PENSION FUND TRUSTEES MEETING
AGENDA

November 14, 2017

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

Call to Order

Roll Call

Public Comments on Agenda Items

1. Pension Fund Trustees Meeting Minutes of 11/15/16......................................**TAB 1**

2. Pension Trustee Packet Table of Contents ....**TAB 2**

3. Pension Memo ....**TAB 3**

4. Defined Benefit Plan Financials ....**TAB 4-13**
   a. Resolution – Acknowledge DB Investment Policy Statement..........................**TAB 10**
   b. Resolution – Accept DB Trust Agreement ....**TAB 13**

5. Post-Employment Benefit Plan Financials ....**TAB 14-23**
   a. Resolution – Acknowledge VEBA Investment Policy Statement ....**TAB 20**
   b. Resolution – Accept VEBA Trust Agreement ....**TAB 23**

6. Defined Contribution Plan Financials ....**TAB 24-29**

7. Supplemental Information...**TAB 30-32**
   a. Resolution – Accept Audited Financial Statements (FY 2017).........................**TAB 30**
   b. Resolution – Acknowledge Travel & Reimbursement Policy..........................**TAB 32**

Other

Adjourn

LANSING BOARD OF WATER & LIGHT
PENSION FUND TRUSTEES ANNUAL MEETING
November 15, 2016

The Pension Fund Trustees of the Lansing Board of Water & Light (BWL) met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, November 15, 2016. Chairperson David Price called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Trustees Dennis M. Louney, Anthony McCloud, Tony Mullen, David Price and Tracy Thomas.

Absent: Trustees Mark Alley, Ken Ross and Sandra Zerkle

Public Comments
There were no public comments.

Approval of Minutes
Motion by Trustee Thomas and Seconded by Trustee McCloud to approve the Minutes from the November 17, 2015 Pension Fund Trustees' Annual Meeting.

Action: Motion Carried

General Manager Peffley introduced Chief Financial Officer Heather Shawa-DeCook who highlighted the Resolutions that were being considered for approval or acceptance.

The 1st Resolution, consistent with prior years, was to accept the audited financial statements in which all 3 pension plans have a clean unmodified opinion.

The 2nd and 3rd Resolutions were to acknowledge the Defined Benefit (DB) and VEBA Trust Plan Resolutions which were approved by the full Board in September. Resolutions 2 and 3 amended the DB and VEBA Trust documents, approved the new investment policy statements and created a Retirement Plan Committee. The Committee is comprised of the Chief Financial Officer, the Executive Director of Human Resources, and the Manager of Finance. The two Resolutions also delegated the authority described in the new investment policy statements to the newly formed Retirement Plan Committee.

FY 2016 Financial Information Relative to DB, DC and VEBA Plan and Proposed Resolution Adopting the Audited Financial Statements

Chief Financial Officer, Heather Shawa-DeCook provided an overview of the Board of Water & Light's different Pension Plans.

Ms. Shawa-DeCook provided information on the FY 2016 performance of the Defined Benefit Plan (DB), VEBA Trust Plan and Defined Contribution Plan (DC).

Defined Benefit Plan

Ms. Shawa-DeCook stated that Defined Benefit (DB) Plan currently has 400 participants, only 11 of those being active. As of the valuation date of February 29, 2016, the Plan had $63.6 million in plan assets and $62 million in plan liabilities. The BWL is currently over-funded by $1.6 million. This results in a Funded Ratio of 102.6% - down roughly 13.2% from the prior year. For FY 2016, the BWL had $47,000 in investment income, which equates to an 8.5% return. Ms. Shawa-DeCook stated that these results are reflective of the market.

In FY 2015, the BWL paid out $1.7 million in investment income, equaling an approximately 2% return. For FY 2016 the BWL paid $7.9 million in benefits; administrative fees were $388,000.

Retirement Pension Plan – VEBA

Ms. Shawa-DeCook stated that the VEBA Trust, as of the actuarial valuation date of Feb 29, 2016, has 742 active participants and 713 retiree participants. The VEBA plan had $145 million in plan assets and $205 million in plan liabilities. The BWL was 70.8% funded; down just under 8% from the prior year. For FY 2016, the BWL had $949,000 in investment income, equaling a 0.6% return. For the prior FY, the BWL had $3.6 million in investment income, equating to a 2% return. The BWL paid out $9.4 million in benefits, and administrative fees were $832,000.

Ms. Shawa-DeCook stated that currently the BWL's VEBA Plan is projected to be fully funded within 10 years. However, she noted the projection is based on several key assumptions; one to point out was the Rate of Return on Investments over the long range, averaging 7.5%. Also, there were key assumptions on healthcare inflation rates and the mortality rates. Ms. Shawa-DeCook stated that the plan is expected to continue the trend of making steady progress towards becoming fully funded. She noted that there are some upcoming pronouncements over the next 2 fiscal years for the VEBA plan, for which the BWL is prepared for; the Gasby 74 will be effective June 30, 2017 and the Gasby 75 on June 30, 2018.

Defined Contribution (DC) Plan – 401A

Ms. Shawa-DeCook stated that the BWL currently has 915 participants in the DC Plan, of which 705 are active employees and 210 are retirees and beneficiaries. For FY 2016, the DC Plan had $171 million in plan assets, a decrease of $2 million from the prior year. As of FY 2016, the annual fees incurred by plan participants were approximately $975,000, or 0.57% of assets. Approximately $90,000 additional expenses were incurred by some plan participants.

For the DC FY 2016, the BWL had $6.6 million in investment income, which equates to a 4% return.

For FY 2016, the BWL contributed $5.7 million into the Plan. Retired Plan participants withdrew $4 million in regular distributions, and an additional $3.9 million was rolled out into other retirement plans.

Ms. Shawa-DeCook stated that employees are allowed to take out loans against the DC plan. Currently, the BWL has 371 loans outstanding, slightly less than 396 from last year. The average carrying value of the loan outstanding is approximately $4.3 million. The average loan amount outstanding is approximately $11,621.00. Overall loan usage has been trending down over the last 3 years.

ICMA, the BWL's DC provider, has in the past provided comparisons of the BWL's plan to a typical 401A plan and observed that the BWL's employees are more sophisticated in their investment approach: Employees rely less on stable value, they utilize investment advice more and they tend to invest in typical investments, such as specialty funds and guarantee minimum withdrawal benefit funds. To assist employees in making informed decisions about retirement savings goals, the BWL offers a robust education by providing employees opportunities to meet with ICMA on a weekly basis, as well as a user-friendly website with an array of online, digital and printed educational data.

Ms. Shawa-DeCook provided additional information:

- The Plan and Trust documents for all 3 plans are currently undergoing a review by internal and external legal counsel. The primary objective of this review is to make sure that corresponding Plan and Trust documents are clearly stated, properly aligned and in compliance with relevant law which has changed over time.
- The BWL's current agreement with ICMA for the Administration of the DC Plan expires in July of 2017; there will be a RFP Process as these services have not been bid out since 2008.

PROPOSED RESOLUTION

Acceptance of 2016 Audited Financial Statements For Defined Benefit Pension Plan, Defined Contribution Pension Plan, And Retiree Benefit Plan (VEBA)

Motion by Trustee Thomas, Seconded by Trustee Mullen, to forward the Resolution to the full Board for consideration.

Action: Motion Carried

Acknowledgement of Amendment of Pension Plan Trust; and Delegation of Investment Authority Resolution

Motion by Trustee McCloud, Seconded by Trustee Mullen, to acknowledge the Amendment to the Pension Plan Trust and the Delegation of Investment Authority.

Action: Motion Carried

Acknowledgement of Amendment of Retiree Medical Plan Trust; and Delegation of Investment Authority Resolution

Motion by Trustee Mullen, Seconded by Trustee Thomas, to acknowledge the Amendment to the Retiree Medical Plan Trust and the Delegation of Investment Authority.

Action: Motion Carried

Excused Absences
Motion by Trustee McCloud, Seconded by Trustee Thomas, to excuse Trustees Mark Alley, Ken Ross and Sandra Zerkle from tonight's meeting.

Action: Motion Carried

Adjourn
There being no further business, the Pension Fund Trustees meeting adjourned at 5:18 p.m.

Lansing Board of Water and Light
FY 2017 Pension Trustee Packet – Table of Contents

Hometown People. Hometown Power.

M E M O R A N D U M

From: Heather Shawa, Chief Financial Officer

To: Board of Water and Light Pension Trustees

Date: November 9, 2017

Subject: Annual Pension Trustee Meeting – November 14, 2017

At the Annual Trustee Meeting to be held November 14, 2017, staff will give a brief overview of the Fiscal Year 2017 (FY) financial performance of the Defined Benefit Plan (DB), the Post-Employment Benefit Plan (VEBA), and the Defined Contribution Plan (DC) and answer any questions. Representatives from Asset Consulting Group (ACG) will be present concerning DB and VEBA. ICMA-RC representatives will also be in attendance concerning DC.

Audited financial reports for each of the three plans are included as attachments. Baker Tilly 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, 2017. Baker Tilly also indicates that 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 2017.

Bogdahn Group, formerly Asset Strategies, served as investment advisor to the Board of Water and Light from April 2016 through February 2017 for DB and VEBA. In February 2017, the Board of Water and Light hired ACG to replace Bogdahn Group.

A review of the investment managers for DB and VEBA is also included. The performance of all six managers is shown on the following pages.

Also of interest are the actuarial reports attached for DB and VEBA. These actuarial reports were prepared by Nyhart using information from the 12 months ended June 30, 2017. Nyhart calculated the funding status and required contribution for each Plan. A brief overview of the complete report (attached) is shown below.

Defined Benefit Plan

	As of 6/30/2017	As of 6/30/2016
Target Contribution	$0	$0
Accrued Liability	$56.9 million	$61.2 million
Value of Plan Assets	$65.9 million	$65.4 million
Funded Ratio	115.9%	107.0%
Amount **Over** Funded	$9.0 million	$4.2 million

Post-Employment Benefit Plan

	As of 06/30/2017	As of 03/01/2016*
Target Contribution	$7.5 million	$7.5 million
Accrued Liability	$205.6 million	$205.2 million
Value of Plan Assets	$173.6 million	$145.3 million
Funded Ratio	84.4%	70.8%
Amount **Under** Funded	$32.0 million	$59.9 million

* Due to adoption of GASB 74/75 reporting vs GASB 45, all future reporting will be as of fiscal year end.

The current investment managers employed by the BWL are as follows:

	Fund Allocation as of 06/30/2017	
Asset Class:	**DB**	**VEBA**
US Large Cap Equity:		
Loomis Sayles	20.0%	21.6%
US Small/Mid Cap Equity:		
Advisory Research	10.9%	10.4%
Non US Equity:		
JPMorgan International (Value)	14.8%	10.8%
Fixed Income:		
JPMorgan (Core)	33.1%	37.3%
Large Cap Value:		
Vanguard	19.1%	19.8%
Private Credit:		
Access Bidco LLC	1.7%	0.0%

Management Fees as of June 30, 2017:

	Manager Fee	Custodial Fee*	ACG Fee*	Total Fee
US Large Cap Equity				
Loomis Sayles	0.50%	0.03%	0.05%	0.58%
US Small/Mid Cap Equity				
Advisory Research	0.96%	0.03%	0.05%	1.04%
International Value				
JP Morgan	0.73%	0.03%	0.05%	0.81%
Fixed Income				
JP Morgan (Core)	0.30%	0.03%	0.05%	0.38%
Large Cap Value				
Vanguard	0.08%	0.03%	0.05%	0.16%

* The Custodial Fee and ACG Fee are flat dollar costs. For purposes of this report, those fees are shown as a weighted average of total assets under management.

Note: Access Bidco is not shown on the fee table above as it is a direct investment and has no related, recurring fees.

Performance of Investment Managers:

The chart below shows the investment returns from inception through June 30, 2017 for the six current investment managers employed by the BWL. These returns are compared to the market index that most closely resembles each investment manager's style. Note that due to differing individual portfolio start dates, and different investment sectors, the comparative market index will vary from manager to manager.

Defined Benefit Plan Manager:	Inception Date	Return	Index
Loomis Sayles (LC Equity)	01/13	16.78%	15.95%
Advisory Research (SC Equity)	07/09	12.57%	15.57%
JP Morgan (Core)	01/09	4.42%	3.95%
JP Morgan (International Value)	04/09	8.47%	10.50%
Vanguard (Russell 1000 Value)	05/17	1.52%	1.54%
Access Bidco (Private Credit)	1991	9.02%	N/A

Post-Employment Benefit Plan Manager:	Inception Date	Return	Index
Loomis Sayles (LC Equity)	01/13	16.26%	15.95%
Advisory Research (SC Equity)	07/09	12.07%	15.57%
JP Morgan (Core)	01/09	4.46%	3.95%
JP Morgan (International Value)	04/09	8.31%	10.50%
Vanguard (Russell 1000 Value)	05/17	1.52%	1.54%

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

Financial Report

with Required Supplemental Information

As of and for the Years Ended June 30, 2017 and 2016

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

Contents

BAKER TILLY

INDEPENDENT AUDITORS' 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, 2017 and 2016, and the related notes to the 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.

Auditors' 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 auditors' 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 Plan'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 Plan'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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan as of June 30, 2017 and 2016, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 13, 2017

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:

	2017	2016	2015
Assets held in trust:			
Money market collective trust fund	$ 1,088,909	$ 746,554	$ 2,321,310
U.S. government obligations	9,053,469	7,565,160	6,659,203
Fixed income securities	12,156,276	10,491,022	11,312,551
Mutual funds	22,381,599	7,908,757	925,065
Partnership	1,117,790	1,101,086	1,098,790
Common stock	19,938,242	37,486,031	51,257,647
Trade Receivable due from Broker	46,051	-	-
Interest and dividend receivable	153,010	143,225	104,768
Total assets held in trust	**$ 65,935,346**	**$ 65,441,835**	**$ 73,679,334**
Liabilities - Accrued liabilities	$ 11,533	$ -	$ -
Net position restricted for pension	65,923,813	65,441,835	73,679,334
Total liabilities and net position	**$ 65,935,346**	**$ 65,441,835**	**$ 73,679,334**
Changes in net position:			
Net investment income (loss)	$ 8,271,675	$ 46,762	$ 1,771,423
Benefits payments	(7,472,625)	(7,895,766)	(8,045,948)
Administrative fees	(317,072)	(388,495)	(576,122)
Net change in net position	**$ 481,978**	**$ (8,237,499)**	**$ (6,850,647)**

During fiscal year 2017, net investment gain was $8,272,000. We believe this performance is consistent with the experience of similarly situated employee benefit funds.

Employer contributions were $0 in fiscal year 2017 according to the Board of Water and Light - City of Lansing, Michigan's (the "BWL") annual required contribution (ARC) as determined by the BWL's actuary.

Benefit payments in fiscal year decreased by $0.4 million to $7.5 million. This was due to a decrease in funds distributed in the form of lump-sum payouts upon retirement in fiscal year 2017 as compared to fiscal year 2016.

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:

U.S. Equities	35%
Non-U.S. Equities	10%
Global Fixed Income	35%
Commercial Real Estate	10%
Alternative Investments	10%

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 2017. The board does not expect to make contributions to the trust in fiscal year 2018.

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

Contacting the Plan's Management

This financial report is intended to provide a general overview of the Plan's finances and to show accountability for the money it receives. If you have questions about this report or need additional information, you may write the Board of Water and Light, Chief Financial Officer, P.O. Box 13007, Lansing, Michigan 48901-3007.

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

Statement of Plan Net Position

	As of June 30	
	2017	2016
Assets		
Investments at fair value:		
Cash and money market trust fund	$ 1,088,909	$ 746,554
U.S. government obligations	9,053,469	7,565,160
Fixed income securities	12,156,276	10,491,022
Mutual funds	22,381,599	7,908,757
Partnership	1,117,790	1,101,086
Common stocks	19,938,242	37,486,031
Total investments at fair value	65,736,285	65,298,610
Trade receivable - due from broker	46,051	-
Receivable - investment interest receivable	153,010	143,225
Total assets	65,935,346	65,441,835
Liabilities		
Trade payable - due to broker	11,533	-
Net Position Restricted for Pensions	**$ 65,923,813**	**$ 65,441,835**

See Notes to Financial Statements.

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

Statement of Changes in Plan Net Position

	For the Year Ended June 30	
	2017	2016
Additions		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ 6,553,152	$ (1,459,436)
Interest and dividend income	1,718,523	1,506,198
Total investment income	8,271,675	46,762
Deductions		
Retiree benefits paid	7,472,625	7,895,766
Administrative expenses	317,072	388,495
Total deductions	7,789,697	8,284,261
Net Increase (Decrease) in Net Position held in trust	481,978	(8,237,499)
Net Position Restricted for Pensions		
Beginning of year	65,441,835	73,679,334
End of year	**$ 65,923,813**	**$ 65,441,835**

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 Plan when hired. A participant's interest shall be fully vested when the participant has been credited with seven years of vesting service. The Plan was established in 1939 and has been amended several times, with the latest amendment taking effect on July 1, 2010. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

Accounting and Reporting Principles

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

Basis of Accounting

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

Report Presentation

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

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.

Expenses – Substantially all costs and expenses incurred in connection with the operation and administration of the Plan are paid by the BWL, the plan sponsor. The Plan does pay all expenses incurred in connection with the custodial safekeeping account and investment advisor fees. 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

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

Note 2 - Plan Description

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

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

Note 2 - Plan Description (Continued)

Plan Membership - At February 28, 2017 and February 29, 2016 (the most recent actuarial valuation for funding purposes), plan membership consisted of the following:

	2017	2016
Inactive plan members or beneficiaries currently receiving benefits	368	382
Inactive plan members entitled to but not yet receiving benefits	6	7
Active plan members	8	11
Total	382	400

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, 2017 and 2016. Plan documents do not require participant contributions.

Plan Termination - Although the BWL Pension Board has not expressed any intent to terminate the Plan, the BWL Pension Board has the right to do so at any time. 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 to be paid to each individual in any of the forms permitted by the Plan would be calculated in accordance with the Plan document. On termination of the Plan, each employee would have recourse toward satisfaction of his or her nonforfeitable benefit from the Plan assets and from the general assets of the BWL and its successor.

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.

Note 3 - Cash, Investments, and Fair Disclosure

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.

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. The Plan does not have any deposits exposed to custodial credit risk.

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. The average maturities of investments are as follows as of June 30, 2017:

Investment	Fair Value	Weighted Average Maturity
U.S. government obligations	$ 9,053,469	12.53 Years
Fixed income securities	12,156,276	12.83 Years
Money market trust fund	1,088,909	Less than 1 year
Portfolio weighted average maturity		12.70 years

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

The average maturities of investments are as follows as of June 30, 2016:

Investment	Fair Value	Weighted Average Maturity
U.S. government obligations	$ 7,565,160	14.26 years
Fixed income securities	10,491,022	13.56 years
Money market trust fund	743,295	Less than 1 year
Portfolio weighted average maturity		13.33 years

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. The credit quality ratings of debt securities are as follows as of June 30, 2017:

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations	$ 9,053,469	Not rated	Not rated
Fixed income securities	596,786	AAA	S&P
Fixed income securities	4,853,253	AA+	S&P
Fixed income securities	473,265	AA	S&P
Fixed income securities	438,373	AA-	S&P
Fixed income securities	284,823	A+	S&P
Fixed income securities	1,222,741	A	S&P
Fixed income securities	978,958	A-	S&P
Fixed income securities	1,884,579	BBB+	S&P
Fixed income securities	916,393	BBB	S&P
Fixed income securities	404,115	BBB-	S&P
Fixed income securities	8,170	BB+	S&P
Fixed income securities	94,820	CCC	S&P
Money market trust funds	1,088,909	Not rated	Not rated

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

The credit quality ratings of debt securities are as follows as of June 30, 2016:

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations	$ 7,565,160	Not rated	Not rated
Fixed income securities	348,392	AAA	S&P
Fixed income securities	4,684,590	AA+	S&P
Fixed income securities	154,460	AA	S&P
Fixed income securities	82,918	AA-	S&P
Fixed income securities	397,026	A+	S&P
Fixed income securities	1,020,452	A	S&P
Fixed income securities	959,554	A-	S&P
Fixed income securities	1,536,681	BBB+	S&P
Fixed income securities	932,173	BBB	S&P
Fixed income securities	235,907	BBB-	S&P
Fixed income securities	8,185	BB+	S&P
Fixed income securities	18,900	BB	S&P
Fixed income securities	5,440	BB-	S&P
Fixed income securities	106,344	CCC	S&P
Money market trust funds	746,554	Not rated	Not rated

Note 4 - 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, 2017 and 2016, there were no excess pension plan assets available for transfer.

Note 5 - 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 Plan continues to operate as a qualified plan.

Note 6 - 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, 2017 and 2016:

Asset Class	2017 Target Allocation	2016 Target Allocation
Global Fixed Income	35%	31%
U.S. Equities	35%	55%
Non-U.S. Equities	10%	14%
Commercial real estate	10%	N/A
Alternative Investments	10%	N/A

Rate of Return - For the year ended June 30, 2017, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.10 percent. For the year ended June 30, 2016, the annual money-weighted rate of return on plan investments, net of plan investment expense, was (0.49) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 7 - Net Pension Asset of the BWL

The components of the net pension asset of the BWL at June 30, 2017 and 2016 were as follows (in thousands):

	2017	2016
Total pension liability	56,895	$ 61,178
Plan fiduciary net pension	65,924	65,442
Plan's net pension asset	(9,029)	$ (4,264)
Plan fiduciary net position, as a percentage of the total pension liability	115.87%	106.97%

Actuarial Assumptions – The June 30, 2017 total pension liability was determined by an actuarial valuation as of February 28, 2017, which used update procedures to roll forward the estimated liability to June 30, 2017. The June 30, 2016 total pension liability was determined by an actuarial valuation as of February 29, 2016, which used update procedures to roll forward the estimated liability to June 30, 2016. The total pension liability is determined by the Plan's independent actuary and is that amount that results from applying actuarial assumptions to adjust the total pension liability to reflect the time value of money (through discounts for interest) and the probability of payment (by means of decrements such as for death, disability, withdrawal, or retirement) between the valuation date and the expected date of payment. Nyhart Actuary & Employee Benefits was the actuary for the February 28, 2017 and February 29, 2016 valuations. The valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50%
Investment rate of return	7.50%

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

Note 7 - Net Pension Asset of the BWL (Continued)

The mortality table was based on the RP-2014 mortality table with MP-2016 Improvement Scale.

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

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

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, 2017 and 2016 for each major asset class included in the pension plan's target asset allocation, as disclosed in Note 6, are summarized in the following table:

Asset Class	2017 Long-term Expected Real Rate of Return	2016 Long-term Expected Real Rate of Return
Fixed income	2.54%	2.00%
Domestic equity	7.94%	6.40%
International equity	8.66%	6.80%
Real estate	5.88%	N/A

Note 7 - 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 at June 30, 2017, 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)	$ (4,900)	$ (9,029)	$ (12,879)

The following presents the net pension asset of the BWL at June 30, 2016, 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)	$ 334	$ (4,264)	$ (8,541)

Note 9 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 – Inputs to the valuation methodology include:

> quoted prices for similar assets or liabilities in active markets;
> quoted prices for identical or similar assets or liabilities in inactive markets;
> inputs other than quoted prices that are observable for the asset or liability;
> inputs that are derived principally from or corroborated by observable market data by correlation or other means.
> If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

Note 9 – Fair Value Measurements (Continued)

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016:

Money market fund: Valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

U.S. government obligations, common stock and fixed income securities: Valued at the most recent closing price reported on the market on which individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Partnership: Valued using either NAV, valuations provided by management reflecting the partnership's share of capital account balance, or the income and market approach.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Note 9 – Fair Value Measurements (Continued)

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2017 and 2016:

	June 30, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ –	$ 1,088,909	$ –	$ 1,088,909
U.S. government obligations	–	9,053,469	–	9,053,469
Fixed income securities	–	12,156,276	–	12,156,276
Mutual funds	–	22,381,599	–	22,381,599
Partnership	–	–	1,117,790	1,117,790
Common stocks	19,938,242	–	–	19,938,242
Total	$ 19,938,242	$ 44,680,253	$ 1,117,790	$ 65,736,285

	June 30, 2016			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ –	$ 746,554	$ –	$ 746,554
U.S. government obligations	–	7,565,160	–	7,565,160
Fixed income securities	–	10,491,022	–	10,491,022
Mutual funds	–	7,908,757	–	7,908,757
Partnership	–	–	1,101,086	1,101,086
Common stocks	37,486,031	–	–	37,486,031
Total	$ 37,486,031	$ 26,711,493	$ 1,101,086	$ 65,298,610

Note 9 – Risks and Uncertainties

The total pension liability is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

In addition, the Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Plan Net Position.

Note 10 – Subsequent Events

The Plan has evaluated subsequent events occurring through the date that the Plan's financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements. There are no subsequent events warranting disclosures.

Required Supplemental Information

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

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

	2017	2016	2015	2014	2013	2012*	2011*	2010*	2009*	2008*
Total Pension Liability										
Service cost	$ 113	$ 223	$ 274	$ 349	$ 407	$ -	$ -	$ -	$ -	$ -
Interest	4,317	4,625	4,919	4,751	5,085	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(383)	299	(1,093)	964	(1,716)	-	-	-	-	-
Changes in assumptions **	(857)	(1,468)	-	4,538	-	-	-	-	-	-
Benefit payments, including refunds	(7,473)	(7,896)	(8,046)	(8,541)	(7,777)	-	-	-	-	-
Net Change in Total Pension Liability	(4,283)	(4,217)	(3,946)	2,061	(4,001)	-	-	-	-	-
Total Pension Liability - Beginning of year	61,178	65,395	69,341	67,280	71,281	-	-	-	-	-
Total Pension Liability - End of year	56,895	61,178	65,395	69,341	67,280	-	-	-	-	-
Plan Net Position										
Contributions - Employer	-	-	-	-	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	8,272	47	1,771	14,243	10,170	-	-	-	-	-
Administrative expenses	(317)	(388)	(576)	(596)	(536)	-	-	-	-	-
Benefit payments, including refunds	(7,473)	(7,896)	(8,045)	(8,541)	(7,777)	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	482	(8,237)	(6,850)	5,106	1,857	-	-	-	-	-
Net Position Retricted for Pensions - Beginning of year	65,442	73,679	80,529	75,424	73,567	-	-	-	-	-
Net Position Restricted for Pensions - End of year	65,924	65,442	73,679	80,530	75,424	-	-	-	-	-
BWL Net Pension Asset - Ending	**$ (9,029)**	**$ (4,264)**	**$ (8,284)**	**$ (11,189)**	**$ (8,144)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plan Net Position as a % of Total Pension Liability	115.87%	106.97%	112.67%	116.14%	112.10%	- %	- %	- %	- %	- %
Covered Employee Payroll	586	772	1,018	1,225	1,684	-	-	-	-	-
BWL's Net Pension Asset as a % of Covered Employee Payroll	(1,541%)	(552%)	(814%)	(913%)	(484%)	- %	- %	- %	- %	- %

*GASB Statement No. 67 was implemented as of June 30, 2014. Information from 2008 - 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 in 2014.

**Related to change in the mortality assumption from the RP-2014 Mortality Table with MP-2015 Improvement Scale in 2016.

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

Required Supplemental Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ 86	$ 2,109	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	86	2,109	-	-
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	586	772	1,018	1,225	1,684	2,101	2,398	2,660	3,089	3,162
Contributions as a Percentage of Covered Employee Payroll	- %	- %	- %	- %	- %	- %	3.59%	79.29%	- %	- %

See Note to Required Supplemental Information.

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2017, based on roll-forward of March 1, 2017 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age method
Amortization method	Level dollar over a 15-year period
Remaining amortization period	15 years
Asset valuation method	Market value of the assets
Inflation	3.0 percent
Salary increases	3.5 percent per year
Investment rate of return	7.5 percent per year compounded annually
Mortality	RP-2014 Mortality Table with MP-2016 Improvement Scale

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

Required Supplemental Information (Unaudited)
Schedule of Investment Returns
Last Ten Fiscal Years

	2017	2016	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*
Annual money-weighted rate of return, net of investment expense	12.10%	(0.49%)	1.55%	19.18%	- %	- %	- %	- %	- %	- %

*GASB 67 was implemented as of June 30, 2014. Information from 2008 - 2013 is not available and this schedule will be presented on a prospective basis

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

June 30, 2017

GASB Nos. 67 & 68 Report

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

The information presented in this report is based on:

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

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

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

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

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

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

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

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

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

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

Nyhart

Heath W Merlak

Heath W. Merlak, FSA, EA, MAAA

Danielle Winegardner

Danielle Winegardner, ASA, EA, MAAA

07/24/2017

Net Pension Liability

The components of the net pension liability at June 30	06/30/2017	06/30/2016
Total pension liability	$ 56,894,658	$ 61,177,845
Plan fiduciary net position	(65,923,813)	(65,441,835)
Net pension liability	$ (9,029,155)	$ (4,263,990)
Plan fiduciary net position as a percent of the total pension liability	115.87%	106.97%
Pension Expense for the Fiscal Year Ended June 30	$ (1,803,742)	$ (1,111,385)

Actuarial Assumptions

The total pension liability was determined using the following actuarial assumptions

Inflation	3.00%	3.00%
Salary increases, including inflation	3.50%	3.50%
Investment rate of return, including inflation, and net of investment expense	7.50%	7.50%

Plan Membership

The total pension liability was determined based on the plan membership as of March 1	2017	2016
Inactive plan members and beneficiaries currently receiving benefits	368	382
Inactive plan members entitled to but not yet receiving benefits	6	7
Active plan members	8	11
Total members	382	400

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Assets	**06/30/2017**	**06/30/2016**
Cash and deposits	$ 1,088,909	$ 746,554
Securities lending cash collateral	0	0
Total cash	$ 1,088,909	$ 746,554
Receivables:		
Contributions	$ 0	$ 0
Due from broker for investments sold	0	0
Investment income	187,528	143,225
Other	0	0
Total receivables	$ 187,528	$ 143,225
Investments:		
Global fixed income securities	$ 21,209,745	$ 18,056,182
Domestic equities	43,437,631	46,495,874
International equities	0	0
Real estate	0	0
Total investments	$ 64,647,376	$ 64,552,056
Total assets	$ 65,923,813	$ 65,441,835
Liabilities		
Payables:		
Investment management fees	$ 0	$ 0
Due to broker for investments purchased	0	0
Collateral payable for securities lending	0	0
Other	0	0
Total liabilities	$ 0	$ 0
Net position restricted for pensions	**$ 65,923,813**	**$ 65,441,835**

	06/30/2017	06/30/2016
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	$ 6,553,151	$ (1,459,436)
Interest and dividends	1,718,523	1,506,198
Less investment expense, other than from securities lending	0	0
Net income other than from securities lending	$ 8,271,674	$ 46,762
Securities lending income	0	0
Less securities lending expense	0	0
Net income from securities lending	$ 0	$ 0
Net investment income	$ 8,271,674	$ 46,762
Other	0	0
Total additions	$ 8,271,674	$ 46,762
Deductions		
Benefit payments, including refunds of member contributions	$ 7,472,625	$ 7,895,767
Administrative expense	317,071	388,495
Other	0	0
Total deductions	$ 7,789,696	$ 8,284,262
Net increase in net position	$ 481,978	$ (8,237,500)
Net position restricted for pensions		
Beginning of year	65,441,835	73,679,335
End of year	$ 65,923,813	$ 65,441,835

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	06/30/2017	06/30/2016	06/30/2015	06/30/2014
Total pension liability				
Service cost	$ 112,672	$ 223,219	$ 274,052	$ $348,952
Interest	4,316,565	4,625,283	4,919,427	4,751,843
Changes of benefit terms	0	0	0	0
Differences between expected and actual experience	(383,137)	299,179	(1,093,705)	964,016
Changes of assumptions	(856,662)	(1,469,174)	0	4,538,152
Benefit payments, including refunds of member contributions	(7,472,625)	(7,895,767)	(8,045,948)	(8,541,275)
Net change in total pension liability	(4,283,187)	(4,217,260)	(3,946,174)	2,061,688
Total pension liability - beginning	61,177,845	65,395,105	69,341,279	67,279,591
Total pension liability - ending (a)	**$ 56,894,658**	**$ 61,177,845**	**$ 65,395,105**	**$ 69,341,279**
Plan fiduciary net position				
Contributions - employer	$ 0	$ 0	$ 0	$ 0
Contributions - member	0	0	0	0
Contributions - nonemployer contributing member	0	0	0	0
Net investment income	8,271,674	46,762	1,771,424	14,243,164
Benefit payments, including refunds of member contributions	(7,472,625)	(7,895,767)	(8,045,948)	(8,541,275)
Administrative expenses	(317,071)	(388,495)	(576,122)	(595,925)
Other	0	0	0	0
Net change in plan fiduciary net position	$ 481,978	$ (8,237,500)	$ (6,850,646)	$ 5,105,964
Plan fiduciary net position - beginning	65,441,835	73,679,335	80,529,981	75,424,017
Plan fiduciary net position - ending (b)	**$ 65,923,813**	**$ 65,441,835**	**$ 73,679,335**	**$ $80,529,981**
Net pension liability - ending (a) - (b)	**$ (9,029,155)**	**$ (4,263,990)**	**$ (8,284,230)**	**$ ($11,188,702)**
Plan fiduciary net position as a percentage of the total pension liability	115.87%	106.97%	112.67%	116.14%
Covered-employee payroll	$ 586,181	$ 771,810	$ 1,017,849	$ 1,224,727
Net pension liability as percentage of covered-employee payroll	-1,540.34%	-552.47%	-813.90%	-913.57%

nyhart

Fiscal year ending	06/30/2017	06/30/2016
Service cost	$ 112,672	$ 223,219
Interest on total pension liability	4,316,565	4,625,283
Projected earnings on pension plan investments	(4,616,024)	(5,215,290)
Changes of benefit terms	0	0
Employee contributions	0	0
Pension plan administrative expense	317,071	388,495
Other changes	0	0
Current period recognition of deferred outflows/(inflows) of resources		
Differences between Expected & Actual Experience in measurement of the Total Pension Liability	$ (383,137)	$ 299,179
Changes of assumptions	(856,662)	(1,469,174)
Differences between Projected & Actual Earnings on Pension Plan Investments	(694,227)	36,903
Total	$ (1,803,742)	$ (1,111,385)

nyhart

Differences between expected and actuarial experience in measurement of the total pension liability for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2017 Balance
June 30, 2017	$ (383,137)	1.0	$ (383,137)	$ 0
			$ (383,137)	$ 0

Changes in assumptions for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2017 Balance
June 30, 2017	$ (856,662)	1.0	$ (856,662)	$ 0
			$ (856,662)	$ 0

Differences between projected and actual earnings on pension plan investments for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2017 Balance
June 30, 2017	$ (3,655,650)	5.0	$ (731,130)	$ (2,924,520)
June 30, 2016	$ 5,168,528	5.0	$ 1,033,706	$ 3,101,116
June 30, 2015	$ 3,944,996	5.0	788,999	$ 1,577,999
June 30, 2014	$ (8,929,008)	5.0	$ (1,785,802)	$ (1,785,800)
Total			$ (694,227)	$ (31,205)

nyhart

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 0
Changes of Assumptions	$ 0	$ 0
Net difference between projected and actual earnings on pension plan investments	$ 4,679,115	$ (4,710,320)
	$ 4,679,115	$ (4,710,320)

The balances as of June 30, 2017 of the deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending June 30.

2018	$(694,225)
2019	$ 1,091,576
2020	$ 302,574
2021	$(731,130)
2022	$ 0
Thereafter	$ 0

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These expected future real rates of return are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2017 are summarized in the following table:

Asset class	Target allocation	Long-term expected real rate of return
Global fixed income securities	40.0%	*2.54%*
Domestic equities	40.0%	*7.94%*
International equities	10.0%	*8.66%*
Real estate	10.0%	*5.88%*
Cash	0.0%	*0.00%*
Total	100.0%	

Long-term expected rate of return is 7.50%.

Discount rate

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	$ (4,900,393)	$ (9,029,155)	$ (12,878,570)

	2017	2016	2015	2014	2013
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	$ 586,181	$ 771,810	$ 1,017,849	$ 1,224,727	$ 1,683,696
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

	2012	2011	2010	2009	2008
Actuarially determined contribution	$ 0	$ 85,652	$ 2,109,167	$ 0	$ 0
Contributions in relation to the actuarially determined contribution	0	85,652	2,109,167	0	0
Contribution deficiency (excess)	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Covered-employee payroll	$ 2,101,442	$ 2,397,921	$ 2,659,851	$ 3,089,358	$ 3,161,594
Contributions as a percentage of covered-employee payroll	0.00%	3.57%	79.30%	0.00%	0.00%

Actuarial Cost Method	Entry Age Method
Asset Valuation Method	Market Value of Assets
Interest Rate	7.50% per year net of investment expenses
Inflation	3.00% per year
Measurement Date	June 30, 2017, based on roll-forward of March 1, 2017 valuation
Cost of Living Increases	N/A
Mortality Rates	RP-2014 projected using fully generational improvements based on MP-2016 from 2006
All other assumptions	As described in the assumptions section of the actuarially determined contribution

Except where otherwise indicated, the following assumptions were selected by the plan sponsor with the concurrence of the actuary. Prescribed assumptions are based on the requirements of the relevant law, the Internal Revenue Code, and applicable regulation. The actuary was not able to evaluate the prescribed assumptions for reasonableness for the purpose of the measurement.

Valuation Date	June 30, 2017
Participant and Asset Information Collected as of	February 28, 2017
Cost Method (CO)	Projected Unit Credit
Amortization Method (CO)	15 year closed level dollar amortization of Unfunded Actuarial Accrued Liability
Asset Valuation Method	Gains or losses on the Market Value of Assets are recognized over five years, subject to a 20% corridor around the Market Value of Assets
Interest Rates (CO)	7.50%, net of expenses
Annual Pay Increases (FE)	3.50% per year
Expense and/or Contingency Loading (FE)	None
Mortality Rates (FE)	
Healthy and Disabled	RP-2014 projected using fully generational improvements based on MP-2016 from 2006
Withdrawal Rates (FE)	None
Payment Form (FE)	All participants are assumed to elect a single life annuity
Marital Status and Ages (FE)	100% of Participants assumed to be married with wives assumed to be 3 years younger than husbands.

Other procedure (FE)

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)

Retirement Rates (FE)

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%

Disability Rates (FE)

1985 Pension Disability Incident Class 1 rates for males and females.
Sample rates include

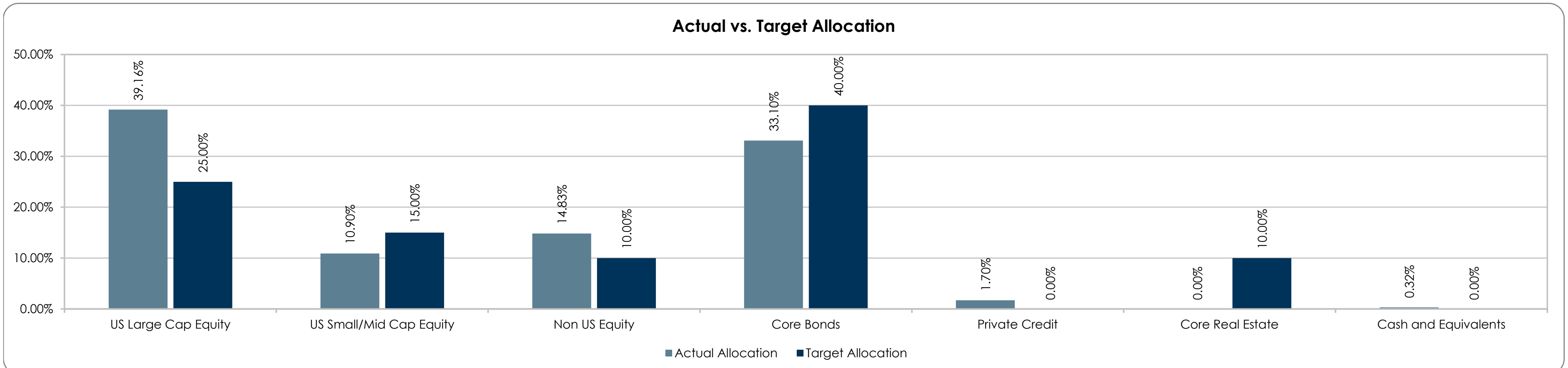
Age	Men	Women
25	0.04%	0.05%
30	0.05%	0.08%
40	0.12%	0.21%
50	0.36%	0.53%
55	0.72%	0.95%

FE indicates an assumption representing an estimate of future experience
MD indicates an assumption representing observations of estimates inherent in market data
CO indicates an assumption representing a combination of an estimate of future experience and observations of market data

The plan provisions for measuring liabilities in this report match those shown in the February 28, 2017 funding valuation report.

Lansing Board of Water & Light Defined Benefit

For the Periods Ending June 30, 2017



Asset Class	Market Value ($000s)	Actual Allocation (%)	Target Allocation (%)	Over/ Under (%)	Range Min - Max (%)	
Total Portfolio	**65,912**	**100.00**	**100.00**			
Equity	**42,767**	**64.89**	**50.00**	**14.89**		
US Equity	32,994	50.06	40.00	10.06	35.00	70.00
US Large Cap Equity	25,813	39.16	25.00	14.16		
US Small/Mid Cap Equity	7,181	10.90	15.00	-4.10		
Non US Equity	9,773	14.83	10.00	4.83	0.00	20.00
Fixed Income	**21,815**	**33.10**	**40.00**	**-6.90**	**30.00**	**50.00**
Core Bonds	21,815	33.10	40.00	-6.90	--	--
Private Credit	**1,118**	**1.70**	**0.00**	**1.70**		
Real Assets	**0**	**0.00**	**10.00**	**-10.00**	**0.00**	**10.00**
Core Real Estate	0	0.00	10.00	-10.00	0.00	10.00
Cash and Equivalents	**211**	**0.32**	**0.00**	**0.32**	**0.00**	**5.00**

	Mar 2017 Market Value ($000s)	Jun 2017 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Lansing Board of Water and Light Pension Fund (07/04)	**65,756**	**65,912**	**100.00**	**0.79**	**2.84**	**8.88**	**13.75**	**5.29**	**9.71**	**6.15**
Policy Index [1]				*0.47*	*2.65*	*6.59*	*12.34*	*5.83*	*9.87*	*7.12*

Lansing Board of Water & Light Defined Benefit

For the Periods Ending June 30, 2017

	Mar 2017 Market Value ($000s)	Jun 2017 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Lansing Board of Water and Light Pension Fund (07/04)	**65,756**	**65,912**	**100.00**	**0.79**	**2.84**	**8.88**	**13.75**	**5.29**	**9.71**	**6.15**
Policy Index [1]				*0.47*	*2.65*	*6.59*	*12.34*	*5.83*	*9.87*	*7.12*
US Large Cap Equity (01/17)	**30,543**	**25,813**	**39.16**	**1.36**	**5.39**	**14.74**	**--**	**--**	**--**	**14.74**
Russell 1000				*0.70*	*3.06*	*9.27*	*18.03*	*9.26*	*14.67*	*9.27*
US Small/Mid Cap Equity (01/17)	**7,440**	**7,181**	**10.90**	**1.56**	**-3.35**	**0.26**	**--**	**--**	**--**	**0.26**
Russell 2500 Value				*2.66*	*0.32*	*1.95*	*18.36*	*6.21*	*13.69*	*1.95*
Non US Equity (01/17) *	**9,334**	**9,773**	**14.83**	**0.89**	**4.70**	**11.58**	**--**	**--**	**--**	**11.58**
MSCI EAFE				*-0.15*	*6.37*	*14.23*	*20.83*	*1.61*	*9.18*	*14.23*
Fixed Income (01/17)	**17,235**	**21,815**	**33.10**	**-0.16**	**1.42**	**2.41**	**--**	**--**	**--**	**2.41**
BloomBar US Aggregate				*-0.10*	*1.45*	*2.27*	*-0.31*	*2.48*	*2.21*	*2.27*
Private Credit (01/17)	**1,118**	**1,118**	**1.70**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Cash and Equivalents (01/17)	**86**	**211**	**0.32**	**0.06**	**0.15**	**0.26**	**--**	**--**	**--**	**0.26**
US T-Bills 90 Day				*0.08*	*0.20*	*0.31*	*0.49*	*0.23*	*0.17*	*0.31*

Lansing Board of Water & Light Defined Benefit

For the Periods Ending June 30, 2017

	Mar 2017 Market Value ($000s)	Jun 2017 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Equity (01/17)	**47,318**	**42,767**	**64.89**	**1.30**	**3.78**	**11.71**	**--**	**--**	**--**	**11.71**
US Large Cap Equity										
Loomis Sayles (01/13)	**30,543**	**13,205**	**20.03**	**1.11**	**9.17**	**18.85**	**23.60**	**14.88**	**--**	**16.78**
Russell 1000 Growth				*-0.26*	*4.67*	*14.00*	*20.42*	*11.11*	*15.30*	*15.95*
Vanguard Russell 1000 Value (05/17) *	**0**	**12,608**	**19.13**	**1.62**	**--**	**--**	**--**	**--**	**--**	**1.52**
Russell 1000 Value				*1.63*	*1.34*	*4.66*	*15.53*	*7.36*	*13.94*	*1.54*
US Small/Mid Cap Equity										
Advisory Research (07/09)	**7,440**	**7,181**	**10.90**	**1.56**	**-3.35**	**0.26**	**17.39**	**0.31**	**9.16**	**12.57**
Russell 2500 Value				*2.66*	*0.32*	*1.95*	*18.36*	*6.21*	*13.69*	*15.57*
Non US Equity										
JP Morgan International Value (04/09) *	**9,334**	**9,773**	**14.83**	**0.89**	**4.70**	**11.58**	**22.50**	**-0.28**	**6.91**	**8.47**
MSCI EAFE Value				*0.34*	*5.07*	*11.60*	*25.71*	*-0.05*	*8.70*	*10.50*
MSCI EAFE				*-0.15*	*6.37*	*14.23*	*20.83*	*1.61*	*9.18*	*10.94*
Fixed Income (01/17)	**17,235**	**21,815**	**33.10**	**-0.16**	**1.42**	**2.41**	**--**	**--**	**--**	**2.41**
Core Bonds										
JP Morgan Fixed Income (01/09)	**17,235**	**21,815**	**33.10**	**-0.16**	**1.42**	**2.41**	**0.78**	**2.76**	**2.43**	**4.42**
BloomBar US Aggregate				*-0.10*	*1.45*	*2.27*	*-0.31*	*2.48*	*2.21*	*3.95*
Private Credit (01/17)	**1,118**	**1,118**	**1.70**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Access Bidco LLC (12/15)	**1,118**	**1,118**	**1.70**	**--**	**--**	**--**	**--**	**--**	**--**	**--**
Cash & Equivalents (01/17)	**86**	**211**	**0.32**	**0.06**	**0.15**	**0.26**	**--**	**--**	**--**	**0.26**
Cash & Equivalents (01/17)	**86**	**211**	**0.32**	**0.06**	**0.15**	**0.26**	**--**	**--**	**--**	**0.26**
US T-Bills 90 Day				*0.08*	*0.20*	*0.31*	*0.49*	*0.23*	*0.17*	*0.31*

All returns prior to 12/31/2016 were calculated by the prior consultant.

* Net of Fee return data.

1 Policy Index: Effective January 2017, the index consists of 40.0% Russell 1000, 10.0% Russell 2500, 10.0% MSCI EAFE, 40.0% BloomBar US Aggregate.

The Fiscal Year End is June.

Market Overview

For the Periods Ending June 30, 2017

	1 Month (%)	3 Months (%)	FYTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Equity Markets - Core							
S&P 500	0.62	3.09	9.34	17.90	9.61	14.63	7.18
Russell 1000	0.70	3.06	9.27	18.03	9.26	14.67	7.29
Russell 2000	3.46	2.46	4.99	24.60	7.36	13.70	6.92
Russell 2500	2.50	2.13	5.97	19.84	6.93	14.04	7.42
Russell Mid Cap	0.99	2.70	7.99	16.48	7.69	14.72	7.67
Equity Markets - Growth							
S&P 500 Growth	-0.39	4.42	13.33	19.30	11.03	15.24	8.97
Russell 1000 Growth	-0.26	4.67	14.00	20.42	11.11	15.30	8.91
Russell 2000 Growth	3.44	4.39	9.97	24.40	7.64	13.98	7.82
Russell 2500 Growth	2.28	4.13	10.63	21.44	7.65	14.33	8.18
Russell Mid Cap Growth	0.30	4.21	11.40	17.05	7.83	14.19	7.87
Equity Markets - Value							
S&P 500 Value	1.90	1.51	4.85	15.86	7.79	13.82	5.25
Russell 1000 Value	1.63	1.34	4.66	15.53	7.36	13.94	5.57
Russell 2000 Value	3.50	0.67	0.54	24.86	7.02	13.39	5.92
Russell 2500 Value	2.66	0.32	1.95	18.36	6.21	13.69	6.52
Russell Mid Cap Value	1.49	1.37	5.18	15.93	7.46	15.14	7.23
International Markets							
MSCI ACWI	0.50	4.45	11.82	19.42	5.39	11.14	4.27
MSCI EAFE Growth	-0.64	7.72	17.03	16.13	3.20	9.58	2.43
MSCI World	0.42	4.22	11.02	18.86	5.83	12.01	4.56
MSCI World ex US	0.13	5.87	13.23	20.07	1.16	8.66	1.50
Fixed Income							
BofA ML 1 Yr Treasury Note	0.03	0.14	0.30	0.40	0.41	0.37	1.21
BofA ML High Yield Master II	0.11	2.14	4.91	12.75	4.48	6.91	7.54
BloomBar US Aggregate	-0.10	1.45	2.27	-0.31	2.48	2.21	4.48
BloomBar Intermediate G/C	-0.18	0.94	1.73	-0.21	1.92	1.77	3.87
BloomBar 10 Yr Municipal	-0.40	2.35	4.18	-0.41	3.56	3.40	5.13
BloomBar US Credit	0.26	2.35	3.68	1.84	3.40	3.68	5.61

Summary Annual
Report

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

<u>For the Plan Year Ended June 30, 2017</u>

This summary annual report is prepared by the management of the City of Lansing by its Board of Water and Light (DBA Lansing Board of Water and Light). It is prepared pursuant to the requirements of State of Michigan Act No. 314 of 1965, as amended, MCL 38.1131 et seq., and contains the information required by that Act. Effective March 29, 2017 the Act requires submission of the report to the department of treasury not less than 30 days after publication. The names of the System Investment Fiduciaries and the System Service Providers are current as of June 30, 2017. Investment performance is based upon returns for the calendar years 2007 – 2016. Actual and budgeted expenditures are based upon calendar years 2016 and 2017, respectively. All other information is for the System actuarial valuation dates of June 30, 2017 and June 30, 2016.

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 voting members of Board of Commissioners of the Lansing Board of Water and Light (David Price (Chairperson), Dennis M. Louney, Tony Mullen, Tracy Thomas, Ken Ross, Beth Graham, Anthony McCloud, Sandra Zerkle), General Manager Richard Peffley, Heather Shawa, Chief Financial Officer, Michael Flowers, Executive Director of Human Resources, and Scott Taylor, Manager of Finance.

Names of the System Service Providers:

Investment Advisor and Plan Administrator - Asset Consulting Group, Nathan Burk – Senior Consultant

Investment Managers:

Advisory Research – SMID Cap Value	JGallop@advisoryresearch.com
JPMorgan – Fixed Income	erin.m.wikander@Jpmorgan.com
JPMorgan International – International Value	erin.m.wikander@Jpmorgan.com
Loomis Sayles - Large Cap Growth	clazzaro@loomissayles.com
Vanguard – Large Cap Value	michael_dominick@vanguard.com
Access Bidco – Private Credit	jreid3@accessbidco.com

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

	6/30/2017	6/30/2016	Change
Market Value of Plan Assets	$65,923,813	$65,441,835	$481,978
Accrued Liability	$56,894,658	$61,177,845	($4,283,187)
Net Plan Assets	$9,029,155	$4,263,990	$4,765,165

System Funded Ratio – 115.9%

System Investment Performance Net of Fees on a Calendar Year Basis* (2006 – 2016):

1 Year:	5.99%
3 Years:	3.50%
5 Years:	8.35%
7 Years:	7.65%
10 Years:	3.73%

*ACG started calculating performance in January 2017. Performance prior to this date was calculated by the Lansing Board of Water and Light's previous consultant.

System Administrative and Investment Expenditures (Calendar Year 2016):

Administrative Expenses:	$15,675.00
Investment Expenses:	$306,813.63

System Budgeted Expenditures (Calendar Year 2017):

Administrative Expenses:	$16,000.00
Investment Expenses:	$315,000.00

System Information from the 2017 Actuarial Report:

Number of Active Members:	8
Number of Retirees and Beneficiaries:	368
Average Annual Retirement Allowance:	$17,981
Total Annual Retirement Allowances Being Paid:	$7,887,604
Valuation Payroll:	$586,181
Normal Cost of Benefits as a Percent of Payroll:	18.1%
Total Contribution Rate as a Percent of Payroll:	0%
Weighted Average of Member Contributions:	0%
Actuarial Assumed Rate of Investment Return:	7.5%
Actuarial Assumed Rate of Long-term Wage Inflation:	3.5%
Smoothing Method Used for Funding Value of Assets:	Gains or losses on the Market Value of Assets will be recognized over five years, subject to a 20% corridor around the Market Value of Assets.
Amortization Method and Period Used for Unfunded Liabilities:	Closed Level Dollar, 15 Yr
Actuarial Cost Method:	Projected Unit Credit Cost
Open or Closed System Membership:	Closed as of December 31, 1996

LANSING BOARD OF WATER & LIGHT DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective July 25, 2017~~September 27, 2016~~, except as otherwise noted herein

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Table of Contents

Introduction

The Lansing Board of Water and Light ("**BWL**") is a municipally owned utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan. The Plan receives contributions from the Lansing Board of Water and Light. The Plan pays retirement benefits provided for in the Plan. Plan assets are invested in various types of securities.

This Statement of Investment Policy ("**Statement**") is issued by the Commissioners of the Lansing Board of Water & Light (the "**Commissioners**") for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions ("**Plan**"). The purpose of this Statement is to (i) identify and present a set of investment objectives, an asset allocation policy, investment performance standards and procedures for managing the Plan's assets; and (ii) clarify the delegation of certain investment-related duties to the Retirement Plan Committee. This document is intended to be consistent with the provisions of Michigan Public Act 314 of 1965 ("**Act 314**"), as amended.

Updates to Statement

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with the BWL's investment philosophy. Any revisions or updates made to the Statement shall be communicated to the Trustees from time to time in writing. The Trustees shall formally acknowledge any revisions or updates by communicating the same to the Commissioners in writing. It shall be the duty of the Trustees to act strictly in accordance with the Statement, and any changes therein, as so communicated to and acknowledged by the Trustees.

Trustees

The Trustees of the Plan are the eight appointed voting Commissioners of the Lansing Board of Water & Light. The Trustees have delegated certain responsibilities that are described in this Statement to the Retirement Plan Committee, effective as of the date on which this Statement is acknowledged by the Trustees by signature of an authorized representative of the Trustees. As of that date, all provisions in this Statement relating to the Retirement Plan Committee shall become operative.

Responsibility for selecting and providing direction to Investment Managers, Investment Consultants, custodians, and other administrators required for the management of the Plan's assets and for evaluating overall investment results has been delegated to the Retirement Plan Committee which shall report to the Trustees regarding selections made and investment performance. The Trustees, in evaluating the Retirement Plan Committee's actions, shall act in accordance with the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees in writing.

Purpose of the Plan

The Plan was established for the purpose of providing retirement benefits to eligible employees and their beneficiaries. The Plan was closed to new employees hired after

December 31, 1996. The Plan is a governmental defined benefit pension plan which provides retirement, early retirement, disability, termination, and death benefits based upon a formula that includes final average compensation, years of credited service, and a pension benefit percentage. An investment portfolio is maintained to invest employer contributions and to reinvest income.

Investment Philosophy

The Commissioners, Trustees and the Retirement Plan Committee recognize their respective fiduciary duties to invest the Plan's assets in formal compliance with the Prudent Man Rule. The Trustees interpret this to mean that, in addition to the specific guidelines and restrictions set forth in this document, the assets of the Plan shall be actively managed -- that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, the Trustees recognize that, commensurate with its overall objective of maximizing long-range returns while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity for adherence to proper diversification, the Trustees and the Retirement Plan Committee rely upon appropriate professional advice.

Delegation of Responsibilities

Retirement Plan Committee

The Retirement Plan Committee acknowledges its responsibility as a fiduciary to the Plan. In this regard, the Retirement Plan Committee must act prudently and for the exclusive interest of the Plan's participants and beneficiaries.

More specifically, the Retirement Plan Committee's responsibilities include:

1. Complying with the provisions of pertinent federal, state, and local laws and regulations relating to the investment of Plan assets.
2. Evaluating and appointing a qualified manager(s) and consultant(s) to invest and manage the Plan's assets.
3. Communicating the investment goals, objectives, and standards to the investment managers including any material changes that may subsequently occur.
4. Determining, with the advice of the Investment Consultant ("Consultant"), how Plan assets should be allocated among various asset classes.
5. Review and evaluate the results of the Investment Manager(s) ("Manager(s)") in context with established standards of performance.
6. Taking whatever corrective action is deemed prudent and appropriate when an investment manager fails to perform as mutually expected.
7. The Retirement Plan Committee will notify the Manager(s) of:
   a) Significant changes in the Plan cash flow and/or cash flow needs; and
   b) Any matter which bear upon the proper investment management of the Plan's assets, including pertinent financial, legal, and actuarial information.
9. Monitor all costs associated with the administration of the Plan's investment to ensure that they are reasonable with market averages.

10. Review any program that may mitigate or offset costs.

The Retirement Plan Committee shall give consideration to and have an understanding of the following prior to retaining professionals:

1. Establishing standards/requirements/appropriateness of services.
2. Identification of appropriate candidates for the position.
3. Solicitation of bids and proposals.
4. Conduct interviews.
5. Check references.
6. Make reasoned decisions based on all information, including:
   a) Philosophy/Goals (i.e., Mission Statement)
   b) Ownership/Management/Organizational Structure/Turnover
   c) Operational History/Growth Plan
   d) Infrastructure: Resources/Tools-of-the-Trade
   e) Financial Condition
   f) Educational Background/Industry Experience
   g) Professional Qualifications
   h) Risk Controls/ Insurance
   I) Criminal, Civil, Regulatory History
   j) Fees
   k) Liquidity
7. Document the decision process.
8. Verify compliance with federal and state laws; specifically, Act 314, and Investment Guidelines.
9. Establish standards of conduct, terms and conditions of relationship (Written Contract/Agreement).

Investment Consultant

In carrying out its delegated responsibilities, the Retirement Plan Committee considers the services of a Consultant as appropriate to assist in the placement of investment funds. The primary role of the Consultant is to provide independent, objective, third-party advice and counsel that will enable the Retirement Plan Committee to make well-informed and timely decisions regarding the investment of the Plan's assets.

The Consultant's role is that of an advisor to the Plan. The Consultant acknowledges its responsibilities as a fiduciary under Act 314. The Consultant acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act.

Investment advice concerning the investment management of Plan assets will be offered by the Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. In specific terms, the primary responsibilities of the Consultant are as follows:

1. Measure and evaluate investment performance each calendar quarter.
2. Evaluate the Plan's tolerance for risk.

3. Advise regarding appropriate investment objectives and goals based on the Plan's needs and risk tolerance.
4. Determine what degree of potential market volatility should be factored into the investment approach.
5. Based on all of the above, advise regarding optimal allocation of assets.

<u>Providing a Range of Capabilities</u>
The Consultant is a third party retained by the Retirement Plan Committee to assist in several key areas of the management of financial assets.

The Consultant may be asked to:
1. Gather and evaluate statistical information on the financial assets, investment needs, and risk parameters.
2. Analyze and understand the implications of historic capital market behavior, particularly with regard to the trade-off between total rate of return and investment risk.
3. Maintain data on the universe of available professional investment managers, and categorize (as to investment style and discipline) and evaluate the qualifications of the individual management firms.
4. Provide periodic asset allocation studies and updates.
5. Conduct periodic trustee educational workshops.
6. Provide information with respect to alternate investments.
7. Monitor the investment of the Plan's assets for compliance with Act 314.
8. Analyze and evaluate the Plan's investment performance, and the performance of its investment managers, both past and ongoing.
9. Make specific and timely recommendations for the consideration of the Management during each phase of the investment management process.
10. Monitor all costs associated with the administration of the Plan's investment to ensure that they are reasonable with market averages.

<u>Making Recommendations</u>
Investment Policy - The Consultant may be asked to recommend an appropriate investment policy that will meet the Plan's needs. This includes recommending investment objectives and guidelines that adhere to the goals and tolerance for risk. The Consultant may be asked to provide an appropriate model of asset allocation composed of equity, fixed-income, money market instruments or alternative investments designed to meet the established objectives.

Manager Selection - The Consultant may be asked to recommend the best qualified and most appropriate Manager(s) candidates for implementing the established investment policy. The Consultant shall be capable of utilizing a well-established system to select suitable Manager(s) candidates from both a local and national investment manager database.

Manager Performance Review and Evaluation
The Consultant shall provide the Retirement Plan Committee with performance reports and ongoing quality control to assure that the standards and investment objectives are maintained. Performance reports generated by the Consultant shall be compiled at least quarterly and communicated to the Retirement Plan Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Retirement Plan Committee intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate a Manager(s) for any reason including the following:
1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes to a Manager(s) organization.

Manager(s) shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Investment Manager(s)
Each Manager acknowledges its responsibility as an investment fiduciary under Act 314. Each Manager acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act. Each Manager will have full discretion to make all investment decisions for the assets placed under its control, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement.

Adherence to Policy Guidelines and Objectives
The assets of the Plan are to be managed in accordance with the policy guidelines and objectives expressed herein as well as any additional guidelines provided separately. Assets shall be invested in strict compliance with Act 314. Each Manager shall manage its individual portfolio in compliance with Act 314.

Discretionary Authority
Each Manager is expected to exercise complete investment discretion. Such discretion includes decisions to buy, hold and sell equities or fixed income securities (including cash equivalents) in amounts and proportions reflective of the Manager's current investment strategy and compatible with the investment guidelines.

Each Manager is expected, within the limitation of the account size, to diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to so diversify. The investment manager shall invest the assets of the Plan with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims. The investment manager will provide the Retirement Plan Committee with suggested strategy which might be changed or adopted to better suit the investment guidelines adopted by the Retirement Plan Committee.

Communications
Each Manager is responsible for communicating with the Retirement Plan Committee regarding all significant matters pertaining to the investment of the Plan's assets. The Retirement Plan Committee shall be kept apprised of substantive changes in investment strategy, asset mix, portfolio structure, and market value of the Plan's assets. If requested, Manager(s) will meet with the Retirement Plan Committee on a quarterly basis to review the portfolio and the investment outlook.

Reporting
Each Manager is expected to provide:

1. INITIALLY, a written statement (per management agreement) acknowledging their acceptance of the guidelines and performance standards herein stated.
2. AT LEAST QUARTERLY, a portfolio composition report to the Retirement Plan Committee of the funds under their management. The report shall contain as a minimum the following data:
   a. Investment Review
   i. Account characteristics;
   ii. Investment summary to include asset description, cost, date, unit value, market value, percent of market, current yield, unrealized gains/losses, and estimated annual income;
   iii. Maturity schedule to include year due and percent of total; and
   b. Summary and statement of assets under management.
3. ANNUALLY, and thereafter at the request of the Retirement Plan Committee, participation in a review meeting, the agenda to include, but not restricted to -
   a. A review and re-appraisal of the herein contained Statement;
   b. A brief review of the recent capital market environment to include discussion of any event particularly pertinent to the management of this portfolio;
   c. A commentary on investment results in light of the appropriate standards of performance as stated herein;
   d. A synopsis of key investment decisions made by the Manager, the underlying rationale, and how those decisions could impact future results;
   e. Recommendations as to changes in goals or standards, based upon material and sustained changes in the capital markets;
4. UPON WRITTEN OR ORAL REQUEST -
   a. Copies of all documentation in support of any investment activity;
   b. A summary of receipts and disbursements;
   c. A listing of assets acquired and disposed of;
   d. Evidence of suitable insurance coverage of the Manager's fiduciary responsibilities.

5. IMMEDIATE NOTIFICATION -
   a. Notice of material changes in the Manager's outlook, policy, and tactics
   b. Notice of material changes in ownership, organizational structure, financial condition, senior staffing and management of the Manager's organization.

Each manager's investment guidelines and performance objectives are made a part of their investment management agreement. Compliance with these guidelines and objectives is evaluated during the quarterly investment performance evaluation process.

Custodian

The primary responsibilities of the custodian ("Custodian") are to:
1. Provide adequate safekeeping services.
2. Settle securities transactions on time.
3. Collect trust fund income when due.
4. Provide adequate accounting services.
5. Prepare useful, accurate, and timely investment reports.
6. Provide adequate cash-management services.
7. Provide adequate administrative support.
8. Develop and maintain adequate data processing capabilities.
9. Handle proxy administration promptly and accurately.
10. Complete and file timely proof of claims for settlements of security class action suits and monitor the processing to ensure claims are received.

Plan Investment Policy

The Plan is maintained to provide retirement benefits for the participants and their beneficiaries. The Plan is established in accordance with the laws of the State of Michigan whereby it operates and is controlled, as to its investments, by PA 314.

The Trustees (or their delegate) are authorized and permitted by the Plan Document and under Michigan law to engage the services of a Manager(s), Consultant and Custodian and to set the direction for the investments.

The Trustees require that the Manager(s), Consultant and Custodian comply with all applicable laws, rules and regulations. Manager(s) will be given full discretion in managing the funds within this Statement.

Plan Investment Objectives

The Trustees' attitudes regarding Plan assets combine both preservation of capital and moderate risk-taking. The Trustees recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential of loss in purchasing power (due to inflation) are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory results consistent with the objectives and character of the Plan.

The policies and restrictions contained in this Statement should not impede the Manager to attain the overall Plan objectives, nor should they exclude the Manager from appropriate investment opportunities.

The Plan's overall investment objective is to earn an average, annual return of 7.5% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure its ability to pay retirement benefits for all plan participants.

The Plan's objective is based on the expected returns under the strategic asset allocation policy, which follows. This asset allocation policy should result in normal fluctuation in the Plan's actual return, year to year. The expected level of risk (volatility, or return fluctuation) is appropriate given the Plan's current and expected tolerance for short-term return fluctuations. Appropriate diversification of Plan assets will reduce the Plan's investment return volatility.

Asset Allocation Policy

This strategic asset allocation policy is consistent with the achievement of the Plan's financial needs and overall investment objectives. Asset classes are selected based on the expected long-term returns, individual reward/risk characteristics, and correlation with other asset classes, manager roles, and fulfillment of the Plan's long-term financial needs. Conformance with PA 314 of 1965 and amendments thereof is also considered.

The Commissioners established an allocation range for each asset class in recognition of the need to vary exposure within and among different asset classes, based on investment opportunities and changing capital market conditions. The Commissioners selected the target allocation for each asset class based on the Plan's current financial condition, expected future contributions, withdrawals, plan expenses and current investment opportunities, notwithstanding short-term performance. The Commissioners intend to review these allocation targets at least annually, focusing on changes in the Plan's financial needs, investment objectives, and asset class performance.

Asset Allocation Policy Index

Asset Class	**Manager Role**	**Allocation Range**	**Target Allocation**
~~U.S. Equities~~Total Equity	Active/Passive	~~35~~40 to 70%	**~~35~~55%**
US Large Cap Equity	Active/Passive	20~~%~~ to - 30%	25%
US SMID Cap Equity	Active	5~~%~~ to 15%	10%
Non-U.S. Equities	Active, Broad or Focused	15~~0~~ to 25~~0~~%	~~10~~20%
~~Global~~ Total Fixed Income	Active/Passive Core, Active Opportunistic,~~-~~ Intermediate Diversified	~~30~~ 20 to 50%	**~~35~~40%**
Core Fixed Income	Active/Passive Core, Intermediate Diversified	10 to 30%	20%
Multi-Sector Fixed Income	Active Fixed Income	5 to 15%	10%
Liquid Absolute Return Fixed Income	Active Fixed Income	5 to 15%	10%
Commercial Real Estate	Core, value-added, opportunistic, public or private	0 to 10%	**~~10%~~5%**
~~Alternative Investments*~~	~~Hedge funds, private equity, private debt, real assets~~	~~0 to 15%~~	~~10%~~
Cash Equivalents	Active, money market fund	0 to 5%	0%
	Total Fund		**100.0%**

~~*Current allocation to Alternative Investments is 0%. The 10% allocation will be invested equally between U.S. Equities and Global Fixed Income (5% each).~~

The Trustees acknowledge that alternative asset classes are available and intend to periodically evaluate the merits of using different asset classes. The Trustees also recognize the benefits of diversifying manager roles within a given asset class and intend to periodically evaluate this decision as well as the active versus passive management decision.

In order to preserve capital gains and protect principal during periods of market duress, a short-term U.S. government and/or high-quality credit securities fund may be used.

Given the infrequent short-term use and specialized purpose of this fund, it is not included in the Policy Index.

Administrative and Investment Review Procedures

Review of Policies

All investment policies and investment management guidelines will be reviewed annually by the Trustees, or whenever circumstances change to the extent that the policies may be ineffective or inappropriate.

General Review

Annually, all those responsible for investment of the Plan's assets shall submit a report or meet with the Retirement Plan Committee to review their activities for the current year and discuss proposed changes that are anticipated.

Review of Investment Performance

The Retirement Plan Committee will monitor the investment performance of each manager and the overall deployment of the Plan's assets. Monitoring will include periodic meetings with the Manager(s), and a quarterly performance evaluation performed by the Consultant.

Each performance evaluation will include:

1. The present and prospective economic climate;
2. Current period and historical, time-weighted rates of return for the overall Plan, including an evaluation against the previously specified performance standards;
3. Current period and historical, time-weighted rates of return for each Manager, including an evaluation against the previously specified performance standards;
4. Additional quantitative measures and analysis will be employed to objectively monitor each Manager's compliance with investment policies and guidelines.
5. An understanding of the strategy being used by each Manager to carry out the current Investment Policy; and
6. Opportunities available within current and prospective asset categories.

The Retirement Plan Committee requests that all documents, exhibits, written materials, etc. to be used during the meetings be submitted in advance.

Individual Investment Manager Objectives

On a quarterly basis, the performance of each of the investment managers will be compared to a relevant benchmark index and to a relevant universe of investment management firms. The ongoing review and evaluation of investment manager results will be the responsibility of the Retirement Plan Committee, with the assistance of the Consultant.

The primary emphasis of the review of each investment manager will be placed on relative rates of return and risk as compared against relevant benchmarks, peers and expectations for each specific manager.

Over a market cycle (usually 3-5 years), the following are the performance expectations for each portfolio:

- The total return of each portfolio should exceed the total return of the relevant index.
- The total return of each portfolio should rank median or higher when compared to the relevant peer group.

In addition to relative rates of return each portfolio's performance will be evaluated based on its relative risk profile as measured by its standard deviation and other benchmark relative statistics; risk adjusted returns as measured by the portfolio's Sharpe ratio and performance in up and down markets.

Passive portfolio allocations are expected to approximate the risk and return profile of the appropriate benchmark.

Rebalancing Policy – Overall Fund Allocation
The system of asset allocation rebalancing to be utilized involves a target asset mix around which variance is allowed within prescribed limits. Rebalancing will be addressed when a limit is reached or exceeded. In addition to monitoring target and actual allocations quarterly, the Retirement Plan Committee will formally review the policy and actual allocations in light of anticipated cash flow.

Review of Investment Management
Manager(s) are responsible for frequent and open communication (in writing) with Management and the Consultant on all significant matters pertaining to Investment Policy and the management of the Plan's assets, including, but not limited to:

1. A quarterly report of major changes in each Manager's investment outlook, investment strategy and portfolio structure.
2. Any significant changes in ownership, organizational structure, financial conditions, or senior personnel staffing of each Manager's organization.
3. Any investment guidelines which inhibit the fulfillment of a Manager's fiduciary duties, inappropriately restrict performance, or prevent the manager from meeting their performance standards.

Proxy Voting
The Trustees confer the right to vote proxies to the Manager(s), unless the Manager(s) are otherwise notified by the Retirement Plan Committee in writing. It is expected that Manager(s) will vote for the sole benefit of the Plan participants and beneficiaries, considering those factors that may affect the value of the Plan's investments and not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives.

A summary of votes cast shall be submitted to the Retirement Plan Committee on an annual basis. This summary must identify the company, number of shares held, subject proxy issues, actual vote (whether for or against the Retirement Plan Committee's recommendation), and justification.

Directed Brokerage

With regard to directed-brokerage, the Trustees do not require the Manager(s) to trade securities through an individual or set of broker-dealers. The Trustees wish to give the Manager(s) full discretion over their choice of broker-dealers, so long as the Plan's total cost or proceeds of transactions are the most favorable under the circumstances.

Tenure

While the relationship with Manager(s) is expected to be ongoing, the Retirement Plan Committee reserves the right to terminate their relationship with any retained Manager at any time they deem appropriate.

In General Managers are fiduciaries with discretion to implement the guidelines within the direction provided by this Statement. All Managers are expected to be familiar with and follow the investment guidelines established under Michigan PA Act 314 with amendments.

Managers should present (and obtain approval on) material changes in their investment style, philosophy or process to the Retirement Plan Committee before implementing any changes on behalf of the Plan.

Managers (except commingled funds) are prohibited from using warrants, options, futures, collectibles, leverage, mutual funds (money market funds exempted), LLCs, ETFs, unit investment trusts, margin purchases or short sales, securities of Plan service providers (custodial bank notwithstanding), and loaning or pledging securities (certain index funds exempted). While commingled funds are exempt from the prohibited securities noted above, they are expected to be managed within the guidelines set forth for each fund. Commingled fund managers are required to comply with the appropriate performance standards and reporting requirements contained in this document.

If a Manager would like to purchase a security that falls outside of this Plan's investment guidelines (commingled funds exempted), or is in doubt as to the goal and intent of these guidelines, they should submit a written request for clarification to the Retirement Plan Committee prior to purchase. Any security not specifically defined or permitted within is prohibited for investment on behalf of this Plan.

Cash Equivalents The cash equivalents Manager may invest in any institutional money market fund ("Fund") that follows the following objectives and policies:

1. The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.

2. The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, Bankers Acceptances, commercial paper (except ABS commercial paper), and other money market securities.
3. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security).
4. If unrated, the security rating must be determined by the manager, subject to the limitations in item 3.
5. The Fund maintains a dollar-weighted average maturity of 90 days or less.

Total Plan Performance

~~The Plan's investment objectives are 1) to equal or exceed a 7.5% annualized return over five-year rolling periods, 2) to equal or exceed the return of the Policy Index (a.k.a. the Plan's performance standard) over five-year rolling periods, and 3) to equal or exceed the return of the median institutional fund with a similar allocation/risk exposure (a.k.a. the Plan's performance universe) over one-year rolling periods.~~

The primary investment objective is to meet the long-term financial goals of the Lansing Board of Water and Light Plan. The Plan's asset allocation will be used as the primary tool to achieve this goal.

The Plan is expected to meet or exceed the following objectives over a full market cycle (usually three to five years):

1) Earn a rate of return after all expenses that equals or exceeds the current actuarial assumed rate of return of 7.5%

2) The Plan's total return should exceed the total return of the Policy index comprised of the following: 50% in U.S. equities, 10% in non-U.S. equities and 40% in Global Fixed Income.

~~The Policy Index is a hypothetical fund invested 40% in U.S. equities, 10% in non-U.S. equities, 40% in Global Fixed Income, and 10% in commercial real estate (the U.S. Equities and the Global Fixed Income allocations will be reduced by 5% each after the Alternative Investments allocation is completed).~~

3) The Plan's total return should rank at median or above when compared to a universe of other portfolios with a similar equity allocation.

4) In addition to relative rates of return the Plan's performance will be evaluated based on its relative risk profile as measured by its standard deviation, beta, correlation to the Policy Index, risk adjusted returns as measured by the Plan's Sharpe ratio and performance in up and down markets.

Conclusion

It is in the intent of this Statement to state an attitude and/or philosophy which will guide Managers toward the performance desired. It is further intended that these objectives be sufficiently specific, but also sufficiently flexible.

It is the opinion of the Commissioners that these limitations and guidelines will not prevent a Manager from achieving the objectives set forth.

Glossary of Investment Terms

Alternative Investments - These investments are typically made through the purchase of limited partner units in a private limited partnership. Alternative investments include hedge funds, managed futures and commodities, private equity, real assets and other.

Asset Allocation - A process used to determine the optimal allocation of a fund's portfolio among broad asset classes.

Benchmark Index - An index against which the investment performance of a Manager can be compared for the purpose of determining the value added by the Manager. A benchmark portfolio must be of the same style as the Manager, and in particular, similar in terms of risk.

Best Execution - This is formally defined as the difference between the strike price (the price at which a security is actually bought or sold) and the fair market price which involves calculating opportunity costs by examining the security price immediately after the trade is placed. Best execution occurs when the trade involves no opportunity cost, for example when there is no increase in the price of a security shortly after it is sold.

Fiduciary - Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person.

Funding Risk - The risk that anticipated contributions to the fund would not be made.

Liquidity - In general, liquidity refers to the ease by which a financial asset can be converted into cash. Liquidity is often more narrowly defined as the ability to sell an asset quickly without having to make a substantial price concession.

Nominal Return - The nominal return on an asset is the rate of return un-adjusted for any change in the price level. The nominal return is contrasted with the real return that is adjusted for changes in the price level.

Standard Deviation - A statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically are. The wider the range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (i.e. has a bell shaped curve distribution) then approximately two-thirds of the returns would occur within plus or minus one standard deviation from the sample mean.

Strategic Asset Allocation – The strategic mix of assets designed to accomplish a long-term goal such as funding pension benefits. Generally, policy targets are set for the strategic asset classes with allowable ranges around those targets. The allowable ranges are established to allow flexibility in the management of the investment portfolio.

Systematic Risk - The part of a security's total risk that is related to movements in the market and therefore cannot be diversified away.

Tactical Asset Allocation – The tactical mix of assets is short-term in nature with a goal of maximizing returns. This strategy is used to take advantage of current market conditions that may be more favorable for one asset class over another.

Time-weighted Return - A method of measuring the performance of a portfolio over a particular period of time. It is the cumulative compounded rate of return of the portfolio, calculated on each date that cash flow moves into or out of the portfolio.

Universe - A group of Managers/Funds chosen to have an investment style similar to the Manager/Fund and used for comparison purposes.

LANSING BOARD OF WATER & LIGHT DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective July 25, 2017, except as
otherwise noted herein

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Table of Contents

Section Page

Introduction

The Lansing Board of Water and Light ("**BWL**") is a municipally owned utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan. The Plan receives contributions from the Lansing Board of Water and Light. The Plan pays retirement benefits provided for in the Plan. Plan assets are invested in various types of securities.

This Statement of Investment Policy ("**Statement**") is issued by the Commissioners of the Lansing Board of Water & Light (the "**Commissioners**") for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions ("**Plan**"). The purpose of this Statement is to (i) identify and present a set of investment objectives, an asset allocation policy, investment performance standards and procedures for managing the Plan's assets; and (ii) clarify the delegation of certain investment-related duties to the Retirement Plan Committee. This document is intended to be consistent with the provisions of Michigan Public Act 314 of 1965 ("**Act 314**"), as amended.

Updates to Statement

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with the BWL's investment philosophy. Any revisions or updates made to the Statement shall be communicated to the Trustees from time to time in writing. The Trustees shall formally acknowledge any revisions or updates by communicating the same to the Commissioners in writing. It shall be the duty of the Trustees to act strictly in accordance with the Statement, and any changes therein, as so communicated to and acknowledged by the Trustees.

Trustees

The Trustees of the Plan are the eight appointed voting Commissioners of the Lansing Board of Water & Light. The Trustees have delegated certain responsibilities that are described in this Statement to the Retirement Plan Committee, effective as of the date on which this Statement is acknowledged by the Trustees by signature of an authorized representative of the Trustees. As of that date, all provisions in this Statement relating to the Retirement Plan Committee shall become operative.

Responsibility for selecting and providing direction to Investment Managers, Investment Consultants, custodians, and other administrators required for the management of the Plan's assets and for evaluating overall investment results has been delegated to the Retirement Plan Committee which shall report to the Trustees regarding selections made and investment performance. The Trustees, in evaluating the Retirement Plan Committee's actions, shall act in accordance with the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees in writing.

Purpose of the Plan

The Plan was established for the purpose of providing retirement benefits to eligible employees and their beneficiaries. The Plan was closed to new employees hired after

December 31, 1996. The Plan is a governmental defined benefit pension plan which provides retirement, early retirement, disability, termination, and death benefits based upon a formula that includes final average compensation, years of credited service, and a pension benefit percentage. An investment portfolio is maintained to invest employer contributions and to reinvest income.

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The Commissioners, Trustees and the Retirement Plan Committee recognize their respective fiduciary duties to invest the Plan's assets in formal compliance with the Prudent Man Rule. The Trustees interpret this to mean that, in addition to the specific guidelines and restrictions set forth in this document, the assets of the Plan shall be actively managed -- that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, the Trustees recognize that, commensurate with its overall objective of maximizing long-range returns while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity for adherence to proper diversification, the Trustees and the Retirement Plan Committee rely upon appropriate professional advice.

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The Retirement Plan Committee acknowledges its responsibility as a fiduciary to the Plan. In this regard, the Retirement Plan Committee must act prudently and for the exclusive interest of the Plan's participants and beneficiaries.

More specifically, the Retirement Plan Committee's responsibilities include:

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4. Conduct interviews.
5. Check references.
6. Make reasoned decisions based on all information, including:
   a) Philosophy/Goals (i.e., Mission Statement)
   b) Ownership/Management/Organizational Structure/Turnover
   c) Operational History/Growth Plan
   d) Infrastructure: Resources/Tools-of-the-Trade
   e) Financial Condition
   f) Educational Background/Industry Experience
   g) Professional Qualifications
   h) Risk Controls/ Insurance
   I) Criminal, Civil, Regulatory History
   j) Fees
   k) Liquidity
7. Document the decision process.
8. Verify compliance with federal and state laws; specifically, Act 314, and Investment Guidelines.
9. Establish standards of conduct, terms and conditions of relationship (Written Contract/Agreement).

Investment Consultant

In carrying out its delegated responsibilities, the Retirement Plan Committee considers the services of a Consultant as appropriate to assist in the placement of investment funds. The primary role of the Consultant is to provide independent, objective, third-party advice and counsel that will enable the Retirement Plan Committee to make well-informed and timely decisions regarding the investment of the Plan's assets.

The Consultant's role is that of an advisor to the Plan. The Consultant acknowledges its responsibilities as a fiduciary under Act 314. The Consultant acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act.

Investment advice concerning the investment management of Plan assets will be offered by the Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. In specific terms, the primary responsibilities of the Consultant are as follows:

1. Measure and evaluate investment performance each calendar quarter.
2. Evaluate the Plan's tolerance for risk.

3. Advise regarding appropriate investment objectives and goals based on the Plan's needs and risk tolerance.
4. Determine what degree of potential market volatility should be factored into the investment approach.
5. Based on all of the above, advise regarding optimal allocation of assets.

Providing a Range of Capabilities
The Consultant is a third party retained by the Retirement Plan Committee to assist in several key areas of the management of financial assets.

The Consultant may be asked to:
1. Gather and evaluate statistical information on the financial assets, investment needs, and risk parameters.
2. Analyze and understand the implications of historic capital market behavior, particularly with regard to the trade-off between total rate of return and investment risk.
3. Maintain data on the universe of available professional investment managers, and categorize (as to investment style and discipline) and evaluate the qualifications of the individual management firms.
4. Provide periodic asset allocation studies and updates.
5. Conduct periodic trustee educational workshops.
6. Provide information with respect to alternate investments.
7. Monitor the investment of the Plan's assets for compliance with Act 314.
8. Analyze and evaluate the Plan's investment performance, and the performance of its investment managers, both past and ongoing.
9. Make specific and timely recommendations for the consideration of the Management during each phase of the investment management process.
10. Monitor all costs associated with the administration of the Plan's investment to ensure that they are reasonable with market averages.

Making Recommendations
Investment Policy - The Consultant may be asked to recommend an appropriate investment policy that will meet the Plan's needs. This includes recommending investment objectives and guidelines that adhere to the goals and tolerance for risk. The Consultant may be asked to provide an appropriate model of asset allocation composed of equity, fixed-income, money market instruments or alternative investments designed to meet the established objectives.

Manager Selection - The Consultant may be asked to recommend the best qualified and most appropriate Manager(s) candidates for implementing the established investment policy. The Consultant shall be capable of utilizing a well-established system to select suitable Manager(s) candidates from both a local and national investment manager database.

Manager Performance Review and Evaluation
The Consultant shall provide the Retirement Plan Committee with performance reports and ongoing quality control to assure that the standards and investment objectives are maintained. Performance reports generated by the Consultant shall be compiled at least quarterly and communicated to the Retirement Plan Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Retirement Plan Committee intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate a Manager(s) for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes to a Manager(s) organization.

Manager(s) shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Investment Manager(s)
Each Manager acknowledges its responsibility as an investment fiduciary under Act 314. Each Manager acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act. Each Manager will have full discretion to make all investment decisions for the assets placed under its control, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement.

Adherence to Policy Guidelines and Objectives
The assets of the Plan are to be managed in accordance with the policy guidelines and objectives expressed herein as well as any additional guidelines provided separately. Assets shall be invested in strict compliance with Act 314. Each Manager shall manage its individual portfolio in compliance with Act 314.

Discretionary Authority
Each Manager is expected to exercise complete investment discretion. Such discretion includes decisions to buy, hold and sell equities or fixed income securities (including cash equivalents) in amounts and proportions reflective of the Manager's current investment strategy and compatible with the investment guidelines.

Each Manager is expected, within the limitation of the account size, to diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to so diversify. The investment manager shall invest the assets of the Plan with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims. The investment manager will provide the Retirement Plan Committee with suggested strategy which might be changed or adopted to better suit the investment guidelines adopted by the Retirement Plan Committee.

Communications
Each Manager is responsible for communicating with the Retirement Plan Committee regarding all significant matters pertaining to the investment of the Plan's assets. The Retirement Plan Committee shall be kept apprised of substantive changes in investment strategy, asset mix, portfolio structure, and market value of the Plan's assets. If requested, Manager(s) will meet with the Retirement Plan Committee on a quarterly basis to review the portfolio and the investment outlook.

Reporting
Each Manager is expected to provide:

1. INITIALLY, a written statement (per management agreement) acknowledging their acceptance of the guidelines and performance standards herein stated.
2. AT LEAST QUARTERLY, a portfolio composition report to the Retirement Plan Committee of the funds under their management. The report shall contain as a minimum the following data:
   a. Investment Review
   i. Account characteristics;
   ii. Investment summary to include asset description, cost, date, unit value, market value, percent of market, current yield, unrealized gains/losses, and estimated annual income;
   iii. Maturity schedule to include year due and percent of total; and
   b. Summary and statement of assets under management.
3. ANNUALLY, and thereafter at the request of the Retirement Plan Committee, participation in a review meeting, the agenda to include, but not restricted to -
   a. A review and re-appraisal of the herein contained Statement;
   b. A brief review of the recent capital market environment to include discussion of any event particularly pertinent to the management of this portfolio;
   c. A commentary on investment results in light of the appropriate standards of performance as stated herein;
   d. A synopsis of key investment decisions made by the Manager, the underlying rationale, and how those decisions could impact future results;
   e. Recommendations as to changes in goals or standards, based upon material and sustained changes in the capital markets;
4. UPON WRITTEN OR ORAL REQUEST -
   a. Copies of all documentation in support of any investment activity;
   b. A summary of receipts and disbursements;
   c. A listing of assets acquired and disposed of;
   d. Evidence of suitable insurance coverage of the Manager's fiduciary responsibilities.

5. IMMEDIATE NOTIFICATION -
   a. Notice of material changes in the Manager's outlook, policy, and tactics
   b. Notice of material changes in ownership, organizational structure, financial condition, senior staffing and management of the Manager's organization.

Each manager's investment guidelines and performance objectives are made a part of their investment management agreement. Compliance with these guidelines and objectives is evaluated during the quarterly investment performance evaluation process.

Custodian

The primary responsibilities of the custodian ("Custodian") are to:

1. Provide adequate safekeeping services.
2. Settle securities transactions on time.
3. Collect trust fund income when due.
4. Provide adequate accounting services.
5. Prepare useful, accurate, and timely investment reports.
6. Provide adequate cash-management services.
7. Provide adequate administrative support.
8. Develop and maintain adequate data processing capabilities.
9. Handle proxy administration promptly and accurately.
10. Complete and file timely proof of claims for settlements of security class action suits and monitor the processing to ensure claims are received.

Plan Investment Policy

The Plan is maintained to provide retirement benefits for the participants and their beneficiaries. The Plan is established in accordance with the laws of the State of Michigan whereby it operates and is controlled, as to its investments, by PA 314.

The Trustees (or their delegate) are authorized and permitted by the Plan Document and under Michigan law to engage the services of a Manager(s), Consultant and Custodian and to set the direction for the investments.

The Trustees require that the Manager(s), Consultant and Custodian comply with all applicable laws, rules and regulations. Manager(s) will be given full discretion in managing the funds within this Statement.

Plan Investment Objectives

The Trustees' attitudes regarding Plan assets combine both preservation of capital and moderate risk-taking. The Trustees recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential of loss in purchasing power (due to inflation) are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory results consistent with the objectives and character of the Plan.

The policies and restrictions contained in this Statement should not impede the Manager to attain the overall Plan objectives, nor should they exclude the Manager from appropriate investment opportunities.

The Plan's overall investment objective is to earn an average, annual return of 7.5% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure its ability to pay retirement benefits for all plan participants.

The Plan's objective is based on the expected returns under the strategic asset allocation policy, which follows. This asset allocation policy should result in normal fluctuation in the Plan's actual return, year to year. The expected level of risk (volatility, or return fluctuation) is appropriate given the Plan's current and expected tolerance for short-term return fluctuations. Appropriate diversification of Plan assets will reduce the Plan's investment return volatility.

Asset Allocation Policy

This strategic asset allocation policy is consistent with the achievement of the Plan's financial needs and overall investment objectives. Asset classes are selected based on the expected long-term returns, individual reward/risk characteristics, and correlation with other asset classes, manager roles, and fulfillment of the Plan's long-term financial needs. Conformance with PA 314 of 1965 and amendments thereof is also considered.

The Commissioners established an allocation range for each asset class in recognition of the need to vary exposure within and among different asset classes, based on investment opportunities and changing capital market conditions. The Commissioners selected the target allocation for each asset class based on the Plan's current financial condition, expected future contributions, withdrawals, plan expenses and current investment opportunities, notwithstanding short-term performance. The Commissioners intend to review these allocation targets at least annually, focusing on changes in the Plan's financial needs, investment objectives, and asset class performance.

Asset Allocation Policy Index

Asset Class	Manager Role	Allocation Range	Target Allocation
Total Equity	Active/Passive	40 to 70%	**55%**
US Large Cap Equity	Active/Passive	20 to 30%	25%
US SMID Cap Equity	Active	5 to 15%	10%
Non-U.S. Equities	Active, Broad or Focused	15 to 25%	20%
Total Fixed Income	Active/Passive Core, Active Opportunistic, Intermediate Diversified	20 to 50%	**40%**
Core Fixed Income	Active/Passive Core, Intermediate Diversified	10 to 30%	20%
Multi-Sector Fixed Income	Active Fixed Income	5 to 15%	10%
Liquid Absolute Return Fixed Income	Active Fixed Income	5 to 15%	10%
Commercial Real Estate	Core, value-added, opportunistic, public or private	0 to 10%	**5%**
Cash Equivalents	Active, money market fund	0 to 5%	0%
	Total Fund		**100.0%**

The Trustees acknowledge that alternative asset classes are available and intend to periodically evaluate the merits of using different asset classes. The Trustees also recognize the benefits of diversifying manager roles within a given asset class and intend to periodically evaluate this decision as well as the active versus passive management decision.

In order to preserve capital gains and protect principal during periods of market duress, a short-term U.S. government and/or high-quality credit securities fund may be used. Given the infrequent short-term use and specialized purpose of this fund, it is not included in the Policy Index.

Administrative and Investment Review Procedures

Review of Policies
All investment policies and investment management guidelines will be reviewed annually by the Trustees, or whenever circumstances change to the extent that the policies may be ineffective or inappropriate.

General Review
Annually, all those responsible for investment of the Plan's assets shall submit a report or meet with the Retirement Plan Committee to review their activities for the current year and discuss proposed changes that are anticipated.

Review of Investment Performance
The Retirement Plan Committee will monitor the investment performance of each manager and the overall deployment of the Plan's assets. Monitoring will include periodic meetings with the Manager(s), and a quarterly performance evaluation performed by the Consultant.

Each performance evaluation will include:
1. The present and prospective economic climate;
2. Current period and historical, time-weighted rates of return for the overall Plan, including an evaluation against the previously specified performance standards;
3. Current period and historical, time-weighted rates of return for each Manager, including an evaluation against the previously specified performance standards;
4. Additional quantitative measures and analysis will be employed to objectively monitor each Manager's compliance with investment policies and guidelines.
5. An understanding of the strategy being used by each Manager to carry out the current Investment Policy; and
6. Opportunities available within current and prospective asset categories.

The Retirement Plan Committee requests that all documents, exhibits, written materials, etc. to be used during the meetings be submitted in advance.

Individual Investment Manager Objectives

On a quarterly basis, the performance of each of the investment managers will be compared to a relevant benchmark index and to a relevant universe of investment management firms. The ongoing review and evaluation of investment manager results will be the responsibility of the Retirement Plan Committee, with the assistance of the Consultant.

The primary emphasis of the review of each investment manager will be placed on relative rates of return and risk as compared against relevant benchmarks, peers and expectations for each specific manager.

Over a market cycle (usually 3-5 years), the following are the performance expectations for each portfolio:

- The total return of each portfolio should exceed the total return of the relevant index.
- The total return of each portfolio should rank median or higher when compared to the relevant peer group.

In addition to relative rates of return each portfolio's performance will be evaluated based on its relative risk profile as measured by its standard deviation and other benchmark relative statistics; risk adjusted returns as measured by the portfolio's Sharpe ratio and performance in up and down markets.

Passive portfolio allocations are expected to approximate the risk and return profile of the appropriate benchmark.

Rebalancing Policy – Overall Fund Allocation

The system of asset allocation rebalancing to be utilized involves a target asset mix around which variance is allowed within prescribed limits. Rebalancing will be addressed when a limit is reached or exceeded. In addition to monitoring target and actual allocations quarterly, the Retirement Plan Committee will formally review the policy and actual allocations in light of anticipated cash flow.

Review of Investment Management

Manager(s) are responsible for frequent and open communication (in writing) with Management and the Consultant on all significant matters pertaining to Investment Policy and the management of the Plan's assets, including, but not limited to:

1. A quarterly report of major changes in each Manager's investment outlook, investment strategy and portfolio structure.
2. Any significant changes in ownership, organizational structure, financial conditions, or senior personnel staffing of each Manager's organization.
3. Any investment guidelines which inhibit the fulfillment of a Manager's fiduciary duties, inappropriately restrict performance, or prevent the manager from meeting their performance standards.

Proxy Voting

The Trustees confer the right to vote proxies to the Manager(s), unless the Manager(s) are otherwise notified by the Retirement Plan Committee in writing. It is expected that Manager(s) will vote for the sole benefit of the Plan participants and beneficiaries, considering those factors that may affect the value of the Plan's investments and not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives.

A summary of votes cast shall be submitted to the Retirement Plan Committee on an annual basis. This summary must identify the company, number of shares held, subject proxy issues, actual vote (whether for or against the Retirement Plan Committee's recommendation), and justification.

Directed Brokerage

With regard to directed-brokerage, the Trustees do not require the Manager(s) to trade securities through an individual or set of broker-dealers. The Trustees wish to give the Manager(s) full discretion over their choice of broker-dealers, so long as the Plan's total cost or proceeds of transactions are the most favorable under the circumstances.

Tenure

While the relationship with Manager(s) is expected to be ongoing, the Retirement Plan Committee reserves the right to terminate their relationship with any retained Manager at any time they deem appropriate.

In General Managers are fiduciaries with discretion to implement the guidelines within the direction provided by this Statement. All Managers are expected to be familiar with and follow the investment guidelines established under Michigan PA Act 314 with amendments.

Managers should present (and obtain approval on) material changes in their investment style, philosophy or process to the Retirement Plan Committee before implementing any changes on behalf of the Plan.

Managers (except commingled funds) are prohibited from using warrants, options, futures, collectibles, leverage, mutual funds (money market funds exempted), LLCs, ETFs, unit investment trusts, margin purchases or short sales, securities of Plan service providers (custodial bank notwithstanding), and loaning or pledging securities (certain index funds exempted). While commingled funds are exempt from the prohibited securities noted above, they are expected to be managed within the guidelines set forth for each fund. Commingled fund managers are required to comply with the appropriate performance standards and reporting requirements contained in this document.

If a Manager would like to purchase a security that falls outside of this Plan's investment guidelines (commingled funds exempted), or is in doubt as to the goal and intent of these guidelines, they should submit a written request for clarification to the Retirement Plan Committee prior to purchase. Any security not specifically defined or permitted within is prohibited for investment on behalf of this Plan.

Cash Equivalents The cash equivalents Manager may invest in any institutional money market fund ("Fund") that follows the following objectives and policies:

1. The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.

2. The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, Bankers Acceptances, commercial paper (except ABS commercial paper), and other money market securities.
3. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security).
4. If unrated, the security rating must be determined by the manager, subject to the limitations in item 3.
5. The Fund maintains a dollar-weighted average maturity of 90 days or less.

Total Plan Performance

The primary investment objective is to meet the long-term financial goals of the Lansing Board of Water and Light Plan. The Plan's asset allocation will be used as the primary tool to achieve this goal.

The Plan is expected to meet or exceed the following objectives over a full market cycle (usually three to five years):

1) Earn a rate of return after all expenses that equals or exceeds the current actuarial assumed rate of return of 7.5%

2) The Plan's total return should exceed the total return of the Policy index comprised of the following: 50% in U.S. equities, 10% in non-U.S. equities and 40% in Global Fixed Income.

3) The Plan's total return should rank at median or above when compared to a universe of other portfolios with a similar equity allocation.

4) In addition to relative rates of return the Plan's performance will be evaluated based on its relative risk profile as measured by its standard deviation, beta, correlation to the Policy Index, risk adjusted returns as measured by the Plan's Sharpe ratio and performance in up and down markets.

Conclusion

It is in the intent of this Statement to state an attitude and/or philosophy which will guide Managers toward the performance desired. It is further intended that these objectives be sufficiently specific, but also sufficiently flexible.

It is the opinion of the Commissioners that these limitations and guidelines will not prevent a Manager from achieving the objectives set forth.

Glossary of Investment Terms

Alternative Investments - These investments are typically made through the purchase of limited partner units in a private limited partnership. Alternative investments include hedge funds, managed futures and commodities, private equity, real assets and other.

Asset Allocation - A process used to determine the optimal allocation of a fund's portfolio among broad asset classes.

Benchmark Index - An index against which the investment performance of a Manager can be compared for the purpose of determining the value added by the Manager. A benchmark portfolio must be of the same style as the Manager, and in particular, similar in terms of risk.

Best Execution - This is formally defined as the difference between the strike price (the price at which a security is actually bought or sold) and the fair market price which involves calculating opportunity costs by examining the security price immediately after the trade is placed. Best execution occurs when the trade involves no opportunity cost, for example when there is no increase in the price of a security shortly after it is sold.

Fiduciary - Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person.

Funding Risk - The risk that anticipated contributions to the fund would not be made.

Liquidity - In general, liquidity refers to the ease by which a financial asset can be converted into cash. Liquidity is often more narrowly defined as the ability to sell an asset quickly without having to make a substantial price concession.

Nominal Return - The nominal return on an asset is the rate of return un-adjusted for any change in the price level. The nominal return is contrasted with the real return that is adjusted for changes in the price level.

Standard Deviation - A statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically are. The wider the range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (i.e. has a bell shaped curve distribution) then approximately two-thirds of the returns would occur within plus or minus one standard deviation from the sample mean.

Strategic Asset Allocation – The strategic mix of assets designed to accomplish a long-term goal such as funding pension benefits. Generally, policy targets are set for the strategic asset classes with allowable ranges around those targets. The allowable ranges are established to allow flexibility in the management of the investment portfolio.

Systematic Risk - The part of a security's total risk that is related to movements in the market and therefore cannot be diversified away.

Tactical Asset Allocation – The tactical mix of assets is short-term in nature with a goal of maximizing returns. This strategy is used to take advantage of current market conditions that may be more favorable for one asset class over another.

Time-weighted Return - A method of measuring the performance of a portfolio over a particular period of time. It is the cumulative compounded rate of return of the portfolio, calculated on each date that cash flow moves into or out of the portfolio.

Universe - A group of Managers/Funds chosen to have an investment style similar to the Manager/Fund and used for comparison purposes.

RESOLUTION

Revised Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures, and Objectives

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Defined Benefit Plan"); and

WHEREAS, the Retirement Plan Committee has reviewed the current Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives in conjunction with a transition to a new benefit plan investment consultant; and

WHEREAS, the Retirement Plan Committee recommended the Sponsor adopt the revisions reflected in the attached Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor adopted the attached, revised Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, revised Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives.

~~PENSION PLAN~~ **TRUST** **AGREEMENT FOR THE**

~~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:~~

LANSING BOARD OF WATER AND LIGHT DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

____________________, 2017

TRUST AGREEMENT FOR THE
LANSING BOARD OF WATER AND LIGHT DEFINED BENEFIT PLAN
FOR EMPLOYEES' PENSIONS

~~ARTICLE I~~

This amended and restated Trust Agreement is entered into between the Lansing Board of Water and Light (the "Board") and those individual members of the Board's governing board who are classified under the Board's policies as voting members of said governing board (collectively, the "Trustees"). The Board sponsors the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Pension Plan"). The Board has established a trust to implement and carry out the purposes of the Pension Plan. This Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Trust Agreement") amends and restates the preexisting Trust Agreement that was adopted by the Board's governing board on March 11, 1980.

ARTICLE I

1.1 ~~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~~The Board hereby amends and restates the Trust Agreement in order to carry out purposes of this Pension Plan. This ~~trust~~Trust Agreement shall form a part of the Pension Plan. The words and phrases defined in the Pension Plan, when used in this Trust Agreement, shall have the same meaning as defined in the Pension 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~~

1.2 By his or her execution of this Trust Agreement, each Trustee acknowledges that he or she is a fiduciary with respect to the Pension Plan and this Trust and accepts the duties and responsibilities that are described herein. An individual Trustee (whether a current Trustee or an individual who becomes a Trustee in the future) shall cease to be a Trustee as of the first day on which he or she is no longer classified under the Board's policies as a voting member of the Board's governing board. Any individual who is not currently a Trustee shall become a Trustee as of the future date on which he or she becomes classified under the Board's policies as a voting member of the Board's governing board.

1.3 Funding Policy.

(a) 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~~and carry out a funding policy consistent with the purposes of the Plan and the requirements of applicable law, as may be appropriate from time to time. That funding policy shall be described in a written Investment Policy Statement (the "IPS"). As part of such funding policy, the Board shall from time to time direct the Trustees (or, if the Trustees have delegated investment discretion to the Retirement Plan Committee, then the Board shall direct the Retirement Plan Committee) to exercise their investment discretion so as to provide sufficient cash assets in an amount determined by the Board under the funding policy then in effect, to be necessary to meet the liquidity requirements for the administration of the Plan.

(b) The discretion of the Trustees (or their delegatee) in investing and reinvesting the principal and income of the Trust Fund shall be subject to such funding policy and IPS, and any changes thereto from time to time, as the Board may, pursuant to the Plan, adopt from time to time and communicate to the Trustees (or their delegatee) in writing. It shall be the duty of the Trustees (or their delegatee) to act strictly in accordance with such funding policy, and any changes therein, as so communicated to the Trustees (or their delegatee) from time to time in writing by the Board.

1.4 The Pension Plan, this Trust Agreement, and the Trust Fund that is maintained hereunder are intended to meet all of the relevant requirements of Sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended from time to time.

ARTICLE II
THE TRUST FUND AND ITS ADMINISTRATION

2.1 ~~II.1~~ The Trust Fund. The Trust Fund as at any date means all property of every kind then held by the ~~Trustee~~Trustees.

2.2 ~~II.2~~ ~~General Powers~~General Powers

~~The Trustee shall have the following powers, rights, and duties in addition to those provided elsewhere in this agreement or by law:~~. The Trustees shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities or in such property, real or personal, tangible or intangible, or part interest therein, wherever situated, whether or not productive of income, or consisting of wasting assets, as the Trustees shall deem advisable, including but not limited to stocks, common or preferred, trust and participation certificates, interests in investment companies whether so-called "open-end mutual funds" or "closed-end mutual funds," common investment funds maintained, leaseholds, fee titles, bonds or notes and mortgages, and other evidences of indebtedness or ownership, irrespective of whether such securities or such property shall be of the character authorized by any state law from time to time for trust investments; provided, however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so, in the sole judgment of the person who is directing the investment of the Trust under the provisions hereof. The Trustees may, in their sole discretion, delegate this investment authority. The term "investment company" as used above shall include shares of open-end investment companies, including, without limiting the generality of the foregoing, such investment companies as are commonly known as "money market funds." The Trustees shall use the price established and provided from time to time by any such open-end investment company for any valuation required under the terms of this Agreement.

The Trustees shall also have the following powers, rights, and duties in addition to those provided elsewhere in this Trust Agreement or by law:

(a) ~~(a)~~ ~~To~~to receive and hold all contributions paid to it under the Plan; provided, however, that the ~~Trustee~~Trustees shall have no duty to require that any contributions received by ~~it~~them comply with the Plan or with any resolution of the Board~~, acting as such, providing therefore.~~ in which the Board authorizes contributions to the Plan;

~~(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.~~

(b) ~~(e)~~ ~~To~~to compromise, contest, arbitrate or abandon claims or demands~~.~~;

(c) ~~(f)~~ ~~To~~to have, with respect to the Trust Fund, all the rights of an individual owner (any of which may be delegated in accordance with applicable law), including the power to give proxies to vote stocks and other voting securities (and to delegate 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~~.~~;

(d) ~~(g)~~ ~~To~~to hold securities or other property in the ~~name~~names of the ~~Trustee~~Trustees, or in such other forms as it deems best, with or without disclosing the Trust relationship provided the records of the ~~Trustee~~Trustees shall indicate the actual ownership of such securities or other property~~.~~;

(e) ~~(h)~~ ~~To~~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~~.~~;

(f) ~~(i)~~ ~~To~~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~~.~~;

(g) ~~(j)~~ ~~To~~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~~participants 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.~~reliable;

(h) ~~(k)~~ ~~To~~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~~.~~;

(i) ~~(l)~~ ~~To~~to pay an estate, inheritance, income or other tax, charge or assessment attributable to any benefit which in the Trustees' opinion, ~~it~~they 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~~Trustees shall deem necessary for ~~its~~their protection~~.~~;

(j) ~~(m)~~ ~~To~~to begin, maintain or defend any litigation necessary in connection with the investment, reinvestment and administration of this Trust~~.~~;

(k) ~~(n)~~ ~~To~~to employ agents, attorneys, accountants, ~~registered investment advisors or~~actuaries, and other persons (who also may be employed by the Board) for such purposes as the ~~Trustee considers~~Trustees consider desirable~~.~~;

(l) to periodically review and evaluate the actions of the Pension Plan Retirement Plan Committee (the "Committee") as it discharges its duties under its charter and under the Pension Plan Statement of Investment Policies, Procedures and Objectives (the "IPS") with regard to:

(1) selecting and providing direction to investment managers and investment consultants (as those respective terms are defined in the IPS), to any custodian of Pension Plan assets, and to other persons or entities that are retained by the Committee for the purpose of managing Pension Plan assets; and

(2) evaluating the overall investment performance of the Pension Plan assets;

(m) to report periodically to the Board regarding the results of the Trustees' review and evaluation of the Committee;

(n) ~~(o)~~ ~~To~~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~~.~~; and

(o) to delegate to any other person(s) or entity all or any part of the Trustees' powers, rights, and duties that are described in this Section 2.2. Any such delegation must be reported promptly to the Board. The delegation must be in writing (including by electronic mail) and must be kept with the Trustees' permanent records.

2.3 ~~II.3~~ Exercise of ~~Trustee's~~Trustees' Duties. Subject to the provisions of Article IV, the ~~Trustee~~Trustees shall discharge ~~its~~their duties hereunder solely in the interest of the Plan Participants and their beneficiaries, and:

(a) ~~(a)~~ ~~For~~for the exclusive purpose of (i) providing benefits to Plan Participants and their beneficiaries, and (ii) defraying reasonable expenses of administering the Plan;

(b) ~~(b)~~ ~~With~~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 ~~ai~~aim; and

(c) ~~(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.~~by discharging their duties that are described in Section 2.2(l) of this Trust Agreement.

2.4 ~~II.4~~ Limit of ~~Trustee's~~Trustees' Responsibility. The Board shall deliver to the ~~Trustee~~Trustees 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~~Trustees shall be governed solely by the terms of this document without reference to the provisions of the Plan.

2.5 ~~II.5~~ Payment of Benefits. Subject to the Article IV limitations, the ~~Trustee~~Trustees shall from time to time on the written directions of the ~~Corporation~~Board make payments out of the Trust Fund to such persons, including the ~~Corporation~~Board, in such amounts and for such purposes as are specified in the written directions of the ~~Corporation~~Board. To the extent permitted by law, the ~~Trustee~~Trustees shall be under no liability for any payment made pursuant to the direction of the ~~Corporation~~Board. Any written direction of the ~~Corporation~~Board shall constitute a certification that the distribution or payment so directed is one which the ~~Corporation~~Board is authorized to direct.

~~ARTICLE III~~

2.6 Trustee Indemnification. The Board agrees to indemnify and hold harmless each individual Trustee and all Trustees collectively against any and all claims, losses, damages, expenses and liabilities that the Trustee may incur in the exercise and performance of the

Trustee's powers and duties hereunder, except to the extent that said claim, loss, damage, expense and/or liability is determined to be due to the individual Trustee's gross negligence or willful misconduct.

2.7 Removal or Resignation of Trustee. Any Trustee may be removed by the Board at any time upon thirty (30) days' notice in writing to the Trustee and the Plan Administrator. The Trustee may resign at any time upon thirty (30) days' notice in writing to the Board. Upon such resignation or removal, the Board shall appoint a successor trustee and such successor trustee shall have the same powers and duties as those conferred upon the Trustee named in this Agreement. The removal of a Trustee and the appointment of a successor trustee shall be by written instrument delivered to the Trustee.

ARTICLE III
MISCELLANEOUS

~~III. I 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.~~

3.1 Benefits May Not Be Assigned or Alienated. The Trust shall not be liable in any manner for, or subject to, the debts or liability of any Plan Participant, retired Plan Participant, or beneficiary. No right or benefit that is payable under the Plan shall ever be subject in any manner to alienation, sale, transfer, assignment, pledge or encumbrance or any kind, either voluntarily or involuntarily. This restriction shall not apply to the creation, assignment, or recognition pursuant to a domestic relations order of a right to any benefit that is payable with respect to a Participant if that domestic relations order is determined to be a "qualified domestic relations order" as that phrase is defined in Internal Revenue Code Section 414(p).

3.2 ~~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.

3.3 ~~III.3~~ Waiver of Notice. Any notice required under this Trust may be waived by the person entitled thereto.

3.4 ~~III.4~~ Counterparts. This Trust may be executed in any ~~n umber~~number of counterparts, each of which shall be deemed an original and no other counterpart need be produced.

3.5 ~~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.

3.6 ~~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.

3.7 ~~III.7~~ Successor ~~Employer~~Sponsor.~~If a successor to the Board or a purchaser of all or substantially all of the Board assets elects to continue the Plan~~ In the event of the dissolution, merger, consolidation or reorganization of the Board, provision may be made by which the Plan and Trust will be continued by its successor; and, in that event, such successor ~~or purchaser~~ shall be substituted for the Board under ~~this Trust~~the Plan. The substitution of the successor shall constitute an assumption of the Board's Plan liabilities by the successor and the successor shall have all the powers, duties, and responsibilities of the Board under the Plan.

~~ARTICLE IV~~
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~~Board at the direction of the ~~Corporation~~Board 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~~
ARTICLE V
AMENDMENT AND TERMINATION

5.1 ~~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.

5.2 ~~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.

[Signature page follows.]

THE LANSING BOARD OF WATER AND LIGHT

~~__________________________~~Date:________________________

By:____

Its:____

THE TRUSTEES

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

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Date:________________________ ____

~~Adopted by Board 12-11-80~~

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Document comparison by Workshare Compare on Wednesday, June 28, 2017 9:48:17 AM

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Document 2 ID	interwovenSite://DMSMIDDLETIER.AD.FOSTERSWIFT.COM/LEGAL/2969760/7
Description	#2969760v7<LEGAL> - Trust Agreement for Defined Benefit Plan for Employees' Pensions 2017
Rendering set	Standard

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Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	111
Moved from	7
Moved to	7
Style change	0
Format changed	0

Total changes	267

TRUST AGREEMENT FOR THE
LANSING BOARD OF WATER AND LIGHT DEFINED BENEFIT PLAN
FOR EMPLOYEES' PENSIONS

____________________, 2017

TRUST AGREEMENT FOR THE LANSING BOARD OF WATER AND LIGHT DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

This amended and restated Trust Agreement is entered into between the Lansing Board of Water and Light (the "Board") and those individual members of the Board's governing board who are classified under the Board's policies as voting members of said governing board (collectively, the "Trustees"). The Board sponsors the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Pension Plan"). The Board has established a trust to implement and carry out the purposes of the Pension Plan. This Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Trust Agreement") amends and restates the preexisting Trust Agreement that was adopted by the Board's governing board on March 11, 1980.

ARTICLE I

1.1 The Board hereby amends and restates the Trust Agreement in order to carry out purposes of this Pension Plan. This Trust Agreement shall form a part of the Pension Plan. The words and phrases defined in the Pension Plan, when used in this Trust Agreement, shall have the same meaning as defined in the Pension Plan, unless the context clearly indicates otherwise.

1.2 By his or her execution of this Trust Agreement, each Trustee acknowledges that he or she is a fiduciary with respect to the Pension Plan and this Trust and accepts the duties and responsibilities that are described herein. An individual Trustee (whether a current Trustee or an individual who becomes a Trustee in the future) shall cease to be a Trustee as of the first day on which he or she is no longer classified under the Board's policies as a voting member of the Board's governing board. Any individual who is not currently a Trustee shall become a Trustee as of the future date on which he or she becomes classified under the Board's policies as a voting member of the Board's governing board.

1.3 Funding Policy.

(a) The Board shall establish and carry out a funding policy consistent with the purposes of the Plan and the requirements of applicable law, as may be appropriate from time to time. That funding policy shall be described in a written Investment Policy Statement (the "IPS"). As part of such funding policy, the Board shall from time to time direct the Trustees (or, if the Trustees have delegated investment discretion to the Retirement Plan Committee, then the Board shall direct the Retirement Plan Committee) to exercise their investment discretion so as to provide sufficient cash assets in an amount determined by the Board under the funding policy then in effect, to be necessary to meet the liquidity requirements for the administration of the Plan.

(b) The discretion of the Trustees (or their delegatee) in investing and reinvesting the principal and income of the Trust Fund shall be subject to such funding policy and IPS, and any changes thereto from time to time, as the Board may, pursuant to the Plan, adopt from time to time and communicate to the Trustees (or their delegatee) in writing. It shall be the duty of the Trustees (or their delegatee) to act strictly in accordance with such funding policy, and any changes therein, as so communicated to the Trustees (or their delegatee) from time to time in writing by the Board.

1.4 The Pension Plan, this Trust Agreement, and the Trust Fund that is maintained hereunder are intended to meet all of the relevant requirements of Sections 401(a) and 501(a) of the Internal Revenue Code of 1986, as amended from time to time.

ARTICLE II
THE TRUST FUND AND ITS ADMINISTRATION

2.1 The Trust Fund. The Trust Fund as at any date means all property of every kind then held by the Trustees.

2.2 General Powers. The Trustees shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities or in such property, real or personal, tangible or intangible, or part interest therein, wherever situated, whether or not productive of income, or consisting of wasting assets, as the Trustees shall deem advisable, including but not limited to stocks, common or preferred, trust and participation certificates, interests in investment companies whether so-called "open-end mutual funds" or "closed-end mutual funds," common investment funds maintained, leaseholds, fee titles, bonds or notes and mortgages, and other evidences of indebtedness or ownership, irrespective of whether such securities or such property shall be of the character authorized by any state law from time to time for trust investments; provided, however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so, in the sole judgment of the person who is directing the investment of the Trust under the provisions hereof. The Trustees may, in their sole discretion, delegate this investment authority. The term "investment company" as used above shall include shares of open-end investment companies, including, without limiting the generality of the foregoing, such investment companies as are commonly known as "money market funds." The Trustees shall use the price established and provided from time to time by any such open-end investment company for any valuation required under the terms of this Agreement.

The Trustees shall also have the following powers, rights, and duties in addition to those provided elsewhere in this Trust Agreement or by law:

(a) to receive and hold all contributions paid to it under the Plan; provided, however, that the Trustees shall have no duty to require that any contributions received by them comply with the Plan or with any resolution of the Board in which the Board authorizes contributions to the Plan;

(b) to compromise, contest, arbitrate or abandon claims or demands;

(c) to have, with respect to the Trust Fund, all the rights of an individual owner (any of which may be delegated in accordance with applicable law), including the power to give proxies to vote stocks and other voting securities (and to delegate 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;

(d) to hold securities or other property in the names of the Trustees, or in such other forms as it deems best, with or without disclosing the Trust relationship provided the records of the Trustees shall indicate the actual ownership of such securities or other property;

(e) 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;

(f) 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;

(g) 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 participants 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 reliable;

(h) 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;

(i) to pay an estate, inheritance, income or other tax, charge or assessment attributable to any benefit which in the Trustees' opinion, they 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 Trustees shall deem necessary for their protection;

(j) to begin, maintain or defend any litigation necessary in connection with the investment, reinvestment and administration of this Trust;

(k) to employ agents, attorneys, accountants, actuaries, and other persons (who also may be employed by the Board) for such purposes as the Trustees consider desirable;

(l) to periodically review and evaluate the actions of the Pension Plan Retirement Plan Committee (the "Committee") as it discharges its duties under its charter and under the Pension Plan Statement of Investment Policies, Procedures and Objectives (the "IPS") with regard to:

(1) selecting and providing direction to investment managers and investment consultants (as those respective terms are defined in the IPS), to any custodian of Pension Plan assets, and to other persons or entities that are retained by the Committee for the purpose of managing Pension Plan assets; and

(2) evaluating the overall investment performance of the Pension Plan assets;

(m) to report periodically to the Board regarding the results of the Trustees' review and evaluation of the Committee;

(n) 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; and

(o) to delegate to any other person(s) or entity all or any part of the Trustees' powers, rights, and duties that are described in this Section 2.2. Any such delegation must be reported promptly to the Board. The delegation must be in writing (including by electronic mail) and must be kept with the Trustees' permanent records.

2.3 Exercise of Trustees' Duties. Subject to the provisions of Article IV, the Trustees shall discharge their 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 aim; and

(c) by discharging their duties that are described in Section 2.2(l) of this Trust Agreement.

2.4 Limit of Trustees' Responsibility. The Board shall deliver to the Trustees a certified or executed copy of the Plan and any amendments thereto for convenience of reference but the rights, powers and duties of the Trustees shall be governed solely by the terms of this document without reference to the provisions of the Plan.

2.5 Payment of Benefits. Subject to the Article IV limitations, the Trustees shall from time to time on the written directions of the Board make payments out of the Trust Fund to such persons, including the Board, in such amounts and for such purposes as are specified in the written directions of the Board. To the extent permitted by law, the Trustees shall be under no liability for any payment made pursuant to the direction of the Board. Any written direction of the Board shall constitute a certification that the distribution or payment so directed is one which the Board is authorized to direct.

2.6 Trustee Indemnification. The Board agrees to indemnify and hold harmless each individual Trustee and all Trustees collectively against any and all claims, losses, damages, expenses and liabilities that the Trustee may incur in the exercise and performance of the Trustee's powers and duties hereunder, except to the extent that said claim, loss, damage, expense and/or liability is determined to be due to the individual Trustee's gross negligence or willful misconduct.

2.7 Removal or Resignation of Trustee. Any Trustee may be removed by the Board at any time upon thirty (30) days' notice in writing to the Trustee and the Plan Administrator. The Trustee may resign at any time upon thirty (30) days' notice in writing to the Board. Upon such resignation or removal, the Board shall appoint a successor trustee and such successor trustee shall have the same powers and duties as those conferred upon the Trustee named in this Agreement. The removal of a Trustee and the appointment of a successor trustee shall be by written instrument delivered to the Trustee.

ARTICLE III
MISCELLANEOUS

3.1 Benefits May Not Be Assigned or Alienated. The Trust shall not be liable in any manner for, or subject to, the debts or liability of any Plan Participant, retired Plan Participant, or beneficiary. No right or benefit that is payable under the Plan shall ever be subject in any manner to alienation, sale, transfer, assignment, pledge or encumbrance or any kind, either voluntarily or involuntarily. This restriction shall not apply to the creation, assignment, or recognition pursuant to a domestic relations order of a right to any benefit that is payable with respect to a Participant if that domestic relations order is determined to be a "qualified domestic relations order" as that phrase is defined in Internal Revenue Code Section 414(p).

3.2 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.

3.3 Waiver of Notice. Any notice required under this Trust may be waived by the person entitled thereto.

3.4 Counterparts. This Trust may be executed in any number of counterparts, each of which shall be deemed an original and no other counterpart need be produced.

3.5 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.

3.6 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.

3.7 Successor Sponsor. In the event of the dissolution, merger, consolidation or reorganization of the Board, provision may be made by which the Plan and Trust will be continued by its successor; and, in that event, such successor shall be substituted for the Board under the Plan. The substitution of the successor shall constitute an assumption of the Board's Plan liabilities by the successor and the successor shall have all the powers, duties, and responsibilities of the Board under the Plan.

ARTICLE IV
NO REVERSION TO BOARD

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 Board at the direction of the Board 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

5.1 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 or of a person designated by resolution of the Board, except that no amendment shall change the rights, duties and liabilities of the Trustee under the Trust without its consent.

5.2 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.

[Signature page follows.]

THE LANSING BOARD OF WATER AND LIGHT

Date:______________________ By:____

Its:____

THE TRUSTEES

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

RESOLUTION

Amendment and Restatement of Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Defined Benefit Plan"); and

WHEREAS, the cost of Defined Benefit Plan benefits is funded through the Trust Agreement for the Lansing Board of Water and Light Defined Benefit for Employee's Pensions (the "Pension Trust Agreement"); and

WHEREAS, to reflect current governance procedures and for other purposes, the Sponsor adopted and approved the attached amendment and restatement of the Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions.

THEREFORE, it is:

RESOLVED, that the Trustees accept the terms and conditions of the attached Amendment and Restatement of the Trust Agreement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions, both individually and collectively.

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Financial Report

with Required Supplemental Information

As of and for the Years Ended June 30, 2017 and 2016

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Contents

INDEPENDENT AUDITORS' 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 the Lansing Board of Water and Light Retiree Benefit Plan and Trust (the “Plan”), a trust fund of Lansing Board of Water and Light, as of and for the years ended June 30, 2017 and 2016, and the related notes to the 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.

Auditors’ 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 auditors’ 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 Plan'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 Plan'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 financial position of the Plan as of June 30, 2017 and 2016, and the respective changes in financial 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, the Plan adopted the provisions of GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, effective July 1, 2016. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 13, 2017

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:

	2017	2016	2015
Assets held in trust:			
Cash and money market trust funds	$ 2,927,461	$ 13,498,404	$ 6,243,203
Fixed income securities	33,706,611	28,725,054	21,269,571
U.S. government obligations	29,051,025	21,458,288	15,462,341
Equities	54,440,986	77,022,878	111,112,369
Mutual funds and other	53,089,093	15,208,788	1,894,929
Interest and dividend receivable	425,197	386,930	200,805
Trade Receivable - Due from Broker	88,410	-	-
Total plan assets	**$ 173,728,783**	**$ 156,300,342**	**$ 156,183,218**
Liabilities:			
Trade Payable - Due to Broker	$ 93,727	$ -	$ -
Net Position Restricted for Pensions	**$ 173,635,056**	**$ 156,300,342**	**$ 156,183,218**
Changes in net position:			
Net investment income (loss)	$ 18,039,507	$ 948,996	$ 3,614,695
Employer contributions	9,573,671	9,423,081	9,670,794
Retiree benefits paid	(9,573,671)	(9,423,081)	(9,670,794)
Administrative fees	(704,793)	(831,872)	(1,152,927)
Net change in net position	**$ 17,334,714**	**$ 117,124**	**$ 2,461,768**

Investment Objectives and Asset Allocation

The Lansing Board of Water and Light Retiree Benefit Plan and Trust (the "Plan") 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:

U.S. Equities	45%
Non-U.S. Equities	10%
Global Fixed Income	15%
Commercial Real Estate	20%
Alternative Investments	10%

Investment Results

The fiscal year ended June 30, 2017 saw a net investment income, net of administrative expenses, of $17.3 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).

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, you may write to the Board of Water and Light, Chief Financial Officer, P.O. Box 13007, Lansing, Michigan 48901-3007.

Statement of Trust Net Position

	As of June 30	
	2017	2016
Assets		
Investments - fair value:		
Cash and money market trust funds	$ 2,927,461	$ 13,498,404
Fixed income securities	33,706,611	28,725,054
U.S. government obligations	29,051,025	21,458,288
Equities	54,440,986	77,022,878
Mutual funds	53,089,093	15,208,788
Total investments at fair value	173,215,176	155,913,412
Investment interest and dividend receivable	425,197	386,930
Trade receivable - due from broker	88,410	-
Total assets	173,728,783	156,300,342
Liabilities		
Trade payable - due to broker	93,727	-
Net position restricted for retiree benefits	**$ 173,635,056**	**$ 156,300,342**

See Notes to Financial Statements.

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Statement of Changes in Trust Net Position

	For the Year Ended June 30	
	2017	2016
Additions		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ 13,724,335	$ (2,293,242)
Interest and dividend income	4,315,172	3,242,238
Total investment income	18,039,507	948,996
Employer contributions	9,573,671	9,423,081
Total increase	27,613,178	10,372,077
Deductions		
Retiree benefits paid	9,573,671	9,423,081
Administrative expenses	704,793	831,872
Total decrease	10,278,464	10,254,953
Net Increase in Net Position	17,334,714	117,124
Net Position		
Beginning of year	156,300,342	156,183,218
End of year	**$ 173,635,056**	**$ 156,300,342**

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 Retiree Benefit Plan and Trust (the "Plan"), which is a single-employer defined benefit healthcare plan. The Plan was established on October 20, 1999, effective as of July 1, 1999, for the purpose of accumulating assets to fund retiree healthcare insurance costs in future years.

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. 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.

In June 2015, the GASB issued statement No. 74 – Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. This standard was implemented effective July 1, 2016.

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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

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.

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.

Note 2 - Description of the Plan

The following description of the Plan, a trust fund of 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. The City Charter grants the authority to establish and amend the benefit terms to BWL. 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 713 participants eligible to receive benefits at June 30, 2017 and 715 participants eligible at June 30, 2016.

Note 2 - Description of the Plan (Continued)

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 voting 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 Fifth Third Bank as custodian of the Plan’s assets.

Contributions - Section 5-203 of the City Charter grants the authority to establish and amend the contribution requirement of the City and plan members to BWL. The retiree benefits are paid by BWL’s general cash flow to the third party administrators who process participant claims. These payments represent contributions to the Plan. Employer contributions in the statement of changes in trust net position are equal to the retiree benefits paid because the actuarial annual required contribution (ARC) for the year ended June 30, 2017 was less than the pay-as-you-go amount. During the years ended June 30, 2017 and 2016, the cost to BWL of maintaining the Retiree Benefit Plan was $9,573,671 and $9,423,081 of which, respectively, was incurred as retiree benefit payments. The Lansing Board of Water and Light may make additional 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. Additional contributions are only made to the Plan if the ARC is more than the pay-as-you-go amount. 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. For the years ended June 30, 2017 and 2016, the contribution rates of the employers were 17.6 percent and 17.5 percent of covered-employee payroll, respectively.

Note 2 – Description of the Plan (Continued)

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, 2017, there were 713 active participants (not eligible to receive benefits), 76 disabled participants, 453 retired participants, 487 active spouses (not eligible to receive benefits), and 129 surviving spouses participating in the Plan. At June 30, 2016, there were 715 active participants (not eligible to receive benefits), 78 disabled participants, 431 retired participants, 489 active spouses (not eligible to receive benefits), and 138 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 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:

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. The Plan does not have any deposits exposed to custodial credit risk.

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 June 30, 2017, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government obligations	$ 29,051,025	13.98 years
Fixed income securities	33,706,611	13.32 years
Money market trust funds	2,927,457	Less than 1 year
Portfolio weighted average maturity		13.63 years

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

At June 30, 2016 the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government obligations	$ 21,458,288	13.43 years
Fixed income securities	28,725,054	13.07 years
Money market trust funds	12,699,502	Less than 1 year
Portfolio weighted average maturity		13.33 years

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 June 30, 2017, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations	$ 29,051,025	Not rated	Not rated
Fixed income securities	2,311,039	AAA	S&P
Fixed income securities	11,990,156	AA+	S&P
Fixed income securities	1,056,764	AA	S&P
Fixed income securities	1,171,286	AA-	S&P
Fixed income securities	687,043	A+	S&P
Fixed income securities	3,895,779	A	S&P
Fixed income securities	2,721,066	A-	S&P
Fixed income securities	5,995,197	BBB+	S&P
Fixed income securities	2,578,080	BBB	S&P
Fixed income securities	1,300,201	BBB-	S&P
Money market trust funds	2,927,457	Not rated	Not rated

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

As of June 30, 2016, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations	$ 21,458,288	Not rated	Not rated
Fixed income securities	1,536,663	AAA	S&P
Fixed income securities	9,716,782	AA+	S&P
Fixed income securities	556,160	AA	S&P
Fixed income securities	440,709	AA-	S&P
Fixed income securities	916,021	A+	S&P
Fixed income securities	3,225,558	A	S&P
Fixed income securities	2,646,456	A-	S&P
Fixed income securities	5,973,642	BBB+	S&P
Fixed income securities	2,435,831	BBB	S&P
Fixed income securities	1,190,777	BBB-	S&P
Fixed income securities	37,450	BB	S&P
Fixed income securities	49,005	BB-	S&P
Money market trust funds	12,699,502	Not rated	Not rated

Note 4 - Tax Status

The Plan is exempt under Internal Revenue Code Section 501(c)(9) and received an exemption letter as of February 9, 2000. The Plan has since been amended. Management believes the Plan continues to operate as a qualified plan.

Note 5 – Plan Investments - Policy and Rate of Return

BWL's policy in regard to the allocation of invested assets is established and may be amended by the BWL Board by a majority vote of its members. It is the policy of the BWL Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2017:

Asset Class	Target Allocation
U.S. Equities	45%
Non-U.S. Equities	10%
Global Fixed Income	15%
Commercial Real Estate	20%
Alternative Investments	10%

Rate of Return - For the years ended June 30, 2017 and 2016, the annual money-weighted rate of return on investments, net of investment expense, was 10.01% and 0.32%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 6 – Net OPEB Liability of BWL

Net OPEB Liability of BWL - In the current year, the Plan implemented GASB Statement No. 74. The following disclosures relate to the new standard. The components of the net OPEB liability for BWL at June 30, 2017 and 2016, were as follows:

	June 30, 2017
Total OPEB Liability	$ 205,624,392
Plan fiduciary net position	(173,635,056)
BWL's net OPEB liability	$ 31,989,336
Plan fiduciary net position as a percentage of the total OPEB Liability	84.44%

Note 6 – Net OPEB Liability of BWL (Continued)

Actuarial assumptions - The total OPEB liability was determined by an actuarial valuation as of June 30, 2017, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Payroll Growth	9.3% growth at age 25 and decreases to 6.4% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Long-term expected Rate of Return	7.5%
Healthcare cost trend rates	9.0% for 2018, decreasing 0.5% per year to an ultimate rate of 5.0% in 2026 and later years

Mortality rates were based on the RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 (RPH-2016 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2016 using MP-2016 improvement).

Best actuarial practices call for a periodic assumption review and BWL has completed an experience study in 2017. Nyhart recommends BWL to complete another experience study prior to the fiscal year ending June 30, 2022 valuation.

The long-term expected rate of return is 7.50%. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown. The final equivalent single discount rate used for this year's valuation is 7.50% with the expectation that BWL will continue contributing the Actuarially Determined Contribution and/or paying for the pay-go cost.

Note 6 – Net OPEB Liability of BWL (Continued)

Asset Class	Long-Term Expected Real Rate of Return
S&P Municipal Bond 20-year High Grade Rate Index	2.71%
Fidelity 20-year Go Municipal Bond Index	2.92%
Actual Discount Rate Used	7.50%

Discount Rate – The discount rate used to measure the total OPEB liability was 7.5%. The discount rate is based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of BWL, as well as what BWL's net OPEB liability 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 discount rate (7.5 percent):

	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	$57,428,880	$31,989,336	$10,788,919

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of BWL, as well as what BWL's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$9,860,495	$31,989,336	$58,978,628

Note 6 – Net OPEB Liability of BWL (Continued)

The following disclosures relate to the year ended June 30, 2016:

The BWL's annual other postemployment benefit (OPEB) cost is calculated based on the 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. The annual OPEB contributions are on a pay-as-you-go accounting method because the Plan is overfunded.

Contribution trend information is as follows (in thousands):

Fiscal Year Ended	Annual OPEB Cost	Annual OPEB Contributed	Percentage of Annual OPEB Cost Contributed
6/30/2014	$ 9,202	$ 9,268	101%
6/30/2015	5,765	9,671	168%
6/30/2016	5,828	9,423	162%

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, 2016 and 2015 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 3.0 percent to 9.0 percent, (c) amortization method level dollar over an open 30-year period, and (d) RP-2014 mortality table fully generational using scale MP-2015 and RP-2014 Mortality Table fully generational using scale MP-2014, respectively.

Note 6 - Net OPEB Liability of BWL (Continued)

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

Valuation Date	Actuarial Asset Value	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	AAV as a Percentage of AAL
2/28/2014	$ 148,307	$ 194,365	$ 46,058	76.30%
2/28/2015	157,565	200,196	42,631	78.71%
2/29/2016	145,274	205,215	59,941	70.79%

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 3.0 to 9.0 percent for the year ended June 30, 2016, and 5.0 to 9.0 percent for the year ended June 30, 2015.

Note 7 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means; and
- if the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016:

Money market fund: Valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

Note 7 – Fair Value Measurements (Continued)

Fixed income securities, U.S. government obligations, and equities: Valued at the most recent closing price reported on the market on which individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2017 and 2016:

	June 30, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ 4	$ 2,927,457	$ –	$ 2,927,461
Fixed income securities	–	33,706,611	–	33,706,611
U.S. government obligations	–	29,051,025	–	29,051,025
Equities	54,440,986	–	–	54,440,986
Mutual funds	–	53,089,093	–	53,089,093
Total	$ 54,440,990	$ 118,774,186	$ –	$ 173,215,176

Note 7 – Fair Value Measurements (Continued)

	June 30, 2016			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ 798,902	$ 12,699,502	$ –	$ 13,498,404
Fixed income securities	–	28,725,054	–	28,725,054
U.S. government obligations	–	21,458,288	–	21,458,288
Equities	77,022,878	–	–	77,022,878
Mutual funds	–	15,208,788	–	15,208,788
Total	$ 77,821,780	$ 78,091,632	$ –	$ 155,913,412

Note 8 – Risks and Uncertainties

Plan contributions are made and the accrued actuarial liability is reported based on certain assumptions pertaining to interest rates, inflation rates, and employee demographics, all of which are subject to change. Due to uncertainties inherent in the estimations and assumptions process, it is at least reasonably possible that changes in these estimates and assumptions in the near term would be material to the financial statements.

In addition, the Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Trust Net Position.

Note 9 – Subsequent Events

The Plan has evaluated subsequent events occurring through the date that the Plan's financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements. There are no subsequent events warranting disclosures.

Required Supplemental Information

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Required Supplemental Information (Unaudited)
Schedule of Changes in BWL's
Net OPEB Liability and Related Ratios
Last Ten Fiscal Years
(in thousands)

	2017	2016*	2015*	2014*	2013*	2012*	2011*	2010*	2009*	2008*
Total OPEB Liability										
Service cost	$ 3,130	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	14,226	-	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	5,281	-	-	-	-	-	-	-	-	-
Changes in assumptions	(2,027)	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(9,574)	-	-	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	11,036	-	-	-	-	-	-	-	-	-
Total OPEB Liability - Beginning of year	194,588	-	-	-	-	-	-	-	-	-
Total OPEB Liability - End of year	205,624	-	-	-	-	-	-	-	-	-
Trust Net Position										
Contributions - Employer	9,574	-	-	-	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	18,040	-	-	-	-	-	-	-	-	-
Administrative expenses	(705)	-	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(9,574)	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	17,335	-	-	-	-	-	-	-	-	-
Trust fiduciary net position - Beginning of year	156,300	-	-	-	-	-	-	-	-	-
Trust fiduciary net position - End of year	173,635	-	-	-	-	-	-	-	-	-
BWL Net OPEB Liability - Ending	**$ 31,989**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Trust Fiduciary Net Position as a % of Total OPEB Liability	84.44%	- %	- %	- %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	54,383	-	-	-	-	-	-	-	-	-
BWL's Net OPEB Liability as a % of Covered Employee Payroll	58.82%	- %	- %	- %	- %	- %	- %	- %	- %	- %

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2008 - 2016 is not available and this schedule will be presented on a prospective basis.

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Required Supplemental Information (Unaudited)
Schedule of BWL's Net OPEB Liability, Fiduciary Net Position and Related Ratios
Last Ten Fiscal Years
(in thousands)

	2017	2016*	2015*	2014*	2013*	2012*	2011*	2010*	2009*	2008*
Total OPEB liability	$ 205,624	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
OPEB fiduciary net position	173,635									
Net OPEB liability	31,989	-	-	-	-	-	-	-	-	-
OPEB fiduciary net position as a % of total OPEB liability	84.4%	-	-	-	-	-	-	-	-	-
Covered Employee Payroll	54,383									
Net OPEB liability as a percentage of covered employee payroll	58.8%	-	-	-	-	-	-	-	-	-

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2008 - 2016 is not available and this schedule will be presented on a prospective basis.

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Required Supplemental Information (Unaudited)
Schedule of Employer Contributions
Last Ten Fiscal Years
(in thousands)

Fiscal Year Ended	Employer Contributions Required	Employer Contributions Actual	Difference of Required to Actual Contributions	Covered Employee Payroll	Percentage of Actual Contributions to Covered Payroll
6/30/2008*	$ 14,797	$ 14,962	$ 165	$ -	-
6/30/2009*	18,132	17,866	(266)	-	-
6/30/2010*	21,291	21,318	27	-	-
6/30/2011	17,300	17,236	(64)	47,213	37%
6/30/2012	15,744	15,854	110	46,885	34%
6/30/2013	13,994	14,045	51	47,468	30%
6/30/2014	9,200	9,268	68	46,971	20%
6/30/2015	5,762	9,671	3,909	50,885	19%
6/30/2016	5,788	9,423	3,635	53,893	17%
6/30/2017	7,508	9,574	2,066	54,383	18%

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2008 - 2010 is not available and this schedule will be presented on a prospective basis.

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Required Supplemental Information (Unaudited)
Schedule of Investment Returns
Last Ten Fiscal Years

	2017	2016	2015*	2014*	2013*	2012*	2011*	2010*	2009*	2008*
Annual money-weighted rate of return, net of investment expense	10.01%	0.32%	- %	- %	- %	- %	- %	- %	- %	- %

*GASB Statement No. 74 was implemented as of June 30, 2017. Information from 2008 - 2015 is not available and this schedule will be presented on a prospective basis.

Required Supplemental Information (Unaudited)
Schedule of Funding Progress
(in thousands)

Valuation Date	Actuarial Asset Value	AAL	UAAL	Funded Ratio
2/29/2008	$ 57,246	$ 236,102	$ 178,856	24.25%
2/28/2009	45,320	256,888	211,568	17.64%
2/28/2010	76,117	252,142	176,025	30.19%
2/28/2011	100,604	260,097	159,493	38.68%
2/28/2012	110,029	245,418	135,389	44.83%
2/28/2013	123,195	207,864	84,669	59.27%
2/28/2014	148,307	194,365	46,058	76.30%
2/28/2015	157,564	200,196	42,632	78.70%
2/29/2016	145,274	205,215	59,941	70.79%

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

NOTE: This schedule was required by GASB Statement No. 43 which was superseded by Statement No. 74, therefore, information beyond the actuarial valuation for fiscal year 2016 is not applicable or provided.

Note to Required Supplemental Information
Year Ended June 30, 2017

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2017

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary method
Amortization method	Level dollar over a 30-year closed period
Remaining amortization period	30 years
Inflation	3.0 percent
Salary increases	9.3 percent growth at age 25 and decreases to 6.4 percent for ages 60+
Investment rate of return	7.5 percent per year compounded annually
Mortality	RPH-2016 Total Dataset Mortality Table fully generational with MP-2016 Improvement Scale

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GASB 74 ACTUARIAL VALUATION

Fiscal Year Ending June 30, 2017

Lansing Board of Water and Light

Nyhart Actuary & Employee Benefits
8415 Allison Pointe Blvd., Ste. 300, Indianapolis, IN 46250
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nyhart

July 25, 2017

Scott Taylor
Lansing Board of Water and Light
1201 S. Washington Avenue
Lansing, MI 48910

This report summarizes the GASB actuarial valuation for the Lansing Board of Water and Light FY 2016/17 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. 74 (Financial Reporting for Post-Employment Benefit Plans Other Than Pension Plans).

The information presented herein is based on the actuarial assumptions and substantive plan provisions summarized in this report and participant information furnished to us by the Plan Sponsor. We have reviewed the employee census provided by the Plan Sponsor for reasonableness when compared to the prior information provided but have not audited the information at the source, and therefore do not accept responsibility for the accuracy or the completeness of the data on which the information is based. When relevant data may be missing, we may have made assumptions we feel are neutral or conservative to the purpose of the measurement. We are not aware of any significant issues with and have relied on the data provided.

The discount rate, other economic assumptions, and demographic assumptions have been selected by the Plan Sponsor with the concurrence of Nyhart. In our opinion, the actuarial assumptions are individually reasonable and in combination represent our estimate of anticipated experience of the Plan. All calculations have been made in accordance with generally accepted actuarial principles and practice.

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

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

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

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

Neither Nyhart nor any of its employees has any relationship with the plan or its sponsor that could impair or appear to impair the objectivity of this report. Our professional work is in full compliance with the American Academy of Actuaries "Code of Professional Conduct" Precept 7 regarding conflict of interest. The undersigned meet the Qualification Standards of the American Academy of Actuaries to render the actuarial opinion contained herein.

Should you have any questions please do not hesitate to contact us.

Randy Gomez, FSA, MAAA
Consulting Actuary

Evi Laksana, ASA, MAAA
Valuation Actuary

Summary of Results

Presented below is the summary of GASB 75 results for the fiscal year ending June 30, 2017.

		As of June 30, 2017
Total OPEB Liability	$	205,624,392
Actuarial Value of Assets	$	(173,635,057)
Net OPEB Liability	$	31,939,335
Funded Ratio		84.4%

		FY 2016/17
OPEB Expense	$	5,332,069
Annual Employer Contribution	$	9,573,671

	As of June 30, 2017
Discount Rate	7.5%
Expected Return on Assets	7.5%

	As of June 30, 2017
Total Active Participants	727
Total Retiree Participants[1]	721

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 75 liabilities allocated to past and current service compared to the prior year. The table below also provides a breakdown of the Total OPEB Liability 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.

Present Value of Future Benefits		***As of June 30, 2017***
Active Employees	$	119,902,540
Retired Employees		133,207,422
Total Present Value of Future Benefits	**$**	**253,109,962**

Total OPEB Liability		***As of June 30, 2017***
Active Pre-Medicare	$	20,477,145
Active Post-Medicare		51,939,825
Active Liability	$	72,416,970
Retiree Pre-Medicare	$	19,714,283
Retiree Post-Medicare		113,493,139
Retiree Liability	$	133,207,422
Total OPEB Liability	**$**	**205,624,392**

	As of June 30, 2017
Discount Rate	7.5%

Present Value of Future Benefits (PVFB) is the amount needed as of June 30, 2017, to fully fund LBWL's retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

Total OPEB Liability is the portion of PVFB considered to be accrued or earned as of June 30, 2017. This amount is a required disclosure in the Required Supplementary Information section.

Schedule of Changes in Net OPEB Liability and Related Ratios

OPEB Liability		FY 2016/17
Total OPEB Liability		
Total OPEB liability – beginning of year	$	194,588,307
Service cost		3,130,487
Interest		14,226,364
Changes of benefit terms		0
Changes in assumptions		(2,027,643)
Differences between expected and actual experience		5,280,548
Actual Benefit payments		(9,573,671)
Net change in total OPEB liability	$	11,036,085
Total OPEB liability – end of year	$	205,624,392
Plan Fiduciary Net Position		
Plan fiduciary net position – beginning of year	$	156,300,342
Contributions – employer		9,573,671
Contributions – retired members		0
Net investment income		18,039,508
Actual Benefit payments		(9,573,671)
Trust administrative expenses		(704,793)
Net change in plan fiduciary net position	$	17,334,715
Plan fiduciary net position – end of year	$	173,635,057
Net OPEB Liability – end of year	$	**31,939,335**
Plan fiduciary net position as % of total OPEB liability		84.4%
Covered employee payroll	$	54,382,507
Net OPEB liability as % of covered payroll		58.8%

Schedule of Employer Contributions

The Actuarially Determined Contributions (ADC) shown below are based on the Annual Required Contribution (ARC) calculated in the prior GASB 45 actuarial valuations as shown in the LBWL financial statements.

	FY 2016/17	FY 2015/16	FY 2014/15	FY 2013/14	FY 2012/13
Actuarially Determined Contribution (ADC)	$ 7,507,689[2]	$ 5,787,960	$ 5,762,462	$ 9,199,669	$ 13,993,843
Contributions in relation to the ADC[3]	9,573,671[4]	9,423,081	9,670,794	9,268,334	14,045,204
Contribution deficiency / (excess)	$ (2,065,982)	$ (3,635,121)	$ (3,908,332)	$ (68,665)	$ (51,361)
Covered employee payroll	$ 54,382,507	$ 53,892,858	$ 50,885,058	$ 46,971,463	$ 47,467,921
Contribution as a % of covered employee payroll	17.6%	17.5%	19.0%	19.7%	29.6%

	FY 2011/12	FY 2010/11
Actuarially Determined Contribution (ADC)	$ 15,774,370	$ 17,298,696
Contributions in relation to the ADC[1]	15,854,530	17,236,375
Contribution deficiency / (excess)	$ (80,160)	$ 62,321
Covered employee payroll	$ 46,885,031	$ 47,212,633
Contribution as a % of covered employee payroll	33.8%	36.5%

[2] Refer to the Actuarially Determined Contributions section for the calculation details.
[3] Includes employer contribution for pay-go cost paid from General Fund and pre-funding contributions deposited into the OPEB Trust.
[4] LBWL contributed pay-go cost for FY 2016/17.

OPEB Expense

OPEB Expense		*FY 2016/17*		*Projected FY 2017/18*[5]
Discount Rate as of beginning of year		7.5%		7.5%
Discount Rate as of end of year		7.5%		7.5%
Service cost	$	3,130,487	$	4,826,401
Interest		14,226,364		15,025,043
Changes of benefit terms		0		0
Projected earnings on OPEB plan investments[6]		(11,722,526)		(13,022,629)
Reduction for contributions from active employees		0		0
OPEB plan administrative expenses		704,793		868,175
Current period recognition of deferred outflows / (inflows) of resources				
Differences between expected and actual experience	$	406,196	$	406,196
Changes in assumptions		(155,973)		(155,973)
Net difference between projected and actual earnings on OPEB plan investments		(1,257,272)		(1,257,272)
Total current period recognition	$	(1,007,049)	$	(1,007,049)
Total OPEB expense	$	5,332,069	$	6,689,941

[5] FY 2017/18 OPEB expense is projected from 7/1/2017 valuation on a no gain/loss basis. There will be new amortization bases for deferred outflows / inflows created during FY 2017/18 after the 7/1/2018 valuation is completed.
[6] FY 2016/17 figures are based on 7.5% assumed asset return, actual employer contribution for FY 2016/17, and actual asset balance as of 06/30/2017.

Deferred Outflows / (Inflows) of Resources

Deferred Outflows / (Inflows) of Resources represents the following items that have not been recognized in the OPEB Expense:

1. Differences between expected and actual experience of the OPEB plan
2. Changes of assumptions
3. Difference between projected an actual earnings in OPEB plan investments

The initial amortization period for the first two items noted above is based on the average future service to retirement while the difference between projected and actual earnings in OPEB plan investment is amortized over five years. All balances are amortized linearly on a principal only basis and new bases will be created annually for each of the item above.

Differences between expected and actual experience for FYE	*Initial Balance*	*Initial Amortization Period*	*Annual Recognition*	*Unamortized Balance as of June 30, 2017*
June 30, 2017	$ 5,280,548	13	$ 406,196	$ 4,874,352

Changes in assumptions for FYE	*Initial Balance*	*Initial Amortization Period*	*Annual Recognition*	*Unamortized Balance as of June 30, 2017*
June 30, 2017	$ (2,027,643)	13	$ (155,973)	$ (1,871,670)

Net difference between projected and actual earnings in OPEB plan investments for FYE	*Initial Balance*	*Initial Amortization Period*	*Annual Recognition*	*Unamortized Balance as of June 30, 2017*
June 30, 2017	$ (6,286,361)	5	$ (1,257,272)	$ (5,029,089)

As of fiscal year ending June 30, 2017	*Deferred Outflows*	*Deferred Inflows*
Differences between expected and actual experience	$ 4,874,352	$ 0
Changes in assumptions	0	(1,871,670)
Net difference between projected and actual earnings in OPEB plan investments	0	(5,029,089)
Total	**$ 4,874,352**	**$ (6,900,759)**

Deferred Outflows / (Inflows) of Resources – Continued

Annual Amortization of Deferred Outflows / (Inflows)

The balances of June 30, 2017 of the deferred outflows / (inflows) of resources will be recognized in OPEB expense in the future fiscal years as noted below.

FYE	Balance	
2018	$	(1,007,049)
2019	$	(1,007,049)
2020	$	(1,007,049)
2021	$	(1,007,049)
2022	$	250,223
Thereafter	$	1,751,567

Sensitivity Results

The following presents the net OPEB liability as of June 30, 2017, calculated using the discount rate assumed and what it would be using a 1% higher and 1% lower discount rate.

- The current discount rate is 7.5%.
- The 1% decrease in discount rate would be 6.5%.
- The 1% increase in discount rate would be 8.5%.

As of June 30, 2017	*Net OPEB Liability*	
1% Decrease	$	57,428,880
Current Discount Rate	$	31,939,335
1% Increase	$	10,788,919

The following presents the net OPEB liability as of June 30, 2017, using the health care trend rates assumed and what it would be using 1% higher and 1% lower health care trend rates.

- The current medical/rx trend rate starts at an initial rate of 9.0% decreasing by 0.5% annually to an ultimate rate of 5.0%.
- The 1% decrease in medical/rx trend rates would assume an initial rate of 8.0% decreasing by 0.5% annually to an ultimate rate of 4.0%.
- The 1% increase in medical/rx trend rates would assume an initial rate of 10.0% decreasing by 0.5% annually to an ultimate rate of 6.0%.

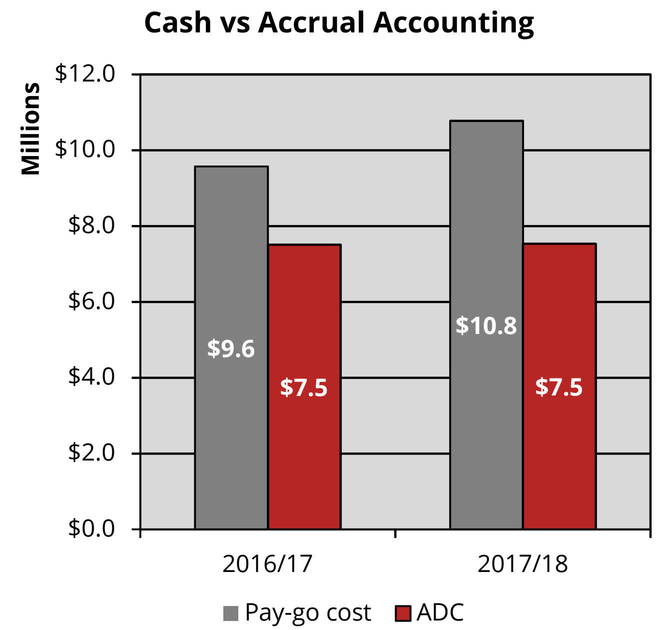
As of June 30, 2017	*Net OPEB Liability*	
1% Decrease	$	9,860,495
Current Health Care Trend Rates	$	31,939,335
1% Increase	$	58,978,628

Asset Breakdown		*FY 2016/17*
Assets		
Cash and cash equivalents	$	2,502,264
Securities lending cash collateral		0
Total cash	$	2,502,264
Receivables		
Contributions	$	419,881
Accrued interest		425,197
Total receivables	$	845,078
Investments		
Fixed income	$	62,757,636
Equities		107,530,079
Mutual Funds		0
Other		0
Total investments	$	170,287,715
Total assets	$	173,635,057
Liabilities		
Payables		
Investment management fees	$	0
Securities lending expense		0
Total liabilities	$	0
Net position restricted to OPEB	**$**	**173,635,057**

Asset Reconciliation		*FY 2016/17*
Additions		
Contributions received		
Employer	$	9,573,671
Employee		0
Total contributions	$	9,573,671
Investment income		
Net increase in fair value of investments	$	13,389,943
Interests and dividends		4,649,565
Investment expense, other than from securities lending		0
Securities lending income		0
Securities lending expense		0
Net investment income	$	18,039,508
Total additions	$	27,613,179
Deductions		
Benefit payments	$	(9,573,671)
Administrative expenses		(704,793)
Other		0
Total deductions	$	(10,278,464)
Net increase in net position	$	17,334,715
Net position restricted to OPEB		
Beginning of year		156,300,342
End of year	$	173,635,057

The Actuarially Determined Contributions calculated below are recommended target contributions and assumes that LBWL has the ability to contribute these amounts on an annual basis. LBWL has the responsibility to decide how much it should contribute after considering its other needs and the OPEB participants' needs.

		FY 2016/17[7]		*FY 2017/18*
Discount rate		7.5%		7.5%
Payroll growth factor used for amortization		N/A		N/A
Actuarial cost method		Entry Age Normal Level Dollar		Entry Age Normal Level % of Salary
Amortization type		Level Dollar		Level Dollar
Amortization period		30 years open		30 years closed
Actuarial accrued liability (AAL) – beginning of year	$	205,215,099	$	205,624,392
Actuarial value of assets – beginning of year		(145,274,065)		(173,635,057)
Unfunded AAL – beginning of year	$	59,941,034	$	31,939,335
Normal Cost		2,262,705		4,489,676
Amortization of UAAL		4,721,192		2,519,606
Total normal cost plus amortization	$	6,983,897	$	7,009,282
Interest to the end of year		523,792		525,696
Actuarially Determined Contribution – Preliminary	$	7,507,689	$	7,534,978
Expected benefit payments[8]	$	9,573,671	$	10,775,777



Actuarially Determined Contribution (ADC) is the target or recommended contribution to a defined benefit OPEB plan, which if paid on an ongoing basis, will provide sufficient resources to fund future costs for services to be earned and liabilities attributed to past services. This is typically higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods.

[7] As shown in the Lansing Board of Water and Light GASB 45 valuation report for fiscal year ending June 30, 2017.
[8] Benefit payments are actual for FY 2016/17.

The Total OPEB Liability (TOL) 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 total OPEB liability and whether they increase or decrease the liability.

Expected Events

- Increases in TOL due to additional benefit accruals as employees continue to earn service each year
- Increases in TOL due to interest as the employees and retirees age
- Decreases in TOL due to benefit payments

Unexpected Events

- Increases in TOL when actual premium rates increase more than expected. A liability decrease occurs of the reverse happens.
- Increases in TOL when more new retirements occur than expected or fewer terminations occur than anticipated. Liability decreases occur when the opposite outcomes happen.
- Increases or decreases in TOL depending on whether benefits are improved or reduced.

Projection of Total OPEB Liability (TOL)		*FY 2016/17*		*FY 2017/18*
TOL as of beginning of year	$	194,588,307	$	205,624,392
Normal cost as of beginning of year		2,912,081		4,489,675
Exp. benefit payments during the year		(9,987,459)		(10,775,777)
Interest adjustment to end of year		14,444,770		15,361,769
Exp. TOL as of end of year	$	201,957,699	$	214,700,059
Actuarial Loss/(Gain)		3,666,693		TBD
Actual TOL as of end of year	**$**	**205,624,392**	**$**	**TBD**

Projection of Actuarial Value of Assets (AVA)		*FY 2016/17*		*FY 2017/18*
AVA as of beginning of year	$	156,300,342	$	173,635,057
Exp. employer contributions during the year[9]		9,987,459		10,775,777
Exp. benefit payments during the year		(9,987,459)		(10,775,777)
Exp. investment income[10]		11,048,354		12,154,454
Exp. Trust administrative expenses		(674,172)		(868,175)
Exp. AVA as of end of year	$	167,318,075	$	185,789,511
Differences between expected and actual experience		6,286,361		TBD
AVA as of end of year	**$**	**173,635,057**	**$**	**TBD**

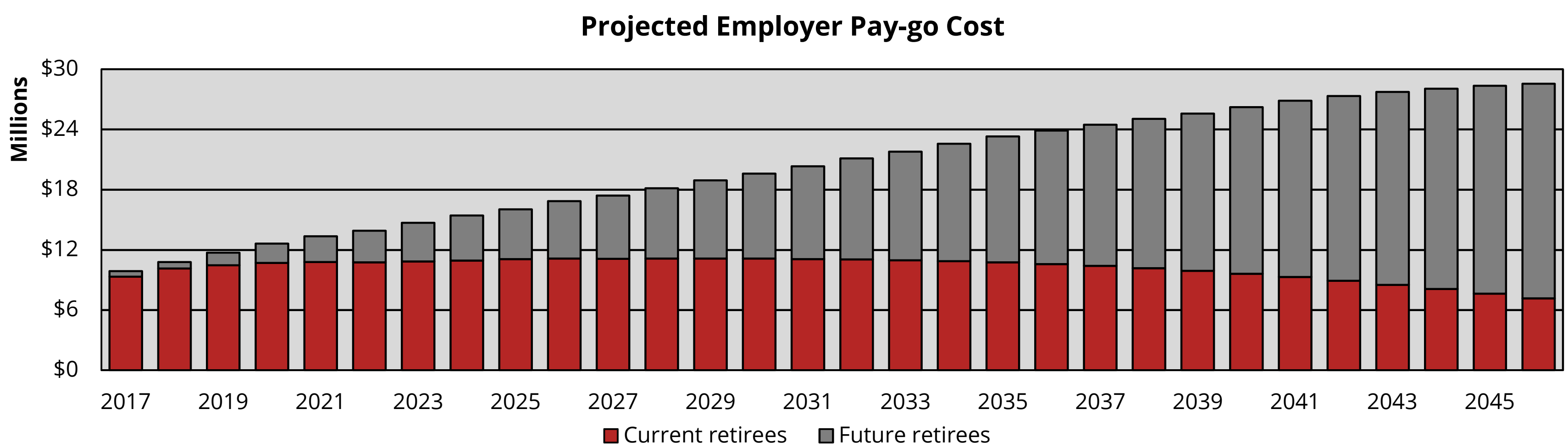
[9] Expected employer contribution for 2016/17 is based on expected pay-go costs plus any deposits LBWL made into the Trust. FY 2017/18 expected employer contribution is based on the calculated ADC as shown on page 10.
[10] Fiscal years 2016/17 and 2017/18 expected investment income are calculated based on a 7.5% and 7.0% asset return respectively.

The below projections show the actuarially estimated employer-paid contributions for retiree health benefits for the next thirty years. Results are shown separately for a closed group of current /future retirees and gross claim costs/retiree contributions. These projections include explicit and implicit subsidies.

FYE	Current Retirees	Future Retirees[11]	Total
2017	$ 9,323,012	$ 563,022	$ 9,886,034
2018	$ 10,162,083	$ 613,694	$ 10,775,777
2019	$ 10,465,832	$ 1,247,080	$ 11,712,912
2020	$ 10,705,992	$ 1,913,615	$ 12,619,607
2021	$ 10,786,757	$ 2,580,088	$ 13,366,845
2022	$ 10,772,124	$ 3,142,749	$ 13,914,873
2023	$ 10,854,182	$ 3,833,271	$ 14,687,453
2024	$ 10,945,125	$ 4,474,972	$ 15,420,097
2025	$ 11,076,576	$ 4,976,803	$ 16,053,379
2026	$ 11,137,928	$ 5,710,695	$ 16,848,623

FYE	Current Retirees	Future Retirees[3]	Total
2027	$ 11,106,777	$ 6,299,855	$ 17,406,632
2028	$ 11,146,775	$ 6,996,425	$ 18,143,200
2029	$ 11,146,712	$ 7,792,408	$ 18,939,120
2030	$ 11,140,761	$ 8,449,787	$ 19,590,548
2031	$ 11,083,621	$ 9,253,922	$ 20,337,543
2032	$ 11,039,111	$ 10,082,718	$ 21,121,829
2033	$ 10,974,817	$ 10,821,772	$ 21,796,589
2034	$ 10,869,916	$ 11,706,299	$ 22,576,215
2035	$ 10,747,580	$ 12,550,597	$ 23,298,177
2036	$ 10,584,187	$ 13,316,488	$ 23,900,675

FYE	Current Retirees	Future Retirees[3]	Total
2037	$ 10,405,380	$ 14,056,242	$ 24,461,622
2038	$ 10,185,531	$ 14,874,030	$ 25,059,561
2039	$ 9,926,161	$ 15,653,806	$ 25,579,967
2040	$ 9,628,071	$ 16,610,474	$ 26,238,545
2041	$ 9,292,961	$ 17,575,958	$ 26,868,919
2042	$ 8,922,909	$ 18,423,838	$ 27,346,747
2043	$ 8,522,420	$ 19,227,734	$ 27,750,154
2044	$ 8,095,658	$ 19,968,249	$ 28,063,907
2045	$ 7,646,813	$ 20,703,158	$ 28,349,971
2046	$ 7,180,620	$ 21,380,112	$ 28,560,732



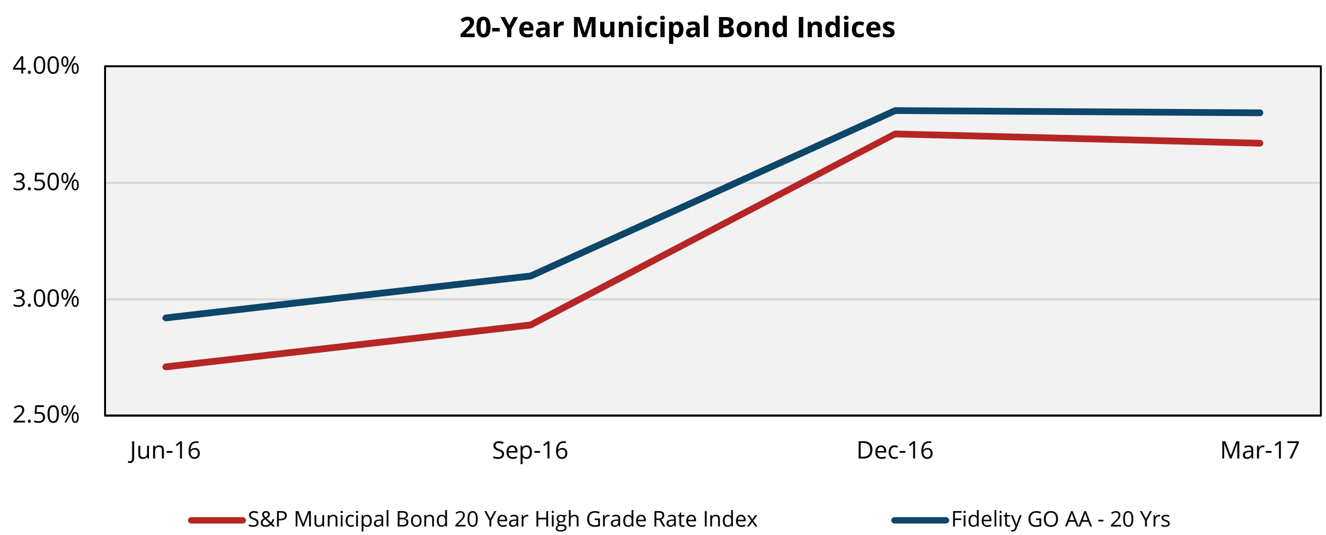
[11] Projections for future retirees do not take into account future new hires.

Under GASB 74, the discount rate used in valuing OPEB liabilities for funded plans as of the Measurement Date must be based on the long-term expected rate of return on OPEB plan investments that are expected to be used to finance future benefit payments to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used.

For the current valuation:

1. The long-term expected rate of return on OPEB plan investment is 7.50%.
2. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments are selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown.
3. The final equivalent single discount rate used for this year's valuation is 7.50% with the expectation that LBWL will continue contributing the Actuarially Determined Contribution and/or paying for the pay-go cost.

	S&P Municipal Bond 20-Year High Grade Rate Index	Fidelity 20-Year Go Municipal Bond Index	Actual Discount Rate Used
Yield as of July 1, 2016	2.71%	2.92%	**7.50%**
Yield as of June 30, 2017	TBD	TBD	**7.50%**



	Single	*Non-Single*	*Total*	*Avg. Age*	*Avg. Svc*	*Salary*
Actives with Medical Coverage	**121**	**527**	**648**	**47.6**	**14.5**	**$ 48,938,976**
Actives Cash in Lieu[12]			**52**	**47.6**	**13.0**	**$ 4,057,010**
Actives Waived Coverage[13]			**27**	**34.5**	**8.3**	**$ 1,393,992**

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	13	12	3								28
25 to 29	5	27	7	1							40
30 to 34	3	37	16	7							63
35 to 39	8	29	14	22	9						82
40 to 44	1	22	13	22	24						82
45 to 49	6	19	15	20	26	7	5				98
50 to 54	4	16	16	24	13	11	18	14			116
55 to 59	2	4	12	14	22	3	18	25	17	2	119
60 to 64		2	4	10	10	6	10	9	15	8	74
65 to 69		1	3	4	1	2		4	3	2	20
70 & up		1				1	1		1	1	5
Total	**42**	**170**	**103**	**124**	**105**	**30**	**52**	**52**	**36**	**13**	**727**

[12] 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.
[13] 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	30	45	75	66.5
Healthy retirees	134	315	449	71.3
Surviving spouses	131	3	134	78.5
Total inactives with medical coverage	**295**	**363**	**658**	**72.2**
Inactives Cash in Lieu[14]			**39**	**73.8**

Inactives without Medical Coverage[15]	*Total*	*Avg. Age*
Disabled retirees	1	52.4
Healthy retirees	14	65.3
Surviving spouses	9	76.1
Total inactives without medical coverage	**24**	**68.8**

[14] There are 38 retirees and one surviving spouse currently receiving cash in lieu of coverage. They are assumed to elect cash in lieu of coverage for lifetime.
[15] All inactives who are currently waive medical coverage have been excluded from the GASB valuation, except for six healthy retirees who are receiving life insurance benefits.

Retiree Age Distribution

Age	Retired[16]	Surviving Spouses[17]	Disabled[18]	Total
Under 50		3		3
50 – 54	3		3	6
55 – 59	19	3	10	32
60 – 64	97	12	25	134
65 – 69	127	13	18	158
70 – 74	105	24	8	137
75 – 79	63	19	6	88
80 – 84	39	16	5	60
85 – 89	30	29	1	60
90 & up	18	25		43
Total	**501**	**144**	**76**	**721**

[16] Includes 14 retirees who waive medical coverage with LBWL (six of them are receiving life insurance benefits) and 38 retirees receiving cash in lieu of coverage.
[17] Includes nine surviving spouses who waive medical coverage with LBWL and one surviving spouse receiving cash in lieu of coverage.
[18] Includes one disabled retiree who waives medical coverage with LBWL and has no life insurance benefit.

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 Union and Non-Union employees pay 14% of the active premiums for medical and prescription drug coverage, and none for dental coverage. Therefore, Union employees who retire at this time will pay 14% of the active medical and prescription drug premium and none for dental coverage. Monthly active premium rates effective on January 1, 2017 are as shown below:

Coverage Levels	Medical Only	Medical/Rx	Dental
1 Person Regular	$ 490.28	$ 664.69	$ 35.65
2 Person Regular	$ 1,103.13	$ 1,495.56	$ 69.19

Part B Reimbursement

LBWL reimburses retirees and spouses for 90% of the Medicare Part B premium (standard premium prior to income-related adjustment). For those who became Medicare eligible prior to January 1, 2016, LBWL reimbursement is $98 per month. For those who became Medicare eligible on/after January 1, 2016, LBWL reimbursement is $121 per month.

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 Hartford/Envision with EGWP and wrap prescription drug effective on August 1, 2012.
- Dental benefits that became fully-insured in July 2013.

The monthly retiree premium rates effective on January 1, 2017 are as shown below:

Coverage Levels	Medical Only	Medical/Rx
1 Person Regular	$ 825.08	$ 1,173.77
2 Person Regular	$ 1,856.45	$ 2,641.02
1 Comp.	$ 214.19	$ 499.80
2 Comp.	$ 428.38	$ 999.60

Dental	1 Person	2 Person
Actives and Retirees	$ 35.65	$ 69.19

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 changes to the actuarial methods and assumptions since the last GASB 45 valuation, which was for the fiscal year ending June 30, 2017. Refer to Actuary's Notes section for complete information on these changes. For the current year GASB 74/75 valuation, we have also updated the per capita costs. We expect to update discount rate, health care trend rates, and per capita costs again in the next full GASB 74/75 valuation, which will be for the fiscal year ending June 30, 2018.

Measurement Date

July 1, 2017

Discount Rate

7.5% as of July 1, 2017; refer to the Discussion of Discount Rates section for more information on selection of the discount rate.

Payroll Growth

Payroll growth at sample ages for determining the Total OPEB Liability are as shown below. The rates below include general wage inflation and merit / productivity increases.

Age	Rates	Age	Rates
25	9.3%	45	7.5%
30	8.7%	50	7.2%
35	8.2%	55	6.9%
40	7.8%	60+	6.4%

Inflation Rate

3.0% per year

Cost Method

Allocation of Actuarial Present Value of Future Benefits for services prior and after the Measurement Date was determined using Entry Age Normal Level % of Salary method where:

- Service Cost for each individual participant, payable from date of employment to date of retirement, is sufficient to pay for the participant's benefit at retirement; and
- Annual Service Cost is a constant percentage of the participant's salary that is assumed to increase according to the Payroll Growth.

Census Data

Census information was provided by LBWL as of February 28, 2017. We have reviewed it for reasonableness and no material modifications were made to the census data.

Experience Study

Best actuarial practices call for a periodic assumption review and LBWL has completed an experience study in 2017. Nyhart recommends LBWL to complete another experience study prior to the fiscal year ending June 30, 2022 valuation.

Mortality

RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 (RPH-2016 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2016 using MP-2016 improvement.)

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 LBWL historical experience in 2012 to 2016 used in the February 2017 experience study. Sample annual turnover rates are shown below:

Age	0 YOS	1 YOS	2 YOS	3 YOS	4 YOS	5+ YOS
20	10.6%	9.4%	8.6%	7.8%	7.0%	4.8%
30	8.0%	6.8%	6.0%	5.2%	4.4%	2.5%
40	7.1%	5.9%	5.1%	4.3%	3.5%	1.9%
50	6.3%	5.1%	4.3%	3.7%	3.0%	1.6%
60	5.6%	4.6%	3.9%	3.3%	2.6%	1.2%
70+	5.2%	4.2%	3.5%	2.9%	2.2%	0.9%

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%

Retirement Rate

Annual rates of retirement are as shown below. The retirement rates are based on LBWL historical experience in 2012 to 2016 used in the February 2017 experience study. Refer to the Glossary section for an illustration of how actuarial models use this assumption.

Age	Rates	Age	Rates
50	5%	62	30%
51 – 53	3%	63	15%
54	6%	64 – 65	20%
55	10%	66	50%
56 – 58	7%	67 – 69	25%
59 – 60	15%	70+	100%
61	25%		

Health Care Trend Rates

FYE	Medical/Rx	Part B	Dental
2018	9.00%	3.00%	5.00%
2019	8.50%	3.25%	4.75%
2020	8.00%	3.50%	4.50%
2021	7.50%	3.75%	4.25%
2022	7.00%	4.00%	4.00%
2023	6.50%	4.25%	4.00%
2024	6.00%	4.50%	4.00%
2025	5.50%	4.75%	4.00%
2026+	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.

Dental Per Capita Costs

Annual dental per capita cost is assumed to be $428 annually. This cost is assumed to increase with dental trend rates.

Part B Reimbursement

Annual Part B reimbursement amount is $1,177 for those who retired prior to January 1, 2016 and $1,447 for those who retired on/after January 1, 2016. These amounts are assumed to increase with Part B trend rates.

Per Capita Costs

Annual per capita costs are calculated based on the rates effective on January 1, 2017 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[19]	
Age	**Medical**	**Rx**	**Medical**	**Rx**
47	$ 6,666	$ 2,653	$ 14,998	$ 5,970
52	$ 7,360	$ 3,197	$ 16,559	$ 7,194
57	$ 8,447	$ 3,761	$ 19,007	$ 8,462
62	$ 10,278	$ 4,317	$ 23,125	$ 9,714
67	$ 2,226	$ 3,221	$ 2,226	$ 3,221
72	$ 2,530	$ 3,436	$ 2,530	$ 3,436
77	$ 2,739	$ 3,540	$ 2,739	$ 3,540
80	$ 2,822	$ 3,540	$ 2,822	$ 3,540

[19] 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 $2,098 for medical benefits and $3,126 for rx benefits. 70% of disabled retirees are assumed to be Medicare primary due to disability.

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.

Health Care Coverage Election Rate

Health (medical/rx/dental)

95% of active employees who currently have coverage are assumed to elect coverage at retirement.
95% 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.

Explicit Subsidy

The difference between (a) the premium rate 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.

	Funding Rate	Retiree Contribution	Explicit Subsidy
	A	B	C = A – B
Retiree	$ 1,173.77	$ 0.00	$ 1,173.77
Spouse	$ 1,467.25	$ 0.00	$ 1,467.25

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.

APPENDIX

Appendix A – Comparison of Participant Demographic Information

	As of February 29, 2016	As of February 28, 2017
Active Participants[20]	742	727
Inactive Participants[21]		
Disabled Retirees	78	75
Healthy Retirees[22]	431	449
Surviving Spouses[23]	138	134
Spouses of Disabled Retirees	45	45
Spouses of Healthy Retirees	306	312
Averages for Active		
Age	46.6	47.1
Service	13.8	14.2
Averages for Inactive		
Disabled Retirees Age	65.5	66.5
Healthy Retirees Age	70.7	71.3
Surviving Spouses Age	77.4	78.5
Spouses of Disabled Retirees Age	60.5	61.2
Spouses of Healthy Retirees Age	67.4	68.9

[20] 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.
[21] Enrollment as of 2/29/2016 excludes one disabled retiree, nine healthy retirees, and nine surviving spouses who waive medical coverage with LBWL and have no life insurance benefits. Enrollment as of 2/29/2017 excludes one disabled retiree, eight healthy retirees, and nine surviving spouses who waive medical coverage with LBWL and have no life insurance benefits.
[22] Enrollment as of 2/29/2016 excludes 38 retirees receiving cash in lieu of coverage and eight retirees who waive coverage with LBWL but are eligible for life insurance benefits. Enrollment as of 2/29/2017 excludes 38 retirees receiving cash in lieu of coverage and six retirees who waive coverage with LBWL but are eligible for life insurance benefits.
[23] Enrollments as of 2/28/2016 and 2/28/2017 exclude one surviving spouse receiving cash in lieu of coverage.

Appendix B – 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 2016	**742**	**486**	**148**	**79**	**1,455**
Status change for active employees	(23)	22		1	**0**
Status change for disableds					**0**
Left without health coverage	(40)	(4)	(7)	(4)	**(55)**
Died with surviving spouses		(3)	3		**0**
New hires and rehires	48				**48**
Data corrections					**0**
March 2017	**727**	**501**	**144**	**76**	**1,448**

Appendix C – Detailed Actuary's Notes

There were two substantive plan provision changes since the last full valuation, which was for the fiscal year ending June 30, 2017:

1. For employees hired on/after January 1, 2009, future retiree contribution will be equal to the current employees' healthcare premium sharing immediately prior to retirement. In the prior valuation, Union employees contribution is 12% of the active premiums for medical and prescription drug coverage, and none for dental coverage. In this year's valuation, the percentage has been increased from 12% to 14% for medical and prescription drug coverage. There is no change to the dental coverage contribution.
2. In the prior valuation, the Board reimburses Medicare retirees for the first $3,000 in Medicare Part B claims and this benefit is self-insured. In this year's valuation, the deductible for Medicare Part B services have been eliminated and the cost for this benefit has been included in the fully-insured Hartford premium.

LBWL has opted to disclose OPEB liabilities under GASB 74/75 in the Trust's financial disclosure for the current valuation. The prior valuation was disclosed under GASB 45. There is only one change associated with this accounting standard change, which is updating the cost method from Entry Age Normal Level Dollar to Entry Age Normal Level % of Salary. This change caused a decrease in liabilities.

In addition to the cost method change, the following assumptions have also been updated:

1. Mortality table has been updated from SOA RPH-2015 Total Dataset Mortality Table fully generational using Scale MP-2015 to SOA RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016. The impact of this change is a decrease in liabilities.

2. Retirement and termination tables have been updated to reflect recent LBWL historical experience in 2012 to 2016 as shown in the February 2017 experience study report. The net impact of these changes is an increase in liabilities.

3. The health care coverage election rate has been reduced from 100% to 95% to reflect LBWL historical experience in 2012 to 2016 as shown in the February 2017 experience study report. This caused a decrease in liabilities.

4. Medical/Rx trend rates have been reset to an initial rate of 9.00% decreasing by 0.50% annually to an ultimate rate of 5.00%. Dental trend rates have been reset to an initial rate of 5.00% decreasing by 0.25% annually to an ultimate rate of 4.00%. Medicare Part B trend rates have been reset to an initial rate of 3.00% increasing by 0.25% annually to an ultimate rate of 5.00%. This change caused an increase in liabilities.

Appendix D – Summary of Medical Benefits

A brief summary of all health plans offered to retirees effective on January 1, 2017 is as shown below.

Retiree Plans (In-Network)	Non-Medicare Plan	Hartford Medicare Plan
Deductible (EE / Family)	$0 / $0	$0 / $0
Coinsurance	100%	100%
Out-of-Pocket Maximum (EE / Family)	Unlimited	Unlimited
Copay / co-insurances for:		
Office Visit	$5	$5
Urgent Care	$5	N/A
Emergency Room	$25	$25
Prescription drugs		
Retail (Generic / Brand)	$2 / $12	$2 / $12
Mail Order (Generic / Brand)	$4 / $24	$4 / $24

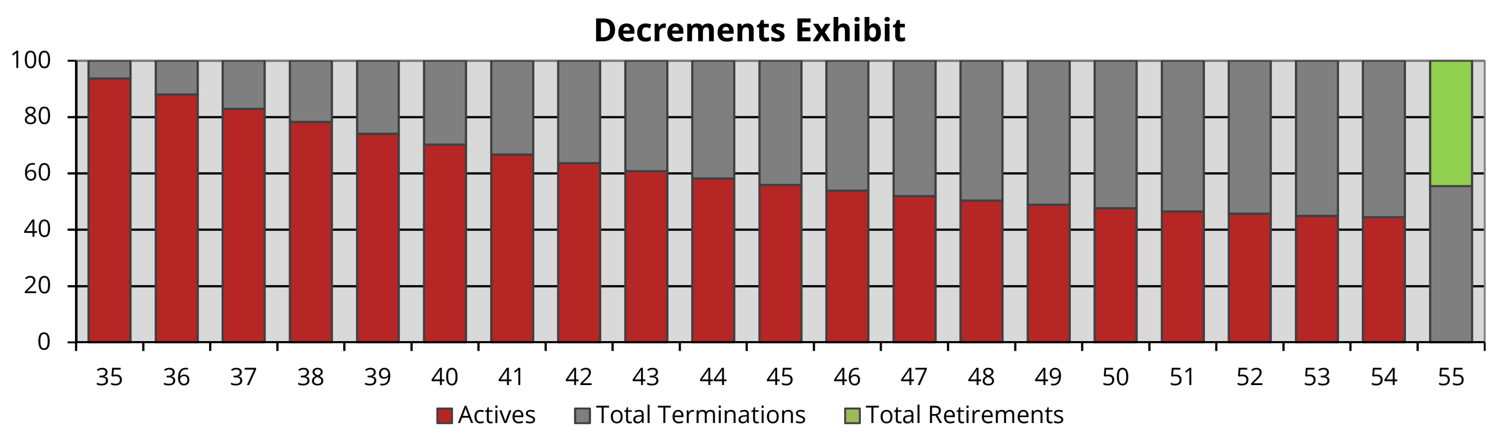
GLOSSARY

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

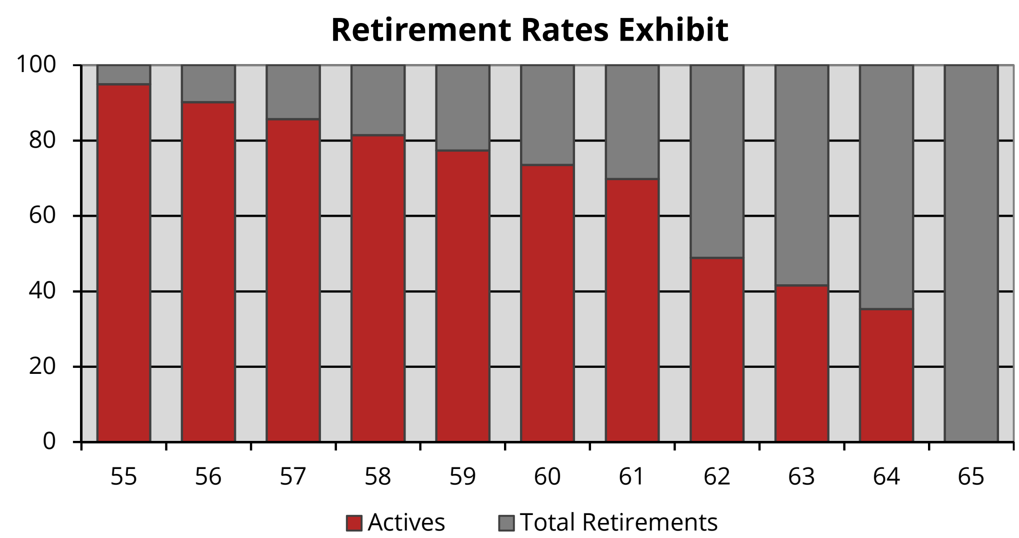


* The above rates are illustrative rates and are not used in our GASB calculations.

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.

Definitions

GASB 75 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 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.

2. **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 Service Cost and a Total OPEB Liability.

3. **Actuarially Determined Contribution** - A target or recommended contribution to a defined benefit OPEB plan for the reporting period, determined in accordance with the parameters and in conformity with Actuarial Standards of Practice.

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. **Deferred Outflow / (Inflow) of Resources** – represents the following items that have not been recognized in the OPEB Expense:
    a. Differences between expected and actual experience of the OPEB plan
    b. Changes in assumptions
    c. Differences between projected and actual earnings in OPEB plan investments (for funded plans only)

6. **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.

7. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the Total OPEB Liability.

Definitions – Continued

8. **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.

9. **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.

10. **OPEB** – Benefits (such as death benefits, life insurance, disability, and long-term care) that are paid in the period after employment and that are provided separately from a pension plan, as well as healthcare benefits paid in the period after employment, regardless of the manner in which they are provided. OPEB does not include termination benefits or termination payments for sick leave.

11. **OPEB Expense** – Changes in the Net OPEB Liability in the current reporting period, which includes Service Cost, interest cost, changes of benefit terms, expected earnings on OPEB Plan investments, reduction of active employees' contributions, OPEB plan administrative expenses, and current period recognition of Deferred Outflows / (Inflows) of Resources.

12. **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.

13. **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.

14. **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.

15. **Real Rate of Return** – the rate of return on an investment after adjustment to eliminate inflation.

Definitions – Continued

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.

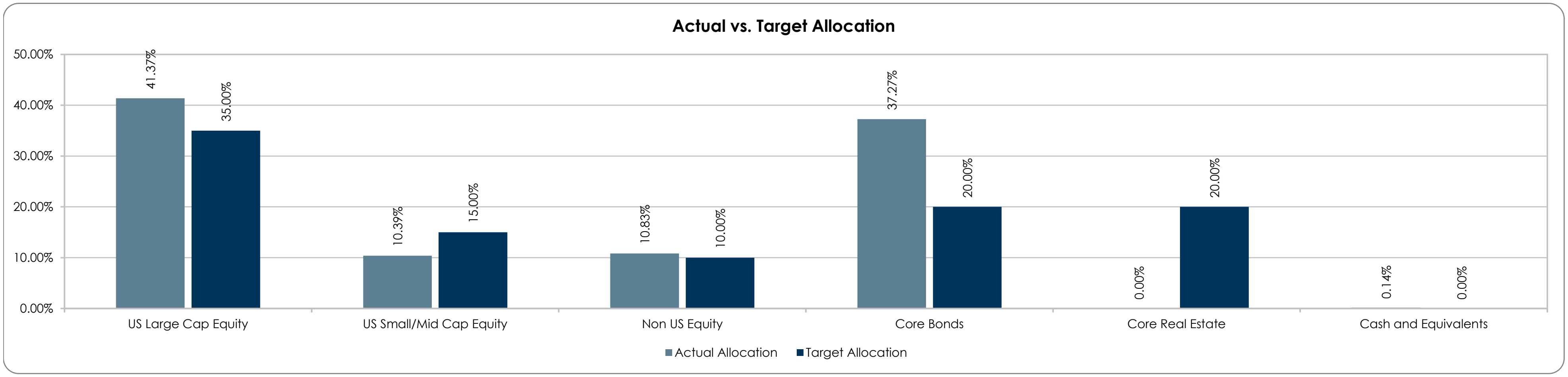
17. **Service Cost** – The portion of the Actuarial Present Value of projected benefit payments that are attributed to a valuation year by the Actuarial Cost Method.

18. **Substantive Plan** – The terms of an OPEB plan as understood by the employer(s) and plan members.

19. **Total OPEB Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of Future Benefits which is attributed to past periods of employee service (or not provided for by the future Service Costs).

Lansing Board of Water & Light VEBA

For the Periods Ending June 30, 2017



Asset Class	Market Value ($000s)	Actual Allocation (%)	Target Allocation (%)	Over/ Under (%)	Range Min - Max (%)	
Total Portfolio	**173,580**	**100.00**	**100.00**			
Equity	**108,641**	**62.59**	**60.00**	**2.59**		
US Equity	89,847	51.76	50.00	1.76	35.00	70.00
US Large Cap Equity	71,809	41.37	35.00	6.37		
US Small/Mid Cap Equity	18,038	10.39	15.00	-4.61		
Non US Equity	18,794	10.83	10.00	0.83	0.00	20.00
Fixed Income	**64,689**	**37.27**	**20.00**	**17.27**	**10.00**	**50.00**
Core Bonds	64,689	37.27	20.00	17.27	10.00	50.00
Real Assets	**0**	**0.00**	**20.00**	**-20.00**	**0.00**	**20.00**
Core Real Estate	0	0.00	20.00	-20.00	0.00	20.00
Cash and Equivalents	**250**	**0.14**	**0.00**	**0.14**	**0.00**	**5.00**

	Mar 2017 Market Value ($000s)	Jun 2017 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Lansing Board of Water and Light VEBA (07/04)	**168,902**	**173,580**	**100.00**	**0.76**	**2.94**	**8.17**	**11.65**	**4.71**	**9.43**	**6.24**
Policy Index [1]				*0.47*	*2.65*	*6.59*	*13.08*	*5.95*	*10.00*	*7.21*

Lansing Board of Water & Light VEBA

For the Periods Ending June 30, 2017

	Mar 2017 Market Value ($000s)	Jun 2017 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Lansing Board of Water and Light VEBA (07/04)	**168,902**	**173,580**	**100.00**	**0.76**	**2.94**	**8.17**	**11.65**	**4.71**	**9.43**	**6.24**
Policy Index [1]				*0.47*	*2.65*	*6.59*	*13.08*	*5.95*	*10.00*	*7.21*
US Large Cap Equity (01/17)	**71,405**	**71,809**	**41.37**	**1.33**	**5.23**	**14.61**	**--**	**--**	**--**	**14.61**
Russell 1000				*0.70*	*3.06*	*9.27*	*18.03*	*9.26*	*14.67*	*9.27*
US Small/Mid Cap Equity (01/17)	**18,699**	**18,038**	**10.39**	**1.56**	**-3.33**	**0.30**	**--**	**--**	**--**	**0.30**
Russell 2500 Value				*2.66*	*0.32*	*1.95*	*18.36*	*6.21*	*13.69*	*1.95*
Non US Equity (01/17) *	**17,950**	**18,794**	**10.83**	**0.89**	**4.70**	**11.58**	**--**	**--**	**--**	**11.58**
MSCI EAFE				*-0.15*	*6.37*	*14.23*	*20.83*	*1.61*	*9.18*	*14.23*
Fixed Income (01/17)	**60,847**	**64,689**	**37.27**	**-0.15**	**1.52**	**2.38**	**--**	**--**	**--**	**2.38**
BloomBar US Aggregate				*-0.10*	*1.45*	*2.27*	*-0.31*	*2.48*	*2.21*	*2.27*
Cash and Equivalents (01/17)	**0**	**250**	**0.14**	**0.06**	**0.14**	**0.21**	**--**	**--**	**--**	**0.21**
US T-Bills 90 Day				*0.08*	*0.20*	*0.31*	*0.49*	*0.23*	*0.17*	*0.31*

Lansing Board of Water & Light VEBA

For the Periods Ending June 30, 2017

	Mar 2017 Market Value ($000s)	Jun 2017 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Equity (01/17)	**108,054**	**108,641**	**62.59**	**1.30**	**3.73**	**11.65**	**--**	**--**	**--**	**11.65**
US Large Cap Equity										
Loomis Sayles Large Cap Equity (01/13)	**71,405**	**37,514**	**21.61**	**1.05**	**9.07**	**18.80**	**23.33**	**14.11**	**--**	**16.26**
Russell 1000 Growth				*-0.26*	*4.67*	*14.00*	*20.42*	*11.11*	*15.30*	*15.95*
Vanguard Russell 1000 Value (05/17) *	**0**	**34,295**	**19.76**	**1.62**	**--**	**--**	**--**	**--**	**--**	**1.52**
Russell 1000 Value				*1.63*	*1.34*	*4.66*	*15.53*	*7.36*	*13.94*	*1.54*
US Small/Mid Cap Equity										
Advisory Research Small Cap (07/09)	**18,699**	**18,038**	**10.39**	**1.56**	**-3.33**	**0.30**	**17.20**	**-0.37**	**8.83**	**12.07**
Russell 2500 Value				*2.66*	*0.32*	*1.95*	*18.36*	*6.21*	*13.69*	*15.57*
Non US Equity										
JP Morgan International Value (04/09) *	**17,950**	**18,794**	**10.83**	**0.89**	**4.70**	**11.58**	**22.57**	**-0.46**	**6.74**	**8.31**
MSCI EAFE Value				*0.34*	*5.07*	*11.60*	*25.71*	*-0.05*	*8.70*	*10.50*
MSCI EAFE				*-0.15*	*6.37*	*14.23*	*20.83*	*1.61*	*9.18*	*10.94*
Fixed Income (01/17)	**60,847**	**64,689**	**37.27**	**-0.15**	**1.52**	**2.38**	**--**	**--**	**--**	**2.38**
Core Bonds										
JP Morgan Fixed Income (01/09)	**60,847**	**64,689**	**37.27**	**-0.15**	**1.52**	**2.38**	**-0.31**	**2.98**	**2.68**	**4.46**
BloomBar US Aggregate				*-0.10*	*1.45*	*2.27*	*-0.31*	*2.48*	*2.21*	*3.95*
Cash & Equivalents (01/17)	**0**	**250**	**0.14**	**0.06**	**0.14**	**0.21**	**--**	**--**	**--**	**0.21**
Cash & Equivalents (01/17)	**0**	**250**	**0.14**	**0.06**	**0.14**	**0.21**	**--**	**--**	**--**	**0.21**
US T-Bills 90 Day				*0.08*	*0.20*	*0.31*	*0.49*	*0.23*	*0.17*	*0.31*

All returns prior to 12/31/2016 were calculated by the prior consultant.

* Net of Fee return data.

1 Policy Index: Effective January 2017, the index consists of 40.0% Russell 1000, 10.0% MSCI EAFE, 10.0% Russell 2500, 40.0% BloomBar US Aggregate.

The Fiscal Year End is June.

Market Overview

For the Periods Ending June 30, 2017

	1 Month (%)	3 Months (%)	FYTD (%)	1 Year (%)	3 Years (%)	5 Years (%)	10 Years (%)
Equity Markets - Core							
S&P 500	0.62	3.09	9.34	17.90	9.61	14.63	7.18
Russell 1000	0.70	3.06	9.27	18.03	9.26	14.67	7.29
Russell 2000	3.46	2.46	4.99	24.60	7.36	13.70	6.92
Russell 2500	2.50	2.13	5.97	19.84	6.93	14.04	7.42
Russell Mid Cap	0.99	2.70	7.99	16.48	7.69	14.72	7.67
Equity Markets - Growth							
S&P 500 Growth	-0.39	4.42	13.33	19.30	11.03	15.24	8.97
Russell 1000 Growth	-0.26	4.67	14.00	20.42	11.11	15.30	8.91
Russell 2000 Growth	3.44	4.39	9.97	24.40	7.64	13.98	7.82
Russell 2500 Growth	2.28	4.13	10.63	21.44	7.65	14.33	8.18
Russell Mid Cap Growth	0.30	4.21	11.40	17.05	7.83	14.19	7.87
Equity Markets - Value							
S&P 500 Value	1.90	1.51	4.85	15.86	7.79	13.82	5.25
Russell 1000 Value	1.63	1.34	4.66	15.53	7.36	13.94	5.57
Russell 2000 Value	3.50	0.67	0.54	24.86	7.02	13.39	5.92
Russell 2500 Value	2.66	0.32	1.95	18.36	6.21	13.69	6.52
Russell Mid Cap Value	1.49	1.37	5.18	15.93	7.46	15.14	7.23
International Markets							
MSCI ACWI	0.50	4.45	11.82	19.42	5.39	11.14	4.27
MSCI EAFE Growth	-0.64	7.72	17.03	16.13	3.20	9.58	2.43
MSCI World	0.42	4.22	11.02	18.86	5.83	12.01	4.56
MSCI World ex US	0.13	5.87	13.23	20.07	1.16	8.66	1.50
Fixed Income							
BofA ML 1 Yr Treasury Note	0.03	0.14	0.30	0.40	0.41	0.37	1.21
BofA ML High Yield Master II	0.11	2.14	4.91	12.75	4.48	6.91	7.54
BloomBar US Aggregate	-0.10	1.45	2.27	-0.31	2.48	2.21	4.48
BloomBar Intermediate G/C	-0.18	0.94	1.73	-0.21	1.92	1.77	3.87
BloomBar 10 Yr Municipal	-0.40	2.35	4.18	-0.41	3.56	3.40	5.13
BloomBar US Credit	0.26	2.35	3.68	1.84	3.40	3.68	5.61

Summary Annual Report

Lansing Board of Water and Light Retiree Benefit Plan and Trust

For the Plan Year Ended June 30, 2017

This summary annual report is prepared by the management of the City of Lansing by its Board of Water and Light (DBA Lansing Board of Water and Light). It is prepared pursuant to the requirements of State of Michigan Act No. 314 of 1965, as amended, MCL 38.1131 et seq., and contains the information required by that Act. Effective March 29, 2017 the Act requires submission of the report to the department of treasury not less than 30 days after publication. The names of the System Investment Fiduciaries and the System Service Providers are current as of June 30, 2017. Investment performance is based upon returns for the calendar years 2007 – 2016. Actual and budgeted expenditures are based upon calendar years 2016 and 2017, respectively. All other information is for the System actuarial valuation dates of June 30, 2017 and March 1, 2016.

Name of the System - Lansing Board of Water and Light Retiree Benefit Plan and Trust.

Names of the System Investment Fiduciaries – The eight voting members of Board of Commissioners of the Lansing Board of Water and Light (David Price (Chairperson), Dennis M. Louney, Tony Mullen, Tracy Thomas, Ken Ross, Beth Graham, Anthony McCloud, Sandra Zerkle), General Manager Richard Peffley, Heather Shawa, Chief Financial Officer, Michael Flowers, Executive Director of Human Resources, and Scott Taylor, Manager of Finance.

Names of the System Service Providers:

Investment Advisor and Plan Administrator - Asset Consulting Group, Nathan Burk – Senior Consultant

Investment Managers:

Advisory Research – SMID Cap Value	JGallop@advisoryresearch.com
JPMorgan – Fixed Income	erin.m.wikander@Jpmorgan.com
JPMorgan International – International Value	erin.m.wikander@Jpmorgan.com
Loomis Sayles - Large Cap Growth	clazzaro@loomissayles.com
Vanguard – Large Cap Value	michael_dominick@vanguard.com

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

	6/30/2017	3/1/2016	Change
Market Value of Plan Assets	$173,635,057	$145,274,065	$28,360,992
Accrued Liability	$205,624,392	$205,215,099	$409,293
Net Plan Assets	($31,989,335)	($59,941,034)	$27,951,699

System Funded Ratio – 84.4%

System Investment Performance Net of Fees on a Calendar Year Basis* (2007 – 2016):

1 Year:	4.83%
3 Years:	3.23%
5 Years:	8.14%
7 Years:	7.48%
10 Years:	4.32%

*ACG started calculating gross and net performance in January 2017. Performance prior to this date was calculated by the Lansing Board of Water and Light's previous consultant.

System Administrative and Investment Expenditures (Calendar Year 2016):

Administrative Expenses:	$19,345.00
Investment Expenses:	$595,188.69

System Budgeted Expenditures (Calendar Year 2017):

Administrative Expenses:	$15,500.00
Investment Expenses:	$615,000.00

System Information from the 2017 Actuarial Report:

Number of Active Members:	727
Number of Retirees and Beneficiaries:	721
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.**

Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light

Statement Of Investment Policies, Procedures And Objectives

Effective ~~September 27, 2016~~July 25, 2017, except as otherwise noted herein

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Table of Contents

Introduction

The Lansing Board of Water and Light ("**BWL**") is a municipally owned utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan. The Plan receives contributions from the Lansing Board of Water and Light. The Plan pays retirement benefits provided for in the Plan. Plan assets are invested in various types of securities.

This Statement of Investment Policy ("**Statement**") is issued by the Commissioners of the Lansing Board of Water & Light (the "**Commissioners**") for~~Trustees of~~ the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light ("**Plan**"). The purpose of this Statement is to identify and present a set of investment objectives, an asset allocation policy, investment performance standards and procedures for managing the Plan's assets.

Updates to Statement

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with the BWL's investment philosophy. Any revisions or updates made to the Statement shall be communicated to the Trustees from time to time in writing. The Trustees shall formally acknowledge any revisions or updates by communicating the same to the Commissioners in writing. It shall be the duty of the Trustees to act strictly in accordance with the Statement, and any changes therein, as so communicated to and acknowledged by the Trustees.

Trustees

The Trustees of the Plan are the eight appointed voting Commissioners of the Lansing Board of Water & Light. The Trustees have delegated certain responsibilities that are described in this Statement to the Retirement Plan Committee, effective as of the date on which this Statement is acknowledged by the Trustees by signature of an authorized representative of the Trustees. As of that date, all provisions in this Statement relating to the Retirement Plan Committee shall become operative.

Responsibility for selecting and providing direction to Investment Managers, Investment Consultants, custodians, and other administrators required for the management of the Plan's assets and for evaluating overall investment results has been delegated to the Retirement Plan Committee which shall report to the Trustees regarding selections made and investment performance. The Trustees, in evaluating the Retirement Plan Committee's actions, shall act in accordance with the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees in writing.

Purpose of the Plan

The Plan was established for the purpose of providing post-retirement medical benefits to eligible employees and their beneficiaries. The Plan is a governmental retiree medical plan which provides medical, prescription drug, dental and life insurance benefits upon a participant's attainment of normal, early or disability retirement status. An investment portfolio is maintained to invest employer contributions and to reinvest income.

Investment Philosophy

The Commissioners, Trustees and the Retirement Plan Committee recognize their respective fiduciary duties to invest the Plan's assets in formal compliance with the Prudent Man Rule. The Trustees interpret this to mean that, in addition to the specific guidelines and restrictions set forth in this document, the assets of the Plan shall be actively managed -- that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, the Trustees recognize that, commensurate with its overall objective of maximizing long-range returns while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity for adherence to proper diversification, the Trustees and the Retirement Plan Committee rely upon appropriate professional advice.

Delegation of Responsibilities

Retirement Plan Committee

The Retirement Plan Committee acknowledges its responsibility as a fiduciary to the Plan. In this regard, the Retirement Plan Committee must act prudently and for the exclusive interest of the Plan's participants and beneficiaries.

More specifically, the Retirement Plan Committee's responsibilities include:
1. Complying with the provisions of pertinent federal, state, and local laws and regulations relating to the investment of Plan assets.
2. Evaluating and appointing a qualified manager(s) and consultant(s) to invest and manage the Plan's assets.
3. Communicating the investment goals, objectives, and standards to the investment managers including any material changes that may subsequently occur.
4. Determining, with the advice of the Investment Consultant ("Consultant"), how Plan assets should be allocated among various asset classes.
5. Review and evaluate the results of the Investment Manager(s) ("Manager(s)") in context with established standards of performance.
6. Taking whatever corrective action is deemed prudent and appropriate when an investment manager fails to perform as mutually expected.
7. The Retirement Plan Committee will notify the Manager(s) of:
   a) Significant changes in the Plan cash flow and/or cash flow needs; and
   b) Any matter which bear upon the proper investment management of the Plan's assets, including pertinent financial, legal, and actuarial information.
9. Monitor all costs associated with the administration of the Plan's investment to ensure that they are reasonable with market averages.
10. Review any program that may mitigate or offset costs.

The Retirement Plan Committee shall give consideration to and have an understanding of the following prior to retaining professionals:

1. Establishing standards/requirements/appropriateness of services.
2. Identification of appropriate candidates for the position.
3. Solicitation of bids and proposals.
4. Conduct interviews.
5. Check references.
6. Make reasoned decisions based on all information, including:
   a) Philosophy/Goals (i.e., Mission Statement)
   b) Ownership/Management/Organizational Structure/Turnover
   c) Operational History/Growth Plan
   d) Infrastructure: Resources/Tools-of-the-Trade
   e) Financial Condition
   f) Educational Background/Industry Experience
   g) Professional Qualifications
   h) Risk Controls/ Insurance
   I) Criminal, Civil, Regulatory History
   j) Fees
   k) Liquidity
7. Document the decision process.
8. Verify compliance with federal and state laws and Investment Guidelines.
9. Establish standards of conduct, terms and conditions of relationship (Written Contract/Agreement).

Investment Consultant

In carrying out its delegated responsibilities, the Retirement Plan Committee considers the services of a Consultant as appropriate to assist in the placement of investment funds. The primary role of the Consultant is to provide independent, objective, third-party advice and counsel that will enable the Retirement Plan Committee to make well-informed and timely decisions regarding the investment of the Plan's assets.

The Consultant's role is that of an advisor to the Plan. The Consultant acknowledges its responsibilities as a fiduciary. The Consultant acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act.

Investment advice concerning the investment management of Plan assets will be offered by the Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. In specific terms, the primary responsibilities of the Consultant are as follows:

1. Measure and evaluate investment performance each calendar quarter.
2. Evaluate the Plan's tolerance for risk.
3. Advise regarding appropriate investment objectives and goals based on the Plan's needs and risk tolerance.

4. Determine what degree of potential market volatility should be factored into the investment approach.
5. Based on all of the above, advise regarding optimal allocation of assets.

<u>Providing a Range of Capabilities</u>
The Consultant is a third party retained by the Retirement Plan Committee to assist in several key areas of the management of financial assets.

The Consultant may be asked to:
1. Gather and evaluate statistical information on the financial assets, investment needs, and risk parameters.
2. Analyze and understand the implications of historic capital market behavior, particularly with regard to the trade-off between total rate of return and investment risk.
3. Maintain data on the universe of available professional investment managers, and categorize (as to investment style and discipline) and evaluate the qualifications of the individual management firms.
4. Provide periodic asset allocation studies and updates.
5. Conduct periodic trustee educational workshops.
6. Provide information with respect to alternate investments.
7. Monitor the investment of the Plan's assets for compliance with relevant laws and regulations.
8. Analyze and evaluate the Plan's investment performance, and the performance of its investment managers, both past and ongoing.
9. Make specific and timely recommendations for the consideration of the Management during each phase of the investment management process.
10. Monitor all costs associated with the administration of the Plan's investment to ensure that they are reasonable with market averages.

<u>Making Recommendations</u>
Investment Policy - The Consultant may be asked to recommend an appropriate investment policy that will meet the Plan's needs. This includes recommending investment objectives and guidelines that adhere to the goals and tolerance for risk. The Consultant may be asked to provide an appropriate model of asset allocation composed of equity, fixed-income, money market instruments or alternative investments designed to meet the established objectives.

Manager Selection - The Consultant may be asked to recommend the best qualified and most appropriate Manager(s) candidates for implementing the established investment policy. The Consultant shall be capable of utilizing a well-established system to select suitable Manager(s) candidates from both a local and national investment manager database.

Manager Performance Review and Evaluation
The Consultant shall provide the Retirement Plan Committee with performance reports and ongoing quality control to assure that the standards and investment objectives are

maintained. Performance reports generated by the Consultant shall be compiled at least quarterly and communicated to the Retirement Plan Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Retirement Plan Committee intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate a Manager(s) for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes to a Manager(s) organization.

Manager(s) shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

Investment Manager(s)

Each Manager acknowledges its responsibility as an investment fiduciary. Each Manager acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act. Each Manager will have full discretion to make all investment decisions for the assets placed under its control, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement.

Adherence to Policy Guidelines and Objectives

The assets of the Plan are to be managed in accordance with the policy guidelines and objectives expressed herein as well as any additional guidelines provided separately. Assets shall be invested in strict compliance with relevant laws and regulations. Each Manager shall manage its individual portfolio in compliance with relevant laws and regulations.

Discretionary Authority

Each Manager is expected to exercise complete investment discretion. Such discretion includes decisions to buy, hold and sell equities or fixed income securities (including cash equivalents) in amounts and proportions reflective of the Manager's current investment strategy and compatible with the investment guidelines.

Each Manager is expected, within the limitation of the account size, to diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to so diversify. The investment manager shall invest the assets of the Plan with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims. The investment manager will provide the Retirement Plan Committee with suggested strategy which might be changed or adopted to better suit the investment guidelines adopted by the Retirement Plan Committee.

Communications
Each Manager is responsible for communicating with the Retirement Plan Committee regarding all significant matters pertaining to the investment of the Plan's assets. The Retirement Plan Committee shall be kept apprised of substantive changes in investment strategy, asset mix, portfolio structure, and market value of the Plan's assets. If requested, Manager(s) will meet with the Retirement Plan Committee on a quarterly basis to review the portfolio and the investment outlook.

Reporting
Each Manager is expected to provide:

1. INITIALLY, a written statement (per management agreement) acknowledging their acceptance of the guidelines and performance standards herein stated.
2. AT LEAST QUARTERLY, a portfolio composition report to the Retirement Plan Committee of the funds under their management. The report shall contain as a minimum the following data:
   a. Investment Review
   i. Account characteristics;
   ii. Investment summary to include asset description, cost, date, unit value, market value, percent of market, current yield, unrealized gains/losses, and estimated annual income;
   iii. Maturity schedule to include year due and percent of total; and
   b. Summary and statement of assets under management.
3. ANNUALLY, and thereafter at the request of the Retirement Plan Committee, participation in a review meeting, the agenda to include, but not restricted to -
   a. A review and re-appraisal of the herein contained Statement;
   b. A brief review of the recent capital market environment to include discussion of any event particularly pertinent to the management of this portfolio;
   c. A commentary on investment results in light of the appropriate standards of performance as stated herein;
   d. A synopsis of key investment decisions made by the Manager, the underlying rationale, and how those decisions could impact future results;
   e. Recommendations as to changes in goals or standards, based upon material and sustained changes in the capital markets;
4. UPON WRITTEN OR ORAL REQUEST -
   a. Copies of all documentation in support of any investment activity;
   b. A summary of receipts and disbursements;
   c. A listing of assets acquired and disposed of;
   d. Evidence of suitable insurance coverage of the Manager’s fiduciary responsibilities.
5. IMMEDIATE NOTIFICATION -
   a. Notice of material changes in the Manager’s outlook, policy, and tactics

b. Notice of material changes in ownership, organizational structure, financial condition, senior staffing and management of the Manager's organization.

Each manager's investment guidelines and performance objectives are made a part of their investment management agreement. Compliance with these guidelines and objectives is evaluated during the quarterly investment performance evaluation process.

Custodian

The primary responsibilities of the custodian ("Custodian") are to:

1. Provide adequate safekeeping services.
2. Settle securities transactions on time.
3. Collect trust fund income when due.
4. Provide adequate accounting services.
5. Prepare useful, accurate, and timely investment reports.
6. Provide adequate cash-management services.
7. Provide adequate administrative support.
8. Develop and maintain adequate data processing capabilities.
9. Handle proxy administration promptly and accurately.
10. Complete and file timely proof of claims for settlements of security class action suits and monitor the processing to ensure claims are received.

Plan Investment Policy

The Plan is maintained to provide retiree medical benefits for the participants and their beneficiaries.

The Trustees (or their delegate) are authorized and permitted by the Plan Document and under Michigan law to engage the services of a Manager(s), Consultant and Custodian and to set the direction for the investments.

The Trustees require that the Manager(s), Consultant and Custodian comply with all applicable laws, rules and regulations. Manager(s) will be given full discretion in managing the funds within this Statement.

Plan Investment Objectives

The Trustees' attitudes regarding Plan assets combine both preservation of capital and moderate risk-taking. The Trustees recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential of loss in purchasing power (due to inflation) are present to some degree with all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory results consistent with the objectives and character of the Plan. The policies and restrictions contained in this Statement should not impede the Manager to attain the overall Plan objectives, nor should they exclude the Manager from appropriate investment opportunities.

The Plan's overall investment objective is to earn an average, annual return of 7.5% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure its ability to pay retirement benefits for all plan participants.

The Plan's objective is based on the expected returns under the strategic asset allocation policy, which follows. This asset allocation policy should result in normal fluctuation in the Plan's actual return, year to year. The expected level of risk (volatility, or return fluctuation) is appropriate given the Plan's current and expected tolerance for short-term return fluctuations. Appropriate diversification of Plan assets will reduce the Plan's investment return volatility.

Asset Allocation Policy

This strategic asset allocation policy is consistent with the achievement of the Plan's financial needs and overall investment objectives. Asset classes are selected based on the expected long-term returns, individual reward/risk characteristics, and correlation with other asset classes, manager roles, and fulfillment of the Plan's long-term financial needs.

The Commissioners established an allocation range for each asset class in recognition of the need to vary exposure within and among different asset classes, based on investment opportunities and changing capital market conditions. The Commissioners selected the target allocation for each asset class based on the Plan's current financial condition, expected future contributions, withdrawals, plan expenses and current investment opportunities, notwithstanding short-term performance. The Commissioners intend to review these allocation targets at least annually, focusing on changes in the Plan's financial needs, investment objectives, and asset class performance.

Asset Allocation Policy Index

Asset Class	**Manager Role**	**Allocation Range**	**Target Allocation**
~~U.S. Equities~~Total Equity	Active/Passive	~~35~~ 45 to 70%	**~~45~~60%**
US Large Cap Equity	Active/Passive	25 to 35%	30%
US SMID Cap Equity	Active	5 to 15%	10%
Non-U.S. Equities	Active, Broad or Focused	15~~0~~ to ~~20~~25%	20%
Total Fixed Income	Active/Passive, Core, Opportunistic	10 to 50%	**25%**
~~Global~~ Core Fixed Income	Active/Passive Core, Intermediate Diversified	10 to ~~50~~35%	~~15~~15%
Multi-Sector Fixed Income	Active Fixed Income	0 to 10%	5%
Liquid Absolute Return Fixed Income	Active Fixed Income	0 to 10%	5%
Commercial Real Estate	Core, value-added, opportunistic, public or private	0 to 20%	**~~20~~15%**
~~Alternative Investments*~~	~~Hedge funds, private equity, private debt, real assets~~	~~0 to 15%~~	~~10%~~
Cash Equivalents	Active, money market fund	0 to 5%	0%
	Total Fund		**100.0%**

~~*Current allocation to Alternative Investments is 0%. The 10% allocation will be invested equally between U.S. Equities and Global Fixed Income (5% each).~~

The Trustees acknowledge that alternative asset classes are available and intend to periodically evaluate the merits of using different asset classes. The Trustees also recognize the benefits of diversifying manager roles within a given asset class and intend to periodically evaluate this decision as well as the active versus passive management decision.

In order to preserve capital gains and protect principal during periods of market duress, a short-term U.S. government and/or high-quality credit securities fund may be used. Given the infrequent short-term use and specialized purpose of this fund, it is not included in the Policy Index.

Administrative and Investment Review Procedures

Review of Policies

All investment policies and investment management guidelines will be reviewed annually by the Trustees, or whenever circumstances change to the extent that the policies may be ineffective or inappropriate.

General Review

Annually, all those responsible for investment of the Plan's assets shall submit a report or meet with the Retirement Plan Committee to review their activities for the current year and discuss proposed changes that are anticipated.

Review of Investment Performance

The Retirement Plan Committee will monitor the investment performance of each manager and the overall deployment of the Plan's assets. Monitoring will include periodic meetings with the Manager(s), and a quarterly performance evaluation performed by the Consultant.

Each performance evaluation will include:

1. The present and prospective economic climate;
2. Current period and historical, time-weighted rates of return for the overall Plan, including an evaluation against the previously specified performance standards;
3. Current period and historical, time-weighted rates of return for each Manager, including an evaluation against the previously specified performance standards;
4. Additional quantitative measures and analysis will be employed to objectively monitor each Manager's compliance with investment policies and guidelines.
5. An understanding of the strategy being used by each Manager to carry out the current Investment Policy; and
6. Opportunities available within current and prospective asset categories.

The Retirement Plan Committee requests that all documents, exhibits, written materials, etc. to be used during the meetings be submitted in advance.

Individual Investment Manager Objectives

On a quarterly basis, the performance of each of the investment managers will be compared to a relevant benchmark index and to a relevant universe of investment management firms. The ongoing review and evaluation of investment manager results will be the responsibility of the Retirement Plan Committee, with the assistance of the Consultant.

The primary emphasis of the review of each investment manager will be placed on relative rates of return and risk as compared against relevant benchmarks, peers and expectations for each specific manager.

Over a market cycle (usually 3-5 years), the following are the performance expectations for each portfolio:

- The total return of each portfolio should exceed the total return of the relevant index.

- The total return of each portfolio should rank median or higher when compared to the relevant peer group.

In addition to relative rates of return each portfolio's performance will be evaluated based on its relative risk profile as measured by its standard deviation and other benchmark relative statistics; risk adjusted returns as measured by the portfolio's Sharpe ratio and performance in up and down markets.

Passive portfolio allocations are expected to approximate the risk and return profile of the appropriate benchmark.

Rebalancing Policy – Overall Fund Allocation

The system of asset allocation rebalancing to be utilized involves a target asset mix around which variance is allowed within prescribed limits. Rebalancing will be addressed when a limit is reached or exceeded. In addition to monitoring target and actual allocations quarterly, the Retirement Plan Committee will formally review the policy and actual allocations in light of anticipated cash flow.

Review of Investment Management

Manager(s) are responsible for frequent and open communication (in writing) with Management and the Consultant on all significant matters pertaining to Investment Policy and the management of the Plan's assets, including, but not limited to:

1. A quarterly report of major changes in each Manager's investment outlook, investment strategy and portfolio structure.
2. Any significant changes in ownership, organizational structure, financial conditions, or senior personnel staffing of each Manager's organization.
3. Any investment guidelines which inhibit the fulfillment of a Manager's fiduciary duties, inappropriately restrict performance, or prevent the manager from meeting their performance standards.

Proxy Voting

The Trustees confer the right to vote proxies to the Manager(s), unless the Manager(s) are otherwise notified by the Retirement Plan Committee in writing. It is expected that Manager(s) will vote for the sole benefit of the Plan participants and beneficiaries, considering those factors that may affect the value of the Plan's investments and not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives.

A summary of votes cast shall be submitted to the Retirement Plan Committee on an annual basis. This summary must identify the company, number of shares held, subject proxy issues, actual vote (whether for or against the Retirement Plan Committee's recommendation), and justification.

Directed Brokerage

With regard to directed-brokerage, the Trustees do not require the Manager(s) to trade securities through an individual or set of broker-dealers. The Trustees wish to give the Manager(s) full discretion over their choice of broker-dealers, so long as the Plan's total cost or proceeds of transactions are the most favorable under the circumstances.

Tenure

While the relationship with Manager(s) is expected to be ongoing, the Retirement Plan Committee reserves the right to terminate their relationship with any retained Manager at any time they deem appropriate.

In General Managers are fiduciaries with discretion to implement the guidelines within the direction provided by this Statement..

Managers should present (and obtain approval on) material changes in their investment style, philosophy or process to the Retirement Plan Committee before implementing any changes on behalf of the Plan.

Managers (except commingled funds) are prohibited from using warrants, options, futures, collectibles, leverage, mutual funds (money market funds exempted), LLCs, ETFs, unit investment trusts, margin purchases or short sales, securities of Plan service providers (custodial bank notwithstanding), and loaning or pledging securities (certain index funds exempted). While commingled funds are exempt from the prohibited securities noted above, they are expected to be managed within the guidelines set forth for each fund. Commingled fund managers are required to comply with the appropriate performance standards and reporting requirements contained in this document.

If a Manager would like to purchase a security that falls outside of this Plan's investment guidelines (commingled funds exempted), or is in doubt as to the goal and intent of these guidelines, they should submit a written request for clarification to the Retirement Plan Committee prior to purchase. Any security not specifically defined or permitted within is prohibited for investment on behalf of this Plan.

Cash Equivalents The cash equivalents Manager may invest in any institutional money market fund ("Fund") that follows the following objectives and policies:

1. The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.
2. The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, Bankers Acceptances, commercial paper (except ABS commercial paper), and other money market securities.
3. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two

nationally recognized rating services (or by one, if only one rating service has rated the security).

4. If unrated, the security rating must be determined by the manager, subject to the limitations in item 3.
5. The Fund maintains a dollar-weighted average maturity of 90 days or less.

Total Plan Performance

~~The Plan's investment objectives are 1) to equal or exceed a 7.5% annualized return over five-year rolling periods, 2) to equal or exceed the return of the Policy Index (a.k.a. the Plan's performance standard) over five-year rolling periods, and 3) to equal or exceed the return of the median institutional fund with a similar allocation/risk exposure (a.k.a. the Plan's performance universe) over one-year rolling periods.~~

The primary investment objective is to meet the long-term financial goals of the Lansing Board of Water and Light Plan. The Plan's asset allocation will be used as the primary tool to achieve this goal.

The Plan is expected to meet or exceed the following objectives over a full market cycle (usually three to five years):

1) Earn a rate of return after all expenses that equals or exceeds the current actuarial assumed rate of return of 7.5%

2) The Plan's total return should exceed the total return of the Policy index comprised of the following: 50% in U.S. equities, 10% in non-U.S. equities and 40% in Global Fixed Income.

~~The Policy Index is a hypothetical fund invested 40% in U.S. equities, 10% in non-U.S. equities, 40% in Global Fixed Income, and 10% in commercial real estate (the U.S. Equities and the Global Fixed Income allocations will be reduced by 5% each after the Alternative Investments allocation is completed).~~

3) The Plan's total return should rank at median or above when compared to a universe of other portfolios with a similar equity allocation.

4) In addition to relative rates of return the Plan's performance will be evaluated based on its relative risk profile as measured by its standard deviation, beta, correlation to the Policy Index, risk adjusted returns as measured by the Plan's Sharpe ratio and performance in up and down markets.

Conclusion

It is in the intent of this Statement to state an attitude and/or philosophy which will guide Managers toward the performance desired. It is further intended that these objectives be sufficiently specific, but also sufficiently flexible.

It is the opinion of the Commissioners that these limitations and guidelines will not prevent a Manager from achieving the objectives set forth.

Glossary of Investment Terms

Alternative Investments - These investments are typically made through the purchase of limited partner units in a private limited partnership. Alternative investments include hedge funds, managed futures and commodities, private equity, real assets and other.

Asset Allocation - A process used to determine the optimal allocation of a fund's portfolio among broad asset classes.

Benchmark Index - An index against which the investment performance of a Manager can be compared for the purpose of determining the value added by the Manager. A benchmark portfolio must be of the same style as the Manager, and in particular, similar in terms of risk.

Best Execution - This is formally defined as the difference between the strike price (the price at which a security is actually bought or sold) and the fair market price which involves calculating opportunity costs by examining the security price immediately after the trade is placed. Best execution occurs when the trade involves no opportunity cost, for example when there is no increase in the price of a security shortly after it is sold.

Fiduciary - Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person.

Funding Risk - The risk that anticipated contributions to the fund would not be made.

Liquidity - In general, liquidity refers to the ease by which a financial asset can be converted into cash. Liquidity is often more narrowly defined as the ability to sell an asset quickly without having to make a substantial price concession.

Nominal Return - The nominal return on an asset is the rate of return un-adjusted for any change in the price level. The nominal return is contrasted with the real return that is adjusted for changes in the price level.

Standard Deviation - A statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically are. The wider the range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (i.e. has a bell shaped curve distribution) then approximately two-thirds of the returns would occur within plus or minus one standard deviation from the sample mean.

Strategic Asset Allocation – The strategic mix of assets designed to accomplish a long-term goal such as funding medical benefits. Generally, policy targets are set for the strategic asset classes with allowable ranges around those targets. The allowable ranges are established to allow flexibility in the management of the investment portfolio.

Systematic Risk - The part of a security's total risk that is related to movements in the market and therefore cannot be diversified away.

Tactical Asset Allocation – The tactical mix of assets is short-term in nature with a goal of maximizing returns. This strategy is used to take advantage of current market conditions that may be more favorable for one asset class over another.

Time-weighted Return - A method of measuring the performance of a portfolio over a particular period of time. It is the cumulative compounded rate of return of the portfolio, calculated on each date that cash flow moves into or out of the portfolio.

Universe - A group of Managers/Funds chosen to have an investment style similar to the Manager/Fund and used for comparison purposes.

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POST-RETIREMENT BENEFIT PLAN FOR ELIGIBLE EMPLOYEES OF LANSING BOARD OF WATER & LIGHT

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective July 25, 2017, except as
otherwise noted herein

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Table of Contents

Introduction

The Lansing Board of Water and Light ("**BWL**") is a municipally owned utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan. The Plan receives contributions from the Lansing Board of Water and Light. The Plan pays retirement benefits provided for in the Plan. Plan assets are invested in various types of securities.

This Statement of Investment Policy ("**Statement**") is issued by the Commissioners of the Lansing Board of Water & Light (the "**Commissioners**") for the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light ("**Plan**"). The purpose of this Statement is to identify and present a set of investment objectives, an asset allocation policy, investment performance standards and procedures for managing the Plan's assets.

Updates to Statement

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with the BWL's investment philosophy. Any revisions or updates made to the Statement shall be communicated to the Trustees from time to time in writing. The Trustees shall formally acknowledge any revisions or updates by communicating the same to the Commissioners in writing. It shall be the duty of the Trustees to act strictly in accordance with the Statement, and any changes therein, as so communicated to and acknowledged by the Trustees.

Trustees

The Trustees of the Plan are the eight appointed voting Commissioners of the Lansing Board of Water & Light. The Trustees have delegated certain responsibilities that are described in this Statement to the Retirement Plan Committee, effective as of the date on which this Statement is acknowledged by the Trustees by signature of an authorized representative of the Trustees. As of that date, all provisions in this Statement relating to the Retirement Plan Committee shall become operative.

Responsibility for selecting and providing direction to Investment Managers, Investment Consultants, custodians, and other administrators required for the management of the Plan's assets and for evaluating overall investment results has been delegated to the Retirement Plan Committee which shall report to the Trustees regarding selections made and investment performance. The Trustees, in evaluating the Retirement Plan Committee's actions, shall act in accordance with the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees in writing.

Purpose of the Plan

The Plan was established for the purpose of providing post-retirement medical benefits to eligible employees and their beneficiaries. The Plan is a governmental retiree medical plan which provides medical, prescription drug, dental and life insurance benefits upon a participant's attainment of normal, early or disability retirement status. An investment portfolio is maintained to invest employer contributions and to reinvest income.

Investment Philosophy

The Commissioners, Trustees and the Retirement Plan Committee recognize their respective fiduciary duties to invest the Plan's assets in formal compliance with the Prudent Man Rule. The Trustees interpret this to mean that, in addition to the specific guidelines and restrictions set forth in this document, the assets of the Plan shall be actively managed -- that is, investment decisions regarding the particular securities to be purchased or sold shall be the result of the conscious exercise of discretion. Further, the Trustees recognize that, commensurate with its overall objective of maximizing long-range returns while maintaining a high standard of portfolio quality and consistency of return, it is necessary that proper diversification of assets be maintained both among and within the classes of securities held. Within this context of active management and the necessity for adherence to proper diversification, the Trustees and the Retirement Plan Committee rely upon appropriate professional advice.

Delegation of Responsibilities

Retirement Plan Committee

The Retirement Plan Committee acknowledges its responsibility as a fiduciary to the Plan. In this regard, the Retirement Plan Committee must act prudently and for the exclusive interest of the Plan's participants and beneficiaries.

More specifically, the Retirement Plan Committee's responsibilities include:

1. Complying with the provisions of pertinent federal, state, and local laws and regulations relating to the investment of Plan assets.
2. Evaluating and appointing a qualified manager(s) and consultant(s) to invest and manage the Plan's assets.
3. Communicating the investment goals, objectives, and standards to the investment managers including any material changes that may subsequently occur.
4. Determining, with the advice of the Investment Consultant ("Consultant"), how Plan assets should be allocated among various asset classes.
5. Review and evaluate the results of the Investment Manager(s) ("Manager(s)") in context with established standards of performance.
6. Taking whatever corrective action is deemed prudent and appropriate when an investment manager fails to perform as mutually expected.
7. The Retirement Plan Committee will notify the Manager(s) of:
   a) Significant changes in the Plan cash flow and/or cash flow needs; and
   b) Any matter which bear upon the proper investment management of the Plan's assets, including pertinent financial, legal, and actuarial information.
9. Monitor all costs associated with the administration of the Plan's investment to ensure that they are reasonable with market averages.
10. Review any program that may mitigate or offset costs.

The Retirement Plan Committee shall give consideration to and have an understanding of the following prior to retaining professionals:

1. Establishing standards/requirements/appropriateness of services.
2. Identification of appropriate candidates for the position.
3. Solicitation of bids and proposals.
4. Conduct interviews.
5. Check references.
6. Make reasoned decisions based on all information, including:
   a) Philosophy/Goals (i.e., Mission Statement)
   b) Ownership/Management/Organizational Structure/Turnover
   c) Operational History/Growth Plan
   d) Infrastructure: Resources/Tools-of-the-Trade
   e) Financial Condition
   f) Educational Background/Industry Experience
   g) Professional Qualifications
   h) Risk Controls/ Insurance
   I) Criminal, Civil, Regulatory History
   j) Fees
   k) Liquidity
7. Document the decision process.
8. Verify compliance with federal and state laws and Investment Guidelines.
9. Establish standards of conduct, terms and conditions of relationship (Written Contract/Agreement).

Investment Consultant

In carrying out its delegated responsibilities, the Retirement Plan Committee considers the services of a Consultant as appropriate to assist in the placement of investment funds. The primary role of the Consultant is to provide independent, objective, third-party advice and counsel that will enable the Retirement Plan Committee to make well-informed and timely decisions regarding the investment of the Plan's assets.

The Consultant's role is that of an advisor to the Plan. The Consultant acknowledges its responsibilities as a fiduciary. The Consultant acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act.

Investment advice concerning the investment management of Plan assets will be offered by the Consultant, and will be consistent with the investment objectives, policies, guidelines and constraints as established in this statement. In specific terms, the primary responsibilities of the Consultant are as follows:

1. Measure and evaluate investment performance each calendar quarter.
2. Evaluate the Plan's tolerance for risk.
3. Advise regarding appropriate investment objectives and goals based on the Plan's needs and risk tolerance.

4. Determine what degree of potential market volatility should be factored into the investment approach.
5. Based on all of the above, advise regarding optimal allocation of assets.

<u>Providing a Range of Capabilities</u>
The Consultant is a third party retained by the Retirement Plan Committee to assist in several key areas of the management of financial assets.

The Consultant may be asked to:
1. Gather and evaluate statistical information on the financial assets, investment needs, and risk parameters.
2. Analyze and understand the implications of historic capital market behavior, particularly with regard to the trade-off between total rate of return and investment risk.
3. Maintain data on the universe of available professional investment managers, and categorize (as to investment style and discipline) and evaluate the qualifications of the individual management firms.
4. Provide periodic asset allocation studies and updates.
5. Conduct periodic trustee educational workshops.
6. Provide information with respect to alternate investments.
7. Monitor the investment of the Plan's assets for compliance with relevant laws and regulations.
8. Analyze and evaluate the Plan's investment performance, and the performance of its investment managers, both past and ongoing.
9. Make specific and timely recommendations for the consideration of the Management during each phase of the investment management process.
10. Monitor all costs associated with the administration of the Plan's investment to ensure that they are reasonable with market averages.

<u>Making Recommendations</u>
Investment Policy - The Consultant may be asked to recommend an appropriate investment policy that will meet the Plan's needs. This includes recommending investment objectives and guidelines that adhere to the goals and tolerance for risk. The Consultant may be asked to provide an appropriate model of asset allocation composed of equity, fixed-income, money market instruments or alternative investments designed to meet the established objectives.

Manager Selection - The Consultant may be asked to recommend the best qualified and most appropriate Manager(s) candidates for implementing the established investment policy. The Consultant shall be capable of utilizing a well-established system to select suitable Manager(s) candidates from both a local and national investment manager database.

Manager Performance Review and Evaluation
The Consultant shall provide the Retirement Plan Committee with performance reports and ongoing quality control to assure that the standards and investment objectives are

maintained. Performance reports generated by the Consultant shall be compiled at least quarterly and communicated to the Retirement Plan Committee for review. The investment performance of total portfolios, as well as asset class components, will be measured against commonly accepted performance benchmarks. Consideration shall be given to the extent to which the investment results are consistent with the investment objectives, goals, and guidelines as set forth in this statement. The Retirement Plan Committee intends to evaluate the portfolio(s) over at least a three year period, but reserves the right to terminate a Manager(s) for any reason including the following:

1. Investment performance which is significantly less than anticipated given the discipline employed and the risk parameters established, or unacceptable justification of poor results.
2. Failure to adhere to any aspect of this Statement of Investment Policy, including communication and reporting requirements.
3. Significant qualitative changes to a Manager(s) organization.

Manager(s) shall be reviewed regularly regarding performance, personnel, strategy, research capabilities, organizational and business matters, and other qualitative factors that may impact their ability to achieve the desired investment results.

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Each Manager acknowledges its responsibility as an investment fiduciary. Each Manager acknowledges that it is a registered investment advisor under either the Investment Advisors Act of 1940 or the Michigan Uniform Securities Act. Each Manager will have full discretion to make all investment decisions for the assets placed under its control, while observing and operating within all policies, guidelines, constraints, and philosophies as outlined in this statement.

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Each Manager is expected to exercise complete investment discretion. Such discretion includes decisions to buy, hold and sell equities or fixed income securities (including cash equivalents) in amounts and proportions reflective of the Manager’s current investment strategy and compatible with the investment guidelines.

Each Manager is expected, within the limitation of the account size, to diversify the portfolio to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to so diversify. The investment manager shall invest the assets of the Plan with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent man, acting in a like capacity and familiar with such matters, would use in the conduct of an enterprise of a like character and with such aims. The investment manager will provide the Retirement Plan Committee with suggested strategy which might be changed or adopted to better suit the investment guidelines adopted by the Retirement Plan Committee.

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   i. Account characteristics;
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   iii. Maturity schedule to include year due and percent of total; and
   b. Summary and statement of assets under management.
3. ANNUALLY, and thereafter at the request of the Retirement Plan Committee, participation in a review meeting, the agenda to include, but not restricted to -
   a. A review and re-appraisal of the herein contained Statement;
   b. A brief review of the recent capital market environment to include discussion of any event particularly pertinent to the management of this portfolio;
   c. A commentary on investment results in light of the appropriate standards of performance as stated herein;
   d. A synopsis of key investment decisions made by the Manager, the underlying rationale, and how those decisions could impact future results;
   e. Recommendations as to changes in goals or standards, based upon material and sustained changes in the capital markets;
4. UPON WRITTEN OR ORAL REQUEST -
   a. Copies of all documentation in support of any investment activity;
   b. A summary of receipts and disbursements;
   c. A listing of assets acquired and disposed of;
   d. Evidence of suitable insurance coverage of the Manager’s fiduciary responsibilities.
5. IMMEDIATE NOTIFICATION -
   a. Notice of material changes in the Manager’s outlook, policy, and tactics

b. Notice of material changes in ownership, organizational structure, financial condition, senior staffing and management of the Manager's organization.

Each manager's investment guidelines and performance objectives are made a part of their investment management agreement. Compliance with these guidelines and objectives is evaluated during the quarterly investment performance evaluation process.

Custodian

The primary responsibilities of the custodian ("Custodian") are to:
1. Provide adequate safekeeping services.
2. Settle securities transactions on time.
3. Collect trust fund income when due.
4. Provide adequate accounting services.
5. Prepare useful, accurate, and timely investment reports.
6. Provide adequate cash-management services.
7. Provide adequate administrative support.
8. Develop and maintain adequate data processing capabilities.
9. Handle proxy administration promptly and accurately.
10. Complete and file timely proof of claims for settlements of security class action suits and monitor the processing to ensure claims are received.

Plan Investment Policy

The Plan is maintained to provide retiree medical benefits for the participants and their beneficiaries.

The Trustees (or their delegate) are authorized and permitted by the Plan Document and under Michigan law to engage the services of a Manager(s), Consultant and Custodian and to set the direction for the investments.

The Trustees require that the Manager(s), Consultant and Custodian comply with all applicable laws, rules and regulations. Manager(s) will be given full discretion in managing the funds within this Statement.

Plan Investment Objectives

The Trustees' attitudes regarding Plan assets combine both preservation of capital and moderate risk-taking. The Trustees recognize that risk (i.e., the uncertainty of future events), volatility (i.e., the potential for variability of asset values), and the potential of loss in purchasing power (due to inflation) are present to some degree with <u>all</u> types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory results consistent with the objectives and character of the Plan. The policies and restrictions contained in this Statement should not impede the Manager to attain the overall Plan objectives, nor should they exclude the Manager from appropriate investment opportunities.

The Plan's overall investment objective is to earn an average, annual return of 7.5% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure its ability to pay retirement benefits for all plan participants.

The Plan's objective is based on the expected returns under the strategic asset allocation policy, which follows. This asset allocation policy should result in normal fluctuation in the Plan's actual return, year to year. The expected level of risk (volatility, or return fluctuation) is appropriate given the Plan's current and expected tolerance for short-term return fluctuations. Appropriate diversification of Plan assets will reduce the Plan's investment return volatility.

Asset Allocation Policy

This strategic asset allocation policy is consistent with the achievement of the Plan's financial needs and overall investment objectives. Asset classes are selected based on the expected long-term returns, individual reward/risk characteristics, and correlation with other asset classes, manager roles, and fulfillment of the Plan's long-term financial needs.

The Commissioners established an allocation range for each asset class in recognition of the need to vary exposure within and among different asset classes, based on investment opportunities and changing capital market conditions. The Commissioners selected the target allocation for each asset class based on the Plan's current financial condition, expected future contributions, withdrawals, plan expenses and current investment opportunities, notwithstanding short-term performance. The Commissioners intend to review these allocation targets at least annually, focusing on changes in the Plan's financial needs, investment objectives, and asset class performance.

Asset Allocation Policy Index

Asset Class	Manager Role	Allocation Range	Target Allocation
Total Equity	Active/Passive	45 to 70%	**60%**
US Large Cap Equity	Active/Passive	25 to 35%	30%
US SMID Cap Equity	Active	5 to 15%	10%
Non-U.S. Equities	Active, Broad or Focused	15 to 25%	20%
Total Fixed Income	Active/Passive, Core, Opportunistic	10 to 50%	**25%**
Core Fixed Income	Active/Passive Core, Intermediate Diversified	10 to 35%	15%
Multi-Sector Fixed Income	Active Fixed Income	0 to 10%	5%
Liquid Absolute Return Fixed Income	Active Fixed Income	0 to 10%	5%
Commercial Real Estate	Core, value-added, opportunistic, public or private	0 to 20%	**15%**
Cash Equivalents	Active, money market fund	0 to 5%	0%
		Total Fund	**100.0%**

The Trustees acknowledge that alternative asset classes are available and intend to periodically evaluate the merits of using different asset classes. The Trustees also recognize the benefits of diversifying manager roles within a given asset class and intend to periodically evaluate this decision as well as the active versus passive management decision.

In order to preserve capital gains and protect principal during periods of market duress, a short-term U.S. government and/or high-quality credit securities fund may be used. Given the infrequent short-term use and specialized purpose of this fund, it is not included in the Policy Index.

Administrative and Investment Review Procedures

Review of Policies

All investment policies and investment management guidelines will be reviewed annually by the Trustees, or whenever circumstances change to the extent that the policies may be ineffective or inappropriate.

General Review

Annually, all those responsible for investment of the Plan's assets shall submit a report or meet with the Retirement Plan Committee to review their activities for the current year and discuss proposed changes that are anticipated.

Review of Investment Performance

The Retirement Plan Committee will monitor the investment performance of each manager and the overall deployment of the Plan's assets. Monitoring will include periodic meetings with the Manager(s), and a quarterly performance evaluation performed by the Consultant.

Each performance evaluation will include:
1. The present and prospective economic climate;
2. Current period and historical, time-weighted rates of return for the overall Plan, including an evaluation against the previously specified performance standards;
3. Current period and historical, time-weighted rates of return for each Manager, including an evaluation against the previously specified performance standards;
4. Additional quantitative measures and analysis will be employed to objectively monitor each Manager's compliance with investment policies and guidelines.
5. An understanding of the strategy being used by each Manager to carry out the current Investment Policy; and
6. Opportunities available within current and prospective asset categories.

The Retirement Plan Committee requests that all documents, exhibits, written materials, etc. to be used during the meetings be submitted in advance.

Individual Investment Manager Objectives

On a quarterly basis, the performance of each of the investment managers will be compared to a relevant benchmark index and to a relevant universe of investment management firms. The ongoing review and evaluation of investment manager results will be the responsibility of the Retirement Plan Committee, with the assistance of the Consultant.

The primary emphasis of the review of each investment manager will be placed on relative rates of return and risk as compared against relevant benchmarks, peers and expectations for each specific manager.

Over a market cycle (usually 3-5 years), the following are the performance expectations for each portfolio:

- The total return of each portfolio should exceed the total return of the relevant index.

- The total return of each portfolio should rank median or higher when compared to the relevant peer group.

In addition to relative rates of return each portfolio's performance will be evaluated based on its relative risk profile as measured by its standard deviation and other benchmark relative statistics; risk adjusted returns as measured by the portfolio's Sharpe ratio and performance in up and down markets.

Passive portfolio allocations are expected to approximate the risk and return profile of the appropriate benchmark.

Rebalancing Policy – Overall Fund Allocation

The system of asset allocation rebalancing to be utilized involves a target asset mix around which variance is allowed within prescribed limits. Rebalancing will be addressed when a limit is reached or exceeded. In addition to monitoring target and actual allocations quarterly, the Retirement Plan Committee will formally review the policy and actual allocations in light of anticipated cash flow.

Review of Investment Management

Manager(s) are responsible for frequent and open communication (in writing) with Management and the Consultant on all significant matters pertaining to Investment Policy and the management of the Plan's assets, including, but not limited to:

1. A quarterly report of major changes in each Manager's investment outlook, investment strategy and portfolio structure.
2. Any significant changes in ownership, organizational structure, financial conditions, or senior personnel staffing of each Manager's organization.
3. Any investment guidelines which inhibit the fulfillment of a Manager's fiduciary duties, inappropriately restrict performance, or prevent the manager from meeting their performance standards.

Proxy Voting

The Trustees confer the right to vote proxies to the Manager(s), unless the Manager(s) are otherwise notified by the Retirement Plan Committee in writing. It is expected that Manager(s) will vote for the sole benefit of the Plan participants and beneficiaries, considering those factors that may affect the value of the Plan's investments and not subordinate the interests of the participants and beneficiaries in their retirement income to unrelated objectives.

A summary of votes cast shall be submitted to the Retirement Plan Committee on an annual basis. This summary must identify the company, number of shares held, subject proxy issues, actual vote (whether for or against the Retirement Plan Committee's recommendation), and justification.

Directed Brokerage

With regard to directed-brokerage, the Trustees do not require the Manager(s) to trade securities through an individual or set of broker-dealers. The Trustees wish to give the Manager(s) full discretion over their choice of broker-dealers, so long as the Plan's total cost or proceeds of transactions are the most favorable under the circumstances.

Tenure

While the relationship with Manager(s) is expected to be ongoing, the Retirement Plan Committee reserves the right to terminate their relationship with any retained Manager at any time they deem appropriate.

In General Managers are fiduciaries with discretion to implement the guidelines within the direction provided by this Statement..

Managers should present (and obtain approval on) material changes in their investment style, philosophy or process to the Retirement Plan Committee before implementing any changes on behalf of the Plan.

Managers (except commingled funds) are prohibited from using warrants, options, futures, collectibles, leverage, mutual funds (money market funds exempted), LLCs, ETFs, unit investment trusts, margin purchases or short sales, securities of Plan service providers (custodial bank notwithstanding), and loaning or pledging securities (certain index funds exempted). While commingled funds are exempt from the prohibited securities noted above, they are expected to be managed within the guidelines set forth for each fund. Commingled fund managers are required to comply with the appropriate performance standards and reporting requirements contained in this document.

If a Manager would like to purchase a security that falls outside of this Plan's investment guidelines (commingled funds exempted), or is in doubt as to the goal and intent of these guidelines, they should submit a written request for clarification to the Retirement Plan Committee prior to purchase. Any security not specifically defined or permitted within is prohibited for investment on behalf of this Plan.

Cash Equivalents The cash equivalents Manager may invest in any institutional money market fund (“Fund”) that follows the following objectives and policies:
1. The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.
2. The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, Bankers Acceptances, commercial paper (except ABS commercial paper), and other money market securities.
3. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security).

4. If unrated, the security rating must be determined by the manager, subject to the limitations in item 3.
5. The Fund maintains a dollar-weighted average maturity of 90 days or less.

Total Plan Performance

The primary investment objective is to meet the long-term financial goals of the Lansing Board of Water and Light Plan. The Plan's asset allocation will be used as the primary tool to achieve this goal.

The Plan is expected to meet or exceed the following objectives over a full market cycle (usually three to five years):

1) Earn a rate of return after all expenses that equals or exceeds the current actuarial assumed rate of return of 7.5%

2) The Plan's total return should exceed the total return of the Policy index comprised of the following: 50% in U.S. equities, 10% in non-U.S. equities and 40% in Global Fixed Income.

3) The Plan's total return should rank at median or above when compared to a universe of other portfolios with a similar equity allocation.

4) In addition to relative rates of return the Plan's performance will be evaluated based on its relative risk profile as measured by its standard deviation, beta, correlation to the Policy Index, risk adjusted returns as measured by the Plan's Sharpe ratio and performance in up and down markets.

Conclusion

It is in the intent of this Statement to state an attitude and/or philosophy which will guide Managers toward the performance desired. It is further intended that these objectives be sufficiently specific, but also sufficiently flexible.

It is the opinion of the Commissioners that these limitations and guidelines will not prevent a Manager from achieving the objectives set forth.

Glossary of Investment Terms

Alternative Investments - These investments are typically made through the purchase of limited partner units in a private limited partnership. Alternative investments include hedge funds, managed futures and commodities, private equity, real assets and other.

Asset Allocation - A process used to determine the optimal allocation of a fund's portfolio among broad asset classes.

Benchmark Index - An index against which the investment performance of a Manager can be compared for the purpose of determining the value added by the Manager. A benchmark portfolio must be of the same style as the Manager, and in particular, similar in terms of risk.

Best Execution - This is formally defined as the difference between the strike price (the price at which a security is actually bought or sold) and the fair market price which involves calculating opportunity costs by examining the security price immediately after the trade is placed. Best execution occurs when the trade involves no opportunity cost, for example when there is no increase in the price of a security shortly after it is sold.

Fiduciary - Indicates the relationship of trust and confidence where one person (the fiduciary) holds or controls property for the benefit of another person.

Funding Risk - The risk that anticipated contributions to the fund would not be made.

Liquidity - In general, liquidity refers to the ease by which a financial asset can be converted into cash. Liquidity is often more narrowly defined as the ability to sell an asset quickly without having to make a substantial price concession.

Nominal Return - The nominal return on an asset is the rate of return un-adjusted for any change in the price level. The nominal return is contrasted with the real return that is adjusted for changes in the price level.

Standard Deviation - A statistical measure of portfolio risk. It reflects the average deviation of the observations from their sample mean. Standard deviation is used as an estimate of risk since it measures how wide the range of returns typically are. The wider the range of returns, the higher the standard deviation of returns, and the higher the portfolio risk. If returns are normally distributed (i.e. has a bell shaped curve distribution) then approximately two-thirds of the returns would occur within plus or minus one standard deviation from the sample mean.

Strategic Asset Allocation – The strategic mix of assets designed to accomplish a long-term goal such as funding medical benefits. Generally, policy targets are set for the strategic asset classes with allowable ranges around those targets. The allowable ranges are established to allow flexibility in the management of the investment portfolio.

Systematic Risk - The part of a security's total risk that is related to movements in the market and therefore cannot be diversified away.

Tactical Asset Allocation – The tactical mix of assets is short-term in nature with a goal of maximizing returns. This strategy is used to take advantage of current market conditions that may be more favorable for one asset class over another.

Time-weighted Return - A method of measuring the performance of a portfolio over a particular period of time. It is the cumulative compounded rate of return of the portfolio, calculated on each date that cash flow moves into or out of the portfolio.

Universe - A group of Managers/Funds chosen to have an investment style similar to the Manager/Fund and used for comparison purposes.

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RESOLUTION
<u>Revised Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light Statement of Investment Policies, Procedures, and Objectives</u>

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the VEBA (Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light); and

WHEREAS, the Retirement Plan Committee has reviewed the current VEBA Statement of Investment Policies, Procedures and Objectives, in conjunction with a transition to a new benefit plan investment consultant; and

WHEREAS, the Retirement Plan Committee recommended the Sponsor adopt the revisions reflected in the attached VEBA Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor adopted the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives.

TRUST AGREEMENT FOR

POST-RETIREMENT BENEFIT PLAN

FOR ELIGIBLE EMPLOYEES OF

LANSING BOARD OF WATER AND LIGHT

~~RETIREE BENEFIT PLAN AND TRUST AGREEMENT~~

_____________________, 2017

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TRUST AGREEMENT FOR
POST-RETIREMENT BENEFIT PLAN
FOR ELIGIBLE EMPLOYEES OF
LANSING BOARD OF WATER AND LIGHT

~~RETIREE BENEFIT PLAN AND TRUST AGREEMENT~~

~~This Agreement, made this 20th day of October, 1999, by and between the~~The Lansing Board of Water and Light (hereinafter referred to as the ~~"Employer"),~~“Employer”) established this Trust agreement effective October 20, 1999. The Employer and the individual trustees who are named in Section 1.01(~~n~~k) ~~below~~hereof (hereinafter referred to as the ~~"Trustee")~~“Trustees”) hereby amend and restate this Trust agreement in the manner described herein.

WHEREAS, the Employer has established the Trust Agreement for Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light ~~Retiree Benefit Plan and Trust~~ for the purpose of accumulating funds for the payment of retiree benefits; and

WHEREAS, funds will from time to time be contributed to the ~~Trustee~~Trustees, which funds will constitute a trust fund to be held for the exclusive benefit of eligible individuals including payment of certain expenses; and

WHEREAS, the Employer wants the ~~Trustee~~Trustees to hold, invest, reinvest and otherwise to administer the funds, and the ~~Trustee has~~Trustees have indicated ~~its~~their willingness to do so, all pursuant to the terms of this Agreement; and

WHEREAS, the Employer intends that the Plan ~~and~~that is defined in Section 1.01(g) below and the separate Trust that is created by this Agreement shall constitute a ~~"~~“voluntary employees~~'~~’ beneficiary association~~"~~” under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Employer and the Trustee do hereby covenant and agree as follows:

ARTICLE I - DEFINITIONS AND CONSTRUCTION

1.01 Definitions: The following words and phrases shall, when used herein, have the following respective meanings unless their context clearly indicates otherwise:

(a) Agreement: The ~~Plan and~~ Trust ~~created hereunder~~that is described herein.

~~(b) Board: The Employer’s Board of Commissioners.~~

(b) ~~(c)~~ Effective Date: ~~July 1, 1999,~~_______________, 2017, the date on which the provisions of this ~~Plan~~amended and restated Trust became effective.

~~(d) Employee: Any person who is employed by the Employer.~~

(c) ~~(e)~~ Employer: The Lansing Board of Water and Light ("BWL") or its successor or successors.

(d) ~~(f)~~ Fiduciaries: The Employer~~, the Plan Administrator,~~ and the ~~Trustee~~Trustees, but only with respect to the specific responsibilities of each ~~for Plan and Trust administration~~, all as described herein.

(e) ~~(g)~~ Internal Revenue Code or Code: The Internal Revenue Code of 1986, as amended.

~~(h) Participant: An Employee participating in the Plan in accordance with the provisions of Section 3.01.~~

(f) Investment Policy Statement ("IPS"): The Statement of Investment Policies, Procedures and Objectives that is approved from time to time by the Employer and communicated to the individual Trustees and to the Employer's Retirement Plan Committee.

(g) ~~(i)~~ Plan: The ~~Plan created hereunder as amended from time to time.~~Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

(h) ~~(j)~~ Plan Administrator: Lansing Board of Water and Light.

(i) Retirement Plan Committee: The Committee that has been established by the Employer for the purposes that are described in the Committee's governing documents.

(j) Trust (or Trust Fund): The Trust that is described in this Trust Agreement.

(k) ~~Plan Year: The 12-month period commencing on July 1 and ending on June 30.~~ Trustees: Each individual member of the Employer's governing board who is classified under the Employer's policies as a voting member of said governing board. Notwithstanding the foregoing, a voting member of the governing board may be removed as a Trustee pursuant to Trust Article IX.

~~(l) Retiree Benefit: That benefit more fully described in Section 5.01 of this Agreement.~~

~~(m) Spouse: The individual who is the legal spouse of the Employee at the time of the Employee's eligibility for benefits under Section I of Schedule A or Schedule B (as the case may be) of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.~~

~~(n) Trustee: Each member of the Employer's Board of Commissioners ("Board") is a Trustee during his or her term of office as a Commissioner. Each trustee shall execute an appropriate document evidencing his or her agreement to be bound by the terms of this Trust.~~

1.02 Construction: The masculine gender, where appearing in this Agreement, shall be deemed to include the feminine gender, unless the context clearly indicates to the contrary. The words ~~"~~“hereof,~~" "~~” “herein,~~" "~~” “hereunder~~"~~” and other similar compounds of the word ~~"~~“here~~"~~” shall mean and refer to the entire Agreement and not to any particular provision or section.

ARTICLE II - RECEIPT OF CONTRIBUTIONS AND PAYMENTS FROM TRUST FUND

2.01 Receipt of Contributions. The ~~Trustee~~Trustees shall receive any contributions paid to ~~it~~them in cash or in the form of such other property as ~~it~~they may from time to time deem acceptable and which shall have been delivered to ~~it~~them. All contributions so received, together with the income therefrom and any other increment thereon, (hereinafter collectively referred to as the ~~"~~“Trust Fund~~"~~”) shall be held~~, invested, reinvested~~ and administered by the ~~Trustee~~Trustees pursuant to the terms of this Agreement without distinction between principal and income and without liability for the payment of interest thereon, except to the extent that the Trustees delegate authority to invest, reinvest and administer the Trust Fund. The Employer shall make contributions in such manner and at such times as shall be appropriate. The ~~Trustee~~Trustees shall not be responsible for the calculation or collection of any contribution under or required by the Plan, but shall be responsible only for property received by ~~it~~them pursuant to this Agreement.

2.02 Compliance with Relevant Laws. The Plan, this Agreement and the Trust Fund created hereunder are intended to meet all requirements of Section 501(c)(9) of the Internal Revenue Code of 1986 and ~~the Employee Retirement Income Security Act of 1974,~~applicable state law, as each may be amended from time to time.

2.03 Exclusive Benefit. Anything contained in this Agreement to the contrary notwithstanding, it shall be impossible at any time prior to the satisfaction of all liabilities with respect to Plan 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 Plan Participants and their beneficiaries, except that payment of taxes and administration expenses may be made from the Trust Fund as provided in Article ~~X~~VI hereof.

~~2.04 Limitation in Years in which Qualified Transfers Occur. Notwithstanding anything herein to the contrary, benefits shall not be paid from this Plan to Participants or their beneficiaries during a Plan Year in which there has been a “qualified transfer” pursuant to Code Section 420 to the Lansing Board of Water and Light Defined Benefit Plan for Employees’ Pensions, except that once the “qualified transfer” has been exhausted for the purpose of paying qualified current retiree health liabilities, benefit payments may be made under this Plan consistent with Code Section 420(e)(1)(B).~~

ARTICLE III - ~~PARTICIPATION, ELIGIBILITY AND VESTING~~INVESTMENT OF TRUST

~~3.01 Participation in Plan. Participation in this Plan and Trust shall be determined in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light, a copy of which is attached hereto.~~

~~3.02 Eligibility for Benefit.~~

~~(a) Collectively Bargained Benefits. Eligibility for the benefits described in Section 5.01 shall be determined in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.~~

~~(b) Non-Collectively Bargained Benefits. Eligibility for the benefits described in Section 5.01 shall be determined in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.~~

~~3.03 Vesting. The benefit described in Article V hereof shall become payable in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light. At no time will said benefit be vested. The Employer reserves the right to reduce or eliminate any or all Plan benefits at any time as to any or all Plan Participants and/or their eligible spouses, subject to the requirements of any collective bargaining agreement.~~

~~ARTICLE IV - CONTRIBUTIONS AND FORFEITURES~~

~~4.01 Employer Contributions: The Employer shall, for each Plan Year, contribute to the Trust Fund the amount determined by the Employer on or before the last day of each Plan Year, to be held and administered in Trust by the Trustee according to the terms of this Agreement.~~

~~All contributions of the Employer for a Plan Year shall be paid to the Trustee not later than the last day of such Plan Year.~~

~~4.02 Contributions by Participants. No Employee contributions are allowed under this Plan.~~

~~ARTICLE V - BENEFIT~~

~~5.01 Amount of Benefit. The benefits paid under this Plan shall be those benefits described in the relevant sections of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.~~

~~5.02 Payment of Benefit. The timing and method of payment of any benefit provided pursuant to this Agreement shall be determined in accordance with the terms of the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.~~

~~ARTICLE VI - INVESTMENTS~~

3.01 ~~6.01~~ Investment of Trust Fund. ~~Subject to the provisions of Article VII hereof, the Trustee~~The Trustees shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities or in such property, real or personal, tangible or intangible, or part interest therein, wherever situated, whether or not productive of income, or consisting of wasting assets, as the ~~Trustee~~Trustees shall deem advisable, including but not limited to stocks, common or preferred, trust and participation certificates, interests in investment companies whether so-called ~~"~~“open-end mutual funds~~"~~” or ~~"~~“closed-end mutual funds,~~"~~” common investment funds, maintained, leaseholds, fee titles, bonds or notes and mortgages, and other evidences of indebtedness or ownership, irrespective of whether such securities or such property shall be of the character authorized by any state law from time to time for trust investments; provided, however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so, in the sole judgment of the ~~Trustee.~~

~~6.02~~ ~~Investment Company~~person who is directing the investment of the Trust under the provisions hereof. The Trustees may, in their sole discretion, delegate this investment authority. The term ~~"~~"investment company~~"~~" as used~~ in Section 6.01~~ above shall include shares of open-end investment companies, including, without limiting the generality of the foregoing, such investment companies as are commonly known as ~~"~~"money~~-~~ market funds.~~"~~" The ~~Trustee~~Trustees shall use the price established and provided from time to time by any such open-end investment company for any valuation required under the terms of this Agreement.

ARTICLE IV - ~~ARTICLE VII – INVESTMENT~~FUNDING POLICY

~~7.01~~ ~~Investment Pursuant to~~

4.01 Funding Policy

. ~~The discretion of the Trustee in investing and reinvesting the principal and income of the Trust Fund shall be subject to such investment policy (and any changes thereof from time to time) as the Plan Administrator may, pursuant this Agreement, adopt from time to time and communicate to the Trustee in writing. It shall be the duty of the Trustee to act strictly in accordance with such policy, and any changes therein, as so communicated to the Trustee from time to time in writing.~~

~~7.02 Establishment of Investment Policy. The Plan Administrator shall establish and carry out an investment policy consistent with the purposes of the Plan and the requirements of applicable law, as may be appropriate from time to time.~~

~~ARTICLE VIII – ADMINISTRATION~~

~~8.01 Allocation of Responsibility Among Fiduciaries: The Fiduciaries shall have only those specific powers, duties, responsibilities and obligations as are specifically given to them under this Agreement. In general, the Employer shall have the sole responsibility for making the contributions provided for under Section 4.01, and shall have the sole authority to appoint and remove the Trustee and the Plan Administrator and to amend or terminate, in whole or in part, this Plan and Trust. The Plan Administrator shall have the sole responsibility for the administration of this Plan, which responsibility is specifically described in this Article VIII. The Trustee shall have the sole responsibility for the administration of the Trust and the management of the assets held under the Trust, all as specifically provided in this Agreement. Each Fiduciary warrants that any directions given, information furnished, or action taken by it shall be in accordance with the provisions of this Agreement, authorizing or providing for such direction, information or action. Furthermore, each Fiduciary may rely upon any such direction, information or action of another Fiduciary as being proper under this Agreement, and is not required to inquire into the propriety of any such direction, information or action. It is intended that each Fiduciary shall be responsible for the proper exercise of its own powers, duties,~~

~~responsibilities and obligations and shall not be responsible for any act or failure to act of another Fiduciary. No Fiduciary guarantees the Trust Fund in any manner against investment loss or depreciation in asset value.~~

~~8.02 Appointment of Plan Administrator: The Plan shall be administered by a Plan Administrator which shall be BWL.~~

~~8.03 Claims Procedure: The Plan Administrator shall have discretionary authority and shall make all determinations as to the right of any person to a benefit. Any denial by the Plan Administrator, its agent or the Insurer of a claim for benefits under the Plan by a Participant or Spouse shall be stated in writing by the Plan Administrator, its agent or the Insurer and delivered or mailed to the Participant or Spouse. Such notice shall set forth the specific reasons for the denial in a manner that may be understood without legal or actuarial counsel. Approval or denial of a claim is to be delivered or mailed to the claimant within 60 days of the time such claim is made. In addition, the Plan Administrator shall afford a reasonable opportunity to any Participant or Spouse whose claim for benefits has been denied in whole or in part for a review of the decision denying the claim. Review must be applied for by written request to the Plan Administrator within 60 days after denial of the claim. The Plan Administrator will advise the claimant of its decision within 60 days after such request is made. Any party adversely affected by the decision of the Plan Administrator may cause the issue to be submitted to binding arbitration. Party, as used in this paragraph, is defined as Participants, retirants, and beneficiaries of the Plan as well as the Plan Administrator. The appealing party shall, within sixty (60) days after receipt of the Plan Administrator's decision, file for arbitration under the rules of the American Arbitration Association which shall act as administrator of the arbitration proceedings.~~

~~8.04 Records and Reports: The Plan Administrator shall exercise such authority and responsibility as it deems appropriate in order to comply with applicable law relating to records of Participant's Service; notification to Participants; annual registration with the Internal Revenue Service; and annual reports to the Department of Labor (if applicable).~~

~~8.05 Other Plan Administrator Powers and Duties: The Plan Administrator shall have such duties and powers as may be necessary to discharge its duties hereunder, including, but not by way of limitation, the following:~~

(a) ~~discretionary authority to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits hereunder;~~The Employer shall establish and carry out a funding policy consistent with the purposes of the Plan and the requirements of applicable law, as may be appropriate from time to time. That funding policy shall be described in a written Investment Policy Statement (the "IPS"). As part of such funding policy, the Employer shall from time to time direct the Trustees (or, if the Trustees have delegated investment discretion to the Retirement Plan Committee, then the Employer shall direct the Retirement Plan Committee) to exercise their investment discretion so as to provide sufficient cash assets in an amount determined by the Employer under the funding policy then in effect, to be necessary to meet the liquidity requirements for the administration of the Plan.

(b) ~~to prescribe procedures to be followed by Participants or Spouses filing applications for benefits;~~The discretion of the Trustees (or their delegatee) in investing and reinvesting the principal and income of the Trust Fund shall be subject to such funding policy and IPS, and any changes thereto from time to time, as the Employer may, pursuant to the Plan, adopt from time to time and communicate to the Trustees (or their delegatee) in writing. It shall be the duty of the Trustees (or their delegatee) to act strictly in accordance with such funding policy, and any changes therein, as so communicated to the Trustees (or their delegatee) from time to time in writing by the Employer.

~~(c) to prepare and distribute, in such manner as the Plan Administrator determines to be appropriate, information explaining the Plan;~~

~~(d) to receive from the Employer and from Participants such information as shall be necessary for the proper administration of the Plan;~~

~~(e) to furnish the Employer, upon request, such annual reports with respect to the administration of the Plan as are reasonable and appropriate;~~

~~(f) to receive, review and keep on file (as it deems convenient and proper) reports of the financial condition and of the receipts and disbursements of the Trust Fund from the Trustee;~~

~~(g) to appoint or employ individuals to assist in the administration of the Plan and any other agents it deems advisable, including legal and actuarial counsel.~~

~~The Plan Administrator shall have no power to add to, subtract from or modify any of the terms of the Plan, or to change or add to any benefits provided by the Plan, or to waive or fail to apply any requirements of eligibility for a benefit under the Plan. The Plan Administrator shall have no power to obtain any commercial policy of retiree accident and health insurance for any Participant.~~

~~8.06 Rules and Decisions: The Plan Administrator may adopt such rules as it deems necessary, desirable or appropriate. All rules and decisions of the Plan Administrator shall be uniformly and consistently applied to all Participants in similar circumstances. When making a determination or calculation, the Plan Administrator shall be entitled to rely upon information furnished by a Participant or Spouse, the Employer, the legal counsel of the Employer, or the Trustee.~~

~~8.07 Authorization of Benefit Payments: The Plan Administrator shall issue directions to the Trustee concerning all benefits which are to be paid from the Trust Fund pursuant to the provisions of the Plan, and warrants that all such directions are in accordance with this Plan.~~

~~8.08 Application and Forms for Benefits: Claims for benefits under the Plan are to be made on forms supplied by the Insurer or agent of the Plan Administrator. The Plan Administrator, its agent or the Insurer may rely upon all such information so furnished it, including the claimant's current mailing address.~~

~~8.09 Benefits Payable to Incompetents: If the Plan Administrator shall find that any person to whom a benefit is payable is unable to care for his or her affairs because of accident or illness, or is a minor, the Plan Administrator shall pay the benefit pursuant to whatever is ordered by a court of competent jurisdiction.~~

ARTICLE V - ~~ARTICLE IX - TRUSTEE'S~~TRUSTEES' POWERS

5.01 ~~9.01~~ Powers. ~~When administering the Trust Fund, the Trustee is authorized and empowered, subject to the provisions of Articles VI and VII hereof:~~The Trustees shall have the following powers, rights and duties in addition to those provided elsewhere in this Trust Agreement or by law:

(a) ~~To~~to receive and hold all contributions paid to it hereunder; provided, however, that the ~~Trustee~~Trustees shall have no duty to require any contributions received by ~~it~~them comply with this Trust or with any resolution of the ~~Board, acting as such, providing therefore.~~Employer in which the Employer authorizes contributions to the Plan;

~~(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.~~

(b) ~~(e) To~~to compromise, contest, arbitrate or abandon claims or demands~~.~~;

(c) ~~(f) To~~to have, with respect to the Trust Fund, all the rights of an individual owner (any of which may be delegated in accordance with applicable law), including the power to give proxies to vote stocks and other voting securities (and to delegate 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~~.~~;

(d) ~~(g) To~~to hold securities or other property in the name of the ~~Trustee~~Trustees, or in such other forms as ~~it deems~~they deem best, with or without disclosing the Trust relationship provided the records of the ~~Trustee~~Trustees shall indicate the actual ownership of such securities or other property~~.~~;

(e) ~~(h) To~~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~~.~~;

(f) ~~(i) To~~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~~.~~;

(g) ~~(j) To~~to report to the ~~Board~~Employer on or about the last day of each Trust Year and on any Accounting Date (or as soon thereafter as is practicable) or at such other times as may be required under the Trust, the then net worth of the Trust Fund, that is, the fair market value of all assets comprising the Trust Fund, reduced by any liabilities other than liabilities to ~~participant~~participants or former participants and their beneficiaries, determined by the ~~Trustee~~Trustees on the basis of such evidence, data or information as ~~it considers~~they consider pertinent and liable~~.~~;

(h) ~~(k) To~~to furnish the ~~Board~~Employer an annual written account and accounts for such other periods as may be required ~~under~~by the ~~Plan~~Employer showing all investments, receipts, disbursements and other transactions made by the ~~Trustee~~Trustees during the accounting period, and also showing the assets of the Trust Fund held at the end of the period~~.~~;

(i) ~~(l) To~~to pay any estate, inheritance, income or other tax, charge or assessment attributable to any benefit which in the ~~Trustee's~~Trustees' opinion, ~~it~~they 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~~Trustees shall deem necessary for ~~its~~their protection~~.~~;

(j) ~~(m) To~~to begin, maintain or defend any litigation necessary in connection with the investment, reinvestment and administration of this Trust~~.~~;

(k) ~~(n) To~~to employ agents, attorneys, accountants, ~~registered investment advisors or~~actuaries, and other persons (who also may be employed by the ~~Board~~Employer) for such purposes as the ~~Trustee considers~~Trustees consider desirable~~.~~;

(l) to periodically review and evaluate the actions of the Retirement Plan Committee (the "Committee") as it discharges it duty under its charter and under the IPS with regard to:

(1) selecting and providing direction to investment managers and investment consultants (as those respective terms are defined in the IPS), to any custodian of Plan assets, and to other persons or entities that are retained by the Committee for the purpose of managing Plan assets; and

(2) evaluating the overall investment performance of the Plan assets;

(m) ~~(o) To~~to perform any and all acts in ~~its~~their judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust Fund; and

(n) to delegate to any other person(s) or entity all or any part of the Trustees' powers, rights, and duties that are described in this Section 5.01. Any such delegation must be reported promptly to the Board. The delegation must be in writing (including by electronic mail) and must be kept with the Trustees' permanent records.

5.02 ~~9.02~~ Records. The accounts, books and records of the ~~Trustee~~Trustees shall reflect ~~the~~any segregation~~, pursuant to the provisions of Article IX hereof,~~ of any portion or portions of the Trust Fund in a separate investment account or accounts that has occurred.

5.03 Limit of Trustees' Responsibility. The Employer shall deliver to the Trustees a certified or executed copy of the Plan and any amendments thereto for convenience of reference but the rights, powers and duties of the Trustees shall be governed solely by the terms of this document without reference to the provisions of the Plan.

5.04 Payment of Benefits. The Trustees shall from time to time on the written directions of the Employer make payments out of the Trust Fund to such persons, including the Employer, in such amounts and for such purposes as are specified in the written directions of the Employer. To the extent permitted by law, the Trustees shall be under no liability for any payment made pursuant to the direction of the Employer. Any written direction of the Employer shall constitute a certification that the distribution or payment so directed is one which the Employer is authorized to direct.

5.05 Trustee Indemnification. The Employer agrees to indemnify and hold harmless each individual Trustee and all Trustees collectively against any and all claims, losses, damages, expenses and liabilities that the Trustee may incur in the exercise and performance of the Trustee's powers and duties hereunder, except to the extent that said claim, loss, damage, expense and/or liability is determined to be due to the individual Trustee's gross negligence or willful misconduct.

ARTICLE VI - ~~ARTICLE X~~ FEES AND EXPENSES

The expenses incurred by the ~~Trustee~~Trustees in the performance of ~~its~~their duties, including fees for legal services, ~~and such compensation to the Trustee as may be agreed upon in writing from time to time between the Employer and the Trustee,~~ and all other proper charges and disbursements of the ~~Trustee~~Trustees, including any and all taxes assessed against the ~~Trustee~~Trustees or the Trust Fund, shall be paid from the Trust Fund unless paid by the Employer~~; provided, however, that if the Trustee is a full-time employee of the Employer, any such compensation paid to said employee/Trustee shall be paid by the Employer in its sole discretion~~. The Trust cannot compensate any ~~such full-time employee of the Employer. Notwithstanding the provisions of Article II hereof, payments under this Article X may be made without the approval or the direction of the Plan Administrator~~Trustee for services rendered pursuant to this Trust.

ARTICLE VII - ~~ARTICLE XI~~ TRUSTEE'S DUTIES AND OBLIGATIONS

7.01 ~~11.01~~ Prudent Man Rule. The ~~Trustee~~Trustees shall discharge ~~its~~their duties under this Agreement solely in the interest of the Participants in the Plan and their beneficiaries and for the exclusive purpose of providing benefits under ~~Article V~~the Plan to such Participants and their beneficiaries and defraying reasonable expenses of administering the Plan, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, all in accordance with the provisions of this Agreement insofar as they are consistent with applicable law, as this Agreement may be from time to time amended~~; but the duties and obligations of the Trustee as such shall be limited to those expressly imposed upon it by this Agreement.~~

~~11.02 Indemnification, Bond. The Trustee may consult with counsel (who may be counsel for the Employer or for the Trustee in its individual capacity), and the Trustee shall not be deemed imprudent by reason of its taking or refraining from taking any action in accordance with the opinion of counsel. The Employer agrees, to the extent permitted by law, to defend, and to indemnify and hold the Trustee harmless from and against any liability that the Trustee may incur in the administration of the Trust Fund, unless arising from the Trustee's own negligent or willful breach of the provisions of this Agreement. The Trustee shall not be required to give any bond or any other security for the faithful performance of its duties under this Agreement, except such as may be required by a law which prohibits the waiver thereof.~~

~~11.03 Certifications. The Trustee shall be entitled, as it may deem appropriate from time to time, to require of the Employer or any other person involved in the administration of the Plan or investment of the Trust Fund, or having any interest under the Plan or in, to, or under this Agreement or to the Trust Fund held hereunder, such certifications and proofs of facts as shall permit the Trustee to perform its duties under applicable law as it may be in effect from time to time, or to exercise the powers granted to the Trustee under this Agreement~~.

ARTICLE VIII - ~~ARTICLE XII –~~ACCOUNTS AND RECORDS

8.01 ~~12.01~~ Recordkeeping. The ~~Trustee~~Trustees shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Employer or the Plan Administrator. ~~Within ninety (90) days following the close of the fiscal year of the Trust Fund and within ninety (90) days after the removal or resignation of the Trustee as provided under Article XIII hereof, the Trustee shall file with the Employer a written account setting forth all investments, receipts, disbursement and other transactions effected by it during such fiscal year or during the period from the close of the last fiscal year to the date of such removal or resignation. Upon the expiration of ninety (90) days from the filing of such account, the Trustee shall be forever released and discharged from all liability and accountability to anyone with respect to the propriety of its accounts and transactions shown in such accounts except with respect to any such account or transactions as to which the Employer shall within such ninety (90) day period file written exceptions and objections.~~ To the extent permitted by law, but subject to any express provision of applicable law as may be in effect from time to time to the contrary, no person other than the Employer may require an accounting or bring any action against ~~the~~said Trustee with respect to the Trust Fund or its actions as Trustee.

8.02 ~~12.02~~ Settlement of Accounts. Notwithstanding any other provision of this Article ~~XII~~VIII, the ~~Trustee~~Trustees shall have the right to have a judicial settlement of the ~~Trustee's~~Trustees' accounts, or for instructions in connection with the Trust Fund, the only necessary parties thereto, in addition to the ~~Trustee~~Trustees, shall be the Employer and the Plan Administrator. If the ~~Trustee~~Trustees so ~~elects~~elect, ~~it~~they may bring in any other person or persons as a party or parties defendant.

ARTICLE IX - ~~ARTICLE XIII~~ TRUSTEE'S REMOVAL OR RESIGNATION

Any individual Trustee may be removed by the Employer at any time upon thirty (30) days' notice in writing to ~~the~~said Trustee and the Plan Administrator. ~~The~~Any individual Trustee may resign at any time upon thirty (30) days' notice in writing to the Employer. Upon such resignation or removal, the Employer shall appoint a successor trustee and such successor trustee shall have the same powers and duties as those conferred upon the Trustee named in this Agreement. The removal of ~~a~~an individual Trustee and the appointment of a successor trustee shall be by written instrument delivered to the ~~Trustee~~Trustees.

ARTICLE X - ~~ARTICLE XIV~~ LIMITATION ON TRUSTEE'S LIABILITY

10.01 ~~14.01~~ Plan Administrator. The Plan Administrator shall administer the Plan as provided therein, and the ~~Trustee~~Trustees shall not be responsible in any respect for administering the Plan nor shall the ~~Trustee~~Trustees be responsible for the adequacy of the Trust Fund to meet or discharge any payments or liabilities under the Plan. The ~~Trustee~~Trustees shall be fully protected in relying upon any written notice, instruction, direction or other communication of the Plan Administrator when signed by the Plan Administrator. The Employer from time to time shall furnish the ~~Trustee~~Trustees with the names and specimen signatures of the Plan Administrator and officers of the Employer, and shall promptly notify the ~~Trustee~~Trustees of the termination of office of the Plan Administrator or officer of the Employer and the appointment of such person's successor. Until notified to the contrary in writing, the ~~Trustee~~Trustees shall be fully protected in relying upon the most recent certification of the Plan Administrator and officers of the Employer furnished to ~~it~~them by the Employer.

10.02 ~~14.02~~ Employer Action. Any action required by any provision of this Agreement to be taken by the Board of the Employer shall be evidenced by a resolution of the Board certified to the ~~Trustee~~Trustees by the Corporate Secretary of the Employer, and the ~~Trustee~~Trustees shall be fully protected in relying upon any resolution so certified to ~~it~~them. Unless other evidence with respect thereto has been expressly prescribed in this Agreement, any other action of the Employer under any provision of this Agreement, including any approval of or exceptions to the ~~Trustee's~~Trustees' accounts, shall be evidenced by a certificate signed by an officer of the Employer, and the ~~Trustee~~Trustees shall be fully protected in relying upon such certificate. The ~~Trustee~~Trustees may accept a certificate signed by an officer of the Employer as proof of any fact or matter that the ~~Trustee deems~~Trustees deem necessary or desirable to have established in the administration of the Trust Fund (unless other evidence of such fact or matter is expressly prescribed herein), and the ~~Trustee~~Trustees shall be fully protected in relying upon the statements in the certificate.

10.03 ~~14.03~~ Trustee Reliance. The ~~Trustee~~Trustees shall be entitled conclusively to rely upon any written notice, instruction, direction, certificate or other communication believed by it to be genuine and to be signed by the proper person or persons, and the ~~Trustee~~Trustees shall be under no duty to make investigation or inquiry as to the truth, accuracy, or completeness of any statement contained therein.

ARTICLE XI - ~~ARTICLE XV~~ MISCELLANEOUS

~~15.01 Nonguarantee of Employment: Nothing contained in this Plan shall be construed as a contract of employment between the Employer and any Employee, or as a right of any Employee to be continued in the employment of the Employer, or as a limitation of the right of the Employer to discharge any of its Employees, with or without cause.~~

11.01 ~~15.02~~ Rights to Trust Assets: No Employee shall have any right to, or interest in, any assets of the Trust Fund upon termination of his employment or otherwise, except to the extent of the benefits payable under the Plan to such Employee out of the assets of the Trust Fund.

11.02 ~~15.03~~ Nonalienation of Benefits: ~~Except as provided in Article V, benefits~~Benefits payable under ~~this~~the Plan and this Trust shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary. The preceding sentence shall also apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order. The Trust Fund shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any person entitled to benefits hereunder.

11.03 ~~15.04~~ Correction of Errors: Notwithstanding any other provision of this ~~Plan~~Trust Agreement to the contrary, the Employer and the Plan Administrator reserve the right to correct (retroactively, if necessary) any error in the Agreement or in the administration of the Plan which was inadvertently made in the good faith creation and/or administration of this program.

ARTICLE XII - ~~ARTICLE XVI~~ AMENDMENTS AND ACTION BY EMPLOYER

12.01 ~~16.01~~ Amendments: The Employer reserves the right to make from time to time any amendment or amendments to this ~~Plan~~Trust Agreement which do not cause any part of the Trust Fund to be used for, or diverted to, any purpose other than the exclusive benefit of Participants, former Participants or Spouses, provided, however, that the Employer may make any amendment it determines necessary or desirable, with or without retroactive effect to comply with the Internal Revenue Code. Any such amendment shall occur in a manner that is consistent with the terms of any relevant collective bargaining agreement.

~~ARTICLE XVII SUCCESSOR EMPLOYER, MERGER OR CONSOLIDATION~~

~~17.01 Successor Employer: In the event of the dissolution, merger, consolidation or reorganization of the Employer, provision may be made by which the Plan and Trust will be continued by the successor; and, in that event, such successor shall be substituted for the Employer under the Plan. The substitution of the successor shall constitute an assumption of the~~

~~Plan liabilities by the successor and the successor shall have all of the powers, duties and responsibilities of the Employer under the Plan.~~

~~17.02 Plan Assets: In the event of any merger or consolidation of the Plan with, or transfer in whole or in part of the assets and liabilities of the Trust Fund to another trust fund maintained or to be established for the benefit of all or some of the Participants of this Plan, the assets of the Trust Fund applicable to such Participants shall be merged or consolidated with, or transferred to, the other trust fund only if:~~

~~(a) each Participant would (if either this Plan or the other plan then terminated) receive a benefit immediately after the merger, consolidation or transfer which is equal to or greater than the benefit he would have been entitled to receive immediately before the merger, consolidation or transfer (if this Plan had then terminated);~~

~~(b) the Employer, or any new or successor employer of the affected Participants, shall authorize such transfer of assets; and, in the case of the new or successor employer of the affected Participants, it assumes liabilities with respect to such Participants' inclusion in the new employer's plan; and~~

~~(c) such other plan and trust are qualified under Code Section 501(c)(9).~~

ARTICLE XIII - ~~ARTICLE XVIII - PLAN~~ TERMINATION OF TRUST

13.01 ~~18.01~~ Right to Terminate: The Employer may terminate the Plan and this Trust at any time. In that event, all Trust assets shall be used to purchase additional eligible benefits in accordance with the terms of the Plan and Trust. The decision regarding how said Trust assets will be so used shall be in the sole discretion of the Plan Administrator, consistent with the Plan and Trust. In the event of the dissolution, merger, consolidation or reorganization of the Employer, the Plan shall terminate and the Trust Fund shall be liquidated in a manner consistent with the preceding sentence ~~unless the Plan is continued by a successor to the Employer in accordance with Section 17.01.~~. Any termination of this Trust shall occur in a manner that is consistent with the terms of any relevant collective bargaining agreement.

ARTICLE XIV - ~~ARTICLE XIX -~~ APPLICATION OF STATE LAW

Subject to applicable law, this Agreement, as amended from time to time, shall be administered, construed and enforced according to the laws of the State of Michigan and in courts situated in that State.

~~IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals as of the day and year first above written.~~

[Signature page follows.]

THE LANSING BOARD OF WATER AND LIGHT

~~Dated~~Date:________________________

By:____

~~Its: Chair, Board of Commissioners~~

Its:____

THE TRUSTEES

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

Date:________________________ ____

~~Dated:________________________~~ ~~By:____~~

~~Its: Corporate Secretary~~

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Document comparison by Workshare Compare on Wednesday, June 28, 2017 9:39:08 AM

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Document 2 ID	interwovenSite://DMSMIDDLETIER.AD.FOSTERSWIFT.COM/LEGAL/3006791/4
Description	#3006791v4<LEGAL> - Trust Agreement for Post-Retirement Benefit Plan - 2017 Restatement
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
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Deletions	398
Moved from	8
Moved to	8
Style change	0
Format changed	0
Total changes	684

TRUST AGREEMENT FOR

POST-RETIREMENT BENEFIT PLAN

FOR ELIGIBLE EMPLOYEES OF

LANSING BOARD OF WATER AND LIGHT

____________________, 2017

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TRUST AGREEMENT FOR
POST-RETIREMENT BENEFIT PLAN
FOR ELIGIBLE EMPLOYEES OF
LANSING BOARD OF WATER AND LIGHT

The Lansing Board of Water and Light (hereinafter referred to as the "Employer") established this Trust agreement effective October 20, 1999. The Employer and the individual trustees who are named in Section 1.01(k) hereof (hereinafter referred to as the "Trustees") hereby amend and restate this Trust agreement in the manner described herein.

WHEREAS, the Employer has established the Trust Agreement for Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light for the purpose of accumulating funds for the payment of retiree benefits; and

WHEREAS, funds will from time to time be contributed to the Trustees, which funds will constitute a trust fund to be held for the exclusive benefit of eligible individuals including payment of certain expenses; and

WHEREAS, the Employer wants the Trustees to hold, invest, reinvest and otherwise to administer the funds, and the Trustees have indicated their willingness to do so, all pursuant to the terms of this Agreement; and

WHEREAS, the Employer intends that the Plan that is defined in Section 1.01(g) below and the separate Trust that is created by this Agreement shall constitute a "voluntary employees' beneficiary association" under Section 501(c)(9) of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, in consideration of the premises and of the mutual covenants herein contained, the Employer and the Trustee do hereby covenant and agree as follows:

ARTICLE I - DEFINITIONS AND CONSTRUCTION

1.01 Definitions: The following words and phrases shall, when used herein, have the following respective meanings unless their context clearly indicates otherwise:

(a) Agreement: The Trust that is described herein.

(b) Effective Date: _______________, 2017, the date on which the provisions of this amended and restated Trust became effective.

(c) Employer: The Lansing Board of Water and Light ("BWL") or its successor or successors.

(d) Fiduciaries: The Employer and the Trustees, but only with respect to the specific responsibilities of each, all as described herein.

(e) Internal Revenue Code or Code: The Internal Revenue Code of 1986, as amended.

(f) Investment Policy Statement ("IPS"): The Statement of Investment Policies, Procedures and Objectives that is approved from time to time by the Employer and communicated to the individual Trustees and to the Employer's Retirement Plan Committee.

(g) Plan: The Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

(h) Plan Administrator: Lansing Board of Water and Light.

(i) Retirement Plan Committee: The Committee that has been established by the Employer for the purposes that are described in the Committee's governing documents.

(j) Trust (or Trust Fund): The Trust that is described in this Trust Agreement.

(k) Trustees: Each individual member of the Employer's governing board who is classified under the Employer's policies as a voting member of said governing board. Notwithstanding the foregoing, a voting member of the governing board may be removed as a Trustee pursuant to Trust Article IX.

1.02 Construction: The masculine gender, where appearing in this Agreement, shall be deemed to include the feminine gender, unless the context clearly indicates to the contrary. The words "hereof," "herein," "hereunder" and other similar compounds of the word "here" shall mean and refer to the entire Agreement and not to any particular provision or section.

ARTICLE II - RECEIPT OF CONTRIBUTIONS AND PAYMENTS FROM TRUST FUND

2.01 Receipt of Contributions. The Trustees shall receive any contributions paid to them in cash or in the form of such other property as they may from time to time deem acceptable and which shall have been delivered to them. All contributions so received, together with the income therefrom and any other increment thereon, (hereinafter collectively referred to as the "Trust Fund") shall be held and administered by the Trustees pursuant to the terms of this Agreement without distinction between principal and income and without liability for the payment of interest thereon, except to the extent that the Trustees delegate authority to invest, reinvest and administer the Trust Fund. The Employer shall make contributions in such manner and at such times as shall be appropriate. The Trustees shall not be responsible for the calculation or collection of any contribution under or required by the Plan, but shall be responsible only for property received by them pursuant to this Agreement.

2.02 Compliance with Relevant Laws. The Plan, this Agreement and the Trust Fund created hereunder are intended to meet all requirements of Section 501(c)(9) of the Internal Revenue Code of 1986 and applicable state law, as each may be amended from time to time.

2.03 Exclusive Benefit. Anything contained in this Agreement to the contrary notwithstanding, it shall be impossible at any time prior to the satisfaction of all liabilities with respect to Plan 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 Plan Participants and their beneficiaries, except that payment of taxes and administration expenses may be made from the Trust Fund as provided in Article VI hereof.

ARTICLE III - INVESTMENT OF TRUST

3.01 Investment of Trust Fund. The Trustees shall invest and reinvest the principal and income of the Trust Fund and keep the Trust Fund invested, without distinction between principal and income, in such securities or in such property, real or personal, tangible or intangible, or part interest therein, wherever situated, whether or not productive of income, or consisting of wasting assets, as the Trustees shall deem advisable, including but not limited to stocks, common or preferred, trust and participation certificates, interests in investment companies whether so-called "open-end mutual funds" or "closed-end mutual funds," common investment funds maintained, leaseholds, fee titles, bonds or notes and mortgages, and other evidences of indebtedness or ownership, irrespective of whether such securities or such property shall be of the character authorized by any state law from time to time for trust investments; provided, however, that investments shall be so diversified as to minimize the risk of large losses unless under the circumstances it is clearly prudent not to do so, in the sole judgment of the person who is directing the investment of the Trust under the provisions hereof. The Trustees may, in their sole discretion, delegate this investment authority. The term "investment company" as used above shall include shares of open-end investment companies, including, without limiting the generality of the foregoing, such investment companies as are commonly known as "money market funds." The Trustees shall use the price established and provided from time to time by any such open-end investment company for any valuation required under the terms of this Agreement.

ARTICLE IV - FUNDING POLICY

4.01 Funding Policy.

(a) The Employer shall establish and carry out a funding policy consistent with the purposes of the Plan and the requirements of applicable law, as may be appropriate from time to time. That funding policy shall be described in a written Investment Policy Statement (the "IPS"). As part of such funding policy, the Employer shall from time to time direct the Trustees (or, if the Trustees have delegated investment discretion to the Retirement Plan Committee, then the Employer shall direct the Retirement Plan Committee) to exercise their investment discretion so as to provide sufficient cash assets in an amount determined by the Employer under the funding policy then in effect, to be necessary to meet the liquidity requirements for the administration of the Plan.

(b) The discretion of the Trustees (or their delegatee) in investing and reinvesting the principal and income of the Trust Fund shall be subject to such funding policy and IPS, and any changes thereto from time to time, as the Employer may, pursuant to the Plan, adopt from time to time and communicate to the Trustees (or their delegatee) in writing. It shall be the duty of the Trustees (or their delegatee) to act strictly in accordance with such funding policy, and any changes therein, as so communicated to the Trustees (or their delegatee) from time to time in writing by the Employer.

ARTICLE V - TRUSTEES' POWERS

5.01 Powers. The Trustees shall have the following powers, rights and duties in addition to those provided elsewhere in this Trust Agreement or by law:

(a) to receive and hold all contributions paid to it hereunder; provided, however, that the Trustees shall have no duty to require any contributions received by them comply with this Trust or with any resolution of the Employer in which the Employer authorizes contributions to the Plan;

(b) to compromise, contest, arbitrate or abandon claims or demands;

(c) to have, with respect to the Trust Fund, all the rights of an individual owner (any of which may be delegated in accordance with applicable law), including the power to give proxies to vote stocks and other voting securities (and to delegate 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;

(d) to hold securities or other property in the name of the Trustees, or in such other forms as they deem best, with or without disclosing the Trust relationship provided the records of the Trustees shall indicate the actual ownership of such securities or other property;

(e) 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;

(f) 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;

(g) to report to the Employer on or about the last day of each Trust Year and on any Accounting Date (or as soon thereafter as is practicable) or at such other times as may be required under the Trust, the then net worth of the Trust Fund, that is, the fair market value of all assets comprising the Trust Fund, reduced by any liabilities other than liabilities to participants or former participants and their beneficiaries, determined by the Trustees on the basis of such evidence, data or information as they consider pertinent and liable;

(h) to furnish the Employer an annual written account and accounts for such other periods as may be required by the Employer showing all investments, receipts, disbursements and other transactions made by the Trustees during the accounting period, and also showing the assets of the Trust Fund held at the end of the period;

(i) to pay any estate, inheritance, income or other tax, charge or assessment attributable to any benefit which in the Trustees' opinion, they 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 Trustees shall deem necessary for their protection;

(j) to begin, maintain or defend any litigation necessary in connection with the investment, reinvestment and administration of this Trust;

(k) to employ agents, attorneys, accountants, actuaries, and other persons (who also may be employed by the Employer) for such purposes as the Trustees consider desirable;

(l) to periodically review and evaluate the actions of the Retirement Plan Committee (the "Committee") as it discharges it duty under its charter and under the IPS with regard to:

(1) selecting and providing direction to investment managers and investment consultants (as those respective terms are defined in the IPS), to any custodian of Plan assets, and to other persons or entities that are retained by the Committee for the purpose of managing Plan assets; and

(2) evaluating the overall investment performance of the Plan assets;

(m) to perform any and all acts in their judgment necessary or appropriate for the proper and advantageous management, investment and distribution of the Trust Fund; and

(n) to delegate to any other person(s) or entity all or any part of the Trustees' powers, rights, and duties that are described in this Section 5.01. Any such delegation must be reported promptly to the Board. The delegation must be in writing (including by electronic mail) and must be kept with the Trustees' permanent records.

5.02 <u>Records</u>. The accounts, books and records of the Trustees shall reflect any segregation of any portion or portions of the Trust Fund in a separate investment account or accounts that has occurred.

5.03 <u>Limit of Trustees' Responsibility</u>. The Employer shall deliver to the Trustees a certified or executed copy of the Plan and any amendments thereto for convenience of reference but the rights, powers and duties of the Trustees shall be governed solely by the terms of this document without reference to the provisions of the Plan.

5.04 <u>Payment of Benefits</u>. The Trustees shall from time to time on the written directions of the Employer make payments out of the Trust Fund to such persons, including the Employer, in such amounts and for such purposes as are specified in the written directions of the Employer. To the extent permitted by law, the Trustees shall be under no liability for any payment made pursuant to the direction of the Employer. Any written direction of the Employer shall constitute a certification that the distribution or payment so directed is one which the Employer is authorized to direct.

5.05 <u>Trustee Indemnification</u>. The Employer agrees to indemnify and hold harmless each individual Trustee and all Trustees collectively against any and all claims, losses, damages, expenses and liabilities that the Trustee may incur in the exercise and performance of the Trustee's powers and duties hereunder, except to the extent that said claim, loss, damage, expense and/or liability is determined to be due to the individual Trustee's gross negligence or willful misconduct.

ARTICLE VI - FEES AND EXPENSES

The expenses incurred by the Trustees in the performance of their duties, including fees for legal services, and all other proper charges and disbursements of the Trustees, including any and all taxes assessed against the Trustees or the Trust Fund, shall be paid from the Trust Fund unless paid by the Employer. The Trust cannot compensate any Trustee for services rendered pursuant to this Trust.

ARTICLE VII - TRUSTEE'S DUTIES AND OBLIGATIONS

7.01 Prudent Man Rule. The Trustees shall discharge their duties under this Agreement solely in the interest of the Participants in the Plan and their beneficiaries and for the exclusive purpose of providing benefits under the Plan to such Participants and their beneficiaries and defraying reasonable expenses of administering the Plan, with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, and by diversifying the investments of the Plan so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so, all in accordance with the provisions of this Agreement insofar as they are consistent with applicable law, as this Agreement may be from time to time amended.

ARTICLE VIII - ACCOUNTS AND RECORDS

8.01 Recordkeeping. The Trustees shall keep accurate and detailed accounts of all investments, receipts, disbursements and other transactions hereunder and all such accounts and other records relating thereto shall be open to inspection and audit at all reasonable times by any person designated by the Employer or the Plan Administrator. To the extent permitted by law, but subject to any express provision of applicable law as may be in effect from time to time to the contrary, no person other than the Employer may require an accounting or bring any action against said Trustee with respect to the Trust Fund or its actions as Trustee.

8.02 Settlement of Accounts. Notwithstanding any other provision of this Article VIII, the Trustees shall have the right to have a judicial settlement of the Trustees' accounts, or for instructions in connection with the Trust Fund, the only necessary parties thereto, in addition to the Trustees, shall be the Employer and the Plan Administrator. If the Trustees so elect, they may bring in any other person or persons as a party or parties defendant.

ARTICLE IX - TRUSTEE'S REMOVAL OR RESIGNATION

Any individual Trustee may be removed by the Employer at any time upon thirty (30) days' notice in writing to said Trustee and the Plan Administrator. Any individual Trustee may resign at any time upon thirty (30) days' notice in writing to the Employer. Upon such resignation or removal, the Employer shall appoint a successor trustee and such successor trustee shall have the same powers and duties as those conferred upon the Trustee named in this

Agreement. The removal of an individual Trustee and the appointment of a successor trustee shall be by written instrument delivered to the Trustees.

ARTICLE X - LIMITATION ON TRUSTEE'S LIABILITY

10.01 Plan Administrator. The Plan Administrator shall administer the Plan as provided therein, and the Trustees shall not be responsible in any respect for administering the Plan nor shall the Trustees be responsible for the adequacy of the Trust Fund to meet or discharge any payments or liabilities under the Plan. The Trustees shall be fully protected in relying upon any written notice, instruction, direction or other communication of the Plan Administrator when signed by the Plan Administrator. The Employer from time to time shall furnish the Trustees with the names and specimen signatures of the Plan Administrator and officers of the Employer, and shall promptly notify the Trustees of the termination of office of the Plan Administrator or officer of the Employer and the appointment of such person's successor. Until notified to the contrary in writing, the Trustees shall be fully protected in relying upon the most recent certification of the Plan Administrator and officers of the Employer furnished to them by the Employer.

10.02 Employer Action. Any action required by any provision of this Agreement to be taken by the Board of the Employer shall be evidenced by a resolution of the Board certified to the Trustees by the Corporate Secretary of the Employer, and the Trustees shall be fully protected in relying upon any resolution so certified to them. Unless other evidence with respect thereto has been expressly prescribed in this Agreement, any other action of the Employer under any provision of this Agreement, including any approval of or exceptions to the Trustees' accounts, shall be evidenced by a certificate signed by an officer of the Employer, and the Trustees shall be fully protected in relying upon such certificate. The Trustees may accept a certificate signed by an officer of the Employer as proof of any fact or matter that the Trustees deem necessary or desirable to have established in the administration of the Trust Fund (unless other evidence of such fact or matter is expressly prescribed herein), and the Trustees shall be fully protected in relying upon the statements in the certificate.

10.03 Trustee Reliance. The Trustees shall be entitled conclusively to rely upon any written notice, instruction, direction, certificate or other communication believed by it to be genuine and to be signed by the proper person or persons, and the Trustees shall be under no duty to make investigation or inquiry as to the truth, accuracy, or completeness of any statement contained therein.

ARTICLE XI - MISCELLANEOUS

11.01 Rights to Trust Assets: No Employee shall have any right to, or interest in, any assets of the Trust Fund upon termination of his employment or otherwise, except to the extent of the benefits payable under the Plan to such Employee out of the assets of the Trust Fund.

11.02 Nonalienation of Benefits: Benefits payable under the Plan and this Trust shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary. The preceding sentence shall also apply to the creation, assignment or recognition of a right to any benefit payable with respect to a Participant pursuant to a domestic relations order. The Trust Fund shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements, or torts of any person entitled to benefits hereunder.

11.03 Correction of Errors: Notwithstanding any other provision of this Trust Agreement to the contrary, the Employer and the Plan Administrator reserve the right to correct (retroactively, if necessary) any error in the Agreement or in the administration of the Plan which was inadvertently made in the good faith creation and/or administration of this program.

ARTICLE XII - AMENDMENTS AND ACTION BY EMPLOYER

12.01 Amendments: The Employer reserves the right to make from time to time any amendment or amendments to this Trust Agreement which do not cause any part of the Trust Fund to be used for, or diverted to, any purpose other than the exclusive benefit of Participants, former Participants or Spouses, provided, however, that the Employer may make any amendment it determines necessary or desirable, with or without retroactive effect to comply with the Internal Revenue Code. Any such amendment shall occur in a manner that is consistent with the terms of any relevant collective bargaining agreement.

ARTICLE XIII - TERMINATION OF TRUST

13.01 Right to Terminate: The Employer may terminate the Plan and this Trust at any time. In that event, all Trust assets shall be used to purchase additional eligible benefits in accordance with the terms of the Plan and Trust. The decision regarding how said Trust assets will be so used shall be in the sole discretion of the Plan Administrator, consistent with the Plan and Trust. In the event of the dissolution, merger, consolidation or reorganization of the Employer, the Plan shall terminate and the Trust Fund shall be liquidated in a manner consistent with the preceding sentence. Any termination of this Trust shall occur in a manner that is consistent with the terms of any relevant collective bargaining agreement.

ARTICLE XIV - APPLICATION OF STATE LAW

Subject to applicable law, this Agreement, as amended from time to time, shall be administered, construed and enforced according to the laws of the State of Michigan and in courts situated in that State.

[Signature page follows.]

THE LANSING BOARD OF WATER AND LIGHT

Date:______________________ By:____

Its:____

THE TRUSTEES

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

Date:______________________ ____

RESOLUTION

Amendment and Restatement of Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Post-Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light (the "VEBA"); and

WHEREAS, the cost of VEBA benefits is funded partially through the Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light (the "VEBA Trust"); and

WHEREAS, to reflect current governance procedures and for other purposes, the Sponsor adopted and approved the attached amendment and restatement of the Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

THEREFORE, it is:

RESOLVED, that the Trustees accept the terms and conditions of the attached Amendment and Restatement of the Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light, both individually and collectively.

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

Financial Report

with Required Supplemental Information

As of and for the Years Ended June 30, 2017 and 2016

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

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INDEPENDENT AUDITORS' 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 the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (the "Plan"), as of and for the years ended June 30, 2017 and 2016, and the related notes to the 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.

Auditors' 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 auditors' 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 Plan'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 Plan'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 financial position of the Plan as of June 30, 2017 and 2016, and the respective changes in financial position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information as listed in the table of contents be presented to supplement the financial statements. Such information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the 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 financial statements, and other knowledge we obtained during our audit of the 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.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 13, 2017

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:

	2017	2016	2015
Assets held in trust:			
Mutual funds	$ 136,451,476	$ 124,001,268	$ 130,790,091
Stable value	35,270,975	34,193,741	31,844,948
Guaranteed income fund	8,491,010	7,735,485	5,220,516
Participant notes receivable and other	5,726,432	5,300,821	5,265,081
Net position	**$ 185,939,893**	**$ 171,231,315**	**$ 173,120,636**
Changes in plan assets:			
Net investment income/(loss)	$ 19,491,557	$ (1,505,961)	$ 7,317,020
Employer and participant contributions	7,103,752	7,688,472	6,893,841
Benefits paid to participants	(11,877,805)	(7,946,117)	(10,451,713)
Loan defaults and other changes	(8,926)	(125,715)	81,749
Changes in net position	**$ 14,708,578**	**$ (1,889,321)**	**$ 3,840,897**

Investment Objectives

The principal purpose of the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (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, 2017 saw a net investment gain of $19.5 million. Total assets held in trust at the end of the fiscal year were $185.9 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, you may write the Board of Water and Light, Chief Financial Officer, P.O. Box 13007, Lansing, Michigan 4907-3007.

Statement of Net Position

	As of June 30	
	2017	2016
Assets		
Participant-directed investments (Note 1):		
Mutual funds	$ 136,451,476	$ 124,001,268
Stable value	35,270,975	34,193,741
Guaranteed income fund	8,491,010	7,735,485
Self-directed brokerage account	1,826,494	1,551,450
Total participant-directed investments	182,039,955	167,481,944
Participant notes receivable	3,899,938	3,749,371
Net Position Restricted for Pensions	**$ 185,939,893**	**$ 171,231,315**

See Notes to Financial Statements.

Statement of Changes in Net Position

	For the Year Ended June 30	
	2017	2016
Increase		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	$ 15,347,096	$ (8,061,276)
Dividend income	4,144,461	6,555,315
Total investment income (loss)	19,491,557	(1,505,961)
Employer contributions (Note 1)	6,052,720	5,661,884
Participant rollover contributions	1,051,032	2,026,588
Interest from participant notes receivable	156,466	150,624
Total increase	26,751,775	6,333,135
Decrease		
Benefits paid to participants	11,877,805	7,946,117
Loan defaults	72,325	186,801
Participants' note and administrative fees	93,067	89,538
Total decrease	12,043,197	8,222,456
Increase (Decrease) in Net Position Held in Trust	14,708,578	(1,889,321)
Net Position Restricted for Pensions		
Beginning of year	171,231,315	173,120,636
End of year	**$ 185,939,893**	**$ 171,231,315**

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 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 9.5 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, 2017, there were 924 participants in the Plan, of which 713 were active employees. As of June 30, 2016, there were 915 participants in the Plan, of which 705 were active employees.

Vesting – Participants start to become vested in the BWL contribution and related earnings after completing two 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.

Guaranteed Lifetime Income fund: The Retirement Income Advantage Fund seeks both moderate capital growth and current income. It invests in a separate account under a group variable annuity. The separate account, in turn, invests in a mix of registered funds and a collective trust fund with an allocation of approximately 60% domestic and foreign equities and 40% fixed income.

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.

Note 1 - Description of the Plan (Continued)

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.

Reclassifications – Certain reclassifications have been made to prior year amounts to conform with current year presentations except for the Supplemental Information. The reclassifications have no effect on net income.

Note 2 - Summary of Significant Accounting Policies

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.

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 fair 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.

Note 2 - Summary of Significant Accounting Policies (Continued)

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 have authorized the investments according to Michigan PA 314 of 1965, as amended.

Custodial Credit Risk of Bank Deposits – As of June 30, 2017 and 2016, 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 June 30, 2017, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds	$ 136,451,476	Not rated	Not rated
Stable value	35,270,975	AA-	S&P

Note 3 – Investments (Continued)

As of June 30, 2016, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds	$ 124,001,268	Not rated	Not rated
Stable value	34,193,741	AA	S&P

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 address this risk. At June 30, 2017, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds – Bond funds	$19,198,075	5.5 years

At June 30, 2016, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds – Bond funds	$17,070,665	5.6 years

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 14 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.

Note 6 – Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under authoritative guidance are described as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted market prices for identical assets in active markets that the Plan has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability

Note 6 – Fair Value Measurements (Continued)

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observables and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2017 and 2016:

Money market fund, growth funds, and international funds: Valued at the quoted net asset value ("NAV") of shares held by the Plan at year end.

Common stock and bond and equity funds: Valued at the most recent closing price reported on the market on which individual securities are traded.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

Stable value fund: The Plus Fund is a collective fund that seeks to maintain a stable net asset value. It invests primarily in a diversified portfolio of stable-value investments, including traditional guaranteed investment contracts (traditional GICs), separate account GICs, synthetic GICs backed by fixed income securities or investments, and short-term investment funds, including money market mutual funds.

Guaranteed Lifetime Income fund: The Retirement Income Advantage Fund seeks both moderate capital growth and current income. It invests in a separate account under a group variable annuity. The separate account, in turn, invests in a mix of registered funds and a collective trust fund with an allocation of approximately 60% domestic and foreign equities and 40% fixed income.

Note 6 – Fair Value Measurements (Continued)

Self-directed brokerage account: The self-directed brokerage account allows participants of the Plan the option of selecting a more personalized and broad range of investment choices. The investments within the account consist of corporate stocks, which are valued at the most recent closing price reported on the market on which individual securities are traded.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2017 and 2016:

	June 30, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market	$ 598,132	$ -	$ -	$ 598,132
Bond and equity funds	19,198,075	-	-	19,198,075
Stock funds	64,715,339	-	-	64,715,339
Balanced funds	29,103,168	-	-	29,103,168
Growth funds	6,306,873	-	-	6,306,873
International funds	16,529,889	-	-	16,529,889
Self-directed brokerage account	1,826,494	-	-	1,826,494
Total investments by fair value level	$ 138,277,970	$ -	$ -	$ 138,277,970
Investments measured at the net asset value (NAV)				
Stable value				35,270,975
Guaranteed Lifetime Income				8,491,010
Total Investments Measured at Fair Value				$ 182,039,955

Note 6 – Fair Value Measurements (Continued)

	June 30, 2016			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market	$ 675,272	$ -	$ -	$ 675,272
Bond and equity funds	17,070,664	-	-	17,070,664
Stock funds	60,866,409	-	-	60,866,409
Balanced funds	24,859,849	-	-	24,859,849
Growth funds	6,212,755	-	-	6,212,755
International funds	14,316,319	-	-	14,316,319
Self-directed brokerage account	1,551,450	-	-	1,551,450
Total investments by fair value level	$ 125,552,718	$ -	$ -	$ 125,552,718
Investments measured at the net asset value (NAV)				
Stable value				34,193,741
Guaranteed Lifetime Income				7,735,485
Total Investments Measured at Fair Value				$ 167,481,944

Investments Measured Using NAV per Share Practical Expedient: The stable value fund and guaranteed lifetime income fund use NAV per share as a practical expedient to measuring fair value. The stable value fund had a fair value of $35,270,975 and $34,193,741 as of June 30, 2017 and 2016, respectively and the guaranteed lifetime income fund had a fair value of $8,491,010 and $7,735,485, respectively. These funds have no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

Note 7 – Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Statement of Net Position.

Note 8 – Subsequent Events

The Plan has evaluated subsequent events occurring through the date that the Plan's financial statements were approved and available to be issued, for events requiring recording or disclosure in the Plan's financial statements. There are no subsequent events warranting disclosures.

ICMA Performance Peer Report for 401& 457 Plans
June 30, 2017

Fund Name	Fund Ticker	Fund Performance Qtr	Fund Performance 1 Yr	Fund Performance 3 Yr	Fund Performance 5 Yr	Peer Category	Peer Category Performance Qtr	Peer Category Performance 1 Yr	Peer Category Performance 3 Yr	Peer Category Performance 5 Yr	Rank in Category Qtr	Rank in Category 1 Yr	Rank in Category 3 Yr	Rank in Category 5 Yr
AllianzGI NFJ Dividend Value	NFJEX	1.67	15.96	3.92	11.20	Large Value	1.78	16.49	6.40	12.64	54	56	90	84
AllianzGI Technology Admin	DGTAX	7.59	33.83	12.71	17.98	Specialty-Technology	6.00	33.86	13.45	16.87	30	41	65	37
Am Funds Growth Fund of Am R5	RGAFX	3.96	21.82	10.11	15.88	Large Growth	5.01	20.02	8.80	13.87	73	28	31	11
American Funds Cap World G&I	RWIFX	5.27	18.74	5.18	11.50	World Stock	5.10	18.02	4.53	10.57	42	45	41	29
American Funds Fundamental Inv	RFNFX	3.21	19.37	10.05	15.13	Large Blend	2.92	17.17	7.60	13.35	32	24	4	9
AMG TimesSquare Sm Cap Growth	TSCPX	4.65	17.37	7.01	13.00	Small-Cap Growth	4.33	23.12	6.67	12.81	44	91	47	46
BlackRock Global Allocation	MDLOX	3.00	11.44	2.79	6.47	World Allocation	2.83	10.10	1.84	5.96	48	39	36	52
Columbia Small Cap Value I Z	RMCVX	(0.29)	19.32	4.23	12.44	Mid-Cap Value	0.26	21.15	5.18	12.47	67	68	70	62
Columbia Small/Mid Cap Value K	CSCZX	1.69	30.78	7.62	13.81	Small-Cap Value	0.26	21.15	5.18	12.47	12	5	21	28
Delaware High-Yield Opp Instl	DHOIX	2.17	11.71	1.52	5.48	High-Yield Bond	1.74	10.78	3.02	5.70	19	36	91	60
Fidelity Balanced	FBALX	2.94	13.50	6.64	10.33	Moderate Allocation	2.35	10.67	4.00	7.97	21	11	6	7
Fidelity Contrafund	FCNTX	6.09	22.19	10.49	14.64	Large-Cap Growth	5.01	20.02	8.80	13.87	26	25	25	36
Fidelity Diversified Intl	FDIVX	7.71	18.00	2.73	9.54	Foreign Large Growth	7.98	17.80	2.58	8.65	56	42	44	26
Fidelity Intl Discovery	FIGRX	8.71	18.62	2.68	9.55	Foreign Large Growth	7.98	17.80	2.58	8.65	32	36	46	26
Fidelity Small Cap Discovery	FSCRX	1.33	17.65	5.81	14.27	Small-Cap Blend	1.53	20.96	5.70	12.75	59	83	58	25
Harbor International Admin	HRINX	6.73	17.43	(0.29)	6.49	Foreign Large Blend	6.25	19.13	1.18	7.81	28	73	82	84
Harbor Mid Cap Growth Admin	HRMGX	9.13	23.19	6.71	13.34	Mid-Cap Growth	4.68	18.58	6.86	12.72	4	14	52	34
JPMorgan US Equity I	JUESX	2.14	20.05	8.98	15.04	Large Blend	2.92	17.17	7.60	13.35	82	18	26	10
Nuveen Real Estate Securities	FARCX	2.24	(1.70)	7.89	9.19	Real Estate	1.85	(0.61)	7.25	8.49	33	44	29	18
PIMCO Low Duration	PLDAX	0.40	1.42	0.77	1.19	Short Term Bond	0.56	1.23	1.08	1.31	71	33	70	54
PIMCO Real Return Admin	PARRX	(0.35)	0.33	0.00	(0.03)	Inflation Protected Bond	(0.49)	0.10	(0.01)	(0.17)	23	30	47	41
PIMCO Total Return Instl	PTTRX	1.64	1.51	1.93	2.10	Intermed-Term Bond	1.49	0.94	2.21	2.45	31	30	68	67
Prudential Jennison Utility A	PRUAX	2.15	4.05	2.97	12.29	Specialty-Utilities	2.16	3.41	4.51	9.68	48	33	67	8
T Rowe Price Health Sciences	PRHSX	7.45	17.06	13.03	20.65	Specialty-Health	6.94	17.06	9.07	17.39	43	38	8	10
Vanguard 500 Index Admiral	VFIAX	3.07	17.85	9.58	14.59	Large-Cap Blend	2.92	17.17	7.60	13.35	39	42	9	19
Vanguard Mid-Cap Index Admiral	VIMAX	2.77	17.25	8.07	14.78	Mid-Cap Blend	1.93	17.37	5.51	12.98	20	49	14	12
Vanguard Small-Cap Index Adm	VSMAX	1.95	19.14	6.78	14.13	Small-Cap Blend	1.53	20.96	5.70	12.75	41	74	40	28
Vanguard Target Retire 2015	VTXVX	2.33	8.13	4.20	7.27	Target Date 2011-15	2.18	8.24	3.38	6.61	42	63	21	30
Vanguard Target Retire 2020	VTWNX	2.79	10.30	4.85	8.40	Target Date 2016-20	2.34	8.77	3.50	6.57	20	27	4	9
Vanguard Target Retire 2025	VTTVX	3.10	11.95	5.18	9.17	Target Date 2021-25	2.82	11.04	4.07	7.89	29	29	6	17
Vanguard Target Retire 2030	VTHRX	3.29	13.40	5.42	9.90	Target Date 2025-30	3.02	12.45	4.36	8.39	42	35	12	14
Vanguard Target Retire 2035	VTTHX	3.58	14.99	5.66	10.63	Target Date 2031-35	3.46	14.62	4.81	9.41	47	38	17	16
Vanguard Target Retire 2040	VFORX	3.75	16.49	5.85	11.10	Target Date 2036-40	3.47	15.09	4.88	9.50	43	27	18	11
Vanguard Target Retire 2045	VTIVX	3.84	17.02	5.98	11.18	Target Date 2041-45	3.76	16.30	5.15	10.11	46	32	18	12
Vanguard Target Retire 2050	VFIFX	3.84	16.99	5.99	11.18	Target Date 2046-50	3.63	15.93	5.10	9.94	47	36	19	14
Vanguard Target Retire Income	VTINX	1.77	5.23	3.47	4.91	Retirement Income	1.80	5.70	2.65	4.36	64	66	16	30
Vanguard Ttl Bond Mkt Idx Adm	VBTLX	1.48	(0.44)	2.43	2.13	Intermed-Term Bond	1.49	0.94	2.21	2.45	50	83	37	65
VT Cash Management*	-	0.10	0.17	0.06	0.03	Taxable Money Market	0.10	0.20	0.09	0.06	-	-	-	-
VT PLUS Fund*	-	1.87	1.79	1.77	1.89	90-Day T-Bills	0.81	0.49	0.23	0.17	-	-	-	-
VT Retirement IncomeAdvantage*	-	2.45	9.31	3.63	6.94	Annuity	2.54	10.89	5.29	8.54	-	-	-	-
VT Vantagepoint Equity Income	VPEIX	2.51	17.96	5.05	11.74	Large Value	1.78	16.49	6.40	12.64	27	47	9	28
VT Vantagepoint MP Cons Growth*	-	1.96	7.82	2.87	5.51	Conservative Allocation	1.84	7.22	2.85	5.73	-	-	-	-
VT Vantagepoint MP Glbl Eq Gr*	-	4.88	18.58	4.65	11.27	World Stock	5.10	18.02	4.53	10.57	-	-	-	-
VT Vantagepoint MP Lng-Trm Gr*	-	3.58	15.40	4.79	9.60	Aggressive Allocation	2.79	13.44	4.20	9.27	-	-	-	-
VT Vantagepoint MP Trad Growth*	-	2.90	12.10	4.06	7.93	Moderate Allocation	2.35	10.67	4.00	7.97	-	-	-	-
Westwood SMidCap Institutional	WHGMX	0.49	14.76	3.11	11.61	Mid-Cap Blend	1.93	17.37	5.51	12.98	83	71	83	78

Data via Morningstar.com

**** Fund is not publicly traded and therefore lacks both ticker and category ranking***

ICMA Performance Benchmark Report for 401 & 457 Plans
June 30, 2017

	Fund	Fund Performance					Benchmark Index Performance				Fav/(Unfav) vs. Benchmark			
Fund Name	**Ticker**	**Qtr**	**1 Yr**	**3 Yr**	**5 Yr**	**Benchmark Index Name**	**Qtr**	**1 Yr**	**3 Yr**	**5 Yr**	**Qtr**	**1 Yr**	**3 Yr**	**5 Yr**
AllianzGI NFJ Dividend Value	NFJEX	1.67	15.96	3.92	11.20	Russell 1000 Value Index	1.34	15.53	7.36	13.94	0.33	0.43	(3.44)	(2.74)
AllianzGI Technology Admin	DGTAX	7.59	33.83	12.71	17.98	S&P North American Technology Index	4.80	33.11	16.47	18.72	2.79	0.72	(3.76)	(0.74)
Am Funds Growth Fund of Am R5	RGAFX	3.96	21.82	10.11	15.88	S&P 500 Index	3.09	17.90	9.61	14.63	0.87	3.92	0.50	1.25
American Funds Cap World G&I	RWIFX	5.27	18.74	5.18	11.50	MSCI AC World Index (Net)	4.27	18.78	4.82	10.54	1.00	(0.04)	0.36	0.96
American Funds Fundamental Inv	RFNFX	3.21	19.37	10.05	15.13	S&P 500 Index	3.09	17.90	9.61	14.63	0.12	1.47	0.44	0.50
AMG TimesSquare Sm Cap Growth	TSCPX	4.65	17.37	7.01	13.00	Russell 2000 Growth Index	4.39	24.40	7.64	13.98	0.26	(7.03)	(0.63)	(0.98)
BlackRock Global Allocation	MDLOX	3.00	11.44	2.79	6.47	FTSE World Index	4.40	19.40	5.54	11.48	(1.40)	(7.96)	(2.75)	(5.01)
Columbia Small Cap Value I Z	RMCVX	(0.29)	19.32	4.23	12.44	Russell 2500 Value Index	0.32	18.36	6.21	13.69	(0.61)	0.96	(1.98)	(1.25)
Columbia Small/Mid Cap Value K	CSCZX	1.69	30.78	7.62	13.81	Russell 2000 Value Index	0.67	24.86	7.02	13.39	1.02	5.92	0.60	0.42
Delaware High-Yield Opp Instl	DHOIX	2.17	11.71	1.52	5.48	BofA ML US High Yield Master II Constrained Index	2.14	12.74	4.49	6.92	0.03	(1.03)	(2.97)	(1.44)
Fidelity Balanced	FBALX	2.94	13.50	6.64	10.33	S&P 500 Index	3.09	17.90	9.61	14.63	(0.15)	(4.40)	(2.97)	(4.30)
Fidelity Contrafund	FCNTX	6.09	22.19	10.49	14.64	S&P 500 Index	3.09	17.90	9.61	14.63	3.00	4.29	0.88	0.01
Fidelity Diversified Intl	FDIVX	7.71	18.00	2.73	9.54	MSCI EAFE Index (Net)	6.12	20.27	1.15	8.69	1.59	(2.27)	1.58	0.85
Fidelity Intl Discovery	FIGRX	8.71	18.62	2.68	9.55	MSCI EAFE Index (Net)	6.12	20.27	1.15	8.69	2.59	(1.65)	1.53	0.86
Fidelity Small Cap Discovery	FSCRX	1.33	17.65	5.81	14.27	Russell 2000 Index	2.46	24.60	7.36	13.70	(1.13)	(6.95)	(1.55)	0.57
Harbor International Admin	HRINX	6.73	17.43	(0.29)	6.49	MSCI EAFE Index (Net)	6.12	20.27	1.15	8.69	0.61	(2.84)	(1.44)	(2.20)
Harbor Mid Cap Growth Admin	HRMGX	9.13	23.19	6.71	13.34	Russell Midcap Growth Index	4.21	17.05	7.83	14.19	4.92	6.14	(1.12)	(0.85)
JPMorgan US Equity I	JUESX	2.14	20.05	8.98	15.04	S&P 500 Index	3.09	17.90	9.61	14.63	(0.95)	2.15	(0.63)	0.41
Nuveen Real Estate Securities	FARCX	2.24	(1.70)	7.89	9.19	MSCI U.S. REIT Index (Gross)	1.65	(1.82)	8.19	9.38	0.59	0.12	(0.30)	(0.19)
PIMCO Low Duration	PLDAX	0.40	1.42	0.77	1.19	Morningstar Short-Term Bond	0.56	1.23	1.08	1.31	(0.16)	0.19	(0.31)	(0.12)
PIMCO Real Return Admin	PARRX	(0.35)	0.33	0.00	(0.03)	Barclays US Treasury Inflation-Linked Bond Index (Series-L)	(0.40)	(0.63)	0.63	0.27	0.05	0.96	(0.63)	(0.30)
PIMCO Total Return Instl	PTTRX	1.64	1.51	1.93	2.10	Barclays U.S. Aggregate Bond Index	1.45	(0.31)	2.48	2.21	0.19	1.82	(0.55)	(0.11)
Prudential Jennison Utility A	PRUAX	2.15	4.05	2.97	12.29	S&P 500 Utilities Index	2.21	2.47	9.37	11.17	(0.06)	1.58	(6.40)	1.12
T Rowe Price Health Sciences	PRHSX	7.45	17.06	13.03	20.65	Morningstar Health	3.09	17.90	9.61	14.63	4.36	(0.84)	3.42	6.02
Vanguard 500 Index Admiral	VFIAX	3.07	17.85	9.58	14.59	S&P 500 Index	3.09	17.90	9.61	14.63	(0.02)	(0.05)	(0.03)	(0.04)
Vanguard Mid-Cap Index Admiral	VIMAX	2.77	17.25	8.07	14.78	Morningstar Mid-Cap Blend	1.93	17.37	5.51	12.98	0.84	(0.12)	2.56	1.80
Vanguard Small-Cap Index Adm	VSMAX	1.95	19.14	6.78	14.13	Morningstar Small Blend	1.53	20.96	5.70	12.75	0.42	(1.82)	1.08	1.38
Vanguard Target Retire 2015	VTXVX	2.33	8.13	4.20	7.27	Morningstar Target Date 2015	2.18	8.24	3.38	6.61	0.15	(0.11)	0.82	0.66
Vanguard Target Retire 2020	VTWNX	2.79	10.30	4.85	8.40	Morningstar Target Date 2020	2.34	8.77	3.50	6.57	0.45	1.53	1.35	1.83
Vanguard Target Retire 2025	VTTVX	3.10	11.95	5.18	9.17	Morningstar Target Date 2025	2.82	11.04	4.07	7.89	0.28	0.91	1.11	1.28
Vanguard Target Retire 2030	VTHRX	3.29	13.40	5.42	9.90	Morningstar Target Date 2030	3.02	12.45	4.36	8.39	0.27	0.95	1.06	1.51
Vanguard Target Retire 2035	VTTHX	3.58	14.99	5.66	10.63	Morningstar Target Date 2035	3.46	14.62	4.81	9.41	0.12	0.37	0.85	1.22
Vanguard Target Retire 2040	VFORX	3.75	16.49	5.85	11.10	Morningstar Target Date 2040	3.47	15.09	4.88	9.50	0.28	1.40	0.97	1.60
Vanguard Target Retire 2045	VTIVX	3.84	17.02	5.98	11.18	Morningstar Target Date 2045	3.76	16.30	5.15	10.11	0.08	0.72	0.83	1.07
Vanguard Target Retire 2050	VFIFX	3.84	16.99	5.99	11.18	Morningstar Target Date 2050	3.63	15.93	5.10	9.94	0.21	1.06	0.89	1.24
Vanguard Target Retire Income	VTINX	1.77	5.23	3.47	4.91	Barclays U.S. Aggregate Bond Index	1.45	(0.31)	2.48	2.21	0.32	5.54	0.99	2.70
Vanguard Ttl Bond Mkt Idx Adm	VBTLX	1.48	(0.44)	2.43	2.13	Morningstar Intermediate-Term Bond	1.49	0.94	2.21	2.45	(0.01)	(1.38)	0.22	(0.32)
VT Cash Management*	-	0.10	0.17	0.06	0.03	Crane Govt Retail Money Market Fund Index	0.05	0.09	0.04	0.03	0.05	0.08	0.02	0.00
VT PLUS Fund*	-	1.87	1.79	1.77	1.89	BofA ML US 3-Mo. T-Bill Index (Annualized)	0.81	0.49	0.23	0.17	1.06	1.30	1.54	1.72
VT Retirement IncomeAdvantage*	-	2.45	9.31	3.63	6.94	Custom	2.54	10.89	5.29	8.54	(0.09)	(1.58)	(1.66)	(1.60)
VT Vantagepoint Equity Income	VPEIX	2.51	17.96	5.05	11.74	Russell 1000 Value Index	1.34	15.53	7.36	13.94	1.17	2.43	(2.31)	(2.20)
VT Vantagepoint MP Cons Growth*	-	1.96	7.82	2.87	5.51	Morningstar Allocation 30-50% Equity	1.84	7.22	2.85	5.73	0.12	0.60	0.02	(0.22)
VT Vantagepoint MP Glbl Eq Gr*	-	4.88	18.58	4.65	11.27	Morningstar World Large Stock	5.10	18.02	4.53	10.57	(0.22)	0.56	0.12	0.70
VT Vantagepoint MP Lng-Trm Gr*	-	3.58	15.40	4.79	9.60	Morningstar Allocation 70-85% Equity	2.79	13.44	4.20	9.27	0.79	1.96	0.59	0.33
VT Vantagepoint MP Trad Growth*	-	2.90	12.10	4.06	7.93	Morningstar Allocation 50-70% Equity	2.35	10.67	4.00	7.97	0.55	1.43	0.06	(0.04)
Westwood SMidCap Institutional	WHGMX	0.49	14.76	3.11	11.61	Russell 2500 Index	2.13	19.84	6.93	14.04	(1.64)	(5.08)	(3.82)	(2.43)

Benchmark data via ICMARC.org

**** Fund is not publicly traded***

Plan Service Report

LANSING BOARD OF WATER LIGHT

For Period Ended June 30, 2017

2nd Quarter 2017

Platinum Services Plan Service Report

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

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.

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IMPORTANT NOTICE: If your plan makes available VT Funds, note that VT Funds invest either in collective investment funds or underlying 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 third party underlying mutual funds of other fund companies is for the underlying fund and also is inclusive of all fees. Reference to such underlying 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

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 Economic Review

Economic Commentary

Economically, the United States continues its steady albeit slow-growth expansion now in its eighth year. The labor market continues to strengthen with June representing the 81th consecutive month of job growth. However, broad wage gains that usually accompany strong job markets are still elusive. Although the U.S. is below the Federal Reserve's (Fed) long-term natural rate of unemployment, June's year-on-year average hourly earnings growth of 2.5% is still lower than the 2.9% wage growth produced at the end of the Great Recession.

U.S. real gross domestic product (GDP) grew at an annualized 1.4% rate in the first quarter, down from 2.1% in the fourth quarter. In a reversal, the U.S. fell behind the Eurozone, which reported 2.3% annualized growth rate in the first quarter. China's annual GDP grew 6.9%, slightly higher than the 6.8% growth rate the country registered in the prior quarter. An increase in industrial output, retail sales, and fixed-asset investment led to above-market-consensus GDP growth for China, the second-largest economy.

- Seasonally-adjusted U.S. nonfarm payrolls grew by an average of 194,000 jobs per month in the second quarter, with June's 222,000 jobs number significantly higher than March's 50,000 figure. On a comparative basis, the second-quarter three-month average is higher than the 166,000 reported in the first quarter of 2017 and the 153,000 jobs created in the second quarter of 2016. The U.S. unemployment rate continued to fall, dropping from 4.5% in March to 4.4% in June, signaling a continued tightening in the U.S. labor market. While June's labor force participation rate increased from May's 62.7% reading to end the quarter at 62.8%, it is down from March's 63.0% rate. It has been in the range of 62.5% to 63.0% for the past few years, down from about 66% a decade ago.
- The Institute for Supply Management (ISM) Manufacturing Purchasing Manager's Index increased to 57.8 in June's reading from 57.2 in March. However, the second-quarter average was 55.8, lower than the 57.0 average in the first quarter. The ISM Nonmanufacturing Index rose to 57.4, above its March reading of 55.2, and continues to strengthen from the low-50s readings last year.
- The Conference Board's Consumer Confidence Index cooled from its elevated 124.9 in March, but still posted a historically-high 118.9 in June and remains higher than 109.4 in November. The National Federation of Independent Business' Small Business Optimism Index fell slightly in June to 103.6, down from 104.7 in March.
- U.S. existing home sales slightly rebounded in May with a seasonally-adjusted annual rate of 5.62 million — up from 5.47 million in February. Existing home sales have been hampered by inventory shortages as the supply of homes on the market has dropped to 4.2 months, lower than the six-month supply typically viewed as a healthy balance between supply and demand. Seasonally-adjusted sales of new single-family homes, however, totaled 610,000 in May, down slightly from the upwardly-revised 615,000 in February.
- Retail sales were inconsistent, missing economists' consensus every month in the second quarter. April's retail sales increased by 0.3% before falling 0.1% in May and 0.2% in June. However, many economists blame May and June's drop in part due to lower gas prices more than a lack of consumer participation.

Second Quarter Economic Review

Economic Commentary

- Vehicle sales slowed during the quarter and reported seasonally-adjusted annualized sales of 16.5 million units in June — down 100,000 units from the 16.6 million pace in March. This was the fourth-consecutive month vehicle sales fell below the 17-million level and nearly two million units below the 18.4 million seasonally-adjusted annualized units sold in December 2016.
- Inflation slowed through the quarter, with the Consumer Price Index 12-month price index increasing 1.6% in the 12-month period ended June, down from 2.7% in February. The Fed's target inflation rate is 2.0%, but low inflation could complicate its current path toward rate normalization.

Second Quarter Economic Review

Domestic Equity Markets

U.S. equity markets continued its strong performance during the second quarter with gains across all market capitalizations, although most indices lagged their first-quarter performance. In the large-cap space, the gains were broad-based with nine of the S&P 500's 11 sectors reporting gains during the second quarter, matching the first-quarter's total.

- The S&P S&P 500 Index returned 3.09%, including dividends, ending the quarter at 2,423, up from 2,363 at the end of March 2017. For the first half of the year the S&P 500 has returned 9.34%, including dividends.
- The S&P 500 was led by particularly strong returns in the Health Care sector (7.10%) alongside Industrials (4.73%) and Information Technology (4.14%). This was the second-consecutive quarter Health Care and Information Technology were among the top three performing sectors. Two sectors had negative quarterly returns: Telecom Services (-7.05%) and Energy (-6.36%). This was the second-consecutive quarter Energy has provided negative returns in excess of 6.00%.
- The Russell 2000 Index, representing U.S. small-cap stocks, gained 2.46%, nearly matching the 2.47% growth the index attained in 2017's first quarter, while the Russell Midcap Index rose 2.70%.
- Growth continued to outperform value-style investing across all capitalization ranges, a continuation of 2017's first quarter. The Russell 1000 Growth Index returned 4.67% versus the Russell 1000 Value Index's gain of 1.34%. The Russell 2000 Growth Index rose 4.39% in the quarter compared with the 0.67% increase of the Russell 2000 Value Index.
- The price of gold fell to $1,242 per ounce at quarter end from its March 30 level of $1,254.

Past performance is no guarantee of future results

Morningstar Returns for Domestic Equity Funds-- 2nd Quarter 2017*

	Value	Blend	Growth
Large-Cap	1.78%	2.92%	5.01%
Mid-Cap	1.03%	1.93%	4.68%
Small-Cap	0.26%	1.53%	4.33%

Morningstar Returns for Domestic Equity Funds-- 1 Year Ending 6/30/2017*

	Value	Blend	Growth
Large-Cap	16.49%	17.17%	20.02%
Mid-Cap	17.26%	17.37%	18.58%
Small-Cap	21.15%	20.96%	23.12%

*See disclosure at end of chapter

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Second Quarter Economic Review

Fixed Income Markets

Contrary to U.S. equities, fixed income markets broadly outperformed its first-quarter performance. Like the first quarter of 2017, the bond rally continued in the second quarter even though the Fed raised the target range of its federal funds rate and signaled additional increases on its path to normalization during its June meeting.

Yields at the long end of the yield curve surprisingly deceased during the quarter, which points to investors becoming slightly more reticent about economic growth and the reflation trade.

- The During the quarter, Treasury yields from longer-dated maturities (10-year and 30-year) slightly decreased and the yield curve flattened. The spread between two-year and 10-year Treasury yields decreased from 113 basis points (1.13 percentage points) to 93 basis points. At quarter end, the two-year U.S. Treasury note increased 11 basis points to finish with a 1.38% yield; the five-year Treasury note decreased four basis points to a 1.89% yield; and the 10-year note and 30-year Treasury bond yielded 2.31% and 2.84%, respectively, down from 2.40% and 3.02%, at last quarter's end.
- The broad Bloomberg Barclays U.S. Aggregate Bond Index returned 1.45%, up from the 0.82% gain produced last quarter.
- U.S. municipal bonds also beat its first-quarter performance, returning 1.96%, along with the Bloomberg Barclays U.S. Corporate Investment Grade Index, which provided investors a 2.54% return this quarter.
- Two notable exceptions to stronger second-quarter fixed income performance were high yield and Treasury Inflated Protection Securities (TIPS). The Bloomberg Barclays U.S. Corporate High Yield Index gained 2.17%, versus a 2.70% last quarter. The Bloomberg Barclays TIPS Index decreased 0.40% versus a 1.26% gain in the first quarter.
- Emerging market bonds (in U.S. dollars) continued its strong 2017 performance, returning 1.77% in the second quarter.

Past performance is no guarantee of future results

Morningstar Returns for Domestic Fixed Income Funds--Period Ending 6/30/2017*

Category	Quarter	Year
Ultrashort Bond	0.37%	1.46%
Short Government	0.24%	-0.36%
Short-Term Bond	0.56%	1.23%
Inflation-Protected Bond	-0.49%	0.10%
Intermediate Government	0.72%	-1.24%
Intermediate-Term Bond	1.49%	0.94%
Long Government	4.19%	-7.26%
Long-Term Bond	3.94%	1.05%
High Yield Bond	1.74%	10.78%

*See disclosure at end of chapter

Second Quarter Economic Review

International Equity Markets

International markets (in U.S. dollars) generally outperformed the U.S. equity markets partially owing to a weaker dollar and stronger economic conditions. European markets, on average, outperformed the S&P 500, with France (9.11%) and Switzerland (8.96%) the leading developed European markets, while the overall MSCI Europe Index returned 7.37%. The MSCI Japan Index reported a quarterly gain of 5.19%. Developed stocks had strong gains, with the MSCI EAFE Index returning 7.25%. The MSCI Emerging Markets Index reported stronger performance by returning 11.45%.

- Developed markets had strong gains, with the MSCI EAFE Index returning 6.12%. The MSCI Emerging Markets Index reported slightly stronger performance by returning 6.27%.
- The larger emerging markets were led by China and Mexico, which produced gains of 10.57% and 7.19%, respectively. In contrast, Russia reported a decrease of 10.03%, one of the few countries reporting a loss, an acceleration of first quarter's 4.61% loss.

Morningstar Returns for International Equity Funds--1 Year Ending 6/30/2017*

Category	Quarter	Year
Foreign Large Value	5.10%	19.94%
Foreign Large Blend	6.25%	19.13%
Foreign Large Growth	7.98%	17.80%
Foreign Small/Mid Value	6.15%	21.05%
Foreign Small/Mid Growth	8.94%	18.92%
Diversified Emerging Mkts	5.87%	20.48%
World Allocation	2.83%	10.10%

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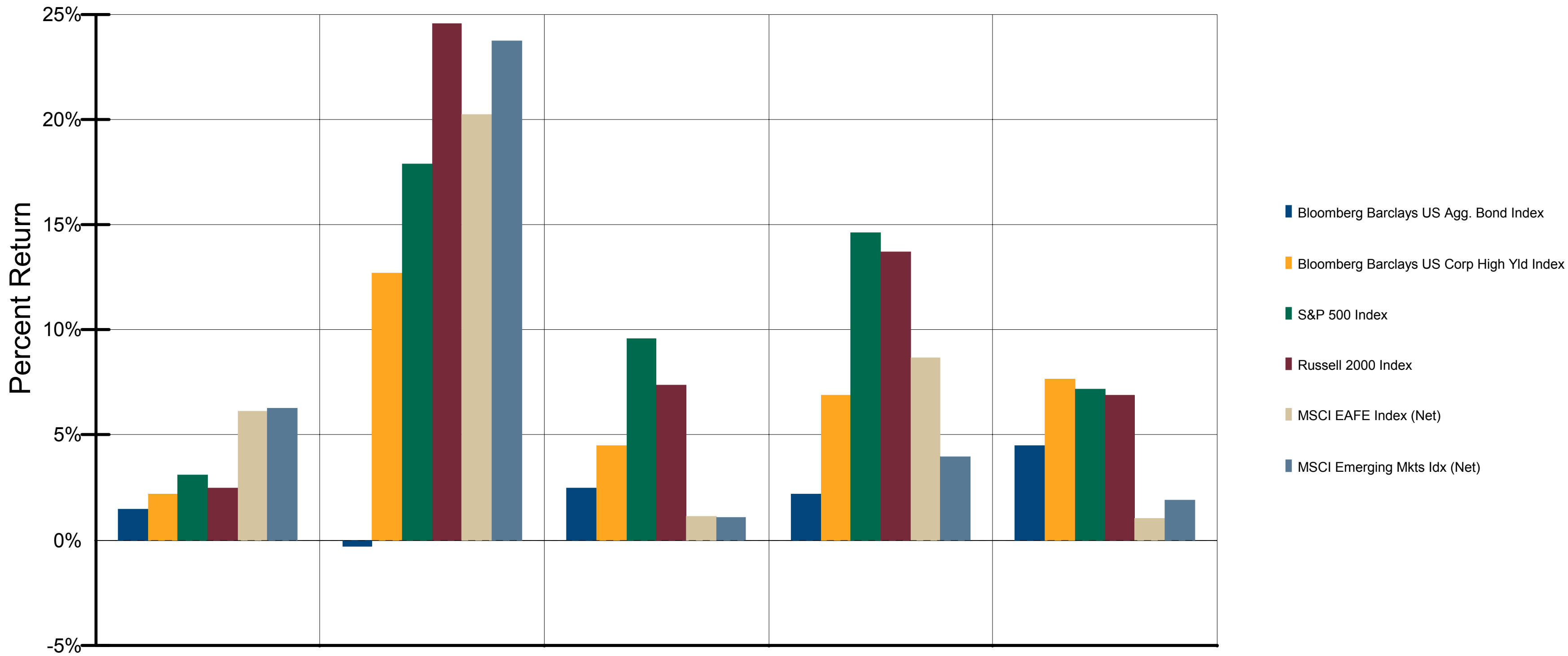
*See disclosure at end of chapter

Capital Markets Returns



	Q2 '17	1 Year	3 Years	5 Years	10 Years
Bloomberg Barclays US Aggregate Bnd Index	1.45%	-0.31%	2.48%	2.21%	4.48%
Bloomberg Barclays US Corp High Yield Index	2.17%	12.70%	4.48%	6.89%	7.67%
S&P 500 Index	3.09%	17.90%	9.61%	14.63%	7.18%
Russell 2000 Index	2.46%	24.60%	7.36%	13.70%	6.92%
MSCI EAFE Index (Net)	6.12%	20.27%	1.15%	8.69%	1.03%
MSCI Emerging Mkts Idx (Net)	6.27%	23.75%	1.07%	3.96%	1.91%

Periods greater than one year represent annualized performance.

Past performance is no guarantee of future results.

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

401 Fund Structure[1,2]

Retirement Focused Investing – 401 Plans

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

TARGET-RISK/TARGET-DATE

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

GUARANTEED LIFETIME INCOME

VT Retirement IncomeAdvantage

BALANCED

Fidelity Balanced
BlackRock Global Allocation

STABLE VALUE/CASH MANAGEMENT	BOND	INTERNATIONAL/GLOBAL STOCK	SPECIALTY
VT PLUS Fund VT Cash Management	PIMCO Low Duration Vanguard Ttl Bond Mkt Idx Adm PIMCO Total Return Instl PIMCO Real Return Admin Delaware High-Yield Opp Instl	American Funds Cap World G&I Harbor International Admin Fidelity Intl Discovery Fidelity Diversified Intl	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, 2017

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

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Fund Structure[1,2]

Retirement Focused Investing – 457 Plans

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

TARGET-RISK/TARGET-DATE

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

GUARANTEED LIFETIME INCOME

VT Retirement IncomeAdvantage

BALANCED

Fidelity Balanced
BlackRock Global Allocation

STABLE VALUE/CASH MANAGEMENT

VT PLUS Fund
VT Cash Management

BOND

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

INTERNATIONAL/GLOBAL STOCK

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

SPECIALTY

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

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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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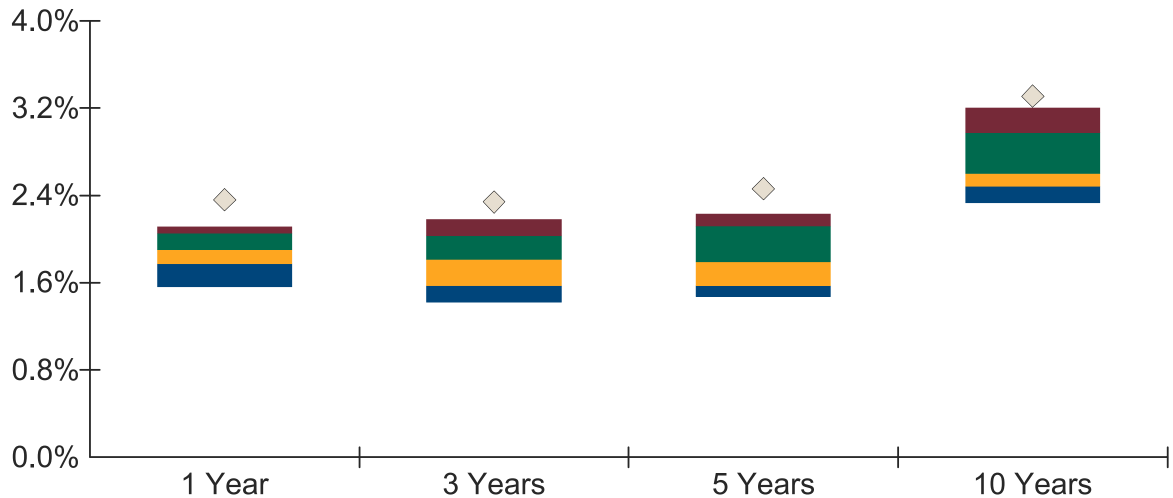
Hueler Stable Value Universe Profile[15]

*Universe: Hueler Stable Value[15] -- Gross Returns**
Universe Percentiles As of June 30, 2017



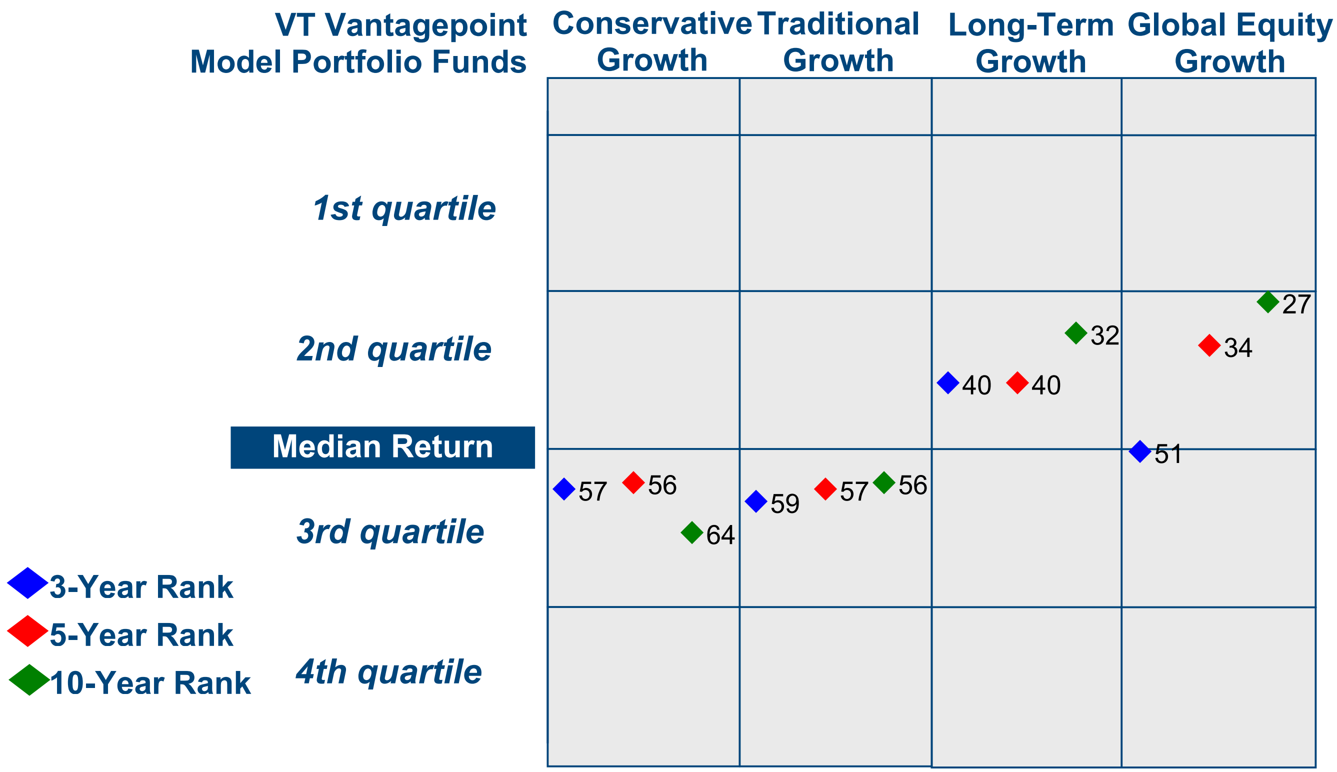
	1 Year	3 Years	5 Years	10 Years
◇ VT PLUS Gross Returns*	2.36%	2.34%	2.46%	3.31%
VT PLUS Net Returns	1.79%	1.77%	1.89%	2.75%
11-25th Percentile	2.05 - 2.11	2.03 - 2.18	2.12 - 2.23	2.97 - 3.20
26-50th Percentile	1.90 - 2.05	1.81 - 2.03	1.79 - 2.12	2.60 - 2.97
51-75th Percentile	1.77 - 1.90	1.57 - 1.81	1.57 - 1.79	2.48 - 2.60
76-90th Percentile	1.56 - 1.77	1.42 - 1.57	1.47 - 1.57	2.33 - 2.48

*The VT 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 0.82% 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 0.26% 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.
For Plan Sponsor Use Only

VT Vantagepoint Model Portfolio Funds[1,13]

Morningstar®,2 Three-, Five- and Ten-Year Rankings as of 6/30/2017



Morningstar®,2 Category	Allocation--30% to 50% Equity	Allocation--50% to 70% Equity	Allocation--70% to 85% Equity	World Large Stock
Funds Ranked in Category: 3-Year Period	400	727	334	714
Funds Ranked in Category: 5-Year Period	348	653	291	590
Funds Ranked in Category: 10-Year Period	240	429	210	329

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 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]

VT III Vantagepoint Fund Target Allocations as of 6/30/2017

EQUITY

- **Emerging Market**
- **International**
- **Overseas Equity Index**
- **Discovery**
- **Aggressive Opportunities**
- **Mid/Small Company Index**
- **Select Value**
- **Growth**
- **Growth & Income**
- **Equity Income**

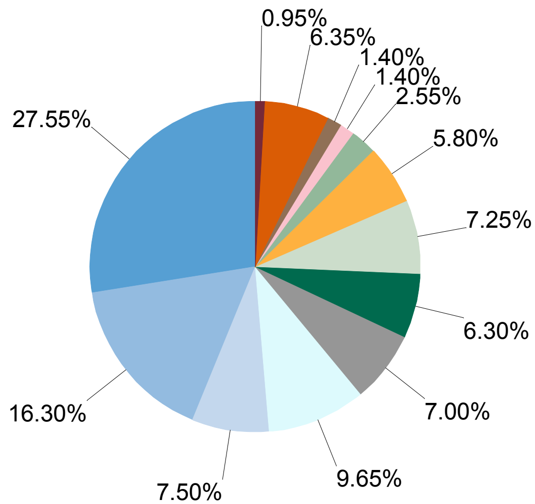
MULTI-STRATEGY

- **Diversifying Strategies**

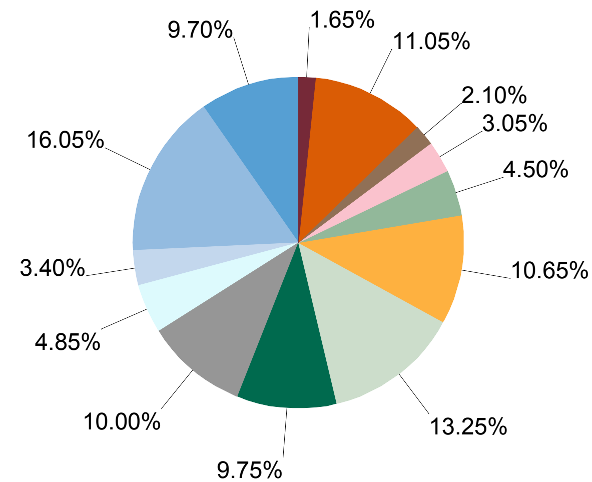
FIXED INCOME

- **High Yield Bond**
- **Inflation Focused**
- **Core Bond Index**
- **Low Duration Bond**

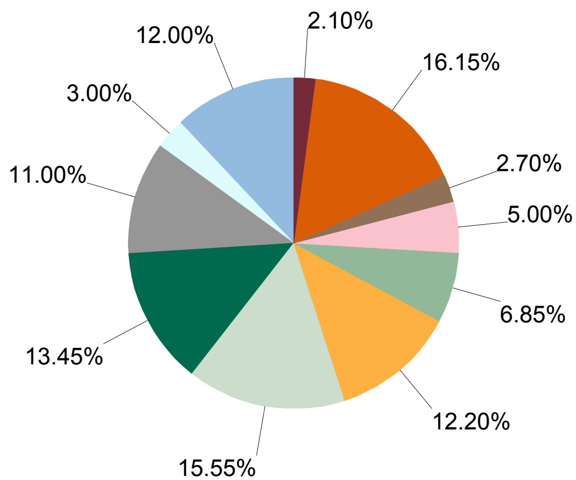
See disclosure at end of chapter.



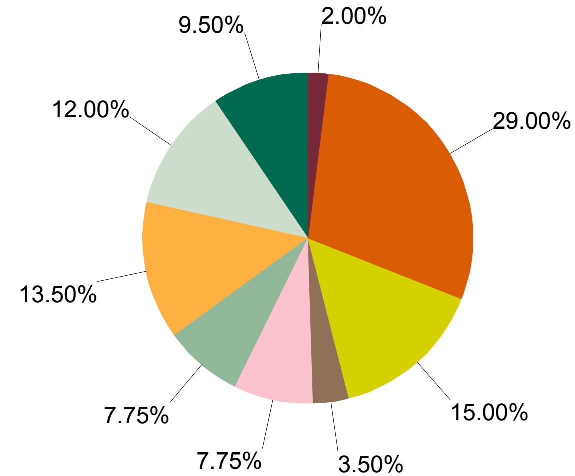
VT Vantagepoint MP Conserv Growth



VT Vantagepoint MP Trad Growth



VT Vantagepoint MP Long-Term Gr

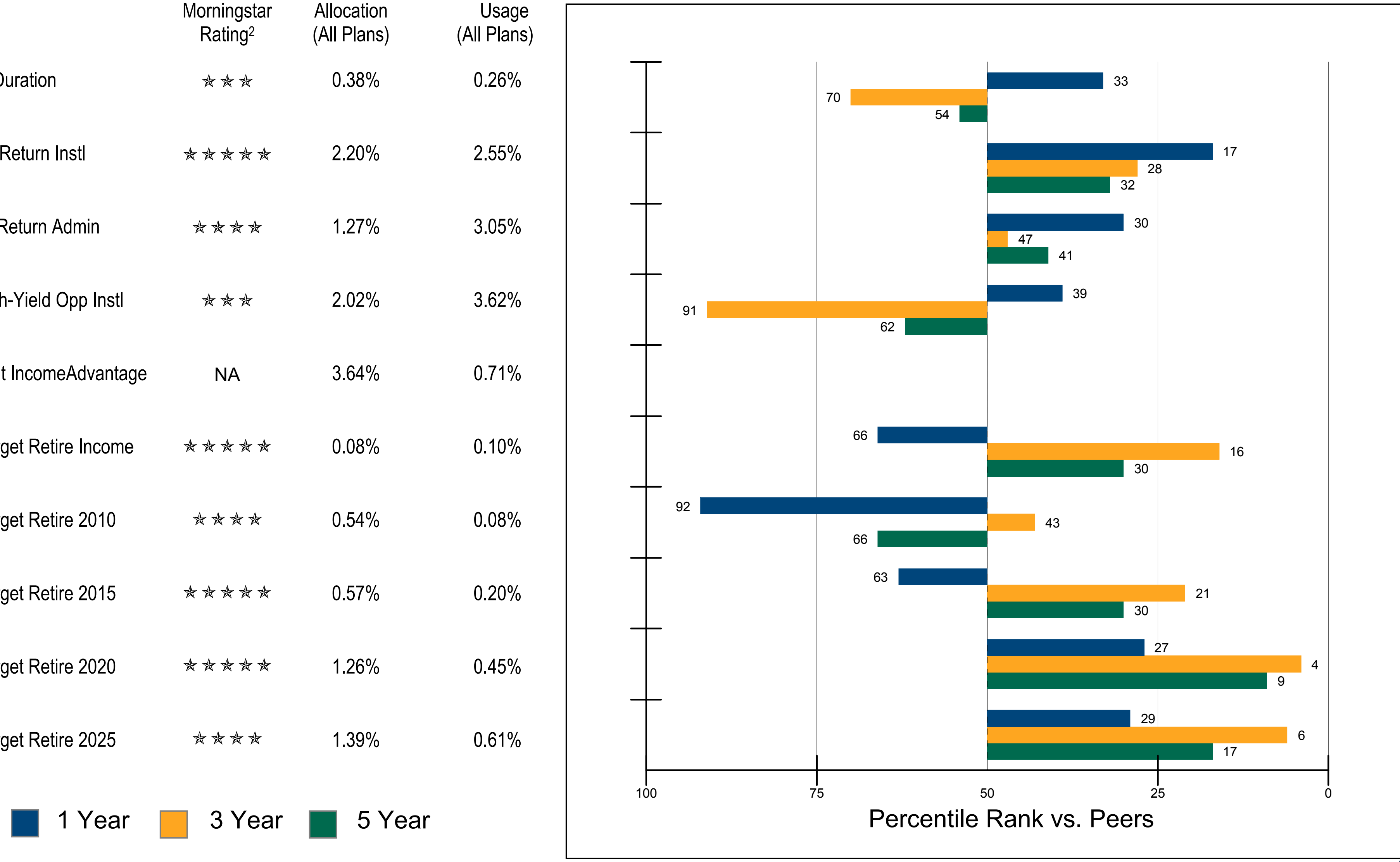


VT Vantagepoint MP Glbl Eqty Gr

All data on page is as of June 30, 2017

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
PIMCO Low Duration	✭✭✭	0.38%	0.26%
PIMCO Total Return Instl	✭✭✭✭✭	2.20%	2.55%
PIMCO Real Return Admin	✭✭✭✭	1.27%	3.05%
Delaware High-Yield Opp Instl	✭✭✭	2.02%	3.62%
VT Retirement IncomeAdvantage	NA	3.64%	0.71%
Vanguard Target Retire Income	✭✭✭✭✭	0.08%	0.10%
Vanguard Target Retire 2010	✭✭✭✭	0.54%	0.08%
Vanguard Target Retire 2015	✭✭✭✭✭	0.57%	0.20%
Vanguard Target Retire 2020	✭✭✭✭✭	1.26%	0.45%
Vanguard Target Retire 2025	✭✭✭✭	1.39%	0.61%



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

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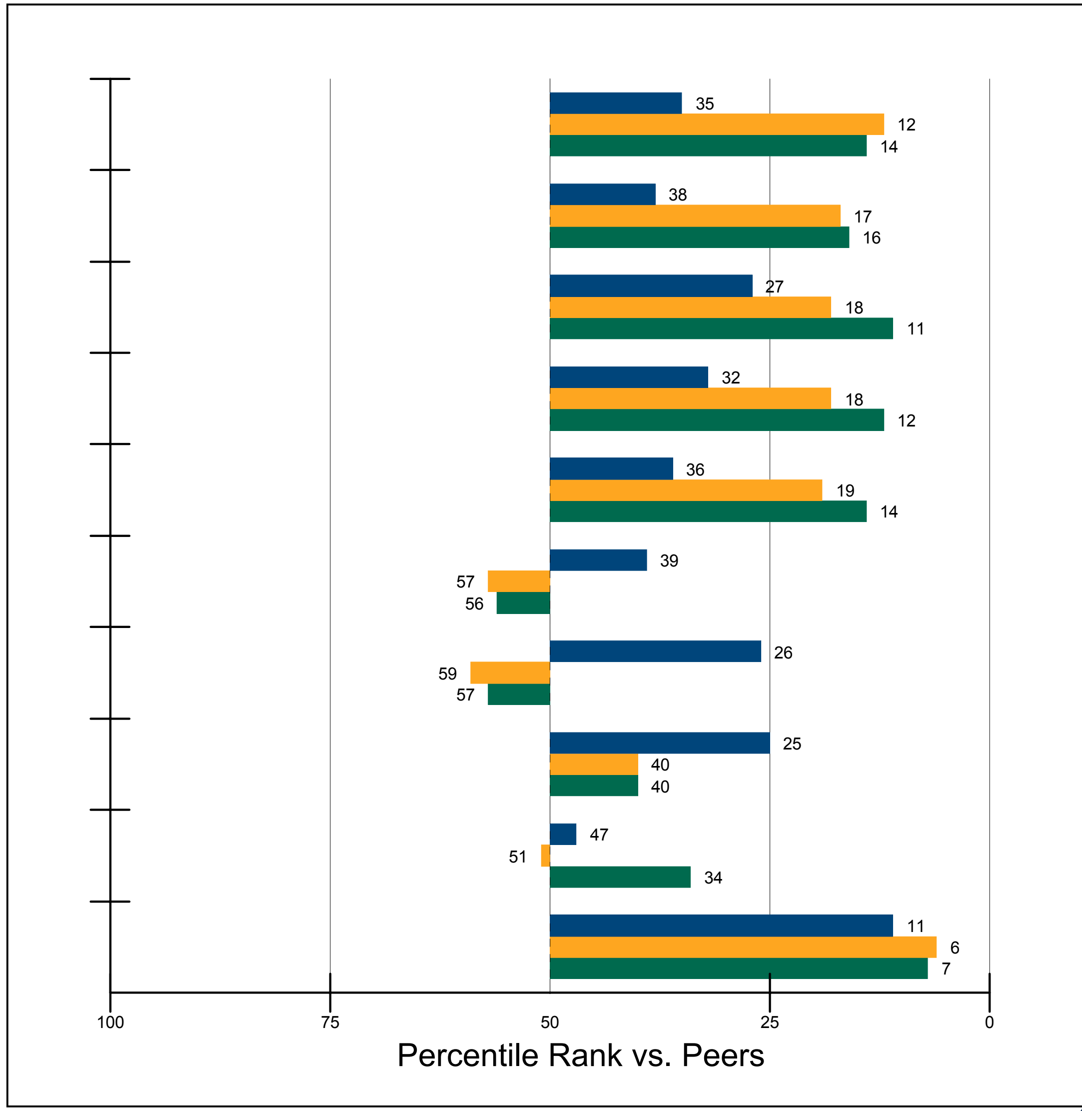
Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Vanguard Target Retire 2030	★★★★	1.57%	1.09%
Vanguard Target Retire 2035	★★★★	0.70%	0.93%
Vanguard Target Retire 2040	★★★★	1.27%	1.22%
Vanguard Target Retire 2045	★★★★	0.57%	1.42%
Vanguard Target Retire 2050	★★★★	0.23%	0.71%
VT Vantagepoint MP Cons Growth	★★★	0.73%	0.43%
VT Vantagepoint MP Trad Growth	★★★	3.64%	1.72%
VT Vantagepoint MP Lng-Trm Gr	★★★★	4.57%	2.40%
VT Vantagepoint MP Glbl Eq Gr	★★★★	1.18%	0.75%
Fidelity Balanced	★★★★★	2.62%	2.09%



1 Year 3 Year 5 Year

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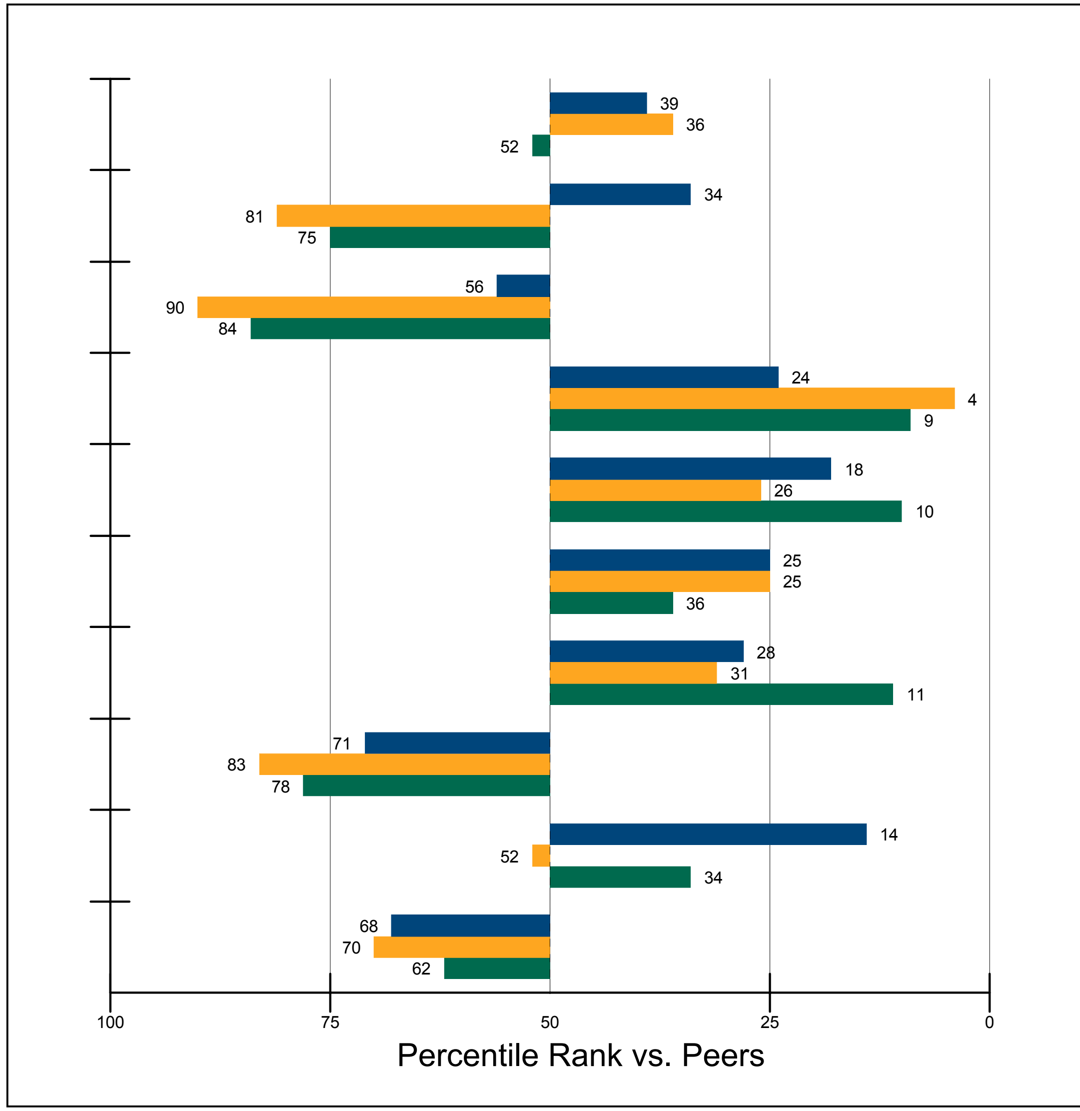
Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
BlackRock Global Allocation	★★★★	0.50%	0.67%
VT Vantagepoint Equity Income	★★★	0.68%	2.35%
AllianzGI NFJ Dividend Value	★★	3.41%	4.43%
American Funds Fundamental Inv	★★★★★	2.64%	4.14%
JPMorgan US Equity I	★★★★★	0.35%	0.56%
Fidelity Contrafund®	★★★★	4.04%	3.07%
Am Funds Growth Fund of Am R5	★★★★	4.29%	4.09%
Westwood SMidCap Institutional	★★★	0.25%	0.41%
Harbor Mid Cap Growth Admin	★★★	3.63%	2.97%
Columbia Small/Mid Cap Value K	★★★	0.41%	0.99%



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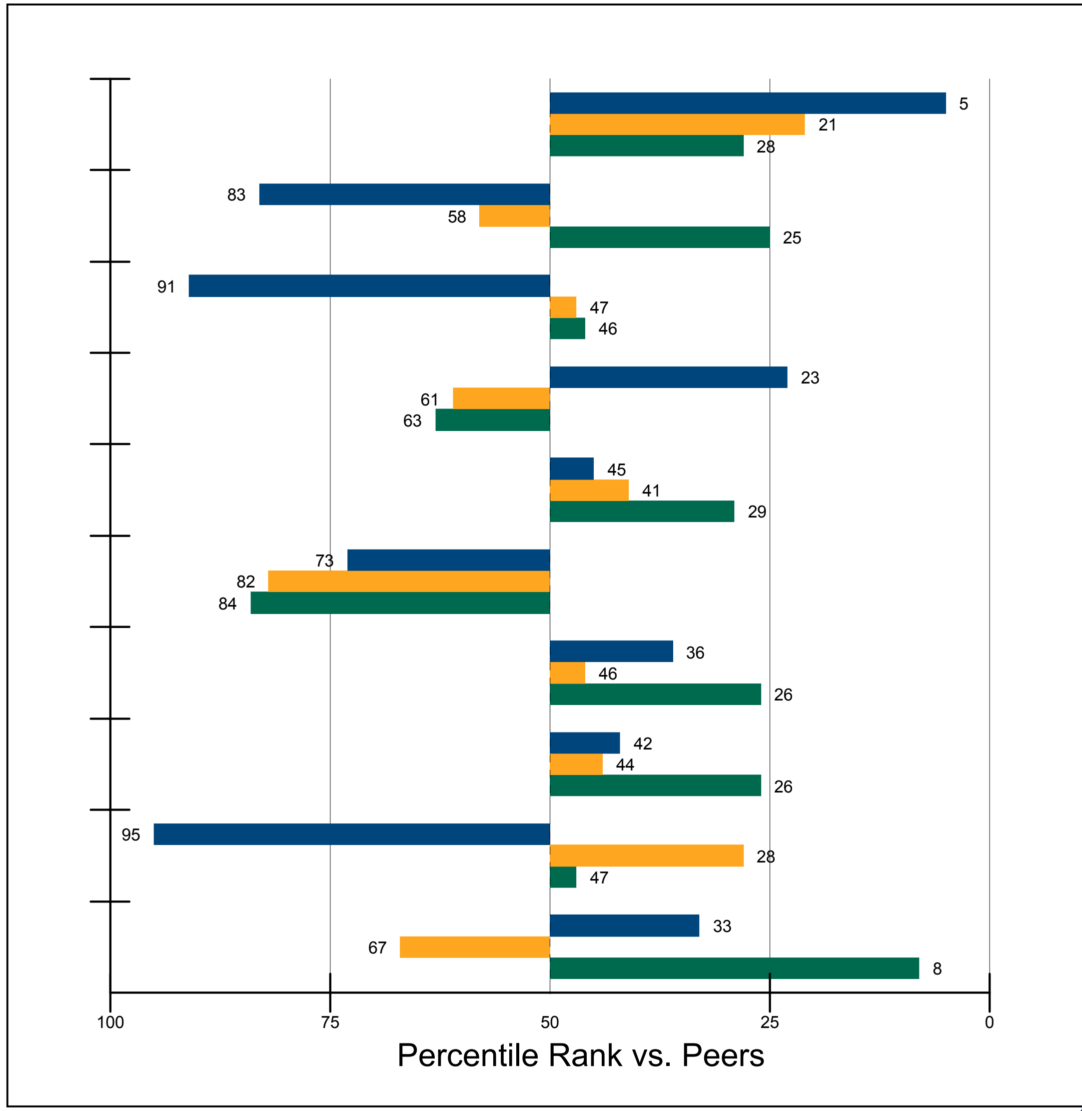
Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Columbia Small Cap Value I Z	★★★★	1.03%	2.64%
Fidelity Small Cap Discovery	★★★★	0.88%	1.58%
AMG TimesSquare Sm Cap Growth	★★★★	0.58%	0.84%
Royce Smaller-Companies Gr Srv	★★	NA	NA
American Funds Cap World G&I	★★★★	5.86%	5.59%
Harbor International Admin	★★★	0.79%	2.91%
Fidelity Intl Discovery	★★★	0.64%	1.64%
Fidelity Diversified Intl	★★★	0.97%	2.61%
American Century® Utilities	★★★	0.00%	0.01%
Prudential Jennison Utility A	★★★	0.85%	1.18%



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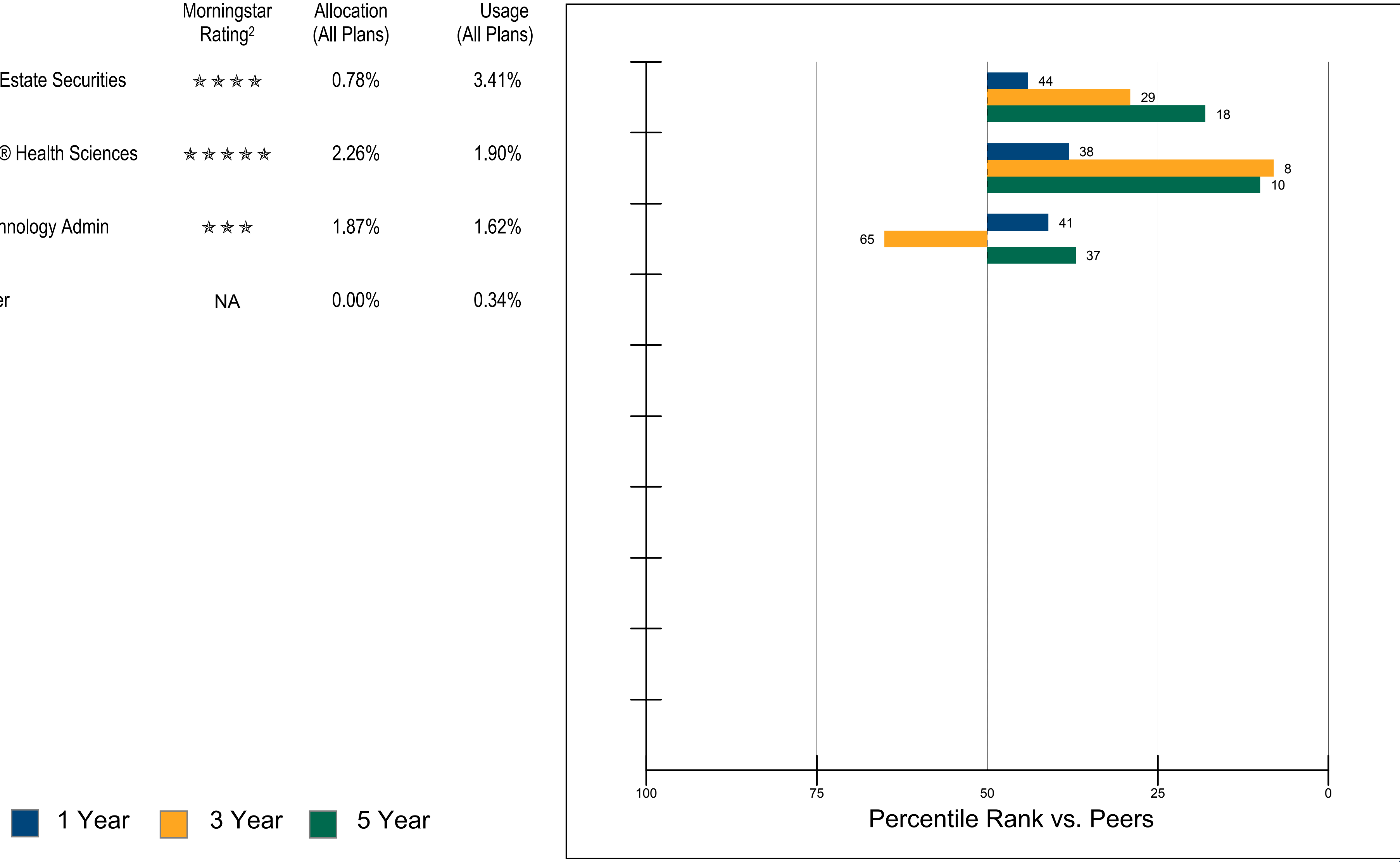
Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Nuveen Real Estate Securities	✭✭✭✭	0.78%	3.41%
T Rowe Price® Health Sciences	✭✭✭✭✭	2.26%	1.90%
AllianzGI Technology Admin	✭✭✭	1.87%	1.62%
VantageBroker	NA	0.00%	0.34%



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Fund Focus List[1,2]

June 30, 2017

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	--	0.38%	2.20%	1.27%	2.02%	0.08%
% of Participants	--	0.26%	2.55%	3.05%	3.62%	0.10%
Overall Morningstar Star Rating[2]	3 or higher	3	5	4	3	5
3-Year Morningstar Star Rating[2]	3 or higher	2	4	3	1	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	70%	28%	47%	91%	16%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	33%	17%	30%	39%	66%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	5	6	8	6	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	--	**6 of 7**	**7 of 7**	**7 of 7**	**5 of 7**	**7 of 7**

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Fund Focus List[1,2]

June 30, 2017

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	--	0.54%	0.57%	1.26%	1.39%	1.57%
% of Participants	--	0.08%	0.20%	0.45%	0.61%	1.09%
Overall Morningstar Star Rating[2]	3 or higher	4	5	5	4	4
3-Year Morningstar Star Rating[2]	3 or higher	3	4	5	5	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	43%	21%	4%	6%	12%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	92%	63%	27%	29%	35%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	5	7	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	--	**6 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, 2017

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	--	0.70%	1.27%	0.57%	0.23%	0.73%
% of Participants	--	0.93%	1.22%	1.42%	0.71%	0.43%
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	17%	18%	18%	19%	57%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	38%	27%	32%	36%	39%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	8	8	8	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**	**7 of 7**	**7 of 7**	**7 of 7**

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Fund Focus List[1,2]

June 30, 2017

Criteria	Criterion Benchmark	VT Vantagepoint MP Trad Growth	VT Vantagepoint MP Lng-Trm Gr	VT Vantagepoint MP Glbl Eq Gr	Fidelity Balanced	BlackRock Global Allocation
% of Assets	--	3.64%	4.57%	1.18%	2.62%	0.50%
% of Participants	--	1.72%	2.40%	0.75%	2.09%	0.67%
Overall Morningstar Star Rating[2]	3 or higher	3	4	4	5	4
3-Year Morningstar Star Rating[2]	3 or higher	3	3	3	5	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	59%	40%	51%	6%	36%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	26%	25%	47%	11%	39%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	7	8	7	7	6
Manager Change	None in last 12 months	No	No	No	Yes	Yes
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**7 of 7**	**7 of 7**	**7 of 7**	**6 of 7**	**6 of 7**

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Fund Focus List[1,2]

June 30, 2017

Criteria	Criterion Benchmark	VT Vantagepoint Equity Income	AllianzGI NFJ Dividend Value	American Funds Fundamental Inv	JPMorgan US Equity I	Fidelity Contrafund®
% of Assets	--	0.68%	3.41%	2.64%	0.35%	4.04%
% of Participants	--	2.35%	4.43%	4.14%	0.56%	3.07%
Overall Morningstar Star Rating[2]	3 or higher	3	2	5	5	4
3-Year Morningstar Star Rating[2]	3 or higher	2	2	5	3	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	81%	90%	4%	26%	25%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	34%	56%	24%	18%	25%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	4	8	6	8
Manager Change	None in last 12 months	No	No	No	Yes	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**5 of 7**	**3 of 7**	**7 of 7**	**6 of 7**	**7 of 7**

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Fund Focus List[1,2]

June 30, 2017

Criteria	Criterion Benchmark	Am Funds Growth Fund of Am R5	Westwood SMidCap Institutional	Harbor Mid Cap Growth Admin	Columbia Small/Mid Cap Value K	Columbia Small Cap Value I Z
% of Assets	--	4.29%	0.25%	3.63%	0.41%	1.03%
% of Participants	--	4.09%	0.41%	2.97%	0.99%	2.64%
Overall Morningstar Star Rating[2]	3 or higher	4	3	3	3	4
3-Year Morningstar Star Rating[2]	3 or higher	4	2	3	3	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	31%	83%	52%	70%	21%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	28%	71%	14%	68%	5%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	8	3	6	5	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**	**4 of 7**	**7 of 7**	**7 of 7**	**7 of 7**

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Fund Focus List[1,2]

June 30, 2017

Criteria	Criterion Benchmark	Fidelity Small Cap Discovery	AMG TimesSquare Sm Cap Growth	Royce Smaller-Companies Gr Srv	American Funds Cap World G&I	Harbor International Admin
% of Assets	--	0.88%	0.58%	0.00%	5.86%	0.79%
% of Participants	--	1.58%	0.84%	0.00%	5.59%	2.91%
Overall Morningstar Star Rating[2]	3 or higher	4	4	2	4	3
3-Year Morningstar Star Rating[2]	3 or higher	3	3	2	3	2
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	58%	47%	61%	41%	82%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	83%	91%	23%	45%	73%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	5	6	5	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	No
Metrics Met	--	**6 of 7**	**6 of 7**	**5 of 7**	**7 of 7**	**5 of 7**

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Fund Focus List[1,2]

June 30, 2017

Criteria	Criterion Benchmark	Fidelity Intl Discovery	Fidelity Diversified Intl	American Century® Utilities	Prudential Jennison Utility A	Nuveen Real Estate Securities
% of Assets	--	0.64%	0.97%	0.00%	0.85%	0.78%
% of Participants	--	1.64%	2.61%	0.01%	1.18%	3.41%
Overall Morningstar Star Rating[2]	3 or higher	3	3	3	3	4
3-Year Morningstar Star Rating[2]	3 or higher	3	3	3	2	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	46%	44%	28%	67%	29%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	36%	42%	95%	33%	44%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	6	7	5	7	8
Manager Change	None in last 12 months	No	No	No	No	Yes
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**7 of 7**	**7 of 7**	**6 of 7**	**6 of 7**	**6 of 7**

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Fund Focus List[1,2]

June 30, 2017

Criteria	Criterion Benchmark	T Rowe Price® Health Sciences	AllianzGI Technology Admin
% of Assets	--	2.26%	1.87%
% of Participants	--	1.90%	1.62%
Overall Morningstar Star Rating[2]	3 or higher	5	3
3-Year Morningstar Star Rating[2]	3 or higher	4	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	8%	65%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	38%	41%
3-Month Performance Pct. Rank in Category[2]	75th 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 VT Funds invest either in collective investment funds or underlying 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 third party underlying mutual funds of other fund companies is for the underlying fund and also is inclusive of all fees. Reference to such underlying 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]	**--**	**--**	**--**	**--**	**1.79**	**1.77**	**1.89**	**2.75**	**3.70**	**4/5/1999**
BofA ML US 3-Mo. T-Bill Index (Annualized)					0.49	0.23	0.17	0.58		
Cash Management[14]	**--**	**--**	**--**	**--**	**0.17**	**0.06**	**0.03**	**0.50**	**--**	**3/1/1999**
Ibbotson US 30-Day T-Bill Index					0.40	0.17	0.12	0.45		
Crane Government Retail Money Market Fund Index					0.09	0.04	0.03	0.45		

The 7-Day Yields below more closely reflect the current earnings of the Cash Management than the returns above:
The 7-Day Current Yield was 0.56%.

All data on page is as of June 30, 2017
See disclosure at end of chapter.

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Fund Performance[1,2]

Bond Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
PIMCO Low Duration[10]	**3**	**2**	**3**	**4**	**1.42**	**0.77**	**1.19**	**3.25**	**4.46**	**1/3/1995**
BofA ML US 1-3 Year Treasury Index					-0.11	0.69	0.63	1.95		
Morningstar Short-Term Bond					1.23	1.08	1.31	2.46		
Vanguard Ttl Bond Mkt Idx Adm[10]	**3**	**3**	**3**	**3**	**-0.44**	**2.43**	**2.13**	**4.45**	**4.26**	**11/12/2001**
Bloomberg Barclays U.S. Agg Float-Adjusted Bond Index					-0.33	2.49	2.23	--		
Morningstar Intermediate-Term Bond					0.94	2.21	2.45	4.30		
PIMCO Total Return Instl[10]	**5**	**4**	**4**	**5**	**2.17**	**2.58**	**2.76**	**5.94**	**7.39**	**5/11/1987**
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Intermediate-Term Bond					0.94	2.21	2.45	4.30		
PIMCO Real Return Admin[10]	**4**	**3**	**3**	**4**	**0.33**	**0.00**	**-0.03**	**4.39**	**5.58**	**4/28/2000**
Bloomberg Barclays US Treas. Inflation-Linked Bond Index (Series-L)					-0.63	0.63	0.27	4.27		
Morningstar Inflation-Protected Bond					0.10	-0.01	-0.17	3.35		
Delaware High-Yield Opp Instl[10,18]	**3**	**1**	**3**	**3**	**11.54**	**1.47**	**5.45**	**6.32**	**7.02**	**12/30/1996**
BofA ML US High Yield Master II Const Index					12.74	4.49	6.92	7.63		
Morningstar High Yield Bond					10.78	3.02	5.70	6.04		

All data on page is as of June 30, 2017
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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
VT Retirement IncomeAdvantage[16]	**--**	**--**	**--**	**--**	**9.31**	**3.63**	**6.94**	**--**	**7.28**	**8/23/2010**
Custom Benchmark					10.89	5.29	8.54	--		

All data on page is as of June 30, 2017
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]	**5**	**4**	**4**	**5**	**5.23**	**3.47**	**4.91**	**4.97**	**5.28**	**10/27/2003**
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Target-Date Retirement					5.70	2.65	4.36	3.66		
Vanguard Target Retire 2010[5,12]	**4**	**3**	**3**	**4**	**5.39**	**3.49**	**5.82**	**4.54**	**5.47**	**6/7/2006**
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Morningstar Target-Date 2000-2010					7.24	3.26	5.88	3.84		
Vanguard Target Retire 2015[5,12]	**5**	**4**	**4**	**5**	**8.13**	**4.20**	**7.27**	**4.86**	**6.19**	**10/27/2003**
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Morningstar Target-Date 2015					8.24	3.38	6.61	4.07		
Vanguard Target Retire 2020[5,12]	**5**	**5**	**5**	**5**	**10.30**	**4.85**	**8.40**	**5.07**	**6.22**	**6/7/2006**
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Target-Date 2020					8.77	3.50	6.57	3.80		
Vanguard Target Retire 2025[5,12]	**4**	**5**	**4**	**4**	**11.95**	**5.18**	**9.17**	**5.10**	**6.74**	**10/27/2003**
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Target-Date 2025					11.04	4.07	7.89	4.17		

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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**	**4**	**13.40**	**5.42**	**9.90**	**5.10**	**6.49**	**6/7/2006**
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Target-Date 2030					12.45	4.36	8.39	4.04		
Vanguard Target Retire 2035[5,12]	**4**	**4**	**4**	**4**	**14.99**	**5.66**	**10.63**	**5.25**	**7.34**	**10/27/2003**
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Target-Date 2035					14.62	4.81	9.41	4.47		
Vanguard Target Retire 2040[5,12]	**4**	**4**	**4**	**4**	**16.49**	**5.85**	**11.10**	**5.50**	**6.84**	**6/7/2006**
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Target-Date 2040					15.09	4.88	9.50	4.26		
Vanguard Target Retire 2045[5,12]	**4**	**4**	**4**	**4**	**17.02**	**5.98**	**11.18**	**5.52**	**7.77**	**10/27/2003**
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Target-Date 2045					16.30	5.15	10.11	4.61		

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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**	**4**	**16.99**	**5.99**	**11.18**	**5.52**	**6.92**	**6/7/2006**
MSCI US Broad Market Index (Gross)					18.61	9.15	14.63	7.41		
Bloomberg Barclays U.S. Agg Bond Index					-0.31	2.48	2.21	4.48		
Morningstar Target-Date 2050					15.93	5.10	9.94	4.33		
VT Vantagepoint MP Cons Growth[12]	**3**	**3**	**3**	**3**	**7.82**	**2.87**	**5.51**	**4.10**	**--**	**4/5/1999**
Bloomberg Barclays U.S. Int Agg Bond Index					-0.16	2.01	1.87	4.04		
Custom Benchmark					6.35	3.91	6.72	5.24		
Morningstar Allocation -- 30% to 50% Equity					7.22	2.85	5.73	4.26		
VT Vantagepoint MP Trad Growth[12]	**3**	**3**	**3**	**3**	**12.10**	**4.06**	**7.93**	**4.72**	**--**	**4/5/1999**
S&P 500 Index					17.90	9.61	14.63	7.18		
Custom Benchmark					11.18	5.62	9.29	5.91		
Morningstar Allocation -- 50% to 70% Equity					10.67	4.00	7.97	4.89		
VT Vantagepoint MP Lng-Trm Gr[12]	**4**	**3**	**3**	**4**	**15.40**	**4.79**	**9.60**	**5.04**	**--**	**4/5/1999**
S&P 500 Index					17.90	9.61	14.63	7.18		
Custom Benchmark					14.79	6.78	11.13	6.23		
Morningstar Allocation -- 70% to 85% Equity					13.44	4.20	9.27	4.37		

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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 Glbl Eq Gr[12]	**4**	**3**	**3**	**4**	**18.58**	**4.65**	**11.27**	**4.94**	**--**	**10/1/2000**
MSCI ACWI Index (Net)					18.78	4.82	10.54	3.71		
Custom Benchmark					19.45	6.78	12.56	6.03		
Morningstar World Large Stock					18.02	4.53	10.57	3.77		

All data on page is as of June 30, 2017
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ICMARC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Performance[1,2]

Balanced Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Fidelity Balanced	**5**	**5**	**5**	**4**	**13.50**	**6.64**	**10.33**	**6.00**	**9.26**	**11/6/1986**
S&P 500 Index					17.90	9.61	14.63	7.18		
Morningstar Allocation -- 50% to 70% Equity					10.67	4.00	7.97	4.89		
BlackRock Global Allocation	**4**	**4**	**3**	**4**	**11.44**	**2.79**	**6.47**	**4.58**	**8.80**	**10/21/1994**
FTSE World Index					19.40	5.54	11.48	4.46		
Morningstar World Allocation					10.10	1.84	5.96	3.76		

All data on page is as of June 30, 2017
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BUILDING PUBLIC SECTOR 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[19]	**3**	**2**	**2**	**3**	**17.96**	**5.05**	**11.74**	**5.11**	**--**	**3/1/1999**
Russell 1000 Value Index					15.53	7.36	13.94	5.57		
Morningstar Large Value					16.49	6.40	12.64	5.18		
AllianzGI NFJ Dividend Value[19]	**2**	**2**	**2**	**2**	**15.96**	**3.92**	**11.20**	**3.97**	**8.22**	**5/8/2000**
Russell 1000 Value Index					15.53	7.36	13.94	5.57		
Morningstar Large Value					16.49	6.40	12.64	5.18		
Vanguard 500 Index Admiral	**4**	**4**	**4**	**4**	**17.85**	**9.58**	**14.59**	**7.18**	**5.62**	**11/13/2000**
S&P 500 Index					17.90	9.61	14.63	7.18		
Morningstar Large Blend					17.17	7.60	13.35	6.21		
American Funds Fundamental Inv	**5**	**5**	**5**	**4**	**19.37**	**10.05**	**15.13**	**7.32**	**9.08**	**5/15/2002**
S&P 500 Index					17.90	9.61	14.63	7.18		
Morningstar Large Blend					17.17	7.60	13.35	6.21		
JPMorgan US Equity I	**5**	**3**	**5**	**5**	**20.05**	**8.98**	**15.04**	**8.00**	**7.82**	**9/10/2001**
S&P 500 Index					17.90	9.61	14.63	7.18		
Morningstar Large Blend					17.17	7.60	13.35	6.21		

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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®[19]	**4**	**4**	**4**	**4**	**22.19**	**10.49**	**14.64**	**8.63**	**12.42**	**5/17/1967**
S&P 500 Index					17.90	9.61	14.63	7.18		
Morningstar Large Growth					20.02	8.80	13.87	7.51		
Am Funds Growth Fund of Am R5[19]	**4**	**4**	**4**	**3**	**21.82**	**10.11**	**15.88**	**7.55**	**8.78**	**5/15/2002**
S&P 500 Index					17.90	9.61	14.63	7.18		
Morningstar Large Growth					20.02	8.80	13.87	7.51		
Vanguard Mid-Cap Index Admiral[17]	**4**	**4**	**4**	**4**	**17.25**	**8.07**	**14.78**	**7.48**	**9.97**	**11/12/2001**
CRSP US Mid Cap Index					17.31	8.12	14.79	7.47		
Morningstar Mid-Cap Blend					17.37	5.51	12.98	6.12		
Westwood SMidCap Institutional[17]	**3**	**2**	**2**	**4**	**14.76**	**3.11**	**11.61**	**7.38**	**9.43**	**12/19/2005**
Russell 2500 Index					19.84	6.93	14.04	7.42		
Morningstar Mid-Cap Blend					17.37	5.51	12.98	6.12		
Harbor Mid Cap Growth Admin[17,19]	**3**	**3**	**3**	**3**	**23.19**	**6.71**	**13.34**	**6.61**	**10.88**	**11/1/2002**
Russell Midcap Growth Index					17.05	7.83	14.19	7.87		
Morningstar Mid-Cap Growth					18.58	6.86	12.72	6.81		

All data on page is as of June 30, 2017
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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
Columbia Small/Mid Cap Value K[6,19]	**3**	**3**	**3**	**3**	**19.32**	**4.23**	**12.44**	**5.00**	**9.32**	**2/14/2002**
Russell 2500 Value Index					18.36	6.21	13.69	6.52		
Morningstar Small Value					21.15	5.18	12.47	5.97		
Columbia Small Cap Value I Z[6,19]	**4**	**4**	**3**	**4**	**30.78**	**7.62**	**13.81**	**6.71**	**9.84**	**7/31/1995**
Russell 2000 Value Index					24.86	7.02	13.39	5.92		
Morningstar Small Value					21.15	5.18	12.47	5.97		
Vanguard Small-Cap Index Adm[6]	**4**	**3**	**4**	**4**	**19.14**	**6.78**	**14.13**	**7.83**	**9.09**	**11/13/2000**
CRSP US Small Cap Index					19.09	6.75	14.34	8.19		
Morningstar Small Blend					20.96	5.70	12.75	6.12		
Fidelity Small Cap Discovery[6]	**4**	**3**	**4**	**5**	**17.65**	**5.81**	**14.27**	**10.28**	**11.08**	**9/26/2000**
Russell 2000 Index					24.60	7.36	13.70	6.92		
Morningstar Small Blend					20.96	5.70	12.75	6.12		
AMG TimesSquare Sm Cap Growth[6,19]	**4**	**3**	**3**	**5**	**17.37**	**7.01**	**13.00**	**8.77**	**8.54**	**1/21/2000**
Russell 2000 Growth Index					24.40	7.64	13.98	7.82		
Morningstar Small Growth					23.12	6.67	12.81	7.05		

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Fund Performance[1,2]

U.S. Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Royce Smaller-Companies Gr Srv[6,19]	**2**	**2**	**3**	**1**	**26.08**	**6.05**	**12.35**	**4.53**	**11.42**	**6/14/2001**
Russell 2000 Index					24.60	7.36	13.70	6.92		
Morningstar Small Growth					23.12	6.67	12.81	7.05		

All data on page is as of June 30, 2017
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Fund Performance[1,2]

International/Global Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
American Funds Cap World G&I[11]	**4**	**3**	**4**	**4**	**18.74**	**5.18**	**11.50**	**4.83**	**8.95**	**5/15/2002**
MSCI ACWI Index (Net)					18.78	4.82	10.54	3.71		
Morningstar World Large Stock					18.02	4.53	10.57	3.77		
Harbor International Admin[11]	**3**	**2**	**2**	**4**	**17.43**	**-0.29**	**6.49**	**1.98**	**9.50**	**11/1/2002**
MSCI EAFE Index (Net)					20.27	1.15	8.69	1.03		
Morningstar Foreign Large Blend					19.13	1.18	7.81	0.96		
Fidelity Intl Discovery[11]	**3**	**3**	**4**	**3**	**18.62**	**2.68**	**9.55**	**1.97**	**7.68**	**12/31/1986**
MSCI EAFE Index (Net)					20.27	1.15	8.69	1.03		
Morningstar Foreign Large Growth					17.80	2.58	8.65	1.93		
Fidelity Diversified Intl[11]	**3**	**3**	**4**	**3**	**18.00**	**2.73**	**9.54**	**1.76**	**8.35**	**12/27/1991**
MSCI EAFE Index (Net)					20.27	1.15	8.69	1.03		
Morningstar Foreign Large Growth					17.80	2.58	8.65	1.93		

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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**	**3**	**3**	**3**	**0.61**	**7.17**	**10.11**	**5.82**	**8.16**	**3/1/1993**
S&P 500 Index					17.90	9.61	14.63	7.18		
Morningstar Utilities					3.41	4.51	9.68	5.20		
Prudential Jennison Utility A[13]	**3**	**2**	**4**	**2**	**4.05**	**2.97**	**12.29**	**5.28**	**10.15**	**1/22/1990**
S&P 500 Utilities Index					2.47	9.37	11.17	6.97		
Morningstar Utilities					3.41	4.51	9.68	5.20		
Nuveen Real Estate Securities[13]	**4**	**3**	**4**	**5**	**-1.70**	**7.89**	**9.19**	**6.85**	**11.82**	**6/30/1995**
MSCI US REIT Index (Gross)					-1.82	8.19	9.38	5.94		
Morningstar Real Estate					-0.61	7.25	8.49	5.19		
T Rowe Price® Health Sciences[4,13]	**5**	**4**	**5**	**5**	**17.06**	**13.03**	**20.65**	**15.54**	**14.64**	**12/29/1995**
S&P 500 Index					17.90	9.61	14.63	7.18		
Morningstar Health					17.06	9.07	17.39	11.46		
AllianzGI Technology Admin[13]	**3**	**3**	**3**	**3**	**33.83**	**12.71**	**17.98**	**10.47**	**11.49**	**3/31/2005**
S&P North American Technology Index					33.11	16.47	18.72	11.11		
Morningstar Technology					33.86	13.45	16.87	9.33		

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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	317/450 (70%)	203/376 (54%)	47/261 (18%)	Average
Vanguard Ttl Bond Mkt Idx Adm[10]	Intermediate-Term Bond	318/856 (37%)	499/767 (65%)	266/540 (49%)	Above Average
PIMCO Total Return Instl[10]	Intermediate-Term Bond	239/856 (28%)	244/767 (32%)	17/540 (3%)	High
PIMCO Real Return Admin[10]	Inflation-Protected Bond	95/202 (47%)	71/172 (41%)	7/113 (6%)	High
Delaware High-Yield Opp Instl[10,18]	High Yield Bond	542/590 (91%)	295/474 (62%)	131/317 (41%)	Above Average
Vanguard Target Retire Income[5,12]	Target-Date Retirement	22/137 (16%)	35/114 (30%)	6/66 (8%)	Average
Vanguard Target Retire 2010[5,12]	Target-Date 2000-2010	39/89 (43%)	46/69 (66%)	7/50 (13%)	Low
Vanguard Target Retire 2015[5,12]	Target-Date 2015	20/91 (21%)	21/69 (30%)	3/31 (7%)	Below Average
Vanguard Target Retire 2020[5,12]	Target-Date 2020	7/184 (4%)	13/148 (9%)	3/84 (3%)	Average
Vanguard Target Retire 2025[5,12]	Target-Date 2025	9/158 (6%)	20/118 (17%)	7/48 (13%)	Average
Vanguard Target Retire 2030[5,12]	Target-Date 2030	23/184 (12%)	21/148 (14%)	13/84 (15%)	Average
Vanguard Target Retire 2035[5,12]	Target-Date 2035	27/158 (17%)	19/118 (16%)	9/48 (17%)	Average
Vanguard Target Retire 2040[5,12]	Target-Date 2040	33/184 (18%)	17/148 (11%)	11/84 (12%)	Average
Vanguard Target Retire 2045[5,12]	Target-Date 2045	29/158 (18%)	15/117 (12%)	8/46 (16%)	Below Average
Vanguard Target Retire 2050[5,12]	Target-Date 2050	33/176 (19%)	19/137 (14%)	7/41 (15%)	Average
VT Vantagepoint MP Cons Growth[12]	Allocation--30% to 50% Equity	228/400 (57%)	194/348 (56%)	153/240 (64%)	Below Average
VT Vantagepoint MP Trad Growth[12]	Allocation--50% to 70% Equity	428/727 (59%)	372/653 (57%)	240/429 (56%)	Average
VT Vantagepoint MP Lng-Trm Gr[12]	Allocation--70% to 85% Equity	133/334 (40%)	116/291 (40%)	67/210 (32%)	Average
VT Vantagepoint MP Glbl Eq Gr[12]	World Large Stock	364/714 (51%)	200/590 (34%)	88/329 (27%)	Average
Fidelity Balanced	Allocation--50% to 70% Equity	38/727 (6%)	45/653 (7%)	70/429 (16%)	Above Average
BlackRock Global Allocation	World Allocation	142/395 (36%)	175/337 (52%)	40/160 (25%)	Below Average
VT Vantagepoint Equity Income[19]	Large Value	883/1091 (81%)	702/936 (75%)	367/681 (54%)	Average
AllianzGI NFJ Dividend Value[19]	Large Value	985/1091 (90%)	789/936 (84%)	554/681 (81%)	Average
Vanguard 500 Index Admiral	Large Blend	111/1223 (9%)	200/1080 (19%)	150/802 (19%)	Average
American Funds Fundamental Inv	Large Blend	48/1223 (4%)	92/1080 (9%)	112/802 (14%)	Average
JPMorgan US Equity I	Large Blend	314/1223 (26%)	103/1080 (10%)	47/802 (6%)	Above Average
Fidelity Contrafund®[19]	Large Growth	314/1277 (25%)	418/1152 (36%)	182/803 (23%)	Below Average
Am Funds Growth Fund of Am R5[19]	Large Growth	393/1277 (31%)	128/1152 (11%)	420/803 (52%)	Below Average
Vanguard Mid-Cap Index Admiral[17]	Mid-Cap Blend	51/368 (14%)	38/328 (12%)	64/220 (29%)	Below Average
Westwood SMidCap Institutional[17]	Mid-Cap Blend	307/368 (83%)	256/328 (78%)	68/220 (31%)	Average

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BUILDING PUBLIC SECTOR RETIREMENT SECURITY

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
Harbor Mid Cap Growth Admin[17,19]	Mid-Cap Growth	301/576 (52%)	170/502 (34%)	224/370 (60%)	High
Columbia Small/Mid Cap Value K[6,19]	Small Value	238/337 (70%)	182/294 (62%)	146/198 (73%)	Below Average
Columbia Small Cap Value I Z[6,19]	Small Value	71/337 (21%)	82/294 (28%)	65/198 (33%)	Above Average
Vanguard Small-Cap Index Adm[6]	Small Blend	257/646 (40%)	150/545 (28%)	54/389 (14%)	Below Average
Fidelity Small Cap Discovery[6]	Small Blend	376/646 (58%)	136/545 (25%)	5/389 (2%)	Below Average
AMG TimesSquare Sm Cap Growth[6,19]	Small Growth	281/599 (47%)	246/533 (46%)	42/398 (11%)	Below Average
Royce Smaller-Companies Gr Srv[6,19]	Small Growth	364/599 (61%)	339/533 (63%)	382/398 (96%)	Above Average
American Funds Cap World G&I[11]	World Large Stock	296/714 (41%)	168/590 (29%)	95/329 (29%)	Below Average
Harbor International Admin[11]	Foreign Large Blend	487/595 (82%)	452/533 (84%)	78/342 (23%)	Above Average
Fidelity Intl Discovery[11]	Foreign Large Growth	148/324 (46%)	71/275 (26%)	93/193 (48%)	Average
Fidelity Diversified Intl[11]	Foreign Large Growth	143/324 (44%)	72/275 (26%)	104/193 (54%)	Average
American Century® Utilities[3,13]	Utilities	17/59 (28%)	27/56 (47%)	20/50 (39%)	Below Average
Prudential Jennison Utility A[13]	Utilities	40/59 (67%)	5/56 (8%)	32/50 (63%)	Below Average
Nuveen Real Estate Securities[13]	Real Estate	66/230 (29%)	36/201 (18%)	12/141 (8%)	Average
T Rowe Price® Health Sciences[4,13]	Health	10/127 (8%)	12/120 (10%)	4/98 (4%)	Average
AllianzGI Technology Admin[13]	Technology	123/188 (65%)	67/179 (37%)	49/146 (33%)	Average

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Disclosures

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

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ICMA-RC's identified fund line-up is a commitment 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] The Morningstar Rating™ for funds, or "star rating", is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange–traded funds, closed–end funds, and separate accounts) with at least a three–year history. Exchange–traded funds and open–ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk–Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product 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 managed product is derived from a weighted average of the performance figures associated with its three–, five–, and 10–year (if applicable) Morningstar Rating metrics. The weights are: 100% three–year rating for 36–59 months of total returns, 60% five–year rating/40% three–year rating for 60–119 months of total returns, and 50% 10–year rating/30% five–year rating/20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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.

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Disclosures

[2 Cont.] The number of funds in Morningstar® categories as of June 30, 2017 is provided below:

Morningstar® Category	3-Year	5-Year	10-Year	Morningstar® Category	3-Year	5-Year	10-Year
Allocation--30% to 50% Equity	400	348	240	Mid-Cap Value	356	310	217
Allocation--50% to 70% Equity	727	653	429	Multisector Bond	233	190	103
Allocation--70% to 85% Equity	334	291	210	Natural Resources	129	115	68
Communications	33	32	23	Real Estate	230	201	141
Diversified Emerging Markets	634	436	178	Retirement Income	137	114	66
Equity Precious Metals	70	66	45	Short Government	105	95	73
Financial	102	96	73	Short-Term Bond	450	376	261
Foreign Large Blend	595	533	342	Small Blend	646	545	389
Foreign Large Growth	324	275	193	Small Growth	599	533	398
Foreign Large Value	268	218	133	Small Value	337	294	198
Foreign Small/Mid Blend	75	62	28	Target-Date 2000-2010	89	69	50
Foreign Small/Mid Growth	114	105	63	Target-Date 2015	91	69	31
Foreign Small/Mid Value	54	43	20	Target-Date 2020	184	148	84
Global Real Estate	181	148	85	Target-Date 2025	158	118	48
Health	127	120	98	Target-Date 2030	184	148	84
High Yield Bond	590	474	317	Target-Date 2035	158	118	48
Inflation-Protected Bond	202	172	113	Target-Date 2040	184	148	84
Intermediate Government	244	232	173	Target-Date 2045	158	117	46
Intermediate-Term Bond	856	767	540	Target-Date 2050	176	137	41
Large Blend	1,223	1,080	802	Target-Date 2055	145	89	N/A
Large Growth	1,277	1,152	803	Technology	188	179	146
Large Value	1,091	936	681	Utilities	59	56	50
Long Government	28	27	18	World Allocation	395	337	160
Long-Term Bond	18	18	9	World Bond	298	253	126
Mid-Cap Blend	368	328	220	World Large Stock	714	590	329
Mid-Cap Growth	576	502	370	World Small/Mid Stock	117	98	54

[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.

Disclosures

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

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

[8] Not applicable.

[9] *The Fund is invested in a single registered mutual fund, the Fidelity Money Market Government Portfolio. Investments in the fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money by investing in the fund.*

[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.

[12] Not applicable.

[13] Not applicable.

[14] *You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.*

Disclosures

[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, advisers and plan sponsors for monitoring stable value pooled funds. Rankings are derived by ICMA-RC from data provided by Hueler Analytics, Inc., which is a technology and research firm covering stable value products and 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. 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, 2017, the universe contained 16 funds with 1-year returns, 16 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. ©2017 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.

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

[19] Certain funds may be subject to style risk, which is the possibility that the investment style of its investment adviser will trail the returns of the overall market. In the past, different types of securities have experienced cycles of outperformance and underperformance in comparison to the market in general. For example, growth stocks have performed best during the later stages of economic expansion and value stocks have performed best during periods of economic recovery.

II. Plan Activity

2nd Quarter 2017

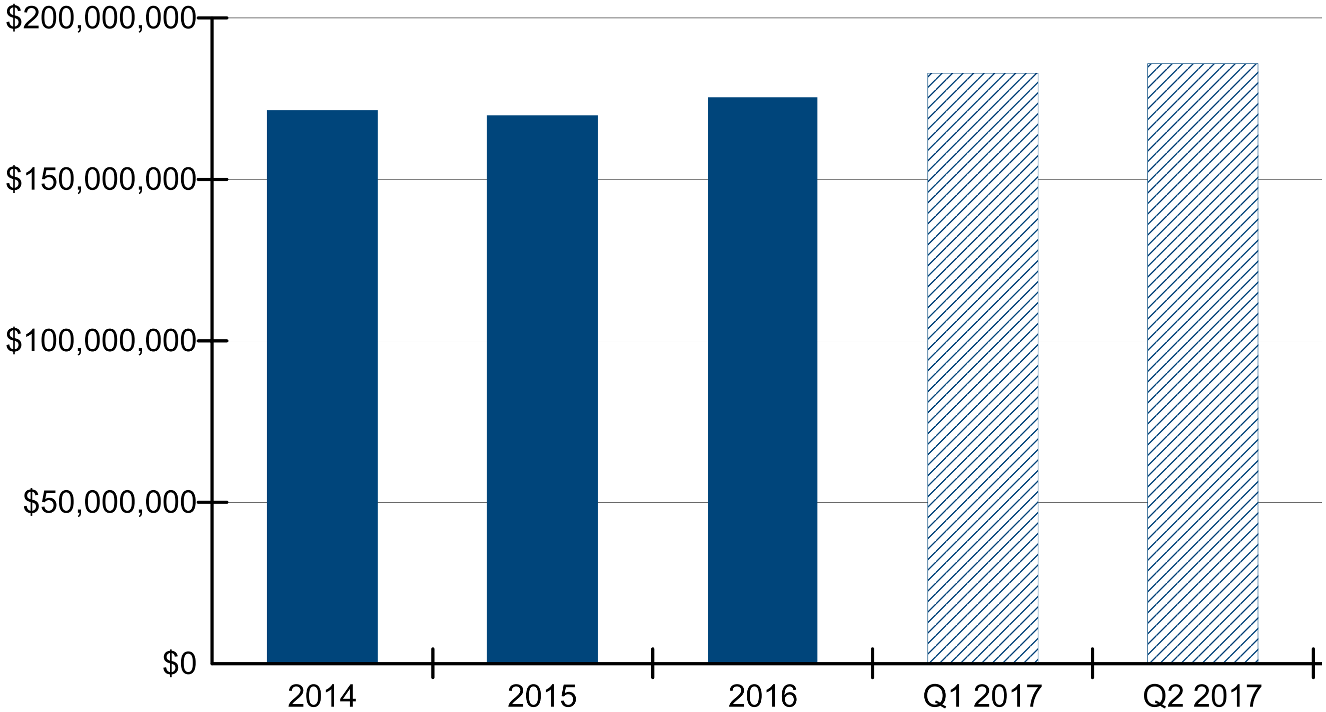
Platinum Services Plan Service Report

Plan Snapshot

Plan Type	Plan Number	Plan Name	Assets	Participants
401	106696	LANSING BOARD OF WATER & LIGHT	$182,039,958	924
	108824	BOARD OF WATER AND LIGHT	$3,578,723	41
457	300435	LANSING BOARD OF WATER LIGHT	$100,640,717	908
Total			**$286,259,398**	**1873**

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

401 Plan Asset Trends *(as of June 30, 2017)*



Assets	$171,406,144	$169,595,396	$175,301,695	$182,791,086	$185,618,681

Since March 2017, the 401 plans for the LANSING BOARD OF WATER LIGHT saw their overall value grow 1.5% from $182,791,086 to $185,618,681. In the time period since December 31, 2014, assets have increased 8.3%.

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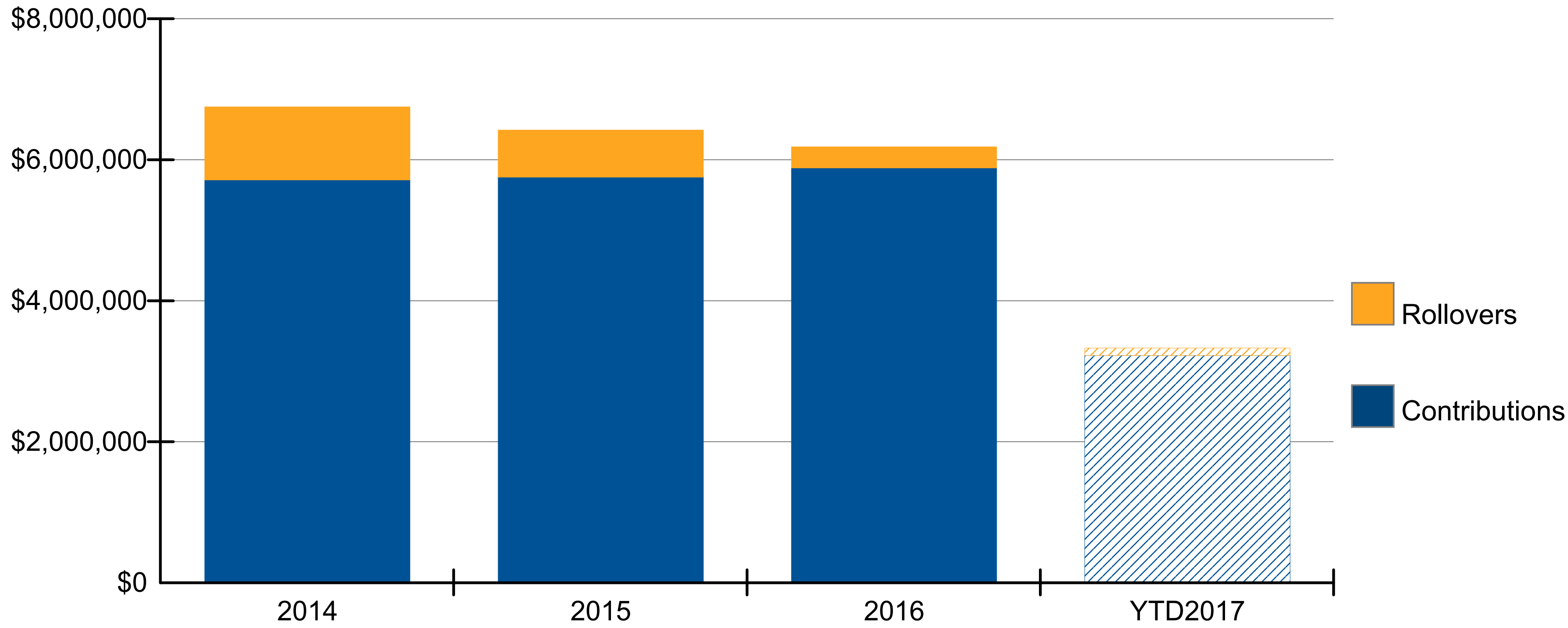
401 Plan Contributions *(as of June 30, 2017)*



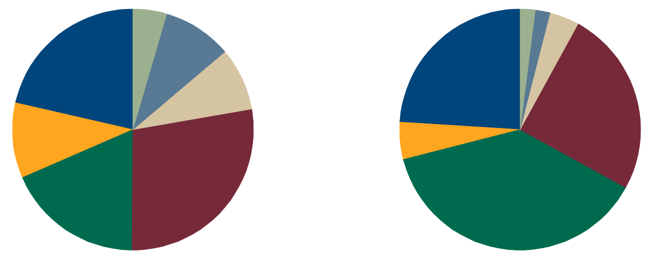
Contributions	$5,710,275	$5,741,946	$5,878,924	$3,222,999
Rollovers	$1,041,704	$674,478	$303,981	$107,371
Loan Repayments	$1,805,788	$1,783,855	$1,624,460	$839,690
Total*	$7,516,064	$7,525,801	$7,503,383	$4,062,688
Active Participants	692	724	724	720
Average Contribution*	$10,861	$10,395	$10,364	$5,643

*Please note that Rollovers are excluded from this calculation.

401 Plan Asset Allocation *(as of June 30, 2017)*

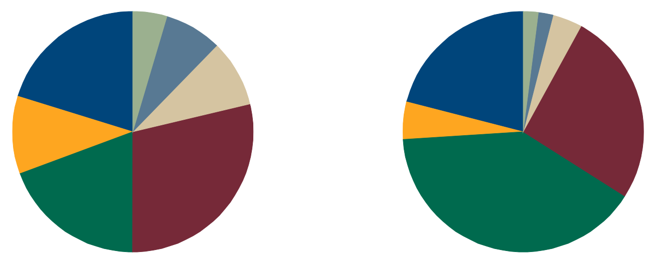
Your 401 Plan **Total ICMA-RC 401 Clients**

June 30, 2016



Stable Value/Cash Management	21.41%	24.00%
Bond	10.10%	5.00%
Guaranteed Lifetime Income	4.52%	2.00%
Balanced/Asset Allocation	18.37%	38.00%
U.S. Stock	27.83%	25.00%
International/Global Stock	8.45%	4.00%
Specialty	9.30%	2.00%

June 30, 2017



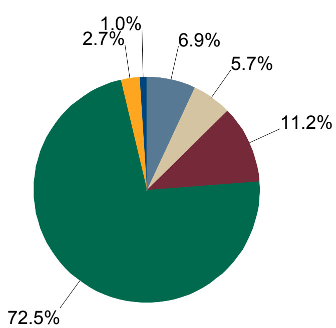
Stable Value/Cash Management	20.22%	21.00%
Bond	10.44%	5.00%
Guaranteed Lifetime Income	4.57%	2.00%
Balanced/Asset Allocation	19.29%	40.00%
U.S. Stock	28.74%	26.00%
International/Global Stock	9.00%	4.00%
Specialty	7.73%	2.00%

Note: Asset allocation for all clients except Washington State.

401 Plan Asset Allocation by Age *(as of June 30, 2017)*

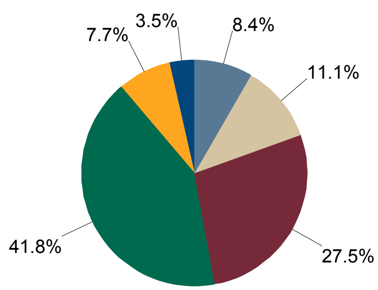
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

35 & Under



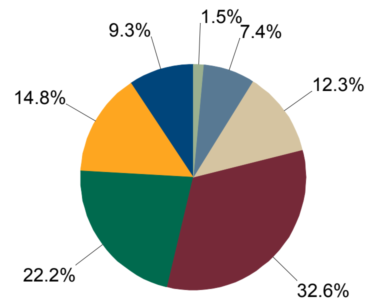
127 Active
2 Inactive
129 Participants
$3,640,103 Total Assets
$28,218 Average Balance
16 Invested in One Fund

36 - 45



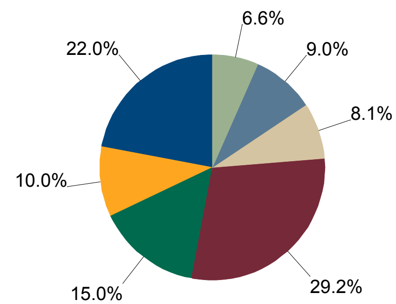
171 Active
12 Inactive
183 Participants
$13,692,652 Total Assets
$74,823 Average Balance
37 Invested in One Fund

46 - 55



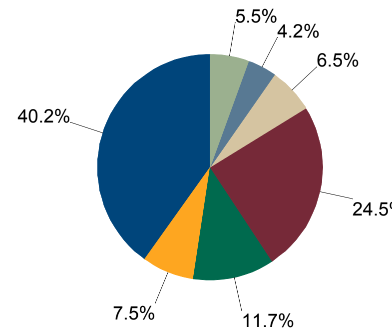
219 Active
34 Inactive
253 Participants
$45,047,187 Total Assets
$178,052 Average Balance
42 Invested in One Fund

56 - 65



184 Active
98 Inactive
282 Participants
$91,539,991 Total Assets
$324,610 Average Balance
58 Invested in One Fund

Over 65



19 Active
98 Inactive
117 Participants
$31,540,491 Total Assets
$269,577 Average Balance
37 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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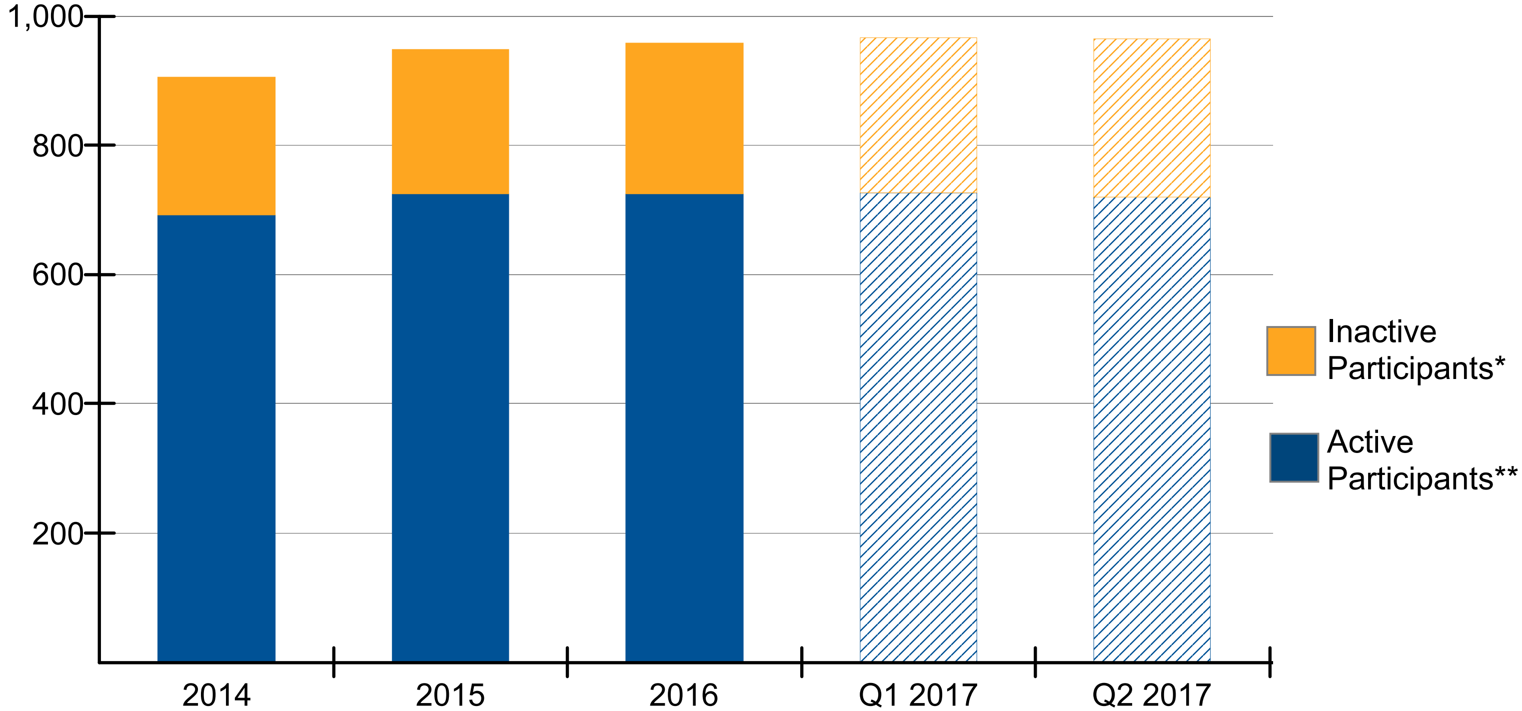
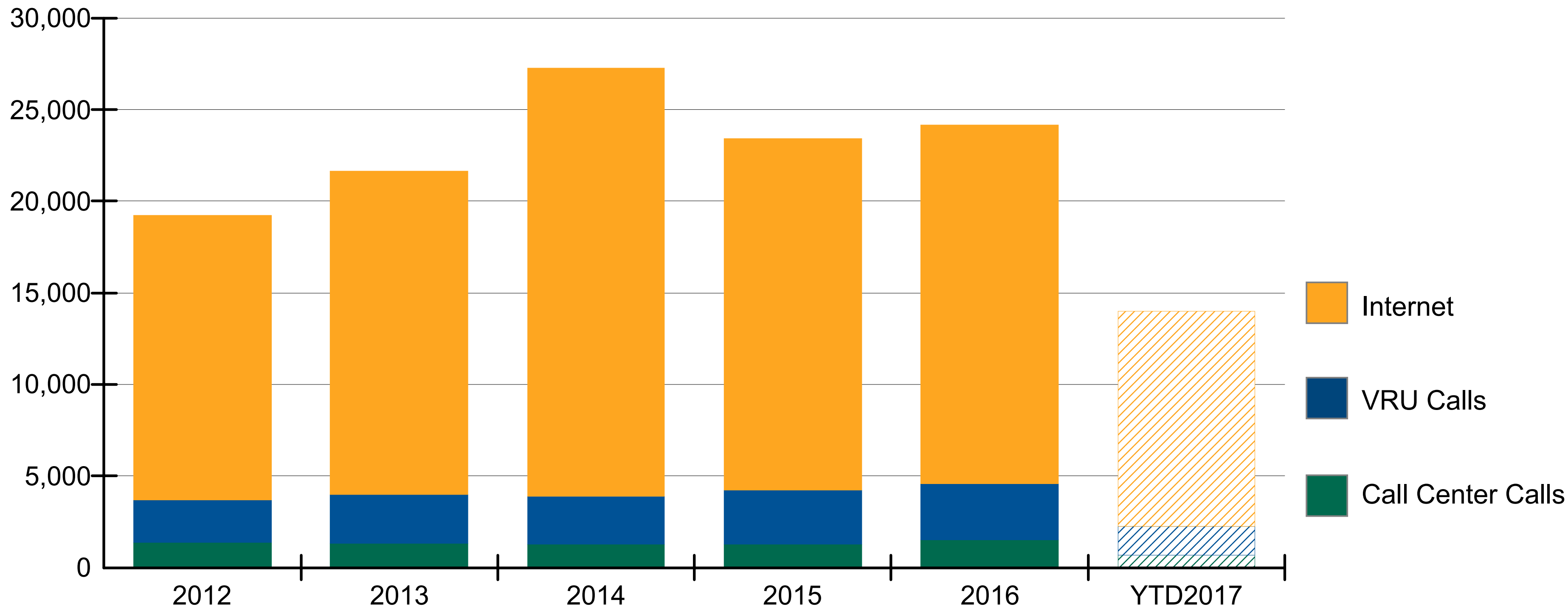
401 Plan Participation Trends *(as of June 30, 2017)*



Inactive	213	224	235	240	245
Active	692	724	724	726	720
Total	905	948	959	966	965

*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, 2017)*



Internet	15502	17643	23419	19200	19579	11770
VRU	2330	2681	2637	2962	3078	1562
Call Center	1373	1315	1240	1253	1491	668
Total	19205	21639	27296	23415	24148	14000

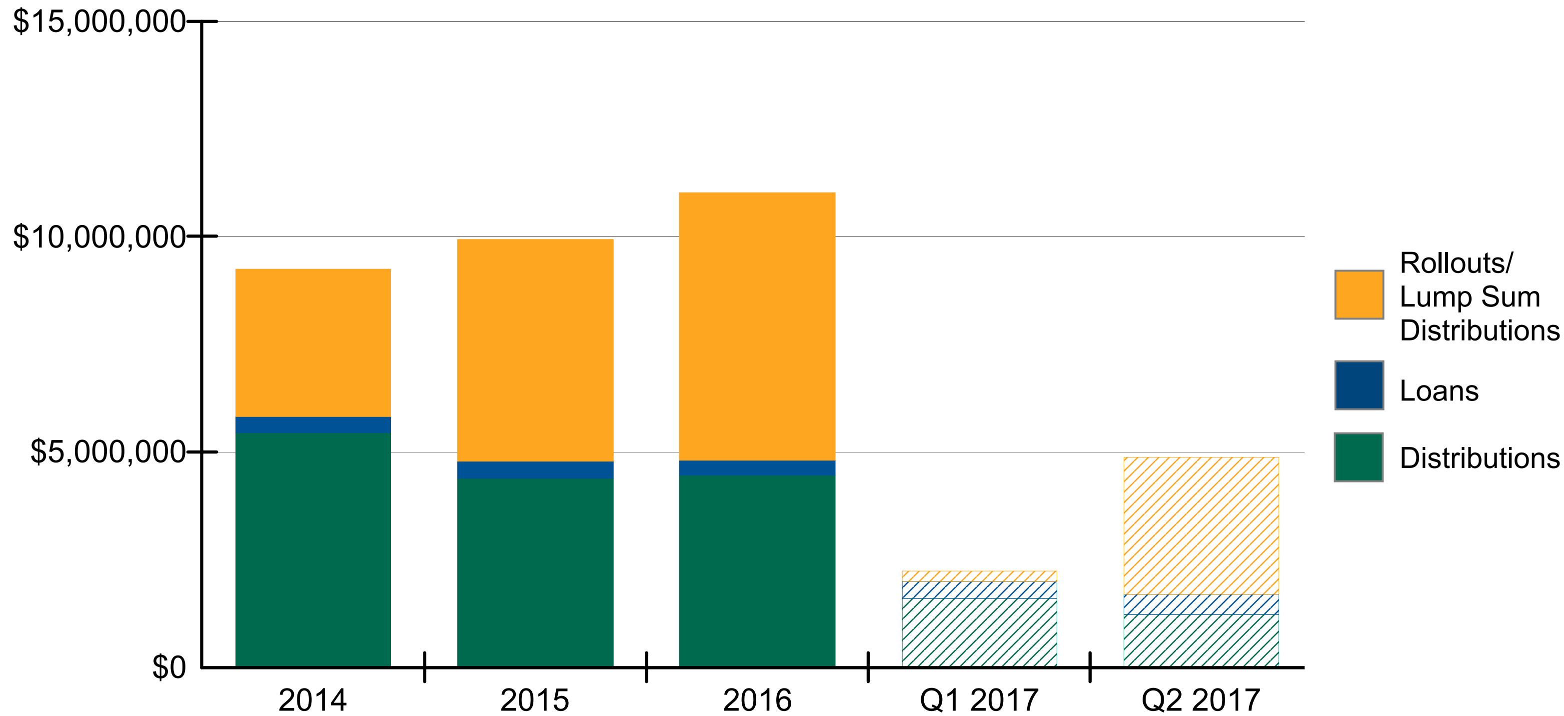
The chart above provides the number of contacts made by your 401 plan participants to ICMA-RC using several media — online using our Account Access participant Web site, ICMA-RC's Self-Service Phone line, or call center representatives.

401 Plan Loan Usage

LANSING BOARD OF WATER LIGHT 401 Plan: Loan Usage *(as of June 30, 2017)*

- 119 New Loans in the past 12 months
- 385 Outstanding Loans
- 15 Defaulted Loans in the past 12 months
- Loan Balance: $4,453,784

401 Plan Withdrawal Trends *(as of June 30, 2017)*



Rollouts	$3,439,776	$5,160,155	$6,213,530	$238,518	$3,190,553
Loans	$359,377	$379,694	$359,903	$392,700	$482,925
Distributions/ Lump Sum	$5,452,179	$4,394,236	$4,450,334	$1,596,292	$1,211,487
Total	$9,251,332	$9,934,085	$11,023,767	$2,227,510	$4,884,965
# of Rollouts	21	21	24	5	11
# of Distributions	893	929	1013	263	257
Total	914	950	1037	268	268

401 Plan Activity

Plan Summary

LANSING BOARD OF WATER LIGHT's 401 plans include 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 plans' 924 participants contributed a total of $2,363,042 with the largest amount, $1,016,654 to their balanced funds. Overall, the plans have 29% in U.S. stock funds and 9% in their international/global stock funds. Their bond funds are allocated 10% and their stable value/cash management funds, 20%. Approximately 19% is in their balanced funds. Their guaranteed income fund is allocated 5%.

Over the last quarter with regard to market value, international/global stock funds increased in market value by $902,534, while U.S. stock funds earned $2,031,596. The plans' bond funds increased $275,227, while stable value/cash management funds increased $205,391. Balanced funds grew by $1,083,945.

On a net cash flow basis (contribution, plus net transfers less withdrawals), stable value/cash management funds dropped $1,565,727 and the plans grew by $487,564 in their bond funds. U.S. stock funds dropped $1,690,149 and the plans received $329,380 in their international/global stock funds. Its balanced funds fell $59,402. The guaranteed income fund received $254,303. Since March 2017, the total value of LANSING BOARD OF WATER LIGHT's 401 plans increased to $185,618,681 from $182,791,086, a rise of 1.5%.

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
VT PLUS Fund	$38,583,656	$274,976	-$2,332,944	$203,330	$204,871	$36,931,351	19.90%	587
VT Cash Management	318,303	13,602	-141,128	416,436	520	607,514	0.33%	65
PIMCO Low Duration	433,060	3,255	0	74,430	1,743	512,487	0.28%	9
Vanguard Ttl Bond Mkt Idx Adm	7,649,904	100,392	-22,259	180,745	115,386	8,020,051	4.32%	161
PIMCO Total Return Instl	4,323,076	39,206	-28,156	-173,293	75,715	4,236,271	2.28%	126
PIMCO Real Return Admin	2,062,745	23,724	-7,006	140,135	-8,847	2,209,875	1.19%	137
Delaware High-Yield Opp Instl	4,157,651	37,616	-59,118	177,892	91,229	4,404,376	2.37%	175
VT Retirement IncomeAdvantage	8,041,346	17,235	-17,810	254,879	195,362	8,491,012	4.57%	53
Vanguard Target Retire Income	125,408	2,264	-659	0	2,234	129,247	0.07%	5
Vanguard Target Retire 2010	1,330,475	21,137	-33,714	171,590	24,813	1,514,301	0.82%	6
Vanguard Target Retire 2025	2,316,020	70,119	-24,893	3,234	72,626	2,436,944	1.31%	28

401 Plan Activity

Plan Summary (cont'd.)

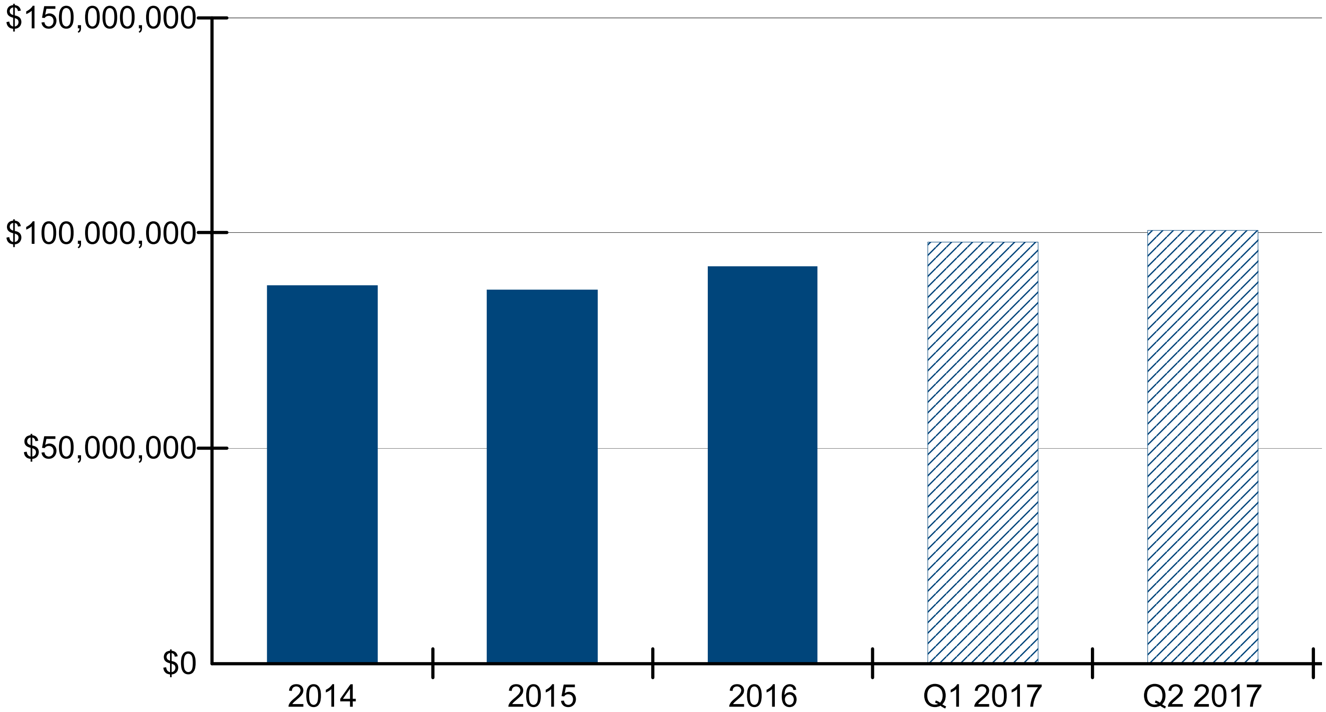
	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Target Retire 2030	$2,605,739	$122,992	-$32,622	$144,762	$86,528	$2,926,961	1.58%	48
Vanguard Target Retire 2035	1,096,385	100,874	-17,807	81,742	41,143	1,301,999	0.70%	42
Vanguard Target Retire 2040	1,620,087	97,826	-5,082	-1,167	62,258	1,773,648	0.96%	49
Vanguard Target Retire 2045	660,484	100,667	-1,184	0	27,100	786,950	0.42%	57
Vanguard Target Retire 2050	218,567	49,036	0	4,872	9,257	281,731	0.15%	29
Vanguard Target Retire 2015	1,379,367	10,856	-73,774	0	31,054	1,347,428	0.73%	10
Vanguard Target Retire 2020	2,200,466	38,368	-908	101,931	66,951	2,406,658	1.30%	19
VT Vantagepoint MP Lng-Trm Gr	5,985,474	197,291	-18,713	-70,414	213,895	6,306,873	3.40%	101
VT Vantagepoint MP Glbl Eq Gr	1,273,649	50,295	-130,865	-80,290	61,829	1,174,530	0.63%	22
VT Vantagepoint MP Cons Growth	1,049,197	7,428	-22,697	0	20,607	1,054,526	0.57%	20
VT Vantagepoint MP Trad Growth	6,616,001	102,346	-245,141	-432,523	179,472	6,219,756	3.35%	90
Fidelity Balanced	5,353,535	36,491	-165,404	-363,739	149,768	5,010,369	2.70%	94
BlackRock Global Allocation	957,032	8,666	-14,431	151,839	34,409	1,137,470	0.61%	40
AMG TimesSquare Sm Cap Growth	1,411,882	15,033	-21,254	475	65,723	1,471,762	0.79%	56
VT Vantagepoint Equity Income	1,612,207	20,275	-15,024	-459,728	31,870	1,188,997	0.64%	104
AllianzGI NFJ Dividend Value	7,346,503	76,477	-65,376	-260,371	119,259	7,215,937	3.89%	228
Vanguard 500 Index Admiral	8,250,515	73,795	-61,269	-220,742	247,212	8,289,270	4.47%	168
American Funds Fundamental Inv	3,438,349	56,544	-77,508	-150,156	110,382	3,375,860	1.82%	158
JPMorgan US Equity I	594,883	9,074	-4,187	3,305	12,754	615,815	0.33%	27
Fidelity Contrafund®	6,163,649	51,858	-157,371	62,100	370,159	6,490,096	3.50%	144
Am Funds Growth Fund of Am R5	5,348,001	41,584	-97,181	713,614	227,800	6,233,662	3.36%	176
Vanguard Mid-Cap Index Admiral	3,062,176	29,612	-54,548	-641,988	73,205	2,467,860	1.33%	131
Westwood SMidCap Institutional	422,432	4,796	-2,415	-44,999	2,021	381,824	0.21%	16
Harbor Mid Cap Growth Admin	7,327,327	64,684	-152,024	69,244	660,305	7,969,306	4.29%	162
Columbia Small/Mid Cap Value K	796,007	8,525	-51,055	2,168	-2,562	753,075	0.41%	45
Columbia Small Cap Value I Z	2,672,121	20,922	-12,310	-368,357	30,985	2,343,207	1.26%	133

401 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Small-Cap Index Adm	$3,501,283	$45,220	-$121,141	$31,423	$69,105	$3,524,434	1.90%	161
Fidelity Small Cap Discovery	1,066,156	10,744	-7,940	-54,675	13,378	1,027,633	0.55%	58
American Funds Cap World G&I	12,062,934	137,037	-269,695	880,521	649,939	13,458,197	7.25%	317
Harbor International Admin	975,758	21,929	-3,614	452,193	80,988	1,527,000	0.82%	133
Fidelity Intl Discovery	920,267	10,036	-5,006	-367,304	66,901	624,625	0.34%	55
Fidelity Diversified Intl	1,514,412	21,400	-35,351	-512,767	104,705	1,091,815	0.59%	97
VantageBroker	1,861,602	0	0	-12,639	2,383	1,851,346	1.00%	16
American Century® Utilities	7,314	0	0	0	-70	7,245	0.00%	1
Prudential Jennison Utility A	2,017,112	26,483	-49,330	-40,247	42,287	1,996,161	1.08%	69
Nuveen Real Estate Securities	1,381,471	19,389	-54,065	-119,297	29,989	1,257,015	0.68%	147
T Rowe Price® Health Sciences	4,443,909	37,265	-80,312	-106,589	318,331	4,612,514	2.48%	100
AllianzGI Technology Admin	4,235,188	33,702	-124,683	158,423	319,275	4,621,696	2.49%	105
Total	**$182,791,086**	**$2,363,042**	**-$4,918,972**	**$0**	**$5,406,252**	**$185,618,681**	**100.00%**	**4780**

457 Plan Asset Trends *(as of June 30, 2017)*

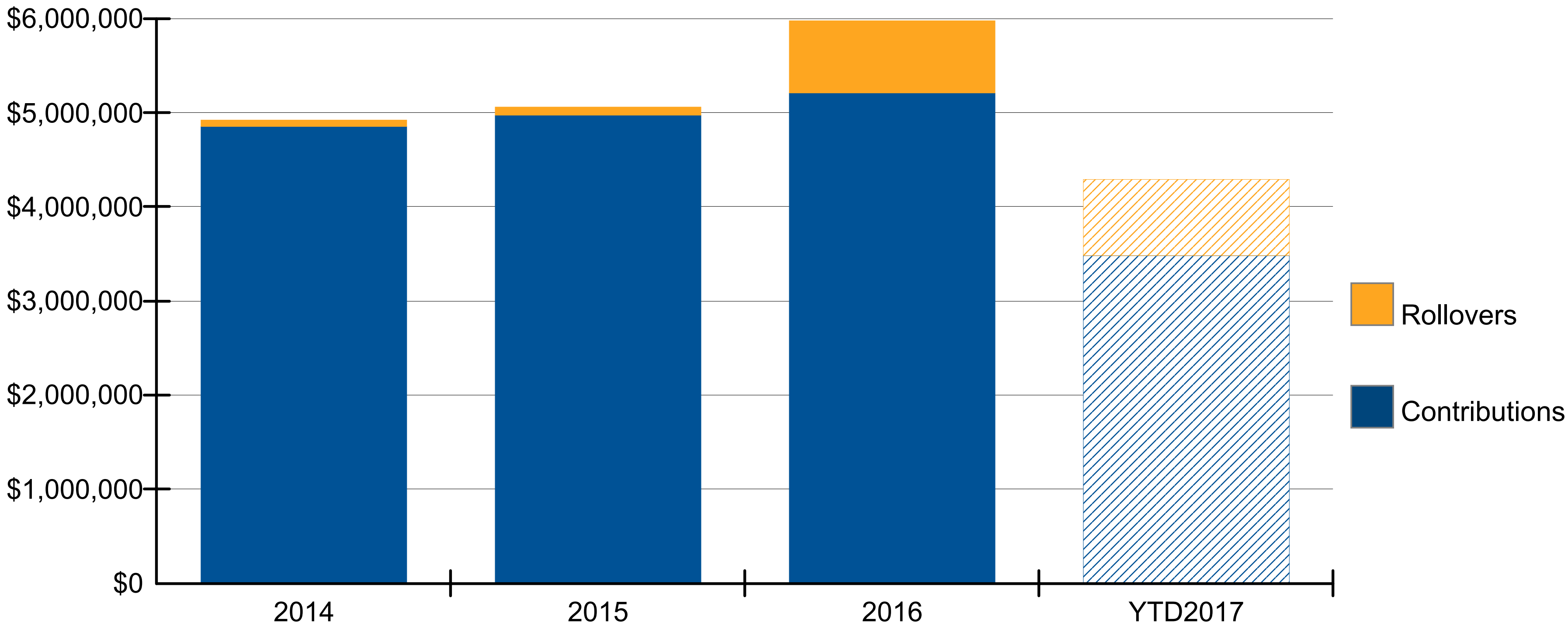


Assets	$87,761,989	$86,861,684	$92,256,474	$97,966,412	$100,640,717

The overall value of LANSING BOARD OF WATER LIGHT's 457 plan grew to $100,640,717 from $97,966,412 since March 2017, an increase of 2.7%. During the time period since December 31, 2014, assets have increased 14.7%.

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Contributions *(as of June 30, 2017)*



Contributions	$4,855,477	$4,969,234	$5,207,930	$3,479,853
Rollovers	$70,570	$90,308	$768,694	$814,598
Loan Repayments	$0	$0	$0	$0
Total*	$4,855,477	$4,969,234	$5,207,930	$3,479,853
Active Participants	735	762	756	740
Average Contribution*	$6,606	$6,521	$6,889	$4,703

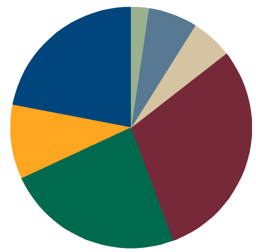
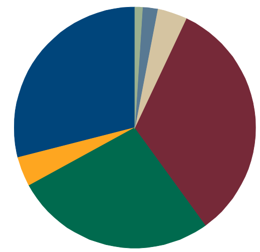
*Please note that Rollovers are excluded from this calculation.

ICMA RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Asset Allocation *(as of June 30, 2017)*

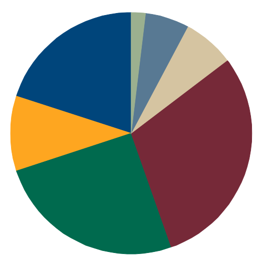
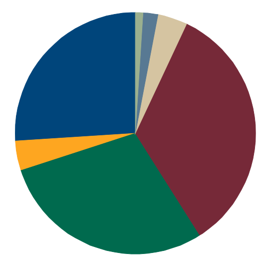
Your 457 Plan — **Total ICMA-RC 457 Clients**

June 30, 2016

Stable Value/Cash Management	21.98%	29.00%
Bond	9.97%	4.00%
Guaranteed Lifetime Income	2.32%	1.00%
Balanced/Asset Allocation	23.75%	27.00%
U.S. Stock	29.83%	33.00%
International/Global Stock	5.55%	4.00%
Specialty	6.60%	2.00%

June 30, 2017

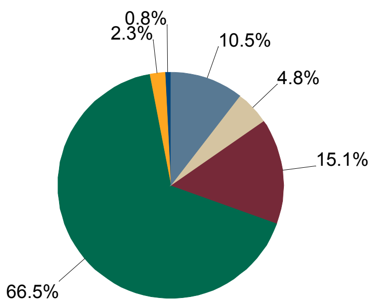
Stable Value/Cash Management	20.03%	26.00%
Bond	10.01%	4.00%
Guaranteed Lifetime Income	1.92%	1.00%
Balanced/Asset Allocation	25.36%	29.00%
U.S. Stock	29.93%	34.00%
International/Global Stock	6.92%	4.00%
Specialty	5.83%	2.00%

Note: Asset allocation for all clients except Washington State.

457 Plan Asset Allocation by Age *(as of June 30, 2017)*

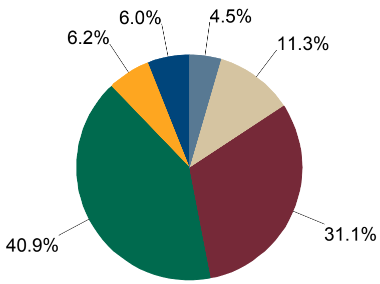
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

35 & Under



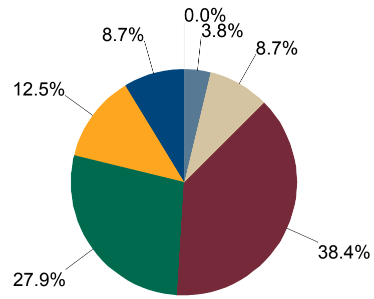
137 Active
5 Inactive
142 Participants
$4,027,950 Total Assets
$28,366 Average Balance
1 Invested in One Fund

36 - 45



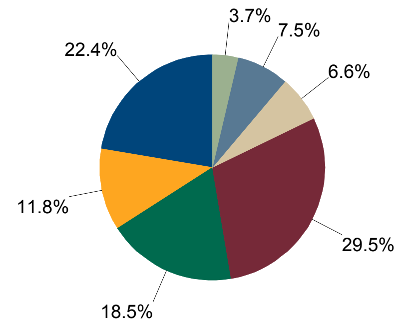
172 Active
14 Inactive
186 Participants
$12,188,245 Total Assets
$65,528 Average Balance
12 Invested in One Fund

46 - 55



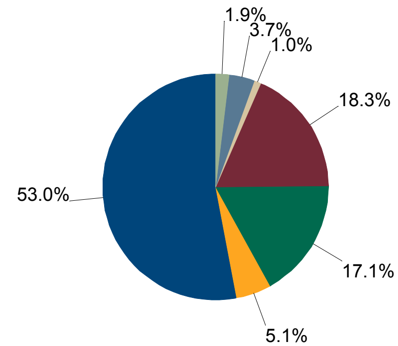
224 Active
26 Inactive
250 Participants
$25,514,121 Total Assets
$102,056 Average Balance
20 Invested in One Fund

56 - 65



189 Active
67 Inactive
256 Participants
$45,733,013 Total Assets
$178,645 Average Balance
39 Invested in One Fund

Over 65

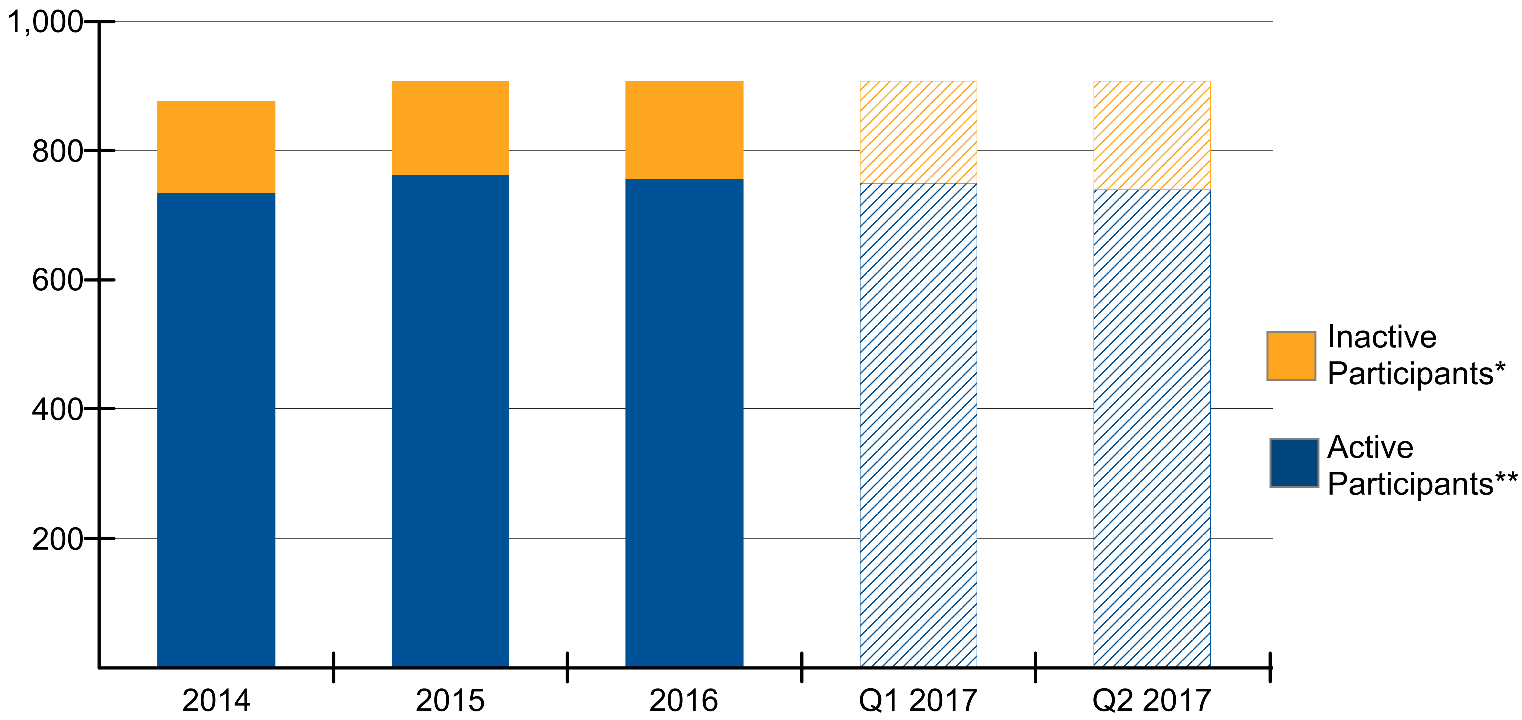


18 Active
54 Inactive
72 Participants
$13,136,179 Total Assets
$182,447 Average Balance
24 Invested in One Fund

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

ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Participation Trends *(as of June 30, 2017)*

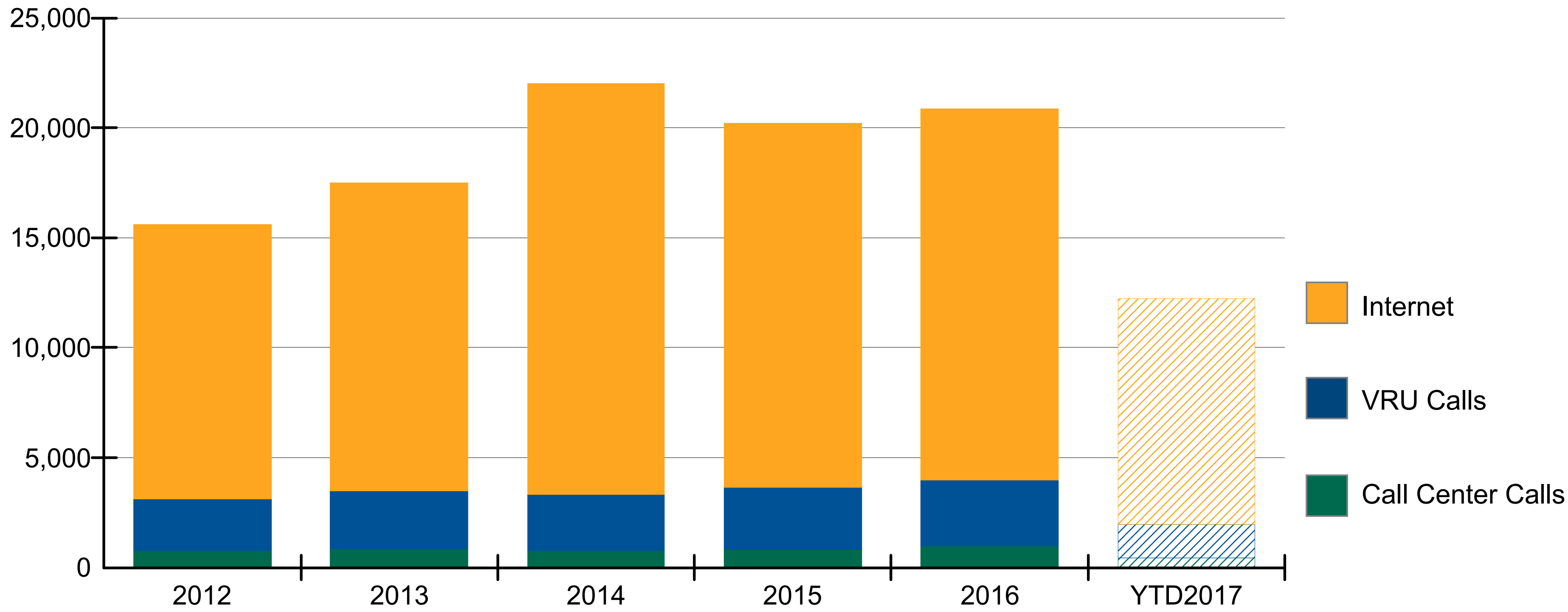


Inactive	141	145	152	158	168
Active	735	762	756	750	740
Total	876	907	908	908	908

*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.

ICMARC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

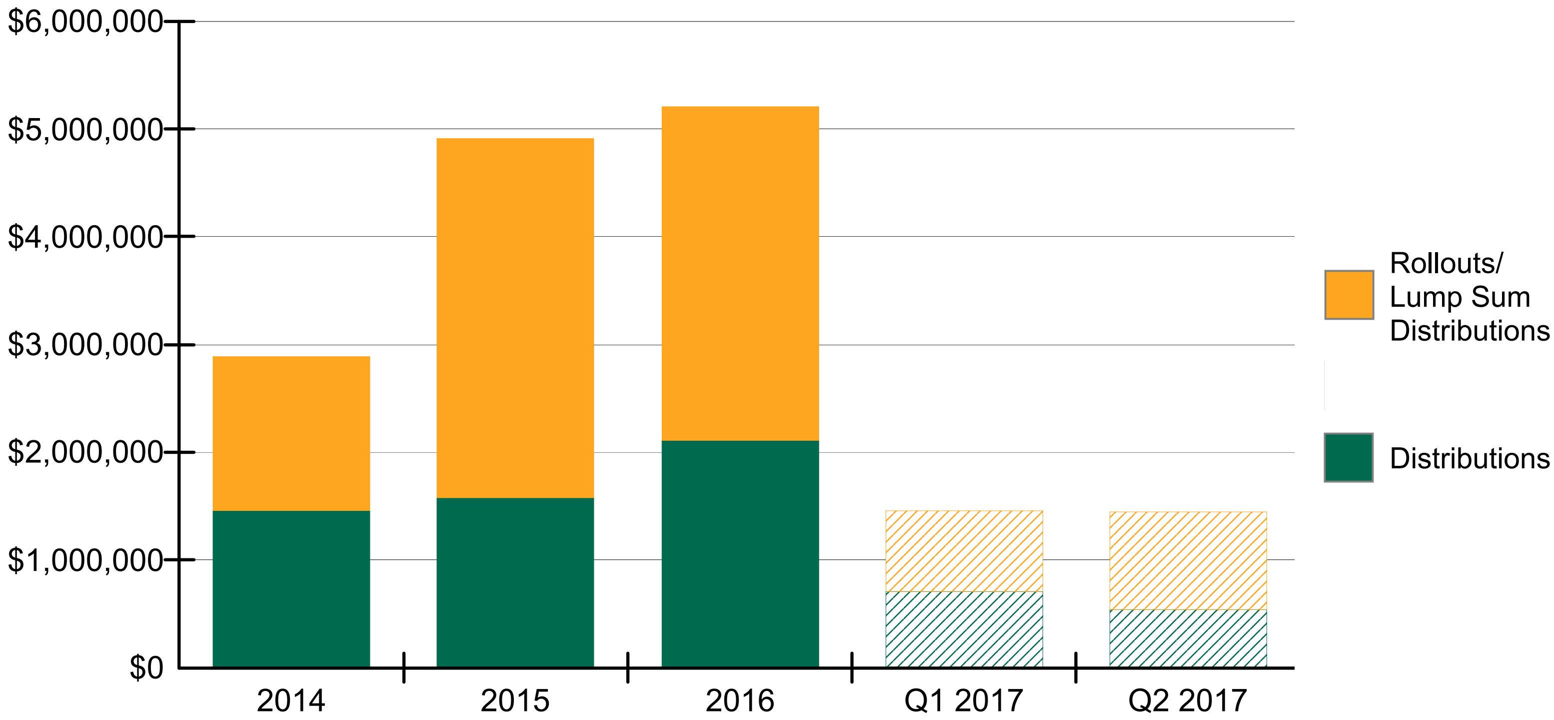
457 Plan Service Usage *(as of June 30, 2017)*



Internet	12479	14007	18746	16595	16893	10278
VRU	2348	2652	2537	2834	2987	1511
Call Center	779	836	760	801	980	443
Total	15606	17495	22043	20230	20860	12232

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, ICMA-RC's Self-Service Phone line, or call center representatives.

457 Plan Withdrawal Trends *(as of June 30, 2017)*



Rollouts	$1,436,447	$3,335,317	$3,101,111	$742,722	$907,405
Loans	$0	$0	$0	$0	$0
Distributions/ Lump Sum	$1,454,813	$1,579,187	$2,106,523	$710,460	$538,366
Total	$2,891,260	$4,914,504	$5,207,634	$1,453,182	$1,445,771
# of Rollouts	11	25	17	4	8
# of Distributions	477	449	399	110	114
Total	488	474	416	114	122

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Activity

Plan Summary

LANSING BOARD OF WATER LIGHT's 457 plan has fifteen U.S. stock funds, five bond funds, sixteen balanced funds, two stable value/cash management funds, four international/global stock funds and one guaranteed income fund for investment options. Over the last quarter, the plan's 908 participants contributed a total of $1,414,679 with the largest amount, $614,121 to its balanced funds. Overall, the plan has 30% in U.S. stock funds and 7% in its international/global stock funds. Its bond funds are allocated 10% and its stable value/cash management funds, 20%. Approximately 25% is in its balanced funds. Its guaranteed income fund is allocated 2%.

Over the last quarter with regard to market value, international/global stock funds increased in market value by $435,963, while U.S. stock funds earned $1,105,465. The plan's bond funds increased in market value by $125,126, while stable value/cash management funds increased $108,347. Balanced funds increased in market value by $832,129.

On a net cash flow basis (contribution, plus net transfers less withdrawals), stable value/cash management funds received $185,713 and the plan received $668,475 in its bond funds. U.S. stock funds declined $1,070,906 and the plan received $373,040 in its international/global stock funds. Its balanced funds dropped $27,984. The guaranteed income fund dropped $159,584. Since March 2017, the LANSING BOARD OF WATER LIGHT's 457 plan increased 2.7% in overall value to $100,640,717 from $97,966,412.

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
VT PLUS Fund	$19,531,598	$153,405	-$910,744	$738,353	$107,891	$19,619,320	19.49%	334
VT Cash Management	337,103	47,177	-1,786	159,308	456	542,140	0.54%	74
PIMCO Low Duration	406,925	4,127	0	172,823	1,660	585,534	0.58%	13
Vanguard Ttl Bond Mkt Idx Adm	4,304,773	65,023	-23,937	206,971	66,312	4,616,866	4.59%	161
PIMCO Total Return Instl	2,036,944	20,954	-43,330	22,405	35,564	2,072,420	2.06%	94
PIMCO Real Return Admin	1,353,887	16,761	-3,619	63,627	-5,041	1,425,135	1.42%	126
Delaware High-Yield Opp Instl	1,183,695	17,141	-3,036	152,566	26,631	1,376,583	1.37%	137
VT Retirement IncomeAdvantage	2,047,570	6,094	0	-165,678	48,715	1,936,701	1.92%	8
Vanguard Target Retire Income	64,319	1,895	0	24,387	1,444	91,921	0.09%	4
Vanguard Target Retire 2010	37,209	910	0	0	665	38,784	0.04%	1
Vanguard Target Retire 2015	288,500	3,150	-4,767	0	6,700	293,583	0.29%	7

457 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Target Retire 2020	$1,138,263	$19,393	-$44,385	$55,705	$38,274	$1,207,251	1.20%	20
Vanguard Target Retire 2025	1,549,570	33,549	-80,688	0	47,991	1,550,422	1.54%	25
Vanguard Target Retire 2030	1,473,042	64,447	-13,251	0	49,037	1,573,275	1.56%	46
Vanguard Target Retire 2035	610,993	41,050	-29,434	42,239	22,774	687,620	0.68%	38
Vanguard Target Retire 2040	1,681,725	69,866	-3,282	51,773	64,716	1,864,798	1.85%	56
Vanguard Target Retire 2045	695,494	112,381	0	0	29,677	837,553	0.83%	65
Vanguard Target Retire 2050	319,950	40,940	0	0	13,010	373,901	0.37%	32
VT Vantagepoint MP Cons Growth	1,021,345	8,037	-8,219	-1,897	20,021	1,039,278	1.03%	17
VT Vantagepoint MP Trad Growth	4,038,308	46,535	-5,018	0	117,827	4,197,644	4.17%	58
VT Vantagepoint MP Lng-Trm Gr	6,477,962	112,474	-39,681	0	233,285	6,784,030	6.74%	106
VT Vantagepoint MP Glbl Eq Gr	2,252,648	38,194	-3,454	-182,240	104,291	2,209,428	2.20%	43
Fidelity Balanced	2,771,878	18,675	-41,187	-335,599	73,889	2,487,559	2.47%	86
BlackRock Global Allocation	297,395	2,624	-664	-22,445	8,529	285,406	0.28%	18
VT Vantagepoint Equity Income	1,020,695	12,456	-4,813	-286,572	20,836	762,235	0.76%	99
AllianzGI NFJ Dividend Value	2,553,413	23,355	-25,956	-58,663	43,059	2,535,031	2.52%	154
Vanguard 500 Index Admiral	2,617,008	30,020	-39,218	-150,773	76,702	2,533,672	2.52%	96
American Funds Fundamental Inv	4,166,684	52,505	-18,539	-139,901	133,301	4,193,038	4.17%	199
JPMorgan US Equity I	364,887	2,377	-922	7,553	7,841	381,736	0.38%	21
Fidelity Contrafund®	4,874,384	48,204	-2,556	-138,918	286,922	5,068,036	5.04%	121
Am Funds Growth Fund of Am R5	5,891,859	49,497	-59,529	-64,293	221,822	6,039,306	6.00%	177
Vanguard Mid-Cap Index Admiral	1,708,309	19,098	-15,001	-401,817	41,503	1,351,730	1.34%	127
Westwood SMidCap Institutional	330,323	4,502	0	-15,370	1,621	321,077	0.32%	19
Harbor Mid Cap Growth Admin	2,198,438	22,654	-22,077	11,191	200,739	2,410,945	2.40%	94
Columbia Small/Mid Cap Value K	416,930	5,037	-512	10,836	-1,335	430,952	0.43%	40
Columbia Small Cap Value I Z	484,037	6,865	-1,316	96,047	10,034	595,566	0.59%	95
Vanguard Small-Cap Index Adm	1,782,156	25,835	-6,593	-42,648	33,902	1,791,833	1.78%	147

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BUILDING PUBLIC SECTOR 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 w/ Balance In Fund
Fidelity Small Cap Discovery	$1,486,485	$14,304	-$1,788	-$17,133	$19,597	$1,501,452	1.49%	78
AMG TimesSquare Sm Cap Growth	191,574	1,823	-376	218	8,920	202,159	0.20%	16
American Funds Cap World G&I	2,477,917	42,919	-16,054	656,816	148,099	3,308,289	3.29%	165
Harbor International Admin	451,612	11,332	-2,721	246,673	40,127	746,872	0.74%	118
Fidelity Intl Discovery	1,307,568	16,270	-10,615	-208,979	105,968	1,210,053	1.20%	86
Fidelity Diversified Intl	1,916,161	23,626	-9,150	-377,076	141,768	1,694,949	1.68%	128
VantageBroker	1,860,948	0	0	4,864	4,228	1,870,040	1.86%	13
Prudential Jennison Utility A	448,674	13,665	-253	-22,003	10,170	450,254	0.45%	33
Nuveen Real Estate Securities	966,829	14,495	-2,835	-27,741	21,045	971,526	0.97%	147
T Rowe Price® Health Sciences	1,857,485	21,341	-41,327	-119,846	127,042	1,844,695	1.83%	64
AllianzGI Technology Admin	670,936	7,696	-54,711	55,238	48,959	728,119	0.72%	35
Total	**$97,966,411**	**$1,414,679**	**-$1,597,341**	**$0**	**$2,867,189**	**$100,640,716**	**100.00%**	**3841**

III. Fee Disclosure

2nd Quarter 2017

Platinum Services Plan Service Report

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

ICMA-RC's Services

Overview of Services Provided by ICMA-RC

ICMA-RC provides your xServicePlanTypes the following administration, record keeping and education services:

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

ICMA-RC's Services

Statement Regarding Fiduciary/Investment Advisory Services

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

ICMA-RC Advisory Services under Guided Pathways Program

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

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

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

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

ICMA-RC is the Registered Investment Adviser for the Guided Pathways®[2] program offered to participants. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc.

For Participants who select Managed Accounts discretionary management, ICMA-RC, based on the recommendation of Morningstar Investment Management LLC, 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. The investment recommendations in the Report are generated by Morningstar Investment Management LLC2 using the same investment methodologies and software that it uses for the Guided Pathways® program, described above.

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.

ICMA-RC's Services

Group Annuity Contract Separate Account

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

ICMA-RC's Services

Compensation Received by ICMA-RC

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

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

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

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

- **Ancillary service fees** – Fees deducted from plan participant accounts to pay for services chosen by participants, including financial plans, loans, online investment advice, Managed Accounts[2] and self-directed brokerage accounts made available by ICMA-RC and the plan.

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

- **Record keeping fees** – Deducted from the assets of mutual funds or collective investment funds, these 12b-1, shareholder servicing, transfer agency and/or administration fees are paid 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 indirectly through the VantageTrust Funds. The amounts listed include all non-advisory, recordkeeping compensation paid to ICMA-RC and/or its affiliates.

- **Investment advisory fees** – Consists of compensation paid to ICMA-RC and its affiliates for investment advisory and other services provided to VTC on behalf of the VantageTrust Funds. These fees are deducted from fund assets and reflected in the net asset values of the 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, 2017, the estimated annual cost to your plan is $1,095,057 consisting of $1,006,259 from fund fees and expenses (0.54% of plan assets) and $88,798 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	$211,255 (0.11%)	$158,839 (0.09%)	$370,094 (0.20%)
Participant Account Fees	$88,798	$0	$88,798
Total	$300,053	$158,839	$458,892

* 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, 2017

Fund Costs and ICMA-RC Revenue (401 Plan)

Fund[1]	Morningstar Category[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Stable Value/Cash Management								
VT PLUS Fund[4]	Stable Value	$36,931,351	0.47%	$173,577	0.25%	$92,328	0.30%	$110,794
VT Cash Management[6]	NA	$607,514	0.43%	$2,612	0.25%	$1,519	0.00%	$0
VT 1 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
VT 3 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
VT 5 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$512,487	0.71%	$3,639	0.25%	$1,281	0.00%	$0
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	$8,020,051	0.05%	$4,010	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$4,236,271	0.46%	$19,487	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$2,209,875	0.70%	$15,469	0.25%	$5,525	0.00%	$0
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	$4,404,376	0.80%	$35,235	0.15%	$6,607	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$8,491,012	1.71%	$145,196	0.45%	$38,210	0.05%	$4,246
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Target-Date Retirement	$129,247	0.13%	$168	0.00%	$0	0.00%	$0
Vanguard Target Retire 2010[9,12]	Target-Date 2000-2010	$1,514,301	0.13%	$1,969	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target-Date 2015	$1,347,428	0.14%	$1,886	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target-Date 2020	$2,406,658	0.14%	$3,369	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target-Date 2025	$2,436,944	0.14%	$3,412	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target-Date 2030	$2,926,961	0.15%	$4,390	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target-Date 2035	$1,301,999	0.15%	$1,953	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target-Date 2040	$1,773,648	0.16%	$2,838	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target-Date 2045	$786,950	0.16%	$1,259	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target-Date 2050	$281,731	0.16%	$451	0.00%	$0	0.00%	$0
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	$1,054,526	0.80%	$8,436	0.25%	$2,636	0.29%	$3,058
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	$6,219,756	0.82%	$51,002	0.25%	$15,549	0.28%	$17,415

All data on page is as of June 30, 2017

* 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 and net expenses 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[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Target-Risk/Target-Date								
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	$6,306,873	0.85%	$53,608	0.25%	$15,767	0.28%	$17,659
VT Vantagepoint MP Glbl Eq Gr[9]	World Large Stock	$1,174,530	0.90%	$10,571	0.25%	$2,936	0.28%	$3,289
Balanced								
Fidelity Balanced	Allocation--50% to 70% Equity	$5,010,369	0.55%	$27,557	0.25%	$12,526	0.00%	$0
BlackRock Global Allocation	World Allocation	$1,137,470	1.07%	$12,171	0.50%	$5,687	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income[24]	Large Value	$1,188,997	0.72%	$8,561	0.25%	$2,972	0.20%	$2,378
AllianzGI NFJ Dividend Value[24]	Large Value	$7,215,937	0.58%	$41,852	0.10%	$7,216	0.00%	$0
Vanguard 500 Index Admiral	Large Blend	$8,289,270	0.04%	$3,316	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$3,375,860	0.35%	$11,816	0.05%	$1,688	0.00%	$0
JPMorgan US Equity I	Large Blend	$615,815	0.75%	$4,619	0.25%	$1,540	0.00%	$0
Fidelity Contrafund®[24]	Large Growth	$6,490,096	0.68%	$44,133	0.25%	$16,225	0.00%	$0
Am Funds Growth Fund of Am R5[24]	Large Growth	$6,233,662	0.39%	$24,311	0.05%	$3,117	0.00%	$0
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	$2,467,860	0.06%	$1,481	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$381,824	0.98%	$3,742	0.25%	$955	0.00%	$0
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	$7,969,306	1.12%	$89,256	0.25%	$19,923	0.00%	$0
Columbia Small/Mid Cap Value K[13,24]	Small Value	$753,075	1.14%	$8,585	0.35%	$2,636	0.00%	$0
Columbia Small Cap Value I Z[13,24]	Small Value	$2,343,207	1.10%	$25,775	0.25%	$5,858	0.00%	$0
Vanguard Small-Cap Index Adm[13]	Small Blend	$3,524,434	0.06%	$2,115	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,027,633	0.87%	$8,940	0.25%	$2,569	0.00%	$0
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	$1,471,762	1.25%	$18,397	0.20%	$2,944	0.00%	$0
Royce Smaller-Companies Gr Srv[13,24]	Small Growth	$0	1.49%	$0	0.40%	$0	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Large Stock	$13,458,197	0.50%	$67,291	0.05%	$6,729	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$1,527,000	1.04%	$15,881	0.25%	$3,818	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Growth	$624,625	1.00%	$6,246	0.25%	$1,562	0.00%	$0

All data on page is as of June 30, 2017

* 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 and net expenses for each fund immediately follows this table.

See disclosures at end of chapter

ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs and ICMA-RC Revenue (401 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[16]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*,[3]	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
International/Global Stock								
Fidelity Diversified Intl[14]	Foreign Large Growth	$1,091,815	1.05%	$11,464	0.25%	$2,730	0.00%	$0
Specialty								
American Century® Utilities[10,15]	Utilities	$7,245	0.68%	$49	0.25%	$18	0.00%	$0
Prudential Jennison Utility A[15]	Utilities	$1,996,161	0.85%	$16,967	0.40%	$7,985	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$1,257,015	1.05%	$13,199	0.25%	$3,143	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$4,612,514	0.77%	$35,516	0.15%	$6,919	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$4,621,696	1.42%	$65,628	0.35%	$16,176	0.00%	$0
VantageBroker	NA	$1,851,346	0.00%	$0	0.06%	$1,111	0.00%	$0
Total Quarter-End Assets:		**$185,618,681**						
Total Fees and Expenses to Plan:			**0.60%**	**$1,113,406**				
Total Recordkeeping Revenue Retained by ICMA-RC:					**0.17%**	**$318,402**		
Total Investment Advisory Revenue Retained by ICMA-RC:							**0.09%**	**$158,839**
Administrative Allowance:		**$107,148**						
Total Fees and Expenses after Administrative Allowance:			**0.54%**	**$1,006,259**				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					**0.11%**	**$211,255**		

All data on page is as of June 30, 2017

* 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 and net expenses for each fund immediately follows this table.

See disclosures at end of chapter

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Stable Value/Cash Management					
VT PLUS Fund[4]	Stable Value	0.47%	0.47%	None	Equity wash
VT Cash Management[6]	NA	0.43%	0.43%	None	None
VT 1 Year BoA CD Account[7]	NA	NA	NA	6 Months int	Equity wash
VT 3 Year BoA CD Account[7]	NA	NA	NA	6 Months int	Equity wash
VT 5 Year BoA CD Account[7]	NA	NA	NA	6 Months int	Equity wash
Bond					
PIMCO Low Duration[8]	Short-Term Bond	0.76%	0.71%	None	None
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	0.05%	0.05%	None	None
PIMCO Total Return Instl[8]	Intermediate-Term Bond	0.47%	0.46%	None	None
PIMCO Real Return Admin[8]	Inflation-Protected Bond	0.83%	0.70%	None	None
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	0.89%	0.80%	None	30 days, any amt
Guaranteed Lifetime Income					
VT Retirement IncomeAdvantage[17]	NA	1.71%	1.71%	None	90 days, any amt
Target-Risk/Target-Date					
Vanguard Target Retire Income[9,12]	Target-Date Retirement	0.13%	0.13%	None	None
Vanguard Target Retire 2010[9,12]	Target-Date 2000-2010	0.13%	0.13%	None	None
Vanguard Target Retire 2015[9,12]	Target-Date 2015	0.14%	0.14%	None	None
Vanguard Target Retire 2020[9,12]	Target-Date 2020	0.14%	0.14%	None	None
Vanguard Target Retire 2025[9,12]	Target-Date 2025	0.14%	0.14%	None	None
Vanguard Target Retire 2030[9,12]	Target-Date 2030	0.15%	0.15%	None	None
Vanguard Target Retire 2035[9,12]	Target-Date 2035	0.15%	0.15%	None	None
Vanguard Target Retire 2040[9,12]	Target-Date 2040	0.16%	0.16%	None	None
Vanguard Target Retire 2045[9,12]	Target-Date 2045	0.16%	0.16%	None	None
Vanguard Target Retire 2050[9,12]	Target-Date 2050	0.16%	0.16%	None	None
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	0.80%	0.80%	None	None
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	0.82%	0.82%	None	None
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	0.85%	0.85%	None	None
VT Vantagepoint MP Glbl Eq Gr[9]	World Large Stock	0.90%	0.90%	None	None

All data on page is as of June 30, 2017

See disclosures at end of chapter

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Balanced					
Fidelity Balanced	Allocation--50% to 70% Equity	0.55%	0.55%	None	None
BlackRock Global Allocation	World Allocation	1.16%	1.07%	None	None
U.S. Stock					
VT Vantagepoint Equity Income[24]	Large Value	0.72%	0.72%	None	None
AllianzGI NFJ Dividend Value[24]	Large Value	0.73%	0.58%	None	None
Vanguard 500 Index Admiral	Large Blend	0.04%	0.04%	None	None
American Funds Fundamental Inv	Large Blend	0.35%	0.35%	None	30 days, $5000
JPMorgan US Equity I	Large Blend	0.75%	0.75%	None	None
Fidelity Contrafund®[24]	Large Growth	0.68%	0.68%	None	None
Am Funds Growth Fund of Am R5[24]	Large Growth	0.39%	0.39%	None	30 days, $5000
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	0.06%	0.06%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.98%	0.98%	None	None
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	1.12%	1.12%	None	None
Columbia Small/Mid Cap Value K[13,24]	Small Value	1.14%	1.14%	None	30 days, any amt
Columbia Small Cap Value I Z[13,24]	Small Value	1.10%	1.10%	None	30 days, any amt
Vanguard Small-Cap Index Adm[13]	Small Blend	0.06%	0.06%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	0.87%	0.87%	1.50%, 90 days	None
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	1.25%	1.25%	None	None
Royce Smaller-Companies Gr Srv[13,24]	Small Growth	1.51%	1.49%	None	None
International/Global Stock					
American Funds Cap World G&I[14]	World Large Stock	0.50%	0.50%	None	30 days, $5000
Harbor International Admin[14]	Foreign Large Blend	1.05%	1.04%	None	None
Fidelity Intl Discovery[14]	Foreign Large Growth	1.00%	1.00%	None	None
Fidelity Diversified Intl[14]	Foreign Large Growth	1.05%	1.05%	None	None
Specialty					
American Century® Utilities[10,15]	Utilities	0.68%	0.68%	None	None
Prudential Jennison Utility A[15]	Utilities	0.85%	0.85%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.05%	1.05%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.77%	0.77%	None	30 days, any amt

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ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Specialty					
AllianzGI Technology Admin[15]	Technology	1.57%	1.42%	None	None
VantageBroker	NA	0.00%	0.00%		

All data on page is as of June 30, 2017

Differences between the net expense ratio and gross expense ratio of a fund are typically due to fee waivers, expense reimbursements, expense limits, and/or the reimbursement of fees to the fund.

See disclosures at end of chapter

ICMA-RC Participant Account Fees (401) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2017

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	116	$9,000
Loan Maintenance	$50 annual fee	359	$17,972
ACH Reject	$20 per occurrence	--	NA
Guided Pathways			
Fund Advice[19]	$20 annual fee	--	NA
Managed Accounts[19,20]	0.40% on first $100,000 0.35% on next $100,000 0.25% on next $300,000 0.00% on All assets over $500,000 *(Managed Account fees are annualized)*	111 participants $22,851,014 in assets	$60,088
Brokerage			
Self-Directed Brokerage[21,23]	$50 one-time setup fee *(additional fees by brokerage provider also apply)*	2	$100
Expedited Disbursement			
Wire & FedEx	varies by delivery address	31	$888
Legal			
Domestic Relations Order Processing	$750 per divorce	5	$750
Total Fees from Participant Accounts			**$88,798**

All data on page is as of June 30, 2017

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BUILDING PUBLIC SECTOR 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, 2017, the estimated annual cost to your plan is $544,454 consisting of $504,953 from fund fees and expenses (0.50% of plan assets) and $39,501 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	$109,955 (0.11%)	$101,300 (0.10%)	$211,255 (0.21%)
Participant Account Fees	$39,501	$0	$39,501
Total	$149,456	$101,300	$250,756

* 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.

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ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs and ICMA-RC Revenue (457 Plan)

Fund[1]	Morningstar Category[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Stable Value/Cash Management								
VT PLUS Fund[4]	Stable Value	$19,619,320	0.47%	$92,211	0.25%	$49,048	0.30%	$58,858
VT Cash Management[6]	NA	$542,140	0.43%	$2,331	0.25%	$1,355	0.00%	$0
VT 1 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
VT 3 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
VT 5 Year BoA CD Account[7]	NA	$0	NA	$0	0.60%	$0	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$585,534	0.71%	$4,157	0.25%	$1,464	0.00%	$0
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	$4,616,866	0.05%	$2,308	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$2,072,420	0.46%	$9,533	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$1,425,135	0.70%	$9,976	0.25%	$3,563	0.00%	$0
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	$1,376,583	0.80%	$11,013	0.15%	$2,065	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$1,936,701	1.71%	$33,118	0.45%	$8,715	0.05%	$968
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Target-Date Retirement	$91,921	0.13%	$119	0.00%	$0	0.00%	$0
Vanguard Target Retire 2010[9,12]	Target-Date 2000-2010	$38,784	0.13%	$50	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target-Date 2015	$293,583	0.14%	$411	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target-Date 2020	$1,207,251	0.14%	$1,690	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target-Date 2025	$1,550,422	0.14%	$2,171	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target-Date 2030	$1,573,275	0.15%	$2,360	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target-Date 2035	$687,620	0.15%	$1,031	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target-Date 2040	$1,864,798	0.16%	$2,984	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target-Date 2045	$837,553	0.16%	$1,340	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target-Date 2050	$373,901	0.16%	$598	0.00%	$0	0.00%	$0
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	$1,039,278	0.80%	$8,314	0.25%	$2,598	0.29%	$3,014
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	$4,197,644	0.82%	$34,421	0.25%	$10,494	0.28%	$11,753

All data on page is as of June 30, 2017

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See disclosures at end of chapter

ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[16]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*,[3]	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Target-Risk/Target-Date								
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	$6,784,030	0.85%	$57,664	0.25%	$16,960	0.28%	$18,995
VT Vantagepoint MP Glbl Eq Gr[9]	World Large Stock	$2,209,428	0.90%	$19,885	0.25%	$5,524	0.28%	$6,186
Balanced								
Fidelity Balanced	Allocation--50% to 70% Equity	$2,487,559	0.55%	$13,682	0.25%	$6,219	0.00%	$0
BlackRock Global Allocation	World Allocation	$285,406	1.07%	$3,054	0.50%	$1,427	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income[24]	Large Value	$762,235	0.72%	$5,488	0.25%	$1,906	0.20%	$1,524
AllianzGI NFJ Dividend Value[24]	Large Value	$2,535,031	0.58%	$14,703	0.10%	$2,535	0.00%	$0
Vanguard 500 Index Admiral	Large Blend	$2,533,672	0.04%	$1,013	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$4,193,038	0.35%	$14,676	0.05%	$2,097	0.00%	$0
JPMorgan US Equity I	Large Blend	$381,736	0.75%	$2,863	0.25%	$954	0.00%	$0
Fidelity Contrafund®[24]	Large Growth	$5,068,036	0.68%	$34,463	0.25%	$12,670	0.00%	$0
Am Funds Growth Fund of Am R5[24]	Large Growth	$6,039,306	0.39%	$23,553	0.05%	$3,020	0.00%	$0
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	$1,351,730	0.06%	$811	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$321,077	0.98%	$3,147	0.25%	$803	0.00%	$0
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	$2,410,945	1.12%	$27,003	0.25%	$6,027	0.00%	$0
Columbia Small/Mid Cap Value K[13,24]	Small Value	$430,952	1.14%	$4,913	0.35%	$1,508	0.00%	$0
Columbia Small Cap Value I Z[13,24]	Small Value	$595,566	1.10%	$6,551	0.25%	$1,489	0.00%	$0
Vanguard Small-Cap Index Adm[13]	Small Blend	$1,791,833	0.06%	$1,075	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,501,452	0.87%	$13,063	0.25%	$3,754	0.00%	$0
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	$202,159	1.25%	$2,527	0.20%	$404	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Large Stock	$3,308,289	0.50%	$16,541	0.05%	$1,654	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$746,872	1.04%	$7,767	0.25%	$1,867	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Growth	$1,210,053	1.00%	$12,101	0.25%	$3,025	0.00%	$0
Fidelity Diversified Intl[14]	Foreign Large Growth	$1,694,949	1.05%	$17,797	0.25%	$4,237	0.00%	$0

All data on page is as of June 30, 2017

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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 and net expenses 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[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Specialty								
Prudential Jennison Utility A[15]	Utilities	$450,254	0.85%	$3,827	0.40%	$1,801	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$971,526	1.05%	$10,201	0.25%	$2,429	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$1,844,695	0.77%	$14,204	0.15%	$2,767	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$728,119	1.42%	$10,339	0.35%	$2,548	0.00%	$0
VantageBroker	NA	$1,870,040	0.00%	$0	0.06%	$1,122	0.00%	$0
Total Quarter-End Assets:		**$100,640,716**						
Total Fees and Expenses to Plan:			**0.56%**	**$563,048**				
Total Recordkeeping Revenue Retained by ICMA-RC:					**0.17%**	**$168,050**		
Total Investment Advisory Revenue Retained by ICMA-RC:							**0.10%**	**$101,300**
Administrative Allowance:		**$58,094**						
Total Fees and Expenses after Administrative Allowance:			**0.50%**	**$504,953**				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					**0.11%**	**$109,955**		

All data on page is as of June 30, 2017

* 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 and net expenses for each fund immediately follows this table.

See disclosures at end of chapter

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Stable Value/Cash Management					
VT PLUS Fund[4]	Stable Value	0.47%	0.47%	None	Equity wash
VT Cash Management[6]	NA	0.43%	0.43%	None	None
VT 1 Year BoA CD Account[7]	NA	NA	NA	6 Months int	Equity wash
VT 3 Year BoA CD Account[7]	NA	NA	NA	6 Months int	Equity wash
VT 5 Year BoA CD Account[7]	NA	NA	NA	6 Months int	Equity wash
Bond					
PIMCO Low Duration[8]	Short-Term Bond	0.76%	0.71%	None	None
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	0.05%	0.05%	None	None
PIMCO Total Return Instl[8]	Intermediate-Term Bond	0.47%	0.46%	None	None
PIMCO Real Return Admin[8]	Inflation-Protected Bond	0.83%	0.70%	None	None
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	0.89%	0.80%	None	30 days, any amt
Guaranteed Lifetime Income					
VT Retirement IncomeAdvantage[17]	NA	1.71%	1.71%	None	90 days, any amt
Target-Risk/Target-Date					
Vanguard Target Retire Income[9,12]	Target-Date Retirement	0.13%	0.13%	None	None
Vanguard Target Retire 2010[9,12]	Target-Date 2000-2010	0.13%	0.13%	None	None
Vanguard Target Retire 2015[9,12]	Target-Date 2015	0.14%	0.14%	None	None
Vanguard Target Retire 2020[9,12]	Target-Date 2020	0.14%	0.14%	None	None
Vanguard Target Retire 2025[9,12]	Target-Date 2025	0.14%	0.14%	None	None
Vanguard Target Retire 2030[9,12]	Target-Date 2030	0.15%	0.15%	None	None
Vanguard Target Retire 2035[9,12]	Target-Date 2035	0.15%	0.15%	None	None
Vanguard Target Retire 2040[9,12]	Target-Date 2040	0.16%	0.16%	None	None
Vanguard Target Retire 2045[9,12]	Target-Date 2045	0.16%	0.16%	None	None
Vanguard Target Retire 2050[9,12]	Target-Date 2050	0.16%	0.16%	None	None
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	0.80%	0.80%	None	None
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	0.82%	0.82%	None	None
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	0.85%	0.85%	None	None
VT Vantagepoint MP Glbl Eq Gr[9]	World Large Stock	0.90%	0.90%	None	None

All data on page is as of June 30, 2017

See disclosures at end of chapter

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Balanced					
Fidelity Balanced	Allocation--50% to 70% Equity	0.55%	0.55%	None	None
BlackRock Global Allocation	World Allocation	1.16%	1.07%	None	None
U.S. Stock					
VT Vantagepoint Equity Income[24]	Large Value	0.72%	0.72%	None	None
AllianzGI NFJ Dividend Value[24]	Large Value	0.73%	0.58%	None	None
Vanguard 500 Index Admiral	Large Blend	0.04%	0.04%	None	None
American Funds Fundamental Inv	Large Blend	0.35%	0.35%	None	30 days, $5000
JPMorgan US Equity I	Large Blend	0.75%	0.75%	None	None
Fidelity Contrafund®[24]	Large Growth	0.68%	0.68%	None	None
Am Funds Growth Fund of Am R5[24]	Large Growth	0.39%	0.39%	None	30 days, $5000
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	0.06%	0.06%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.98%	0.98%	None	None
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	1.12%	1.12%	None	None
Columbia Small/Mid Cap Value K[13,24]	Small Value	1.14%	1.14%	None	30 days, any amt
Columbia Small Cap Value I Z[13,24]	Small Value	1.10%	1.10%	None	30 days, any amt
Vanguard Small-Cap Index Adm[13]	Small Blend	0.06%	0.06%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	0.87%	0.87%	1.50%, 90 days	None
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	1.25%	1.25%	None	None
International/Global Stock					
American Funds Cap World G&I[14]	World Large Stock	0.50%	0.50%	None	30 days, $5000
Harbor International Admin[14]	Foreign Large Blend	1.05%	1.04%	None	None
Fidelity Intl Discovery[14]	Foreign Large Growth	1.00%	1.00%	None	None
Fidelity Diversified Intl[14]	Foreign Large Growth	1.05%	1.05%	None	None
Specialty					
Prudential Jennison Utility A[15]	Utilities	0.85%	0.85%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.05%	1.05%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.77%	0.77%	None	30 days, any amt
AllianzGI Technology Admin[15]	Technology	1.57%	1.42%	None	None
VantageBroker	NA	0.00%	0.00%		

All data on page is as of June 30, 2017

Differences between the net expense ratio and gross expense ratio of a fund are typically due to fee waivers, expense reimbursements, expense limits, and/or the reimbursement of fees to the fund.

See disclosures at end of chapter

ICMA-RC Participant Account Fees (457) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2017

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]	$20 annual fee	--	NA
Managed Accounts[19,20]	0.40% on first $100,000 0.35% on next $100,000 0.25% on next $300,000 0.00% on All assets over $500,000 *(Managed Account fees are annualized)*	112 participants $13,472,584 in assets	$38,736
Brokerage			
Self-Directed Brokerage[21,23]	$50 one-time setup fee *(additional fees by brokerage provider also apply)*	1	$50
Expedited Disbursement			
Wire & FedEx	varies by delivery address	9	$215
Legal			
Domestic Relations Order Processing	$500 per divorce	3	$500
Total Fees from Participant Accounts			**$39,501**

All data on page is as of June 30, 2017

See disclosures at end of chapter

ICMA RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Glossary

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

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

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

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

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

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

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

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, limitations and/or reimbursements.

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 ICMA-RC, an SEC-registered investment adviser, which serves as the investment adviser to The VantageTrust Funds, 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 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.

Glossary

Net Expense Ratio – The amount shown is the gross expense ratio less any expense waivers, expense reimbursements, expense limits and/or the reimbursement of fees to the fund.

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.

Recordkeeping 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 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.

Disclosures

1 *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.

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, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc. Morningstar, Inc. and Morningstar Investment Management LLC are not affiliated with ICMA-RC. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc.

Disclosures

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 includes all compensation paid by the fund to ICMA-RC and/or its affiliates. This amount includes compensation for investment advisory, transfer agency, and plan/participant services that is included in the daily NAV calculation.

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

4 VT PLUS Fund return is annualized for all periods.

Direct transfers from a stable value fund to competing funds are restricted. Competing funds may include, but are not limited to money market mutual funds, certificates of deposit, stable value funds, investment options that offer guarantees of principal or income, certain short-term bond funds and self-directed brokerage accounts. Certain restrictions may apply when you want to transfer money from a stable value fund to a competing fund. These restrictions generally include waiting periods before transfers can be made back into a stable value fund. For additional information on the VT PLUS Fund restrictions on transfers to competing funds, please refer to Making Sound Investment Decisions – A Retirement Investment Guide.

5 *You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.*

6 *The Fund is invested in a single registered mutual fund, the Fidelity Money Market Government Portfolio. Investments in the fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money by investing in the fund.*

7 Not applicable.

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.

Disclosures

[9] VantageTrust Funds invest either in collective investment funds or underlying registered funds. Please refer to the underlying fund's disclosure documents for additional information on fund fees and expenses.

[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.

[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.

[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. ©2017 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.

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

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

19 Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc. Morningstar, Inc. and Morningstar Investment Management LLC are not affiliated with ICMA-RC. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, 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

Disclosures

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

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

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

LANSING BOARD OF WATER AND LIGHT EMPLOYEES' DEFINED CONTRIBUTION PENSION PLAN INVESTMENT POLICY STATEMENT

PART I - THE PLAN

The Lansing Board of Water and Light (the "Employer") adopted the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (the "Plan") to provide funds for its Employees' retirement, and to provide funds for their Beneficiaries in the event of death. The plan shall be maintained for the exclusive benefit of eligible Employees and their Beneficiaries.

PART II - THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

The Investment Policy Statement is intended to assist the Employer in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, evaluation and monitoring of the funds utilized by the Plan. Specifically, the Investment Policy Statement:

- Defines investment objectives
- Defines investment offerings
- Defines criteria for investment selection
- Describes monitoring procedures

The Investment Policy Statement will be reviewed periodically, and, if appropriate, can be amended to reflect changes in the capital markets, plan participant objectives, or other factors relevant to the plan.

If there is a discrepancy between the Investment Policy Statement and the Plan or the related Trust Agreement, the Plan and the related Trust Agreement shall supersede.

PART III - INVESTMENT OBJECTIVES

The Plan's funds will be selected to:

- Maximize return, on a risk adjusted basis, within each asset class
- Provide opportunity to create a well diversified portfolio
- Control administrative and management costs
- Comply with relevant Michigan and Federal law, including Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended

PART IV – INVESTMENT OFFERINGS

The Employer intends to provide an appropriate range of funds that will span the risk/return spectrum. Further, the Plan fund options will allow Plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for risk. To ensure adequate diversification, the fund offerings must include a broad selection ranging in objective from capital preservation to capital appreciation and spanning the risk spectrum from conservative to aggressive. The fund offerings must include funds that have distinct and materially different risk and return characteristics enabling participants to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for the participant or beneficiary. Each fund's investment objective, style, risk-level and performance expectations should be understandable and clearly communicated.

Although the opportunity to create a well diversified portfolio is of high importance, multiple funds in any style or risk/return orientation may lead to participant confusion and unnecessarily high administrative and management fees. Accordingly, style duplication should be avoided where it adds little value for the participants and beneficiaries.

To provide adequate opportunity for diversification as described above, the Employer will provide offerings within the Plan that include the following fund types/classes:

- Stable Value Fund
- Core Bond Fund
- Balanced Fund
- Domestic Equity Funds – the following three main types:
    - Large Cap – the following three sub types:
        - Growth, Value, Blend
    - Mid Cap – the following three sub types:
        - Growth, Value, Blend
    - Small Cap – the following three sub types:
        - Growth, Value, Blend
- International Equity Fund

Additional funds that may be provided include, but are not limited to:

- Target Date Funds
- Index Funds
- Specialty Funds
- Self-directed brokerage program

The Employer has the discretion to establish and alter the fund offerings as deemed appropriate to meet the above stated guidelines.

Although the Employer will make substantial efforts to provide educational materials and discussions to help participants make informed decisions, the Plan allows each participant to direct the investment of the funds in his or her Plan account and the participants alone bear the risk of investment results from the funds they choose.

PART V - SELECTION OF INVESTMENTS

Fund performance measures are set to provide guidance in the selection and retention of funds for the Plan. The measures serve to ensure that funds meet performance and risk expectations appropriate for successful retirement investing. The measures are as follows:

- Fund performance will be objectively measured against both peers and appropriate market benchmarks to ensure that each fund is performing in line with expectations for the pertinent asset class and style. Each fund's performance will be measured against:

    - a peer group that reflects the fund's asset class and style
        - The peer group will consist of like-style funds within its asset class as compiled and measured by an advisor or other third party such as Morningstar or other rating services.
        - The evaluation will consider performance over shorter and longer time periods, e.g. quarterly as well as one-, three- and five-year periods.
        - Fund performance is expected to exceed median peer performance over multiple periods.

    - a market benchmark that reflects the fund's asset class and style
        - The evaluation will consider performance over shorter and longer time periods, e.g., quarterly as well as one-, three- and five-year periods.
        - Fund performance is expected to exceed benchmark returns over multiple periods.

- Other non-investment performance factors will also be reviewed to determine the appropriateness of fund offerings. Such factors may include but are not limited to:

    - Company management, to ensure that the fund organization is stable and adequately supports fund management
    - Fund management, to ensure that portfolio management resources are stable and positioned to produce successful results in the future
    - Fund fees, to ensure that they are in line with peers and do not have an inordinate negative impact on net performance results.

PART VI - INVESTMENT MONITORING AND REPORTING

Monitoring should occur on a regular basis (e.g., semiannually or quarterly) and utilize the same criteria that were the basis of the fund selection decision. While frequent change is neither expected nor desirable, the process of monitoring fund performance relative to specified measures is an on-going process.

If a period of underperformance or a negative non-performance event is identified as a result of monitoring, it generally will not result in the immediate closure or elimination of a fund. In cases where immediate fund closure or elimination are not initiated, the fund will be subjected to increased monitoring and evaluation measures which may include enhanced performance monitoring and discussions with the plan administrator. Upon determination that the fund performance is not reasonably expected to recover to a sufficient level, the fund will be eliminated or replaced with another fund within the same asset class that is meeting or exceeding the measures as defined in Part V of the Investment Policy Statement. Before such action is taken, full consideration will be given to the impact on participants including transition to another fund and timing of the change given administration and communication requirements.

ICMA RETIREMENT CORPORATION

GOVERNMENTAL MONEY PURCHASE PLAN & TRUST

ICMA-RC

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST

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ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST

I. PURPOSE

The Employer hereby adopts this Plan and Trust to provide funds for its Employees' retirement, and to provide funds for their Beneficiaries in the event of death. The benefits provided in this Plan shall be paid from the Trust. The Plan and the Trust forming a part hereof are adopted and shall be maintained for the exclusive benefit of eligible Employees and their Beneficiaries. Except as provided in Sections 4.13 and 14.03, no part of the corpus or income of the Trust shall revert to the Employer or be used for or diverted to purposes other than the exclusive benefit of Participants and their Beneficiaries.

II. DEFINITIONS

2.01 **Account.** A separate record which shall be established and maintained under the Trust for each Participant, and which shall include all Participant subaccounts created pursuant to Article IV, plus any Participant Loan Account created pursuant to Section 13.03. Each subaccount created pursuant to Article IV shall include any earnings of the Trust and adjustments for withdrawals, and realized and unrealized gains and losses allocable thereto. The term "Account" may also refer to any of such separate subaccounts.

2.02 **Accounting Date.** Each day that the New York Stock Exchange is open for trading, and such other dates as may be determined by the Plan Administrator, as provided in Section 6.06 for valuing the Trust's assets.

2.03 **Adoption Agreement.** The separate agreement executed by the Employer through which the Employer adopts the Plan and elects among the various alternatives provided thereunder, and which upon execution, becomes an integral part of the Plan.

2.04 **Beneficiary.** The person or persons (including a trust) designated by the Participant who shall receive any benefits payable hereunder in the event of the Participant's death. The designation of such Beneficiary shall be in writing to the Plan Administrator. A Participant may designate primary and contingent Beneficiaries. Where no designated Beneficiary survives the Participant or no Beneficiary is otherwise designated by the Participant, the Participant's Beneficiary shall be his/her surviving spouse or, if none, his/her estate.

Notwithstanding the foregoing, the Beneficiary designation is subject to the requirements of Article XII unless the Employer elects otherwise in the Adoption Agreement. Notwithstanding the foregoing, where elected by the Employer in the Adoption Agreement (the "QJSA Election"), the Beneficiary designation is subject to the requirements of Article XVII. Notwithstanding the foregoing, to the extent permitted by the Employer, a Beneficiary receiving required minimum distributions in accordance with Article X and not in a benefit form elected under Article XI or XII, may designate a Beneficiary to receive the required minimum distributions that would have otherwise been payable to the initial Beneficiary but for his or her death.

2.05 **Break in Service.** A Period of Severance of at least twelve (12) consecutive months. In the case of an individual who is absent from work for maternity or paternity reasons, the twelve (12) consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a Break in Service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of the birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

2.06 **Code.** The Internal Revenue Code of 1986, as amended from time to time.

2.07 **Covered Employment Classification.** The group or groups of Employees eligible to make and/or have contributions to this Plan made on their behalf, as specified by the Employer in the Adoption Agreement.

2.08 Disability. A physical or mental impairment which is of such permanence and degree that, as determined by the Employer, a Participant is unable because of such impairment to perform any substantial gainful activity for which he/she is suited by virtue of his/her experience, training, or education and that has lasted, or can be expected to last, for a continuous period of not less than twelve (12) months, or can be expected to result in death. The permanence and degree of such impairment shall be supported by medical evidence. If the Employer maintains a long-term disability plan, the definition of Disability shall be the same as the definition of disability in the long-term disability plan.

2.09 Earnings.

(a) **General Rule.** Earnings, which form the basis for computing Employer Contributions, are all of each Participant's W-2 earnings which are actually paid to the Participant during the Plan Year, plus any contributions made pursuant to a salary reduction agreement which are not includible in the gross income of the Employee under section 125, 402(e)(3), 402(h)(1)(B), 403(b), 414(h)(2), 457(b), or, effective January 1, 2001, 132(f)(4) of the Code. Earnings shall include any pre-tax contributions (excluding direct employer contributions) to an integral part trust of the Employer providing retiree health care benefits. Earnings shall also include any other earnings as defined and elected by the Employer in the Adoption Agreement. Unless the Employer elects otherwise in the Adoption Agreement, Earnings shall exclude overtime compensation and bonuses.

(b) **Limitation on Earnings**. For any Plan Year beginning after December 31, 2001, the annual Earnings of each Participant taken into account in determining allocations shall not exceed $200,000, as adjusted for cost-of-living increases in accordance with section 401(a)(17)(B) of the Code. Annual Earnings means Earnings during the Plan Year or such other consecutive 12-month period over which Earnings is otherwise determined under the Plan (the determination period). The cost-of-living adjustment in effect for a calendar year applies to annual Earnings for the determination period that begins with or within such calendar year.

If a determination period consists of fewer than twelve (12) months, the annual Earnings limit is an amount equal to the otherwise applicable annual Earnings limit multiplied by the fraction, the numerator of which is the number of months in the short Plan Year and the denominator of which is twelve (12).

If Earnings for any prior determination period are taken into account in determining a Participant's allocations for the current Plan Year, the Earnings for such prior year are subject to the applicable annual Earnings limit in effect for that prior year.

(c) **Limitations for Governmental Plans.** In the case of an eligible participant in a governmental plan (within the meaning of section 414(d) of the Code), the dollar limitation shall not apply to the extent the Earnings which are allowed to be taken into account under the Plan would be reduced below the amount which was allowed to be taken into account under the Plan as in effect on July 1, 1993, as adjusted for increases in the cost-of-living in accordance with section 401(a)(17)(B) of the Code. For purposes of this Section, an eligible participant is an individual who first became a Participant in the Plan during a Plan Year beginning before the first Plan Year beginning after December 31, 1993.

(d) **Earnings Paid After Severance from Employment**. Earnings for purposes of allocations under the Plan shall not include amounts paid after a Participant's severance from Employment with the Employer except as provided in this Section 2.09(d).

(1) **Leave Cashouts**. Earnings shall include payment for unused accrued bona fide sick, vacation, or other leave, but only if (i) the Participant would have been able to use the leave if employment had continued, and (ii) such amounts are paid by the later of 2½ months after severance from employment with the Employer maintaining the Plan or by the end of the calendar year that includes the date of such severance from employment.

(2) **Regular Pay.** Earnings shall include regular pay after severance from employment if:

(a) The payment is included in the Participant's W-2 earnings;

(b) The payment would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer; and

(c) Such amounts are paid by the later of 2½ months after severance from employment with the Employer maintaining the Plan or by the end of the calendar year that includes the date of such severance from employment.

Notwithstanding anything to the contrary in this subsection (b), unless the Employer has specifically elected to include overtime compensation and bonuses in Earnings, Earnings shall exclude overtime compensation and bonuses paid after severance from employment.

(3) **Effective Date.** This Section 2.09(d) is effective for Plan Years beginning on or after January 1, 2009. For Plan Years beginning before January 1, 2009, the amounts specified in subsections (a) and (b) must be paid within 2½ months after severance from employment with the Employer maintaining the Plan.

2.10 **Effective Date.** The first day of the Plan Year during which the Employer adopts the Plan, unless the Employer elects in the Adoption Agreement an alternate date as the Effective Date of the Plan.

2.11 **Employee.** Any individual who has applied for and been hired in an employment position and who is employed by the Employer as a common law employee; provided, however, that Employee shall not include any individual who is not so recorded on the payroll records of the Employer, including any such person who is subsequently reclassified by a court of law or regulatory body as a common law employee of the Employer. For purposes of clarification only and not to imply that the preceding sentence would otherwise cover such person, the term Employee does not include any individual who performs services for the Employer as an independent contractor, or under any other non-employee classification.

2.12 **Employer.** The unit of state or local government or an agency or instrumentality of one (1) or more states or local governments that executes the Adoption Agreement.

2.13 **Hour of Service.** Each hour for which an Employee is paid or entitled to payment for the performance of duties for the Employer.

2.14 **Nonforfeitable Interest.** The nonforfeitable interest of the Participant or his/her Beneficiary (whichever is applicable) is that percentage of his/her Employer Contribution Account balance, which has vested pursuant to Article VII. A Participant shall, at all times, have a one hundred percent (100%) Nonforfeitable Interest in his/her Participant Contribution, Rollover, and Voluntary Contribution Accounts.

2.15 **Normal Retirement Age.** The age which the Employer specifies in the Adoption Agreement. If the Employer enforces a mandatory retirement age, the Normal Retirement Age is the lesser of that mandatory age or the age specified in the Adoption Agreement.

2.16 **Participant.** An Employee or former Employee for whom contributions have been made under the Plan and who has not yet received all of the payments of benefits to which he/she is entitled under the Plan. A Participant is treated as benefiting under the Plan for any Plan Year during which the participant received or is deemed to receive an allocation in accordance with Treas. Reg. section 1.410(b)-3(a).

2.17 Period of Service. For purposes of determining an Employee's initial or continued eligibility to participate in the Plan or the Nonforfeitable Interest in the Participant's Account balance derived from Employer Contributions, an Employee will receive credit for the aggregate of all time period(s) commencing with the Employee's first day of employment or reemployment and ending on the date a Break in Service begins. The first day of employment or reemployment is the first day the Employee performs an Hour of Service. An Employee will also receive credit for any Period of Severance of less than twelve (12) consecutive months. Fractional periods of a year will be expressed in terms of days.

Notwithstanding anything to the contrary herein, if the Plan is an amendment and restatement of a plan that previously calculated service under the hours of service method, service shall be credited in a manner that is at least as generous as that provided under Treas. Regs. section 1.410(a)-7(g).

2.18 Period of Severance. A continuous period of time during which the Employee is not employed by the Employer. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the twelve (12) month anniversary of the date on which the Employee was otherwise first absent from service.

2.19 Plan. This Plan, as established by the Employer, including any elected provisions pursuant to the Adoption Agreement.

2.20 Plan Administrator. The person(s) or entity named to carry out certain nondiscretionary administrative functions under the Plan, as hereinafter described, which is the ICMA Retirement Corporation or any successor Plan Administrator. Unless otherwise provided in the Plan, the Plan Administrator shall act at the direction of the Employer and shall be fully protected in acting on such direction.

2.21 Plan Year. The twelve (12) consecutive month period designated by the Employer in the Adoption Agreement.

2.22 Trust. The Trust created under Article VI of the Plan which shall consist of all of the assets of the Plan derived from Employer and Participant contributions under the Plan, plus any income and gains thereon, less any losses, expenses and distributions to Participants and Beneficiaries.

III. ELIGIBILITY

3.01 Service. Except as provided in Sections 3.02 and 3.03 of the Plan, an Employee within the Covered Employment Classification who has completed a twelve (12) month Period of Service shall be eligible to participate in the Plan at the beginning of the payroll period next commencing thereafter. The Employer may elect in the Adoption Agreement to waive or reduce the twelve (12) month Period of Service.

If the Employer maintains the plan of a predecessor employer, service with such employer shall be treated as Service for the Employer.

3.02 Age. The Employer may designate a minimum age requirement, not to exceed age twenty-one (21), for participation. Such age, if any, shall be declared in the Adoption Agreement.

3.03 Return to Covered Employment Classification. In the event a Participant is no longer a member of Covered Employment Classification and becomes ineligible to make contributions and/or have contributions made on his/her behalf, such Employee will become eligible for contributions immediately upon returning to a Covered Employment Classification. If such Participant incurs a Break in Service, eligibility will be determined under the Break in Service rules of the Plan.

In the event an Employee who is not a member of a Covered Employment Classification becomes a member, such Employee will be eligible to participate immediately if such Employee has satisfied the minimum age and service requirements and would have otherwise previously become a Participant.

3.04 Service Before a Break in Service. All Periods of Service with the Employer are counted toward eligibility, including Periods of Service before a Break in Service.

IV. CONTRIBUTIONS

4.01 Employer Contributions. For each Plan Year, the Employer will contribute to the Trust an amount as specified in the Adoption Agreement. The Employer's full contribution for any Plan Year shall be due and paid not later than thirty (30) working days after the close of the Plan Year. Each Participant will share in Employer Contributions for the period beginning on the date the Participant commences participation under the Plan and ending on the date on which such Employee severs employment with the Employer or is no longer a member of a Covered Employment Classification, and such contributions shall be accounted for separately in his Employer Contribution Account. Notwithstanding anything to the contrary herein, if so elected by the Employer in the Adoption Agreement, an Employee shall be required to make contributions as provided pursuant to Section 4.03 or 4.04 in order to be eligible for Employer Contributions to be made on his/her behalf to the Plan.

4.02 Forfeitures. All amounts forfeited by terminated Participants, pursuant to Section 7.06, shall be used no later than the end of the next Plan Year. Forfeitures will be used to reduce dollar for dollar Employer Contributions otherwise required under the Plan. Forfeitures may first be used to pay the reasonable administrative expenses of the Plan, with any remainder being applied to reduce Employer Contributions.

4.03 Mandatory Participant Contributions. If the Employer so elects in the Adoption Agreement, each eligible Employee shall make contributions at a rate prescribed by the Employer or at any of a range of specified rates, as set forth by the Employer in the Adoption Agreement, as a requirement for his/her participation (1) in the Plan or (2) in this portion of the Plan. Once an eligible Employee becomes a Participant and makes an election hereunder, he/she shall not thereafter have the right to discontinue or vary the rate of such Mandatory Participant Contributions. Such contributions shall be accounted for separately in the Participant Contribution Account. Such Account shall be at all times nonforfeitable by the Participant.

If the Employer so elects in the Adoption Agreement, the Mandatory Participant Contributions shall be "picked up" by the Employer in accordance with Code section 414(h)(2). Any contribution picked-up under this Section shall be treated as an employer contribution in determining the tax treatment under the Code, and shall not be included as gross income of the Participant until it is distributed.

To constitute a Pick-Up Contribution, (1) the Employer must specify in a contemporaneous written document by a person duly authorized by the Employer that the contributions are being paid by the Employer in lieu of contributions by the Employee, and (2) the Employee must not be given the option of choosing to receive the contributed amounts directly instead of having them paid by the Employer to the Plan.

4.04 Employer Matching Contributions of Voluntary Participant Contributions. If the Employer so elects in the Adoption Agreement, Employer Matching Contributions shall be made on behalf of an eligible Employee for a Plan Year only if the Employee agrees to make Voluntary Participant Contributions for that Plan Year. The rate of Employer Contributions shall, to the extent specified in the Adoption Agreement, be based upon the rate at which Voluntary Participant Contributions are made for that Plan Year. Employer Matching Contributions shall be accounted for separately in the Employer Contribution Account.

4.05 Voluntary Participant Contributions. If the Employer so elects in the Adoption Agreement, an eligible Employee may make after-tax voluntary (unmatched) contributions under the Plan for any Plan Year in any amount up to twenty-five percent (25%) of his/her Earnings for such Plan Year. Matched and unmatched contributions shall be accounted for separately in the Participant's Voluntary Contribution Account. Such Account shall be at all times nonforfeitable by the Participant.

4.06 Deductible Employee Contributions. The Plan will not accept deductible employee contributions which are made for a taxable year beginning after December 31, 1986. Contributions made prior to that date will be maintained in a Deductible Employee Contribution Account. The Account will share in the gains and losses under the Plan in the same manner as described in Section 6.06 of the Plan. Such Account shall be at all times nonforfeitable by the Participant. No part of the deductible voluntary contribution account will be used to purchase life insurance.

4.07 Final Pay Contributions. If the Employer so elects in the Adoption Agreement, eligible Participants shall be eligible to make or receive Final Pay Contributions under this Plan in accordance with Article XVIII. This election may be made even if the Employer does not elect to make contributions under Section 4.01.

4.08 Accrued Leave Contributions. If the Employer so elects in the Adoption Agreement, eligible Participants shall be eligible to make or receive Accrued Leave Contributions under this Plan in accordance with Article XIX. This election may be made even if the Employer does not elect to make contributions under Section 4.01.

4.09 Military Service Contributions. Notwithstanding any provision of the Plan to the contrary, effective December 12, 1994, contributions, benefits and service credit with respect to qualified military service will be provided in accordance with section 414(u) of the Code.

Effective December 12, 1994, if the Employer has elected in the Adoption Agreement to make loans available to Participants, loan repayments shall be suspended under the Plan as permitted under section 414(u)(4) of the Code.

4.10 Accrual of Additional Benefits for Qualified Military Service.

(a) **Death Benefits with Respect to Qualified Military Service.** In the case of a Participant who dies on or after January 1, 2007, while performing qualified military service (as defined in Code section 414(u)) with respect to the Employer, his/her Beneficiary shall have a Nonforfeitable Interest in the Participant's entire Employer Contribution Account to the extent that he/she would have had had the Participant resumed and then terminated employment on account of death.

(b) **Benefit Accruals with Respect to Differential Wage Payments.** If the Employer so elects in the Adoption Agreement, effective as elected by the Employer but no earlier than January 1, 2009, Plan contributions shall be made based on differential wage payments (as such term is defined in Code section 3401(h)(2)). Solely for purposes of applying the limits of Code section 415, differential wage payments shall be treated as compensation.

(c) **Benefit Accruals with Respect to Qualified Military Service.** Notwithstanding any provision of the Plan to the contrary, effective as elected by the Employer but no earlier than January 1, 2007, if the Employer so elects in the Adoption Agreement, Participants who die or become Disabled while performing qualified military service (as defined in Code section 414(u)) with respect to the Employer shall receive Plan contributions as permitted under Code section 414(u)(9).

4.11 Changes in Participant Election. A Participant may elect to change his/her rate of Voluntary Participant Contributions at any time or during an election period as designated by the Employer. A Participant may discontinue such contributions at any time or during an election period as designated by the Employer.

4.12 Portability of Benefits.

(a) Unless otherwise elected by the Employer in the Adoption Agreement, the Plan will accept Participant (which shall include, for purposes of this subsection, an Employee within the Covered Employment Classification whether or not he/she has satisfied the minimum age and service requirements of Article III) rollover contributions and/or direct rollovers of distributions (including after-tax contributions) made after December 31, 2001 that are eligible for rollover in accordance with Section 402(c), 403(a)(4), 403(b)(8), 408(d)(3)(A)(ii), or 457(e)(16) of the Code, from all of the following types of plans:

(1) A qualified plan described in Section 401(a) or 403(a) of the Code;

(2) An annuity contract described in Section 403(b) of the Code;

(3) An eligible plan under Section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or a political subdivision of a state; and

(4) An individual retirement account or annuity described in Section 408(a) or 408(b) of the Code (including SEPs, and SIMPLE IRAs after two years of participating in the SIMPLE IRA).

(b) Notwithstanding the foregoing, the Employer may reject the rollover contribution if it determines, in its discretion, that the form and nature of the distribution from the other plan does not satisfy the applicable requirements under the Code to make the transfer or rollover a nontaxable transaction to the Participant;

(c) For indirect rollover contributions, the amount distributed from such plan must be rolled over to this Plan no later than the sixtieth (60th) day after the distribution was made from the plan, unless otherwise waived by the IRS pursuant to Section 402(c)(3) of the Code.

(d) The amount transferred shall be deposited in the Trust and shall be credited to a Rollover Account. Such Account shall be one hundred percent (100%) vested in the Participant.

(e) The Plan will accept accumulated deductible employee contributions as defined in section 72(o)(5) of the Code that were distributed from a qualified retirement plan and transferred (rolled over) pursuant to section 402(c), 403(a)(4), 403(b)(8), or 408(d)(3) of the Code. Notwithstanding the above, this transferred (rolled over) amount shall be deposited to the Trust and shall be credited to a Deductible Employee Contributions Account. Such Account shall be one-hundred percent (100%) vested in the Participant.

(f) A Participant may, upon approval by the Employer and the Plan Administrator, transfer his/her interest in another plan maintained by the Employer that is qualified under section 401(a) of the Code to this Plan, provided the transfer is effected through a one-time irrevocable written election made by the Participant. The amount transferred shall be deposited in the Trust and shall be credited to sources that maintain the same attributes as the plan from which they are transferred. Such transfer shall not reduce the accrued years or service credited to the Participant for purposes of vesting or eligibility for any Plan benefits or features.

4.13 Return of Employer Contributions. Any contribution made by the Employer because of a mistake of fact must be returned to the Employer within one year of the date of contribution.

V. LIMITATION ON ALLOCATIONS

5.01 Participants Only in This Plan.

(a) If the Participant does not participate in, and has never participated in another qualified plan or a welfare benefit fund, as defined in section 419(e) of the Code, maintained by the Employer, or an individual medical account, as defined by section 415(l)(2) of the Code, maintained by the Employer, which provides an Annual Addition, the amount of Annual Additions which may be credited to the Participant's Account for any Limitation Year will not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in this Plan. If the Employer Contribution that would otherwise be contributed or allocated to the Participant's Account would cause the Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount contributed or allocated will be reduced so that the Annual Additions for the Limitation Year will equal the Maximum Permissible Amount.

(b) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant on the basis of a reasonable estimation of the Participant's Compensation for the Limitation Year, uniformly determined for all Participants similarly situated.

(c) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.

5.02 Participants in Another Defined Contribution Plan.

(a) Unless the Employer provides other limitations in the Adoption Agreement, this Section applies if, in addition to this Plan, the Participant is covered under another qualified defined contribution plan maintained by the Employer, or a welfare benefit fund, as defined in section 419(e) of the Code, maintained by the Employer, or an individual medical account, as defined by section 415(l)(2) of the Code, maintained by the Employer, which provides an Annual Addition, during any Limitation Year. The Annual Additions which may be credited to a Participant's Account under this Plan for any such Limitation Year will not exceed the Maximum Permissible Amount reduced by the Annual Additions credited to a Participant's Account under the other plans and welfare benefit funds for the same Limitation Year. If the Annual Additions with respect to the Participant under other defined contribution plans and welfare benefit funds maintained by the Employer are less than the Maximum Permissible Amount and the Employer contribution that would otherwise be contributed or allocated to the Participant's Account under this Plan would cause the Annual Additions for the Limitation Year to exceed this limitation, the amount contributed or allocated will be reduced so that the Annual Additions under all such plans and funds for the Limitation Year will equal the Maximum Permissible Amount. If the Annual Additions with respect to the Participant under such other defined contribution plans and welfare benefit funds in the aggregate are equal to or greater than the Maximum Permissible Amount, no amount will be contributed or allocated to the Participant's Account under this Plan for the Limitation Year.

(b) Prior to determining the Participant's actual Compensation for the Limitation Year, the Employer may determine the Maximum Permissible Amount for a Participant in the manner described in Section 5.01(b).

(c) As soon as is administratively feasible after the end of the Limitation Year, the Maximum Permissible Amount for the Limitation Year will be determined on the basis of the Participant's actual Compensation for the Limitation Year.

(d) If, pursuant to Subsection (c) or as a result of the allocation of forfeitures, a Participant's Annual Additions under this Plan and such other plans would result in an Excess Amount for a Limitation Year, the Excess Amount will be deemed to consist of the Annual Additions last allocated, except that Annual Additions attributable to a welfare benefit fund or individual medical account will be deemed to have been allocated first regardless of the actual allocation date.

(e) If an Excess Amount was allocated to a Participant on an allocation date of this Plan which coincides with an allocation date of another plan, the Excess Amount attributed to this Plan will be the product of,

(1) The total Excess Amount allocated as of such date, multiplied by

(2) The ratio of (i) the Annual Additions allocated to the Participant for the Limitation Year as of such date under this Plan to (ii) the total Annual Additions allocated to the Participant for the Limitation Year as of such date under this and all the other qualified prototype defined contribution plans.

5.03 Definitions. For the purposes of this Article, the following definitions shall apply:

(a) Annual Additions. The sum of the following amounts credited to a Participant's account for the Limitation Year:

(1) Employer Contributions (including contributions "picked up" by the Employer under Section 4.03);

(2) Forfeitures;

(3) Employee contributions (including after-tax Voluntary Contributions under Section 4.05 and Mandatory Participant Contributions under Section 4.03 not "picked up" by the Employer); and

(4) Allocations under a simplified employee pension. Amounts allocated, after March 31, 1984, to an individual medical account, as defined in section 415(l)(2) of the Code, which is part of a pension or annuity plan maintained by the Employer, are treated as Annual Additions to a defined contribution plan.

(5) Notwithstanding the above, the term Annual Additions does not include the following:

(a) Restorative Payments. Annual Additions for purposes of Code section 415 shall not include restorative payments. For this purpose, restorative payments are payments made to restore losses to a plan resulting from actions by a fiduciary for which there is reasonable risk of liability for breach of a fiduciary duty under applicable federal or state law, where Participants who are similarly situated are treated similarly with respect to the payments. Generally, payments to a defined contribution plan are restorative payments only if the payments are made in order to restore some or all of the plan's losses due to an action (or a failure to act) that creates a reasonable risk of liability for such a breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the plan). This includes payments to a plan made pursuant to a court-approved settlement to restore losses to a qualified defined contribution plan on account of the breach of fiduciary duty (other than a breach of fiduciary duty arising from failure to remit contributions to the plan). Payments made to a plan to make up for losses due merely to market fluctuations and other payments that are not made on account of a reasonable risk of liability for breach of a fiduciary duty are not restorative payments and generally constitute contributions that give rise to Annual Additions.

(b) Other Amounts. Annual Additions for purposes of Code section 415 shall not include (i) the direct transfer of a benefit or employee contributions from a qualified plan to this Plan; (ii) rollover contributions (as described in Code sections 401(a)(31), 402(c)(1), 403(a)(4), 403(b)(8), 408(d)(3), and 457(e)(16)); (iii) repayments of loans made to a Participant from the Plan; (iv) repayments of amounts described in Code section 411(a)(7)(B) (in accordance with Code sections 411(a)(7)(C)) and 411(a)(3)(D) or repayment of contributions to a governmental plan (as defined in Code section 414(d)) as described in Code section 415(k)(3), as well as Employer restorations of benefits that are required pursuant to such repayments; (v) Employee Contributions to a qualified cost of living arrangement within the meaning of Code section 415(k)(2)(B); (vi) catch-up contributions made in accordance with section 414(v) and §1.414(v)-1 and (vii) excess deferrals that are distributed in accordance with §1.402(g)-1(e)(2) or (3).

(c) Date of Employer Contributions. Notwithstanding anything in the Plan to the contrary, Employer Contributions are treated as credited to a Participant's account for a particular Limitation Year only if the contributions are actually made to the plan no later than the 15th day of the tenth calendar month following the end of the calendar year or fiscal year (as applicable, depending on the basis on which the Employer keeps its books) with or within which the particular Limitation Year ends.

(b) Compensation. Participant's wages, salaries, fees for professional services, and other amounts received (without regard to whether an amount is paid in cash) for personal services actually rendered in the course of employment with the Employer, to the extent that the amounts are includible in gross income (or to the extent amounts would have been received and includible in gross income but for an election under Code section 125(a), 132(f)(4), 402(e)(3), 402(h)(1)(B), 402(k), or 457(b)). These amounts include, but are not limited to, bonuses, fringe benefits, and reimbursements or other expense allowances under a nonaccountable plan as described in Treas. Reg. section 1.62-2(c).

(1) Notwithstanding the foregoing, Compensation does not include:

(i) Contributions (other than elective contributions described in Code section 402(e)(3), 408(k)(6), 408(p)(2)(A)(i), or 457(b)) made by the Employer 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 that the contributions are not includible in the gross income of the Participant for the taxable year in which contributed. In addition, any distributions from a plan of deferred compensation (whether or not qualified) are not considered as Compensation for Code section 415 purposes, regardless of whether such amounts are includible in the gross income of the Participant when distributed; and

(ii) 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 Participant and are not salary reduction amounts that are described in Code section 125).

(iii) Other items of remuneration that are similar to the items listed in subparagraph (i) or (ii) of this subsection (b).

(2) Compensation Paid After Severance or Deemed Severance from Employment. Compensation shall be adjusted as set forth herein for the following types of compensation paid after a Participant's severance from employment (as determined under section 415 of the Code and the regulations thereunder) with the Employer. Any payment that is not described in subsection (i), (ii), (iii), or (iv) of this Section is not considered Compensation within the meaning of section 415 of the Code if paid after severance from employment with the Employer.

(i) Regular Pay.

(A) Compensation shall include regular pay after severance of employment if the payment is regular compensation for services during the Participant's regular working hours, or compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar payments;

(B) The payment would have been paid to the Participant prior to a severance from employment if the Participant had continued in employment with the Employer; and

(C) Such amounts are paid:

1. for Limitation Years beginning before January 1, 2009, within 2½ months after severance from employment with the Employer maintaining the Plan; and

2. for Limitation Years beginning on or after January 1, 2009, by the later of 2½ months after severance from employment with the Employer maintaining the Plan or by the end of the calendar year that includes the date of such severance from employment.

(D) The date January 1, 2009 in subsections (b)(2)(i)(C)(1) and (2) of this Section shall be substituted for an earlier effective date if provided in Article II of the Adoption Agreement but no earlier than July 1, 2007.

(ii) Leave Cashouts.

(A) For Limitation Years beginning before January 1, 2009, Compensation shall include payment for unused accrued bona fide sick, vacation, or other leave, but only if (I) the Participant would have been able to use the leave if employment had continued, (II) such amounts are paid within 2½ months after severance from employment with the Employer maintaining the Plan, and (III) such amounts would be included in Compensation if the individual had continued to perform services for the Employer.

(B) For Limitation Years beginning on or after January 1, 2009, Compensation shall include payment for unused accrued bona fide sick, vacation, or other leave, but only if (I) the Participant would have been able to use the leave if employment had continued, (II) such amounts are paid by the later of 2½ months after severance from employment with the Employer maintaining the Plan or by the end of the calendar year that includes the date of such severance from employment, and (III) such amounts would be included in Compensation if the individual had continued to perform services for the Employer.

(C) The date January 1, 2009 in subsections (b)(2)(ii)(A) and (B) of this Section shall be substituted for an earlier effective date if provided in Article II of the Adoption Agreement but no earlier than July 1, 2007.

(iii) Salary Continuation Payments for Military Service Participants.

(A) Compensation includes payments to an individual who does not currently perform services for the Employer by reason of qualified military service (as that term is used in Code section 414(u)(1)) to the extent:

1. Those 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; and

2. Those payments would be included in Compensation if the individual had continued to perform services for the Employer rather than entering qualified military service.

(B) Notwithstanding the foregoing, Compensation does not include distributions from this Plan to an individual who does not currently perform services for the Employer by reason of qualified military service (as that term is used in Code section 414(u)(1)).

(iv) Salary Continuation Payments for Disabled Participants.

(A) Compensation includes amounts paid to a Participant who is permanently and totally disabled (as defined in Code section 22(e)(3)) to the extent:

1. 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.

2. Those amounts would be included in Compensation if the Participant had continued to perform services for the Employer.

(B) Notwithstanding the foregoing, Compensation does not include distributions from this Plan to a Participant who is permanently and totally disabled (as defined in Code section 22(e)(3)).

For purposes of applying the limitations of this Article, Compensation for a Limitation Year is the Compensation actually paid or made available during such year. Compensation for a Limitation Year shall not include amounts earned but not paid during the Limitation Year solely because of the timing of pay periods and pay dates.

(c) Defined Contribution Dollar Limitation: $40,000, as adjusted for increases in the cost of-living in accordance with section 415(d) of the Code.

(d) Employer: The Employer that adopts this Plan.

(e) Excess Amount: The excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount. Any Excess Amount shall include allocable income. The income allocable to an Excess Amount is equal to the sum of allocable gain or loss for the Plan Year and the allocable gain or loss for the period between the end of the Plan Year and the date of distribution (the gap period). The Plan may use any reasonable method for computing the income allocable to an Excess Amount, provided that the method is used consistently for all Participants and for all corrective distributions under the Plan for the Plan Year, and is used by the Plan for allocating income to Participants' Accounts.

(f) Limitation Year: A calendar year, or the twelve (12) consecutive month period elected by the Employer in section IX. 2 of the Adoption Agreement. All qualified plans maintained by the Employer must use the same Limitation Year. If the Limitation Year is amended to a different twelve (12) consecutive month period, the new Limitation Year must begin on a date within the Limitation Year in which the amendment is made. The Limitation Year may only be changed by Plan amendment. Furthermore, if the Plan is terminated effective as of a date other than the last day of the Plan's Limitation Year, then the Plan is treated as if the Plan had been amended to change its Limitation Year and the maximum permissible amount shall be prorated for the resulting short Limitation Year.

(g) Maximum Permissible Amount: The maximum Annual Addition that may be contributed or allocated to a Participant's Account under the Plan for any Limitation Year shall not exceed the lesser of:

(1) The Defined Contribution Dollar Limitation, or

(2) One hundred percent (100%) of the Participant's Compensation for the Limitation Year.

The compensation limit referred to in (2) shall not apply to any contribution for medical benefits after separation from service (within the meaning of section 401(h) or section 419A(f)(2) of the Code) which is otherwise treated as an annual addition.

If a short Limitation Year is created because of an amendment changing the Limitation Year to a different twelve (12) consecutive month period, the Maximum Permissible Amount will not exceed the Defined Contribution Dollar Limitation multiplied by the following fraction:

$$\frac{\textbf{Number of months in the short Limitation Year}}{\textbf{12}}$$

5.04 Aggregation and Disaggregation of Plans.

(a) Generally. For purposes of applying the limitations of Code section 415, all defined contribution plans (without regard to whether a plan has been terminated) ever maintained by the Employer (or a "predecessor employer") under which the Participant receives Annual Additions are treated as one defined contribution plan. The "Employer" means the Employer that adopts this Plan and any other entity which the Employer determines, based on a reasonable, good faith interpretation of existing law in accordance with Notice 89-23, 1989-1 C.B. 654, as modified by Notice 96-64, 1996-2 C.B. 229, should be aggregated for purposes of applying the limitations of Code section 415. For purposes of this Section:

(1) A former employer is a "predecessor employer" with respect to a Participant if the Employer maintains a plan under which the Participant had accrued a benefit while performing services for the former employer, but only if that benefit is provided under the plan maintained by the Employer. For this purpose, the formerly affiliated plan rules in Treas. Reg. section 1.415(f)-1(b)(2) apply as if the Employer and predecessor employer constituted a single employer under the rules described in Treas. Reg. section 1.415(a)-1(f)(1) and (2) immediately prior to the cessation of affiliation (and as if they constituted two, unrelated employers under the rules described in Treas. Reg. section 1.415(a)-1(f)(1) and (2) immediately after the cessation of affiliation) and cessation of affiliation was the event that gives rise to the predecessor employer relationship, such as a transfer of benefits or plan sponsorship.

(2) With respect to an Employer, a former entity that antedates the Employer is 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.

(b) Midyear Aggregation. Two or more defined contribution plans that are not required to be aggregated pursuant to Code section 415(f) and the Treasury Regulations thereunder as of the first day of a Limitation Year do not fail to satisfy the requirements of Code section 415 with respect to a Participant for the Limitation Year merely because they are aggregated later in that Limitation Year, provided that no Annual Additions are credited to the Participant's account after the date on which the plans are required to be aggregated.

5.05 Effective Date. Except as otherwise provided in Section 5.03(b)(2), this Article shall apply to limitation years beginning on or after July 1, 2007. The Employer may elect a delayed effective date for this Article in Section IX. 3 of the Adoption Agreement, however, such effective date must apply to limitation years that begin on or after the date that is 90 days after the close of the first legislative session of the legislative body with authority to amend the plan that begins on or after July 1, 2007.

VI. TRUST AND INVESTMENT OF ACCOUNTS

6.01 Trust. A Trust is hereby created to hold all of the assets of the Plan for the exclusive benefit of Participants and Beneficiaries, except that expenses and taxes may be paid from the Trust as provided in Section 6.03. The trustee shall be the Employer or such other person which agrees to act in that capacity hereunder.

6.02 Investment Powers. The trustee or the Plan Administrator, acting as agent for the trustee, shall have the powers listed in this Section with respect to investment of Trust assets, except to the extent that the investment of Trust assets is controlled by Participants, pursuant to Sections 6.05 and 13.03.

(a) To invest and reinvest the Trust without distinction between principal and income in common or preferred stocks, shares of regulated investment companies and other mutual funds, bonds, notes, debentures, mortgages, certificates of deposit, contracts with insurance companies including but not limited to insurance, individual or group annuity, deposit administration, guaranteed interest contracts, and deposits at reasonable rates of interest at banking institutions including but not limited to savings accounts and certificates of deposit. Assets of the Trust may be invested in securities that involve a higher degree of risk than investments that have demonstrated their investment performance over an extended period of time.

(b) To invest and reinvest all or any part of the assets of the Trust in any common, collective or commingled trust fund that is maintained by a bank or other institution and that is available to Employee plans qualified under section 401 of the Code, or any successor provisions thereto, and during the period of time that an investment through any such medium shall exist, to the extent of participation of the Plan, the declaration of trust of such common, collective, or commingled trust fund shall constitute a part of this Plan.

(c) To invest and reinvest all or any part of the assets of the Trust in any group annuity, deposit administration or guaranteed interest contract issued by an insurance company or other financial institution on a commingled or collective basis with the assets of any other plan or trust qualified under section 401(a) of the Code or any other plan described in section 401(a)(24) of the Code, and such contract may be held or issued in the name of the Plan Administrator, or such custodian as the Plan Administrator may appoint, as agent and nominee for the Employer. During the period that an investment through any such contract shall exist, to the extent of participation of the Plan, the terms and conditions of such contract shall constitute a part of the Plan.

(d) To hold cash awaiting investment and to keep such portion of the Trust in cash or cash balances, without liability for interest, in such amounts as may from time to time be deemed to be reasonable and necessary to meet obligations under the Plan or otherwise to be in the best interests of the Plan.

(e) To hold, to authorize the holding of, and to register any investment to the Trust in the name of the Plan, the Employer, or any nominee or agent of any of the foregoing, including the Plan Administrator, or in bearer form, to deposit or arrange for the deposit of securities in a qualified central depository even though, when so deposited, such securities may be merged and held in bulk in the name of the nominee of such depository with other securities deposited therein by any other person, and to organize corporations or trusts under the laws of any jurisdiction for the purpose of acquiring or holding title to any property for the Trust, all with or without the addition of words or other action to indicate that property is held in a fiduciary or representative capacity but the books and records of the Plan shall at all times show that all such investments are part of the Trust.

(f) Upon such terms as may be deemed advisable by the Employer or the Plan Administrator, as the case may be, for the protection of the interests of the Plan or for the preservation of the value of an investment, to exercise and enforce by suit for legal or equitable remedies or by other action, or to waive any right or claim on behalf of the Plan or any default in any obligation owing to the Plan, to renew, extend the time for payment of, agree to a reduction in the rate of interest on, or agree to any other modification or change in the terms of any obligation owing to the Plan, to settle, compromise, adjust, or submit to arbitration any claim or right in favor of or against the Plan, to exercise and enforce any and all rights of foreclosure, bid for property in foreclosure, and take a deed in lieu of foreclosure with or without paying consideration therefor, to commence or defend suits or other legal proceedings whenever any interest of the Plan requires it, and to represent the Plan in all suits or legal proceedings in any court of law or equity or before any body or tribunal.

(g) To employ suitable consultants, depositories, agents, and legal counsel on behalf of the Plan.

(h) To open and maintain any bank account or accounts in the name of the Plan, the Employer, or any nominee or agent of the foregoing, including the Plan Administrator, in any bank or banks.

(i) To do any and all other acts that may be deemed necessary to carry out any of the powers set forth herein.

6.03 Taxes and Expenses. All taxes of any and all kinds whatsoever that may be levied or assessed under existing or future laws upon, or in respect to the Trust, or the income thereof, and all commissions or acquisitions or dispositions of securities and similar expenses of investment and reinvestment of the Trust, shall be paid from the Trust. Such reasonable compensation of the Plan Administrator, as may be agreed upon from time to time by the Employer and the Plan Administrator, and reimbursement for reasonable expenses incurred by the Plan Administrator in performance of its duties hereunder (including but not limited to fees for legal, accounting, investment and custodial services) shall also be paid from the Trust. However, no person who is a fiduciary within the meaning of section 3(21)(A) of ERISA and regulations promulgated thereunder, and who receives full-time pay from the Employer may receive compensation from the Trust, except for expenses properly and actually incurred.

6.04 Payment of Benefits. The payment of benefits from the Trust in accordance with the terms of the Plan may be made by the Plan Administrator, or by any custodian or other person so authorized by the Employer to make such disbursement. Benefits under this Plan shall be paid only if the Plan Administrator, custodian or other person, or the Employer if directing such person, decides in his/her discretion that the applicant is entitled to them. The Plan Administrator, custodian or other person shall not be liable with respect to any distribution of Trust assets made at the direction of the Employer.

6.05 Investment Funds. In accordance with uniform and nondiscriminatory rules established by the Employer and the Plan Administrator, the Participant may direct his/her Accounts to be invested in one (1) or more investment funds available under the Plan; provided, however, that the Participant's investment directions shall not violate any investment restrictions established by the Employer and shall not include any investment in collectibles, as defined in section 408(m) of the Code.

6.06 Valuation of Accounts. As of each Accounting Date, the Plan assets held in each investment fund offered shall be valued at fair market value and the investment income and gains or losses for each fund shall be determined. Such investment income and gains or losses shall be allocated proportionately among all Account balances on a fund-by-fund basis. The allocation shall be in the proportion that each such Account balance as of the immediately preceding Accounting Date bears to the total of all such Account balances, as of that Accounting Date. For purposes of this Article, all Account balances include the Account balances of all Participants and Beneficiaries.

6.07 Participant Loan Accounts. Participant Loan Accounts shall be invested in accordance with Section 13.03 of the Plan. Such Accounts shall not share in any investment income and gains or losses of the investment funds described in Section 6.05.

6.08 Deemed IRAs. If deemed IRAs are available pursuant to section 408(q) of the Code, the assets of such deemed IRAs may be commingled with the Plan assets for investment purposes but, if held in the same trust, the trustee shall maintain a separate account for each deemed IRA.

VII. VESTING

7.01 Vesting Schedule. The portion of a Participant's Account attributable to Mandatory Participant Contributions and Voluntary Participant Contributions, and the earnings thereon, shall be at all times nonforfeitable by the Participant. A Participant shall have a Nonforfeitable Interest in the percentage of his/her Employer Contribution Account established under Section 4.01, 4.04, 18.02(a) and 19.02(a) determined pursuant to the schedule elected by the Employer in the Adoption Agreement.

7.02 Crediting Periods of Service. Except as provided in Section 7.03, all of an Employee's Periods of Service with the Employer are counted to determine the nonforfeitable percentage in the Employee's Account balance derived from Employer Contributions. If the Employer maintains the plan of a predecessor employer, service with such employer will be treated as service for the Employer.

For purposes of determining years of service and Breaks in Service for the purposes of computing a Participant's nonforfeitable right to the Account balance derived from Employer Contributions, the twelve (12) consecutive month period will commence on the date the Employee first performs an Hour of Service and each subsequent twelve (12) consecutive month period will commence on the anniversary of such date.

7.03 Service After Break in Service. In the case of a Participant who has a Break in Service of at least five (5) years, all Periods of Service after such Breaks in Service will be disregarded for the purpose of determining the nonforfeitable percentage of the Employer-derived Account balance that accrued before such Break, but both pre-Break and post-Break service will count for the purposes of vesting the Employer-derived Account balance that accrues after such Break. Both Accounts will share in the earnings and losses of the fund.

In the case of a Participant who does not have a Break in Service of at least five (5) years, both the pre-Break and post-Break service will count in vesting both the pre-Break and post-Break Employer-derived Account balance.

In the case of a Participant who does not have any nonforfeitable right to the Account balance derived from Employer Contributions, years of service before a period of consecutive one (1) year Breaks in Service will not be taken into account in computing eligibility service if the number of consecutive one (1) year Breaks in Service in such period equals or exceeds the greater of five (5) or the aggregate number of years of service. Such aggregate number of years of service will not include any years of service disregarded under the preceding sentence by reason of prior Breaks in Service.

If a Participant's years of service are disregarded pursuant to the preceding paragraph, such Participant will be treated as a new Employee for eligibility purposes. If a Participant's years of service may not be disregarded pursuant to the preceding paragraph, such Participant shall continue to participate in the Plan, or, if terminated, shall participate immediately upon reemployment.

7.04 Vesting Upon Normal Retirement Age. Notwithstanding Section 7.01 of the Plan, a Participant shall have a Nonforfeitable Interest in his/her entire Employer Contribution Account, to the extent that the balance of such Account has not previously been forfeited pursuant to Section 7.06 of the Plan, if he/she is employed on or after his/her Normal Retirement Age.

7.05 Vesting Upon Death or Disability. Notwithstanding Section 7.01 of the Plan, in the event of Disability or death, a Participant or his/her Beneficiary shall have a Nonforfeitable Interest in his/her entire Employer Contribution Account, to the extent that the balance of such Account has not previously been forfeited pursuant to Section 7.06 of the Plan.

7.06 Forfeitures. Except as provided in Sections 7.04 and 7.05 of the Plan or as otherwise provided in this Section 7.06, a Participant who separates from service prior to obtaining full vesting shall forfeit that percentage of his/her Employer Contribution Account balance which has not vested as of the date such Participant incurs a Break in Service of five (5) consecutive years or, if earlier, the date such Participant receives, or is deemed under the provisions of Section 9.04 to have received, distribution of the entire Nonforfeitable Interest in his/her Employer Contribution Account. No forfeiture will occur solely as a result of a Participant's withdrawal of Employee Contributions. Forfeitures shall be allocated in the manner described in Section 4.02.

7.07 Reinstatement of Forfeitures. If the Participant returns to the employment of the Employer before incurring a Break in Service of five (5) consecutive years, any amounts forfeited pursuant to Section 7.06 shall be reinstated to the Participant's Employer Contribution Account on the date of repayment by the Participant of the amount distributed to such Participant from his/her Employer Contribution Account; provided, however, that if such Participant forfeited his/her Account balance by reason of a deemed distribution, pursuant to Section 9.04, such amounts shall be automatically restored upon the reemployment of such Participant. Such repayment must be made before the earlier of five (5) years after the first date on which the Participant is subsequently reemployed by the Employer, or the date the Participant incurs a Break in Service of five (5) consecutive years.

VIII. BENEFITS CLAIM

8.01 Claim of Benefits. A Participant or Beneficiary shall notify the Plan Administrator in writing of a claim of benefits under the Plan. The Plan Administrator shall take such steps as may be necessary to facilitate the payment of such benefits to the Participant or Beneficiary.

8.02 Appeal Procedure. If any claim for benefits is initially denied by the Plan Administrator, the claimant shall file the appeal with the Employer, whose decision shall be final, to the extent provided by Section 15.07.

IX. COMMENCEMENT OF BENEFITS

9.01 Normal and Elective Commencement of Benefits. A Participant who retires, becomes Disabled or incurs a severance from employment for any other reason may elect by written notice to the Plan Administrator to have his or her vested Account balance benefits commence on any date, provided that such distribution complies with Section 9.02. Such election must be made in writing during the one-hundred eighty (180) day period ending on the date as of which benefit payments are to commence. A Participant's election shall be revocable and may be amended by the Participant.

The failure of a Participant to consent to a distribution while a benefit is immediately distributable, within the meaning of section 9.02 of the Plan, shall be deemed to be an election to defer commencement of payment of any benefit sufficient to satisfy this section.

9.02 Restrictions on Immediate Distributions. Notwithstanding anything to the contrary contained in Section 9.01 of the Plan, if the value of a Participant's vested Account balance is at least $1,000, and the Account balance is immediately distributable, the Participant must consent to any distribution of such Account balance. The Participant's consent shall be obtained in writing during the one-hundred eighty (180) day period (ninety (90) day period for Plan Years beginning before January 1, 2007) ending on the date as of which benefit payments are to commence. No consent shall be required, however, to the extent that a distribution is required to satisfy section 401(a)(9) or 415 of the Code.

The Plan Administrator shall notify the Participant of the right to defer any distribution until the Participant's Account balance is no longer immediately distributable. Such notification shall include a general description of the material features, and an explanation of the relative values of, the optional forms of benefit available under the Plan in a manner that would satisfy section 417(a)(3) of the Code, and shall be provided no less than thirty (30) and no more than one-hundred eighty (180) days (ninety (90) days for Plan Years beginning before January 1, 2007) before the date as of which benefit payments are to commence. However, distribution may commence less than thirty (30) days after the notice described in the preceding sentence is given, provided (i) the distribution is one to which sections 401(a)(11) and 417 of the Code do not apply or, if the QJSA Election is made by the Employer in the Adoption Agreement, the waiver requirements of Section 17.05(a) are met; (ii) the Plan Administrator clearly informs the Participant that the Participant has a right to a period of at least thirty (30) days after receiving the notice to consider the decision of whether or not to elect a distribution (and, if applicable, a particular distribution option); and (iii) the Participant, after receiving the notice, affirmatively elects a distribution.

In addition, upon termination of this Plan, if the Plan does not offer an annuity option (purchased from a commercial provider) and if the Employer does not maintain another 401(a) defined contribution plan, the Participant's Account balance will, without the Participant's consent, be distributed to the Participant in a lump sum. However, if the Employer maintains another 401(a) defined contribution plan, the Participant's Account will be transferred, without the Participant's consent, to the other plan if the Participant does not consent to an immediate distribution.

An Account balance is immediately distributable if any part of the Account balance could be distributed to the Participant (or surviving spouse) before the Participant attains or would have attained (if not deceased) the later of Normal Retirement Age or age sixty-two (62).

For purposes of determining the applicability of the foregoing consent requirements to distributions made before the first day of the first plan year beginning after December 31, 1988, the Participant's vested Account balance shall not include amounts attributable to accumulated deductible employee contributions within the meaning of section 72(o)(5)(B) of the Code.

9.03 Transfer to Another Plan.

(a) If a Participant becomes eligible to participate in another plan maintained by the Employer that is qualified under section 401(a) of the Code, the Plan Administrator shall, at the written election of such Participant, transfer all or part of such Participant's Account to such plan, provided the Plan Administrator for such plan certifies to the Plan Administrator that its plan provides for the acceptance of such a transfer. Such transfers shall include those transfers of the nonforfeitable interest of a Participant's Account made for the purchase of service credit in defined benefit plans maintained by the Employer. For purposes of this Plan, any such transfer shall not be considered a distribution to the Participant subject to spousal consent as described in Section 9.10.

(b) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a Distributee's election under this Section, a Distributee may elect, at the time and in the manner prescribed by the Plan Administrator, to have any portion of an Eligible Rollover Distribution paid directly to an Eligible Retirement Plan specified by the Distributee in a Direct Rollover.

(c) Definitions. For the purposes of Subsection (b), the following definitions shall apply:

(1) <u>Eligible Rollover Distribution</u>. Any distribution of all or any portion of the balance to the credit of the Distributee, except that an Eligible Rollover Distribution <u>does not include</u>:

(i) any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the Distributee or the joint lives (or joint life expectancies) of the Distributee and the Distributee's designated beneficiary, or for a specified period of ten years or more;

(ii) any distribution to the extent such distribution is required under section 401(a)(9) of the Code; and

(iii) the portion of any other distribution(s) that is not includible in gross income.

A portion of a distribution shall not fail to be an eligible rollover distribution merely because the portion consists of after-tax employee contributions which are not includible in gross income. However, such portion may be transferred only to an individual retirement account or annuity described in section 408(a) or (b) of the Code, or, for distributions occurring after December 31, 2007, to a Roth IRA described in § 408A of the Code, or to a qualified defined contribution plan described in section 401(a) or a qualified annuity contract described in section 403(b) of the Code that agrees to separately account for amounts so transferred, including separately accounting for the portion of such distribution which is includible in gross income and the portion of such distribution which is not so includible.

(2) Eligible Retirement Plan.

(i) an individual retirement account described in section 408(a) of the Code or an individual retirement annuity described in section 408(b) of the Code (collectively, an "IRA");

(ii) an annuity plan described in section 403(a) of the Code;

(iii) an annuity contract described in section 403(b) of the Code;

(iv) an eligible plan under section 457(b) of the Code which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan;

(v) a qualified plan described in section 401(a) of the Code, that accepts the Distributee's Eligible Rollover Distribution; or

(vi) for distributions occurring after December 31, 2007, a Roth IRA described in Code section 408A. The definition of Eligible Retirement Plan shall also apply in the case of a distribution to a surviving spouse, or to a spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code.

(3) Distributee. Participant; in addition, the Participant's surviving spouse and the spouse or former spouse who is the alternate payee under a qualified domestic relations order, as defined in section 414(p) of the Code, are Distributees with regard to the interest of the spouse or former spouse. For distributions after December 31, 2006 (unless a later date is elected by the Employer pursuant to subsection (d)(1) below, but no later than Plan Years beginning after December 31, 2009), a distributee includes the Employee's or former Employee's nonspouse designated Beneficiary, in which case, the distribution can only be transferred to a traditional or Roth IRA established on behalf of the nonspouse designated Beneficiary for the purpose of receiving the distribution.

(4) Direct Rollover. A payment by the Plan to the Eligible Retirement Plan specified by the Distributee.

(d) Rollover by a Non-Spouse Designated Beneficiary.

(1) Unless otherwise elected by the Employer in the Adoption Agreement, for distributions beginning after December 31, 2006 but on or before December 31, 2009, a non-spouse Beneficiary who qualifies as a "designated beneficiary" under Code section 401(a)(9)(E) may establish an individual retirement plan

that will be treated as an inherited IRA pursuant to the provisions of Code section 402(c)(11) into which all or a portion of a death benefit distribution from this Plan can be transferred directly. A trust maintained for the benefit of one or more designated beneficiaries shall be treated in the same manner as a designated beneficiary.

(2) Notwithstanding paragraph (1), for Plan Years beginning after December 31, 2009, a non-spouse Beneficiary who qualifies as a "designated beneficiary" under Code section 401(a)(9)(E) may establish an individual retirement plan that will be treated as an inherited IRA pursuant to the provisions of Code section 402(c)(11) into which all or a portion of a death benefit distribution from this Plan can be transferred directly. A trust maintained for the benefit of one or more designated beneficiaries shall be treated in the same manner as a designated beneficiary.

(3) Notwithstanding anything herein to the contrary, a death benefit distribution shall not be eligible for transfer to an inherited IRA to the extent such distribution is a required minimum distribution under Code section 401(a)(9).

(e) Rollover by a Surviving Spouse Distributee. If any distribution attributable to a Participant is paid to the Participant's surviving spouse, section 402(c) applies to the distribution in the same manner as if the spouse were the Participant. However, a qualified plan (as defined in Treasury Regulation section 1.402(c)-2 Q&A-2) is not treated as an eligible retirement plan with respect to a surviving spouse. Only an individual retirement plan is treated as an eligible retirement plan with respect to an eligible rollover distribution to a surviving spouse.

9.04 De Minimis Accounts. Notwithstanding the foregoing provisions of this Article, if a Participant terminates service, and the value of his/her Nonforfeitable Interest in his/her Account is less than $1,000, the Participant's benefit shall be paid as soon as practicable to the Participant in a single lump sum distribution. If the value of the Participant's Account is at least $1,000 but not more than the dollar limit under section 411(a)(11) (A) of the Code, the Participant may elect to receive his/her Nonforfeitable Interest in his/her Account. Such distribution shall be made as soon as practicable following the request, in a lump sum.

For purposes of this Section, if a Participant's Nonforfeitable Interest in his/her Account is zero, the Participant shall be deemed to have received a distribution of such Nonforfeitable Interest in his/her Account.

9.05 Withdrawal of Voluntary Contributions. A Participant may upon written request withdraw a part of or the full amount of his/her Voluntary Contribution Account. Such withdrawals may be made at any time, provided that no more than two (2) such withdrawals may be made during any calendar year. No forfeiture will occur solely as the result of any such withdrawal.

9.06 Withdrawal of Deductible Employee Contributions. A Participant may upon written request withdraw a part of or the full amount of his/her Deductible Employee Contribution Account. Such withdrawals may be made at any time, provided that no more than two (2) such withdrawals may be made during any calendar year. No forfeiture will occur solely as the result of any such withdrawal.

9.07 In-Service Distribution from Rollover Account. Where elected by the Employer in the Adoption Agreement, a Participant that has a separate account attributable to rollover contributions to the Plan, may at any time elect to receive a distribution of all or any portion of the amount held in the Rollover Account.

9.08 In-Service Distributions.

(a) Unless otherwise elected by the Employer in the Adoption Agreement, a Participant who has reached age 70½ regardless of his Nonforfeitable Interest in his/her entire Employer Contribution Account, shall, upon written request, receive a distribution of a part of or the full amount of the balance in any or all of his vested Accounts.

(b) If elected by the Employer, in-service distributions may be made beginning after June 1, 2009 to a Participant who has attained Normal Retirement Age or an alternate age (after Normal Retirement Age) elected by the Employer, and who has not yet incurred a severance from employment.

(c) A Participant's benefit under the Plan may not be distributed before the Participant attains age 62 or, if earlier, the Participant separates from employment (or has a deemed separation), attains Normal Retirement Age under the plan, dies, or becomes disabled, or upon termination of the Plan.

(d) Distributions under Section 9.08 may be requested at any time, provided that no more than two (2) such distributions may be made during any calendar year.

9.09 Latest Commencement of Benefits. Notwithstanding anything to the contrary in this Article, benefits shall begin no later than the Participant's Required Beginning Date, as defined under Section 10.05, or as otherwise provided in Section 10.04.

9.10 Spousal Consent. Notwithstanding the foregoing, if the Employer elected the QJSA Election in the Adoption Agreement, a married Participant must first obtain his or her spouse's notarized consent to request a distribution (other than a Qualified Joint and Survivor Annuity), withdrawal, or rollover under this Article IX.

9.11 Deemed Severance from Employment.

(a) Unless otherwise elected by the Employer in the Adoption Agreement, effective January 1, 2009, a Participant shall be deemed to have a severance from employment solely for purposes of eligibility to receive distributions from the Plan during any period the individual is performing service in the uniformed services (as defined in chapter 43 of title 38, United States Code) for more than 30 days.

(b) If a Participant receives a distribution pursuant to subsection (a), then the Participant shall not be permitted to make an after-tax voluntary contribution during the six-month period beginning on the date of the distribution.

(c) If a Participant receives a distribution which could be attributable to:

(i) a deemed severance from employment described in subsection (a); or

(ii) another distribution event under the Plan,

then the distribution shall be considered made pursuant to the distribution event referenced in paragraph (ii), and the Participant shall not be subject to the limitation on after-tax voluntary contributions set forth in subsection (b).

9.12 Distributions for Health and Long-Term Care Insurance for Public Safety Officers.

(a) If elected by the Employer, for Plan Years beginning after December 31, 2006, Eligible Retired Public Safety Officers may elect after separation from service to have up to $3,000 distributed tax-free annually from the Plan in order to pay for Qualified Health Insurance Premiums for an accident or health plan (including a self-insured plan) or a qualified long-term care insurance contract. The Plan shall make such distributions directly to the provider of the accident or health plan or qualified long-term care insurance contract.

(b) The term "Eligible Retired Public Safety Officer" means an individual who, by reason of disability or attainment of normal retirement age, is separated from service as a Public Safety Officer with the Employer who maintains the eligible retirement plan from which distributions pursuant to this Section are made. The term "Public Safety Officer" has the same meaning given such term by section 1204(9)(A) of the Omnibus Crime Control and Safe Streets Act of 1968.

(c) The term "Qualified Health Insurance Premiums" means premiums for coverage for the Eligible Retired Public Safety Officer, his spouse, and dependents, by an accident or health insurance plan or qualified long-term care insurance contract (as defined in Code section 7702(B)).

X. DISTRIBUTION REQUIREMENTS

10.01 General Rules.

(a) Generally. Subject to the provisions of Article XII or XVII if so elected by the Employer in the Adoption Agreement, the requirements of this Article shall apply to any distribution of a Participant's interest and will take precedence over any inconsistent provisions of this Plan. Unless otherwise specified, the provisions of this Article X apply to calendar years beginning after December 31, 2002. With respect to distributions under the Plan made in or for Plan Years beginning on or after January 1, 2002 and prior to January 1, 2003, the Plan will apply the minimum distribution requirements of section 401(a)(9) of the Code in accordance with the regulations under section 401(a)(9) that were proposed on January 17, 2001, notwithstanding any provision of the Plan to the contrary.

(b) Distributions in Accordance with 401(a)(9). All distributions required under this Article shall be determined and made in accordance with the regulations under section 401(a)(9) of the Code, and the minimum distribution incidental benefit requirement of section 401(a)(9)(G) of the Code.

(c) Limits on Distribution Periods. As of the first Distribution Calendar Year, distributions to a Participant, if not made in a single-sum, may only be made over one of the following periods:

(1) The life of the Participant,

(2) The joint lives of the Participant and a designated Beneficiary,

(3) A period certain not extending beyond the life expectancy of the Participant, or

(4) A period certain not extending beyond the joint and last survivor expectancy of the Participant and a designated Beneficiary.

(d) TEFRA Section 242(b)(2) Elections. Notwithstanding the other provisions of this Article X, distributions may be made under a designation made before January 1, 1984, in accordance with Section 242(b)(2) of the Tax Equity and Fiscal Responsibility Act (TEFRA) and the provisions of the Plan that relate to Section 242(b)(2) of TEFRA.

(e) EESA Provisions. The provisions relating to qualified disaster recovery assistance distributions for Participants affected by certain 2008 severe storms, flooding, and tornadoes and repayment thereof, and relating to repayment of prior qualified distributions for home purchases, set forth in section 702 of the Emergency Economic Stabilization Act of 2008 ("EESA") shall apply to the Plan.

(f) KETRA and GOZA Provisions. The provisions relating to qualified hurricane distributions and repayment thereof set forth in section 1400Q(a) of the Code, and relating to repayment of prior qualified distributions for home purchases set forth in Code section 1400Q(b), shall apply to the Plan. These provisions added to the Code by the Katrina Emergency Tax Relief Act of 2005 ("KETRA") and the Gulf Opportunity Zone Act of 2005 (GOZA), permit plans to allow repayments of certain prior qualified distributions for home purchases for Participants affected by Hurricanes Katrina, Rita, and Wilma.

10.02 Time and Manner of Distribution

(a) Required Beginning Date. The Participant's entire interest will be distributed, or begin to be distributed, to the Participant no later than the Participant's required beginning date.

(b) Death of Participant Before Distributions Begin. If the Participant dies before distributions begin, the Participant's entire interest will be distributed, or begin to be distributed, no later than as follows:

(1) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, then, distributions to the surviving spouse will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died, or by December 31 of the calendar year in which the Participant would have attained age 70½, if later.

(2) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, then distributions to the designated Beneficiary will begin by December 31 of the calendar year immediately following the calendar year in which the Participant died.

(3) If there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, the Participant's entire interest will be distributed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(4) If the Participant's surviving spouse is the Participant's sole designated Beneficiary and the surviving spouse dies after the Participant but before distributions to the surviving spouse begin, this Section 10.02(b), other than Section 10.02(b)(1), will apply as if the surviving spouse were the Participant.

For purposes of this Section 10.02(b) and Section 10.04, unless Section 10.02(b)(4) applies, distributions are considered to begin on the Participant's required beginning date. If Section 10.02(b)(4) applies, distributions are considered to begin on the date distributions are required to begin to the surviving spouse under Section 10.02(b)(1). If distributions under an annuity purchased from an insurance company irrevocably commence to the Participant before the Participant's required beginning date (or to the Participant's surviving spouse before the date distributions are required to begin to the surviving spouse under Section 10.02(b)(1)), the date distributions are considered to begin is the date distributions actually commence.

(c) Forms of Distribution. Unless the Participant's interest is distributed in the form of an annuity purchased from an insurance company or in a single sum on or before the required beginning date, as of the first distribution calendar year distributions will be made in accordance with Sections 10.03 and 10.04. If the Participant's interest is distributed in the form of an annuity purchased from an insurance company, distributions thereunder will be made in accordance with the requirements of Code Section 401(a)(9) and the Treasury Regulations.

10.03 Required Minimum Distributions During Participant's Lifetime

(a) Amount of Required Minimum Distribution For Each Distribution Calendar Year. During the Participant's lifetime, the minimum amount that will be distributed for each distribution calendar year is the lesser of:

(1) the quotient obtained by dividing the Participant's Account Balance by the distribution period set forth in the Uniform Lifetime Table found in Section 1.401(a)(9)-9, Q&A-2, of the Final Income Tax Regulations using the Participant's age as of the Participant's birthday in the distribution calendar year; or

(2) if the Participant's sole designated Beneficiary for the distribution calendar year is the Participant's spouse, the quotient obtained by dividing the Participant's Account Balance by the number in the Joint and Last Survivor Table set forth in Section 1.401(a)(9)-9, Q&A-3, of the regulations using the Participant's and spouse's attained ages as of the Participant's and spouse's birthdays in the distribution calendar year.

(b) Lifetime Required Minimum Distributions Continue Through Year of Participant's Death. Required minimum distributions will be determined under this Section 10.03 beginning with the first distribution calendar year and continuing up to, and including, the distribution calendar year that includes the Participant's date of death.

10.04 Required Minimum Distributions After Participant's Death

(a) Death On or After Date Distributions Begin.

(1) Participant Survived by Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the longer of the remaining life expectancy of the Participant or the remaining life expectancy of the Participant's designated Beneficiary, determined as follows:

(i) The Participant's remaining life expectancy is calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(ii) If the Participant's surviving spouse is the Participant's sole designated Beneficiary, the remaining life expectancy of the surviving spouse is calculated for each distribution calendar year after the year of the Participant's death using the surviving spouse's age as of the spouse's birthday in that year. For distribution calendar years after the year of the surviving spouse's death, the remaining life expectancy of the surviving spouse is calculated using the age of the surviving spouse as of the spouse's birthday in the calendar year of the spouse's death, reduced by one for each subsequent calendar year.

(iii) If the Participant's surviving spouse is not the Participant's sole designated Beneficiary, the designated Beneficiary's remaining life expectancy is calculated using the age of the Beneficiary in the year following the year of the Participant's death, reduced by one for each subsequent year.

(2) No Designated Beneficiary. If the Participant dies on or after the date distributions begin and there is no designated Beneficiary as of September 30 of the year after the year of the Participant's death, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the Participant's remaining life expectancy calculated using the age of the Participant in the year of death, reduced by one for each subsequent year.

(b) Death Before Date Required Distributions Begin.

(1) Participant Survived by Designated Beneficiary. If the Participant dies before the date required distributions begin and there is a designated Beneficiary, the minimum amount that will be distributed for each distribution calendar year after the year of the Participant's death is the quotient obtained by dividing the Participant's Account Balance by the remaining life expectancy of the Participant's designated Beneficiary, determined as provided in Section 10.04(a).

(2) No Designated Beneficiary. If the Participant dies before the date distributions begin and there is no designated Beneficiary as of September 30 of the year following the year of the Participant's death, distribution of the Participant's entire interest will be completed by December 31 of the calendar year containing the fifth anniversary of the Participant's death.

(3) Death of Surviving Spouse Before Distributions to Surviving Spouse Are Required to Begin. If the Participant dies before the date distributions begin, the Participant's surviving spouse is the Participant's sole designated Beneficiary, and the surviving spouse dies before distributions are required to begin to the surviving spouse under Section 10.02(b)(1), this Section 10.04(b) will apply as if the surviving spouse were the Participant.

10.05 Definitions

(a) Designated Beneficiary. The individual who is designated by the Participant (or the Participant's surviving spouse) as the Beneficiary of the Participant's interest under the Plan and who is the designated Beneficiary under Code Section 401(a)(9) and Section 1.401(a)(9)-4 of the regulations.

(b) Distribution Calendar Year. A calendar year for which a minimum distribution is required. For distributions beginning before the Participant's death, the first distribution calendar year is the calendar year immediately preceding the calendar year which contains the Participant's required beginning date. For distributions beginning after the Participant's death, the first distribution calendar year is the calendar year in which distributions are required to begin under Section 10.02(b). The required minimum distribution for the Participant's first distribution calendar year will be made on or before the Participant's required beginning date. The required minimum distribution for other distribution calendar years, including the required minimum distribution for the distribution calendar year in which the Participant's required beginning date occurs, will be made on or before December 31 of that distribution calendar year.

(c) Life Expectancy. Life expectancy as computed by use of the Single Life Table in Section 1.401(a)(9)-9, Q&A-1, of the regulations.

(d) Participant's Account Balance. The Account Balance as of the last Accounting Date in the calendar year immediately preceding the distribution calendar year (valuation calendar year) increased by the amount of any contributions made and allocated or forfeitures allocated to the Account Balance as of dates in the valuation calendar year after the Accounting Date and decreased by distributions made in the valuation calendar year after the Accounting Date. The Account Balance for the valuation calendar year includes any amounts rolled over or transferred to the Plan either in the valuation calendar year or in the distribution calendar year if distributed or transferred in the valuation calendar year.

(e) Required Beginning Date. The Required Beginning Date of a Participant is April 1 of the calendar year following the later of the calendar year in which the Participant attains age seventy and one-half (70½), or the calendar year in which the Participant retires.

10.06 Application of Minimum Distribution Requirements. The minimum distribution requirements of section 401(a)(9) of the Code shall only apply to the Plan to the extent that such requirements are applicable by law for a year. Pursuant to the Worker, Retiree, and Employer Recovery Act of 2008 ("WRERA"), required minimum distributions were suspended for 2009.

10.07 Special Rule for Scheduled Installment Payments. All installment payments scheduled to be distributed to a Participant prior to the effective date of a suspension of the required minimum distribution provisions of Code section 401(a)(9) shall be distributed as scheduled unless the Participant affirmatively elects to have the payments stopped. Notwithstanding the foregoing, for purposes of this Section 10.07, the effective date of the suspension of the required minimum distribution provisions for 2009 shall be deemed January 6, 2009.

XI. MODES OF DISTRIBUTION OF BENEFITS

11.01 Normal Mode of Distribution. Unless an elective mode of distribution is elected as provided in Section 11.02, benefits shall be paid to the Participant in the form of a lump sum payment.

Notwithstanding the foregoing, where the Employer made the "QJSA Election" in the Adoption Agreement, unless an elective mode of distribution is elected in accordance with Article XVII, benefits shall be paid to the Participant in the form provided for in Article XVII.

11.02 Elective Mode of Distribution. Subject to the requirements of Articles X, XII and XVII, a Participant may revocably elect to have his/her Account distributed in any one (1) of the following modes in lieu of the mode described in Section 11.01:

(a) Equal Payments. Equal monthly, quarterly, semi-annual, or annual payments in an amount chosen by the Participant continuing until the Account is exhausted.

(b) Period Certain. Approximately equal monthly, quarterly, semi-annual, or annual payments, calculated to continue for a period certain chosen by the Participant.

(c) Other. Any other sequence of payments requested by the Participant.

(d) Lump Sum. Where the Employer did make the QJSA Election in the Adoption Agreement, a Participant may also elect a lump sum payment.

11.03 Election of Mode. A Participant's election of a payment option must be made in writing between thirty (30) and one-hundred eighty (180) days (ninety (90) days for Plan Years beginning before January 1, 2007) before the payment of benefits is to commence.

11.04 Death Benefits. Subject to Article X (and Article XII or XVII if so elected by the Employer in the Adoption Agreement),

(a) In the case of a Participant who dies before he/she has begun receiving benefit payments, the Participant's entire Nonforfeitable Interest shall then be payable to his/ her Beneficiary within ninety (90) days of the Participant's death. A Beneficiary who is entitled to receive benefits under this Section may elect to have benefits commence at a later date, subject to the provisions of Article X. The Beneficiary may elect to receive the death benefit in any of the forms available to the Participant under Sections 11.01 and 11.02. If the Beneficiary is the Participant's surviving spouse, and such surviving spouse dies before payment commences, then this Section shall apply to the beneficiary of the surviving spouse as though such surviving spouse were the Participant.

(b) Should the Participant die after he/she has begun receiving benefit payments, the Beneficiary shall receive the remaining benefits, if any, that are payable, under the payment schedule elected by the Participant. Notwithstanding the foregoing, the Beneficiary may elect to accelerate payments of the remaining balances, including but not limited to, a lump sum distribution.

XII. SPOUSAL DEATH BENEFIT REQUIREMENTS

12.01 Application. Unless otherwise elected by the Employer in the Adoption Agreement, on or after January 1, 2006, the provisions of this Article shall take precedence over any conflicting provision in this Plan. The provisions of this Article, known as the "Beneficiary Spousal Consent Election," shall apply to any Participant who is credited with any Period of Service with the Employer on or after August 23, 1984, and such other Participants as provided in Section 12.04.

12.02 Spousal Death Benefit.

(a) On the death of a Participant, the Participant's Vested Account Balance will be paid to the Participant's Surviving Spouse. If there is no Surviving Spouse, or if the Participant has waived the spousal death benefit, as provided in Section 12.03, such Vested Account Balance will be paid to the Participant's designated Beneficiary.

(b) The Surviving Spouse may elect to have distribution of the Vested Account Balance commence within the one-hundred eighty (180) day period following the date of the Participant's death, or as otherwise provided under Section 11.04. The Account balance shall be adjusted for gains or losses occurring after the Participant's death in accordance with the provisions of the Plan governing the adjustment of Account balances for other types of distributions.

12.03 Waiver of Spousal Death Benefit.

The Participant may waive the spousal death benefit described in Section 12.02 at any time; provided that no such waiver shall be effective unless: (a) the Participant's Spouse consents in writing to the election; (b) the election designates a specific Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further spousal consent); (c) the Spouse's consent acknowledges the effect of the election; and (d) the Spouse's consent is witnessed by a Plan representative or notary public. If it is established to the satisfaction of a Plan representative that there is no Spouse or that the Spouse cannot be located, a waiver will be deemed to meet the requirements of this Section.

Any consent by a Spouse obtained under this provision (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse. A consent that permits designations by the Participant without any requirement of further consent by such Spouse must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited.

12.04 Definitions. For the purposes of this Section, the following definitions shall apply:

(a) Spouse (Surviving Spouse). The Spouse or Surviving Spouse of the Participant, provided that a former Spouse will be treated as the Spouse or Surviving Spouse and a current Spouse will not be treated as the Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order as described in section 414(p) of the Code.

(b) Vested Account Balance. The aggregate value of the Participant's vested Account balances derived from Employer and Employee contributions (including rollovers), whether vested before or upon death, including the proceeds of insurance contracts, if any, on the Participant's life. The provisions of this Article shall apply to a Participant who is vested in amounts attributable to Employer Contributions, Employee contributions (or both) at the time of death or distribution.

XIII. LOANS TO PARTICIPANTS

13.01 Availability of Loans to Participants.

(a) If the Employer has elected in the Adoption Agreement to make loans available to Participants, a Participant may apply for a loan from the Plan subject to the limitations and other provisions of this Article.

(b) The Employer shall establish written guidelines governing the granting of loans, provided that such guidelines are approved by the Plan Administrator and are not inconsistent with the provisions of this Article, and that loans are made available to all applicable Participants on a reasonably equivalent basis.

13.02 Terms and Conditions of Loans to Participants. Any loan by the Plan to a Participant under Section 13.01 of the Plan shall satisfy the following requirements:

(a) Availability. Loans shall be made available to all Participants who are active Employees on a reasonably equivalent basis. Loans shall not be made available to terminated Employees, Beneficiaries, or alternate payees.

(b) Nondiscrimination. Loans shall not be made to highly compensated Employees in an amount greater than the amount made available to other Employees.

(c) Interest Rate. Loans must be adequately secured and bear a reasonable interest rate.

(d) Loan Limit. No Participant loan shall exceed the present value of the Participant's Nonforfeitable Interest in his/her Account.

(e) Foreclosure. In the event of default, foreclosure on the note and attachment of security will not occur until a distributable event occurs in the Plan.

(f) Reduction of Account. Notwithstanding any other provision of this Plan, the portion of the Participant's vested Account balance used as a security interest held by the Plan by reason of a loan outstanding to the Participant shall be taken into account for purposes of determining the amount of the Account balance payable at the time of death or distribution, but only if the reduction is used as repayment of the loan. If less than one hundred percent (100%) of the Participant's nonforfeitable Account balance (determined without regard to the preceding sentence) is payable to the surviving spouse, then the Account balance shall be adjusted by first reducing the nonforfeitable Account balance by the amount of the security used as repayment of the loan, and then determining the benefit payable to the surviving spouse.

(g) Amount of Loan. At the time the loan is made, the principal amount of the loan plus the outstanding balance (principal plus accrued interest) due on any other outstanding loans to the Participant or Beneficiary from the Plan and from all other plans of the Employer that are qualified employer plans under section 72(p)(4) of the Code shall not exceed the lesser of:

(1) $50,000, reduced by the excess (if any) of

(i) The highest outstanding balance of loans from the Plan during the one (1) year period ending on the day before the date on which the loan is made, over

(ii) The outstanding balance of loans from the Plan on the date on which such loan is made; or

(2) One-half (½) of the value of the Participant's Nonforfeitable Interest in all of his/her Accounts under this Plan (or $10,000, if greater, for loans prior to January 1, 2006).

For the purpose of the above limitation, all loans from all qualified employer plans of the Employer, including 457(b) plans, under Code section 72(p)(4) are aggregated.

(h) Application for Loan. The Participant must give the Employer adequate written notice, as determined by the Employer, of the amount and desired time for receiving a loan. No more than one (1) loan may be made by the Plan to a Participant in any calendar year. No loan shall be approved if an existing loan from the Plan to the Participant is in default to any extent.

(i) Length of Loan. The terms of any loan issued or renegotiated after December 31, 1993, shall require the Participant to repay the loan in substantially equal installments of principal and interest, at least quarterly (except as otherwise provided in Treasury Regulation section 1.72(p)-1, Q&A-9 for certain leave of absence and military leave), over a period that does not exceed five (5) years from the date of the loan; provided, however, that if the proceeds of the loan are applied by the Participant to acquire any dwelling unit that is to be used within a reasonable time after the loan is made as the principal residence of the Participant, the five (5) year limit shall not apply. In this event, the period of repayment shall not exceed a reasonable period determined by the Employer. Principal installments and interest payments otherwise due may be suspended during an authorized leave of absence, if the promissory note so provides, but not beyond the original term permitted under this Subsection (i), with a revised payment schedule (within such term) instituted at the end of such period of suspension. If the Participant fails to make any installment payment, the Plan Administrator may, according to Treasury Regulation 1.72(p)-1, allow a cure period, which cure period cannot continue beyond the last day of the calendar quarter following the calendar quarter in which the required installment payment was due.

(j) Prepayment. The Participant shall be permitted to repay the loan in whole or in part at any time prior to maturity, without penalty.

(k) Note. The loan shall be evidenced by a promissory note executed by the Participant and delivered to the Employer, and shall bear interest at a reasonable rate determined by the Employer. Unless waived by a Participant, any plan loan that is outstanding on the date that active duty military service begins will accrue interest at a rate of no more than 6% during the period of military service in accordance with the provisions of the Servicemembers Civil Relief Act (SCRA), 50 USC App. § 526 and subject to the notice requirements contained therein. This limitation applies even if loan payments are suspended during the period of military service as permitted under the Plan and Treasury regulations.

(l) Security. The loan shall be secured by an assignment of that portion the Participant's right, title and interest in and to his/her Employer Contribution Account (to the extent vested), Participant Contribution Account, and Rollover Account that is equal to fifty percent (50%) of the Participant's Account (to the extent vested).

(m) Assignment or Pledge. For the purposes of paragraphs (h) and (i), assignment or pledge of any portion of the Participant's interest in the Plan and a loan, pledge, or assignment with respect to any insurance contract purchased under the Plan, will be treated as a loan.

(n) Spousal Consent. If the Employer elected the QJSA Election in the Adoption Agreement, the Participant must first obtain his or her spouse's notarized consent to the loan. Spousal consent shall be obtained no earlier than the beginning of the one-hundred eighty (180) day period (ninety (90) day period for plan years beginning before January 1, 2007) that ends on the date on which the loan is to be so secured. The consent must be in writing, must acknowledge the effect of the loan, and must be witnessed by a Plan representative or notary public. Such consent shall thereafter be binding with respect to the consenting spouse or any subsequent spouse with respect to that loan. A new consent shall be required if the account balance is used for renegotiation, extension, renewal, or other revision of the loan.

(o) Other Terms and Conditions. The Employer shall fix such other terms and conditions of the loan as it deems necessary to comply with legal requirements, to maintain the qualification of the Plan and Trust under section 401(a) of the Code, or to prevent the treatment of the loan for tax purposes as a distribution to the Participant. The Employer, in its discretion for any reason, may fix other terms and conditions of the loan, not inconsistent with the provisions of this Article, including:

(1) the circumstances under which a loan becomes immediately due and payable, provided, however, with respect to loans issued after December 31, 2012, that the loan program shall not provide that a loan becomes due and payable solely because the Participant requests or receives a partial distribution of the Participant's account balance after termination of employment;

(2) rules relating to reamortization of loans; and

(3) rules relating to refinance of loans.

13.03 Participant Loan Accounts.

(a) Upon approval of a loan to a Participant by the Employer, an amount not in excess of the loan shall be transferred from the Participant's other investment fund(s), described in Section 6.05 of the Plan, to the Participant's Loan Account as of the Accounting Date immediately preceding the agreed upon date on which the loan is to be made.

(b) The assets of a Participant's Loan Account may be invested and reinvested only in promissory notes received by the Plan from the Participant as consideration for a loan permitted by Section 13.01 of the Plan or in cash. Uninvested cash balances in a Participant's Loan Account shall not bear interest. No person who is otherwise a fiduciary of the Plan shall be liable for any loss, or by reason of any breach, that results from the Participant's exercise of such control.

(c) Repayment of principal and payment of interest shall be made by payroll deduction or Automated Clearing House (ACH) transfer, or with respect to a terminated Employee solely by ACH, and shall be invested in one (1) or more other investment funds, in accordance with Section 6.05 of the Plan, as of the next Accounting Date after payment thereof to the Trust. The amount so invested shall be deducted from the Participant's Loan Account. A payment intended to be a Prepayment or payment of the loan in full may also be made by cashier's check or money order, and shall be invested in accordance with this provision.

(d) The Employer shall have the authority to establish other reasonable rules, not inconsistent with the provisions of the Plan, governing the establishment and maintenance of Participant Loan Accounts.

XIV. PLAN AMENDMENT, TERMINATION AND OPTIONAL PROVISIONS

14.01 Amendment by Employer. The Employer reserves the right, subject to Section 14.02 of the Plan, to amend the Plan from time to time by either:

(a) Filing an amended Adoption Agreement to change, delete, or add any optional provision, or

(b) Continuing the Plan in the form of an amended and restated Plan and Trust.

No amendment to the Plan shall be effective to the extent that it has the effect of decreasing a Participant's accrued benefit. Notwithstanding the preceding sentence, a Participant's Account balance may be reduced to the extent permitted under section 412(d)(2) of the Code. For purposes of this paragraph, a Plan amendment which has the effect of decreasing a Participant's Account balance or eliminating an optional form of benefit, with respect to benefits attributable to service before the amendment shall be treated as reducing an accrued benefit. Furthermore, if the vesting schedule of the Plan is amended, in the case of an Employee who is a Participant as of the later of the date such amendment is adopted or the date it becomes effective, the nonforfeitable percentage (determined as of such date) of such Employee's right to his/her Employer-derived accrued benefit will not be less than his percentage computed under the plan without regard to such amendment.

No amendment to the Plan shall be effective to eliminate or restrict an optional form of benefit. The preceding sentence shall not apply to a Plan amendment that eliminates or restricts the ability of a Participant to receive payment of his or her Account balance under a particular optional form of benefit if the amendment provides a single-sum distribution form that is otherwise identical to the optional form of benefit being eliminated or restricted. For this purpose, a single-sum distribution form is otherwise identical only if the single-sum distribution form is identical in all respects to the eliminated or restricted optional form of benefit (or would be identical except that it provides greater rights to the Participant) except with respect to the timing of payments after commencement.

The Employer may (1) change the choice of options in the Adoption Agreement, (2) add overriding language in the Adoption Agreement when such language is necessary to satisfy sections 415 or 416 of the Code because of the required aggregation of multiple plans, (3) amend administrative provisions of the trust or custodial document in the case of a nonstandardized plan and make more limited amendments in the case of a standardized plan such as the name of the plan, employer, trustee or custodian, plan administrator and other fiduciaries, the trust year, and the name of any pooled trust in which the Plan's trust will participate, (4) add certain sample or model amendments published by the Internal Revenue Service or other required good faith amendments which specifically provide that their adoption will not cause the plan to be treated as individually designed, and (5) add or change provisions permitted under the Plan and/or specify or change the effective date of a provision as permitted under the Plan and correct obvious and unambiguous typographical errors and/or cross-references that merely correct a reference but that do not in any way change the original intended meaning of the provisions. An Employer that amends the Plan for any other reason will be considered to have an individually designed plan.

14.02 Amendment of Vesting Schedule. If the Plan's vesting schedule is amended, or the Plan is amended in any way that directly or indirectly affects the computation of the Participant's nonforfeitable percentage, each Participant may elect, within a reasonable period after the adoption of the amendment or change, to have the nonforfeitable percentage computed under the Plan without regard to such amendment or change.

The period during which the election may be made shall commence with the date the amendment is adopted or deemed to be made and shall end on the latest of:

(a) Sixty (60) days after the amendment is adopted;

(b) Sixty (60) days after the amendment becomes effective; or

(c) Sixty (60) days after the Participant is issued written notice of the amendment by the Employer or Plan Administrator.

14.03 Termination by Employer. The Employer reserves the right to terminate this Plan. However, in the event of such termination no part of the Trust shall be used or diverted to any purpose other than for the exclusive benefit of the Participants or their Beneficiaries, except as provided in this Section.

Upon Plan termination or partial termination, all Account balances shall be valued at their fair market value and the Participant's right to his/her Employer Contribution Account shall be one hundred percent (100%) vested and nonforfeitable. Such amount and any other amounts held in the Participant's other Accounts shall be maintained for the Participant until paid pursuant to the terms of the Plan.

Any amounts held in a suspense account, after all liabilities of the Plan to Participants and Beneficiaries have been satisfied or provided for, shall be paid to the Employer in accordance with the Code and regulations thereunder.

In the event that the Commissioner of Internal Revenue determines that the Plan is not initially qualified under the Internal Revenue Code, any contribution made by the Employer incident to that initial qualification must be returned to the Employer within one year after the date the initial qualification is denied, but only if the application for the qualification is made by the time prescribed by law for filing the Employer's return for the year in which the Plan is adopted, or such later date as the Secretary of the Treasury may prescribe.

14.04 Discontinuance of Contributions. A permanent discontinuance of contributions to the Plan by the Employer, unless an amended and restated Plan is established, shall constitute a Plan termination. In the event of a complete discontinuance of contributions under the Plan, the Account balance of each affected Participant shall be nonforfeitable.

14.05 Amendment by Plan Administrator. The Plan Administrator may amend this Plan upon thirty (30) days written notification to the Employer; provided, however, that any such amendment must be for the express purpose of maintaining compliance with applicable federal laws and regulations, revenue rulings, other statements published by the Internal Revenue Service (including model and sample amendments that specifically provide that their adoption will not cause such Plan to be individually designed), or corrections of prior approved Plans may be applied to all Employers who have adopted the Plan. Such amendment shall become effective unless, within such 30-day period, the Employer notifies the Administrator, in writing, that it disapproves such amendment, in which case such amendment shall not become effective. In the event of such disapproval, the Administrator shall be under no obligation to continue acting as Administrator hereunder.

For purposes of reliance on the advisory letter, the Plan Administrator shall no longer have authority to amend the Plan on behalf of the Employer as of the date of the adoption of an Employer amendment to the Plan to incorporate a type of plan not allowable in the volume submitter program described in section 16.03 of Revenue Procedure 2011-49 (or successor guidance) or as of the date the Internal Revenue Service notifies the Plan Administrator that the Plan is being treated as an individually designed plan pursuant to section 24.03 of Revenue Procedure 2011-49 (or successor guidance).

14.06 Optional Provisions. Any provision which is optional under this Plan shall become effective if and only if elected by the Employer and agreed to by the Plan Administrator.

14.07 Failure of Qualification. If the Employer's plan fails to attain or retain qualification, such plan will no longer participate in this Plan and will be considered an individually designed plan.

XV. ADMINISTRATION

15.01 Powers of the Employer. The Employer shall have the following powers and duties:

(a) To appoint and remove, with or without cause, the Plan Administrator;

(b) To amend or terminate the Plan pursuant to the provisions of Article XIV;

(c) To appoint a committee to facilitate administration of the Plan and communications to Participants;

(d) To decide all questions of eligibility (1) for Plan participation, and (2) upon appeal by any Participant, Employee or Beneficiary, for the payment of benefits;

(e) To engage an independent qualified public accountant, when required to do so by law, to prepare annually the audited financial statements of the Plan's operation;

(f) To take all actions and to communicate to the Plan Administrator in writing all necessary information to carry out the terms of the Plan and Trust; and

(g) To notify the Plan Administrator in writing of the termination of the Plan.

15.02 Duties of the Plan Administrator. The Plan Administrator shall have the following powers and duties, subject to the oversight by the Employer:

(a) To construe and interpret the provisions of the Plan;

(b) To maintain and provide such returns, reports, schedules, descriptions, and individual Account statements as are required by law within the times prescribed by law; and to furnish to the Employer, upon request, copies of any or all such materials, and further, to make copies of such instruments, reports, descriptions, and statements as are required by law available for examination by Participants and such of their Beneficiaries who are or may be entitled to benefits under the Plan in such places and in such manner as required by law;

(c) To obtain from the Employer such information as shall be necessary for the proper administration of the Plan;

(d) To determine the amount, manner, and time of payment of benefits hereunder;

(e) To appoint and retain such agents, counsel, and accountants for the purpose of properly administering the Plan;

(f) To distribute assets of the Trust to each Participant and Beneficiary in accordance with Article X of the Plan;

(g) To pay expenses from the Trust pursuant to Section 6.03 of the Plan; and

(h) To do such other acts reasonably required to administer the Plan in accordance with its provisions or as may be provided for or required by the Code.

15.03 Protection of the Employer. The Employer shall not be liable for the acts or omissions of the Plan Administrator, but only to the extent that such acts or omissions do not result from the Employer's failure to provide accurate or timely information as required or necessary for proper administration of the Plan.

15.04 Protection of the Plan Administrator. The Plan Administrator may rely upon any certificate, notice or direction purporting to have been signed on behalf of the Employer which the Plan Administrator believes to have been signed by a duly designated official of the Employer.

15.05 Resignation or Removal of Plan Administrator. The Plan Administrator may resign at any time effective upon sixty (60) days prior written notice to the Employer. The Plan Administrator may be removed by the Employer at any time upon sixty (60) days prior written notice to the Plan Administrator. Upon the resignation or removal of the Plan Administrator, the Employer may appoint a successor Plan Administrator; failing such appointment, the

Employer shall assume the powers and duties of Plan Administrator. Upon the resignation or removal of the Plan Administrator, any Trust assets invested by or held in the name of the Plan Administrator shall be transferred to the trustee in cash or property, at fair market value, except that the return of Trust assets invested in a contract issued by an insurance company shall be governed by the terms of that contract.

15.06 No Termination Penalty. The Plan Administrator shall have no authority or discretion to impose any termination penalty upon its removal.

15.07 Decisions of the Plan Administrator. All constructions, determinations, and interpretations made by the Plan Administrator pursuant to Section 15.02(a) or (d) or by the Employer pursuant to Section 15.01(d) shall be final and binding on all persons participating in the Plan, given deference in all courts of law to the greatest extent allowed by applicable law, and shall not be overturned or set aside by any court of law unless found to be arbitrary or capricious, or made in bad faith.

XVI. MISCELLANEOUS

16.01 Nonguarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between the Employer and any Employee, or as a right of an Employee to be continued in the employment of the Employer, as a limitation of the right of the Employer to discharge any of its Employees, with or without cause.

16.02 Rights to Trust Assets. No Employee or Beneficiary shall have any right to, or interest in, any assets of the Trust upon termination of his/her employment or otherwise, except as provided from time to time under this Plan, and then only to the extent of the benefits payable under the Plan to such Employee or Beneficiary out of the assets of the Trust. All payments of benefits as provided for in this Plan shall be made solely out of the assets of the Trust and none of the fiduciaries shall be liable therefor in any manner.

16.03 Nonalienation of Benefits. Except as provided in Sections 16.04 and 16.06 of the Plan, benefits payable under this Plan shall not be subject in any manner to anticipation, alienation, sale, transfer, assignment, pledge, encumbrance, charge, garnishment, execution, or levy of any kind, either voluntary or involuntary, prior to actually being received by the person entitled to the benefit under the terms of the Plan; and any attempt to anticipate, alienate, sell, transfer, assign, pledge, encumber, charge or otherwise dispose of any right to benefits payable hereunder, shall be void. The Trust shall not in any manner be liable for, or subject to, the debts, contracts, liabilities, engagements or torts of any person entitled to benefits hereunder.

16.04 Qualified Domestic Relations Order. Notwithstanding Section 16.03 of the Plan, amounts may be paid with respect to a Participant pursuant to a domestic relations order, but if and only if the order is determined to be a qualified domestic relations order within the meaning of section 414(p) of the Code or any domestic relations order entered before January 1, 1985.

16.05 Nonforfeitability of Benefits. Subject only to the specific provisions of this Plan, nothing shall be deemed to deprive a Participant of his/her right to the Nonforfeitable Interest to which he/ she becomes entitled in accordance with the provisions of the Plan.

16.06 Incompetency of Payee. In the event any benefit is payable to a minor or incompetent, to a person otherwise under legal disability, or to a person who, in the sole judgment of the Employer, is by reason of advanced age, illness, or other physical or mental incapacity incapable of handling the disposition of his/her property, the Employer may apply the whole or any part of such benefit directly to the care, comfort, maintenance, support, education, or use of such person or pay or distribute the whole or any part of such benefit to:

(a) The parent of such person;

(b) The guardian, committee, or other legal representative, wherever appointed, of such person;

(c) The person with whom such person resides;

(d) Any person having the care and control of such person; or

(e) Such person personally.

The receipt of the person to whom any such payment or distribution is so made shall be full and complete discharge therefor.

16.07 Inability to Locate Payee. Anything to the contrary herein notwithstanding, if the Employer is unable, after reasonable effort, to locate any Participant or Beneficiary to whom an amount is payable hereunder, such amount shall be forfeited and held in the Trust for application against the next succeeding Employer Contribution or contributions required to be made hereunder. Notwithstanding the foregoing, however, such amount shall be reinstated, by means of an additional Employer contribution, if and when a claim for the forfeited amount is subsequently made by the Participant or Beneficiary or if the Employer receives proof of death of such person, satisfactory to the Employer. To the extent not inconsistent with applicable law, any benefits lost by reason of escheat under applicable state law shall be considered forfeited and shall not be reinstated.

16.08 Mergers, Consolidations, and Transfer of Assets. The Plan shall not be merged into or consolidated with any other plan, nor shall any of its assets or liabilities be transferred into any such other plan, unless each Participant in the Plan would (if the Plan then terminated) receive a benefit immediately after the merger, consolidation, or transfer that is equal to or greater than the benefit he/she would have been entitled to receive immediately before the merger, consolidation, or transfer (if the Plan had then terminated).

16.09 Employer Records. Records of the Employer as to an Employee's or Participant's Period of Service, termination of service and the reason therefor, leaves of absence, reemployment, Earnings, and Compensation will be conclusive on all persons, unless determined to be incorrect.

16.10 Gender and Number. The masculine pronoun, whenever used herein, shall include the feminine pronoun, and the singular shall include the plural, except where the context requires otherwise.

16.11 Applicable Law. The Plan shall be construed under the laws of the State where the Employer is located, except to the extent superseded by federal law. The Plan is established with the intent that it meets the requirements under the Code. The provisions of this Plan shall be interpreted in conformity with these requirements.

In the event of any conflict between the Plan and a policy or contract issued hereunder, the Plan provisions shall control; provided, however, no Plan amendment shall supersede an existing policy or contract unless such amendment is required to maintain qualification under section 401(a) and 414(d) of the Code.

16.12 Electronic Communication and Consent. Unless expressly provided otherwise, where this Plan provides that a document, election, notification, direction, signature, or consent will be in writing, such writing may occur through an electronic medium, including but not limited to electronic mail, intranet or internet web posting and online account access, to the fullest extent permitted by applicable law.

XVII. SPOUSAL BENEFIT REQUIREMENTS

17.01 Application. Effective as of January 1, 2006, where elected by the Employer in the Adoption Agreement (the "QJSA Election"), the provisions of this Article shall take precedence over any conflicting provision in this Plan. If elected, the provisions of this Article shall apply to any Participant who is credited with any Period of Service with the Employer on or after August 23, 1984, and such other Participants as provided in Section 17.06.

17.02 Qualified Joint and Survivor Annuity. Unless an optional form of benefit is selected pursuant to a Qualified Election within the one-hundred eighty (180) day period ending on the Annuity Starting Date, a married Participant's Vested Account Balance will be paid in the form of a Qualified Joint and Survivor Annuity and an unmarried Participant's Vested Account Balance will be paid in the form of a Straight Life Annuity. The Participant may elect to have such annuity distributed upon the attainment of the Earliest Retirement Age under the Plan.

17.03 Qualified Optional Survivor Annuity. For plan years beginning after December 31, 2007, if a married participant elects to waive the qualified joint and survivor annuity, the participant may elect the qualified optional survivor annuity at any time during the applicable election period, provided, however, that this Section shall apply only to the extent the Plan makes another survivor annuity available.

17.04 Qualified Preretirement Survivor Annuity. If a Participant dies before the Annuity Starting Date, then fifty percent (50%) of the Participant's Vested Account Balance shall be applied toward the purchase of an annuity for the life of the Surviving Spouse; the remaining portion shall be paid to such Beneficiaries (which may include such Spouse) designated by the Participant. Notwithstanding the foregoing, the Participant may waive the spousal annuity by designating a different Beneficiary within the Election Period pursuant to a Qualified Election. To the extent that less than one hundred percent (100%) of the vested Account balance is paid to the Surviving Spouse, the amount of the Participant's Account derived from Employee contributions will be allocated to the Surviving Spouse in the same proportion as the amount of the Participant's Account derived from Employee contributions is to the Participant's total Vested Account Balance. The Surviving Spouse may elect to have such annuity distributed within a reasonable period after the Participant's death. Further, such Spouse may elect to receive any death benefit payable to him/her hereunder in any of the forms available to the Participant under Section 11.02.

17.05 Notice Requirements.

(a) In the case of a Qualified Joint and Survivor Annuity as described in Section 17.02, the Plan Administrator shall, no less than thirty (30) days and no more than one-hundred eighty (180) days (or ninety (90) days for notices given in Plan Years before January 1, 2007) prior to the Annuity Starting Date, provide each Participant a written explanation of: (i) the terms and conditions of a Qualified Joint and Survivor Annuity; (ii) the Participant's right to make and the effect of an election to waive the Qualified Joint and Survivor Annuity form of benefit; (iii) the rights of a Participant's Spouse; and (iv) the right to make, and the effect of, a revocation of a previous election to waive the Qualified Joint and Survivor Annuity. However, if the Participant, after having received the written explanation, affirmatively elects a form of distribution and the Spouse consents to that form of distribution (if necessary), benefit payments may commence less than thirty (30) days after the written explanation was provided to the Participant, provided that the following requirements are met:

(1) The Plan Administrator provides information to the Participant clearly indicating that the Participant has a right to at least thirty (30) days to consider whether to waive the Qualified Joint and Survivor Annuity and consent to a form of distribution other than a Qualified Joint and Survivor Annuity;

(2) The Participant is permitted to revoke an affirmative distribution election at least until the Annuity Starting Date, or if later, at any time prior to the expiration of the 7-day period that begins the day after the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant;

(3) The Annuity Starting Date is after the date that the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant; and

(4) Distribution in accordance with the affirmative election does not commence before the expiration of the 7-day period that begins after the day after the explanation of the Qualified Joint and Survivor Annuity is provided to the Participant.

(b) In the case of a Qualified Preretirement Survivor Annuity as described in Section 17.04, the Plan Administrator shall provide each Participant within the applicable period for such Participant a written explanation of the Qualified Preretirement Survivor Annuity in such terms and in such manner as would be comparable to the explanation provided for meeting the requirements of Subsection (a) applicable to a Qualified Joint and Survivor Annuity.

The applicable period for a Participant is whichever of the following periods ends last:

(i) the period beginning with the first day of the Plan Year in which the Participant attains age thirty-two (32) and ending with the close of the Plan Year preceding the Plan Year in which the Participant attains age thirty-five (35);

(ii) a reasonable period ending after the individual becomes a Participant;

(iii) a reasonable period ending after Subsection (c) ceases to apply to the Participant;

(iv) a reasonable period ending after this Article first applies to the Participant. Notwithstanding the foregoing, notice must be provided within a reasonable period ending after separation from service in the case of a Participant who separates from service before attaining age thirty-five (35).

For purposes of applying the preceding paragraph, a reasonable period ending after the enumerated events described in (ii), (iii) and (iv) is the end of the two (2) year period beginning one (1) year prior to the date the applicable event occurs, and ending one (1) year after that date. In the case of a Participant who separates from service before the Plan Year in which age thirty-five (35) is attained, notice shall be provided within the two (2) year period beginning one (1) year prior to separation and ending one (1) year after separation. If such a Participant thereafter returns to employment with the Employer, the applicable period for such Participant shall be redetermined.

(c) Notwithstanding the other requirements of this Section, the respective notices prescribed by this Section need not be given to a Participant if (1) the Plan "fully subsidizes" the costs of a Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity, and (2) the Plan does not allow the Participant to waive the Qualified Joint and Survivor Annuity or Qualified Preretirement Survivor Annuity and does not allow a married Participant to designate a non-Spouse Beneficiary. For purposes of this Subsection (c), a plan fully subsidizes the costs of a benefit if no increase in cost or decrease in benefits to the Participant may result from the Participant's failure to elect another benefit.

17.06 Definitions. For the purposes of this Section, the following definitions shall apply:

(a) Annuity Starting Date. The first day of the first period for which an amount is paid as an annuity or any other form.

(b) Election Period. The period which begins on the first day of the Plan Year in which the Participant attains age thirty-five (35) and ends on the date of the Participant's death. If a Participant separates from service prior to the first day of the Plan Year in which age thirty-five (35) is attained, with respect to the Account balance as of the date of separation, the Election Period shall begin on the date of separation. Pre-age thirty-five (35) waiver: A Participant who will not yet attain age thirty-five (35) as of the end of any current Plan Year may make a special Qualified Election to waive the Qualified Preretirement Survivor Annuity for the period beginning on the date of such election and ending on the first day of the Plan Year in which the Participant will attain age thirty-five (35). Such election shall not be valid unless the Participant receives a written explanation of the Qualified Preretirement Survivor Annuity in such terms as are comparable to the explanation required under Section 17.05(a). Qualified Preretirement Survivor Annuity coverage will be automatically reinstated as of the first day of the Plan Year in which the Participant attains age thirty-five (35). Any new waiver on or after such date shall be subject to the full requirements of this Article.

(c) Earliest Retirement Age. The earliest date on which, under the Plan, the Participant could elect to receive retirement benefits.

(d) Qualified Election. A waiver of a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity. Any waiver of a Qualified Joint and Survivor Annuity or a Qualified Preretirement Survivor Annuity shall not be effective unless: (a) the Participant's Spouse consents in writing to the election; (b) the election designates a specific Beneficiary, including any class of Beneficiaries or any contingent Beneficiaries, which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further spousal consent); (c) the Spouse's consent acknowledges the effect of the election; and (d) the Spouse's consent is witnessed by a Plan representative or notary public. Additionally, a Participant's waiver of the Qualified Joint and Survivor Annuity shall not be effective unless the election designates a form of benefit payment which may not be changed without spousal consent (or the Spouse expressly permits designations by the Participant without any further Spousal consent). If it is established to the satisfaction of a Plan representative that there is no Spouse or that the Spouse cannot be located, a waiver will be deemed a Qualified Election.

Any consent by a Spouse obtained under this provision (or establishment that the consent of a Spouse may not be obtained) shall be effective only with respect to such Spouse. A consent that permits designations by the Participant without any requirement of further consent by such Spouse must acknowledge that the Spouse has the right to limit consent to a specific Beneficiary, and a specific form of benefit where applicable, and that the Spouse voluntarily elects to relinquish either or both of such rights. A revocation of a prior waiver may be made by a Participant without the consent of the Spouse at any time before the commencement of benefits. The number of revocations shall not be limited. No consent obtained under this provision shall be valid unless the Participant has received notice as provided in Section 17.05.

(e) Qualified Joint and Survivor Annuity. An immediate annuity for the life of the Participant with a survivor annuity for the life of the Spouse which is fifty percent (50%) of the amount of the annuity which is payable during the joint lives of the Participant and the Spouse and which is the amount of benefit which can be purchased with the Participant's Vested Account Balance.

(f) Spouse (Surviving Spouse). The Spouse or Surviving Spouse of the Participant, provided that a former Spouse will be treated as the Spouse or Surviving Spouse and a current Spouse will not be treated as the Spouse or Surviving Spouse to the extent provided under a qualified domestic relations order as described in section 414(p) of the Code.

(g) Straight Life Annuity. An annuity payable in equal installments for the life of the Participant that terminates upon the Participant's death.

(h) Vested Account Balance. The aggregate value of the Participant's vested Account balances derived from Employer and Employee contributions (including rollovers), whether vested before or upon death, including the proceeds of insurance contracts, if any, on the Participant's life. The provisions of this Article shall apply to a Participant who is vested in amounts attributable to Employer Contributions, Employee contributions (or both) at the time of death or distribution.

17.07 Annuity Contracts. Where benefits are to be paid in the form of a life annuity pursuant to the terms of this Article, a nontransferable annuity contract shall be purchased from a life insurance company and distributed to the Participant or Surviving Spouse, as applicable. The terms of any annuity contract purchased and distributed by the Plan shall comply with the requirements of this Plan and section 417 of the Code.

XVIII. FINAL PAY CONTRIBUTIONS

18.01 Eligibility. Effective as of January 1, 2006, if elected by the Employer in the Adoption Agreement, Final Pay Contributions on behalf of each eligible Participant equal to the equivalent of the accrued unpaid final pay, as defined in the Adoption Agreement ("Final Pay"), shall be contributed to the Plan. Eligibility for Final Pay Contributions is limited to only those Participants or class of Participants that the Employer elects in the Adoption Agreement.

18.02 Contribution Amount. At the election of the Employer in the Adoption Agreement, the Final Pay Contributions may be made as either (a) Employer Final Pay Contributions, or (b) Employee Designated Final Pay Contributions, as described below.

(a) Employer Final Pay Contributions. The Employer shall contribute to the Plan for each eligible Participant the equivalent of a designated amount of accrued unpaid final pay upon termination of employment of the Participant, as the Employer so elects in the Adoption Agreement. The Employer's contribution for any Plan Year shall be due and paid not later than the time prescribed by applicable law. The Employer Final Pay Contributions shall be accounted for in the Employer Contribution Account.

(b) Employee Designated Final Pay Contributions. The Employer shall contribute to the Plan for each eligible Participant all or any portion of a Participant's Final Pay, as elected by the Participant. The Employer may limit the amount of Final Pay to be elected to be contributed to the Plan. Once elected, an Employee's election shall remain in force and may not be revised or revoked.

The Employee Designated Final Pay Contributions shall be accounted for in the Participant Contribution Account, and are nonforfeitable by the Participant at all times.

The Employee Designated Final Pay Contributions shall be "picked up" by the Employer in accordance with Code section 414(h)(2). The contributions shall be treated as an employer contribution in determining the tax treatment under the Code, and shall not be included as gross income of the Participant until it is distributed.

A Participant cannot elect to receive cash in lieu of any Final Pay Contribution.

18.03 Equivalencies. The Final Pay Contribution shall be determined by multiplying the Participant's current daily rate of pay from the Employer times the amount of accrued unpaid leave being converted.

18.04 Excess Contributions. Final Pay Contributions are limited to the extent of applicable law and any Code limitation. No Final Pay Contribution shall be made to the extent that it would exceed the applicable Code section 415 limitation, as set forth in Article V. Any excess contributions as a result of the Code section 415 limitation shall remain in the Participant's leave bank.

XIX. ACCRUED LEAVE CONTRIBUTIONS

19.01 Eligibility. Effective as of January 1, 2006, if elected by the Employer in the Adoption Agreement, Accrued Leave Contributions on behalf of each eligible Participant equal to the equivalent of the accrued unpaid leave, as defined in the Adoption Agreement ("Accrued Leave"), shall be contributed to the Plan. Eligibility for Accrued Leave Contributions is limited to only those Participants or class of Participants that the Employer elects in the Adoption Agreement.

19.02 Contribution Amount. At the election of the Employer in the Adoption Agreement, the Accrued Leave Contributions may be made as either (a) Employer Accrued Leave Contributions, or (b) Employee Designated Accrued Leave Contributions, as described below.

(a) Employer Accrued Leave Contributions. The Employer shall contribute to the Plan for each eligible Participant the equivalent of a designated amount of accrued unpaid leave each year, as the Employer so elects in the Adoption Agreement. The Employer's contribution for any Plan Year shall be due and paid not later than the time prescribed by applicable law. The Employer Accrued Leave Contributions shall be accounted for in the Employer Contribution Account.

(b) Employee Designated Accrued Leave Contributions. The Employer shall contribute to the Plan for each eligible Participant all or any portion of a Participant's Accrued Leave, as elected by the Participant. The Employer may limit the amount of Accrued Leave to be elected to be contributed to the Plan. Once elected, an Employee's election shall remain in force and may not be revised or revoked.

The Employee Designated Accrued Leave Contributions shall be accounted for in the Participant Contribution Account, and are nonforfeitable by the Participant at all times.

The Employee Designated Accrued Leave Contributions shall be "picked up" by the Employer in accordance with Code section 414(h)(2). The contributions shall be treated as an employer contribution in determining the tax treatment under the Code, and shall not be included as gross income of the Participant until it is distributed.

A Participant cannot elect to receive cash in lieu of any Accrued Leave Contribution.

19.03 Equivalencies. The Accrued Leave Contribution shall be determined by multiplying the Participant's current daily rate of pay from the Employer times the amount of accrued unpaid leave being converted.

19.04 Excess Contributions. Accrued Leave Contributions are limited to the extent of applicable law and any Code limitation. No Accrued Leave Contribution shall be made to the extent that it would exceed the applicable Code section 415 limitation, as set forth in Article V. Any excess contributions as a result of the Code section 415 limitation shall remain in the Participant's leave bank.

DECLARATION OF TRUST

This Declaration of Trust (the "Group Trust Agreement") is made as of the 19th day of May, 2001, by VantageTrust Company, which declares itself to be the sole Trustee of the trust hereby created.

WHEREAS, the ICMA Retirement Trust was created as a vehicle for the commingling of the assets of governmental plans and governmental units described in Section 818(a)(6) of the Internal Revenue Code of 1986, as amended, pursuant to a Declaration of Trust dated October 4, 1982, as subsequently amended, a copy of which is attached hereto and incorporated by reference as set out below (the "ICMA Declaration"); and

WHEREAS, the trust created hereunder (the "Group Trust") is intended to meet the requirements of Revenue Ruling 81-100, 1981-1 C.B. 326, and is established as a common trust fund within the meaning of Section 391:1 of Title 35 of the New Hampshire Revised Statutes Annotated, to accept and hold for investment purposes the assets of the Deferred Compensation and Qualified Plans held by and through the ICMA Retirement Trust.

NOW, THEREFORE, the Group Trust is created by the execution of this Declaration of Trust by the Trustee and is established with respect to each Deferred Compensation and Qualified Plan by the transfer to the Trustee of such Plan's assets in the ICMA Retirement Trust, by the Trustees thereof, in accord with the following provisions:

(a) *Incorporation of ICMA Declaration by Reference; ICMA By-Laws.* Except as otherwise provided in this Group Trust Agreement, and to the extent not inconsistent herewith, all provisions of the ICMA Declaration are incorporated herein by reference and made a part hereof, to be read by substituting the Group Trust for the Retirement Trust and the Trustee for the Board of Trustees referenced therein. In this respect, unless the context clearly indicates otherwise, all capitalized terms used herein and defined in the ICMA Declaration have the meanings assigned to them in the ICMA Declaration. In addition, the By-Laws of the ICMA Retirement Trust, as the same may be amended from time-to-time, are adopted as the By-Laws of the Group Trust to the extent not inconsistent with the terms of this Group Trust Agreement.

Notwithstanding the foregoing, the terms of the ICMA Declaration and By-Laws are further modified with respect to the Group Trust created hereunder, as follows:

1. any reporting, distribution, or other obligation of the Group Trust vis-à-vis any Deferred Compensation Plan, Qualified Plan, Public Employer, Public Employer Trustee, or Employer Trust shall be deemed satisfied to the extent that such obligation is undertaken by the ICMA Retirement Trust (in which case the obligation of the Group Trust shall run to the ICMA Retirement Trust); and

2. all provisions dealing with the number, qualification, election, term and nomination of Trustees shall not apply, and all other provisions relating to trustees (including, but not limited to, resignation and removal) shall be interpreted in a manner consistent with the appointment of a single corporate trustee.

(b) *Compliance with Revenue Procedure 81-100.* The requirements of Revenue Procedure 81-100 are applicable to the Group Trust as follows:

1. Pursuant to the terms of this Group Trust Agreement and Article X of the By-Laws, investment in the Group Trust is limited to assets of Deferred Compensation and Qualified Plans, investing through the ICMA Retirement Trust.

2. Pursuant to the By-Laws, the Group Trust is adopted as a part of each Qualified Plan that invests herein through the ICMA Retirement Trust.

3. In accord with the By-Laws, that part of the Group Trust's corpus or income which equitably belongs to any Deferred Compensation and Qualified Plan may not be used for or diverted to any purposes other than for the exclusive benefit of the Plan's employees or their beneficiaries who are entitled to benefits under such Plan.

4. In accord with the By-Laws, no Deferred Compensation Plan or Qualified Plan may assign any or part of its equity or interest in the Group Trust, and any purported assignment of such equity or interest shall be void.

(c) *Governing Law*. Except as otherwise required by federal, state or local law, this Declaration of Trust (including the ICMA Declaration to the extent incorporated herein) and the Group Trust created hereunder shall be construed and determined in accordance with applicable laws of the State of New Hampshire.

(d) *Judicial Proceedings*. The Trustee may at any time initiate an action or proceeding in the appropriate state or federal courts within or outside the state of New Hampshire for the settlement of its accounts or for the determination of any question of construction which may arise or for instructions.

IN WITNESS WHEREOF, the Trustee has executed this Declaration of Trust as of the day and year first above written.

VANTAGETRUST COMPANY

By: Paul F. Gallagher
Name: Paul F. Gallagher
Title: Assistant Secretary

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

TAX EXEMPT AND
GOVERNMENT ENTITIES
DIVISION

Plan Description: Volume Submitter Money Purchase Pension Plan
FFN: 315D0880003-001 Case: 201200590 EIN: 23-7268394
Letter Serial No: J593644a
Date of Submission: 04/02/2012

ICMA RETIREMENT CORP
777 NORTH CAPITOL ST. NE, SUITE 600
WASHINGTON, DC 20002

Contact Person:
Janell Hayes
Telephone Number:
513-263-3602
In Reference To: TEGE:EP:7521
Date: 03/31/2014

Dear Applicant:

In our opinion, the form of the plan identified above is acceptable under section 401 of the Internal Revenue Code for use by employers for the benefit of their employees. This opinion relates only to the acceptability of the form of the plan under the Internal Revenue Code. It is not an opinion of the effect of other Federal or local statutes.

You must furnish a copy of this letter, a copy of the approved plan, and copies of any subsequent amendments to adopting employers if the practitioner is authorized to amend the plan on their behalf, to each employer who adopts this plan. Effective on or after 10/31/2011, interim amendments adopted by the practitioner on behalf of employers must provide the date of adoption by the practitioner.

This letter considers the changes in qualification requirements contained in the 2010 Cumulative List of Notice 2010-90, 2010-52 I.R.B. 909.

Our opinion on the acceptability of the form of the plan is not a ruling or determination as to whether an employer's plan qualifies under Code section 401(a). However, an employer that adopts this plan may rely on this letter with respect to the qualification of its plan under Code section 401(a), as provided for in Rev. Proc. 2011-49, 2011-44 I.R.B. 608, and outlined below. The terms of the plan must be followed in operation.

Except as provided below, our opinion does not apply with respect to the requirements of Code sections 401(a)(4), 401(l), 410(b), and 414(s). Our opinion does not apply for purposes of Code section 401(a)(10)(B) and section 401(a)(16) if an employer ever maintained another qualified plan for one or more employees who are covered by this plan. For this purpose, the employer will not be considered to have maintained another plan merely because the employer has maintained another defined contribution plan(s), provided such other plan(s) has been terminated prior to the effective date of this plan and no annual additions have been credited to the account of any participant under such other plan(s) as of any date within the limitation year of this plan. Also, for this purpose, an employer is considered as maintaining another plan, to the extent that the employer maintains a welfare benefit fund defined in Code section 419(e), which provides postretirement medical benefits allocated to separate accounts for key employees as defined in Code section 419A(d)(3), or an individual medical account as defined in Code section 415(l)(2), which is part of a pension or annuity plan maintained by the employer, or a simplified employee pension plan.

Our opinion does not apply for purposes of the requirement of section 1.401(a)-1(b)(2) of the regulations applicable to a money purchase plan or target benefit plan where the normal retirement age under the employer's plan is lower than age 62.

This is not a ruling or determination with respect to any language in the plan that reflects Section 3 of the Defense of Marriage Act, Pub. L. 104-199, 110 Stat. 2419 (DOMA) or U.S. v. Windsor, 133 S. Ct. 2675 (2013), which invalidated that section.

This letter is not a ruling with respect to the tax treatment to be accorded contributions which are picked up by the governmental employing unit within the meaning of section 414(h)(2) of the Internal Revenue Code.

Our opinion applies with respect to the requirements of Code section 410(b) if 100 percent of all nonexcludable employees benefit under the plan. Employers that elect a safe harbor allocation formula and a safe harbor compensation definition can also rely on an advisory letter with respect to the nondiscriminatory amounts requirement under section 401(a)(4). If this plan includes a CODA or otherwise provides for contributions subject to sections 401(k) and/or 401(m), the advisory letter can be relied on with respect to the form of the nondiscrimination tests of 401(k)(3) and 401(m)(2) if the employer uses a safe harbor compensation definition. In the case of plans described in section 401(k)(12) or (13) and/or 401(m)(11) or (12), employers may also rely on the advisory letter with respect to whether the form of the plan satisfies the requirements of those sections unless the plan provides for the safe harbor contribution to be made under another plan.

The employer may request a determination (1) as to whether the plan, considered with all related qualified plans and, if appropriate, welfare benefit funds, individual medical benefit accounts, and simplified employee pension plans, satisfies the requirements of Code section 401(a)(16) as to limitations on benefits and contributions in Code section 415 and the requirements of Code section 401(a)(10)(B) as to the top-heavy plan requirements in Code section 416; (2) with respect to whether a money purchase or target benefit plan's normal retirement age which is earlier than age 62 satisfies the requirements of section 401(a)-1(b)(2) of the Income Tax Regulations; (3) that the plan is a multiple employer plan; (4) whether there has been a partial termination; and (5) to comply with published procedures of the Service (e.g. minimum funding waiver request). The employer may request a determination letter by filing an application with Employee Plans Determinations on Form 5307, with regard to item (1) above, and Form 5300, for items (2), (3), (4) and (5), without restating for the Cumulative List in effect when the application is filed.

If you, the volume submitter practitioner, have any questions concerning the IRS processing of this case, please call the above telephone number. This number is only for use of the practitioner. Individual participants and/or adopting employers with questions concerning the plan should contact the volume submitter practitioner. The plan's adoption agreement, if applicable, must include the practitioner's address and telephone number for inquiries by adopting employers.

If you write to the IRS regarding this plan, please provide your telephone number and the most convenient time for us to call in case we need more information. Whether you call or write, please refer to the Letter Serial Number and File Folder Number shown in the heading of this letter.

You should keep this letter as a permanent record. Please notify us if you modify or discontinue sponsorship of this plan.

Sincerely Yours,

Andrew E. Zuckerman
Director, Employee Plans Rulings and Agreements

ICMARC
BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

ICMA RETIREMENT CORPORATION
777 NORTH CAPITOL STREET, NE | WASHINGTON, DC 20002-4240
800-669-7400
WWW.ICMARC.ORG

BRC000-212-21266-201405-W1371
REV 3/2015

RESOLUTION

ACCEPTANCE OF 2017 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.

Travel & Reimbursement Policy

Commissioners, Board Appointees, Employees, Investment Fiduciaries

March 28, 2017

INDEX

General Guidelines

This Travel and Reimbursement Policy ("Policy") is designed to act as a guideline for business travel and related expense reimbursements. They are based on practices employed by many organizations of our size and take into consideration what is considered reasonable and customary. While this Policy does contain suggested expense limits, we challenge all employees to use professional judgment when incurring expenses on behalf of the Board of Water & Light ("BWL").

Abuse of this 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 BWL Board of Commissioners ("Board") removal from service as an officer and or disqualification from service as an officer for the duration of their service on the Board.

Conference registration fees, lodging, airfare or other items which may be scheduled in advance can be prepaid with a BWL P-Card or via a check through the Request for Payment option included in BWL's Travel Form and with the appropriate advance approval.

Travelers should review reimbursement guidelines outlined in this Policy before spending personal funds for business travel to determine if such expenses are reimbursable. The BWL reserves the right to deny reimbursement of travel-related expenses for failure to comply with policies and procedures.

Travelers who use personal funds to facilitate travel arrangements will be reimbursed after the trip occurs and when proper documentation is submitted. Should reimbursement be requested prior to traveling, the request must be submitted via BWL's Travel Form with proper approval.

ALL APPROVED EXPENSES INCURRED MUST BE IN ACCORDANCE WITH YOUR DEPARTMENT'S BUDGET. IF YOU ARE UNSURE OF YOUR AVAILABLE DEPARTMENT BUDGET, PLEASE CONTACT YOUR DEPARTMENT MANAGER PRIOR TO INCURRING ANY EXPENSES.

This Policy is designed to accomplish the following key points:

- Ensure all travelers have a clear and consistent understanding of policies and procedures for business travel and related expenses.
- Ensure travelers have a clear understanding of what a legitimate business travel expense is.
- Ensure travelers are reimbursed for legitimate business travel expenses when spending personal funds.
- Provide the appropriate level of accounting & business controls to ensure that expenses are reviewed & approved by the appropriate person.

Purpose

Due to the complex and changing environment, it is essential for Commissioners, Board Appointees, Employees and Investment Fiduciaries to be well informed on issues of importance to the utility industry. Commissioners, Board Appointees, Employees and Investment Fiduciaries are encouraged and occasionally required to attend seminars, meetings, or other programs that provide information impacting the operations of the BWL.

Scope

This Policy shall apply to the following:

- ***Commissioners***: All 4 Year Term Commissioners
- ***Board Appointees:*** General Manager, Internal Auditor, and Corporate Secretary
- ***Employees:*** Active Employees
- ***Investment Fiduciaries***

Approval

Commissioner	Board Appointee	Employee	Investment Fiduciary
Advance approval for all business travel is required by the Board Chair.	Advance approval for all business travel is required by the Board Chair.	Advance approval for all business travel is required by the next level of management above supervisor level.	Advance approval for all business travel is required by the Board Chair.

Registration

Commissioner	Board Appointee	Employee	Investment Fiduciary
Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation. Registration fees for *guest programs* will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation. Registration fees for *guest programs* will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation.

Lodging

Actual expenses for lodging will be reimbursed. In the event a Commissioner, Board Appointee, Employee or Investment Fiduciary is accompanied by a guest or family member(s), the BWL will only reimburse at the single room rate.

Many hotels offer discounts to non-profit and/or governmental agencies. When making lodging arrangements, this discount should be requested.

Accommodations such as different room types, extra rooms, and other special amenities for personal guests should be arranged by the Commissioner, Board Appointee, Employee or Investment Fiduciary, and paid directly to the hotel via a personal credit card or other means of personal payment.

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.

Transportation

Commissioner	Board Appointee	Employee	Investment Fiduciary
Commercial airline* or rail travel will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel will be reimbursed for Main Cabin seating. **
Rental car will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should be included on BWL's Travel Form.	Rental car will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should be included on BWL's Travel Form.	Rental car will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should be included on BWL's Travel Form.	Rental car will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should be included on BWL's Travel form.
Taxi, bus, subway, shuttle, garage and airport parking costs will be reimbursed.	Taxi, bus, subway, shuttle, garage and airport parking costs will be reimbursed.	Taxi, bus, subway, shuttle, garage and airport parking costs will be reimbursed.	Taxi, bus, subway, shuttle, garage and airport parking costs will be reimbursed.

(Transportation continued on next page.)

Transportation (Continued)

Commissioner	Board Appointee	Employee	Investment Fiduciary
Flat rate mileage will be paid for use of a private vehicle as per current Internal Revenue Service regulations. All mileage must be documented on BWL's Travel Form.	Flat rate mileage will be paid for use of a private vehicle as per current Internal Revenue Service regulations. Mileage shall be submitted through BWL's time entry system and documented on BWL's Travel Form.	Flat rate mileage will be paid for use of a private vehicle as per current Internal Revenue Service regulations. Mileage shall be submitted through BWL's time entry system and documented on BWL's Travel Form.	Flat rate mileage will be paid for use of a private vehicle as per current Internal Revenue Service regulations. Mileage shall be submitted through BWL's time entry system (excluding Commissioners) and documented on BWL's Travel Form.
Reservations: *In order to optimize cost savings for the company, individuals should make every attempt to make travel arrangements 30 or more days in advance of in advance of travel.* *****Air Travel:*** *Non-Refundable Main Cabin is the allowable booking class for all domestic flights. If a medical condition necessitates upgraded travel, you must obtain a physician's order and discuss with a BWL Human Resources Representative for approval* ***prior*** *to booking.*			
A Commissioner, Board Appointee, Employee or Investment Fiduciary may elect for a more expensive travel option, such as first class airfare or driving a rental car rather than flying, but reimbursement will be limited to the amounts specified in this section. When more expensive transportation is selected, documentation of the comparative transportation cost, such as coach class airfare, must be provided and any difference must be covered by the traveler. Additional costs, such as lodging and meals, incurred due to an individual's decision to use a less time-efficient mode of transportation, will not be reimbursed.			

Meals

Commissioner	Board Appointee	Employee	Investment Fiduciary
Reimbursement will be based on a per diem rate of $100 per day.	Reimbursement will be based on actual cost incurred with receipt substantiation. Meal gratuity exceeding 20% will not be reimbursed.	Reimbursement will be based on actual cost not to exceed $70 per day with receipt substantiation. Meal gratuity exceeding 20% will not be reimbursed.	Reimbursement will be based on a per diem rate of $100 per day.

Substantiation Requirements

Commissioner	Board Appointee	Employee	Investment Fiduciary
Original receipts shall be obtained and retained to substantiate the expense with the exception of meal receipts.	Original receipts shall be obtained and retained to substantiate the expense.	Original receipts shall be obtained and retained to substantiate the expense.	Original receipts shall be obtained and retained to substantiate the expense.
Miscellaneous expenses (gratuities, parking, tolls, baggage fees, etc.) considered to be reasonable will be reimbursed with receipt. If a receipt cannot be reasonably obtained, the expenditures will be reimbursed up to $50 per day, but must be documented including location, date and a description of the expenditure.	Miscellaneous expenses (gratuities, parking, tolls, baggage fees, etc.) considered to be reasonable will be reimbursed with receipt. If a receipt cannot be reasonably obtained, the expenditures will be reimbursed up to $50 per day, but must be documented including location, date and a description of the expenditure.	Miscellaneous expenses (gratuities, parking, tolls, baggage fees, etc.) considered to be reasonable will be reimbursed with receipt. If a receipt cannot be reasonably obtained, the expenditures will be reimbursed up to $50 per day, but must be documented including location, date and a description of the expenditure.	Miscellaneous expenses (gratuities, parking, tolls, baggage fees, etc.) considered to be reasonable will be reimbursed with receipt. If a receipt cannot be reasonably obtained, the expenditures will be reimbursed up to $50 per day, but must be documented including location, date and a description of the expenditure.
All expenses must be summarized on BWL's Travel Form with receipts and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of incurred date.	All expenses must be summarized on BWL's Travel Form with receipts and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of incurred date.	All expenses must be summarized on BWL's Travel Form with receipts and submitted for review and approval by next level of management above a supervisor. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of incurred date.	All expenses must be summarized on BWL's Travel Form with receipts and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of incurred date.
Retention = Creation Date +7 Years	Retention = Creation Date +7 Years	Retention = Creation Date +7 Years	Retention = Creation Date +7 Years.

Cancellation Policy: If an individual cancels travel for personal reasons and the BWL is unable to obtain a refund, the individual may be held responsible for the expenses incurred for travel.

Missed Flights and No-Show Charges: If an individual misses or fails to show for a flight for personal reasons they may be responsible for the nonrefundable costs.

Personal Upgrades: Personal miles or coupons can be used to upgrade to first class, or an individual may opt to pay personally for the price difference between coach and first class. Individuals are responsible for paying the difference in price.

Non-Reimbursed Expenses

The BWL is a public entity and individuals representing the company are expected to act in the best interest of the BWL and its ratepayers. Examples of expenses which are not allowed and **WILL NOT** be reimbursed include, but are not limited to, the following:

Commissioner	Board Appointee	Employee	Investment Fiduciary
Personal expenses not associated with Board of Water and Light business.	Personal expenses not associated with Board of Water and Light business.	Personal expenses not associated with Board of Water and Light business.	Personal expenses not associated with Board of Water and Light business.
Alcoholic beverages.	Alcoholic beverages.	Alcoholic beverages.	Alcoholic beverages.
Guest travel expenses. BWL will only reimburse guest program registration fees.	Guest travel expenses. BWL will only reimburse guest program registration fees.	Guest Travel Expenses.	Guest Travel Expenses.
Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.
Traffic and parking violations.	Traffic and parking violations.	Traffic and parking violations.	Traffic and parking violations.
Travel Insurance.	Travel Insurance.	Travel Insurance.	Travel Insurance.

Waiver

Commissioner	Board Appointee	Employee	Investment Fiduciary
This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the General Manager when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.

Travel for Investment Fiduciary - Retirement System Education

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.

The Board is vested with the general administration, management, and operation of BWL'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.

An Investment Fiduciary means a person other than a participant that exercises any discretionary authority or control in the investment of a system's assets which would include Trustees and the Retirement Planning Committee.

The Board recognizes that, consistent with its fiduciary duty and liability, it is necessary and appropriate for Investment Fiduciaries 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.

The BWL recognizes that in order for the participants and beneficiaries of the Retirement System to have the best representation, it is imperative for the Investment Fiduciaries to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments. Investment Fiduciaries are encouraged to attend all meetings of the Board, and attend one conference per year. Individuals wishing to attend additional conferences in a year must request prior Board approval and provide a post conference report to the Board on topics covered.

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. In the event that a certificate is not offered, the Investment Fiduciary must provide seminar or conference materials to the Corporate Secretary on behalf of the Board.

Revision History

Date	Reason	Action
March 28, 2017	New Policy #	Board Approved

RESOLUTION

TRAVEL & REIMBURSEMENT POLICY – BOARD OF COMMISSIONERS, BOARD APPOINTEES, EMPLOYEES and INVESTMENT FIDUCIARIES

WHEREAS, the attached Travel & Reimbursement Policy for the Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries (formerly known as Retirement System Representatives) will replace the existing Policies and Resolutions listed below:

1) Policy 0004 – Travel Expense (Board Appointees)
2) Policy 0007 – Travel Expense for Commissioners Only
3) Policy 0056 – Travel & Reimbursement – Employees
4) Resolution #2007-05-14 – Amendment to Travel Policy for the Board of Commissioners
5) Resolution #2014-11-02 – Retirement System Education & Travel Policy

WHEREAS, the Board of Commissioners adopted the attached, combined and updated Travel & Reimbursement Policy as presented.

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, combined and updated Travel & Reimbursement Policy.

Staff Comments: The purpose of this Resolution is to consolidate the existing policies and resolutions listed above into 1 policy and apply uniform requirements throughout. The following significant changes were made:
Board of Commissioners

- Policy covers 4 Year Term Commissioners
- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Policy may be overridden by Board Chair when emergency or special circumstance arises

Board Appointees

- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Eliminated the $50/day per diem rate
- Meal Reimbursement will be at actual cost with a 20% gratuity cap
- Policy may be overridden by Board Chair when emergency or special circumstance arises

Employees

- Meal reimbursement increased (from $50) to $70 per day with a 20% gratuity cap
- Miscellaneous Expense increased (from $25) to $50 per day

Investment Fiduciaries

- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Eliminate $500 per day cash travel advance
- Policy may be overridden by Board Chair when emergency or special circumstance arises