AGENDA

PENSION FUND TRUSTEES MEETING

November 11, 2014

7:00 P.M. – 1201 S. Washington Ave.
REO Town Depot

Call to Order

Roll Call

Public Comments on Agenda Items

1. Pension Fund Trustees Meeting Minutes of 10/8/13 .... **TAB 1**

2. FY 2014 Financial Information Relative to DB, DC and VEBA plan and
   Proposed Resolution .... **TAB 2**

3. Ethics Policy .... **TAB 3**

Other

Adjourn

Lansing Board of Water and Light
Pension Plans
FY 2014 Financial Information

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MINUTES
BOARD OF WATER AND LIGHT PENSION FUND
TRUSTEES' ANNUAL MEETING

Tuesday, October 8, 2013

Present: Trustees Margaret Bossenbery, Dennis M. Louney, Tracy Thomas, Cynthia Ward and Sandra Zerkle.

Absent: Trustees Anthony McCloud and David Price

Staff Present: General Manager J. Peter Lark, Susan Devon, Assistant General Manager and Chief Financial Officer, Phil Perkins, Director of Internal Audit, Bill Aldrich, Manager of Finance and Planning, Marilyn Montgomery, Senior Treasury Analyst, Scott Taylor, CPA, CTP, Supervisor, Treasury & Budgeting, Danielle Miller, Executive Office Administrative Assistant and M. Denise Griffin, Corporate Secretary

Consultants Present: Merrill Lynch: Marie Vanerian, First Vice President, Institutional Consultant ♦ ICMA-RC: Sandra Rouse-Thames, Retirement Plans Specialist

The Secretary declared a quorum.

Chairperson Zerkle called the meeting to order at 6:58 p.m.

On **Motion** by Trustee Bossenery and Seconded by Trustee Thomas to approve the minutes of the September 11, 2012 Pension Fund Trustees' Annual Meeting Minutes.

Action: Motion Carried

Public Comments

There were no public comments.

FY2013 Financial Information

General Manager J. Peter Lark introduced Susan Devon, Assistant General Manager and Chief Financial Officer.

Ms. Devon provided an overview of the different Pension Plans. The packet is broken down by the Defined Benefit Plan, the Defined Contribution Plan and the Post Retirement Benefit Plan (VEBA). Each of the sections in the packet includes general information consisting of the Audited Financial Statements, the Actuarial Study Report and the Investment Policy Statement for each Plan and the Performance of the Plans over the past year.

Defined Benefit Plan

The Defined Benefit (DB) Plan was closed to new employees hired after December 31, 1996. There are currently 449 retirees and beneficiaries, 10 terminated employees with vested benefits and 30 current employees in this plan for a total of 489 Plan participants, a decrease of about 18 from last year.

Ms. Devon stated that right now, we have $76 million in our plan assets and our liability is about $69 million so we are over funded by $8 million. But if our discount rate goes down by 1% as may be required by GASB Pension Accounting Standards the liabilities go up by $7 million. That is something we are taking a closer look at.

The DB Plan investment earnings reflected a 14% return on invest for FY 13.

Defined Contribution Plan

The Defined Contribution (DC) Plan was established in 1997 and took the place of the Defined Benefit Plan. At that time, there were 602 active employees that switched to the DC Plan and at that time, we transferred $75 million from the old DB Plan to the DC Plan.

Investment income improved in FY 2013. DC investment income was $16 million in 2013 compared to $.5 million in FY 2012. For FY 2013, $16 million actually represents a 12.4% return on assets. The Plan Assets for the DC Plan right now are $147 million.

This plan is a little different from the DB Plans in that we do not actually invest the money; we pick out a lineup of funds that are available for the employees to make their own selections. We do believe that we have a very diverse lineup available for our employee and we do have a very robust education program that is available to them. Use of the web site was up 40%, which is attributable to the education program and amounted to about 22,000 hits.

Post-Retirement Plan-VEBA

As of Feb 2013 we have 1380 participants in the Post-Retirement Benefit Plan. This is a decrease of about 16 from last year. Investment Advisors for this Plan is Merrill Lynch and consistent with other plans our investment income improved over 2012. The Post Retirement plan had $15.7 million in investment income compared to a $.4 million loss last year. We made $4.5 million worth of contribution into the plan and the assets in the plan increased from $110 million last year to $129 million this year for an increase of $19 million. Our funding ratio for the Post Retirement Plan was 45% in 2012 and is now 59%, so we are almost 60% funded for this plan.

Ms. Devon stated that there is another Accounting Standard that she believes will be issued in the near future and will have the same impact on us as the changes for the Pension Plan, forcing us to reduce our discount rates, which increases liability and may require us to make additional contribution into the plan. Also, there is Act 347 of 2012, that is a Public Act that amends Act 314 of 1965, which governs our pension's investment activities. This new Act lays out the duties and responsibilities of the Trustees. One of the things that we have to do, which is a new requirement for us, is to make sure that we provide the Trustees a new annual report. Basically, it is all of the information that was presented to you tonight.

Ms. Devon said the Board is also required to work on developing a policy that clearly defines accountability and reporting requirements for the Trustees and perhaps provide some educational training/seminars for the Trustees. Staff will be working with Merrill Lynch on a proposed policy to present to the Trustees after flushing out exactly what the requirements are. Ms. Devon stated that there is an organization called the Michigan Association of Public Employees Retirement Systems that has a very good seminar series for Trustees of pension plans that might be something to take into consideration in the future.

Sandra Rouse-Thames, ICMA-RC Retirement Plans Specialist provided the Trustees with information on Retirement Educational meetings that have been presented to the BWL employees. She said the numbers are slightly up from last year. She said that ICMA-RC spends a lot of time with employees going over their entire financial plan. She stated that their web site has a video library that includes many webinars that provide financial and retirement information.

Chair Zerkle stated that she would like to have some discussion regarding stipulations on borrowing money from the pension.

General Manager Lark respectfully asked that the Board Trustees approve the resolution for the acceptance of the 2013 Financial Statements that will allow these documents to be filed with the Corporate Secretary and placed on file.

Moved by Trustee Bossenbery, Seconded by Trustee Thomas, to approve the following resolution:

RESOLUTION

ACCEPTANCE OF 2013 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.

Action: Motion Carried

RESOLUTION

ACCEPTANCE OF 2014 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: Susan Devon, Chief Administrative and Technology Officer

To: Board of Water and Light Pension Trustees

Date: October 17, 2014

Subject: Annual Pension Trustee Meeting – November 11, 2014

At the Annual Trustee Meeting to be held November 11, 2014, Staff will give a brief overview of the Fiscal Year 2014 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. ICMA-RC representatives will also be in attendance concerning the Defined Contribution 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, 2014. 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 2014.

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, 2014, 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 2/28/2014	As of 2/28/2013
Target Contribution	$0	$0
Accrued Liability	$70.0 million	$68.5 million
Value of Plan Assets	$80.1 million	$76.4 million
Funded Ratio	114.5%	111.6%
Amount Under Funded	($10.1) million	($7.9) million

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Post-Retirement Benefit Plan

	As of 2/28/2014	As of 2/28/2013
Target Contribution	$5.8 million	$9.2 million
Accrued Liability	$194.4 million	$207.9 million
Value of Plan Assets	$148.3 million	$123.2 million
Funded Ratio	76.3%	59.3%
Amount Under Funded	$46.1 million	$84.7 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, 2014

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

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plante moran

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
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
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 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, 2014 and 2013 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
Plan for Employees' Pension of the Board of Water and Light -
City of Lansing, Michigan - Defined Benefit Plan
City of Lansing, Michigan

Opinion

In our opinion, the 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, 2014 and 2013, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2014, the Plan adopted GASB Statement Number 67, *Financial Reporting for Pension Plans*. As a result, these financial statements contain significant new disclosures. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, 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 supplementary 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

September 2, 2014

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:

	2014	2013	2012
Assets held in trust:			
Money market collective trust fund	$ 3,192,936	$ 3,209,522	$ 2,739,466
U.S. government obligations	7,354,686	8,301,126	7,954,894
Corporate bonds and notes	11,844,906	12,168,664	12,793,539
Mutual funds	1,260,129	1,171,547	1,127,599
Common stock	56,770,168	50,459,178	48,573,963
Alternative investments	-	-	245,024
Interest and dividend receivable	120,156	113,980	132,512
Total assets held in trust	**$ 80,542,981**	**$ 75,424,017**	**$ 73,566,997**
Liabilities - Accrued liabilities	$ 13,000	$ -	$ -
Net position restricted for pension	80,529,981	75,424,017	73,566,997
Total liabilities and net position	**$ 80,542,981**	**$ 75,424,017**	**$ 73,566,997**
Changes in net position:			
Net investment income (loss)	$ 14,243,164	$ 10,169,847	$ (543,523)
Benefits payments	(8,541,275)	(7,777,260)	(8,259,828)
Administrative fees	(595,925)	(535,567)	(570,810)
Net change in net position	**$ 5,105,964**	**$ 1,857,020**	**$ (9,374,161)**

During fiscal year 2014, net investment gain was $14.2 million. We believe this performance is consistent with the experience of similarly situated employee benefit funds.

Employer contributions were $0 in fiscal year 2014 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.

Benefits payments in fiscal year increased by $0.76 million to $8.5 million. This was due to an increase in funds distributed in the form of lump-sum payouts upon retirement in fiscal year 2014 as compared to fiscal year 2013.

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 2014, 2013, and 2012, 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, 2014 saw a net investment gain of $13.6 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 116 percent. This funding level results in an annual pension cost of $0 for fiscal year 2014. The board does not expect to make contributions to the trust in fiscal year 2015.

The Plan expects to make annual withdrawals of approximately $8,000,000 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 Susan Devon, Chief Administrative and Technology Officer, at P.O. Box 13007, Lansing, Michigan 48901-3007.

Statement of Plan Net Position

	June 30 2014	June 30 2013
Assets		
Investments at fair value:		
Cash and money market trust fund	$ 3,192,936	$ 3,209,522
U.S. government obligations	7,354,686	8,301,126
Corporate bonds and notes	11,844,906	12,168,664
Mutual funds	1,260,129	1,171,547
Common stocks	56,770,168	50,459,178
Total investments at fair value	80,422,825	75,310,037
Receivable - Investment interest receivable	120,156	113,980
Total assets	80,542,981	75,424,017
Liabilities - Accrued liabilities	13,000	-
Net Position Restricted for Pensions	**$ 80,529,981**	**$ 75,424,017**

See Notes to Financial Statements.

Statement of Changes in Plan Net Position

	Year Ended June 30 2014	Year Ended June 30 2013
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 12,570,312	$ 8,364,770
Interest and dividend income	1,672,852	1,805,077
Total investment income	14,243,164	10,169,847
Deductions		
Retiree benefits paid	8,541,275	7,777,260
Administrative expenses	595,925	535,567
Total deductions	9,137,200	8,312,827
Net Increase in Fiduciary Net Position	5,105,964	1,857,020
Fiduciary Net Position		
Beginning of year	75,424,017	73,566,997
End of year	**$ 80,529,981**	**$ 75,424,017**

See Notes to Financial Statements.

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 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 are paid by the BWL, the plan sponsor. The 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.

Change in Accounting - During the current year, the Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement required changes to the actuarial valuations resulting in a different measurement of the liability of the employer to plan members for benefits provided through the pension plan. As a result, the disclosures within the notes below have changed considerably along with the related schedules in the required supplementary information.

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.

Note 2 - Plan Description (Continued)

Plan Membership - At February 28, 2014 and 2013 (the most recent actuarial valuation for funding purposes), plan membership consisted of the following:

	2014	2013
Inactive plan members or beneficiaries currently receiving benefits	413	423
Inactive plan members entitled to but not yet receiving benefits	9	10
Active plan members	17	24
Total	**439**	**457**

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 that 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.

Note 2 - Plan Description (Continued)

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, 2013 and 2014. 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, 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.

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

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:

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

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	B+	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.

<u>Risks at June 30, 2013</u>

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.

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

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	$ 8,301,126	12.24 years
Corporate bonds	12,168,664	14.68 years
Money market trust fund	3,140,926	Less than 1 year

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	$ 8,301,126	Not Rated	Not Rated
Corporate bonds	1,666,525	AAA	S&P
Corporate bonds	4,286,565	AA+	S&P
Corporate bonds	106,957	AA	S&P
Corporate bonds	251,090	AA-	S&P
Corporate bonds	855,381	A+	S&P
Corporate bonds	891,603	A	S&P
Corporate bonds	1,359,381	A-	S&P
Corporate bonds	403,491	BBB+	S&P
Corporate bonds	938,874	BBB	S&P
Corporate bonds	566,706	BBB-	S&P
Corporate bonds	128,938	BB	S&P
Corporate bonds	113,726	BB+	S&P
Corporate bonds	31,800	BB-	S&P
Corporate bonds	58,013	B	S&P
Corporate bonds	24,975	B-	S&P
Corporate bonds	484,639	CCC	S&P
Money market trust fund	3,140,926	Not Rated	Not Rated

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

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:

	2014	2013
Investments at fair value as determined by quoted market price:		
U.S. government obligations	$ 90,724	$ (370,817)
Corporate bonds and notes	195,217	119,447
Mutual funds	200,285	671,569
Common stocks and mutual funds	12,031,656	7,926,166
Alternative investments	52,430	18,405
Total	$ 12,570,312	$ 8,364,770

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, 2014 and 2013, 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. The Plan has since been amended. Management believes the 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, 2014 and 2013:

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, 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, 2014 and 2013 were as follows (in thousands):

	2013	2014
Total pension liability	$ 69,341	$ 67,280
Plan fiduciary net position	80,530	75,424
Plan's net pension asset	$ (11,189)	$ (8,144)
Plan fiduciary net position, as a percentage of the total pension liability	116.13%	112.10%

Actuarial Assumptions - 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 total pension liability as of June 30, 2013 (beginning balance) was also determined as a part of this valuation. The valuation used the following actuarial assumptions, applied to all periods included in the measurement:

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 only covers 17 active participants, assumptions like termination, retirement, and disability have an immaterial impact on the results and have not been changed. The mortality table was updated to 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.

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

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.

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, 2014 and 2013 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%
Real estate	5.00%

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

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset of the BWL, 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 liability (asset) of the BWL (in thousands)	$ (5,315)	$ (11,189)	$ (16,603)

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)

	2014	2013	2012*	2011*	2010*	2009*	2008*	2007*	2006*	2005*
Total Pension Liability										
Service cost	$ 349	$ 407	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	4,751	5,085	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	964	(1,716)	-	-	-	-	-	-	-	-
Changes in assumptions **	4,538	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(8,541)	(7,777)	-	-	-	-	-	-	-	-
Net Change in Total Pension Liability	2,061	(4,001)	-	-	-	-	-	-	-	-
Total Pension Liability - Beginning of year	67,280	71,281	-	-	-	-	-	-	-	-
Total Pension Liability - End of year	69,341	67,280	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position										
Contributions - Employer	-	-	-	-	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	14,243	10,170	-	-	-	-	-	-	-	-
Administrative expenses	(596)	(536)	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(8,541)	(7,777)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Plan Fiduciary Net Position	5,106	1,857	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - Beginning of year	75,424	73,567	-	-	-	-	-	-	-	-
Plan Fiduciary Net Position - End of year	80,530	75,424	-	-	-	-	-	-	-	-
BWL Net Pension Asset - Ending	$ (11,189)	$ (8,144)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Plan Fiduciary Net Position as a % of Total Pension Liability	116.14%	112.10%	- %	- %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	1,225	1,684	-	-	-	-	-	-	-	-
BWL's Net Pension Asset as a % of Covered Employee Payroll	(913%)	(484%)	- %	- %	- %	- %	- %	- %	- %	- %

*GASB Statement No. 67 was implemented as of June 30, 2014. Information from 2005 - 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

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)

	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Actuarially determined contribution	$ -	$ -	$ -	$ 86	$ 2,109	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	86	2,109	-	-	-	-	-
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	1,225	1,684	2,101	2,398	2,660	3,089	3,162	3,391	3,942	4,142
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	February 28, 2014

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Projected unit credit
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

	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*	2006*	2005*
Annual money-weighted rate of return, net of investment expense	19.18%	- %	- %	- %	- %	- %	- %	- %	- %	- %

*GASB Statement No. 67 was implemented as of June 30, 2014. Information from 2005 - 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

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

Actuarial Valuation Report
as of February 28, 2014
for July 1, 2014 – June 30, 2015
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	**07/01/2014**	**07/01/2013**	**07/01/2012**
Valuation Date	02/28/2014	02/28/2013	02/29/2012
Funded Position			
Accrued Liability	$ 70,042,457	$ 68,477,909	$ 72,301,565
Actuarial Value of Assets	80,181,680	76,394,859	79,141,709
Unfunded Accrued Liability	$(10,139,223)	$ (7,916,950)	$ (6,840,144)
Funded Ratio	114.5%	111.6%	109.5%
Normal Cost	$ 260,109	$ 333,022	$ 397,079
Market Value of Assets	$ 80,181,680	$ 76,394,859	$ 79,141,709
Employer Contributions			
Total Payroll	$ 1,224,727	$ 1,683,696	$ 2,101,442
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	**07/01/2014**	**07/01/2013**	**07/01/2012**
Valuation Date	02/28/2014	02/28/2013	02/29/2012
Participants			
Number of participants:			
Active	17	24	30
Inactive with deferred benefits	9	10	10
Inactive receiving benefits	413	423	449
Total in valuation	439	457	489
Active participant averages:			
Age	57.3	57.7	57.6
Service	29.8	29.0	29.3
Compensation	$ 72,043	$ 70,154	$ 70,048

Changes Since the Last Valuation

There have been no changes to the plan provisions since the last valuation. The mortality assumption was changed from the RP2000CH table projected to 2018 with Scale AA to the RP-2014 table projected generationally with scale MP-2014.

Actuary's Opinion

This report provides information regarding the actuarial valuation prepared for Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions.

The actuarial valuation was prepared as of February 28, 2014 using information which has been reconciled and reviewed for reasonableness. The employee census information was provided by the plan administrator, and the asset information was provided by the trustee.

Our review was not performed at the source, and we therefore do not accept responsibility for the accuracy or completeness of the data on which the information is based.

Actuarial values have been prepared in accordance with generally accepted actuarial principles and practice and to the best of our knowledge these values fairly reflect our best estimate of anticipated experience under the plan provisions which are summarized in Section 3.3 of this report.

Information has been prepared in accordance with applicable governmental standards of financial reporting for defined benefit pension plans.

Nyhart

Heath W Merlak   Kimberly Lovingood

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

June 19, 2014
Date

Section 1 - Assets

1.1 Reconciliation of Plan Assets

	02/29/13 to 02/28/14	02/28/12 to 02/29/13
Income:		
(1) Employer contributions	$ 0	$ 0
(2) Investment earnings (realized and unrealized)	13,336,434	6,036,588
(3) Total Income	$ 13,336,434	$ 6,036,588
Disbursements:		
(4) Benefit payments	$ 8,998,154	$ 8,254,018
(5) Section 420 transfer	0	0
(6) Administrative expenses	551,459	529,420
(7) Total disbursements	$ 9,549,613	$ 8,783,438
Net Assets:		
(8) Net income (3) – (7)	$ 3,786,821	$ (2,746,850)
(9) Net assets at beginning of year	76,394,859	79,141,709
(10) Net assets at end of year (8) + (9)	$ 80,181,680	$ 76,394,859

Section 1 – Assets (Continued)

1.2 Summary of Assets

	02/28/14	02/28/13
(1) General investments:		
Interest-bearing cash	$ 3,117,632	$ 1,243,761
Fixed income	19,492,706	21,670,057
Common corporate stocks	57,459,039	53,362,470
Other	0	0
Total	$ 80,069,377	$ 76,276,288
(2) Receivables:		
Employer contributions	$ 0	$ 0
Other	112,303	118,571
Total	$ 112,303	$ 118,571
(3) Net assets	$ 80,181,680	$ 76,394,859

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	**02/28/14**	**02/29/13**	**02/28/12**
Based on average market value	17.8%	7.3%	1.8%

Section 2 – Results of the Valuation

2.1 Annual Required Contribution

(1)	Accrued liability:			
	(a)	Active	$	5,683,277
	(b)	Deferred benefits		669,368
	(c)	Receiving benefits		63,689,812
	(d)	Total, (a)+(b)+(c)	$	70,042,457
(2)	Actuarial value of assets		$	80,181,680
(3)	Unfunded accrued liability		$	(10,139,223)
(4)	15-year level dollar amortization of (3)		$	(1,068,507)
(5)	Normal Cost		$	260,109
(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

2.2 Annual Pension Cost for the 07/01/2014–06/30/2015 Fiscal Year

(1)	Net pension obligation	$	0
(2)	Interest to end of year	$	0.075
(3)	Interest on net pension obligation	$	0
(4)	Annual Required Contribution	$	0
(5)	Adjustment Factor		8.8271
(6)	ARC Adjustment (1/5)	$	0
(7)	Annual pension cost, (3) + (4) – (6)	$	0

Section 2 – Results of the Valuation (Continued)

2.3 Development of Actuarial Gain/(Loss)

(1)	Expected accrued liability:		
	(a) Actuarial accrued liability at February 29, 2013	$	68,477,909
	(b) Normal cost at February 29, 2013		333,022
	(c) Benefit payments for year ending February 28, 2014		8,998,154
	(d) Interest on (a) + (b) – (c)		4,823,389
	(e) Change in actuarial assumptions		4,409,761
	(f) Expected actuarial accrued liability at February 28, 2013, (a)+(b)-(c)+(d)+(e)	$	69,045,927
(2)	Actuarial accrued liability at February 28, 2014		70,042,457
(3)	Liability gain/(loss), (1)(f) – (2)	$	(996,530)
(4)	Expected actuarial asset value:		
	(a) Actuarial asset value at February 29, 2013	$	76,394,859
	(b) Contributions made for year ending February 28, 2014		0
	(c) Benefit payments including administrative expenses for year ending February 28, 2014		8,998,154
	(d) Section 420 transfer (postemployment health) for year ending February 28, 2014		0
	(e) Interest on (a) + (b) – (c) – (d)		5,392,184
	(f) Expected actuarial asset value at February 29, 2012, (a)+(b)-(c)-(d)+(e)	$	72,788,889
(5)	Actuarial asset value as of February 28, 2014	$	80,181,680
(6)	Actuarial asset gain/(loss), (5) - (4)(f)		7,392,791
(7)	Actuarial gain/(loss), (3) + (6)	$	6,396,261

Section 2 – Results of the Valuation (Continued)

2.4 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	$ 80,181,680
(b) Actuarial value of assets	80,181,680
(c) Lesser of (a) or (b)	$ 80,181,680
(2) Liabilities	
(a) Actuarial accrued liability	$ 70,042,457
(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 02/28/13	24	10	423	457
Retired/Disabled	(3)	(2)	5	0
Deaths	0	0	(22)	(22)
New survivors	0	0	7	7
Vested terminations	(1)	1	0	0
Nonvested terminations	0	0	0	0
Add alternate payees	0	0	0	0
Benefits paid in full	(3)	0	0	(3)
New participants during the plan year	0	0	0	0
Adjustment to data	0	0	0	0
Participants as of 02/28/14	17	9	413	439

Section 3 – Basis for the Valuation (Continued)

3.2 Information about Participants

Active Participants

Number accruing benefits		17
Average age for valuation		57.3
Average years of employment		29.8
Average expected pay	$	72,043

Terminated Vested

Number of former participants with deferred benefits		9
Average age		55.3
Total deferred monthly benefits	$	7,569
Average deferred monthly benefit	$	841

Retired Participants

Number of retired pensioners		239
Average age		75.6
Total monthly benefits	$	424,773
Average monthly benefit	$	1,777

Disabled Participants

Number of disabled participants		36
Average age		67.5
Total monthly benefits	$	41,120
Average monthly benefit	$	1,142

Beneficiaries

Number of beneficiaries		138
Average age		79.8
Total monthly benefits	$	132,871
Average monthly benefit	$	963

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.

Section 3 – Basis for the Valuation (Continued)

3.3 Summary of Plan Provisions (Continued)

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.

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.

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 projected generationally with scale MP-2014.

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

Cost-of-living increases: None

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

Section 3 – Basis for the Valuation (Continued)

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).

Appendix A

Financial Reporting for Statement No. 25/27, As Amended by Statement No. 50

Governmental Accounting Standards Board

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

Required Pension Disclosure Under GASB #27

Assumptions and Methods

Under the Governmental Accounting Standards Board (GASB) Statements No. 25 and No. 27 as amended by Statement No. 50, certain information about the plan is required to be disclosed. The information presented in the required supplementary schedules was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation is as follows:

Valuation Date	February 28, 2014
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level Dollar
Amortization Period	15 Years
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	7.50%
Pay Increases	Age-graded table
Mortality	RP 2014 mortality table projected generationally with scale MP-2014

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

Required Pension Disclosure Under GASB #27

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Accrued Liability	Unfunded Accrued Liability	Funded Ratio	Covered Payroll	Unfunded Liability as % of Payroll
02/28/02	$143,158,135	$ 91,726,148	$(51,431,987)	156%	$ 5,624,239	0%
02/28/03	$137,122,773	$ 91,014,944	$(46,107,829)	151%	$ 5,267,548	0%
02/29/04	$136,898,229	$ 89,612,401	$(47,285,828)	153%	$ 4,787,530	0%
02/28/05	$128,891,156	$ 86,559,772	$(42,331,384)	149%	$ 4,142,157	0%
02/28/06	$125,629,798	$ 86,905,721	$(38,724,077)	145%	$ 3,942,060	0%
02/28/07	$126,212,291	$ 83,382,286	$(42,830,005)	151%	$ 3,390,502	0%
02/29/08	$113,969,626	$ 82,423,076	$(31,546,550)	138%	$ 3,161,594	0%
02/28/09	$ 64,844,329	$ 79,558,043	$ 14,713,714	82%	$ 3,089,358	476%
02/28/10	$ 78,243,749	$ 75,576,455	$ (2,667,294)	104%	$ 2,659,851	0%
02/28/11	$ 85,586,940	$ 74,291,839	$(11,295,101)	115%	$ 2,397,921	0%
02/29/12	$ 79,141,709	$ 72,301,565	$ (6,840,144)	109%	$ 2,101,442	0%
02/28/13	$ 76,394,859	$ 68,477,909	$ (7,916,950)	112%	$ 1,683,696	0%
02/28/14	$ 80,181,680	$ 70,042,457	$ (10,139,223)	114%	$ 1,224,727	0%

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

Required Pension Disclosure Under GASB #27

Schedule of Contributions from the Employer

Fiscal Year Ending June 30	Annual Required Contribution	Employer Funding Contributions	Percentage Contributed	Net Pension Obligation
2002	$ 0	$ 0	N/A	$ 0
2003	$ 0	$ 0	N/A	$ 0
2004	$ 0	$ 0	N/A	$ 0
2005	$ 0	$ 0	N/A	$ 0
2006	$ 0	$ 0	N/A	$ 0
2007	$ 0	$ 0	N/A	$ 0
2008	$ 0	$ 0	N/A	$ 0
2009	$ 0	$ 0	N/A	$ 0
2010	$ 2,109,167	$ 2,109,167	100%	$ 0
2011	$ 85,652	$ 85,652	100%	$ 0
2012	$ 0	$ 0	N/A	$ 0
2013	$ 0	$ 0	N/A	$ 0
2014	$ 0	$ 0	N/A	$ 0

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

Required Pension Disclosure Under GASB #27

Schedule of Contributions and Development of Net Pension Obligation

Fiscal Year Ending June 30	Annual Required Contrib. (ARC)	Interest on NPO	ARC Adjust.	Amort. Factor	Annual Pension Cost	Annual Employer Contribs.	Change In NPO	NPO Balance
2002	0	0	0	8.83	0	0	0	0
2003	0	0	0	8.83	0	0	0	0
2004	0	0	0	8.83	0	0	0	0
2005	0	0	0	8.83	0	0	0	0
2006	0	0	0	8.83	0	0	0	0
2007	0	0	0	8.83	0	0	0	0
2008	0	0	0	8.83	0	0	0	0
2009	0	0	0	8.83	0	0	0	0
2010	2,109,167	0	0	8.83	2,109,167	2,109,167	0	0
2011	85,562	0	0	8.83	85,562	85,562	0	0
2012	0	0	0	8.83	0	0	0	0
2013	0	0	0	8.83	0	0	0	0
2014	0	0	0	8.83	0	0	0	0

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

June 30, 2014

GASB No. 67 Report

This report is prepared in accordance with our understanding of GASB No. 67 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 and plan provisions noted in this report. In our opinion, the assumptions used are individually reasonable, and, in combination, represent a reasonable expectation of future experience under the plan. All calculations have been made in accordance with generally accepted actuarial principles and practice. The undersigned are compliant with the continuing education requirements of the Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States.

Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as plan experience differing from that anticipated by assumptions, changes in assumptions, changes in plan provisions or applicable law. Due to the limited scope of our assignment, we did not perform an analysis of the potential range of future measurements.

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, ASA, EA

07/18/2014

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Summary

Net Pension Liability

The components of the net pension liability at June 30		2014
Total pension liability	$	69,341,279
Plan fiduciary net position		(80,529,981)
Net pension liability	$	(11,188,702)
Plan fiduciary net position as a percent of the total pension liability		116.14%

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions

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

Plan Membership

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

Statement of Fiduciary Net Position

Assets	**June 30, 2014**	**June 30, 2013**
Cash and deposits	$ 3,192,936	$ 3,209,522
Securities lending cash collateral	0	0
Total cash	$ 3,192,936	$ 3,209,522
Receivables:		
Contributions	$ 0	0
Due from broker for investments sold	0	0
Investment income	120,156	113,980
Other	0	0
Total receivables	$ 120,156	$ 113,980
Investments:		
Domestic fixed income securities	$ 19,199,592	$ 20,469,790
Domestic equities	58,030,297	51,630,725
International equities	0	0
Real Estate	0	0
Total investments	$ 77,229,889	$ 72,100,515
Total assets	$ 80,542,981	$ 75,424,017
Liabilities		
Payables:		
Investment management fees	$ 0	$ 0
Due to broker for investments purchased	0	0
Collateral payable for securities lending	0	0
Other	13,000	0
Total liabilities	$ 13,000	$ 0
Net position restricted for pensions	**$ 80,529,981**	**$ 75,424,017**

Statement of Changes in Fiduciary Net Position

	June 30, 2014	June 30, 2013
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	$ 12,701,490	$ 8,364,770
Interest and dividends	1,541,674	1,805,077
Less investment expense, other than from securities lending	0	0
Net income other than from securities lending	$ 14,243,164	$ 10,169,847
Securities lending income	0	0
Less securities lending expense	0	0
Net income from securities lending	$ 0	$ 0
Net investment income	$ 14,243,164	$ 10,169,847
Other	0	0
Total additions	$ 14,243,164	$ 10,169,847
Deductions		
Benefit payments, including refunds of member contributions	$ 8,541,275	$ 7,777,260
Administrative expense	595,925	535,567
Other	0	0
Total deductions	$ 9,137,200	$ 8,312,827
Net increase in net position	$ 5,105,964	$ 1,857,020
Net position restricted for pensions		
Beginning of year	75,424,017	73,566,997
End of year	$ 80,529,981	$ 75,424,017

The money weighted rate of return was 20.13% assuming mid-year timing for inflows/outflows.
Note GASB requires at least monthly timing for the money-weighted rate of return.

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Schedule of Changes in Net Pension Liability and Related Ratios

	2014
Total pension liability	
Service cost	$ 348,952
Interest	4,751,843
Changes of benefit terms	0
Differences between expected and actual experience	964,016
Changes of assumptions	4,538,152
Benefit payments, including refunds of member contributions	(8,541,275)
Net change in total pension liability	2,061,688
Total pension liability - beginning	67,279,591
Total pension liability - ending (a)	**$ 69,341,279**
Plan fiduciary net position	
Contributions - employer	$ 0
Contributions - member	0
Contributions - nonemployer contributing member	0
Net investment income	14,243,164
Benefit payments, including refunds of member contributions	(8,541,275)
Administrative expenses	(595,925)
Other	0
Net change in plan fiduciary net position	$ 5,105,964
Plan fiduciary net position - beginning	75,424,017
Plan fiduciary net position - ending (b)	**$ 80,529,981**
Net pension liability - ending (a) - (b)	**$ (11,188,702)**
Plan fiduciary net position as a percentage of the total pension liability	116.14%
Covered-employee payroll	$ 1,224,727
Net pension liability as percentage of covered-employee payroll	-913.57%

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Rate of Return

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 for each major asset class included in the pension plan's target asset allocation as of June 30, 2014 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Fixed Income	30.8%	*2.0%*
Domestic equity	55.0%	*6.4%*
International equity	14.2%	*6.8%*
Real Estate	0.0%	*5.0%*
Cash	0.0%	*0.0%*
Total	100.0%	

Long-term expected rate of return is 7.50%.

Discount Rate and Net Pension Liability Sensitivity

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	$ (5,315,496)	$ (11,188,702)	$ (16,603,293)

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Significant Actuarial Assumptions for Total Pension Liability

The total pension liability as of June 30, 2014 was determined using the following actuarial assumptions:

Inflation	3.00%
Pay increases	6.44% - 10.26%, including merit, seniority, and inflation
Discount rate	7.50%, net of pension plan investment expense, including inflation
Measurement date	June 30, 2014, based on a valuation date of February 28, 2014 rolled forward on an actuarial basis.
Ad-hoc cost-of-living increases	not applicable
Mortality	RP-2014 Mortality Table projected generationally with scale MP-2014

Retirement

Age	Rate	Age	Rate	Age	Rate
50	4%	57	10%	64	20%
51	4%	58	1%	65	25%
52	8%	59	14%	66	25%
53	4%	60	10%	67	33%
54	10%	61	14%	68	33%
55	5%	62	25%	69	50%
56	8%	63	25%	70	100%

Experience study — *The most recent experience review was completed in 2014. Since the plan only covers 17 active participants, assumptions like termination, retirement, and disability have an immaterial impact on the results and have not been changed. The mortality table was updated to the RP-2014 mortality table projected generationally with scale MP-2014.*

Schedule of Contributions - Last 10 Fiscal Years

	2014	2013	2012	2011	2010
Actuarially determined contribution	$ 0	$ 0	$ 0	$ 85,652	$ 2,109,167
Contributions in relation to the actuarially determined contribution	0	0	0	85,652	2,109,167
Contribution deficiency (excess)	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Covered-employee payroll	$ 1,224,727	$ 1,683,696	$ 2,101,442	$ 2,397,921	$ 2,659,851
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	3.57%	79.30%

	2009	2008	2007	2006	2005
Actuarially determined contribution	$ 0	$ 0	$ 0	$ 0	$ 0
Contributions in relation to the actuarially determined contribution	0	0	0	0	0
Contribution deficiency (excess)	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Covered-employee payroll	$ 3,089,358	$ 3,161,594	$ 3,390,502	$ 3,942,060	$ 4,142,157
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

The actuarially determined contribuiton is calculated as of February 28 prior to the fiscal year. Methods and assumptions used to determine the contribution include:

Actuarial cost method	Projected Unit Credit
Amortization method	15-year level dollar amortization method (open)
Asset method	Market value
Discount rate	7.50%, net of pension plan investment expense, including inflation
Inflation	3.00%
Pay increases	6.44% - 10.26%, including merit, seniority, and inflation
Mortality	RP-2014 Mortality Table projected generationally with scale MP-2014
Ad-hoc cost-of-living increases	not applicable
Experience study	*The most recent experience review was completed in 2014. Since the plan only covers 17 active participants, assumptions like termination, retirement, and disability have an immaterial impact on the results and have not been changed. The mortality table was updated to the RP-2014 mortality table projected generationally with scale MP-2014.*

DB Performance Summary
FY 2014 Fourth Quarter Ended June 30, 2014

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 6/30/2014)*	*Since Investment Strategy Inception (12/31/2009)*
Beginning Market Value	78,805	66,078
Net Contribution	-1,920	-45,112
Investment Earnings	3,375	59,294
Ending Market Value	80,261	80,261

DB Performance Summary
FY 2014 Fourth Quarter Ended June 30, 2014

	Asset Allocation	*Market Value ($)*	*Current Quarter*	*Last 12 Months*	*Since Inception**
Total Fund	***100%***	***$80,260,867***	***4.3***	***19.5***	***15.8***
Policy Index			**3.9**	**18.5**	**16.2**
Fixed Income					
JP Morgan – Core	***13.7%***	***10,968,316***	**2.2**	**4.6**	**5.5**
MetWest – CorePlus	***12.4%***	***9,944,400***	**1.9**	**4.8**	**8.5**
Barclays Aggregate – JP Morgan			**2.0**	**4.4**	**5.0**
Barclays Aggregate Met West – MetWest					**5.0**
Large Growth Equity					
Loomis	***11.9%***	***9,581,398***	**4.5**	**27.8**	**22.0**
Edgewood	***12.0%***	***9,597,357***	**8.8**	**33.3**	**20.8**
Russell 1000 Growth - Edgewood			**5.1**	**26.9**	**21.1**
Russell 1000 Growth - Loomis					**24.3**
Large Value Equity					
Eaton Vance	***7.6%***	***6,135,526***	**6.1**	**24.3**	**17.0**
Herndon (Atl. Life)	***7.5%***	***6,054,699***	**3.3**	**23.3**	**17.7**
Jennison	***7.6%***	***6,110,867***	**6.3**	**25.0**	**19.1**
Russell 1000 Value			**5.1**	**23.8**	**19.7**
Russell 1000 Value – Herndon Only					**16.8**
Small to Mid Value Equity					
Advisory	***3.7%***	***2,944,215***	**5.2**	**29.2**	**20.0**
Russell 2500 Value			**4.2**	**24.9**	**21.2**
Small Growth Equity					
Insight	***3.4%***	***2,716,180***	**0.6**	**21.9**	**17.7**
Russell 2000 Growth			**1.7**	**24.7**	**22.9**
Small to Mid Growth Equity					
O'Shaughnessy	***3.6%***	***2,928,165***	**2.3**	**26.0**	**22.5**
Russell 2500 Growth			**2.9**	**26.3**	**24.3**
International Equity					
JP Morgan	***5.0%***	***4,052,737***	**3.9**	**21.1**	**14.6**
MFS	***5.1%***	***4,109,821***	**3.2**	**19.0**	**15.1**
Wentworth	***5.3%***	***4,277,209***	**8.4**	**29.3**	**17.6**
MSCI EAFE			**4.3**	**24.1**	**15.1**
MSCI EAFE – JP Morgan – International Only					**16.6**
MSCI EAFE Growth			**3.7**	**20.8**	**14.8**
MSCI EAFE Value – JP Morgan			**5.0**	**27.5**	**17.0**
Cash	1.0%	839,977			

DB Performance Summary
FY 2014 Fourth Quarter Ended June 30, 2014

** Based on each individual portfolio start date*

DB Performance Summary
FY 2014 Fourth Quarter Ended June 30, 2014

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)*
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DB Performance Summary
FY 2014 Fourth Quarter Ended June 30, 2014

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Total Fund	*100%*	*$80,260,867*	*4.3*	*19.5*	*15.8*
Policy Index			**3.9**	**18.5**	**16.2**
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JP Morgan – Core	*13.7%*	*10,968,316*	**2.2**	**4.6**	**5.5**
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Cash	1.0%	839,977			

** Based on each individual portfolio start date*

DB Performance Summary

FY 2014 Fourth Quarter Ended June 30, 2014

LANSING BOARD OF WATER & LIGHT - DEFINED BENEFIT COMPOSITE

00603

June 30, 2014

AIM - Asset Information and Measurement Service

TABLE OF CONTENTS

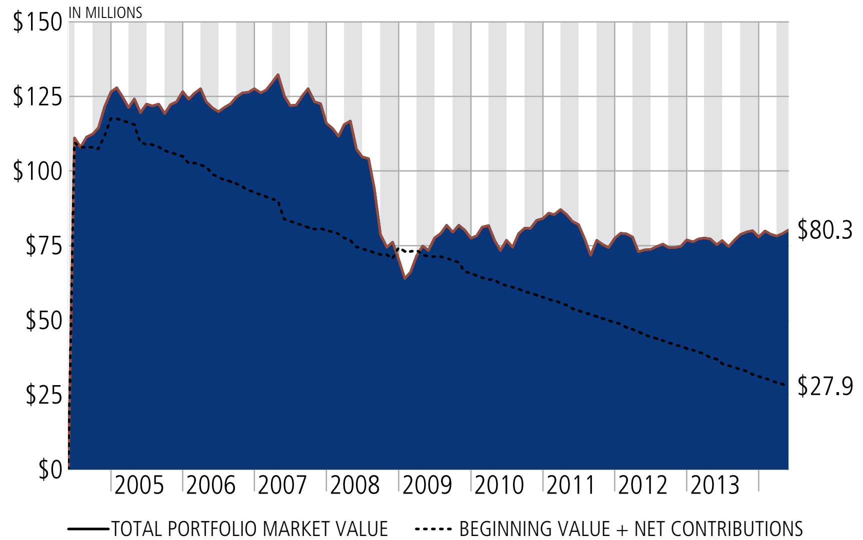
MANAGERS PERFORMANCE ANALYSIS REPORT 6/30/2004 TO 6/30/2014

MANAGERS INCLUDED IN THE ANALYSIS

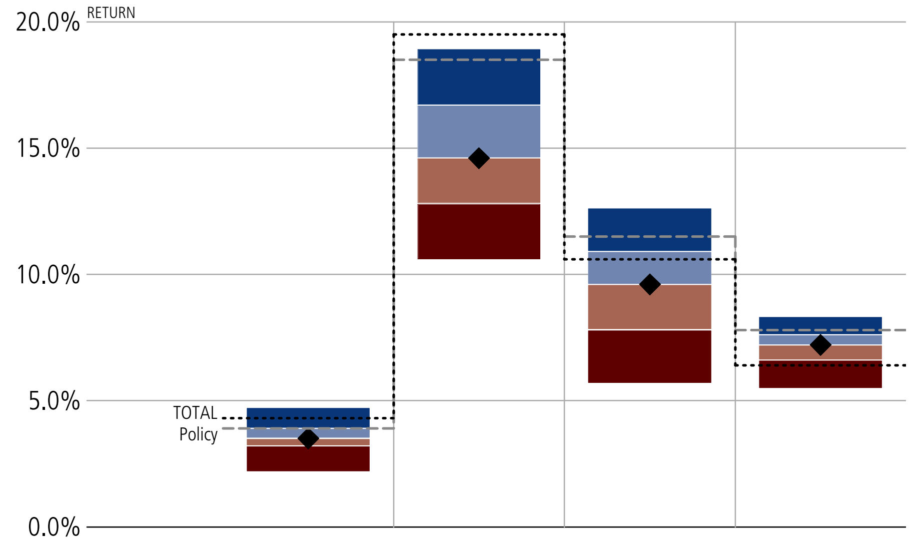
MANAGERS	PORTFOLIO NUMBER	START DATE	PORTFOLIO TITLE	SAMPLE
COMPOSITE	00603	6/2004	LANSING BOARD OF WATER & LIGHT - DEFINED BENEFIT COMPOSITE	DOMESTIC BALANCED
ADVISORY RESEARCH	01543	5/2009	LANSING BOARD OF WATER & LIGHT - DB - ADVISORY RESEARCH	DOMESTIC SMALL CAP
CASH	64405823	1/2009	LANSING BOARD OF WATER & LIGHT - CASH	NO SAMPLE
EATON VANCE LARGE CAP VALUE	64405813	1/2009	LANSING BOARD OF WATER & LIGHT - EATON VANCE	DOMESTIC LARGE CAP
EDGEWOOD MGMG. CO.	64405802	1/2009	LANSING BOARD OF WATER & LIGHT - EDGEWOOD	DOMESTIC LARGE CAP
HERNDON CAPITAL MANAGEMENT	01511	8/2009	LANSING BOARD OF WATER & LIGHT DB - HERNDON CAPITAL	DOMESTIC LARGE CAP
INSIGHT SC GROWTH	64405819	1/2009	LANSING BOARD OF WATER & LIGHT - INSIGHT	DOMESTIC SMALL CAP
JENNISON ASSOCIATES CAPITAL	64405814	1/2009	LANSING BOARD OF WATER & LIGHT - JENNISON	DOMESTIC LARGE CAP
JP MORGAN	64408B17	1/2009	LANSING BOARD OF WATER & LIGHT - JP MORGAN	DOMESTIC FIXED INCO
JP MORGAN INT'L VALUE	01304	3/2009	LANSING BOARD OF WATER & LIGHT - JP MORGAN INTERNATIONAL	INTERNATIONAL COMMO
LOOMIS SAYLES	01704	1/2013	LANSING BOARD OF WATER & LIGHT - LOOMIS	DOMESTIC LARGE CAP
METWEST	64408B18	3/2009	LANSING BOARD OF WATER & LIGHT - METWEST	DOMESTIC LONG TERM
MFS INVESTMENT MANAGEMENT	64405817	1/2009	LANSING BOARD OF WATER & LIGHT - MFS	INTERNATIONAL COMMO
O'SHAUGHNESSY	64405821	1/2009	LANSING BOARD OF WATER & LIGHT - O'SHAUGHNESSY	DOMESTIC SMALL CAP
WENTWORTH INTERNATIONAL GROWTH	64405816	1/2009	LANSING BOARD OF WATER & LIGHT - WENTWORTH	INTERNATIONAL COMMO

TOTAL PORTFOLIO PERFORMANCE SUMMARY PERIOD ENDING 6/30/2014

INVESTMENT EARNINGS AND CASH FLOWS



DISTRIBUTION OF RETURNS: DOMESTIC BALANCED-TOTAL



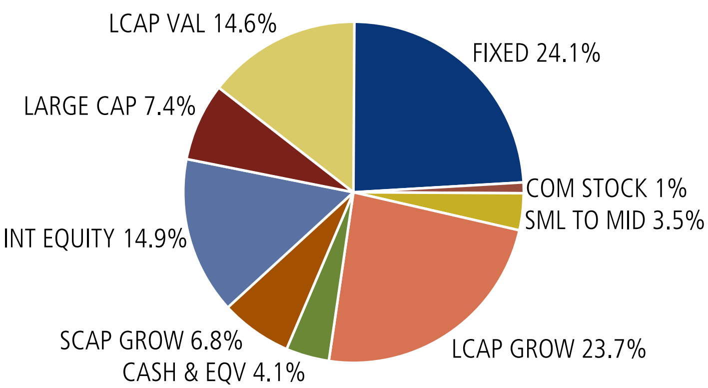
IN THOUSANDS

SOURCES OF FUNDS ($)	QUARTER	YEAR TO DATE	CUMULATIVE (6/04-6/14)
BEGINNING MARKET VALUE	78,805	80,054	0
NET CONTRIBUTIONS	-1,920	-3,831	27,941
INVESTMENT EARNINGS	3,375	4,038	52,319
ENDING MARKET VALUE	**80,261**	**80,261**	**80,261**

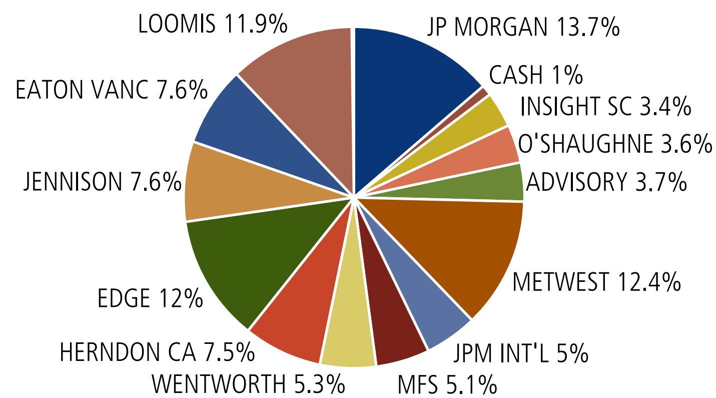
	3/31/14 TO 6/30/14 Return	Rank	6/30/13 TO 6/30/14 Return	Rank	6/30/11 TO 6/30/14 Return	Rank	6/30/04 TO 6/30/14 Return	Rank
TOTAL	**4.3**	**16**	**19.5**	**3**	**10.6**	**30**	**6.4**	**84**
Policy	3.9	23	18.5	8	11.5	13	7.8	17
Active Mg	0.4	35	1.0	53	-0.9	76	-1.4	99
RUSS 1000	5.1	1	25.4	1	16.6	1	8.2	9
5 PERCENT	4.7		18.9		12.6		8.3	
25 PERCENT	3.9		16.7		10.9		7.6	
◆ MEDIAN	3.5		14.6		9.6		7.2	
75 PERCENT	3.2		12.8		7.8		6.6	
95 PERCENT	2.2		10.6		5.7		5.5	

ASSET AND MANAGER ALLOCATIONS

ASSET ALLOCATION: QUARTER ENDING JUN 30, 2014



MANAGER ALLOCATION: QUARTER ENDING JUN 30, 2014



ASSET CLASS	ALLOCATION	MARKET VALUE
FIXED INCOME	24.1%	19,319,913
LARGE CAP-GROWTH	23.7%	18,990,978
INTL EQUITY	14.9%	11,964,991
LARGE CAP-VALUE	14.6%	11,731,095
LARGE CAPITALIZATION	7.4%	5,946,072
SMALL CAP-GROWTH	6.8%	5,448,076
CASH & CASH EQUIVALENTS	4.1%	3,264,935
SMALL TO MID CAP	3.5%	2,792,474
COMMON STOCK	1.0%	802,333
TOTAL PORTFOLIO		**$80,260,867**

MANAGER	ALLOCATION	MARKET VALUE
JP MORGAN	13.7%	10,968,316
METWEST	12.4%	9,944,400
EDGEWOOD MGMG. CO.	12.0%	9,597,357
LOOMIS SAYLES	11.9%	9,581,398
EATON VANCE LARGE CAP VALUE	7.6%	6,135,526
JENNISON ASSOCIATES CAPITAL	7.6%	6,110,867
HERNDON CAPITAL MANAGEMENT	7.5%	6,054,699
WENTWORTH INTERNATIONAL GROWTH	5.3%	4,277,209
MFS INVESTMENT MANAGEMENT	5.1%	4,109,821
JP MORGAN INT'L VALUE	5.0%	4,052,737
ADVISORY RESEARCH	3.7%	2,944,215
O'SHAUGHNESSY	3.6%	2,928,165

POLICY ASSET ALLOCATION

LARGE CAP	MCAP GROW	SCAP VAL	SCAP GROW	INT EQUITY	BONDS
45.0%	3.0%	4.0%	3.0%	14.0%	31.0%

ASSET AND MANAGER ALLOCATIONS

MANAGER ALLOCATION: QUARTER ENDING JUN 30, 2014

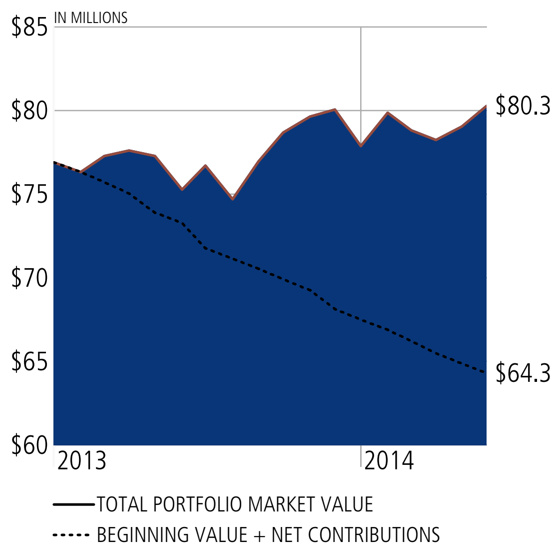
MANAGER	ALLOCATION	MARKET VALUE
INSIGHT SC GROWTH	3.4%	2,716,180
CASH	1.0%	839,977
TOTAL PORTFOLIO		**$80,260,867**

POLICY ASSET ALLOCATION

LARGE CAP	MCAP GROW	SCAP VAL	SCAP GROW	INT EQUITY	BONDS
45.0%	3.0%	4.0%	3.0%	14.0%	31.0%

INVESTMENT EARNINGS AND CASH FLOWS

CUMULATIVE PERFORMANCE



ASSET CATEGORY	LAST QUARTER		LAST YEAR		CUMULATIVE 1/31/13- 6/30/14	
TOTAL PORTFOLIO						
BEGINNING MKT VALUE	**78.8**		**75.3**		**76.9**	
NET FLOW	-1.9		-9.0		-12.6	
INVESTMENT EARNINGS	3.4	100%	14.0	100%	16.0	100%
ENDING MKT VALUE	**80.3**		**80.3**		**80.3**	
ADVISORY RESEARCH						
BEGINNING MKT VALUE	**2.8**		**2.5**		**2.6**	
NET FLOW	0.0		-0.3		-0.5	
INVESTMENT EARNINGS	0.1	4%	0.7	5%	0.8	5%
ENDING MKT VALUE	**2.9**		**2.9**		**2.9**	
CASH						
BEGINNING MKT VALUE	**0.8**		**0.8**		**0.8**	
NET FLOW	0.0		0.0		0.0	
INVESTMENT EARNINGS	0.0	0%	0.0	0%	0.0	0%
ENDING MKT VALUE	**0.8**		**0.8**		**0.8**	
EATON VANCE LARGE CAP VALUE						
BEGINNING MKT VALUE	**5.9**		**5.7**		**5.8**	
NET FLOW	-0.1		-0.8		-1.4	
INVESTMENT EARNINGS	0.4	10%	1.3	9%	1.7	11%
ENDING MKT VALUE	**6.1**		**6.1**		**6.1**	
EDGEWOOD MGMG. CO.						
BEGINNING MKT VALUE	**8.9**		**8.4**		**9.1**	
NET FLOW	-0.1		-1.5		-2.7	
INVESTMENT EARNINGS	0.8	23%	2.6	19%	3.2	20%
ENDING MKT VALUE	**9.6**		**9.6**		**9.6**	

INVESTMENT EARNINGS AND CASH FLOWS

ASSET CATEGORY	LAST QUARTER		LAST YEAR		CUMULATIVE 1/31/13- 6/30/14	
HERNDON CAPITAL MANAGEMENT						
BEGINNING MKT VALUE	**6.3**		**5.6**		**5.7**	
NET FLOW	-0.5		-0.8		-1.2	
INVESTMENT EARNINGS	0.2	6%	1.3	9%	1.5	9%
ENDING MKT VALUE	**6.1**		**6.1**		**6.1**	
INSIGHT SC GROWTH						
BEGINNING MKT VALUE	**2.7**		**2.7**		**2.6**	
NET FLOW	0.0		-0.5		-0.6	
INVESTMENT EARNINGS	0.0	0%	0.6	4%	0.7	5%
ENDING MKT VALUE	**2.7**		**2.7**		**2.7**	
JENNISON ASSOCIATES CAPITAL						
BEGINNING MKT VALUE	**5.9**		**5.7**		**5.8**	
NET FLOW	-0.1		-0.9		-1.5	
INVESTMENT EARNINGS	0.4	11%	1.3	9%	1.8	11%
ENDING MKT VALUE	**6.1**		**6.1**		**6.1**	
JP MORGAN						
BEGINNING MKT VALUE	**10.7**		**10.6**		**10.7**	
NET FLOW	0.0		-0.1		0.0	
INVESTMENT EARNINGS	0.2	7%	0.5	3%	0.3	2%
ENDING MKT VALUE	**11.0**		**11.0**		**11.0**	
JP MORGAN INT'L VALUE						
BEGINNING MKT VALUE	**4.0**		**3.6**		**3.7**	
NET FLOW	-0.1		-0.3		-0.3	
INVESTMENT EARNINGS	0.2	5%	0.7	5%	0.7	4%
ENDING MKT VALUE	**4.1**		**4.1**		**4.1**	

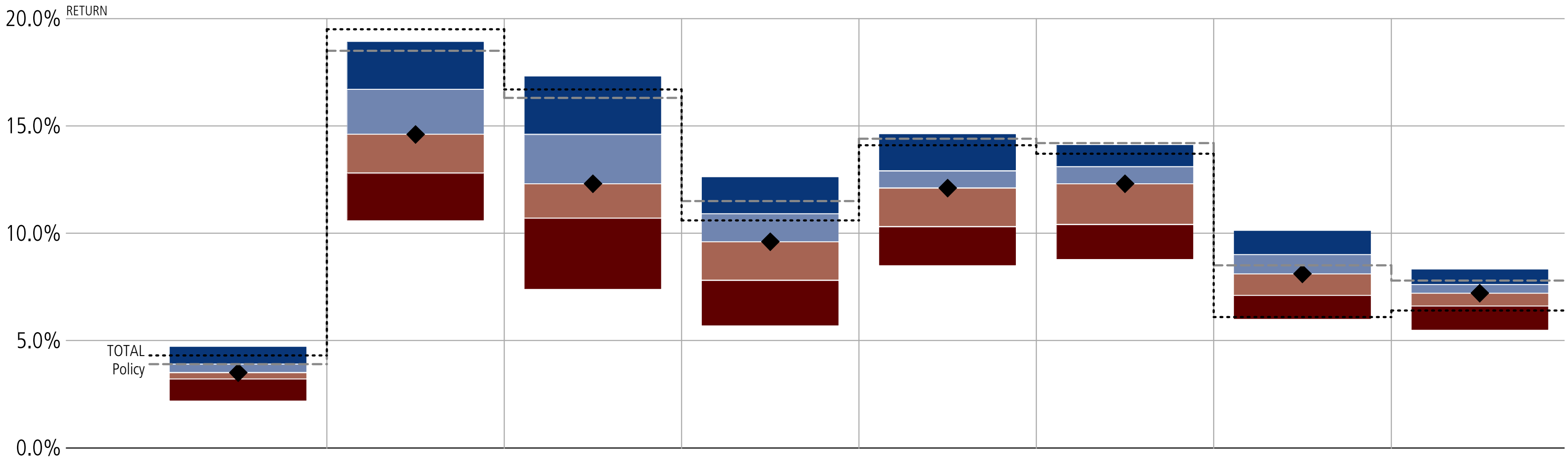
INVESTMENT EARNINGS AND CASH FLOWS

ASSET CATEGORY	LAST QUARTER		LAST YEAR		CUMULATIVE 1/31/13- 6/30/14	
LOOMIS SAYLES						
BEGINNING MKT VALUE	**9.3**		**8.3**		**0.0**	
NET FLOW	-0.1		-1.0		7.1	
INVESTMENT EARNINGS	0.4	12%	2.2	16%	2.5	16%
ENDING MKT VALUE	**9.6**		**9.6**		**9.6**	
METWEST						
BEGINNING MKT VALUE	**10.3**		**11.6**		**11.8**	
NET FLOW	-0.6		-2.1		-2.1	
INVESTMENT EARNINGS	0.2	6%	0.5	4%	0.3	2%
ENDING MKT VALUE	**9.9**		**9.9**		**9.9**	
MFS INVESTMENT MANAGEMENT						
BEGINNING MKT VALUE	**4.1**		**3.6**		**3.8**	
NET FLOW	-0.1		-0.2		-0.3	
INVESTMENT EARNINGS	0.1	4%	0.7	5%	0.6	4%
ENDING MKT VALUE	**4.1**		**4.1**		**4.1**	
O'SHAUGHNESSY						
BEGINNING MKT VALUE	**2.9**		**2.5**		**2.7**	
NET FLOW	0.0		-0.2		-0.7	
INVESTMENT EARNINGS	0.1	2%	0.6	5%	0.9	6%
ENDING MKT VALUE	**2.9**		**2.9**		**2.9**	
WENTWORTH INTERNATIONAL GROWTH						
BEGINNING MKT VALUE	**4.1**		**3.6**		**3.8**	
NET FLOW	-0.2		-0.3		-0.3	
INVESTMENT EARNINGS	0.3	10%	1.0	7%	0.8	5%
ENDING MKT VALUE	**4.3**		**4.3**		**4.3**	

* PERCENTS REPRESENT ASSET CATEGORIES CONTRIBUTION TO TOTAL DOLLAR INVESTMENT EARNINGS

DISTRIBUTION OF RETURNS

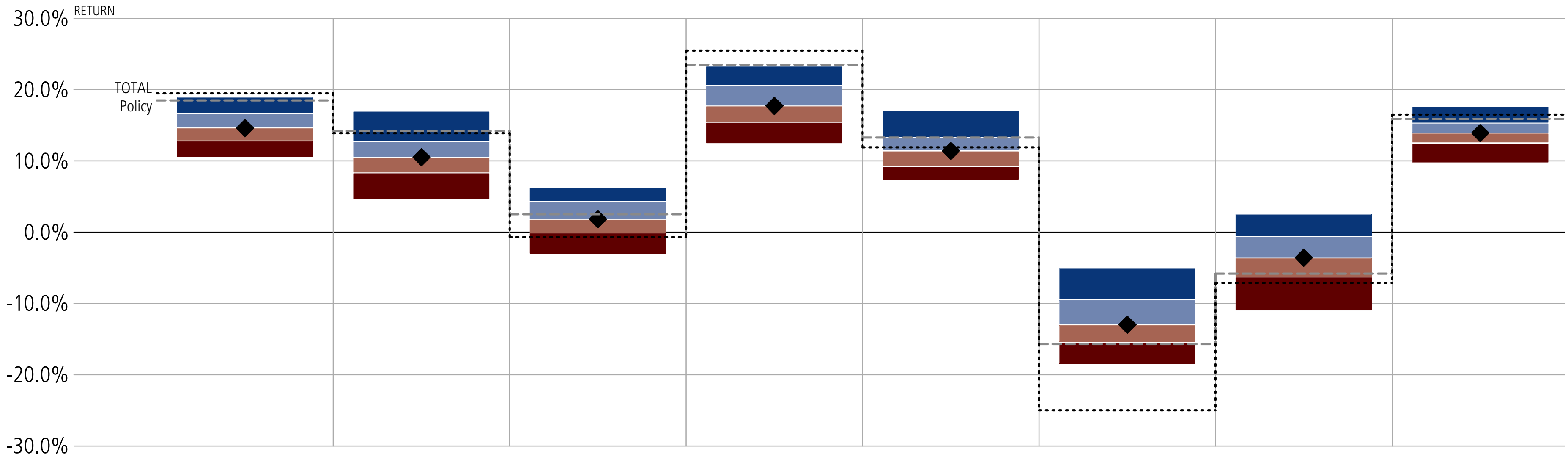
DOMESTIC BALANCED SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	6/08 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
TOTAL	**4.3**	**16**	**19.5**	**3**	**16.7**	**6**	**10.6**	**30**	**14.1**	**13**	**13.7**	**14**	**6.1**	**94**	**6.4**	**84**
Policy	3.9	23	18.5	8	16.3	9	11.5	13	14.4	7	14.2	5	8.5	38	7.8	17
Active Mg	0.4	35	1.0	53	0.4	65	-0.9	76	-0.3	77	-0.5	85	-2.4	99	-1.4	99
RUSS 1000	5.1	1	25.4	1	23.3	1	16.6	1	20.3	1	19.3	1	10.0	6	8.2	9
5 PERCENT	4.7		18.9		17.3		12.6		14.6		14.1		10.1		8.3	
25 PERCENT	3.9		16.7		14.6		10.9		12.9		13.1		9.0		7.6	
◆ MEDIAN	3.5		14.6		12.3		9.6		12.1		12.3		8.1		7.2	
75 PERCENT	3.2		12.8		10.7		7.8		10.3		10.4		7.1		6.6	
95 PERCENT	2.2		10.6		7.4		5.7		8.5		8.8		6.0		5.5	

DISTRIBUTION OF RETURNS

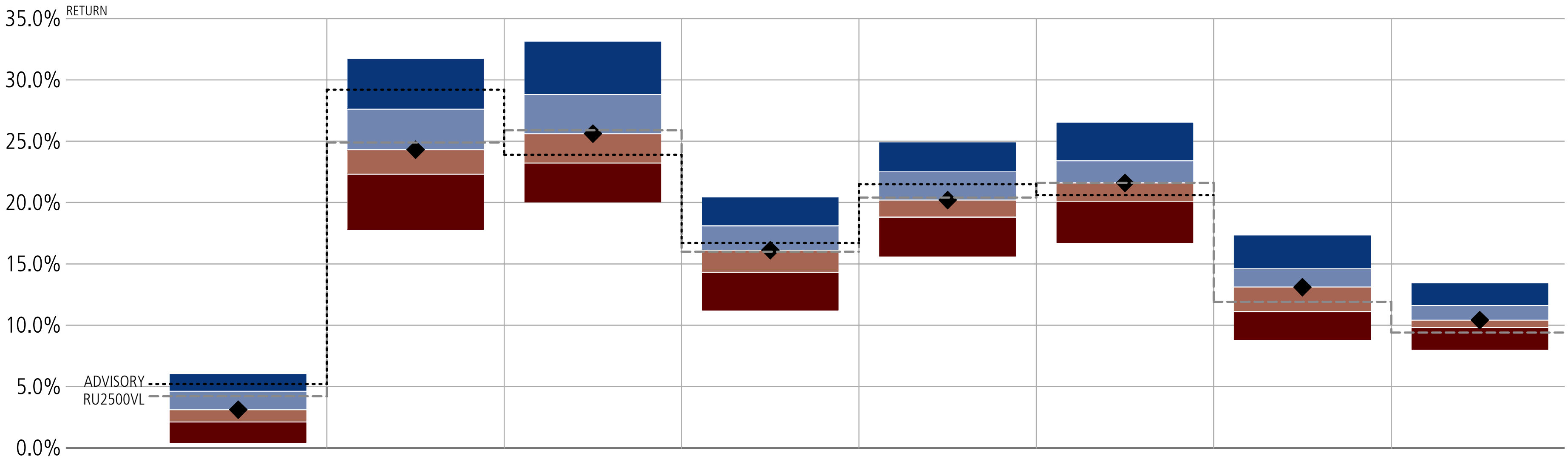
DOMESTIC BALANCED SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
TOTAL	**19.5**	**3**	**13.9**	**15**	**-0.7**	**83**	**25.5**	**2**	**11.9**	**43**	**-25.0**	**99**	**-7.1**	**79**	**16.5**	**14**
Policy	18.5	8	14.2	13	2.5	46	23.5	3	13.3	25	-15.7	79	-5.8	73	15.9	18
Active Mg	1.0	53	-0.3	64	-3.2	47	2.0	36	-1.4	63	-9.3	95	-1.3	61	0.6	49
RUSS 1000	25.4	1	21.2	2	4.4	22	31.9	1	15.2	12	-26.7	99	-12.4	97	20.4	1
■ 5 PERCENT	18.9		16.9		6.2		23.2		17.0		-5.1		2.5		17.6	
■ 25 PERCENT	16.7		12.7		4.3		20.6		13.3		-9.5		-0.6		15.3	
◆ MEDIAN	14.6		10.5		1.8		17.7		11.4		-13.0		-3.6		13.9	
■ 75 PERCENT	12.8		8.3		-0.1		15.4		9.2		-15.5		-6.3		12.5	
■ 95 PERCENT	10.6		4.6		-3.0		12.5		7.4		-18.5		-11.0		9.8	

DISTRIBUTION OF RETURNS

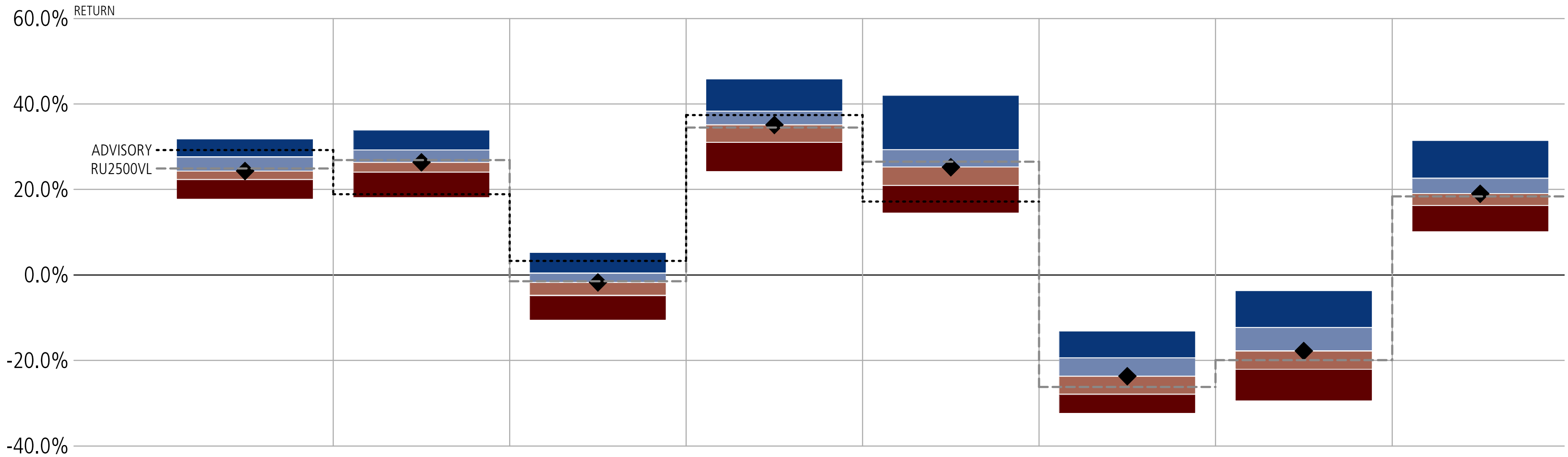
DOMESTIC SMALL CAP VALUE SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	6/08 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
ADVISORY	**5.2**	**10**	**29.2**	**16**	**23.9**	**68**	**16.7**	**40**	**21.5**	**32**	**20.6**	**69**	**--NA--**	**--**	**--NA--**	**--**
RU2500VL	4.2	33	24.9	44	25.9	45	16.0	53	20.4	47	21.6	50	11.9	63	9.4	85
5 PERCENT	6.0		31.7		33.1		20.4		24.9		26.5		17.3		13.4	
25 PERCENT	4.6		27.6		28.8		18.1		22.5		23.4		14.6		11.6	
◆ MEDIAN	3.1		24.3		25.6		16.1		20.2		21.6		13.1		10.4	
75 PERCENT	2.1		22.3		23.2		14.3		18.8		20.1		11.1		9.8	
95 PERCENT	0.4		17.8		20.0		11.2		15.6		16.7		8.8		8.0	

DISTRIBUTION OF RETURNS

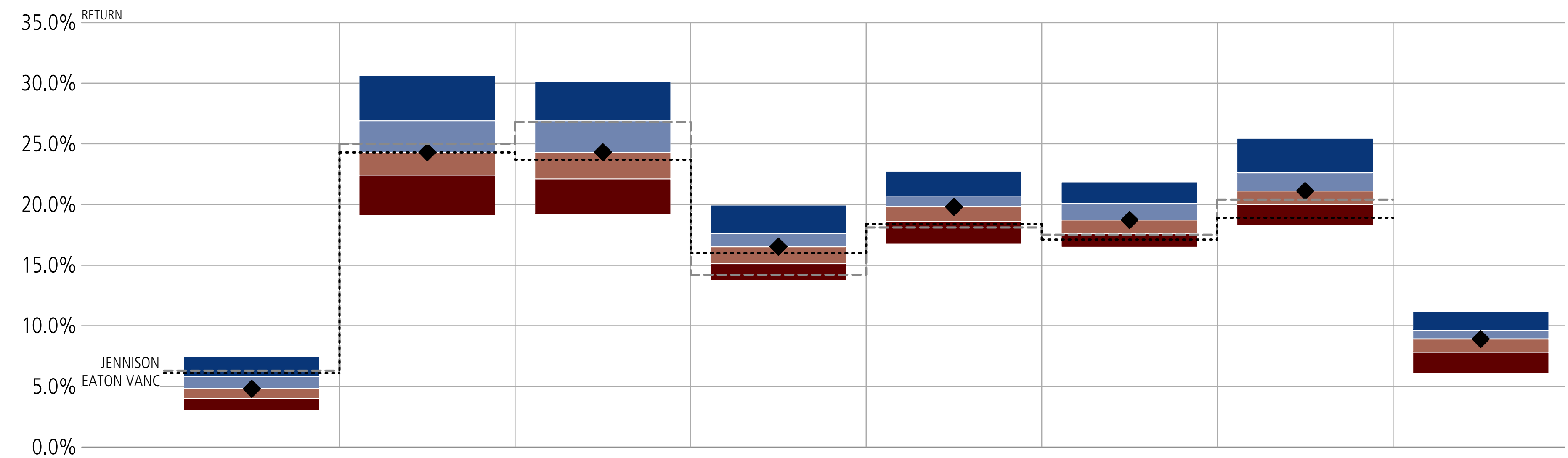
DOMESTIC SMALL CAP VALUE SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
ADVISORY	**29.2**	**16**	**18.9**	**93**	**3.3**	**11**	**37.4**	**34**	**17.2**	**88**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
RU2500VL	24.9	44	26.9	43	-1.5	40	34.5	54	26.5	43	-26.2	65	-19.9	63	18.4	52
5 PERCENT	31.7		33.8		5.1		45.7		41.9		-13.3		-3.8		31.3	
25 PERCENT	27.6		29.2		0.4		38.3		29.3		-19.4		-12.3		22.6	
◆ MEDIAN	24.3		26.3		-1.8		35.1		25.2		-23.7		-17.8		19.0	
75 PERCENT	22.3		24.0		-4.8		31.0		20.9		-27.9		-22.1		16.2	
95 PERCENT	17.8		18.2		-10.5		24.3		14.6		-32.3		-29.4		10.2	

DISTRIBUTION OF RETURNS

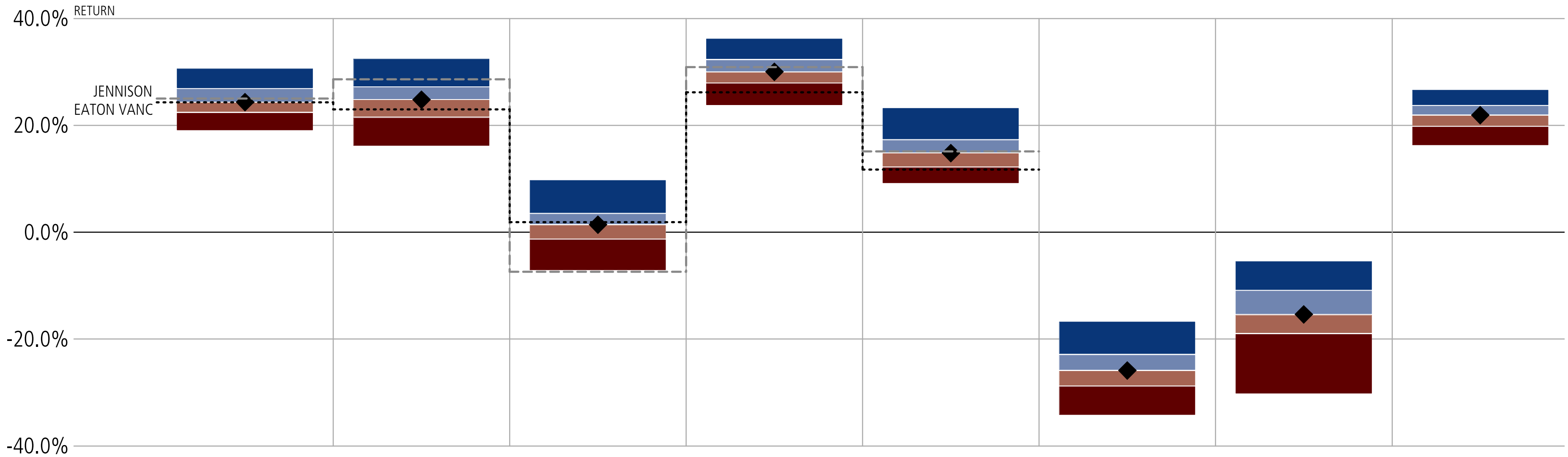
DOMESTIC LARGE CAP VALUE SAMPLE - TOTAL



	3/14 TO 6/14		6/13 TO 6/14		6/12 TO 6/14		6/11 TO 6/14		6/10 TO 6/14		6/09 TO 6/14		3/09 TO 6/14		6/04 TO 6/14	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
EATON VANC	**6.1**	**20**	**24.3**	**49**	**23.7**	**58**	**16.0**	**58**	**18.4**	**79**	**17.1**	**85**	**18.9**	**91**	**--NA--**	**--**
JENNISON	6.3	17	25.0	42	26.8	27	14.2	89	18.1	84	17.5	76	20.4	66	--NA--	--
R1000VAL	5.1	43	23.8	55	24.6	46	16.9	40	19.8	50	19.2	43	21.8	41	8.0	69
■ 5 PERCENT	7.4		30.6		30.1		19.9		22.7		21.8		25.4		11.1	
■ 25 PERCENT	5.8		26.9		26.9		17.6		20.7		20.1		22.6		9.6	
◆ MEDIAN	4.8		24.3		24.3		16.5		19.8		18.7		21.1		8.9	
■ 75 PERCENT	4.0		22.4		22.1		15.1		18.6		17.6		20.0		7.8	
■ 95 PERCENT	3.0		19.1		19.2		13.8		16.8		16.5		18.3		6.1	

DISTRIBUTION OF RETURNS

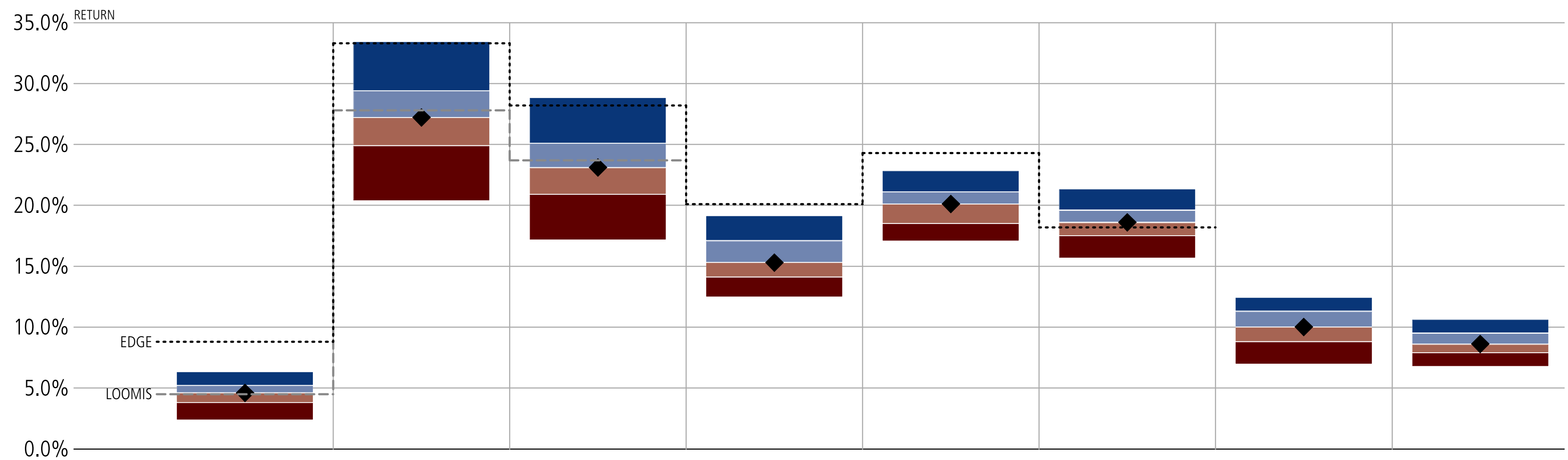
DOMESTIC LARGE CAP VALUE SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
EATON VANC	**24.3**	**49**	**23.0**	**65**	**1.9**	**45**	**26.2**	**87**	**11.7**	**79**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
JENNISON	25.0	42	28.6	19	-7.4	96	30.9	38	15.1	48	--NA--	--	--NA--	--	--NA--	--
R1000VAL	23.8	55	25.3	45	3.0	32	28.9	63	16.9	27	-29.0	77	-18.8	74	21.9	51
■ 5 PERCENT	30.6		32.4		9.7		36.2		23.2		-16.8		-5.5		26.6	
■ 25 PERCENT	26.9		27.2		3.5		32.3		17.3		-22.9		-10.9		23.7	
◆ MEDIAN	24.3		24.8		1.4		30.0		14.8		-25.9		-15.4		21.9	
■ 75 PERCENT	22.4		21.5		-1.3		27.9		12.2		-28.8		-19.0		19.8	
■ 95 PERCENT	19.1		16.2		-7.1		23.8		9.2		-34.2		-30.2		16.3	

DISTRIBUTION OF RETURNS

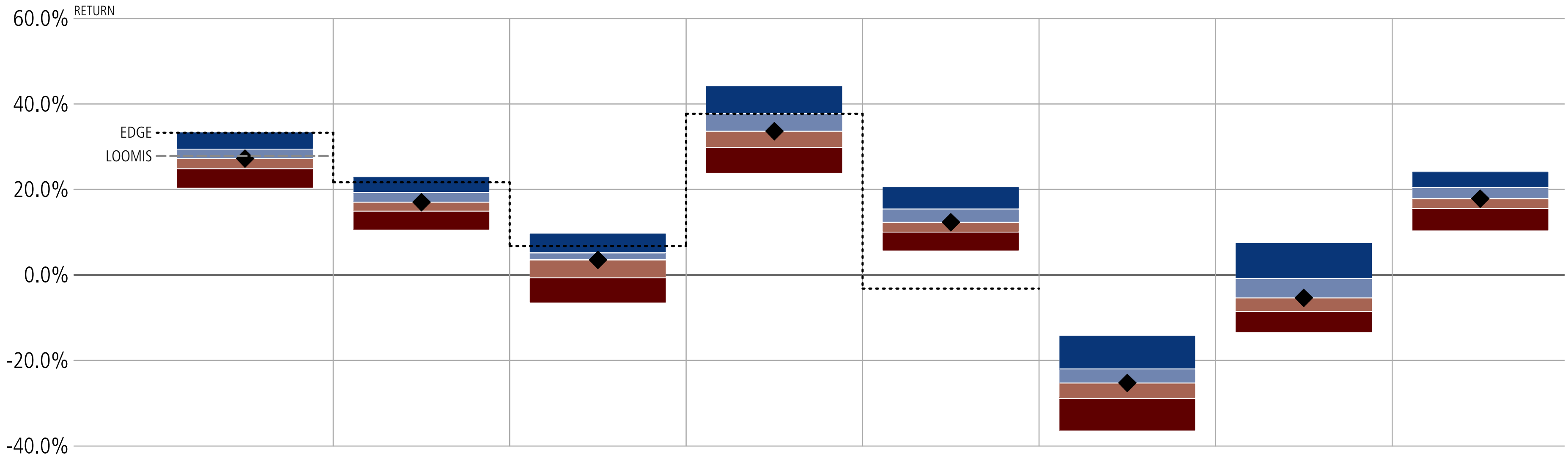
DOMESTIC LARGE CAP GROWTH SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	3/13 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	6/08 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
EDGE	**8.8**	**1**	**33.3**	**5**	**28.2**	**9**	**20.1**	**1**	**24.3**	**1**	**18.2**	**59**	**--NA--**	**--**	**--NA--**	**--**
LOOMIS	4.5	54	27.8	41	23.7	40	--NA--	--	--NA--	--	--NA--	--	--NA--	--	--NA--	--
R1000GR	5.1	30	26.9	52	23.0	51	16.3	35	20.7	35	19.2	34	10.5	41	8.2	67
5 PERCENT	6.3		33.4		28.8		19.1		22.8		21.3		12.4		10.6	
25 PERCENT	5.2		29.4		25.1		17.1		21.1		19.6		11.3		9.5	
◆ MEDIAN	4.6		27.2		23.1		15.3		20.1		18.6		10.0		8.6	
75 PERCENT	3.8		24.9		20.9		14.1		18.5		17.5		8.8		7.9	
95 PERCENT	2.4		20.4		17.2		12.5		17.1		15.7		7.0		6.8	

DISTRIBUTION OF RETURNS

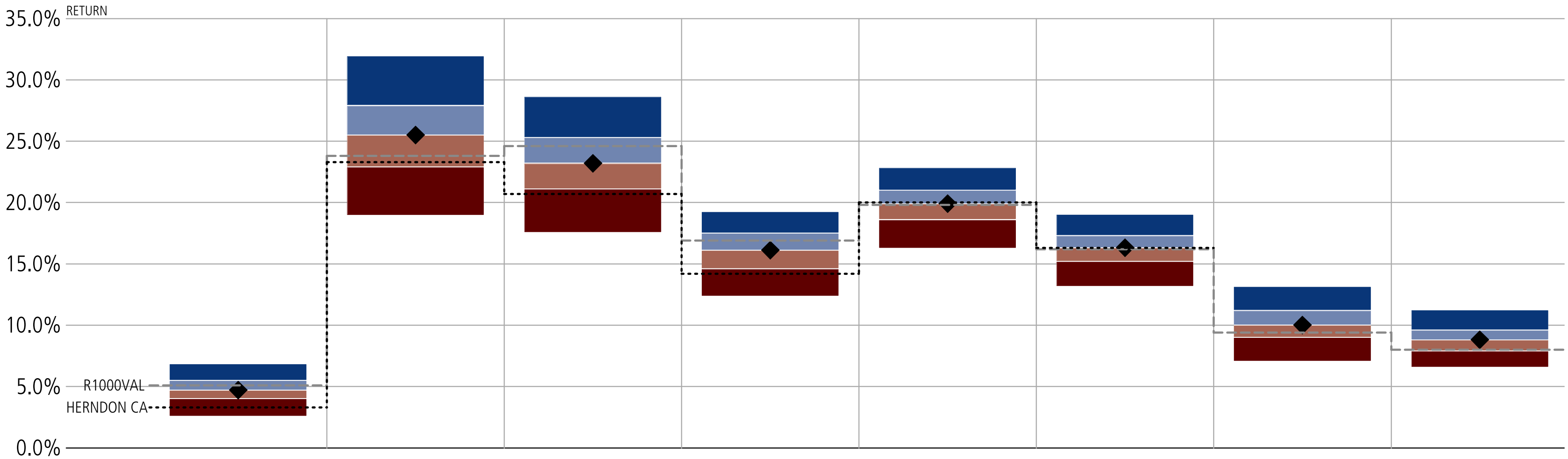
DOMESTIC LARGE CAP GROWTH SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
EDGE	**33.3**	**5**	**21.7**	**12**	**6.8**	**15**	**37.7**	**25**	**-3.2**	**99**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
LOOMIS	27.8	41	--NA--	--	--NA--	--	--NA--	--	--NA--	--	--NA--	--	--NA--	--	--NA--	--
R1000GR	26.9	52	17.1	48	5.8	20	35.0	42	13.6	37	-24.5	44	-6.0	55	19.0	39
■ 5 PERCENT	33.4		22.9		9.6		44.1		20.5		-14.3		7.4		24.1	
■ 25 PERCENT	29.4		19.3		5.2		37.7		15.4		-22.0		-0.9		20.4	
◆ MEDIAN	27.2		17.0		3.5		33.6		12.3		-25.3		-5.4		17.8	
■ 75 PERCENT	24.9		14.9		-0.7		29.8		10.0		-28.9		-8.6		15.5	
■ 95 PERCENT	20.4		10.6		-6.5		23.9		5.7		-36.4		-13.4		10.4	

DISTRIBUTION OF RETURNS

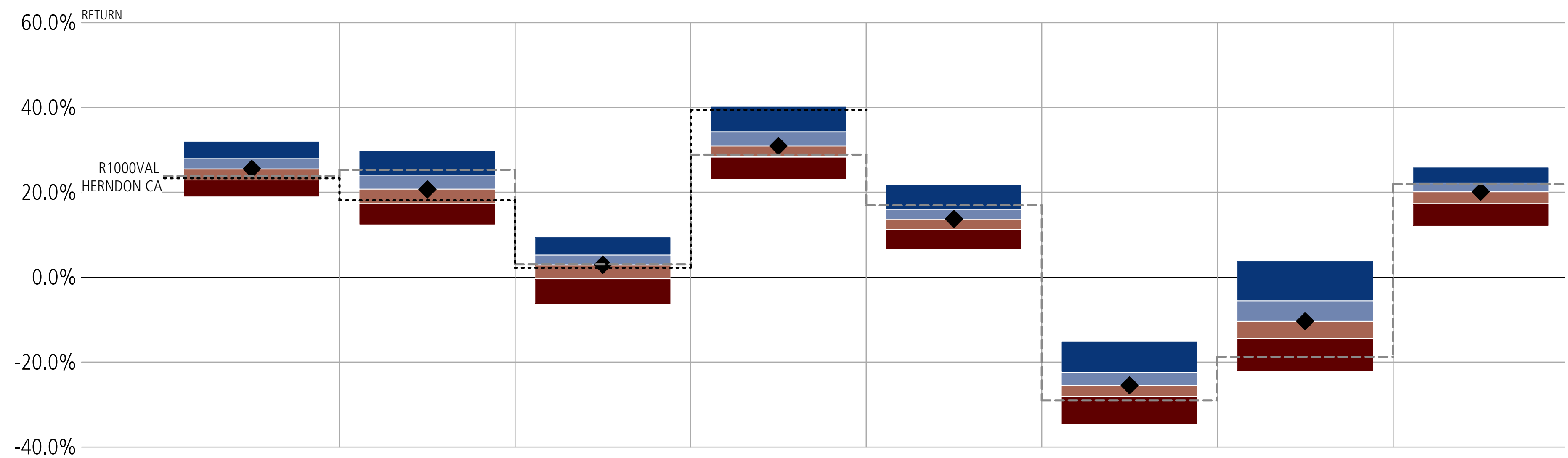
DOMESTIC LARGE CAP SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	9/09 TO 6/14 Return	Rank	6/08 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
HERNDON CA	**3.3**	**88**	**23.3**	**71**	**20.7**	**78**	**14.2**	**80**	**20.0**	**47**	**16.3**	**51**	**--NA--**	**--**	**--NA--**	**--**
R1000VAL	5.1	37	23.8	67	24.6	32	16.9	35	19.8	53	16.2	53	9.4	66	8.0	73
■ 5 PERCENT	6.8		31.9		28.6		19.2		22.8		19.0		13.1		11.2	
■ 25 PERCENT	5.5		27.9		25.3		17.5		21.0		17.3		11.2		9.6	
◆ MEDIAN	4.7		25.5		23.2		16.1		19.9		16.3		10.0		8.8	
■ 75 PERCENT	4.0		22.9		21.1		14.6		18.6		15.2		9.0		7.9	
■ 95 PERCENT	2.6		19.0		17.6		12.4		16.3		13.2		7.1		6.6	

DISTRIBUTION OF RETURNS

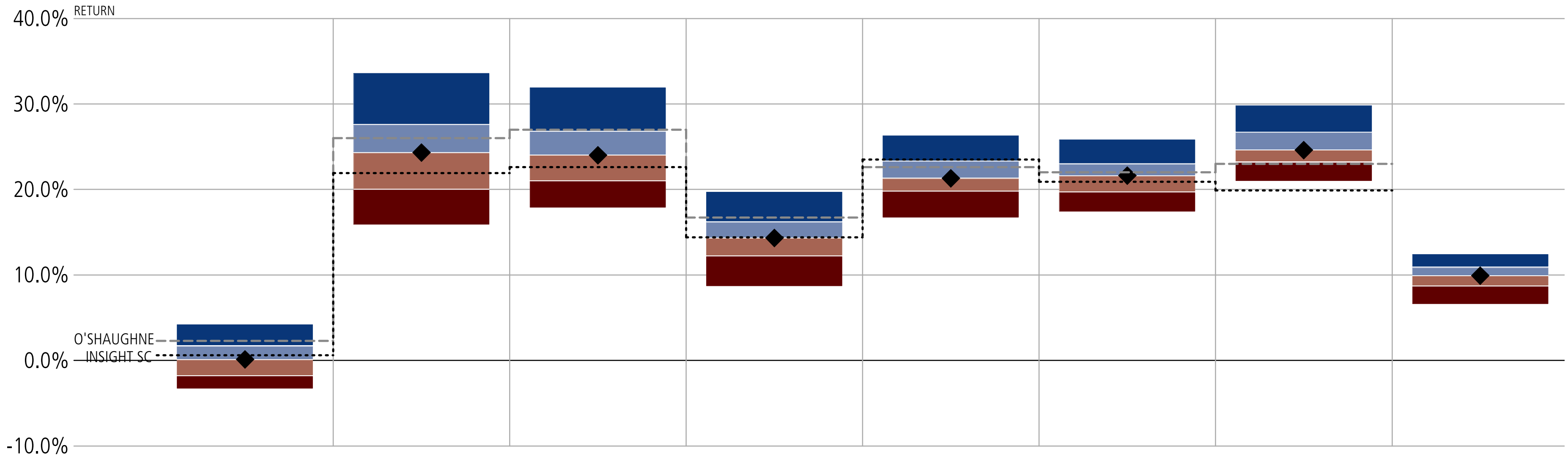
DOMESTIC LARGE CAP SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
HERNDON CA	**23.3**	**71**	**18.1**	**70**	**2.2**	**56**	**39.4**	**6**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
R1000VAL	23.8	67	25.3	18	3.0	49	28.9	71	16.9	18	-29.0	80	-18.8	90	21.9	30
5 PERCENT	31.9		29.7		9.4		40.1		21.7		-15.2		3.7		25.8	
25 PERCENT	27.9		24.0		5.2		34.2		16.0		-22.4		-5.6		22.2	
◆ MEDIAN	25.5		20.7		2.9		30.9		13.7		-25.5		-10.4		20.1	
75 PERCENT	22.9		17.3		-0.4		28.3		11.2		-28.1		-14.4		17.3	
95 PERCENT	19.0		12.4		-6.3		23.2		6.8		-34.6		-22.0		12.1	

DISTRIBUTION OF RETURNS

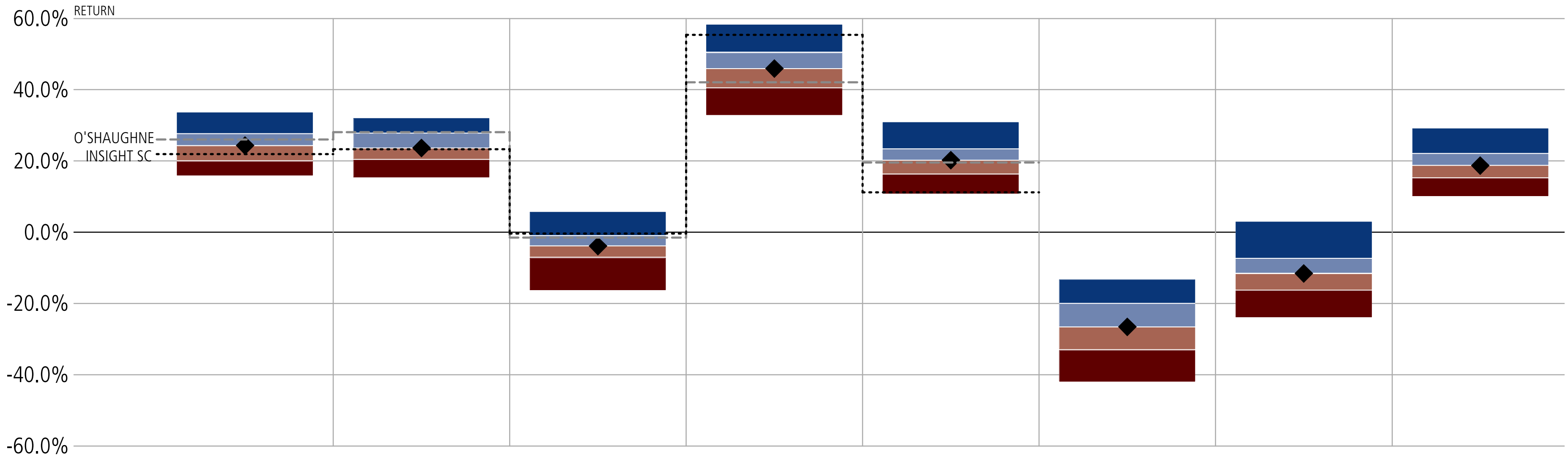
DOMESTIC SMALL CAP GROWTH SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	3/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
INSIGHT SC	**0.6**	**42**	**21.9**	**66**	**22.6**	**57**	**14.4**	**49**	**23.5**	**23**	**20.9**	**61**	**19.9**	**99**	**--NA--**	**--**
O'SHAUGHNE	2.3	15	26.0	36	27.0	24	16.7	21	22.6	32	22.0	36	23.0	76	--NA--	--
RU2500GR	2.9	11	26.3	35	25.1	35	14.9	42	21.7	42	21.7	46	25.1	44	9.9	50
5 PERCENT	4.2		33.6		31.9		19.7		26.3		25.8		29.8		12.4	
25 PERCENT	1.7		27.6		26.8		16.2		23.3		23.0		26.7		10.9	
◆ MEDIAN	0.1		24.3		24.0		14.3		21.3		21.6		24.6		9.9	
75 PERCENT	-1.8		20.0		21.0		12.2		19.8		19.7		23.2		8.7	
95 PERCENT	-3.3		15.9		17.9		8.7		16.7		17.4		21.0		6.6	

DISTRIBUTION OF RETURNS

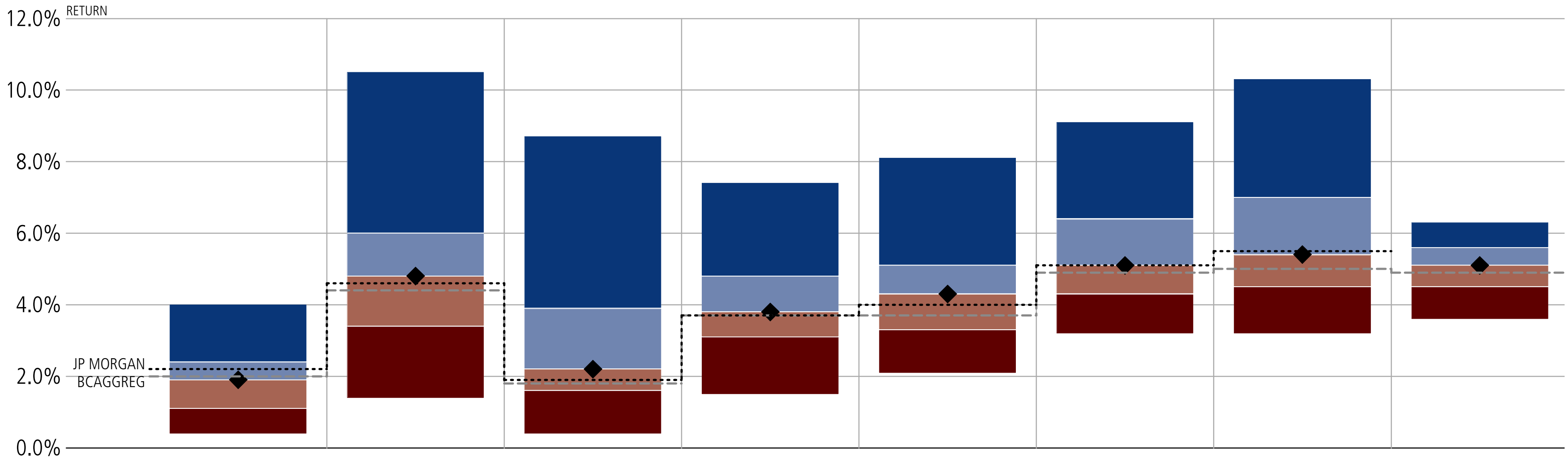
DOMESTIC SMALL CAP GROWTH SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
INSIGHT SC	**21.9**	**66**	**23.3**	**54**	**-0.4**	**23**	**55.4**	**10**	**11.2**	**94**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
O'SHAUGHNE	26.0	36	28.1	23	-1.5	27	42.1	71	19.6	53	--NA--	--	--NA--	--	--NA--	--
RU2500GR	26.3	35	24.0	48	-3.2	44	44.7	58	21.4	40	-27.3	53	-9.2	34	19.0	45
■ 5 PERCENT	33.6		32.0		5.6		58.2		30.8		-13.3		2.9		29.1	
■ 25 PERCENT	27.6		27.8		-1.0		50.5		23.4		-20.0		-7.4		22.1	
◆ MEDIAN	24.3		23.6		-3.9		45.9		20.2		-26.6		-11.6		18.7	
■ 75 PERCENT	20.0		20.4		-7.1		40.5		16.3		-33.0		-16.3		15.2	
■ 95 PERCENT	15.9		15.4		-16.3		32.9		10.8		-41.9		-23.9		10.1	

DISTRIBUTION OF RETURNS

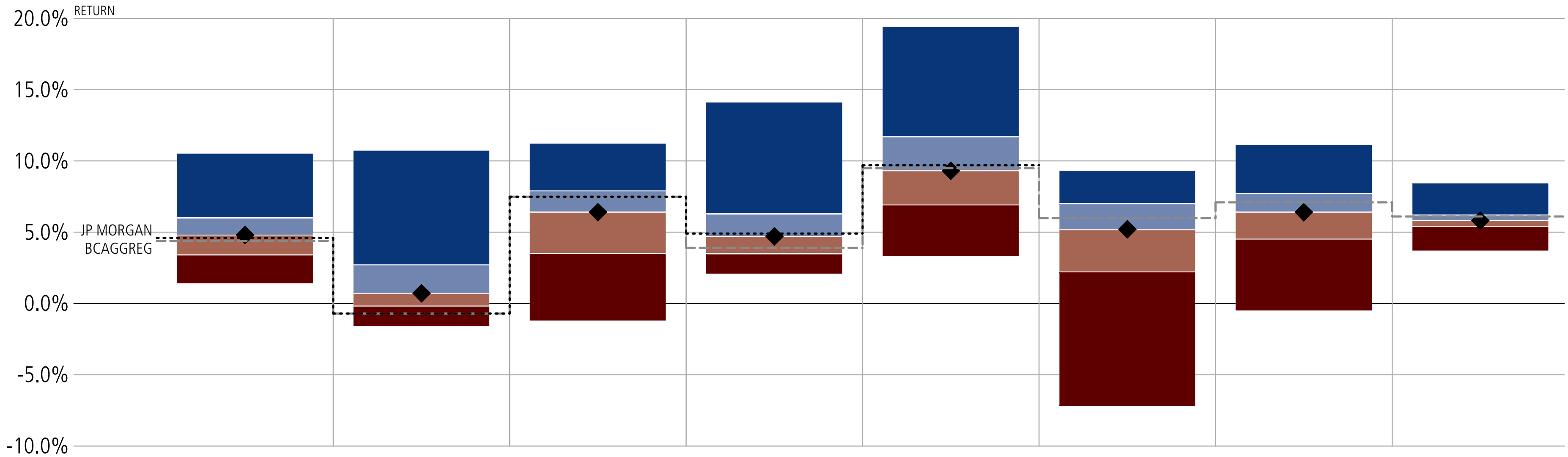
DOMESTIC FIXED INCOME SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	1/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
JP MORGAN	**2.2**	**34**	**4.6**	**53**	**1.9**	**61**	**3.7**	**55**	**4.0**	**55**	**5.1**	**54**	**5.5**	**49**	**--NA--**	**--**
BCAGGREG	2.0	46	4.4	57	1.8	65	3.7	55	3.7	63	4.9	58	5.0	61	4.9	62
■ 5 PERCENT	4.0		10.5		8.7		7.4		8.1		9.1		10.3		6.3	
■ 25 PERCENT	2.4		6.0		3.9		4.8		5.1		6.4		7.0		5.6	
◆ MEDIAN	1.9		4.8		2.2		3.8		4.3		5.1		5.4		5.1	
■ 75 PERCENT	1.1		3.4		1.6		3.1		3.3		4.3		4.5		4.5	
■ 95 PERCENT	0.4		1.4		0.4		1.5		2.1		3.2		3.2		3.6	

DISTRIBUTION OF RETURNS

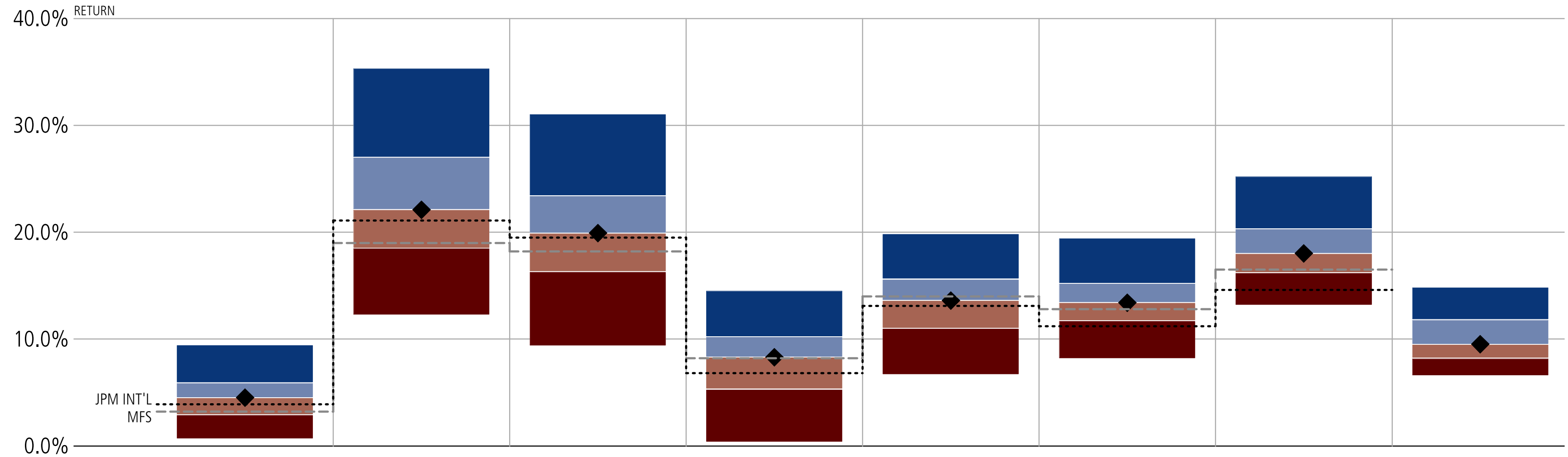
DOMESTIC FIXED INCOME SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
JP MORGAN	**4.6**	**53**	**-0.7**	**86**	**7.5**	**33**	**4.9**	**46**	**9.7**	**46**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
BCAGGREG	4.4	57	-0.7	86	7.5	33	3.9	63	9.5	48	6.0	37	7.1	33	6.1	30
5 PERCENT	10.5		10.7		11.2		14.1		19.4		9.3		11.1		8.4	
25 PERCENT	6.0		2.7		7.9		6.3		11.7		7.0		7.7		6.2	
MEDIAN	4.8		0.7		6.4		4.7		9.3		5.2		6.4		5.8	
75 PERCENT	3.4		-0.2		3.5		3.5		6.9		2.2		4.5		5.4	
95 PERCENT	1.4		-1.6		-1.2		2.1		3.3		-7.2		-0.5		3.7	

DISTRIBUTION OF RETURNS

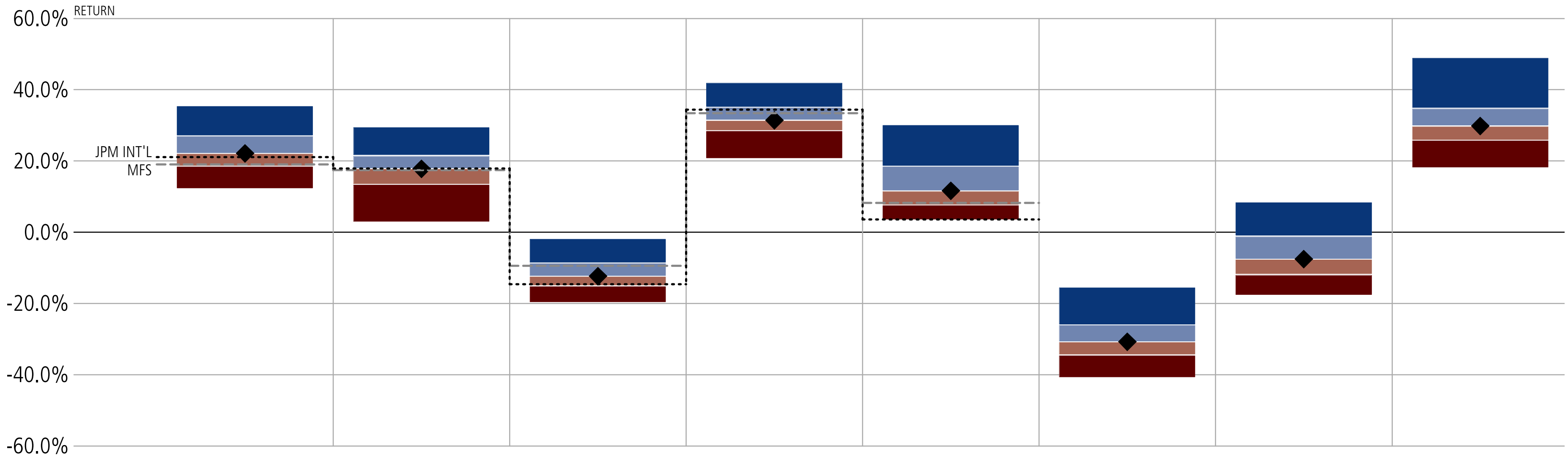
INTERNATIONAL COMMON STOCK SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	3/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
JPM INT'L	**3.9**	**62**	**21.1**	**58**	**19.5**	**53**	**6.8**	**66**	**13.1**	**59**	**11.2**	**81**	**14.6**	**90**	**--NA--**	**--**
MFS	3.2	71	19.0	73	18.2	63	8.2	52	14.0	44	12.8	60	16.5	70	--NA--	--
WENTWORTH	8.4	9	29.3	13	21.1	42	6.7	68	14.7	35	13.5	47	18.3	45	--NA--	--
MSCIEAFE	4.3	53	24.1	39	21.6	37	8.6	47	13.8	47	12.3	67	16.6	68	7.4	89
■ 5 PERCENT	9.4		35.3		31.0		14.5		19.8		19.4		25.2		14.8	
■ 25 PERCENT	5.9		27.0		23.4		10.2		15.6		15.2		20.3		11.8	
◆ MEDIAN	4.5		22.1		19.9		8.3		13.6		13.4		18.0		9.5	
■ 75 PERCENT	2.9		18.5		16.3		5.3		11.0		11.7		16.2		8.2	
■ 95 PERCENT	0.7		12.3		9.4		0.4		6.7		8.2		13.2		6.6	

DISTRIBUTION OF RETURNS

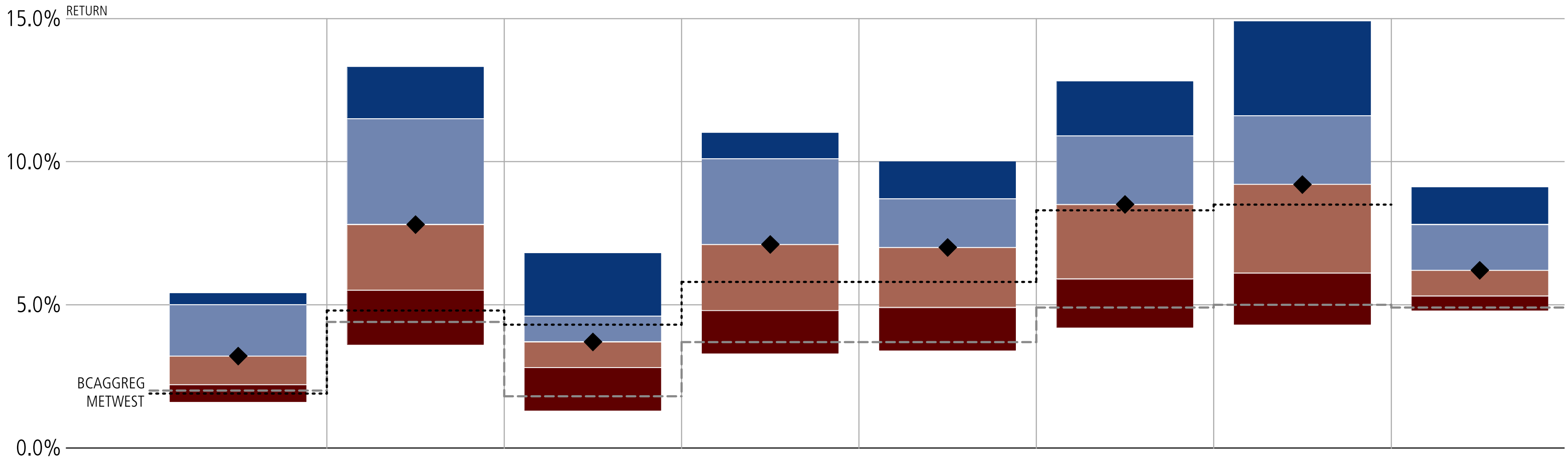
INTERNATIONAL COMMON STOCK SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
JPM INT'L	**21.1**	**58**	**17.9**	**50**	**-14.6**	**71**	**34.4**	**31**	**3.6**	**95**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
MFS	19.0	73	17.4	53	-9.4	29	33.4	38	8.2	70	--NA--	--	--NA--	--	--NA--	--
WENTWORTH	29.3	13	13.3	76	-17.2	85	42.4	4	8.8	67	--NA--	--	--NA--	--	--NA--	--
MSCIEAFE	24.1	39	19.1	39	-13.4	61	30.9	55	6.4	82	-31.0	52	-10.1	65	27.5	65
■ 5 PERCENT	35.3		29.4		-2.0		41.9		30.0		-15.6		8.3		48.9	
■ 25 PERCENT	27.0		21.5		-8.7		35.1		18.5		-26.0		-1.1		34.8	
◆ MEDIAN	22.1		17.8		-12.4		31.4		11.6		-30.8		-7.6		29.8	
■ 75 PERCENT	18.5		13.4		-15.1		28.5		7.6		-34.5		-11.9		25.8	
■ 95 PERCENT	12.3		3.0		-19.6		20.8		3.6		-40.7		-17.6		18.2	

DISTRIBUTION OF RETURNS

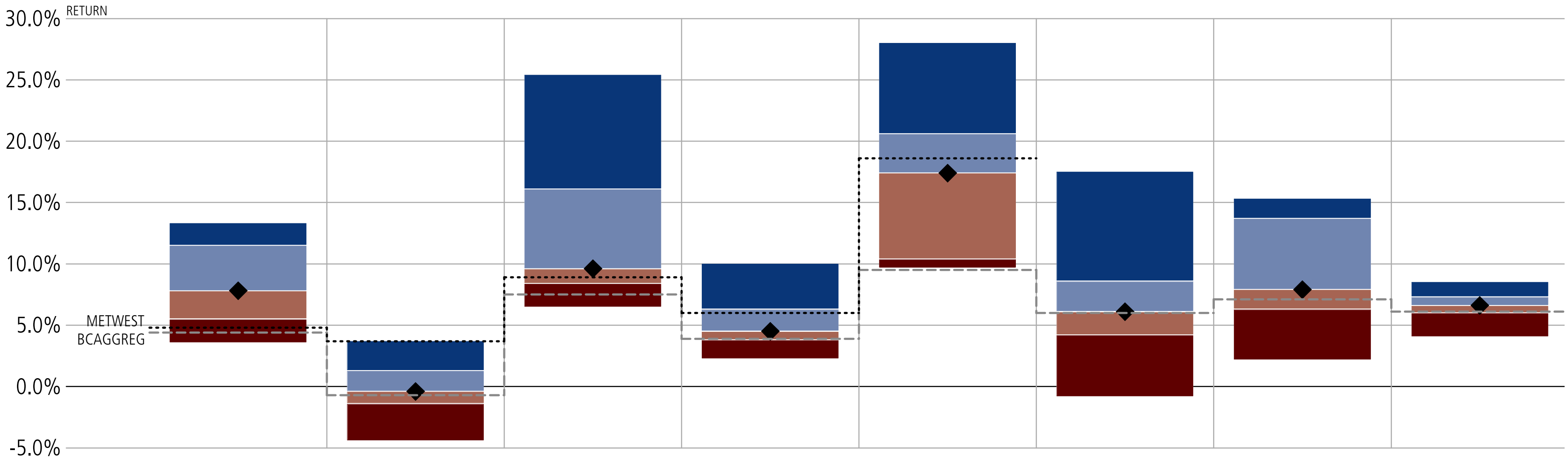
DOMESTIC LONG TERM FIXED SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	3/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
METWEST	**1.9**	**86**	**4.8**	**86**	**4.3**	**32**	**5.8**	**62**	**5.8**	**59**	**8.3**	**52**	**8.5**	**54**	**--NA--**	**--**
BCAGGREG	2.0	83	4.4	89	1.8	85	3.7	92	3.7	93	4.9	91	5.0	92	4.9	91
■ 5 PERCENT	5.4		13.3		6.8		11.0		10.0		12.8		14.9		9.1	
■ 25 PERCENT	5.0		11.5		4.6		10.1		8.7		10.9		11.6		7.8	
◆ MEDIAN	3.2		7.8		3.7		7.1		7.0		8.5		9.2		6.2	
■ 75 PERCENT	2.2		5.5		2.8		4.8		4.9		5.9		6.1		5.3	
■ 95 PERCENT	1.6		3.6		1.3		3.3		3.4		4.2		4.3		4.8	

DISTRIBUTION OF RETURNS

DOMESTIC LONG TERM FIXED SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
METWEST	**4.8**	**86**	**3.7**	**5**	**8.9**	**64**	**6.0**	**29**	**18.6**	**42**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
BCAGGREG	4.4	89	-0.7	61	7.5	88	3.9	69	9.5	96	6.0	50	7.1	67	6.1	69
■ 5 PERCENT	13.3		3.7		25.4		10.0		28.0		17.5		15.3		8.5	
■ 25 PERCENT	11.5		1.3		16.1		6.3		20.6		8.6		13.7		7.3	
◆ MEDIAN	7.8		-0.4		9.6		4.5		17.4		6.1		7.9		6.6	
■ 75 PERCENT	5.5		-1.4		8.4		3.8		10.4		4.2		6.3		6.0	
■ 95 PERCENT	3.6		-4.4		6.5		2.3		9.7		-0.8		2.2		4.1	

PORTFOLIO INFORMATION

COMPREHENSIVE AIM

Policy Index as of 6/30/2004	
Russell 1000	10.00
Russell 1000 Growth	15.00
Russell 1000 Value	15.00
Russell 2000 Growth	5.00
Russell 2000 Value	5.00
MSCI EAFE w/Gross Divs	15.00
Barclay Aggregate	35.00
Policy Index as of 12/31/2008	
Russell 1000	45.00
Russell 2500 Growth	3.00
Russell 2500 Value	4.00
Russell 2000 Growth	3.00
MSCI EAFE w/Gross Divs	14.00
Barclay Aggregate	31.00
Actuarial Assumption as of 6/30/2004	7.50

ANY SIGNIFICANT CHANGE IN THIS PORTFOLIO'S INVESTMENT OBJECTIVES OR POLICY SHOULD BE REPORTED TO YOUR MERRILL LYNCH FINANCIAL CONSULTANT

RETURNS FOR PERIODS GREATER THAN ONE YEAR ARE ANNUALIZED

TOTAL FUND is ranked against the DOMESTIC BALANCED sample

The fiscal year end for this portfolio is June

The Capital Market Index (CMI) has been decommissioned and replaced by the 60% Equity 40% Fixed Blend, comprised of

the Wilshire 5000 with Income (60%), the Merrill Domestic Master Bond Index (38%), and the Merrill High Yield Master

Bond Index (2%).

Report run on July 31, 2014 at 10:01:16 AM

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1) Are Not FDIC Insured

2) Are Not Bank or State Guaranteed

PORTFOLIO INFORMATION

COMPREHENSIVE AIM

IMPORTANT NOTE:
THIS EXECUTIVE SUMMARY HIGHLIGHTS CERTAIN INFORMATION DRAWN FROM YOUR AIM REPORT. HOWEVER, IT DOES NOT CONTAIN ALL THE DATA FROM THAT REPORT, AND IT SHOULD NOT BE RELIED UPON EXCLUSIVELY. YOU SHOULD REVIEW THE FULL AIM REPORT FOR A MORE COMPREHENSIVE ANALYSIS OF YOUR PORTFOLIO. YOUR MONTHLY ACCOUNT STATEMENT OR OTHER CUSTODIAL REPORT (UPON WHICH THE AIM REPORT IS BASED) SHOULD BE REVIEWED CAREFULLY AS WELL. PLEASE CONTACT YOUR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS.

THE AIM REPORT 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.

COMPREHENSIVE AIM

3) May Lose Value

4) Are Not Deposits

5) Are Not Insured by Any Federal Government Agency

6) Are Not a Condition to Any Banking Service or Activity

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Merrill Lynch and Bank of America, N.A. make available investment products sponsored, managed, distributed or provided by companies that are affiliates of BAC or in which BAC has a substantial economic interest, including BofA(TM) Global Capital Management.

* * * * *

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 SPIC.

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.

PORTFOLIO INFORMATION

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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 rate 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 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.

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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 the their compounded effect. Market indexes or other benchmark returns are shown for comparison purposes only, and there is no assurance 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.

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 portfolio performance calculations and other information shown in the report.

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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 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 in to 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

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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 investor's 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 give that the investment objectives of any particular alternative investment will be achieved.

Many alternative investment products are sold pursuant to exemptions from registration with 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

Any information presented about tax considerations affecting client financial transactions or arrangements is not intended as tax advice and should not be relied upon for the purpose of avoiding any tax penalties. Neither Merrill Lynch nor its Financial Advisors provide tax, accounting or legal advice. Clients should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with their personal professional advisors.

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;

PORTFOLIO INFORMATION

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- 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.

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, 2014

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 – 2013. Actual and budgeted expenditures are based upon calendar years 2013 and 2014, respectively. All other information is for the System plan years ended February 28, 2014 and February 29, 2013.

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), Margaret Bossenbery, Dennis M. Louney, Tony Mullen, Tracy Thomas, Cynthia Ward, Anthony McCloud, Sandra Zerkle), General Manager J. Peter Lark, and Chief Administrative and Technology Officer Susan Devon.

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:

	2/28/2014	2/28/2013	Change
Market Value of Plan Assets	$80,181,680	$76,394,859	$3,786,821
Accrued Liability	$70,042,457	$68,477,909	$1,564,548
Net Plan Assets	$10,139,223	$7,916,950	$2,222,273

System Funded Ratio – 114%

System Investment Performance Net of Fees on a Calendar Year Basis (2004 – 2013):

1 Year:	19.50%
3 Years:	10.60%
5 Years:	13.70%
7 Years:	4.00%
10 Years:	6.40%

System Administrative and Investment Expenditures (Calendar Year 2013):

Administrative Expenses:	$13,260.00
Investment Expenses:	$566,366.80

System Budgeted Expenditures (Calendar Year 2014):

Administrative Expenses:	$13,000.00
Investment Expenses:	$566,000.00

System Information from the 2014 Actuarial Report:

Number of Active and Inactive Members:	26
Number of Retirees and Beneficiaries:	413
Average Annual Retirement Allowance:	$21,787
Total Annual Retirement Allowances Being Paid:	$8,998,154
Valuation Payroll:	$1,224,727
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, 2014

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

Contents

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
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, 2014 and 2013 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 the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan as of June 30, 2014 and 2013 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2014, Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. Our opinion is not modified with respect to this matter.

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 supplementary 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the 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 purposes 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

September 2, 2014

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:

	2014	2013	2012
Assets held in trust:			
Mutual funds	$ 130,442,786	$ 109,882,178	$ 97,085,185
Stable value	33,607,203	32,243,585	30,547,019
Participant notes receivable and other	5,229,750	4,768,679	4,388,840
Net position	**$ 169,279,739**	**$ 146,894,442**	**$ 132,021,044**
Changes in plan assets:			
Net investment income	$ 23,453,570	$ 16,035,621	$ 520,705
Employer and participant contributions	6,521,703	7,889,794	6,633,327
Benefits paid to participants	(7,645,116)	(9,097,209)	(11,632,674)
Loan defaults and other increases	55,140	45,192	104,423
Changes in net position	**$ 22,385,297**	**$ 14,873,398**	**$ (4,374,219)**

During fiscal year 2014, net investment income was $23.5 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, 2014 saw a net investment income of $23.5 million. Total assets held in trust at the end of the fiscal year were $169.3 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 Susan Devon, Chief Administrative and Technology Officer, at P.O. Box 13007, Lansing, Michigan 48901-3007.

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

Statement of Net Position

	June 30	
	2014	2013
Assets		
Participant-directed investments (Note 1):		
Mutual funds:		
Money market	$ 117,793	$ 418,421
Bond and equity funds	16,556,877	16,438,836
Stock funds	60,617,315	51,617,791
Balanced funds	29,495,580	20,394,104
Growth funds	6,144,760	5,736,285
International funds	17,510,461	15,276,741
Total mutual funds	130,442,786	109,882,178
Stable value	33,607,203	32,243,585
Self-directed brokerage account	1,147,041	859,599
Total participant-directed investments	165,197,030	142,985,362
Participant notes receivable	4,082,709	3,909,080
Net Position	**$ 169,279,739**	**$ 146,894,442**

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

Statement of Changes in Net Position

	Year Ended June 30	
	2014	2013
Increase		
Investment income:		
Net appreciation in fair value of investments	$ 17,907,856	$ 12,924,636
Dividend income	5,545,714	3,110,985
Total investment income	23,453,570	16,035,621
Employer contributions (Note 1)	5,467,824	5,494,101
Participant rollover contributions	1,053,879	2,395,693
Interest from participant notes receivable	155,997	139,026
Other	114,992	110,424
Total increase	30,246,262	24,174,865
Decrease		
Benefits paid to participants	7,645,116	9,097,209
Loan defaults	119,694	120,280
Participants' note and administrative fees	96,155	83,978
Total decrease	7,860,965	9,301,467
Change in Net Position	22,385,297	14,873,398
Net Position		
Beginning of year	146,894,442	132,021,044
End of year	**$ 169,279,739**	**$ 146,894,442**

See Notes to Financial Statements.

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, the plan administrator, controls and manages the operation and administration of the Plan.

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 non-bargaining 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' non-vested 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, 2014, there were 822 participants in the Plan, of which 682 were active employees. As of June 30, 2013, there were 825 participants in the Plan, of which 657 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.

Change in Accounting - During the current year, the Plan adopted GASB Statement No. 67, *Financial Reporting for Pension Plans*. This statement required certain information to be included within the notes to the financial statements. As this information was already included, there were no significant changes due to the implementation of this standard.

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, 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

Risks at June 30, 2013

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	$ 109,882,178	Not rated	Not rated
Stable value	32,243,585	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) that the prototype plan, as designed, is qualified for federal income tax-exempt status. The Plan has not individually sought its own determination letter.

Supplemental Information

Statement of Changes in Net Position by Fund

	Money Market		Bond Funds	
	Year Ended June 30		Year Ended June 30	
	2014	2013	2014	2013
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 485	$ 672	$ 449,026	$ (597,106)
Interest income	-	-	-	-
Dividend income	-	2	555,414	818,952
Employer contributions	13,731	10,367	487,362	477,598
Participant rollover contributions	-	3,553	33,403	14,921
Loan repayments	4,550	3,271	173,174	157,446
Interest from participant notes receivable	-	-	-	-
Other	-	-	13	(5,068)
Total increase, net of realized and unrealized gains and losses	18,766	17,865	1,698,392	866,743
Decrease				
Benefits paid to participants	64,086	64,224	536,673	519,536
Loans to participants	3,572	4,869	169,585	183,939
Loan defaults	-	-	-	-
Participants' note and administrative fees	972	552	21,360	16,768
Total decrease	68,630	69,645	727,618	720,243
Net (Decrease) Increase Prior to Interfund Transfers	(49,864)	(51,780)	970,774	146,500
Interfund Transfers	(250,764)	294,155	(852,733)	2,652,578
Net (Decrease) Increase	(300,628)	242,375	118,041	2,799,078
Net Position				
Beginning of year	418,421	176,046	16,438,836	13,639,758
End of year	**$ 117,793**	**$ 418,421**	**$ 16,556,877**	**$ 16,438,836**

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

Statement of Changes in Net Position by Fund (Continued)

	Stock Funds		Balanced Funds	
	Year Ended June 30		Year Ended June 30	
	2014	2013	2014	2013
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 9,532,529	$ 8,254,935	$ 3,198,720	$ 1,770,597
Interest income	-	-	-	-
Dividend income	3,874,276	1,273,144	558,296	425,615
Employer contributions	1,752,951	1,802,137	1,375,608	1,269,412
Participant rollover contributions	100,790	289,661	197,557	830,559
Loan repayments	602,678	619,254	349,248	370,113
Interest from participant notes receivable	-	-	-	-
Other	5	39	65	5,255
Total increase, net of realized and unrealized gains and losses	15,863,229	12,239,170	5,679,494	4,671,551
Decrease				
Benefits paid to participants	2,539,594	2,599,500	996,083	1,262,633
Loans to participants	634,522	640,159	367,726	497,315
Loan defaults	-	-	-	-
Participants' note and administrative fees	31,744	31,247	12,891	9,530
Total decrease	3,205,860	3,270,906	1,376,700	1,769,478
Net (Decrease) Increase Prior to Interfund Transfers	12,657,369	8,968,264	4,302,794	2,902,073
Interfund Transfers	(3,657,845)	(2,789,461)	4,798,682	(761,958)
Net Incease (Decrease)	8,999,524	6,178,803	9,101,476	2,140,115
Net Position				
Beginning of year	51,617,791	45,438,988	20,394,104	18,253,989
End of year	**$ 60,617,315**	**$ 51,617,791**	**$ 29,495,580**	**$ 20,394,104**

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	
	2014	2013	2014	2013
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 1,053,965	$ 587,820	$ 3,063,853	$ 2,231,514
Interest income	-	-	-	-
Dividend income	-	176,562	397,037	416,710
Employer contributions	588,556	609,029	535,453	595,157
Participant rollover contributions	9,045	-	31,217	148,746
Loan repayments	138,956	114,581	168,865	176,721
Interest from participant notes receivable	-	-	-	-
Other	-	-	22	-
Total increase, net of realized and unrealized gains and losses	1,790,522	1,487,992	4,196,447	3,568,848
Decrease				
Benefits paid to participants	266,068	308,879	712,842	873,697
Loans to participants	355,677	108,463	154,955	174,776
Loan defaults	-	-	-	-
Participants' note and administrative fees	4,010	2,718	14,078	13,339
Total decrease	625,755	420,060	881,875	1,061,812
Net (Decrease) Increase Prior to Interfund Transfers	1,164,767	1,067,932	3,314,572	2,507,036
Interfund Transfers	(756,292)	(476,252)	(1,080,852)	(1,662,094)
Net Incease (Decrease)	408,475	591,680	2,233,720	844,942
Net Position				
Beginning of year	5,736,285	5,144,605	15,276,741	14,431,799
End of year	**$ 6,144,760**	**$ 5,736,285**	**$ 17,510,461**	**$ 15,276,741**

Statement of Changes in Net Position by Fund (Continued)

	Total Mutual Funds	
	Year Ended June 30	
	2014	2013
Increase		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ 17,298,578	$ 12,248,432
Interest income	-	-
Dividend income	5,385,023	3,110,985
Employer contributions	4,753,661	4,763,700
Participant rollover contributions	372,012	1,287,440
Loan repayments	1,437,471	1,441,386
Interest from participant notes receivable	-	-
Other	105	226
Total increase, net of realized and unrealized gains and losses	29,246,850	22,852,169
Decrease		
Benefits paid to participants	5,115,346	5,628,469
Loans to participants	1,686,037	1,609,521
Loan defaults	-	-
Participants' note and administrative fees	85,055	74,154
Total decrease	6,886,438	7,312,144
Net (Decrease) Increase Prior to Interfund Transfers	22,360,412	15,540,025
Interfund Transfers	(1,799,804)	(2,743,032)
Net Incease (Decrease)	20,560,608	12,796,993
Net Position		
Beginning of year	109,882,178	97,085,185
End of year	**$ 130,442,786**	**$ 109,882,178**

Statement of Changes in Net Position by Fund (Continued)

	Stable Value Fund		Brokerage Account	
	Year Ended June 30		Year Ended June 30	
	2014	2013	2014	2013
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 609,278	$ 695,952	$ -	$ (19,748)
Interest income	-	-	160,691	-
Dividend income	-	-	-	-
Employer contributions	714,164	730,401	-	-
Participant rollover contributions	681,866	1,108,253	-	-
Loan repayments	233,842	235,983	-	-
Interest from participant notes receivable	-	-		
Other	114,887	110,198	-	-
Total increase, net of realized and unrealized gains and losses	2,354,037	2,880,787	160,691	(19,748)
Decrease				
Benefits paid to participants	2,529,770	3,468,740	-	-
Loans to participants	122,602	255,109	-	-
Loan defaults	-	-	-	-
Participants' note and administrative fees	11,100	9,824	-	-
Total decrease	2,663,472	3,733,673	-	-
Net Increase (Decrease) Prior to Interfund Transfers	(309,435)	(852,886)	160,691	(19,748)
Interfund Transfers	1,673,053	2,549,452	126,751	193,580
Net Incease (Decrease)	1,363,618	1,696,566	287,442	173,832
Net Position				
Beginning of year	32,243,585	30,547,019	859,599	685,767
End of year	**$ 33,607,203**	**$ 32,243,585**	**$ 1,147,041**	**$ 859,599**

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

Statement of Changes in Net Position by Fund (Continued)

	Participant Notes Receivable		Total	
	Year Ended June 30		Year Ended June 30	
	2014	2013	2014	2013
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ -	$ -	$ 17,907,856	$ 12,924,636
Interest income	-	-	160,691	-
Dividend income	-	-	5,385,023	3,110,985
Employer contributions	-	-	5,467,825	5,494,101
Participant rollover contributions	-	-	1,053,878	2,395,693
Loan repayments	(1,671,313)	(1,677,369)	-	-
Interest from participant notes receivable	155,997	139,026	155,997	139,026
Other	-	-	114,992	110,424
Total increase, net of realized and unrealized gains and losses	(1,515,316)	(1,538,343)	30,246,262	24,174,865
Decrease				
Benefits paid to participants	-	-	7,645,116	9,097,209
Loans to participants	(1,808,639)	(1,864,630)	-	-
Loan defaults	119,694	120,280	119,694	120,280
Participants' note and administrative fees	-	-	96,155	83,978
Total decrease	(1,688,945)	(1,744,350)	7,860,965	9,301,467
Net Increase (Decrease) Prior to Interfund Transfers	173,629	206,007	22,385,297	14,873,398
Interfund Transfers	-	-	-	-
Net Incease (Decrease)	173,629	206,007	22,385,297	14,873,398
Net Position				
Beginning of year	3,909,080	3,703,073	146,894,442	132,021,044
End of year	**$ 4,082,709**	**$ 3,909,080**	**$ 169,279,739**	**$ 146,894,442**

ICMA Performance - 401/457 Plan
June 30, 2014

Fund Name	Fund Ticker	Fund Performance Qtr	1 Yr	3 Yr	5 Yr	Peer Category	Peer Category Performance Qtr	1 Yr	3 Yr	5 Yr	Rank in Category Qtr	1 Yr	3 Yr	5 Yr
Allianz GI Technology Admin (Funds A)	DGTAX	5.20	35.25	12.73	20.36	Special-Technology	4.55	32.27	12.97	17.99	35	25	44	21
Allianz NFJ Div Val Insti	NFJEX	6.10	23.96	15.67	18.32	Large Value	4.53	22.21	14.88	17.27	5	24	38	27
Am. Cent. Utilities Inv	BULIX	5.51	17.35	12.48	14.35	Special-Utilities	8.52	25.14	14.39	15.81	100	98	78	74
Am. Funds Capital World Growth & Inc. R5	RWIFX	4.50	23.78	11.81	14.53	World Stock	4.23	22.72	10.57	14.83	38	38	33	56
Am. Funds Grth Fund of Amer R5	RGAFX	5.03	26.96	16.18	17.32	Large Growth	4.18	26.22	14.42	17.64	26	40	21	56
American Funds Fundamental Invs R5	RFNFX	5.05	23.44	14.78	17.59	Large Blend	4.63	23.65	14.86	17.47	34	56	57	47
AMG TimesSquare Sm Cap Growth	TSCPX	(1.35)	16.70	13.61	20.37	Small-Cap Growth	0.57	22.40	12.73	19.88	79	92	37	41
BlackRock Global Allocation A	MDLOX	2.98	13.62	6.66	9.59	World Allocation	3.74	15.08	6.76	11.44	78	71	62	86
Columbia Mid Cap Value R4	RMCVX	3.49	22.16	13.79	20.10	Mid-Cap Value	4.67	25.44	15.33	20.46	87	81	77	63
Columbia Sm Cap. Value I, Class Z	CSCZX	3.35	24.04	12.87	18.35	Small-Cap Value	2.91	23.58	14.50	20.13	32	44	80	84
Delaware High-Yield Opp. In	DHOIX	2.53	12.84	9.62	14.05	High-yield Bond	2.14	10.62	8.24	12.57	21	9	10	15
Fidelity Balanced	FBALX	4.09	19.73	12.02	14.52	Moderate Allocation	3.60	16.03	9.61	12.57	16	4	10	12
Fidelity Contrafund	FCNTX	3.90	25.69	15.92	18.38	Large-Cap Growth	4.18	26.22	14.42	17.64	63	54	25	34
Fidelity Diversified Int'l	FDIVX	3.91	22.99	8.75	12.12	Forgn Large Blend	3.71	20.83	6.62	11.27	47	21	14	26
Fidelity Int'l Discovery	FIGRX	3.08	21.10	8.60	12.39	Forgn Large Blend	3.71	20.83	6.62	11.27	72	49	15	21
Fidelity Sm Cap Discovery	FSCRX	3.48	23.25	18.56	24.09	Small-Cap Blend	2.31	23.78	14.25	19.87	19	57	4	4
Harbor International Admin	HRINX	3.31	21.27	6.67	13.29	Forgn Large Blend	3.71	20.83	6.62	11.27	66	47	50	9
Harbor Mid Cap Growth Adm	HRMGX	3.71	25.33	13.09	19.86	Mid-Cap Growth	2.66	23.98	12.59	18.98	23	34	41	35
JP Morgan US Equity Select	JUESX	4.80	26.31	16.82	18.69	Large Blend	4.63	23.65	14.86	17.47	50	19	16	22
Nuveen Real Estate Securities	FARCX	7.34	14.39	11.64	23.59	Real Estate	6.88	13.14	10.89	22.56	19	22	13	18
Pimco Low Duration Admin	PLDAX	0.76	2.55	2.04	3.77	Short Term Bond	0.72	2.24	1.85	3.21	36	30	37	30
PIMCO Real Return Admin	PARRX	4.16	5.27	3.65	6.27	Inflation Protected Bond	3.26	3.77	2.63	4.88	5	6	8	2
Pimco Total Return Insti	PTTRX	2.37	4.88	4.32	6.39	Intermed-Term Bond	2.09	5.07	4.08	6.02	23	50	41	39
Prudential Jennison Utility A	PRUAX	12.27	37.18	19.69	21.01	Special-Utilities	8.52	25.14	14.39	15.81	2	2	4	4
T. Rowe Price Health Sciences	PRHSX	4.39	40.45	27.47	27.98	Special-Health	4.62	36.66	22.81	22.12	63	18	20	2
Vanguard 500 Index Signal	VIFSX	5.22	24.55	16.54	18.81	Large-Cap Blend	4.63	23.65	14.86	17.47	20	39	20	20
Vanguard Mid Cap Index	VMISX	4.51	26.23	15.33	21.97	Mid-Cap Blend	3.90	24.74	14.15	19.76	33	32	35	18
Vanguard Small Cap Index	VSISX	3.78	26.51	16.19	22.32	Small-Cap Blend	2.31	23.78	14.25	19.87	14	18	24	11
Vanguard Target Retire 2010	VTENX	3.00	11.75	7.60	10.54	Target Date 2000-10	2.98	11.43	6.54	9.97	53	61	28	45
Vanguard Target Retire 2015	VTXVX	3.46	14.51	8.84	11.87	Target Date 2011-15	3.10	12.33	7.02	10.61	23	18	9	24
Vanguard Target Retire 2020	VTWNX	3.73	16.43	9.73	12.88	Target Date 2016-20	3.35	13.83	7.87	11.49	16	15	7	22
Vanguard Target Retire 2025	VTTVX	3.99	18.01	10.42	13.78	Target Date 2021-25	3.64	16.26	8.97	13.06	20	27	10	29
Vanguard Target Retire 2030	VTHRX	4.20	19.49	11.09	14.63	Target Date 2025-30	3.84	17.31	9.35	13.32	21	17	10	19
Vanguard Target Retire 2035	VTTHX	4.46	21.12	11.75	15.44	Target Date 2031-35	4.01	19.16	10.25	14.47	15	16	12	17
Vanguard Target Retire 2040	VFORX	4.62	22.16	12.26	15.80	Target Date 2036-40	4.17	19.54	10.29	14.37	16	11	9	13
Vanguard Target Retire 2045	VTIVX	4.60	22.13	12.27	15.80	Target Date 2041-45	4.20	20.52	11.04	15.04	21	15	11	13
Vanguard Target Retire 2050	VFIFX	4.61	22.14	12.26	15.79	Target Date 2046-50	4.30	20.33	10.66	14.69	20	14	12	13
Vanguard Target Retire Income	VTINX	2.74	9.73	6.60	8.59	Retirement Income	2.70	10.28	6.17	9.25	57	55	39	61
Vanguard Total Bond Market	VBTSX	1.97	4.28	3.61	4.75	Intermed-Term Bond	2.09	5.07	4.08	6.02	66	66	66	79
Vantage Trust PLUS Fund*	PLUS*	1.81	1.86	2.27	2.66	Stable Value	0.04	0.05	0.07	0.11				
Vantagepoint Equity Income	VPEIX	5.86	24.12	14.25	17.98	Large Value	4.53	22.21	14.88	17.27	7	22	69	35
VP Model Port All Equty. Growth	VPAGX	4.64	24.17	13.14	16.96	Large-Cap Blend	4.63	23.65	14.86	17.47	58	45	79	59
VP Model Port Conser Growth	VPCGX	2.58	11.29	6.88	8.93	Conservative Allocation	2.97	10.80	6.50	9.48	68	45	43	60
VP Model Port Long-Term Growth	VPLGX	4.10	19.41	10.79	13.82	Aggressive Allocation	4.04	19.28	10.53	14.25	40	49	38	62
VP Model Port Tradit Growth	VPTGX	3.41	15.97	9.24	11.80	Moderate Allocation	3.60	16.03	9.61	12.57	59	56	58	69
Westwood Smid Cap Institutional	WHGMX	3.44	26.82	13.38	19.89	Mid-Cap Blend	3.90	24.74	14.15	19.76	65	26	70	52

Data from Morningstar

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

ICMA Performance - 401/457 Plan
June 30, 2014

Fund Name	Fund	Fund Performance				Benchmark Index Name	Benchmark Index Performance				Fav/(Unfav) vs. Benchmark			
	Ticker	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	5.20	35.25	12.73	20.36	NASDAQ Composite Indexa,b	5.31	31.17	18.18	20.50	(0.11)	4.08	(5.45)	(0.14)
Allianz NFJ Div Val Insti	NFJEX	6.10	23.96	15.67	18.32	Russell 1000 Value Indexa,b	5.10	23.81	16.92	19.23	1.00	0.15	(1.25)	(0.91)
Am. Cent. Utilities Inv	BULIX	5.51	17.35	12.48	14.35	Morningstar Utilitiesa,c	8.52	25.14	14.39	15.81	(3.01)	(7.79)	(1.91)	(1.46)
Am. Funds Capital World Growth & Inc. R5	RWIFX	4.50	23.78	11.81	14.53	MSCI AC World Index (Net)a,b	5.04	22.95	10.25	14.28	(0.54)	0.83	1.56	0.25
Am. Funds Grth Fund of Amer R5	RGAFX	5.03	26.96	16.18	17.32	S&P 500 Indexa,b	5.23	24.61	16.58	18.83	(0.20)	2.35	(0.40)	(1.51)
American Funds Fundamental Invs R5	RFNFX	5.05	23.44	14.78	17.59	S&P 500 Indexa,b	5.23	24.61	16.58	18.83	(0.18)	(1.17)	(1.80)	(1.24)
AMG TimesSquare Sm Cap Growth	TSCPX	(1.35)	16.70	13.61	20.37	Russell 2500 Growth Indexa,b	2.90	26.26	14.88	21.65	(4.25)	(9.56)	(1.27)	(1.28)
BlackRock Global Allocation A	MDLOX	2.98	13.62	6.66	9.59	FTSE World Indexa,b	5.18	24.02	11.37	15.15	(2.20)	(10.40)	(4.71)	(5.56)
Columbia Mid Cap Value R4	RMCVX	3.49	22.16	13.79	20.10	Russell Midcap Value Indexa,b	5.62	27.76	17.56	22.97	(2.13)	(5.60)	(3.77)	(2.87)
Columbia Sm Cap. Value I, Class Z	CSCZX	3.35	24.04	12.87	18.35	Russell 2000 Value Indexa,b	2.38	22.54	14.65	19.88	0.97	1.50	(1.78)	(1.53)
Delaware High-Yield Opp. In	DHOIX	2.53	12.84	9.62	14.05	BofA ML US High Yield Master II Constrained	2.57	11.79	9.25	13.89	(0.04)	1.05	0.37	0.16
Fidelity Balanced	FBALX	4.09	19.73	12.02	14.52	S&P 500 Indexa,b	5.23	24.61	16.58	18.83	(1.14)	(4.88)	(4.56)	(4.31)
Fidelity Contrafund	FCNTX	3.90	25.69	15.92	18.38	S&P 500 Indexa,b	5.23	24.61	16.58	18.83	(1.33)	1.08	(0.66)	(0.45)
Fidelity Diversified Int'l	FDIVX	3.91	22.99	8.75	12.12	MSCI EAFE Index (Net)a,b	4.09	23.57	8.10	11.77	(0.18)	(0.58)	0.65	0.35
Fidelity Int'l Discovery	FIGRX	3.08	21.10	8.60	12.39	MSCI EAFE Index (Net)a,b	4.09	23.57	8.10	11.77	(1.01)	(2.47)	0.50	0.62
Fidelity Sm Cap Discovery	FSCRX	3.48	23.25	18.56	24.09	Russell 2000 Indexa,b	2.05	23.64	14.57	20.21	1.43	(0.39)	3.99	3.88
Harbor International Admin	HRINX	3.31	21.27	6.67	13.29	MSCI EAFE Index (Net)a,b	4.09	23.57	8.10	11.77	(0.78)	(2.30)	(1.43)	1.52
Harbor Mid Cap Growth Adm	HRMGX	3.71	25.33	13.09	19.86	Russell Midcap Growth Indexa,b	4.37	26.04	14.54	21.16	(0.66)	(0.71)	(1.45)	(1.30)
JP Morgan US Equity Select	JUESX	4.80	26.31	16.82	18.69	S&P 500 Indexa,b	5.23	24.61	16.58	18.83	(0.43)	1.70	0.24	(0.14)
Nuveen Real Estate Securities	FARCX	7.34	14.39	11.64	23.59	MSCI U.S. REIT Indexa,b	7.00	13.38	11.85	23.84	0.34	1.01	(0.21)	(0.25)
Pimco Low Duratin Admin	PLDAX	0.76	2.55	2.04	3.77	Morningstar Short-Term Bonda,c	0.72	2.24	1.85	3.21	0.04	0.31	0.19	0.56
PIMCO Real Return Admin	PARRX	4.16	5.27	3.65	6.27	Barclays U.S. Treasury Inflation Protected Se	3.81	4.44	3.55	5.55	0.35	0.83	0.10	0.72
Pimco Total Return Insti	PTTRX	2.37	4.88	4.32	6.39	Barclays U.S. Aggregate Bond Indexa,b	2.04	4.37	3.66	4.85	0.33	0.51	0.66	1.54
Prudential Jennison Utility A	PRUAX	12.27	37.18	19.69	21.01	Morningstar Utilitiesa,c	8.52	25.14	14.39	15.81	3.75	12.04	5.30	5.20
T. Rowe Price Health Sciences	PRHSX	4.39	40.45	27.47	27.98	Morningstar Healtha,c	4.62	36.66	22.81	22.12	(0.23)	3.79	4.66	5.86
Vanguard 500 Index Signal	VIFSX	5.22	24.55	16.54	18.81	S&P 500 Indexa,b	5.23	24.61	16.58	18.83	(0.01)	(0.06)	(0.04)	(0.02)
Vanguard Mid Cap Index	VMISX	4.51	26.23	15.33	21.97	Morningstar Mid-Cap Blenda,c	3.90	24.74	14.15	19.76	0.61	1.49	1.18	2.21
Vanguard Small Cap Index	VSISX	3.78	26.51	16.19	22.32	Morningstar Small Blenda,c	2.31	23.78	14.25	19.87	1.47	2.73	1.94	2.45
Vanguard Target Retire 2010	VTENX	3.00	11.75	7.60	10.54	Morningstar Target Date 2000-2010a,d	2.98	11.43	6.54	9.97	0.02	0.32	1.06	0.57
Vanguard Target Retire 2015	VTXVX	3.46	14.51	8.84	11.87	Morningstar Target Date 2011-2015a,d	3.10	12.33	7.02	10.61	0.36	2.18	1.82	1.26
Vanguard Target Retire 2020	VTWNX	3.73	16.43	9.73	12.88	Morningstar Target Date 2016-2020a,d	3.35	13.83	7.87	11.49	0.38	2.60	1.86	1.39
Vanguard Target Retire 2025	VTTVX	3.99	18.01	10.42	13.78	Morningstar Target Date 2021-2025a,d	3.64	16.26	8.97	13.06	0.35	1.75	1.45	0.72
Vanguard Target Retire 2030	VTHRX	4.20	19.49	11.09	14.63	Morningstar Target Date 2026-2030a,d	3.84	17.31	9.35	13.32	0.36	2.18	1.74	1.31
Vanguard Target Retire 2035	VTTHX	4.46	21.12	11.75	15.44	Morningstar Target Date 2031-2035a,d	4.01	19.16	10.25	14.47	0.45	1.96	1.50	0.97
Vanguard Target Retire 2040	VFORX	4.62	22.16	12.26	15.80	Morningstar Target Date 2036-2040a,d	4.17	19.54	10.29	14.37	0.45	2.62	1.97	1.43
Vanguard Target Retire 2045	VTIVX	4.60	22.13	12.27	15.80	Morningstar Target Date 2041-2045a,d	4.20	20.52	11.04	15.04	0.40	1.61	1.23	0.76
Vanguard Target Retire 2050	VFIFX	4.61	22.14	12.26	15.79	Morningstar Target Date 2046-2050a,d	4.30	20.33	10.66	14.69	0.31	1.81	1.60	1.10
Vanguard Target Retire Income	VTINX	2.74	9.73	6.60	8.59	Barclays U.S. Aggregate Bond Indexa,b	2.04	4.37	3.66	4.85	0.70	5.36	2.94	3.74
Vanguard Total Bond Market	VBTSX	1.97	4.28	3.61	4.75	Barclays U.S. Aggregate Float-Adjusted Bon	1.97	4.34	3.72	0.05	0.00	(0.06)	(0.11)	4.70
Vantage Trust PLUS Fund	PLUS*	1.81	1.86	2.27	2.66	BofA ML US 3-Mo. T-Bill Index (Annualized)	0.04	0.05	0.07	0.11	1.77	1.81	2.20	2.55
Vantagepoint Equity Income	VPEIX	5.86	24.12	14.25	17.98	Russell 1000 Value Indexa,b	5.10	23.81	16.92	19.23	0.76	0.31	(2.67)	(1.25)
VP Model Port All Equty. Growth	VPAGX	4.64	24.17	13.14	16.96	Model All-Equity Growth Custom Bmk.c	5.02	24.52	14.93	17.47	(0.38)	(0.35)	(1.79)	(0.51)
VP Model Port Conser Growth	VPCGX	2.58	11.29	6.88	8.93	Model Conservative Growth Custom Bmk.c	2.92	11.44	8.32	10.08	(0.34)	(0.15)	(1.44)	(1.15)
VP Model Port Long-Term Growth	VPLGX	4.10	19.41	10.79	13.82	Model Long-Term Growth Custom Bmk.c	4.52	19.29	13.24	15.27	(0.42)	0.12	(2.45)	(1.45)
VP Model Port Tradit Growth	VPTGX	3.41	15.97	9.24	11.80	Model Traditional Growth Custom Bmk.c	3.85	15.90	11.14	13.06	(0.44)	0.07	(1.90)	(1.26)
Westwood Smid Cap Institutional	WHGMX	3.44	26.82	13.38	19.89	Russell 2500 Indexa,b	3.57	25.58	15.51	21.63	(0.13)	1.24	(2.13)	(1.74)

Benchmark data from _ICMARC.org_ for Quarter Ended **6/30/2014**

Plan Service Report

LANSING BOARD OF WATER LIGHT
For Period Ended June 30, 2014

2nd Quarter 2014

Platinum Services Plan Service Report

Your Service Team:

Local On-Site Participant Education & Service
Sandra Rouse-Thames, *Retirement Plans Specialist*
Kevin Kilpatrick, *Retirement Plans Specialist*

Plan Sponsor Service Team
Tim True, *Director, Strategic Relations*
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
Kevin Kilpatrick *Retirement Plans Specialist*	Office:	616-837-1955	KKilpatrick@icmarc.org	
Plan Sponsor Service				
Tim True *Director, Strategic Relations*	Office:	866-754-7327	TTrue@icmarc.org	Any questions or requests about the delivery of plan services or the relationship with ICMA-RC.
John McCann *Regional Vice President*	Office:	734-996-9143	JMcCann@icmarc.org	Education and enrollment oversight

ICMA RC
Building Retirement Security

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*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 2014

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 2014 Economic Review

Economic Commentary

In June, the Bureau of Economic Analysis issued their third estimate of Real GDP growth for the first quarter, which showed the U.S. economy contracted by 2.9% on a seasonally adjusted annualized basis ("SAAR"), well below the 1% decline reported in the prior estimate and a significant drop from the 2.6% growth reported for the fourth quarter of 2013. It was the largest decline since the first quarter of 2009. The Federal Reserve ("Fed") met in April and June and announced $10 billion reductions in its monthly asset purchase program at each meeting, with the first $10 billion reduction enacted in May and the second in July. These reductions bring the pace of asset purchases to $35 billion per month, which is less than half of the $85 billion per month before tapering began. The Fed expects the asset purchase program to end in October of this year. Nonfarm payrolls averaged 272,000 new jobs per month in the second quarter, which was higher than the 190,000 new jobs per month average in the first quarter. The unemployment rate dropped to 6.1% at the end of the second quarter, from 6.7% at the end of the first quarter.

- In its June statement, the Federal Reserve reaffirmed the continuation of its accommodative monetary policy, which targets a federal funds rate at 0 to ¼ percent to reach its objectives of maximum employment and 2% inflation. Most Fed officials believe the first increase in the fed funds rate will not occur until 2015.
- U.S. manufacturing conditions strengthened in the second quarter as the ISM manufacturing index averaged 55.2 for the quarter versus 52.7 for the first quarter. The ISM nonmanufacturing index averaged 55.8 in the second quarter, an increase from the first quarter average of 52.9. For both indices a reading above 50 percent generally indicates expansion; below 50 percent generally indicates contraction.
- Sales of existing homes rose to a monthly average of 4.78 million annualized units in the first two months of the second quarter, up from a monthly average of 4.60 million annualized units in the first quarter. New home sales increased from a monthly average of 433 thousand annualized units in the first quarter to 465 thousand average annualized units in the first two months of the second quarter.
- The S&P/Case-Schiller 20-city composite index of home prices rose 1.1% in April versus the prior month on a non-seasonally adjusted basis and increased 10.8% versus the prior year. The index is 18.3% below its 2006 peak.

Second Quarter 2014 Economic Review

Domestic Equity Markets

U.S. equity markets rose in the second quarter as reflected in the performance of major market indexes. The S&P 500 Index posted 16 record closes in the quarter and returned 5.23%, which included positive returns in all ten sectors.

- The S&P 500 Index rose to a new high of 1962.87 on June 20th, and then fell back slightly to close the quarter at 1960.23.
- In the quarter, large-cap stocks generally outperformed mid- and small-cap stocks. The large-cap S&P 500 Index gained 5.23%, the Russell Midcap Index rose 4.37%, while the small-cap Russell 2000 Index returned 2.05%.
- U.S. value stocks generally outperformed growth stocks for mid- and small-cap stocks while large-cap stocks showed minimal difference between growth and value.
- All ten S&P 500 sectors rose in the quarter, led by Energy which increased 12.09%, followed by Utilities which returned 7.77%, and Technology which rose 6.51%. Financials trailed the other sectors with a return of 2.30%.

Morningstar Returns for Domestic Equity Funds--2nd Quarter 2014*

	Value	Blend	Growth
Large-Cap	4.53%	4.63%	4.18%
Mid-Cap	4.67%	3.90%	2.66%
Small-Cap	2.91%	2.31%	0.57%

Morningstar Returns for Domestic Equity Funds--1 Year Ending 6/30/2014*

	Value	Blend	Growth
Large-Cap	22.21%	23.65%	26.22%
Mid-Cap	25.44%	24.74%	23.98%
Small-Cap	23.58%	23.78%	22.40%

*See disclosure at end of chapter

Past performance is no guarantee of future results

ICMARC
Building Retirement Security

Second Quarter 2014 Economic Review

Fixed Income Markets

The bond market rallied in the second quarter, with longer maturity bonds providing the best returns as longer-term yields fell. The Barclays U.S. Treasury Long Index rose 4.70% in the quarter and the yield on the 10-year Treasury note fell 19 basis points (0.19%). Shorter-term rates showed little change. Amid mixed U.S. economic data reported in the quarter, including negative first quarter U.S. GDP growth which contrasted with improving employment figures, the Federal Reserve continued the gradual tapering of its asset purchasing program and indicated it expects the program to end in October of this year.

- At the end of the second quarter, the yield on the 10-year Treasury note stood at 2.53%, down from 2.72% at the end of first quarter.
- The Barclays U.S. Treasury Inflation-Protected Securities ("TIPS") Index rose 3.81% in the second quarter of 2014, amid indications of inflation which began to appear in the quarter. Inflation protected securities are influenced by inflation expectations as well as interest rate changes.
- High yield bonds, as represented by the Barclays U.S. Corporate High Yield Index, gained 2.41% for the second quarter of 2014, which reflected investors' acceptance of higher credit risk in their search for higher returns and the tightening of credit spreads that resulted.
- The Barclays U.S. Aggregate Bond Index, a broad measure of the U.S. investment grade fixed income market, rose 2.04% in the second quarter, primarily due to the performance of lower rated investment grade corporate bonds in the quarter.

Morningstar Returns for Domestic Fixed Income Funds--1 Year Ending 6/30/2014*

Category	Quarter	Year
Ultrashort Bond	0.23%	0.95%
Short Government	0.43%	0.79%
Short-Term Bond	0.72%	2.24%
Inflation-Protected Bond	3.26%	3.77%
Intermediate Government	1.74%	3.06%
Intermediate-Term Bond	2.09%	5.07%
Long Government	4.65%	5.73%
Long-Term Bond	3.46%	6.11%
High Yield Bond	2.14%	10.62%

Past performance is no guarantee of future results

*See disclosure at end of chapter

Second Quarter 2014 Economic Review

International Equity Markets

Non-US markets posted solid returns in the second quarter with emerging markets generally outperforming developed markets. India benefited from the election of a new, reform-minded government; Russian returns rose as tensions over the Ukraine eased, and the Brazilian market benefited from expectations that a new government will be elected in the upcoming elections. In developed markets, Japanese and European markets benefited from improving economic conditions. The European Central Bank announced further stimulus measures aimed at improving growth and raising inflation to a more healthy level.

- The U.S. dollar weakened against most major currencies in the second quarter, losing 2.51% against the U.K. Pound and 1.70% against the Japanese Yen, but appreciating 0.62% against the Euro. The U.S. dollar index, which measures the dollar against a basket of currencies, also weakened in the second quarter, falling by 0.40%. A weaker U.S. dollar generally adds to returns for dollar-based investors holding non-U.S. dollar denominated securities.
- For U.S. dollar based investors, emerging markets as measured by MSCI EM NR Index rose 6.60% in the quarter, and developed international markets as measured by the MSCI EAFE NR Index gained 4.09%.
- Performance in emerging equity market countries, as represented by the MSCI NR Country Indexes for U.S. dollar based returns, was positive in the second quarter. Among the largest emerging market countries, India's performance led with a gain of 12.67%, followed by Russia with a 10.69% return, Brazil with a 7.49% gain, and China with a 5.52% rise.

Performance in foreign developed country equity markets, as represented by the MSCI NR Country Indexes for U.S. dollar based returns, was positive for the second quarter. Among the largest foreign developed market countries, Japan's performance led with a 6.66% return, followed by the United Kingdom with a 6.05% increase, France with a 1.70% gain, and Germany with a rise of 1.65%

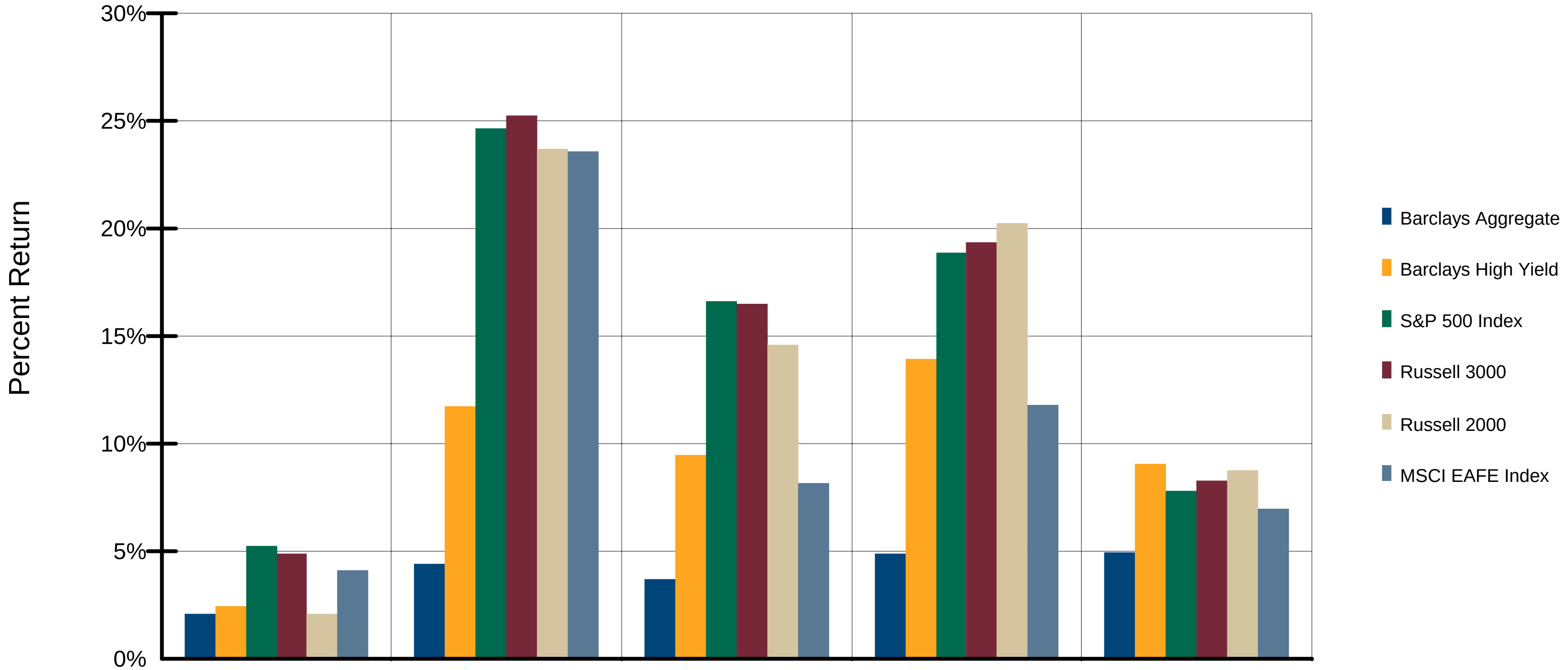
Morningstar Returns for International Equity Funds--1 Year Ending 6/30/2014*

Category	Quarter	Year
Foreign Large Value	4.07%	23.20%
Foreign Large Blend	3.71%	20.83%
Foreign Large Growth	3.56%	19.53%
Foreign Small/Mid Value	3.14%	26.82%
Foreign Small/Mid Growth	2.59%	23.14%
Diversified Emerging Mkts	6.61%	14.21%
World Allocation	3.74%	15.08%

Past performance is no guarantee of future results

*See disclosure at end of chapter

Capital Markets Returns



	Q2 '14	1 Year	3 Years	5 Years	10 Years
Barclays Aggregate	2.04%	4.37%	3.66%	4.85%	4.93%
Barclays High Yield	2.41%	11.72%	9.46%	13.92%	9.04%
S&P 500 Index	5.23%	24.61%	16.58%	18.83%	7.78%
Russell 3000	4.87%	25.22%	16.46%	19.33%	8.23%
Russell 2000	2.05%	23.64%	14.57%	20.21%	8.70%
MSCI EAFE Index	4.09%	23.57%	8.10%	11.77%	6.93%

Periods greater than one year represent annualized performance.

Past performance is no guarantee of future results.

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 Signal American Funds Fundamental Inv JPMorgan US Equity Select	Fidelity Contrafund® Am Funds Growth Fund of Am R5
Mid	Columbia Small/Mid Cap Value K	Vanguard Mid-Cap Index Signal Westwood SMidCap Institutional	Harbor Mid Cap Growth Admin
Small	Columbia Small Cap Value I Z	Vanguard Small-Cap Index Sig Fidelity Small Cap Discovery	AMG TimesSquare Sm Cap Growth Royce Value Plus Service

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 Total Bond Market Idx PIMCO Total Return Instl PIMCO Real Return Admin Delaware High-Yield Opp Instl	American Funds Cap World G&I Fidelity Diversified Intl Fidelity Intl Discovery Harbor International Admin	American Century® Utilities 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, 2014

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

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 Signal American Funds Fundamental Inv JPMorgan US Equity Select	Fidelity Contrafund® Am Funds Growth Fund of Am R5
Mid	Columbia Small/Mid Cap Value K	Vanguard Mid-Cap Index Signal Westwood SMidCap Institutional	Harbor Mid Cap Growth Admin
Small	Columbia Small Cap Value I Z	Vanguard Small-Cap Index Sig 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	BOND	INTERNATIONAL/GLOBAL STOCK	SPECIALTY
VT PLUS Fund VT Cash Management Certificate of Deposit	PIMCO Low Duration Vanguard Total Bond Market Idx PIMCO Total Return Instl PIMCO Real Return Admin Delaware High-Yield Opp Instl	American Funds Cap World G&I Fidelity Diversified Intl Fidelity Intl Discovery Harbor International Admin	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, 2014

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

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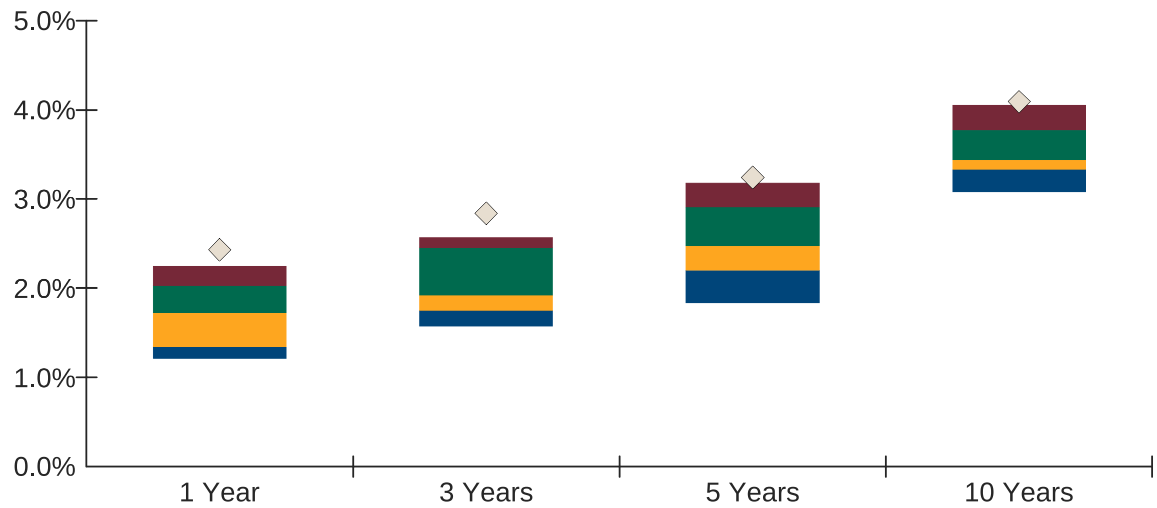
Hueler Stable Value Universe Profile[15]

*Universe: Hueler Stable Value[15] -- Gross Returns**
Universe Percentiles As of June 30, 2014



	1 Year	3 Years	5 Years	10 Years
VT PLUS Gross Returns*	2.43%	2.84%	3.24%	4.09%
VT PLUS Net Returns	1.86%	2.27%	2.66%	3.56%
11-25th Percentile	2.03 - 2.25	2.45 - 2.57	2.91 - 3.18	3.77 - 4.05
26-50th Percentile	1.72 - 2.03	1.92 - 2.45	2.47 - 2.91	3.44 - 3.77
51-75th Percentile	1.34 - 1.72	1.75 - 1.92	2.20 - 2.47	3.33 - 3.44
76-90th Percentile	1.21 - 1.34	1.57 - 1.75	1.83 - 2.20	3.08 - 3.33

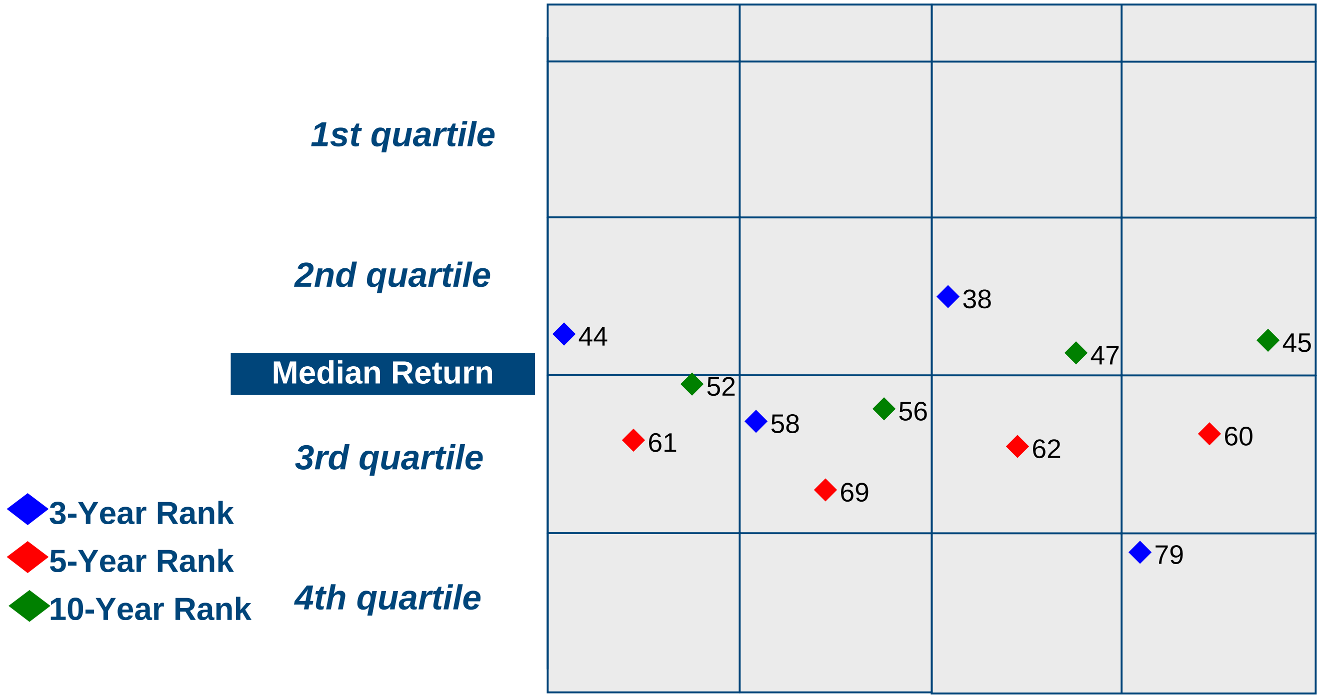
" *The PLUS Fund Gross Return is net of fixed income manager, wrap and custodial fees, and is reported in a manner consistent with stable value industry reporting practices. Total VT PLUS Fund fees were 0.83% of assets, as disclosed in the VantageTrust Funds Fees and Expenses document accompanying the 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 0.27% 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.

ICMA-RC
Building Retirement Security

VT Vantagepoint Model Portfolio Funds[1,13]

Morningstar®,2 Three-, Five- and Ten-Year Rankings as of 6/30/2014

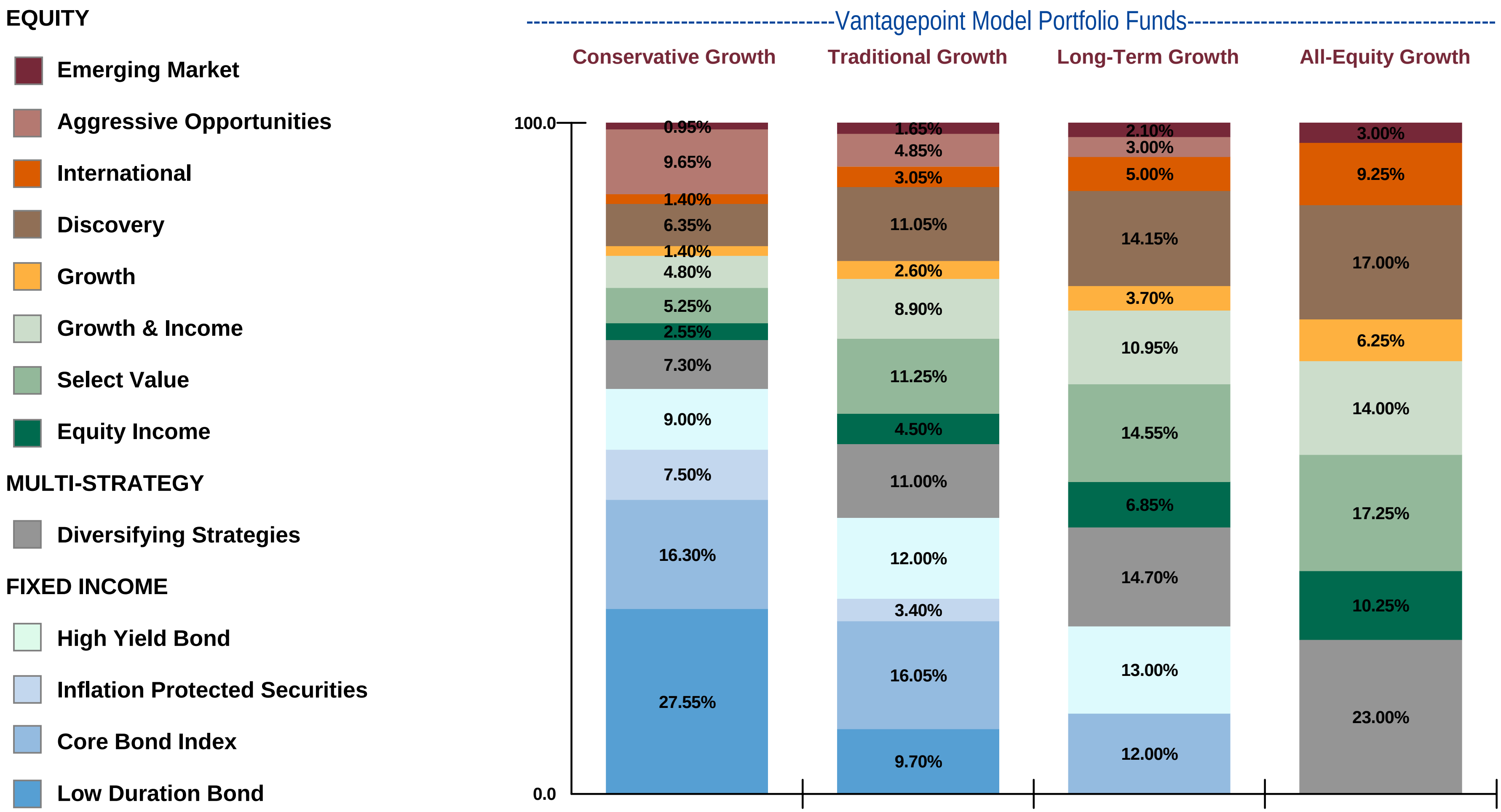


VT Vantagepoint Model Portfolio Funds	Conservative Growth	Traditional Growth	Long-Term Growth	All-Equity Growth
Morningstar®,2 Category	Conservative Allocation	Moderate Allocation	Aggressive Allocation	Large Blend
Funds Ranked in Category: 3-Year Period	561	730	328	1338
Funds Ranked in Category: 5-Year Period	475	649	291	1192
Funds Ranked in Category: 10-Year Period	253	423	181	798

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 6/30/2014

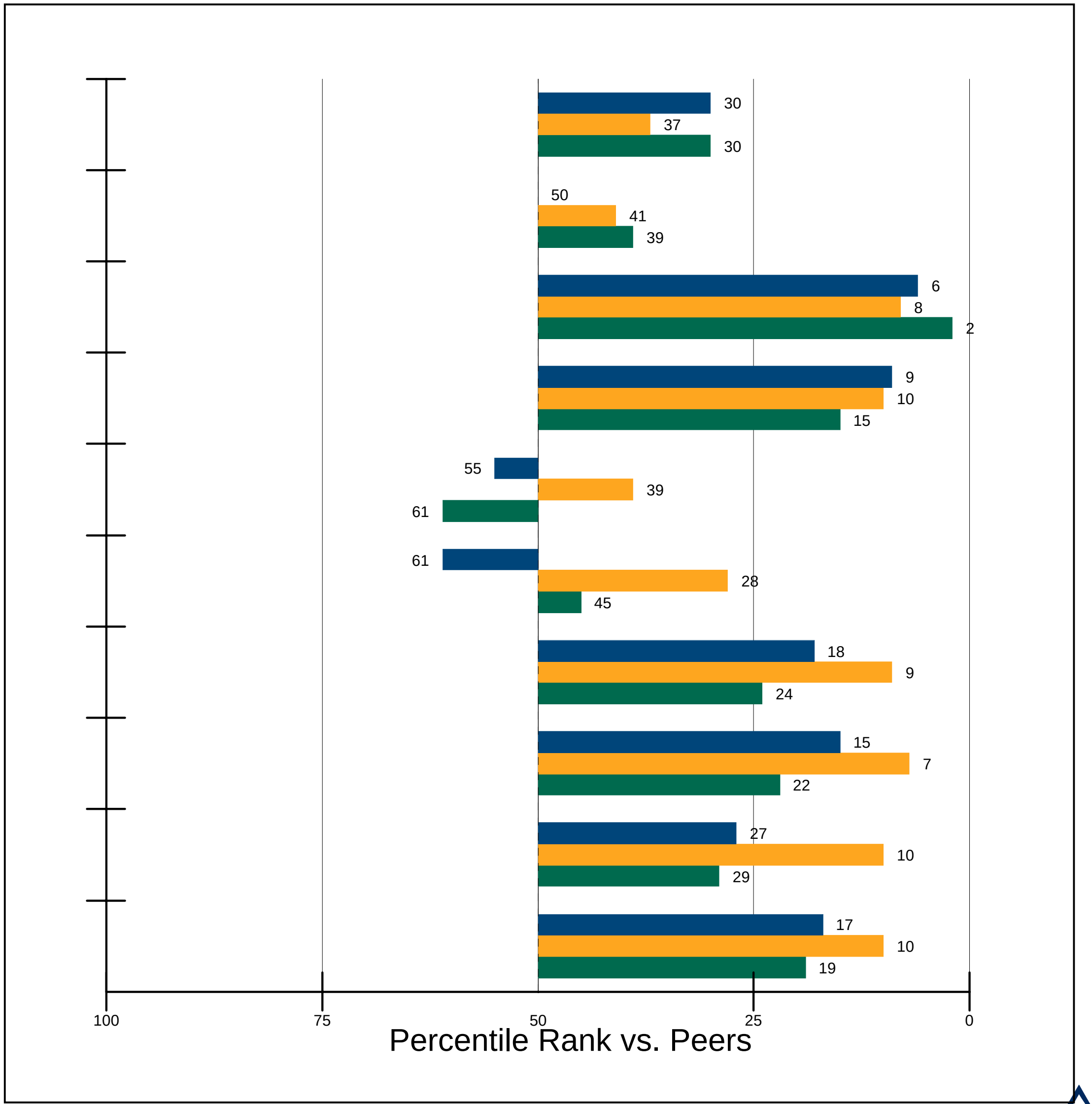


All data on page is as of June 30, 2014

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	★★★★	0.11%	0.15%
PIMCO Total Return Instl	★★★★	2.76%	2.55%
PIMCO Real Return Admin	★★★★★	0.94%	2.72%
Delaware High-Yield Opp Instl	★★★★★	2.03%	3.60%
Vanguard Target Retire Income	★★★★	0.07%	0.14%
Vanguard Target Retire 2010	★★★★	0.61%	0.10%
Vanguard Target Retire 2015	★★★★	0.85%	0.25%
Vanguard Target Retire 2020	★★★★	0.75%	0.27%
Vanguard Target Retire 2025	★★★★	1.10%	0.47%
Vanguard Target Retire 2030	★★★★	0.44%	0.48%



1 Year 3 Year 5 Year

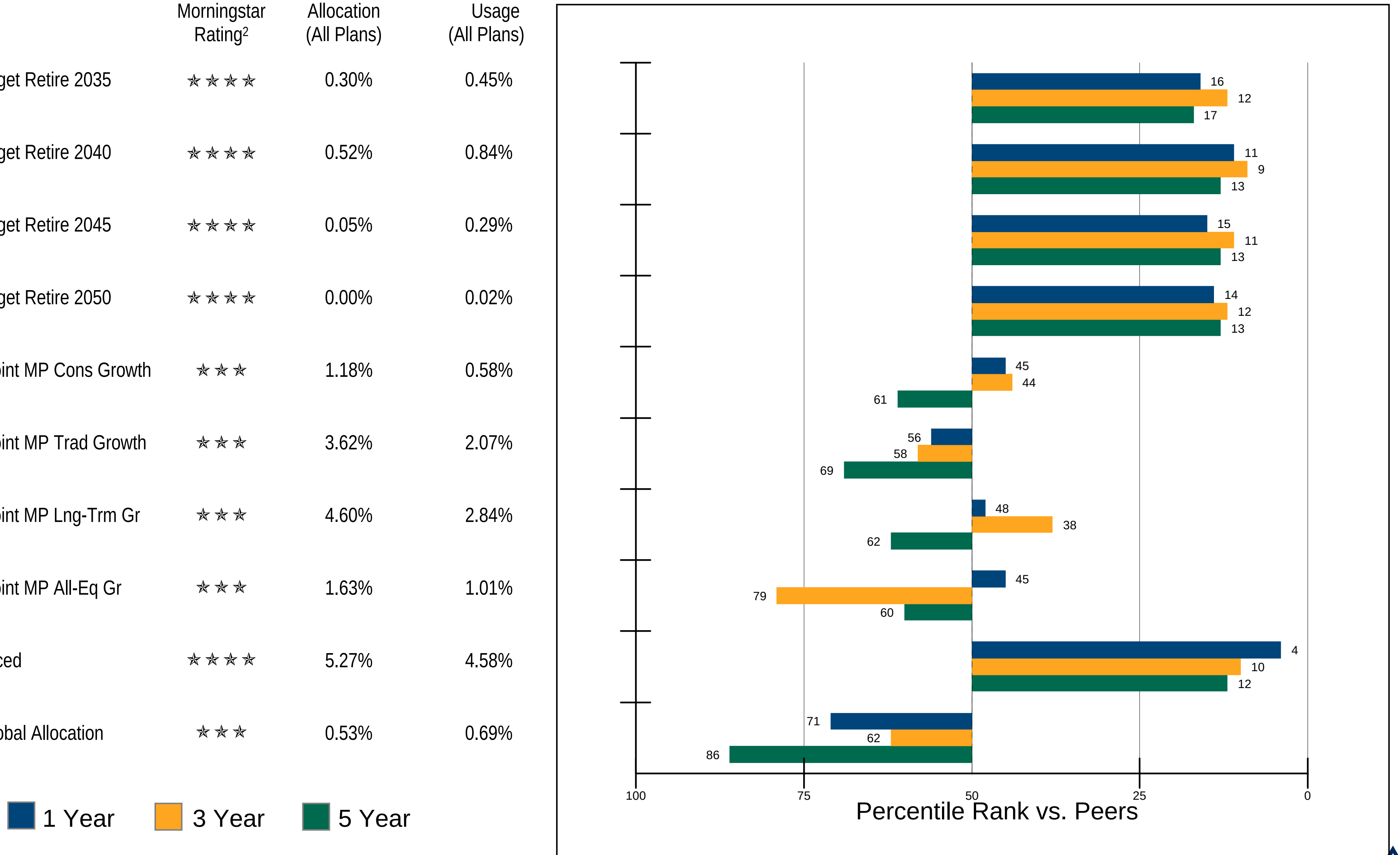
All data on page is as of June 30, 2014

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

Building Retirement Security

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Vanguard Target Retire 2035	★★★★	0.30%	0.45%
Vanguard Target Retire 2040	★★★★	0.52%	0.84%
Vanguard Target Retire 2045	★★★★	0.05%	0.29%
Vanguard Target Retire 2050	★★★★	0.00%	0.02%
VT Vantagepoint MP Cons Growth	★★★	1.18%	0.58%
VT Vantagepoint MP Trad Growth	★★★	3.62%	2.07%
VT Vantagepoint MP Lng-Trm Gr	★★★	4.60%	2.84%
VT Vantagepoint MP All-Eq Gr	★★★	1.63%	1.01%
Fidelity Balanced	★★★★	5.27%	4.58%
BlackRock Global Allocation	★★★	0.53%	0.69%

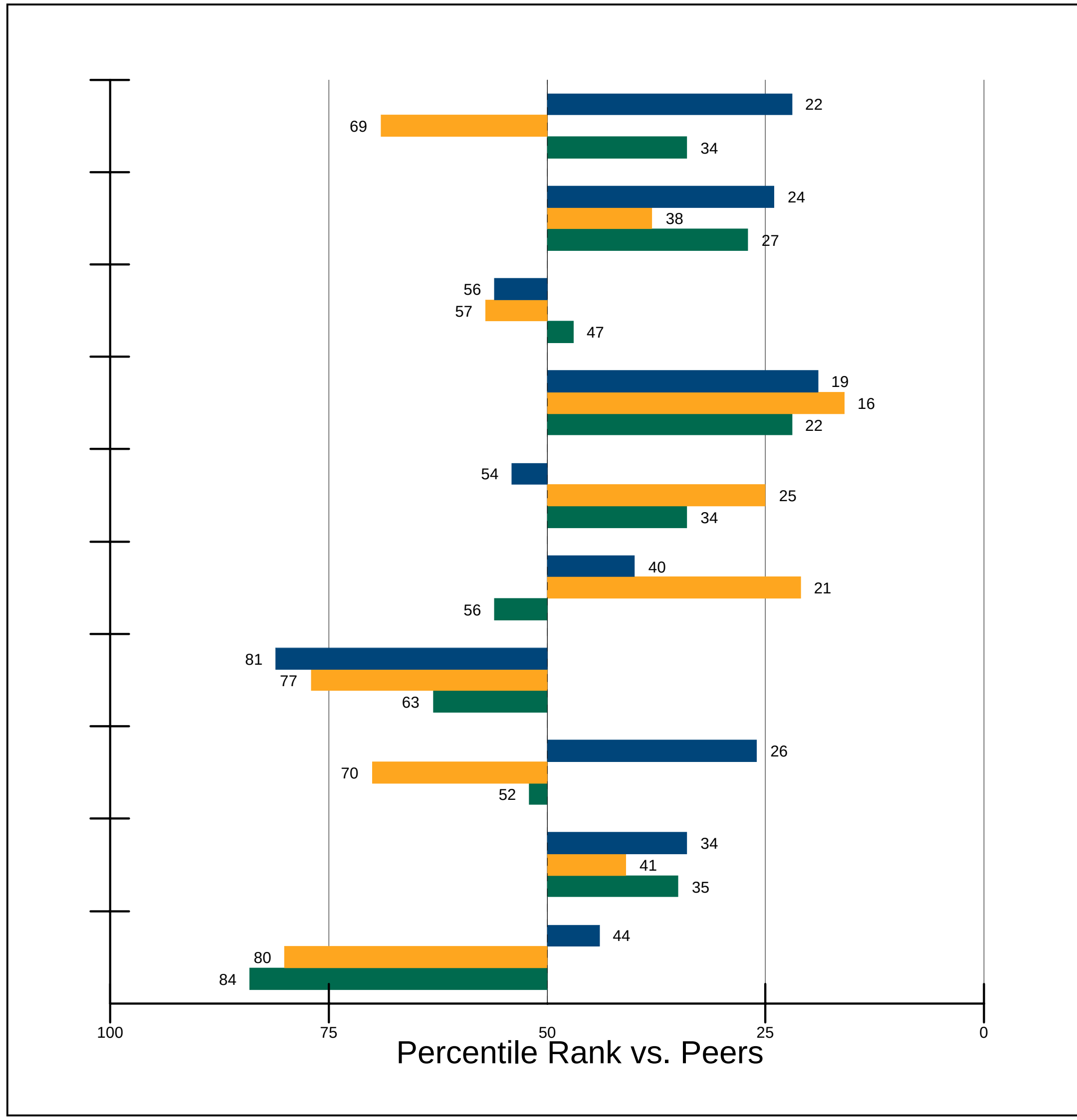


All data on page is as of June 30, 2014

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	★★★	1.08%	2.70%
AllianzGI NFJ Dividend Value	★★★	5.04%	5.91%
American Funds Fundamental Inv	★★★★	1.25%	1.57%
JPMorgan US Equity Select	★★★★★	0.28%	0.46%
Fidelity Contrafund®	★★★★	4.05%	3.30%
Am Funds Growth Fund of Am R5	★★★★	4.04%	3.51%
Columbia Small/Mid Cap Value K	★★★	0.74%	2.85%
Westwood SMidCap Institutional	★★★	0.30%	0.50%
Harbor Mid Cap Growth Admin	★★★	4.02%	3.41%
Columbia Small Cap Value I Z	★★★	1.02%	1.39%



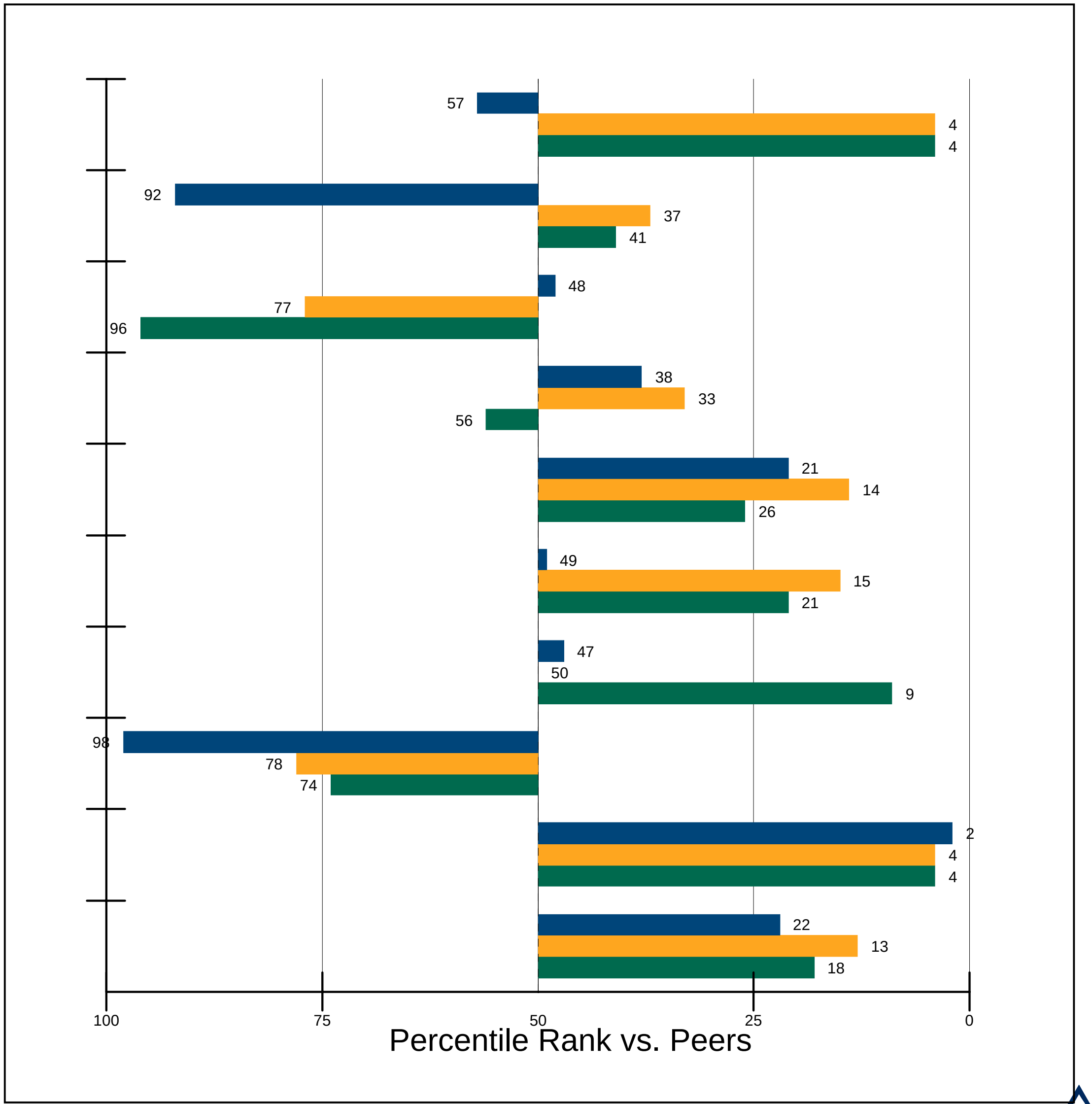
1 Year 3 Year 5 Year

All data on page is as of June 30, 2014

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)
Fidelity Small Cap Discovery	✯✯✯✯✯	1.03%	1.64%
AMG TimesSquare Sm Cap Growth	✯✯✯✯✯	0.71%	1.00%
Royce Value Plus Service	✯✯	0.00%	0.01%
American Funds Cap World G&I	✯✯✯✯	5.87%	5.66%
Fidelity Diversified Intl	✯✯✯✯	1.39%	3.53%
Fidelity Intl Discovery	✯✯✯✯	0.99%	3.17%
Harbor International Admin	✯✯✯✯	0.79%	2.69%
American Century® Utilities	✯✯✯	0.00%	0.01%
Prudential Jennison Utility A	✯✯✯✯✯	1.34%	1.05%
Nuveen Real Estate Securities	✯✯✯✯✯	1.08%	3.04%



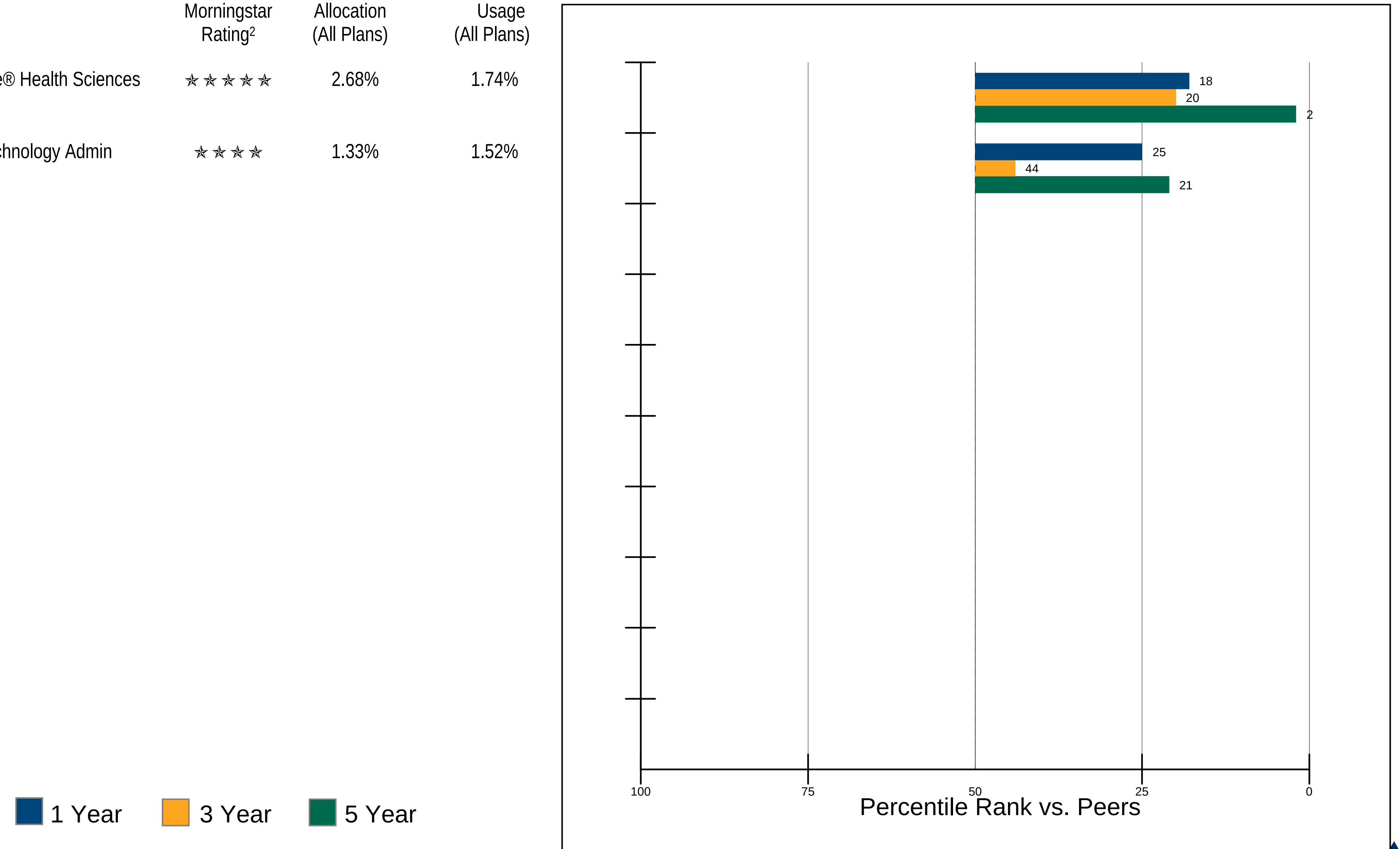
1 Year 3 Year 5 Year

All data on page is as of June 30, 2014

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	☆☆☆☆☆	2.68%	1.74%
AllianzGI Technology Admin	☆☆☆☆	1.33%	1.52%



All data on page is as of June 30, 2014

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, 2014

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	--	0.11%	2.76%	0.94%	2.03%	0.07%
% of Participants	--	0.15%	2.55%	2.72%	3.60%	0.14%
Overall Morningstar Star Rating[2]	3 or higher	4	4	5	5	4
3-Year Morningstar Star Rating[2]	3 or higher	3	3	5	4	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	37%	41%	8%	10%	39%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	30%	50%	6%	9%	55%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	7	6	7	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	--	7 of 7	7 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. The information included here reflects the performance of the Vantagepoint Fund Investor, Investor M or II Shares to approximate the performance of the VT Vantagepoint Funds with the 0.25% Plan & Participant Service Fees charged at the VantageTrust level. The actual underlying funds of the VT Vantagepoint Funds are the Vantagepoint Fund T or TM Shares.

Fund Focus List[1,2]

June 30, 2014

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	--	0.61%	0.85%	0.75%	1.10%	0.44%
% of Participants	--	0.10%	0.25%	0.27%	0.47%	0.48%
Overall Morningstar Star Rating[2]	3 or higher	4	4	4	4	4
3-Year Morningstar Star Rating[2]	3 or higher	4	5	5	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	28%	9%	7%	10%	10%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	61%	18%	15%	27%	17%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	8	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, 2014

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	--	0.30%	0.52%	0.05%	0.00%	1.18%
% of Participants	--	0.45%	0.84%	0.29%	0.02%	0.58%
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	12%	9%	11%	12%	44%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	16%	11%	15%	14%	45%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	8	8	8	8	5
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	Yes
Metrics Met	--	7 of 7	7 of 7	7 of 7	7 of 7	6 of 7

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Fund Focus List[1,2]

June 30, 2014

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	--	3.62%	4.60%	1.63%	5.27%	0.53%
% of Participants	--	2.07%	2.84%	1.01%	4.58%	0.69%
Overall Morningstar Star Rating[2]	3 or higher	3	3	3	4	3
3-Year Morningstar Star Rating[2]	3 or higher	3	3	2	4	2
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	58%	38%	79%	10%	62%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	56%	48%	45%	4%	71%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	6	8	7	7	6
Manager Change	None in last 12 months	No	No	No	Yes	No
Morningstar Category Change	None in last 12 months	Yes	Yes	Yes	No	No
Metrics Met	--	6 of 7	6 of 7	4 of 7	6 of 7	6 of 7

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Fund Focus List[1,2]

June 30, 2014

Criteria	Criterion Benchmark*	VT Vantagepoint Equity Income	AllianzGI NFJ Dividend Value	American Funds Fundamental Inv	JPMorgan US Equity Select	Fidelity Contrafund®
% of Assets	--	1.08%	5.04%	1.25%	0.28%	4.05%
% of Participants	--	2.70%	5.91%	1.57%	0.46%	3.30%
Overall Morningstar Star Rating[2]	3 or higher	3	3	4	5	4
3-Year Morningstar Star Rating[2]	3 or higher	3	3	3	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	69%	38%	57%	16%	25%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	22%	24%	56%	19%	54%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	5	6	6	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, 2014

Criteria	Criterion Benchmark*	Am Funds Growth Fund of Am R5	Columbia Small/Mid Cap Value K	Westwood SMidCap Institutional	Harbor Mid Cap Growth Admin	Columbia Small Cap Value I Z
% of Assets	--	4.04%	0.74%	0.30%	4.02%	1.02%
% of Participants	--	3.51%	2.85%	0.50%	3.41%	1.39%
Overall Morningstar Star Rating[2]	3 or higher	4	3	3	3	3
3-Year Morningstar Star Rating[2]	3 or higher	4	2	2	3	2
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	21%	77%	70%	41%	80%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	40%	81%	26%	34%	44%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	8	6	7	8	7
Manager Change	None in last 12 months	No	Yes	Yes	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	7 of 7	3 of 7	5 of 7	7 of 7	5 of 7

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Fund Focus List[1,2]

June 30, 2014

Criteria	Criterion Benchmark*	Fidelity Small Cap Discovery	AMG TimesSquare Sm Cap Growth	Royce Value Plus Service	American Funds Cap World G&I	Fidelity Diversified Intl
% of Assets	--	1.03%	0.71%	0.00%	5.87%	1.39%
% of Participants	--	1.64%	1.00%	0.01%	5.66%	3.53%
Overall Morningstar Star Rating[2]	3 or higher	5	5	2	4	4
3-Year Morningstar Star Rating[2]	3 or higher	5	4	2	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	4%	37%	77%	33%	14%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	57%	92%	48%	38%	21%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	5	6	6	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	6 of 7	4 of 7	7 of 7	7 of 7

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Fund Focus List[1,2]

June 30, 2014

Criteria	Criterion Benchmark*	Fidelity Intl Discovery	Harbor International Admin	American Century® Utilities	Prudential Jennison Utility A	Nuveen Real Estate Securities
% of Assets	--	0.99%	0.79%	0.00%	1.34%	1.08%
% of Participants	--	3.17%	2.69%	0.01%	1.05%	3.04%
Overall Morningstar Star Rating[2]	3 or higher	4	4	3	4	5
3-Year Morningstar Star Rating[2]	3 or higher	4	3	2	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	15%	50%	78%	4%	13%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	49%	47%	98%	2%	22%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	5	5	8	7
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, 2014

Criteria	Criterion Benchmark*	T Rowe Price® Health Sciences	AllianzGI Technology Admin
% of Assets	--	2.68%	1.33%
% of Participants	--	1.74%	1.52%
Overall Morningstar Star Rating[2]	3 or higher	5	4
3-Year Morningstar Star Rating[2]	3 or higher	4	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	20%	44%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	18%	25%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	8	7
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

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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

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]	**--**	**--**	**--**	**--**	**1.86**	**2.27**	**2.66**	**3.56**	**--**	**1/1/1991**
BofA ML US 3-Mo. T-Bill Index (Annualized)					0.05	0.07	0.11	1.63		
Dreyfus Cash Management[14]	**--**	**--**	**--**	**--**	**0.00**	**0.00**	**0.00**	**1.52**	**2.41**	**11/21/1996**
Ibbotson US 30-Day T-Bill Index					0.02	0.03	0.06	1.50		
Crane Prime Retail Money Market Fund Index					0.01	0.01	0.02	1.46		

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%.

All data on page is as of June 30, 2014
See disclosure at end of chapter.

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**	**4**	**4**	**2.55**	**2.04**	**3.77**	**3.80**	**5.04**	**1/3/1995**
BofA ML US 1-3 Year Treasury Index					0.76	0.63	1.18	2.62		
Morningstar Short-Term Bond					2.24	1.85	3.21	3.08		
Vanguard Total Bond Market Idx[10]	**2**	**3**	**2**	**3**	**4.28**	**3.61**	**4.75**	**4.89**	**5.15**	**9/1/2006**
Barclays U.S. Aggregate Float-Adjusted Bond Index					4.34	3.72	4.91	--		
Morningstar Intermediate-Term Bond					5.07	4.08	6.02	4.77		
PIMCO Total Return Instl[10]	**4**	**3**	**3**	**5**	**4.88**	**4.32**	**6.39**	**6.37**	**7.94**	**5/11/1987**
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Intermediate-Term Bond					5.07	4.08	6.02	4.77		
PIMCO Real Return Admin[10]	**5**	**5**	**5**	**4**	**5.27**	**3.65**	**6.27**	**5.43**	**6.73**	**4/28/2000**
Barclays U.S. Treasury Inflation Protected Securities Index (Series-L)					4.44	3.55	5.55	5.25		
Morningstar Inflation-Protected Bond					3.77	2.63	4.88	4.70		
Delaware High-Yield Opp Instl[10]	**5**	**4**	**4**	**5**	**12.84**	**9.62**	**14.05**	**9.02**	**8.00**	**12/30/1996**
BofA ML US High Yield Master II Constrained Index					11.79	9.25	13.89	8.91		
Morningstar High Yield Bond					10.62	8.24	12.57	7.60		

All data on page is as of June 30, 2014
See disclosure at end of chapter.

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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]	**--**	**--**	**--**	**--**	**14.36**	**8.15**	**--**	**--**	**10.21**	**8/23/2010**
VT Retirement IncomeAdvantage Custom Benchmark					15.74	9.52	--	--		

All data on page is as of June 30, 2014
See disclosure at end of chapter.

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]	**4**	**3**	**3**	**4**	**9.73**	**6.60**	**8.59**	**5.79**	**5.79**	**10/27/2003**
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Retirement Income					10.28	6.17	9.25	4.65		
Vanguard Target Retire 2010[5,12]	**4**	**4**	**4**	**--**	**11.75**	**7.60**	**10.54**	**--**	**6.22**	**6/7/2006**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2000-2010					11.43	6.54	9.97	5.10		
Vanguard Target Retire 2015[5,12]	**4**	**5**	**4**	**3**	**14.51**	**8.84**	**11.87**	**6.48**	**6.75**	**10/27/2003**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2011-2015					12.33	7.02	10.61	5.26		
Vanguard Target Retire 2020[5,12]	**4**	**5**	**4**	**--**	**16.43**	**9.73**	**12.88**	**--**	**6.74**	**6/7/2006**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2016-2020					13.83	7.87	11.49	5.62		
Vanguard Target Retire 2025[5,12]	**4**	**4**	**4**	**--**	**18.01**	**10.42**	**13.78**	**6.82**	**7.19**	**10/27/2003**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2021-2025					16.26	8.97	13.06	6.17		

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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**	**--**	**19.49**	**11.09**	**14.63**	**--**	**6.90**	**6/7/2006**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2026-2030					17.31	9.35	13.32	6.11		
Vanguard Target Retire 2035[5,12]	**4**	**4**	**4**	**--**	**21.12**	**11.75**	**15.44**	**7.28**	**7.82**	**10/27/2003**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2031-2035					19.16	10.25	14.47	6.33		
Vanguard Target Retire 2040[5,12]	**4**	**4**	**4**	**--**	**22.16**	**12.26**	**15.80**	**--**	**7.21**	**6/7/2006**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2036-2040					19.54	10.29	14.37	6.36		
Vanguard Target Retire 2045[5,12]	**4**	**4**	**4**	**--**	**22.13**	**12.27**	**15.80**	**7.64**	**8.27**	**10/27/2003**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2041-2045					20.52	11.04	15.04	7.64		

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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**	**--**	**22.14**	**12.26**	**15.79**	**--**	**7.27**	**6/7/2006**
MSCI U.S. Broad Market Index (Gross)					25.36	16.54	19.47	8.45		
Barclays U.S. Aggregate Bond Index					4.37	3.66	4.85	4.93		
Morningstar Target Date 2046-2050					20.33	10.66	14.69	6.78		
VT Vantagepoint MP Cons Growth[12]	**3**	**3**	**3**	**3**	**11.27**	**6.87**	**8.93**	**5.39**	**--**	**4/1/1996**
Barclays U.S. Intermediate Aggregate Bond Index					3.48	2.86	4.23	4.57		
Model Conservative Growth Custom Bmk.					11.44	8.32	10.08	6.12		
Morningstar Conservative Allocation					10.80	6.50	9.48	5.42		
VT Vantagepoint MP Trad Growth[12]	**3**	**3**	**3**	**3**	**15.96**	**9.24**	**11.80**	**6.25**	**--**	**4/1/1996**
S&P 500 Index					24.61	16.58	18.83	7.78		
Model Traditional Growth Custom Bmk.					15.90	11.14	13.06	6.78		
Morningstar Moderate Allocation					16.03	9.61	12.57	6.44		
VT Vantagepoint MP Lng-Trm Gr[12]	**3**	**3**	**3**	**3**	**19.42**	**10.79**	**13.82**	**6.94**	**--**	**4/1/1996**
S&P 500 Index					24.61	16.58	18.83	7.78		
Model Long-Term Growth Custom Bmk.					19.29	13.24	15.27	7.33		
Morningstar Aggressive Allocation					19.28	10.53	14.25	6.74		

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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 All-Eq Gr[12]	**3**	**2**	**3**	**3**	**24.15**	**13.13**	**16.95**	**7.41**	**--**	**10/1/2000**
S&P 500 Index					24.61	16.58	18.83	7.78		
Model All-Equity Growth Custom Bmk.					24.52	14.93	17.47	7.60		
Morningstar Large Blend					23.65	14.86	17.47	7.32		

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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	**4**	**4**	**5**	**4**	**19.73**	**12.02**	**14.52**	**7.89**	**9.55**	**11/6/1986**
S&P 500 Index					24.61	16.58	18.83	7.78		
Morningstar Moderate Allocation					16.03	9.61	12.57	6.44		
BlackRock Global Allocation	**3**	**3**	**2**	**4**	**13.62**	**6.66**	**9.59**	**8.19**	**9.75**	**10/21/1994**
FTSE World Index					24.02	11.37	15.15	8.15		
Morningstar World Allocation					15.08	6.76	11.44	7.29		

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ICMA-RC Building Retirement Security

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	**3**	**3**	**3**	**3**	**24.17**	**14.26**	**17.99**	**7.93**	**--**	**4/1/1994**
Russell 1000 Value Index					23.81	16.92	19.23	8.03		
Morningstar Large Value					22.21	14.88	17.27	7.30		
AllianzGI NFJ Dividend Value	**3**	**3**	**4**	**3**	**23.96**	**15.67**	**18.32**	**8.13**	**9.15**	**5/8/2000**
Russell 1000 Value Index					23.81	16.92	19.23	8.03		
Morningstar Large Value					22.21	14.88	17.27	7.30		
Vanguard 500 Index Signal	**4**	**4**	**4**	**4**	**24.55**	**16.54**	**18.81**	**7.75**	**7.36**	**9/29/2006**
S&P 500 Index					24.61	16.58	18.83	7.78		
Morningstar Large Blend					23.65	14.86	17.47	7.32		
American Funds Fundamental Inv	**4**	**3**	**3**	**5**	**23.44**	**14.78**	**17.59**	**9.65**	**8.84**	**5/15/2002**
S&P 500 Index					24.61	16.58	18.83	7.78		
Morningstar Large Blend					23.65	14.86	17.47	7.32		
JPMorgan US Equity Select	**5**	**4**	**4**	**5**	**26.31**	**16.82**	**18.69**	**8.92**	**7.61**	**9/7/2001**
S&P 500 Index					24.61	16.58	18.83	7.78		
Morningstar Large Blend					23.65	14.86	17.47	7.32		

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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
Fidelity Contrafund®	**4**	**4**	**4**	**5**	**25.69**	**15.92**	**18.38**	**10.02**	**12.55**	**5/17/1967**
S&P 500 Index					24.61	16.58	18.83	7.78		
Morningstar Large Growth					26.22	14.42	17.64	7.77		
Am Funds Growth Fund of Am R5	**4**	**4**	**3**	**4**	**26.96**	**16.18**	**17.32**	**8.77**	**8.45**	**5/15/2002**
S&P 500 Index					24.61	16.58	18.83	7.78		
Morningstar Large Growth					26.22	14.42	17.64	7.77		
Columbia Small/Mid Cap Value K[17]	**3**	**2**	**3**	**3**	**22.16**	**13.79**	**20.10**	**10.06**	**10.59**	**2/14/2002**
Russell Midcap Value Index					27.76	17.56	22.97	10.66		
Morningstar Mid-Cap Value					25.44	15.33	20.46	9.01		
Vanguard Mid-Cap Index Signal[17]	**5**	**4**	**5**	**4**	**26.23**	**15.33**	**21.97**	**10.33**	**7.84**	**3/30/2007**
CRSP US Mid Cap Index					26.32	15.67	21.83	10.25		
Morningstar Mid-Cap Blend					24.74	14.15	19.76	8.73		
Westwood SMidCap Institutional[17]	**3**	**2**	**3**	**--**	**26.82**	**13.38**	**19.89**	**--**	**11.75**	**12/19/2005**
Russell 2500 Index					25.58	15.51	21.63	9.78		
Morningstar Mid-Cap Blend					24.74	14.15	19.76	8.73		

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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]	**3**	**3**	**3**	**3**	**25.33**	**13.09**	**19.86**	**9.64**	**11.98**	**11/1/2002**
Russell Midcap Growth Index					26.04	14.54	21.16	9.83		
Morningstar Mid-Cap Growth					23.98	12.59	18.98	8.83		
Columbia Small Cap Value I Z[6]	**3**	**2**	**2**	**3**	**24.04**	**12.87**	**18.35**	**8.83**	**10.21**	**7/28/1995**
Russell 2000 Value Index					22.54	14.65	19.88	8.24		
Morningstar Small Value					23.58	14.50	20.13	8.79		
Vanguard Small-Cap Index Sig[6]	**5**	**4**	**5**	**4**	**26.51**	**16.19**	**22.32**	**10.18**	**8.82**	**12/15/2006**
CRSP US Small Cap Index					26.54	16.45	23.08	10.85		
Morningstar Small Blend					23.78	14.25	19.87	8.73		
Fidelity Small Cap Discovery[6]	**5**	**5**	**5**	**5**	**23.25**	**18.56**	**24.09**	**12.74**	**12.26**	**9/26/2000**
Russell 2000 Index					23.64	14.57	20.21	8.70		
Morningstar Small Blend					23.78	14.25	19.87	8.73		
AMG TimesSquare Sm Cap Growth[6]	**5**	**4**	**4**	**5**	**16.70**	**13.61**	**20.37**	**11.29**	**8.86**	**1/21/2000**
Russell 2500 Growth Index					26.26	14.88	21.65	9.94		
Morningstar Small Growth					22.40	12.73	19.88	8.72		

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ICMARC
Building Retirement Security

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 Value Plus Service[6]	**2**	**2**	**1**	**3**	**22.74**	**11.19**	**15.84**	**8.42**	**12.70**	**6/14/2001**
Russell 2000 Index					23.64	14.57	20.21	8.70		
Morningstar Small Growth					22.40	12.73	19.88	8.72		

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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**	**4**	**3**	**5**	**23.78**	**11.81**	**14.53**	**9.63**	**9.91**	**5/15/2002**
MSCI AC World Index (Net)					22.95	10.25	14.28	7.46		
Morningstar World Stock					22.72	10.57	14.83	7.78		
Fidelity Diversified Intl[11]	**4**	**4**	**4**	**3**	**22.99**	**8.75**	**12.12**	**7.19**	**9.12**	**12/27/1991**
MSCI EAFE Index (Net)					23.57	8.10	11.77	6.93		
Morningstar Foreign Large Blend					20.83	6.62	11.27	6.83		
Fidelity Intl Discovery[11]	**4**	**4**	**4**	**4**	**21.10**	**8.60**	**12.39**	**7.72**	**8.24**	**12/31/1986**
MSCI EAFE Index (Net)					23.57	8.10	11.77	6.93		
Morningstar Foreign Large Blend					20.83	6.62	11.27	6.83		
Harbor International Admin[11]	**4**	**3**	**4**	**5**	**21.27**	**6.67**	**13.29**	**9.73**	**12.18**	**11/1/2002**
MSCI EAFE Index (Net)					23.57	8.10	11.77	6.93		
Morningstar Foreign Large Blend					20.83	6.62	11.27	6.83		

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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
American Century® Utilities[3,13]	**3**	**2**	**2**	**3**	**17.35**	**12.48**	**14.35**	**10.56**	**8.30**	**3/1/1993**
S&P 500 Index					24.61	16.58	18.83	7.78		
Morningstar Utilities					25.14	14.39	15.81	10.79		
Prudential Jennison Utility A[13]	**5**	**5**	**5**	**4**	**37.18**	**19.69**	**21.01**	**13.30**	**11.06**	**1/22/1990**
S&P 500 Utilities Index					22.19	14.37	14.40	10.70		
Morningstar Utilities					25.14	14.39	15.81	10.79		
Nuveen Real Estate Securities[13]	**5**	**4**	**4**	**5**	**14.39**	**11.64**	**23.59**	**11.38**	**12.46**	**6/30/1995**
MSCI U.S. REIT Index					13.38	11.85	23.84	9.63		
Morningstar Real Estate					13.14	10.89	22.56	8.91		
T Rowe Price® Health Sciences[4,13]	**5**	**4**	**5**	**5**	**40.45**	**27.47**	**27.98**	**15.26**	**14.90**	**12/29/1995**
S&P 500 Index					24.61	16.58	18.83	7.78		
Morningstar Health					36.66	22.81	22.12	11.35		
AllianzGI Technology Admin[13]	**4**	**3**	**4**	**4**	**35.25**	**12.73**	**20.36**	**10.21**	**11.10**	**3/31/2005**
NASDAQ Composite Index					31.17	18.18	20.50	8.99		
Morningstar Technology					32.27	12.97	17.99	8.57		

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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	154/416 (37%)	105/354 (30%)	51/250 (20%)	High
Vanguard Total Bond Market Idx[10]	Intermediate-Term Bond	612/931 (66%)	629/797 (79%)	276/576 (48%)	Average
PIMCO Total Return Instl[10]	Intermediate-Term Bond	381/931 (41%)	312/797 (39%)	31/576 (6%)	High
PIMCO Real Return Admin[10]	Inflation-Protected Bond	15/194 (8%)	4/150 (2%)	6/65 (8%)	High
Delaware High-Yield Opp Instl[10]	High Yield Bond	55/565 (10%)	70/488 (15%)	18/343 (5%)	High
Vanguard Target Retire Income[5,12]	Retirement Income	110/278 (39%)	145/238 (61%)	3/41 (5%)	Below Average
Vanguard Target Retire 2010[5,12]	Target Date 2000-2010	33/116 (28%)	47/104 (45%)	--	Average
Vanguard Target Retire 2015[5,12]	Target Date 2011-2015	14/145 (9%)	30/121 (24%)	2/14 (8%)	Average
Vanguard Target Retire 2020[5,12]	Target Date 2016-2020	13/183 (7%)	36/163 (22%)	--	Average
Vanguard Target Retire 2025[5,12]	Target Date 2021-2025	15/141 (10%)	32/108 (29%)	2/9 (13%)	Average
Vanguard Target Retire 2030[5,12]	Target Date 2026-2030	18/183 (10%)	31/163 (19%)	--	Average
Vanguard Target Retire 2035[5,12]	Target Date 2031-2035	17/141 (12%)	19/108 (17%)	2/9 (13%)	Average
Vanguard Target Retire 2040[5,12]	Target Date 2036-2040	17/182 (9%)	22/162 (13%)	--	Average
Vanguard Target Retire 2045[5,12]	Target Date 2041-2045	15/133 (11%)	14/106 (13%)	1/1 (1%)	Below Average
Vanguard Target Retire 2050[5,12]	Target Date 2046-2050	19/156 (12%)	17/126 (13%)	--	Below Average
VT Vantagepoint MP Cons Growth[12]	Conservative Allocation	246/561 (44%)	289/475 (61%)	131/253 (52%)	Average
VT Vantagepoint MP Trad Growth[12]	Moderate Allocation	423/730 (58%)	447/649 (69%)	236/423 (56%)	Average
VT Vantagepoint MP Lng-Trm Gr[12]	Aggressive Allocation	124/328 (38%)	180/291 (62%)	85/181 (47%)	Average
VT Vantagepoint MP All-Eq Gr[12]	Large Blend	1057/1338 (79%)	715/1192 (60%)	359/798 (45%)	Above Average
Fidelity Balanced	Moderate Allocation	72/730 (10%)	73/649 (12%)	36/423 (9%)	Average
BlackRock Global Allocation	World Allocation	213/344 (62%)	202/233 (86%)	24/125 (19%)	Average
VT Vantagepoint Equity Income	Large Value	740/1073 (69%)	323/952 (34%)	192/620 (31%)	Average
AllianzGI NFJ Dividend Value	Large Value	403/1073 (38%)	252/952 (27%)	160/620 (26%)	Average
Vanguard 500 Index Signal	Large Blend	271/1338 (20%)	231/1192 (20%)	247/798 (31%)	Below Average
American Funds Fundamental Inv	Large Blend	765/1338 (57%)	555/1192 (47%)	30/798 (4%)	Average
JPMorgan US Equity Select	Large Blend	215/1338 (16%)	263/1192 (22%)	74/798 (10%)	Above Average
Fidelity Contrafund®	Large Growth	373/1500 (25%)	447/1316 (34%)	67/910 (8%)	Below Average
Am Funds Growth Fund of Am R5	Large Growth	305/1500 (21%)	736/1316 (56%)	197/910 (22%)	Average
Columbia Small/Mid Cap Value K[17]	Mid-Cap Value	286/370 (77%)	198/314 (63%)	54/205 (26%)	Average
Vanguard Mid-Cap Index Signal[17]	Mid-Cap Blend	117/330 (35%)	55/313 (18%)	26/189 (14%)	Below Average

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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
Westwood SMidCap Institutional[17]	Mid-Cap Blend	233/330 (70%)	163/313 (52%)	--	Above Average
Harbor Mid Cap Growth Admin[17]	Mid-Cap Growth	259/635 (41%)	201/574 (35%)	151/417 (36%)	Above Average
Columbia Small Cap Value I Z[6]	Small Value	266/332 (80%)	215/256 (84%)	92/172 (53%)	Average
Vanguard Small-Cap Index Sig[6]	Small Blend	141/596 (24%)	58/545 (11%)	57/338 (17%)	Average
Fidelity Small Cap Discovery[6]	Small Blend	24/596 (4%)	20/545 (4%)	2/338 (1%)	Average
AMG TimesSquare Sm Cap Growth[6]	Small Growth	237/642 (37%)	227/559 (41%)	16/377 (4%)	Below Average
Royce Value Plus Service[6]	Small Growth	495/642 (77%)	542/559 (96%)	235/377 (62%)	Above Average
American Funds Cap World G&I[11]	World Stock	272/825 (33%)	374/661 (56%)	45/334 (14%)	Below Average
Fidelity Diversified Intl[11]	Foreign Large Blend	92/677 (14%)	156/602 (26%)	115/319 (36%)	Average
Fidelity Intl Discovery[11]	Foreign Large Blend	98/677 (15%)	126/602 (21%)	87/319 (27%)	Average
Harbor International Admin[11]	Foreign Large Blend	339/677 (50%)	53/602 (9%)	26/319 (8%)	Above Average
American Century® Utilities[3,13]	Utilities	52/66 (78%)	46/62 (74%)	28/47 (59%)	Below Average
Prudential Jennison Utility A[13]	Utilities	3/66 (4%)	3/62 (4%)	9/47 (18%)	Above Average
Nuveen Real Estate Securities[13]	Real Estate	30/222 (13%)	35/192 (18%)	8/147 (5%)	Average
T Rowe Price® Health Sciences[4,13]	Health	24/120 (20%)	3/108 (2%)	6/91 (6%)	Above Average
AllianzGI Technology Admin[13]	Technology	86/195 (44%)	36/174 (21%)	28/140 (20%)	Average

All data on page is as of June 30, 2014

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.

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 06/30/2014, is provided below:

Morningstar® Category	3-Year	5-Year	10-Year	Morningstar® Category	3-Year	5-Year	10-Year
Aggressive Allocation	328	291	181	Natural Resources	135	109	54
Communications	33	33	16	Precious Metals	71	65	49
Conservative Allocation	561	475	253	Real Estate	222	192	147
Diversified Emerging Markets	454	325	161	Retirement Income	278	238	41
Financial	86	82	61	Short Government	128	119	107
Foreign Large Blend	677	602	319	Short-Term Bond	416	354	250
Foreign Large Growth	252	223	127	Small Blend	596	545	338
Foreign Large Value	309	278	141	Small Growth	642	559	377
Foreign Small/Mid Growth	126	90	59	Small Value	332	256	172
Foreign Small/Mid Value	45	35	20	Target Date 2000 – 2010	116	104	36
Health	120	108	91	Target Date 2011 – 2015	145	121	14
High Yield Bond	565	488	343	Target Date 2016 – 2020	183	163	39
Inflation-Protected Bond	194	150	65	Target Date 2021 – 2025	141	108	9
Intermediate Government	294	279	234	Target Date 2026 – 2030	183	163	34
Intermediate-Term Bond	931	797	576	Target Date 2031 – 2035	141	108	9
Large Blend	1,338	1,192	798	Target Date 2036 – 2040	182	162	34
Large Growth	1,500	1,316	910	Target Date 2041 – 2045	133	106	1
Large Value	1,073	952	620	Target Date 2046 – 2050	156	126	6
Long Government	24	22	15	Target Date 2051 +	91	23	N/A
Long-Term Bond	20	14	6	Technology	195	174	140
Mid-Cap Blend	330	313	189	Utilities	66	62	47
Mid-Cap Growth	635	574	417	World Allocation	344	233	125
Mid-Cap Value	370	314	205	World Bond	277	224	132
Moderate Allocation	730	649	423	World Stock	825	661	334
Multisector Bond	214	166	105				

[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 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, 2014, 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. **©2014 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.

II. Plan Activity

2^{nd} Quarter 2014

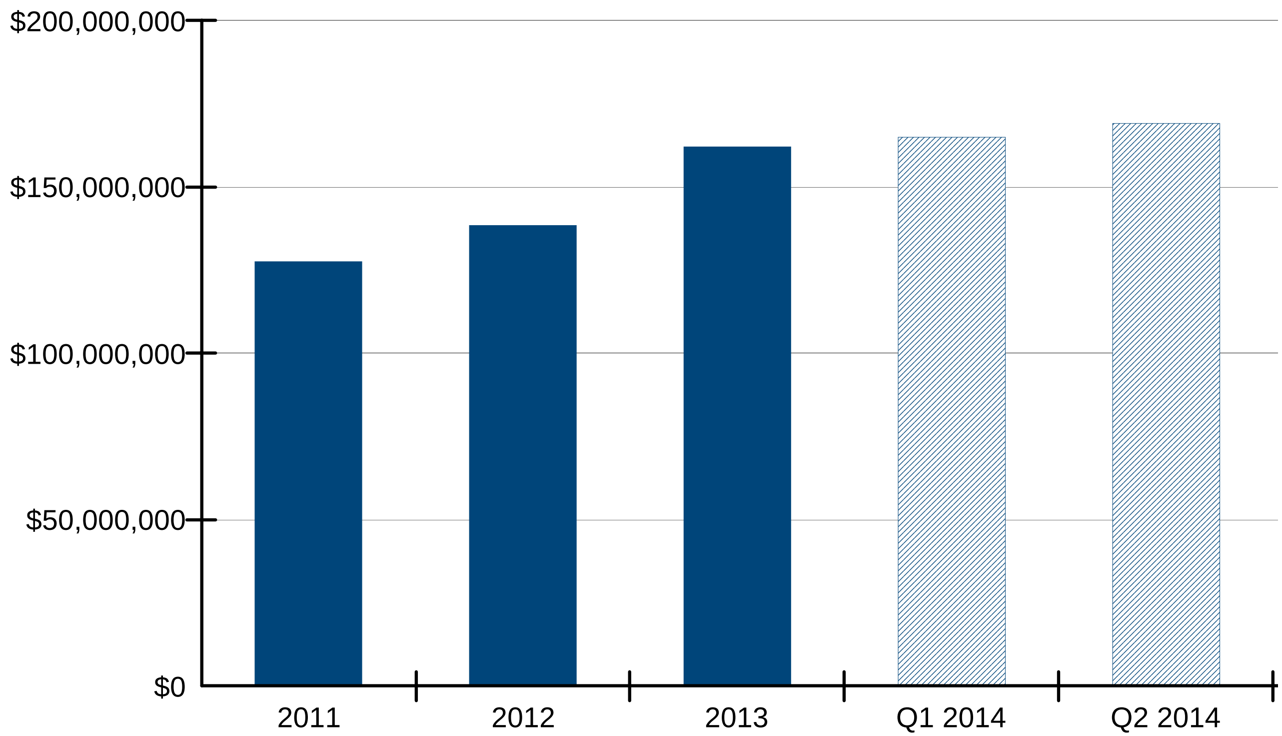
Platinum Services Plan Service Report

Plan Snapshot

Plan Type	Plan Number	Plan Name	Assets	Participants
401	106696	LANSING BOARD OF WATER & LIGHT	$165,197,024	822
	108824	BOARD OF WATER AND LIGHT	$3,828,557	50
457	300435	LANSING BOARD OF WATER LIGHT	$87,109,212	846
Total			**$256,134,792**	**1718**

Data on all subsequent pages is aggregated by plan type.

401 Plan Asset Trends *(as of June 30, 2014)*



Assets	$127,484,147	$138,507,943	$162,022,842	$164,981,110	$169,025,581

With an increase of 2.5% since March 2014, the LANSING BOARD OF WATER LIGHT 's 401 plans saw its total value grow from $164,981,110 to $169,025,581 In the time period since December 31, 2011, assets have increased 32.6%.

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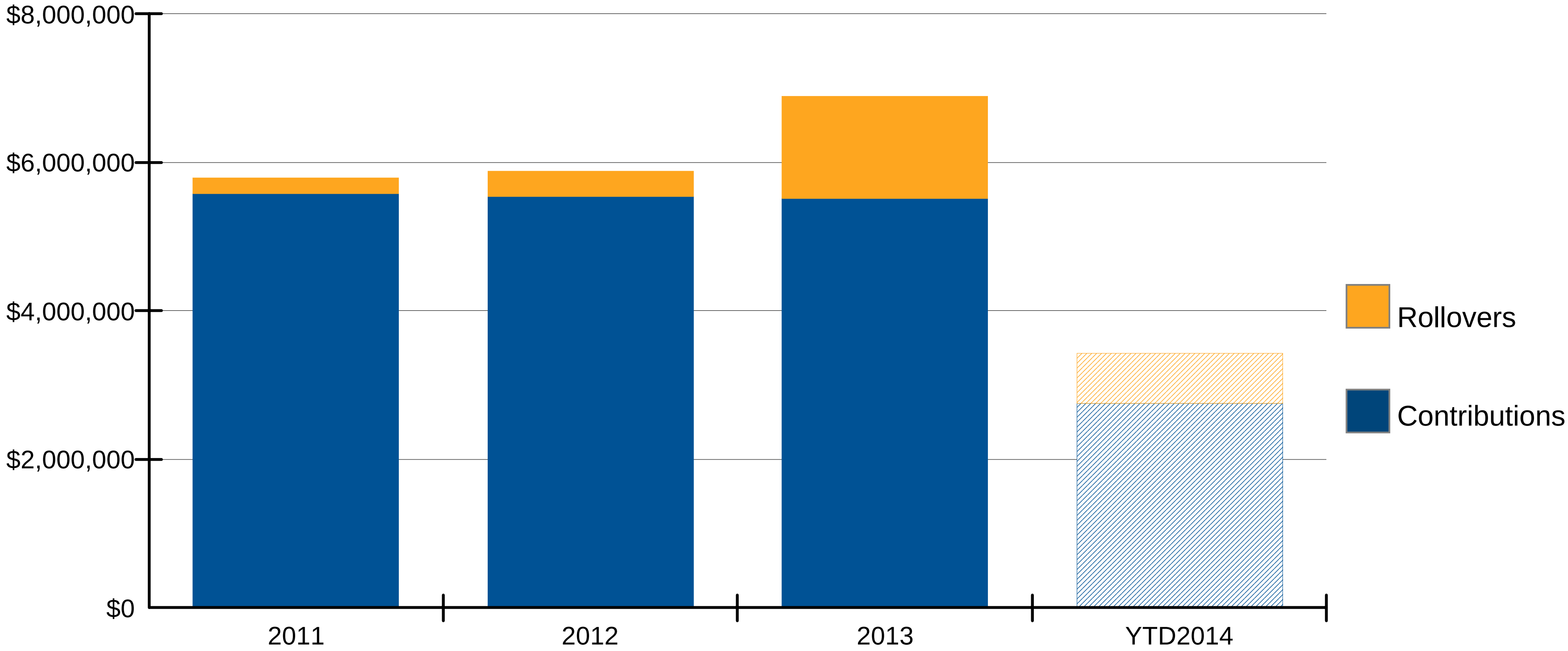
401 Plan Contributions *(as of June 30, 2014)*



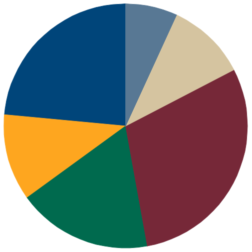
Contributions	$5,570,799	$5,532,910	$5,506,871	$2,754,061
Rollovers	$217,043	$355,837	$1,383,293	$676,710
Loan Repayments	$1,501,356	$1,682,609	$1,645,127	$813,903
Total*	$7,072,155	$7,215,519	$7,151,999	$3,567,964
Active Participants	688	686	679	670
Average Contribution*	$10,279	$10,518	$10,533	$5,325

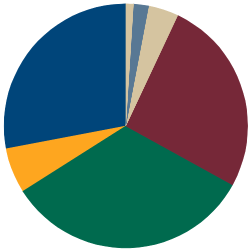
*Please note that Rollovers are excluded from this calculation.

401 Plan Asset Allocation *(as of June 30, 2014)*

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

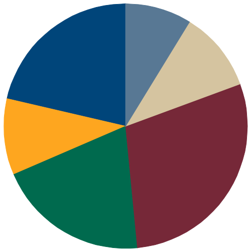
June 30, 2013

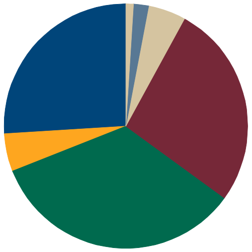




Stable Value/Cash Management	23.51%	28.00%
Bond	11.48%	6.00%
Guaranteed Lifetime Income	0.00%	1.00%
Balanced/Asset Allocation	17.86%	33.00%
U.S. Stock	29.74%	26.00%
International/Global Stock	10.54%	4.00%
Specialty	6.86%	2.00%

June 30, 2014





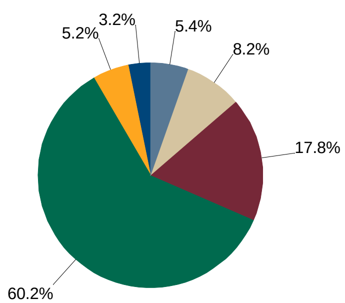
Stable Value/Cash Management	21.39%	26.00%
Bond	10.07%	5.00%
Guaranteed Lifetime Income	0.00%	1.00%
Balanced/Asset Allocation	20.08%	34.00%
U.S. Stock	29.05%	27.00%
International/Global Stock	10.61%	5.00%
Specialty	8.80%	2.00%

Note: Asset allocation for all clients except Washington State.

401 Plan Asset Allocation by Age *(as of June 30, 2014)*

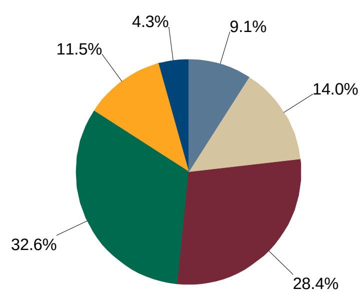
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

Under 35



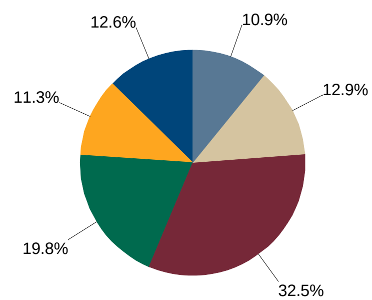
87 Active
13 Inactive
100 Participants
$3,453,588 Total Assets
$34,536 Average Balance
27 Invested in One Fund

35 - 45



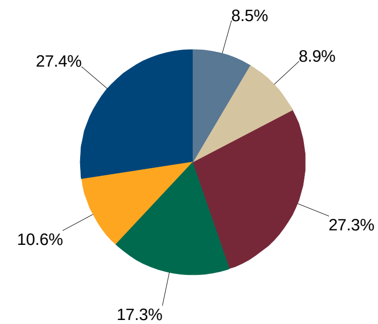
136 Active
15 Inactive
151 Participants
$12,464,904 Total Assets
$82,549 Average Balance
37 Invested in One Fund

46 - 55



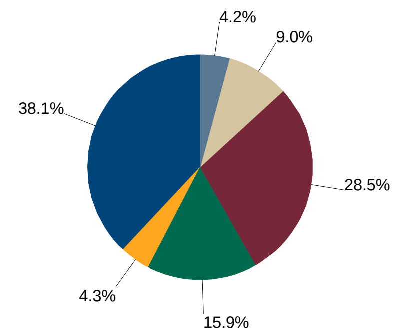
238 Active
36 Inactive
274 Participants
$55,483,656 Total Assets
$202,495 Average Balance
75 Invested in One Fund

56 - 65



190 Active
75 Inactive
265 Participants
$77,740,941 Total Assets
$293,362 Average Balance
55 Invested in One Fund

Over 65



19 Active
61 Inactive
80 Participants
$19,471,995 Total Assets
$243,400 Average Balance
24 Invested in One Fund

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

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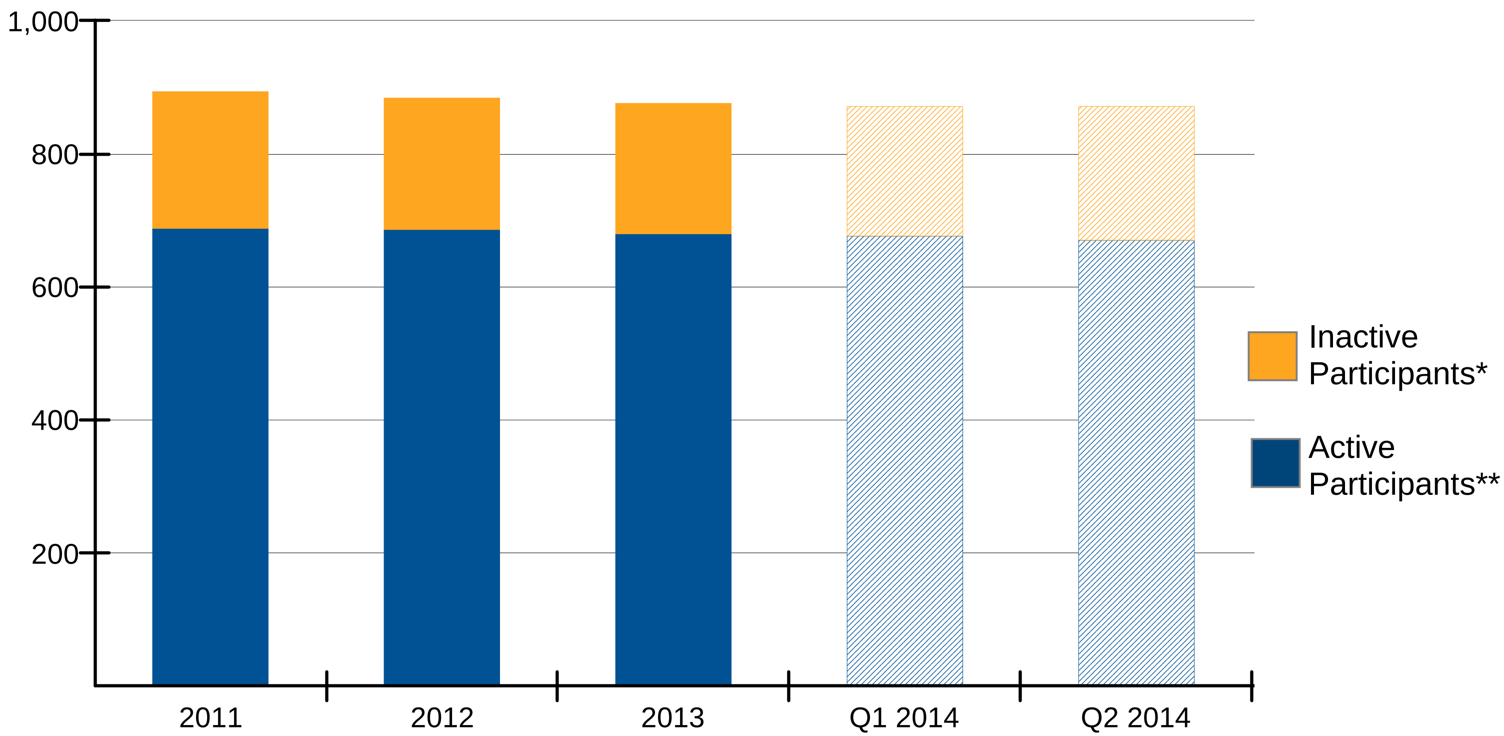
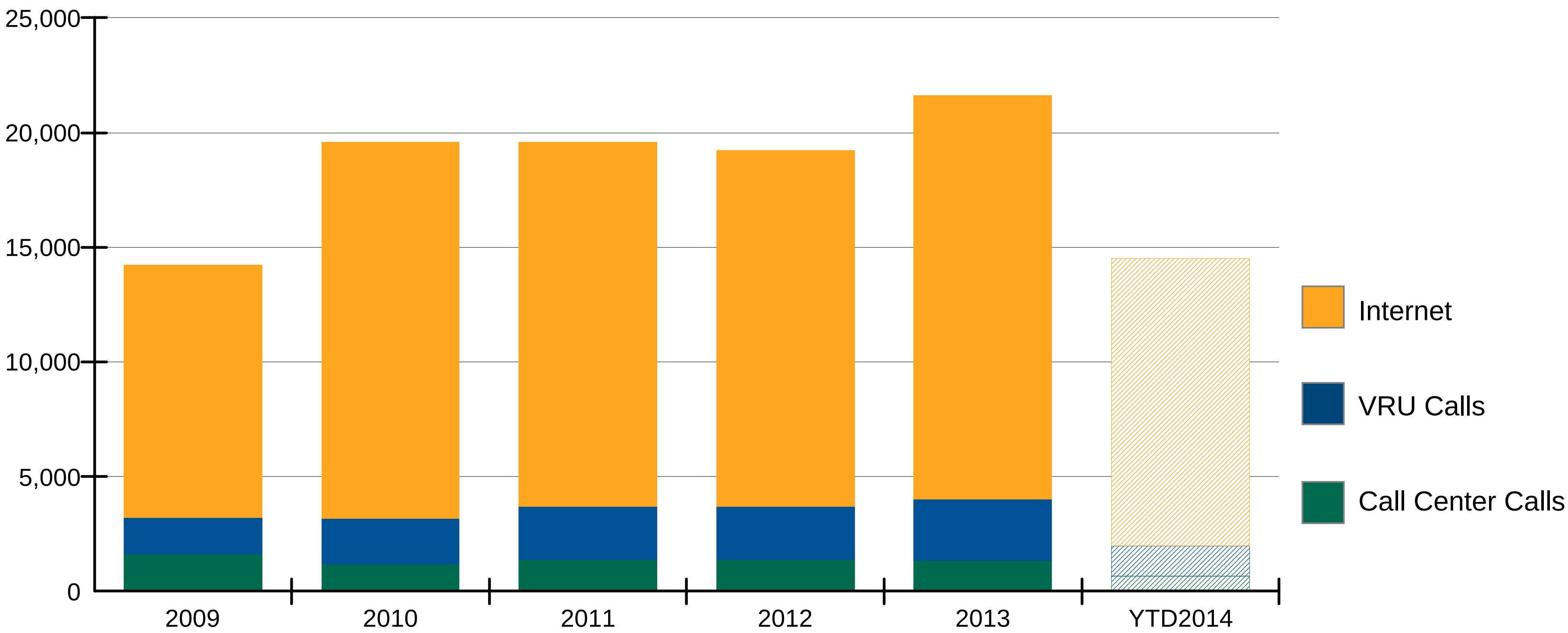
401 Plan Participation Trends *(as of June 30, 2014)*



Inactive	206	198	197	195	202
Active	688	686	679	676	670
Total	894	884	876	871	872

*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.

401 Plan Service Usage *(as of June 30, 2014)*



Internet	10992	16412	15913	15502	17643	12572
VRU	1601	1989	2284	2330	2681	1306
Call Center	1620	1169	1387	1373	1315	652
Total	14213	19570	19584	19205	21639	14530

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.

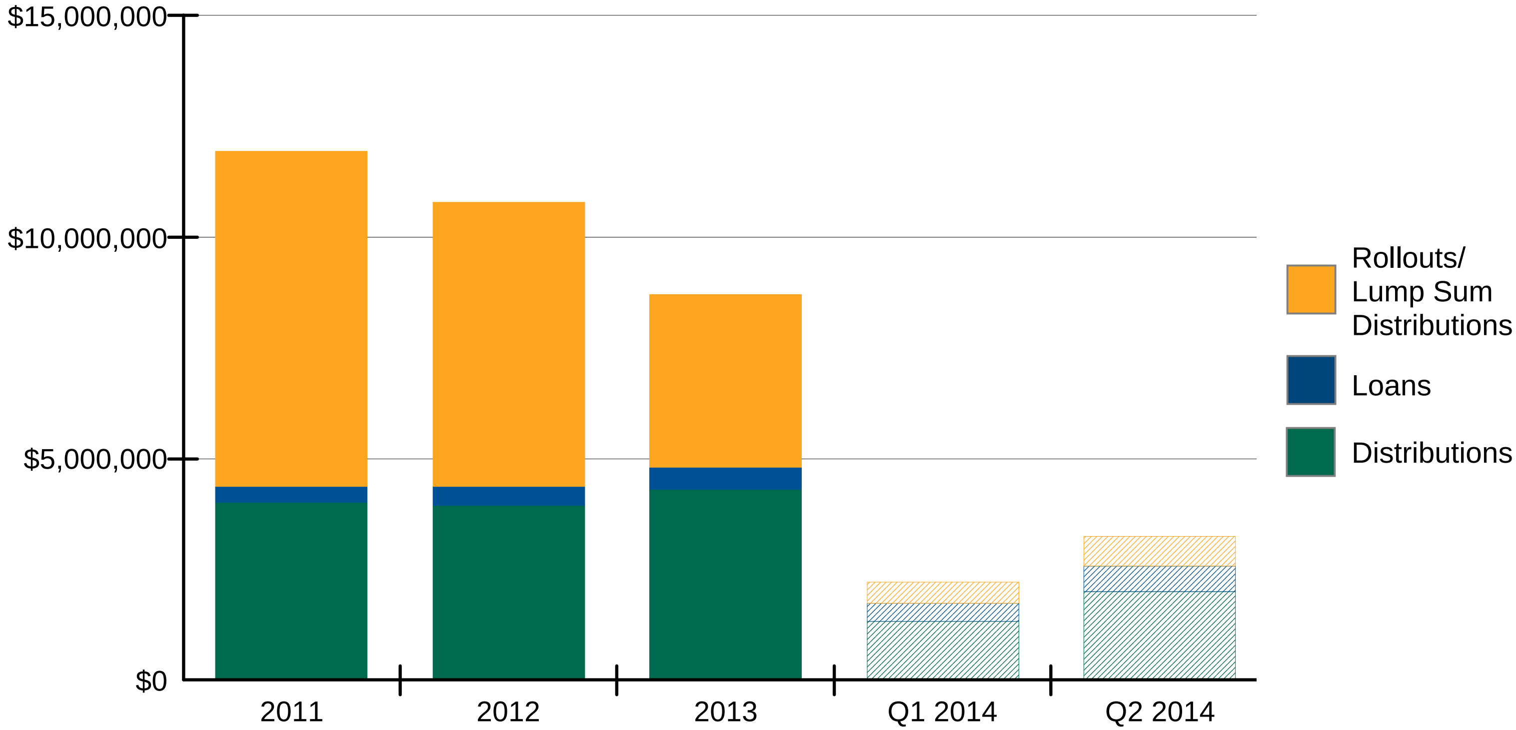
ICMA RC
Building Retirement Security

401 Plan Loan Usage

***LANSING BOARD OF WATER LIGHT 401 Plan: Loan Usage** (as of June 30, 2014)*

- 121 New Loans in the past 12 months
- 403 Outstanding Loans
- 14 Defaulted Loans in the past 12 months
- Loan Balance: $4,490,599

401 Plan Withdrawal Trends *(as of June 30, 2014)*



Rollouts/Lump Sum	$7,563,423	$6,410,177	$3,908,460	$477,801	$672,364
Loans	$350,283	$446,093	$494,010	$417,156	$577,605
Distributions	$4,019,690	$3,928,083	$4,299,987	$1,322,370	$1,999,395
Total	$11,933,396	$10,784,353	$8,702,457	$2,217,327	$3,249,364
# of Rollouts	34	32	25	4	4
# of Distributions	755	762	812	226	225
Total	789	794	837	230	229

ICMA-RC Building Retirement Security

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' 822 participants contributed a total of $2,051,024 with the largest amount, $760,634 to their balanced funds. Overall, the plans have 29% 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, 21%. Approximately 20% is in their balanced funds. Their guaranteed income fund is allocated 1%.

Over the last quarter with regard to market value, international/global stock funds grew by $728,946, while U.S. stock funds grew by $2,042,512. The plans' bond funds increased $387,654, while stable value/cash management funds increased $189,394. Balanced funds grew by $1,233,111.

On a net cash flow basis (contribution, plus net transfers less withdrawals), balanced funds increased $863,101. Bond funds received $120,602 and the plans declined $206,808 in their stable value/cash management funds. International/global stock funds declined $336,254 and the plans dropped $3,087,653 in their U.S. stock funds. The guaranteed income fund increased $541,233. Since March 2014, the 401 plans for the LANSING BOARD OF WATER LIGHT saw their overall value grow from $164,981,110 to $169,025,581, an increase of 2.5%.

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants with Balance
VT 5 Year BoA CD Account	$26,845	-	-	-	$122	$26,966	0.02%	1
VT PLUS Fund	35,285,830	321,019	-1,080,955	773,602	189,272	35,485,872	20.99%	653
VT Cash Management	321,738	2,450	-21,816	-201,107	-	101,117	0.06%	17
PIMCO Low Duration	270,549	1,758	-	-74,018	2,068	200,356	0.12%	7
Vanguard Total Bond Market Idx	5,066,606	56,704	-52,161	506,715	105,165	5,679,625	3.36%	144
PIMCO Total Return Instl	5,871,037	55,897	-100,314	-768,495	127,766	5,185,309	3.07%	135
PIMCO Real Return Admin	1,066,879	10,494	-65,155	508,096	52,046	1,571,841	0.93%	125
Delaware High-Yield Opp Instl	3,981,281	27,076	-33,513	47,518	100,609	4,122,146	2.44%	187
VT Retirement IncomeAdvantage	1,911,269	13,668	-	527,565	82,663	2,535,165	1.50%	11
Vanguard Target Retire Income	85,526	2,596	-67,893	62,500	2,523	84,877	0.05%	6
Vanguard Target Retire 2010	1,500,318	5,368	-41,432	-66,540	43,752	1,441,338	0.85%	6

ICMARC Building Retirement Security

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 with Balance
Vanguard Target Retire 2025	$1,730,765	$40,781	-$143	$15,158	$69,375	$1,855,886	1.10%	20
Vanguard Target Retire 2030	401,086	20,108	-13,105	20,000	17,018	444,830	0.26%	18
Vanguard Target Retire 2035	411,874	146,850	-29,191	-79,543	19,665	469,579	0.28%	19
Vanguard Target Retire 2040	676,240	37,525	-14,007	-36,052	30,475	693,956	0.41%	27
Vanguard Target Retire 2045	68,572	6,680	-	-	3,361	78,614	0.05%	5
Vanguard Target Retire 2050	304	-	-	-306	2	0	0.00%	0
Vanguard Target Retire 2015	1,614,641	15,532	-9,655	144,536	57,951	1,823,006	1.08%	12
Vanguard Target Retire 2020	1,409,487	18,450	-987	-91,862	50,015	1,384,956	0.82%	13
VT Vantagepoint MP Lng-Trm Gr	6,019,069	196,809	-147,167	-170,583	247,660	6,144,760	3.64%	122
VT Vantagepoint MP All-Eq Gr	1,673,684	51,948	-	-	79,267	1,804,711	1.07%	34
VT Vantagepoint MP Cons Growth	1,664,936	10,813	-85,434	25,876	41,647	1,657,814	0.98%	26
VT Vantagepoint MP Trad Growth	5,915,343	115,684	-138,356	-106,127	199,728	5,985,812	3.54%	113
Fidelity Balanced	6,549,878	72,571	-95,326	1,634,758	336,096	8,495,293	5.03%	199
BlackRock Global Allocation	1,627,171	18,919	-18,576	-588,076	34,577	1,073,603	0.64%	47
AMG TimesSquare Sm Cap Growth	1,888,925	14,795	-26,961	-269,974	-35,675	1,571,047	0.93%	65
VT Vantagepoint Equity Income	2,030,512	25,094	-123,642	-148,963	104,939	1,886,706	1.12%	121
AllianzGI NFJ Dividend Value	8,592,710	108,480	-131,667	72,496	527,692	9,168,607	5.42%	299
Vanguard 500 Index Signal	7,653,116	78,641	-156,023	-899,755	357,821	7,033,053	4.16%	194
American Funds Fundamental Inv	768,951	7,560	-5,102	-19,299	38,056	790,102	0.47%	44
JPMorgan US Equity Select	531,478	5,660	-	-107,366	19,556	449,250	0.27%	21
Fidelity Contrafund®	5,279,153	66,755	-110,729	-177,843	194,781	5,251,760	3.11%	156
Am Funds Growth Fund of Am R5	4,895,850	57,653	-215,870	-147,673	236,123	4,825,905	2.86%	148
Columbia Small/Mid Cap Value K	1,180,401	13,901	-41,015	-65,941	35,793	1,122,698	0.66%	125
Vanguard Mid-Cap Index Signal	1,704,074	12,468	-18,288	26,697	73,529	1,798,226	1.06%	117
Westwood SMidCap Institutional	521,714	4,696	-5,605	-	17,996	538,787	0.32%	23
Harbor Mid Cap Growth Admin	8,214,925	55,737	-95,389	-412,623	270,970	8,033,335	4.75%	192

Building Retirement Security

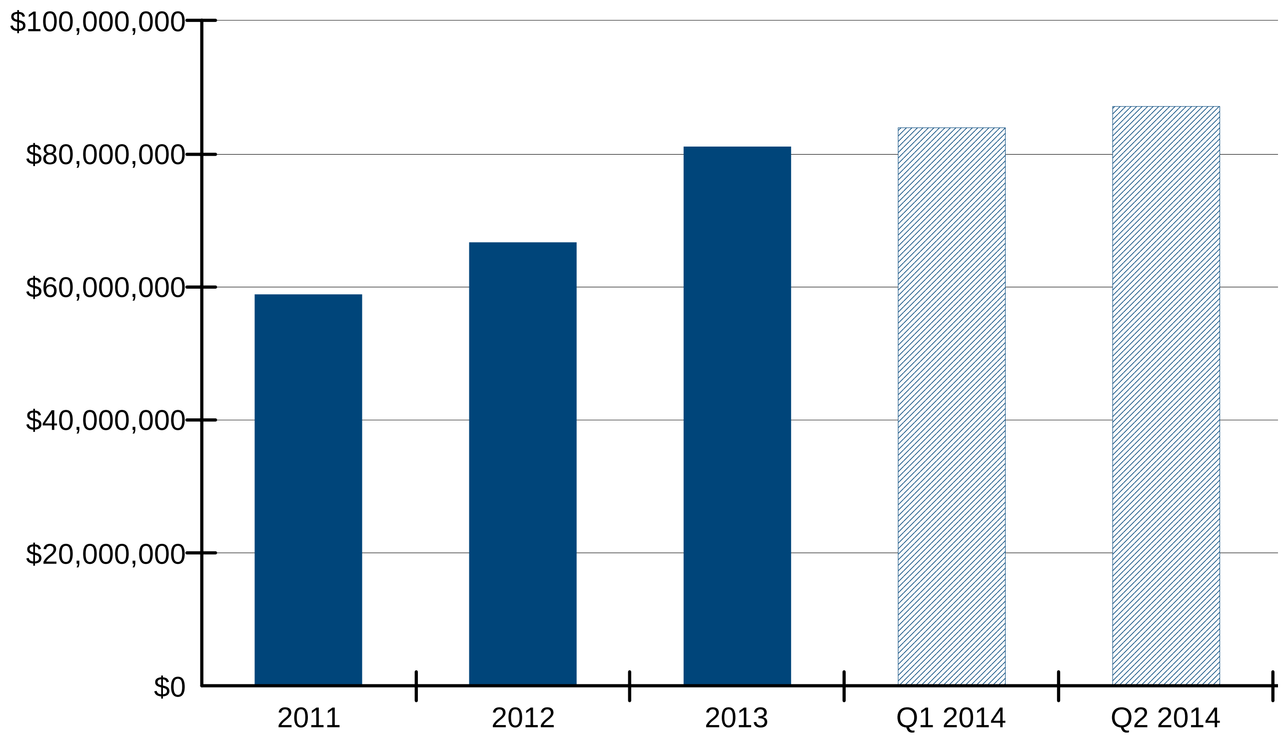
401 Plan Activity

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 with Balance
Columbia Small Cap Value I Z	$2,498,602	$17,166	-$25,284	-$196,153	$74,936	$2,369,175	1.40%	91
Vanguard Small-Cap Index Sig	2,409,964	29,300	-65,904	-63,450	84,764	2,393,497	1.42%	143
Fidelity Small Cap Discovery	1,245,563	9,644	-5,403	-158,474	41,185	1,132,463	0.67%	60
Royce Value Plus Service	7,333	-	-	-	46	7,379	0.00%	1
American Funds Cap World G&I	13,291,547	129,599	-236,589	-188,695	588,672	13,582,901	8.04%	349
Fidelity Diversified Intl	1,271,924	17,425	-10,187	196,388	57,665	1,532,298	0.91%	132
Fidelity Intl Discovery	1,056,579	15,515	-8,241	-82,728	32,055	1,012,478	0.60%	117
Harbor International Admin	1,651,102	16,863	-14,367	-171,237	50,554	1,532,501	0.91%	131
VantageBroker	1,198,345	-	-	-67,223	35,316	1,166,438	0.69%	13
American Century® Utilities	6,028	-	-	-	332	6,360	0.00%	1
Prudential Jennison Utility A	2,447,192	29,594	-27,386	272,387	319,484	3,041,124	1.80%	74
Nuveen Real Estate Securities	993,671	13,889	-13,445	648,875	95,816	1,738,231	1.03%	137
T Rowe Price® Health Sciences	5,502,478	41,037	-52,294	-86,205	242,180	5,646,973	3.34%	104
AllianzGI Technology Admin	2,988,046	29,851	-84,061	-36,855	149,976	3,046,854	1.80%	111
Total	**$164,981,110**	**$2,051,024**	**-$3,488,638**	**-**	**$5,507,384**	**$169,025,581**	**100.00%**	**872**

ICMARC
Building Retirement Security

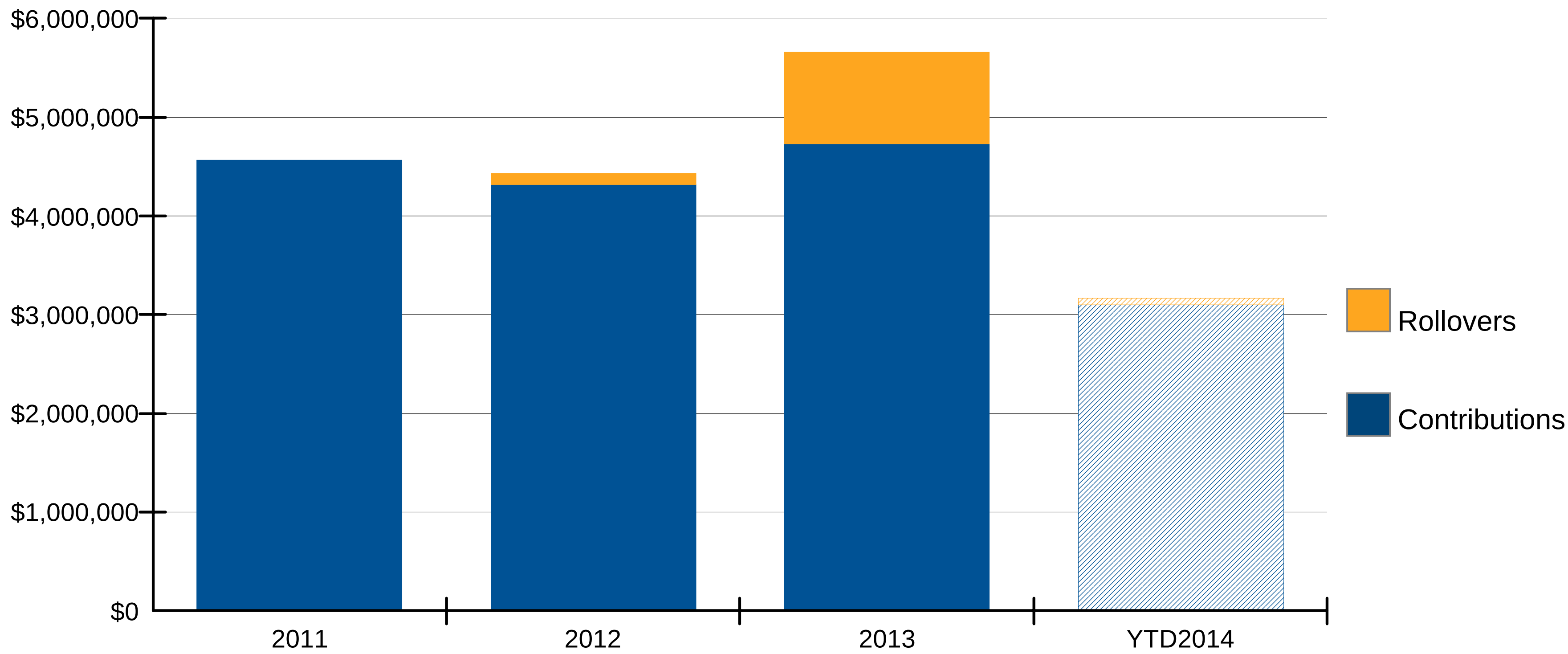
457 Plan Asset Trends *(as of June 30, 2014)*



Assets	$58,887,237	$66,659,017	$81,106,159	$83,850,273	$87,109,212

Since March 2014, the LANSING BOARD OF WATER LIGHT 's 457 plan's overall value saw an increase of 3.9% to $87,109,212 from $83,850,273. Since December 31, 2011, assets have grown 47.9%.

457 Plan Contributions *(as of June 30, 2014)*



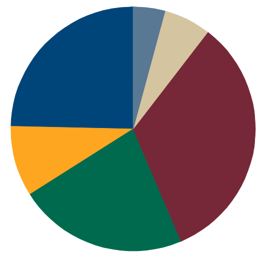
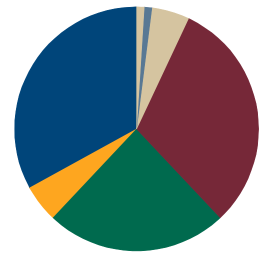
Contributions	$4,562,049	$4,313,600	$4,728,082	$3,100,484
Rollovers	$319	$121,722	$931,953	$65,291
Loan Repayments	$0	$0	$0	$0
Total*	$4,562,049	$4,313,600	$4,728,082	$3,100,484
Active Participants	711	706	695	686
Average Contribution*	$6,416	$6,110	$6,803	$4,520

*Please note that Rollovers are excluded from this calculation.

457 Plan Asset Allocation *(as of June 30, 2014)*

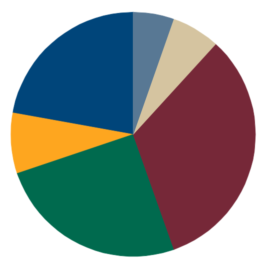
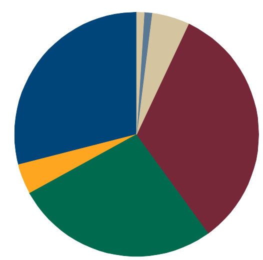
Your 457 Plan | **Total ICMA-RC 457 Clients**

June 30, 2013

	Your 457 Plan	Total ICMA-RC 457 Clients
Stable Value/Cash Management	24.68%	33.00%
Bond	9.33%	5.00%
Guaranteed Lifetime Income	0.00%	1.00%
Balanced/Asset Allocation	22.42%	24.00%
U.S. Stock	33.14%	31.00%
International/Global Stock	6.22%	5.00%
Specialty	4.21%	1.00%

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%

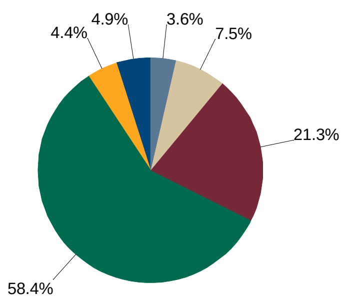
Note: Asset allocation for all clients except Washington State.

ICMA-RC Building Retirement Security

457 Plan Asset Allocation by Age *(as of June 30, 2014)*

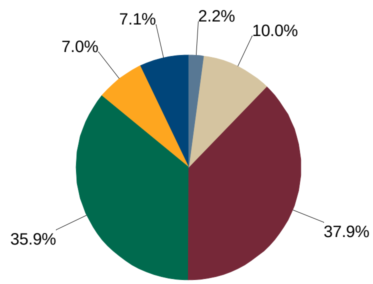
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

Under 35



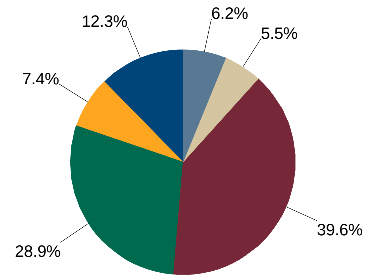
92 Active
31 Inactive
123 Participants
$3,395,929 Total Assets
$27,609 Average Balance
6 Invested in One Fund

35 - 45



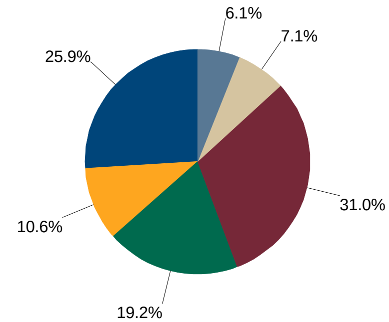
141 Active
22 Inactive
163 Participants
$9,231,897 Total Assets
$56,637 Average Balance
10 Invested in One Fund

46 - 55



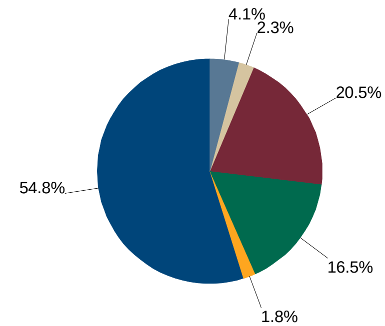
240 Active
26 Inactive
266 Participants
$26,405,581 Total Assets
$99,269 Average Balance
35 Invested in One Fund

56 - 65



195 Active
42 Inactive
237 Participants
$38,270,179 Total Assets
$161,478 Average Balance
45 Invested in One Fund

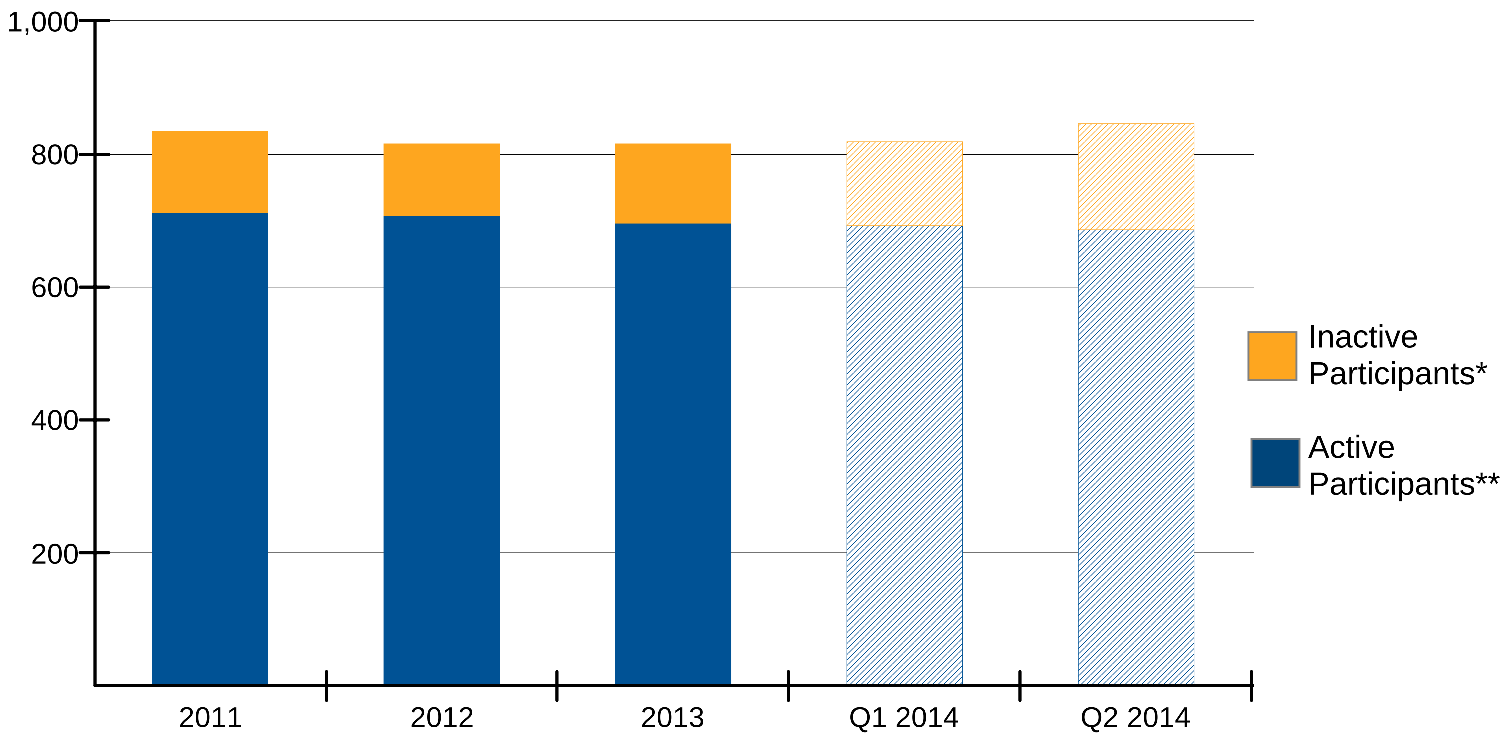
Over 65



18 Active
38 Inactive
56 Participants
$9,805,624 Total Assets
$175,100 Average Balance
18 Invested in One Fund

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

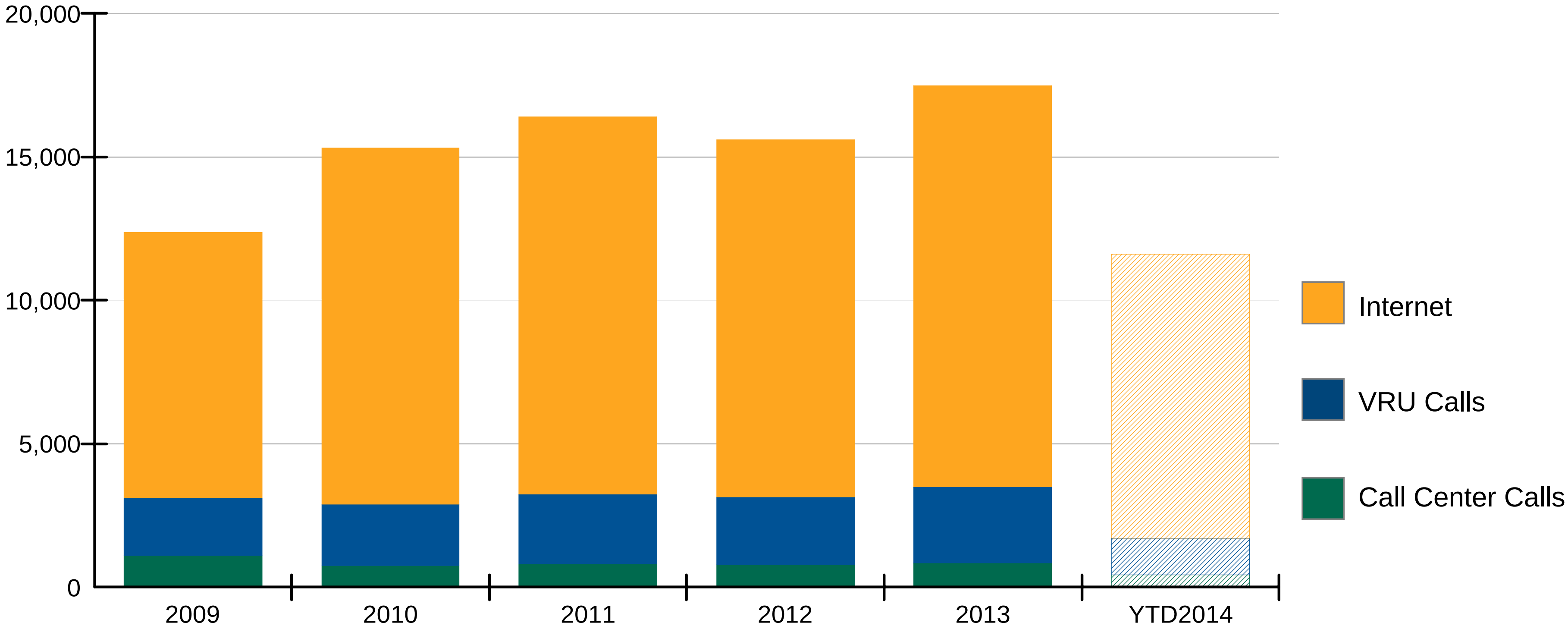
457 Plan Participation Trends *(as of June 30, 2014)*



Inactive	123	110	120	126	160
Active	711	706	695	693	686
Total	834	816	815	819	846

*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.

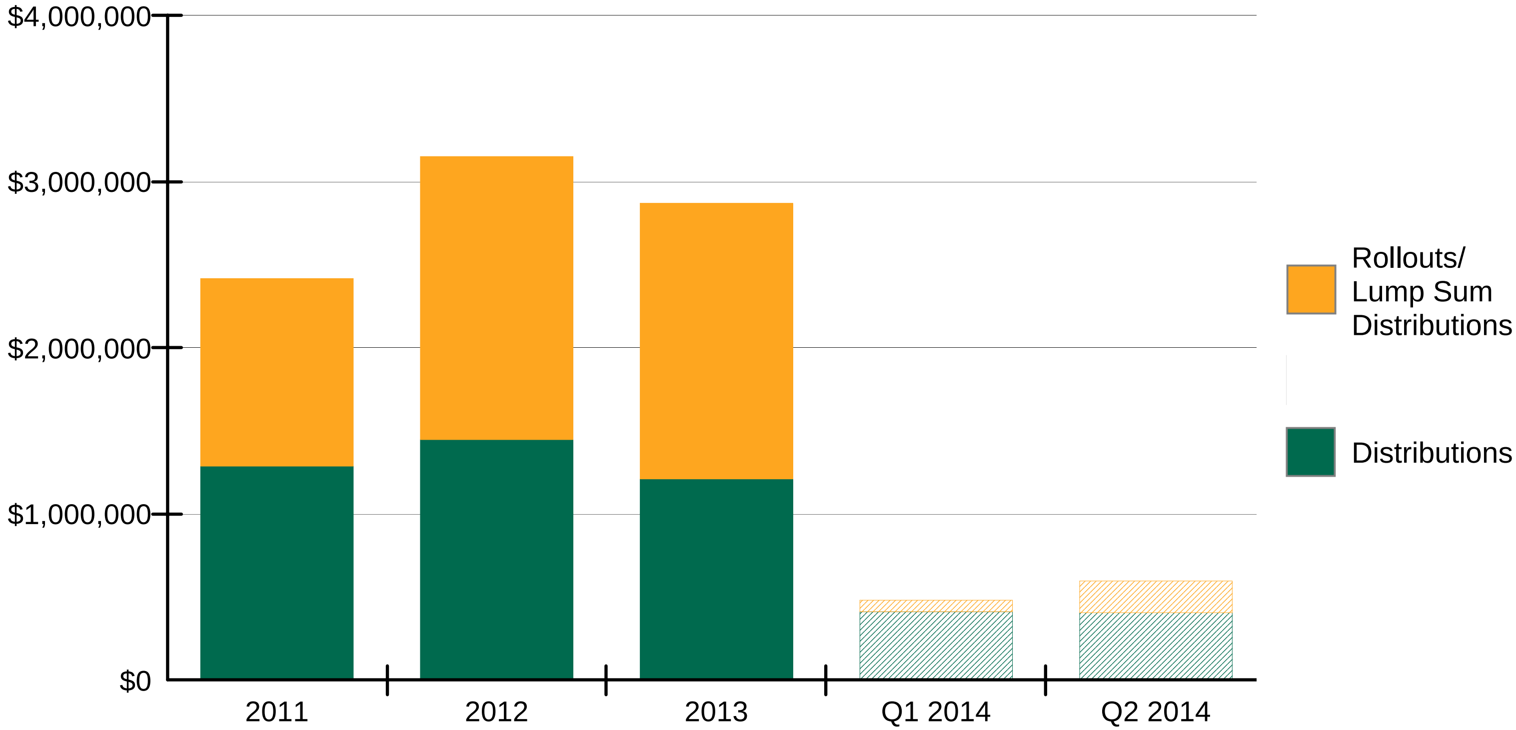
457 Plan Service Usage *(as of June 30, 2014)*



Internet	9246	12433	13158	12479	14007	9890
VRU	2030	2147	2420	2348	2652	1274
Call Center	1091	729	817	779	836	430
Total	12367	15309	16395	15606	17495	11594

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.

457 Plan Withdrawal Trends *(as of June 30, 2014)*



Rollouts/Lump Sum	$1,129,416	$1,708,029	$1,661,159	$74,520	$187,227
Loans	$0	$0	$0	$0	$0
Distributions	$1,284,994	$1,443,929	$1,212,710	$407,687	$407,073
Total	$2,414,410	$3,151,958	$2,873,869	$482,207	$594,300
# of Rollouts	11	13	11	3	2
# of Distributions	471	449	451	116	113
Total	482	462	462	119	115

ICMA-RC Building Retirement Security

457 Plan Activity

Plan Summary

LANSING BOARD OF WATER LIGHT 's 457 plan includes 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 846 participants contributed a total of $1,282,642 with the largest amount, $423,170 to its balanced funds. Overall, the plan has 32% in U.S. stock funds and 6% in its international/global stock funds. Its bond funds are allocated 8% and its stable value/cash management funds, 22%. Approximately 25% is in its balanced funds. Its guaranteed income fund is allocated 1%.

Over the last quarter with regard to market value, international/global stock funds increased in market value by $200,529, while U.S. stock funds grew by $1,233,155. The plan's bond funds grew by $160,119, while stable value/cash management funds increased in market value by $98,732. Balanced funds increased $820,979.

On a net cash flow basis (contribution, plus net transfers less withdrawals), balanced funds increased $545,486. Stable value/cash management funds received $278,905 and the plan declined $51,125 in its bond funds. International/global stock funds increased $52,061 and the plan fell $713,959 in its U.S. stock funds. The guaranteed income fund received $16,169. The 457 plan for the LANSING BOARD OF WATER LIGHT saw its overall value grow 3.9% from $83,850,273 to $87,109,212 since March 2014.

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants with Balance
VT PLUS Fund	$18,269,763	$319,415	-$351,310	$494,479	$98,732	$18,829,928	21.62%	352
VT Cash Management	413,993	42,682	-132,258	-94,103	-	230,210	0.26%	29
PIMCO Low Duration	92,630	1,685	-	-9,905	721	85,130	0.10%	6
Vanguard Total Bond Market Idx	2,707,480	42,758	-29,966	195,307	55,786	2,969,575	3.41%	142
PIMCO Total Return Instl	2,307,450	23,622	-2,900	-493,124	48,262	1,883,088	2.16%	88
PIMCO Real Return Admin	587,755	26,416	-6,286	200,500	28,993	837,083	0.96%	112
Delaware High-Yield Opp Instl	1,055,769	10,843	-9,735	-338	26,357	1,082,510	1.24%	127
VT Retirement IncomeAdvantage	1,177,348	4,875	-	11,293	43,490	1,237,007	1.42%	7
Vanguard Target Retire Income	88,109	2,125	-750	-	2,433	91,916	0.11%	6
Vanguard Target Retire 2010	104,372	3,284	-	-	3,196	110,852	0.13%	3
Vanguard Target Retire 2015	333,661	8,839	-	-	11,752	354,252	0.41%	10

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Building Retirement Security

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 with Balance
Vanguard Target Retire 2020	$507,031	$14,341	-	-	$19,289	$540,661	0.62%	11
Vanguard Target Retire 2025	848,715	28,126	-	42,054	34,171	953,067	1.09%	21
Vanguard Target Retire 2030	617,218	18,380	-	9,637	26,482	671,717	0.77%	24
Vanguard Target Retire 2035	283,161	13,773	-	-4,129	13,000	305,804	0.35%	20
Vanguard Target Retire 2040	578,153	35,118	-1,621	-	27,842	639,492	0.73%	46
Vanguard Target Retire 2045	35,980	10,071	-	-204	1,965	47,811	0.05%	20
Vanguard Target Retire 2050	0	750	-	-	20	770	0.00%	2
VT Vantagepoint MP Cons Growth	1,325,276	14,315	-319	-	34,471	1,373,737	1.58%	25
VT Vantagepoint MP Trad Growth	3,208,995	51,559	-54,313	-38,216	108,622	3,276,639	3.76%	68
VT Vantagepoint MP Lng-Trm Gr	5,408,768	113,608	-52,360	-64,705	224,570	5,629,873	6.46%	126
VT Vantagepoint MP All-Eq Gr	2,277,623	55,919	-30,274	-30,206	104,409	2,377,465	2.73%	54
Fidelity Balanced	4,123,411	47,376	-21,104	662,576	198,635	5,009,561	5.75%	201
BlackRock Global Allocation	573,622	5,586	-78	-293,670	10,122	295,407	0.34%	13
VT Vantagepoint Equity Income	866,478	12,262	-9,096	-25,900	48,819	891,956	1.02%	115
AllianzGI NFJ Dividend Value	3,458,049	37,148	-16,167	39,679	215,237	3,733,553	4.29%	217
Vanguard 500 Index Signal	2,834,639	29,537	-8,344	-413,969	129,993	2,571,584	2.95%	116
American Funds Fundamental Inv	2,294,109	22,683	-80	-8,870	116,314	2,424,130	2.78%	93
JPMorgan US Equity Select	324,766	4,488	-139	-74,619	11,338	265,768	0.31%	19
Fidelity Contrafund®	5,031,758	52,414	-15,244	-134,124	193,480	5,128,283	5.89%	132
Am Funds Growth Fund of Am R5	5,329,780	48,873	-16,050	-95,727	266,154	5,533,030	6.35%	158
Columbia Small/Mid Cap Value K	752,733	8,844	-180	-18,719	28,037	770,495	0.88%	124
Vanguard Mid-Cap Index Signal	896,038	9,030	-	127,801	44,422	1,077,155	1.24%	119
Westwood SMidCap Institutional	221,725	2,824	-1,425	3,620	7,634	234,374	0.27%	21
Harbor Mid Cap Growth Admin	2,505,573	23,116	-3,515	-321,486	69,537	2,273,225	2.61%	106
Columbia Small Cap Value I Z	254,362	2,263	-108	-10,123	8,227	254,598	0.29%	30
Vanguard Small-Cap Index Sig	1,152,008	12,761	-4,339	26,932	46,407	1,233,173	1.42%	130

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Building Retirement Security

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 with Balance
Fidelity Small Cap Discovery	$1,470,334	$12,930	-$3,394	-$12,817	$50,848	$1,517,735	1.74%	83
AMG TimesSquare Sm Cap Growth	252,290	3,337	-62	-	-3,293	252,270	0.29%	22
American Funds Cap World G&I	1,311,143	18,921	-8,984	82,527	61,483	1,464,435	1.68%	145
Fidelity Diversified Intl	1,865,563	21,854	-5,989	67,419	76,418	2,024,798	2.32%	176
Fidelity Intl Discovery	1,576,249	22,261	-837	-118,917	47,128	1,525,512	1.75%	160
Harbor International Admin	500,620	7,725	-58	-33,862	15,501	489,726	0.56%	104
VantageBroker	1,604,921	-	-	-36,366	49,643	1,618,198	1.86%	13
Prudential Jennison Utility A	314,764	2,998	-	33,579	41,347	392,688	0.45%	18
Nuveen Real Estate Securities	627,352	12,028	-83	327,200	54,857	1,021,088	1.17%	128
T Rowe Price® Health Sciences	1,145,560	14,066	-	9,500	53,109	1,222,234	1.40%	48
AllianzGI Technology Admin	333,174	4,816	-	-	17,657	355,646	0.41%	22
Total	**$83,850,272**	**$1,282,642**	**-$787,369**	**-**	**$2,773,616**	**$87,109,210**	**100.00%**	**846**

ICMARC
Building Retirement Security

III. Fee Disclosure

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

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.

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.

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, 2014, the estimated annual cost to your plan is $1,053,087 consisting of $956,882 from fund fees and expenses (0.57% of plan assets) and $96,205 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	$203,726 (0.12%)	$155,491 (0.09%)	$359,216 (0.21%)
Participant Account Fees	$96,205	$0	$96,205
Total	$299,931	$155,491	$455,422

* 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, 2014

Fund Costs and ICMA-RC Revenue (401 Plan)

Fund[1]	Morningstar Category[17]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*	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	$35,485,872	0.48%	$170,332	0.25%	$88,715	0.30%	$106,458
VT Cash Management	NA	$101,117	0.61%	$617	0.12%	$121	0.00%	$0
VT 1 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
VT 3 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
VT 5 Year BoA CD Account[7]	NA	$26,966	0.00%	$0	0.60%	$162	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$200,356	0.71%	$1,423	0.25%	$501	0.00%	$0
Vanguard Total Bond Market Idx[8]	Intermediate-Term Bond	$5,679,625	0.08%	$4,544	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$5,185,309	0.46%	$23,852	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$1,571,841	0.70%	$11,003	0.25%	$3,930	0.00%	$0
Delaware High-Yield Opp Instl[8]	High Yield Bond	$4,122,146	0.81%	$33,389	0.15%	$6,183	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$2,535,165	1.73%	$43,858	0.45%	$11,408	0.05%	$1,268
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Retirement Income	$84,877	0.16%	$136	0.00%	$0	0.00%	$0
Vanguard Target Retire 2010[9,12]	Target Date 2000-2010	$1,441,338	0.16%	$2,306	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target Date 2011-2015	$1,823,006	0.16%	$2,917	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target Date 2016-2020	$1,384,956	0.16%	$2,216	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target Date 2021-2025	$1,855,886	0.17%	$3,155	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target Date 2026-2030	$444,830	0.17%	$756	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target Date 2031-2035	$469,579	0.18%	$845	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target Date 2036-2040	$693,956	0.18%	$1,249	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target Date 2041-2045	$78,614	0.18%	$142	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target Date 2046-2050	$0	0.18%	$0	0.00%	$0	0.00%	$0
Balanced								
VT Vantagepoint MP Cons Growth	Conservative Allocation	$1,657,814	0.87%	$14,423	0.25%	$4,145	0.30%	$4,973

All data on page is as of June 30, 2014

* 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 (401 Plan)

Fund[1]	Morningstar Category[17]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Balanced								
VT Vantagepoint MP Trad Growth	Moderate Allocation	$5,985,812	0.88%	$52,675	0.25%	$14,965	0.28%	$16,760
VT Vantagepoint MP Lng-Trm Gr	Aggressive Allocation	$6,144,760	0.91%	$55,917	0.25%	$15,362	0.28%	$17,205
VT Vantagepoint MP All-Eq Gr	Large Blend	$1,804,711	0.94%	$16,964	0.25%	$4,512	0.28%	$5,053
Fidelity Balanced	Moderate Allocation	$8,495,293	0.58%	$49,273	0.25%	$21,238	0.00%	$0
BlackRock Global Allocation	World Allocation	$1,073,603	1.14%	$12,239	0.50%	$5,368	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income	Large Value	$1,886,706	0.78%	$14,716	0.25%	$4,717	0.20%	$3,773
AllianzGI NFJ Dividend Value	Large Value	$9,168,607	0.71%	$65,097	0.10%	$9,169	0.00%	$0
Vanguard 500 Index Signal	Large Blend	$7,033,053	0.05%	$3,517	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$790,102	0.36%	$2,844	0.05%	$395	0.00%	$0
JPMorgan US Equity Select	Large Blend	$449,250	0.79%	$3,549	0.25%	$1,123	0.00%	$0
Fidelity Contrafund®	Large Growth	$5,251,760	0.67%	$35,187	0.25%	$13,129	0.00%	$0
Am Funds Growth Fund of Am R5	Large Growth	$4,825,905	0.39%	$18,821	0.05%	$2,413	0.00%	$0
Columbia Small/Mid Cap Value K[22]	Mid-Cap Value	$1,122,698	1.10%	$12,350	0.35%	$3,929	0.00%	$0
Vanguard Mid-Cap Index Signal[22]	Mid-Cap Blend	$1,798,226	0.09%	$1,618	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$538,787	0.96%	$5,172	0.25%	$1,347	0.00%	$0
Harbor Mid Cap Growth Admin[22]	Mid-Cap Growth	$8,033,335	1.09%	$87,563	0.25%	$20,083	0.00%	$0
Columbia Small Cap Value I Z[13]	Small Value	$2,369,175	1.07%	$25,350	0.25%	$5,923	0.00%	$0
Vanguard Small-Cap Index Sig[13]	Small Blend	$2,393,497	0.09%	$2,154	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,132,463	1.01%	$11,438	0.25%	$2,831	0.00%	$0
AMG TimesSquare Sm Cap Growth[13]	Small Growth	$1,571,047	1.18%	$18,538	0.20%	$3,142	0.00%	$0
Royce Value Plus Service[13]	Small Growth	$7,379	1.49%	$110	0.40%	$30	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Stock	$13,582,901	0.49%	$66,556	0.05%	$6,791	0.00%	$0
Fidelity Diversified Intl[14]	Foreign Large Blend	$1,532,298	0.95%	$14,557	0.25%	$3,831	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Blend	$1,012,478	1.00%	$10,125	0.25%	$2,531	0.00%	$0

All data on page is as of June 30, 2014

* 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 and ICMA-RC Revenue (401 Plan)

Fund[1]	Morningstar Category[17]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
International/Global Stock								
Harbor International Admin[14]	Foreign Large Blend	$1,532,501	0.99%	$15,172	0.25%	$3,831	0.00%	$0
Specialty								
American Century® Utilities[10,15]	Utilities	$6,360	0.68%	$43	0.25%	$16	0.00%	$0
Prudential Jennison Utility A[15]	Utilities	$3,041,124	0.85%	$25,850	0.40%	$12,164	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$1,738,231	1.00%	$17,382	0.25%	$4,346	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$5,646,973	0.79%	$44,611	0.15%	$8,470	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$3,046,854	1.47%	$44,789	0.35%	$10,664	0.00%	$0
VantageBroker	NA	$1,166,438	0.00%	$0	0.06%	$700	0.00%	$0
Total Quarter-End Assets:		$169,025,581						
Total Fees and Expenses to Plan:			0.62%	$1,051,342				
Total Recordkeeping Revenue Retained by ICMA-RC:					0.18%	$298,185		
Total Investment Advisory Revenue Retained by ICMA-RC:							0.09%	$155,491
Administrative Allowance:		$94,459						
Total Fees and Expenses after Administrative Allowance:			0.57%	$956,882				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					0.12%	$203,726		

All data on page is as of June 30, 2014

* 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 (401 Plan)

Fund[1]	Morningstar Category[17]	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	0.48%	0.00%	NA	0.48%	None	Equity wash
VT Cash Management	NA	0.61%	0.00%	NA	0.61%	None	None
VT 1 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
VT 3 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
VT 5 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
Bond							
PIMCO Low Duration[8]	Short-Term Bond	0.71%	0.00%	NA	0.71%	None	None
Vanguard Total Bond Market Idx[8]	Intermediate-Term Bond	0.08%	0.00%	NA	0.08%	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	0.73%	0.00%	NA	0.70%	None	None
Delaware High-Yield Opp Instl[8]	High Yield Bond	0.86%	0.05%	11/28/2014	0.81%	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
Balanced							
VT Vantagepoint MP Cons Growth	Conservative Allocation	0.87%	0.00%	NA	0.87%	None	None
VT Vantagepoint MP Trad Growth	Moderate Allocation	0.88%	0.00%	NA	0.88%	None	None
VT Vantagepoint MP Lng-Trm Gr	Aggressive Allocation	0.91%	0.00%	NA	0.91%	None	None
VT Vantagepoint MP All-Eq Gr	Large Blend	0.94%	0.00%	NA	0.94%	None	None

All data on page is as of June 30, 2014

See disclosure at end of chapter.

See disclosures at end of chapter

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[17]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Balanced							
Fidelity Balanced	Moderate Allocation	0.58%	0.00%	NA	0.58%	None	None
BlackRock Global Allocation	World Allocation	1.14%	0.00%	NA	1.14%	None	None
U.S. Stock							
VT Vantagepoint Equity Income	Large Value	0.78%	0.00%	NA	0.78%	None	None
AllianzGI NFJ Dividend Value	Large Value	0.71%	0.00%	NA	0.71%	None	None
Vanguard 500 Index Signal	Large Blend	0.05%	0.00%	NA	0.05%	None	None
American Funds Fundamental Inv	Large Blend	0.36%	0.00%	NA	0.36%	None	30 days, $5000
JPMorgan US Equity Select	Large Blend	0.81%	0.02%	11/1/2014	0.79%	None	None
Fidelity Contrafund®	Large Growth	0.67%	0.00%	NA	0.67%	None	None
Am Funds Growth Fund of Am R5	Large Growth	0.39%	0.00%	NA	0.39%	None	30 days, $5000
Columbia Small/Mid Cap Value K[22]	Mid-Cap Value	1.10%	0.00%	NA	1.10%	None	30 days, any amt
Vanguard Mid-Cap Index Signal[22]	Mid-Cap Blend	0.09%	0.00%	NA	0.09%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.96%	0.00%	NA	0.96%	None	None
Harbor Mid Cap Growth Admin[22]	Mid-Cap Growth	1.09%	0.00%	NA	1.09%	None	None
Columbia Small Cap Value I Z[13]	Small Value	1.07%	0.00%	NA	1.07%	None	30 days, any amt
Vanguard Small-Cap Index Sig[13]	Small Blend	0.09%	0.00%	NA	0.09%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	1.01%	0.00%	NA	1.01%	1.50%, 90 days	None
AMG TimesSquare Sm Cap Growth[13]	Small Growth	1.18%	0.00%	NA	1.18%	None	None
Royce Value Plus Service[13]	Small Growth	1.49%	0.00%	NA	1.49%	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
Fidelity Diversified Intl[14]	Foreign Large Blend	0.95%	0.00%	NA	0.95%	1.00%, 30 days	None
Fidelity Intl Discovery[14]	Foreign Large Blend	1.00%	0.00%	NA	1.00%	1.00%, 30 days	None
Harbor International Admin[14]	Foreign Large Blend	1.01%	0.02%	2/28/2015	0.99%	None	None
Specialty							
American Century® Utilities[10,15]	Utilities	0.68%	0.00%	NA	0.68%	None	None
Prudential Jennison Utility A[15]	Utilities	0.85%	0.00%	NA	0.85%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.00%	0.00%	NA	1.00%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.79%	0.00%	NA	0.79%	None	30 days, any amt

All data on page is as of June 30, 2014

See disclosure at end of chapter.

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[17]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Specialty							
AllianzGI Technology Admin[15]	Technology	1.47%	0.00%	NA	1.47%	None	None
VantageBroker	NA	0.00%	0.00%	NA	0.00%		

All data on page is as of June 30, 2014

See disclosure at end of chapter.

ICMA-RC Participant Account Fees (401) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2014

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	122	$9,450
Loan Maintenance	$50 annual fee	384	$19,382
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)*	102 participants $18,796,812 in assets	$65,777
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	36	$826
Legal			
Domestic Relations Order Processing	$750 per divorce	5	$750
Total Fees from Participant Accounts			**$96,205**

All data on page is as of June 30, 2014

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, 2014, the estimated annual cost to your plan is $518,090 consisting of $479,369 from fund fees and expenses (0.55% of plan assets) and $38,721 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	$110,563 (0.13%)	$94,609 (0.11%)	$205,172 (0.24%)
Participant Account Fees	$38,721	$0	$38,721
Total	$149,284	$94,609	$243,893

* 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, 2014

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[17]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Stable Value/Cash Management								
VT PLUS Fund[4]	NA	$18,829,928	0.48%	$90,384	0.25%	$47,075	0.30%	$56,490
VT Cash Management	NA	$230,210	0.61%	$1,404	0.12%	$276	0.00%	$0
VT 1 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
VT 3 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
VT 5 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$85,130	0.71%	$604	0.25%	$213	0.00%	$0
Vanguard Total Bond Market Idx[8]	Intermediate-Term Bond	$2,969,575	0.08%	$2,376	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$1,883,088	0.46%	$8,662	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$837,083	0.70%	$5,860	0.25%	$2,093	0.00%	$0
Delaware High-Yield Opp Instl[8]	High Yield Bond	$1,082,510	0.81%	$8,768	0.15%	$1,624	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$1,237,007	1.73%	$21,400	0.45%	$5,567	0.05%	$619
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Retirement Income	$91,916	0.16%	$147	0.00%	$0	0.00%	$0
Vanguard Target Retire 2010[9,12]	Target Date 2000-2010	$110,852	0.16%	$177	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target Date 2011-2015	$354,252	0.16%	$567	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target Date 2016-2020	$540,661	0.16%	$865	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target Date 2021-2025	$953,067	0.17%	$1,620	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target Date 2026-2030	$671,717	0.17%	$1,142	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target Date 2031-2035	$305,804	0.18%	$550	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target Date 2036-2040	$639,492	0.18%	$1,151	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target Date 2041-2045	$47,811	0.18%	$86	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target Date 2046-2050	$770	0.18%	$1	0.00%	$0	0.00%	$0
Balanced								
VT Vantagepoint MP Cons Growth	Conservative Allocation	$1,373,737	0.87%	$11,952	0.25%	$3,434	0.30%	$4,121

All data on page is as of June 30, 2014

* 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)

Fund[1]	Morningstar Category[17]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Balanced								
VT Vantagepoint MP Trad Growth	Moderate Allocation	$3,276,639	0.88%	$28,834	0.25%	$8,192	0.28%	$9,175
VT Vantagepoint MP Lng-Trm Gr	Aggressive Allocation	$5,629,873	0.91%	$51,232	0.25%	$14,075	0.28%	$15,764
VT Vantagepoint MP All-Eq Gr	Large Blend	$2,377,465	0.94%	$22,348	0.25%	$5,944	0.28%	$6,657
Fidelity Balanced	Moderate Allocation	$5,009,561	0.58%	$29,055	0.25%	$12,524	0.00%	$0
BlackRock Global Allocation	World Allocation	$295,407	1.14%	$3,368	0.50%	$1,477	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income	Large Value	$891,956	0.78%	$6,957	0.25%	$2,230	0.20%	$1,784
AllianzGI NFJ Dividend Value	Large Value	$3,733,553	0.71%	$26,508	0.10%	$3,734	0.00%	$0
Vanguard 500 Index Signal	Large Blend	$2,571,584	0.05%	$1,286	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$2,424,130	0.36%	$8,727	0.05%	$1,212	0.00%	$0
JPMorgan US Equity Select	Large Blend	$265,768	0.79%	$2,100	0.25%	$664	0.00%	$0
Fidelity Contrafund®	Large Growth	$5,128,283	0.67%	$34,359	0.25%	$12,821	0.00%	$0
Am Funds Growth Fund of Am R5	Large Growth	$5,533,030	0.39%	$21,579	0.05%	$2,767	0.00%	$0
Columbia Small/Mid Cap Value K[22]	Mid-Cap Value	$770,495	1.10%	$8,475	0.35%	$2,697	0.00%	$0
Vanguard Mid-Cap Index Signal[22]	Mid-Cap Blend	$1,077,155	0.09%	$969	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$234,374	0.96%	$2,250	0.25%	$586	0.00%	$0
Harbor Mid Cap Growth Admin[22]	Mid-Cap Growth	$2,273,225	1.09%	$24,778	0.25%	$5,683	0.00%	$0
Columbia Small Cap Value I Z[13]	Small Value	$254,598	1.07%	$2,724	0.25%	$636	0.00%	$0
Vanguard Small-Cap Index Sig[13]	Small Blend	$1,233,173	0.09%	$1,110	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,517,735	1.01%	$15,329	0.25%	$3,794	0.00%	$0
AMG TimesSquare Sm Cap Growth[13]	Small Growth	$252,270	1.18%	$2,977	0.20%	$505	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Stock	$1,464,435	0.49%	$7,176	0.05%	$732	0.00%	$0
Fidelity Diversified Intl[14]	Foreign Large Blend	$2,024,798	0.95%	$19,236	0.25%	$5,062	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Blend	$1,525,512	1.00%	$15,255	0.25%	$3,814	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$489,726	0.99%	$4,848	0.25%	$1,224	0.00%	$0

All data on page is as of June 30, 2014

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See disclosures at end of chapter

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[17]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Specialty								
Prudential Jennison Utility A[15]	Utilities	$392,688	0.85%	$3,338	0.40%	$1,571	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$1,021,088	1.00%	$10,211	0.25%	$2,553	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$1,222,234	0.79%	$9,656	0.15%	$1,833	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$355,646	1.47%	$5,228	0.35%	$1,245	0.00%	$0
VantageBroker	NA	$1,618,198	0.00%	$0	0.06%	$971	0.00%	$0
Total Quarter-End Assets:		$87,109,210						
Total Fees and Expenses to Plan:			0.61%	$527,631				
Total Recordkeeping Revenue Retained by ICMA-RC:					0.18%	$158,825		
Total Investment Advisory Revenue Retained by ICMA-RC:							0.11%	$94,609
Administrative Allowance:		$48,262						
Total Fees and Expenses after Administrative Allowance:			0.55%	$479,369				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					0.13%	$110,563		

All data on page is as of June 30, 2014

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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 (457 Plan)

Fund[1]	Morningstar Category[17]	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	0.48%	0.00%	NA	0.48%	None	Equity wash
VT Cash Management	NA	0.61%	0.00%	NA	0.61%	None	None
VT 1 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
VT 3 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
VT 5 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
Bond							
PIMCO Low Duration[8]	Short-Term Bond	0.71%	0.00%	NA	0.71%	None	None
Vanguard Total Bond Market Idx[8]	Intermediate-Term Bond	0.08%	0.00%	NA	0.08%	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	0.73%	0.00%	NA	0.70%	None	None
Delaware High-Yield Opp Instl[8]	High Yield Bond	0.86%	0.05%	11/28/2014	0.81%	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
Balanced							
VT Vantagepoint MP Cons Growth	Conservative Allocation	0.87%	0.00%	NA	0.87%	None	None
VT Vantagepoint MP Trad Growth	Moderate Allocation	0.88%	0.00%	NA	0.88%	None	None
VT Vantagepoint MP Lng-Trm Gr	Aggressive Allocation	0.91%	0.00%	NA	0.91%	None	None
VT Vantagepoint MP All-Eq Gr	Large Blend	0.94%	0.00%	NA	0.94%	None	None

All data on page is as of June 30, 2014

See disclosure at end of chapter.

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[17]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Balanced							
Fidelity Balanced	Moderate Allocation	0.58%	0.00%	NA	0.58%	None	None
BlackRock Global Allocation	World Allocation	1.14%	0.00%	NA	1.14%	None	None
U.S. Stock							
VT Vantagepoint Equity Income	Large Value	0.78%	0.00%	NA	0.78%	None	None
AllianzGI NFJ Dividend Value	Large Value	0.71%	0.00%	NA	0.71%	None	None
Vanguard 500 Index Signal	Large Blend	0.05%	0.00%	NA	0.05%	None	None
American Funds Fundamental Inv	Large Blend	0.36%	0.00%	NA	0.36%	None	30 days, $5000
JPMorgan US Equity Select	Large Blend	0.81%	0.02%	11/1/2014	0.79%	None	None
Fidelity Contrafund®	Large Growth	0.67%	0.00%	NA	0.67%	None	None
Am Funds Growth Fund of Am R5	Large Growth	0.39%	0.00%	NA	0.39%	None	30 days, $5000
Columbia Small/Mid Cap Value K[22]	Mid-Cap Value	1.10%	0.00%	NA	1.10%	None	30 days, any amt
Vanguard Mid-Cap Index Signal[22]	Mid-Cap Blend	0.09%	0.00%	NA	0.09%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.96%	0.00%	NA	0.96%	None	None
Harbor Mid Cap Growth Admin[22]	Mid-Cap Growth	1.09%	0.00%	NA	1.09%	None	None
Columbia Small Cap Value I Z[13]	Small Value	1.07%	0.00%	NA	1.07%	None	30 days, any amt
Vanguard Small-Cap Index Sig[13]	Small Blend	0.09%	0.00%	NA	0.09%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	1.01%	0.00%	NA	1.01%	1.50%, 90 days	None
AMG TimesSquare Sm Cap Growth[13]	Small Growth	1.18%	0.00%	NA	1.18%	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
Fidelity Diversified Intl[14]	Foreign Large Blend	0.95%	0.00%	NA	0.95%	1.00%, 30 days	None
Fidelity Intl Discovery[14]	Foreign Large Blend	1.00%	0.00%	NA	1.00%	1.00%, 30 days	None
Harbor International Admin[14]	Foreign Large Blend	1.01%	0.02%	2/28/2015	0.99%	None	None
Specialty							
Prudential Jennison Utility A[15]	Utilities	0.85%	0.00%	NA	0.85%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.00%	0.00%	NA	1.00%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.79%	0.00%	NA	0.79%	None	30 days, any amt
AllianzGI Technology Admin[15]	Technology	1.47%	0.00%	NA	1.47%	None	None
VantageBroker	NA	0.00%	0.00%	NA	0.00%		

All data on page is as of June 30, 2014

See disclosure at end of chapter.

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ICMARC Building Retirement Security

ICMA-RC Participant Account Fees (457) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2014

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)*	102 participants $10,297,581 in assets	$38,396
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	13	$325
Legal			
Domestic Relations Order Processing	$250 per divorce	--	NA
Total Fees from Participant Accounts			**$38,721**

All data on page is as of June 30, 2014

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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 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.

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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 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.

Disclosures

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. **©2014 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 VantageTrust PLUS Fund to CD Accounts are prohibited. Assets must be invested outside of the VantageTrust 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.

IV. Quality Services

2nd Quarter 2014

Platinum Services Plan Service Report

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

ICMA RC
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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.

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.

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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 ("DOL") Regulatory Agenda

DOL's current semiannual regulatory agenda contains two new projects:

- **Brokerage windows.** DOL plans to release a request for information ("RFI") relating to brokerage windows in defined contribution plans; the RFI will facilitate DOL's consideration of fiduciary and disclosure obligations that should apply to brokerage windows. The RFI, targeted for second quarter 2014, will collect information in preparation of formal regulations or guidance.

- **Updated annuity provider safe harbor.** DOL is examining the modification of the safe harbor regulations for the selection of an annuity provider in a defined contribution plan.
  - The purchase of an annuity contract, or the offering of a contract as a distribution from a defined contribution plan, is a fiduciary act under ERISA. In 2008 DOL issued regulations creating a safe harbor for the selection of an annuity provider for benefit distributions from a defined contribution plan, but that safe harbor is considered unworkable by many in the retirement plans community.
  - DOL is developing proposed amendments to the annuity selection safe harbor, which would focus on the condition in the safe harbor related to the annuity provider's ability to make all future payments under the annuity contract
  - DOL has targeted October 2014 for release of the proposed amendment.

Internal Revenue Service Issues Additional Guidance on In-Plan Roth Conversions

The Internal Revenue Service ("IRS") has released IRS Notice 2013-74, providing guidance to 457(b) and 401(k) plans on changes to the Internal Revenue Code that give plans the ability to increase access to in-plan Roth conversions for amounts that are not otherwise eligible for distribution.

Highlights of the Notice include guidance that:

- A plan must be amended to add an in-plan Roth feature.

- Under the Notice, restrictions respecting distributions that had applied to the contributed amount before conversion will continue to apply.

- Prior guidance related to pre-2013 in-plan Roth conversions continues to apply.

Recent Regulatory Action*

- In-plan Roth conversions begin the five-year period for qualified distributions, if the conversion is the first contribution to the designated Roth account.
- Only vested contributions can be converted.

Target Date Fund Developments

The DOL and the Securities and Exchange Commission ("SEC") continue to work toward finalizing rules requiring additional disclosure to plan participants and investors regarding target date funds.

- The DOL targets release in the near future, but that timing could be affected by recent developments at the SEC. In particular, on April 3, the SEC reopened comments to consider requiring the disclosure of standardized risk-based glide path illustrations, to make it easier for participants to compare the risk levels of different target date funds.
- Current DOL and SEC proposals would require a glide path illustration, but they would not mandate that they be presented in a standardized format on the basis of risk.

* Information as of April 2014

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.

V. Accomplishments & Objectives

Corporate Update: Year Ending June 30, 2014

- Assets under administration increased by $9 billion in year ending 06/30/14 to $55.6 billion
- Increase of over 206,000 in participants served to over 1.2 million
- A total of 9,439 plans served
    - Increase of 63 Section 401 Plans served
    - Increase of 8 Section 457 Plans served
    - Increase of 70 Retirement Health Savings (RHS) Plans served
    - Increase of 70 Payroll Deduction IRA Plans served
- 47 clients transferred plan assets over to ICMA-RC
- $3.33 Billion 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:

- The Account Details page and the associated PDF will now include the Roth contribution details, when applicable.

Account Access enhancements:

- Changes were implemented to allow ACH as an option for one time partial payments.
- Participants can now rescind an ACH withdrawal request prior to the 4:00 pm EST market close.
- The IRA product was enhanced to:
  - Allow participants that are 18 years of age or younger to upload legal documents.
  - Allow participants to select the next business date, for prior year contributions, when they are within 5 business days of the tax cutoff date.
  - Allow participants to choose the tax cutoff date as their payment date without the required pre-note.
  - Ensure that participants are completing their enrollment, prior to submitting the coupon and payment, by moving the coupon print option to the confirmation page.

Education Action Plan

ICMA-RC education efforts will focus on ______ **[Examples for RM/TVPs to consider – increasing plan participation; increasing employee savings rates; reaching out to retirees]** over the coming year. The following service will be delivered on-site to achieve these results:

- ***On-site service commitment.*** ICMA-RC registered representatives will target servicing your employees at least __ days over the coming year.

- ***Education seminars.*** ICMA-RC representatives will conduct a minimum of ____ seminars:
  Number Title
  Number Title
  Number Title
  Number Title
  Number Title
  Number Title

- ***CFP Seminars.*** __ more in-depth seminars addressing financial planning issues at various stages of a participant's career are available by an ICMA-RC salaried CFP in the coming year.

- ***Individual consultations.*** ICMA-RC representatives will be available to conduct at least __ sessions in the coming year.

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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 *06/30/2014* 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	2	3	2	N/A	290	278	238	41
Vantagepoint Milestone 2010 Inv M	Target Date 2000-2010	3	4	2	N/A	131	116	104	36
Vantagepoint Milestone 2015 Inv M	Target Date 2011-2015	3	4	3	N/A	175	145	121	14
Vantagepoint Milestone 2020 Inv M	Target Date 2016-2020	3	4	3	N/A	215	183	163	39
Vantagepoint Milestone 2025 Inv M	Target Date 2021-2025	3	4	3	N/A	178	141	108	9
Vantagepoint Milestone 2030 Inv M	Target Date 2026-2030	3	4	3	N/A	215	183	163	34
Vantagepoint Milestone 2035 Inv M	Target Date 2031-2035	4	4	4	N/A	178	141	108	9
Vantagepoint Milestone 2040 Inv M	Target Date 2036-2040	4	4	4	N/A	214	182	162	34
Vantagepoint Milestone 2045 Inv M	Target Date 2041-2045	5	5	N/A	N/A	178	133	N/A	N/A
Vantagepoint Milestone 2050 Inv M	Target Date 2046-2050	N/A	N/A	N/A	N/A	199	N/A	N/A	N/A
Vantagepoint Model Port Cnsrv Gr Inv M	Conservative Allocation	3	3	3	3	705	561	475	253
Vantagepoint Model Port Tradtnl Gr Inv M	Moderate Allocation	3	3	3	3	844	730	649	423
Vantagepoint Model Port Long-Tm Gr Inv M	Aggressive Allocation	3	3	3	3	391	328	291	181
Vantagepoint Model Port All-Eq Gr Inv M	Large Blend	3	2	3	3	1,570	1,338	1,192	798
Vantagepoint Equity Income Investor	Large Blend	4	3	4	4	1,570	1,338	1,192	798
Vantagepoint Growth & Income Investor	Large Value	3	3	3	3	1,239	1,073	952	620
Vantagepoint Inflation Focused Inv	Inflation-Protected Bond	3	3	3	N/A	218	194	150	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 06/30/2014 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	68	66	82	N/A	290	278	238	41
Vantagepoint Milestone 2010 Inv M	Target Date 2000-2010	58	38	75	N/A	131	116	104	36
Vantagepoint Milestone 2015 Inv M	Target Date 2011-2015	36	29	52	N/A	175	145	121	14
Vantagepoint Milestone 2020 Inv M	Target Date 2016-2020	33	24	49	N/A	215	183	163	39
Vantagepoint Milestone 2025 Inv M	Target Date 2021-2025	38	20	52	N/A	178	141	108	9
Vantagepoint Milestone 2030 Inv M	Target Date 2026-2030	23	14	35	N/A	215	183	163	34
Vantagepoint Milestone 2035 Inv M	Target Date 2031-2035	25	13	23	N/A	178	141	108	9
Vantagepoint Milestone 2040 Inv M	Target Date 2036-2040	12	7	8	N/A	214	182	162	34
Vantagepoint Milestone 2045 Inv M	Target Date 2041-2045	11	6	N/A	N/A	178	133	N/A	N/A
Vantagepoint Milestone 2050 Inv M	Target Date 2046-2050	17	N/A	N/A	N/A	199	N/A	N/A	N/A
Vantagepoint Model Port Cnsrv Gr Inv M	Conservative Allocation	45	43	60	52	705	561	475	253
Vantagepoint Model Port Tradtnl Gr Inv M	Moderate Allocation	56	58	69	56	844	730	649	423
Vantagepoint Model Port Long-Tm Gr Inv M	Aggressive Allocation	49	38	62	47	391	328	291	181
Vantagepoint Model Port All-Eq Gr Inv M	Large Blend	45	79	59	45	1,570	1,338	1,192	798
Vantagepoint Equity Income Investor	Large Blend	37	31	28	29	1,570	1,338	1,192	798
Vantagepoint Growth & Income Investor	Large Value	22	69	35	31	1,239	1,073	952	620
Vantagepoint Inflation Focused Inv	Inflation-Protected Bond	49	39	56	N/A	218	194	150	N/A

Lansing Board of Water and Light Retiree Benefit Plan and Trust

Financial Report

with Required Supplemental Information

June 30, 2014

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Contents

Plante & Moran, PLLC
Suite 100
1111 Michigan Ave.
East Lansing, MI 48823
Tel: 517.332.6200
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 Retiree Benefit
Plan and Trust
City of Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Lansing Board of Water and Light Retiree Benefit Plan and Trust (the "Plan") as of and for the years ended June 30, 2014 and 2013 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 Retiree Benefit
Plan and Trust

Opinion

In our opinion, the 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, 2014 and 2013 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 on 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

September 2, 2014

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:

	2014	2013	2012
Assets held in trust:			
Cash and money market trust funds	$ 5,711,439	$ 8,498,919	$ 6,666,106
Corporate bonds and notes	20,713,869	19,321,385	18,602,251
Government bonds and notes	16,284,339	13,019,316	12,723,224
Equities	108,540,537	86,128,263	69,522,814
Mutual funds and other	2,259,641	1,950,935	1,961,220
Interest and dividend receivable	211,625	185,624	194,729
Total plan assets	**$ 153,721,450**	**$ 129,104,442**	**$ 109,670,344**
Changes in net position:			
Net investment income (loss)	$ 25,667,779	$ 15,711,575	$ (405,257)
Employer contributions	9,266,529	14,045,204	15,854,530
Retiree benefits paid	(9,266,529)	(9,524,120)	(9,416,763)
Administrative fees	(1,050,771)	(798,561)	(747,493)
Net change in net position	**$ 24,617,008**	**$ 19,434,098**	**$ 5,285,017**

During fiscal year 2014, net investment gains were $25.7 million. We believe this performance is in line with the overall level of returns experienced by similarly situated institutional investors.

The employer contributions were down by $4.8 million due to the decrease in the Board of Water and Light - City of Lansing, Michigan's (the "BWL") annual required contribution (ARC) as determined by the BWL's actuary.

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, 2014 saw a net investment gain of $24.6 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 Susan Devon, Chief Administrative and Technology Officer, at P.O. Box 13007, Lansing, Michigan 48901-3007.

Statement of Trust Net Position

	June 30 2014	June 30 2013
Assets		
Investments - Fair value:		
Cash and money market trust funds	$ 5,711,439	$ 8,498,919
Corporate bonds and commercial paper	20,713,869	19,321,385
Government bonds and notes	16,284,339	13,019,316
Equities	108,540,537	86,128,263
Mutual funds	2,259,641	1,950,935
Total investments at fair value	153,509,825	128,918,818
Investment interest and dividend receivable	211,625	185,624
Trust Net Position	**$ 153,721,450**	**$ 129,104,442**

See Notes to Financial Statements.

Statement of Changes in Trust Net Position

	Year Ended June 30	
	2014	2013
Increase		
Investment income:		
Net appreciation in fair value of investments	$ 22,774,150	$ 12,938,049
Interest and dividend income	2,893,629	2,773,526
Total investment income	25,667,779	15,711,575
Employer contributions	9,266,529	14,045,204
Total increase	34,934,308	29,756,779
Decrease		
Retiree benefits paid	9,266,529	9,524,120
Administrative expenses	1,050,771	798,561
Total decrease	10,317,300	10,322,681
Net Increase in Trust Net Position	24,617,008	19,434,098
Net Position		
Beginning of year	129,104,442	109,670,344
End of year	**$ 153,721,450**	**$ 129,104,442**

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 698 participants eligible to receive benefits at June 30, 2014 and 692 participants eligible at June 30, 2013.

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, 2014 and 2013, the cost to BWL of maintaining the Retiree Benefit Plan was $9,266,529 and $14,045,204, respectively, of which $0 and $4,521,084 was contributed to the VEBA trust and $9,266,529 and $9,524,120, respectively, 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, 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 152 surviving spouses participating in the Plan. At June 30, 2013, there were 681 active participants (not eligible to receive benefits), 82 disabled participants, 457 retired participants, 488 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 Lansing Board of Water and Light. At no time will benefits of the Postretirement Benefit Plan for Eligible Employees of 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 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
6/30/2012	$ 15,774	$ 15,854	101%
6/30/2013	13,994	14,045	100%
6/30/2014	9,202	9,268	101%

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, 2014 and 2013 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
2/29/2012	$ 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%

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, 2014 and 2013.

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

Risks at June 30, 2013

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	$ 13,019,316	12.14 years
Corporate bonds and notes	19,321,385	14.67 years
Money market trust funds	5,679,922	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	$ 2,665,293	AAA	S&P
Corporate bonds	7,164,975	AA+	S&P
Corporate bonds	313,858	AA	S&P
Corporate bonds	358,219	AA-	S&P
Corporate bonds	998,377	A+	S&P
Corporate bonds	1,250,910	A	S&P
Corporate bonds	2,074,030	A-	S&P
Corporate bonds	736,143	BBB+	S&P
Corporate bonds	1,671,545	BBB	S&P
Corporate bonds	549,653	BBB-	S&P
Corporate bonds	181,288	BB+	S&P
Corporate bonds	225,628	BB	S&P
Corporate bonds	224,763	BB-	S&P
Corporate bonds	19,350	B+	S&P
Corporate bonds	121,588	B	S&P
Corporate bonds	229,346	B-	S&P
Corporate bonds	488,732	CCC	S&P
Corporate bonds	47,687	D	S&P
Money market trust funds	5,679,922	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 appreciation (depreciation) of the Plan's investments is as follows:

	2014	2013
Investments at fair value as determined by quoted market price:		
Corporate bonds and notes	$ 451,415	$ 284,652
Government bonds and notes	188,304	(576,489)
Equities	21,775,370	12,211,563
Alternative investments	40,441	15,276
Mutual funds	318,620	1,003,047
Total	$ 22,774,150	$ 12,938,049

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.

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
2/28/2007	$ 52,335	$ 198,005	$ 145,670	26.43%
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%

AAL - Actuarial accrued liability (projected unit credit accrued liability)
UAAL - Unfunded actuarial accrued liability and negative UAAL indicate a funding excess.

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Schedule of Employer Contributions
(in thousands)

Fiscal Year Ended	Employer Contributions Required	Employer Contributions Actual	Percentage of ARC Contributed
6/30/2007	$ 17,867	$ 18,090	101%
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%

ARC - Annual required contribution

Lansing Board of Water and Light

GASB 45 Actuarial Valuation

Fiscal Year Ending June 30, 2015

Prepared by:

Nyhart Actuary & Employee Benefits

8415 Allison Pointe Blvd., Suite 300

Indianapolis, IN 46250

Ph: (317) 845-3500

www.nyhart.com

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nyhart

July 24, 2014

Gennie Eva
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) 2014/15 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 valuation is also based upon our understanding of the plan provisions as summarized within the report.

The information presented herein is based on the information furnished to us by the Plan Sponsor that has been reconciled and reviewed for reasonableness. We are not aware of any material inadequacy in employee census provided by the Plan Sponsor. We 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.

The actuarial assumptions were 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 computations have been made in accordance with generally accepted actuarial principles and practice.

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.

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

There is one substantive plan provision change since the last full valuation for the fiscal year ending June 30, 2014. 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. Currently employees pay 12% of the premium for medical and prescription drug coverage (this was increased from 10% last year) and none for dental premium. This change created a slight decrease in LBWL liabilities.

Two actuarial assumptions have been updated since the last full valuation.

1. Mortality table has been updated from RP-2000 Combined Mortality Table projected to 2018 using Scale AA to RP-2014 Mortality Table fully generational using scale MP 2014. This change caused an increase in LBWL liabilities.
2. The health care trend rates for all benefits have been changed as shown in the comparison table below. This change created an increase to LBWL liabilities.

	Prior Expected			**Proposed Actual**		
FYE	**Medical/Rx**	**Part B**	**Dental**	**Medical/Rx**	**Part B**	**Dental**
2014	20.00%	2.75%	5.25%	N/A	N/A	N/A
2015	8.50%	4.37%	5.00%	9.00%	4.25%	5.00%
2016	8.00%	4.27%	4.75%	8.50%	4.77%	4.75%
2017	7.50%	5.08%	4.50%	8.00%	5.38%	4.50%
2018	7.00%	5.69%	4.50%	7.50%	5.49%	4.25%
2019	6.50%	5.98%	4.50%	7.00%	5.51%	4.00%
2020	6.00%	5.78%	4.50%	6.50%	5.78%	4.00%
2021	5.50%	6.12%	4.50%	6.00%	7.00%	4.00%
2022	5.00%	5.00%	4.50%	5.50%	6.50%	4.00%
2023	5.00%	5.00%	4.50%	5.00%	6.00%	4.00%
2024	5.00%	5.00%	4.50%	5.00%	5.50%	4.00%
2025+	5.00%	5.00%	4.50%	5.00%	5.00%	4.00%

Summary of Results

Presented below is the summary of GASB 45 results for the fiscal year ending June 30, 2015 compared to the prior fiscal year.

		As of March 1, 2013		*As of March 1, 2014*
Actuarial Accrued Liability	$	207,864,092	$	194,364,686
Actuarial Value of Assets	$	123,195,182	$	148,307,171
Unfunded Actuarial Accrued Liability	$	84,668,910	$	46,057,515
Funded Ratio		59.3%		76.3%

		FY 2013/14		*FY 2014/15*
Annual Required Contribution	$	9,199,669	$	5,762,462
Annual OPEB Cost	$	9,201,763	$	5,765,199
Annual Employer Contribution	$	9,268,334	$	9,103,574

		As of June 30, 2014		*As of June 30, 2015*
Net OPEB Obligation	$	(283,009)	$	(3,621,384)

	As of February 28, 2014
Total Active Participants	667
Total Retiree Participants[1]	693

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, 2014 compared to the prior year.

		As of March 1, 2013		*As of March 1, 2014*
Present Value of Future Benefits	**$**	**220,076,271**	**$**	**205,494,924**
Active Employees		91,694,344		84,811,030
Retired Employees		128,381,927		120,683,894
Actuarial Accrued Liability	**$**	**207,864,092**	**$**	**194,364,686**
Active Employees		79,482,165		73,680,792
Retired Employees		128,381,927		120,683,894
Normal Cost	**$**	**1,888,975**	**$**	**1,732,759**
Future Normal Cost	**$**	**10,323,204**	**$**	**9,397,479**

Present Value of Future Benefits (PVFB) is the amount needed as of March 1, 2014 and 2013 to fully fund LBWL retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

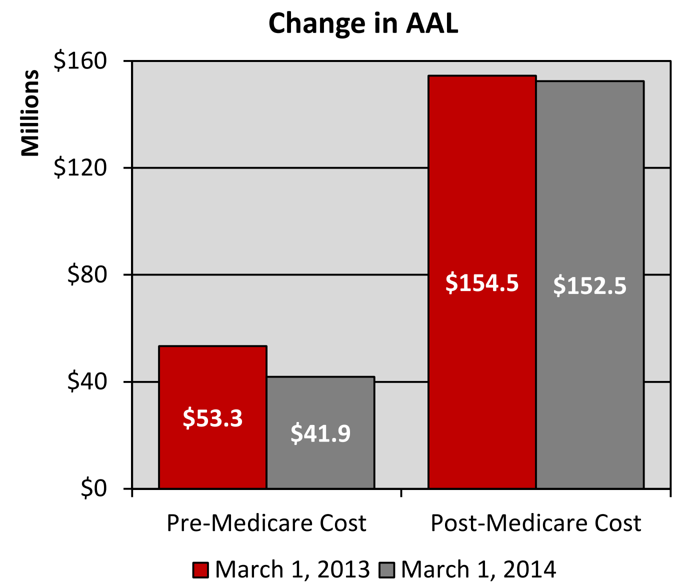
Actuarial Accrued Liability is the portion of PVFB considered to be accrued or earned as of March 1, 2014 and 2013. This amount is a required disclosure in the Required Supplementary Information section.

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.

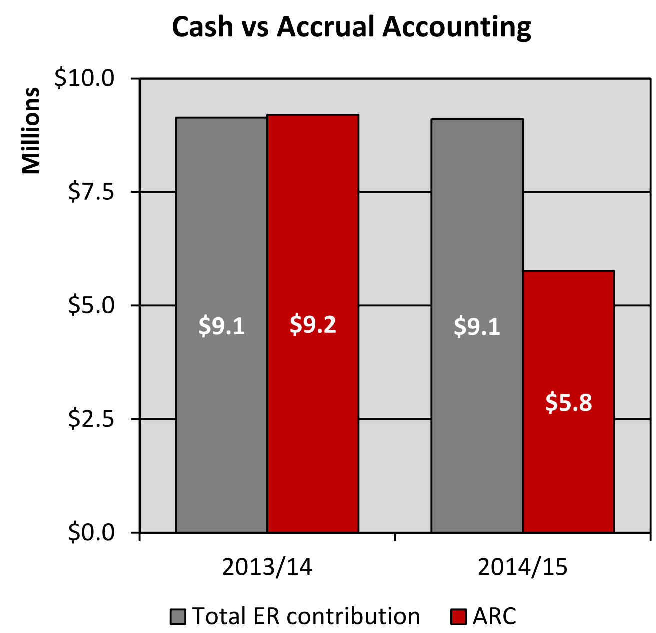
Actuarial Accrued Liability (AAL)		*As of March 1, 2013*		*As of March 1, 2014*
Active Pre-Medicare	$	27,126,958	$	21,908,796
Active Post-Medicare		52,355,207		51,771,996
Total Active AAL	$	79,482,165	$	73,680,792
Retirees Pre-Medicare	$	26,198,483	$	19,973,907
Retirees Post-Medicare		102,183,444		100,709,987
Total Retirees AAL	$	128,381,927	$	120,683,894
Total AAL	**$**	**207,864,092**	**$**	**194,364,686**



Development of Annual Required Contribution (ARC)

The table below is for the 12-month period ending February 28.

Required Supplementary Information		*FY 2013/14*		*FY 2014/15*
Actuarial Accrued Liability as of beginning of year	$	207,864,092	$	194,364,686
Actuarial Value of Assets as of beginning of year		123,195,182		148,307,171
Unfunded Actuarial Accrued Liability (UAAL)	**$**	**84,668,910**	**$**	**46,057,515**
Funded Ratio		59.3%		76.3%
Covered payroll		N/A		N/A
UAAL as a % of covered payroll		N/A		N/A



Annual Required Contribution		*FY 2013/14*		*FY 2014/15*
Normal cost as of beginning of year	$	1,888,975	$	1,732,759
Amortization of the UAAL		6,668,857		3,627,671
Total normal cost and amortization payment	$	8,557,832	$	5,360,430
Interest to end of year		641,837		402,032
Total Annual Required Contribution (ARC)	**$**	**9,199,669**	**$**	**5,762,462**

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 cost is estimated for FY 2014/15.

Net OPEB Obligation		*FY 2013/14*		*FY 2014/15*
ARC as of end of year	$	9,199,669	$	5,762,462
Interest on Net OPEB Obligation (NOO) to end of year		(16,233)		(21,226)
NOO amortization adjustment to the ARC		18,327		23,963
Annual OPEB cost	$	9,201,763	$	5,765,199
Annual employer contribution for pay-go cost		(9,268,334)		(9,103,574)
Annual employer contribution for pre-funding		0		0
Change in NOO	$	(66,571)	$	(3,338,375)
NOO as of beginning of year		(216,438)		(283,009)
NOO as of end of year	**$**	**(283,009)**	**$**	**(3,621,384)**

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, 2015 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, 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
February 29, 2012	$ 245,417,736	$ 110,028,728	$ 135,389,008	44.8%	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, 2015	$ 9,103,574	$ 5,762,462	158.0%
June 30, 2014	$ 9,268,334	$ 9,199,669	100.7%
June 30, 2013	$ 14,045,204	$ 13,993,843	100.4%

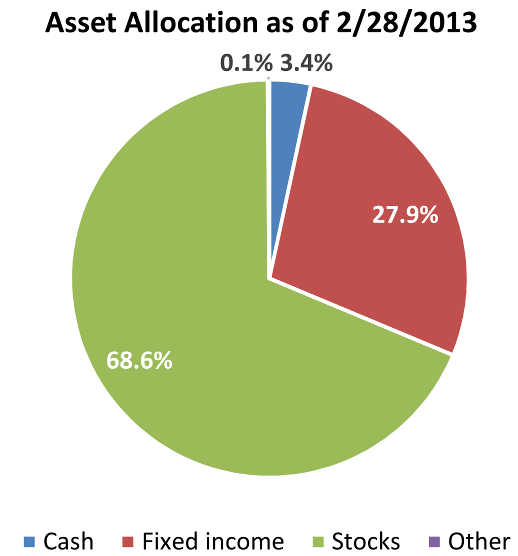
Historical Annual OPEB Cost

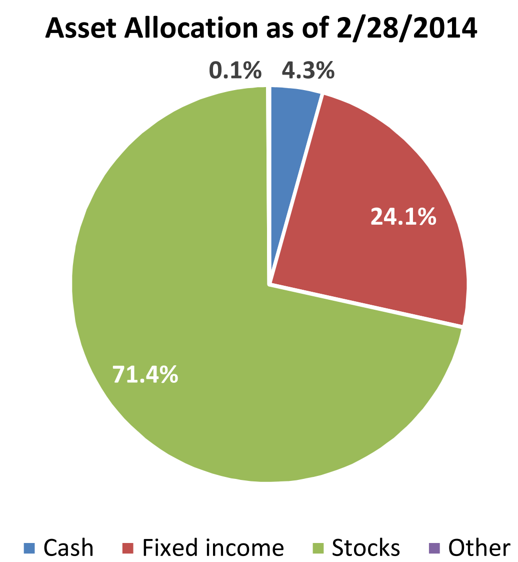
As of	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2015	$ 5,765,199	157.9%	$ (3,621,384)
June 30, 2014	$ 9,201,763	100.7%	$ (283,009)
June 30, 2013	$ 13,995,455	100.4%	$ (216,438)

[2] Including pre-funding contributions above pay-go costs paid directly from general assets (if any). The employer contributions for FYE 2015 is an estimated amount.

Summary of Assets		***Market Value as of February 28, 2013***		***Market Value as of February 28, 2014***
General investments				
Interest-bearing cash	$	4,155,988	$	6,410,579
Fixed income		34,407,164		35,783,695
Common corporate stocks		84,455,198		105,928,522
Receivables				
Employer contributions		0		0
Other		176,832		184,375
Net assets	**$**	**123,195,182**	**$**	**148,307,171**

Reconciliation of Assets		***2012/13***		***2013/14***
Income				
Contributions received				
Employer	$	14,120,007	$	11,714,968
Section 420 transfer		0		0
Investment earnings				
Income		9,213,090		10,740,397
Unrealized appreciation / depreciation		40,560		12,624,428
Other income		0		0
Total income	$	23,373,657	$	35,079,793
Disbursements				
Benefit payments to participants / beneficiaries	$	9,442,240	$	9,033,884
Administrative expenses		764,963		933,920
Total disbursements	$	10,207,203	$	9,967,804
Net income	$	13,166,454	$	25,111,989
Net asset at beginning of year		110,028,728		123,195,182
Net asset at end of year	$	123,195,182	$	148,307,171
Asset return for the year		7.6%		18%





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.

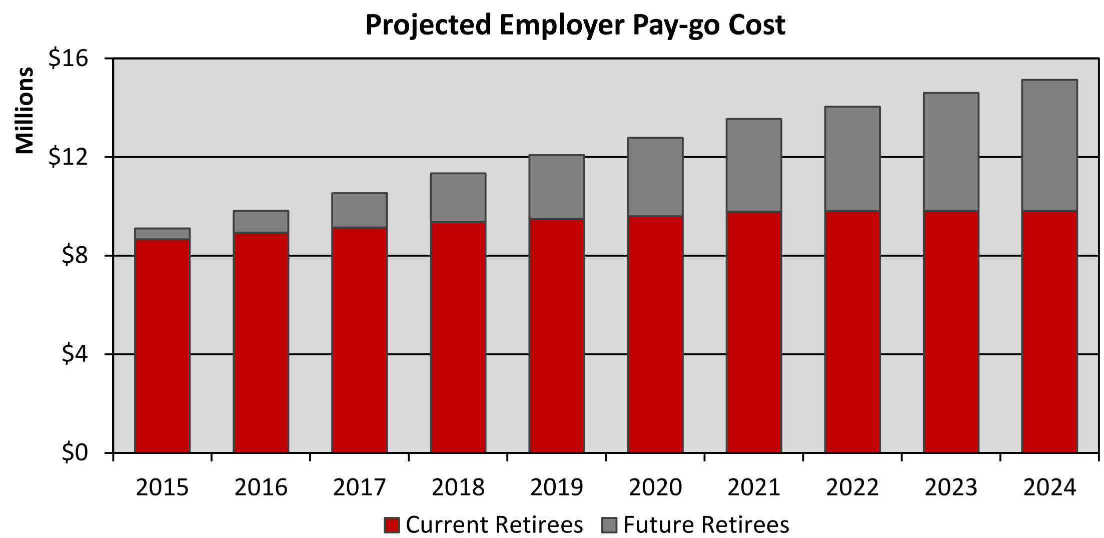
Actuarial Accrued Liabilities Reconciliation		FY 2013/14		FY 2014/15[3]
Actuarial Accrued Liability as of March 1	$	207,864,092	$	194,364,686
Normal cost as of beginning of year		1,888,975		1,732,759
Expected benefit payments during the year		(9,780,078)		(9,103,574)
Interest adjustment to end of year		15,371,357		14,372,096
Expected Actuarial Accrued Liability as of February 28	$	215,344,346	$	201,365,967
Actuarial (gain) / loss due to experience		(39,495,073)		TBD
Actuarial (gain) / loss due to provisions / assumptions changes		18,515,413		TBD
Actual Actuarial Accrued Liability as of February 28	$	194,364,686	$	TBD

Actuarial Value of Asset Reconciliation		FY 2013/14		FY 2014/15
Actuarial Value of Assets as of March 1	$	123,195,182	$	148,307,171
Expected contributions made during the fiscal year		9,201,763		5,788,861
Expected benefit payments made during the fiscal year		(9,780,078)		(9,103,574)
Interest adjustment to end of year		8,879,516		10,787,825
Expected Actuarial Value of Assets as of February 28	$	131,496,383	$	155,780,283
Actuarial asset gain / (loss)		16,810,788		TBD
Actual Actuarial Value of Assets as of February 28	$	148,307,171	$	TBD

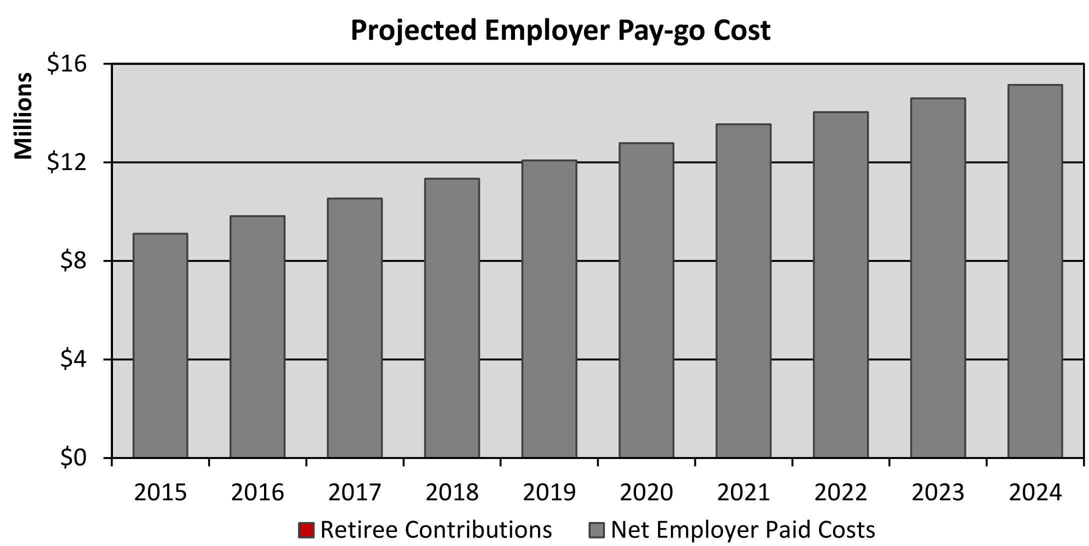
[3] The above reconciliation for 2014/15 fiscal year was calculated on a “nog gain / loss” basis for illustration purposes only. The actual 2015 year-end liability and assets may be higher or lower depending on plan experience.

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
2015	$ 8,661,503	$ 442,071	$ 9,103,574
2016	$ 8,930,130	$ 891,343	$ 9,821,473
2017	$ 9,135,774	$ 1,401,926	$ 10,537,700
2018	$ 9,358,278	$ 1,973,469	$ 11,331,747
2019	$ 9,490,207	$ 2,581,690	$ 12,071,897
2020	$ 9,601,081	$ 3,180,291	$ 12,781,372
2021	$ 9,772,080	$ 3,776,753	$ 13,548,833
2022	$ 9,801,063	$ 4,239,770	$ 14,040,833
2023	$ 9,798,606	$ 4,798,529	$ 14,597,135
2024	$ 9,822,246	$ 5,310,853	$ 15,133,099



FYE	Estimated Claims Costs	Retiree Contributions	Net Employer-Paid Costs
2015	$ 9,103,574	$ 0	$ 9,103,574
2016	$ 9,821,473	$ 0	$ 9,821,473
2017	$ 10,537,700	$ 0	$ 10,537,700
2018	$ 11,331,747	$ 0	$ 11,331,747
2019	$ 12,071,897	$ 0	$ 12,071,897
2020	$ 12,781,396	$ 24	$ 12,781,372
2021	$ 13,549,227	$ 394	$ 13,548,833
2022	$ 14,042,329	$ 1,496	$ 14,040,833
2023	$ 14,599,907	$ 2,772	$ 14,597,135
2024	$ 15,137,949	$ 4,850	$ 15,133,099



[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 coverage (increased from 10% last year) 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, 2014 are as shown below:

Coverage Levels	Medical Only	Medical/Rx	Dental
1 Person Regular	$ 503.43	$ 657.32	$ 33.01
2 Person Regular	$ 1,132.73	$ 1,487.97	$ 61.18

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, 2014 are as shown below:

Coverage Levels	Medical Only	Medical/Rx
1 Person Regular	$ 663.79	$ 893.31
2 Person Regular	$ 1,491.71	$ 2,009.96
1 Comp.	$ 176.95	$ 441.95
2 Comp.	$ 353.90	$ 883.90

Dental	1 Person	2 Person
Actives and Retirees	$ 33.01	$ 61.18

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, 2014. 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, 2017.

Measurement Date	March 1, 2014
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, 2014. 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
2015	9.00%	4.25%	5.00%
2016	8.50%	4.77%	4.75%
2017	8.00%	5.38%	4.50%
2018	7.50%	5.49%	4.25%
2019	7.00%	5.51%	4.00%
2020	6.50%	5.78%	4.00%
2021	6.00%	7.00%	4.00%
2022	5.50%	6.50%	4.00%
2023	5.00%	6.00%	4.00%
2024	5.00%	5.50%	4.00%
2025+	5.00%	5.00%	4.00%

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.

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, 2014 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	$ 5,547	$ 1,801	$ 12,480	$ 4,053	N/A
52	$ 6,124	$ 2,170	$ 13,779	$ 4,883	N/A
57	$ 7,029	$ 2,553	$ 15,816	$ 5,744	N/A
62	$ 8,552	$ 2,931	$ 19,242	$ 6,594	N/A
67	$ 1,185	$ 3,001	$ 1,185	$ 3,001	$ 705
72	$ 1,347	$ 3,201	$ 1,347	$ 3,201	$ 801
77	$ 1,459	$ 3,298	$ 1,459	$ 3,298	$ 867
80	$ 1,503	$ 3,298	$ 1,503	$ 3,298	$ 893

[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 $1,117 for medical benefits and $2,913 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 $396 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	$ 893.31	$ 0.00	$ 893.31
Spouse	$ 1,116.65	$ 0.00	$ 1,116.65

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	**119**	**476**	**595**	**48.1**	**15.8**	**N/A**
Actives Cash in Lieu[6]			**51**	**50.3**	**17.4**	**N/A**
Actives Waived Coverage[7]			**21**	**46.7**	**16.4**	**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	5	8									13
25 to 29	6	11	9								26
30 to 34	2	13	27	9							51
35 to 39	7	3	29	20							59
40 to 44	4	13	26	33	10	3					89
45 to 49	1	7	27	21	15	14	10				95
50 to 54	1	9	28	22	5	14	34	10	3		126
55 to 59		4	12	21	8	7	33	24	21	3	133
60 to 64		2	13	2	7	1	12	6	10	5	58
65 to 69			2	1	3	1		4	1	2	14
70 & up							1		1	1	3
Total	**26**	**70**	**173**	**129**	**48**	**40**	**90**	**44**	**36**	**11**	**667**

[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	32	49	81	63.6
Healthy retirees	118	300	418	70.2
Surviving spouses	131	11	142	77.1
Total inactives with medical coverage	**281**	**360**	**641**	**70.9**
Inactives Cash in Lieu[8]			**37**	**72.1**

Inactives without Medical Coverage[9]	*Total*	*Avg. Age*
Disabled retirees	1	49.1
Healthy retirees	6	63.3
Surviving spouses	8	74.0
Total inactives without medical coverage	**15**	**68.1**

[8] There are 36 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 five healthy retirees who are receiving life insurance benefits.

Inactives Age Distribution

Age	Retired[10]	Surviving Spouses[11]	Disabled[12]	Total
Under 50		3	2	5
50 – 54	7	2	5	14
55 – 59	32	6	18	56
60 – 64	88	10	25	123
65 – 69	118	20	14	152
70 – 74	82	19	9	110
75 – 79	50	20	7	77
80 – 84	39	19	2	60
85 – 89	28	35		63
90 & up	16	17		33
Total	**460**	**151**	**82**	**693**

[10] Includes six retirees who waive medical coverage with LBWL (five of them are receiving life insurance benefits) and 36 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, 2013	As of February 28, 2014
Active Participants[13]	694	667
Inactive Participants[14]		
Disabled Retirees	81	81
Healthy Retirees[15]	452	459
Surviving Spouses[16]	142	143
Spouses of Disabled Retirees	51	48
Spouses of Healthy Retirees	293	296
Averages for Active		
Age	47.6	48.2
Service	15.6	15.9
Averages for Inactive		
Disabled Retirees Age	63.2	63.6
Healthy Retirees Age	70.0	70.3
Surviving Spouses Age	77.4	77.1
Spouses of Disabled Retirees Age	60.0	59.4
Spouses of Healthy Retirees Age	67.0	67.5

[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 2/28/2013 excludes one disabled retiree, two healthy retirees, and eight surviving spouses who waive medical coverage with LBWL and have no life insurance benefits. 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.
[15] Enrollment as of 2/28/2013 includes 35 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 2/28/2014 includes 36 retirees receiving cash in lieu of coverage and five retirees who waive coverage with LBWL but are eligible for life insurance benefits.
[16] Enrollments as of 2/28/2013 and 2/28/2014 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 2013	**694**	**454**	**150**	**82**	**1,380**
Status change for active employees	(24)	23		1	**0**
Status change for disableds			1	(1)	**0**
Left without health coverage	(29)	(10)	(9)	(1)	**(49)**
Died with surviving spouses		(8)	8		**0**
New hires and rehires	26				**26**
Data corrections		1	1	1	**3**
March 2014	**667**	**460**	**151**	**82**	**1,360**

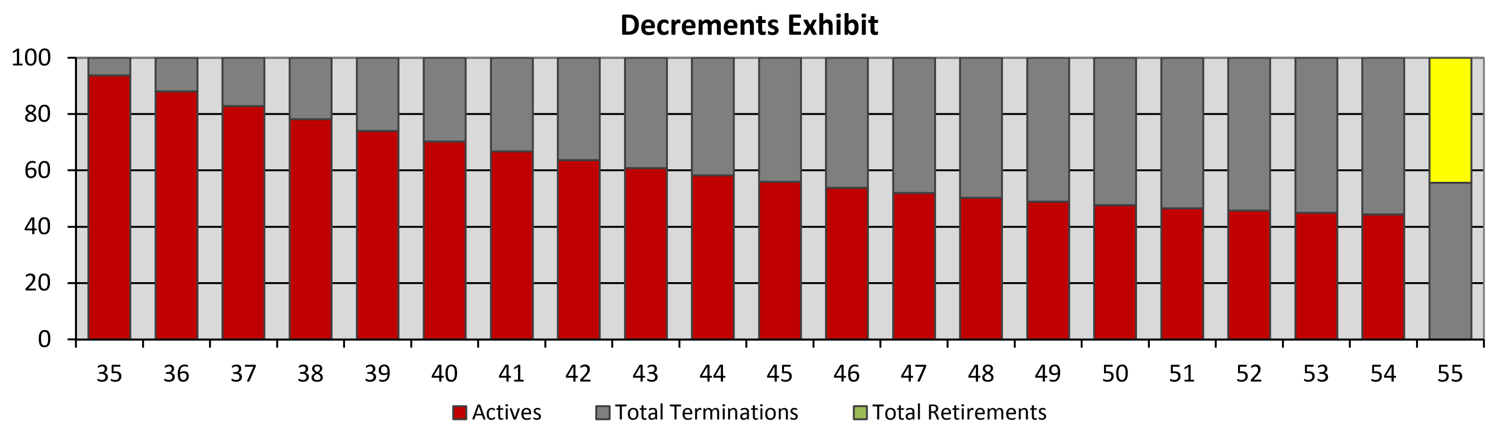
Glossary

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

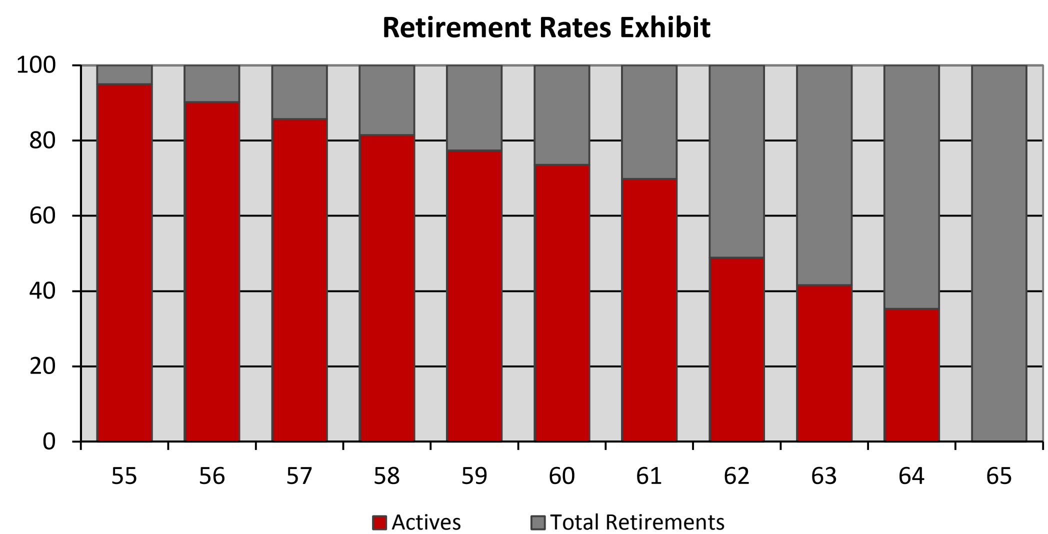


* The above rates are illustrative rates and are not used in our GASB calculations.

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 2014 Fourth Quarter Ended June 30, 2014

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 6/30/2014)*	*Since Investment Strategy Inception (3/31/2009)*
Beginning Market Value	147,246	47,265
Net Contribution	-170	34,478
Investment Earnings	6,606	71,940
Ending Market Value	153,683	153,683

VEBA Performance Summary
FY 2014 Fourth Quarter Ended June 30, 2014

Investment Managers	Asset Allocation	Market Value ($)	Current Quarter	Last 12 Months	Since Inception*
Total Fund	***100%***	***153,682,850***	4.5	**19.7**	**15.2**
Policy Index			**3.9**	**18.4**	**16.4**
Fixed Income					
JP Morgan – Core	12.8%	19,638,874	2.3	4.6	5.6
MetWest – CorePlus	13.1%	20,199,586	2.1	3.9	7.2
Barclays Aggregate			2.0	4.4	5.0
Barclays Aggregate – JP Morgan					5.0
Large Growth Equity					
Loomis	11.2%	17,168,732	4.5	27.9	22.0
Edgewood	13.2%	20,269,237	8.8	33.6	20.6
Russell 1000 Growth – Edgewood			5.1	26.9	21.1
Russell 1000 Growth – Loomis					24.3
Large Value Equity					
Eaton Vance	8.1%	12,409,138	6.0	24.3	17.2
Herndon (Atl. Life)	7.9%	12,140,054	3.3	23.5	17.6
Jennison	8.5%	13,097,778	6.3	25.0	18.9
Russell 1000 Value			5.1	23.8	19.7
Russell 1000 Value – Herndon Only					16.8
Small to Mid Value Equity					
Advisory	3.7%	5,749,799	5.6	30.1	19.6
Russell 2500 Value			4.2	24.9	21.2
Small Growth Equity					
Insight	3.7%	5,681,398	0.6	21.8	17.6
Russell 2000 Growth			1.7	24.7	22.9
Small to Mid Growth Equity					
O'Shaughnessy	3.7%	5,736,264	2.2	24.9	22.0
Russell 2500 Growth			2.9	26.3	24.3
International Equity					
JP Morgan	4.7%	7,267,072	3.9	20.9	14.5
MFS	4.6%	6,993,411	3.2	18.9	14.8
Wentworth	4.8%	7,331,506	8.4	28.3	17.1
MSCI EAFE			**4.3**	**24.1**	**15.1**
MSCI EAFE – JP Morgan – Int'l Only					**16.6**
MSCI EAFE Growth			**3.7**	**20.8**	**14.8**
MSCI EAFE Value – JP Morgan			**5.0**	**27.5**	**17.0**
Cash	0.0%	1			

VEBA Performance Summary
FY 2014 Fourth Quarter Ended June 30, 2014

LANSING BOARD OF WATER & LIGHT - VEBA COMPOSITE ACCOUNT

00625

June 30, 2014

AIM - Asset Information and Measurement Service

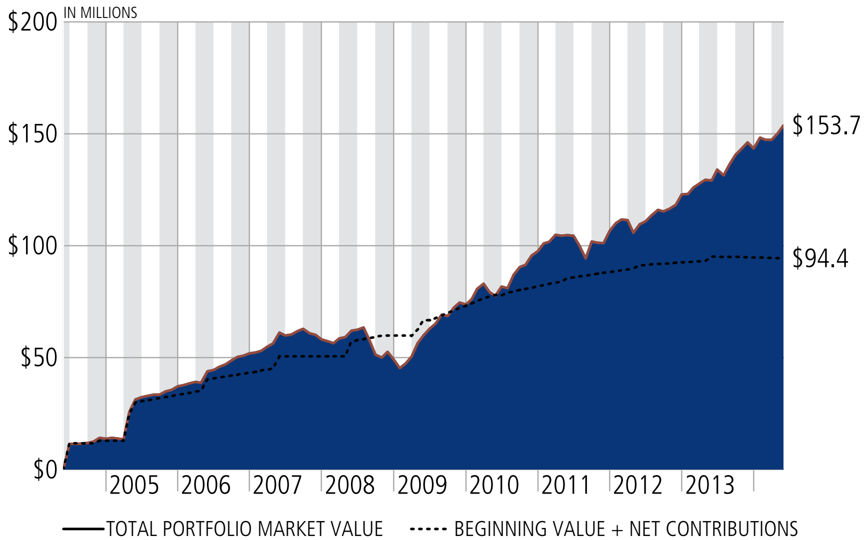
TABLE OF CONTENTS

MANAGERS PERFORMANCE ANALYSIS REPORT 6/30/2004 TO 6/30/2014

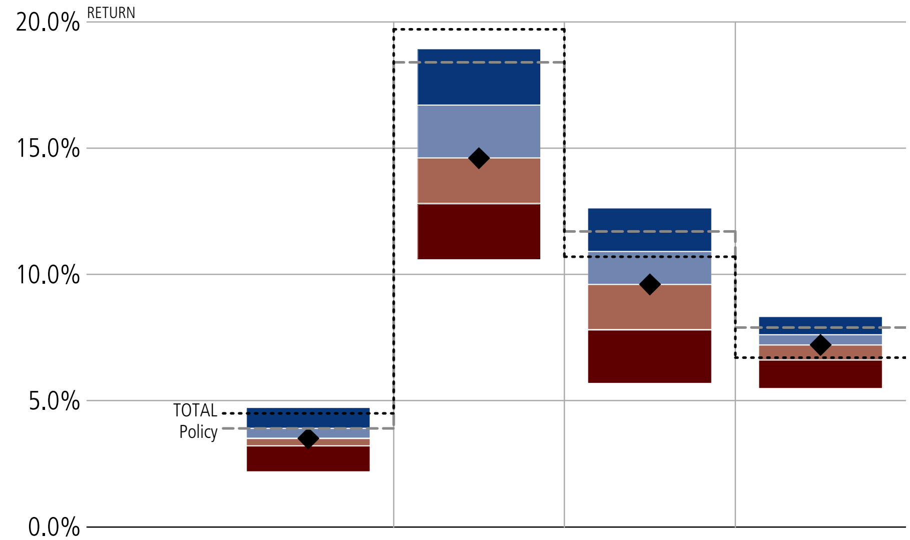
MANAGERS INCLUDED IN THE ANALYSIS MANAGERS	PORTFOLIO NUMBER	START DATE	PORTFOLIO TITLE	SAMPLE
COMPOSITE	00625	6/2004	LANSING BOARD OF WATER & LIGHT - VEBA COMPOSITE ACCOUNT	DOMESTIC BALANCED
ADVISORY RESEARCH	01542	5/2009	LANSING BOARD OF WATER & LIGHT - ADVISORY RESEARCH	DOMESTIC SMALL CAP
CASH	64405836	12/2008	LANSING BOARD OF WATER & LIGHT - CASH	NO SAMPLE
EATON VANCE LARGE CAP VALUE	64405827	1/2009	LANSING BOARD OF WATER & LIGHT - EATON VANCE	DOMESTIC LARGE CAP
EDGEWOOD - LCG	64405825	1/2009	LANSING BOARD OF WATER & LIGHT - EDGEWOOD	DOMESTIC LARGE CAP
HERNDON CAPITAL MANAGEMENT	01516	8/2009	LANSING BOARD OF WATER & LIGHT - HERNDON CAPITAL	DOMESTIC LARGE CAP
INSIGHT SC GROWTH	64405833	1/2009	LANSING BOARD OF WATER & LIGHT - INSIGHT	DOMESTIC SMALL CAP
JENNISON ASSOCIATES CAPITAL	64405828	1/2009	LANSING BOARD OF WATER & LIGHT - JENNISON	DOMESTIC LARGE CAP
JP MORGAN	64408B19	1/2009	LANSING BOARD OF WATER & LIGHT - JP MORGAN	DOMESTIC FIXED INCO
JP MORGAN INT'L VALUE	01303	3/2009	LANSING BOARD OF WATER & LIGHT - JP MORGAN INTERNATIONAL	INTERNATIONAL COMMO
LOOMIS SAYLES	01703	1/2013	LANSING BOARD OF WATER & LIGHT - LOOMIS	DOMESTIC LARGE CAP
METWEST	64408B20	3/2009	LANSING BOARD OF WATER & LIGHT - METWEST	DOMESTIC LONG TERM
MFS INVESTMENT MANAGEMENT	64405831	1/2009	LANSING BOARD OF WATER & LIGHT - MFS	INTERNATIONAL COMMO
O'SHAUGHNESSY	64405834	1/2009	LANSING BOARD OF WATER & LIGHT - O'SHAUGHNESSY	DOMESTIC SMALL CAP
WENTWORTH	64405830	1/2009	LANSING BOARD OF WATER & LIGHT - WENTWORTH	INTERNATIONAL COMMO

TOTAL PORTFOLIO PERFORMANCE SUMMARY PERIOD ENDING 6/30/2014

INVESTMENT EARNINGS AND CASH FLOWS



DISTRIBUTION OF RETURNS: DOMESTIC BALANCED-TOTAL

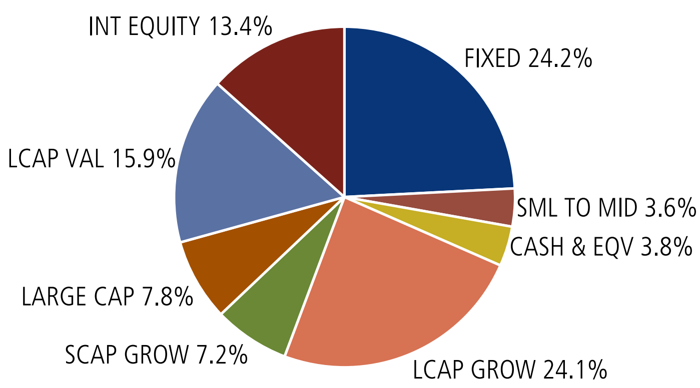


IN THOUSANDS SOURCES OF FUNDS ($)	QUARTER	YEAR TO DATE	CUMULATIVE (6/04-6/14)
BEGINNING MARKET VALUE	147,246	146,143	0
NET CONTRIBUTIONS	-170	-373	94,391
INVESTMENT EARNINGS	6,606	7,913	59,292
ENDING MARKET VALUE	**153,683**	**153,683**	**153,683**

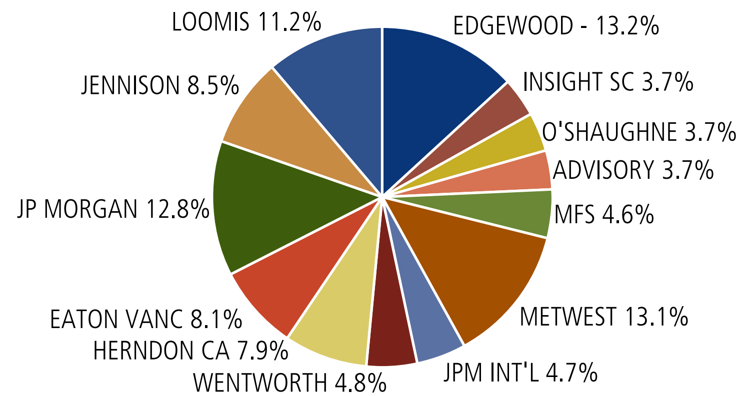
	3/31/14 TO 6/30/14 Return	Rank	6/30/13 TO 6/30/14 Return	Rank	6/30/11 TO 6/30/14 Return	Rank	6/30/04 TO 6/30/14 Return	Rank
TOTAL	**4.5**	**12**	**19.7**	**2**	**10.7**	**29**	**6.7**	**73**
Policy	3.9	23	18.4	10	11.7	12	7.9	16
Active Mg	0.6	30	1.3	49	-1.0	76	-1.2	99
RUSS 1000	5.1	1	25.4	1	16.6	1	8.2	9
■ 5 PERCENT	4.7		18.9		12.6		8.3	
■ 25 PERCENT	3.9		16.7		10.9		7.6	
◆ MEDIAN	3.5		14.6		9.6		7.2	
■ 75 PERCENT	3.2		12.8		7.8		6.6	
■ 95 PERCENT	2.2		10.6		5.7		5.5	

ASSET AND MANAGER ALLOCATIONS

ASSET ALLOCATION: QUARTER ENDING JUN 30, 2014



MANAGER ALLOCATION: QUARTER ENDING JUN 30, 2014



ASSET CLASS	ALLOCATION	MARKET VALUE
FIXED INCOME	24.2%	37,176,518
LARGE CAP-GROWTH	24.1%	37,011,294
LARGE CAP-VALUE	15.9%	24,432,905
INTL EQUITY	13.4%	20,652,329
LARGE CAPITALIZATION	7.8%	11,974,165
SMALL CAP-GROWTH	7.2%	11,006,029
CASH & CASH EQUIVALENTS	3.8%	5,850,239
SMALL TO MID CAP	3.6%	5,579,371
TOTAL PORTFOLIO		**$153,682,850**

MANAGER	ALLOCATION	MARKET VALUE
EDGEWOOD - LCG	13.2%	20,269,237
METWEST	13.1%	20,199,586
JP MORGAN	12.8%	19,638,874
LOOMIS SAYLES	11.2%	17,168,732
JENNISON ASSOCIATES CAPITAL	8.5%	13,097,778
EATON VANCE LARGE CAP VALUE	8.1%	12,409,138
HERNDON CAPITAL MANAGEMENT	7.9%	12,140,054
WENTWORTH	4.8%	7,331,506
JP MORGAN INT'L VALUE	4.7%	7,267,072
MFS INVESTMENT MANAGEMENT	4.6%	6,993,411
ADVISORY RESEARCH	3.7%	5,749,799
O'SHAUGHNESSY	3.7%	5,736,264

POLICY ASSET ALLOCATION

LARGE CAP	MCAP GROW	SCAP VAL	SCAP GROW	INT EQUITY	BONDS	PRT EQUITY
43.0%	3.0%	4.0%	3.0%	11.0%	31.0%	5.0%

ASSET AND MANAGER ALLOCATIONS

MANAGER ALLOCATION: QUARTER ENDING JUN 30, 2014

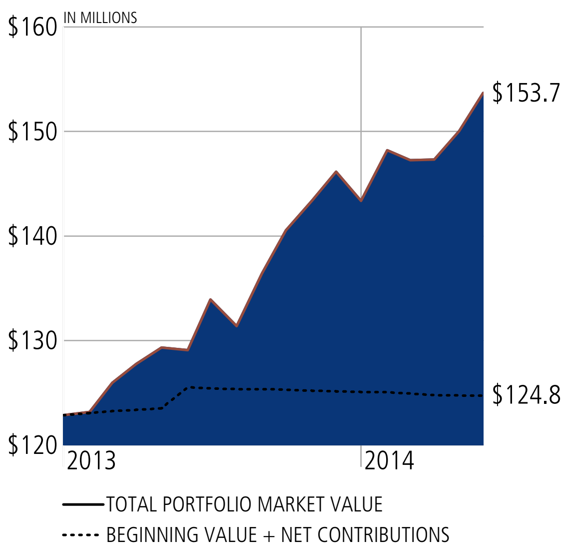
MANAGER	ALLOCATION	MARKET VALUE
INSIGHT SC GROWTH	3.7%	5,681,398
CASH	0.0%	1
TOTAL PORTFOLIO		**$153,682,850**

POLICY ASSET ALLOCATION

LARGE CAP	MCAP GROW	SCAP VAL	SCAP GROW	INT EQUITY	BONDS	PRT EQUITY
43.0%	3.0%	4.0%	3.0%	11.0%	31.0%	5.0%

INVESTMENT EARNINGS AND CASH FLOWS

CUMULATIVE PERFORMANCE



ASSET CATEGORY	LAST QUARTER		LAST YEAR		CUMULATIVE 1/31/13- 6/30/14	
TOTAL PORTFOLIO						
BEGINNING MKT VALUE	**147.2**		**129.1**		**122.9**	
NET FLOW	-0.2		-0.8		1.9	
INVESTMENT EARNINGS	6.6	100%	25.4	100%	28.9	100%
ENDING MKT VALUE	**153.7**		**153.7**		**153.7**	
ADVISORY RESEARCH						
BEGINNING MKT VALUE	**5.5**		**4.4**		**4.2**	
NET FLOW	0.0		0.0		0.0	
INVESTMENT EARNINGS	0.3	5%	1.3	5%	1.6	5%
ENDING MKT VALUE	**5.7**		**5.7**		**5.7**	
CASH						
BEGINNING MKT VALUE	**0.0**		**2.0**		**0.2**	
NET FLOW	0.0		-2.0		-0.2	
INVESTMENT EARNINGS	0.0	0%	0.0	0%	0.0	0%
ENDING MKT VALUE	**0.0**		**0.0**		**0.0**	
EATON VANCE LARGE CAP VALUE						
BEGINNING MKT VALUE	**11.7**		**10.0**		**9.3**	
NET FLOW	0.0		-0.1		-0.1	
INVESTMENT EARNINGS	0.7	11%	2.4	10%	3.2	11%
ENDING MKT VALUE	**12.4**		**12.4**		**12.4**	
EDGEWOOD - LCG						
BEGINNING MKT VALUE	**18.7**		**15.3**		**14.4**	
NET FLOW	-0.1		-0.2		-0.3	
INVESTMENT EARNINGS	1.6	25%	5.1	20%	6.1	21%
ENDING MKT VALUE	**20.3**		**20.3**		**20.3**	

INVESTMENT EARNINGS AND CASH FLOWS

ASSET CATEGORY	LAST QUARTER		LAST YEAR		CUMULATIVE 1/31/13- 6/30/14	
HERNDON CAPITAL MANAGEMENT						
BEGINNING MKT VALUE	**11.8**		**9.9**		**9.5**	
NET FLOW	0.0		-0.1		-0.1	
INVESTMENT EARNINGS	0.4	6%	2.3	9%	2.7	9%
ENDING MKT VALUE	**12.1**		**12.1**		**12.1**	
INSIGHT SC GROWTH						
BEGINNING MKT VALUE	**5.7**		**4.7**		**4.4**	
NET FLOW	0.0		-0.1		-0.1	
INVESTMENT EARNINGS	0.0	1%	1.0	4%	1.4	5%
ENDING MKT VALUE	**5.7**		**5.7**		**5.7**	
JENNISON ASSOCIATES CAPITAL						
BEGINNING MKT VALUE	**12.3**		**10.5**		**9.6**	
NET FLOW	0.0		-0.1		-0.1	
INVESTMENT EARNINGS	0.8	12%	2.6	10%	3.5	12%
ENDING MKT VALUE	**13.1**		**13.1**		**13.1**	
JP MORGAN						
BEGINNING MKT VALUE	**19.2**		**17.9**		**17.7**	
NET FLOW	0.0		0.9		1.4	
INVESTMENT EARNINGS	0.4	7%	0.9	3%	0.6	2%
ENDING MKT VALUE	**19.6**		**19.6**		**19.6**	
JP MORGAN INT'L VALUE						
BEGINNING MKT VALUE	**7.0**		**6.1**		**6.1**	
NET FLOW	0.0		0.0		-0.1	
INVESTMENT EARNINGS	0.3	4%	1.3	5%	1.2	4%
ENDING MKT VALUE	**7.3**		**7.3**		**7.3**	

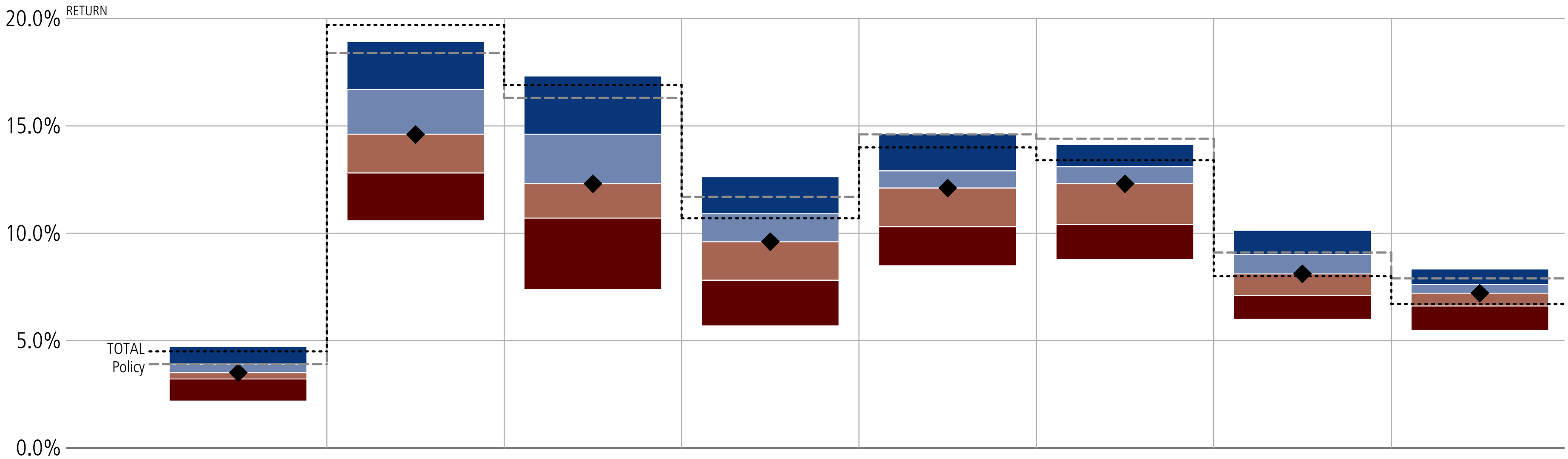
INVESTMENT EARNINGS AND CASH FLOWS

ASSET CATEGORY	LAST QUARTER		LAST YEAR		CUMULATIVE 1/31/13- 6/30/14	
LOOMIS SAYLES						
BEGINNING MKT VALUE	**16.5**		**13.5**		**0.0**	
NET FLOW	0.0		-0.1		12.9	
INVESTMENT EARNINGS	0.7	11%	3.8	15%	4.2	15%
ENDING MKT VALUE	**17.2**		**17.2**		**17.2**	
METWEST						
BEGINNING MKT VALUE	**19.8**		**18.3**		**18.6**	
NET FLOW	0.0		1.1		1.1	
INVESTMENT EARNINGS	0.4	6%	0.8	3%	0.5	2%
ENDING MKT VALUE	**20.2**		**20.2**		**20.2**	
MFS INVESTMENT MANAGEMENT						
BEGINNING MKT VALUE	**6.8**		**5.9**		**6.1**	
NET FLOW	0.0		0.0		-0.1	
INVESTMENT EARNINGS	0.2	3%	1.1	4%	1.0	3%
ENDING MKT VALUE	**7.0**		**7.0**		**7.0**	
O'SHAUGHNESSY						
BEGINNING MKT VALUE	**5.6**		**4.6**		**4.2**	
NET FLOW	0.0		0.0		-0.1	
INVESTMENT EARNINGS	0.1	2%	1.1	5%	1.6	5%
ENDING MKT VALUE	**5.7**		**5.7**		**5.7**	
WENTWORTH						
BEGINNING MKT VALUE	**6.8**		**5.8**		**6.1**	
NET FLOW	0.0		-0.1		-0.1	
INVESTMENT EARNINGS	0.6	9%	1.6	6%	1.3	4%
ENDING MKT VALUE	**7.3**		**7.3**		**7.3**	

* PERCENTS REPRESENT ASSET CATEGORIES CONTRIBUTION TO TOTAL DOLLAR INVESTMENT EARNINGS

DISTRIBUTION OF RETURNS

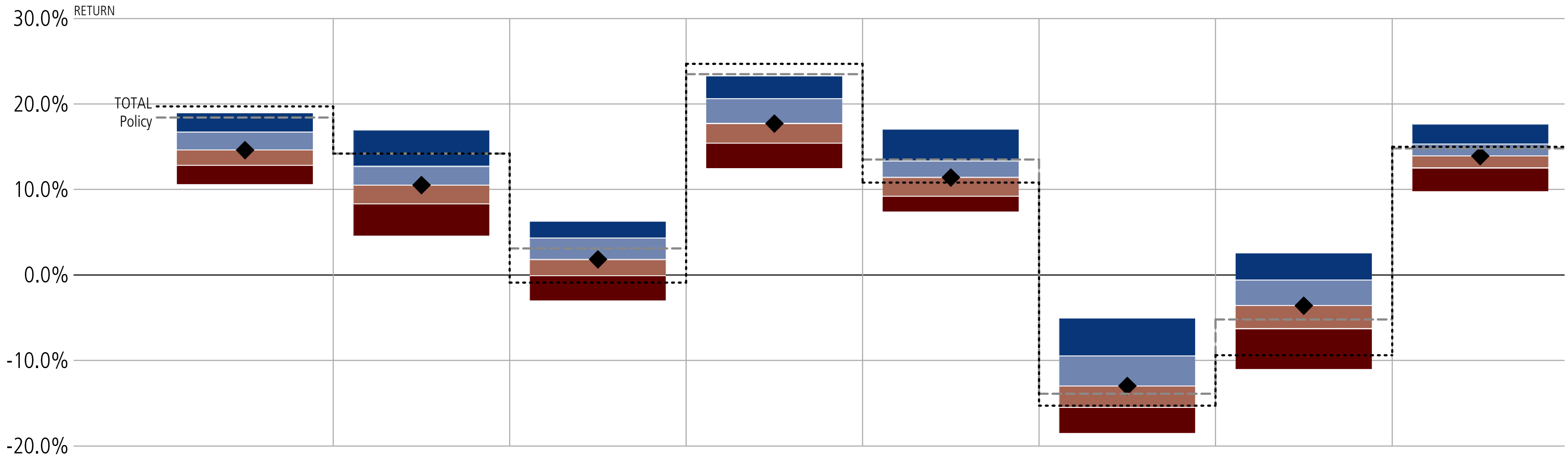
DOMESTIC BALANCED SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	6/08 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
TOTAL	**4.5**	**12**	**19.7**	**2**	**16.9**	**6**	**10.7**	**29**	**14.0**	**14**	**13.4**	**20**	**8.0**	**53**	**6.7**	**73**
Policy	3.9	23	18.4	10	16.3	9	11.7	12	14.6	5	14.4	4	9.1	15	7.9	16
Active Mg	0.6	30	1.3	49	0.6	64	-1.0	76	-0.6	81	-1.0	88	-1.1	97	-1.2	99
RUSS 1000	5.1	1	25.4	1	23.3	1	16.6	1	20.3	1	19.3	1	10.0	6	8.2	9
■ 5 PERCENT	4.7		18.9		17.3		12.6		14.6		14.1		10.1		8.3	
■ 25 PERCENT	3.9		16.7		14.6		10.9		12.9		13.1		9.0		7.6	
◆ MEDIAN	3.5		14.6		12.3		9.6		12.1		12.3		8.1		7.2	
■ 75 PERCENT	3.2		12.8		10.7		7.8		10.3		10.4		7.1		6.6	
■ 95 PERCENT	2.2		10.6		7.4		5.7		8.5		8.8		6.0		5.5	

DISTRIBUTION OF RETURNS

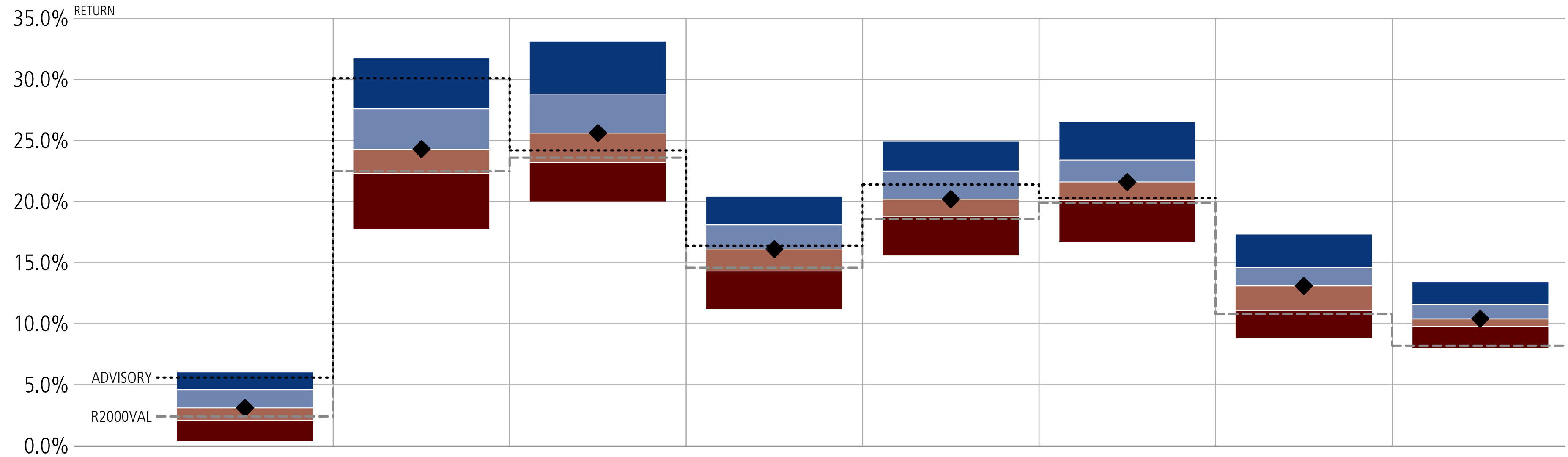
DOMESTIC BALANCED SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
TOTAL	**19.7**	**2**	**14.2**	**13**	**-0.9**	**84**	**24.7**	**2**	**10.8**	**58**	**-15.3**	**74**	**-9.4**	**84**	**15.0**	**30**
Policy	18.4	10	14.2	13	3.1	39	23.5	3	13.5	24	-13.9	65	-5.2	67	14.8	31
Active Mg	1.3	49	0.0	63	-4.0	57	1.2	47	-2.7	76	-1.4	55	-4.2	83	0.2	56
RUSS 1000	25.4	1	21.2	2	4.4	22	31.9	1	15.2	12	-26.7	99	-12.4	97	20.4	1
■ 5 PERCENT	18.9		16.9		6.2		23.2		17.0		-5.1		2.5		17.6	
■ 25 PERCENT	16.7		12.7		4.3		20.6		13.3		-9.5		-0.6		15.3	
◆ MEDIAN	14.6		10.5		1.8		17.7		11.4		-13.0		-3.6		13.9	
■ 75 PERCENT	12.8		8.3		-0.1		15.4		9.2		-15.5		-6.3		12.5	
■ 95 PERCENT	10.6		4.6		-3.0		12.5		7.4		-18.5		-11.0		9.8	

DISTRIBUTION OF RETURNS

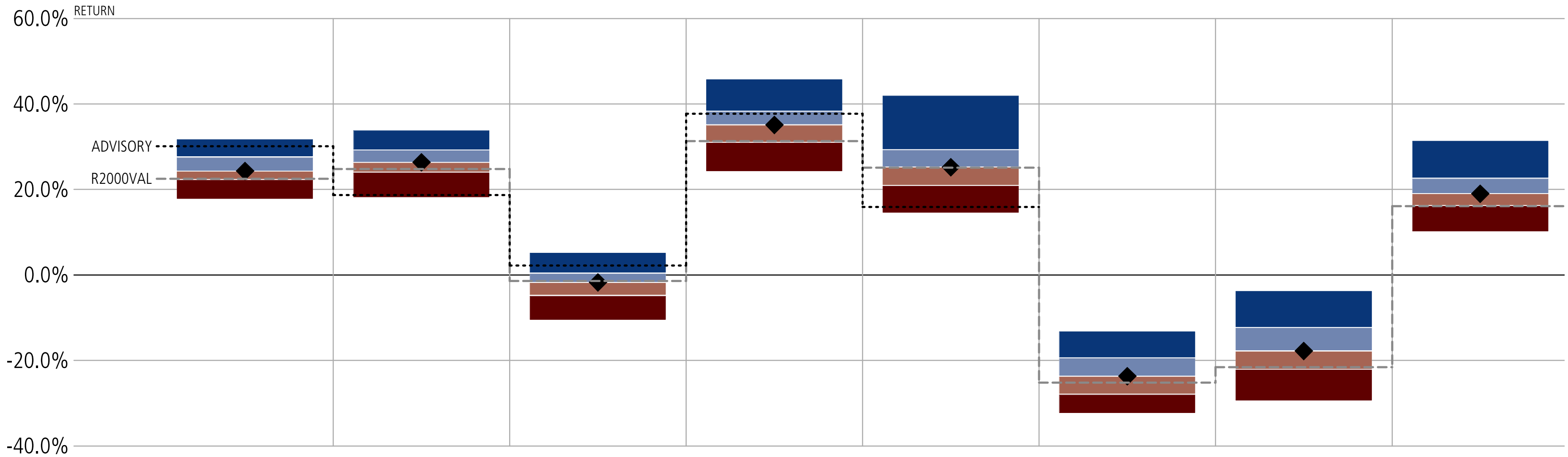
DOMESTIC SMALL CAP VALUE SAMPLE - TOTAL



	3/14 TO 6/14		6/13 TO 6/14		6/12 TO 6/14		6/11 TO 6/14		6/10 TO 6/14		6/09 TO 6/14		6/08 TO 6/14		6/04 TO 6/14	
	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank	Return	Rank
ADVISORY	**5.6**	**7**	**30.1**	**12**	**24.2**	**64**	**16.4**	**45**	**21.4**	**34**	**20.3**	**72**	**--NA--**	**--**	**--NA--**	**--**
R2000VAL	2.4	65	22.5	69	23.6	70	14.6	71	18.6	78	19.9	78	10.8	82	8.2	94
5 PERCENT	6.0		31.7		33.1		20.4		24.9		26.5		17.3		13.4	
25 PERCENT	4.6		27.6		28.8		18.1		22.5		23.4		14.6		11.6	
◆ MEDIAN	3.1		24.3		25.6		16.1		20.2		21.6		13.1		10.4	
75 PERCENT	2.1		22.3		23.2		14.3		18.8		20.1		11.1		9.8	
95 PERCENT	0.4		17.8		20.0		11.2		15.6		16.7		8.8		8.0	

DISTRIBUTION OF RETURNS

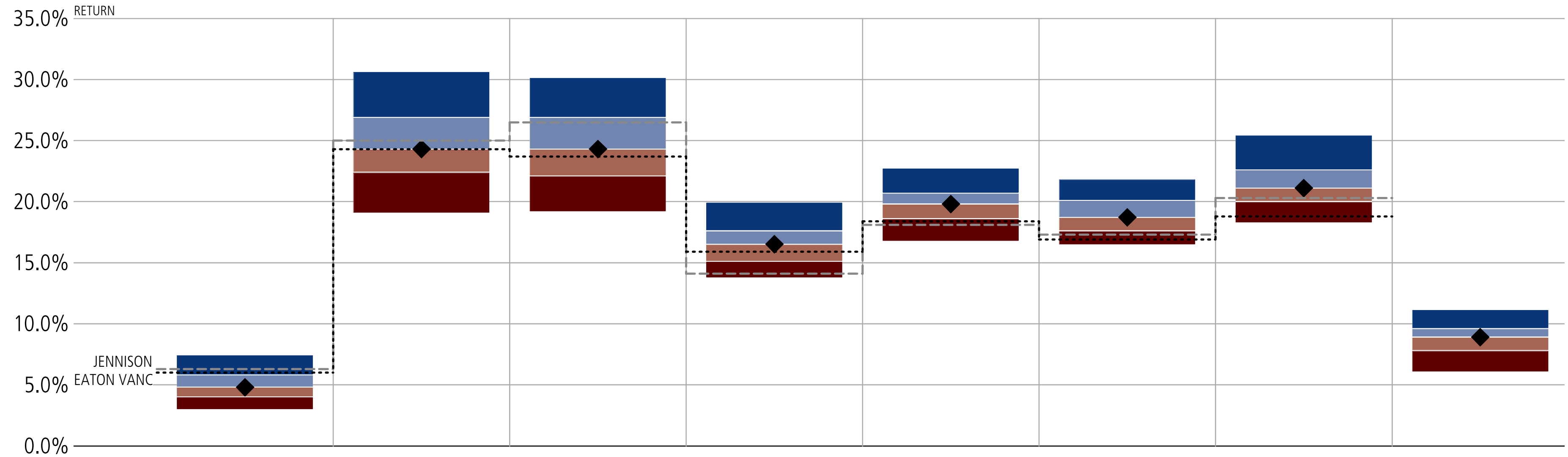
DOMESTIC SMALL CAP VALUE SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
ADVISORY	**30.1**	**12**	**18.7**	**94**	**2.2**	**16**	**37.7**	**30**	**15.9**	**91**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
R2000VAL	22.5	69	24.8	66	-1.4	39	31.3	73	25.1	51	-25.2	59	-21.6	72	16.1	76
5 PERCENT	31.7		33.8		5.1		45.7		41.9		-13.3		-3.8		31.3	
25 PERCENT	27.6		29.2		0.4		38.3		29.3		-19.4		-12.3		22.6	
◆ MEDIAN	24.3		26.3		-1.8		35.1		25.2		-23.7		-17.8		19.0	
75 PERCENT	22.3		24.0		-4.8		31.0		20.9		-27.9		-22.1		16.2	
95 PERCENT	17.8		18.2		-10.5		24.3		14.6		-32.3		-29.4		10.2	

DISTRIBUTION OF RETURNS

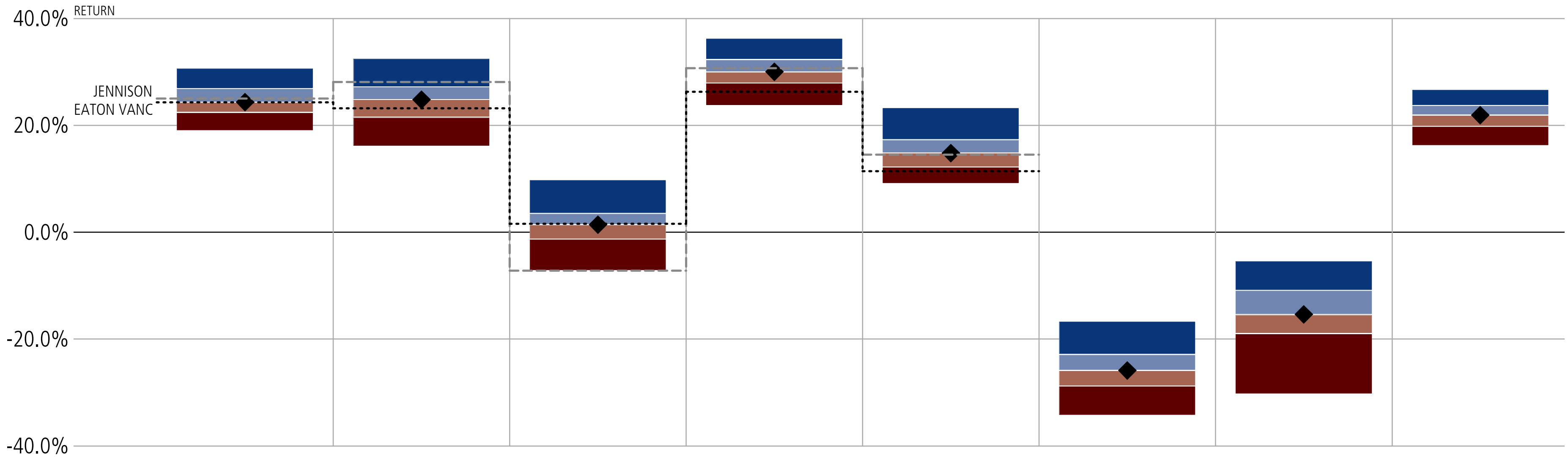
DOMESTIC LARGE CAP VALUE SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	3/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
EATON VANC	**6.0**	**23**	**24.3**	**49**	**23.7**	**58**	**15.9**	**59**	**18.4**	**79**	**16.9**	**89**	**18.8**	**92**	**--NA--**	**--**
JENNISON	6.3	17	25.0	42	26.5	30	14.1	91	18.1	84	17.3	81	20.3	67	--NA--	--
R1000VAL	5.1	43	23.8	55	24.6	46	16.9	40	19.8	50	19.2	43	21.8	41	8.0	69
■ 5 PERCENT	7.4		30.6		30.1		19.9		22.7		21.8		25.4		11.1	
■ 25 PERCENT	5.8		26.9		26.9		17.6		20.7		20.1		22.6		9.6	
◆ MEDIAN	4.8		24.3		24.3		16.5		19.8		18.7		21.1		8.9	
■ 75 PERCENT	4.0		22.4		22.1		15.1		18.6		17.6		20.0		7.8	
■ 95 PERCENT	3.0		19.1		19.2		13.8		16.8		16.5		18.3		6.1	

DISTRIBUTION OF RETURNS

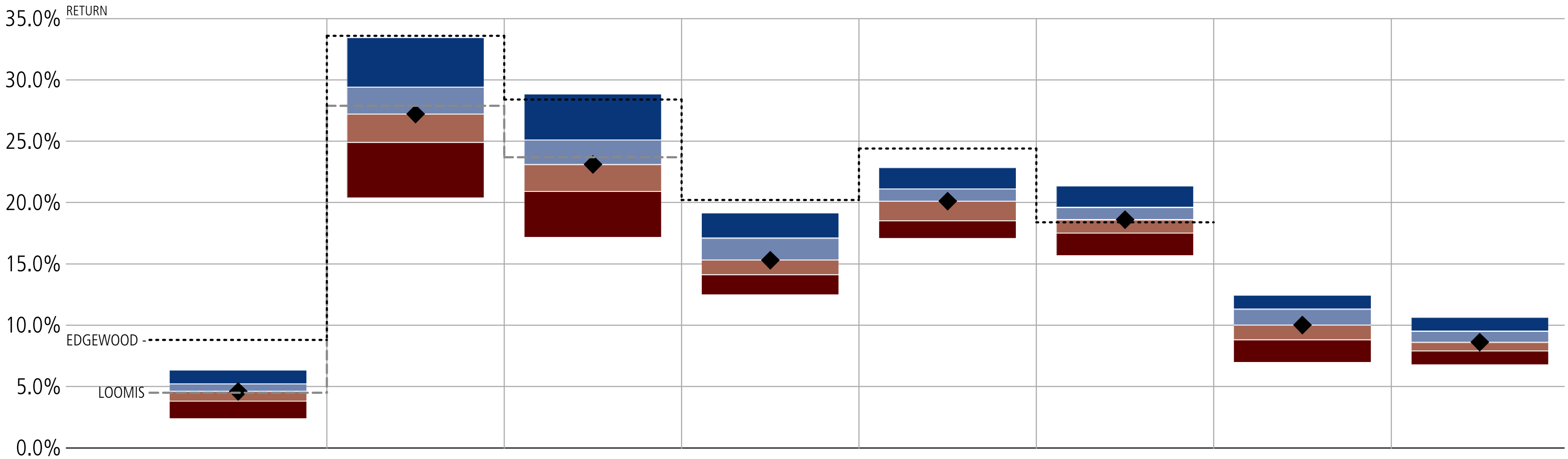
DOMESTIC LARGE CAP VALUE SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
EATON VANC	**24.3**	**49**	**23.2**	**64**	**1.6**	**49**	**26.3**	**86**	**11.4**	**82**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
JENNISON	25.0	42	28.1	21	-7.2	95	30.7	40	14.5	53	--NA--	--	--NA--	--	--NA--	--
R1000VAL	23.8	55	25.3	45	3.0	32	28.9	63	16.9	27	-29.0	77	-18.8	74	21.9	51
5 PERCENT	30.6		32.4		9.7		36.2		23.2		-16.8		-5.5		26.6	
25 PERCENT	26.9		27.2		3.5		32.3		17.3		-22.9		-10.9		23.7	
◆ MEDIAN	24.3		24.8		1.4		30.0		14.8		-25.9		-15.4		21.9	
75 PERCENT	22.4		21.5		-1.3		27.9		12.2		-28.8		-19.0		19.8	
95 PERCENT	19.1		16.2		-7.1		23.8		9.2		-34.2		-30.2		16.3	

DISTRIBUTION OF RETURNS

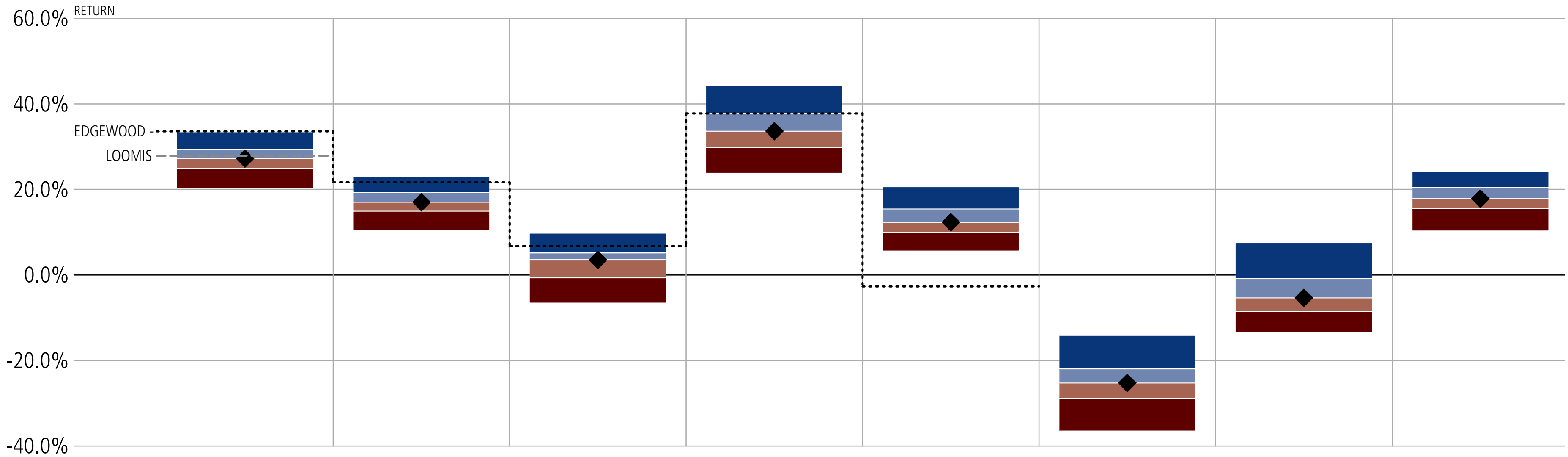
DOMESTIC LARGE CAP GROWTH SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	3/13 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	6/08 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
EDGEWOOD -	**8.8**	**1**	**33.6**	**4**	**28.4**	**7**	**20.2**	**1**	**24.4**	**1**	**18.4**	**57**	**--NA--**	**--**	**--NA--**	**--**
LOOMIS	4.5	54	27.9	39	23.7	40	--NA--	--	--NA--	--	--NA--	--	--NA--	--	--NA--	--
R1000GR	5.1	30	26.9	52	23.0	51	16.3	35	20.7	35	19.2	34	10.5	41	8.2	67
■ 5 PERCENT	6.3		33.4		28.8		19.1		22.8		21.3		12.4		10.6	
■ 25 PERCENT	5.2		29.4		25.1		17.1		21.1		19.6		11.3		9.5	
◆ MEDIAN	4.6		27.2		23.1		15.3		20.1		18.6		10.0		8.6	
■ 75 PERCENT	3.8		24.9		20.9		14.1		18.5		17.5		8.8		7.9	
■ 95 PERCENT	2.4		20.4		17.2		12.5		17.1		15.7		7.0		6.8	

DISTRIBUTION OF RETURNS

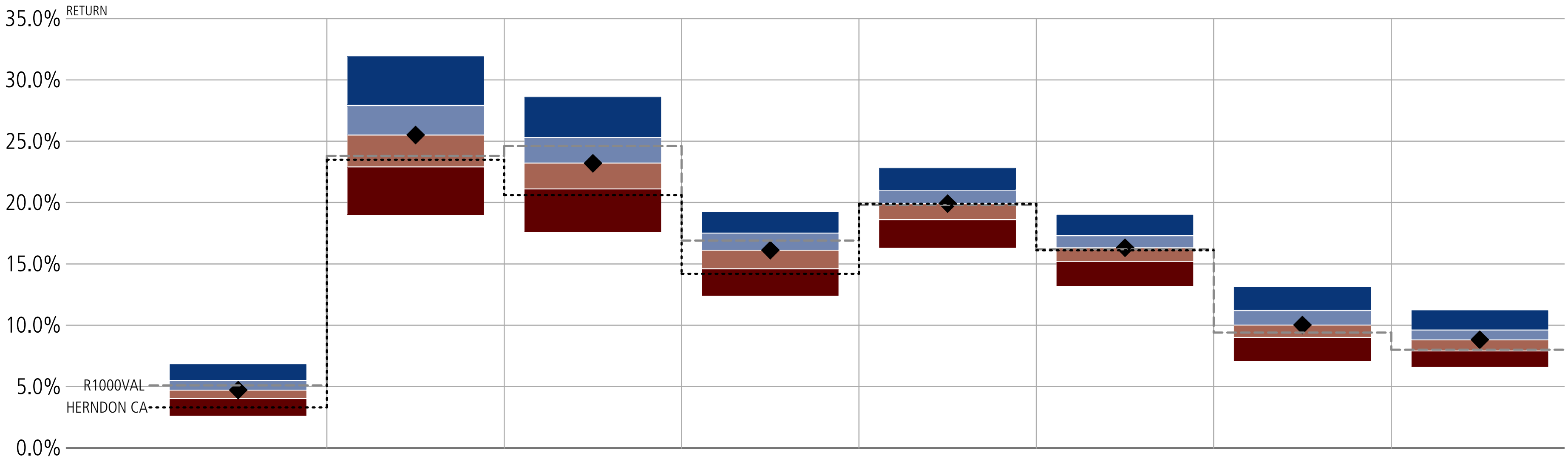
DOMESTIC LARGE CAP GROWTH SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
EDGEWOOD -	**33.6**	**4**	**21.7**	**12**	**6.8**	**15**	**37.8**	**24**	**-2.7**	**99**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
LOOMIS	27.9	39	--NA--	--	--NA--	--	--NA--	--	--NA--	--	--NA--	--	--NA--	--	--NA--	--
R1000GR	26.9	52	17.1	48	5.8	20	35.0	42	13.6	37	-24.5	44	-6.0	55	19.0	39
5 PERCENT	33.4		22.9		9.6		44.1		20.5		-14.3		7.4		24.1	
25 PERCENT	29.4		19.3		5.2		37.7		15.4		-22.0		-0.9		20.4	
◆ MEDIAN	27.2		17.0		3.5		33.6		12.3		-25.3		-5.4		17.8	
75 PERCENT	24.9		14.9		-0.7		29.8		10.0		-28.9		-8.6		15.5	
95 PERCENT	20.4		10.6		-6.5		23.9		5.7		-36.4		-13.4		10.4	

DISTRIBUTION OF RETURNS

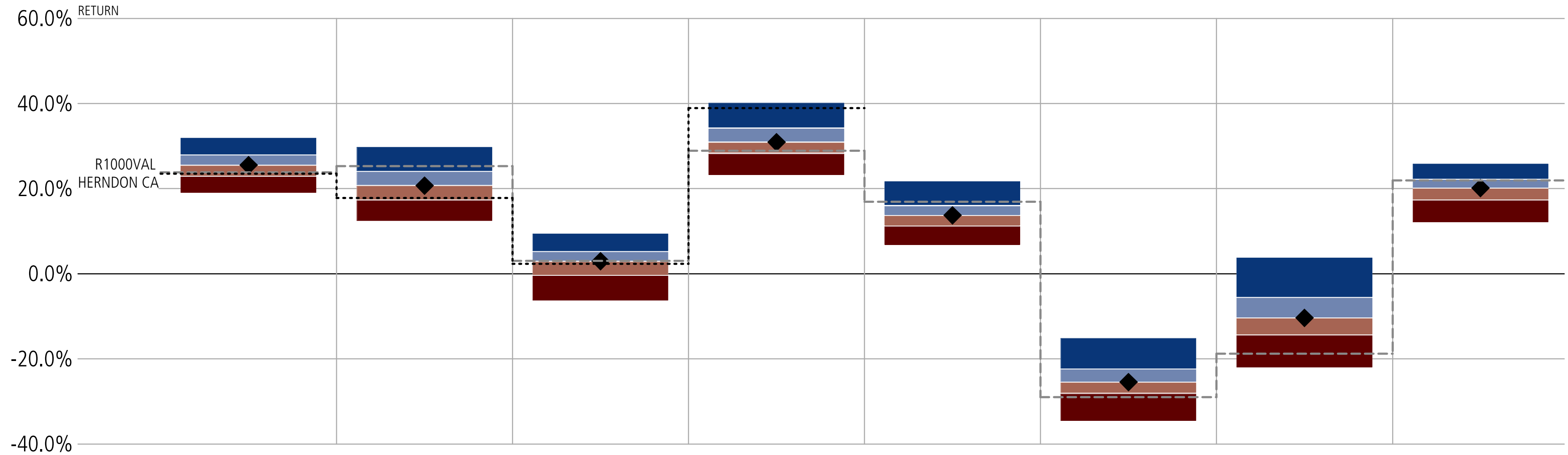
DOMESTIC LARGE CAP SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	9/09 TO 6/14 Return	Rank	6/08 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
HERNDON CA	**3.3**	**88**	**23.5**	**69**	**20.6**	**79**	**14.2**	**80**	**19.9**	**50**	**16.1**	**54**	**--NA--**	**--**	**--NA--**	**--**
R1000VAL	5.1	37	23.8	67	24.6	32	16.9	35	19.8	53	16.2	53	9.4	66	8.0	73
■ 5 PERCENT	6.8		31.9		28.6		19.2		22.8		19.0		13.1		11.2	
■ 25 PERCENT	5.5		27.9		25.3		17.5		21.0		17.3		11.2		9.6	
◆ MEDIAN	4.7		25.5		23.2		16.1		19.9		16.3		10.0		8.8	
■ 75 PERCENT	4.0		22.9		21.1		14.6		18.6		15.2		9.0		7.9	
■ 95 PERCENT	2.6		19.0		17.6		12.4		16.3		13.2		7.1		6.6	

DISTRIBUTION OF RETURNS

DOMESTIC LARGE CAP SAMPLE - TOTAL

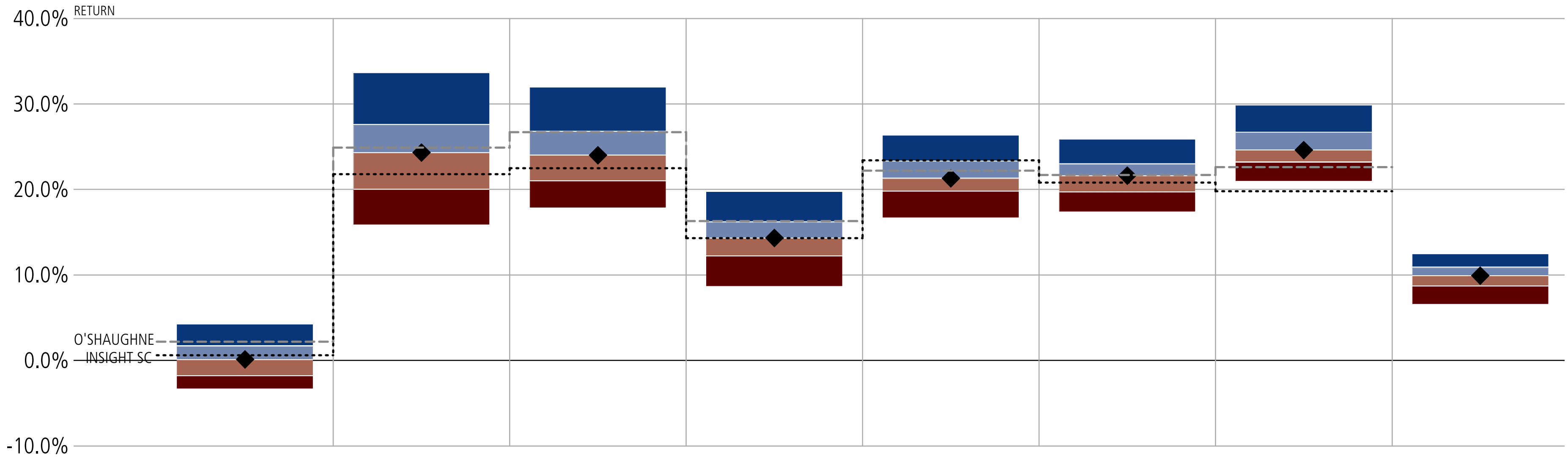


	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
HERNDON CA	**23.5**	**69**	**17.8**	**72**	**2.3**	**55**	**38.9**	**7**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
R1000VAL	23.8	67	25.3	18	3.0	49	28.9	71	16.9	18	-29.0	80	-18.8	90	21.9	30
■ 5 PERCENT	31.9		29.7		9.4		40.1		21.7		-15.2		3.7		25.8	
■ 25 PERCENT	27.9		24.0		5.2		34.2		16.0		-22.4		-5.6		22.2	
◆ MEDIAN	25.5		20.7		2.9		30.9		13.7		-25.5		-10.4		20.1	
■ 75 PERCENT	22.9		17.3		-0.4		28.3		11.2		-28.1		-14.4		17.3	
■ 95 PERCENT	19.0		12.4		-6.3		23.2		6.8		-34.6		-22.0		12.1	

Merrill Lynch

DISTRIBUTION OF RETURNS

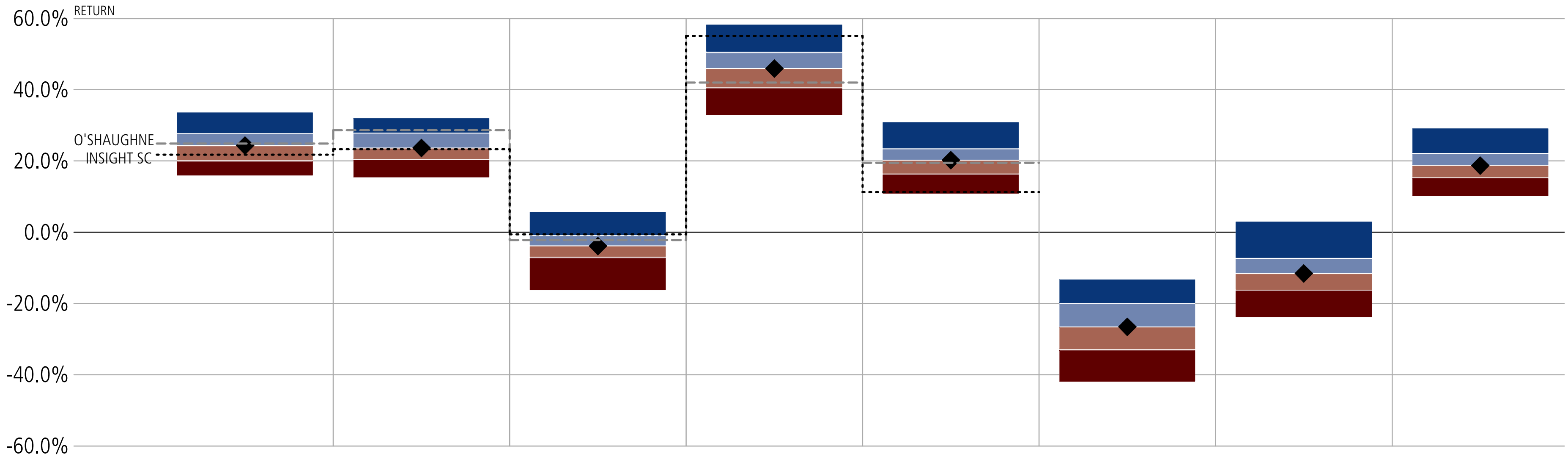
DOMESTIC SMALL CAP GROWTH SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	3/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
INSIGHT SC	**0.6**	**42**	**21.8**	**66**	**22.5**	**57**	**14.3**	**51**	**23.4**	**24**	**20.8**	**61**	**19.8**	**99**	**--NA--**	**--**
O'SHAUGHNE	2.2	17	24.9	44	26.7	26	16.3	24	22.2	36	21.7	46	22.6	80	--NA--	--
RU2500GR	2.9	11	26.3	35	25.1	35	14.9	42	21.7	42	21.7	46	25.1	44	9.9	50
5 PERCENT	4.2		33.6		31.9		19.7		26.3		25.8		29.8		12.4	
25 PERCENT	1.7		27.6		26.8		16.2		23.3		23.0		26.7		10.9	
◆ MEDIAN	0.1		24.3		24.0		14.3		21.3		21.6		24.6		9.9	
75 PERCENT	-1.8		20.0		21.0		12.2		19.8		19.7		23.2		8.7	
95 PERCENT	-3.3		15.9		17.9		8.7		16.7		17.4		21.0		6.6	

DISTRIBUTION OF RETURNS

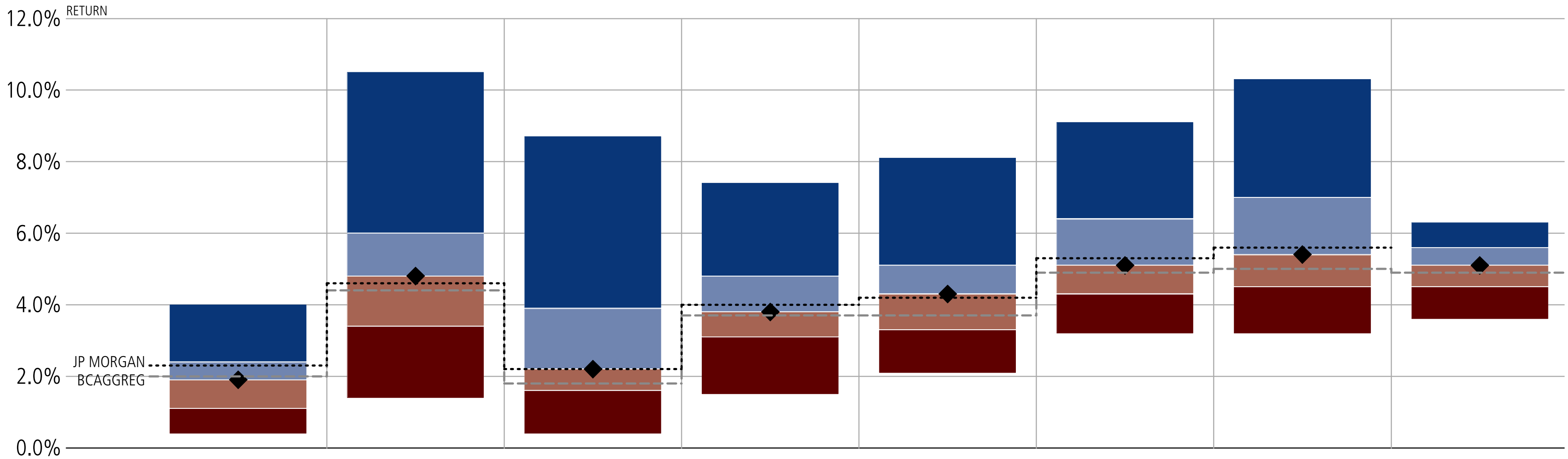
DOMESTIC SMALL CAP GROWTH SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
INSIGHT SC	**21.8**	**66**	**23.3**	**54**	**-0.6**	**24**	**55.1**	**11**	**11.3**	**94**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
O'SHAUGHNE	24.9	44	28.6	22	-2.2	30	42.0	71	19.5	54	--NA--	--	--NA--	--	--NA--	--
RU2500GR	26.3	35	24.0	48	-3.2	44	44.7	58	21.4	40	-27.3	53	-9.2	34	19.0	45
5 PERCENT	33.6		32.0		5.6		58.2		30.8		-13.3		2.9		29.1	
25 PERCENT	27.6		27.8		-1.0		50.5		23.4		-20.0		-7.4		22.1	
◆ MEDIAN	24.3		23.6		-3.9		45.9		20.2		-26.6		-11.6		18.7	
75 PERCENT	20.0		20.4		-7.1		40.5		16.3		-33.0		-16.3		15.2	
95 PERCENT	15.9		15.4		-16.3		32.9		10.8		-41.9		-23.9		10.1	

DISTRIBUTION OF RETURNS

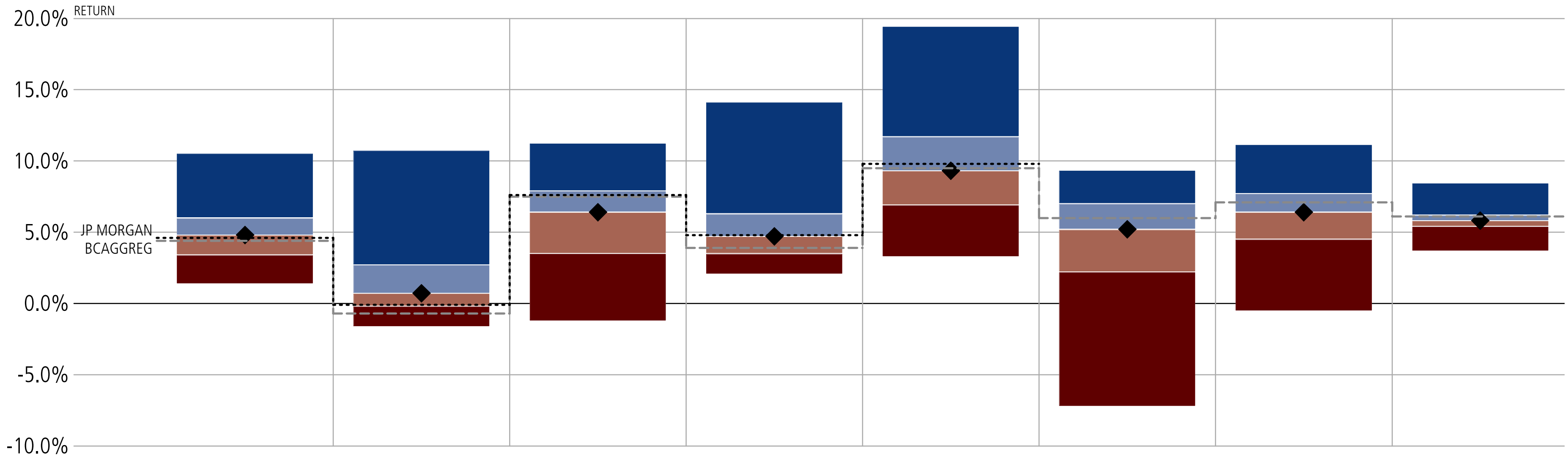
DOMESTIC FIXED INCOME SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	1/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
JP MORGAN	**2.3**	**32**	**4.6**	**53**	**2.2**	**49**	**4.0**	**46**	**4.2**	**51**	**5.3**	**49**	**5.6**	**47**	**--NA--**	**--**
BCAGGREG	2.0	46	4.4	57	1.8	65	3.7	55	3.7	63	4.9	58	5.0	61	4.9	62
■ 5 PERCENT	4.0		10.5		8.7		7.4		8.1		9.1		10.3		6.3	
■ 25 PERCENT	2.4		6.0		3.9		4.8		5.1		6.4		7.0		5.6	
◆ MEDIAN	1.9		4.8		2.2		3.8		4.3		5.1		5.4		5.1	
■ 75 PERCENT	1.1		3.4		1.6		3.1		3.3		4.3		4.5		4.5	
■ 95 PERCENT	0.4		1.4		0.4		1.5		2.1		3.2		3.2		3.6	

DISTRIBUTION OF RETURNS

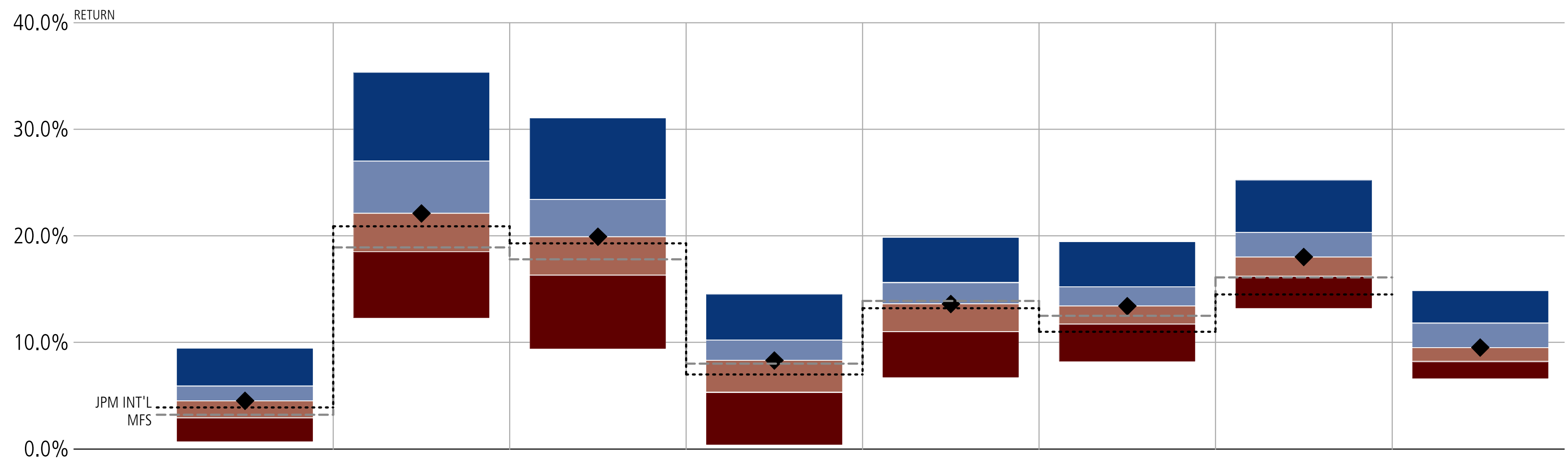
DOMESTIC FIXED INCOME SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
JP MORGAN	**4.6**	**53**	**-0.1**	**72**	**7.6**	**30**	**4.8**	**48**	**9.8**	**46**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
BCAGGREG	4.4	57	-0.7	86	7.5	33	3.9	63	9.5	48	6.0	37	7.1	33	6.1	30
5 PERCENT	10.5		10.7		11.2		14.1		19.4		9.3		11.1		8.4	
25 PERCENT	6.0		2.7		7.9		6.3		11.7		7.0		7.7		6.2	
MEDIAN	4.8		0.7		6.4		4.7		9.3		5.2		6.4		5.8	
75 PERCENT	3.4		-0.2		3.5		3.5		6.9		2.2		4.5		5.4	
95 PERCENT	1.4		-1.6		-1.2		2.1		3.3		-7.2		-0.5		3.7	

DISTRIBUTION OF RETURNS

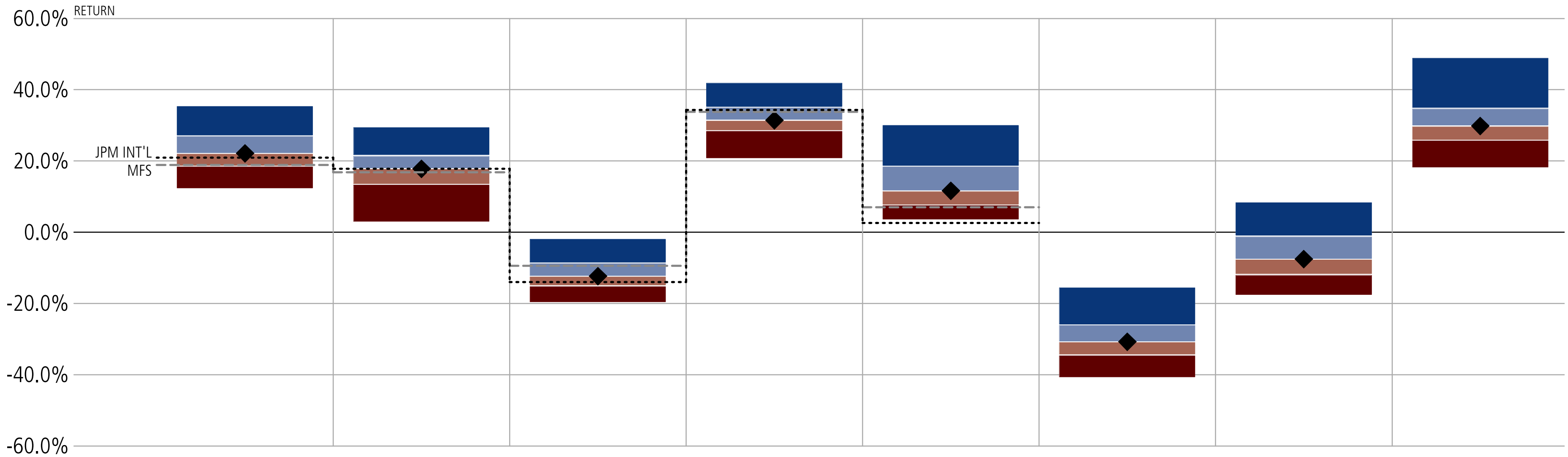
INTERNATIONAL COMMON STOCK SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	3/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
JPM INT'L	**3.9**	**62**	**20.9**	**59**	**19.3**	**54**	**7.0**	**63**	**13.2**	**58**	**11.0**	**82**	**14.5**	**91**	**--NA--**	**--**
MFS	3.2	71	18.9	73	17.8	66	8.0	54	13.9	46	12.5	64	16.1	76	--NA--	--
WENTWORTH	8.4	9	28.3	17	20.0	48	6.3	69	13.7	49	12.9	59	17.8	54	--NA--	--
MSCIEAFE	4.3	53	24.1	39	21.6	37	8.6	47	13.8	47	12.3	67	16.6	68	7.4	89
5 PERCENT	9.4		35.3		31.0		14.5		19.8		19.4		25.2		14.8	
25 PERCENT	5.9		27.0		23.4		10.2		15.6		15.2		20.3		11.8	
◆ MEDIAN	4.5		22.1		19.9		8.3		13.6		13.4		18.0		9.5	
75 PERCENT	2.9		18.5		16.3		5.3		11.0		11.7		16.2		8.2	
95 PERCENT	0.7		12.3		9.4		0.4		6.7		8.2		13.2		6.6	

DISTRIBUTION OF RETURNS

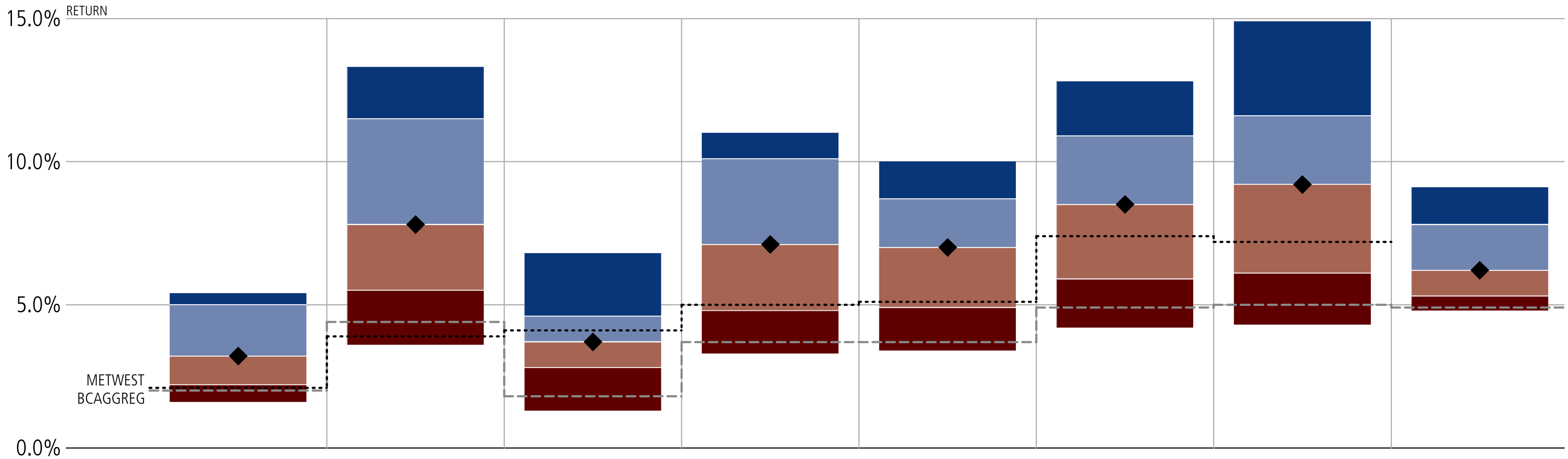
INTERNATIONAL COMMON STOCK SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
JPM INT'L	**20.9**	**59**	**17.8**	**50**	**-14.0**	**68**	**34.3**	**32**	**2.6**	**97**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
MFS	18.9	73	16.8	58	-9.4	29	33.8	35	7.0	79	--NA--	--	--NA--	--	--NA--	--
WENTWORTH	28.3	17	12.3	78	-16.6	83	39.4	10	9.6	61	--NA--	--	--NA--	--	--NA--	--
MSCIEAFE	24.1	39	19.1	39	-13.4	61	30.9	55	6.4	82	-31.0	52	-10.1	65	27.5	65
■ 5 PERCENT	35.3		29.4		-2.0		41.9		30.0		-15.6		8.3		48.9	
■ 25 PERCENT	27.0		21.5		-8.7		35.1		18.5		-26.0		-1.1		34.8	
◆ MEDIAN	22.1		17.8		-12.4		31.4		11.6		-30.8		-7.6		29.8	
■ 75 PERCENT	18.5		13.4		-15.1		28.5		7.6		-34.5		-11.9		25.8	
■ 95 PERCENT	12.3		3.0		-19.6		20.8		3.6		-40.7		-17.6		18.2	

DISTRIBUTION OF RETURNS

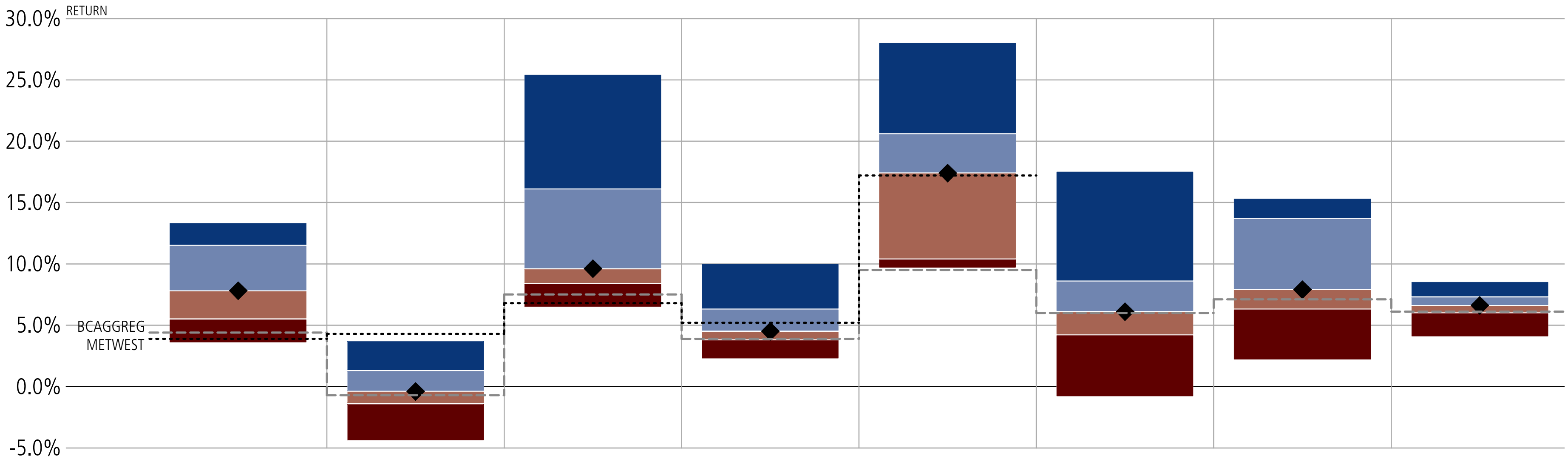
DOMESTIC LONG TERM FIXED SAMPLE - TOTAL



	3/14 TO 6/14 Return	Rank	6/13 TO 6/14 Return	Rank	6/12 TO 6/14 Return	Rank	6/11 TO 6/14 Return	Rank	6/10 TO 6/14 Return	Rank	6/09 TO 6/14 Return	Rank	3/09 TO 6/14 Return	Rank	6/04 TO 6/14 Return	Rank
METWEST	**2.1**	**81**	**3.9**	**93**	**4.1**	**38**	**5.0**	**72**	**5.1**	**66**	**7.4**	**60**	**7.2**	**67**	**--NA--**	**--**
BCAGGREG	2.0	83	4.4	89	1.8	85	3.7	92	3.7	93	4.9	91	5.0	92	4.9	91
5 PERCENT	5.4		13.3		6.8		11.0		10.0		12.8		14.9		9.1	
25 PERCENT	5.0		11.5		4.6		10.1		8.7		10.9		11.6		7.8	
◆ MEDIAN	3.2		7.8		3.7		7.1		7.0		8.5		9.2		6.2	
75 PERCENT	2.2		5.5		2.8		4.8		4.9		5.9		6.1		5.3	
95 PERCENT	1.6		3.6		1.3		3.3		3.4		4.2		4.3		4.8	

DISTRIBUTION OF RETURNS

DOMESTIC LONG TERM FIXED SAMPLE - TOTAL



	6/13 TO 6/14 Return	Rank	6/12 TO 6/13 Return	Rank	6/11 TO 6/12 Return	Rank	6/10 TO 6/11 Return	Rank	6/09 TO 6/10 Return	Rank	6/08 TO 6/09 Return	Rank	6/07 TO 6/08 Return	Rank	6/06 TO 6/07 Return	Rank
METWEST	**3.9**	**93**	**4.3**	**2**	**6.8**	**94**	**5.2**	**34**	**17.2**	**51**	**--NA--**	**--**	**--NA--**	**--**	**--NA--**	**--**
BCAGGREG	4.4	89	-0.7	61	7.5	88	3.9	69	9.5	96	6.0	50	7.1	67	6.1	69
5 PERCENT	13.3		3.7		25.4		10.0		28.0		17.5		15.3		8.5	
25 PERCENT	11.5		1.3		16.1		6.3		20.6		8.6		13.7		7.3	
◆ MEDIAN	7.8		-0.4		9.6		4.5		17.4		6.1		7.9		6.6	
75 PERCENT	5.5		-1.4		8.4		3.8		10.4		4.2		6.3		6.0	
95 PERCENT	3.6		-4.4		6.5		2.3		9.7		-0.8		2.2		4.1	

PORTFOLIO INFORMATION

COMPREHENSIVE AIM

Policy Index as of 6/30/2004	
U.S. Treasury Bills	5.00
Barclay Aggregate	35.00
Russell 1000	34.00
Russell 2000	14.00
MSCI EAFE w/Gross Divs	12.00
Policy Index as of 12/31/2008	
Russell 1000	43.00
Russell 2500 Growth	3.00
Russell 2500 Value	4.00
Russell 2000 Growth	3.00
MSCI EAFE w/Gross Divs	11.00
Barclay Aggregate	31.00
S&P 500 With Dividends	5.00
Actuarial Assumption as of 6/30/2004	7.50

ANY SIGNIFICANT CHANGE IN THIS PORTFOLIO'S INVESTMENT OBJECTIVES OR POLICY SHOULD BE REPORTED TO YOUR MERRILL LYNCH FINANCIAL CONSULTANT

RETURNS FOR PERIODS GREATER THAN ONE YEAR ARE ANNUALIZED

TOTAL FUND is ranked against the DOMESTIC BALANCED sample

The fiscal year end for this portfolio is June

The Capital Market Index (CMI) has been decommissioned and replaced by the 60% Equity 40% Fixed Blend, comprised of

the Wilshire 5000 with Income (60%), the Merrill Domestic Master Bond Index (38%), and the Merrill High Yield Master

Bond Index (2%).

Report run on July 31, 2014 at 10:01:45 AM

Important Information About This Report

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PORTFOLIO INFORMATION

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IMPORTANT NOTE:
THIS EXECUTIVE SUMMARY HIGHLIGHTS CERTAIN INFORMATION DRAWN FROM YOUR AIM REPORT. HOWEVER, IT DOES NOT CONTAIN ALL THE DATA FROM THAT REPORT, AND IT SHOULD NOT BE RELIED UPON EXCLUSIVELY. YOU SHOULD REVIEW THE FULL AIM REPORT FOR A MORE COMPREHENSIVE ANALYSIS OF YOUR PORTFOLIO. YOUR MONTHLY ACCOUNT STATEMENT OR OTHER CUSTODIAL REPORT (UPON WHICH THE AIM REPORT IS BASED) SHOULD BE REVIEWED CAREFULLY AS WELL. PLEASE CONTACT YOUR FINANCIAL ADVISOR IF YOU HAVE ANY QUESTIONS.

THE AIM REPORT 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.

COMPREHENSIVE AIM

3) May Lose Value

4) Are Not Deposits

5) Are Not Insured by Any Federal Government Agency

6) Are Not a Condition to Any Banking Service or Activity

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* * * * *

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 SPIC.

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.

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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 rate 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 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.

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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 the their compounded effect. Market indexes or other benchmark returns are shown for comparison purposes only, and there is no assurance 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.

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 portfolio performance calculations and other information shown in the report.

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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 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 in to 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

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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 investor's 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 give that the investment objectives of any particular alternative investment will be achieved.

Many alternative investment products are sold pursuant to exemptions from registration with 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

Any information presented about tax considerations affecting client financial transactions or arrangements is not intended as tax advice and should not be relied upon for the purpose of avoiding any tax penalties. Neither Merrill Lynch nor its Financial Advisors provide tax, accounting or legal advice. Clients should review any planned financial transactions or arrangements that may have tax, accounting or legal implications with their personal professional advisors.

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;

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- 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.

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, 2014

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 – 2013. Actual and budgeted expenditures are based upon calendar years 2013 and 2014, respectively. All other information is for the System plan years ended February 28, 2014 and February 29, 2013.

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), Margaret Bossenbery, Dennis M. Louney, Tony Mullen, Tracy Thomas, Cynthia Ward, Anthony McCloud, Sandra Zerkle), General Manager J. Peter Lark, and Chief Administrative and Technology Officer Susan Devon.

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:

	2/28/2014	2/28/2013	Change
Market Value of Plan Assets	$148,307,171	$123,195,182	$25,111,989
Accrued Liability	$194,364,686	$207,846,092	-$13,481,406
Net Plan Assets	-$46,057,515	-$84,650,910	$38,593,395

System Funded Ratio – 76%

System Investment Performance Net of Fees on a Calendar Year Basis (2004 – 2013):

1 Year:	19.70%
3 Years:	10.70%
5 Years:	13.40%
7 Years:	5.30%
10 Years:	6.70%

System Administrative and Investment Expenditures (Calendar Year 2013):

Administrative Expenses:	$0
Investment Expenses:	$962,001.34

System Budgeted Expenditures (Calendar Year 2014):

Administrative Expenses:	$0
Investment Expenses:	$962,000.00

System Information from the 2014 Actuarial Report:

Number of Active and Inactive Members:	667
Number of Retirees and Beneficiaries:	693
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: Susan Devon, Chief Administrative and Technology Officer

To: Board of Water and Light Pension Trustees

Date: October 15, 2014

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 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 6/30/2014
Large Growth Equity Managers:	
Loomis Sayles	11.9%
Edgewood Mgmt.	12.0%
Large Value Equity Managers:	
Eaton Vance	7.6%
Herndon Capital Mgmt.	7.5%
Jennison Associates	7.6%
Small to Mid Value Equity Manager:	
Advisory Research	3.7%
Small Growth Equity Manager:	
Insight Capital Mgmt.	3.4%
Small to Mid Value Equity Manager:	
O'Shaughnessy Asset Mgmt.	3.6%
International Equity:	
JPMorgan International (Value)	5.0%
MFS Investment Manager (Core)	5.1%
Wentworth Hauser (Growth)	5.3%
Fixed Income:	
JPMorgan (Core)	13.7%
MetWest (Core Plus)	12.4%

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 2013:

Investment Manager	Manager Fee	ML Fee	Total Fee
Large Cap Growth			
Edgewood	1.00%	0.10%	1.15%
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	1.00%	0.10%	1.10%
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. For example, during the last three years, the BWL's asset allocation approach would fall within the top 10% of all asset allocations for pension and benefit plans.

Performance of Investment Managers:

Below is a chart showing the investment returns since inception through June 30, 2014 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	22.0%	24.3%
Edgewood Mgmt. (LC Growth)	3/31/09	20.8%	21.1%
Eaton Vance (LC Value)	3/31/09	17.0%	19.7%
Herndon Capital Mgmt. (LC Value)	8/31/09	17.7%	16.8%
Jennison Associates (LC Value)	3/31/09	19.1%	19.7%
Advisory Research (SC Value)	3/31/09	20.0%	21.2%
Insight Capital Mgmt. (SC Growth)	3/31/09	17.7%	22.9%
O'Shaughnessy Asset Mgmt. (SMID Value)	3/31/09	22.5%	24.3%
JPMorgan International (Value)	3/31/09	14.6%	16.6%
MFS Investment Manager (Core)	3/31/09	15.1%	15.1%
Wentworth Hauser (Growth)	3/31/09	17.6%	15.1%
JPMorgan (Core)	3/31/09	5.5%	5.0%
MetWest (Core Plus)	3/31/09	8.5%	5.0%

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:

Two of the long-time managers employed by the BWL have significantly underperformed compared to their benchmark index. Those two managers are Eaton Vance and Insight Capital Management.

Eaton Vance is a large capital value equity manager with over $238 billion in assets under management, and $38.8 billion of equity assets under management. It is a firm with a long history, dating back to 1924. Its portfolio managers are very experienced, averaging 28 years in the investment management business. Eaton Vance's large cap value strategy is to identify high quality companies that are undervalued compared to their peers. The portfolio typically includes 60 – 80 holdings, with the largest holding limited to 3% of the portfolio. During a typical year, portfolio turnover is between 50 – 80%. The long-term goal of the strategy is to preserve capital in down markets, and to participate in up markets.

Eaton Vance has an outstanding long-term track record. At the time that the BWL hired Eaton Vance as an investment manager, their five-year average annual returns were exceeding the Russell 1000 Value Index by over 5%, and they had a long history of exceeding the index. Unfortunately, Eaton Vance has consistently underperformed in recent years. The Merrill Lynch AIM Report for the DB Plan, included in your packet under Tab 6, shows Eaton Vance returns on pages 14 and 15 of 34. Annual returns have been below the index returns each year by at least 1.1% to as much as 5.2%, the exception being the past year when it was above the index by 0.5%. The five-year average annual return is 2.1% below the Russell 1000 Value Index.

On July 25, 2013, BWL personnel spoke with Eaton Vance representatives about the recent poor performance. Eaton Vance indicated that it is not unusual for their large cap value strategy to underperform in rising stock markets, due to the strategy's emphasis on high quality firms that often underperform in rising markets. However, when the market turns as it inevitably does, Eaton Vance expects to outperform the market with its strategy.

During FY 2014, Eaton Vance closed the gap to the benchmark and had increasing returns. BWL personnel will continue to monitor Eaton Vance very carefully, but we believe that it would be prudent at the present time to continue to contract for their services.

The other investment manager on the watch list is Insight Capital Management. Insight is a small capital growth equity manager with $400 million of assets under management, of which $73 million is invested in the small capital growth space. Insight is a small firm with only five employees and six institutional clients as of the end of 2012. Insight was founded in 1988.

Insight has consistently outperformed the Russell 2500 Growth Index, often by a large margin. The one glaring exception to that otherwise stellar performance was in 2009, the first year that the BWL hired Insight as an investment manager. For the 2009 – 2010 fiscal year (July 1, 2009 through June 30, 2010), Insight's return was 10.2% below its benchmark index. In the four years since then, Insight has outperformed the index by an average of 1.8%, but this has not been sufficient to offset the early underperformance. For reference, the Merrill Lynch AIM Report for the DB Plan, included in your packet under Tab 6, shows Insight returns on pages 20 and 21 of 34. Another factor to be weighed in any decision to continue Insight's services is the potential for a management change in the near future. Jim Collins, the CEO, CIO, and co-founder of Insight, is well above normal retirement age. Although there is no indication that Mr. Collins is planning to retire soon, he is the quintessential "key person" with a firm that lacks a deep bench of talent.

During FY 2014, Insight performed below the Russell 2500 Growth Index benchmark by 4.4%. BWL personnel will continue to monitor Insight, and to consult with Merrill Lynch concerning Insight's services. A review meeting will take place during the current fiscal year.

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) <u>Compensation for Each Plan Year Beginning on or After January 1, 1998</u>. 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. <u>Distribution Restrictions</u>. 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. 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 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: [signature]
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

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: Ronald E. Calhoun
Its: Chairman, Board of Commissioners

Date: 6/12/02

By: Mary E. Sova
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:

1/1/04
165,000

> "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."

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 E. Coulter
Its: Chairman, Board of Commissioners

Date: 2/25/03

By: Mary E. Sova
Its: Corporate Secretary

S:\274\SIJ\BWL\2-AMEND.DBP

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

S:\274\SIJ\BWL\3-amend.wpd

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

HOMETOWN PEOPLE. HOMETOWN POWER.

1232 Haco Drive
P.O. Box 13007
Lansing, MI 48901-3007
517•702•6000
www.lbwl.com

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.

Audit & Performance

(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.

(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
<u>Revised Defined Benefit Plan Investment Policy Statement</u>

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 ....

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Governor

Proposed Resolution 2014-11-?

Retirement System Code of Conduct and Ethics

WHEREAS, the Lansing Board of Water & Light's Retirement System ("Retirement System") , which consist of the Defined Benefit Plan, Defined Contribution Plan and the Retiree Benefit Plan (also known as VEBA) is administered in accordance with the provisions of Public Act 314 of 1965, as amended ("Act 314"), applicable plan documents, and local, state and federal laws, and

WHEREAS, the Lansing Board of Water & Light Board of Commissioners ("Board") is vested with the general administration, management, and operation of the Retirement System, and has a fiduciary responsibility to make decisions solely in the interest of plan members and beneficiaries, and

WHEREAS, the Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965 ("Act 314"), as amended [MCL 38.1132 *et seq*.], wherein the Board and its appointed Trustees is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries, and shall 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; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered, and

WHEREAS, the Board recognizes that in order for the participants and beneficiaries of the Retirement System to have the best representation it is imperative for the representatives of the Retirement System to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments, and

WHEREAS, due to the fiduciary responsibilities entrusted to the Board, all Retirement System representatives are encouraged to participate in Board business and maintain the highest standards of conduct and ethics above the minimum requirements of applicable law and policy, and

WHEREAS, while the Lansing Board of Water & Light adheres to the City of Lansing's Ethics Policy, the Board desires to state its policy with regard conduct and ethics as it specifically pertains to administration, management and operation of the Retirement System, therefore be it

RESOLVED, that the Board, its appointed Trustees and all Retirement System representatives shall conduct official and private affairs so as to avoid giving rise to a reasonable conclusion that he or she can be improperly influenced in the performance of his or her public duty or that he or she is using his or her position and/or role as it relates to the Retirement System to further his or her own financial interests, and further

RESOLVED, the Board, its appointed Trustees and all Retirement System representatives shall not do any of the following:

(a) accept or solicit any gift, favor, or service that may reasonably tend to influence the discharge of official duties or that he or she knows, or should know, is being offered with the intent to influence his or her official conduct;

(b) accept other employment or compensation that could reasonably be expected to impair the independence of judgment in the performance of official duties;

(c) intentionally or knowingly solicit, accept, or agree to accept any benefit for having exercised official powers or for having performed the official duties in favor of another;

(d) transact any business in the his or her official capacity with any entity or person in which he or she has an economic interest;

(e) appear before the Board or Board of Trustees while acting as an advocate for themselves or any other person, group, or entity;

(f) represent any business entity before the Board or Board of Trustees, for pay;

(g) use his or her position and/or role to secure a special privilege or exemption for themselves or others, or to secure confidential information for any purpose other than official duties; and

(h) intentionally or knowingly disclose any confidential information gained by reason of his or her position and/or role concerning the property, operations, policies or affairs of the Retirement System, or use such confidential information for pecuniary gain,

and it is further

RESOLVED, that the Board and its appointed Trustees shall provide fair and equal treatment to all persons and matters coming before the Board or Board of Trustees, and it is further

RESOLVED, that the Board, its appointed Trustees or designees are expected to and may provide general information to participants, however, the Board, its appointed Trustees or designees shall also be aware of the risk of communicating inaccurate information to participants, and the possible harm to participants that may result from any such miscommunications, and it is further

RESOLVED, that the Board, its appointed Trustees or designees shall mitigate the risk of miscommunication with participants by refraining from providing specific detail, advice or counsel with respect to the rights or benefits to which a participant may be entitled, and where explicit advice or counsel is needed, the Board, its appointed Trustees or designees will refer inquiries to the appropriate Retirement System representative, and it is further

RESOLVED, that upon becoming aware of a violation of this Policy, the Board, its appointed Trustees, designees or Retirement System representatives shall have a duty to disclose said violation(s) in writing to the Corporate Secretary prior to the next regularly scheduled meeting of the Board, and it is further

RESOLVED, that violation of this Policy by any member of the Board, its appointed Trustees, designees or Retirement System representatives may result in disciplinary action as determined by the remaining Board members, up to and including terminate of employment, removal from service as an officer and or disqualification from service as an officer for the duration of their service on the Board or Board of Trustees, or as otherwise provided by applicable law, and it is further

RESOLVED, that the Board shall make this policy resolution available to all current and prospective service providers, as well as the appropriate City, Union, and Departmental Representatives.

Proposed Resolution 2014-11-?

Retirement System Education and Travel Policy

WHEREAS, The Lansing Board of Water & Light Board of Commissioners ("Board") is vested with the general administration, management, and operation of the Lansing Board of Water & Light's Retirement System ("Retirement System"), which consist of the Defined Benefit Plan, Defined Contribution Plan and the Retiree Benefit Plan (also known as VEBA) and has fiduciary responsibility to make decisions solely in the interest of plan members and beneficiaries.

WHEREAS, the Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965, as amended. The Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall 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; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered.

WHEREAS, the Board recognizes that in order for the participants and beneficiaries of the Retirement System to have the best representation, it is imperative for the representatives of the Retirement System to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments.

WHEREAS, the Board recognizes that, consistent with its fiduciary duty and liability, it is necessary and appropriate for Retirement System representatives to attend Board meetings and educational seminars/conferences so that the Board and its appointed Trustees may be made aware of developments regarding Retirement System administration, and so that the Board may further become aware of how persons acting in a like capacity administer their respective retirement systems.

WHEREAS, the Board further recognizes that, consistent with its fiduciary duties, it is necessary to conduct regular due diligence on each current and prospective manager and consultant engaged in the ordinary course of business.

WHEREAS, due to the fiduciary responsibilities entrusted to the Board, all Retirement System representatives are encouraged to participate in meetings of the Board and maintain educational levels consistent with established fiduciary responsibilities.

RESOLVED, the Board hereby strongly recommends that each representative is encouraged and expected to attend pension related meetings/conferences/seminars on behalf of the Retirement System.

RESOLVED, the Retirement System representatives are encouraged to attend all meetings of the Board, and attend one conference per year. Individuals wishing to attend additional conferences in a year shall request prior Board approval and provide a post conference report to the Board on topics covered.

RESOLVED, for each seminar/conference request the following information shall be required: (1) the name of the traveler; (2) the title of the event, seminar, or conference; (3) location of the event, seminar, or conference; (4) the dates of travel; (5) name of hotel, number of nights, and daily rate; (6) registration fees; (7) mode of transportation; (8) cost of travel; (9) other expected incidental costs; (10) advance checks required, including to whom, amount, and reason for the check; (11) copy of promotional brochure for the event, seminar, or conference; and (12) reason for attendance at the event, seminar, or conference citing the benefits received or expected.

RESOLVED, the following expenses will be reimbursed so long as proper documentation is provided and filed in accordance ordinary Lansing Board of Water & Light Travel Policies and Procedures, and available for reporting as permitted by the applicable Lansing Board of Water & Light Records Retention Policy and Schedule:

Registration: Conference fees and actual registration charged by the conference.

Transportation: Individuals traveling on Retirement System business will utilize the most economical and efficient means of transportation. Use of a more expensive method of transportation other than the most economical and efficient, will be allowed only upon the approval of the Board or its designee(s). For the purposes of Non-Board member and/or Non-Trustee travel, except for the General Manager, the Board's designee is the General Manager or as further delegated by the General Manager.

Air fare must be jet coach fare. First class or business class will be allowed only where there is no other service available or urgency exists. Early arrival or Saturday travel is allowed where there is a net gain to the Retirement System.

Ground transportation/parking includes airport parking and transportation to and from the conference site and any transportation necessary to conduct Retirement System business. All individuals traveling to out-of-state conferences may have a rental vehicle available, upon request and prior approval by the Board or its designee(s), for their use during the time period that they are approved for travel. For the purposes of Non-Board member and/or Non-Trustee travel, except for the General Manager, the Board's designee is the General Manager or as further delegated by the General Manager.

Flat rate mileage will paid for use of a private vehicle as per the current Internal Revenue Service regulations, plus parking fees.

Lodging:	Allowance for lodging will be at the lowest rate charged at the hotel facility housing the conference or seminar. If the conference facility upgrades the room rate, based on availability at the time of registration, the upgrade shall be allowed.
Meals:	Charges for meals shall be properly documented by either a hotel receipt or credit card voucher and are not to exceed $100 per day, or as otherwise specified in the applicable Lansing Board of Water & Light Travel Policy and Procedure. No alcoholic beverages will be paid for at Board expense.
Miscellaneous:	Miscellaneous expenses incidental to Retirement System business travel shall be held to a minimum in accordance with essential and reasonable requirements for official conduct of Retirement System business. Individuals will be reimbursed for any miscellaneous expenses that are incurred for the express purpose of Retirement System business and shall include: local transportation (e.g., taxi, bus, subway), telephone calls, postage, tolls, parking. Expenses not allowed include: parking/moving violations, alcohol, entertainment, travel insurance, laundry, valet, or other personal services, repair and maintenance of personal vehicle.
Per Diem:	Representatives may receive a per diem amount in accordance with the applicable Lansing Board of Water & Light Travel Policies and Procedures. Reimbursement for additional amounts if actual expenses exceed the per diem rate is also allowed in accordance with the applicable Lansing Board of Water & Light Travel Policies and Procedures. To the extent not addressed in applicable Lansing Board of Water & Light Travel Policies and Procedures the per diem amounts shall be based upon the rates established by the Internal Revenue Service for out-of-state business travel.
Advance:	An individual may draw an estimated amount of money in advance to cover the expected cost of the trip and expenses connected therewith by submitting an appropriate request in writing to the Board's secretary or as otherwise provided in the applicable Lansing Board of Water & Light Travel Policies and Procedures. Travel advances are limited to a maximum of $500 per day.
Upgrades:	Any upgrade above all established policy limits shall be at the individual's personal expense, unless otherwise allowed for and defined herein or the applicable Lansing Board of Water & Light Travel Policy and Procedure.
Expenses:	It is preferred that any anticipated costs are prepaid directly to the charging entity.

RESOLVED, failure to provide proper documentation of an expense within 60 days, or as otherwise provided in the applicable Lansing Board of Water & Light Travel Policy and Procedure, may invalidate any claim for reimbursement and will prevent any future advances being provided.

RESOLVED, all persons who attend a seminar or conference must earn an attendance or participatory certificate if the seminar or conference sponsor offers such a certificate. The failure to earn such a certificate may result in the particular attendee becoming ineligible to attend any further educational seminars and/or conferences.

RESOLVED, any representative(s) who attends an educational seminar or conference shall be required to provide the Board or its designee with the handout materials from the seminar or conference. Satisfaction of this requirement is a condition precedent to reimbursement of any expenses to the attendee. Failure to satisfy this requirement, and failure to earn an attendance or participatory certificate where the sponsor offers one, may obligate the attendee(s) to reimburse the Retirement System in full for any expenses advanced to the attendee(s). For the purposes of Board member, Trustee, General Manager, Corporate Secretary and Internal Auditor attendance, the Corporate Secretary is designated to receive seminar or conference materials on behalf of the Board. For the purposes of Non-Board member and/or Non-Trustee attendance, the Board's designee is the General Manager or as further delegated by the General Manager.

RESOLVED, in accordance with Public Act 314 of 1965, the Board may utilize a portion of the Plan's investment earnings to pay for such expenses.

RESOLVED, abuse of the foregoing policy, including falsifying expense reports to reflect costs not incurred, can be grounds for disciplinary action, including, but not limited to, termination of employment; for Board members removal from service as an officer and or disqualification from service as an officer for the duration of their service on the Board.

Proposed Resolution 2014-11-?

<u>Retirement System Records Retention Policy and Records Retention and Disposal Schedule</u>

WHEREAS, the Lansing Board of Water & Light Board of Commissioners ("Board") is vested with the responsibility to manage and maintain the records of the Lansing Board of Water & Light's Retirement System ("Retirement System"), which consist of the Defined Benefit Plan, Defined Contribution Plan and the Retiree Benefit Plan (also known as VEBA).

WHEREAS, as required by Michigan Law (MCL 399.5 and 750.491) the Lansing Board of Water & Light maintains as approved by the Board and State of Michigan a Records Retention Policy and Disposal Schedule.

WHEREAS, as custodian of the records, the Board recognizes its duty to ensure that Retirement System records are retained in a secure manner which allows for relative ease of retrieval/accessibility, as well as protects confidentiality of participant and beneficiary information.

RESOLVED, that the Board of Water and Lights' "Records Retention Policy and Disposal Schedule" will be revised as necessary and maintained in accordance with the guidelines set forth in the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965 as amended which specifies that

> 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.

RESOLVED, that this Policy is applicable to public records which are defined as writing prepared, owned, used, in the possession of, or retained by, Board, its Trustees or designees and representatives in the performance of an official function from the time it is created.

RESOLVED, the term "writing" shall include handwriting, typewriting, printing, photostating, photographing, photocopying, and every other means of recording including, but not limited to: letter, words, picture, sounds, symbols, papers, maps, magnetic or paper tapes, photographic films or prints, microfilm, microfiche, magnetic or punched cards, discs, drums, or other means of recording or retaining meaningful content.

RESOLVED, this Policy and Disposal Schedule shall be administered in accordance with the Michigan Freedom of Information Act [MCL 51.231 et seq.] and other applicable laws.

RESOLVED, administering this Policy the Board, its Trustees and its designees and representatives recognize that certain Retirement System records (i.e., closed session minutes, disability retirement applications, disability retirement and medical records, legal opinions, and employee/retiree/beneficiary personal information) are to be kept in a locked/secure location.
