Gallagher Fiduciary Advisors, LLC
a Subsidiary of Gallagher Benefit Services, Inc.

Response from

Gallagher Fiduciary Advisors, LLC

A Subsidiary of Gallagher Benefit Services, Inc.
805 15th Street, NW, Suite 1120
Washington, DC 20005
202-898-2270

Point of Contact:
Michael Johnson, CFA
Sr. Vice President & Area Director

Regarding RFP Questionnaire
Investment Consulting Services
For the

Food Employers Labor Relations Association
and
United Food and Commercial Workers Pension Fund

May 9, 2013

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Response to the

Food Employers Labor Relations Association
and
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RFP Questionnaire for
Investment Consulting Services

INTRODUCTION

Thank you for your Request for Proposal (RFP) to provide investment consulting services to the Food Employers Labor Relations Association and United Food and Commercial Workers Pension Fund (the "Fund"). We are pleased to be included in your search for an investment consultant and we're confident that our firm's expertise, experience, and dedication will add significant value to the investment portfolios.

Gallagher Fiduciary Advisors, LLC ("GFA") offers investment consulting services to institutional investors, with a unique focus on Taft Hartley defined benefit, defined contribution, and health and welfare investment portfolios. Our firm has extensive expertise and experience regarding:

- Structuring, monitoring, and analyzing institutional, tax-exempt investment programs – including asset allocation, investment policies and procedures, controlling investment risk and expense, selecting investment managers, measuring and evaluating investment returns, evaluating transactions and brokerage, and related matters; and

- Fiduciary responsibility in investment decision making.

Set forth below is our response to the questions posed in your RFP.

A. ORGANIZATION BACKGROUND

1. **Please provide the following information regarding your firm:**
   a. **Firm Name**
   b. **Contact's Name and Title**
   c. **Contact's Mailing Address**
   d. **Contact's E-mail Address**
   e. **Contact's Phone and Fax Numbers**
   f. **Firm's Internet Address (if any).**

   Firm Name: Gallagher Fiduciary Advisors, LLC

   Internet Address: www.gallagherfiduciary.com

   Contact Person: Questions regarding this response to your RFP may be directed to the following:

   Michael W. Johnson, CFA
   Senior Vice President and Area Director
   Gallagher Fiduciary Advisors, LLC
   805 15th Street, NW, Suite 1120
   Washington, DC 20005
   Phone: 202-898-2270
   Fax: 202-898-1819
   Email: Michael_W_Johnson@ajg.com

2. **Please provide a brief history of the firm, including its year of organization and the ownership structure of the firm, including any parent, affiliated companies or joint ventures.**

Gallagher Fiduciary Advisors, LLC ("GFA") was created through the acquisition and integration of two firms, both of which have extensive experience in institutional investment consulting and fiduciary decision-making regarding traditional and alternative investments.

- In early 2008, Gallagher Benefit Services, Inc. ("GBS") acquired Yanni Partners, Inc., an investment advisory firm based in Pittsburgh, and operated that business as a division of GBS Investment Consulting ("GBS IC"), the investment advisory subsidiary of Arthur J. Gallagher & Co. The roots of Yanni Partners extend back into the late 1970s.

- Effective June 1, 2011, Gallagher's investment advisory subsidiary acquired the assets of Independent Fiduciary Services, Inc. ("IFS"). IFS was originally formed over 25 years ago, in 1986.

- Gallagher's investment advisory subsidiary is now named "Gallagher Fiduciary Advisors, LLC" and continues to serve clients from the same office locations. Thus, the firms previously known as Independent Fiduciary Services, Inc. and Yanni Partners are now consolidated into Gallagher Fiduciary Advisors, LLC.

As a result of these acquisitions, IFS has become part of the larger Gallagher organization, and thus deepened its resources, broadened its range of expertise and expanded its professional staff and assets under advisement. As with IFS and Yanni, GFA continues to deliver independent, conflict-free investment advisory and fiduciary services.

Our ultimate parent company is the publicly traded firm, Arthur J. Gallagher & Co., traded on the New York Stock Exchange as AJG. Arthur J. Gallagher & Co. is one of the world's largest insurance and risk management services firms, providing a full range of retail and wholesale property/casualty insurance and alternative risk transfer services globally, as well as employee benefit, consulting and actuarial services. Gallagher's market capitalization is approximately $5 billion. Gallagher, in turn, wholly owns Gallagher Benefit Services, Inc., a major employee benefits consulting firm. GBS owns 100% of our investment advisory firm.

3. List all owners of the firm including applicable ownership percentage, and include short biographical descriptions of the owners.

Please see our answer provided above for question number 2.

4. Describe any ownership changes that have occurred within the last five (5) years, as well as any anticipated changes in ownership, organizational structure, or professional staffing.

Please see our answer provided above for question number 2 which describes, in detail, our history and structure.

No additional near-term developments in the ownership structure or other significant changes in the organization are planned.

5. Please provide the following information related to your firm:

- **a. Number of years providing investment consulting services.**
- **b. Number of years providing consulting services to jointly-trusteed benefit funds.**
- **c. General categories of services available to clients.**
- **d. Asset classes that the firm is currently monitoring for clients.**
- **e. Total firm revenue.**
- **f. Percentage of firm's revenue from services to jointly-trusteed benefit funds.**

GFA has provided on-going investment consulting and decision-making services to a wide range of institutional investors with a special focus on Taft-Hartley defined benefit pension plans, defined contribution plans and welfare funds, including VEBAs. Taking into account the history of the legacy firms that formed GFA, we have provided investment advisory services for nearly 35 years.

Most of our clients view GFA as their "turn-key" investment staff, and we establish and maintain open and frequent contact with clients regarding management, oversight and administration of their investment programs. Our broad-scope retainer relationships include analyses and recommendations regarding the following key areas:

Investment Program Design, Management and Oversight

- Investment policy design
- Investment structure analysis and manager mandate design;
- Asset allocation and manager rebalancing
- Manager search, selection and fee negotiation for traditional and alternative assets (including private equity)
- On-going performance measurement, benchmarking, reporting and evaluation
- Drafting customized manager investment guidelines and compliance monitoring
- Commission recapture and securities lending program design, negotiation and monitoring
- Trustee investment education and customized seminars and
- Attendance at quarterly and other periodic client meetings as needed

Additionally, we also provide on-going services related to investment-related plan administration. Key services in this area include the following:

Investment Related Administration

- Draft investment-related correspondence for our client (e.g., letters of direction to investment managers, custodian and other providers as needed)
- Coordinate and monitor investment manager transitions
- Coordinating cash flow management
- Monitor and report proxy voting, commission costs and trade execution costs (as applicable)
- Monitor custodian bank and recordkeepers
- Verify investment manager fee invoices (as requested) and
- Coordinate with and respond to requests for information from client service providers including counsel, actuaries and accountants

Within our investment consulting and advisory practice area, GFA monitors assets across both the traditional as well as non-traditional categories.

Our firm is part of a publically owned company, Arthur J. Gallagher & Co. (NYSE: AJG). If necessary, please reference AJG's revenue-related detail contained in the company's financial reports available at http://investor.ajg.com.

6. Please provide the following information related to your firm:

a. Total number of clients, including total assets of all clients.
b. Number of jointly-trusteed benefit fund clients, including the size (in assets) of each jointly-trusteed benefit fund clients.

c. **Percentage breakdown of clients by category (e.g., public pension funds, endowments, etc.).**
d. **Distribution of all clients by asset size within the following ranges: (1) less than $250 million (2) $1 billion, (3) above $1 billion.**
e. **List of your firm's five (5) largest clients, including name, address, contact name, telephone number and asset size, for use by the Board as references.**

GFA provides clients on-going advice and recommendations regarding investment policy development, asset allocation, selection of investment managers, risk management, portfolio monitoring and related subjects. We currently provide on-going retainer consulting services to 160 client relationships (309 asset pools) with investment assets totaling more than $47 billion. Of that total, 58 client relationships (124 plans) are Taft-Hartley and union-related funds with assets approaching $29 billion.

The following represents the distribution of our investment consulting clients based on number of asset pools.

Size of Client*	Taft-Hartley Clients	Public Clients	Corporate Clients	Endowments / Foundations	Others	Total Clients
Less than $250 million	96	4	37	35	84	256
**More than $250 mil. < $1 bil. ** **	22	2	11	0	12	47
$1 billion and above	6	0	0	0	0	6

* *based on number of client asset pools*
** *added*

We are happy to provide contact information for client references – at a later date – as we progress through the RFP process.

Fund Name	Address	Point of Contact	Telephone Number	Asset Value ($) mil
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--	--	--	--	--
--	--	--	--	--
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7. **Please provide details on the number, name and asset values of any terminated client relationships within the past five years, including reasons for the termination. Please provide the name and position of the applicable contact person and telephone number for each such client.**

Over the last five years, only seven clients of the legacy IFS terminated our services. Although we have not received their permission to disclose their names, we can describe them. These clients included single employer corporate and multiemployer pension, 401k and welfare funds which our firm had advised, on average, for 10 years. Reasons for losing these clients included change in union leadership, desire for a discretionary manager with its own proprietary investment funds (which we do not offer) and concern over volatility in portfolio performance during the 2008 financial crisis.[1]

We are happy to provide contact information – at a later date – as we progress through the RFP process.

8. Please provide details on the number, name and asset values of any new client relationships gained in the past five years, including names and positions of contact persons and applicable telephone numbers.

In contrast, we have successfully grown our business over time by adding new client relationships. We find that when institutional investors are ready for a completely independent and transparent approach to their investment consulting, GFA is often the firm of choice.

Over the last five years, legacy IFS has added 20 client relationships in ongoing investment advisory services. These are:

Name	Assets (in millions)
32BJ School Workers Pension Fund	$294.1
American Federation of Government Employees (AFGE) General Fund	$14.2
American Federation of Government Employees (AFGE) Strike Fund	$2.3
Association of Tennis Professionals Cash Reserves	0.1
ATP Tour Player Deferred Compensation Plan	$7.9
ATP Tour Secured Benefit Plan	$3.4
ATP Tour Secured Benefit Plan	$66.1
Bricklayers Local 5 Death Benefit Fund	$2.8
Bricklayers Local 5 Pension	$88.9
Bricklayers Local 5 Welfare	$25.1
Continental Tire North America VEBA	$63.4
CWA/ITU Negotiated Pension Plan	$729.4
CB Richard Ellis 401(k) Plan	$921.3
Heating, Piping and Refrigeration Pension Fund	$446.1
Heating, Piping and Refrigeration Medical Fund	$32.0
Steamfitters Local 602 Retirement Savings Plan	$101.6
National Association of Letter Carriers (NALC) Annuity Fund	$235.1

[1] Over the same time period, our legacy team out of Pittsburgh lost 27 client relationships. Common reasons for client loss include changes in portfolio structure, no longer requiring an investment consultant, and mergers/acquisitions.

Name	Assets (in millions)
National Association of Letter Carriers (NALC) Building Fund	$37.2
National Association of Letter Carriers (NALC) General Fund	$249.6
National Association of Letter Carriers (NALC) Health Benefit Plan	$10.2
National Association of Letter Carriers (NALC) Service Allowance Fund	$166.8
National Association of Letter Carriers (NALC) USLC Mutual Benefit Assoc.	$230.2
National Italian American Foundation	$8.9
New York State Nurses Association Pension Plan	$2,450.3
Participating Union GM Bankruptcy Claim Health Care Reimbursement	$38.1
Patton Boggs Defined Benefit Plan	$22.3
SEIU 32BJ Connecticut Pension Fund	$37.1
Radio Television & Recording Arts Annuity Fund	$17.8
Radio Television & Recording Arts Pension Fund	$47.2
Teamsters National 401k Plan	$529.7
UPS – Machinists Lodge 447 (IAMAW) Annuity Fund	$27.1
Wisconsin Masons Pension Fund	$110.6
World Golf Foundation Employees' Retirement Plan	$4.9
World Golf Foundation Employees' Savings Plan	$4.5
World Golf Foundation General Assets Account	$9.9
A Global RE Company (401k and Pension)*	$609.4

** GFA is not able to disclose the specific client name*

Additionally, we have also expanded relationships with existing clients and added the following investment portfolios:

Name	Assets (in millions)
Electrical Workers Local No. 26 Joint App Training and Trust	$5.2
Iron Workers Defined Contribution Fund (Local 25)	$2.3
Local 8 IBEW 401k Plan	$7.1
UPS – Machinists Lodge 447 (IAMAW) Annuity Fund	$27.1
NE Laborers Apprenticeship Advancement Fund	$0.7
NE Laborers' Organizing Fund	$2.5
United Furniture Workers Employees Pension Fund	$4.2
United Furniture Workers Insurance Fund	$5.3

Over the same time period, our legacy team out of Pittsburgh has gained 26 new client relationships with assets totaling $3.4 billion.

9. Please provide a current annual report.

As previously stated, our firm is part of a publically owned company, Arthur J. Gallagher & Co. (NYSE: AJG). If necessary, please reference AJG's revenue-related detail contained in the company's financial reports available at http://investor.ajg.com.

B. Professional Staff

10. Provide an organization chart showing functions, positions and names of all professionals within your firm. Include the total number of professional employees and total support staff.

GFA's firm is comprised of seasoned professionals complemented with highly qualified support staff. GFA has 57 employees in three primary offices (Washington, DC, Pittsburgh, PA and Newark, NJ), with an average of 19 years of professional experience. Its professional staff includes 24 investment consultants with broad and deep backgrounds in investments, finance, accounting, internal controls, banking, corporate treasury, trustee and fiduciary responsibility/ERISA. Additionally, of the 57 employees, 16 have earned the Chartered Financial Analyst designation (CFA), four are attorneys with considerable experience regarding fiduciary responsibility in investing, one is a Certified Public Accountant (CPA), and 14 are MBAs.

GFA's firm is comprised of the following types of employees:

Position	**Number of Staff**
Investment Consultants	26
Analysts	13
Other Professionals and Marketing / Client Services	5
Administration and Support	13

11. Please provide the names of all professionals who will be assigned the Fund's account, including designated primary and secondary consultants, as well as detailed biographical data on all such individuals. At a minimum include, the following information for each:

a. Length of experience in investment consulting services and with your firm
b. Names of currently assigned accounts, including total assets of each client
c. The highest educational degree and/or professional designation attained

This account would be serviced by our Washington, DC office and you can be assured of receiving initial and on-going service at the highest levels of our firm.

The following team members will serve this relationship:

- Samuel Halpern, *Area President*
- Michael Johnson, *CFA, Sr. Vice President & Area Director*
- Adam Marks, *CFA, Vice President*

- Analyst – to be determined

The biographies for these team members are provided below:

Samuel W. Halpern, Area President

Samuel Halpern has specialized for over 35 years in the financial and fiduciary aspects of employee benefit plan investment programs. As Area President, Mr. Halpern is responsible for guiding development and delivery of the firm's services overall and personally works with select retainer and project clients across the full range of GFA's services. Mr. Halpern is Chairman of GFA's Investment Committee and a member of the firm's Management Committee.

Prior to helping establish Independent Fiduciary Services, Inc. (acquired in 2011 by Gallagher Fiduciary Advisors, LLC ("GFA")) in 1986, Mr. Halpern was a partner in a Washington, DC labor law firm, where he specialized in investment matters subject to the fiduciary responsibility provisions of ERISA. He represented pension and welfare funds, trustees, labor unions and participants in litigation and administrative matters involving the U.S. Department of Labor.

Before private practice, Mr. Halpern litigated fiduciary responsibility cases under ERISA for five years at the U.S. Department of Labor, where he helped develop legal standards for pension fund investing. These cases involved the 'prudent man' rule, valuation and decision-making regarding plan investing in real estate and closely-held employer securities, diversification of investments, appropriate investment procedures, selection and compensation of service providers and other matters.

Mr. Halpern received his law degree with honors from The George Washington University of Law Center in Washington, DC. He attended the London School of Economics and is a magna cum laude and Phi Beta Kappa graduate of Brown University. Mr. Halpern is based in GFA's Washington, DC office.

Mr. Halpern is personally and substantially involved with a primary group of 12 of the firm's retainer consulting relationships. He also serves as a periodic resource to various teams of GFA professionals with responsibility for other retainer consulting clients, but on those assignments, rarely, if ever, attends client meetings and acts essentially as a sounding board for the team handling the account.

Michael W. Johnson, CFA, Senior Vice President & Area Director

Based in Washington, DC, Mr. Johnson is responsible for providing on-going investment advice to the firm's consulting clients and for managing the firm's Washington, DC based investment consulting practice. He joined the firm in January, 2000. He is also a member of the firm's Research and Investment Committees.

Prior to joining Independent Fiduciary Services, Inc. (acquired in 2011 by Gallagher Fiduciary Advisors, LLC ("GFA")), Mr. Johnson was with Wilshire Associates where he worked with a major Wilshire client, the Pension Benefit Guaranty Corporation in Washington, DC. Prior to joining

Wilshire, he was a Registered Associate with a major retail securities firm where he assisted with developing investment strategies. His background in the investment industry is broad based, having worked on both the retail and institutional sides of the investment consulting industry.

Mr. Johnson graduated from the University of Maryland with a BS in Business and received his MBA, with finance and accounting concentrations, from The Owen Graduate School of Management at Vanderbilt University. He earned the designation Chartered Financial Analyst and is a member of the CFA Institute and the CFA Society of Washington, DC.

Mr. Johnson is currently responsible for fourteen client relationships.

<u>Adam Marks, CFA,</u> Vice President

Based in Washington, D.C., Mr. Marks will be re-joining our GFA team after having been previously employed with legacy IFS. Mr. Marks worked with the United States Enrichment Corporation (USEC) for nine years. His most recent position was Manager of Investments where he was primarily responsible for overseeing investments and administration of the company's $700 million defined benefit plan, $300 million dollar defined contribution plan and $50 million post-retirement health and welfare plan.

Mr. Marks earned his MS in finance from John Hopkins University.

12. Please explain how the team dedicated to the Fund's account would function, and the procedures for addressing the Fund's account when the primary or secondary consultant(s) are traveling or otherwise unavailable.

As a practical matter – and perhaps more than any other investment consulting firm – GFA consultants work collaboratively and network with one another in teams to solve each client's unique issues and challenges. As mentioned earlier in our response, we propose a dedicated client team of three professionals. This ensures that multiple GFA professionals will be directly involved on an on-going basis to provide service to your account. In addition, GFA is a deeply resourced firm, having senior professionals who serve as investment consultants to our client relationships. When you engage GFA as your investment consultant, you will have at least three professionals *dedicated* to your account. However, many more GFA professionals and consultants are knowledgeable about your account and are working to serve your account each day. In the unlikely event a departure occurs due to illness or other reasons, our investment consulting team's deep institutional knowledge of your client relationship will ensure continuity of service.

13. Please indicate the turnover of professional staff (senior management, consultants and personnel dedicated to consulting services) in the past five years, including the name and position of each departing employee, the date and reason each employee left the firm, and the name of any replacement employee.

Over the past five years, as particular members of our staff have periodically left the firm, we have hired many, qualified new professionals. Employees have left our firm for different reasons, generally including:

- A result of a shift in our business strategy, de-emphasizing work for public pension funds. Several staff who concentrated in that area thus moved on.

- Departures to work in the asset management industry or to join the staff of pension organizations such as your own.

- The natural, miscellaneous circumstances that inevitably lead to change over time.

In 2008, one consultant departed to work for a high net worth family office in Washington, DC and one analyst left to pursue other career interests. In 2009, two analysts left – one to pursue a career change and the other moved back to his home town to care for his ailing mother.

In 2010, one professional – a lawyer on our staff, (who concentrated on work for public pension funds) returned to her home state of residency. Additionally, in 2011, another professional (who also concentrated on public pensions) returned to his independent consulting business.

As part of our merger into GFA in 2011, we no longer needed our own comptroller and as a result he left the firm. We also concluded that we no longer would need our own Chief Operating Officer – who just prior to the merger, left the firm to pursue other career opportunities. In 2012, six consulting staff members either were let go, resigned to join the staff of pension funds or – more commonly – to pursue careers in asset management. In January 2013, one consultant and an analyst left to join hedge funds or fund of funds organizations.

Personnel in our Pittsburgh, PA office who left the firm in 2008 include two consulting analysts – one left to return to school full time and the other relocated for family reasons. In 2009, two consulting analysts left to pursue new opportunities – as was the case in 2010 when one senior consultant left. In 2011, two consulting analysts left the firm – one left to pursue a new opportunity and the other for personal reasons. Also one consultant left the firm to work for an investment management firm. In 2012, two consulting analysts left the firm to pursue new opportunities.

All employees who have left the firm, worked constructively and collaboratively with other GFA team members to ensure a smooth transition of their client responsibilities.

Over the same time period a total of 17 personnel were added to include investment consultants, other professionals and analysts – they are:

- Adam Marks, CFA, *Vice President*
- Phil Fabrizio, *Assistant Vice President*
- Allen Liu, *Analyst*
- Raymond Chin, *Analyst*
- Mangala Murthy, *Assistant Vice President*
- Swetha Ketty, *Sr. Analyst*
- Michael Miller, A*nalyst*
- Eric Elbell, CFA, Vi*ce President*
- Jamia Canlas, *Sr. Analyst*

- Susan Bowen, *Vice President*
- Craig Morton, *Consulting Analyst*
- Jessica Ferringer, *Consulting Analyst*
- Gregory Zuroski, *Consulting Analyst*
- Marvin Devers, *Consulting Analyst*
- Stephen Cheek, *Sr. Consultant*
- Michael Antonucci, *Consulting Analyst*
- Joseph Karpinski, *Sr. Consultant*

14. Within your firm, what is the average number of clients per consultant?

The average number of clients served by each member of our staff is 10.

15. Please provide a brief description of your firm's compensation arrangement for professional staff, including any incentive bonuses and how such bonuses are awarded. Please indicate if any professional staff has an ownership stake in the firm or otherwise shares in the firm's profits, and if so, please provide details.

Compensation arrangements for the professional consulting staff are two-fold. The first is salary, which is a reflection of the firm-wide value-added contributions. This includes the development of support staff, investment policy contributions, participation in continuing education (i.e., CFA program), etc. The second element is bonus. This is directly based on the consultant's efforts at client retention by delivering superior service, as well as new business development and the firm's overall profitability. Compensation arrangements for the professional consulting staff reflect the individual's activities directed toward client service and retention as well as contribution to the overall consulting effort.

The legacy IFS has designed and expects to institute a "success sharing" program as well, designed to retain our professionals and reward them in light of the firm's profitability over a multi-year cycle.

16. Please discuss your firm's plans for future growth in the benefit consulting area.

Our business plan is to continue growing our firm, primarily organically, but also possibly through suitable acquisitions. Through the formation of GFA and the greater resources that has provided us, we have significantly deepened and enhanced our research and specialization, added investment tools and expanded our range of expertise. We expect over the next year to continue that direction.

Our business plan calls for several new employees this year, including additional investment consultants and performance measurement analysts.

We expect to maintain the same essential services as we now provide, but enhancing and adjusting those in certain respects. For instance, we expect to increasingly take on fiduciary responsibility as an ERISA investment manager for investments which either pose a conflict of interest requiring an "independent fiduciary" or are particularly complex. In that latter case, clients are increasingly asking us to take on decision making authority for determining whether and on what terms to proceed with the investment.

C. SERVICES AND CAPABILITIES

17. Describe the range of consulting and other financial services that your firm offers.

GFA provides clients on-going advice and recommendations regarding investment policy development, asset allocation, selection of investment managers, risk management, portfolio monitoring and related subjects. We currently provide on-going retainer consulting services to 160 client relationships (309 asset pools) with investment assets totaling more than $47 billion, plus approximately $2.3 billion in our fiduciary decision-making practice (described below).

Additionally, we also perform project-based Operational Reviews or "best practice" fiduciary and performance reviews for ERISA covered funds, public retirement systems and other institutional investors. Equivalent to a physical exam for a plan's investment program and practices, this service is designed to identify undue risks, trim expenses, and upgrade the investment program. In the Operational Review, we diagnose and evaluate in writing a broad range of investment subjects such as asset allocation, risk controls, investment policies and procedures (including due diligence procedures for selecting and monitoring "alternative" investments such as private markets assets), delegation of responsibilities and effective reporting procedures, practices for collecting and distributing assets, and various types of communication with trustees and participants. Our clients for this work have ranged in size from $20 million to over $85 billion.

GFA also serves as fiduciary decision-maker on specific investment-related transactions where, because of conflicts of interest, an "independent fiduciary" is required. The value of assets involved in such transactions has ranged from approximately $10 million into the billions. Importantly, GFA often acts as a fiduciary decision-maker – not just an adviser – with regard to both public and private markets assets, including real estate, private equity and private debt. Oftentimes, this is in the context of transactions that are particularly challenging under ERISA's prudent person or prohibited transaction standards. Thus, we bring a practical approach to our work, realizing what it means not merely to consult, but to act, as well as having a sophisticated understanding of the regulatory context in which our clients operate. We have extensive, combined expertise in investment matters and fiduciary responsibility.

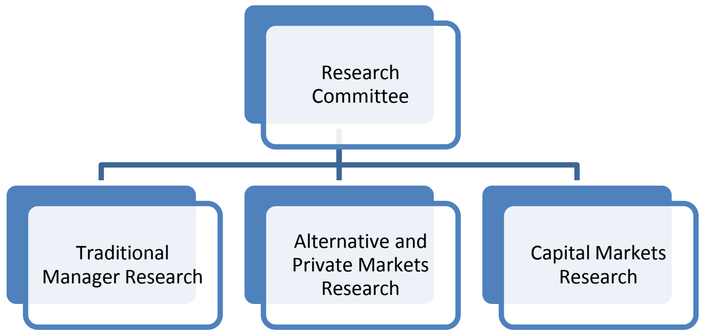
18. List your firm's lines of business and the appropriate contribution of each business to your firm's total revenue and profits. If the firm is an affiliate or subsidiary of an organization, what percentage of the parent firm's total revenue and profits does the subsidiary or affiliate generate?

Please see our answer provided above for question number 17.

As previously stated, our firm is part of a publically owned company, Arthur J. Gallagher & Co. (NYSE: AJG). If necessary, please reference AJG's revenue-related detail contained in the company's financial reports available at http://investor.ajg.com.

19. Describe the internal structure, organization, and capabilities of your firm's research department (if no separate department exists, describe how this function is performed).

Our firm's Management Committee has established a Research Committee. The Research Committee is organized as follows:



The Research Committee is responsible for setting a uniform strategic direction and policy development consistently across client accounts. The Committee meets regularly to discuss the capital markets environment, sets GFA's on-going research agenda and identifies investment themes and strategies on which GFA performs product due-diligence. The Research Committee is responsible for establishing a framework for traditional manager due diligence and well as approving all "non-traditional" investments before the new investment ideas are rolled out to the consulting teams and presented to clients. Additionally, the Research Committee is tasked with developing the firm's annual capital market assumptions which are used across GFA's client base for asset allocation modeling. The Investment Committee is charged with oversight of the relationships where GFA has discretionary investment authority as a fiduciary.

GFA's Research Committee consists of Mike Johnson, CFA; Jeff Covell, CFA; Eric Elbell, CFA; Ryan Lennie, CFA; Barbra Byington, CFA; and Chuck Gregor, CFA. The Committee is also supported by numerous additional members of our staff.

We take a proactive approach to communicating with and educating our institutional clients about investment trends and new and different approaches to institutional investing. We consider this to be an important part of our traditional consulting role. In many cases, our clients devote one or two days each year (separate from regular meetings) to review and discuss important investment topics with us and with other investment experts. We also recommend that our clients make room during regular quarterly meetings for in-depth discussions when pressing topics require attention.

Our firm maintains up-to-date research information which is available on our website at www.gallagherfiduciary.com. Our clients are encouraged to go online and access articles, reports and other materials that provide insightful perspectives regarding the financial industry, in general, and more specifically, capital markets updates and the possible impact on their investment portfolios.

Our research is primarily geared for clients to address their specific needs. However, we also publish capital market, industry and investment product research as well. A sample list is provided below.

- Market Monitor Report (published semi-monthly)
- Monthly Market Update (published monthly – for internal use)

- Quarterly Market Environment (published quarterly)
- GFA 2013 Research Forum – "Managing Risks and Seizing Opportunities III"
- GFA 2012 Research Forum – "Managing Risks and Seizing Opportunities II"
- GFA 2011 Research Forum – "Managing Risks and Seizing Opportunities"
- Fixed Income Market Environment – Risks and Opportunities
- Unconstrained and Absolute-Return Fixed Income
- Global Equity Management
- Looking at Your Return Assumption

20. Describe the manner in which internal and external resources and sources of information are used in the research process. How does your firm integrate internal and external research?

GFA uses several well known sources of external, third-party data and information within our research process. Our Research Committee (noted previously) is responsible for assuring we maintain access to all information necessary for us to remain up to date regarding market and economic events and trends which may impact client portfolios. For example, we subscribe to FactSet, which gathers and aggregates a wide range of market and economic data to facilitate research that we prepare internally. FactSet allows us to stay abreast of global economic events and analyze market, sector, and fundamental investment data. FactSet combines an interactive economic event calendar, dynamic charting, and comprehensive country and comparison reports in one application. Thus, we are able to gain insight into macroeconomic developments that are moving the market by building customized charts in FactSet. Our internal bi-monthly Market Monitor, is an example of this work (see Exhibit A). This publication is used by our consulting staff to continually provide insight to clients regarding market and economic developments.

Other examples of external data providers we use in our research process include (but are not limited to) the following:

- **eVestment Alliance** – *the industry's most comprehensive database, which provides best-in-class tools which enable in-depth research and due diligence, side-by-side comparisons and flexible product and investment manager screening and client-ready reporting.*

- **Investment Metrics PARis –** *fully-integrated investment analytics platform that delivers performance measurement, risk attribution and customized performance reporting.*

- **Morningstar Direct** – *a global investment analysis platform that unites all of Morningstar's mutual fund and separate account data and institutional research, private and third-party content, rigorous analytics, and productivity tools.*

Also, please see our answer provided below for question number 27 which describes our due diligence process.

21. Has your firm conducted an asset/liability study for a joint-trusteed benefit fund? If so, how many has it conducted within the last three (3) years, and provide a written sample of a recent study performed by your firm for a client with a similar profile as the Board.

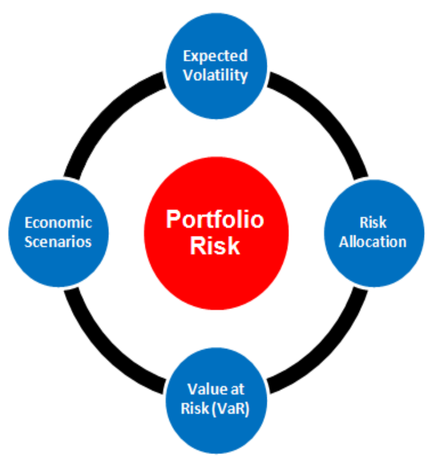
With the passage of the Pension Protection Act of 2006 ("PPA"), most boards of trustees are increasing their focus on the interaction of their plan assets relative to liabilities and key measures of overall plan funded status. For many funds, formal asset/liability studies are no longer an occasional evaluation; they will be used on a continual basis to evaluate the potential impact of key asset allocation decisions.

GFA is capable of performing asset/liability studies in two different ways. First, GFA utilizes modeling software we purchase from Windham which includes tools enabling us to identify the most appropriate asset mix on the "efficient frontier" given the financial condition and time horizon of the client's investment portfolio. We then coordinate with the client's consulting actuary to collaboratively develop an asset liability analysis. Second, we also develop asset-liability analyses using our proprietary model. A key feature is the model ability to project a plan's funded ratio. The model presents expected results as well as favorable and unfavorable potential outcomes and projects liabilities pursuant to appropriate funding and accounting standards.

Often, we are asked to work side-by-side with our client's regular consulting actuary to develop asset/liability studies or valuation projections based on investment scenarios that we develop internally.

22. Describe your firm's process for determining the appropriate asset allocation for a jointly-trusteed benefit fund. At a minimum, include the criteria on which you base your assumptions. Also describe your process for determining and analyzing a client's investment structure. Describe your process for recommending modifications to the portfolio structure as warranted by changes in the market place or benefit obligations/assumptions.

From a quantitative perspective, our firm utilizes asset allocation models developed by Windham, supplemented by a proprietary model (mentioned at the end of our response to this question). These models allow us to analyze various portfolio mixes relative to each client's investment objectives in order to identify portfolios that maximize expected investment return within given levels of risk. Importantly, our analysis of "risk" is multi-dimensional, as depicted below:

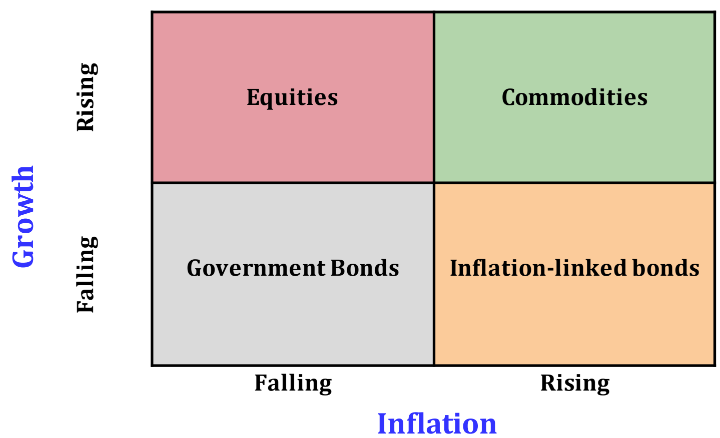


Our analysis of portfolio risk includes the following:

- Within Horizon Risk – Within horizon risk measurement allows us to evaluate exposure to loss continuously <u>during</u> an investment period, rather than simply at the end of an investment period. Analyses that consider portfolio risk only at the end of an investment period ignore losses that occur before the period is over and underestimate true exposure to loss. Thus, we are better able to identify portfolios that truly represent an appropriate level of risk for each client's objectives.

- Risk Budgeting – Allocating overall portfolio "risk" is more important than simply allocating "capital" across asset classes. Our asset allocation models include risk budgeting tools to help analyze the sources of portfolio risk by revealing the level of risk each asset contributes to various portfolio mixes. We are also able to simulate probability of loss and value-at-risk (VaR).

Additionally, we analyze and evaluate alternative portfolios that seek to diversify risks across multiple dimensions under various economic environments as depicted below:



As previously stated, from a quantitative perspective, our firm utilizes Windham Portfolio Advisor software, which enables us to perform asset allocation modeling across many dimensions. Windham modules facilitate capital market forecasting, asset allocation optimization, risk management and risk budgeting (using both end of period and within period horizons) and cash flow simulation. Windham also facilitates analysis of risk during "normal" time periods and separately, "turbulent" periods.

GFA develops capital markets assumptions to provide the estimates used in our asset allocation modeling process: expected return and risk for each asset class, along with an estimate of the correlations between pairs of asset classes. Our assumptions are long-term in nature, and are intended to reflect our view of prospective average asset class returns over at least a 10-year investment horizon. We revise these assumptions annually based on our rigorous analysis of historical asset class data, current economic information and expected future inflation and risk "premia" for various asset classes (a "building block" approach). Use of historical data alone is not enough. For some asset classes, such as U.S. equities, we utilize additional valuation methodologies to develop multiple points of reference to support our assumptions. Ultimately, we apply our own professional judgment about how asset classes may behave in the future.

Drawing on a well-established financial theory, the "Capital Assets Pricing Model," expected future returns for various asset classes (like equities and fixed income) can be decomposed to a real, "riskless" return component, an inflation component, and various risk "premia" that investors typically associate with each asset class. The real, riskless rate is the rate of return on investments in short-term, risk-free U.S Treasury Bills. The inflation component varies through time as forecasts of inflation in the economy change. The risk "premia" are the amounts of additional return that rational investors are assumed to demand to be compensated for the additional risk for investing in stocks or bonds. For example, the risk premium for stocks can be thought of as the amount of investment return needed to compensate investors for bearing the uncertainty and volatility of owning equities instead of holding cash.

The "riskless" cash rate is observable market information. The current rate of expected inflation can be reasonably estimated using observable market information and published economic forecasts. However future risk premia for other asset classes cannot be directly observed. They must be estimated. Since markets are dynamic and unpredictable, future realized asset class returns may not match the returns implied by the "building block" approach would suggest. Nonetheless, we believe this approach is useful as another point of reference in formulating reasonable expectations about future returns.

GFA develops capital markets assumptions for the following key asset classes:

- Cash
- Investment Grade Bonds
- Non-U.S. Equities
- Commodities
- Treasury Bonds
- High Yield Bonds
- Real Estate
- TIPS
- U.S. Equities
- Private Markets
- Marketable Alternatives

This quantitative process yields information regarding portfolio mixes that are geared to produce the highest level of total fund return for a given level of total fund "risk" or volatility of returns over time. Importantly, we spend a great deal of time analyzing and discussing with clients the appropriate level of "risk" they are willing to accept within their investment portfolio. In doing so, we present various probabilities of return associated with different mixes and highlight the possible impact of unfavorable outcomes (e.g., "worst-case" scenarios) over short and long-term time periods. Through this process, we seek to ensure that clients make informed decisions regarding overall asset allocation in light of their risk tolerance and the fund's investment needs over time. Thereafter, we proactively recommend rebalancing in order to manage ongoing portfolio risk.

As a further analytical tool, GFA also employs a proprietary asset allocation model. A key feature of our model is the ability to project a multiemployer plan's funded ratio. The model presents results on an expected basis, as well as favorable and unfavorable terms. We recommend an investment strategy based on its potential to maintain an adequate funded ratio with reasonable risks (defined as a potential decline in the funded ratio). The model projects the liability pursuant to appropriate funding and accounting standards. We obtain from plan's actuary the benefit projections and expected contributions. Our parent company has an internal actuarial group that fortifies our work regarding the interrelationship of assets and liabilities.

Implementing an appropriate investment structure that is consistent with a client's strategic asset allocation, investment objectives and risk tolerance is of critical importance. After a client's asset allocation is determined, we then present investment structure recommendations which are based on such key factors as (1) the specific asset classes in which the fund has chosen to invest, (2) the asset class policy index we've recommended to the client, and (3) the overall efficiency or each market segment and ability to generate "alpha" through active management. The above sets the framework within which the fund's "risk budget" is spent allocating assets to underlying investment managers.

Investment structure factors we evaluate for each client include the following examples:

US Equity Management
- Active vs. Passive
- Capitalization distribution and allocation (large, mid , small and "all cap")
- Style allocation ("growth", "value", and "core")
- Manager diversification (minimize style overlap)

Non-US Equity Management
- Active vs. Passive
- Developed vs. Emerging markets
- Capitalization distribution and allocation
- Style allocation
- Currency hedging

Fixed Income
- Active vs. Passive
- Duration exposure (short, intermediate or long)
- Core vs. Core plus
- TIPS
- Quality distribution (investment grade vs. high yield)
- Sector distribution (specialist vs. generalist)
- Non-index sectors and strategies (non-US, emerging markets, bank loans, etc.)

Real Estate
- Equity vs. Debt
- "Open end" vs. "closed end" commingled fund structure
- Core, value-add and opportunistic strategies
- Property type and geographical diversification

Hedge Funds/Absolute Return
- Single manager vs. "fund of funds"
- Single strategy (manager of "fund-of-funds") vs. multi-strategy
- Geographic focus (US, global, regional)
- Strategy and sector specialization

Private Markets
- Single manager vs. "fund of funds"
- Venture capital, early and late-stage private equity
- Buyout funds
- Mezzanine debt funds
- Secondary market private transactions

Given the fundamental importance of investment structure decisions, we provide initial and on-going education to clients regarding the nuances between different investment strategies and approaches and perform rigorous investment manager due-diligence geared to identify highly qualified investment managers to implement various components of each client's investment structure. We continually remain abreast of changes in our clients' investment objectives given changes in the capital markets and the structure and nature of their plan liabilities and make recommendations as appropriate.

23. Describe your firm's process for developing, recommending, and maintaining a client's investment policy, strategy and asset mix, including re-balancing.

GFA believes that a written, customized investment policy and manager guidelines are essential components of proper fund management and consulting standards. We believe it is our role and responsibility to provide the trustees with a framework of policies that combines best practices and fund-specific needs, based on actuarial, cash flow and regulatory requirements. From there, we work with trustees to customize documents further to reflect an acceptable level of risk for the fund and investment goals. In the course of this process, we work with the trustees to establish an asset allocation and to define acceptable investment structures that will work to achieve the total fund's risk and return goals.

Asset allocation and investment structure are key drivers of total fund risk and return. We therefore spend a great deal of time working with clients to establish sound policies regarding both matters. The Funds' investment structure takes form in phases, from the broadest level (i.e., the Investment Policy Statement which applies to the total fund) to the most refined (i.e., defining each mandate and ultimately selecting investment managers to implement the mandate). One element we believe should be included in an investment policy is how the trustees expect to approach rebalancing assets.

Rebalancing is the process of adjusting a portfolio's structure when the actual asset allocation materially deviates from the target allocation. Our philosophy is generally to recommend to a board of trustees to rebalance close to the targets on a quarterly basis, i.e., to "take chips off the table" when the value of a strong asset class materially exceeds its target allocation, and to add new monies to asset classes which have recently underperformed and fallen below their target. This is, in essence, a disciplined method of "selling high" and "buying low," rather than simply following emotion (which generally produces the opposite result).

Lastly, from time to time modifications to the policy, objectives and guidelines might be necessary given changes in the capital markets, the availability of new investment products and the funds' financial or actuarial position. Thus, we keep current with our clients' needs and recommend an annual review and updating or modifying the IPS as appropriate.

24. Describe how benchmarks are chosen or developed and how performance is compared to similar portfolios. Can your firm provide custom benchmarks? Please indicate whether the firm has ever developed benchmarks for a jointly-trusteed benefit fund and if so, provide a description of the benchmarks developed and the method used in developing the benchmarks.

We believe that benchmarks are helpful diagnostic tools, i.e., they help GFA and the Board to evaluate and understand the nature and adequacy of investment performance. Benchmarks are useful on many levels for evaluating an entire portfolio, an asset class as well as a specific investment account. While developing and applying benchmarks certainly includes numerous technical “scientific” aspects, their application also entails considerable judgment.

GFA constructs total fund or custom portfolio benchmarks based on broad market benchmarks weighted to reflect the fund’s target asset allocation adopted in each client’s Investment Policy Statement. This index is referred to as a “Policy Index” and it provides an objective basis for comparison for asset total returns.

An example of a client’s Policy Index is as follows:

	Plan Target Allocation	Policy Index
US Equities	40%	40% weight in Russell 3000 Index
Non-US Equities	10%	10% weight in MSCI EAFE Index
Fixed Income	35%	35% weight in Barclay's Aggregate Bond Index
Real Estate	10%	10% weight in NCREIF Index
Hedge Funds	5%	5% weight in LIBOR + 5%
Total	100%	

We also use custom or style benchmarks and provide analytics at the specific manager and mandate level. GFA uses benchmarks based on the specific characteristics of the particular investment mandate. GFA engages investment managers in a thorough discussion and performs deep portfolio analytics to determine the best style specific benchmark based on the manager’s stated (and observed) investment style.

Additionally, we have developed custom benchmarks on behalf of clients for certain investment managers whose investment mandates are highly specialized.

GFA also uses investment performance universes as another important tool in analyzing, comparing and reporting investment performance as noted in response to question #25 below.

25. Does your firm maintain internally or otherwise have access to a jointly-trusteed benefit fund database for peer group comparison purpose? If so, please describe such database in detail, including (1) the composition of the database (especially in terms of its representation of the jointly-trusteed pension fund universe), (2) how the database is maintained and updated, and (3) how the database can be used to compare and rank the Funds in terms of risk, returns, asset allocations, and portfolio structure.

We subscribe to Investment Metric’s Performance Attribution and Information Report System (“PARis”) which currently tracks over 29,000 managed portfolios and supplies full benchmark coverage. Performance universes are available for 18 asset classes including equity, fixed income, balanced, cash, international equity, international fixed income, mortgage, GIC, and real estate (US and International). The system also classifies total fund performance by type of plan sponsor, including Taft-Hartley plans, corporate plans, public funds, eleemosynary and personal trusts. These total fund universes reflect over 1,600 plans with total assets just under $718 billion in assets.

For most asset classes, 10 years of performance history is available. The domestic equity portfolios can be further divided into both capitalization (Large Cap, Mid Cap, Small Cap, SMID Cap) and Style (Growth, Core, Value). The fixed income portfolios are also categorized by style (Core, Core Plus, Government, High Yield, Municipal, Mortgage-Backed, TIPS) and by duration (Short, Intermediate, Core, Long). Additionally, universes based on fund size are available on the PARis system for total fund comparisons.

Each consulting firm or plan sponsor client of the PARis system enters its own performance data. PARis generates monthly performance universes based on manager asset class composites and quarterly universes for total fund composites. Our quarterly reports include performance comparison to a peer universe for individual manager portfolios, asset class composites and total funds.

On a monthly basis, we have the ability to produce "flash" performance reports that compare investment fund and manager performance to appropriate benchmarks. Our quarterly performance reports are much more detailed and provide a sound basis for prudent fund performance monitoring and evaluation. These reports compare manager returns to pre-determined performance benchmarks and to appropriate style peer universes. In the event a manager significantly underperforms or outperforms its benchmark and/or peers, we may run additional performance attribution analytics, examine performance over different time periods or financial environments, examine relative portfolio industry and sector weights and perform holdings-based style analytics on manager portfolios to examine possible "style drift." Finally, we will speak directly with the manager in question in order to evaluate their explanation for performance deviation.

26. Describe in detail the experience and expertise of your firm, and the primary consultant in particular, in alternative investments, including valuing hard-to-value assets.

Unlike traditional investments, alternative investments can create additional layers of risk beyond market risk, which tends to be the primary risk concern for traditional investments. Typically, alternative investments involve greater informational complexity in legal structure, fee structure, and in investment process. In addition, some alternative investments can suffer from a lack of regulatory oversight, a lack of transparency, and a lack of liquidity (both at the fund level and at the security level). Moreover, manager specific risk tends to be more acute for alternative investments than it is for traditional investments, requiring a more exhaustive initial due diligence, as well as a comprehensive ongoing manager and portfolio monitoring process.

GFA has worked with many clients in providing alternative investment consulting, ranging from structuring and delivering educational sessions, to recommending alternative investments (asset classes and strategy) within a client's asset allocation and investment structure, to performing initial due diligence (quantitative and qualitative analysis) and ongoing monitoring (on-site visits, regular conference calls, and regular portfolio exposure analysis). Our competitive advantage in providing alternative investment consulting revolves around our judgment and integrity, which is a function of our history, our experience and qualifications, and our reputation, and our firm's process, which is team-based and multi-disciplinary.

GFA has decades of practical experience advising clients on all types of investment matters, ranging from the small and simple (i.e., primarily administrative) to the more informationally complex (i.e., determining whether, when, and how to sell securities). Throughout our history, we have been committed to meeting the needs of our clients, and we have repeatedly demonstrated our value-add for all types of clients in all types of transactions. Our process is deliberately team-based; GFA structures its teams to facilitate ample skill set diversity (i.e., legal, financial, operational) and opinion diversity on each assignment in order to ensure that multiple perspectives are considered and ultimately integrated into any client deliverable. In terms of alternative investments, this allows us to more thoroughly scrutinize the aforementioned additional layers of risk inherent in this investment area and identify appropriate investments for our clients, based on their unique risk tolerance and return objectives.

27. Describe your firm's process for the evaluation and recommendation of investment managers for a client, including a sample due diligence matrix if applicable. Include how the firm evaluates a manager's performance, personnel and organization, investment philosophy, investment style(s) and products, research and/or modeling capabilities, financial condition, client service and fees. How is the accuracy of performance numbers determined?

GFA has broad and deep experience in conducting customized searches on behalf of clients for investment managers and other investment-related service providers. In all cases, we follow a thoughtful and rigorous due diligence process designed to provide the foundation for insightful recommendations by GFA and to support prudent decision-making by our clients. Searches for specific clients are led by the team of GFA professionals assigned to the specific client relationship, since that team is in the best position to fully understand the client's unique needs and existing investment manager structure. The client consulting team then leverages a number of quantitative and qualitative resources GFA maintains firm-wide in order to perform the search.

We start by working with clients to fully define their plan needs. Importantly, GFA does not maintain a "select list" of investment managers or funds we automatically recommend to clients when a situation arises. Rather, prospective investment options (even those we hold in high regard) must essentially compete with their peer universe of managers <u>each time</u> we perform a search on behalf of a client. We view investment manager searches as a critical function, recognizing the cost of a "bad" decision can be extremely high.

To guide our manager search process, we distribute customized Due Diligence Questionnaires ("DDQ") to prospective investment managers. Throughout the search process, we examine the manager's reported performance record in order to understand the true drivers of performance and to determine whether, in our view, those drives will likely lead to above benchmark performance going forward. These factors include the firm's organizational structure and resources, the investment philosophy and process, risk management and fees in order to determine whether the manager might be a suitable candidate for our client. Once we have arrived at a "short list" of candidates based on our review of the DDQ responses, we personally interview the candidates. This list is typically four to six investment managers. This "face-to-face" interview allows us to probe in a direct, personal session, areas of particular interest or concern, such as the investment process, composite performance history, personnel, client base and other matters and differentiating factors.

From this interview process, we typically arrive at two or three candidates, any of which we believe would be prudent choices for the client to select, and urge the client to personally interview those firms. To assist in that process, we produce written summaries of each firm's DDQ submission and prepare a concise matrix, comparing each of the candidates. When asked, we will also provide specific recommendations regarding which manager we believe is the most appropriate choice for the client.

Once a particular manager is selected, we perform fee negotiations, and facilitate contract execution. Additionally, we carefully coordinate investment manager terminations and investment transitions (if necessary) in order to fund the newly selected manager's account. We also work with the separate account managers to draft detailed written guidelines to articulate the manager's investment style and, thereafter, to assist the Board in detecting and controlling risk and expense.

A sample investment manager evaluation report is attached at Exhibit B.

28. How many manager searches has your firm conducted in the last three (3) years, broken down by asset class? Of these searches, have any recommended managers that were hired by clients been subsequently terminated? If so, how many and why?

GFA has broad and deep experience in conducting customized searches on behalf of clients for investment manager and other investment-related service providers. In all cases, we follow a thoughtful and rigorous due diligence process designed to provide the foundation for insightful recommendations by GFA and to support prudent decision-making by our clients.

Searches are driven by the specific needs of each client. In certain cases, searches are a result of manager underperformance, changes in the manager's investment team or other organizational considerations. In other cases, searches are structural where the plan is seeking to enhance diversification by adding a new investment style or asset class. Only one investment manager has been terminated on a firm-wide basis over the past three years. A summary of investment manager searches conducted for new and existing investment advisory clients is provided below.

	2010	**2011**	**2012**
US Fixed Income	34	19	10
US Equity	53	44	75
Global Equity	5	20	20
Absolute Return	4	12	0
Commodities	7	3	3
Real Estate	6	9	9
Non US Equity	14	21	29
Fixed Income-Other	6	25	7
Hedge Fund of Funds	3	3	13
Private Markets	6	3	1
Not Categorized	7	12	12
Total	**145**	**171**	**179**

29. Describe your firm's manager database and how your firm gathers, verifies, updates, maintains and analyzes the data collected on managers for the database. How many managers are contained in the database? Describe the screening variables and capabilities of the database. Describe the capability of providing custom client reports.

As discussed above, the GFA Research Committee is responsible for leading traditional and alternative investment strategy and product due-diligence on behalf of GFA. GFA investment professionals maintain frequent and open communication with prospective investment managers, and perform on-going quantitative and qualitative manager due-diligence. Additionally, client teams perform quantitative database screening for potential investment managers from our database. GFA purchases the eVestment Alliance database for manager search and benchmark data, and the Morningstar database for mutual fund information. Morningstar and eVestment are considered to be the global financial industry's premier independent investment databases and best-in class analytics system providers. The eVestment database and related analytics platform includes more than 20,088 investment strategies and over 377 independently-constructed universes of global investment products in ten major currencies. Morningstar Direct is a web-based application that allows access to the entire array of Morningstar databases, including US and global mutual funds, separate account composites, CIT's and ETF's, hedge funds and more than 30,000 indices, most of which are updated daily.

Universes include:

US Equities

- Large Cap Value
- Large Cap Core
- Large Cap Growth
- Mid Cap Value
- Mid Cap Core
- Mid Cap Growth
- Small Cap Value
- Small Cap Core
- Small Cap Growth
- Index Funds
- Enhanced Index
- All Cap

Fixed Income

- Short Duration
- Intermediate Duration
- Long Duration
- Core
- Core Plus
- High Yield
- Non-US
- Mortgages
- Corporates

Non-US Equities

- Developed Markets (EAFE)
- Emerging Markets
- Global

Other

- REITs
- Hedge Funds
- Commodities
- Private Equity

Managers and mutual funds are not charged a fee to be included in the databases we use. We believe our "value added" is in interpreting this data and applying it to the specific needs of each client.

Additionally, we also incorporate FactSet on our systems platform. FactSet combines a comprehensive database (i.e., security price data, economic news and research, financial data, earnings estimate data, and market and economic data) with intuitive software applications (i.e., report writing, task automation), enabling our staff to remain highly informed and highly productive.

Universes are created and presented on a “transparent basis” (i.e., all universe constituents are fully disclosed). The minimum criteria necessary for universe inclusion is at least one year of performance history and updated fundamental portfolio characteristics for the product. eVestment generates “base-level” universes which can also be segregated into more specific sub-groupings (i.e. separating micro cap, small cap, small-mid and mid cap universes), with some “roll-up universes” that combine a related group of base-level universes (i.e. Large Cap Equity = Large Core + Large Growth + Large Value). In addition, GFA has the ability to create and maintain our own custom universes for use throughout the system and can similarly generate universes strictly based on a product’s self-reported style classification. Managers cannot and do not pay to be included in these universes.

The construction of wide-ranging universes that are both pure in style and consistent over time is an important consideration in universe construction. Therefore, classifications are not simply “manager reported style” lists. Instead, a number of key criteria are reviewed to make a determination of “fit” within a peer group and consistency of a product’s attributes within a designated style classification.

There are several key advantages to the universe construction process noted above, including:

- ***Transparency*** - All universe constituents are easily identified within the database;
- ***Purity*** - Expanded universe classifications lead to purer peer groups (i.e., SMID, Core Plus, Enhanced Index, International Growth, etc.);
- ***Experience*** **–** Rigorous analysis and experience in researching, creating and maintaining manager universes;
- ***Research Orientation*** - Universe details published quarterly, including characteristic and performance summaries; and
- ***Quality Control*** - “Hands On” universe creation approach facilitates better data quality control and greater familiarity with universe constituents.

In addition to the above, GFA maintains on-going information, data and dialogue with traditional and non-traditional asset managers (real estate, private equity/debt, commodities, etc.) who do not submit information to published databases. Thus, we draw on many sources of information for vetting investment manager candidates for possible recommendations to clients.

30. Describe the experience and capabilities of your firm, and the primary consultant in particular, in analyzing and monitoring managers. Specifically, include the monitoring of performance, risk style integrity, contract compliance, account restrictions, activities creating potential conflicts of interest, reporting requirements, and trading costs (including foreign exchange).

On an ongoing basis, we evaluate managers from both a qualitative and quantitative perspective, including on-site visits as necessary. In our numerous Operational Reviews and in our retainer relationships, we have advised small funds as well as multi-billion dollar pension funds on the process of, and criteria for, evaluating investment manager performance.

Each month, GFA enters account data for each client's managed account into our performance reporting system. We have established an electronic interface with most custodians and data providers in order to facilitate this process. All account cash flows, including contributions and withdrawals, are weighted based on the day each cash flow occurred, a methodology that is acceptable under the CFA Institute GIPS. We then compare our results to the returns reported by each manager. In the event that there is a material difference, we communicate directly with the manager to determine the reason and to resolve the difference. We report any unresolved discrepancies to our clients (as a practical matter, we're normally able to reconcile any such performance differences with the manager in question).

On a monthly basis, we have the ability to produce "flash" performance reports that compare investment fund and manager performance to appropriate benchmarks. Our quarterly performance reports are much more detailed and provide a sound basis for prudent fund performance monitoring and evaluation. These reports compare manager returns pre-determined performance benchmarks and to appropriate style peer universes. In the event a manager significantly underperforms or outperforms its benchmark and/or peers, we may run additional performance attribution analytics, examine relative portfolio industry and sector weights and perform holdings-based style analytics on manager portfolios to examine possible "style drift". Finally, we will speak directly with the manager in question in order to evaluate their explanation for performance deviation.

In addition to independent performance measurement, GFA monitors whether investment managers adhere to their investment guidelines as a regular and routine part of our consulting services. At the end of each quarter, GFA performs a compliance check that compares the managers' holdings and aggregate portfolio characteristics to written investment guidelines provided by the client and contacts the manager to investigate any deviation. GFA then flags for the trustees' attention any deviation that is not resolved by our review with the managers. This is included in our quarterly performance report to the Board.

GFA considers style analysis at the investment fund level essential to any investment program. From the bottom up, each separate manager account should be perform in a manner consistent with the stated style for which it was selected if the investment program is to achieve its investment goals. Thus, we critically analyze investment style on an ongoing basis.

For example, style analysis is often associated with equity portfolios structured with either a "value", "core" or "growth" orientation across a given market capitalization range (e.g., "small", "mid" or "large" cap). In order to analyze "style" and the possibility of "style drift" over time, we compare portfolio investment characteristics to an appropriate performance benchmark at a point in time and over time. Equity characteristics include the following:

- Price/Earnings Ratio (P/E)
- Earnings Growth Rate
- Sector Weights
- Dividend Yield
- Price/Book Ratio (P/B)
- Average, Median and Weighted Average Market Cap
- Beta

A portfolios whose investment characteristics are meaningfully different than the stated benchmark could indicate style drift. Additionally we can "map" equity investment style (at a point in time and over time) using both returns-based and holdings-based style analysis. In essence, the returns-based analysis is a historical mathematical regression of fund returns to an appropriate equity style index. However, our analytic systems are also capable of performing a more rigorous "holdings-based" style analysis (when data is available). This analysis examines each stock actually held in a portfolio and assigns style and size scores to each stock based on a multi-factor model. These individual stock scores are aggregated to the portfolio level to determine the overall investment style of a given investment option or account. Similarly, we use fundamental investment characteristics to define the style of non-US equity and fixed income portfolios.

We monitor investment fund risk on many levels. Our performance reports and analytical systems have the capability to present risk-adjusted investment performance where investment returns are evaluated relative to the "risk" or volatility of returns over time compared to appropriate style performance benchmarks. On a more fundamental level, we examine investment fund portfolio characteristics and risk statistics (like those listed above) relative to market benchmarks to evaluate the relative risk of managers selected for the Fund.

Trading Costs

In order to structure an effective program and to avoid conflicts, GFA has worked with clients to establish discounted brokerage arrangements and/or commission recapture programs through third party providers that we monitor on an independent and objective basis. These programs provide broad trading opportunities for investment managers, subject to best execution obligations. Such programs can reduce overall fund trading costs and generate incremental income which is credited back to the fund for its participants and beneficiaries. In our view, this kind of program, with independent monitoring and complete transparence and reporting, results in an arrangement without conflicts of interest and heightened fiduciary protection for fund trustees.

Additionally, GFA has in the past assisted clients in contracting (and working) with outside transaction cost monitoring firms that independently evaluate the commission costs and trade execution of the fund's managers and provide ongoing reporting regarding the efficiency and cost of the investment managers trading. These outside firms can also be used for efficacy of evaluating foreign exchange transactions.

31. Describe the experience and capabilities of your firm, and the primary consultant in particular, in analyzing and monitoring minority management firms and brokerage firms.

GFA's manager database, eVestment has the ability to screen the investment manager universe based on minority ownership percentage (by ethnicity and/or gender).

Ultimately, we seek to identify the most appropriate candidates for our clients and search for investment managers who offer the highest prospective risk adjusted returns for the specific investment style or mandate in question. In doing so, we consider both quantitative and qualitative factors, beginning with, but not limited to the manager's performance, risk, consistency ratios and fees compared to appropriate market benchmarks, style benchmarks and peers within that manager's universe. All potential factors driving a managers' success is carefully evaluated, including the experience the firm's portfolio management and research teams, their trading acumen and back office support, and the organization's size and ownership structure. We are always in search of 'emerging' managers and boutique firms that often fly under the radar in an effort to find the most promising and appropriate candidates for our clients.

32. Discuss in detail your performance attribution analysis. How does it handle alternative investment portfolios?

Our performance reporting system has the ability to attribute performance at the total fund, asset class and manager levels. For a given total fund, a policy index represents the rate of return a fund could earn by simply investing passively in various index funds. Comparing total fund performance to a properly constructed policy index (or allocation index) reflects the cumulative impact of active investment manager performance, investment structure decisions and fund rebalancing. Additional performance analyses can also be performed to attribute over or under-performance at the total fund level to these factors.

With respect to individual investment managers, our performance reporting system enables us to analyze and attribute manager performance to sector selection, security selection and residual portfolio decisions. We evaluate style compared to appropriate benchmarks, by characteristics, sector and industry. We can also assess a manager's skill compared to benchmarks, separating market based performance from residual performance, to determine whether the amount of risk taken yields appropriate levels of return and outperformance to stated benchmarks.

The performance measurement system is capable of recognizing and modeling both international stock and bond portfolios. It does this on a sector and credit quality basis, as well as standard metrics such as duration, yield and convexity (for bonds) and P/E, P/B and beta (for stocks).

Our team members spend a great deal of time working with investment managers of alternative strategies, like hedge funds, developing customized performance reports to assist us in understanding, analyzing the monitoring the investment results of such strategies. We have established rigorous processes and procedures for reviewing new and existing hedge fund managers on behalf of our clients, including key manager-level and aggregate portfolio level investment characteristics and risk statistics. We hold detailed quarterly portfolio conference calls with hedge fund (and fund of fund) portfolio managers to discuss results, strategy, attribution and outlook. Additionally, we conduct initial and on-going site visits and spend time with investment and non-investment personnel in order to assess (among other things) the manager's organization, talent and risk controls.

Real Estate investment managers provide customized performance reports to assist us in order to monitor the real estate investment. The data is then used to track the performance of the asset over time.

33. Please provide a sample quarterly performance report. How soon after quarter-end is the report available? What is included in the standard reporting package to your clients?

We are normally able to provide monthly "Flash Report" (for clients who request them) within 10 business days of receiving month end data from the custodian (or approximately 20 days after the end of each month). Our quarterly investment performance reports include performance universe data at the total fund and individual manager level and are normally available six to eight weeks after the end of each calendar quarter.

Below are some of the analytics that are available in our quarterly reports:

Executive Summary	• Current and prior quarter end market values by asset class. • Performance of asset classes and total for standard time periods (qtr., yr. to date, 1 yr., 3 yrs., 5 yrs.).
Asset Allocation (Three Charts)	• Total fund pie chart with percentage breakdown by asset class. • Total fund pie chart with percentage breakdown by individual manager. • Total fund pie chart with percentage breakdown by individual manager within each asset class.
Performance Summary Table	• Total and segment performance for individual managers and total fund, for standard time periods. • Comparative index returns for same periods.
Performance Comparison Chart	• Performance of total fund or individual manager plotted against peer group universe for standard time periods. • Equity and fixed income style universe available for more specific comparisons. • Comparative index returns plotted for same periods. • Customized benchmarks and policy indexes available for total fund comparison.
Market Line Analysis	• Total fund or individual manager return plotted against standard deviation on a market line drawn from the T-bill to an appropriate index. • Sharpe ratio for portfolio and indexes provided for risk adjusted return analysis.
Risk vs. Return	• Total fund or individual manager return plotted against standard deviation in a scattergram including peer group and index data points. • Ranking of performance and standard deviation against peer group universe.
Fixed Income Summary Statistics	• Total fund or individual manager portfolio statistics including yield to maturity, coupon and effective duration against index. • Bar charts displaying percentage breakdown of portfolio composition by characteristic.
Attribution and Analytics	• Equity attribution • Cumulative skill • Common holdings matrix for equities • Industry and sector weightings • Manager style metrics

A sample quarterly performance evaluation report is provided as Exhibit C.

34. Please discuss the use of performance based fees, asset based fees, flat fees and any other fee structures you may recommend for use with external managers.

Once a particular manager is selected, we perform fee negotiations and facilitate contract execution. We have experience with clients using performance based, asset based and flat fee schedules, with asset based being the most prevalent. We have negotiated very favorable flat fee schedules for large actively managed accounts (effectively skipping over breakpoints in managers standard fee schedules). Performance based fee schedules are less common, but GFA has negotiated performance based fees where appropriate, with terms (such as high water marks) protective of client interests.

Additionally, we have been successful in negotiating favorable fee concessions on behalf of our clients, not only from prospective managers in connection with searches but also from existing managers whose portfolios have grown over time and/or have outdated fee structures. Frequently the transition to a new investment consultant is an opportune time to renegotiate fees with existing managers. Additionally, in light of the difficult performance environment experienced by many managers in 2008, we negotiated on behalf of many clients permanent (or temporary permanent) fee reductions/concessions from certain investment managers.

35. Describe your firm's criteria for recommending a manager be placed on probation, removed from probation, or replaced.

With regard to investment manager termination, we believe that such recommendations should be the end result of a thoughtful review process, discussed with clients and the manager. Often, this process includes a "probationary" period during which time the investment manager is given the opportunity to demonstrate it has rectified the problem or cause for concern. At the end of this process, GFA will make recommendations which we believe are in the long-term best interest of our clients.

We believe there are five scenarios that should lead to an in-depth, critical review of an investment manager and could ultimately lead to terminating the manager's services.

1. Departure of key investment personnel which could have an immediate negative impact to the portfolio;
2. Unexplained change in investment philosophy, process or approach;
3. Repeated unexplained guideline violations;
4. Underperformance versus assigned benchmark and/or manager peer group over pre-determined time period, and
5. Other regulatory or organizational concerns.

We view the departure of key investment professionals as a potentially significant event that requires close review. In the event the professional(s) leaving the investment management firm has a direct and material role managing the client's account, we first seek to assess whether the remaining investment professionals are capable of managing the account on at least an interim basis while further due diligence is performed. If not, we may recommend that the account assets be transferred promptly to another existing plan investment manager (if possible) or managed in an appropriate index fund. In the end, we seek to determine whether the firm's organizational structure, investment process and/or future performance is likely to be compromised by the departure(s). If so, we recommend terminating the investment manager.

Unexplained changes in investment philosophy or process can be difficult to detect. Portfolio characteristics (sector weights, P/E, Expected Growth, etc.) compared to benchmarks and peers may reveal this problem. If we suspect this to be taking place, we will meet with the manager and specifically ask for an explanation. Changes in personnel are sometimes an indication of a change in philosophy. If we are not satisfied with the manager's explanation we may recommend to the board that the manager be terminated.

GFA also considers repeated, unexplained violations of investment guidelines as a possible cause for investment manager termination. GFA writes manager guidelines that not only define the manager's style, but expressly require the manager to communicate with the board and GFA, in writing, when it is in violation of its guidelines. GFA understands there may be periods when a manager is justifiably out of guidelines, but it is the communication factor that helps GFA to advise clients as to the soundness of this activity, at the manager level and at the portfolio level.

With regard to performance, GFA performs a detailed analysis every quarter, giving the client and us the opportunity to take a "hands-on" approach to evaluating the course and source of underperformance. When a manager has significant and/or prolonged underperformance, GFA seeks to understand the reasons behind the numbers, using quantitative tools and by meeting with managers to learn their reasons so that we may advise the board on a course of action.

Finally, on rare occasions a firm may face regulatory problems or suffer business adversities that jeopardize or put in doubt its viability, its continued resources or its ability to focus on investing, free of distractions. Serious litigation or major declines in assets (and thus revenues and resources to run the firm) are examples. If the problem appears likely to materially impair the investment process, we will recommend terminating the manager – before the process deteriorates further.

36. Describe your firm's experience and capability for implementing a manager transition plan. What factors are considered in developing a transition plan?

GFA routinely coordinates manager transition plans working with transition managers, the custody bank and both incoming and outgoing managers. GFA has experience working with all major transition service providers and we routinely request pre-trade estimates on transition costs from different managers prior to advising our client which transition manager to utilize.

Factors to consider include asset class being transitioned out of/into, size of portfolio being transitioned, whether an entire portfolio is being transitioned or just a portion of an existing portfolio. Frequently when portfolios are being transitioned between managers with similar investment philosophies/disciplines (i.e., large cap growth portfolio transitioned to a new large cap growth manager) there will be securities that the transition manager can coordinate to move in-kind, thus saving the plan the expense of buying and selling certain securities.

Additionally, GFA considers the existing market environment when recommending the timing and execution of manager transitions. For example, given the fixed income market environment in 2008, the timing and execution of transitions was extremely important. GFA worked with investment and transition managers to transition portfolios over longer periods of time (when appropriate for the situation) to avoid "forcing" securities to market when managers did not think a reasonable price was available for certain securities.

37. What do you consider is the most significant recommendations your firm has made to a large sophisticated benefit fund? Specifically, what value was added and how does this recommendation demonstrate a "unique" insight or value that your firm would bring to the Board's relationship, such as in the area of valuing hard-to-value assets.

Among our most significant recommendations have been our analysis and strong advice to take advantage of a wide range of unusually attractive and innovative private markets investments, in the wake of the financial crisis of 2008. Many of these opportunities involve private markets debt or equity and entail a complex set of investment, legal/fiduciary and business considerations.

Our capabilities in this regard are unmatched, largely based on our extensive experience as an independent fiduciary under ERISA. This experience has given us practical and intensive exposure to and involvement with many complex and financially attractive investment opportunities, often where we ourselves are responsible as a fiduciary decision maker.

One example is our handling of what turned out to be (as we understand it) the largest public offering of warrants in United States financial history. On behalf of the Retiree Medical Trust of the United Auto Workers—specifically the "subaccount" involving Ford Motor Securities—we were responsible for successfully arranging for the sale of what had been private market securities and raising a net of nearly $1.8 billion in cash for retiree medical costs. This was within the larger context of an interrelated set of transactions we handled that raised a grand total of over $9 billion in cash for the Trust.

On that assignment, legacy IFS (now the Washington-Newark branch of GFA) was the independent named fiduciary and investment manager for the Retiree Medical Trust with investment management responsibility for the securities Ford had contributed to the Trust on December 31, 2009, pursuant to Ford's settlement agreement with the UAW and a class of current or former UAW-represented Ford employees. The Ford securities were held in a separate subaccount within the Trust, dedicated to funding benefits for approximately 200,000 Ford retirees and their eligible dependents, as well as certain future retirees.

The securities the Trust received included warrants to acquire over 362 million shares of Ford common stock at a strike price of $9.20, expiring on January 1, 2013, and two noninterest bearing notes from Ford:

- Note A, in the principal amount of $6.705 billion, payable in annual cash installments through June 30, 2022; and

- Note B, in the principal amount of $6.512 billion, payable in annual installments through June 30, 2022, with the Company entitled to pay installments in cash or Ford stock (based on Ford stock's VWAP over 30 trading days preceding date that is two days before installment is due).

With advice from our independent financial adviser, Sutter Securities, Incorporated, legacy IFS determined that it would be in the VEBA's interest promptly to explore a sale of the warrants through a registered underwritten offering as contemplated by the applicable Registration Rights Agreement. After receiving and reviewing proposals from several leading investment banking firms, legacy IFS selected Deutsche Bank to serve as the lead underwriter and sole book runner to sell the warrants through a modified "Dutch Auction." After extensive analysis and discussion, we decided to seek and in fact obtained Ford's consent to waive a limitation on the number of warrants the VEBA could sell in a single transaction so that the offering could include all the Ford warrants the VEBA owned. We thought we should "strike while the iron is hot." This turned out to be a very advantageous decision for the Trust.

Legacy IFS and our lawyers worked with Ford and the underwriters to finalize the SEC filings required to register the warrants. The precise timing of the sale depended in large part on when the Department of Labor granted a final prohibited transaction exemption permitting the VEBA's initial acquisition of the warrants and the notes and their sale. In response to major efforts by legacy IFS and other parties, the Department of Labor published the final exemption on March 24, 2010.

The auction process began with the filing of a Prospectus Supplement with the SEC and a concurrent press release on Monday morning, March 29. The auction itself took place on Tuesday, March 30, with bids due at 6:30 that evening. The auction cleared for the sale of all 362 million warrants at a price of $5.00, a significant premium over the warrants' $4.08 "intrinsic value," i.e., the difference between the strike price of $9.20 per share and the closing price of $13.28 of Ford stock on March 30. The warrants began trading on the New York Stock Exchange on March 31 (Ticker FWS) and the sale closed on April 6.

With the VEBA still heavily exposed to Ford-specific risk through its ownership of the Notes, the engagement team began taking steps in April, 2010 to pursue a possible sale of Note A and to prepare for a disposition of Ford common stock after June 30, 2010 if Ford elected to pay the Note B principal payment of approximately $610 million due that date in stock rather than cash.

On June 7, 2010, after legacy IFS had received presentations from three investment banks, Ford made an unsolicited offer to purchase Note A. After several negotiating sessions, and with advice from Sutter, we reached agreement with Ford as follows:

- Ford agreed to pay in cash the June 30, 2010 scheduled principal payment on Note A in the amount of approximately $250 million.

- Ford and Ford Credit agreed to purchase for cash the remaining outstanding principal amount of Note A for 98% of that principal amount, or approximately $2.9 billion.

- Ford agreed to pay in cash the June 30, 2010 scheduled principal payment of $609,950,000 on Note B. Ford waived its right under Note B to make the payment on June 30 in Ford common stock based on the stock's average price over the 30 trading days ended June 28, 2010.

- The terms of Note B were modified to permit Ford to prepay all or a portion of Note B in cash on designated payment dates at specified prices through July, 2013.

We closed on the sale of Note A at the end of June. Because the agreement made a material modification in the terms of Note B, Ford applied to the Department of Labor for an amendment to the prohibited transaction exemption issued in March to reflect those modifications, and legacy IFS submitted a report to the Department supporting the application. In October, 2010 Ford exercised its right to prepay Note B in full at the end of October, 2010.

Our management of the warrants and the notes permitted the Trust to reduce and ultimately eliminate in less than a year its highly concentrated position in Ford securities and produced a total of more than $9.08 billion in cash for investment in a diversified portfolio of fixed income securities to pay benefits to some 200,000 UAW-represented Ford retirees and dependents.

This is only one—thought a major—example of our expertise involving "alternative" investments. To the best of our knowledge, no other traditional investment consulting firm brings this range and depth of expertise to the FELRA Fund.

38. Please identify the most challenging or difficult problem that your firm has encountered regarding a jointly-trusteed benefit fund issue and explain how the firm's recommendations were either successful in resolving the problem or not. Do you believe that the recommendations demonstrated the firm's ability to succeed where others may not have been as successful? If so, why?

Legacy IFS was appointed in late 2000, with U.S. Department of Labor concurrence, to act as the independent named fiduciary for the Plumbers' and Pipefitters' National Pension Fund (PPNPF) with respect to the Fund's investment in the Diplomat Hotel, Convention Center, Resort and Spa in Hollywood/Hallandale, Florida. Legacy IFS replaced a prior firm involved in this troubled project, which was under intense scrutiny by federal regulators, the union and its membership. GFA (formerly IFS) has been ultimately responsible for overseeing the completion of the development of the property, and its ongoing operation.

As independent named fiduciary, GFA has been ultimately responsible on behalf of the Fund for supervising the Fund's investment, including overseeing the development and operation of what has become the Diplomat Hotel, Convention Center, Resort & Spa, which consists of a 1,000 room hotel with adjoining convention center, a country club/spa with 60 guest rooms and a golf course, a retail development, a marina and other developable property. We have been responsible for actively supervising:

- Selection, through a competitive bidding process, and oversight of a Qualified Professional Asset Manager, a position now held by Capital Hotel Management, LLC.
- Finalization of construction and development of the hotel, convention center, country club and retail village (which was under way but well behind schedule when IFS became independent fiduciary). The resort opened in early 2002.
- The process of determining whether to operate the hotel as an independent or branded facility. Ultimately, Starwood was selected to operate the project, as the Westin Diplomat Resort & Spa.
- Relations with the U.S. Department of Labor, including identifying the need for – and seeking and obtaining – further prohibited transaction exemptions.
- Evaluation and disposition of legal claims involving construction cost overruns and delays.
- The close-out process, involving scores of contractors.
- Selection of and coordination with various law firms, construction forensics experts and other professionals involved in developing and operating the project.
- Overseeing ongoing operation, maintenance and further development of the project.
- Providing detailed periodic reports to the trustees and the Department of Labor.

While the Board of Trustees does not have discretionary authority over the Diplomat investment, we provide them (and the Department of Labor) with detailed periodic reports. We believe the above demonstrates our ability to assume responsibility for a very difficult, non-traditional plan investment asset and working in a constructive way with the plan trustees and regulators alike.

39. Please describe your firm's experience and capability in providing education and training to benefit fund trustees.

We take a proactive approach to communicating with and educating our institutional clients about investment trends, and new and different approaches to institutional investing. We consider this to be an important part of our traditional consulting role. In many cases, our clients devote one or two days each year (separate from regular meetings) to review and discuss important investment topics. We also recommend that our clients make room during regular quarterly meetings for in-depth discussions when pressing topics require attention.

Our firm maintains up-to-date research information which is available on our website at www.gallagherfiduciary.com. Our clients are encouraged to go online and access articles, reports and other materials that provide insightful perspectives regarding the financial industry, in general, and more specifically, capital markets updates and the possible impact on their investment portfolios.

40. Please include an example of a special project you performed in the past for a jointly-trusteed benefit fund client, for example, in the area of evaluating alternative investments.

GFA attempts to identify attractive investment opportunities across a wide range of possible alternative investments. We don't mandate internally a specific number of funds to "track". Instead, the number of managers we evaluate will vary over time based on the specific themes or opportunities we are seeking to exploit. In other words, we seek to be very "opportunistic" in our research and allocate due diligence time and resources to those strategies we believe will offer the most attractive risk-adjusted opportunities currently available. Given that many alternative strategy funds have limited periods of time during which they raise funds from investors, this flexibility is often necessary.

For example, following the financial crisis we believed the credit markets were extremely dislocated and we identified approximately twelve (12) investment managers offering strategies seeking to capitalize on the Term Asset-Backed Securities Loan Facility ("TALF") program, part of the Troubled Asset Relief Program (TARP) program created by the United States government to purchase assets and equity from financial institutions. In that case, we quickly deployed necessary resources to identify what we thought was the most attractive opportunity and recommended the fund to clients. An overview of that fund is provided in Exhibit D.

Having said the above, we estimate there are between 30-40 alternative investment manager products and strategies that are either (1) currently raising capital and have been approved by GFA for investment by our clients (2) represent investments already made by clients or (3) are in various stages of preliminary or advanced due diligence. Broadly, strategies include the following:

- Open end "core" real estate funds
- Close end value and opportunity real estate funds
- Real estate debt funds
- Private equity
- Private debt (TALF, PPIP, distressed mortgage, etc.)
- Mezzanine debt

- Direct lending
- Commodities
- Infrastructure
- Multi-strategy hedge fund-of-funds
- Long-short equity fund-of-funds and single manager funds

D. LEGAL ISSUES AND POTENTIAL CONFLICTS

41. Is the firm, and/or its parent or affiliate, a registered investment advisor with the SEC under the Investment Advisers Act of 1940? If not, what are its fiduciary classifications? Please state whether the firm is or is not a fiduciary or QPAM (as those terms are defined by the Employee Retirement Income Security Act of 1974 (ERISA).

Yes, GFA is a Registered Investment Adviser under the Investment Advisors Act of 1940 and functions as a fiduciary and contractually accepts fiduciary responsibility under ERISA for its consulting advice. Our clients regularly rely on our judgment and advice when they make critical investment decisions. Therefore, we believe that it is essential that we serve as a fiduciary to the Fund, and agree to do so in our contract.

42. Please provide a copy of the firm's most recently filed Form ADV, Parts I and II, with all schedules.

A copy of our Form ADV, Part I and Part 2A Brochure is provided as Exhibit E.

43. Has the firm, the primary or secondary consultants, or another officer or principal been involved in any litigation, arbitration, mediation, or other legal proceedings, or government investigation, or regulatory proceedings, involving allegations of fraud, negligence, criminal activity or breach of fiduciary duty relating to benefit consulting activities? If so, identify and provide an explanation for each and indicate the current status.

The SEC staff recently concluded a routine examination of GFA's books and records. The Commission has not issued any finding from that examination, although the staff suggested that GFA review certain limited areas.

Prior to Gallagher's acquisition of IFS in 2010, the SEC conducted a broad examination of investment advisory firms and legacy IFS was included in that examination. The Commission has not issued any findings from that examination, although staff suggested that GFA review certain limited areas.

Prior to Gallagher's acquisition of IFS, legacy IFS was threatened in 2001 by a class action lawyer who had sued the Board of Trustees of a pension fund where the firm performed a one time, project-based Operational Review. Legacy IFS did not serve this particular client as a consultant or fiduciary with respect to on-going retainer consulting services. With respect to this matter, although the class action lawsuit ultimately named more than 100 defendants, legacy IFS was never named in any complaint docketed with the court. In fact, the firm's advice to the client regarding the particular investment at issue proved to be correct, but the Board did not follow the advice and the Fund incurred losses accordingly. Legacy IFS agreed to settle this matter in 2002 with a modest payment from our insurance carrier, in order to avoid the time, cost and distraction of formal litigation.

In 2008, a predecessor to GFA, Yanni Partners, was a defendant together with State Street Bank & Trust Company and State Street Global Advisors, Inc., in litigation filed in federal court in Indiana by a former consulting client. The case, which was consolidated in New York with other cases against State Street, arose from the former client's investments in a State Street commodities investment program that was adversely affected by problems in the subprime market. The case was settled by State Street and Yanni Partners, and the lawsuit was dismissed.

On September 5, 2007, before Gallagher purchased Yanni Partner's assets and before it formed GFA, the Securities and Exchange Commission found that Yanni Partners and its president, Theresa A. Scotti, had failed to disclose material information to clients and potential clients about potential financial conflicts of interest. Specifically, Yanni Partners was found to have sold to investment advisers subscription services to an informational database developed to facilitate the recommendation of investment advisers to Yanni's clients without disclosing this practice to clients or potential clients in response to RFPs, or in marketing materials. At Ms. Scotti's direction, Yanni had already discontinued the sale of subscriptions to the database at the end of 2005. The SEC did <u>not</u> find that any recommendation of an investment adviser was influenced by the purchase, or failure to purchase, a subscription to the database. Both Yanni and Ms. Scotti were subjected to monetary fines ($175,000 and $40,000, respectively), were censured, and were ordered to cease and desist from any violations of the Advisers Act. In 2011, Ms. Scotti ceased serving in a management capacity at GFA.

44. Please describe the levels of coverage for errors and omissions insurance and any other fiduciary or professional liability insurance your firm carries, including a list of insurance carriers supplying the coverage.

A list of our insurance coverage is as follows (Certificates are available upon request):

Errors & Omissions Policy No. ELU12691512 Insurer: Indian Harbor Ins. Co. Effective Dates: 09/01/12 – 09/01/13 Each wrongful act: $20,000,000 Aggregate: $20,000,000 primary Retention: $5,000,000	**Directors & Officers Liability** Policy No. 81326283 Insurer: Federal Insurance Co. Effective Dates: 09/01/12 – 09/01/13 Aggregate: $15,000,000 Retention: $1,000,000
General Liability **(excluding professional services)** Policy No. 41GPP4938405 Insurer: Arch Insurance Company Effective Dates: 10/01/12 – 10/01/13 Each occurrence: $1,000,000 Aggregate: $3,000,000 Deductible: $250,000	**Fidelity Bond** **(when required for a specific assignment)** Insurer: Hartford Insurance Company Initial Limit: $19,641,328 Automatic increase to a maximum of $25,000,000

45. Explain in detail any potential for conflict of interest that would be created by your firm's consultancy for the Board.

We structure and manage our business on an ongoing basis to avoid actual or potential conflicts of interest. We only serve institutional investors and do not provide services to, or receive fees or commissions from, investment managers or brokerage firms. We are completely objective and conflict-free. If any potential conflict arose, we would immediately disclose it to the Board of Trustees.

46. Describe any relationship the firm or an affiliate of the firm enjoys with the Fund and/or any employee organization that represents the Fund or its employees and/or any employer that contributes to the Fund on behalf of its employees.

We do not believe there are any relationships that could present a conflict of interest in providing service to the Food Employers Labor Relations Association and United Food & Commercial Workers Pension Fund.

47. Does your firm or its parent or affiliate, manage money for clients or manage a fund-of-fund for clients? How does your firm prevent conflicts of interest or appearance of conflicts?

GFA has a long and distinguished history providing value-added investment consulting services to institutional investors. For the vast majority of our retainer clients, we serve as a non-discretionary investment consultant and advisor. In this role, we make specific recommendations to clients regarding (among other things) asset allocation, investment structure and third-party manager selection.

GFA is not and does not compete with traditional investment management companies. As mentioned previously, one of our two investment advisory services involves Fiduciary Decision-making assignments. In these specialty assignments, GFA steps in to replace regular plan fiduciaries that encounter a conflict of interest under ERISA, acting as an objective decision-maker on behalf of the plan and its participants and beneficiaries. Effectively, GFA may become a discretionary "investment manager" or decision-maker regarding certain plan assets, although in these cases GFA is not providing traditional investment management services.

For nine existing advisory relationships, GFA has been retained as the discretionary investment advisor (e.g., "manager of managers") for the whole portfolio and <u>does</u> have the authority to directly hire or terminate third-party investment managers on behalf of the client. In these relationships, GFA utilizes the services of outside, independent investment management firms that are not affiliated with GFA in any fashion. In no instances do we directly manage or market a pre-packaged investment product to any existing or potential clients.

Information Barrier Procedures, Code of Ethics, and AJG Corporate client confidentiality procedures all prohibit GFA from access to a range of information regarding our affiliates and their client relationships. As a result, we are able to provide such information only about GFA and its client relationships and <u>not</u> about our affiliates or their clients.

GFA Code of Ethics

GFA maintains a written Code of Ethics and Standards of Professional Conduct, which all employees are required to review, acknowledge in writing, and adhere to. This document is extensive, comprehensive and represents a substantial amount of consideration and legal input. Each professional at GFA is required to read the manual and acknowledge in writing that he or she has done so.

The Code of Ethics and Standards of Professional Conduct covers a wide range of employee conduct, including:

- The expectation that employees will adhere to the highest ethical standards;
- A requirement that employees maintain the confidentiality of all client information;
- Recognition that the firm serves in a fiduciary capacity to our clients;
- A prohibition on insider trading and the confidential nature of any material, non-public information concerning a client;
- Penalties for trading on insider information;
- A requirement that employees disclose all securities transactions made by a GFA employee for any personal accounts;
- Requirement for pre-approval by GFA if an employee seeks to participate in an Initial Public Offering;
- A thirty-day waiting period following the purchase or sale of any security before that security position may be reversed;
- Maintenance by GFA of a restricted list of securities involving a GFA client;
- Restrictions on the acceptance of gifts from clients or vendors;
- Restrictions on giving gifts to clients, suppliers or competitors;
- Requirement for pre-approval by GFA of any outside business endeavor (other than non profit) or the receipt of compensation from any other person or organization; and
- A requirement that employees avoid all conflicts of interest and that any conflict be reported to GFA once an employee becomes aware thereof.

Additionally, our staff includes 15 employees who are CFA Charterholders, an investment-related professional designation issued by the CFA® Institute (CFA), who must comply with the Code of Conduct specified by the Institute. Our company Code of Ethics and Conduct is consistent with the standards set forth by the CFA Institute.

48. Is your firm, or its parents or affiliate, a broker/dealer? If so, does your firm trade for client accounts through this broker/dealer? How does your firm prevent conflicts of interests or the appearance of conflicts?

GFA is deliberately structured to eliminate potential conflicts of interest that can be created by brokerage and “soft dollar” services. In this regard, the firm:

- is not affiliated with any investment products;
- does not manage money as a traditional investment manager;

- has no opportunity to generate additional undisclosed compensation from client portfolios; and
- has information barrier procedures, which protect our independence and the integrity of client information.

Neither GFA nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer. Likewise, neither the firm nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities.

GFA is a single-member, limited-liability company with GBS its single member. GBS is a wholly-owned subsidiary of AJG, GBS is a licensed insurance agency that provides employee benefits consulting services nationwide. GBS offers expertise and guidance in all areas of benefits planning, delivery and administration for a broad range of employee benefit plans and services, including executive benefits and financial planning, actuarial, data analysis and benchmarking, retirement consulting, benefits outsourcing and human resources services for its clients.

Gallagher Retirement Services (GRS), a separate division of GBS, provides plan and fiduciary consulting services to small, mid, and large retirement plans, including 401(k), 403(b), defined benefit, and nonqualified plans. A plan sponsor client of GRS may choose to pay GRS' fees for services rendered with revenue generated within the plan or with hard dollars. The client chooses the method of payment. GRS is indifferent to which method the client selects. To accommodate clients that choose to pay GRS fees with revenue generated within the plan, GBS established a separate wholly-owned subsidiary called GBS Retirement Services, Inc. (GBSRS), a limited purpose registered broker dealer whose sole function is to receive those plan-generated fees for transactions coordinated by NFP Securities, Inc., an unaffiliated broker-dealer firm. GFA does not receive any of those fees. While GBSRS is registered with FINRA and is registered in Illinois, New York and Texas as an investment adviser, GBSRS **cannot and does not** execute or clear individual securities transactions and **cannot and does not** receive commissions from any investment manager. Likewise, when GFA, as an independent fiduciary decision-maker, is authorized to select a broker-dealer to execute purchases or sales of securities, GFA cannot and does not direct trades to GBSRS or any other affiliate of GBS or AJG, and no commission revenue from such transactions is directed or otherwise paid to any of them.

GFA does not receive compensation directly or indirectly from advisers for recommendations or selections. The firm does not have any business relationships with advisers that would create a conflict of interest.

Information Barrier Procedures, Code of Ethics, and AJG Corporate client confidentiality procedures all prohibit GFA from access to a range of information regarding our affiliates and their client relationships. As a result, we are able to provide such information only about GFA and its client relationships and <u>not</u> about our affiliates or their clients.

49. Does your firm charge direct or indirect fees for investment managers to be included in your firm's database or in any manager searches that you conduct on behalf of your clients or for attendance or participation in any conferences that your firm may

conduct? If so, what are the fees? How does the firm prevent conflicts of interests or the appearance of conflict?

No. GFA has no conflicting relationships with money managers or brokerage firms that the firm recommends, considers for recommendation or otherwise mentions to clients nor does GFA charge, solicit or accept any fees or any form of compensation or other remuneration (direct or indirect) in exchange for including any Investment Managers, Financial Services, Brokerage-Related Services, or other providers in our database, in any search or participate in any GFA-related conference.

50. Does your firm sell database information and/or performance analytics to investment managers? Does your firm receive compensation directly or indirectly for such information? How does your firm prevent conflicts of interest or the appearance of conflict with the current investment managers of your clients?

Our business is deliberately structured to eliminate potential conflicts of interest. We have specific written information barrier procedures in place and are not affiliated with any investment products or investment managers. Our fees are payable in “hard dollars” only. We do not accept brokerage commissions, and we do not accept payments, subsidies or finder’s fees from investment managers, general partners or broker-dealers for selling them “research” or otherwise assisting them in their proprietary business. Accepting payments in soft-dollars can create tremendous conflicts of interest between investment consulting firms and their clients, compromising the objectivity of the consultant and creating fiduciary problems for the Board of Trustee. This is particularly true with regard to investment manager selection and monitoring when these same managers generate soft-dollar commissions for the consultant.

51. In addition to the above, please describe any other circumstances under which the firm receives fees or other compensation from investment managers.

One line of our business involves independent fiduciary assignments, where the regular plan fiduciaries encounter a conflict of interest under ERISA and GFA steps in to replace them, acting as an objective decision-maker on behalf of the plan and its participants and beneficiaries. Sometimes investment management organizations or other financial services firms encounter such conflicts of interest between their proprietary self interest versus their fiduciary duties to their own ERISA plans or to clients. On occasion, to cure those conflicts, GFA serves as an independent fiduciary on behalf of such clients, including ERISA plans and plan assets, by taking over the fiduciary responsibilities of such conflicted financial services firms. In such cases, GFA owes its contractual and fiduciary responsibilities solely to the ERISA plans involved, not the financial services firm. We do not and will not advise such financial services firms in their corporate capacity.

52. Please attach your firm’s written policies and procedures related to conflicts of interest, if any.

A copy of GFA’s Code of Ethics and Conduct Policy is attached at Exhibit F.

E. FEES

53. Please indicate your fee schedule.

GFA has a long and distinguished history providing value-added investment consulting services to collectively-bargained benefit funds. Our services have assisted clients in increasing overall investment returns, reducing investment-related costs and controlling investment and fiduciary risk. Based on our current understanding of the scope of services, we are pleased to provide the following fee proposal:

	Proposed Annual Fee
Food Employers Labor Relations Association and United Food & Commercial Workers Pension Fund	$150,000

Our flat annual retainer fees quoted above are payable quarterly in arrears. Our fees are payable in "hard dollars" only; we do not accept brokerage commissions and we do not accept payments or subsidies from mutual funds, investment managers or broker-dealers (e.g., selling them "research" or otherwise assisting them in their proprietary business). Accepting payments in soft-dollars can create tremendous conflicts of interest between investment consulting firms and their clients, compromising the objectivity of the consultant and creating fiduciary problems for the Board of Trustees. This is particularly true with regard to investment manager selection and monitoring, when these same managers generate soft-dollar commissions for the consultant.

54. Would you charge separately for travel expenses? If so, explain in detail your policy.

Since our office is based in Washington, D.C., reimbursement of travel expenses for meetings within the D.C. area is <u>not</u> necessary. However, in the event meetings are held outside the greater Washington D.C. area, GFA would seek reimbursement for travel-related expenses.

55. What other costs or expense might we incur with your firm?

Our annual consulting fees are structured as an all-inclusive flat fee; there are no other costs other than reimbursement for travel-related expenses as noted above.