Account Name	Account Value	Date Hired
Client Name Confidential	$100 million	6/28/2012

8. Please provide three (3) client references relevant to the proposed assignment.

Client Name	Contact Person and Details	Nature of Assignment	Size of Client Portfolio	Relationship Inception Date
Bricklayers Local 21 Pension Fund	Mr. Richard Lauber, Co-Chairman Phone: (630) 562-3800 Email: dickl@jeduff.com	Discretionary Consulting Services	$ 450 million	8/1/2010
Puget Sound Electrical Workers	Dennis Kirkpatrick, Administrator Phone: (800) 732-1121 x3920 Email: dennis@wpas-inc.com	Non-Discretionary Consulting Services	$556 million	1/1/1986
Western Washington Laborers-Employers Pension Trust	Tom Feil, Senior Client Services Manager Phone: (206) 281-1585 Email: tfeil@zenithadmin.com	Non-Discretionary Consulting Services	$649 million	4/1/2005

E. DISCRETIONARY FIDUCIARY INVESTMENT MANAGEMENT SERVICES

1. Describe your firm's background and experience serving as both a discretionary and non-discretionary investment advisor in evaluating, selecting and monitoring investments on behalf of pension fund investors – and specifically ERISA investors.

Discretionary Services Background

Wurts & Associates began providing Outsourced CIO solutions through the Strategic Partnership Program in 2010, and the team members in place all have extensive experience in providing discretionary investment consulting services. This expertise and knowledge base grants a solid foundation from which Wurts & Associates' Strategic Partnership Program can be applied to best help Gallagher Fiduciary Advisors' client achieve its investment objectives. We are continually hiring talented investment professionals who are premier thought leaders within the industry and will provide additional expertise to the discretionary program.

Though the Wurts & Associates' Strategic Partnership Program (SPP) is still in the early stages, the new additions we continue to mention; Jeff Scott, CFA; Max Giolitti; Scott Day, CFA; Omer Tareen, CFA; have extensive experience in managing large amounts of capital, both together and apart. These individuals were instrumental in the development of our proprietary risk-factor approach to institutional portfolio investing.

Wurts & Associates had already established an impressive team for capital markets and manger research prior to Mr. Scott joining Wurts & Associates. With his addition, two additional Directors were hired in 2011 and 2012 to complement the SPP team. These include Peter Wilamoski and Warren Spencer, who are tasked to lead our capital markets proprietary research and legal operations, respectively.

Non-Discretionary Services Background

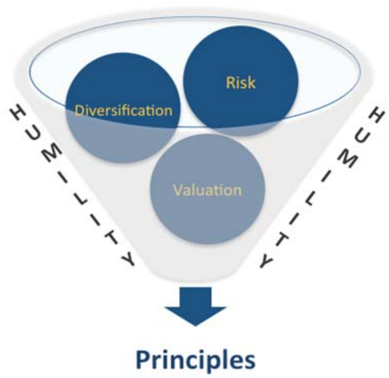
Wurts & Associates has provided non-discretionary consulting services since 1986 and serves a broad array of institutional investors including: endowments and foundations; public pension plan sponsors; corporate plan sponsors; non-profits; Taft-Hartley trusts; and select substantial net worth families. The Firm provides a comprehensive set of investment consulting services including:

- Asset Allocation Modeling
- Investment Management Research and Selection
- Performance Measurement and Analysis
- Trustee/Committee Educational Presentations
- Investment Research
- Macroeconomic Research
- Investment Policy Review and Development
- Investment Manager Fee Analysis
- Transition Assistance to New Managers
- Securities Lending Vendor Selection and Guidance
- Commission Recapture Agent Selection and Guidance

2. Describe how your firm would approach planning and implementing a discretionary investment program for the Board. How would your firm develop an appropriate asset allocation for the Fund? What unique client factors would your firm consider in establishing the Fund's asset allocation? What are the steps your firm would take to execute this plan? Explain your philosophy and methodologies for developing asset allocation for a Multi-Employer Defined Benefit Plan.

Our Strategic Partnership Program (SPP) offers fiduciaries an integrated investment solution with regard to governance, risk framework, risk allocation, and risk management.

Studies have demonstrated that institutions with sound governance practices have historically produced superior returns. Our service includes education along with recommendations for new governance and investment related policies.



The foundation of Wurts & Associates' investment discretionary services offering is built on three principles: Risk, Diversification, and Valuation. Our ultimate goal is to monitor and manage risks, as we believe it is unrealistic to manage returns.

Without a crystal ball to see the future, portfolios must be designed with "true" diversification. Most institutional portfolios exhibit little in the way of diversification; equity risk premium contributes 90% of the portfolio's overall risk, home country bias loads the portfolio with domestic assets, and the return opportunity is dominated by a growth and prosperity economic environment, i.e. low inflation and rising growth.

Ultimately, the price you pay for an asset will have an impact on your return. Hence, we believe valuations matter and therefore incorporate valuation tilts, opportunistic tail-risk hedging, and active risk budgeting.

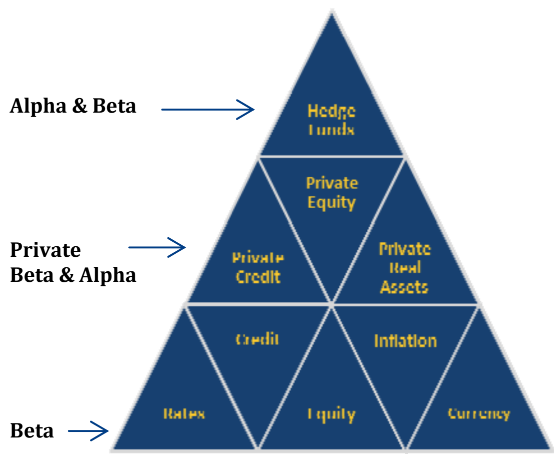
The first step in the portfolio construction/investment process begins by designing a risk factor, diversified portfolio in consideration of the institution's liabilities, objectives, and risk tolerances. The primary market risk factor building blocks are interest rates, credit spreads, equity, inflation, and currencies.

Step two encompasses our economic sensitivity analysis, where the objective is to construct a portfolio for alternative economic environments: growth & prosperity, deflation, stagflation, and inflation. The third step protects against home country bias through geographical diversification. The last step in the diversification process is an assessment of the ex-ante return contribution, where the objective is to reduce the portfolio's return reliance on price appreciation.

The final output is the Risk Benchmark, against which we will monitor and manage the actual portfolio. The Risk Benchmark is similar in concept to a policy's Strategic Asset Allocation. However, we are acutely aware that assets exhibit multiple risks and there is really no passive access to many private assets or investment strategies. Hence, it is virtually impossible to manage against a Strategic Asset Allocation benchmark that includes illiquid assets and strategies.

With the Risk Benchmark as the compass, we can construct a model portfolio to incorporate valuation tilts. The model portfolio is then run through a series of risk tests to ascertain the extent of tail risk, i.e. drawdown exposure. There may be instances where tail risk hedging is appropriate given certain scenarios. Additionally, we will size the active risk budget to embody alpha producing and capital preservation strategies.

In our view, implementation is often overlooked and underappreciated. Wurts & Associates' approach begins by assembling a foundation of passive and quasi-passive smart beta components. Why spend precious capital on the elusive search for long-only alpha, especially when the alpha is relatively small and fleeting? Instead we judiciously allocate fees to private assets and hedge strategies where historically there are greater alpha opportunities. Our goal is to invest with managers that incorporate a risk-based investment philosophy, capital preservation track record and high level of personal integrity.



3. Describe your firm's experience in serving as a discretionary fiduciary on behalf of collectively bargained multi-employer defined benefit pension plans. Describe your experience in working with clients who have established either "Funding Improvement Plans" or "Rehabilitation Plans" as required by the Pension Protection Act.

The team members of the Strategic Partnership Program (SPP) all have experience in providing discretionary investment consulting services to a wide variety of institutional investors, including multi-employer defined benefit pension plans. Wurts & Associates currently serves as a discretionary fiduciary for one collectively bargained multi-employer defined benefit pension plan

Wurts & Associates has one non-discretionary client which has adopted a "Funding Improvement Plan". The FIP is designed to improve their funding status over a 10 year period and prevent them from being classified in the "Red Zone". Given the maturity of the plan, the lower than expected hours generated within the region served by the Plan, and the benefit modifications already adopted, Wurts & Associates has recommended several asset allocation changes to increase the probability of them achieving the 7.5% assumed rate of return. Specifically, we adopted a credit bias within the fixed income portfolio when spreads were relatively attractive and we invested in private fixed mezzanine strategies and a private real estate debt strategy which we believe represented a good risk/return tradeoff and supported their FIP.

4. Provide at least two (2) examples of your firm's quantitative and qualitative analyses used to support decisions regarding asset allocation on behalf of ERISA defined-benefit plans. In each case, describe the client's investment objectives and how your asset allocation decisions were determined.

Active Risk Budget Example:

In April of this year we reduced overall risk in our client's portfolios as an outcome of our quantitative and qualitative investment research process, as described below in question #5. Even though the analysis is quite in-depth, a simplified summarization for the reduction in risk was a function of equities and credit risk premiums richening over the prior six months, while breadth of demand waned. Furthermore, the US and other developed countries are in the latter stages of the economic cycle.

A summary of this analysis is provided in **Tab V**, 2Q 2012 Quarterly Research Report.

Risk Allocation Example:

Wurts & Associates recently completed an in-depth case study for a prospective client in which we collaborated with the plan's actuarial team to develop a more comprehensive approach to portfolio construction. This ERISA plan is only 52% funded with approximately 10% annual net cash outflows and 8% return target. If the plan's assets produce the annual 8% return, the plan will become insolvent in a little more than nine years. Here we have two somewhat unique portfolio issues to deal with: First, there is a significant monthly cash outflow. Second, a large correction in risk assets, e.g. equity market sell-off, will dramatically impact the plan's solvency time horizon. In particular a 24% peak to trough drawdown in a given year will shorten the solvency time horizon by roughly one-third, i.e. from ~9 years to ~6 years. Solution: we constructed a portfolio with greater ex ante return diversification through investments in assets/risk factors with higher cash income return streams. A higher concentration of contractual cash returns reduces the plans susceptibility to "animal spirits", returns dominated by price swings, e.g. equities.

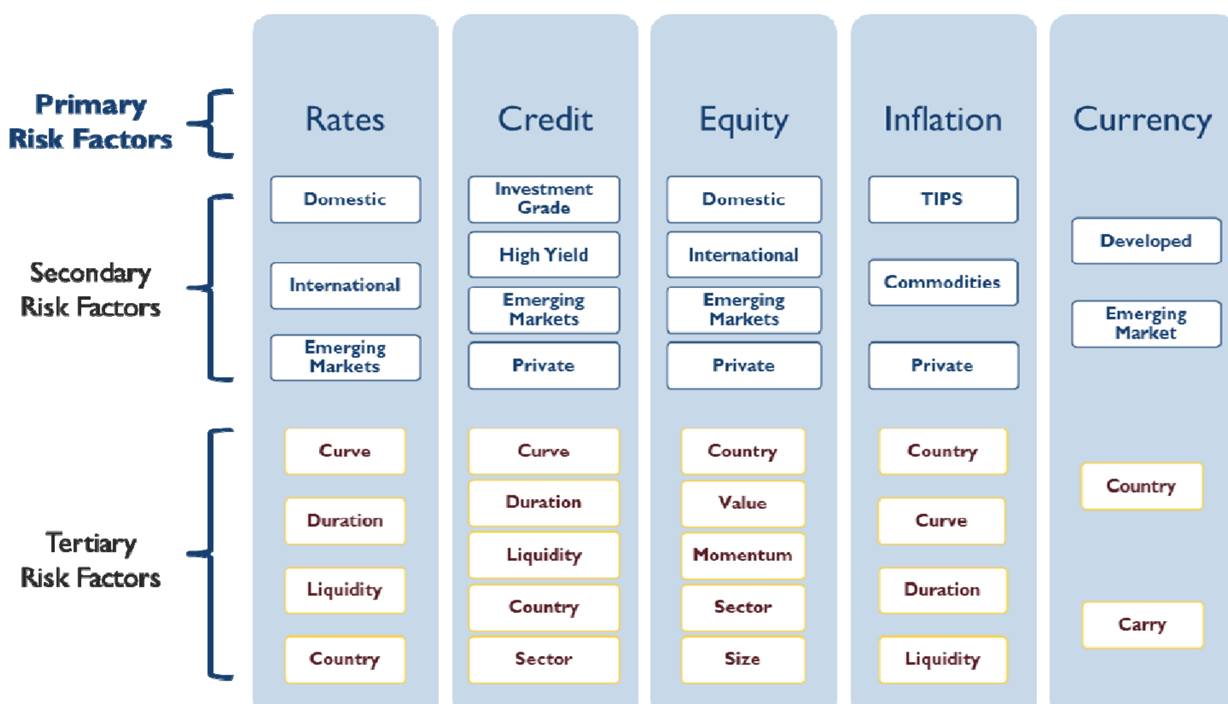
Additionally, we incorporated opportunistic tail-risk hedging to reduce the probability of large drawdowns. That said, superior portfolio construction built on the foundation of diversification, along with active risk budgeting, are key elements to managing tail-risk. Our goal for this plan is to extend the solvency horizon as long as possible.

5. Describe in detail the process by which your firm would identify, evaluate and select appropriate investments within the following asset classes. What are the critical features or terms your firm looks for in evaluating the attractiveness and risks associated with prospective investment strategies and products within these asset classes?

   - US Equities
   - Non-US Equities
   - Global Equities
   - Fixed Income
   - Real Estate
   - Private Markets
   - Hedge Funds

   The portfolio construction is designed in context to the client's liabilities, objectives and risk tolerances. We start by constructing a diversified portfolio via four dimensions: economic sensitivity, risk factors, geography and ex ante return contribution.

   Our process is centered on evaluating risk factors versus asset classes. Asset classes are bundled with multiple risk factors, some which may be cheap while others are risky. The primary risk factors are: interest rates, credit, equity, inflation and currency. As the process continues, we further diversify and evaluate the portfolio beyond primary risk factors to include secondary and tertiary risk factors.



For most beta exposures we utilize low-cost index providers, however, some exposures may require active managers. Here it is important to quantify the potential benefit versus the known fees. We do not believe there are an "optimal" number of managers for a program, that said, we will be judicious in regards to fees with the pursuit of sophisticated beta exposures and alpha. Our goal is to hire managers with uncorrelated risk exposures and those we believe have the skill net of fees and expenses commensurate to risk.

We utilize an active risk budget to tilt or add complementary risk factors to the portfolio. Our process encompasses both a top down global risk factor valuation assessment and bottom up market analysis.

The top down global risk factor valuation assessment systematically models the five primary risk factors for two dozen countries. The valuation model includes three distinct sections: fundamental analysis, market positioning and quantitative research. The fundamental analysis uses global economic statistics to measure the current economic environment and calculate current growth relative to potential, while incorporating current and implied monetary and fiscal policy implications. Market positioning analysis evaluates global supply and demand characteristics, along with behavioral bias considerations, to ascertain the markets directional trend. Our quantitative research is designed to calculate global risk premiums through multiple factors used to quantify rich/fair/cheap metrics.

When the top down process identifies an opportunity, we shift our attention to the bottom up market analysis. The bottom up process objectives are position size calibration, trade structuring, and strategy implementation. Position size calibration is used to determine the size of risk factor valuation tilt or addition through risk modeling and market capacity evaluation. Trade structuring finds the optimal trade structure to capture the risk factor exposure while limiting downside risk. Strategy implementation's end result is a disciplined active risk positioning with effective risk controls.

Overview of our research process:

- Daily- market meetings
- Daily – portfolio risk review
- Weekly – risk factor valuation modeling
- Bi-monthly – capital markets in-depth strategy meeting
- Monthly – capital markets analysis/report
- Monthly – research advisory committee meeting
- Monthly – topics of research papers
- Quarterly – quarterly capital markets research report
- Quarterly – forward looking scenario analysis tool update

6. Describe the extent to which your firm normally uses active vs. passive management in the publicly-traded asset classes noted above.

In our opinion, the argument between active and passive management has been mischaracterized for several decades. We believe that people tend to argue whether or not one is superior to another with respect to absolute returns by comparing median active manager performance to index performance. This seems to be akin to comparing apples to oranges as the median active manager's performance does not represent a close fit to the index and instead, represents highly differentiated beta (or sector/industry) exposure. Our research will endeavor to not only demonstrate this point, but illustrate the true "alpha" managers contribute on a statistical basis as they deviate from the benchmark over time.

Another aspect we disagree with is the concept that active and passive investing are mutually exclusive concepts. Both active and passively managed investment strategies can play an important role in helping the Trust achieve its investment objectives. Passive managers may provide a better investment option within the more efficient asset classes (e.g. Large Cap Equity), while active managers may provide a more appropriate investment option within less efficient asset classes (e.g. Emerging Markets Equity). In most asset classes, you will find that active managers can deliver some value-add even after fees and potential survivor bias. However, we recognize there are additional costs, such as Investment Committee/Staff time and energy, trading costs, and more importantly, the opportunity cost of time not spent on greater value-adding investment activities, and evaluate if the costs outweigh the benefits?

We also refute the concept that by using passive management that both the Board and the consultant are giving up on adding value to their portfolio. Nothing could be further from the truth. As we have demonstrated throughout our quarterly research reports in the last several years, there is tremendous value that can be added through strategic asset allocation shifts.

We would like to conclude this answer by saying that not only is the argument of active versus passive management an issue of the aforementioned factors, but it is also a function of how the client wishes to go about adding value through their portfolios. There are several options: 1) hold a static allocation and rely on active managers, 2) hold a static allocation and proactively rebalance between active and passive, 3) embrace the principles of strategic asset allocation and implement through either active or passive management, or 4) aggressively utilize relativistic valuations to add value by proactively rebalancing index funds through either a static or dynamic asset allocation.

7. In making rebalancing decisions, describe the extent to which your firm tactically rebalances portfolio assets to take advantage of short term market movements or makes rebalancing decisions solely focused on maintaining the long term asset allocation targets.

With regard to rebalancing, we do not believe in highly rigid guidelines. Instead, we see ranges of allocations as the best means to implement portfolio design. The reason for this view is that we to act upon strategic opportunities if and when they become available, as well as exercise judgment in rebalancing depending on current market valuations and conditions. We also recognize that the inclusion of alternative investments, particularly private equity vehicles, renders it nearly impossible to execute precise rebalancing given lagging market values. With this in mind, we focus more holistically on how the portfolio sits relative to our overall risk perspective. However, this is not to imply we are undisciplined in our approach. We do recommend firm risk limits for our clientele, but our goal is to not trigger rebalances too frequently. These recommendations vary client to client.

8. Discuss your firm's tracking system for prospective investments. What asset classes continually evaluated? How many investment opportunities and managers are tracked? What quantitative and qualitative criteria are maintained? How many in-person meetings did the firm conduct in 2010 and 2011?

Wurts & Associates maintains a proprietary, in-house database of investment managers for all appropriate asset classes. This database integrates all of our information sources and includes manager staffing changes, meeting notes, strategy analysis, news items, and as any other material that aids in the investment monitoring process. The database is constantly evolving and contains data for all appropriate asset classes and hundreds of managers across hundreds of strategies. It is updated weekly based on information gathered through our due diligence process. We supplement this data with the eVestment Alliance database which provides in-depth quantitative and qualitative information on over 1,600 investment management organizations and over 10,000 investment strategies across all asset classes.

On average, Wurts & Associates' manager research professionals formally meet with investment managers, either on-site or in the Firm's offices, roughly 600 times per year. In addition to in-person meetings, Wurts & Associates' manager research professionals also conduct roughly 500 conference calls with investment managers per year.

Ongoing Monitoring of Investment Managers

Wurts & Associates monitors portfolio objectives and investment managers on an ongoing basis. This service is integrated with our performance monitoring service which has risk and performance objectives built in. We utilize our performance measurement system and proprietary investment manager database to calculate and compare performance against the objectives stated in the investment guidelines. The ongoing investment manager monitoring process is briefly summarized below:

- Conduct regular in-person or phone meetings with the investment team
- Conduct on-site visit if economically feasible
- Review fund communications
- Monitor portfolio performance versus benchmark and peer universe as well as changing market movements
- Review portfolio allocation and style
- Monitor press reports for significant management, structure, personnel and portfolio developments
- Monitor personnel changes
- Monitor size of assets under management in strategy and firm-wide

Ongoing monitoring is most noticeably seen through a customized "watch list" report and is included within each quarterly performance report. It is important to note that some critical investment management issues may arise in between quarterly reporting cycles. In these cases, relying on a "watch list" to communicate information may be insufficient because of the elapsed time between recommending a change and delivering a quarterly report may be too long. In order to disseminate these issues as rapidly as possible, we will proactively reach out to the Board through all appropriate channels, including conference calls or written communication.

As answered in the prior question #5, we monitor a multitude of risk factors across two dozen countries.

9. Please describe your firm's approach to the investment selection/due diligence process. What are the most important criteria? Who is involved in the decision-making process? How many investment opportunities did the firm screen in 2011? How many investment opportunities did the firm perform in-depth due diligence upon in 2011?

All of the Firm's research efforts and processes are overseen by Wurts & Associates' Research Advisory Committee (RAC). The seven member RAC helps to ensure all research initiatives are shared across our client base and that all research initiatives are properly sourced and vetted. The RAC is also responsible for the strategic direction or our firm's research efforts and oversees the creation of our Quarterly Research Report, asset class outlooks and other research deliverables. An organizational chart of the Firm's research group is included within **Tab II**.

In 2011, The RAC oversaw due diligence for a wide variety of research initiatives and investment opportunities including Private Equity, Secondaries, Venture Capital, Hedge Funds, Real Estate, Distressed Debt, Mezzanine Debt, Commodities and Emerging Market Debt. Our experience in this capacity is most recognized through the ongoing development of Asset Class Outlooks. For your review, we have provided our most recent Private Equity Outlook, Hedge Fund Outlook and Real Estate Outlook within **Tabs VI**, **VII** and **VIII**, respectively.

As an illustration of Wurts & Associates approach to conducting due diligence on investment opportunities, we offer the example of Kayne Anderson Mezzanine Partners' ("KAMP") recent offering, the Kayne Anderson Mezzanine Fund, L.P. Recently, our analysis of the markets revealed that attractive opportunities exist within the area of mezzanine debt. As a result, Wurts & Associates conducted due diligence on a number of managers that could be used to implement this opportunity within the asset allocation framework of our client portfolios. To demonstrate our ability to provide proactive investment solutions, we have provided a primer on the opportunities in this area along with a manager report specifically for Kayne Anderson Mezzanine Partners ("KAMP") in **Tab IX**. Please note that this opportunity may not have been viable for your plan but we include this as evidence of our ability to source and conduct due diligence on investment opportunities.

A more detailed description of the Firm's individual investment manager evaluation and selection process is provided below. This process is led by Wurts & Associates' Director of Manager Research, Mr. Brian Rowe, CFA, CAIA, and he is supported by our Research & Analytics group. This sequence involves the following three steps:

- Initial Screening
- Qualitative and quantitative screening
- Application of the macroeconomic framework

Initial Screening

Our on-going research process begins with extensive database screening to narrow the universe of investment strategies down to a more manageable group upon which we can conduct due diligence. The database screening focuses on grouping investment strategies into appropriate style classes, and then screens basic criteria such as assets under management and minimum performance track record.

Once the initial "research lists" for each asset class are developed, we then use our robust database to evaluate fundamental factors on the managers and their products. By evaluating these qualitative data points we are able to find and rule out managers for a variety of problems. Examples of some of the factors we look for at this point are recent organizational changes, investment professional turnover, significant style drift, lack of institutional focus, significant asset growth or loss, and unreliable performance composite data.

Quantitative & Qualitative Due Diligence

Following our initial database screening, which typically results in a much more focused list of managers, our Research Professionals then spend considerable time conducting further quantitative and qualitative analysis. This part of the search and selection process utilizes our framework of the "Five Ps:" an analysis of People, Philosophy, Product, Performance and Price. We spend a substantial amount of time researching the qualitative factors of the organizations and investment strategies through a series of meetings, conference calls, and on-site visits. The end result is a dynamic list of managers that we are extremely confident recommending to our clients.

Application of the Macroeconomic Framework

Our views and research on manager search and selection set us apart from our competitors because we apply an underlying macroeconomic framework to this analysis. As evidence of this, we invite you to review our most recent "Active Management Environment" (**Tab X**) research piece which demonstrates not only an extensive availability of salient research, but also one of the most thoughtful applications thereof within the consulting industry.

In short, this research substantiates our views that the conventional wisdom in the consulting industry is fundamentally flawed with respect to manager search, selection, and on performance monitoring. More specifically, such practices as hiring/firing based on past performance or peer rankings generally result in the opposite of the desired result. Additionally, simply evaluating managers relative to a benchmark tells us very little about their success or failure, and the macroeconomic factors must also be taken into consideration. For example, we know equity managers' excess returns are subject to overall market volatility, aggregate valuation ratios, and the momentum of the handful of companies that dominate capitalization weighted indices. Moreover, we can identify that credit spreads are a material factor in the returns for most active fixed income managers. In other words, evaluating managers is far more complicated than looking at an arbitrary benchmark, and is more about their role in overall portfolio design.

A sample due diligence report has been included for your review under **Tab XI**. A summary detailing all individual investment manager searches conducted in 2011 is provided below:

2011 Searches by Asset Class	#	$mm	2011 Searches by Asset Class	#	$mm
Large Cap Growth	10	$61	Fixed Income - Core / Core Plus	5	$125
Large Cap Value	5	$16	Fixed Income - Short Term	3	$47
Large Cap Core	5	$107	Fixed Income - Emerging Market	2	$7
Large Cap Passive	8	$587	Fixed Income - Global	3	$65
-	-	-	Fixed Income - LDI	2	$210
-	-	-	Fixed Income - High Yield	2	$4
Small &/or Small-Mid Growth	5	$34	Fixed Income - Passive Credit	2	$200
Small &/or Small-Mid Value	1	$3	Fixed Income - Stable Value	2	$57
Small &/or Small-Mid Core	2	$12	Fixed Income - TIPS	5	$57
Small&/or Small-Mid Passive	3	$203	Commodities - Passive/Enhanced	3	$83
International Equity (Core, Gr & Val)	14	$214	Distressed Credit	1	n/a
International Index	3	$213	REIT	1	$2
Emerging Markets Equity	6	$320	Real Estate - Value Added	1	$15
Fixed Income - Core / Core Plus	5	$125	Real Estate - Core	6	$56
Fixed Income - Short Term	3	$47	Balanced / Target Date Maturity	1	$8
Fixed Income - Emerging Market	2	$7	401k Lineup/Fee Review	1	n/a
Fixed Income - Global	3	$65	Hybrid Equity	2	$1
Fixed Income - LDI	2	$210	-	-	-
Fixed Income - High Yield	2	$4	-	-	-
Fixed Income - Passive Credit	2	$200	**Total 2011 Searches**	**130**	**$3,479**
Fixed Income - Stable Value	2	$57	**Investment Managers Recommended**	**390**	
Fixed Income - TIPS	5	$57			

10. If your firm manages (or anticipates or is contemplating managing) any fund-of-funds please describe those vehicles and detail how the decision is made to invest client assets in proprietary commingled vehicles relative to separate account allocations.

Wurts & Associates has many relationships that utilize separate accounts and pooled funds as investments for a wide variety of asset strategies. There are advantages and disadvantages to both types of investment vehicles and we will determine which one is most suitable given the size of the mandate, the asset class considered, associated fees, current investment structure, and compliance regulations. We are of the mindset that all options must be considered and evaluated in order to make the most prudent decision for your investable assets.

11. Please describe the your firm's ability to educate trustees on investment matters. What experience do the individuals have conducting educational workshops? What types of research materials does your firm develop or have available for clients? Please provide samples of such research reports or white paper.

Studies have demonstrated that institutions with sound governance practices have historically produced superior investment returns. Mr. Scott's work with the World Economic Forum Long-term Investment Counsel centers their focus primarily on this topic of governance.

With an organizational structure such as yours, we start by reviewing the governance practices in place and facilitating an open discussion about best practices in governance. Our goal is to educate the organization on best practices and recommend enhancements to current practices. At the end of the process, we expect the institution to have clearly defined levels of authority, responsibility and accountability.

The Wurts & Associates team has extensive experience in designing and implementing best-practice governance policies, risk culture and risk-factor allocation processes. Our history from Dow Chemical and Microsoft is built around the concept of enterprise risk versus the traditional myopic approach practiced by our competitors. Table 1, shown below, highlights our experiences across a variety of institutions.

Table 1: Overview of Client Planning, Education and Implementation

Institution	Staff Education	Investment Committee Education	Board Education	Fund Governance	Risk Framework	Risk Tolerance	Implementation
Alaska Permanent Fund	✓		✓	✓	✓	✓	✓
Microsoft	✓	✓ Risk Committee	✓	✓	✓	✓	✓
Dow Chemical				✓		✓	✓
Texas Retirement System	✓	✓	✓		✓		✓
Samba Capital	✓	✓	✓	✓	✓	✓	✓
Other Institutions	✓	✓	✓	✓	✓		

Our proposal assumes at a minimum, quarterly Board/Committee in-person meetings. However, for this Strategic Partnership to be truly effective for both parties, Wurts & Associates and each client must be willing to commit the time and energy required for success.

As a full-service institutional investment consulting firm, Wurts & Associates will provide educational presentations in the form and frequency preferred by Gallagher Fiduciary Advisors' client. In addition to the materials provided at each quarterly meeting, Wurts & Associates also strives to keep clients continually informed of ongoing developments within the market environment through periodic email releases, secure access to our website, and the Firm's quarterly research conference calls. More urgent assessments of changing risk levels and pertinent research findings will be transmitted by phone, as it is the quickest form of communication. We will also provide written communication if it is appropriate for the event. This communication may be causal and in the form of a phone call for status updates, or formal, such as a written notification in the case of more administrative procedures that require authorized signors.

Wurts & Associates is driven by research and in addition to the samples provided; we encourage you to take a look at our extensive research library located at: www.wurts.com/knowledge.

Our team, collectively and individually, has spent countless hours educating staff, committee members and board trustees on topics ranging from governance to risk-factor investing. Here is a small example of our educational events:

Mr. Scott presented to Ernst & Young's Investment Committee on "Risk-factor Investing". Committee members received Continuing Professional Education credits recognized by the US AICPA and NASBA standards.

Mr. Scott presented at the Stanford University's Collaboratory for Research on Global Projects annual symposium on the topic of "Change Management".

Mr. Scott presented the opening case study "The Risk Factor Approach at Alaska Permanent Fund" for the i3 Investment Strategy Forum, Risk and Real Return in Sydney Australia. He also presented for Institutional Investor Forums 5th Annual Australia Investment Management Summit on the topic of "How to Build a Better Portfolio."

Mr. Scott and Mr. Giolitti led a workshop on "Risk Management" at the Canadian Investment Review's 14th Annual Risk Management Conference.

Mr. Giolitti presented at the Sovereign Wealth Focus – The Edinburgh Dialogue on the topic of "Risk Allocation Strategies".

12. Describe any significant innovations or insightful investments your firm implemented for institutional investors over the past several years. Include the names of key staff involved in these developments.

As mentioned throughout our response, Wurts & Associates recently implemented a proprietary risk-factor approach to asset allocation. Our award winning team, with

20+ years of experience in managing risks factors and implementing change through superior governance practices, is recognized globally as "best-in-class". We have successfully implemented our process and culture in the private and public sectors, Microsoft and Alaska Permanent Fund, respectively.

13. Please provide a sample/model contract that your firm would propose for the scope of services described.

For your review, we have provided a sample contract within **Tab XII**. This contract would incorporate the entire scope of services described in the RFP.

14. Describe your firm's experience advising or structuring portfolios for defined benefit plans headed for insolvency, including the type of plan (corporate, multi-employer, etc). Additionally, please detail the investment strategies you have put in place (or recommended) to address the solvency issue.

With any plan heading for insolvency, it is critical to model and manage liquidity to meet cash flow obligations. Furthermore, a plan facing insolvency must be acutely aware of drawdown risk in their investment portfolio. The investment time horizon is much shorter for mature plans facing insolvency due to cash outflows as a percentage of assets. A large drawdown will truncate the plan's solvency life due to an overwhelming impact of cash outflows relative to the reduced net asset value. In summary, liquidity, cash flow, and drawdown management are paramount.

Wurts & Associates was retained by one multi-employer plan that became insolvent. Our initial observation after accepting the assignment was that a considerable portion of the Plan had been inappropriately invested in a single real estate investment. We advised the Trustees to invest the balance of the pension assets in fixed income securities to increase liquidity and minimize the adverse affects of future drawdowns. Once the real estate asset was sold, it was our recommendation that the proceeds be invested in fixed income, as the overall objective was to delay eventual insolvency and a takeover from the PBGC.

15. Describe your firm's experience with frozen plans including the type of plan (corporate, multi-employer, etc).

Over the last several years, most of Wurts and Associates' corporate retirement plans have been frozen benefit accruals. Our investment advice to these plans ranged from implementing a LDI investment strategy to mitigate interest rate risk, to the continuation of a total return approach aimed at outperforming the discount rate. The differences in these approaches were driven by the unique circumstances of each sponsor.

16. With respect to newly formed plans, describe your firm's experience advising or structuring portfolios, including the type of plan (corporate, multi-employer, etc). Additionally, please detail the investment strategies you have put in place (or recommended) for brand new plans.

Wurts and Associates does not have direct experience in advising or structuring portfolios for any newly formed retirement plans, however, we do have experience in establishing a wide range of new investment portfolios. With any new plan or portfolio, the first step is to understand and model the client's liabilities. The second step is identifying and calibrating the client's risk tolerance, followed by creating well-written investment and governance related policies. This last part is even more critical in an outsourced CIO solution as boundaries for authority, responsibility, and accountability need to be clearly articulated.

F. MONITORING AND REPORTING AND PERFORMANCE MEASUREMENT

1. Please describe how your firm monitors a client's investments. What criteria are evaluated? How frequently are current client investments reviewed? How often does the firm meet with investment managers and service providers? How is compliance ensured?

Wurts & Associates reporting and monitor process is comprehensive and covers the multitude of risk and return metrics. Risk dashboard level I report is produced daily and includes over four dozen risk measures. Risk dashboard level II encompasses a dozen in-depth risk sections, from liquidity risk to pension plan protection act risk. As stated our answer in section E, question #5, we produce a Risk Factor Valuation dashboard weekly.

We will design a custom risk and reporting package tailored to the Board's appetite and risk limits.

Table I: Sample Level 1 Risk Dashboard Composition

Dollar Allocation	Inflation Risk Factor Analysis
Relative Risk (VaR)	Equity Risk Factor Analysis
Tail Risk – Scenario Analysis	Top 10 EM Currency Exposures
Tail Risk – Stress Tests	Notional Exposure (Leverage)
Risk Contribution by Risk Bucket	Total Risk by Security Type (Derivatives Impact)
Active Risk	Long Term Performance Analysis
Active Risk Contribution	Peak-to-Trough Drawdown