PENSION FUND TRUSTEES MEETING
AGENDA

November 13, 2018

5:35 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 11/14/17 .... **TAB 1**

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

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

4. Pension Dashboard .... **TAB 4**

5. Defined Benefit Plan Information .... **TAB 5-12**
    a. Resolution – Acknowledge Revised DB Investment Policy Statement .... **TAB 12**

6. Post-Employment Benefit Plan Information .... **TAB 13-20**
    a. Resolution – Acknowledge Revised VEBA Investment Policy Statement .... **TAB 20**

7. Defined Contribution Plan Information .... **TAB 21-38**
    a. Resolution – Defined Contribution Plan 1 .... **TAB 28**
    b. Resolution – Defined Contribution Plan 2 .... **TAB 33**
    c. Resolution – Deferred Compensation Plan .... **TAB 38**

8. Supplemental Information .... **TAB 39-42**
    a. Resolution – Accept Audited Plan Financial Statements (FY 2018) .... **TAB 39**
    b. Resolution – Acknowledge Travel & Reimbursement Policy .... **TAB 42**

Other

Adjourn

LANSING BOARD OF WATER & LIGHT
PENSION FUND TRUSTEES ANNUAL MEETING
November 14, 2017

The Pension Fund Trustees of the Lansing Board of Water & Light (BWL) met at the BWL Headquarters – REO Town Depot located at 1201 S. Washington Ave., Lansing, MI, at 5:00 p.m. on Tuesday, November 14, 2017. Chairperson David Price called the meeting to order at 5:09 p.m. and asked the Corporate Secretary to call the roll.

Present: Trustees David Price, Beth Graham, Dennis M. Louney (arrived @5:18 p.m.), Tony Mullen, Tracy Thomas, and Sandra Zerkle.

Absent: Trustees Anthony McCloud and Ken Ross

The Corporate Secretary declared a quorum.

Public Comments
There were no public comments.

Approval of Minutes
Motion by Trustee Thomas and Seconded by Trustee Mullen to approve the Minutes from the November 15, 2016 Pension Fund Trustees' Annual Meeting.

Action: Motion Carried

FY 2017 Financial Information
FY 2017 Financial Information Relative to DB, VEBA, and DC Plan, and Proposed Resolutions

General Manager Peffley introduced Chief Financial Officer Heather Shawa to provide an overview of Board of Water & Light's (BWL) Pension Plans and the Resolutions that were being considered for approval or acceptance.

Ms. Shawa stated that the resolutions in the packet were previously vetted through the appropriate committee meetings and approved by the full board. The trustees are being asked to acknowledge through resolution the investment policy statements for the DB and VEBA Plans and for acceptance of the Trust Agreements for both of these plans.

Ms. Shawa introduced Nathan Burke, VP, Senior Consultant at Asset Consulting Group who provided information on the DB and VEBA Plans. Ms. Shawa also introduced Lisa Burks-Wilson and Sandra Rouse-Thames from ICMA who are financial advisors for the Defined Contribution Plan.

Mr. Burke reviewed the Defined Benefit (DB) and VEBA Plan for the period ending June 30, 2017 and gave a global economic update. Mr. Burke stated that the returns are reflective of solid corporate growth and highlighted asset allocation.

Ms. Shawa reviewed the performances of the Defined Benefit Plan, the Retirement Pension Plan and the Defined Contribution Plan for FY 2017. Ms. Shaw noted that the enterprise statements, which include the pension plan statements, all received a clean audit report in September 2017.

Defined Benefit Plan

Ms. Shawa stated that Defined Benefit (DB) Plan currently has 382 participants of which 8 are active. As of the valuation date of June 30, 2017, the Plan had $65.9 million in plan assets and $56.9 million in plan liabilities. The BWL was over-funded by $9 million. This results in a Funded Ratio of just under 116% - up approximately 9% from the prior year. For FY 2017, the BWL had $8 million in net investment income, which equates to an 13.75% return. Ms. Shawa stated that these results were due to some changes in investment policy statements and to the market. In comparison in FY 2016 BWL had a 0.5% return. For FY 2017 administrative fees were $339,000 and this is 0.51% of plan assets.

RESOLUTION 2017-11-01

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

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

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

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

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

THEREFORE, it is:

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

RESOLUTION 2017-11-02

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

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

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

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

THEREFORE, it is:

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

Motion by Trustee Zerkle, Seconded by Trustee Mullen, to acknowledge the Revised Defined Benefit Plan for Employees' Pensions Statement of Investment Policies, Procedures and Objectives Resolution, and to accept the Amendment and Restatement of the Trust Agreement for the Defined Benefit Plan Resolution.

Action: Motion Carried

Retirement Pension Plan – VEBA

Ms. Shawa stated that the VEBA Trust as of the actuarial valuation date of June 30, 2017 has 1,448 participants of which 727 are active. The VEBA plan had $174 million in plan assets and $206 million in plan liabilities. The BWL was 84.4% funded which is up 13.7% from the prior year. For FY 2017, the BWL had $17 million in net investment income, equaling a 11.65% return. For the prior FY, the BWL had a 0.6% return. The administrative fees were $766,000 which is 0.44% of total plan assets.

Ms. Shawa noted that Nyhardt, BWL's actuarial consultant, was asked to perform a projection and currently the BWL's VEBA Plan is projected to be fully funded by June 30, 2023. Ms. Shawa also noted that an experience study was performed and three recommendations were given and implemented. An increase of 2.3% in liability resulted from the implementation.

RESOLUTION 2017-11-03

Revised Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light Statement of Investment Policies, Procedures, and Objectives

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the VEBA (Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light); and

WHEREAS, the Retirement Plan Committee has reviewed the current VEBA Statement of Investment Policies, Procedures and Objectives, in conjunction with a transition to a new benefit plan investment consultant; and
WHEREAS, the Retirement Plan Committee recommended the Sponsor adopt the revisions reflected in the attached VEBA Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor adopted the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives.

RESOLUTION 2017-11-04

Amendment and Restatement of Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the Post-Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light (the "VEBA"); and

WHEREAS, the cost of VEBA benefits is funded partially through the Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light (the "VEBA Trust"); and

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

THEREFORE, it is:

RESOLVED, that the Trustees accept the terms and conditions of the attached Amendment and Restatement of the Trust Agreement for the Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light, both individually and collectively.

Motion by Trustee Thomas, Seconded by Trustee Graham, to acknowledge the Revised VEBA Statement of Investment Policies, Procedures, and Objectives, and to accept the Amendment and Restatement of the VEBA Trust Agreement.

Action: Motion Carried

Commissioner Price commended Ms. Shawa on the financial dashboard provided as the information is readily accessible.

Defined Contribution (DC) Plan

Ms. Shawa gave a brief explanation of the Defined Contribution Plan. The plan consists of a 401 and a 457 component. The 401 plan is an employer contribution plan to which contributions begin after six-months of employment. The 457 plan is an employee contribution plan with an employer match. At the first pay of every year, BWL contributes $1,000 to the employee 457 plan and employee contributions are matched up to $1,500. Employees are responsible for making their own investment decisions in the plan. ICMA retirement plan specialists were on site 39 days in FY 2017 and met with participants and an ICMA certified financial planner was on site for 12 days during FY 2017. Two onsite seminars were held at which about 50 participants attended and additional educational opportunities will occur. For FY 2017 the DC Plan had total expenses of $1.1 million which is 0.6% of plan assets. The BWL contributed $6.1 million to the plan.

Commissioner Jester asked if any evaluations had been performed regarding the fees related to the DC Plan for which entities have to be more transparent in respect to ICMA and other alternatives. Ms. Shawa responded that evaluations have been done for marketing and best practice, and also for advisory and administration, and ICMA was retained. In the next 30 days the next RFP will be sent out for advisory services.

Supplemental Information

Ms. Shawa asked the Board for acceptance of the 2017 Audited Financial Statements which combined three separate policies and had been previously approved at the March 28, 2017 Board Meeting.

RESOLUTION 2017-11-05

Acceptance of 2017 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan (VEBA)

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

Staff comments: All three Plans received clean audit reports.

Motion by Trustee Zerkle, Seconded by Trustee Thomas, to accept the 2017 Audited Financial Statements for Defined Benefit Pension Plan, Defined Contribution Pension Plan, and Retiree Benefit Plan (VEBA).

Action: Motion Carried

RESOLUTION 2017-11-06

Travel & Reimbursement Policy – Board of Commissioners, Board Appointees, Employees, and Investment Fiduciaries

WHEREAS, the attached Travel & Reimbursement Policy for the Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries (formerly known as Retirement System Representatives) will replace the existing Policies and Resolutions listed below:

1) Policy 0004 – Travel Expense (Board Appointees)
2) Policy 0007 – Travel Expense for Commissioners Only
3) Policy 0056 – Travel & Reimbursement – Employees
4) Resolution #2007-05-14 – Amendment to Travel Policy for the Board of Commissioners
5) Resolution #2014-11-02 – Retirement System Education & Travel Policy

WHEREAS, the Board of Commissioners adopted the attached, combined and updated Travel & Reimbursement Policy as presented;

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, combined and updated Travel & Reimbursement Policy.

Staff Comments: The purpose of this Resolution is to consolidate the existing policies and resolutions listed above into 1 policy and apply uniform requirements throughout. The following significant changes were made:

Board of Commissioners

- Policy covers 4 Year Term Commissioners
- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Policy may be overridden by Board Chair when emergency or special circumstance arises

Board Appointees

- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Eliminated the $50/day per diem rate
- Meal Reimbursement will be at actual cost with a 20% gratuity cap
- Policy may be overridden by Board Chair when emergency or special circumstance arises

Employees

- Meal reimbursement increased (from $50) to $70 per day with a 20% gratuity cap
- Miscellaneous Expense increased (from $25) to $50 per day

Investment Fiduciaries

- Advance Approval by the Board Chair
- Reimbursement Approval by the Board Chair
- Eliminate $500 per day cash travel advance
- Policy may be overridden by Board Chair when emergency or special circumstance arises

Motion by Trustee Thomas, Seconded by Trustee Mullen, to accept the Travel & Reimbursement Policy for Board of Commissioners, Board Appointees, Employees and Investment Fiduciaries.

Action: Motion Carried

Excused Absences

Motion by Trustee Graham, Seconded by Trustee Mullen, to excuse Trustees Anthony McCloud and Ken Ross from tonight's meeting.

Action: Motion Carried

Adjourn

There being no further business, the Pension Fund Trustees meeting adjourned at 5:37 p.m.

Lansing Board of Water and Light
FY 2018 Pension Trustee Packet – Table of Contents

Supplemental Information

M E M O R A N D U M

From: Heather Shawa, Chief Financial Officer

To: Board of Water and Light Pension Trustees

Date: November 8, 2018

Subject: Annual Pension Trustee Meeting – November 13, 2018

At the Annual Trustee Meeting to be held November 13, 2018, staff will give a brief overview of the Defined Benefit Plan (DB), the Post-Employment Benefit Plan (VEBA), and the Defined Contribution and Deferred Compensation Plans (DC) and answer any questions. Representatives from Asset Consulting Group (ACG) will be present concerning DB and VEBA. ICMA-RC and Plante Moran Financial Advisors (PMFA) representatives will also be in attendance concerning DC.

Audited financial reports for each of the plans are included in the meeting packet. Baker Tilly has provided each plan with an unmodified opinion, indicating the financial statements present fairly, in all material respects, the fiduciary position of each plan as of June 30, 2018 in accordance with accounting principles generally accepted in the United States of America.

During Q2 of Fiscal Year 2018, BWL issued a single Request for Proposal (RFP) for DC Plan Administrator and Plan Advisory Services. Through this process, it was determined a better practice to issue these RFPs separately and enter into separate agreements with independent providers. ICMA was awarded the administrator bid and retained as Plan Administrator. A separate RFP was issued for Plan Advisor during Q3 of Fiscal Year 2018. Plante Moran Financial Advisors was awarded this bid and has been added to provide advisory services to the Board of Water and Light for DC.

Also during Q3 of Fiscal Year 2018, BWL issued an RFP for actuarial services for both DB and VEBA. Benassist was awarded this bid and has replaced Nyhart as of March 2018. This change will save the BWL roughly $9,000 per year over the three year contract. Included in the packet are the actuarial reports for DB and VEBA. These actuarial reports were prepared by Benassist using census data as of February 28, 2018 and financial data as of June 30, 2018. Benassist calculated the funding status and actuarial determined contribution (ADC) for each plan. Of note, as adopted and approved in Resolution #2018-05-05, the target rate of return for DB has been reduced from 7.5% to 7.0%. This change serves to better align the DB investment strategy with the expected benefit distribution based on plan demographics. Benassist's actuarial report for DB has been prepared in accordance with this assumption change. A brief overview of the complete report is shown on the following page.

Actuarial Report Overview

DB	As of 6/30/2018	As of 6/30/2017
Actuarial Determined Contribution	$0	$0
Total Pension Liability	$55.8 million	$56.9 million
Fiduciary Net Position	$62.4 million	$65.9 million
Funded Status	111.9%	115.9%
Net Pension Liability	($6.6 million)	($9.0 million)

VEBA	As of 06/30/2018	As of 06/30/2017
Actuarial Determined Contribution	$7.5 million	$7.5 million
Total OPEB Liability	$203.5 million	$205.6 million
Market Value of Assets	$184.0 million	$173.6 million
Funded Status	90.4%	84.4%
Net OPEB Liability	$19.4 million	$32.0 million

Asset Class Allocation

Investments for DB and VEBA are directed by the plan sponsor, BWL, under the guidance of the current Statement of Investment Policies, Procedures And Objectives (IPS) for each plan. Listed below are the asset class allocations for both DB and VEBA. Each of these allocations fall within the allowable allocation range as dictated by the IPS for each plan.

	Fund Allocation as of 06/30/2018	
Asset Class:	**DB**	**VEBA**
US Large Cap Equity:		
Loomis Sayles	12.27%	15.96%
Vanguard Russell 1000	12.80%	14.72%
US Small/Mid Cap Equity:		
Advisory Research	9.89%	10.77%
Non US Equity:		
Harding Loevner Int'l Equity	9.65%	9.98%
Lazard Int'l Equity	9.65%	9.68%
Fixed Income:		
JPMorgan Fixed Income	33.45%	33.93%
BlackRock Strategic Income	10.15%	4.82%
Cash & Cash Equivalents:		
Cash & Cash Equivalents	2.14%	0.14%

Management Fees

The current IPS prescribes that consideration will be given to fees prior to retaining professionals. The following table lists all fees associated with DB and VEBA funds as of June 30, 2018.

	Manager Fee	Custodial Fee	ACG Fee*	Total Fee
US Large Cap Equity				
Loomis Sayles	0.54 %	0.02 %	0.04 %	0.60 %
Vanguard Russell 1000	0.08 %	0.02 %	0.04 %	0.14 %
US Small/Mid Cap Equity				
Advisory Research	0.95 %	0.02 %	0.04 %	1.01 %
Non US Equity				
Harding Loevner Int'l Equity	0.82 %	0.02 %	0.04 %	0.88 %
Lazard Int'l Equity	0.81 %	0.02 %	0.04 %	0.87 %
Fixed Income				
JP Morgan Fixed Income	0.30 %	0.02 %	0.04 %	0.36 %
BlackRock Strategic Income	0.82 %	0.02 %	0.04 %	0.88 %

* ACG advisory fee is a flat dollar cost. For purposes of this report, this fee is shown as a weighted average of total assets under management.

Performance of Investment Managers

The charts below show the DB and VEBA investment returns from inception through June 30, 2018 for the seven investment managers employed by the BWL as of June 30, 2018. These returns are compared to the market index that most closely resembles each investment manager's style as listed in the current, respective DB and VEBA IPS. Note that due to differing individual portfolio start dates, and different investment sectors, the comparative market index will vary from manager to manager.

DB	Inception Date	Return	Index
Loomis Sayles	01/13	17.01%	17.12%
Vanguard	05/17	7.09%	7.17%
Advisory Research	07/09	12.43%	15.11%
Harding Loevner Int'l Equity	09/17	7.05%	3.37%
Lazard Int'l Equity	09/17	3.58%	4.38%
JP Morgan	01/09	3.96%	3.48%
BlackRock Strategic Income	09/17	1.01%	-1.71%

VEBA	Inception Date	Return	Index
Loomis Sayles	01/13	16.54%	17.12%
Vanguard	05/17	7.09%	7.17%
Advisory Research	07/09	11.94%	15.11%
Harding Loevner Int'l Equity	09/17	7.05%	3.37%
Lazard Int'l Equity	09/17	3.58%	4.38%
JP Morgan	01/09	3.99%	3.48%
BlackRock Strategic Income	09/17	1.01%	-1.71%

Retirement Plans Dashboard: FY 2018

Lansing Board of Water & Light: Defined Benefit Plan - 06/30/2018

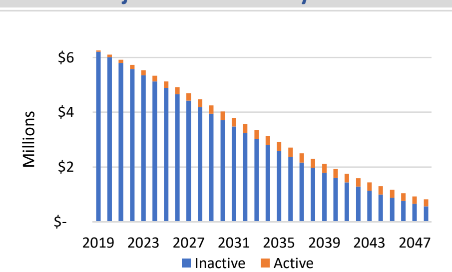
Funding Status			Returns	
Fiduciary Net Position	$	62,366,985		
Total Pension Liability	$	55,750,503	FY 2018 Return on Assets	4.97%
Funding Status		111.87%	Expected Return	7.00%
Average Funding Percentage[1]		72%	Median Expected Return[2]	7.50%
Actuarial Determined Contribution	$	-	% Over/Under Median	-0.50%
FY 2018 Total Revenues	$	353,082,924		
Contribution as % of Revenues		0.00%		

Change in Assets			Participants[3]	
FY 2018 Beginning Market Value	$	65,923,813		
FY 2018 Contributions	$	-	Total Active Participants	8
FY 2018 Net Investment Income	$	2,857,126	Total Inactive Participants	4
FY 2018 Distributions	$	(6,413,954)	Total Retiree Participants	352
FY 2018 Ending Market Value	$	62,366,985	Total Participants	364
FY 2018 Inc/(Dec) in Market Value	$	(3,556,828)		

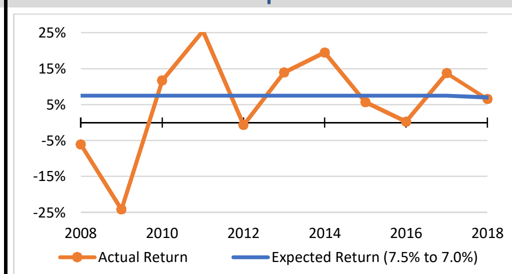
Asset Allocation

Asset Class	Allocation	Target Allocation
US Equity	35%	25 - 45%
Non-US Equity	19%	15 - 25%
Fixed Income	44%	20 - 50%
Real Assets	0%	0 - 10%
Cash & Equivalents	2%	0 - 5%

Projected Benefit Payments



Historical vs Expected Returns



Plan Fees

Type		Annual Fees Paid	% of Assets
Investment Fees[4]	$	343,393	0.52%
Custodial Fees	$	14,636	0.02%
Advisory Fees[5]	$	55,000	0.08%
Total	$	413,029	0.63%

Lansing Board of Water & Light: VEBA Plan - 06/30/2018

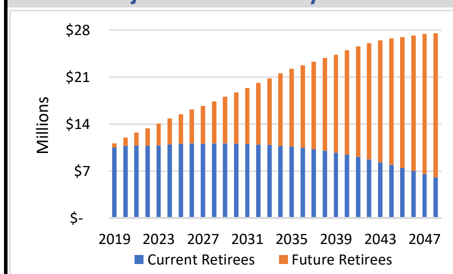
Funding Status			Returns	
Market Value of Assets	$	184,039,625		
Total OPEB Liability	$	203,487,066	FY 2018 Return on Assets	6.91%
Funding Status		90.44%	Expected Return	7.50%
Prior Year Funding Percentage		84.44%	Prior Year Expected Return	7.50%
Actuarial Determined Contribution	$	7,534,978	% Over/Under Prior Year	0.00%
FY 2018 Total Revenues	$	353,082,924		
Contribution as % of Revenues		2.13%		

Change in Assets			Participants[3]	
FY 2018 Beginning Market Value	$	173,635,056		
FY 2018 Contributions	$	10,395,327	Total Active Participants	703
FY 2018 Net Investment Income	$	10,404,569	Total Retiree Participants	728
FY 2018 Distributions	$	(10,395,327)	Total Participants	1,431
FY 2018 Ending Market Value	$	184,039,625		
FY 2018 Inc/(Dec) in Market Value	$	10,404,569		

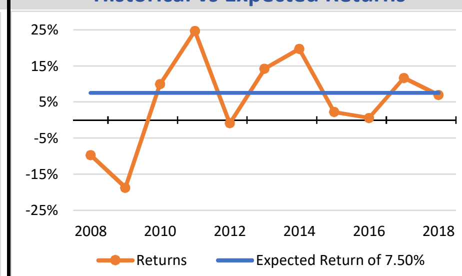
Asset Allocation

Asset Class	Allocation %	Target Allocation
US Equity	41%	30 - 50%
Non US Equity	20%	15 - 25%
Fixed Income	39%	10 - 50%
Real Assets	0%	0% - 20%
Cash & Equivalents	0%	0% - 5%

Projected Benefit Payments



Historical vs Expected Returns



Plan Fees

Type		Annual Fees Paid	% of Assets
Investment Fees[4]	$	930,909	0.54%
Custodial Fees	$	40,989	0.02%
Advisory Fees[5]	$	55,000	0.03%
Total	$	1,026,898	0.59%

1 Average Funding for State and Local Pensions nationwide as of 2017. Data obtained from Public Plans Database and PENDAT as provided by BWL's external advisor, ACG.
2 Median Investment Return Assumption for Public Pensions from FY18 data obtained from NASRA Public Fund Survey Summary of Findings as provided by BWL's external advisor, ACG.
3 Participant data is based on the actuarial census date of February 28, 2018.
4 Certain investment fees are charged on a "% of Assets" basis and have been converted to a dollar amount for purposes of comparison.
5 Advisory fees are a flat dollar amount and have been converted to a "% of Assets" basis for purposes of comparison.

Where external benchmark data was unavailable, prior year BWL data was used for comparison. Investment manager and advisory fees are accounted for on an accrual basis for dashboard purposes and cash basis for audit purposes.

Retirement Plans Dashboard: FY 2018

Hometown People. Hometown Power.

Lansing Board of Water & Light: Defined Contribution 401(a) & Deferred Compensation 457(b) Plans - 06/30/2018

Total Participants

Plan Type	Participants
401 Plans[1]	954
457 Plan[2]	902

401(a) Loan Statistics

Outstanding Loans		378
Total Loan Balance	$	4,337,434
Avg Loan Balance	$	11,475

ICMA Education Statistics

Retirement Plan Specialists	Certified Financial Planner	Seminars
33 Days On Site	20 Days On Site	3 Seminars On Site
180 Attendees	82 Attendees	20 Attendees

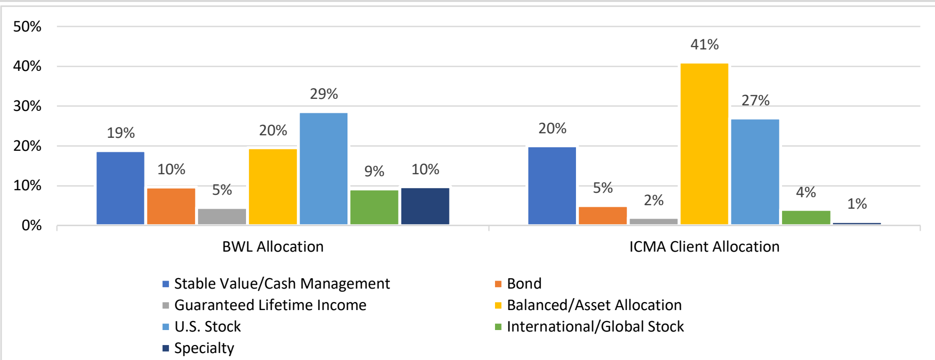
Participants & Assets by Age Group: 401(a) Plans

Age Group	Average Balance	Total Participants	Total Assets
Under 30	$ 20,361.36	48	$ 977,345
30 - 39	$ 52,439.55	156	$ 8,180,569
40 - 49	$ 114,864.54	181	$ 20,790,481
50 - 59	$ 258,590.82	284	$ 73,439,793
60 - 69	$ 332,788.98	221	$ 73,546,365
70 & Up	$ 270,460.72	64	$ 17,309,486
Total		954	$ 194,244,041

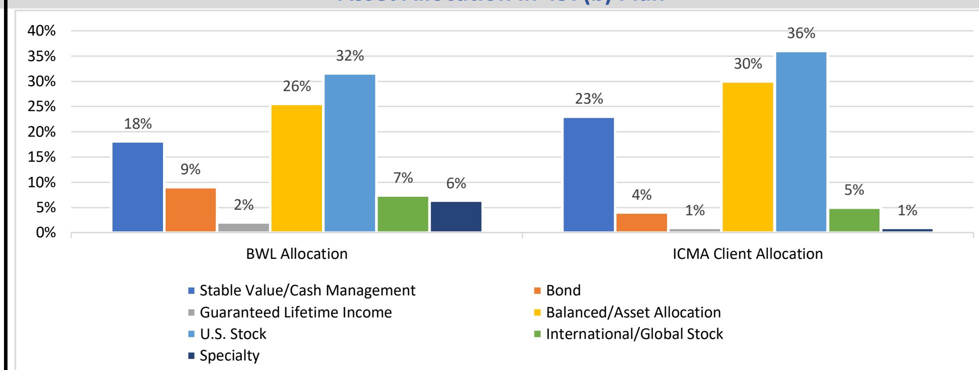
Participants and Assets by Age Group: 457(b) Plan

Age Group	Average Balance	Total Participants	Total Assets
Under 30	$ 23,629.09	56	$ 1,323,229
30 - 39	$ 48,913.61	162	$ 7,924,005
40 - 49	$ 86,058.34	189	$ 16,265,026
50 - 59	$ 141,550.02	281	$ 39,775,554
60 - 69	$ 197,427.34	179	$ 35,339,493
70 & Up	$ 205,924.59	35	$ 7,207,361
Total		902	$ 107,834,668

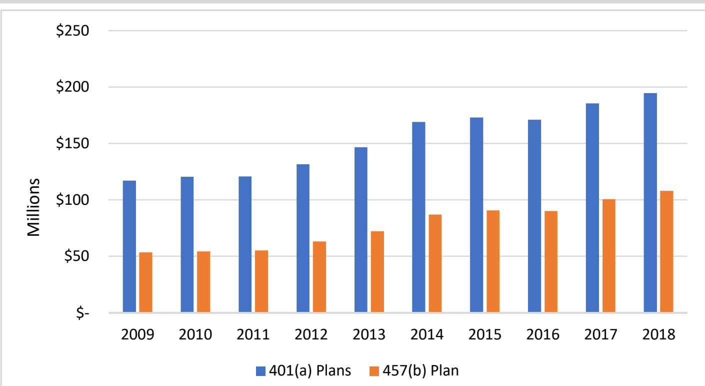
Asset Allocation in 401(a) Plans[3]



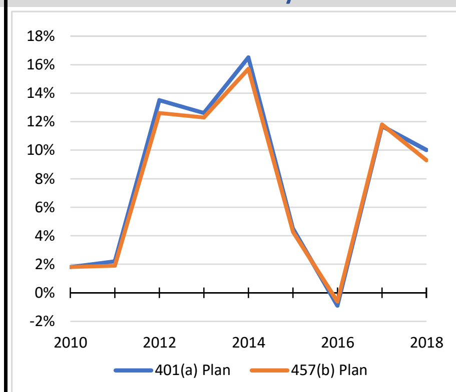
Asset Allocation in 457(b) Plan[3]



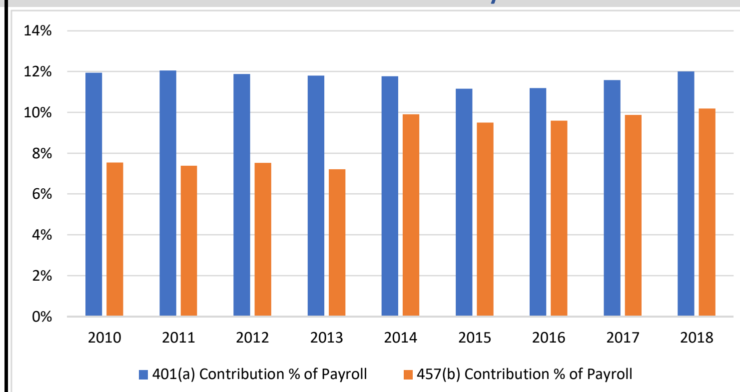
Historical Asset Values



Historical Returns by Fiscal Year



Contribution as % of Payroll



1 401(a) Plans are Employer Contribution only and subject to a vesting period of up to 6 years.
2 457(b) Plan is Employee Contribution with an Employer Contribution of $1,000 and an additional Employer Match up to $1,500 per calendar year.
3 ICMA Average obtained from ICMA Plan Service Report as of 06/30/2018

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

Financial Report

with Required Supplementary Information

As of and for the Years Ended June 30, 2018 and 2017

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

Contents

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Plan for Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions ("Plan") as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary position of the Plan as of June 30, 2018 and 2017, and the respective changes in fiduciary position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 11, 2018

Using this Annual Report

This annual report consists of two parts: (1) management's discussion and analysis (this section) and (2) the 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:

	2018	2017	2016
Assets held in trust:			
Money market collective trust fund	$ 1,890,701	$ 1,088,909	$ 746,554
U.S. government obligations	7,966,488	9,053,469	7,565,160
Fixed income securities	12,372,866	12,156,276	10,491,022
Mutual funds	26,341,508	22,381,599	7,908,757
Partnership	-	1,117,790	1,101,086
Common stock	13,634,806	19,938,242	37,486,031
Trade Receivable due from Broker	11,853	46,051	-
Interest and dividend receivable	148,763	153,010	143,225
Total assets held in trust	**$ 62,366,985**	**$ 65,935,346**	**$ 65,441,835**
Liabilities - Accrued liabilities	$ -	$ 11,533	$ -
Net position restricted for pension	62,366,985	65,923,813	65,441,835
Total liabilities and net position	**$ 62,366,985**	**$ 65,935,346**	**$ 65,441,835**
Changes in net position:			
Net investment income (loss)	$ 3,112,090	$ 8,271,675	$ 46,762
Benefits payments	(6,413,954)	(7,472,625)	(7,895,766)
Administrative fees	(254,964)	(317,072)	(388,495)
Net change in net position	**$ (3,556,828)**	**$ 481,978**	**$ (8,237,499)**

During fiscal year 2018, net investment gain was $3,112,090. We believe this performance is consistent with the experience of similarly situated employee benefit funds.

Employer contributions were $0 in fiscal year 2018 according to the Board of Water and Light - City of Lansing, Michigan's (the "BWL") actuarially determined contribution (ADC) as determined by the BWL's actuary.

Benefit payments in fiscal year decreased by $1.1 million to $6.4 million. This was due to a decrease in funds distributed in the form of lump-sum payouts upon retirement in fiscal year 2018 as compared to fiscal year 2017.

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 percent, and to earn returns in excess of a passive set of market indexes representative of the Plan's asset allocation.

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

U.S. Equities	35%
Non-U.S. Equities	20%
Global Fixed Income	40%
Commercial Real Estate	5%

Future Events

The Plan is currently overfunded, with a funded ratio (fiduciary net position divided by total pension liability) of 112 percent. This funding level results in an annual pension expense of $0 for fiscal year 2018. The BWL does not expect to make contributions to the trust in fiscal year 2019.

The Plan expects to make annual withdrawals of approximately $6,000,000 to cover participant benefits.

Contacting the Plan's Management

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

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

Statement of Plan Fiduciary Net Position

	As of June 30	
	2018	2017
Assets		
Investments at fair value:		
Cash and money market trust fund	$ 1,890,701	$ 1,088,909
U.S. government obligations	7,966,488	9,053,469
Fixed income securities	12,372,866	12,156,276
Mutual funds	26,341,508	22,381,599
Partnership	-	1,117,790
Common stocks	13,634,806	19,938,242
Total investments at fair value	62,206,369	65,736,285
Trade receivable - due from broker	11,853	46,051
Receivable - investment interest receivable	148,763	153,010
Total assets	62,366,985	65,935,346
Liabilities		
Trade payable - due to broker	-	11,533
Net Position Restricted for Pensions	**$ 62,366,985**	**$ 65,923,813**

See Notes to Financial Statements.

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

Statement of Changes in Plan Fiduciary Net Position

	For the Year Ended June 30	
	2018	2017
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 1,521,207	$ 6,553,152
Interest and dividend income	1,590,883	1,718,523
Total investment income	3,112,090	8,271,675
Deductions		
Retiree benefits paid	6,413,954	7,472,625
Administrative expenses	254,964	317,072
Total deductions	6,668,918	7,789,697
Net Increase (Decrease) in Net Position	(3,556,828)	481,978
Net Position Restricted for Pensions		
Beginning of year	65,923,813	65,441,835
End of year	**$ 62,366,985**	**$ 65,923,813**

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

Accounting and Reporting Principles

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

Basis of Accounting

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

Report Presentation

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

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

Note 1 - Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

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.

Effect of New Accounting Standards on Current Period Financial Statements - GASB has approved GASB Statement No. 84, Fiduciary Activities. When it becomes effective, application of this standard may restate portions of these financial statements.

Note 2 - Plan Description

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

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

Note 2 - Plan Description (Continued)

Plan Membership – At February 28, 2018 and February 28, 2017 (the most recent actuarial valuation for funding purposes), plan membership consisted of the following:

	2018	2017
Inactive plan members or beneficiaries currently receiving benefits	352	368
Inactive plan members entitled to but not yet receiving benefits	4	6
Active plan members	8	8
Total	364	382

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, 2018 and 2017. Plan documents do not require participant contributions.

Plan Termination - Although the BWL Pension Board has not expressed any intent to terminate the Plan, the BWL Pension Board has the right to do so at any time. If the Plan is terminated, each employee who has a pension benefit under the Plan will be fully vested in that benefit. Those benefits shall be calculated on Plan termination as though each person had elected to receive his or her accrued benefit as a lump sum amount, although no employee would be required to accept his or her Plan termination distribution in the form of a lump sum. The lump sum amount to be paid to each individual in any of the forms permitted by the Plan would be calculated in accordance with the Plan document. On termination of the Plan, each employee would have recourse toward satisfaction of his or her nonforfeitable benefit from the Plan assets and from the general assets of the BWL and its successor.

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

Note 3 - Cash, Investments, and Fair Disclosure

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

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

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

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities, other than commercial paper, which can only be purchased with a 270-day maturity. The average maturities of investments are as follows as of June 30, 2018:

Investment	Fair Value	Weighted Average Maturity
U.S. government obligations	$ 7,966,488	12.19 Years
Fixed income securities	12,372,866	12.46 Years
Money market trust fund	1,890,701	Less than 1 year
Portfolio weighted average maturity	-	12.35 years

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

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

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

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. The credit quality ratings of debt securities are as follows as of June 30, 2018:

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations - implicitly guaranteed	$ 2,767,597	AA+	S&P
U.S. government obligations - implicitly guaranteed	58,089	AA-	S&P
Fixed income securities	893,567	AAA	S&P
Fixed income securities	5,410,018	AA+	S&P
Fixed income securities	657,692	AA	S&P
Fixed income securities	147,017	AA-	S&P
Fixed income securities	302,057	A+	S&P
Fixed income securities	1,139,433	A	S&P
Fixed income securities	829,820	A-	S&P
Fixed income securities	1,616,048	BBB+	S&P
Fixed income securities	901,500	BBB	S&P
Fixed income securities	377,545	BBB-	S&P
Fixed income securities	8,030	BB+	S&P
Fixed income securities	90,140	B-	S&P
Money market trust funds	1,890,701	Not rated	Not rated

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

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

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations – implicitly guaranteed	$ 3,138,615	AA+	S&P
U.S. government obligations – implicitly guaranteed	57,557	AA–	S&P
Fixed income securities	596,786	AAA	S&P
Fixed income securities	4,853,253	AA+	S&P
Fixed income securities	473,265	AA	S&P
Fixed income securities	438,373	AA–	S&P
Fixed income securities	284,823	A+	S&P
Fixed income securities	1,222,741	A	S&P
Fixed income securities	978,958	A–	S&P
Fixed income securities	1,884,579	BBB+	S&P
Fixed income securities	916,393	BBB	S&P
Fixed income securities	404,115	BBB–	S&P
Fixed income securities	8,170	BB+	S&P
Fixed income securities	94,820	CCC	S&P
Money market trust funds	1,088,909	Not rated	Not rated

Note 4 - 401(h) Account

Effective July 1, 1999, the Plan was amended to include a medical-benefit component, in addition to the normal retirement benefits, to fund a portion of the postretirement obligations for certain retirees and their beneficiaries in accordance with Section 401(h) of the Internal Revenue Code (IRC). A separate account has been established and maintained in the Plan for the net assets related to the medical-benefit component 401(h) account. In accordance with IRC Section 401(h), the Plan's investments in the 401(h) account may not be used for, or diverted to, any purpose other than providing health benefits for retirees and their beneficiaries. Employer contributions or qualified transfers to the 401(h) account are determined annually and are at the discretion of the plan sponsor. At June 30, 2018 and 2017, there were no excess pension plan assets available for transfer.

Note 5 - Tax Status

The Plan obtained, from the Internal Revenue Service, a determination letter dated November 4, 2011. The letter affirmed that the Plan complied with the requirements of Internal Revenue Code section 401(a). The plan continues to operate as a qualified plan.

Note 6 - Plan Investments - Policy and Rate of Return

Investment Policy – The Plan's policy in regard to the allocation of invested assets is established and may be amended by the BWL by a majority vote of its members. It is the policy of the board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The Plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the BWL's adopted asset allocation policy as of June 30, 2018 and 2017:

Asset Class	2018 Target Allocation	2017 Target Allocation
Global Fixed Income	40%	35%
U.S. Equities	35%	35%
Non-U.S. Equities	20%	10%
Commercial real estate	5%	10%
Alternative Investments	0%	10%

Rate of Return – For the year ended June 30, 2018, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 4.59 percent. For the year ended June 30, 2017, the annual money-weighted rate of return on plan investments, net of plan investment expense, was 12.10 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 7 - Net Pension Asset of the BWL

The components of the net pension asset of the BWL at June 30, 2018 and 2017 were as follows (in thousands):

	2018	2017
Total pension liability	$ 55,751	$ 56,895
Plan fiduciary net pension	62,367	65,924
Plan's net pension asset	$ (6,616)	$ (9,029)
Plan fiduciary net position, as a percentage of the total pension liability	111.87%	115.87%

Actuarial Assumptions – The June 30, 2018 total pension liability was determined by an actuarial valuation as of February 28, 2018, which used updated procedures to roll forward the estimated liability to June 30, 2018. The June 30, 2017 total pension liability was determined by an actuarial valuation as of February 28, 2017, which used updated procedures to roll forward the estimated liability to June 30, 2017. 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. Benassist Actuaries and Nyhart Actuary & Employee Benefits were the actuaries for the February 28, 2018 and February 28, 2017 valuations, respectively. The valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	3.50%

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

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

The mortality table was based on the RP-2014 Total Dataset Mortality Table, Male and Female, adjusted to 2006 and projected generationally using the MP-2017 projection scale.

Discount Rate - The discount rate used to measure the total pension liability was 7.0 percent and 7.5 percent for June 30, 2018 and June 30, 2017, respectively. The projection of cash flows used to determine the discount rate in both years 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, 2018 and 2017 for each major asset class included in the pension plan's target asset allocation, as disclosed in Note 6, are summarized in the following table:

Asset Class	2018 Long-term Expected Real Rate of Return	2017 Long-term Expected Real Rate of Return
Fixed income	3.23%	2.54%
Domestic equity	7.89%	7.94%
International equity	8.73%	8.66%
Real estate	5.91%	5.88%

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

Sensitivity of the Net Pension Asset to Changes in the Discount Rate - The following presents the net pension asset of the BWL at June 30, 2018, calculated using the discount rate of 7.0 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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability (asset) of the BWL (in thousands)	$ (1,539)	$ (6,616)	$ (9,467)

The following presents the net pension asset of the BWL at June 30, 2017, calculated using the discount rate of 7.5 percent, as well as what the BWL's net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Net pension liability (asset) of the BWL (in thousands)	$ (4,900)	$ (9,029)	$ (12,879)

Note 8 – Fair Value Measurements

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

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

Level 2 - Inputs to the valuation methodology include:

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

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

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

Note 8 – 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, 2018 and 2017:

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 8 – 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, 2018 and 2017:

	June 30, 2018			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ –	$ 1,890,701	$ –	$ 1,890,701
U.S. government obligations	–	7,966,488	–	7,966,488
Fixed income securities	–	12,372,866	–	12,372,866
Mutual funds	–	26,341,508	–	26,341,508
Common stocks	13,634,806	–	–	13,634,806
Total	$ 13,634,806	$ 48,571,563	$ –	$ 62,206,369

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

Note 9 – Risks and Uncertainties

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

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

Note 10 – Subsequent Events

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

Required Supplementary Information

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

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

	2018	2017	2016	2015	2014	2013	2012*	2011*	2010*	2009*
Total Pension Liability										
Service cost	$ 50	$ 113	$ 223	$ 274	$ 349	$ 407	$ -	$ -	$ -	$ -
Interest	4,031	4,317	4,625	4,919	4,751	5,085	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(230)	(383)	299	(1,093)	964	(1,716)	-	-	-	-
Changes in assumptions	1,419	(857)	(1,468)	-	4,538	-	-	-	-	-
Benefit payments, including refunds	(6,414)	(7,473)	(7,896)	(8,046)	(8,541)	(7,777)	-	-	-	-
Net Change in Total Pension Liability	(1,144)	(4,283)	(4,217)	(3,946)	2,061	(4,001)	-	-	-	-
Total Pension Liability - Beginning of year	56,895	61,178	65,395	69,341	67,280	71,281	-	-	-	-
Total Pension Liability - End of year	55,751	56,895	61,178	65,395	69,341	67,280	-	-	-	-
Plan Net Position										
Contributions - Employer	-	-	-	-	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	3,112	8,272	47	1,771	14,243	10,170	-	-	-	-
Administrative expenses	(255)	(317)	(388)	(576)	(596)	(536)	-	-	-	-
Benefit payments, including refunds	(6,414)	(7,473)	(7,896)	(8,045)	(8,541)	(7,777)	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	(3,557)	482	(8,237)	(6,850)	5,106	1,857	-	-	-	-
Net Position Restricted for Pensions - Beginning of year	65,924	65,442	73,679	80,529	75,424	73,567	-	-	-	-
Net Position Restricted for Pensions - End of year	62,367	65,924	65,442	73,679	80,530	75,424	-	-	-	-
BWL Net Pension Asset - Ending	**$ (6,616)**	**$ (9,029)**	**$ (4,264)**	**$ (8,284)**	**$ (11,189)**	**$ (8,144)**	**$ -**	**$ -**	**$ -**	**$ -**
Plan Net Position as a % of Total Pension Liability	111.87%	115.87%	106.97%	112.67%	116.14%	112.10%	- %	- %	- %	- %
Covered Employee Payroll	$ 603	$ 586	$ 772	$ 1,018	$ 1,225	$ 1,684	$ -	$ -	$ -	$ -
BWL's Net Pension Asset as a % of Covered Employee Payroll	(1,097%)	(1,541%)	(552%)	(814%)	(913%)	(484%)	- %	- %	- %	- %

*GASB Statement No. 67 was implemented as of June 30, 2014. Information from 2008 - 2012 is not available and this schedule will be presented on a prospective basis.

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

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

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Actuarially determined contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 86	$ 2,109	$ -
Contributions in relation to the actuarially determined contribution	-	-	-	-	-	-	-	86	2,109	-
Contribution Deficiency (Excess)	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Covered Employee Payroll	$ 603	$ 586	$ 772	$ 1,018	$ 1,225	$ 1,684	$ 2,101	$ 2,398	$ 2,660	$ 3,089
Contributions as a Percentage of Covered Employee Payroll	- %	- %	- %	- %	- %	- %	- %	3.59%	79.29%	- %

See Note to Required Supplemental Information

Note to Required Supplementary Information (Unaudited)
Year Ended June 30, 2018

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2018, based on roll-forward of February 28, 2018 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	7.0 percent per year compounded annually
Mortality	RP-2014 Mortality Table with MP-2017 Improvement Scale

Changes to assumpsions: The mortality projection scale was updated to MP-2017 Projection Scale. The assumed form of payment for active participants was changed from life annuity to a 100% joint and survivor annuity. The discount rate and the expected long term rate of return on assets was decreased from 7.50% to 7.00%.

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

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

	2018	2017	2016	2015	2014	2013*	2012*	2011*	2010*	2009*
Annual money-weighted rate of return net of investment expense	4.59%	12.10%	(0.49%)	1.55%	19.18%	- %	- %	- %	- %	- %

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

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

June 30, 2018 GASB 67/68 Report

July 18, 2018

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Actuarial Certification

July 18, 2018

This report presents actuarial and accounting results related to the Lansing Board of Water and Light Defined Pension Plan for Employees' Pensions (the "Plan"). Results herein were prepared pursuant to Governmental Accounting Standards Board Statements 67 and 68 ("GASB 67/68").

The primary purpose of this report is to provide financial statement information pursuant to GASB 67/68 for the fiscal year ending June 30, 2018. The results of our calculations are set forth in this report, as are the actuarial assumptions and methods and a brief summary of the eligibility criteria and benefits for retirees.

To the best of our knowledge, the information supplied in this report is complete and accurate. The analysis and calculations were conducted in a manner consistent with the Standards of Professional Conduct, Qualifications, and Practice of the American Academy of Actuaries and consistent with the standards of practice of the Actuarial Standards Board.

All costs, liabilities, rates of interest, and other factors under the Plan have been determined on the basis of actuarial assumptions and methods which are reasonable and consistent with our understanding of GASB 67/68. All assumptions have been discussed with Lansing Board of Water and Light and appear to represent the best estimate of anticipated experience under the Plan. In preparing this report we relied on the census data, plan provisions, and other plan financial information provided by Lansing Board of Water and Light. Actuarial computations under GASB 67/68 are for purposes of fulfilling employer financial accounting requirements. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results contained in this report.

Respectfully Submitted,

Mark W Miller

Mark Miller, ASA, EA, MAAA
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Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

June 30, 2018 GASB 67/68 Report

Summary of Key Results

	6/30/2017	6/30/2018
Census data summary		
Active participants	8	8
Terminated vested participants	6	4
Retired, disabled and surviving participants	368	352
Total	382	364
Covered payroll	$ 586,181	$ 603,382
Present value of future benefits (PVFB)		
Active participants	N/A	$ 3,088,306
Terminated vested participants	N/A	357,224
Retired, disabled and surviving participants	N/A	52,552,328
Total	N/A	$ 55,997,858
Present value of future normal costs (PVFNC)	N/A	$ 247,355
Total pension liability (TPL)		
Active participants	N/A	$ 2,832,464
Terminated vested participants	N/A	357,282
Retired, disabled and surviving participants	N/A	52,560,757
Total	$ 56,894,658	$ 55,750,503
Fiduciary net position (FNP)	$ 65,923,813	$ 62,366,985
Net pension liability (NPL)	$ (9,029,155)	$ (6,616,482)
Funded status	115.87%	111.87%
Pension expense	$ (1,803,742)	$ 449,142
Contribution		
Actuarially determined contribution	$ 0	$ 0
Actuarially determined contribution as a % of covered payroll	0.00%	0.00%

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Defined Benefit Plan for Employees' Pensions

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Statement of Fiduciary Net Position

	6/30/2017	6/30/2018
Assets		
Cash and deposits	$ 1,088,909	$ 1,890,701
Receivables		
Contributions	0	0
Due from broker for investments sold	46,051	11,853
Net receivable on investments	153,010	148,763
Total receivables	$ 199,061	$ 160,616
Investments		
Equities	43,013,621	39,566,823
Fixed income	21,209,745	20,339,354
Alternative investments	0	0
Real estate	424,010	409,491
Total investments	$ 64,647,376	$ 60,315,668
Total assets	$ 65,935,346	$ 62,366,985
Liabilities		
Payables:		
Investment management fees	$ 0	$ 0
Due to broker for investments purchased	(11,533)	0
Total payables	$ (11,533)	$ 0
Total liabilities	$ (11,533)	$ 0
Net position restricted for pensions	$ 65,923,813	$ 62,366,985

Investment Policy - A detailed description of the investment policy for the plan can be found in the Lansing Board of Water and Light Benefit Plan for Employees" Pensions Statement of Investment Policies, Procedures and Objectives.

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

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Statement of Changes in Fiduciary Net Position

	6/30/2017	6/30/2018
Additions		
Contributions		
Employer	$ 0	$ 0
Employee	0	0
Total contributions	$ 0	$ 0
Investment income		
Net increase in fair value of investments	$ 6,553,151	$ 1,521,207
Interest and dividends	1,718,523	1,590,883
Less investment expense	0	0
Net investment income	$ 8,271,674	$ 3,112,090
Total additions	$ 8,271,674	$ 3,112,090
Deductions		
Benefit payments	$ (7,472,625)	$ (6,413,954)
Administrative expenses	(317,071)	(254,964)
Total deductions	$ (7,789,696)	$ (6,668,918)
Net increase in net position	$ 481,978	$ (3,556,828)
Net position restricted for pensions		
Beginning of year	$ 65,441,835	$ 65,923,813
End of year	$ 65,923,813	$ 62,366,985

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

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Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balances at 6/30/2017	$ 56,894,658	$ 65,923,813	$ (9,029,155)
Changes for the year			
Service cost	50,072	0	50,072
Interest	4,030,924	0	4,030,924
Change of benefit terms	0	0	0
Differences between expected and actual experience	(229,751)	0	(229,751)
Change in assumptions and other inputs	1,418,554	0	1,418,554
Contributions - employer	0	0	0
Contributions - retiree	0	0	0
Net investment income	0	3,112,090	(3,112,090)
Benefit payments and refunds of employee contributions	(6,413,954)	(6,413,954)	0
Administrative expense	0	(254,964)	254,964
Other changes	0	0	0
Net changes	$ (1,144,155)	$ (3,556,828)	$ 2,412,673
Balances at 6/30/2018	$ 55,750,503	$ 62,366,985	$ (6,616,482)

Notes

The Net Pension Liability (NPL) is equal to the Total Pension Liability (TPL) minus the Fiduciary Net Position (FNP), or market value of assets. Pension Expense includes amounts for: service cost, interest on the TPL, changes in the benefit structure, recognition of increases/decreases in liability due to actual vs. expected experience, actuarial assumption changes, investment gains/losses on the market value of assets and expected return on plan assets. The impact of actual experience and assumption changes are recognized over the average expected remaining service life of the plan participants, while investment gains/losses are recognized equally over five years.

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

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Schedule of Changes in the Net Pension Liability

	6/30/2018	6/30/2017	6/30/2016	6/30/2015	6/30/2014
Total pension liability					
Service cost	$ 50,072	$ 112,672	$ 223,219	$ 274,052	$ 348,952
Interest	4,030,924	4,316,565	4,625,283	4,919,427	4,751,843
Change of benefit terms	0	0	0	0	0
Difference between expected and actual experience	(229,751)	(383,137)	299,179	(1,093,705)	964,016
Change in assumptions and other inputs	1,418,554	(856,662)	(1,469,174)	0	4,538,152
Benefit payments	(6,413,954)	(7,472,625)	(7,895,767)	(8,045,948)	(8,541,275)
Refunds of contributions	0	0	0	0	0
Net change in total pension liability	$ (1,144,155)	$ (4,283,187)	$ (4,217,260)	$ (3,946,174)	$ 2,061,688
Total pension liability - beginning	56,894,658	61,177,845	65,395,105	69,341,279	67,279,591
Total pension liability - ending (a)	$ 55,750,503	$ 56,894,658	$ 61,177,845	$ 65,395,105	$ 69,341,279
Fiduciary net position					
Contributions - employer	$ 0	$ 0	$ 0	$ 0	$ 0
Contributions - non-employer	0	0	0	0	0
Contributions - member	0	0	0	0	0
Net investment income	3,112,090	8,271,674	46,762	1,771,424	14,243,164
Benefit payments	(6,413,954)	(7,472,625)	(7,895,767)	(8,045,948)	(8,541,275)
Administrative expense	(254,964)	(317,071)	(388,495)	(576,122)	(595,925)
Refunds of contributions	0	0	0	0	0
Other	0	0	0	0	0
Net change in fiduciary net position	(3,556,828)	481,978	(8,237,500)	(6,850,646)	5,105,964
Fiduciary net position - beginning	65,923,813	65,441,835	73,679,335	80,529,981	75,424,017
Fiduciary net position - ending (b)	$ 62,366,985	$ 65,923,813	$ 65,441,835	$ 73,679,335	$ 80,529,981
Net pension liability - ending (a)-(b)	$ (6,616,482)	$ (9,029,155)	$ (4,263,990)	$ (8,284,230)	$ (11,188,702)
Plan fiduciary net position as a percentage of the total pension liability	111.87%	115.87%	106.97%	112.67%	116.14%
Covered payroll	603,382	586,181	771,810	1,017,849	1,224,727
Net pension liability as a percentage of covered payroll	-1096.57%	-1540.34%	-552.47%	-813.90%	-913.57%

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Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

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Development of Net Pension Liability (Gain)/Loss

	6/30/2018
Total pension liability	
Total pension liability at BOY	$ 56,894,658
Service cost	50,072
Benefit payments	(6,413,954)
Expected interest	4,030,924
Assumption change	1,418,554
Expected total pension liability at EOY	55,980,254
Actual total pension liability at EOY	55,750,503
Total pension liability (gain)/loss	$ (229,751)
Fiduciary net position	
Fiduciary net position at BOY	$ 65,923,813
Employer contributions	0
Employee contributions	0
Benefit payments	(6,413,954)
Administrative expenses	(254,964)
Expected net investment income	4,698,723
Expected fiduciary net position at EOY	63,953,618
Actual fiduciary net position at EOY	62,366,985
Fiduciary net position (gain)/loss	$ 1,586,633
Net pension liability (gain)/loss	$ 1,356,882

Note

Notes for the FYE June 30, 2018 shown above are provided on page 10.

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Notes to Schedule of Changes in the Net Pension Liability

June 30, 2018

- Difference between actual and expected experience - The $230,000 gain on the Total Pension Liability for the fiscal year ending June 30, 2018 is primarily attributable to participant deaths.
- Assumption changes - Assumptions for the discount rate and expected return on assets were decreased from 7.50% to 7.00% to reflect the expected long term rate of return on the trust.
- Investment losses - During the fiscal year ending 6/30/2018 the actual return on assets was 4.97% vs. an expected return of 7.5%.

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

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Sensitivity Analysis

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 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability (asset)	$ (1,539,264)	$ (6,616,482)	$ (9,466,780)

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Lansing Board of Water and Light
Defined Benefit Plan for Employees' Pensions
June 30, 2018 GASB 67/68 Report
Pension Expense

	6/30/2017	6/30/2018
Service cost with interest	$ 112,672	$ 50,072
Interest on the total pension liability	4,316,565	4,030,924
Change of benefit terms	0	0
Expensed portion of current-period difference between expected and actual experience in the total pension liability	(383,137)	(229,751)
Expensed portion of current-period changes in assumptions	(856,662)	1,418,554
Expensed portion of current-period difference between expected and actual earnings on plan investments	(731,130)	317,327
Employee contributions	0	0
Expected earnings on pension plan investments	(4,616,024)	(4,698,723)
Administrative expenses	317,071	254,964
Recognition of deferred inflows	(1,785,802)	(2,516,930)
Recognition of deferred outflows	1,822,705	1,822,705
Pension Expense	$ (1,803,742)	$ 449,142
Census date	2/28/2017	2/28/2018
Measurement date	6/30/2017	6/30/2018
Reporting date	6/30/2017	6/30/2018
Discount rate	7.50%	7.00%
Expected Return on Assets	7.50%	7.00%

Notes

(1) Effective June 30, 2018, assumptions for the discount rate and expected return on assets were decreased from 7.50% to 7.00% to reflect the expected long term rate of return on the trust.

(2) The June 30, 2017 results shown above were obtained from the June 30, 2017 GASB 67/68 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light
Defined Benefit Plan for Employees' Pensions
June 30, 2018 GASB 67/68 Report
Deferred Inflows and Outflows

The following table provides a summary of the deferred inflows and outflows as of 6/30/2018.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 0	$ 0
Changes of assumptions or other inputs	0	0
Net difference between projected and actual earnings on plan investments	4,125,716	(2,193,390)
Total	$ 4,125,716	$ (2,193,390)

Collective amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense in future years as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 2,140,033	$ (731,130)
2020	1,351,031	(731,130)
2021	317,327	(731,130)
2022	317,325	0
2023	0	0
Thereafter	0	0

Lansing Board of Water and Light
Defined Benefit Plan for Employees' Pensions
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Amortization Schedule

Date Established	Description	Initial Amount	Outstanding Balance	Years Remaining	2018 Installment
6/30/2017	Actuarial (Gain)/Loss	$ (383,137)	$ 0	0.00	$ 0
6/30/2018	Actuarial (Gain)/Loss	(229,751)	-	0.00	(229,751)
Total			$ 0		$ (229,751)
6/30/2017	Assumption Change	$ (856,662)	$ 0	0.00	$ 0
6/30/2018	Assumption Change	1,418,554	-	0.00	1,418,554
Total			$ 0		$ 1,418,554
6/30/2014	Investment (Gain)/Loss	$ (8,929,008)	$ 0	0.00	$ (1,785,800)
6/30/2015	Investment (Gain)/Loss	3,944,996	789,000	1.00	788,999
6/30/2016	Investment (Gain)/Loss	5,168,528	2,067,410	2.00	1,033,706
6/30/2017	Investment (Gain)/Loss	(3,655,650)	(2,193,390)	3.00	(731,130)
6/30/2018	Investment (Gain)/Loss	1,586,633	1,269,306	4.00	317,327
Total			$ 1,932,326		$ (376,898)

Note

Results prior to June 30, 2018 were obtained from the June 30, 2017 GASB 67/68 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

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Rate of Return

The long-term expected rate of return on plan investments was determined using a building-block method where expected future real rates of return (expected returns, net of 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, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Core bonds	20.00%	2.74%
Multi-sector	10.00%	3.60%
Absolute return	10.00%	3.82%
U.S. large cap equity	25.00%	7.53%
U.S. small cap equity	10.00%	8.79%
Non-U.S. equity	20.00%	8.73%
Core real estate	5.00%	5.91%
Total	100.00%	

Notes

(1) The long-term expected rate of return is 7.00%.

(2) The amounts shown above were provided ACG Asset Consulting Group.

Lansing Board of Water and Light
Defined Benefit Plan for Employees' Pensions
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Actuarially Determined Contribution

	FYE 6/30/2018	FYE 6/30/2019
Normal cost	$ 106,266	$ 87,515
Actuarial accrued liability (beginning of year)	57,481,881	54,573,155
Actuarial value of assets (beginning of year)	67,818,641	64,818,727
Unfunded actuarial accrued liability	(10,336,760)	(10,245,572)
Net amortization charges / (credits)	(1,089,324)	(1,079,714)
Administrative expenses	0	264,000
Actuarially determined contribution (beginning of year)	$ 0	$ 0
Covered payroll	$ 586,181	$ 603,382
Percentage of covered payroll	0.00%	0.00%
Discount rate	7.50%	7.00%
Amortization period	15 Years Open	15 Years Open

Notes

(1) Administrative expenses are assumed to equal the expenses for the prior year rounded up to the next $1,000.

(2) The results shown above for the fiscal year ending June 30, 2018 were obtained from the June 30, 2017 GASB 67/68 actuarial valuation report prepared by Nyhart.

(3) Disclosure of the actuarial methods and assumptions to develop the Actuarially Determined Contribution for the fiscal year ending June 30, 2019 can be found in the Lansing Board of Water and Light Defined Benefit Plan for Employees' Pensions February 28, 2018 Actuarial Valuation for Funding Purposes dated June 7, 2018.

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

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Schedule of Contributions

	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014	FYE 2013	FYE 2012	FYE 2011	FYE 2010	FYE 2009
Actuarially determined employer contribution	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 85,652	$ 2,109,167	$ 0	$ 0
Actual employer contributions	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 85,652	$ 2,109,167	$ 0	$ 0
Annual contribution deficiency (excess)	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0
Covered payroll	$ 586,181	$ 771,810	$ 1,017,849	$ 1,224,727	$ 1,683,696	$ 2,101,442	$ 2,397,921	$ 2,659,851	$ 3,089,358	$ 3,161,594
Actual contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	3.57%	79.30%	0.00%	0.00%

Note

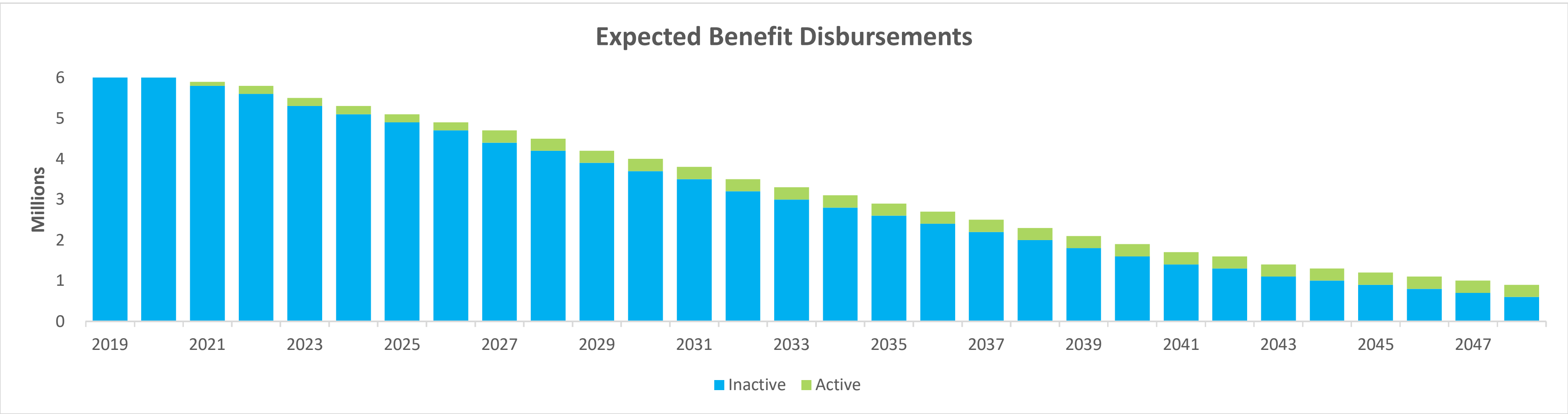
The results shown above were obtained from the June 30, 2017 GASB 67/68 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

June 30, 2018 GASB 67/68 Report

Expected Benefit Disbursements



FYE	Inactive	Active	Total
2019	$ 6,211,144	$ 47,190	$ 6,258,334
2020	6,012,553	83,695	6,096,248
2021	5,797,890	120,038	5,917,928
2022	5,575,571	152,472	5,728,043
2023	5,349,226	182,388	5,531,614
2024	5,119,528	207,163	5,326,691
2025	4,889,554	227,864	5,117,418
2026	4,661,168	247,672	4,908,840
2027	4,428,352	266,099	4,694,451
2028	4,188,396	283,949	4,472,345

FYE	Inactive	Active	Total
2029	$ 3,949,627	$ 299,108	$ 4,248,735
2030	3,712,803	309,816	4,022,619
2031	3,478,632	317,909	3,796,541
2032	3,247,753	325,315	3,573,068
2033	3,020,821	330,565	3,351,386
2034	2,798,559	334,159	3,132,718
2035	2,581,743	336,117	2,917,860
2036	2,371,182	336,426	2,707,608
2037	2,167,736	335,472	2,503,208
2038	1,972,213	332,295	2,304,508

FYE	Inactive	Active	Total
2039	$ 1,785,397	$ 328,541	$ 2,113,938
2040	1,607,917	324,142	1,932,059
2041	1,440,310	319,029	1,759,339
2042	1,283,060	313,139	1,596,199
2043	1,136,545	306,410	1,442,955
2044	1,001,005	298,798	1,299,803
2045	876,479	290,278	1,166,757
2046	762,888	280,852	1,043,740
2047	660,001	270,546	930,547
2048	567,500	259,408	826,908

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

June 30, 2018 GASB 67/68 Report

Census Data Summary

	2/28/2017	2/28/2018
Number of participants		
Active	8	8
Terminated vested	6	4
Retired	212	201
Beneficiaries	125	120
Disabled	31	31
Total	382	364
Active demographics		
Average age	57.3	58.3
Average past service	29.2	30.2
Average future service	N/A	5.3
Average compensation	$ 73,273	$ 75,423
Covered payroll	$ 586,181	$ 603,382
Average monthly accrued benefit	N/A	$ 3,296
Total monthly accrued benefits	N/A	$ 26,371
Terminated vested demographics		
Average age	57.0	56.6
Average monthly accrued benefit	$ 818	$ 982
Total monthly accrued benefits	$ 4,908	$ 3,928
Retiree demographics		
Average age	77.1	77.5
Average monthly accrued benefit	$ 1,870	$ 1,868
Total monthly accrued benefits	$ 396,440	$ 375,416
Beneficiary demographics		
Average age	81.2	81.0
Average monthly accrued benefit	$ 968	$ 971
Total monthly accrued benefits	$ 121,000	$ 116,520
Disabled demographics		
Average age	70.0	70.9
Average monthly accrued benefit	$ 1,228	$ 1,228
Total monthly accrued benefits	$ 38,068	$ 38,065

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

June 30, 2018 GASB 67/68 Report

Age & Service Distribution - Active Participants

	Years of Service										
Attained Age	**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 & Over**	**Total**
Under 25											**0**
25 to 29											**0**
30 to 34											**0**
35 to 39											**0**
40 to 44											**0**
45 to 49											**0**
50 to 54											**0**
55 to 59							2		1	1	**4**
60 to 64								1			**1**
65 to 69						1	2				**3**
70+											**0**
Total	**0**	**0**	**0**	**0**	**0**	**1**	**4**	**1**	**1**	**1**	**8**

Lansing Board of Water and Light

Defined Benefit Plan for Employees' Pensions

June 30, 2018 GASB 67/68 Report

Census Data Reconciliation

	Active	Term Vested	Retired	Benef	Disabled	Total
February 28, 2017	8	6	212	125	31	382
Vested terminations	0	0	0	0	0	0
Retirements	0	(2)	2	0	0	0
Disabled	0	0	0	0	0	0
Death with survivor	0	0	(6)	6	0	0
Death without survivor	0	0	(7)	(11)	0	(18)
New entrants	0	0	0	0	0	0
Rehires	0	0	0	0	0	0
Data corrections	0	0	0	0	0	0
February 28, 2018	8	4	201	120	31	364

Summary of Assumptions and Methods

Cost Method - Individual entry age normal level percent of salary.

Dates of Calculations
Actuarial valuation: February 28, 2018
Census Date: February 28, 2018
Measurement Date GASB 74 and GASB 75: June 30, 2018
Reporting Date GASB 74 and GASB 75: June 30, 2018

Employees Included in the Calculations - All active employees who are eligible to receive pension benefits as a retiree. Retired, disabled, beneficiaries and terminated vested participants who are receiving benefits or entitled to receive benefits in the future.

Source of Data - Data is as of the valuation date and was supplied by the Lansing Board of Water and Light. While we have not audited this data, we believe the census data and financial information to be accurate and complete.

Discount Rate - Pursuant to GASB 67/68, the discount rate should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits, with consideration given to the nature and mix of current and expected investments. A discount rate of 7.0% was used for the valuation.

Inflation Rate - 3.00% per year.

Salary Increase Rate - 3.5% per year.

Mortality Rates - Pre and Post retirement - RP-2014 Total Dataset Mortality Table, Male and Female, adjusted to 2006 and projected generationally using the MP-2017 projection scale.

Retirement Rates - Sample rates are listed on Table A herein.

Termination Rates - None assumed.

Disability Rates - The 1985 Pension Disability Incidence Class 1 rates for males and females. Sample rates are listed on Table B herein.

Expenses - Administrative expenses are assumed to equal the expenses for the prior year rounded up to the next $1,000.

Benefit Commencement Age for Deferred Vested Participants - Age 65

Spouse Assumptions - (1) 100% of the male participants are assumed to be married with the spouse assumed to be 3 years younger; (2) 100% of the females participants are assumed to be married with the spouse assumed to be 3 years older.

Form of Payment - All active participants are assumed to elect a 100% joint and survivor annuity.

Assumption and Method Changes from Prior Year - The mortality projection scale was updated to MP-2017 Projection Scale. The assumed form of payment for active participants was changed from a life annuity to a 100% joint and survivor annuity. The discount rate and the expected long term rate of return on assets were decreased from 7.50% to 7.00%.

Summary of Assumptions and Methods (continued)

Table A - Retirement Rates

Age	Rate	Age	Rate
50	4.00%	61	14.00%
51	4.00%	62	25.00%
52	8.00%	63	25.00%
53	4.00%	64	20.00%
54	10.00%	65	25.00%
55	5.00%	66	25.00%
56	8.00%	67	33.00%
57	10.00%	68	33.00%
58	12.00%	69	50.00%
59	14.00%	70	100.00%
60	10.00%		

Table B - Disability Rates

Age	Male	Female
20	0.03%	0.03%
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%
60	1.26%	1.16%

Summary of Plan Provisions

Effective Date and Plan Year – The most recent effective date is July 1, 2010. The plan year is from July 1 through June 30.

Participation and Eligibility - Eligible employees are those who were participating in the plan on December 31, 1996 and who elected to remain in the plan as of December 1, 1997.

Employer Contributions - The employer contributes the entire cost of the Plan. Participant contributions are not required.

Pension Service Credit - Service is credited on an elapsed time basis.

Annual Pay - Annual pay equals the base pay plus bonus received during the year in which the base pay was the highest within the last ten years of employment.

Normal Retirement Date - The normal retirement date for employees hired prior to July 1, 1990 is the earlier of (1) the first day of the month on or after attainment of age 60, and (2) the first day of the month on or after completion of 30 years of Pension Service Credit and attainment of age 55. If an employee who was hired before July 1, 1990 terminates employment after attainment of age 45 and completion of 25 years of Pension Service Credit, 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 the first day of the month on or after attainment of age 65.

Normal Retirement Benefit - 1.8% of Annual Pay multiplied by the Pension Service Credit and payable as a life annuity.

Early Retirement Date - A reduced early retirement benefit is payable during the 10 years prior to a participant's Normal Retirement Date upon completion of 25 years of Pension Service Credit or 5 years prior to a participant's normal retirement date upon completion of 15 years of Pension Service Credit.

Early Retirement Benefit - 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 Retirement Benefit - A disability benefit is payable upon disability after completion of at least 10 years of service. The disability benefit is equal to the Normal Retirement Benefit accrued as of the date of disability and is payable immediately. The disability benefit is offset for any workers' compensation payments.

Deferred Vested Benefit - If a participant terminates employment for any reason other than death or disability prior to his or her Normal or Early Retirement Date, and if the participant has completed at least three (3) years service on his or her date of termination of employment, then the participant will become vested in his or her accrued Normal Retirement Benefit subject to a 7 year graded vesting schedule.

Summary of Plan Provisions (continued)

Death in Service Benefit - If a vested employee dies while still an employee and has a spouse, the Board will assume that the employee retired on the day preceding his or her death on a disability pension and elected a 100% Joint and Survivor form of payment.

Forms of Payment - The following actuarially equivalent forms of payment are available under the plan:

a) a monthly benefit payable for the participant's lifetime;
b) 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;
c) 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;
d) a lump sum payment

Cost of Living Increases - None

Actuarial Equivalence - The plan's definition of Actuarial Equivalence is as follows:

a) Non-decreasing annuities: Actuarial Equivalence is computed using the 1983 Group Annuity Mortality Table applied on a unisex basis and 7.50% interest.
b) Accelerated forms of payments: Actuarial Equivalence is 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.

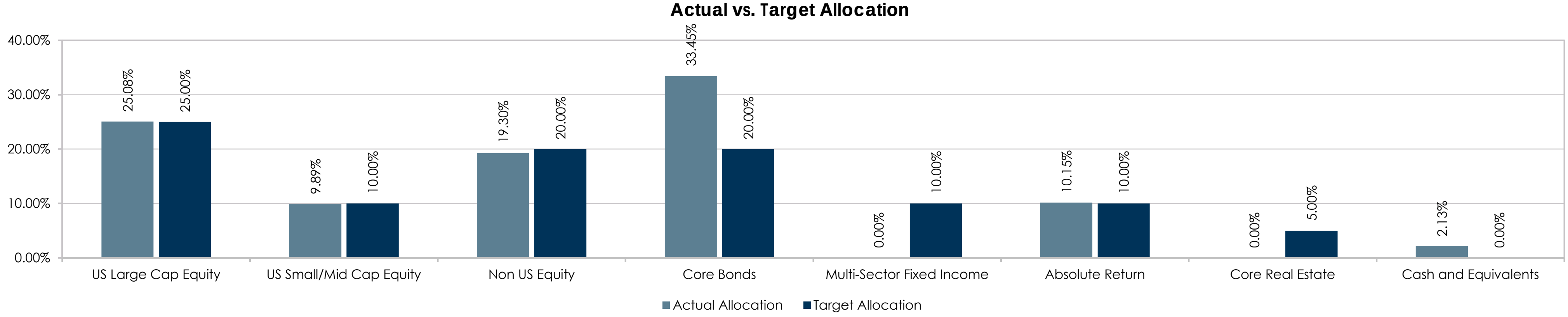
Maximum Compensation - Annual Pay for any 12-month period used to determine a participant's accrued benefit may not exceed the limits in IRC Section 401(a)(17) for the calendar year in which the 12-month period begins.

Maximum Benefit - Annual benefit amounts payable under the plan may not exceed the limits in IRC Section 415.

Changes in Plan Provisions Since Last Valuation - None

LBWL Defined Benefit Plan and Trust for Employees' Pensions

For the Periods Ending June 30, 2018



Asset Class	Market Value ($000s)	Actual Allocation (%)	Target Allocation (%)	Over/ Under (%)	Range Min - Max (%)	
Total Portfolio	**62,374**	**100.00**	**100.00**			
Equity	**33,849**	**54.27**	**55.00**	**-0.73**	**40.00**	**70.00**
US Large Cap Equity	15,642	25.08	25.00	0.08	20.00	30.00
US Small/Mid Cap Equity	6,167	9.89	10.00	-0.11	5.00	15.00
Non US Equity	12,040	19.30	20.00	-0.70	15.00	25.00
Fixed Income	**27,197**	**43.60**	**40.00**	**3.60**	**20.00**	**50.00**
Core Bonds	20,866	33.45	20.00	13.45	10.00	30.00
Multi-Sector Fixed Income	0	0.00	10.00	-10.00	5.00	15.00
Absolute Return	6,331	10.15	10.00	0.15	5.00	15.00
Real Assets	**0**	**0.00**	**5.00**	**-5.00**	**0.00**	**10.00**
Core Real Estate	0	0.00	5.00	-5.00	0.00	10.00
Cash and Equivalents	**1,328**	**2.13**	**0.00**	**2.13**	**0.00**	**5.00**

	Mar 2018 Market Value ($000s)	Jun 2018 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Total Portfolio (07/04)	**63,802**	**62,374**	**100.00**	**-0.16**	**0.38**	**-1.49**	**4.94**	**6.25**	**7.92**	**6.06**
Policy Index [1]				*-0.19*	*1.48*	*0.50*	*7.53*	*6.96*	*8.57*	*7.15*

LBWL Defined Benefit Plan and Trust for Employees' Pensions

For the Periods Ending June 30, 2018

	Mar 2018 Market Value ($000s)	Jun 2018 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Total Portfolio (07/04)	**63,802**	**62,374**	**100.00**	**-0.16**	**0.38**	**-1.49**	**4.94**	**6.25**	**7.92**	**6.06**
Policy Index [1]				*-0.19*	*1.48*	*0.50*	*7.53*	*6.96*	*8.57*	*7.15*
US Large Cap Equity (01/17)	**15,326**	**15,642**	**25.08**	**0.12**	**2.08**	**1.33**	**12.40**	**--**	**--**	**18.48**
Russell 1000				*0.65*	*3.57*	*2.85*	*14.54*	*11.64*	*13.37*	*16.14*
US Small/Mid Cap Equity (01/17)	**6,503**	**6,167**	**9.89**	**1.17**	**2.69**	**0.18**	**11.30**	**--**	**--**	**7.58**
Russell 2500 Value				*0.53*	*5.80*	*3.00*	*11.49*	*9.76*	*10.78*	*8.91*
Non US Equity (01/17) *	**13,504**	**12,040**	**19.30**	**-1.37**	**-1.90**	**-1.54**	**7.70**	**--**	**--**	**13.03**
MSCI EAFE				*-1.19*	*-0.97*	*-2.37*	*7.37*	*5.41*	*6.93*	*14.58*
Fixed Income (01/17)	**27,247**	**27,197**	**43.60**	**-0.08**	**-0.09**	**-0.95**	**0.77**	**--**	**--**	**2.12**
BloomBar US Aggregate				*-0.12*	*-0.16*	*-1.62*	*-0.40*	*1.72*	*2.27*	*1.24*
Cash and Equivalents (01/17)	**1,223**	**1,328**	**2.13**	**0.14**	**0.40**	**0.74**	**1.21**	**--**	**--**	**0.98**
US T-Bills 90 Day				*0.17*	*0.46*	*0.81*	*1.36*	*0.68*	*0.42*	*1.11*

LBWL Defined Benefit Plan and Trust for Employees' Pensions

For the Periods Ending June 30, 2018

	Mar 2018 Market Value ($000s)	Jun 2018 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Equity (01/17)	**35,333**	**33,849**	**54.27**	**-0.23**	**0.74**	**0.14**	**10.84**	**--**	**--**	**15.30**
US Large Cap Equity										
Loomis Sayles (01/13)	**7,430**	**7,655**	**12.27**	**-0.01**	**3.03**	**4.24**	**18.17**	**17.66**	**18.01**	**17.03**
Russell 1000 Growth				*0.96*	*5.76*	*7.25*	*22.51*	*14.98*	*16.36*	*17.12*
Vanguard Russell 1000 Value (05/17) *	**7,895**	**7,987**	**12.80**	**0.24**	**1.16**	**-1.74**	**6.70**	**--**	**--**	**7.09**
Russell 1000 Value				*0.25*	*1.18*	*-1.69*	*6.77*	*8.26*	*10.34*	*7.17*
US Small/Mid Cap Equity										
Advisory Research (07/09)	**6,503**	**6,167**	**9.89**	**1.17**	**2.69**	**0.18**	**11.30**	**5.78**	**7.73**	**12.43**
Russell 2500 Value				*0.53*	*5.80*	*3.00*	*11.49*	*9.76*	*10.78*	*15.11*
Non US Equity										
Harding Loevner Int'l Equity (09/17) *	**6,814**	**6,022**	**9.65**	**-1.39**	**-1.30**	**-0.40**	**--**	**--**	**--**	**7.05**
MSCI ACWI ex US				*-1.84*	*-2.39*	*-3.44*	*7.79*	*5.56*	*6.48*	*3.37*
Lazard Int'l Equity (09/17) *	**6,690**	**6,019**	**9.65**	**-1.34**	**-2.50**	**-2.70**	**--**	**--**	**--**	**3.58**
MSCI EAFE				*-1.19*	*-0.97*	*-2.37*	*7.37*	*5.41*	*6.93*	*4.38*
Fixed Income (01/17)	**27,247**	**27,197**	**43.60**	**-0.08**	**-0.09**	**-0.95**	**0.77**	**--**	**--**	**2.12**
Core Bonds										
JP Morgan Fixed Income (01/09)	**20,866**	**20,866**	**33.45**	**-0.05**	**0.08**	**-1.19**	**0.15**	**1.81**	**2.60**	**3.96**
BloomBar US Aggregate				*-0.12*	*-0.16*	*-1.62*	*-0.40*	*1.72*	*2.27*	*3.48*
Absolute Return										
BlackRock Strategic Income Opp (09/17) *	**6,381**	**6,331**	**10.15**	**-0.24**	**-0.78**	**-0.44**	**--**	**--**	**--**	**1.01**
US T-Bills 90 Day + 3.0%				*0.41*	*1.20*	*2.31*	*4.40*	*3.70*	*3.43*	*3.70*
BloomBar US Aggregate				*-0.12*	*-0.16*	*-1.62*	*-0.40*	*1.72*	*2.27*	*-1.71*
Cash & Equivalents (01/17)	**1,223**	**1,328**	**2.13**	**0.14**	**0.40**	**0.74**	**1.21**	**--**	**--**	**0.98**
Cash & Equivalents (01/17)	**1,223**	**1,328**	**2.13**	**0.14**	**0.40**	**0.74**	**1.21**	**--**	**--**	**0.98**
US T-Bills 90 Day				*0.17*	*0.46*	*0.81*	*1.36*	*0.68*	*0.42*	*1.11*

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

* Net of Fee return data.

1 Policy Index: Effective June 2018, the index consists of 25.0% Russell 1000, 10.0% Russell 2500, 20.0% MSCI ACWI ex US, 45.0% BloomBar US Aggregate.

The Fiscal Year End is June.

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Summary Annual Report

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

For the Plan Year Ended June 30, 2018

This summary annual report is prepared by the management of the City of Lansing by its Board of Water and Light (DBA Lansing Board of Water and Light). It is prepared pursuant to the requirements of State of Michigan Act No. 314 of 1965, as amended, MCL 38.1131 et seq., and contains the information required by that Act. Effective March 29, 2017 the Act requires submission of the report to the department of treasury not less than 30 days after publication. The names of the System Investment Fiduciaries and the System Service Providers are current as of June 30, 2018. Investment performance is based upon returns for the calendar years 2008 – 2017. Actual and budgeted expenditures are based upon fiscal years 2018 and 2019, respectively. System actuarial information contains census data as of February 28, 2018 and financial data as of June 30, 2018 and June 30, 2017.

Name of the System - Lansing Board of Water and Light Defined Benefit Plan and Trust for Employees' Pensions

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

Names of the System Service Providers:

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

Investment Managers:

Advisory Research – SMid. Cap Value (Domestic Equity)	jgallop@advisoryresearch.com
Blackrock – Absolute Return (Fixed Income)	daniel.ott@blackrock.com
Harding Loevner – Large Cap Growth (Int'l. Equity)	kburke@hlmnet.com
JP Morgan – Core Bonds (Fixed Income)	blake.e.morris@jpmorgan.com
Lazard – Large Cap Blend (Int'l Equity)	nina.osenbroch@lazard.com
Loomis Sayles – Large Cap Growth (Domestic Equity)	clazzaro@loomissayles.com
Vanguard – Large Cap Value (Domestic Equity)	michael_cianciulli@vanguard.com

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

	6/30/2018	6/30/2017	Change
Fiduciary Net Position	$62,366,985	$65,923,813	($3,556,828)
Total Pension Liability	$55,750,503	$56,894,658	($1,144,155)
Net Pension Liability	($6,616,482)	($9,029,155)	$2,412,673

System Funded Ratio – 111.9%

System Investment Performance Net of Fees on a Calendar Year Basis* (2008 – 2017):

1 Year:	15.43 %
3 Years:	7.13 %
5 Years:	8.98 %
7 Years:	7.82 %
10 Years:	4.50 %

*Performance data for 2017 calculated by ACG. Performance for prior years was calculated by LBWL's previous consultants.

System Administrative and Investment Expenditures (FY18):

Administrative Expenses:	$11,325
Investment Expenses:	$242,352

System Budgeted Expenditures (FY19):

Administrative Expenses:	$12,000
Investment Expenses:	$262,000

System Information from the 2018 Actuarial Report:

Number of Active Members:	8
Number of Retirees and Beneficiaries:	352
Average Annual Retirement Allowance:	$17,999
Total Annual Retirement Allowances Being Paid:	$6,515,258
Valuation Payroll:	$603,382
Normal Cost of Benefits as a Percent of Payroll:	14.5%
Total Contribution Rate as a Percent of Payroll:	0%
Weighted Average of Member Contributions:	0%
Actuarial Assumed Rate of Investment Return:	7.0%
Actuarial Assumed Rate of Long-term Wage Inflation:	3.5%
Smoothing Method Used for Funding Value of Assets:	Market Value of Assets plus a five year smoothing of gains and losses on the Market Value of Assets, 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

Michigan Department of Treasury

5572 (09-18)

Public Act 202 of 2017 Pension Report

Enter Local Unit Name	Lansing City Board of Water & Light
Enter Six-Digit Municode	337537
Unit Type	Authority
Fiscal Year (four-digit year only, e.g. 2018)	2018
Contact Name (Chief Administrative Officer)	Scott Taylor
Title if not CAO	Manager, Finance
CAO (or designee) Email Address	scott.taylor@LBWL.com
Contact Telephone Number	(517) 702-6104

Instructions/Questions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting. For questions, please email LocalRetirementReporting@michigan.gov. **Return this original Excel file. Do not submit a scanned image or PDF.**

Pension System Name (not division) 1	Lansing Board of Water and Light Defined Benefit Plan and Trust For Employees' Pensions
Pension System Name (not division) 2	
Pension System Name (not division) 3	
Pension System Name (not division) 4	
Pension System Name (not division) 5	

If your pension system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.

Line	Description	Source of Data	Statute Reference	System 1	System 2	System 3	System 4	System 5
1	Provide the name of your retirement pension system	Calculated From Above	Sec. 5(6)	Lansing Board of Water and Light Defined Benefit Plan and Trust For Employees' Pensions				
2	Enter retirement pension system's assets (system fiduciary net position)	Most Recent Audit Report	Sec. 5(4)(b)	62,366,985				
3	Enter retirement pension system's liabilities (total pension liability)	Most Recent Audit Report	Sec. 5(4)(b)	55,751,000				
4	Date (system year ending) of valuation of system's assets and liabilities (e.g. 12/31/2017)	Most Recent Audit Report	Sec. 5(6)	6/30/18				
5	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	Sec. 5(4)(b)	-				
6	Governmental Fund Revenues	Most Recent Audit Report	Sec. 5(4)(b)	353,082,924				
7	Pension Trigger Summary							
8	Is this unit a primary unit (County, Township, City, Village)?	From Municode		NO	NO	NO	NO	NO
9	Funded ratio	Calculated	Sec. 5(4)(b)	111.9%				
10	All systems combined ADC/Governmental fund revenues	Calculated	Sec. 5(4)(b)	0.0%	0.0%	0.0%	0.0%	0.0%
11	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	**Primary units trigger:** Less than 60% funded AND greater than 10% ADC/Governmental fund revenues. **Non-Primary units trigger:** Less than 60% funded	Sec. 5(4)(b)	NO	NO	NO	NO	NO

By emailing this report to the Michigan Department of Treasury, the local unit of government acknowledges that this report is complete and accurate in all known respects. Public Act 202 of 2017 also requires the local unit of government to electronically submit the report to its governing body.

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

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective May 22~~April 2~~, 2018, except as
otherwise noted herein

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Table of Contents

Introduction

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

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

Updates to Statement

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

Trustees

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

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

Purpose of the Plan

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

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

Investment Philosophy

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

Delegation of Responsibilities

Retirement Plan Committee

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

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

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

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

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

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

Investment Consultant

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Communications

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

Reporting

Each Manager is expected to provide:

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

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

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

Custodian

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

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

Plan Investment Policy

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

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

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

Plan Investment Objectives

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

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

The Plan's overall investment objective is to earn an average, annual return of ~~7.5~~7.0% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure its ability to pay retirement benefits for all plan participants.

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

Asset Allocation Policy

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

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

Target Asset Allocation ~~Policy Index~~

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

The Trustees recognize that the transition to the above target allocations will be achieved over an appropriate period of time, based upon manager availability, selection and approval as well as portfolio needs and constraints.

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 either the Policy Index or Target Asset Allocation.

Administrative and Investment Review Procedures

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

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

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

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

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

Individual Investment Manager Objectives

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

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

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

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

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

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

Rebalancing Policy – Overall Fund Allocation

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

Review of Investment Management

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

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

Proxy Voting

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

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

Directed Brokerage

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

Tenure

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

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

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

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

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

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

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

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

Total Plan Performance

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

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

1) Earn a rate of return after all expenses that equals or exceeds the current actuarial assumed rate of return of 7.~~5~~0%

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

Index	Percent
Russell 1000	25%
Russell 2500	10%
MSCI ACWI ex-US	20%
BloomBar US Aggregate	35-40%*
NFI ODCE (net) Index	0-5%*

* An allocation to private real estate has been approved. The policy index will include an allocation to the NFI ODCE (net) Index after the funding of private real estate occurs. The policy index allocation to the BloomBar US Aggregate index will be reduced from 40% with the funding of private real estate.

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

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

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Conclusion

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

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

Glossary of Investment Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective May 22, 2018, except as
otherwise noted herein

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

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Section Page

Introduction

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

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

Updates to Statement

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

Trustees

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

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

Purpose of the Plan

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

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

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 7.0% over five-year rolling periods. Achievement of this objective is likely to result in stable to declining future contribution rates and ensure its ability to pay retirement benefits for all plan participants.

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

Asset Allocation Policy

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

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

Target Asset Allocation

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

The Trustees recognize that the transition to the above target allocations will be achieved over an appropriate period of time, based upon manager availability, selection and approval as well as portfolio needs and constraints.

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 either the Policy Index or Target Asset Allocation.

Administrative and Investment Review Procedures

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

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

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

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

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

Individual Investment Manager Objectives

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

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

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

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

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

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

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

Rebalancing Policy – Overall Fund Allocation

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

Review of Investment Management

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

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

Proxy Voting

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

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

Directed Brokerage

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

Tenure

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

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

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

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

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

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

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

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

Total Plan Performance

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

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

1) Earn a rate of return after all expenses that equals or exceeds the current actuarial assumed rate of return of 7.0%

2) The Plan's total return should exceed the total return of the Policy index comprised of the following:

Index	Percent
Russell 1000	25%
Russell 2500	10%
MSCI ACWI ex-US	20%
BloomBar US Aggregate	35-40%*
NFI ODCE (net) Index	0-5%*

* An allocation to private real estate has been approved. The policy index will include an allocation to the NFI ODCE (net) Index after the funding of private real estate occurs. The policy index allocation to the BloomBar US Aggregate index will be reduced from 40% with the funding of private real estate.

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

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

Conclusion

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

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

Glossary of Investment Terms

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

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

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

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

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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.

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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.

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RESOLUTION

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

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

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

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

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

THEREFORE, it is:

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

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

Financial Report

with Required Supplementary Information

As of and for the Years Ended June 30, 2018 and 2017

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

Contents

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor, Members of the City Council,
and Commissioners of the Board of Water and Light
Post-Retirement Benefit Plan and Trust for Eligible
Employees of Lansing Board of Water and Light
City of Lansing, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light (“Plan”), a trust fund of Lansing Board of Water and Light, as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements as listed in the table of contents.

Management’s Responsibility for the Financial Statements

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

Auditors’ Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary position of the Plan as of June 30, 2018 and 2017, and the respective changes in fiduciary position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 11, 2018

Using this Annual Report

This annual report consists of two parts: (1) management's discussion and analysis (this section) and (2) the 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:

	2018	2017	2016
Assets held in trust:			
Cash and money market trust funds	$ 1,985,712	$ 2,927,461	$ 13,498,404
Fixed income securities	34,748,141	33,706,611	28,725,054
U.S. government obligations	26,527,961	29,051,025	21,458,288
Equities	48,418,160	54,440,986	77,022,878
Mutual funds and other	72,109,667	53,089,093	15,208,788
Interest and dividend receivable	404,369	425,197	386,930
Trade Receivable - Due from Broker	-	88,410	-
Total plan assets	**$ 184,194,010**	**$ 173,728,783**	**$ 156,300,342**
Liabilities:			
Trade Payable - Due to Broker	$ 154,385	$ 93,727	$ -
Net Position Restricted for Pensions	**$ 184,039,625**	**$ 173,635,056**	**$ 156,300,342**
Changes in net position:			
Net investment income	$ 11,038,903	$ 18,039,507	$ 948,996
Employer contributions	10,395,327	9,573,671	9,423,081
Retiree benefits paid	(10,395,327)	(9,573,671)	(9,423,081)
Administrative fees	(634,334)	(704,793)	(831,872)
Net change in net position	**$ 10,404,569**	**$ 17,334,714**	**$ 117,124**

Investment Objectives and Asset Allocation

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

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

U.S. Equities	40%
Non-U.S. Equities	20%
Global Fixed Income	25%
Commercial Real Estate	15%

Investment Results

The fiscal year ended June 30, 2018 saw a net investment income, net of administrative expenses, of $10.4 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 actuarially determined contributions (ADC).

Contacting the Plan's Management

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

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

Statement of Fiduciary Net Position

	As of June 30	
	2018	2017
Assets		
Investments - fair value:		
Cash and money market trust funds	$ 1,985,712	$ 2,927,461
Fixed income securities	34,748,141	33,706,611
U.S. government obligations	26,527,961	29,051,025
Equities	48,418,160	54,440,986
Mutual funds	72,109,667	53,089,093
Total investments at fair value	183,789,641	173,215,176
Investment interest and dividend receivable	404,369	425,197
Trade receivable - due from broker	-	88,410
Total assets	184,194,010	173,728,783
Liabilities		
Trade payable - due to broker	154,385	93,727
Net position restricted for retiree benefits	**$ 184,039,625**	**$ 173,635,056**

See Notes to Financial Statements.

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

Statement of Changes in Fiduciary Net Position

	For the Year Ended June 30	
	2018	2017
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 6,742,518	$ 13,724,335
Interest and dividend income	4,296,385	4,315,172
Total investment income	11,038,903	18,039,507
Employer contributions	10,395,327	9,573,671
Total additions	21,434,230	27,613,178
Deductions		
Retiree benefits paid	10,395,327	9,573,671
Administrative expenses	634,334	704,793
Total deductions	11,029,661	10,278,464
Net Increase in Net Position	10,404,569	17,334,714
Net Position Restricted for Retiree Benefits		
Beginning of year	173,635,056	156,300,342
End of year	**$ 184,039,625**	**$ 173,635,056**

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

Accounting and Reporting Principles

The Plan follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the 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. Employer contributions to the Plan are recognized when due pursuant to legal requirements.

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

Report Presentation

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

Investment Valuation and Income Recognition - 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.

Note 1 - Summary of Significant Accounting Policies (Continued)

Report Presentation (Continued)

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

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

Effect of New Accounting Standards on Current Period Financial Statements – GASB has approved GASB Statement No. 84, Fiduciary Activities. When it becomes effective, application of this standard may restate portions of these financial statements.

Note 2 - Description of the Plan

The following description of the Plan, a trust fund of the BWL, provides only general information. Participants should refer to the plan agreement for a more complete description of the Plan's provisions.

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

The Plan is a single-employer defined benefit healthcare plan. The Plan provides medical, dental, and life insurance benefits in accordance with Section 5-203 of the City Charter. The City Charter grants the authority to establish and amend the benefit terms to BWL. Substantially all of the BWL's employees may become eligible for healthcare benefits and life insurance benefits if they reach normal retirement age while working for the BWL. There were 728 participants eligible to receive benefits at June 30, 2018 and 658 participants eligible at June 30, 2017.

Note 2 - Description of the Plan (Continued)

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

Trustees – Each voting member of the BWL Board of Commissioners is a Trustee during the term of office as a commissioner. The trustees have appointed Fifth Third Bank as custodian of the Plan's assets.

Contributions – Section 5-203 of the City Charter grants the authority to establish and amend the contribution requirement of the City and Plan members to BWL. The retiree benefits are paid by BWL's general cash flow to the third party administrators who process participant claims. These payments represent contributions to the Plan. Employer contributions in the statement of changes in trust net position are equal to the retiree benefits paid because the actuarially determined contribution (ADC) for the year ended June 30, 2018 was less than the pay-as-you-go amount. During the years ended June 30, 2018 and 2017, the cost to BWL of maintaining the Retiree Benefit Plan was $10,395,327 and $9,573,671 of which, respectively, was incurred as retiree benefit payments. The BWL 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 ADC is more than the pay-as-you-go amount. No employee contributions are allowed under this Plan. Contributions are recognized when due and when the amount to be contributed is committed by the BWL. For the years ended June 30, 2018 and 2017, the contribution rates of the employers were 18.7 percent and 17.6 percent of covered-employee payroll, respectively.

Note 2 – Description of the Plan (Continued)

Participation – Participation in this Plan is determined in accordance with the terms of the Postretirement Benefit Plan for Eligible Employees of the Lansing Board of Water and Light. At June 30, 2018, there were 703 active participants (not eligible to receive benefits), 77 disabled participants, 506 retired participants, and 145 surviving spouses participating in the Plan. At June 30, 2017, there were 713 active participants (not eligible to receive benefits), 76 disabled participants, 453 retired participants, and 129 surviving spouses participating in the Plan.

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

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

Note 3 - Cash, Investments, and Fair Disclosure

The Lansing Board of Water and Light Retiree Benefit Plan and Trust has adopted GASB No. 40, *Deposit and Investment Risk Disclosures*. The modified disclosures required by GASB No. 40 are reflected below.

The Plan is authorized through Public Act 149 of 1999 to invest in accordance with Public Act 314. Public Act 314 of 1965, as amended, allows the Plan to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, real estate, debt or equity of certain small businesses, certain state and local government obligations, and certain other specified investment vehicles.

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

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

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

Custodial Credit Risk of Bank Deposits

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

Custodial Credit Risk of Investments

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

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not restrict investment maturities. At June 30, 2018, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
U.S. government obligations	$ 26,527,961	13.71 years
Fixed income securities	34,748,141	12.76 years
Money market trust funds	1,985,712	Less than 1 year
Portfolio weighted average maturity	-	13.17 years

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

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

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

Credit Risk

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of June 30, 2018, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations - implicitly guaranteed	$ 10,714,313	AA+	S&P
U.S. government obligations - implicitly guaranteed	358,216	AA-	S&P
Fixed income securities	3,340,664	AAA	S&P
Fixed income securities	13,459,587	AA+	S&P
Fixed income securities	1,916,108	AA	S&P
Fixed income securities	429,721	AA-	S&P
Fixed income securities	768,211	A+	S&P
Fixed income securities	3,362,702	A	S&P
Fixed income securities	2,850,465	A-	S&P
Fixed income securities	4,246,060	BBB+	S&P
Fixed income securities	3,082,112	BBB	S&P
Fixed income securities	1,285,971	BBB-	S&P
Fixed income securities	6,540	B+	S&P
Money market trust funds	1,985,712	Not rated	Not rated

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

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

Investment	Fair Value	Rating	Rating Organization
U.S. government obligations – implicitly guaranteed	$ 11,961,284	AA+	S&P
U.S. government obligations – implicitly guaranteed	354,934	AA–	S&P
Fixed income securities	2,311,039	AAA	S&P
Fixed income securities	11,990,156	AA+	S&P
Fixed income securities	1,056,764	AA	S&P
Fixed income securities	1,171,286	AA–	S&P
Fixed income securities	687,043	A+	S&P
Fixed income securities	3,895,779	A	S&P
Fixed income securities	2,721,066	A–	S&P
Fixed income securities	5,995,197	BBB+	S&P
Fixed income securities	2,578,080	BBB	S&P
Fixed income securities	1,300,201	BBB–	S&P
Money market trust funds	2,927,457	Not rated	Not rated

Note 4 - Tax Status

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

Note 5 – Plan Investments - Policy and Rate of Return

BWL's policy in regard to the allocation of invested assets is established and may be amended by the BWL Board by a majority vote of its members. It is the policy of the BWL Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The following was the Board's adopted asset allocation policy as of June 30, 2018 and 2017:

Asset Class	Target Allocation
U.S. Equities	40%
Non-U.S. Equities	20%
Global Fixed Income	25%
Commercial Real Estate	15%

Rate of Return – For the years ended June 30, 2018 and 2017, the annual money-weighted rate of return on investments, net of investment expense, was 5.66% and 10.01%, respectively. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 6 – Net OPEB Liability of BWL

Net OPEB Liability of BWL – In the prior year, the Plan implemented GASB Statement No. 74. The following disclosures relate to the new standard. The components of the net OPEB liability for BWL at June 30, 2018 and 2017 were as follows:

	June 30, 2018	June 30, 2017
Total OPEB Liability	$ 203,487,066	$ 205,624,392
Plan fiduciary net position	(184,039,625)	(173,635,056)
BWL’s net OPEB liability	$ 19,447,441	$ 31,989,336
Plan fiduciary net position as a percentage of the total OPEB Liability	90.44%	84.44%

Note 6 – Net OPEB Liability of BWL (Continued)

Actuarial assumptions – The total OPEB liability was determined by an actuarial valuation as of June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	3.0%
Payroll Growth	9.3% growth at age 25 and decreases to 6.4% for ages 60+. This percentage includes general wage inflation and merit / productivity increases.
Long-term expected Rate of Return	7.5%
Healthcare cost trend rates	9.0% for 2019 (2018 in prior year), decreasing 0.5% per year to an ultimate rate of 5.0% in 2027 (2026 in prior year) and later years

For the June 30, 2018 valuation, mortality rates were based on the RPH-2014 Total Dataset Mortality Table, Male and Female, adjusted to 2006 and projected generationally using an MP-2017 Projection Scale. For the June 30, 2017 valuation, mortality rates were based on the RPH-2016 Total Dataset Mortality Table fully generational using Scale MP-2016 (RPH-2016 table is created based on RPH-2014 Total Dataset Mortality Table with 8 years of MP-2014 mortality improvement backed out, projected to 2016 using MP-2016 improvement).

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

For the June 30, 2018 valuation, the long-term expected rate of return is 7.50%. The rate was determined using a building-block method where expected future real rates of return 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 target asset allocation as of June 30, 2018 are as follows:

Note 6 – Net OPEB Liability of BWL (Continued)

Asset Class	Long-Term Expected Real Rate of Return
Core bonds	2.74%
Multi-sector	3.60%
Absolute return	3.82%
U.S. large cap equity	7.53%
U.S. small cap equity	8.79%
Non-U.S. equity	8.73%
Core real estate	5.91%

For the June 30, 2017 valuation, the long-term expected rate of return was 7.50%. The discount rate used when the OPEB plan investments are insufficient to pay for future benefit payments was selected from the range of indices as shown in the table below, where the range is given as the spread between the lowest and highest rate shown. The final equivalent single discount rate used for the June 30, 2017 valuation was 7.50% with the expectation that BWL will continue contributing the Actuarially Determined Contribution and/or paying for the pay-go cost.

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

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

Note 6 – Net OPEB Liability of BWL (Continued)

Sensitivity of the net OPEB liability to changes in the discount rate – The following presents the net OPEB liability of BWL, as well as what BWL's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5 percent) or 1 percentage point higher (8.5 percent) than the current discount rate (7.5 percent) as of June 30, 2018 and 2017:

	June 30, 2018		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability (asset)	$43,845,533	$19,447,441	$(991,597)

	June 30, 2017		
	1% Decrease	Current Discount Rate	1% Increase
Net OPEB Liability	$57,428,880	$31,989,336	$10,788,919

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates – The following presents the net OPEB liability of BWL, as well as what BWL's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (8.0 percent decreasing to 4.0 percent) or 1-percentage-point higher (10.0 percent decreasing to 6.0 percent) than the current healthcare cost trend rates as of June 30, 2018 and 2017:

	June 30, 2018		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability (asset)	$(2,824,476)	$19,447,441	$46,517,181

	June 30, 2017		
	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Net OPEB Liability	$9,860,495	$31,989,336	$58,978,628

Note 7 – Fair Value Measurements

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

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

Level 2 – Inputs to the valuation methodology include:

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017:

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

Note 7 – Fair Value Measurements (Continued)

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of June 30, 2018 and 2017:

	June 30, 2018			
Investment Type	Level 1	Level 2	Level 3	Total
Cash and money market trust fund	$ 3	$ 1,985,709	$ –	$ 1,985,712
Fixed income securities	–	34,748,141	–	34,748,141
U.S. government obligations	–	26,527,961	–	26,527,961
Common Stock	48,418,160	–	–	48,418,160
Mutual funds	–	72,109,667	–	72,109,667
Total	$ 48,418,163	$ 135,371,478	$ –	$ 183,789,641

Note 7 – Fair Value Measurements (Continued)

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

Note 8 – Risks and Uncertainties

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

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

Note 9 – Subsequent Events

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

Required Supplementary Information

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

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

	2018	2017	2016*	2015*	2014*	2013*	2012*	2011*	2010*	2009*
Total OPEB Liability										
Service cost	$ 4,827	$ 3,130	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Interest	15,039	14,226	-	-	-	-	-	-	-	-
Changes in benefit terms	-	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	(9,880)	5,281	-	-	-	-	-	-	-	-
Changes in assumptions	(1,728)	(2,027)	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(10,395)	(9,574)	-	-	-	-	-	-	-	-
Net Change in Total OPEB Liability	(2,137)	11,036	-	-	-	-	-	-	-	-
Total OPEB Liability - Beginning of year	205,624	194,588	-	-	-	-	-	-	-	-
Total OPEB Liability - End of year	203,487	205,624	-	-	-	-	-	-	-	-
Trust Net Position										
Contributions - Employer	10,395	9,574	-	-	-	-	-	-	-	-
Contributions - Member	-	-	-	-	-	-	-	-	-	-
Net investment income	11,039	18,040	-	-	-	-	-	-	-	-
Administrative expenses	(634)	(705)	-	-	-	-	-	-	-	-
Benefit payments, including refunds	(10,395)	(9,574)	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Net change in Net Position Held in Trust	10,405	17,335	-	-	-	-	-	-	-	-
Trust fiduciary net position - Beginning of year	173,635	156,300	-	-	-	-	-	-	-	-
Trust fiduciary net positio - End of year	184,040	173,635	-	-	-	-	-	-	-	-
BWL Net OPEB Liability - Ending	**$ 19,447**	**$ 31,989**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Trust Fiduciary Net Position as a % of Total OPEB Liability	90.44%	84.44%	- %	- %	- %	- %	- %	- %	- %	- %
Covered Employee Payroll	$ 55,650	$ 54,383	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
BWL's Net OPEB Liability as a % of Covered Employee Payroll	34.95%	58.82%	- %	- %	- %	- %	- %	- %	- %	- %

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

Required Supplemental Information (Unaudited)

Schedule of Employer Contributions

Last Ten Fiscal Years

(in thousands)

Fiscal Year Ended	Employer Contributions: Required	Employer Contributions: Actual	Difference of Required to Actual Contributions	Covered Employee Payroll	Percentage of Actual Contributions to Covered Payroll
6/30/2009*	$ 18,132	$ 17,866	$ (266)	$ -	-
6/30/2010*	21,291	21,318	27	-	-
6/30/2011	17,300	17,236	(64)	47,213	37%
6/30/2012	15,744	15,854	110	46,885	34%
6/30/2013	13,994	14,045	51	47,468	30%
6/30/2014	9,200	9,268	68	46,971	20%
6/30/2015	5,762	9,671	3,909	50,885	19%
6/30/2016	5,788	9,423	3,635	53,893	17%
6/30/2017	7,508	9,574	2,066	54,383	18%
6/30/2018	7,535	10,395	2,860	55,650	19%

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

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

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

	2018	2017	2016	2015*	2014*	2013*	2012*	2011*	2010*	2009*
Annual money-weighted rate of return net of investment expense	5.66%	10.01%	0.32%	- %	- %	- %	- %	- %	- %	- %

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

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2018, based on roll-forward of February 28, 2018 valuation

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal level % of salary method
Amortization method	Level dollar over a 30-year closed period
Remaining amortization period	30 years
Inflation	3.0 percent
Salary increases	9.3 percent growth at age 25 and decreases to 6.4 percent for ages 60+
Investment rate of return	7.5 percent per year compounded annually
Mortality	RPH-2014 Total Dataset Mortality Table, Male and Female, adjusted to 2006 and projected generationally using an MP-2017 Projection Scale

Actuarial valuation information relative to the determination of contributions:

Valuation date	June 30, 2017, based on roll-forward of February 28, 2017 valuation

Methods and assumptions used to determine contribution rates:

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

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

July 25, 2018

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Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

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Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Actuarial Certification

July 25, 2018

This report presents actuarial and accounting results related to the Lansing Board of Water and Light Post-Retirement Benefit Plan for Eligible Employees (the "Plan"). Results herein were prepared pursuant to Governmental Accounting Standards Board Statements 74 and 75 (“GASB 74/75”).

The primary purpose of this report is to provide financial statement information pursuant to GASB 74/75 for the fiscal year ending June 30, 2018. The results of our calculations are set forth in this report, as are the actuarial assumptions and methods and a brief summary of the eligibility criteria and benefits for retirees.

To the best of our knowledge, the information supplied in this report is complete and accurate. The analysis and calculations were conducted in a manner consistent with the Standards of Professional Conduct, Qualifications, and Practice of the American Academy of Actuaries and consistent with the standards of practice of the Actuarial Standards Board.

All costs, liabilities, rates of interest, and other factors under the Plan have been determined on the basis of actuarial assumptions and methods which are reasonable and consistent with our understanding of GASB 74/75. All assumptions have been discussed with the Lansing Board of Water and Light and appear to represent the best estimate of anticipated experience under the Plan. In preparing this report we relied on the census data, plan provisions, and other plan financial information provided by the Lansing Board of Water and Light. Actuarial computations under GASB 74/75 are for purposes of fulfilling employer financial accounting requirements. Determinations for purposes other than meeting employer financial accounting requirements may be significantly different from the results contained in this report.

Respectfully Submitted,

Mark W Miller

Mark Miller, ASA, EA, MAAA
Benassist

Lansing Board of Water and Light
Post-Retirement Benefit Plan for Eligible Employees
June 30, 2018 GASB 74/75 Report
Summary of Key Results

	6/30/2017	6/30/2018
Census data summary		
Active participants	727	703
Retired participants	721	728
Total	1,448	1,431
Covered payroll	$ 54,382,507	$ 55,650,345
Present value of future benefits (PVFB)		
Active participants	$ 119,902,540	$ 116,983,491
Retired participants	133,207,422	132,483,938
Total	$ 253,109,962	$ 249,467,429
Present value of future normal costs (PVFNC)	$ 47,485,570	$ 45,980,364
Total OPEB Liability (TOL)		
Active participants	$ 72,416,970	$ 71,003,127
Retired participants	133,207,422	132,483,938
Total	$ 205,624,392	$ 203,487,065
Market value of assets (MVA)	$ 173,635,057	$ 184,039,624
Net OPEB liability (NOL)	$ 31,989,335	$ 19,447,441
Funded status	84.44%	90.44%
OPEB expense	$ 5,582,293	$ 5,316,416
Contribution		
Actuarially determined contribution	$ 7,507,689	$ 7,534,978
Actuarially determined contribution as a % payroll	13.81%	13.54%

<u>Note</u>

The June 30, 2017 results shown above were obtained from the June 30, 2017 GASB 74 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Statement of Fiduciary Net Position

	6/30/2017	6/30/2018
Assets		
Cash and deposits	$ 2,927,461	$ 1,985,712
Receivables		
Contributions	0	0
Due from broker for investments sold	88,410	0
Net receivable on investments	425,198	404,369
Total receivables	$ 513,608	$ 404,369
Investments		
Equities	106,464,649	119,179,209
Fixed income	62,757,636	61,276,102
Alternative investments	0	0
Real estate	1,065,430	1,348,617
Total investments	$ 170,287,715	$ 181,803,928
Total assets	$ 173,728,784	$ 184,194,009
Liabilities		
Payables:		
Investment management fees	$ 0	$ 0
Due to broker for investments purchased	(93,727)	(154,385)
Total payables	$ (93,727)	$ (154,385)
Total liabilities	$ (93,727)	$ (154,385)
Net position restricted for OPEBs	$ 173,635,057	$ 184,039,624

Investment Policy - A detailed description of the investment policy for the plan can be found in the Trust Agreement for Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water and Light.

Lansing Board of Water and Light
Post-Retirement Benefit Plan for Eligible Employees
June 30, 2018 GASB 74/75 Report
Statement of Changes in Fiduciary Net Position

	6/30/2017	6/30/2018
Additions		
Contributions		
Employer	$ 9,573,671	$ 10,395,327
Employee	0	0
Total contributions	$ 9,573,671	$ 10,395,327
Investment income		
Net increase in fair value of investments	$ 13,389,943	$ 6,742,518
Interest and dividends	4,649,565	4,296,385
Less investment expense	0	0
Net investment income	$ 18,039,508	$ 11,038,903
Total additions	$ 27,613,179	$ 21,434,230
Deductions		
Benefit payments	$ (9,573,671)	$ (10,395,327)
Administrative expenses	(704,793)	(634,336)
Total deductions	$ (10,278,464)	$ (11,029,663)
Net increase in net position	$ 17,334,715	$ 10,404,567
Net position restricted for OPEBs		
Beginning of year	$ 156,300,342	$ 173,635,057
End of year	$ 173,635,057	$ 184,039,624

Note

The June 30, 2017 results shown above were obtained from the June 30, 2017 GASB 74 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Changes in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	**Fiduciary Net Position (b)**	**Net OPEB Liability (a)-(b)**
Balances at 6/30/2017	$ 205,624,392	$ 173,635,057	$ 31,989,335
Changes for the year			
Service cost	4,826,401	0	4,826,401
Interest	15,039,052	0	15,039,052
Change of benefit terms	0	0	0
Differences between expected and actual experience	(9,879,514)	0	(9,879,514)
Changes in assumptions or other inputs	(1,727,939)	0	(1,727,939)
Contributions - employer	0	10,395,327	(10,395,327)
Contributions - retiree	0	0	0
Net investment income	0	11,038,903	(11,038,903)
Benefit payments and refunds of employee contributions	(10,395,327)	(10,395,327)	0
Administrative expense	0	(634,336)	634,336
Other changes	0	0	0
Net changes	$ (2,137,327)	$ 10,404,567	$ (12,541,894)
Balances at 6/30/2018	$ 203,487,065	$ 184,039,624	$ 19,447,441

Note

The Net OPEB Liability (NOL) is equal to the Total OPEB Liability (TOL) minus the Fiduciary Net Position (FNP), or market value of assets. OPEB Expense includes amounts for: service cost, interest on the TOL, changes in the benefit structure, recognition of increases/decreases in liability due to actual vs. expected experience, actuarial assumption changes, investment gains/losses on the market value of assets and expected return on plan assets. The impact of actual experience and assumption changes are recognized over the average expected remaining service life of the plan participants, while investment gains/losses are recognized equally over five years.

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Schedule of Changes in the Net OPEB Liability

	6/30/2017	6/30/2018
Total OPEB liability		
Service cost	$ 3,130,487	$ 4,826,401
Interest	14,226,364	15,039,052
Change of benefit terms	0	0
Differences between expected and actual experience	5,280,548	(9,879,514)
Change in assumptions or other inputs	(2,027,643)	(1,727,939)
Benefit payments	(9,573,671)	(10,395,327)
Refunds of contributions	0	0
Net change in total OPEB liability	$ 11,036,085	$ (2,137,327)
Total OPEB liability - beginning	194,588,307	205,624,392
Total OPEB liability - ending (a)	$ 205,624,392	$ 203,487,065
Fiduciary net position		
Contributions - employer	$ 9,573,671	$ 10,395,327
Contributions - non-employer	0	0
Contributions - member	0	0
Net investment income	18,039,508	11,038,903
Benefit payments	(9,573,671)	(10,395,327)
Administrative expense	(704,793)	(634,336)
Refunds of contributions	0	0
Other	0	0
Net change in fiduciary net position	17,334,715	10,404,567
Fiduciary net position - beginning	156,300,342	173,635,057
Fiduciary net position - ending (b)	$ 173,635,057	$ 184,039,624
Net OPEB liability - ending (a)-(b)	$ 31,989,335	$ 19,447,441
Plan fiduciary net position as a percentage of the total OPEB liability	84.44%	90.44%
Covered payroll	54,382,507	55,650,345
Net OPEB liability as a percentage of covered payroll	58.82%	34.95%
Census date	2/28/2017	2/28/2018
Measurement date	6/30/2017	6/30/2018
Reporting date	6/30/2017	6/30/2018

Notes

(1) The June 30, 2017 results shown above were obtained from the June 30, 2017 GASB 74 actuarial valuation report prepared by Nyhart.

(2) Pursuant to GASB 74, a 10-year history of the above information is required. However, until a full 10-year history is compiled, information for those years which are available may be presented.

(3) Notes for the FYE June 30, 2018 shown above are provided on page 10.

Lansing Board of Water and Light
Post-Retirement Benefit Plan for Eligible Employees
June 30, 2018 GASB 74/75 Report
Development of Net OPEB Liability (Gain)/Loss

	6/30/2017	6/30/2018
Total OPEB liability		
Total OPEB liability at BOY	$ 194,588,307	$ 205,624,392
Service cost	3,130,487	4,826,401
Benefit payments	(9,573,671)	(10,395,327)
Expected interest	14,226,364	15,039,052
Assumption change	(2,027,643)	(1,727,939)
Expected total OPEB liability at EOY	200,343,844	213,366,579
Actual total OPEB liability at EOY	205,624,392	203,487,065
Total OPEB liability (gain)/loss	$ 5,280,548	$ (9,879,514)
Fiduciary net position		
Fiduciary net position at BOY	$ 156,300,342	$ 173,635,057
Employer contributions	9,573,671	10,395,327
Employee contributions	0	0
Benefit payments	(9,573,671)	(10,395,327)
Administrative expenses	(704,793)	(634,336)
Expected net investment income	11,696,574	12,999,272
Expected fiduciary net position at EOY	167,292,123	185,999,993
Actual fiduciary net position at EOY	173,635,057	184,039,624
Fiduciary net position (gain)/loss	$ (6,342,934)	$ 1,960,369
Net OPEB liability (gain)/loss	$ (1,062,386)	$ (7,919,145)

Notes

(1) The June 30, 2017 results shown above were obtained from the June 30, 2017 GASB 74 actuarial valuation report prepared by Nyhart.

(2) Notes for the FYE June 30, 2018 shown above are provided on page 10.

Notes to Schedule of Changes in the Net OPEB Liability

June 30, 2018

- Difference between actual and expected experience - The 9.9 million dollar gain on the Total OPEB Liability for the fiscal year ending June 30, 2018 is attributable to a reduction in the per capita claims cost used in the 6/30/2018 valuation. Better than expected claims experience during the fiscal year resulted in a decrease in the projected claims when compared to those used in the 6/30/2017 valuation.
- Assumption changes - The mortality improvement scale was updated to the MP-2017 scale.
- Investment losses - During the fiscal year ending 6/30/2018 the actual return on assets was 6.37% vs. an expected return of 7.5%.

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Sensitivity Analysis

Sensitivity of the net OPEB liability to changes in the discount rate - The following presents the net OPEB liability, calculated using the discount rate of 7.5%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
Net OPEB liability (asset)	$ 43,845,533	$ 19,447,441	$ (991,597)

Sensitivity of the net OPEB liability to changes in the healthcare cost trend rates - The following presents the net OPEB liability as well as what the net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Rates	1% Increase
Net OPEB liability (asset)	$ (2,824,476)	$ 19,447,441	$ 46,517,181

Lansing Board of Water and Light
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OPEB Expense

	6/30/2017	6/30/2018
Service cost with interest	$ 3,130,487	$ 4,826,401
Interest on the total OPEB liability	14,226,364	15,039,052
Change of benefit terms	0	0
Expensed portion of current-period difference between expected and actual experience in the total OPEB liability	812,392	(1,548,513)
Expensed portion of current-period changes in assumptions	(311,945)	(270,837)
Expensed portion of current-period difference between expected and actual earnings on plan investments	(1,257,272)	392,074
Employee contributions	0	0
Expected earnings on OPEB plan investments	(11,722,526)	(12,999,272)
Administrative expenses	704,793	634,336
Recognition of deferred inflows	0	(1,569,217)
Recognition of deferred outflows	0	812,392
OPEB Expense	$ 5,582,293	$ 5,316,416
Census date	2/28/2017	2/28/2018
Measurement date	6/30/2017	6/30/2018
Reporting date	6/30/2017	6/30/2018
Discount rate	7.50%	7.50%
Expected Return on Assets	7.50%	7.50%

Note

GASB 75 was formally adopted for the fiscal year ending June 30, 2018.

Deferred Inflows and Outflows

The following table provides a summary of the deferred inflows and outflows as of 6/30/2018.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 3,655,764	$ (8,331,001)
Changes of assumptions or other inputs	0	(2,860,855)
Net difference between projected and actual earnings on plan investments	1,568,295	(3,771,817)
Total	$ 5,224,059	$ (14,963,673)

Collective amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense in future years as follows:

Year Ended June 30	Deferred Outflows of Resources	Deferred Inflows of Resources
2019	$ 1,204,466	$ (3,388,567)
2020	1,204,466	(3,388,567)
2021	1,204,466	(3,388,567)
2022	1,204,465	(2,131,296)
2023	406,196	(1,975,323)
Thereafter	0	(691,353)

Lansing Board of Water and Light
Post-Retirement Benefit Plan for Eligible Employees
June 30, 2018 GASB 74/75 Report
Amortization Schedule

Date Established	Description	Initial Amount	Outstanding Balance	Years Remaining	2018 Installment
6/30/2017	Actuarial (Gain)/Loss	$ 5,280,548	$ 3,655,764	4.50	$ 812,392
6/30/2018	Actuarial (Gain)/Loss	(9,879,514)	(8,331,001)	5.38	(1,548,513)
Total			$ (4,675,237)		$ (736,121)
6/30/2017	Assumption Change	$ (2,027,643)	$ (1,403,753)	4.50	$ (311,945)
6/30/2018	Assumption Change	(1,727,939)	(1,457,102)	5.38	(270,837)
Total			$ (2,860,855)		$ (582,782)
6/30/2017	Investment (Gain)/Loss	$ (6,286,361)	$ (3,771,817)	3.00	$ (1,257,272)
6/30/2018	Investment (Gain)/Loss	1,960,369	1,568,295	4.00	392,074
Total			$ (2,203,522)		$ (865,198)

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

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Rate of Return

The long-term expected rate of return on plan investments was determined using a building-block method where expected future real rates of return (expected returns, net of 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 VEBA plan's target asset allocation as of June 30, 2018 are summarized in the following table:

Asset Class	Target Asset Allocation	Long-Term Expected Real Rate of Return
Core bonds	15.00%	2.74%
Multi-sector	5.00%	3.60%
Absolute return	5.00%	3.82%
U.S. large cap equity	30.00%	7.53%
U.S. small cap equity	10.00%	8.79%
Non-U.S. equity	20.00%	8.73%
Core real estate	15.00%	5.91%
Total	100.00%	

Notes

(1) The long-term expected rate of return is 7.5%.

(2) The amounts shown above were provided ACG Asset Consulting Group.

Lansing Board of Water and Light
Post-Retirement Benefit Plan for Eligible Employees
June 30, 2018 GASB 74/75 Report
Actuarially Determined Contribution

	FYE 6/30/2018	FYE 6/30/2019
Normal cost	$ 4,489,676	$ 4,732,828
Actuarial accrued liability (beginning of year)	205,624,392	203,487,065
Market value of assets (beginning of year)	173,635,057	184,039,624
Unfunded actuarial accrued liability	31,989,335	19,447,441
Net amortization charges / (credits)	2,519,606	1,546,716
Interest to the end of year	525,696	116,004
Administrative expenses	0	635,000
Actuarially determined contribution	$ 7,534,978	$ 7,030,548
Expected benefit disbursements	$ 10,395,327	$ 11,130,712
Covered payroll	$ 55,650,345	$ 55,650,345
Percentage of covered payroll	13.54%	12.63%
Discount rate	7.50%	7.50%
Amortization period	30 Years Closed	29 Years Closed

Notes

(1) For the FYE June 30, 2019, administrative expenses are assumed to equal the expenses for the prior year rounded up to the next $1,000.

(2) The June 30, 2018 results shown above were obtained from the June 30, 2017 GASB 74 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Schedule of Contributions

	FYE 2018	FYE 2017	FYE 2016	FYE 2015	FYE 2014	FYE 2013	FYE 2012	FYE 2011
Actuarially determined employer contribution	$ 7,534,978	$ 7,507,689	$ 5,787,960	$ 5,762,462	$ 9,199,669	$ 13,993,843	$ 15,774,370	$ 17,298,696
Actual employer contributions	$ 10,395,327	$ 9,573,671	$ 9,423,081	$ 9,670,794	$ 9,268,334	$ 14,045,204	$ 15,854,530	$ 17,236,375
Annual contribution deficiency (excess)	$ (2,860,349)	$ (2,065,982)	$ (3,635,121)	$ (3,908,332)	$ (68,665)	$ (51,361)	$ (80,160)	$ 62,321
Covered payroll	$ 55,650,345	$ 54,382,507	$ 53,892,858	$ 50,885,058	$ 46,971,463	$ 47,467,921	$ 46,885,031	$ 47,212,633
Actual contributions as a percentage of covered payroll	18.68%	17.60%	17.48%	19.01%	19.73%	29.59%	33.82%	36.51%

Notes

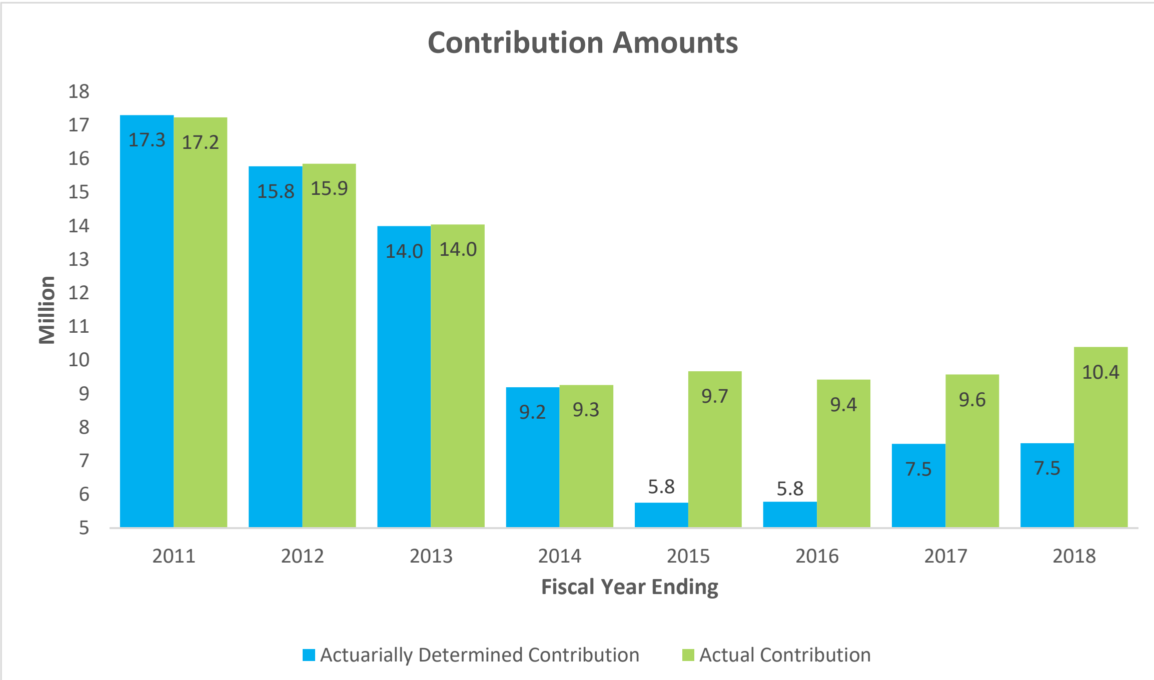
(1) Pursuant to GASB 74/75, a 10-year history of the above information is required. However, until a full 10-year history is compiled, information for those years which are available may be presented.

(2) The actual employer contributions for fiscal years 2017 through 2018 include employer contributions for pay as you go cost paid from the General Fund and pre-funding contributions deposited into the OPEB Trust.

(3) LBWL contributed the pay as you go cost for fiscal years 2017 through 2018.

(4) The results shown above were obtained from the June 30, 2017 GASB 74 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light
Post-Retirement Benefit Plan for Eligible Employees
June 30, 2018 GASB 74/75 Report
Historical Contributions



Fiscal Year Ending	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)
2011	$ 17,298,696	$ 17,236,375	$ 62,321
2012	15,774,370	15,854,530	(80,160)
2013	13,993,843	14,045,204	(51,361)
2014	9,199,669	9,268,334	(68,665)
2015	5,762,462	9,670,794	(3,908,332)
2016	5,787,960	9,423,081	(3,635,121)
2017	7,507,689	9,573,671	(2,065,982)
2018	7,534,978	10,395,327	(2,860,349)

Notes

(1) The actual employer contributions for fiscal years 2017 through 2018 include employer contributions for pay as you go cost paid from the General Fund and pre-funding contributions deposited into the OPEB Trust.

(2) LBWL contributed the pay as you go cost for fiscal years 2017 through 2018.

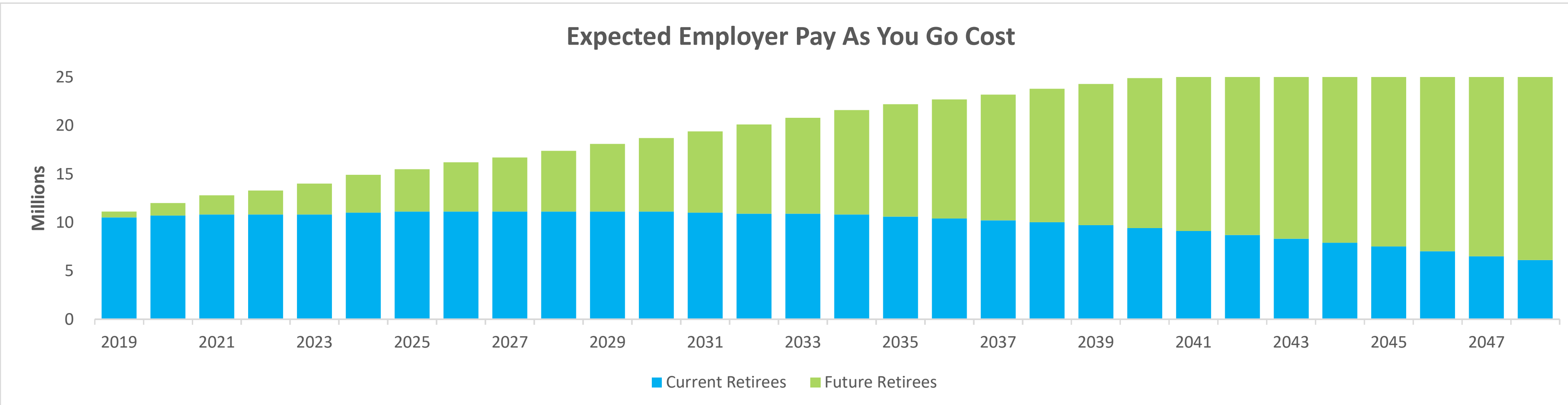
(3) The results shown above were obtained from the June 30, 2017 GASB 74 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Expected Employer Pay As You Go Cost



FYE	Current Retirees	Future Retirees	Total	FYE	Current Retirees	Future Retirees	Total	FYE	Current Retirees	Future Retirees	Total
2019	$ 10,484,012	$ 646,700	$ 11,130,712	**2029**	$ 11,105,635	$ 6,970,096	$ 18,075,731	**2039**	$ 9,749,359	$ 14,585,405	$ 24,334,764
2020	10,728,445	1,266,110	11,994,555	**2030**	11,088,316	7,599,876	18,688,192	**2040**	9,444,738	15,526,995	24,971,733
2021	10,773,940	1,973,342	12,747,282	**2031**	11,009,543	8,356,701	19,366,244	**2041**	9,105,876	16,467,512	25,573,388
2022	10,806,196	2,544,697	13,350,893	**2032**	10,940,982	9,187,537	20,128,519	**2042**	8,734,955	17,316,911	26,051,866
2023	10,848,389	3,246,673	14,095,062	**2033**	10,871,695	9,930,545	20,802,240	**2043**	8,335,761	18,115,595	26,451,356
2024	10,965,475	3,886,209	14,851,684	**2034**	10,760,040	10,785,908	21,545,948	**2044**	7,913,133	18,827,098	26,740,231
2025	11,055,167	4,419,889	15,475,056	**2035**	10,630,934	11,611,864	22,242,798	**2045**	7,470,210	19,481,509	26,951,719
2026	11,120,370	5,065,358	16,185,728	**2036**	10,434,878	12,324,836	22,759,714	**2046**	7,011,997	20,170,583	27,182,580
2027	11,071,762	5,604,311	16,676,073	**2037**	10,245,758	13,043,217	23,288,975	**2047**	6,543,294	20,891,521	27,434,815
2028	11,118,033	6,261,421	17,379,454	**2038**	10,016,630	13,811,806	23,828,436	**2048**	6,069,343	21,437,668	27,507,011

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Data Summary - Active Participants

	6/30/2017	6/30/2018
Medical coverage		
Participant count - single coverage	121	122
Participant count - non-single coverage	527	519
Total	648	641
Average age	47.6	47.9
Average past service	14.5	14.6
Average future service	N/A	13.7
Covered payroll	$ 48,931,505	$ 50,816,709
Average compensation	$ 75,512	$ 79,277
Cash in lieu		
Participant count	52	48
Average age	47.6	45.8
Average past service	13.0	12.1
Average future service	N/A	16.1
Covered payroll	$ 4,057,010	$ 3,805,409
Average compensation	$ 78,019	$ 79,279
Waived coverage		
Participant count	27	14
Average age	34.5	46.1
Average past service	8.3	13.6
Average future service	N/A	14.6
Covered payroll	$ 1,393,992	$ 1,028,227
Average compensation	$ 51,629	$ 73,445
Total		
Participant count	727	703
Average age	47.1	47.7
Average past service	14.2	14.4
Average future service	N/A	13.8
Covered payroll	$ 54,382,507	$ 55,650,345
Average compensation	$ 74,804	$ 79,161

Note

The June 30, 2017 results shown above were obtained from the June 30, 2017 GASB 74 actuarial valuation report prepared by Nyhart.

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Age & Service Distribution - Active Participants

	Years of Service										
Attained Age	**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 & Over**	**Total**
Under 25		14									**14**
25 to 29	3	17	10								**30**
30 to 34	1	46	14	8							**69**
35 to 39	1	23	10	24	9						**67**
40 to 44	1	25	9	25	22						**82**
45 to 49	1	21	16	18	30	9	3				**98**
50 to 54		26	8	23	23	15	12	10			**117**
55 to 59		4	7	25	18	3	16	25	10	2	**110**
60 to 64		5	5	10	18	5	6	18	11	9	**87**
65 to 69		3		6		4	1	4	1	6	**25**
70+						1	1		1	1	**4**
Total	**7**	**184**	**79**	**139**	**120**	**37**	**39**	**57**	**23**	**18**	**703**

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Data Summary - Inactive Participants

	6/30/2017	6/30/2018
Medical coverage		
Retirees		
Participant count - single coverage	134	144
Participant count - non-single coverage	315	314
Total	449	458
Average age	71.3	71.4
Disabled		
Participant count - single coverage	30	29
Participant count - non-single coverage	45	47
Total	75	76
Average age	66.5	67.2
Surviving spouses		
Participant count - single coverage	131	123
Participant count - non-single coverage	3	8
Total	134	131
Average age	78.5	78.3
Total		
Participant count - single coverage	295	296
Participant count - non-single coverage	363	369
Total	658	665
Average age	72.2	72.3
Cash in lieu		
Participant count	39	41
Average age	73.8	74.0
Waived coverage		
Retirees		
Participant count	14	8
Average age	65.3	66.6
Disabled		
Participant count	1	1
Average age	52.4	53.0
Surviving spouses		
Participant count	9	13
Average age	76.1	72.2
Total		
Participant count	24	22
Average age	68.8	69.3

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Age Distribution - Inactive Participants

Attained Age	Retired	Disabled	Surviving Spouse	Total
Under 50			1	**1**
50 to 54	3	3	2	**8**
55 to 59	21	7	3	**31**
60 to 64	82	26	10	**118**
65 to 69	124	16	17	**157**
70 to 74	112	11	26	**149**
75 to 79	74	7	24	**105**
80 to 84	44	5	15	**64**
85 to 89	26	2	20	**48**
90 & Over	20		27	**47**
Total	**506**	**77**	**145**	**728**

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Census Data Reconciliation

	Active	Retired	Surviving Spouse	Disabled	Total
February 28, 2017	727	501	144	76	1,448
Terminations	(20)	0	0	0	(20)
Part time - not eligible	(11)	0	0	0	(11)
Retirements	(26)	26	0	0	0
Disabled	(1)	0	0	1	0
Deceased with beneficiary	0	(8)	8	0	0
Deceased without beneficiary	0	(7)	(12)	0	(19)
New entrants	33	0	0	0	33
Rehires	1	(1)	0	0	0
Data corrections	0	(5)	5	0	0
February 28, 2018	703	506	145	77	1,431

Lansing Board of Water and Light

Post-Retirement Benefit Plan for Eligible Employees

June 30, 2018 GASB 74/75 Report

Summary of Assumptions and Methods

Cost Method - Individual entry age normal level percent of salary.

Dates of Calculations
Actuarial valuation: June 30, 2018
Census Date: February 28, 2018
Measurement Date GASB 74 and GASB 75: June 30, 2018
Reporting Date GASB 74 and GASB 75: June 30, 2018

Employees Included in the Calculations - All active employees who are potentially eligible to receive healthcare benefits as a retiree. Retirees (healthy and disabled) and their spouses or their survivors who are receiving benefits.

Source of Data - Data is as of the valuation date and was supplied by the Lansing Board of Water and Light. While we have not audited this data, we believe the census data and financial information to be accurate and complete.

Discount Rate - Pursuant to GASB 74/75, the discount rate should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits, with consideration given to the nature and mix of current and expected investments, to the extent that (a) they are sufficient to pay for the projected benefit payments and (b) the OPEB plan assets are invested using a strategy that will achieve that return. When the OPEB plan investments are insufficient to cover future benefit payments, a yield for 20-year tax-exempt general obligation municipal bonds with an average rating of AA /Aa or higher (or equivalent quality on another rating scale) must be used. A discount rate of 7.5% was used for the valuation.

Inflation Rate - 3.00% per year.

Salary Increase Rates - Sample rates are listed on Table A herein. The rates include general wage inflation and merit / productivity increases.

Mortality Rates - Pre and Post retirement - RPH-2014 Total Dataset Mortality Table, Male and Female, adjusted to 2006 and projected generationally using the MP-2017 projection scale.

Retirement Rates - The retirement rates are based on Lansing Board of Water and Light historical experience from 2012 to 2016 that was used in the February 2017 experience study. Sample rates are listed on Table B herein.

Termination Rates - The termination rates are based on Lansing Board of Water and Light historical experience from 2012 to 2016 that was used in the February 2017 experience study. Sample rates are listed on Table C herein.

Disability Rates - The 1985 Pension Disability Incidence Class 1 rates for males and females. Sample rates are listed on Table D herein.

Per Capita Claims Costs - Annual per capita costs are based on the premiums in effect on January 1, 2018 and are actuarially increased using current enrollment and aging factors. In addition, these costs are assumed to increase with medical, prescription drug and dental trend rates. Aging factors and sample per captia claims costs are shown on Tables E and F herein.

Healthcare Trend - Sample healthcare trend rates are shown on Table G herein.

Retiree Contributions - The 2018 retiree contributions shown in the plan provisions of this report are assumed to increase according to the healthcare trend rates.

Summary of Assumptions and Methods (continued)

Medicare Part B Reimbursement - It is assumed that the annual Medicare Part B reimbursement amount is $1,176 for those who retired prior to January 1, 2016 and $1,452 for those who retired on or after January 1, 2016. These amounts are assumed to increase with the Medicare Part B trend rates.

Election Percentage - Ninety five percent (95%) of active employees who currently have healthcare coverage are assumed to elect coverage at retirement. Ninety five percent (95%) of active employees who currently elect cash in lieu of healthcare coverage are assumed to make the same election at retirement. All active employees who currently waive coverage are assumed to waive coverage at retirement. One hundred percent (100%) of retirees who currently have healthcare coverage are assumed to continue coverage until death. One hundred percent (100%) of retirees who currently elect cash in lieu of healthcare coverage are assumed to make the same election until death. All retirees who currently waive coverage are assumed to never elect coverage with the Lansing Board of Water and Light. All employees who currently have $10,000 of life insurance coverage are assumed to never purchase additional insurance and thus are not eligible for retiree life insurance coverage.

Marriage Percentage - It is assumed that 65% of active employees are married upon retirement. Husbands are assumed to be three years older than wives.

Assumption Changes - The mortality improvement scale was updated to the MP-2017 scale.

Summary of Assumptions and Methods (continued)

Table A - Salary Increase Rates

Age	Rate
25	9.30%
30	8.70%
35	8.20%
40	7.80%
45	7.50%
50	7.20%
55	6.90%
60+	6.40%

Table B - Retirement Rates

Age	Rate	Age	Rate
50	5.00%	61	25.00%
51	3.00%	62	30.00%
52	3.00%	63	15.00%
53	3.00%	64	20.00%
54	6.00%	65	20.00%
55	10.00%	66	50.00%
56	7.00%	67	25.00%
57	7.00%	68	25.00%
58	7.00%	69	25.00%
59	15.00%	70	100.00%
60	15.00%		

Table C - Termination Rates

	Years of Service					
Age	0	1	2	3	4	5+
20	10.60%	9.40%	8.60%	7.80%	7.00%	4.80%
30	8.00%	6.80%	6.00%	5.20%	4.40%	2.50%
40	7.10%	5.90%	5.10%	4.30%	3.50%	1.90%
50	6.30%	5.10%	4.30%	3.70%	3.00%	1.60%
60	5.60%	4.60%	3.90%	3.30%	2.60%	1.20%
70+	5.20%	4.20%	3.50%	2.90%	2.20%	0.90%

Summary of Assumptions and Methods (continued)

Table D - Disability Rates

Age	Male	Female
20	0.03%	0.03%
30	0.05%	0.08%
40	0.12%	0.21%
50	0.36%	0.53%
60	1.26%	1.16%

Table E - Aging Factors

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%

Table F - Per Capita Claims Cost

	Healthy Retirees			Disabled Retirees		
Age	Medical	Rx	Dental	Medical	Rx	Dental
50	$ 7,427	$ 2,694	$ 460	$ 16,712	$ 6,063	$ 460
55	8,201	3,201	460	18,453	7,203	460
60	9,979	3,710	460	22,453	8,348	460
65	2,286	3,559	460	2,286	3,559	460
70	2,651	3,834	460	2,651	3,834	460
75	2,929	4,030	460	2,929	4,030	460
80+	3,078	4,030	460	3,078	4,030	460

Note

The annual per capita claims shown are for disabled retirees that are not Medicare primary due to disability. For disabled retirees who are Medicare primary due to disability, the pre-65 annual per capita costs are $2,286 for medical coverage and $3,559 for Rx coverage. 70% of disabled retirees are assumed to be Medicare primary due to disability.

Summary of Assumptions and Methods (continued)

Table G - Healthcare Trend Rates

FYE	Medical / Rx	Part B	Dental
2019	9.00%	3.00%	5.00%
2020	8.50%	3.25%	4.75%
2021	8.00%	3.50%	4.50%
2022	7.50%	3.75%	4.25%
2023	7.00%	4.00%	4.00%
2024	6.50%	4.25%	4.00%
2025	6.00%	4.50%	4.00%
2026	5.50%	4.75%	4.00%
2027+	5.00%	5.00%	4.00%

Summary of Plan Provisions

Effective Date - Initial effective date was July 1, 1999. The plan was restated on March 27, 2007.

Eligibility - Employees who satisfy the eligibility requirements for either normal retirement, early retirement, or disability are eligible for lifetime health benefits under the plan.

Normal Retirement Date - The normal retirement date for employees hired prior to July 1, 1990 is the earlier of (1) the first day of the month on or after attainment of age 60 and the completion of at least 10 years of Benefit Service Credit, and (2) the first day of the month on or after completion of 30 years of Benefit Service Credit and attainment of age 55. If an employee who was hired before July 1, 1990 terminates employment after attainment of age 45 and completion of 25 years of Benefit Service Credit, 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 Benefit Service Credit if he had remained employed.

For employees hired on or after July 1, 1990, the normal retirement date is the first day of the month on or after attainment of age 65 and completion of 10 years of Benefit Service Credit.

Early Retirement Date - The date that is 10 years prior to an employee's Normal Retirement Date upon completion of 25 years of Benefit Service Credit or 5 years prior to an employee's normal retirement date upon completion of 15 years of Benefit Service Credit.

Disability Retirement Date - The date that the employee is determined to be disabled, provided the employee has completed at least 10 years of Years of Service.

Healthcare Coverage - The healthcare coverage (medical, prescription drug and dental) provided under the plan is substantially the same coverage (based on the cost per retiree to the employer for providing said health coverage) that is available to active employees. All health plans are self-insured except for the Medicare plan that is fully-insured with The Hartford and EnvisionInsurance with EGWP and wrap prescription drug coverage. Dental benefits are fully insured with Delta Dental. Spousal and family coverage is available. In addition, coverage will continue to a surviving spouse upon the death of a retiree or an active employee who is eligible to retire. If an employee with at least ten years of service dies while in employment, the surviving spouse will qualify for retiree healthcare benefits under the disability retirement status. Surviving spouse contributions are the same as the member’s prior to the member’s death.

Retiree Premiums - The monthly retiree premium rates effective on January 1, 2018 are shown below:

Non-Medicare	Medical Only	Medical & Rx	Dental
1 Person Regular	$ 793.39	$ 1,084.15	$38.32
2 Person Regular	$ 1,785.15	$ 2,439.36	$74.37
1 Comp.	$ 224.90	$ 529.90	N/A
2 Comp.	$ 449.80	$ 1,059.80	N/A

Medicare Eligible	Medical	Rx	Dental
1 Person	$ 219.54	$ 305.00	$38.32

Retiree Contributions - Retiree healthcare benefits are non-contributory for employees who were hired prior to January 1, 2009. Retiree healthcare benefits for employees hired on or after January 1, 2009 are contributory. Future retiree contributions for this group will be equal to the current employees' healthcare premium sharing arrangement in effect immediately prior to retirement. Currently, Union and Non-Union employees contribute 14% of the active medical and prescription drug coverage premium and do not contribute for dental coverage. The monthly premiums in effect on January 1, 2018 are shown below:

Coverage	Medical Only	Medical & Rx	Dental
1 Person Regular	$ 527.52	$ 705.69	$38.32
2 Person Regular	$ 1,186.93	$ 1,587.83	$74.37

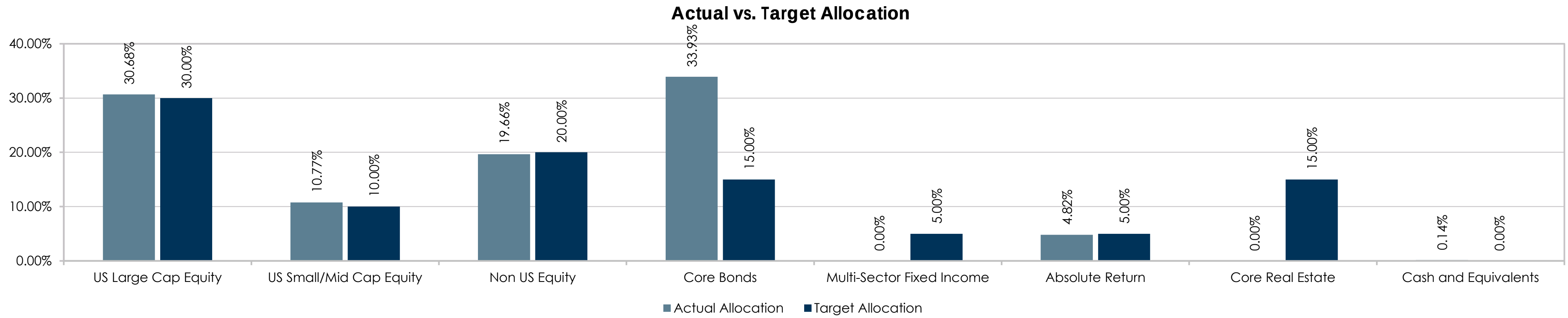
Medicare Part B Reimbursement - The Lansing Board of Water and Light reimburses retirees and spouses for 90% of the Medicare Part B premium (standard premium prior to income-related adjustment). For participants who became Medicare eligible prior to January 1, 2016, the amount of reimbursement is $98 per month. For participants who became Medicare eligible on or after January 1, 2016, the amount of reimbursement is $121 per month.

Cash in Lieu of Coverage - Retirees may elect to receive cash in lieu of healthcare benefits. Currently, retirees electing this option receive $2,232 per year.

Life Insurance - Employees that have life insurance coverage equal to 1.5 times of their salary immediately prior to retirement may continue this coverage at one-third of the amount in effect immediately prior to retirement rounded to the next higher $500. Bargaining unit retirees contribute 50% of the premium for retiree life insurance coverage. Contributions are not required for non-bargaining unit retirees. A closed group of disabled retirees receive retiree life insurance coverage at no cost. Retiree life insurance coverage is not provided for employees who have $10,000 of life insurance coverage immediately prior to retirement. The monthly retiree life insurance premium in effect on January 1, 2018 is 40 cents per thousand dollars of coverage.

Post-Retirement Benefit Plan and Trust for Eligible Employees of LBWL

For the Periods Ending June 30, 2018



Asset Class	Market Value ($000s)	Actual Allocation (%)	Target Allocation (%)	Over/ Under (%)	Range Min - Max (%)	
Total Portfolio	**184,006**	**100.00**	**100.00**			
Equity	**112,456**	**61.12**	**60.00**	**1.12**	**45.00**	**70.00**
US Large Cap Equity	56,461	30.68	30.00	0.68	25.00	35.00
US Small/Mid Cap Equity	19,812	10.77	10.00	0.77	5.00	15.00
Non US Equity	36,184	19.66	20.00	-0.34	15.00	25.00
Fixed Income	**71,287**	**38.74**	**25.00**	**13.74**	**10.00**	**50.00**
Core Bonds	62,427	33.93	15.00	18.93	10.00	35.00
Multi-Sector Fixed Income	0	0.00	5.00	-5.00	0.00	10.00
Absolute Return	8,861	4.82	5.00	-0.18	0.00	10.00
Real Assets	**0**	**0.00**	**15.00**	**-15.00**	**0.00**	**20.00**
Core Real Estate	0	0.00	15.00	-15.00	0.00	20.00
Cash and Equivalents	**262**	**0.14**	**0.00**	**0.14**	**0.00**	**5.00**

	Mar 2018 Market Value ($000s)	Jun 2018 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Total Portfolio (07/04)	**183,306**	**184,006**	**100.00**	**-0.13**	**0.52**	**-0.34**	**6.54**	**6.17**	**7.93**	**6.26**
Policy Index [1]				*-0.15*	*1.52*	*0.54*	*7.57*	*7.06*	*8.66*	*7.24*

Post-Retirement Benefit Plan and Trust for Eligible Employees of LBWL

For the Periods Ending June 30, 2018

	Mar 2018 Market Value ($000s)	Jun 2018 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Total Portfolio (07/04)	**183,306**	**184,006**	**100.00**	**-0.13**	**0.52**	**-0.34**	**6.54**	**6.17**	**7.93**	**6.26**
Policy Index [1]				*-0.15*	*1.52*	*0.54*	*7.57*	*7.06*	*8.66*	*7.24*
US Large Cap Equity (01/17)	**55,306**	**56,461**	**30.68**	**0.12**	**2.10**	**1.14**	**12.26**	**--**	**--**	**18.29**
Russell 1000				*0.65*	*3.57*	*2.85*	*14.54*	*11.64*	*13.37*	*16.14*
US Small/Mid Cap Equity (01/17)	**19,366**	**19,812**	**10.77**	**1.10**	**2.54**	**-0.00**	**10.89**	**--**	**--**	**7.35**
Russell 2500 Value				*0.53*	*5.80*	*3.00*	*11.49*	*9.76*	*10.78*	*8.91*
Non US Equity (01/17) *	**36,885**	**36,184**	**19.66**	**-1.37**	**-1.90**	**-1.54**	**7.70**	**--**	**--**	**13.03**
MSCI EAFE				*-1.19*	*-0.97*	*-2.37*	*7.37*	*5.41*	*6.93*	*14.58*
Fixed Income (01/17)	**71,430**	**71,287**	**38.74**	**-0.08**	**-0.11**	**-1.18**	**0.37**	**--**	**--**	**1.83**
BloomBar US Aggregate				*-0.12*	*-0.16*	*-1.62*	*-0.40*	*1.72*	*2.27*	*1.24*
Cash and Equivalents (01/17)	**319**	**262**	**0.14**	**0.14**	**0.40**	**0.84**	**1.32**	**--**	**--**	**1.02**
US T-Bills 90 Day				*0.17*	*0.46*	*0.81*	*1.36*	*0.68*	*0.42*	*1.11*

Post-Retirement Benefit Plan and Trust for Eligible Employees of LBWL

For the Periods Ending June 30, 2018

	Mar 2018 Market Value ($000s)	Jun 2018 Market Value ($000s)	Actual Allocation (%)	1 Month (%)	3 Months (%)	YTD (%)	FYTD (%)	3 Years (%)	5 Years (%)	Since Inception (%)
Equity (01/17)	**111,557**	**112,456**	**61.12**	**-0.17**	**0.92**	**0.20**	**10.81**	**--**	**--**	**15.24**
US Large Cap Equity										
Loomis Sayles Large Cap Equity (01/13)	**28,527**	**29,372**	**15.96**	**0.01**	**2.97**	**3.91**	**17.80**	**16.76**	**17.48**	**16.54**
Russell 1000 Growth				*0.96*	*5.76*	*7.25*	*22.51*	*14.98*	*16.36*	*17.12*
Vanguard Russell 1000 Value (05/17) *	**26,779**	**27,089**	**14.72**	**0.24**	**1.16**	**-1.73**	**6.70**	**--**	**--**	**7.09**
Russell 1000 Value				*0.25*	*1.18*	*-1.69*	*6.77*	*8.26*	*10.34*	*7.17*
US Small/Mid Cap Equity										
Advisory Research (07/09)	**19,366**	**19,812**	**10.77**	**1.10**	**2.54**	**-0.00**	**10.89**	**4.84**	**7.36**	**11.94**
Russell 2500 Value				*0.53*	*5.80*	*3.00*	*11.49*	*9.76*	*10.78*	*15.11*
Non US Equity										
Harding Loevner Int'l Equity (09/17) *	**18,611**	**18,368**	**9.98**	**-1.39**	**-1.30**	**-0.40**	**--**	**--**	**--**	**7.05**
MSCI ACWI ex US				*-1.84*	*-2.39*	*-3.44*	*7.79*	*5.56*	*6.48*	*3.37*
Lazard Int'l Equity (09/17) *	**18,274**	**17,816**	**9.68**	**-1.34**	**-2.50**	**-2.70**	**--**	**--**	**--**	**3.58**
MSCI EAFE				*-1.19*	*-0.97*	*-2.37*	*7.37*	*5.41*	*6.93*	*4.38*
Fixed Income (01/17)	**71,430**	**71,287**	**38.74**	**-0.08**	**-0.11**	**-1.18**	**0.37**	**--**	**--**	**1.83**
Core Bonds										
JP Morgan Fixed Income (01/09)	**62,500**	**62,427**	**33.93**	**-0.06**	**-0.04**	**-1.32**	**0.02**	**1.98**	**2.71**	**3.99**
BloomBar US Aggregate				*-0.12*	*-0.16*	*-1.62*	*-0.40*	*1.72*	*2.27*	*3.48*
Absolute Return										
BlackRock Strategic Income Opp (09/17) *	**8,930**	**8,861**	**4.82**	**-0.24**	**-0.78**	**-0.44**	**--**	**--**	**--**	**1.01**
US T-Bills 90 Day + 3.0%				*0.41*	*1.20*	*2.31*	*4.40*	*3.70*	*3.43*	*3.70*
BloomBar US Aggregate				*-0.12*	*-0.16*	*-1.62*	*-0.40*	*1.72*	*2.27*	*-1.71*
Cash & Equivalents (01/17)	**319**	**262**	**0.14**	**0.14**	**0.40**	**0.84**	**1.32**	**--**	**--**	**1.02**
Cash & Equivalents (01/17)	**319**	**262**	**0.14**	**0.14**	**0.40**	**0.84**	**1.32**	**--**	**--**	**1.02**
US T-Bills 90 Day				*0.17*	*0.46*	*0.81*	*1.36*	*0.68*	*0.42*	*1.11*

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

* Net of Fee return data.

1 Policy Index: Effective June 2018, the index consists of 30.0% Russell 1000, 20.0% MSCI ACWI ex US, 10.0% Russell 2500, 40.0% BloomBar US Aggregate.

The Fiscal Year End is June.

Disclosures and Legal Notice

This report was prepared by ACG using information from sources that may include the following: client's custodian(s); client's investment manager(s); ACG Investment Manager Database and Client Reporting Tool; third party data vendors; and other outside sources as may be directed by the client. Index Characteristics utilized in this report are obtained from third party data providers and may be different than index characteristics reported by investment managers/funds due to varied calculation methodologies and data sources. Although the information presented herein has been obtained from and is based upon sources ACG believes to be reliable, no representation or warranty, express or implied, is made as to the accuracy or completeness of that information. Accordingly, ACG does not itself endorse or guarantee, and does not itself assume liability whatsoever for, the accuracy or reliability of any third party data or the financial information contained herein.

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Summary Annual Report

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

For the Plan Year Ended June 30, 2018

This summary annual report is prepared by the management of the City of Lansing by its Board of Water and Light (DBA Lansing Board of Water and Light). It is prepared pursuant to the requirements of State of Michigan Act No. 314 of 1965, as amended, MCL 38.1131 et seq., and contains the information required by that Act. Effective March 29, 2017, the Act requires submission of the report to the department of treasury not less than 30 days after publication. The names of the System Investment Fiduciaries and the System Service Providers are current as of June 30, 2018. Investment performance is based upon returns for the calendar years 2008 – 2017. Actual and budgeted expenditures are based upon fiscal years 2018 and 2019, respectively. System actuarial information contains census data as of February 28, 2018 and financial data as of June 30, 2018 and June 30, 2017.

Name of the System: Post-Retirement Benefit Plan and Trust for Eligible Employees of Lansing Board of Water and Light

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

Names of the System Service Providers:

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

Investment Managers:

Advisory Research – SMid. Cap Value (Domestic Equity)	jgallop@advisoryresearch.com
Blackrock – Absolute Return (Fixed Income)	daniel.ott@blackrock.com
Harding Loevner – Large Cap Growth (Int'l. Equity)	kburke@hlmnet.com
JP Morgan – Core Bonds (Fixed Income)	blake.e.morris@jpmorgan.com
Lazard – Large Cap Blend (Int'l Equity)	nina.osenbroch@lazard.com
Loomis Sayles – Large Cap Growth (Domestic Equity)	clazzaro@loomissayles.com
Vanguard – Large Cap Value (Domestic Equity)	michael_cianciulli@vanguard.com

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

	6/30/2018	6/30/2017	Change
Market Value of Plan Assets	$184,039,624	$173,635,057	$10,404,567
Total OPEB Liability	$203,487,065	$205,624,392	($2,137,327)
Net OPEB Liability	$19,447,441	$31,989,335	($12,541,894)

System Funded Ratio – 90.4%

System Investment Performance Net of Fees on a Calendar Year Basis* (2008 – 2017):

1 Year:	15.09%
3 Years:	6.61%
5 Years:	8.80%
7 Years:	7.68%
10 Years:	5.43%

*Performance data for 2017 calculated by ACG. Performance for prior years was calculated by LBWL's previous consultants.

System Administrative and Investment Expenditures (FY 18):

Administrative Expenses:	$6,875
Investment Expenses:	$622,864

System Budgeted Expenditures (FY 19):

Administrative Expenses:	$7,750
Investment Expenses:	$722,000

System Information from the 2018 Actuarial Report:

Number of Active Members:	703
Number of Retirees and Beneficiaries:	728
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:	Closed Level Dollar, 15 years
Actuarial Cost Method:	Projected Unit Credit Cost
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.**

Michigan Department of Treasury
5572 (09-18)

Public Act 202 of 2017 Health Care (OPEB) Report

Enter Local Unit Name	Lansing City Board of Water & Light
Enter Six-Digit Municode	337537
Unit Type	Authority
Fiscal Year (four-digit year only, e.g. 2018)	2018
Contact Name (Chief Administrative Officer)	Scott Taylor
Title if not CAO	Manager, Finance
CAO (or designee) Email Address	scott.taylor@LBWL.com
Contact Telephone Number	(517) 702-6104

Instructions/Questions: For a list of detailed instructions on how to complete and submit this form, visit michigan.gov/LocalRetirementReporting. For questions, please email LocalRetirementReporting@michigan.gov. **Return this original Excel file. Do not submit a scanned image or PDF.**

OPEB System Name (not division) 1	Post-Retirement Benefit Plan and Trust for Eligible
OPEB System Name (not division) 2	
OPEB System Name (not division) 3	
OPEB System Name (not division) 4	
OPEB System Name (not division) 5	

If your OPEB system is separated by divisions, you would only enter one system. For example, one could have different divisions of the same system for union and non-union employees. However, these would be only one system and should be reported as such on this form.

Line	Description	Source of Data	Statute Reference	System 1	System 2	System 3	System 4	System 5
1	Provide the name of your retirement health care system	Calculated From Above	Sec. 5(6)	Post-Retirement Benefit Plan and Trust				
2	Enter retirement health care system's assets (system fiduciary net position)	Most Recent Audit Report	Sec. 5(4)(a)	184,039,625				
3	Enter retirement health care system's liabilities (total OPEB liability)	Most Recent Audit Report	Sec. 5(4)(a)	203,487,066				
4	Date (system year ending) of valuation of system's assets and liabilities (e.g. 12/31/2017)	Most Recent Audit Report	Sec. 5(6)	6/30/18				
5	Actuarially Determined Contribution (ADC)	Most Recent Audit Report	Sec. 5(4)(a)	7,535,000				
5a	Do the financial statements include an ADC calculated in compliance with Numbered Letter 2018-3?	Most Recent Audit Report	Sec. 5(4)(a)	YES				
6	Governmental Fund Revenues	Most Recent Audit Report	Sec. 5(4)(a)	353,082,924				
7	Health Care Trigger Summary							
8	Is this unit a primary unit (County, Township, City, Village)?	From Municode		NO	NO	NO	NO	NO
9	Funded ratio	Calculated	Sec. 5(4)(a)	90.4%				
10	All systems combined ADC/Governmental fund revenues	Calculated	Sec. 5(4)(a)	2.1%	0.0%	0.0%	0.0%	0.0%
11	Did the local government pay the retiree insurance premiums for the year?	Accounting Records	Sec. 4(1)(ii)	YES				
12	Did the local government pay the normal cost for employees hired after June 30, 2018?	Accounting Records	Sec. 4(1)(i)	YES				
13	Does this system trigger "underfunded status" as defined by PA 202 of 2017?	**Primary units trigger:** Less than 40% funded AND greater than 12% ADC/Governmental fund revenues. If No ADC is provided, will trigger if less than 40% funded. **Non-Primary units trigger:** Less than 40% funded. **All units trigger:** Failure to make required retirement system payments.	Sec. 5(4)(a)	NO	NO	NO	NO	NO

By emailing this report to the Michigan Department of Treasury, the local unit of government acknowledges that this report is complete and accurate in all known respects. Public Act 202 of 2017 also requires the local unit of government to electronically submit the form to its governing body.

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

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective May 22~~April 2~~, 2018, except as otherwise noted herein

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

Statement of Investment Policies, Procedures and Objectives

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Table of Contents

Introduction

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

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

Updates to Statement

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

Trustees

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

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

Purpose of the Plan

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

Investment Philosophy

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

Delegation of Responsibilities

Retirement Plan Committee

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

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

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

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

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

Investment Consultant

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

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

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

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

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

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

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

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

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

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

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

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

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

Investment Manager(s)

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

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

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

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

Communications

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

Reporting

Each Manager is expected to provide:

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

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

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

Custodian

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

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

Plan Investment Policy

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

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

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

Plan Investment Objectives

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

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

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

Asset Allocation Policy

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

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

Target Asset Allocation ~~Policy Index~~

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

The Trustees recognize that the transition to the above target allocations will be achieved over an appropriate period of time, based upon manager availability, selection and approval as well as portfolio needs and constraints.

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 either the Policy Index or Target Asset Allocation.

Administrative and Investment Review Procedures

Review of Policies

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

General Review

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

Review of Investment Performance

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

Each performance evaluation will include:

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

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

Individual Investment Manager Objectives

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

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

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

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

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

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

Rebalancing Policy – Overall Fund Allocation

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

Review of Investment Management

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

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

Proxy Voting

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

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

Directed Brokerage

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

Tenure

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

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

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

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

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

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

1. The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.
2. The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, Bankers Acceptances, commercial paper (except ABS commercial paper), and other money market securities.
3. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security).
4. If unrated, the security rating must be determined by the manager, subject to the limitations in item 3.
5. The Fund maintains a dollar-weighted average maturity of 90 days or less.

Total Plan Performance

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

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

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

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

Index	Percent
Russell 1000	30%
Russell 2500	10%
MSCI ACWI ex-US	20%
BloomBar US Aggregate	25%-40%*
NFI ODCE (net) Index	0-15%*

* An allocation to private real estate has been approved. The policy index will include an allocation to the NFI ODCE (net) Index after the funding of private real estate occurs. The policy index allocation to the BloomBar US Aggregate index will be reduced from 40% with the funding of private real estate.

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

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

Conclusion

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

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

Glossary of Investment Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective May 22, 2018, except as
otherwise noted herein

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Table of Contents

Introduction

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

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

Updates to Statement

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

Trustees

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

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

Purpose of the Plan

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

Investment Philosophy

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

Delegation of Responsibilities

Retirement Plan Committee

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

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

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

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

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

Investment Consultant

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

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

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

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

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

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 all types of investment vehicles. While high levels of risk are to be avoided, the assumption of a moderate level of risk is warranted and encouraged in order to allow the opportunity to achieve satisfactory results consistent with the objectives and character of the Plan. The policies and restrictions contained in this Statement should not impede the Manager to attain the overall Plan objectives, nor should they exclude the Manager from appropriate investment opportunities.

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

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

Asset Allocation Policy

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

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

Target Asset Allocation

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

The Trustees recognize that the transition to the above target allocations will be achieved over an appropriate period of time, based upon manager availability, selection and approval as well as portfolio needs and constraints.
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 either the Policy Index or Target Asset Allocation.

Administrative and Investment Review Procedures

Review of Policies

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

General Review

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

Review of Investment Performance

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

Each performance evaluation will include:

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

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

Individual Investment Manager Objectives

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

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

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

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

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

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

Rebalancing Policy – Overall Fund Allocation

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

Review of Investment Management

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

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

Proxy Voting

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

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

Directed Brokerage

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

Tenure

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

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

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

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

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

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

1. The Fund seeks to provide current income while maintaining liquidity and a stable share price of $1.
2. The Fund invests primarily in high-quality, short-term money market instruments, including certificates of deposit, Bankers Acceptances, commercial paper (except ABS commercial paper), and other money market securities.
3. To be considered high-quality, a security generally must be rated in one of the two highest credit-quality categories for short-term securities by at least two nationally recognized rating services (or by one, if only one rating service has rated the security).
4. If unrated, the security rating must be determined by the manager, subject to the limitations in item 3.
5. The Fund maintains a dollar-weighted average maturity of 90 days or less.

Total Plan Performance

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

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

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

2) The Plan's total return should exceed the total return of the Policy index comprised of the following:

Index	Percent
Russell 1000	30%
Russell 2500	10%
MSCI ACWI ex-US	20%
BloomBar US Aggregate	25%-40%*
NFI ODCE (net) Index	0-15%*

* An allocation to private real estate has been approved. The policy index will include an allocation to the NFI ODCE (net) Index after the funding of private real estate occurs. The policy index allocation to the BloomBar US Aggregate index will be reduced from 40% with the funding of private real estate.

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

4) In addition to relative rates of return the Plan's performance will be evaluated based on its relative risk profile as measured by its standard deviation, beta, correlation to

the Policy Index, risk adjusted returns as measured by the Plan's Sharpe ratio and performance in up and down markets.

Conclusion

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

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

Glossary of Investment Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

RESOLUTION

Revised Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light Statement of Investment Policies, Procedures, and Objectives

WHEREAS, the Board of Water and Light (the "Sponsor") sponsors the VEBA (Post-Retirement Benefit Plan for Eligible Employees of Lansing Board of Water & Light); and

WHEREAS, the Retirement Plan Committee has reviewed the current VEBA Statement of Investment Policies, Procedures and Objectives, in conjunction with a transition to a new benefit plan investment consultant; and

WHEREAS, the Retirement Plan Committee recommended the Sponsor adopt the revisions reflected in the attached VEBA Statement of Investment Policies, Procedures and Objectives; and

WHEREAS, the Sponsor adopted the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives;

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, revised VEBA Statement of Investment Policies, Procedures and Objectives.

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

Financial Report

with Required Supplementary Information

As of and for the Years Ended June 30, 2018 and 2017

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

Contents

INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan and Trust ("Plan"), as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the fiduciary position of the Plan as of June 30, 2018 and 2017, and the respective changes in fiduciary position for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Baker Tilly Virchow Krause, LLP

Madison, Wisconsin
September 11, 2018

Using this Annual Report

This annual report consists of two parts: (1) management's discussion and analysis (this section) and (2) the 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:

	2018	2017	2016
Assets held in trust:			
Mutual funds	$ 145,098,563	$ 136,451,476	$ 124,001,268
Stable value	35,135,911	35,270,975	34,193,741
Guaranteed income fund	8,638,662	8,491,010	7,735,485
Participant notes receivable and other	5,794,428	5,726,432	5,300,821
Net position	**$ 194,667,564**	**$ 185,939,893**	**$ 171,231,315**
Changes in plan assets:			
Net investment income/(loss)	$ 17,630,692	$ 19,491,557	$ (1,505,961)
Employer and participant contributions	8,183,397	7,103,752	7,688,472
Benefits paid to participants	(16,928,587)	(11,877,805)	(7,946,117)
Loan defaults and other changes	(157,831)	(8,926)	(125,715)
Changes in net position	**$ 8,727,671**	**$ 14,708,578**	**$ (1,889,321)**

Investment Objectives

The principal purpose of the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan ("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 ("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, 2018 saw a net investment gain of $17.6 million. Total assets held in trust at the end of the fiscal year were $194.7 million.

Future Events

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

Contacting the Plan's Management

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

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

Statement of Fiduciary Net Position

	As of June 30	
	2018	2017
Assets		
Participant-directed investments (Note 1):		
Mutual funds	$ 145,098,563	$ 136,451,476
Stable value	35,135,911	35,270,975
Guaranteed income fund	8,638,662	8,491,010
Self-directed brokerage account	2,144,556	1,826,494
Total participant-directed investments	191,017,692	182,039,955
Participant notes receivable	3,649,872	3,899,938
Net Position Restricted for Pensions	**$ 194,667,564**	**$ 185,939,893**

See Notes to Financial Statements.

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

Statement of Changes in Fiduciary Net Position

	For the Year Ended June 30	
	2018	2017
Additions		
Investment income:		
Net appreciation in fair value of investments	$ 8,851,973	$ 15,347,096
Dividend income	8,778,719	4,144,461
Total investment income	17,630,692	19,491,557
Employer contributions (Note 1)	6,534,888	6,052,720
Participant rollover contributions	1,648,509	1,051,032
Interest from participant notes receivable	156,090	156,466
Total additions	25,970,179	26,751,775
Deductions		
Benefits paid to participants	16,928,587	11,877,805
Loan defaults	209,514	72,325
Participants' note and administrative fees	104,407	93,067
Total deductions	17,242,508	12,043,197
Net Increase in Net Position	8,727,671	14,708,578
Net Position Restricted for Pensions		
Beginning of year	185,939,893	171,231,315
End of year	**$ 194,667,564**	**$ 185,939,893**

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 ("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 recordkeeper, is responsible for plan administration and processing of participant investments.

Contributions - For employees hired before January 1, 1997, the BWL is required to contribute 15 percent of the employees' compensation. For employees hired on or after January 1, 1997, the BWL is required to contribute 9.5 percent of the employees' compensation. In addition, the BWL is required to contribute an additional 3.0 percent of the employees' compensation for all employees who are not eligible to receive overtime pay and 0.5 percent of the employees' compensation for all non-bargaining employees. The Board of Commissioners of the Board of Water and Light - City of Lansing may amend the Plan's provisions and contribution requirements.

Note 1 - Description of the Plan (Continued)

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

As of June 30, 2018, there were 918 participants in the Plan, of which 679 were active employees. As of June 30, 2017, there were 924 participants in the Plan, of which 661 were active employees.

Vesting – Participants start to become vested in the BWL contribution and related earnings after completing two years of service, at a rate of 25 percent each year. Participants become fully vested after six years of service or upon obtaining 55 years of age.

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. Upon reaching normal retirement age, a participant may elect to receive in service distributions.

Note 2 - Summary of Significant Accounting Policies

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

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

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

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

Note 2 - Summary of Significant Accounting Policies (Continued)

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

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

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

Effect of New Accounting Standards on Current Period Financial Statements – GASB has approved GASB Statement No. 84, Fiduciary Activities. When it becomes effective, application of this standard may restate portions of these financial statements.

Note 3 - Investments

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

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

Custodial Credit Risk of Bank Deposits – As of June 30, 2018 and 2017, the Plan has no bank deposits.

Credit Risk – State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. The Plan has no investment policy that would further limit its investment choices. As of June 30, 2018, the credit quality ratings of debt securities are as follows:

Investment	Fair Value	Rating	Rating Organization
Mutual funds	$ 145,098,563	Not rated	Not rated
Stable value	35,135,911	AA-	S&P

Note 3 – Investments (Continued)

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

Investment	Fair Value	Rating	Rating Organization
Mutual funds	$ 136,451,476	Not rated	Not rated
Stable value	35,270,975	AA-	S&P

Interest Rate Risk – Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. The Plan's investment policy does not address this risk. At June 30, 2018, the average maturities of investments are as follows:

Investment	Fair Value	Weighted Average Maturity
Mutual funds – Bond funds	$18,870,972	4.8 years

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

Investment	Fair Value	Weighted Average Maturity
Mutual funds – Bond funds	$19,198,075	5.5 years

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; 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.

Note 6 – Fair Value Measurements (Continued)

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018 and 2017:

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, 2018 and 2017:

	June 30, 2018			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market	$ 303,087	$ –	$ –	$ 303,087
Bond and equity funds	18,870,972	–	–	18,870,972
Stock funds	70,845,546	–	–	70,845,546
Balanced funds	30,528,873	–	–	30,528,873
Growth funds	6,933,676	–	–	6,933,676
International funds	17,616,409	–	–	17,616,409
Self-directed brokerage account	2,144,556	–	–	2,144,556
Total Investments by Fair Value Level	$ 147,243,119	$ –	$ –	$ 147,243,119
Investments measured at the net asset value (NAV)				
Stable value				$ 35,135,911
Guaranteed Lifetime Income				8,638,662
Total Investments Measured at Fair Value				$ 191,017,692

Note 6 – Fair Value Measurements (Continued)

	June 30, 2017			
Investment Type	Level 1	Level 2	Level 3	Total
Mutual funds:				
Money market	$ 598,132	$ –	$ –	$ 598,132
Bond and equity funds	19,198,075	–	–	19,198,075
Stock funds	64,715,339	–	–	64,715,339
Balanced funds	29,103,168	–	–	29,103,168
Growth funds	6,306,873	–	–	6,306,873
International funds	16,529,889	–	–	16,529,889
Self-directed brokerage account	1,826,494	–	–	1,826,494
Total Investments by Fair Value Level	$ 138,277,970	$ –	$ –	$ 138,277,970
Investments measured at the net asset value (NAV)				
Stable value				$ 35,270,975
Guaranteed Lifetime Income				8,491,010
Total Investments Measured at Fair Value				$ 182,039,955

Investments Measured Using NAV per Share Practical Expedient: The stable value fund and guaranteed lifetime income fund use NAV per share as a practical expedient to measuring fair value. The stable value fund had a fair value of $35,135,911 and $35,270,975 as of June 30, 2018 and 2017, respectively and the guaranteed lifetime income fund had a fair value of $8,638,662 and $8,491,010, 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 Fiduciary Net Position.

Note 8 – Subsequent Events

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

Plan Service Report

LANSING BOARD OF WATER LIGHT
For Period Ended June 30, 2018

2nd Quarter 2018

Platinum Services Plan Service Report

ICMA Retirement Corporation
777 North Capitol Street, NE
Washington, DC 20002-4240
800-669-7400
WWW.ICMARC.ORG

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.

ICMA RC
BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

Table of Contents

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

I. Investment Due Diligence Review

2nd Quarter 2018

Platinum Services Plan Service Report

Past performance is no guarantee of future results.

Before investing, please read the applicable Fund Fact Sheet(s) and the Fund's Disclosure Memorandum carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. This information is available when you log in at www.icmarc.org/login, or upon request by calling 800-669-7400.

ICMARC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Second Quarter Economic Review

Economic Commentary

The U.S. economy continued to expand during the first half of 2018, continuing and maybe even accelerating from the slow growth rate of the last few years.

- June marked the 93rd consecutive month of job growth. If the preliminary reading of 213,000 jobs created that month holds, as does the 244,000 figure from May, then the second quarter's total of 632,000 will approach the first quarter's 655,000. This would be the strongest first half for employment gains since 2015. The natural rate of unemployment – the degree of long-term joblessness present in even a perfectly healthy economy – has been declining since 2011. In the first quarter, it reached 4.73%, where it remained during the second quarter. The Federal Reserve (Fed) projects it will remain at this level through the third quarter of 2019. The actual unemployment rate, as reported by the Bureau of Labor Statistics, ended the second quarter at 4.0%, below the first quarter's 4.1% and well below the natural rate.

- U.S. labor force participation held steady, ending the second quarter at 62.9% where it stood at the end of the first quarter.

- Wages continued their slow, but steady rise. Average hourly earnings climbed to $26.98 in June, a five-cent gain on a monthly basis, 18 cents for the quarter and 34 cents year to date. Core inflation, non-seasonally adjusted, increased 2.3% over the 12-month period through June 2018, the fourth consecutive month that prices – food and fuel excluded – increased by more than 2% over a 12-month period.

- The Commerce Department has not yet released U.S. real gross domestic product (GDP) estimates for the first quarter 2018, but stated that it grew at an annualized rate of 2.9% in the fourth quarter 2017. This was slower than the third and fourth quarters' final readings, which each exceeded 3%, but above the 2.4% average for the past five years. The Eurozone – which had been lagging the U.S. in terms of economic growth – surged in the fourth quarter. Its 2.7% gain was 0.6 percentage points higher than its third-quarter figure.

- The Institute for Supply Management (ISM) Manufacturing Purchasing Manager's Index increased from 58.7 in May to 60.2 in June. Still, analysts doubt it will remain above 60 for long, citing supply constraints and a slowdown in new orders. The ISM Nonmanufacturing Index rose 0.5 in June to 59.1, reflecting continued optimism in the sector despite concerns related to international trade and other issues. Readings above 50 indicate expansion.

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Second Quarter Economic Review

Economic Commentary

- Although the Conference Board's Consumer Confidence Index dipped from 128.8 in May to 126.4 in June, it remained above historic norms. The National Federation of Independent Business's (NFIB) Small Business Optimism Index posted a strong 107.2 score in June, down from May's near-record 107.8. The NFIB cited reports of higher revenues and government policies seen as friendly to entrepreneurs.

- U.S. existing home sales gave up ground in April and May, the most recent months for which data is available. The 5.43 million seasonally-adjusted annual rate in May was 3% below the year-earlier period. However, May new-home sales came in at 689,000, compared to 646,000 in April.

- Seasonally adjusted retail sales for June increased 0.3% on a monthly basis, and 6.4% over the year-earlier period.

- The Consumer Price Index (CPI) climbed 0.1% in June and 2.9% over a 12-month span. Rebounding gasoline prices drove much of the recent increase.

- The trade-weighted U.S. dollar rose 4.3% compared to other major currencies in the second quarter.

Second Quarter Economic Review

Domestic U.S. Equity Markets

U.S. equity markets headed higher in recent months.

- The equities advanced as the S&P 500 Index gained 3.43% on a total-return basis in the second quarter and 2.65% year-to-date. Seven of its 11 sectors posted gains for the quarter, although only six were positive since January 1. There appeared to be rotation into Consumer Staples – down 8.55% year-to-date, but up 4.50% in June – and out of Information Technology – up 10.87% year-to-date, but down 0.35% in June.

- The Russell 2000 Index, representing U.S. small-cap stocks, outperformed the S&P 500 during the quarter. In terms of total returns, the index gained 7.75% during the quarter, but only 7.66% year-to-date after a difficult first quarter. On the same basis, the Russell Mid-Cap Index climbed 2.82% during the quarter and 2.35% year-to-date.

- Benchmarks for growth and value stocks are split. In terms of total return, the Russell 1000 Growth Index advanced 5.76% in the second quarter versus the Russell 1000 Value Index's modest gain of 1.18%. The Russell 2000 Growth Index, however, rose 7.23% in the quarter, below the 8.30% posted in a reversal of direction by the Russell 2000 Value Index. The Russell 1000 covers large stocks and the Russell 2000 covers small stocks.

Morningstar Returns for Domestic Equity Funds-- 2nd Quarter 2018*

	Value	Blend	Growth
Large-Cap	1.63%	2.68%	5.13%
Mid-Cap	2.55%	2.96%	4.16%
Small-Cap	6.61%	6.31%	8.53%

Morningstar Returns for Domestic Equity Funds-- 1 Year Ending 6/30/2018*

	Value	Blend	Growth
Large-Cap	9.04%	12.58%	20.58%
Mid-Cap	8.86%	11.31%	18.06%
Small-Cap	12.44%	14.67%	22.70%

*See disclosure at end of chapter

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RETIREMENT SECURITY

Second Quarter Economic Review

Fixed Income Markets

The yield curve for Treasury instruments continued to flatten in the second quarter.

- Treasury yields steadied during the second quarter. The 30-year Treasury started at 2.97% and ended at 2.98%, which was basically flat. The 10-year Treasury rose from 2.74% at the end of March to 3.11% in mid-May before dropping back to 2.85% by the end of June. By the end of the quarter, the 2-year Treasury yield increased 25 basis points to finish at 2.52%. These data points suggest a continued spread tightening between the 10-year Treasury and 30-year Treasury; the 13 basis point spread is near the lowest since the immediate aftermath of the financial crisis. The more closely followed spread between the 10-year Treasury and the 2-year Treasury decreased over the second quarter from 47 basis points to 33 basis points. This flattening yield curve was the dominant theme in the fixed income market.
- For the second quarter 2018, the broad Bloomberg Barclays U.S. Aggregate Bond Index posted a return of -0.16%, still an improvement over the first quarter's -1.46%.
- The Bloomberg Barclays U.S. Corporate Investment Grade Index mirrored the aggregate benchmark, falling 0.98% during the second quarter compared to 2.32% in the previous three months. In contrast, the Bloomberg Barclays High Yield 2% Issuer Cap Index gained 1.03% during the quarter.

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Morningstar Returns for Domestic Fixed Income Funds--Period Ending 6/30/2018*

Category	Quarter	Year
Ultrashort Bond	0.50%	1.41%
Short Government	0.19%	-0.06%
Short-Term Bond	0.28%	0.44%
Inflation-Protected Bond	0.66%	1.94%
Intermediate Government	0.04%	-0.75%
Intermediate-Term Bond	-0.24%	-0.36%
Long Government	0.37%	-0.44%
Long-Term Bond	-1.23%	-0.07%
High Yield Bond	0.56%	2.23%

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Second Quarter Economic Review

International Equity Markets

The United States outperformed many of the world stock markets during the quarter on a U.S. dollar basis.

- The U.S. dollar rose against most currencies during the quarter, which depressed returns in U.S. dollars.
- The performance of developed markets was a matter of perspective. The MSCI EAFE Index lost 1.24% on a U.S. dollar-perspective. The MSCI EAFE Index lost 1.24% on a U.S. dollar-denominated basis, but gained 3.47% in local currency during the second quarter.
- The MSCI Europe Index lost 1.27% on a U.S. dollar basis over those three months.
- Steeper losses were in store for the MSCI Japan Index, which fell 2.84% on a U.S. dollar basis in the second quarter.
- However, the MSCI Emerging Markets Index took a harder hit, dropping 7.96% in three months on a U.S. dollar basis.

Morningstar Returns for International Equity Funds--1 Year Ending 6/30/2018*

Category	Quarter	Year
Foreign Large Value	-2.69%	4.09%
Foreign Large Blend	-2.14%	6.08%
Foreign Large Growth	-0.72%	10.53%
Foreign Small/Mid Value	-3.14%	6.93%
Foreign Small/Mid Growth	-1.69%	15.26%
Diversified Emerging Mkts	-8.90%	6.09%
World Allocation	-0.28%	5.41%

*See disclosure at end of chapter

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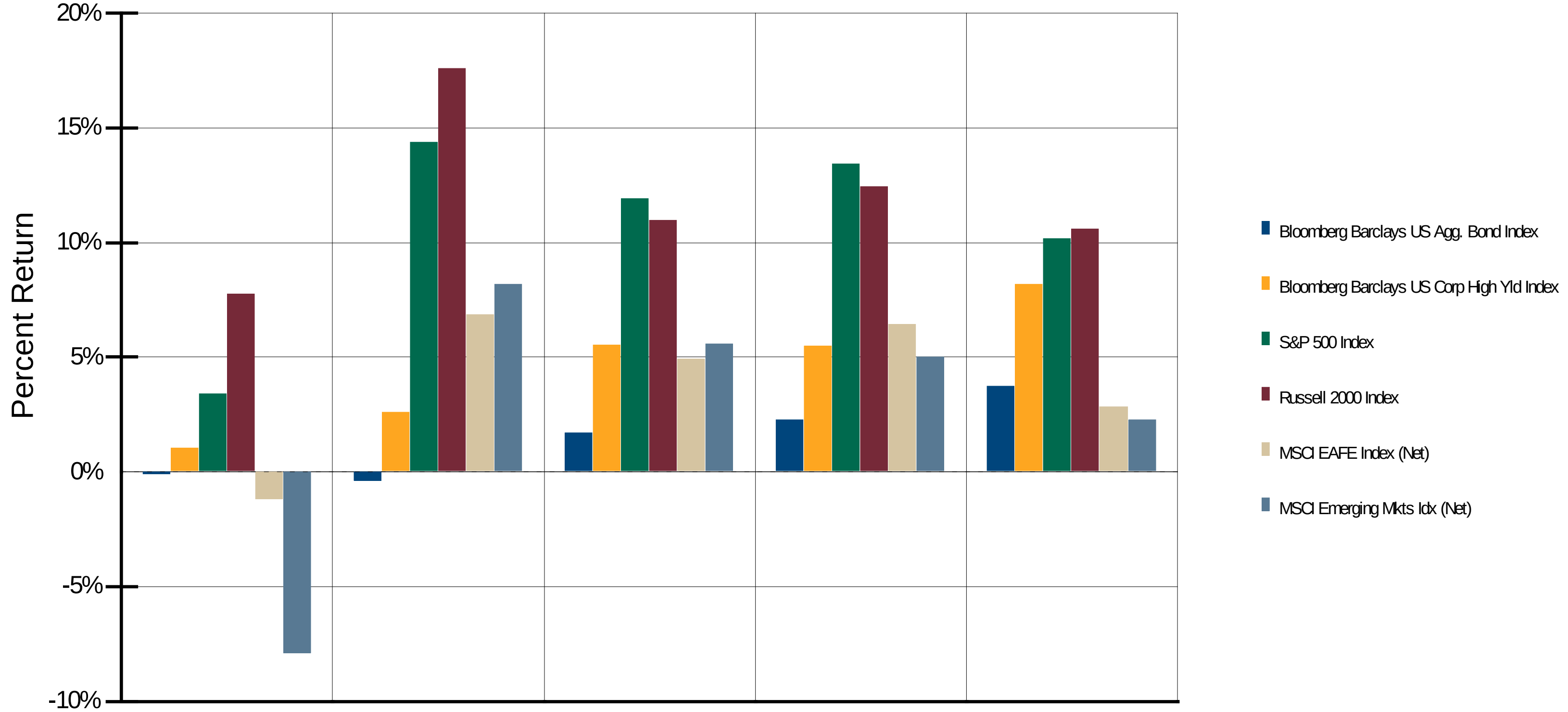
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Capital Markets Returns



	Q2 '18	1 Year	3 Years	5 Years	10 Years
Bloomberg Barclays US Aggregate Bnd Index	-0.16%	-0.40%	1.72%	2.27%	3.72%
Bloomberg Barclays US Corp High Yield Index	1.03%	2.62%	5.53%	5.51%	8.19%
S&P 500 Index	3.43%	14.37%	11.93%	13.42%	10.17%
Russell 2000 Index	7.75%	17.57%	10.96%	12.46%	10.60%
MSCI EAFE Index (Net)	-1.24%	6.84%	4.90%	6.44%	2.84%
MSCI Emerging Mkts Idx (Net)	-7.96%	8.20%	5.60%	5.01%	2.26%

Periods greater than one year represent annualized performance.

Past performance is no guarantee of future results.

401 Fund Structure[1,2]

Retirement Focused Investing – 401 Plans

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

TARGET-RISK/TARGET-DATE

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

GUARANTEED LIFETIME INCOME

VT Retirement IncomeAdvantage

BALANCED

Fidelity Balanced
BlackRock Global Allocation

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

All data on page is as of June 30, 2018

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

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457 Fund Structure[1,2]

Retirement Focused Investing – 457 Plans

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

TARGET-RISK/TARGET-DATE
13 funds in asset category. See Fund Summary pages for names of all funds in asset category.

GUARANTEED LIFETIME INCOME
VT Retirement IncomeAdvantage

BALANCED
Fidelity Balanced BlackRock Global Allocation

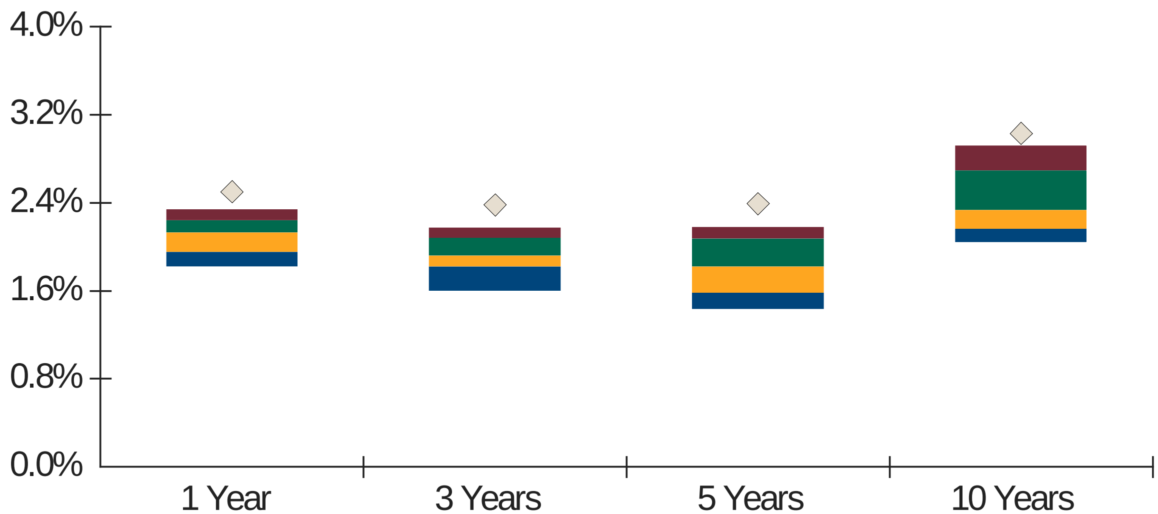
STABLE VALUE/CASH MANAGEMENT	BOND	INTERNATIONAL/GLOBAL STOCK	SPECIALTY
VT PLUS Fund VT Cash Management	PIMCO Low Duration Vanguard Ttl Bond Mkt Idx Adm PIMCO Total Return Instl PIMCO Real Return Admin Delaware High-Yield Opp Instl	American Funds Cap World G&I Harbor International Admin Fidelity Intl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

All data on page is as of June 30, 2018

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

Hueler Stable Value Universe Profile[15]

*Universe: Hueler Stable Value[15] -- Gross Returns**
Universe Percentiles As of June 30, 2018



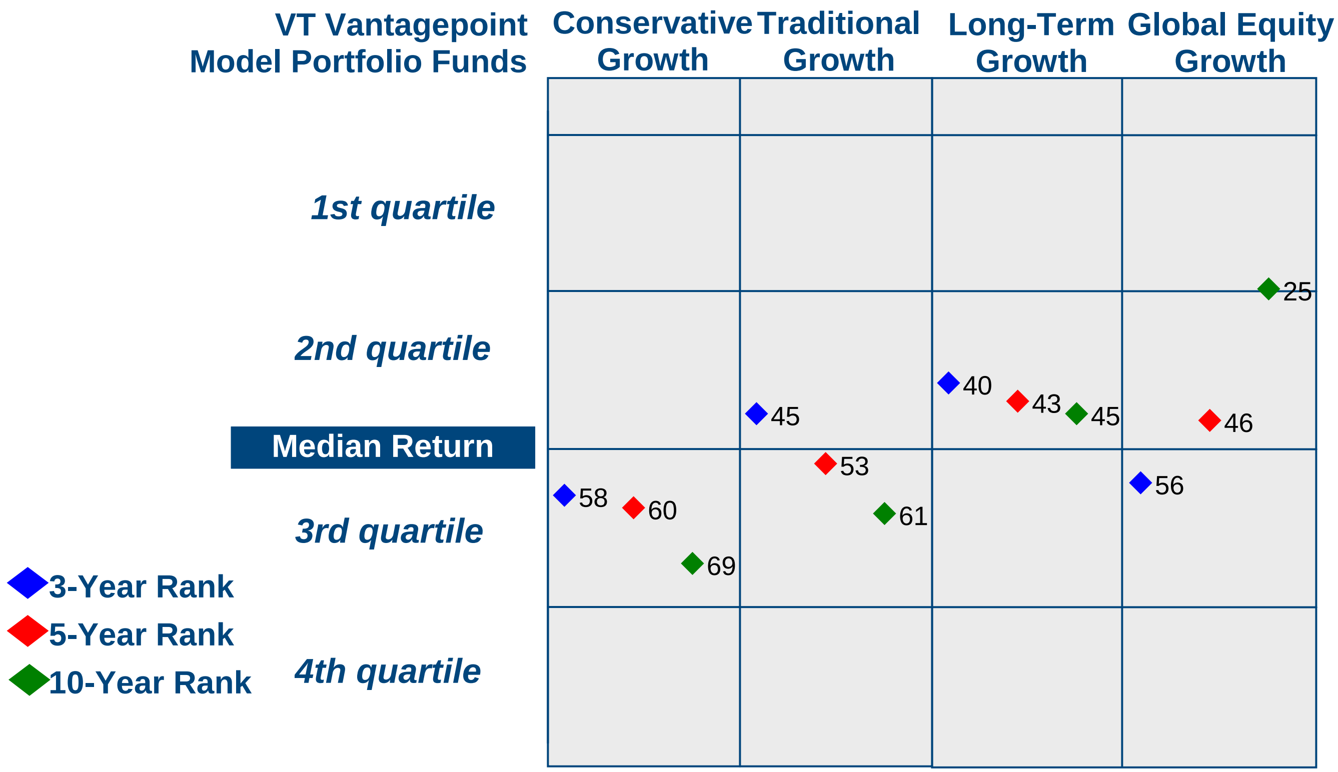
	1 Year	3 Years	5 Years	10 Years
VT PLUS Gross Returns*	2.50%	2.38%	2.39%	3.03%
VT PLUS Net Returns	1.94%	1.81%	1.82%	2.47%
11-25th Percentile	2.24 - 2.34	2.08 - 2.17	2.07 - 2.18	2.69 - 2.92
26-50th Percentile	2.13 - 2.24	1.92 - 2.08	1.82 - 2.07	2.33 - 2.69
51-75th Percentile	1.95 - 2.13	1.82 - 1.92	1.58 - 1.82	2.16 - 2.33
76-90th Percentile	1.82 - 1.95	1.60 - 1.82	1.43 - 1.58	2.04 - 2.16

*The VT PLUS Fund R5 total fee is 0.82% of assets. The fees included in the net return consist of: (i) Underlying VT III PLUS Fund fees of 0.41% of assets; (ii) ICMA-RC plan & participant services fees of 0.25% of assets; (iii) ICMA-RC Fund Administration fees of 0.15% of assets; and (iv) Trust Operating Expenses of 0.01% of assets. The underlying VT III PLUS Fund fees consist of: (i) third-party manager fees of 0.09% of assets; (ii) third-party wrap provider fees of 0.16% of assets; (iii) third-party custody fees of 0.01% of assets; (iv) third-party acquired fund fees of 0.01% of assets; (v) ICMA-RC Advisory fees of 0.15% of assets; (vi) Trust Operating Expenses of 0.01% of assets; and (vii) expense reimbursements of -0.02% of assets. The PLUS Fund gross return only includes third-party fees that total 0.27% of assets and is reported in a manner consistent with stable value industry reporting practices. Fees are subject to change due to fixed income manager, wrap, allocation, or other changes.

See disclosure at the end of chapter.

VT Vantagepoint Model Portfolio Funds[1,13]

Morningstar®,[2] Three-, Five- and Ten-Year Rankings as of 6/30/2018



Morningstar®,[2] Category	Allocation--30% to 50% Equity	Allocation--50% to 70% Equity	Allocation--70% to 85% Equity	World Large Stock
Funds Ranked in Category: 3-Year Period	425	674	313	721
Funds Ranked in Category: 5-Year Period	358	617	274	596
Funds Ranked in Category: 10-Year Period	255	439	199	343

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. Before investing, please read the applicable Fund Fact Sheet(s) and the Fund's Disclosure Memorandum carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. This information is available when you log in at www.icmarc.org/login, or upon request by calling 800-669-7400.

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VT Vantagepoint Model Portfolio Funds[1,13]

VT III Vantagepoint Fund Target Allocations as of 6/30/2018

EQUITY

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

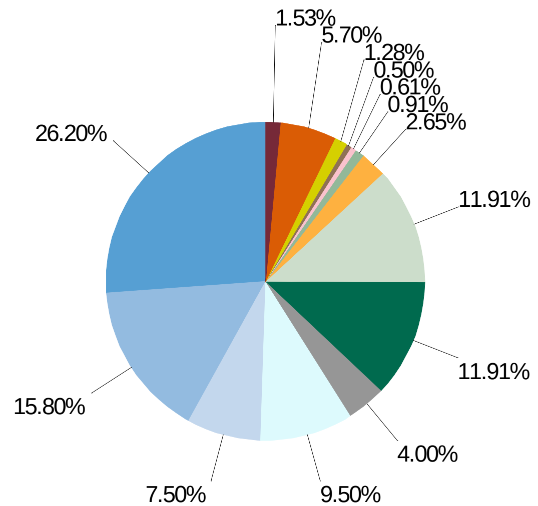
MULTI-STRATEGY

- **Diversifying Strategies**

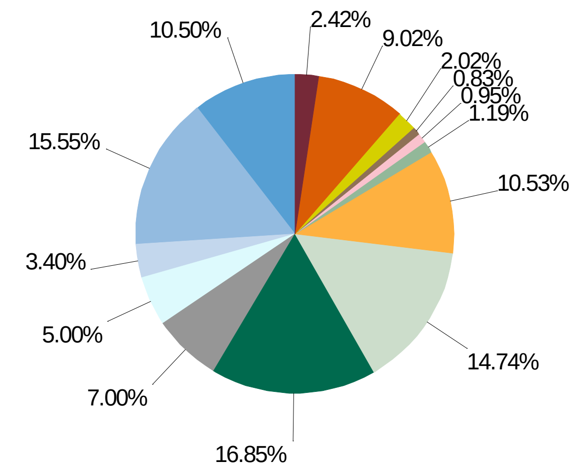
FIXED INCOME

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

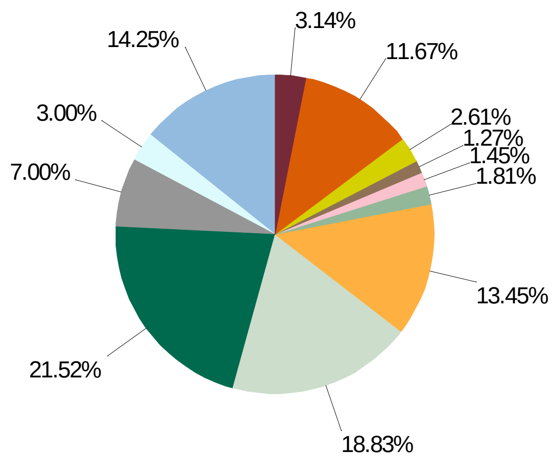
See disclosure at end of chapter.



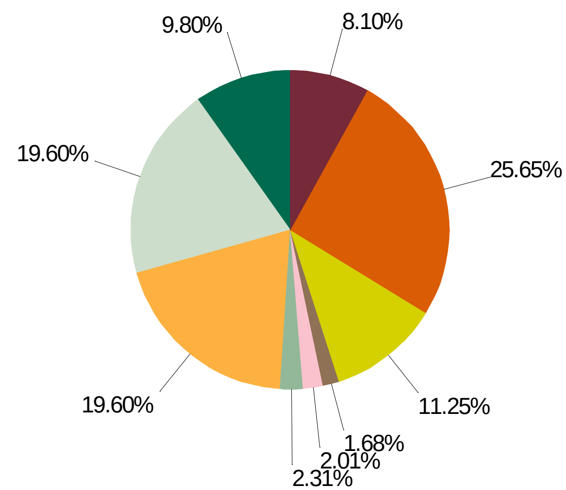
VT Vantagepoint MP Conserv Growth



VT Vantagepoint MP Trad Growth



VT Vantagepoint MP Long-Term Gr

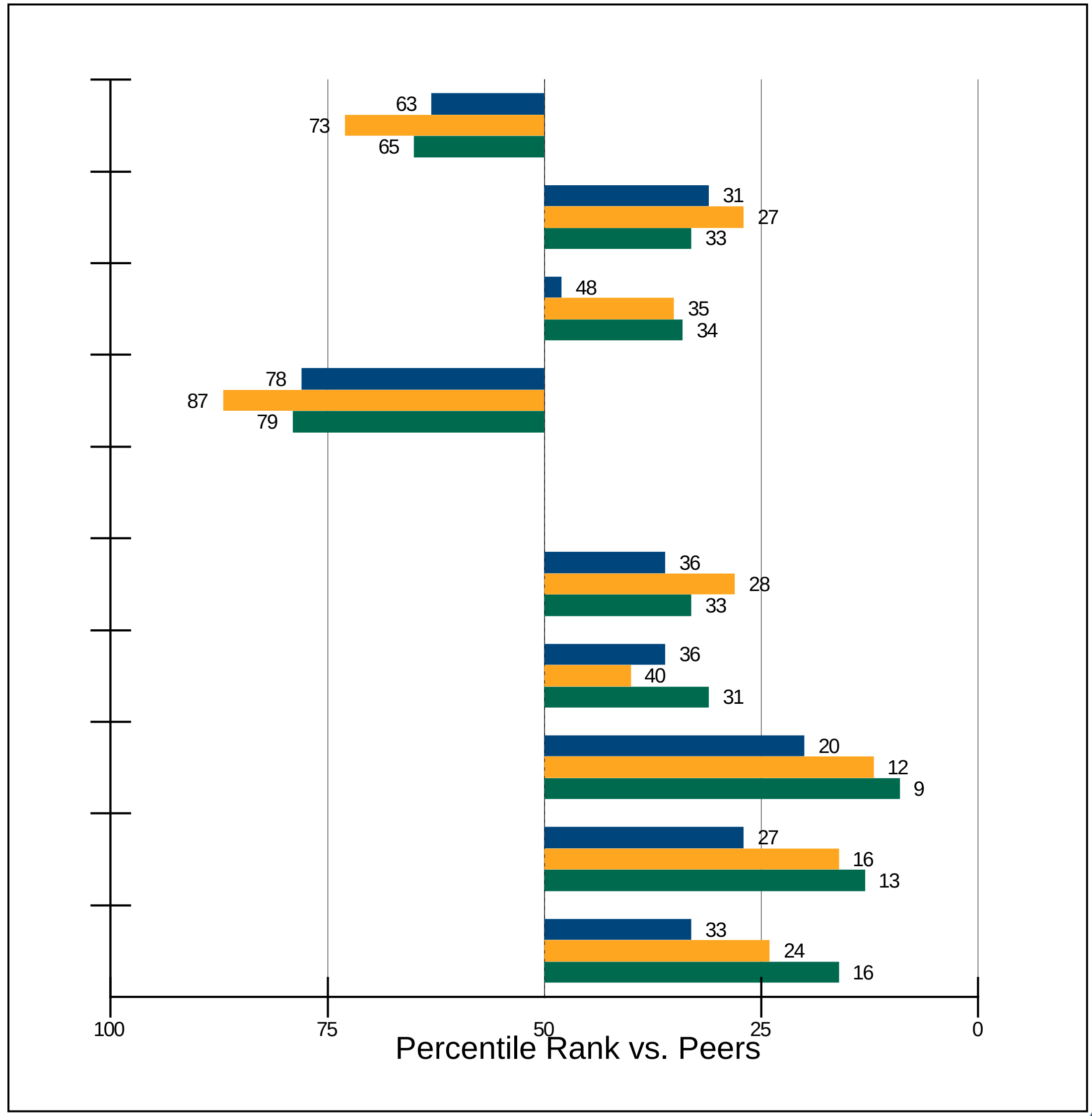


VT Vantagepoint MP Glbl Eqty Gr

All data on page is as of June 30, 2018

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
PIMCO Low Duration	★★★	0.24%	0.26%
PIMCO Total Return Instl	★★★★	4.58%	4.62%
PIMCO Real Return Admin	★★★★	1.22%	3.30%
Delaware High-Yield Opp Instl	★★★	1.49%	3.43%
VT Retirement IncomeAdvantage	NA	0.00%	0.94%
Vanguard Target Retire Income	★★★★	0.64%	0.24%
Vanguard Target Retire 2015	★★★★	0.39%	0.24%
Vanguard Target Retire 2020	★★★★★	1.16%	0.43%
Vanguard Target Retire 2025	★★★★	1.24%	0.65%
Vanguard Target Retire 2030	★★★★	1.71%	1.13%



1 Year 3 Year 5 Year

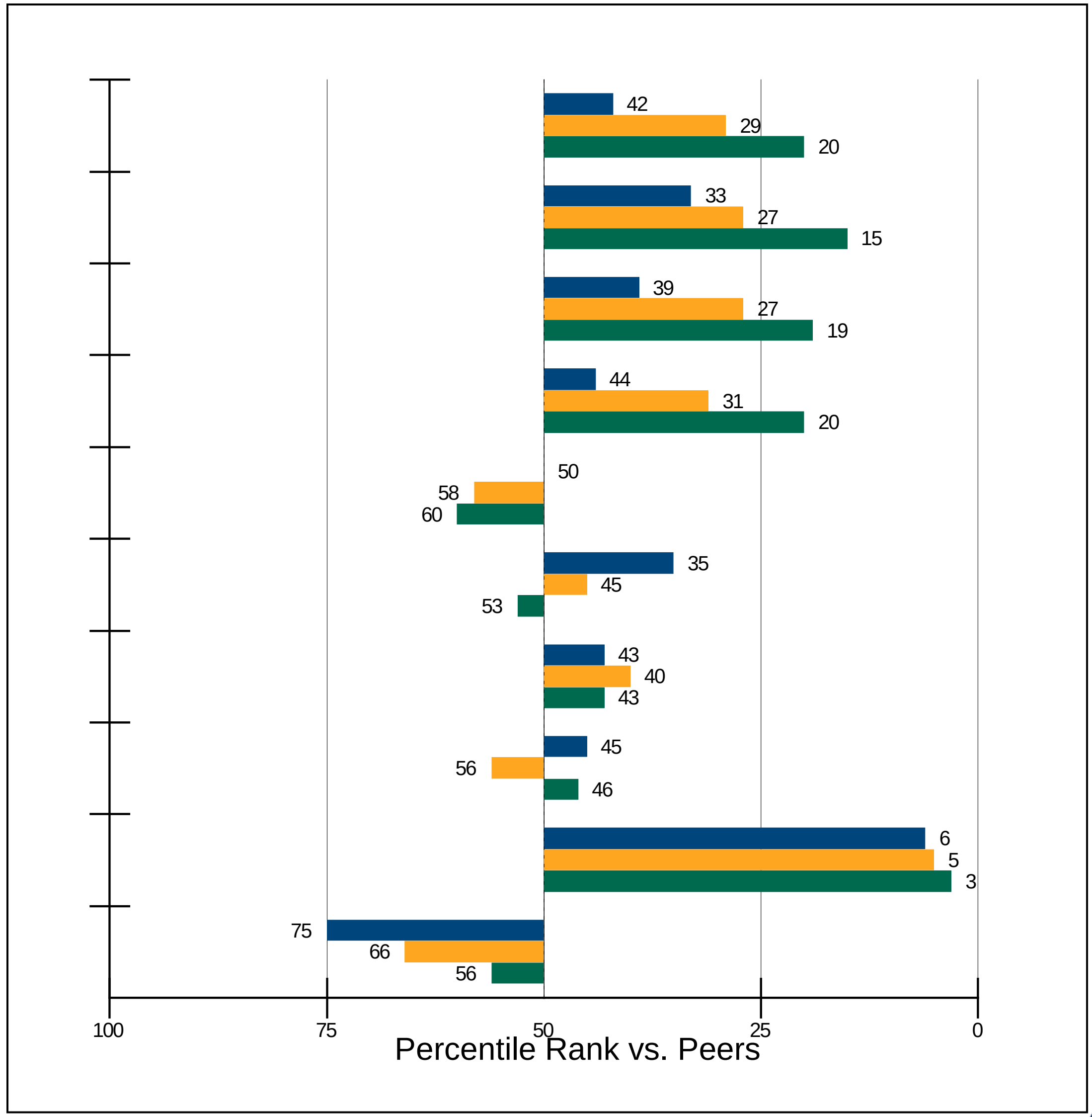
All data on page is as of June 30, 2018

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

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Vanguard Target Retire 2035	★★★★	0.86%	1.09%
Vanguard Target Retire 2040	★★★★	1.48%	1.38%
Vanguard Target Retire 2045	★★★★	0.85%	1.58%
Vanguard Target Retire 2050	★★★★	0.37%	0.99%
VT Vantagepoint MP Cons Growth	★★★	0.68%	0.46%
VT Vantagepoint MP Trad Growth	★★★	3.45%	1.73%
VT Vantagepoint MP Lng-Trm Gr	★★★	4.68%	2.46%
VT Vantagepoint MP Glbl Eq Gr	★★★★	1.28%	0.79%
Fidelity Balanced	★★★★★	2.44%	2.16%
BlackRock Global Allocation	★★★	0.39%	0.56%



1 Year 3 Year 5 Year

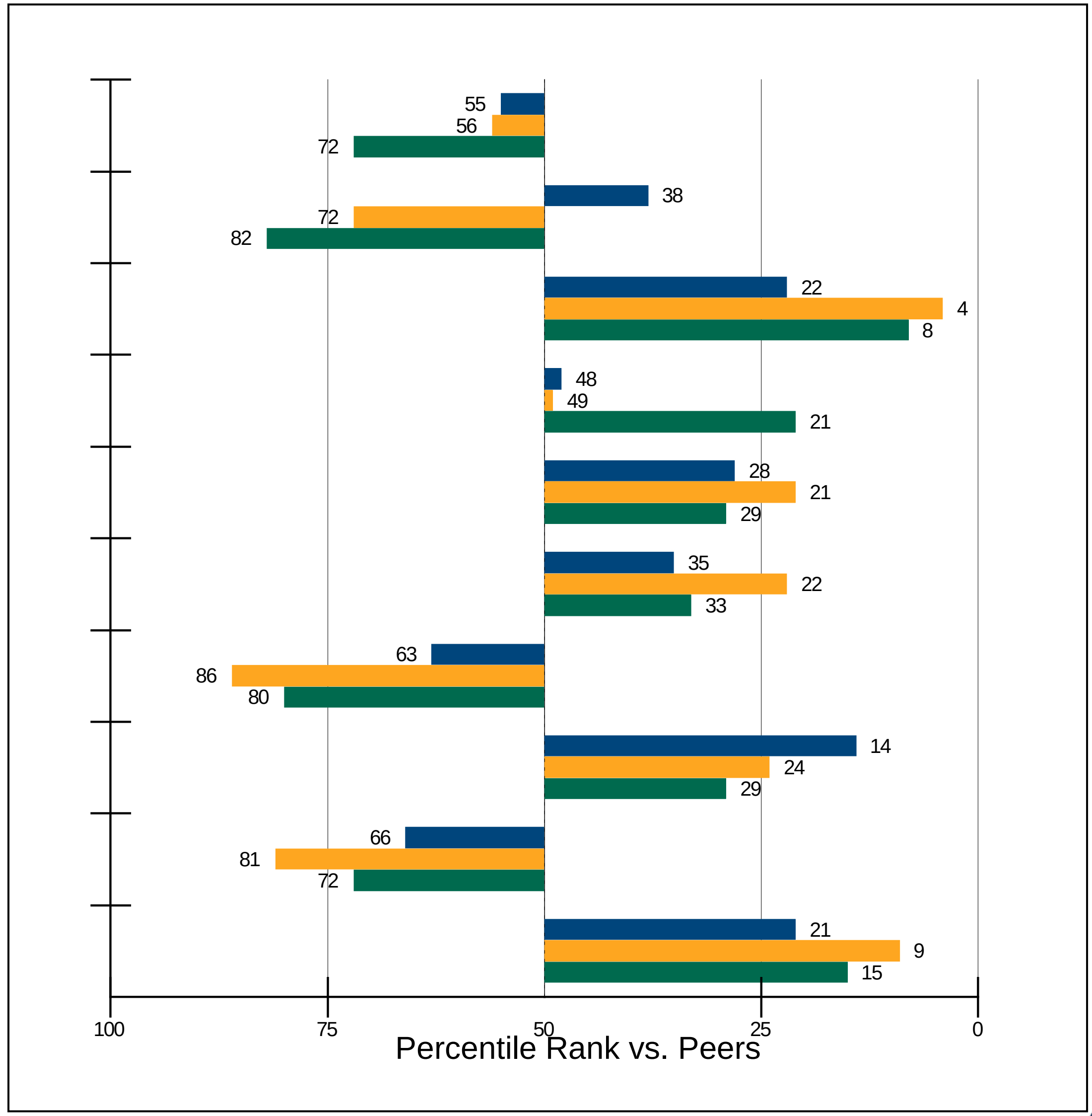
All data on page is as of June 30, 2018

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

ICMARC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
VT Vantagepoint Equity Income	★★	0.52%	0.99%
AllianzGI NFJ Dividend Value	★★	3.22%	4.67%
American Funds Fundamental Inv	★★★★	2.68%	4.26%
JPMorgan US Equity I	★★★★	0.30%	0.58%
Fidelity Contrafund®	★★★★	4.73%	3.39%
Am Funds Growth Fund of Am R5	★★★★	4.21%	3.34%
Westwood SMidCap Institutional	★★★	0.20%	0.36%
Harbor Mid Cap Growth Admin	★★★	4.12%	3.07%
Columbia Small/Mid Cap Value	★★	0.38%	0.84%
Columbia Small Cap Value I	★★★★	1.24%	3.59%



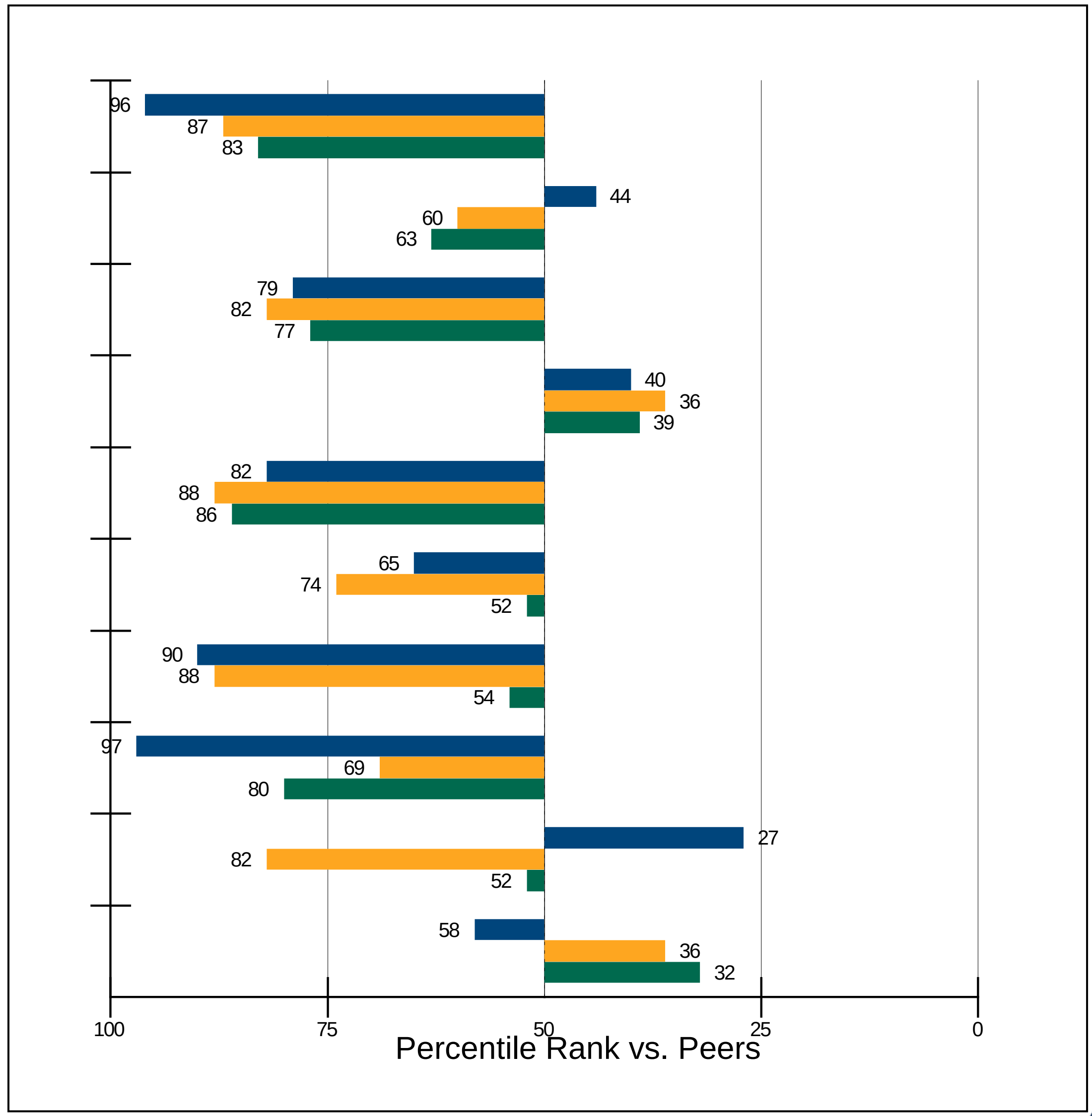
1 Year 3 Year 5 Year

All data on page is as of June 30, 2018

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

Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
Fidelity Small Cap Discovery	★★★★	0.82%	1.50%
AMG TimesSquare Sm Cap Growth	★★★★	0.70%	1.11%
Royce Smaller-Companies Gr Srv	★★	NA	NA
American Funds Cap World G&I	★★★	6.48%	5.92%
Harbor International Admin	★★	0.47%	1.02%
Fidelity Intl Discovery	★★★	0.74%	2.22%
Fidelity Diversified Intl	★★	0.84%	1.43%
American Century® Utilities	★★	NA	NA
PGIM Jennison Utility A	★★	0.77%	1.02%
Nuveen Real Estate Securities	★★★★	0.67%	3.50%



1 Year 3 Year 5 Year

All data on page is as of June 30, 2018

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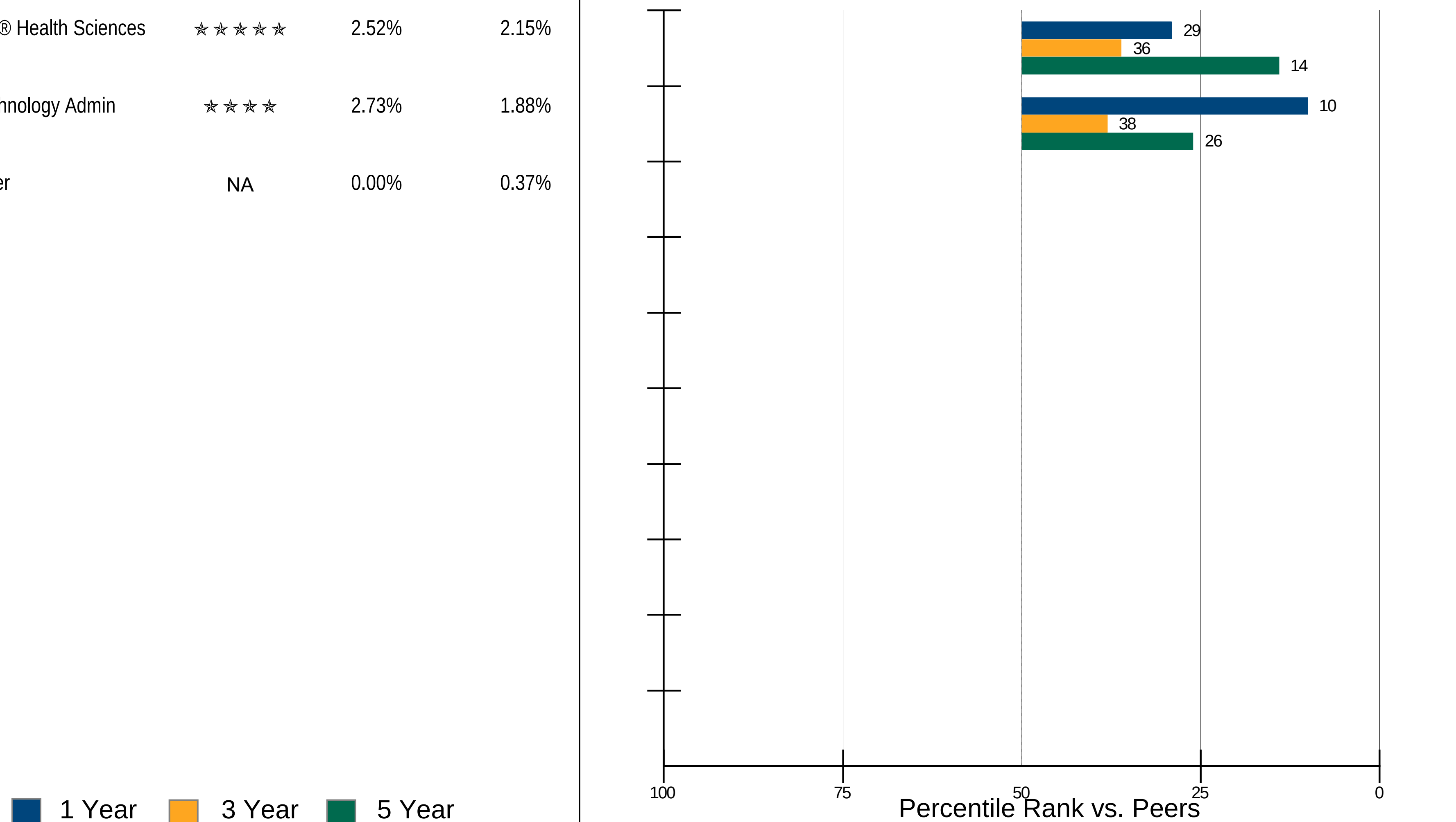
Morningstar Ratings vs. Peers[1,2]

Fund	Overall Morningstar Rating[2]	Asset Allocation (All Plans)	Participant Usage (All Plans)
T Rowe Price® Health Sciences	✯✯✯✯✯	2.52%	2.15%
AllianzGI Technology Admin	✯✯✯✯	2.73%	1.88%
VantageBroker	NA	0.00%	0.37%



All data on page is as of June 30, 2018

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See disclosure at end of chapter.

Fund Focus List[1,2]

June 30, 2018

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	--	0.24%	4.58%	1.22%	1.49%	0.64%
% of Participants	--	0.26%	4.62%	3.30%	3.43%	0.24%
Overall Morningstar Star Rating[2]	3 or higher	3	4	4	3	4
3-Year Morningstar Star Rating[2]	3 or higher	2	4	3	2	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	73%	27%	35%	87%	28%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	63%	31%	48%	78%	36%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	7	7	6	8
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	6 of 7	7 of 7	7 of 7	4 of 7	7 of 7

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BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Focus List[1,2]

June 30, 2018

Criteria	Criterion Benchmark	Vanguard Target Retire 2015	Vanguard Target Retire 2020	Vanguard Target Retire 2025	Vanguard Target Retire 2030	Vanguard Target Retire 2035
% of Assets	--	0.39%	1.16%	1.24%	1.71%	0.86%
% of Participants	--	0.24%	0.43%	0.65%	1.13%	1.09%
Overall Morningstar Star Rating[2]	3 or higher	4	5	4	4	4
3-Year Morningstar Star Rating[2]	3 or higher	3	5	4	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	40%	12%	16%	24%	29%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	36%	20%	27%	33%	42%
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, 2018

Criteria	Criterion Benchmark	Vanguard Target Retire 2040	Vanguard Target Retire 2045	Vanguard Target Retire 2050	VT Vantagepoint MP Cons Growth	VT Vantagepoint MP Trad Growth
% of Assets	--	1.48%	0.85%	0.37%	0.68%	3.45%
% of Participants	--	1.38%	1.58%	0.99%	0.46%	1.73%
Overall Morningstar Star Rating[2]	3 or higher	4	4	4	3	3
3-Year Morningstar Star Rating[2]	3 or higher	4	4	4	3	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	27%	27%	31%	58%	45%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	33%	39%	44%	50%	35%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	8	8	8	8	8
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	7 of 7	7 of 7	7 of 7	7 of 7	7 of 7

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Fund Focus List[1,2]

June 30, 2018

Criteria	Criterion Benchmark	VT Vantagepoint MP Lng-Trm Gr	VT Vantagepoint MP Glbl Eq Gr	Fidelity Balanced	BlackRock Global Allocation	VT Vantagepoint Equity Income
% of Assets	--	4.68%	1.28%	2.44%	0.39%	0.52%
% of Participants	--	2.46%	0.79%	2.16%	0.56%	0.99%
Overall Morningstar Star Rating[2]	3 or higher	3	4	5	3	2
3-Year Morningstar Star Rating[2]	3 or higher	3	3	5	3	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	40%	56%	5%	66%	56%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	43%	45%	6%	75%	55%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	8	8	8	7	8
Manager Change	None in last 12 months	No	No	Yes	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	7 of 7	7 of 7	6 of 7	7 of 7	6 of 7

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Fund Focus List[1,2]

June 30, 2018

Criteria	Criterion Benchmark	AllianzGI NFJ Dividend Value	American Funds Fundamental Inv	JPMorgan US Equity I	Fidelity Contrafund®	Am Funds Growth Fund of Am R5
% of Assets	--	3.22%	2.68%	0.30%	4.73%	4.21%
% of Participants	--	4.67%	4.26%	0.58%	3.39%	3.34%
Overall Morningstar Star Rating[2]	3 or higher	2	4	4	4	4
3-Year Morningstar Star Rating[2]	3 or higher	2	5	3	4	4
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	72%	4%	49%	21%	22%
1-Year Performance Pct. Rank in Category[2]	75th percentile or better	38%	22%	48%	28%	35%
3-Month Performance Pct. Rank in Category[2]	75th percentile or better for 5 of last 8 quarters	6	8	7	8	8
Manager Change	None in last 12 months	No	No	No	No	Yes
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	5 of 7	7 of 7	7 of 7	7 of 7	6 of 7

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Fund Focus List[1,2]

June 30, 2018

Criteria	Criterion Benchmark	Westwood SMidCap Institutional	Harbor Mid Cap Growth Admin	Columbia Small/Mid Cap Value	Columbia Small Cap Value I	Fidelity Small Cap Discovery
% of Assets	--	0.20%	4.12%	0.38%	1.24%	0.82%
% of Participants	--	0.36%	3.07%	0.84%	3.59%	1.50%
Overall Morningstar Star Rating[2]	3 or higher	3	3	2	4	4
3-Year Morningstar Star Rating[2]	3 or higher	2	3	2	4	2
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	86%	24%	81%	9%	87%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	63%	14%	66%	21%	96%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	4	7	5	7	5
Manager Change	None in last 12 months	No	No	No	No	No
Morningstar Category Change	None in last 12 months	No	No	No	No	No
Metrics Met	--	4 of 7	7 of 7	4 of 7	7 of 7	4 of 7

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Fund Focus List[1,2]

June 30, 2018

Criteria	Criterion Benchmark	AMG TimesSquare Sm Cap Growth	Royce Smaller-Companies Gr Srv	American Funds Cap World G&I	Harbor International Admin	Fidelity Intl Discovery
% of Assets	--	0.70%	0.00%	6.48%	0.47%	0.74%
% of Participants	--	1.11%	0.00%	5.92%	1.02%	2.22%
Overall Morningstar Star Rating[2]	3 or higher	4	2	3	2	3
3-Year Morningstar Star Rating[2]	3 or higher	3	2	3	2	2
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	60%	82%	36%	88%	74%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	44%	79%	40%	82%	65%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	6	6	8	5	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	3 of 7	7 of 7	3 of 7	6 of 7

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Fund Focus List[1,2]

June 30, 2018

Criteria	Criterion Benchmark	Fidelity Diversified Intl	American Century® Utilities	PGIM Jennison Utility A	Nuveen Real Estate Securities	T Rowe Price® Health Sciences
% of Assets	--	0.84%	0.00%	0.77%	0.67%	2.52%
% of Participants	--	1.43%	0.00%	1.02%	3.50%	2.15%
Overall Morningstar Star Rating[2]	3 or higher	2	2	2	4	5
3-Year Morningstar Star Rating[2]	3 or higher	2	2	2	3	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	88%	69%	82%	36%	36%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	90%	97%	27%	58%	29%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7	3	7	8	8
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	--	3 of 7	2 of 7	4 of 7	7 of 7	7 of 7

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Fund Focus List[1,2]

June 30, 2018

Criteria	Criterion Benchmark	AllianzGI Technology Admin
% of Assets	--	2.73%
% of Participants	--	1.88%
Overall Morningstar Star Rating[2]	3 or higher	4
3-Year Morningstar Star Rating[2]	3 or higher	3
3-Year Performance Pct. Rank in Category[2]	75th percentile or better	38%
1-Year Performance Pct. Rank in Category[2]	75 th percentile or better	10%
3-Month Performance Pct. Rank in Category[2]	75 th percentile or better for 5 of last 8 quarters	7
Manager Change	None in last 12 months	No
Morningstar Category Change	None in last 12 months	No
Metrics Met	--	7 of 7

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

Fund Data

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

Fund Performance[1,2]

Stable Value/Cash Management Funds

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
VT PLUS Fund[7]	**--**	**--**	**--**	**--**	**1.94**	**1.81**	**1.82**	**2.47**	**--**	**4/1/1999**
ICE BofAML US 3-Mo. T-Bill Index (Annualized)					1.36	0.68	0.42	0.35		
Cash Management[14]	**--**	**--**	**--**	**--**	**0.94**	**0.37**	**0.22**	**0.23**	**--**	**3/1/1999**
Ibbotson US 30-Day T-Bill Index					1.27	0.59	0.36	0.27		
Crane Government Retail Money Market Fund Index					0.69	0.27	0.17	0.19		

All data on page is as of June 30, 2018
See disclosure at end of chapter.

Fund Performance[1,2]

Bond Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
PIMCO Low Duration[10]	**3**	**2**	**3**	**3**	**0.19**	**0.80**	**1.01**	**2.54**	**--**	**1/3/1995**
ICE BofAML US 1-3 Year Treasury Index					0.08	0.42	0.58	1.24		
Morningstar Short-Term Bond					0.44	1.18	1.27	2.29		
Vanguard Ttl Bond Mkt Idx Adm[10]	**3**	**3**	**3**	**3**	**-0.53**	**1.67**	**2.20**	**3.66**	**--**	**11/12/2001**
Bloomberg Barclays U.S. Agg Float-Adjusted Bond Index					-0.45	1.74	2.26	--		
Morningstar Intermediate-Term Bond					-0.36	1.68	2.20	3.89		
PIMCO Total Return Instl[10]	**4**	**4**	**3**	**4**	**-0.12**	**2.10**	**2.49**	**4.85**	**--**	**5/11/1987**
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Intermediate-Term Bond					-0.36	1.68	2.20	3.89		
PIMCO Real Return Admin[10]	**4**	**3**	**3**	**4**	**1.79**	**1.72**	**1.39**	**3.11**	**--**	**4/28/2000**
Bloomberg Barclays US Treas. Inflation-Linked Bond Index					2.11	1.93	1.68	3.03		
Morningstar Inflation-Protected Bond					1.94	1.63	1.25	2.53		
Delaware High-Yield Opp Instl[10,18]	**3**	**2**	**2**	**3**	**1.28**	**3.16**	**3.64**	**6.87**	**--**	**12/30/1996**
ICE BofAML US High Yield Master II Const Index					2.54	5.56	5.51	8.08		
Morningstar High Yield Bond					2.23	4.20	4.36	6.51		

All data on page is as of June 30, 2018
See disclosure at end of chapter.

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Fund Performance[1,2]

Guaranteed Lifetime Income Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
VT Retirement IncomeAdvantage[16]	--	--	--	--	**6.15**	**5.17**	**6.20**	--	**7.14**	**8/23/2010**
Custom Benchmark					7.76	6.80	7.80	--		

All data on page is as of June 30, 2018
See disclosure at end of chapter.

Fund Performance[1,2]

Target-Risk/Target-Date Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Vanguard Target Retire Income[5,12]	**4**	**4**	**4**	**4**	**3.96**	**4.15**	**4.79**	**5.08**	**--**	**10/27/2003**
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Target-Date Retirement					3.50	3.66	4.26	4.45		
Vanguard Target Retire 2015[5,12]	**4**	**3**	**4**	**4**	**5.40**	**5.14**	**6.43**	**5.94**	**--**	**10/27/2003**
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
MSCI US Broad Market Index (Gross)					14.84	11.62	13.36	10.37		
Morningstar Target-Date 2015					5.14	4.81	5.84	5.22		
Vanguard Target Retire 2020[5,12]	**5**	**5**	**5**	**5**	**6.68**	**6.08**	**7.44**	**6.43**	**--**	**6/7/2006**
MSCI US Broad Market Index (Gross)					14.84	11.62	13.36	10.37		
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Target-Date 2020					5.65	5.07	6.07	5.33		
Vanguard Target Retire 2025[5,12]	**4**	**4**	**5**	**4**	**7.58**	**6.68**	**8.11**	**6.71**	**--**	**10/27/2003**
MSCI US Broad Market Index (Gross)					14.84	11.62	13.36	10.37		
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Target-Date 2025					6.79	5.83	6.94	5.91		
Vanguard Target Retire 2030[5,12]	**4**	**4**	**4**	**4**	**8.48**	**7.19**	**8.71**	**6.96**	**--**	**6/7/2006**
MSCI US Broad Market Index (Gross)					14.84	11.62	13.36	10.37		
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Target-Date 2030					7.88	6.48	7.64	6.06		

All data on page is as of June 30, 2018
See disclosure at end of chapter.

Fund Performance[1,2]

Target-Risk/Target-Date Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Vanguard Target Retire 2035[5,12]	**4**	**4**	**4**	**4**	**9.25**	**7.66**	**9.31**	**7.29**	**--**	**10/27/2003**
MSCI US Broad Market Index (Gross)					14.84	11.62	13.36	10.37		
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Target-Date 2035					8.94	7.13	8.36	6.55		
Vanguard Target Retire 2040[5,12]	**4**	**4**	**4**	**4**	**10.14**	**8.14**	**9.79**	**7.61**	**--**	**6/7/2006**
MSCI US Broad Market Index (Gross)					14.84	11.62	13.36	10.37		
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Target-Date 2040					9.56	7.46	8.73	6.57		
Vanguard Target Retire 2045[5,12]	**4**	**4**	**4**	**4**	**10.51**	**8.40**	**9.95**	**7.68**	**--**	**10/27/2003**
MSCI US Broad Market Index (Gross)					14.84	11.62	13.36	10.37		
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Target-Date 2045					10.12	7.79	9.06	6.78		
Vanguard Target Retire 2050[5,12]	**4**	**4**	**4**	**4**	**10.52**	**8.40**	**9.95**	**7.68**	**--**	**6/7/2006**
MSCI US Broad Market Index (Gross)					14.84	11.62	13.36	10.37		
Bloomberg Barclays U.S. Agg Bond Index					-0.40	1.72	2.27	3.72		
Morningstar Target-Date 2050					10.22	7.83	9.15	6.82		

All data on page is as of June 30, 2018
See disclosure at end of chapter.

Fund Performance[1,2]

Target-Risk/Target-Date Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
VT Vantagepoint MP Cons Growth[12]	**3**	**3**	**3**	**3**	**4.07**	**3.95**	**4.74**	**4.65**	**--**	**4/1/1999**
Bloomberg Barclays U.S. Int Agg Bond Index					-0.32	1.27	1.83	3.29		
Custom Benchmark					4.49	4.58	5.73	5.83		
Morningstar Allocation -- 30% to 50% Equity					4.01	4.17	5.00	5.09		
VT Vantagepoint MP Trad Growth[12]	**3**	**3**	**3**	**3**	**7.32**	**5.90**	**7.00**	**5.98**	**--**	**4/1/1999**
S&P 500 Index					14.37	11.93	13.42	10.17		
Custom Benchmark					7.82	7.06	8.24	7.26		
Morningstar Allocation -- 50% to 70% Equity					6.58	5.59	6.85	6.27		
VT Vantagepoint MP Lng-Trm Gr[12]	**3**	**3**	**3**	**3**	**9.25**	**7.14**	**8.47**	**6.76**	**--**	**4/1/1999**
S&P 500 Index					14.37	11.93	13.42	10.17		
Custom Benchmark					10.18	8.76	10.02	8.14		
Morningstar Allocation -- 70% to 85% Equity					8.46	6.38	7.97	6.27		
VT Vantagepoint MP Glbl Eq Gr[12]	**4**	**3**	**3**	**4**	**10.49**	**7.34**	**9.47**	**7.29**	**--**	**10/4/2000**
MSCI ACWI Index (Net)					10.73	8.19	9.41	5.80		
Custom Benchmark					11.32	8.94	10.94	8.48		
Morningstar World Large Stock					10.28	7.91	9.21	6.18		

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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**	**10.81**	**8.10**	**9.98**	**7.77**	**--**	**11/6/1986**
S&P 500 Index					14.37	11.93	13.42	10.17		
Morningstar Allocation -- 50% to 70% Equity					6.58	5.59	6.85	6.27		
BlackRock Global Allocation	**3**	**3**	**3**	**3**	**3.61**	**3.59**	**5.03**	**4.35**	**--**	**10/21/1994**
FTSE World Index					11.14	8.94	10.13	6.59		
Morningstar World Allocation					5.41	4.21	5.02	4.72		

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See disclosure at end of chapter.

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Performance[1,2]

U.S. Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
VT Vantagepoint Equity Income[19]	**2**	**3**	**2**	**2**	**8.57**	**8.14**	**9.34**	**7.86**	**--**	**3/1/1999**
Russell 1000 Value Index					6.77	8.26	10.34	8.49		
Morningstar Large Value					9.04	8.35	9.94	8.30		
AllianzGI NFJ Dividend Value[19]	**2**	**2**	**2**	**2**	**9.87**	**7.33**	**8.85**	**6.49**	**--**	**5/8/2000**
Russell 1000 Value Index					6.77	8.26	10.34	8.49		
Morningstar Large Value					9.04	8.35	9.94	8.30		
Vanguard 500 Index Admiral	**4**	**4**	**5**	**4**	**14.34**	**11.89**	**13.38**	**10.16**	**--**	**11/13/2000**
S&P 500 Index					14.37	11.93	13.42	10.17		
Morningstar Large Blend					12.58	9.93	11.73	9.08		
American Funds Fundamental Inv	**4**	**5**	**5**	**3**	**14.71**	**12.73**	**13.55**	**9.38**	**--**	**5/15/2002**
S&P 500 Index					14.37	11.93	13.42	10.17		
Morningstar Large Blend					12.58	9.93	11.73	9.08		
JPMorgan US Equity I	**4**	**3**	**4**	**5**	**13.44**	**10.47**	**13.15**	**10.57**	**--**	**9/10/2001**
S&P 500 Index					14.37	11.93	13.42	10.17		
Morningstar Large Blend					12.58	9.93	11.73	9.08		

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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**	**23.99**	**14.89**	**16.02**	**10.89**	**--**	**5/17/1967**
S&P 500 Index					14.37	11.93	13.42	10.17		
Morningstar Large Growth					20.58	12.21	14.37	10.23		
Am Funds Growth Fund of Am R5[19]	**4**	**4**	**4**	**3**	**22.73**	**14.76**	**15.78**	**10.35**	**--**	**5/15/2002**
S&P 500 Index					14.37	11.93	13.42	10.17		
Morningstar Large Growth					20.58	12.21	14.37	10.23		
Vanguard Mid-Cap Index Admiral[17]	**3**	**3**	**4**	**3**	**12.09**	**9.21**	**12.30**	**10.09**	**--**	**11/12/2001**
CRSP US Mid Cap Index					12.12	9.25	12.35	10.00		
Morningstar Mid-Cap Blend					11.31	7.96	10.61	8.92		
Westwood SMidCap Institutional[17]	**3**	**2**	**2**	**3**	**10.71**	**4.98**	**9.01**	**9.17**	**--**	**12/19/2005**
Russell 2500 Index					16.24	10.30	12.29	10.74		
Morningstar Mid-Cap Blend					11.31	7.96	10.61	8.92		
Harbor Mid Cap Growth Admin[17,19]	**3**	**3**	**3**	**3**	**23.76**	**11.64**	**13.52**	**9.21**	**--**	**11/1/2002**
Russell Midcap Growth Index					18.52	10.73	13.37	10.45		
Morningstar Mid-Cap Growth					18.06	9.68	12.31	9.45		

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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[6,19]	**2**	**2**	**3**	**2**	**11.04**	**6.86**	**9.07**	**7.72**	**--**	**12/11/2006**
Russell 2500 Value Index					11.49	9.76	10.78	10.10		
Morningstar Small Value					12.44	9.13	9.87	9.71		
Columbia Small Cap Value I[6,19]	**4**	**4**	**4**	**3**	**15.07**	**12.70**	**12.21**	**10.22**	**--**	**7/31/1995**
Russell 2000 Value Index					13.10	11.22	11.18	9.88		
Morningstar Small Value					12.44	9.13	9.87	9.71		
Vanguard Small-Cap Index Adm[6]	**4**	**4**	**4**	**4**	**16.48**	**10.45**	**12.40**	**11.27**	**--**	**11/13/2000**
CRSP US Small Cap Index					16.47	10.43	12.39	11.59		
Morningstar Small Blend					14.67	9.41	11.02	9.73		
Fidelity Small Cap Discovery[6]	**4**	**2**	**2**	**5**	**7.37**	**6.42**	**9.41**	**13.54**	**--**	**9/26/2000**
Russell 2000 Index					17.57	10.96	12.46	10.60		
Morningstar Small Blend					14.67	9.41	11.02	9.73		
AMG TimesSquare Sm Cap Growth[6,19]	**4**	**3**	**3**	**4**	**23.23**	**10.31**	**12.00**	**12.15**	**--**	**1/21/2000**
Russell 2000 Growth Index					21.86	10.60	13.65	11.24		
Morningstar Small Growth					22.70	11.04	12.76	10.85		

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RETIREMENT SECURITY

Fund Performance[1,2]

U.S. Stock Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
Royce Smaller-Companies Gr Srv[6,19]	**2**	**2**	**2**	**1**	**16.87**	**8.63**	**11.34**	**8.00**	**--**	**6/14/2001**
Russell 2000 Index					17.57	10.96	12.46	10.60		
Morningstar Small Growth					22.70	11.04	12.76	10.85		

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BUILDING PUBLIC SECTOR RETIREMENT SECURITY

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]	**3**	**3**	**3**	**3**	**11.12**	**8.52**	**9.86**	**6.48**	**--**	**5/15/2002**
MSCI ACWI Index (Net)					10.73	8.19	9.41	5.80		
Morningstar World Large Stock					10.28	7.91	9.21	6.18		
Harbor International Admin[11]	**2**	**2**	**2**	**2**	**4.20**	**2.60**	**4.61**	**2.50**	**--**	**11/1/2002**
MSCI EAFE Index (Net)					6.84	4.90	6.44	2.84		
Morningstar Foreign Large Blend					6.08	4.56	5.92	2.61		
Fidelity Intl Discovery[11]	**3**	**2**	**3**	**3**	**8.21**	**5.18**	**7.24**	**3.43**	**--**	**12/31/1986**
MSCI EAFE Index (Net)					6.84	4.90	6.44	2.84		
Morningstar Foreign Large Growth					10.53	6.62	7.72	3.92		
Fidelity Diversified Intl[11]	**2**	**2**	**3**	**2**	**6.04**	**4.05**	**7.17**	**2.96**	**--**	**12/27/1991**
MSCI EAFE Index (Net)					6.84	4.90	6.44	2.84		
Morningstar Foreign Large Growth					10.53	6.62	7.72	3.92		

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Fund Performance[1,2]

Specialty Fund Returns

Fund Name	Morningstar® Star Rating Overall	3 Year	5 Year	10 Year	1 Yr Return	3 Yr Return	5 Yr Return	10 Yr Return	Rtrn Since Inception	Inception Date
American Century® Utilities[3,13]	**2**	**2**	**2**	**2**	**-0.06**	**8.14**	**7.62**	**5.95**	**--**	**3/1/1993**
S&P 500 Index					14.37	11.93	13.42	10.17		
Morningstar Utilities					4.76	9.53	9.32	6.13		
PGIM Jennison Utility A[13]	**2**	**2**	**3**	**2**	**5.05**	**6.19**	**9.49**	**5.39**	**--**	**1/22/1990**
S&P 500 Utilities Index					3.41	11.69	10.57	6.64		
Morningstar Utilities					4.76	9.53	9.32	6.13		
Nuveen Real Estate Securities[13]	**4**	**3**	**4**	**4**	**3.34**	**7.72**	**8.23**	**8.54**	**--**	**6/30/1995**
MSCI US REIT Index (Gross)					3.57	8.06	8.26	7.95		
Morningstar Real Estate					3.39	7.22	7.70	7.27		
T Rowe Price® Health Sciences[4,13]	**5**	**3**	**5**	**5**	**15.32**	**5.11**	**18.52**	**17.19**	**--**	**12/29/1995**
S&P 500 Index					14.37	11.93	13.42	10.17		
Morningstar Health					12.38	3.69	14.50	13.81		
AllianzGI Technology Admin[13]	**4**	**3**	**4**	**4**	**39.02**	**21.69**	**21.90**	**14.57**	**--**	**3/31/2005**
S&P North American Technology Index					34.81	24.56	22.63	15.31		
Morningstar Technology					27.11	19.18	19.54	13.11		

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Fund Summary[1,2]

Summary Table

Plan Option	Morningstar® Category	Peer Ranking over last 3 years (Percentile)	Peer Ranking over last 5 years (Percentile)	Peer Ranking over last 10 years (Percentile)	Comparative Risk Relative to Funds in Category over last 3 years
PIMCO Low Duration[10]	Short-Term Bond	281/447 (73%)	219/378 (65%)	79/250 (35%)	Average
Vanguard Ttl Bond Mkt Idx Adm[10]	Intermediate-Term Bond	416/878 (49%)	398/778 (51%)	348/563 (65%)	Above Average
PIMCO Total Return Instl[10]	Intermediate-Term Bond	223/878 (27%)	260/778 (33%)	58/563 (12%)	Above Average
PIMCO Real Return Admin[10]	Inflation-Protected Bond	64/211 (35%)	48/177 (34%)	8/112 (10%)	Above Average
Delaware High-Yield Opp Instl[10,18]	High Yield Bond	494/575 (87%)	387/484 (79%)	118/321 (40%)	Average
Vanguard Target Retire Income[5,12]	Target-Date Retirement	36/163 (28%)	37/133 (33%)	20/92 (25%)	Below Average
Vanguard Target Retire 2015[5,12]	Target-Date 2015	43/109 (40%)	22/75 (31%)	9/49 (21%)	Below Average
Vanguard Target Retire 2020[5,12]	Target-Date 2020	14/203 (12%)	11/160 (9%)	8/106 (11%)	Average
Vanguard Target Retire 2025[5,12]	Target-Date 2025	23/178 (16%)	15/138 (13%)	12/72 (22%)	Average
Vanguard Target Retire 2030[5,12]	Target-Date 2030	41/193 (24%)	18/150 (16%)	13/96 (20%)	Average
Vanguard Target Retire 2035[5,12]	Target-Date 2035	50/173 (29%)	22/133 (20%)	13/67 (24%)	Average
Vanguard Target Retire 2040[5,12]	Target-Date 2040	48/193 (27%)	16/150 (15%)	13/96 (20%)	Average
Vanguard Target Retire 2045[5,12]	Target-Date 2045	46/173 (27%)	17/133 (19%)	11/66 (18%)	Average
Vanguard Target Retire 2050[5,12]	Target-Date 2050	49/188 (31%)	19/145 (20%)	14/70 (23%)	Average
VT Vantagepoint MP Cons Growth[12]	Allocation--30% to 50% Equity	246/425 (58%)	214/358 (60%)	175/255 (69%)	Below Average
VT Vantagepoint MP Trad Growth[12]	Allocation--50% to 70% Equity	303/674 (45%)	327/617 (53%)	267/439 (61%)	Average
VT Vantagepoint MP Lng-Trm Gr[12]	Allocation--70% to 85% Equity	125/313 (40%)	117/274 (43%)	89/199 (45%)	Average
VT Vantagepoint MP Glbl Eq Gr[12]	World Large Stock	403/721 (56%)	274/596 (46%)	85/343 (25%)	Average
Fidelity Balanced	Allocation--50% to 70% Equity	36/674 (5%)	12/617 (3%)	47/439 (14%)	Above Average
BlackRock Global Allocation	World Allocation	258/394 (66%)	192/336 (56%)	93/151 (67%)	Below Average
VT Vantagepoint Equity Income[19]	Large Value	615/1099 (56%)	684/951 (72%)	439/686 (64%)	Above Average
AllianzGI NFJ Dividend Value[19]	Large Value	752/1099 (72%)	751/951 (82%)	583/686 (87%)	Average
Vanguard 500 Index Admiral	Large Blend	100/1166 (12%)	101/1042 (11%)	117/776 (19%)	Average
American Funds Fundamental Inv	Large Blend	28/1166 (4%)	69/1042 (8%)	340/776 (50%)	Average
JPMorgan US Equity I	Large Blend	527/1166 (49%)	195/1042 (21%)	64/776 (10%)	Above Average
Fidelity Contrafund®[19]	Large Growth	225/1265 (21%)	322/1141 (29%)	301/825 (38%)	Average
Am Funds Growth Fund of Am R5[19]	Large Growth	246/1265 (22%)	364/1141 (33%)	408/825 (50%)	Average
Vanguard Mid-Cap Index Admiral[17]	Mid-Cap Blend	124/369 (42%)	58/329 (20%)	68/232 (38%)	Below Average
Westwood SMidCap Institutional[17]	Mid-Cap Blend	309/369 (86%)	243/329 (80%)	116/232 (56%)	Average
Harbor Mid Cap Growth Admin[17,19]	Mid-Cap Growth	139/541 (24%)	148/480 (29%)	188/344 (57%)	High

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Fund Summary[1,2]

Summary Table

Plan Option	Morningstar® Category	Peer Ranking over last 3 years (Percentile)	Peer Ranking over last 5 years (Percentile)	Peer Ranking over last 10 years (Percentile)	Comparative Risk Relative to Funds in Category over last 3 years
Columbia Small/Mid Cap Value[6,19]	Small Value	301/358 (81%)	237/316 (72%)	194/220 (87%)	Below Average
Columbia Small Cap Value I[6,19]	Small Value	24/358 (9%)	41/316 (15%)	87/220 (44%)	Above Average
Vanguard Small-Cap Index Adm[6]	Small Blend	211/639 (37%)	142/539 (26%)	68/393 (19%)	Below Average
Fidelity Small Cap Discovery[6]	Small Blend	551/639 (87%)	428/539 (83%)	6/393 (2%)	Below Average
AMG TimesSquare Sm Cap Growth[6,19]	Small Growth	354/606 (60%)	349/534 (63%)	95/404 (25%)	Below Average
Royce Smaller-Companies Gr Srv[6,19]	Small Growth	504/606 (82%)	420/534 (77%)	390/404 (96%)	Average
American Funds Cap World G&I[11]	World Large Stock	256/721 (36%)	227/596 (39%)	142/343 (41%)	Average
Harbor International Admin[11]	Foreign Large Blend	536/623 (88%)	443/533 (86%)	179/371 (55%)	Above Average
Fidelity Intl Discovery[11]	Foreign Large Growth	243/344 (74%)	156/304 (52%)	130/218 (65%)	Average
Fidelity Diversified Intl[11]	Foreign Large Growth	298/344 (88%)	160/304 (54%)	162/218 (81%)	Average
American Century® Utilities[3,13]	Utilities	31/59 (69%)	36/57 (80%)	28/51 (73%)	Low
PGIM Jennison Utility A[13]	Utilities	41/59 (82%)	20/57 (52%)	37/51 (83%)	Average
Nuveen Real Estate Securities[13]	Real Estate	68/230 (36%)	52/199 (32%)	22/143 (18%)	Average
T Rowe Price® Health Sciences[4,13]	Health	37/125 (36%)	10/117 (14%)	5/95 (7%)	Average
AllianzGI Technology Admin[13]	Technology	69/178 (38%)	44/171 (26%)	40/136 (34%)	Above Average

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Disclosures

[1] Morningstar places funds in certain categories based on the fund's historical portfolio holdings. Placement of a fund in a particular Morningstar category does not mean that the fund will remain in that category or that it will invest primarily in securities consistent with its Morningstar category. A fund's investment strategy and portfolio holdings are governed by its prospectus, guidelines or other governing documents, not its Morningstar category. The source for this information is Morningstar, Inc. Copyright © 2018 Morningstar, Inc.™ All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Morningstar, Inc. is a global investment research firm that is not affiliated with ICMA-RC. ICMA-RC does not independently verify Morningstar data.

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

[2] The Morningstar Rating™ for funds, or “star rating”, is calculated for managed products (including mutual funds, variable annuity and variable life subaccounts, exchange–traded funds, closed–end funds, and separate accounts) with at least a three–year history. Exchange–traded funds and open–ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk–Adjusted Return measure that accounts for variation in a managed product′s monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating™ for a managed product is derived from a weighted average of the performance figures associated with its three–, five–, and 10–year (if applicable) Morningstar Rating™ metrics. The weights are: 100% three–year rating for 36–59 months of total returns, 60% five–year rating⁄40% three–year rating for 60–119 months of total returns, and 50% 10–year rating⁄30% five–year rating⁄20% three-year rating for 120 or more months of total returns. While the 10-year overall star rating formula seems to give the most weight to the 10-year period, the most recent three-year period actually has the greatest impact because it is included in all three rating periods.

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

2 Cont. The number of funds in Morningstar® categories as of June 30, 2018 is provided below:

Morningstar® Category	3-Year	5-Year	10-Year	Morningstar® Category	3-Year	5-Year	10-Year
Allocation--30% to 50% Equity	425	358	255	Mid-Cap Value	365	307	221
Allocation--50% to 70% Equity	674	617	439	Multisector Bond	267	208	125
Allocation--70% to 85% Equity	313	274	199	Natural Resources	121	116	76
Communications	32	31	24	Real Estate	230	199	143
Diversified Emerging Markets	688	489	203	Target-Date Retirement	163	133	92
Equity Precious Metals	67	64	44	Short Government	101	92	69
Financial	95	90	70	Short-Term Bond	447	378	250
Foreign Large Blend	623	533	371	Small Blend	639	539	393
Foreign Large Growth	344	304	218	Small Growth	606	534	404
Foreign Large Value	271	222	144	Small Value	358	316	220
Foreign Small/Mid Blend	86	64	46	Target-Date 2000-2010	111	87	76
Foreign Small/Mid Growth	108	103	63	Target-Date 2015	109	75	49
Foreign Small/Mid Value	53	41	22	Target-Date 2020	203	160	106
Global Real Estate	195	162	100	Target-Date 2025	178	138	72
Health	125	117	95	Target-Date 2030	193	150	96
High Yield Bond	575	484	321	Target-Date 2035	173	133	67
Inflation-Protected Bond	211	177	112	Target-Date 2040	193	150	96
Intermediate Government	217	209	156	Target-Date 2045	173	133	66
Intermediate-Term Bond	878	778	563	Target-Date 2050	188	145	70
Large Blend	1,166	1,042	776	Target-Date 2055	171	106	N/A
Large Growth	1,265	1,141	825	Technology	178	171	136
Large Value	1,099	951	686	Utilities	59	57	51
Long Government	29	26	21	World Allocation	394	336	151
Long-Term Bond	20	18	10	World Bond	258	240	132
Mid-Cap Blend	369	329	232	World Large Stock	721	596	343
Mid-Cap Growth	541	480	344	World Small/Mid Stock	111	97	55

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

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

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

Disclosures

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

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

[8] Not applicable.

[9] *The Fund is invested in a single registered mutual fund, the Fidelity Money Market Government Portfolio. Investments in the fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money by investing in the fund.*

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

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

[12] Not applicable.

[13] Not applicable.

[14] *You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.*

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. Universe percentiles 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 do not include plan administration fees, adviser expenses, or other stable value fund costs. Actual performance experienced by participants would be commensurately lower. As of June 30, 2018, the universe contained 16 funds with 1-year returns, 16 funds with 3-year returns, 16 funds with 5-year returns, and 14 funds with 10-year returns. Past performance is no guarantee of future results.

16 Prudential Retirement Insurance and Annuity Company (Prudential), CA COA #08003, Hartford, CT. Neither Prudential nor ICMA-RC guarantees the investment performance or return on contributions to Prudential's Separate Account. You should carefully consider the objectives, risks, charges, expenses and underlying guarantee features before purchasing this product. Prudential may increase the Guarantee Fee in the future, from 1.00% up to a maximum of 1.50%. Like all variable investments, this Fund may lose value. Availability and terms may vary by jurisdiction; subject to regulatory approvals. Annuity contracts contain exclusions, limitations, reductions of benefits and terms for keeping them in force. Guarantees are based on Prudential's claims-paying ability. This annuity is issued under Contract form # GA-2020-TGWB4-0805-RC. ICMA-RC provides recordkeeping services to your Plan and is the investment manager of the underlying Prudential separate account. Prudential or its affiliates may compensate ICMA-RC for providing these and related administrative services in connection with the Fund. Variable annuities are suitable for long-term investing, particularly retirement savings. ©2018 Prudential, the Prudential logo, and the Rock symbol and Bring Your Challenges are service marks of the Prudential Insurance Company of America, Newark, NJ, and its related entities, registered in many jurisdictions worldwide. Note: Participants who are interested in the VT Retirement IncomeAdvantage Fund must first receive and read the VT Retirement IncomeAdvantage Fund Important Considerations document, before investing.

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

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

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

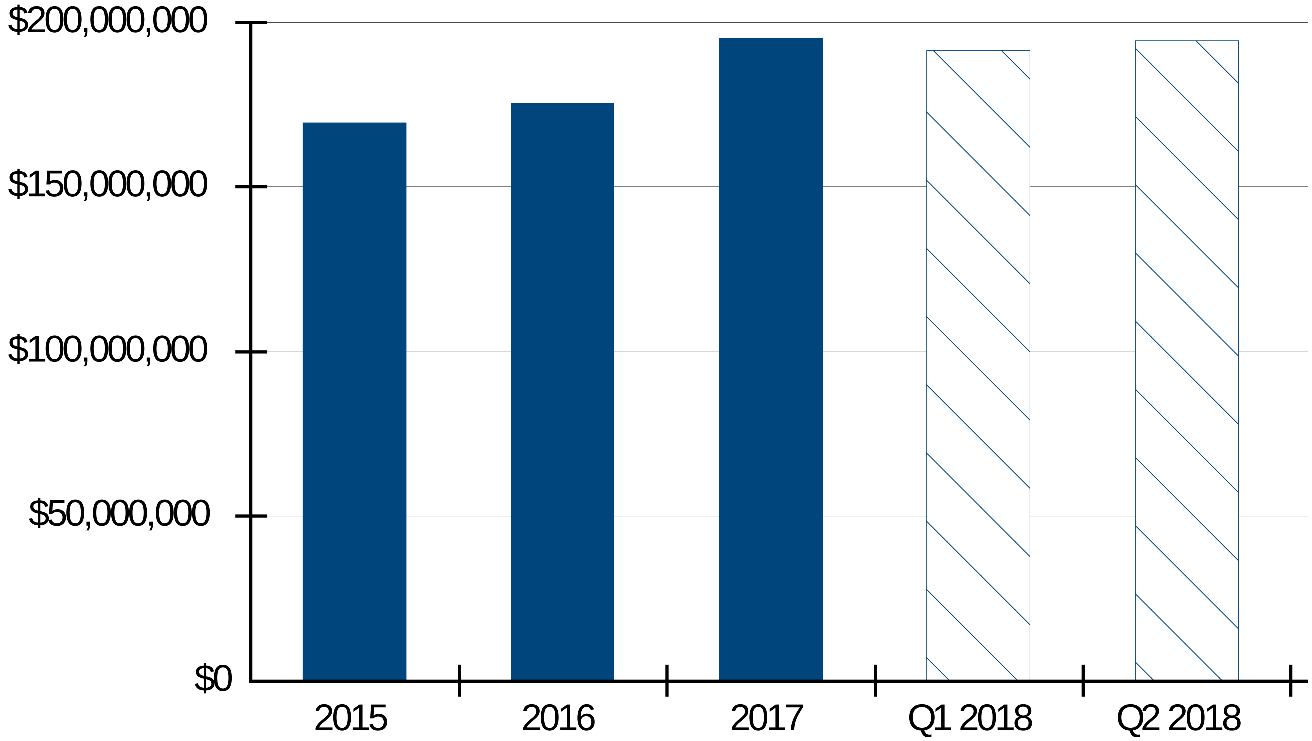
II. Plan Activity

Plan Snapshot

Plan Type	Plan Number	Plan Name	Assets	Participants
401	106696	LANSING BOARD OF WATER & LIGHT	$190,766,926	917
	108824	BOARD OF WATER AND LIGHT	$3,477,115	37
457	300435	LANSING BOARD OF WATER LIGHT	$107,834,669	902
Total			**$302,078,710**	**1856**

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, 2018)*

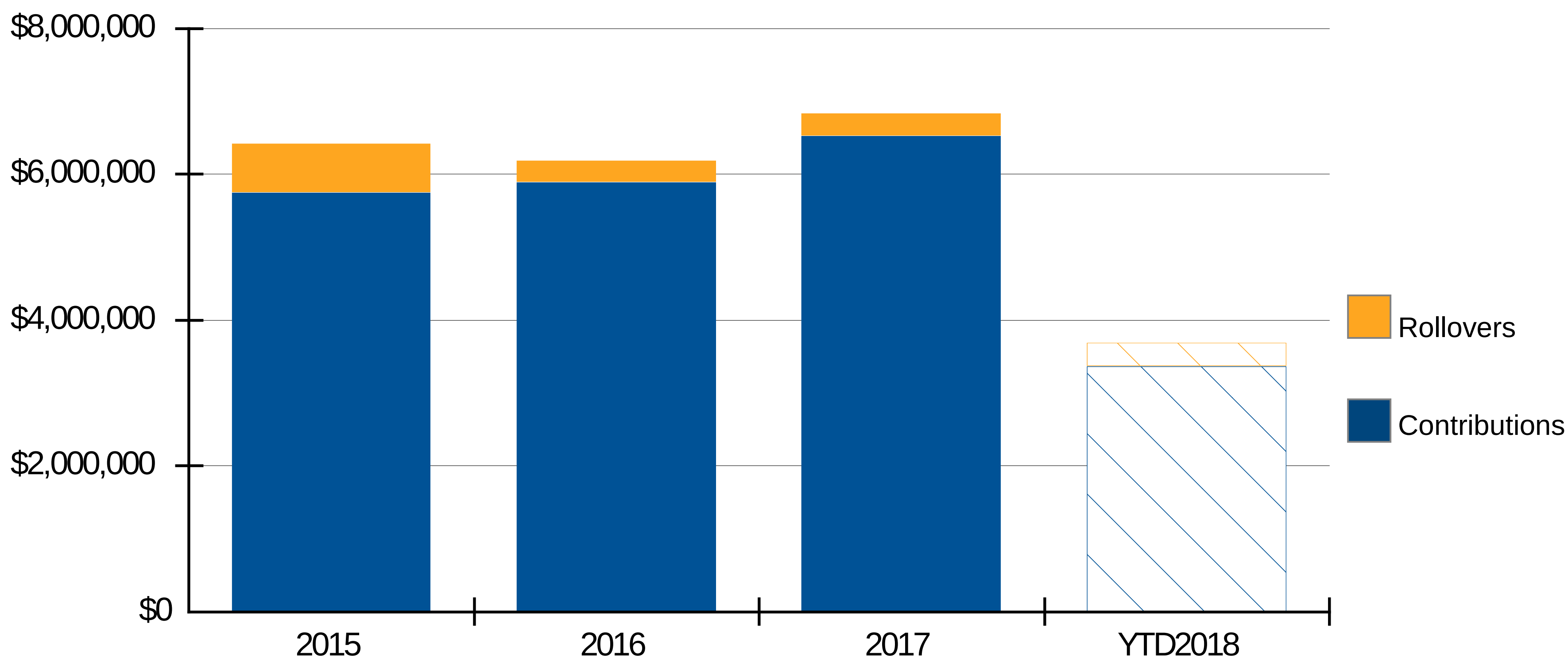


Assets	$169,595,396	$175,301,695	$195,162,761	$191,470,493	$194,494,811

Since March 2018, the overall value of 401 plans for the LANSING BOARD OF WATER LIGHT grew to $194,494,811 from $191,470,493, an increase of 1.6%. Assets have increased 14.7% over the period of time since December 31, 2015.

ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

401 Plan Contributions *(as of June 30, 2018)*



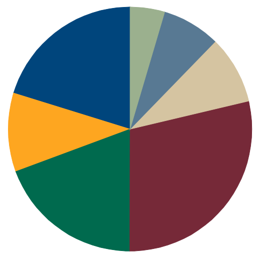
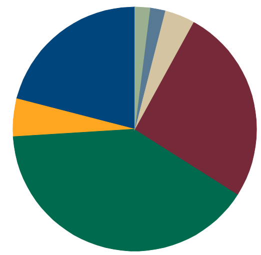
Contributions	$5,741,946	$5,878,924	$6,514,506	$3,356,402
Rollovers	$674,478	$303,981	$316,264	$329,960
Loan Repayments	$1,783,855	$1,624,460	$1,663,210	$844,563
Total*	$7,525,801	$7,503,383	$8,177,716	$3,913,475
Active Participants	724	724	714	703
Average Contribution*	$10,395	$10,364	$11,453	$5,567

*Please note that Rollovers are excluded from this calculation.

401 Plan Asset Allocation *(as of June 30, 2018)*

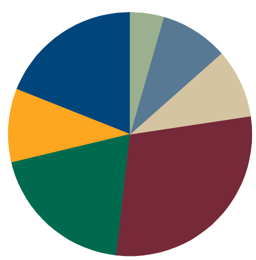
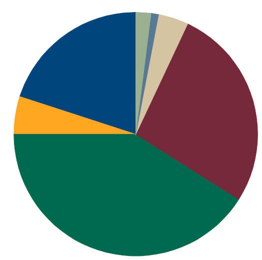
Your 401 Plan ***Total ICMA-RC 401 Clients***

June 30, 2017

Stable Value/Cash Management	20.22%	21.00%
Bond	10.44%	5.00%
Guaranteed Lifetime Income	4.57%	2.00%
Balanced/Asset Allocation	19.29%	40.00%
U.S. Stock	28.74%	26.00%
International/Global Stock	9.00%	4.00%
Specialty	7.73%	2.00%

June 30, 2018

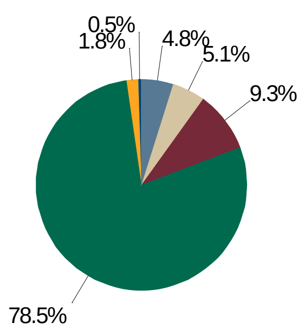
Stable Value/Cash Management	18.98%	20.00%
Bond	9.77%	5.00%
Guaranteed Lifetime Income	4.44%	2.00%
Balanced/Asset Allocation	19.48%	41.00%
U.S. Stock	29.13%	27.00%
International/Global Stock	9.15%	4.00%
Specialty	9.04%	1.00%

ICMA RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

401 Plan Asset Allocation by Age *(as of June 30, 2018)*

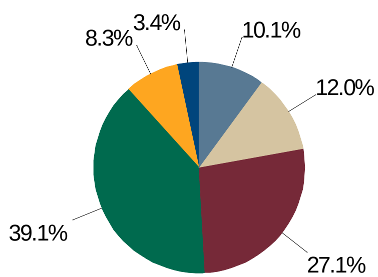
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

35 & Under



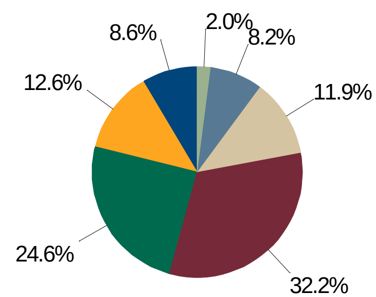
128 Active
2 Inactive
130 Participants
$4,193,343 Total Assets
$32,256 Average Balance
13 Invested in One Fund

36 - 45



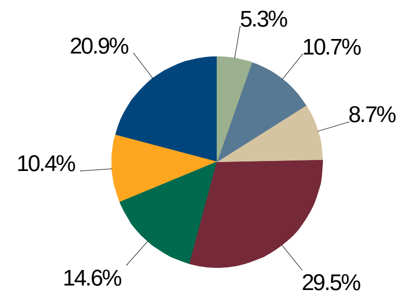
165 Active
13 Inactive
178 Participants
$15,214,904 Total Assets
$85,477 Average Balance
31 Invested in One Fund

46 - 55



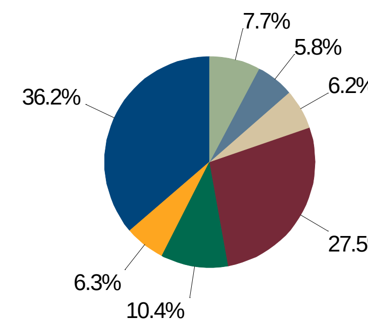
209 Active
36 Inactive
245 Participants
$44,444,817 Total Assets
$181,407 Average Balance
43 Invested in One Fund

56 - 65



184 Active
95 Inactive
279 Participants
$95,225,916 Total Assets
$341,312 Average Balance
55 Invested in One Fund

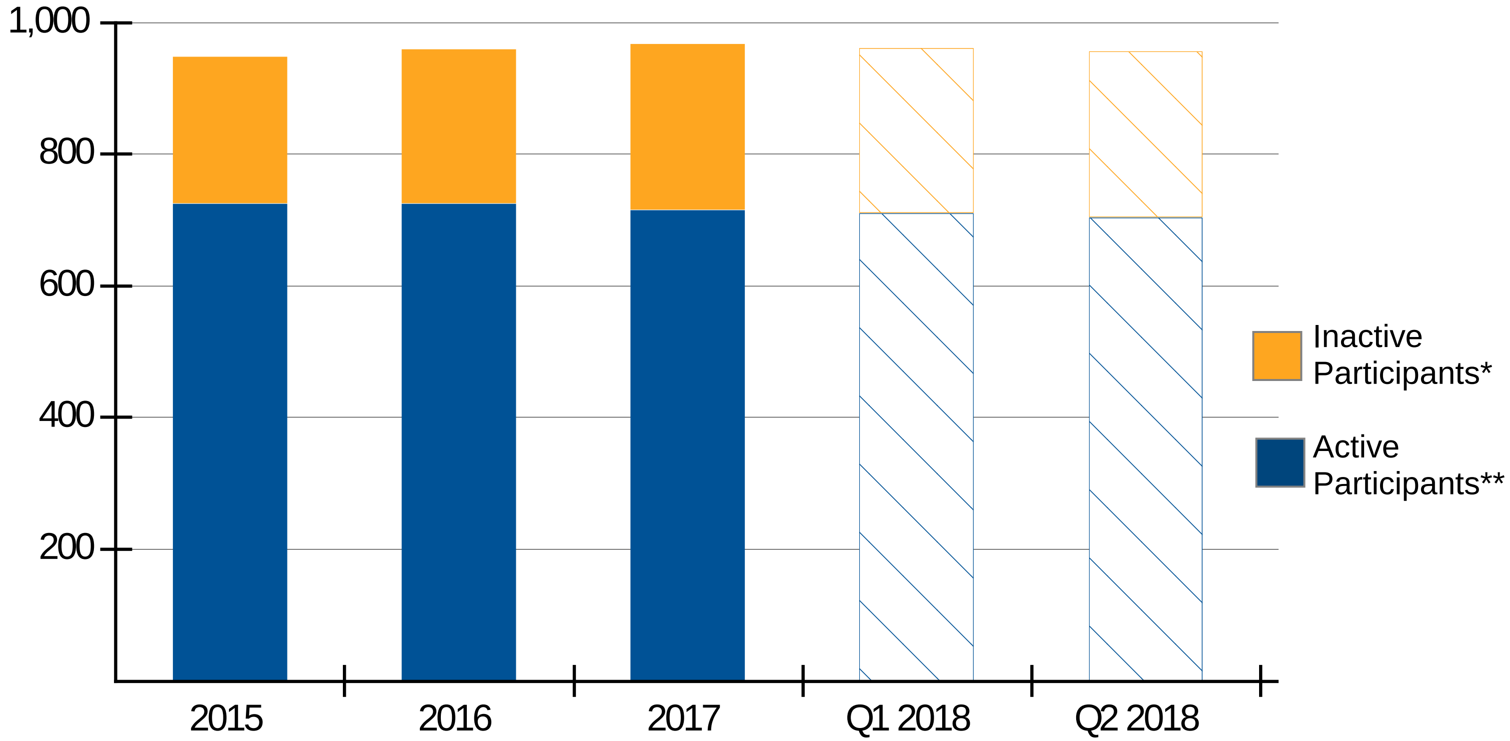
Over 65



17 Active
105 Inactive
122 Participants
$35,165,061 Total Assets
$288,238 Average Balance
39 Invested in One Fund

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

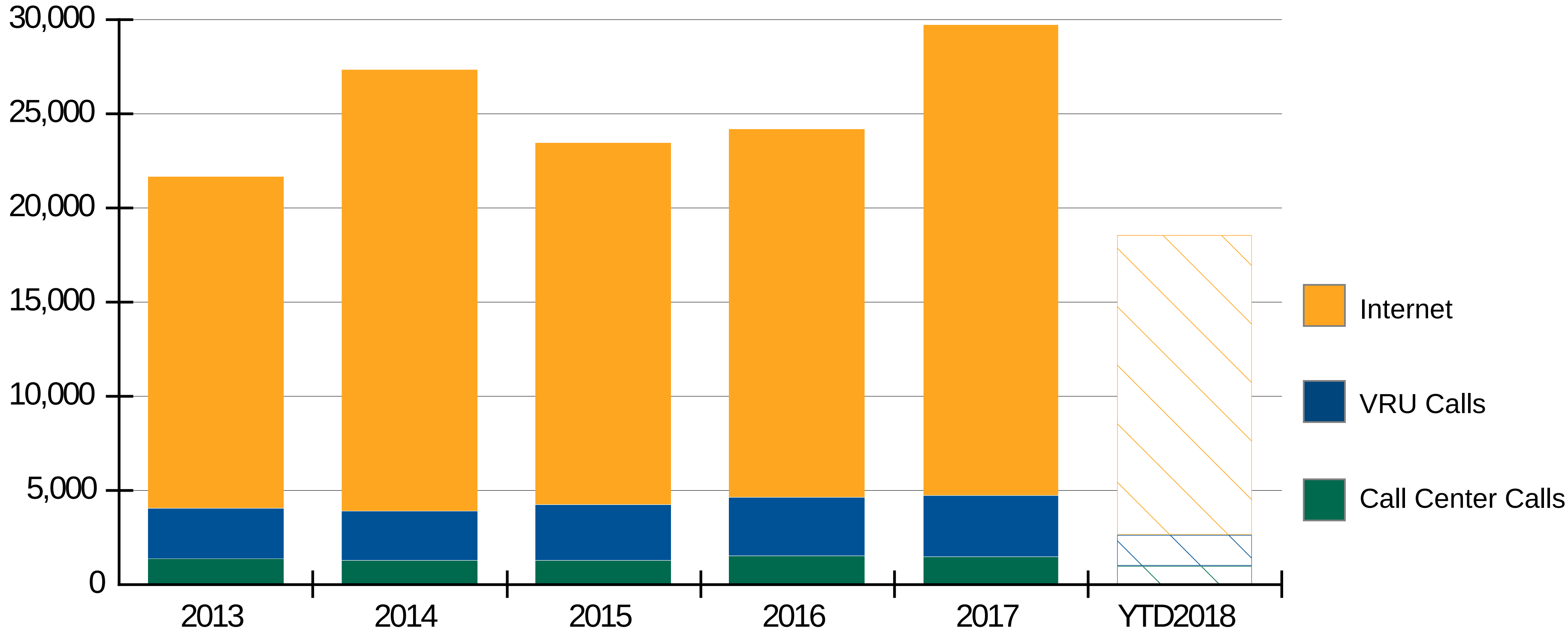
401 Plan Participation Trends *(as of June 30, 2018)*



Inactive	224	235	253	250	252
Active	724	724	714	710	703
Total	948	959	967	960	955

*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, 2018)*



Internet	17643	23419	19200	19579	25038	15920
VRU	2681	2637	2962	3078	3239	1677
Call Center	1315	1240	1253	1491	1434	930
Total	21639	27296	23415	24148	29711	18527

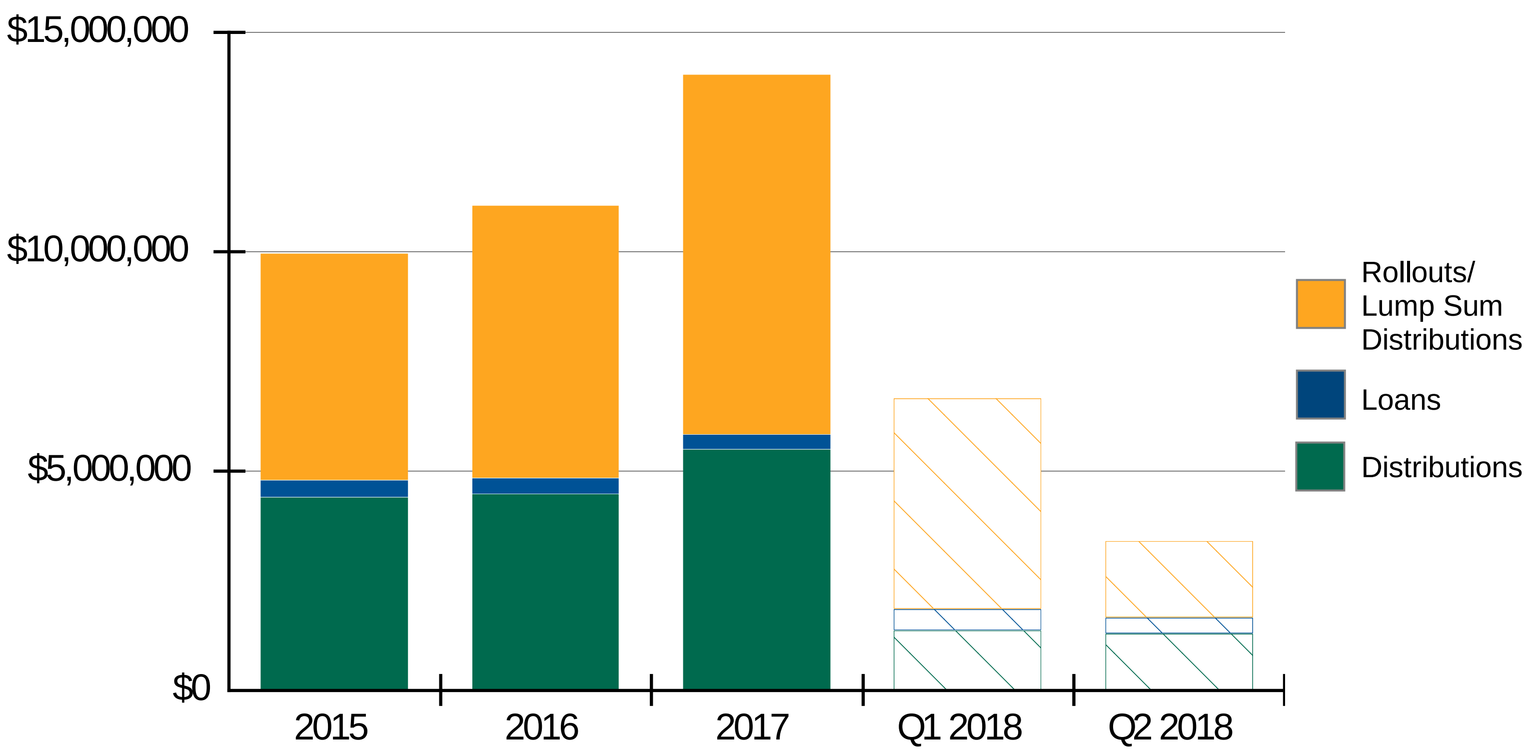
The chart above provides the number of contacts made by your 401 plan participants to ICMA-RC using several media — online using our Account Access participant Web site, ICMA-RC's Self-Service Phone line, or call center representatives.

401 Plan Loan Usage

LANSING BOARD OF WATER LIGHT 401 Plan: Loan Usage *(as of June 30, 2018)*

- 102 New Loans in the past 12 months
- 378 Outstanding Loans
- 19 Defaulted Loans in the past 12 months
- Loan Balance: $4,337,434

401 Plan Withdrawal Trends *(as of June 30, 2018)*



Rollouts	$5,160,155	$6,213,530	$8,225,435	$4,822,793	$1,740,485
Loans	$379,694	$359,903	$323,535	$487,945	$356,190
Distributions/ Lump Sum	$4,394,236	$4,450,334	$5,481,197	$1,338,617	$1,278,797
Total	$9,934,085	$11,023,767	$14,030,167	$6,649,355	$3,375,472
# of Rollouts	21	24	30	17	10
# of Distributions	929	1013	1063	278	283
Total	950	1037	1093	295	293

401 Plan Activity

Plan Summary

LANSING BOARD OF WATER LIGHT's 401 plans include fifteen U.S. stock funds, five bond funds, fifteen 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' 918 participants contributed a total of $2,643,028 with the largest amount, $1,137,906 to their balanced funds. Overall, the plans have 29% in U.S. stock funds and 9% in their international/global stock funds. Their bond funds are allocated 10% and their stable value/cash management funds, 19%. Approximately 19% is in their balanced funds. Their guaranteed income fund is allocated 4%.

Over the last quarter with regard to market value, international/global stock funds dropped $20,438, while U.S. stock funds increased in market value $2,468,073. The plans' bond funds had a loss of $21,561, while stable value/cash management funds increased $205,276. Balanced funds increased in market value by $447,520.

The guaranteed income fund received $245,259. The 401 plans for the LANSING BOARD OF WATER LIGHT increased 1.6% in total value to $194,494,811 from $191,470,493 since March 2018.

	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	$36,859,407	$201,160	-$835,842	$187,875	$203,665	$36,611,995	18.82%	554
VT Cash Management	643,589	6,441	-143,467	-203,023	1,611	304,842	0.16%	25
PIMCO Low Duration	447,933	3,791	0	0	-1,180	450,529	0.23%	10
Vanguard Ttl Bond Mkt Idx Adm	4,746,009	41,624	-75,435	-843,406	-13,882	3,852,966	1.98%	83
PIMCO Total Return Instl	7,746,624	128,389	-87,319	1,195,512	-29,722	8,949,711	4.60%	201
PIMCO Real Return Admin	2,247,459	26,974	-28,315	33,948	15,409	2,294,527	1.18%	138
Delaware High-Yield Opp Instl	3,737,356	37,884	-42,089	-285,222	7,815	3,454,761	1.78%	154
VT Retirement IncomeAdvantage	8,330,052	15,348	-27,010	256,921	63,391	8,638,666	4.44%	57
Vanguard Target Retire Income	1,687,176	2,459	-78,297	203,025	7,560	1,821,655	0.94%	13
Vanguard Target Retire 2015	1,048,151	13,585	-82,045	0	5,405	984,980	0.51%	10
Vanguard Target Retire 2020	2,547,013	36,360	-12,851	-231,457	17,730	2,356,491	1.21%	17

401 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Target Retire 2025	$2,385,022	$83,565	-$5,194	$0	$15,505	$2,478,313	1.27%	26
Vanguard Target Retire 2030	3,275,628	116,196	-120,141	0	25,593	3,296,062	1.69%	47
Vanguard Target Retire 2035	1,615,238	94,006	-46,485	-83,124	12,991	1,591,749	0.82%	45
Vanguard Target Retire 2040	2,160,648	159,907	-35,059	0	18,098	2,302,678	1.18%	52
Vanguard Target Retire 2045	1,277,450	132,273	-16,486	-44,038	12,071	1,360,254	0.70%	62
Vanguard Target Retire 2050	453,189	56,072	0	-19,097	4,163	493,965	0.25%	34
VT Vantagepoint MP Cons Growth	1,073,308	8,393	-113,743	0	7,880	975,747	0.50%	19
VT Vantagepoint MP Trad Growth	6,163,964	118,940	-295,759	-41,409	75,433	6,020,233	3.10%	85
VT Vantagepoint MP Lng-Trm Gr	6,893,567	202,809	-146,488	-117,277	102,835	6,933,677	3.56%	98
VT Vantagepoint MP Glbl Eq Gr	1,332,772	43,842	-19,069	-462	4,437	1,361,130	0.70%	22
Fidelity Balanced	4,880,370	60,500	-154,077	-62,537	151,182	4,875,107	2.51%	89
BlackRock Global Allocation	1,062,120	8,999	-14,741	-179	-13,364	1,042,736	0.54%	34
VT Vantagepoint Equity Income	957,611	6,707	-25,979	26,934	17,948	983,087	0.51%	43
AllianzGI NFJ Dividend Value	7,109,213	65,615	-119,525	52,406	-5,033	7,102,045	3.65%	221
Vanguard 500 Index Admiral	10,335,055	107,167	-161,046	-1,819,481	340,355	8,800,675	4.52%	190
American Funds Fundamental Inv	2,842,683	59,942	-34,259	568,453	82,269	3,517,612	1.81%	154
JPMorgan US Equity I	595,626	8,297	-5,971	0	17,768	615,653	0.32%	26
Fidelity Contrafund®	7,513,940	85,839	-88,287	-325,231	478,987	7,664,747	3.94%	145
Am Funds Growth Fund of Am R5	5,800,194	25,550	-103,713	-202,281	339,779	5,859,189	3.01%	135
Vanguard Mid-Cap Index Admiral	2,878,963	46,615	-35,098	435,161	82,419	3,407,215	1.75%	167
Westwood SMidCap Institutional	364,607	5,910	-2,580	0	13,961	381,870	0.20%	13
Harbor Mid Cap Growth Admin	8,982,894	83,732	-119,235	-14,737	569,898	9,502,046	4.89%	155
Columbia Small/Mid Cap Value	716,222	5,876	-34,261	-1,217	17,177	703,762	0.36%	36
Columbia Small Cap Value I	2,805,064	37,055	-65,713	-162,545	223,470	2,836,541	1.46%	161
Vanguard Small-Cap Index Adm	2,579,552	35,333	-31,972	-305,141	150,658	2,427,637	1.25%	125
Fidelity Small Cap Discovery	1,047,309	11,328	-7,361	17,607	31,641	1,100,450	0.57%	53

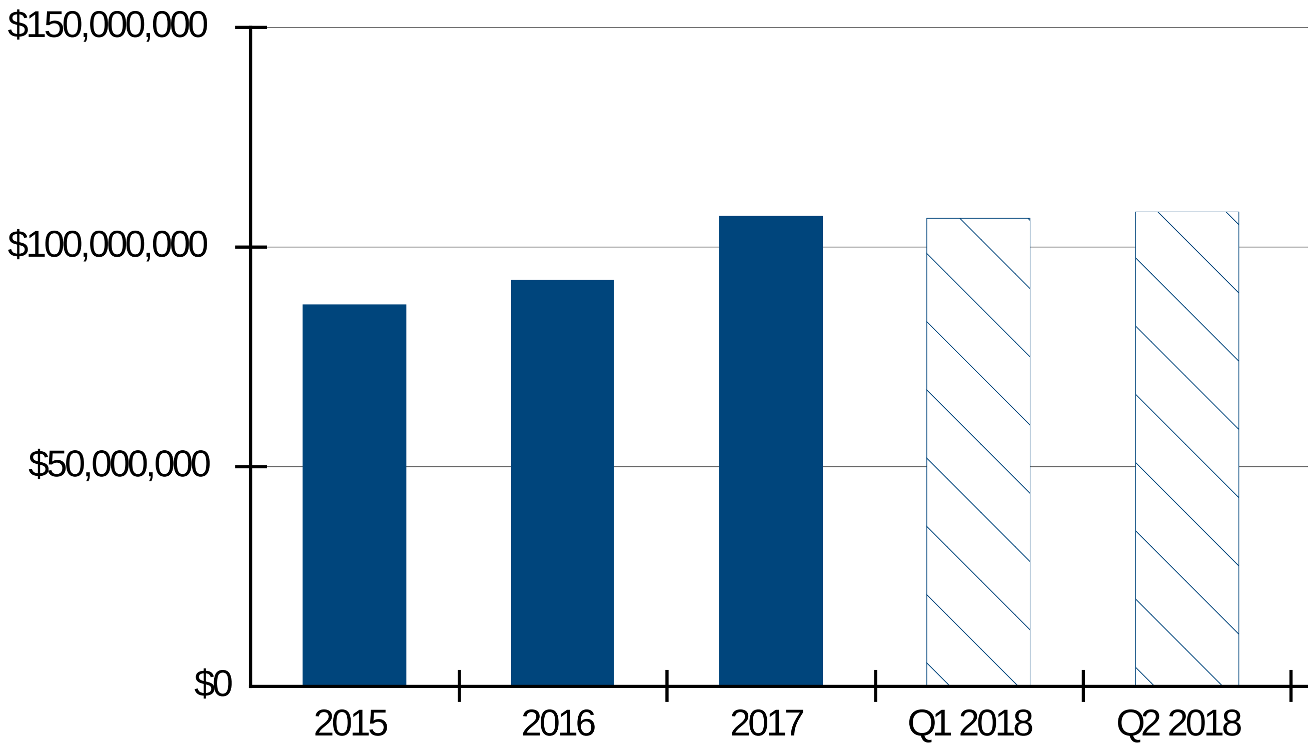
401 Plan Activity

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
AMG TimesSquare Sm Cap Growth	$1,552,188	$15,583	-$36,432	$119,344	$106,776	$1,757,336	0.90%	63
American Funds Cap World G&I	13,660,789	230,921	-240,030	1,272,292	6,823	14,926,322	7.67%	311
Harbor International Admin	1,000,954	11,454	-2,920	0	-8,376	1,001,051	0.51%	47
Fidelity Intl Discovery	1,382,803	24,641	-24,189	-500,281	-9,725	872,677	0.45%	79
Fidelity Diversified Intl	1,037,157	9,719	-6,069	-37,451	-9,160	994,102	0.51%	45
VantageBroker	1,995,866	0	0	101,842	73,770	2,171,477	1.12%	17
PGIM Jennison Utility A	1,871,682	23,365	-8,451	-40,127	81,631	1,927,915	0.99%	59
Nuveen Real Estate Securities	1,264,055	27,124	-17,680	-139,958	94,844	1,227,719	0.63%	141
T Rowe Price® Health Sciences	4,668,856	41,376	-28,919	647,222	290,543	5,618,767	2.89%	106
AllianzGI Technology Admin	5,893,165	74,362	-79,305	361,141	393,213	6,642,141	3.42%	108
Total	**$191,470,493**	**$2,643,028**	**-$3,658,911**	**$0**	**$4,076,264**	**$194,494,811**	**100.00%**	**4475**

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Asset Trends *(as of June 30, 2018)*

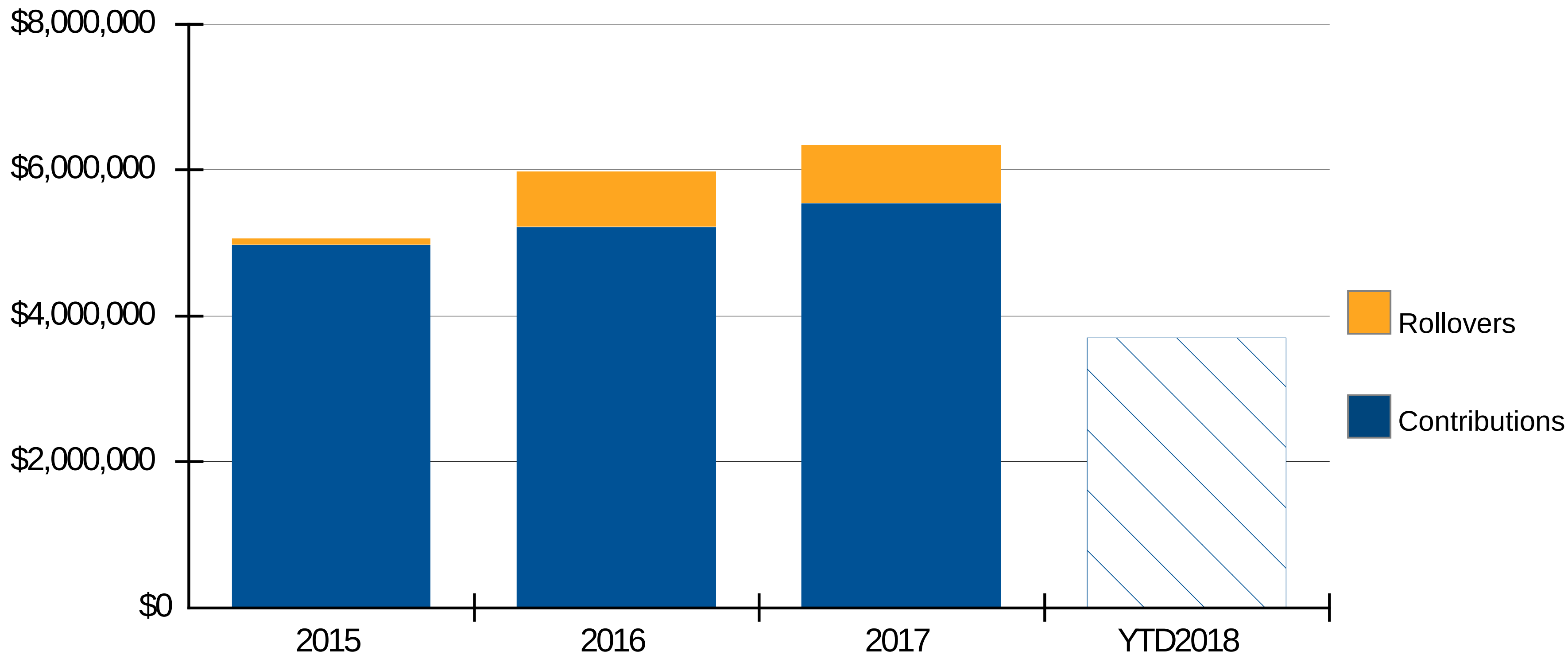


Assets	$86,861,684	$92,256,474	$106,881,242	$106,333,010	$107,880,423

The overall value of LANSING BOARD OF WATER LIGHT's 457 plan saw an increase of 1.5% to $107,880,423 from $106,333,010 since March 2018. Assets have increased 24.2% when compared with December 31, 2015.

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Contributions *(as of June 30, 2018)*



Contributions	$4,969,234	$5,207,930	$5,528,852	$3,692,357
Rollovers	$90,308	$768,694	$814,598	$0
Loan Repayments	$0	$0	$0	$0
Total*	$4,969,234	$5,207,930	$5,528,852	$3,692,357
Active Participants	762	756	731	726
Average Contribution*	$6,521	$6,889	$7,563	$5,086

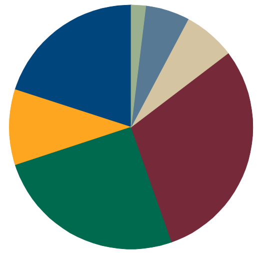
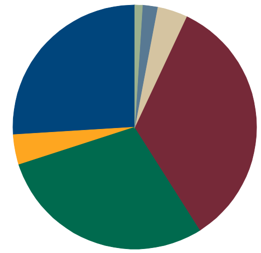
*Please note that Rollovers are excluded from this calculation.

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Asset Allocation *(as of June 30, 2018)*

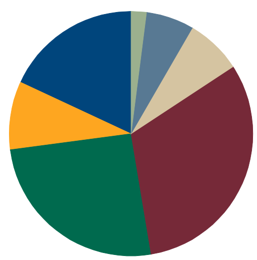
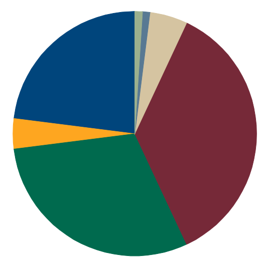
Your 457 Plan ***Total ICMA-RC 457 Clients***

June 30, 2017

	Your 457 Plan	Total ICMA-RC 457 Clients
Stable Value/Cash Management	20.03%	26.00%
Bond	10.01%	4.00%
Guaranteed Lifetime Income	1.92%	1.00%
Balanced/Asset Allocation	25.36%	29.00%
U.S. Stock	29.93%	34.00%
International/Global Stock	6.92%	4.00%
Specialty	5.83%	2.00%

June 30, 2018

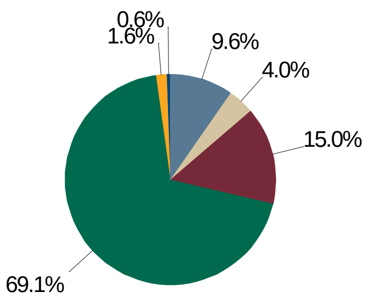
	Your 457 Plan	Total ICMA-RC 457 Clients
Stable Value/Cash Management	18.08%	23.00%
Bond	9.02%	4.00%
Guaranteed Lifetime Income	2.03%	1.00%
Balanced/Asset Allocation	25.54%	30.00%
U.S. Stock	31.58%	36.00%
International/Global Stock	7.41%	5.00%
Specialty	6.34%	1.00%

ICMA-RC
BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

457 Plan Asset Allocation by Age *(as of June 30, 2018)*

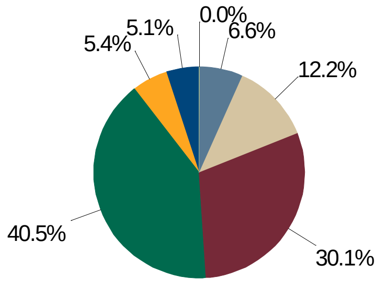
- Stable Value/Cash Management
- Bond
- Guaranteed Lifetime Income
- Balanced/Asset Allocation
- U.S. Stock
- International/Global Stock
- Specialty

35 & Under



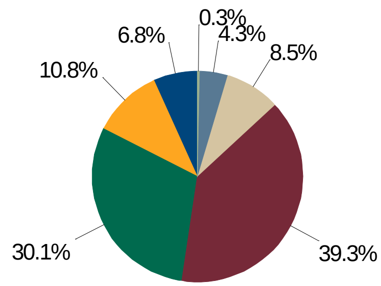
136 Active
6 Inactive
142 Participants
$4,761,563 Total Assets
$33,532 Average Balance
1 Invested in One Fund

36 - 45



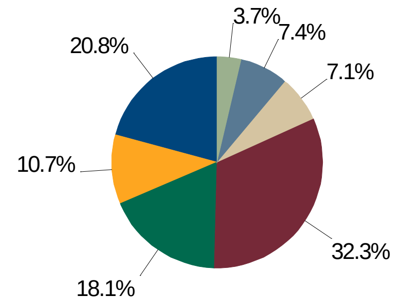
172 Active
14 Inactive
186 Participants
$13,838,726 Total Assets
$74,402 Average Balance
13 Invested in One Fund

46 - 55



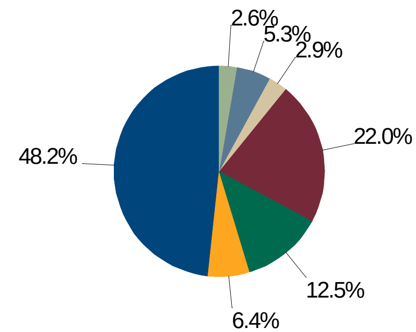
219 Active
30 Inactive
249 Participants
$27,260,944 Total Assets
$109,482 Average Balance
20 Invested in One Fund

56 - 65



181 Active
71 Inactive
252 Participants
$47,161,535 Total Assets
$187,149 Average Balance
36 Invested in One Fund

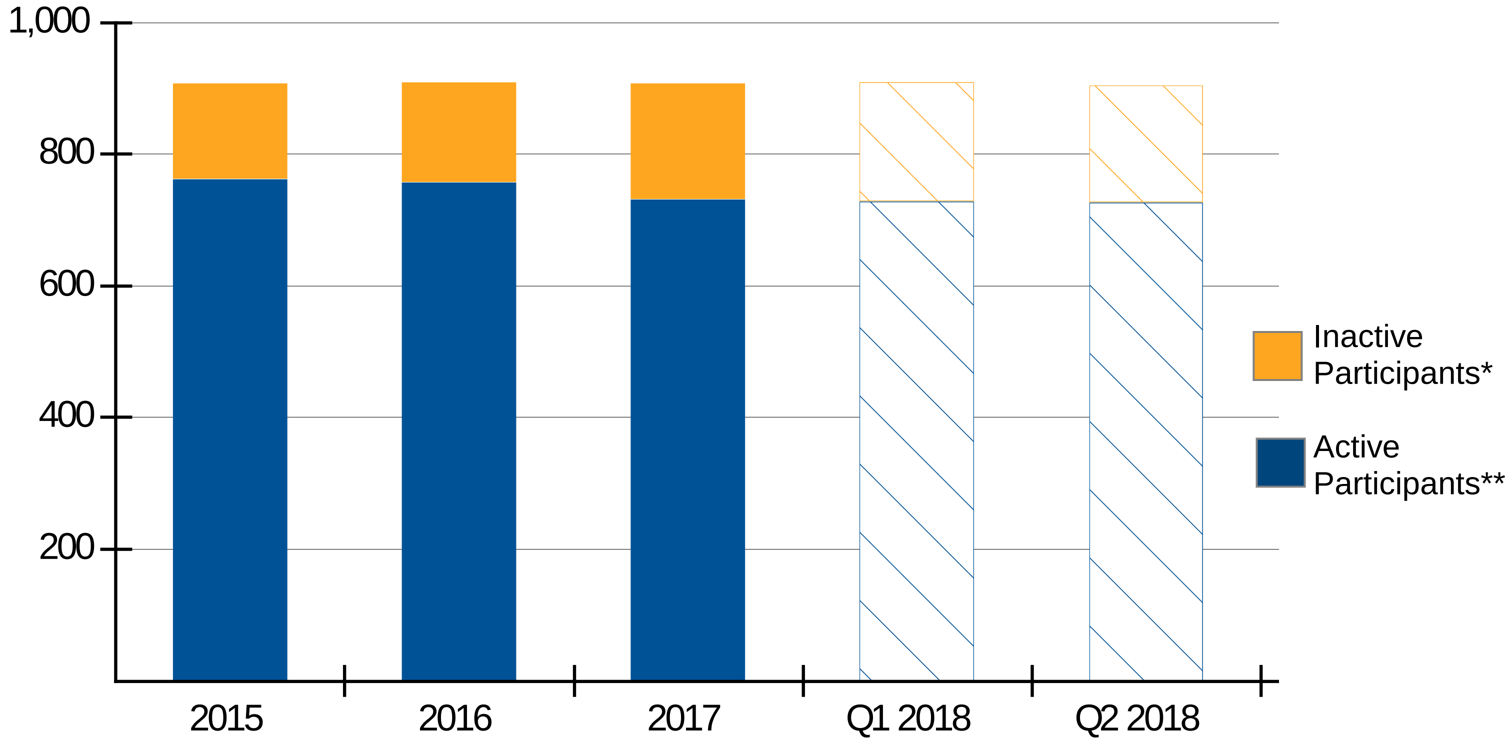
Over 65



18 Active
55 Inactive
73 Participants
$14,811,901 Total Assets
$202,903 Average Balance
22 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, 2018)*

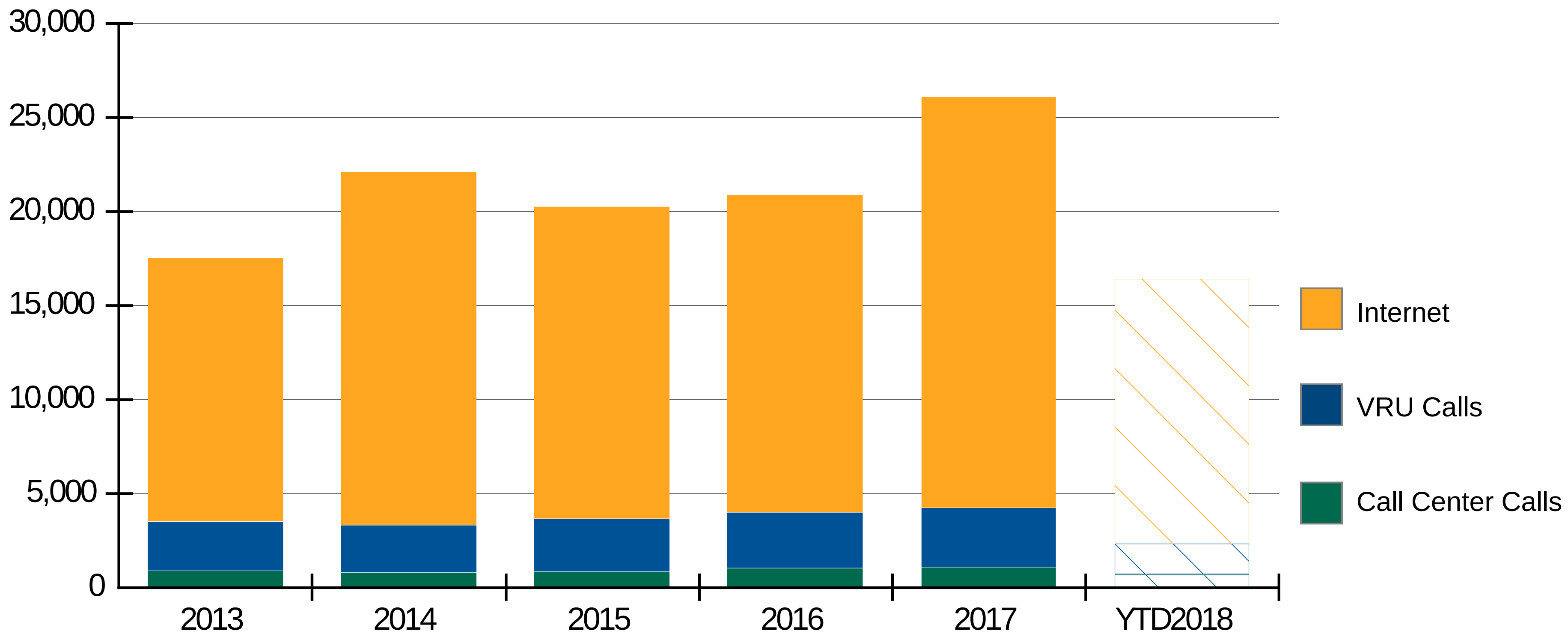


Inactive	145	152	176	180	178
Active	762	756	731	728	726
Total	907	908	907	908	904

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

ICMARC BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Service Usage *(as of June 30, 2018)*

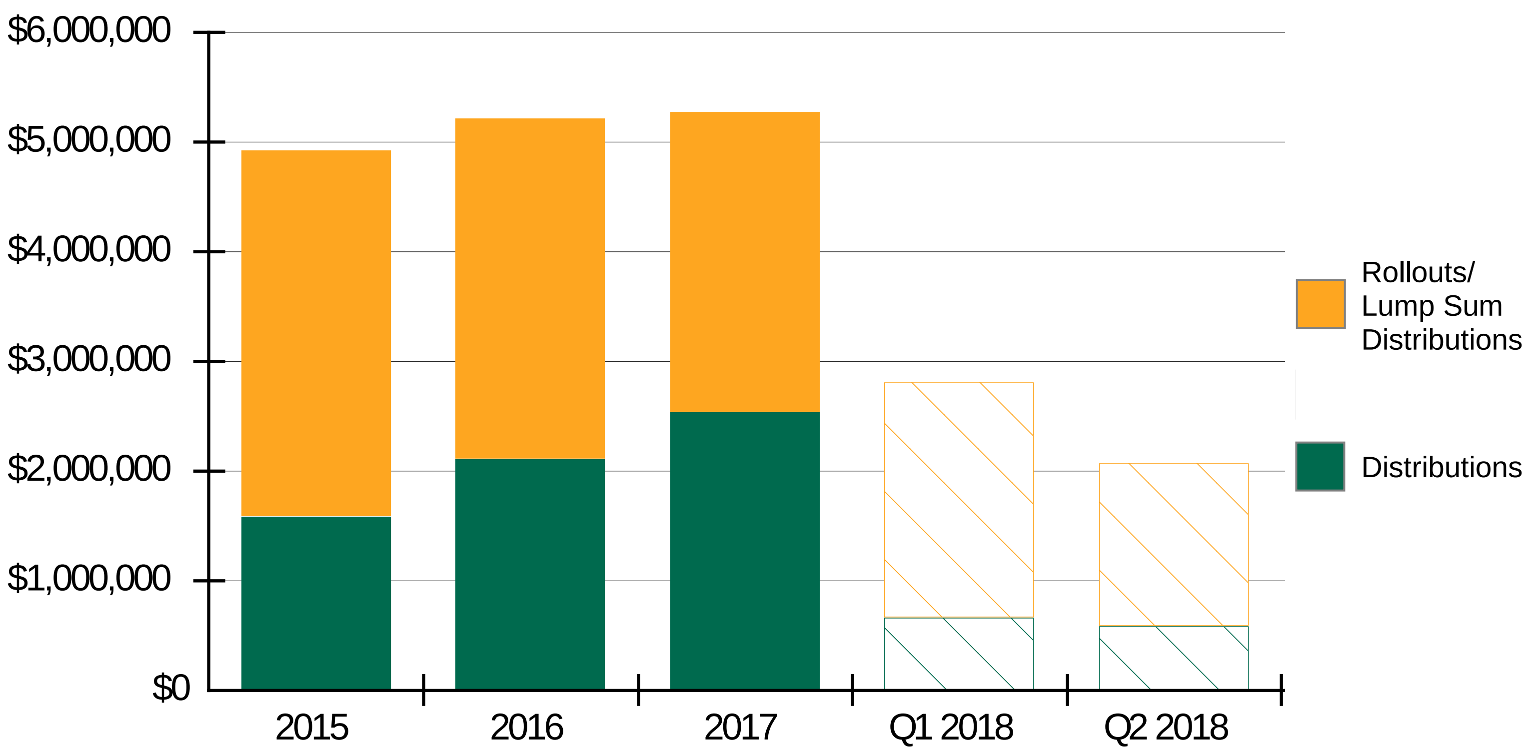


Internet	14007	18746	16595	16893	21833	14098
VRU	2652	2537	2834	2987	3132	1647
Call Center	836	760	801	980	1067	662
Total	17495	22043	20230	20860	26032	16407

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.

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Withdrawal Trends *(as of June 30, 2018)*



Rollouts	$3,335,317	$3,101,111	$2,737,682	$2,151,167	$1,482,870
Loans	$0	$0	$0	$0	$0
Distributions/ Lump Sum	$1,579,187	$2,106,523	$2,527,659	$651,756	$578,991
Total	$4,914,504	$5,207,634	$5,265,341	$2,802,923	$2,061,861
# of Rollouts	25	17	19	13	6
# of Distributions	449	399	470	127	122
Total	474	416	489	140	128

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

457 Plan Activity

Plan Summary

LANSING BOARD OF WATER LIGHT's 457 plan includes fifteen U.S. stock funds, five bond funds, fifteen 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 904 participants contributed a total of $1,558,687 with the largest amount, $632,503 to its balanced funds. Overall, the plan has 32% in U.S. stock funds and 7% in its international/global stock funds. Its bond funds are allocated 9% and its stable value/cash management funds, 18%. Approximately 26% 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 dropped $46,177, while U.S. stock funds grew by $1,455,165. The plan's bond funds had a loss of $11,406, while stable value/cash management funds grew by $110,934. Balanced funds grew by $331,396.

On a net cash flow basis (contribution, plus net transfers less withdrawals), international/global stock funds grew by $633,126 and the plan grew by $6,482 in its U.S. stock funds. Bond funds received $239,643 and the plan fell $1,166,991 in its stable value/cash management funds. Its balanced funds declined $225,825. The guaranteed income fund declined $200,313. The 457 plan for the LANSING BOARD OF WATER LIGHT increased 1.5% in overall value from $106,333,010 to $107,880,423 since March 2018.

	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	$20,032,404	$122,903	-$795,905	-$278,354	$109,677	$19,188,004	17.79%	317
VT Cash Management	528,235	50,959	-498	-266,095	1,257	313,690	0.29%	31
PIMCO Low Duration	258,507	2,819	0	0	-681	260,630	0.24%	11
Vanguard Ttl Bond Mkt Idx Adm	2,485,687	22,661	-6,798	-342,000	-6,478	2,152,233	2.00%	87
PIMCO Total Return Instl	4,290,503	78,090	-51,748	597,771	-16,643	4,895,629	4.54%	171
PIMCO Real Return Admin	1,281,049	17,687	-9,741	82,994	9,640	1,381,089	1.28%	128
Delaware High-Yield Opp Instl	1,192,708	13,868	-12,330	-153,628	2,755	1,042,907	0.97%	122
VT Retirement IncomeAdvantage	2,373,811	1,955	-5,828	-196,440	18,668	2,192,154	2.03%	19
Vanguard Target Retire Income	114,208	4,030	0	4,808	497	123,515	0.11%	6
Vanguard Target Retire 2015	288,876	4,260	-99,593	0	1,967	195,441	0.18%	9
Vanguard Target Retire 2020	1,193,796	17,696	-2,047	-57,199	7,489	1,159,599	1.07%	18

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BUILDING PUBLIC SECTOR
RETIREMENT SECURITY

457 Plan Activity

Plan Summary (cont'd.)

	Quarter Start Assets	Quarter Contributions	Quarter Withdrawals	Quarter Net Fund Transfers	Quarter Earnings	Quarter End Assets	Quarter End % of Assets	Quarter End Participants w/ Balance In Fund
Vanguard Target Retire 2025	$1,132,971	$32,612	$0	$96,545	$7,471	$1,269,343	1.18%	26
Vanguard Target Retire 2030	1,846,329	51,793	-33,786	0	14,441	1,878,317	1.74%	44
Vanguard Target Retire 2035	966,276	52,638	-5,969	0	7,847	1,020,321	0.95%	43
Vanguard Target Retire 2040	2,157,047	68,636	-18,777	-49,654	19,722	2,176,341	2.02%	59
Vanguard Target Retire 2045	1,176,854	85,852	-23	-63,605	11,795	1,210,122	1.12%	65
Vanguard Target Retire 2050	579,993	52,450	0	0	5,199	637,135	0.59%	46
VT Vantagepoint MP Cons Growth	1,401,421	18,424	-341,572	0	10,792	1,088,929	1.01%	18
VT Vantagepoint MP Trad Growth	4,411,545	51,474	-74,328	-44,381	55,100	4,398,899	4.08%	54
VT Vantagepoint MP Lng-Trm Gr	7,098,824	123,982	-27,534	-72,883	105,152	7,226,601	6.70%	100
VT Vantagepoint MP Glbl Eq Gr	2,477,552	44,329	0	-7,481	8,938	2,523,024	2.34%	42
Fidelity Balanced	2,434,209	22,762	-75,996	47,683	77,245	2,505,702	2.32%	85
BlackRock Global Allocation	172,647	1,565	-223	-32,313	-2,259	139,409	0.13%	11
VT Vantagepoint Equity Income	581,051	6,162	-348	-6,543	11,048	591,312	0.55%	37
AllianzGI NFJ Dividend Value	2,585,528	25,776	-41,952	58,044	-2,338	2,624,762	2.43%	155
Vanguard 500 Index Admiral	3,731,877	47,472	-75,166	-637,194	120,976	3,187,280	2.95%	117
American Funds Fundamental Inv	4,114,452	60,314	-42,158	353,879	111,144	4,596,533	4.26%	189
JPMorgan US Equity I	291,340	2,622	-173	0	8,671	302,439	0.28%	21
Fidelity Contrafund®	6,125,889	55,873	-55,895	109,893	387,877	6,623,282	6.14%	128
Am Funds Growth Fund of Am R5	6,407,058	52,333	-63,128	109,412	378,921	6,884,141	6.38%	134
Vanguard Mid-Cap Index Admiral	1,594,013	35,195	-44,094	217,445	45,393	1,847,363	1.71%	158
Westwood SMidCap Institutional	199,257	2,469	-638	0	7,633	208,709	0.19%	16
Harbor Mid Cap Growth Admin	2,779,210	27,933	-40,189	18,000	177,355	2,962,126	2.75%	92
Columbia Small/Mid Cap Value	423,310	4,506	-118	16,186	9,730	453,582	0.42%	32
Columbia Small Cap Value I	945,128	22,030	-18,581	-98,969	73,572	922,691	0.86%	128
Vanguard Small-Cap Index Adm	1,204,595	29,163	-34,957	-150,692	67,793	1,115,419	1.03%	107
Fidelity Small Cap Discovery	1,356,242	12,686	-17,643	0	40,884	1,392,085	1.29%	68

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
AMG TimesSquare Sm Cap Growth	$272,987	$2,521	-$696	$65,701	$16,505	$356,998	0.33%	26
American Funds Cap World G&I	3,708,263	109,450	-125,823	973,708	-7,642	4,655,238	4.32%	166
Harbor International Admin	428,215	5,686	0	0	-3,623	430,248	0.40%	35
Fidelity Intl Discovery	1,660,600	27,687	-24,779	-272,238	-21,075	1,369,787	1.27%	100
Fidelity Diversified Intl	1,610,832	15,086	-18,851	-56,801	-13,837	1,536,313	1.42%	70
VantageBroker	1,943,996	0	0	-2,308	65,103	2,006,790	1.86%	13
PGIM Jennison Utility A	409,421	14,535	-166	-46,380	17,863	395,216	0.37%	23
Nuveen Real Estate Securities	818,938	17,910	-12,663	-73,804	62,069	812,018	0.75%	141
T Rowe Price® Health Sciences	1,861,990	24,172	-19,623	29,237	117,991	2,013,621	1.87%	67
AllianzGI Technology Admin	1,383,363	13,661	-2,675	127,657	91,542	1,613,436	1.50%	43
Total	**$106,333,009**	**$1,558,687**	**-$2,203,014**	**$0**	**$2,213,147**	**$107,880,422**	**100.00%**	**3578**

III. Fee Disclosure

2nd Quarter 2018

Platinum Services Plan Service Report

ICMA-RC's Services

Overview of Services Provided by ICMA-RC

ICMA-RC provides the following administration, record keeping and education services:

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

ICMA-RC's Services

Statement Regarding Fiduciary/Investment Advisory Services

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

ICMA-RC Advisory Services under Guided Pathways Program

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

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

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

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

ICMA-RC is the Registered Investment Adviser for the Guided Pathways®[2] program offered to participants. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc.

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

ICMA-RC’s Services

Retirement Readiness Reports

At the request of a Plan Sponsor, ICMA-RC may provide Retirement Readiness Reports (“Reports”) to all full-time employees of the plan sponsor (both existing plan participants and non-participants). These Reports include: 1) a forecast of an employee’s income at retirement in relation to a retirement income objective provided by the plan sponsor; 2) a set of recommendations (including potential changes in savings rate) to help the employee reach this retirement income objective; and 3) an asset allocation recommendation based on certain employee specific data. For existing plan participants, the Report will also include a fund specific investment recommendation based on the available investment options in the plan. The investment recommendations in the Report are generated by Morningstar Investment Management LLC2 using the same investment methodologies and software that it uses for the Guided Pathways® program, described above.

ICMA-RC Advisory Services to Vantage Trust Company, LLC

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

Group Annuity Contract Separate Account

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

ICMA-RC's Services

Compensation Received by ICMA-RC

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

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

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

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

- **Record keeping fees** – Deducted from the assets of mutual funds or collective investment funds, these 12b-1, shareholder servicing, transfer agency and/or administration fees are paid to ICMA-RC for services rendered by ICMA-RC to the fund and to the plans and participants that invest in the fund directly or indirectly through the VantageTrust Funds. The amounts listed include all non-advisory, recordkeeping compensation paid to ICMA-RC and/or its affiliates.
- **Investment advisory fees** – Consists of compensation paid to ICMA-RC and its affiliates for investment advisory and other services provided to VTC on behalf of the VantageTrust Funds. These fees are deducted from fund assets and reflected in the net asset values of the funds.

Fee and Revenue Summary (401 Plan)

Your 401 Plans incur costs for services they receive, including revenue retained by ICMA-RC for record keeping and investment advisory services. As of June 30, 2018, the estimated annual cost to your plan is $1,177,815 consisting of $1,072,787 from fund fees and expenses (0.55% of plan assets) and $105,028 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	$1,957 (0.00%)***	$159,305 (0.08%)	$161,262 (0.08%)
Participant Account Fees	$105,028	$0	$105,028
Total	$106,985	$159,305	$266,290

* 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.
*** The total estimated annual revenue utilizes a snapshot of the assets at quarter-end. The administrative allowance is the actual amount returned to the plan and the calculation utilizes the average daily balance of the funds to calculate the amount to be returned to the plan.

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, 2018

ICMARC
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
Stable Value/Cash Management								
VT PLUS Fund[4]	Stable Value	$36,611,995	0.57%	$208,688	0.00%	$0	0.30%	$109,836
VT Cash Management[6]	NA	$304,842	0.44%	$1,341	0.25%	$762	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$450,529	0.71%	$3,199	0.25%	$1,126	0.00%	$0
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	$3,852,966	0.05%	$1,926	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$8,949,711	0.46%	$41,169	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$2,294,527	0.70%	$16,062	0.25%	$5,736	0.00%	$0
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	$3,454,761	0.69%	$23,838	0.15%	$5,182	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$8,638,666	1.70%	$146,857	0.45%	$38,874	0.05%	$4,319
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Target-Date Retirement	$1,821,655	0.13%	$2,368	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target-Date 2015	$984,980	0.13%	$1,280	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target-Date 2020	$2,356,491	0.13%	$3,063	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target-Date 2025	$2,478,313	0.14%	$3,470	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target-Date 2030	$3,296,062	0.14%	$4,614	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target-Date 2035	$1,591,749	0.14%	$2,228	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target-Date 2040	$2,302,678	0.15%	$3,454	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target-Date 2045	$1,360,254	0.15%	$2,040	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target-Date 2050	$493,965	0.15%	$741	0.00%	$0	0.00%	$0
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	$975,747	0.77%	$7,513	0.25%	$2,439	0.29%	$2,830
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	$6,020,233	0.79%	$47,560	0.25%	$15,051	0.28%	$16,857
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	$6,933,677	0.80%	$55,469	0.25%	$17,334	0.28%	$19,414
VT Vantagepoint MP Glbl Eq Gr[9]	World Large Stock	$1,361,130	0.89%	$12,114	0.25%	$3,403	0.30%	$4,083
Balanced								
Fidelity Balanced	Allocation--50% to 70% Equity	$4,875,107	0.55%	$26,813	0.25%	$12,188	0.00%	$0

All data on page is as of June 30, 2018

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

See disclosures at end of chapter

Fund Costs 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
Balanced								
BlackRock Global Allocation	World Allocation	$1,042,736	1.07%	$11,157	0.50%	$5,214	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income[24]	Large Value	$983,087	0.71%	$6,980	0.25%	$2,458	0.20%	$1,966
AllianzGI NFJ Dividend Value[24]	Large Value	$7,102,045	0.59%	$41,902	0.10%	$7,102	0.00%	$0
Vanguard 500 Index Admiral	Large Blend	$8,800,675	0.04%	$3,520	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$3,517,612	0.35%	$12,312	0.05%	$1,759	0.00%	$0
JPMorgan US Equity I	Large Blend	$615,653	0.69%	$4,248	0.25%	$1,539	0.00%	$0
Fidelity Contrafund®[24]	Large Growth	$7,664,747	0.74%	$56,719	0.25%	$19,162	0.00%	$0
Am Funds Growth Fund of Am R5[24]	Large Growth	$5,859,189	0.38%	$22,265	0.05%	$2,930	0.00%	$0
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	$3,407,215	0.05%	$1,704	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$381,870	0.88%	$3,360	0.25%	$955	0.00%	$0
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	$9,502,046	1.14%	$108,323	0.25%	$23,755	0.00%	$0
Columbia Small/Mid Cap Value[13,24]	Small Value	$703,762	0.99%	$6,967	0.25%	$1,759	0.00%	$0
Columbia Small Cap Value I[13,24]	Small Value	$2,836,541	1.07%	$30,351	0.25%	$7,091	0.00%	$0
Vanguard Small-Cap Index Adm[13]	Small Blend	$2,427,637	0.05%	$1,214	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,100,450	0.69%	$7,593	0.25%	$2,751	0.00%	$0
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	$1,757,336	1.19%	$20,912	0.25%	$4,393	0.00%	$0
Royce Smaller-Companies Gr Srv[13,24]	Small Growth	$0	1.49%	$0	0.40%	$0	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Large Stock	$14,926,322	0.49%	$73,139	0.05%	$7,463	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$1,001,051	0.97%	$9,710	0.25%	$2,503	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Growth	$872,677	0.94%	$8,203	0.25%	$2,182	0.00%	$0
Fidelity Diversified Intl[14]	Foreign Large Growth	$994,102	0.94%	$9,345	0.25%	$2,485	0.00%	$0
Specialty								
American Century® Utilities[10,15]	Utilities	$0	0.67%	$0	0.25%	$0	0.00%	$0
PGIM Jennison Utility A[15]	Utilities	$1,927,915	0.82%	$15,809	0.40%	$7,712	0.00%	$0

All data on page is as of June 30, 2018

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

See disclosures at end of chapter

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
Specialty								
Nuveen Real Estate Securities[15]	Real Estate	$1,227,719	1.04%	$12,768	0.25%	$3,069	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$5,618,767	0.77%	$43,265	0.15%	$8,428	0.00%	$0
AllianzGI Technology Admin[15]	Technology	$6,642,141	1.35%	$89,669	0.35%	$23,247	0.00%	$0
VantageBroker	NA	$2,171,477	0.00%	$0	0.06%	$1,303	0.00%	$0
Total Quarter-End Assets:		$194,494,811						
Total Fees and Expenses to Plan:			0.63%	$1,217,246				
Total Recordkeeping Revenue Retained by ICMA-RC:					0.12%	$241,356		
Total Investment Advisory Revenue Retained by ICMA-RC:							0.08%	$159,305
Administrative Allowance:		$239,399						
Total Fees and Expenses after Administrative Allowance:			0.50%	$977,847				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					0.00%	$1,957***		

All data on page is as of June 30, 2018

* 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.
*** The total estimated annual revenue utilizes a snapshot of the assets at quarter-end. The administrative allowance is the actual amount returned to the plan and the calculation utilizes the average daily balance of the funds to calculate the amount to be returned to the plan.

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

See disclosures at end of chapter

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Stable Value/Cash Management					
VT PLUS Fund[4]	Stable Value	0.59%	0.57%	None	Equity wash
VT Cash Management[6]	NA	0.44%	0.44%	None	None
Bond					
PIMCO Low Duration[8]	Short-Term Bond	0.78%	0.71%	None	None
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	0.05%	0.05%	None	None
PIMCO Total Return Instl[8]	Intermediate-Term Bond	0.51%	0.46%	None	None
PIMCO Real Return Admin[8]	Inflation-Protected Bond	0.89%	0.70%	None	None
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	0.90%	0.69%	None	30 days, any amt
Guaranteed Lifetime Income					
VT Retirement IncomeAdvantage[17]	NA	1.70%	1.70%	None	90 days, any amt
Target-Risk/Target-Date					
Vanguard Target Retire Income[9,12]	Target-Date Retirement	0.13%	0.13%	None	None
Vanguard Target Retire 2015[9,12]	Target-Date 2015	0.13%	0.13%	None	None
Vanguard Target Retire 2020[9,12]	Target-Date 2020	0.13%	0.13%	None	None
Vanguard Target Retire 2025[9,12]	Target-Date 2025	0.14%	0.14%	None	None
Vanguard Target Retire 2030[9,12]	Target-Date 2030	0.14%	0.14%	None	None
Vanguard Target Retire 2035[9,12]	Target-Date 2035	0.14%	0.14%	None	None
Vanguard Target Retire 2040[9,12]	Target-Date 2040	0.15%	0.15%	None	None
Vanguard Target Retire 2045[9,12]	Target-Date 2045	0.15%	0.15%	None	None
Vanguard Target Retire 2050[9,12]	Target-Date 2050	0.15%	0.15%	None	None
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	0.77%	0.77%	None	None
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	0.79%	0.79%	None	None
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	0.80%	0.80%	None	None
VT Vantagepoint MP Glbl Eq Gr[9]	World Large Stock	0.89%	0.89%	None	None
Balanced					
Fidelity Balanced	Allocation--50% to 70% Equity	0.55%	0.55%	None	None
BlackRock Global Allocation	World Allocation	1.16%	1.07%	None	None
U.S. Stock					
VT Vantagepoint Equity Income[24]	Large Value	0.71%	0.71%	None	None

All data on page is as of June 30, 2018

Fund Costs (401 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
U.S. Stock					
AllianzGI NFJ Dividend Value[24]	Large Value	0.74%	0.59%	None	None
Vanguard 500 Index Admiral	Large Blend	0.04%	0.04%	None	None
American Funds Fundamental Inv	Large Blend	0.35%	0.35%	None	30 days, $5000
JPMorgan US Equity I	Large Blend	0.75%	0.69%	None	None
Fidelity Contrafund®[24]	Large Growth	0.74%	0.74%	None	None
Am Funds Growth Fund of Am R5[24]	Large Growth	0.38%	0.38%	None	30 days, $5000
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	0.05%	0.05%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.98%	0.88%	None	None
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	1.14%	1.14%	None	None
Columbia Small/Mid Cap Value[13,24]	Small Value	0.99%	0.99%	None	30 days, any amt
Columbia Small Cap Value I[13,24]	Small Value	1.13%	1.07%	None	30 days, any amt
Vanguard Small-Cap Index Adm[13]	Small Blend	0.05%	0.05%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	0.69%	0.69%	None	None
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	1.19%	1.19%	None	None
Royce Smaller-Companies Gr Srv[13,24]	Small Growth	1.49%	1.49%	None	None
International/Global Stock					
American Funds Cap World G&I[14]	World Large Stock	0.49%	0.49%	None	30 days, $5000
Harbor International Admin[14]	Foreign Large Blend	1.06%	0.97%	None	None
Fidelity Intl Discovery[14]	Foreign Large Growth	0.94%	0.94%	None	None
Fidelity Diversified Intl[14]	Foreign Large Growth	0.94%	0.94%	None	None
Specialty					
American Century® Utilities[10,15]	Utilities	0.67%	0.67%	None	None
PGIM Jennison Utility A[15]	Utilities	0.82%	0.82%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.04%	1.04%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.77%	0.77%	None	30 days, any amt
AllianzGI Technology Admin[15]	Technology	1.50%	1.35%	None	None
VantageBroker	NA	0.00%	0.00%		

All data on page is as of June 30, 2018

Differences between the net and gross expense ratios of a fund are typically due to fee waivers, expense reimbursements, and/or expense limits.

See disclosures at end of chapter

ICMA-RC Participant Account Fees (401) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2018

Service	Fee	Number of Assessments	Annual Cost
Administration Fees Charged to Participant Accounts			
Per Participant Fee	$48 annual fee	956	$11,460
Administration	% (annualized) on assets	--	NA
Loans			
Origination, Refinance, Reamortization	$75 per application	98	$7,800
Loan Maintenance	$50 annual fee	356	$18,241
ACH Reject	$20 per occurrence	--	NA
Guided Pathways			
Fund Advice[19]	$20 annual fee	--	NA
Managed Accounts[19,20]	0.40% on first $100,000 0.35% on next $100,000 0.25% on next $300,000 0.00% on All assets over $500,000 *(Managed Account fees are annualized)*	109 participants $24,377,897 in assets	$64,771
Brokerage			
Self-Directed Brokerage[21,23]	$50 one-time setup fee *(additional fees by brokerage provider also apply)*	2	$100
Expedited Disbursement			
Wire & FedEx	varies by delivery address	39	$1,655
Legal			
Domestic Relations Order Processing	$250 per divorce	8	$1,000
Total Fees from Participant Accounts			**$105,028**

All data on page is as of June 30, 2018

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, 2018, the estimated annual cost to your plan is $598,356 consisting of $545,554 from fund fees and expenses (0.51% of plan assets) and $52,802 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	$590 (0.00%)***	$103,121 (0.10%)	$103,711 (0.10%)
Participant Account Fees	$52,802	$0	$52,802
Total	$53,392	$103,121	$156,513

* Fees for record keeping, administration and education services for participants and plan sponsors.
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***The total estimated annual revenue utilizes a snapshot of the assets at quarter-end. The administrative allowance is the actual amount returned to the plan and the calculation utilizes the average daily balance of the funds to calculate the amount to be returned to the plan.

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, 2018

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[16]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*[,3]	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Stable Value/Cash Management								
VT PLUS Fund[4]	Stable Value	$19,188,004	0.57%	$109,372	0.00%	$0	0.30%	$57,564
VT Cash Management[6]	NA	$313,690	0.44%	$1,380	0.25%	$784	0.00%	$0
Bond								
PIMCO Low Duration[8]	Short-Term Bond	$260,630	0.71%	$1,850	0.25%	$652	0.00%	$0
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	$2,152,233	0.05%	$1,076	0.00%	$0	0.00%	$0
PIMCO Total Return Instl[8]	Intermediate-Term Bond	$4,895,629	0.46%	$22,520	0.00%	$0	0.00%	$0
PIMCO Real Return Admin[8]	Inflation-Protected Bond	$1,381,089	0.70%	$9,668	0.25%	$3,453	0.00%	$0
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	$1,042,907	0.69%	$7,196	0.15%	$1,564	0.00%	$0
Guaranteed Lifetime Income								
VT Retirement IncomeAdvantage[17]	NA	$2,192,154	1.70%	$37,267	0.45%	$9,865	0.05%	$1,096
Target-Risk/Target-Date								
Vanguard Target Retire Income[9,12]	Target-Date Retirement	$123,515	0.13%	$161	0.00%	$0	0.00%	$0
Vanguard Target Retire 2015[9,12]	Target-Date 2015	$195,441	0.13%	$254	0.00%	$0	0.00%	$0
Vanguard Target Retire 2020[9,12]	Target-Date 2020	$1,159,599	0.13%	$1,507	0.00%	$0	0.00%	$0
Vanguard Target Retire 2025[9,12]	Target-Date 2025	$1,269,343	0.14%	$1,777	0.00%	$0	0.00%	$0
Vanguard Target Retire 2030[9,12]	Target-Date 2030	$1,878,317	0.14%	$2,630	0.00%	$0	0.00%	$0
Vanguard Target Retire 2035[9,12]	Target-Date 2035	$1,020,321	0.14%	$1,428	0.00%	$0	0.00%	$0
Vanguard Target Retire 2040[9,12]	Target-Date 2040	$2,176,341	0.15%	$3,265	0.00%	$0	0.00%	$0
Vanguard Target Retire 2045[9,12]	Target-Date 2045	$1,210,122	0.15%	$1,815	0.00%	$0	0.00%	$0
Vanguard Target Retire 2050[9,12]	Target-Date 2050	$637,135	0.15%	$956	0.00%	$0	0.00%	$0
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	$1,088,929	0.77%	$8,385	0.25%	$2,722	0.29%	$3,158
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	$4,398,899	0.79%	$34,751	0.25%	$10,997	0.28%	$12,317
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	$7,226,601	0.80%	$57,813	0.25%	$18,067	0.28%	$20,234
VT Vantagepoint MP Glbl Eq Gr[9]	World Large Stock	$2,523,024	0.89%	$22,455	0.25%	$6,308	0.30%	$7,569
Balanced								
Fidelity Balanced	Allocation--50% to 70% Equity	$2,505,702	0.55%	$13,781	0.25%	$6,264	0.00%	$0

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See disclosures at end of chapter

ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[16]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*,[3]	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Balanced								
BlackRock Global Allocation	World Allocation	$139,409	1.07%	$1,492	0.50%	$697	0.00%	$0
U.S. Stock								
VT Vantagepoint Equity Income[24]	Large Value	$591,312	0.71%	$4,198	0.25%	$1,478	0.20%	$1,183
AllianzGI NFJ Dividend Value[24]	Large Value	$2,624,762	0.59%	$15,486	0.10%	$2,625	0.00%	$0
Vanguard 500 Index Admiral	Large Blend	$3,187,280	0.04%	$1,275	0.00%	$0	0.00%	$0
American Funds Fundamental Inv	Large Blend	$4,596,533	0.35%	$16,088	0.05%	$2,298	0.00%	$0
JPMorgan US Equity I	Large Blend	$302,439	0.69%	$2,087	0.25%	$756	0.00%	$0
Fidelity Contrafund®[24]	Large Growth	$6,623,282	0.74%	$49,012	0.25%	$16,558	0.00%	$0
Am Funds Growth Fund of Am R5[24]	Large Growth	$6,884,141	0.38%	$26,160	0.05%	$3,442	0.00%	$0
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	$1,847,363	0.05%	$924	0.00%	$0	0.00%	$0
Westwood SMidCap Institutional[22]	Mid-Cap Blend	$208,709	0.88%	$1,837	0.25%	$522	0.00%	$0
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	$2,962,126	1.14%	$33,768	0.25%	$7,405	0.00%	$0
Columbia Small/Mid Cap Value[13,24]	Small Value	$453,582	0.99%	$4,490	0.25%	$1,134	0.00%	$0
Columbia Small Cap Value I[13,24]	Small Value	$922,691	1.07%	$9,873	0.25%	$2,307	0.00%	$0
Vanguard Small-Cap Index Adm[13]	Small Blend	$1,115,419	0.05%	$558	0.00%	$0	0.00%	$0
Fidelity Small Cap Discovery[13]	Small Blend	$1,392,085	0.69%	$9,605	0.25%	$3,480	0.00%	$0
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	$356,998	1.19%	$4,248	0.25%	$892	0.00%	$0
International/Global Stock								
American Funds Cap World G&I[14]	World Large Stock	$4,655,238	0.49%	$22,811	0.05%	$2,328	0.00%	$0
Harbor International Admin[14]	Foreign Large Blend	$430,248	0.97%	$4,173	0.25%	$1,076	0.00%	$0
Fidelity Intl Discovery[14]	Foreign Large Growth	$1,369,787	0.94%	$12,876	0.25%	$3,424	0.00%	$0
Fidelity Diversified Intl[14]	Foreign Large Growth	$1,536,313	0.94%	$14,441	0.25%	$3,841	0.00%	$0
Specialty								
PGIM Jennison Utility A[15]	Utilities	$395,216	0.82%	$3,241	0.40%	$1,581	0.00%	$0
Nuveen Real Estate Securities[15]	Real Estate	$812,018	1.04%	$8,445	0.25%	$2,030	0.00%	$0
T Rowe Price® Health Sciences[11,15]	Health	$2,013,621	0.77%	$15,505	0.15%	$3,020	0.00%	$0

All data on page is as of June 30, 2018

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See disclosures at end of chapter

Fund Costs and ICMA-RC Revenue (457 Plan)

			Plan Expenses		ICMA-RC Gross Revenue			
Fund[1]	Morningstar Category[16]	Quarter-End Assets	Net Expense Ratio	Estimated Expense Cost	Record Keeping*,[3]	Estimated Annual Revenue	Investment Advisory**	Estimated Annual Revenue
Specialty								
AllianzGI Technology Admin[15]	Technology	$1,613,436	1.35%	$21,781	0.35%	$5,647	0.00%	$0
VantageBroker	NA	$2,006,790	0.00%	$0	0.06%	$1,204	0.00%	$0
Total Quarter-End Assets:		$107,880,422						
Total Fees and Expenses to Plan:			0.58%	$625,681				
Total Recordkeeping Revenue Retained by ICMA-RC:					0.12%	$128,422		
Total Investment Advisory Revenue Retained by ICMA-RC:							0.10%	$103,121
Administrative Allowance:		$127,832						
Total Fees and Expenses after Administrative Allowance:			0.46%	$497,849				
Total Recordkeeping Revenue Retained by ICMA-RC After Admin Allowance:					0.00%	$590***		

All data on page is as of June 30, 2018

* 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.
***The total estimated annual revenue utilizes a snapshot of the assets at quarter-end. The administrative allowance is the actual amount returned to the plan and the calculation utilizes the average daily balance of the funds to calculate the amount to be returned to the plan.

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

See disclosures at end of chapter

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
Stable Value/Cash Management					
VT PLUS Fund[4]	Stable Value	0.59%	0.57%	None	Equity wash
VT Cash Management[6]	NA	0.44%	0.44%	None	None
Bond					
PIMCO Low Duration[8]	Short-Term Bond	0.78%	0.71%	None	None
Vanguard Ttl Bond Mkt Idx Adm[8]	Intermediate-Term Bond	0.05%	0.05%	None	None
PIMCO Total Return Instl[8]	Intermediate-Term Bond	0.51%	0.46%	None	None
PIMCO Real Return Admin[8]	Inflation-Protected Bond	0.89%	0.70%	None	None
Delaware High-Yield Opp Instl[23,8]	High Yield Bond	0.90%	0.69%	None	30 days, any amt
Guaranteed Lifetime Income					
VT Retirement IncomeAdvantage[17]	NA	1.70%	1.70%	None	90 days, any amt
Target-Risk/Target-Date					
Vanguard Target Retire Income[9,12]	Target-Date Retirement	0.13%	0.13%	None	None
Vanguard Target Retire 2015[9,12]	Target-Date 2015	0.13%	0.13%	None	None
Vanguard Target Retire 2020[9,12]	Target-Date 2020	0.13%	0.13%	None	None
Vanguard Target Retire 2025[9,12]	Target-Date 2025	0.14%	0.14%	None	None
Vanguard Target Retire 2030[9,12]	Target-Date 2030	0.14%	0.14%	None	None
Vanguard Target Retire 2035[9,12]	Target-Date 2035	0.14%	0.14%	None	None
Vanguard Target Retire 2040[9,12]	Target-Date 2040	0.15%	0.15%	None	None
Vanguard Target Retire 2045[9,12]	Target-Date 2045	0.15%	0.15%	None	None
Vanguard Target Retire 2050[9,12]	Target-Date 2050	0.15%	0.15%	None	None
VT Vantagepoint MP Cons Growth[9]	Allocation--30% to 50% Equity	0.77%	0.77%	None	None
VT Vantagepoint MP Trad Growth[9]	Allocation--50% to 70% Equity	0.79%	0.79%	None	None
VT Vantagepoint MP Lng-Trm Gr[9]	Allocation--70% to 85% Equity	0.80%	0.80%	None	None
VT Vantagepoint MP Glbl Eq Gr[9]	World Large Stock	0.89%	0.89%	None	None
Balanced					
Fidelity Balanced	Allocation--50% to 70% Equity	0.55%	0.55%	None	None
BlackRock Global Allocation	World Allocation	1.16%	1.07%	None	None
U.S. Stock					
VT Vantagepoint Equity Income[24]	Large Value	0.71%	0.71%	None	None

All data on page is as of June 30, 2018

See disclosures at end of chapter

ICMARC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Fund Costs (457 Plan)

Fund[1]	Morningstar Category[16]	Gross Expense Ratio	Net Expense Ratio	Redemption Fee[1]	Trade Restriction[1]
U.S. Stock					
AllianzGI NFJ Dividend Value[24]	Large Value	0.74%	0.59%	None	None
Vanguard 500 Index Admiral	Large Blend	0.04%	0.04%	None	None
American Funds Fundamental Inv	Large Blend	0.35%	0.35%	None	30 days, $5000
JPMorgan US Equity I	Large Blend	0.75%	0.69%	None	None
Fidelity Contrafund®[24]	Large Growth	0.74%	0.74%	None	None
Am Funds Growth Fund of Am R5[24]	Large Growth	0.38%	0.38%	None	30 days, $5000
Vanguard Mid-Cap Index Admiral[22]	Mid-Cap Blend	0.05%	0.05%	None	None
Westwood SMidCap Institutional[22]	Mid-Cap Blend	0.98%	0.88%	None	None
Harbor Mid Cap Growth Admin[22,24]	Mid-Cap Growth	1.14%	1.14%	None	None
Columbia Small/Mid Cap Value[13,24]	Small Value	0.99%	0.99%	None	30 days, any amt
Columbia Small Cap Value I[13,24]	Small Value	1.13%	1.07%	None	30 days, any amt
Vanguard Small-Cap Index Adm[13]	Small Blend	0.05%	0.05%	None	None
Fidelity Small Cap Discovery[13]	Small Blend	0.69%	0.69%	None	None
AMG TimesSquare Sm Cap Growth[13,24]	Small Growth	1.19%	1.19%	None	None
International/Global Stock					
American Funds Cap World G&I[14]	World Large Stock	0.49%	0.49%	None	30 days, $5000
Harbor International Admin[14]	Foreign Large Blend	1.06%	0.97%	None	None
Fidelity Intl Discovery[14]	Foreign Large Growth	0.94%	0.94%	None	None
Fidelity Diversified Intl[14]	Foreign Large Growth	0.94%	0.94%	None	None
Specialty					
PGIM Jennison Utility A[15]	Utilities	0.82%	0.82%	None	None
Nuveen Real Estate Securities[15]	Real Estate	1.04%	1.04%	None	None
T Rowe Price® Health Sciences[11,15]	Health	0.77%	0.77%	None	30 days, any amt
AllianzGI Technology Admin[15]	Technology	1.50%	1.35%	None	None
VantageBroker	NA	0.00%	0.00%		

All data on page is as of June 30, 2018

Differences between the net and gross expense ratios of a fund are typically due to fee waivers, expense reimbursements, and/or expense limits.

See disclosures at end of chapter

ICMA-RC Participant Account Fees (457) Plans

Assessments from Participant Accounts in 12 months ending June 30, 2018

Service	Fee	Number of Assessments	Annual Cost
Administration Fees Charged to Participant Accounts			
Per Participant Fee	$48 annual fee	904	$10,843
Administration	% (annualized) on assets	--	NA
Loans			
Origination, Refinance, Reamortization	$75 per application	--	NA
Loan Maintenance	$50 annual fee	--	NA
ACH Reject	$20 per occurrence	--	NA
Guided Pathways			
Fund Advice[19]	$20 annual fee	--	NA
Managed Accounts[19,20]	0.40% on first $100,000 0.35% on next $100,000 0.25% on next $300,000 0.00% on All assets over $500,000 *(Managed Account fees are annualized)*	111 participants $15,100,918 in assets	$41,214
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	11	$495
Legal			
Domestic Relations Order Processing	$250 per divorce	2	$250
Total Fees from Participant Accounts			**$52,802**

All data on page is as of June 30, 2018

See disclosures at end of chapter

ICMA-RC
BUILDING PUBLIC SECTOR RETIREMENT SECURITY

Glossary

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

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

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

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

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

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

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

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

Glossary

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

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

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

Managed Accounts Fee – An asset-based fee paid by participants who receive independent managed account services. Fee reductions may be provided when participant accounts reach certain asset levels. Fees are 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.

Net Expense Ratio – The amount shown is the gross expense ratio less any expense waivers, expense reimbursements, expense limits and/or the reimbursement of fees to the fund.

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

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

Glossary

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

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

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

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

Disclosures

[1] *Before investing, please read the applicable Fund Fact Sheet(s) and the Fund's Disclosure Memorandum carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. This information is available when you log in at www.icmarc.org/login, or upon request by calling 800-669-7400.*

Please read the fund's prospectus or disclosure materials 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 or disclosure materials before investing. You may contact us to obtain a prospectus or disclosure materials, or to answer questions by calling 800-669-7400, emailing investorservices@icmarc.org, or visiting www.icmarc.org

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Frequent trading rules are designed to detect and discourage trading activities that may increase costs to all investors. All funds or underlying funds are monitored for frequent trading. Certain funds or underlying funds may impose fees or restrictions to deter frequent trading. Current information about these fees or restrictions can be found in a fund's or underlying fund's prospectus or disclosure materials. To request a prospectus or disclosure materials, you may contact us 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.

Funds or underlying funds may charge a redemption fee. Information about redemption fees, if any, will be contained in the fund's or underlying fund's prospectus or disclosure materials. To request a prospectus or disclosure materials, you may contact us by calling 800-669-7400, emailing *investorservices@icmarc.org*, or logging in to your account at www.icmarc.org.

[2] Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc. Morningstar, Inc. and Morningstar Investment Management LLC are not affiliated with ICMA-RC. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc.

Disclosures

3 ICMA-RC or its affiliates receive payments from third-party mutual funds that underlie certain VantageTrust Funds. These payments are for services rendered by ICMA-RC or its affiliates to plans and participants, and are in the form of 12b-1 fees, service fees, compensation for sub-accounting and other services provided by ICMA-RC or its affiliates. The revenue amounts listed for VT Vantagepoint Funds and the VT PLUS Fund include all compensation paid by the fund to ICMA-RC and/or its affiliates. This amount includes compensation for investment advisory, transfer agency, and plan/participant services that is included in the daily NAV calculation. Revenue is subject to change at the discretion of the fund company and is received at various times throughout the course of a year based on the policies of the individual fund companies.

4 VT PLUS Fund return is annualized for all periods.

Direct transfers from a stable value fund to competing funds are restricted. Competing funds may include, but are not limited to money market mutual funds, certificates of deposit, stable value funds, investment options that offer guarantees of principal or income, certain short-term bond funds and self-directed brokerage accounts. Certain restrictions may apply when you want to transfer money from a stable value fund to a competing fund. These restrictions generally include waiting periods before transfers can be made back into a stable value fund. For additional information on the VT PLUS Fund restrictions on transfers to competing funds, please refer to the Fund's Fact Sheet and Funds' Disclosure Memorandum.

5 *You could lose money by investing in the Fund. Although the Fund seeks to preserve the value of your investment at $1.00 per share, it cannot guarantee it will do so. An investment in the Fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The Fund's sponsor has no legal obligation to provide financial support to the Fund, and you should not expect that the sponsor will provide financial support to the Fund at any time.*

6 *The Fund is invested in a single registered mutual fund, the Fidelity Money Market Government Portfolio. Investments in the fund are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. It is possible to lose money by investing in the fund.*

7 Not applicable.

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

BUILDING PUBLIC SECTOR RETIREMENT SECURITY

[9] Not applicable.

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

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

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

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

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

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

[16] Morningstar places funds in certain categories based on the fund's historical portfolio holdings. Placement of a fund in a particular Morningstar category does not mean that the fund will remain in that category or that it will invest primarily in securities consistent with its Morningstar category. A fund's investment strategy and portfolio holdings are governed by its prospectus, guidelines or other governing documents, not its Morningstar category. The source for this information is Morningstar, Inc. Copyright © 2018 Morningstar, Inc.™ All Rights Reserved. The information contained herein: (1) is proprietary to Morningstar and/or its content providers; (2) may not be copied or distributed; and (3) is not warranted to be accurate, complete or timely. Neither Morningstar nor its content providers are responsible for any damages or losses arising from any use of this information. Morningstar, Inc. is a global investment research firm that is not affiliated with ICMA-RC. ICMA-RC does not independently verify Morningstar data.

Disclosures

[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. ©2018 Prudential, the Prudential logo, and the Rock symbol and Bring Your Challenges are service marks of the Prudential Insurance Company of America, Newark, NJ, and its related entities, registered in many jurisdictions worldwide. Note: Participants who are interested in the VT Retirement IncomeAdvantage Fund must first receive and read the VT Retirement IncomeAdvantage Fund Important Considerations document, before investing.

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

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

[19] Investment advice and analysis tools are offered to participants through ICMA-RC, a federally registered investment adviser. Investment advice is the result of methodologies developed, maintained and overseen by the Independent Financial Expert, Morningstar Investment Management LLC. Morningstar Investment Management LLC is a registered investment advisor and subsidiary of Morningstar, Inc. Morningstar, Inc. and Morningstar Investment Management LLC are not affiliated with ICMA-RC. All rights reserved. The Morningstar name and logo are registered marks of Morningstar, Inc.

[20] Underlying mutual fund expenses and plan administration fees still apply. Please consult the applicable disclosure materials 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.

[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.

To: Board of Commissioners, Finance Committee
From: Heather Shawa, Chief Financial Officer
Date: November 6, 2018
Re: 401(a) and 457(b) Plan Amendments and Investment Policy Statement Revisions

EXECUTIVE SUMMARY

Included with the November 6, 2018 Finance Committee Packet are several documents which require the Board of Commissioners' approval:

1. Three Addendums related to both Lansing Board of Water and Light Defined Contribution 401(a) Plans ("Defined Contribution Plans") and the Lansing Board of Water and Light Deferred Compensation 457(b) Plan ("Deferred Compensation Plan");
2. Statements of Investment Policies, Procedures and Objectives for both Lansing Board of Water and Light Defined Contribution 401(a) Plans and the Lansing Board of Water and Light Deferred Compensation 457(b) Plan; and
3. Resolutions for both Lansing Board of Water and Light Defined Contribution 401(a) Plans and the Lansing Board of Water and Light Deferred Compensation 457(b) Plan;

The proposed Addendums do not change, or delegate authority to change, any current or future benefits. The primary objective of the Addendums is to clearly establish the Trustees ability to delegate certain investment authority to the Retirement Plan Committee ("RPC"). The Statements of Investment Policies, Procedures and Objectives provide an update to our current investment policy statement which was last updated in 2010 and is shared by all three plans. The update serves to more fully define the various plan fiduciary roles and responsibilities as well as the fund selection and performance evaluation process. The update will also separate the single, shared policy into three distinct policies.

Background:

The Lansing Board of Water and Light sponsors two Defined Contribution Plans and a Deferred Compensation Plan. The General Manager, Chief Financial Officer, and certain staff members currently have authority to take and oversee actions associated with the investment of these plan assets (hereinafter known as the "Current Investment Structure") pursuant to resolutions previously approved by the Board of Commissioners.

Senior Management consulted with its outside investment advisor and legal counsel (both internal and external benefit expert) to formalize the Current Investment Structure with regard to both Defined Contribution Plan and Deferred Compensation Plan assets. After considering current industry practices and trends, Senior Management recommends formally documenting the Current Investment Structure so that the allocation of fiduciary responsibility relating to both Defined Contribution Plans and the Deferred Compensation Plan is clearly defined. To that end, and similar to the recent DB and VEBA plan restructuring, Senior Management's recommendation calls for the Board of Commissioners to clearly establish the ability for Trustees of both Defined Contribution Plans and the Deferred Compensation Plan to be able to delegate certain investment-related authority to the RPC. The included Addendums and

Statements of Investment Policies, Procedures and Objectives formalize the Current Investment Structure as more fully described below.

The documents referenced above are further detailed as follows:

1. The Addendums for the plans allow the Trustees to delegate the powers which have been granted to them in the plan and trust documents. In addition, the Addendums more clearly establish the official plan names.

2. The Statements of Investment Policies, Procedures and Objectives each enumerate the investment-related authority that the Trustees will delegate to the RPC related to the investment of the assets of each Plan. That delegation of authority will become effective when the Trustees meet in November 2018. Prior to that November meeting, the General Manager, Chief Financial Officer and appropriate staff members will continue to have the authority to make investment decisions, consistent with current practice.

3. The resolutions adopt the proposed Addendums, approve the proposed Statements of Investment Policies, Procedures and Objectives, and acknowledge that the Trustees intend, and have the ability to delegate certain investment authority related to these plans to the RPC.

Summary Recommendation

Senior Management recommends adoption of the Addendums and approval of the Statements of Investment Policies, Procedures and Objectives in order to formalize our Current Investment Structure. The RPC members consist of the Chief Financial Officer (Chair), Executive Director of Human Resources, and Manager of Finance.

Excerpt from Section 6.02 of ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 106696

6.02 Investment Powers. The trustee, or the Plan Administrator, acting solely in its capacity as agent for the trustee, shall have the powers listed in this Section with respect to the investment of Trust assets~~,~~. The trustee may 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 6.02, but only to the extent that such delegation is permitted by the Plan's Investment Policy Statement that is approved from time to time by the Employer. Any such delegation must be reported promptly to the Employer. The delegation must be in writing (including by electronic mail) and must be kept with the trustee's permanent records. The powers of the trustee (and any delegatee) under this Section 6.02 are limited ~~except~~ to the extent that the investment of Trust assets is controlled by Participants~~,~~ pursuant to Sections 6.05 and 13.03.

Addendum Number 1
Plan Number 106696

LANSING BOARD OF WATER AND LIGHT ICMA RETIREMENT CORPORATION GOVERNMENTAL MONEY PURCHASE PLAN & TRUST NUMBER 106696 ADDENDUM

This Addendum amends the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 106696 by making the changes that are described below, effective November 13, 2018.

1. The first sentence of Section 6.02 of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 106696 is replaced in its entirety with the following:

> "The trustee, or the Plan Administrator acting solely in its capacity as agent for the trustee, shall have the powers listed in this Section with respect to the investment of Trust assets. The trustee may 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 6.02, but only to the extent that such delegation is permitted by the Plan's Investment Policy Statement that is approved from time to time by the Employer. Any such delegation must be reported promptly to the Employer. The delegation must be in writing (including by electronic mail) and must be kept with the trustee's permanent records. The powers of the trustee (and any delegatee) under this Section 6.02 are limited to the extent that the investment of Trust assets is controlled by Participants pursuant to Sections 6.05 and 13.03."

2. The name of the Plan is changed to "Lansing Board of Water and Light Defined Contribution Plan and Trust 1".

LANSING BOARD OF WATER AND LIGHT

Dated: ________________________ By: ______________________________
Its: Chair, Board of Commissioners

Dated: ________________________ By: ______________________________
Its: Corporate Secretary

LANSING BOARD OF WATER AND LIGHT
EMPLOYEES' DEFINED CONTRIBUTION PENSION PLAN
INVESTMENT POLICY STATEMENT

PART I - THE PLAN

The Lansing Board of Water and Light (the "Employer") adopted the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (the "Plan") to provide funds for its Employees' retirement, and to provide funds for their Beneficiaries in the event of death. The plan shall be maintained for the exclusive benefit of eligible Employees and their Beneficiaries.

PART II - THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

The Investment Policy Statement is intended to assist the Employer in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, evaluation and monitoring of the funds utilized by the Plan. Specifically, the Investment Policy Statement:

- Defines investment objectives
- Defines investment offerings
- Defines criteria for investment selection
- Describes monitoring procedures

The Investment Policy Statement will be reviewed periodically, and, if appropriate, can be amended to reflect changes in the capital markets, plan participant objectives, or other factors relevant to the plan.

If there is a discrepancy between the Investment Policy Statement and the Plan or the related Trust Agreement, the Plan and the related Trust Agreement shall supersede.

PART III - INVESTMENT OBJECTIVES

The Plan's funds will be selected to:

- Maximize return, on a risk adjusted basis, within each asset class
- Provide opportunity to create a well diversified portfolio
- Control administrative and management costs
- Comply with relevant Michigan and Federal law, including Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended

PART IV – INVESTMENT OFFERINGS

The Employer intends to provide an appropriate range of funds that will span the risk/return spectrum. Further, the Plan fund options will allow Plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for

risk. To ensure adequate diversification, the fund offerings must include a broad selection ranging in objective from capital preservation to capital appreciation and spanning the risk spectrum from conservative to aggressive. The fund offerings must include funds that have distinct and materially different risk and return characteristics enabling participants to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for the participant or beneficiary. Each fund's investment objective, style, risk-level and performance expectations should be understandable and clearly communicated.

Although the opportunity to create a well diversified portfolio is of high importance, multiple funds in any style or risk/return orientation may lead to participant confusion and unnecessarily high administrative and management fees. Accordingly, style duplication should be avoided where it adds little value for the participants and beneficiaries.

To provide adequate opportunity for diversification as described above, the Employer will provide offerings within the Plan that include the following fund types/classes:

- Stable Value Fund
- Core Bond Fund
- Balanced Fund
- Domestic Equity Funds – the following three main types:
    - Large Cap – the following three sub types:
        - Growth, Value, Blend
    - Mid Cap – the following three sub types:
        - Growth, Value, Blend
    - Small Cap – the following three sub types:
        - Growth, Value, Blend
- International Equity Fund

Additional funds that may be provided include, but are not limited to:

- Target Date Funds
- Index Funds
- Specialty Funds
- Self-directed brokerage program

The Employer has the discretion to establish and alter the fund offerings as deemed appropriate to meet the above stated guidelines.

Although the Employer will make substantial efforts to provide educational materials and discussions to help participants make informed decisions, the Plan allows each participant to direct the investment of the funds in his or her Plan account and the participants alone bear the risk of investment results from the funds they choose.

PART V - SELECTION OF INVESTMENTS

Fund performance measures are set to provide guidance in the selection and retention of funds for the Plan. The measures serve to ensure that funds meet performance and risk expectations appropriate for successful retirement investing. The measures are as follows:

- Fund performance will be objectively measured against both peers and appropriate market benchmarks to ensure that each fund is performing in line with expectations for the pertinent asset class and style. Each fund's performance will be measured against:

    - a peer group that reflects the fund's asset class and style
        - The peer group will consist of like-style funds within its asset class as compiled and measured by an advisor or other third party such as Morningstar or other rating services.
        - The evaluation will consider performance over shorter and longer time periods, e.g. quarterly as well as one-, three- and five-year periods.
        - Fund performance is expected to exceed median peer performance over multiple periods.

    - a market benchmark that reflects the fund's asset class and style
        - The evaluation will consider performance over shorter and longer time periods, e.g., quarterly as well as one-, three- and five-year periods.
        - Fund performance is expected to exceed benchmark returns over multiple periods.

- Other non-investment performance factors will also be reviewed to determine the appropriateness of fund offerings. Such factors may include but are not limited to:

    - Company management, to ensure that the fund organization is stable and adequately supports fund management
    - Fund management, to ensure that portfolio management resources are stable and positioned to produce successful results in the future
    - Fund fees, to ensure that they are in line with peers and do not have an inordinate negative impact on net performance results.

PART VI - INVESTMENT MONITORING AND REPORTING

Monitoring should occur on a regular basis (e.g., semiannually or quarterly) and utilize the same criteria that were the basis of the fund selection decision. While frequent change is neither expected nor desirable, the process of monitoring fund performance relative to specified measures is an on-going process.

If a period of underperformance or a negative non-performance event is identified as a result of monitoring, it generally will not result in the immediate closure or elimination of a fund. In cases where immediate fund closure or elimination are not initiated, the fund will be subjected to increased monitoring and evaluation measures which may include enhanced performance monitoring and discussions with the plan administrator. Upon determination that the fund performance is not reasonably expected to recover to a sufficient level, the fund will be eliminated or replaced with another fund within the same asset class that is meeting or exceeding the measures as defined in Part V of the Investment Policy Statement. Before such action is taken, full consideration will be given to the impact on participants including transition to another fund and timing of the change given administration and communication requirements.

LANSING BOARD OF WATER AND LIGHT DEFINED CONTRIBUTION PLAN AND TRUST 1

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective November 13, 2018, except as otherwise noted herein

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SUMMARY OF PURPOSE AND OBJECTIVES

Plan Purpose and Objectives

The Lansing Board of Water and Light ("BWL") is a municipal utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan.

This Statement of Investment Policies, Procedures and Objectives ("Statement") is issued by the Commissioners of the Lansing Board of Water and Light (the "Commissioners") for the Lansing Board of Water and Light Defined Contribution Plan and Trust 1 (the "Plan").

The Plan covers the eligible employees of the BWL and its related entities according to the terms of the Plan document, with the objective of offering participants the opportunity to save, manage, accumulate and preserve retirement account assets.

The Trustees of the Plan are the eight appointed voting Commissioners of the Lansing Board of Water and Light. Non-voting Commissioners are not Trustees of the Plan. The Trustees have delegated certain responsibilities that are described in this Statement to the Retirement Plan Committee (the "Committee"), effective as of the date on which this Statement is acknowledged by the Trustees. As of that date, all provisions in this Statement relating to the Committee shall become operative.

Responsibility for selecting Investment Managers, Investment Consultants, and other investment service providers required for the management of the Plan's assets and for evaluating overall investment results has been delegated to the Committee which shall report to the Trustees regarding selections made and investment performance. The Trustees must evaluate the Committee's actions in light of the Committee's responsibilities under the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees by the Commissioners in writing.

Decisions regarding investment options will be made in the sole interest of the participants and beneficiaries of the Plan. All Plan assets may be invested at the discretion of the participant, or if permitted, their beneficiary, in investment options selected from a group of alternatives made available by the Plan. The number and types of investment alternatives available and the Investment Managers retained to manage the alternatives are subject to change.

The provisions of the Statement are subject to the terms of the Plan and the agreement establishing the Trust maintained pursuant to the Plan. To the extent of any conflict between this Statement and the terms of the Plan, the terms of such Plan control. This Statement does not provide any additional rights to any party other than those that are described in those documents. Any investment advisory agreement that is entered into from time to time by the Committee must be subject to the terms of this Statement.

Purpose of the Statement

The purpose of this Statement is to assist the Committee in effectively selecting, supervising, and evaluating the investment options provided under the Plan. The primary focus of this Statement is to:

1. Clearly describe and distinguish among the responsibilities of the Committee, the Investment Managers, the Third Party Administrator, the Custodian, the Trustee, the Investment Consultant, and any additional service providers.
2. Establish formal criteria to select and monitor the investment options under the Plan; and
3. Facilitate communication between the Committee and all service providers.

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with BWL's investment philosophy. Any revisions or

updates made to the Statement shall be communicated to the Trustees and the Committee 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.

ROLES AND RESPONSIBILITIES

Lansing Board of Water and Light Retirement Plan Committee

The Committee is responsible for overseeing the administration of the Plan and investment of the Plan assets. Its duties include executing this Statement, hiring investment service providers, and monitoring and evaluating the performance of service providers in carrying out this Statement.

The responsibilities of the Committee, as delegated by the Trustees, include:

1. Establishing, monitoring, reviewing and modifying the number and types of investment options available to Plan participants, including default options for participants who fail to make investment elections.
2. Conducting appropriate due diligence in the selection of all investment service providers.
3. Retaining investment service providers as necessary, including, but not limited to investment advisors and consultants, and investment managers.
4. Establishing effective communication procedures among all investment service providers and the Committee.
5. Monitoring the success of the investment program in meeting established objectives - including appropriateness of funds offered and fund performance.
6. Ensuring that the Plan's investment options are appropriately communicated to participants by working with the Plan sponsor toward that goal.

Investment Consultant

The primary role of the Investment Consultant is to assist the Retirement Plan Committee in fulfilling its responsibilities by providing information, analysis and a prudent process that contribute to the success of the investment program. Specifically, the responsibilities of the Investment Consultant are as follows:

1. Assisting the Retirement Plan Committee in selecting investment options that provide Plan participants with the ability to construct a diversified portfolio at the appropriate risk level.
2. Assisting in identifying appropriate market benchmarks and peer groups for the evaluation of each investment option.
3. Assisting in a prudent Investment Manager search process, identifying appropriate candidates for review and selection by the Retirement Plan Committee.
4. Monitoring the investment management firms and investment options on an on-going basis and informing the Retirement Plan Committee of material developments.
5. As requested, assisting in educating the Retirement Plan Committee on investment issues that might impact the Plan.
6. Assisting the Retirement Plan Committee in analyzing fees and summarizing fees paid to various service providers.
7. Keeping abreast of and updating the Committee on the legislative environment, industry trends, and Plan design options.

8. In addition to the above services, the Investment Consultant is responsible for any other services listed in the Investment Advisory Agreement.

Custodian (Directed Trustee)

The Custodian provides the services listed below:

1. Adequate safekeeping services.
2. Accurate and timely pricing of securities.
3. Timely settlement of securities transactions.
4. Timely collection of income.
5. Suitable accounting services.
6. Appropriate data processing capabilities.
7. Communication with the Committee regarding any concerns or issues with respect to such services.
8. In addition to the above services, the Custodian is responsible for any other services listed in the Custodial Service Agreement.

Third Party Administrator (TPA)/Record Keeper

The TPA provides the services listed below.

1. Suitable and accurate participant record keeping and administrative services.
2. Accurately and timely provide Plan data and reports to the Committee upon request.
3. Compliance testing and required form filing services, if applicable.
4. Participant services including quarterly statements, Voice Response Unit (VRU) access, access to phone representatives, and Web access to participant account information and transactions.
5. Notification to the Committee of any concerns or issues with respect to such services.
6. In addition to the above services, the TPA is responsible for any other services listed in the Third Party Service Agreement.

Investment Managers

The specific duties and responsibilities of each Investment Manager are as follows:

1. To manage the Plan assets under its supervision in accordance with guidelines and objectives included in each Investment Manager's agreement, or in accordance with the prospectus for mutual funds and consistent with each Investment Manager's stated investment philosophy and style as presented to the Investment Consultant.
2. To exercise investment discretion in regard to buying, managing and selling assets held in the portfolio, subject to any limitations contained in this document and the Investment Manager's agreement or prospectus.

   See Plan's quarterly investment monitoring report for listing of all Investment Managers.

INVESTMENT OPTION POLICIES

Selection of Investment Options

The Committee will determine, through an understanding of eligible participants, the most appropriate number and type of investment options to offer, and which specific Investment Manager to employ for each investment option. With the assistance of the Investment Consultant, the Committee has selected the asset classes and Investment Managers to represent the investment options shown in the Plan's quarterly investment monitoring report.

Default Investment

The discretionary assets of participants who do not make an active selection among the available options will be placed in the Plan's default fund(s). Defaulted assets will be placed into the appropriate target date fund based on the age and assumed time to retirement of the participant.

Description of Investment Options

In order to provide appropriate investment alternatives for participants, a diversified menu of investment options is to be made available under the Plan. The specific investment options available under the Plan are identified in the Plan's quarterly investment monitoring report. Below is a description of the asset classes that may be offered in the Plan:

Money Market
Investments in short term, high-quality securities with very limited principal risk (or risk commensurate with other money market funds). The interest rate for investments in this asset class will be a function of short-term rates for assets held.

Stable Income
The objective of this asset class is to preserve capital and to provide a reasonably predictable return that moves generally in the direction of prevailing interest rates.

Defensive/Short-Term Bond
The objective of this asset class is to limit volatility risk and loss of principal while achieving a competitive rate of return that will, over the long-term, be superior to money market returns. Funds in this asset class generally invest in a diversified portfolio of fixed income securities with an average maturity of less than 4 years.

Broad/Intermediate-Term Bond
The objective of this asset class is to provide a bond alternative that will have more interest rate risk and, hopefully, provide more return than defensive fixed income or money market options. Options in this asset class will generally invest in a diversified portfolio of fixed income securities with an average maturity of greater than four years (not to exceed 15 years) or inflation protected securities.

High Yield Bond
The objective of this asset class is to provide a bond alternative that will invest primarily in lower quality issues that offer higher yields than investment grade bonds. It is understood that there will also be an increased level of credit risk and volatility within this asset class when compared to higher quality bond asset classes. The average credit quality of options in this asset class should be below BBB and the average maturity should be less than 15 years.

International Bond
The objective of this asset class is to provide a bond alternative that will invest primarily in non-U.S. issuers. Options in this asset class should be diversified by geographic region and by individual issue. They may be denominated in U.S. dollars. The average maturity of options in this asset class should be less than 15 years.

Multi-Sector Bond
The objective of this asset class is to provide a bond alternative that will invest in a diversified portfolio of fixed income securities that may include both credit and government oriented issues, as well as U.S.- based issuers and non-U.S. issuers.

Balanced/Asset Allocation
The objective of this asset class is to provide varying levels of exposure in domestic and foreign common stocks and fixed-income securities.

Target Date Investment
The objective of this asset class is to provide options that vary in risk and return based on a target retirement date. The option is designed to provide those participants that want to make an investment decision based on their target retirement date the ability to do so. The portfolios will be reallocated with greater emphasis on more conservative investments as the participant nears the stated retirement date.

Domestic Stock
The objective of this asset class is to provide an alternative that has investment performance that is highly correlated to the U.S. stock markets. These investment options can be designed to utilize the expertise of a manager that can attempt to add value to overall U.S. stock market returns or designed as an index option that attempts to match the performance of an index. The Plan may utilize options with different investment styles (growth, value or index) and market capitalizations (large, medium, and small) to pursue returns equal to or greater than the broad markets. Risk is acceptable given the commitment to equity securities; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame. The median market capitalization of a fund within this category should be representative of a particular asset class (e.g., small company). Funds that invest in certain sectors of the market (e.g., REITS, healthcare, utilities, technology, etc.) are allowed as investment options under the Plan, but should be diversified in the number of securities owned. Before adding sector funds as investment options under the Plan, careful consideration should be given to the diversity of the existing investment options and the sophistication level of the Plan participants, as all participants would be allowed to invest in such a fund.

Developed International Stock
The objective of this asset class is to provide an option that generally invests in a diversified portfolio of non-U.S. companies in developed markets that are primarily denominated in foreign currencies. Risk is acceptable given the commitment to non-U.S. equity securities; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Emerging Markets International
The objective of this asset class is to provide an option that invests in a diversified portfolio of non-U.S. companies, in emerging markets, that are primarily denominated in foreign currencies. Risk is acceptable given the commitment to equity securities of emerging countries; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Commodity
The objective of this asset class is to provide an option that invests primarily in commodities either directly or through future contracts of commodities. Investing in commodities is offered to provide an asset that has generally lower correlation with the broad stock and bond markets, and to potentially provide a hedge against increased inflation. Risk is acceptable given the commitment to commodities; however, risk (as measured by standard deviation)

beyond the comparative broad commodity index should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Real Asset
The objective of this asset class is to achieve positive long-term real returns, provide inflation protection by investing in a broadly diversified basket of assets with inflation-sensitive characteristics, and enhance portfolio diversification. Options in this asset class typically invest in a variety of asset classes that include, but may not be limited to, the following: inflation-indexed bonds (TIPS), floating rate debt, real estate investment trusts (REITs), commodity index-linked instruments, natural resource equities, master limited partnerships (MLPs), and publicly-listed infrastructure equities.

Self-Directed Brokerage Account
Self-Directed Brokerage Accounts (SDBA) allow participants to invest all or a portion of their Plan account balance into investment options available through the brokerage service. Some of the investment options that may be available to participants through the SDBA include stocks, bonds and mutual funds. Investment options within the SDBA are not monitored by BWL, the Committee, or the Investment Consultant. The Investment Consultant is not compensated on assets held within the SDBA.

PERFORMANCE OBJECTIVES

Time Horizon

The Committee acknowledges that securities markets are characterized by fluctuating rates of return, particularly during short-term time periods. Accordingly, the Committee focuses on time horizons of three years and greater (e.g. a full market cycle) in evaluating the asset class and investment option performance relative to established benchmarks.

Performance Objectives

Based on the analysis that led to asset allocation and investment option decisions, the Committee has identified performance benchmarks for each investment option and the separate mandates within multiple manager options. The relevant benchmarks for specific investment options are listed in the Plan's quarterly investment monitoring report.

The Plan's investment options will be selected to:

1. Seek to maximize return within reasonable and prudent levels of risk.
2. Provide investment returns comparable to returns for investment options having similar investment objectives and risk profiles.
3. Provide a diverse portfolio of investment options covering a broad range of asset classes.
4. Control administrative and management costs.

INVESTMENT OPTION SELECTION AND EVALUATION

Investment Option Selection

The Plan is subject to the Internal Revenue Code and Michigan Public Act 314 of 1965, as amended. Therefore, the Committee's intent is to follow a process that embodies the principles of procedural due diligence. Accordingly, when selecting investment options, the Committee, with the assistance of the Investment Consultant, will employ a competitive search process, which includes the following steps:

1. Identification of qualified candidates from Investment Manager search databases used by the Investment Consultant.
2. Analysis of qualified candidates in terms of:
    - Quantitative characteristics, such as GIPS-compliant composite return data, risk-adjusted rates of return and relevant portfolio characteristics.
    - Qualitative characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
    - Organizational factors, such as type and size of firm, ownership structure, client-servicing capabilities, client growth and retention, and fees.
3. Selection of finalist candidates based on a due diligence process. Investment options should meet the following minimum criteria:
    - Investment options should correspond to the asset classes outlined in this Statement. For example, the domestic stock component of this Statement could be implemented with a stock mutual fund invested primarily in domestic stocks.
    - An Investment Manager should have been acting in a portfolio manager capacity for three years or more, or must have a long term track record managing assets with a similar style at another mutual fund or investment management firm.
    - The same investment strategy should have been followed by the fund for at least three consecutive years (or, where applicable, the Investment Manager should have followed the same investment strategy for at least three consecutive years with regard to whatever fund(s) he or she managed during that three consecutive year period).
    - Each investment option should have total net assets exceeding $300 million.
    - Each investment option should have a net expense ratio that is lower than the median (50th percentile) of their peer group unless above median expenses are justified by superior risk adjusted performance.

Performance Evaluation and Review

With the assistance of the Investment Consultant, the Committee will regularly evaluate the performance of each investment option. In evaluating each investment option, the Committee will consider qualitative factors likely to impact the future performance of the investment option in addition to current and historical rates of return.

The Committee has deemed it appropriate to establish objective standards for initiating a formal review of an Investment Manager. Any of the following three conditions may be considered cause to initiate a formal review:

1. *Organizational Disruption.* Examples of material organizational events that will be evaluated prior to a termination decision include:
   - Ownership changes (e.g., key people “cash out”)
   - Key people leave firm
   - Manager changes within the strategy
   - Investment management firm is involved in material litigation
   - Material client-servicing problems
2. *Long-term underperformance (defined as five years) in relation to an appropriate broad market index, the median of an appropriate peer group, and risk.* If an investment option fails to generate a return premium, net of fees, in excess of the designated index or indices, performs below the median (50th percentile) of its peer group, and/or has below average alpha (compared to its peer group), then, upon completion of appropriate due diligence, the Committee may decide to eliminate that investment option under the Plan.
3. *Shorter-term performance in relation to appropriate style index and the median of an appropriate peer group*. A due diligence review process, which may lead to termination, will be initiated if an investment option ranks in the 4th quartile over a one-year period.

A review process may include the following steps:

1. Communication with the Investment Manager and/or a representative from the investment management firm stating the reasons for the review, the steps of the review and the possible results (retain or terminate).
2. A quantitative analysis of the portfolio during the period of underperformance. The analysis will focus on attribution of returns and evaluation of characteristics of the portfolio relative to the investment option’s stated style and relative to the characteristics of portfolios that performed well during the period in question.
3. A conference call and/or meeting with representatives of the investment management firm to gain insights into any organizational and managerial staff changes.
4. A review of information gathered from the quantitative analysis and interview. The review may lead to a decision to retain the investment option in a normal capacity, retain subject to improvement over a six-month to one-year period, or terminate.

The Committee reserves the right to remove any investment option at its discretion. However, the decision to retain or remove an investment option cannot be made by a formula. It is a judgment that is dependent on the Committee’s confidence in future performance.

REVENUE SHARING POLICIES

The Retirement Plan Committee, with the assistance of the Investment Consultant, will analyze disclosed total fees, including revenue sharing and all other disclosed forms of compensation, on an annual basis to determine reasonableness of aggregate fees for services provided. Related ongoing legal developments will be considered.

RESOLUTIONS 2018-__________

Amendment of Defined Contribution Plan Number 106696;
Delegation of Investment Authority

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the "Trustees") of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust (the "Defined Contribution Plan Number 106696"); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend Defined Contribution Plan Number 106696 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of Defined Contribution Plan Number 106696, and for the purpose of changing the name of Defined Contribution Plan Number 106696.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to Defined Contribution Plan Number 106696 effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 1 Statement of Investment Policies, Procedures and Objectives (the "IPS"), the Trustees acknowledge said 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.

Motion by ______________, Seconded by ______________ to consent to the Resolution for amendment of Defined Contribution Plan Number 106696 by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Authority; and Indemnification.

Excerpt from Section 6.02 of ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 108824

6.02 Investment Powers. The trustee, or the Plan Administrator, acting solely in its capacity as agent for the trustee, shall have the powers listed in this Section with respect to the investment of Trust assets~~,~~. The trustee may 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 6.02, but only to the extent that such delegation is permitted by the Plan's Investment Policy Statement that is approved from time to time by the Employer. Any such delegation must be reported promptly to the Employer. The delegation must be in writing (including by electronic mail) and must be kept with the trustee's permanent records. The powers of the trustee (and any delegatee) under this Section 6.02 are limited ~~except~~ to the extent that the investment of Trust assets is controlled by Participants~~,~~ pursuant to Sections 6.05 and 13.03.

Addendum Number 1
Plan Number 108824

LANSING BOARD OF WATER AND LIGHT
ICMA RETIREMENT CORPORATION
GOVERNMENTAL MONEY PURCHASE PLAN & TRUST
NUMBER 108824 ADDENDUM

This Addendum amends the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 108824 by making the changes that are described below, effective November 13, 2018.

1. The first sentence of Section 6.02 of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 108824 is replaced in its entirety with the following:

> "The trustee, or the Plan Administrator acting solely in its capacity as agent for the trustee, shall have the powers listed in this Section with respect to the investment of Trust assets. The trustee may 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 6.02, but only to the extent that such delegation is permitted by the Plan's Investment Policy Statement that is approved from time to time by the Employer. Any such delegation must be reported promptly to the Employer. The delegation must be in writing (including by electronic mail) and must be kept with the trustee's permanent records. The powers of the trustee (and any delegatee) under this Section 6.02 are limited to the extent that the investment of Trust assets is controlled by Participants pursuant to Sections 6.05 and 13.03."

2. The name of the Plan is changed to "Lansing Board of Water and Light Defined Contribution Plan and Trust 2".

LANSING BOARD OF WATER AND LIGHT

Dated: ________________________ By: ______________________________
Its: Chair, Board of Commissioners

Dated: ________________________ By: ______________________________
Its: Corporate Secretary

LANSING BOARD OF WATER AND LIGHT
EMPLOYEES' DEFINED CONTRIBUTION PENSION PLAN
INVESTMENT POLICY STATEMENT

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- 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.

LANSING BOARD OF WATER AND LIGHT DEFINED CONTRIBUTION PLAN AND TRUST 2

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective November 13, 2018, except as
otherwise noted herein

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SUMMARY OF PURPOSE AND OBJECTIVES

Plan Purpose and Objectives

The Lansing Board of Water and Light ("BWL") is a municipal utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan.

This Statement of Investment Policies, Procedures and Objectives ("Statement") is issued by the Commissioners of the Lansing Board of Water and Light (the "Commissioners") for the Lansing Board of Water and Light Defined Contribution Plan and Trust 2 (the "Plan").

The Plan covers the eligible employees of the BWL and its related entities according to the terms of the Plan document, with the objective of offering participants the opportunity to save, manage, accumulate and preserve retirement account assets.

The Trustees of the Plan are the eight appointed voting Commissioners of the Lansing Board of Water and Light. Non-voting Commissioners are not Trustees of the Plan. The Trustees have delegated certain responsibilities that are described in this Statement to the Retirement Plan Committee (the "Committee"), effective as of the date on which this Statement is acknowledged by the Trustees. As of that date, all provisions in this Statement relating to the Committee shall become operative.

Responsibility for selecting Investment Managers, Investment Consultants, and other investment service providers required for the management of the Plan's assets and for evaluating overall investment results has been delegated to the Committee which shall report to the Trustees regarding selections made and investment performance. The Trustees must evaluate the Committee's actions in light of the Committee's responsibilities under the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees by the Commissioners in writing.

Decisions regarding investment options will be made in the sole interest of the participants and beneficiaries of the Plan. All Plan assets may be invested at the discretion of the participant, or if permitted, their beneficiary, in investment options selected from a group of alternatives made available by the Plan. The number and types of investment alternatives available and the Investment Managers retained to manage the alternatives are subject to change.

The provisions of the Statement are subject to the terms of the Plan and the agreement establishing the Trust maintained pursuant to the Plan. To the extent of any conflict between this Statement and the terms of the Plan, the terms of such Plan control. This Statement does not provide any additional rights to any party other than those that are described in those documents. Any investment advisory agreement that is entered into from time to time by the Committee must be subject to the terms of this Statement.

Purpose of the Statement

The purpose of this Statement is to assist the Committee in effectively selecting, supervising, and evaluating the investment options provided under the Plan**.** The primary focus of this Statement is to:

1. Clearly describe and distinguish among the responsibilities of the Committee**,** the Investment Managers, the Third Party Administrator, the Custodian, the Trustee, the Investment Consultant, and any additional service providers.
2. Establish formal criteria to select and monitor the investment options under the Plan; and
3. Facilitate communication between the Committee and all service providers.

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with BWL's investment philosophy. Any revisions or

updates made to the Statement shall be communicated to the Trustees and the Committee 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.

ROLES AND RESPONSIBILITIES

Lansing Board of Water and Light Retirement Plan Committee

The Committee is responsible for overseeing the administration of the Plan and investment of the Plan assets. Its duties include executing this Statement, hiring investment service providers, and monitoring and evaluating the performance of service providers in carrying out this Statement.

The responsibilities of the Committee, as delegated by the Trustees, include:

1. Establishing, monitoring, reviewing and modifying the number and types of investment options available to Plan participants, including default options for participants who fail to make investment elections.
2. Conducting appropriate due diligence in the selection of all investment service providers.
3. Retaining investment service providers as necessary, including, but not limited to investment advisors and consultants, and investment managers.
4. Establishing effective communication procedures among all investment service providers and the Committee.
5. Monitoring the success of the investment program in meeting established objectives - including appropriateness of funds offered and fund performance.
6. Ensuring that the Plan's investment options are appropriately communicated to participants by working with the Plan sponsor toward that goal.

Investment Consultant

The primary role of the Investment Consultant is to assist the Retirement Plan Committee in fulfilling its responsibilities by providing information, analysis and a prudent process that contribute to the success of the investment program. Specifically, the responsibilities of the Investment Consultant are as follows:

1. Assisting the Retirement Plan Committee in selecting investment options that provide Plan participants with the ability to construct a diversified portfolio at the appropriate risk level.
2. Assisting in identifying appropriate market benchmarks and peer groups for the evaluation of each investment option.
3. Assisting in a prudent Investment Manager search process, identifying appropriate candidates for review and selection by the Retirement Plan Committee.
4. Monitoring the investment management firms and investment options on an on-going basis and informing the Retirement Plan Committee of material developments.
5. As requested, assisting in educating the Retirement Plan Committee on investment issues that might impact the Plan.
6. Assisting the Retirement Plan Committee in analyzing fees and summarizing fees paid to various service providers.
7. Keeping abreast of and updating the Committee on the legislative environment, industry trends, and Plan design options.

8. In addition to the above services, the Investment Consultant is responsible for any other services listed in the Investment Advisory Agreement.

Custodian (Directed Trustee)

The Custodian provides the services listed below:

1. Adequate safekeeping services.
2. Accurate and timely pricing of securities.
3. Timely settlement of securities transactions.
4. Timely collection of income.
5. Suitable accounting services.
6. Appropriate data processing capabilities.
7. Communication with the Committee regarding any concerns or issues with respect to such services.
8. In addition to the above services, the Custodian is responsible for any other services listed in the Custodial Service Agreement.

Third Party Administrator (TPA)/Record Keeper

The TPA provides the services listed below.

1. Suitable and accurate participant record keeping and administrative services.
2. Accurately and timely provide Plan data and reports to the Committee upon request.
3. Compliance testing and required form filing services, if applicable.
4. Participant services including quarterly statements, Voice Response Unit (VRU) access, access to phone representatives, and Web access to participant account information and transactions.
5. Notification to the Committee of any concerns or issues with respect to such services.
6. In addition to the above services, the TPA is responsible for any other services listed in the Third Party Service Agreement.

Investment Managers

The specific duties and responsibilities of each Investment Manager are as follows:

1. To manage the Plan assets under its supervision in accordance with guidelines and objectives included in each Investment Manager's agreement, or in accordance with the prospectus for mutual funds and consistent with each Investment Manager's stated investment philosophy and style as presented to the Investment Consultant.
2. To exercise investment discretion in regard to buying, managing and selling assets held in the portfolio, subject to any limitations contained in this document and the Investment Manager's agreement or prospectus.

   See Plan's quarterly investment monitoring report for listing of all Investment Managers.

INVESTMENT OPTION POLICIES

Selection of Investment Options

The Committee will determine, through an understanding of eligible participants, the most appropriate number and type of investment options to offer, and which specific Investment Manager to employ for each investment option. With the assistance of the Investment Consultant, the Committee has selected the asset classes and Investment Managers to represent the investment options shown in the Plan's quarterly investment monitoring report.

Default Investment

The discretionary assets of participants who do not make an active selection among the available options will be placed in the Plan's default fund(s). Defaulted assets will be placed into the appropriate target date fund based on the age and assumed time to retirement of the participant.

Description of Investment Options

In order to provide appropriate investment alternatives for participants, a diversified menu of investment options is to be made available under the Plan. The specific investment options available under the Plan are identified in the Plan's quarterly investment monitoring report. Below is a description of the asset classes that may be offered in the Plan:

Money Market
Investments in short term, high-quality securities with very limited principal risk (or risk commensurate with other money market funds). The interest rate for investments in this asset class will be a function of short-term rates for assets held.

Stable Income
The objective of this asset class is to preserve capital and to provide a reasonably predictable return that moves generally in the direction of prevailing interest rates.

Defensive/Short-Term Bond
The objective of this asset class is to limit volatility risk and loss of principal while achieving a competitive rate of return that will, over the long-term, be superior to money market returns. Funds in this asset class generally invest in a diversified portfolio of fixed income securities with an average maturity of less than 4 years.

Broad/Intermediate-Term Bond
The objective of this asset class is to provide a bond alternative that will have more interest rate risk and, hopefully, provide more return than defensive fixed income or money market options. Options in this asset class will generally invest in a diversified portfolio of fixed income securities with an average maturity of greater than four years (not to exceed 15 years) or inflation protected securities.

High Yield Bond
The objective of this asset class is to provide a bond alternative that will invest primarily in lower quality issues that offer higher yields than investment grade bonds. It is understood that there will also be an increased level of credit risk and volatility within this asset class when compared to higher quality bond asset classes. The average credit quality of options in this asset class should be below BBB and the average maturity should be less than 15 years.

International Bond
The objective of this asset class is to provide a bond alternative that will invest primarily in non-U.S. issuers. Options in this asset class should be diversified by geographic region and by individual issue. They may be denominated in U.S. dollars. The average maturity of options in this asset class should be less than 15 years.

Multi-Sector Bond
The objective of this asset class is to provide a bond alternative that will invest in a diversified portfolio of fixed income securities that may include both credit and government oriented issues, as well as U.S.- based issuers and non-U.S. issuers.

Balanced/Asset Allocation
The objective of this asset class is to provide varying levels of exposure in domestic and foreign common stocks and fixed-income securities.

Target Date Investment
The objective of this asset class is to provide options that vary in risk and return based on a target retirement date. The option is designed to provide those participants that want to make an investment decision based on their target retirement date the ability to do so. The portfolios will be reallocated with greater emphasis on more conservative investments as the participant nears the stated retirement date.

Domestic Stock
The objective of this asset class is to provide an alternative that has investment performance that is highly correlated to the U.S. stock markets. These investment options can be designed to utilize the expertise of a manager that can attempt to add value to overall U.S. stock market returns or designed as an index option that attempts to match the performance of an index. The Plan may utilize options with different investment styles (growth, value or index) and market capitalizations (large, medium, and small) to pursue returns equal to or greater than the broad markets. Risk is acceptable given the commitment to equity securities; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame. The median market capitalization of a fund within this category should be representative of a particular asset class (e.g., small company). Funds that invest in certain sectors of the market (e.g., REITS, healthcare, utilities, technology, etc.) are allowed as investment options under the Plan, but should be diversified in the number of securities owned. Before adding sector funds as investment options under the Plan, careful consideration should be given to the diversity of the existing investment options and the sophistication level of the Plan participants, as all participants would be allowed to invest in such a fund.

Developed International Stock
The objective of this asset class is to provide an option that generally invests in a diversified portfolio of non-U.S. companies in developed markets that are primarily denominated in foreign currencies. Risk is acceptable given the commitment to non-U.S. equity securities; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Emerging Markets International
The objective of this asset class is to provide an option that invests in a diversified portfolio of non-U.S. companies, in emerging markets, that are primarily denominated in foreign currencies. Risk is acceptable given the commitment to equity securities of emerging countries; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Commodity
The objective of this asset class is to provide an option that invests primarily in commodities either directly or through future contracts of commodities. Investing in commodities is offered to provide an asset that has generally lower correlation with the broad stock and bond markets, and to potentially provide a hedge against increased inflation. Risk is acceptable given the commitment to commodities; however, risk (as measured by standard deviation)

beyond the comparative broad commodity index should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Real Asset
The objective of this asset class is to achieve positive long-term real returns, provide inflation protection by investing in a broadly diversified basket of assets with inflation-sensitive characteristics, and enhance portfolio diversification. Options in this asset class typically invest in a variety of asset classes that include, but may not be limited to, the following: inflation-indexed bonds (TIPS), floating rate debt, real estate investment trusts (REITs), commodity index-linked instruments, natural resource equities, master limited partnerships (MLPs), and publicly-listed infrastructure equities.

Self-Directed Brokerage Account
Self-Directed Brokerage Accounts (SDBA) allow participants to invest all or a portion of their Plan account balance into investment options available through the brokerage service. Some of the investment options that may be available to participants through the SDBA include stocks, bonds and mutual funds. Investment options within the SDBA are not monitored by BWL, the Committee, or the Investment Consultant. The Investment Consultant is not compensated on assets held within the SDBA.

PERFORMANCE OBJECTIVES

Time Horizon

The Committee acknowledges that securities markets are characterized by fluctuating rates of return, particularly during short-term time periods. Accordingly, the Committee focuses on time horizons of three years and greater (e.g. a full market cycle) in evaluating the asset class and investment option performance relative to established benchmarks.

Performance Objectives

Based on the analysis that led to asset allocation and investment option decisions, the Committee has identified performance benchmarks for each investment option and the separate mandates within multiple manager options. The relevant benchmarks for specific investment options are listed in the Plan's quarterly investment monitoring report.

The Plan's investment options will be selected to:

1. Seek to maximize return within reasonable and prudent levels of risk.
2. Provide investment returns comparable to returns for investment options having similar investment objectives and risk profiles.
3. Provide a diverse portfolio of investment options covering a broad range of asset classes.
4. Control administrative and management costs.

INVESTMENT OPTION SELECTION AND EVALUATION

Investment Option Selection

The Plan is subject to the Internal Revenue Code and Michigan Public Act 314 of 1965, as amended. Therefore, the Committee's intent is to follow a process that embodies the principles of procedural due diligence. Accordingly, when selecting investment options, the Committee, with the assistance of the Investment Consultant, will employ a competitive search process, which includes the following steps:

1. Identification of qualified candidates from Investment Manager search databases used by the Investment Consultant.
2. Analysis of qualified candidates in terms of:
    - Quantitative characteristics, such as GIPS-compliant composite return data, risk-adjusted rates of return and relevant portfolio characteristics.
    - Qualitative characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
    - Organizational factors, such as type and size of firm, ownership structure, client-servicing capabilities, client growth and retention, and fees.
3. Selection of finalist candidates based on a due diligence process. Investment options should meet the following minimum criteria:
    - Investment options should correspond to the asset classes outlined in this Statement. For example, the domestic stock component of this Statement could be implemented with a stock mutual fund invested primarily in domestic stocks.
    - An Investment Manager should have been acting in a portfolio manager capacity for three years or more, or must have a long term track record managing assets with a similar style at another mutual fund or investment management firm.
    - The same investment strategy should have been followed by the fund for at least three consecutive years (or, where applicable, the Investment Manager should have followed the same investment strategy for at least three consecutive years with regard to whatever fund(s) he or she managed during that three consecutive year period).
    - Each investment option should have total net assets exceeding $300 million.
    - Each investment option should have a net expense ratio that is lower than the median (50th percentile) of their peer group unless above median expenses are justified by superior risk adjusted performance.

Performance Evaluation and Review

With the assistance of the Investment Consultant, the Committee will regularly evaluate the performance of each investment option. In evaluating each investment option, the Committee will consider qualitative factors likely to impact the future performance of the investment option in addition to current and historical rates of return.

The Committee has deemed it appropriate to establish objective standards for initiating a formal review of an Investment Manager. Any of the following three conditions may be considered cause to initiate a formal review:

1. *Organizational Disruption.* Examples of material organizational events that will be evaluated prior to a termination decision include:
    - Ownership changes (e.g., key people "cash out")
    - Key people leave firm
    - Manager changes within the strategy
    - Investment management firm is involved in material litigation
    - Material client-servicing problems
2. *Long-term underperformance (defined as five years) in relation to an appropriate broad market index, the median of an appropriate peer group, and risk.* If an investment option fails to generate a return premium, net of fees, in excess of the designated index or indices, performs below the median (50th percentile) of its peer group, and/or has below average alpha (compared to its peer group), then, upon completion of appropriate due diligence, the Committee may decide to eliminate that investment option under the Plan.
3. *Shorter-term performance in relation to appropriate style index and the median of an appropriate peer group*. A due diligence review process, which may lead to termination, will be initiated if an investment option ranks in the 4th quartile over a one-year period.

A review process may include the following steps:

1. Communication with the Investment Manager and/or a representative from the investment management firm stating the reasons for the review, the steps of the review and the possible results (retain or terminate).
2. A quantitative analysis of the portfolio during the period of underperformance. The analysis will focus on attribution of returns and evaluation of characteristics of the portfolio relative to the investment option's stated style and relative to the characteristics of portfolios that performed well during the period in question.
3. A conference call and/or meeting with representatives of the investment management firm to gain insights into any organizational and managerial staff changes.
4. A review of information gathered from the quantitative analysis and interview. The review may lead to a decision to retain the investment option in a normal capacity, retain subject to improvement over a six-month to one-year period, or terminate.

The Committee reserves the right to remove any investment option at its discretion. However, the decision to retain or remove an investment option cannot be made by a formula. It is a judgment that is dependent on the Committee's confidence in future performance.

REVENUE SHARING POLICIES

The Retirement Plan Committee, with the assistance of the Investment Consultant, will analyze disclosed total fees, including revenue sharing and all other disclosed forms of compensation, on an annual basis to determine reasonableness of aggregate fees for services provided. Related ongoing legal developments will be considered.

RESOLUTIONS 2018-__________

Amendment of Defined Contribution Plan Number 108824;
Delegation of Investment Authority

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the "Trustees") of the ICMA Retirement Corporation Governmental Money Purchase Plan & Trust Number 108824 (the "Defined Contribution Plan Number 108824"); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend Defined Contribution Plan Number 108824 for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the "Committee") of Defined Contribution Plan Number 108824, and for the purpose of changing the name of Defined Contribution Plan Number 108824.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to Defined Contribution Plan Number 108824 effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light Defined Contribution Plan and Trust 2 Statement of Investment Policies, Procedures and Objectives (the "IPS"), the Trustees acknowledge said 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.

Motion by ______________, Seconded by ______________ to consent to the Resolution for amendment of Defined Contribution Plan Number 108824 by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Authority; and Indemnification.

Excerpt from Section 6.02 of ICMA Retirement Corporation 457 Governmental Deferred Compensation Plan and Trust Number 300435

6.02 **Investment Powers.** The trustee, or the Plan Administrator acting solely in its capacity as agent for the trustee, shall have the powers listed in this Section with respect to the investment of Trust assets~~,~~. The trustee may 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 6.02, but only to the extent that such delegation is permitted by the Plan's Investment Policy Statement that is approved from time to time by the Employer. Any such delegation must be in writing (including by electronic mail) and must be kept with the trustee's permanent records. The powers of the trustee (and any delegatee) under this Section 6.02 are limited ~~except~~ to the extent that the investment of Trust assets is directed by Participants~~,~~ pursuant to Section 6.05 or to the extent that such powers are restricted by applicable law.

Addendum Number 1
457 Plan Number 300435

LANSING BOARD OF WATER & LIGHT
457 DEFERRED COMPENSATION PLAN ADDENDUM

This Addendum amends the Lansing Board of Water & Light 457 Deferred Compensation Plan by making the changes that are described below, effective November 13, 2018.

1. The first sentence of Section 6.02 of the Lansing Board of Water & Light 457 Deferred Compensation Plan is replaced in its entirety with the following:

> "The trustee, or the Plan Administrator acting solely in its capacity as agent for the trustee, shall have the powers listed in this Section with respect to the investment of Trust assets. The trustee may 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 6.02, but only to the extent that such delegation is permitted by the Plan's Investment Policy Statement that is approved from time to time by the Employer. Any such delegation must be reported promptly to the Employer. The delegation must be in writing (including by electronic mail) and must be kept with the trustee's permanent records. The powers of the trustee (and any delegatee) under this Section 6.02 are limited to the extent that the investment of Trust assets is controlled by Participants pursuant to Section 6.05 or to the extent that such powers are restricted by applicable law."

2. The name of the Plan is changed to "Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust".

LANSING BOARD OF WATER AND LIGHT

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

Dated: ______________________ By: ____________________________
Its: Corporate Secretary

LANSING BOARD OF WATER AND LIGHT EMPLOYEES' DEFINED CONTRIBUTION PENSION PLAN INVESTMENT POLICY STATEMENT

PART I - THE PLAN

The Lansing Board of Water and Light (the "Employer") adopted the Lansing Board of Water and Light Employees' Defined Contribution Pension Plan (the "Plan") to provide funds for its Employees' retirement, and to provide funds for their Beneficiaries in the event of death. The plan shall be maintained for the exclusive benefit of eligible Employees and their Beneficiaries.

PART II - THE PURPOSE OF THE INVESTMENT POLICY STATEMENT

The Investment Policy Statement is intended to assist the Employer in making investment-related decisions in a prudent manner. It outlines the underlying philosophies and processes for the selection, evaluation and monitoring of the funds utilized by the Plan. Specifically, the Investment Policy Statement:

- Defines investment objectives
- Defines investment offerings
- Defines criteria for investment selection
- Describes monitoring procedures

The Investment Policy Statement will be reviewed periodically, and, if appropriate, can be amended to reflect changes in the capital markets, plan participant objectives, or other factors relevant to the plan.

If there is a discrepancy between the Investment Policy Statement and the Plan or the related Trust Agreement, the Plan and the related Trust Agreement shall supersede.

PART III - INVESTMENT OBJECTIVES

The Plan's funds will be selected to:

- Maximize return, on a risk adjusted basis, within each asset class
- Provide opportunity to create a well diversified portfolio
- Control administrative and management costs
- Comply with relevant Michigan and Federal law, including Michigan Public Employee Retirement System Investment Act 314 of 1965, as amended

PART IV – INVESTMENT OFFERINGS

The Employer intends to provide an appropriate range of funds that will span the risk/return spectrum. Further, the Plan fund options will allow Plan participants to construct portfolios consistent with their unique individual circumstances, goals, time horizons and tolerance for

risk. To ensure adequate diversification, the fund offerings must include a broad selection ranging in objective from capital preservation to capital appreciation and spanning the risk spectrum from conservative to aggressive. The fund offerings must include funds that have distinct and materially different risk and return characteristics enabling participants to achieve a portfolio with aggregate risk and return characteristics at any point within the range normally appropriate for the participant or beneficiary. Each fund's investment objective, style, risk-level and performance expectations should be understandable and clearly communicated.

Although the opportunity to create a well diversified portfolio is of high importance, multiple funds in any style or risk/return orientation may lead to participant confusion and unnecessarily high administrative and management fees. Accordingly, style duplication should be avoided where it adds little value for the participants and beneficiaries.

To provide adequate opportunity for diversification as described above, the Employer will provide offerings within the Plan that include the following fund types/classes:

- Stable Value Fund
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The Employer has the discretion to establish and alter the fund offerings as deemed appropriate to meet the above stated guidelines.

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    - 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.

LANSING BOARD OF WATER AND LIGHT 457 DEFERRED COMPENSATION PLAN AND TRUST

STATEMENT OF INVESTMENT POLICIES, PROCEDURES AND OBJECTIVES

Effective November 13, 2018, except as
otherwise noted herein

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SUMMARY OF PURPOSE AND OBJECTIVES

Plan Purpose and Objectives

The Lansing Board of Water and Light ("BWL") is a municipal utility providing drinking water, electricity, steam and chilled water services to the greater Lansing area in mid-Michigan.

This Statement of Investment Policies, Procedures and Objectives ("Statement") is issued by the Commissioners of the Lansing Board of Water and Light (the "Commissioners") for the Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust (the "Plan").

The Plan covers the eligible employees of the BWL and its related entities according to the terms of the Plan document, with the objective of offering participants the opportunity to save, manage, accumulate and preserve retirement account assets.

The Trustees of the Plan are the eight appointed voting Commissioners of the Lansing Board of Water and Light. Non-voting Commissioners are not Trustees of the Plan. The Trustees have delegated certain responsibilities that are described in this Statement to the Retirement Plan Committee (the "Committee"), effective as of the date on which this Statement is acknowledged by the Trustees. As of that date, all provisions in this Statement relating to the Committee shall become operative.

Responsibility for selecting Investment Managers, Investment Consultants, and other investment service providers required for the management of the Plan's assets and for evaluating overall investment results has been delegated to the Committee which shall report to the Trustees regarding selections made and investment performance. The Trustees must evaluate the Committee's actions in light of the Committee's responsibilities under the terms of this Statement, as updated from time to time by the Commissioners, and as communicated to the Trustees by the Commissioners in writing.

Decisions regarding investment options will be made in the sole interest of the participants and beneficiaries of the Plan. All Plan assets may be invested at the discretion of the participant, or if permitted, their beneficiary, in investment options selected from a group of alternatives made available by the Plan. The number and types of investment alternatives available and the Investment Managers retained to manage the alternatives are subject to change.

The provisions of the Statement are subject to the terms of the Plan and the agreement establishing the Trust maintained pursuant to the Plan. To the extent of any conflict between this Statement and the terms of the Plan, the terms of such Plan control. This Statement does not provide any additional rights to any party other than those that are described in those documents. Any investment advisory agreement that is entered into from time to time by the Committee must be subject to the terms of this Statement.

Purpose of the Statement

The purpose of this Statement is to assist the Committee in effectively selecting, supervising, and evaluating the investment options provided under the Plan**.** The primary focus of this Statement is to:

1. Clearly describe and distinguish among the responsibilities of the Committee**,** the Investment Managers, the Third Party Administrator, the Custodian, the Trustee, the Investment Consultant, and any additional service providers.
2. Establish formal criteria to select and monitor the investment options under the Plan; and
3. Facilitate communication between the Committee and all service providers.

The Commissioners retain the authority to approve, revise and update this Statement as necessary to ensure that it is consistent with BWL's investment philosophy. Any revisions or

updates made to the Statement shall be communicated to the Trustees and the Committee 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.

ROLES AND RESPONSIBILITIES

Lansing Board of Water and Light Retirement Plan Committee

The Committee is responsible for overseeing the administration of the Plan and investment of the Plan assets. Its duties include executing this Statement, hiring investment service providers, and monitoring and evaluating the performance of service providers in carrying out this Statement.

The responsibilities of the Committee, as delegated by the Trustees, include:

1. Establishing, monitoring, reviewing and modifying the number and types of investment options available to Plan participants, including default options for participants who fail to make investment elections.
2. Conducting appropriate due diligence in the selection of all investment service providers.
3. Retaining investment service providers as necessary, including, but not limited to investment advisors and consultants, and investment managers.
4. Establishing effective communication procedures among all investment service providers and the Committee.
5. Monitoring the success of the investment program in meeting established objectives - including appropriateness of funds offered and fund performance.
6. Ensuring that the Plan's investment options are appropriately communicated to participants by working with the Plan sponsor toward that goal.

Investment Consultant

The primary role of the Investment Consultant is to assist the Retirement Plan Committee in fulfilling its responsibilities by providing information, analysis and a prudent process that contribute to the success of the investment program. Specifically, the responsibilities of the Investment Consultant are as follows:

1. Assisting the Retirement Plan Committee in selecting investment options that provide Plan participants with the ability to construct a diversified portfolio at the appropriate risk level.
2. Assisting in identifying appropriate market benchmarks and peer groups for the evaluation of each investment option.
3. Assisting in a prudent Investment Manager search process, identifying appropriate candidates for review and selection by the Retirement Plan Committee.
4. Monitoring the investment management firms and investment options on an on-going basis and informing the Retirement Plan Committee of material developments.
5. As requested, assisting in educating the Retirement Plan Committee on investment issues that might impact the Plan.
6. Assisting the Retirement Plan Committee in analyzing fees and summarizing fees paid to various service providers.
7. Keeping abreast of and updating the Committee on the legislative environment, industry trends, and Plan design options.

8. In addition to the above services, the Investment Consultant is responsible for any other services listed in the Investment Advisory Agreement.

Custodian (Directed Trustee)

The Custodian provides the services listed below:

1. Adequate safekeeping services.
2. Accurate and timely pricing of securities.
3. Timely settlement of securities transactions.
4. Timely collection of income.
5. Suitable accounting services.
6. Appropriate data processing capabilities.
7. Communication with the Committee regarding any concerns or issues with respect to such services.
8. In addition to the above services, the Custodian is responsible for any other services listed in the Custodial Service Agreement.

Third Party Administrator (TPA)/Record Keeper

The TPA provides the services listed below.

1. Suitable and accurate participant record keeping and administrative services.
2. Accurately and timely provide Plan data and reports to the Committee upon request.
3. Compliance testing and required form filing services, if applicable.
4. Participant services including quarterly statements, Voice Response Unit (VRU) access, access to phone representatives, and Web access to participant account information and transactions.
5. Notification to the Committee of any concerns or issues with respect to such services.
6. In addition to the above services, the TPA is responsible for any other services listed in the Third Party Service Agreement.

Investment Managers

The specific duties and responsibilities of each Investment Manager are as follows:

1. To manage the Plan assets under its supervision in accordance with guidelines and objectives included in each Investment Manager's agreement, or in accordance with the prospectus for mutual funds and consistent with each Investment Manager's stated investment philosophy and style as presented to the Investment Consultant.
2. To exercise investment discretion in regard to buying, managing and selling assets held in the portfolio, subject to any limitations contained in this document and the Investment Manager's agreement or prospectus.

   See Plan's quarterly investment monitoring report for listing of all Investment Managers.

INVESTMENT OPTION POLICIES

Selection of Investment Options

The Committee will determine, through an understanding of eligible participants, the most appropriate number and type of investment options to offer, and which specific Investment Manager to employ for each investment option. With the assistance of the Investment Consultant, the Committee has selected the asset classes and Investment Managers to represent the investment options shown in the Plan's quarterly investment monitoring report.

Default Investment

The discretionary assets of participants who do not make an active selection among the available options will be placed in the Plan's default fund(s). Defaulted assets will be placed into the appropriate target date fund based on the age and assumed time to retirement of the participant.

Description of Investment Options

In order to provide appropriate investment alternatives for participants, a diversified menu of investment options is to be made available under the Plan. The specific investment options available under the Plan are identified in the Plan's quarterly investment monitoring report. Below is a description of the asset classes that may be offered in the Plan:

Money Market
Investments in short term, high-quality securities with very limited principal risk (or risk commensurate with other money market funds). The interest rate for investments in this asset class will be a function of short-term rates for assets held.

Stable Income
The objective of this asset class is to preserve capital and to provide a reasonably predictable return that moves generally in the direction of prevailing interest rates.

Defensive/Short-Term Bond
The objective of this asset class is to limit volatility risk and loss of principal while achieving a competitive rate of return that will, over the long-term, be superior to money market returns. Funds in this asset class generally invest in a diversified portfolio of fixed income securities with an average maturity of less than 4 years.

Broad/Intermediate-Term Bond
The objective of this asset class is to provide a bond alternative that will have more interest rate risk and, hopefully, provide more return than defensive fixed income or money market options. Options in this asset class will generally invest in a diversified portfolio of fixed income securities with an average maturity of greater than four years (not to exceed 15 years) or inflation protected securities.

High Yield Bond
The objective of this asset class is to provide a bond alternative that will invest primarily in lower quality issues that offer higher yields than investment grade bonds. It is understood that there will also be an increased level of credit risk and volatility within this asset class when compared to higher quality bond asset classes. The average credit quality of options in this asset class should be below BBB and the average maturity should be less than 15 years.

International Bond
The objective of this asset class is to provide a bond alternative that will invest primarily in non-U.S. issuers. Options in this asset class should be diversified by geographic region and by individual issue. They may be denominated in U.S. dollars. The average maturity of options in this asset class should be less than 15 years.

Multi-Sector Bond
The objective of this asset class is to provide a bond alternative that will invest in a diversified portfolio of fixed income securities that may include both credit and government oriented issues, as well as U.S.- based issuers and non-U.S. issuers.

Balanced/Asset Allocation
The objective of this asset class is to provide varying levels of exposure in domestic and foreign common stocks and fixed-income securities.

Target Date Investment
The objective of this asset class is to provide options that vary in risk and return based on a target retirement date. The option is designed to provide those participants that want to make an investment decision based on their target retirement date the ability to do so. The portfolios will be reallocated with greater emphasis on more conservative investments as the participant nears the stated retirement date.

Domestic Stock
The objective of this asset class is to provide an alternative that has investment performance that is highly correlated to the U.S. stock markets. These investment options can be designed to utilize the expertise of a manager that can attempt to add value to overall U.S. stock market returns or designed as an index option that attempts to match the performance of an index. The Plan may utilize options with different investment styles (growth, value or index) and market capitalizations (large, medium, and small) to pursue returns equal to or greater than the broad markets. Risk is acceptable given the commitment to equity securities; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame. The median market capitalization of a fund within this category should be representative of a particular asset class (e.g., small company). Funds that invest in certain sectors of the market (e.g., REITS, healthcare, utilities, technology, etc.) are allowed as investment options under the Plan, but should be diversified in the number of securities owned. Before adding sector funds as investment options under the Plan, careful consideration should be given to the diversity of the existing investment options and the sophistication level of the Plan participants, as all participants would be allowed to invest in such a fund.

Developed International Stock
The objective of this asset class is to provide an option that generally invests in a diversified portfolio of non-U.S. companies in developed markets that are primarily denominated in foreign currencies. Risk is acceptable given the commitment to non-U.S. equity securities; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Emerging Markets International
The objective of this asset class is to provide an option that invests in a diversified portfolio of non-U.S. companies, in emerging markets, that are primarily denominated in foreign currencies. Risk is acceptable given the commitment to equity securities of emerging countries; however, risk (as measured by standard deviation) beyond the comparative broad market should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Commodity
The objective of this asset class is to provide an option that invests primarily in commodities either directly or through future contracts of commodities. Investing in commodities is offered to provide an asset that has generally lower correlation with the broad stock and bond markets, and to potentially provide a hedge against increased inflation. Risk is acceptable given the commitment to commodities; however, risk (as measured by standard deviation)

beyond the comparative broad commodity index should be taken only if the reasonably anticipated incremental return justifies it over an appropriate comparable time frame.

Real Asset
The objective of this asset class is to achieve positive long-term real returns, provide inflation protection by investing in a broadly diversified basket of assets with inflation-sensitive characteristics, and enhance portfolio diversification. Options in this asset class typically invest in a variety of asset classes that include, but may not be limited to, the following: inflation-indexed bonds (TIPS), floating rate debt, real estate investment trusts (REITs), commodity index-linked instruments, natural resource equities, master limited partnerships (MLPs), and publicly-listed infrastructure equities.

Self-Directed Brokerage Account
Self-Directed Brokerage Accounts (SDBA) allow participants to invest all or a portion of their Plan account balance into investment options available through the brokerage service. Some of the investment options that may be available to participants through the SDBA include stocks, bonds and mutual funds. Investment options within the SDBA are not monitored by BWL, the Committee, or the Investment Consultant. The Investment Consultant is not compensated on assets held within the SDBA.

PERFORMANCE OBJECTIVES

Time Horizon

The Committee acknowledges that securities markets are characterized by fluctuating rates of return, particularly during short-term time periods. Accordingly, the Committee focuses on time horizons of three years and greater (e.g. a full market cycle) in evaluating the asset class and investment option performance relative to established benchmarks.

Performance Objectives

Based on the analysis that led to asset allocation and investment option decisions, the Committee has identified performance benchmarks for each investment option and the separate mandates within multiple manager options. The relevant benchmarks for specific investment options are listed in the Plan's quarterly investment monitoring report.

The Plan's investment options will be selected to:

1. Seek to maximize return within reasonable and prudent levels of risk.
2. Provide investment returns comparable to returns for investment options having similar investment objectives and risk profiles.
3. Provide a diverse portfolio of investment options covering a broad range of asset classes.
4. Control administrative and management costs.

INVESTMENT OPTION SELECTION AND EVALUATION

Investment Option Selection

The Plan is subject to the Internal Revenue Code and Michigan Public Act 314 of 1965, as amended. Therefore, the Committee's intent is to follow a process that embodies the principles of procedural due diligence. Accordingly, when selecting investment options, the Committee, with the assistance of the Investment Consultant, will employ a competitive search process, which includes the following steps:

1. Identification of qualified candidates from Investment Manager search databases used by the Investment Consultant.
2. Analysis of qualified candidates in terms of:
   - Quantitative characteristics, such as GIPS-compliant composite return data, risk-adjusted rates of return and relevant portfolio characteristics.
   - Qualitative characteristics, such as key personnel, investment philosophy, investment strategy, research orientation, decision-making process, and risk controls.
   - Organizational factors, such as type and size of firm, ownership structure, client-servicing capabilities, client growth and retention, and fees.
3. Selection of finalist candidates based on a due diligence process. Investment options should meet the following minimum criteria:
   - Investment options should correspond to the asset classes outlined in this Statement. For example, the domestic stock component of this Statement could be implemented with a stock mutual fund invested primarily in domestic stocks.
   - An Investment Manager should have been acting in a portfolio manager capacity for three years or more, or must have a long term track record managing assets with a similar style at another mutual fund or investment management firm.
   - The same investment strategy should have been followed by the fund for at least three consecutive years (or, where applicable, the Investment Manager should have followed the same investment strategy for at least three consecutive years with regard to whatever fund(s) he or she managed during that three consecutive year period).
   - Each investment option should have total net assets exceeding $300 million.
   - Each investment option should have a net expense ratio that is lower than the median (50^{th} percentile) of their peer group unless above median expenses are justified by superior risk adjusted performance.

Performance Evaluation and Review

With the assistance of the Investment Consultant, the Committee will regularly evaluate the performance of each investment option. In evaluating each investment option, the Committee will consider qualitative factors likely to impact the future performance of the investment option in addition to current and historical rates of return.

The Committee has deemed it appropriate to establish objective standards for initiating a formal review of an Investment Manager. Any of the following three conditions may be considered cause to initiate a formal review:

1. *Organizational Disruption.* Examples of material organizational events that will be evaluated prior to a termination decision include:
    - Ownership changes (e.g., key people "cash out")
    - Key people leave firm
    - Manager changes within the strategy
    - Investment management firm is involved in material litigation
    - Material client-servicing problems
2. *Long-term underperformance (defined as five years) in relation to an appropriate broad market index, the median of an appropriate peer group, and risk.* If an investment option fails to generate a return premium, net of fees, in excess of the designated index or indices, performs below the median (50th percentile) of its peer group, and/or has below average alpha (compared to its peer group), then, upon completion of appropriate due diligence, the Committee may decide to eliminate that investment option under the Plan.
3. *Shorter-term performance in relation to appropriate style index and the median of an appropriate peer group*. A due diligence review process, which may lead to termination, will be initiated if an investment option ranks in the 4th quartile over a one-year period.

A review process may include the following steps:

1. Communication with the Investment Manager and/or a representative from the investment management firm stating the reasons for the review, the steps of the review and the possible results (retain or terminate).
2. A quantitative analysis of the portfolio during the period of underperformance. The analysis will focus on attribution of returns and evaluation of characteristics of the portfolio relative to the investment option's stated style and relative to the characteristics of portfolios that performed well during the period in question.
3. A conference call and/or meeting with representatives of the investment management firm to gain insights into any organizational and managerial staff changes.
4. A review of information gathered from the quantitative analysis and interview. The review may lead to a decision to retain the investment option in a normal capacity, retain subject to improvement over a six-month to one-year period, or terminate.

The Committee reserves the right to remove any investment option at its discretion. However, the decision to retain or remove an investment option cannot be made by a formula. It is a judgment that is dependent on the Committee's confidence in future performance.

REVENUE SHARING POLICIES

The Retirement Plan Committee, with the assistance of the Investment Consultant, will analyze disclosed total fees, including revenue sharing and all other disclosed forms of compensation, on an annual basis to determine reasonableness of aggregate fees for services provided. Related ongoing legal developments will be considered.

RESOLUTIONS 2018-__________

Amendment of Lansing Board of Water & Light 457 Deferred Compensation Plan; Acknowledgement of IPS; Delegation of Investment Authority; Indemnification

WHEREAS, the individual voting members of the Board of Commissioners for the Lansing Board of Water and Light serve as the trustees (collectively, the “Trustees”) of the ICMA Retirement Corporation 457 Governmental Deferred Compensation Plan and Trust Number 300435 (the “457 Plan”); and

WHEREAS, the Trustees and the Lansing Board of Water and Light want to amend the 457 Plan for the purpose of enabling the Trustees to delegate certain investment authority to the Retirement Plan Committee (the “Committee”) of the 457 Plan Trust, and for the purpose of changing the name of the 457 Plan.

THEREFORE, it is:

RESOLVED, that the Trustees consent to the adoption of Addendum Number 1 to the 457 Plan effective as indicated therein.

FURTHER RESOLVED, that, after reviewing the attached Lansing Board of Water and Light 457 Deferred Compensation Plan and Trust Statement of Investment Policies, Procedures and Objectives (the “IPS”), the Trustees acknowledge said 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.

Motion by ______________, Seconded by ______________ to consent to the Resolution for amendment of the 457 Plan by Board adoption of Addendum; Acknowledgment of IPS; Delegation of Investment Authority; and Indemnification.

RESOLUTION

ACCEPTANCE OF 2018 AUDITED FINANCIAL STATEMENTS FOR DEFINED BENEFIT PENSION PLAN, DEFINED CONTRIBUTION PENSION PLAN, AND RETIREE BENEFIT PLAN

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

Staff comments: All three Plans received clean audit reports.

Travel & Reimbursement Policy

Commissioners, Board Appointees, Employees & Investment Fiduciaries

Effective May 1, 2018

Commented [SB1]: Propose effective date of May 1' 2018 to allow for rollout including updating travel forms, instructions, FAQs and to conduct employee travel policy training (as suggested by IC review)

[Type a quote from the

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General Guidelines

This Travel and Reimbursement Policy ("Policy") of the BWL is designed to act as a guideline for business travel and related expense reimbursements~~. They are based on practices employed by many organizations of our size and take into consideration what is considered reasonable and customary. While this Policy does contain expense limits, we challenge all employees to use professional judgment when incurring expenses on behalf of the Board of Water & Light ("BWL").~~ for all overnight and/or out of state travel only. For all other travel, travelers may submit reimbursement requests for out of pocket costs through the Petty Cash process.

Abuse of this Policy, including falsifying expense reports to reflect costs not incurred, can be grounds for disciplinary action, including, but not limited to, termination of employment; for BWL Board of Commissioners ("Board") removal from service as an officer and or disqualification from service as an officer for the duration of their service on the Board.

~~Conference~~For conference registration fees, lodging, airfare ~~or other items which may be~~ and transportation, it is recommended these expenses are scheduled in advance ~~can be~~and prepaid ~~with~~using a BWL P-Card ~~or~~. A request for advance reimbursement prior to travel is not encouraged, however, these advance requests may be paid via a check request through the Request for Payment option included in BWL's Travel ~~Form and~~ & Reimbursement Form ("Form"), along with submitting receipts electronically to the Accounts Payable Department.

Should a traveler use personal funds to pay for travel related expenses incurred while traveling, the traveler may request reimbursement after the trip has occurred. Detailed supporting documentation must be submitted and approved by management along with ~~the appropriate advance approval.~~

~~Travelers~~submitting the Form. All travelers should review reimbursement guidelines as outlined in this Policy before spending personal funds for business travel to determine if such expenses are reimbursable. The BWL reserves the right to deny reimbursement of travel-related expenses for failure to comply with policies and procedures.

~~Travelers who use personal funds to facilitate travel arrangements will be reimbursed after the trip occurs and when proper documentation is submitted. Should reimbursement be requested prior to traveling, the request must be submitted via BWL's Travel Form with proper approval.~~

All travel records shall be maintained in accordance with the BWL Records Retention and Disposal Schedule.

ALL APPROVED EXPENSES INCURRED MUST BE IN ACCORDANCE WITH YOUR DEPARTMENT'S BUDGET. IF YOU ARE UNSURE OF YOUR AVAILABLE DEPARTMENT BUDGET, PLEASE CONTACT YOUR DEPARTMENT MANAGER PRIOR TO INCURRING ANY EXPENSES.

This Policy is designed to accomplish the following key points:

- Ensure all travelers have a clear and consistent understanding of policies and procedures for business travel and related expenses.

Commented [SB2]: Removed - per IC comment "to not openly encourage all travelers to use their judgment even when it contradicts policy"

Commented [SB3]: Needed policy clarification per questions arising at manager's meeting. Legal confirmed that clarification was needed.

Commented [SB4]: Updated to add clarity of advance payment.

Commented [SB5]: Combined above paragraph since needed clarification

Commented [SB6]: Added due to removing from substantiation table on pg. 7

- Ensure travelers have a clear understanding of what a legitimate business travel expense is.
- Ensure travelers are reimbursed for legitimate business travel expenses when spending personal funds.
- Provide the appropriate level of accounting & business controls to ensure that expenses are reviewed & approved by the appropriate person.

Purpose

Due to the complex and changing environment, it is essential for Commissioners, Board Appointees, Employees and Investment Fiduciaries to be well informed on issues of importance to the utility industry. Commissioners, Board Appointees, Employees and Investment Fiduciaries are encouraged and occasionally required to attend seminars, meetings, or other programs that provide information impacting the operations of the BWL.

Scope

This Policy shall apply to the following:

- ***Commissioners:*** All 4 Year Term Commissioners (excludes Non-Voting Commissioners)
- ***Board Appointees:*** General Manager, Internal Auditor~~,~~ and Corporate Secretary
- ***Employees:*** Active Employees (excludes independent contractors, contractors through employment agencies, temporary employees, interns and First Step Students)
- ***Investment Fiduciaries:*** Plan Trustees and Retirement Plan Committee

Commented [SB7]: Added for clarification purposes.

Commented [SB8]: A few requests have occurred during the year from contractors paid through temp agencies. These costs should be handled via the agency.

Commented [SB9]: Added for clarification purposes.

Approval

Commissioner	Board Appointee	Employee	Investment Fiduciary
Advance approval for all business travel is required by the Board Chair prior to incurring any expenses. Failure to obtain appropriate approval may result in denial of payment or reimbursement.	Advance approval for all business travel is required by the Board Chair prior to incurring any expenses. Failure to obtain appropriate approval may result in denial of payment or reimbursement.	Advance approval for all business travel is required by the Manager and Director prior to incurring any expenses. Failure to obtain appropriate approvals may result in denial of payment or reimbursement.	Advance approval for all business travel is required by the Board Chair prior to incurring any expenses. Failure to obtain appropriate approval may result in denial of payment or reimbursement.

Commented [SB10]: Per IC audit review, recommendation to clarify and enforce as too many requests did not have appropriate approvals.

Registration

Commissioner	Board Appointee	Employee	Investment Fiduciary
Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation. Registration fees for *guest programs* will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation. Registration fees for *guest programs* will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation.

Lodging

Actual expenses for lodging will be reimbursed. In the event a Commissioner, Board Appointee, Employee or Investment Fiduciary is accompanied by a guest or family member(s), the BWL will only reimburse at the single room rate.

~~Many hotels offer discounts to non profit and/or governmental agencies. When making lodging arrangements, this discount should be requested.~~

Commented [SB11]: No change - Moved below

Accommodations such as different room types, extra rooms, and other special amenities for personal guests should be arranged by the Commissioner, Board Appointee, Employee or Investment Fiduciary, and paid directly to the hotel via a personal credit card or other means of personal payment.

Many hotels offer discounts to non-profit and/or governmental agencies. When making lodging arrangements, this discount should be requested.

Commented [SB12]: No change moved from above

Allowance for lodging will be at the lowest rate charged at the hotel facility housing the conference or seminar. If the conference facility upgrades the room rate, based on availability at the time of registration, the upgrade shall be allowed.

Transportation

Commissioner	Board Appointee	Employee	Investment Fiduciary
Commercial airline* or rail travel, including baggage, will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel, including baggage, will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel, including baggage, will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel, including baggage, will be reimbursed for Main Cabin seating. **
Rental car and associated fuel expenses will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car must be submitted with the Form.	Rental car and associated fuel expenses will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should also be included with the Form.	Rental car and associated fuel expenses will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should also be included with the Form.	Rental car and associated fuel expenses will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should also be included with the Form.
~~garage and airport~~Taxi, bus, subway, shuttle and parking costs, including associated tip up to 20%, will be reimbursed.	~~garage and airport~~Taxi, bus, subway, shuttle and parking costs, including associated tip up to 20%, will be reimbursed.	~~garage and airport~~Taxi, bus, subway, shuttle and parking costs, including associated tip up to 20%, will be reimbursed.	~~garage and airport~~Taxi, bus, subway, shuttle and parking costs, including associated tip up to 20%, will be reimbursed.

(Transportation continued ~~on~~ next page)

Commented [SB13]: Moved from "misc exp" in the Substantiation section

Commented [SB14]: Moved from "misc exp" in the Substantiation section

Commented [SB15]: Needed clarification as tips on transportation exceeding 20% were being reimbursed

Transportation (Continued)

Commissioner	Board Appointee	Employee	Investment Fiduciary
Flat rate mileage will be paid for use of a private vehicle in accordance with ~~as per current~~ Internal Revenue Service regulations. ~~All mileage must be documented on BWL's Travel Form.~~	Flat rate mileage will be paid for use of a private vehicle in accordance with~~as per curr ent~~ Internal Revenue Service regulations. ~~Mileage shall be submitted through BWL's time entry system and documented on BWL's Travel Form~~.	Flat rate mileage will be paid for use of a private vehicle in accordance with ~~as per current~~ Internal Revenue Service regulations~~.~~. ~~Mileage shall be submitted through BWL's time entry system and documented on BWL's Travel Form.~~	Flat rate mileage will be paid for use of a private vehicle in accordance with ~~as per current~~ Internal Revenue Service regulations. ~~Mileage shall be submitted through BWL's time entry (excluding Commissioners) and documented on BWL's Travel Form~~.

Reservations: *~~In order to~~ To optimize cost savings for the Company, the traveler ~~individuals~~ should make every attempt to make ~~travel~~ arrangements 30 or more days in advance of ~~in advance of~~travel.*

*****Air Travel:*** *Non-Refundable Main Cabin is the allowable booking class for all domestic flights. If a medical condition necessitates upgraded travel, you must obtain a physician's order and discuss with a BWL Human Resources Representative for approval* ***prior*** *to booking.*

A Commissioner, Board Appointee, Employee or Investment Fiduciary may elect for a more expensive travel option, such as first class airfare or driving a rental car rather than flying, but reimbursement will be limited to the amounts specified in this section. When more expensive transportation is selected, documentation of the comparative transportation cost, such as coach class airfare, must be provided and any difference must be covered by the traveler. Additional costs, such as lodging and meals, incurred due to an individual's decision to use a less time-efficient mode of transportation, will not be reimbursed.

Commented [SB16]: Removed because this is more of an instruction versus policy and will be included in the instructions for the Form.

Meals

Commissioner	Board Appointee	Employee	Investment Fiduciary
~~Reimbursement~~ Payment will be based on a per diem rate of $100 per day.	Reimbursement will be based on actual cost incurred with detailed receipt substantiation. Meal gratuity exceeding 20% will not be reimbursed.	Reimbursement will be based on actual cost incurred not to exceed $70 per day with detailed receipt substantiation. Meal gratuity exceeding 20% will not be reimbursed.	~~Reimbursement~~ Payment will be based on a per diem rate of $100 per day.

Commented [SB17]: Per diem does not require substantiation, therefore, is not reimbursed, but paid.

Incidentals

Commissioner	Board Appointee	Employee	Investment Fiduciary
Incidental expenses or tips given to porters, baggage carriers and hotel staff considered to be reasonable will be reimbursed not to exceed $10 per travel day with a detailed receipt. If a detailed receipt cannot be reasonably obtained, the expenditure must be documented including location, date and a description of the expenditure.	Incidental expenses or tips given to porters, baggage carriers and hotel staff considered to be reasonable will be reimbursed not to exceed $10 per travel day with a detailed receipt. If a detailed receipt cannot be reasonably obtained, the expenditure must be documented including location, date and a description of the expenditure.	Incidental expenses or tips given to porters, baggage carriers and hotel staff considered to be reasonable will be reimbursed not to exceed $10 per travel day with a detailed receipt. If a detailed receipt cannot be reasonably obtained, the expenditure must be documented including location, date and a description of the expenditure.	Incidental expenses or tips given to porters, baggage carriers and hotel staff considered to be reasonable will be reimbursed not to exceed $10 per travel day with a detailed receipt. If a detailed receipt cannot be reasonably obtained, the expenditure must be documented including location, date and a description of the expenditure.

Commented [SB18]: Per FTG (www.gsa.gov), added the "Incidentals" section and definition as a result of moving miscellaneous expenses out of incidentals.

Substantiation Requirements

Commissioner	Board Appointee	Employee	Investment Fiduciary
Original detailed receipts for all expenses, whether reimbursable or not, shall be obtained and retained to substantiate the expense with ~~the~~ exception of meal receipts.	Original detailed receipts for all expenses, whether reimbursable or not, shall be obtained and retained to substantiate the expense.	Original detailed receipts for all expenses, whether reimbursable or not, shall be obtained and retained to substantiate the expense.	Original detailed receipts for all expenses, whether reimbursable or not, shall be obtained and retained to substantiate the expense with exception of meal receipts.
~~Miscellaneous expenses (gratuities, parking, tolls, baggage fees, etc.) considered to be reasonable will be reimbursed with receipt. If a receipt cannot be reasonably obtained, the expenditures will be reimbursed up to $50 per day, but must be documented including location, date and a description of the expenditure.~~	~~Miscellaneous expenses (gratuities, parking, tolls, baggage fees, etc.) considered to be reasonable will be reimbursed with receipt. If a receipt cannot be reasonably obtained, the expenditures will be reimbursed up to $50 per day, but must be documented including location, date and a description of the expenditure.~~	~~Miscellaneous expenses (gratuities, parking, tolls, baggage fees, etc.) considered to be reasonable will be reimbursed with receipt. If a receipt cannot be reasonably obtained, the expenditures will be reimbursed up to $50 per day, but must be documented including location, date and a description of the expenditure.~~	~~Miscellaneous expenses (gratuities, parking, tolls, baggage fees, etc.) considered to be reasonable will be reimbursed with receipt. If a receipt cannot be reasonably obtained, the expenditures will be reimbursed up to $50 per day, but must be documented including location, date and a description of the expenditure.~~
All expenses must be summarized on ~~BWL's Travel~~the Form ~~with receipts~~ and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of the incurred date. Any request submitted beyond 60 days will not be reimbursed.	All expenses must be summarized on ~~BWL's Travel~~the Form ~~with receipts~~ and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of the incurred date. Any request submitted beyond 60 days will not be reimbursed.	All expenses must be summarized on ~~BWL's Travel~~the Form ~~with receipts~~ and submitted for review and approval by ~~next level of management above a supervisor~~the Traveler's Manager. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of the incurred date. Any request submitted beyond 60 days will not reimbursed.	All expenses must be summarized on ~~BWL's Travel~~ the Form ~~with receipts~~ and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of the incurred date. Any request submitted beyond 60 days will not reimbursed.
~~Retention = Creation Date +7 Years~~	~~Retention = Creation Date +7 Years~~	~~Retention = Creation Date +7 Years~~	~~Retention = Creation Date +7 Years.~~

Cancellation Policy: If a~~n~~ ~~individual~~ traveler cancels ~~travel~~ for personal reasons and the BWL is unable to obtain a refund, the traveler ~~individual~~ may be held responsible for the expenses incurred ~~for travel~~.

Missed Flights and No-Show Charges: If ~~an individual~~the traveler misses or fails to show for a flight for personal reasons, they may be responsible for the nonrefundable costs.

Commented [SB19]: Added for clarification purposes.

Commented [SB20]: Moved miscellaneous expenses to other sections and added a new "Incidental" section on pg. 8.

Commented [SB21]: Clarification needed since there has been requests beyond 60 days.

Commented [SB22]: Removed because there is a guiding document that should be followed. Reference added to page 3, "General Guidelines" section.

Personal Upgrades: Personal miles or coupons can be used to upgrade to first class, or a~~n~~ ~~individual~~ traveler may opt to pay personally for the price difference between coach and first class. Travelers ~~Individuals~~ are responsible for paying the difference in price.

Non-Reimbursed Expenses

The BWL is a public entity and individuals representing the company are expected to act in the best interest of the BWL and its ratepayers. Examples of expenses which are not allowed and **WILL NOT** be reimbursed include, but are not limited to, the following:

Commissioner	Board Appointee	Employee	Investment Fiduciary
Personal expenses ~~not associated with Board of Water and Light business~~.	Personal expenses ~~not associated with Board of Water and Light business~~.	Personal expenses ~~not associated with Board of Water and Light business~~.	Personal expenses ~~not associated with Board of Water and Light business~~.
Alcoholic beverages.	Alcoholic beverages.	Alcoholic beverages.	Alcoholic beverages.
Guest travel expenses. BWL will only reimburse guest program registration fees.	Guest travel expenses. BWL will only reimburse guest program registration fees.	Guest Travel Expenses.	Guest Travel Expenses.
Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.
Traffic and parking violations.	Traffic and parking violations.	Traffic and parking violations.	Traffic and parking violations.
Travel Insurance.	Travel Insurance.	Travel Insurance.	Travel Insurance.

Commented [SB23]: Reimbursement for medications and other personal items have been requested due to argument that it would NOT have been otherwise incurred unless traveling on BWL business.

Waiver

Commissioner	Board Appointee	Employee	Investment Fiduciary
This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the General Manager when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.

Travel for Investment Fiduciary - Retirement System Education

The Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965, as amended. The Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered.

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

An Investment Fiduciary means a person other than a participant that exercises any discretionary authority or control in the investment of a system's assets which would include Trustees and the Retirement Planning Committee.

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

The BWL recognizes that in order for the participants and beneficiaries of the Retirement System to have the best representation, it is imperative for the Investment Fiduciaries to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments. Investment Fiduciaries are encouraged to attend all meetings of the Board, and attend one conference per year. Individuals wishing to attend additional conferences in a year must request prior Board approval and provide a post conference report to the Board on topics covered.

All persons who attend a seminar or conference must earn an attendance or participatory certificate if the seminar or conference sponsor offers such a certificate. The failure to earn such a certificate may result in the particular attendee becoming ineligible to attend any further educational seminars and/or conferences. In the event ~~that~~ a certificate is not offered, the Investment Fiduciary must provide seminar or conference materials to the Corporate Secretary on behalf of the Board.

Revision History

Date	Reason	Action
March 28, 2017	New Policy	Board of Commissioners Approved
March 27, 2018	Policy revised; Effective 5/1/2018	Board of Commissioners Approved

Travel & Reimbursement Policy

Commissioners, Board Appointees, Employees & Investment Fiduciaries

Effective May 1, 2018

INDEX

General Guidelines

This Travel and Reimbursement Policy ("Policy") of the BWL is designed to act as a guideline for business travel and related expense reimbursements for all overnight and/or out of state travel only. For all other travel, travelers may submit reimbursement requests for out of pocket costs through the Petty Cash process.

Abuse of this Policy, including falsifying expense reports to reflect costs not incurred, can be grounds for disciplinary action, including, but not limited to, termination of employment; for the BWL Board of Commissioners ("Board") removal from service as an officer and or disqualification from service as an officer for the duration of their service on the Board.

For conference registration fees, lodging, airfare and transportation, it is recommended these expenses are scheduled in advance and prepaid using a BWL P-Card. A request for advance reimbursement prior to travel is not encouraged, however, these advance requests may be paid via a check request through the Request for Payment option included in the BWL's Travel & Reimbursement Form ("Form"), along with submitting receipts electronically to the Accounts Payable Department.

Should a traveler use personal funds to pay for travel related expenses incurred while traveling, the traveler may request reimbursement after the trip has occurred. Detailed supporting documentation must be submitted and approved by management along with submitting the Form. All travelers should review reimbursement guidelines as outlined in this Policy before spending personal funds for business travel to determine if such expenses are reimbursable. The BWL reserves the right to deny reimbursement of travel-related expenses for failure to comply with policies and procedures.

All travel records shall be maintained in accordance with the BWL Records Retention and Disposal Schedule.

ALL APPROVED EXPENSES INCURRED MUST BE IN ACCORDANCE WITH YOUR DEPARTMENT'S BUDGET. IF YOU ARE UNSURE OF YOUR AVAILABLE DEPARTMENT BUDGET, PLEASE CONTACT YOUR DEPARTMENT MANAGER PRIOR TO INCURRING ANY EXPENSES.

This Policy is designed to accomplish the following key points:

- Ensure all travelers have a clear and consistent understanding of policies and procedures for business travel and related expenses.
- Ensure travelers have a clear understanding of what a legitimate business travel expense is.
- Ensure travelers are reimbursed for legitimate business travel expenses when spending personal funds.
- Provide the appropriate level of accounting & business controls to ensure that expenses are reviewed & approved by the appropriate person.

Purpose

Due to the complex and changing environment, it is essential for Commissioners, Board Appointees, Employees and Investment Fiduciaries to be well informed on issues of importance to the utility industry. Commissioners, Board Appointees, Employees and Investment Fiduciaries are encouraged and occasionally required to attend seminars, meetings, or other programs that provide information impacting the operations of the BWL.

Scope

This Policy shall apply to the following:

- ***Commissioners:*** All 4 Year Term Commissioners (excludes Non-Voting Advisory Commissioners)
- ***Board Appointees:*** General Manager, Internal Auditor and Corporate Secretary
- ***Employees:*** Active Employees (excludes independent contractors, contractors through employment agencies, temporary employees, interns and First Step Students)
- ***Investment Fiduciaries:*** Plan Trustees and Retirement Plan Committee

Approval

Commissioner	Board Appointee	Employee	Investment Fiduciary
Advance approval for all business travel is required by the Board Chair prior to incurring any expenses. Failure to obtain appropriate approval may result in denial of payment or reimbursement.	Advance approval for all business travel is required by the Board Chair prior to incurring any expenses. Failure to obtain appropriate approval may result in denial of payment or reimbursement.	Advance approval for all business travel is required by the Manager and Director prior to incurring any expenses. Failure to obtain appropriate approvals may result in denial of payment or reimbursement.	Advance approval for all business travel is required by the Board Chair prior to incurring any expenses. Failure to obtain appropriate approval may result in denial of payment or reimbursement.

Registration

Commissioner	Board Appointee	Employee	Investment Fiduciary
Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation. Registration fees for *guest programs* will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation. Registration fees for *guest programs* will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation.	Registration fees or similar expenses for training, meetings, conferences or seminars will be reimbursed with substantiation.

Lodging

Actual expenses for lodging will be reimbursed. In the event a Commissioner, Board Appointee, Employee or Investment Fiduciary is accompanied by a guest or family member(s), the BWL will only reimburse at the single room rate. Accommodations such as different room types, extra rooms, and other special amenities for personal guests should be arranged by the Commissioner, Board Appointee, Employee or Investment Fiduciary, and paid directly to the hotel via a personal credit card or other means of personal payment.

Many hotels offer discounts to non-profit and/or governmental agencies. When making lodging arrangements, this discount should be requested.

Allowance for lodging will be at the lowest rate charged at the hotel facility housing the conference or seminar. If the conference facility upgrades the room rate, based on availability at the time of registration, the upgrade shall be allowed.

Transportation

Commissioner	Board Appointee	Employee	Investment Fiduciary
Commercial airline* or rail travel, including baggage, will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel, including baggage, will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel, including baggage, will be reimbursed for Main Cabin seating. **	Commercial airline* or rail travel, including baggage, will be reimbursed for Main Cabin seating. **
Rental car and associated fuel expenses will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should also be included with the Form.	Rental car and associated fuel expenses will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should also be included with the Form.	Rental car and associated fuel expenses will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should also be included with the Form.	Rental car and associated fuel expenses will be reimbursed up to the cost of a mid-size automobile or smaller only if taxis or other means of transportation are less economical or otherwise impractical. Justification for a rental car should also be included with the Form.
Taxi, bus, subway, shuttle and parking costs, including associated tip up to 20%, will be reimbursed.	Taxi, bus, subway, shuttle and parking costs, including associated tip up to 20%, will be reimbursed.	Taxi, bus, subway, shuttle and parking costs, including associated tip up to 20%, will be reimbursed.	Taxi, bus, subway, shuttle and parking costs, including associated tip up to 20%, will be reimbursed.

(Transportation continued next page)

Transportation (Continued)

Commissioner	Board Appointee	Employee	Investment Fiduciary
Flat rate mileage will be paid for use of a private vehicle in accordance with Internal Revenue Service regulations.	Flat rate mileage will be paid for use of a private vehicle in accordance with Internal Revenue Service regulations.	Flat rate mileage will be paid for use of a private vehicle in accordance with Internal Revenue Service regulations	Flat rate mileage will be paid for use of a private vehicle in accordance with Internal Revenue Service regulations.

Reservations: *To optimize cost savings for the Company, travelers should make every attempt to make arrangements 30 or more days in advance of travel.*

*****Air Travel:*** *Non-Refundable Main Cabin is the allowable booking class for all domestic flights. If a medical condition necessitates upgraded travel, you must obtain a physician's order and discuss with a BWL Human Resources Representative for approval **prior** to booking.*

A Commissioner, Board Appointee, Employee or Investment Fiduciary may elect for a more expensive travel option, such as first class airfare or driving a rental car rather than flying, but reimbursement will be limited to the amounts specified in this section. When more expensive transportation is selected, documentation of the comparative transportation cost, such as coach class airfare, must be provided and any difference must be covered by the traveler. Additional costs, such as lodging and meals, incurred due to an individual's decision to use a less time-efficient mode of transportation, will not be reimbursed.

Meals

Commissioner	Board Appointee	Employee	Investment Fiduciary
Payment will be based on a per diem rate of $100 per day.	Reimbursement will be based on actual cost incurred with detailed receipt substantiation. Meal gratuity exceeding 20% will not be reimbursed.	Reimbursement will be based on actual cost incurred not to exceed $70 per day with detailed receipt substantiation. Meal gratuity exceeding 20% will not be reimbursed.	Payment will be based on a per diem rate of $100 per day.

Incidentals

Commissioner	Board Appointee	Employee	Investment Fiduciary
Incidental expenses or tips given to porters, baggage carriers and hotel staff considered to be reasonable will be reimbursed not to exceed $10 per travel day with a detailed receipt. If a detailed receipt cannot be reasonably obtained, the expenditure must be documented including location, date and a description of the expenditure.	Incidental expenses or tips given to porters, baggage carriers and hotel staff considered to be reasonable will be reimbursed not to exceed $10 per travel day with a detailed receipt. If a detailed receipt cannot be reasonably obtained, the expenditure must be documented including location, date and a description of the expenditure.	Incidental expenses or tips given to porters, baggage carriers and hotel staff considered to be reasonable will be reimbursed not to exceed $10 per travel day with a detailed receipt. If a detailed receipt cannot be reasonably obtained, the expenditure must be documented including location, date and a description of the expenditure.	Incidental expenses or tips given to porters, baggage carriers and hotel staff considered to be reasonable will be reimbursed not to exceed $10 per travel day with a detailed receipt. If a detailed receipt cannot be reasonably obtained, the expenditure must be documented including location, date and a description of the expenditure.

Substantiation Requirements

Commissioner	Board Appointee	Employee	Investment Fiduciary
Original detailed receipts for all expenses, whether reimbursable or not, shall be obtained and retained to substantiate the expense with exception of meal receipts.	Original detailed receipts for all expenses, whether reimbursable or not, shall be obtained and retained to substantiate the expense.	Original detailed receipts for all expenses, whether reimbursable or not, shall be obtained and retained to substantiate the expense.	Original detailed receipts for all expenses, whether reimbursable or not, shall be obtained and retained to substantiate the expense with exception of meal receipts.
All expenses must be summarized on the Form and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of the incurred date. Any request submitted beyond 60 days will not be reimbursed.	All expenses must be summarized on the Form and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of the incurred date. Any request submitted beyond 60 days will not be reimbursed.	All expenses must be summarized on the Form and submitted for review and approval by the Traveler's Manager. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of the incurred date. Any request submitted beyond 60 days will not reimbursed.	All expenses must be summarized on the Form and submitted for review and approval by the Board Chair. If reimbursement is requested, substantiation must be sent to Accounts Payable within 60 days of the incurred date. Any request submitted beyond 60 days will not reimbursed.

Cancellation Policy: If a traveler cancels for personal reasons and the BWL is unable to obtain a refund, the traveler may be held responsible for the expenses incurred.

Missed Flights and No-Show Charges: If the traveler misses or fails to show for a flight for personal reasons, they may be responsible for the nonrefundable costs.

Personal Upgrades: Personal miles or coupons can be used to upgrade to first class, or a traveler may opt to pay personally for the price difference between coach and first class. Travelers are responsible for paying the difference in price.

Non-Reimbursed Expenses

The BWL is a public entity and individuals representing the Company are expected to act in the best interest of the BWL and its ratepayers. Examples of expenses which are not allowed and **WILL NOT** be reimbursed include, but are not limited to, the following:

Commissioner	Board Appointee	Employee	Investment Fiduciary
Personal expenses.	Personal expenses.	Personal expenses.	Personal expenses.
Alcoholic beverages.	Alcoholic beverages.	Alcoholic beverages.	Alcoholic beverages.
Guest travel expenses. BWL will only reimburse guest program registration fees.	Guest travel expenses. BWL will only reimburse guest program registration fees.	Guest Travel Expenses.	Guest Travel Expenses.
Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.	Golf course or tennis court fees, golf clubs, or any other sporting equipment, entertainment events or activities.
Traffic and parking violations.	Traffic and parking violations.	Traffic and parking violations.	Traffic and parking violations.
Travel Insurance.	Travel Insurance.	Travel Insurance.	Travel Insurance.

Waiver

Commissioner	Board Appointee	Employee	Investment Fiduciary
This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the General Manager when an emergency or special circumstance arises.	This Policy may not be waived or overridden, except by the Board Chair when an emergency or special circumstance arises.

Travel for Investment Fiduciary - Retirement System Education

The Board recognizes that it is subject to the provisions of the Public Employee Retirement System Investment Act, Michigan Public Act 314 of 1965, as amended. The Board is required to act as a prudent investor in all transactions related to Retirement System funds and assets by discharging its duties solely in the interests of the participants and beneficiaries and shall act with the same care, skill, prudence and diligence under the circumstances then prevailing that a prudent person acting in a similar capacity and familiar with those matters would use in the conduct of a similar enterprise with similar aims; and with due regard for the management, reputation, and stability of the issuer and the character of the particular investments being considered.

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

The BWL recognizes that in order for the participants and beneficiaries of the Retirement System to have the best representation, it is imperative for the Investment Fiduciaries to participate in Board business, including Board meetings, continuing education programs, and due diligence evaluations of current and potential investments. Investment Fiduciaries are encouraged to attend all meetings of the Board, and attend one conference per year. Individuals wishing to attend additional conferences in a year must request prior Board approval and provide a post conference report to the Board on topics covered.

All persons who attend a seminar or conference must earn an attendance or participatory certificate if the seminar or conference sponsor offers such a certificate. The failure to earn such a certificate may result in the particular attendee becoming ineligible to attend any further educational seminars and/or conferences. In the event a certificate is not offered, the Investment Fiduciary must provide seminar or conference materials to the Corporate Secretary on behalf of the Board.

Revision History

Date	Reason	Action
March 28, 2017	New Policy	Board of Commissioners Approved
March 27, 2018	Policy revised; Effective 5/1/2018	Board of Commissioners Approved

RESOLUTION

TRAVEL & REIMBURSEMENT POLICY – BOARD OF COMMISSIONERS, BOARD APPOINTEES, EMPLOYEES and INVESTMENT FIDUCIARIES

WHEREAS, the Board of Commissioners approved a BWL Travel & Reimbursement Policy ("Policy") on March 28, 2017 which served to combine and replace three existing policies and two previous resolutions; and

WHEREAS, the BWL staff has conducted a review of compliance with the Policy and determined additional clarifying language would enhance compliance; and

WHEREAS, it has been determined based on the feedback and review that revising the Policy to provide additional guidance and clarity would improve understanding of the Policy, improve compliance with the Policy, and reduce the time associated with administering the Policy; and

WHEREAS, the Board of Commissioners adopted the Policy as presented.

THEREFORE, it is:

RESOLVED, that the Trustees acknowledge the attached, updated Travel & Reimbursement Policy.