PENSION FUND TRUSTEES MEETING
AGENDA

November 15, 2016

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 11/17/15 **.................................... TAB 1**

2. Financial Information Relative to DB, DC and VEBA Plans for FY 2016 **............. TAB 2**
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3. Proposed Resolution Adopting the Audited 2016 Financial Statements **............ TAB 3**
   (Relative to DB, DC and VEBA Plans)

4. Acknowledgement of Amendment of Pension Plan Trust;
   and Delegation of Investment Authority - Resolution.. **TAB 4**

5. Acknowledgement of Amendment of Retiree Medical Benefit Plan and Trust Agreement;
   and Delegation of Investment Authority - Resolution......................... .... **TAB 5**

Other

Adjourn

Lansing Board of Water and Light
Pension Plans
FY 2016 Financial Information

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Tab

BOARD OF WATER AND LIGHT
PENSION FUND TRUSTEES ANNUAL MEETING
November 17, 2015

The Pension Fund Trustees of the Lansing Board of Water and Light (BWL) met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 P.M. on Tuesday, November 17, 2015. Chairperson David Price called the meeting to order and asked the Corporate Secretary to call the roll.

Present: Trustees Mark Alley, Anthony McCloud, Tony Mullen, David Price, Ken Ross, and Tracy Thomas.

Absent: Trustee Sandra Zerkle and Dennis M. Louney.

Public Comments

There were no public comments.

Approval of Minutes

On **Motion** by Trustee Mullen and Seconded by Trustee Thomas to approve the minutes of November 11, 2014, Pension Fund Trustees' Annual Meeting Minutes.

Action: Motion Carried

FY 2015 Financial Information

FY 2015 Financial Information Relative to DB, DC and VEBA Plan and Proposed Resolution Adopting the Audited Financial Statements

General Manager, Richard Peffley introduced Chief Financial Officer, Heather Shawa-DeCook, to provide an overview of the Board of Water & Light's (BWL) different Pension Plans.

Ms. Shawa-DeCook provided information on the FY 2015 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 420 participants, only 14 of those being active. As of the valuation date of February 28, 2015, the Plan had $78 million in plan assets and $67 million in plan liabilities. The BWL is currently over-funded by $11 million, meaning its Funded Ratio is slightly under 116%, which is up from roughly 115% from the prior year. For FY 15, the BWL had $1.7 million in investment income, which equates to a 2% return. For FY 14, the BWL had $14.2 million in investment income, which equates to a 19% return. Ms. Shawa-DeCook stated that these results are reflective of the market.

For FY 15, the BWL paid out $8 million in benefits and administrative fees were $576,000.

Retirement Pension Plan – VEBA

Ms. Shawa-DeCook stated that the VEBA Trust, as of the actuarial valuation date of Feb 28, 2015, has 724 active participants and 713 retiree participants. The VEBA plan had $158 million in plan assets and $200 million in plan liabilities. The Board of Water & Light was 78.7% funded; up from 76.3% last year. For FY 15, the BWL had $3.6 million in investment income, equaling a 2% return. For the prior FY year, the BWL had a $25.7 million in investment income, equating to 19% return. The BWL paid out $9.7 million in benefits, and administrative fees were $1.2 million.

Ms. Shawa-DeCook stated that the BWL's VEBA Plan projects to be fully funded within 10 years, with some critical key assumptions going into BWL's actuarial projections.

Defined Contribution Plan – 401A

Ms. Shawa-DeCook stated that BWL currently has 705 active employees and 222 retirees and beneficiaries in the DC Plan. For FY 15, the DC Plan had $173 million in plan assets, an increase of $4 million from the prior year. As of FY 15, the annual fees incurred by plan participants were approximately $978,000 dollars, or .57% of assets. Approximately $100,000 additional expenses were incurred by some plan participants due to utilization of ancillary plan services.

For the FY 15, BWL had $7.3 million in investment income, which equates to a 4% return. For the prior FY, the BWL had $23.5 million in investment income, which equates to a 16% return. For FY 15, the BWL contributed $5.5 million into the Plan. Retired Plan participants withdrew $4.5 million in regular distributions, and an additional $6 million was rolled out into other retirement plan providers.

Ms. Shawa-DeCook stated that employees are allowed to take out loans against DC plan. Currently, the BWL has 396 loans outstanding, compared to 403 loans last year. The average carrying value of the loan outstanding is approximately $11,000. The Plan allows participants to have two loans out at any given time. The balance of outstanding loans is $4.4 million, however, this trend average and balance is decreasing.

ICMA, BWL's DC provider has in the past provided comparisons of BWL's plan to a typical 401A plan, and observed that BWL's employees are more sophisticated in their investment approach.

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 weekly basis. The BWL has a powerful, user-friendly website with an array of online, digital and printed education, including a retirement calculator.

Ms. Shawa-DeCook stated that all three of BWL's plans were issued an "*Unqualified*" opinion, meaning the statements are a fair reflection in all material respects and in accordance with accounting principles generally accepted.

There was a lengthy question and answer discussion regarding the DB, VEBA and DC Plans.

Ms. Shawa-DeCook introduced Marie Vanerian, Managing Director-Wealth Management from Merill Lynch, who provided information on the market performance differences and changes from FY 14 to FY 15 for the Defined Benefit and VEBA Plans.

PROPOSED RESOLUTION

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

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

Excused Absence

Motion by Trustee Mullen, Seconded by Trustee McCloud to excuse Trustees Louney and Zerkle from tonight's meeting

Action: Motion Carried

Adjourn

On Motion by Trustee Thomas and Seconded by Trustee McCloud with no further business, the Pension Fund Trustees meeting adjourned at 5:38 p.m.

RESOLUTION

ACCEPTANCE OF 2016 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.

RESOLUTIONS 2016-__________

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

WHEREAS, the individual members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the "Trustees") of the Pension Plan Trust relating to the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Pension Trust"); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend the Pension Trust for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions (the "Pension Plan");

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of the First Amendment to the Pension Trust effective as indicated therein, a copy of which is attached hereto and incorporated herein by reference; and

FURTHER RESOLVED, that, after its review, the Trustees acknowledge the attached Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives (the "IPS"), effective as indicated therein.

FURTHER RESOLVED, that the Trustees delegate to said Committee authority to perform the investment functions that are assigned to the Committee in the IPS, a copy of which is attached hereto and incorporated herein by reference. The delegation of said authority shall be effective as set forth in the IPS.

FURTHER RESOLVED, that the Trustees indemnify and hold harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee's discharge of its duties that are described in the attached IPS; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

FIRST AMENDMENT TO THE
PENSION PLAN TRUST
RELATING TO THE
LANSING BOARD OF WATER AND LIGHT
DEFINED BENEFIT PLAN FOR EMPLOYEES' PENSIONS

The Pension Plan Trust relating to the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions is hereby amended effective _________________ as set forth below.

1. Section I.4 is replaced in its entirety with the following:

"The Board shall establish an investment policy for the Plan that it communicates to the Trustee in writing. The Board shall periodically review and, if necessary, revise and update such investment policy. The Trustee shall acknowledge the investment policy and any revisions or updates to it by communicating the same to the Board 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 and acknowledged by the Trustee from time to time in writing."

2. The following new subsection (p) is added to the end of Section II.2:

"(p) To delegate to any other person(s) or entity all or any part of the Trustee's powers, rights, and duties that are described in this Section II.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 Trustee's permanent records."

LANSING BOARD OF WATER AND LIGHT

Dated:______________________ By:____
Its: Chair, Board of Commissioners

Dated:______________________ By:____
Its: Corporate Secretary

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

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective September 27, 2016, except as otherwise noted herein

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

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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, manger 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	Active/Passive	35 to 70%	35%
Non-U.S. Equities	Active, Broad or Focused	0 to 20%	10%
Global Fixed Income	Active, Intermediate Diversified	30 to 50%	35%
Commercial Real Estate	Core, value-added, opportunistic, public or private	0 to 10%	10%
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.

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.

<u>Directed Brokerage</u>
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.

<u>Tenure</u>
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).

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 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).

<u>Conclusion</u>

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.

RESOLUTIONS 2016-__________

<u>Acknowledgement of Amendment of Retiree Medical Benefit Plan and Trust Agreement; and Delegation of Investment Authority</u>

WHEREAS, the individual members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the "Trustees") of the Lansing Board of Water and Light Retiree Benefit Plan and Trust Agreement (the "Retiree Benefit Trust") relating to the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light (the "Retiree Medical Benefit Plan"); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend the Retiree Benefit Trust for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of the Retiree Medical Benefit Plan;

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of the First Amendment to the Retiree Benefit Trust effective as indicated therein, a copy of which is attached hereto and incorporated herein by reference; and

FURTHER RESOLVED, that, after its review, the Trustees acknowledge the attached Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures and Objectives (the "IPS"), effective as indicated therein.

FURTHER RESOLVED, that the Trustees delegate to said Committee authority to perform the investment functions that are assigned to the Committee in the IPS, a copy of which is attached hereto and incorporated herein by reference. The delegation of said authority shall be effective as set forth in the IPS.

FURTHER RESOLVED, that the Trustees indemnify and hold harmless each member of the Committee from and against all liability of any kind, including, without limitation, court costs, attorneys' fees and other expenses that arise from any legal or administrative proceeding of any kind that is brought by any person, entity or government agency in connection with the Committee's discharge of its duties that are described in the attached IPS; provided, however, that this indemnification shall not apply with regard to any proceeding in which a Committee member is found to have been grossly negligent or to have violated a law or committed a crime.

FIRST AMENDMENT TO THE
LANSING BOARD OF WATER AND LIGHT
RETIREE BENEFIT PLAN AND TRUST AGREEMENT
RELATING TO THE
POST-RETIREMENT BENEFIT PLAN FOR ELIGIBLE EMPLOYEES OF
LANSING BOARD OF WATER AND LIGHT

The Lansing Board of Water and Light Retiree Benefit Plan and Trust Agreement relating to the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light is hereby amended effective _________________ as set forth below.

1. Section 7.01 is replaced in its entirety with the following:

> "7.01 Investment Pursuant to Policy. The discretion of the Trustee in investing and reinvesting the principal and income of the Trust Fund shall be subject to such investment policy (and any changes thereof from time to time) as the Plan Administrator may, pursuant to this Agreement, adopt from time to time and communicate to the Trustee in writing. The Trustee shall formally acknowledge the investment policy and any revisions or updates to it by communicating the same to the Plan Administrator 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 and acknowledged by the Trustee from time to time in writing."

2. The following new subsection (p) is added to the end of Section 9.01.

> "(p) To delegate to any other person(s) or entity all or any part of the Trustee's powers, rights, and duties that are described in this Section 9.01. 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 Trustee's permanent records."

LANSING BOARD OF WATER AND LIGHT

Dated:_____________________ By:____
Its: Chair, Board of Commissioners

Dated:_____________________ By:____
Its: Corporate Secretary

15649:00015:2791033-4

POST-RETIREMENT BENEFIT PLAN FOR ELIGIBLE EMPLOYEES OF LANSING BOARD OF WATER & LIGHT

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective 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 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.

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 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.

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. 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 <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, manger 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	Active/Passive	35 to 70%	45%
Non-U.S. Equities	Active, Broad or Focused	0 to 20%	10%
Global Fixed Income	Active, Intermediate Diversified	10 to 50%	15%
Commercial Real Estate	Core, value-added, opportunistic, public or private	0 to 20%	20%
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.

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).

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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 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).

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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M E M O R A N D U M

From: Heather Shawa-DeCook, Chief Financial Officer

To: Board of Water and Light Pension Trustees

Date: November 10, 2016

Subject: Annual Pension Trustee Meeting – November 15, 2016

At the Annual Trustee Meeting to be held November 15, 2016, Staff will give a brief overview of the Fiscal Year 2016 financial performance of the Defined Benefit Plan, the Defined Contribution Plan, and the Post-Retirement Benefit Plan and answer any questions you may have. Representatives from The Bogdahn Group will be present in reference to the Defined Benefit Plan and the Post-Retirement Benefit Plan. ICMA-RC representatives will also be in attendance concerning the Defined Contribution Plan.

Audited financial reports for each of the three plans are included as attachments. You will find 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, 2016. Baker Tilly also indicates the changes in net assets for each plan have been recorded in conformity with accounting principles generally accepted in the United States of America. Attached is a resolution to accept the final audited financial reports for Fiscal Year 2016.

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

Also of interest are the actuarial reports attached for the Defined Benefit Plan and the Post-Retirement Plan. These actuarial reports are prepared by Nyhart using information based on the 12 months ended February 29, 2016, to calculate the Plan's funded status and required contribution. While the complete report is attached, key information is shown below.

Defined Benefit Plan

	As of 2/29/2016	As of 2/28/2015
Target Contribution	$0	$0
Accrued Liability	$62.0 million	$67.0 million
Value of Plan Assets	$63.6 million	$77.6 million
Funded Ratio	102.6%	115.8%
Amount Under Funded	($1.6) million	($10.5) million

Post-Retirement Benefit Plan

	As of 03/01/2016	As of 03/01/2015
Target Contribution	$7.5 million	$5.8 million
Accrued Liability	$205.2 million	$200.2 million
Value of Plan Assets	$145.3 million	$157.5 million
Funded Ratio	70.8%	78.7%
Amount Under Funded	$59.9 million	$42.6 million

Merrill Lynch served as investment advisor to Board of Water and Light from 2008 through April of 2016. In April of 2016, the Board of Water and Light hired Asset Strategies to serve as investment advisors for the Defined Benefit (DB) and the Retiree Benefit Plan and Trust (VEBA Plan). After Asset Strategies was hired as investment advisor, they were purchased by the Bogdahn Group who currently serves as investment advisor. During the transition from Merrill Lynch to Asset Strategies, the BWL consolidated the previous thirteen investment managers to four.

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

Investment Style:	**DB Fund Allocation % at 6/30/2016**
Large Growth Equity Managers:	
Loomis Sayles	48.9%
Small to Mid Value Equity Manager:	
Advisory Research	9.5%
International Equity:	
JPMorgan International (Value)	12.2%
Fixed Income:	
JPMorgan (Core)	28.2%

Investment Style:	**VEBA Fund Allocation % at 6/30/2016**
Large Growth Equity Managers:	
Loomis Sayles	40.5%
Small to Mid Value Equity Manager:	
Advisory Research	9.9%
International Equity:	
JPMorgan International (Value)	9.8%
Fixed Income:	
JPMorgan (Core)	39.8%

Management Fees as of June 30, 2016:

Investment Manager	Manager Fee	Custodial Fee	Bogdahn Fee	Total Fee
Large Cap Growth				
Loomis	0.52%	0.03%	0.06%	0.61%
Small to Mid Cap Value				
Advisory Reserach	1.00%	0.03%	0.06%	1.09%
International				
JP Morgan (Value)	0.85%	0.03%	0.06%	0.94%
Fixed Income				
JP Morgan (Core)	0.30%	0.03%	0.06%	0.39%

Performance of Investment Managers:

Below is a chart showing the investment returns since inception through June 30, 2016 for the four current investment managers employed by the BWL. These returns are compared to the market index that most closely compares to each investment manager's investment style. Note that due to differing individual portfolio start dates, and different investment styles, the comparative market index will vary from manager to manager.

Defined Benefit:

Investment Manager	Inception Date	Return	Index
Loomis Sayles (LC Growth)	2/7/13	14.9%	14.7%
Advisory Research (SC Value)	3/31/09	11.9%	15.2%
JPMorgan International (Value)	3/31/09	7.4%	9.1%
JPMorgan (Core)	3/31/09	4.9%	4.3%

Retiree Benefit Plan and Trust:

Investment Manager	Inception Date	Return	Index
Loomis Sayles (LC Growth)	2/7/13	14.3%	14.7%
Advisory Research (SC Value)	3/31/09	11.4%	15.2%
JPMorgan International (Value)	3/31/09	7.2%	9.1%
JPMorgan (Core)	3/31/09	5.1%	4.3%

Investment Manager Watch List:

JP Morgan fixed income is on watch as the result of significant investment personnel turnover.

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, 2016 and 2015

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

Contents

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

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"), which comprise the statement of plan net position as of June 30, 2016 and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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 audit to obtain reasonable assurance about whether the financial statements are free of 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
City of Lansing, Michigan

Opinion

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

Prior Period Financial Statements

The financial statements of the Plan as of June 30, 2015, were audited by other auditors whose report dated August 28, 2015, expressed an unmodified opinion on those statements.

Other Matter

Report on Required Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 5 and the schedule of changes in the BWL's net pension asset and related ratios, schedule of employer contributions, and schedule of investment returns on pages 27 through 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We have applied certain limited procedures to the required management's discussion and analysis in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 6, 2016

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:

	2016	2015	2014
Assets held in trust:			
Money market collective trust fund	$ 746,554	$ 2,321,310	$ 3,192,936
U.S. government obligations	7,565,160	6,659,203	7,354,686
Fixed income securities	10,491,022	11,312,551	11,844,906
Mutual funds	7,908,757	925,065	1,260,129
Partnership	1,101,086	1,098,790	1,082,059
Common stocks	37,486,031	51,257,647	55,688,109
Interest and dividend receivable	143,225	104,768	120,156
Total assets held in trust	**$ 65,441,835**	**$ 73,679,334**	**$ 80,542,981**
Liabilities - Accrued liabilities	$ -	$ -	$ 13,000
Net position restricted for pensions	65,441,835	73,679,334	80,529,981
Total liabilities and net position	**$ 65,441,835**	**$ 73,679,334**	**$ 80,542,981**
Changes in net position:			
Net investment income (loss)	$ 46,762	$ 1,771,423	$ 14,243,164
Benefits payments	(7,895,766)	(8,045,948)	(8,541,275)
Administrative fees	(388,495)	(576,122)	(595,925)
Net change in net position	**$ (8,237,499)**	**$ (6,850,647)**	**$ 5,105,964**

During fiscal year 2016, net investment gain was $47,000. We believe this performance is consistent with the experience of similarly situated employee benefit funds.

Employer contributions were $0 in fiscal year 2016 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 $0.1 million to $7.9 million. This was due to a decrease in funds distributed in the form of lump-sum payouts upon retirement in fiscal year 2016 as compared to fiscal year 2015.

The BWL reimburses itself for the cost of retiree healthcare benefits pursuant to Internal Revenue Code Section 420. Reimbursement from the defined benefit pension plan assets is allowed to the extent that excess funds are available for transfer. In fiscal years 2016, 2015, and 2014, there were no excess funds available for transfer.

Investment Objectives and Asset Allocation

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

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

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

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

Future Events

The Plan is currently overfunded, with a funded ratio (actuarial asset value divided by actuarial accrued liability) of 107 percent. This funding level results in an annual pension cost of $0 for fiscal year 2016. The board does not expect to make contributions to the trust in fiscal year 2017.

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

Contacting the Plan's Management

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

Statement of Plan Net Position

	As of June 30	
	2016	2015
Assets		
Investments at fair value:		
Cash and money market trust fund	$ 746,554	$ 2,321,310
U.S. government obligations	7,565,160	6,659,203
Fixed income securities	10,491,022	11,312,551
Mutual funds	7,908,757	925,065
Partnership	1,101,086	1,098,790
Common stocks	37,486,031	51,257,647
Total investments at fair value	65,298,610	73,574,566
Receivable - Investment interest receivable	143,225	104,768
Net Position Restricted for Pensions	**$ 65,441,835**	**$ 73,679,334**

See Notes to Financial Statements.

Statement of Changes in Plan Net Position

	For the Year Ended June 30	
	2016	2015
Additions		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ (1,459,436)	$ 215,209
Interest and dividend income	1,506,198	1,556,214
Total investment income	46,762	1,771,423
Deductions		
Retiree benefits paid	7,895,766	8,045,948
Administrative expenses	388,495	576,122
Total deductions	8,284,261	8,622,070
Net Decrease in Net Position held in trust	(8,237,499)	(6,850,647)
Net Position Restricted for Pensions		
Beginning of year	73,679,334	80,529,981
End of year	**$ 65,441,835**	**$ 73,679,334**

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.

In February 2015, the GASB issued statement No. 72 - Fair Value Measurement and Application. The objective of this statement is to provide guidance for determining a fair value measurement for financial reporting purposes as well as to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard was implemented effective July 1, 2015.

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 29, 2016 and February 28, 2015 (the most recent actuarial valuation for funding purposes), plan membership consisted of the following:

	2016	2015
Inactive plan members or beneficiaries currently receiving benefits	382	398
Inactive plan members entitled to but not yet receiving benefits	7	8
Active plan members	11	14
Total	**400**	**420**

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, 2016 and 2015. 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.

Risks at June 30, 2016

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

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

Concentrations - As of June 30, 2016, the plan had investments of $7,908,757 that were concentrated in one fund.

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

Investment	Fair Value	Weighted Average Maturity
U.S. government 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

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

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

Investment	Fair Value	Rating	Rating Organization
U.S. government 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 fund	746,554	Not rated	Not rated

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

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

Risks at June 30, 2015

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

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

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

Investment	Fair Value	Weighted Average Maturity
U.S. government obligations	$ 6,659,203	12.97 years
Fixed income securities	11,312,551	14.59 years
Money market trust fund	1,906,792	Less than 1 year
Portfolio weighted average maturity		12.65 years

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

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

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations	$ 6,659,203	Not Rated	Not Rated
Fixed income securities	1,040,057	AAA	S&P
Fixed income securities	4,637,184	AA+	S&P
Fixed income securities	261,047	AA	S&P
Fixed income securities	118,461	AA-	S&P
Fixed income securities	488,182	A+	S&P
Fixed income securities	927,872	A	S&P
Fixed income securities	1,296,826	A-	S&P
Fixed income securities	892,810	BBB+	S&P
Fixed income securities	698,087	BBB	S&P
Fixed income securities	333,191	BBB-	S&P
Fixed income securities	10,250	BB	S&P
Fixed income securities	105,867	BB+	S&P
Fixed income securities	17,786	BB-	S&P
Fixed income securities	38,325	B+	S&P
Fixed income securities	390,595	CCC	S&P
Fixed income securities	56,011	D	S&P
Money market trust fund	2,321,310	Not Rated	Not Rated

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

Note 4 – Net Appreciation or Depreciation of Investments

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

	2016	2015
Investments at fair value as determined by quoted market price:		
U.S. government obligations	$ 369,377	$ 119,270
Fixed income securities	(131,230)	(192,596)
Mutual funds	(584,872)	(133,224)
Common stocks and mutual funds	(1,112,711)	332,467
Alternative investments	-	89,292
Total	$ (1,459,436)	$ 215,209

Note 5 - 401(h) Account

Effective July 1, 1999, the Plan was amended to include a medical-benefit component, in addition to the normal retirement benefits, to fund a portion of the postretirement obligations for certain retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code (IRC). A separate account has been established and maintained in the Plan for the net assets related to the medical-benefit component 401(h) account. In accordance with IRC Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the plan sponsor. At June 30, 2016 and 2015, there were no excess pension plan assets available for transfer.

Note 6 - Tax Status

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

Note 7 - Plan Investments - Policy and Rate of Return

Investment Policy – The Plan's policy in regard to the allocation of invested assets is established and may be amended by the BWL by a majority vote of its members. It is the policy of the board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the BWL's adopted asset allocation policy as of June 30, 2016 and 2015:

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

Rate of Return – For the year ended June 30, 2016, the annual money-weighted rate of return on plan investments, net of plan investment expense, was (0.49) percent. For the year ended June 30, 2015, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 1.55 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 8 - Net Pension Asset of the BWL

The components of the net pension asset of the BWL at June 30, 2016 and 2015 were as follows (in thousands):

	2016	2015
Total pension liability	$ 61,178	$ 65,395
Plan fiduciary net position	65,442	73,679
Plan's net pension asset	$ (4,264)	$ (8,284)
Plan fiduciary net position, as a percentage of the total pension liability	106.97%	112.67%

Actuarial Assumptions – 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 June 30, 2015 total pension liability was determined by an actuarial valuation as of February 28, 2015, which used update procedures to roll forward the estimated liability to June 30, 2015. The 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 29, 2016 and February 28, 2015 valuations. The valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	2016 - 3.5%; 2015 - 6.44 - 10.26%
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.

The mortality table was based on the RP-2014 mortality table with MP-2015 Improvement Scale.

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

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, 2016 and 2015 for each major asset class included in the pension plan's target asset allocation, as disclosed in Note 7, are summarized in the following table:

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

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

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset of the BWL 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)

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

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

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, 2016 and 2015:

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, 2016 and 2015:

	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

	June 30, 2015			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ -	$ 2,321,310	$ -	$ 2,321,310
U.S. government obligations	-	6,659,203	-	6,659,203
Fixed income securities	-	11,312,551	-	11,312,551
Mutual funds	-	925,065	-	925,065
Partnership	-	-	1,098,790	1,098,790
Common stocks	51,257,647	-	-	51,257,647
Total	$ 51,257,647	$ 21,218,129	$ 1,098,790	$ 73,574,566

Note 9 – Fair Value Measurements (Continued)

The following table sets forth a summary of changes in the fair value of the Plan's level 3 assets for the year ended:

	Level 3 Assets
Balance, July 1, 2014	$ 1,082,059
Unrealized gains (losses) relating to instruments still held at the reporting date	16,731
Balance, June 30, 2015	1,098,790
Unrealized gains (losses) relating to instruments still held at the reporting date	2,296
Balance, June 30, 2016	$ 1,101,086
The amount of total gains or losses for the period attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ 2,296

Sensitivity to Changes in Significant Unobservable Inputs

The significant unobservable inputs used in the fair value measurement of the Plan's Level 3 investments consist of forecasted cash flows, market value, and underlying discount rates adjusted for the expected timing of future cash flows. Significant changes in any of those inputs in isolation would result in a change in the fair value measurement.

Note 10 – 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 11 – Subsequent Events

The Plan has evaluated subsequent events occurring through September 6, 2016, which is 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

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

	2016	2015	2014	2013	2012*	2011*	2010*	2009*	2008*	2007*
Total Pension Liability										
Service cost	$ 223	$ 274	$ 349	$ 407	$ -	$ -	$ -	$ -	$ -	$ -
Interest	4,625	4,919	4,751	5,085	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	299	(1,093)	964	(1,716)	-	-	-	-	-	-
Changes in assumptions **	(1,468)	-	4,538	-	-	-	-	-	-	-
Benefit payments, including refunds	(7,896)	(8,046)	(8,541)	(7,777)	-	-	-	-	-	-
Net Change in Total Pension Liability	(4,217)	(3,946)	2,061	(4,001)	-	-	-	-	-	-
Total Pension Liability - Beginning of year	65,395	69,341	67,280	71,281	-	-	-	-	-	-
Total Pension Liability - End of year	61,178	65,395	69,341	67,280	-	-	-	-	-	-
Plan Net Position										
Contributions - Employer	-	-	-	-	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	47	1,771	14,243	10,170	-	-	-	-	-	-
Administrative expenses	(388)	(576)	(596)	(536)	-	-	-	-	-	-
Benefit payments, including refunds	(7,896)	(8,045)	(8,541)	(7,777)	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	(8,237)	(6,850)	5,106	1,857	-	-	-	-	-	-
Net Position Retricted for Pensions - Beginning of year	73,679	80,529	75,424	73,567	-	-	-	-	-	-
Net Position Restricted for Pensions - End of year	65,442	73,679	80,530	75,424	-	-	-	-	-	-
BWL Net Pension Asset - Ending	**$ (4,264)**	**$ (8,284)**	**$ (11,189)**	**$ (8,144)**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Plan Net Position as a % of Total Pension Liability	106.97%	112.67%	116.14%	112.10%	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	772	1,018	1,225	1,684	-	-	-	-	-	-
BWL's Net Pension Asset as a % of Covered Employee Payroll	(552%)	(814%)	(913%)	(484%)	- %	- %	- %	- %	- %	- %

*GASB Statement No. 67 was implemented as of June 30, 2014. Information from 2007 - 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.

See Note to Required Supplemental Information.

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

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

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ 86	$ 2,109	$ -	$ -	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	86	2,109	-	-	-
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	772	1,018	1,225	1,684	2,101	2,398	2,660	3,089	3,162	3,391
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, 2016, based on roll-forward of March 1, 2016 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-2015 Improvement Scale

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

Schedule of Investment Returns
Last Ten Fiscal Years

	2016	2015	2014	2013*	2012*	2011*	2010*	2009*	2008*	2007*
Annual money-weighted rate of return, net of investment expense	(0.49%)	1.55%	19.18%	- %	- %	- %	- %	- %	- %	- %

*GASB 67 was implemented as of June 30, 2014. Information from 2007 - 2013 is not available and this schedule will be presented on a prospective basis

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

February 29, 2016 for

July 1, 2016 – June 30, 2017 Fiscal Year

Actuarial Valuation Report

At the request of the plan sponsor, this report summarizes the Lansing Board of Water & Light Defined Benefit Plan for Employees' Pensions actuarial valuation as of February 29, 2016 for fiscal year July 1, 2016 to June 30, 2017. The purpose of this report is to communicate the following results of the valuation:

- Funded Status;
- and Determine Actuarially Determined Contribution as of February 29, 2016

This report has been prepared in accordance with the applicable Federal and State laws. Consequently, it may not be appropriate for other purposes. Please contact Nyhart prior to disclosing this report to any other party or relying on its content for any purpose other than that explained above. Failure to do so may result in misrepresentation or misinterpretation of this report.

The results in this report were prepared using information provided to us by other parties. The census information has been provided to us by the employer. Asset information has been provided to us by the 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 have made assumptions we believe to be reasonable. 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. A summary of the data used in the valuation is included in this report.

The actuarial assumptions and methods were chosen by the Board. In our opinion, all actuarial assumptions and methods are individually reasonable and in combination represent our best estimate of anticipated experience of the plan. 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. This report has been prepared in accordance with generally accepted actuarial principles and practice.

Neither Nyhart nor any of its employees have any relationship with the plan or its sponsor which could impair or appear to impair the objectivity of this report. To the extent that this report or any attachment concerns tax matters, it is not intended to be used and cannot be used by a taxpayer for the purpose of avoiding penalties that may be imposed by law.

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

Nyhart

Heath W Merlak
Heath W. Merlak, FSA, EA, MAAA

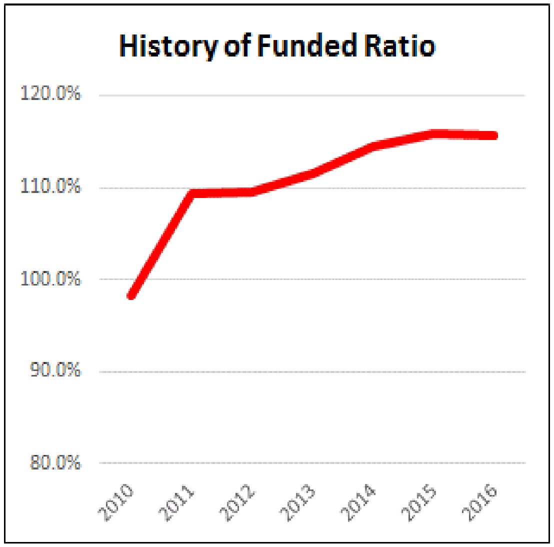
Danielle Winegardner
Danielle Winegardner, ASA, EA, MAAA

July 8, 2016
Date

Summary Results

The actuarial valuation's primary purpose is to produce a scorecard measure displaying the funding progress of the plan toward the ultimate goal of paying benefits at retirement. The accrued liability is based on projected unit credit.

Fiscal Year Beginning	June 30, 2015	June 30, 2016
Valuation Date	February 28, 2015	February 29, 2016
Funded Status Measures		
Accrued Liability	$67,042,338	$62,011,936
Actuarial Value of Assets	77,616,673	72,334,094
Unfunded Accrued Liability	$(10,574,335)	$(10,322,158)
Funded Percentage (AVA)	115.8%	116.64%
Funded percentage (MVA)	115.8%	102.6%
Cost Measures		
Recommended Contribution	$0	$0
Recommended Contribution (as a percentage of payroll)	0%	0%
Asset Performance		
Market Value of Assets (MVA)	$77,616,673	$63,630,052
Actuarial Value of Assets (AVA)	$77,616,673	$72,334,094
Actuarial Value/Market Value	100.0%	113.7%
Participant Information		
Active Participants	14	11
Terminated Vested Participants	8	7
Retirees, Beneficiaries, and Disabled Participants	398	382
Total	420	400
Expected Payroll	$1,017,849	$771,810



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Changes Since Prior Valuation and Key Notes

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

The mortality generational improvement scale has been updated from Scale MP-2014 to Scale MP-2015 to reflect more recent experience. This change resulted in a decrease in accrued liability.

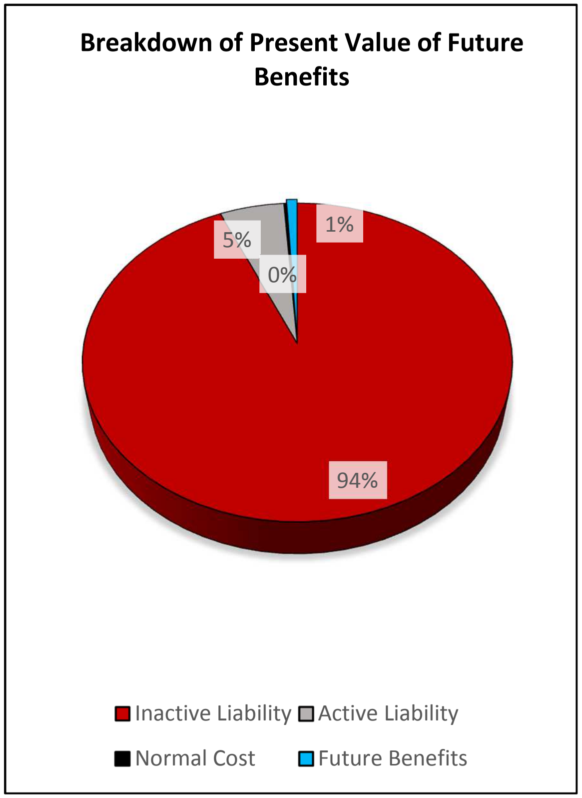
The assumed rate of future pay increases was changed from a variable rate to a flat 3.50% per year. This change resulted in a decrease in accrued liability and normal cost.

There has been a methodology change in determining the Actuarial Value of Assets. Previously, the Actuarial Value of Assets equaled the Market Value of Assets. Effective February 29, 2016, 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.

Present Value of Future Benefits

The Present Value of Future Benefits represents the future benefits payable to the existing participants.

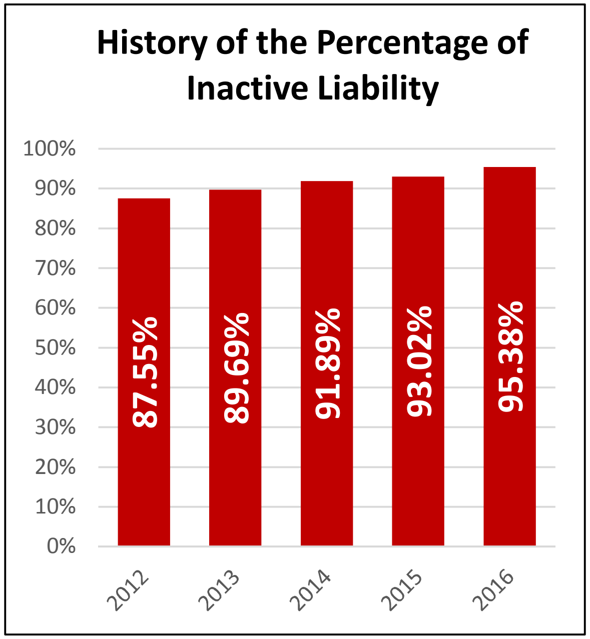
	June 30, 2016
Valuation Date	February 29, 2016
Present Value of Future Benefits	
Active participants	$3,428,881
Inactive participants	
Retired participants	$42,253,852
Beneficiaries	11,144,131
Disabled participants	5,191,026
Terminated vested participants	560,427
Total inactive	$59,149,436
Total	$62,578,317
Present value of future payrolls	$4,522,772



Accrued Liability

The Funding Liability measures the present value of benefits earned as of the valuation date, using a specified set of actuarial assumptions. It is not a long-term snapshot of the liabilities.

	June 30, 2016
Valuation Date	February 29, 2016
Funding Liabilities	
Active participants	$2,862,500
Inactive participants	
Retired participants	$42,253,852
Beneficiaries	11,144,131
Disabled participants	5,191,026
Terminated vested participants	560,427
Total Inactive	$59,149,436
Total	$62,011,936
Normal Cost	$144,032



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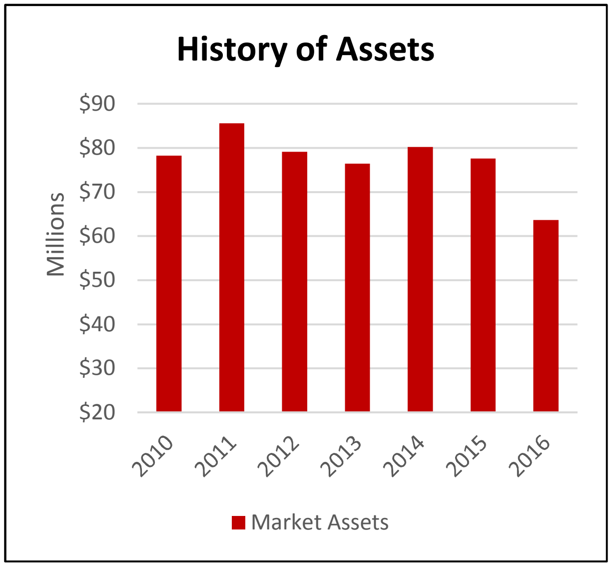
Asset Information

The amount of assets backing the pension promise is the most significant driver of volatility and future costs within a pension plan. The investment performance of the assets directly offsets the ultimate cost.

	February 29, 2016
Market Value Reconciliation	
Market value of assets, February 28, 2015	$77,616,673
Employer Contributions	0
Investment income	(4,867,621)
Benefit payments	(8,610,754)
Administrative expenses	(508,246)
Market value of asset, February 29, 2016	$63,630,052
Return on Market Value	(6.7)%
Actuarial value of assets	
Value at beginning of current year	$72,334,094



Asset Information (continued) – 20% Phase in
Plan Assets are used to develop funded percentages and contribution requirements.

	February 29, 2016
Investment (Gain) or Loss	
1. Prior year's market value of assets	$ 77,616,673
2. Employer contributions for the prior plan year	0
3. Employee contributions for the prior plan year	0
4. Benefit payments during the prior plan year	(8,610,754)
5. Expected earnings at 7.50% to the end of the plan year on	
a. Market value of assets	$ 5,821,251
b. Contributions	0
c. Benefit payments	(317,066)
d. Total expected earnings, (a) + (b) + (c)	$ 5,504,185
6. Expected market value of assets, (1) + (2) + (3) + (4) + (5d)	$ 74,510,104
7. Actual market value of assets	$ 63,630,052
8. Investment Gain or (Loss), (7) – (6)	$ (10,880,052)
Actuarial Value of Assets	
9. Market value of assets	$ 63,630,052
10. Deferred Investment gains or (losses)	
a. Current year (80%)	$ (8,704,042)
b. First prior year (60%)	0
c. Second prior year (40%)	0
d. Third prior year (20%)	0
e. Net deferred gains or (losses)	$ (8,704,042)
11. Preliminary actuarial value of assets, (9 – (10)(e)	$ 72,334,094
12. 80% Market value of assets	$ 50,904,042
13. 120% Market value of assets	$ 76,356,062
14. Final actuarial value of assets	$ 72,334,094

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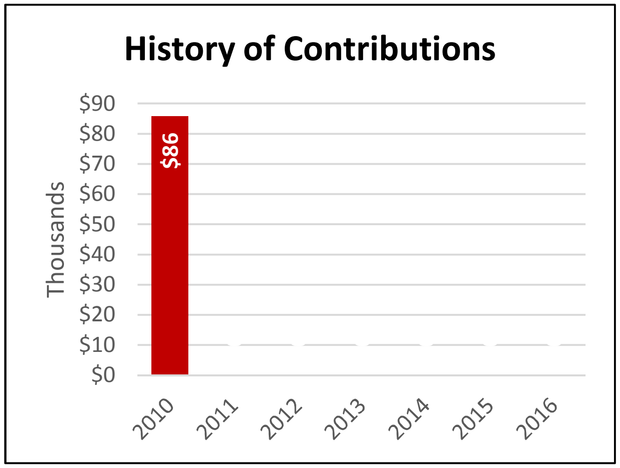
Reconciliation of Gain/Loss

	February 29, 2016
Liability (gain)/loss	
Actuarial liability, as of February 28, 2015	$67,042,338
Normal cost	212,652
Benefit payments, for year-ending February 29, 2016	(8,610,754)
Expected Interest	4,727,058
Assumption Changes	(1,643,136)
Expected actuarial liability, as of February 29, 2016	$61,728,158
Actual actuarial liability, as of February 29, 2016	$62,011,936
Liability (gain)/loss	$283,778
Asset (gain)/loss	
Actuarial value of assets, as of February 28, 2015	$77,616,673
Contributions	0
Benefit payments, for year-ending February 29, 2016	(8,610,754)
Expected Investment return	5,504,185
Expected actuarial value of assets, as of February 29, 2016	$74,510,104
Asset smoothing method change	$8,704,042
Actual actuarial value of assets, as of February 29, 2016	$72,334,094
Asset (gain)/loss	$10,880,052
Total (gain)/loss	$11,163,830

Development of Actuarially Determined Contribution
The actuarially determined contribution is the annual amount necessary to fund the plan according to funding policies and/or applicable laws.

	June 30, 2016
Valuation Date	February 29, 2016
Funded Position	
1. Accrued liability	$62,011,936
2. Actuarial value of assets	$72,334,094
3. Unfunded actuarial accrued liability (UAAL)	$(10,322,158)
Employer Contributions	
1. Normal Cost	$144,032
2. Administrative expenses	$0
3. Amortization of UAAL	(1,087,785)
4. Applicable interest	0
5. Total recommended contribution	$0
As a percentage of expected payroll	0%



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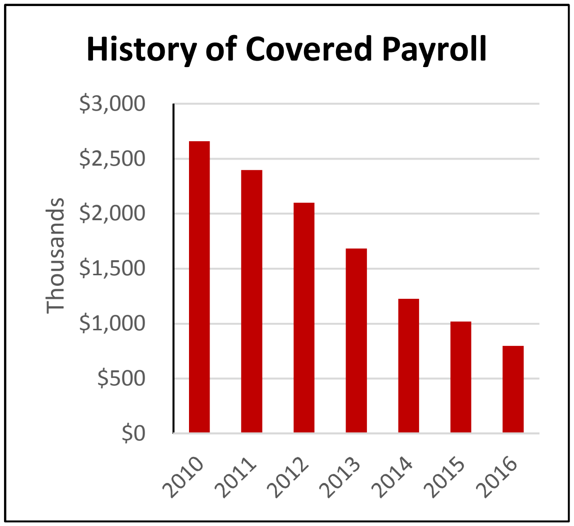
Demographic Information
The foundation of a reliable actuarial report is the participant information provided by the plan sponsor. Monitoring trends in demographic information is crucial for long-term pension planning.

	February 29, 2016
Participant Counts	
Active Participants	11
Retired Participants	217
Beneficiaries	131
Disabled Participants	34
Terminated Vested Participants	7
Total Participants	400
Active Participant Demographics	
Average Age	57.1
Average Service	28.0
Average Compensation	$70,165
Covered Payroll	$771,810



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Demographic Information (continued)

	February 29, 2016
Retiree Statistics	
Average Age	76.6
Average Monthly Benefit	$1,868
Beneficiary Statistics	
Average Age	80.3
Average Monthly Benefit	$998
Disabled Participants Statistics	
Average Age	69.4
Average Monthly Benefit	$1,240
Terminated Participants Statistics	
Average Age	56.4
Average Monthly Benefit	$859

Participant Reconciliation

	Active	Terminated Vested	Disabled	Retired	Beneficiaries	Totals
Prior Year	14	8	35	229	134	420
Active						
To Retired	(1)			1		
To Cash Out	(2)					(2)
Terminated Vested						
To Retired		(1)			1	
Disabled						
To Death			(2)			(2)
Retired						
To Death				(13)		(13)
Survivor						
To Death					(8)	(8)
Additions			1	1	4	6
Departures				(1)		(1)
Current Year	11	7	34	217	131	400

Active Participant Schedule

Active participant information grouped based on age and service.

	Years of Service											
Age Group	Under 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	Average Pay
Under 25											0	
25 to 29											0	
30 to 34											0	
35 to 39											0	
40 to 44											0	
45 to 49					1						1	$77,263
50 to 54						1	2				3	$75,095
55 to 59						2		1	1		4	$73,189
60 to 64							1	1	1		3	$58,835
65 to 69											0	
70 & up											0	
Total	0	0	0	0	1	3	3	2	2	0	11	$70,165

Plan Year and Effective date

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

Participation

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

Normal retirement date

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

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

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

Normal retirement benefit

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

Early retirement

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

Disability benefit

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

Termination benefit

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

Preretirement death benefit

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

Annual pay

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

Pension service credit

Pension service credit is based on elapsed time.

Optional forms of payment

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

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

Participant contributions

No participant contributions are required

Cost-of-Living Increases

None

Actuarial Equivalence

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

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

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, 2016
Participant and Asset Information Collected as of	February 29, 2016
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-2015 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 as assumption representing a combination of an estimate of future experience and observations of market data

The actuarial report also shows the necessary items required for plan reporting and any state requirements.

- ✓ Determination of Excess Assets Available for Section 420 Transfer

Determination of Excess Assets Available for Section 420 Transfer

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

	June 30, 2016
Valuation Date	February 29, 2016
Assets	
1. Market value of assets	$63,630,052
2. Actuarial value of assets	72,334,094
3. Lesser of (1) or (2)	$63,630,052
Liabilities	
1. Actuarial Accrued Liability	$62,011,936
2. PPA Funding Target (estimated)	80,000,000
3. 125% of (2)	$100,000,000
4. Greater of (1) or (3)	$100,000,000
Excess Assets	$0

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

June 30, 2016

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

07/26/2016

Net Pension Liability
The components of the net pension liability at June 30

	06/30/2015	06/30/2016
Total pension liability	$ 65,395,105	$ 61,177,845
Plan fiduciary net position	(73,679,335)	(65,441,835)
Net pension liability	$ (8,284,230)	$ (4,263,990)
Plan fiduciary net position as a percent of the total pension liability	112.67%	106.97%
Pension Expense for the Fiscal Year Ended June 30	$ (268,810)	$ 678,738

Actuarial Assumptions
The total pension liability was determined using the following actuarial assumptions

Inflation	3.00%	3.00%
Salary increases, including inflation	6.44% - 10.26%	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

	2015	2016
Inactive plan members and beneficiaries currently receiving benefits	398	382
Inactive plan members entitled to but not yet receiving benefits	8	7
Active plan members	14	11
Total members	420	400

Assets	**06/30/2015**	**06/30/2016**
Cash and deposits	$ 2,321,310	$ 746,554
Securities lending cash collateral	0	0
Total cash	$ 2,321,310	$ 746,554
Receivables:		
Contributions	$ 0	$ 0
Due from broker for investments sold	0	0
Investment income	104,768	143,225
Other	0	0
Total receivables	$ 104,768	$ 143,225
Investments:		
Domestic fixed income securities	$ 17,971,754	$ 18,056,182
Domestic equities	53,281,503	46,495,874
International equities	0	0
Real estate	0	0
Total investments	$ 71,253,257	$ 64,552,056
Total assets	$ 73,679,335	$ 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	**$ 73,679,335**	**$ 65,441,835**

	06/30/2015	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	$ 215,210	$ (1,459,436)
Interest and dividends	1,556,214	1,506,198
Less investment expense, other than from securities lending	0	0
Net income other than from securities lending	$ 1,771,424	$ 46,762
Securities lending income	0	0
Less securities lending expense	0	0
Net income from securities lending	$ 0	$ 0
Net investment income	$ 1,771,424	$ 46,762
Other	0	0
Total additions	$ 1,771,424	$ 46,762
Deductions		
Benefit payments, including refunds of member contributions	$ 8,045,948	$ 7,895,767
Administrative expense	576,122	388,495
Other	0	0
Total deductions	$ 8,622,070	$ 8,284,262
Net increase in net position	$ (6,850,646)	$ (8,237,500)
Net position restricted for pensions		
Beginning of year	80,529,981	73,679,335
End of year	$ 73,679,335	$ 65,441,835

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

Fiscal year ending		**06/30/2016**
Service cost	$	223,219
Interest on total pension liability		4,625,283
Projected earnings on pension plan investments		(5,215,290)
Changes of benefit terms		0
Employee contributions		0
Pension plan administrative expense		388,495
Other changes		0
Current period recognition of deferred outflows/(inflows) of resources		
Differences between Expected & Actual Experience in measurement of the Total Pension Liability	$	299,179
Changes of assumptions		(1,469,174)
Differences between Projected & Actual Earnings on Pension Plan Investments		1,827,026
Total	$	678,738

Differences between expected and actuarial experience in measurement of the total pension liability for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2016 Balance
June 30, 2016	$ 299,179	1	$ 299,179	$ 0
			$ 299,179	$ 0

Changes in assumptions for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2016 Balance
June 30, 2016	(1,469,174)	1	(1,469,174)	0
			$ (1,469,174)	$ 0

Differences between projected and actual earnings on pension plan investments for fiscal year ending:	Initial Balance	Initial Amortization Period	Annual Recognition	06/30/2016 Balance
June 30, 2016	$ 5,168,528	5	$ 1,033,706	$ 4,134,822
June 30, 2015	3,966,602	5	793,320	2,379,962
			$ 1,827,026	$ 6,514,784

	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	$ 6,514,784	$ 0
	$ 6,514,784	$ 0

The balances as of June 30, 2016 of the deferred outflows/(inflows) of resources will be recognized in pension expense for the fiscal year ending June 30.

2017	$ 1,827,026
2018	$ 1,827,026
2019	$ 1,827,028
2020	$ 1,033,704
2021	$ 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, 2016 are summarized in the following table:

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

Long-term expected rate of return is 7.50%.

Discount rate

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

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

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

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability	$ 334,374	$ (4,263,990)	$ (8,540,886)

	2016	2015	2014	2013	2012
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	$ 771,810	$ 1,017,849	$ 1,224,727	$ 1,683,696	$ 2,101,442
Contributions as a percentage of covered-employee payroll	0.00%	0.00%	0.00%	0.00%	0.00%

	2011	2010	2009	2008	2007
Actuarially determined contribution	$ 85,652	$ 2,109,167	$ 0	$ 0	$ 0
Contributions in relation to the actuarially determined contribution	85,652	2,109,167	0	0	0
Contribution deficiency (excess)	**$ 0**	**$ 0**	**$ 0**	**$ 0**	**$ 0**
Covered-employee payroll	$ 2,397,921	$ 2,659,851	$ 3,089,358	$ 3,161,594	$ 3,390,502
Contributions as a percentage of covered-employee payroll	3.57%	79.30%	0.00%	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, 2016, based on roll-forward of March 1, 2016 valuation
Cost of Living Increases	N/A
Mortality Rates	RP-2014 Mortality Table with MP-2015 Improvement Scale
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, 2016
Participant and Asset Information Collected as of	February 29, 2016
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	RP-2014 Mortality Table with MP-2015 Improvement Scale
Disabled	RP-2014 Mortality Table with MP-2015 Improvement Scale
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)

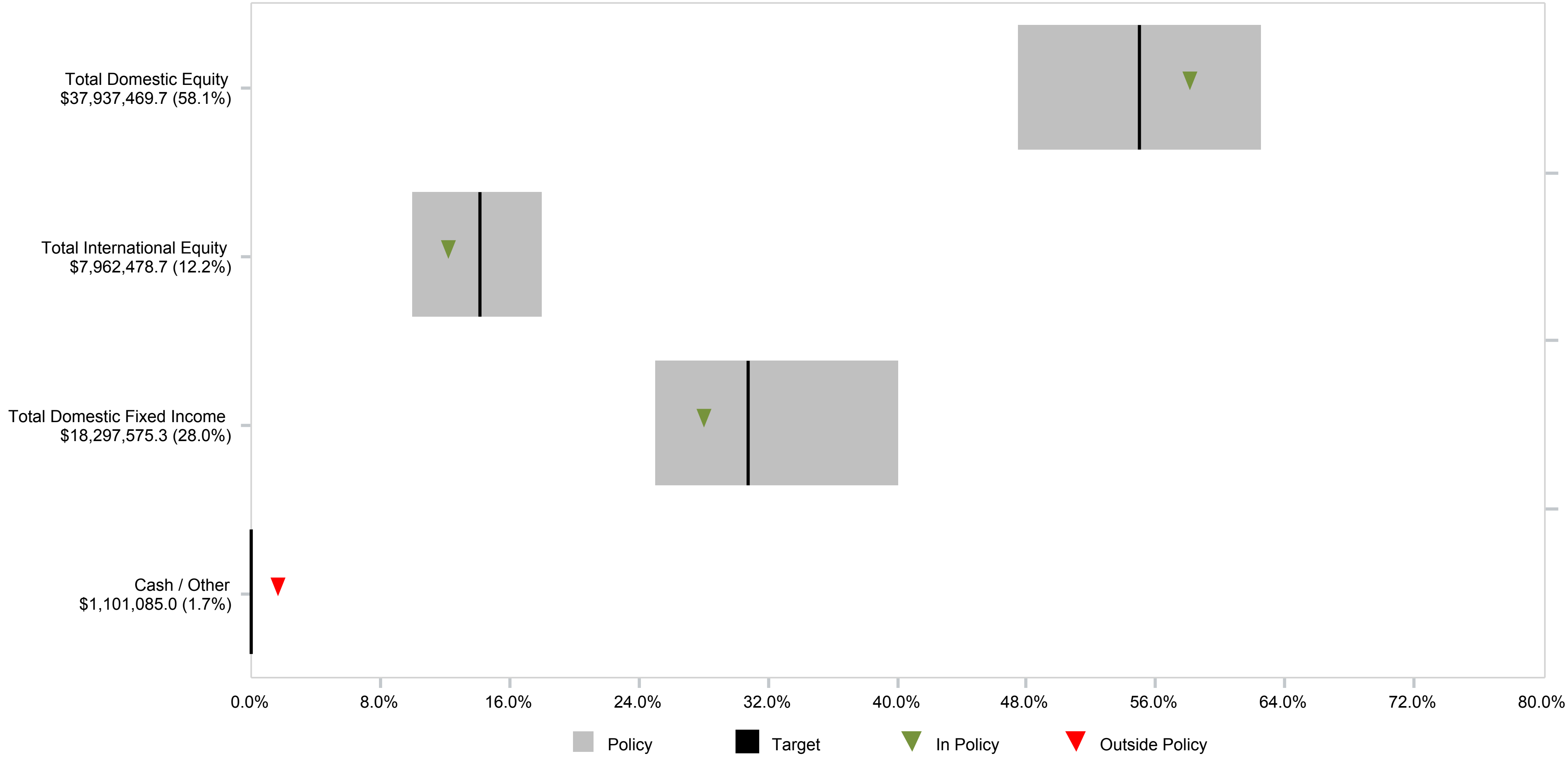
1985 Pension Disability Incident Class 1 rates for males and females. Sample rates include

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 as 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 29, 2016 funding valuation report.

Executive Summary



Asset Allocation Compliance

	Asset Allocation $	Current Allocation (%)	Minimum Allocation (%)	Target Allocation (%)	Maximum Allocation (%)	Min. Rebal. ($000)	Target Rebal. ($000)	Max. Rebal. ($000)
Total Fund	65,298,609	100.0	N/A	100.0	N/A	-	-	-
Total Domestic Equity	37,937,470	58.1	47.5	55.0	62.5	-6,920,631	-2,023,235	2,874,161
Total International Equity	7,962,479	12.2	10.0	14.2	18.0	-1,432,618	1,309,924	3,791,271
Total Domestic Fixed Income	18,297,575	28.0	25.0	30.8	40.0	-1,972,923	1,814,396	7,821,868
Cash / Other	1,101,085	1.7	0.0	0.0	0.0	-1,101,085	-1,101,085	-1,101,085

The Bogdahn Group

Financial Reconciliation Fiscal Year to Date

	Market Value 07/01/2015	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2016
Total Fund	**73,382,175**	**-**	**44,934,850**	**-48,522,227**	**-163,890**	**-19,179**	**712,747**	**-5,025,868**	**65,298,609**
Total Equity	**-**	**-238,289**	**34,347,922**	**-36,561,927**	**-117,017**	**-18,455**	**406,275**	**47,843,151**	**45,899,948**
Total Domestic Equity	**-**	**-1,740,169**	**27,014,372**	**-28,724,134**	**-97,718**	**-1,455**	**336,032**	**39,410,374**	**37,937,470**
Loomis Sayles	9,867,135	20,812,723	22,236,939	-1,389,601	-18,879	-971	162,257	909,838	31,766,718
Advisory Research	2,311,658	4,336,988	4,760,201	-426,907	-3,600	-485	43,902	-514,018	6,170,751
Eaton Vance	5,325,489	-5,090,627	7,247	-5,097,874	-14,671	-	38,193	-258,384	-
Jennison	4,774,321	-3,616,554	-	-3,616,554	-6,890	-	18,836	-1,169,713	-
Herndon Capital	5,297,671	-4,502,850	-	-4,502,850	-8,413	-	26,181	-812,590	-
Edgewood	9,726,016	-8,931,832	7,365	-8,939,197	-32,994	-	20,206	-781,397	-
Insight	2,484,748	-1,949,836	1,620	-1,951,971	-6,021	-	14,899	-543,276	-
O'Shaughnessy	2,991,515	-2,798,180	1,000	-2,799,180	-6,251	-	11,557	-198,641	-
Total International Equity	**-**	**1,501,880**	**7,333,550**	**-7,837,793**	**-19,299**	**-17,000**	**70,243**	**8,432,778**	**7,962,479**
JP Morgan International Value	3,374,465	7,259,873	7,333,550	-2,079,800	-12,314	-16,491	51,200	-688,132	7,962,479
MFS Investment Mangement	3,786,478	-3,358,744	-	-3,358,744	-6,985	-	11,280	-432,029	-
Total Domestic Fixed Income	**-**	**-1,440,411**	**8,908,228**	**-10,233,481**	**-41,309**	**-723**	**306,472**	**19,358,389**	**18,297,575**
JP Morgan Fixed	10,803,548	6,874,879	8,897,674	-1,907,636	-21,923	-723	258,796	267,840	18,297,575
MetWest	8,672,107	-8,315,291	10,554	-8,325,845	-19,387	-	47,676	-385,106	-
Cash / Other	**-**	**-**	**-**	**-40**	**-**	**-**	**-**	**1,101,125**	**1,101,085**
Access Bidco, LLC	-	-	-	-	-	-	-	1,101,085	1,101,085

The Bogdahn Group

Comparative Performance	QTR Return	QTR Rank	FYTD Return	FYTD Rank	1 YR Return	1 YR Rank	3 YR Return	3 YR Rank	5 YR Return	5 YR Rank	7 YR Return	7 YR Rank	10 YR Return	10 YR Rank	Inception Return	Inception Rank	Inception Date
Total Fund	**2.12**	**(36)**	**0.26**	**(59)**	**0.26**	**(59)**	**6.97**	**(42)**	**6.72**	**(47)**	**9.96**	**(29)**	**4.67**	**(94)**	**5.52**	**(90)**	**07/01/2004**
Total Fund Policy	2.07	(40)	1.29	(34)	1.29	(34)	7.69	(17)	7.88	(8)	10.72	(6)	6.30	(23)	6.70	(23)	
All Public Plans-Total Fund Median	1.91		0.65		0.65		6.76		6.64		9.53		5.91		6.24		
Total Domestic Equity																	
Loomis Sayles	4.37	(3)	11.52	(1)	11.52	(1)	16.16	(3)	N/A		N/A		N/A		14.90	(28)	01/01/2013
Russell 1000 Growth Index	0.61	(51)	3.02	(20)	3.02	(20)	13.07	(35)	12.35	(29)	15.52	(31)	8.78	(40)	14.70	(32)	
IM U.S. Large Cap Growth Equity (SA+CF) Median	0.62		-0.64		-0.64		12.25		11.38		14.88		8.48		13.78		
Advisory Research	0.27	(83)	-9.40	(88)	-9.40	(88)	3.57	(90)	6.42	(92)	11.90	(96)	N/A		11.90	(96)	07/01/2009
Russell 2500 Value Index	4.37	(21)	0.22	(22)	0.22	(22)	8.14	(55)	9.59	(58)	15.18	(59)	6.52	(77)	15.18	(59)	
IM U.S. Small Cap Value Equity (SA+CF) Median	2.49		-2.73		-2.73		8.47		9.93		15.45		7.62		15.45		
Total International Equity																	
JP Morgan International Value	-2.25	(53)	-13.34	(59)	-13.34	(59)	-0.26	(79)	-0.01	(51)	4.83	(45)	N/A		7.38	(64)	04/01/2009
MSCI EAFE (Net) Index	-1.46	(41)	-10.16	(15)	-10.16	(15)	2.06	(26)	1.68	(16)	5.97	(17)	1.58	(13)	9.12	(16)	
IM International Multi-Cap Value Equity (MF) Median	-2.11		-12.21		-12.21		0.96		0.01		4.66		0.65		7.99		
Total Domestic Fixed Income																	
JP Morgan Fixed	0.91	(86)	4.57	(46)	4.57	(46)	4.05	(51)	3.76	(62)	4.75	(62)	N/A		4.91	(61)	01/01/2009
Bloomberg Barclays U.S. Aggregate Index	2.21	(54)	6.00	(28)	6.00	(28)	4.06	(50)	3.76	(62)	4.58	(65)	5.13	(59)	4.53	(69)	
IM U.S. Fixed Income (SA+CF) Median	2.28		4.36		4.36		4.05		4.26		5.46		5.42		5.73		

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

Comparative Performance

	FYTD Return	FYTD Rank	Jul-2015 To Jun-2016 Return	Jul-2015 To Jun-2016 Rank	Jul-2014 To Jun-2015 Return	Jul-2014 To Jun-2015 Rank	Jul-2013 To Jun-2014 Return	Jul-2013 To Jun-2014 Rank	Jul-2012 To Jun-2013 Return	Jul-2012 To Jun-2013 Rank	Jul-2011 To Jun-2012 Return	Jul-2011 To Jun-2012 Rank
Total Fund	**0.26**	**(59)**	**0.26**	**(59)**	**2.12**	**(80)**	**19.54**	**(9)**	**13.94**	**(20)**	**-0.72**	**(86)**
Total Fund Policy	1.29	(34)	1.29	(34)	4.16	(32)	18.37	(20)	14.13	(17)	2.52	(17)
All Public Plans-Total Fund Median	0.65		0.65		3.44		16.86		12.19		1.06	
Total Domestic Equity												
Loomis Sayles	11.52	(1)	11.52	(1)	9.99	(64)	27.77	(76)	N/A		N/A	
Russell 1000 Growth Index	3.02	(20)	3.02	(20)	10.56	(59)	26.92	(78)	17.07	(55)	5.76	(24)
IM U.S. Large Cap Growth Equity (SA+CF) Median	-0.64		-0.64		11.25		34.09		17.40		3.18	
Advisory Research	-9.40	(88)	-9.40	(88)	-5.11	(91)	29.21	(17)	18.87	(94)	3.35	(13)
Russell 2500 Value Index	0.22	(22)	0.22	(22)	0.99	(71)	24.94	(59)	26.88	(52)	-1.49	(43)
IM U.S. Small Cap Value Equity (SA+CF) Median	-2.73		-2.73		3.85		25.56		27.11		-1.85	
Total International Equity												
JP Morgan International Value	-13.34	(59)	-13.34	(59)	-5.42	(39)	21.06	(81)	17.94	(29)	-14.61	(35)
MSCI EAFE (Net) Index	-10.16	(15)	-10.16	(15)	-4.22	(29)	23.57	(56)	18.62	(21)	-13.83	(26)
IM International Multi-Cap Value Equity (MF) Median	-12.21		-12.21		-5.97		24.06		16.65		-15.97	
Total Domestic Fixed Income												
JP Morgan Fixed	4.57	(46)	4.57	(46)	2.98	(12)	4.60	(62)	-0.68	(87)	7.49	(43)
Bloomberg Barclays U.S. Aggregate Index	6.00	(28)	6.00	(28)	1.86	(42)	4.37	(66)	-0.69	(87)	7.47	(44)
IM U.S. Fixed Income (SA+CF) Median	4.36		4.36		1.64		5.44		1.04		6.99	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

The Bogdahn Group

Summary Annual Report

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

For the Plan Year Ended June 30, 2016

This summary annual report is prepared by the management of the City of Lansing by its Board of Water and Light (d/b/a the Lansing Board of Water and Light). It is prepared pursuant to the requirements of State of Michigan Act No. 347 of 2012, Section 13. (3)(i), and contains the information required by that Act. The names of the System Investment Fiduciaries and the System Service Providers are current as of June 30, 2016. Investment performance is based upon returns for the calendar years 2005 – 2015. Actual and budgeted expenditures are based upon calendar years 2015 and 2016, respectively. All other information is for the System actuarial valuation dates of February 29, 2016 and February 28, 2015.

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, Mark Alley, Anthony McCloud, Sandra Zerkle), General Manager Richard Peffley, and Heather Shawa-DeCook, Chief Financial Officer.

Names of the System Service Providers:

Investment Advisor and Plan Administrator - The Bogdahn Group, George Vitta – Senior Consultant

Investment Managers:

Advisory Research – SMID Cap Value	ccrawshaw@advisoryresearch.com
JPMorgan – Fixed Income	Brian.t.miller@jpmorgan.com
JPMorgan International – International Value	Brian.t.miller@jpmorgan.com
Loomis Sayles - Large Cap Growth	DSowerby@loomissayles.com

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

	2/29/2016	2/28/2015	Change
Market Value of Plan Assets	$63,630,052	$77,616,673	($13,986,621)
Accrued Liability	$62,011,936	$67,042,338	($5,030,402)
Net Plan Assets	$1,618,116	$10,574,335	($8,956,219)

System Funded Ratio – 102.6%

There has been a methodology change in determining the Actuarial Value of Assets. Previously, the Actuarial Value of Assets equaled the Market Value of Assets. Effective February 29, 2016, 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.

System Investment Performance Net of Fees on a Calendar Year Basis (2005 – 2015):

1 Year:	0.74%
3 Years:	8.56%
5 Years:	6.79%
7 Years:	11.72%
10 Years:	4.48%

System Administrative and Investment Expenditures (Calendar Year 2015):

Administrative Expenses:	$14,450.00
Investment Expenses:	$499,410.61

System Budgeted Expenditures (Calendar Year 2016):

Administrative Expenses:	$14,000.00
Investment Expenses:	$215,000.00

System Information from the 2016 Actuarial Report:

Number of Active and Inactive Members:	18
Number of Retirees and Beneficiaries:	382
Average Annual Retirement Allowance:	$18,024
Total Annual Retirement Allowances Being Paid:	$8,610,754
Valuation Payroll:	$771,810
Normal Cost of Benefits as a Percent of Payroll:	18.7%
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 and Light Employees' Defined Contribution Pension Plan

Financial Report

with Supplemental Information

As of and for the Years Ended June 30, 2016 and 2015

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

Contents

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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

We have audited the accompanying financial statements of the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (the "Plan"), which comprise the statement of plan net position as of June 30, 2016 and the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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 audit to obtain reasonable assurance about whether the financial statements are free of 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
City of Lansing, Michigan

Opinion

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

Prior Period Financial Statements

The financial statements of the Plan as of June 30, 2015, were audited by other auditors whose report dated August 28, 2015, expressed an unmodified opinion on those statements.

Other Matters

Report on Required Management's Discussion and Analysis

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The statement of changes in net position by fund is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 6, 2016

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:

	2016	2015	2014
Assets held in trust:			
Mutual funds	$ 124,001,268	$ 130,790,091	$ 127,907,621
Stable value	34,193,741	31,844,948	33,607,203
Guaranteed income fund	7,735,485	5,220,516	2,535,165
Participant notes receivable and other	5,300,821	5,265,081	5,229,750
Net position	**$ 171,231,315**	**$ 173,120,636**	**$ 169,279,739**
Changes in plan assets:			
Net investment income/(loss)	$ (1,505,961)	$ 7,317,020	$ 23,453,570
Employer and participant contributions	7,688,472	6,893,841	6,521,703
Benefits paid to participants	(7,946,117)	(10,451,713)	(7,645,116)
Loan defaults and other changes	(125,715)	81,749	55,140
Changes in net position	**$ (1,889,321)**	**$ 3,840,897**	**$ 22,385,297**

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, 2016 saw a net investment loss of $1.5 million. Total assets held in trust at the end of the fiscal year were $171.2 million.

Future Events

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

Contacting the Plan's Management

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

Statement of Net Position

	As of June 30	
	2016	2015
Assets		
Participant-directed investments (Note 1):		
Mutual funds:		
Money market	$ 675,272	$ 228,799
Bond and equity funds	17,070,664	17,657,647
Stock funds	60,866,409	64,962,538
Balanced funds	24,859,849	24,993,891
Growth funds	6,212,755	6,269,076
International funds	14,316,319	16,678,140
Total mutual funds	124,001,268	130,790,091
Stable value	34,193,741	31,844,948
Guaranteed income fund	7,735,485	5,220,516
Self-directed brokerage account	1,551,450	1,376,730
Total participant-directed investments	167,481,944	169,232,285
Participant notes receivable	3,749,371	3,888,351
Net Position Restricted for Pensions	**$ 171,231,315**	**$ 173,120,636**

See Notes to Financial Statements.

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

Statement of Changes in Net Position

	For the Year Ended June 30	
	2016	2015
Increase		
Investment income (loss):		
Net appreciation (depreciation) in fair value of investments	$ (8,061,276)	$ 21,201
Dividend income	6,555,315	7,295,819
Total investment income (loss)	(1,505,961)	7,317,020
Employer contributions (Note 1)	5,661,884	5,548,360
Participant rollover contributions	2,026,588	1,345,481
Interest from participant notes receivable	150,624	155,010
Other	-	152,128
Total increase	6,333,135	14,517,999
Decrease		
Benefits paid to participants	7,946,117	10,451,713
Loan defaults	186,801	125,254
Participants' note and administrative fees	89,538	100,135
Total decrease	8,222,456	10,677,102
Change in Net Position Held in Trust	(1,889,321)	3,840,897
Net Position Restricted for Pensions		
Beginning of year	173,120,636	169,279,739
End of year	**$ 171,231,315**	**$ 173,120,636**

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 8.1 percent of the employees' compensation. In addition, the BWL is required to contribute an additional 3.0 percent of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5 percent of the employees' compensation for all non-bargaining employees. The Board of Commissioners of the Board of Water and Light - City of Lansing may amend the Plan's provisions and contribution requirements.

Note 1 - Description of the Plan (Continued)

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

As of June 30, 2016, there were 915 participants in the Plan, of which 705 were active employees. As of June 30, 2015, there were 878 participants in the Plan, of which 725 were active employees.

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

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

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

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

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

Note 1 - Description of the Plan (Continued)

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

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

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

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

In February 2015, the GASB issued statement No. 72 – Fair Value Measurement and Application. The objective of this statement is to provide guidance for determining a fair value measurement for financial reporting purposes as well as to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard was implemented effective July 1, 2015.

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

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

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

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 has authorized the investments according to Michigan PA 314 of 1965, as amended.

Risks at June 30, 2016

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

Concentrations – As of June 30, 2016, the plan had stable value investments of $34,193,741 that were concentrated in one fund.

Note 3 – Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
Mutual funds	$ 124,001,268	Not rated	Not rated
Stable value	34,193,741	AA	S&P

Risks at June 30, 2015

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

Concentrations – As of June 30, 2015, the plan had stable value investments of $31,844,948 that were concentrated in one fund.

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

Investment	Fair Value	Rating	Rating Organization
Mutual funds	$ 130,790,091	Not rated	Not rated
Stable value	31,844,948	AA	S&P

Note 4 - Plan Termination

Although it has not expressed any intention to do so, the BWL has the right under the Plan to terminate the Plan subject to the provisions set forth in Article 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

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

Note 6 – Fair Value Measurements (Continued)

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, 2016 and 2015:

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, 2016 and 2015:

	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

Note 6 – Fair Value Measurements (Continued)

	June 30, 2015			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market	$ 228,799	$ -	$ -	$ 228,799
Bond and equity funds	17,657,647	-	-	17,657,647
Stock funds	64,962,538	-	-	64,962,538
Balanced funds	24,993,891	-	-	24,993,891
Growth funds	6,269,076	-	-	6,269,076
International funds	16,678,140	-	-	16,678,140
Self-directed brokerage account	1,376,730	-	-	1,376,730
Total investments by fair value level	$ 132,166,821	$ -	$ -	$ 132,166,821
Investments measured at the net asset value (NAV)				
Stable value				31,844,948
Guaranteed Lifetime Income				5,220,516
Total investments measured at fair value				$ 169,232,285

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 $34,193,741 and $31,844,948 as of June 30, 2016 and 2015, respectively and the guaranteed lifetime income fund had a fair value of $7,735,485 and $5,220,516, 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 September 6, 2016, which is 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.

Supplemental Information

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

Statement of Changes in Net Position by Fund

	Money Market		Bond Funds	
	Year Ended June 30		Year Ended June 30	
	2016	2015	2016	2015
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ -	$ 410	$ (319,980)	$ (845,789)
Interest income	-	-	-	-
Dividend income	22	-	810,705	813,414
Employer contributions	34,540	13,977	529,792	477,593
Participant rollover contributions	-	-	8,532	25,541
Loan repayments	5,074	21,638	193,306	197,715
Interest from participant notes receivable	-	-	-	-
Other	-	-	(385,742)	(2,216)
Total increase, net of realized and unrealized gains and losses	39,636	36,025	836,613	666,258
Decrease				
Benefits paid to participants	43,376	150,217	1,091,421	660,545
Loans to participants	33,845	2,210	187,775	197,409
Loan defaults	-	-	-	-
Participants' note and administrative fees	510	327	24,262	24,358
Total decrease	77,731	152,754	1,303,458	882,312
Net (Decrease) Increase Prior to Interfund Transfers	(38,095)	(116,729)	(466,845)	(216,054)
Interfund Transfers	484,568	227,735	(120,138)	1,316,824
Net (Decrease) Increase	446,473	111,006	(586,983)	1,100,770
Net Position Restricted for Pensions				
Beginning of year	228,799	117,793	17,657,647	16,556,877
End of year	**$ 675,272**	**$ 228,799**	**$ 17,070,664**	**$ 17,657,647**

Statement of Changes in Net Position by Fund (Continued)

	Stock Funds		Balanced Funds	
	Year Ended June 30		Year Ended June 30	
	2016	2015	2016	2015
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ (6,007,342)	$ 530,586	$ (991,563)	$ (122,553)
Interest income	-	-	-	-
Dividend income	4,282,319	5,067,314	922,976	972,450
Employer contributions	1,766,531	1,689,400	1,952,650	1,588,916
Participant rollover contributions	73,093	246,359	180,578	643,541
Loan repayments	553,734	635,470	428,538	405,918
Interest from participant notes receivable	-	-	-	-
Other	9,779	87	10	40,549
Total increase, net of realized and unrealized gains and losses	678,114	8,169,216	2,493,189	3,528,821
Decrease				
Benefits paid to participants	2,689,987	3,269,915	898,284	1,639,212
Loans to participants	473,779	496,175	466,829	353,843
Loan defaults	-	-	-	-
Participants' note and administrative fees	27,779	29,869	11,212	14,811
Total decrease	3,191,545	3,795,959	1,376,325	2,007,866
Net (Decrease) Increase Prior to Interfund Transfers	(2,513,431)	4,373,257	1,116,864	1,520,955
Interfund Transfers	(1,582,698)	(28,034)	(1,250,906)	(3,487,477)
Net Increase (Decrease)	(4,096,129)	4,345,223	(134,042)	(1,966,522)
Net Position Restricted for Pensions				
Beginning of year	64,962,538	60,617,315	24,993,891	26,960,413
End of year	**$ 60,866,409**	**$ 64,962,538**	**$ 24,859,849**	**$ 24,993,891**

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

Statement of Changes in Net Position by Fund (Continued)

	Growth Funds		International Funds	
	Year Ended June 30		Year Ended June 30	
	2016	2015	2016	2015
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ (143,888)	$ 115,442	$ (1,409,383)	$ (279,065)
Interest income	-	-	-	-
Dividend income	-	-	539,293	432,105
Employer contributions	555,780	568,790	499,889	514,289
Participant rollover contributions	-	71,130	4,804	44,996
Loan repayments	192,185	235,807	169,473	201,380
Interest from participant notes receivable	-	-	-	-
Other	-	-	9,748	50
Total increase, net of realized and unrealized gains and losses	604,077	991,169	(186,176)	913,755
Decrease				
Benefits paid to participants	13,370	160,116	440,001	605,388
Loans to participants	167,821	280,581	109,981	205,341
Loan defaults	-	-	-	-
Participants' note and administrative fees	3,550	3,972	11,794	15,306
Total decrease	184,741	444,669	561,776	826,035
Net (Decrease) Increase Prior to Interfund Transfers	419,336	546,500	(747,952)	87,720
Interfund Transfers	(475,657)	(422,184)	(1,613,869)	(920,041)
Net Increase (Decrease)	(56,321)	124,316	(2,361,821)	(832,321)
Net Position Restricted for Pensions				
Beginning of year	6,269,076	6,144,760	16,678,140	17,510,461
End of year	**$ 6,212,755**	**$ 6,269,076**	**$ 14,316,319**	**$ 16,678,140**

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

Statement of Changes in Net Position by Fund (Continued)

	Total Mutual Funds	
	Year Ended June 30	
	2016	2015
Increase		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ (8,872,156)	$ (600,969)
Interest income	-	-
Dividend income	6,555,315	7,285,283
Employer contributions	5,339,182	4,852,965
Participant rollover contributions	267,007	1,031,567
Loan repayments	1,542,310	1,697,928
Interest from participant notes receivable	-	-
Other	(366,205)	38,470
Total increase, net of realized and unrealized gains and losses	4,465,453	14,305,244
Decrease		
Benefits paid to participants	5,176,439	6,485,393
Loans to participants	1,440,030	1,535,559
Loan defaults	-	-
Participants' note and administrative fees	79,107	88,643
Total decrease	6,695,576	8,109,595
Net (Decrease) Increase Prior to Interfund Transfers	(2,230,123)	6,195,649
Interfund Transfers	(4,558,700)	(3,313,177)
Net Increase (Decrease)	(6,788,823)	2,882,472
Net Position Restricted for Pensions		
Beginning of year	130,790,091	127,907,619
End of year	**$ 124,001,268**	**$ 130,790,091**

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

Statement of Changes in Net Position by Fund (Continued)

	Stable Value Fund		Brokerage Account	
	Year Ended June 30		Year Ended June 30	
	2016	2015	2016	2015
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 555,204	$ 580,681	$ -	$ -
Interest income	-	-	42,977	10,536
Dividend income	-	-	-	-
Employer contributions	643,972	631,503	-	-
Participant rollover contributions	1,461,825	313,914	-	-
Loan repayments	162,931	177,673	-	-
Interest from participant notes receivable	-	-	-	-
Other	114,020	113,632	-	-
Total increase, net of realized and unrealized gains and losses	2,937,952	1,817,403	42,977	10,536
Decrease				
Benefits paid to participants	2,719,980	3,947,408	-	-
Loans to participants	184,103	136,331	-	-
Loan defaults	-	-	-	-
Participants' note and administrative fees	10,331	11,373	-	-
Total decrease	2,914,414	4,095,112	-	-
Net Increase (Decrease) Prior to Interfund Transfers	23,538	(2,277,709)	42,977	10,536
Interfund Transfers	2,325,255	515,454	131,743	219,153
Net Increase (Decrease)	2,348,793	(1,762,255)	174,720	229,689
Net Position Restricted for Pensions				
Beginning of year	31,844,948	33,607,203	1,376,730	1,147,041
End of year	**$ 34,193,741**	**$ 31,844,948**	**$ 1,551,450**	**$ 1,376,730**

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

Statement of Changes in Net Position by Fund (Continued)

	Participant Notes Receivable		Guaranteed Lifetime Income	
	Year Ended June 30		Year Ended June 30	
	2016	2015	2016	2015
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ -	$ -	$ 79,128	$ 41,489
Interest income	-	-	-	-
Dividend income	-	-	-	-
Employer contributions	-	-	64,473	63,892
Participant rollover contributions	-	-	297,756	-
Loan repayments	(1,726,936)	(1,896,004)	21,695	20,403
Interest from participant notes receivable	150,624	155,010	-	-
Other	-	-	13	26
Total increase, net of realized and unrealized gains and losses	(1,576,312)	(1,740,994)	463,065	125,810
Decrease				
Benefits paid to participants	-	-	49,698	18,912
Loans to participants	(1,624,133)	(1,671,890)	-	-
Loan defaults	186,801	125,254	-	-
Participants' note and administrative fees	-	-	103	119
Total decrease	(1,437,332)	(1,546,636)	49,801	19,031
Net Increase (Decrease) Prior to Interfund Transfers	(138,980)	(194,358)	413,264	106,779
Interfund Transfers	-	-	2,101,702	2,578,570
Net Increase (Decrease)	(138,980)	(194,358)	2,514,966	2,685,349
Net Position Restricted for Pensions				
Beginning of year	3,888,351	4,082,709	5,220,519	2,535,167
End of year	**$ 3,749,371**	**$ 3,888,351**	**$ 7,735,485**	**$ 5,220,516**

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

Statement of Changes in Net Position by Fund (Continued)

	Reclassifications		Total	
	Year Ended June 30		Year Ended June 30	
	2016	2015	2016	2015
Increase				
Investment income:				
Net appreciation (depreciation) in fair value of investments	$ 133,571	$ -	$ (8,104,253)	$ 21,201
Interest income	-	-	42,977	10,536
Dividend income	-	-	6,555,315	7,285,283
Employer contributions	(385,743)	-	5,661,884	5,548,360
Participant rollover contributions	-	-	2,026,588	1,345,481
Loan repayments	-	-	-	-
Interest from participant notes receivable	-	-	150,624	155,010
Other	252,172	-	-	152,128
Total increase, net of realized and unrealized gains and losses	-	-	6,333,135	14,517,999
Decrease				
Benefits paid to participants	-	-	7,946,117	10,451,713
Loans to participants	-	-	-	-
Loan defaults	-	-	186,801	125,254
Participants' note and administrative fees	-	-	89,538	100,135
Total decrease	-	-	8,222,456	10,677,102
Net Increase (Decrease) Prior to Interfund Transfers	-	-	(1,889,321)	3,840,897
Interfund Transfers	-	-	-	-
Net Increase (Decrease)	-	-	(1,889,321)	3,840,897
Net Position Restricted for Pensions				
Beginning of year	-	-	173,120,636	169,279,739
End of year	**$ -**	**$ -**	**$ 171,231,315**	**$ 173,120,636**

ICMA Performance - 401/457 Plan - Peer Report
June 30, 2016

Fund Name	Fund Ticker	Fund Performance Qtr	1 Yr	3 Yr	5 Yr	Peer Category	Peer Category Performance Qtr	1 Yr	3 Yr	5 Yr	Rank in Category Qtr	1 Yr	3 Yr	5 Yr
Allianz GI Technology Admin (Funds A)	DGTAX	(0.38)	(3.15)	13.10	8.91	Special-Technology	0.25	(1.11)	12.79	9.39	62	71	51	64
Allianz NFJ Div Val Insti	NFJEX	1.46	(2.95)	6.25	8.41	Large Value	2.68	(0.09)	7.97	9.37	78	70	82	74
Am. Funds Capital World Growth & Inc. R5	RWIFX	1.45	(3.14)	6.64	6.49	World Stock	0.78	(4.17)	5.63	5.33	35	37	34	30
Am. Funds Grth Fund of Amer R5	RGAFX	2.96	1.08	11.64	11.44	Large Growth	0.54	(2.33)	10.58	9.98	7	19	35	21
American Funds Fundamental Invs R5	RFNFX	3.49	4.64	11.29	11.05	Large Blend	1.76	(0.02)	9.43	10.10	11	11	17	35
AMG TimesSquare Sm Cap Growth	TSCPX	4.42	(7.19)	6.80	8.89	Small-Cap Growth	3.79	(9.86)	6.46	7.26	39	34	48	21
BlackRock Global Allocation A	MDLOX	0.68	(3.72)	3.45	3.41	World Allocation	2.15	(2.28)	3.33	3.32	82	67	55	57
Columbia Mid Cap Value R4	RMCVX	1.29	(8.17)	5.05	6.93	Mid-Cap Value	2.27	(4.30)	5.92	7.67	69	82	72	70
Columbia Sm Cap. Value I, Class Z	CSCZX	1.41	(4.87)	5.74	6.50	Small-Cap Value	2.27	(4.30)	5.92	7.67	65	57	58	77
Delaware High-Yield Opp. In	DHOIX	3.46	(2.95)	1.87	4.29	High-yield Bond	4.23	(0.46)	2.92	4.58	72	90	83	66
Fidelity Balanced	FBALX	0.38	0.09	11.53	11.45	Moderate Allocation	2.19	(0.13)	5.86	6.14	53	28	37	20
Fidelity Contrafund	FCNTX	(1.58)	0.70	12.15	11.24	Large-Cap Growth	0.54	(2.33)	10.58	9.98	41	20	34	26
Fidelity Diversified Int'l	FDIVX	(2.26)	(9.98)	4.16	3.40	Forgn Large Blend	(0.49)	(7.50)	3.19	2.54	78	68	25	26
Fidelity Int'l Discovery	FIGRX	(2.33)	(9.34)	3.39	3.17	Forgn Large Blend	(0.49)	(7.50)	3.19	2.54	80	60	40	32
Fidelity Sm Cap Discovery	FSCRX	0.69	(4.60)	7.47	10.91	Small-Cap Blend	2.43	(5.78)	6.37	7.62	79	40	39	4
Harbor International Admin	HRINX	(1.70)	(11.72)	0.78	0.49	Forgn Large Blend	(1.08)	(9.94)	1.68	1.10	69	71	71	69
Harbor Mid Cap Growth Adm	HRMGX	3.82	(8.72)	7.33	7.37	Mid-Cap Growth	1.98	(6.43)	8.21	7.93	14	69	66	59
JP Morgan US Equity Select	JUESX	1.37	(1.00)	10.85	11.45	Large Blend	1.76	(0.02)	9.43	10.10	67	62	29	24
Nuveen Real Estate Securities	FARCX	6.49	23.03	13.48	12.19	Real Estate	5.51	19.50	12.11	11.17	18	15	22	16
Pimco Low Duration Admin	PLDAX	0.65	0.81	1.15	1.40	Short Term Bond	1.03	1.49	1.42	1.54	78	82	64	57
PIMCO Real Return Admin	PARRX	1.81	3.05	1.61	2.11	Inflation Protected Bond	1.56	2.63	1.20	1.54	27	44	34	21
Pimco Total Return Insti	PTTRX	2.07	4.10	3.48	3.71	Intermed-Term Bond	2.35	4.63	3.59	3.64	73	65	61	49
Prudential Jennison Utility A	PRUAX	8.94	9.56	12.91	12.46	Special-Utilities	7.20	15.49	10.60	10.09	11	74	26	20
T. Rowe Price Health Sciences	PRHSX	4.23	(13.98)	20.11	20.64	Special-Health	4.43	(15.14)	15.00	15.57	48	58	1	1
Vanguard 500 Index Admiral	VFIAX	2.45	3.95	11.62	12.06	Large-Cap Blend	1.76	(0.02)	9.43	10.10	30	15	9	9
Vanguard Mid Cap Index Admiral	VIMAX	2.33	(0.89)	10.77	10.56	Mid-Cap Blend	1.49	(4.33)	7.55	8.26	49	35	8	9
Vanguard Small Cap Index Admiral	VSMAX	3.98	(2.90)	8.94	9.90	Small-Cap Blend	2.43	(5.78)	6.37	7.62	19	28	16	16
Vanguard Target Retire 2010	VTENX	1.93	2.91	5.53	5.55	Target Date 2000-10	2.07	1.55	4.68	4.69	57	20	15	19
Vanguard Target Retire 2015	VTXVX	1.93	1.98	6.22	6.17	Target Date 2011-15	2.11	1.26	4.78	4.94	71	39	8	11
Vanguard Target Retire 2020	VTWNX	1.99	1.44	6.76	6.67	Target Date 2016-20	2.18	0.75	5.65	4.46	55	38	5	5
Vanguard Target Retire 2025	VTTVX	1.95	0.81	7.04	6.95	Target Date 2021-25	2.00	(0.10)	5.63	5.65	56	36	7	10
Vanguard Target Retire 2030	VTHRX	1.92	0.11	7.27	7.21	Target Date 2025-30	2.17	(0.60)	5.87	5.79	49	39	7	9
Vanguard Target Retire 2035	VTTHX	1.82	(0.67)	7.50	7.44	Target Date 2031-35	1.82	(1.58)	6.14	6.18	52	35	7	12
Vanguard Target Retire 2040	VFORX	1.81	(1.44)	7.54	7.57	Target Date 2036-40	2.04	(1.72)	6.25	6.13	48	40	7	11
Vanguard Target Retire 2045	VTIVX	1.79	(1.51)	7.50	7.56	Target Date 2041-45	1.71	(2.29)	6.36	6.57	47	31	10	13
Vanguard Target Retire 2050	VFIFX	1.81	(1.48)	7.52	7.56	Target Date 2046-50	2.06	(1.95)	6.48	6.35	44	33	16	14
Vanguard Target Retire Income	VTINX	1.90	3.28	4.93	4.98	Retirement Income	2.15	1.72	3.80	3.80	59	7	12	13
Vanguard Total Bond Market Idx Admiral	VBTLX	2.36	6.12	4.03	3.73	Intermed-Term Bond	2.35	4.63	3.59	3.64	50	9	27	48
Vantage Trust PLUS Fund*	PLUS*	1.68	1.74	1.83	2.13	Stable Value	0.29	0.12	0.07	0.08	n/a	n/a	n/a	n/a
Vantagepoint Equity Income	VPEIX	2.12	(1.32)	6.84	7.94	Large Value	2.68	(0.09)	7.97	9.37	64	58	74	81
VP Model Port All Equty. Growth	VPAGX	0.78	(5.55)	6.27	6.96	Large-Cap Blend	0.78	(4.17)	5.63	5.33	50	55	42	21
VP Model Port Conser Growth	VPCGX	1.76	0.12	3.97	4.28	Conservative Allocation	2.65	0.94	4.28	4.68	79	68	65	64
VP Model Port Long-Term Growth	VPLGX	1.58	(2.44)	6.00	6.28	Aggressive Allocation	2.07	(1.68)	6.08	6.14	65	53	55	44
VP Model Port Tradit Growth	VPTGX	1.64	(1.20)	5.26	5.56	Moderate Allocation	2.19	(0.13)	5.86	6.14	40	69	69	64
Westwood Smid Cap Institutional	WHGMX	2.17	(8.93)	6.60	6.84	Mid-Cap Blend	1.49	(4.33)	7.55	8.26	54	79	68	77

Data from Morningstar

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

ICMA Performance - 401/457 Plan - Benchmark Report
June 30, 2016

Fund Name	Fund Ticker	Fund Performance Qtr	1 Yr	3 Yr	5 Yr	Benchmark Index Name	Benchmark Index Performance Qtr	1 Yr	3 Yr	5 Yr	Fav/(Unfav) vs. Benchmark Qtr	1 Yr	3 Yr	5 Yr
Allianz GI Technology Admin (Funds A)	DGTAX	(0.38)	(3.15)	13.10	8.91	NASDAQ Composite Indexa,b	0.00	0.00	0.00	0.00	(0.38)	(3.15)	13.10	8.91
Allianz NFJ Div Val Insti	NFJEX	1.46	(2.95)	6.25	8.41	Russell 1000 Value Indexa,b	4.58	2.86	9.87	11.35	(3.12)	(5.81)	(3.62)	(2.94)
Am. Funds Capital World Growth & Inc. R5	RWIFX	1.45	(3.14)	6.64	6.49	MSCI AC World Index (Net)a,b	0.99	(3.73)	6.03	5.38	0.46	0.59	0.61	1.11
Am. Funds Grth Fund of Amer R5	RGAFX	2.96	1.08	11.64	11.44	S&P 500 Indexa,b	2.46	3.99	11.66	12.10	0.50	(2.91)	(0.02)	(0.66)
American Funds Fundamental Invs R5	RFNFX	3.49	4.64	11.29	11.05	S&P 500 Indexa,b	2.46	3.99	11.66	12.10	1.03	0.65	(0.37)	(1.05)
AMG TimesSquare Sm Cap Growth	TSCPX	4.42	(7.19)	6.80	8.89	Russell 2000 Growth Indexa,b	3.24	(10.75)	7.74	8.51	1.18	3.56	(0.94)	0.38
BlackRock Global Allocation A	MDLOX	0.68	(3.72)	3.45	3.41	FTSE World Indexa,b	1.10	(2.57)	6.88	6.34	(0.42)	(1.15)	(3.43)	(2.93)
Columbia Mid Cap Value R4	RMCVX	1.29	(8.17)	5.05	6.93	Russell 2500 Value Indexa,b	2.46	3.99	11.66	12.10	(1.17)	(12.16)	(6.61)	(5.17)
Columbia Sm Cap. Value I, Class Z	CSCZX	1.41	(4.87)	5.74	6.50	Russell 2000 Value Indexa,b	4.31	(2.58)	6.36	8.15	(2.90)	(2.29)	(0.62)	(1.65)
Delaware High-Yield Opp. In	DHOIX	3.46	(2.95)	1.87	4.29	BofA ML US High Yield Master II Constraine	5.88	1.74	4.20	5.70	(2.42)	(4.69)	(2.33)	(1.41)
Fidelity Balanced	FBALX	0.38	0.09	11.53	11.45	S&P 500 Indexa,b	2.46	3.99	11.66	12.10	(2.08)	(3.90)	(0.13)	(0.65)
Fidelity Contrafund	FCNTX	(1.58)	0.70	12.15	11.24	S&P 500 Indexa,b	2.46	3.99	11.66	12.10	(4.04)	(3.29)	0.49	(0.86)
Fidelity Diversified Int'l	FDIVX	(2.26)	(9.98)	4.16	3.40	MSCI EAFE Index (Net)a,b	(1.46)	(10.16)	2.06	1.68	(0.80)	0.18	2.10	1.72
Fidelity Int'l Discovery	FIGRX	(2.33)	(9.34)	3.39	3.17	MSCI EAFE Index (Net)a,b	(1.46)	(10.16)	2.06	1.68	(0.87)	0.82	1.33	1.49
Fidelity Sm Cap Discovery	FSCRX	0.69	(4.60)	7.47	10.91	Russell 2000 Indexa,b	3.79	(6.73)	7.09	8.35	(3.10)	2.13	0.38	2.56
Harbor International Admin	HRINX	(1.70)	(11.72)	0.78	0.49	MSCI EAFE Index (Net)a,b	(1.46)	(10.16)	2.06	1.68	(0.24)	(1.56)	(1.28)	(1.19)
Harbor Mid Cap Growth Adm	HRMGX	3.82	(8.72)	7.33	7.37	Russell Midcap Growth Indexa,b	1.56	(2.14)	10.52	9.98	2.26	(6.58)	(3.19)	(2.61)
JP Morgan US Equity Select	JUESX	1.37	(1.00)	10.85	11.45	S&P 500 Indexa,b	2.46	3.99	11.66	12.10	(1.09)	(4.99)	(0.81)	(0.65)
Nuveen Real Estate Securities	FARCX	6.49	23.03	13.48	12.19	MSCI U.S. REIT Indexa,b	6.81	24.10	13.51	12.53	(0.32)	(1.07)	(0.03)	(0.34)
Pimco Low Duratin Admin	PLDAX	0.65	0.81	1.15	1.40	Morningstar Short-Term Bonda,c	1.03	1.49	1.42	1.54	(0.38)	(0.68)	(0.27)	(0.14)
PIMCO Real Return Admin	PARRX	1.81	3.05	1.61	2.11	Barclays U.S. Treasury Inflation-Protected S	1.71	4.35	2.31	2.63	0.10	(1.30)	(0.70)	(0.52)
Pimco Total Return Insti	PTTRX	2.07	4.10	3.48	3.71	Barclays U.S. Aggregate Bond Indexa,b	2.21	6.00	4.06	3.76	(0.14)	(1.90)	(0.58)	(0.05)
Prudential Jennison Utility A	PRUAX	8.94	9.56	12.91	12.46	Morningstar Utilitiesa,c	7.20	15.49	10.60	10.09	1.74	(5.93)	2.31	2.37
T. Rowe Price Health Sciences	PRHSX	4.23	(13.98)	20.11	20.64	Morningstar Healtha,c	4.43	(15.14)	15.00	15.57	(0.20)	1.16	5.11	5.07
Vanguard 500 Index Admiral	VFIAX	2.45	3.95	11.62	12.06	S&P 500 Indexa,b	2.46	3.99	11.66	12.10	(0.01)	(0.04)	(0.04)	(0.04)
Vanguard Mid Cap Index Admiral	VIMAX	2.33	(0.89)	10.77	10.56	Morningstar Mid-Cap Blenda,c	1.49	(4.33)	7.55	8.26	0.84	3.44	3.22	2.30
Vanguard Small Cap Index Admiral	VSMAX	3.98	(2.90)	8.94	9.90	Morningstar Small Blenda,c	2.43	(5.78)	6.37	7.62	1.55	2.88	2.57	2.28
Vanguard Target Retire 2010	VTENX	1.93	2.91	5.53	5.55	Morningstar Target Date 2000-2010a,d	2.07	1.55	4.68	4.69	(0.14)	1.36	0.85	0.86
Vanguard Target Retire 2015	VTXVX	1.93	1.98	6.22	6.17	Morningstar Target Date 2011-2015a,d	2.11	1.26	4.78	4.94	(0.18)	0.72	1.44	1.23
Vanguard Target Retire 2020	VTWNX	1.99	1.44	6.76	6.67	Morningstar Target Date 2016-2020a,d	2.18	0.75	5.08	5.08	(0.19)	0.69	1.68	1.59
Vanguard Target Retire 2025	VTTVX	1.95	0.81	7.04	6.95	Morningstar Target Date 2021-2025a,d	2.00	(0.10)	5.63	5.65	(0.05)	0.91	1.41	1.30
Vanguard Target Retire 2030	VTHRX	1.92	0.11	7.27	7.21	Morningstar Target Date 2026-2030a,d	2.17	0.60	5.87	5.79	(0.25)	(0.49)	1.40	1.42
Vanguard Target Retire 2035	VTTHX	1.82	(0.67)	7.50	7.44	Morningstar Target Date 2031-2035a,d	1.82	(1.58)	6.14	6.18	0.00	0.91	1.36	1.26
Vanguard Target Retire 2040	VFORX	1.81	(1.44)	7.54	7.57	Morningstar Target Date 2036-2040a,d	2.04	(1.72)	6.25	6.13	(0.23)	0.28	1.29	1.44
Vanguard Target Retire 2045	VTIVX	1.79	(1.51)	7.50	7.56	Morningstar Target Date 2041-2045a,d	1.71	(2.29)	6.36	6.57	0.08	0.78	1.14	0.99
Vanguard Target Retire 2050	VFIFX	1.81	(1.48)	7.52	7.56	Morningstar Target Date 2046-2050a,d	2.06	(1.95)	6.48	6.35	(0.25)	0.47	1.04	1.21
Vanguard Target Retire Income	VTINX	1.90	3.28	4.93	4.98	Barclays U.S. Aggregate Bond Indexa,b	2.21	6.00	4.06	3.76	(0.31)	(2.72)	0.87	1.22
Vanguard Total Bond Market Idx Admiral	VBTLX	2.36	6.12	4.03	3.73	Morningstar Intermediate-Term Bonda,c	2.35	4.63	3.59	3.64	0.01	1.49	0.44	0.09
Vantage Trust PLUS Fund	PLUS*	1.68	1.74	1.83	2.13	BofA ML US 3-Mo. T-Bill Index (Annualized)	0.29	0.19	0.09	0.09	1.39	1.55	1.74	2.04
Vantagepoint Equity Income	VPEIX	2.12	(1.32)	6.84	7.94	Russell 1000 Value Indexa,b	4.58	2.86	9.87	11.35	(2.46)	(4.18)	(3.03)	(3.41)
VP Model Port All Equty. Growth	VPAGX	0.78	(5.55)	6.27	6.96	Model All-Equity Growth Custom Bmk.c	1.14	(2.78)	8.12	8.79	(0.36)	(2.77)	(1.85)	(1.83)
VP Model Port Conser Growth	VPCGX	1.76	0.12	3.97	4.28	Model Conservative Growth Custom Bmk.c	1.66	2.95	5.95	6.29	0.10	(2.83)	(1.98)	(2.01)
VP Model Port Long-Term Growth	VPLGX	1.58	(2.44)	6.00	6.28	Model Long-Term Growth Custom Bmk.c	1.96	1.73	8.42	8.61	(0.38)	(4.17)	(2.42)	(2.33)
VP Model Port Tradit Growth	VPTGX	1.64	(1.20)	5.26	5.56	Model Traditional Growth Custom Bmk.c	1.86	2.36	7.42	7.70	(0.22)	(3.56)	(2.16)	(2.14)
Westwood Smid Cap Institutional	WHGMX	2.17	(8.93)	6.60	6.84	Russell 2500 Indexa,b	3.57	(3.67)	8.61	9.48	(1.40)	(5.26)	(2.01)	(2.64)

Benchmark data from _ICMARC.org_ for Quarter Ended **6/30/2016**

Plan Service Report

LANSING BOARD OF WATER LIGHT
For Period Ended June 30, 2016

2nd Quarter 2016

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.

BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

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

I. Investment Due Diligence Review

2nd Quarter 2016

Platinum Services Plan Service Report

Past performance is no guarantee of future results.

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

Second Quarter Economic Review

Economic Commentary

U.S. economy continued to grow at a modest pace in the second quarter of 2016. Employment remained solid, though jobs data varied month to month and the pace of growth slowed. Manufacturing and non-manufacturing gauges indicated ongoing expansion. The housing industry experienced accelerated activity, while retail sales and vehicle sales picked up from a decline in the winter. Consumer confidence climbed as the quarter ended.

U.S. real gross domestic product grew an annualized 1.1% in the first quarter of 2016, slower than the Eurozone's 1.7% year-over-year growth (0.6% quarter-over-quarter). Second quarter 2016 U.S. results will be reported at the end of July. China's economic growth continued to decelerate slowly, reported at 6.7% annual growth in the first quarter, as the country moves to a more sustainable, consumer-driven economy.

- U.S. nonfarm payrolls grew by an average of 147,333 new jobs per month in the second quarter, a decline from an average of 209,000 in the first quarter.The U.S. unemployment rate ticked up to 4.9% at quarter end, from 4.7% in May, as more people looked for work. The seasonally adjusted labor force participation rate edged up from 62.6% to 62.7% in June.
- Manufacturing and services activity were fairly robust in the second quarter. The ISM Manufacturing Index reached a 16-month high of 53.2 in June, up from 51.3 in May and 50.8 in April. The ISM Nonmanufacturing Index rose to 56.5, a seven-month high, in June, from 52.9 in May and 55.7 in April.
- The Conference Board's Consumer Confidence Index rebounded in June to 98.0 after dipping to 92.4 in May. Consumers remain cautiously optimistic about economic growth in the short term, according to the Conference Board.
- U.S. existing home sales increased to a seasonally adjusted annual rate of 5.53 million in May from 5.43 million in April, as home sales rose for the fourth straight month. Sales were up from the previous quarter's average of 5.29 million annualized units. Sales of new homes climbed to 586,000 annualized units in April before falling to 551,000 in May. Both figures were well above the first-quarter average of 524,000 annualized units.
- Retail sales grew 0.5% in May after rising 1.3% in April, following an anemic first quarter in which sales fell in two of the three months
- Vehicle sales were steady at an annualized pace of 17.42 million and 17.45 million units in April and May, respectively, before slipping to 16.7 million units in June, the second-lowest level in a year.

Second Quarter Economic Review

Domestic Equity Markets

U.S. equity markets gained broadly during the quarter as small-cap and mid-cap stocks outpaced large-caps. Value stocks did much better than growth stocks, with the performance gap widest among large-cap stocks. Eight of the 10 S&P 500 sectors had quarterly gains. The rebound in the price of oil continued to be a positive for U.S. stocks overall. During the quarter, U.S. WTI crude rose from $38.34 per barrel to $48.33.

- The S&P 500 Index gained 2.46%, closing the quarter at 2,098.86, up from 2,059.74 at the end of March.
- The Russell 2000 Index, a proxy for U.S. small-cap stocks, rose 3.79%, while the Russell Midcap Index advanced 3.2%.
- Value outperformed growth across the board for the second straight quarter. The Russell 1000 Value Index gained 4.58% versus the 0.61% rise of the Russell 1000 Growth Index. The Russell Midcap Value rose 4.77% to the Russell Midcap Growth's 1.56% return. The Russell 2000 Value advanced 4.31%, ahead of the Russell 2000 Growth's 3.24% gain.
- The S&P 500 was led by strong gains among stocks in the Energy (+11.6%), Telecommunications (+7.1%), and Utilities (+6.8%) sectors. Only the Information Technology (-2.8%) and Consumer Discretionary (-0.9%) sectors lost ground.
- Amid great uncertainty and meager global economic prospects, the price of gold climbed from $1,237 an ounce to about $1,320 during the quarter.

Morningstar Returns for Domestic Equity Funds-- 2nd Quarter 2016*

	Value	Blend	Growth
Large-Cap	2.68%	1.76%	0.54%
Mid-Cap	2.37%	1.49%	1.98%
Small-Cap	2.27%	2.43%	3.79%

Morningstar Returns for Domestic Equity Funds-- 1 Year Ending 6/30/2016*

	Value	Blend	Growth
Large-Cap	-0.09%	-0.02%	-2.33%
Mid-Cap	-2.16%	-4.33%	-6.43%
Small-Cap	-4.30%	-5.78%	-9.86%

*See disclosure at end of chapter

Past performance is no guarantee of future results

Second Quarter Economic Review

Fixed Income Markets

Fixed income markets had positive performance in the second quarter. Volatile markets, subdued global economic growth, accommodative global central bank monetary policies and fear over the repercussions of the UK Brexit vote drove investors to safe haven assets, pushing U.S. Treasury yields lower and reducing expectations on the pace of U.S. Federal Reserve interest rate hikes. The lower yields benefited bond prices, which typically move in the inverse direction.

- During the quarter, yields on the spectrum of U.S. Treasury securities fell, continuing their decline from 2015. The 2-year U.S. Treasury note slid to 0.58% from 0.72% on March 31. The 5-year U.S. Treasury note tumbled to 1.01% from 1.54%. The 10-year U.S. Treasury bond eased to 1.49% from 1.7%. The 30-year U.S. Treasury bond dropped to 2.32% from 2.62%. Overall, the yield curve flattened to its narrowest spread between 2-year and 10-year Treasuries since the financial crisis.
- Major U.S. indices gained, with the broad Barclays U.S. Aggregate Bond Index returning 2.21%.
- U.S. high yield bonds outperformed others, as the Barclays U.S. Corporate High Yield Index gained 5.52% versus the 3.57% return of the Barclays U.S. Corporate Investment Grade Index. TIPS rose 1.71%.
- Non-U.S. bonds gained as the Barclays Global Aggregate Index gained 2.89% and the Barclays Emerging Markets Aggregate Index gained 4.67%.

Morningstar Returns for Domestic Fixed Income Funds--Period Ending 6/30/2016*

Category	Quarter	Year
Ultrashort Bond	0.49%	0.54%
Short Government	0.47%	1.11%
Short-Term Bond	1.03%	1.49%
Inflation-Protected Bond	1.56%	2.63%
Intermediate Government	1.27%	3.66%
Intermediate-Term Bond	2.35%	4.63%
Long Government	5.68%	16.43%
Long-Term Bond	5.86%	13.94%
High Yield Bond	4.23%	-0.46%

Past performance is no guarantee of future results

*See disclosure at end of chapter

Second Quarter Economic Review

International Equity Markets

International developed market stocks lost ground in the second quarter, as the UK voted in a referendum to leave the European Union. The MSCI EAFE Index returned -1.46%, dragged down by weakness in Europe—the MSCI Europe Index returned -2.29%. Stocks in Germany, Italy and Spain all fell more than 5%. The UK stock market fell 0.72%. Volatility remained the overall theme, with more possible in the wake of the Brexit vote and other uncertainty possible.

- Asian stocks fared better in general, with the MSCI Japan Index rising 1.03%.
- Emerging market stocks made gains, with the MSCI Emerging Markets Index rising 0.66%. Brazil was particularly robust, gaining 13.9%, leading a broad Latin American rally. Concerns eased regarding China's slowing growth, and China posted a modest 0.28% gain, trailing Russia's 4.2% gain and India's 3.7% return among fellow BRIC nations.
- The leading sectors in the MSCI ACWI ex-US Index were Energy (+8.1%), Health Care (+4.3%), and Materials (+3.1%). The two weakest sectors were Consumer Discretionary (-6.9%) and Financials (-4.3%).

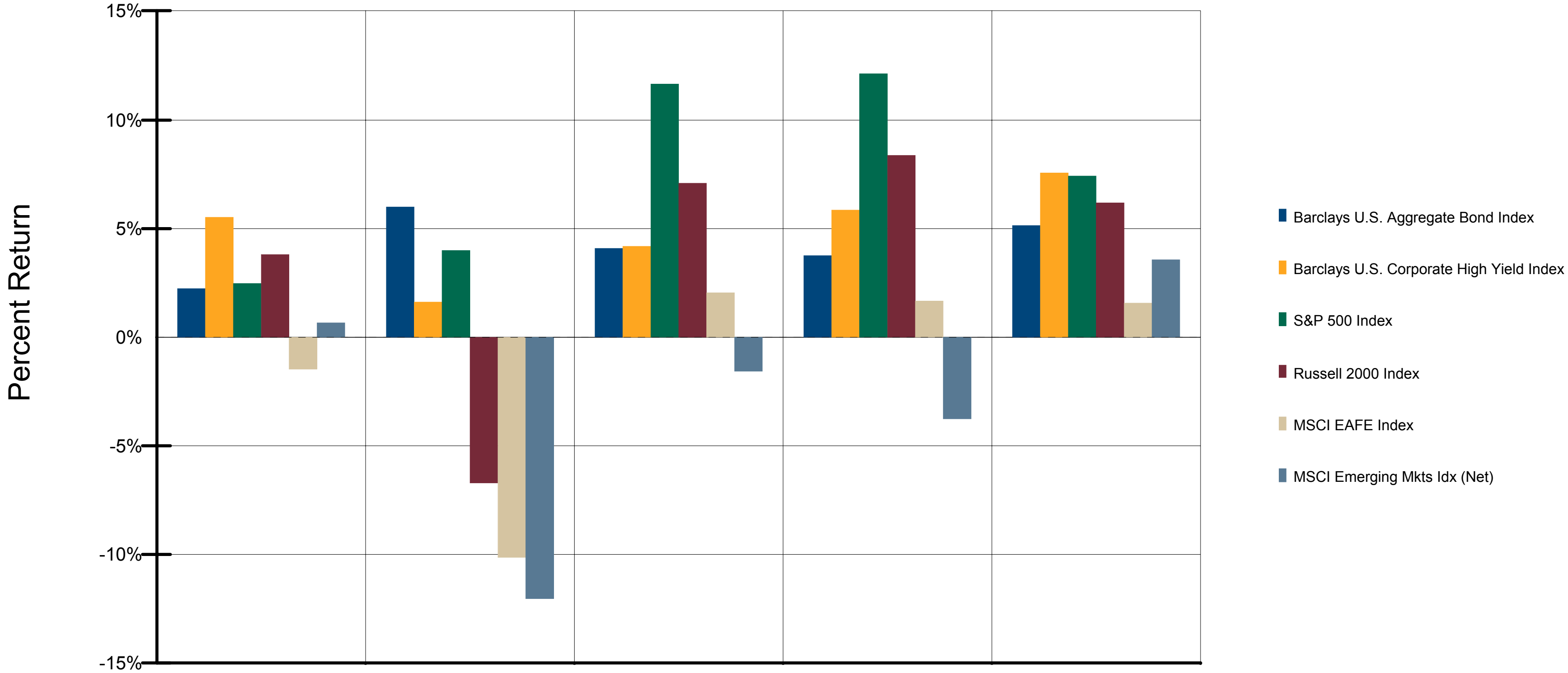
Morningstar Returns for International Equity Funds--1 Year Ending 6/30/2016*

Category	Quarter	Year
Foreign Large Value	-1.47%	-11.39%
Foreign Large Blend	-1.08%	-9.94%
Foreign Large Growth	-0.49%	-7.50%
Foreign Small/Mid Value	-1.50%	-7.16%
Foreign Small/Mid Growth	-1.24%	-4.98%
Diversified Emerging Mkts	2.28%	-9.89%
World Allocation	2.15%	-2.28%

Past performance is no guarantee of future results

*See disclosure at end of chapter

Capital Markets Returns



	Q2 '16	1 Year	3 Years	5 Years	10 Years
Barclays U.S. Aggregate Bond Index	2.21%	6.00%	4.06%	3.76%	5.13%
Barclays U.S. Corporate High Yield Index	5.52%	1.62%	4.18%	5.84%	7.56%
S&P 500 Index	2.46%	3.99%	11.66%	12.10%	7.42%
Russell 2000 Index	3.79%	-6.73%	7.09%	8.35%	6.20%
MSCI EAFE Index	-1.46%	-10.16%	2.06%	1.68%	1.58%
MSCI Emerging Mkts Idx (Net)	0.66%	-12.06%	-1.56%	-3.78%	3.54%

Periods greater than one year represent annualized performance.

Past performance is no guarantee of future results.

ICMARC
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 Select	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

VT PLUS Fund
VT Cash Management
Certificate of Deposit

BOND

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

INTERNATIONAL/GLOBAL STOCK

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

SPECIALTY

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, 2016

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

457 Fund Structure[1,2]

Retirement Focused Investing – 457 Plans

	U.S. STOCK		
	Value	Blend	Growth
Large	VT Vantagepoint Equity Income AllianzGI NFJ Dividend Value	Vanguard 500 Index Admiral American Funds Fundamental Inv JPMorgan US Equity Select	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	BOND	INTERNATIONAL/GLOBAL STOCK	SPECIALTY
VT PLUS Fund VT Cash Management Certificate of Deposit	PIMCO Low Duration Vanguard Ttl Bond Mkt Idx Adm PIMCO Total Return Instl PIMCO Real Return Admin Delaware High-Yield Opp Instl	American Funds Cap World G&I Harbor International Admin Fidelity Intl Discovery Fidelity Diversified Intl	Prudential Jennison Utility A Nuveen Real Estate Securities T Rowe Price® Health Sciences AllianzGI Technology Admin

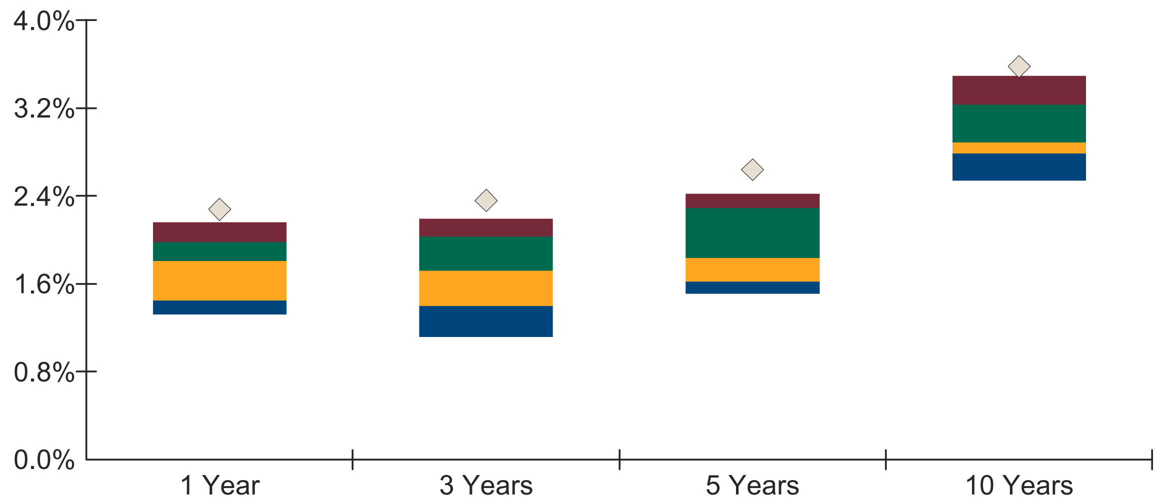
All data on page is as of June 30, 2016

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

ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Hueler Stable Value Universe Profile[15]

*Universe: Hueler Stable Value[15] -- Gross Returns**
Universe Percentiles As of June 30, 2016



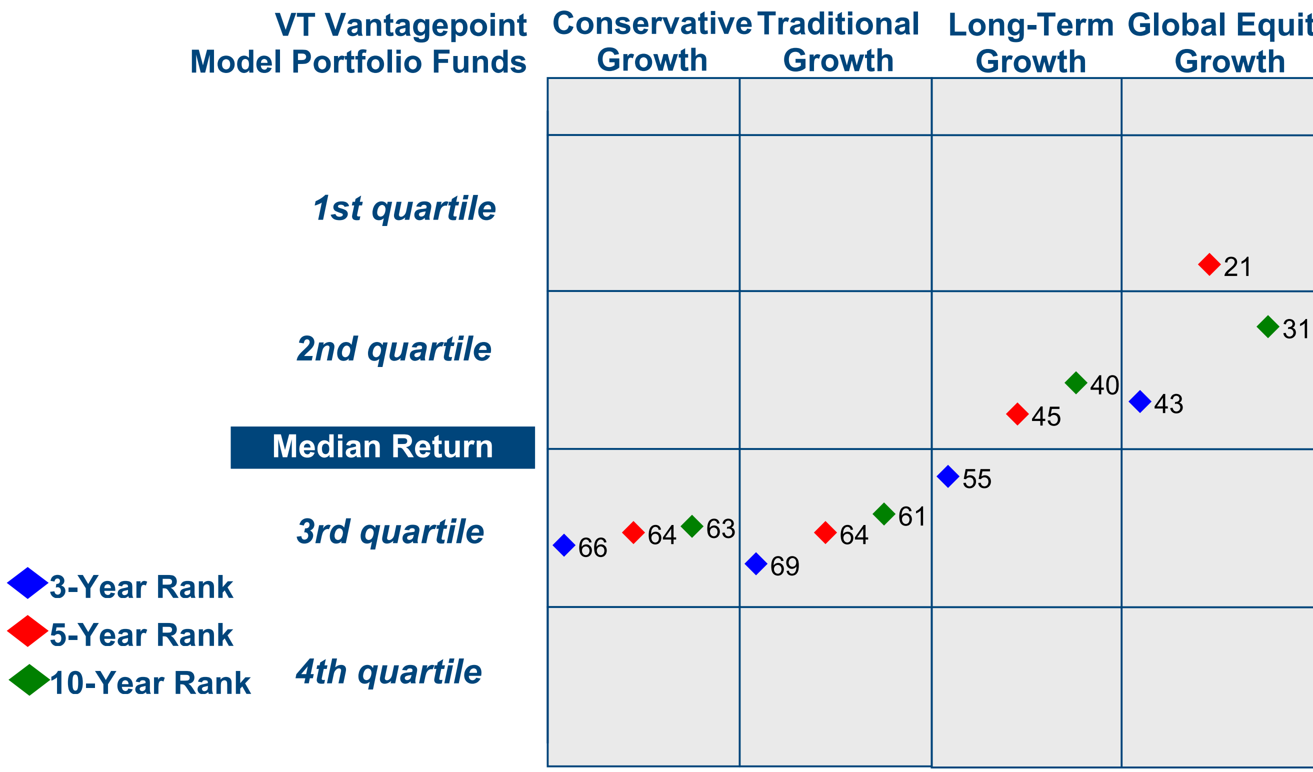
	1 Year	3 Years	5 Years	10 Years
VT PLUS Gross Returns*	2.28%	2.36%	2.64%	3.58%
VT PLUS Net Returns	1.71%	1.79%	2.06%	3.04%
11-25th Percentile	1.98 - 2.16	2.03 - 2.19	2.29 - 2.42	3.23 - 3.49
26-50th Percentile	1.81 - 1.98	1.72 - 2.03	1.84 - 2.29	2.89 - 3.23
51-75th Percentile	1.45 - 1.81	1.40 - 1.72	1.62 - 1.84	2.79 - 2.89
76-90th Percentile	1.32 - 1.45	1.12 - 1.40	1.51 - 1.62	2.54 - 2.79

"*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 0.83% of assets, as disclosed in the VantageTrust Funds Fees and Expenses document accompanying the most recently published Retirement Investment Guide, and consist of: (1) ICMA-RC and affiliate fees/expenses of 0.56% of assets, which include recordkeeping fees; and (2) fixed income manager, wrap and custodial fees of 0.27% of assets. Fees are subject to change due to fixed income manager, wrap, allocation, or other changes. Periods greater than one year represent annualized performance and past performance is no guarantee of future results"

See disclosure at the end of chapter.

VT Vantagepoint Model Portfolio Funds[1,13]

Morningstar®,[2] Three-, Five- and Ten-Year Rankings as of 6/30/2016



Morningstar®,[2] Category	Allocation--30% to 50% Equity	Allocation--50% to 70% Equity	Allocation--70% to 85% Equity	World Stock
Funds Ranked in Category: 3-Year Period	480	820	380	940
Funds Ranked in Category: 5-Year Period	409	704	310	731
Funds Ranked in Category: 10-Year Period	271	479	234	409

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

VT Vantagepoint Model Portfolio Funds[1,13]

Underlying Vantagepoint Fund Target Allocations as of 6/30/2016

EQUITY

- **Emerging Market**
- **International**
- **Overseas Equity Index**
- **Discovery**
- **Aggressive Opportunities**
- **Mid/Small Company Index**
- **Select Value**
- **Growth**
- **Growth & Income**
- **Equity Income**

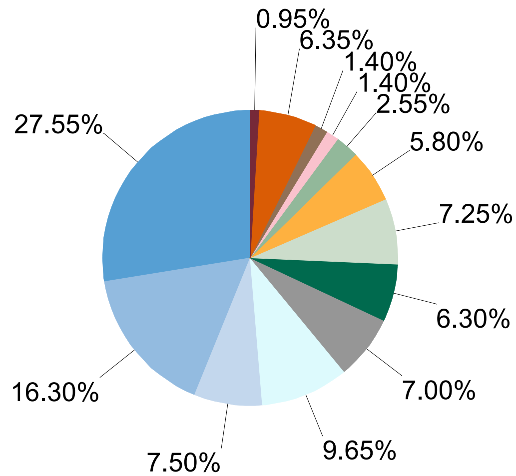
MULTI-STRATEGY

- **Diversifying Strategies**

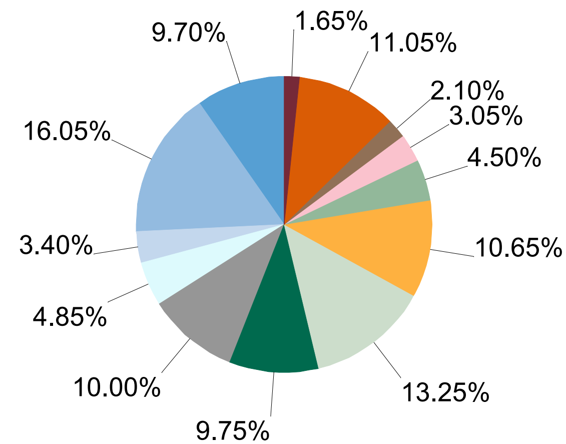
FIXED INCOME

- **High Yield Bond**
- **Inflation Focused**
- **Core Bond Index**
- **Low Duration Bond**

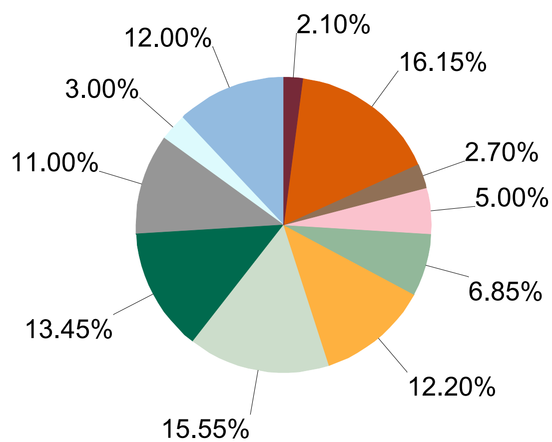
See disclosure at end of chapter.



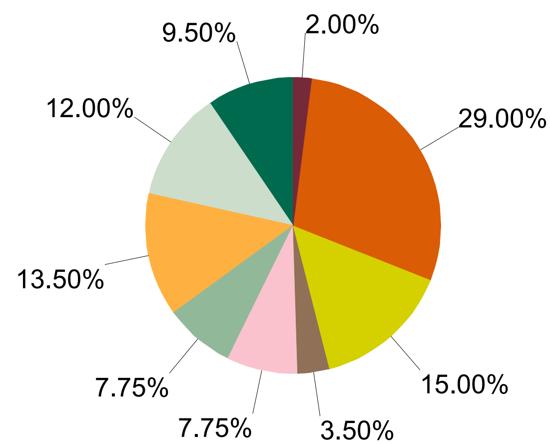
Vantagepoint MP Conserv Growth



Vantagepoint MP Trad Growth



Vantagepoint MP Long-Term Gr



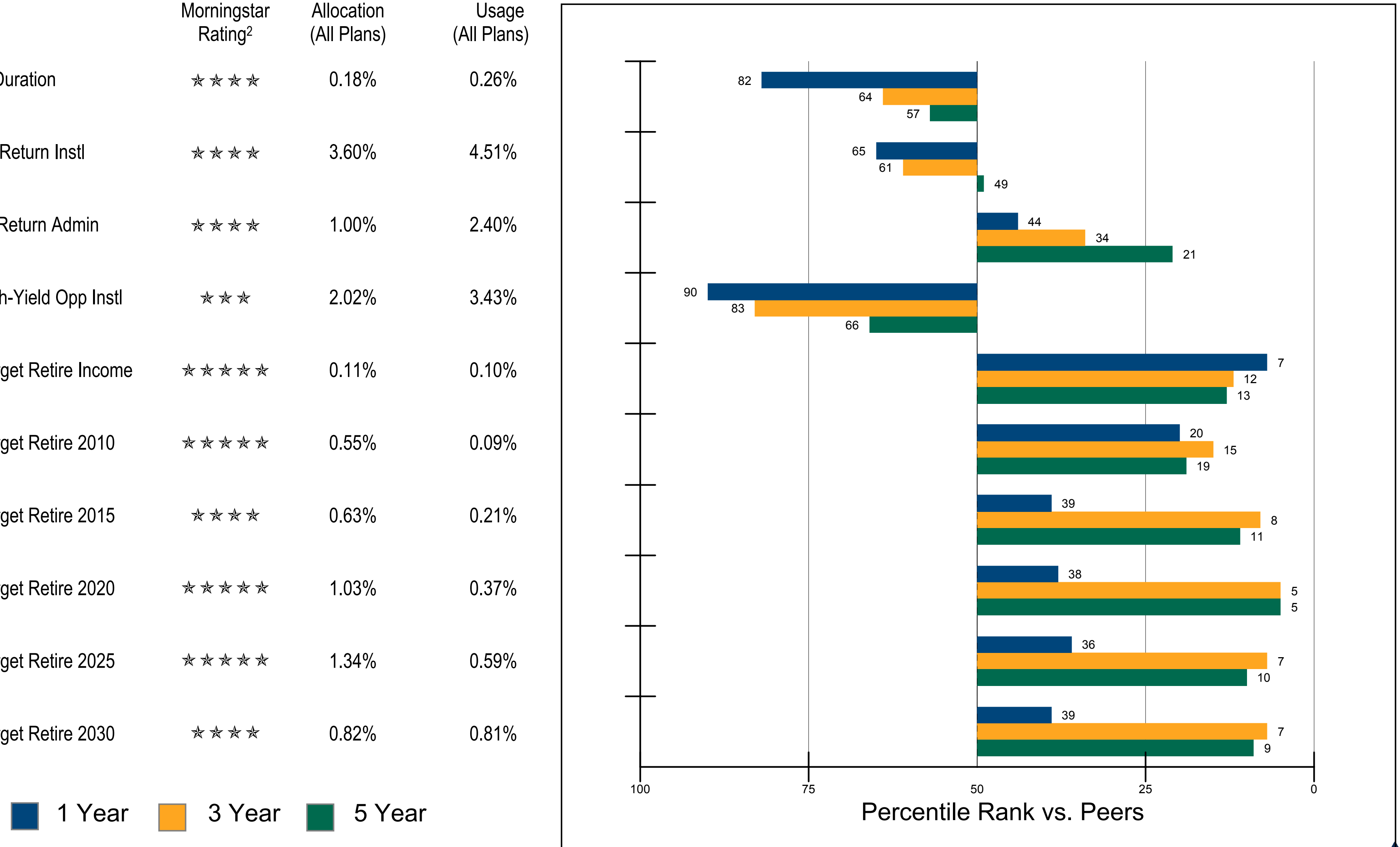
Vantagepoint MP Glbl Eqty Gr

All data on page is as of June 30, 2016

BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
PIMCO Low Duration	★★★★	0.18%	0.26%
PIMCO Total Return Instl	★★★★	3.60%	4.51%
PIMCO Real Return Admin	★★★★	1.00%	2.40%
Delaware High-Yield Opp Instl	★★★	2.02%	3.43%
Vanguard Target Retire Income	★★★★★	0.11%	0.10%
Vanguard Target Retire 2010	★★★★★	0.55%	0.09%
Vanguard Target Retire 2015	★★★★	0.63%	0.21%
Vanguard Target Retire 2020	★★★★★	1.03%	0.37%
Vanguard Target Retire 2025	★★★★★	1.34%	0.59%
Vanguard Target Retire 2030	★★★★	0.82%	0.81%

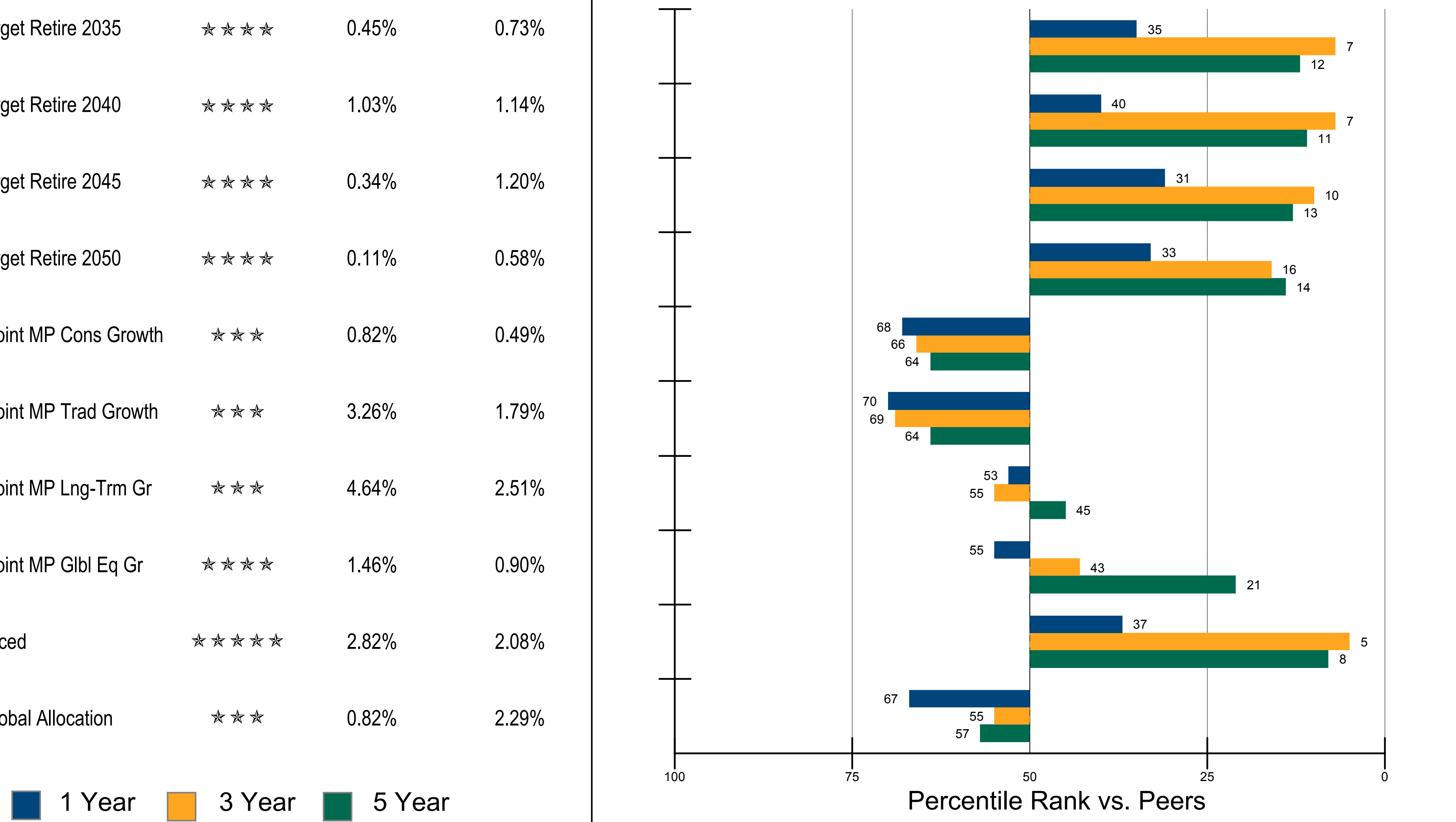


All data on page is as of June 30, 2016

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

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Vanguard Target Retire 2035	★★★★	0.45%	0.73%
Vanguard Target Retire 2040	★★★★	1.03%	1.14%
Vanguard Target Retire 2045	★★★★	0.34%	1.20%
Vanguard Target Retire 2050	★★★★	0.11%	0.58%
VT Vantagepoint MP Cons Growth	★★★	0.82%	0.49%
VT Vantagepoint MP Trad Growth	★★★	3.26%	1.79%
VT Vantagepoint MP Lng-Trm Gr	★★★	4.64%	2.51%
VT Vantagepoint MP Glbl Eq Gr	★★★★	1.46%	0.90%
Fidelity Balanced	★★★★★	2.82%	2.08%
BlackRock Global Allocation	★★★	0.82%	2.29%



All data on page is as of June 30, 2016

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See disclosure at end of chapter.

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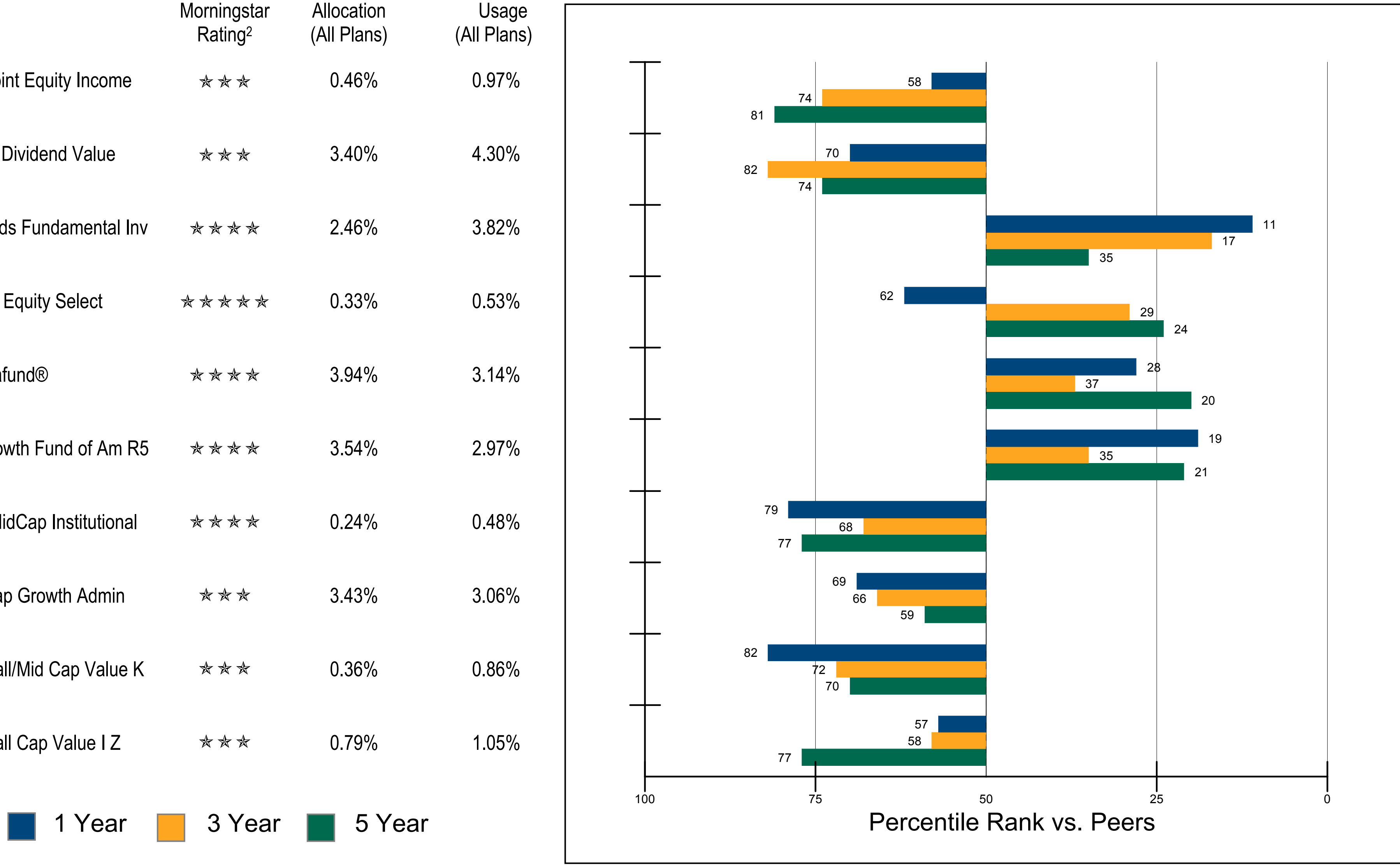
Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
VT Vantagepoint Equity Income	✮✮✮	0.46%	0.97%
AllianzGI NFJ Dividend Value	✮✮✮	3.40%	4.30%
American Funds Fundamental Inv	✮✮✮✮	2.46%	3.82%
JPMorgan US Equity Select	✮✮✮✮✮	0.33%	0.53%
Fidelity Contrafund®	✮✮✮✮	3.94%	3.14%
Am Funds Growth Fund of Am R5	✮✮✮✮	3.54%	2.97%
Westwood SMidCap Institutional	✮✮✮✮	0.24%	0.48%
Harbor Mid Cap Growth Admin	✮✮✮	3.43%	3.06%
Columbia Small/Mid Cap Value K	✮✮✮	0.36%	0.86%
Columbia Small Cap Value I Z	✮✮✮	0.79%	1.05%



All data on page is as of June 30, 2016

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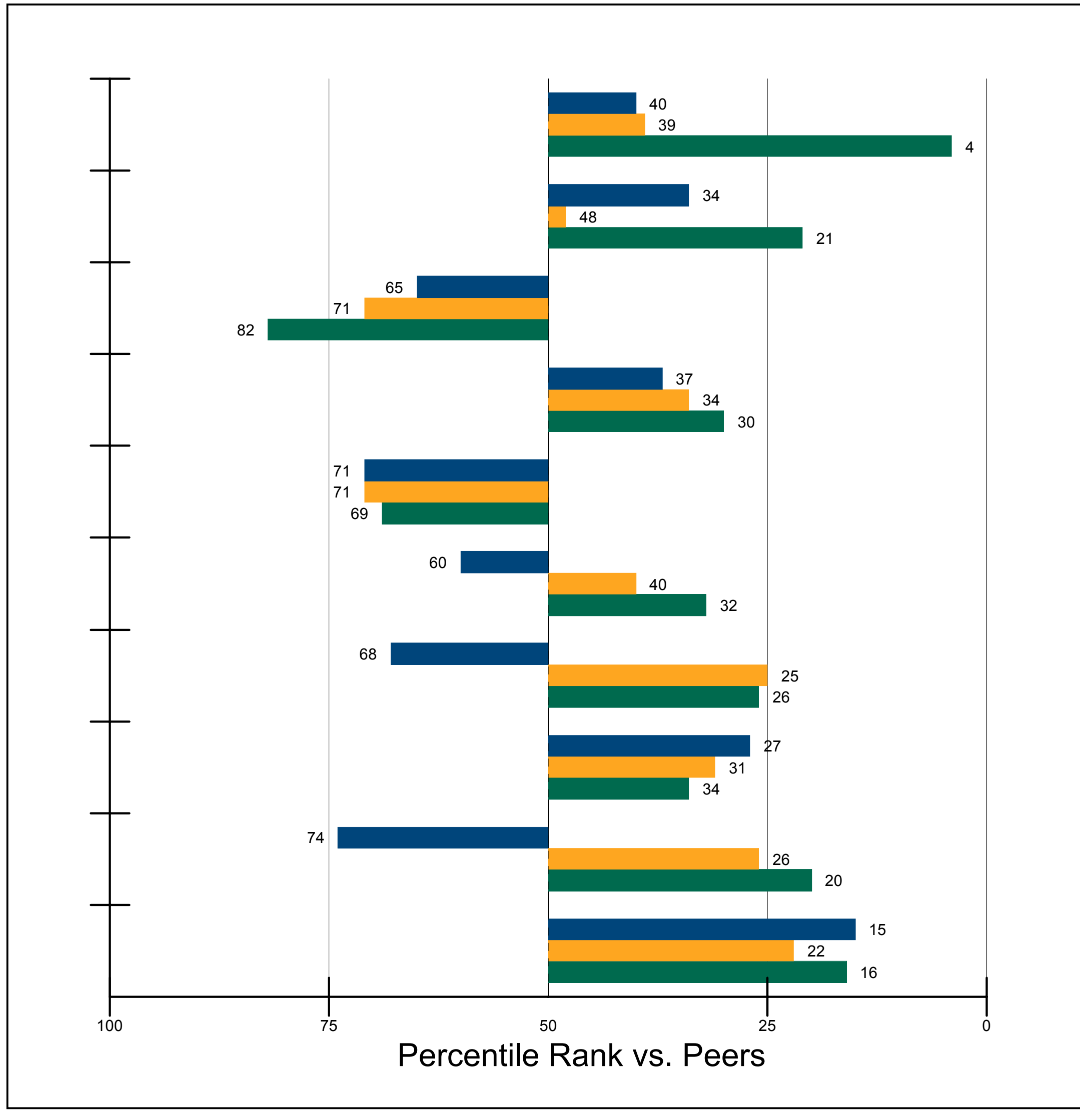
Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Fidelity Small Cap Discovery	★★★★★	1.47%	3.82%
AMG TimesSquare Sm Cap Growth	★★★★	0.66%	0.97%
Royce Smaller-Companies Gr Srv	★★	NA	NA
American Funds Cap World G&I	★★★★	4.35%	4.12%
Harbor International Admin	★★★	0.46%	1.06%
Fidelity Intl Discovery	★★★	0.98%	3.24%
Fidelity Diversified Intl	★★★	1.66%	3.72%
American Century® Utilities	★★★	0.00%	0.01%
Prudential Jennison Utility A	★★	1.31%	1.20%
Nuveen Real Estate Securities	★★★★★	1.27%	3.28%



1 Year 3 Year 5 Year

All data on page is as of June 30, 2016

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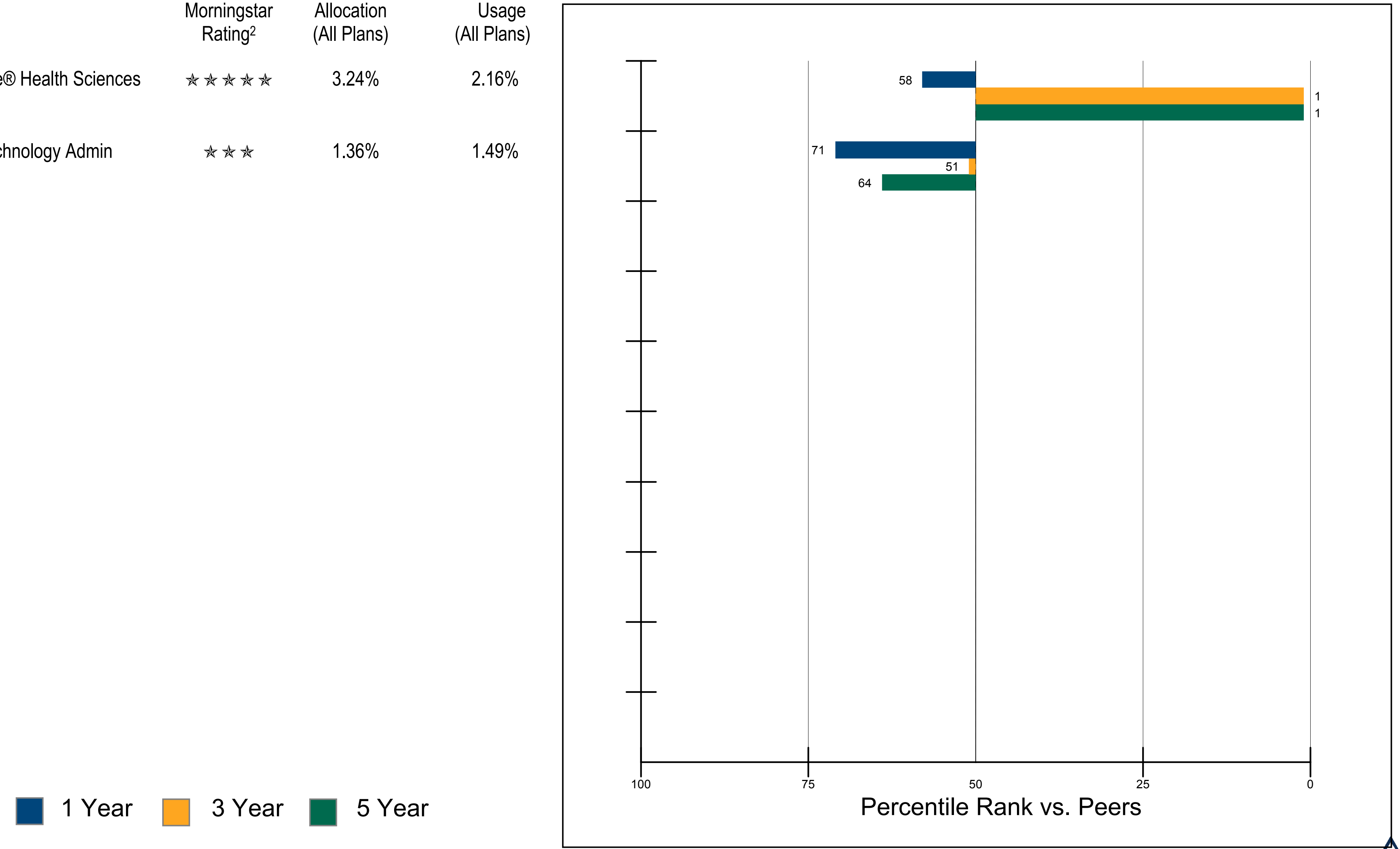
Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
T Rowe Price® Health Sciences	★★★★★	3.24%	2.16%
AllianzGI Technology Admin	★★★	1.36%	1.49%



All data on page is as of June 30, 2016

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See disclosure at end of chapter.

Fund Focus List[1,2]

June 30, 2016

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	--	0.18%	3.60%	1.00%	2.02%	0.11%
% of Participants	--	0.26%	4.51%	2.40%	3.43%	0.10%
Overall Morningstar Star Rating[2]	3 or higher	4	4	4	3	5
3-Year Morningstar Star Rating[2]	3 or higher	3	3	3	2	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	64%	61%	34%	83%	12%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	82%	65%	44%	90%	7%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	4	5	7	4	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	--	**5 of 7**	**7 of 7**	**7 of 7**	**3 of 7**	**7 of 7**

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

Fund Focus List[1,2]

June 30, 2016

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	--	0.55%	0.63%	1.03%	1.34%	0.82%
% of Participants	--	0.09%	0.21%	0.37%	0.59%	0.81%
Overall Morningstar Star Rating[2]	3 or higher	5	4	5	5	4
3-Year Morningstar Star Rating[2]	3 or higher	4	5	5	5	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	15%	8%	5%	7%	7%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	20%	39%	38%	36%	39%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	8	8	8	8
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**7 of 7**	**7 of 7**	**7 of 7**	**7 of 7**	**7 of 7**

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Fund Focus List[1,2]

June 30, 2016

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	--	0.45%	1.03%	0.34%	0.11%	0.82%
% of Participants	--	0.73%	1.14%	1.20%	0.58%	0.49%
Overall Morningstar Star Rating[2]	3 or higher	4	4	4	4	3
3-Year Morningstar Star Rating[2]	3 or higher	5	4	4	4	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	7%	7%	10%	16%	66%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	35%	40%	31%	33%	68%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	8	8	7	7	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**

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

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Fund Focus List[1,2]

June 30, 2016

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	--	3.26%	4.64%	1.46%	2.82%	0.82%
% of Participants	--	1.79%	2.51%	0.90%	2.08%	2.29%
Overall Morningstar Star Rating[2]	3 or higher	3	3	4	5	3
3-Year Morningstar Star Rating[2]	3 or higher	3	3	3	5	2
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	69%	55%	43%	5%	55%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	70%	53%	55%	37%	67%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	6	8	5	7	6
Manager Change	None in last 12 months	No	No	No	Yes	No
Morningstar Category Change	None in last 12 months	No	No	Yes	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, 2016

Criteria	Criterion Benchmark	VT Vantagepoint Equity Income	AllianzGI NFJ Dividend Value	American Funds Fundamental Inv	JPMorgan US Equity Select	Fidelity Contrafund®
% of Assets	--	0.46%	3.40%	2.46%	0.33%	3.94%
% of Participants	--	0.97%	4.30%	3.82%	0.53%	3.14%
Overall Morningstar Star Rating[2]	3 or higher	3	3	4	5	4
3-Year Morningstar Star Rating[2]	3 or higher	2	2	4	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	74%	82%	17%	29%	37%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	58%	70%	11%	62%	28%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	5	3	7	7	7
Manager Change	None in last 12 months	No	Yes	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**6 of 7**	**3 of 7**	**7 of 7**	**7 of 7**	**7 of 7**

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

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Fund Focus List[1,2]

June 30, 2016

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	--	3.54%	0.24%	3.43%	0.36%	0.79%
% of Participants	--	2.97%	0.48%	3.06%	0.86%	1.05%
Overall Morningstar Star Rating[2]	3 or higher	4	4	3	3	3
3-Year Morningstar Star Rating[2]	3 or higher	4	2	3	3	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	35%	68%	66%	72%	58%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	19%	79%	69%	82%	57%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	5	6	6	8
Manager Change	None in last 12 months	Yes	Yes	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**6 of 7**	**4 of 7**	**7 of 7**	**6 of 7**	**7 of 7**

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Fund Focus List[1,2]

June 30, 2016

Criteria	Criterion Benchmark	Fidelity Small Cap Discovery	AMG TimesSquare Sm Cap Growth	Royce Smaller-Companies Gr Srv	American Funds Cap World G&I	Harbor International Admin
% of Assets	--	1.47%	0.66%	0.00%	4.35%	0.46%
% of Participants	--	3.82%	0.97%	0.00%	4.12%	1.06%
Overall Morningstar Star Rating[2]	3 or higher	5	4	2	4	3
3-Year Morningstar Star Rating[2]	3 or higher	3	3	2	4	2
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	39%	48%	71%	34%	71%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	40%	34%	65%	37%	71%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	5	8	6	8	5
Manager Change	None in last 12 months	Yes	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**	**5 of 7**	**7 of 7**	**6 of 7**

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

Fund Focus List[1,2]

June 30, 2016

Criteria	Criterion Benchmark	Fidelity Intl Discovery	Fidelity Diversified Intl	American Century® Utilities	Prudential Jennison Utility A	Nuveen Real Estate Securities
% of Assets	--	0.98%	1.66%	0.00%	1.31%	1.27%
% of Participants	--	3.24%	3.72%	0.01%	1.20%	3.28%
Overall Morningstar Star Rating[2]	3 or higher	3	3	3	2	5
3-Year Morningstar Star Rating[2]	3 or higher	3	4	3	2	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	40%	25%	31%	26%	22%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	60%	68%	27%	74%	15%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	6	7	6	7	8
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	**7 of 7**	**7 of 7**	**7 of 7**	**5 of 7**	**7 of 7**

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

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Fund Focus List[1,2]

June 30, 2016

Criteria	Criterion Benchmark	T Rowe Price® Health Sciences	AllianzGI Technology Admin
% of Assets	--	3.24%	1.36%
% of Participants	--	2.16%	1.49%
Overall Morningstar Star Rating[2]	3 or higher	5	3
3-Year Morningstar Star Rating[2]	3 or higher	5	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	1%	51%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	58%	71%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	8	7
Manager Change	None in last 12 months	Yes	No
Morningstar Category Change	None in last 12 months	No	No
Metrics Met	--	**6 of 7**	**7 of 7**

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

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

Fund Data

2nd Quarter 2016

Platinum Services Plan Service Report

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

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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]	--	--	--	--	**1.71**	**1.79**	**2.06**	**3.04**	--	**1/1/1991**
BofA ML US 3-Mo. T-Bill Index (Annualized)					0.19	0.09	0.09	1.04		
Dreyfus Cash Management[14]	--	--	--	--	**0.01**	**0.00**	**0.00**	**0.99**	**2.16**	**11/21/1996**
Ibbotson US 30-Day T-Bill Index					0.10	0.04	0.04	0.91		
Crane Prime Retail Money Market Fund Index					0.05	0.03	0.02	0.98		

The 7-Day Yields below more closely reflect the current earnings of the Dreyfus Cash Management than the returns above:
The 7-Day Current Yield was 0.01%.

All data on page is as of June 30, 2016
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]	**4**	**3**	**3**	**4**	**0.81**	**1.15**	**1.40**	**3.54**	**4.60**	**1/3/1995**
BofA ML US 1-3 Year Treasury Index					1.31	0.98	0.81	2.46		
Morningstar Short-Term Bond					1.49	1.42	1.54	2.97		
Vanguard Ttl Bond Mkt Idx Adm[10]	**3**	**4**	**3**	**3**	**6.12**	**4.03**	**3.73**	**5.12**	**4.59**	**11/12/2001**
Barclays U.S. Aggregate Float-Adjusted Bond Index					6.12	4.07	3.81	--		
Morningstar Intermediate-Term Bond					4.63	3.59	3.64	4.79		
PIMCO Total Return Instl[10]	**4**	**3**	**3**	**5**	**4.31**	**3.48**	**3.71**	**6.26**	**7.58**	**5/11/1987**
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Intermediate-Term Bond					4.63	3.59	3.64	4.79		
PIMCO Real Return Admin[10]	**4**	**3**	**4**	**4**	**3.05**	**1.61**	**2.11**	**4.63**	**5.85**	**4/28/2000**
Barclays U.S. Treasury Inflation-Linked Bond Index (Series-L)					4.35	2.31	2.63	4.75		
Morningstar Inflation-Protected Bond					2.63	1.20	1.54	3.71		
Delaware High-Yield Opp Instl[10,18]	**3**	**2**	**2**	**3**	**-2.95**	**1.87**	**4.29**	**6.41**	**6.79**	**12/30/1996**
BofA ML US High Yield Master II Constrained Index					1.74	4.20	5.70	7.51		
Morningstar High Yield Bond					-0.46	2.92	4.58	5.97		

All data on page is as of June 30, 2016

See disclosure at end of chapter.

Fund Performance[1,2]

Guaranteed Lifetime Income Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Retirement IncomeAdvantage[16]	**--**	**--**	**--**	**--**	**0.24**	**5.20**	**5.19**	**--**	**6.93**	**8/23/2010**
Custom Benchmark					1.96	6.80	6.70	--		

All data on page is as of June 30, 2016
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Fund Performance[1,2]

Target-Risk/Target-Date Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Vanguard Target Retire Income[5,12]	**5**	**4**	**4**	**5**	**3.28**	**4.93**	**4.98**	**5.47**	**5.28**	**10/27/2003**
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date Retirement					1.72	3.80	3.80	4.08		
Vanguard Target Retire 2010[5,12]	**5**	**4**	**4**	**5**	**2.91**	**5.53**	**5.55**	**5.43**	**5.48**	**6/7/2006**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2000-2010					1.55	4.68	4.69	4.13		
Vanguard Target Retire 2015[5,12]	**4**	**5**	**4**	**4**	**1.98**	**6.22**	**6.17**	**5.62**	**6.03**	**10/27/2003**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2015					1.26	4.78	4.94	4.84		
Vanguard Target Retire 2020[5,12]	**5**	**5**	**5**	**5**	**1.44**	**6.76**	**6.67**	**5.72**	**5.83**	**6/7/2006**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2020					0.75	5.08	5.08	4.35		
Vanguard Target Retire 2025[5,12]	**5**	**5**	**5**	**4**	**0.81**	**7.04**	**6.95**	**5.72**	**6.34**	**10/27/2003**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2025					-0.10	5.63	5.65	4.46		

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BUILDING PUBLIC SECTOR RETIREMENT SECURITY

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**	**0.11**	**7.27**	**7.21**	**5.68**	**5.83**	**6/7/2006**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2030					-0.60	5.87	5.79	4.47		
Vanguard Target Retire 2035[5,12]	**4**	**5**	**4**	**4**	**-0.67**	**7.50**	**7.44**	**5.74**	**6.76**	**10/27/2003**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2035					-1.58	6.14	6.18	4.68		
Vanguard Target Retire 2040[5,12]	**4**	**4**	**4**	**4**	**-1.44**	**7.54**	**7.57**	**5.83**	**5.93**	**6/7/2006**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2040					-1.72	6.25	6.13	4.54		
Vanguard Target Retire 2045[5,12]	**4**	**4**	**4**	**4**	**-1.51**	**7.50**	**7.56**	**5.82**	**7.07**	**10/27/2003**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2045					-2.29	6.36	6.57	4.73		

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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**	**-1.48**	**7.52**	**7.56**	**5.82**	**5.97**	**6/7/2006**
MSCI US Broad Market Index (Gross)					2.09	11.18	11.65	7.57		
Barclays U.S. Aggregate Bond Index					6.00	4.06	3.76	5.13		
Morningstar Target-Date 2050					-1.95	6.48	6.35	4.40		
VT Vantagepoint MP Cons Growth[12]	**3**	**3**	**3**	**3**	**0.10**	**3.96**	**4.27**	**4.44**	**--**	**4/1/1996**
Barclays U.S. Intermediate Aggregate Bond Index					4.36	3.24	2.96	4.66		
Custom Benchmark					2.95	5.95	6.29	5.82		
Morningstar Allocation -- 30% to 50% Equity					0.94	4.28	4.68	4.57		
VT Vantagepoint MP Trad Growth[12]	**3**	**3**	**3**	**3**	**-1.27**	**5.24**	**5.56**	**4.96**	**--**	**4/1/1996**
S&P 500 Index					3.99	11.66	12.10	7.42		
Custom Benchmark					2.36	7.42	7.70	6.33		
Morningstar Allocation -- 50% to 70% Equity					-0.13	5.86	6.14	5.24		
VT Vantagepoint MP Lng-Trm Gr[12]	**3**	**3**	**3**	**4**	**-2.46**	**5.99**	**6.28**	**5.27**	**--**	**4/1/1996**
S&P 500 Index					3.99	11.66	12.10	7.42		
Custom Benchmark					1.73	8.42	8.61	6.62		
Morningstar Allocation -- 70% to 85% Equity					-1.68	6.08	6.14	4.73		

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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**	**4**	**4**	**-5.60**	**6.26**	**6.95**	**5.17**	**--**	**10/1/2000**
MSCI ACWI Index (Net)					-3.73	6.03	5.38	4.26		
S&P 500 Index					3.99	11.66	12.10	7.42		
Custom Benchmark					-2.78	8.12	8.79	6.31		
Morningstar World Stock					-4.17	5.63	5.33	4.33		

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Fund Performance[1,2]

Balanced Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Fidelity Balanced	**5**	**5**	**5**	**4**	**0.44**	**8.55**	**8.48**	**6.36**	**9.12**	**11/6/1986**
S&P 500 Index					3.99	11.66	12.10	7.42		
Morningstar Allocation -- 50% to 70% Equity					-0.13	5.86	6.14	5.24		
BlackRock Global Allocation	**3**	**2**	**2**	**3**	**-3.72**	**3.45**	**3.41**	**5.12**	**8.68**	**10/21/1994**
FTSE World Index					-2.57	6.88	6.34	4.98		
Morningstar World Allocation					-2.28	3.33	3.32	4.43		

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Fund Performance[1,2]

U.S. Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
VT Vantagepoint Equity Income[19]	**3**	**2**	**2**	**3**	**-1.27**	**6.86**	**7.95**	**5.61**	**--**	**4/1/1994**
Russell 1000 Value Index					2.86	9.87	11.35	6.13		
Morningstar Large Value					-0.09	7.97	9.37	5.52		
AllianzGI NFJ Dividend Value[19]	**3**	**2**	**2**	**3**	**-2.95**	**6.25**	**8.41**	**4.69**	**7.75**	**5/8/2000**
Russell 1000 Value Index					2.86	9.87	11.35	6.13		
Morningstar Large Value					-0.09	7.97	9.37	5.52		
Vanguard 500 Index Admiral	**5**	**5**	**5**	**4**	**3.95**	**11.62**	**12.06**	**7.42**	**4.88**	**11/13/2000**
S&P 500 Index					3.99	11.66	12.10	7.42		
Morningstar Large Blend					-0.02	9.43	10.10	6.41		
American Funds Fundamental Inv	**4**	**4**	**3**	**4**	**4.64**	**11.29**	**11.05**	**7.56**	**8.39**	**5/15/2002**
S&P 500 Index					3.99	11.66	12.10	7.42		
Morningstar Large Blend					-0.02	9.43	10.10	6.41		
JPMorgan US Equity Select	**5**	**4**	**4**	**5**	**-1.00**	**10.85**	**11.45**	**8.39**	**7.04**	**9/10/2001**
S&P 500 Index					3.99	11.66	12.10	7.42		
Morningstar Large Blend					-0.02	9.43	10.10	6.41		

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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**	**0.09**	**11.53**	**11.45**	**8.16**	**12.23**	**5/17/1967**
S&P 500 Index					3.99	11.66	12.10	7.42		
Morningstar Large Growth					-2.33	10.58	9.98	7.20		
Am Funds Growth Fund of Am R5[19]	**4**	**4**	**4**	**3**	**1.08**	**11.64**	**11.44**	**7.23**	**7.91**	**5/15/2002**
S&P 500 Index					3.99	11.66	12.10	7.42		
Morningstar Large Growth					-2.33	10.58	9.98	7.20		
Vanguard Mid-Cap Index Admiral[17]	**4**	**4**	**4**	**4**	**-0.89**	**10.77**	**10.56**	**7.80**	**9.49**	**11/12/2001**
CRSP US Mid Cap Index					-0.87	10.82	10.77	7.87		
Morningstar Mid-Cap Blend					-4.33	7.55	8.26	6.39		
Westwood SMidCap Institutional[17]	**4**	**2**	**2**	**5**	**-8.93**	**6.60**	**6.84**	**8.70**	**8.94**	**12/19/2005**
Russell 2500 Index					-3.67	8.61	9.48	7.32		
Morningstar Mid-Cap Blend					-4.33	7.55	8.26	6.39		
Harbor Mid Cap Growth Admin[17,19]	**3**	**3**	**3**	**3**	**-8.72**	**7.33**	**7.37**	**6.72**	**10.03**	**11/1/2002**
Russell Midcap Growth Index					-2.14	10.52	9.98	8.12		
Morningstar Mid-Cap Growth					-6.43	8.21	7.93	6.79		

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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**	**-8.17**	**5.05**	**6.93**	**5.44**	**8.66**	**2/14/2002**
Russell 2500 Value Index					0.22	8.14	9.59	6.52		
Morningstar Small Value					-4.30	5.92	7.67	5.69		
Columbia Small Cap Value I Z[6,19]	**3**	**3**	**2**	**3**	**-4.87**	**5.74**	**6.50**	**5.52**	**8.93**	**7/31/1995**
Russell 2000 Value Index					-2.58	6.36	8.15	5.15		
Morningstar Small Value					-4.30	5.92	7.67	5.69		
Vanguard Small-Cap Index Adm[6]	**4**	**4**	**4**	**4**	**-2.90**	**8.94**	**9.90**	**7.75**	**8.47**	**11/13/2000**
CRSP US Small Cap Index					-2.91	8.93	10.04	8.20		
Morningstar Small Blend					-5.78	6.37	7.62	5.87		
Fidelity Small Cap Discovery[6]	**5**	**3**	**5**	**5**	**-4.60**	**7.47**	**10.91**	**10.38**	**10.67**	**9/26/2000**
Russell 2000 Index					-6.73	7.09	8.35	6.20		
Morningstar Small Blend					-5.78	6.37	7.62	5.87		
AMG TimesSquare Sm Cap Growth[6,19]	**4**	**3**	**4**	**5**	**-7.19**	**6.80**	**8.89**	**8.60**	**8.03**	**1/21/2000**
Russell 2000 Growth Index					-10.75	7.74	8.51	7.14		
Morningstar Small Growth					-9.86	6.46	7.26	6.55		

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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**	**2**	**1**	**-13.00**	**5.10**	**5.39**	**4.35**	**10.51**	**6/14/2001**
Russell 2000 Index					-6.73	7.09	8.35	6.20		
Morningstar Small Growth					-9.86	6.46	7.26	6.55		

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Fund Performance[1,2]

International/Global Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
American Funds Cap World G&I[11]	**4**	**4**	**4**	**4**	**-3.14**	**6.64**	**6.49**	**5.64**	**8.29**	**5/15/2002**
MSCI ACWI Index (Net)					-3.73	6.03	5.38	4.26		
Morningstar World Stock					-4.17	5.63	5.33	4.33		
Harbor International Admin[11]	**3**	**2**	**2**	**4**	**-11.72**	**0.78**	**0.49**	**3.35**	**8.95**	**11/1/2002**
MSCI EAFE Index (Net)					-10.16	2.06	1.68	1.58		
Morningstar Foreign Large Blend					-9.94	1.68	1.10	1.51		
Fidelity Intl Discovery[11]	**3**	**3**	**3**	**3**	**-9.34**	**3.39**	**3.17**	**2.81**	**7.33**	**12/31/1986**
MSCI EAFE Index (Net)					-10.16	2.06	1.68	1.58		
Morningstar Foreign Large Growth					-7.50	3.19	2.54	2.92		
Fidelity Diversified Intl[11]	**3**	**4**	**4**	**3**	**-9.98**	**4.16**	**3.40**	**2.41**	**7.97**	**12/27/1991**
MSCI EAFE Index (Net)					-10.16	2.06	1.68	1.58		
Morningstar Foreign Large Growth					-7.50	3.19	2.54	2.92		

All data on page is as of June 30, 2016
See disclosure at end of chapter.

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**	**25.76**	**12.81**	**11.72**	**8.71**	**8.49**	**3/1/1993**
S&P 500 Index					3.99	11.66	12.10	7.42		
Morningstar Utilities					15.49	10.60	10.09	7.64		
Prudential Jennison Utility A[13]	**2**	**2**	**3**	**1**	**9.56**	**12.91**	**12.46**	**7.69**	**10.38**	**1/22/1990**
S&P 500 Utilities Index					31.47	15.97	13.82	9.21		
Morningstar Utilities					15.49	10.60	10.09	7.64		
Nuveen Real Estate Securities[13]	**5**	**4**	**4**	**5**	**23.03**	**13.48**	**12.19**	**8.33**	**12.51**	**6/30/1995**
MSCI US REIT Index (Gross)					24.10	13.51	12.53	7.35		
Morningstar Real Estate					19.50	12.11	11.17	6.42		
T Rowe Price® Health Sciences[4,13]	**5**	**5**	**5**	**5**	**-13.98**	**20.11**	**20.64**	**15.86**	**14.52**	**12/29/1995**
S&P 500 Index					3.99	11.66	12.10	7.42		
Morningstar Health					-15.14	15.00	15.57	11.23		
AllianzGI Technology Admin[13]	**3**	**3**	**3**	**3**	**-3.15**	**13.10**	**8.91**	**9.75**	**9.70**	**3/31/2005**
S&P North American Technology Index					7.69	15.61	13.64	10.58		
Morningstar Technology					-1.11	12.79	9.39	8.39		

All data on page is as of June 30, 2016
See disclosure at end of chapter.

Fund Summary[1,2]

Summary Table

Plan Option	Morningstar® Category	Peer Ranking over last 3 years (Percentile)	Peer Ranking over last 5 years (Percentile)	Peer Ranking over last 10 years (Percentile)	Comparative Risk Relative to Funds in Category over last 3 years
PIMCO Low Duration[10]	Short-Term Bond	315/493 (64%)	232/405 (57%)	69/284 (24%)	Above Average
Vanguard Ttl Bond Mkt Idx Adm[10]	Intermediate-Term Bond	256/953 (27%)	400/836 (48%)	250/603 (41%)	Above Average
PIMCO Total Return Instl[10]	Intermediate-Term Bond	581/953 (61%)	410/836 (49%)	32/603 (6%)	High
PIMCO Real Return Admin[10]	Inflation-Protected Bond	71/207 (34%)	39/182 (21%)	7/111 (6%)	High
Delaware High-Yield Opp Instl[10,18]	High Yield Bond	545/653 (83%)	350/529 (66%)	126/371 (34%)	Above Average
Vanguard Target Retire Income[5,12]	Target-Date Retirement	18/150 (12%)	18/139 (13%)	4/71 (5%)	Below Average
Vanguard Target Retire 2010[5,12]	Target-Date 2000-2010	14/87 (15%)	16/80 (19%)	2/40 (3%)	Below Average
Vanguard Target Retire 2015[5,12]	Target-Date 2015	9/114 (8%)	10/85 (11%)	2/15 (8%)	Average
Vanguard Target Retire 2020[5,12]	Target-Date 2020	9/188 (5%)	9/161 (5%)	3/73 (3%)	Above Average
Vanguard Target Retire 2025[5,12]	Target-Date 2025	12/160 (7%)	13/123 (10%)	3/26 (8%)	Average
Vanguard Target Retire 2030[5,12]	Target-Date 2030	13/188 (7%)	15/161 (9%)	9/73 (12%)	Average
Vanguard Target Retire 2035[5,12]	Target-Date 2035	11/160 (7%)	15/123 (12%)	4/26 (12%)	Average
Vanguard Target Retire 2040[5,12]	Target-Date 2040	13/188 (7%)	18/161 (11%)	8/74 (10%)	Average
Vanguard Target Retire 2045[5,12]	Target-Date 2045	16/160 (10%)	16/116 (13%)	4/24 (13%)	Average
Vanguard Target Retire 2050[5,12]	Target-Date 2050	29/177 (16%)	20/138 (14%)	1/23 (1%)	Average
VT Vantagepoint MP Cons Growth[12]	Allocation--30% to 50% Equity	316/480 (66%)	261/409 (64%)	170/271 (63%)	Below Average
VT Vantagepoint MP Trad Growth[12]	Allocation--50% to 70% Equity	565/820 (69%)	450/704 (64%)	292/479 (61%)	Average
VT Vantagepoint MP Lng-Trm Gr[12]	Allocation--70% to 85% Equity	209/380 (55%)	139/310 (45%)	93/234 (40%)	Average
VT Vantagepoint MP Glbl Eq Gr[12]	World Stock	404/940 (43%)	153/731 (21%)	126/409 (31%)	Average
Fidelity Balanced	Allocation--50% to 70% Equity	39/820 (5%)	53/704 (8%)	70/479 (15%)	Above Average
BlackRock Global Allocation	World Allocation	257/463 (55%)	206/362 (57%)	59/176 (33%)	Below Average
VT Vantagepoint Equity Income[19]	Large Value	865/1169 (74%)	834/1030 (81%)	355/756 (47%)	Average
AllianzGI NFJ Dividend Value[19]	Large Value	957/1169 (82%)	764/1030 (74%)	539/756 (71%)	Average
Vanguard 500 Index Admiral	Large Blend	124/1392 (9%)	104/1206 (9%)	159/895 (18%)	Average
American Funds Fundamental Inv	Large Blend	228/1392 (17%)	421/1206 (35%)	117/895 (13%)	Average
JPMorgan US Equity Select	Large Blend	407/1392 (29%)	287/1206 (24%)	38/895 (5%)	Above Average
Fidelity Contrafund®[19]	Large Growth	552/1483 (37%)	259/1289 (20%)	243/931 (26%)	Below Average
Am Funds Growth Fund of Am R5[19]	Large Growth	521/1483 (35%)	262/1289 (21%)	475/931 (51%)	Below Average
Vanguard Mid-Cap Index Admiral[17]	Mid-Cap Blend	29/376 (8%)	30/321 (9%)	55/228 (24%)	Below Average
Westwood SMidCap Institutional[17]	Mid-Cap Blend	255/376 (68%)	248/321 (77%)	12/228 (5%)	Above Average

All data on page is as of June 30, 2016

See disclosure at end of chapter.

ICMARC
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	430/650 (66%)	338/573 (59%)	239/429 (56%)	Above Average
Columbia Small/Mid Cap Value K[6,19]	Small Value	267/372 (72%)	235/335 (70%)	124/213 (58%)	Below Average
Columbia Small Cap Value I Z[6,19]	Small Value	215/372 (58%)	259/335 (77%)	119/213 (56%)	Above Average
Vanguard Small-Cap Index Adm[6]	Small Blend	100/654 (16%)	91/559 (16%)	39/381 (10%)	Below Average
Fidelity Small Cap Discovery[6]	Small Blend	253/654 (39%)	21/559 (4%)	3/381 (1%)	Below Average
AMG TimesSquare Sm Cap Growth[6,19]	Small Growth	312/655 (48%)	126/591 (21%)	18/431 (4%)	Average
Royce Smaller-Companies Gr Srv[6,19]	Small Growth	467/655 (71%)	485/591 (82%)	404/431 (93%)	Above Average
American Funds Cap World G&I[11]	World Stock	323/940 (34%)	215/731 (30%)	82/409 (20%)	Below Average
Harbor International Admin[11]	Foreign Large Blend	516/720 (71%)	437/631 (69%)	48/380 (13%)	Above Average
Fidelity Intl Discovery[11]	Foreign Large Growth	127/320 (40%)	88/275 (32%)	105/189 (55%)	Average
Fidelity Diversified Intl[11]	Foreign Large Growth	81/320 (25%)	70/275 (26%)	127/189 (67%)	Average
American Century® Utilities[3,13]	Utilities	19/60 (31%)	20/57 (34%)	15/52 (28%)	Below Average
Prudential Jennison Utility A[13]	Utilities	16/60 (26%)	12/57 (20%)	33/52 (63%)	Average
Nuveen Real Estate Securities[13]	Real Estate	55/246 (22%)	33/210 (16%)	8/157 (5%)	Average
T Rowe Price® Health Sciences[4,13]	Health	2/123 (1%)	2/114 (1%)	1/93 (1%)	Above Average
AllianzGI Technology Admin[13]	Technology	100/197 (51%)	122/190 (64%)	42/153 (27%)	Average

All data on page is as of June 30, 2016
See disclosure at end of chapter.

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Disclosures

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

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

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

Disclosures

[2 Cont.] The number of funds in Morningstar® categories as of June 30, 2016 is provided below:

Morningstar® Category	3-Year	5-Year	10-Year	Morningstar® Category	3-Year	5-Year	10-Year
Allocation--30% to 50% Equity	480	409	271	Mid-Cap Value	408	348	240
Allocation--50% to 70% Equity	820	704	479	Multisector Bond	248	192	106
Allocation--70% to 85% Equity	380	310	234	Natural Resources	127	109	60
Communications	33	33	20	Real Estate	246	210	157
Diversified Emerging Markets	590	416	186	Retirement Income	150	139	71
Equity Precious Metals	71	69	50	Short Government	106	100	84
Financial	92	87	72	Short-Term Bond	493	405	284
Foreign Large Blend	720	631	380	Small Blend	654	559	381
Foreign Large Growth	320	275	189	Small Growth	655	591	431
Foreign Large Value	281	235	137	Small Value	372	335	213
Foreign Small/Mid Blend	73	61	27	Target-Date 2000-2010	87	80	40
Foreign Small/Mid Growth	122	105	63	Target-Date 2015	114	85	15
Foreign Small/Mid Value	56	43	23	Target-Date 2020	188	161	73
Global Real Estate	208	165	67	Target-Date 2025	160	123	26
Health	123	114	93	Target-Date 2030	188	161	73
High Yield Bond	653	529	371	Target-Date 2035	160	123	26
Inflation-Protected Bond	207	182	111	Target-Date 2040	188	161	74
Intermediate Government	301	285	218	Target-Date 2045	160	116	24
Intermediate-Term Bond	953	836	603	Target-Date 2050	177	138	23
Large Blend	1,392	1,206	895	Target-Date 2055	122	80	N/A
Large Growth	1,483	1,289	931	Technology	197	190	153
Large Value	1,169	1,030	756	Utilities	60	57	52
Long Government	27	27	20	World Allocation	463	362	176
Long-Term Bond	16	13	6	World Bond	329	253	152
Mid-Cap Blend	376	321	228	World Stock	940	731	409
Mid-Cap Growth	650	573	429				

[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.

ICMARC
Building Retirement Security

Disclosures

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

7 VT PLUS Fund return is annualized for all periods.

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

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

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

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

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

Disclosures

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

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

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

[15] The Hueler Analytics Stable Value Pooled Fund Comparative Universe represents the performance returns of actual stable value pooled funds, and its Index is the stable value industry benchmark used by many institutional investors, consultants, advisors and plan sponsors for monitoring stable value pooled funds. Rankings are derived by ICMA-RC from data provided by Hueler Analytics, Inc., 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, 2016, the universe contained 16 funds with 1-year returns, 16 funds with 3-year returns, 15 funds with 5-year returns, and 15 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. ©2016 Prudential, the Prudential logo, and the Rock symbol and Bring Your Challenges are service marks of the Prudential Insurance Company of America, Newark, NJ, and its related entities, registered in many jurisdictions worldwide. Note: Participants who are interested in the VT Retirement IncomeAdvantage Fund must first receive and read the VT Retirement IncomeAdvantage Fund Important Considerations document, before investing.

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

Disclosures

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

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

II. Plan Activity

2nd Quarter 2016

Platinum Services Plan Service Report

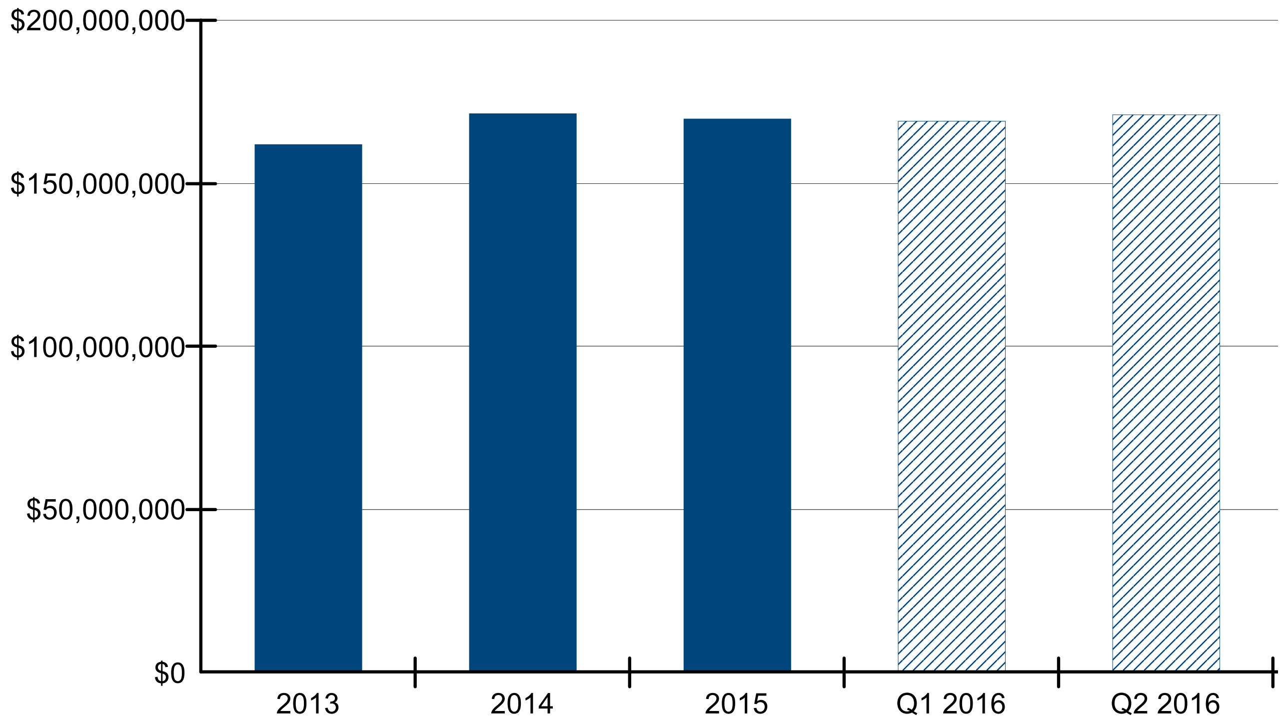
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Plan Snapshot

Plan Type	Plan Number	Plan Name	Assets	Participants
401	106696	LANSING BOARD OF WATER & LIGHT	$167,481,944	915
	108824	BOARD OF WATER AND LIGHT	$3,524,523	43
457	300435	LANSING BOARD OF WATER LIGHT	$90,324,021	901
Total			**$261,330,488**	**1859**

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

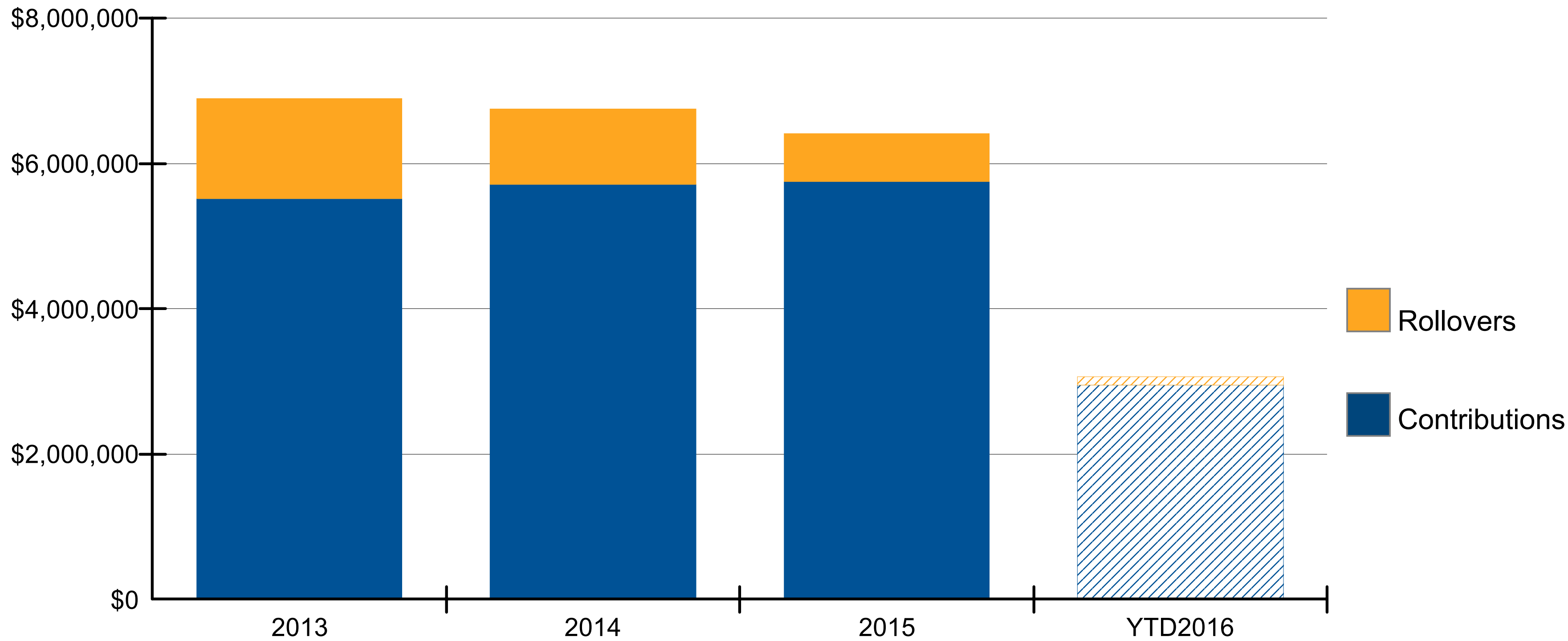
401 Plan Asset Trends *(as of June 30, 2016)*



Assets	$162,022,842	$171,406,144	$169,595,396	$168,985,188	$171,006,467

Since March 2016, the LANSING BOARD OF WATER LIGHT 's 401 plans increased 1.2% in total value to $171,006,467 from $168,985,188. Assets have increased 5.5% over the period of time since December 31, 2013.

401 Plan Contributions *(as of June 30, 2016)*



Contributions	$5,506,871	$5,710,275	$5,741,946	$2,942,581
Rollovers	$1,383,293	$1,041,704	$674,478	$118,291
Loan Repayments	$1,645,127	$1,805,788	$1,783,855	$847,199
Total*	$7,151,999	$7,516,064	$7,525,801	$3,789,780
Active Participants	660	692	724	730
Average Contribution*	$10,836	$10,861	$10,395	$5,191

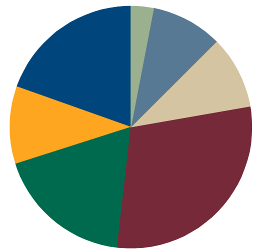
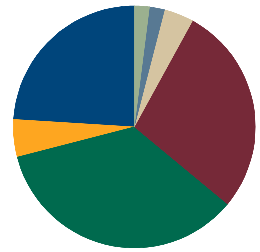
*Please note that Rollovers are excluded from this calculation.

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

401 Plan Asset Allocation *(as of June 30, 2016)*

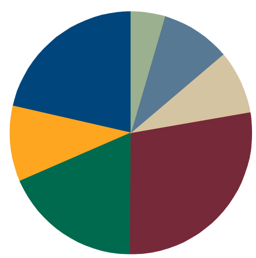
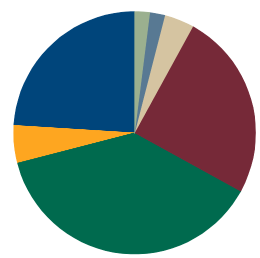
Your 401 Plan ***Total ICMA-RC 401 Clients***

June 30, 2015

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

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%

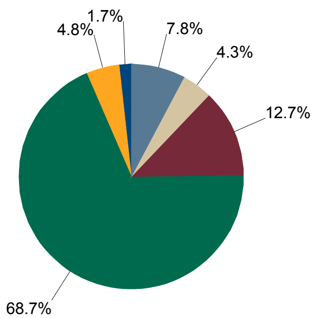
Note: Asset allocation for all clients except Washington State.

ICMA-RC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

401 Plan Asset Allocation by Age *(as of June 30, 2016)*

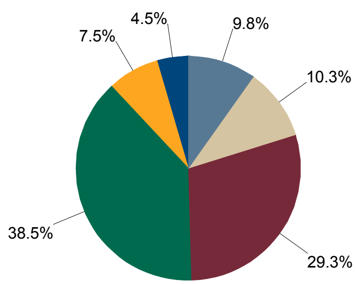
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

35 & Under



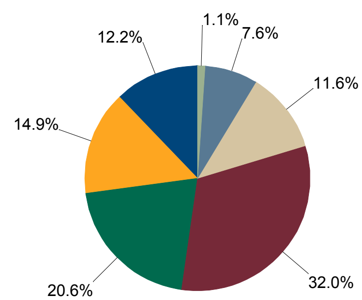
126 Active
1 Inactive
127 Participants
$2,800,756 Total Assets
$22,053 Average Balance
18 Invested in One Fund

36 - 45



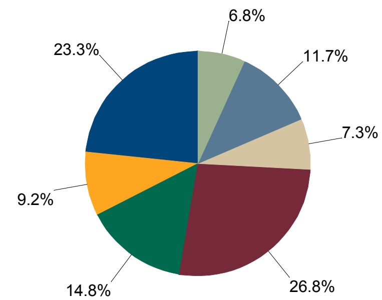
179 Active
8 Inactive
187 Participants
$12,454,511 Total Assets
$66,602 Average Balance
38 Invested in One Fund

46 - 55



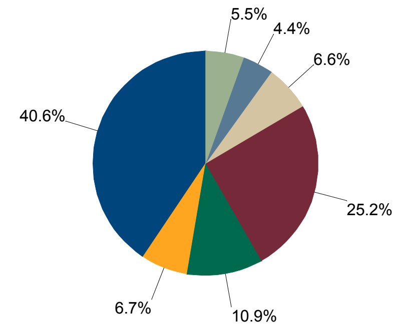
227 Active
32 Inactive
259 Participants
$44,414,944 Total Assets
$171,486 Average Balance
64 Invested in One Fund

56 - 65



184 Active
95 Inactive
279 Participants
$84,480,992 Total Assets
$302,799 Average Balance
54 Invested in One Fund

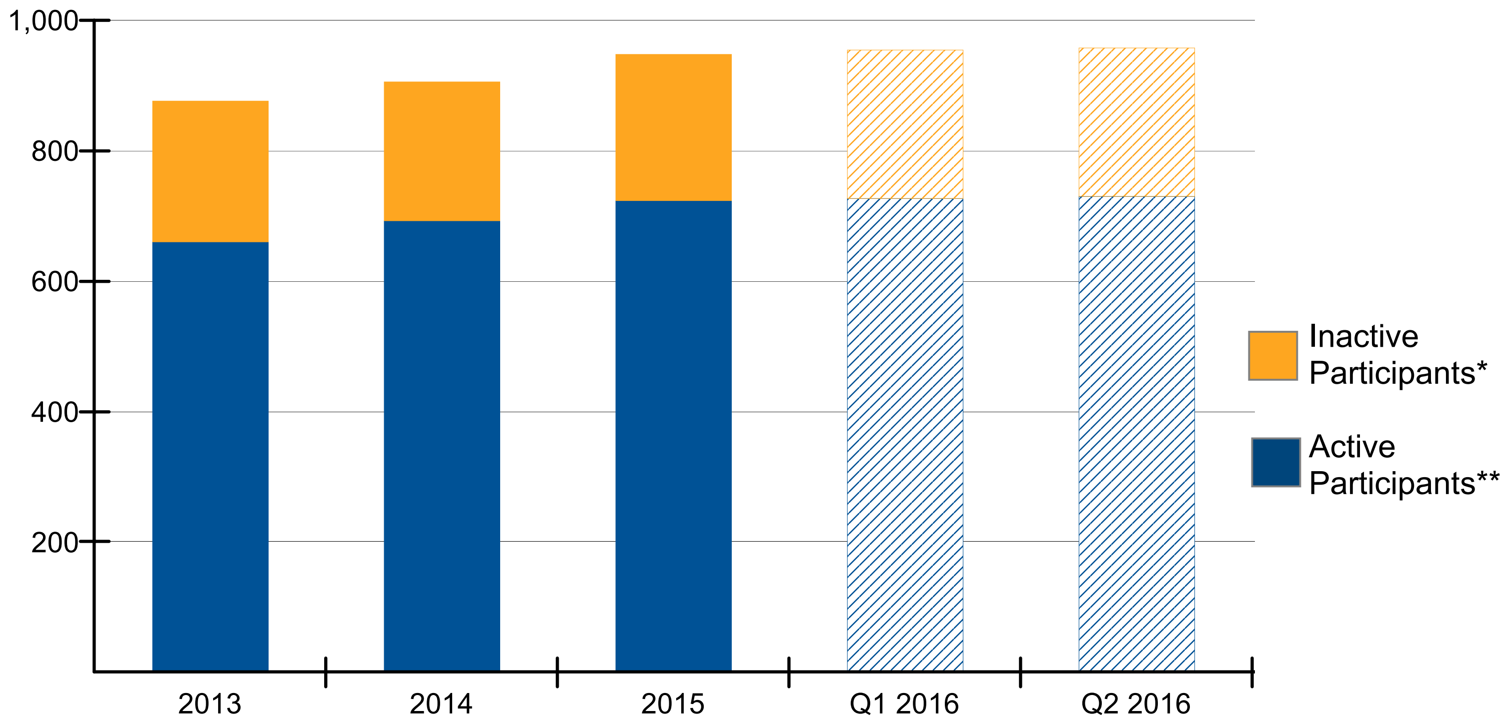
Over 65



14 Active
91 Inactive
105 Participants
$26,785,512 Total Assets
$255,100 Average Balance
33 Invested in One Fund

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

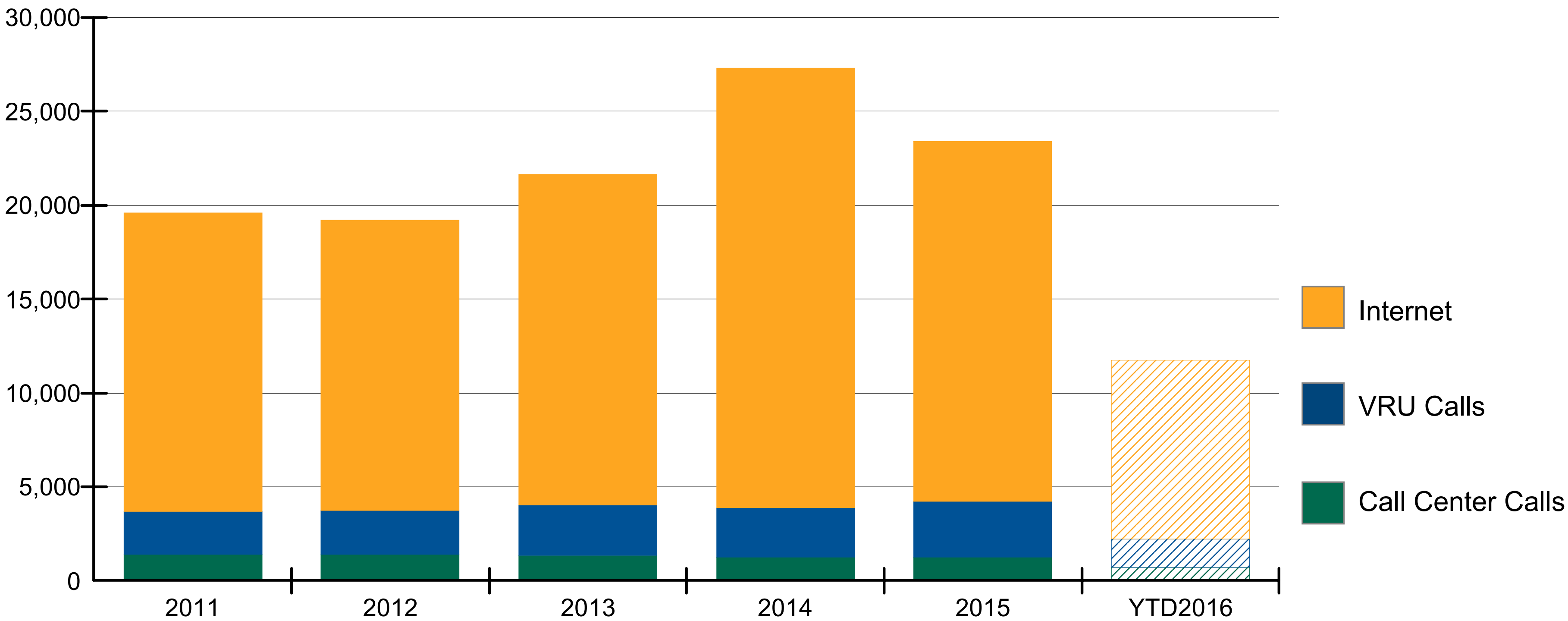
401 Plan Participation Trends *(as of June 30, 2016)*



Inactive	216	213	224	229	228
Active	660	692	724	726	730
Total	876	905	948	955	958

*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, 2016)*



Internet	15913	15502	17643	23419	19200	9540
VRU	2284	2330	2681	2637	2962	1469
Call Center	1387	1373	1315	1240	1253	721
Total	19584	19205	21639	27296	23415	11730

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.

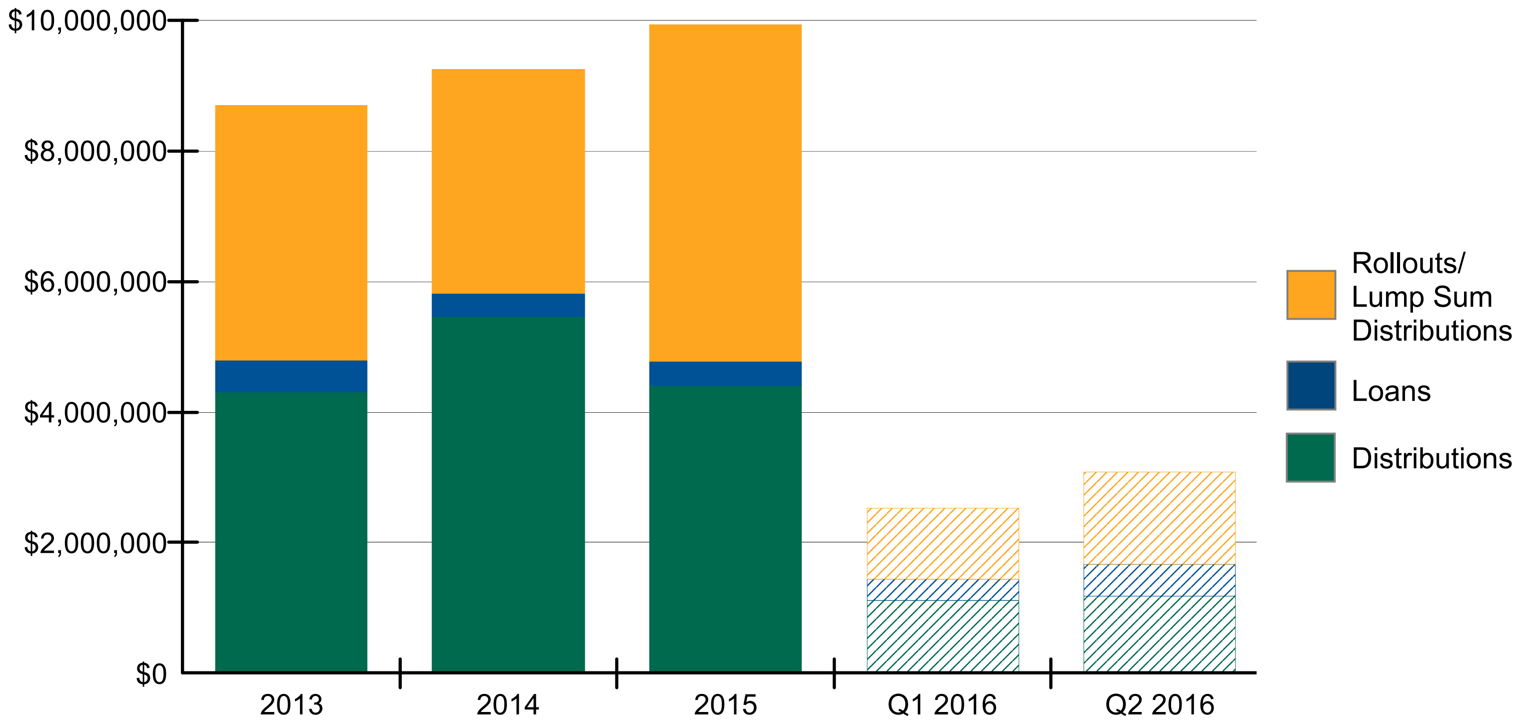
ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

401 Plan Loan Usage

***LANSING BOARD OF WATER LIGHT 401 Plan: Loan Usage** (as of June 30, 2016)*

- 99 New Loans in the past 12 months
- 371 Outstanding Loans
- 20 Defaulted Loans in the past 12 months
- Loan Balance: $4,311,197

401 Plan Withdrawal Trends *(as of June 30, 2016)*



Rollouts	$3,908,460	$3,439,776	$5,160,155	$1,076,662	$1,411,348
Loans	$494,010	$359,377	$379,694	$337,488	$488,202
Distributions/ Lump Sum	$4,299,987	$5,452,179	$4,394,236	$1,106,920	$1,177,902
Total	$8,702,457	$9,251,332	$9,934,085	$2,521,070	$3,077,452
# of Rollouts	25	21	21	7	6
# of Distributions	812	893	929	247	254
Total	837	914	950	254	260

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

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' 915 participants contributed a total of $2,052,249 with the largest amount, $843,548 to their balanced funds. Overall, the plans have 28% in U.S. stock funds and 8% in their international/global stock funds. Their bond funds are allocated 10% and their stable value/cash management funds, 21%. Approximately 18% 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 $60,479, while U.S. stock funds increased in market value $1,083,335. The plans' bond funds increased $408,961, while stable value/cash management funds increased in market value by $175,627. Balanced funds increased in market value by $543,229.

The guaranteed income fund dropped $345,128. The LANSING BOARD OF WATER LIGHT 's 401 plans' total value increased to $171,006,467 from $168,985,188 since March 2016, a rise of 1.2%.

	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	$34,633,441	$210,310	-$751,848	$1,665,960	$175,613	$35,930,774	21.01%	608
VT Cash Management	384,060	13,218	-36,664	327,202	14	687,580	0.40%	64
PIMCO Low Duration	549,803	3,234	-314	-304,481	2,789	251,031	0.15%	10
Vanguard Ttl Bond Mkt Idx Adm	4,635,286	55,539	-227,405	749,632	120,583	5,331,302	3.12%	127
PIMCO Total Return Instl	6,925,848	79,340	-149,128	-775,981	131,133	6,209,153	3.63%	219
PIMCO Real Return Admin	1,581,047	15,293	-40,533	46,617	28,577	1,630,401	0.95%	113
Delaware High-Yield Opp Instl	3,612,572	37,393	-156,837	235,320	125,879	3,853,306	2.25%	175
VT Retirement IncomeAdvantage	7,982,237	22,232	-12,288	-355,072	98,377	7,735,485	4.52%	45
Vanguard Target Retire Income	55,617	1,889	-414	-	1,078	58,170	0.03%	4
Vanguard Target Retire 2010	1,389,269	2,758	-18,937	-	26,550	1,399,639	0.82%	6
Vanguard Target Retire 2015	1,334,721	8,172	-19,460	-	25,659	1,349,091	0.79%	10

401 Plan Activity

Plan Summary (cont'd.)

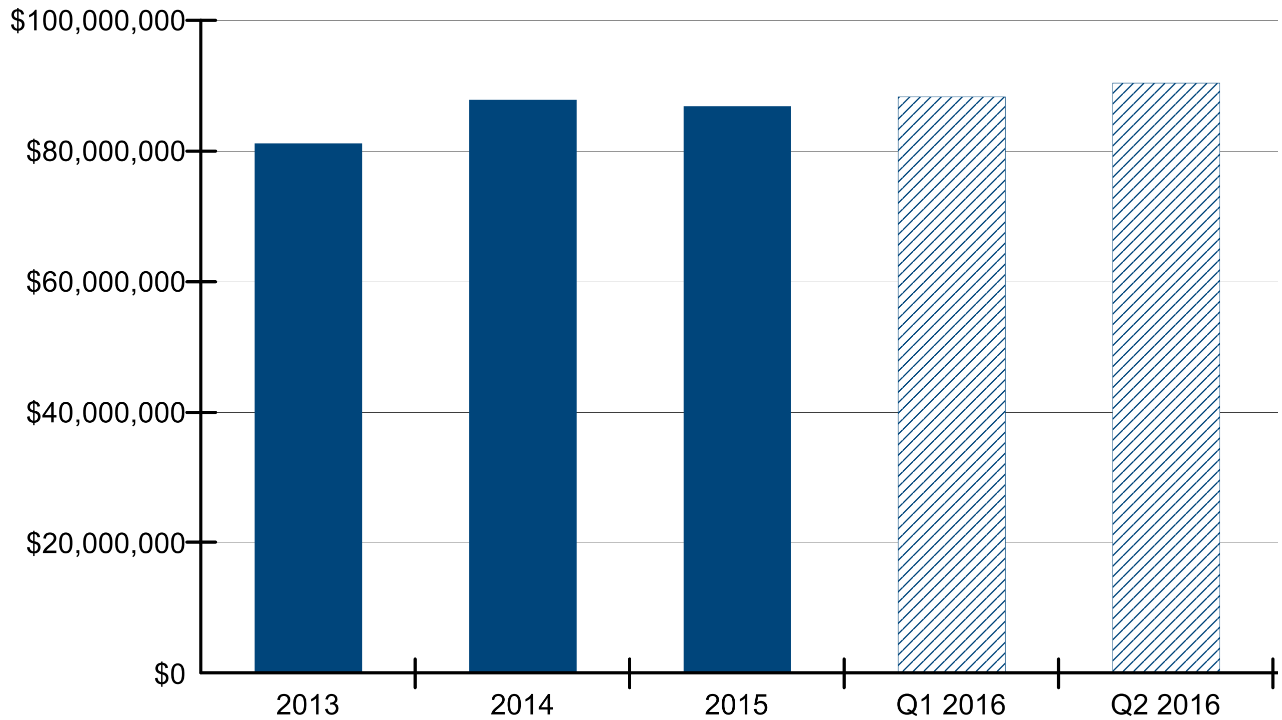
	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Target Retire 2020	$1,945,445	$34,622	-$25,082	-	$39,341	$1,994,080	1.17%	18
Vanguard Target Retire 2025	2,201,377	62,945	-20,251	920	43,675	2,288,465	1.34%	27
Vanguard Target Retire 2030	1,081,484	66,473	-12,894	-	21,675	1,156,568	0.68%	34
Vanguard Target Retire 2035	727,332	53,515	-37,698	-8,978	14,193	748,139	0.44%	34
Vanguard Target Retire 2040	1,267,487	80,871	-3,045	-63,695	22,910	1,304,377	0.76%	49
Vanguard Target Retire 2045	367,052	72,274	-	-3,474	7,396	443,199	0.26%	49
Vanguard Target Retire 2050	69,332	28,194	-308	920	1,578	99,717	0.06%	25
VT Vantagepoint MP Cons Growth	1,102,002	8,976	-5,076	920	19,026	1,125,833	0.66%	23
VT Vantagepoint MP Trad Growth	5,417,917	91,838	-153,647	-	86,928	5,442,753	3.18%	99
VT Vantagepoint MP Lng-Trm Gr	5,994,533	195,037	-72,419	-	96,437	6,212,755	3.63%	109
VT Vantagepoint MP Glbl Eq Gr	1,480,180	57,473	-	-	11,286	1,548,764	0.91%	29
Fidelity Balanced	4,978,936	59,479	-117,597	-308,000	111,742	4,724,163	2.76%	98
BlackRock Global Allocation	1,860,369	19,033	-11,005	-361,001	13,755	1,520,478	0.89%	114
VT Vantagepoint Equity Income	961,522	7,304	-10,527	-157,662	19,805	820,388	0.48%	47
AllianzGI NFJ Dividend Value	6,839,640	71,161	-179,398	-275,730	96,342	6,551,492	3.83%	229
Vanguard 500 Index Admiral	8,146,440	80,636	-134,275	540,955	204,533	8,837,217	5.17%	275
American Funds Fundamental Inv	2,744,284	43,488	-95,954	158,497	99,899	2,948,603	1.72%	152
JPMorgan US Equity Select	619,004	7,969	-506	-191,328	7,140	442,280	0.26%	26
Fidelity Contrafund®	6,020,627	59,162	-149,528	-79,280	22,236	5,872,930	3.43%	156
Am Funds Growth Fund of Am R5	4,218,618	28,978	-58,739	-100,379	124,898	4,213,233	2.46%	130
Vanguard Mid-Cap Index Admiral	3,090,608	30,705	-34,436	-261,413	67,441	2,892,048	1.69%	160
Westwood SMidCap Institutional	410,297	3,438	-2,894	-76,030	7,318	342,059	0.20%	21
Harbor Mid Cap Growth Admin	6,764,319	61,398	-71,151	-23,604	259,169	6,989,878	4.09%	173
Columbia Small/Mid Cap Value K	550,831	5,701	-2,525	-8,975	7,174	552,187	0.32%	40
Columbia Small Cap Value I Z	1,936,299	14,154	-11,194	-126,258	26,763	1,839,735	1.08%	70
Vanguard Small-Cap Index Adm	1,801,726	23,966	-105,996	54,577	68,883	1,842,786	1.08%	117

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
Fidelity Small Cap Discovery	$2,178,888	$28,513	-$37,921	-$194,579	$10,050	$1,984,043	1.16%	161
AMG TimesSquare Sm Cap Growth	1,410,920	19,338	-7,062	-15,712	61,683	1,469,118	0.86%	66
American Funds Cap World G&I	10,563,790	89,709	-60,482	-410,533	150,796	10,332,563	6.04%	271
Harbor International Admin	936,865	12,176	-3,732	-67,653	-13,612	864,012	0.51%	57
Fidelity Intl Discovery	1,008,177	19,640	-28,331	207,236	-28,367	1,177,850	0.69%	128
Fidelity Diversified Intl	2,025,778	40,844	-36,279	98,573	-48,338	2,079,255	1.22%	150
VantageBroker	1,586,463	-	-	-55,741	42,387	1,573,109	0.92%	16
American Century® Utilities	7,368	-	-	-	412	7,780	0.00%	1
Prudential Jennison Utility A	2,580,337	25,904	-16,781	28,923	225,566	2,843,880	1.66%	71
Nuveen Real Estate Securities	1,530,763	17,936	-17,901	606,051	133,097	2,269,499	1.33%	150
T Rowe Price® Health Sciences	6,295,821	50,036	-38,399	-367,123	259,123	6,199,385	3.63%	117
AllianzGI Technology Admin	3,178,460	29,987	-47,542	-129,620	-15,225	3,015,914	1.76%	102
Total	**$168,985,188**	**$2,052,249**	**-$3,024,405**	**-**	**$3,015,366**	**$171,006,467**	**100.00%**	**4975**

457 Plan Asset Trends *(as of June 30, 2016)*



Assets	$81,106,159	$87,761,989	$86,861,684	$88,303,034	$90,324,021

The LANSING BOARD OF WATER LIGHT 's 457 plan's overall value saw an increase of 2.3% to $90,324,021 from $88,303,034 since March 2016. In the time period since December 31, 2013, assets have risen 11.4%.

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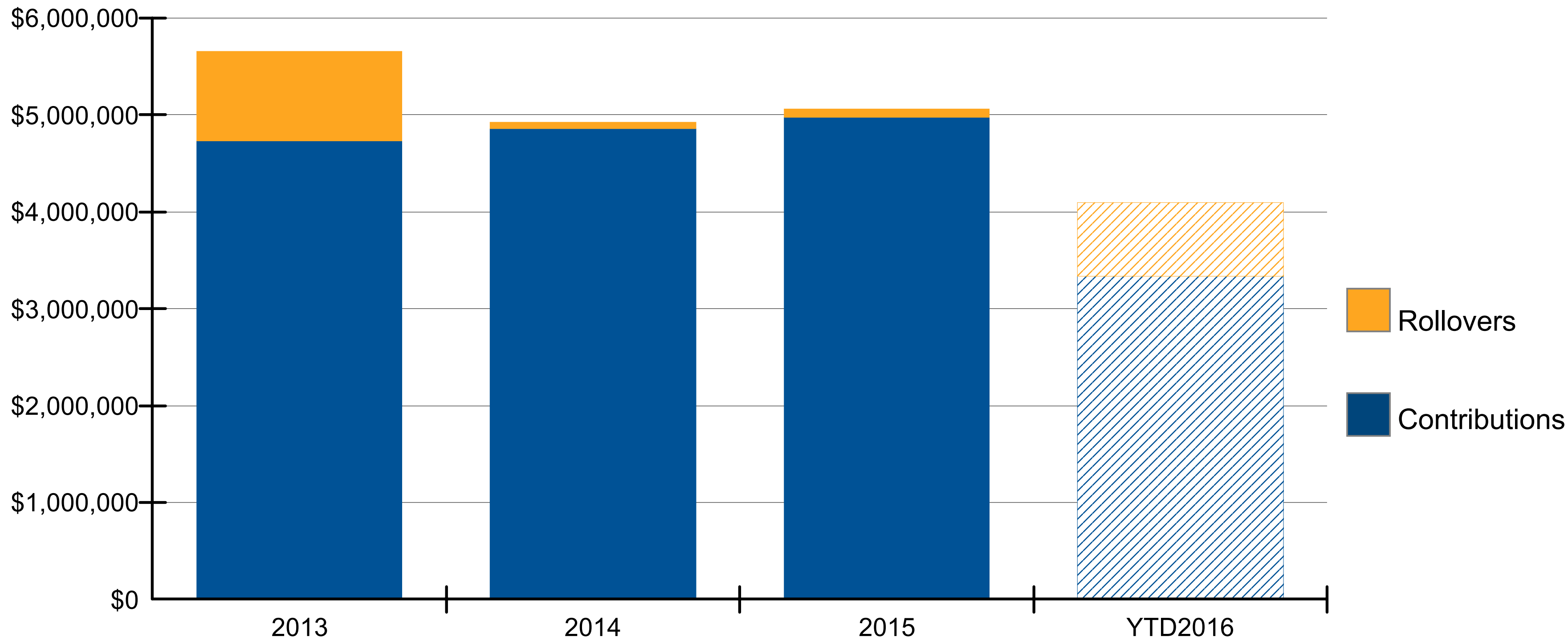
457 Plan Contributions *(as of June 30, 2016)*



Contributions	$4,728,082	$4,855,477	$4,969,234	$3,328,808
Rollovers	$931,953	$70,570	$90,308	$766,834
Loan Repayments	$0	$0	$0	$0
Total*	$4,728,082	$4,855,477	$4,969,234	$3,328,808
Active Participants	682	735	762	750
Average Contribution*	$6,933	$6,606	$6,521	$4,438

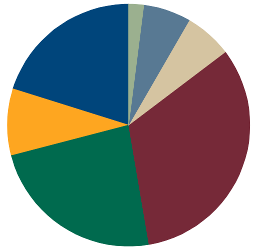
*Please note that Rollovers are excluded from this calculation.

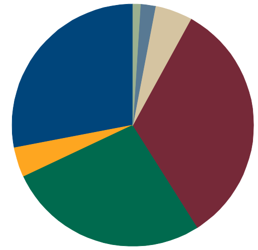
ICMA-RC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Asset Allocation *(as of June 30, 2016)*

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

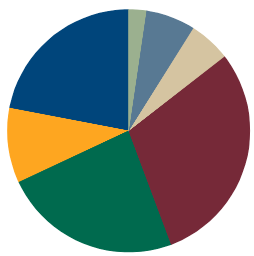
June 30, 2015

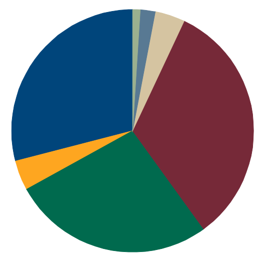




	Your 457 Plan	Total ICMA-RC 457 Clients
Stable Value/Cash Management	20.13%	28.00%
Bond	8.90%	4.00%
Guaranteed Lifetime Income	2.01%	1.00%
Balanced/Asset Allocation	23.66%	27.00%
U.S. Stock	32.65%	33.00%
International/Global Stock	6.35%	5.00%
Specialty	6.31%	2.00%

June 30, 2016





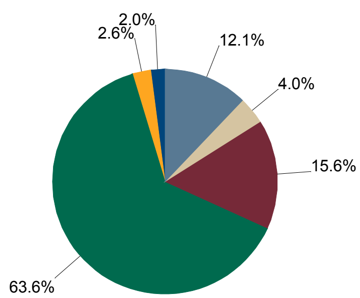
	Your 457 Plan	Total ICMA-RC 457 Clients
Stable Value/Cash Management	21.98%	29.00%
Bond	9.97%	4.00%
Guaranteed Lifetime Income	2.32%	1.00%
Balanced/Asset Allocation	23.75%	27.00%
U.S. Stock	29.83%	33.00%
International/Global Stock	5.55%	4.00%
Specialty	6.60%	2.00%

Note: Asset allocation for all clients except Washington State.

457 Plan Asset Allocation by Age *(as of June 30, 2016)*

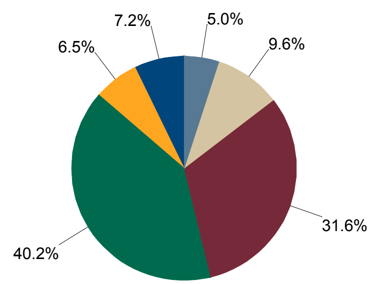
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

35 & Under



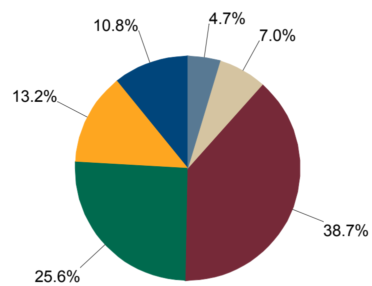
134 Active
3 Inactive
137 Participants
$3,039,530 Total Assets
$22,186 Average Balance
3 Invested in One Fund

36 - 45



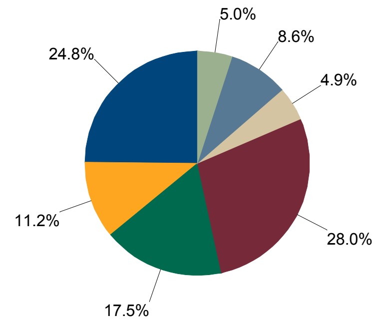
182 Active
11 Inactive
193 Participants
$10,749,611 Total Assets
$55,697 Average Balance
12 Invested in One Fund

46 - 55



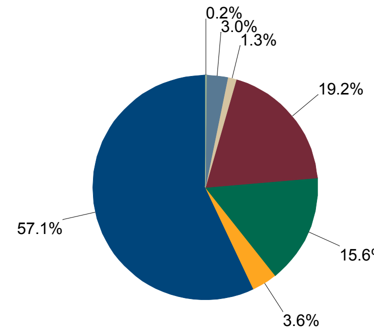
232 Active
28 Inactive
260 Participants
$24,341,006 Total Assets
$93,619 Average Balance
29 Invested in One Fund

56 - 65



190 Active
59 Inactive
249 Participants
$41,540,186 Total Assets
$166,828 Average Balance
41 Invested in One Fund

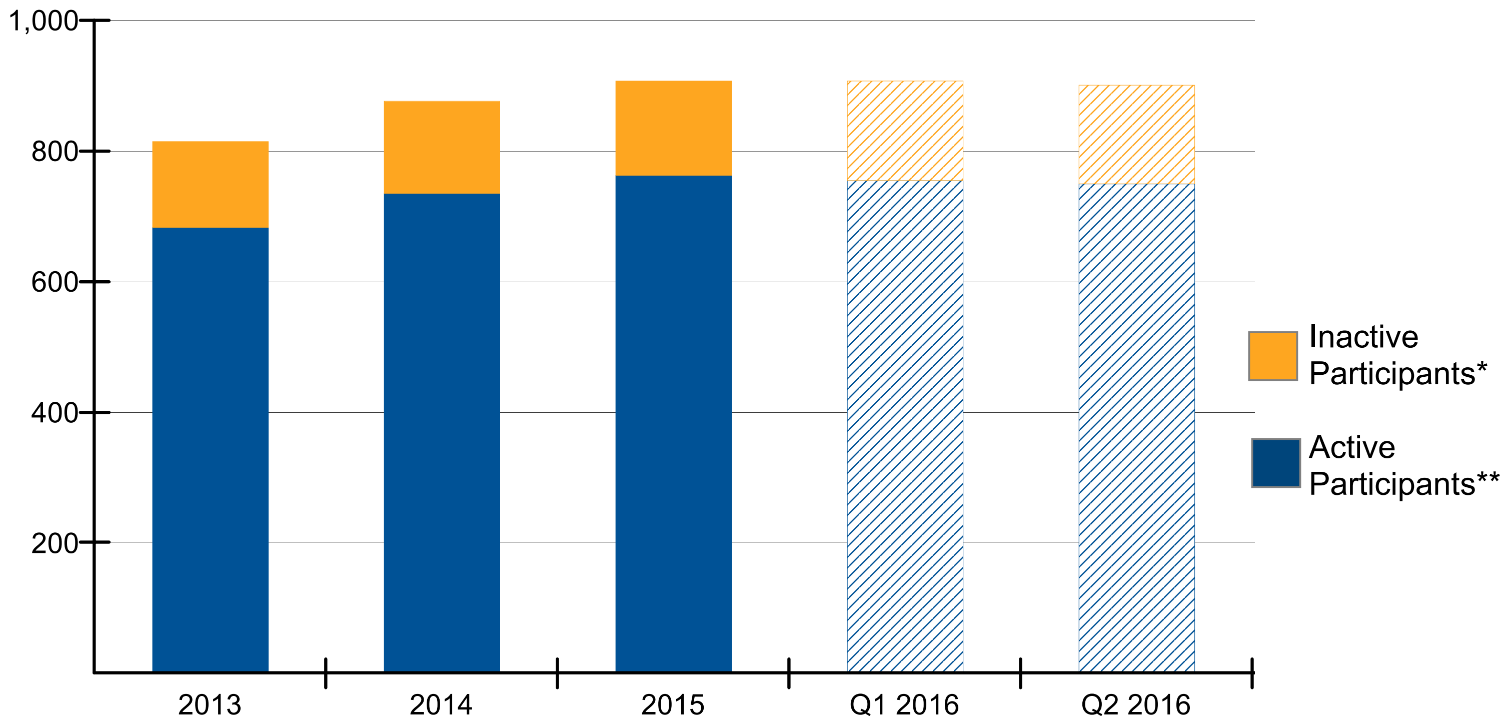
Over 65



12 Active
48 Inactive
60 Participants
$10,653,687 Total Assets
$177,561 Average Balance
20 Invested in One Fund

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

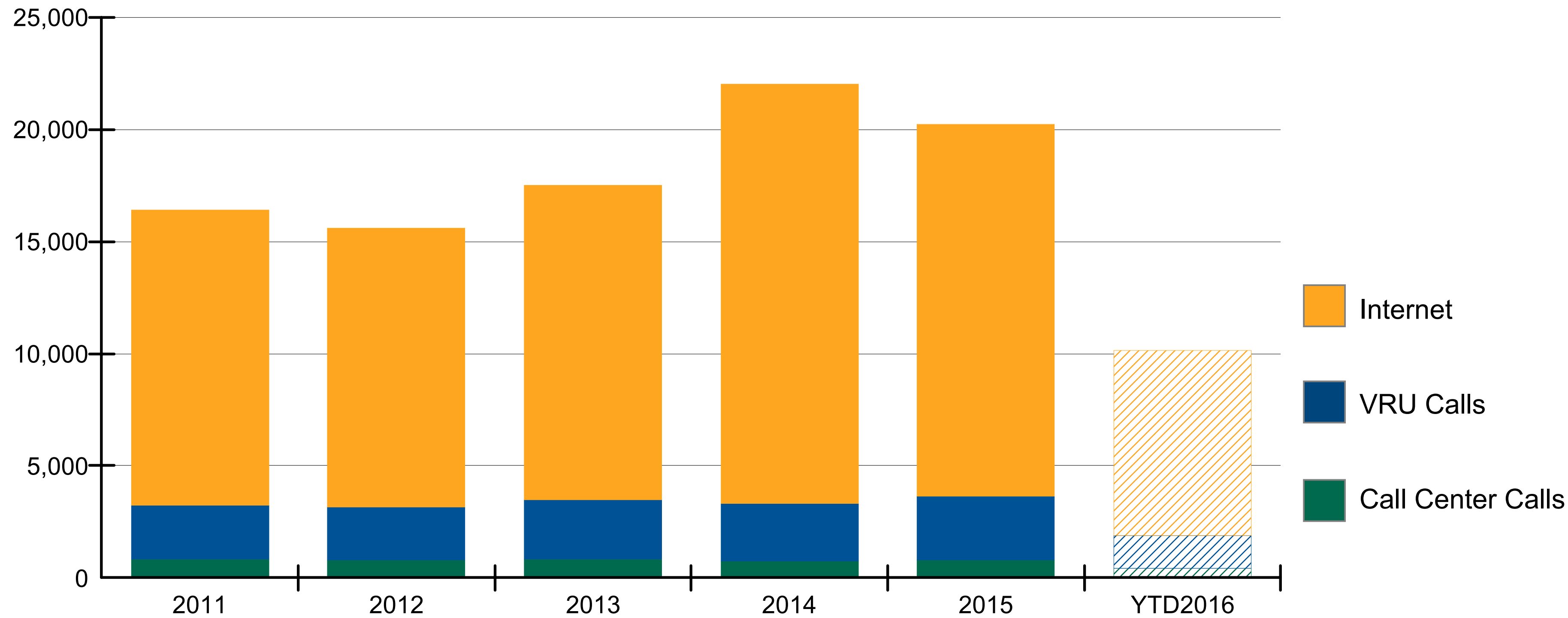
457 Plan Participation Trends *(as of June 30, 2016)*



Inactive	133	141	145	153	151
Active	682	735	762	754	750
Total	815	876	907	907	901

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

457 Plan Service Usage *(as of June 30, 2016)*



	2011	2012	2013	2014	2015	YTD2016
Internet	13158	12479	14007	18746	16595	8269
VRU	2420	2348	2652	2537	2834	1436
Call Center	817	779	836	760	801	430
Total	16395	15606	17495	22043	20230	10135

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.

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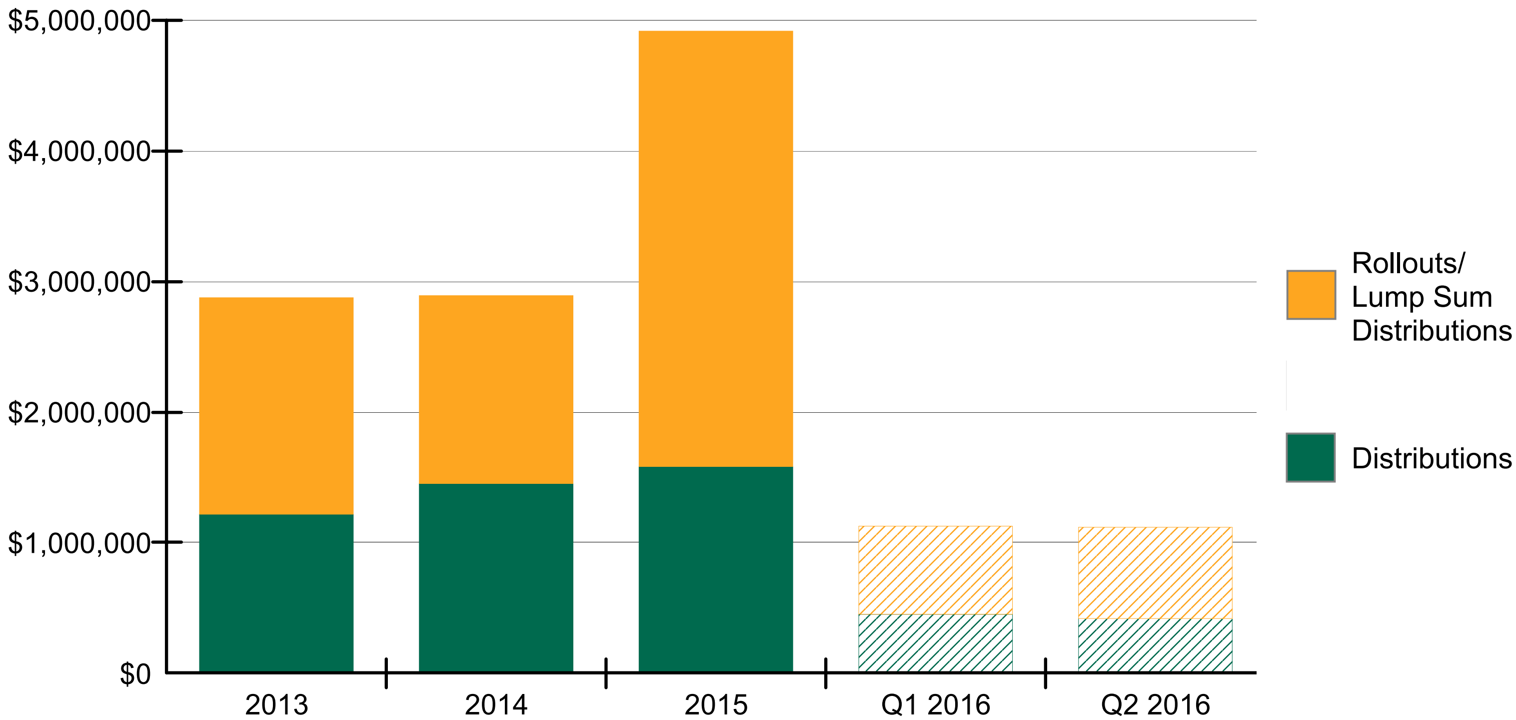
457 Plan Withdrawal Trends *(as of June 30, 2016)*



Rollouts	$1,661,159	$1,436,447	$3,335,317	$675,552	$699,988
Loans	$0	$0	$0	$0	$0
Distributions/ Lump Sum	$1,212,710	$1,454,813	$1,579,187	$450,077	$415,356
Total	$2,873,869	$2,891,260	$4,914,504	$1,125,629	$1,115,344
# of Rollouts	11	11	25	5	4
# of Distributions	451	477	449	100	90
Total	462	488	474	105	94

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 901 participants contributed a total of $1,788,578 with the largest amount, $674,445 to its stable value/cash management funds. Overall, the plan has 30% in U.S. stock funds and 6% in its international/global stock funds. Its bond funds are allocated 10% and its stable value/cash management funds, 22%. Approximately 24% is in its balanced funds. Its guaranteed income fund is allocated 2%.

Over the last quarter with regard to market value, international/global stock funds had a loss of $73,815, while U.S. stock funds earned $596,668. The plan's bond funds increased $203,109, while stable value/cash management funds grew by $92,265. Balanced funds increased $354,021.

The guaranteed income fund received $23,120. The total value of LANSING BOARD OF WATER LIGHT 's 457 plan grew to $90,324,021 from $88,303,034 since March 2016, an increase of 2.3%.

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
VT PLUS Fund	$17,942,368	$626,461	-$166,027	$733,275	$92,251	$19,227,159	21.29%	335
VT Cash Management	481,812	47,984	-53,940	152,430	14	628,129	0.70%	79
PIMCO Low Duration	224,492	3,319	-256	-2,870	1,456	226,141	0.25%	13
Vanguard Ttl Bond Mkt Idx Adm	2,685,658	32,451	-91,616	473,230	71,124	3,169,712	3.51%	130
PIMCO Total Return Instl	3,561,427	42,186	-81,461	-392,541	67,379	3,195,820	3.54%	184
PIMCO Real Return Admin	955,236	10,554	-15,914	12,099	17,634	979,291	1.08%	101
Delaware High-Yield Opp Instl	1,274,206	17,028	-50,609	152,178	45,516	1,437,842	1.59%	131
VT Retirement IncomeAdvantage	2,042,370	30,657	-	-7,537	26,548	2,092,037	2.32%	10
Vanguard Target Retire Income	229,211	1,731	-	1,901	4,405	237,248	0.26%	5
Vanguard Target Retire 2010	39,795	1,437	-	-	784	42,016	0.05%	2
Vanguard Target Retire 2015	298,055	6,334	-1,197	-	5,806	308,998	0.34%	9

457 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Target Retire 2020	$680,023	$16,053	-	-	$13,744	$709,820	0.79%	15
Vanguard Target Retire 2025	1,201,849	46,052	-773	-48,545	23,981	1,222,564	1.35%	26
Vanguard Target Retire 2030	934,947	34,566	-4,919	-	18,347	982,941	1.09%	38
Vanguard Target Retire 2035	388,559	25,110	-1,988	-	7,352	419,033	0.46%	31
Vanguard Target Retire 2040	1,294,526	55,975	-	-	24,106	1,374,607	1.52%	53
Vanguard Target Retire 2045	368,132	70,571	-4,649	-	7,317	441,370	0.49%	58
Vanguard Target Retire 2050	143,040	34,633	-774	768	3,004	180,671	0.20%	27
VT Vantagepoint MP Cons Growth	988,297	9,662	-7,330	-	17,072	1,007,700	1.12%	21
VT Vantagepoint MP Trad Growth	2,974,581	50,633	-7,038	-	48,660	3,066,836	3.40%	61
VT Vantagepoint MP Lng-Trm Gr	5,816,208	106,281	-5,037	-86,231	92,808	5,924,029	6.56%	115
VT Vantagepoint MP Glbl Eq Gr	2,224,776	47,124	-30,642	-	17,051	2,258,309	2.50%	51
Fidelity Balanced	2,847,854	22,043	-3,475	-280,814	64,064	2,649,594	2.93%	88
BlackRock Global Allocation	715,873	8,381	-414	-100,344	5,522	628,723	0.70%	90
VT Vantagepoint Equity Income	367,087	4,713	-1,173	-4,283	8,635	374,951	0.42%	40
AllianzGI NFJ Dividend Value	2,529,243	26,062	-90,859	-153,560	34,388	2,345,091	2.60%	155
Vanguard 500 Index Admiral	3,135,439	36,699	-98,135	96,557	77,255	3,247,340	3.60%	196
American Funds Fundamental Inv	3,302,426	43,487	-57,910	85,389	117,221	3,489,726	3.86%	189
JPMorgan US Equity Select	495,466	6,208	-798	-76,510	6,325	430,691	0.48%	21
Fidelity Contrafund®	4,519,169	48,331	-116,509	-32,695	17,350	4,435,647	4.91%	124
Am Funds Growth Fund of Am R5	5,060,196	50,679	-22,590	-200,498	150,416	5,038,203	5.58%	135
Vanguard Mid-Cap Index Admiral	1,768,016	19,262	-10,908	-195,150	38,575	1,619,320	1.79%	156
Westwood SMidCap Institutional	357,675	5,008	-15,847	-69,544	5,773	283,022	0.31%	22
Harbor Mid Cap Growth Admin	1,878,921	23,871	-1,747	-9,993	72,464	1,963,516	2.17%	100
Columbia Small/Mid Cap Value K	383,532	5,277	-444	17	5,028	393,410	0.44%	37
Columbia Small Cap Value I Z	179,375	2,555	-447	49,904	1,926	233,314	0.26%	24
Vanguard Small-Cap Index Adm	908,769	11,997	-31,996	53,149	36,720	978,427	1.08%	102

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457 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Fidelity Small Cap Discovery	$1,926,542	$24,202	-$38,555	-$64,189	$14,192	$1,861,717	2.06%	180
AMG TimesSquare Sm Cap Growth	234,430	1,932	-	-	10,402	246,763	0.27%	21
American Funds Cap World G&I	1,202,269	15,564	-1,445	-192,865	16,033	1,039,214	1.15%	97
Harbor International Admin	365,093	6,768	-409	-31,608	-5,976	333,868	0.37%	38
Fidelity Intl Discovery	1,351,244	21,111	-10,777	47,666	-32,367	1,376,618	1.52%	161
Fidelity Diversified Intl	2,422,314	31,338	-22,421	-119,704	-51,505	2,259,271	2.50%	182
VantageBroker	1,441,164	-	-	68,662	3,716	1,513,541	1.68%	12
Prudential Jennison Utility A	701,398	6,949	-9,346	-155,167	47,909	591,742	0.66%	36
Nuveen Real Estate Securities	949,099	13,377	-9,632	22,416	63,751	1,038,784	1.15%	143
T Rowe Price® Health Sciences	2,068,004	30,699	-50,850	136,271	90,689	2,274,812	2.52%	76
AllianzGI Technology Admin	442,871	5,266	-40,610	138,736	-1,820	544,442	0.60%	31
Total	**$88,303,033**	**$1,788,578**	**-$1,161,466**	**-**	**$1,403,040**	**$90,324,020**	**100.00%**	**3951**

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III. Fee Disclosure

2^{nd} Quarter 2016

Platinum Services Plan Service Report

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

ICMA-RC's Services

Overview of Services Provided by ICMA-RC

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

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

ICMA-RC's Services

Statement Regarding Fiduciary/Investment Advisory Services

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

ICMA-RC Advisory Services under Guided Pathways Program

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

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

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

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

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 EIP Advisor Client

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

ICMA-RC Advisory Services to Vantage Trust Company, LLC

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

Vantagepoint Investment Advisers, LLC ("VIA")

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

ICMA-RC's Services

Group Annuity Contract Separate Account

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

ICMA-RC's Services

Compensation Received by ICMA-RC

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

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

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

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

- **Ancillary service fees** – Fees deducted from plan participant accounts to pay for services chosen by participants, including financial plans, loans, online investment advice, Managed Accounts[2] and self-directed brokerage accounts made available by ICMA-RC and the plan.

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

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

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

ICMA RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

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, 2016, the estimated annual cost to your plan is $1,064,550 consisting of $974,896 from fund fees and expenses (0.57% of plan assets) and $89,654 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	$201,558 (0.12%)	$153,538 (0.09%)	$355,096 (0.21%)
Participant Account Fees	$89,654	$0	$89,654
Total	$291,213	$153,538	$444,750

* 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, 2016

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
Stable Value/Cash Management								
VT PLUS Fund[4]	NA	$35,930,774	0.48%	$172,468	0.25%	$89,827	0.30%	$107,792
VT Cash Management[6]	NA	$687,580	0.61%	$4,194	0.38%	$2,613	0.00%	$0
VT 1 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
VT 3 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
VT 5 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$251,031	0.71%	$1,782	0.25%	$628	0.00%	$0
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	$5,331,302	0.06%	$3,199	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$6,209,153	0.46%	$28,562	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$1,630,401	0.70%	$11,413	0.25%	$4,076	0.00%	$0
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	$3,853,306	0.80%	$30,826	0.15%	$5,780	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$7,735,485	1.71%	$132,277	0.45%	$34,810	0.05%	$3,868
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Target-Date Retirement	$58,170	0.14%	$81	0.00%	$0	0.00%	$0
Vanguard Target Retire 2010[9,12]	Target-Date 2000-2010	$1,399,639	0.14%	$1,959	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target-Date 2015	$1,349,091	0.14%	$1,889	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target-Date 2020	$1,994,080	0.14%	$2,792	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target-Date 2025	$2,288,465	0.15%	$3,433	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target-Date 2030	$1,156,568	0.15%	$1,735	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target-Date 2035	$748,139	0.15%	$1,122	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target-Date 2040	$1,304,377	0.16%	$2,087	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target-Date 2045	$443,199	0.16%	$709	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target-Date 2050	$99,717	0.16%	$160	0.00%	$0	0.00%	$0
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	$1,125,833	0.83%	$9,344	0.25%	$2,815	0.29%	$3,265
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	$5,442,753	0.85%	$46,263	0.25%	$13,607	0.28%	$15,240

All data on page is as of June 30, 2016

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

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

See disclosures at end of chapter

ICMA-RC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs and ICMA-RC Revenue (401 Plan)

Fund[1]	Morningstar Category[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
Target-Risk/Target-Date								
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	$6,212,755	0.90%	$55,915	0.25%	$15,532	0.28%	$17,396
VT Vantagepoint MP Glbl Eq Gr[9]	World Stock	$1,548,764	0.93%	$14,404	0.25%	$3,872	0.28%	$4,337
Balanced								
Fidelity Balanced	Allocation--50% to 70% Equity	$4,724,163	0.56%	$26,455	0.25%	$11,810	0.00%	$0
BlackRock Global Allocation	World Allocation	$1,520,478	1.14%	$17,333	0.50%	$7,602	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income[24]	Large Value	$820,388	0.77%	$6,317	0.25%	$2,051	0.20%	$1,641
AllianzGI NFJ Dividend Value[24]	Large Value	$6,551,492	0.71%	$46,516	0.10%	$6,551	0.00%	$0
Vanguard 500 Index Admiral	Large Blend	$8,837,217	0.05%	$4,419	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$2,948,603	0.35%	$10,320	0.05%	$1,474	0.00%	$0
JPMorgan US Equity Select	Large Blend	$442,280	0.76%	$3,361	0.25%	$1,106	0.00%	$0
Fidelity Contrafund®[24]	Large Growth	$5,872,930	0.71%	$41,698	0.25%	$14,682	0.00%	$0
Am Funds Growth Fund of Am R5[24]	Large Growth	$4,213,233	0.38%	$16,010	0.05%	$2,107	0.00%	$0
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	$2,892,048	0.08%	$2,314	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$342,059	0.96%	$3,284	0.25%	$855	0.00%	$0
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	$6,989,878	1.11%	$77,588	0.25%	$17,475	0.00%	$0
Columbia Small/Mid Cap Value K[13,24]	Small Value	$552,187	1.11%	$6,129	0.35%	$1,933	0.00%	$0
Columbia Small Cap Value I Z[13,24]	Small Value	$1,839,735	1.09%	$20,053	0.25%	$4,599	0.00%	$0
Vanguard Small-Cap Index Adm[13]	Small Blend	$1,842,786	0.08%	$1,474	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,984,043	1.01%	$20,039	0.25%	$4,960	0.00%	$0
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	$1,469,118	1.24%	$18,217	0.20%	$2,938	0.00%	$0
Royce Smaller-Companies Gr Srv[13,24]	Small Growth	$0	1.48%	$0	0.40%	$0	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Stock	$10,332,563	0.49%	$50,630	0.05%	$5,166	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$864,012	1.01%	$8,727	0.25%	$2,160	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Growth	$1,177,850	0.99%	$11,661	0.25%	$2,945	0.00%	$0

All data on page is as of June 30, 2016

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

See disclosures at end of chapter

Fund Costs and ICMA-RC Revenue (401 Plan)

Fund[1]	Morningstar Category[16]	Quarter-End Assets	Plan Expenses: Net Expense Ratio	Plan Expenses: Estimated Expense Cost	ICMA-RC Gross Revenue: Record Keeping*,[3]	ICMA-RC Gross Revenue: Estimated Annual Revenue	ICMA-RC Gross Revenue: Investment Advisory**	ICMA-RC Gross Revenue: Estimated Annual Revenue
International/Global Stock								
Fidelity Diversified Intl[14]	Foreign Large Growth	$2,079,255	1.00%	$20,793	0.25%	$5,198	0.00%	$0
Specialty								
American Century® Utilities[10,15]	Utilities	$7,780	0.67%	$52	0.25%	$19	0.00%	$0
Prudential Jennison Utility A[15]	Utilities	$2,843,880	0.84%	$23,889	0.40%	$11,376	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$2,269,499	1.05%	$23,830	0.25%	$5,674	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$6,199,385	0.76%	$47,115	0.15%	$9,299	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$3,015,914	1.51%	$45,540	0.35%	$10,556	0.00%	$0
VantageBroker	NA	$1,573,109	0.00%	$0	0.06%	$944	0.00%	$0
Total Quarter-End Assets:		**$171,006,467**						
Total Fees and Expenses to Plan:			**0.63%**	**$1,080,377**				
Total Recordkeeping Revenue Retained by ICMA-RC:					**0.18%**	**$307,039**		
Total Investment Advisory Revenue Retained by ICMA-RC:							**0.09%**	**$153,538**
Administrative Allowance:		**$105,481**						
Total Fees and Expenses after Administrative Allowance:			**0.57%**	**$974,896**				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					**0.12%**	**$201,558**		

All data on page is as of June 30, 2016

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

See disclosures at end of chapter

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Stable Value/Cash Management							
VT PLUS Fund[4]	NA	0.48%	0.00%	NA	0.48%	None	Equity wash
VT Cash Management[6]	NA	0.61%	0.00%	NA	0.61%	None	None
VT 1 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
VT 3 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
VT 5 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
Bond							
PIMCO Low Duration[8]	Short-Term Bond	0.71%	0.00%	NA	0.71%	None	None
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	0.06%	0.00%	NA	0.06%	None	None
PIMCO Total Return Instl[8]	Intermediate-Term Bond	0.46%	0.00%	NA	0.46%	None	None
PIMCO Real Return Admin[8]	Inflation-Protected Bond	0.75%	0.00%	NA	0.70%	None	None
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	0.87%	0.07%	11/28/2016	0.80%	None	30 days, any amt
Guaranteed Lifetime Income							
VT Retirement IncomeAdvantage[17]	NA	1.71%	0.00%	NA	1.71%	None	90 days, any amt
Target-Risk/Target-Date							
Vanguard Target Retire Income[9,12]	Target-Date Retirement	0.14%	0.00%	NA	0.14%	None	None
Vanguard Target Retire 2010[9,12]	Target-Date 2000-2010	0.14%	0.00%	NA	0.14%	None	None
Vanguard Target Retire 2015[9,12]	Target-Date 2015	0.14%	0.00%	NA	0.14%	None	None
Vanguard Target Retire 2020[9,12]	Target-Date 2020	0.14%	0.00%	NA	0.14%	None	None
Vanguard Target Retire 2025[9,12]	Target-Date 2025	0.15%	0.00%	NA	0.15%	None	None
Vanguard Target Retire 2030[9,12]	Target-Date 2030	0.15%	0.00%	NA	0.15%	None	None
Vanguard Target Retire 2035[9,12]	Target-Date 2035	0.15%	0.00%	NA	0.15%	None	None
Vanguard Target Retire 2040[9,12]	Target-Date 2040	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2045[9,12]	Target-Date 2045	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2050[9,12]	Target-Date 2050	0.16%	0.00%	NA	0.16%	None	None
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	0.83%	0.00%	NA	0.83%	None	None
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	0.85%	0.00%	NA	0.85%	None	None
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	0.90%	0.00%	NA	0.90%	None	None
VT Vantagepoint MP Glbl Eq Gr[9]	World Stock	0.93%	0.00%	NA	0.93%	None	None

All data on page is as of June 30, 2016

See disclosure at end of chapter.

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Balanced							
Fidelity Balanced	Allocation--50% to 70% Equity	0.56%	0.00%	NA	0.56%	None	None
BlackRock Global Allocation	World Allocation	1.14%	0.00%	NA	1.14%	None	None
U.S. Stock							
VT Vantagepoint Equity Income[24]	Large Value	0.77%	0.00%	NA	0.77%	None	None
AllianzGI NFJ Dividend Value[24]	Large Value	0.71%	0.00%	NA	0.71%	None	None
Vanguard 500 Index Admiral	Large Blend	0.05%	0.00%	NA	0.05%	None	None
American Funds Fundamental Inv	Large Blend	0.35%	0.00%	NA	0.35%	None	30 days, $5000
JPMorgan US Equity Select	Large Blend	0.79%	0.03%	10/31/2016	0.76%	None	None
Fidelity Contrafund®[24]	Large Growth	0.71%	0.00%	NA	0.71%	None	None
Am Funds Growth Fund of Am R5[24]	Large Growth	0.38%	0.00%	NA	0.38%	None	30 days, $5000
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	0.08%	0.00%	NA	0.08%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.96%	0.00%	NA	0.96%	None	None
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	1.11%	0.00%	NA	1.11%	None	None
Columbia Small/Mid Cap Value K[13,24]	Small Value	1.11%	0.00%	NA	1.11%	None	30 days, any amt
Columbia Small Cap Value I Z[13,24]	Small Value	1.09%	0.00%	NA	1.09%	None	30 days, any amt
Vanguard Small-Cap Index Adm[13]	Small Blend	0.08%	0.00%	NA	0.08%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	1.01%	0.00%	NA	1.01%	1.50%, 90 days	None
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	1.24%	0.00%	NA	1.24%	None	None
Royce Smaller-Companies Gr Srv[13,24]	Small Growth	1.48%	0.00%	NA	1.48%	None	None
International/Global Stock							
American Funds Cap World G&I[14]	World Stock	0.49%	0.00%	NA	0.49%	None	30 days, $5000
Harbor International Admin[14]	Foreign Large Blend	1.03%	0.02%	2/28/2017	1.01%	None	None
Fidelity Intl Discovery[14]	Foreign Large Growth	0.99%	0.00%	NA	0.99%	1.00%, 30 days	None
Fidelity Diversified Intl[14]	Foreign Large Growth	1.00%	0.00%	NA	1.00%	1.00%, 30 days	None
Specialty							
American Century® Utilities[10,15]	Utilities	0.67%	0.00%	NA	0.67%	None	None
Prudential Jennison Utility A[15]	Utilities	0.84%	0.00%	NA	0.84%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.05%	0.00%	NA	1.05%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.76%	0.00%	NA	0.76%	None	30 days, any amt

All data on page is as of June 30, 2016

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ICMARC
BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Specialty							
AllianzGI Technology Admin[15]	Technology	1.51%	0.00%	NA	1.51%	None	None
VantageBroker	NA	0.00%	0.00%	NA	0.00%		

All data on page is as of June 30, 2016

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ICMA-RC Participant Account Fees (401) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2016

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	100	$7,725
Loan Maintenance	$50 annual fee	376	$19,502
ACH Reject	$20 per occurrence	--	NA
Guided Pathways			
Fund Advice[19]	$0 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)*	110 participants $20,168,894 in assets	$61,486
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	27	$640
Legal			
Domestic Relations Order Processing	$250 per divorce	2	$250
Total Fees from Participant Accounts			**$89,654**

All data on page is as of June 30, 2016

See disclosures at end of chapter

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, 2016, the estimated annual cost to your plan is $519,427 consisting of $481,175 from fund fees and expenses (0.53% of plan assets) and $38,252 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	$103,806 (0.11%)	$93,897 (0.10%)	$197,703 (0.22%)
Participant Account Fees	$38,252	$0	$38,252
Total	$142,058	$93,897	$235,955

* 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, 2016

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]	NA	$19,227,159	0.48%	$92,290	0.25%	$48,068	0.30%	$57,681
VT Cash Management[6]	NA	$628,129	0.61%	$3,832	0.38%	$2,387	0.00%	$0
VT 1 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
VT 3 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
VT 5 Year BoA CD Account[7]	NA	$0	0.00%	$0	0.60%	$0	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$226,141	0.71%	$1,606	0.25%	$565	0.00%	$0
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	$3,169,712	0.06%	$1,902	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$3,195,820	0.46%	$14,701	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$979,291	0.70%	$6,855	0.25%	$2,448	0.00%	$0
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	$1,437,842	0.80%	$11,503	0.15%	$2,157	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$2,092,037	1.71%	$35,774	0.45%	$9,414	0.05%	$1,046
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Target-Date Retirement	$237,248	0.14%	$332	0.00%	$0	0.00%	$0
Vanguard Target Retire 2010[9,12]	Target-Date 2000-2010	$42,016	0.14%	$59	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target-Date 2015	$308,998	0.14%	$433	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target-Date 2020	$709,820	0.14%	$994	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target-Date 2025	$1,222,564	0.15%	$1,834	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target-Date 2030	$982,941	0.15%	$1,474	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target-Date 2035	$419,033	0.15%	$629	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target-Date 2040	$1,374,607	0.16%	$2,199	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target-Date 2045	$441,370	0.16%	$706	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target-Date 2050	$180,671	0.16%	$289	0.00%	$0	0.00%	$0
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	$1,007,700	0.83%	$8,364	0.25%	$2,519	0.29%	$2,922
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	$3,066,836	0.85%	$26,068	0.25%	$7,667	0.28%	$8,587

All data on page is as of June 30, 2016

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

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

See disclosures at end of chapter

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[16]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*,[3]	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Target-Risk/Target-Date								
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	$5,924,029	0.90%	$53,316	0.25%	$14,810	0.28%	$16,587
VT Vantagepoint MP Glbl Eq Gr[9]	World Stock	$2,258,309	0.93%	$21,002	0.25%	$5,646	0.28%	$6,323
Balanced								
Fidelity Balanced	Allocation--50% to 70% Equity	$2,649,594	0.56%	$14,838	0.25%	$6,624	0.00%	$0
BlackRock Global Allocation	World Allocation	$628,723	1.14%	$7,167	0.50%	$3,144	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income[24]	Large Value	$374,951	0.77%	$2,887	0.25%	$937	0.20%	$750
AllianzGI NFJ Dividend Value[24]	Large Value	$2,345,091	0.71%	$16,650	0.10%	$2,345	0.00%	$0
Vanguard 500 Index Admiral	Large Blend	$3,247,340	0.05%	$1,624	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$3,489,726	0.35%	$12,214	0.05%	$1,745	0.00%	$0
JPMorgan US Equity Select	Large Blend	$430,691	0.76%	$3,273	0.25%	$1,077	0.00%	$0
Fidelity Contrafund®[24]	Large Growth	$4,435,647	0.71%	$31,493	0.25%	$11,089	0.00%	$0
Am Funds Growth Fund of Am R5[24]	Large Growth	$5,038,203	0.38%	$19,145	0.05%	$2,519	0.00%	$0
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	$1,619,320	0.08%	$1,295	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$283,022	0.96%	$2,717	0.25%	$708	0.00%	$0
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	$1,963,516	1.11%	$21,795	0.25%	$4,909	0.00%	$0
Columbia Small/Mid Cap Value K[13,24]	Small Value	$393,410	1.11%	$4,367	0.35%	$1,377	0.00%	$0
Columbia Small Cap Value I Z[13,24]	Small Value	$233,314	1.09%	$2,543	0.25%	$583	0.00%	$0
Vanguard Small-Cap Index Adm[13]	Small Blend	$978,427	0.08%	$783	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,861,717	1.01%	$18,803	0.25%	$4,654	0.00%	$0
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	$246,763	1.24%	$3,060	0.20%	$494	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Stock	$1,039,214	0.49%	$5,092	0.05%	$520	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$333,868	1.01%	$3,372	0.25%	$835	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Growth	$1,376,618	0.99%	$13,629	0.25%	$3,442	0.00%	$0
Fidelity Diversified Intl[14]	Foreign Large Growth	$2,259,271	1.00%	$22,593	0.25%	$5,648	0.00%	$0

All data on page is as of June 30, 2016

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

See disclosures at end of chapter

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
Specialty								
Prudential Jennison Utility A[15]	Utilities	$591,742	0.84%	$4,971	0.40%	$2,367	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$1,038,784	1.05%	$10,907	0.25%	$2,597	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$2,274,812	0.76%	$17,289	0.15%	$3,412	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$544,442	1.51%	$8,221	0.35%	$1,906	0.00%	$0
VantageBroker	NA	$1,513,541	0.00%	$0	0.06%	$908	0.00%	$0
Total Quarter-End Assets:		**$90,324,020**						
Total Fees and Expenses to Plan:			**0.59%**	**$536,889**				
Total Recordkeeping Revenue Retained by ICMA-RC:					**0.18%**	**$159,520**		
Total Investment Advisory Revenue Retained by ICMA-RC:							**0.10%**	**$93,897**
Administrative Allowance:		**$55,714**						
Total Fees and Expenses after Administrative Allowance:			**0.53%**	**$481,175**				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					**0.11%**	**$103,806**		

All data on page is as of June 30, 2016

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

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

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ICMA-RC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Stable Value/Cash Management							
VT PLUS Fund[4]	NA	0.48%	0.00%	NA	0.48%	None	Equity wash
VT Cash Management[6]	NA	0.61%	0.00%	NA	0.61%	None	None
VT 1 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
VT 3 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
VT 5 Year BoA CD Account[7]	NA	0.00%	0.00%	NA	0.00%	6 Months int	Equity wash
Bond							
PIMCO Low Duration[8]	Short-Term Bond	0.71%	0.00%	NA	0.71%	None	None
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	0.06%	0.00%	NA	0.06%	None	None
PIMCO Total Return Instl[8]	Intermediate-Term Bond	0.46%	0.00%	NA	0.46%	None	None
PIMCO Real Return Admin[8]	Inflation-Protected Bond	0.75%	0.00%	NA	0.70%	None	None
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	0.87%	0.07%	11/28/2016	0.80%	None	30 days, any amt
Guaranteed Lifetime Income							
VT Retirement IncomeAdvantage[17]	NA	1.71%	0.00%	NA	1.71%	None	90 days, any amt
Target-Risk/Target-Date							
Vanguard Target Retire Income[9,12]	Target-Date Retirement	0.14%	0.00%	NA	0.14%	None	None
Vanguard Target Retire 2010[9,12]	Target-Date 2000-2010	0.14%	0.00%	NA	0.14%	None	None
Vanguard Target Retire 2015[9,12]	Target-Date 2015	0.14%	0.00%	NA	0.14%	None	None
Vanguard Target Retire 2020[9,12]	Target-Date 2020	0.14%	0.00%	NA	0.14%	None	None
Vanguard Target Retire 2025[9,12]	Target-Date 2025	0.15%	0.00%	NA	0.15%	None	None
Vanguard Target Retire 2030[9,12]	Target-Date 2030	0.15%	0.00%	NA	0.15%	None	None
Vanguard Target Retire 2035[9,12]	Target-Date 2035	0.15%	0.00%	NA	0.15%	None	None
Vanguard Target Retire 2040[9,12]	Target-Date 2040	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2045[9,12]	Target-Date 2045	0.16%	0.00%	NA	0.16%	None	None
Vanguard Target Retire 2050[9,12]	Target-Date 2050	0.16%	0.00%	NA	0.16%	None	None
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	0.83%	0.00%	NA	0.83%	None	None
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	0.85%	0.00%	NA	0.85%	None	None
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	0.90%	0.00%	NA	0.90%	None	None
VT Vantagepoint MP Glbl Eq Gr[9]	World Stock	0.93%	0.00%	NA	0.93%	None	None

All data on page is as of June 30, 2016

See disclosure at end of chapter.

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Expense Waiver Amount	Waiver Expiration Date	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Balanced							
Fidelity Balanced	Allocation--50% to 70% Equity	0.56%	0.00%	NA	0.56%	None	None
BlackRock Global Allocation	World Allocation	1.14%	0.00%	NA	1.14%	None	None
U.S. Stock							
VT Vantagepoint Equity Income[24]	Large Value	0.77%	0.00%	NA	0.77%	None	None
AllianzGI NFJ Dividend Value[24]	Large Value	0.71%	0.00%	NA	0.71%	None	None
Vanguard 500 Index Admiral	Large Blend	0.05%	0.00%	NA	0.05%	None	None
American Funds Fundamental Inv	Large Blend	0.35%	0.00%	NA	0.35%	None	30 days, $5000
JPMorgan US Equity Select	Large Blend	0.79%	0.03%	10/31/2016	0.76%	None	None
Fidelity Contrafund®[24]	Large Growth	0.71%	0.00%	NA	0.71%	None	None
Am Funds Growth Fund of Am R5[24]	Large Growth	0.38%	0.00%	NA	0.38%	None	30 days, $5000
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	0.08%	0.00%	NA	0.08%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.96%	0.00%	NA	0.96%	None	None
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	1.11%	0.00%	NA	1.11%	None	None
Columbia Small/Mid Cap Value K[13,24]	Small Value	1.11%	0.00%	NA	1.11%	None	30 days, any amt
Columbia Small Cap Value I Z[13,24]	Small Value	1.09%	0.00%	NA	1.09%	None	30 days, any amt
Vanguard Small-Cap Index Adm[13]	Small Blend	0.08%	0.00%	NA	0.08%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	1.01%	0.00%	NA	1.01%	1.50%, 90 days	None
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	1.24%	0.00%	NA	1.24%	None	None
International/Global Stock							
American Funds Cap World G&I[14]	World Stock	0.49%	0.00%	NA	0.49%	None	30 days, $5000
Harbor International Admin[14]	Foreign Large Blend	1.03%	0.02%	2/28/2017	1.01%	None	None
Fidelity Intl Discovery[14]	Foreign Large Growth	0.99%	0.00%	NA	0.99%	1.00%, 30 days	None
Fidelity Diversified Intl[14]	Foreign Large Growth	1.00%	0.00%	NA	1.00%	1.00%, 30 days	None
Specialty							
Prudential Jennison Utility A[15]	Utilities	0.84%	0.00%	NA	0.84%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.05%	0.00%	NA	1.05%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.76%	0.00%	NA	0.76%	None	30 days, any amt
AllianzGI Technology Admin[15]	Technology	1.51%	0.00%	NA	1.51%	None	None
VantageBroker	NA	0.00%	0.00%	NA	0.00%		

All data on page is as of June 30, 2016

See disclosure at end of chapter.

See disclosures at end of chapter

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

ICMA-RC Participant Account Fees (457) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2016

Service	Fee	Number of Assessments	Annual Cost
Administration Fees Charged to Participant Accounts			
Per Participant Fee	annual fee	--	NA
Administration	% (annualized) on assets	--	NA
Loans			
Origination, Refinance, Reamortization	$75 per application	--	NA
Loan Maintenance	$50 annual fee	--	NA
ACH Reject	$20 per occurrence	--	NA
Guided Pathways			
Fund Advice[19]	$0 annual fee	--	NA
Managed Accounts[19,20]	0.40% 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)*	113 participants $11,811,499 in assets	$37,524
Brokerage			
Self-Directed Brokerage[21,23]	$50 one-time setup fee *(additional fees by brokerage provider also apply)*	--	NA
Expedited Disbursement			
Wire & FedEx	varies by delivery address	9	$228
Legal			
Domestic Relations Order Processing	$500 per divorce	4	$500
Total Fees from Participant Accounts			**$38,252**

All data on page is as of June 30, 2016

See disclosures at end of chapter

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.

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

Glossary

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

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

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

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

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

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

Glossary

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

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

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

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

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

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

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

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

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

Disclosures

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

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

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

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

Disclosures

2 Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, 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.

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.

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

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

Disclosures

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

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

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

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

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

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

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

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.

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Disclosures

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

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

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

17 Prudential Retirement Insurance and Annuity Company (Prudential), CA COA #08003, Hartford, CT. Neither Prudential nor ICMA-RC guarantees the investment performance or return on contributions to Prudential's Separate Account. You should carefully consider the objectives, risks, charges, expenses and underlying guarantee features before purchasing this product. Prudential may increase the Guarantee Fee in the future, from 1.00% up to a maximum of 1.50%. Like all variable investments, this Fund may lose value. Availability and terms may vary by jurisdiction; subject to regulatory approvals. Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Guarantees are based on Prudential's claims-paying ability. This annuity is issued under Contract form # GA-2020-TGWB4-0805-RC. ICMA-RC provides recordkeeping services to your Plan and is the investment manager of the underlying Prudential separate account. Prudential or its affiliates may compensate ICMA-RC for providing these and related administrative services in connection with the Fund. Variable annuities are suitable for long-term investing, particularly retirement savings. ©2016 Prudential, the Prudential logo, and the Rock symbol and Bring Your Challenges are service marks of the Prudential Insurance Company of America, Newark, NJ, and its related entities, registered in many jurisdictions worldwide. Note: Participants who are interested in the VT Retirement IncomeAdvantage Fund must first receive and read the VT Retirement IncomeAdvantage Fund Important Considerations document, before investing.

Disclosures

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

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

[19] Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, 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 provided by TD Ameritrade, Inc. a registered broker-dealer and member of FINRA/SIPC/NFA TD Ameritrade is a trademark jointly owned by TD Ameritrade IP Company, Inc. and the Toronto-Dominion Bank. Used with permission.

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

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

Disclosures

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

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, 2016 and 2015

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Contents

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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 Retiree Benefit
Plan and Trust
City of Lansing, Michigan

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, which comprise the statement of trust net position as of June 30, 2016, and the related statement of changes in trust net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Plan 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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
City of Lansing, Michigan

Opinion

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

Prior Period Financial Statements

The financial statements of the Plan as of June 30, 2015, were audited by other auditors whose report dated August 28, 2015, expressed an unmodified opinion on those statements.

Other Matter

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 6, 2016

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:

	2016	2015	2014
Assets held in trust:			
Cash and money market trust funds	$ 13,498,404	$ 6,243,203	$ 5,711,439
Fixed income securities	28,725,054	21,269,571	20,713,869
U.S. government obligations	21,458,288	15,462,341	16,284,339
Equities	77,022,878	111,112,369	108,540,537
Mutual funds and other	15,208,788	1,894,929	2,259,641
Interest and dividend receivable	386,930	200,805	211,625
Total plan assets	**$ 156,300,342**	**$ 156,183,218**	**$ 153,721,450**
Changes in net position:			
Net investment income (loss)	$ 948,997	$ 3,614,695	$ 25,667,779
Employer contributions	9,423,081	9,670,794	9,266,529
Retiree benefits paid	(9,423,081)	(9,670,794)	(9,266,529)
Administrative fees	(831,872)	(1,152,927)	(1,050,771)
Net change in net position	**$ 117,125**	**$ 2,461,768**	**$ 24,617,008**

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:

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

Investment Results

The fiscal year ended June 30, 2016 saw a net investment income, net of administrative expenses, of $0.1 million. We believe this performance is in line with the overall level of recovery experienced by the stock and bond markets.

Future Events

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

Contacting the Plan's Management

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

Statement of Trust Net Position

	As of June 30	
	2016	2015
Assets		
Investments - Fair value:		
Cash and money market trust funds	$ 13,498,404	$ 6,243,203
Fixed income securities	28,725,054	21,269,571
U.S. government obligations	21,458,288	15,462,341
Equities	77,022,878	111,112,369
Mutual funds	15,208,788	1,894,929
Total investments at fair value	155,913,412	155,982,413
Investment interest and dividend receivable	386,930	200,805
Trust Net Position	**$ 156,300,342**	**$ 156,183,218**

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	
	2016	2015
Increase		
Investment income:		
Net appreciation (depreciation) in fair value of investments	$ (2,293,242)	$ 650,079
Interest and dividend income	3,242,238	2,964,616
Total investment income	948,996	3,614,695
Employer contributions	9,423,081	9,670,794
Total increase	10,372,077	13,285,489
Decrease		
Retiree benefits paid	9,423,081	9,670,794
Administrative expenses	831,872	1,152,927
Total decrease	10,254,953	10,823,721
Net Increase in Trust Net Position	117,124	2,461,768
Trust Net Position		
Beginning of year	156,183,218	153,721,450
End of year	**$ 156,300,342**	**$ 156,183,218**

See Notes to Financial Statements.

Note 1 - 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. 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 715 participants eligible to receive benefits at June 30, 2016 and 725 participants eligible at June 30, 2015.

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

Trustees – Each member of the Lansing Board of Water and Light board of commissioners is a trustee during the term of office as a commissioner. The trustees have appointed Fifth Third Bank as custodian of the Plan's assets.

Note 1 - Description of the Plan (Continued)

Contributions - 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 annual required contribution (ARC) for the year ended June 30, 2016 was less than the pay-as-you-go amount. During the years ended June 30, 2016 and 2015, the cost to BWL of maintaining the Retiree Benefit Plan was $9,423,081 and $9,670,794 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.

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, 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. At June 30, 2015, there were 725 active participants (not eligible to receive benefits), 80 disabled participants, 485 retired participants, 491 active spouses (not eligible to receive benefits), and 152 surviving spouses participating in the Plan.

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

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

Note 2 - Summary of Significant Accounting Policies

Accounting and Reporting Principles

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

Basis of Accounting

Fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. 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 February 2015, the GASB issued statement No. 72 – Fair Value Measurement and Application. The objective of this statement is to provide guidance for determining a fair value measurement for financial reporting purposes as well as to provide guidance for applying fair value to certain investments and disclosures related to all fair value measurements. This standard was implemented effective July 1, 2015.

Report Presentation

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

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

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

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

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%

Note 2 - Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

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.

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.

Note 2 - Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

Actuarial Assumptions (continued) – 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 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.

The Plan’s cash and investments are subject to several types of risk, which are examined in more detail below:

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

Risks at June 30, 2016

Custodial Credit Risk of Bank Deposits

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

Custodial Credit Risk of Investments

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

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
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

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

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
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

Concentration of Credit Risk

The Board of Commissioners places no limit on the amount the Plan may invest in any one issuer.

<u>Risks at June 30, 2015</u>

Custodial Credit Risk of Bank Deposits

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

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

Custodial Credit Risk of Investments

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

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At year end, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government obligations	$ 15,462,341	11.87 years
Fixed income securities	21,269,571	14.12 years
Money market trust funds	6,051,856	Less than 1 year
Portfolio weighted average maturity		11.31 years

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

Credit Risk

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

Investment	Fair Value	Rating	Rating Organization
Fixed income securities	$ 2,469,542	AAA	S&P
Fixed income securities	7,891,448	AA+	S&P
Fixed income securities	448,070	AA	S&P
Fixed income securities	323,354	AA-	S&P
Fixed income securities	936,680	A+	S&P
Fixed income securities	1,686,646	A	S&P
Fixed income securities	2,216,285	A-	S&P
Fixed income securities	1,666,828	BBB+	S&P
Fixed income securities	1,284,231	BBB	S&P
Fixed income securities	861,822	BBB-	S&P
Fixed income securities	156,369	BB+	S&P
Fixed income securities	98,900	BB	S&P
Fixed income securities	261,306	BB-	S&P
Fixed income securities	63,744	B+	S&P
Fixed income securities	141,348	B-	S&P
Fixed income securities	574,676	CCC	S&P
Fixed income securities	117,710	D	S&P
Fixed income securities	70,612	Not rated	Not rated
Money market trust funds	6,051,856	Not rated	Not rated

Concentration of Credit Risk

The Board of Commissioners places no limit on the amount the Plan may invest in any one issuer.

Note 4 – Net Appreciation of Investments

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

	2016	2015
Investments at fair value as determined by quoted market price:		
Fixed income securities	$ 517,281	$ (257,174)
U.S. government obligations	671,566	160,377
Equities	(2,471,834)	970,370
Alternative investments	193,224	24,418
Mutual funds	(1,203,479)	(247,912)
Total	$ (2,293,242)	$ 650,079

Note 5 - Tax Status

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

Note 6 – Upcoming Accounting Pronouncements

GASB Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, was issued in June 2015. This new accounting standard addresses reporting by postemployment benefit plans other than pensions (OPEB) that administer defined benefit OPEB benefits on behalf of governments. Along with the currently required statement of fiduciary net position and statement of changes in fiduciary net position, OPEB plans will now be required to include in the financial statements more extensive footnote disclosures and required supplemental information related to the measurement of the OPEB liabilities for which assets have been accumulated. The provisions of this new standard are effective for the Plan's June 30, 2017 year end.

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.

Note 7 – Fair Value Measurements (Continued)

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, 2016 and 2015:

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

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.

Note 7 – 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, 2016 and 2015:

	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

	June 30, 2015			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ 193,939	$ 6,049,264	$ -	$ 6,243,203
Fixed income securities	-	21,269,571	-	21,269,571
U.S. government obligations	-	15,462,341	-	15,462,341
Equities	111,112,369	-	-	111,112,369
Mutual funds	-	1,894,929	-	1,894,929
Total	$ 111,306,308	$ 44,676,105	$ -	$ 155,982,413

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.

Note 8 – Risks and Uncertainties (Continued)

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 September 6, 2016, which is 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

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.

Lansing Board of Water and Light
Retiree Benefit Plan and Trust

Schedule of Employer Contributions
(in thousands)

Fiscal Year Ended	Employer Contributions Required	Employer Contributions Actual	Percentage of ARC Contributed
6/30/2008	$ 14,797	$ 14,962	101%
6/30/2009	18,132	17,866	99%
6/30/2010	21,291	21,318	100%
6/30/2011	17,300	17,236	100%
6/30/2012	15,744	15,854	101%
6/30/2013	13,994	14,045	100%
6/30/2014	9,200	9,268	101%
6/30/2015	5,762	9,671	168%
6/30/2016	5,788	9,423	163%

ARC – Annual required contribution

Lansing Board of Water and Light

GASB 45 Actuarial Valuation

Fiscal Year Ending June 30, 2017

Prepared by:
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www.nyhart.com

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July 21, 2016

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 (LBWL) 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. 45 (Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions).

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

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

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

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

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

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

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

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

Randy Gomez

Randy Gomez, FSA, MAAA
Consulting Actuary

Evi Laksana, ASA, MAAA
Valuation Actuary

Summary of Results

Presented below is the summary of GASB 45 results for the fiscal year ending June 30, 2017 compared to the prior fiscal year.

		As of March 1, 2015		*As of March 1, 2016*
Actuarial Accrued Liability	$	200,196,438	$	205,215,099
Actuarial Value of Assets	$	157,564,646	$	145,274,065
Unfunded Actuarial Accrued Liability	$	42,631,792	$	59,941,034
Funded Ratio		78.7%		70.8%

		FY 2015/16		*FY 2016/17*
Annual Required Contribution	$	5,787,960	$	7,507,689
Annual OPEB Cost	$	5,828,449	$	7,582,941
Annual Employer Contribution	$	9,423,081	$	10,005,897

		As of June 30, 2016		*As of June 30, 2017*
Net OPEB Obligation	$	(7,781,100)	$	(10,204,056)

	As of February 29, 2016
Total Active Participants	742
Total Retiree Participants[1]	713

The active participants' number above may include active employees who currently have no health care coverage. Refer to Summary of Participants section for an accurate breakdown of active employees with and without coverage.

[1] Excluding spouses of retirees covered under LBWL group health plan.

Below is a breakdown of total GASB 45 liabilities allocated to past, current, and future service as of March 1, 2016 compared to the prior year.

		As of March 1, 2015		*As of March 1, 2016*
Present Value of Future Benefits	**$**	**213,117,151**	**$**	**219,419,237**
Active Employees		86,366,643		91,775,626
Retired Employees		126,750,508		127,643,611
Actuarial Accrued Liability	**$**	**200,196,438**	**$**	**205,215,099**
Active Employees		73,445,930		77,571,488
Retired Employees		126,750,508		127,643,611
Normal Cost	**$**	**2,026,301**	**$**	**2,262,705**
Future Normal Cost	**$**	**10,894,412**	**$**	**11,941,433**

Present Value of Future Benefits (PVFB) is the amount needed as of March 1, 2016 and 2015 to fully fund LBWL retiree health care subsidies for existing and future retirees and their dependents assuming all actuarial assumptions are met.

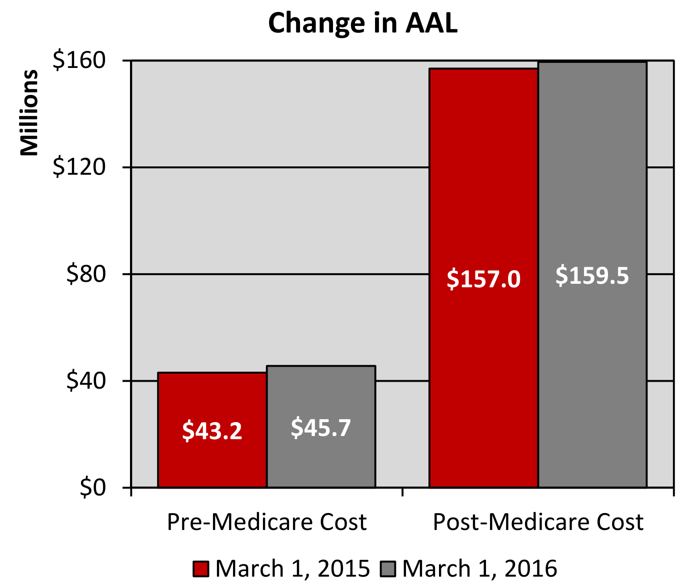
Actuarial Accrued Liability is the portion of PVFB considered to be accrued or earned as of March 1, 2016 and 2015. This amount is a required disclosure in the Required Supplementary Information section.

Normal Cost is the portion of the total liability amount that is attributed and accrued for current year's active employee service by the actuarial cost method.

Future Normal Cost is the portion of the total liability amount that is attributed to the future employee service by the actuarial cost method.

Below is a breakdown of total GASB 45 Actuarial Accrued Liability (AAL) allocated to pre and post Medicare eligibility. The liability shown below includes explicit (if any) and implicit subsidies. Refer to the Substantive Plan Provisions section for complete information on the Plan Sponsor's GASB subsidies.

Actuarial Accrued Liability (AAL)		*As of March 1, 2015*		*As of March 1, 2016*
Active Pre-Medicare	$	21,798,411	$	24,207,813
Active Post-Medicare		51,647,519		53,363,675
Total Active AAL	$	73,445,930	$	77,571,488
Retirees Pre-Medicare	$	21,375,229	$	21,475,969
Retirees Post-Medicare		105,375,279		106,167,642
Total Retirees AAL	$	126,750,508	$	127,643,611
Total AAL	**$**	**200,196,438**	**$**	**205,215,099**

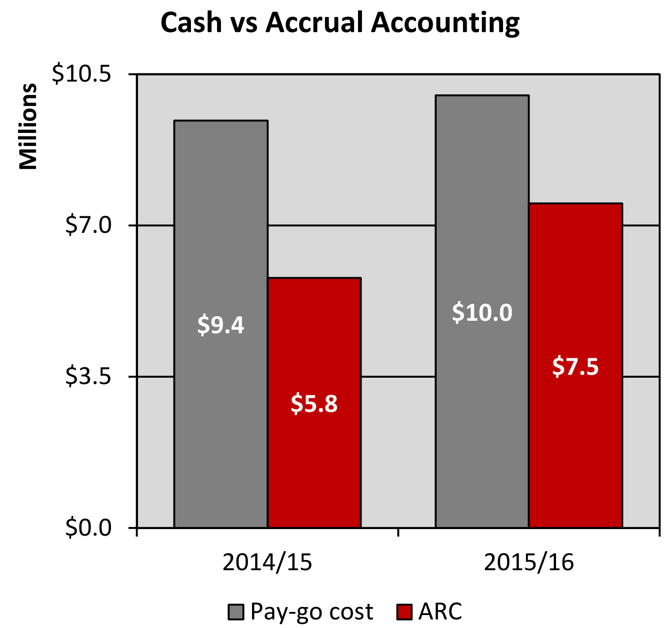


Development of Annual Required Contribution (ARC)

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

Required Supplementary Information		FY 2015/16		FY 2016/17
Actuarial Accrued Liability as of beginning of year	$	200,196,438	$	205,215,099
Actuarial Value of Assets as of beginning of year		(157,564,646)		(145,274,065)
Unfunded Actuarial Accrued Liability (UAAL)	**$**	**42,631,792**	**$**	**59,941,034**
Funded Ratio		78.7%		70.8%
Covered payroll	$	50,612,876	$	53,540,390
UAAL as a % of covered payroll		84.2%		112.0%

Annual Required Contribution		FY 2015/16		FY 2016/17
Normal cost as of beginning of year	$	2,026,301	$	2,262,705
Amortization of the UAAL		3,357,848		4,721,192
Total normal cost and amortization payment	$	5,384,149	$	6,983,897
Interest to end of year		403,811		523,792
Total Annual Required Contribution (ARC)	**$**	**5,787,960**	**$**	**7,507,689**



Annual Required Contribution (ARC) is the annual expense recorded in the income statement under GASB 45 accrual accounting. It replaces the cash basis method of accounting recognition with an accrual method. The GASB 45 ARC is usually higher than the pay-as-you-go cost because it includes recognition of employer costs expected to be paid in future accounting periods. However, the opposite is true in LBWL case because of the funded status of the plan, which produces an ARC lower than the pay-as-you-go cost.

Development of Annual OPEB Cost and Net OPEB Obligation

The table below is for the 12-month period ending June 30.

Annual employer contribution for pay-go costs are estimated for FY 2016/17.

Net OPEB Obligation		FY 2015/16		FY 2016/17
ARC as of end of year	$	5,787,960	$	7,507,689
Interest on Net OPEB Obligation (NOO) to end of year		(313,985)		(583,583)
NOO amortization adjustment to the ARC		354,474		658,835
Annual OPEB cost	$	5,828,449	$	7,582,941
Annual employer contribution for pay-go cost		(9,423,081)		(10,005,897)
Annual employer contribution for pre-funding		0		0
Change in NOO	$	(3,594,632)	$	(2,422,956)
NOO as of beginning of year		(4,186,468)		(7,781,100)
NOO as of end of year	**$**	**(7,781,100)**	**$**	**(10,204,056)**

Pay-as-you-go Cost is the expected total employer cash cost for the coming period based on all explicit and implicit subsidies. It is also the amount recognized as expense on the Income Statement under pay-as-you-go accounting.

Net OPEB Obligation is the cumulative difference between the annual OPEB cost and employer contributions. This obligation will be created if cash contributions are less than the current year expense under GASB 45 accrual rules.

The net obligation is recorded as a liability on the employer's balance sheet which will reduce the net fund balance.

The value of implicit subsidies is considered as part of cash contributions for the current period. Other cash expenditures that meet certain conditions are also considered as contributions for GASB 45 purposes.

Summary of GASB 45 Financial Results

Presented below is the summary of GASB 45 results for the fiscal year ending June 30, 2017 and prior fiscal years as shown in LBWL Notes to Financial Statements.

Schedule of Funding Progress

As of	Actuarial Accrued Liability (AAL)	Actuarial Value of Assets (AVA)	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as % of Covered Payroll
	A	B	C = A - B	D = B / A	E	F = C / E
February 29, 2016	$ 205,215,099	$ 145,274,065	$ 59,941,034	70.8%	$ 53,540,390	112.0%
February 28, 2015	$ 200,196,438	$ 157,564,646	$ 42,631,792	78.7%	$ 50,612,876	84.2%
February 28, 2014	$ 194,364,686	$ 148,307,171	$ 46,057,515	76.3%	$ 47,011,608	98.0%

Schedule of Employer Contributions

FYE	Employer Contributions[2]	Annual Required Contribution (ARC)	% of ARC Contributed
	A	B	C = A / B
June 30, 2017	$ 10,005,897	$ 7,507,689	133.3%
June 30, 2016	$ 9,423,081	$ 5,787,960	162.8%
June 30, 2015	$ 9,670,794	$ 5,762,462	167.8%

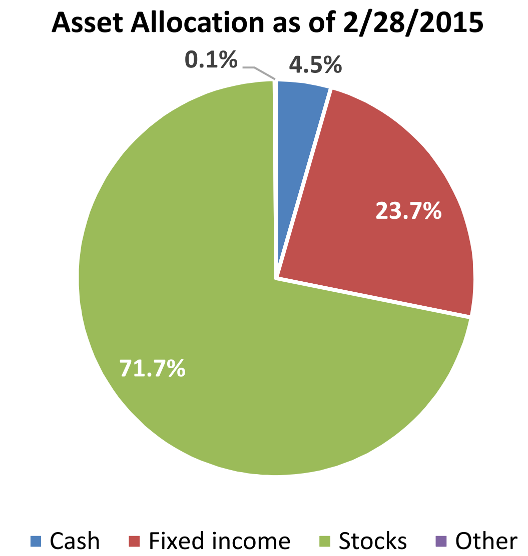
Historical Annual OPEB Cost

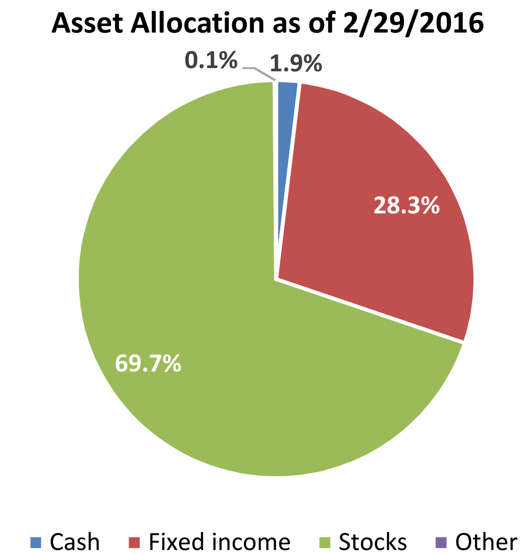
As of	Annual OPEB Cost	% of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2017	$ 7,582,941	132.0%	$ (10,204,056)
June 30, 2016	$ 5,828,449	161.7%	$ (7,781,100)
June 30, 2015	$ 5,765,178	167.7%	$ (4,186,468)

[2] Including pre-funding contributions above pay-go costs paid directly from general assets (if any). The employer contribution for FYE 2016/17 is estimated.

Summary of Assets		*Market Value as of February 28, 2015*		*Market Value as of February 29, 2016*
General investments				
Interest-bearing cash	$	7,034,863	$	2,767,746
Fixed income		37,340,560		41,121,670
Common corporate stocks		112,990,587		101,198,707
Receivables				
Employer contributions		0		0
Other		198,636		185,942
Net assets	**$**	**157,564,646**	**$**	**145,274,065**

Reconciliation of Assets		*2014/15*		*2015/16*
Income				
Contributions received				
Employer	$	9,141,770	$	9,716,597
Section 420 transfer		0		0
Investment earnings				
Income		11,843,527		5,793,679
Unrealized appreciation / depreciation		(1,449,387)		(16,992,581)
Other income		0		0
Total income	$	19,535,910	$	(1,482,305)
Disbursements				
Benefit payments to participants / beneficiaries	$	9,141,770	$	9,716,597
Administrative expenses		1,136,665		1,091,679
Total disbursements	$	10,278,435	$	10,808,276
Net income	$	9,257,475	$	(12,290,581)
Net asset at beginning of year		148,307,171		157,564,646
Net asset at end of year	$	157,564,646	$	145,274,065
Asset return for the year		6.2%		-7.8%





The AAL is expected to change on an annual basis as a result of expected and unexpected events. Under normal circumstances, it is generally expected to have a net increase each year. Below is a list of the most common events affecting the AAL and whether they increase or decrease the liability.

Expected Events

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

Unexpected Events

- Increases in AAL when actual premium rates increase more than expected (the opposite will decrease AAL).
- Increases in AAL when more new retirements occur than expected or fewer terminations occur than anticipated (AAL decreases if the opposite occurs).
- Increases or decreases in AAL depending on whether benefit provisions are improved or reduced.

Actuarial Accrued Liabilities Reconciliation		***FY 2015/16***		***FY 2016/17***[3]
Actuarial Accrued Liability as of March 1	$	200,196,438	$	205,215,099
Normal cost as of beginning of year		2,026,301		2,262,705
Expected benefit payments during the year		(9,253,962)		(10,005,897)
Interest adjustment to end of year		14,825,955		15,192,397
Expected Actuarial Accrued Liability as of February 28	$	207,794,732	$	212,664,304
Actuarial (gain) / loss due to experience		(1,326,632)		TBD
Actuarial (gain) / loss due to provisions / assumptions changes		(1,253,001)		TBD
Actual Actuarial Accrued Liability as of February 28	$	205,215,099	$	TBD

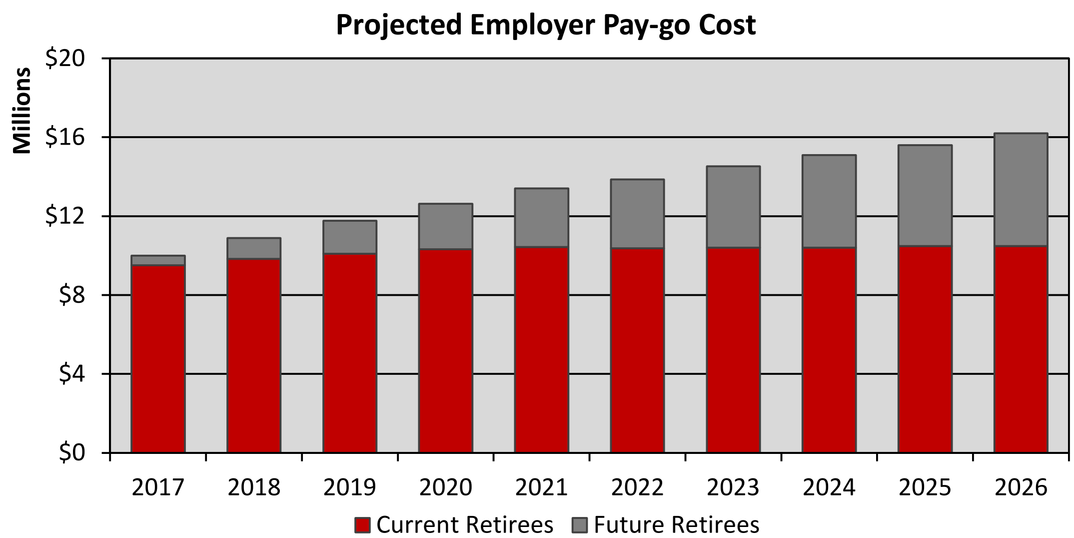
Actuarial Value of Asset Reconciliation		***FY 2015/16***		***FY 2016/17***
Actuarial Value of Assets as of March 1	$	157,564,646	$	145,274,065
Expected contributions made during the fiscal year		9,253,962		10,005,897
Expected benefit payments made during the fiscal year		(9,253,962)		(10,005,897)
Interest adjustment to end of year		11,817,348		10,895,555
Expected Actuarial Value of Assets as of February 28	$	169,381,994	$	156,169,620
Actuarial asset gain / (loss)		(24,107,929)		TBD
Actual Actuarial Value of Assets as of February 28	$	145,274,065	$	TBD

[3] The above reconciliation for 2016/17 fiscal year was calculated on a "no gain / loss" basis for illustration purposes only. The actual 2017 year-end liability and assets may be higher or lower depending on plan experience.

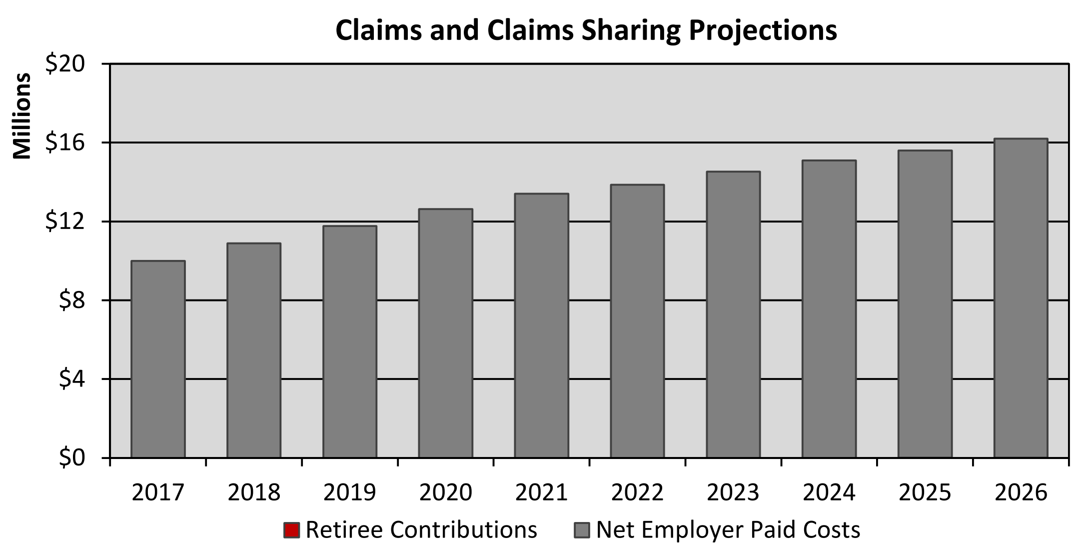
Employer Contribution Cash Flow Projections

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

FYE	Current Retirees	Future Retirees[4]	Total
2017	$ 9,504,705	$ 501,192	$ 10,005,897
2018	$ 9,829,136	$ 1,066,600	$ 10,895,736
2019	$ 10,095,544	$ 1,678,768	$ 11,774,312
2020	$ 10,315,588	$ 2,310,006	$ 12,625,594
2021	$ 10,436,205	$ 2,971,242	$ 13,407,447
2022	$ 10,367,371	$ 3,499,988	$ 13,867,359
2023	$ 10,409,913	$ 4,111,131	$ 14,521,044
2024	$ 10,398,971	$ 4,689,220	$ 15,088,191
2025	$ 10,487,940	$ 5,112,539	$ 15,600,479
2026	$ 10,489,291	$ 5,702,642	$ 16,191,933



FYE	Estimated Claims Costs	Retiree Contributions	Net Employer-Paid Costs
2017	$ 10,005,897	$ 0	$ 10,005,897
2018	$ 10,895,736	$ 0	$ 10,895,736
2019	$ 11,774,312	$ 0	$ 11,774,312
2020	$ 12,625,615	$ 21	$ 12,625,594
2021	$ 13,407,839	$ 392	$ 13,407,447
2022	$ 13,868,719	$ 1,360	$ 13,867,359
2023	$ 14,523,672	$ 2,628	$ 14,521,044
2024	$ 15,092,968	$ 4,777	$ 15,088,191
2025	$ 15,607,033	$ 6,554	$ 15,600,479
2026	$ 16,201,616	$ 9,683	$ 16,191,933



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

Eligibility

To be eligible for lifetime retiree health benefits, employees must have at least ten (10) years of service and meet eligibility requirements for either normal retirement status, early retirement status, or disability retirement status.

Normal Retirement Status

For employees hired prior to July 1, 1990, earlier of:

- Age 55 with 30 years of pension service credit
- Age 60

For employees hired on/after July 1, 1990 – age 65.

Early Retirement Status

Employees may retire early during the ten years preceding the normal retirement status with at least 25 years of pension service credit. Employees may retire early during the five years preceding the normal retirement status with at least 15 years of pension service credit.

Disability Retirement Status

To be eligible for disability retirement status, employees must have at least ten years of service with LBWL.

Spouse Coverage

Coverage continues to surviving spouse upon death of retirees and active employees eligible to retire. If an employee with at least ten years of service dies while in employment, the surviving spouses will qualify for retiree health benefits under the disability retirement status. Surviving spouse contributions are the same as the member's prior to the member's death.

Retiree Contributions

For employees who hired prior to January 1, 2009, retiree health benefits are non-contributory.

For employees hired on/after January 1, 2009, future retiree contributions will be equal to the current employees' healthcare premium sharing immediately prior to retirement. Current Union and Non-Union employees pay 12% and 14% respectively 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 12% of the active medical and prescription drug premium and none for dental coverage. Monthly active premium rates effective on January 1, 2016 are as shown below:

Coverage Levels	Medical Only	Medical/Rx	Dental
1 Person Regular	$ 510.52	$ 662.84	$ 35.10
2 Person Regular	$ 1,148.69	$ 1,491.41	$ 65.16

Part B Reimbursement

LBWL reimburses retirees and spouses for 90% of the Medicare Part B premium (standard premium prior to income-related adjustment).

Cash in Lieu of Coverage

Retirees may elect to receive cash in lieu of benefits. For those electing cash option, LBWL will pay $2,232 annually.

Benefit Plans

Same benefit options are available to retirees as active employees. All health plans are self-insured except for:

- Medicare plan that is fully-insured with United American with EGWP and wrap prescription drug effective on August 1, 2012. The Board reimburses Medicare retirees for the first $3,000 in Medicare Part B claims and this benefit is self-insured.
- Dental benefits that became fully-insured in July 2013.

The monthly retiree premium rates effective on January 1, 2016 are as shown below:

Coverage Levels	Medical Only	Medical/Rx
1 Person Regular	$ 857.79	$ 1,097.18
2 Person Regular	$ 1,930.04	$ 2,468.69
1 Comp.	$ 206.14	$ 481.14
2 Comp.	$ 412.28	$ 962.28

Dental	1 Person	2 Person
Actives and Retirees	$ 35.10	$ 65.16

Life Insurance

There will be no life insurance benefits at retirement for employees who have $10,000 in life insurance immediately prior to retirement. For any employees that have life insurance of 1.5 times salary immediately prior to retirement, coverage may continue to retirement at one-third the amount to the next higher $500.

Bargaining unit retirees contribute 50% of the premium for this life insurance benefit at retirement. No contributions are required for non-bargaining unit retirees. A closed group of disabled retirees receive free life insurance benefits at retirement.

Contribution Funding Policy

LBWL funding policy consists of two contribution levels:

1. Contributions to fund the annual pay-go cost for current retirees;
2. Additional contributions for pre-funding to the VEBA Trust.

The combination of the above contribution levels will cover the full Annual OPEB Cost annually.

VEBA Trust assets are expected to earn at least a 7.5% annual return (net of expense) in the long term.

The actuarial assumptions used in this report represent a reasonable long-term expectation of future OPEB outcomes. As national economic and LBWL experience change over time, the assumptions will be tested for ongoing reasonableness and, if necessary, updated.

There are no significant changes to the actuarial methods and assumptions since the last GASB valuation, which was for the fiscal year ending June 30, 2016. For the current year GASB valuation, we have updated the per capita costs, mortality assumption, and health care trend rates. We expect to update health care trend rates and per capita costs again in the next full GASB valuation, which will be for the fiscal year ending June 30, 2017.

Measurement Date March 1, 2016

Discount Rate 7.5%

Payroll Growth N/A

Inflation Rate 3.0% per year

Cost Method Entry Age Normal Level Dollar

Amortization Level dollar over thirty years based on an open group

Census Data Census information was provided as of February 29, 2016. We have reviewed it for reasonableness and no material modifications were made to the census data.

Asset Valuation Method Market Value

Mortality RP-2014 Mortality Table fully generational using scale MP-2015; prior valuation used RP-2014 Mortality Table fully generational using scale MP-2014

Disability 1985 Pension Disability Incidence Class 1 rates for males and females; sample annual rates are as shown below:

Age	Male	Female
20	0.029%	0.030%
30	0.048%	0.080%
40	0.117%	0.211%
50	0.358%	0.533%
60	1.256%	1.159%

Turnover Rate

Assumption used to project terminations (voluntary and involuntary) prior to meeting minimum retirement eligibility for retiree health coverage. The rates represent the probability of termination in the next 12 months. The termination rates are based on 2003 Society of Actuaries Turnover Study Table (Mercer modified) with 5-year select and ultimate rates. Sample annual turnover rates are shown below:

Age	0 YOS	1 YOS	2 YOS	3 YOS	4 YOS	5+ YOS
20	26.6%	23.6%	21.6%	19.6%	17.6%	13.7%
30	20.0%	17.0%	15.0%	13.0%	11.0%	7.1%
40	17.8%	14.8%	12.8%	10.8%	8.8%	5.5%
50	15.8%	12.8%	10.8%	9.2%	7.6%	4.5%
60	13.9%	11.4%	9.8%	8.2%	6.6%	3.5%

Retirement Rate

Annual rates of retirement are as shown below. Refer to the Glossary section for an illustration of how actuarial models use this assumption.

Age	Rates
50 – 51	4%
52	8%
53	4%
54	10%
55	5%
56	8%
57	10%
58	12%
59	14%

Age	Rates
60	10%
61	14%
62 – 63	25%
64	20%
65 – 66	25%
67 – 68	33%
69	50%
70+	100%

Health Care Trend Rates

FYE	Medical/Rx	Part B	Dental	65+ Ded*
2017	9.00%	3.00%	5.00%	5.00%
2018	8.50%	3.25%	4.75%	4.75%
2019	8.00%	3.50%	4.50%	4.50%
2020	7.50%	3.75%	4.25%	4.00%
2021	7.00%	4.00%	4.00%	3.50%
2022	6.50%	4.25%	4.00%	3.00%
2023	6.00%	4.50%	4.00%	2.50%
2024	5.50%	4.75%	4.00%	2.50%
2025+	5.00%	5.00%	4.00%	2.50%

The initial trend rate was based on a combination of employer history, national trend surveys, and professional judgment.

The ultimate trend rate was selected based on historical medical CPI information.

* Applicable to the Part B deductible benefit.

Retiree Contributions

Retiree contributions are assumed to increase according to health care trend rates.

Participation Rate

Health (medical/rx/dental)

100% of active employees who currently have coverage are assumed to elect coverage at retirement.
100% of active employees who currently elect cash in lieu of benefits are assumed to elect cash in lieu of benefits at retirement.
All active employees who currently waive coverage are assumed to waive coverage at retirement.

100% of retirees who currently have coverage are assumed to continue coverage until death.
100% of retirees who currently elect cash in lieu of benefits are assumed to elect cash in lieu of benefits until death.
All retirees who currently waive coverage are assumed to never elect coverage with LBWL.

Life Insurance

All employees who currently have $10,000 life insurance benefits are assumed to never purchase additional insurance and thus are not eligible for any life insurance benefit at retirement.

Spousal Coverage

65% of employees are assumed to be married upon retirement. Husbands are assumed to be three years older than wives.

Spousal coverage level and age for current retirees are based on actual data.

Per Capita Costs

Annual per capita costs are calculated based on the rates effective on January 1, 2016 actuarially increased using current enrollment and aging factors. These costs are assumed to increase with medical/rx trend rates. Aging factors used are as shown below.

Age	Medical	Rx
35 – 39	2.00%	5.00%
40 – 44	2.00%	4.50%
45 – 49	2.00%	4.00%
50 – 54	2.00%	3.50%
55 – 59	4.00%	3.00%
60 – 64	4.00%	2.50%
65 – 69	3.00%	1.50%
70 – 74	2.00%	1.00%
75 – 79	1.00%	0.00%
80+	0.00%	0.00%

The per capita costs represent the cost of coverage for a retiree-only population.

Actuarial standards require the recognition of higher inherent costs for a retired population versus an active population.

Sample annual per capita costs are as shown below:

	Healthy Retirees		Disabled Retirees[5]		All Retirees
Age	Medical	Rx	Medical	Rx	Part B Deductible
47	$ 7,099	$ 1,854	$ 15,973	$ 4,171	N/A
52	$ 7,838	$ 2,234	$ 17,636	$ 5,026	N/A
57	$ 8,997	$ 2,627	$ 20,242	$ 5,911	N/A
62	$ 10,946	$ 3,016	$ 24,628	$ 6,786	N/A
67	$ 1,323	$ 3,001	$ 1,323	$ 3,001	$ 838
72	$ 1,505	$ 3,201	$ 1,505	$ 3,201	$ 953
77	$ 1,629	$ 3,298	$ 1,629	$ 3,298	$ 1,032
80	$ 1,678	$ 3,298	$ 1,678	$ 3,298	$ 1,063

[5] Disabled retirees annual per capita costs shown are for those who are not Medicare primary due to disability. For retirees who are Medicare primary due to disability, the pre-65 annual per capita costs are $1,247 for medical benefits and $2,913 for rx benefits. 70% of disabled retirees are assumed to be Medicare primary due to disability.

Dental Per Capita Costs

Annual dental per capita cost is assumed to be $421 annually. This cost is assumed to increase with dental trend rates.

Part B Reimbursement

Annual Part B reimbursement amount is $1,133 for those who retired prior to January 1, 2016 and $1,315 for those who retired on/after January 1, 2016. These amounts are assumed to increase with Part B trend rates.

Explicit Subsidy

The difference between (a) the premium rates and (b) the retiree contribution. Below is an example of the monthly explicit subsidies for a retiree under age 65 hired prior to January 1, 2009.

	Premium Rate	Retiree Contribution	Explicit Subsidy
	A	B	C = A – B
Retiree	$ 1,097.18	$ 0.00	$ 1,097.18
Spouse	$ 1,371.51	$ 0.00	$ 1,371.51

Implicit Subsidy

The higher cost of retiree coverage is already recognized in the retiree premium rates charged by LBWL, therefore there is no implicit subsidy.

	Single	*Non-Single*	*Total*	*Avg. Age*	*Avg. Svc*	*Salary*
Actives with Medical Coverage	**128**	**530**	**658**	**46.9**	**13.9**	**$ 47,839,288**
Actives Cash in Lieu[6]			**53**	**48.0**	**13.6**	**$ 3,966,862**
Actives Waived Coverage[7]			**31**	**37.4**	**12.2**	**$ 1,704,240**

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	19	9	2								30
25 to 29	9	30	5								44
30 to 34	6	28	24	2							60
35 to 39	11	24	22	23	6						86
40 to 44	2	22	21	24	22						91
45 to 49	6	18	10	25	25	11	6				101
50 to 54	7	13	19	19	15	10	28	9			120
55 to 59	1	5	8	23	13	8	25	19	28	1	131
60 to 64	1	2	6	8	2	5	10	6	16	6	62
65 to 69	1	1	2	2		2	2	2	1	1	14
70 & up								1	1	1	3
Total	**63**	**152**	**119**	**126**	**83**	**36**	**71**	**37**	**46**	**9**	**742**

[6] All actives who currently elect cash in lieu coverage are assumed to elect cash in lieu of coverage at retirement. They have been included in the GASB valuation.
[7] All actives who currently waive coverage are assumed to waive coverage at retirement. They have been excluded from the GASB valuation.

Inactives with Medical Coverage	*Single*	*Non-Single*	*Total*	*Avg. Age*
Disabled retirees	33	45	78	65.5
Healthy retirees	121	310	431	70.7
Surviving spouses	129	9	138	77.4
Total inactives with medical coverage	**283**	**364**	**647**	**71.5**
Inactives Cash in Lieu[8]			**39**	**73.4**

Inactives without Medical Coverage[9]		*Total*	*Avg. Age*
Disabled retirees		1	51.1
Healthy retirees		17	63.0
Surviving spouses		9	75.5
Total inactives without medical coverage		**27**	**66.7**

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

Inactives Age Distribution

Age	*Retired*[10]	*Surviving Spouses*[11]	*Disabled*[12]	*Total*
Under 50		3		3
50 – 54	4	1	5	10
55 – 59	30	4	11	45
60 – 64	89	11	23	123
65 – 69	143	19	21	183
70 – 74	86	24	9	119
75 – 79	48	18	6	72
80 – 84	37	18	4	59
85 – 89	33	33		66
90 & up	16	17		33
Total	**486**	**148**	**79**	**713**

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

APPENDIX

Comparison of Participant Demographic Information

	As of February 28, 2015	As of February 29, 2016
Active Participants[13]	724	742
Inactive Participants[14]		
Disabled Retirees	79	78
Healthy Retirees[15]	475	431
Surviving Spouses[16]	141	138
Spouses of Disabled Retirees	46	45
Spouses of Healthy Retirees	302	306
Averages for Active		
Age	46.7	46.6
Service	14.2	13.8
Averages for Inactive		
Disabled Retirees Age	64.7	65.5
Healthy Retirees Age	70.4	70.7
Surviving Spouses Age	77.2	77.4
Spouses of Disabled Retirees Age	60.0	60.5
Spouses of Healthy Retirees Age	67.6	67.4

[13] Active enrollment information above includes all participants, including those who do not have health care coverage as they may be eligible for life insurance benefits.
[14] Enrollment as of 2/28/2015 excludes one disabled retiree, nine healthy retirees, and eight surviving spouses who waive medical coverage with LBWL and have no life insurance benefits. 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.
[15] Enrollment as of 2/28/2015 includes 38 retirees receiving cash in lieu of coverage and seven retirees who waive coverage with LBWL but are eligible for life insurance benefits. Enrollment as of 2/29/2016 includes 38 retirees receiving cash in lieu of coverage and eight retirees who waive coverage with LBWL but are eligible for life insurance benefits.
[16] Enrollments as of 2/28/2015 and 2/28/2016 include one surviving spouse receiving cash in lieu of coverage.

Participant Data Reconciliation

The participant data reconciliation below includes participants receiving cash in lieu of coverage and those who waive coverage (regardless of whether they are receiving life insurance benefits or not).

	Active	*Retired*	*Surviving Spouses*	*Disabled*	*Total*
March 2015	**724**	**484**	**149**	**80**	**1,437**
Status change for active employees	(18)	18			**0**
Status change for disableds					**0**
Left without health coverage	(25)	(10)	(7)	(1)	**(43)**
Died with surviving spouses		(6)	6		**0**
New hires and rehires	61				**61**
Data corrections					**0**
March 2016	**742**	**486**	**148**	**79**	**1,455**

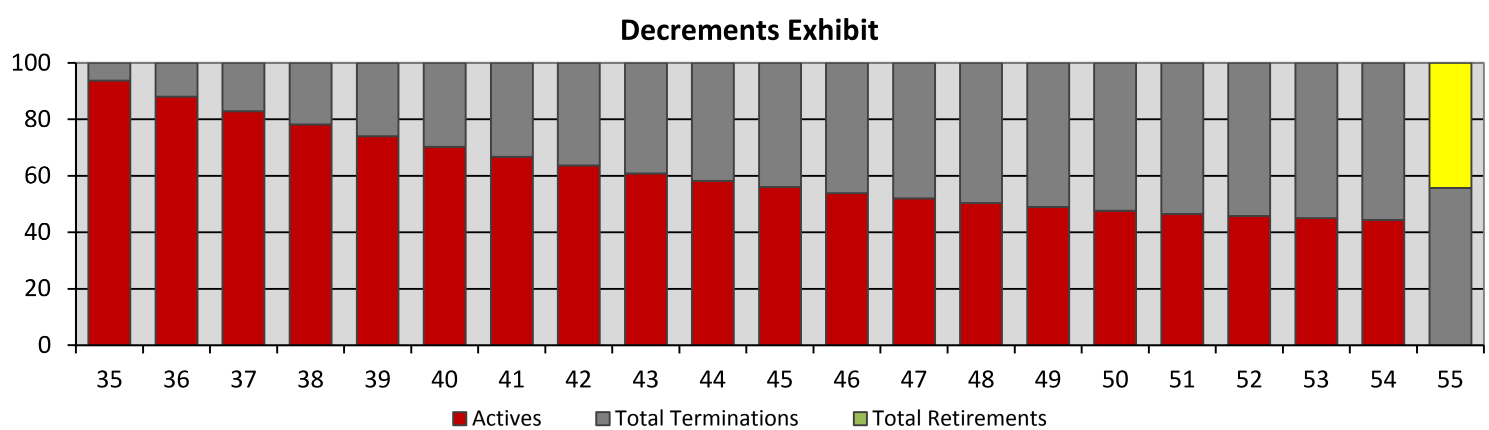
Glossary

Decrements Exhibit

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. Starting with 100 employees at age 35, the illustrated actuarial assumptions show that 44.430 employees out of the original 100 are expected to retire and could elect retiree health benefits at age 55.

Age	# Remaining Employees	# of Terminations per Year*	# of Retirements per Year*	Total Decrements
35	100.000	6.276	0.000	6.276
36	93.724	5.677	0.000	5.677
37	88.047	5.136	0.000	5.136
38	82.911	4.648	0.000	4.648
39	78.262	4.209	0.000	4.209
40	74.053	3.814	0.000	3.814
41	70.239	3.456	0.000	3.456
42	66.783	3.131	0.000	3.131
43	63.652	2.835	0.000	2.835
44	60.817	2.564	0.000	2.564
45	58.253	2.316	0.000	2.316

Age	# Remaining Employees	# of Terminations per Year*	# of Retirements per Year*	Total Decrements
46	55.938	2.085	0.000	2.085
47	53.853	1.866	0.000	1.866
48	51.987	1.656	0.000	1.656
49	50.331	1.452	0.000	1.452
50	48.880	1.253	0.000	1.253
51	47.627	1.060	0.000	1.060
52	46.567	0.877	0.000	0.877
53	45.690	0.707	0.000	0.707
54	44.983	0.553	0.000	0.553
55	44.430	0.000	44.430	44.430

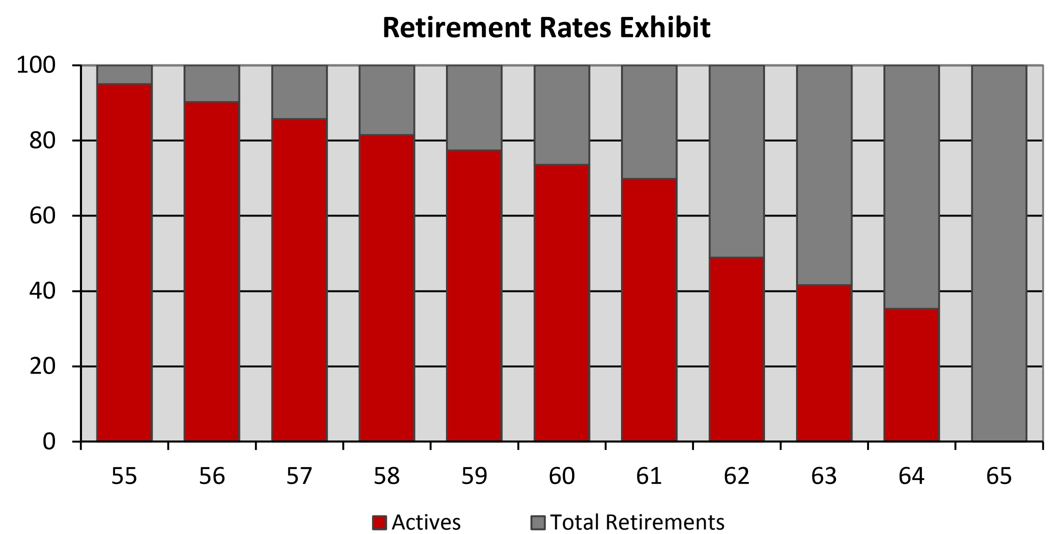


* The above rates are illustrative rates and are not used in our GASB calculations.

Retirement Rates Exhibit

The table below illustrates how actuarial assumptions can affect a long-term projection of future liabilities. The illustrated retirement rates show the number of employees who are assumed to retire annually based on 100 employees age 55 who are eligible for retiree health care coverage. The average age at retirement is 62.0.

Age	Active Employees BOY	Annual Retirement Rates*	# Retirements per Year	Active Employees EOY
55	100.000	5.0%	5.000	95.000
56	95.000	5.0%	4.750	90.250
57	90.250	5.0%	4.513	85.738
58	85.738	5.0%	4.287	81.451
59	81.451	5.0%	4.073	77.378
60	77.378	5.0%	3.869	73.509
61	73.509	5.0%	3.675	69.834
62	69.834	30.0%	20.950	48.884
63	48.884	15.0%	7.333	41.551
64	41.551	15.0%	6.233	35.318
65	35.318	100.0%	35.318	0.000



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

Illustration of GASB Calculations

The purpose of the illustration is to familiarize non-actuaries with the GASB 45 actuarial calculation process.

I. Facts

1. The employer provides subsidized retiree health coverage worth $100,000 to employees retiring at age 55 with 25 years of service. The employer funds for retiree health coverage on a pay-as-you-go basis.
2. Employee X is age 50 and has worked 20 years with the employer.
3. Retiree health subsidies are paid from the general fund assets which are expected to earn 4.5% per year on a long-term basis.
4. Based on Employee X's age and sex he has a 98.0% probability of living to age 55 and a 95.0% probability of continuing to work to age 55.

II. Calculation of Present Value of Future Benefits

Present Value of Future Benefits represents the cost to finance benefits payable in the future to current and future retirees and beneficiaries, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment.

	Value	Description
A.	$100,000	Projected benefit at retirement
B.	80.2%	Interest discount for five years = $(1 / 1.045)^5$
C.	98.0%	Probability of living to retirement age
D.	95.0%	Probability of continuing to work to retirement age
E.	$74,666	Present value of projected retirement benefit measured at employee's current age = A x B x C x D

Illustration of GASB Calculations (continued)

III. Calculation of Actuarial Accrued Liability

Actuarial Accrued Liability represents the portion of the Present Value of Future Benefits which has been accrued recognizing the employee's past service with the employer. The Actuarial Accrued Liability is a required disclosure in the Required Supplementary Information section of the employer's financial statement.

	Value	Description
A.	$74,666	Present value of projected retirement benefit measured at employee's current age
B.	20	Current years of service with employer
C.	25	Projected years of service with employer at retirement
D.	$59,733	Actuarial accrued liability measured at employee's current age = A x B / C

IV. Calculation of Normal Cost

Normal Cost represents the portion of the Present Value of Future Benefits allocated to the current year.

	Value	Description
A.	$74,666	Present value of projected retirement benefit measured at employee's current age
B.	25	Projected years of service with employer at retirement
C.	$2,987	Normal cost measured at employee's current age = A / B

V. Calculation of Annual Required Contribution

Annual Required Contribution is the total expense for the current year to be shown in the employer's income statement.

	Value	Description
A.	$2,987	Normal Cost for the current year
B.	$3,509	30-year amortization (level dollar method) of Unfunded Actuarial Accrued Liability using a 4.5% interest rate discount factor
C.	$292	Interest adjustment = 4.5% x (A + B)
D.	$6,788	Annual Required Contribution = A + B + C

Definitions

GASB 45 defines several unique terms not commonly employed in the funding of pension and retiree health plans. The definitions of the terms used in the GASB actuarial valuations are noted below.

1. **Actuarial Accrued Liability** – That portion, as determined by a particular Actuarial Cost Method, of the Actuarial Present Value of plan benefits and expenses which is not provided for by the future Normal Costs.

2. **Actuarial Assumptions** – Assumptions as to the occurrence of future events affecting health care costs, such as: mortality, withdrawal, disablement and retirement; changes in compensation and Government provided health care benefits; rates of investment earnings and asset appreciation or depreciation; procedures used to determine the Actuarial Value of Assets; characteristics of future entrants for Open Group Actuarial Cost Methods; and other relevant items.

3. **Actuarial Cost Method** – A procedure for determining the Actuarial Present Value of future benefits and expenses and for developing an actuarially equivalent allocation of such value to time periods, usually in the form of a Normal Cost and an Actuarial Accrued Liability.

4. **Actuarial Present Value** – The value of an amount or series of amounts payable or receivable at various times, determined as of a given date by the application of a particular set of Actuarial Assumptions. For purposes of this standard, each such amount or series of amounts is:

   a) adjusted for the probable financial effect of certain intervening events (such as changes in compensation levels, Social Security, marital status, etc.);
   b) multiplied by the probability of the occurrence of an event (such as survival, death, disability, termination of employment, etc.) on which the payment is conditioned; and
   c) discounted according to an assumed rate (or rates) of return to reflect the time value of money.

5. **Annual OPEB Cost** – An accrual-basis measure of the periodic cost of an employer's participation in a defined benefit OPEB plan.

6. **Annual Required Contribution (ARC)** – The employer's periodic required contributions to a defined benefit OPEB plan, calculated in accordance with the parameters.

7. **Explicit Subsidy** – The difference between (a) the amounts required to be contributed by the retirees based on the premium rates and (b) actual cash contribution made by the employer.

8. **Funded Ratio** – The actuarial value of assets expressed as a percentage of the actuarial accrued liability.

9. **Healthcare Cost Trend Rate** – The rate of change in the per capita health claims costs over time as a result of factors such as medical inflation, utilization of healthcare services, plan design, and technological developments.

Definitions (continued)

10. **Implicit Subsidy** – In an experience-rated healthcare plan that includes both active employees and retirees with blended premium rates for all plan members, the difference between (a) the age-adjusted premiums approximating claim costs for retirees in the group (which, because of the effect of age on claim costs, generally will be higher than the blended premium rates for all group members) and (b) the amounts required to be contributed by the retirees.

11. **Net OPEB Obligation** – The cumulative difference since the effective date of this Statement between annual OPEB cost and the employer's contributions to the plan, including the OPEB liability (asset) at transition, if any, and excluding (a) short-term differences and (b) unpaid contributions that have been converted to OPEB-related debt.

12. **Normal Cost** – The portion of the Actuarial Present Value of plan benefits and expenses which is allocated to a valuation year by the Actuarial Cost Method.

13. **Pay-as-you-go** – A method of financing a benefit plan under which the contributions to the plan are generally made at about the same time and in about the same amount as benefit payments and expenses becoming due.

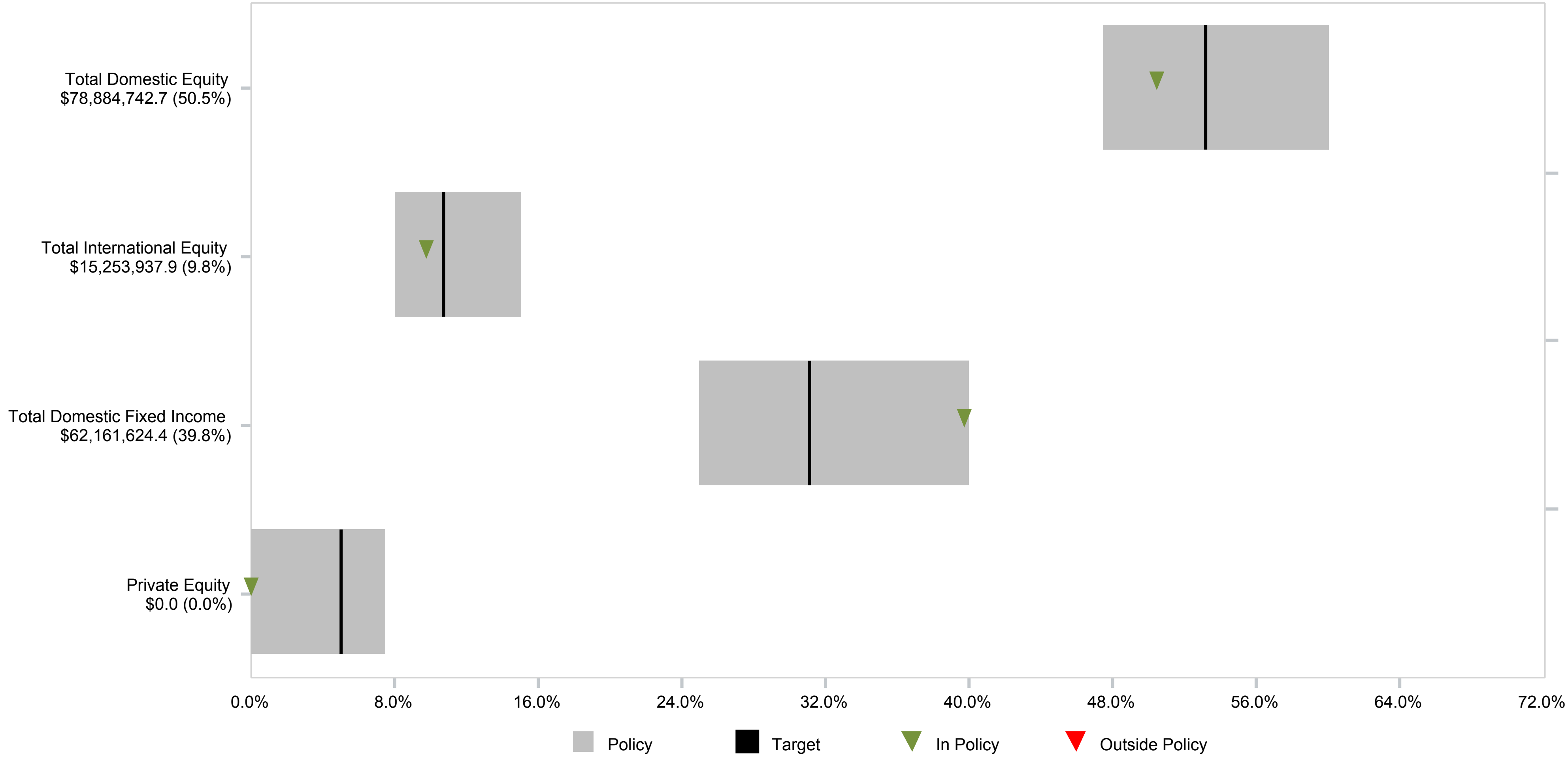
14. **Per Capita Costs** – The current cost of providing postretirement health care benefits for one year at each age from the youngest age to the oldest age at which plan participants are expected to receive benefits under the plan.

15. **Present Value of Future Benefits** – Total projected benefits include all benefits estimated to be payable to plan members (retirees and beneficiaries, terminated employees entitled to benefits but not yet receiving them, and current active members) as a result of their service through the valuation date and their expected future service. The actuarial present value of total projected benefits as of the valuation date is the present value of the cost to finance benefits payable in the future, discounted to reflect the expected effects of the time value (present value) of money and the probabilities of payment. Expressed another way, it is the amount that would have to be invested on the valuation date so that the amount invested plus investment earnings will provide sufficient assets to pay total projected benefits when due.

16. **Select and Ultimate Rates** – Actuarial assumptions that contemplate different rates for successive years. Instead of a single assumed rate with respect to, for example, the investment return assumption, the actuary may apply different rates for the early years of a projection and a single rate for all subsequent years. For example, if an actuary applies an assumed investment return of 8% for year 20W0, then 7.5% for 20W1, and 7% for 20W2 and thereafter, then 8% and 7.5% select rates, and 7% is the ultimate rate.

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

Executive Summary



Asset Allocation Compliance

	Asset Allocation $	Current Allocation (%)	Minimum Allocation (%)	Target Allocation (%)	Maximum Allocation (%)	Min. Rebal. ($000)	Target Rebal. ($000)	Max. Rebal. ($000)
Total Fund	156,300,305	100.0	N/A	100.0	N/A	-	-	-
Total Domestic Equity	78,884,743	50.5	47.5	53.2	60.0	-4,642,098	4,267,020	14,895,440
Total International Equity	15,253,938	9.8	8.0	10.7	15.0	-2,749,914	1,470,195	8,191,108
Total Domestic Fixed Income	62,161,624	39.8	25.0	31.1	40.0	-23,086,548	-13,552,230	358,498
Private Equity	-	0.0	0.0	5.0	7.5	-	7,815,015	11,722,523

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Financial Reconciliation Fiscal Year to Date

	Market Value 07/01/2015	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 06/30/2016
Total Fund	**156,140,262**	**-**	**125,348,767**	**-125,316,124**	**-342,722**	**-20,509**	**1,926,850**	**-1,436,220**	**156,300,305**
Total Equity	**-**	**-19,000,000**	**84,315,405**	**-103,275,349**	**-262,855**	**-19,363**	**1,047,691**	**112,333,152**	**94,138,681**
Total Domestic Equity	**-**	**-18,000,000**	**73,931,362**	**-91,899,446**	**-240,114**	**-2,709**	**909,125**	**96,186,524**	**78,884,743**
Loomis Sayles	18,738,106	41,286,597	61,116,615	-19,801,603	-39,550	-2,046	444,929	2,903,494	63,359,944
Advisory Research	5,431,890	10,910,416	12,793,275	-1,879,358	-9,678	-663	132,368	-943,036	15,524,798
Eaton Vance	12,854,328	-12,877,864	-	-12,877,864	-36,521	-	94,337	-34,280	-
Jennison	13,292,499	-12,042,419	-	-12,042,419	-23,337	-	61,581	-1,288,324	-
Herndon Capital	12,017,695	-11,311,024	-	-11,311,024	-21,822	-	64,815	-749,665	-
Edgewood	22,422,000	-23,055,290	13,739	-23,069,029	-78,704	-	51,006	660,988	-
Insight	5,529,127	-5,119,563	4,274	-5,123,837	-16,533	-	36,695	-429,726	-
O'Shaughnessy	5,993,702	-5,790,853	3,458	-5,794,311	-13,968	-	23,393	-212,274	-
Total International Equity	**-**	**-1,000,000**	**10,384,044**	**-11,375,903**	**-22,741**	**-16,654**	**138,565**	**16,146,628**	**15,253,938**
JP Morgan International Value	6,832,524	9,316,774	10,384,044	-1,059,129	-10,140	-16,654	104,659	-981,365	15,253,938
MFS Investment Mangement	6,676,072	-5,987,839	-	-5,987,839	-12,601	-	20,285	-695,916	-
Total Domestic Fixed Income	**-**	**19,000,000**	**41,033,362**	**-22,040,775**	**-79,866**	**-1,146**	**879,159**	**42,370,890**	**62,161,624**
JP Morgan Fixed	20,145,857	40,029,005	40,993,987	-990,110	-35,713	-1,146	764,031	1,284,718	62,161,624
MetWest	20,560,882	-21,029,005	39,374	-21,050,665	-44,154	-	115,129	379,434	-

Comparative Performance

	QTR Return	QTR Rank	FYTD Return	FYTD Rank	1 YR Return	1 YR Rank	3 YR Return	3 YR Rank	5 YR Return	5 YR Rank	7 YR Return	7 YR Rank	10 YR Return	10 YR Rank	Inception Return	Inception Rank	Inception Date
Total Fund	**2.53**	**(14)**	**0.60**	**(52)**	**0.60**	**(52)**	**7.17**	**(33)**	**6.86**	**(41)**	**9.81**	**(34)**	**5.46**	**(77)**	**5.80**	**(78)**	**07/01/2004**
Total Fund Policy	2.18	(30)	0.88	(44)	0.88	(44)	7.58	(19)	7.95	(6)	10.86	(6)	6.44	(18)	6.74	(22)	
All Public Plans-Total Fund Median	1.91		0.65		0.65		6.76		6.64		9.53		5.91		6.24		
Total Domestic Equity																	
Loomis Sayles	2.36	(17)	9.57	(2)	9.57	(2)	15.48	(5)	N/A		N/A		N/A		14.31	(42)	01/01/2013
Russell 1000 Growth Index	0.61	(51)	3.02	(20)	3.02	(20)	13.07	(35)	12.35	(29)	15.52	(31)	8.78	(40)	14.70	(32)	
IM U.S. Large Cap Growth Equity (SA+CF) Median	0.62		-0.64		-0.64		12.25		11.38		14.88		8.48		13.78		
Advisory Research	-1.72	(95)	-11.34	(91)	-11.34	(91)	3.16	(91)	5.89	(94)	11.36	(98)	N/A		11.36	(98)	07/01/2009
Russell 2500 Value Index	4.37	(21)	0.22	(22)	0.22	(22)	8.14	(55)	9.59	(58)	15.18	(59)	6.52	(77)	15.18	(59)	
IM U.S. Small Cap Value Equity (SA+CF) Median	2.49		-2.73		-2.73		8.47		9.93		15.45		7.62		15.45		
Total International Equity																	
JP Morgan International Value (JNVMX)	-2.42	(58)	-13.98	(67)	-13.98	(67)	-0.53	(83)	-0.07	(54)	4.63	(52)	N/A		7.23	(72)	04/01/2009
MSCI EAFE (Net) Index	-1.46	(41)	-10.16	(15)	-10.16	(15)	2.06	(26)	1.68	(16)	5.97	(17)	1.58	(13)	9.12	(16)	
IM International Multi-Cap Value Equity (MF) Median	-2.11		-12.21		-12.21		0.96		0.01		4.66		0.65		7.99		
Total Domestic Fixed Income																	
JP Morgan Fixed	2.63	(40)	6.36	(23)	6.36	(23)	4.65	(31)	4.25	(51)	5.10	(56)	N/A		5.12	(58)	01/01/2009
Bloomberg Barclays U.S. Aggregate Index	2.21	(54)	6.00	(28)	6.00	(28)	4.06	(50)	3.76	(62)	4.58	(65)	5.13	(59)	4.53	(69)	
IM U.S. Fixed Income (SA+CF) Median	2.28		4.36		4.36		4.05		4.26		5.46		5.42		5.73		

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

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Comparative Performance

	FYTD Return	FYTD Rank	Jul-2015 To Jun-2016 Return	Rank	Jul-2014 To Jun-2015 Return	Rank	Jul-2013 To Jun-2014 Return	Rank	Jul-2012 To Jun-2013 Return	Rank	Jul-2011 To Jun-2012 Return	Rank
Total Fund	**0.60**	**(52)**	**0.60**	**(52)**	**2.21**	**(78)**	**19.72**	**(7)**	**14.17**	**(16)**	**-0.85**	**(87)**
Total Fund Policy	0.88	(44)	0.88	(44)	4.27	(28)	18.37	(20)	14.38	(15)	2.94	(13)
All Public Plans-Total Fund Median	0.65		0.65		3.44		16.86		12.19		1.06	
Total Domestic Equity												
Loomis Sayles	9.57	(2)	9.57	(2)	9.95	(64)	27.86	(45)	N/A		N/A	
Russell 1000 Growth Index	3.02	(20)	3.02	(20)	10.56	(59)	26.92	(52)	17.07	(55)	5.76	(24)
IM U.S. Large Cap Growth Equity (SA+CF) Median	-0.64		-0.64		11.25		27.18		17.40		3.18	
Advisory Research	-11.34	(91)	-11.34	(91)	-4.82	(91)	30.08	(14)	18.67	(94)	2.19	(19)
Russell 2500 Value Index	0.22	(22)	0.22	(22)	0.99	(71)	24.94	(59)	26.88	(52)	-1.49	(43)
IM U.S. Small Cap Value Equity (SA+CF) Median	-2.73		-2.73		3.85		25.56		27.11		-1.85	
Total International Equity												
JP Morgan International Value (JNVMX)	-13.98	(67)	-13.98	(67)	-5.36	(38)	20.91	(81)	17.78	(30)	-14.04	(29)
MSCI EAFE (Net) Index	-10.16	(15)	-10.16	(15)	-4.22	(29)	23.57	(56)	18.62	(21)	-13.83	(26)
IM International Multi-Cap Value Equity (MF) Median	-12.21		-12.21		-5.97		24.06		16.65		-15.97	
Total Domestic Fixed Income Composite												
JP Morgan Fixed	6.36	(23)	6.36	(23)	2.99	(12)	4.63	(61)	-0.12	(79)	7.55	(43)
Bloomberg Barclays U.S. Aggregate Index	6.00	(28)	6.00	(28)	1.86	(42)	4.37	(66)	-0.69	(87)	7.47	(44)
IM U.S. Fixed Income (SA+CF) Median	4.36		4.36		1.64		5.44		1.04		6.99	

Returns for periods greater than one year are annualized.
Returns are expressed as percentages.

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Summary Annual Report

Lansing Board of Water and Light Retiree Benefit Plan and Trust

For the Plan Year Ended June 30, 2016

This summary annual report is prepared by the management of the City of Lansing by its Board of Water and Light (d/b/a the Lansing Board of Water and Light). It is prepared pursuant to the requirements of State of Michigan Act No. 347 of 2012, Section 13. (3)(i), and contains the information required by that Act. The names of the System Investment Fiduciaries and the System Service Providers are current as of June 30, 2016. Investment performance is based upon returns for the calendar years 2005 – 2015. Actual and budgeted expenditures are based upon calendar years 2015 and 2016, respectively. All other information is for the System actuarial valuation date of February 29, 2016 and February 28, 2015.

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, Mark Alley, Anthony McCloud, Sandra Zerkle), General Manager Richard Peffley, and Heather Shawa-DeCook, Chief Financial Officer.

Names of the System Service Providers:

Investment Advisor and Plan Administrator - The Bogdahn Group, George Vitta – Senior Consultant

Investment Managers:

Advisory Research – SMID Cap Value	ccrawshaw@advisoryresearch.com
JPMorgan – Fixed Income	Brian.t.miller@jpmorgan.com
JPMorgan International – International Value	Brian.t.miller@jpmorgan.com
Loomis Sayles - Large Cap Growth	DSowerby@loomissayles.com

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

	2/29/2016	2/28/2015	Change
Market Value of Plan Assets	$145,274,065	$157,564,646	($12,290,581)
Accrued Liability	$205,215,099	$200,196,438	$5,018,661
Net Plan Assets	($59,941,034)	($42,631,792)	($17,309,242)

System Funded Ratio – 71%

System Investment Performance Net of Fees on a Calendar Year Basis (2005 – 2015):

1 Year:	0.49%
3 Years:	7.93%
5 Years:	6.76%
7 Years:	9.18%
10 Years:	5.87%

System Administrative and Investment Expenditures (Calendar Year 2015):

Administrative Expenses:	$12,000.00
Investment Expenses:	$1,071,847.70

System Budgeted Expenditures (Calendar Year 2016):

Administrative Expenses:	$15,000.00
Investment Expenses:	$395,000.00

System Information from the 2016 Actuarial Report:

Number of Active and Inactive Members:	742
Number of Retirees and Beneficiaries:	713
Average Annual Retirement Allowance:	n/a
Total Annual Retirement Allowances Being Paid:	n/a
Valuation Payroll:	n/a
Normal Cost of Benefits as a Percent of Payroll:	n/a
Total Contribution Rate as a Percent of Payroll:	n/a
Weighted Average of Member Contributions:	0%*
Actuarial Assumed Rate of Investment Return:	7.5%
Actuarial Assumed Rate of Long-term Wage Inflation:	n/a
Smoothing Method Used for Funding Value of Assets:	none
Amortization Method and Period Used for Unfunded Liabilities:	Level dollar amount, 30 years
Actuarial Cost Method:	Entry Age Normal Level Dollar
Open or Closed System Membership:	Open

***Current retirees are not subject to premium sharing. For employees hired on/after January 1, 2009, future retiree contributions will be equal to the current employees' healthcare premium sharing.**

Investment Policy Statement

for

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pension

July 2008

Table Of Contents

I. Introduction

Purpose of this Policy Statement

This policy statement outlines the goals and investment objectives of the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension (the "Plan"). Since this policy statement will provide guidelines for the investment advisors responsible for managing the Plan's assets, it outlines certain specific investment policies which will govern how those goals are expected to be achieved. This statement:

- Describes an appropriate risk posture for the investment of the Plan's assets;
- Specifies the target asset allocation policy;
- Specifies criteria for evaluating the performance of the Plan's assets; and
- Defines the various responsibilities of the Board of Commissioners ("the Board") and other parties involved in the management of the Plan's assets.
- The investment policies described in this statement should be dynamic, since they should reflect the Plan's current status and the Board's duties and investment philosophy regarding the investment of the assets. These policies will be reviewed and revised periodically to ensure they reflect any changes related to the status of the Plan or to Lansing Board of Water & Light ("the Sponsor"), as well as any fundamental changes in the capital markets.

Investment Objective

The Plan's assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the Finance Committee has taken into account the time horizon available for investment, the nature of the Plan's cash flows and liabilities, and other factors that affect the Plan's risk tolerance. Consistent with this, the Finance Committee has determined that the investment objective is **<u>growth and income</u>**. This investment objective:

- Is a balanced investment approach that is expected to achieve a positive rate of return over the long-term that would significantly contribute to the retirement income needs of most long-term employees;
- Is expected to earn long-term returns from capital appreciation and a growing stream of current income;
- Recognizes that the assets are exposed to risk and the market value of the Portfolio may fluctuate from year-to-year. This volatile performance is acceptable, as long as the Portfolio is invested primarily for capital appreciation over the long-term;
- Is expected to earn long-term returns sufficient to maintain or grow the purchasing power of assets over the long-term;
- Implies a long-term time horizon available for investment in order to benefit from total returns that would normally accrue to a patient investment strategy;

- Diversifies the Portfolio’s assets in order to reduce the risk of wide swings in market value from year-to-year, or of incurring large losses that may result from concentrated positions;
- May potentially achieve investment results over the long-term that compare favorably with those of other professionally managed portfolios and of appropriate market indexes.

It is expected that these objectives can be obtained through a well-diversified portfolio structure in a manner consistent with this investment policy.

This investment policy is intended to be a summary of an investment philosophy that provides guidance for the Finance Committee and other parties interested in the management of these assets. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.

II. Information about the Plan

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

1232 Haco Drive
Lansing, MI 48912
Tel. (517) 702-6256

Primary Contact... Susan Devon
CFO

Plan Assets $125,000,000
(as of June 30, 2007)

About Lansing Board of Water and Light and the Plan

The Lansing Board of Water and Light is a municipally owned utility providing drinking water, electricity, steam and services to the greater Lansing area in mid-Michigan. The Plan is a defined benefit pension plan that operates under state laws. The plan receives contributions made by the Lansing Board of Water & Light. The Fund pays any retirement benefits enumerated in the plan. These funds are invested in various financial assets. The plan currently has 569 participants; 494 currently receiving benefits.

Cash Flows

The Plan is currently over funded at a funding ratio of 125% as of June 30, 2007. The fund expects to maintain a funding level above 125%, which will allow annual section 420 transfers into the Post-Retirement Benefit Plan (VEBA). The plan expects to make annual withdrawals of $8,000,000. There are no expected contributions.

Tax/Regulatory Status

As a Defined Benefit Plan, the income and earnings of the Plan are exempt from State and Federal taxes. The Plan is covered under Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended.

Responsibilities of the Plan Representatives

Board of Commissioners

The Board is comprised of 8 appointed Commissioners of the Lansing Board of Water & Light. All of the Commissioners are Trustees of the Lansing Board of Water & Light Defined Benefit Plan and Trust. The Board of Commissioners has delegated oversight responsibility to the Finance Committee.

Finance Committee

The Finance Committee is a subcommittee of the Board of Commissioners responsible for approving the Investment Policy Statement and any future revisions. They are responsible for selecting the Investment Managers, Investment Consultants, custodians and other administrators required for the management of the Plan's assets and evaluating overall investment results.

The CFO will make recommendations to the Finance Committee regarding investment manager hiring and termination. The Finance Committee will have authority to make all such decisions.

Investment Consultant

The Investment Consultant retained by the Plan shall have the following responsibilities:

- To assist the Finance Committee in strategic planning for the Plan. This includes providing assistance in developing an investment policy, asset allocation strategy, and Investment Manager structure;
- To provide to the Finance Committee quarterly performance measurement reports on each separately managed account and on the Plan as a whole and to assist the Finance Committee in interpreting the results;
- To act as a liaison between investment managers and the Finance Committee, and thereby facilitate the communication of important information in the management of the Plan;
- To assist the Finance Committee with other duties as may be mutually agreed.

IV. Responsibilities of the Investment Managers

It is the intention of the Finance Committee to utilize separately managed accounts with various investment management firms; however, mutual or other commingled funds may be used from time to time to implement the investment strategy of the Plan, where practical. For mutual and other commingled funds, the prospectus or other documents of the fund(s) will govern the investment policies of the Plan investments. The following guidelines apply to separately managed accounts.

Fiduciary Responsibilities

- Each Investment Manager is expected to manage the Plan's assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this statement and any other applicable laws. This would include discharging responsibilities with respect to the Plan consistent with "Prudent Expert" standards, and all other fiduciary responsibility provisions and regulations.
- Each Investment Manager shall at all times be registered as an investment adviser under the Investment Advisers Act of 1940 (where applicable), and shall acknowledge in writing that they are a fiduciary of the Plan with respect to the assets they manage.
- Each Investment Manager shall supply the plan administrators a copy of their SEC form ADV Part 2 on an annual basis. If the Investment Manager is exempt from filing an annual ADV, the Investment Manager shall provide appropriate financial statements to the Board and the Investment Consultant.
- Each Investment Manager shall hold sufficient fidelity bonds, fiduciary liability or other insurance that would protect the interests of the Plan in the event of a breach of fiduciary duty and provide proof of such insurance and amounts of coverage to the plan administrators on an annual basis.
- Each Investment Manager shall manage the assets in accordance with the Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended.
- The Plan assets will be managed by experienced investment management firms.

Security Selection/Asset Allocation

- Except as noted below, each Investment Manager shall have the discretion to determine their portfolio's individual securities selection.
- The Plan is expected to operate within an overall asset allocation strategy defining the Plan's mix of asset classes. This strategy, described below, sets a long-term percentage target for the amount of the Plan's market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations.

- The asset allocation strategy for each Investment Manager's portfolio can deviate from the overall Plan's asset allocation, however, the Finance Committee is responsible for monitoring the aggregate asset allocation, and may re-balance to the target allocation on a periodic basis.

Proxy Voting

Absent delegation to another service provider, each Investment Manager is responsible and empowered to exercise all rights, including voting rights, as is acquired through the purchase of securities, where practical. The Investment Managers shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Finance Committee upon request.

V. Investment Return Objectives

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

The Finance Committee and their advisors will monitor the Plan's performance on a quarterly basis. The members of the Finance Committee will evaluate each Investment Manager's contribution toward meeting the investment objectives outlined below and in their specific policy guidelines (that are attached) over a three- to five-year time period, unless otherwise noted.

Fixed Rate of Return target: It is desired that the Plan produce a level of return of at least **8%**.

Secondary Rate of return Target: CPI + 5%.

Primary Benchmark: It is desired that the Plan produce a level of return in excess of the "market," as represented by a benchmark index or mix of indexes reflective of the Plan's return objectives and risk tolerance.

This benchmark or *"policy index"* is to be constructed as follows:

45% Russell 1000 Stock Index - Domestic Large Capitalization Stocks

10% Russell 2000 Stock Index - Domestic Small Capitalization Stocks

14.2% Morgan Stanley Capital International Europe, Australia and Far East (MSCI EAFE) International Stock Index - International Stocks

30.8% Merrill Lynch Domestic Master Bond Index - U.S. Fixed Income

The Plan is expected to exceed the average annual return of this benchmark on a risk-adjusted basis over rolling three to five year time periods and a full market cycle.

VI. Risk Tolerance

Investment theory and historical capital market return data suggests that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (i.e. volatility of return) is associated with higher return.

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Plan is the determination of an appropriate risk tolerance. The Finance Committee examined two important factors that affect the Plan's risk tolerance:

Financial Ability to accept risk within the investment program and,

Willingness to accept return volatility.

The members of the Finance Committee have examined their risk tolerance by considering several relevant factors.

Positive factors that contribute to a higher risk tolerance are:

(1) The long-term time horizon available for investment

(2) The Plan is over funded which increases the Plan's ability to take risk.;

Offsetting these factors are:

(1) The large number of participants who are currently retired who depend on the plan for retirement benefits;

(2) The continued ability and willingness of the Sponsor to make future contributions to the Plan and the ability to continue to fund the VEBA; and

(3) The desire to avoid large swings in market value and to avoid large losses in market value.

The members of the Finance Committee have analyzed the behavior of the Plan's assets within different economic environments. As a result of this analysis, the Finance Committee is comfortable with a risk level of the Plan as measured by volatility (standard deviation) that is similar to the volatility level of the policy index when measured over three- to five-year rolling time periods and a full market cycle.

VII. Asset Allocation Strategy

In line with the Plan's return objectives and risk parameters, the mix of assets should be generally maintained as follows (percents are of the market value of the Plan):

Asset Class/ Investment Style	Minimum	Target Avg.	Maximum
Domestic Large Capitalization Stocks	40%	45%	50%
Domestic Small Capitalization Stocks	7.5%	10%	12.5%
International Stocks	10%	14.2%	18%
Total Equity	**65%**	**69.2%**	**75%**
U.S. Core Fixed Income	25%	30.8%	40%
Total Fixed Income	**25%**	**30.8%**	**40%**

Deviations from this asset mix guideline may be authorized in writing by the Finance Committee, which may determine if the aggregate deviation constitutes a material departure from the spirit of the target allocation.

Each investment manager will be expected to maintain the asset allocation of their portfolio within the target asset allocation established for their portfolio. Since the growth in each individually managed portfolio can result in a deviation from the overall portfolio's asset allocation, the aggregate asset allocation will be monitored and may be rebalanced to the target allocation on a periodic basis.

Rebalancing Procedures

The allocations to each asset class and to investment styles within asset classes are expected to remain stable over most market cycles.

Each Investment Manager will be expected to maintain the asset allocation of their portfolio consistent with the target asset allocation established for their portfolio. Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall Plan's asset allocation, the aggregate asset allocation will be monitored and the Finance Committee may rebalance the Plan to the target allocation on a periodic basis. To achieve the rebalancing of the Plan, the Finance Committee may instruct the investment consultant to re-direct contributions and disbursements from individual Investment Managers as appropriate, in addition to shifting assets from one Investment Manager to another.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Finance Committee by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Finance Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

VIII. Investment Strategy

Selection Criteria for Investment Managers

Investment Managers retained by the Finance Committee shall be chosen using the following criteria:

- Investment Manager should have at least $500 million in total assets and have been in business for at least 5 years.
- Investment Manager Strategy should have at least $200 million in assets.
- Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both consistency of performance and the level of risk taken to achieve results;
- The investment style and discipline of the Investment Manager;
- How well the Investment Manager's investment style or approach complements other Investment Managers in the Plan;
- Level of experience, financial resources, and staffing levels of the Investment Manager;
- An assessment of the likelihood of future investment success, relative to other opportunities.
- The Finance Committee is interested in having an inclusive, diverse group of candidates in its search for investment managers. The CFO is to advertise broadly for investment managers with the intent of making this opportunity available to all genders, ethnic groups, races and localities.
- Investment Manager Strategy should have competitive fees.
- Investment Manager should have no recent material change in key personnel. In

addition, the following guidelines will apply:

A. Asset Allocation

Unless otherwise noted below, under normal market conditions, **each Investment Manager is expected to be invested consistent with their investment style as described in any relevant investment management agreement with the selected investment advisor(s).** During the initial three months of the relationship after being retained, the Investment Manager may hold cash and cash equivalents in larger proportions in order to invest their portfolio on an orderly basis.

B. Diversification Requirements

To minimize the risk of large losses, each Investment Manager shall maintain adequate diversification in their portfolio. Subject to the constraints outlined in this investment policy, and in their investment management agreement with the Plan, each Investment Manager shall have the discretion to determine their portfolio's individual security selections.

C. Cash and Equivalents

It is generally expected that the Investment Manager will remain fully invested in equities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the Custodian’s money market fund, short-term maturity Treasury securities, insured savings instruments of commercial banks and savings and loans.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Finance Committee by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Finance Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

IX. Exclusions

The Plan's assets invested in separately managed accounts may not be used for the following purposes except for hedging an existing position to reduce risk.

- Short Sales;
- Purchases of letter stock, private placements, or direct payments;
- Non-rated bonds
- Leveraged transactions;
- Commodities transactions;
- Investments in non-U.S. dollar denominated securities, except for International Equity Investment Managers;
- Puts, calls, straddles, or other option strategies (unless the position is used to hedge or unhedge an underlying position);
- Purchases of oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;
- Investments in tax-exempt securities or funds;
- Investments in limited partnerships (except for publicly traded Master Limited Partnerships);
- Investments by the Investment Manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Finance Committee;
- Investments in futures, use of margin or investments in any derivatives not explicitly permitted in this policy statement (except to hedge or unhedge an underlying position).
- Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Finance Committee;

Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Finance Committee. Requests by Investment Managers to execute transactions that are not currently authorized in this policy should be made prior to executing such transactions.

Guidelines for Corrective Action

The Finance Committee recognizes the importance of a long-term focus when evaluating the performance of investment managers. The Finance Committee understands the potential for short-term periods when the performance of individual managers may deviate significantly from the performance of representative market indexes. The portfolio, however, may require an extra level of scrutiny, which may include termination, of an investment manager based on the following conditions:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account.
- Any material client servicing deficiencies, including a failure to communicate in a timely fashion.
- Violation of terms of contract without prior written approval of the Finance Committee constitutes grounds for termination.
- Diversification strategy - as part of their overall asset allocation strategy, The Finance Committee will utilize a multi-manager and/or mutual or other commingled funds structure of complementary investment styles and asset classes to invest the portfolio's assets. Therefore, it is very important that investment managers remain consistent with the intended investment style at the time the manager was engaged.
- The Finance Committee will not, as a rule, terminate an investment manager on the basis of short-term performance. If the organization is sound and the firm is adhering to its investment style and approach, the Finance Committee will allow a sufficient interval of time over which to evaluate performance. The Finance Committee expects that the investment consultant will provide guidance to determine an appropriate length of time. The investment manager's performance will be viewed in light of the firm's particular investment style and approach, keeping in mind at all times the portfolio's diversification strategy as well as the overall quality of the relationship.
- The investment manager may be replaced at any time as part of an overall restructuring of the portfolio. The Finance Committee reserves the right to terminate an investment manager for any other reason.

X. Meetings and Communication with the Investment Managers and Investment Consultant

- As a matter of course, each Investment Manager should keep the Finance Committee and Investment Consultant apprised of any material changes in the Investment Manager's outlook, investment policy, and tactics.
- Each Investment Manager should meet with the Finance Committee as requested to review and explain their portfolio's investment results. The Investment Manager should discuss with the Finance Committee any significant changes in corporate or capital structure and brokerage affiliation or practices.
- Each Investment Manager should be available on a reasonable basis for telephone communication when needed.
- Any material event that affects the ownership of each investment management firm or the management of this account must be reported promptly to the Finance Committee and the Plan’s Investment Consultant.
- The Plan’s Investment Consultant will provide written performance reports to the Finance Committee quarterly.
- The Custodian should provide monthly statements of assets and transactions.

XI. Performance Evaluation

As noted above, the Finance Committee will monitor the Plan's performance on a quarterly basis. The Finance Committee will evaluate the Plan's success in achieving the investment objectives outlined in this document over a three- to five-year time horizon and a full market cycle. The Plan's (and Investment Manager's) performance should be reported in terms of rate of return and changes in dollar value. **At time of retention, the Finance Committee, Investment Consultant and Investment Manager(s) will agree to an appropriate benchmark(s).** The returns should be compared to these market indexes for the most recent quarter and for annual and cumulative prior time periods. The Plan's asset allocation should also be reported on a quarterly basis.

Risk as measured by volatility, or standard deviation, should be evaluated after five quarters of performance history have accumulated. An attribution analysis should also be performed, to evaluate how much of the Plan's investment results are due to the Investment Managers' investment decisions, as compared to the effect of the financial markets. It is expected that this analysis will use the "policy index" as the performance benchmark for evaluating both the returns achieved and the level of risk taken.

XI. Approval

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

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Finance Committee when they determine that the aggregate deviation does not constitute a material departure from the spirit of this investment policy.

It is understood that this investment policy is to be reviewed periodically by the Board to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the Investment Managers.

Chairman of the Board ***Date***

An essential step in investment management is the evaluation of performance against a relevant benchmark. Below are the suggested Benchmarks for various asset classes. The Trustee should discuss with the Investment Consultant and Investment Manager(s) an appropriate benchmark by which the Investment Manager(s) will be compared.

Suggested Performance Benchmarks:

Asset Category	***Index***	***Peer Group Universe***
Large Cap Equity	S & P 500	Total Equity Database
Value	Russell 1000 Value	Value Equity Style
Growth	Russell 1000 Growth	Growth Equity Style
Core	Russell 1000	Core Equity Style
Small/Mid Cap Equities	Russell 2500	Small/Mid Cap Equity
International Equity	MSCI EAFE	International Equity
Domestic Fixed Income	Merrill Lynch Domestic Master	Total F/I Database
Cash	90 Day T-Bills	Money Market Database

Investment Manager

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Finance Committee, which can determine if the aggregate deviation constitutes a material departure from the spirit of this investment policy.

The investment policy as set forth in this document will be reviewed annually by the Finance Committee, which can approve and implement changes. If at any time the Investment Manager believes that these objectives cannot be met or that the investment guidelines constrict performance, the Finance Committee should be so notified in writing. By initial and continuing acceptance of these objectives and guidelines, the Investment Manager agrees to abide by the provisions of this document effective as of ______________, 20__.

Investment Manager

Name of Investment Management Firm

Resolution 2008-8-1

Revised Defined Benefit Plan Investment Policy Statement

Whereas, the Board has engaged Merrill Lynch Institutional Consulting Group to provide consulting advisory services to the Defined Benefit Plan for Employees' Pension regarding Investment Policy Statement review; Strategic Asset Allocation Modeling; Investment Manager due diligence, search, and selection; Portfolio Strategy and Performance Measurement; and

Whereas, on July 15, 2008 Merrill Lynch Institutional Consulting Group updated the Finance Committee on the results of its Asset Allocation Study for the Defined Benefit Plan that was completed utilizing its Strategic Allocation Modeling technique to determine a long range asset mix that represents an appropriate blend of risk and return; and

Whereas, the Trustees of Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension, consisting of all members of the Board of Commissioners, desire to revise the asset allocation mix for the investments in the Trust Fund; and

Whereas, the Board of Commissioners desire to update the Investment Policy Statement for the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension consistent with recommendations provided by Merrill Lynch Institutional Consulting Group.

RESOLVED, That the Board of Commissioners amend the resolution dated March 27, 2007, adopting policy changes to the Defined Benefit Investment Policy; and

FURTHER RESOLVED, that the Board of Commissioners hereby approve the amended Investment Policy Statement for Lansing Board of Water and Light Defined Benefit Plan for Employees' Pension dated July 2008, as attached.

Motion by Commissioner Cochran, seconded by Commissioner James to approve the resolution for the Revised Defined Benefit Plan Investment Policy Statement.

Action: Carried unanimously.

Adopted by the Board of Commissioners at a Special Board meeting held August 12, 2008.

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.

Investment Policy Statement

for

Lansing Board of Water and Light
Post-Employment Benefit Plan (VEBA)

July 2008

Table Of Contents

I. Introduction

Purpose of this Policy Statement

This policy statement outlines the goals and investment objectives of the Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA) (the "Plan”). Since this policy statement will provide guidelines for the investment advisors responsible for managing the Plan's assets, it outlines certain specific investment policies which will govern how those goals are expected to be achieved. This statement:

- Describes an appropriate risk posture for the investment of the Plan's assets;
- Specifies the target asset allocation policy;
- Specifies criteria for evaluating the performance of the Plan’s assets; and
- Defines the various responsibilities of the Board of Commissioners (“the Board”) and other parties involved in the management of the Plan’s assets.
- The investment policies described in this statement should be dynamic, since they should reflect the Plan's current status and the Board’s duties and investment philosophy regarding the investment of the assets. These policies will be reviewed and revised periodically to ensure they reflect any changes related to the status of the Plan or to Lansing Board of Water & Light (“the Sponsor”), as well as any fundamental changes in the capital markets.

Investment Objective

The Plan’s assets shall be invested in accordance with sound investment practices that emphasize long-term investment fundamentals. In establishing the investment objectives of the Plan, the Board has taken into account the time horizon available for investment, the nature of the Plan’s cash flows and liabilities, and other factors that affect the Plan’s risk tolerance. Consistent with this, the Board has determined that the investment objective is **income and growth**. This investment objective:

Is a risk-averse balanced approach that emphasizes a stable and substantial source of current income and some capital appreciation over the long-term;

- Implies a willingness to risk some declines in value over the short-term, so long as the Trust is positioned to generate current income and exhibits some capital appreciation;
- Is expected to earn long-term returns sufficient to keep pace with the rate of inflation over most market cycles (net of spending and investment and administrative expenses), but may lag inflation in some environments;
- Diversifies the portfolio in order to provide opportunities for long-term growth and to reduce the potential for large losses that could occur from holding concentrated positions;

It is expected that these objectives can be obtained through a well-diversified portfolio structure in a manner consistent with this investment policy.

This investment policy is intended to be a summary of an investment philosophy that provides guidance for the Finance Committee and other parties interested in the management of these *assets. It is understood that there can be no guarantees about the attainment of the goals or investment objectives outlined here.*

II. Information about the Plan

Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA)

1232 Haco Drive
Lansing, MI 48912
Tel. (517) 702-6256

Primary Contact... Susan Devon
CFO

Plan Assets $61,000,000
(as of June 30, 2007)

About Lansing Board of Water and Light and the Plan

The Lansing Board of Water and Light is a municipally owned utility providing drinking water, electricity, steam and services to the greater Lansing area in mid-Michigan. The plan receives contributions made by the Lansing Board of Water & Light. The Fund pays any retirement benefits enumerated in the plan. These funds are invested in various financial assets. The plan currently has 706 participants; 1,650 currently receiving benefits.

Cash Flows

The plan expects to receive annual contributions of $10,000,000.

Tax/Regulatory Status

The Plan is exempt from State and Federal taxes. The Plan is covered under the Michigan - Public Employee Retirement System Investment Act 314 of 1965, as amended.

Responsibilities of the Plan Representatives

Board of Commissioners

The Board is comprised of 8 appointed Commissioners of the Lansing Board of Water & Light. All of the Commissioners are Trustees of the Lansing Board of Water & Light Defined Benefit Plan and Trust. The Board of Commissioners has delegated oversight responsibility to the Finance Committee.

Finance Committee

The Finance Committee is a subcommittee of the Board of Commissioners responsible for approving the Investment Policy Statement and any future revisions. They are responsible for selecting the Investment Managers, Investment Consultant, custodians and other administrators required for the management of the Plan's assets and evaluating overall investment results.

The CFO will make recommendation to the Finance Committee regarding investment manager hiring and termination. The Finance Committee will have authority to make all such decisions.

Investment Consultant

The Investment Consultant retained by the Plan shall have the following responsibilities:

- To assist the Finance Committee in strategic planning for the Plan. This includes providing assistance in developing an investment policy, asset allocation strategy, and Investment Manager structure;
- To provide to the quarterly performance measurement reports on each separately managed account and on the Plan as a whole and to assist the Finance Committee in interpreting the results;
- To act as a liaison between investment managers and the Finance Committee, and thereby facilitate the communication of important information in the management of the Plan;
- To assist the Finance Committee with other duties as may be mutually agreed.

IV. Responsibilities of the Investment Managers

It is the intention of the Finance Committee to utilize separately managed accounts with various investment management firms; however, mutual or other commingled funds may be used from time to time to implement the investment strategy of the Plan, where practical. For mutual and other commingled funds, the prospectus or other documents of the fund(s) will govern the investment policies of the Plan investments. The following guidelines apply to separately managed accounts.

Fiduciary Responsibilities

- Each Investment Manager is expected to manage the Plan's assets in a manner consistent with the investment objectives, guidelines, and constraints outlined in this statement and any other applicable laws. This would include discharging responsibilities with respect to the Plan consistent with "Prudent Expert" standards, and all other fiduciary responsibility provisions and regulations.
- Each Investment Manager shall at all times be registered as an investment adviser under the Investment Advisers Act of 1940 (where applicable), and shall acknowledge in writing that they are a fiduciary of the Plan with respect to the assets they manage.
- Each Investment Manager shall supply the plan administrators a copy of their SEC form ADV Part 2 on an annual basis. If the Investment Manager is exempt from filing an annual ADV, the Investment Manager shall provide appropriate financial statements to the Finance Committee and the Investment Consultant.
- Each Investment Manager shall hold sufficient fidelity bonds, fiduciary liability or other insurance that would protect the interests of the Plan in the event of a breach of fiduciary

duty and provide proof of such insurance and amounts of coverage to the plan administrators on an annual basis.

- Each Investment Manager shall manage the Plan's assets in accordance with the Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended.
- The Plan assets will be managed by experienced investment management firms.

Security Selection/Asset Allocation

- Except as noted below, each Investment Manager shall have the discretion to determine their portfolio's individual securities selection.
- The Plan is expected to operate within an overall asset allocation strategy defining the Plan's mix of asset classes. This strategy, described below, sets a long-term percentage target for the amount of the Plan's market value that is to be invested in any one asset class. The allocation strategy also defines the allowable investment shifts between the asset classes, above and below the target allocations.
- The asset allocation strategy for each Investment Manager's portfolio can deviate from the overall Plan's asset allocation, however, the Finance Committee is responsible for monitoring the aggregate asset allocation, and may re-balance to the target allocation on a periodic basis.

Proxy Voting

Absent delegation to another service provider, each Investment Manager is responsible and empowered to exercise all rights, including voting rights, as are acquired through the purchase of securities, where practical. The Investment Managers shall vote proxies according to their established Proxy Voting Guidelines. A copy of those guidelines, and/or summary of proxy votes shall be provided to the Finance Committee upon request.

V. Investment Return Objectives

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

The Finance Committee and their advisors will monitor the Plan's performance on a quarterly basis. The members of the Finance Committee will evaluate each Investment Manager's contribution toward meeting the investment objectives outlined below and in their specific policy guidelines (that are attached) over a three- to five-year time period, unless otherwise noted.

Fixed Rate of Return target: It is desired that the Plan produce a level of return of at least **8%**.

Secondary Rate of return Target: CPI + 5%.

Primary Benchmark: It is desired that the Plan produce a level of return in excess of the "market," as represented by a benchmark index or mix of indexes reflective of the Plan's return objectives and risk tolerance.

This benchmark or *"policy index"* is to be constructed as follows:

43.2% Russell 1000 Stock Index - Domestic Large Capitalization Stocks

10% Russell 2000 Stock Index - Domestic Small Capitalization Stocks

10.7% Morgan Stanley Capital International Europe, Australia and Far East (MSCI EAFE) International Stock Index - International Stocks

31.1% Merrill Lynch Domestic Master Bond Index - U.S. Fixed Income 5%

Dow Wilshire Micro Cap - Private Equity

The Plan is expected to exceed the average annual return of this benchmark on a risk-adjusted basis over rolling three- to five-year time periods and a full market cycle.

VI. Risk Tolerance

Investment theory and historical capital market return data suggests that, over long periods of time, there is a relationship between the level of risk assumed and the level of return that can be expected in an investment program. In general, higher risk (i.e. volatility of return) is associated with higher return.

Given this relationship between risk and return, a fundamental step in determining the investment policy for the Plan is the determination of an appropriate risk tolerance. The Finance Committee examined two important factors that affect the Plan's risk tolerance:

Financial Ability to accept risk within the investment program and,

Willingness to accept return volatility.

The members of the Finance Committee have examined their risk tolerance by considering several relevant factors.

Positive factors that contribute to a higher risk tolerance are:

(1) The long-term time horizon available for investment

Offsetting these factors are:

(1) The large number of participants who are active and retired who depend on the plan for benefits;

(2) The continued ability and willingness of the Sponsor to make future contributions to the Plan; and

(3) The desire to avoid large swings in market value and to avoid large losses in market value.

The members of the Finance Committee have analyzed the behavior of the Plan's assets within different economic environments. As a result of this analysis, the Finance Committee is comfortable with a risk level of the Plan as measured by volatility (standard deviation) that is similar to the volatility level of the policy index when measured over three- to five-year rolling time periods and a full market cycle.

VII. Asset Allocation Strategy

In line with the Plan's return objectives and risk parameters, the mix of assets should be generally maintained as follows (percents are of the market value of the Plan):

Asset Class/ Investment Style	**Minimum**	**Target Avg.**	**Maximum**
Domestic Large Capitalization Stocks	40%	43.2%	47.5%
Domestic Small Capitalization Stocks	7.5%	10%	12.5%
International Stocks	8%	10.7%	15%
Total Equity	**60%**	**63.9%**	**70%**
U.S. Core Fixed Income	25%	31.1%	40%
Total Fixed Income	25%	31.1%	40%
Private Equity	0%	5%	7.5%
Total AI	0%	5%	5%

Deviations from this asset mix guideline may be authorized in writing by the Finance Committee, which may determine if the aggregate deviation constitutes a material departure from the spirit of the target allocation.

Each investment manager will be expected to maintain the asset allocation of their portfolio within the target asset allocation established for their portfolio. Since the growth in each individually managed portfolio can result in a deviation from the overall portfolio's asset allocation, the aggregate asset allocation will be monitored and may be rebalanced to the target allocation on a periodic basis.

Rebalancing Procedures

The allocations to each asset class and to investment styles within asset classes are expected to remain stable over most market cycles.

Each Investment Manager will be expected to maintain the asset allocation of their portfolio consistent with the target asset allocation established for their portfolio. Since capital appreciation (depreciation) and trading activity in each individually managed portfolio can result in a deviation from the overall Plan's asset allocation, the aggregate asset allocation will be monitored and the Finance Committee may rebalance the Plan to the target allocation on a periodic basis. To achieve the rebalancing of the Plan, the Finance Committee may instruct the investment consultant to re-direct contributions and disbursements from individual Investment Managers as appropriate, in addition to shifting assets from one Investment Manager to another.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Finance Committee by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Finance Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

VIII. Investment Strategy

Selection Criteria for Investment Managers

Investment Managers retained by the Finance Committee shall be chosen using the following criteria:

- Investment Manager should have at least $500 million in total assets and have been in business for at least 5 years.
- Investment Manager Strategy should have at least $200 million in assets.
- Past performance, considered relative to other investments having the same investment objective. Consideration shall be given to both consistency of performance and the level of risk taken to achieve results;
- The investment style and discipline of the Investment Manager;
- How well the Investment Manager's investment style or approach complements other Investment Managers in the Plan;
- Level of experience, financial resources, and staffing levels of the Investment Manager;
- An assessment of the likelihood of future investment success, relative to other opportunities.
- The Finance Committee is interested in having an inclusive, diverse group of candidates in its search for investment managers. The CFO is to advertise broadly for investment managers with the intent of making this opportunity available to all genders, ethnic groups, races and localities.
- Investment Manager Strategy should have competitive fees.
- Investment Manager should have no recent material change in key personnel. In

addition, the following guidelines will apply:

A. Asset Allocation

Unless otherwise noted below, under normal market conditions, **each Investment Manager is expected to be invested consistent with their investment style as described in any relevant investment management agreement with the selected investment advisor(s).**

During the initial three months of the relationship after being retained, the Investment Manager may hold cash and cash equivalents in larger proportions in order to invest their portfolio on an orderly basis.

B. Diversification Requirements

To minimize the risk of large losses, each Investment Manager shall maintain adequate diversification in their portfolio. Subject to the constraints outlined in this investment policy, and in their investment management agreement with the Plan, each Investment Manager shall have the discretion to determine their portfolio's individual security selections.

Alternative Investments

Alternative investments represent investments in investment vehicles that seek to provide diversification through innovative and flexible strategies (such as the ability to short, add leverage and hedge). Investments in such vehicles are expected to provide diversification and the opportunity for capital appreciation. Diversification standards within each investment vehicle shall be according to the prospectus or trust document. Investments in these investment vehicles carry special risks. The fund(s) may utilize speculative investment strategies, trade in volatile securities, and use leverage in an attempt to generate superior investment returns. The fund(s) may invest in illiquid securities for which there is no ready market and place restrictions on investors as to when funds may be withdrawn. In the event the Finance Committee authorizes an alternative investments portfolio, permitted alternative investments are:

- The plan may invest in Private Equity with the intention to diversify between managers and deals.

Cash and Equivalents

It is generally expected that the Investment Manager will remain fully invested in equities; however, it is recognized that cash reserves may be utilized from time to time to provide liquidity or to implement some types of investment strategies. Cash reserves should be held in the Custodian’s money market fund, short-term maturity Treasury securities, insured savings instruments of commercial banks and savings and loans.

Transactions or unanticipated market actions that cause a deviation from these policy guidelines should be brought to the attention of the Finance Committee by the Investment Manager prior to executing transactions, when practical. Such deviations may be authorized in writing by the Finance Committee when they determine that the deviation does not constitute a material departure from the spirit of this policy.

IX. Exclusions

The Plan's assets invested in separately managed accounts may not be used for the following purposes except for hedging an existing position to reduce risk or as part of an Alternative Investment Strategy.

- Short Sales;

- Purchases of letter stock, private placements, or direct payments;
- Non-rated bonds;
- Leveraged transactions;
- Commodities transactions;
- Investments in non-U.S. dollar denominated securities, except for International Equity Investment Managers;
- Puts, calls, straddles, or other option strategies (unless the position is used to hedge or unhedge an underlying position);
- Purchases of oil and gas properties, or other natural resources related properties with the exception of Real Estate Investment Trusts or securities of real estate operating companies;
- Investments in tax-exempt securities or funds;
- Investments in limited partnerships (except for publicly traded Master Limited Partnerships);
- Investments by the Investment Manager in their own securities or of their affiliates, or subsidiaries (excluding money market or other commingled funds as authorized by the Finance Committee;
- Investments in futures, use of margin or investments in any derivatives not explicitly permitted in this policy statement (except to hedge or unhedge an underlying position).
- Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Finance Committee;

Any other security transaction not specifically authorized in this policy statement, unless approved, in writing, by the Finance Committee. Requests by Investment Managers to execute transactions that are not currently authorized in this policy should be made prior to executing such transactions.

Guidelines for Corrective Action

The Finance Committee recognizes the importance of a long-term focus when evaluating the performance of investment managers. The Finance Committee understands the potential for short-term periods when the performance of individual managers may deviate significantly from the performance of representative market indexes. The portfolio, however, may require an extra level of scrutiny, which may include termination, of an investment manager based on the following conditions:

- Any material event that affects the ownership or capital structure of the investment management firm, or the management of this account.
- Any material client servicing deficiencies, including a failure to communicate in a timely fashion.
- Violation of terms of contract without prior written approval of the Finance Committee constitutes grounds for termination.

- Diversification strategy - as part of their overall asset allocation strategy, The Finance Committee will utilize a multi-manager and/or mutual or other commingled funds structure of complementary investment styles and asset classes to invest the portfolio’s assets. Therefore, it is very important that investment managers remain consistent with the intended investment style at the time the manager was engaged.
- The Finance Committee will not, as a rule, terminate an investment manager on the basis of short-term performance. If the organization is sound and the firm is adhering to its investment style and approach, the Finance Committee will allow a sufficient interval of time over which to evaluate performance. The Finance Committee expects that the investment consultant will provide guidance to determine an appropriate length of time. The investment manager’s performance will be viewed in light of the firm’s particular investment style and approach, keeping in mind at all times the portfolio’s diversification strategy as well as the overall quality of the relationship.
- The investment manager may be replaced at any time as part of an overall restructuring of the portfolio. The Finance Committee reserves the right to terminate an investment manager for any other reason.

X. Meetings and Communication with the Investment Managers and Investment Consultant

- As a matter of course, each Investment Manager should keep the Finance Committee and Investment Consultant apprised of any material changes in the Investment Manager's outlook, investment policy, and tactics.
- Each Investment Manager should meet with the Finance Committee as requested to review and explain their portfolio's investment results. The Investment Manager should discuss with the Finance Committee any significant changes in corporate or capital structure and brokerage affiliation or practices.
- Each Investment Manager should be available on a reasonable basis for telephone communication when needed.
- Any material event that affects the ownership of each investment management firm or the management of this account must be reported promptly to the Finance Committee and the Plan’s Investment Consultant.
- The Plan’s Investment Consultant will provide written performance reports to the Finance Committee quarterly.
- The Custodian should provide monthly statements of assets and transactions.

XI. Performance Evaluation

As noted above, the Finance Committee will monitor the Plan’s performance on a quarterly basis. The Finance Committee will evaluate the Plan’s success in achieving the investment objectives outlined in this document over a three- to five-year time horizon and a full market cycle. The Plan’s (and Investment Manager’s) performance should be reported in terms of rate of return and changes in dollar value. **At time of retention, the Finance Committee, Investment Consultant and Investment Manager(s) will agree to an appropriate**

benchmark(s). The returns should be compared to these market indexes for the most recent quarter and for annual and cumulative prior time periods. The Plan's asset allocation should also be reported on a quarterly basis.

Risk as measured by volatility, or standard deviation, should be evaluated after five quarters of performance history have accumulated. An attribution analysis should also be performed, to evaluate how much of the Plan's investment results are due to the Investment Managers' investment decisions, as compared to the effect of the financial markets. It is expected that this analysis will use the "policy index" as the performance benchmark for evaluating both the returns achieved and the level of risk taken.

XI. Approval

Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA)

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Finance Committee when they determine that the aggregate deviation does not constitute a material departure from the spirit of this investment policy.

It is understood that this investment policy is to be reviewed periodically by the Board to determine if any revisions are warranted by changing circumstances including, but not limited to, changes in financial status, risk tolerance, or changes involving the Investment Managers.

Chairman of the Board ***Date***

An essential step in investment management is the evaluation of performance against a relevant benchmark. Below are the suggested Benchmarks for various asset classes. The Trustee should discuss with the Investment Consultant and Investment Manager(s) an appropriate benchmark by which the Investment Manager(s) will be compared.

Suggested Performance Benchmarks:

Asset Category	***Index***	***Peer Group Universe***
Large Cap Equity	S & P 500	Total Equity Database
Value	Russell 1000 Value	Value Equity Style
Growth	Russell 1000 Growth	Growth Equity Style
Core	Russell 1000	Core Equity Style
Small/Mid Cap Equities	Russell 2500	Small/Mid Cap Equity
International Equity	MSCI EAFE	International Equity
Domestic Fixed Income	Merrill Lynch Domestic Master	Total F/I Database
Private Equity	Dow Wilshire Micro Cap	TBD
Cash	90 Day T-Bills	Money Market Database

Investment Manager

Deviations from the investment policies and constraints outlined in this document may be authorized in writing by the Finance Committee, which can determine if the aggregate deviation constitutes a material departure from the spirit of this investment policy.

The investment policy as set forth in this document will be reviewed annually by the Finance Committee, which can approve and implement changes. If at any time the Investment Manager believes that these objectives cannot be met or that the investment guidelines constrict performance, the Finance Committee should be so notified in writing. By initial and continuing acceptance of these objectives and guidelines, the Investment Manager agrees to abide by the provisions of this document effective as of ______________, 20__.

Investment Manager

Name of Investment Management Firm

Resolution 2008-8-2

Revised Post-Employment Benefit Plan (VEBA Trust) Investment Policy Statement

Whereas, the Board has engaged Merrill Lynch Institutional Consulting Group to provide consulting advisory services to the Post-Employment Benefit Plan (VEBA) regarding Investment Policy Statement review; Strategic Asset Allocation Modeling; Investment Manager due diligence, search, and selection; Portfolio Strategy and Performance Measurement; and

Whereas, on July 15, 2008 Merrill Lynch Institutional Consulting Group updated the Finance Committee on the results of its Asset Allocation Study for the Post-Employment Benefit Plan (VEBA) that was completed utilizing its Strategic Allocation Modeling technique to determine a long range asset mix that represents an appropriate blend of risk and return; and

Whereas, the Trustees of Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA), consisting of all members of the Board of Commissioners, desire to revise the asset allocation mix for the investments in the Trust Fund; and

Whereas, the Board of Commissioners desire to update the Investment Policy Statement for the Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA) consistent with recommendations provided by Merrill Lynch Institutional Consulting Group.

RESOLVED, that the Board of Commissioners amend the resolution dated March 27, 2007, adopting policy changes to the VEBA Trust Investment Policy; and

FURTHER RESOLVED, that the Board of Commissioners hereby approve the amended Investment Policy Statement for Lansing Board of Water and Light Post-Employment Benefit Plan (VEBA) dated July 2008, as attached.

Motion by Commissioner Cochran, seconded by Commissioner James to approve the resolution for the Revised Post-Employment Benefit Plan (VEBA Trust) Investment Policy Statement.

Action: Carried unanimously.

Adopted by the Board of Commissioners at a Special Board meeting held August 12, 2008.