.36	7.34		
Nuveen Real Estate Securities[13]	**4**	**3**	**4**	**5**	**3.85**	**8.67**	**14.38**	**8.61**	**12.01**	**6/30/1995**
MSCI US REIT Index					3.93	8.71	14.29	6.96		
Morningstar Real Estate					3.96	8.23	13.53	6.32		
T Rowe Price® Health Sciences[4,13]	**5**	**4**	**4**	**5**	**43.42**	**36.43**	**33.79**	**19.31**	**16.22**	**12/29/1995**
S&P 500 Index					7.42	17.31	17.34	7.89		
Morningstar Health					32.21	31.30	26.59	13.84		
AllianzGI Technology Admin[13]	**4**	**4**	**4**	**4**	**10.45**	**20.82**	**18.12**	**10.93**	**11.04**	**3/31/2005**
NASDAQ Composite Index					14.44	20.86	20.18	10.35		
Morningstar Technology					9.03	17.79	16.25	9.54		

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Fund Summary[1,2]

Summary Table

Plan Option	Morningstar® Category	Peer Ranking over last 3 years (Percentile)	Peer Ranking over last 5 years (Percentile)	Peer Ranking over last 10 years (Percentile)	Comparative Risk Relative to Funds in Category over last 3 years
PIMCO Low Duration[10]	Short-Term Bond	218/468 (47%)	144/393 (37%)	52/276 (19%)	Above Average
Vanguard Ttl Bond Mkt Idx Adm[10]	Intermediate-Term Bond	669/935 (71%)	566/811 (70%)	275/593 (46%)	Average
PIMCO Total Return Instl[10]	Intermediate-Term Bond	371/935 (40%)	292/811 (36%)	26/593 (5%)	High
PIMCO Real Return Admin[10]	Inflation-Protected Bond	85/198 (43%)	22/176 (12%)	7/97 (7%)	High
Delaware High-Yield Opp Instl[10,18]	High Yield Bond	214/611 (35%)	112/516 (22%)	51/362 (14%)	Above Average
Vanguard Target Retire Income[5,12]	Retirement Income	42/150 (28%)	22/143 (15%)	5/60 (7%)	Below Average
Vanguard Target Retire 2010[5,12]	Target Date 2000-2010	58/117 (49%)	33/110 (30%)	--	Below Average
Vanguard Target Retire 2015[5,12]	Target Date 2011-2015	21/131 (16%)	14/122 (11%)	2/26 (4%)	Average
Vanguard Target Retire 2020[5,12]	Target Date 2016-2020	17/195 (9%)	16/171 (9%)	--	Above Average
Vanguard Target Retire 2025[5,12]	Target Date 2021-2025	28/150 (18%)	26/124 (21%)	4/26 (12%)	Average
Vanguard Target Retire 2030[5,12]	Target Date 2026-2030	31/195 (16%)	28/171 (16%)	--	Average
Vanguard Target Retire 2035[5,12]	Target Date 2031-2035	29/150 (19%)	18/124 (14%)	4/26 (12%)	Average
Vanguard Target Retire 2040[5,12]	Target Date 2036-2040	27/194 (14%)	20/170 (12%)	--	Average
Vanguard Target Retire 2045[5,12]	Target Date 2041-2045	32/149 (21%)	18/123 (14%)	4/17 (19%)	Average
Vanguard Target Retire 2050[5,12]	Target Date 2046-2050	39/174 (22%)	23/132 (17%)	--	Average
VT Vantagepoint MP Cons Growth[12]	Conservative Allocation	270/676 (40%)	274/549 (50%)	150/307 (49%)	Average
VT Vantagepoint MP Trad Growth[12]	Moderate Allocation	480/815 (59%)	485/703 (69%)	259/472 (55%)	Average
VT Vantagepoint MP Lng-Trm Gr[12]	Aggressive Allocation	206/389 (53%)	186/328 (57%)	74/225 (33%)	Below Average
VT Vantagepoint MP All-Eq Gr[12]	Large Blend	1062/1380 (77%)	992/1225 (81%)	512/854 (60%)	Average
Fidelity Balanced	Moderate Allocation	41/815 (5%)	45/703 (7%)	36/472 (8%)	Average
BlackRock Global Allocation	World Allocation	188/465 (40%)	205/344 (59%)	27/177 (15%)	Below Average
VT Vantagepoint Equity Income[19]	Large Value	865/1185 (73%)	804/1045 (77%)	359/734 (49%)	Average
AllianzGI NFJ Dividend Value[19]	Large Value	805/1185 (68%)	495/1045 (47%)	356/734 (48%)	Average
Vanguard 500 Index Admiral	Large Blend	507/1380 (37%)	243/1225 (20%)	218/854 (26%)	Below Average
American Funds Fundamental Inv	Large Blend	464/1380 (34%)	584/1225 (48%)	54/854 (7%)	Below Average
JPMorgan US Equity Select	Large Blend	151/1380 (11%)	172/1225 (14%)	40/854 (5%)	Above Average
Am Funds Growth Fund of Am R5[19]	Large Growth	294/1533 (19%)	727/1317 (55%)	323/918 (35%)	Low
Fidelity Contrafund®[19]	Large Growth	825/1533 (54%)	651/1317 (49%)	130/918 (14%)	Below Average
Columbia Small/Mid Cap Value K[6,19]	Small Value	78/365 (21%)	85/305 (28%)	48/198 (24%)	Low
Vanguard Mid-Cap Index Admiral[17]	Mid-Cap Blend	59/347 (17%)	44/289 (15%)	36/184 (19%)	Below Average

All data on page is as of June 30, 2015

See disclosure at end of chapter.

Fund Summary[1,2]

Summary Table

Plan Option	Morningstar® Category	Peer Ranking over last 3 years (Percentile)	Peer Ranking over last 5 years (Percentile)	Peer Ranking over last 10 years (Percentile)	Comparative Risk Relative to Funds in Category over last 3 years
Westwood SMidCap Institutional[17]	Mid-Cap Blend	149/347 (43%)	158/289 (54%)	--	Above Average
Harbor Mid Cap Growth Admin[17,19]	Mid-Cap Growth	220/657 (34%)	273/585 (47%)	124/451 (28%)	Above Average
Columbia Small Cap Value I Z[6,19]	Small Value	242/365 (66%)	235/305 (77%)	98/198 (49%)	Average
Vanguard Small-Cap Index Adm[6]	Small Blend	159/636 (25%)	111/575 (19%)	46/377 (12%)	Below Average
Fidelity Small Cap Discovery[6]	Small Blend	70/636 (11%)	23/575 (4%)	2/377 (1%)	Average
AMG TimesSquare Sm Cap Growth[6,19]	Small Growth	235/667 (35%)	198/588 (34%)	17/413 (4%)	Average
Royce Smaller-Companies Gr Srv[6,19]	Small Growth	370/667 (55%)	542/588 (92%)	262/413 (63%)	Average
American Funds Cap World G&I[11]	World Stock	354/988 (36%)	313/744 (42%)	80/388 (21%)	Below Average
Harbor International Admin[11]	Foreign Large Blend	478/668 (71%)	232/584 (40%)	21/331 (7%)	Above Average
Fidelity Diversified Intl[11]	Foreign Large Growth	29/296 (10%)	60/273 (22%)	98/174 (56%)	Average
Fidelity Intl Discovery[11]	Foreign Large Growth	43/296 (15%)	69/273 (25%)	76/174 (43%)	Above Average
Prudential Jennison Utility A[13]	Utilities	2/64 (2%)	3/58 (4%)	12/55 (21%)	Average
American Century® Utilities[3,13]	Utilities	38/64 (59%)	34/58 (58%)	32/55 (57%)	Average
Nuveen Real Estate Securities[13]	Real Estate	60/232 (26%)	30/199 (15%)	7/151 (4%)	Average
T Rowe Price® Health Sciences[4,13]	Health	27/123 (22%)	19/117 (16%)	3/97 (3%)	Above Average
AllianzGI Technology Admin[13]	Technology	35/198 (18%)	41/190 (21%)	43/155 (28%)	Average

All data on page is as of June 30, 2015

See disclosure at end of chapter.

Disclosures

[1] Morningstar places funds in certain categories based on the fund's historical portfolio holdings. Placement of a fund in a particular Morningstar category does not mean that the fund will remain in that category or that it will invest primarily in securities consistent with its Morningstar category. A fund's investment strategy and portfolio holdings are governed by its prospectus, guidelines or other governing documents, not its Morningstar category.

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ICMA-RC's identified fund line-up is a committment to administer these funds for the plan, not advice to the plan sponsor on the composition of the plan's fund line-up. ICMA-RC provides plan sponsors fund information to assist them in meeting their fiduciary responsibility in managing the plan. The plan sponsor retains the obligation to prudently select and monitor the investment funds it offers to plan participants. ICMA-RC may adjust fees commensurate with changes in revenue from alternative funds selected by the plan sponsor from ICMA-RC's mutual fund platform.

[2] For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, fee waivers, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. For funds with loads, the Morningstar rating on a load-waived basis is provided, when available. Load-waived ratings do not include any front- or back-end sales loads and are intended for investors that have access to such purchase terms. Funds with loads are waived for plans administered by ICMA-RC. Past performance is no guarantee of future results.

The percentile ranking is based on Total Return relative to all funds in the same Morningstar category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Past performance is no indicator or guarantee of future results.

Disclosures

2 Cont. The number of funds in Morningstar® categories as of 06/30/2015, is provided below:

Morningstar® Category	3-Year	5-Year	10-Year
Aggressive Allocation	389	328	225
Communications	35	35	21
Conservative Allocation	676	549	307
Diversified Emerging Markets	549	351	167
Equity Precious Metals	71	68	51
Financial	92	85	68
Foreign Large Blend	668	584	331
Foreign Large Growth	296	273	174
Foreign Large Value	289	254	124
Foreign Small/Mid Blend	72	60	24
Foreign Small/Mid Growth	131	113	67
Foreign Small/Mid Value	52	35	20
Global Real Estate	187	154	48
Health	123	117	97
High Yield Bond	611	516	362
Inflation-Protected Bond	198	176	97
Intermediate Government	303	273	224
Intermediate-Term Bond	935	811	593
Large Blend	1,380	1,225	854
Large Growth	1,533	1,317	918
Large Value	1,185	1,045	734
Long Government	30	29	19
Long-Term Bond	20	16	5
Mid-Cap Blend	347	289	184
Mid-Cap Growth	657	585	451
Mid-Cap Value	429	370	242

Morningstar® Category	3-Year	5-Year	10-Year
Moderate Allocation	815	703	472
Multisector Bond	223	163	97
Natural Resources	133	106	54
Real Estate	232	199	151
Retirement Income	150	143	60
Short Government	116	109	93
Short-Term Bond	468	393	276
Small Blend	636	575	377
Small Growth	667	588	413
Small Value	365	305	198
Target Date 2000 – 2010	117	110	40
Target Date 2011 – 2015	131	122	26
Target Date 2016 – 2020	195	171	57
Target Date 2021 – 2025	150	124	26
Target Date 2026 – 2030	195	171	57
Target Date 2031 – 2035	150	124	26
Target Date 2036 – 2040	194	170	52
Target Date 2041 – 2045	149	123	17
Target Date 2046 – 2050	174	132	16
Target Date 2051 +	111	49	N/A
Technology	198	190	155
Utilities	64	58	55
World Allocation	465	344	177
World Bond	308	237	137
World Stock	988	744	388

3 American Century® is a registered trademark of American Century Services Corporation.

4 T. Rowe Price® is a registered trademark of T. Rowe Price Group, Inc. - all rights reserved.

5 The fund is not a complete solution for all of your retirement savings needs. An investment in the fund includes the risk of loss, including near, at or after the target date of the fund. There is no guarantee that the fund will provide adequate income at and through an investor's retirement. Selecting the fund does not guarantee that you will have adequate savings for retirement.

Disclosures

6 Funds that invest primarily in small-capitalization companies involve greater risk than is customarily associated with investments in larger, more established companies. Equity securities of small-capitalization companies are generally subject to greater price volatility than those of larger companies due to less certain growth prospects, the lower degree of liquidity in the markets for their securities, and the greater sensitivity of smaller companies to changing economic conditions. Also, small-capitalization companies may have more limited product lines, fewer capital resources and less experienced management than larger companies.

7 VT PLUS Fund return is annualized for all periods.

8 CD Accounts are issued by Bank of America, N.A. (“Bank”), a member of the FDIC, and are available as VantageTrust investment options. CD Account deposits of up to $250,000 are insured by the FDIC, subject to certain limitations. Amounts to be invested in CD Accounts are initially held in the Bank’s Money Market Deposit Account (“MMDA”) and earn the Bank’s MMDA rate. At the end of the open investment window, assets are transferred to the CD Account where interest is credited daily and compounded monthly.

Certificate of Deposit Accounts (CD Accounts) Annual Percentage Rates (APRs) and Annual Percentage Yields (APYs) are valid for the purchases made within the related open investment window and assume principal and interest remain in the account until maturity. Withdrawals and penalties will reduce earnings on the account. Please be advised, there may be associated penalties for withdrawing from a CD Account prior to the maturity date. For more information regarding CD Accounts, please contact Investor Services at 800-669-7400.

9 *The VantageTrust Cash Management Fund is invested in a single registered mutual fund, the Dreyfus Cash Management Fund. Investments in the fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Dreyfus Cash Management Fund seeks to preserve the value of the fund at $1.00 per share, it is possible to lose money by investing in the fund. The 7-Day Yield more closely reflects the Fund's current earnings than the quotation of total return.*

10 A fixed income fund is subject to credit risk and interest rate risk. Credit risk is when an issuer of a fixed income security may be unable or unwilling to make payments of principal or interest to the holders of these securities or may declare bankruptcy. Fixed income securities fluctuate in value as interest rates change. When interest rates rise, the market prices of fixed income securities will usually decrease; when interest rates fall, the market prices of fixed income securities usually will increase.

11 Funds that invest in foreign securities are exposed to the risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency fluctuations; and higher transaction costs. Investments in foreign currencies or securities denominated in foreign currencies (including derivative instruments that provide exposure to foreign currencies) may experience gains or losses solely based on changes in the exchange rate between foreign currencies and the U.S. dollar. The risk of investing in foreign securities may be greater with respect to securities of companies located in emerging market countries. The value of developing or emerging market currencies may fluctuate more than the currencies of companies with more mature markets.

Disclosures

[12] The expense ratio for a “fund of funds” includes acquired fund fees and expenses, which are expenses incurred indirectly by the fund through its ownership in other mutual funds.

[13] Sector funds tend to be riskier and more volatile than the broad market because they are generally less diversified and more volatile than other mutual funds.

[14] *An investment in this Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the Fund. The 7-Day Yield more closely reflects the Fund's current earnings than the quotation of total return.*

[15] The Hueler Analytics Stable Value Pooled Fund Comparative Universe represents the performance returns of actual stable value pooled funds, and its Index is the stable value industry benchmark used by many institutional investors, consultants, advisors and plan sponsors for monitoring stable value pooled funds. Rankings are derived by ICMA-RC from data provided by Hueler Analytics, Inc., a technology and research firm covering stable value returns used in the Universe and in the Rankings do not include plan administration fees, adviser expenses, or other stable value fund costs - actual performance experienced by participants would be commensurately lower. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. As of June 30, 2015, the universe contained 15 funds with 1-year returns, 15 funds with 3-year returns, 15 funds with 5-year returns, and 14 funds with 10-year returns. Past performance is no guarantee of future results.

[16] **Prudential Retirement Insurance and Annuity Company (Prudential), CA COA #08003**, Hartford, CT. Neither Prudential nor ICMA-RC guarantees the investment performance or return on contributions to Prudential's Separate Account. You should carefully consider the objectives, risks, charges, expenses and underlying guarantee features before purchasing this product. Prudential may increase the Guarantee Fee in the future, from 1.00% up to a maximum of 1.50%. Like all variable investments, this Fund may lose value. Availability and terms may vary by jurisdiction; subject to regulatory approvals. Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Guarantees are based on Prudential's claims-paying ability. This annuity is issued under Contract form # GA-2020-TGWB4-0805-RC. ICMA-RC provides recordkeeping services to your Plan and is the investment manager of the underlying Prudential separate account. Prudential or its affiliates may compensate ICMA-RC for providing these and related administrative services in connection with the Fund. Variable annuities are suitable for long-term investing, particularly retirement savings. **©2015 Prudential, the Prudential logo, and the Rock symbol and Bring Your Challenges are service marks of the Prudential Insurance Company of America, Newark, NJ, and its related entities, registered in many jurisdictions worldwide. Note**: Participants who are interested in the VT Retirement IncomeAdvantage Fund must first receive and read the **VT Retirement IncomeAdvantage Fund Important Considerations** document, before investing.

[17] Funds that invest primarily in mid-capitalization companies involve greater risk than is customarily associated with investments in larger, more established companies. Equity securities of mid-capitalization companies generally trade in lower volume and are generally subject to greater and less predictable price changes than the securities of larger companies.

Disclosures

[18] Funds that invest primarily in high yield bonds (bonds that are rated below investment grade and also known as "junk bonds") are subject to additional risk as these high yield bonds are considered speculative and involve a greater risk of default than "investment grade" securities. The values of these securities are particularly sensitive to changes in interest rates, issuer creditworthiness, and economic and political conditions. The market prices of these securities may decline significantly in periods of general economic difficulty, may be harder to value, and may be less liquid than higher rated securities.

[19] Certain funds may be subject to style risk, which is the possibility that the investment style of its investment adviser will trail the returns of the overall market. In the past, different types of securities have experienced cycles of outperformance and underperformance in comparison to the market in general. For example, growth stocks have performed best during the later stages of economic expansion and value stocks have performed best during periods of economic recovery. Both styles may go in and out of favor. When the investing style used by a fund is out of favor, that fund is likely to underperform other funds that use investing styles that are in favor.

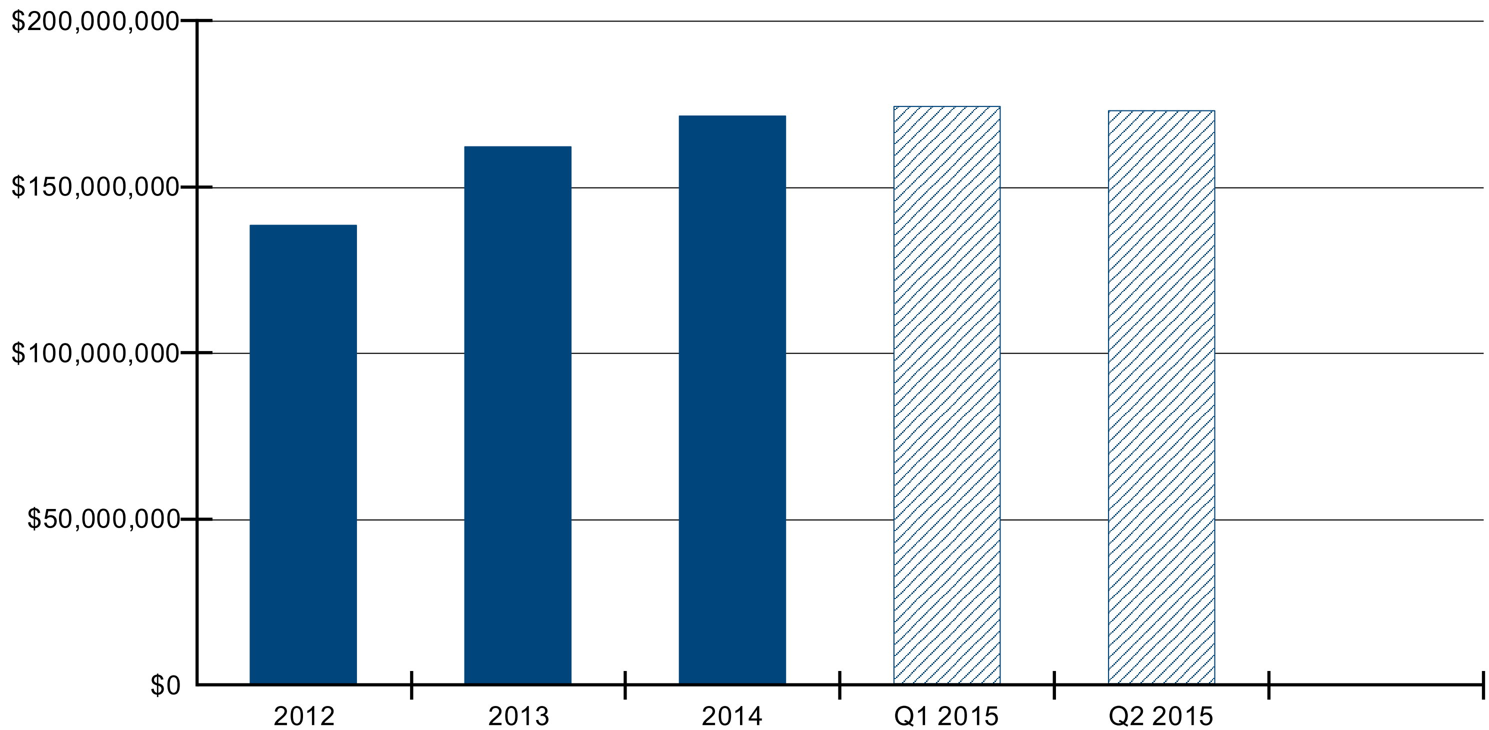
II. Plan Activity

Plan Snapshot

Plan Type	Plan Number	Plan Name	Assets	Participants
401	106696	LANSING BOARD OF WATER & LIGHT	$169,232,287	878
	108824	BOARD OF WATER AND LIGHT	$3,830,435	49
457	300435	LANSING BOARD OF WATER LIGHT	$90,919,551	893
Total			**$263,982,274**	**1820**

Data on all subsequent pages is aggregated by plan type for plans with five or more participants.

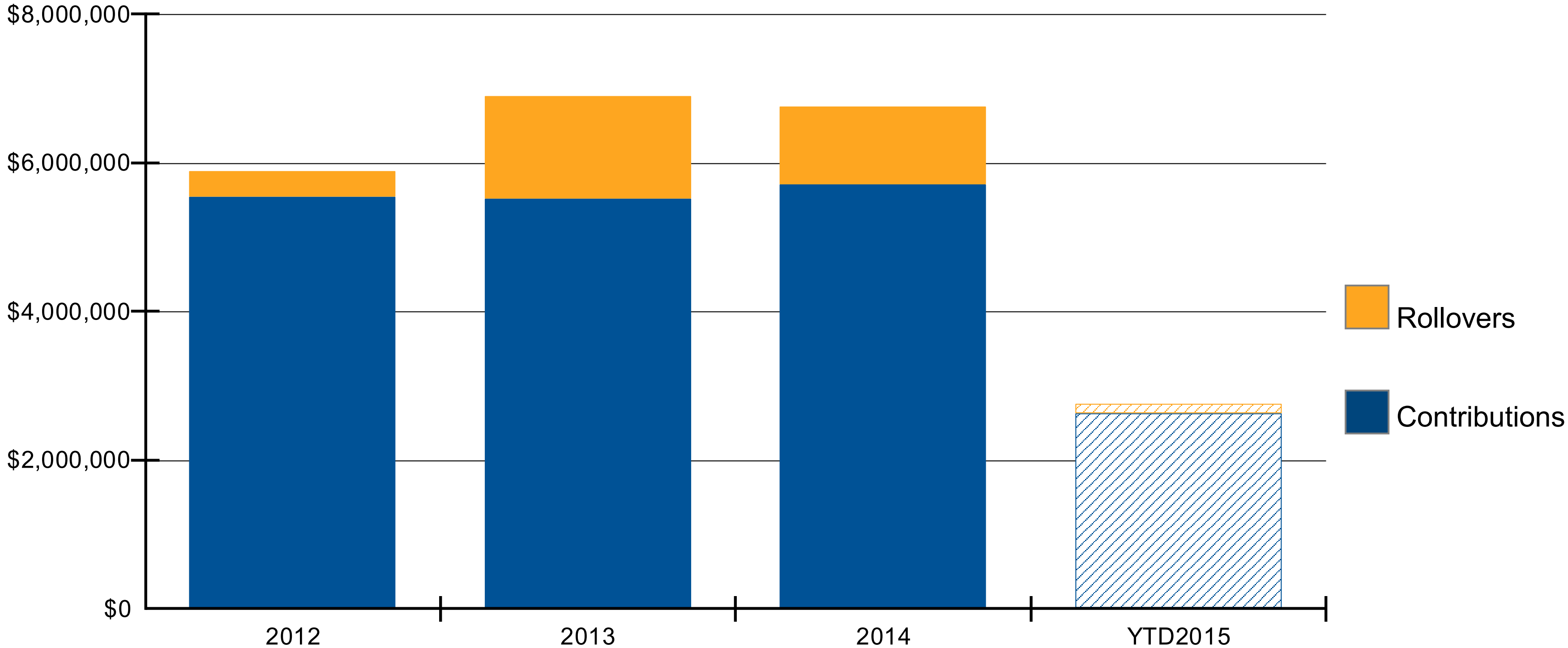
401 Plan Asset Trends *(as of June 30, 2015)*



Assets	$138,507,943	$162,022,842	$171,406,144	$174,154,447	$173,062,722

The total value of LANSING BOARD OF WATER LIGHT 's 401 plans decreased to $173,062,722 from $174,154,447 since March 2015, a fall of 0.6%. In the time period since December 31, 2012, assets have grown 24.9%.

401 Plan Contributions *(as of June 30, 2015)*



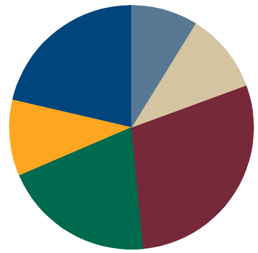
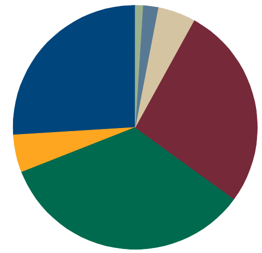
Contributions	$5,532,910	$5,506,871	$5,710,275	$2,618,843
Rollovers	$355,837	$1,383,293	$1,041,704	$128,640
Loan Repayments	$1,682,609	$1,645,127	$1,805,788	$904,119
Total*	$7,215,519	$7,151,999	$7,516,064	$3,522,962
Active Participants	677	660	692	705
Average Contribution*	$10,658	$10,836	$10,861	$4,997

*Please note that Rollovers are excluded from this calculation.

401 Plan Asset Allocation *(as of June 30, 2015)*

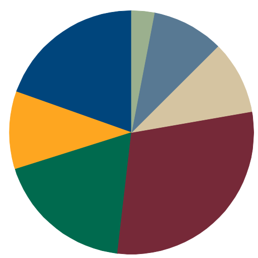
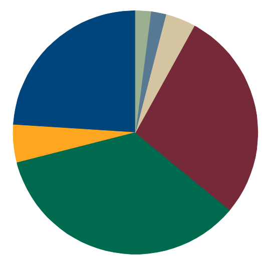
Your 401 Plan ***Total ICMA-RC 401 Clients***

June 30, 2014

Stable Value/Cash Management	21.39%	26.00%
Bond	10.07%	5.00%
Guaranteed Lifetime Income	0.00%	1.00%
Balanced/Asset Allocation	20.08%	34.00%
U.S. Stock	29.05%	27.00%
International/Global Stock	10.61%	5.00%
Specialty	8.80%	2.00%

June 30, 2015

Stable Value/Cash Management	19.57%	24.00%
Bond	10.32%	5.00%
Guaranteed Lifetime Income	3.02%	2.00%
Balanced/Asset Allocation	18.27%	35.00%
U.S. Stock	29.59%	28.00%
International/Global Stock	9.73%	4.00%
Specialty	9.50%	2.00%

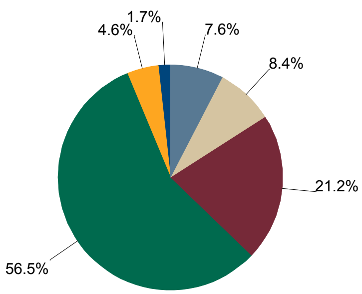
Note: Asset allocation for all clients except Washington State.

Building Retirement Security

401 Plan Asset Allocation by Age *(as of June 30, 2015)*

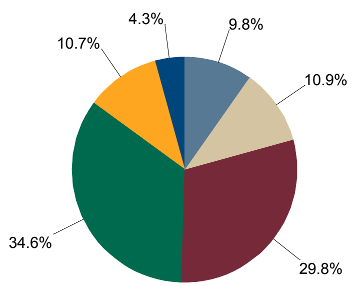
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

35 & Under



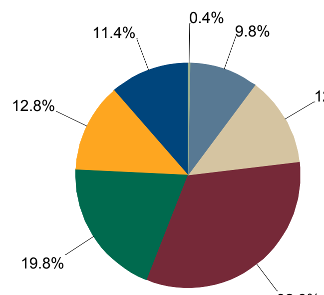
123 Active
2 Inactive
125 Participants
$3,529,849 Total Assets
$28,239 Average Balance
23 Invested in One Fund

36 - 45



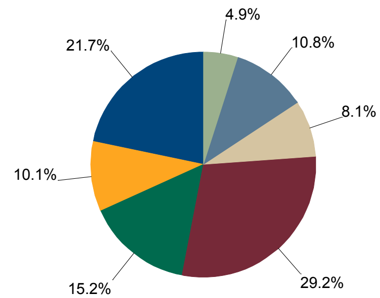
166 Active
8 Inactive
174 Participants
$12,947,976 Total Assets
$74,414 Average Balance
39 Invested in One Fund

46 - 55



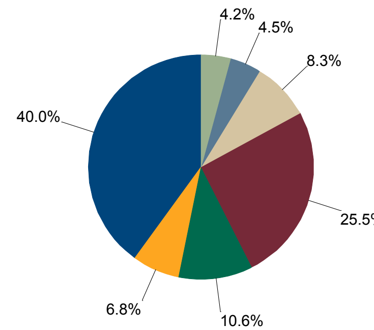
222 Active
34 Inactive
256 Participants
$48,321,833 Total Assets
$188,757 Average Balance
65 Invested in One Fund

56 - 65



178 Active
96 Inactive
274 Participants
$83,451,055 Total Assets
$304,566 Average Balance
55 Invested in One Fund

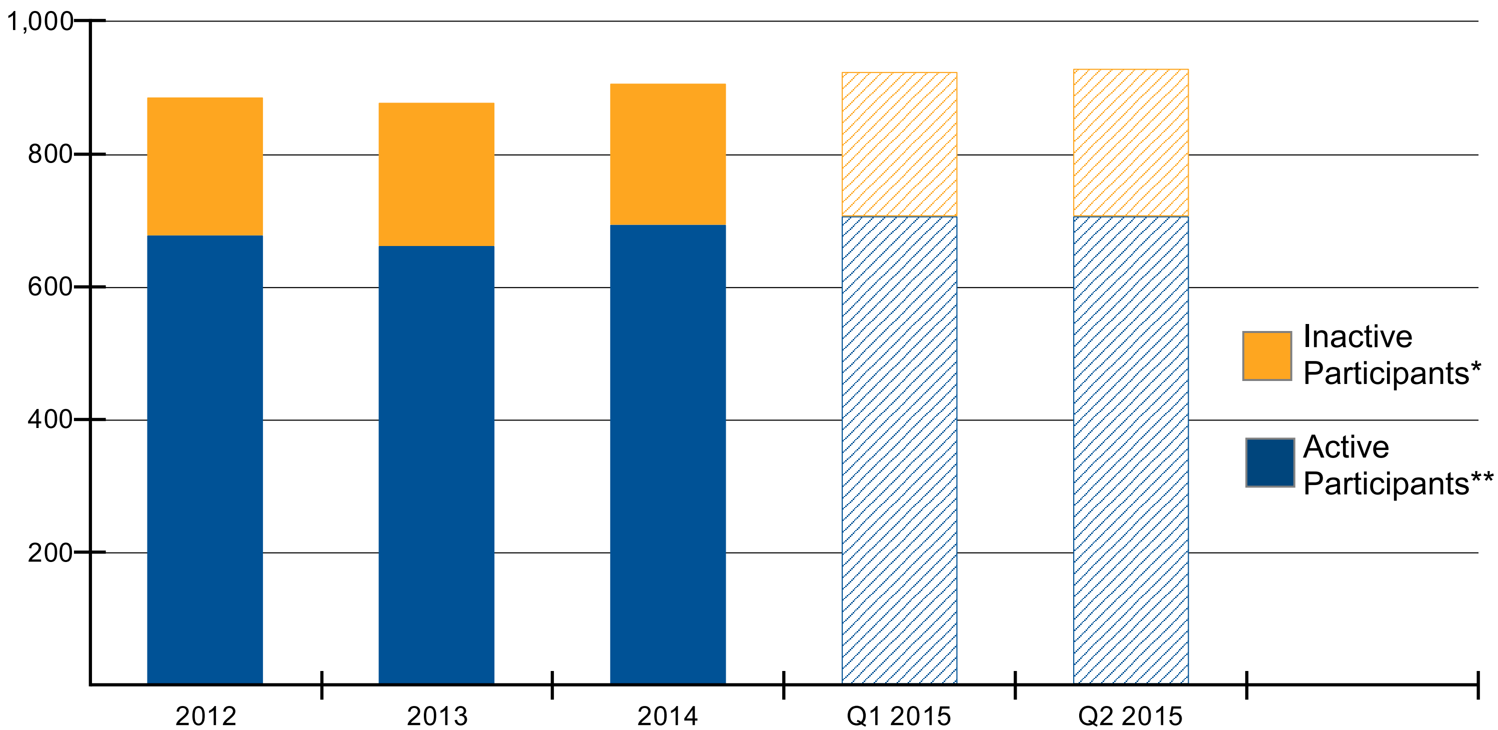
Over 65



16 Active
81 Inactive
97 Participants
$24,382,840 Total Assets
$251,369 Average Balance
29 Invested in One Fund

Data for participants invested in one fund excludes funds in the Target Risk and Target Date category.

401 Plan Participation Trends *(as of June 30, 2015)*

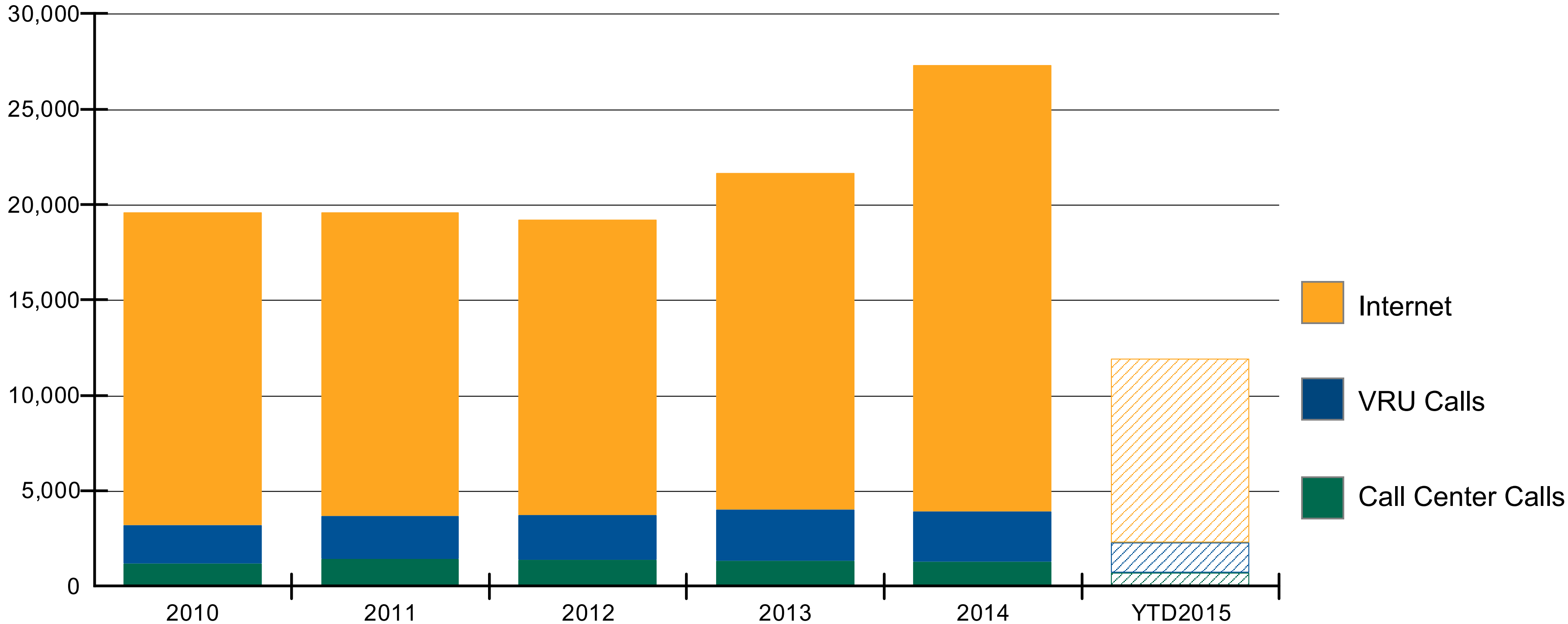


Inactive	207	216	213	217	222
Active	677	660	692	705	705
Total	884	876	905	922	927

*Inactive Participants--participants who have a balance and did not make a contribution to the plan within the last 12 months.
**Active Participants--participants who have a balance and made a contribution to the plan within the last 12 months.

ICMA-RC Building Retirement Security

401 Plan Service Usage *(as of June 30, 2015)*



Internet	16412	15913	15502	17643	23419	9659
VRU	1989	2284	2330	2681	2637	1579
Call Center	1169	1387	1373	1315	1240	664
Total	19570	19584	19205	21639	27296	11902

The chart above provides the number of contacts made by your 401 plan participants to ICMA-RC using several media — online using our Account Access participant Web site, VantageLine voice response unit, or call center representatives.

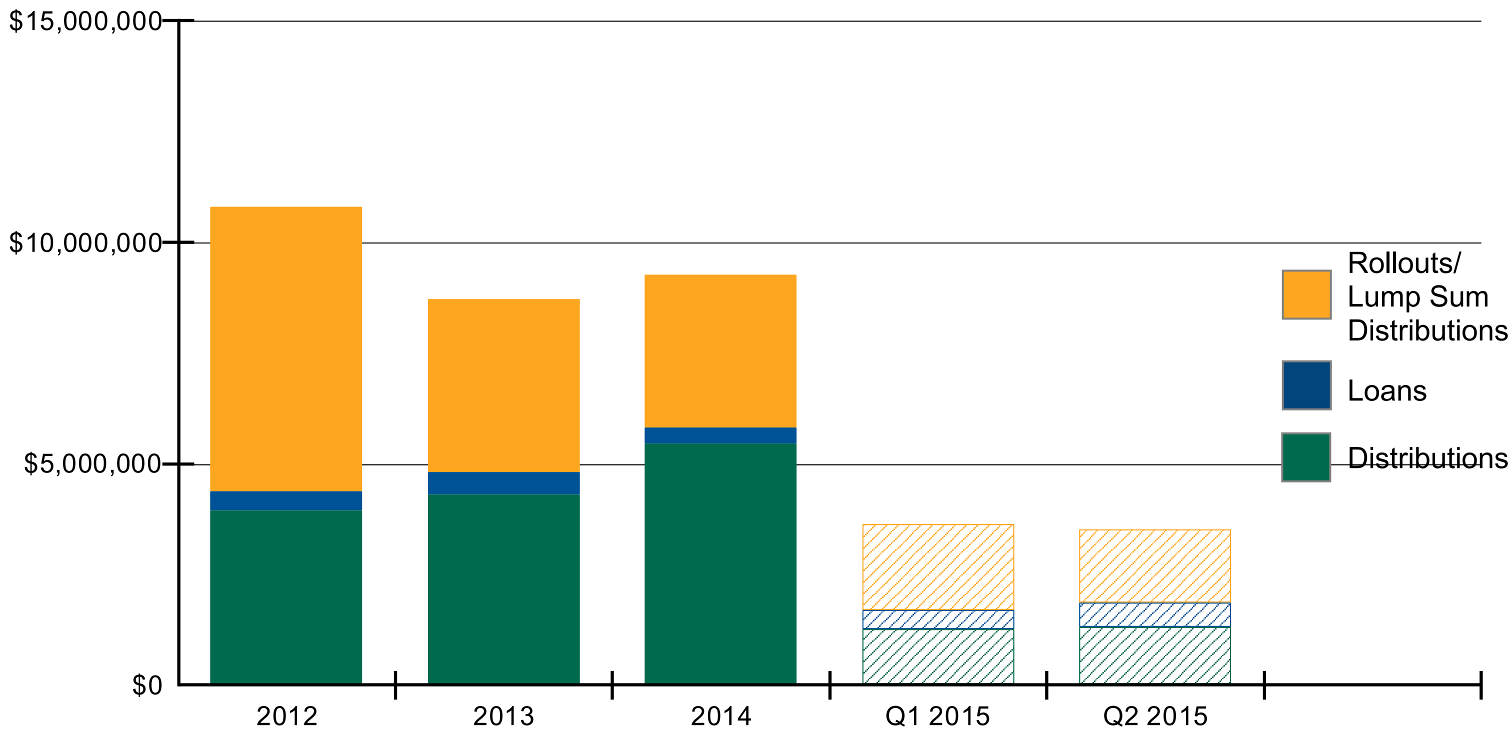
ICMA-RC *Building Retirement Security*

401 Plan Loan Usage

***LANSING BOARD OF WATER LIGHT 401 Plan: Loan Usage** (as of June 30, 2015)*

- 122 New Loans in the past 12 months
- 396 Outstanding Loans
- 14 Defaulted Loans in the past 12 months
- Loan Balance: $4,367,961

401 Plan Withdrawal Trends *(as of June 30, 2015)*



Rollouts	$6,410,177	$3,908,460	$3,439,776	$1,928,779	$1,653,643
Loans	$446,093	$494,010	$359,377	$429,371	$557,262
Distributions/ Lump Sum	$3,928,083	$4,299,987	$5,452,179	$1,257,988	$1,290,396
Total	$10,784,353	$8,702,457	$9,251,332	$3,616,138	$3,501,301
# of Rollouts	32	25	21	7	5
# of Distributions	762	812	893	229	230
Total	794	837	914	236	235

401 Plan Activity

Plan Summary

LANSING BOARD OF WATER LIGHT 's 401 plans include sixteen U.S. stock funds, five bond funds, sixteen balanced funds, three stable value/cash management funds, four international/global stock funds and one guaranteed income fund for investment options. Over the last quarter, the plans' 878 participants contributed a total of $1,981,541 with the largest amount, $679,405 to their balanced funds. Overall, the plans have 30% in U.S. stock funds and 10% in their international/global stock funds. Their bond funds are allocated 10% and their stable value/cash management funds, 20%. Approximately 18% is in their balanced funds. Their guaranteed income fund is allocated 3%.

Over the last quarter with regard to market value, international/global stock funds grew by $130,173, while U.S. stock funds grew by $361,811. The plans' bond funds lost $261,230, while stable value/cash management funds increased $176,678. Balanced funds lost $71,461.

The guaranteed income fund increased $1,341,668. Since March 2015, the LANSING BOARD OF WATER LIGHT 's 401 plans decreased 0.6% in overall value to $173,062,722 from $174,154,447.

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
VT 5 Year BoA CD Account	$27,336	-	-	-$27,377	$41	$0	0.00%	0
VT PLUS Fund	33,269,882	191,745	-827,941	829,935	176,638	33,637,245	19.44%	618
VT Cash Management	161,390	4,997	-653	72,650	-	238,277	0.14%	23
PIMCO Low Duration	233,919	2,391	-	-	-239	236,070	0.14%	9
Vanguard Ttl Bond Mkt Idx Adm	5,340,094	43,749	-41,389	423,035	-100,905	5,661,832	3.27%	137
PIMCO Total Return Instl	6,920,382	80,611	-50,310	-392,450	-124,982	6,431,317	3.72%	224
PIMCO Real Return Admin	1,580,451	14,450	-12,267	-1,623	-27,431	1,552,637	0.90%	119
Delaware High-Yield Opp Instl	4,115,180	35,413	-27,661	-136,259	-7,673	3,977,845	2.30%	179
VT Retirement IncomeAdvantage	3,914,185	19,153	-12,834	1,335,349	-34,457	5,221,396	3.02%	43
Vanguard Target Retire Income	71,223	2,784	-7,251	-	-672	66,085	0.04%	5
Vanguard Target Retire 2010	1,486,173	2,200	-24,065	-	-11,961	1,452,288	0.84%	6

401 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Target Retire 2025	$2,090,458	$41,724	-$7,090	-	-$9,262	$2,115,643	1.22%	21
Vanguard Target Retire 2030	629,778	36,932	-92	332,602	-6,108	992,986	0.57%	30
Vanguard Target Retire 2035	583,273	35,625	-29,551	28,275	-1,141	616,281	0.36%	28
Vanguard Target Retire 2040	906,520	61,208	-	-	-64	967,501	0.56%	45
Vanguard Target Retire 2045	158,335	64,834	-9,275	53,157	-1,638	265,242	0.15%	35
Vanguard Target Retire 2050	10,986	7,492	-	-	-140	18,338	0.01%	6
Vanguard Target Retire 2015	1,898,540	8,609	-56,869	-514,887	-8,147	1,327,246	0.77%	9
Vanguard Target Retire 2020	2,171,338	28,149	-6,404	-	-13,151	2,179,770	1.26%	17
VT Vantagepoint MP Lng-Trm Gr	6,272,488	168,850	-74,493	-77,360	-19,538	6,269,076	3.62%	114
VT Vantagepoint MP All-Eq Gr	1,914,585	57,096	-39,804	-364,997	6,588	1,573,146	0.91%	32
VT Vantagepoint MP Cons Growth	1,160,807	9,235	-7,034	-2,238	-5,623	1,155,122	0.67%	22
VT Vantagepoint MP Trad Growth	5,671,986	93,637	-291,371	-41,023	-16,707	5,416,195	3.13%	103
Fidelity Balanced	6,797,533	54,084	-332,004	-390,863	13,873	6,141,117	3.55%	158
BlackRock Global Allocation	1,066,130	6,947	-5,037	-16,331	2,230	1,053,921	0.61%	42
AMG TimesSquare Sm Cap Growth	1,510,975	13,753	-13,226	191,325	28,506	1,731,282	1.00%	63
VT Vantagepoint Equity Income	1,342,746	11,996	-19,085	-443,349	-3,534	888,333	0.51%	48
AllianzGI NFJ Dividend Value	9,520,426	104,555	-133,989	-256,112	30,432	9,263,293	5.35%	295
Vanguard 500 Index Admiral	7,808,460	83,449	-262,916	319,846	19,586	7,967,849	4.60%	245
American Funds Fundamental Inv	1,021,856	8,420	-5,052	-100,025	15,930	941,027	0.54%	39
JPMorgan US Equity Select	1,173,832	14,228	-3,726	-50,653	5,106	1,138,408	0.66%	67
Am Funds Growth Fund of Am R5	4,839,587	67,777	-199,629	-29,561	71,033	4,748,997	2.74%	143
Fidelity Contrafund®	5,568,258	63,658	-41,768	10,910	55,474	5,656,201	3.27%	154
Columbia Small/Mid Cap Value K	1,111,143	10,524	-15,011	-384,432	-8,020	713,810	0.41%	52
Vanguard Mid-Cap Index Admiral	3,382,464	40,377	-94,869	-129,729	-34,959	3,162,198	1.83%	167
Westwood SMidCap Institutional	550,299	9,896	-6,625	707,618	6,600	1,267,582	0.73%	87
Harbor Mid Cap Growth Admin	8,025,687	67,842	-180,283	-68,791	171,290	8,015,405	4.63%	177

401 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Columbia Small Cap Value I Z	$2,248,260	$13,586	-$14,451	-$41,495	-$584	$2,205,278	1.27%	80
Vanguard Small-Cap Index Adm	1,590,816	22,755	-28,344	36,938	-9,043	1,612,893	0.93%	83
Fidelity Small Cap Discovery	1,893,546	19,854	-8,529	-24,715	13,689	1,893,086	1.09%	161
Royce Smaller-Companies Gr Srv	7,718	-	-	-	305	8,024	0.00%	1
American Funds Cap World G&I	13,524,523	163,547	-175,122	-477,565	56,625	13,089,872	7.56%	339
Harbor International Admin	1,063,739	14,516	-12,159	-537	15,868	1,081,370	0.62%	63
Fidelity Diversified Intl	2,176,863	32,507	-16,127	-13,136	48,503	2,226,986	1.29%	137
Fidelity Intl Discovery	407,298	9,034	-7,792	18,669	9,177	436,325	0.25%	48
VantageBroker	1,419,528	-	-	-	-22,556	1,396,972	0.81%	16
Prudential Jennison Utility A	2,908,232	22,561	-248,752	-347,591	-63,765	2,270,606	1.31%	66
American Century® Utilities	6,413	-	-	-	-227	6,186	0.00%	1
Nuveen Real Estate Securities	1,770,965	19,692	-16,152	-305,383	-157,189	1,311,350	0.76%	145
T Rowe Price® Health Sciences	7,747,750	68,818	-154,534	290,544	437,223	8,389,684	4.85%	115
AllianzGI Technology Admin	3,080,094	26,281	-107,309	-12,372	86,567	3,073,129	1.78%	107
Total	**$174,154,447**	**$1,981,541**	**-$3,628,845**	**-**	**$581,568**	**$173,062,722**	**100.00%**	**4924**

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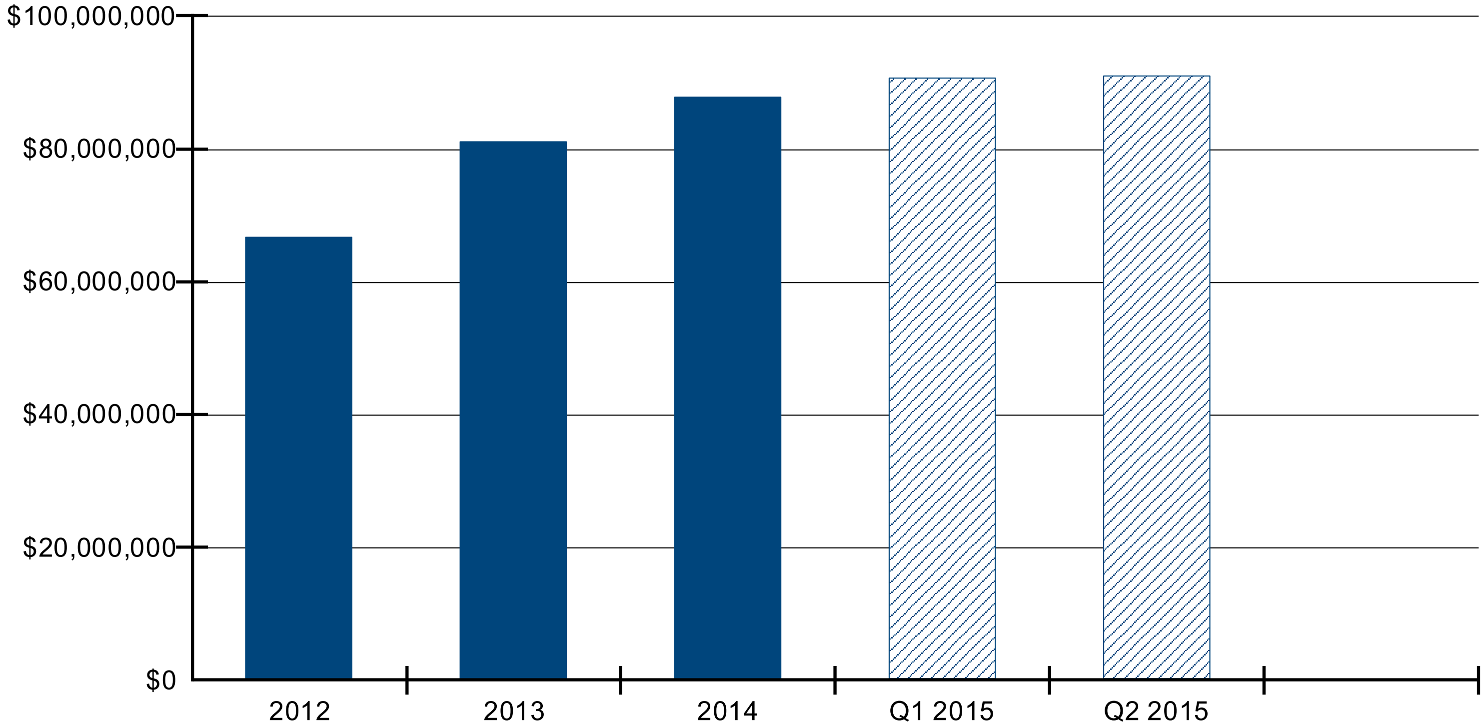
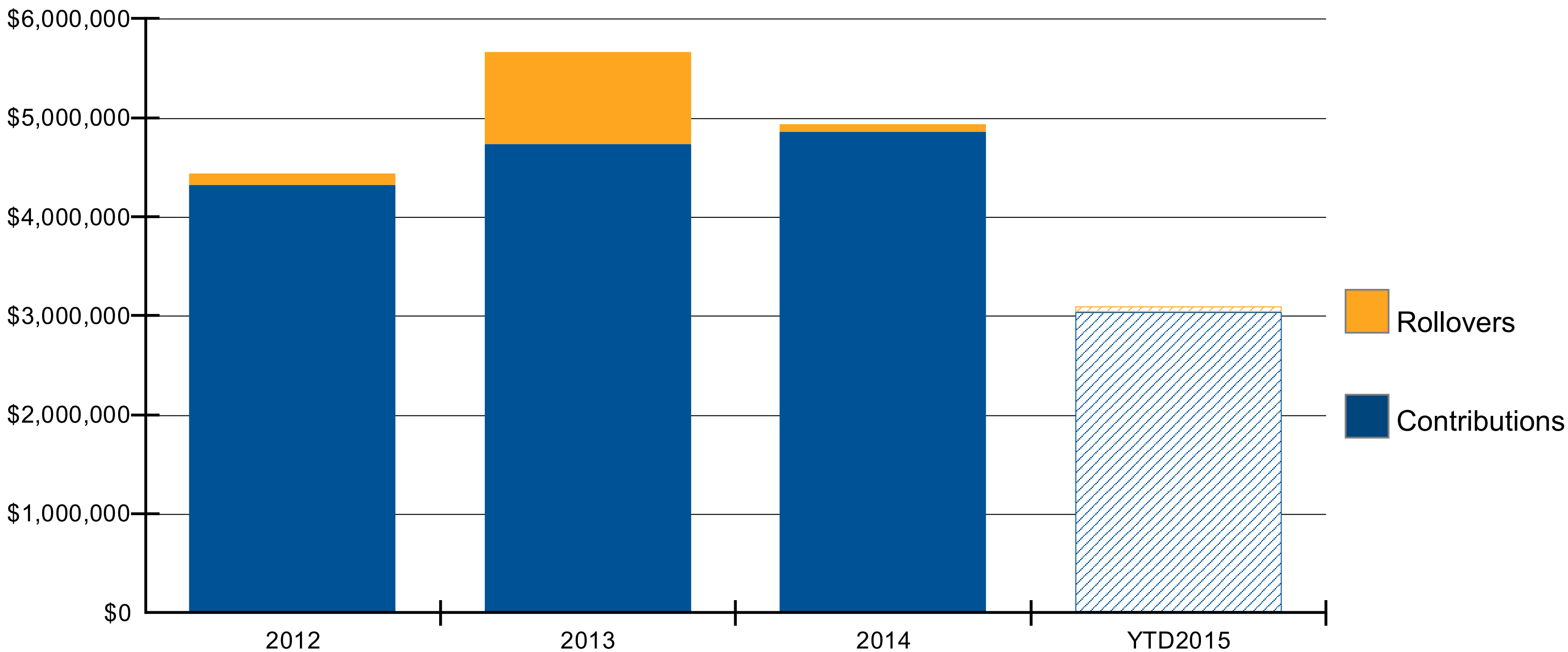
457 Plan Asset Trends *(as of June 30, 2015)*



Assets	$66,659,017	$81,106,159	$87,761,989	$90,560,492	$90,919,551

Since March 2015, the 457 plan for the LANSING BOARD OF WATER LIGHT saw its overall value grow 0.4% from $90,560,492 to $90,919,551. Assets have grown 36.4% over the period of time since December 31, 2012.

457 Plan Contributions *(as of June 30, 2015)*



Contributions	$4,313,600	$4,728,082	$4,855,477	$3,031,448
Rollovers	$121,722	$931,953	$70,570	$62,657
Loan Repayments	$0	$0	$0	$0
Total*	$4,313,600	$4,728,082	$4,855,477	$3,031,448
Active Participants	689	682	735	744
Average Contribution*	$6,261	$6,933	$6,606	$4,075

*Please note that Rollovers are excluded from this calculation.

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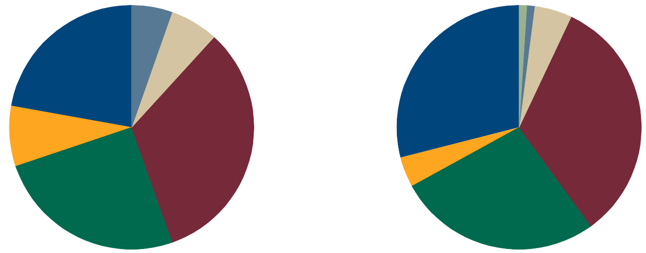
457 Plan Asset Allocation *(as of June 30, 2015)*

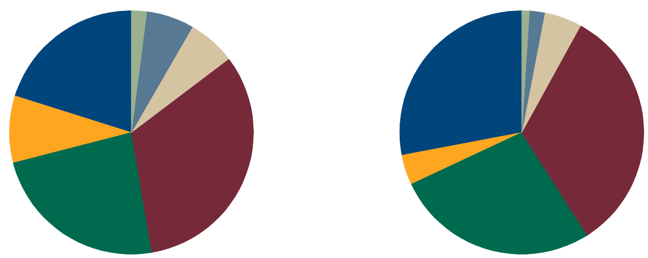
Your 457 Plan | **Total ICMA-RC 457 Clients**

June 30, 2014



	Your 457 Plan	Total ICMA-RC 457 Clients
Stable Value/Cash Management	22.20%	29.00%
Bond	7.99%	4.00%
Guaranteed Lifetime Income	0.00%	1.00%
Balanced/Asset Allocation	25.25%	27.00%
U.S. Stock	32.79%	33.00%
International/Global Stock	6.41%	5.00%
Specialty	5.37%	1.00%

June 30, 2015



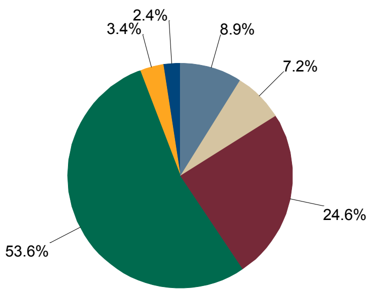
	Your 457 Plan	Total ICMA-RC 457 Clients
Stable Value/Cash Management	20.13%	28.00%
Bond	8.90%	4.00%
Guaranteed Lifetime Income	2.01%	1.00%
Balanced/Asset Allocation	23.66%	27.00%
U.S. Stock	32.65%	33.00%
International/Global Stock	6.35%	5.00%
Specialty	6.31%	2.00%

Note: Asset allocation for all clients except Washington State.

457 Plan Asset Allocation by Age *(as of June 30, 2015)*

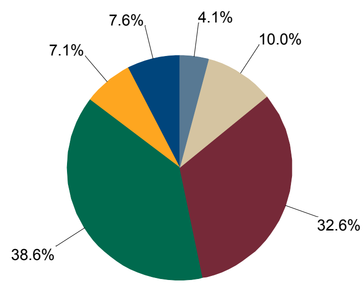
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

35 & Under



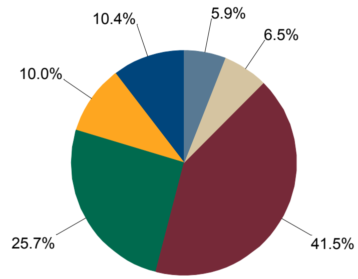
137 Active
3 Inactive
140 Participants
$3,570,523 Total Assets
$25,504 Average Balance
4 Invested in One Fund

36 - 45



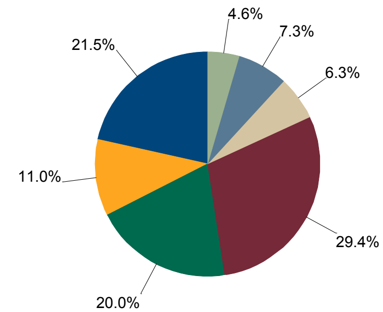
176 Active
12 Inactive
188 Participants
$10,045,469 Total Assets
$53,433 Average Balance
12 Invested in One Fund

46 - 55



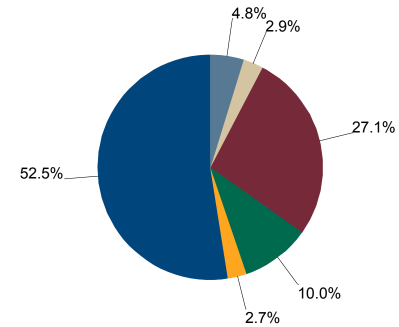
229 Active
27 Inactive
256 Participants
$24,735,647 Total Assets
$96,624 Average Balance
32 Invested in One Fund

56 - 65



186 Active
62 Inactive
248 Participants
$40,587,999 Total Assets
$163,661 Average Balance
39 Invested in One Fund

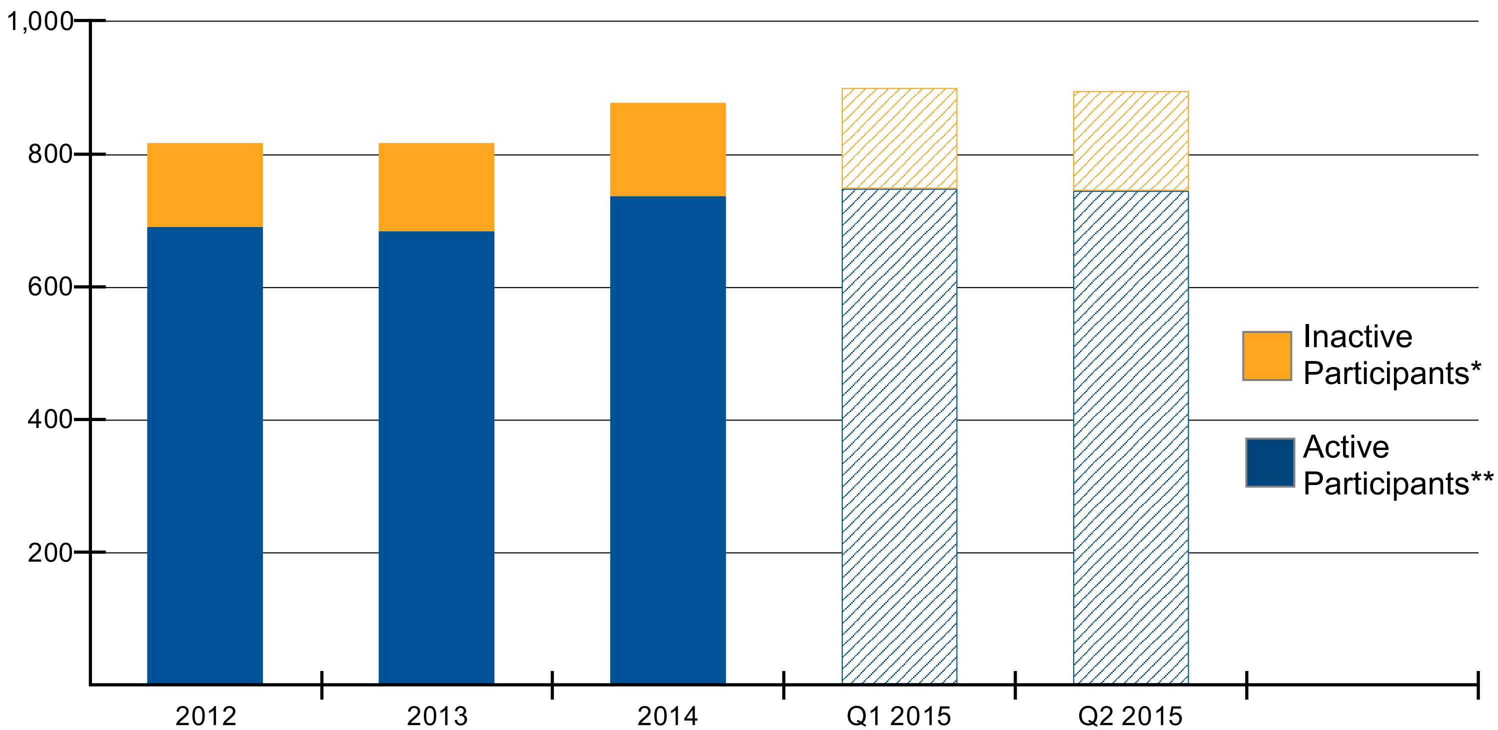
Over 65



16 Active
43 Inactive
59 Participants
$11,979,913 Total Assets
$203,049 Average Balance
20 Invested in One Fund

Data for participants invested in one fund excludes funds in the Target Risk and Target Date category.

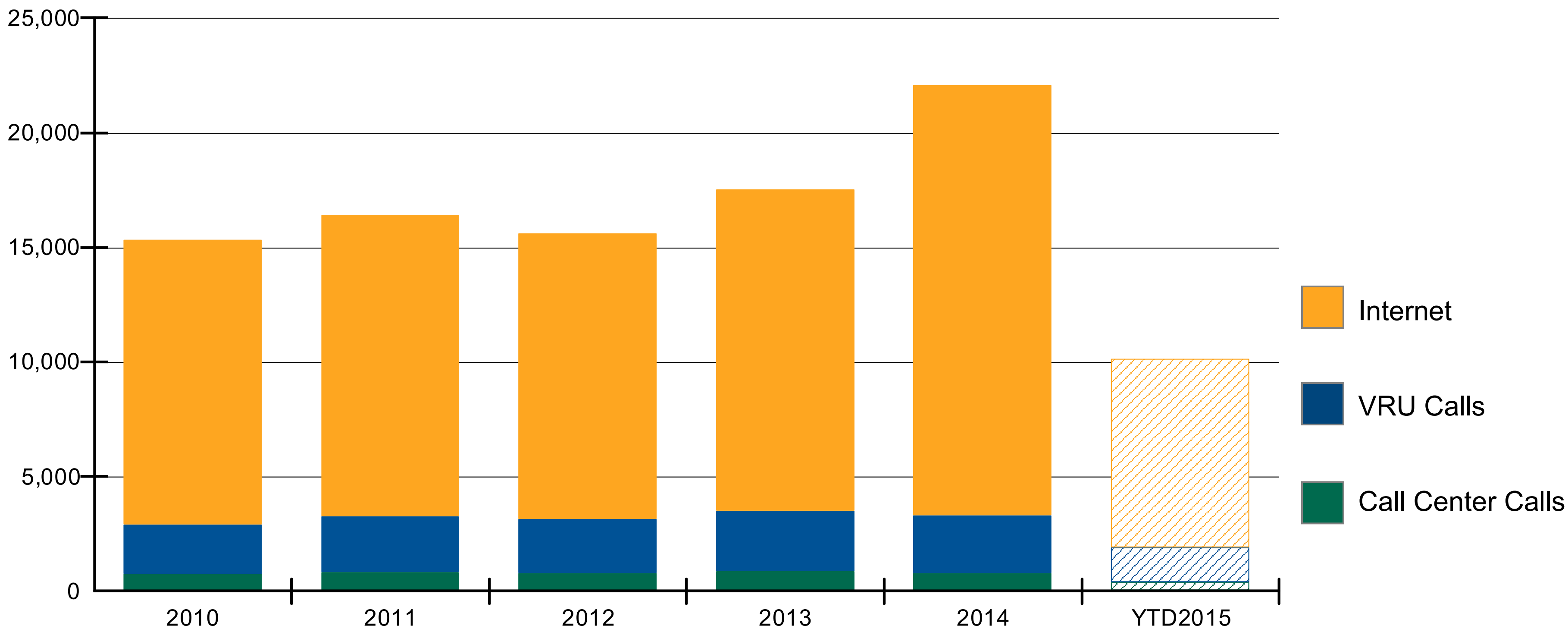
457 Plan Participation Trends *(as of June 30, 2015)*



Inactive	127	133	141	152	149
Active	689	682	735	746	744
Total	816	815	876	898	893

*Inactive Participants--participants who have a balance and did not make a contribution to the plan within the last 12 months.
**Active Participants--participants who have a balance and made a contribution to the plan within the last 12 months.

457 Plan Service Usage *(as of June 30, 2015)*



Internet	12433	13158	12479	14007	18746	8227
VRU	2147	2420	2348	2652	2537	1501
Call Center	729	817	779	836	760	385
Total	15309	16395	15606	17495	22043	10113

The chart above provides the number of contacts made by your 457 plan participants to ICMA-RC using several media — online using our Account Access participant Web site, VantageLine voice response unit, or call center representatives.

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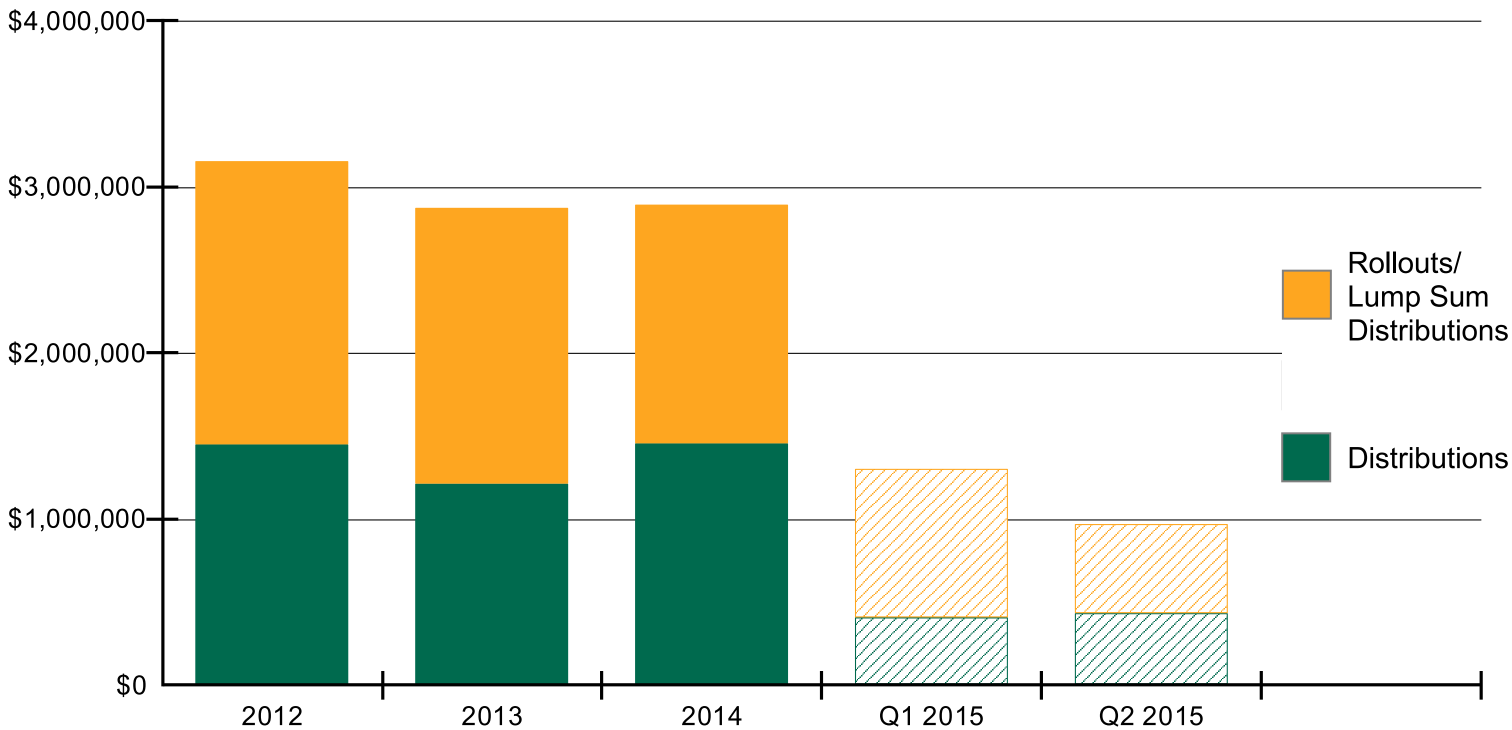
457 Plan Withdrawal Trends *(as of June 30, 2015)*



Rollouts	$1,708,029	$1,661,159	$1,436,447	$896,333	$535,798
Loans	$0	$0	$0	$0	$0
Distributions/ Lump Sum	$1,443,929	$1,212,710	$1,454,813	$402,447	$428,286
Total	$3,151,958	$2,873,869	$2,891,260	$1,298,780	$964,084
# of Rollouts	13	11	11	4	13
# of Distributions	449	451	477	115	115
Total	462	462	488	119	128

457 Plan Activity

Plan Summary

LANSING BOARD OF WATER LIGHT 's 457 plan has fifteen U.S. stock funds, five bond funds, sixteen balanced funds, two stable value/cash management funds, four international/global stock funds and one guaranteed income fund for investment options. Over the last quarter, the plan's 893 participants contributed a total of $1,232,387 with the largest amount, $426,679 to its balanced funds. Overall, the plan has 33% in U.S. stock funds and 6% in its international/global stock funds. Its bond funds are allocated 9% and its stable value/cash management funds, 20%. Approximately 24% is in its balanced funds. Its guaranteed income fund is allocated 2%.

Over the last quarter with regard to market value, international/global stock funds grew by $95,862, while U.S. stock funds earned $234,612. The plan's bond funds had a loss of $122,189, while stable value/cash management funds increased in market value by $94,162. Balanced funds declined by $49,822.

On a net cash flow basis (contribution, plus net transfers less withdrawals), bond funds grew by $331,174 and the plan received $275,977 in its stable value/cash management funds. International/global stock funds fell $138,738 and the plan declined $561,972 in its U.S. stock funds. Its balanced funds fell $373,926. The guaranteed income fund received $518,004. The LANSING BOARD OF WATER LIGHT 's 457 plan's total value grew to $90,919,551 from $90,560,492 since March 2015, an increase of 0.4%.

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
VT PLUS Fund	$17,655,193	$124,195	-$315,379	$415,146	$94,162	$17,972,001	19.77%	337
VT Cash Management	275,903	45,700	-41,069	47,384	-	327,832	0.36%	36
PIMCO Low Duration	108,465	2,244	-	28,386	-229	138,866	0.15%	11
Vanguard Ttl Bond Mkt Idx Adm	2,466,950	25,120	-12,140	337,562	-49,012	2,767,019	3.04%	137
PIMCO Total Return Instl	2,926,773	31,288	-7,536	-112,135	-53,176	2,784,187	3.06%	188
PIMCO Real Return Admin	895,547	8,728	-2,477	41,464	-16,346	926,415	1.02%	112
Delaware High-Yield Opp Instl	1,487,153	12,146	-4,128	-17,347	-3,426	1,473,827	1.62%	132
VT Retirement IncomeAdvantage	1,318,821	4,417	-	513,586	-10,795	1,826,029	2.01%	11
Vanguard Target Retire Income	282,720	2,074	-50,184	-	-1,656	232,954	0.26%	5
Vanguard Target Retire 2010	32,699	1,277	-91	-	-284	33,601	0.04%	2
Vanguard Target Retire 2015	306,292	5,437	-	-	-2,047	309,682	0.34%	9

457 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Target Retire 2020	$976,819	$12,769	-	-	-$5,931	$983,656	1.08%	16
Vanguard Target Retire 2025	1,005,566	34,327	-1,934	-6,044	-4,643	1,027,272	1.13%	23
Vanguard Target Retire 2030	806,560	24,575	-133	3,022	-2,422	831,602	0.91%	32
Vanguard Target Retire 2035	372,619	17,256	-91	-	-545	389,239	0.43%	28
Vanguard Target Retire 2040	774,164	51,453	-	-	-58	825,559	0.91%	52
Vanguard Target Retire 2045	151,430	34,425	-91	-3,294	-488	181,982	0.20%	49
Vanguard Target Retire 2050	31,564	13,077	-	-	-222	44,419	0.05%	14
VT Vantagepoint MP Cons Growth	1,156,933	9,492	-158,217	-	-3,209	1,004,999	1.11%	23
VT Vantagepoint MP Trad Growth	3,138,600	48,331	-1	-5,000	-12,459	3,169,471	3.49%	64
VT Vantagepoint MP Lng-Trm Gr	6,015,077	90,841	-10,164	-43,045	-19,219	6,033,469	6.64%	121
VT Vantagepoint MP All-Eq Gr	2,521,521	40,977	-	-181,096	-4,661	2,376,741	2.61%	53
Fidelity Balanced	4,001,999	37,990	-25,088	-318,730	7,350	3,702,864	4.07%	156
BlackRock Global Allocation	359,561	2,379	-422	-	675	362,192	0.40%	16
VT Vantagepoint Equity Income	615,910	6,336	-2,380	-280,190	182	339,600	0.37%	45
AllianzGI NFJ Dividend Value	3,944,305	39,050	-18,295	-48,075	10,573	3,926,687	4.32%	222
Vanguard 500 Index Admiral	3,004,375	27,265	-5,367	240,422	4,210	3,270,706	3.60%	171
American Funds Fundamental Inv	2,499,744	24,245	-994	-13,648	35,552	2,544,856	2.80%	84
JPMorgan US Equity Select	662,738	13,852	-787	-18,279	3,195	660,440	0.73%	65
Am Funds Growth Fund of Am R5	5,525,861	50,331	-158,038	-132,521	81,705	5,367,337	5.90%	148
Fidelity Contrafund®	5,451,870	81,214	-139,400	-359,889	54,734	5,088,529	5.60%	130
Columbia Small/Mid Cap Value K	719,534	13,048	-1,671	-209,569	-6,397	514,766	0.57%	49
Vanguard Mid-Cap Index Admiral	1,654,634	18,196	-3,538	-99,256	-17,781	1,551,662	1.71%	162
Westwood SMidCap Institutional	239,962	10,212	-	409,499	1,819	661,357	0.73%	87
Harbor Mid Cap Growth Admin	2,363,140	55,460	-30,976	-99,303	51,147	2,339,468	2.57%	101
Columbia Small Cap Value I Z	198,090	1,461	-454	-13,292	45	185,849	0.20%	25
Vanguard Small-Cap Index Adm	781,769	6,746	-1,319	-14,083	-4,227	768,741	0.85%	73

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457 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Fidelity Small Cap Discovery	$1,944,055	$44,472	-$22,529	$73,567	$12,762	$2,051,804	2.26%	184
AMG TimesSquare Sm Cap Growth	411,237	6,604	-	-10,101	7,094	414,834	0.46%	23
American Funds Cap World G&I	1,718,856	23,475	-4,742	-78,676	6,718	1,664,542	1.83%	155
Harbor International Admin	363,243	5,263	-452	1,075	5,291	374,421	0.41%	42
Fidelity Diversified Intl	2,587,158	54,917	-33,450	21,950	54,257	2,683,907	2.95%	179
Fidelity Intl Discovery	1,149,275	15,151	-69,912	-73,338	29,596	1,050,738	1.16%	88
VantageBroker	1,692,881	-	-	2,362	-16,324	1,678,919	1.85%	13
Prudential Jennison Utility A	488,245	6,357	-	-50,961	-13,174	430,466	0.47%	29
Nuveen Real Estate Securities	824,017	12,497	-1,659	138	-82,295	752,412	0.83%	143
T Rowe Price® Health Sciences	2,090,878	28,761	-366	57,724	118,398	2,295,395	2.52%	71
AllianzGI Technology Admin	559,782	6,959	-239	-5,417	15,149	576,233	0.63%	31
Total	**$90,560,490**	**$1,232,387**	**-$1,125,713**	**-**	**$263,584**	**$90,919,550**	**100.00%**	**3947**

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Building Retirement Security

III. Fee Disclosure

2nd Quarter 2015

Platinum Services Plan Service Report

ICMA-RC's Services

Overview of Services Provided by ICMA-RC

ICMA-RC provides your 401/457 plans the following administration, record keeping and education services:

- Participant enrollment services
- Establishment/maintenance of participant accounts reflecting amounts contributed, income, gains/losses credited and amounts disbursed
- Maintenance of Website, electronic data transfer (from employers) media, as well as toll-free Call Center and VRU for the receipt of participant and employer instructions
- Allocation of plan contributions received in good order by 4:00pm ET according to participant instructions or to the default option selected by the employer for the plan
- Implementation of participant fund transfer instructions received in good order by 4:00 p.m. ET at the price as of the close of business
- Distribution of assets to participants and beneficiaries in accordance with Internal Revenue Code and plan document
- Implementation of daily net transactions with underlying and outside fund companies on an omnibus basis
- Maintenance of fund holdings and transaction activity on our system on an allocated basis
- Delivery of quarterly plan sponsor and participant statements by mail or online at the recipient's direction
- Online access to an extensive range of reports as well as transaction capabilities for plan sponsors and participants
- Provision of extensive online and hard copy educational materials
- Access to educational seminars and individual consultations by professional and knowledgeable representatives
- Administration of a fund lineup selected by the plan sponsor from the fund platform made available by ICMA-RC

ICMA-RC's Services

Statement Regarding Fiduciary/Investment Advisory Services

ICMA-RC generally acts in a non-fiduciary capacity as record keeper and administrator for the plans. The following are the only circumstances in which we act as a fiduciary:

ICMA-RC Advisory Services under Guided Pathways Program

ICMA-RC acts as investment adviser under the Guided Pathways®[2] program, a platform for the delivery of a suite of advisory services available to Participants in retirement plans administered by ICMA-RC. These services include:

Managed Accounts – discretionary, on-going allocation of assets among mutual funds and other pooled investment vehicles available within a Participant's Retirement Plan;

Fund Advice – nondiscretionary, point-in-time, individualized recommendations to Participants looking for help in selecting specific mutual fund investments for their accounts from among the investment options made available through their Retirement Plan; and

Asset Class Guidance – nondiscretionary, point-in-time, individualized asset allocation recommendations for Participants looking for assistance in selecting Retirement Plan investments at the asset category level.

As part of Guided Pathways®[2], ICMA-RC has entered into a contract with Ibbotson Associates, Inc. ("Ibbotson"), an SEC registered investment adviser and wholly owned subsidiary of Morningstar Associates, under which Ibbotson serves as the Independent Financial Expert ("IFE"). In its role as IFE, Ibbotson develops asset class allocation models. Furthermore, for each Plan, Ibbotson develops a fund-specific allocation model for each of the asset class allocation models.

For Participants who select Managed Accounts discretionary management, ICMA-RC, based on the recommendation of Ibbotson, determines which fund-specific asset allocation model is most appropriate given the Participant's financial situation, investment time horizon, and other relevant factors. For those opting for nondiscretionary Fund Advice, the service recommends the appropriate fund-specific asset allocation model, and Participants choose whether to implement the recommendation. For Asset Class Guidance, the service suggests the appropriate asset-class level allocation model, and Participants choose: (1) whether to implement the recommended asset-class level allocation; and (2) the specific funds to use to populate the recommended asset classes.

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ICMA-RC's Services

Retirement Readiness Reports

At the request of a Plan Sponsor, ICMA-RC may provide Retirement Readiness Reports ("Reports") to all full-time employees of the plan sponsor (both existing plan participants and non-participants). These Reports include: 1) a forecast of an employee's income at retirement in relation to a retirement income objective provided by the plan sponsor; 2) a set of recommendations (including potential changes in savings rate) to help the employee reach this retirement income objective; and 3) an asset allocation recommendation based on certain employee specific data. For existing plan participants, the Report will also include a fund specific investment recommendation based on the available investment options in the plan. ICMA-RC has engaged Ibbotson[2] to generate the investment recommendations in the Report. Ibbotson uses the same investment methodologies and software to generate the Report that it uses for the Guided Pathways® program, described above.

ICMA-RC Advisory Services to EIP Advisor Client

ICMA-RC offers non-discretionary investment advisory services to public employers who pre-fund their Other Post-Employment Benefits (OPEB) such as post-employment healthcare. The advice is provided by ICMA-RC associates in our Investment Division who hold the Chartered Financial Analyst® designation and is limited to unaffiliated, third-party, registered mutual funds and exchange-traded funds. It includes assistance in drafting investment policy statements; recommendations regarding asset allocation; assistance in selecting investments in mutual funds; identification of investment benchmarks; portfolio performance analysis and reporting; and reviews of the performance of the investment manager(s) selected. The advice is tailored to the individual needs of each OPEB client as outlined in its investment policy statement. Each OPEB client is ultimately responsible for the selection of investments held in its portfolio and can impose restrictions on investing in these vehicles.

ICMA-RC Advisory Services to Vantage Trust Company, LLC

ICMA-RC, in its capacity as an investment adviser registered with the SEC, provides investment advisory, management, and administrative services to Vantage Trust Company, LLC ("VTC") in respect to the collective investment funds and other investment options it makes available to participants through VantageTrust. VTC is a New Hampshire non-depository trust company and a wholly-owned subsidiary of ICMA-RC. VTC is the sole trustee of VantageTrust, a trust established and maintained for the purpose of commingling assets of state and local government qualified retirement and deferred compensation plans.

Vantagepoint Investment Advisers, LLC ("VIA")

VIA, a wholly-owned subsidiary of ICMA-RC and also an SEC-registered investment adviser, serves as the investment adviser to The Vantagepoint Funds, the underlying funds of the VantageTrust Vantagepoint Funds available as investment options to qualified and deferred compensation plan participants through VantageTrust. The Vantagepoint Funds is an SEC-registered series investment company with each fund in the series having a different investment objective and strategy. Pursuant to its written advisory agreement with The Vantagepoint Funds, VIA, with the consent and approval of The Vantagepoint Funds' Board of Directors, enters into agreements with subadvisers for the performance of some or all of VIA's duties and responsibilities to the Funds. VIA retains the responsibility and authority to monitor and review the performance of each subadviser.

ICMA-RC's Services

Group Annuity Contract Separate Account

ICMA-RC provides investment advisory and management services with respect to the insurance company separate account that is the underlying investment of the group annuity contract issued to VantageTrust Company, LLC in connection with the VantageTrust Retirement IncomeAdvantage Fund. ICMA-RC is responsible, among other things, for investing and reinvesting assets of the separate account in accordance with the investment guidelines; maintaining the separate account asset allocation within the specified target percentages and tolerances; voting all proxies and taking all other investor actions with respect to the securities in the separate account; and meeting with the independent insurance company to review the performance of the separate account and the underlying investments.

ICMA-RC's Services

Compensation Received by ICMA-RC

ICMA-RC receives compensation for the services it provides in the following manner:

Fees Deducted from Participant Accounts: ICMA-RC may be compensated for record keeping services with the following explicit fees deducted from participant accounts:

- **Per Participant fees** – A flat fee charged to each participant account with a balance in the plan for administration or record keeping services. Has a greater impact, as a fraction of account balance, on participants with smaller assets.
- **Administration fees** – An asset-based fee for record keeping services that may be deducted directly from participant accounts in certain plans administered by ICMA-RC.
- **Ancillary service fees** – Fees deducted from plan participant accounts to pay for services chosen by participants, including financial plans, loans, online investment advice, Managed Accounts[2] and self-directed brokerage accounts made available by ICMA-RC and the plan.

Compensation Received from Funds Made Available by the Plan: ICMA-RC and its affiliates may be compensated for record keeping and investment advisory services from the mutual funds it administers:

- **Record keeping fees** – Deducted from the assets of some mutual funds or collective investment funds, these 12b-1, shareholder servicing, transfer agency and/or administration fees are paid by VantageTrust Company, LLC, the fund or fund company to ICMA-RC for services rendered by ICMA-RC to the Fund and to the plans and participants that invest in the fund directly or through the VantageTrust Funds. The amounts listed for Vantagepoint and VantageTrust Funds, including the VantageTrust PLUS Fund, include all non-advisory compensation paid by a fund to ICMA-RC and/or its affiliates.
- **Investment advisory fees** – Consists of compensation paid to Vantagepoint Investment Advisers, LLC ("VIA"), a wholly-owned subsidiary of ICMA-RC and an SEC-registered investment adviser, which serves as the investment adviser to The Vantagepoint Funds, for which ICMA-RC is the sponsor, as well as compensation paid to Vantagepoint Transfer Agents, LLC ("VTA") for other fund services. In addition, this includes compensation paid to ICMA-RC for investment advisory services provided to VantageTrust Company in respect to the collective investment funds and other investment options it makes available to participants through VantageTrust. Investment fees are deducted from fund assets and reflected in the Net Asset Values of the Vantagepoint Funds and the VantageTrust Funds.

Fee and Revenue Summary (401 Plan)

Your 401 Plans incur costs for services they receive, including revenue retained by ICMA-RC for record keeping and investment advisory services. As of June 30, 2015, the estimated annual cost to your plan is $1,078,803 consisting of $978,289 from fund fees and expenses (0.57% of plan assets) and $100,515 of participant account fees.

Out of total estimated plan costs, ICMA-RC received the following estimated annual revenue:

Revenue Source	Record Keeping*	Investment Advisory**	Total
Funds	$190,481 (0.11%)	$145,930 (0.08%)	$336,411 (0.19%)
Participant Account Fees	$100,515	$0	$100,515
Total	$290,996	$145,930	$436,926

* Fees for record keeping, administration, and education services for participants and plan sponsors.
** Fees paid to ICMA-RC or its affiliates for investment advisory services and other fund services.

Methodology

ICMA-RC estimated its annual compensation as follows:

- Dollar values of record keeping and investment advisory revenue were estimated by multiplying the quarter-ending balance and the annualized percentage of assets each fund company has stated it intends to pay as compensation as of the date of the report. Results of this calculation for each fund were aggregated by product type to derive the total estimated revenue in dollars for the past 12 months.

- Estimated annual revenue as a percent of plan assets was calculated by dividing the total estimated dollar value by the quarter-ending balance for the plan as of the date of the report.

Participant usage fees were actual fees charged to participant accounts for the current quarter-ending period.

All data on page is as of June 30, 2015

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Fund Costs and ICMA-RC Revenue (401 Plan)

Fund[1]	Morningstar Category[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Stable Value/Cash Management								
VT PLUS Fund[4]	NA	$33,637,245	0.49%	$164,822	0.25%	$84,093	0.30%	$100,912
VT Cash Management[6]	NA	$238,277	0.00%	$0	0.17%	$405	0.00%	$0
VT 1 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
VT 3 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
VT 5 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$236,070	0.71%	$1,676	0.25%	$590	0.00%	$0
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	$5,661,832	0.07%	$3,963	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$6,431,317	0.46%	$29,584	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$1,552,637	0.70%	$10,868	0.25%	$3,882	0.00%	$0
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	$3,977,845	0.80%	$31,823	0.15%	$5,967	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$5,221,396	1.73%	$90,330	0.45%	$23,496	0.05%	$2,611
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Retirement Income	$66,085	0.16%	$106	0.00%	$0	0.00%	$0
Vanguard Target Retire 2010[9,12]	Target Date 2000-2010	$1,452,288	0.16%	$2,324	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target Date 2011-2015	$1,327,246	0.16%	$2,124	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target Date 2016-2020	$2,179,770	0.16%	$3,488	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target Date 2021-2025	$2,115,643	0.17%	$3,597	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target Date 2026-2030	$992,986	0.17%	$1,688	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target Date 2031-2035	$616,281	0.18%	$1,109	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target Date 2036-2040	$967,501	0.18%	$1,742	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target Date 2041-2045	$265,242	0.18%	$477	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target Date 2046-2050	$18,338	0.18%	$33	0.00%	$0	0.00%	$0
VT Vantagepoint MP Cons Growth[9]	Conservative Allocation	$1,155,122	0.87%	$10,050	0.25%	$2,888	0.29%	$3,350
VT Vantagepoint MP Trad Growth[9]	Moderate Allocation	$5,416,195	0.88%	$47,663	0.25%	$13,540	0.28%	$15,165

All data on page is as of June 30, 2015

* Fees for record keeping, administration and education services for participants and plan sponsors.
**Fees paid to ICMA-RC or its affiliates for investment advisory and other fund services.

Dollar values of fees and expenses by fund are estimates derived by multiplying the quarter-ending balance and the annualized percentage of assets each fund company has stated it intends to pay as compensation as of the date of the report. This calculation is based on the aggregate data for plans with more than five participants that have the lowest administration fee. Disclosure of gross expenses, net expenses and waivers for each fund immediately follows this table.

See disclosures at end of chapter

ICMA-RC
Building Retirement Security

Fund Costs and ICMA-RC Revenue (401 Plan)

Fund[1]	Morningstar Category[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Target-Risk/Target-Date								
VT Vantagepoint MP Lng-Trm Gr[9]	Aggressive Allocation	$6,269,076	0.91%	$57,049	0.25%	$15,673	0.28%	$17,553
VT Vantagepoint MP All-Eq Gr[9]	Large Blend	$1,573,146	0.94%	$14,788	0.25%	$3,933	0.29%	$4,562
Balanced								
Fidelity Balanced	Moderate Allocation	$6,141,117	0.56%	$34,390	0.25%	$15,353	0.00%	$0
BlackRock Global Allocation	World Allocation	$1,053,921	1.13%	$11,909	0.50%	$5,270	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income[24]	Large Value	$888,333	0.78%	$6,929	0.25%	$2,221	0.20%	$1,777
AllianzGI NFJ Dividend Value[24]	Large Value	$9,263,293	0.70%	$64,843	0.10%	$9,263	0.00%	$0
Vanguard 500 Index Admiral	Large Blend	$7,967,849	0.05%	$3,984	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$941,027	0.35%	$3,294	0.05%	$471	0.00%	$0
JPMorgan US Equity Select	Large Blend	$1,138,408	0.76%	$8,652	0.25%	$2,846	0.00%	$0
Am Funds Growth Fund of Am R5[24]	Large Growth	$4,748,997	0.38%	$18,046	0.05%	$2,374	0.00%	$0
Fidelity Contrafund®[24]	Large Growth	$5,656,201	0.64%	$36,200	0.25%	$14,141	0.00%	$0
Columbia Small/Mid Cap Value K[13,24]	Small Value	$713,810	1.10%	$7,852	0.35%	$2,498	0.00%	$0
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	$3,162,198	0.09%	$2,846	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$1,267,582	0.95%	$12,042	0.25%	$3,169	0.00%	$0
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	$8,015,405	1.10%	$88,169	0.25%	$20,039	0.00%	$0
Columbia Small Cap Value I Z[13,24]	Small Value	$2,205,278	1.06%	$23,376	0.25%	$5,513	0.00%	$0
Vanguard Small-Cap Index Adm[13]	Small Blend	$1,612,893	0.09%	$1,452	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,893,086	1.06%	$20,067	0.25%	$4,733	0.00%	$0
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	$1,731,282	1.21%	$20,949	0.20%	$3,463	0.00%	$0
Royce Smaller-Companies Gr Srv[13,24]	Small Growth	$8,024	1.45%	$116	0.40%	$32	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Stock	$13,089,872	0.49%	$64,140	0.05%	$6,545	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$1,081,370	1.00%	$10,814	0.25%	$2,703	0.00%	$0
Fidelity Diversified Intl[14]	Foreign Large Growth	$2,226,986	0.91%	$20,266	0.25%	$5,567	0.00%	$0

All data on page is as of June 30, 2015

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Fund Costs and ICMA-RC Revenue (401 Plan)

Fund[1]	Morningstar Category[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
International/Global Stock								
Fidelity Intl Discovery[14]	Foreign Large Growth	$436,325	0.91%	$3,971	0.25%	$1,091	0.00%	$0
Specialty								
Prudential Jennison Utility A[15]	Utilities	$2,270,606	0.82%	$18,619	0.40%	$9,082	0.00%	$0
American Century® Utilities[10,15]	Utilities	$6,186	0.67%	$41	0.25%	$15	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$1,311,350	1.05%	$13,769	0.25%	$3,278	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$8,389,684	0.77%	$64,601	0.15%	$12,585	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$3,073,129	1.48%	$45,482	0.35%	$10,756	0.00%	$0
VantageBroker	NA	$1,396,972	0.00%	$0	0.06%	$838	0.00%	$0
Total Quarter-End Assets:		**$173,062,722**						
Total Fees and Expenses to Plan:			**0.63%**	**$1,086,120**				
Total Recordkeeping Revenue Retained by ICMA-RC:					**0.17%**	**$298,313**		
Total Investment Advisory Revenue Retained by ICMA-RC:							**0.08%**	**$145,930**
Administrative Allowance:		**$107,831**						
Total Fees and Expenses after Administrative Allowance:			**0.57%**	**$978,289**				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					**0.11%**	**$190,481**		

All data on page is as of June 30, 2015

* Fees for record keeping, administration and education services for participants and plan sponsors.
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Dollar values of fees and expenses by fund are estimates derived by multiplying the quarter-ending balance and the annualized percentage of assets each fund company has stated it intends to pay as compensation as of the date of the report. This calculation is based on the aggregate data for plans with more than five participants that have the lowest administration fee. Disclosure of gross expenses, net expenses and waivers for each fund immediately follows this table.

See disclosures at end of chapter

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Stable Value/Cash Management							
VT PLUS Fund[4]	NA	0.49%	0.00%	NA	0.49%	None	Equity wash
VT Cash Management[6]	NA	0.00%	0.00%	NA	0.00%		
VT 1 Year BoA CD Account[7]	NA	NA	0.00%	NA	NA	6 Months int	None
VT 3 Year BoA CD Account[7]	NA	NA	0.00%	NA	NA	6 Months int	None
VT 5 Year BoA CD Account[7]	NA	NA	0.00%	NA	NA	6 Months int	None
Bond							
PIMCO Low Duration[8]	Short-Term Bond	0.71%	0.00%	NA	0.71%	None	None
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	0.07%	0.00%	NA	0.07%	None	None
PIMCO Total Return Instl[8]	Intermediate-Term Bond	0.46%	0.00%	NA	0.46%	None	None
PIMCO Real Return Admin[8]	Inflation-Protected Bond	0.72%	0.00%	NA	0.70%	None	None
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	0.86%	0.06%	11/28/2015	0.80%	None	30 days, any amt
Guaranteed Lifetime Income							
VT Retirement IncomeAdvantage[17]	NA	1.73%	0.00%	NA	1.73%	None	90 days, any amt
Target-Risk/Target-Date							
Vanguard Target Retire Income[9,12]	Retirement Income	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2010[9,12]	Target Date 2000-2010	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2015[9,12]	Target Date 2011-2015	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2020[9,12]	Target Date 2016-2020	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2025[9,12]	Target Date 2021-2025	0.17%	0.00%	NA	0.17%	None	None
Vanguard Target Retire 2030[9,12]	Target Date 2026-2030	0.17%	0.00%	NA	0.17%	None	None
Vanguard Target Retire 2035[9,12]	Target Date 2031-2035	0.18%	0.00%	NA	0.18%	None	None
Vanguard Target Retire 2040[9,12]	Target Date 2036-2040	0.18%	0.00%	NA	0.18%	None	None
Vanguard Target Retire 2045[9,12]	Target Date 2041-2045	0.18%	0.00%	NA	0.18%	None	None
Vanguard Target Retire 2050[9,12]	Target Date 2046-2050	0.18%	0.00%	NA	0.18%	None	None
VT Vantagepoint MP Cons Growth[9]	Conservative Allocation	0.87%	0.00%	NA	0.87%		
VT Vantagepoint MP Trad Growth[9]	Moderate Allocation	0.88%	0.00%	NA	0.88%		
VT Vantagepoint MP Lng-Trm Gr[9]	Aggressive Allocation	0.91%	0.00%	NA	0.91%		
VT Vantagepoint MP All-Eq Gr[9]	Large Blend	0.94%	0.00%	NA	0.94%		

All data on page is as of June 30, 2015

See disclosure at end of chapter.

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Balanced							
Fidelity Balanced	Moderate Allocation	0.56%	0.00%	NA	0.56%	None	None
BlackRock Global Allocation	World Allocation	1.13%	0.00%	NA	1.13%	None	None
U.S. Stock							
VT Vantagepoint Equity Income[24]	Large Value	0.78%	0.00%	NA	0.78%		
AllianzGI NFJ Dividend Value[24]	Large Value	0.70%	0.00%	NA	0.70%	None	None
Vanguard 500 Index Admiral	Large Blend	0.05%	0.00%	NA	0.05%	None	None
American Funds Fundamental Inv	Large Blend	0.35%	0.00%	NA	0.35%	None	30 days, $5000
JPMorgan US Equity Select	Large Blend	0.78%	0.02%	11/1/2015	0.76%	None	None
Am Funds Growth Fund of Am R5[24]	Large Growth	0.38%	0.00%	NA	0.38%	None	30 days, $5000
Fidelity Contrafund®[24]	Large Growth	0.64%	0.00%	NA	0.64%	None	None
Columbia Small/Mid Cap Value K[13,24]	Small Value	1.10%	0.00%	NA	1.10%	None	30 days, any amt
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	0.09%	0.00%	NA	0.09%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.95%	0.00%	NA	0.95%		
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	1.10%	0.00%	NA	1.10%	None	None
Columbia Small Cap Value I Z[13,24]	Small Value	1.06%	0.00%	NA	1.06%	None	30 days, any amt
Vanguard Small-Cap Index Adm[13]	Small Blend	0.09%	0.00%	NA	0.09%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	1.06%	0.00%	NA	1.06%	1.5%, 90 days	None
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	1.21%	0.00%	NA	1.21%	None	None
Royce Smaller-Companies Gr Srv[13,24]	Small Growth	1.45%	0.00%	4/30/2016	1.45%	None	None
International/Global Stock							
American Funds Cap World G&I[14]	World Stock	0.49%	0.00%	NA	0.49%	None	30 days, $5000
Harbor International Admin[14]	Foreign Large Blend	1.02%	0.02%	2/29/2016	1.00%	None	None
Fidelity Diversified Intl[14]	Foreign Large Growth	0.91%	0.00%	NA	0.91%	1%, 30 days	None
Fidelity Intl Discovery[14]	Foreign Large Growth	0.91%	0.00%	NA	0.91%	1%, 30 days	None
Specialty							
Prudential Jennison Utility A[15]	Utilities	0.82%	0.00%	NA	0.82%	None	None
American Century® Utilities[10,15]	Utilities	0.67%	0.00%	NA	0.67%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.05%	0.00%	NA	1.05%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.77%	0.00%	NA	0.77%	None	30 days, any amt

All data on page is as of June 30, 2015

See disclosure at end of chapter.

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Specialty							
AllianzGI Technology Admin[15]	Technology	1.48%	0.00%	NA	1.48%	None	None
VantageBroker	NA	0.00%	0.00%	NA	0.00%		

All data on page is as of June 30, 2015

See disclosure at end of chapter.

ICMA-RC Building Retirement Security

ICMA-RC Participant Account Fees (401) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2015

Service	Fee	Number of Assessments	Annual Cost
Administration Fees Charged to Participant Accounts			
Per Participant Fee	annual fee	--	NA
Administration	% (annualized) on assets	--	NA
Loans			
Origination, Refinance, Reamortization	$75 per application	118	$9,375
Loan Maintenance	$50 annual fee	384	$19,744
ACH Reject	$20 per occurrence	1	$20
Guided Pathways			
Fund Advice[19]	$0 annual fee	--	NA
Managed Accounts[19,20]	0.60% on first $25,000 0.55% on next $25,000 0.45% on next $50,000 0.35% on next $150,000 0.25% on all assets over $250,000 *(Managed Account fees are annualized)*	107 participants $19,546,830 in assets	$70,255
Brokerage			
Self-Directed Brokerage[21,23]	$50 one-time setup fee *(additional fees by brokerage provider also apply)*	2	$100
Expedited Disbursement			
Wire & FedEx	varies by delivery address	22	$520
Legal			
Domestic Relations Order Processing	$500 per divorce	3	$500
Total Fees from Participant Accounts			**$100,515**

All data on page is as of June 30, 2015

See disclosures at end of chapter

ICMA RC Building Retirement Security

Fee and Revenue Summary (457 Plan)

Your 457 Plans incur costs for services they receive, including revenue retained by ICMA-RC for record keeping and investment advisory services. As of June 30, 2015, the estimated annual cost to your plan is $536,125 consisting of $494,653 from fund fees and expenses (0.54% of plan assets) and $41,471 of participant account fees.

Out of total estimated plan costs, ICMA-RC received the following estimated annual revenue:

Revenue Source	Record Keeping*	Investment Advisory**	Total
Funds	$104,465 (0.11%)	$91,083 (0.10%)	$195,549 (0.22%)
Participant Account Fees	$41,471	$0	$41,471
Total	$145,936	$91,083	$237,020

* Fees for record keeping, administration, and education services for participants and plan sponsors.
** Fees paid to ICMA-RC or its affiliates for investment advisory services and other fund services.

Methodology

ICMA-RC estimated its annual compensation as follows:

- Dollar values of record keeping and investment advisory revenue were estimated by multiplying the quarter-ending balance and the annualized percentage of assets each fund company has stated it intends to pay as compensation as of the date of the report. Results of this calculation for each fund were aggregated by product type to derive the total estimated revenue in dollars for the past 12 months.
- Estimated annual revenue as a percent of plan assets was calculated by dividing the total estimated dollar value by the quarter-ending balance for the plan as of the date of the report.

Participant usage fees were actual fees charged to participant accounts for the current quarter-ending period.

All data on page is as of June 30, 2015

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[16]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*,[3]	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Stable Value/Cash Management								
VT PLUS Fund[4]	NA	$17,972,001	0.49%	$88,063	0.25%	$44,930	0.30%	$53,916
VT Cash Management[6]	NA	$327,832	0.00%	$0	0.17%	$557	0.00%	$0
VT 1 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
VT 3 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
VT 5 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$138,866	0.71%	$986	0.25%	$347	0.00%	$0
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	$2,767,019	0.07%	$1,937	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$2,784,187	0.46%	$12,807	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$926,415	0.70%	$6,485	0.25%	$2,316	0.00%	$0
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	$1,473,827	0.80%	$11,791	0.15%	$2,211	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$1,826,029	1.73%	$31,590	0.45%	$8,217	0.05%	$913
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Retirement Income	$232,954	0.16%	$373	0.00%	$0	0.00%	$0
Vanguard Target Retire 2010[9,12]	Target Date 2000-2010	$33,601	0.16%	$54	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target Date 2011-2015	$309,682	0.16%	$495	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target Date 2016-2020	$983,656	0.16%	$1,574	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target Date 2021-2025	$1,027,272	0.17%	$1,746	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target Date 2026-2030	$831,602	0.17%	$1,414	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target Date 2031-2035	$389,239	0.18%	$701	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target Date 2036-2040	$825,559	0.18%	$1,486	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target Date 2041-2045	$181,982	0.18%	$328	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target Date 2046-2050	$44,419	0.18%	$80	0.00%	$0	0.00%	$0
VT Vantagepoint MP Cons Growth[9]	Conservative Allocation	$1,004,999	0.87%	$8,743	0.25%	$2,512	0.29%	$2,914
VT Vantagepoint MP Trad Growth[9]	Moderate Allocation	$3,169,471	0.88%	$27,891	0.25%	$7,924	0.28%	$8,875

All data on page is as of June 30, 2015

* Fees for record keeping, administration and education services for participants and plan sponsors.
**Fees paid to ICMA-RC or its affiliates for investment advisory and other fund services.

Dollar values of fees and expenses by fund are estimates derived by multiplying the quarter-ending balance and the annualized percentage of assets each fund company has stated it intends to pay as compensation as of the date of the report. This calculation is based on the aggregate data for plans with more than five participants that have the lowest administration fee. Disclosure of gross expenses, net expenses and waivers for each fund immediately follows this table.

Fund Costs and ICMA-RC Revenue (457 Plan)

Fund[1]	Morningstar Category[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Target-Risk/Target-Date								
VT Vantagepoint MP Lng-Trm Gr[9]	Aggressive Allocation	$6,033,469	0.91%	$54,905	0.25%	$15,084	0.28%	$16,894
VT Vantagepoint MP All-Eq Gr[9]	Large Blend	$2,376,741	0.94%	$22,341	0.25%	$5,942	0.29%	$6,893
Balanced								
Fidelity Balanced	Moderate Allocation	$3,702,864	0.56%	$20,736	0.25%	$9,257	0.00%	$0
BlackRock Global Allocation	World Allocation	$362,192	1.13%	$4,093	0.50%	$1,811	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income[24]	Large Value	$339,600	0.78%	$2,649	0.25%	$849	0.20%	$679
AllianzGI NFJ Dividend Value[24]	Large Value	$3,926,687	0.70%	$27,487	0.10%	$3,927	0.00%	$0
Vanguard 500 Index Admiral	Large Blend	$3,270,706	0.05%	$1,635	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$2,544,856	0.35%	$8,907	0.05%	$1,272	0.00%	$0
JPMorgan US Equity Select	Large Blend	$660,440	0.76%	$5,019	0.25%	$1,651	0.00%	$0
Am Funds Growth Fund of Am R5[24]	Large Growth	$5,367,337	0.38%	$20,396	0.05%	$2,684	0.00%	$0
Fidelity Contrafund®[24]	Large Growth	$5,088,529	0.64%	$32,567	0.25%	$12,721	0.00%	$0
Columbia Small/Mid Cap Value K[13,24]	Small Value	$514,766	1.10%	$5,662	0.35%	$1,802	0.00%	$0
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	$1,551,662	0.09%	$1,396	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$661,357	0.95%	$6,283	0.25%	$1,653	0.00%	$0
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	$2,339,468	1.10%	$25,734	0.25%	$5,849	0.00%	$0
Columbia Small Cap Value I Z[13,24]	Small Value	$185,849	1.06%	$1,970	0.25%	$465	0.00%	$0
Vanguard Small-Cap Index Adm[13]	Small Blend	$768,741	0.09%	$692	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$2,051,804	1.06%	$21,749	0.25%	$5,130	0.00%	$0
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	$414,834	1.21%	$5,019	0.20%	$830	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Stock	$1,664,542	0.49%	$8,156	0.05%	$832	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$374,421	1.00%	$3,744	0.25%	$936	0.00%	$0
Fidelity Diversified Intl[14]	Foreign Large Growth	$2,683,907	0.91%	$24,424	0.25%	$6,710	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Growth	$1,050,738	0.91%	$9,562	0.25%	$2,627	0.00%	$0

All data on page is as of June 30, 2015

* Fees for record keeping, administration and education services for participants and plan sponsors.
**Fees paid to ICMA-RC or its affiliates for investment advisory and other fund services.

Dollar values of fees and expenses by fund are estimates derived by multiplying the quarter-ending balance and the annualized percentage of assets each fund company has stated it intends to pay as compensation as of the date of the report. This calculation is based on the aggregate data for plans with more than five participants that have the lowest administration fee. Disclosure of gross expenses, net expenses and waivers for each fund immediately follows this table.

See disclosures at end of chapter

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[16]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*,[3]	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Specialty								
Prudential Jennison Utility A[15]	Utilities	$430,466	0.82%	$3,530	0.40%	$1,722	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$752,412	1.05%	$7,900	0.25%	$1,881	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$2,295,395	0.77%	$17,675	0.15%	$3,443	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$576,233	1.48%	$8,528	0.35%	$2,017	0.00%	$0
VantageBroker	NA	$1,678,919	0.00%	$0	0.06%	$1,007	0.00%	$0
Total Quarter-End Assets:		**$90,919,550**						
Total Fees and Expenses to Plan:			**0.61%**	**$551,303**				
Total Recordkeeping Revenue Retained by ICMA-RC:					**0.18%**	**$161,115**		
Total Investment Advisory Revenue Retained by ICMA-RC:							**0.10%**	**$91,083**
Administrative Allowance:		**$56,650**						
Total Fees and Expenses after Administrative Allowance:			**0.54%**	**$494,653**				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					**0.11%**	**$104,465**		

All data on page is as of June 30, 2015

* Fees for record keeping, administration and education services for participants and plan sponsors.
**Fees paid to ICMA-RC or its affiliates for investment advisory and other fund services.

Dollar values of fees and expenses by fund are estimates derived by multiplying the quarter-ending balance and the annualized percentage of assets each fund company has stated it intends to pay as compensation as of the date of the report. This calculation is based on the aggregate data for plans with more than five participants that have the lowest administration fee. Disclosure of gross expenses, net expenses and waivers for each fund immediately follows this table.

See disclosures at end of chapter

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Stable Value/Cash Management							
VT PLUS Fund[4]	NA	0.49%	0.00%	NA	0.49%	None	Equity wash
VT Cash Management[6]	NA	0.00%	0.00%	NA	0.00%		
VT 1 Year BoA CD Account[7]	NA	NA	0.00%	NA	NA	6 Months int	None
VT 3 Year BoA CD Account[7]	NA	NA	0.00%	NA	NA	6 Months int	None
VT 5 Year BoA CD Account[7]	NA	NA	0.00%	NA	NA	6 Months int	None
Bond							
PIMCO Low Duration[8]	Short-Term Bond	0.71%	0.00%	NA	0.71%	None	None
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	0.07%	0.00%	NA	0.07%	None	None
PIMCO Total Return Instl[8]	Intermediate-Term Bond	0.46%	0.00%	NA	0.46%	None	None
PIMCO Real Return Admin[8]	Inflation-Protected Bond	0.72%	0.00%	NA	0.70%	None	None
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	0.86%	0.06%	11/28/2015	0.80%	None	30 days, any amt
Guaranteed Lifetime Income							
VT Retirement IncomeAdvantage[17]	NA	1.73%	0.00%	NA	1.73%	None	90 days, any amt
Target-Risk/Target-Date							
Vanguard Target Retire Income[9,12]	Retirement Income	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2010[9,12]	Target Date 2000-2010	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2015[9,12]	Target Date 2011-2015	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2020[9,12]	Target Date 2016-2020	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2025[9,12]	Target Date 2021-2025	0.17%	0.00%	NA	0.17%	None	None
Vanguard Target Retire 2030[9,12]	Target Date 2026-2030	0.17%	0.00%	NA	0.17%	None	None
Vanguard Target Retire 2035[9,12]	Target Date 2031-2035	0.18%	0.00%	NA	0.18%	None	None
Vanguard Target Retire 2040[9,12]	Target Date 2036-2040	0.18%	0.00%	NA	0.18%	None	None
Vanguard Target Retire 2045[9,12]	Target Date 2041-2045	0.18%	0.00%	NA	0.18%	None	None
Vanguard Target Retire 2050[9,12]	Target Date 2046-2050	0.18%	0.00%	NA	0.18%	None	None
VT Vantagepoint MP Cons Growth[9]	Conservative Allocation	0.87%	0.00%	NA	0.87%		
VT Vantagepoint MP Trad Growth[9]	Moderate Allocation	0.88%	0.00%	NA	0.88%		
VT Vantagepoint MP Lng-Trm Gr[9]	Aggressive Allocation	0.91%	0.00%	NA	0.91%		
VT Vantagepoint MP All-Eq Gr[9]	Large Blend	0.94%	0.00%	NA	0.94%		

All data on page is as of June 30, 2015

See disclosure at end of chapter.

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Balanced							
Fidelity Balanced	Moderate Allocation	0.56%	0.00%	NA	0.56%	None	None
BlackRock Global Allocation	World Allocation	1.13%	0.00%	NA	1.13%	None	None
U.S. Stock							
VT Vantagepoint Equity Income[24]	Large Value	0.78%	0.00%	NA	0.78%		
AllianzGI NFJ Dividend Value[24]	Large Value	0.70%	0.00%	NA	0.70%	None	None
Vanguard 500 Index Admiral	Large Blend	0.05%	0.00%	NA	0.05%	None	None
American Funds Fundamental Inv	Large Blend	0.35%	0.00%	NA	0.35%	None	30 days, $5000
JPMorgan US Equity Select	Large Blend	0.78%	0.02%	11/1/2015	0.76%	None	None
Am Funds Growth Fund of Am R5[24]	Large Growth	0.38%	0.00%	NA	0.38%	None	30 days, $5000
Fidelity Contrafund®[24]	Large Growth	0.64%	0.00%	NA	0.64%	None	None
Columbia Small/Mid Cap Value K[13,24]	Small Value	1.10%	0.00%	NA	1.10%	None	30 days, any amt
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	0.09%	0.00%	NA	0.09%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.95%	0.00%	NA	0.95%		
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	1.10%	0.00%	NA	1.10%	None	None
Columbia Small Cap Value I Z[13,24]	Small Value	1.06%	0.00%	NA	1.06%	None	30 days, any amt
Vanguard Small-Cap Index Adm[13]	Small Blend	0.09%	0.00%	NA	0.09%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	1.06%	0.00%	NA	1.06%	1.5%, 90 days	None
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	1.21%	0.00%	NA	1.21%	None	None
International/Global Stock							
American Funds Cap World G&I[14]	World Stock	0.49%	0.00%	NA	0.49%	None	30 days, $5000
Harbor International Admin[14]	Foreign Large Blend	1.02%	0.02%	2/29/2016	1.00%	None	None
Fidelity Diversified Intl[14]	Foreign Large Growth	0.91%	0.00%	NA	0.91%	1%, 30 days	None
Fidelity Intl Discovery[14]	Foreign Large Growth	0.91%	0.00%	NA	0.91%	1%, 30 days	None
Specialty							
Prudential Jennison Utility A[15]	Utilities	0.82%	0.00%	NA	0.82%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.05%	0.00%	NA	1.05%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.77%	0.00%	NA	0.77%	None	30 days, any amt
AllianzGI Technology Admin[15]	Technology	1.48%	0.00%	NA	1.48%	None	None
VantageBroker	NA	0.00%	0.00%	NA	0.00%		

All data on page is as of June 30, 2015

See disclosure at end of chapter.

ICMA-RC Participant Account Fees (457) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2015

Service	Fee	Number of Assessments	Annual Cost
Administration Fees Charged to Participant Accounts			
Per Participant Fee	annual fee	--	NA
Administration	% (annualized) on assets	--	NA
Loans			
Origination, Refinance, Reamortization	$75 per application	--	NA
Loan Maintenance	$50 annual fee	--	NA
ACH Reject	$20 per occurrence	--	NA
Guided Pathways			
Fund Advice[19]	$0 annual fee	--	NA
Managed Accounts[19,20]	0.60% on first $25,000 0.55% on next $25,000 0.45% on next $50,000 0.35% on next $150,000 0.25% on all assets over $250,000 *(Managed Account fees are annualized)*	108 participants $11,140,681 in assets	$41,186
Brokerage			
Self-Directed Brokerage[21,23]	$50 one-time setup fee *(additional fees by brokerage provider also apply)*	--	NA
Expedited Disbursement			
Wire & FedEx	varies by delivery address	2	$35
Legal			
Domestic Relations Order Processing	$250 per divorce	2	$250
Total Fees from Participant Accounts			**$41,471**

All data on page is as of June 30, 2015

See disclosures at end of chapter

ICMA-RC Building Retirement Security

Glossary

Ancillary Service Fee – Fees deducted from plan participant accounts to pay for services chosen by participants that are made available by ICMA-RC and the plan

Average Month-End Assets – Average month-end assets in plans for the 12 month period ending on the date of this report.

Administration Fee – An asset-based fee for record keeping services that may be deducted directly from participant accounts in certain plans administered by ICMA-RC.

Contingent Deferred Sales Charges (CDSCs): Some mutual funds may charge investors for marketing costs of up to 8% of assets either at the time an investment is made or when assets are redeemed. In the public sector retirement plan community, these “contingent deferred sales charges” can be charged when participants move to another plan administrator or when the plan sponsor terminates the plan administrator.

Estimated Fund Expense Cost – This simulation is designed to provide an estimate of the cost of fund expenses to your plan, not a calculation of actual expenses incurred. Annualized costs to your plan from fund expenses have been estimated by multiplying the average month-end balance in each fund with the net fund expense ratio as of the date of this report. Actual experience of the plan will vary based on assets in each fund over an annual period and changes that may occur in expense ratios over that period.

Estimated Record Keeping Revenue – This simulation is designed to provide an estimate of revenue received by ICMA-RC for plan and participant services, not a calculation of such revenue received. Annualized record keeping revenue received by ICMA-RC has been estimated by multiplying the average month-end balance in each fund with the annualized record keeping revenue anticipated to be received by ICMA-RC from fund companies based on current contracts with those companies as of the date of this report. Record keeping revenue is paid by fund companies based on calculation methodologies of each fund company. Actual fees and revenue of the plan will vary based on those differing methodologies.

Estimated Investment Advisory Revenue – This simulation is designed to provide an estimate of the investment advisory revenue received by ICMA-RC, not a calculation of actual revenue received. Annualized investment advisory revenue received by ICMA-RC has been estimated by multiplying the average month-end balance in each fund with the annualized investment advisory revenue anticipated to be received by ICMA-RC as of the date of this report. Actual experience of the plan will vary based on those differing methodologies, as well as on the assets in each fund over an annual period.

Expense Waiver Amount – The amount that a service provider or a mutual fund has agreed to waive in order to reduce or limit operating expenses for the fund. Fee waivers may not be available in the future.

Glossary

Gross Expense Ratio – The annualized amount, expressed as a percentage of their total investment that investors will pay annually for the mutual fund's operating expenses and management fees before any waivers.

Investment Advice Fee – Annual dollar-based fee for access to independent online investment advice. Some vendors charge the plan a fee for each eligible participant, while other vendors charge a fee only when a participant uses the service.

Investment Advisory Fees – Consists of compensation paid to Vantagepoint Investment Advisers, LLC ("VIA"), a wholly-owned subsidiary of ICMA-RC and an SEC-registered investment adviser, which serves as the investment adviser to The Vantagepoint Funds, for which ICMA-RC is the sponsor, as well as compensation paid to Vantagepoint Transfer Agents, LLC ("VTA") for other fund services. In addition, this includes compensation paid to ICMA-RC for investment advisory services provided to VantageTrust Company, LLC in respect to the collective investment funds and other investment options it makes available to participants through VantageTrust. Investment fees are deducted from fund assets and reflected in the Net Asset Values of the Vantagepoint Funds and the VantageTrust Funds.

Loan Fees – Fees assessed when a participant voluntarily takes a loan from his or her plan account. Vendors typically charge for establishing/re-amortizing loans and for maintaining loans. Fees are usually assessed on a flat dollar basis, with start-up fees assessed at the initiation or re-amortization of a loan and maintenance fees charged annually.

Managed Accounts Fee – An asset-based fee paid by participants who receive independent managed account services. Fee reductions may be provided when participant accounts reach certain asset levels. Fee is assessed on participant accounts and reported on participant statements.

Morningstar Category – Categories are from Morningstar® as of the date of this report for underlying funds where available. Category for the VT PLUS Fund was determined by ICMA-RC based on fund characteristics. Morningstar®, Inc. is a global investment research firm that is not affiliated with ICMA-RC. Morningstar® used as a source for some data.

ICMA-RC
Building Retirement Security

Glossary

Net Expense Ratio – The amount shown is the gross expense ratio less any expense waivers. The daily portion of this expense is deducted from the fund prior to the fund company's calculation of the daily price reported to the public.

Per Participant Fee – An explicit flat fee charged to each participant account with a balance in the plan for administration or record keeping services. Has a greater impact, as a fraction of account balance, on participants with smaller assets.

Record keeping Fees – Deducted from the assets of some mutual funds or collective investment trusts, these 12b-1, shareholder servicing, transfer agency and/or administration fees are paid by VantageTrust Company, LLC, the fund or fund company to ICMA-RC for services rendered by ICMA-RC to the Fund and to the plans and participants that invest in the fund directly or through the VantageTrust Funds. The amounts listed for Vantagepoint and VantageTrust Funds, including the VantageTrust PLUS Fund, include all non-advisory compensation paid by a fund to ICMA-RC and/or its affiliates.

Redemption Fee – To discourage frequent trading and reduce the cost of such activity to the fund and its investors, a fund may assess a redemption fee when fund shares, held for less than a minimum period of time, are sold or "redeemed."

Self-Directed Brokerage Fee – Fee assessed when a participant voluntarily uses self-directed brokerage account services that provide access to a wide range of mutual funds and individual securities (if offered by plan). A fee for establishing the account or for maintaining the account may be assessed. The brokerage services vendor will assess additional fees.

Total ICMA-RC Revenue – Summation of all revenue received by ICMA-RC, including record keeping fees and investment advisory fees from proprietary funds managed by ICMA-RC.

Trade Restrictions – As an alternative to assessing redemption fees to discourage frequent trading, funds may require participants to wait a defined period after redeeming shares to transfer assets back into the fund.

Waiver Expiration Date – The date upon which the contractual obligation to provide the waiver lapses.

Waiver Type - Indicates whether the reduction in fund expense ratio is voluntary or contractual.

Disclosures

1 *Please read the fund's prospectus carefully for a complete summary of all fees, expenses, investment objectives and strategies, risks, financial highlights, and performance information. The prospectus contains this and other information about the investment company. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the prospectus before investing. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the prospectus before investing. You can obtain a prospectus, statement of additional information and other information about the Vantagepoint Funds online at www.icmarc.org/vpprospecuts, by calling 800-669-7400 or emailing investorservices@icmarc.org, The Vantagepoint Funds are distributed by ICMA-RC Services LLC, a wholly owned broker-dealer subsidiary of ICMA-RC and member FINRA/SIPC.*

Please read Making Sound Investment Decisions: A Retirement Investment Guide and the accompanying VantageTrust Fund Fees and Expenses document ("Guide") carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. Investors should carefully consider this information before investing. For a current Guide, contact ICMA-RC by calling 800-669-7400 or log into your account at www.icmarc.org.

Please read the fund's prospectus carefully for a complete summary of all fees, expenses, investment objectives and strategies, risks, financial highlights, and performance information. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the prospectus before investing. You may contact us to obtain a prospectus or to answer questions by calling 800-669-7400, emailing investorservices@icmarc.org, or visiting www.icmarc.org

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Frequent trading rules are designed to detect and discourage trading activities that may increase costs to all investors. All funds or underlying funds are monitored for frequent trading. Certain funds or underlying funds may impose fees or restrictions to deter frequent trading. Current information about these fees or restrictions can be found in a fund's or underlying fund's prospectus. You may contact us to obtain a prospectus or to answer questions by calling 800-669-7400, emailing investorservices@icmarc.org, or visiting www.icmarc.org . You can obtain information about ICMA-RC's Frequent Trading Policy at www.icmarc.org/frequenttrading.

Certain funds or underlying funds may charge a redemption fee. Current information about redemption fee, if any, will be contained in the fund's or underlying fund's prospectus. You may contact us to obtain a prospectus or to answer questions by calling 800-669-7400, emailing investorservices@icmarc.org, or visiting www.icmarc.org.

Disclosures

[2] Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert Ibbotson Associates, Inc. Ibbotson is a federally registered investment adviser and wholly owned subsidiary of Morningstar, Inc. Both Ibbotson and Morningstar are not affiliated with ICMA-RC. All rights reserved. Ibbotson and the Ibbotson logo are trademarks or service marks of Ibbotson Associates, Inc.

[3] ICMA-RC or its affiliates receive payments from third-party mutual funds that underlie certain VantageTrust Funds that may be available for investment through your plan. These payments are for services rendered by ICMA-RC or its affiliates to plans and participants, and are in the form of 12b-1 fees, service fees, compensation for sub-accounting and other services provided by ICMA-RC or its affiliates.

The revenue amounts listed for VT Vantagepoint Funds and the VT PLUS Fund include all compensation paid by the fund to ICMA-RC and/or its affiliates. This amount includes compensation for investment advisory, transfer agency, and plan/participant services that is included in the daily NAV calculation.

Revenue is subject to change at the discretion of the fund company and is received at various times throughout the course of a year based on the policies of the individual fund companies.

[4] VT PLUS Fund return is annualized for all periods.

Direct transfers from a stable value fund to competing funds are restricted. Competing funds may include, but are not limited to money market mutual funds, certificates of deposit, stable value funds, investment options that offer guarantees of principal or income, certain short-term bond funds and self-directed brokerage accounts. Certain restrictions may apply when you want to transfer money from a stable value fund to a competing fund. These restrictions generally include waiting periods before transfers can be made back into a stable value fund.

[5] *An investment in this Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it is possible to lose money by investing in the Fund. The 7-Day Yield more closely reflects the Fund's current earnings than the quotation of total return.*

[6] *The VantageTrust Cash Management Fund is invested in a single registered mutual fund, the Dreyfus Cash Management Fund. Investments in the fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. Although the Dreyfus Cash Management Fund seeks to preserve the value of the fund at $1.00 per share, it is possible to lose money by investing in the fund. The 7-Day Yield more closely reflects the Fund's current earnings than the quotation of total return.*

7 CD Accounts are issued by Bank of America, N.A. ("Bank"), a member of the FDIC, and are available as VantageTrust investment options. CD Account deposits of up to $250,000 are insured by the FDIC, subject to certain limitations. Amounts to be invested in CD Accounts are initially held in the Bank's Money Market Deposit Account ("MMDA") and earn the Bank's MMDA rate. At the end of the open investment window, assets are transferred to the CD Account where interest is credited daily and compounded monthly.

Certificate of Deposit Accounts (CD Accounts) Annual Percentage Rates (APRs) and Annual Percentage Yields (APYs) are valid for the purchases made within the related open investment window and assume principal and interest remain in the account until maturity. Withdrawals and penalties will reduce earnings on the account. Please be advised, there may be associated penalties for withdrawing from a CD Account prior to the maturity date. For more information regarding CD Accounts, please contact Investor Services at 800-669-7400.

8 A fixed income fund is subject to credit risk and interest rate risk. Credit risk is when an issuer of a fixed income security may be unable or unwilling to make payments of principal or interest to the holders of these securities or may declare bankruptcy. Fixed income securities fluctuate in value as interest rates change. When interest rates rise, the market prices of fixed income securities will usually decrease; when interest rates fall, the market prices of fixed income securities usually will increase.

9 The expense ratio for a “fund of funds” includes acquired fund fees and expenses, which are expenses incurred indirectly by the fund through its ownership in other mutual funds.

10 American Century® is a registered trademark of American Century Services Corporation.

11 T. Rowe Price® is a registered trademark of T. Rowe Price Group, Inc. - all rights reserved.

12 The fund is not a complete solution for all of your retirement savings needs. An investment in the fund includes the risk of loss, including near, at or after the target date of the fund. There is no guarantee that the fund will provide adequate income at and through an investor’s retirement. Selecting the fund does not guarantee that you will have adequate savings for retirement.

13 Funds that invest primarily in small-capitalization companies involve greater risk than is customarily associated with investments in larger, more established companies. Equity securities of small-capitalization companies are generally subject to greater price volatility than those of larger companies due to less certain growth prospects, the lower degree of liquidity in the markets for their securities, and the greater sensitivity of smaller companies to changing economic conditions. Also, small-capitalization companies may have more limited product lines, fewer capital resources and less experienced management than larger companies.

Disclosures

14 Funds that invest in foreign securities are exposed to the risk of loss due to political, economic, legal, regulatory, and operational uncertainties; differing accounting and financial reporting standards; limited availability of information; currency fluctuations; and higher transaction costs. Investments in foreign currencies or securities denominated in foreign currencies (including derivative instruments that provide exposure to foreign currencies) may experience gains or losses solely based on changes in the exchange rate between foreign currencies and the U.S. dollar. The risk of investing in foreign securities may be greater with respect to securities of companies located in emerging market countries. The value of developing or emerging market currencies may fluctuate more than the currencies of companies with more mature markets.

15 Sector funds tend to be riskier and more volatile than the broad market because they are generally less diversified and more volatile than other mutual funds.

16 Morningstar places funds in certain categories based on the fund's historical portfolio holdings. Placement of a fund in a particular Morningstar category does not mean that the fund will remain in that category or that it will invest primarily in securities consistent with its Morningstar category. A fund's investment strategy and portfolio holdings are governed by its prospectus, guidelines or other governing documents, not its Morningstar category.

17 **Prudential Retirement Insurance and Annuity Company (Prudential), CA COA #08003**, Hartford, CT. Neither Prudential nor ICMA-RC guarantees the investment performance or return on contributions to Prudential's Separate Account. You should carefully consider the objectives, risks, charges, expenses and underlying guarantee features before purchasing this product. Prudential may increase the Guarantee Fee in the future, from 1.00% up to a maximum of 1.50%. Like all variable investments, this Fund may lose value. Availability and terms may vary by jurisdiction; subject to regulatory approvals. Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Guarantees are based on Prudential's claims-paying ability. This annuity is issued under Contract form # GA-2020-TGWB4-0805-RC. ICMA-RC provides recordkeeping services to your Plan and is the investment manager of the underlying Prudential separate account. Prudential or its affiliates may compensate ICMA-RC for providing these and related administrative services in connection with the Fund. Variable annuities are suitable for long-term investing, particularly retirement savings. **©2015 Prudential, the Prudential logo, and the Rock symbol and Bring Your Challenges are service marks of the Prudential Insurance Company of America, Newark, NJ, and its related entities, registered in many jurisdictions worldwide. Note**: Participants who are interested in the VT Retirement IncomeAdvantage Fund must first receive and read the **VT Retirement IncomeAdvantage Fund Important Considerations** document, before investing.

Disclosures

18 Participants can withdraw assets from a CD Account at any time, but withdrawals prior to the maturity date are subject to an early withdrawal penalty equal to 180 days of interest on the amount withdrawn, unless one of the exceptions identified below applies. The interest penalty is calculated as the gross rate of the CD Account (i.e., the net rate plus the Annual CD Administrative Fee).

Transfers from the VT PLUS Fund to CD Accounts are prohibited. Assets must be invested outside of the VT PLUS Fund in a non-competing fund for a period of at least 90 days before being transferred to CD Accounts. ICMA-RC will limit each participant's aggregate investment in CD Accounts to an amount less than $250,000. This limit includes principal, accrued interest, future interest, and any previously purchased VantageTrust CD Accounts issued by Countrywide Bank or MBNA. If an individual's total investment in CD Accounts exceeds the $250,000 limit, ICMA-RC will transfer the excess amounts to the Plan's designated maturity fund. Note that ICMA-RC can only limit a participant's aggregate investment in CD Accounts through Plans administered by ICMA-RC.

19 Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert Ibbotson Associates, Inc. Ibbotson is a federally registered investment adviser and wholly owned subsidiary of Morningstar, Inc. Both Ibbotson and Morningstar are not affiliated with ICMA-RC. All rights reserved. Ibbotson and the Ibbotson logo are trademarks or service marks of Ibbotson Associates, Inc.

20 Underlying mutual fund expenses and plan administration fees still apply. Please read the current applicable prospectus and the VantageTrust Fund Fees and Expenses document accompanying the Making Sound Investment Decisions: A Retirement Investment Guide for a description of these fees and expenses.

21 ICMA-RC and TD Ameritrade are separate, unaffiliated companies and not responsible for each other's services or policies. Brokerage services are provided by TD Ameritrade, Inc. a registered broker-dealer and member of FINRA/SIPC/NFA TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and the Toronto-Dominion Bank. Used with permission.

22 Funds that invest primarily in mid-capitalization companies involve greater risk than is customarily associated with investments in larger, more established companies. Equity securities of mid-capitalization companies generally trade in lower volume and are generally subject to greater and less predictable price changes than the securities of larger companies.

23 Funds that invest primarily in high yield bonds (bonds that are rated below investment grade and also known as "junk bonds") are subject to additional risk as these high yield bonds are considered speculative and involve a greater risk of default than "investment grade" securities. The values of these securities are particularly sensitive to changes in interest rates, issuer creditworthiness, and economic and political conditions. The market prices of these securities may decline significantly in periods of general economic difficulty, may be harder to value, and may be less liquid than higher rated securities.

Disclosures

[24] Certain funds may be subject to style risk, which is the possibility that the investment style of its investment adviser will trail the returns of the overall market. In the past, different types of securities have experienced cycles of outperformance and underperformance in comparison to the market in general. For example, growth stocks have performed best during the later stages of economic expansion and value stocks have performed best during periods of economic recovery. Both styles may go in and out of favor. When the investing style used by a fund is out of favor, that fund is likely to underperform other funds that use investing styles that are in favor.

IV. Quality Services

Available Services

Plan Sponsor Services

- ✓ Relationship Management
- ✓ Annual Service Plan
- ✓ Annual Events Calendar
- ✓ Enrollment Kits
- ✓ Custom Web Logo and Banner within Online Account Access
- ✓ Personalized Quarterly Statements
- ✓ Custom Reporting
- ✓ Emergency / Hardship Withdrawals
- ✓ Online Deferrals
- ✓ Online Withdrawals
- ✓ Loan Administration—Online Loans
- ✓ Industry, Legislative and Product Updates
- ✓ Content for Plan Sponsor's Web Site and Newsletter

Participant Services

- ✓ On-site Education Seminars
- ✓ One-on-One Consultations
- ✓ On-site Certified Financial Planner Conducted Planning Seminars
- ✓ Personal Certified Financial Planner (CFP) Consultations
- ✓ Personalized Financial Plans (fee-based)[1]
- ✓ Premier Services
- ✓ Managed Accounts[2]
- ✓ Asset Class Guidance[2]
- ✓ Fund Advice[2]

Additional Retirement Plan Services

- ✓ Retirement Health Savings Plan (VantageCare)[3]
- ✓ Employer Investment Program
- ✓ Payroll Deduction IRA
- ✓ Self-Directed Brokerage Account[4]
- ✓ Independent Annuity Shopping Service
- ✓ Long Term Care Insurance[5]

*ICMA-RC is not an insurance company and does not sell long-term care insurance products.

See disclosure at end of presentation

Investment Advisory Services

Guided Pathways®[2]

- A comprehensive suite of investment advisory services:
    - Asset Class Guidance (asset allocation recommendation)
    - Fund Advice ("point-in-time" fund specific recommendation)
    - Managed Accounts (on-going professional account management)
- All services available to participants via the phone and over the Internet. Managed Account enrollment can also be processed through paper forms.
- Participants receive a projection of how much money they will need at retirement; their chances of reaching this goal; and a savings rate recommendation. Projection takes into account current age, desired retirement age, existing asset mix, other retirement and non-retirement assets, spousal assets and special income needs (e.g., college tuition).
- Dedicated and credentialed ICMA-RC staff assists participants in determining their required level of retirement investment assistance based on their investing comfort level.

See disclosure at end of chapter

Standards of Excellence

For more than 40 years, ICMA-RC has been guided by a commitment to the highest standards of conduct. As a not-for-profit corporation, our core values are guided by our dedication to the public sector. Our associates demonstrate their commitment to earning your trust through strict adherence to ICMA-RC's Code of Ethics and Standards of Professional Conduct.

ICMA-RC has specific policies and procedures in place to prohibit after hours trading and market timing. Our commitment to the long-term interests of the participants we serve is demonstrated by the following policies:

- After hours trading is not allowed
- No trades for the current day are processed after 4:00 p.m. Eastern Time
- No investor is favored at the expense of others

Systems in place to prohibit late day trading include Web restrictions, voice response unit restrictions and software restrictions on our telephone system.

We firmly encourage industry actions that are in the best interest of long-term investors.

ICMA-RC is committed to the enduring values of excellence, independence and integrity. We will continue to remain steadfast to our mission to build retirement security through our personal commitment to public service.

ICMA-RC's Frequent Trading Policy

ICMA-RC Frequent Trading Policies

- Mutual funds available within retirement plans are intended for long-term investment purposes. While the vast majority of investors understand this principle, a handful of investors may engage in frequent or excessive trading. Unfortunately, the practices of a few can sometimes have an adverse affect on the majority of investors.
- When mutual funds receive funds to invest in the stock or bond market, trading fees and commissions are generated. Similarly, when mutual funds have to generate funds to fulfill redemption requests, trading fees and commissions are also generated. As investors engage in frequent trading, these additional costs are shared equally among all investors in the mutual fund, including those not involved in the trading activity.
- Furthermore, the rate of return long-term investors realize from investing in mutual funds may be impacted by frequent trading. Mutual funds may have to hold additional "uninvested" cash reserves in order to meet higher than normal redemptions, which reduces the earning potential of the fund.

Curbing Frequent Trading

- The Securities and Exchange Commission and state law enforcement authorities are placing more emphasis on the effective enforcement of mutual fund policies. Particular focus is being paid to maintaining procedures to prevent or limit trading in mutual fund shares that is determined to be contrary to the interests of all fund shareholders.
- ICMA-RC is committed to curbing frequent trading to protect long-term investors and is actively involved in enforcing mutual fund companies' policies designed to detect and prevent such frequent trading. Mutual fund companies may limit the ability to offer their funds in retirement plans if frequent trading guidelines are not properly enforced.

ICMA-RC's Frequent Trading Policy

Additional Frequent Trading Guidelines

- ICMA-RC defines frequent trading as a buy followed by a sell three times in the same fund during a 90 calendar day period or a buy followed by a sell 10 times in the same fund during a 365 calendar day period. Standard participant withdrawals, contributions, and distributions are not included in the policy. In addition, some mutual fund companies define frequent trading differently, and ICMA-RC reserves the right to enforce those guidelines.
- Some funds, such as the Vantagepoint International and the Vantagepoint Overseas Index Funds, have additional measures to discourage frequent trading. For these two funds, investors who transfer assets out of them must wait at least 91 days before transferring assets back into the same fund.
- If frequent trading and/or market timing activity is detected in a participant account, ICMA-RC may communicate with investors either over the phone or in writing about their trading activities in an effort to deter such activities. If such communications fail to deter the frequent trading activity, further action may be taken on the account such as restricting future purchases in the account.
- ICMA-RC's aim is to monitor and enforce this frequent trading policy consistently. We cannot guarantee that all the risks associated with frequent trading will be completely eliminated by this policy and/or restrictions. If frequent trading goes undetected, the effect of such activity may result in additional transaction costs and dilution of long-term performance returns to such Funds. We reserve the right to update this policy at any time.

Recent Legislative Action*

SEAL Act

- In May of 2011, Senators Herb Kohl (D-WI) and Mike Enzi (R-WY) introduced the Savings Enhancement by Alleviating Leakage in 401(k) Savings Act (SEAL Act, S. 1121) to reduce pre-retirement leakage from retirement plans.
- Bill extends the time for participants to make a contribution to offset outstanding loans at separation from service from 60 days to the tax filing deadline (including any extensions) of the year in which the participant separated service.
- While this bill targets ERISA plans, both the extended contribution opportunity for plan loan offset amounts and a prohibition against credit card-based plan loans would apply to 457 plan loans.
- Representatives Sam Johnson (R-TX) and Richard Neal (D-MA) introduced a companion bill in the House on November 1 (H.R. 3287). The bill does not contain the credit card prohibition in the Senate version.

Tax Parity Act

- In May 2011, Representatives Jim McDermott (D-WA), Richard Hanna (R-NY), Earl Blumenauer (D-OR), and Nan Hayworth (R-NY) introduced the Tax Parity for Health Plan Beneficiaries Act (H.R. 2088).
- A companion bill (S.1171) was introduced in June 2011 by Senators Chuck Schumer (D-NY) and Susan Collins (R-ME) with 13 additional original cosponsors.
- This legislation would permit the reimbursement of medical expenses of non-spouse, non-dependent beneficiaries from health reimbursement arrangements (“HRAs”), such as ICMA-RC’s Retirement Health Savings Plan.
- The Internal Revenue Code currently excludes from income the value of employer-provided benefits received by employees for coverage of a spouse and dependents, but does not extend this treatment to non-spouse, non-dependent beneficiaries.
- ICMA-RC is a member of the Business Coalition for Benefits Tax Equity, a coalition that backs the bill. The Business Coalition for Benefits is a group of companies and trade associations that support eliminating the federal tax inequities that result when businesses voluntarily provide health care coverage to non-spouse, non-dependant beneficiaries of their employees.

* Information as of December, 2011

Recent Regulatory Action*

Department of Labor Regulatory Agenda

The Department of Labor ("DOL") released its semi-annual regulatory agenda in November 2014. While DOL provides a target schedule, in practice regulatory authority release dates often change.

- Pension Benefit Statements/Lifetime Income Disclosure. DOL's proposal to implement the Pension Protection Act of 2006 quarterly benefit statement requirement and potentially require plans to include a lifetime income disclosure is scheduled for release this July.
- Annuity Safe Harbor. DOL's agenda includes a target of this November to propose an amendment to rules that describe the factors a fiduciary should consider when making annuities available as a distribution option from an individual account plan (such as a defined contribution plan).
- Target Date Funds. The agenda targets this November for release of a final rule on target date fund disclosure. However, the agenda of the Securities and Exchange Commission states that SEC will release a new proposal in October 2015 regarding its related target date fund disclosure project.
- Brokerage Windows. Comments closed November 19 on DOL's request for information on brokerage windows. This is listed as a "pre-rule" and the agenda does not state what further action, if any, DOL will take.
- Fiduciary Re-proposal. The DOL is working toward re-proposal this year of a regulation defining activity that constitutes provision of fiduciary investment advice. .The current expectation is that the DOL we provide the Office of Management and Budget ("OMB"), the first step in the process, its proposal sometime during March. The OMB would then have as many as 90 days before it is released.

Governmental Plans Definition Update

The Treasury Department and Internal Revenue Service ("IRS") are reviewing the definition of entities that may sponsor or participate in a governmental plan under Internal Revenue Code Section 414(d). This project has been underway since 2011 but has been delayed while the agencies address the concerns of public charter schools.

In January, Treasury and the IRS released Notice 2015-07 which state that the agencies intend to create special criteria allowing certain public charter schools to participate in state plans. These rules will be incorporated into the broader proposed regulations that will govern governmental plan status. Comments from interested parties are due to the IRS by May 11.

The announcement suggests that the Treasury and IRS will move forward with proposed regulations on this topic, but no target date has been provided.

* Information as of February 1, 2015

Recent Regulatory Action*

2015 Retirement Plan Contribution Limits	
457 Deferred Compensation Plans	
Annual Deferral Limit	$18,000
Age 50 Catch-Up Limit	$6,000
Pre-Retirement Catch-Up Limit	$18,000
401 Plans	
401(a) Defined Contribution Plans — Annual Additions	$53,000
401(k) Elective Deferral Limit	$18,000
401(k) Age 50 Catch-Up Limit	$6,000
IRA	
Annual Contribution Limit	$5,500
Age 50 Catch-Up Limit	$1,000

Disclosures

[1] Fee-based financial planning services are offered through ICMA-RC, a federally registered Investment Adviser. Please read all disclosure documents carefully prior to initiating any plan. ICMA-RC does not provide specific tax or legal advice and does not guarantee results.

[2] Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert Ibbotson Associates, Inc. Ibbotson is a federally registered investment adviser and wholly owned subsidiary of Morningstar, Inc. Both Ibbotson and Morningstar are not affiliated with ICMA-RC. All rights reserved. Ibbotson and the Ibbotson logo are trademarks or service marks of Ibbotson Associates, Inc.

[3] *Please read the fund's prospectus carefully for a complete summary of all fees, expenses, investment objectives and strategies, risks, financial highlights, and performance information. The prospectus contains this and other information about the investment company. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the prospectus before investing. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the prospectus before investing. You can obtain a prospectus, statement of additional information and other information about the Vantagepoint Funds online at www.icmarc.org/vpprospecuts, by calling 800-669-7400 or emailing investorservices@icmarc.org, The Vantagepoint Funds are distributed by ICMA-RC Services LLC, a wholly owned broker-dealer subsidiary of ICMA-RC and member FINRA/SIPC*.

[4] ICMA-RC and TD Ameritrade are separate, unaffiliated companies and not responsible for each other's services or policies. Brokerage services are provided by TD Ameritrade, Inc. a registered broker-dealer and member of FINRA/SIPC/NFA. TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and the Toronto-Dominion Bank. Used with permission.

[5] ICMA-RC partners with Longevity Alliance to provide long-term care insurance solutions to participants. Longevity Alliance compensates ICMA-RC for providing administrative support to the Long-Term Care Insurance Solutions program. The fee received is $100 per completed long-term care insurance application and is not based on the actual purchase of insurance policies. The fee is paid directly by Longevity Alliance to ICMA-RC and does not impact the amount of long-term care insurance coverage received nor the premium amount paid by the purchaser.

ICMA-RC
Building Retirement Security

V. Accomplishments & Objectives

2nd Quarter 2015

Platinum Services Plan Service Report

Corporate Update: Year Ending June 30, 2015

- Assets under administration increased by $1.6 billion in year ending 06/30/15 to $57 billion
- Increase of over 57,000 in participants served to over 1.3 million
- A total of 9,611 plans served
  - Increase of 30 Section 401 Plans served
  - Increase of 7 Section 457 Plans served
  - Increase of 49 Retirement Health Savings (RHS) Plans served
  - Increase of 70 Payroll Deduction IRA Plans served
- 29 clients transferred plan assets over to ICMA-RC
- $635 Million in new assets were transferred to ICMA-RC by plan sponsors and participants

The Year in Review

Service and Education

- 10th straight year of retaining 99.5% or more of plan sponsor relationships.
- The ICMA-RC Vantagepoint Public Employee Memorial Scholarship Fund (ICMA-RC Memorial Scholarship Fund) provides financial assistance toward the post-secondary education of surviving spouses and children of public sector employees who have given the ultimate sacrifice. Today, scholarships totaling more than $900,000 have been awarded to more than 250 survivors across the nation. You can learn more about the ICMA-RC Memorial Scholarship Fund at www.vantagescholar.org. Scholarship applications are accepted annually from Dec. 15 to March 15.
- ICMA-RC Introduced the new RealizeRetirement℠ website (www.icmarc.org/realize). RealizeRetirement is an online educational resource with information and tools to help public sector employees save throughout all stages of their career. The site accommodates different learning styles and features videos, calculators, webinars, brochures, and other content to help participants realize their saving, investing, and retirement goals.
- In partnership with our clients, ICMA-RC has received more than 70 awards and recognition over the past four years.

  Communications awards and industry recognition received in 2013 include:

  - **P&I Eddy Awards**
    - First Place for “Katie’s Story” Video
  - **Dalbar Seal of Excellence**
    - VantageLine Voice Response System
  - **NAGDCA Leadership Recognition Awards**
    - State of Missouri for Plan Design
    - Metropolitan Water Reclamation District of Chicago for National Save For Retirement Week Program
    - Oakland County for National Save for Retirement Week Program
  - **American Business Awards**
    - Silver Stevie® Award for “Katie’s Story” Video
    - Bronze Stevie® Award for ICMA-RC’s National Advertising Campaign
    - Silver Stevie® Award for ICMA-RC’s RealizeRetirement℠ Website
    - Bronze Stevie® Award for Small Change, Big Savings Calculator

The Year in Review

Service and Education

- **Insurance and Financial Communicators Association**
    - Honorable Mention for ICMA-RC's National Advertising Campaign
    - Honorable Mention for City of Long Beach's Redesigned Website

- **The Communicator Awards – Recognizes excellence in communications (international)**
    - Award of Distinction for "Katie's Story" Video
    - Award of Distinction for Washington State Custom Website Redesign
    - Award of Distinction for Small Change, Big Savings Calculator
    - Award of Distinction for BART IPC Website Redesign
    - Award of Distinction for State of Missouri Roth 457 Playbook Brochure
    - Award of Distinction for ICMA-RC's RealizeRetirement℠ Website

- **League of American Communications Professionals**
    - Bronze Inspire Award for *The Horizon* Newsletter
    - Bronze Inspire Award for *Quarterly News* Newsletter

2012 – Looking Back

Service and Education

2012

- **P&I Eddy Awards**
  - Second Place for Paper Retires Campaign
- **NAGDCA Leadership Recognition Awards**
  - Santa Clara County for “National Save for Retirement Week” Website
- **American Business Awards**
  - Bronze Stevie® Award for Mobile myAccount Feature
- **Insurance and Financial Communicators Association**
  - Best of Show Award for PlanSMART Website
  - Award of Excellence for Employment Transition Website
- **Dalbar Seal of Excellence**
  - Defined Contribution Plan Sponsor Website
- **The Communicator Awards**
  - Award of Distinction for Employment Transition Website
  - Award of Distinction for Washington State Fund Lineup Change Campaign
  - Award of Distinction for Missouri State RetiremenTrack Calculators
  - Award of Distinction for Mobile myAccount Feature
  - Award of Distinction for National Save for Retirement Week Website

The Year in Review

Plan Administration

EZLink enhancements:

- EZLink has been given a new look and feel. The redesigned site:
  - Improves navigation to make it easier to get to information.
  - Allows EZLink users to view Account Access for their participants in Inquiry-Only mode.

Account Access enhancements:

- Account Access passwords are now case sensitive and the maximum length of passwords has been increased to 24 characters.
- The Forgot User Id and Password pages have been updated to:
  - Require the user to answer Security Questions if a User Id or Password change is attempted from an unknown device.
  - Include a link labeled "What to do about Fraud" which includes suggested methods for preventing fraud.

Disclosures

[1] The loss of a plan is defined as a plan whose assets were converted to another financial institution during the specified time period.

[2] Dalbar, Inc. is a Boston-based firm that evaluates financial communications by comparing them to industry standards. The Seal is the recognition awarded to financial service communications that display excellence in meeting the needs of customers.

[3] *Please read Making Sound Investment Decisions: A Retirement Investment Guide and the accompanying VantageTrust Fund Fees and Expenses document ("Guide") carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. For a current Guide, contact ICMA-RC by calling 800-669-7400 or visiting www.icmarc.org. Please read the fund's prospectus carefully for a complete summary of all fees, expenses, investment objectives and strategies, risks, financial highlights, and performance information. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the prospectus before investing. You may contact us to obtain a prospectus or to answer questions by calling 800-669-7400, emailing investorservices@icmarc.org, or visiting www.icmarc.org. Please read the fund's prospectus carefully for a complete summary of all fees, expenses, financial highlights, investment objectives and strategies, risks and performance information. The prospectus contains this and other information about the investment company. Investing involves risk, including possible loss of the amount invested. Investors should carefully consider the information contained in the prospectus before investing. You can obtain a prospectus, statement of additional information and other information about the Vantagepoint Funds online at www.icmarc.org/vpprospectus, by calling 800-669-7400 or emailing investorservices@icmarc.org. The Vantagepoint Funds are distributed by ICMA-RC Services LLC, a wholly owned broker-dealer subsidiary of ICMA-RC and member FINRA/SIPC.*

[4] The Hueler Analytics Stable Value Pooled Fund Comparative Universe represents the performance returns of actual stable value pooled funds, and its Index is the stable value industry benchmark used by many institutional investors, consultants, advisors and plan sponsors for monitoring stable value pooled funds. Rankings are derived by ICMA-RC from data provided by Hueler Analytics, Inc., a technology and research firm covering stable value products that is not affiliated with ICMA-RC. ICMA-RC does not independently verify Hueler Analytics, Inc. data. Gross returns used in the Universe and in the Rankings do not include plan administration fees, adviser expenses, or other stable value fund costs – actual performance experienced by participants would be commensurately lower.

[5] The expense ratio for a "fund of funds" includes acquired fund fees and expenses, which are expenses incurred indirectly by the fund through its ownership in other mutual funds.

[6] The fund is not a complete solution for all of your retirement savings needs. An investment in the fund includes the risk of loss, including near, at or after the target date of the fund. There is no guarantee that the fund will provide adequate income at and through an investor's retirement. Selecting the fund does not guarantee that you will have adequate savings for retirement.

[7] For each fund with at least a three-year history, Morningstar calculates a Morningstar Rating™ based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a fund's monthly performance (including the effects of sales charges, loads, fee waivers, and redemption fees), placing more emphasis on downward variations and rewarding consistent performance. The top 10% of funds in each category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars and the bottom 10% receive 1 star. The Overall Morningstar Rating for a fund is derived from a weighted average of the performance figures associated with its three-, five- and ten-year (if applicable) Morningstar Rating metrics. For funds with loads, the Morningstar rating on a load-waived basis is provided, when available.

Disclosures

7 continued.

Load-waived ratings do not include any front- or back-end sales loads and are intended for investors that have access to such purchase terms. Funds with loads are waived for plans administered by ICMA-RC. Past performance is no guarantee of future results.

Ratings and the number of funds in applicable Morningstar categories as of *06/30/2015* are provided below:

Fund Name	Morningstar® Category	Morningstar® Ratings				Number of Funds in Category			
		Overall	3-Year	5-Year	10-Year	1-Year	3-Year	5-Year	10-Year
Vantagepoint Milestone Retire Inc Inv M	Retirement Income	3	3	3	3	166	150	143	60
Vantagepoint Milestone 2010 Inv M	Target Date 2000-2010	4	3	3	4	148	117	110	40
Vantagepoint Milestone 2015 Inv M	Target Date 2011-2015	3	3	3	3	175	131	122	26
Vantagepoint Milestone 2020 Inv M	Target Date 2016-2020	4	4	4	4	236	195	171	57
Vantagepoint Milestone 2025 Inv M	Target Date 2021-2025	4	4	4	3	196	150	124	26
Vantagepoint Milestone 2030 Inv M	Target Date 2026-2030	4	4	4	4	236	195	171	57
Vantagepoint Milestone 2035 Inv M	Target Date 2031-2035	4	4	4	3	196	150	124	26
Vantagepoint Milestone 2040 Inv M	Target Date 2036-2040	4	4	4	4	235	194	170	52
Vantagepoint Milestone 2045 Inv M	Target Date 2041-2045	4	4	4	N/A	196	149	123	N/A
Vantagepoint Milestone 2050 Inv M	Target Date 2046-2050	N/A	N/A	N/A	N/A	220	N/A	N/A	N/A
Vantagepoint Model Port Cnsrv Gr Inv M	Conservative Allocation	3	3	3	3	805	676	549	307
Vantagepoint Model Port Tradtnl Gr Inv M	Moderate Allocation	3	3	3	3	917	815	703	472
Vantagepoint Model Port Long-Tm Gr Inv M	Aggressive Allocation	3	3	3	4	455	389	328	225
Vantagepoint Model Port All-Eq Gr Inv M	Large Blend	3	2	2	3	1,611	1,380	1,225	854
Vantagepoint Equity Income Investor	Large Blend	3	2	2	3	1,381	1,185	1,045	734
Vantagepoint Growth & Income Investor	Large Value	4	4	3	4	1,611	1,380	1,225	854
Vantagepoint Inflation Focused Inv	Inflation-Protected Bond	3	3	3	N/A	230	198	176	N/A

Disclosures

Morningstar® Category Ranking
The percentile ranking is based on Total Return relative to all funds in the same Morningstar category. The highest (or most favorable) percentile rank is 1 and the lowest (or least favorable) percentile rank is 100. The top-performing fund in a category will always receive a rank of 1. Past performance is no indicator or guarantee of future results.

The Morningstar Rankings for the following Vantagepoint Funds as of 06/30/2015 is provided below:

Fund Name	Morningstar® Category	Morningstar® Rankings				Number of Funds in Category			
		1-Year	3-Year	5-Year	10-Year	1-Year	3-Year	5-Year	10-Year
Vantagepoint Milestone Retire Inc Inv M	Retirement Income	42	50	58	32	166	150	143	60
Vantagepoint Milestone 2010 Inv M	Target Date 2000-2010	40	45	52	18	148	117	110	40
Vantagepoint Milestone 2015 Inv M	Target Date 2011-2015	42	37	43	16	175	131	122	26
Vantagepoint Milestone 2020 Inv M	Target Date 2016-2020	42	27	31	6	236	195	171	57
Vantagepoint Milestone 2025 Inv M	Target Date 2021-2025	55	32	36	16	196	150	124	26
Vantagepoint Milestone 2030 Inv M	Target Date 2026-2030	53	26	27	6	236	195	171	57
Vantagepoint Milestone 2035 Inv M	Target Date 2031-2035	61	22	21	16	196	150	124	26
Vantagepoint Milestone 2040 Inv M	Target Date 2036-2040	62	12	9	6	235	194	170	52
Vantagepoint Milestone 2045 Inv M	Target Date 2041-2045	69	13	12	N/A	196	149	123	N/A
Vantagepoint Milestone 2050 Inv M	Target Date 2046-2050	68	N/A	N/A	N/A	220	N/A	N/A	N/A
Vantagepoint Model Port Cnsrv Gr Inv M	Conservative Allocation	44	40	49	48	805	676	549	307
Vantagepoint Model Port Tradtnl Gr Inv M	Moderate Allocation	64	59	69	55	917	815	703	472
Vantagepoint Model Port Long-Tm Gr Inv M	Aggressive Allocation	46	53	57	33	455	389	328	225
Vantagepoint Model Port All-Eq Gr Inv M	Large Blend	83	77	81	60	1,611	1,380	1,225	854
Vantagepoint Equity Income Investor	Large Blend	89	73	77	49	1,381	1,185	1,045	734
Vantagepoint Growth & Income Investor	Large Value	49	32	38	26	1,611	1,380	1,225	854
Vantagepoint Inflation Focused Inv	Inflation-Protected Bond	53	62	51	N/A	230	198	176	N/A

ICMARC
Building Retirement Security

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Financial Report

with Required Supplemental Information

June 30, 2015

Contents

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Independent Auditor's Report

To the Honorable Mayor, Members of
the City Council, and Commissioners
of the Board of Water and Light
Lansing Board of Water and Light Retiree Benefit
Plan and Trust
City of Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying basic financial statements of the Lansing Board of Water and Light Retiree Benefit Plan and Trust (the "Plan") as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the Plan's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

To the Honorable Mayor, Members of
the City Council, and Commissioners
of the Board of Water and Light
Lansing Board of Water and Light Retiree Benefit
Plan and Trust
City of Lansing, Michigan

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the trust net position of the Lansing Board of Water and Light Retiree Benefit Plan and Trust as of June 30, 2015 and 2014 and the changes in its trust net position for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of funding progress, and schedule of employer contributions, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Plante & Moran, PLLC

August 28, 2015

Using this Annual Report

This annual report consists of two parts: (1) management's discussion and analysis (this section) and (2) the basic financial statements. The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Condensed Financial Information

The table below compares key financial information in a condensed format between the current year and the prior two years:

	2015	2014	2013
Assets held in trust:			
Cash and money market trust funds	$ 6,243,203	$ 5,711,439	$ 8,498,919
Corporate bonds and notes	21,269,571	20,713,869	19,321,385
Government bonds and notes	15,462,341	16,284,339	13,019,316
Equities	111,112,369	108,540,537	86,128,263
Mutual funds and other	1,894,929	2,259,641	1,950,935
Interest and dividend receivable	200,805	211,625	185,624
Total plan assets	**$ 156,183,218**	**$ 153,721,450**	**$ 129,104,442**
Changes in net position:			
Net investment income	$ 3,614,695	$ 25,667,779	$ 15,711,575
Employer contributions	9,670,794	9,266,529	14,045,204
Retiree benefits paid	(9,670,794)	(9,266,529)	(9,524,120)
Administrative fees	(1,152,927)	(1,050,771)	(798,561)
Net change in net position	**$ 2,461,768**	**$ 24,617,008**	**$ 19,434,098**

During fiscal year 2015, net investment income was $3.6 million. We believe this performance is in line with the overall level of returns experienced by similarly situated institutional investors.

The employer contributions were up by $0.4 million due to the increase in the Board of Water and Light - City of Lansing, Michigan's (the "BWL") annual healthcare costs.

Investment Objectives and Asset Allocation

The Plan's assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the BWL has taken into account the time horizon available for investment, the nature of the Plan's cash flows and liabilities, and other factors that affect the Plan's risk tolerance. Consistent with this, the BWL has determined that the investment objective is income and growth. This investment objective is a balanced approach that emphasizes a stable and substantial source of current income and some capital appreciation over the long term.

Consistent with the advice of the investment advisor, the BWL has selected the following target asset allocation strategy:

Domestic large capitalization stocks	43.2%
Domestic small capitalization stocks	10.0%
International stocks	10.7%
U.S. core fixed income	31.1%
Private equity	5.0%

Investment Results

The fiscal year ended June 30, 2015 saw a net investment income, net of administrative expenses, of $2.5 million. We believe this performance is in line with the overall level of recovery experienced by the stock and bond markets.

Future Events

The BWL is funding its other postemployment benefits (OPEBs) and is intending to meet its annual required contributions (ARC) in part by making contributions into the VEBA Trust Fund.

Contacting the Plan's Management

This financial report is intended to provide a general overview of the Plan's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the office of Heather Shawa-DeCook, Chief Financial Officer, at P.O. Box 13007, Lansing, Michigan 48901-3007.

Statement of Trust Net Position

	June 30	
	2015	2014
Assets		
Investments - Fair value:		
Cash and money market trust funds	$ 6,243,203	$ 5,711,439
Corporate bonds and commercial paper	21,269,571	20,713,869
Government bonds and notes	15,462,341	16,284,339
Equities	111,112,369	108,540,537
Mutual funds	1,894,929	2,259,641
Total investments at fair value	155,982,413	153,509,825
Investment interest and dividend receivable	200,805	211,625
Trust Net Position	**$ 156,183,218**	**$ 153,721,450**

Statement of Changes in Trust Net Position

	Year Ended June 30	
	2015	2014
Increase		
Investment income:		
Net appreciation in fair value of investments	$ 650,079	$ 22,774,150
Interest and dividend income	2,964,616	2,893,629
Total investment income	3,614,695	25,667,779
Employer contributions	9,670,794	9,266,529
Total increase	13,285,489	34,934,308
Decrease		
Retiree benefits paid	9,670,794	9,266,529
Administrative expenses	1,152,927	1,050,771
Total decrease	10,823,721	10,317,300
Net Increase in Trust Net Position	2,461,768	24,617,008
Net Position		
Beginning of year	153,721,450	129,104,442
End of year	**$ 156,183,218**	**$ 153,721,450**

Note 1 - Description of the Plan

The following description of the Lansing Board of Water and Light Retiree Benefit Plan and Trust (the "Plan"), a trust fund of the Board of Water and Light - City of Lansing, Michigan (the "BWL"), provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

General - The Plan was established on October 20, 1999, effective as of July 1, 1999, to constitute a voluntary employee beneficiary association (VEBA) under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended. The Plan was formed for the purpose of accumulating assets sufficient to fund retiree healthcare insurance costs in future years.

The Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits in accordance with Section 5-203 of the City Charter. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL. There were 725 participants eligible to receive benefits at June 30, 2015 and 698 participants eligible at June 30, 2014.

Contributions to the Plan are a combination of amounts contributed by the BWL to the Plan and the direct cost of benefits paid to participants from the BWL's general cash flow. During the years ended June 30, 2015 and 2014, the cost to the BWL of maintaining the Plan was $9,670,794 and $9,266,529, respectively, all of which was incurred as direct costs of benefits.

Benefits - Benefits shall not be paid from this Plan to participants or their beneficiaries during a plan year in which there has been a "qualified transfer" pursuant to Internal Revenue Code Section 420(e)(1)(8) from the Lansing Board of Water and Light Defined Benefit Plan for the Employees' Pensions, except that once the "qualified transfer" has been exhausted for the purpose of paying qualified current retiree health liabilities, benefit payments may be made under this Plan consistent with Internal Revenue Code Section 420(e)(1)(B). After "qualified transfers" have been exhausted, benefits paid under this Plan shall be those benefits described in the relevant sections of the Postretirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light.

Trustees - Each member of the Lansing Board of Water and Light board of commissioners is a trustee during the term of office as a commissioner. The trustees have appointed Merrill Lynch, Pierce, Fenner & Smith Incorporated as custodian of the Plan's assets.

Note 1 - Description of the Plan (Continued)

Contributions - The Lansing Board of Water and Light makes contributions in such a manner and at such times as appropriate. All contributions received, together with the income thereon, are held, invested, reinvested, and administered by the trustees pursuant to the terms of the plan agreement. No employee contributions are allowed under this Plan. Contributions are recognized when due and when the amount to be contributed is committed by the BWL.

Participation - Participation in this Plan is determined in accordance with the terms of the Postretirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light. At June 30, 2015, there were 725 active participants (not eligible to receive benefits), 80 disabled participants, 485 retired participants, 491 active spouses (not eligible to receive benefits), and 152 surviving spouses participating in the Plan. At June 30, 2014, there were 698 active participants (not eligible to receive benefits), 80 disabled participants, 476 retired participants, 473 active spouses (not eligible to receive benefits), and 140 surviving spouses participating in the Plan.

Vesting - Benefits become payable in accordance with the terms of the Postretirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light. At no time will benefits of the Postretirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light be vested. The BWL may reduce or eliminate any or all plan benefits at any time, subject to the requirements of any collective bargaining agreement.

Termination - In the event of plan termination, all plan assets shall be used to purchase additional eligible benefits in accordance with the terms of the plan agreement. In the event of dissolution, merger, consolidation, or reorganization of the BWL, the Plan shall terminate and liquidate in a manner consistent with the plan agreement unless the Plan is continued by a successor to the BWL.

Note 2 - Summary of Significant Accounting Policies

Accounting and Reporting Principles

The Plan follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Government Accounting Standards Board.

Basis of Accounting

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the Plan are recognized when due pursuant to legal requirements.

Note 2 - Summary of Significant Accounting Policies (Continued)

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Report Presentation

This report includes the fund-based statements of the Plan.

Investment Valuation and Income Recognition - Plan investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price.

Purchases and sales of investments are recorded on a trade-date basis.

Appreciation or depreciation of investments is calculated based on the beginning of the period's fair value of investments.

Expenses - Substantially all costs and expenses incurred in connection with the operation and administration of the Plan are paid by the BWL, the plan sponsor. The Plan pays all transaction expenses incurred in connection with the investment accounts, which are netted with investment income.

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

Funding Policy - The BWL adopted a process for funding the retiree benefits using both a VEBA trust and, to the extent permitted by law, excess pension assets in the Defined Benefit Pension Plan. Additional contributions to the VEBA trust from the BWL operating funds to supplement Section 420 transfers will not exceed the recommended annual contribution amount required to cover current service of active participants and amortize the unfunded accrued liability over 30 years. The required contribution is based on a projected pay-as-you-go financing requirement with an additional amount to prefund benefits.

The BWL's annual other postemployment benefit (OPEB) cost 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 normal costs each year and amortize any unfunded actuarial liabilities over a period of 30 years.

Note 2 - Summary of Significant Accounting Policies (Continued)

Contribution trend information is as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Contributed	Percentage of Annual OPEB Cost Contributed
6/30/2013	$ 13,994	$ 14,045	100%
6/30/2014	9,202	9,268	101%
6/30/2015	5,765	9,671	168%

Funded Status and Funding Progress - 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. Significant actuarial assumptions used in determining the annual OPEB cost at June 30, 2015 and 2014 include (a) rate of return on the investments of present and future assets of 7.5 percent, compounded annually, (b) projected healthcare trend rates ranging from 5.0 percent to 9.0 percent, and (c) amortization method level dollar over an open 30-year period.

Funding status and funding progress trend information is as follows (in thousands):

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	AAV as a Percentage of AAL
2/28/2013	$ 123,195	$ 207,864	$ 84,669	59.27%
2/28/2014	148,307	194,365	46,058	76.30%
2/28/2015	157,565	200,196	42,632	78.71%

Note 2 - Summary of Significant Accounting Policies (Continued)

Actuarial 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. The schedule of funding progress, presented as required supplemental information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities consistent with the long-term perspective of the calculations.

The Plan has calculated the accrued actuarial liability and required contribution using certain methods and assumptions. Benefit payments have been computed using the individual entry age normal method. The assets have been valued in the actuary report using the fair market value. The healthcare cost trend rates used range from 5.0 to 9.0 percent for the years ended June 30, 2015 and 2014.

Note 3 - Cash, Investments, and Fair Disclosure

The Lansing Board of Water and Light Retiree Benefit Plan and Trust has adopted GASB No. 40, *Deposit and Investment Risk Disclosures*. The modified disclosures required by GASB No. 40 are reflected below.

The Plan is authorized through Public Act 149 of 1999 to invest in accordance with Public Act 314. Public Act 314 of 1965, as amended, allows the Plan to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

The Plan's deposits and investment policies are in accordance with PA 196 of 1997 and have authorized the investments according to Michigan PA 314 of 1965, as amended.

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

The Plan's cash and investments are subject to several types of risk, which are examined in more detail below:

Risks at June 30, 2015

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions must meet minimum criteria to offer adequate safety to the Plan. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year end, all investments of the Plan were held in the name of the Board of Water and Light and are therefore not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Government bonds and notes	$ 15,462,341	11.46 years
Corporate bonds and notes	21,269,571	13.89 years
Money market trust funds	6,051,856	Less than 1 year

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Corporate bonds	$ 2,469,542	AAA	S&P
Corporate bonds	7,891,448	AA+	S&P
Corporate bonds	448,070	AA	S&P
Corporate bonds	323,354	AA-	S&P
Corporate bonds	936,680	A+	S&P
Corporate bonds	1,686,646	A	S&P
Corporate bonds	2,216,285	A-	S&P
Corporate bonds	1,666,828	BBB+	S&P
Corporate bonds	1,284,231	BBB	S&P
Corporate bonds	861,822	BBB-	S&P
Corporate bonds	156,369	BB+	S&P
Corporate bonds	98,900	BB	S&P
Corporate bonds	261,306	BB-	S&P
Corporate bonds	63,744	B+	S&P
Corporate bonds	141,348	B	S&P
Corporate bonds	574,676	B-	S&P
Corporate bonds	117,710	CCC	S&P
Corporate bonds	70,612	D	S&P
Money market trust funds	6,051,856	Not rated	Not rated

Concentration of Credit Risk

The Board of Commissioners places no limit on the amount the Plan may invest in any one issuer.

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Risks at June 30, 2014

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Plan's deposits may not be returned to it. The Plan requires that financial institutions must meet minimum criteria to offer adequate safety to the Plan. The Plan evaluates each financial institution with which it deposits funds and only those institutions meeting minimum established criteria are used as depositories.

Custodial Credit Risk of Investments

Custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Plan does not have a policy for custodial credit risk. At year end, all investments of the Plan were held in the name of the Board of Water and Light and, therefore, are not subject to custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Government bonds and notes	$ 16,284,339	11.46 years
Corporate bonds and notes	20,713,869	13.89 years
Money market trust funds	5,388,690	Less than 1 year

Note 3 - Cash, Investments, and Fair Disclosure (Continued)

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of year end, the credit quality ratings of debt securities (other than the U.S. government) are as follows:

Investment	Fair Value	Rating	Rating Organization
Corporate bonds	$ 2,592,281	AAA	S&P
Corporate bonds	7,599,714	AA+	S&P
Corporate bonds	409,881	AA	S&P
Corporate bonds	325,014	AA-	S&P
Corporate bonds	814,828	A+	S&P
Corporate bonds	1,459,545	A	S&P
Corporate bonds	2,435,470	A-	S&P
Corporate bonds	1,519,586	BBB+	S&P
Corporate bonds	1,243,225	BBB	S&P
Corporate bonds	847,165	BBB-	S&P
Corporate bonds	139,359	BB+	S&P
Corporate bonds	217,310	BB	S&P
Corporate bonds	171,619	BB-	S&P
Corporate bonds	48,487	B+	S&P
Corporate bonds	36,750	B	S&P
Corporate bonds	142,363	B-	S&P
Corporate bonds	645,767	CCC	S&P
Corporate bonds	65,505	D	S&P
Money market trust funds	5,388,690	Not rated	Not rated

Concentration of Credit Risk

The Board of Commissioners places no limit on the amount the Plan may invest in any one issuer.

Note 4 - Net Appreciation of Investments

The net (depreciation) appreciation of the Plan's investments is as follows:

	2015	2014
Investments at fair value as determined by quoted market price:		
Corporate bonds and notes	$ (257,174)	$ 451,415
Government bonds and notes	160,377	188,304
Equities	970,370	21,775,370
Alternative investments	24,418	40,441
Mutual funds	(247,912)	318,620
Total	$ 650,079	$ 22,774,150

Note 5 - Tax Status

The Plan is exempt under Internal Revenue Code Section 501(c)(9) and received an exemption letter as of February 9, 2000. The Plan has since been amended. Management believes the Plan continues to operate as a qualified plan.

Note 6 - Upcoming Accounting Pronouncements

In February 2015, the Governmental Accounting Standards Board issued GASB Statement No. 72, *Fair Value Measurement and Application*. The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and acceptable valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position. GASB Statement No. 72 is required to be adopted for years beginning after June 15, 2015. The Plan is currently evaluating the impact this standard will have on the financial statements when adopted, during the Plan's 2016 fiscal year.

Note 6 - Upcoming Accounting Pronouncements (Continued)

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, was issued in June 2015. This new accounting standard addresses reporting by postemployment benefit plans other than pensions (OPEB) that administer defined benefit OPEB benefits on behalf of governments. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. The provisions of this new standard are effective for the Plan's June 30, 2017 year end.

Required Supplemental Information

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Schedule of Funding Progress
(in thousands)

Valuation Date	Actuarial Asset Value	AAL	UAAL	Funded Ratio
2/29/2008	$ 57,246	$ 236,102	$ 178,856	24.25%
2/28/2009	45,320	256,888	211,568	17.64%
2/28/2010	76,117	252,142	176,025	30.19%
2/28/2011	100,604	260,097	159,493	38.68%
2/28/2012	110,029	245,418	135,389	44.83%
2/28/2013	123,195	207,864	84,669	59.27%
2/28/2014	148,307	194,365	46,058	76.30%
2/28/2015	157,565	200,196	42,632	78.71%

AAL - Actuarial accrued liability (entry age normal level dollar)
UAAL - Unfunded actuarial accrued liability and negative UAAL indicate a funding excess.

Schedule of Employer Contributions
(in thousands)

Fiscal Year Ended	Employer Contributions Required	Employer Contributions Actual	Percentage of ARC Contributed
6/30/2008	$ 14,797	$ 14,962	101%
6/30/2009	18,132	17,866	99%
6/30/2010	21,291	21,318	100%
6/30/2011	17,300	17,236	100%
6/30/2012	15,744	15,854	101%
6/30/2013	13,994	14,045	100%
6/30/2014	9,200	9,268	101%
6/30/2015	5,762	9,671	168%

ARC - Annual required contribution

Lansing Board of Water and Light

GASB 45 Actuarial Valuation

Fiscal Year Ending June 30, 2016

Revised July 24, 2015

Prepared by:

Nyhart Actuary & Employee Benefits

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nyhart

July 24, 2015

Heather Shawa-DeCook
Lansing Board of Water and Light
1232 Haco Drive
Lansing, MI 48912

This report summarizes the GASB actuarial valuation for the Lansing Board of Water and Light (LBWL) 2015/16 fiscal year. To the best of our knowledge, the report presents a fair position of the funded status of the plan in accordance with GASB Statement No. 45 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information and asset information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate and other economic assumptions have been selected by the Plan Sponsor. Demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following:

- plan experience differing from that anticipated by the economic or demographic assumptions;
- changes in economic or demographic assumptions;
- increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period); and
- changes in plan provisions or applicable law.

We did not perform an analysis of the potential range of future measurements due to the limited scope of our engagement.

To our knowledge, there have been no significant events prior to the current year's measurement date or as of the date of this report that could materially affect the results contained herein.

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.

Randy Gomez

Randy Gomez, FSA, MAAA
Consulting Actuary

Evi Laksana, ASA, MAAA
Valuation Actuary

Revised July 24, 2015

Summary of Results

Presented below is the summary of GASB 45 results for the fiscal year ending June 30, 2016 compared to the prior fiscal year.

		As of March 1, 2014		*As of March 1, 2015*
Actuarial Accrued Liability	$	194,364,686	$	200,196,438
Actuarial Value of Assets	$	148,307,171	$	157,564,646
Unfunded Actuarial Accrued Liability	$	46,057,515	$	42,631,792
Funded Ratio		76.3%		78.7%

		FY 2014/15		*FY 2015/16*
Annual Required Contribution	$	5,762,462	$	5,787,960
Annual OPEB Cost	$	5,765,178	$	5,828,449
Annual Employer Contribution	$	9,670,794	$	9,253,962

		As of June 30, 2015		*As of June 30, 2016*
Net OPEB Obligation	$	(4,186,468)	$	(7,611,981)

	As of February 28, 2015
Total Active Participants	724
Total Retiree Participants[1]	713

The active participants' number above may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

[1] Excluding spouses of retirees covered under LBWL group health plan.

Below is a breakdown of total GASB 45 liabilities allocated to past, current, and future service as of March 1, 2015 compared to the prior year.

		As of March 1, 2014		*As of March 1, 2015*
Present Value of Future Benefits	**$**	**205,494,924**	**$**	**213,117,151**
Active Employees		84,811,030		86,366,643
Retired Employees		120,683,894		126,750,508
Actuarial Accrued Liability	**$**	**194,364,686**	**$**	**200,196,438**
Active Employees		73,680,792		73,445,930
Retired Employees		120,683,894		126,750,508
Normal Cost	**$**	**1,732,759**	**$**	**2,026,301**
Future Normal Cost	**$**	**9,397,479**	**$**	**10,894,412**

Present Value of Future Benefits (PVFB) is the amount needed as of March 1, 2015 and 2014 to fully fund LBWL retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

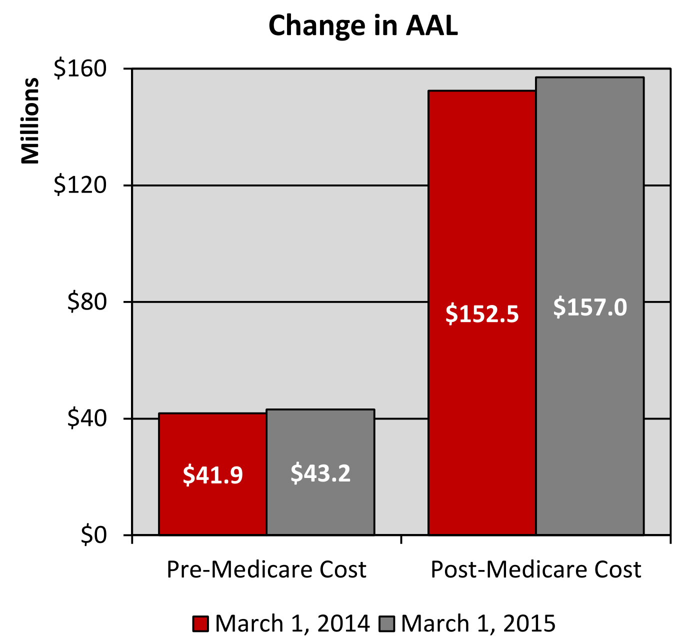
Actuarial Accrued Liability is the portion of PVFB considered to be accrued or earned as of March 1, 2015 and 2014. This amount is a required disclosure in the Required Supplementary Information section.

Normal Cost is the portion of the total liability amount that is attributed and accrued for current year's active employee service by the actuarial cost method.

Future Normal Cost is the portion of the total liability amount that is attributed to the future employee service by the actuarial cost method.

Below is a breakdown of total GASB 45 Actuarial Accrued Liability (AAL) allocated to pre and post Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

Actuarial Accrued Liability (AAL)		*As of March 1, 2014*		*As of March 1, 2015*
Active Pre-Medicare	$	21,908,796	$	21,798,411
Active Post-Medicare		51,771,996		51,647,519
Total Active AAL	$	73,680,792	$	73,445,930
Retirees Pre-Medicare	$	19,973,907	$	21,375,229
Retirees Post-Medicare		100,709,987		105,375,279
Total Retirees AAL	$	120,683,894	$	126,750,508
Total AAL	**$**	**194,364,686**	**$**	**200,196,438**

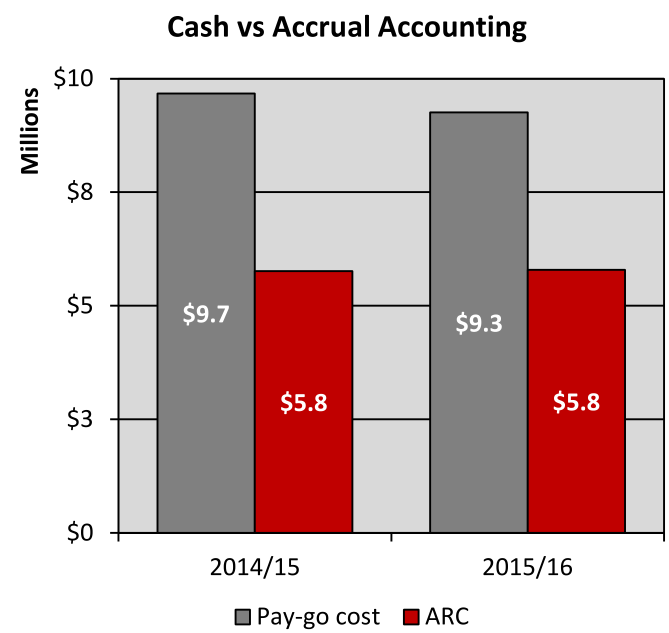


Development of Annual Required Contribution (ARC)

The table below is for the 12-month period ending February 28.

Required Supplementary Information		FY 2014/15		FY 2015/16
Actuarial Accrued Liability as of beginning of year	$	194,364,686	$	200,196,438
Actuarial Value of Assets as of beginning of year		(148,307,171)		(157,564,646)
Unfunded Actuarial Accrued Liability (UAAL)	**$**	**46,057,515**	**$**	**42,631,792**
Funded Ratio		76.3%		78.7%
Covered payroll		N/A		N/A
UAAL as a % of covered payroll		N/A		N/A

Annual Required Contribution		FY 2014/15		FY 2015/16
Normal cost as of beginning of year	$	1,732,759	$	2,026,301
Amortization of the UAAL		3,627,671		3,357,848
Total normal cost and amortization payment	$	5,360,430	$	5,384,149
Interest to end of year		402,032		403,811
Total Annual Required Contribution (ARC)	**$**	**5,762,462**	**$**	**5,787,960**



Annual Required Contribution (ARC) is the annual expense recorded in the income statement under GASB 45 accrual accounting. It replaces the cash basis method of accounting recognition with an accrual method. The GASB 45 ARC is higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

Development of Annual OPEB Cost and Net OPEB Obligation

The table below is for the 12-month period ending June 30.

Annual employer contribution for pay-go costs is estimated for FY 2015/16.

Net OPEB Obligation		*FY 2014/15*		*FY 2015/16*
ARC as of end of year	$	5,762,462	$	5,787,960
Interest on Net OPEB Obligation (NOO) to end of year		(21,064)		(313,985)
NOO amortization adjustment to the ARC		23,780		354,474
Annual OPEB cost	$	5,765,178	$	5,828,449
Annual employer contribution for pay-go cost		(9,670,794)		(9,253,962)
Annual employer contribution for pre-funding		0		0
Change in NOO	$	(3,905,616)	$	(3,425,513)
NOO as of beginning of year		(280,852)		(4,186,468)
NOO as of end of year	**$**	**(4,186,468)**	**$**	**(7,611,981)**

Pay-as-you-go Cost is the expected total employer cash cost for the coming period based on all explicit and implicit subsidies. It is also the amount recognized as expense on the Income Statement under pay-as-you-go accounting.

Net OPEB Obligation is the cumulative difference between the annual OPEB cost and employer contributions. This obligation will be created if cash contributions are less than the current year expense under GASB 45 accrual rules.

The net obligation is recorded as a liability on the employer's balance sheet which will reduce the net fund balance.

The value of implicit subsidies is considered as part of cash contributions for the current period. Other cash expenditures that meet certain conditions are also considered as contributions for GASB 45 purposes.

Summary of GASB 45 Financial Results

Presented below is the summary of GASB 45 results for the fiscal year ending June 30, 2016 and prior fiscal years as shown in LBWL Notes to Financial Statements.

Schedule of Funding Progress

As of	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
	A	B	C = A - B	D = B / A	E	F = C / E
February 28, 2015	$ 200,196,438	$ 157,564,646	$ 42,631,792	78.7%	N/A	N/A
February 28, 2014	$ 194,364,686	$ 148,307,171	$ 46,057,515	76.3%	N/A	N/A
February 28, 2013	$ 207,864,092	$ 123,195,182	$ 84,668,910	59.3%	N/A	N/A

Schedule of Employer Contributions

FYE	Employer Contributions[2]	Annual Required Contribution (ARC)	% of ARC Contributed
	A	B	C = A / B
June 30, 2016	$ 9,253,962	$ 5,787,960	159.9%
June 30, 2015	$ 9,670,794	$ 5,762,462	167.8%
June 30, 2014	$ 9,266,529	$ 9,199,669	100.7%

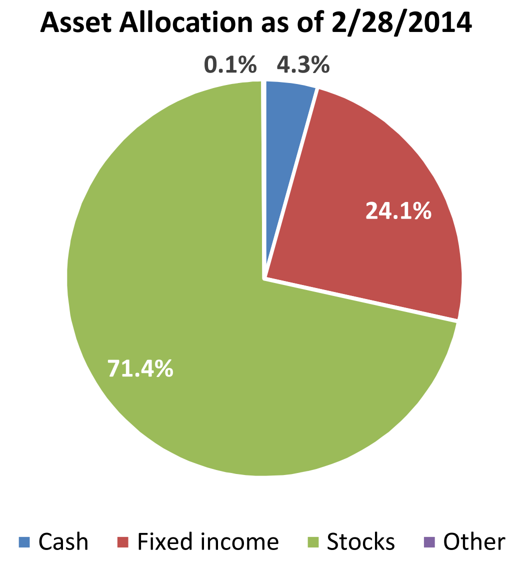
Historical Annual OPEB Cost

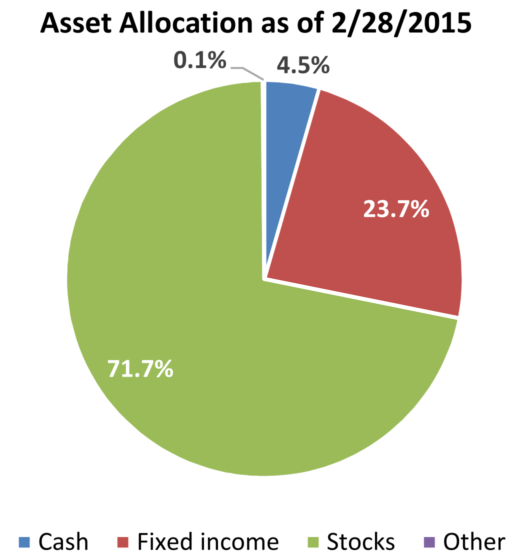
As of	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2016	$ 5,828,449	158.8%	$ (7,611,981)
June 30, 2015	$ 5,765,178	167.7%	$ (4,186,468)
June 30, 2014	$ 9,201,763	100.7%	$ (280,852)

[2] Including pre-funding contributions above pay-go costs paid directly from general assets (if any). The employer contribution for FY 2015/16 is estimated.

Summary of Assets		*Market Value as of February 28, 2014*		*Market Value as of February 28, 2015*
General investments				
Interest-bearing cash	$	6,410,579	$	7,034,863
Fixed income		35,783,695		37,340,560
Common corporate stocks		105,928,522		112,990,587
Receivables				
Employer contributions		0		0
Other		184,375		198,636
Net assets	**$**	**148,307,171**	**$**	**157,564,646**

Reconciliation of Assets		*2013/14*		*2014/15*
Income				
Contributions received				
Employer	$	11,714,968	$	9,141,770
Section 420 transfer		0		0
Investment earnings				
Income		10,740,397		11,843,527
Unrealized appreciation / depreciation		12,624,428		(1,449,387)
Other income		0		0
Total income	$	35,079,793	$	19,535,910
Disbursements				
Benefit payments to participants / beneficiaries	$	9,033,884	$	9,141,770
Administrative expenses		933,920		1,136,665
Total disbursements	$	9,967,804	$	10,278,435
Net income	$	25,111,989	$	9,257,475
Net asset at beginning of year		123,195,182		148,307,171
Net asset at end of year	$	148,307,171	$	157,564,646
Asset return for the year		18.0%		6.2%





The AAL is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the AAL and whether they increase or decrease the liability.

Expected Events

- Increases in AAL due to additional benefit accruals as employees continue to earn service each year.
- Increases in AAL due to interest as the employees and retirees age.
- Decreases in AAL due to benefit payments.

Unexpected Events

- Increases in AAL when actual premium rates increase more than expected (the opposite will decrease AAL).
- Increases in AAL when more new retirements occur than expected or fewer terminations occur than anticipated (AAL decreases if the opposite occurs).
- Increases or decreases in AAL depending on whether benefit provisions are improved or reduced.

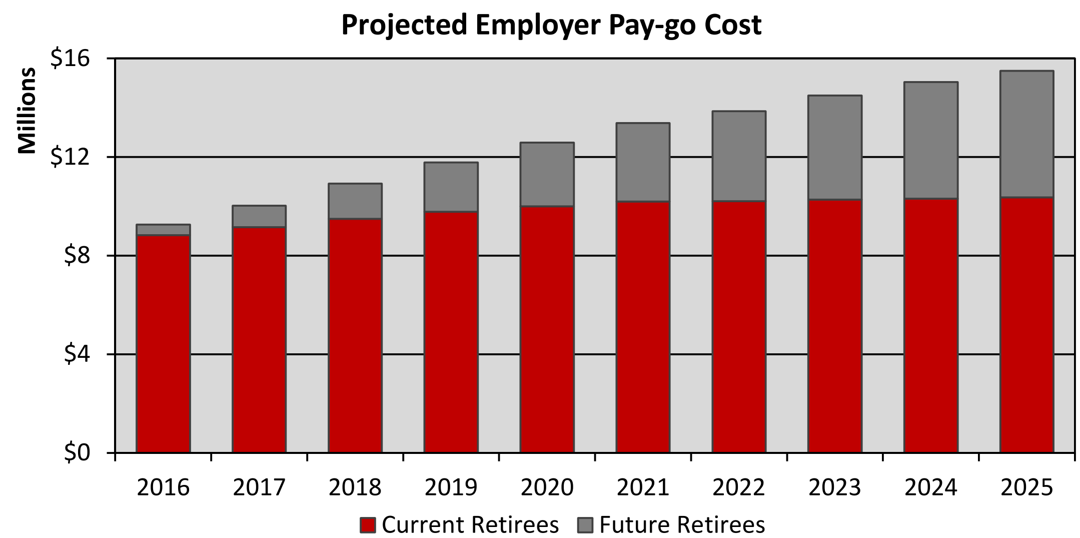
Actuarial Accrued Liabilities Reconciliation		***FY 2014/15***		***FY 2015/16***[3]
Actuarial Accrued Liability as of March 1	$	194,364,686	$	200,196,438
Normal cost as of beginning of year		1,732,759		2,026,301
Expected benefit payments during the year		(9,103,574)		(9,253,962)
Interest adjustment to end of year		14,372,096		14,825,955
Expected Actuarial Accrued Liability as of February 28	$	201,365,967	$	207,794,732
Actuarial (gain) / loss due to experience		(8,414,700)		TBD
Actuarial (gain) / loss due to provisions / assumptions changes		7,245,171		TBD
Actual Actuarial Accrued Liability as of February 28	$	200,196,438	$	TBD

Actuarial Value of Asset Reconciliation		***FY 2014/15***		***FY 2015/16***
Actuarial Value of Assets as of March 1	$	148,307,171	$	157,564,646
Expected contributions made during the fiscal year		9,103,574		9,253,962
Expected benefit payments made during the fiscal year		(9,103,574)		(9,253,962)
Interest adjustment to end of year		11,123,038		11,476,598
Expected Actuarial Value of Assets as of February 28	$	159,430,209	$	169,381,994
Actuarial asset gain / (loss)		(1,865,563)		TBD
Actual Actuarial Value of Assets as of February 28	$	157,564,646	$	TBD

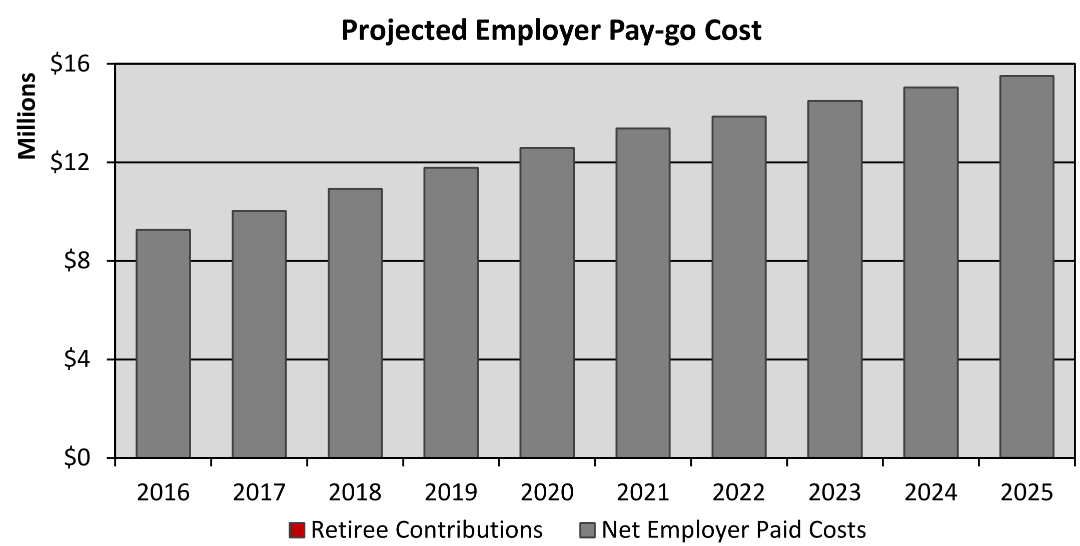
[3] The above reconciliation for 2015/16 fiscal year was calculated on a “no gain / loss” basis for illustration purposes only. The actual 2016 year-end liability and assets may be higher or lower depending on plan experience.

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next ten years. Results are shown separately for current /future retirees and gross claim costs/retiree contributions. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees[4]	Total
2016	$ 8,825,300	$ 428,662	$ 9,253,962
2017	$ 9,148,354	$ 881,411	$ 10,029,765
2018	$ 9,494,539	$ 1,424,080	$ 10,918,619
2019	$ 9,779,717	$ 2,000,669	$ 11,780,386
2020	$ 9,999,383	$ 2,583,338	$ 12,582,721
2021	$ 10,188,670	$ 3,182,456	$ 13,371,126
2022	$ 10,208,004	$ 3,650,809	$ 13,858,813
2023	$ 10,277,201	$ 4,211,513	$ 14,488,714
2024	$ 10,308,174	$ 4,731,484	$ 15,039,658
2025	$ 10,368,255	$ 5,128,099	$ 15,496,354



FYE	Estimated Claims Costs	Retiree Contributions	Net Employer-Paid Costs
2016	$ 9,253,962	$ 0	$ 9,253,962
2017	$ 10,029,765	$ 0	$ 10,029,765
2018	$ 10,918,619	$ 0	$ 10,918,619
2019	$ 11,780,386	$ 0	$ 11,780,386
2020	$ 12,582,744	$ 23	$ 12,582,721
2021	$ 13,371,516	$ 389	$ 13,371,127
2022	$ 13,860,189	$ 1,375	$ 13,858,814
2023	$ 14,491,282	$ 2,568	$ 14,488,714
2024	$ 15,044,276	$ 4,617	$ 15,039,659
2025	$ 15,502,694	$ 6,340	$ 15,496,354



[4] Projections for future retirees do not take into account future new hires.

Eligibility

To be eligible for lifetime retiree health benefits, employees must have at least ten (10) years of service and meet eligibility requirements for either normal retirement status, early retirement status, or disability retirement status.

Normal Retirement Status

For employees hired prior to July 1, 1990, earlier of:

- Age 55 with 30 years of pension service credit
- Age 60

For employees hired on/after July 1, 1990 – age 65.

Early Retirement Status

Employees may retire early during the ten years preceding the normal retirement status with at least 25 years of pension service credit. Employees may retire early during the five years preceding the normal retirement status with at least 15 years of pension service credit.

Disability Retirement Status

To be eligible for disability retirement status, employees must have at least ten years of service with LBWL.

Spouse Coverage

Coverage continues to surviving spouse upon death of retirees and active employees eligible to retire. If an employee with at least ten years of service dies while in employment, the surviving spouses will qualify for retiree health benefits under the disability retirement status. Surviving spouse contributions are the same as the member's prior to the member's death.

Retiree Contributions

For employees who hired prior to January 1, 2009, retiree health benefits are non-contributory.

For employees hired on/after January 1, 2009, future retiree contributions will be equal to the current employees' healthcare premium sharing immediately prior to retirement. Current employees pay 12% of the premium for medical and prescription drug and none for dental coverage. Therefore, participants who retire at this time will pay 12% of the active medical and prescription drug premium and none of the dental premium. Monthly active premium rates effective on March 1, 2015 are as shown below:

Coverage Levels	Medical Only	Medical/Rx	Dental
1 Person Regular	$ 502.42	$ 657.32	$ 35.45
2 Person Regular	$ 1,130.44	$ 1,478.97	$ 65.82

Part B Reimbursement

LBWL reimburses retirees and spouses for 90% of the Medicare Part B premium (standard premium prior to income-related adjustment).

Cash in Lieu of Coverage

Retirees may elect to receive cash in lieu of benefits. For those electing cash option, LBWL will pay $2,232 annually.

Benefit Plans

Same benefit options are available to retirees as active employees. All health plans are self-insured except for:

- Medicare plan that is fully-insured with United American with EGWP and wrap prescription drug effective on August 1, 2012. The Board reimburses Medicare retirees for the first $3,000 in Medicare Part B claims and this benefit is self-insured.
- Dental benefits that became fully-insured in July 2013.

The monthly retiree premium rates effective on March 1, 2015 are as shown below:

Coverage Levels	Medical Only	Medical/Rx
1 Person Regular	$ 704.75	$ 932.76
2 Person Regular	$ 1,585.70	$ 2,098.72
1 Comp.	$ 181.25	$ 446.25
2 Comp.	$ 362.50	$ 892.50

Dental	1 Person	2 Person
Actives and Retirees	$ 35.45	$ 65.82

Life Insurance

There will be no life insurance benefits at retirement for employees who have $10,000 in life insurance immediately prior to retirement. For any employees that have life insurance of 1.5 times salary immediately prior to retirement, coverage may continue to retirement at one-third the amount to the next higher $500.

Bargaining unit retirees contribute 50% of the premium for this life insurance benefit at retirement. No contributions are required for non-bargaining unit retirees. A closed group of disabled retirees receive free life insurance benefits at retirement.

Contribution Funding Policy

LBWL funding policy consists of two contribution levels:

1. Contributions to fund the annual pay-go cost for current retirees;
2. Additional contributions for pre-funding to the VEBA Trust.

The combination of the above contribution levels will cover the full Annual OPEB Cost annually.

VEBA Trust assets are expected to earn at least a 7.5% annual return (net of expense) in the long term.

The actuarial assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and LBWL experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

There are no significant changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending June 30, 2015. For the current year GASB valuation, we have updated the per capita costs and health care trend rates. We expect to update health care trend rates and per capita costs again in the next full GASB valuation, which will be for the fiscal year ending June 30, 2016.

Measurement Date March 1, 2015

Discount Rate 7.5%

Payroll Growth N/A

Inflation Rate 3.0% per year

Cost Method Entry Age Normal Level Dollar

Amortization Level dollar over thirty years based on an open group

Census Data Census information was provided as of February 28, 2015. We have reviewed it for reasonableness and no material modifications were made to the census data.

Asset Valuation Method Market Value

Mortality RP-2014 Mortality Table fully generational using scale MP 2014

Disability 1985 Pension Disability Incidence Class 1 rates for males and females; sample annual rates are as shown below:

Age	Male	Female
20	0.029%	0.030%
30	0.048%	0.080%
40	0.117%	0.211%
50	0.358%	0.533%
60	1.256%	1.159%

Turnover Rate

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months. The termination rates are based on 2003 Society of Actuaries Turnover Study Table (Mercer modified) with 5-year select and ultimate rates. Sample annual turnover rates are shown below:

Age	0 YOS	1 YOS	2 YOS	3 YOS	4 YOS	5+ YOS
20	26.6%	23.6%	21.6%	19.6%	17.6%	13.7%
30	20.0%	17.0%	15.0%	13.0%	11.0%	7.1%
40	17.8%	14.8%	12.8%	10.8%	8.8%	5.5%
50	15.8%	12.8%	10.8%	9.2%	7.6%	4.5%
60	13.9%	11.4%	9.8%	8.2%	6.6%	3.5%

Retirement Rate

Annual rates of retirement are as shown below. Refer to the Glossary section for an illustration of how actuarial models use this assumption.

Age	Rates
50 – 51	4%
52	8%
53	4%
54	10%
55	5%
56	8%
57	10%
58	12%
59	14%

Age	Rates
60	10%
61	14%
62 – 63	25%
64	20%
65 – 66	25%
67 – 68	33%
69	50%
70+	100%

Health Care Trend Rates

FYE	Medical/Rx	Part B	Dental	65+ Ded*
2016	9.00%	1.24%	5.00%	5.00%
2017	8.50%	6.59%	4.75%	4.75%
2018	8.00%	5.30%	4.50%	4.50%
2019	7.50%	5.54%	4.25%	4.00%
2020	7.00%	5.72%	4.00%	3.50%
2021	6.50%	5.41%	4.00%	3.00%
2022	6.00%	5.56%	4.00%	2.50%
2023	5.50%	5.50%	4.00%	2.50%
2024+	5.00%	5.00%	4.00%	2.50%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

* Applicable to the Part B deductible benefit.

Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

Participation Rate

Health (medical/rx/dental)

100% of active employees who currently have coverage are assumed to elect coverage at retirement.
100% of active employees who currently elect cash in lieu of benefits are assumed to elect cash in lieu of benefits at retirement.
All active employees who currently waive coverage are assumed to waive coverage at retirement.

100% of retirees who currently have coverage are assumed to continue coverage until death.
100% of retirees who currently elect cash in lieu of benefits are assumed to elect cash in lieu of benefits until death.
All retirees who currently waive coverage are assumed to never elect coverage with LBWL.

Life Insurance

All employees who currently have $10,000 life insurance benefits are assumed to never purchase additional insurance and thus are not eligible for any life insurance benefit at retirement.

Spousal Coverage

65% of employees are assumed to be married upon retirement. Husbands are assumed to be three years older than wives.

Spousal coverage level and age for current retirees are based on actual data.

Per Capita Costs

Annual per capita costs are calculated based on the rates effective on March 1, 2015 actuarially increased using current enrollment and aging factors. These costs are assumed to increase with medical/rx trend rates. Aging factors used are as shown below.

Age	Medical	Rx
35 – 39	2.00%	5.00%
40 – 44	2.00%	4.50%
45 – 49	2.00%	4.00%
50 – 54	2.00%	3.50%
55 – 59	4.00%	3.00%
60 – 64	4.00%	2.50%
65 – 69	3.00%	1.50%
70 – 74	2.00%	1.00%
75 – 79	1.00%	0.00%
80+	0.00%	0.00%

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

Sample annual per capita costs are as shown below:

	Healthy Retirees		Disabled Retirees[5]		All Retirees
Age	**Medical**	**Rx**	**Medical**	**Rx**	**Part B Deductible**
47	$ 5,899	$ 1,782	$ 13,272	$ 4,010	N/A
52	$ 6,512	$ 2,147	$ 14,653	$ 4,831	N/A
57	$ 7,475	$ 2,526	$ 16,819	$ 5,683	N/A
62	$ 9,094	$ 2,900	$ 20,463	$ 6,524	N/A
67	$ 1,188	$ 3,003	$ 1,188	$ 3,003	$ 745
72	$ 1,350	$ 3,203	$ 1,350	$ 3,203	$ 847
77	$ 1,462	$ 3,300	$ 1,462	$ 3,300	$ 917
80	$ 1,506	$ 3,300	$ 1,506	$ 3,300	$ 945

[5] Disabled retirees annual per capita costs shown are for those who are not Medicare primary due to disability. For retirees who are Medicare primary due to disability, the pre-65 annual per capita costs are $1,119 for medical benefits and $2,915 for rx benefits. 70% of disabled retirees are assumed to be Medicare primary due to disability.

Dental Per Capita Costs

Annual dental per capita cost is assumed to be $425 annually. This cost is assumed to increase with dental trend rates.

Part B Reimbursement

Annual Part B reimbursement amount is $1,128 and it is assumed to increase with Part B trend rates.

Explicit Subsidy

The difference between (a) the premium rates and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a retiree under age 65 hired prior to January 1, 2009.

	Premium Rate	Retiree Contribution	Explicit Subsidy
	A	**B**	**C = A – B**
Retiree	$ 932.76	$ 0.00	$ 932.76
Spouse	$ 1,165.96	$ 0.00	$ 1,165.96

Implicit Subsidy

The higher cost of retiree coverage is already recognized in the retiree premium rates charged by LBWL, therefore there is no implicit subsidy.

	Single	*Non-Single*	*Total*	*Avg. Age*	*Avg. Svc*	*Salary*
Actives with Medical Coverage	**128**	**509**	**637**	**47.2**	**14.4**	**N/A**
Actives Cash in Lieu[6]			**50**	**47.5**	**14.9**	**N/A**
Actives Waived Coverage[7]			**37**	**36.2**	**10.0**	**N/A**

Active Age-Service Distribution

	Years of Service										
Age	*< 1*	*1 to 4*	*5 to 9*	*10 to 14*	*15 to 19*	*20 to 24*	*25 to 29*	*30 to 34*	*35 to 39*	*40 & up*	*Total*
Under 25	16	8	1								25
25 to 29	25	15	7								47
30 to 34	12	14	21	5							52
35 to 39	14	9	27	25	1						76
40 to 44	13	16	23	32	12	3					99
45 to 49	8	8	20	22	21	16	7	1			103
50 to 54	6	9	25	19	10	10	27	8	4		118
55 to 59	3	6	11	25	5	10	27	23	26	2	138
60 to 64	2		11	3	5	5	6	6	10	4	52
65 to 69					2		4	2	1	1	10
70 & up								2	1	1	4
Total	**99**	**85**	**146**	**131**	**56**	**44**	**71**	**42**	**42**	**8**	**724**

[6] All actives who currently elect cash in lieu coverage are assumed to elect cash in lieu of coverage at retirement. They have been included in the GASB valuation.
[7] All actives who currently waive coverage are assumed to waive coverage at retirement. They have been excluded from the GASB valuation.

Inactives with Medical Coverage	*Single*	*Non-Single*	*Total*	*Avg. Age*
Disabled retirees	53	26	79	64.7
Healthy retirees	167	263	430	70.3
Surviving spouses	131	9	140	77.2
Total inactives with medical coverage	**479**	**807**	**1,286**	**71.1**
Inactives Cash in Lieu[8]			**39**	**72.4**

Inactives without Medical Coverage[9]		*Total*	*Avg. Age*
Disabled retirees		1	50.1
Healthy retirees		16	63.5
Surviving spouses		8	75.0
Total inactives without medical coverage		**25**	**66.7**

[8] There are 38 retirees and one surviving spouse currently receiving cash in lieu of coverage. They are assumed to elect cash in lieu of coverage for lifetime.
[9] All inactives who currently waive medical coverage have been excluded from the GASB valuation, except for seven healthy retirees who are receiving life insurance benefits.

Inactives Age Distribution

Age	Retired[10]	Surviving Spouses[11]	Disabled[12]	Total
Under 50	1	3		4
50 – 54	9	3	6	18
55 – 59	41	6	18	65
60 – 64	96	11	21	128
65 – 69	128	18	18	164
70 – 74	82	21	8	111
75 – 79	48	19	7	74
80 – 84	37	22	2	61
85 – 89	28	31		59
90 & up	14	15		29
Total	**484**	**149**	**80**	**713**

[10] Includes 16 retirees who waive medical coverage with LBWL (seven of them are receiving life insurance benefits) and 38 retirees receiving cash in lieu of coverage.
[11] Includes eight surviving spouses who waive medical coverage with LBWL and one surviving spouse receiving cash in lieu of coverage.
[12] Includes one disabled retiree who waives medical coverage with LBWL and has no life insurance benefit.

APPENDIX

Comparison of Participant Demographic Information

	As of February 28, 2014	As of February 28, 2015
Active Participants[13]	667	724
Inactive Participants[14]		
Disabled Retirees	81	79
Healthy Retirees[15]	459	475
Surviving Spouses[16]	143	141
Spouses of Disabled Retirees	48	46
Spouses of Healthy Retirees	296	302
Averages for Active		
Age	48.2	46.7
Service	15.9	14.2
Averages for Inactive		
Disabled Retirees Age	63.6	64.7
Healthy Retirees Age	70.3	70.4
Surviving Spouses Age	77.1	77.2
Spouses of Disabled Retirees Age	59.4	60.0
Spouses of Healthy Retirees Age	67.5	67.6

[13] Active enrollment information above includes all participants, including those who do not have health care coverage as they may be eligible for life insurance benefits.
[14] Enrollment as of 2/28/2014 excludes one disabled retiree, one healthy retiree, and eight surviving spouses who waive medical coverage with LBWL and have no life insurance benefits. Enrollment as of 2/28/2015 excludes one disabled retiree, nine healthy retirees, and eight surviving spouses who waive medical coverage with LBWL and have no life insurance benefits.
[15] Enrollment as of 2/28/2014 includes 36 retirees receiving cash in lieu of coverage and five retirees who waive coverage with LBWL but are eligible for life insurance benefits. Enrollment as of 2/28/2015 includes 38 retirees receiving cash in lieu of coverage and seven retirees who waive coverage with LBWL but are eligible for life insurance benefits.
[16] Enrollments as of 2/28/2014 and 2/28/2015 include one surviving spouse receiving cash in lieu of coverage.

Participant Data Reconciliation

The participant data reconciliation below includes participants receiving cash in lieu of coverage and those who waive coverage (regardless of whether they are receiving life insurance benefits or not).

	Active	*Retired*	*Surviving Spouses*	*Disabled*	*Total*
March 2014	**667**	**460**	**151**	**82**	**1,360**
Status change for active employees	(35)	33	2		**0**
Status change for disableds			1	(1)	**0**
Left without health coverage	(8)	(9)	(10)	(1)	**(28)**
Died with surviving spouses		(5)	5		**0**
New hires and rehires	100				**100**
Data corrections		5			**5**
March 2015	**724**	**484**	**149**	**80**	**1,437**

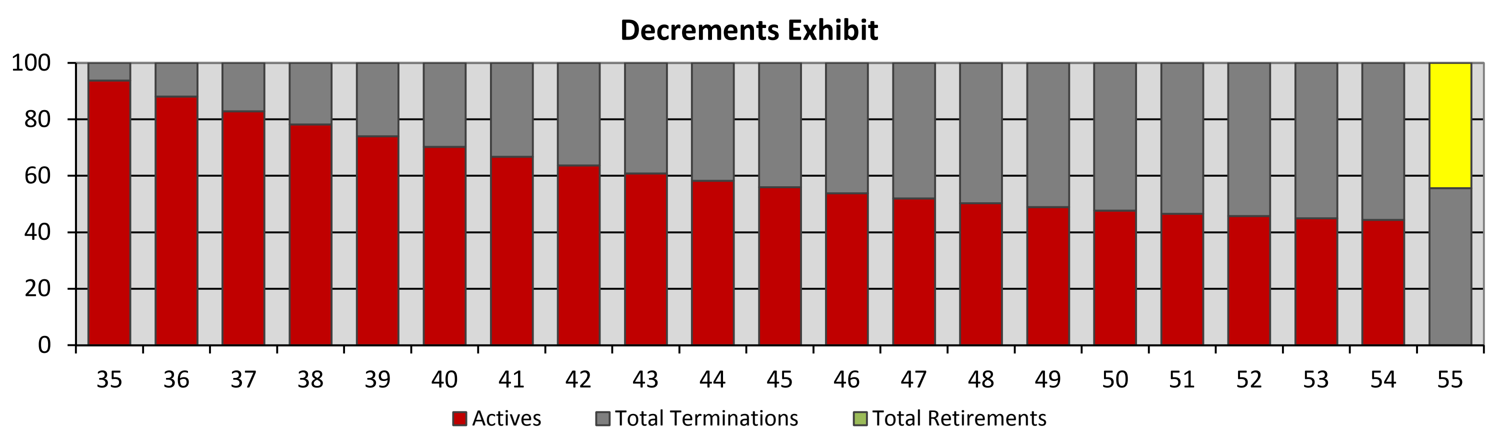
Glossary

Decrements Exhibit

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.430 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year*	# of Retirements per Year*	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year*	# of Retirements per Year*	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430

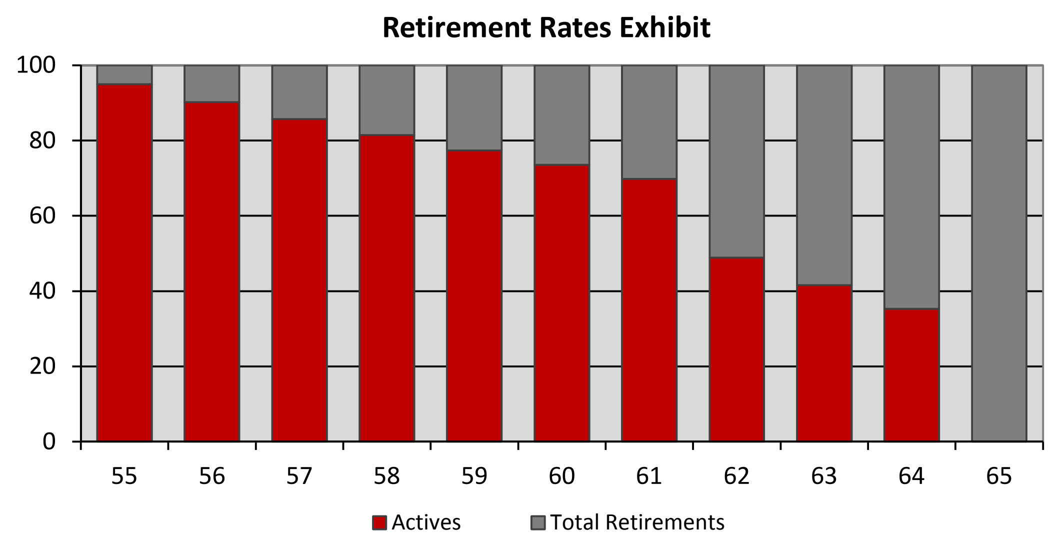


* The above rates are illustrative rates and are not used in our GASB calculations.

Retirement Rates Exhibit

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100.000	5.0%	5.000	95.000
56	95.000	5.0%	4.750	90.250
57	90.250	5.0%	4.513	85.738
58	85.738	5.0%	4.287	81.451
59	81.451	5.0%	4.073	77.378
60	77.378	5.0%	3.869	73.509
61	73.509	5.0%	3.675	69.834
62	69.834	30.0%	20.950	48.884
63	48.884	15.0%	7.333	41.551
64	41.551	15.0%	6.233	35.318
65	35.318	100.0%	35.318	0.000



* The above rates are illustrative rates and are not used in our GASB calculations.

Illustration of GASB Calculations

The purpose of the illustration is to familiarize non-actuaries with the GASB 45 actuarial calculation process.

I. Facts

1. The employer provides subsidized retiree health coverage worth $100,000 to employees retiring at age 55 with 25 years of service. The employer funds for retiree health coverage on a pay-as-you-go basis.
2. Employee X is age 50 and has worked 20 years with the employer.
3. Retiree health subsidies are paid from the general fund assets which are expected to earn 4.5% per year on a long-term basis.
4. Based on Employee X's age and sex he has a 98.0% probability of living to age 55 and a 95.0% probability of continuing to work to age 55.

II. Calculation of Present Value of Future Benefits

Present Value of Future Benefits represents the cost to finance benefits payable in the future to current and future retirees and beneficiaries, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

	Value	Description
A.	$100,000	Projected benefit at retirement
B.	80.2%	Interest discount for five years = $(1 / 1.045)^5$
C.	98.0%	Probability of living to retirement age
D.	95.0%	Probability of continuing to work to retirement age
E.	$74,666	Present value of projected retirement benefit measured at employee's current age = A x B x C x D

Illustration of GASB Calculations (continued)

III. Calculation of Actuarial Accrued Liability

Actuarial Accrued Liability represents the portion of the Present Value of Future Benefits which has been accrued recognizing the employee's past service with the employer. The Actuarial Accrued Liability is a required disclosure in the Required Supplementary Information section of the employer's financial statement.

	Value	Description
A.	$74,666	Present value of projected retirement benefit measured at employee's current age
B.	20	Current years of service with employer
C.	25	Projected years of service with employer at retirement
D.	$59,733	Actuarial accrued liability measured at employee's current age = A x B / C

IV. Calculation of Normal Cost

Normal Cost represents the portion of the Present Value of Future Benefits allocated to the current year.

	Value	Description
A.	$74,666	Present value of projected retirement benefit measured at employee's current age
B.	25	Projected years of service with employer at retirement
C.	$2,987	Normal cost measured at employee's current age = A / B

V. Calculation of Annual Required Contribution

Annual Required Contribution is the total expense for the current year to be shown in the employer's income statement.

	Value	Description
A.	$2,987	Normal Cost for the current year
B.	$3,509	30-year amortization (level dollar method) of Unfunded Actuarial Accrued Liability using a 4.5% interest rate discount factor
C.	$292	Interest adjustment = 4.5% x (A + B)
D.	$6,788	Annual Required Contribution = A + B + C

Definitions

GASB 45 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Accrued Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of plan benefits and expenses which is not provided for by the future Normal Costs.

2. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

3. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of future benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

   a) adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
   b) multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
   c) discounted according to an assumed rate (or rates) of return to reflect the time value of money.

5. **Annual OPEB Cost** – An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

6. **Annual Required Contribution (ARC)** – The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.

7. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.

8. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

9. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Definitions (continued)

10. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.

11. **Net OPEB Obligation** – The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

12. **Normal Cost** – The portion of the Actuarial Present Value of plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

13. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

14. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.

15. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.

17. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.

VEBA Performance Summary
FY 2015 Fourth Quarter Ended June 30, 2015

Summary of Investment Policy Goals and Objectives

- Income and Growth Investment Objective
- Exceed Actuarial Rate of Return Target of 7.5% on an annual basis
- Exceed Fixed Rate of Return Target of 8.0% on an annual basis
- Exceed Rate of Return Target of CPI + 5% on annual basis *(current CPI 1.8%)*
- Exceed Policy Index on a risk-adjusted basis over rolling full market cycles *(3 to 5 years)*
- Investment Managers seek to outperform appropriate benchmarks and achieve high peer group rankings over rolling full market cycles *(3 to 5 years)*

Absolute Performance

Sources of Funds ($) – in thousands	*Current Quarter (Ending 6/30/2105)*	*Since Investment Strategy Inception (3/31/2009)*
Beginning Market Value	155,776	47,265
Net Contribution	-227	33,548
Investment Earnings	591	75,327
Ending Market Value	156,140	156,140

VEBA Performance Summary
FY 2015 Fourth Quarter Ended June 30, 2015

Investment Managers	Asset Allocation	Market Value ($)	Current Quarter	Last 12 Months	Since Inception*
Total Fund	***100%***	***156,140,262***	**0.4**	**2.2**	**13.0**
Policy Index			**-0.3**	**4.5**	**14.4**
Fixed Income					
JP Morgan – Core	12.9%	20,145,857	-1.0	3.0	5.2
MetWest – CorePlus	13.2%	20,560,882	-1.4	1.5	6.3
Barclays Aggregate			-1.7	1.9	4.5
Barclays Aggregate – JP Morgan					4.5
Large Growth Equity					
Loomis	12.0%	18,738,106	0.0	10.0	16.9
Edgewood	14.4%	22,422,000	3.6	11.8	19.2
Russell 1000 Growth – Edgewood			0.1	10.6	19.4
Russell 1000 Growth – Loomis					18.4
Large Value Equity					
Eaton Vance	8.2%	12,854,328	-0.3	4.2	15.1
Herndon (Atl. Life)	7.7%	12,017,695	-0.7	-0.3	14.3
Jennison	8.5%	13,292,499	1.2	2.2	16.2
Russell 1000 Value			0.1	4.1	17.1
Russell 1000 Value – Herndon Only					14.5
Small to Mid Value Equity					
Advisory	3.5%	5,431,890	-1.3	-4.8	15.2
Russell 2500 Value			-1.3	1.0	17.6
Small Growth Equity					
Insight	3.5%	5,529,127	3.3	-1.7	14.3
Russell 2000 Growth			2.0	12.3	21.2
Small to Mid Growth Equity					
O'Shaughnessy	3.8%	5,993,702	0.6	5.3	19.3
Russell 2500 Growth			0.6	11.3	22.2
International Equity					
JP Morgan	4.4%	6,832,524	2.1	-5.4	11.1
MFS	4.3%	6,676,072	0.7	-3.8	11.7
Wentworth	3.6%	5,645,579	-1.0	-22.4	9.8
MSCI EAFE			0.8	-3.8	11.9
MSCI EAFE – JP Morgan – Int'l Only					13.1
MSCI EAFE Growth			1.2	-1.0	13.3
MSCI EAFE Value – JP Morgan			0.5	-6.6	12.9
Cash	0.0%	1			

VEBA Performance Summary
FY 2015 Fourth Quarter Ended June 30, 2015

Lansing Board of Water & Light - VEBA Composite Account

June 30, 2015

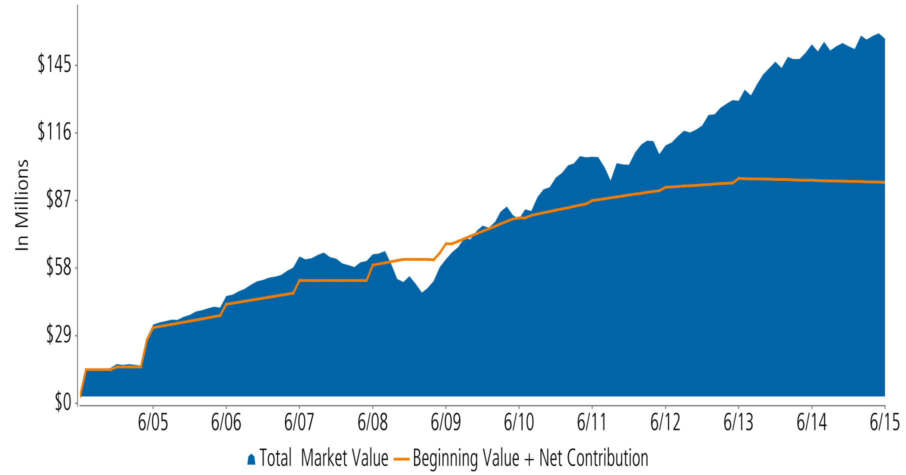
Bank of America Merrill Lynch

GLOBAL INSTITUTIONAL CONSULTING

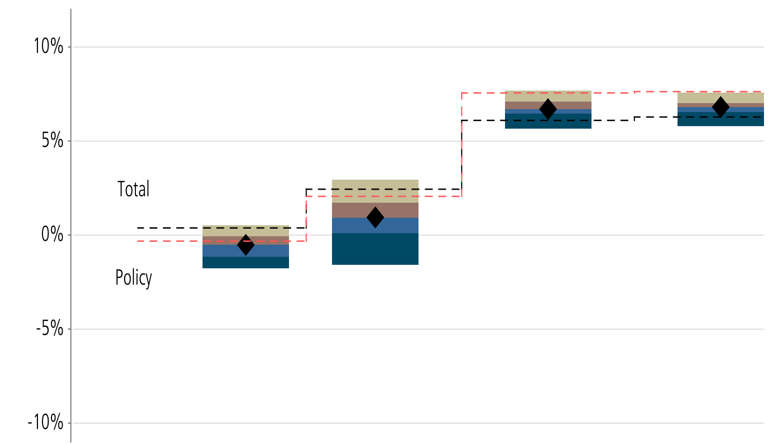
Contents

Total Portfolio Performance Summary

Investment Earnings and Cash Flows



Distribution of Returns : Domestic Balanced Sample - Total



Sources of Funds	3/15 - 6/15	6/14 - 6/15	6/04 - 6/15
Beginning Mkt Value	$ 155,776,579	$ 153,682,857	$ 0
Net Flow	$ (227,233)	$ (931,136)	$ 93,459,592
Investment Earnings	$ 590,916	$ 3,388,541	$ 62,680,670
Ending Mkt Value	$ 156,140,262	$ 156,140,262	$ 156,140,262

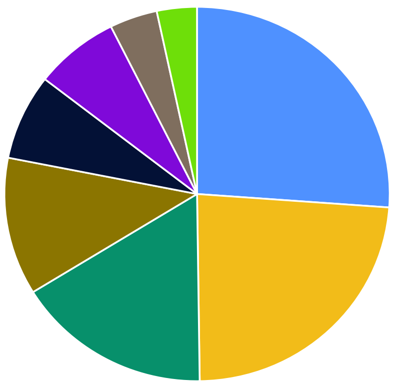
	3/15 - 6/15		12/14 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total	0.38	7	2.44	14	6.10	87	6.28	86
Policy	-0.32	39	2.06	18	7.56	7	7.63	4
Active Mg	0.70	23	0.38	37	-1.45	84	-1.35	79
Russ 1000	0.11	16	1.71	26	8.13	1	8.11	1
Russ2500	-0.34	40	4.81	1	9.09	1	9.42	1
R1000Gr	0.12	16	3.96	1	9.10	1	8.41	1
MSCIEAFE	0.84	2	5.88	1	5.60	95	6.35	85
BcAggreg	-1.68	94	-0.10	86	4.44	99	4.65	99
Russ 2000	0.42	7	4.75	1	8.40	1	8.50	1
TBills	0.01	22	0.01	85	1.42	99	1.48	99
SP500+Div	0.28	8	1.23	38	7.89	1	7.75	3
5 Percent	0.51	-	2.95	-	7.67	-	7.56	-

Total Portfolio Performance Summary

	3/15 - 6/15		12/14 - 6/15		6/05 - 6/15		6/04 - 6/15	
25 Percent	-0.07	-	1.74	-	7.11	-	7.02	-
Median	-0.52	-	0.94	-	6.70	-	6.81	-
75 Percent	-1.14	-	0.11	-	6.46	-	6.55	-
95 Percent	-1.77	-	-1.58	-	5.68	-	5.80	-

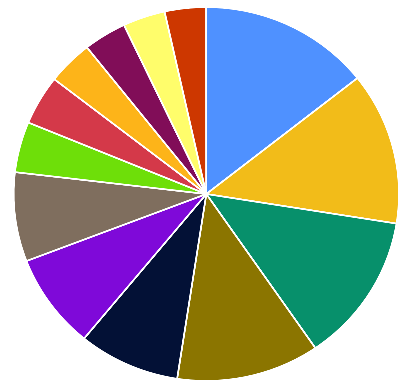
Asset and Manager Allocations

Asset Allocation : June 2015



Asset Class	Allocation (%)	Market Value ($)
Large Cap Growth	26.15	40,838,191
Fixed Income	23.63	36,891,985
Large Cap Value	16.44	25,672,356
International Equity	11.89	18,566,372
Large Cap	7.40	11,556,303
Small Cap Growth	7.11	11,108,468
Cash & Cash Equivalents	4.00	6,245,791
Small To Mid Cap	3.37	5,260,793
Total Portfolio	100.00%	$ 156,140,262

Manager Allocation : June 2015



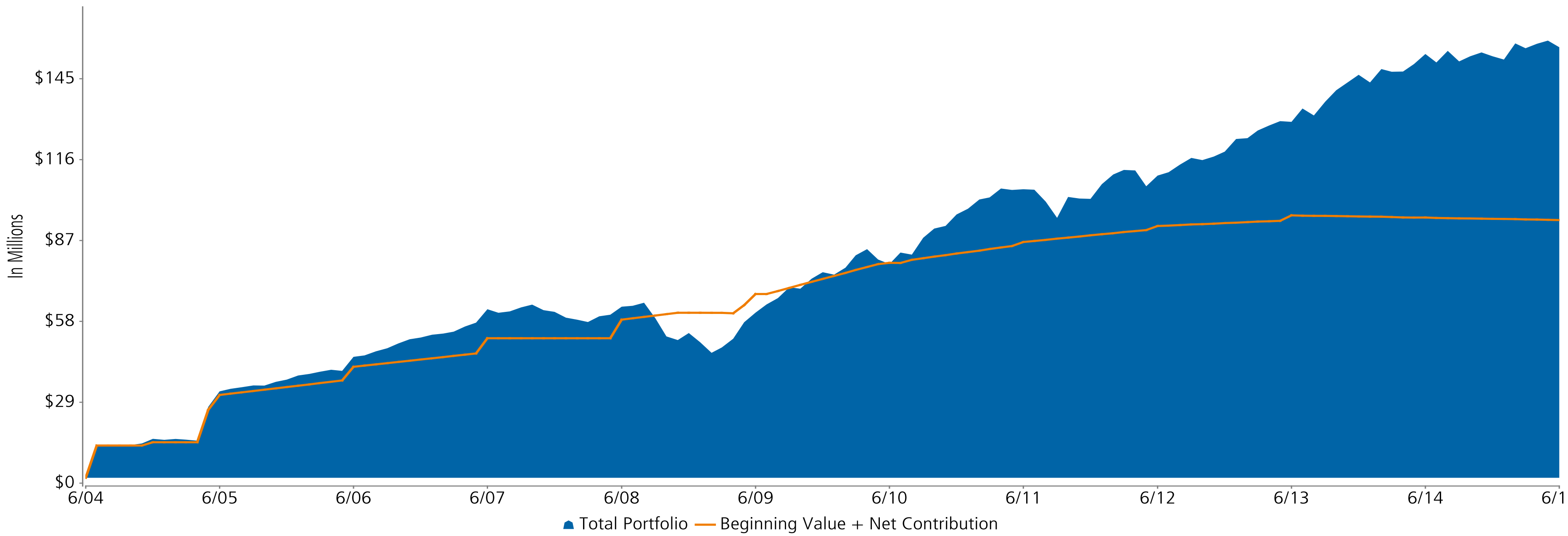
Manager	Allocation (%)	Market Value ($)
Edgewood - LCG	14.36	22,422,000
MetWest	13.17	20,560,882
JP Morgan	12.90	20,145,857
Loomis Sayles	12.00	18,738,106
Jennison Associates Capital	8.51	13,292,499
Eaton Vance Large Cap Value	8.23	12,854,328
Herndon Capital Management	7.70	12,017,695
JP Morgan Intl Value	4.38	6,832,524
MFS Investment Management	4.28	6,676,072
OShaughnessy	3.84	5,993,702
Wentworth	3.62	5,645,579

Asset and Manager Allocations

Manager	Allocation (%)	Market Value ($)
Insight SC Growth	3.54	5,529,127
Advisory Research	3.48	5,431,890
Cash	0.00	1
Total Portfolio	100.00%	$ 156,140,262

Policy Asset Allocation (%)						
Bonds	Scap Val	Mcap Grow	Prt Equity	Int Equity	Large Cap	Scap Grow
31.00	4.00	3.00	5.00	11.00	43.00	3.00

Investment Earnings and Cash Flows



Asset Category	3/15 - 6/15	% of Total	6/14 - 6/15	% of Total	6/04 - 6/15	% of Total
Total Portfolio						
Beginning Mkt Value	$ 155,776,579		$ 153,682,857		$ 0	
Net Flow	$ (227,233)		$ (931,136)		$ 93,459,592	
Investment Earnings	$ 590,916	100.00%	$ 3,388,541	100.00%	$ 62,680,670	100.00%
Ending Mkt Value	$ 156,140,262		$ 156,140,262		$ 156,140,262	
Advisory Research						
Beginning Mkt Value	$ 5,513,828		$ 5,749,800		$ 0	
Net Flow	$ (8,424)		$ (40,884)		$ 2,287,253	
Investment Earnings	$ (73,514)	-12.44%	$ (277,026)	-8.18%	$ 3,144,637	5.02%

Investment Earnings and Cash Flows

Asset Category	3/15 - 6/15	% of Total	6/14 - 6/15	% of Total	6/04 - 6/15	% of Total
Ending Mkt Value	$ 5,431,890		$ 5,431,890		$ 5,431,890	
Cash						
Beginning Mkt Value	$ 1		$ 1		$ 0	
Net Flow	$ 0		$ 0		$ (7,590)	
Investment Earnings	$ 0	0.00%	$ 0	0.00%	$ 7,591	0.01%
Ending Mkt Value	$ 1		$ 1		$ 1	
Eaton Vance Large Cap Value						
Beginning Mkt Value	$ 12,911,751		$ 12,409,139		$ 0	
Net Flow	$ (18,619)		$ (72,727)		$ 5,627,225	
Investment Earnings	$ (38,804)	-6.57%	$ 517,916	15.28%	$ 7,227,104	11.53%
Ending Mkt Value	$ 12,854,328		$ 12,854,328		$ 12,854,328	
Edgewood - LCG						
Beginning Mkt Value	$ 21,691,907		$ 20,269,238		$ 0	
Net Flow	$ (59,637)		$ (230,119)		$ 7,811,350	
Investment Earnings	$ 789,730	133.65%	$ 2,382,881	70.32%	$ 14,610,650	23.31%
Ending Mkt Value	$ 22,422,000		$ 22,422,000		$ 22,422,000	
Herndon Capital Management						
Beginning Mkt Value	$ 12,123,378		$ 12,140,054		$ 0	
Net Flow	$ (18,054)		$ (87,894)		$ 5,775,006	
Investment Earnings	$ (87,629)	-14.83%	$ (34,465)	-1.02%	$ 6,242,689	9.96%
Ending Mkt Value	$ 12,017,695		$ 12,017,695		$ 12,017,695	
Insight SC Growth						
Beginning Mkt Value	$ 5,366,800		$ 5,681,398		$ 0	
Net Flow	$ (12,746)		$ (50,301)		$ 2,319,925	
Investment Earnings	$ 175,073	29.63%	$ (101,970)	-3.01%	$ 3,209,203	5.12%

Investment Earnings and Cash Flows

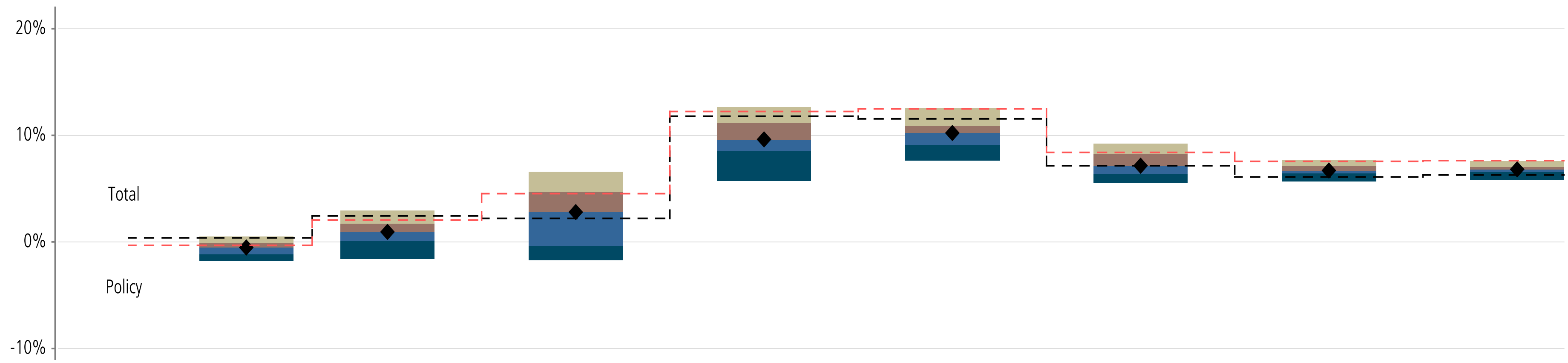
Asset Category	3/15 - 6/15	% of Total	6/14 - 6/15	% of Total	6/04 - 6/15	% of Total
Ending Mkt Value	$ 5,529,127		$ 5,529,127		$ 5,529,127	
JP Morgan						
Beginning Mkt Value	$ 20,374,125		$ 19,638,873		$ 0	
Net Flow	$ (20,326)		$ (79,476)		$ 15,690,175	
Investment Earnings	$ (207,942)	-35.19%	$ 586,460	17.31%	$ 4,455,683	7.11%
Ending Mkt Value	$ 20,145,857		$ 20,145,857		$ 20,145,857	
JP Morgan Intl Value						
Beginning Mkt Value	$ 6,702,718		$ 7,267,072		$ 0	
Net Flow	$ (10,713)		$ (43,743)		$ 4,289,620	
Investment Earnings	$ 140,519	23.78%	$ (390,805)	-11.53%	$ 2,542,904	4.06%
Ending Mkt Value	$ 6,832,524		$ 6,832,524		$ 6,832,524	
Jennison Associates Capital						
Beginning Mkt Value	$ 13,161,353		$ 13,097,779		$ 0	
Net Flow	$ (20,119)		$ (95,147)		$ 5,552,644	
Investment Earnings	$ 151,265	25.60%	$ 289,867	8.55%	$ 7,739,855	12.35%
Ending Mkt Value	$ 13,292,499		$ 13,292,499		$ 13,292,499	
Loomis Sayles						
Beginning Mkt Value	$ 18,759,372		$ 17,168,733		$ 0	
Net Flow	$ (28,378)		$ (133,095)		$ 12,807,273	
Investment Earnings	$ 7,112	1.20%	$ 1,702,468	50.24%	$ 5,930,833	9.46%
Ending Mkt Value	$ 18,738,106		$ 18,738,106		$ 18,738,106	
MFS Investment Management						
Beginning Mkt Value	$ 6,640,061		$ 6,993,412		$ 0	
Net Flow	$ (11,440)		$ (54,669)		$ 4,023,068	

Investment Earnings and Cash Flows

Asset Category	3/15 - 6/15	% of Total	6/14 - 6/15	% of Total	6/04 - 6/15	% of Total
Investment Earnings	$ 47,451	8.03%	$ (262,671)	-7.75%	$ 2,653,004	4.23%
Ending Mkt Value	$ 6,676,072		$ 6,676,072		$ 6,676,072	
MetWest						
Beginning Mkt Value	$ 20,849,873		$ 20,199,586		$ 0	
Net Flow	$ 1,731		$ 51,627		$ 16,801,838	
Investment Earnings	$ (290,722)	-49.20%	$ 309,669	9.14%	$ 3,759,044	6.00%
Ending Mkt Value	$ 20,560,882		$ 20,560,882		$ 20,560,882	
OShaughnessy						
Beginning Mkt Value	$ 5,971,160		$ 5,736,265		$ 0	
Net Flow	$ (10,772)		$ (42,596)		$ 1,994,625	
Investment Earnings	$ 33,314	5.64%	$ 300,033	8.85%	$ 3,999,076	6.38%
Ending Mkt Value	$ 5,993,702		$ 5,993,702		$ 5,993,702	
Wentworth						
Beginning Mkt Value	$ 5,710,252		$ 7,331,507		$ 0	
Net Flow	$ (9,736)		$ (52,112)		$ 3,961,066	
Investment Earnings	$ (54,937)	-9.30%	$ (1,633,816)	-48.22%	$ 1,684,513	2.69%
Ending Mkt Value	$ 5,645,579		$ 5,645,579		$ 5,645,579	

Distribution of Return

Domestic Balanced Sample - Total



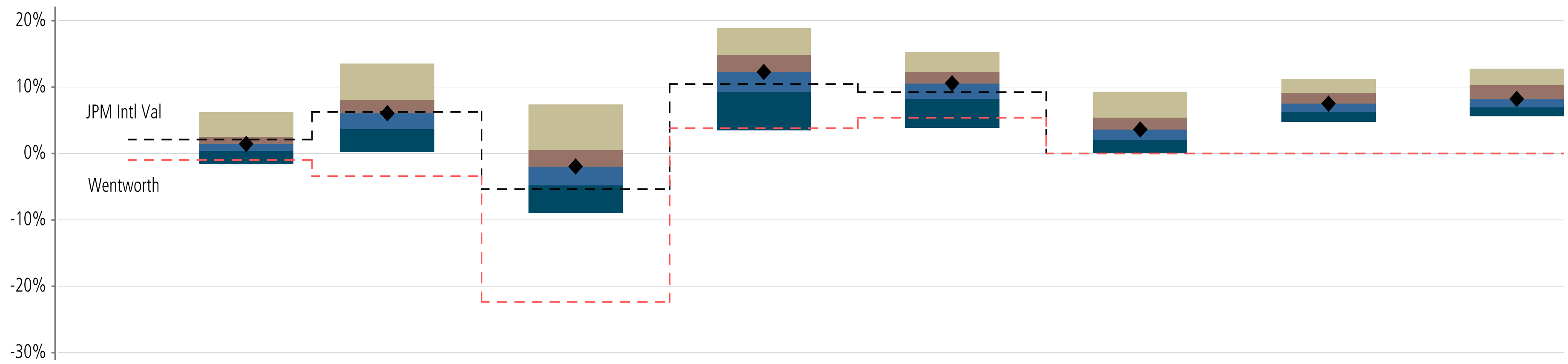
	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Total	0.38	7	2.44	14	2.21	55	11.79	13	11.55	12	7.15	50	6.10	87	6.28	86
Policy	-0.32	39	2.06	18	4.53	27	12.24	8	12.48	5	8.40	24	7.56	7	7.63	4
Active Mg	0.70	23	0.38	37	-2.31	87	-0.45	43	-0.92	76	-1.25	74	-1.45	84	-1.35	79
Russ 1000	0.11	16	1.71	26	7.37	3	17.73	1	17.58	1	9.59	1	8.13	1	8.11	1
Russ2500	-0.34	40	4.81	1	5.92	14	18.66	1	17.85	1	10.93	1	9.09	1	9.42	1
R1000Gr	0.12	16	3.96	1	10.56	1	17.99	1	18.59	1	10.50	1	9.10	1	8.41	1
MSCIEAFE	0.84	2	5.88	1	-3.82	99	12.45	7	10.03	56	2.45	99	5.60	95	6.35	85
BcAggreg	-1.68	94	-0.10	86	1.86	58	1.83	99	3.35	99	4.59	99	4.44	99	4.65	99
Russ 2000	0.42	7	4.75	1	6.49	8	17.81	1	17.08	1	10.44	1	8.40	1	8.50	1
TBills	0.01	22	0.01	85	0.02	68	0.06	99	0.08	99	0.22	99	1.42	99	1.48	99
SP500+Div	0.28	8	1.23	38	7.42	3	17.31	1	17.34	1	9.43	1	7.89	1	7.75	3
5 Percent	0.51	-	2.95	-	6.57	-	12.65	-	12.59	-	9.22	-	7.67	-	7.56	-

Distribution of Return

	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
25 Percent	-0.07	-	1.74	-	4.71	-	11.14	-	10.89	-	8.30	-	7.11	-	7.02	-
Median	-0.52	-	0.94	-	2.80	-	9.62	-	10.22	-	7.15	-	6.70	-	6.81	-
75 Percent	-1.14	-	0.11	-	-0.36	-	8.50	-	9.11	-	6.42	-	6.46	-	6.55	-
95 Percent	-1.77	-	-1.58	-	-1.71	-	5.73	-	7.64	-	5.57	-	5.68	-	5.80	-

Distribution of Return - International Common Stock

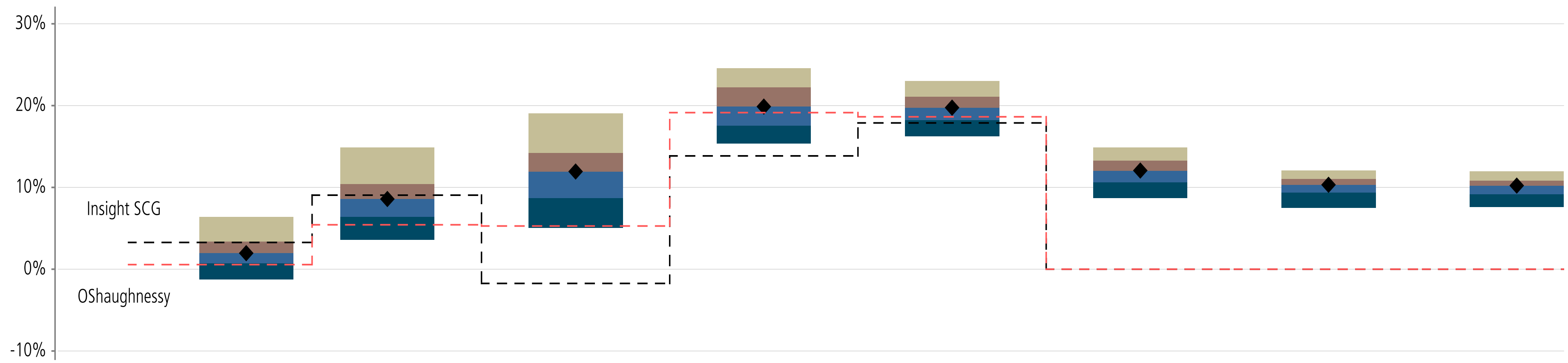
International Common Stock Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
JPM Intl Val	2.10	32	6.25	47	-5.36	80	10.46	68	9.24	67	-	-	-	-	-	-
Wentworth	-0.96	92	-3.41	99	-22.35	99	3.81	93	5.38	89	-	-	-	-	-	-
MFS	0.71	69	5.22	61	-3.75	67	10.16	70	10.13	56	-	-	-	-	-	-
MSCIEAFE	0.84	65	5.88	53	-3.82	68	12.45	48	10.03	57	2.45	70	5.60	87	6.35	87
MSEAFENet	0.62	72	5.52	58	-4.22	70	11.97	54	9.54	65	1.97	77	5.12	93	5.87	94
5 Percent	6.20	-	13.55	-	7.35	-	18.85	-	15.25	-	9.34	-	11.21	-	12.78	-
25 Percent	2.51	-	8.12	-	0.54	-	14.85	-	12.28	-	5.43	-	9.14	-	10.31	-
Median	1.44	-	6.06	-	-1.95	-	12.28	-	10.58	-	3.62	-	7.51	-	8.22	-
75 Percent	0.40	-	3.71	-	-4.81	-	9.29	-	8.26	-	2.09	-	6.27	-	7.00	-
95 Percent	-1.60	-	0.23	-	-8.93	-	3.47	-	3.84	-	0.10	-	4.79	-	5.59	-

Distribution of Return - Domestic Small Cap Growth

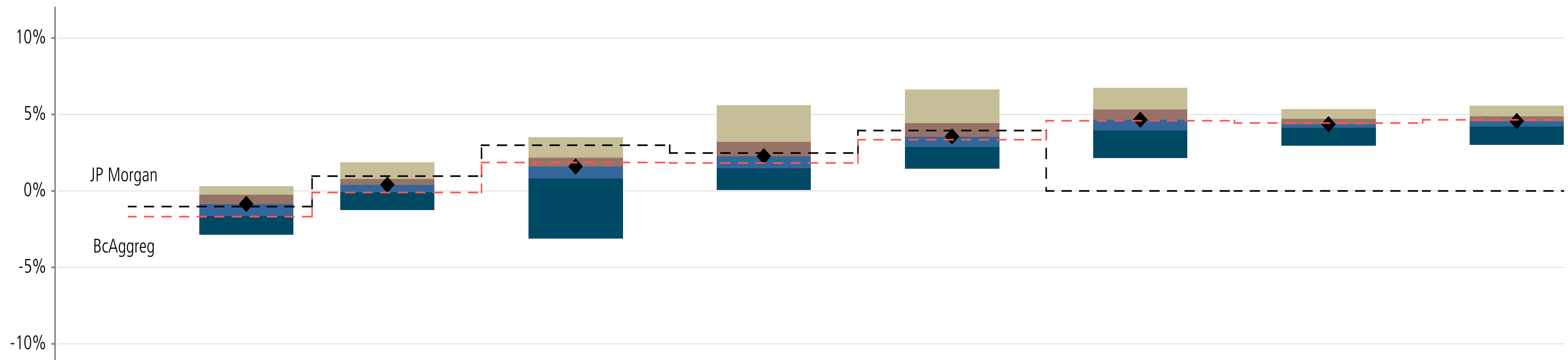
Domestic Small Cap Growth Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Insight SCG	3.27	28	9.05	43	-1.74	99	13.85	98	17.88	82	-	-	-	-	-	-
OShaughnessy	0.56	77	5.43	82	5.28	94	19.14	62	18.63	70	-	-	-	-	-	-
Ru2500Gr	0.61	76	8.09	55	11.30	53	20.35	42	19.55	56	11.60	60	10.32	50	10.06	58
5 Percent	6.42	-	14.85	-	19.04	-	24.55	-	23.01	-	14.85	-	12.08	-	11.97	-
25 Percent	3.40	-	10.40	-	14.23	-	22.25	-	21.13	-	13.27	-	11.06	-	10.86	-
Median	1.96	-	8.58	-	11.94	-	19.88	-	19.75	-	12.06	-	10.32	-	10.22	-
75 Percent	0.75	-	6.41	-	8.72	-	17.57	-	18.21	-	10.62	-	9.39	-	9.16	-
95 Percent	-1.27	-	3.58	-	5.07	-	15.34	-	16.27	-	8.73	-	7.52	-	7.63	-

Distribution of Return - Domestic Fixed Income

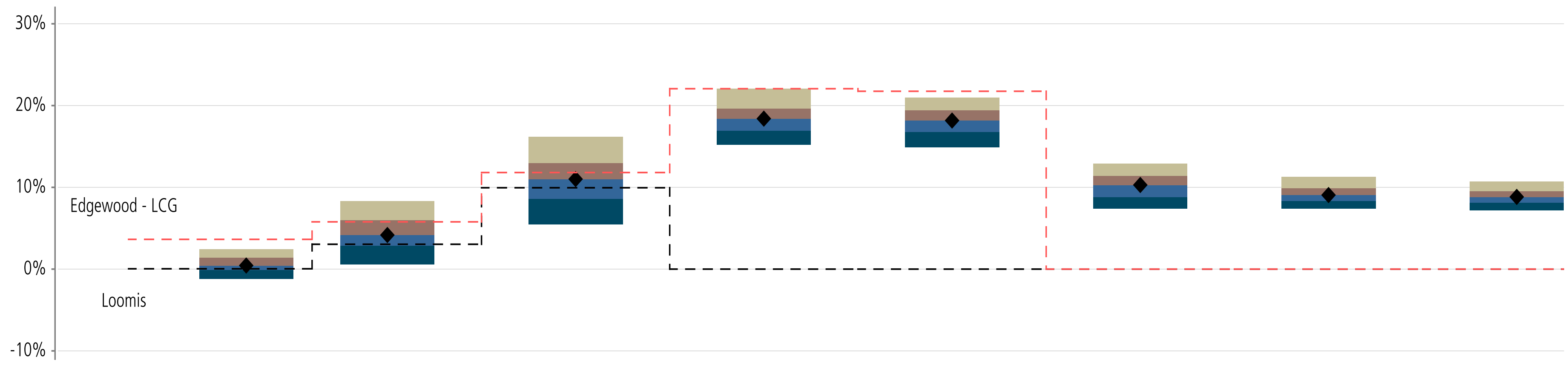
Domestic Fixed Income Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
JP Morgan	-1.02	57	0.97	18	2.99	9	2.48	42	3.95	42	-	-	-	-	-	-
BcAggreg	-1.68	77	-0.10	77	1.86	36	1.83	61	3.35	56	4.59	52	4.44	40	4.65	46
5 Percent	0.29	-	1.87	-	3.52	-	5.60	-	6.63	-	6.76	-	5.33	-	5.55	-
25 Percent	-0.25	-	0.81	-	2.20	-	3.23	-	4.44	-	5.34	-	4.71	-	4.88	-
Median	-0.85	-	0.41	-	1.60	-	2.27	-	3.56	-	4.66	-	4.36	-	4.57	-
75 Percent	-1.62	-	-0.07	-	0.82	-	1.48	-	2.87	-	3.98	-	4.14	-	4.22	-
95 Percent	-2.85	-	-1.23	-	-3.11	-	0.06	-	1.46	-	2.15	-	2.95	-	3.02	-

Distribution of Return - Domestic Large Cap Growth

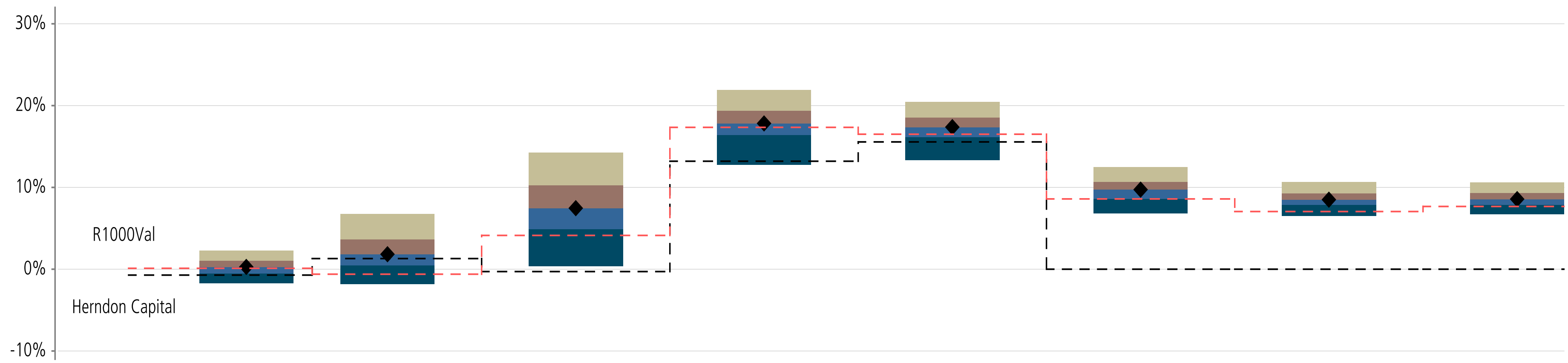
Domestic Large Cap Growth Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Loomis	0.04	70	3.04	73	9.95	62	-	-	-	-	-	-	-	-	-	-
Edgewood - LCG	3.64	2	5.78	27	11.81	40	22.06	5	21.75	1	-	-	-	-	-	-
R1000Gr	0.12	67	3.96	54	10.56	56	17.99	55	18.59	40	10.50	43	9.10	48	8.41	65
Wil Lg Gr	0.74	42	4.54	45	11.53	44	19.27	31	18.67	39	10.30	49	9.20	44	8.70	53
5 Percent	2.42	-	8.31	-	16.15	-	22.04	-	20.96	-	12.90	-	11.27	-	10.69	-
25 Percent	1.39	-	5.98	-	12.97	-	19.64	-	19.43	-	11.44	-	9.91	-	9.52	-
Median	0.44	-	4.17	-	11.01	-	18.40	-	18.17	-	10.29	-	9.06	-	8.83	-
75 Percent	-0.09	-	2.87	-	8.57	-	16.93	-	16.78	-	8.82	-	8.34	-	8.11	-
95 Percent	-1.22	-	0.58	-	5.45	-	15.22	-	14.91	-	7.40	-	7.38	-	7.20	-

Distribution of Return - Domestic Large Cap

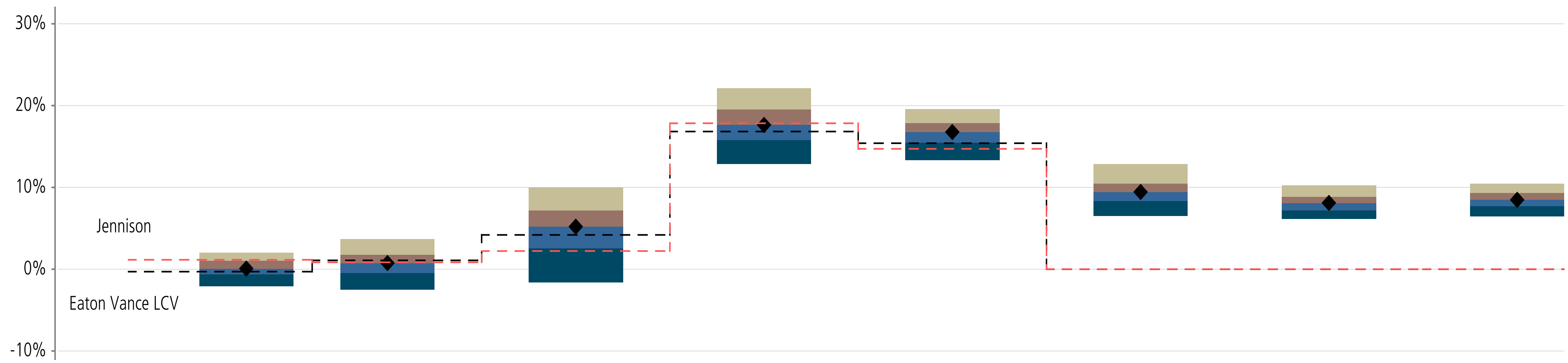
Domestic Large Cap Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Herndon Capital	-0.72	81	1.30	60	-0.29	96	13.20	94	15.56	81	-	-	-	-	-	-
R1000Val	0.11	55	-0.61	88	4.13	81	17.34	60	16.50	69	8.59	75	7.05	90	7.67	83
5 Percent	2.26	-	6.72	-	14.22	-	21.92	-	20.42	-	12.51	-	10.63	-	10.62	-
25 Percent	1.04	-	3.63	-	10.26	-	19.41	-	18.54	-	10.70	-	9.27	-	9.36	-
Median	0.28	-	1.83	-	7.46	-	17.82	-	17.37	-	9.73	-	8.50	-	8.57	-
75 Percent	-0.52	-	0.46	-	4.87	-	16.43	-	16.15	-	8.62	-	7.84	-	7.89	-
95 Percent	-1.70	-	-1.80	-	0.34	-	12.75	-	13.32	-	6.81	-	6.49	-	6.71	-

Distribution of Return - Domestic Large Cap Value

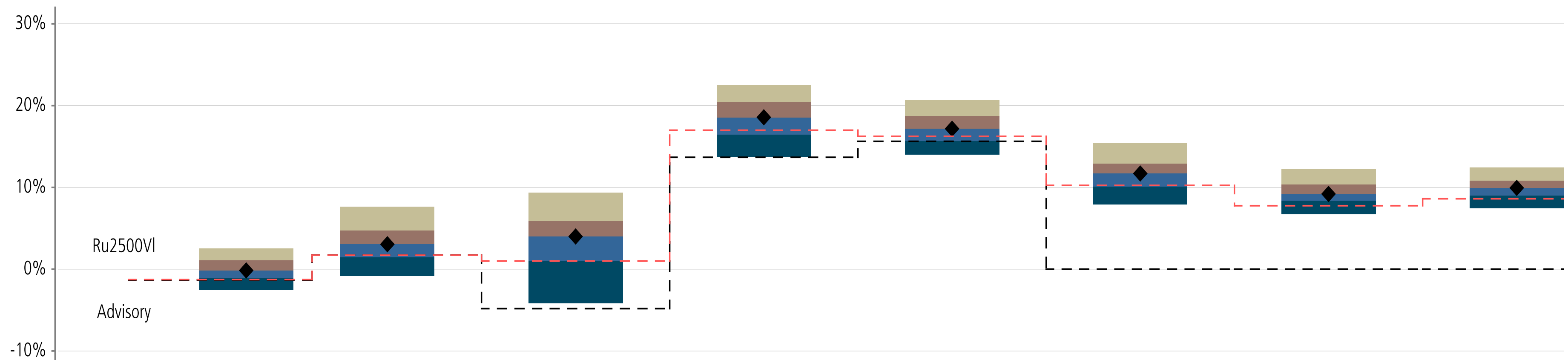
Domestic Large Cap Value Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Eaton Vance LCV	-0.30	65	1.08	45	4.19	63	16.83	67	15.40	77	-	-	-	-	-	-
Jennison	1.15	24	0.84	48	2.22	78	17.84	46	14.71	87	-	-	-	-	-	-
R1000Val	0.11	49	-0.61	79	4.13	63	17.34	59	16.50	58	8.59	70	7.05	80	7.67	77
5 Percent	2.02	-	3.67	-	9.98	-	22.14	-	19.57	-	12.83	-	10.22	-	10.44	-
25 Percent	1.08	-	1.78	-	7.19	-	19.55	-	17.87	-	10.44	-	8.85	-	9.32	-
Median	0.08	-	0.75	-	5.20	-	17.64	-	16.77	-	9.44	-	8.10	-	8.48	-
75 Percent	-0.60	-	-0.45	-	2.59	-	15.81	-	15.48	-	8.33	-	7.20	-	7.72	-
95 Percent	-2.08	-	-2.49	-	-1.62	-	12.85	-	13.35	-	6.51	-	6.15	-	6.44	-

Distribution of Return - Domestic Small Cap Value

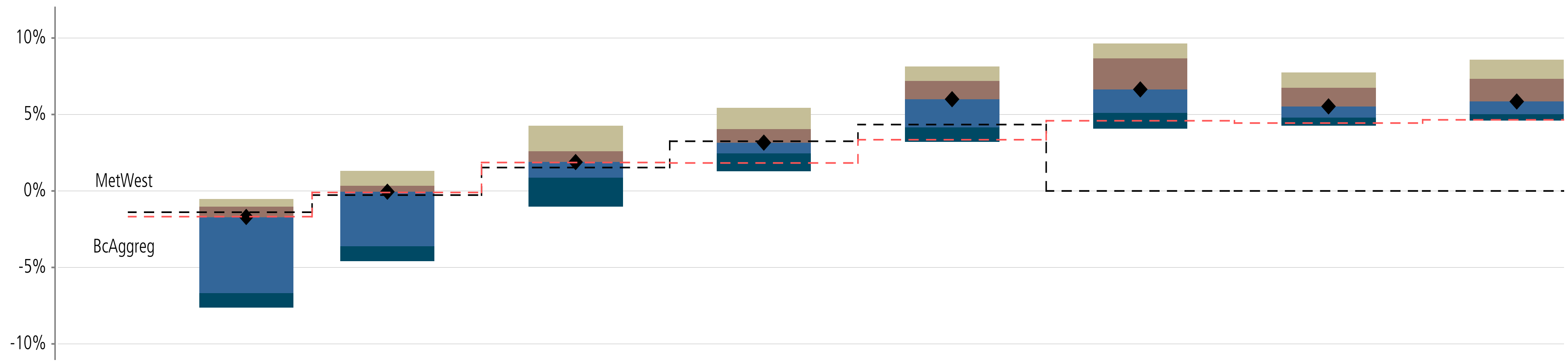
Domestic Small Cap Value Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
Advisory	-1.33	80	1.74	72	-4.82	95	13.68	95	15.63	75	-	-	-	-	-	-
Ru2500Vl	-1.27	80	1.71	73	0.99	76	16.99	70	16.24	69	10.25	71	7.76	84	8.61	80
5 Percent	2.53	-	7.64	-	9.34	-	22.55	-	20.66	-	15.41	-	12.22	-	12.45	-
25 Percent	1.09	-	4.75	-	5.88	-	20.47	-	18.76	-	12.93	-	10.39	-	10.85	-
Median	-0.15	-	3.05	-	4.00	-	18.57	-	17.17	-	11.70	-	9.20	-	9.94	-
75 Percent	-1.11	-	1.46	-	1.02	-	16.45	-	15.68	-	10.09	-	8.38	-	9.03	-
95 Percent	-2.56	-	-0.83	-	-4.15	-	13.70	-	14.02	-	7.93	-	6.75	-	7.43	-

Distribution of Return - Domestic Long Term Fixed

Domestic Long Term Fixed Sample - Total



	3/15 - 6/15		12/14 - 6/15		6/14 - 6/15		6/12 - 6/15		6/10 - 6/15		6/08 - 6/15		6/05 - 6/15		6/04 - 6/15	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
MetWest	-1.39	39	-0.27	61	1.53	63	3.25	45	4.34	70	-	-	-	-	-	-
BcAggreg	-1.68	49	-0.10	52	1.86	52	1.83	88	3.35	92	4.59	86	4.44	88	4.65	91
5 Percent	-0.53	-	1.31	-	4.27	-	5.43	-	8.13	-	9.64	-	7.74	-	8.57	-
25 Percent	-1.02	-	0.35	-	2.61	-	4.05	-	7.20	-	8.67	-	6.75	-	7.34	-
Median	-1.70	-	-0.05	-	1.89	-	3.16	-	6.00	-	6.64	-	5.53	-	5.85	-
75 Percent	-6.67	-	-3.60	-	0.88	-	2.47	-	4.16	-	5.11	-	4.79	-	5.02	-
95 Percent	-7.62	-	-4.58	-	-1.03	-	1.28	-	3.21	-	4.07	-	4.28	-	4.61	-

Portfolio Information

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Policy Index as of 7/2004

Barclay Aggregate	35.00
Russell 1000	34.00
Russell 2000	14.00
MSCI EAFE	12.00
U.S. Treasury Bills	5.00

Policy Index as of 1/2009

Russell 1000	43.00
Barclay Aggregate	31.00
MSCI EAFE	11.00
S&P500 With Dividends	5.00
Russell 2500 Value	4.00
Russell 2000 Growth	3.00
Russell 2500 Growth	3.00

60% Equity 40% Fixed Blend as of 6/2004

ML Capital Markets Index	100.00

60% Equity 40% Fixed Blend as of 6/2009

Wilshire 5000 With Income	60.00
BofAML US Corp, Govt &Mortg	38.00
BofAMLHigh Yield Master Bond	2.00

Merrill Lynch Pierce Fenner & Smith Incorporated ("MLPF&S") programs (including SPA, UMA, Consults, MFA and PI/WDP), client agreements, disclosure statements, and profiles (if applicable) can provide additional information about these programs, including applicable fees, restrictions and other terms. MLPF&S is both a broker-dealer and a registered investment adviser, and it offers both brokerage and investment advisory services. There are important differences between these services, including the type of advice and assistance provided, the fees charged, and the rights and obligations of the parties.

Bank of America Merrill Lynch and Merrill Lynch Wealth Management make available products and services offered by MLPF&S and other subsidiaries of Bank of America Corporation.

Bank of America Merrill Lynch is a brand name that offers products and services for the benefit of institutional and ultra high net worth clients. Both brokerage and investment advisory services are provided by Global Institutional Consultants whom are registered representatives of MLPF&S. The nature and degree of advice and assistance provided, the fees charged, and clients' rights and Merrill Lynch's obligations will differ among these services.

The Private Banking and Investment Group ("PBIG") is a division of Merrill Lynch that offers a broad array of personalized wealth management products and services. Both brokerage and investment advisory services (including financial planning) are offered by the Group's Private Wealth Advisors through Merrill Lynch. The nature and degree of advice and assistance provided, the fees charged, and clients rights and Merrill Lynch's obligations will differ among these services. The banking, credit and trust services sold by the Group's Private Wealth Advisors are offered by licensed banks and trust companies, including Bank of America, N.A., Member FDIC, and other affiliated banks.

Institutional Investments & Philanthropic Solutions is part of U.S. Trust, Bank of America Corporation ("U.S. Trust"). U.S. Trust operates through Bank of America, N.A., member FDIC and other subsidiaries of Bank of America Corporation (BofA Corp.). Banking activities may be performed by Bank of America, N.A. Brokerage services may be performed by wholly owned brokerage affiliates, including MLPF&S. Certain U.S. Trust associates are registered representatives with MLPF&S and may assist you with investment products and services provided through MLPF&S and other nonbank investment affiliates.

Trust and fiduciary services are provided by U.S. Trust, a division of Bank of America, N.A.,Member FDIC.

Insurance and annuity products are offered through Merrill Lynch Life Agency Inc., a licensed insurance agency.

Investment products, insurance and annuity products:

Are Not FDIC Insured	Are Not Bank Guaranteed	May Lose Value
Are Not Deposits	Are Not Insured by Any Federal Government Agency	Are Not a Condition to Any Banking Service or Activity

Portfolio Information

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MLPF&S and Bank of America, N.A. make available investment products sponsored, managed, distributed or provided by companies that are affiliates of BofA Corp. or in which BofA Corp. has a substantial economic interest.

Important Information About This Report

The Institutional Performance Report (IPR) is provided for performance measurement purposes only. The inclusion of any particular manager, security, or other investment vehicle in this report does not constitute a recommendation, endorsement, or ongoing due diligence by Merrill Lynch of any kind with regard to the suitability or the appropriateness of continued investment.

In certain cases, investment accounts are held at Merrill Lynch, Pierce, Fenner & Smith Incorporated, Member SIPC. Bank deposits are held at Bank of America, N.A. and affiliated banks or other depository institutions and are covered by FDIC insurance up to applicable limits. Bank deposits are not protected by SIPC.

You may have identified a value for specific alternative investments and/or other "special" assets all or a portion of which are custodied in non-Merrill Lynch accounts. Be sure to periodically review these accounts with your Financial Advisor, and advise if there have been any changes to the accounts holdings or value.

This Report is designed to assist you in the evaluation of your account(s). In combination with the ongoing advice and guidance of your Merrill Lynch Financial Advisor, the Report helps you in the review phase of the portfolio evaluation process. Please contact your Financial Advisor if you have any questions regarding the information contained in the Report.

This Report provides important information about your account(s), market indices, goals and risk level. The return information for the account(s), market indices and return comparison charts reflect time-weighted rates of return unless the returns are labeled "money weighted rates of return." Time-weighted rates of return should be used to judge the performance of the selected investment manager(s) and the money-weighted rates of return should be used to assess overall growth and accumulation of wealth. Both return calculations reflect transaction costs, market appreciation or depreciation and the reinvestment of capital gains, dividends, interest and other income. Partial Month index returns are not available. The treatment of fees is discussed below.

Data Explanation for Institutional Performance Report

In connection with the information in the Institutional Performance Report, such as the comparisons of the returns of an Institutional Performance Report client's portfolio with those of the selected market indexes

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and other professionally managed portfolios, it should be noted that:

1. Changes in portfolio valuations due to capital gains or losses, dividends, interest or other income are included in the calculation of returns.
2. Transaction costs, such as commissions, are included in the purchase cost or deducted from the proceeds of a sale of a security.
3. Portfolio returns are generally shown before the deduction of investment advisory fees. Investment advisory fees (when reported to Merrill Lynch) are treated as a portfolio withdrawal rather than as a reduction in income and therefore do not reduce returns (unless the client requests that these fees be treated as a reduction in income).
4. When client assets are maintained by an unaffiliated custodian, Merrill Lynch will rely upon the data supplied by the custodian or third party manager in preparing the Institutional Performance Report. Merrill Lynch is not responsible for the accuracy of this data. When special circumstances come to its attention, Merrill Lynch reserves the right to make adjustments which, in its judgment, would more accurately reflect the value of securities held in, and the performance of, a particular portfolio.

When making performance comparisons, it should be noted that:

1. Differences in transaction costs among portfolios will affect portfolio comparisons.
2. The market indexes shown in the Institutional Performance Report do not include transaction costs. If available, an actual investment in these indexes, or in the securities comprising the indexes, would require an investor to incur transaction costs and performance would be reduced by such costs, and their compounded effect. Market indexes or other benchmark returns are shown for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.
3. Performance information from third party sources may differ from that shown in the Institutional Performance Report. These differences may be due to different methods of analysis, different pricing sources, treatment of accrued income, and different accounting procedures. For example, infrequently traded fixed income securities may be priced according to yields calculated on a matrix system which may vary among pricing sources. As another example, if sufficient data is available, Institutional Performance Reports are prepared on a trade date basis, and Institutional Performance Report performance information may differ from reports prepared on a settlement date basis.

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4. Mutual Fund Data Analysis reports as well as valuations of hedge funds are prepared based on information from third party sources. This information has not been verified and cannot be guaranteed. This data may include estimates and is subject to revision.

Pricing of Securities

Pricing of securities is provided for your information. Your Merrill Lynch Account Statement or the account statements provided by other custodians reflect your official record of holdings, balances, and security values. Unless otherwise indicated, values reflect current information as of the date shown at the top of each report. Alternative investments and other "special" assets for which no independent custodial statement is provided will be valued on the basis of information you have provided. Please review these holdings and values with your Financial Advisor on a regular basis.

Performance

Account values, cash flows and returns may differ from other sources due to differing methods of pricing, accounting or calculation. Depending on the source of the data, performance may be reported on either a trade date or settlement date basis. If the information flows from a custodian who reports on a trade date basis, the performance information will be reported on trade date. If the custodian reports information on a settlement date basis, the Institutional Performance Report will reflect settlement date data. From time to time, asset valuation or transaction data may be adjusted, which in turn may impact the portfolio performance calculations and other information shown in the report.

Account returns presented "Net of Fees" reflect the deduction of account fees. Account returns presented "Gross of Fees" are shown without the impact of fees in order to make them comparable to the returns of the market indices. Market indices or other benchmark returns are shown for comparison purposes only, and there is no assurance or guarantee that such performance will be achieved.

It is very important that you provide Merrill Lynch with current information regarding the management of your account(s). If there have been any changes to your financial situation or investment objectives, or if you wish to impose reasonable restrictions on the management of your account(s) or to make reasonable modifications to any existing restrictions, please contact your Financial Advisor so that this information can be updated.

The valuation of alternative investments is prepared based upon information from third party sources. The information has not been verified and cannot be guaranteed. This data may include estimates and is subject to revision. If an account has been managed by more than one manager, the manager name in the report reflects the current manager. However, the return and standard deviation information may be calculated using the entire history of each account. Note that this Report may also include information regarding account(s) that are not managed by an investment manager (i.e., where you make the investment

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decisions).

Asset Allocation

Your Financial Advisor may have customized an asset allocation for your specific situation. Regularly review your asset allocation with your Financial Advisor. Asset allocation does not assure a profit or protect against a loss in declining markets. Asset allocation cannot eliminate the risk of fluctuating prices and uncertain returns.

Important Note about Alternative Investments:

Alternative investments can provide diversification benefits not obtained from more traditional investments, but should be carefully considered based on your investment objectives, risk tolerance and net worth. Alternative investments are often long-term, illiquid investments that are not easily valued. Note that not all assets that could be considered alternative investments are necessarily reflected in the alternative investment allocation.

- For Alternative Investments, Exchange Funds, Hedge Funds, Private Equity, Managed Futures Precious Metals and select Market-Linked Investments may be included.
- For "Other" and "Hard" Assets, items that are not easily classified into the asset classes above (such as business interests, investment real estate, options, and life insurance) are shown for informational purposes only and are not part of your analysis.

Alternative Investment Risks

Alternative Investments carry risks and returns which are generally not correlated with more traditional investments (i.e. equities, fixed income and cash) including Managed Futures, Hedge Funds, Private Equities, income producing Real Estate, Precious Metals, and Market-Linked Investments. For investors who may want to consider alternative investments as part of a diversified portfolio, careful consideration should be given to the risks associated with these investments. The investors investment objectives, risk tolerance and net worth should be appropriate for this asset class as alternative investments are often long-term, illiquid investments that are not easily valued. Often specific levels of net worth and liquidity are required in making certain alternative investments (e.g., for some alternative investments, net worth of $5 million or more is required). In addition, the timing of capital calls and distributions may not be predictable; periodic pricing or valuation information may not be available; and complex tax structures may be utilized and there may be delays in distributing important tax information. Whether a particular investment meets the investment objectives and risk parameters of any particular client must be determined on a case by case basis. No assurance can be given that the investment objectives of any particular alternative investment will be achieved. Many alternative investment products are sold pursuant to exemptions from registration with

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the SEC and may not be subject to the same regulatory requirements as other investment products, such as mutual funds. In addition, each product will be subject to its own specific risks, including strategy and market risk. Certain alternative investments require tax reports on Schedule K-1 to be prepared and filed. As a result, investors will likely be required to obtain extensions for filing federal, state, and local income tax returns each year. For information regarding specific risks of any alternative investment, obtain a copy of the prospectus.

Tax Considerations

Neither Merrill Lynch nor any of its affiliates or financial advisors provide legal, tax or accounting advice. You should consult your legal and/or tax advisors before making any financial decisions.

Client Review Responsibilities for Off Platform Managers

It is important for you to understand that you are responsible for the continued review of the accounts and the performance of investment manager that are not included on a Merrill Lynch managed account platform. You must contact your investment manager if you have any questions or concerns.

We also want to take this opportunity to remind you that for off platform managers, Merrill Lynch will not:

- perform any ongoing due-diligence review with respect to your selected investment manager;
- make any representation concerning your investment manager's abilities or qualifications as an investment adviser; and
- bear responsibility for any of the services rendered, for any information provided, or for any recommendations made by your investment manager with respect to an off platform account.

As such, we strongly encourage you to contact your investment manager on a periodic basis to: (1) discuss your account and its investment performance, (2) review the investment manager's philosophy and style of management (so that you may determine the ongoing compatibility of your investment manager to your level of risk tolerance), (3) discuss any restrictions you may wish to impose or modify on your account, (4) request information regarding conflicts of interest between you and your investment manager, and (5) receive a current copy of the investment manager's Form ADV filing and/or disclosure statement for review. We also suggest that you periodically check the registration status and other information regarding your investment manager, including disciplinary events, at the SEC's website: http://www.adviserinfo.sec.gov.

It is very important that you provide Merrill Lynch and your investment manager with current information regarding the management of your account; particularly if there have been any changes to your financial situation or investment objectives. You should understand that you are responsible for monitoring any investment restrictions, if any, on your account, reviewing such investment restrictions with your investment manager and advising the investment manager of any discrepancies or modifications to such restrictions.

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Consulting Services clients should look to the Consulting Services Disclosure Statement for a description of the important responsibilities that you will continue to have regarding your investment manager. SPA clients should carefully read your SPA Disclosure Statement for further information regarding off platform managers. If you would like to receive a complimentary copy of the current Consulting Services or SPA Disclosure Statement, please send a written request to our administrative offices at the following address: Merrill Lynch, MAS Business Management, 101 Hudson Street, 9th flr., Jersey City, NJ 07302-3997.

Summary Annual Report

Lansing Board of Water and Light Retiree Benefit Plan and Trust

For the Plan Year Ended February 28, 2015

This summary annual report is prepared by the management of the City of Lansing by its Board of Water and Light (d/b/a the Lansing Board of Water and Light). It is prepared pursuant to the requirements of State of Michigan Act No. 347 of 2012, Section 13. (3)(i), and contains the information required by that Act. The names of the System Investment Fiduciaries and the System Service Providers are current as of July 31, 2014. Investment performance is based upon returns for the calendar years 2004 – 2014. Actual and budgeted expenditures are based upon calendar years 2014 and 2013, respectively. All other information is for the System plan years ended February 28, 2015 and February 28, 2014.

Name of the System - Lansing Board of Water and Light Retiree Benefit Plan and Trust.

Names of the System Investment Fiduciaries – The eight members of Board of Commissioners of the Lansing Board of Water and Light (David Price (Chairperson), Dennis M. Louney, Tony Mullen, Tracy Thomas, Ken Ross, Mark Alley, Anthony McCloud, Sandra Zerkle), General Manager Richard Peffley, and Heather Shawa-DeCook, Chief Financial Officer.

Names of the System Service Providers:

Investment Advisor and Plan Administrator - Merrill Lynch Wealth Management, Marie A. Vanerian – Senior Vice President, Wealth Management

Investment Managers:

Advisory Research – SMID Cap Value	ccrawshaw@advisoryresearch.com
Eaton Vance – Large Cap Value	CMurphy1@eatonvance.com
Edgewood Management – Large Cap Growth	JCarrier@edgewood.com
Herndon Capital Management – Large Cap Value	MSydnor@atlantalife.com
Insight – Small Cap Growth	Philip.Hamilton@ICRM.com
JPMorgan – Fixed Income	Brian.t.miller@jpmorgan.com
JPMorgan International – International Value	Brian.t.miller@jpmorgan.com
Jennison Associates - Large Cap Value	TMacdonald@jennison.com
Loomis Sayles - Large Cap Growth	DSowerby@loomissayles.com
MFS Investment - International Core	JKelley3@mfs.com

MetWest – Fixed Income | David.Vick@tcw.com

O'Shaughnessy - SMID Cap Growth | Ari.rosenbaum@osam.com

Wentworth – International Growth | Gladstein.l@whv.com

System Assets, Liabilities, and Changes in Net Plan Assets:

	2/28/2015	2/28/2014	Change
Market Value of Plan Assets	$157,564,646	$148,307,171	$9,257,475
Accrued Liability	$200,196,438	$194,364,686	$5,831,752
Net Plan Assets	-$42,631,792	-$46,057,515	$3,425,723

System Funded Ratio – 79%

System Investment Performance Net of Fees on a Calendar Year Basis (2004 – 2014):

1 Year:	4.50%
3 Years:	11.40%
5 Years:	9.25%
7 Years:	6.61%
10 Years:	6.58%

System Administrative and Investment Expenditures (Calendar Year 2014):

Administrative Expenses:	$0
Investment Expenses:	$1,122,100.53

System Budgeted Expenditures (Calendar Year 2015):

Administrative Expenses:	$0
Investment Expenses:	$1,122,000.00

System Information from the 2014 Actuarial Report:

Number of Active and Inactive Members:	724
Number of Retirees and Beneficiaries:	713
Average Annual Retirement Allowance:	n/a
Total Annual Retirement Allowances Being Paid:	n/a
Valuation Payroll:	n/a
Normal Cost of Benefits as a Percent of Payroll:	n/a
Total Contribution Rate as a Percent of Payroll:	n/a
Weighted Average of Member Contributions:	0%*
Actuarial Assumed Rate of Investment Return:	7.5%
Actuarial Assumed Rate of Long-term Wage Inflation:	n/a
Smoothing Method Used for Funding Value of Assets:	none
Amortization Method and Period Used for Unfunded Liabilities:	Level dollar amount, 30 years
Actuarial Cost Method:	Entry Age Normal Level Dollar
Open or Closed System Membership:	Open

***Current retirees are not subject to premium sharing. For employees hired on/after January 1, 2009, future retiree contributions will be equal to the current employees' healthcare premium sharing.**

Hometown People. Hometown Power.

M E M O R A N D U M

From: Heather Shawa-DeCook, Chief Financial Officer

To: Board of Water and Light Pension Trustees

Date: November 1, 2015

Subject: Review of Investment Managers for the DB and VEBA Funds

In 2008, the Board of Commissioners of the Lansing Board of Water and Light approved the hiring of the Vanerian Group of Bank of America Merrill Lynch (Merrill Lynch) to serve as investment advisors for the Defined Benefit Pension Plan (DB Plan) and the Retiree Benefit Plan and Trust (VEBA Plan). With the advice and assistance of BAML, the BWL undertook the hiring of thirteen investment managers to oversee the investment of the DB Plan and VEBA Plan funds. The current investment managers employed by the BWL are as follows:

Investment Style:	DB Fund Allocation % at 6/30/2015
Large Growth Equity Managers:	
Loomis Sayles	13.5%
Edgewood Mgmt.	13.3%
Large Value Equity Managers:	
Eaton Vance	7.3%
Herndon Capital Mgmt.	7.2%
Jennison Associates	6.5%
Small to Mid Value Equity Manager:	
Advisory Research	3.1%
Small Growth Equity Manager:	
Insight Capital Mgmt.	3.4%
Small to Mid Value Equity Manager:	
O'Shaughnessy Asset Mgmt.	4.1%
International Equity:	
JPMorgan International (Value)	4.6%
MFS Investment Manager (Core)	5.2%
Wentworth Hauser (Growth)	4.3%
Fixed Income:	
JPMorgan (Core)	14.7%
MetWest (Core Plus)	11.8%

Factors Considered in Selecting Investment Managers:

A rigorous review process was utilized in selecting investment managers. First, Merrill Lynch provided the BWL with a list of managers for each investment style (large growth, large value, etc.). All of the listed managers were pre-screened using several criteria: superior performance, repeatable performance, experience and low turnover of the investment personnel, faithful adherence to chosen investment style, and full investment of assigned funds. Second, the top investment manager prospects were interviewed by a panel of BWL employees. The interview panel then selected the best of the best to manage DB and VEBA plan funds.

Management Fees: January – December 2014:

Investment Manager	Manager Fee	ML Fee	Total Fee
Large Cap Growth			
Edgewood	1.00%	0.10%	1.10%
Loomis	0.28%	0.30%	0.58%
Large Cap Value			
Eaton Vance	0.28%	0.30%	0.58%
Herndon	0.28%	0.30%	0.58%
Jennison	0.28%	0.30%	0.58%
Small to Mid Cap Value			
Advisory	0.30%	0.30%	0.60%
Small Cap Growth			
Insight	0.85%	0.10%	0.95%
O'Shaughnessy	0.65%	0.10%	0.75%
International			
JP Morgan	0.35%	0.30%	0.65%
MFS	0.35%	0.30%	0.65%
Wentworth	0.35%	0.30%	0.65%
Fixed Income			
JP Morgan	0.30%	0.10%	0.40%
MetWest	0.35%	0.10%	0.45%

Asset Allocation:

The BWL has chosen to invest its DB and VEBA Plan funds using a 70/30 allocation between stocks and bonds. Compared to other pension and benefits funds that typically allocate 50% or less of available funds to stock investments, the allocation chosen by the BWL is fairly aggressive but has been very rewarding in recent years. The DB and VEBA Plan are ranked in the 17th percentile and 29th percentile, respectively. Since inception annualized returns of 13.5% for DB and 13% annualized returns for VEBA, respectively.

Performance of Investment Managers:

Below is a chart showing the investment returns since inception through June 30, 2015 for the thirteen current investment managers employed by the BWL. These returns are compared to the market index that most closely compares to each investment manager's investment style. Note that due to differing individual portfolio start dates, and different investment styles, the comparative market index will vary from manager to manager.

Investment Manager	Inception Date	Return	Index
Loomis Sayles (LC Growth)	2/7/13	16.9%	18.4%
Edgewood Mgmt. (LC Growth)	3/31/09	19.3%	19.4%
Eaton Vance (LC Value)	3/31/09	15.0%	17.1%
Herndon Capital Mgmt. (LC Value)	8/31/09	14.4%	14.5%
Jennison Associates (LC Value)	3/31/09	16.3%	17.1%
Advisory Research (SC Value)	3/31/09	15.4%	17.6%
Insight Capital Mgmt. (SC Growth)	3/31/09	14.5%	21.2%
O'Shaughnessy Asset Mgmt. (SMID Value)	3/31/09	19.6%	22.2%
JPMorgan International (Value)	3/31/09	11.1%	13.1%
MFS Investment Manager (Core)	3/31/09	11.9%	11.9%
Wentworth Hauser (Growth)	3/31/09	10.3%	11.9%
JPMorgan (Core)	3/31/09	5.1%	4.5%
MetWest (Core Plus)	3/31/09	7.5%	4.5%

Herndon Capital Management was added several months after the initial inception date due to the additional work needed to compile a suitable list of minority-owned managers. Loomis Sayles was added during 2013 because of issues with the previous large growth equity manager, Aletheia Research. As a result, in January 2013 the BWL undertook a search for a new large growth equity manager, and chose Loomis Sayles as a replacement. Loomis Sayles began investing on behalf of the BWL on February 7, 2013.

Investment Manager Watch List:

Eaton Vance and Insight Capital Management were listed on the investment watch list as underperforming compared to their benchmark index in the prior calendar year. However, both investment managers are performing at or above benchmark indices and have since been removed from the watch list.

Jennison Associates- Large Cap Value has been added to the investment watch list as "under review". Jennison Associates is currently undergoing a transition to a new portfolio manager. Jennison Associates is a large capital value equity manager with asset allocation of 6.5%, a value of $4,774,321 under the Defined Benefit Plan and 8.5%, a value of $13,292,499 under the VEBA Plan. Merrill Lynch will continue to monitor Jennsion Associates very carefully as the transition to a new portfolio manager continues.

LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

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Lansing Board of Water and Light
Defined Benefit Plan for Employees' Pensions

Section 1. CREATION OF PLAN The Lansing Board of Water and Light (the "Board") hereby amends and restates the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Plan"). The Board maintains and administers this Plan solely for the benefit of Board *employees*. This amended and restated Plan is effective July 1, 1996. The provisions of this amended and restated Plan apply only to an *employee* who is employed by the Board on or after the effective date, except as otherwise provided herein. The rights under this Plan of any individual who is not employed by the Board on or after the effective date shall be determined under the terms of the Plan which were in effect prior to the effective date, except as otherwise indicated herein.

Section 2. AUTHORITY FOR PLAN The authority for this Plan is Section 5-203.10 of the Lansing City Charter.

Section 3. DEFINITIONS The words and terms used in this Plan have the following meaning (defined words are *italicized* in this document):

A. Age: The birth date stated on the *employee's* birth certificate shall serve as conclusive evidence of *age*, unless the Board receives other satisfactory evidence.

B. Actuarial or Actuarially Equivalent: *Actuarial* or *actuarially equivalent* means equality in value of the aggregate amounts expected to be received under different forms of payment. Such equivalents shall be based on *actuarial* assumptions approved from time to time by the Board with the advice of the Plan actuary.

1. Plan Assumptions. For purposes of establishing *actuarial equivalence*, benefits shall be discounted only for mortality and interest, based on the following:

(a) Interest rate shall be 7.5%; and

(b) Mortality table shall be 1983 Group Annuity Mortality Table, applied on a blended unisex basis.

2. Interest and Mortality Assumptions for Certain Lump Sums. This subsection 2 shall apply instead of subsection 1 above solely for the purpose of calculating the lump sum amounts described in options 7 and 8

of Section 9.A. Each lump sum will be calculated by using the 1983 Group Annuity Mortality Table with a unisex blend approved by the Board. Each such calculation will also use the annual rate of interest on 30-year constant maturity U.S. Treasury securities for the month of December immediately preceding the start of the calendar year in which the distribution occurs.

3. Section 415 Assumptions. Special rules apply to the calculation of actuarially equivalent benefits for purposes of applying the annual limits on benefits contained in Section 8.B. Those special rules are contained in this Section 3.

(a) Rule for Non-Straight Life Annuities Other Than Section 417(e)(3) Annuities. For purposes of applying Code Section 415(b) to a benefit that is not payable in the form of an annual straight life annuity and that is not subject to Code Section 417(e)(3), the determination of whether such a benefit satisfies the Code Section 415(b) limitations is made by comparing the equivalent annual benefit determined in Step 1 below with the lesser of the age-adjusted dollar limit determined in Step 2 below and the Code Section 415(b) compensation limitation described in Step 3 below. For purposes hereof:

(1) "Section 415(b) compensation limitation" means one hundred percent (100%) of the Participant's average compensation for the Participant's high three consecutive years, as adjusted for the 10-year phase in under Code Section 415(b)(5)(B); and

(2) "Age-adjusted dollar limit" means the Code Section 415(b) dollar limitation that applies at the age the benefit is payable.

Step 1: Convert the Plan benefit to an actuarially equivalent straight life annuity (the "equivalent annual benefit). In general, Code Section 415(b)(2)(E)(i) and (v) require that the equivalent annual benefit be the greater of (i) the equivalent benefit computed using the interest rate and mortality table specified in the Plan for actuarial equivalence, and (ii) the equivalent annual benefit computed using a five percent (5%) interest rate assumption and the applicable mortality table. This step does not apply to a benefit that is not required to be converted to a straight life annuity pursuant to Code Section 415(b)(2)(B) (for example, a qualified joint and survivor annuity).

Step 2: Determine the age-adjusted dollar limit (the Code Section 415(b) dollar limitation that applies at the age the benefit is payable). The age-adjusted dollar limit is actuarially equivalent to an annual benefit equal to the Code Section 415(b) dollar limitation payable at the Participant's Social Security Retirement Age.

If the age at which the benefit is payable is 62 or greater, and less than the Participant's Social Security Retirement Age, then the age-adjusted dollar limit is determined by reducing the Code Section 415(b) dollar limitation at the Participant's Social Security Retirement Age by 5/9 of one percent (1%) for each of the first 36 months by which benefits commence before the month in which the Participant's Social Security Retirement Age is attained and by 5/12 of one percent (1%) for each additional month that benefit commencement precedes the Participant's Social Security Retirement Age.

If the age at which the benefit is payable is less than 62, then the age-adjusted dollar limit is determined by reducing the age-adjusted dollar limit at age 62 on an actuarially equivalent basis. In general, Code Sections 415(b)(2)(E)(i) and (v) require that the reduced age-adjusted dollar limit be the lesser of (i) the equivalent annual benefit computed using the interest rate and mortality table specified in the Plan for actuarial equivalence, and (ii) the equivalent annual benefit computed using a five percent (5%) interest rate assumption and the applicable mortality table.

Step 3: Determine the Participant's Code Section 415(b) compensation limitation. This limitation is equal to the Participant's compensation (defined in Plan Section 8.B.1.(d)) averaged over the consecutive three-year period producing the highest such average.

The Plan does not satisfy the Code Section 415(b) limitations unless the equivalent annual benefit determined in Step 1 is not greater than the lesser of the age-adjusted dollar limit determined in Step 2 and the Code Section 415(b) compensation limitation determined in Step 3.

(b) Rule for Non-Straight Life Annuities Which Are Section 417(e)(3) Annuities. For purposes of applying Code Section 415(b)(2)(B) to a benefit that is payable in a form subject to Code Section 417(e)(3), the determination of the equivalent annual benefit is the same as in Step 1 of subsection (1) above, except that the Applicable Interest Rate described in Plan Section 3.B.(2) is substituted for the five percent (5%) interest rate. Thus, the equivalent annual benefit must be the greater of the equivalent annual benefit computed using the Plan interest rate and Plan mortality table and the equivalent annual benefit computed using the Applicable Interest rate and the Applicable Mortality Table which is described in Plan Section 3.B.(2).

(c) Scope of Provision. This Section 3. applies to all Plan benefits, including benefits accrued before the first limitation year beginning after December 31, 1994.

C. **Annual Pay:** *Annual pay* is (1) base pay plus (2) any individual variable pay bonus plus (3) any annual bonus (maximum of 5.0%) tied to organizational performance awarded in the twelve months preceding the effective date of retirement. For hourly full-time *employees*, base pay equals 2,080 times the hourly base rate. For salaried full-time *employees*, base pay equals the annual salary rate. In the case of any salaried *employee* who works not less than 80% of full-time regular hours and who works not more than 99% of full-time regular hours, base pay equals the annual salary rate which would be paid to such *employee* if he or she worked 100% of full-time regular hours. *Annual pay* will be determined by selecting the highest base pay which is in effect during the ten (10) year period ending on the effective date of employment termination for any reason. The *annual pay* of each *employee* taken into account under the Plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is $150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which pay is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 annual compensation limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

Annual pay shall also be calculated for any period of time during which an individual is not compensated by the Board while on a leave of absence described in Section 3.H.3 below. The Board will calculate said *annual pay* by assuming that (1) the individual had remained actively employed by the Board during the entire period of said leave of absence, and (2) the individual's *annual pay* during said assumed period of active employment had been whatever *annual pay* the individual would have received during said period if the individual had remained actively employed by the Board. If said assumed *annual pay* is not reasonably certain, then the Board will assume that the individual's *annual pay* for purposes of this calculation was the individual's *annual pay* for the 12 month period immediately preceding the leave of absence. Where the prior period of employment was less than 12 months, the entire period of employment immediately preceding the leave of absence shall be used to calculate the individual's *annual pay* for purposes hereof.

D. Beneficiary: A *beneficiary* is the person or entity described in Section 13 of this Plan.

E. Disability: *Disability* means a physical or mental impairment resulting from a bodily injury, disease or mental disorder which substantially limits a participant's ability to perform the essential functions of a job. The employer may appoint a reputable physician to assist the employer in its determination of whether total or partial *disability* exists (and the extent of any partial *disability*).

F. *Employee*: Any person employed by the Board and hired on full-time regular status before January 1, 1997. Any such person who terminates employment with the Board on or after January 1, 1997 and who is later reemployed by the Board is not an *employee* and is not eligible for this Plan on reemployment.

G. Pension: The annual single life *pension* benefit calculated in accordance with Plan Section 8 and paid to a *retiree* or *beneficiary* defined by this Plan.

H. Pension Service Credit: *Pension service credit* for *pension* calculation purposes will be determined in accordance with this Section H.

1. An *employee* will receive *pension service credit* for any period during which the *employee* performs the duties of his or her position for the Board.

2. An *employee* will receive *pension service credit* for any period of *disability* for which the *employee* receives any sick leave or paid time off payments, or for which he or she is on an approved workers' compensation leave of absence.

3. This Section 3 applies to any individual who takes a leave of absence from active employment with the Board for the purpose of

completing service in the Uniformed Services of the United States of America. It only applies to an individual who (1) meets the requirements described below for providing advance notice of the impending leave; (2) is on said leave for not more than five (5) years; (3) is discharged or terminates his or her Uniformed Service under honorable conditions; (4) reapplies for reemployment with the Board within the time frame described below; and (5) is reemployed by the Board. Any individual who meets these requirements will receive *pension service credit* for his or her period of Uniformed Service in accordance with this Plan and relevant law.

(a) Uniformed Services. The Uniformed Services include the U.S. Armed Services (including the Coast Guard), the Army National Guard and the Air National Guard (when engaged in active duty for training, inactive duty training, or full-time National Guard duty), and the commissioned corps of the Public Health Service. Other categories of covered service may be added by the President in limited circumstances.

(b) Advance Notice of Impending Leave. The Board must receive written or verbal advance notice of the impending Uniformed Service from the *employee* or the appropriate officer of the Uniformed Service in which the service is to occur. This notice requirement is waived where required by applicable law.

(c) Applying for Reemployment. In general, the individual must report back to the Board for work or apply for reemployment in a manner consistent with this subsection (c).

(1) Uniformed Service of less than 31 days. Notice must be given of the individual's readiness to return to work not later than the beginning of the first full regular scheduled work period of service that starts at least eight hours after the person has been safely transported home from the place of Uniformed Service, or as soon as possible after the eight hour period if reporting by that time is impossible or unreasonable through no fault of the individual.

(2) Uniformed Service of more than 31 days but less than 181 days. Any individual in this category must submit an application for reemployment or present himself or herself for work not later than 14 days after completing

their Uniformed Service or, if meeting this deadline is impossible or unreasonable through no fault of the individual, then on the next calendar day when submission becomes possible.

(3) Uniformed Service of more than 180 days. The individual must submit the application for reemployment or present himself or herself for work not later than 90 days after completion of the Uniformed Service.

The foregoing provisions shall be interpreted in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Code Section 414(u), and any amendments thereto.

4. An *employee* will receive *pension service credit* for any period of active military duty prior to employment for which the *employee* is not otherwise entitled to such credit under Section H.3 above, but only to the extent of 50% of the period of active military duty. A "period of active duty" for this purpose means active duty with any of the armed forces of the United States, under honorable conditions. Periods of active duty of less than thirty (30) days and periods of active duty for training regardless of length are not "periods of active duty" for this purpose. With proper documentation, one-half (50%) of such *service* is *pension service credit* up to a maximum of two (2) years. This provision shall be applied in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Internal Revenue Code Section 414(u).

5. An *employee* will receive *pension service credit* for any period during which the *employee* works full-time for any department of the City of Lansing.

6. When determining an *employee's pension service credit*, lost time due to leave of absence, sickness or accident is not included in the determination of whether a break in *service* has occurred. However, *pension service credit* will not accrue for any leave of absence (whether or not approved), subject to Board leave of absence policy. *Pension service credit* also does not accrue for unpaid absences of any kind over 80 hours per year. If an *employee* terminates employment during a leave of absence, or other absence due to sickness or accident, the applicable provisions of this Plan will apply to such termination.

7. Any *employee* who is actively performing the duties of his or her position for the Board at the time of his or her application to purchase *pension service credit* which is described herein may purchase up to two years of *pension service credit* under the following circumstances:

(a) the purchase must be at the true actuarial cost of the purchase to the Plan, based on actuarial assumptions selected by the Board and the Plan actuary;

(b) the purchase must be applied for during the 90 day period preceding the *employee's* Normal Retirement Date;

(c) *pension service credit* purchased hereunder may not be treated as years of *service* for vesting, nor may it be used to qualify an *employee* for the 30 years of *pension service credit* benefit described in Plan Section 5; and

(d) the sole purpose for which any such purchased *pension service credit* may be used is in calculating an *employee's* annual *pension* amount under Plan Section 8.A.

Notwithstanding the foregoing, no *pension service credit* will be granted for:

(1) any period of employment at the Board during which the *employee* is receiving monthly *pension* checks from the defined benefit pension plan sponsored by the City of Lansing;

(2) any period of employment for any department of the City of Lansing for which the *employee* is receiving a *pension* benefit from the defined benefit pension plan sponsored by the City of Lansing; and

(3) any period of employment for which an *employee* has received or is receiving a benefit payment from the Plan.

I. Plan Year: The twelve consecutive month period beginning on July 1 and ending on the next June 30.

J. Retiree: Former *employee* who has retired under the provisions of this Plan.

K. Service:

1. Service under this Section K.1 includes any period an *employee* performs the duties of his or her position for the Board and any period of *disability* for which an *employee* receives any pay from the Board or is on an approved workers' compensation leave of absence.

2. This Section K.2 applies to any individual who takes a leave of absence from active employment with the Board for the purpose of completing service in the Uniformed Services of the United States of America. It only applies to an individual who (1) meets the requirements described below for providing advance notice of the impending leave; (2) is on said leave for not more than five (5) years; (3) is discharged or terminates his or her Uniformed Service under honorable conditions; (4) reapplies for reemployment with the Board within the time frame described below; and (5) is reemployed by the Board. (In the case of any individual who meets these requirements, *service* includes his or her period of Uniformed Service in accordance with this Plan and relevant law.)

(a) Uniformed Services. The Uniformed Services include the U.S. Armed Services (including the Coast Guard), the Army National Guard and the Air National Guard (when engaged in active duty for training, inactive duty training, or full-time National Guard duty), and the commissioned corps of the Public Health Service. Other categories of covered service may be added by the President in limited circumstances.

(b) Advance Notice of Impending Leave. The Board must receive written or verbal advance notice of the impending Uniformed Service from the individual or the appropriate officer of the Uniformed Service in which the service is to occur. This notice requirements is waived where required by applicable law.

(c) Applying for Reemployment. In general, the individual must report back to the Board for work or apply for reemployment in a manner consistent with this subsection (c).

(1) Uniformed Service of less than 31 days. Notice must be given of the individual's readiness to return to work not later than the beginning of the first full regular scheduled work period of service that starts at least eight

hours after the person has been safely transported home from the place of Uniformed Service, or as soon as possible after the eight hour period if reporting by that time is impossible or unreasonable through no fault of the individual.

(2) Uniformed Service of more than 31 days but less than 181 days. Any individual in this category must submit an application for reemployment or present himself or herself for work not later than 14 days after completing their Uniformed Service or, if meeting this deadline is impossible or unreasonable through no fault of the individual, then on the next calendar day when submission becomes possible.

(3) Uniformed Service of more than 180 days. The individual must submit the application for reemployment or present himself or herself for work not later than 90 days after completion of the Uniformed Service.

The foregoing provisions shall be interpreted in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Code Section 414(u), and any amendments thereto.

L. **Vested:** An *employee* is *vested* in the benefits provided in this Plan according to the following schedule:

Years of *service* completed	Specified percent vesting
0-2 years	0% of the benefits provided in this Plan
3 years	20% of the benefits provided in this Plan
4 years	40% of the benefits provided in this Plan
5 years	60% of the benefits provided in this Plan
6 years	80% of the benefits provided in this Plan
7 years	100 % of the benefits provided in this Plan

An *employee* is also 100% vested in the benefits provided in this Plan on attainment of the Normal Retirement Date or the Early Retirement Date, regardless of the number of years of service completed.

Section 4. ELIGIBILITY Any *employee* who meets the vesting requirements (if any) and the *age* and *pension service credit* requirements for a normal retirement, a *disability* retirement, an early retirement with reduced *pension*, or a deferred vested retirement (as specified in Section 8A3) is eligible to retire. *Employees* should make application for determination of *pension* options 60 days prior to the desired retirement date.

Section 5. RETIREMENT DATE

A. Normal Retirement Date Defined. In the case of any *employee* hired before July 1, 1990, the normal retirement date is the earlier of:

1. the first day of the month on or after the date on which the *employee* has attained age 60;

2. the first day of the month on or after the date on which the *employee* has attained age 55 and completed 30 years of *pension service credit*; and

3. in the case of any *employee* who has terminated employment with the Board after attaining age 45 and completing 25 years of *pension service credit*, the first day of the month on or after the date on which the *employee* has attained age 55 and would have completed 30 years of *pension service credit* if he or she had remained employed by the Board as a regular full-time employee after his or her most recent termination of employment with the Board.

In the case of any *employee* hired on or after July 1, 1990, the normal retirement date is the first day of the month following the date on which the *employee* attains age 65.

B. Early Retirement Date Defined. An *employee* with twenty-five (25) years of *pension service credit* may retire with a reduced *pension* during the ten (10) years immediately preceding his or her normal retirement date. An *employee* with fifteen (15) years of *pension service credit* may retire with a reduced *pension* during the five (5) years immediately preceding their normal retirement date.

Section 6. BREAK IN *SERVICE* The *pension service credit* of any *employee* whose employment by the Board is terminated and who is reemployed by the Board on or before December 31 1996 shall be determined in accordance with this Section 6.

A. All *pension service credit* of an *employee* who is reemployed within 365 days after employment termination shall be reinstated on reemployment. If his or her *pension* benefit was paid in one lump sum on account of said employment termination, no such reinstatement shall occur except as described in Section 7.B. below. No *pension service credit* will be earned for the period between employment termination and reemployment.

B. All *pension service credit* of an *employee* who is reemployed more than 365 days after employment termination and who was eligible for a deferred *vested pension* on said employment termination shall be reinstated on reemployment. If his or her *pension* benefit was paid in one lump sum on account of said employment termination, no such reinstatement shall occur except as described in Section 7.B. below. No *pension service credit* will be earned for the period between employment termination and reemployment.

C. All *pension service credit* of an *employee* who is reemployed more than 365 days after employment termination and who was not eligible for a deferred *vested pension* on said employment termination shall be reinstated on reemployment if the period between employment termination and reemployment does not exceed the *pension service credit* accumulated prior to said termination. If his or her *pension* benefit was paid in one deemed lump sum on account of said employment termination, no such reinstatement shall occur except as provided in Section 7.B. below. No *pension service credit* will be earned for the period between employment termination and reemployment.

D. In the case of an *employee* who is called to any kind of military service, *pension service credit* will be given in accordance with the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Internal Revenue Code Section 414(u).

Regardless of any other provisions of this section, any *employee* on June 30, 1987 who lost *pension service credit* as a result of a termination shall have their *pension service credit* reinstated as of July 1, 1987. Any *employees* hired on or after July 1, 1987 shall be subject to the return to *service* provisions above. This provision is for *pension* calculation purposes only.

Section 7. *PENSION* PAYMENT

A. General Rule. The annual single life *pension* calculated in accordance with Section 8 will be divided by 12 and paid as a monthly benefit for the life of the *employee* unless an optional form of benefit is selected in accordance with Section 9. The first payment will be made as of the last day of the month in which the *employee* retires. If retirement begins other than on the first day of the month, the number of days retired during the month determines the prorated payment as of the last day of that first month. No *retiree* will receive a *pension* for any part ~~of the month in which the~~ *retiree* dies. No *employee* will receive a *pension* payment while working as a full-time regular *employee* for the Board.

B. Involuntary Cashout.

1. Any benefit payable under this Plan shall be paid within one year after termination of employment in the form of a lump sum distribution ('Involuntary Cash Out') if the present value of the terminated *employee's vested pension* benefit which the terminated *employee* receives at the time of distribution does not exceed $3,500 ($5,000 effective July 1, 2001) or such other maximum amount as is permitted by relevant law. If a Participant would have received a distribution under the preceding sentence but for the fact that said present value exceeded $5,000 when the Participant terminated employment and if at a later time such present value is reduced so that it is not greater than $5,000, the *employee* will receive a distribution of such present value and the nonvested portion will be treated as forfeited. The present value of the *employee's pension* benefit shall be calculated in accordance with the actuarial assumptions described in Section 3.B.2. If the present value of the *employee's vested pension* benefit is zero, the *employee* shall be deemed to have received a distribution of such *vested pension* benefit. Any nonvested portion of the *employee's pension* benefit will be treated as a forfeiture.

2. If any portion of an *employee's pension* benefit is forfeited by virtue of the above paragraph, said *pension* benefit (including all optional forms of benefits relating to such benefit) shall be restored to the Plan along with the *pension* benefit represented by the amount of the distribution upon repayment by the *employee* of the full amount of the distribution. The right to repay shall be contingent upon the occurrence of all of the events described in Code Section 411(a)(7).

3. If an *employee* is deemed to receive a distribution pursuant to Section 7.B. above because the present value of the *employee's vested pension* is zero, and if the *employee* resumes employment covered under this Plan before the date the *employee* incurs a break in *service*, then the unvested accrued benefit which was forfeited pursuant to Section 7.B. above will be restored to the amount of such deemed distribution as of the *employee's* reemployment date.

Section 8. REGULAR *PENSION* AMOUNT

A. Calculation of Benefit.

1. Normal Retirement. Calculation of the annual *pension* amount is as follows: The product of the *employee's pension service credit* multiplied by 1.80% (.018) multiplied by the *employee's annual pay*. This formula applies only to *employees* who perform *service* for the Board on or after July 1, 1996. The annual *pension* amount of an *employee* who did not perform *service* for the Board on or after July 1, 1996 shall be determined in accordance with the Plan as in effect prior to July 1, 1996.

2. Early Retirement. An *employee* having fulfilled the requirement as to *pension service credit* required in Section 5 may retire prior to the normal retirement date with a reduced *pension*. Such *employees* retiring and not qualifying for normal retirement under Section 5 will have the *pension* reduced by 0.25% multiplied by the months and fraction of a month for up to the first sixty (60) months contained in the period from the early retirement date described in Section 5 to the normal retirement date. From the sixty-first (61st) up to the one-hundred-twentieth (120th) month preceding the normal retirement date, his or her *pension* will be reduced by 0.4167% multiplied by the months and fraction of a month preceding the normal retirement date.

3. Deferred Vested Retirement. If an *employee* terminates employment with the Board for any reason other than death or *disability* prior to the normal or early retirement date specified in Plan Section 5, and if the *employee* has completed at least three (3) years *service* on said employment termination, the *employee* is eligible to receive a *pension* the amount of which is determined in accordance with this Section 8.A. and pursuant to the *vesting schedule* which appears in Plan Section 3.

4. Compliance With USERRA. The annual *pension* amount which is calculated pursuant to this Section 8.A shall be determined in accordance with USERRA and Code Section 414(u).

B. Maximum Annual *Pension* Benefit by Law. Regardless of any other provision in this Plan to the contrary, in no event shall the maximum annual *pension* benefit payable to any *employee* from this Plan exceed the limits described in this Section B:

1. This Section applies regardless of whether any *employee* is or has ever been an *employee* in another qualified plan maintained by the Board.

If any *employee* is or has ever been an *employee* in another qualified plan maintained by the Board, or a welfare benefit fund, as defined in Internal Revenue Code ("Code") Section 419(e), maintained by the Board, or an individual medical account, as defined in Code Section 415(l)(2), which provides an Annual Addition as defined in Section 8.B.4., then Section B is also applicable to that *employee's* benefits.

(a) The Annual Benefit otherwise payable to an *employee* at any time will not exceed the Maximum Permissible Amount. If the benefit the *employee* would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Amount, the rate of accrual will be reduced so that the Annual Benefit will equal the Maximum Permissible Amount.

(b) The limitation in Paragraph (a) above is deemed satisfied if the Annual Benefit payable to an *employee* is not more than $1,000 multiplied by the *employee's* number of years of *service* for vesting or parts thereof (not to exceed 10) with the Board and the Board has not maintained a defined contribution plan, a welfare benefit plan as defined in Code Section 419(e), or an individual medical account, as defined in Code Section 415(l)(2), in which such *employee* participated.

2. This Section applies if any *employee* is covered, or has ever been covered, by another plan maintained by the Board, including a qualified plan, a welfare benefit fund as defined in Code Section 419(e), or an individual medical account, as defined in Code Section 415(l)(2), which provides an Annual Addition as described in Section 8.B.4., maintained by the Board.

(a) If an *employee* is, or has ever been, covered under more than one defined benefit plan maintained by the Board, the sum of the *employee's* Annual Benefits from all such plans may not exceed the Maximum Permissible Amount.

(b) If the Board maintains, or at any time maintained, one or more qualified defined contribution plans covering any *employee* in this Plan (or if, after December 31, 1985, the Board maintains a welfare benefit fund, as described in Code Section 419(e)), or an individual medical account, as defined in Code Section 415(l)(2), the sum of the *employee's* Defined Contribution Fraction and Defined Benefit Fraction will not exceed 1.0 in any Limitation Year, and the Annual Benefit otherwise payable to the *employee* under this Plan will be limited in accordance with this Section of the Plan. This subsection (b) will not apply for any Plan Year beginning on or after January 1, 2000.

3. In the case of an individual who was an *employee* under one or more defined benefit plans of the Board as of the first day of the first Limitation Year beginning after December 31, 1986, the application of the limitations of this Section shall not cause the Maximum Permissible Amount for such individual under all such defined benefit plans to be less than the individual's current Accrued Benefit. The preceding sentence applies only if all such defined benefit plans met the requirements of Code Section 415, for all Limitation Years beginning before May 6, 1986. The preceding sentence applies only if such defined benefit plans met the requirements of Code Section 415, for all Limitation Years beginning before January 1, 1987.

4. Definitions.

(a) Adjustment Factor: The cost-of-living adjustment factor prescribed by the Secretary of the Treasury under Code Section 415(d) for years beginning after December 31, 1987, applied to such items and in such manner as the Secretary shall prescribe.

(b) Annual Additions: The sum of the following amounts credited to an *employee's* account for the Limitation Year:

(1) Board contributions;

(2) *Employee* contributions;

(3) Forfeitures, and

(4) Amounts allocated to an individual medical account, as defined in Code Section 415(l)(2), which is part of a *pension* or annuity plan maintained by the Board are treated as Annual Additions to a defined contribution plan.

(c) Annual Benefit: A retirement benefit under the Plan which is payable annually in the form of a single life annuity. Except as provided below, a benefit payable in a form other than a single life annuity must be adjusted to an actuarially equivalent single life annuity before applying the limitations of this Section. The actuarially equivalent single life annuity is equal to the greater of:

(1) the annuity benefit computed using the interest rate and mortality table specified in Plan Section 3.B.1., and (2) the annuity benefit computed using a 5% interest rate assumption and the applicable mortality table specified in Plan Section 3.B.2. The Annual Benefit does not include any benefits attributable to *employee* contributions or rollover contributions, nor does it include the assets transferred from a qualified plan that was not maintained by the Board. No actuarial adjustment to the benefit is required for (a) the value of a joint and survivor *pension* the survivor portion of which is not less than 50% and not more than 100% of the amount of the annuity payable during the life of the *employee*, (b) the value of benefits that are not directly related to retirement benefits (such as a qualified *disability* benefit, a pre-retirement death benefit or a post-retirement medical benefit), and (c) the value of post-retirement cost-of-living increases made in accordance with Code Section 415(d) and Section 1.415-3(c)(2)(iii) of the Federal Income Tax Regulations.

(d) Compensation:

(1) Compensation for Each Plan Year Beginning Prior to January 1, 1998. For purposes of this Section 8, Compensation shall mean an *employee's* earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Board maintaining the Plan (including, but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses), and excluding the following:

[a] Board contributions to a plan of deferred compensation which are not includible in the *employee's* gross income for the taxable year in which contributed, or Board contributions under a simplified *employee pension* plan to the extent such contributions are deductible by the *employee*, or any distributions from a plan of deferred compensation;

[b] Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the *employee* either becomes

freely transferable or is no longer subject to a substantial risk of forfeiture;

[c] Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option; and

[d] Other amounts which received special tax benefits, or contributions made by the Board (whether or not under a salary reduction agreement) towards the purchase of an annuity described in Code Section 403(b) (whether or not the amounts are actually excludible from the gross income of the *employee*).

For Limitation Years beginning after December 31, 1991, compensation for a Limitation Year is the compensation actually paid or made available during such Limitation Year.

(2) Compensation for Each Plan Year Beginning on or After January 1, 1998. For purposes of this Section B.4.(d)(2), Compensation shall mean an *employee's* earned income, wages, salaries, and fees for professional services and other amounts received for personal services actually rendered in the course of employment with the Board maintaining the Plan (including, but not limited to commissions paid salesmen, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips and bonuses), with the adjustments noted below.

[a] Board contributions to a plan of deferred compensation which are not includible in the *employee's* gross income for the taxable year in which contributed, or Board contributions under a simplified employee pension plan to the extent such contributions are deductible by the *employee*, or any distributions from a plan of deferred compensation shall be excluded from compensation; provided, that such Board contributions which are made pursuant to a compensation deferral agreement signed by an *employee* pursuant to which the

employee elects to defer receipt of compensation shall be included in compensation for purposes of this Section.

[b] Amounts realized from the exercise of a nonqualified stock option, or when restricted stock (or property) held by the *employee* either becomes freely transferable or is no longer subject to a substantial risk of forfeiture shall be excluded from compensation.

[c] Amounts realized from the sale, exchange or other disposition of stock acquired under a qualified stock option shall be excluded from compensation.

[d] Amounts which an *employee* elects not to receive as taxable compensation pursuant to Code Section 125 or (effective for Limitation Years beginning on and after January 1, 2001) Code Section 132(f)(4) shall be included in compensation for purposes of this Section.

Compensation for a Limitation Year is the compensation actually paid or made available during such Limitation Year.

(e) Current Accrued Benefit: An *employee's* Accrued Benefit under the Plan, determined as if the *employee* had separated from *service* as of the close of the last Limitation Year beginning before January 1, 1987, when expressed as an annual benefit within the meaning of Code Section 415(b)(2). In determining the amount of an *employee's* Current Accrued Benefit, the following shall be disregarded:

(1) any change in the terms and conditions of the Plan after May 5, 1986; and

(2) any cost-of-living adjustment occurring after May 5, 1986.

(f) Defined Benefit Dollar Limitation: The Defined Benefit Dollar Limitation shall mean the $90,000 limitation set forth in Code Section 415(b)(1). Effective on January 1, 1988, and each

January 1 thereafter, the Dollar Limitation will be automatically adjusted by multiplying such limit by the cost-of-living adjustment factor prescribed by the Secretary of the Treasury under Code Section 415(d) in such manner as the Secretary shall prescribe. The new limitation will apply to limitation years ending within the calendar year of the date of the adjustment.

(g) Defined Benefit Fraction: A fraction, the numerator of which is the sum of the *employee's* projected Annual Benefits under all the defined benefit plans (whether or not terminated) maintained by the Board, and the denominator of which is the lesser of 125% of the dollar limitation determined for the Limitation Year under Code Sections 415(b) and (d) or 140% of the Highest Average Compensation, including any adjustments under Code Section 415(b).

Notwithstanding the above, if the *employee* was an *employee* as of the first Limitation Year beginning after December 31, 1986 in one or more defined benefit plans maintained by the Board which were in existence on May 6, 1986, the denominator of this fraction will not be less than 125% of the sum of the Annual Benefits under such plans which the *employee* had accrued as of the close of the last Limitation Year beginning before January 1, 1987, disregarding any changes in the terms and conditions of the plans after May 5, 1986. The preceding sentence applies only if said defined benefit plans individually and in the aggregate satisfied the requirements of Code Section 415 for all Limitation Years beginning before January 1, 1987.

(h) Defined Contribution Dollar Limitation: The Defined Contribution Dollar Limitation shall mean $35,000 as adjusted under Internal Revenue Code Section 415(d).

(i) Defined Contribution Fraction: A fraction, the numerator of which is the sum of the Annual Additions to the *employee's* account under all of the defined contribution plans (whether or not terminated) maintained by the Board for the current and all prior Limitation Years (including the Annual Additions attributable to the *employee's* nondeductible *employee* contributions to this and all other defined benefit plans (whether or not terminated) maintained by the Board and the Annual Additions attributable to all welfare benefit funds, as defined in Code Section 419(e), or individual medical accounts, as defined in Code Section 415(l)(2), maintained by the Board), and the denominator of which is the sum of the Maximum Aggregate Amounts attributable to all such plans for the current and all prior Limitation Years of *Service* with the Board (regardless of whether a defined contribution plan was maintained by the Board).

The Maximum Aggregate Amount in any Limitation Year is the lesser of 125% of the dollar limitation determined under Code Sections 415(b) and (d) in effect under Code Section 415(c)(1)(A) or 35% of the *employee's* Compensation for such year.

If the *employee* was an *employee* as of the first day of the first Limitation Year beginning after December 31, 1986, in one or more defined contribution plans maintained by the Board which were in existence on May 6, 1986, the numerator of this Fraction will be adjusted if the sum of this Fraction and the Defined Benefit Fraction would otherwise exceed 1.0 under the terms of this Plan. Under the adjustment, an amount equal to the product of (1) the excess of the sum of the fractions over 1.0 times (2) the denominator of this Fraction, will be permanently subtracted from the numerator of this Fraction. The adjustment is calculated using the fractions as they would be computed as of the end of the last Limitation Year beginning before January 1, 1987, and disregarding any changes in the terms and conditions of the plans made after May 5, 1986, but using the Code Section 415 limitation applicable to the first Limitation Year beginning on or after January 1, 1987. This adjustment is only required for Limitation Years ending in or before calendar year 2000.

(j) Board: For purposes of this Section 8, Board shall mean the Board that adopts this Plan, and all members of a controlled group of corporations (as defined in Code Section 414(b), as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c) as modified by Code Section 415(h)), or affiliated service groups (as defined in Code Section 414(m)) of which the adopting Board is a part, and any other entity required to be aggregated with the Board pursuant to Regulations under Code Section 414(o).

(k) Limitation Year: A calendar year, or the 12 consecutive month period elected by the Board. All qualified plans maintained by the Board must use the same Limitation Year. The Limitation Year for purposes of this Plan shall be the same as the *Plan Year* through December 31, 1996. Effective January 1,1997, the Limitation Year shall be the 12 consecutive month period beginning on January 1 and ending on the next succeeding December 31. If the Limitation Year is amended to a different 12 consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(l) Maximum Permissible Amount: The Maximum Permissible Amount is the Defined Benefit Dollar Limitation. Each January 1 the foregoing Defined Benefit Dollar Limitation will be automatically adjusted to the new dollar limitation determined by the Commissioner of Internal Revenue for Limitation Years commencing in the calendar year then beginning.

(1) Adjustment of Limitation for Years of *Service* or Participation. If the *employee* has less than ten years of participation with the Board, the Defined Benefit Dollar Limitation is reduced by one-tenth for each year of participation (or part thereof) less than ten. To the extent provided in Regulations or in other guidance issued by the Internal Revenue Service, the preceding sentence shall be applied separately with respect to each change in the benefit structure of the Plan. If the *employee* has less than ten Years of *Service* with the Board, the Compensation limitation is reduced by one-tenth for each Year of *Service* (or part thereof) less than ten. The adjustments of this Section (a) shall be applied in the denominator of the Defined Benefit Fraction based upon Years of *Service*. Years of *Service* shall include future years occurring before the *employee's* Normal Retirement Age. Such future years shall include the year which contains the date the *employee* reaches Normal Retirement Age, only if it can be reasonably anticipated that the *employee* will receive a Year of *Service* for such year. This reduction shall not apply to certain *disability* and survivor benefits described in Code Section 415(b)(2)(I).

(2) Adjustment for Early Retirement. If the Annual Benefit of the *employee* commences before the *employee's* Social Security retirement age, but on or after *age* 62, the Defined Benefit Dollar Limitation as reduced above (if necessary) shall not be further reduced.

If the Annual Benefit of an *employee* commences prior to *age* 62, the Defined Benefit Dollar Limitation shall be the actuarial equivalent of an Annual Benefit beginning at *age* 62, as determined above, reduced for each month by which benefits commence before the month in which the *employee* attains *age* 62. To determine actuarial equivalence, the interest rate assumption is the greater of the rate specified in assumptions adopted from time to time by the Board or 5%. Any decrease in the Defined Benefit Dollar Limitation determined in accordance with this Section (b) shall not reflect the mortality decrement to the extent that benefits will not be forfeited upon the death of the *employee*. However, this limit cannot be reduced below the actuarial equivalent of $75,000 payable at *age* 55. In addition, no early retirement reduction shall apply to those *disability* and survivor benefits described in Code Section 415(b)(2)(I).

(3) Adjustment for Deferred Retirement. If the Annual Benefit of an *employee* commences after the *employee's* Social Security retirement age, the Defined Benefit Dollar Limitation as reduced in (b) above (if necessary) shall be adjusted so that it is the actuarial equivalent of an Annual Benefit of such dollar limitation beginning at the *employee's* Social Security retirement age. To determine actuarial equivalence, the interest rate assumption used is the lesser of the rate specified in Section 3B of the Plan or 5%.

(4) Preservation of Current Accrued Benefit Under Defined Benefit Plan. This subsection (4) shall apply to defined benefit plans that were in existence on May 6, 1986, and that met the applicable requirements of Code Section 415 as in effect for all Limitation Years.

If the Current Accrued Benefit of an individual who is an *employee* as of the first day of the Limitation Year beginning on or after January 1, 1987, exceeds the benefit limitations under Code Section 415(b) (as modified by this subsection (l)), then, for purposes of Code Sections 415(b) and (e), the Defined Benefit Dollar Limitation with respect to such individual shall be equal to such Current Accrued Benefit.

Notwithstanding the foregoing, if the *employee* was an *employee* in a plan in existence on July 1, 1982, the Maximum Permissible Amount shall not be less than the *employee's* Current Accrued Benefit.

(m) Projected Annual Benefit: The Annual Benefit to which the *employee* would be entitled under the terms of the Plan assuming:

(1) The *employee* will continue employment until Normal Retirement Date under the Plan (or current *age*, if later), and

(2) The *employee's* Compensation for the current Limitation Year and all other relevant factors used to determine benefits under the Plan will remain constant for all future Limitation Years.

(n) Social Security Retirement Age: *Age* 65 in the case of an *employee* attaining *age* 62 before January 1, 2000 (i.e., born before January 1, 1938), *age* 66 for an *employee* attaining *age* 62 after December 31, 1999, and before January 1, 2017 (i.e., born after December 31, 1937, but before January 1, 1955), and *age* 67 for an *employee* attaining *age* 62 after December 31, 2016 (i.e., born after December 31, 1954).

(o) Year of Participation: The *employee* shall be credited with a year of participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met:

(1) The *employee* is credited with at least the number of hours of *service* for benefit accrual purposes required under the terms of the Plan in order to accrue a benefit for the accrual computation period, and

(2) The *employee* is included as an *employee* under the eligibility provisions of the Plan for at least one day of the accrual computation period.

If these two conditions are met, the portion of a year of participation credited to the *employee* shall equal the amount of benefit accrual *service* credited to the *employee* for such accrual computation period. An *employee* who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for an accrual computation period shall receive a year of participation with respect to that period. In addition, for an *employee* to receive a year of participation (or part thereof) for an accrual computation period, the Plan must be established no later than the last day of such accrual computation period. In no event will more than one year of participation be credited for any 12-month period.

5. Automatic Increases. As of each January 1, any benefit in pay status which was limited by the Maximum Permissible Amount in the last preceding Limitation Year shall be increased to the extent permitted by the automatic adjustment described in Section 8 above.

If accruals under this Plan would otherwise exceed the foregoing limits, then the rate of benefit accrual under this Plan shall be reduced to the extent necessary so that (1) the total Annual Benefits payable at any time under all relevant defined benefit plans will not exceed the Maximum Permissible Amount; and (2) the sum of the Defined Contribution Fraction and the Defined Benefit Fraction determined hereunder will equal 1.0.

Section 9. OPTIONAL REDUCED *PENSION* AMOUNT

A. Distribution Options. An *employee* may elect, at or before retirement, to convert the regular single life *pension* into an optional reduced *pension* of *actuarially equivalent* value.

Any distribution to be made pursuant to either option 7 or option 8 may occur within a reasonable time after termination of employment for any reason. Any *employee* electing option 7 or option 8 shall select a distribution date in accordance with written procedures adopted by the Board. An option election is irrevocable after the *employee's* retirement date. The spouse of any married *employee* must consent in writing to the form of *pension* benefit paid under the Plan and the benefit commencement date.

1. **Option 1.** A reduced *pension* during the *employee's* life with the provision that after death it shall continue during the life of a designated *beneficiary*. (100% joint survivor)

2. **Option 2.** A reduced *pension* during the *employee's* life with the provision that after death 50% of the reduced *pension* shall continue during the life of a designated *beneficiary*. (50% joint survivor)

3. **Option 3.** A reduced *pension* during the *employee's* life with the provision that after death no less than 15% of the reduced *pension* shall continue during the life of a designated *beneficiary*. (variable % joint survivor)

4. **Option 4.** A reduced *pension* during the *employee's* life with the provision that after death it shall continue during the life of a designated *beneficiary*. If the *beneficiary* dies first, the *pension* amount will revert back to the regular amount of *pension* that would have been effective at retirement. (100% joint survivor w/popup)

5. **Option 5.** A reduced *pension* during the *employee's* life with the provision that after death 50% of the reduced *pension* shall continue during the life of a designated *beneficiary*. If the *beneficiary* dies first, the *pension* will revert back to the regular amount of *pension*, which would have been effective at retirement. (50% joint survivor w/popup)

6. **Option 6.** A reduced *pension* during the *employee's* life with the provision that after death no less than 15% of the reduced *pension* shall continue during the life of a designated *beneficiary*. If the *beneficiary* dies first, the *pension* will revert back to the regular amount of *pension* that would have been effective at retirement. (variable % joint survivor w/popup)

7. **Option 7.** A single lump sum distribution of the equivalent actuarial value of the *employee's vested pension* benefit in lieu of a monthly *pension*.

8. **Option 8.** A direct rollover of the equivalent actuarial value of the *employee's vested pension* benefit to another plan that satisfies the requirements of this Option 8. A distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. For purposes of this Option 8, the following definitions shall apply:

> (a) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the amount to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the

distributee and the distributee's designated *beneficiary*, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Board securities).

(b) Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), or a qualified trust described in Code Section 401(a), that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

(c) Distributee: A distributee includes an *employee* or former *employee*. In addition, the *employee's* or former *employee's* surviving spouse and the *employee's* or former *employee's* spouse or former spouse who is the alternate payee under an eligible domestic relations order which complies with the Eligible Domestic Order Act (Public Act 46 of 1991) and Internal Revenue Code Section 414(p)(11), are distributees with regard to the interest of the spouse or former spouse.

(d) Direct rollover: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

B. Distribution Restrictions. The restrictions contained in this section will apply to all of the optional forms of benefit listed above in Section 9.A. Nothing contained in this Section will have the effect of offering optional forms of benefit not contained in Section 9.A. above. All distributions required under this Section will be determined and made in accordance with the Proposed Income Tax Regulations under Section 401(a)(9), including the minimum distribution incidental benefit requirement of Proposed Regulation Section 1.401(a)(9)-2.

With respect to distributions under the Plan made for calendar years beginning on or after January 1, 2002, and notwithstanding any other provision of this Section B, the Plan will apply the minimum distribution requirements of Code Section 401(a)(9) in accordance with the regulations under Code Section 401(a)(9) that were proposed in January 2001, notwithstanding any provision of the Plan to the contrary. This paragraph shall continue in effect until the end of the last calendar year beginning before the effective date of final regulations under Code Section 401(a)(9) or such other date specified in guidance published by the Internal Revenue Service.

1. As of the first distribution calendar year, distributions, if not made in a single sum, may only be made over one of the following periods (or a combination thereof):

(a) the life of the *employee*,

(b) the life of the *employee* and a designated *beneficiary*,

(c) a period certain not extending beyond the life expectancy of the *employee*, or

(d) a period certain not extending beyond the joint and last survivor expectancy of the *employee* and a designated *beneficiary*.

2. If an *employee's* interest is to be distributed in other than a single sum, the following minimum distribution rules shall apply on and after the first day of April of the calendar year following the calendar year in which the later of retirement or attainment of *age* 70 ½ occurs:

(a) If an *employee's* benefit is to be distributed over:

(1) a period not extending beyond the life expectancy of the *employee* or the joint life and last survivor expectancy of the *employee* and the *employee's* designated *beneficiary*, or

(2) a period not extending beyond the life expectancy of the designated *beneficiary*,

the amount required to be distributed for each calendar year, beginning with distributions for the first distribution calendar year, must at least equal the quotient obtained by dividing the *employee's* benefit by the applicable life expectancy.

(b) For calendar years beginning before January 1, 1989, if the *employee's* spouse is not the designated *beneficiary*, the method of distribution selected must assure that at least 50% of the present value of the amount available for distribution is paid within the life expectancy of the *employee*.

(c) For calendar years beginning after December 31, 1988, the amount to be distributed each year, beginning with distributions for the first distribution calendar year shall not be less than the quotient obtained by dividing the *employee's* benefit by the lesser of:

(1) the applicable life expectancy, or

(2) if the *employee's* spouse is not the designated *beneficiary*, the applicable divisor determined from the table set forth in Q&A-4 of Section 1.401(a)(9)-2 of the Proposed Income Tax Regulations.

Distributions after the death of the *employee* shall be distributed using the applicable life expectancy in section (b)(1) above as the relevant divisor without regard to Proposed Regulations Section 1.401(a)(9)-2.

(d) The minimum distribution required for the *employee's* first distribution calendar year must be made on or before the *employee's* required beginning date. The minimum distribution for other calendar years, including the minimum distribution for the distribution calendar year in which the *employee's* required beginning date occurs, must be made on or before December 31 of that distribution calendar year.

3. If the *employee's* benefit is distributed in the form of an annuity purchased from an insurance company, distributions thereunder shall be made in accordance with the requirements of Code Section 401(a)(9) and the proposed regulations thereunder.

4. If the *employee* dies before distribution of his or her interest begins, distribution of the *employee's* entire interest shall be completed by December 31 of the calendar year containing the fifth anniversary of the *employee's* death except to the extent that an election is made to receive distributions in accordance with (1) or (2) below:

(a) If any portion of the *employee's* interest is payable to a designated *beneficiary*, distributions may be made over the life or over a period certain not greater than the life expectancy of the designated *beneficiary* commencing on or before December 31 of the calendar year immediately following the calendar year in which the *employee* died.

(b) If the designated *beneficiary* is the *employee's* surviving spouse, the date distributions are required to begin in accordance with (1) above shall not be earlier than the later of:

(1) December 31 of the calendar year immediately following the calendar year in which the *employee* died; or

(2) December 31 of the calendar year in which the *employee* would have attained *age* 70 ½.

5. If the *employee* has not made an election pursuant to section (d) above by the time of his or her death, the *employee's* designated *beneficiary* must elect the method of distribution not later than the earlier of:

(a) December 31 of the calendar year in which distributions would be required to begin under this section, or

(b) December 31 of the calendar year which contains the fifth anniversary of the date of death of the *employee.*

If the *employee* has no designated *beneficiary*, or if the designated *beneficiary* does not elect a method of distribution, distribution of the *employee's* entire interest must be completed by December 31 of the calendar year containing the fifth anniversary of the *employee's* death.

6. For purposes of section (d) above, if the surviving spouse dies after the *employee*, but before payments to such spouse begin, the provisions of section (d), with the exception of section (d)(2), shall be applied as if the surviving spouse were the *employee.*

7. For purposes of this section 9.B., any amount paid to a child of the *employee* will be treated as if it had been paid to the surviving spouse if the amount becomes payable to the surviving spouse when the child reaches the *age* of majority.

8. If distribution in the form of an annuity irrevocably commences to the *employee* before the required beginning date, the date distribution is considered to begin is the date distribution actually commences.

9. For purposes of this section 9.B., the following definitions shall apply:

(a) Applicable life expectancy. The life expectancy (or joint and last survivor expectancy) calculated using the attained *age* of the *employee* (or designated *beneficiary*) as of the *employee's* (or designated *beneficiary's*) birthday in the applicable calendar year reduced by one for each calendar year which has elapsed since the date life expectancy was first calculated. If life expectancy is being recalculated, the applicable life expectancy shall be the life expectancy as so recalculated. The applicable calendar year shall be the first distribution calendar year, and if life expectancy is being recalculated such succeeding calendar year.

(b) Designated *Beneficiary*. The individual who is designated as the *beneficiary* under the Plan in accordance with Section 401(a)(9) and the regulations thereunder.

(c) Distribution calendar year. A calendar year for which a minimum distribution is required. For distributions beginning before the *employee's* death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the *employee's* required beginning date. For distributions beginning after the *employee's* death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to sections (d)-(h) above.

(d) Life expectancy. Life expectancy and joint and last survivor expectancy are computed by use of the expected return multiplies in Tables V and VI of Section 1.72-9 of the Income Tax Regulations.

Unless otherwise elected by the *employee* (or spouse, in the case of distributions described in section (d)(2) above) by the time distributions are required to begin, life expectancies shall be recalculated annually. Such election shall be irrevocable as to the *employee* (or spouse) and shall apply to all subsequent years. The life expectancy of a nonspouse *beneficiary* may not be recalculated.

(e) *Employee's* benefit.

(1) The account balance as of the last valuation date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions or forfeitures allocated to the account balance as of dates in the valuation calendar year

after the valuation date and decreased by distributions made in the valuation calendar year after the valuation date.

(2) For purposes of paragraph [a] above, if any portion of the minimum distribution for the first distribution calendar year is made in the second distribution calendar year on or before the required beginning date, the amount of the minimum distribution made in the second distribution calendar year shall be treated as if it had been made in the immediately preceding distribution calendar year.

Section 10. ***DISABILITY PENSION*** An *employee* shall be eligible to receive a *pension* due to *disability* only if said *employee* has ten (10) years or more of *service*. The Board may, pursuant to written procedures uniformly administered, appoint a reputable physician to assist the Board in determining whether or not total or partial *disability* exists; and if partial, the extent thereof. Each disabled *employee* shall receive an annual *pension* calculated using the *annual pay* preceding *disability* and waiving all *age* and *service* requirements. The amount of any *pension* determined pursuant to this section shall be subject to the Workers' Compensation Offset. The annual single life *pension* will be divided by 12 and paid as a monthly benefit until the first to occur of the *disability retiree's* death or the date on which the *disability retiree* is no longer disabled for purposes of this Section 10. *Disability pension* payments will commence as of the last day of the month in which the *disability* occurs. If the *disability* occurs other than on the first day of the month, the number of days during the month following the date of *disability* determines the prorated payment as of the last day of that first month. No *disability retiree* will receive a payment for any part of the month in which the *disability retiree* dies. All *retirees* on *disability pension* may at any time be reexamined by a reputable physician appointed by the Board. If such a reexamination shows that such *retiree* is capable of performing regular duty, the Board may return said *retiree* to regular duty at full pay.

Section 11. WORKERS' COMPENSATION OFFSET Any *pension* paid to any *employee* or *beneficiary* shall be reduced by the amount of any benefits ordered under the Worker's Compensation Act, or any similar law. Such reduction shall continue during a period of time determined as follows:

A. If the Workers' Compensation award involved periodic payments only, the period of reduction shall be for the duration of the Workers' compensation payments.

B. If the Workers' Compensation award involves a lump sum payment, the period of reduction shall be for the duration of Workers' Compensation payments increased by the number of years and fraction of a year obtained by dividing the amount of the lump sum payment by the larger of (a) the unreduced annual *pension* payable by the Plan, or (b) the otherwise applicable periodic Workers' Compensation benefits, converted to an annual basis. The amount of the reduction in monthly payments under this Plan shall be determined in accordance with written procedures adopted by the Board or its representative.

C. If an *employee* chooses a lump sum *pension* option, the lump sum payment shall be offset by the actuarial present value of any workers' compensation award determined using the same mortality table and interest rate as the lump sum payment.

Section 12. TERMINATION OF *PENSION* The right to a *pension* shall terminate at death unless an *employee* has three (3) years or more of *service* or unless a *retiree* has elected one of the optional forms of retirement providing payment after the death of the *retiree*.

Section 13. DEATH IN *SERVICE* If a *vested employee* dies while still an *employee* and leaves a spouse, the Board will assume that the *employee* retired on the day preceding death on a *disability pension. Further the Board will assume that the employee* elected Option 1 in Section 9 of the Plan and named the spouse as *beneficiary*. Benefit payments will commence as of the last day of the month in which the *employee* died. If death occurs other than on the first day of the month, the number of days during the month following the date of death determines the pro rated payment as of the last day of that first month. No spouse will receive a *pension* for any part of the month in which the spouse dies. The surviving spouse may elect to have the Option 1 benefit paid in the form of either Option 7 or Option 8 in Section 9 of the Plan. The lump sum value to be paid under Option 7 or Option 8 shall be calculated in accordance with Section 9.

If a *vested employee* dies while still an *employee* and leaves no spouse, but leaves an unmarried dependent child or children under *age* eighteen (18) years and/or leaves a disabled and dependent child or children of any *age*, it shall be presumed that the *employee* retired on the day preceding the date of death on a *disability pension* and elected Option 1 with the *pension* determined by assuming a *beneficiary* of the same *age* and opposite sex of the deceased *employee*, to be equally distributed to the eligible child or children. The child's or children's *pension* shall continue until the child is adopted, married, attains *age* of eighteen (18) years, or dies, whichever occurs first, except that the *pension* of a disabled dependent child will continue beyond the *age* of eighteen (18) years and will continue for as long as the dependent child remains disabled according to the Social Security Act, as amended, and related statutes. If a child's *pension* is terminated, said *pension* shall be redistributed equally among the remaining eligible child or children, if any. To qualify as a dependent child, the child must be the *employee's* own child, or the *employee's* legally adopted child or a child with respect to whom the *employee* had initiated legal adoption proceedings which were terminated by the *employee's* death.

If a *vested employee* dies while still an *employee* and has no spouse or qualified *beneficiary*, the Board will assume that the *employee* terminated on the day preceding death and chose the lump sum option. The Board will also assume that the *employee's* estate is the *beneficiary.*

Section 14. RETURN TO *SERVICE* Any *retiree*, temporarily called to active *service*, in case of emergency, shall serve only during such emergency. The Board will suspend *pension* payments during the period of such reemployment. No additional pension will be earned for that period of emergency service if the period continues for less than six months. Any *retiree* returning to *service* because of an emergency who works for a period of six months or longer shall receive an additional *pension* for all of that emergency service, but not for any prior service, based on the *pension* plan in effect during the emergency service.

Section 15. SOURCE OF FUNDS The Board agrees to include as an operating cost during the continuance of the Plan amounts required to provide the benefits described.

Section 16. ASSIGNMENTS The right of a person to a *pension* shall not be subject to assignment. *Pension* benefits accrued or accruing to any person under the provisions of this Plan and the moneys in any fund created by this Plan are subject to the terms of eligible domestic relations orders which comply with the Eligible Domestic Order Act (Public Act 46 of 1991) and Internal Revenue Code Section 414(p)(11). However, no *pension* payable pursuant to this Plan will be adjusted to reflect the terms of any domestic relations order after payments of said *pension* to the *employee* have begun. Loans to *employees* are prohibited.

Section 17. CONVERSION OPTION This Section 17 provides certain choices to those individuals described below. These choices shall be made in accordance with written procedures adopted by the Board.

A. Active *employees*. Each individual who was employed by the Board on December 31, 1996 may choose either Option 1 or Option 2 below in this subsection A. in accordance with administrative procedures adopted by the Board.

1. Option 1. The individual may elect to remain eligible for this Plan for the duration of his or her current period of uninterrupted employment with the Board. Any such individual will also elect not to participate in the Board of Water and Light Employees' Defined Contribution Pension Plan for the duration of his or her current period of uninterrupted employment with the Board.

2. Option 2. The individual may elect to stop his or her participation in this Plan for the duration of his or her current period of uninterrupted employment with the Board, effective November 30, 1997. Any such individual will also elect to participate in the Board of Water and Light Employees' Defined Contribution Pension Plan effective December 1, 1997. In connection with said election, the lump sum present value of the *employee's pension* benefit under this Plan (whether or not vested) shall be calculated as of November 30, 1997.

That lump sum amount will be transferred from this Plan to a separate account maintained for said individual under the Board of Water and Light Employees' Defined Contribution Pension Plan. The transfer will occur at such time and in such manner as shall be specified in administrative procedures adopted by the Board.

The lump sum which will be transferred for each such individual will be the greater of the amount determined pursuant to Method 1 below and the amount determined pursuant to Method 2 below.

(a) Method One. The lump sum will be calculated using the *actuarial* assumptions and funding method contained in the February 28, 1997 Plan valuation, except that the mortality table used will be the mortality table described in Plan section 3B1.

(b) Method Two. The lump sum will be calculated in the same manner as is the single lump sum which is described in Plan section 9A, option 7.

3. Default. Any individual who fails to properly elect either Option 1 or Option 2 above will be deemed to have elected Option 1.

B. Deferred *Vested* Terminees. Each individual who was living on December 1, 1997 and who was not employed by the Board on or after July 1, 1996 but who had a *vested pension* benefit under this Plan on December 1, 1997 will be given a one-time election to choose either Option 1 or Option 2 below.

1. Option 1. The individual may leave his or her *vested pension* benefit in this Plan to be paid in accordance with the terms of this Plan.

2. Option 2. The individual may elect to have the lump sum present value of his or her *vested pension* paid in the manner described in Option 7 or Option 8 in Plan Section 9. Said lump sum present value shall be calculated as of November 30, 1997 using the 1983 Group Annuity

Mortality Table with a unisex blend approved by the Board and an interest rate of 7.5%. The payment will occur at such time and in such manner as shall be specified in administrative procedures adopted by the Board.

3. Default. Any individual who fails to properly elect Option 1 or Option 2 above in this section B will be deemed to have elected Option 1.

Section 18. MODIFICATION OF PLAN The Board hopes and expects to continue the Plan into the indefinite future, but necessarily reserves the right to change, modify or discontinue it at any time. Change or modification in the Plan will not affect the *pensions* provided for prior to such change or the status of any *employee* or *retiree* with respect thereto. No Plan amendment may permit any Trust fund assets to be used for any purpose other than the payment of benefits and expenses prior to satisfaction of all liabilities (including Plan termination liabilities) under the Plan. No action taken by the Board now or hereafter in connection with *pensions* shall be construed as giving any person a right to be retained in the *service* of the Board. The Plan is part of the collective bargaining agreement between the Board and Local 352 of the International Brotherhood of Electrical Workers. As to all other *employees*, the Plan is a contract between the Board and each *employee* as it pertains to all that *employee's pension* rights. Any failure by the Board to carry out the provisions of the Plan is a breach of this contract.

The Board reserves the right to satisfy any obligation it may have under this Plan by purchasing a life annuity contract which shall provide benefits equivalent to those provided herein from an insurance company rated at least Aa by Moodys. Any such annuity contract shall be guaranteed by the Board and by its successor (if any).

Section 19. MERGER OF PLAN If the Plan and the related Trust fund or any part thereof are merged into any other plan and funding arrangement, or if any other plan and funding arrangement are merged into this Plan and the related Trust fund, all assets held in the Trust fund related to this Plan immediately before the merger effective date must be segregated in the combined funding arrangement and used solely to provide benefits to individuals who had, immediately prior to the effective date of the merger, earned and unpaid retirement benefits under this Plan.

Section 20. TERMINATION OF PLAN If the Plan is terminated, each *employee* who has a *pension* benefit under the Plan will be fully *vested* in that benefit. Those benefits shall be calculated on Plan termination as though each person had elected to receive his or her accrued benefit as a lump sum amount (although no *employee* would be required to accept his or her Plan termination distribution in the form of a lump sum). The lump sum amount which will be paid to each individual in any of the forms permitted by the Plan will be the greater of the amount determined pursuant to Method 1 below and the amount determined pursuant to Method 2 below:

A. Method One. The lump sum will be calculated using the *actuarial* assumptions and funding method contained in the February 28, 1997 Plan valuation, except that the mortality table to be used will be the mortality table described in Plan section 3B1.

B. Method Two. The lump sum will be calculated in the same manner as is the single lump sum which is described in Plan section 9A, option 7.

Section 21. RESIDUAL AMOUNTS In no event shall the Board receive any amounts from the Trust fund on termination of the Plan, except that, and notwithstanding any other provision of the Plan, the Board shall receive such amounts, if any, as may remain after the satisfaction of all liabilities of the Plan and arising out of any variations between actual requirements and expected actuarial requirements.

Section 22. ADDITIONAL LIABILITY On termination of the Plan, each *employee* shall have recourse toward satisfaction of his or her nonforfeitable benefit from the Plan assets and from the general assets of the Board and its successor (if any).

Section 23. MILITARY SERVICE Notwithstanding any provision of this Plan to the contrary, contributions, benefits and *service* credit with respect to qualified military *service* will be provided in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Section 414(u) of the Internal Revenue Code.

Section 24. EFFECTIVE DATE This amended and restated Plan is effective July 1, 1997, except as otherwise indicated herein. The provisions of this amended and restated Plan apply only to an *employee* who is employed by the Board on or after the effective date, except as otherwise provided herein. The rights under this Plan of any individual who is not employed by the Board on or after the effective date shall be determined under the terms of the Plan which were in effect prior to the effective date, except as otherwise provided herein.

Section 25. MISTAKE OF FACT CONTRIBUTIONS Any Board contribution to the Plan which was made based on a mistake of fact shall be returned to the Board at the Board's request. Both the Board request and the repayment to the Board must occur within one year after the contribution was paid by the Board to the Plan.

Section 26. RETIREE BENEFIT

A. Participation in Plan.

1. Collectively bargained benefits. Any person who is employed by the Board in regular full-time status and whose retirement benefits are the subject of collective bargaining shall become eligible for the post-retirement benefits described in Section 26B below in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

2. Non-collectively bargained benefits. Any person who is employed by the Board in regular full-time status and whose retirement benefits are not the subject of collective bargaining shall become eligible for the post-retirement benefits described in Section 26B below in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

B. Amount of Retiree Benefit. The benefit paid under this Section shall be that benefit described in the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

C. Forfeiture of Retiree Benefit. In the event that any individual's benefit provided under this Section 26 is forfeited for reasons other than the termination of the Retiree Health Accumulation Fund, any actuarial gain within that Fund which is attributable to such forfeiture shall be applied within that Accumulation Fund as soon as practical to reduce future Board contributions to that Accumulation Fund. No such amounts held in the Accumulation Fund shall be refunded to the Board.

D. Payment of Benefits.

1. General. The timing and method of payment of any benefit provided pursuant to this Section shall, in the case of an *employee* whose retirement benefits are the subject of collective bargaining, be determined in accordance with the terms of the relevant sections of pertinent collective bargaining agreements, all of which are attached to the Plan as Schedule A. In the case of an *employee* whose retirement benefits are not the subject of collective bargaining, the timing and method of payment of any benefit provided pursuant to this Section shall be determined in accordance with Schedule B, a copy of which is attached to the Plan.

2. Nonassignability of Benefits. No benefit provided pursuant to this Section may be assigned to any person or entity at any time. Any attempt by any person to assign any benefit provided under this Section shall cause that benefit to be permanently forfeited. No benefit payable under this Section may be assigned to any person or entity in connection with a legal separation or a divorce involving an *employee.*

E. Contribution for Retiree Benefit. The Board may, in its sole discretion, periodically make contributions to the Retiree Health Accumulation Fund maintained as part of the Trust Fund for the purpose of providing eligible post-retirement benefits to eligible Employees. The Retiree Health Accumulation Fund shall be maintained in accordance with this Section and in accordance with Internal Revenue Code Section 401(h), as amended from time to time.

F. Maintenance of Retiree Health Accumulation Fund. The Retiree Health Accumulation Fund shall be maintained as part of the Board of Water and Light of the City of Lansing Employees Pension Fund Trust. Separate accounting records shall be maintained at all times with regard to the Retiree Health Accumulation Fund portion of the Trust. Those records shall identify all forms of trust income, gains and losses, and all disbursements attributable to that Accumulation Fund. No separate accounts shall be maintained within that Accumulation Fund.

G. Investment of Retiree Health Accumulation Fund. All amounts credited to the Retiree Health Accumulation Fund shall be segregated in a separate earmarked account within the Trust. The responsibility for investment of all funds contained in the earmarked account shall rest with the Trustee, the Plan Administrator and the Board in the same manner as is true under the Pension Plan Trust. All such investment decisions shall be made pursuant to a written investment policy adopted by the Board.

H. Responsibility for Administration of Retiree Benefit. Responsibility and authority for investment and management of amounts held in the Retiree Health Accumulation Fund shall be allocated in the manner described in procedures adopted under the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions.

I. Qualified Transfers. No amounts may be transferred to the Retiree Health Accumulation Fund from the pension assets of the Plan unless they qualify as Excess Pension Assets.

1. Limit on Number of Qualified Transfers. Only one transfer of Excess Pension Assets may be made during any taxable year of the Employer.

2. Limit on Amount of Qualified Transfer. The amount of the Qualified Transfer of Excess Pension Assets in any taxable year shall not exceed the amount reasonably estimated to be paid for Qualified Current Retiree Health Liabilities.

3. No Qualified Transfer After 2005. No transfer of Excess Pension Assets shall be made to the Retiree Health Accumulation Fund in any taxable year beginning after December 31, 2005 (or such later year set forth in Code Sec. 420(b)(5) as it may be amended or extended).

4. Limit on Use of Transferred Assets. Excess Pension Assets contributed to the Retiree Health Accumulation Fund pursuant to a Qualified Transfer and the income attributable thereto shall be used only to pay Qualified Current Retiree Health Liabilities.

5. Qualified Transfer Amounts Paid First. All benefits paid from the Retiree Health Accumulation Fund shall be treated as paid first out of amounts attributable to Excess Pension Assets transferred to the Retiree Health Accumulation Fund pursuant to a Qualified Transfer, and any income allocable thereto.

J. Vesting Rules in the Event of Qualified Transfers. Notwithstanding any provision of the Plan to the contrary, in the event a Qualified Transfer of Excess Pension Assets is made to the Retiree Health Accumulation Fund, the Accrued Benefit on behalf of any *employee* shall be one-hundred percent (100%) vested as if the Plan terminated immediately before the Qualified Transfer occurred. In addition, the Accrued Benefit on behalf of any *employee* who separated from service during the one (1) year period ending on the date of any Qualified Transfer shall be one-hundred percent (100%) vested as if the Plan terminated immediately before such *employee's* separation from service.

K. Applicable Health Benefits Restrictions. To the extent applicable, no transfer of Excess Pension Assets shall be made to the Retiree Health Accumulation Fund unless the Employer Medical Plan under which Applicable Health Benefits are provided by the Board provides that the Applicable Employer Cost for each taxable year during the Cost Maintenance Period shall not be less than the higher of the Applicable Employer Costs of the Board for each of the two (2) taxable years immediately preceding the taxable year of the Qualified Transfer.

L. <u>Definitions</u>. For purposes of this Article, the following terms shall have the following meanings:

1. "Applicable Employer Cost" means the amount determined by dividing (i) the Qualified Current Retiree Health Liabilities of the Board during the taxable year determined without regard to any reduction under Section 26.L.6., by (ii) the number of individuals to whom coverage for Applicable Health Benefits was provided during the taxable year. In the case of a taxable year in which there was no Qualified Transfer, the Applicable Employer Cost shall be determined as if there had been such a transfer at the end of the taxable year.

2. "Applicable Health Benefits" means health benefits or coverage which are provided to (i) retired employees who, immediately before the Qualified Transfer, are entitled to receive such benefits upon retirement and who are entitled to pension benefits under the Plan, and (ii) their spouses and dependents, as described in Section 26.L.10.

3. "Cost Maintenance Period" means the five (5) taxable year period beginning with the taxable year in which the Qualified Transfer occurs. A separate Cost Maintenance Period applies to each Qualified Transfer.

4. "Employer Medical Plan" means the plan that sets forth the benefits provided by the Board to retirees (and to their spouses and dependents, as described in Section 26.L.10., if provided therein) for sickness, accident, hospitalization or medical expenses, attached hereto as Schedules A and B, as applicable, that shall be funded in whole or in part by the Retiree Health Accumulation Fund.

5. "Excess Pension Assets" means the excess of the fair market value of Plan assets (or, if less, the value for purposes of Code Sec. 412(c)(2) funding standards) over the greater of:

(a) the lesser of (i) one-hundred-fifty percent (150%) of current liability, or (ii) the accrued liability under the Plan; and

(b) One-hundred-twenty-five percent (125%) of current liability. The determination of the amount of Excess Pension Assets shall be made as of the most recent Plan Valuation Date before a Qualified Transfer. The determination of Excess Pension Assets shall be made in the same manner as the calculation of the full funding limitation for the Plan.

6. "Qualified Current Retiree Health Liabilities" means the aggregate amounts (including administrative expenses) related to health benefits provided to retirees who are entitled to receive both health and pension benefits under the Plan (including their spouses and dependents as defined in Section 26.L.10., if applicable) during the taxable year, that would have been deductible for purposes of the Board's federal income taxes (if any) for that taxable year if (a) the Board was a taxable entity under federal tax law, and (b) the benefits were provided directly by the Board and the Board used the cash receipts and disbursements method of accounting, adjusted by the amount which bears the same ratio to such amount as (a) the value (as of the close of the taxable year preceding the year of the Qualified Transfer) of the assets in all health benefits accounts or welfare benefit funds (as defined in Code Sec. 419(e)(1) set aside to pay for the Qualified Current Retiree Health Liability, bears to (b) the present value of the Qualified Current Retiree Health Liabilities for all plan years.

7. "Qualified Transfer" means a transfer of Excess Pension Assets of the Plan into the Retiree Health Accumulation Fund that does not contravene any other provision of law and with respect to which the requirements of this Article are satisfied.

8. "Retiree Health Accumulation Fund" means the separate account established under this Article that provides for the payment of eligible benefits of Retiree Health Accumulation Fund Beneficiaries and that is intended to satisfy the requirements of Code Sec. 401(h).

9. "Retiree Health Accumulation Fund Beneficiaries" means the retired *employees*, their spouses and dependents (as defined in Section 26.L.10.) who are entitled to benefits pursuant to the terms of the Employer Medical Plan.

10. "Spouses and Dependents" means any spouse and/or dependent of a retiree who receives health insurance coverage under the post-retirement health insurance provided to the retiree pursuant to the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

M. Miscellaneous.

1. Right to Trust Assets. No *employee* shall have any right to, or interest in, any part of the Trust held for the purpose of providing benefits pursuant to this Section.

2. Nonalienation of Benefits. Except as provided in this Section, benefits payable pursuant to this Section shall not be subject in any

manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary. The preceding sentence shall also apply to the creation, assignment or recognition of a right to any benefit payable with respect to an *employee* pursuant to a domestic relations order.

3. Unclaimed Checks. If a benefit payable under this Section has been mailed by regular United States mail to the last address of the payee furnished to the Trustee and the check is returned unclaimed, payments to such payee shall be discontinued until his/her correct address shall become known to the Trustee. If the Trustee does not receive written notice from the payee of a new address within the time provided by law for escheat of unclaimed property of this kind, all right to receive such benefits shall permanently cease, and the forfeited amount shall be applied to reduce Board contributions relating to this Section funding in the following Plan Year.

N. Amendments. This Section may be amended in a manner consistent with the procedures contained in Section 18. of the Plan.

O. Mergers and Transfers of Plan Assets. In the event of any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Trust Fund to another Trust Fund maintained or to be established for the benefit of all or some of the Employees of this Plan, the assets of the Trust Fund maintained pursuant to this Section shall remain subject to the restrictions contained in this Section after any such merger or transfer.

P. Right to Terminate. Subject to applicable law, the Board may terminate its participation in this Section as to its employees at any time. In that event, Trust assets shall be retained to satisfy all liabilities created by this Section. Any amount remaining in the Retiree Health Accumulation Fund after termination of participation in this Section by the Board and payment of all such liabilities shall be returned to the Board.

LANSING BOARD OF WATER AND LIGHT

Date: 10-26-01 By: [signature]
Its: Chairman, Board of Commissioners

Date: 10-26-01 By: Mary E. Sova
Its: Corporate Secretary

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: MAR 14 2002

LANSING BOARD OF WATER AND LIGHT
C/O STEPHEN I JURMU
FOSTER SWIFT COLLINS & SMITH PC
313 S WASHINGTON SQUARE
LANSING, MI 48933-0000

Employer Identification Number:
38-6005774
DLN:
17007347018011
Person to Contact:
PATRICIA WHITE ID# 52013
Contact Telephone Number:
(877) 829-5500
Plan Name:
LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN PENSIONS
Plan Number: 001

Dear Applicant:

We have made a favorable determination on the plan identified above based on the information you have supplied. Please keep this letter, the application forms submitted to request this letter and all correspondence with the Internal Revenue Service regarding your application for a determination letter in your permanent records. You must retain this information to preserve your reliance on this letter.

Continued qualification of the plan under its present form will depend on its effect in operation. See section 1.401-1(b)(3) of the Income Tax Regulations. We will review the status of the plan in operation periodically.

The enclosed Publication 794 explains the significance and the scope of this favorable determination letter based on the determination requests selected on your application forms. Publication 794 describes the information that must be retained to have reliance on this favorable determination letter. The publication also provide examples of the effect of a plan's operation on its qualified status and discusses the reporting requirements for qualified plans. Please read Publication 794.

This letter relates only to the status of your plan under the Internal Revenue Code. It is not a determination regarding the effect of other federal or local statutes.

This determination letter is applicable for the amendment(s) executed on 10/26/01.

Issues arising from the amendment of a defined benefit plan's benefit formula to convert that formula into a cash balance type benefit formula are under study, and this determination letter does not express an opinion on any of these issues. A cash balance type formula generally defines a benefit for each employee by reference to a single-sum amount, such as 10 percent of final average pay times years of service, or the amount of the employee's hypothetical account balance.

This letter considers the changes in qualification requirements made by the Uruguay Round Agreements Act, Pub. L. 103-465, the Small Business Job Protection Act of 1996, Pub. L. 104-188, the Uniformed Services Employment and Reemployment Rights Act of 1994, Pub. L. 103-353, the Taxpayer Relief Act of 1997, Pub. L. 105-34, the Internal Revenue Service Restructuring and Reform Act of 1998, Pub. L. 105-206.

This letter may not be relied on with respect to the amendments made by section 314(e) of the Community Renewal Tax Relief Act of 2000 ("CRA") to the definitions of compensation in sections 414(s)(2) and 415(c)(3) of the Code. The plan will be deemed to satisfy the requirements of sections 414(s)(2) and 415(c)(3) as amended by CRA if the model amendments in Notice 2001-37, 2001-25 I.R.B. 1340, are adopted in accordance with the guidance and procedures in the notice.

This letter may not be relied on with respect to whether the plan satisfies the requirements of section 401(a) of the Code, as amended by the Economic Growth and Tax Relief Reconciliation Act of 2001, Pub L. 107-16.

The requirement for employee benefits plans to file summary plan descriptions (SPD) with the U.S. Department of Labor was eliminated effective August 5, 1997. For more details, call 1-800-998-7542 for a free copy of the SPD card.

We have sent a copy of this letter to your representative as indicated in the power of attorney.

If you have questions concerning this matter, please contact the person whose name and telephone number are shown above.

Sincerely yours,

Paul T. Shultz

Paul T. Shultz
Director,
Employee Plans Rulings & Agreements

Enclosures:
Publication 794

LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

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Lansing Board of Water and Light
Defined Benefit Plan for Employees' Pensions

Section 1. CREATION OF PLAN. The Lansing Board of Water and Light (the "Board") hereby amends and restates the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Plan"). The Board maintains and administers this Plan solely for the benefit of Board *employees*. Except as otherwise indicated herein, this amended and restated Plan is effective July 1, 2010. The provisions of this amended and restated Plan apply only to an *employee* who is employed by the Board on or after the effective date, except as otherwise provided herein. The rights under this Plan of any individual who is not employed by the Board on or after the effective date shall be determined under the terms of the Plan which were in effect prior to the effective date, except as otherwise indicated herein.

Section 2. AUTHORITY FOR PLAN. The authority for this Plan is Section 5-203.10 of the Lansing City Charter.

Section 3. DEFINITIONS. The words and terms used in this Plan have the following meaning (defined words are *italicized* in this document):

A. **Age**: The birth date stated on the *employee's* birth certificate shall serve as conclusive evidence of *age*, unless the Board receives other satisfactory evidence.

B. **Actuarial or Actuarially Equivalent**: *Actuarial* or *actuarially equivalent* means equality in value of the aggregate amounts expected to be received under different forms of payment. Such equivalents shall be based on *actuarial* assumptions approved from time to time by the Board with the advice of the Plan actuary.

1. Plan assumptions. For purposes of establishing *actuarial equivalence*, benefits shall be discounted only for mortality and interest, based on the following:

(a) Interest rate shall be 7.5%; and

(b) Mortality table shall be 1983 Group Annuity Mortality Table, applied on a blended unisex basis.

2. Interest and mortality assumptions for certain lump sums. This subsection 2 shall apply instead of subsection 1 above solely for the purpose of calculating the lump sum amounts described in options 7 and 8 of Section 9.A. Each lump sum will be calculated by using the 1983 Group Annuity Mortality Table with a unisex blend approved by the Board. Each such calculation will also use the annual rate of interest on 30-year constant maturity U.S. Treasury securities for the month of December immediately preceding the start of the calendar year in which the distribution occurs.

3. Section 415 assumptions. Special rules apply to the calculation of *actuarially equivalent* benefits for purposes of applying the annual limits on benefits contained in Section 8.B. Those special rules are contained in Section 8.B. For purposes of Section 8.B., the following definitions shall apply:

(a) For calendar years 2003 through 2007. This subsection 3.(a) applies for any calendar year beginning on or after January 1, 2003 and before January 1, 2008. The "applicable mortality table" means the mortality table set forth in Rev. Rul. 2001-62, 2001-53, I.R.B. 632, and the "applicable interest rate" means the interest rate set forth in Section 417(e)(3)(A)(ii)(II) of the Code for the first month of December preceding the first day of the calendar year in which the annuity starting date occurs (stability period).

(b) For calendar year 2008 and subsequent calendar years. This subsection 3.(B) applies for any calendar year beginning on or after January 1, 2008.

(1) The "applicable mortality table" means the applicable annual mortality table within the meaning of that term in Internal Revenue Code Section 417(e)(3)(B), as initially described in Revenue Ruling 2007-67.

(2) The "applicable interest rate" shall be the adjusted first, second, and third segment rates applied under the rules similar to the rules of Internal Revenue Code Section 430(h)(2)(C) for the month of December preceding the first day of the calendar year in which the annuity starting date occurs (stability period). For this purpose, the first, second, and third segment rates are the first, second, and third segment rates which would be determined under Internal Revenue Code Section 430(h)(2)(C) if:

[a] Internal Revenue Code Section 430(h)(2)(D) were applied by substituting the average yields for the month described in the preceding paragraph for the average yields for the 24-month period described in such section, and

[b] Internal Revenue Code Section 430(h)(2)(G)(i)(II) were applied by substituting "Section 417(e)(3)(A)(ii)(II) for "Section 412(b)(5)(B)(ii)(II)," and

[c] The applicable percentage under Internal Revenue Code Section 430(h)(2)(G) is treated as being 20% in 2008, 40% in 2009, 60% in 2010, and 80% in 2011.

C. **Annual Pay**: *Annual pay* is (1) base pay plus (2) any individual variable pay bonus plus (3) any annual bonus (maximum of 5.0%) tied to organizational performance awarded in the twelve months preceding the effective date of retirement. For hourly full-time *employees*, base pay equals 2,080 times the hourly base rate. For salaried full-time *employees*, base pay equals the annual salary rate. In the case of any salaried *employee* who works not less than 80% of full-time regular hours and who works not more than 99% of full-time regular hours, base pay equals the annual salary rate which would be paid to such *employee* if he or she worked 100% of full-time regular hours. *Annual pay* will be determined by selecting the highest base pay which is in effect during the ten (10) year period ending on the effective date of employment termination for any reason. The *annual pay* of each *employee* taken into account under the Plan shall not exceed the dollar limitation set forth in subsection C.1. or subsection C.2. below (whichever is applicable).

1. For *plan years* beginning after June 30, 1994. For *plan years* beginning after June 30, 1994, the *annual pay* of each *employee* that is taken into account under the Plan shall not exceed the OBRA '93 annual compensation limit. The OBRA '93 annual compensation limit is $150,000, as adjusted by the Commissioner for increases in the cost of living in accordance with Internal Revenue Code Section 401(a)(17)(B). The cost-of-living adjustment in effect for a calendar year applies to any period, not exceeding 12 months, over which pay is determined (determination period) beginning in such calendar year. If a determination period consists of fewer than 12 months, the OBRA '93 *annual pay* limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12.

2. For *plan years* beginning after June 30, 2002. For *plan years* beginning after June 30, 2002, the *annual pay* of each *employee* taken into account under the Plan shall not exceed $200,000. If a determination period consists of fewer than 12 months, the *annual pay* limit will be multiplied by a fraction, the numerator of which is the number of months in the determination period, and the denominator of which is 12. In determining benefit accruals for *plan years* beginning after June 30, 2002, the annual compensation limit for determination years beginning before June 30, 2002 shall be $200,000.

Annual pay shall also be calculated for any period of time during which an individual is not compensated by the Board while on a leave of absence described in Section 3.H.3 below. The Board will calculate said *annual pay* by assuming that (1) the individual had remained actively employed by the Board during the entire period of said leave of absence, and (2) the individual's *annual pay* during said assumed period of active employment had been whatever *annual pay* the individual would have received during said period if the individual had remained actively employed by the Board. If said assumed *annual pay* is not reasonably certain, then the Board will assume that the individual's *annual pay* for purposes of this calculation was the individual's *annual pay* for the 12 month period immediately preceding the leave of absence. Where the prior period of employment was less than 12 months, the entire period of employment immediately preceding the leave of absence shall be used to calculate the individual's *annual pay* for purposes hereof.

Effective for *plan years* beginning after June 30, 2008, an individual who is receiving a differential wage payment, as defined by Internal Revenue Code Section 3401(h)(2), shall be treated as an *employee* of the Board. The differential wage payment shall be treated as compensation and the Plan shall not be treated as failing to meet the requirements of any provision described in Internal Revenue Code Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

D. **Beneficiary**: A *beneficiary* is the person or entity described in Section 13 of this Plan.

E. **Disability**: *Disability* means a physical or mental impairment resulting from a bodily injury, disease or mental disorder which substantially limits an *employee's* ability to perform the essential functions of a job. The Board may appoint a reputable physician to assist the Board in its determination of whether total or partial *disability* exists (and the extent of any partial *disability*).

F. **Employee**: Any person employed by the Board and hired on full-time regular status before January 1, 1997. Any such person who terminates employment with the Board on or after January 1, 1997 and who is later reemployed by the Board is not an *employee* and is not eligible for this Plan on reemployment.

G. **Pension**: The annual single life *pension* benefit calculated in accordance with Plan Section 8 and paid to a *retiree* or *beneficiary* defined by this Plan.

H. **Pension Service Credit**: *Pension service credit* for *pension* calculation purposes will be determined in accordance with this Section H.

1. An *employee* will receive *pension service credit* for any period during which the *employee* performs the duties of his or her position for the Board.

2. An *employee* will receive *pension service credit* for any period of *disability* for which the *employee* receives any sick leave or paid time off payments, or for which he or she is on an approved workers' compensation leave of absence.

3. This Section 3 applies to any individual who takes a leave of absence from active employment with the Board for the purpose of completing service in the Uniformed Services of the United States of America. It only applies to an individual who (1) meets the requirements described below for providing advance notice of the impending leave; (2) is on said leave for not more than five (5) years; (3) is discharged or terminates his or her Uniformed Service under honorable conditions; (4) reapplies for reemployment with the Board within the time frame described below; and (5) is reemployed by the Board. Any individual who meets these requirements will receive *pension service credit* for his or her period of Uniformed Service in accordance with this Plan and relevant law.

    (a) Uniformed Services. The Uniformed Services include the U.S. Armed Services (including the Coast Guard), the Army National Guard and the Air National Guard (when engaged in active duty for training, inactive duty training, or full-time National Guard duty), and the commissioned corps of the Public Health Service. Other categories of covered service may be added by the President in limited circumstances.

(b) Advance notice of impending leave. The Board must receive written or verbal advance notice of the impending Uniformed Service from the *employee* or the appropriate officer of the Uniformed Service in which the service is to occur. This notice requirement is waived where required by applicable law.

(c) Applying for reemployment. In general, the individual must report back to the Board for work or apply for reemployment in a manner consistent with this subsection (c).

(1) Uniformed Service of less than 31 days. Notice must be given of the individual's readiness to return to work not later than the beginning of the first full regular scheduled work period of service that starts at least eight hours after the person has been safely transported home from the place of Uniformed Service, or as soon as possible after the eight hour period if reporting by that time is impossible or unreasonable through no fault of the individual.

(2) Uniformed Service of more than 31 days but less than 181 days. Any individual in this category must submit an application for reemployment or present himself or herself for work not later than 14 days after completing their Uniformed Service or, if meeting this deadline is impossible or unreasonable through no fault of the individual, then on the next calendar day when submission becomes possible.

(3) Uniformed Service of more than 180 days. The individual must submit the application for reemployment or present himself or herself for work not later than 90 days after completion of the Uniformed Service.

The foregoing provisions shall be interpreted in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Internal Revenue Code Section 414(u), and any amendments thereto.

4. An *employee* will receive *pension service credit* for any period of active military duty prior to employment for which the *employee* is not otherwise entitled to such credit under Section H.3 above, but only to the extent of 50% of the period of active military duty. A "period of active duty" for this purpose means active duty with any of the armed forces of the United States, under honorable conditions. Periods of active duty of less than thirty (30) days and periods of active duty for training regardless of length are not "periods of active duty" for this purpose. With

proper documentation, one-half (50%) of such *service* is *pension service credit* up to a maximum of two (2) years. This provision shall be applied in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Internal Revenue Code Section 414(u).

5. An *employee* will receive *pension service credit* for any period during which the *employee* works full-time for any department of the City of Lansing.

6. When determining an *employee's pension service credit*, lost time due to leave of absence, sickness or accident is not included in the determination of whether a break in *service* has occurred. However, *pension service credit* will not accrue for any leave of absence (whether or not approved), subject to Board leave of absence policy. *Pension service credit* also does not accrue for unpaid absences of any kind over 80 hours per year. If an *employee* terminates employment during a leave of absence, or other absence due to sickness or accident, the applicable provisions of this Plan will apply to such termination.

7. Any *employee* who is actively performing the duties of his or her position for the Board at the time of his or her application to purchase *pension service credit* which is described herein may purchase up to two years of *pension service credit* under the following circumstances:

(a) the purchase must be at the true *actuarial* cost of the purchase to the Plan, based on *actuarial* assumptions selected by the Board and the Plan actuary;

(b) the purchase must be applied for during the 90 day period preceding the *employee's* Normal Retirement Date;

(c) *pension* service *credit* purchased hereunder may not be treated as years of *service* for vesting, nor may it be used to qualify an *employee* for the 30 years of *pension service credit* benefit described in Plan Section 5; and

(d) the sole purpose for which any such purchased *pension service credit* may be used is in calculating an *employee's* annual *pension* amount under Plan Section 8.A.

Notwithstanding the foregoing, no *pension service credit* will be granted for:

(1) any period of employment at the Board during which the *employee* is receiving monthly *pension* checks from the defined benefit *pension* plan sponsored by the City of Lansing;

(2) any period of employment for any department of the City of Lansing for which the *employee* is receiving a *pension* benefit from

the defined benefit *pension* plan sponsored by the City of Lansing; and

(3) any period of employment for which an *employee* has received or is receiving a benefit payment from the Plan.

I. **Plan Year**: The twelve consecutive month period beginning on July 1 and ending on the next June 30.

J. **Retiree**: Former *employee* who has retired under the provisions of this Plan.

K. **Service**:

1. *Service* under this Section K.1 includes any period an *employee* performs the duties of his or her position for the Board and any period of *disability* for which an *employee* receives any pay from the Board or is on an approved workers' compensation leave of absence.

2. This Section K.2 applies to any individual who takes a leave of absence from active employment with the Board for the purpose of completing service in the Uniformed Services of the United States of America. It only applies to an individual who (1) meets the requirements described below for providing advance notice of the impending leave; (2) is on said leave for not more than five (5) years; (3) is discharged or terminates his or her Uniformed Service under honorable conditions; (4) reapplies for reemployment with the Board within the time frame described below; and (5) is reemployed by the Board. (In the case of any individual who meets these requirements, service includes his or her period of Uniformed Service in accordance with this Plan and relevant law.)

(a) Uniformed Services. The Uniformed Services include the U.S. Armed Services (including the Coast Guard), the Army National Guard and the Air National Guard (when engaged in active duty for training, inactive duty training, or full-time National Guard duty), and the commissioned corps of the Public Health Service. Other categories of covered service may be added by the President in limited circumstances.

(b) Advance notice of impending leave. The Board must receive written or verbal advance notice of the impending Uniformed Service from the individual or the appropriate officer of the Uniformed Service in which the service is to occur. This notice requirements is waived where required by applicable law.

(c) Applying for reemployment. In general, the individual must report back to the Board for work or apply for reemployment in a manner consistent with this subsection (c).

(1) Uniformed Service of less than 31 days. Notice must be given of the individual's readiness to return to work not later than the beginning of the first full regular scheduled work period of service that starts at least eight hours after the person has been safely transported home from the place of Uniformed Service, or as soon as possible after the eight hour period if reporting by that time is impossible or unreasonable through no fault of the individual.

(2) Uniformed Service of more than 31 days but less than 181 days. Any individual in this category must submit an application for reemployment or present himself or herself for work not later than 14 days after completing their Uniformed Service or, if meeting this deadline is impossible or unreasonable through no fault of the individual, then on the next calendar day when submission becomes possible.

(3) Uniformed Service of more than 180 days. The individual must submit the application for reemployment or present himself or herself for work not later than 90 days after completion of the Uniformed Service.

The foregoing provisions shall be interpreted in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Internal Revenue Code Section 414(u), and any amendments thereto.

L. Vested: An *employee* is *vested* in the benefits provided in this Plan according to the following schedule:

Years of *service* Completed	Specified percent vesting
0-2 years	0% of the benefits provided in this Plan
3 years	20% of the benefits provided in this Plan
4 years	40% of the benefits provided in this Plan
5 years	60% of the benefits provided in this Plan
6 years	80% of the benefits provided in this Plan
7 years	100 % of the benefits provided in this Plan

An *employee* is also 100% *vested* in the benefits provided in this Plan on attainment of the Normal Retirement Date or the Early Retirement Date, regardless of the number of years of *service* completed.

Section 4. ELIGIBILITY. Any *employee* who meets the vesting requirements (if any) and the age and *pension service credit* requirements for a normal retirement, a *disability* retirement, an early retirement with reduced *pension*, or a deferred *vested* retirement (as specified in Section 8.A.3.) is eligible to retire. *Employees* should make application for determination of *pension* options 60 days prior to the desired retirement date.

Section 5. RETIREMENT DATE.

A. Normal Retirement Date Defined. In the case of any *employee* hired before July 1, 1990, the normal retirement date is the earlier of:

1. the first day of the month on or after the date on which the *employee* has attained age 60;

2. the first day of the month on or after the date on which the *employee* has attained age 55 and completed 30 years of *pension service credit*; and

3. in the case of any *employee* who has terminated employment with the Board after attaining age 45 and completing 25 years of *pension service credit*, the first day of the month on or after the date on which the *employee* has attained age 55 and would have completed 30 years of *pension service credit* if he or she had remained employed by the Board as a regular full-time *employee* after his or her most recent termination of employment with the Board.

In the case of any *employee* hired on or after July 1, 1990, the normal retirement date is the first day of the month following the date on which the *employee* attains age 65.

B. Early Retirement Date Defined. An *employee* with twenty-five (25) years of *pension service credit* may retire with a reduced *pension* during the ten (10) years immediately preceding his or her normal retirement date. An *employee* with fifteen (15) years of *pension service credit* may retire with a reduced *pension* during the five (5) years immediately preceding their normal retirement date.

Section 6. BREAK IN *SERVICE*. The *pension service credit* of any *employee* whose employment by the Board is terminated and who is reemployed by the Board on or before December 31, 1996 shall be determined in accordance with this Section 6.

A. All *pension service credit* of an *employee* who is reemployed within 365 days after employment termination shall be reinstated on reemployment. If his or her *pension* benefit was paid in one lump sum on account of said employment termination, no such reinstatement shall occur except as described in Section 7.B. below. No *pension service credit* will be earned for the period between employment termination and reemployment.

B. All *pension service credit* of an *employee* who is reemployed more than 365 days after employment termination and who was eligible for a deferred *vested pension* on said employment termination shall be reinstated on reemployment. If his or her *pension* benefit was paid in one lump sum on account of said employment termination, no such reinstatement shall occur except as described in Section 7.B. below. No *pension service credit* will be earned for the period between employment termination and reemployment.

C. All *pension service credit* of an *employee* who is reemployed more than 365 days after employment termination and who was not eligible for a deferred *vested pension* on said employment termination shall be reinstated on reemployment if the period between employment termination and reemployment does not exceed the *pension service credit* accumulated prior to said termination. If his or her *pension* benefit was paid in one deemed lump sum on account of said employment termination, no such reinstatement shall occur except as provided in Section 7.B. below. No *pension service credit* will be earned for the period between employment termination and reemployment.

D. In the case of an *employee* who is called to any kind of military service, *pension service credit* will be given in accordance with the requirements of the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Internal Revenue Code Section 414(u).

Regardless of any other provisions of this section, any *employee* on June 30, 1987 who lost *pension service credit* as a result of a termination shall have their *pension service credit* reinstated as of July 1, 1987. Any *employees* hired on or after July 1, 1987 shall be subject to the return to *service* provisions above. This provision is for *pension* calculation purposes only.

Section 7. *PENSION* PAYMENT.

A. General Rule. The annual single life *pension* calculated in accordance with Section 8 will be divided by 12 and paid as a monthly benefit for the life of the *employee* unless an optional form of benefit is selected in accordance with Section 9. The first payment will be made as of the last day of the month in which the *employee* retires. If retirement begins other than on the first day of the month, the number of days retired during the month determines the prorated payment as of the last day of that first month. No *retiree* will receive a *pension* for any part of the month in which the *retiree* dies. No *employee* will receive a *pension* payment while working as a full-time regular *employee* for the Board.

B. Involuntary Cashout.

1. Any benefit payable under this Plan shall be paid within one year after termination of employment in the form of a lump sum distribution ('Involuntary Cash Out') if the present value of the terminated *employee's vested pension* benefit which the terminated *employee* receives at the time of distribution does not exceed $1,000 or such other maximum amount as is permitted by relevant law. If an *employee* would have received a distribution under the preceding sentence but for the fact that said present value exceeded $1,000 when the *employee* terminated employment and if at a later time such present value is reduced so that it is not greater than $1,000, the *employee* will receive a distribution of such present value and the nonvested portion will be treated as forfeited. The present value of the *employee's pension* benefit shall be calculated in accordance with the *actuarial* assumptions described in Section 3.B.2. If the present value of the *employee's vested pension* benefit is zero, the

employee shall be deemed to have received a distribution of such *vested pension* benefit. Any nonvested portion of the *employee's pension* benefit will be treated as a forfeiture.

2. If any portion of an *employee's pension* benefit is forfeited by virtue of the above paragraph, said *pension* benefit (including all optional forms of benefits *relating* to such benefit) shall be restored to the Plan along with the *pension* benefit represented by the amount of the distribution upon repayment by the *employee* of the full amount of the distribution. The right to repay shall be contingent upon the occurrence of all of the events described in Internal Revenue Code Section 411(a)(7).

3. If an *employee* is deemed to receive a distribution pursuant to Section 7.B. above *because* the present value of the *employee's vested pension* is zero, and if the *employee* resumes employment covered under this Plan before the date the *employee* incurs a break in *service*, then the unvested accrued benefit which was forfeited pursuant to Section 7.B. above will be restored to the amount of such deemed distribution as of the *employee's* reemployment date.

Section 8. REGULAR *PENSION* AMOUNT.

A. Calculation of Benefit.

1. <u>Normal retirement</u>. Calculation of the annual *pension* amount is as follows: The *product* of the *employee's pension service credit* multiplied by 1.80% (.018) multiplied by the *employee's annual pay*. This formula applies only to *employees* who perform *service* for the Board on or after July 1, 1996. The annual *pension* amount of an *employee* who did not perform *service* for the Board on or after July 1, 1996 shall be determined in accordance with the Plan as in effect prior to July 1, 1996.

2. <u>Early retirement</u>. An *employee* having fulfilled the requirement as to *pension service credit* required in Section 5 may retire prior to the normal retirement date with a reduced *pension*. Such *employees* retiring and not qualifying for normal retirement under Section 5 will have the *pension* reduced by 0.25% multiplied by the months and fraction of a month for up to the first sixty (60) months contained in the period from the early retirement date described in Section 5 to the normal retirement date. From the sixty-first (61st) up to the one-hundred-twentieth (120th) month preceding the normal retirement date, his or her *pension* will be reduced by 0.4167% multiplied by the months and fraction of a month preceding the normal retirement date.

3. <u>Deferred *vested* retirement</u>. If an *employee* terminates employment with the Board for any reason other than death or *disability* prior to the normal or early retirement date specified in Plan Section 5, and if the *employee* has completed at least three (3) years *service* on said employment termination, the *employee* is eligible to

receive a *pension* the amount of which is determined in accordance with this Section 8.A. and pursuant to the vesting schedule which appears in Plan Section 3.

4. Compliance with USERRA. The annual *pension* amount which is calculated pursuant to this Section 8.A shall be determined in accordance with USERRA and Internal Revenue Code Section 414(u).

B. Maximum Annual Pension Benefit by Law. Regardless of any other provision in this Plan to the contrary, in no event shall the maximum annual *pension* benefit payable to any *employee* from this Plan exceed the limits described in this Section B:

1. The limitations of this Section apply for Limitation Years beginning on or after July 1, 2007, except as otherwise provided herein.

2. The Annual Benefit otherwise payable to an *employee* under the Plan at any time will not exceed the Maximum Permissible Benefit. If the benefit the *employee* would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Benefit, the benefit shall be limited (or the rate of accrual will be reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

3. If an *employee* is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the Board or a Predecessor Employer, the sum of the *employee's* Annual Benefits from all such plans may not exceed the Maximum Permissible Benefit. Where the *employee's* Board-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, the *employee's* benefit accrual will be limited in accordance with this Section.

4. The application of the limitations of this section shall not cause the Maximum Permissible Benefit for any *employee* to be less than the *employee's* accrued benefit under all the defined benefit plans of the Board or a Predecessor Employer as of the end of the last Limitation Year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations and other published guidance relating to Internal Revenue Code Section 415 in effect as of the end of the last Limitation Year beginning before July 1, 2007, as described in Regulation Section 1.415(a) 1(g)(4). The preceding sentence applies only if all such defined benefit plans met the requirements of Internal Revenue Code Section 415, for all Limitation Years beginning before May 6, 1986. The preceding sentence applies only if such defined benefit plans met the requirements of Internal Revenue Code Section 415, for all Limitation Years beginning before January 1, 1987.

5. The limitations of this Section 8.B.will be determined and applied taking into account the rules in 8.B.6. below.

6. Definitions.

(a) Annual Benefit. A benefit which is payable annually in the form of a straight life annuity. Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit must be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this section. For an *employee* who has or will have distributions commencing at more than one annuity starting date, the Annual Benefit shall be determined as of each such annuity starting date (and shall satisfy the limitations of this section as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to Regulation Section 1.401(a)-20, Q&A 10(d), and with regard to Regulation Section 1.415(b)-1(b)(1)(iii)(B) and (C).

No actuarial adjustment to the benefit shall be made for (a) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the *employee's* benefit were paid in another form; (b) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and post-retirement medical benefits); or (c) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Internal Revenue Code Section 417(e)(3) and would otherwise satisfy the limitations of this section, and the plan provides that the amount payable under the form of benefit in any Limitation Year shall not exceed the limits of this section applicable at the annuity starting date, as increased in subsequent years pursuant to Internal Revenue Code Section 415(d). For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the Annual Benefit shall take into account social security supplements described in Internal Revenue Code Section 411(a)(9) and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant to Regulation Section 1.411(d)-4, Q&A-3(c), but shall disregard benefits attributable to *employee* contributions or rollover contributions.

Effective for distributions in *plan years* beginning after December 31, 2003, the determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with Section 8.B.6.(a)(1) or (2).

(1) Benefit forms not subject to Internal Revenue Code Section 417(e)(3). The straight life annuity that is actuarially equivalent to the *employee's* form of benefit shall be determined under this Section 8.B.6.(a)(1) if the form of the *employee's* benefit is either (1) a nondecreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the *employee* (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or (2) an annuity that decreases during the life of the *employee* merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in Internal Revenue Code Section 401(a)(11)).

[a] Limitation Years beginning before July 1, 2007. For Limitation Years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the *employee's* form of benefit computed using whichever of the following produces the greater annual amount (I) the interest rate specified in Section 3.B.1. of the Plan and the mortality table (or other tabular factor) specified in Section 3.B.1. of the Plan for adjusting benefits in the same form; and (II) a 5% interest rate assumption and the applicable mortality table defined in Section 3.B.3. of the Plan for that annuity starting date.

[b] Limitation Years beginning on or after July 1, 2007. For Limitation Years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of (a) the annual amount of the straight life annuity (if any) payable to the *employee* under the Plan commencing at the same annuity starting date as the *employee's* form of benefit; and (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the *employee's* form of benefit, computed using a 5% interest rate assumption and the applicable mortality table defined in Section 3.B.3. of the Plan for that annuity starting date.

(2) Benefit forms subject to Internal Revenue Code Section 417(e)(3). The straight life annuity that is actuarially equivalent to the

employee's form of benefit shall be determined under this paragraph if the form of the *employee's* benefit is other than a benefit form described in Section 8.B.6.(a)(1). In this case, the actuarially equivalent straight life annuity shall be determined as follows:

[a] Annuity starting date in *plan years* beginning after 2005. If the annuity starting date of the *employee's* form of benefit is in a *plan year* beginning after 2005, the actuarially equivalent straight life annuity is equal to the greatest of (a) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the *employee's* form of benefit, computed using the interest rate specified in Section 3.B.1. of the Plan and the mortality table (or other tabular factor) specified in Section 3.B.1. of the Plan for adjusting benefits in the same form; (b) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the *employee's* form of benefit, computed using a 5.5% interest rate assumption and the applicable mortality table defined in Section 3.B.3. of the Plan; and (c) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the *employee's* form of benefit, computed using the applicable interest rate defined in Section 3.B.3. of the Plan and the applicable mortality table defined in Section 3.B.3. of the Plan, divided by 1.05.

[b] Annuity starting date in *plan years* Beginning in 2004 or 2005. If the annuity starting date of the *employee's* form of benefit is in a *plan year* beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the *employee's* form of benefit, computed using whichever of the following produces the greater annual amount: (a) the interest rate specified in Section 3.B.1. of the Plan and the mortality table (or other tabular factor) specified in Section 3.B.1. of the Plan for adjusting benefits in the same form; and (b) a 5.5% interest rate assumption and the applicable mortality table defined in Section 3.B.3. of the Plan.

If the annuity starting date of the *employee's* benefit is on or after the first day of the first *plan year* beginning in 2004 and before December 31, 2004, the application of this Section 8.B.6.(a)(2) shall not cause the amount payable under the *employee's* form of benefit to be less than the benefit calculated under the Plan, taking into account the limitations of this section, except that the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the *employee's* form of benefit, computed using whichever of the following produces the greatest annual amount.

[i] the interest rate specified in Section 3.B.1. of the Plan and the mortality table (or other tabular factor) specified in Section 3.B.1. of the Plan for adjusting benefits in the same form;

[ii] the applicable interest rate defined in Section 3.B.3. of the Plan and the applicable mortality table defined in Section 3.B.3. of the Plan; and

[iii] the applicable interest rate defined in Section 3.B.3. of the Plan (as in effect on the last day of the *plan year* beginning before January 1, 2004, under provisions of the Plan then adopted and in effect) and the applicable morality table defined in Section 3.B.3. of the Plan.

(b) Compensation. For purposes of this Section 8.B., Compensation shall mean an *employee's* earned income, wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Board to the extent that the amounts are includible in gross income (including, but not limited to commissions paid salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits and reimbursements or other expense allowances under a nonaccountable plan (as described in Regulation Section 1.62-2(c)), and excluding the following:

(1) Board contributions (other than elective contributions described in Internal Revenue Code Sections 402(e)(3), 408(k)(6), 408(p)(2)(A)(i) or 457(b)) to a plan of deferred compensation (including a simplified employee pension described in Internal Revenue Code Section 408(k) or a simple retirement account described in Internal Revenue Code Section 408(p), and whether or not qualified) to the extent such contributions are not includible in the *employee's* gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a plan of deferred compensation (whether or not

qualified), other than amounts received during the year by an *employee* pursuant to a nonqualified unfunded deferred compensation plan to the extent includible in gross income.

(2) Amounts realized from the exercise of a nonstatutory stock option (that is, an option other than a statutory stock option as defined in Regulation Section 1.421-1(b)), or when restricted stock (or property) held by the *employee* either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

(3) Amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option;

(4) Other amounts that receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are not includible in the gross income of the *employee* and are not salary reduction amounts that are described in Internal Revenue Code Section 125); and

(5) other items of remuneration that are similar to any of the items listed in subsections (1) through (4) above

Except as provided herein, for Limitation Years beginning after December 31, 1991, Compensation for a Limitation Year is the compensation actually paid or made available during such Limitation Year. Compensation for a Limitation Year shall include amounts earned but not paid during the Limitation Year solely because of the timing of pay periods and pay dates, provided the amounts are paid during the first few weeks of the next Limitation Year, the amounts are included on a uniform and consistent basis with respect to all similarly situated *employee*s, and no compensation is included in more than one Limitation Year.

For Limitation Years beginning on or after July 1, 2007, Compensation for a Limitation Year shall also include compensation paid by the later of 2½ months after an *employee's* severance from employment with the Board or the end of the Limitation Year that includes the date of the *employee's* severance from employment with the Board if:

(1) the payment is regular compensation for services during the *employee's* regular working hours, or compensation for services outside the *employee's* regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the *employee* while the *employee* continued in employment with the Board.

(2) the payment is for unused accrued bona fide sick, vacation or other leave that the *employee* would have been able to use if employment had continued; or

(3) the payment is received by the *employee* pursuant to a nonqualified unfunded deferred compensation plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered Compensation if paid after severance from employment, even if they are paid by the later of 2½ months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment, except, (a) payments to an individual who does not currently perform services for the Board by reason of qualified military service (within the meaning of Internal Revenue Code Section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Board rather than entering qualified military service; or (b) Compensation paid to an *employee* who is permanently and totally disabled, as defined in Internal Revenue Code Section 22(e)(3), provided, salary continuation applies to all *employee*s who are permanently and totally disabled for a fixed or determinable period.

Back pay, within the meaning of Regulation Section 1.415(c)-2(g)(8), shall be treated as Compensation for the Limitation Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

For Limitation Years beginning after December 31, 1997, compensation paid or made available during such Limitation Year shall include amounts that would otherwise be included in Compensation but for an election under Internal Revenue Code Sections 125(a), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b).

For Limitation Years beginning after December 31, 2000, Compensation shall also include any elective amounts that are not includible in the gross income of the *employee* by reason of Internal Revenue Code Section 132(f)(4).

For Limitation Years beginning after December 31, 2001, Compensation shall also include deemed Internal Revenue Code Section 125 compensation. Deemed Internal Revenue Code Section 125 compensation is an amount that is excludable under Internal Revenue Code Section 106 that is not available to an *employee* in cash in lieu of group health coverage under a Internal Revenue Code Section 125 arrangement solely because the *employee* is unable to certify that he or she has other health coverage. Amounts are deemed Internal Revenue Code Section 125 compensation only if the Board does not request or otherwise collect information regarding the *employee's* other health coverage as part of the enrollment process for the health plan.

For Limitations Years beginning after December 31, 2008, an individual who is receiving a differential wage payment, as defined by Internal Revenue Code Section 3401(h)(2), shall be treated as an *employee* of the Board. The differential wage payment shall be treated as compensation and the Plan for purposes of Internal Revenue Code Section 415(c)(3) and Treasury Regulation Section 1.415(c)-2. The Plan shall not be treated as failing to meet the requirements of any provision described in Internal Revenue Code Section 414(u)(1)(C) by reason of any contribution or benefit which is based on the differential wage payment.

Compensation shall not include amounts paid as compensation to a nonresident alien, as defined in Internal Revenue Code Section 7701(b)(1)(B), who is not an *employee* in the Plan to the extent the compensation is excludable from gross income and is not effectively connected with the conduct of a trade or business within the United States.

(c) Defined Benefit Dollar Limitation. Effective for Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation is $160,000, automatically adjusted under Internal Revenue Code Section 415(d), effective January 1 of each year, as published in the Internal Revenue Bulletin, and payable in the form of a straight life annuity. The new limitation shall apply to Limitation Years ending with or within the calendar year of the date of the adjustment, but an *employee's* benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The automatic annual adjustment of the Defined Benefit Dollar Limitation under Internal Revenue Code Section 415(d) shall apply to *employee*s who have had a separation from employment, including those former *employees* whose benefits are in pay status.

(d) Board. For purposes of this Section 5.7, Board shall mean the employer that adopts this Plan, and all members of a controlled group of corporations (as defined in Internal Revenue Code Section 414(b), as modified by Internal Revenue Code Section 415(h)), all commonly controlled trades or businesses (as defined in Internal Revenue Code Section 414(c) as modified, except in the case of a brother-sister group of trades or businesses under common control, by Internal Revenue Code Section 415(h)), or affiliated service groups (as defined in Internal Revenue Code Section 414(m)) of which the adopting employer is a part, and any other entity required to be aggregated with the Board pursuant to Regulations under Internal Revenue Code Section 414(o).

(e) Formerly Affiliated Plan of the Board. A plan that, immediately prior to the cessation of affiliation, was actually maintained by the Board and, immediately after the cessation of affiliation, is not actually maintained by the Board. For this purpose, cessation of affiliation means the event that causes an entity to no longer be considered the Board, such as the sale of a member of a controlled group of corporations, as defined in Internal Revenue Code Section 414(b), as modified by Internal Revenue Code Section 415(h), to an unrelated corporation, or that causes a plan to not actually be maintained by the Board, such as transfer of plan sponsorship outside a controlled group.

(f) Limitation Year. A calendar year, or the 12-consecutive-month period elected by the Board. All qualified Plans maintained by the Board must use the same Limitation Year. The Limitation Year for purposes of this Plan shall be the same as the *plan year* through December 31, 1996. Effective January 1, 1997, the Limitation Year shall be the 12-consecutie month period beginning on January 1 and ending on the next succeeding December 31. If the Limitation Year is amended to a different 12-consecutive-month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(g) Maximum Permissible Benefit. The Defined Benefit Dollar Limitation.

> (1) Adjustment for less than 10 Years of Participation or Service. If the *employee* has less than 10 Years of Participation in the Plan, the Defined Benefit Dollar Limitation shall be multiplied by a fraction – (i) the numerator of which is the number of Years (or part thereof, but not less than one year) of Participation in the plan, and (ii) the denominator of which is 10. No adjustment shall apply under this subsection (1) to certain disability and survivor benefits that are described in Internal Revenue Code Section 415(b)(2)(I).
>
> (2) Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement before age 62 or after age 65. Effective for benefits commencing in Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation shall be adjusted if the annuity starting date of the *employee's* benefit is before age 62 or after age 65. If the annuity starting date is before age 62, the Defined Benefit Dollar Limitation shall be adjusted under subsection (i)(2)[a], as modified by subsection (i)(2)[c]. If the annuity starting date is after age 65, the Defined Benefit Dollar Limitation shall be adjusted under subsection (i)(1)[b], as modified by subsection (i)[2][c].

[a] <u>Adjustment of Defined Benefit Dollar Limitation for benefit commencement before age 62</u>:

[i] <u>Limitation Years beginning before July 1, 2007</u>. If the annuity starting date for the *employee's* benefit is prior to age 62 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the *employee's* annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the *employee's* annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section (i)(1) for Years of Participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (a) the interest rate specified in Section 3.B.1. of the Plan and the mortality table (or other tabular factor) specified in Section 3.B.1. of the Plan; or (b) a 5% interest rate assumption and the applicable mortality table as defined in Section 3.B.3. of the Plan. This reduction shall not apply to certain disability and survivor benefits described in Internal Revenue Code Section 415(b)(2)(I).

[ii] <u>Limitation Years beginning on or after July 1, 2007</u>.

a. <u>Plan does not have immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement</u>. If the annuity starting date for the *employee's* benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the *employee's* annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the *employee's* annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section subsection (i)(1) for Years of Participation less than 10, if required) with actuarial equivalence computed using a 5%

interest rate assumption and the applicable mortality table for the annuity starting date as defined in Section 3.B.3. of the Plan (and expressing the *employee's* age based on completed calendar months as of the annuity starting date). This reduction shall not apply to certain disability and survivor benefits described in Internal Revenue Code Section 415(b)(2)(I).

b. Plan has immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement. If the annuity starting date for the *employee's* benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the *employee's* annuity starting date is the lesser of the limitation determined under subsection (i)(2)[a][ii]a. and the Defined Benefit Dollar Limitation (adjusted under subsection (i)(1) for Years of Participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the *employee's* annuity starting date to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of this article.

[b] Adjustment of Defined Benefit Dollar Limitation for benefit commencement after age 65.

[i] Limitation Years beginning before July 1, 2007. If the annuity starting date for the *employee's* benefit is after age 65 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the *employee's* annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the *employee's* annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation

(adjusted under subsection (i)(1) for Years of Participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (a) the interest rate specified in Section 3.B.1. of the Plan and the mortality table (or other tabular factor) specified in Section 3.B.1. of the Plan; or (2) a 5% interest rate, assumption and the applicable mortality table as defined in Section 3.B.3. of the Plan.

[ii] Limitation Years beginning on or after July 1, 2007.

a. Plan does not have immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement. If the annuity starting date for the *employee's* benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the *employee's* annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the *employee's* annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under subsection (i)(1) for Years of Participation less than 10, if required), with actuarial equivalence computed using a 5% interest rate assumption and the applicable mortality table for that annuity starting date as defined in Section 3.B.3. of the Plan (and expressing the *employee's* age based on completed calendar months as of the annuity starting date).

b. Plan has immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement. If the annuity starting date for the *employee's* benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the *employee's* annuity starting date is the lesser of the limitation determined under subsection (i)(2)[b][ii]a. and the Defined Benefit Dollar Limitation (adjusted under subsection (i)(1) for Years of Participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the Plan at the *employee's* annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of this section. For this purpose, the adjusted immediately commencing straight life annuity under the Plan at the *employee's* annuity starting date is the annual amount of such annuity payable to the *employee*, computed disregarding the *employee's* accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the Plan at age 65 is the annual amount of such annuity that would be payable under the Plan to a hypothetical *employee* who is age 65 and has the same accrued benefit as the *employee*.

[c] Notwithstanding the other requirements of this subsection (i)(2) no adjustment shall be made to the Defined Benefit Dollar Limitation to reflect the probability of an *employee's* death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the *employee* prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the *employee's* death if the Plan does not charge *employees* for providing a qualified preretirement survivor annuity, as defined in Internal Revenue Code Section 417(c) upon the *employee's* death.

(h) Minimum benefit permitted. Notwithstanding anything else in this section to the contrary, the benefit otherwise accrued or payable to an *employee* under this Plan shall be deemed not to exceed the Maximum Permissible Benefit if:

(1) the retirement benefits payable for a Limitation Year under any form of benefit with respect to such *employee* under this Plan and under all other defined benefit plans (without regard to whether a Plan has been terminated) ever maintained by the Board do not exceed $10,000 multiplied by a fraction– (a) the numerator of which is the *employee's* number of Years (or part thereof, but not less than one year) of Service (not to exceed 10) with the Board, and (b) the denominator of which is 10; and

(2) the Board (or a Predecessor Employer) has not at any time maintained a defined contribution plan in which the *employee* participated (for this purpose, mandatory *employee* contributions under a defined benefit plan, individual medical accounts under Internal Revenue Code Section 401(h), and accounts for postretirement medical benefits established under Internal Revenue Code Section 419A(d)(1) are not considered a separate defined contribution plan).

(i) Predecessor Employer. If the Board maintains a plan that provides a benefit which the *employee* accrued while performing services for a former employer, the former employer is a Predecessor Employer with respect to the *employee* in the Plan. A former entity that antedates the Board is also a Predecessor Employer with respect to an *employee* if, under the facts and circumstances, the Board constitutes a continuation of all or a portion of the trade or business of the former entity.

(j) Severance from employment. An *employee* has a severance from employment when the *employee* ceases to be an *employee* of the Board. An *employee* does not have a severance from employment if, in connection with a change of employment, the *employee's* new employer maintains the Plan with respect to the *employee*.

(k) Year of Participation. The *employee* shall be credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (1) the *employee* is credited with at least the number of Hours of Service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the Plan in order to accrue a benefit for the accrual computation period, and (2) the *employee* is included as an *employee* under the eligibility provisions of the Plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a Year of

Participation credited to the *employee* shall equal the amount of benefit accrual service credited to the *employee* for such accrual computation period. An *employee* who is permanently and totally disabled within the meaning of Internal Revenue Code Section 415(c)(3)(C)(i) for an accrual computation period shall receive a Year of Participation with respect to that period. In addition, for an *employee* to receive a Year of Participation (or part thereof) for an accrual computation period, the Plan must be established no later than the last day of such accrual computation period. In no event shall more than one Year of Participation be credited for any 12-month period.

(l) Year of Service. The *employee* shall be credited with a Year of Service (computed to fractional parts of a year) for each accrual computation period for which the *employee* is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the Plan in order to accrue a benefit for the accrual computation period, taking into account only service with the Board or a Predecessor Employer.

7. Other Rules.

(a) Benefits under terminated plans. If a defined benefit plan maintained by the Board has terminated with sufficient assets for the payment of benefit liabilities of all Plan *employees* and an *employee* in the Plan has not yet commenced benefits under the Plan, the benefits provided pursuant to the annuities purchased to provide the *employee's* benefits under the terminated Plan at each possible annuity starting date shall be taken into account in applying the limitations of this section. If there are not sufficient assets for the payment of all *employees'* benefit liabilities, the benefits taken into account shall be the benefits that are actually provided to the *employee* under the terminated Plan.

(b) Benefits transferred from the plan. If an *employee's* benefits under a defined benefit plan maintained by the Board are transferred to another defined benefit plan maintained by the Board and the transfer is not a transfer of distributable benefits pursuant to Regulation Section 1.411(d)-4, Q&A-3(c), the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee plan). If an *employee's* benefits under a defined benefit plan maintained by the Board are transferred to another defined benefit plan that is not maintained by the Board and the transfer is not a transfer of distributable benefits pursuant to Regulation Section 1.411(d)-4, Q&A-3(c), the transferred benefits are treated by the Board's plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the Board that terminated immediately prior to the transfer with sufficient assets to pay all *employees'* benefit liabilities under the Plan. If an *employee's* benefits under a defined benefit plan maintained by the Board are transferred to another defined benefit plan in a transfer of distributable benefits pursuant to Regulation Section 1.411(d)-4, Q&A-3(c), the amount transferred is treated as a benefit paid from the transferor plan.

(c) Formerly affiliated plans of the Board. A formerly affiliated plan of an Board shall be treated as a plan maintained by the Board, but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay *employees'* benefit liabilities under the Plan and had purchased annuities to provide benefits.

(d) Plans of a Predecessor Employer. If the Board maintains a defined benefit plan that provides benefits accrued by an *employee* while performing services for a Predecessor Employer, the *employee's* benefits under a plan maintained by the Predecessor Employer shall be treated as provided under a plan maintained by the Board. However, for this purpose, the plan of the Predecessor Employer shall be treated as if it had terminated immediately prior to the event giving rise to the Predecessor Employer relationship with sufficient assets to pay *employees'* benefit liabilities under the Plan, and had purchased annuities to provide benefits; the Board and the Predecessor Employer shall be treated as if they were a single Board immediately prior to such event and as unrelated employers immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provided under the Plan of the Predecessor Employer.

(e) Special rules. The limitations of this section shall be determined and applied taking into account the rules in Regulation Section 1.415(f)-1(d), (e) and (h).

(f) Aggregation with Multiemployer Plans.

(1) If the Board maintains a multiemployer plan, as defined in Internal Revenue Code Section 414(f) and the multiemployer plan so provides, only the benefits under the multiemployer plan that are provided by the Employer shall be treated as benefits provided under a plan maintained by the Board for purposes of this section.

(2) Effective for Limitation Years ending after December 31, 2001, a multiemployer plan shall be disregarded for purposes of applying the compensation limitation of this Section to a plan which is not a multiemployer plan.

If accruals under this Plan would otherwise exceed the foregoing limits, then the rate of benefit accrual under this Plan shall be reduced to the extent necessary so that the total Annual Benefits payable at any time under all relevant defined benefit plans will not exceed the Maximum Permissible Benefit.

Section 9. OPTIONAL REDUCED *PENSION* AMOUNT.

A. **Distribution Options**. An *employee* may elect, at or before retirement, to convert the regular single life *pension* into an optional reduced *pension* of *actuarial equivalent* value.

Any distribution to be made pursuant to either option 7 or option 8 may occur within a reasonable time after termination of employment for any reason. Any *employee* electing option 7 or option 8 shall select a distribution date in accordance with written procedures adopted by the Board. An option election is irrevocable after the *employee's* retirement date. The spouse of any married *employee* must consent in writing to the form of *pension* benefit paid under the Plan and the benefit commencement date.

1. **Option 1**. A reduced *pension* during the *employee's* life with the provision that after death it shall continue during the life of a designated *beneficiary.* (100% joint survivor)

2. **Option 2**. A reduced *pension* during the *employee's* life with the provision that after death 50% of the reduced *pension* shall continue during the life of a designated *beneficiary.* (50% joint survivor)

3. **Option 3**. A reduced *pension* during the *employee's* life with the provision that after death no less than 15% of the reduced *pension* shall continue during the life of a designated *beneficiary.* (variable % joint survivor)

4. **Option 4**. A reduced *pension* during the *employee's* life with the provision that after death it shall continue during the life of a designated *beneficiary.* If the *beneficiary* dies first, the *pension* amount will revert back to the regular amount of *pension* that would have been effective at retirement. (100% joint survivor w/popup)

5. **Option 5**. A reduced *pension* during the *employee's* life with the provision that after death 50% of the reduced *pension* shall continue during the life of a designated *beneficiary.* If the *beneficiary* dies first, the *pension* will revert back to the regular amount of *pension*, which would have been effective at retirement. (50% joint survivor w/popup)

6. **Option 6**. A reduced *pension* during the *employee's* life with the provision that after death no less than 15% of the reduced *pension* shall continue during the life of a designated *beneficiary.* If the *beneficiary* dies first, the *pension* will revert back to the regular amount of *pension* that would have been effective at retirement. (variable % joint survivor w/popup)

7. **Option 7**. A single lump sum distribution of the equivalent *actuarial* value of the *employee's vested pension* benefit in lieu of a monthly *pension.*

8. **Option 8**. A direct rollover of the equivalent *actuarial* value of the *employee's vested pension* benefit to another plan that satisfies the requirements of this Option 8. A distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover. For purposes of this Option 8, the following definitions shall apply:

(a) Eligible rollover distribution: An eligible rollover distribution is any distribution of all or any portion of the amount to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated *beneficiary*, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Internal Revenue Code Section 401(a)(9); and the portion of any distribution that is not includible in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to Board securities).

(b) Eligible retirement plan: An eligible retirement plan is an individual retirement account described in Internal Revenue Code Section 408(a), an individual retirement annuity described in Internal Revenue Code Section 408(b), an annuity plan described in Internal Revenue Code Section 403(a), or a qualified trust described in Internal Revenue Code Section 401(a), that accepts the distributee's eligible rollover distribution. However, in the case of an eligible rollover distribution to the surviving spouse, an eligible retirement plan is an individual retirement account or individual retirement annuity.

Effective January 1, 2002, an eligible retirement plan shall include an annuity contract described in Internal Revenue Code Section 403(b) and an eligible plan under Internal Revenue Code Section 457(b) which is maintained by a state, political subdivision of state, or an agency or instrumentality of the state or political subdivisions of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in Internal Revenue Code Section 414(p).

(c) <u>Distributee</u>: A distributee includes an *employee* or former *employee*. In addition, the *employee's* or former *employee's* surviving spouse and the *employee's* or former *employee's* spouse or former spouse who is the alternate payee under an eligible domestic relations order which complies with the Eligible Domestic Order Act (Public Act 46 of 1991) and Internal Revenue Code Section 414(p)(11), are distributees with regard to the interest of the spouse or former spouse.

(d) <u>Direct rollover</u>: A direct rollover is a payment by the Plan to the eligible retirement plan specified by the distributee.

(e) <u>Non-spouse *beneficiary* rollover right</u>. For distributions after December 31, 2009, a non-spouse *beneficiary* who is a "designated *beneficiary*" under Internal Revenue Code Section 401(a)(9)(E) and the Regulations thereunder, by a direct trustee-to-trustee transfer ("direct rollover"), may roll over all or any portion of his or her distribution to an Individual Retirement Account (IRA) the *beneficiary* establishes for purposes of receiving the distribution. In order to be able to roll over the distribution, the distribution otherwise must satisfy the definition of an "eligible rollover distribution" under Internal Revenue Code Section 401(a)(31).

Although a non-spouse *beneficiary* may roll over directly a distribution as provided in this subsection (e), the distribution, if made prior to January 1, 2010, is not subject to the direct rollover requirements of Internal Revenue Code Section 401(a)(31) (including Internal Revenue Code Section 401(a)(31)(B)), the notice requirements of Internal Revenue Code Section 402(f) or the mandatory withholding requirements of Internal Revenue Code Section 3405(c). If a non-spouse *beneficiary* receives a distribution from the Plan, the distribution is not eligible for a 60-day (non-direct rollover).

If the *employee's* named *beneficiary* is a trust, the Plan may make a direct rollover to an IRA on behalf of the trust, provided the trust satisfies the requirements to be a designated *beneficiary* within the meaning of Internal Revenue Code Section 401(a)(9)(E).

A non-spouse *beneficiary* may not roll over an amount that is a required minimum distribution, as determined under applicable Treasury Regulations and other Internal Revenue Service guidance. If the *employee* dies before his or her required beginning date and the non-spouse *beneficiary* rolls over to an IRA the maximum amount eligible for rollover, the *beneficiary* may elect to use either the 5-year rule or the life expectancy rule, pursuant to Treasury Regulations Section 1.401(a)(9)-3, A-4(c), in determining the required minimum distributions from the IRA that receives the non-spouse *beneficiary's* distribution.

(f) Direct rollover to Roth IRA. For distributions made after December 31, 2007, an *employee* or *beneficiary* may elect to roll over directly an "eligible rollover distribution" to a Roth IRA described in Internal Revenue Code Section 408A(b).

B. Distribution Restrictions. The restrictions contained in this section will apply to all of the optional forms of benefit listed above in Section 9.A. Nothing contained in this Section will have the effect of: (1) offering optional forms of benefit not contained in Section 9.A. above; or (2) adding any benefit not otherwise provided for under the terms of this Plan.

1. Latest Payment Date. Unless the *employee* elects otherwise, the payment of benefits to the *employee* under this Plan shall not begin later than the sixtieth (60th) day after the close of the *plan year* in which occurs the latest of the following events:

(a) The *employee* attains the earlier of age 65 or Normal Retirement Date;

(b) The tenth (10th) anniversary of the year in which the *employee* commenced participation in the Plan; or

(c) The *employee* terminates his or her service with the Board.

2. Applicability. This Section 9.B. shall apply for all calendar years beginning on or after January 1, 2006.

3. Precedence and Treasury regulations incorporated. The requirements of this Section 9.B. shall take precedence over any inconsistent provision of the Plan. All distributions required to be made under this Section 9.B. shall be made in Internal Revenue Code Section 401(a)(9), including the incidental death benefit requirement of Internal Revenue Code Section 401(a)(9)(G), and the Treasury regulations thereunder.

4. Limitation on distribution periods. As of the first distribution calendar year, distributions, if not made in a single sum, may only be made over one of the following periods (or a combination thereof):

(a) the life of the *employee*,

(b) the life of the *employee* and a designated *beneficiary*,

(c) a period certain not extending beyond the Life Expectancy of the *employee*, or

(d) a period certain not extending beyond the joint and last survivor expectancy of the *employee* and the designated *beneficiary*.

5. TEFRA Section 242(b)(2) elections. Notwithstanding the other provisions of this section, other than subsection 4., distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

6. Time and manner of distribution.

(a) Required Beginning Date. The *employee's* entire interest will be distributed, or begin to be distributed, to the *employee* no later than the *employee's* required beginning date.

(b) Death of *employee* before distributions begin. If the *employee* dies before distributions begin, the *employee's* entire interest will be distributed, or begin to be distributed, no later than as follows:

(1) If the *employee's* surviving Spouse is the *employee's* sole designated *beneficiary*, then distributions to the surviving Spouse will begin by December 31 of the calendar year immediately following the calendar year in which the *employee* died, or by December 31 of the calendar year in which the *employee* would have attained the age 70½, if later.

(2) If the *employee's* surviving Spouse is not the *employee's* sole designated *beneficiary*, then distributions to the designated *beneficiary* will begin by December 31 of the calendar year immediately following the calendar year in which the *employee* died.

(3) If there is no designated *beneficiary* as of December 31 of the year following the year of the *employee's* death, the *employee's* entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the *employee's* death.

(4) If the *employee's* surviving Spouse is the *employee's* sole designated *beneficiary* and the surviving Spouse dies after the *employee* but before distributions to the surviving Spouse begin, this subsection (b) other than subsection (b)(2), will apply as if the surviving Spouse were the *employee*.

For purposes of this subsection (b) and subsection 9., distributions are considered to begin on the *employee's* required beginning date or (if (4) above applies), the date distributions are required to begin to the surviving Spouse under subsection (1) above. If annuity payments irrevocably commence to the *employee* before the *employee's* required beginning date (or to the *employee'* surviving Spouse before the date distributions are required to begin to the surviving Spouse under subsection (1) above, the date distributions are considered to begin is the date distributions actually commence.

(c) Form of distribution. Unless the *employee's* interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 9.B.7., 8. and 9. If the *employee's* interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Internal Revenue Code Section 401(a)(9) and the Treasury regulations. Any part of the *employee's* interest which is in the form of an individual account described in Internal Revenue Code Section 414(k) will be distributed in a manner satisfying the requirements of Internal Revenue Code Section 401(a)(9) and the Treasury regulations that apply to individual accounts.

7. Determination of amount to be distributed each year.

(a) General annuity requirements. If the *employee's* interest is paid in the form of annuity distributions under the Plan, payments under the annuity will satisfy the following requirements:

(1) The annuity distributions will be paid in periodic payments made at intervals not longer than one year;

(2) The distribution period will be over a life (or lives) or over a period certain not longer than the period described in subsections 8. or 9. below.

(3) Once payments have begun over a period certain, the period certain will not be changed even if the period certain is shorter than the maximum permitted;

(4) Payments will either be nonincreasing or increase only as follows:

[a] By an annual percentage increase that does not exceed the annual percentage increase in a cost-of-living index that is based on prices of all items and issued by the Bureau of Labor Statistics;

[b] To the extent of the reduction in the amount of the *employee's* payments to provide for a survivor benefit upon death, but only if the *beneficiary* whose life was being used to

determine the distribution period described in subsection 8. dies or is no longer the *employee's beneficiary* pursuant to a qualified domestic relations order within the meaning of Internal Revenue Code Section 414(p);

[c] To provide cash refunds of *employee* contributions upon the *employee's* death; or

[d] To pay increased benefits that result from a Plan amendment.

(b) Amount required to be distributed by Required Beginning Date. The amount that must be distributed on or before the *employee's* required beginning date (or, if the *employee* dies before distributions begin, the date distributions are required to begin under subsection 6.(b)(1) or (2) is the payment that is required for one payment interval. The second payment need not be made until the end of the next payment interval even if that payment interval ends in the next calendar year. Payment intervals are the periods for which payments are received (e.g., bi-monthly, monthly, semi-annually, or annually). All of the *employee's* benefit accruals as of the last day of the first distribution calendar year will be included in the calculation of the amount of the annuity payments for payment intervals ending on or after the *employee's* required beginning date.

(c) Additional accruals after first distribution calendar year. Any additional benefits accruing to the *employee* in a calendar year after the first distribution calendar year will be distributed beginning with the first payment interval ending in the calendar year immediately following the calendar year in which such amount accrues.

8. Requirements for annuity distributions that commence during *employee's* lifetime.

(a) Joint life annuities where the *beneficiary* is not the *employee's* spouse. If the *employee's* interest is being distributed in the form of a joint and survivor annuity for the joint lives of the *employee* and a non-spouse *beneficiary*, annuity payments to be made on or after the *employee's* required beginning date to the designated *beneficiary* after the *employee's* death must not at any time exceed the applicable percentage of the annuity payment for such period that would have been payable to the *employee* using the table set forth in Q&A-2 of Section 1.401(a)(9)-6 of the Treasury regulations. If the form of distribution combines a joint and survivor annuity for the joint lives of *employee* and a non-spouse *beneficiary* and a period certain annuity, the requirement in the preceding sentence will apply to annuity payments to be made the designated *beneficiary* after the expiration of the period certain.

(b) Period certain annuities. Unless the *employee's* Spouse is the sole designated *beneficiary* and the form of distribution is a period certain and no life annuity, the period certain for an annuity distribution commencing during the *employee's* lifetime may not exceed the applicable distribution period for the *employee* under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations for the calendar year that contains the annuity starting date. If the annuity starting date precedes the year in which the *employee* reaches age 70, the applicable distribution period for the *employee* is the distribution period for age 70 under the Uniform Lifetime Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations plus the excess of 70 over the age of the *employee* as of the *employee's* birthday in the year that contains the annuity starting date. If the *employee's* Spouse is the *employee's* sole designated *beneficiary* and the form of distribution is a period certain and no life annuity, the period certain may not exceed the longer of the *employee's* applicable distribution period, as determined under this Section 9.B., or the joint life and last survivor expectancy of the *employee* and the *employee's* Spouse as determined under the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9 of the Treasury regulations, using the *employee's* and Spouse's attained ages as of the *employee's* and Spouse's birthdays in the calendar year that contains the annuity starting date.

9. Requirements for minimum distributions where *employee* dies before date distributions begin.

(a) *Employee* Survived by Designated *Beneficiary*. If the *employee* dies before the date distribution of his or her interest begins and there is a designated *beneficiary*, the *employee's* entire interest will be distributed, beginning no later that the time described in Section 9.B.6.(a) or (b), over the life of the designated *beneficiary* or over a period certain not exceeding:

(1) Unless the annuity starting date is before the first distribution calendar year, the life expectancy of the designated determined using the *beneficiary's* age as of the *beneficiary's* birthday in the calendar year immediately following the calendar year of the *employee's* death; or

(2) If the annuity starting date is before the first distribution calendar year, the life expectancy of the designated *beneficiary* determined using the *beneficiary's* age as the *beneficiary's* birthday in the calendar year that contains the annuity starting date.

(b) No designated *beneficiary*. If the *employee* dies before the date distributions begin and there is no designated *beneficiary* as of September 30 of the year following the year of the *employee's* death, distribution of the *employee's* entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the *employee's* death.

(c) Death of surviving spouse before distributions to surviving spouse begin. If the *employee* dies before the date distribution of his or her interest begins, the *employee's* surviving Spouse is the *employee's* sole designated *beneficiary*, and the surviving Spouse dies before distributions to the surviving Spouse begin, this Section 9.B. will apply as if the surviving Spouse were the *employee*, except that the time by which distributions must begin will be determined without regard to Section 9.B.6.(a).

10. Definitions.

(a) Designated *beneficiary*. The individual who is designated as the *beneficiary* is the designated *beneficiary* under Internal Revenue Code Section 401(a)(9) and Section 1.401(a)(9)-4, Q&A-1, of the Treasury regulations.

(b) Distribution calendar year. A calendar year for which minimum distribution is required. For distributions beginning before the *employee's* death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the *employee's* required beginning date. For distributions beginning after the *employee's* death, the first distribution calendar year is the calendar year in which distributions are required to begin pursuant to Section 9.B.6.

(c) Life expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9 of the Treasury regulations.

(d) Required Beginning Date. The Required Beginning Date of an *employee* is April 1 of the calendar year following the later of the calendar year in which the *employee* attains age 70½ or the calendar year in which the *employee* retires.

An *employee's* accrued benefit is actuarially increased to take into account the period after age 70½ in which the *employee* does not receive any benefits under the Plan. The actuarial increase begins on the April 1 following the calendar year in which the *employee* attains age 70½ (January 1, 1997 in the case of an *employee* who attained age 70½ prior to 1996), and ends on the date on which benefits commence after retirement in an amount sufficient to satisfy Internal Revenue Code Section 401(a)(9).

The amount of actuarial increase payable as of the end of the period for actuarial increases must be no less than the actuarial equivalent of the *employee's* retirement benefits that would have been payable as of the date the actuarial increase must commence plus the actuarial equivalent of additional benefits accrued after that date, reduced by the actuarial equivalent of any distributions made after that date. The actuarial increase is generally the same as, and not in addition to, the actuarial increase required for that same period under Section 411 to reflect the delay in payments after normal retirement.

For purposes of Section 411(b)(1)(H), the actuarial increase will be treated as an adjustment attributable to the delay in distribution of benefits after the attainment of Normal Retirement Date. Accordingly, to the extent permitted under Internal Revenue Code Section 411(b)(1)(H), the actuarial increase required under Internal Revenue Code Section 411(b)(1)(H)(iii) may reduce the benefit accrual otherwise required under Internal Revenue Code Section 411(b)(1)(H)(i), except that the rules on the suspension of benefits are not applicable.

Section 10. *DISABILITY PENSION*. An *employee* shall be eligible to receive a *pension* due to *disability* only if said *employee* has ten (10) years or more of *service*. The Board may, pursuant to written procedures uniformly administered, appoint a reputable physician to assist the Board in determining whether or not total or partial *disability* exists; and if partial, the extent thereof. Each disabled *employee* shall receive an annual *pension* calculated using the *annual pay* preceding *disability* and waiving all age and *service* requirements. The amount of any *pension* determined pursuant to this section shall be subject to the Workers' Compensation Offset. The annual single life *pension* will be divided by 12 and paid as a monthly benefit until the first to occur of the *disability retiree's* death or the date on which the *disability retiree* is no longer disabled for purposes of this Section 10. *Disability pension* payments will commence as of the last day of the month in which the *disability* occurs. If the *disability* occurs other than on the first day of the month, the number of days during the month following the date of *disability* determines the prorated payment as of the last day of that first month. No *disability retiree* will receive a payment for any part of the month in which the *disability retiree* dies. All *retirees* on *disability pension* may at any time be reexamined by a reputable physician appointed by the Board. If such a reexamination shows that such *retiree* is capable of performing regular duty, the Board may return said *retiree* to regular duty at full pay.

Section 11. WORKERS' COMPENSATION OFFSET. Any *pension* paid to any *employee* or *beneficiary* shall be reduced by the amount of any benefits ordered under the Worker's Compensation Act, or any similar law. Such reduction shall continue during a period of time determined as follows:

A. If the Workers' Compensation award involved periodic payments only, the period of reduction shall be for the duration of the Workers' compensation payments.

B. If the Workers' Compensation award involves a lump sum payment, the period of reduction shall be for the duration of Workers' Compensation payments increased by the number of years and fraction of a year obtained by dividing the amount of the lump sum payment by the larger of (a) the unreduced annual *pension* payable by the Plan, or (b) the otherwise applicable periodic Workers' Compensation benefits, converted to an annual basis. The amount of the reduction in monthly payments under this Plan shall be determined in accordance with written procedures adopted by the Board or its representative.

C. If an *employee* chooses a lump sum *pension* option, the lump sum payment shall be offset by the *actuarial* present value of any workers' compensation award determined using the same mortality table and interest rate as the lump sum payment.

Section 12. TERMINATION OF *PENSION*. The right to a *pension* shall terminate at death unless an *employee* has three (3) years or more of *service* or unless a *retiree* has elected one of the optional forms of retirement providing payment after the death of the *retiree*.

Section 13. DEATH IN *SERVICE*. If a *vested employee* dies while still an *employee* and leaves a spouse, the Board will assume that the *employee* retired on the day preceding death on a *disability pension*. Further the Board will assume that the *employee* elected Option 1 in Section 9 of the Plan and named the spouse as *beneficiary*. Benefit payments will commence as of the last day of the month in which the *employee* died. If death occurs other than on the first day of the month, the number of days during the month following the date of death determines the pro rated payment as of the last day of that first month. No spouse will receive a *pension* for any part of the month in which the spouse dies. The surviving spouse may elect to have the Option 1 benefit paid in the form of either Option 7 or Option 8 in Section 9 of the Plan. The lump sum value to be paid under Option 7 or Option 8 shall be calculated in accordance with Section 9.

If a *vested employee* dies while still an *employee* and leaves no spouse, but leaves an unmarried dependent child or children under age eighteen (18) years and/or leaves a disabled and dependent child or children of any age, it shall be presumed that the *employee* retired on the day preceding the date of death on a *disability pension* and elected Option 1 with the *pension* determined by assuming a *beneficiary* of the same age and opposite sex of the deceased *employee*, to be equally distributed to the eligible child or children. The child's or children's *pension* shall continue until the child is adopted, married, attains age of eighteen (18) years, or dies, whichever occurs first, except that the *pension* of a disabled dependent child will continue beyond the age of eighteen (18) years and will continue for as long as the dependent child remains disabled according to the Social Security Act, as amended, and related statutes. If a child's *pension* is terminated, said *pension* shall be redistributed equally among the remaining eligible child or children, if any. To qualify as a dependent child, the child must be the *employee's* own child, or the *employee's* legally adopted child or a child with respect to whom the *employee* had initiated legal adoption proceedings which were terminated by the *employee's* death.

If a *vested employee* dies while still an *employee* and has no spouse or qualified *beneficiary*, the Board will assume that the *employee* terminated on the day preceding death and chose the lump sum option. The Board will also assume that the *employee's* estate is the *beneficiary*.

Section 14.RETURN TO *SERVICE*. Any *retiree*, temporarily called to active *service*, in case of emergency, shall serve only during such emergency. The Board will suspend *pension* payments during the period of such reemployment. No additional *pension* will be earned for that period of emergency *service* if the period continues for less than six months. Any *retiree* returning to *service* because of an emergency who works for a period of six months or longer shall receive an additional *pension* for all of that emergency *service*, but not for any prior *service*, based on the *pension* plan in effect during the emergency *service*.

Section 15. SOURCE OF FUNDS, The Board agrees to include as an operating cost during the continuance of the Plan amounts required to provide the benefits described.

Section 16. ASSIGNMENTS. The right of a person to a *pension* shall not be subject to assignment. *Pension* benefits accrued or accruing to any person under the provisions of this Plan and the moneys in any fund created by this Plan are subject to the terms of eligible domestic relations orders which comply with the Eligible Domestic Order Act (Public Act 46 of 1991) and Internal Revenue Code Section 414(p)(11). However, no *pension* payable pursuant to this Plan will be adjusted to reflect the terms of any domestic relations order after payments of said *pension* to the *employee* have begun. Loans to *employees* are prohibited.

Section 17. CONVERSION OPTION. This Section 17 provides certain choices to those individuals described below. These choices shall be made in accordance with written procedures adopted by the Board.

A. Active *Employees*. Each individual who was employed by the Board on December 31, 1996 may choose either Option 1 or Option 2 below in this subsection A. in accordance with administrative procedures adopted by the Board.

1. Option 1. The individual may elect to remain eligible for this Plan for the duration of his or her current period of uninterrupted employment with the Board. Any such individual will also elect not to participate in the Board of Water and Light Employees' Defined Contribution Pension Plan for the duration of his or her current period of uninterrupted employment with the Board.

2. Option 2. The individual may elect to stop his or her participation in this Plan for the duration of his or her current period of uninterrupted employment with the Board, effective November 30, 1997. Any such individual will also elect to participate in the Board of Water and Light Employees' Defined Contribution Pension Plan effective December 1, 1997. In connection with said election, the lump sum present value of the *employee's pension* benefit under this Plan (whether or not *vested*) shall be calculated as of November 30, 1997.

   That lump sum amount will be transferred from this Plan to a separate account maintained for said individual under the Board of Water and Light Employees' Defined Contribution Pension Plan. The transfer will occur at such time and in such manner as shall be specified in administrative procedures adopted by the Board.

   The lump sum which will be transferred for each such individual will be the greater of the amount determined pursuant to Method 1 below and the amount determined pursuant to Method 2 below.

(a) Method One. The lump sum will be calculated using the *actuarial* assumptions and funding method contained in the February 28, 1997 Plan valuation, except that the mortality table used will be the mortality table described in Plan section 3B1.

(b) Method Two. The lump sum will be calculated in the same manner as is the single lump sum which is described in Plan section 9A, option 7.

3. Default. Any individual who fails to properly elect either Option 1 or Option 2 above will be deemed to have elected Option 1.

B. Deferred *Vested* Terminees. Each individual who was living on December 1, 1997 and who was not employed by the Board on or after July 1, 1996 but who had a *vested pension* benefit under this Plan on December 1, 1997 will be given a one-time election to choose either Option 1 or Option 2 below.

1. Option 1. The individual may leave his or her *vested pension* benefit in this Plan to be paid in accordance with the terms of this Plan.

2. Option 2. The individual may elect to have the lump sum present value of his or her *vested pension* paid in the manner described in Option 7 or Option 8 in Plan Section 9. Said lump sum present value shall be calculated as of November 30, 1997 using the 1983 Group Annuity Mortality Table with a unisex blend approved by the Board and an interest rate of 7.5%. The payment will occur at such time and in such manner as shall be specified in administrative procedures adopted by the Board.

3. Default. Any individual who fails to properly elect Option 1 or Option 2 above in this section B will be deemed to have elected Option 1.

Section 18. MODIFICATION OF PLAN. The Board hopes and expects to continue the Plan into the indefinite future, but necessarily reserves the right to change, modify or discontinue it at any time. Change or modification in the Plan will not affect the *pension*s provided for prior to such change or the status of any *employee* or *retiree* with respect thereto. No Plan amendment may permit any Trust fund assets to be used for any purpose other than the payment of benefits and expenses prior to satisfaction of all liabilities (including Plan termination liabilities) under the Plan. No action taken by the Board now or hereafter in connection with *pension*s shall be construed as giving any person a right to be retained in the *service* of the Board. The Plan is part of the collective bargaining agreement between the Board and Local 352 of the International Brotherhood of Electrical Workers. As to all other *employees*, the Plan is a contract between the Board and each *employee* as it pertains to all that *employee's pension* rights. Any failure by the Board to carry out the provisions of the Plan is a breach of this contract.

The Board reserves the right to satisfy any obligation it may have under this Plan by purchasing a life annuity contract which shall provide benefits equivalent to those provided herein from an insurance company rated at least AA by Moodys. Any such annuity contract shall be guaranteed by the Board and by its successor (if any).

Section 19. MERGER OF PLAN. If the Plan and the related Trust fund or any part thereof are merged into any other plan and funding arrangement, or if any other plan and funding arrangement are merged into this Plan and the related Trust fund, all assets held in the Trust fund related to this Plan immediately before the merger effective date must be segregated in the combined funding arrangement and used solely to provide benefits to individuals who had, immediately prior to the effective date of the merger, earned and unpaid retirement benefits under this Plan.

Section 20. TERMINATION OF PLAN. If the Plan is terminated, each *employee* who has a *pension* benefit under the Plan will be fully *vested* in that benefit. Those benefits shall be calculated on Plan termination as though each person had elected to receive his or her accrued benefit as a lump sum amount (although no *employee* would be required to accept his or her Plan termination distribution in the form of a lump sum). The lump sum amount which will be paid to each individual in any of the forms permitted by the Plan will be the greater of the amount determined pursuant to Method 1 below and the amount determined pursuant to Method 2 below:

A. Method One. The lump sum will be calculated using the *actuarial* assumptions and funding method contained in the February 28, 1997 Plan valuation, except that the mortality table to be used will be the mortality table described in Plan section 3B1.

B. Method Two. The lump sum will be calculated in the same manner as is the single lump sum which is described in Plan section 9A, option 7.

Section 21. RESIDUAL AMOUNTS. In no event shall the Board receive any amounts from the Trust fund on termination of the Plan, except that, and notwithstanding any other provision of the Plan, the Board shall receive such amounts, if any, as may remain after the satisfaction of all liabilities of the Plan and arising out of any variations between actual requirements and expected *actuarial* requirements.

Section 22. ADDITIONAL LIABILITY. On termination of the Plan, each *employee* shall have recourse toward satisfaction of his or her nonforfeitable benefit from the Plan assets and from the general assets of the Board and its successor (if any).

Section 23. MILITARY SERVICE. The following provisions shall apply notwithstanding any provision of this Plan to the contrary.

A. Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA.) Contributions, benefits and *service* credit with respect to qualified military service will be provided in accordance with the USERRA and Section 414(u) of the Internal Revenue Code.

B. Heroes Earnings and Assistance Relief Tax Act of 2008 (HEART ACT).

1. Death Benefits. In the case of death occurring on or after January1, 2007, if an *employee* dies while performing qualified military service (as defined in Internal Revenue Code Section 414(u)), the *employee's beneficiary* shall be entitled to any additional benefits (other than benefit accruals relating to the period of qualified military service) provided under the Plan as if the *employee* had resumed employment and then terminated employment on account of death. Moreover, the Plan will credit the *employee's* qualified military service as service for vesting purposes as though the *employee* had resumed employment under USERRA immediately prior to the *employee's* death.

2. Benefit Accrual. Continued benefit accruals under the HEART Act shall not be provided where an *employee* dies or becomes disabled while performing qualified military service.

Section 24. EFFECTIVE DATE. This amended and restated Plan is effective July 1, 2010, except as otherwise indicated herein. The provisions of this amended and restated Plan apply only to an *employee* who is employed by the Board on or after the effective date, except as otherwise provided herein. The rights under this Plan of any individual who is not employed by the Board on or after the effective date shall be determined under the terms of the Plan which were in effect prior to the effective date, except as otherwise provided herein.

Section 25. MISTAKE OF FACT CONTRIBUTIONS. Any Board contribution to the Plan which was made based on a mistake of fact shall be returned to the Board at the Board's request. Both the Board request and the repayment to the Board must occur within one year after the contribution was paid by the Board to the Plan.

Section 26. *RETIREE* BENEFIT.

A. **Participation in Plan**.

1. Collectively bargained benefits. Any person who is employed by the Board in regular full-time status and whose retirement benefits are the subject of collective bargaining shall become eligible for the post-retirement benefits described in Section 26B below in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

2. Non-collectively bargained benefits. Any person who is employed by the Board in regular full-time status and whose retirement benefits are not the subject of collective bargaining shall become eligible for the post-retirement benefits described in Section 26B below in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

B. **Amount of *Retiree* Benefit**. The benefit paid under this Section shall be that benefit described in the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

C. **Forfeiture of *Retiree* Benefit**. In the event that any individual's benefit provided under this Section 26 is forfeited for reasons other than the termination of the Retiree Health Accumulation Fund, any *actuarial* gain within that Fund which is attributable to such forfeiture shall be applied within that Accumulation Fund as soon as practical to reduce future Board contributions to that Accumulation Fund. No such amounts held in the Accumulation Fund shall be refunded to the Board.

D. **Payment of Benefits**.

1. General. The timing and method of payment of any benefit provided pursuant to this Section shall, in the case of an *employee* whose retirement benefits are the subject of collective bargaining, be determined in accordance with the terms of the relevant sections of pertinent collective bargaining agreements, all of which are attached to the Plan as Schedule A. In the case of an *employee* whose retirement benefits are not the subject of collective bargaining, the timing and method of payment of any benefit provided pursuant to this Section shall be determined in accordance with Schedule B, a copy of which is attached to the Plan.

2. Nonassignability of Benefits. No benefit provided pursuant to this Section may be assigned to any person or entity at any time. Any attempt by any person to assign any benefit provided under this Section shall cause that benefit to be permanently forfeited. No benefit payable under this Section may be assigned to any person or entity in connection with a legal separation or a divorce involving an *employee*.

E. **Contribution for *Retiree* Benefit**. The Board may, in its sole discretion, periodically make contributions to the Retiree Health Accumulation Fund maintained as part of the Trust Fund for the purpose of providing eligible post-retirement benefits to eligible *employee*s. The Retiree Health Accumulation Fund shall be maintained in accordance with this Section and in accordance with Internal Revenue Code Section 401(h), as amended from time to time.

F. **Maintenance of Retiree Health Accumulation Fund**. The Retiree Health Accumulation Fund shall be maintained as part of the Board of Water and Light of the City of Lansing Employees Pension Fund Trust. Separate accounting records shall be maintained at all times with regard to the Retiree Health Accumulation Fund portion of the Trust. Those records shall identify all forms of trust income, gains and losses, and all disbursements attributable to that Accumulation Fund. No separate accounts shall be maintained within that Accumulation Fund.

G. **Investment of Retiree Health Accumulation Fund**. All amounts credited to the Retiree Health Accumulation Fund shall be segregated in a separate earmarked account within the Trust. The responsibility for investment of all funds contained in the earmarked account shall rest with the Trustee, the Plan Administrator and the Board in the same manner as is true under the Pension Plan Trust. All such investment decisions shall be made pursuant to a written investment policy adopted by the Board.

H. **Responsibility for Administration of Retiree Benefit.** Responsibility and authority for investment and management of amounts held in the Retiree Health Accumulation Fund shall be allocated in the manner described in procedures adopted under the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions.

I. **Qualified Transfers.** No amounts may be transferred to the Retiree Health Accumulation Fund from the *pension* assets of the Plan unless they qualify as Excess Pension Assets.

1. Limit on Number of Qualified Transfers. Only one transfer of Excess Pension Assets may be made during any taxable year of the Board.

2. Limit on Amount of Qualified Transfer. The amount of the Qualified Transfer of Excess Pension Assets in any taxable year shall not exceed the amount reasonably estimated to be paid for Qualified Current Retiree Health Liabilities.

3. No Qualified Transfer After 2005. No transfer of Excess Pension Assets shall be made to the Retiree Health Accumulation Fund in any taxable year beginning after December 31, 2005 (or such later year set forth in Code Sec. 420(b)(5) as it may be amended or extended).

4. Limit on Use of Transferred Assets. Excess Pension Assets contributed to the Retiree Health Accumulation Fund pursuant to a Qualified Transfer and the income attributable thereto shall be used only to pay Qualified Current Retiree Health Liabilities.

5. Qualified Transfer Amounts Paid First. All benefits paid from the Retiree Health Accumulation Fund shall be treated as paid first out of amounts attributable to Excess Pension Assets transferred to the Retiree Health Accumulation Fund pursuant to a Qualified Transfer, and any income allocable thereto.

J. **Vesting Rules in the Event of Qualified Transfers.** Notwithstanding any provision of the Plan to the contrary, in the event a Qualified Transfer of Excess Pension Assets is made to the Retiree Health Accumulation Fund, the Accrued Benefit on behalf of any *employee* shall be one-hundred percent (100%) *vested* as if the Plan terminated immediately before the Qualified Transfer occurred. In addition, the Accrued Benefit on behalf of any *employee* who separated from *service* during the one (1) year period ending on the date of any Qualified Transfer shall be one-hundred percent (100%) *vested* as if the Plan terminated immediately before such *employee's* separation from *service*.

K. **Applicable Health Benefits Restrictions.** To the extent applicable, no transfer of Excess Pension Assets shall be made to the Retiree Health Accumulation Fund unless the Employer Medical Plan under which Applicable Health Benefits are provided by the Board provides that the Applicable Employer Cost for each taxable year during the Cost Maintenance Period shall not be less than the higher of the Applicable Employer Costs of the Board for each of the two (2) taxable years immediately preceding the taxable year of the Qualified Transfer.

L. **Definitions.** For purposes of this Article, the following terms shall have the following meanings:

1. "Applicable Employer Cost" means the amount determined by dividing (i) the Qualified Current Retiree Health Liabilities of the Board during the taxable year determined without regard to any reduction under Section 26.L.6., by (ii) the number of individuals to whom coverage for Applicable Health Benefits was provided during the taxable year. In the case of a taxable year in which there was no Qualified Transfer, the Applicable Employer Cost shall be determined as if there had been such a transfer at the end of the taxable year.

2. "Applicable Health Benefits" means health benefits or coverage which are provided to (i) retired *employees* who, immediately before the Qualified Transfer, are entitled to receive such benefits upon retirement and who are entitled to *pension* benefits under the Plan, and (ii) their spouses and dependents, as described in Section 26.L.10.

3. "Cost Maintenance Period" means the five (5) taxable year period beginning with the taxable year in which the Qualified Transfer occurs. A separate Cost Maintenance Period applies to each Qualified Transfer.

4. "Employer Medical Plan" means the plan that sets forth the benefits provided by the Board to *retirees* (and to their spouses and dependents, as described in Section 26.L.10., if provided therein) for sickness, accident, hospitalization or medical expenses, attached hereto as Schedules A and B, as applicable, that shall be funded in whole or in part by the Retiree Health Accumulation Fund.

5. "Excess Pension Assets" means the excess of the fair market value of Plan assets (or, if less, the value for purposes of Code Sec. 412(c)(2) funding standards) over the greater of:

   (a) the lesser of (i) one-hundred-fifty percent (150%) of current liability, or (ii) the accrued liability under the Plan; and

   (b) one-hundred-twenty-five percent (125%) of current liability. The determination of the amount of Excess Pension Assets shall be made as of the most recent Plan Valuation Date before a Qualified Transfer.

The determination of Excess Pension Assets shall be made in the same manner as the calculation of the full funding limitation for the Plan.

6. "Qualified Current Retiree Health Liabilities" means the aggregate amounts (including administrative expenses) related to health benefits provided to *retirees* who are entitled to receive both health and *pension* benefits under the Plan (including their spouses and dependents as defined in Section 26.L.10., if applicable) during the taxable year, that would have been deductible for purposes of the Board's federal income taxes (if any) for that taxable year if (a) the Board was a taxable entity under federal tax law, and (b) the benefits were provided directly by the Board and the Board used the cash receipts and disbursements method of accounting, adjusted by the amount which bears the same ratio to such amount as (a) the value (as of the close of the taxable year preceding the year of the Qualified Transfer) of the assets in all health benefits accounts or welfare benefit funds (as defined in Code Sec. 419(e)(1) set aside to pay for the Qualified Current Retiree Health Liability, bears to (b) the present value of the Qualified Current Retiree Health Liabilities for all *plan years*.

7. "Qualified Transfer" means a transfer of Excess Pension Assets of the Plan into the Retiree Health Accumulation Fund that does not contravene any other provision of law and with respect to which the requirements of this Article are satisfied.

8. "Retiree Health Accumulation Fund" means the separate account established under this Article that provides for the payment of eligible benefits of Retiree Health Accumulation Fund Beneficiaries and that is intended to satisfy the requirements of Code Sec. 401(h).

9. "Retiree Health Accumulation Fund Beneficiaries" means the retired *employees*, their spouses and dependents (as defined in Section 26.L.10.) who are entitled to benefits pursuant to the terms of the Employer Medical Plan.

10. "Spouses and Dependents" means any spouse and/or dependent of a *retiree* who receives health insurance coverage under the post-retirement health insurance provided to the *retiree* pursuant to the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

M. **Miscellaneous.**

1. Right to Trust Assets. No *employee* shall have any right to, or interest in, any part of the Trust held for the purpose of providing benefits pursuant to this Section.

2. Nonalienation of Benefits. Except as provided in this Section, benefits payable pursuant to this Section shall not be subject in any manner to

2. Nonalienation of Benefits. Except as provided in this Section, benefits payable pursuant to this Section shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary. The preceding sentence shall also apply to the creation, assignment or recognition of a right to any benefit payable with respect to an *employee* pursuant to a domestic relations order.

3. Unclaimed Checks. If a benefit payable under this Section has been mailed by regular United States mail to the last address of the payee furnished to the Trustee and the check is returned unclaimed, payments to such payee shall be discontinued until his/her correct address shall become known to the Trustee. If the Trustee does not receive written notice from the payee of a new address within the time provided by law for escheat of unclaimed property of this kind, all right to receive such benefits shall permanently cease, and the forfeited amount shall be applied to reduce Board contributions relating to this Section funding in the following *Plan year*.

N. **Amendments**. This Section may be amended in a manner consistent with the procedures contained in Section 18. of the Plan.

O. **Mergers and Transfers of Plan Assets**. In the event of any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Trust Fund to another Trust Fund maintained or to be established for the benefit of all or some of the *employees* of this Plan, the assets of the Trust Fund maintained pursuant to this Section shall remain subject to the restrictions contained in this Section after any such merger or transfer.

P. **Right to Terminate**. Subject to applicable law, the Board may terminate its participation in this Section as to its *employee*s at any time. In that event, Trust assets shall be retained to satisfy all liabilities created by this Section. Any amount remaining in the Retiree Health Accumulation Fund after termination of participation in this Section by the Board and payment of all such liabilities shall be returned to the Board.

LANSING BOARD OF WATER AND LIGHT

Date: 1-25-11 By: Sandra Zerkle
Its: Chairman, Board of Commissioners

Date: 1-25-10 By: M. Denise Griffin
Its: Corporate Secretary

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FIRST AMENDMENT TO THE
LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

The Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions is hereby amended by the adoption of the following provision, effective as stated therein:

> For Limitation Years beginning on and after January 1, 2001, for purposes of applying the limitations described in Section 8.B. of the Plan, compensation paid or made available during such Limitation Years shall include elective amounts that are not includible in the gross income of the *employee* by reason of Code Section 132(f)(4).

LANSING BOARD OF WATER AND LIGHT

Date: 6/12/02

By: [signature]
Its: Chairman, Board of Commissioners

Date: 6/12/02

By: [signature]
Its: Corporate Secretary

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SECOND AMENDMENT TO THE LANSING BOARD OF WATER AND LIGHT DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

The Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions is hereby amended effective as indicated below by making the changes described below.

1. Effective January 1, 2002, Section 3.C shall be amended by adding the following at the end thereof:

> "The annual compensation of each Participant taken into account in determining benefit accruals in any Plan Year beginning after December 31, 2001, shall not exceed $200,000. Annual compensation means compensation during the Plan Year or such other consecutive 12-month period over which compensation is otherwise determined under the Plan (the determination period). In determining benefit accruals in Plan Years beginning after December 31, 2001, the annual compensation limit for determination years beginning before January 1, 2002 shall be $200,000." 1/1/04 205,000

2. Effective January 1, 2002, Section 8.B.4.(f) shall be amended by adding the following at the end thereof:

> "Effective January 1, 2002, the Defined Benefit Dollar Limitation is $160,000, as adjusted, effective January 1 of each year, under Code Section 415(d) in such manner as the Secretary shall prescribe, and payable in the form of a straight life annuity. A limitation as adjusted in Code Section 415(d) will apply to Limitation Years ending with or within the calendar year for which the adjustment applies." 1/1/04 165,000

3. Effective January 1, 2002, Section 9.A.8.(b) shall be amended by adding the following at the end thereof:

> "For purposes of the direct rollover provisions of the Plan, an eligible retirement plan shall, effective January 1, 2002, also mean an annuity contract described in Code Section 403(b) and an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of state, or an agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the

alternate payee under a qualified domestic relation order, as defined in Code Section 414(p)."

LANSING BOARD OF WATER AND LIGHT

Date: 2/25/03

By: Ronald C. Coalter
Its: Chairman, Board of Commissioners

Date: 2/25/03

By: Mary E. Sova
Its: Corporate Secretary

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Adopted by Board Resolution #2002-11-4
November 19, 2002

THIRD AMENDMENT TO THE
LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions is hereby amended effective March 28, 2005, by making the change noted below:

Section 7.B.1. shall be amended by replacing the first two sentences thereof with the following:

> Any benefit payable under this Plan shall be paid within one year after termination of employment in the form of a lump sum distribution ('Involuntary Cash Out') if the present value of the terminated *employee's vested pension* benefit which the terminated *employee* receives at the time of distribution does not exceed $1,000 or such other maximum amount as is permitted by relevant law. If a Participant would have received a distribution under the preceding sentence but for the fact that said present value exceeded $1,000 when the Participant terminated employment and if at a later time such present value is reduced so that it is not greater than $1,000, the *employee* will receive a distribution of such present value and the nonvested portion will be treated as forfeited.

LANSING BOARD OF WATER AND LIGHT

Dated: January 26, 2006

By: Robin M. Smith
Its: Chair, Board of Commissioners

Dated: January 26, 2006

By: Mary Sova
Its: Corporate Secretary

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**FOURTH AMENDMENT TO THE
LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS**

ARTICLE I
PREAMBLE

1.1 **Effective Date of Amendment.** The provisions of this Amendment shall be effective for Limitation Years and Plan Years beginning on or after July 1, 2007, except as otherwise provided herein.

1.2 **Superseding of Inconsistent Provisions.** This Amendment supersedes the provisions of the Plan to the extent those provisions are inconsistent with the provisions of this Amendment.

1.3 **Construction.** Except as otherwise provided in this Amendment, any reference to "Section" in this Amendment refers only to sections within this Amendment, and is not a reference to the Plan. The Article and Section numbering in this Amendment is solely for purposes of this Amendment, and does not relate to any Plan article, section or other numbering designations.

1.4 **Effect of Restatement of Plan.** If the Employer restates the Plan, then this Amendment shall remain in effect after such restatement unless the provisions in this Amendment are restated or otherwise become obsolete (e.g., if the Plan is restated onto a plan document that incorporates the final Code Section 415 regulation provisions).

ARTICLE II
MAXIMUM ANNUAL PENSION BENEFIT BY LAW

2.1 **Effective Date.** The provisions of this Article II shall apply to Limitation Years beginning on or after July 1, 2007.

2.2 **Maximum Annual Pension Benefit**. Notwithstanding any provision of the Plan to the contrary, in no event shall the maximum annual pension benefit payable to any Participant from this Plan exceed the limits set forth in this Section 2.2.

(a) The Annual Benefit otherwise payable to a Participant under the Plan at any time will not exceed the Maximum Permissible Benefit. If the benefit the Participant would otherwise accrue in a Limitation Year would produce an Annual Benefit in excess of the Maximum Permissible Benefit, the benefit shall be limited (or the rate of accrual will be reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

(b) If a Participant is, or has ever been, a participant in another qualified defined benefit plan (without regard to whether the plan has been terminated) maintained by the Employer or a Predecessor Employer, the sum of the Participant's Annual Benefit from all such plans may not exceed the Maximum Permissible Benefit. Where the Participant's Employer-provided benefits under all such defined benefit plans (determined as of the same age) would exceed the Maximum Permissible Benefit applicable at that age, the Participant's benefit accrual will be limited in accordance with this Section 2.2.

(c) The application of the limitations of this section shall not cause the Maximum Permissible Benefit for any Participant to be less than the Participant's Accrued Benefit under all the defined benefit plans of the Employer or a Predecessor Employer as of the end of the last Limitation Year beginning before July 1, 2007 under provisions of the plans that were both adopted and in effect before April 5, 2007. The preceding sentence applies only if the provisions of such defined benefit plans that were both adopted and in effect before April 5, 2007 satisfied the applicable requirements of statutory provisions, regulations and other published guidance relating to Code Section 415 in effect as of the end of the last Limitation Year beginning before July 1, 2007, as described in Regulation Section 1.415(a)-1(g)(4). The preceding sentence applies only if all such defined benefit plans met the requirements of Code Section 415, for all Limitation Years beginning before May 6, 1986. The preceding sentence applies only if such defined benefit plans met the requirements of Code Section 415, for all Limitation Years beginning before January 1, 1987.

(d) The limitations of this Section 2.2 will be determined and applied taking into account the rules in Section 2.2(f) below.

(e) Definitions.

(1) **Annual Benefit**. A benefit which is payable annually in the form of a straight life annuity. Except as provided below, where a benefit is payable in a form other than a straight life annuity, the benefit must be adjusted to an actuarially equivalent straight life annuity that begins at the same time as such other form of benefit and is payable on the first day of each month, before applying the limitations of this section. For a Participant who has or will have distributions commencing at more than one annuity starting date, the Annual Benefit shall be determined as of each such annuity starting date (and shall satisfy the limitations of this section as of each such date), actuarially adjusting for past and future distributions of benefits commencing at the other annuity starting dates. For this purpose, the determination of whether a new starting date has occurred shall be made without regard to Regulation Section 1.401(a)-20, Q&A 10(d), and with regard to Regulation Section 1.415(b)-1(b)(1)(iii)(B) and (C).

No actuarial adjustment to the benefit shall be made for (a) survivor benefits payable to a surviving spouse under a qualified joint and survivor annuity to the extent such benefits would not be payable if the Participant's benefit were paid in another form; (b) benefits that are not directly related to retirement benefits (such as a qualified disability benefit, preretirement incidental death benefits, and post-retirement medical benefits); or (c) the inclusion in the form of benefit of an automatic benefit increase feature, provided the form of benefit is not subject to Code Section 417(e)(3) and would otherwise satisfy the limitations of this section, and the plan provides that the amount payable under the form of benefit in any Limitation Year shall not exceed the limits of this section applicable at the annuity starting date, as increased in subsequent years pursuant to Code Section 415(d). For this purpose, an automatic benefit increase feature is included in a form of benefit if the form of benefit provides for automatic, periodic increases to the benefits paid in that form.

The determination of the Annual Benefit shall take into account Social Security supplements described in Code Section 411(a)(9) and benefits transferred from another defined benefit plan, other than transfers of distributable benefits pursuant to Regulation Section 1.411(d)-4, Q&A-3(c), but shall disregard benefits attributable to employee contributions or rollover contributions.

Effective for distributions in Plan Years beginning after December 31, 2003, the determination of actuarial equivalence of forms of benefit other than a straight life annuity shall be made in accordance with Section 2.2(e)(1)[a] or [b] below.

[a] **Benefit Forms Not Subject to Code Section 417(e)(3).** The straight life annuity that is actuarially equivalent to the Participant's form of benefit shall be determined under this Section 2.2(e)(1)[a] if the form of the Participant's benefit is either (1) a nondecreasing annuity (other than a straight life annuity) payable for a period of not less than the life of the Participant (or, in the case of a qualified pre-retirement survivor annuity, the life of the surviving spouse), or (2) an annuity that decreases during the life of the Participant merely because of (a) the death of the survivor annuitant (but only if the reduction is not below 50% of the benefit payable before the death of the survivor annuitant), or (b) the cessation or reduction of Social Security supplements or qualified disability payments (as defined in Code Section 401(a)(11)).

[i] **Limitation Years beginning before July 1, 2007.** For Limitation Years beginning before July 1, 2007, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit computed using whichever of the following produces the greater annual amount: (I) the interest rate specified in the Plan and the mortality table (or other tabular factor) specified in the Plan for adjusting benefit forms not subject to Code Section 417(e)(3); and (II) a 5% interest rate assumption and the applicable mortality table defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3) for that annuity starting date.

[ii] **Limitation Years beginning on or after July 1, 2007.** For Limitation Years beginning on or after July 1, 2007, the actuarially equivalent straight life annuity is equal to the greater of (I) the annual amount of the straight life annuity (if any) payable to the Participant under the Plan commencing at the same annuity starting date as the Participant's form of benefit; and (II) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using a 5% interest rate assumption and the applicable mortality table defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3) for that annuity starting date.

[b] **Benefit Forms Subject to Code Section 417(e)(3):** The straight life annuity that is actuarially equivalent to the Participant's form of benefit shall be determined under this paragraph if the form of the Participant's benefit is other than a benefit form described in Section 2.2(e)(1)[a]. In this case, the actuarially equivalent straight life annuity shall be determined as follows:

[i] **Annuity Starting Date in Plan Years Beginning After 2005.** If the annuity starting date of the Participant's form of benefit is in a Plan Year beginning after 2005, the actuarially equivalent straight life annuity is equal to the greatest of (I) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using the interest rate specified in the Plan and the mortality table (or other tabular factor) specified in the Plan for adjusting benefit forms not subject to Code Section 417(e)(3); (II) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using a 5.5% interest rate assumption and the applicable mortality table defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3); and (III) the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using the applicable interest rate defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3) and the applicable mortality table defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3), divided by 1.05.

[ii] **Annuity Starting Date in Plan Years Beginning in 2004 or 2005.** If the annuity starting date of the Participant's form of benefit is in a Plan Year beginning in 2004 or 2005, the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using whichever of the following produces the greater annual amount: (I) the interest rate specified in the Plan and the mortality table (or other tabular factor) specified in the Plan for adjusting benefit forms not subject to Code Section 417(e)(3); and (II) a 5.5% interest rate assumption and the applicable mortality table defined in the Plan for benefit forms subject to Code Section 417(e)(3).

If the annuity starting date of the Participant's benefit is on or after the first day of the first Plan Year beginning in 2004 and before December 31, 2004, the application of this Section 2.2(e)(1)[b][ii] shall not cause the amount payable under the Participant's form of benefit to be less than the benefit calculated under the Plan, taking into account the limitations of this section, except that the actuarially equivalent straight life annuity is equal to the annual amount of the straight life annuity commencing at the same annuity starting date that has the same actuarial present value as the Participant's form of benefit, computed using whichever of the following produces the greatest annual amount:

a. the interest rate specified in the Plan and the mortality table (or other tabular factor) specified in the Plan for adjusting benefit forms not subject to Code Section 417(e)(3);

b. the applicable interest rate defined in the Plan and the applicable mortality table defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3); and

c. the applicable interest rate defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3) (as in effect on the last day of the Plan Year beginning before January 1, 2004, under provisions of the Plan then adopted and in effect) and the applicable mortality table defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3).

(2) **Compensation.** For purposes of this Section 2.2, Compensation shall mean a Participant's earned income, wages, salaries, and fees for professional services and other amounts received (without regard to whether or not an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the Plan to the extent that the amounts are includible in gross income (including, but not limited to commissions paid salespersons, compensation for services on the basis of a percentage of profits, commissions on insurance premiums, tips, bonuses, fringe benefits and reimbursements or other expense allowances under a nonaccountable plan (as described in Regulation Section 1.62-2(c)), and excluding the following:

[a] Employer contributions (other than elective contributions described in Code Sections 402(e)(3), 408(k)(6), 408(p)(2)(A)(i) or 457(b)) to a plan of deferred compensation (including a simplified employee pension described in Code Section 408(k) or a simple retirement account described in Code Section 408(p), and whether or not qualified) to the extent such contributions are not includible in the Employee's gross income for the taxable year in which contributed, and any distributions (whether or not includible in gross income when distributed) from a plan of deferred compensation (whether or not qualified), other than amounts received during the year by an Employee pursuant to a nonqualified unfunded deferred compensation plan to the extent includible in gross income.

[b] amounts realized from the exercise of a nonstatutory stock option (that is, an option other than a statutory stock option as defined in Regulation Section 1.421-1(b)), or when restricted stock (or property) held by the Employee either becomes freely transferable or is no longer subject to a substantial risk of forfeiture;

[c] amounts realized from the sale, exchange or other disposition of stock acquired under a statutory stock option;

[d] other amounts that receive special tax benefits, such as premiums for group-term life insurance (but only to the extent that the premiums are

not includible in the gross income of the Employee and are not salary reduction amounts that are described in Code Section 125); and

[e] other items of remuneration that are similar to any of the items listed in [a] through [d] above.

Except as provided herein, for Limitation Years beginning after December 31, 1991, Compensation for a Limitation Year is the compensation actually paid or made available during such Limitation Year. Compensation for a Limitation Year shall include amounts earned but not paid during the Limitation Year solely because of the timing of pay periods and pay dates, provided the amounts are paid during the first few weeks of the next Limitation Year, the amounts are included on a uniform and consistent basis with respect to all similarly situated employees, and no compensation is included in more than one Limitation Year.

For Limitation Years beginning on or after July 1, 2007, Compensation for a Limitation Year shall also include compensation paid by the later of 2 ½ months after an Employee's severance from employment with the Employer maintaining the Plan or the end of the Limitation Year that includes the date of the Employee's severance from employment with the Employer maintaining the Plan if:

[a] the payment is regular compensation for services during the Employee's regular working hours, or compensation for services outside the Employee's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments, and, absent a severance from employment, the payments would have been paid to the Employee while the Employee continued in employment with the Employer.

[b] the payment is for unused accrued bona fide sick, vacation or other leave that the Employee would have been able to use if employment had continued; or

[c] the payment is received by the Employee pursuant to a nonqualified unfunded deferred compensation plan and would have been paid at the same time if employment had continued, but only to the extent includible in gross income.

Any payments not described above shall not be considered Compensation if paid after severance from employment, even if they are paid by the later of 2 ½ months after the date of severance from employment or the end of the Limitation Year that includes the date of severance from employment, except, [I] payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code Section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service; or [II] Compensation paid to a Participant who is permanently and totally disabled, as defined in Code Section 22(e)(3), provided, salary continuation applies to all Participants who are permanently and totally disabled for a fixed or determinable period, or the

Participant was not a Highly Compensated Employee, as defined in Code Section 414(q), immediately before becoming disabled.

Back pay, within the meaning of Regulation Section 1.415(c)-2(g)(8), shall be treated as Compensation for the Limitation Year to which the back pay relates to the extent the back pay represents wages and compensation that would otherwise be included under this definition.

For Limitation Years beginning after December 31, 1997, compensation paid or made available during such Limitation Year shall include amounts that would otherwise be included in Compensation but for an election under Code Sections 125(a), 402(e)(3), 402(h)(1)(B), 402(k) or 457(b).

For Limitation Years beginning after December 31, 2000, Compensation shall also include any elective amounts that are not includible in the gross income of the Employee by reason of Code Section 132(f)(4).

For Limitation Years beginning after December 31, 2001, Compensation shall also include deemed Code Section 125 compensation. Deemed Code Section 125 compensation is an amount that is excludable under Code Section 106 that is not available to a Participant in cash in lieu of group health coverage under a Code Section 125 arrangement solely because the Participant is unable to certify that he or she has other health coverage. Amounts are deemed Code Section 125 compensation only if the Employer does not request or otherwise collect information regarding the Participant's other health coverage as part of the enrollment process for the health plan.

Compensation shall not include amounts paid as compensation to a nonresident alien, as defined in Code Section 7701(b)(1)(B), who is not a Participant in the Plan to the extent the compensation is excludable from gross income and is not effectively connected with the conduct of a trade or business within the United States.

(3) **Defined Benefit Compensation Limitation.** One hundred percent of a Participant's High Three-Year Average Compensation, payable in the form of a straight life annuity.

In the case of a Participant who has had a severance from employment with the Employer, the Defined Benefit Compensation Limitation applicable to the Participant in any Limitation Year beginning after the date of severance shall be automatically adjusted by multiplying the limitation applicable to the Participant in the prior Limitation Year by the annual adjustment factor under Code Section 415(d) that is published in the Internal Revenue Bulletin. The adjusted compensation limit shall apply to Limitation Years ending with or within the calendar year of the date of the adjustment, but a Participant's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year.

In the case of a Participant who is rehired after a severance from employment, the Defined Benefit Compensation Limitation is the greater of 100% of the Participant's High Three-Year Average Compensation, as determined prior to the severance from employment, as adjusted pursuant to the preceding paragraph, if applicable; or 100% of the Participant's High Three-Year Average

Compensation, as determined after the severance from employment under Section 2.2(e)(7).

(4) **Defined Benefit Dollar Limitation.** Effective for Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation is $160,000, automatically adjusted under Code Section 415(d), effective January 1 of each year, as published in the Internal Revenue Bulletin, and payable in the form of a straight life annuity. The new limitation shall apply to Limitation Years ending with or within the calendar year of the date of the adjustment, but a Participant's benefits shall not reflect the adjusted limit prior to January 1 of that calendar year. The automatic annual adjustment of the Defined Benefit Dollar Limitation under Code Section 415(d) shall apply to Participants who have had a separation from employment.

(5) **Employer.** For purposes of this Section 2.2, Employer shall mean the employer that adopts this Plan, and all members of a controlled group of corporations (as defined in Code Section 414(b), as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c) as modified, except in the case of a brother-sister group of trades or businesses under common control, by Code Section 415(h)), or affiliated service groups (as defined in Code Section 414(m)) of which the adopting employer is a part, and any other entity required to be aggregated with the Employer pursuant to Regulations under Code Section 414(o).

(6) **Formerly Affiliated Plan of the Employer.** A plan that, immediately prior to the cessation of affiliation, was actually maintained by the Employer and, immediately after the cessation of affiliation, is not actually maintained by the Employer. For this purpose, cessation of affiliation means the event that causes an entity to no longer be considered the Employer, such as the sale of a member of a controlled group of corporations, as defined in Code Section 414(b), as modified by Code Section 415(h), to an unrelated corporation, or that causes a plan to not actually be maintained by the Employer, such as transfer of plan sponsorship outside a controlled group.

(7) **High Three-Year Average Compensation.** The average Compensation for the three consecutive Years of Service (or, if the Participant has less than three consecutive Years of Service, the Participant's longest consecutive period of service, including fractions of years, but not less than one year) with the Employer that produces the highest average. A Year of Service with the Employer shall be the 12-consecutive month period specified in the Plan's definition of Vesting Computation Period In the case of a Participant who is rehired by the Employer after a severance from employment, the Participant's high three-year average compensation shall be calculated by excluding all years for which the Participant performs no services for and receives no Compensation from the Employer (the break period) and by treating the years immediately preceding and following the break period as consecutive. A Participant's Compensation for a Year of Service shall not include Compensation in excess of the limitation under Code Section 401(a)(17) that is in effect for the calendar year in which such year of service begins.

(8) **Limitation Year.** A calendar year, or the 12- consecutive-month period elected by the Employer. All qualified Plans maintained by the Employer must use the

same Limitation Year. The Limitation Year for purposes of this Plan shall be the same as the Plan Year. If the Limitation Year is amended to a different 12-consecutive-month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(9) **Maximum Permissible Benefit.** The lesser of the Defined Benefit Dollar Limitation or the Defined Benefit Compensation Limitation (both adjusted where required, as provided below).

[a] **Adjustment for Less Than 10 Years of Participation or Service.** If the Participant has less than 10 Years of Participation in the Plan, the Defined Benefit Dollar Limitation shall be multiplied by a fraction – (1) the numerator of which is the number of Years (or part thereof, but not less than one year) of Participation in the plan, and (2) the denominator of which is 10. In the case of a Participant who has less than ten Years of Service with the Employer, the Defined Benefit Compensation Limitation shall be multiplied by a fraction – (1) the numerator of which is the number of Years (or part thereof, but not less than one year) of Service with the Employer, and (2) the denominator of which is 10.

[b] **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62 or after Age 65.** Effective for benefits commencing in Limitation Years ending after December 31, 2001, the Defined Benefit Dollar Limitation shall be adjusted if the annuity starting date of the Participant's benefit is before age 62 or after age 65. If the annuity starting date is before age 62, the Defined Benefit Dollar Limitation shall be adjusted under Section (9)[b][i], as modified by Section (9)[b][iii]. If the annuity starting date is after age 65, the Defined Benefit Dollar Limitation shall be adjusted under Section (9)[b][ii], as modified by Section (9)[b][iii].

[i] **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement Before Age 62.**

a. **Limitation Years Beginning Before July 1, 2007.** If the annuity starting date for the Participant's benefit is prior to age 62 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the Participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 9[a] for Years of Participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate specified in the Plan and the mortality table (or other tabular factor) specified in the Plan for adjusting benefit forms not subject to Code Section 417(e)(3); or (2) a 5% interest rate assumption and the applicable mortality table as defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3).

b. **Limitation Years Beginning on or After July 1, 2007.**

i. **Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement.** If the annuity starting date for the Participant's benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the Participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section (9)[a] for Years of Participation less than 10, if required) with actuarial equivalence computed using a 5% interest rate assumption and the applicable mortality table for the annuity starting date as defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3) (and expressing the Participant's age based on completed calendar months as of the annuity starting date).

ii. **Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 62 and the Age of Benefit Commencement.** If the annuity starting date for the Participant's benefit is prior to age 62 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 62 and the age of benefit commencement, the Defined Benefit Dollar Limitation for the Participant's annuity starting date is the lesser of the limitation determined under Section (9)[b][i]a.i. and the Defined Benefit Dollar Limitation (adjusted under Section (9)[a]. for Years of Participation less than 10, if required) multiplied by the ratio of the annual amount of the immediately commencing straight life annuity under the Plan at the Participant's annuity starting date to the annual amount of the immediately commencing straight life annuity under the Plan at age 62, both determined without applying the limitations of this article.

[ii] **Adjustment of Defined Benefit Dollar Limitation for Benefit Commencement After Age 65.**

a. **Limitation Years Beginning Before July 1, 2007.** If the annuity starting date for the Participant's benefit is after age 65 and occurs in a Limitation Year beginning before July 1, 2007, the Defined Benefit Dollar Limitation for the Participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section 9.[a] for Years of Participation less than 10, if required) with actuarial equivalence computed using whichever of the following produces the smaller annual amount: (1) the interest rate specified in the Plan and the mortality table (or other tabular factor) specified in the Plan for adjusting benefit forms not subject to Code Section 417(e)(3); or (2) a 5% interest rate, assumption and the applicable mortality table as defined the Plan for adjusting forms of benefit subject to 417(e)(3).

b. **Limitation Years Beginning Before July 1, 2007.**

i **Plan Does Not Have Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement.** If the annuity starting date for the Participant's benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan does not have an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the Participant's annuity starting date is the annual amount of a benefit payable in the form of a straight life annuity commencing at the Participant's annuity starting date that is the actuarial equivalent of the Defined Benefit Dollar Limitation (adjusted under Section (9)[a]. for Years of Participation less than 10, if required), with actuarial equivalence computed using a 5% interest rate assumption and the applicable mortality table for that annuity starting date as defined in the Plan for adjusting benefit forms subject to Code Section 417(e)(3) (and expressing the Participant's age based on completed calendar months as of the annuity starting date).

ii. **Plan Has Immediately Commencing Straight Life Annuity Payable at Both Age 65 and the Age of Benefit Commencement.** If the annuity starting date for the Participant's benefit is after age 65 and occurs in a Limitation Year beginning on or after July 1, 2007, and the Plan has an immediately commencing straight life annuity payable at both age 65 and the age of benefit commencement, the Defined Benefit Dollar Limitation at the Participant's annuity starting date is the lesser of the limitation determined under Section (9)[b][[ii]b.i. and the Defined Benefit Dollar Limitation (adjusted under Section (9)[a] for Years of Participation less than 10, if required) multiplied by the ratio of the annual amount of the adjusted immediately commencing straight life annuity under the Plan at the Participant's annuity starting date to the annual amount of the adjusted immediately commencing straight life annuity under the Plan at age 65, both determined without applying the limitations of this section. For this purpose, the adjusted immediately commencing straight life annuity under the Plan at the Participant's annuity starting date is the annual amount of such annuity payable to the Participant, computed disregarding the Participant's accruals after age 65 but including actuarial adjustments even if those actuarial adjustments are used to offset accruals; and the adjusted immediately commencing straight life annuity under the Plan at age 65 is the annual amount of such annuity that would be payable under the Plan to a hypothetical Participant who is age 65 and has the same accrued benefit as the Participant.

[iii] Notwithstanding the other requirements of this Section (9)[b], no adjustment shall be made to the Defined Benefit Dollar Limitation to reflect the probability of a Participant's death between the annuity starting date and age 62, or between age 65 and the annuity starting date, as applicable, if benefits are not forfeited upon the death of the Participant prior to the annuity starting date. To the extent benefits are forfeited upon death before the annuity starting date, such an adjustment shall be made. For this purpose, no forfeiture shall be treated as occurring upon the Participant's death if the Plan does not charge Participants for providing a qualified preretirement survivor annuity, as defined in Code Section 417(c) upon the Participant's death.

[c] **Minimum Benefit Permitted.** Notwithstanding anything else in this section to the contrary, the benefit otherwise accrued or payable to a Participant under this Plan shall be deemed not to exceed the Maximum Permissible Benefit if:

[i] the retirement benefits payable for a Limitation Year under any form of benefit with respect to such Participant under this Plan and under all other defined benefit plans (without regard to whether a Plan has been terminated) ever maintained by the Employer do not exceed $10,000 multiplied by a fraction– (I) the numerator of which is the Participant's number of Years (or part thereof, but not less than one year) of Service (not to exceed 10) with the Employer, and (II) the denominator of which is 10; and

[ii] the Employer (or a Predecessor Employer) has not at any time maintained a defined contribution plan in which the Participant participated (for this purpose, mandatory employee contributions under a defined benefit plan, individual medical accounts under Code Section 401(h), and accounts for postretirement medical benefits established under Code Section 419A(d)(1) are not considered a separate defined contribution plan).

(10) **Predecessor Employer.** If the Employer maintains a plan that provides a benefit which the Participant accrued while performing services for a former employer, the former employer is a Predecessor Employer with respect to the Participant in the Plan. A former entity that antedates the Employer is also a Predecessor Employer with respect to a Participant if, under the facts and circumstances, the Employer constitutes a continuation of all or a portion of the trade or business of the former entity.

(11) **Severance from Employment.** An Employee has a severance from employment when the Employee ceases to be an Employee of the Employer maintaining the Plan. An Employee does not have a severance from employment if, in connection with a change of employment, the Employee's new employer maintains the Plan with respect to the Employee.

(12) **Year of Participation.** The Participant shall be credited with a Year of Participation (computed to fractional parts of a year) for each accrual computation period for which the following conditions are met: (a) the Participant is credited with at least the number of Hours of Service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the Plan in order to accrue a benefit for the accrual computation period, and (b) the Participant is included as a Participant under the eligibility provisions of the Plan for at least one day of the accrual computation period. If these two conditions are met, the portion of a Year of Participation credited to the Participant shall equal the amount of benefit accrual service credited to the Participant for such accrual computation period. A Participant who is permanently and totally disabled within the meaning of Code Section 415(c)(3)(C)(i) for an accrual computation period shall receive a Year of Participation with respect to that period. In addition, for a Participant to receive a Year of Participation (or part thereof) for an accrual computation period, the Plan must be established no later than the last day of such accrual computation period.

In no event shall more than one Year of Participation be credited for any 12-month period.

(13) **Year of Service.** For purposes of Section 2.2(e)(7), the Participant shall be credited with a Year of Service (computed to fractional parts of a year) for each accrual computation period for which the Participant is credited with at least the number of hours of service (or period of service if the elapsed time method is used) for benefit accrual purposes, required under the terms of the Plan in order to accrue a benefit for the accrual computation period, taking into account only service with the Employer or a Predecessor Employer.

(f) **Other Rules.**

(1) **Benefits Under Terminated Plans.** If a defined benefit plan maintained by the Employer has terminated with sufficient assets for the payment of benefit liabilities of all Plan Participants and a Participant in the Plan has not yet commenced benefits under the Plan, the benefits provided pursuant to the annuities purchased to provide the Participant's benefits under the terminated Plan at each possible annuity starting date shall be taken into account in applying the limitations of this section. If there are not sufficient assets for the payment of all Participants' benefit liabilities, the benefits taken into account shall be the benefits that are actually provided to the Participant under the terminated Plan.

(2) **Benefits Transferred From the Plan.** If a Participant's benefits under a defined benefit plan maintained by the Employer are transferred to another defined benefit plan maintained by the Employer and the transfer is not a transfer of distributable benefits pursuant to Regulation Section 1.411(d)-4, Q&A-3(c), the transferred benefits are not treated as being provided under the transferor plan (but are taken into account as benefits provided under the transferee plan). If a Participant's benefits under a defined benefit plan maintained by the Employer are transferred to another defined benefit plan that is not maintained by the Employer and the transfer is not a transfer of distributable benefits pursuant to Regulation Section 1.411(d)-4, Q&A-3(c), the transferred benefits are treated by the Employer's plan as if such benefits were provided under annuities purchased to provide benefits under a plan maintained by the Employer that terminated immediately prior to the transfer with sufficient assets to pay all Participants' benefit liabilities under the Plan. If a Participant's benefits under a defined benefit plan maintained by the Employer are transferred to another defined benefit plan in a transfer of distributable benefits pursuant to Regulation Section 1.411(d)-4, Q&A-3(c), the amount transferred is treated as a benefit paid from the transferor plan.

(3) **Formerly Affiliated Plans of the Employer.** A formerly affiliated plan of an Employer shall be treated as a plan maintained by the Employer, but the formerly affiliated plan shall be treated as if it had terminated immediately prior to the cessation of affiliation with sufficient assets to pay Participants' benefit liabilities under the Plan and had purchased annuities to provide benefits.

(4) **Plans of a Predecessor Employer.** If the Employer maintains a defined benefit plan that provides benefits accrued by a Participant while performing services for a Predecessor Employer, the Participant's benefits under a plan maintained by the Predecessor Employer shall be treated as provided under a plan maintained by

the Employer. However, for this purpose, the plan of the Predecessor Employer shall be treated as if it had terminated immediately prior to the event giving rise to the Predecessor Employer relationship with sufficient assets to pay Participants' benefit liabilities under the Plan, and had purchased annuities to provide benefits; the Employer and the Predecessor Employer shall be treated as if they were a single Employer immediately prior to such event and as unrelated Employers immediately after the event; and if the event giving rise to the predecessor relationship is a benefit transfer, the transferred benefits shall be excluded in determining the benefits provided under the Plan of the Predecessor Employer.

(5) **Special Rules.** The limitations of this section shall be determined and applied taking into account the rules in Regulation Section 1.415(f)-1(d), (e) and (h).

(6) **Aggregation with Multiemployer Plans.**

[a] If the Employer maintains a multiemployer plan, as defined in Code Section 414(f) and the multiemployer plan so provides, only the benefits under the multiemployer plan that are provided by the Employer shall be treated as benefits provided under a plan maintained by the Employer for purposes of this section.

[b] Effective for Limitation Years ending after December 31, 2001, a multiemployer plan shall be disregarded for purposes of applying the compensation limitation of Sections 2.2(e)(3) and (e)(9)[a] to a plan which is not a multiemployer plan.

If accruals under this Plan would otherwise exceed the foregoing limits, then the rate of benefit accrual under this Plan shall be reduced to the extent necessary so that the total Annual Benefit payable at any time under all relevant defined benefit plans will not exceed the Maximum Permissible Benefit. The Annual Benefit otherwise payable to a Participant under the Plan at any time will not exceed the Maximum Permissible Benefit. If the benefit that the Participant would otherwise accrue in a Limitation year would produce an Annual Benefit in excess of the Maximum Permissible Benefit, then the benefit shall be limited (or the rate of accrual will be reduced) to a benefit that does not exceed the Maximum Permissible Benefit.

ARTICLE III
SPECIAL RULES FOR GOVERNMENTAL PLANS

3.1 **Applicability**. This Plan is a governmental plan (as defined in Code Section 414(d)). Therefore the provisions of this Article III shall apply notwithstanding any provision of this Amendment to the contrary.

3.2 **Exception for Survivor and Disability Benefits for Governmental Plans**. Section 2.2(e)(9)[a] and (9)[b][i] of this Amendment shall not apply to:

(a) income received from a governmental plan (as defined in Section 414(d)) as a pension, annuity, or similar allowance as the result of the recipient becoming disabled by reason of personal injuries or sickness, or

(b) amounts received from a governmental plan by the beneficiaries, survivors, or the estate of an employee as the result of the death of the employee.

3.3 **Special Limitation Rule for Governmental Plans.** The Defined Benefit Compensation Limit described in Article II shall not apply.

3.4 **Special Rules Relating to Purchase of Permissive Service Credit Under Governmental Plans.** The special rules set forth in Code Section 415(n) and the regulations thereunder, which are hereby incorporated by reference, shall apply if this Plan permits Participants to make contributions to purchase permissive service credit.

LANSING BOARD OF WATER AND LIGHT

Dated: 3-26-, 2009

By:
Its: Chair, Board of Commissioners

Dated: 3-26, 2009

By:
Its: Corporate Secretary

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LANSING BOARD OF
WATER&LIGHT

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Fourth Amendment to the Defined Benefit Pension Plan
Resolution Certification

I, Rhonda Jones, Corporate Secretary, with the Lansing Board of Water and Light do hereby certify that at a board meeting held March 26, 2009, the attached resolution entitled, "Fourth Amendment to the Defined Benefit Pension Plan" (Resolution #2009-3-2) was passed unanimously by a vote of 6-0 by the Board of Commissioners of the Lansing Board of Water and Light.

Rhonda Jones
Corporate Secretary
Lansing Board of Water and Light

March 27, 2009
Date

Resolution 2009-3-2

Fourth Amendment to the Defined Benefit Pension Plan

RESOLVED, that the Fourth Amendment to the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions is hereby adopted effective as stated therein; and

FURTHER RESOLVED, that the Chair of the Board of Commissioners and the Corporate Secretary are hereby authorized to execute said Fourth Amendment on behalf of the Board.

Motion by Commissioner Thomas, seconded by Commissioner DeLuca, to approve the resolution regarding the Fourth Amendment to the Defined Benefit Pension Plan.

Action: Carried unanimously.

Adopted by the Board of Commissioners at a regular board meeting held March 26, 2009.

PENSION PLAN TRUST

The ENTIRE MEMBERSHIP of the City of Lansing Board of Water and Light, a Michigan Municipal Corporation with its principal place of business at Lansing, Michigan (hereinafter referred to as the *"Board"* or the *"Corporation"*) shall be TRUSTEE (hereinafter referred to as the *"Trustee"*) of the pension plan hereinafter referred to.

WITNESSETH:

WHEREAS, The Board has established a retirement plan known as Plan for Employees Pensions, a copy of which plan is attached hereto, and a copy of which, as it may be amended from time to time, will be identified by the Secretary of the Board and filed with the Trustee and which plan, as amended from time to time, shall be called the *"Plan"*; and

WHEREAS, The Board desires to establish a trust to implement and carry out the provisions of the Plan.

NOW, THEREFORE, To carry the Plan into effect the Board itself and as Trustee does declare and agree:

ARTICLE I

I.1 The Board hereby creates and establishes a trust to be known as the Board of Water and Light of the City of Lansing Employees Pension Fund Trust in order to carry out purposes of this Plan. This trust shall form a part of the Plan. The words and phrases defined in the Plan, when used in this Trust, shall have the same meaning as defined in the Plan, unless the context clearly indicates otherwise.

I.2 The Entire Membership of the Board hereby accepts its appointment as Trustee hereunder and shall be a fiduciary under this Trust.

I.3 The Board shall have the responsibility and authority to control and manage the operation and administration of the Plan and shall be a named fiduciary under this Plan.

I.4 The Board shall establish the general objective of the funding policy for the Plan and the Entire Membership as Trustee shall establish a funding policy and method to carry out the objectives of the Plan. The Board and the Entire Membership as Trustee shall periodically review and, if necessary, revise such funding policy and method.

ARTICLE II

THE TRUST FUND AND ITS ADMINISTRATION

II.1 The Trust Fund.
The Trust Fund as at any date means all property of every kind then held by the Trustee.

II.2 General Powers

The Trustee shall have the following powers, rights, and duties in addition to those provided elsewhere in this agreement or by law:

(a) To receive and hold all contributions paid to it under the Plan; provided, however, that the Trustee shall have no duty to require any contributions received by it comply with the Plan or with any resolution of the Board, acting as such, providing therefore.

(b) To have the exclusive authority and discretion to invest and reinvest the Trust Fund in stocks, bonds, mortgages, notes or other property of any kind, real or personal as permitted by state law.

(c) To manage, sell, contract to sell, grant options with respect to convey, exchange, partition, transfer, abandon, improve, repair, insure, lease and otherwise deal with all property, real or personal, in such manner, for such considerations, and on such terms and conditions as the Trustee shall decide.

(d) To retain in cash (pending investment, reinvestment or payment of benefits) such portion of the Trust Fund as the Trustee considers advisable, and to deposit each in a depository, including any bank without liability for interest.

(e) To compromise, contest, arbitrate or abandon claims or demands.

(f) To have, with respect to the Trust Fund, all the rights of an individual owner, including the power to give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, recapitalizations or liquidations, and to exercise or sell stock subscription or conversion rights.

(g) To hold securities or other property in the name of the Trustee, or in such other forms as it deems best, with or without disclosing the Trust relationship provided the records of the Trustee shall indicate the actual ownership of such securities or other property.

(h) To retain any funds or properties subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of any such funds or property until final adjudication is made by a court of competent jurisdiction.

(i) To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be granted or appropriate to carry out the powers herein granted.

(j) To report to the Board as such on the last day of each Plan Year and on any Accounting Date (or as soon thereafter as is practicable) or at such other times as maybe required under the Plan, the then net worth of the Trust Fund, that is, the fair market value of all assets comprising the Trust Fund, reduced by any liabilities other than liabilities to participant or former participants in the Plan and their beneficiaries, determined by the Trustee on the basis of such evidence, data or information as it considers pertinent and liable.

Audit & Performance

(k) To furnish the Board an annual written account and accounts for such other periods as may be required under the Plan showing all investments, receipts, disbursements and other transactions made by the Trustee during the accounting period, and also showing the assets of the Trust Fund held at the end of the period.

(l) To pay an estate, inheritance, income or other tax, charge or assessment attributable to any benefit which in the Trustees opinion, it shall or may be required to pay out of such benefit; and to require before making any payment such release or other documents from any lawful taxing authority and such indemnity from the intended payee as the Trustee shall deem necessary for its protection.

(m) To begin, maintain or defend any litigation necessary in connection with the investment, reinvestment and administration of this Trust.

(n) To employ agents, attorneys, accountants, registered investment advisors or other persons (who also may be employed by the Board) for such purposes as the Trustee considers desirable.

(o) To perform any and all acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust Fund.

II.3 Exercise of Trustee's Duties.
Subject to the provisions of Article IV, the Trustee shall discharge its duties hereunder solely in the interest of the Plan Participants and their beneficiaries, and:

(a) For the exclusive purpose of (i) providing benefits to Plan Participants and their beneficiaries, and (ii) defraying reasonable expenses of administering the Plan;

(b) With the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use the conduct of an enterprise of a like character and with like airs; and

(c) By diversifying the investment of the Plan so as to minimize the risk or large losses, unless under the circumstances it is clearly prudent not to do so.

II.4 Limit of Trustee's Responsibility.
The Board shall deliver to the Trustee a certified or executed copy of the Plan and any amendments thereto for convenience of reference but the rights, powers and duties of the Trustee shall be governed solely by the terms of this document without reference to the provisions of the Plan.

II.5 Payment of Benefits.
Subject to the Article IV limitations, the Trustee shall from time to time on the written directions of the Corporation make payments out of the Trust Fund to such persons, including the Corporation, in such amounts and for such purposes as are specified in the written directions of the Corporation. To the extent permitted by law, the Trustee shall be under no liability for any payment made pursuant to the direction of the Corporation. Any written direction of the Corporation shall constitute a certification that the distribution or payment so directed is one which the Corporation is authorized to direct.

ARTICLE III

MISCELLANEOUS

III.1 Benefits may not be assigned or alienated.
The interest of Plan Participants and their beneficiaries under this Trust may not be voluntarily or involuntarily assigned or alienated.

III.2 Evidence
Evidence required of anyone under this Trust may be by certificate, affidavit, document or other instrument which the person acting in reliance thereon considers pertinent and reliable and signed, made or presented by the proper party.

III.3 Waiver of Notice.
Any notice required under this Trust may be waived by the person entitled thereto.

III.4 Counterparts.
This Trust may be executed in any number of counterparts, each of which shall be deemed an original and no other counter part need be produced.

III.5 Governing Laws.
This Trust shall be construed and administered according to the laws of the State of Michigan to the extent that such laws are not preempted by the laws of the United States of America.

III.6 Successor, etc.
The provisions of this Trust shall be binding on the Board and the Trustee and their successors and on all persons entitled to benefits under the Plan and their respective heirs and legal representatives.

III.7 Successor Employer.
If a successor to the Board or a purchaser of all or substantially all of the Board assets elects to continue the Plan, such successor or purchaser shall be substituted for the Board under this Trust.

ARTICLE IV

NO REVERSION TO BOARD

IV.1 No part of the corpus or income of the Trust Fund shall revert to the Board or be used for or diverted to, purposes other than for the exclusive benefit of Participants and their beneficiaries.

Anything contained in this Agreement to the contrary notwithstanding, it shall be impossible at any time prior to the satisfaction of all liabilities with respect to participants and their beneficiaries, for any part of the Trust Fund to be used for or diverted to purposes other than for the exclusive benefit of the participants under the Plan and their beneficiaries, except that payment of taxes and administration expenses may be made from the Trust Fund. In the case of the termination of the Plan, any residual assets of the Plan may be distributed to the Corporation at the direction of the Corporation if all liabilities of the Plan to participants and their beneficiaries have been satisfied and the distribution does not contravene any provision of law.

ARTICLE V

AMENDMENT AND TERMINATION

V.1 Amendments
Subject to the provisions of Article V, the Board reserves the right to amend the Trust at any time by action of the Board of Water and Light or of a person designated by resolution of the Board of Water and Light, except that no amendment shall change the rights, duties and liabilities of the Trustee under the Trust without its consent.

V.2 Termination.
If the Plan is terminated, all of the provisions of the Trust evidenced by the Trust, nevertheless shall continue in effect until the Trust Fund has been distributed by the Trustee in accordance with the Plan as directed by the Board.

LANSING BOARD OF WATER&LIGHT

Investment Policy Statement

for

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pension

July 2008

Table Of Contents

I. Introduction

Purpose of this Policy Statement

This policy statement outlines the goals and investment objectives of the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension (the "Plan"). Since this policy statement will provide guidelines for the investment advisors responsible for managing the Plan's assets, it outlines certain specific investment policies which will govern how those goals are expected to be achieved. This statement:

- Describes an appropriate risk posture for the investment of the Plan's assets;
- Specifies the target asset allocation policy;
- Specifies criteria for evaluating the performance of the Plan's assets; and
- Defines the various responsibilities of the Board of Commissioners ("the Board") and other parties involved in the management of the Plan's assets.
- The investment policies described in this statement should be dynamic, since they should reflect the Plan's current status and the Board's duties and investment philosophy regarding the investment of the assets. These policies will be reviewed and revised periodically to ensure they reflect any changes related to the status of the Plan or to Lansing Board of Water & Light ("the Sponsor"), as well as any fundamental changes in the capital markets.

Investment Objective

The Plan's assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the Finance Committee has taken into account the time horizon available for investment, the nature of the Plan's cash flows and liabilities, and other factors that affect the Plan's risk tolerance. Consistent with this, the Finance Committee has determined that the investment objective is **growth and income**. This investment objective:

- Is a balanced investment approach that is expected to achieve a positive rate of return over the long-term that would significantly contribute to the retirement income needs of most long-term employees;
- Is expected to earn long-term returns from capital appreciation and a growing stream of current income;
- Recognizes that the assets are exposed to risk and the market value of the Portfolio may fluctuate from year-to-year. This volatile performance is acceptable, as long as the Portfolio is invested primarily for capital appreciation over the long-term;
- Is expected to earn long-term returns sufficient to maintain or grow the purchasing power of assets over the long-term;
- Implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy;

- Diversifies the Portfolio's assets in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions;
- May potentially achieve investment results over the long-term that compare favorably with those of other professionally managed portfolios and of appropriate market indexes.

It is expected that these objectives can be obtained through a well-diversified portfolio structure in a manner consistent with this investment policy.

This investment policy is intended to be a summary of an investment philosophy that provides guidance for the Finance Committee and other parties interested in the management of these assets. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.

II. Information about the Plan

Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension

1232 Haco Drive
Lansing, MI 48912
Tel. (517) 702-6256

Primary Contact.. Susan Devon
CFO

Plan Assets $125,000,000
(as of June 30, 2007)

About Lansing Board of Water and Light and the Plan

The Lansing Board of Water and Light is a municipally owned utility providing drinking water, electricity, steam and services to the greater Lansing area in mid-Michigan. The Plan is a defined benefit pension plan that operates under state laws. The plan receives contributions made by the Lansing Board of Water & Light. The Fund pays any retirement benefits enumerated in the plan. These funds are invested in various financial assets. The plan currently has 569 participants; 494 currently receiving benefits.

Cash Flows

The Plan is currently over funded at a funding ratio of 125% as of June 30, 2007. The fund expects to maintain a funding level above 125%, which will allow annual section 420 transfers into the Post-Retirement Benefit Plan (VEBA). The plan expects to make annual withdrawals of $8,000,000. There are no expected contributions.

Tax/Regulatory Status

As a Defined Benefit Plan, the income and earnings of the Plan are exempt from State and Federal taxes. The Plan is covered under Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended.

Responsibilities of the Plan Representatives

Board of Commissioners

The Board is comprised of 8 appointed Commissioners of the Lansing Board of Water & Light. All of the Commissioners are Trustees of the Lansing Board of Water & Light Defined Benefit Plan and Trust. The Board of Commissioners has delegated oversight responsibility to the Finance Committee.

Finance Committee

The Finance Committee is a subcommittee of the Board of Commissioners responsible for approving the Investment Policy Statement and any future revisions. They are responsible for selecting the Investment Managers, Investment Consultants, custodians and other administrators required for the management of the Plan's assets and evaluating overall investment results.

The CFO will make recommendations to the Finance Committee regarding investment manager hiring and termination. The Finance Committee will have authority to make all such decisions.

Investment Consultant

The Investment Consultant retained by the Plan shall have the following responsibilities:

- To assist the Finance Committee in strategic planning for the Plan. This includes providing assistance in developing an investment policy, asset allocation strategy, and Investment Manager structure;
- To provide to the Finance Committee quarterly performance measurement reports on each separately managed account and on the Plan as a whole and to assist the Finance Committee in interpreting the results;
- To act as a liaison between investment managers and the Finance Committee, and thereby facilitate the communication of important information in the management of the Plan;
- To assist the Finance Committee with other duties as may be mutually agreed.

IV. Responsibilities of the Investment Managers

It is the intention of the Finance Committee to utilize separately managed accounts with various investment management firms; however, mutual or other commingled funds may be used from time to time to implement the investment strategy of the Plan, where practical. For mutual and other commingled funds, the prospectus or other documents of the fund(s) will govern the investment policies of the Plan investments. The following guidelines apply to separately managed accounts.

Fiduciary Responsibilities

- Each Investment Manager is expected to manage the Plan's assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this statement and any other applicable laws. This would include discharging responsibilities with respect to the Plan consistent with "Prudent Expert" standards, and all other fiduciary responsibility provisions and regulations.
- Each Investment Manager shall at all times be registered as an investment adviser under the Investment Advisers Act of 1940 (where applicable), and shall acknowledge in writing that they are a fiduciary of the Plan with respect to the assets they manage.
- Each Investment Manager shall supply the plan administrators a copy of their SEC form ADV Part 2 on an annual basis. If the Investment Manager is exempt from filing an annual ADV, the Investment Manager shall provide appropriate financial statements to the Board and the Investment Consultant.
- Each Investment Manager shall hold sufficient fidelity bonds, fiduciary liability or other insurance that would protect the interests of the Plan in the event of a breach of fiduciary duty and provide proof of such insurance and amounts of coverage to the plan administrators on an annual basis.
- Each Investment Manager shall manage the assets in accordance with the Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended.
- The Plan assets will be managed by experienced investment management firms.

Security Selection/Asset Allocation

- Except as noted below, each Investment Manager shall have the discretion to determine their portfolio's individual securities selection.
- The Plan is expected to operate within an overall asset allocation strategy defining the Plan's mix of asset classes. This strategy, described below, sets a long-term percentage target for the amount of the Plan's market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations.
- The asset allocation strategy for each Investment Manager's portfolio can deviate from the overall Plan's asset allocation, however, the Finance Committee is responsible for

monitoring the aggregate asset allocation, and may re-balance to the target allocation on a periodic basis.

Proxy Voting

Absent delegation to another service provider, each Investment Manager is responsible and empowered to exercise all rights, including voting rights, as is acquired through the purchase of securities, where practical. The Investment Managers shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Finance Committee upon request.

V. Investment Return Objectives

In consideration of the Plan's investment goals, demographics, time horizon available for investment and the overall risk tolerance of the Finance Committee, a long-term investment objective of income and growth has been adopted for the Plan's assets. The primary objectives of the Plan's assets are to fund all disbursements as they are due, to meet the **actuarial rate of return of 7.5%**, and to earn returns in excess of a passive set of market indexes representative of the Plan's asset allocation.

The Finance Committee and their advisors will monitor the Plan's performance on a quarterly basis. The members of the Finance Committee will evaluate each Investment Manager's contribution toward meeting the investment objectives outlined below and in their specific policy guidelines (that are attached) over a three- to five-year time period, unless otherwise noted.

Fixed Rate of Return target: It is desired that the Plan produce a level of return of at least **8%**.

Secondary Rate of return Target: CPI + 5%.

Primary Benchmark: It is desired that the Plan produce a level of return in excess of the "market," as represented by a benchmark index or mix of indexes reflective of the Plan's return objectives and risk tolerance.

This benchmark or *"policy index"* is to be constructed as follows:

45% Russell 1000 Stock Index - Domestic Large Capitalization Stocks

10% Russell 2000 Stock Index - Domestic Small Capitalization Stocks

14.2% Morgan Stanley Capital International Europe, Australia and Far East (MSCI EAFE) International Stock Index - International Stocks

30.8% Merrill Lynch Domestic Master Bond Index - U.S. Fixed Income

The Plan is expected to exceed the average annual return of this benchmark on a risk-adjusted basis over rolling three to five year time periods and a full market cycle.

VI. Risk Tolerance

Investment theory and historical capital market return data suggests that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (i.e. volatility of return) is associated with higher return.

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Plan is the determination of an appropriate risk tolerance. The Finance Committee examined two important factors that affect the Plan's risk tolerance:

Financial Ability to accept risk within the investment program and,

Willingness to accept return volatility.

The members of the Finance Committee have examined their risk tolerance by considering several relevant factors.

Positive factors that contribute to a higher risk tolerance are:

(1) The long-term time horizon available for investment

(2) The Plan is over funded which increases the Plan's ability to take risk.;

Offsetting these factors are:

(1) The large number of participants who are currently retired who depend on the plan for retirement benefits;

(2) The continued ability and willingness of the Sponsor to make future contributions to the Plan and the ability to continue to fund the VEBA; and

(3) The desire to avoid large swings in market value and to avoid large losses in market value.

The members of the Finance Committee have analyzed the behavior of the Plan's assets within different economic environments. As a result of this analysis, the Finance Committee is comfortable with a risk level of the Plan as measured by volatility (standard deviation) that is similar to the volatility level of the policy index when measured over three- to five-year rolling time periods and a full market cycle.

VII. Asset Allocation Strategy

In line with the Plan's return objectives and risk parameters, the mix of assets should be generally maintained as follows (percents are of the market value of the Plan):

Asset Class/ Investment Style	Minimum	Target Avg.	Maximum
Domestic Large Capitalization Stocks	40%	45%	50%
Domestic Small Capitalization Stocks	7.5%	10%	12.5%
International Stocks	10%	14.2%	18%
Total Equity	**65%**	**69.2%**	**75%**
U.S. Core Fixed Income	25%	30.8%	40%
Total Fixed Income	**25%**	**30.8%**	**40%**

Deviations from this asset mix guideline may be authorized in writing by the Finance Committee, which may determine if the aggregate deviation constitutes a material departure from the spirit of the target allocation.

Each investment manager will be expected to maintain the asset allocation of their portfolio within the target asset allocation established for their portfolio. Since the growth in each individually managed portfolio can result in a deviation from the overall portfolio's asset allocation, the aggregate asset allocation will be monitored and may be rebalanced to the target allocation on a periodic basis.

Rebalancing Procedures

The allocations to each asset class and to investment styles within asset classes are expected to remain stable over most market cycles.

Each Investment Manager will be expected to maintain the asset allocation of their portfolio consistent with the target asset allocation established for their portfolio. Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall Plan's asset allocation, the aggregate asset allocation will be monitored and the Finance Committee may rebalance the Plan to the target allocation on a periodic basis. To achieve the rebalancing of the Plan, the Finance Committee may instruct the investment consultant to re-direct contributions and disbursements from individual Investment Managers as appropriate, in addition to shifting assets from one Investment Manager to another.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Finance Committee by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Finance Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

VIII. Investment Strategy

Selection Criteria for Investment Managers

Investment Managers retained by the Finance Committee shall be chosen using the following criteria:

- Investment Manager should have at least $500 million in total assets and have been in business for at least 5 years.
- Investment Manager Strategy should have at least $200 million in assets.
- Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both consistency of performance and the level of risk taken to achieve results;
- The investment style and discipline of the Investment Manager;
- How well the Investment Manager's investment style or approach complements other Investment Managers in the Plan;
- Level of experience, financial resources, and staffing levels of the Investment Manager;
- An assessment of the likelihood of future investment success, relative to other opportunities.
- The Finance Committee is interested in having an inclusive, diverse group of candidates in its search for investment managers. The CFO is to advertise broadly for investment managers with the intent of making this opportunity available to all genders, ethnic groups, races and localities.
- Investment Manager Strategy should have competitive fees.
- Investment Manager should have no recent material change in key personnel. In

addition, the following guidelines will apply:

A. Asset Allocation

Unless otherwise noted below, under normal market conditions, **each Investment Manager is expected to be invested consistent with their investment style as described in any relevant investment management agreement with the selected investment advisor(s).** During the initial three months of the relationship after being retained, the Investment Manager may hold cash and cash equivalents in larger proportions in order to invest their portfolio on an orderly basis.

B. Diversification Requirements

To minimize the risk of large losses, each Investment Manager shall maintain adequate diversification in their portfolio. Subject to the constraints outlined in this investment policy, and in their investment management agreement with the Plan, each Investment Manager shall have the discretion to determine their portfolio's individual security selections.

C. Cash and Equivalents

It is generally expected that the Investment Manager will remain fully invested in equities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the Custodian’s money market fund, short-term maturity Treasury securities, insured savings instruments of commercial banks and savings and loans.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Finance Committee by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Finance Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

IX. Exclusions

The Plan's assets invested in separately managed accounts may not be used for the following purposes except for hedging an existing position to reduce risk.

- Short Sales;
- Purchases of letter stock, private placements, or direct payments;
- Non-rated bonds
- Leveraged transactions;
- Commodities transactions;
- Investments in non-U.S. dollar denominated securities, except for International Equity Investment Managers;
- Puts, calls, straddles, or other option strategies (unless the position is used to hedge or unhedge an underlying position);
- Purchases of oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;
- Investments in tax-exempt securities or funds;
- Investments in limited partnerships (except for publicly traded Master Limited Partnerships);
- Investments by the Investment Manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Finance Committee;
- Investments in futures, use of margin or investments in any derivatives not explicitly permitted in this policy statement (except to hedge or unhedge an underlying position).
- Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Finance Committee;

Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Finance Committee. Requests by Investment Managers to execute transactions that are not currently authorized in this policy should be made prior to executing such transactions.

Guidelines for Corrective Action

The Finance Committee recognizes the importance of a long-term focus when evaluating the performance of investment managers. The Finance Committee understands the potential for short-term periods when the performance of individual managers may deviate significantly from the performance of representative market indexes. The portfolio, however, may require an extra level of scrutiny, which may include termination, of an investment manager based on the following conditions:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account.
- Any material client servicing deficiencies, including a failure to communicate in a timely fashion.
- Violation of terms of contract without prior written approval of the Finance Committee constitutes grounds for termination.
- Diversification strategy - as part of their overall asset allocation strategy, The Finance Committee will utilize a multi-manager and/or mutual or other commingled funds structure of complementary investment styles and asset classes to invest the portfolio's assets. Therefore, it is very important that investment managers remain consistent with the intended investment style at the time the manager was engaged.
- The Finance Committee will not, as a rule, terminate an investment manager on the basis of short-term performance. If the organization is sound and the firm is adhering to its investment style and approach, the Finance Committee will allow a sufficient interval of time over which to evaluate performance. The Finance Committee expects that the investment consultant will provide guidance to determine an appropriate length of time. The investment manager's performance will be viewed in light of the firm's particular investment style and approach, keeping in mind at all times the portfolio's diversification strategy as well as the overall quality of the relationship.
- The investment manager may be replaced at any time as part of an overall restructuring of the portfolio. The Finance Committee reserves the right to terminate an investment manager for any other reason.

X. Meetings and Communication with the Investment Managers and Investment Consultant

- As a matter of course, each Investment Manager should keep the Finance Committee and Investment Consultant apprised of any material changes in the Investment Manager's outlook, investment policy, and tactics.
- Each Investment Manager should meet with the Finance Committee as requested to review and explain their portfolio's investment results. The Investment Manager should discuss with the Finance Committee any significant changes in corporate or capital structure and brokerage affiliation or practices.
- Each Investment Manager should be available on a reasonable basis for telephone communication when needed.
- Any material event that affects the ownership of each investment management firm or the management of this account must be reported promptly to the Finance Committee and the Plan's Investment Consultant.
- The Plan's Investment Consultant will provide written performance reports to the Finance Committee quarterly.
- The Custodian should provide monthly statements of assets and transactions.

XI. Performance Evaluation

As noted above, the Finance Committee will monitor the Plan's performance on a quarterly basis. The Finance Committee will evaluate the Plan's success in achieving the investment objectives outlined in this document over a three- to five-year time horizon and a full market cycle. The Plan's (and Investment Manager's) performance should be reported in terms of rate of return and changes in dollar value. **At time of retention, the Finance Committee, Investment Consultant and Investment Manager(s) will agree to an appropriate benchmark(s).** The returns should be compared to these market indexes for the most recent quarter and for annual and cumulative prior time periods. The Plan's asset allocation should also be reported on a quarterly basis.

Risk as measured by volatility, or standard deviation, should be evaluated after five quarters of performance history have accumulated. An attribution analysis should also be performed, to evaluate how much of the Plan's investment results are due to the Investment Managers' investment decisions, as compared to the effect of the financial markets. It is expected that this analysis will use the "policy index" as the performance benchmark for evaluating both the returns achieved and the level of risk taken.

XI. Approval

Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Finance Committee when they determine that the aggregate deviation does not constitute a material departure from the spirit of this investment policy.

It is understood that this investment policy is to be reviewed periodically by the Board to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the Investment Managers.

Chairman of the Board ***Date***

An essential step in investment management is the evaluation of performance against a relevant benchmark. Below are the suggested Benchmarks for various asset classes. The Trustee should discuss with the Investment Consultant and Investment Manager(s) an appropriate benchmark by which the Investment Manager(s) will be compared.

Suggested Performance Benchmarks:

Asset Category	***Index***	***Peer Group Universe***
Large Cap Equity	S & P 500	Total Equity Database
Value	Russell 1000 Value	Value Equity Style
Growth	Russell 1000 Growth	Growth Equity Style
Core	Russell 1000	Core Equity Style
Small/Mid Cap Equities	Russell 2500	Small/Mid Cap Equity
International Equity	MSCI EAFE	International Equity
Domestic Fixed Income	Merrill Lynch Domestic Master	Total F/I Database
Cash	90 Day T-Bills	Money Market Database

Investment Manager

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Finance Committee, which can determine if the aggregate deviation constitutes a material departure from the spirit of this investment policy.

The investment policy as set forth in this document will be reviewed annually by the Finance Committee, which can approve and implement changes. If at any time the Investment Manager believes that these objectives cannot be met or that the investment guidelines constrict performance, the Finance Committee should be so notified in writing. By initial and continuing acceptance of these objectives and guidelines, the Investment Manager agrees to abide by the provisions of this document effective as of _____________, 20__.

Investment Manager

Name of Investment Management Firm

Resolution 2008-8-1

Revised Defined Benefit Plan Investment Policy Statement

Whereas, the Board has engaged Merrill Lynch Institutional Consulting Group to provide consulting advisory services to the Defined Benefit Plan for Employees' Pension regarding Investment Policy Statement review; Strategic Asset Allocation Modeling; Investment Manager due diligence, search, and selection; Portfolio Strategy and Performance Measurement; and

Whereas, on July 15, 2008 Merrill Lynch Institutional Consulting Group updated the Finance Committee on the results of its Asset Allocation Study for the Defined Benefit Plan that was completed utilizing its Strategic Allocation Modeling technique to determine a long range asset mix that represents an appropriate blend of risk and return; and

Whereas, the Trustees of Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension, consisting of all members of the Board of Commissioners, desire to revise the asset allocation mix for the investments in the Trust Fund; and

Whereas, the Board of Commissioners desire to update the Investment Policy Statement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension consistent with recommendations provided by Merrill Lynch Institutional Consulting Group.

RESOLVED, That the Board of Commissioners amend the resolution dated March 27, 2007, adopting policy changes to the Defined Benefit Investment Policy; and

FURTHER RESOLVED, that the Board of Commissioners hereby approve the amended Investment Policy Statement for Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension dated July 2008, as attached.

Motion by Commissioner Cochran, seconded by Commissioner James to approve the resolution for the Revised Defined Benefit Plan Investment Policy Statement.

Action: Carried unanimously.

Adopted by the Board of Commissioners at a Special Board meeting held August 12, 2008.

Act No. 347
Public Acts of 2012
Approved by the Governor
December 5, 2012
Filed with the Secretary of State
December 5, 2012
EFFECTIVE DATE: 91st day after final adjournment of 2012 Regular Session

STATE OF MICHIGAN
96TH LEGISLATURE
REGULAR SESSION OF 2012

Introduced by Senators Jansen, Proos, Meekhof, Moolenaar, Hood, Warren, Nofs, Pappageorge, Rocca, Gregory, Marleau, Brandenburg and Kowall

ENROLLED SENATE BILL No. 797

AN ACT to amend 1965 PA 314, entitled "An act to authorize the investment of assets of public employee retirement systems or plans created and established by the state or any political subdivision; to provide for the payment of certain costs and investment expenses; to authorize investment in variable rate interest loans; to define and limit the investments which may be made by an investment fiduciary with the assets of a public employee retirement system; and to prescribe the powers and duties of investment fiduciaries and certain state departments and officers," by amending sections 12b, 12c, 13, 14, 15, 17, 19, 19a, 20c, 20d, 20h, 20k, and 20m (MCL 38.1132b, 38.1132c, 38.1133, 38.1134, 38.1135, 38.1137, 38.1139, 38.1139a, 38.1140c, 38.1140d, 38.1140h, 38.1140k, and 38.1140m), sections 12b, 12c, 14, 17, and 20c as amended by 2000 PA 307, section 13 as amended by 2009 PA 84, section 15 as amended and section 20k as added by 1996 PA 485, sections 19 and 20d as amended and section 19a as added by 2008 PA 425, section 20h as amended by 2002 PA 728, and section 20m as amended by 2007 PA 22, and by adding sections 13e, 13f, and 21.

The People of the State of Michigan enact:

Sec. 12b. (1) "Defined contribution plan" means a defined contribution plan as defined in section 414(i) in the internal revenue code, 26 USC 414.

(2) "Derivative" means either of the following:

(a) A contract or convertible security that changes in value in concert with a related or underlying security, future, or other instrument or index; or obtains much of its value from price movements in a related or underlying security, future, or other instrument or index; or both.

(b) A contract or security, such as an option, forward, swap, warrant, or a debt instrument with 1 or more options, forwards, swaps, or warrants embedded in it or attached to it, the value of which contract or security is determined in whole or in part by the price of 1 or more underlying instruments or markets.

(3) "Equity interests" means limited partnership interests and other interests in which the liability of the investor is limited to the amount of the investment, but does not mean general partnership interests or other interests involving general liability of the investor.

(4) "Global security" means any of the following:

(a) A fixed income security issued by a government, a governmental agency, or a public or private company that is traded outside of the United States and may be issued in a currency other than the United States dollar.

(b) An equity position in a company traded on an exchange outside of the United States or a security that may be issued in a currency other than the United States dollar or an unregistered American depository receipt.

(c) An equity or fixed income derivative that derives its value from an investment described in subdivision (a) or (b) or a global security or bond index traded on an exchange outside of the United States.

Sec. 12c. (1) "Investment fiduciary" means a person other than a participant directing the investment of the assets of his or her individual account in a defined contribution plan who does any of the following:

(a) Exercises any discretionary authority or control in the investment of a system's assets. Investment fiduciary under this subdivision includes the state treasurer and his or her investment personnel for the systems described in section 13(4).

(b) Renders investment advice for a system for a fee or other direct or indirect compensation.

(2) "Invest" or "investment" means the utilization of money in the expectation of future returns in the form of income or capital gain. Investments initially purchased in accordance with this act that subsequently do not qualify for purchase for any reason shall be considered to continue to meet the requirements of this act. Investment includes a guarantee by an investment fiduciary but does not include, as a sole investment, a pledge of the system's assets as collateral to guarantee the repayment of obligations made by a third party to a borrower.

(3) "Investment grade" means graded in the top 4 major grades as determined by 2 national rating services.

Sec. 13. (1) The provisions of this act shall supersede any investment authority previously granted to a system under any other law of this state.

(2) The assets of a system may be invested, reinvested, held in nominee form, and managed by an investment fiduciary subject to the terms, conditions, and limitations provided in this act. An investment fiduciary of a defined contribution plan may arrange for 1 or more investment options to be directed by the participants of the defined contribution plan. The limitations on the percentage of total assets for investments provided in this act do not apply to a defined contribution plan in which a participant directs the investment of the assets in his or her individual account, and that participant is not considered an investment fiduciary under this act.

(3) An investment fiduciary shall discharge his or her duties solely in the interest of the participants and the beneficiaries, and shall do all of the following:

(a) Act with the same care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims.

(b) Act with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered.

(c) Make investments for the exclusive purposes of providing benefits to participants and participants' beneficiaries, and of defraying reasonable expenses of investing the assets of the system.

(d) Give appropriate consideration to those facts and circumstances that the investment fiduciary knows or should know are relevant to the particular investment or investment course of action involved, including the role the investment or investment course of action plays in that portion of the system's investments for which the investment fiduciary has responsibility; and act accordingly. For purposes of this subsection, "appropriate consideration" includes, but is not limited to, a determination by the investment fiduciary that a particular investment or investment course of action is reasonably designed, as part of the investments of the system, to further the purposes of the system, taking into consideration the risk of loss and the opportunity for gain or other return associated with the investment or investment course of action; and consideration of the following factors as they relate to the investment or investment course of action:

(*i*) The diversification of the investments of the system.

(*ii*) The liquidity and current return of the investments of the system relative to the anticipated cash flow requirements of the system.

(*iii*) The projected return of the investments of the system relative to the funding objectives of the system.

(e) Give appropriate consideration to investments that would enhance the general welfare of this state and its citizens if those investments offer the safety and rate of return comparable to other investments permitted under this act and available to the investment fiduciary at the time the investment decision is made.

(f) Prepare and maintain written objectives, policies, and strategies with clearly defined accountability and responsibility for implementing and executing the system's investments.

(g) Monitor the investment of the system's assets with regard to the limitations on those investments pursuant to this act. Upon discovery that an investment causes the system to exceed a limitation prescribed in this act, the investment fiduciary shall reallocate assets in a prudent manner in order to comply with the prescribed limitation.

(h) Prepare and maintain written policies regarding ethics and professional training and education, including travel, which policies contain clearly defined accountability and reporting requirements for the system's investment fiduciaries.

(i) Publish a summary annual report that includes all of the following:

(*i*) The name of the system.

(*ii*) The names of the system's investment fiduciaries.

(*iii*) The names of the system's service providers.

(*iv*) The system's assets and liabilities and changes in net plan assets on a plan-year basis.

(*v*) The system's funded ratio based upon the ratio of valuation assets to actuarial accrued liabilities on a plan-year basis.

(*vi*) Except as otherwise provided in this subparagraph, the system's investment performance net of fees on a rolling calendar-year basis for the previous 1-, 3-, 5-, 7-, and 10-year periods. For a system for which the state treasurer is the investment fiduciary, the summary annual report shall include the system's investment performance net of fees on a rolling calendar-year and fiscal-year basis for the previous 1-, 3-, 5-, 7-, and 10-year periods.

(*vii*) The system's administrative and investment expenditures pursuant to standards of the governmental accounting standards board, including, but not limited to, a list of all expenditures made with soft dollars and all expenditures for professional training and education, including travel expenditures, by or on behalf of system board members that are paid by the system, if any.

(*viii*) The system's itemized budget containing all projected expenditures, including, but not limited to, expenditures for professional training and education, including travel expenditures, by or on behalf of system board members that are paid by the system.

(*ix*) The following information as provided in the system's most recent annual actuarial valuation report:

(A) The number of active members.

(B) The number of retirees and beneficiaries.

(C) The average annual retirement allowance.

(D) The total annual retirement allowances being paid.

(E) The valuation payroll.

(F) The employer's computed normal cost of benefits expressed as a percentage of valuation payroll.

(G) The employer's total contribution rate expressed as a percentage of valuation payroll.

(H) The weighted average of member contributions, if any.

(I) The actuarial assumed rate of investment return.

(J) The actuarial assumed rate of long-term wage inflation.

(K) The smoothing method utilized to determine the funding value of assets.

(*l*) The amortization method and period utilized for funding the system's unfunded actuarial accrued liabilities, if any.

(M) The system's actuarial cost method.

(N) Whether system membership is open or closed to specific groups of employees.

(4) An investment fiduciary who is an investment fiduciary of any of the following shall comply with the divestment from terror act, 2008 PA 234, MCL 129.291 to 129.301, in making investments under this act:

(a) The Tier 1 retirement plan available under the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69.

(b) The Tier 1 retirement plan available under the judges retirement act of 1992, 1992 PA 234, MCL 38.2101 to 38.2670.

(c) The Michigan state police retirement system created under the state police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1648.

(d) The Michigan public school employees' retirement system created under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437.

(5) An investment fiduciary may use a portion of the income of the system to defray the costs of investing, managing, and protecting the assets of the system; may retain investment and all other goods and services necessary for the conduct of the affairs of the system, including investment advisors, consultants, custodians, accountants, auditors, attorneys, actuaries, investment personnel, administrators, and physicians; and may enter into contracts for and pay reasonable compensation for those services. Subject to an annual appropriation by the legislature, a deduction from the income of a state-administered system resulting from the payment of those costs shall be made.

(6) Subject to this subsection, an investment fiduciary may use a portion of the income of the system to defray the costs of professional training and education, including travel costs, of system board members, which professional training and education, including travel, are directly related to the administration, management, and operation of the system. The governing board vested with the general administration, management, and operation of the system or other decision-making body that is responsible for implementation and supervision of the system shall adopt an annual budget for professional training and education, including travel, authorized under this subsection. The budget adopted under this subsection shall reflect the number of board members, the size of the system, and the educational objectives of the system. The system's total aggregate cost for professional training and education, including travel costs, authorized under this subsection for a fiscal year shall not exceed $150,000.00 or an amount that is equal to the total number of system board members multiplied by $12,000.00, whichever is less. The system's total cost for professional training and education, including travel costs, authorized under this subsection for an individual system board member in a fiscal year shall not exceed $30,000.00. Beginning January 1, 2013, the department of treasury shall adjust the dollar amounts in this subsection by an amount determined by the state treasurer at the end of the immediately preceding calendar

year to reflect the cumulative annual percentage change in the consumer price index. As used in this subsection, "consumer price index" means the most comprehensive index of consumer prices available for this state from the bureau of labor statistics of the United States department of labor.

(7) Before any investment services are provided, an investment service provider shall provide the investment fiduciary of the system with a complete written disclosure of all fees or other compensation associated with its relationship with the system. After investment services are provided to the investment fiduciary of the system, an investment service provider shall provide on an annual basis written disclosure of all fees including, but not limited to, commissions, 12b-1 and related fees, compensation paid or to be paid to third parties, and any other compensation paid by the system to the investment fiduciary of the system. As used in this subsection, "investment service provider" means any individual, third-party agent or consultant, or other entity that receives direct or indirect compensation for consulting, investment management, brokerage, or custody services related to the system's assets. Investment service provider does not include a retirement system.

(8) The system shall be a separate and distinct trust fund and the assets of the system shall be for the exclusive benefit of the participants and their beneficiaries and of defraying reasonable expenses of investing the assets of the system. With respect to a system, an investment fiduciary shall not cause the system to engage in a transaction if he or she knows or should know that the transaction is any of the following, either directly or indirectly:

(a) A sale or exchange or a leasing of any property from the system to a party in interest for less than the fair market value, or from a party in interest to the system for more than the fair market value.

(b) A lending of money or other extension of credit from the system to a party in interest without the receipt of adequate security and a reasonable rate of interest, or from a party in interest to the system with the provision of excessive security or at an unreasonably high rate of interest.

(c) A transfer to, or use by or for the benefit of, the political subdivision sponsoring the system of any assets of the system for less than adequate consideration.

(d) The furnishing of goods, services, or facilities from the system to a party in interest for less than adequate consideration, or from a party in interest to the system for more than adequate consideration.

(9) With respect to a system subject to this act, an investment fiduciary shall not do any of the following:

(a) Deal with the assets of the system in his or her own interest or for his or her own account.

(b) In his or her individual or any other capacity act in any transaction involving the system on behalf of a party whose interests are adverse to the interests of the system or the interest of its participants or participants' beneficiaries.

(c) Receive any consideration for his or her own personal account from any party dealing with the system in connection with a transaction involving the assets of the system.

(10) This section does not prohibit an investment fiduciary from doing any of the following:

(a) Receiving any benefit to which he or she may be entitled as a participant or participant's beneficiary of the system.

(b) Receiving any reimbursement of expenses properly and actually incurred in the performance of his or her duties for the system.

(c) Serving as an investment fiduciary in addition to being an officer, employee, agent, or other representative of the political subdivision sponsoring the system.

(d) Receiving agreed upon compensation for services from the system.

(11) Except for an employee of a system, this state, or the political subdivision sponsoring a system, when acting in the capacity as an investment fiduciary, an investment fiduciary who is qualified under section 12c(1)(b) shall meet 1 of the following requirements:

(a) Be a registered investment adviser under the investment advisers act of 1940, 15 USC 80b-1 to 80b-21, or the uniform securities act (2002), 2008 PA 551, MCL 451.2101 to 451.2703.

(b) Be a bank as defined under the investment advisers act of 1940, 15 USC 80b-1 to 80b-21.

(c) Be an insurance company qualified under section 16(3).

(12) An investment fiduciary shall not invest in a debt instrument issued by a foreign country that has been designated by the United States department of state as a state sponsor of terror.

Sec. 13e. (1) An investment fiduciary shall not make a payment from the assets of a system to a service provider if the service provider or a covered associate of the service provider has made a contribution to an official of a governmental entity during the immediately preceding 24-calendar-month period, which period does not include any calendar month before the effective date of this section. An investment fiduciary, a service provider, or a covered associate of a service provider shall not do anything indirectly that, if done directly, would violate this subsection. This subsection does not apply under any of the following circumstances:

(a) The contribution was made by a service provider or covered associate of the service provider to an official of a governmental entity for whom the service provider or covered associate of the service provider was entitled to vote at the time of the contribution and the contributions by the service provider or covered associate of the service provider to that official in the aggregate do not exceed $350.00 per election.

(b) The contribution was made by a service provider or covered associate of the service provider to an official of a governmental entity for whom the service provider or covered associate of the service provider was not entitled to vote at the time of the contribution and the contributions by the service provider or covered associate of the service provider to that official in the aggregate do not exceed $150.00 per election.

(c) The contribution was made to an official of a governmental entity by an individual more than 6 months before he or she became a covered associate of the service provider.

(d) The contribution was made to an official of a governmental entity by a covered associate of the service provider and all of the following requirements are met:

(*i*) The service provider discovers the contribution that violates this subsection on or before the expiration of 4 months after the contribution was made.

(*ii*) The contribution that violates this subsection was for $350.00 or less.

(*iii*) The covered associate of the service provider obtains the return of the contribution that violates this subsection on or before the expiration of 60 calendar days after the date of the discovery of the contribution under subparagraph (*i*).

(2) As used in this section:

(a) "Contribution" means a payment made under any of the following circumstances:

(*i*) For the purpose of influencing an election for federal, state, or local office.

(*ii*) For a debt incurred in connection with an election for federal, state, or local office.

(*iii*) For transition or inaugural expenses of a successful candidate for federal, state, or local office.

(*iv*) To a legal defense fund established by or on behalf of an official of a governmental entity.

(b) "Covered associate of the service provider" means any of the following:

(*i*) A general partner, managing member, agent, or officer of the service provider or any other individual with a similar status or function for the service provider.

(*ii*) An employee of the service provider who solicits a governmental entity on behalf of the service provider and any individual employed by the service provider who directly or indirectly supervises that employee.

(*iii*) A political action committee controlled by the service provider or by any individual described in subparagraph (*i*) or (*ii*). As used in this subparagraph, "political action committee" means a political committee or an independent committee as those terms are defined in the Michigan campaign finance act, 1976 PA 388, MCL 169.201 to 169.282.

(c) "Governmental entity" means this state or a political subdivision of this state. Governmental entity includes a system and an agency, authority, or instrumentality of this state or of a political subdivision of this state.

(d) "Official of a governmental entity" means an individual who, at the time of the contribution, was an incumbent, candidate, or successful candidate for an elective office in a governmental entity if the office meets any of the following requirements:

(*i*) Is directly or indirectly responsible for or can influence the outcome of the hiring of a service provider by a system sponsored by the governmental entity.

(*ii*) Has the authority to appoint an individual who is directly or indirectly responsible for or can influence the outcome of the hiring of a service provider by a system sponsored by the governmental entity.

(e) "Payment" means a gift, subscription, loan, advance, or deposit of money or anything of value.

(f) "Regulated investment adviser" means an investment adviser or covered associate of an investment adviser that is regulated under the investment advisers act of 1940, 15 USC 80b-1 to 80b-21.

(g) "Service provider" means a person retained to provide services to a system and includes investment advisers, consultants, custodians, accountants, auditors, attorneys, actuaries, administrators, and physicians. Service provider includes an investment service provider as defined in section 13(7). Service provider does not include a regulated investment adviser.

Sec. 13f. (1) An investment fiduciary or a service provider who is convicted of or who enters a nolo contendere plea accepted by a court for a felony or misdemeanor arising out of his or her service to a system is considered to have breached the public trust and shall reimburse the system for all costs, including legal defense fees, that were paid by the system. The system shall use reasonable efforts to collect any fees and costs recoverable under this subsection.

(2) As used in this section, "service provider" means that term as defined in section 13e.

Sec. 14. (1) An investment fiduciary shall not invest more than 70% of a system's assets in stock or the type of global security described in section 12b(4)(b). An investment fiduciary shall not invest in more than 5% of the outstanding stock of any 1 corporation, or invest more than 5% of a system's assets in the stock of any 1 corporation, unless otherwise provided in this act.

(2) An investment fiduciary may invest in stock or global securities under subsection (1) if it meets 1 of the following requirements:

(a) Is registered on a national securities exchange regulated under title I of the securities exchange act of 1934, 15 USC 78a to 78pp, or on an industry-recognized exchange outside the United States.

(b) Is on the national association of securities dealers automated quotation system or a successor to this system or is on an industry-recognized system outside the United States.

(c) Is issued pursuant to rule 144a under the securities act of 1933, 17 CFR 230.144a.

(3) Notwithstanding subsection (2), an investment fiduciary may designate an American depository receipt or the type of global security described in section 12b(4)(b) that satisfies the requirements of subsection (2) as an investment qualified under this section or as an investment in global securities qualified under section 20k.

Sec. 15. An investment fiduciary may invest in investment companies registered under the investment company act of 1940, 15 USC 80a-1 to 80a-64. The management company of the investment company shall have been in operation for at least 5 years and shall have assets under management of more than $500,000,000.00. An investment company may be established as a limited partnership, corporation, limited liability company, trust, or other organizational entity for which the liability of an investor does not exceed the amount of the investment under the laws of the United States or the applicable laws of the state, district, territory, or foreign country under which the investment company was established. An investment in an investment company shall be considered an investment in the underlying assets for all purposes under this act.

Sec. 17. (1) An investment fiduciary may invest in any of the following:

(a) Obligations issued, assumed, or guaranteed by a solvent entity created or existing under the laws of the United States or of any state, district, or territory of the United States, which are not in default as to principal or interest, including, but not limited to, the following:

(*i*) Obligations secured by the mortgage of real property or the pledge of adequate collateral if, during any 3, including 1 of the last 2, of the 5 fiscal years immediately preceding the time of investment, the net earnings of the issuing, assuming, or guaranteeing entity available for fixed charges, as determined in accordance with standard accounting practice, shall have been not less than the total of its fixed charges for the year on an overall basis, nor less than 1-1/2 times its fixed charges for the year on a priority basis after excluding interest requirements on obligations subordinate to the issue as to security.

(*ii*) Equipment trust certificates of railroad companies organized under the laws of any state of the United States or of Canada or any of its provinces, payable within 20 years from their date of issue, in annual or semiannual installments, beginning not later than the fifth year after the date of issue, which certificates are a first lien on the specific equipment pledged as security for the payment of the certificates, and which certificates are either the direct obligations of the railroad companies or are guaranteed by the railroad companies, or are executed by trustees holding title to the equipment.

(*iii*) Obligations other than those described in subparagraphs (*i*) and (*ii*) and in section 12c(3). The aggregate investments made under this subparagraph shall not exceed 15% of the system's total assets.

(b) Obligations secured by a security interest in real or personal property and a lease obligation given by a solvent entity whose obligations would be qualified investments under the provisions of this act, if the investment does not exceed 100% of the appraised value of the property subject to the lease, and if all of the following requirements are met:

(*i*) The lease has an unexpired term equal to or exceeding the remaining term of the investment.

(*ii*) The lease is noncancelable unless the lessee first pays the sum of all unpaid rents due or to become due during the remaining lease term.

(*iii*) The lease provides for net rental payments equal to or exceeding the periodic payments on the investment.

(*iv*) The lease provides that the net rental payments are to be made without abatement or offset during the full term of the lease.

(*v*) The lease and the lease payments are assigned to the system, an agent of the system, or an independent trustee.

(c) Obligations issued, assumed, or guaranteed by the United States, its agencies, or United States government-sponsored enterprises.

(d) Obligations of a possession, territory, or public instrumentality of the United States, or of any state, city, county, township, village, school district, authority, or any other governmental unit having the power to levy taxes, or in obligations of other similar political units of the United States. These investments shall be of investment grade. These investments shall not be permitted if in the 3 preceding years the governmental unit has failed to pay its debt or any part of its debt or the interest on the debt. The aggregate investments made under this subdivision shall not exceed 5% of the system's total assets.

(e) Banker's acceptances, commercial accounts, certificates of deposit, or depository receipts issued by a bank, trust company, savings and loan association, or a credit union.

(f) Commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 national rating services, and which matures within 270 days after the date of issue.

(g) Repurchase agreements for the purchase of securities issued by the United States government or its agencies and executed by a bank or trust company or by members of the association of primary dealers or other recognized dealers in United States government securities.

(h) Reverse repurchase agreements for the sale of securities issued by the United States government or its agencies and executed with a bank or trust company or with members of the association of primary dealers or other recognized dealers in United States government securities.

(i) Any investment otherwise permitted by this section in which the interest rate varies from time to time. Notwithstanding a provision of any other act to the contrary, a loan shall not be considered to be in violation of the usury statutes of this state by virtue of the fact that the loan is made on a variable interest rate basis.

(j) Obligations secured by any of the obligations described in subdivision (a) or (c).

(k) Dollar denominated obligations issued in the United States by foreign governments, supranationals, banks, or corporations. These investments shall be of investment grade.

(2) Except as otherwise provided in this act and except for obligations described in subsection (1)(c), an investment fiduciary shall not do any of the following:

(a) Invest in more than 5% of the outstanding obligations of any 1 issuer.

(b) Invest more than 5% of a system's assets in the obligations of any 1 issuer.

Sec. 19. (1) An investment fiduciary may invest up to 10% of a system's assets in publicly or privately issued real estate investment trusts or in real or personal property otherwise qualified pursuant to section 15, 16, or 20c.

(2) In addition to investments authorized under subsection (1), an investment fiduciary of a system having assets of more than $100,000,000.00 may do any of the following:

(a) Invest in, buy, sell, hold, improve, lease, or acquire by foreclosure or an agreement in lieu of foreclosure, real or personal property or an interest in real or personal property.

(b) Develop, maintain, operate, or lease the real or personal property referred to in subdivision (a).

(c) Form or invest in 1 or more limited partnerships, corporations, limited liability companies, trusts, or other organizational entities for which liability of an investor cannot exceed the amount of the investment under the laws of the United States or of any state, district, or territory of the United States or foreign country. The limited partnership, corporation, limited liability company, trust, or other organizational entity may invest in, buy, sell, hold, develop, improve, lease, or operate real or personal property, or originate a mortgage or invest in an annuity separate account that invests in real or personal property to hold title to, improve, lease, manage, develop, maintain, or operate real or personal property whether currently held or acquired after December 27, 1996. An entity formed under this subdivision has the right to exercise all powers granted to the entity by the laws of the jurisdiction of formation, including, but not limited to, the power to borrow money in order to provide additional capital to benefit and increase the overall return on the investment held by the entity.

(d) Invest in investments otherwise qualified pursuant to subsection (1).

(3) Except as otherwise provided in this section, the aggregate investments made under subsection (2) shall not exceed 10% of the assets of the system. The purchase price of an investment made under this section shall not exceed the appraised value of the real or personal property.

(4) If the investment fiduciary of a system is the state treasurer, investments described in subsection (1) or (2) may exceed 10% of the assets of the system.

(5) An investment qualified under this section in which the underlying asset is an interest in real or personal property constitutes an investment under this section for the purpose of meeting the asset limitations contained in this act. This subsection applies even though the investment may be qualified elsewhere in this act. Notwithstanding this subsection, an investment fiduciary may designate a real estate investment trust which satisfies the requirements of section 14(2) as an investment qualified under this section or as an investment in stock under section 14.

Sec. 19a. (1) If the investment fiduciary is the state treasurer, investments in private equity shall not be more than 30% of the system's total assets. If the investment fiduciary is not the state treasurer and the system has assets of $1,000,000,000.00 or more, investments in private equity shall not be more than 10% of the system's total assets. An investment fiduciary described in this subsection may invest not more than an additional 5% of the system's assets in Michigan private equity only.

(2) An investment fiduciary of a system that has assets of $250,000,000.00 or more but less than $1,000,000,000.00 shall not invest more than 5% of the system's assets in Michigan private equity. An investment fiduciary may otherwise invest in private equity under section 20d.

Sec. 20c. (1) A financial institution, a trust company, a management company qualified under section 15, or any affiliate of a person described in this section if that affiliate qualifies as an investment fiduciary under section 13(11), retained to act as an investment fiduciary may invest the assets of a system in any collective investment fund, common trust fund, or pooled fund that is established and maintained for investment of those assets under federal or state statutes or rules or regulations or an applicable foreign law. The investment fiduciary of the collective investment fund, common trust fund, or pooled fund shall be a financial institution, a trust company, a management company qualified under section 13(11)(a), or an affiliate of 1 of these entities if that affiliate qualifies as an investment fiduciary under section 13(11)(a). The collective investment fund, common trust fund, or pooled fund may be established as a limited partnership, corporation, limited liability company, trust, or other organizational entity for which liability of any investor does not exceed the amount of the investment under the laws of the United States or the laws of the state, district, territory, or foreign country that applied to the organization of the collective investment fund, common trust fund, or pooled fund. A pool in which the state treasurer has administrative or investment authority and the investment pools of the municipal employees retirement system and retirement board created under the municipal employees retirement act of 1984, 1984 PA 427, MCL 38.1501 to 38.1555, are not pooled funds for purposes of this section. An investment in a collective investment fund, common trust fund, or pooled fund is considered an investment in the underlying assets of that fund for all purposes under this act.

(2) As used in this section, "financial institution" means a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank, or credit union whose deposits are insured by an agency of the United States government and that maintains a principal office or branch office located in this state under the laws of this state or the United States.

Sec. 20d. (1) An investment fiduciary of a system having assets of less than $250,000,000.00 may invest not more than 15% of the system's assets in investments not otherwise qualified under this act, except as qualified in section 19a, whether the investments are similar or dissimilar to those specified in this act.

(2) An investment fiduciary of a system having assets of $250,000,000.00 or more but less than $1,000,000,000.00 may invest not more than 20% of the system's assets in investments described in subsection (1).

(3) An investment fiduciary of a system having assets of $1,000,000,000.00 or more may invest not more than 25% of the system's assets in investments described in subsection (1).

(4) An investment fiduciary of a system who is the state treasurer may invest not more than 30% of the system's assets in investments described in subsection (1).

(5) If an investment described in subsection (1) is subsequently determined to be permitted under another section of this act, then the investment shall no longer be included under this section.

(6) This section shall not be used to exceed a percentage of total assets limitation for an investment provided in any other section of this act.

Sec. 20h. (1) In addition to the provisions of this act, a system is subject to the applicable accounting, auditing, and reporting requirements contained in the following acts and parts of acts:

(a) 1919 PA 71, MCL 21.41 to 21.55.

(b) The uniform budgeting and accounting act, 1968 PA 2, MCL 141.421 to 141.440a.

(c) Section 91 of the executive organization act of 1965, 1965 PA 380, MCL 16.191.

(2) A system shall retain its financial records for a minimum period of 6 years from the date of the creation of the record unless state or federal law requires a longer retention period. As used in this subsection, "financial records" includes, but is not limited to, records pertaining to expenditures for professional training and education, including travel expenditures, by or on behalf of system board members that are paid by the system.

(3) Except as otherwise provided in this subsection, information regarding the calculation of actual or estimated retirement benefits for members of the system is exempt from disclosure by the system or the political subdivision sponsoring the system pursuant to section 13(1)(d) of the freedom of information act, 1976 PA 442, MCL 15.243. Upon a majority vote of the governing body of the political subdivision sponsoring the system, the system shall provide the designated representative of the political subdivision with a reasonable opportunity to inspect, copy, or receive copies of all information regarding the calculation of actual or estimated retirement benefits for members of the system. The system may require that information provided by the system under this subsection be provided only upon a promise of confidentiality by the political subdivision sponsoring the system. A system may make reasonable rules to ensure the confidentiality of records exempt from disclosure under applicable state and federal law. The system may charge a fee under this subsection in accordance with section 4 of the freedom of information act, 1976 PA 442, MCL 15.234. All fees and expenses incurred by the political subdivision sponsoring the system that are related to this subsection shall be borne by the political subdivision and shall not be deducted from or offset against the political subdivision's required pension contributions to the system.

(4) Except as otherwise provided in this subsection, a system shall have an annual actuarial valuation with assets valued on a market-related basis. The actuarial present value of total projected benefits shall include all pension benefits to be provided by the system to members or beneficiaries pursuant to the terms of the system and any additional statutory or contractual agreements to provide pension benefits through the system that are in force at the actuarial valuation date, including, but not limited to, service credits purchased by members, deferred retirement option plans, early retirement programs, and postretirement adjustment programs. A system that has assets of less than $20,000,000.00 is only required to have an actuarial valuation as required under this subsection done every other year.

(5) A system shall provide a supplemental actuarial analysis before adoption of pension benefit changes. System assets shall not be used for any actuarial expenses related to the supplemental actuarial analysis under this subsection. The supplemental actuarial analysis shall be provided by the system's actuary and shall include an analysis of the long-term costs associated with any proposed pension benefit change. The supplemental actuarial analysis shall be provided to the board of the particular system and to the decision-making body that will approve the proposed pension benefit change at least 7 days before the proposed pension benefit change is adopted. For purposes of this subsection, "proposed pension benefit change" means a proposal to change the amount of pension benefits received by persons entitled to pension benefits under the system. Proposed pension benefit change does not include a proposed change to a health care plan or health benefits.

(6) The system shall make the summary annual report created under section 13 available to the plan participants and beneficiaries and the citizens of the political subdivision sponsoring the system. If the system has a website, the system shall publish the summary annual report on the website. If the system does not have a website, the political subdivision sponsoring the system shall publish the summary annual report on a website that the political subdivision has created or may create.

Sec. 20k. (1) Notwithstanding a percentage of total assets limitation for an investment provided in any other section of this act, an investment fiduciary who is the state treasurer or the investment fiduciary of a system that has assets of $2,000,000,000.00 or more may invest not more than 30% of a system's assets in global securities. An investment fiduciary of a system that has assets of less than $2,000,000,000.00 and who is not the state treasurer may invest not more than 20% of a system's assets in global securities. Except as otherwise provided in this act, an investment fiduciary shall not do any of the following:

(a) Invest in more than 5% of the outstanding global securities of any 1 issuer.

(b) Invest more than 5% of a system's assets in the global securities of any 1 issuer.

(2) Investments in global securities under this section shall be made only by investment fiduciaries described in section 13(11) who have demonstrated expertise in investments of that type.

Sec. 20m. The governing board vested with the general administration, management, and operation of a system or other decision-making body that is responsible for implementation and supervision of any system shall confirm in the annual actuarial valuation required under section 20h and the summary annual report required under section 13 that each system under this act provides for the payment of the required employer contribution as provided in this section and shall confirm in the summary annual report that the system has received the required employer contribution for the year covered in the summary annual report. The required employer contribution is the actuarially determined contribution amount. An annual required employer contribution in a system under this act shall consist of a current service cost payment and a payment of at least the annual accrued amortized interest on any unfunded actuarial liability and the payment of the annual accrued amortized portion of the unfunded principal liability. For fiscal years that begin before January 1, 2006, the required employer contribution shall not be determined using an amortization period greater than 40 years. Except as otherwise provided in this section, for fiscal years that begin after December 31, 2005, the required employer contribution shall not be determined using an amortization period greater than 30 years. For the Tier 1 retirement plan under the state employees' retirement system, created under the state employees' retirement act, 1943 PA 240, MCL 38.1 to 38.69; the Michigan public school employees' retirement created under the public school employees retirement act of 1979, 1980 PA 300, MCL 38.1301 to 38.1437; and the Michigan state police retirement system created under the state police retirement act of 1986, 1986 PA 182, MCL 38.1601 to 38.1648, only, for the fiscal year beginning October 1, 2006, the contribution for the unfunded actuarial accrued liability shall be equal to the product of the assumed real rate of investment return times the unfunded actuarial accrued liability. In a plan year, any current service cost payment may be offset by a credit for amortization of accrued assets, if any, in excess of actuarial accrued liability. A required employer contribution for a system administered under this act shall allocate the actuarial present value of future plan benefits between the current service costs to be paid in the future and the actuarial accrued liability. The governing board vested with the general administration, management, and operation of a system or other decision-making body that is responsible for implementation and supervision of a system shall act upon the recommendation of an actuary and the board and the actuary shall take into account the standards of practice of the actuarial standards board of the American academy of actuaries in making the determination of the required employer contribution.

Sec. 21. (1) Subject to this section, the governing board vested with the general administration, management, and operation of a system or other decision-making body that is responsible for implementation and supervision of a system may remove a member of the board or body as provided in subsection (2) by any of the following:

(a) A unanimous vote of all of the members of the board or body, other than the member who is the subject of the vote for removal.

(b) An order of a circuit court with jurisdiction entered in an appropriate action authorized by a majority vote of the members of the board or body.

(c) The process for the removal of a member of the board or body that is contained in the system's plan provisions if that process is less restrictive than either process provided for in subdivision (a) or (b).

(2) The governing board vested with the general administration, management, and operation of a system or other decision-making body that is responsible for implementation and supervision of a system shall give notice and hold a hearing on the removal of a member of that board or body for any of the following reasons:

(a) For an elected member of the board or body, upon receipt of a petition requesting the removal of the member, which petition is signed by 2/3 of the individuals eligible to vote in the election of the member of the board or body.

(b) The member is legally incapacitated from executing his or her duties as a member of the board or body and neglects to perform those duties.

(c) The member has committed a material breach of the system provisions or system policies or procedures and the removal of the member is in the interests of the system or the interest of its participants or participants' beneficiaries.

(d) The member is convicted of a violation of law and the removal of the member is in the interests of the system or the interest of its participants or participants' beneficiaries.

(3) Upon the removal of a member of a board or body under this section before expiration of the member's term, a new successor member shall fill the vacancy as follows:

(a) For an elected member of the board or body, by election in the same manner as the removed member for the remainder of that term of office.

(b) For an appointed member of the board or body, by appointment by the appointing authority of the removed member for the remainder of that term of office.

(c) For an ex officio member serving by virtue of his or her office, by appointment by the governing body of the political subdivision sponsoring the system until the time that a new individual is elected or appointed to the office from which the removed member served as a member.

(4) An individual who is removed from office as a member of a board or body under this section may appeal the removal to the circuit court with jurisdiction if the removal is by the board or body or, if the removal is by the circuit court, to the appropriate court with jurisdiction. A successor member of a board or body may be elected or appointed during the pendency of an appeal of a removed member under this subsection until the appeal is withdrawn or there is a final judgment in the matter.

(5) If, upon an appeal under subsection (4), the court finds that the petition for removal of the member was filed in bad faith and that removal is contrary to the interests of the system or the interest of its participants or participants' beneficiaries, the court may order that the individuals seeking the removal of the member pay all or a portion of the costs of the proceedings, including reasonable attorney fees.

Carol Morey Viventi

Secretary of the Senate

Gary L Randall

Clerk of the House of Representatives

Approved

Governor

ICMA RETIREMENT CORPORATION

GOVERNMENTAL MONEY PURCHASE PLAN & TRUST

ADOPTION AGREEMENT

Plan# **106696**

The Employer hereby establishes a Money Purchase Plan and Trust to be known as **Lansing Board of Water and Light Money Purchase Plan** (the "Plan") in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust (MPP 01/01/06).

This Plan is an amendment and restatement of an existing defined contribution money purchase plan.

☑ Yes ☐ No

If yes, please specify the name of the defined contribution money purchase plan which this Plan hereby amends and restates:

Lansing Board of Water and Light Employee Defined Contribution Plan

Effective Date: Immediately
Summary of Change: Eligible Requirement(s)

I. Employer: **Lansing Board of Water and Light (LBWL)**

II. The Effective Date of the Plan shall be the first day of the Plan Year during which the Employer adopts the Plan, unless an alternate Effective Date is hereby specified: **1/27/2009** (e.g., January 1, 2006 for the MPP 01/01/06 Plan)

III. Plan Year will mean:

☐ The twelve (12) consecutive month period which coincides with the limitation year. (See Section 5.03(f) of the Plan.)

☑ The twelve (12) consecutive month period commencing on **01/01** and each anniversary thereof.

IV. Normal Retirement Age shall be age **55** (not to exceed age 65).

V. ELIGIBILITY REQUIREMENTS:

1. The following group or groups of Employees are eligible to participate in the Plan:

[ ]	All Employees
[X]	All Full-Time Employees
[ ]	Salaried Employees
[ ]	Non-union Employees
[ ]	Management Employees
[ ]	Public Safety Employees
[ ]	General Employees
[ ]	Other Employees (specify describe the group(s) of eligible employees below under #2)

The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer. Also, the eligibility requirements for participation in the Plan cannot be such that Employees become Participants only in the Plan Year in which the Employees terminate employment (i.e., stand-alone final pay plans).

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be *** 6 months** (write N/A if an Employee is eligible to participate upon employment). ***The first contribution will be made on the first pay date following 6 months from the date of hire.**

   If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is **N/A** (not to exceed age 21. Write N/A if no minimum age is declared.)

VI. CONTRIBUTION PROVISIONS

1. The Employer shall contribute as follows (choose all that apply):

   ☑ **Fixed Employer Contributions With or Without Mandatory Participant Contributions**. (If section B or C is chosen, please complete section D. Section E is optional.)

   A. Fixed Employer Contributions. The Employer shall contribute on behalf of each Participant **See Tables Below** % of Earnings for the Plan Yea (subject to the limitations of Article V of the Plan).

Employed before January 7, 1997
15% ER Contributions for Barg - Subject to vesting schedule
15% ER Contributions for non-Barg - Subject to vesting schedule
3% ER Contribution for (exempt) - vested 100% Day 1
0.5% ER Contribution non-Barg - vested 100% Day 1

Employed after January 7, 1997
8.1% ER Contribution for Barg & Non-Barg - Subject to vesting schedule
3% ER Contribution for (exempt) - vested 100% Day 1
0.5% ER Contribution non-Barg - vested 100% Day 1

Mandatory Participant Contributions

☐ are required

☑ are not required

to be eligible for this Employer Contribution.

B. Mandatory Participant Contributions for Plan Participation. A Participant is required to contribute (subject to the limitations of Article V of the Plan)

(i) 0 % of Earnings,
(ii) $____, or
(iii) a whole percentage of Earnings between the range of ______ *(insert range of percentages between 0% and 20% (e.g., 3%, 6%, or 20%; 5% to 7%))*, as designated by the Employee in accordance with guidelines and procedures established by the Employer

for the Plan Year as a condition of participation in the Plan. A Participant shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

The Employer hereby elects to "pick up" the Mandatory Participant Contributions.[1]

☐ Yes ☑ No

1 Neither an IRS advisory letter nor a determination letter issued to an adopting Employer is a ruling by the Internal Revenue Service that Participant contributions that are picked up by the Employer are not includable in the Participant's gross income for federal income tax purposes. Pick-up contributions are not mandated to receive private letter rulings, however, if an adopting employer wishes to receive a ruling on pick-up contributions they may request one in accordance with Revenue Procedure 2007-4 (or subsequent guidance).

C. (N/A) Mandatory Participant Contributions for this Portion of the Plan. Each Employee eligible to participate in the Plan shall be given the opportunity to irrevocably elect to participate in the Mandatory Participant Contribution portion of the Plan by electing to contribute ____________ (*insert range of percentages between 0% and 20% (e.g., 3%, 6%, or 20%; 5% to 7%)*) of the Employee's Earnings to the Plan for each Plan Year (subject to the limitations of Article V of the Plan).

A Participant shall not have the right to discontinue or vary the rate of such contributions after becoming a Participant in this portion of the Plan.

The Employer hereby elects to "pick up" the Mandatory Participant Contributions.[2]

☐ Yes ☐ No

D. (N/A) Election Window. Newly eligible Employees shall be provided an election window of ________ days (*no more than 60 calendar days*) from the date of initial eligibility during which they may make the election to participate in the Mandatory Participant Contribution portion of the Plan. Participation in the Mandatory Participant Contribution portion of the Plan shall begin the first of the month following the end of the election window.

An Employee's election is irrevocable and shall remain in force until the Employee terminates employment or ceases to be eligible to participate in the Plan. In the event of re-employment to an eligible position, the Employee's original election will resume. In no event does the Employee have the option of receiving the pick-up contribution amount directly.

☐ **(N/A) Fixed Employer Match of Voluntary Participant Contributions.**

The Employer shall contribute on behalf of each Participant ___% of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed ____% of Earnings or $____. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant's behalf in that Plan Year.

☐ **(N/A) Variable Employer Match of Voluntary Participant Contributions.**

[2] See footnote 1 above.

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

____% of the Voluntary Participant Contributions made by the Participant for the Plan Year (not including Participant contributions exceeding ____% of Earnings or $________);

PLUS _____% of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Voluntary Participant Contributions exceeding in the aggregate ____% of Earnings or $________).

Employer Matching Contributions on behalf of a Participant for a Plan Year shall not exceed $________ or ____% of Earnings, whichever is ___ more or ___ less.

2. Each Participant may make a voluntary (unmatched), after-tax contribution, subject to the limitations of Section 4.05 and Article V of the Plan.

☐ Yes ☑ No

3. Employer contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

Bi-Weekly

4. Participant contributions for a Plan Year shall be contributed to the Trust in accordance with the following payment schedule (no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable depending on the basis on which the Employer keeps its books) with or within which the particular Limitation year ends, or in accordance with applicable law):

N/A

VII. EARNINGS

Earnings, as defined under Section 2.09 of the Plan, shall include:

(a) Overtime

☐ Yes ☑ No

(b) Bonuses

☐ Yes ☑ No

(c) Other Pay *(specifically describe any other types of pay to be included below)*

____

____

VIII. The Employer will permit rollover contributions in accordance with Section 4.11 of the Plan.

☑ Yes ☐ No

IX. LIMITATION ON ALLOCATIONS

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Sections 5.02 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.02(a) through (f) of the Plan will apply unless another method has been indicated below.

   ☐ Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

   N/A

   ____

   ____

2. The limitation year is the following 12-consecutive month period:
   01/01 – 12/31

X. VESTING PROVISIONS

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements and (2) the concurrence of the Plan Administrator. *(For the blanks below, enter the applicable percent – from 0 to 100 (with no entry after the year in which 100% is entered), in ascending order.)*

The Employer Exempt Contribution and Non-Bargaining 0.5% contribution Account shall be vested 100% immediately.

The Employer Basic Contribution Account shall follow the vesting schedule specified below.

Period of Service Completed	Percent Vested
Zero	%
One	%
Two	%
Three	25 %
Four	50 %
Five	75 %
Six	100 %
Seven	%
Eight	%
Nine	%
Ten	%

XI. Loans are permitted under the Plan, as provided in Article XIII of the Plan:

☑ Yes ☐ No

XII.

1. **Age 70-1/2 in-service distributions** are permitted under the Plan as provided in Section 9.08.

   N/A due to 3. ☐ Yes (Default) ☐ No

2. **Tax-free distributions of up to $3,000** for the payment of qualifying insurance premiums for eligible retired public safety officers are available under the Plan.

   ☐ Yes ☑ No (Default)

3. **In-service distributions at Normal Retirement Age (age 55)** are permitted under the plan.

☑ Yes ☐ No (Default)

XIII. In-service distributions of the Rollover Account are permitted under the Plan as provided in Section 9.07.

☑ Yes ☐ No (Default)

XIV. SPOUSAL PROTECTION

The Plan will provide the following level of spousal protection (select one):

☐ A. Participant Directed Election. The normal form of payment of benefits under the Plan is a lump sum. The Participant can name any person(s) as the Beneficiary of the Plan, with no spousal consent required.

☑ B. Beneficiary Spousal Consent Election (Article XII). If selected, participants may elect any of the available distribution options without spousal consent. Upon death, the surviving spouse is the Beneficiary, unless he or she consents to the Participant's naming another Beneficiary. (This is the default provision under the Plan if no selection is made.)

☐ C. QJSA Election (Article XVII). The normal form of payment of benefits under the Plan is a 50% qualified joint and survivor annuity with the spouse (or life annuity, if single). In the event of the Participant's death prior to commencing payments, the spouse will receive an annuity for his or her lifetime.

XV. (N/A) FINAL PAY CONTRIBUTIONS

The Plan will provide for Final Pay Contributions if either 1 or 2 below is selected.

Final Pay shall be defined as (select one):

A. ☐ Accrued unpaid vacation
B. ☐ Accrued unpaid sick leave
C. ☐ Accrued unpaid vacation and sick leave

D. ☐ Other (*insert definition of final pay*)

that would otherwise be payable to the Employee in cash upon termination.

☐ 1. **Employer Final Pay Contribution**. The Employer shall contribute on behalf of each Participant ______% of Final Pay to the Plan (subject to the limitations of Article V of the Plan).

☐ 2. **Employee Designated Final Pay Contribution**. Each Employee eligible to participate in the Plan shall be given the opportunity at enrollment to irrevocably elect to contribute ____% (*insert fixed percentage of final pay to be contributed*) or up to ______% (*insert maximum percentage of final pay to be contributed*) of Final Pay to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee's election shall remain in force and may not be revised or revoked. If the employer elects to "pick up" these amounts, in no event does the Employee have the option of receiving the pick-up contribution amount directly.

The Employer hereby elects to "pick up" the Employee Designated Final Pay Contribution thereby treating such contributions as Employer-made contributions for federal income tax purposes.

☐ Yes ☐ No

XVI. (N/A) ACCRUED LEAVE CONTRIBUTIONS

The Plan will provide for accrued unpaid leave contributions if either 1 or 2 is selected below.

Accrued Leave shall be defined as (select one):

A. ☐ Accrued unpaid vacation

B. ☐ Accrued unpaid sick leave

C. ☐ Accrued unpaid vacation and sick leave

D. ☐ Other (*insert definition of accrued leave*)

that would otherwise be payable to the Employee in cash.

☐ 1. **Employer Accrued Leave Contribution.** The Employer shall contribute as follows (choose one of the following options):

☐ For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant the unused Accrued Leave in excess of ________ *(insert number of hours/days/weeks)* to the Plan (subject to the limitations of Article V of the Plan).

☐ For each Plan Year, the Employer shall contribute on behalf of each Eligible Participant ________ % of unused Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

☐ 2. **Employee Designated Accrued Leave Contribution.**

Each eligible Participant shall be given the opportunity at enrollment to irrevocably elect to contribute _____% (*insert fixed percentage of accrued unpaid leave to be contributed*) or up to _______% (*insert maximum percentage of accrued unpaid leave to be contributed*) of Accrued Leave to the Plan (subject to the limitations of Article V of the Plan).

Once elected, an Employee's election shall remain in force and may not be revised or revoked. If the employer elects to "pick up" these amounts, in no event does the Employee have the option of receiving the pick-up contribution amount directly.

The Employer hereby elects to "pick up" the Employee Designated Final Pay Contribution thereby treating such contributions as Employer-made contributions for federal income tax purposes.

☐ Yes ☐ No

In order to allow for Final Pay Contributions and/or Accrued Leave Contributions, as defined in sections XV and XVI above, the Plan must also include additional sources of ongoing contributions, such as Fixed Employer Contributions or Mandatory Participant Contributions. In accordance with IRS Guidance, ICMA-RC will not process Final Pay Contribution or Accrued Leave Contribution Features as part of a "Stand Alone" Final Pay Plan.

XVII. The Employer hereby attests that it is a unit of state or local government or an agency or instrumentality of one or more units of state or local government.

XVIII. The Plan Administrator hereby agrees to inform the Employer of any amendments to the Plan made pursuant to Section 14.05 of the Plan or of the discontinuance or abandonment of the Plan.

XIX. The Employer hereby appoints the ICMA Retirement Corporation as the Plan Administrator pursuant to the terms and conditions of the ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST.

The Employer hereby agrees to the provisions of the Plan and Trust.

XX. The Employer hereby acknowledges it understands that failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

XXI. An adopting Employer may rely on an advisory letter issued by the Internal Revenue Service as evidence that the Plan is qualified under section 401 of the Internal Revenue Code to the extent provided in applicable IRS revenue procedures and other official guidance.

In Witness Whereof, the Employer hereby causes this Agreement to be executed on this 11 day of August, 2011.

EMPLOYER

By: Sandra Zerkle

Title: BWL Chair

Attest:

M. Denise Griffin
M. Denise Griffin
Corporate Secretary
8-11-11
Date

ICMA RETIREMENT CORPORATION
777 North Capital St., NE
Washington, DC 20002-4290
202-962-8096

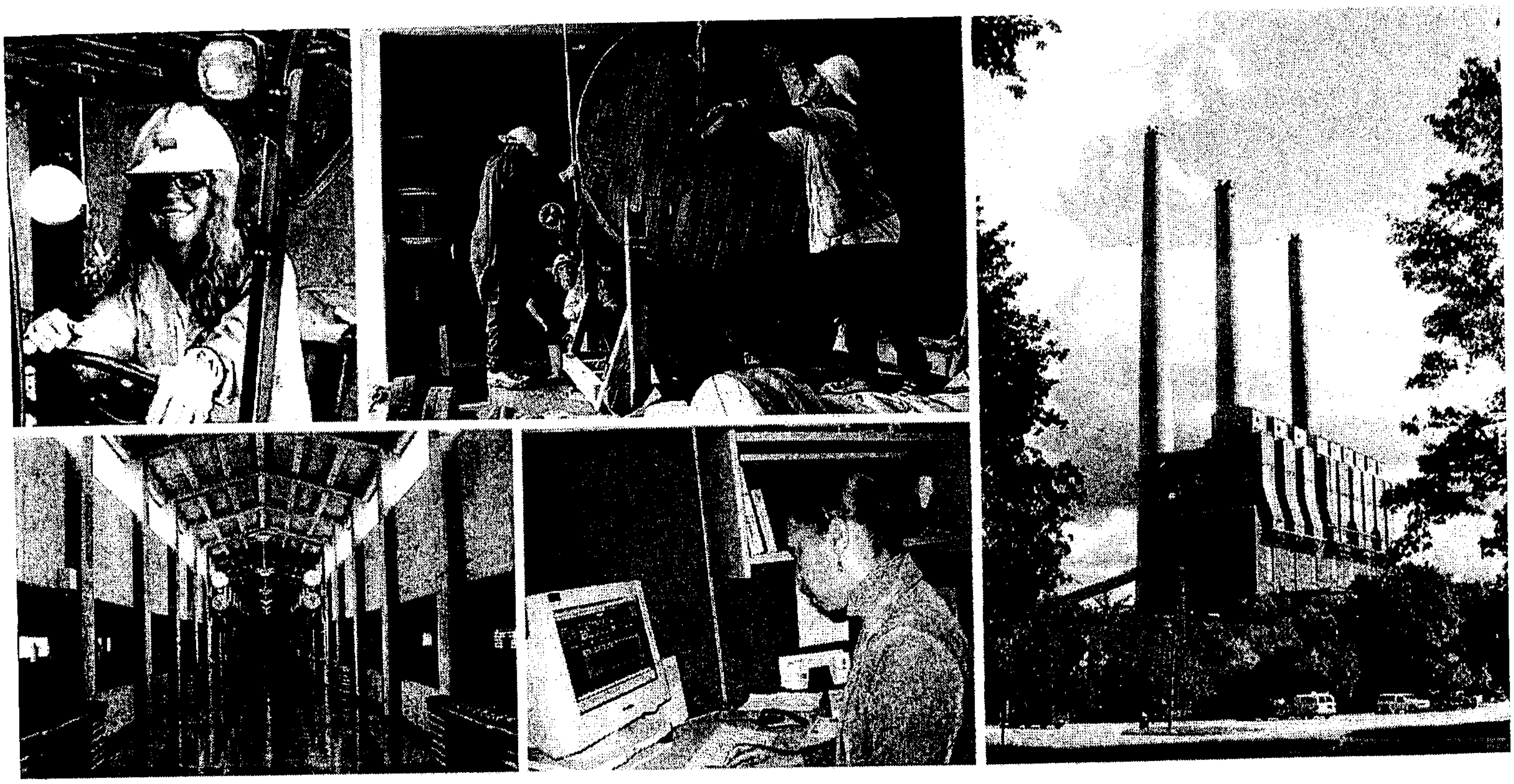
By: Angela C. Montez

Title: Assistant Secretary

Attest: Phil Ault

APPROVED
Brandie Ekren
BOARD OF WATER & LIGHT
LEGAL COUNSEL
Date 8-1-11

RECEIVED AUG 18 2011



LANSING BOARD OF WATER & LIGHT
Defined Contribution Plan

Power Your Retirement Savings

ICMA RETIREMENT CORPORATION
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST
ADOPTION AGREEMENT

PLAN NUMBER 10-**6696**

The Employer hereby establishes a Money Purchase Plan and Trust to be known as **Lansing Board of Water and Light Employee Money Purchase Plan** (the "Plan") in the form of the ICMA Retirement Corporation Governmental Money Purchase Plan and Trust (MPP 01/01/06).

This Plan is an amendment and restatement of an existing defined contribution money purchase plan.

 X Yes ____ No

If yes, please specify the name of the defined contribution money purchase plan which this Plan hereby amends and restates:

Lansing Board of Water and Light Employee Defined Contribution Plan

I. Employer: **Lansing Board of Water and Light (BWL)**

II. The Effective Date of the Plan shall be the first day of the Plan Year during which the Employer adopts the Plan, unless an alternate Effective Date is hereby specified: **1/27/2009** (e.g., January 1, 2006 for the MPP 01/01/06 Plan)

III. Plan Year will mean:

( ) The twelve (12) consecutive month period which coincides with the limitation year. (See Section 5.03(f) of the Plan.)

(X) The twelve (12) consecutive month period commencing on **01/01** and each anniversary thereof.

IV. Normal Retirement Age shall be age **55** (not to exceed age 65).

V. ELIGIBILITY REQUIREMENTS

1. The following group or groups of Employees are eligible to participate in the Plan:

   _____ All Employees
   __X__ All Full-Time Employees
   _____ Salaried Employees
   _____ Non-union Employees
   _____ Management Employees
   _____ Public Safety Employees
   _____ General Employees
   _____ Other (specify below)

   ____

   The group specified must correspond to a group of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other material in effect in the state or locality of the Employer.

2. The Employer hereby waives or reduces the requirement of a twelve (12) month Period of Service for participation. The required Period of Service shall be N/A (write N/A if an Employee is eligible to participate upon employment).

   If this waiver or reduction is elected, it shall apply to all Employees within the Covered Employment Classification.

3. A minimum age requirement is hereby specified for eligibility to participate. The minimum age requirement is N/A (not to exceed age 21. Write N/A if no minimum age is declared.)

VI. CONTRIBUTION PROVISIONS

1. The Employer shall contribute as follows (choose all that apply):

   (X) **Fixed Employer Contributions With or Without Mandatory Participant Contributions.**

   A. Fixed Employer Contributions. The Employer shall contribute to the (SEE TABLES BELOW) of Earnings on behalf of each Participant (subject to the limitations of Article V of the Plan).

Employed before January 1, 1997
15% ER Contribution for Barg- Subject to vesting schedule
15% ER Contribution non-Barg– Subject to vesting schedule
3% ER Contribution (exempt) – vested 100% day 1
0.5% ER Contribution non-barg-vested 100% at day 1

Employed after January 1, 1997
8.1% ER Contribution for Barg & Non-Barg- Subject to vesting schedule
3% ER contribution for (exempt) vested 100% day 1
0.5% ER Contribution non barg-vested 100% at day 1

Mandatory Participant Contributions

___ are required

X are not required

to be eligible for this Employer Contribution.

B. Mandatory Participant Contributions for Plan Participation. A Participant is required to contribute (subject to the limitations of Article V of the Plan)

(i) __% of Earnings,
(ii) $_______, or
(iii) a whole percentage of Earnings between the range of __________ *insert range of percentages between 0% and 20% (e.g., 3%, 6%, or 20%; 5% to 7%))*, as designated by the Employee in accordance with guidelines and procedures established by the Employer

for the Plan Year as a condition of participation in the Plan. A Participant shall not have the right to discontinue or vary the rate of such contributions after becoming a Plan Participant.

The Employer hereby elects to "pick up" the Mandatory Participant Contributions.[1]

______ Yes X No

(N/A) Fixed Employer Match of Voluntary Participant Contributions.

The Employer shall contribute on behalf of each Participant ___% of Earnings for the Plan Year (subject to the limitations of Article V of the Plan) for each Plan Year that such Participant has contributed ____% of Earnings or $____. Under this option, there is a single, fixed rate of Employer contributions, but a Participant may decline to

1 Neither an IRS advisory letter nor a determination letter issued to an adopting Employer is a ruling by the Internal Revenue Service that Participant contributions that are picked up by the Employer are not includable in the Participant's gross income for federal income tax purposes.

make the required Participant contributions in any Plan Year, in which case no Employer contribution will be made on the Participant's behalf in that Plan Year.

(N/A) **Variable Employer Match of Voluntary Participant Contributions.**

The Employer shall contribute on behalf of each Participant an amount determined as follows (subject to the limitations of Article V of the Plan):

_____% of the Voluntary Participant Contributions made by the Participant for the Plan Year (not including Participant contributions exceeding ____% of Earnings or $________);

PLUS _____% of the contributions made by the Participant for the Plan Year in excess of those included in the above paragraph (but not including Voluntary Participant Contributions exceeding in the aggregate ____% of Earnings or $________).

Employer Matching Contributions on behalf of a Participant for a Plan Year shall not exceed $_______ or ____% of Earnings, whichever is ___ more or ___ less.

2. Each Participant may make a voluntary (unmatched), after-tax contribution, subject to the limitations of Section 4.05 and Article V of the Plan.

____ Yes   X No

3. Employer contributions shall be contributed to the Trust in accordance with the following payment schedule:

BI-WEEKLY

4. Participant contributions shall be contributed to the Trust in accordance with the following payment schedule:

N/A

VII. EARNINGS

Earnings, as defined under Section 2.09 of the Plan, shall include:

(a) Overtime

____ Yes   X No

(b) Bonuses

____ Yes   X No

(c) Other

____

VIII. The Employer will permit rollover contributions in accordance with Section 4.11 of the Plan.

X Yes   ____ No

IX. LIMITATION ON ALLOCATIONS

If the Employer maintains or ever maintained another qualified plan in which any Participant in this Plan is (or was) a participant or could possibly become a participant, the Employer hereby agrees to limit contributions to all such plans as provided herein, if necessary in order to avoid excess contributions (as described in Sections 5.02 of the Plan).

1. If the Participant is covered under another qualified defined contribution plan maintained by the Employer, the provisions of Section 5.02(a) through (f) of the Plan will apply unless another method has been indicated below.

   ( ) Other Method. (Provide the method under which the plans will limit total Annual Additions to the Maximum Permissible Amount, and will properly reduce any excess amounts, in a manner that precludes Employer discretion.)

   N/A

2. The limitation year is the following 12-consecutive month period: **01/01 – 12/31**

X. VESTING PROVISIONS

The Employer hereby specifies the following vesting schedule, subject to (1) the minimum vesting requirements and (2) the concurrence of the Plan Administrator.

The Employer *Exempt* Contribution Account shall be vested 100% immediately.

The Employer *Basic* Contribution Account shall follow the vesting schedule below.

Years of Service Completed	Percent Vested
Zero	___ %
One	___ %
Two	___ %
Three	25 %
Four	50 %
Five	75 %
Six	100 %
Seven	___ %
Eight	___ %
Nine	___ %
Ten	___ %

XI. Loans are permitted under the Plan, as provided in Article XVII:

X Yes ___ No

XII. Age 55 in-service distributions are permitted under the Plan as provided in Section 9.08.

X Yes ___ No

XIII. In-service distributions of the Rollover Account are permitted under the Plan as provided in Section 9.07.

X Yes ___ No

XIV. SPOUSAL PROTECTION

The Plan will provide the following level of spousal protection (select one):

___ A. Participant Directed Election. If selected, participants may elect any of the available distribution options without spousal consent. The Participant can name any person(s) as the Beneficiary(ies) of the Plan, without spousal consent.

X B. Beneficiary Spousal Consent Election (Article XII). If selected, participants may elect any of the available distribution options without spousal consent. Upon death, the surviving spouse is the Beneficiary, unless he or she consented to the Participant's naming of another Beneficiary. (This is the default provision under the Plan if no selection is made.)

___ C. QJSA Election (Article XVII). If selected, the normal form of payment of benefits under the Plan is a qualified joint and survivor annuity with the spouse (or life annuity, if single). In the event of the Participant's death prior to commencing payments, the spouse will receive an annuity for his or her lifetime.

XV. The Employer hereby attests that it is a unit of state or local government or an agency or instrumentality of one or more units of state or local government.

XVI. The Plan Administrator hereby agrees to inform the Employer of any amendments to the Plan made pursuant to Section 14.05 of the Plan or of the discontinuance or abandonment of the Plan.

XVII. The Employer hereby appoints the ICMA Retirement Corporation as the Plan Administrator pursuant to the terms and conditions of the ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST.

The Employer hereby agrees to the provisions of the Plan and Trust.

XVIII. The Employer hereby acknowledges it understands that failure to properly fill out this Adoption Agreement may result in disqualification of the Plan.

XIX. An adopting Employer may rely on an advisory letter issued by the Internal Revenue Service as evidence that the Plan is qualified under section 401 of the Internal Revenue Code to the extent provided in applicable IRS revenue procedures and other official guidance.

In Witness Whereof, the Employer hereby causes this Agreement to be executed on this 27th day of January, 2009.

EMPLOYER

By: M. Fal B. L

Title: Board Chair

Attest: Rhonda Jones
Corporate Secretary

ICMA RETIREMENT CORPORATION
777 North Capital St., NE
Washington, DC 20002-4290
202-962-8096

By: Angela C. Montez

Title: Assistant Secretary

Attest: Kevin Kelley

APPROVED
Brandie Yeh
BOARD OF WATER & LIGHT
LEGAL COUNSEL
Date 1/28/2009

GOVERNMENTAL MONEY PURCHASE PLAN & TRUST

I. PURPOSE

The Employer hereby adopts this Plan and Trust to provide funds for its Employees' retirement, and to provide funds for their Beneficiaries in the event of death. The benefits provided in this Plan shall be paid from the Trust. The Plan and the Trust forming a part hereof are adopted and shall be maintained for the exclusive benefit of eligible Employees and their Beneficiaries. Except as provided in Sections 4.10 and 14.03, no part of the corpus or income of the Trust shall revert to the Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their Beneficiaries.

II. DEFINITIONS

2.01 **Account.** A separate record which shall be established and maintained under the Trust for each Participant, and which shall include all Participant subaccounts created pursuant to Article IV, plus any Participant Loan Account created pursuant to Section 13.03. Each subaccount created pursuant to Article IV shall include any earnings of the Trust and adjustments for withdrawals, and realized and unrealized gains and losses allocable thereto. The term "Account" may also refer to any of such separate subaccounts.

2.02 **Accounting Date.** Each day that the New York Stock Exchange is open for trading, and such other dates as may be determined by the Plan Administrator, as provided in Section 6.06 for valuing the Trust's assets.

2.03 **Adoption Agreement.** The separate agreement executed by the Employer through which the Employer adopts the Plan and elects among the various alternatives provided thereunder, and which upon execution, becomes an integral part of the Plan.

2.04 **Beneficiary.** The person or persons (including a trust) designated by the Participant who shall receive any benefits payable hereunder in the event of the Participant's death. The designation of such Beneficiary shall be in writing to the Plan Administrator. A Participant may designate primary and contingent Beneficiaries. Where no designated Beneficiary survives the Participant or no Beneficiary is otherwise designated by the Participant, the Participant's Beneficiary shall be his/her surviving spouse or, if none, his/her estate.

Notwithstanding the foregoing, the Beneficiary designation is subject to the requirements of Article XII unless the Employer elects otherwise in the Adoption Agreement.

Notwithstanding the foregoing, where elected by the Employer in the Adoption Agreement (the "QJSA Election"), the Beneficiary designation is subject to the requirements of Article XVII.

Notwithstanding the foregoing, to the extent permitted by the Employer, a Beneficiary receiving required minimum distributions in accordance with Article X and not in a benefit form elected under Article XI or XII, may designate a Beneficiary to receive the required minimum distributions that would have otherwise been payable to the initial Beneficiary but for his or her death.

2.05 **Break in Service.** A Period of Severance of at least twelve (12) consecutive months.

In the case of an individual who is absent from work for maternity or paternity reasons, the twelve (12) consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Break in Service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of the birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

2.06 Code. The Internal Revenue Code of 1986, as amended from time to time.

2.07 Covered Employment Classification. The group or groups of Employees eligible to make and/or have contributions to this Plan made on their behalf, as specified by the Employer in the Adoption Agreement.

2.08 Disability. A physical or mental impairment which is of such permanence and degree that, as determined by the Employer, a Participant is unable because of such impairment to perform any substantial gainful activity for which he/she is suited by virtue of his/her experience, training, or education and that has lasted, or can be expected to last, for a continuous period of not less than twelve (12) months, or can be expected to result in death. The permanence and degree of such impairment shall be supported by medical evidence. If the Employer maintains a long-term disability plan, the definition of Disability shall be the same as the definition of disability in the long-term disability plan.

2.09 Earnings.

(a) *General Rule.* Earnings, which form the basis for computing Employer Contributions, are all of each Participant's W-2 earnings which are actually paid to the Participant during the Plan Year, plus any contributions made pursuant to a salary reduction agreement which are not includible in the gross income of the Employee under section 125, 402(e)(3), 402(h)(1)(B), 403(b), 414(h)(2), 457(b), or, effective January 1, 2001, 132(f)(4) of the Code. Earnings shall include any pre-tax contributions (excluding direct employer contributions) to an integral part trust of the Employer providing retiree health care benefits. Earnings shall also include any other earnings as defined and elected by the Employer in the Adoption Agreement. Unless the Employer elects otherwise in the Adoption Agreement, Earnings shall exclude overtime compensation and bonuses.

(b) *Limitation on Earnings.* For any Plan Year beginning after December 31, 2001, the annual Earnings of each Participant taken into account in determining allocations shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual Earnings means Earnings during the Plan Year or such other consecutive 12-month period over which Earnings is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Earnings for the determination period that begins with or within such calendar year.

If a determination period consists of fewer than twelve (12) months, the annual Earnings limit is an amount equal to the otherwise applicable annual Earnings limit multiplied by the fraction, the numerator of which is the number of months in the short Plan Year and the denominator of which is twelve (12). If Earnings for any prior determination period are taken into account in determining a Participant's allocations for the current Plan Year, the Earnings for such prior year are subject to the applicable annual Earnings limit in effect for that prior year.

(c) *Limitations for Governmental Plans.* In the case of an eligible participant in a governmental plan (within the meaning of section 414(d) of the Code), the dollar limitation shall not apply to the extent the Earnings which are allowed to be taken into account under the Plan would be reduced below the amount which was allowed to be taken into account under the Plan as in effect on July 1, 1993, as adjusted for increases in the cost-of-living in accordance with section 401(a)(17)(B) of the Code. For purposes of this Section, an eligible participant is an individual who first became a Participant in the Plan during a Plan Year beginning before the first Plan Year beginning after December 31, 1993.

2.10 Effective Date. The first day of the Plan Year during which the Employer adopts the Plan, unless the Employer elects in the Adoption Agreement an alternate date as the Effective Date of the Plan.

2.11 Employee. Any individual who has applied for and been hired in an employment position and who is employed by the Employer as a common law employee; provided, however, that Employee shall not include any individual who is not so recorded on the payroll records of the Employer, including any such person who is subsequently reclassified by a court of law or regulatory body as a common law employee of the Employer. For purposes of clarification only and not to imply that the preceding sentence would otherwise cover such person, the term Employee does not include any individual who performs services for the Employer as an independent contractor, or under any other non-employee.

2.12 **Employer.** The unit of state or local government or an agency or instrumentality of one (1) or more states or local governments that executes the Adoption Agreement.

2.13 **Hour of Service.** Each hour for which an Employee is paid or entitled to payment for the performance of duties for the Employer.

2.14 **Nonforfeitable Interest.** The nonforfeitable interest of the Participant or his/her Beneficiary (whichever is applicable) is that percentage of his/her Employer Contribution Account balance, which has vested pursuant to Article VII. A Participant shall, at all times, have a one hundred percent (100%) Nonforfeitable Interest in his/her Participant Contribution, Rollover, and Voluntary Contribution Accounts.

2.15 **Normal Retirement Age.** The age which the Employer specifies in the Adoption Agreement. If the Employer enforces a mandatory retirement age, the Normal Retirement Age is the lesser of that mandatory age or the age specified in the Adoption Agreement.

2.16 **Participant.** An Employee or former Employee for whom contributions have been made under the Plan and who has not yet received all of the payments of benefits to which he/she is entitled under the Plan. A Participant is treated as benefiting under the Plan for any Plan Year during which the participant received or is deemed to receive an allocation in accordance with Treas. Reg. section 1.410(b)-3(a).

2.17 **Period of Service.** For purposes of determining an Employee's initial or continued eligibility to participate in the Plan or the Nonforfeitable Interest in the Participant's Account balance derived from Employer Contributions, an Employee will receive credit for the aggregate of all time period(s) commencing with the Employee's first day of employment or reemployment and ending on the date a Break in Service begins. The first day of employment or reemployment is the first day the Employee performs an Hour of Service. An Employee will also receive credit for any Period of Severance of less than twelve (12) consecutive months. Fractional periods of a year will be expressed in terms of days.

Notwithstanding anything to the contrary herein, if the Plan is an amendment and restatement of a plan that previously calculated service under the hours of service method, service shall be credited in a manner that is at least as generous as that provided under Treas. Regs. section 1.410(a)-7(g).

2.18 **Period of Severance.** A continuous period of time during which the Employee is not employed by the Employer. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the twelve (12) month anniversary of the date on which the Employee was otherwise first absent from service.

2.19 **Plan.** This Plan, as established by the Employer, including any elected provisions pursuant to the Adoption Agreement.

2.20 **Plan Administrator.** The person(s) or entity named to carry out certain nondiscretionary administrative functions under the Plan, as hereinafter described, which is the ICMA Retirement Corporation or any successor Plan Administrator.

2.21 **Plan Year.** The twelve (12) consecutive month period designated by the Employer in the Adoption Agreement.

2.22 **Trust.** The Trust created under Article VI of the Plan which shall consist of all of the assets of the Plan derived from Employer and Participant contributions under the Plan, plus any income and gains thereon, less any losses, expenses and distributions to Participants and Beneficiaries.

III. ELIGIBILITY

3.01 **Service.** Except as provided in Sections 3.02 and 3.03 of the Plan, an Employee within the Covered Employment Classification who has completed a twelve (12) month Period of Service shall be eligible to participate in the Plan at the beginning of the payroll period next commencing thereafter. The Employer may elect in the Adoption Agreement to waive or reduce the twelve (12) month Period of Service.

If the Employer maintains the plan of a predecessor employer, service with such employer shall be treated as Service for the Employer.

3.02 **Age.** The Employer may designate a minimum age requirement, not to exceed age twenty-one (21), for participation. Such age, if any, shall be declared in the Adoption Agreement.

3.03 **Return to Covered Employment Classification.** In the event a Participant is no longer a member of Covered Employment Classification and becomes ineligible to make contributions and/or have contributions made on his/her behalf, such Employee will become eligible for contributions immediately upon returning to a Covered Employment Classification. If such Participant incurs a Break in Service, eligibility will be determined under the Break in Service rules of the Plan.

In the event an Employee who is not a member of a Covered Employment Classification becomes a member, such Employee will be eligible to participate immediately if such Employee has satisfied the minimum age and service requirements and would have otherwise previously become a Participant.

3.04 **Service Before a Break in Service.** All Periods of Service with the Employer are counted toward eligibility, including Periods of Service before a Break in Service.

IV. CONTRIBUTIONS

4.01 **Employer Contributions.** For each Plan Year, the Employer will contribute to the Trust an amount as specified in the Adoption Agreement. The Employer's full contribution for any Plan Year shall be due and paid not later than thirty (30) working days after the close of the Plan Year. Each Participant will share in Employer Contributions for the period beginning on the date the Participant commences participation under the Plan and ending on the date on which such Employee severs employment with the Employer or is no longer a member of a Covered Employment Classification, and such contributions shall be accounted for separately in his/her Employer Contribution Account. Notwithstanding anything to the contrary herein, if so elected by the Employer in the Adoption Agreement, an Employee shall be required to make contributions as provided pursuant to Section 4.03 or 4.04 in order to be eligible for Employer Contributions to be made on his/her behalf to the Plan.

4.02 **Forfeitures.** All amounts forfeited by terminated Participants, pursuant to Section 7.06, shall be allocated to a suspense account and used to reduce dollar for dollar Employer Contributions otherwise required under the Plan for the current Plan Year and succeeding Plan Years, if necessary. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce Employer Contributions.

4.03 **Mandatory Participant Contributions.** If the Employer so elects in the Adoption Agreement, each eligible Employee shall make contributions at a rate prescribed by the Employer or at any of a range of specified rates, as set forth by the Employer in the Adoption Agreement, as a requirement for his/her participation in the Plan. Once an eligible Employee becomes a Participant, he/she shall not thereafter have the right to discontinue or vary the rate of such Mandatory Participant Contributions. Such contributions shall be accounted for separately in the Participant Contribution Account. Such Account shall be at all times nonforfeitable by the Participant.

If the Employer so elects in the Adoption Agreement, the Mandatory Participant Contributions shall be "picked up" by the Employer in accordance with Code section 414(h)(2). Any contribution picked-up under this Section shall be treated as an employer contribution in determining the tax treatment under the Code, and shall not be included as gross income of the Participant until it is distributed.

4.04 **Employer Matching Contributions of Voluntary Participant Contributions.** If the Employer so elects in the Adoption Agreement, Employer Matching Contributions shall be made on behalf of an eligible Employee for a Plan Year only if the Employee agrees to make Voluntary Participant Contributions for that Plan Year. The rate of Employer Contributions shall, to the extent specified in the Adoption Agreement, be based upon the rate at which Voluntary Participant Contributions are made for that Plan Year. Employer Matching Contributions shall be accounted for separately in the Employer Contribution Account.

4.05 **Voluntary Participant Contributions.** If the Employer so elects in the Adoption Agreement, an eligible Employee may make after-tax voluntary (unmatched) contributions under the Plan for any Plan Year in any amount up to twenty five percent (25%) of his/her Earnings for such Plan Year. Matched and unmatched contributions shall be accounted for separately in the Participant's Voluntary Contribution Account. Such Account shall be at all times nonforfeitable by the Participant.

4.06 **Deductible Employee Contributions.** The Plan will not accept deductible employee contributions which are made for a taxable year beginning after December 31, 1986. Contributions made prior to that date will be maintained in a Deductible Employee Contribution Account. The Account will share in the gains and losses under the Plan in the same manner as described in Section 6.06 of the Plan. Such Account shall be at all times nonforfeitable by the Participant.

4.07 **Military Service Contributions.** Notwithstanding any provision of the Plan to the contrary, effective December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

Effective December 12, 1994, if the Employer has elected in the Adoption Agreement to make loans available to Participants, loan repayments will be suspended under the Plan as permitted under section 414(u)(4) of the Code.

4.08 **Changes in Participant Election.** A Participant may elect to change his/her rate of Voluntary Participant Contributions at any time or during an election period as designated by the Employer. A Participant may discontinue such contributions at any time or during an election period as designated by the Employer.

4.09 **Portability of Benefits.**

(a) Unless otherwise elected by the Employer in the Adoption Agreement, the Plan will accept Participant (which shall include, for purposes of this subsection, an Employee within the Covered Employment Classification whether or not he/she has satisfied the minimum age and service requirements of Article III,) rollover contributions and/or direct rollovers of distributions (including after-tax contributions) made after December 31, 2001 that are eligible for rollover in accordance with Section 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), or 457(e)(16) of the Code, from all of the following types of plans:

(1) A qualified plan described in Section 401(a) or 403(a) of the Code;

(2) An annuity contract described in Section 403(b) of the Code;

(3) An eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state; and

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Code (including SEPs, and SIMPLE IRAs after two years of participating in the SIMPLE IRA).

(b) Notwithstanding the foregoing, the Employer may reject the rollover contribution if it determines, in its discretion, that the form and nature of the distribution from the other plan does not satisfy the applicable requirements under the Code to make the transfer or rollover a nontaxable transaction to the Participant;

(c) For indirect rollover contributions, the amount distributed from such plan must be rolled over to this Plan no later than the sixtieth (60^{th}) day after the distribution was made from the plan, unless otherwise waived by the IRS pursuant to Section 402(c)(3) of the Code.

(d) The amount transferred shall be deposited in the Trust and shall be credited to a Rollover Account. Such Account shall be one hundred percent (100%) vested in the Participant.

(e) The Plan will accept accumulated deductible employee contributions as defined in section 72(o)(5) of the Code that were distributed from a qualified retirement plan and transferred (rolled over) pursuant to section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3) of the Code. Notwithstanding the above, this transferred (rolled over) amount shall be deposited to the Trust and shall be credited to a Deductible Employee Contributions Account. Such Account shall be one-hundred percent (100%) vested in the Participant.

(f) A Participant may, upon approval by the Employer and the Plan Administrator, transfer his/her interest in another plan maintained by the Employer that is qualified under section 401(a) of the Code to this Plan, provided the transfer is effected through a one-time irrevocable written election made by the Participant. The amount transferred shall be deposited in the Trust and shall be credited to sources that maintain the same attributes as the plan from which they are transferred. Such transfer shall not reduce the accrued years or service credited to the Participant for purposes of vesting or eligibility for any Plan benefits or features.

4.10 **Return of Employer Contributions.** Any contribution made by the Employer because of a mistake of fact must be returned to the Employer within one year of the date of contribution.

V. LIMITATION ON ALLOCATIONS

5.01 Participants Only in This Plan.

(a) If the Participant does not participate in, and has never participated in another qualified plan or a welfare benefit fund, as defined in section 419(e) of the Code, maintained by the Employer, or an individual medical account, as defined by section 415(l)(2) of the Code, maintained by the Employer, which provides an Annual Addition, the amount of Annual Additions which may be credited to the Participant's Account for any Limitation Year will not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan. If the Employer Contribution that would otherwise be contributed or allocated to the Participant's Account would cause the Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount contributed or allocated will be reduced so that the Annual Additions for the Limitation Year will equal the Maximum Permissible Amount.

(b) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant on the basis of a reasonable estimation of the Participant's Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.

(c) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.

(d) If, as a result of an inadvertent reasonable error in estimating the Maximum Permissible Amount for a Participant in accordance with Subsection (b) or pursuant to Subsection (c) or as a result of the allocation of forfeitures, there is an Excess Amount, the excess will be disposed of as follows:

(1) Any Mandatory Participant Contributions that are not "picked up" by the Employer or Voluntary Participant Contributions, to the extent they would reduce the Excess Amount, will be returned to the Participant;

(2) If after the application of paragraph (1) an Excess Amount still exists, and the Participant is covered by the Plan at the end of the Limitation Year, the Excess Amount in the Participant's Account will be used to reduce Employer Contributions (including any allocation of forfeitures) for such Participant in the next Limitation Year, and each succeeding Limitation Year if necessary;

(3) If after the application of paragraph (1) an Excess Amount still exists, and the Participant is not covered by the Plan at the end of the Limitation Year, the Excess Amount will be held unallocated in a suspense account. The suspense account will be applied to reduce future Employer Contributions (including allocation of any forfeitures) for all remaining Participants in the next Limitation Year, and each succeeding Limitation Year if necessary;

(4) If a suspense account is in existence at any time during a particular Limitation Year, all amounts in the suspense account must be allocated and reallocated to Participants' accounts before any Employer or any Employee contributions may be made to the Plan for that Limitation Year. Excess Amounts in a suspense account may not be distributed to Participants or former Participants.

5.02 Participants in Another Defined Contribution Plan.

(a) Unless the Employer provides other limitations in the Adoption Agreement, this Section applies if, in addition to this Plan, the Participant is covered under another qualified defined contribution plan maintained by the Employer, or a welfare benefit fund, as defined in section 419(e) of the Code, maintained by the Employer, or an individual medical account, as defined by section 415(l)(2) of the Code, maintained by the Employer, which provides an Annual Addition, during any Limitation Year. The Annual Additions which may be credited to a Participant's Account under this Plan for any such Limitation Year will not exceed the Maximum Permissible Amount reduced by the Annual Additions credited to a Participant's Account under the other plans and welfare benefit funds for the same Limitation Year. If the Annual Additions with respect to the Participant under other defined contribution plans and welfare benefit funds maintained by the Employer are less than the Maximum Permissible Amount and the Employer contribution that would otherwise be contributed or allocated to the Participant's Account under this Plan would cause the Annual Additions for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the Annual Additions under all such plans and funds for the Limitation Year will equal the Maximum Permissible Amount. If the Annual Additions with respect to the Participant under such other defined contribution plans and welfare benefit funds in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under this Plan for the Limitation Year.

(b) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant in the manner described in Section 5.01(b).

(c) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.

(d) If, pursuant to Subsection (c) or as a result of the allocation of forfeitures, a Participant's Annual Additions under this Plan and such other plans would result in an Excess Amount for a Limitation Year, the Excess Amount will be deemed to consist of the Annual Additions last allocated, except that Annual Additions attributable to a welfare benefit fund or individual medical account will be deemed to have been allocated first regardless of the actual allocation date.

(e) If an Excess Amount was allocated to a Participant on an allocation date of this Plan which coincides with an allocation date of another plan, the Excess Amount attributed to this Plan will be the product of,

(1) The total Excess Amount allocated as of such date, multiplied by the ratio of:

(i) the Annual Additions allocated to the Participant for the Limitation Year as of such date under this Plan to

(ii) the total Annual Additions allocated to the Participant for the Limitation Year as of such date under this and all the other prototype qualified defined contribution plans.

(f) Any Excess Amount attributed to this Plan will be disposed in the manner described in Section 5.01(d).

5.03 Definitions. For the purposes of this Article, the following definitions shall apply:

(a) *Annual Additions:* The sum of the following amounts credited to a Participant's account for the Limitation Year:

(1) Employer Contributions;

(2) Forfeitures;

(3) Employee contributions; and

(4) Allocations under a simplified employee pension.

Amounts allocated, after March 31, 1984, to an individual medical account, as defined in section 415(l)(2) of the Code, which is part of a pension or annuity plan maintained by the Employer, are treated as Annual Additions to a defined contribution plan.

For this purpose, any Excess Amount applied under Sections 5.01(d) or 5.02(f) in the Limitation Year to reduce Employer Contributions will be considered Annual Additions for such Limitation Year.

(b) *Compensation:* A Participant's wages, salaries, and fees for professional services and other amounts received (without regard to whether an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer maintaining the Plan to the extent that the amounts are includible in gross income (including, but not limited to, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan (as described in Treas. Reg. section 1.62-2(c))), and excluding the following:

(1) Employer Contributions to a plan of deferred compensation which are not includible in the Employee's gross income for the taxable year in which contributed, or Employer Contributions

under a simplified employee pension plan to the extent such contributions are deductible by the Employee, or any distributions from a plan of deferred compensation; and

(2) Other amounts which received special tax benefits, or contributions made by the Employer (whether or not under a salary reduction agreement) towards the purchase of an annuity contract described in section 403(b) of the Code (whether or not the amounts are actually excludable from the gross income of the Employee).

(3) Notwithstanding the above, Compensation shall include:

(i) any elective deferrals (as defined in section 402(g)(3) of the Code), and

(ii) any amount which is contributed or deferred by the Employer at the election of the Employee and which is not includible in the gross income of the Employee by reason of sections 125, 132(f)(4) or 457 of the Code.

For purposes of applying the limitations of this Article, Compensation for a Limitation Year is the Compensation actually paid or made available during such year.

(c) *Defined Contribution Dollar Limitation:* $40,000, as adjusted for increases in the cost-of-living in accordance with section 415(d) of the Code.

(d) *Employer:* The Employer that adopts this Plan.

(e) *Excess Amount:* The excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.

Any Excess Amount shall include allocable income. The income allocable to an Excess Amount is equal to the sum of allocable gain or loss for the Plan Year and the allocable gain or loss for the period between the end of the Plan Year and the date of distribution (the gap period). The Plan may use any reasonable method for computing the income allocable to an Excess Amount, provided that the method is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participants' Accounts.

(f) *Limitation Year:* A calendar year, or the twelve (12) consecutive month period elected by the Employer in the Adoption Agreement. All qualified plans maintained by the Employer must use the same Limitation Year. If the Limitation Year is amended to a different twelve (12) consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made.

(g) *Maximum Permissible Amount:* The maximum Annual Addition that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year shall not exceed the lesser of:

(1) The Defined Contribution Dollar Limitation, or

(2) One hundred percent (100%) (25% for Limitation Years before January 1, 2002) of the Participant's Compensation for the Limitation Year.

The compensation limit referred to in (2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of section 401(h) or section 419A(f)(2) of the Code) which is otherwise treated as an annual addition.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different twelve (12) consecutive month period, the Maximum Permissible Amount will not exceed the Defined Contribution Dollar Limitation multiplied by the following fraction:

Number of months in the short Limitation Year / 12

VI. TRUST AND INVESTMENT OF ACCOUNTS

6.01 **Trust.** A Trust is hereby created to hold all of the assets of the Plan for the exclusive benefit of Participants and Beneficiaries, except that expenses and taxes may be paid from the Trust as provided in Section 6.03. The trustee shall be the Employer or such other person which agrees to act in that capacity hereunder.

6.02 **Investment Powers.** The trustee or the Plan Administrator, acting as agent for the trustee, shall have the powers listed in this Section with respect to investment of Trust assets, except to the extent that the investment of Trust assets is controlled by Participants, pursuant to Section 13.03.

(a) To invest and reinvest the Trust without distinction between principal and income in common or preferred stocks, shares of regulated investment companies and other mutual funds, bonds, notes, debentures, mortgages, certificates of deposit, contracts with insurance companies including but not limited to insurance, individual or group annuity, deposit administration, guaranteed interest contracts, and deposits at reasonable rates of interest at banking institutions including but not limited to savings accounts and certificates of deposit. Assets of the Trust may be invested in securities that involve a higher degree of risk than investments that have demonstrated their investment performance over an extended period of time.

(b) To invest and reinvest all or any part of the assets of the Trust in any common, collective or commingled trust fund that is maintained by a bank or other institution and that is available to Employee plans qualified under section 401 of the Code, or any successor provisions thereto, and during the period of time that an investment through any such medium shall exist, to the extent of participation of the Plan, the declaration of trust of such common, collective, or commingled trust fund shall constitute a part of this Plan.

(c) To invest and reinvest all or any part of the assets of the Trust in any group annuity, deposit administration or guaranteed interest contract issued by an insurance company or other financial institution on a commingled or collective basis with the assets of any other plan or trust qualified under section 401(a) of the Code or any other plan described in section 401(a)(24) of the Code, and such contract may be held or issued in the name of the Plan Administrator, or such custodian as the Plan Administrator may appoint, as agent and nominee for the Employer. During the period that an investment through any such contract shall exist, to the extent of participation of the Plan, the terms and conditions of such contract shall constitute a part of the Plan.

(d) To hold cash awaiting investment and to keep such portion of the Trust in cash or cash balances, without liability for interest, in such amounts as may from time to time be deemed to be reasonable and necessary to meet obligations under the Plan or otherwise to be in the best interests of the Plan.

(e) To hold, to authorize the holding of, and to register any investment to the Trust in the name of the Plan, the Employer, or any nominee or agent of any of the foregoing, including the Plan Administrator, or in bearer form, to deposit or arrange for the deposit of securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by any other person, and to organize corporations or trusts under the laws of any jurisdiction for the purpose of acquiring or holding title to any property for the Trust, all with or without the addition of words or other action to indicate that property is held in a fiduciary or representative capacity but the books and records of the Plan shall at all times show that all such investments are part of the Trust.

(f) Upon such terms as may be deemed advisable by the Employer or the Plan Administrator, as the case may be, for the protection of the interests of the Plan or for the preservation of the value of an investment, to exercise and enforce by suit for legal or equitable remedies or by other action, or to waive any right or claim on behalf of the Plan or any default in any obligation owing to the Plan, to renew, extend the time for payment of, agree to a reduction in the rate of interest on, or agree to any other modification or change in the terms of any obligation owing to the Plan, to settle, compromise, adjust, or submit to arbitration any claim or right in favor of or against the Plan, to exercise and enforce any and all rights of foreclosure, bid for property in foreclosure, and take a deed in lieu of foreclosure with or without paying consideration therefor, to commence or defend suits or other legal proceedings whenever any interest of the Plan requires it, and to represent the Plan in all suits or legal proceedings in any court of law or equity or before any body or tribunal.

(g) To employ suitable consultants, depositories, agents, and legal counsel on behalf of the Plan.

(h) To open and maintain any bank account or accounts in the name of the Plan, the Employer, or any nominee or agent of the foregoing, including the Plan Administrator, in any bank or banks.

(i) To do any and all other acts that may be deemed necessary to carry out any of the powers set forth herein.

6.03 **Taxes and Expenses.** All taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect to the Trust, or the income thereof, and all commissions or acquisitions or dispositions of securities and similar expenses of investment and reinvestment of the Trust, shall be paid from the Trust. Such reasonable compensation of the Plan Administrator, as may be agreed upon from time to time by the Employer and the Plan Administrator, and reimbursement for reasonable expenses incurred by the Plan Administrator in performance of its duties hereunder (including but not limited to fees for legal, accounting, investment and custodial services) shall also be paid from the Trust. However, no person who is a fiduciary within the meaning of section 3(21)(A) of ERISA and regulations promulgated thereunder, and who receives full-time pay from the Employer may receive compensation from the Trust, except for expenses properly and actually incurred.

6.04 **Payment of Benefits.** The payment of benefits from the Trust in accordance with the terms of the Plan may be made by the Plan Administrator, or by any custodian or other person so authorized by the Employer to make such disbursement. Benefits under this Plan shall be paid only if the Plan Administrator, custodian or other person decides in his/her discretion that the applicant is entitled to them. The Plan Administrator, custodian or other person shall not be liable with respect to any distribution of Trust assets made at the direction of the Employer.

6.05 **Investment Funds.** In accordance with uniform and nondiscriminatory rules established by the Employer and the Plan Administrator, the Participant may direct his/her Accounts to be invested in one (1) or more investment funds available under the Plan; provided, however, that the Participant's investment directions shall not violate any investment restrictions established by the Employer and shall not include any investment in collectibles, as defined in section 408(m) of the Code.

6.06 **Valuation of Accounts.** As of each Accounting Date, the Plan assets held in each investment fund offered shall be valued at fair market value and the investment income and gains or losses for each fund shall be determined. Such investment income and gains or losses shall be allocated proportionately among all Account balances on a fund-by-fund basis. The allocation shall be in the proportion that each such Account balance as of the immediately preceding Accounting Date bears to the total of all such Account balances as of that Accounting Date. For purposes of this Article, all Account balances include the Account balances of all Participants and Beneficiaries.

6.07 **Participant Loan Accounts.** Participant Loan Accounts shall be invested in accordance with Section 13.03 of the Plan. Such Accounts shall not share in any investment income and gains or losses of the investment funds described in Section 6.05.

VII. VESTING

7.01 Vesting Schedule. The portion of a Participant's Account attributable to Mandatory Participant Contributions and Voluntary Participant Contributions, and the earnings thereon, shall be at all times nonforfeitable by the Participant. A Participant shall have a Nonforfeitable Interest in the percentage of his/her Employer Contribution Account established under Section 4.01 and 4.04 determined pursuant to the schedule elected by the Employer in the Adoption Agreement.

7.02 Crediting Periods of Service. Except as provided in Section 7.03, all of an Employee's Periods of Service with the Employer are counted to determine the nonforfeitable percentage in the Employee's Account balance derived from Employer Contributions. If the Employer maintains the plan of a predecessor employer, service with such employer will be treated as service for the Employer.

For purposes of determining years of service and Breaks in Service for the purposes of computing a Participant's nonforfeitable right to the Account balance derived from Employer Contributions, the twelve (12) consecutive month period will commence on the date the Employee first performs an hour of service and each subsequent twelve (12) consecutive month period will commence on the anniversary of such date.

7.03 Service After Break in Service. In the case of a Participant who has a Break in Service of at least five (5) years, all Periods of Service after such Breaks in Service will be disregarded for the purpose of determining the nonforfeitable percentage of the Employer-derived Account balance that accrued before such Break, but both pre-Break and post-Break service will count for the purposes of vesting the Employer-derived Account balance that accrues after such Break. Both Accounts will share in the earnings and losses of the fund.

In the case of a Participant who does not have a Break in Service of at least five (5) years, both the pre-Break and post-Break service will count in vesting both the pre-Break and post-Break Employer-derived Account balance.

In the case of a Participant who does not have any nonforfeitable right to the Account balance derived from Employer Contributions, years of service before a period of consecutive one (1) year Breaks in Service will not be taken into account in computing eligibility service if the number of consecutive one (1) year Breaks in Service in such period equals or exceeds the greater of five (5) or the aggregate number of years of service. Such aggregate number of years of service will not include any years of service disregarded under the preceding sentence by reason of prior Breaks in Service.

If a Participant's years of service are disregarded pursuant to the preceding paragraph, such Participant will be treated as a new Employee for eligibility purposes. If a Participant's years of service may not be disregarded pursuant to the preceding paragraph, such Participant shall continue to participate in the Plan, or, if terminated, shall participate immediately upon reemployment.

7.04 Vesting Upon Normal Retirement Age. Notwithstanding Section 7.01 of the Plan, a Participant shall have a Nonforfeitable Interest in his/her entire Employer Contribution Account, to the extent that the balance of such Account has not previously been forfeited pursuant to Section 7.06 of the Plan, if he/she is employed on or after his/her Normal Retirement Age.

7.05 Vesting Upon Death or Disability. Notwithstanding Section 7.01 of the Plan, in the event of Disability or death, a Participant or his/her Beneficiary shall have a Nonforfeitable Interest in his/her entire Employer Contribution Account, to the extent that the balance of such Account has not previously been forfeited pursuant to Section 7.06 of the Plan.

7.06 Forfeitures. Except as provided in Sections 7.04 and 7.05 of the Plan or as otherwise provided in this Section 7.06, a Participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her Employer Contribution Account balance which has not vested as of the date such Participant incurs a Break in Service of five (5) consecutive years or, if earlier, the date such Participant receives, or is deemed under the provisions of Section 9.04 to have received, distribution of the entire Nonforfeitable Interest in his/her Employer Contribution Account.

No forfeiture will occur solely as a result of a Participant's withdrawal of Employee Contributions.

Forfeitures shall be allocated in the manner described in Section 4.02.

7.07 **Reinstatement of Forfeitures.** If the Participant returns to the employment of the Employer before incurring a Break in Service of five (5) consecutive years, any amounts forfeited pursuant to Section 7.06 shall be reinstated to the Participant's Employer Contribution Account on the date of repayment by the Participant of the amount distributed to such Participant from his/her Employer Contribution Account; provided, however, that if such Participant forfeited his/her Account balance by reason of a deemed distribution, pursuant to Section 9.04, such amounts shall be automatically restored upon the reemployment of such Participant. Such repayment must be made before the earlier of five (5) years after the first date on which the Participant is subsequently reemployed by the Employer, or the date the Participant incurs a Break in Service of five (5) consecutive years.

VIII. BENEFITS CLAIM

8.01 **Claim of Benefits.** A Participant or Beneficiary shall notify the Plan Administrator in writing of a claim of benefits under the Plan. The Plan Administrator shall take such steps as may be necessary to facilitate the payment of such benefits to the Participant or Beneficiary.

8.02 **Appeal Procedure.** If any claim for benefits is initially denied by the Plan Administrator, the claimant shall file the appeal with the Employer, whose decision shall be final, to the extent provided by Section 15.07.

IX. COMMENCEMENT OF BENEFITS

9.01 **Normal and Elective Commencement of Benefits.** A Participant who retires, becomes Disabled or incurs a severance from employment (separation from service for Plan Years beginning before 2002) for any other reason may elect by written notice to the Plan Administrator to have his or her vested Account balance benefits commence on any date, provided that such distribution complies with Section 9.02. Such election must be made in writing during the ninety (90) day period ending on the date as of which benefit payments are to commence. A Participant's election shall be revocable and may be amended by the Participant.

The failure of a Participant to consent to a distribution while a benefit is immediately distributable, within the meaning of section 9.02 of the Plan, shall be deemed to be an election to defer commencement of payment of any benefit.

9.02 **Restrictions on Immediate Distributions.** Notwithstanding anything to the contrary in Section 9.01 of the Plan, if the value of a Participant's vested Account balance is at least $1,000, and the Account balance is immediately distributable, the Participant must consent to any distribution of such Account balance. The Participant's consent shall be obtained in writing during the ninety (90) day period ending on the date as of which benefit payments are to commence. No consent shall be required, however, to the extent that a distribution is required to satisfy section 401(a)(9) or 415 of the Code.

The Plan Administrator shall notify the Participant of the right to defer any distribution until the Participant's Account balance is no longer immediately distributable. Such notification shall include a general description of the material features, and an explanation of the relative values of, the optional forms of benefit available under the Plan in a manner that would satisfy section 417(a)(3) of the Code, and shall be provided no less than thirty (30) and no more than ninety (90) days before the date as of which benefit payments are to commence. However, distribution may commence less than thirty (30) days after the notice described in the preceding sentence is given, provided (i) the distribution is one to which sections 401(a)(11) and 417 of the Code do not apply or, if the QJSA Election is made by the Employer in the Adoption Agreement, the waiver requirements of Section 17.04(a) are met; (ii) the Plan Administrator clearly informs the Participant that the Participant has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option); and (iii) the Participant, after receiving the notice, affirmatively elects a distribution.

In addition, upon termination of this Plan if the Plan does not offer an annuity option (purchased from a commercial provider) and if the Employer does not maintain another 401(a) defined contribution plan, the Participant's Account balance will, without the Participant's consent, be distributed to the Participant in a lump sum. However, if the Employer maintains another 401(a) defined contribution plan, the Participant's Account balance will be transferred, without the Participant's consent, to the other plan if the Participant does not consent to an immediate distribution.

An Account balance is immediately distributable if any part of the Account balance could be distributed to the Participant (or surviving spouse) before the Participant attains or would have attained (if not deceased) the later of Normal Retirement Age or age sixty-two (62).

For purposes of determining the applicability of the foregoing consent requirements to distributions made before the first day of the first plan year beginning after December 31, 1988, the Participant's vested Account balance shall not include amounts attributable to accumulated deductible employee contributions within the meaning of section 72(o)(5)(B) of the Code.

9.03 Transfer to Another Plan.

(a) If a Participant becomes eligible to participate in another plan maintained by the Employer that is qualified under section 401(a) of the Code, the Plan Administrator shall, at the written election of such Participant, transfer all or part of such Participant's Account to such plan, provided the plan administrator for such plan certifies to the Plan Administrator that its plan provides for the acceptance of such a transfer. Such transfers shall include those transfers of the nonforfeitable interest of a Participant's Account made for the purchase of service credit in defined benefit plans maintained by the Employer. For purposes of this Plan, any such transfer shall not be considered a distribution to the Participant subject to spousal consent as described in Section 9.10.

(b) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

(c) *Definitions.* For the purposes of Subsection (b), the following definitions shall apply:

(1) *Eligible Rollover Distribution.* Any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution <u>does not include</u>:

(i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years or more;

(ii) any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and

(iii) the portion of any other distribution(s) that is not includible in gross income.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or to a qualified defined contribution plan described in section 401(a) or 403(a) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) *Eligible Retirement Plan.*

(i) an individual retirement account described in section 408(a) of the Code or an individual retirement annuity described in section 408(b) of the Code (collectively, an "IRA");

(ii) an annuity plan described in section 403(a) of the Code;

(iii) an annuity contract described in section 403(b) of the Code,

(iv) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan; or

(v) a qualified plan described in section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee, under a qualified domestic relations order, as defined in section 414(p) of the Code.

(3) *Distributee.* Participant; in addition, the Participant's surviving spouse and the spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse.

(4) *Direct Rollover.* A payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

9.04 **De Minimis Accounts.** Notwithstanding the foregoing provisions of this Article, prior to January 1, 2002, if a Participant terminates service, and the value of his/her Nonforfeitable Interest in his/her Account is not greater than the dollar limit under section 411(a)(11)(A) of the Code, the Participant's benefit shall be paid (to the extent it constitutes an Eligible Rollover Distribution) in the form of a direct rollover to the Plan Administrator's designated IRA, unless he/she affirmatively elects to receive a cash payment or a Direct Rollover in accordance with procedures established by the Plan Administrator.

On or after January 1, 2002, if a Participant terminates service, and the value of his/her Nonforfeitable Interest in his/her Account is less than $1,000, the Participant's benefit shall be paid as soon as practicable to the Participant in a single lump sum distribution. If the value of the Participant's Account is at least $1,000 but not more than the dollar limit under section 411(a)(11)(A) of the Code, the Participant may elect to receive his/her Nonforfeitable Interest in his/her Account. Such distribution shall be made as soon as practicable following the request, in a lump sum.

For purposes of this Section, if a Participant's Nonforfeitable Interest in his/her Account is zero, the Participant shall be deemed to have received a distribution of such Nonforfeitable Interest in his/her Account.

9.05 **Withdrawal of Voluntary Contributions.** A Participant may upon written request withdraw a part of or the full amount of his/her Voluntary Contribution Account. Such withdrawals may be made at any time, provided that no more than two (2) such withdrawals may be made during any calendar year. No forfeiture will occur solely as the result of any such withdrawal.

9.06 **Withdrawal of Deductible Employee Contributions.** A Participant may upon written request withdraw a part of or the full amount of his/her Deductible Employee Contribution Account. Such withdrawals may be made at any time, provided that no more than two (2) such withdrawals may be made during any calendar year. No forfeiture will occur solely as the result of any such withdrawal.

9.07 **In-Service Distribution from Rollover Account.** Where elected by the Employer in the Adoption Agreement, a Participant that has a separate account attributable to rollover contributions to the Plan, may at any time elect to receive a distribution of all or any portion of the amount held in the Rollover Account.

9.08 **In-Service Distributions.** Unless otherwise elected by the Employer in the Adoption Agreement, a Participant who has reached age 70-1/2 regardless of his Nonforfeitable Interest in his/her entire Employer Contribution Account, shall, upon written request, receive a distribution of a part of or the full amount of the balance in any or all of his vested Accounts. Such distributions may be requested at any time, provided that no more than two (2) such distributions may be made during any calendar year.

9.09 **Latest Commencement of Benefits.** Notwithstanding anything to the contrary in this Article, benefits shall begin no later than the Participant's Required Beginning Date, as defined under Section 10.05, or as otherwise provided in Section 10.04.

9.10 **Spousal Consent.** Notwithstanding the foregoing, if the Employer elected the QJSA Election in the Adoption Agreement, a married Participant must first obtain his or her spouse's notarized consent to request a distribution (other than a Qualified Joint and Survivor Annuity), withdrawal, or rollover under this Article IX.

X. DISTRIBUTION REQUIREMENTS

10.01 General Rules.

(a) Subject to the provisions of Article XII or XVII if so elected by the Employer in the Adoption Agreement, the requirements of this Article shall apply to any distribution of a Participant's interest and will take precedence over any inconsistent provisions of this Plan. Unless otherwise specified, the provisions of this Article X apply to calendar years beginning after December 31, 2002.

With respect to distributions under the Plan made in or for Plan Years beginning on or after January 1, 2002 and prior to January 1, 2003, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Code in accordance with the regulations under section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any provision of the Plan to the contrary.

(b) All distributions required under this Article shall be determined and made in accordance with the regulations under section 401(a)(9) of the Code, and the minimum distribution incidental benefit requirement of section 401(a)(9)(G) of the Code.

(c) *Limits on Distribution Periods.* As of the first Distribution Calendar Year, distributions to a Participant, if not made in a single-sum, may only be made over one of the following periods:

(1) The life of the Participant; or

(2) The joint lives of the Participant and a designated Beneficiary; or

(3) A period certain not extending beyond the life expectancy of the Participant; or

(4) A period certain not extending beyond the joint and last survivor expectancy of the Participant and a designated Beneficiary.

(d) *TEFRA Section 242(b)(2) Elections.* Notwithstanding the other provisions of this Article XVII, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

10.02 Time and Manner of Distribution

(a) *Required Beginning Date.* The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(b) *Death of Participant Before Distributions Begin.* If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(1) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70 1/2, if later.

(2) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(3) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(4) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 10.02(b), other than Section 10.02(b)(1), will apply as if the surviving spouse were the Participant.

For purposes of this Section 10.02(b) and Section 10.04, unless Section 10.02(b)(4) applies, distributions are considered to begin on the Participant's required beginning date. If Section 10.02(b)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 10.02(b)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 10.02(b)(1)), the date distributions are considered to begin is the date distributions actually commence.

(c) *Forms of Distribution.* Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 10.03 and 10.04. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations.

10.03 Required Minimum Distributions During Participant's Lifetime

(a) *Amount of Required Minimum Distribution For Each Distribution Calendar Year.* During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(1) The quotient obtained by dividing the Participant's Account Balance by the distribution

period set forth in the Uniform Lifetime Table found in Section 1.401(a)(9)-9, Q&A-2, of the Final Income Tax Regulations using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(2) If the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9, Q&A-3, of the regulations using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(b) *Lifetime Required Minimum Distributions Continue Through Year of Participant's Death.* Required minimum distributions will be determined under this Section 10.03 beginning with the first distribution calendar year and continuing up to, and including, the distribution calendar year that includes the Participant's date of death.

10.04 Required Minimum Distributions After Participant's Death

(a) *Death On or After Date Distributions Begin.*

(1) *Participant Survived by Designated Beneficiary.* If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(i) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(iii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(2) *No Designated Beneficiary.* If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(b) *Death Before Date Required Distributions Begin.*

(1) *Participant Survived by Designated Beneficiary.* If the Participant dies before the date required distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is

the quotient obtained by dividing the Participant's Account Balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 10.04(a).

(2) *No Designated Beneficiary.* If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(3) *Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin.* If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 10.02(b)(1), this Section 10.04(b) will apply as if the surviving spouse were the Participant.

10.05 Definitions

(a) *Designated Beneficiary.* The individual who is designated by the Participant (or the Participant's surviving spouse) as the Beneficiary of the Participant's interest under the Plan and who is the designated Beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-4 of the regulations.

(b) *Distribution Calendar Year.* A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 10.02(b). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(c) *Life Expectancy.* Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9, Q&A-1, of the regulations.

(d) *Participant's Account Balance.* The Account Balance as of the last Accounting Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account Balance as of dates in the valuation calendar year after the Accounting Date and decreased by distributions made in the valuation calendar year after the Accounting Date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(e) *Required Beginning Date.* The Required Beginning Date of a Participant is April 1 of the calendar year following the later of the calendar year in which the Participant attains age seventy and one-half (70-1/2), or the calendar year in which the Participant retires.

XI. MODES OF DISTRIBUTION OF BENEFITS

11.01 Normal Mode of Distribution. Unless an elective mode of distribution is elected as provided in Section 11.02, benefits shall be paid to the Participant in the form of a lump sum payment.

Notwithstanding the foregoing, where the Employer made the "QJSA Election" in the Adoption Agreement, unless an elective mode of distribution is elected in accordance with Article XVII, benefits shall be paid to the Participant in the form provided for in Article XVII.

11.02 Elective Mode of Distribution. Subject to the requirements of Articles X, XII and XVII, a Participant may revocably elect to have his/her Account distributed in any one (1) of the following modes in lieu of the mode described in Section 11.01:

(a) *Equal Payments.* Equal monthly, quarterly, semi-annual, or annual payments in an amount chosen by the Participant continuing until the Account is exhausted.

(b) *Period Certain.* Approximately equal monthly, quarterly, semi-annual, or annual payments, calculated to continue for a period certain chosen by the Participant.

(c) *Other.* Any other sequence of payments requested by the Participant.

(d) *Lump Sum.* Where the Employer did make the QJSA Election in the Adoption Agreement, a Participant may also elect a lump sum payment.

11.03 Election of Mode. A Participant's election of a payment option must be made in writing between thirty (30) and ninety (90) days before the payment of benefits is to commence.

11.04 Death Benefits. Subject to Article X (and Article XII or XVII if so elected by the Employer in the Adoption Agreement),

(a) In the case of a Participant who dies before he/she has begun receiving benefit payments, the Participant's entire Nonforfeitable Interest shall then be payable to his/her Beneficiary within ninety (90) days of the Participant's death. A Beneficiary who is entitled to receive benefits under this Section may elect to have benefits commence at a later date, subject to the provisions of Article X. The Beneficiary may elect to receive the death benefit in any of the forms available to the Participant under Sections 11.01 and 11.02. If the Beneficiary is the Participant's surviving spouse, and such surviving spouse dies before payment commences, then this Section shall apply to the beneficiary of the surviving spouse as though such surviving spouse were the Participant.

(b) Should the Participant die after he/she has begun receiving benefit payments, the Beneficiary shall receive the remaining benefits, if any, that are payable, under the payment schedule elected by the Participant. Notwithstanding the foregoing, the Beneficiary may elect to accelerate payments of the remaining balances, including but not limited to, a lump sum distribution.

XII. SPOUSAL DEATH BENEFIT REQUIREMENTS

12.01 Application. Unless otherwise elected by the Employer in the Adoption Agreement, on or after January 1, 2006, the provisions of this Article shall take precedence over any conflicting provision in this Plan. The provisions of this Article, known as the "Beneficiary Spousal Consent Election," shall apply to any Participant who is credited with any Period of Service with the Employer on or after August 23, 1984, and such other Participants as provided in Section 12.04.

12.02 Spousal Death Benefit.

(a) On the death of a Participant, the Participant's Vested Account Balance will be paid to the Participant's Surviving Spouse. If there is no Surviving Spouse, or if the Participant has waived the spousal death benefit, as provided in Section 12.03, such Vested Account Balance will be paid to the Participant's designated Beneficiary.

(b) The Surviving Spouse may elect to have distribution of the Vested Account Balance commence within the ninety (90) day period following the date of the Participant's death, or as otherwise provided under Section 11.04. The Account balance shall be adjusted for gains or losses occurring after the Participant's death in accordance with the provisions of the Plan governing the adjustment of Account balances for other types of distributions.

12.03 Waiver of Spousal Death Benefit.

The Participant may waive the spousal death benefit described in Section 12.02 at any time; provided that no such waiver shall be effective unless:

(a) the Participant's Spouse consents in writing to the election;

(b) the election designates a specific Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further spousal consent);

(c) the Spouse's consent acknowledges the effect of the election; and

(d) the Spouse's consent is witnessed by a Plan representative or notary public. If it is established to the satisfaction of a Plan representative that there is no Spouse or that the Spouse cannot be located, a waiver will be deemed to meet the requirements of this Section.

Any consent by a Spouse obtained under this provision (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse. A consent that permits designations by the Participant without any requirement of further consent by such Spouse must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited.

12.04 Definitions. For the purposes of this Section, the following definitions shall apply:

(a) *Spouse (Surviving Spouse):* The Spouse or Surviving Spouse of the Participant, provided that a former Spouse will be treated as the Spouse or Surviving Spouse and a current Spouse will not be treated as the Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order as described in section 414(p) of the Code; and

(b) *Vested Account Balance:* The aggregate value of the Participant's vested Account balances derived from Employer and Employee contributions (including rollovers), whether vested before or upon death, including the proceeds of insurance contracts, if any, on the Participant's life. The provisions of this Article shall apply to a Participant who is vested in amounts attributable to Employer Contributions, Employee contributions (or both) at the time of death or distribution.

XIII. LOANS TO PARTICIPANTS

13.01 Availability of Loans to Participants.

(a) If the Employer has elected in the Adoption Agreement to make loans available to Participants, a Participant may apply for a loan from the Plan subject to the limitations and other provisions of this Article.

(b) The Employer shall establish written guidelines governing the granting of loans, provided that such guidelines are approved by the Plan Administrator and are not inconsistent with the provisions of this Article, and that loans are made available to all Participants on a reasonably equivalent basis.

13.02 Terms and Conditions of Loans to Participants. Any loan by the Plan to a Participant under Section 13.01 of the Plan shall satisfy the following requirements:

(a) *Availability.* Loans shall be made available to all Participants on a reasonably equivalent basis.

(b) *Nondiscrimination.* Loans shall not be made to highly compensated Employees in an amount greater than the amount made available to other Employees.

(c) *Interest Rate.* Loans must be adequately secured and bear a reasonable interest rate.

(d) *Loan Limit.* No Participant loan shall exceed the present value of the Participant's Nonforfeitable Interest in his/her Account.

(e) *Foreclosure.* In the event of default, foreclosure on the note and attachment of security will not occur until a distributable event occurs in the Plan.

(f) *Reduction of Account.* Notwithstanding any other provision of this Plan, the portion of the Participant's vested Account balance used as a security interest held by the Plan by reason of a loan outstanding to the Participant shall be taken into account for purposes of determining the amount of the Account balance payable at the time of death or distribution, but only if the reduction is used as repayment of the loan. If less than one hundred percent (100%) of the Participant's nonforfeitable Account balance (determined without regard to the preceding sentence) is payable to the surviving spouse, then the Account balance shall be adjusted by first reducing the nonforfeitable Account balance by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving spouse.

(g) *Amount of Loan.* At the time the loan is made, the principal amount of the loan plus the outstanding balance (principal plus accrued interest) due on any other outstanding loans to the Participant or Beneficiary from the Plan and from all other plans of the Employer that are qualified employer plans under section 72(p)(4) of the Code shall not exceed the lesser of:

(1) $50,000, reduced by the excess (if any) of

(i) The highest outstanding balance of loans from the Plan during the one (1) year period ending on the day before the date on which the loan is made, over

(ii) The outstanding balance of loans from the Plan on the date on which such loan is made; or

(2) One-half (1/2) of the value of the Participant's Nonforfeitable Interest in all of his/her Accounts under this Plan (or $10,000, if greater, for loans prior to January 1, 2006).

For the purpose of the above limitation, all loans from all qualified employer plans, including 457(b) plans, under Code section 72(p)(4) of the Code are aggregated.

(h) *Application for Loan.* The Participant must give the Employer adequate written notice, as determined by the Employer, of the amount and desired time for receiving a loan. No more than one (1) loan may be made by the Plan to a Participant in any calendar year. No loan shall be approved if an existing loan from the Plan to the Participant is in default to any extent.

(i) *Length of Loan.* The terms of any loan issued or renegotiated after December 31, 1993, shall require the Participant to repay the loan in substantially equal installments of principal and interest, at least quarterly (except as otherwise provided in Treasury Regulation section 1.72(p)-1, Q&A-9 for certain leave of absence and military leave), over a period that does not exceed five (5) years from the date of the loan; provided, however, that if the proceeds of the loan are applied by the Participant to acquire any dwelling unit that is to be used within a reasonable time after the loan is made as the principal residence of the Participant, the five (5) year limit shall not apply. In this event, the period of repayment shall not exceed a reasonable period determined by the Employer. Principal installments and interest payments otherwise due may be suspended during an authorized leave of absence, if the promissory note so provides, but not beyond the original term permitted under this Subsection (i), with a revised payment schedule (within such term) instituted at the end of such period of suspension. If the Participant fails to make any installment payment, the Plan Administrator may, according to Treasury Regulation 1.72(p)-1, allow a cure period, which cure period cannot continue beyond the last day of the calendar quarter following the calendar quarter in which the required installment payment was due.

(j) *Prepayment.* The Participant shall be permitted to repay the loan in whole or in part at any time prior to maturity, without penalty.

(k) *Note.* The loan shall be evidenced by a promissory note executed by the Participant and delivered to the Employer, and shall bear interest at a reasonable rate determined by the Employer.

Unless waived by a Participant, any plan loan that is outstanding on the date that active duty military service begins will accrue interest at a rate of no more than 6% during the period of military service in accordance with the provisions of the Servicemembers Civil Relief Act (SCRA), 50 USC App. § 526 and subject to the notice requirements contained therein. This limitation applies even if loan payments are suspended during the period of military service as permitted under the Plan and Treasury regulations.

(l) *Security.* The loan shall be secured by an assignment of that portion the Participant's right, title and interest in and to his/her Employer Contribution Account (to the extent vested), Participant Contribution Account, and Rollover Account that is equal to fifty percent (50%) of the Participant's Account (to the extent vested).

(m) *Assignment or Pledge.* For the purposes of paragraphs (h) and (i), assignment or pledge of any portion of the Participant's interest in the Plan and a loan, pledge, or assignment with respect to any insurance contract purchased under the Plan, will be treated as a loan.

(n) *Spousal Consent.* If the Employer elected the QJSA Election in the Adoption Agreement, the Participant must first obtain his or her spouse's notarized consent to the loan.

(o) *Other Terms and Conditions.* The Employer shall fix such other terms and conditions of the loan as it deems necessary to comply with legal requirements, to maintain the qualification of the Plan and Trust under section 401(a) of the Code, or to prevent the treatment of the loan for tax purposes as a distribution to the Participant. The Employer, in its discretion for any reason, may fix other terms and conditions of the loan, not inconsistent with the provisions of this Article.

13.03 Participant Loan Accounts.

(a) Upon approval of a loan to a Participant by the Employer, an amount not in excess of the loan shall be transferred from the Participant's other investment fund(s), described in Section 6.05 of the Plan, to the Participant's Loan Account as of the Accounting Date immediately preceding the agreed upon date on which the loan is to be made.

(b) The assets of a Participant's Loan Account may be invested and reinvested only in promissory notes received by the Plan from the Participant as consideration for a loan permitted by Section 13.01 of the Plan or in cash. Uninvested cash balances in a Participant's Loan Account shall not bear interest. No person who is otherwise a fiduciary of the Plan shall be liable for any loss, or by reason of any breach, that results from the Participant's exercise of such control.

(c) Repayment of principal and payment of interest shall be made by payroll deduction or, where repayment cannot be made by payroll deduction, by check, and shall be invested in one (1) or more other investment funds, in accordance with Section 6.05 of the Plan, as of the next Accounting Date after payment thereof to the Trust. The amount so invested shall be deducted from the Participant's Loan Account.

(d) The Employer shall have the authority to establish other reasonable rules, not inconsistent with the provisions of the Plan, governing the establishment and maintenance of Participant Loan Accounts.

XIV. PLAN AMENDMENT, TERMINATION AND OPTIONAL PROVISIONS

14.01 **Amendment by Employer.** The Employer reserves the right, subject to Section 14.02 of the Plan, to amend the Plan from time to time by either:

(a) Filing an amended Adoption Agreement to change, delete, or add any optional provision; or

(b) Continuing the Plan in the form of an amended and restated Plan and Trust.

No amendment to the Plan shall be effective to the extent that it has the effect of decreasing a Participant's accrued benefit. Notwithstanding the preceding sentence, a Participant's Account balance may be reduced to the extent permitted under section 412(c)(8) of the Code. For purposes of this paragraph, a Plan amendment which has the effect of decreasing a Participant's Account balance or eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing an accrued benefit. Furthermore, if the vesting schedule of the Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's right to his/her Employer-derived accrued benefit will not be less than his percentage computed under the plan without regard to such amendment.

No amendment to the Plan shall be effective to eliminate or restrict an optional form of benefit. The preceding sentence shall not apply to a Plan amendment that eliminates or restricts the ability of a Participant to receive payment of his or her Account balance under a particular optional form of benefit if the amendment provides a single-sum distribution form that is otherwise identical to the optional form of benefit being eliminated or restricted. For this purpose, a single-sum distribution form is otherwise identical only if the single-sum distribution form is identical in all respects to the eliminated or restricted optional form of benefit (or would be identical except that it provides greater rights to the Participant) except with respect to the timing of payments after commencement.

The Employer may (1) change the choice of options in the Adoption Agreement, (2) add overriding language in the Adoption Agreement when such language is necessary to satisfy sections 415 or 416 of the Code because of the required aggregation of multiple plans, (3) amend administrative provisions of the trust or custodial document in the case of a nonstandardized plan and make more limited amendments in the case of a standardized plan such as the name of the plan, employer, trustee or custodian, plan administrator and other fiduciaries, the trust year, and the name of any pooled trust in which the Plan's trust will participate, (4) add certain sample or model amendments published by the Internal Revenue Service or other required good faith amendments which specifically provide that their adoption will not cause the plan to be treated as individually designed, and (5) add or change provisions permitted under the Plan and/or specify or change the effective date of a provision as permitted under the Plan and correct obvious and unambiguous typographical errors and/or cross-references that merely correct a reference but that do not in any way change the original intended meaning of the provisions.

14.02 **Amendment of Vesting Schedule.** If the Plan's vesting schedule is amended, or the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage, each Participant may elect, within a reasonable period after the adoption of the amendment or change, to have the nonforfeitable percentage computed under the Plan without regard to such amendment or change.

The period during which the election may be made shall commence with the date the amendment is adopted or deemed to be made and shall end on the latest of:

(a) Sixty (60) days after the amendment is adopted;
(b) Sixty (60) days after the amendment becomes effective; or

(c) Sixty (60) days after the Participant is issued written notice of the amendment by the Employer or Plan Administrator.

14.03 **Termination by Employer.** The Employer reserves the right to terminate this Plan. However, in the event of such termination no part of the Trust shall be used or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries, except as provided in this Section.

Upon Plan termination or partial termination, all Account balances shall be valued at their fair market value and the Participant's right to his/her Employer Contribution Account shall be one hundred percent (100%) vested and nonforfeitable. Such amount and any other amounts held in the Participant's other Accounts shall be maintained for the Participant until paid pursuant to the terms of the Plan.

Any amounts held in a suspense account, after all liabilities of the Plan to Participants and Beneficiaries have been satisfied or provided for, shall be paid to the Employer in accordance with the Code and regulations thereunder.

In the event that the Commissioner of Internal Revenue determines that the Plan is not initially qualified under the Internal Revenue Code, any contribution made by the Employer incident to that initial qualification must be returned to the Employer within one year after the date the initial qualification is denied, but only if the application for the qualification is made by the time prescribed by law for filing the Employer's return for the year in which the Plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

14.04 **Discontinuance of Contributions.** A permanent discontinuance of contributions to the Plan by the Employer, unless an amended and restated Plan is established, shall constitute a Plan termination. In the event of a complete discontinuance of contributions under the Plan, the Account balance of each affected Participant shall be nonforfeitable.

14.05 **Amendment by Plan Administrator.** The Plan Administrator may amend this Plan upon thirty (30) days written notification to the Employer; provided, however, that any such amendment must be for the express purpose of maintaining compliance with applicable federal laws and regulations of the Internal Revenue Service. Such amendment shall become effective unless, within such 30-day period, the Employer notifies the Administrator, in writing, that it disapproves such amendment, in which case such amendment shall not become effective. In the event of such disapproval, the Administrator shall be under no obligation to continue acting as Administrator hereunder.

14.06 **Optional Provisions.** Any provision which is optional under this Plan shall become effective if and only if elected by the Employer and agreed to by the Plan Administrator.

XV. ADMINISTRATION

15.01 **Powers of the Employer.** The Employer shall have the following powers and duties:

(a) To appoint and remove, with or without cause, the Plan Administrator;

(b) To amend or terminate the Plan pursuant to the provisions of Article XIV;

(c) To appoint a committee to facilitate administration of the Plan and communications to Participants;

(d) To decide all questions of eligibility

(1) for Plan participation, and

(2) upon appeal by any Participant, Employee or Beneficiary, for the payment of benefits;

(e) To engage an independent qualified public accountant, when required to do so by law, to prepare annually the audited financial statements of the Plan's operation;

(f) To take all actions and to communicate to the Plan Administrator in writing all necessary information to carry out the terms of the Plan and Trust; and

(g) To notify the Plan Administrator in writing of the termination of the Plan.

15.02 **Duties of the Plan Administrator.** The Plan Administrator shall have the following powers and duties:

(a) To construe and interpret the provisions of the Plan;

(b) To maintain and provide such returns, reports, schedules, descriptions, and individual Account statements, as are required by law within the times prescribed by law; and to furnish to the Employer, upon request, copies of any or all such materials, and further, to make copies of such instruments, reports, descriptions, and statements as are required by law available for examination by Participants and such of their Beneficiaries who are or may be entitled to benefits under the Plan in such places and in such manner as required by law;

(c) To obtain from the Employer such information as shall be necessary for the proper administration of the Plan;

(d) To determine the amount, manner, and time of payment of benefits hereunder;

(e) To appoint and retain such agents, counsel, and accountants for the purpose of properly administering the Plan;

(f) To distribute assets of the Trust to each Participant and Beneficiary in accordance with Article X of the Plan;

(g) To pay expenses from the Trust pursuant to Section 6.03 of the Plan; and

(h) To do such other acts reasonably required to administer the Plan in accordance with its provisions or as may be provided for or required by law.

15.03 **Protection of the Employer.** The Employer shall not be liable for the acts or omissions of the Plan Administrator, but only to the extent that such acts or omissions do not result from the Employer's failure to provide accurate or timely information as required or necessary for proper administration of the Plan.

15.04 **Protection of the Plan Administrator.** The Plan Administrator may rely upon any certificate, notice or direction purporting to have been signed on behalf of the Employer which the Plan Administrator believes to have been signed by a duly designated official of the Employer.

15.05 **Resignation or Removal of Plan Administrator.** The Plan Administrator may resign at any time effective upon sixty (60) days prior written notice to the Employer. The Plan Administrator may be removed by the Employer at any time upon sixty (60) days prior written notice to the Plan Administrator. Upon the resignation or removal of the Plan Administrator, the Employer may appoint a successor Plan Administrator; failing such appointment, the Employer shall assume the powers and duties of Plan Administrator. Upon the resignation or removal of the Plan Administrator, any Trust assets invested by or held in the name of the Plan Administrator shall be transferred to the trustee in cash or property, at fair market value, except that the return of Trust assets invested in a contract issued by an insurance company shall be governed by the terms of that contract.

15.06 **No Termination Penalty.** The Plan Administrator shall have no authority or discretion to impose any termination penalty upon its removal.

15.07 **Decisions of the Plan Administrator.** All constructions, determinations, and interpretations made by the Plan Administrator pursuant to Section 15.02(a) or (d) or by the Employer pursuant to Section 15.01(d) shall be final and binding on all persons participating in the Plan, given deference in all courts of law to the greatest extent allowed by applicable law, and shall not be overturned or set aside by any court of law unless found to be arbitrary or capricious, or made in bad faith.

XVI. MISCELLANEOUS

16.01 **Nonguarantee of Employment.** Nothing contained in this Plan shall be construed as a contract of employment between the Employer and any Employee, or as a right of an Employee to be continued in the employment of the Employer, as a limitation of the right of the Employer to discharge any of its Employees, with or without cause.

16.02 **Rights to Trust Assets.** No Employee or Beneficiary shall have any right to, or interest in, any assets of the Trust upon termination of his/her employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Employee or Beneficiary out of the assets of the Trust. All payments of benefits as provided for in this Plan shall be made solely out of the assets of the Trust and none of the fiduciaries shall be liable therefor in any manner.

16.03 **Nonalienation of Benefits.** Except as provided in Section 16.04 of the Plan, benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The Trust shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

16.04 **Qualified Domestic Relations Order.** Notwithstanding Section 16.03 of the Plan, amounts may be paid with respect to a Participant pursuant to a domestic relations order, but if and only if the order is determined to be a qualified domestic relations order within the meaning of section 414(p) of the Code or any domestic relations order entered before January 1, 1985.

16.05 **Nonforfeitability of Benefits.** Subject only to the specific provisions of this Plan, nothing shall be deemed to deprive a Participant of his/her right to the Nonforfeitable Interest to which he/she becomes entitled in accordance with the provisions of the Plan.

16.06 **Incompetency of Payee.** In the event any benefit is payable to a minor or incompetent, to a person otherwise under legal disability, or to a person who, in the sole judgment of the Employer, is by reason of advanced age, illness, or other physical or mental incapacity incapable of handling the disposition of his/her property, the Employer may apply the whole or any part of such benefit directly to the care, comfort, maintenance, support, education, or use of such person or pay or distribute the whole or any part of such benefit to:

(a) The parent of such person;

(b) The guardian, committee, or other legal representative, wherever appointed, of such person;

(c) The person with whom such person resides;

(d) Any person having the care and control of such person; or

(e) Such person personally.

The receipt of the person to whom any such payment or distribution is so made shall be full and complete discharge therefor.

16.07 **Inability to Locate Payee.** Anything to the contrary herein notwithstanding, if the Employer is unable, after reasonable effort, to locate any Participant or Beneficiary to whom an amount is payable hereunder, such amount shall be forfeited and held in the Trust for application against the next succeeding Employer Contribution or contributions required to be made hereunder. Notwithstanding the foregoing, however, such amount shall be reinstated, by means of an additional Employer contribution, if and when a claim for the forfeited amount is subsequently made by the Participant or Beneficiary or if the Employer receives proof of death of such person, satisfactory to the Employer. To the extent not inconsistent with applicable law, any benefits lost by reason of escheat under applicable state law shall be considered forfeited and shall not be reinstated.

16.08 **Mergers, Consolidations, and Transfer of Assets.** The Plan shall not be merged into or consolidated with any other plan, nor shall any of its assets or liabilities be transferred into any such other plan, unless each Participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer that is equal to or greater than the benefit he/she would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

16.09 **Employer Records.** Records of the Employer as to an Employee's or Participant's Period of Service, termination of service and the reason therefor, leaves of absence, reemployment, Earnings, and Compensation will be conclusive on all persons, unless determined to be incorrect.

16.10 **Gender and Number.** The masculine pronoun, whenever used herein, shall include the feminine pronoun, and the singular shall include the plural, except where the context requires otherwise.

16.11 **Applicable Law.** The Plan shall be construed under the laws of the State where the Employer is located, except to the extent superseded by federal law. The Plan is established with the intent that it meets the requirements under the Code. The provisions of this Plan shall be interpreted in conformity with these requirements.

In the event of any conflict between the Plan and a policy or contract issued hereunder, the Plan provisions shall control; provided, however, no Plan amendment shall supersede an existing policy or contract unless such amendment is required to maintain qualification under section 401(a) and 414(d) of the Code.

XVII. SPOUSAL BENEFIT REQUIREMENTS

17.01 **Application.** Effective as of January 1, 2006, where elected by the Employer in the Adoption Agreement (the "QJSA Election"), the provisions of this Article shall take precedence over any conflicting provision in this Plan. If elected, the provisions of this Article shall apply to any Participant who is credited with any Period of Service with the Employer on or after August 23, 1984, and such other Participants as provided in Section 17.05.

17.02 **Qualified Joint and Survivor Annuity.** Unless an optional form of benefit is selected pursuant to a Qualified Election within the ninety (90) day period ending on the Annuity Starting Date, a married Participant's Vested Account Balance will be paid in the form of a Qualified Joint and Survivor Annuity and an unmarried

Participant's Vested Account Balance will be paid in the form of a Straight Life Annuity. The Participant may elect to have such annuity distributed upon the attainment of the Earliest Retirement Age under the Plan.

17.03 **Qualified Preretirement Survivor Annuity.** If a Participant dies before the Annuity Starting Date, then fifty percent (50%) of the Participant's Vested Account Balance shall be applied toward the purchase of an annuity for the life of the Surviving Spouse; the remaining portion shall be paid to such Beneficiaries (which may include such Spouse) designated by the Participant. Notwithstanding the foregoing, the Participant may waive the spousal annuity by designating a different Beneficiary within the Election Period pursuant to a Qualified Election. To the extent that less than one hundred percent (100%) of the vested Account balance is paid to the Surviving Spouse, the amount of the Participant's Account derived from Employee contributions will be allocated to the Surviving Spouse in the same proportion as the amount of the Participant's Account derived from Employee contributions is to the Participant's total Vested Account Balance. The Surviving Spouse may elect to have such annuity distributed within a reasonable period after the Participant's death. Further, such Spouse may elect to receive any death benefit payable to him/her hereunder in any of the forms available to the Participant under Section 11.02.

17.04 **Notice Requirements.**

(a) In the case of a Qualified Joint and Survivor Annuity as described in Section 17.02, the Plan Administrator shall, no less than thirty (30) days and no more than ninety (90) days prior to the Annuity Starting Date, provide each Participant a written explanation of: (i) the terms and conditions of a Qualified Joint and Survivor Annuity; (ii) the Participant's right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit; (iii) the rights of a Participant's Spouse; and (iv) the right to make, and the effect of, a revocation of a previous election to waive the Qualified Joint and Survivor Annuity. However, if the Participant, after having received the written explanation, affirmatively elects a form of distribution and the Spouse consents to that form of distribution (if necessary), benefit payments may commence less than 30 days after the written explanation was provided to the Participant, provided that the following requirements are met:

(1) The Plan Administrator provides information to the Participant clearly indicating that the Participant has a right to at least 30 days to consider whether to waive the Qualified Joint and Survivor Annuity and consent to a form of distribution other than a Qualified Joint and Survivor Annuity;

(2) The Participant is permitted to revoke an affirmative distribution election at least until the Annuity Starting Date, or if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant;

(3) The Annuity Starting Date is after the date that the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant; and

(4) Distribution in accordance with the affirmative election does not commence before the expiration of the 7-day period that begins after the day after the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant.

(b) In the case of a Qualified Preretirement Survivor Annuity as described in Section 17.03, the Plan Administrator shall provide each Participant within the applicable period for such Participant a written explanation of the Qualified Preretirement Survivor Annuity in such terms and in such manner as would be comparable to the explanation provided for meeting the requirements of Subsection (a) applicable to a Qualified Joint and Survivor Annuity.

The applicable period for a Participant is whichever of the following periods ends last: (i) the period beginning with the first day of the Plan Year in which the Participant attains age thirty-two (32) and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age thirty-five (35); (ii) a reasonable period ending after the individual becomes a Participant; (iii) a reasonable period ending after Subsection (c) ceases to apply to the Participant; (iv) a reasonable period ending after this Article first applies to the Participant. Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation from service in the case of a Participant who separates from service before attaining age thirty-five (35).

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (ii), (iii) and (iv) is the end of the two (2) year period beginning one (1) year prior to the date the applicable event occurs, and ending one (1) year after that date. In the case of a Participant who separates from service before the Plan Year in which age thirty-five (35) is attained, notice shall be provided within the two (2) year period beginning one (1) year prior to separation and ending one (1) year after separation. If such a Participant thereafter returns to employment with the Employer, the applicable period for such Participant shall be redetermined.

(c) Notwithstanding the other requirements of this Section, the respective notices prescribed by this Section need not be given to a Participant if (1) the Plan "fully subsidizes" the costs of a Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity, and (2) the Plan does not allow the Participant to waive the Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity and does not allow a married Participant to designate a non-Spouse Beneficiary. For purposes of this Subsection (c), a plan fully subsidizes the costs of a benefit if no increase in cost or decrease in benefits to the Participant may result from the Participant's failure to elect another benefit.

17.05 Definitions. For the purposes of this Section, the following definitions shall apply:

(a) *Annuity Starting Date:* The first day of the first period for which an amount is paid as an annuity or any other form.

(b) *Election Period:* The period which begins on the first day of the Plan Year in which the Participant attains age thirty-five (35) and ends on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which age thirty-five (35) is attained, with respect to the Account balance as of the date of separation, the Election Period shall begin on the date of separation.

Pre-age thirty-five (35) waiver: A Participant who will not yet attain age thirty-five (35) as of the end of any current Plan Year may make a special Qualified Election to waive the Qualified Preretirement Survivor Annuity for the period beginning on the date of such election and ending on the first day of the Plan Year in which the Participant will attain age thirty-five (35). Such election shall not be valid unless the Participant receives a written explanation of the Qualified Preretirement Survivor Annuity in such terms as are comparable to the explanation required under Section 17.04(a). Qualified Preretirement Survivor Annuity coverage will be automatically reinstated as of the first day of the Plan Year in which the Participant attains age thirty-five (35). Any new waiver on or after such date shall be subject to the full requirements of this Article.

(c) *Earliest Retirement Age:* The earliest date on which, under the Plan, the Participant could elect to receive retirement benefits.

(d) *Qualified Election:* A waiver of a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity. Any waiver of a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity shall not be effective unless: (a) the Participant's Spouse consents in writing to the election; (b) the election designates a specific Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further spousal consent); (c) the Spouse's consent acknowledges the effect of the election; and (d) the Spouse's consent is witnessed by a Plan representative or notary public. Additionally, a Participant's waiver of the Qualified Joint and Survivor Annuity shall not be effective unless the election designates a form of benefit payment which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further Spousal consent). If it is established to the satisfaction of a Plan representative that there is no Spouse or that the Spouse cannot be located, a waiver will be deemed a Qualified Election.

Any consent by a Spouse obtained under this provision (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse. A consent that permits designations by the Participant without any requirement of further consent by such Spouse must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Section 17.04.

(e) *Qualified Joint and Survivor Annuity:* An immediate annuity for the life of the Participant with a survivor annuity for the life of the Spouse which is fifty percent (50%) of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the amount of benefit which can be purchased with the Participant's Vested Account Balance.

(f) *Spouse (Surviving Spouse):* The Spouse or Surviving Spouse of the Participant, provided that a former Spouse will be treated as the Spouse or Surviving Spouse and a current Spouse will not be treated as the Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order as described in section 414(p) of the Code.

(g) *Straight Life Annuity:* An annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death.

(h) *Vested Account Balance:* The aggregate value of the Participant's vested Account balances derived from Employer and Employee contributions (including rollovers), whether vested before or upon death, including the proceeds of insurance contracts, if any, on the Participant's life. The provisions of this Article shall apply to a Participant who is vested in amounts attributable to Employer Contributions, Employee contributions (or both) at the time of death or distribution.

17.06 **Annuity Contracts.** Where benefits are to be paid in the form of a life annuity pursuant to the terms of this Article, a nontransferable annuity contract shall be purchased from a life insurance company and distributed to the Participant or Surviving Spouse, as applicable. The terms of any annuity contract purchased and distributed by the Plan shall comply with the requirements of this Plan and section 417 of the Code.

DECLARATION OF TRUST

This Declaration of Trust (the "Group Trust Agreement") is made as of the 19th day of May, 2001, by VantageTrust Company, which declares itself to be the sole Trustee of the trust hereby created.

WHEREAS, the ICMA Retirement Trust was created as a vehicle for the commingling of the assets of governmental plans and governmental units described in Section 818(a)(6) of the Internal Revenue Code of 1986, as amended, pursuant to a Declaration of Trust dated October 4, 1982, as subsequently amended, a copy of which is attached hereto and incorporated by reference as set out below (the "ICMA Declaration"); and

WHEREAS, the trust created hereunder (the "Group Trust") is intended to meet the requirements of Revenue Ruling 81-100, 1981-1 C.B. 326, and is established as a common trust fund within the meaning of Section 391:1 of Title 35 of the New Hampshire Revised Statutes Annotated, to accept and hold for investment purposes the assets of the Deferred Compensation and Qualified Plans held by and through the ICMA Retirement Trust.

NOW, THEREFORE, the Group Trust is created by the execution of this Declaration of Trust by the Trustee and is established with respect to each Deferred Compensation and Qualified Plan by the transfer to the Trustee of such Plan's assets in the ICMA Retirement Trust, by the Trustees thereof, in accord with the following provisions:

1. *Incorporation of ICMA Declaration by Reference; ICMA By-Laws.* Except as otherwise provided in this Group Trust Agreement, and to the extent not inconsistent herewith, all provisions of the ICMA Declaration are incorporated herein by reference and made a part hereof, to be read by substituting the Group Trust for the Retirement Trust and the Trustee for the Board of Trustees referenced therein. In this respect, unless the context clearly indicates otherwise, all capitalized terms used herein and defined in the ICMA Declaration have the meanings assigned to them in the ICMA Declaration. In addition, the By-Laws of the ICMA Retirement Trust, as the same may be amended from time-to-time, are adopted as the By-Laws of the Group Trust to the extent not inconsistent with the terms of this Group Trust Agreement.

   Notwithstanding the foregoing, the terms of the ICMA Declaration and By-Laws are further modified with respect to the Group Trust created hereunder, as follows:

   (a) any reporting, distribution, or other obligation of the Group Trust vis-à-vis any Deferred Compensation Plan, Qualified Plan, Public Employer, Public Employer Trustee, or Employer Trust shall be deemed satisfied to the extent that such obligation is undertaken by the ICMA Retirement Trust (in which case the obligation of the Group Trust shall run to the ICMA Retirement Trust); and

   (b) all provisions dealing with the number, qualification, election, term and nomination of Trustees shall not apply, and all other provisions relating to trustees (including, but not limited to, resignation and removal) shall be interpreted in a manner consistent with the appointment of a single corporate trustee.

2. *Compliance with Revenue Procedure 81-100.* The requirements of Revenue Procedure 81-100 are applicable to the Group Trust as follows:

   (a) Pursuant to the terms of this Group Trust Agreement and Article X of the By-Laws, investment in the Group Trust is limited to assets of Deferred Compensation and Qualified Plans, investing through the ICMA Retirement Trust.

   (b) Pursuant to the By-Laws, the Group Trust is adopted as a part of each Qualified Plan that invests herein through the ICMA Retirement Trust.

   (c) In accord with the By-Laws, that part of the Group Trust's corpus or income which equitably belongs to any Deferred Compensation and Qualified Plan may not be used for or diverted to any purposes other than for the exclusive benefit of the Plan's employees or their beneficiaries who are entitled to benefits under such Plan.

(d) In accord with the By-Laws, no Deferred Compensation Plan or Qualified Plan may assign any or part of its equity or interest in the Group Trust, and any purported assignment of such equity or interest shall be void.

3. *Governing Law.* Except as otherwise required by federal, state or local law, this Declaration of Trust (including the ICMA Declaration to the extent incorporated herein) and the Group Trust created hereunder shall be construed and determined in accordance with applicable laws of the State of New Hampshire.

4. *Judicial Proceedings.* The Trustee may at any time initiate an action or proceeding in the appropriate state or federal courts within or outside the state of New Hampshire for the settlement of its accounts or for the determination of any question of construction which may arise or for instructions.

IN WITNESS WHEREOF, the Trustee has executed this Declaration of Trust as of the day and year first above written.

VANTAGETRUST COMPANY

By: Angela C. Montez

Name: Angela Montez

Title: Assistant Secretary

LANSING BOARD OF WATER AND LIGHT EMPLOYEES' DEFINED CONTRIBUTION PENSION PLAN INVESTMENT POLICY STATEMENT

PART I - THE PLAN

The Lansing Board of Water and Light (the "Employer") adopted the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (the "Plan") to provide funds for its Employees' retirement, and to provide funds for their Beneficiaries in the event of death. The plan shall be maintained for the exclusive benefit of eligible Employees and their Beneficiaries.

PART II - THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

The Investment Policy Statement is intended to assist the Employer in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, evaluation and monitoring of the funds utilized by the Plan. Specifically, the Investment Policy Statement:

- Defines investment objectives
- Defines investment offerings
- Defines criteria for investment selection
- Describes monitoring procedures

The Investment Policy Statement will be reviewed periodically, and, if appropriate, can be amended to reflect changes in the capital markets, plan participant objectives, or other factors relevant to the plan.

If there is a discrepancy between the Investment Policy Statement and the Plan or the related Trust Agreement, the Plan and the related Trust Agreement shall supersede.

PART III - INVESTMENT OBJECTIVES

The Plan's funds will be selected to:

- Maximize return, on a risk adjusted basis, within each asset class
- Provide opportunity to create a well diversified portfolio
- Control administrative and management costs
- Comply with relevant Michigan and Federal law, including Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended

PART IV – INVESTMENT OFFERINGS

The Employer intends to provide an appropriate range of funds that will span the risk/return spectrum. Further, the Plan fund options will allow Plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk. To ensure adequate diversification, the fund offerings must include a broad selection ranging in objective from capital preservation to capital appreciation and spanning the risk spectrum from conservative to aggressive. The fund offerings must include funds that have distinct and materially different risk and return characteristics enabling participants to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for the participant or beneficiary. Each fund's investment objective, style, risk-level and performance expectations should be understandable and clearly communicated.

Although the opportunity to create a well diversified portfolio is of high importance, multiple funds in any style or risk/return orientation may lead to participant confusion and unnecessarily high administrative and management fees. Accordingly, style duplication should be avoided where it adds little value for the participants and beneficiaries.

To provide adequate opportunity for diversification as described above, the Employer will provide offerings within the Plan that include the following fund types/classes:

- Stable Value Fund
- Core Bond Fund
- Balanced Fund
- Domestic Equity Funds – the following three main types:
    - Large Cap – the following three sub types:
        - Growth, Value, Blend
    - Mid Cap – the following three sub types:
        - Growth, Value, Blend
    - Small Cap – the following three sub types:
        - Growth, Value, Blend
- International Equity Fund

Additional funds that may be provided include, but are not limited to:

- Target Date Funds
- Index Funds
- Specialty Funds
- Self-directed brokerage program

The Employer has the discretion to establish and alter the fund offerings as deemed appropriate to meet the above stated guidelines.

Although the Employer will make substantial efforts to provide educational materials and discussions to help participants make informed decisions, the Plan allows each participant to direct the investment of the funds in his or her Plan account and the participants alone bear the risk of investment results from the funds they choose.

PART V - SELECTION OF INVESTMENTS

Fund performance measures are set to provide guidance in the selection and retention of funds for the Plan. The measures serve to ensure that funds meet performance and risk expectations appropriate for successful retirement investing. The measures are as follows:

- Fund performance will be objectively measured against both peers and appropriate market benchmarks to ensure that each fund is performing in line with expectations for the pertinent asset class and style. Each fund's performance will be measured against:

  - a peer group that reflects the fund's asset class and style
    - The peer group will consist of like-style funds within its asset class as compiled and measured by an advisor or other third party such as Morningstar or other rating services.
    - The evaluation will consider performance over shorter and longer time periods, e.g. quarterly as well as one-, three- and five-year periods.
    - Fund performance is expected to exceed median peer performance over multiple periods.

  - a market benchmark that reflects the fund's asset class and style
    - The evaluation will consider performance over shorter and longer time periods, e.g., quarterly as well as one-, three- and five-year periods.
    - Fund performance is expected to exceed benchmark returns over multiple periods.

- Other non-investment performance factors will also be reviewed to determine the appropriateness of fund offerings. Such factors may include but are not limited to:

  - Company management, to ensure that the fund organization is stable and adequately supports fund management
  - Fund management, to ensure that portfolio management resources are stable and positioned to produce successful results in the future
  - Fund fees, to ensure that they are in line with peers and do not have an inordinate negative impact on net performance results.

PART VI - INVESTMENT MONITORING AND REPORTING

Monitoring should occur on a regular basis (e.g., semiannually or quarterly) and utilize the same criteria that were the basis of the fund selection decision. While frequent change is neither expected nor desirable, the process of monitoring fund performance relative to specified measures is an on-going process.

If a period of underperformance or a negative non-performance event is identified as a result of monitoring, it generally will not result in the immediate closure or elimination of a fund. In cases where immediate fund closure or elimination are not initiated, the fund will be subjected to increased monitoring and evaluation measures which may include enhanced performance monitoring and discussions with the plan administrator. Upon determination that the fund performance is not reasonably expected to recover to a sufficient level, the fund will be eliminated or replaced with another fund within the same asset class that is meeting or exceeding the measures as defined in Part V of the Investment Policy Statement. Before such action is taken, full consideration will be given to the impact on participants including transition to another fund and timing of the change given administration and communication requirements.

POST-RETIREMENT BENEFIT PLAN
FOR ELIGIBLE EMPLOYEES OF
LANSING BOARD OF WATER AND LIGHT

March 27, 2007

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POST-RETIREMENT BENEFIT PLAN
FOR ELIGIBLE EMPLOYEES OF
LANSING BOARD OF WATER AND LIGHT

Lansing Board of Water and Light established the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light effective July 1, 1999. The Retiree Benefit Plan is hereby restated effective March 27, 2007, as set forth herein, for the benefit of eligible employees and former employees of the Employer. It is intended that this Plan meet the requirements of Code Sections 79, 105 and 106 so that the Employer's contributions on behalf of participating employees and former employees will be excluded from gross income for federal income tax purposes and so that noncash benefits paid under the Plan will be excluded from gross income.

1. Definitions.

a. **"Benefit Commencement Date"** means the first day of the calendar month on or after the Original Effective Date which follows any of (1), (2), (3) or (4) below:

(1) the date on which the Employee reaches his or her Normal Retirement Date;

(2) the date on which the Employee reaches his or her Early Retirement Date;

(3) the date on which the Employee reaches his or her Disability Retirement Date; or

(4) the date of the Employee's death.

b. **"Benefit Service Credit"** means:

(1) An Employee will receive Benefit Service Credit for any period during which the Employee performs the duties of his or her position for the Board.

(2) An Employee will receive Benefit Service Credit for any period of Disability for which the employee receives any sick leave or paid time off payments, or for which he or she is on an approved workers' compensation leave of absence.

(3) This subsection (3) applies to any individual who takes a leave of absence from active employment with the Board for the purpose of completing service in the Uniformed Services of the United States of America. It only applies to an individual who (i) meets the requirements described below for providing advance notice of the impending leave; (ii) is on said leave for not more than five (5) years; (iii) is discharged or terminates his or her Uniformed Service under honorable conditions; (iv) reapplies for reemployment with the Board within the time frame described below; and (v) is reemployed by the Board. Any individual who meets these requirements will receive Benefit Service Credit for his or her period of Uniformed Service in accordance with this Plan and relevant law.

(a) Uniformed Services. The Uniformed Services include the U.S. Armed Services (including the Coast Guard), the Army National Guard and the Air National Guard (when engaged in active duty for training, inactive duty training, or full-time National Guard duty), and the commissioned corps of the Public Health Service. Other categories of covered service may be added by the President in limited circumstances.

(b) Advance Notice of Impending Leave. The Board must receive written or verbal advance notice of the impending Uniformed Service from the employee or the appropriate officer of the Uniformed Service in which the service is to occur. This notice requirement is waived where required by applicable law.

(c) Applying for Reemployment. In general, the individual must report back to the Board for work or apply for reemployment in a manner consistent with this subsection (c).

(i) Uniformed Service of less than 31 days. Notice must be given of the individual's readiness to return to work not later than the beginning of the first full regular scheduled work period of service that starts at least eight hours after the person has been safely transported home from the place of Uniformed Service, or as soon as possible after the eight hour period if reporting by that time is impossible or unreasonable through no fault of the individual.

(ii) Uniformed Service of more than 31 days but less than 181 days. Any individual in this category must submit an application for reemployment or present himself or herself for work not later than 14 days after completing their Uniformed Service or, if meeting this deadline is impossible or unreasonable through no fault of the individual, then on the next calendar day when submission becomes possible.

(iii) Uniformed Service of more than 180 days. The individual must submit the application for reemployment or present himself or herself for work not later than 90 days after completion of the Uniformed Service.

The foregoing provisions shall be interpreted in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Code Section 414(u), and any amendments thereto.

(4) An Employee who is hired prior to January 1, 1997, will receive Benefit Service Credit for any period of active military duty prior to employment for which the Employee is not otherwise entitled to such credit under subsection (3) above, but only to the extent of 50%

of the period of active military duty. A "period of active duty" for this purpose means active duty with any of the armed forces of the United States, under honorable conditions. Periods of active duty of less than thirty (30) days and periods of active duty for training regardless of length are not "periods of active duty" for this purpose. With proper documentation, one-half (50%) of such service is Benefit Service Credit up to a maximum of two (2) years. This provision shall be applied in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Internal Revenue Code Section 414(u).

(5) An Employee hired prior to July 1, 1997 will receive Benefit Service Credit for any period during which the Employee works full-time for any department of the City of Lansing.

(6) When determining an Employee's Benefit Service Credit, lost time due to leave of absence, sickness or accident is not included in the determination of whether a break in service has occurred. However, Benefit Service Credit will not accrue for any leave of absence (whether or not approved), subject to Board leave of absence policy. Benefit Service Credit also does not accrue for unpaid absences of any kind over 80 hours per year. If an Employee terminates employment during a leave of absence, or other absence due to sickness or accident, the applicable provisions of this Plan will apply to such termination.

(7) In addition to the foregoing, an Employee will have previously earned Benefit Service Credit reinstated as described below.

(a) If the Participant was an Employee of the Employer on June 30, 1987 and lost Benefit Service Credit prior to June 30, 1987 as a result of a prior termination of employment, the Benefit Service Credit that was lost under those circumstances will be reinstated as of July 1, 1987;

(b) Under certain circumstances, an Employee who received a lump sum distribution from the Pension Plan on termination of employment may be entitled to repay that lump sum to the Pension Plan on reemployment. If the Employee is eligible to make such a repayment and elects to repay the lump sum on reemployment, the Employee will have his or her prior Benefit Service Credit reinstated.

(c) All years of Benefit Service Credit earned prior to employment termination with the Employer will be reinstated upon reparticipation in this Plan if the individual is reemployed by the Employer within 365 days following said termination of employment; and

(d) In the case of a Participant who is reemployed by the Employer more than 365 days after employment termination with the Employer, all years of Benefit Service Credit which the Participant had earned prior to said employment termination will be reinstated upon reparticipation in this Plan if:

(i) the individual had at least three (3) years of Benefit Service Credit on said employment termination; or

(ii) the Break in Service was shorter than the individual's years of Benefit Service Credit which accumulated prior to the Break in Service.

c. **"Break in Service"** means the Participant terminated employment with the Employer on or after the Original Effective Date and is subsequently reemployed by the Employer.

d. **"Code" or "Internal Revenue Code"** means the Internal Revenue Code of 1986, as amended from time to time.

e. **"Dependent"** means any individual who satisfies the definition of "dependent" under the Employer's group health plan and who is:

(1) a dependent as defined in Code Section 152, determined without regard to subsections (b)(1), (b)(2), and (d)(1)(B) thereof; and

(2) any child to whom Code Section 152(e) applies (regarding, for example, a child of divorced parents, where one or both parents have custody of the child for more than half of the calendar year and where the parents together provide more than half of the child's support for the calendar year) is treated as a dependent of both parents.

f. **"Disability"** means a physical or mental impairment resulting from a bodily injury, disease or mental disorder which substantially limits an Employee's ability to perform the essential functions of a job. This limitation must be certified by a physician or vocational expert of the Employer's choice.

g. **"Disability Retirement Date"** means the date the Employee is determined to be Disabled, provided the Employee has completed at least ten (10) Years of Service as of the Disability determination date.

h. **"Early Retirement Date"** means the Employee's Normal Retirement Date defined in Section 1.h. below, modified as follows:

(1) The date that is ten (10) consecutive years immediately preceding his or her Normal Retirement Date, provided the Employee has completed at least twenty-five (25) Years of Benefit Service Credit as of the date of his or her Separation From Service; or

(2) The date that is five (5) consecutive years immediately preceding his or her Normal Retirement Date, provided the Employee has completed at least fifteen (15) Years of Benefit Service Credit as of the date of his or her Separation From Service.

i. **"Effective Date"** means March 27, 2007, the effective date of this restated Plan.

j. **"Employee"** means an individual who is classified by the Employer as a regular full-time employee.

k. **"Employer"** or **"Board"** means the Lansing Board of Water and Light.

l. **"Normal Retirement Date"** means the later of the date on which the individual has incurred a Separation From Service and all of the following of subsection (1) or (2) below are true as to the individual:

(1) the individual was most recently hired by the Employer after June 30, 1990 and has attained age sixty-five (65) and completed at least ten (10) years of Benefit Service Credit.

(2) the individual was most recently hired by the Employer before July 1, 1990, and has satisfied the earliest of the following:

(a) has attained age sixty (60) and completed at least ten (10) Years of Benefit Service Credit;

(b) has attained age fifty-five (55) and completed at least thirty (30) years of Benefit Service Credit, or

(c) in the case of any individual who has incurred a Separation From Service after attaining age forty-five (45) and completing at least twenty-five (25) years of Benefit Service Credit, on or after the date on which the individual has attained age fifty-five (55) and would have completed at least thirty (30) years of Benefit Service Credit if he or she had remained continuously employed by the Employer as a regular full-time employee after his or her most recent Separation From Service with the Employer.

m. **Original Effective Date** means July 1, 1999.

n. **"Participant"** means an Employee who participates in the Plan in accordance with Section 2.

o. **"Pension Plan"** means the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions.

p. **"Plan"** or **"Retiree Benefit Plan"** means the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

q. **"Plan Administrator"** means the Board of Water and Light.

r. **"Plan Year"** means the consecutive 12-month period beginning on July 1 and ending on June 30.

s. **"Retiree"** means a former Employee of the Employer who (1) has reached his or her Normal Retirement Date or Early Retirement Date or is determined to be Disabled and (2) is eligible for a benefit under this Retiree Benefit Plan.

t. **"Separation From Service"** means Employee's complete severance of employment with the Employer, whether on account of the Employee's death, Disability or termination of employment and whether voluntary or involuntary.

u. **"Service"** means:

(1) Service includes any period an Employee performs the duties of his or her position for the Board and any period of Disability for which an employee receives any pay from the Board or is on an approved workers' compensation leave of absence.

(2) This subsection (2) applies to any individual who takes a leave of absence from active employment with the Board for the purpose of completing service in the Uniformed Services of the United States of America. It only applies to an individual who (i) meets the requirements described below for providing advance notice of the impending leave; (ii) is on said

leave for not more than five (5) years; (iii) is discharged or terminates his or her Uniformed Service under honorable conditions; (iv) reapplies for reemployment with the Board within the time frame described below; and (v) is reemployed by the Board. (In the case of any individual who meets these requirements, Service includes his or her period of Uniformed Service in accordance with this Plan and relevant law.)

(a) Uniformed Services. The Uniformed Services include the U.S. Armed Services (including the Coast Guard), the Army National Guard and the Air National Guard (when engaged in active duty for training, inactive duty training, or full-time National Guard duty), and the commissioned corps of the Public Health Service. Other categories of covered service may be added by the President in limited circumstances.

(b) Advance Notice of Impending Leave. The Board must receive written or verbal advance notice of the impending Uniformed Service from the individual or the appropriate officer of the Uniformed Service in which the service is to occur. This notice requirements is waived where required by applicable law.

(c) Applying for Reemployment. In general, the individual must report back to the Board for work or apply for reemployment in a manner consistent with this subsection (c).

(i) Uniformed Service of less than 31 days. Notice must be given of the individual's readiness to return to work not later than the beginning of the first full regular scheduled work period of service that starts at least eight hours after the person has been safely transported home from the place of Uniformed Service, or as soon as possible after the eight hour period if reporting by that time is impossible or unreasonable through no fault of the individual.

(ii) Uniformed Service of more than 31 days but less than 181 days. Any individual in this category must submit an application for reemployment or present himself or herself for work not later than 14 days after completing his or her Uniformed Service or, if meeting this deadline is impossible or unreasonable through no fault of the individual, then on the next calendar day when submission becomes possible.

(iii) Uniformed Service of more than 180 days. The individual must submit the application for reemployment or present himself or herself for work not later than 90 days after completion of the Uniformed Service.

The foregoing provisions shall be interpreted in accordance with the Uniformed Services Employment and Reemployment Rights Act of 1994 (USERRA) and Code Section 414(u), and any amendments thereto.

v. **"Spouse"** means the person who is legally married to the Retiree, or if applicable, the Employee (as determined under state law) on and/or after the Retiree's or Employee's Benefit Commencement Date and who is treated as a spouse under the Code; provided, however, the term "spouse" shall not include a person legally separated from the Retiree or Employee under a divorce or separate maintenance decree.

w. **"Trust Agreement"** means the Lansing Board of Water and Light Retiree Benefit Plan and Trust Agreement.

x. **"Trust"** means the trust created by the Board of Water and Light pursuant to the terms of the Trust Agreement. The Trust shall be operated so as to be exempt from tax under Internal Revenue Code Section 501(c)(9).

y. **"Union Employee"** means the terms of the individual's employment are governed by a collective bargaining agreement between the Employer and union representatives.

z. **"Years of Service"** means the Service calculated and based on each 12-month anniversary of the Employee's most recent date of hire by the Employer. Any Employee who performs Service for the Employer as a full-time regular employee (as defined in the Employer's personnel policies) throughout any such consecutive 12-month period is credited with one Year of Service. Any Employee who performs Service for the Employer as a full-time regular employee (as determined under the Employer's personnel policies) for only a portion of any such consecutive 12-month period will be credited with a ratable portion of one Year of Service calculated in accordance with administrative procedures adopted and uniformly applied by the Plan. Years of Service are earned for all periods of employment with the Employer in accordance with administrative procedures adopted and uniformly applied by the Plan.

2. Eligibility to Participate. Each individual who is a Participant in the Plan on the Effective Date of this restated Plan shall continue to participate in the restated Plan. Any other individual who becomes an Employee of the Employer on or after the Effective Date shall participate in the Plan as of his or her date of hire. No other individual is eligible to participate in the Plan.

Subject to the applicable law, participation in the Plan shall terminate on the first to occur of:

(1) the date of the Participant's Separation From Service before becoming eligible for benefits payable under the Plan;

(2) the date on which the individual is no longer eligible to participate in the Plan in accordance with Article 2; and

(3) the date on which the Plan is terminated.

3. <u>Eligibility for Benefits</u>. Each Retiree (and as applicable, the Retiree's Spouse and Dependents) shall be eligible to receive the benefits described in this Section 3 beginning on and after the Retiree's Benefit Commencement Date.

a. <u>Health Coverage</u>. The health coverage provided under this Plan shall, in the discretion of the Employer, be substantially the same coverage (based on the cost per Retiree to the Employer for providing said health coverage) made available to active Employees.

(1) Coverage. Each Retiree (and, as applicable, the Retiree's Spouse and Dependents) shall receive health coverage under the Employer's health plan, a copy of which is available upon request. The Retiree (and, as applicable, the Retiree's Spouse and Dependents) shall be responsible for applicable deductibles and co-pays, but shall not participate in premium sharing.

(2) Waiving Health and Prescription Drug Coverage. A Retiree may elect to make separate waivers under this Plan of health and/or prescription drug coverage and receive any such coverage not waived.

Any Retiree who (i) is eligible for Employer provided health coverage and prescription drug coverage and (ii) provides written proof, to the satisfaction of the Employer, that the Retiree is currently enrolled in alternative health coverage which is similar to the Employer provided health coverage, from a source other than the Employer will be eligible to participate in the Employer's Code Section 125 Cafeteria Plan B: Cash or Health/Prescription Drug Election (the "Cash or HPD Cafeteria Plan"). Said Retiree may annually receive a cash benefit under the Cash or HPD Cafeteria Plan (and not under this Plan) in lieu of the Employer sponsored health coverage plan and the Employer sponsored prescription drug coverage plan described in this subsection a. and subsection b. below. A Retiree must waive both the health coverage and the prescription drug coverage to elect the cash benefit under the Cash or HPD Cafeteria Plan.

Notwithstanding the foregoing, on the day following the date the Retiree loses alternative health coverage or otherwise becomes ineligible to participate in the Cash or HPD Cafeteria Plan, the Retiree (and if applicable, the Retiree's Spouse and Dependents) shall resume participation in the health and prescription drug coverage described in this subsection a. and subsection b. below, provided the Retiree is otherwise eligible for said coverage under this Retiree Benefit Plan.

(3) Duplicate Coverage. No Retiree shall be eligible to receive any health coverage under this Plan (or to elect any cash payment in lieu of health and prescription drug coverage under the Cash or HPD Cafeteria Plan) during any time when the Retiree's Spouse is eligible as a primary participant under the Employer sponsored health plan for active employees. Health coverage offered under this Retiree Benefit Plan shall commence (or if applicable, recommence) on the day following the date the Spouse is no longer eligible as a primary participant under the Employer sponsored health plan for active employees.

(4) Each Retiree and his or her Spouse (or surviving Spouse as the case may be) must sign up for Medicare Parts A, B and, pursuant to the Employer's administrative policy, Part D at the earlier of attainment of age sixty-five (65) or the earliest date the individual becomes eligible for Medicare Parts A, B and, if applicable, Part D to remain eligible for health and prescription drug coverage under this Plan. As soon as administratively possible following the date the Employer receives documentation evidencing that the Retiree or Spouse or both, or the surviving Spouse (as the case may be) have enrolled in Medicare Parts A, B and, if applicable, Part D, the Employer shall substitute health and prescription drug coverage for the

Retiree or Spouse or both, or the surviving Spouse (as the case may be) under a complementary health and prescription drug program that supplements Medicare. Such complementary coverage shall not be available if the Retiree (i) is not eligible for health coverage under this Plan or (ii) has waived health and prescription drug coverage as described in Section 3.a.(2) above and elected a cash benefit under the Cash or HPD Cafeteria Plan.

The Employer shall also make reimbursement to the Retiree and/or the Retiree's Spouse or, if applicable, to the surviving Spouse toward the cost of Medicare Part B coverage. Such reimbursement shall equal 90% of the cost of the applicable Medicare coverage.

b. Prescription Drug Coverage. The prescription drug coverage provided under this Plan shall, in the discretion of the Employer, be substantially the same coverage (based on the cost per Retiree to the Employer for providing said prescription drug coverage) made available to active Employees.

(1) Coverage. Each Retiree (and, as applicable, the Retiree's Spouse and Dependents) shall receive prescription drug coverage under the Employer's prescription drug plan, a copy of which is attached hereto. The Retiree (and, as applicable, the Retiree's Spouse and Dependents) shall be responsible for applicable deductibles and co-pays, but shall not participate in premium sharing.

(2) Duplicate Coverage. No Retiree shall receive any prescription drug coverage benefit under this Plan during any time when the Retiree's Spouse is eligible as a primary participant under the Employer sponsored prescription drug plan for active employees. Prescription drug benefits offered under the Retiree Benefit Plan shall commence (or, if applicable, recommence) on the day following the date the Spouse is no longer eligible as a primary participant under the Employer sponsored prescription drug plan for active employees.

c. Dental Coverage.

(1) Coverage. Each Retiree (and, as applicable, the Retiree's Spouse and Dependents) shall receive dental coverage under the Employer's dental plan, a copy of which is attached hereto. The Retiree (and, as applicable, the Retiree's Spouse and Dependents) shall be responsible for applicable deductibles and co-pays, but shall not participate in premium sharing.

(2) Duplicate Coverage. No Retiree shall receive any dental coverage benefit under this Plan during any time when the Retiree's Spouse is eligible as a primary participant under the Employer sponsored dental plan for active employees. Dental benefits offered under the Retiree Benefit plan shall commence (or if applicable, recommence) on the day following the date the Spouse is no longer eligible as a primary participant under the Employer sponsored dental Plan for active employees.

d. Life Insurance.

In general, each Retiree shall receive coverage under the Retiree Group Term Life Insurance Plan, a copy of which is attached hereto. No Spouse or Dependent of any Retiree shall receive coverage under the Retiree Group Term Life Insurance Plan. Notwithstanding the foregoing, no Retiree Group Term Life Insurance Plan coverage shall be extended to any Retiree who was receiving $10,000 coverage under that Life Insurance Plan on the day before his or her Separation From Service which caused him or her to be eligible for benefits hereunder pursuant to Section 2 above.

Any Employee who carried life insurance coverage through the Lansing Board of Water and Light equal to 1½ times his or her salary rounded up to the next highest $1,000 immediately prior to retirement may continue such coverage following retirement at one-third (⅓) of that pre-retirement amount rounded to the next higher $500. Each Retiree who is a former

Union Employee and who receives coverage under this Section 3.d. shall pay fifty percent (50%) of the premium cost for that life insurance coverage and shall continue to receive benefits so long as the Retiree continues to pay the applicable premiums.

4. **Funding Benefits** Benefits provided pursuant to this Retiree Benefit Plan may, in the Employer's discretion, be funded through any or all of the Trust Agreement, the Pension Plan and the general assets of the Employer; provided, however, with regard to any Plan Year in which a qualified transfer is made under Code Section 420 to a Code Section 401(h) account under the Pension Plan, health benefits shall be paid from said Pension Plan before any payments for health coverage are made by the Trust.

5. **Disability Benefits** Any Employee who has been credited with at least ten (10) Years of Service under the Plan and is determined to be Disabled shall be eligible for the benefits described in Section 3 above beginning on and after the Employee's Benefit Commencement Date.

6. **Death Benefits** In general, no death benefit shall be paid from the Plan for any person based on the Employee's participation in the Plan. However, following the demise of a Retiree or an Employee who has completed at least ten (10) Years of Service with the Employer as of the date of death, the Retiree's, or if applicable, the Employee's surviving Spouse and Dependents shall be eligible for health, prescription drug and dental coverage as described in Section 3 above; provided, however, the surviving Spouse will be eligible for said benefits only if the surviving Spouse is eligible for surviving spouse benefits under any pension plan sponsored by the Employer. Said coverage shall commence on the Retiree's, or if applicable, Employee's Benefit Commencement Date and shall continue for the life of the surviving Spouse and, in the case of the Dependent, for as long as the individual remains an eligible Dependent under the Plan.

If the surviving Spouse is not eligible for surviving spouse coverage under any pension plan maintained by the Employer, subject to applicable law, coverage for the surviving Spouse under this Plan shall cease on the last day of the month following the date of the Retiree's death.

In addition to the foregoing, if an eligible surviving Spouse remarries, the subsequent spouse of the surviving Spouse shall be eligible for Spouse benefits under this Plan.

7. **Vesting** No benefit provided under this Plan is wholly or partially vested under any circumstance, either before or after commencement of any benefit payable under the Retiree Benefit Plan. Subject to the requirements of any collective bargaining agreement, the Employer reserves the right, in its sole discretion, to reduce or eliminate any or all Plan benefits at any time as to any or all Plan Participants, Retirees and/or their eligible Spouses, surviving Spouses and/or Dependents.

8. **Claims**. Claims for benefits under the Plan must be made to the Plan Administrator in writing by the claimant or the claimant's authorized representative on forms supplied by the Plan Administrator (or other designated claims representative). Claims must be submitted to the Plan Administrator in the manner described in the Plan's Summary Plan Description. Benefits under the Plan will be paid only if the Plan Administrator in its sole discretion determines that the claimant is entitled to them. The Plan Administrator has sole and exclusive discretionary authority to construe and interpret the provisions of the Plan, make factual determinations and will decide all questions of eligibility and the amount, manner and time of any benefit payment as described in the Plan.

9. **HIPAA Privacy Compliance**. This Section 9 is added to comply with the Health Insurance Portability and Accountability Act of 1996, as amended ("HIPAA"), and its corresponding regulations related to the privacy of protected health information as applied to the health, dental and prescription drug benefits offered under the Plan and the related security requirements.

a. Definitions.

(1) Health Care Operations include activities undertaken by the Plan related to treatment and payment including, but not limited to, the following activities: quality assessment, activities relating to improving health or reducing health care costs, case management and care coordination, contacting health care providers, and resolution of internal grievances.

(2) Payment includes activities undertaken by the Plan to fulfill its responsibility for coverage and provision of Plan benefits that relate to a Participant to whom health care is provided.

(3) Plan Administration means administration functions performed by the Plan Sponsor on behalf of the Plan, such as quality assurance, claims processing, auditing and monitoring. Plan Administration does not include functions performed by the Plan Sponsor in connection with any other benefit or benefit plan of the Plan Sponsor, and it does not include any employment-related functions.

(4) Plan Sponsor means the Lansing Board of Water and Light.

(5) Protected Health Information ("PHI") means information that is created or received by the Plan and relates to the past, present, or future physical or mental health or condition of a Participant; the provision of health care to a Participant; or the past, present, or future payment for the provision of health care to a Participant; and that identifies the Participant,

or there is a reasonable basis to believe the information can be used to identify the Participant. PHI includes information of Participants either living or deceased.

b. Disclosure of PHI for Plan Administration Purposes. Unless otherwise permitted or required by law, and subject to the conditions of disclosure in paragraph c., below, the Plan may disclose PHI to the Plan Sponsor provided that the Plan Sponsor uses or discloses such PHI only for Plan Administration purposes.

c. Disclosure to Plan Sponsor. The Plan may disclose PHI to the Plan Sponsor only upon certification by the Plan Sponsor that the Plan documents have been amended to incorporate the provisions of 45 CFR § 164.504(f)(2)(ii), and only after the Plan Sponsor has agreed to:

(1) not use or further disclose PHI other than as permitted or required by the Plan or as required by law;

(2) ensure that any agents, including a subcontractor, to whom the Plan Sponsor provides PHI received from the Plan agree to the same restrictions and conditions that apply to the Plan Sponsor with respect to such PHI and agree to implement reasonable and appropriate security measures to protect the information;

(3) not use or disclose PHI for employment-related actions and decisions unless authorized by a Participant;

(4) not use or disclose PHI in connection with any other benefit or employee benefit plan of the Plan Sponsor unless authorized by a Participant;

(5) report to the Plan any use or disclosure of PHI that is inconsistent with the uses or disclosures provided for of which the Plan Sponsor becomes aware and any security incident of which it becomes aware;

(6) make PHI available to an individual in accordance with HIPAA's access requirements;

(7) make PHI available for amendment and incorporate any amendments to PHI in accordance with HIPAA;

(8) make available the information required to provide an accounting of disclosures in accordance with HIPAA;

(9) make internal practices, books and records relating to the use and disclosure of PHI received from Plan available to the Secretary of the Department of Health and Human Services for the purposes of determining the Plan's compliance with HIPAA;

(10) if feasible, return or destroy all PHI received from the Plan that the Plan Sponsor still maintains in any form, and retain no copies of such PHI when no longer needed for the purpose for which disclosure was made (or if return or destruction is not feasible, limit further uses and disclosures to those purposes that make the return or destruction infeasible);

(11) Implement administrative, physical, and technical safeguards that reasonably and appropriately protect the confidentiality, integrity, and availability of the electronic protected health information that the Plan Sponsor creates, receives, maintains, or transmits on behalf of the group health plan; and

(12) Ensure that the adequate separation required by the provisions of 45 CFR § 164.504(f)(2)(iii) is supported by reasonable and appropriate security measures.

d. Adequate Separation Between the Plan and the Plan Sponsor. To ensure adequate separation between the Plan and the Plan Sponsor, the Plan Sponsor shall allow only the following individuals access to PHI:

(1) HIPAA Compliance Officer; and

(2) staff designated by the HIPAA Compliance Officer.

No other individuals shall have access to PHI. These specified employees (or classes of employees) shall only have access to and use PHI to the extent necessary to perform the Plan Administration functions that the Plan Sponsor performs for the Plan.

e. Noncompliance Issues. If the employees described in paragraph (d), above, do not comply with the provisions of this HIPAA Privacy Compliance Section of the Plan, those employees shall be subject to disciplinary action by the Plan Sponsor for non-compliance pursuant to the Plan Sponsor's employee discipline and termination procedures.

10. Payment of Administrative Expenses. All reasonable Plan and Trust administration expenses including, but not limited to, administrative fees and expenses owing to any third party administrative service provider, consultant, accountant, attorney, specialist, or other person or organization that may be employed by the Plan Administrator in connection with the administration of the Plan and Trust, shall be paid by the Trustees from the Trust assets.

11. Right of Reimbursement The Retiree, Spouse (including a surviving Spouse) and/or Dependents (as applicable) must reimburse the Plan for overpayments by the Plan or payments made by the Plan that are also covered by another group health plan, a government program that is not secondary to the Plan under state or federal law, or a statutory plan such as workers compensation.

If the Plan pays benefits to the Retiree, Spouse or Dependents for covered Plan services, the Plan will have an equitable lien on the amounts it has paid and the Retiree, or any person or organization that received payment for services to the Retiree, Spouse or Dependent, must reimburse the Plan for those benefits. Such lien will apply and reimbursement will be required where any of these conditions exist:

- The Retiree did not pay for the services;
- The services did not legally have to be paid;
- The Plan's payments exceeded the Plan's benefit limits;

In the case of (i) an overpayment by the Plan, or (ii) payment of benefits for which the Retiree did not pay, or (iii) payment of benefits for services for which the Retiree was not legally obligated to pay or (iv) payment of benefits in excess of the Plan's benefits limits, the amount of the Retiree's reimbursement obligation will be the amount the Plan paid less what the Plan should have paid.

If the refund is due from another person or entity (e.g., a hospital), the Retiree, Spouse and/or Dependents must assist the Plan in obtaining the refund.

If the Plan does not promptly receive the full refund due it, the Plan Administrator may, in the Administrator's discretion, withhold payment of future benefits until the refund has been made, or take other actions necessary to recover the refund.

12. <u>Right of Subrogation and Equitable Lien</u> If the Retiree, Spouse (including a surviving Spouse) or Dependent suffers an injury or illness caused by the negligence or wrongdoing of a third party, the Plan shall have the right of subrogation and shall have an equitable lien on the recovery for that injury or sickness. That means that the Plan may recover from the Retiree, Spouse or Dependents any recovery the Retiree, Spouse or Dependents may receive from that third party through judgment, settlement or otherwise (however it is characterized) and may recover that amount from the Retiree or dependents, up to the amount that the Plan pays the Retiree, Spouse or Dependents for covered services. The Plan's recovery from the Retiree, Spouse or Dependents will not be reduced to reflect any of the Retiree's, Spouse's or Dependent's litigation costs or attorney fees, unless separately agreed to, in writing, by the Plan Administrator in the exercise of its sole discretion.

Additionally, the Plan shall have an equitable lien on any recovery the Retiree or dependent may receive from any third party for any sickness or injury for which the Plan pays benefits. The equitable lien applies also to workers compensation payments where the Plan has paid otherwise eligible benefits prior to a determination that such benefits are due. Payment by a workers compensation carrier or the Employer will mean that such determination has been made. The Plan's equitable lien will attach to the first right of recovery to any money or property that is obtained by anyone (including, but not limited to the Retiree, Retiree's beneficiary, legal counsel and/or a trust) as a result of an exercise of the Retiree's, Spouse's or Dependent's rights of recovery against any third party. The Plan will be entitled to seek any other equitable remedy against any party possessing or controlling such funds or properties. At the sole discretion of the Plan Administrator, the Plan may reduce any future benefits for covered services otherwise available to the covered person under the Plan by an amount up to the total reimbursable amount that is subject to enforcement under the equitable lien.

13. No Employment Contract. This Plan shall not be deemed to constitute a contract between the Employer and any Employee or to be a consideration or an inducement for the employment of any Employee. Nothing contained in this Plan shall be deemed to give any Employee the right to be retained in the service of the Employer or to interfere with the right of the Employer to discharge any Employee at any time regardless of the effect which such discharge shall have upon him or her as a participant in this Plan.

14. **Exclusive Benefit**. The rights of Employees and Retirees under the Plan are hereby acknowledged to be legally enforceable. Except as may be permitted under applicable law, the Plan is maintained for the exclusive benefit of Employees and Retirees.

15. **Plan Amendment and Termination**. Subject to the terms of any collective bargaining agreement, the Employer reserves the right, in its sole discretion, to make from time to time any amendment or amendments to this Plan by action of its governing Board. Subject to the requirements of any collective bargaining agreement, the Employer may, in its sole discretion, terminate the Plan at any time. Plan termination shall not cause nonvested benefits to become vested.

16. **Successor Employer, Merger or Consolidation** In the event of the dissolution, merger, consolidation or reorganization of the Employer, provision may be made by which this Plan will be continued by the successor; and, in that event, such successor shall be substituted for the Employer under the Plan. The substitution of the successor shall constitute an assumption of all obligations under the Plan by the successor, and the successor shall have all the powers, duties and responsibilities of the Employer under the Plan.

17. **Application of State Law** Subject to applicable law, this Plan, as amended from time to time, shall be administered, construed and enforced according to the laws of the State of Michigan and in courts situated in that State.

LANSING BOARD OF WATER AND LIGHT

Date: June 5, 2007 By: Robin M. Smith
Chair, Board of Commissioners

Date: June 5, 2007 By: ________________
Corporate Secretary

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LANSING BOARD OF WATER AND LIGHT
RETIREE BENEFIT PLAN AND TRUST AGREEMENT

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LANSING BOARD OF WATER AND LIGHT
RETIREE BENEFIT PLAN AND TRUST AGREEMENT

This Agreement, made this 20th day of October, 1999, by and between the Lansing Board of Water and Light (hereinafter referred to as the "Employer"), and the individual trustees named in Section 1.01(n) below (hereinafter referred to as the "Trustee").

WHEREAS, the Employer has established the Lansing Board of Water and Light Retiree Benefit Plan and Trust for the purpose of accumulating funds for the payment of retiree benefits; and

WHEREAS, funds will from time to time be contributed to the Trustee, which funds will constitute a trust fund to be held for the exclusive benefit of eligible individuals including payment of certain expenses; and

WHEREAS, the Employer wants the Trustee to hold, invest, reinvest and otherwise to administer the funds, and the Trustee has indicated its willingness to do so, all pursuant to the terms of this Agreement; and

WHEREAS, the Employer intends that the Plan and Trust created by this Agreement shall constitute a "voluntary employees' beneficiary association" under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Employer and the Trustee do hereby covenant and agree as follows:

ARTICLE I - DEFINITIONS AND CONSTRUCTION

1.01 Definitions: The following words and phrases shall, when used herein, have the following respective meanings unless their context clearly indicates otherwise:

(a) Agreement: The Plan and Trust created hereunder.

(b) Board: The Employer's Board of Commissioners.

(c) Effective Date: July 1, 1999, the date on which the provisions of this Plan and Trust became effective.

(d) Employee: Any person who is employed by the Employer.

(e) Employer: The Lansing Board of Water and Light ("BWL") or its successor or successors.

(f) Fiduciaries: The Employer, the Plan Administrator, and the Trustee, but only with respect to the specific responsibilities of each for Plan and Trust administration, all as described herein.

(g) Internal Revenue Code or Code: The Internal Revenue Code of 1986, as amended.

(h) Participant: An Employee participating in the Plan in accordance with the provisions of Section 3.01.

(i) Plan: The Plan created hereunder as amended from time to time.

(j) Plan Administrator: Lansing Board of Water and Light.

(k) Plan Year: The 12-month period commencing on July 1 and ending on June 30.

(l) Retiree Benefit: That benefit more fully described in Section 5.01 of this Agreement.

(m) Spouse: The individual who is the legal spouse of the Employee at the time of the Employee's eligibility for benefits under Section I of Schedule A or Schedule B (as the case may be) of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

(n) Trustee: Each member of the Employer's Board of Commissioners ("Board") is a Trustee during his or her term of office as a Commissioner. Each trustee shall execute an appropriate document evidencing his or her agreement to be bound by the terms of this Trust.

1.02 Construction: The masculine gender, where appearing in this Agreement, shall be deemed to include the feminine gender, unless the context clearly indicates to the contrary. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Agreement and not to any particular provision or section.

ARTICLE II - RECEIPT OF CONTRIBUTIONS AND PAYMENTS FROM TRUST FUND

2.01 Receipt of Contributions. The Trustee shall receive any contributions paid to it in cash or in the form of such other property as it may from time to time deem acceptable and which shall have been delivered to it. All contributions so received, together with the income therefrom and any other increment thereon, (hereinafter collectively referred to as the "Trust Fund") shall be held, invested, reinvested and administered by the Trustee pursuant to the terms of this Agreement without distinction between principal and income and without liability for the payment of interest thereon. The Employer shall make contributions in such manner and at such times as shall be appropriate. The Trustee shall not be responsible for the calculation or collection of any contribution under or required by the Plan, but shall be responsible only for property received by it pursuant to this Agreement.

2.02 Compliance with Relevant Laws. The Plan, this Agreement and the Trust Fund created hereunder are intended to meet all requirements of Section 501(c)(9) of the Internal Revenue Code of 1986 and the Employee Retirement Income Security Act of 1974, as each may be amended from time to time.

2.03 Exclusive Benefit. Anything contained in this Agreement to the contrary notwithstanding, it shall be impossible at any time prior to the satisfaction of all liabilities with respect to Participants and their beneficiaries, for any part of the Trust Fund to be used for or diverted to purposes other than for the exclusive benefit of the Participants and their beneficiaries, except that payment of taxes and administration expenses may be made from the Trust Fund as provided in Article X hereof.

2.04 Limitation in Years in which Qualified Transfers Occur. Notwithstanding anything herein to the contrary, benefits shall not be paid from this Plan to Participants or their beneficiaries during a Plan Year in which there has been a "qualified transfer" pursuant to Code Section 420 to the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions, except that once the "qualified transfer" has been exhausted for the purpose of paying qualified current retiree health liabilities, benefit payments may be made under this Plan consistent with Code Section 420(e)(1)(B).

ARTICLE III - PARTICIPATION, ELIGIBILITY AND VESTING

3.01 Participation in Plan. Participation in this Plan and Trust shall be determined in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light, a copy of which is attached hereto.

3.02 Eligibility for Benefit.

A. Collectively Bargained Benefits. Eligibility for the benefits described in Section 5.01 shall be determined in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

B. Non-Collectively Bargained Benefits. Eligibility for the benefits described in Section 5.01 shall be determined in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

3.03 Vesting. The benefit described in Article V hereof shall become payable in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light. At no time will said benefit be vested. The Employer reserves the right to reduce or eliminate any or all Plan benefits at any time as to any or all Plan Participants and/or their eligible spouses, subject to the requirements of any collective bargaining agreement.

ARTICLE IV - CONTRIBUTIONS AND FORFEITURES

4.01 Employer Contributions: The Employer shall, for each Plan Year, contribute to the Trust Fund the amount determined by the Employer on or before the last day of each Plan Year, to be held and administered in Trust by the Trustee according to the terms of this Agreement.

All contributions of the Employer for a Plan Year shall be paid to the Trustee not later than the last day of such Plan Year.

4.02 Contributions by Participants. No Employee contributions are allowed under this Plan.

ARTICLE V - BENEFIT

5.01 Amount of Benefit. The benefits paid under this Plan shall be those benefits described in the relevant sections of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

5.02 Payment of Benefit. The timing and method of payment of any benefit provided pursuant to this Agreement shall be determined in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

ARTICLE VI - INVESTMENTS

6.01 Investment of Trust Fund. Subject to the provisions of Article VII hereof, the Trustee shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities or in such property, real or personal, tangible or intangible, or part interest therein, wherever situated, whether or not productive of income, or consisting of wasting assets, as the Trustee shall deem advisable, including but not limited to stocks, common or preferred, trust and participation certificates, interests in investment companies whether so-called "open-end mutual funds" or "closed-end mutual funds," common investment funds, leaseholds, fee titles, bonds or notes and mortgages, and other evidences of indebtedness or ownership, irrespective of whether such securities or such property shall be of the character authorized by any state law from time to time for trust investments; provided, however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so, in the sole judgment of the Trustee.

6.02 Investment Company. The term "investment company" as used in Section 6.01 above shall include shares of open-end investment companies, including, without limiting the generality of the foregoing, such investment companies as are commonly known as "money-market funds." The Trustee shall use the price established and provided from time to time by any such open-end investment company for any valuation required under the terms of this Agreement.

ARTICLE VII - INVESTMENT POLICY

7.01 Investment Pursuant to Policy. The discretion of the Trustee in investing and reinvesting the principal and income of the Trust Fund shall be subject to such investment policy (and any changes thereof from time to time) as the Plan Administrator may, pursuant this Agreement, adopt from time to time and communicate to the Trustee in writing. It shall be the duty of the Trustee to act strictly in accordance with such policy, and any changes therein, as so communicated to the Trustee from time to time in writing.

7.02 Establishment of Investment Policy. The Plan Administrator shall establish and carry out an investment policy consistent with the purposes of the Plan and the requirements of applicable law, as may be appropriate from time to time.

ARTICLE VIII - ADMINISTRATION

8.01 Allocation of Responsibility Among Fiduciaries: The Fiduciaries shall have only those specific powers, duties, responsibilities and obligations as are specifically given to them under this Agreement. In general, the Employer shall have the sole responsibility for making the contributions provided for under Section 4.01, and shall have the sole authority to appoint and remove the Trustee and the Plan Administrator and to amend or terminate, in whole or in part, this Plan and Trust. The Plan Administrator shall have the sole responsibility for the administration of this Plan, which responsibility is specifically described in this Article VIII. The Trustee shall have the sole responsibility for the administration of the Trust and the management of the assets held under the Trust, all as specifically provided in this Agreement. Each Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of this Agreement, authorizing or providing for such direction, information or action. Furthermore, each Fiduciary may rely upon any such direction, information or action of another Fiduciary as being proper under this Agreement, and is not required to inquire into the propriety of any such direction, information or action. It is intended that each Fiduciary shall be responsible for the proper exercise of its own powers, duties, responsibilities and obligations and shall not be responsible for any act or failure to act of another Fiduciary. No Fiduciary guarantees the Trust Fund in any manner against investment loss or depreciation in asset value.

8.02 Appointment of Plan Administrator: The Plan shall be administered by a Plan Administrator which shall be BWL.

8.03 Claims Procedure: The Plan Administrator shall have discretionary authority and shall make all determinations as to the right of any person to a benefit. Any denial by the Plan Administrator, its agent or the Insurer of a claim for benefits under the Plan by a Participant or Spouse shall be stated in writing by the Plan Administrator, its agent or the Insurer and delivered or mailed to the Participant or Spouse. Such notice shall set forth the specific reasons for the denial in a manner that may be understood without legal or actuarial counsel. Approval or denial of a claim is to be delivered or mailed to the claimant within 60 days of the time such claim is made. In addition, the Plan Administrator shall afford a reasonable opportunity to any Participant or Spouse whose claim for benefits has been denied in whole or in part for a review of the decision denying the claim. Review must be applied for by written request to the Plan Administrator within 60 days after denial of the claim. The Plan Administrator will advise the claimant of its decision within 60 days after such request is made. Any party adversely affected by the decision of the Plan Administrator may cause the issue to be submitted to binding arbitration. Party, as used in this paragraph, is defined as Participants, retirants, and beneficiaries of the Plan as well as the Plan Administrator. The appealing party shall, within sixty (60) days after receipt of the Plan Administrator's decision, file for arbitration under the rules of the American Arbitration Association which shall act as administrator of the arbitration proceedings.

8.04 Records and Reports: The Plan Administrator shall exercise such authority and responsibility as it deems appropriate in order to comply with applicable law relating to records of Participant's Service; notification to Participants; annual registration with the Internal Revenue Service; and annual reports to the Department of Labor (if applicable).

8.05 Other Plan Administrator Powers and Duties: The Plan Administrator shall have such duties and powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following:

(a) discretionary authority to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder;

(b) to prescribe procedures to be followed by Participants or Spouses filing applications for benefits;

(c) to prepare and distribute, in such manner as the Plan Administrator determines to be appropriate, information explaining the Plan;

(d) to receive from the Employer and from Participants such information as shall be necessary for the proper administration of the Plan;

(e) to furnish the Employer, upon request, such annual reports with respect to the administration of the Plan as are reasonable and appropriate;

(f) to receive, review and keep on file (as it deems convenient and proper) reports of the financial condition and of the receipts and disbursements of the Trust Fund from the Trustee;

(g) to appoint or employ individuals to assist in the administration of the Plan and any other agents it deems advisable, including legal and actuarial counsel.

The Plan Administrator shall have no power to add to, subtract from or modify any of the terms of the Plan, or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for a benefit under the Plan. The Plan Administrator shall have no power to obtain any commercial policy of retiree accident and health insurance for any Participant.

8.06 Rules and Decisions: The Plan Administrator may adopt such rules as it deems necessary, desirable or appropriate. All rules and decisions of the Plan Administrator shall be uniformly and consistently applied to all Participants in similar circumstances. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished by a Participant or Spouse, the Employer, the legal counsel of the Employer, or the Trustee.

8.07 Authorization of Benefit Payments: The Plan Administrator shall issue directions to the Trustee concerning all benefits which are to be paid from the Trust Fund pursuant to the provisions of the Plan, and warrants that all such directions are in accordance with this Plan.

8.08 Application and Forms for Benefits: Claims for benefits under the Plan are to be made on forms supplied by the Insurer or agent of the Plan Administrator. The Plan Administrator, its agent or the Insurer may rely upon all such information so furnished it, including the claimant's current mailing address.

8.09 Benefits Payable to Incompetents: If the Plan Administrator shall find that any person to whom a benefit is payable is unable to care for his or her affairs because of accident or illness, or is a minor, the Plan Administrator shall pay the benefit pursuant to whatever is ordered by a court of competent jurisdiction.

ARTICLE IX - TRUSTEE'S POWERS

9.01 Powers. When administering the Trust Fund, the Trustee is authorized and empowered, subject to the provisions of Articles VI and VII hereof:

(a) To receive and hold all contributions paid to it hereunder; provided, however, that the Trustee shall have no duty to require any contributions received by it comply with this Trust or with any resolution of the Board, acting as such, providing therefore.

(b) To have the exclusive authority and discretion to invest and reinvest the Trust Fund in stocks, bonds, mortgages, notes or other property of any kind, real or personal as permitted by state law.

(c) To manage, sell, contract to sell, grant options with respect to convey, exchange, partition, transfer, abandon, improve, repair, insure, lease and otherwise deal with all property, real or personal, in such manner, for such considerations, and on such terms and conditions as the Trustee shall decide.

(d) To retain in cash (pending investment, reinvestment or payment of benefits) such portion of the Trust Fund as the Trustee considers advisable, and to deposit each in a depository, including any bank without liability for interest.

(e) To compromise, contest, arbitrate or abandon claims or demands.

(f) To have, with respect to the Trust Fund, all the rights of an individual owner, including the power to give proxies to vote stocks and other voting securities, to join in or oppose (alone or jointly with others) voting trusts, mergers, consolidations, foreclosures, reorganizations, recapitalizations or liquidations, and to exercise or sell stock subscription or conversion rights.

(g) To hold securities or other property in the name of the Trustee, or in such other forms as it deems best, with or without disclosing the Trust relationship provided the records of the Trustee shall indicate the actual ownership of such securities or other property.

(h) To retain any funds or properties subject to any dispute without liability for the payment of interest, and to decline to make payment or delivery of any such funds or property until final adjudication is made by a court of competent jurisdiction.

(i) To make, execute, acknowledge and deliver any and all documents of transfer and conveyance and any and all other instruments that may be granted or appropriate to carry out the powers herein granted.

(j) To report to the Board on or about the last day of each Trust Year and on any Accounting Date (or as soon thereafter as is practicable) or at such other times as may be required under the Trust, the then net worth of the Trust Fund, that is, the fair market value of all assets comprising the Trust Fund, reduced by any liabilities other than liabilities to participant or former participants and their beneficiaries, determined by the Trustee on the basis of such evidence, data or information as it considers pertinent and liable.

(k) To furnish the Board an annual written account and accounts for such other periods as may be required under the Plan showing all investments, receipts, disbursements and other transactions made by the Trustee during the accounting period, and also showing the assets of the Trust Fund held at the end of the period.

(l) To pay any estate, inheritance, income or other tax, charge or assessment attributable to any benefit which in the Trustee's opinion, it shall or may be required to pay out of such benefit; and to require before making any payment such release or other documents from any lawful taxing authority and such indemnity from the intended payee as the Trustee shall deem necessary for its protection.

(m) To begin, maintain or defend any litigation necessary in connection with the investment, reinvestment and administration of this Trust.

(n) To employ agents, attorneys, accountants, registered investment advisors or other persons (who also may be employed by the Board) for such purposes as the Trustee considers desirable.

(o) To perform any and all acts in its judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust Fund.

9.02 Records. The accounts, books and records of the Trustee shall reflect the segregation, pursuant to the provisions of Article IX hereof, of any portion or portions of the Trust Fund in a separate investment account or accounts.

ARTICLE X - FEES AND EXPENSES

10.01 The expenses incurred by the Trustee in the performance of its duties, including fees for legal services, and such compensation to the Trustee as may be agreed upon in writing from time to time between the Employer and the Trustee, and all other proper charges and disbursements of the Trustee, including any and all taxes assessed against the Trustee or the Trust Fund, shall be paid from the Trust Fund unless paid by the Employer; provided, however, that if the Trustee is a full-time employee of the Employer, any such compensation paid to said employee/Trustee shall be paid by the Employer in its sole discretion. The Trust cannot compensate any such full-time employee of the Employer. Notwithstanding the provisions of Article II hereof, payments under this Article X may be made without the approval or the direction of the Plan Administrator.

ARTICLE XI - TRUSTEE'S DUTIES AND OBLIGATIONS

11.01 Prudent Man Rule. The Trustee shall discharge its duties under this Agreement solely in the interest of the Participants in the Plan and their beneficiaries and for the exclusive purpose of providing benefits under Article V to such Participants and their beneficiaries and defraying reasonable expenses of administering the Plan, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, all in accordance with the provisions of this Agreement insofar as they are consistent with applicable law, as this Agreement may be from time to time amended; but the duties and obligations of the Trustee as such shall be limited to those expressly imposed upon it by this Agreement.

11.02 Indemnification, Bond. The Trustee may consult with counsel (who may be counsel for the Employer or for the Trustee in its individual capacity), and the Trustee shall not be deemed imprudent by reason of its taking or refraining from taking any action in accordance with the opinion of counsel. The Employer agrees, to the extent permitted by law, to defend, and to indemnify and hold the Trustee harmless from and against any liability that the Trustee may incur in the administration of the Trust Fund, unless arising from the Trustee's own negligent or willful breach of the provisions of this Agreement. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Agreement, except such as may be required by a law which prohibits the waiver thereof.

11.03 Certifications. The Trustee shall be entitled, as it may deem appropriate from time to time, to require of the Employer or any other person involved in the administration of the Plan or investment of the Trust Fund, or having any interest under the Plan or in, to, or under this Agreement or to the Trust Fund held hereunder, such certifications and proofs of facts as shall permit the Trustee to perform its duties under applicable law as it may be in effect from time to time, or to exercise the powers granted to the Trustee under this Agreement.

ARTICLE XII - ACCOUNTS AND RECORDS

12.01 Recordkeeping. The Trustee shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Employer or the Plan Administrator. Within ninety (90) days following the close of the fiscal year of the Trust Fund and within ninety (90) days after the removal or resignation of the Trustee as provided under Article XIII hereof, the Trustee shall file with the Employer a written account setting forth all investments, receipts, disbursement and other transactions effected by it during such fiscal year or during the period from the close of the last fiscal year to the date of such removal or resignation. Upon the expiration of ninety (90) days from the filing of such account, the Trustee shall be forever released and discharged from all liability and accountability to anyone with respect to the propriety of its accounts and transactions shown in such accounts except with respect to any such account or transactions as to which the Employer shall within such ninety (90) day period file written exceptions and objections. To the extent permitted by law, but subject to any express provision of applicable law as may be in effect from time to time to the contrary, no person other than the Employer may require an accounting or bring any action against the Trustee with respect to the Trust Fund or its actions as Trustee.

12.02 Settlement of Accounts. Notwithstanding any other provision of this Article XII, the Trustee shall have the right to have a judicial settlement of the Trustee's accounts, or for instructions in connection with the Trust Fund, the only necessary parties thereto in addition to the Trustee shall be the Employer and the Plan Administrator. If the Trustee so elects, it may bring in any other person or persons as a party or parties defendant.

ARTICLE XIII - TRUSTEE'S REMOVAL OR RESIGNATION

13.01 Any Trustee may be removed by the Employer at any time upon thirty (30) days' notice in writing to the Trustee and the Plan Administrator. The Trustee may resign at any time upon thirty (30) days' notice in writing to the Employer. Upon such resignation or removal, the Employer shall appoint a successor trustee and such successor trustee shall have the same powers and duties as those conferred upon the Trustee named in this Agreement. The removal of a Trustee and the appointment of a successor trustee shall be by written instrument delivered to the Trustee.

ARTICLE XIV - LIMITATION ON TRUSTEE'S LIABILITY

14.01 Plan Administrator. The Plan Administrator shall administer the Plan as provided therein, and the Trustee shall not be responsible in any respect for administering the Plan nor shall the Trustee be responsible for the adequacy of the Trust Fund to meet or discharge any payments or liabilities under the Plan. The Trustee shall be fully protected in relying upon any written notice, instruction, direction or other communication of the Plan Administrator when signed by the Plan Administrator. The Employer from time to time shall furnish the Trustee with the names and specimen signatures of the Plan Administrator and officers of the Employer, and shall promptly notify the Trustee of the termination of office of the Plan Administrator or officer of the Employer and the appointment of such person's successor. Until notified to the contrary in writing, the Trustee shall be fully protected in relying upon the most recent certification of the Plan Administrator and officers of the Employer furnished to it by the Employer.

14.02 Employer Action. Any action required by any provision of this Agreement to be taken by the Board of the Employer shall be evidenced by a resolution of the Board certified to the Trustee by the Corporate Secretary of the Employer, and the Trustee shall be fully protected in relying upon any resolution so certified to it. Unless other evidence with respect thereto has been expressly prescribed in this Agreement, any other action of the Employer under any provision of this Agreement, including any approval of or exceptions to the Trustee's accounts, shall be evidenced by a certificate signed by an officer of the Employer, and the Trustee shall be fully protected in relying upon such certificate. The Trustee may accept a certificate signed by an officer of the Employer as proof of any fact or matter that the Trustee deems necessary or desirable to have established in the administration of the Trust Fund (unless other evidence of such fact or matter is expressly prescribed herein), and the Trustee shall be fully protected in relying upon the statements in the certificate.

14.03 Trustee Reliance. The Trustee shall be entitled conclusively to rely upon any written notice, instruction, direction, certificate or other communication believed by it to be genuine and to be signed by the proper person or persons, and the Trustee shall be under no duty to make investigation or inquiry as to the truth, accuracy, or completeness of any statement contained therein.

ARTICLE XV - MISCELLANEOUS

15.01 Nonguarantee of Employment: Nothing contained in this Plan shall be construed as a contract of employment between the Employer and any Employee, or as a right of any Employee to be continued in the employment of the Employer, or as a limitation of the right of the Employer to discharge any of its Employees, with or without cause.

15.02 Rights to Trust Assets: No Employee shall have any right to, or interest in, any assets of the Trust Fund upon termination of his employment or otherwise, except to the extent of the benefits payable under the Plan to such Employee out of the assets of the Trust Fund.

15.03 Nonalienation of Benefits: Except as provided in Article V, benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary. The preceding sentence shall also apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order. The Trust Fund shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any person entitled to benefits hereunder.

15.04 Correction of Errors: Notwithstanding any other provision of this Plan to the contrary, the Employer and the Plan Administrator reserve the right to correct (retroactively, if necessary) any error in the Agreement or in the administration of the Plan which was inadvertently made in the good faith creation and/or administration of this program.

ARTICLE XVI - AMENDMENTS AND ACTION BY EMPLOYER

16.01 Amendments: The Employer reserves the right to make from time to time any amendment or amendments to this Plan which do not cause any part of the Trust Fund to be used for, or diverted to, any purpose other than the exclusive benefit of Participants, former Participants or Spouses, provided, however, that the Employer may make any amendment it determines necessary or desirable, with or without retroactive effect to comply with the Internal Revenue Code.

ARTICLE XVII - SUCCESSOR EMPLOYER, MERGER OR CONSOLIDATION

17.01 Successor Employer: In the event of the dissolution, merger, consolidation or reorganization of the Employer, provision may be made by which the Plan and Trust will be continued by the successor; and, in that event, such successor shall be substituted for the Employer under the Plan. The substitution of the successor shall constitute an assumption of the Plan liabilities by the successor and the successor shall have all of the powers, duties and responsibilities of the Employer under the Plan.

17.02 Plan Assets: In the event of any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Trust Fund to another trust fund maintained or to be established for the benefit of all or some of the Participants of this Plan, the assets of the Trust Fund applicable to such Participants shall be merged or consolidated with, or transferred to, the other trust fund only if:

(a) each Participant would (if either this Plan or the other plan then terminated) receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer (if this Plan had then terminated);

(b) the Employer, or any new or successor employer of the affected Participants, shall authorize such transfer of assets; and, in the case of the new or successor employer of the affected Participants, it assumes liabilities with respect to such Participants' inclusion in the new employer's plan; and

(c) such other plan and trust are qualified under Code Section 501(c)(9).

ARTICLE XVIII - PLAN TERMINATION

18.01 Right to Terminate: The Employer may terminate the Plan at any time. In that event, all Trust assets shall be used to purchase additional eligible benefits in accordance with the terms of the Plan and Trust. The decision regarding how said Trust assets will be so used shall be in the sole discretion of the Plan Administrator, consistent with the Plan and Trust. In the event of the dissolution, merger, consolidation or reorganization of the Employer, the Plan shall terminate and the Trust Fund shall be liquidated in a manner consistent with the preceding sentence unless the Plan is continued by a successor to the Employer in accordance with Section 17.01.

ARTICLE XIX - APPLICATION OF STATE LAW

19.01 Subject to applicable law, this Agreement, as amended from time to time, shall be administered, construed and enforced according to the laws of the State of Michigan and in courts situated in that State.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.

LANSING BOARD OF WATER AND LIGHT

Dated: 10/20/99

By: Diane R. Royal
Its: Chair, Board of Commissioners

Dated: 10/18/99

By: Mary E. Sova
Its: Corporate Secretary

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LANSING BOARD OF
WATER&LIGHT
HOMETOWN PEOPLE. HOMETOWN POWER.
Mary E. Sova
Corporate Secretary
(517) 371-6033
(517) 371-6855 Fax
E-mail: mes@lbwl.com
1232 Haco Drive
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Lansing, MI 48901-3007
517 • 371 • 6000

FUNDING PROCESS FOR RETIREE BENEFITS

Resolution # 2000-4-1

RESOLVED, That the Board adopt a process for funding retiree benefits using both a VEBA Trust and, to the extent permitted by law, excess pension assets in the defined benefit pension plan. As long as there are sufficient excess pension assets in the defined benefit pension plan and Section 420 transfers are permitted by law, BWL will annually transfer amounts reimbursed from the defined benefit pension plan to the VEBA Trust. Additional contributions to the VEBA Trust from BWL operating funds to supplement Section 420 transfers will not exceed the recommended annual contribution amount required to cover current service of active participants and amortize the unfunded accrued liability over 30 years. Valuations of the BWL's post-retirement benefit obligation and the recommended annual contribution amount will be updated periodically by benefits consultants.

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By adopting this process for funding retiree benefits, BWL will begin to set aside money for the payment of retiree benefits in the future. The first transfer of about $3.2 million from the defined benefit pension plan to the VEBA Trust will be made by June 30, 2000. Current law permits annual transfers in an amount equal to the amount paid during the year on behalf of retirees. The ability to make these transfers of excess pension assets is set to expire December 31, 2005.

Pension assets in the defined benefit pension plan may not be reduced below 125% of the estimated pension obligation. The estimated available excess assets in the defined benefit pension plan are about $37 million. The estimated liability for retiree benefits is currently about $65.5 million.

The recommended annual funding cost has two components: a normal cost that reflects the accrual of service for active participants and an amortization of the unfunded accrued liability. Based on a level dollar funding method and a 30-year amortization of the unfunded liability, the recommended annual contribution is currently $6.7 million. By paying about $3.2 million directly from BWL operating funds on behalf of retirees, reimbursing that amount from the defined benefit pension plan and transferring it to the VEBA Trust, the maximum additional contribution to the VEBA would be about $300,000 next year.

CERTIFICATION

I, Mary E. Sova, Corporate Secretary of the Lansing Board of Water and Light, hereby certify that the foregoing is a true and complete copy of a resolution adopted by the Board of Water and Light Commissioners of the City of Lansing, Michigan, at a regular meeting, held on the 25th day of April, 2000, and that a quorum was present and notice of said meeting was given in accordance with the Open Meetings Act. This resolution is still in full force and effect.

Certified this 3rd day of May, 2000.

Mary E. Sova

Mary E. Sova
Corporate Secretary

Investment Policy Statement

for

Lansing Board of Water and Light
Post-Employment Benefit Plan (VEBA)

July 2008

Table Of Contents

I. Introduction

Purpose of this Policy Statement

This policy statement outlines the goals and investment objectives of the Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA) (the "Plan"). Since this policy statement will provide guidelines for the investment advisors responsible for managing the Plan's assets, it outlines certain specific investment policies which will govern how those goals are expected to be achieved. This statement:

- Describes an appropriate risk posture for the investment of the Plan's assets;
- Specifies the target asset allocation policy;
- Specifies criteria for evaluating the performance of the Plan's assets; and
- Defines the various responsibilities of the Board of Commissioners ("the Board") and other parties involved in the management of the Plan's assets.
- The investment policies described in this statement should be dynamic, since they should reflect the Plan's current status and the Board's duties and investment philosophy regarding the investment of the assets. These policies will be reviewed and revised periodically to ensure they reflect any changes related to the status of the Plan or to Lansing Board of Water & Light ("the Sponsor"), as well as any fundamental changes in the capital markets.

Investment Objective

The Plan's assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the Board has taken into account the time horizon available for investment, the nature of the Plan's cash flows and liabilities, and other factors that affect the Plan's risk tolerance. Consistent with this, the Board has determined that the investment objective is **income and growth**. This investment objective:

Is a risk-averse balanced approach that emphasizes a stable and substantial source of current income and some capital appreciation over the long-term;

- Implies a willingness to risk some declines in value over the short-term, so long as the Trust is positioned to generate current income and exhibits some capital appreciation;
- Is expected to earn long-term returns sufficient to keep pace with the rate of inflation over most market cycles (net of spending and investment and administrative expenses), but may lag inflation in some environments;
- Diversifies the portfolio in order to provide opportunities for long-term growth and to reduce the potential for large losses that could occur from holding concentrated positions;

It is expected that these objectives can be obtained through a well-diversified portfolio structure in a manner consistent with this investment policy.

This investment policy is intended to be a summary of an investment philosophy that provides guidance for the Finance Committee and other parties interested in the management of these *assets. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.*

II. Information about the Plan

Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA)

1232 Haco Drive
Lansing, MI 48912
Tel. (517) 702-6256

Primary Contact... Susan Devon
CFO

Plan Assets $61,000,000
(as of June 30, 2007)

About Lansing Board of Water and Light and the Plan

The Lansing Board of Water and Light is a municipally owned utility providing drinking water, electricity, steam and services to the greater Lansing area in mid-Michigan. The plan receives contributions made by the Lansing Board of Water & Light. The Fund pays any retirement benefits enumerated in the plan. These funds are invested in various financial assets. The plan currently has 706 participants; 1,650 currently receiving benefits.

Cash Flows

The plan expects to receive annual contributions of $10,000,000.

Tax/Regulatory Status

The Plan is exempt from State and Federal taxes. The Plan is covered under the Michigan - Public Employee Retirement System Investment Act 314 of 1965, as amended.

Responsibilities of the Plan Representatives

Board of Commissioners

The Board is comprised of 8 appointed Commissioners of the Lansing Board of Water & Light. All of the Commissioners are Trustees of the Lansing Board of Water & Light Defined Benefit Plan and Trust. The Board of Commissioners has delegated oversight responsibility to the Finance Committee.

Finance Committee

The Finance Committee is a subcommittee of the Board of Commissioners responsible for approving the Investment Policy Statement and any future revisions. They are responsible for selecting the Investment Managers, Investment Consultant, custodians and other administrators required for the management of the Plan's assets and evaluating overall investment results.

The CFO will make recommendation to the Finance Committee regarding investment manager hiring and termination. The Finance Committee will have authority to make all such decisions.

Investment Consultant

The Investment Consultant retained by the Plan shall have the following responsibilities:

- To assist the Finance Committee in strategic planning for the Plan. This includes providing assistance in developing an investment policy, asset allocation strategy, and Investment Manager structure;
- To provide to the quarterly performance measurement reports on each separately managed account and on the Plan as a whole and to assist the Finance Committee in interpreting the results;
- To act as a liaison between investment managers and the Finance Committee, and thereby facilitate the communication of important information in the management of the Plan;
- To assist the Finance Committee with other duties as may be mutually agreed.

IV. Responsibilities of the Investment Managers

It is the intention of the Finance Committee to utilize separately managed accounts with various investment management firms; however, mutual or other commingled funds may be used from time to time to implement the investment strategy of the Plan, where practical. For mutual and other commingled funds, the prospectus or other documents of the fund(s) will govern the investment policies of the Plan investments. The following guidelines apply to separately managed accounts.

Fiduciary Responsibilities

- Each Investment Manager is expected to manage the Plan's assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this statement and any other applicable laws. This would include discharging responsibilities with respect to the Plan consistent with "Prudent Expert" standards, and all other fiduciary responsibility provisions and regulations.
- Each Investment Manager shall at all times be registered as an investment adviser under the Investment Advisers Act of 1940 (where applicable), and shall acknowledge in writing that they are a fiduciary of the Plan with respect to the assets they manage.
- Each Investment Manager shall supply the plan administrators a copy of their SEC form ADV Part 2 on an annual basis. If the Investment Manager is exempt from filing an annual ADV, the Investment Manager shall provide appropriate financial statements to the Finance Committee and the Investment Consultant.
- Each Investment Manager shall hold sufficient fidelity bonds, fiduciary liability or other insurance that would protect the interests of the Plan in the event of a breach of fiduciary

duty and provide proof of such insurance and amounts of coverage to the plan administrators on an annual basis.

- Each Investment Manager shall manage the Plan's assets in accordance with the Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended.
- The Plan assets will be managed by experienced investment management firms.

Security Selection/Asset Allocation

- Except as noted below, each Investment Manager shall have the discretion to determine their portfolio's individual securities selection.
- The Plan is expected to operate within an overall asset allocation strategy defining the Plan's mix of asset classes. This strategy, described below, sets a long-term percentage target for the amount of the Plan's market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations.
- The asset allocation strategy for each Investment Manager's portfolio can deviate from the overall Plan's asset allocation, however, the Finance Committee is responsible for monitoring the aggregate asset allocation, and may re-balance to the target allocation on a periodic basis.

Proxy Voting

Absent delegation to another service provider, each Investment Manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. The Investment Managers shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Finance Committee upon request.

V. Investment Return Objectives

In consideration of the Plan's investment goals, demographics, time horizon available for investment and the overall risk tolerance of the Finance Committee, a long-term investment objective of income and growth has been adopted for the Plan's assets. The primary objectives of the Plan's assets are to fund all disbursements as they are due, to meet the **actuarial rate of return of 7.5%**, and to earn returns in excess of a passive set of market indexes representative of the Plan's asset allocation.

The Finance Committee and their advisors will monitor the Plan's performance on a quarterly basis. The members of the Finance Committee will evaluate each Investment Manager's contribution toward meeting the investment objectives outlined below and in their specific policy guidelines (that are attached) over a three- to five-year time period, unless otherwise noted.

Fixed Rate of Return target: It is desired that the Plan produce a level of return of at least **8%**.

Secondary Rate of return Target: CPI + 5%.

Primary Benchmark: It is desired that the Plan produce a level of return in excess of the "market," as represented by a benchmark index or mix of indexes reflective of the Plan's return objectives and risk tolerance.

This benchmark or *"policy index"* is to be constructed as follows:

43.2% Russell 1000 Stock Index - Domestic Large Capitalization Stocks

10% Russell 2000 Stock Index - Domestic Small Capitalization Stocks

10.7% Morgan Stanley Capital International Europe, Australia and Far East (MSCI EAFE) International Stock Index - International Stocks

31.1% Merrill Lynch Domestic Master Bond Index - U.S. Fixed Income 5%

Dow Wilshire Micro Cap - Private Equity

The Plan is expected to exceed the average annual return of this benchmark on a risk-adjusted basis over rolling three- to five-year time periods and a full market cycle.

VI. Risk Tolerance

Investment theory and historical capital market return data suggests that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (i.e. volatility of return) is associated with higher return.

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Plan is the determination of an appropriate risk tolerance. The Finance Committee examined two important factors that affect the Plan's risk tolerance:

Financial Ability to accept risk within the investment program and,

Willingness to accept return volatility.

The members of the Finance Committee have examined their risk tolerance by considering several relevant factors.

Positive factors that contribute to a higher risk tolerance are:

(1) The long-term time horizon available for investment

Offsetting these factors are:

(1) The large number of participants who are active and retired who depend on the plan for benefits;

(2) The continued ability and willingness of the Sponsor to make future contributions to the Plan; and

(3) The desire to avoid large swings in market value and to avoid large losses in market value.

The members of the Finance Committee have analyzed the behavior of the Plan's assets within different economic environments. As a result of this analysis, the Finance Committee is comfortable with a risk level of the Plan as measured by volatility (standard deviation) that is similar to the volatility level of the policy index when measured over three- to five-year rolling time periods and a full market cycle.

VII. Asset Allocation Strategy

In line with the Plan's return objectives and risk parameters, the mix of assets should be generally maintained as follows (percents are of the market value of the Plan):

Asset Class/ Investment Style	Minimum	Target Avg.	Maximum
Domestic Large Capitalization Stocks	40%	43.2%	47.5%
Domestic Small Capitalization Stocks	7.5%	10%	12.5%
International Stocks	8%	10.7%	15%
Total Equity	**60%**	**63.9%**	**70%**
U.S. Core Fixed Income	25%	31.1%	40%
Total Fixed Income	25%	31.1%	40%
Private Equity	0%	5%	7.5%
Total AI	0%	5%	5%

Deviations from this asset mix guideline may be authorized in writing by the Finance Committee, which may determine if the aggregate deviation constitutes a material departure from the spirit of the target allocation.

Each investment manager will be expected to maintain the asset allocation of their portfolio within the target asset allocation established for their portfolio. Since the growth in each individually managed portfolio can result in a deviation from the overall portfolio's asset allocation, the aggregate asset allocation will be monitored and may be rebalanced to the target allocation on a periodic basis.

Rebalancing Procedures

The allocations to each asset class and to investment styles within asset classes are expected to remain stable over most market cycles.

Each Investment Manager will be expected to maintain the asset allocation of their portfolio consistent with the target asset allocation established for their portfolio. Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall Plan's asset allocation, the aggregate asset allocation will be monitored and the Finance Committee may rebalance the Plan to the target allocation on a periodic basis. To achieve the rebalancing of the Plan, the Finance Committee may instruct the investment consultant to re-direct contributions and disbursements from individual Investment Managers as appropriate, in addition to shifting assets from one Investment Manager to another.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Finance Committee by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Finance Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

VIII. Investment Strategy

Selection Criteria for Investment Managers

Investment Managers retained by the Finance Committee shall be chosen using the following criteria:

- Investment Manager should have at least $500 million in total assets and have been in business for at least 5 years.
- Investment Manager Strategy should have at least $200 million in assets.
- Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both consistency of performance and the level of risk taken to achieve results;
- The investment style and discipline of the Investment Manager;
- How well the Investment Manager's investment style or approach complements other Investment Managers in the Plan;
- Level of experience, financial resources, and staffing levels of the Investment Manager;
- An assessment of the likelihood of future investment success, relative to other opportunities.
- The Finance Committee is interested in having an inclusive, diverse group of candidates in its search for investment managers. The CFO is to advertise broadly for investment managers with the intent of making this opportunity available to all genders, ethnic groups, races and localities.
- Investment Manager Strategy should have competitive fees.
- Investment Manager should have no recent material change in key personnel. In

addition, the following guidelines will apply:

A. Asset Allocation

Unless otherwise noted below, under normal market conditions, **each Investment Manager is expected to be invested consistent with their investment style as described in any relevant investment management agreement with the selected investment advisor(s).**

During the initial three months of the relationship after being retained, the Investment Manager may hold cash and cash equivalents in larger proportions in order to invest their portfolio on an orderly basis.

B. Diversification Requirements

To minimize the risk of large losses, each Investment Manager shall maintain adequate diversification in their portfolio. Subject to the constraints outlined in this investment policy, and in their investment management agreement with the Plan, each Investment Manager shall have the discretion to determine their portfolio's individual security selections.

Alternative Investments

Alternative investments represent investments in investment vehicles that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation. Diversification standards within each investment vehicle shall be according to the prospectus or trust document. Investments in these investment vehicles carry special risks. The fund(s) may utilize speculative investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior investment returns. The fund(s) may invest in illiquid securities for which there is no ready market and place restrictions on investors as to when funds may be withdrawn. In the event the Finance Committee authorizes an alternative investments portfolio, permitted alternative investments are:

- The plan may invest in Private Equity with the intention to diversify between managers and deals.

Cash and Equivalents

It is generally expected that the Investment Manager will remain fully invested in equities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the Custodian’s money market fund, short-term maturity Treasury securities, insured savings instruments of commercial banks and savings and loans.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Finance Committee by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Finance Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

IX. Exclusions

The Plan's assets invested in separately managed accounts may not be used for the following purposes except for hedging an existing position to reduce risk or as part of an Alternative Investment Strategy.

- Short Sales;

- Purchases of letter stock, private placements, or direct payments;
- Non-rated bonds;
- Leveraged transactions;
- Commodities transactions;
- Investments in non-U.S. dollar denominated securities, except for International Equity Investment Managers;
- Puts, calls, straddles, or other option strategies (unless the position is used to hedge or unhedge an underlying position);
- Purchases of oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;
- Investments in tax-exempt securities or funds;
- Investments in limited partnerships (except for publicly traded Master Limited Partnerships);
- Investments by the Investment Manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Finance Committee;
- Investments in futures, use of margin or investments in any derivatives not explicitly permitted in this policy statement (except to hedge or unhedge an underlying position).
- Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Finance Committee;

Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Finance Committee. Requests by Investment Managers to execute transactions that are not currently authorized in this policy should be made prior to executing such transactions.

Guidelines for Corrective Action

The Finance Committee recognizes the importance of a long-term focus when evaluating the performance of investment managers. The Finance Committee understands the potential for short-term periods when the performance of individual managers may deviate significantly from the performance of representative market indexes. The portfolio, however, may require an extra level of scrutiny, which may include termination, of an investment manager based on the following conditions:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account.
- Any material client servicing deficiencies, including a failure to communicate in a timely fashion.
- Violation of terms of contract without prior written approval of the Finance Committee constitutes grounds for termination.

- Diversification strategy - as part of their overall asset allocation strategy, The Finance Committee will utilize a multi-manager and/or mutual or other commingled funds structure of complementary investment styles and asset classes to invest the portfolio's assets. Therefore, it is very important that investment managers remain consistent with the intended investment style at the time the manager was engaged.
- The Finance Committee will not, as a rule, terminate an investment manager on the basis of short-term performance. If the organization is sound and the firm is adhering to its investment style and approach, the Finance Committee will allow a sufficient interval of time over which to evaluate performance. The Finance Committee expects that the investment consultant will provide guidance to determine an appropriate length of time. The investment manager's performance will be viewed in light of the firm's particular investment style and approach, keeping in mind at all times the portfolio's diversification strategy as well as the overall quality of the relationship.
- The investment manager may be replaced at any time as part of an overall restructuring of the portfolio. The Finance Committee reserves the right to terminate an investment manager for any other reason.

X. Meetings and Communication with the Investment Managers and Investment Consultant

- As a matter of course, each Investment Manager should keep the Finance Committee and Investment Consultant apprised of any material changes in the Investment Manager's outlook, investment policy, and tactics.
- Each Investment Manager should meet with the Finance Committee as requested to review and explain their portfolio's investment results. The Investment Manager should discuss with the Finance Committee any significant changes in corporate or capital structure and brokerage affiliation or practices.
- Each Investment Manager should be available on a reasonable basis for telephone communication when needed.
- Any material event that affects the ownership of each investment management firm or the management of this account must be reported promptly to the Finance Committee and the Plan's Investment Consultant.
- The Plan's Investment Consultant will provide written performance reports to the Finance Committee quarterly.
- The Custodian should provide monthly statements of assets and transactions.

XI. Performance Evaluation

As noted above, the Finance Committee will monitor the Plan's performance on a quarterly basis. The Finance Committee will evaluate the Plan's success in achieving the investment objectives outlined in this document over a three- to five-year time horizon and a full market cycle. The Plan's (and Investment Manager's) performance should be reported in terms of rate of return and changes in dollar value. **At time of retention, the Finance Committee, Investment Consultant and Investment Manager(s) will agree to an appropriate**

benchmark(s). The returns should be compared to these market indexes for the most recent quarter and for annual and cumulative prior time periods. The Plan's asset allocation should also be reported on a quarterly basis.

Risk as measured by volatility, or standard deviation, should be evaluated after five quarters of performance history have accumulated. An attribution analysis should also be performed, to evaluate how much of the Plan's investment results are due to the Investment Managers' investment decisions, as compared to the effect of the financial markets. It is expected that this analysis will use the "policy index" as the performance benchmark for evaluating both the returns achieved and the level of risk taken.

XI. Approval

Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA)

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Finance Committee when they determine that the aggregate deviation does not constitute a material departure from the spirit of this investment policy.

It is understood that this investment policy is to be reviewed periodically by the Board to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the Investment Managers.

Chairman of the Board ***Date***

An essential step in investment management is the evaluation of performance against a relevant benchmark. Below are the suggested Benchmarks for various asset classes. The Trustee should discuss with the Investment Consultant and Investment Manager(s) an appropriate benchmark by which the Investment Manager(s) will be compared.

Suggested Performance Benchmarks:

Asset Category	***Index***	***Peer Group Universe***
Large Cap Equity	S & P 500	Total Equity Database
Value	Russell 1000 Value	Value Equity Style
Growth	Russell 1000 Growth	Growth Equity Style
Core	Russell 1000	Core Equity Style
Small/Mid Cap Equities	Russell 2500	Small/Mid Cap Equity
International Equity	MSCI EAFE	International Equity
Domestic Fixed Income	Merrill Lynch Domestic Master	Total F/I Database
Private Equity	Dow Wilshire Micro Cap	TBD
Cash	90 Day T-Bills	Money Market Database

Investment Manager

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Finance Committee, which can determine if the aggregate deviation constitutes a material departure from the spirit of this investment policy.

The investment policy as set forth in this document will be reviewed annually by the Finance Committee, which can approve and implement changes. If at any time the Investment Manager believes that these objectives cannot be met or that the investment guidelines constrict performance, the Finance Committee should be so notified in writing. By initial and continuing acceptance of these objectives and guidelines, the Investment Manager agrees to abide by the provisions of this document effective as of ______________, 20__.

Investment Manager

Name of Investment Management Firm

Resolution 2008-8-2

Revised Post-Employment Benefit Plan (VEBA Trust) Investment Policy Statement

Whereas, the Board has engaged Merrill Lynch Institutional Consulting Group to provide consulting advisory services to the Post-Employment Benefit Plan (VEBA) regarding Investment Policy Statement review; Strategic Asset Allocation Modeling; Investment Manager due diligence, search, and selection; Portfolio Strategy and Performance Measurement; and

Whereas, on July 15, 2008 Merrill Lynch Institutional Consulting Group updated the Finance Committee on the results of its Asset Allocation Study for the Post-Employment Benefit Plan (VEBA) that was completed utilizing its Strategic Allocation Modeling technique to determine a long range asset mix that represents an appropriate blend of risk and return; and

Whereas, the Trustees of Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA), consisting of all members of the Board of Commissioners, desire to revise the asset allocation mix for the investments in the Trust Fund; and

Whereas, the Board of Commissioners desire to update the Investment Policy Statement for the Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA) consistent with recommendations provided by Merrill Lynch Institutional Consulting Group.

RESOLVED, that the Board of Commissioners amend the resolution dated March 27, 2007, adopting policy changes to the VEBA Trust Investment Policy; and

FURTHER RESOLVED, that the Board of Commissioners hereby approve the amended Investment Policy Statement for Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA) dated July 2008, as attached.

Motion by Commissioner Cochran, seconded by Commissioner James to approve the resolution for the Revised Post-Employment Benefit Plan (VEBA Trust) Investment Policy Statement.

Action: Carried unanimously.

Adopted by the Board of Commissioners at a Special Board meeting held August 12, 2008.