NEPC, LLC

MICHAEL SULLIVAN
SENIOR CONSULTANT

May 9, 2013

Mr. William R. Jensen
President
Associated Administrators, LLC
4301 Garden City Drive, Suite 201
Landover, MD 20785

RE: NEPC's Investment Consulting Services Proposal to the Food Employers Labor Relations Association and United Food & Commercial Workers Pension Fund

Dear Mr. Jensen:

NEPC has enjoyed the 16 year relationship working with the Trustees of the FELRA & UFCW Pension Fund. Our efforts have always been directed towards the common goal of fulfilling the retirement and benefit promises to participants. Over the years we have partnered with you to build a sophisticated investment program that seeks to achieve return objectives, while navigating the myriad of related risks. We hope to continue this partnership and achieve greater success in the years to come.

NEPC, LLC has been providing consulting services as its sole line of business since 1986. Our firm was founded based on three main principles: maintain **independence**, provide **proactive counsel** to exceed our clients' goals and objectives, and service our clients with **seasoned professionals**.

The commitment to our clients and guiding principles remains intact, recognizing that our efforts can enhance benefits for the millions of beneficiaries in our care. Our focus has led to industry-leading ratings relative to our ten largest competitors. Many of our competitors point to specific capabilities as differentiators as we can as well, but we believe it is hard work and trust that really drives these consistently high ratings from our clients. We hope to continue to provide this commitment and focus to the FELRA and UFCW Pension Fund, and we sincerely feel that our ability to add value will increase in a one investment consultant model.

As you assess NEPC's capabilities, we ask you to consider the following:

- We are **thought leaders**, guiding our collective client base to 24 out of 27 years of **outperformance** relative to national averages (as represented by the median fund in the $1.9 trillion InvestorForce Universe or the ICC Universe through 2011), and outperformance by the average active manager (relative to passive benchmarks) in our client portfolios in all asset classes except high yield over the last nine years through 12/31/12. Worth noting is the fact that our average client outperformed in each of the last 10 years.

- We have a **dedicated Taft-Hartley team** that serves 51 Taft-Hartley funds representing $28 billion in assets and millions of members.
- NEPC research is **award winning.** We have one of the largest research staffs among independent firms and have subject experts in all facets of traditional and alternative investments.
  - This commitment has been acknowledged as NEPC's research has won awards in alternatives research in five of the last six years and earned us the consultant award for **Industry Innovation in 2011 by aiCIO**.
  - We were awarded the **Investor Excellence Award** in the consultant category in October 2012 by InvestHedge.
  - We were recognized by the CAIA Association in 2012 as one of the two inaugural recipients of the **CAIA Corporate Recognition Award.**
  - Most importantly, Greenwich Associates has ranked us **one of the top three** consultants among the ten largest consultants in the industry for **nine of the last ten years**[1].
- We are one of the largest **independent** investment consulting firms in the industry. We serve 314 retainer clients with $716 billion in assets. Our growth is attributed to the excellent results our clients have achieved and our high service model.

We are excited to expand our relationship with you, and look forward to the opportunity to present our consulting capabilities to you in person.

Best regards,

Enclosures

[1] Greenwich Associates ranks investment consultants based upon a comprehensive investment consultant quality survey. Greenwich surveys institutional investors regarding their consultants and breaks the responses into 14 different factors. Our consistently high ranking reflects our focus upon our clients, their needs and performance. In fact, we believe this measure is so important; we compensate our employees based upon our rank in each year's Greenwich survey.

NEPC, LLC

YOU DEMAND MORE. So do we.SM

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

Investment Consulting Services Proposal

From NEPC, LLC

May 2013

Contact: Mr. Michael Sullivan, Consultant

One Main Street, Cambridge, MA 02142
TEL: 617.374.1300 | FAX: 617.374.1313 | www.nepc.com

CAMBRIDGE | ATLANTA | CHARLOTTE | CHICAGO | DETROIT | LAS VEGAS | SAN FRANCISCO

Investment Consulting Services Proposal for the

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

Response to Questionnaire

Organization Background

1. Please provide the following information regarding your firm:

a) Firm Name

NEPC, LLC

b) Contact's Name and Title

Your primary contact is: Michael Sullivan, Senior Consultant

c) Contact's Mailing Address

NEPC, LLC
One Main Street
Cambridge, MA 02142

d) Contact's E-mail Address

MSullivan@nepc.com

e) Contact's Phone and Fax Numbers

T: (617) 374-1300
F: (617) 374-1313

f) Firm's Internet Address (if any).

www.nepc.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.

NEPC, LLC has been providing consulting services as its sole line of business since 1986. NEPC's Chairman, Richard Charlton founded the firm based on three main principles: maintain **independence**, provide **proactive counsel** to exceed our clients' goals and objectives, and service our clients with **seasoned professionals**. This focus has generated 27 consecutive years of controlled growth, primarily because we have maintained our principles and our clients have consistently outperformed their peers.

Our clients in turn have accorded us industry-leading ratings relative to our ten-largest competitors.

NEPC takes pride in our long record of success in providing independent, objective investment counsel to our clients. Clients can be confident in NEPC's integrity, as our revenue model is completely aligned with our clients' interests and goals. NEPC receives 100% of our revenue exclusively from providing investment services to our clients. We do not pay or receive commissions, or accept referral fees, finder's fees or any other related investment revenue from investment managers. In short, NEPC's client-focused approach provides the experience and research resources to ensure that we will continue to meet our clients' needs, regardless of market conditions. Our focus and the excellence of our research resources were recognized in:

- 2012 when **NEPC's Chief Investment Officer** and **Director of Public Fund** consulting were named as two of the **top 25 World's Most Influential Investment Consultants** by aiCIO; NEPC was the only firm with two U.S. based recipients,
- 2012 when NEPC received the **Investor Excellence** award in the consultant category by **InvestHedge**,
- 2012 when NEPC received the Chartered Alternative Investment Analyst (CAIA) **Corporate Recognition Award,**
- 2011 when ***aiCIO*** awarded NEPC the highest honors for **Industry Innovation** in their Consultant category, and
- 2009 when NEPC was awarded by PLANSPONSOR magazine the prestigious "Alties" award as the **Alternative Asset Consultant of the Year**.

NEPC is a Limited Liability Company (LLC). Since inception in 1986, NEPC has been 100% employee owned and is therefore neither an affiliate nor a subsidiary of any organization. Today, ownership is shared among 33 Partners with no single partner holding more than 30% ownership. Plans are in place to continue distributing the firm's equity and to include additional employees in the ownership on an ongoing basis. NEPC's equity plan ensures continuity and stability through ongoing transition of the firm's ownership to future generations. Our work in this regard sets NEPC apart from many of our competitors who have yet to address the critical challenge of intergenerational wealth transfer and management continuity.

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

NEPC's equity plan is designed to ensure the continued stability of our professional staff by allowing future employees to share in the profits of the company and in the long-term appreciation of its equity. Today, ownership is shared among 33 Partners. Individual ownership percentages are not disclosed. Biographies for NEPC's principals can be found in the Appendix.

Name of Owner
Richard M. Charlton, Chairman
Michael P. Manning, CFA, CAIA, Managing Partner
William Y. Bogle, Partner, Chief Compliance Officer
Joseph S. Breitfelder, CPA, Partner

Ross A. Bremen, CFA, Partner
Michael D. Cairns, CEBS, Partner
Steven F. Charlton, CFA, Director of Consulting Services
KC Connors, CFA, CAIA, Partner
Brian S. Donoghue, Partner
John M. Elliot, Partner
Robert J. Fishman, CFA, Partner
Sean W. B. Gill, CFA, CAIA, Partner, Director of Alternative Assets
Rhett Humphreys, CFA, Partner
Paul R. Kenney, Jr., CFA, Partner
Christopher J. Klapinsky, CFA, Partner
John R. Krimmel, CPA, CFA, Partner
Catherine M. Konicki, CFA, CAIA, Partner
Erik L. Knutzen, CFA, CAIA, Chief Investment Officer
Christopher A. Levell, ASA, CFA, CAIA, Partner
Kevin M. Leonard, Partner
Christine A. Loughlin, CFA, CAIA, Partner
Allan C. Martin, Partner
Timothy F. McCusker, CAIA, CFA, FSA, Partner, Director of Traditional Research
David W. Moore, Partner
Douglas W. Moseley, Partner
Scott F. Perry, CAIA, Partner
James E. Reichert, CFA, Partner
Kristin M. Reynolds, CFA, CAIA, Partner
Jay E. Roney, CTP, Partner
Neil N. Sheth, Partner
Bradley S. Smith, CFA, CEBS, Partner
Carolyn Smith, Partner
Craig A. Svendsen, CFA, Partner

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.**

Our ownership structure is a source of pride and a large contributor to our success. Early on, the founder and subsequent shareholders recognized the strength of an employee owned firm. Dick Charlton began sharing his ownership in NEPC shortly after founding the firm. As a result, NEPC has many of its original employees and continues to attract individuals from competing consulting firms; **NEPC has hired 21 consultants from other investment consulting firms yet has never had a consultant voluntarily leave and join the competition.** Over the years we have deepened our overall infrastructure and broadened the ownership base. By adding new partners NEPC has distributed more ownership among the firm's professionals. For example, we added KC Connors – an acknowledged healthcare expert – as a Partner in 2010, demonstrating our commitment to broad ownership and resource depth.

Effective March 31, 2011, Dick Charlton withdrew from active management of NEPC as part of NEPC's long term succession plan. He remains Chair of the Board, continuing to interact with NEPC's clients while guiding the ongoing transition of NEPC's management team.

On April 1, 2011, Mr. Michael Manning, CFA, CAIA assumed the position of Managing Partner, effectively continuing his seven-year role managing the firm as NEPC's President. As he did before, Mike continues to lead NEPC's Executive Committee in the policy matters of the firm, and the firm's Management Group in the implementation of those policies.

In January 2008, NEPC converted to a Limited Liability Company (LLC) form of incorporation from our previous Subchapter S structure. This move was explicitly done to provide NEPC's newer Partners with materially enhanced ownership positions in the partnership. It has strengthened the Partners' financial incentives to continue to add value to our client investment programs as well as to maintain our industry-leading client ratings and our overall leadership position within the investment consulting industry. This was perhaps the most important structural change in the history of our firm, and we are highly confident that our firm's overall objectives will continue to be realized.

Since inception, NEPC has provided specialized advice to each client type, further customized to each client. While we have served all business lines with deep, experienced teams for many years, we formalized our Practice Group structure in 2008 to recognize the strength of our specialized advice by client type. NEPC has six consulting practice teams focused on different market segments (Taft-Hartley, Public Funds, Endowment/Foundation, Healthcare Organizations, Corporations and Defined Contribution Plans). NEPC's award-winning research department is recognized as one of the largest in the industry. NEPC also has a strong focus on portfolio construction, with an emphasis on risk management, as evidenced by our dedicated research staff for asset allocation analysis and strategies. In addition to robust research, NEPC also has a specialized asset allocation team, a performance analytics team and administrative and operational staff members.

The only anticipated change in ownership will be the continued successful transition of the firm's equity to current and future key professionals. The current partnership enjoys broad ownership of the firm with 33 partners and no single Partner owning more than 30% of the firm.

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

a) Number of years providing investment consulting services.

NEPC has been providing consulting services as its sole line of business for 27 years.

b) Number of years providing consulting services to jointly-trusteed benefit funds.

NEPC has been providing consulting services as its sole line of business for 27 years. We have been servicing jointly-negotiated multiemployer funds since January 1986. We currently service 51 Taft-Hartley funds with total assets in excess of $28 billion.

c) General categories of services available to clients.

NEPC offers a full breadth of investment consulting services. On an ongoing basis our investment consulting services address every phase of the investment process, including:

- Investment policy development and risk control, for the fund which includes both financial and alternative assets;
- Asset allocation, both asset-based and liability-driven which also includes risk budgeting, scenario analysis and liquidity analysis;
- Extensive experience and expertise in designing and implementing alternative asset programs;
- Innovative solutions to investment needs (private equity, real return, portable alpha, global asset allocation, hedging strategies, and risk budgeting);
- Investment manager and custodian searches for both financial and alternative assets;
- Due diligence on managers and investment products;
- Performance analysis for the total Fund, each asset class, and each manager;
- Discretionary services, and:
- Client education.

d) Asset classes that the firm is currently monitoring for clients.

NEPC covers all asset classes.

e) Total firm revenue.

NEPC's sole line of business is investment consulting. As such, 100% of our revenues are from providing consulting services to our clients.

f) Percentage of the firm's revenue from services to jointly-trusteed benefit funds.

NEPC's sole line of business is investment consulting. As such, 100% of our revenues are from providing consulting services to our clients.

Specifically, 12% of our revenue is from Taft-Hartley clients.

6. Please provide the following information related to your firm's current clients:

a) Total number of clients, including total assets of all clients.

NEPC's sole line of business is investment consulting. We service 314 retainer clients with $716 billion in assets across 638 separate plans.

Client Type	Clients	Total Assets
Corporate	100	$186 billion
Not-for-Profit/Charitable	51	$39 billion
Healthcare Related	38	$53 billion
Public Fund	61	$408 billion
Taft-Hartley	51	$28 billion
Other	13	$2 billion
Total Clients	**314**	**$716 billion**

Plan Type	Retainer Plans	Total Assets
Defined Benefit	267	$491 billion
Defined Contribution	130	$115 billion
Endowment/Foundations	95	$48 billion
Health and Welfare	35	$14 billion
Insurance Assets	36	$13 billion
Operating Assets	32	$29 billion
Taxable Assets	26	$2 billion
Other	17	$4 billion
Total Plans	**638**	**$716 billion**

b) Number of jointly-trusteed benefit fund clients, including the size (in assets) of each jointly-trusteed benefit fund client.

Of NEPC's 51 Taft-Hartley plans, 47 are multi-employer plans, and four are single employer plans. We have provided information on our 47 multi-employer plans below.

Client Number	Initial Date of Contract	Assets under Advisement ($millions)
1	06/01/01	8
2	07/01/95	12
3	01/01/04	20
4	01/01/11	25
5	04/12/04	27
6	01/01/12	28
7	01/01/95	36
8	02/01/99	38
9	05/01/87	40
10	01/01/93	51
11	02/01/93	59
12	04/01/06	60
13	11/01/03	74
14	09/25/01	85
15	04/01/13	89

16	06/01/07	111
17	10/01/09	120
18	04/01/05	124
19	12/03/03	133
20	01/01/05	209
21	04/01/04	221
22	11/01/06	226
23	07/01/07	266
24	05/01/05	354
25	09/01/12	358
26	11/01/03	387
27	01/01/08	441
28	08/01/06	444
29	11/01/00	467
30	02/17/04	523
31	03/01/03	535
32	06/01/03	621
33	03/01/05	646
34	02/01/13	674
35	03/01/97	704
36	03/01/11	721
37	01/01/95	799
38	11/01/08	823
39	11/01/06	943
40	06/17/02	972
41	11/01/00	1,015
42	04/01/03	1,239
43	05/01/07	1,256
44	08/01/10	1,357
45	06/01/08	1,646
46	10/01/12	3,265
47	08/15/02	3,418

c) Percentage breakdown of clients by category (e.g. public pension funds, endowments, etc.).

Please refer to #a above.

d) Distribution of all clients by asset size within the following ranges: (1) less than $250 million, (2) $1 billion, (3) above $1 billion.

Less than $250 million	**121**
$1 billion	**85**
Above $1 billion	**108**

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.

Our clients are our only customers, and we have grown substantially through their referrals over the years. While we submit client references per your request, we respectfully request that you not contact them without notifying us first.

Arizona State Retirement System Mr. Gary Dokes Chief Investment Officer Arizona State Retirement System 3300 N. Central Avenue, 14th Floor Phoenix, AZ 85012 (602) 240-2180 garyd@azasrs.gov Public Fund Total assets: $29.0 billion Full service retainer relationship established in March 2009.	**Ohio Public Employees Retirement System** Mr. John Lane Chief Investment Officer Ohio Public Employees Retirement System 277 East Town Street Columbus, OH 43215 614-228-0182 jlane@opers.org Public Fund Total assets: $81.0 billion Full service retainer relationship established in May 2011.
State of Wisconsin Investment Board Mr. Keith Bozarth Executive Director 121 E. Wilson Street PO Box 7842 Madison, WI 53707-7842 (608) 266-2381 Keith.Bozarth@SWIB.STATE.WI.US Public Fund Total assets: $82.0 billion Manager Search and Research relationship established in October 2011.	**Massachusetts PRIM Board** Mr. Stanley P. Mavromates, Jr. Chief Investment Officer 84 State St, 2nd Floor Boston, MA 02109 (617) 946-8444 smavromates@gmail.com Public Fund Total assets: $54.0 billion Asset Allocation relationship established in April 2011.

United Technologies Corporation Ms. Robin Diamonte Chief Investment Officer One Financial Plaza United Technologies Building Hartford, CT 06101 860-728-7000 robin.Diamonte@UTC.COM Corporate Plan Total assets: $34.2 billion Strategic consulting relationship established in March 2011.	

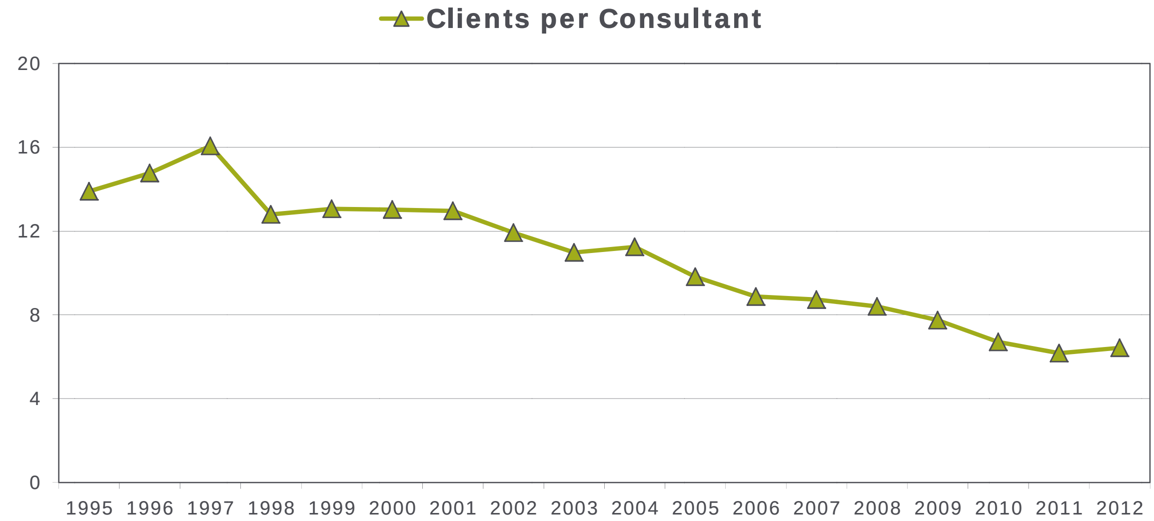
7. **Please provide details on the number, name, and asset values of any terminated client relationships within the past five years, including reasons for the terminations. Please provide the name and position of the applicable contact person and telephone number for each such client.**

NEPC has proudly achieved a **retention rate greater than 97%** for each of the last five years for our target market (institutional clients greater than $100 million). Less than 1.6% of NEPC's target market clients have rebid their contracts and hired someone else over the last 5 years. Despite these impressive statistics, we take our clients' happiness seriously and any client loss is significant. In addition to the independent annual Greenwich survey, we conduct a survey every two years to monitor our clients' satisfaction. *In fact, our clients' satisfaction is a component of our firm-wide bonus program.* Due to NEPC's contractual obligation with its clients we cannot disclose information about our current or former clients without their consent.

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 the past five years, NEPC has gained 116 retainer clients with assets in excess of $480 billion. Due to client confidentiality we cannot provide you with names of the clients and their asset values. We have provided a representative client list in Tab 2.

NEPC has been fortunate to have grown in every year we have been in business. This growth is tied to a commensurate growth in resources and expertise. We monitor this diligently and are always "pre-staffing" in order to accommodate future growth while not compromising our high standards. The following graph illustrates our clients per consultant ratio. The downward trend in the line depicts our increase in consulting staff over time, which has reduced the number of clients that each consultant must cover. We believe that we maintain one of the lowest client to consultant ratios in the industry, and we intend to maintain this distinction.



9. Please provide a current annual report.

Being a privately held firm, it has been our policy since the inception of our firm not to disclose our financials under circumstances where they might become available to the public. As you are a current client, we would be happy to share our financial reports with you in our offices.

We can tell you that we incorporated in January 1986, were profitable in February, achieved positive cash flow in March and experienced a complete return of investment in April of the same year. The margins established at the inception of our firm some 27-years ago remain in place today and have been consistently met or surpassed in virtually every year of our existence.

During the past eight years, we have reinvested significantly into the business, bolstering our research function and increasing compensation levels at every salary classification. We believe this ensures our ability to attract and retain the quality of talent that differentiates NEPC from its competitors.

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.

NEPC has a staff of 218 professional employees, all of whom are solely dedicated to the practice of investment consulting. Our 82 consultants include 55 consultants who work directly with clients, and 27 consultants involved in asset allocation, traditional and alternative assets research. We are organized by practice teams to provide specialized consulting services to different fund types. NEPC has six consulting practice teams devoted to Taft-Hartley, Public Funds, Endowment/Foundation, Healthcare Organizations, Corporations and Defined Contribution Plans.

Ninety-nine analysts function under the areas of consultant support, research across traditional and alternative asset classes and preparation of performance measurement, manager search, and asset allocation studies. Fifteen members of our staff are responsible for all aspects of compliance, financial reporting and marketing. Five members of our staff are responsible for our systems, four members of our staff are responsible for operations, and 13 employees have administrative responsibilities.

Enclosed please find NEPC's Organizational Charts in Tab 3.

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 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

If chosen as your investment consultant, your proposed consulting team will remain Mr. Michael Sullivan, Senior Consultant and Mr. Scott Driscoll, Consultant.

Michael P. Sullivan
Senior Consultant

Michael joined NEPC in 2006, with his career in the investment industry beginning in 2001. Michael's consulting responsibilities since 2006 include servicing Taft-Hartley and public pension funds. Michael works with clients to facilitate asset allocation studies, manager searches, performance measurement and various technical projects. Michael is a member of the Small Cap Equity Advisory Group.

Prior to joining NEPC in 2006, Michael was a Senior Analyst Account Manager at International Data Corporation where he supported research requests for financial clients and acted as liaison between analysts and clients. Prior to that, Michael was an Advisor Representative at State Street Corporation, where his responsibilities included the monitoring of daily trade settlement, assisting with account reconciliation, and the preparation of customized monthly performance reports for investment managers. Michael previously worked at International Data Corporation as a technology research analyst.

Michael earned an M.S. degree in Finance from Boston College in 2005 and a B.A. in Business from Saint Anselm College in 2001.

Michael currently services the following retainer clients:

Account Name	Assets Under Advisement ($millions)
Boston Newspaper	$12
Boston Shipping Association	$90
FELRA	$704

IBT Local 111	$59
New York Hotel Trades Council and Hotel Assoc. of NYC	$1,239
City of Brockton	$330
Iron Workers' Local 15 & 424	$120
Soft Drink & Brewery Workers Union Local 812 Retirement Fund	$358
UFCW Consolidated Pension Fund	$3,757

Scott Driscoll
Consultant

Scott's investment experience dates back to 2000. Scott, who joined NEPC in 2003, works with a wide range of clients to facilitate asset allocation studies, manager searches, performance measurement and various technical projects. He is also a member of the GAA Advisory Group.

Prior to joining NEPC, Scott worked at Deutsche Bank/Zurich Scudder Investments as an Investment Accountant. As an Investment Accountant, Scott was responsible for the daily and monthly reconciliation of ten international equity accounts. Scott was also previously employed by Pioneer Investments as a Capital Reporting & Control Specialist responsible for the daily reconciliation of capital stock activity, money movements and distribution.

Scott received his M.B.A. from Northeastern University and his B.S. in Finance from Bentley College.

Scott currently services the following retainer clients:

Account Name	Assets Under Advisement ($millions)
Belmont, Town of	$68
Boston Plasterers' and Cement Masons' Local 534	$38
Boston Water and Sewer Commission	$82
Braintree Retirement Board	$146

Brookline Contributory Retirement System	$223
Carpenters Industrial Council/Southern Council of Industrial Workers	$36
City of Medford	$155
Fulton Fish Market	$40
IBT Local 854	$27
MSPCA	$63
UFCW Local 888	$85
Unitarian Universalist Association of Congregations	$151
WMATA Local 922	$146

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.

All of NEPC's clients are supported on a team basis, typically consisting of a "lead" consultant who will attend all meetings and be the point person in the relationship. In addition, "secondary" consultants ensure continuity of service, keep up-to-date on client actions, and act as a "backstop" to day-to-day communication in the event that the lead consultant is unavailable due to travel or other reasons. Typically, at least two of our representatives are present at each client meeting.

Significant controls are also in place to ensure that every account is handled properly. Our client base is split into smaller service teams, which are led by a partner with supervisory duties. Performance of each account, adherence to NEPC philosophy and standards and recent client meetings are reviewed. This level of oversight ensures that no consultant will provide service that is different than our typical high level of service. It also means that a high level NEPC employee is familiar with the account in the rare event of a change in consultants. Every report that goes before the Fund will be reviewed by two consultants and typically one or more analysts before being submitted for your review. Lastly, all client files, whether electronic or paper, are kept in secure common areas.

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.

Our consulting staff is one of the most stable in the industry (particularly for a firm of our size) with an annual consultant turnover rate of **less than 6% over the last 10 years**. No consultant has voluntarily left NEPC and joined the competition or remained in investment consulting. On the other side of that equation, we have become the employer of choice within the industry, having attracted more than 22 professionals from our competitors. This model has been in place for more than a decade and is extremely successful. Ultimately, these externally-sourced professionals, coupled with the development of our internal resources, have enabled NEPC to offer a consistently seasoned service commitment to our clients in both our client-facing and research functions. It is NEPC's policy not to disclose specific employment information out of respect for our current and former employees' privacy.

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

The firm's client-to-consultant ratio is 6:1 – one of the lowest in the industry. We service 314 retainer relationships with 52 *full-time equivalent* client servicing consultants. We proudly maintain a level that is significantly below the industry averages.

PLEASE NOTE: ***Importantly, the average of six clients per consultant does not include our 27 research consultants.*** *Most of our competitors include their research personnel in their client coverage, but we believe the duplicity of counting our professionals as dedicated researchers on one hand and consultants to clients on the other materially miss-states the true coverage clients should enjoy from a well-resourced firm. If we included our research consultants in this calculation, NEPC would have less than* ***four*** *clients per consultant.*

We limit the number of accounts per consultant based on the client's complexity and servicing requirements. We decline new business when we determine that we cannot maintain our service standards without first hiring additional consultants and support staff. In 2012 we declined to respond to 114 RFP submissions.

We have carefully grown our consulting and technical staff to service our existing client base and to accommodate future growth. Our client referrals are an important source of new business. Therefore, we only succeed and grow if our clients are happy. We understand this dynamic and work aggressively to always consider our clients first.

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.

All of our employees receive compensation in three forms: salary, benefits, and a qualified profit sharing contribution. All employees are eligible for a bonus; and Partners share in the earnings of the firm.

Salaries are standardized for each professional level within the firm. Bonuses are paid annually based on two criteria: 1) the employee's performance relative to a predefined job description and specific individual goals, and 2) the success of the firm itself. Both the determination of base salaries and bonuses are further predicated on client satisfaction with their servicing teams, as borne out by formal annual reviews by the senior partners within our firm, the annual Greenwich Client Satisfaction Surveys and our own biennial client satisfaction surveys.

Benefits are available after basic eligibility requirements have been met. The Company has consistently made profit sharing contributions for each employee after their first year with the company at the highest levels permitted by law.

Finally, selected senior employees from the consulting, analytical and administrative staffs of our firm participate in our equity program (the Partnership), permitting them to share the profits of the company and in the long-term appreciation of its equity. As mentioned earlier, our conversion to an LLC form of organization has materially enhanced the ownership positions of our newer partners, strengthening their opportunities to enjoy somewhat higher levels of compensation.

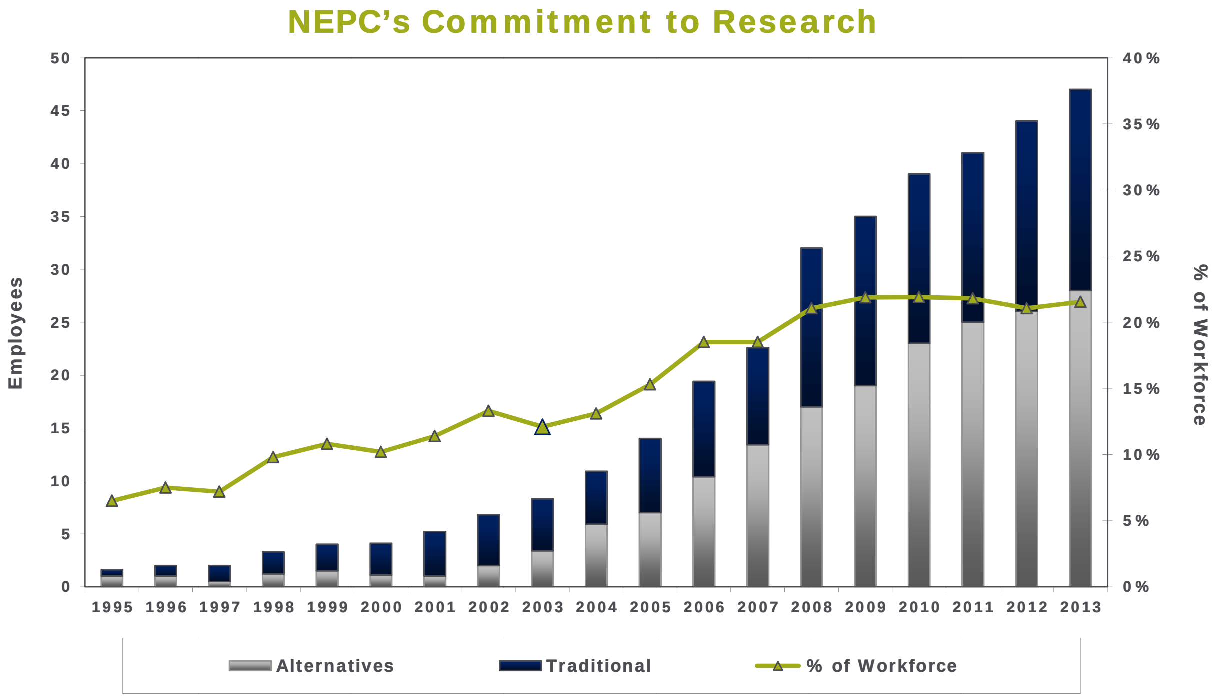
NEPC participates in industry compensation surveys each year. These surveys confirm that our salary and bonus compensation levels rank above investment consultant industry medians in every wage category, and that our benefits (profit sharing, medical, etc.) are among the most attractive in the industry.

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

We believe that measured, thoughtful growth is critical to a consulting organization, especially when there is a clear focus on maintaining a high level of client satisfaction. This growth allows us to increase our investments in technology, research, and human capital and provides opportunities for advancement across the organization. NEPC's growth over the past several years has facilitated significant improvements in both our servicing and our dedicated research staff. As we have grown, our focus has been maintaining the high quality service our clients have come to expect. One significant way in which this has been accomplished is through the reduction of the average number of clients supported by our client-facing consultants which has been more than halved to six clients per consultant from 16 clients per consultant a decade ago. Accordingly, our consultants have more time to commit to each client, and indeed, we saw the average number of meetings per client increase by over 25% in recent years. We also have been careful to hire and retain talented staff in advance of reaching "capacity" to ensure that client satisfaction remains high.

PLEASE NOTE: Importantly, the average of six clients per consultant does not include our 25 research consultants. Most of our competitors include their research personnel in their client coverage, but we believe the duplicity of counting our professionals as dedicated researchers on one hand and consultants to clients on the other materially miss-states the true coverage clients should enjoy from a well-resourced firm. If we included our research consultants in this calculation, NEPC would have less than ***four*** *clients per consultant.*

Our growth has allowed us to dramatically increase our dedicated research group to 22% of our overall professional head count. This research staff has no explicit revenue support responsibilities, but rather focuses on the vetting of both traditional and alternative managers and strategies, asset allocation, risk parity, scenario analysis, derivatives, and overlays. This research commitment generates ongoing ideas and challenges old assumptions - creating proactive solutions for our clients. Again, the graph below illustrates the longer term trend and our commitment.



In general, our forward-looking business plan has several elements. Among its more important points are the following:

- **We will remain independent**. In this era of consolidation in the investment consulting industry, the Partnership at NEPC has repeatedly affirmed our desire to remain independent. We believe we offer, and will continue to offer, a superior product due in part to our independence and single focus on delivering exceptional consulting services to our clients.
- **We will grow at a controlled pace**. This involves maintaining the proper balance among our human resources, the services we provide, and the selective addition of new clients. We are very sensitive to the servicing requirements of current and prospective clients and have regularly turned down new business opportunities. In 2012, we declined 114 new business opportunities in order to maintain our service commitment to existing relationships.
- **We will attract and retain extraordinarily well-qualified personnel.** As our business has grown, we have added professional, technical and administrative personnel, both "home grown" and from our competitors (22 consultants and researchers have joined NEPC from competitor firms, while no consultants have left NEPC to join other consulting firms).
- **We will continue to enhance our client education programs.** Our clients gain the knowledge and patience necessary to be good, long-term institutional investors.

The appropriateness of our business objectives has repeatedly been confirmed by our client referrals and client appraisals, which rank us in the top three in nine of the last ten years among our peers in the Greenwich Associates annual consulting survey.

Services and Capabilities

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

NEPC's sole line of business is investment consulting. NEPC offers a full line of investment consulting services. On an ongoing basis our investment consulting services address every phase of the investment process, including:

- Investment policy development and risk control, for both financial and alternative assets;
- Asset allocation, both asset-based and liability-driven which also includes risk budgeting, scenario analysis and liquidity analysis;
- Extensive experience and expertise in designing and implementing alternative asset programs;
- Innovative solutions to investment needs (private equity, real return, portable alpha, global asset allocation, hedging strategies, and risk budgeting);
- Investment manager and custodian searches for both financial and alternative assets;
- Due diligence on managers and investment products;
- Performance analysis for the total Fund, each asset class, and each manager;
- Discretionary services, and;
- Client education.

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?

NEPC's sole line of business is investment consulting. As such, 100% of our revenues are from providing consulting services to our clients. NEPC is employee owned and therefore neither an affiliate nor a subsidiary of any organization.

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).

Research is a core competency and a dedicated unit at NEPC. We recognize the benefit of dedicated research professionals and have consistently increased staffing levels in our Research Group since our firm's inception. NEPC's Research Group is comprised of 47 dedicated research professionals (approximately 22% of NEPC's total work force) organized into four teams: Asset Allocation, Traditional Manager Research, Alternative Assets Research, and Operational Due Diligence.

NEPC has created an asset allocation team to research and continually improve our clients' portfolio construction and performance. NEPC's Asset Allocation Team directs all of the firm's efforts in performing asset allocation and asset-liability studies, and leads the development of the firm's asset class return, risk, and correlation assumptions. We cover 22 asset classes and strategies within traditional research, and another 25 strategies within alternatives.

The Traditional and Alternative Research teams perform research in their specific areas and work closely with clients and their consulting teams. In addition, NEPC's Research teams are responsible for monitoring the investment environment for developments in new asset classes, instruments and strategies. More importantly, this research allows us to opine on the merit of adding new ideas to a portfolio and then provide these points to clients. All aspects of our research platform are available to discretionary clients, including access to our research professionals if desired by the client.

Our CIO, Mr. Erik Knutzen, CFA, CAIA, Partner, is responsible for leading the overall research effort and the development of the firm's investment strategy. He also oversees our dedicated research group which consists of 47 investment professionals. Mr. Timothy F. McCusker, CFA, CAIA, FSA, Partner, Director of Traditional Research leads the Traditional Manager Research team and the Asset Allocation team. Mr. McCusker leads a team comprised of Ms. Donna Szeto, CFA, Senior Research Consultant and Mr. Steve Gargano, Senior Research Consultant (U.S. equity); Mr. Jeff Markarian, Senior Research Consultant (global and international equity and liquid real assets); and Mr. Phillip Nelson, CFA, Research Consultant (fixed income and global asset allocation).

Within the Traditional Research team, Ms. Rosann Morello, Manager Search Supervisor oversees the Manager Search team, which is responsible for facilitating the production aspects of the manager search reporting process within traditional asset classes, as well as ensuring manager data integrity.

Alternative manager research is led by Mr. Sean Gill, CFA, CAIA, Partner, Alternative Assets. Mr. Neil Sheth, Partner, Director of Hedge Fund Research leads the hedge fund investment research team. Mr. Eric Harnish, Director of Private Markets Research leads the private markets investment research team.

NEPC's Operational Due Diligence (ODD), led by Mr. William Bogle, Partner, Chief Compliance Officer, is separate and distinct from our investment analysis effort and focuses primarily on Hedge Fund and Fund of Hedge Fund managers and strategies. The ODD process starts with a detailed questionnaire that focuses on a firm's back office and infrastructure. After an on-site visit to meet the operations team, a report that summarizes the firm's capabilities is presented to our internal Alternative Assets Committee for approval.

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?

We are committed to providing our clients with the best possible investment research and resources, regardless of the source. Hence, based on the topic or need, we are equally comfortable developing original material, using external sources, or integrating the two, depending on which approach best serves the needs of our clients. In all cases, the final recommendations made to a client are our own, and reflect NEPC's independent view of what will best serve the interests of the client's investment program.

An example of how we integrate internal and external sources is reflected in our work on emerging market equity investing. Many external sources are available to help us quantify the investment environment for emerging markets investors. These sources include various US government or United Nations agencies, investment advisors, brokers, and custodian banks, to name a few. Hence, to educate clients on the role that emerging markets might play in their investment program, NEPC used these sources to develop general background, to identify the scope and characteristics of emerging markets investing, to identify alternative approaches, and to develop a solid "feel" for the challenge of successfully integrating emerging markets into a client's investment program. We did not reinvent the wheel. However, the final assessment of the potential risks and rewards to emerging markets investing, and the strategy's fit with the needs of any individual client is NEPC's alone.

21. Has your firm conducted an asset/liability study for a jointly-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.

Yes, please refer to the next response regarding complete details of NEPC's asset/liability study process.

Over the past three years, NEPC has conducted seven asset/liability studies for jointly-trusteed benefit funds.

We have provided a sample asset/liability study as Exhibit 1.

22. Describe your firm's process for determining the appropriate asset allocation for 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.

Our goal is to help the Fund achieve its objectives, control risks and protect the Trustees. To accomplish these goals, we use multiple qualitative and quantitative inputs.

NEPC will work with Trustees to develop and/or refine an investment policy statement, as appropriate, in the beginning stages of the relationship. We will provide data, analysis, and recommendations on the establishment of the objectives of the investment program. On an ongoing basis, typically annually, the objectives and policies will be reviewed and revised, as necessary.

The development of an appropriate policy involves the management of competing interests. Critical inputs include: the Board's and staff's risk tolerance, legal constraints and investment restrictions, funded status, liquidity needs, stability of returns and time horizon. Quantitative tools are internally developed, including capital market assumptions, mean-variance optimization, modeling returns under various economic scenarios, risk budgeting and liquidity modeling (also under various scenarios); and active (manager alpha) modeling.

Analytic Tools and Market Data

All of our asset allocation and asset-liability analysis begins with forward looking assumptions of risk, return, and correlation. Our asset class assumptions and economic scenario forecasts are internally generated for forward-looking five to seven year time periods. All assumptions rely on forward looking building blocks and market factors unique to each asset class based on a wide range of capital market data. For example, the return assumption for US Large Cap Equities is based on building blocks of real economic growth, inflation, dividend yield, and valuation. The return expectation for US Corporate Investment Grade Bonds is based on current Treasury yields, the forward yield curve as priced by the market, current credit spread levels, and a forecast of how spreads will adjust over a 5-7 year period. Risk and correlation assumptions are based on expectations for the market environment and expected dynamics of relationships across asset classes. All assumptions are updated annually along with economic scenarios, which forecast various economic environments over a five year period.

Our asset allocation studies are based on an analysis of both assets and liabilities. We use multiple tools for asset allocation modeling. Traditional efficient frontier modeling uses Ibbotson Encorr software licensed from Morningstar. Asset-liability modeling uses ProVal software licensed from WinTech. Our asset/liability model can be customized to particular benefit formulas and actuarial assumptions. Using participant data, we project plan costs using our internally generated economic forecasts. We have internally developed our risk budgeting model, which re-characterizes asset allocation into its component risks, both on an asset-only, and an asset-liability basis.

Risk budgeting and Scenario Analysis rely on NEPC proprietary models. Additional supplemental tools such as Liquidity Analysis, Active Risk Budgeting, or Factor Analysis also rely on proprietary NEPC models. Rather than focusing simply on the single summary term of total portfolio volatility, we determine the contribution to the portfolio's volatility from each underlying asset class. This allows us to understand not just the total level of risk, but also the sources of risk. We find that portfolios with 60% or more in equity investments will have more than 90% of their overall portfolio volatility sourced from equity returns. In other words, performance of the broad equity market will determine the overall direction of the plan's return. Through this approach, we have counseled clients to strive for more balance in their portfolio's risk allocation, leading to asset allocations that are more resilient when equity markets decline.

Collectively, the mosaic of multiple asset allocation models produces a more comprehensive and robust framework for evaluating current and alternative asset allocations, producing portfolios less dependent on a single asset class such as equities for long-term returns and more resilient to market downturns.

NEPC's Asset Allocation Team directs all of the firm's efforts in performing asset allocation and asset-liability studies, and leads the development of the firm's asset class return, risk, and correlation assumptions. Since asset allocation is the primary driver of success, we believe it is important to understand, analyze and challenge assumptions to create more efficient portfolios. We do this by staffing this team with very senior members. NEPC's Asset Allocation professionals are dedicated entirely to performing asset-liability studies, and asset allocation analysis for our client portfolios utilizing our existing suite of tools and researching innovative approaches to asset allocation that might enhance our current approach. These professionals are dedicated to performing asset allocation studies and have limited client responsibilities, allowing them to focus and specialize on this important area. The following is the team of individuals:

- Timothy McCusker, CAIA, CFA, FSA, Partner
- John R. Minahan, Ph.D., CFA, Senior Investment Strategist[2]
- Lynda K. Dennen, ASA, EA, Senior Research Consultant
- Mark Cintolo, Consultant
- Mario Tate, Senior Analyst
- Ian Spencer, Research Associate
- The Asset Allocation Team is supported by the Asset Allocation Committee, comprised of representatives from Research and Consulting and is co-chaired by Christopher A. Levell, ASA, CFA, CAIA, Partner and Timothy McCusker, CAIA, CFA, FSA, Partner

Risk Budget Approach

Our Asset Allocation Team has developed a risk budgeting exercise that reviews the contribution of each asset class to the portfolio's overall risk. In addition, we can incorporate liabilities into our risk assessment.

Rather than focusing simply on the single summary term of total portfolio volatility, we determine the contribution to the portfolio's volatility from each underlying asset class. This allows us to understand not just the total level of risk, but also the sources of risk. We find that portfolios with 60% or more in equity investments will have more than 90% of their overall portfolio volatility sourced from equity returns. In other words, performance of the broad equity market will determine the overall direction of the plan's return. Through this approach, we have counseled clients to strive for more balance in their portfolio's risk allocation, leading to asset allocations that are more resilient when equity markets decline.

Asset Allocation Recommendations

The importance of diversification to reduce equity concentration risk in investor portfolios has become very evident over the decade of the 2000's. Developing investment strategies based on "risk budgeting" frameworks has enabled our clients to protect capital somewhat better than traditional approaches in this volatile environment. We also believe non-traditional asset classes and strategies remain critical in the development of sound investment policy.

The use of risk management is increasing for plan sponsors, and NEPC has the experience and tools to assist our clients in this important area. Asset-liability studies have been the traditional tool for evaluating assets and liabilities together and such studies continue to be "best-practice."

[2] A long-time employee of NEPC and current faculty member at MIT's Sloan School of Management, is engaged as an independent consultant to NEPC.

Over the past three years, we have conducted liability-driven asset allocation studies for over 100 client plans, and several hundred asset-based asset allocation studies. Our philosophy is outlined below.

We believe that the asset allocation decision is clearly the most difficult, but most important, aspect of the consulting process. A well-diversified investment program is the necessary foundation for good performance, and an essential key to the success that our clients have enjoyed over the years. Asset-based asset allocation studies are available on-demand to all of our clients.

Liability-based asset allocation studies are performed every three to five years. NEPC believes that the asset/liability analysis is useful to determine each client's risk tolerance.

Using information supplied by your actuary, we develop projections of future liabilities and obligations. The same assumptions used by your actuary are used in our modeling process. A key differentiator in NEPC's process is that we not only utilize the typical mean variance analysis, but overlay deterministic scenario analysis coupled with liquidity risk analysis to ensure we provide a robust framework for determining the asset allocation.

Forecast returns are based on NEPC's forward looking projections for the capital markets over the next five to seven years based on a building block approach by asset class. We analyze the historic trends of asset class index returns since inception of the asset class over various market cycles and economic conditions. Current market conditions include the current yield on bonds and short-term instruments. Correlations and standard deviations are based primarily on historic return patterns.

There is a significant move within the industry, beginning in the corporate sector, to provide greater transparency regarding the funded status of pension plans. NEPC has been in the forefront of this movement and generates liability-driven funding solutions for a growing number of its clients. We believe this trend will accelerate as budget pressures grow in coming years and the importance of funding pension liabilities becomes better-appreciated.

Our work in this regard has been well underway for some time and, indeed, is highlighted in many of our client communications.

Dynamic Asset Allocation

We view asset allocation as a long term strategic target, with initial steps put in place to reach the final target allocation. We recognize, however, that the long-term strategic target is constantly evolving as opportunities and risks within the capital markets dynamically shift. We advocate a three phase approach to dynamic or tactical investing:

1. Annual review of strategic asset allocation – identifying areas of opportunity under-represented in the long-term strategic targets and reducing existing allocations that may have less risk-adjusted return potential. This review is facilitated through our annual update to our 5-7 capital market expectations and actions for client.

2. Opportunistic allocations - setting aside a portion of the portfolio with the flexibility to allocate to attractive asset classes or strategies when opportunities are quite attractive. The Opportunistic Allocation can have a 0% target in the strategic asset allocation, with a 0-15% range. One example of this is our promotion of Credit Opportunities when credit spreads began to widen in 2008. Other examples are Debtor in Possession (DIP) in 2009. In both instances, NEPC researched managers and had a vetted investment ready for clients early in the life of the opportunity. We now see opportunities in illiquid credit, bank regulatory capital, and real estate.
3. Global Tactical Asset Allocation strategies – while an annual review of the strategic allocation allows investors to tilt towards secular opportunities, and an Opportunistic Allocation allows investors to capitalize on medium term opportunities, there is a set of opportunities available with shorter time horizons. Most institutional programs are not equipped to take advantage of these opportunities, but skilled investment managers have demonstrated the ability to tactically allocate across markets and add a unique source of alpha to an investment program.

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

NEPC will continue to work with FELRA to refine your investment policy statement in the beginning stages of the relationship. By doing this, we will provide data, analysis, and recommendations on the establishment of the objectives of the investment program after going through an evaluation of your goals and objectives. This process typically coincides with an asset/liability study to fully understand the direction of the program and to ensure the stated goals and objectives are consistent with the financial condition of the program. On an ongoing basis, typically annually, the objectives will be reviewed and revised, as necessary.

We believe that a well-conceived investment policy statement is the cornerstone of a successful investment program, and provides a beneficial element of continuity. The development of an appropriate policy involves the management of competing interests. Critical inputs include: the Board's and staff's risk tolerance, legal constraints and investment restrictions, funded status, liquidity needs, stability of returns and time horizon. We would begin our relationship by reviewing FELRA's existing policy statements, and suggesting changes and enhancements. This type of effort is important, since the policy is the vehicle that we use to truly customize each investment program to the unique needs, risk tolerances and return requirements of each client.

Our investment strategy is centered on the concept that the primary driver of returns is asset allocation and plan structure. As such, we are strong believers in broad, global diversification. We are very proactive in helping our clients to diversify across markets, across asset classes and within asset classes. We believe that the addition of dissimilar and often non-traditional asset classes into an investment program can effectively improve returns while keeping risk at the same or lower levels.

After review of the investment policy statement, a liability-driven asset allocation study is conducted to determine the optimal mix of assets forecasted to meet the target return goals. We look at the impact of liabilities on an asset mix on a real and nominal basis. We look at asset allocation from a risk budgeting perspective to make sure we understand each asset class' contribution to total plan risk. We will also look at asset mixes under different economic scenarios. The target asset allocation is reviewed on an annual basis through an asset allocation study to confirm that goals and objectives are still attainable. The asset allocation study incorporates our current forecasts for return, risk and correlation of asset classes.

In our experience, the number of asset classes, styles and investment strategies is the dominant determinant of the number of managers employed. However, many factors influence the number of managers used by an investment program. Generally, the larger the program, the more managers will be retained by the program (although we recognize the benefits of scale with fewer managers), primarily as a means of increasing overall levels of diversification. We typically would not endorse adding a manager to a program if: 1) that manager did not enhance the overall risk-adjusted return potential of the fund, i.e., that manager must be complementary and diversifying relative to other managers in the program, or 2), the manager's strategy was only available via an expensive or otherwise inappropriate vehicle such as a retail mutual fund. We seek to balance the need for diversification and building the most efficient and highest information ratio active portfolio with the desire to realize economies of scale to reduce fees.

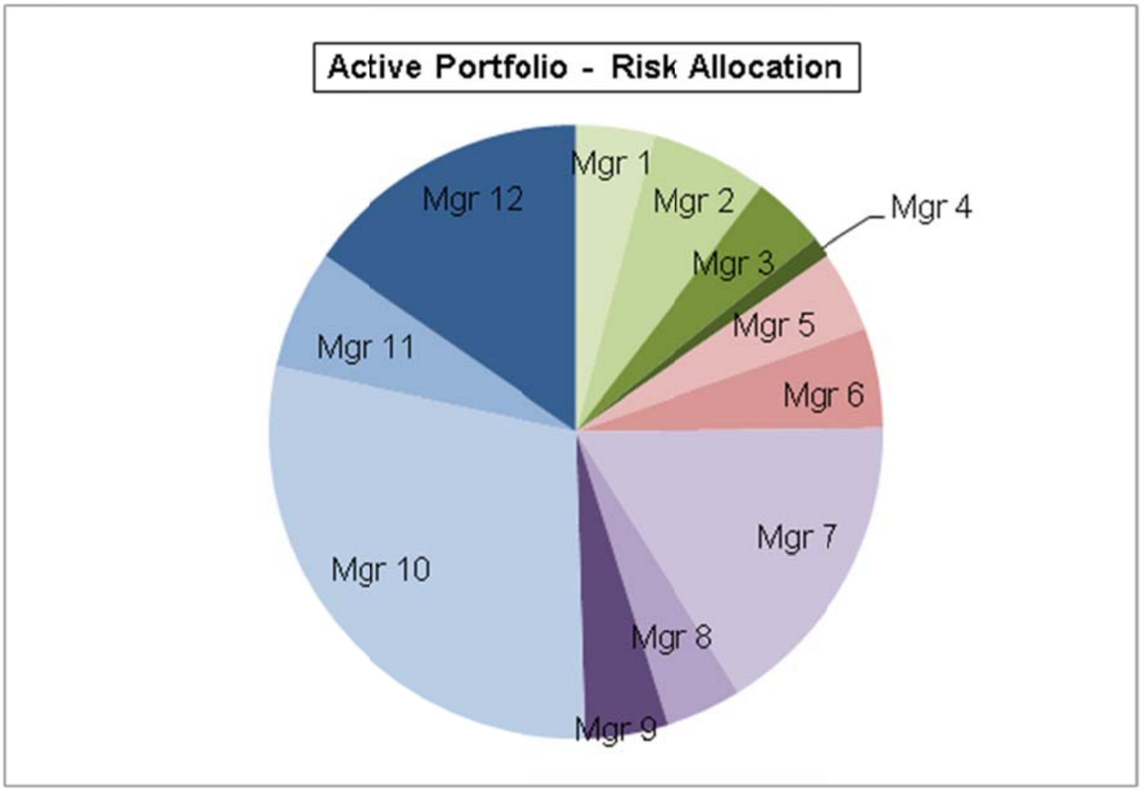
We place significant weight on the existing roster of managers for new clients. We are very aware of the transition costs involved with hiring and firing managers and do not believe in replacing a new client's current managers with our recommended managers simply to make changes. We want to understand each existing manager, their role in the portfolio, and their skill set. Only if there is a problem, or a demonstrably superior manager would we recommend a change.

The first step in developing the appropriate structure is finding high conviction active strategies. A high conviction strategy should have a repeatable investment process with a competitive edge relative to the market. This process and competitive edge must be articulated through NEPC's rigorous four step manager search process into a well articulated investment thesis. The core of the process is gathering qualitative and quantitative data on investment products and developing our own investment thesis to determine how the product would best suit our clients' needs.

NEPC's investment manager research process identifies a Focused Placement List (FPL) of preferred investment strategies. Our process is forward-looking and culminates in our Research team developing high conviction that our Preferred managers will provide superior investment performance over time. Our main research focus is on the investment thesis of a particular strategy. The investment thesis serves as the bridge between the historical results of an investment strategy and conviction that strong investment performance will be delivered in the future. The people, philosophy and process of an investment will all play an important role in determining an investment thesis. Identification of an investment thesis focuses not simply on the historical returns, but rather on the repeatable nature of the process. Finally, our deep and seasoned Research staff provides unique insights into the identification, evaluation, and selection of top-performing investment firms and strategies.

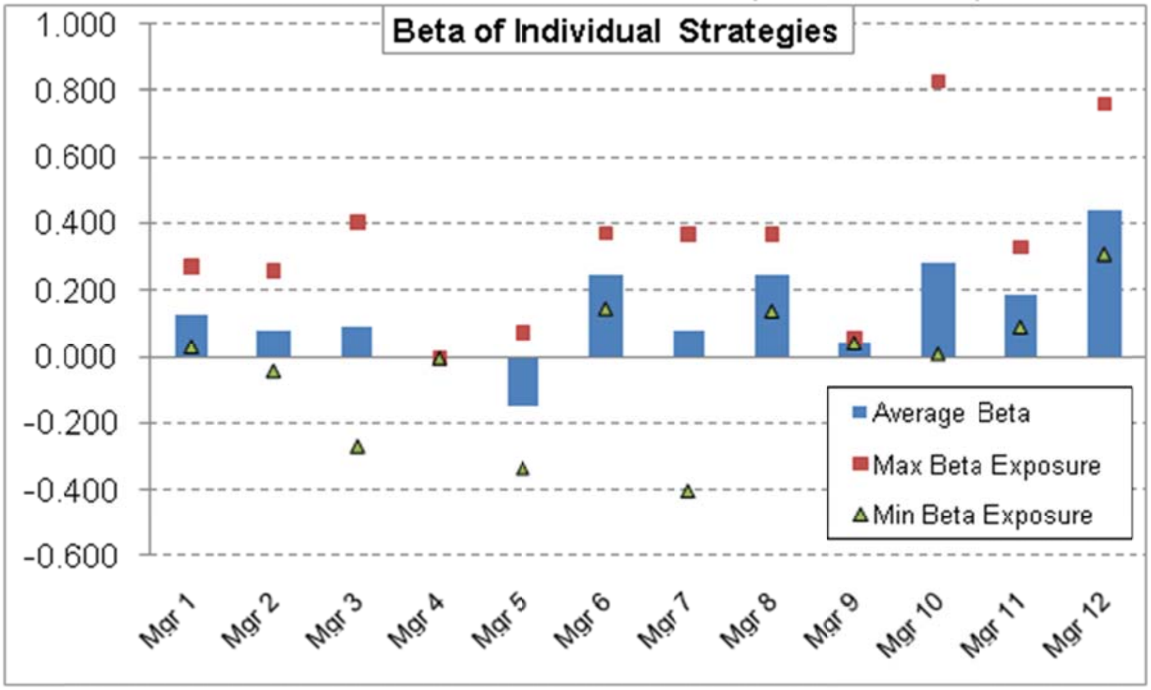
Once an appropriate manager roster has been determined, we use our proprietary "Active Risk Budgeting" tool to combine statistical analysis with our research team's expertise to develop an efficient active manager structure. By modeling each strategy's expected tracking error and correlation to other strategies in the portfolio, we can develop an active risk budget. By understanding the total active risk within each asset class and the contribution to risk by each strategy, we can allocate to strategies appropriately so that no one strategy dominates the active risk profile of each asset class.

Exhibit 1: Active Portfolio Risk Allocation



By analyzing each strategy's beta and alpha exposure separately over time, we can identify the manager's value added and net out market exposure over time. We can also identify managers which tend to increase and decrease exposure to the market at similar times, leading to high correlations between the two strategies.

Exhibit 2: Beta Exposure of Select Hedge Fund Strategies



This robust quantitative analysis is a critical tool in building efficient active portfolios. When combined with our opinions on each manager, NEPC is able to construct manager allocations within each asset class with higher expected information ratios – providing our clients with the most efficient exposure to alpha per unit of active risk, while working within the constraints of the chosen long-term strategic portfolio.

With regard to rebalancing, we use the above referenced analysis as well as a separate liquidity analysis. The liquidity analysis looks at the availability of funds in total for the Plan as well as by manager. Most clients have ample liquidity in total, but not always in each asset class. The important part of the analysis is the stress test to see if liquidity to rebalance is available if a significant market decline occurs.

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.

The use of benchmarks can be an important element in measuring the effectiveness of not only individual managers but also the asset allocation decisions of a total fund. Choosing the appropriate asset class benchmarks to represent the asset allocation employed by a total fund is a necessary first step. NEPC works closely with clients in recommending both asset class and manager benchmarks based on both qualitative and quantitative measures to provide a measuring stick against which the manager can be evaluated. The assignment of this benchmark can also be thought of as the first level of risk management – as you are monitoring the manager's ability to stay true to the mandate for which they were hired.

NEPC has worked with several of its clients in developing customized benchmarks that suit the needs of its clients.

NEPC has worked with many of its clients including several that are jointly-trusteed in developing customized benchmarks that suit the needs of its clients. For example, Global Asset Allocation managers can be difficult to benchmark given the broad nature of their investment mandate. NEPC's Research has developed customized benchmarks for its GAA managers that best reflect each manager's stated mandate. This is done to ensure the manager's performance is compared against an appropriate benchmark.

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?

To provide our clients with plan-level peer analysis, NEPC internally calculates performance using the InvestorForce Performance Reporting Network (iPRN), part of MSCI, Inc., which includes over 1,800 plans totaling over $1.9 trillion in assets. This data is drawn from 26 independent investment consulting firms, including NEPC. For manager-level comparisons, NEPC utilizes the eVestment Alliance Databases, which are the industry's most comprehensive. The Taft-Hartley universe has over 270 funds to compare your plan's performance against.

At NEPC we believe that robust portfolio diagnostics are essential in measuring the performance of a client's portfolio. Our reports include total plan, asset class, sub asset class and manager-level performance, asset allocation, attribution and risk statistics. Importantly, the analytics are conducted on a holdings basis versus a returns basis, meaning the analytics reflect what the managers actually are invested in versus how the portfolio performs, which can be affected by a multitude of factors.

Our philosophy regarding the performance reporting and evaluation process is best described as an extensive multi-faceted approach that incorporates performance data collected from investment managers and administrators, the client custodian and benchmark providers to generate detailed manager, asset class and portfolio diagnostic reports. These diagnostic reports track manager and plan-level performance and risk analytics (such as Sharpe ratio, Sortino ratio, Standard Deviation, Tracking Error, Upside and Downside Capture) and allow for the verification of manager performance against stated mandates as well as the identification of potential "style drift". Our reports also compare plans and managers to their respective peer universes for the performance and risk analytics. The InvestorForce platform also calculates portfolio attribution both at the total plan and manager level to measure the effectiveness of manager selection and total plan performance.

NEPC internally calculates portfolio performance using the InvestorForce Performance Reporting Network (iPRN) which provides advanced performance analytics for 26 institutional investment consultants. Data is collected monthly and loaded into iPRN via an electronic feed from the Insignis platform for custodian data and from the InvestorForce COLLECT platform for most of our manager data. An internal NEPC team collects the remaining manager data and loads it into iPRN. Once the data has been loaded, NEPC's Performance Analytics Team reconciles portfolio returns and market values.

Investment returns are calculated for total plan, traditional asset class, hedge funds and both traditional and hedge fund managers using a time-weighted return methodology. For private equity, real estate, natural resource and infrastructure investments that are drawdown style funds we have the capabilities of calculating an internal rate of return as well as a time-weighted return. We recommend using an internal rate of return methodology as we feel it more accurately reflects the economic return of the investment. Traditional and hedge fund manager data is received monthly. For private equity, real estate, natural resources, etc., cashflows are received when they occur and market values are received quarterly.

The NEPC performance group uses several sources to reconcile and calculate manager performance on a monthly basis. The main source of data used to calculate performance is gathered from the client's custodian bank for each of the client's underlying investments. In addition, investment manager statements are collected and are reconciled with the custodian's statements.

The monthly data that is collected from the custodian and manager includes, but is not limited to, the beginning and ending market values, income received, administrative fees and expenses, management fees, transfers in, transfers out, contributions, withdrawals, gross of fee returns, and net of fee returns. The custodian bank data is entered into NEPC's performance platform and performance returns are calculated. The returns calculated and the data entered into the platform is then compared to the returns and performance data collected from the manager. Any discrepancies identified between the custodian or manager data are investigated. Differences that fall within NEPC's tolerable ranges and/or have acceptable explanations are considered to be reconciled. Differences that are considered unacceptable are further investigated by contacting the custodian bank and the manager in order to gain further explanation and question any issues until the differences are resolved or until an acceptable explanation has been found.

Risk management for our client's portfolios is a primary focus at NEPC and is reflected in our asset allocation, manager research, investment strategies and reporting. Our reports include risk statistics for total plan-level analysis as well as individual managers. These diagnostic reports track manager and plan-level performance and risk analytics (such as Sharpe ratio, Sortino ratio, Standard Deviation, Tracking Error, Upside and Downside Capture) and allow for the verification of manager performance against stated mandates as well as the identification of potential "style drift". Our reports also compare plans and managers to their respective peer universes for the performance and risk analytics.

We also incorporate our risk management into our asset allocation analyses as we provide returns based risk reports to help identify exposures in our client's portfolios. Risk Budgeting is also a fundamental tenant of our asset allocation modeling and has helped many of our clients diversify their portfolios and reduce this overall portfolio risk.

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.

NEPC has significant experience building alternative assets programs and identifying high quality private equity, hedge fund, opportunistic and real assets managers for our clients' alternative investments programs. NEPC has been actively working with client investments in alternative assets for the past 19 years and has the commitment, experience, and research resources to meet all of your alternative asset consulting needs. We advise $56.1 billion in committed/invested alternative assets across 206 clients. During 2012 alone, we completed 210 alternatives searches encompassing over $3.4 billion.

Indeed, this focus and the excellence of our research resources were recognized in 2009 when NEPC received PLANSPONSOR magazine's prestigious "Alties" award as the Alternative Asset Consultant of the Year. Moreover, NEPC's alternative asset capabilities have been ranked among the top of all of our competitors for the past eight years, in Greenwich Associates survey of investment consultants. Our alternative assets services include: education, portfolio design, manager search, due diligence reviews, and monitoring/reporting.

As you review other's alternatives capability, what really differentiates our process is our **Alternative Assets Due Diligence Committee**, comprised of Partners (with equity ownership), the key professionals involved in evaluating alternative assets, in addition to other senior members of the consulting staff. ***The Committee is ultimately responsible for vetting any manager that is to be placed in a NEPC client portfolio, as well as those that have already been retained by our clients.*** The sheer breadth of experience (with some members having more than 30 years of alternatives experience) and accountability, creates a dynamic and skeptical environment. It truly balances innovation with experience and does so while aligning the firm's interests with those of our clients. This Committee allows NEPC to lever the deep resources of our consulting staff, while ensuring that each manager we recommend is thoroughly and consistently evaluated.

Aside from the Alternative Assets Due Diligence Committee which helps monitor the process, we have 28 full-time individuals dedicated to Alternative Investments led by Mr. Sean W. Gill, CFA, CAIA, Partner, Alternative Assets. The Alternative Assets Group includes two principal groups, Private Markets and Absolute Returns. Three people, including NEPC's Chief Compliance Officer, Mr. William Y. Bogle, are focused primarily on operational due diligence of Hedge Fund and Fund of Hedge Fund managers and strategies.

Of special interest, NEPC received the 2012 Chartered Alternative Investment Analyst (CAIA) Corporate Recognition Award. The award recognizes NEPC's commitment and support of those pursuing the CAIA designation, recognizing the achievement of those awarded the CAIA designation, and furthering the mission of the CAIA through education and implementation of alternative assets programs with our clients. NEPC was one of the first firms to embrace the program with Mr. Gill's induction in the inaugural class of

2003. Currently, NEPC has 31 CAIA designees on staff and 17 professionals pursuing the designation.

While we do not seek to overwhelm you with research articles and white papers, you can peruse our website (www.nepc.com) and read NEPC's "letters of action" to clients over the last five years that illustrate our commitment to alternatives research. We have consistently and proactively recommended placements across the alternative asset spectrum including: hedge funds, private equity and debt, global asset allocation strategies, real assets (including real estate, timber and commodities), portable alpha, and others. We are well suited to help you evaluate the use of alternatives, and if appropriate based on your needs and objectives, assist in the development of your alternative assets program.

Private Equity

Our services for private markets include developing the investment policy, overall allocation and strategic (implementation) plan, manager search, performance monitoring and education. We believe that a private equity program should be diversified by vintage year, strategy, investment stage, geography, and industry sector. We believe a well-balanced program should include a mix of early stage venture capital, later stage venture capital, mezzanine debt, and leveraged buy-out (small, mid-size, and large buy-out) managers.

By combining differing strategies we seek to maximize each client's long-term alternative assets objectives. NEPC has developed a large database which we use to track approximately 1,177 partnerships, in 766 unique distinct funds managed by 370 fund managers on behalf of our clients. This database tracks the cash flows of not only each partnership in the program, but the underlying portfolio companies as well.

NEPC strives to educate decision makers about the appropriate uses and potential risks of the asset class. NEPC works with clients to execute the private equity program through manager searches to find the best qualified, most appropriate private equity managers for our clients' plans. Following the investment in a private equity manager, NEPC will closely follow the progress of the manager and provide clients with performance measurement analytics (such as IRR, Distribution to Paid-In Capital multiples, and other measures of performance) and periodic updates on the managers' progress, including information obtained from frequent conference calls and attendance at annual meetings.

In addition to analyzing investment opportunities within the context of a strategic plan, NEPC creates ***Market Surveys*** for sub-strategies (i.e., mezzanine, royalty/revenue interests, secondaries, distressed, etc.) within the private equity market. These market surveys describe the strategy including the sources of return, the risks, and the size of the sub-strategies. It also segments and catalogs the opportunity set of managers known to be pursuing the sub-strategy. From the market survey, NEPC looks to create a focused list of opportunities suitable for further evaluation and, ultimately, recommendation to clients.

For individual, specific opportunities, NEPC's private equity and consulting team tends to work in concert with the Plan's staff to evaluate individual limited partnerships. As part of NEPC's due diligence process, the team generates an Alternative Investment

Memorandum (AIM) for each investment opportunity which is then reviewed by the NEPC Alternative Assets Committee (AAC). The purpose of the Alternative Assets Committee is to provide a quality control for investment recommendations prior to those recommendations being promulgated to clients. Generally, the Alternative Assets Committee meets on a bi-weekly basis.

The types of investment vehicles available to investors include separate accounts, fund of funds, direct funds and co-investments. The specific investment vehicle used will primarily vary by client needs, time commitment, and resources. Further, the types of investment vehicles used may vary by strategy and investment opportunity.

Hedge Funds

Our hedge fund consulting is significant and comprehensive. Our resources enable us to be one of the few investment consulting firms to employ multiple strategy specialists (a credit specialist, a macro specialist, an equity linked products specialist, etc.). In a world where complexity is only increasing, we feel this is very important to creating an effective hedge fund structure.

Hedge funds can be used in many ways throughout the portfolio. NEPC often integrates hedge fund allocations as part of the traditional asset allocation in order to capitalize on market efficiencies. We consider the delineation between some ‘hedge fund’ strategies and long-only strategies to be superfluous and, as such, evaluate the strategies based upon risk. NEPC’s integrated research platform and dedicated asset allocation team, allows us to think progressively about the use of hedge funds in our clients’ portfolios.

Of course all of this is only possible if we are able to communicate and educate our clients effectively. We conduct customized education programs for our clients which we view as an ongoing process. We believe every hedge fund portfolio is a customized process and should take into account the unique needs of the clients as well as the overall portfolio structure (traditional, non-traditional, liquid, illiquid, etc.). Communicating the unique role of these investments in a specific portfolio is critical to its success.

With this in mind, we seek to develop a portfolio of hedge fund managers with different objectives, styles, and volatility. We will work with our clients to customize the hedge fund program to include hedge fund of funds, direct, single strategy hedge funds or a combination of both. We will also work with our clients to determine if long biased long/short equity managers should be part of the overall equity allocation.

GTAA

NEPC has long been a proponent of GTAA strategies in client portfolios, because we believe that tactical asset allocation can add significant returns over a static policy. In general, we believe that investment managers are best equipped to act on market information and capture tactical opportunities.

Real Estate

NEPC has recommended that its clients hold diversified investment portfolios. These recommendations include real estate where appropriate. Our belief is that an investment in real estate should be made within the context of the structure and goals of the overall Fund. NEPC will seek to understand what role, if any, real estate should play in the portfolio and, working with the board and staff, develop a plan tailored to meet the risk, return and liquidity requirements of the portfolio.

Inflation-Linked / Real Assets

NEPC is a proponent of Inflation-Linked/Real Return Assets and believes it can play an important role in investment portfolios to help preserve the purchasing power of assets during periods of higher inflation. In fact, not only do we have individuals dedicated to real assets but we have two individuals dedicated to just real estate investments. Based on a client's goals and objectives as well as liquidity requirements, we will create a portfolio of diversified real assets across the spectrum of liquid (global natural resource stocks, commodities, global TIPS) real assets and illiquid real assets (real estate, timber, energy private equity investments).

Oil / Gas Partnerships

NEPC is experienced in evaluating oil and gas partnerships as part of a larger energy investment strategy that not only includes upstream, midstream and downstream oil & gas partnerships, but also includes partnerships that invest in renewable and clean tech energy companies. NEPC views energy investments as a valuable investment strategy for adding diversification to an investment program, while also providing supplemental benefits as a potential inflation hedge. When compared to other strategies in a private markets portfolio, traditional oil and gas investments, particularly in the midstream and mature upstream, have the potential to produce stable investment returns with relatively lower volatility. These can be very effective investments in reducing a private market investment program's J-Curve and providing a source of current income. Downstream exploration, production, renewable and clean tech energy investments have a higher risk given their development stage and their relatively large capital expenditures. Accordingly these investments have a greater potential for capital appreciation over the long-term. By utilizing a diversified approach within the energy strategy, NEPC believes that investor's may attain stable cash flows by utilizing investments in established cash generating operations and may also have a stake in opportunistic investments that have a low hit ratio but may provide large returns in a small number of successful ventures.

Timberland / Farmland

NEPC views timber and agriculture investments within the context of a diversified real assets allocation. For smaller clients, this exposure can be achieved through fund of funds, whereas larger clients may look to have stand-alone allocations to specific timber and agriculture managers. Timber and agriculture typically have mid-level returns (5-10% real return) with long investment horizons (funds typically last 15 years), with low correlation to stocks and bonds, but high correlation to inflation.

NEPC research believes that while timber has become relatively better valued, there may be more pain in the industry in the next few years. Specifically, while timber commodity prices have declined due to the recent decline in construction, the underlying timber land prices have been slower to adjust downward and may still be overvalued.

The universe of investable timber managers is limited; that of dedicated agriculture managers is even more so. Timber strategies can be segmented by geography (US/International), asset type (hardwood/softwood) and by strategy (a focus on organic growth versus other sources of return such as conservation easements, real estate development, and other ancillary income sources such as hunting licenses). Those with more of a focus on organic tree growth can be characterized as lower return and lower risk, but a higher "beta" to timber prices. Those with a focus on other strategies may be considered less of a pure timber play, with a higher risk/return potential. Certain non-US markets exhibit higher-growth potential, but with greater risk relating to currency, political issues, etc. The investable universe for agriculture is even smaller than that of timber, although there have been some new entrants in the space over the recent years. Some managers focus on one asset type (specific crops such as grapes, corn, soybeans, etc.), whereas others are more opportunistic and create portfolios with more diversified asset types and uses.

Due Diligence

NEPC's due diligence processes are extremely intensive, particularly as they relate to non-traditional investment strategies. Since long track-records and quantitative portfolio data are often lacking in non-traditional assets, it becomes much more important to have a very robust qualitative understanding of these strategies, and how they can potentially impact a broader portfolio of diversified strategies. Issues like style drift, exposures over time and the suitability of an investment process in an evolving market environment become critically important.

In addition to understanding how these portfolios are constructed and how they can interact with other portfolios is only part of the equation, however. NEPC spends considerable energy in evaluating the *business execution risk* of the organizations managing these strategies. Particularly important are those firms who are managing succession issues, generational change, and ownership that is relatively concentrated. Additionally, in the case of venture funds, of particular concern is the issue of smaller follow-on funds and the time needed to manage the challenged assets of funds raised during the bubble era and how it impacts the economics of the organization – historically, we have found this to be the most disruptive element to a firm.

NEPC's non-traditional assets due diligence is driven by the same guiding principles as NEPC's broad investment manager due diligence effort. Our aim is to identify managers that have the people, philosophy, process, portfolio, prospectus, performance, and price that will allow the managers to produce excess performance on a relatively consistent basis over time. This is what we call our "Seven P's."

During our due diligence process, NEPC focuses on a few key attributes:

1. Investment Expertise – Key decision-makers of the manager should possess an understanding of the capital markets and an array of investment instruments and trading strategies.
2. Investment Risk Management – A fund of funds manager should exhibit an understanding of investment risks associated with underlying funds.
3. Operational Risk Management – Managers should spend reasonable amounts of time researching operational concerns with their underlying managers, including such things as: understanding liquidity terms, reviewing the underlying hedge fund managers' service providers (auditors, prime brokers, legal counsel, and administrator), verifying processes for moving cash, and understanding business continuity efforts in case of disasters.

NEPC's overall investment manager due diligence process, and the non-traditional asset manager due diligence process in particular, rely on a mix of quantitative and qualitative inputs.

- Quantitative inputs may include firm and strategy statistics, historical returns, volatility and correlation, as well as assessment of manager diversification and strategy diversification.
- Qualitative assessments are made based on an array of inputs that can include formal questionnaires, analysis of quantitative data, in-person interviews, on-site due diligence, and reference checks.

With respect to FoF managers, it is important to note that NEPC's FoF manager due diligence process is not a manager-by-manager or security-by-security analysis of individual underlying securities or funds themselves. Just as we do not evaluate each individual stock held by traditional equity managers or every bond held by a fixed income manager, we do not directly review every underlying fund in a FoF. We may, however, have conversations with FoF managers to gain an understanding of their general thought process and knowledge in selecting the underlying funds. Such conversations for HFoF may include discussions of certain specific hedge funds to understand the hedge fund sourcing process, the hedge fund evaluation and due diligence effort, and the portfolio construction techniques that a HFoF manager uses.

In addition to understanding how a fund is constructed and how it fits with other funds in your portfolio we spend considerable energy in evaluating their historical return drivers, scalability, capacity constraints, and whether their ability to extract returns is sustainable. As a long-term investor, we want to be reasonably well assured that a manager you hire today will be viable for many years down the road.

During NEPC's due diligence interviews, we focus much energy on the portfolio and its investments and the exit strategies for existing companies. Also important to us are issues such as financing syndicate building capabilities and portfolio value creation. We need to get comfortable with these issues before recommending a manager to our clients.

NEPC's hedge fund team takes a multi-step approach, which includes meetings both at NEPC and at the manager's office. Some of the first steps involve collecting data through the 3-D (Due Diligence Document) process. 3-D Level 1 is focused on quantitative information. We collect core data about the firm and the fund, including AUM, terms, performance and attribution. 3-D Level 2 is focused more on qualitative information, including a description of the firm's investment process, philosophy, and key employees, including the back office. Both documents are sent to the manager for completion. Once Level 1 has been received and processed, if there is continued interest, then Level 2 is requested.

The due diligence process is overseen by NEPC's Alternative Assets Investment Committee, which is made up of the key professionals involved in evaluating alternative assets, in addition to other senior (and very experienced) members of the consulting staff. The Committee is ultimately responsible for vetting any manager that is to be recommended to NEPC's clients, as well as those that have already been retained by our clients. This Committee allows NEPC to lever the deep resources of our consulting staff, while ensuring that each manager we recommend is very thoroughly and consistently evaluated.

An increasing portion of our due diligence visits are taking place on-site (but not always). Our research group has a budget to conduct a certain amount of on-site manager research every quarter. We have sent our analysts to cover managers in the major financial centers in the U.S., and continue to dedicate even more resources to this effort as we grow. Whenever we visit a client, we always try to schedule as many manager meetings around the client meeting as possible, maximizing the benefit from each trip we make.

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 services and fees. How is the accuracy of performance numbers determined?

NEPC seeks to identify top tier investment managers through the **ongoing** work of our experienced and dedicated 47 person research staff. In other words, our search for a manager does not begin with the client assignment. It is a thorough, vetted and continuous process and is detailed below.

1. NEPC's search process begins with our research team screening both our proprietary internal databases and external databases for candidate managers that meet the Client's/NEPC's internally developed minimum criteria. The parameters take into account the uniqueness of each asset class along with the type of managers our clients may possibly need. If a manager meets the initial screens, our analysts consult both the SEC database and our internal due diligence database to identify whether there are any outstanding issues with the manager. From there we can identify how many managers will qualify for a given criteria set.
2. Next, our asset class specialists conduct a performance review by utilizing our internally-developed Performance Analytics Statistical Software (PASS), eVestment Alliance and StyleAdvisor. The PASS system allows NEPC to compare investment returns across the full spectrum of investment styles including fund of funds, direct funds and traditional investment managers. Importantly, the system allows for the examination of each candidate manager's excess return stream, or "alpha", over time. PASS allows us to contrast each manager's true, embedded beta to a variety of market factors and helps rank managers according to an array of customizable criteria.
3. Once we have isolated a set of managers for further analysis, the asset class specialists meet with the managers to assess the investment team, understand the firm's business focus, review investment philosophy, determine consistency of investment style, verify return attribution and liquidity, and dissect the investment process. If the manager meets all the established criteria to this point in the process, our asset class specialists document the investment thesis for the manager.
4. The specialist then brings the manager to NEPC's centralized Due Diligence Committee for vetting. The Due Diligence Committee is made up of senior members of the firm, including Partners and Senior Consultants. Any outstanding

issues/questions from the vetting session are pursued by the research analyst and readdressed to the Committee. All successfully vetted investment managers are considered research-qualified and added to a Focused Placement List (FPL) at the research analyst's discretion.

We then prepare a manager search book and typically will assist with the interview process on behalf of the client. Vetted managers are recommended based on their fit with the client's goals and objectives, which are determined through the interactions with the client, and can be supported through our active risk budgeting tool, which helps size the managers within the context of the overall portfolio. We have provided a sample manager search book as Exhibit 2.

Our criteria for including investment managers in a search include return expectations and risk tolerance, liquidity needs, legal and or regulatory constraints, and fit within the fund's investment program.

The criteria we use to evaluate managers are based on what we refer to as the Five P's. They are:

- **People:** We want to be very comfortable not only with the key individuals responsible for an investment product, but also the organization that holds them together. Our belief is that organizations that lend themselves to stability and high levels of career satisfaction have a higher likelihood of outperformance. Ownership, incentives and overall professional stability, among others, are examined in considerable detail.
- **Philosophy:** We believe it is important to understand the basic thesis that drives a manager's investment process. For example, we want to know if the manager fundamentally believes in growth, value, bottom-up or top-down investing, and whether or not that philosophy is consistent with their actual implementation.
- **Process:** This is the most in-depth part of our research. We conduct considerable qualitative and quantitative analysis on the process(es) of each investment product of each firm we recommend to our clients. We are thoroughly familiar with the research, buy decision, portfolio construction and sell decision, and we compare each manager on a consistent basis.
- **Performance:** The performance phase of our analysis takes place after the firm's people, philosophy and process pass muster. Strong performance is irrelevant without a stable organization, an investment philosophy that makes sense, and a well-documented, repeatable investment process. When analyzing performance, we look at up-market and down-market performance, as well as correlations between each candidate manager's performance and the risk and return characteristics of the managers remaining in the client's investment program. This final step ensures that all serious candidates will "fit" well with the residual program.
- **Price:** As a final part of our due diligence, we carefully analyze managers' fee structures. We track all components of the fees our clients can be expected to pay, including management fees, entry/exit fees, performance fees, minimum fees, custody fees, and any other fees that may apply. We also determine whether or not most favored nations fees are offered, and the degree to which managers are willing to negotiate. As with performance, our due diligence is designed to ensure that all candidate managers are evaluated on a consistent basis.

The culmination of our evaluation process resides in the investment thesis that we develop for every manager profiled. We believe that, similar to stocks or bonds evaluated by active investment managers, we should have levels of conviction about managers and their ability to outperform. The evaluation process outlined above coupled with the interviews and due diligence we conduct with/on investment managers allows us to form opinions about the managers with whom our clients work, opinions that we believe are important to share with our clients.

For managers that prove favorable based on the five P's, prior to recommending a manager for a portfolio, we will ensure that they match our return expectations and risk tolerance, liquidity needs, legal and or regulatory constraints, and are a "fit" within the Fund's investment program.

Our internal database continuously evolves and expands. It is updated via input through our proprietary investment theses and continuous due diligence on investment managers and their products. Our researchers and consultants update their notes on managers throughout the year. The eA database is populated by investment managers and updated on a quarterly basis. By combining these sources of input, NEPC gains a powerful advantage in the research process, auditing the manager-supplied data with actual results from client portfolios.

NEPC verifies the data by looking for anomalies in returns and patterns of return. If we find differences we will contact the manager directly to understand the reason for the differences or to determine whether an error has been made. By combining all of these sources of input, NEPC gains a powerful advantage in the research process, auditing the manager-supplied data with actual results from client portfolios.

This eA data collection platform provides the quantitative manager and product data, accessible in a standardized electronic format that can then be utilized as part of NEPC's proprietary manager product screening process. This platform also allows data to be downloaded into NEPC's performance analytics systems to enhance client reporting.

NEPC conducts over 2,400 manager meetings with as many as 1,100 firms per year in their offices and our offices. We cover all asset classes, emphasizing "Focused Placement List" managers, the highest conviction managers with whom we have met and believe have investment theses that present a competitive advantage in their respective areas of opportunity. Each meeting is thoroughly documented in our due diligence database. Our analyst write-ups are critical in tracking historical changes and opinions on managers.

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?

Following is a list of the searches and reviews initiated in each of the last three years by asset class. Importantly, these placements are typically to expand the diversification characteristics of new relationships and to replace under-performing managers placed by predecessor consulting firms.

Searches By Asset Class:	2010	2011	2012
Large Cap Equity	27	23	31
Sm / Mid Cap & Mid Cap Equity	17	15	22
Small Cap Equity	34	18	21
Misc. Equity (All Cap, Passive Index, Sector / Specialty)	5	2	6
Fixed Income	73	27	26
High Yield Bonds	8	10	11
International Equity / Global Equity, Emerging	110	97	120
Global Bonds / EMD	44	101	37
GAA / TAA (Includes Risk Parity and Life Cycle)	46	34	52
LDI*	6	7	6
Alternatives (includes Portable Alpha)	157	242	210
Total Searches and Reviews	527	567	542
Total Assets Placed (billions)	$23.40	$22.00	$15.60

Since the inception of the firm, very few of the assets placed in our searches have had to be placed for bid a second time, due to dissatisfaction with performance. In the few instances that we have had to redo a manager search, unanticipated organizational changes have been the chief reason behind the need to hire a new manager. NEPC makes every attempt to evaluate the organizational stability of the managers we profile; however, there are unforeseen instances where the key individuals hired in a search leave for another firm.

*Most of our clients implemented LDI strategies in the 2006-2008 time frame.

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 variable and capabilities of the database. Describe the capability of providing custom client reports.

NEPC has long maintained a unique and robust proprietary database of our research on respective investment managers. NEPC's database houses our qualitative views on a broad group of investment managers, as well as more in-depth analysis and commentary on NEPC's Focused Placement List (FPL) and high-exposure investment managers. Our database includes due diligence observations and assessments, our one-on-one manager meeting write-ups, investment theses, and key historical data regarding products, personnel, organizational changes and our own 48-hour notification letters. While NEPC uses the eVestment Alliance (eA) database and Morningstar to provide data, most of the systems we use to analyze investment managers and their performance records are proprietary analysis tools developed exclusively by NEPC.

The table below provides the breadth of coverage of NEPC's Preferred Managers and eVestment Alliance:

	NEPC Manager Database		eVestment Alliance	
	Total Products**	Preferred Managers Products	Firms***	Products
US Equity	746	150	1,309	5,493
US Fixed Income	418	101	518	2,560
International Equity – Developed (includes Int'l Small Cap)	206	54	544	1,039
International Fixed Income*	N/A	N/A	48	69
Global Equity	56	14	455	1,195
Global Fixed Income	48	20	158	486
Global Balanced (includes US)	66	25	371	597
Emerging Markets Equity	30	23	226	435
Emerging Markets Fixed Income	25	22	89	209
Real Estate	52	8	140	195
Target Date	139	44	46	546
Target Risk	N/A	N/A	27	86
Other (*NEPC Database*: Hedge Funds, Private Equity, Commodities, Infrastructure, Credit Opps, Lifecycle) (*eVestment:* Cash, Stable Value, Infrastructure, Alternatives/Hedge Funds)	728	109	174	253
TOTAL	**2,514**	**590**	**2,898**	**13,163**

*International Fixed Income is included in Global Fixed Income for the NEPC Manager Database)

**Includes all NEPC rated products

***Represents one count of an individual manager in the above categories. Data as of 11/06/12.

As previously mentioned, our database is updated via input through our proprietary investment theses and continuous due diligence on investment managers and their products. Our researchers and consultants update their notes on managers throughout the year. The eA database is populated by investment managers and updated on a quarterly basis. By combining these sources of input, NEPC gains a powerful advantage in the research process, auditing the manager-supplied data with actual results from client portfolios.

NEPC verifies the data by looking for anomalies in returns and patterns of return. If we find differences we will contact the manager directly to understand the reason for the differences or to determine whether an error has been made. By combining all of these sources of input, NEPC gains a powerful advantage in the research process, auditing the manager-supplied data with actual results from client portfolios.

This eA data collection platform provides the quantitative manager and product data, accessible in a standardized electronic format that can then be utilized as part of NEPC's proprietary manager product screening process. This platform also allows data to be downloaded into NEPC's performance analytics systems to enhance client reporting.

NEPC additionally uses our internally-developed Performance Analytics Statistical Software (PASS). The PASS system allows NEPC to compare investment returns across the full spectrum of investment styles including fund of funds, direct funds and traditional investment managers. Importantly, the system allows for the examination of each candidate manager's excess return stream, or "alpha", over time. PASS allows us to contrast each manager's true, embedded beta to a variety of market factors and helps rank managers according to an array of customizable criteria.

Quantitative tools include an active risk analysis approach which includes a study of manager alpha volatility, correlations across manager alphas and risk allocations of active strategies within a portfolio. For equity portfolios we also analyze the style and size of managers and composites of these managers of managers using a holdings based analysis to identify each manager's fit within the portfolio.

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).

Our Due Diligence Committee consists of research professionals, senior members of the consulting practice, and partners in both research and consulting. The Committee meets every other week to review the events of the preceding two weeks as they relate to the investment management community. The Committee vets each Focused Placement List of managers to ensure high standards and consistency in client searches. The Due Diligence Committee's firm-wide policy includes examining investment managers to confirm that they are in compliance with all regulatory bodies, including the SEC.

A "watch" list is maintained by the Committee to advise all of NEPC's staff about problems/issues that managers in our database are facing. Issues that can place a manager on a watch list include staff changes, ownership changes, deviations from the investment process and inconsistent/poor performance. The Committee reviews all manager search candidate lists for all searches undertaken by the firm. The Committee also monitors all of the managers currently used by our clients regardless of the number of clients using them.

When NEPC becomes aware of a potential problem at an investment management firm (e.g., key personnel change), we notify all of our clients invested with that manager through our “48 hour” letter. We will visit the firm, meet with the manager at our offices, or conduct a conference call to determine how the potential problem is being addressed. We will also report the results of our investigations to our clients and discuss the client’s options. Information that is important, but not identified as a potential problem by our research staff requiring a “48 hour” letter, is communicated to the client by the consulting team (e.g., loss of non-critical personnel, anticipated fund closure, new product offerings, etc.).

Furthermore, each of our research analysts is a specialist for a specific asset class, in terms of the research and due diligence on investment managers. Our analysts are responsible for assessing new products and technology in their asset class as well as meeting with the investment managers to review and analyze the organization and investment management capabilities.

NEPC uses the following ratings for both traditional and alternative asset class managers:

Preferred	High conviction/Focused Placement List (FPL) strategy
Preferred-Conditional	High conviction but potentially only suitable for certain clients
Neutral	Satisfactory and suitable for client portfolios, not high conviction
Watch	Issues have surfaced – able to continue participating in searches
Hold	Serious issues have surfaced – restricted from participating in searches
Client Review	Very serious issues have surfaced – clients must review investment
Terminate	Clients are advised to act quickly in reviewing and terminating relationship
Not Recommended	Products with Client Review or Terminate
Not Rated	Due diligence not completed on product or firm

Our manager search process involves both quantitative and qualitative analysis. Quantitative analysis involves an examination of manager style, portfolio characteristics, size, return, and risk levels; analysis of each investment manager’s portfolio holdings (using Morningstar attribution analysis or eVestment/StyleResearch Holdings Analysis) identifies the adherence to style and can locate deviations from style.

Qualitative analysis includes an evaluation of personnel, client stability, and consistency of investment thesis. Moreover, a personal assessment of each firm’s organization, staff, investment process, philosophy, research and modeling capabilities comes from in-depth meetings with the investment professionals at the investment firm.

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.

We track a large number of firms that are minority and/or female owned. We have 154 firms in our database with some level of minority ownership and 65 of these firms have over 50% minority ownership. For female-owned companies, we track 45 firms that have over 50% female ownership. NEPC uses the eVestment Alliance database to support our proprietary manager search process. The database contains 182 minority owned firms and 82 women owned firms having over 50% ownership. We utilize these outside databases to support our research process, as well as help us identify new candidates. The majority and crux of our research process come from meeting managers directly to assess their value proposition and their ability to deliver it.

A representative list of firms with whom we work is attached. There are some 30 plus firms listed here, many with multiple assignments, who manage money for our clients.

Manager Name	Ownership
Alpha Partners	Minority-owned
Ariel Capital Management	Minority-owned
Attucks	Minority-owned
Brown Capital	Minority-owned
Capri Capital	Minority-owned
Channing Capital	Minority-owned
Credo Capital	Minority-owned
Daruma Asset Management, Inc.	Women-owned
DENALI ADVISORS	Minority-owned
Earnest Partners, LLC	Minority-owned
Edgar Lomax	Minority-owned
Fletcher Asset Management	Minority-owned
Globeflex	Women-owned
GW Capital, Inc.	Women-owned
Holland Capital Management	Minority-owned
Herndon Capital	Minority-owned
Hughes Capital Management, Inc.	Minority-owned
John Hsu	Minority-owned
Keel Asset Management	Minority-owned
Lombardia	Minority-owned

Marshall & Isley	Minority-owned
New Amsterdam Partners LLC	Women-owned
Newgate Capital LLP	Women-owned
Newmarket Capital	Women-owned
Muller and Monroe	Minority-owned
PAAMCO	Women-owned
Palisades Investment Partners	Minority-owned
Paradigm Asset Management	Minority-owned
Payden and Rygel	Women-owned
Piedmont Investment Advisors, LLC	Minority-owned
Pluscios	Women-owned
Profit Investment	Minority-owned
Progress Investment Management	Minority-owned
Rock Creek	Women-owned
Redwood Investments	Women-owned
Rhumbline Advisers	Minority-owned
The Swarthmore Group	Minority-owned
Union Heritage	Minority-owned
Vista Partners	Minority-owned
Williams Capital	Minority-owned

Since 1995, NEPC has been committed to discovering emerging managers with solid strategies and placing them in client portfolios. We have built out our emerging manager research team from one person to a 12-person committee today. This Emerging Manager Advisory Committee helps to set the strategic direction of our efforts in this area, provides thought leadership, and assists in identifying and vetting top performing managers in this space. Included among this group is Ms. Kristin Finney-Cooke, CAIA, Senior Consultant, who is a prominent thought leader in this area of Emerging, Minority, Women and Disabled Firms (MWDBE). Our goal is have broad coverage across all asset classes and managers. We continue to make enhancements to our process. In the last year, NEPC made it easier for Emerging Managers to provide information and be evaluated for inclusion in our Focus Placement List.

As of November 2011, we have $11.5 billion placed across 63 emerging manager firms. For many of our clients, we were instrumental in placing new mandates with emerging managers. We have experience working with clients who have different guidelines and needs/preferences hiring firms.

Our Research methods are both structured and flexible.

- We track managers primarily through eVestment Alliance and our own proprietary database of Emerging Managers. We are able to screen eVestment Alliance for managers based on ownership to identify minority and women-owned candidates. For mandates with a geographic preference, we can further narrow the screening process accordingly.
- We supplement the screened list of managers with our familiarity with investment teams/decision-makers who have been in the business with a majority firm and decide to start their own firm. They tend to have long track records as portfolio managers at majority firms. Though performance might not be transferred to the new firm, our researchers often already have done due diligence on the portfolio manager's style and capabilities, which can expedite analyzing a new manager.
- We attend conferences where there is a high level of MWDBE investment manager firm participation, such as the Annual National Association of Security Professionals Conference (NASP), Emerging Manager Conference, IMN Emerging Manager Symposium, OPAL Emerging Manager Conference and other various public fund conferences.
- When conducting searches in the MWDBE space, we utilize organizations that are targeted to the MWDBE population of managers such as NASP or National Association of Investment Companies (NAIC).
- We utilize trade publications such as Pension & Investments to advertise our MWDBE searches

It is our opinion that NEPC has the depth to construct an emerging, minority, women portfolio that can produce excess return "alpha" over the predetermined benchmark with full transparency. We combine our industry knowledge with analytical tools that allow for selection of high conviction managers within this space. Our clients are able to view the entire process from beginning to end. Furthermore, our clients are able to develop direct relationships with the managers within their program, which allows for more competitive fee structures. NEPC would provide in-depth reports with quarterly commentary and quantitative analysis (attribution, style, performance, and risk metrics) of each manager for review by the investment committee.

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

NEPC utilizes the InvestorForce Performance Reporting Network (iPRN) for our client performance reports. iPRN provides total plan, asset class and manager-level attribution. The methodologies employed are the Brinson Fachler and Brinson Hood Beehower models. Attribution is calculated based on the beginning of the period (month or quarter) market values and assume a "buy and hold" methodology. Attribution is broken down into 1) Manager Selection Effect; 2) Asset Allocation Effect; 3) Interaction Effect and 4) Currency Effect (holdings based only).

Alternative asset class performance is provided in our standard reporting package at the asset class level. More in depth reporting for alternatives is provided through additional reports that provide vintage-year, fund and strategy-level contribution.

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 have provided a sample performance measurement report as Exhibit 3. Our comprehensive quarterly Investment Performance Analysis (IPA) report, which includes total plan-level universe comparisons, is available beginning the 17th business day after the quarter end. The quarterly IPA is extremely thorough and provides industry-leading manager and total plan-level analytics. Monthly flash reports, depending on portfolio complexity, are available beginning seven business days after month end.

Depending on the client meeting date, we can provide a number of reports for quarterly meetings. In addition to the IPA, a current market update, asset allocation overview, manager searches, and educational materials can and will be prepared for the meeting. Our goal is not only to provide a performance recap, but also to focus on current and forward looking ideas that may benefit the portfolio.

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.

We carefully analyze managers' fee structures. We track all components of the fees our clients can be expected to pay, including management fees, entry/exit fees, performance fees, minimum fees, custody fees, and any other fees that may apply. We also determine whether or not most favored nations fees are offered and the degree to which managers are willing to negotiate. As with performance, our due diligence is designed to ensure that all candidate managers are evaluated on a consistent basis.

We believe that both structures (flat and performance based) can be effective. Break-points are useful as a large investor such as FELRA should be given a fee advantage given the advantages of scale for managers taking on a large allocation and can be a useful way to control fees.

NEPC disagrees with the often-held notion that performance fees for managers can positively impact investment performance. However, there are still occasions where incentive or performance based fees can best serve the interests of the program and, in those cases, we have helped our clients negotiate appropriate incentive fees. We do believe firmly that performance-based fees and traditional fee structures should compensate managers comparably in the long run.

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

As mentioned earlier, from a firm-wide perspective, NEPC's Due Diligence Committee is responsible for advising all of NEPC's staff about problems/issues that managers in our database are facing. Within this environment, we utilize a "watch list" consisting of four levels of action, Watch, Hold, Client Review and Terminate, in order of increasing severity.

At an individual client level, we are cautious about recommending any formula-based approach to placing a manager on a watch list. Such approaches often ignore the importance of time to the investment process, and the reality that many successful strategies will have periods when they are out of favor. We are careful not to rely on a simplistic approach to probation and termination which may, in that context, lead to manager turnover that is damaging to long-term investment results. NEPC prefers to evaluate managers over an entire market cycle, which may be a period of three to five years, or may be longer or shorter depending on the vagaries of the markets.

Once an investment manager is placed on our firm's official watch list, the process for reviewing and monitoring that manager is as follows:

Watch List Review:

1. The Research Analyst will follow up at least once per quarter.
2. A summary letter will be sent to clients each quarter until the status is changed.
3. If, after one year, the manager is still on Watch then the analyst will review the manager every six months.
4. Investment managers will be removed from Watch when NEPC is satisfied that the initial concern has been resolved.
5. An investment manager may gravitate to Hold or Client Review on the basis of information uncovered by the Research Analyst.

Hold List Review:

1. The Research Analyst will follow up with a meeting at least every six months; more detailed actions (e.g., onsite visit, review of portfolio) may be required in certain cases.
2. A write-up is done by the Research Analyst and, if necessary, a summary letter will be sent to clients each quarter until the status is changed.
3. If, after eighteen months, the manager is still on Hold then the analyst will review the manager every six months.
4. Once the initial concern has been addressed the investment manager status will be upgraded to Watch for a further six months.
5. An investment manager may gravitate to Client Review on the basis of information uncovered by the Research Analyst.

Client Review:

1. The Research Analyst will review on a quarterly basis the status of clients that have not replaced the manager based upon the analyst's review.
2. If, after eighteen months, the manager is still on Client Review then the analyst will review the manager every six months.
3. Once the initial concern has been addressed the investment manager status will be upgraded to Hold for a further six months.
4. An investment manager may gravitate to Terminate on the basis of information uncovered by the Research Analyst.

Terminate:

1. The Research Analyst will review on a quarterly basis the status of clients that have not replaced the manager recommended for termination.

There are three reasons that necessitate the termination of a manager: 1) policy or structural changes by the plan sponsor 2) the manager's lack of compliance with policy or structural changes, and 3) the manager's ability to outperform in the future has been diminished by the loss of key investment professionals, a change in investment process, or a change in the market environment. The last is the most difficult to evaluate. Simplistic, one-dimensional measures can do more harm than good, as they tend to promote frequent (and expensive) manager turnover. The capital markets are very complex in nature, and different segments of the market will perform differently at different times. This type of intra-cycle rotation must be accounted for in fund structure and in any manager monitoring process.

After careful consideration, the Due Diligence Committee will remove investment managers from the watch list. The Committee needs to unanimously agree to remove the manager, based on the particular situation involved, and the actions the manager has taken to reconcile the situation.

In addition to the watch list established by NEPC's Due Diligence Committee, an individual client's investment guidelines may dictate placing a fund or investment manager on watch when performance does not meet expectations. Our performance evaluation reports highlight underperforming managers for clients even if there are no other issues associated with the firm, and the consulting team has discretion to make recommendations to clients without advisements from the Due Diligence Committee. In fact, we expect them to make these recommendations, as we take on a co-fiduciary relationship with our clients' programs.

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

NEPC is well equipped to assist the Board in identifying a stable of transition managers. Depending on the asset class, one transition manager may be more competitive than another, so we believe it makes sense to have more than one "approved" transition manager at your disposal. We have experts on staff to assist the Board in understanding the pros and cons of using transition managers, including one industry veteran that was the lead client liaison at one of the largest transition management service organizations in the industry. We strive to identify transition managers that can minimize the cost of transferring assets from one manager to another. Depending on the asset class, we may suggest using the back office capability of major master trusts/custodians (no commissions and no market impact). In other situations, we suggest using crossing networks (no market impact and commissions in the one to two cents per share range).

On an ongoing basis, several of our clients, most at our urging, employ transaction cost analysis firms to evaluate the effectiveness of their trades. These services are available from independent third party providers.

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.

In terms of opportunistic allocations, NEPC is constantly looking to identify opportunities or threats created by market over-reactions. NEPC uses an "opportunistic" approach to identify these opportunities. Advisory clients will hear of these ideas as they become available, while discretionary clients may be moving already by the time advisory clients gather and make a decision with their committees. The opportunistic bucket is typically 5-20% of client portfolios, with a target allocation of 0.0%. We have used the opportunistic bucket to quickly take advantage of the liquid and illiquid investments available in the markets due to dislocations in the credit markets over the last four years, as well opportunities in Europe created by regulatory changes in the banking environment.

One specific example of our forward thinking recommendations is Debtor-in-Possession (DIP) loans in August 2009. DIP loans typically have durations of 6-18 months and are super-priority securities that provide operating capital to companies who have filed for bankruptcy protection under Chapter 11 of the U.S. Bankruptcy Code. NEPC saw that corporate capital structures were under pressure due to high levels of leverage and current macroeconomic weakness, which could potentially lead to much higher bankruptcy filings. At the same time, we noted that traditional DIP financing sources had been impaired due to global deleveraging, creating a scarcity of capital. Given the senior capital status and low default rate history of DIP loans, we believed that there was an attractive risk/reward opportunity due to: 1) DIP loans being priced at significantly wider spreads than historically and 2) the supply-demand imbalance of capital persisting for these loans.

After identifying the opportunity in DIP loans and analyzing potential managers, NEPC specifically targeted and recommended two investment managers that were focused on the middle market believing that this area would have a longer life and would produce the most attractive risk-return opportunities. NEPC then worked with over a dozen of our clients to invest funds in this space quickly, with two of the funds closing in the November/December 2009 timeframe. As a result, our clients were collectively the largest investors in each of the two funds.

NEPC continues to believe strongly in diversification across asset classes and investment strategies that offer favorable risk/return characteristics. Our research and due diligence have in the past and, we believe, will in the future uncover asset classes and investment strategies that limit the risk of unexpected losses while offering favorable return and risk characteristics. These asset classes run the gamut from public asset classes to less mainstream alternatives such as absolute return strategies (both hedge and non-hedge investments).

While we believe investment policy is the roadmap to sound strategy, we also believe that tactical shifts can be used to further enhance the overall portfolio's risk return characteristics. We use diversification recommendations to achieve various goals - such as absolute return, capital preservation or the maximization of total return. We have been very successful in both areas in providing value added recommendations on asset allocation as well as identifying managers that add significant value to total return with very low correlation to existing assets.

At NEPC, we recommend asset mixes based explicitly on the current and expected profile of the liabilities and cash flows of a pension plan. No two pension plans have identical goals and no two plans will unfold in the future in exactly the same manner. Therefore, each plan has an optimal and unique asset allocation solution. We believe that the asset/liability modeling performed by NEPC finds that unique and optimal asset mix for each plan's specific situation. This philosophy gets to the heart of why our clients collectively have outperformed national averages (as represented by the median fund in the $1.9 trillion InvestorForce Universe or the ICC Universe through 2011) in 24 of the 27 years that our firm has been in existence. Our clients fully understand the relationship between their investment goals and the improvement of plan funding levels. In good times and in bad times, our clients are able to weather the storms and avoid the inevitable fads that lead so many other plan sponsors to make the wrong decisions at the wrong time.

We would develop a customized asset allocation approach that is based on the specific needs of the Funds. We model the expected return, risk and correlation of various asset classes, including cash, as a preliminary step to conducting the asset allocation study. In addition to the quantitative evaluation of asset classes, we also consider qualitative characteristics, such as liquidity, as part of our asset allocation recommendation. Cash is attractive due to its liquidity. However, for the majority of our clients, we recommend other asset classes that have more attractive return potential and still provide daily liquidity.

Within a manager's portfolio, we view cash as a temporary or residual investment tool. Therefore, within the Investment Policy Statement, we generally recommend restricting managers to less than 10% of cash in their portfolio.

One lesson learned from the current market turmoil is the wisdom of our traditional emphasis on elements of the investment landscape that have either been taken for granted or treated in a relatively off-hand fashion, including money market funds, securities lending programs, counterparty risk, prime brokerage arrangements, collateral management, and even stable value funds in defined contribution programs. Almost without exception, our client investment programs have not been troubled by difficulties in these areas, and those that have been touched have seen very minor impacts. In addition to the education and preventative measures that we have taken regarding the areas listed above, we are advocating opportunistic investing in the greatly disrupted credit markets and currently have significant exposure to managers specializing in these situations.

NEPC maintains its recommendation for continued diversification and reduction of equity as the primary source of volatility in client portfolios. Yet we cannot ignore the opportunities available in some liquid global markets, be they valuation-based opportunities in equities or historic spread dislocations in the credit markets. Investors with patient capital can take advantage of their long time horizon and act as liquidity providers during this crisis, including opportunities currently offered in riskier assets such as emerging markets, both debt and equity. Those investors may profit most from the opportunities provided by it— in the words of Warren Buffet "to be fearful when others are greedy and to be greedy only when others are fearful."

Diversification and risk budgeting have long been hallmarks of NEPC's investment philosophy, and the current market environment brings home the prudence of our recommendations in these areas. Specifically, the importance of diversification to reduce equity concentration risk in investor portfolios has become manifest. Pursuing an investment strategy within a "risk budgeting" framework while seeking to balance the sources of risk in portfolios across stocks, bonds, real assets, and alternatives have given our clients a greater ability to protect capital in this volatile environment. The simple answer to your question is yes, non-traditional asset classes and strategies remain critical in the development of sound investment policy. In fact, opportunities in the credit markets are possibly the most attractive in history at this time.

As background, however, hedge funds and all other risk-based asset classes are experiencing difficult times as the global deleveraging process runs its course. The CS Tremont Hedge Fund Composite lost 10.3% during the quarter as all strategies reported negative returns. Convertible Arbitrage, Emerging Markets, and Long-Short Equity strategies reported the worst losses during the quarter. September was an especially challenging month, with virtually the entire spectrum of hedge fund strategies losing money as equity volatility remained elevated, credit spreads and inter-bank lending rates remained wide, and market action seemed driven almost solely by global macro news. These factors led to continued difficulties for hedge fund managers who rely on dispersion of returns to generate positive performance. Fundamental analysis, which is the essence of many hedge fund strategies, was not rewarded in the quarter, as trades were driven primarily by technical and liquidity factors. Hedge funds that rely on financing and strategies predicated on higher levels of leverage were subject to self-reinforced losses as both voluntary and non-voluntary deleveraging continued and was further compounded by potential redemptions on the horizon.

In September, the SEC stepped in and temporarily halted short-selling on a group of financial companies. The rule change caused a rally in financial stocks, which was exacerbated as investors ran to cover their short positions, resulting in losses for many managers who were short the sector. This also hurt confidence as a key tool in hedge funds' toolbox was threatened. Another common hedge fund position that suddenly reversed course in the third quarter was a long position in commodities and commodity-related securities, especially energy related, as fear of a global recession mounted. This reversal hurt global macro managers as well as long/short equity managers.

Despite this period of negative returns for the majority of absolute return strategies, it is quite important to recall that they have incurred losses but half those of the equity markets. The case for absolute return investing not only remains intact, but is becoming more attractive now than at any time in recent memory. Once the year-end redemption periods are past and more normal levels of liquidity begin to return to the markets, better managers should be able to generate double digit returns for the balance of the planning cycle, and at overall risk levels considerably lower than those of the equity markets.

The role of providers of consistent, uncorrelated returns over a risk-free benchmark remains important in an institutional portfolio. Absolute return strategies have experienced broad draw-downs before (most recently at the time of the Long-Term Capital Management sell-off in 1998), yet bounced back to provide positive returns in each instance. As providers of liquidity in a liquidity-starved environment, those hedge fund managers with a strong franchise and robust business models should be able to buy significantly undervalued assets in the coming months and provide strong investment results. While the next several months will continue to be choppy for hedge funds, we believe that the long-term case for seeking uncorrelated returns above a risk-free rate from institutional-caliber hedge funds pursuing unconstrained investment strategies remains compelling.

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 successful? Is so, why?

One of the biggest challenges that we have recently faced, is working with a jointly-trusted pension fund that is in the process of winding down. The primary consultant, Mike Sullivan, works directly with this client. The client is actively discussing how to continue making benefit payments, while being integrated into the PBGC. The biggest problem was structuring a plan that allowed the Trustees to gain comfort with liquidity needs, while still generating strong investment results. We are extremely proud of this clients success, as they have returned 8.4% for the 10 year period ending March 31, 2012. This ranks 6th in the Taft-Hartley fund universe.

To ensure the Trustees comfort with the investment program we have improved the Plan's liquidity profile to a point that virtually all assets could be liquidated on a daily or weekly basis. Offering such a strong liquidity profile, appropriate total plan risk controls, and strong performance is not something that we think our peers can construct. Our view is that our peers do not have the same level of research driven ideas or resources to look at each situation on a case by case basis. The challenges facing the FELRA & UFCW Pension Fund are actually quite similar to this example. We would simply construct a glide path towards a very liquid profile as assets wind down, but would constantly think about where best ideas and tactical opportunities could be added.

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

NEPC conducts educational programs for all of its clients. These educational sessions are customized for each client and are as simple as carving out time from the regular review meetings to special meetings for educational purposes.

NEPC sponsors an annual client conference in Boston, Massachusetts. Investment managers do not subsidize or underwrite NEPC's client conferences or workshops, thereby avoiding this potentially significant conflict of interest. Money managers may not attend our client conference unless they are invited speakers and agree not to include any sales material.

Our 18th Annual Client Conference will be held on May 14-15, 2013 at the Boston Convention and Exhibition Center. Featured speakers will include **Clifford Asness**, Ph.D., Co-Founding & Managing Principal of AQR Capital Management, and **Michael Hood**, Global Markets Strategist of J.P. Morgan Asset Management. Additional details and registration can be found on the www.nepc.com website.

Our 17th Annual Client Conference was held on May 15-16, 2012 at the Boston Convention and Exhibition Center. We focused on the opportunities and challenges our clients face in the market, giving our clients a great opportunity to interact with our consultants, other clients and outside speakers. Featured speakers included **Jim O'Neil** from Goldman Sachs, **Bruce Richards** from Marathon Asset Management and **Ken Mehlman** from Kohlberg Kravis Roberts.

Client education is of paramount importance, as greater understanding of investment fundamentals and complex current investment issues by both trustees and employees assist each group in its efforts to enhance returns and reduce risk.

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.

In mid-2012 we spent significant time evaluating the needs of a jointly-trusted pension fund. This analysis resulted in the completion of an asset/liability study, but also focused on taking a broad look at the alternative program. This special project was included as part of our retainer fee. In short, the client wanted to think about their total liquidity profile in different economic environments. We were able to use our scenario analysis tool to identify areas of potential weakness for less liquid strategies in stressed markets. Ultimately, we adopted a new framework to consider all alternative investments as one allocation when thinking about rebalancing as well as implementing new ideas. This allowed the Trustees to think about private equity, real estate, and opportunistic investments as one combined asset class that needed to be planned for as a whole. We monitor and report everything on a look through basis to think about manager specific performance and risks, but the ability to focus on total plan liquidity risk has been shifted to a much simpler message.

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 Advisors 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, NEPC is a Registered Investment Advisor under the 1940 Act as well as a fiduciary as defined by the Employee Retirement Income Security Act of 1974.

We do consider ourselves to be a fiduciary, as ERISA defines the term in sections 3(21) and 3(38).

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

Enclosed please find a copy of NEPC's Form ADV Parts I and II in the Appendix.

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.

There is **no** litigation pending against NEPC. Through December 2008, after 23 years as an independent investment consulting firm, NEPC had never been party to any litigation. However, in 2009 and 2010 NEPC was included, along with dozens of other defendants, in litigation in Connecticut and New Mexico arising out of investment losses sustained by two of our clients.

First, one of NEPC's former clients, the Town of Fairfield, Connecticut and two of its pension funds ("Fairfield"), filed lawsuits against NEPC and other parties in 2009 relating to losses as a result of the Madoff fraud. NEPC was included in this litigation notwithstanding the fact that Fairfield's Madoff investment predated their decision to hire NEPC by more than 10 years; that Fairfield declined NEPC's proposal to provide investment consulting services for its alternative asset investments; that the due diligence responsibilities for the Madoff investments were the explicit responsibility of two successive feeder funds employed by Fairfield, Tremont and Maxam; and that Fairfield's Board declined NEPC's written recommendation in our first meeting with their Board to reduce the Fund's commitment to the Madoff investment. Notwithstanding these strong legal and factual defenses, NEPC decided in November 2010 to settle without proceeding to trial. In short, after reviewing NEPC's legal arguments, Fairfield presented NEPC with an opportunity to settle for an amount that was somewhat less than NEPC's anticipated legal costs merely to complete our preparation for trial. In connection with the settlement, Fairfield has withdrawn its claims against NEPC. NEPC continues to explicitly deny any liability or wrongdoing in connection with the settlement, and does not admit any claim or fact alleged by Fairfield.

Second, in early 2010, NEPC and dozens of other individuals and entities, including certain Trustees of our client, the New Mexico Educational Retirement Board ("NMERB"), were named in three civil cases arising out of losses sustained in connection with individual investments. We believed strongly that the allegations in these suits regarding NEPC were completely without merit, and that NEPC at all times fulfilled its responsibility to provide prudent and professional investment advice to the NMERB. The plaintiffs in two of these suits have voluntarily dismissed NEPC from ongoing litigation. The third case, based on the same investment, has been dismissed by the court, as has its initial appeal, and we are confident that when this case is finally concluded, we will prevail.

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

NEPC carries Errors and Omissions coverage for the overall firm. The limit is $10,000,000 with a deductible amount of $500,000. The primary carrier is Indian Harbor Insurance Company and the second insurance carrier is Axis. This policy has been endorsed to include language that provides coverage for fiduciary responsibility as defined by ERISA, this is not a separate policy. We anticipate increasing our Errors and Omissions coverage to $20,000,000 in 2013.

Additionally, we have:

1. Commercial Umbrella - $10 million in additional coverage (CNA)
2. Business Owner's Policy, which contains General Liability - $1 million each occurrence, $2 million aggregate, $2 million products/completed operational aggregate, $1 million personal & advertising injury liability limit (CNA).
3. A Director and Officer Policy - $6 million aggregate for all claims (includes fiduciary), $250K retention/each claim under Insuring Agreement I (B) of the Mgmt. Liability & Co. Reimbursement Coverage Part. (Greenwich Insurance Company)
4. Worker's Compensation - $1 million/accident, $1 million/disease, $1 million/policy limit (CNA)
5. Employment Practice Insurance - $2 million per claim, $2 million aggregate with a $10,000 deductible (Mount Vernon Fire)
6. ERISA bond (crime bond) for each discretionary client as required under ERISA section 412 412 (Hanover Insurance Co.)

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

NEPC does not have any clients or associations that could present a conflict of interest or compromise the objectivity of its advice to our clients. We avoid the conflicts of interest that impact many firms in our industry in the following ways:

- We do not accept any revenue from money managers
- We do not provide brokerage services
- We do not offer actuarial services
- We do not accept or pay referral fees
- We do not accept finder's fees for placing managers
- We do not charge managers for inclusion in our manager search databases
- We do not accept or pay any soft dollars
- Our annual client conference is not subsidized by investment managers

We have recognized that in this global landscape, global resources are sometimes needed to be successful. As a result, we sought additional global insight to enhance our already formidable research team. With that in mind, NEPC has a research relationship with GFIA Pte Ltd ("GFIA"), a Singapore-based investment consulting firm. GFIA helps NEPC identify emerging strategies and managers in Asian markets and is paid a pre-determined fee directly by NEPC for services provided. Our business model has been designed to eliminate these potential conflicts of interests so that we can maintain our independence and objectivity.

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.

As mentioned above, NEPC does not have any clients or associations that could present a conflict of interest or compromise the objectivity of its advice to our clients.

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?

No.

48. Is your firm, or its parent 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?

No.

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 your firm prevent conflicts of interests or the appearance of conflict?

NEPC does **not** charge fees to include managers in our investment manager database or searches, nor does eVestment Alliance, our third party database vendor, charge managers to be included in their database. We believe to do so would create an irreconcilable conflict of interest.

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?

No.

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

NEPC receives no compensation of any type from the investment divisions of any money management or brokerage firm. We do, as would all firms offering retirement benefits to its employees, use the services of investment management firms to manage our employee Profit Sharing and 401(k) Plans. We also provide our consulting services to the employee benefit plans of several firms whose parent or subsidiary organizations are in the financial services industry. Both types of relationships are fully disclosed when NEPC conducts manager searches, and are listed below.

- NEPC provides its defined contribution consulting services to the retirement plan participants of Affiliated Managers Group (AMG). AMG does not manage investments, but has ownership positions in a group of mid-sized asset management firms. The AMG subsidiary firms operate independently while AMG provides them with strategic, operational, marketing, and distribution support.
- NEPC provides defined benefit and defined contribution consulting services for the benefit of plan participants at TD Bank which has an investment management division.
- NEPC provides research and consulting services to Westwood Trust, a Texas Trust Company. The parent of Westwood Trust owns a mid-sized asset management firm, Westwood Management.
- T. Rowe Price provides investment and record keeping services to NEPC's 401(k) plan. The 401(k) plan is self-directed; therefore NEPC does not compensate T. Rowe Price directly. Management fees are assessed to the participant accounts.

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

NEPC has procedures in place to prevent conflicts of interest. These procedures are contained in the firm's Code of Ethics, and include restrictions on acceptance of gifts and disclosure of relationships that may be perceived as a conflict of interest. Please see sections 6 and 7 in the Code of Ethics document in Tab 4 for details.

Fees

53. Please indicate your fee schedule.

Virtually all of our 314 clients employ our services on a full retainer basis. Our full retainer service commitment is open-ended, and includes:

- the development and/or refinement of each client's investment policies, objectives and guidelines and their periodic review, thereafter;
- liability-based asset allocation studies every three to five years, the length of a typical planning cycle;
- asset-based asset allocation studies, as requested;
- manager and custodian searches, as required;
- quarterly investment performance analysis reports and accompanying executive summaries;
- monthly flash reports;
- advice on proxy voting services;
- educational seminars;
- our annual client conference (not funded or subsidized in any way by investment managers);
- attendance at your meetings;
- and special projects and reports, as requested.

Our fee proposal for these services is $225,000, inflation adjusted on an annual basis. Travel, postage and related expenses will be billed back at cost.

Please note: Section 406(b)(1) of ERISA prohibits a fiduciary from engaging in self-dealing. NEPC is advised by its legal counsel that a per se violation of ERISA may occur when a consultant proposes a separate, higher fee structure for alternative assets than for financial assets while offering asset allocation recommendations that influence the placement of assets into those higher-fees alternative asset classes. To avoid a violation of Section 406(b)(1) of ERISA, the consultant and the ERISA plan should structure their fee arrangement so that the consultant's compensation is not affected by its asset allocation investment advice. Hence our adoption of a higher, overall blended fee schedule for those of our ERISA clients who wish to incorporate alternatives into their asset mixes.

NEPC's proposed single fee structure includes consulting to both traditional and alternative investments and in compliance with ERISA properly states the services NEPC will be rendering, including advice with respect to both traditional and alternative investments as well as the proper allocation among these asset classes and strategies.

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

Travel, postage and related expenses will be billed back at cost.

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

Fees for direct alternative assets consulting are computed and billed separately.

Information Disclosures

- This document may contain confidential or proprietary information and is intended only for the designated recipient(s). If you are not a designated recipient, you may not copy or distribute this document.
- InvestorForce Plan Universe
  - As of December 2012 the InvestorForce Universe contained actual, custodian-supplied and audited data on over 1,800 plan sponsors, representing roughly $1.9 trillion in assets. This data is drawn from 26 independent investment consulting firms, including NEPC.
  - InvestorForce is part of MSCI, Inc.
- ICC Universe
  - Through 2011, universe rankings were based on the ICC Universe, which was populated by 12 independent investment consulting firms, including NEPC, and supplemented by many of the performance measurement clients of State Street Bank.
- NEPC Client Performance
  - All returns are gross of fees except hedge funds and private equity; therefore NEPC's performance may be understated because our clients tend to have higher positions in each of these asset classes than the universe.
  - Clients Included: NEPC's Composite is drawn from all Pension Plans, Endowments, and Foundations where NEPC is the sole full-retainer consultant. Plans are included in the Composite provided they have exposure to equity and bonds (including alternatives) of at least 30% each, and no more than 20% to other assets such as cash and GIC's.
  - Start Date: New clients are added to the Composite with the first full quarter of a new manager selected from an NEPC search, or after one year as an NEPC client, whichever comes first, provided that the plan is globally diversified.
  - NEPC acts in an advisory capacity only for many clients and does not have discretion over client assets. As a result, a client's investment performance may not be attributable solely to NEPC's advice.
- Past performance is no guarantee of future results.
- Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

Alternative Investment Disclosures

It is important that investors understand the following characteristics of non-traditional investment strategies including hedge funds, real estate and private equity:

- Performance can be volatile and investors could lose all or a substantial portion of their investment
- Leverage and other speculative practices may increase the risk of loss
- Past performance may be revised due to the revaluation of investments
- These investments can be illiquid, and investors may be subject to lock-ups or lengthy redemption terms
- A secondary market may not be available for all funds, and any sales that occur may take place at a discount to value
- These funds are not subject to the same regulatory requirements as registered investment vehicles
- Managers may not be required to provide periodic pricing or valuation information to investors
- These funds may have complex tax structures and delays in distributing important tax information
- These funds often charge high fees
- Investment agreements often give the manager authority to trade in securities, markets or currencies that are not within the manager's realm of expertise or contemplated investment strategy

Investment Consulting Services Proposal for the

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

Appendix

NEPC Biographies

Richard M. Charlton
Chairman

Dick's investment experience dates back to 1972 when he initiated Michigan Bell's Pension Oversight District in anticipation of the requirements of ERISA. Dick also prepared risk, return and capital structure regulatory testimony, and wrote his master's seminar on pension fund performance evaluation. He was elected Assistant Treasurer in February 1976, overseeing the financial modeling, market research, corporate economics, pension, and math research districts.

After an assignment at AT&T, Dick joined Merrill Lynch Capital Markets in 1981, assuming the investment consulting responsibility for over $25 billion in assets. With Merrill Lynch's decision to leave the institutional investment consulting market at the end of 1985, Dick formed his own firm, New England Pension Consultants, converting 100% of his clients in this process. During the ensuing 27 years, NEPC has become one of the largest investment consulting firms in the industry, earning wide acclaim for its superior client ratings in national independent surveys, its unconflicted revenue model and its ability to add value to client investment programs. We now service 314 full retainer relationships with $716 billion in overall assets and $56.1 billion invested/committed to alternatives.

NEPC pioneered the use of alternative assets in its client investment programs, making its first placement in 1988. Our work in that regard was recognized in 2009 by PLANSPONSOR Magazine, which accorded NEPC its prestigious ALTIES Award as the Alternative Asset Consultant of the Year. Since 2010, five of our clients have been recognized by Money Management Letter as their Large and Mid-Sized Plans of The Year, and during 2011 we established retainer relationships with four of the country's 100 largest investment programs.

Since the collapse of the tech bubble in 2000, NEPC has encouraged our clients to derisk their portfolios and materially broaden diversification, believing that the strong influence of equities in the risk budget of a typical 60/40 portfolio would impair performance in the increasingly uncertain economic and market environments that we anticipated. That proactive asset allocation advice has contributed to collective client returns that have outpaced national medians in each and every year to date, likely the only firm in the industry to have achieved such favorable results.

Dick is a frequent speaker at national industry conferences and seminars. He also served as the Co-Chairman of the Consultant's Performance Presentation Standards

Task Force, a two-year effort by the investment consulting industry to develop standards for performance documentation, presentation and disclosure.

Dick's undergraduate degree is in Mechanical Engineering from the University of Detroit (1965) and his M.B.A., with emphasis in Statistics and Finance, is from Wayne State University (1972). He is also a past director of IMCA, the Investment Management Consultants' Association.

Michael P. Manning, CFA, CAIA
Managing Partner

Mike began his investment career in 1993 and joined NEPC in 1997. Mike became President of NEPC, LLC in 2003 and Managing Partner in April 2011. Mike works with a broad array of clients, covering Taft-Hartley, Public, Corporate, and Endowment/Foundation investment programs. Mike currently serves on NEPC's Alternative Asset Due Diligence Committee.

During his tenure at NEPC, Mike has co-authored many of the firm's research reports. Some of the topics covered are market neutral hedge funds, high yield bonds, global fixed income, and mid-cap equities. In addition, he is a frequent speaker at national industry conferences and seminars. Recent speeches have dealt with conflicts of interest in Investment Consulting, uses of portable alpha, and asset allocation strategies.

Prior to joining NEPC, Mike worked in a money management division of Prudential Insurance Company of America focusing on private debt investing. Prior to Prudential, Mike worked at Putnam Investments and Fidelity Investments.

Mike earned a M.B.A., with honors, from the University of Chicago Graduate School of Business, with concentrations in Finance and Accounting. At Chicago, he served as a member of the school's Admission's Committee. He received his B.A. from the University of Notre Dame. Mike is a member of the Boston Security Analyst Society and the CFA Institute. Mike is a CFA charter holder and he also became a Chartered Alternative Investment Analyst designee in 2005.

William Y. Bogle, IV
Partner, Chief Compliance Officer

Bill joined NEPC at its inception in January 1986. Today he is a Partner in the firm with two areas of responsibility: Compliance and Operational Due Diligence. He is a member of the firm's Alternative Asset Investment Committee.

As NEPC's Chief Compliance Officer, Bill is charged with monitoring external compliance requirements and developing internal control procedures. Responsibilities include oversight of contract review, our Code of Ethics, confidentiality agreements and our Privacy Policy, employee personal trading, and gift/entertainment reporting.

In Operational Due Diligence, Bill provides operational oversight in the research and selection process of hedge fund managers for NEPC's client base. This involves in-depth analysis of hedge fund managers to assess all facets of their trading, risk management, compliance and back office procedures. He meets with managers on a regular basis and attends industry conferences sponsored by organizations such as the Boston Hedge Funds Group and the Hedge Fund Business Operations Association.

For many years Bill managed our internal operations, including our performance measurement group and client reporting process. This entailed monitoring all the investment managers and custodian banks employed by our clients, and managing production of our quarterly IPA (Investment Performance Analysis) reports. He was our liaison with State Street (formerly Deutsche Bank and Bankers Trust Company) for the ICC and was the chairman of the ICC Product Development Committee. For three years Bill assisted with CIPM program development as a consultant to the CFA Institute. Prior to joining NEPC, he worked as an Analyst for Berents Capital Management in Boston, where he produced marketing materials and developed a spreadsheet-based performance system and for the Hartford Insurance Group.

Bill received his M.B.A. in Finance from Babson College and his B.A. in Mathematics from Bates College.

Joseph S. Breitfelder, CPA
Partner

Joe's investment career started in 1986 when he worked in public accounting at Ernst & Young. He joined NEPC in 1991. His responsibilities as a service Team Leader include coordinating the product delivery, quality control and new business development efforts to a segment of our client base.

Prior to joining NEPC Joe spent eight years with EG&G, Inc., a Fortune 200 energy and technology firm headquartered in Wellesley, MA. Joe oversaw the company's defined benefit, defined contribution, and corporate investment programs, totaling nearly $1 billion. He was also involved in corporate finance, cash management, planning, and accounting.

Before joining EG&G, Joe worked in public accounting for Ernst & Young, and earned the CPA designation (1980). He has a B.B.A. from the University of Toledo (1979) and an M.B.A. from Suffolk University (1988).

Ross A. Bremen, CFA
Partner

Ross' investment career began in 1992, and he joined NEPC in 2005. Ross works with defined contribution plans in all aspects of plan evaluation. Ross is a regular speaker at conferences and has co-authored several pieces for NEPC, including "Stable Value on the Brink, But Surviving" and "The Automated Defined Contribution Plan." He has also co-authored several opinion letters to the Department of Labor and testified in the Department of Labor/Securities and Exchange Commission Joint Hearings on Target-Date Funds, the Department of Labor/Treasury Joint Hearings on Lifetime Income Solutions, and the Department of Labor Definition of Fiduciary Hearings. Ross has led the effort behind NEPC's annual Plan and Fee Survey, has been interviewed multiple times in industry publications such as PIMCO's DC Dialogue and is frequently quoted in the press. Ross is also a founder of the Defined Contribution Institutional Investment Association (DCIIA) and is the Chair of the Public Policy Committee. Ross has been nominated for 401kWire's 2012 Hundred Most Influential People in Defined Contribution.

Prior to joining NEPC, Ross worked at Hewitt Associates as a Senior Investment Consultant and Midwest Market Manager. As a Senior Investment Consultant, Ross was responsible for designing institutional retirement plan investment strategies for Fortune 500 companies with Plan assets exceeding $1 billion on average. Ross also managed client relationships, created investment policy statements, advised on asset allocation and selection of investment managers, and led his team investigating the feasibility of establishing Hewitt investment products and other potential new product offerings.

Prior to working at Hewitt Associates, Ross worked at The First National Bank of Chicago as a Portfolio Manager and Assistant Vice President. He was responsible for managing client assets consisting of equity, fixed income, and derivative investments, and associated client relationships.

Ross earned an M.B.A. from Northwestern University with concentrations in Finance, Marketing, and Management & Strategy. Ross received his B.A. in Political Science from Northwestern University, with a concentration in Economics. In addition, he holds the Chartered Financial Analyst designation.

Michael D. Cairns, CEBS
Partner

Mike's investment and benefits consulting career in the Taft-Hartley market dates back to 1988. Mike joined NEPC in January 2007 and he sits on the NEPC Due Diligence Committee. Mike is also a member of the Global Asset Allocation Advisory Group.

Prior to joining NEPC, Mike was a Senior Investment Consultant at The Marco Consulting Group from 2001-2006. Mike was the lead Investment Consultant on over 20 client relationships, which had over $4 billion in total assets. Prior to The Marco Consulting Group, he was an Actuarial/Benefits Consultant on both pension and welfare plans for the Taft-Hartley unit of Milliman & Robertson, Inc., an international actuarial firm in San Francisco, CA. Mike spent over five years as the Regional Manager for Zenith Administrators, Inc., a national third party administrator of Taft-Hartley benefit plans. Prior to his involvement in the multi-employer arena, Mike worked in the public accounting field. He is a Certified Employee Benefit Specialist (CEBS), is a member of the ISCEBS and has been a speaker at the International Foundation of Employee Benefit Plans (IFEBP) Annual Conference. Mike is currently enrolled in the Chartered Alternative Investment Analyst (CAIA) program.

Mike received his undergraduate degree in Accounting from Illinois College in Jacksonville, Illinois.

Steven F. Charlton, CFA
Director of Consulting Services

Steve is the head of NEPC's discretionary consulting service, responsible for design and strategic direction of NEPC's investment outsourcing efforts and coordination of product delivery. Prior to his current role Steve was the head of NEPC's overall client-facing consulting business for four years and the head of one of NEPC's major business lines for over ten years. Steve is a member of NEPC's Discretionary Committee, Management Group, Partners' Research Committee, Traditional Due Diligence Committee, and is involved in many of the technical projects performed at NEPC. Steve is a frequent speaker at national industry conferences, he is the author of multiple research and technical papers, and is often quoted in the popular press. Steve was selected as one of PLANSPONSOR's Most Successful Retirement Plan Advisers in January 2009.

Prior to joining NEPC in 1996, Steve worked as an Investment Specialist at Putnam Investments, where he was responsible for helping clients understand the products and performance offered through Putnam. Steve worked with Putnam's clients to develop cohesive plan designs and investment policy statements and help plan sponsors better evaluate their long-term objectives and plan performance.

Steve earned a B.A. with two majors, Economics and English Writing, from St. Lawrence University in 1991. Steve is a CFA charter holder and a member of both the Boston Security Analysts Society, and the CFA Institute.

KC Connors, CFA, CAIA
Partner

KC joined NEPC as a Partner and has over twenty-five years of broadly based consulting and investment experience. KC is the Practice leader for the Philanthropic Team which includes the Endowment and Foundation Practice and the Healthcare Practice. KC's background includes expertise in alternative investments, portfolio construction and risk assessment. In addition, KC is a member of the firm's Management Committee, Alternative Assets Due Diligence Committee and Real Assets Committee.

Prior to joining NEPC, KC was a Principal at Jeffrey Slocum & Associates leading their healthcare practice and working with large endowments and foundations. She was a member of Slocum's senior management team overseeing planning, hedge funds, legal, risk management and human resources. While at Slocum, KC developed a Healthcare Risk Model that allowed clients to adjust their debt profile, pension plan contribution risk, asset structure and asset allocation. This model currently has a patent-pending. KC was also a member of the Executive Committee responsible for overseeing the firm's hedge fund investment strategy, portfolio construction and operational due diligence.

Prior to Slocum, KC was a Consultant at Wyatt Investment Consulting and Ennis, Knupp & Associates. While at Wyatt and Ennis, Knupp, KC was responsible for writing investment policies, advising on asset allocation, and investment manager searches for several Fortune 500 Companies, healthcare systems, and large foundations.

KC earned her M.B.A., with honors, from the University of Chicago and a B.S. in Decision Sciences from Indiana University. KC holds the Chartered Financial Analyst (CFA) designation as well as the Chartered Alternative Investment Analyst (CAIA) designation. KC is a frequent conference speaker on the topics of enterprise return and risk, alternative investments and balance sheet strategies. KC is a former board member and board chair for The Convent of the Visitation School in Mendota Heights, MN and former board member for The Grace Center in Guatemala and the Ripley Foundation. KC currently serves on the board and finance chair for The Courage Center and on the National Board for the Jeremiah Program.

Brian S. Donoghue
Partner

Brian's investment experience dates back to 1996 when he interned as a Broker Assistant at Cowen and Company. Brian joined NEPC in 2006 and has been working with defined contribution plans in all aspects of plan design and evaluation. He focuses on consulting to corporate defined contribution and defined benefit plans. He leads the defined contribution team's stable value research efforts. Brian has spoken at conferences and co-authored pieces for NEPC, including "Mapping – What the New Regulations Suggest for Defined Contribution Plans" and "Stable Value on the Brink, But Surviving".

Prior to joining NEPC, Brian worked at Fidelity Investments as a Client Service Manager. In that role he served as a key Fidelity contact and record keeping plan expert on multiple defined contribution plans. He ensured that services, products and processes utilized by the plan sponsor were based on sound business decisions, cost benefit analyses and profitability considerations falling within the best interest of the plan design goals. Brian's responsibilities at Fidelity also included: consulting on plan design with all levels of decision makers with plan sponsors. While at Fidelity, he also worked with the senior relationship management to identify potential areas of increased profitability and potential cross product sales, among others.

Brian received his M.B.A. from the Clark University Graduate School of Management and his B.A. in Finance from the University of Massachusetts at Amherst.

John M. Elliot
Partner

John joined NEPC in August 2003, having been in the investment business since 1992. Prior to joining NEPC, John was the Western Regional Director for the Marco Consulting Group (MCG) from 1999 to 2003 where he succeeded in developing a west coast presence in the Taft-Hartley market for MCG. In addition to developing new client relationships in the west coast, John also worked with clients to facilitate asset allocation studies, asset-liability studies, manager searches and performance measurement.

Before joining MCG in 1999, John was a Vice President with Weiss, Peck & Greer Investment Management. John led the marketing and client service efforts for Taft-Hartley funds in the western region. He also co-created the American Labor Alliance that brought together a recordkeeping capability, an administrative capability, and investment options for Taft-Hartley plans that wanted to offer their participants the ability to save additional assets and provide direction for their retirement plans.

John has spoken at the last five national conferences for the IFEBP, speaking twice about Portable Alpha and once on the top ten mistakes money managers make in presenting to trust funds and most recently discussing opportunistic investment strategies. John also has made educational presentations to numerous Taft-Hartley functions including the Southern California Administrators Association and the Central Valley Labor Council.

In 2005, John was named Taft-Hartley Consultant of the Year by Money Management Letter. John holds an A.B. in Political Science from the University of California at Berkeley (1992).

Robert J. Fishman, CFA
Partner

Rob's investment career began in 1995, and he joined NEPC in 1999. He specializes in consulting to corporate defined contribution and defined benefit plans on plan design, investment, and governance issues. Rob has co-authored several pieces for NEPC, including "The Automated Defined Contribution Plan" and has been interviewed in industry publications such as PIMCO's DC Dialogue. Rob's also responsible for leading NEPC's manager research effort in the alternatives area for custom target date funds. Rob is a member of the International Equity Advisory Group. He additionally chairs NEPC's Due Diligence Committee and sits on the Partner's Research Committee.

Prior to joining NEPC, Rob worked at Pioneer Investment Management as a Marketing Statistics Analyst. As an analyst at Pioneer, Rob worked closely with the retirement group, where he recommended the appropriate products for new 401(k) plans as well as takeover plans. Rob conducted competitive analysis on Pioneer's products and calculated the performance for their mutual funds. Prior to Pioneer, Rob worked as a performance coordinator at Eaton Vance Management.

Rob earned a M.B.A from Bentley College in 1999 and a B.S. in International Business from Ithaca College in 1994. Rob is a CFA charter holder and a member of both the Boston Security Analysts Society, and the CFA Institute. While at Bentley College, Rob was admitted to Beta Gamma Sigma national honor society.

Sean W. B. Gill, CFA, CAIA
Partner

Sean joined NEPC in March 2000, with his investment experience beginning in 1998. Sean oversees our alternative assets group and works with all aspects relating to the alternative asset investment class. Specifically, he has evaluated private equity, absolute return, real assets (real estate, timber, and commodities) and other non-traditional assets and the roles of these strategies in client portfolios. He works with all types of clients in designing alternative asset class investment policy guidelines, portfolio structuring, plan implementation, manager selection, and performance measurement and monitoring. Sean is a member of the firm's Alternative Asset Investment, Partners Research and Partners Executive Committees.

Prior to joining NEPC, Sean worked as an associate at M.B.G. Associates, a human resources consulting firm, where he researched and analyzed employment law issues. While in law school, Sean worked for the Cook County State's Attorney Office, where he helped prepare felony prosecutions. Additionally, while pursuing his legal studies, he served as a floor clerk at the Chicago Board of Trade for Refco. Earlier, Sean worked for

Smith Barney Shearson where he prepared quarterly portfolio reviews for dozens of high net-worth and pension fund clients.

Sean received his J.D. in Corporate Law from Loyola University of Chicago, his M.B.A. in Finance and Investments from the University of Notre Dame and his B.S.F.S. in International Economics from Georgetown University. He has been admitted to the Massachusetts Bar. He became an inaugural Chartered Alternative Investment Analyst designee in 2003, and is also a Chartered Financial Analyst.

Rhett Humphreys, CFA
Partner

Rhett started his investment career in 1996 and joined NEPC in 1997. His consulting responsibilities and background include servicing public pension plans, corporate pension plans, endowments, foundations, and Taft-Hartley pension funds. In January 2009, Rhett was nominated as the Public Plan Consultant of the Year by Money Management Letter.

In his research roles at NEPC, Rhett has authored several technical papers on small cap growth versus value investing, performance measurement, the Sharpe and Information Ratios, securities lending, and pension liability management. He serves as an advisor to the Alternative Asset Research Committee with particular expertise in Absolute Return and Portable Alpha program development. He is currently researching and writing a technical paper on "The Case for Leverage in Institutional Portfolios." He is also a member of the GAA Advisory Group.

Prior to joining NEPC in 1997, Rhett worked in Portfolio Accounting and Analytics with State Street Bank and Trust Company with over $1.6 billion of client assets under his responsibility. Prior to this, he worked in the Investment Division of the Louisiana State Employees' Retirement System (LASERS) where he reported directly to the Chief Investment Officer. Before this, he worked as a Policy Analyst Intern for the Public Affairs Research Council of Louisiana, where his research was regularly published. While at Louisiana State University, he was admitted to Beta Gamma Sigma, named Who's Who Among American College and University Students, elected as the Graduate Student Body President, and served on the Chancellor's Strategic Planning Committee. He is a veteran of the United States Army.

Rhett has earned the CFA designation and has a joint master's degree from Louisiana State University—a Master of Science in Finance and a Master of Public Administration. He also completed his B.A. in Sociology with a minor in Economics at Louisiana State University.

Paul R. Kenney, Jr., CFA
Partner

Paul joined NEPC in April of 2002, with investment experience dating back to 1984. Paul is a team leader overseeing the NEPC Detroit office. He is also a practice leader for NEPC's healthcare consultants. The majority of his consulting responsibilities include servicing healthcare systems, corporate pension plans and endowments and foundations.

Prior to joining NEPC, Paul was employed for eight years by Ford Motor Company. In his most recent position as a member of Ford's Pension Asset Management Department, Paul was the manager of Ford's $37 billion U.S. Defined Benefit Plan. His responsibilities included investment policy formulation, developing and implementing asset allocation strategies, and monitoring and evaluating the investment performance of the plan and its managers. Additionally, Paul was a member of the Ford 401(k) Investment and Administration Committees and had oversight responsibility of Ford's externally managed corporate cash and insurance assets. Prior to joining the Pension Asset Management Department, Paul was the portfolio manager for Ford's $3 billion international cash portfolio. Paul started his career at Ford as the portfolio manager for Ford Life Insurance Company, where he managed the assets and liabilities associated with a $3 billion annuity portfolio. He was also involved in the asset allocation and oversight of Ford Credit's property and casualty insurance companies.

Prior to working at Ford, Paul was employed for four years by John Hancock Financial Services where he worked in a variety of positions within the treasury, insurance and investment areas of the company.

Paul has an M.S.F. degree from Bentley College (1988) and a B.A. from Saint Michael's College in Vermont (1983). He is a CFA charter holder and is a member of the CFA Institute. He has also taught investments at the graduate level at Oakland University in Michigan (1999).

Christopher J. Klapinsky, CFA
Partner

Chris joined NEPC in October of 2001, with his investment experience dating back to 1996. Chris is a member of NEPC's Endowment & Foundation Consulting Group. In addition to his client responsibilities, Chris has extensive experience in asset allocation modeling, risk budgeting, performance analysis, and investment manager research. He is a member of the Fixed Income Advisory Group, a member of our Partners Research Group and is also a member of the Alternative Assets Due Diligence Committee.

Prior to joining NEPC, Chris was a Vice President in product development and marketing for the fixed income department at Loomis Sayles and Company. He was responsible for creating new fixed income products and strategic positioning. Previously at Loomis, Chris worked as a quantitative analyst and was responsible for developing foreign currency scenario analysis and building AIMR compliant composites for over $29 billion in assets. Prior to his employment at Loomis Sayles he worked at State Street Bank where he reconciled and priced mutual funds. Other previous employers include The Vanguard Group.

Chris is a CFA charter holder and is a member of the Boston Security Analysts Society and the CFA Institute. He holds a B.A. in Economics from Denison University.

Erik L. Knutzen, CFA, CAIA
Chief Investment Officer

Erik joined NEPC in 2008 as Chief Investment Officer. Erik is responsible for overseeing Investment Research at NEPC, and developing and communicating investment strategy. NEPC Research is comprised of more than 40 professionals working closely with NEPC's consultants and client support analysts. The Research group has dedicated teams focusing on Alternative Investments (including Absolute Return Strategies and Private Markets Strategies), Traditional Strategies, and Asset Allocation. Erik leads investment strategy development including: asset allocation recommendations, market assessment and outlook, and new asset class and investment strategy identification. Erik is a member of the Traditional and Alternative Research Due Diligence Committees and a member of the Emerging Managers Advisory Committee. The committees meet regularly to evaluate investment strategies for recommendation to clients and to review events that impact the investment management community. Additionally, Erik is a member of the firm's Management Group and was elected a partner in 2009. In 2012, Erik was recognized by aiCIO in their edition titled “The Knowledge Broker” as one of the top 25 most influential investment consultants. Erik ranked 15th out of the 25 consultants recognized.

Erik’s career in the financial services industry began in 1986. Most recently he was Director, Institutional Strategies at RiverSource Investments, LLC. Prior to joining RiverSource, Erik worked at several investment firms including: Standish Mellon; Garret Capital Management; Putnam Investments; and Jeffrey Slocum & Associates.

Erik earned his M.B.A. from Harvard University in 1990 and his B.A. from Williams College in 1986. Erik holds the Chartered Financial Analyst and Chartered Alternative Investment Analyst designations and is a member of the CFA Institute and Boston Securities Analyst Society. He serves on the Board of Trustees of the Massachusetts Audubon Society, where he Chairs the Investment Committee, and is a member of the Samsung Global Investment Advisory Council.

Catherine M. Konicki, CFA, CAIA
Partner

Cathy’s investment and consulting career began in 1980, and she joined NEPC in 1991. At NEPC, Cathy is a senior consultant to primarily endowment, foundation and healthcare clients and is the team leader for the endowment/foundation consulting group. She is also a member of NEPC’s Alternative Assets Due Diligence Committee and a member of the GAA Advisory Group. Cathy's background includes actuarial experience at an employee benefit firm, client servicing of performance measurement products at a major master trust bank and investment manager research at an independent consulting firm. She is a frequent speaker at industry conferences, where she generally is asked to speak about endowment and foundation trends.

Cathy's professional career began at Meidinger, (now Mercer) where she was actively involved in the actuarial process. Her duties ranged from conducting actuarial valuations to certifying retirement benefits for pension clients. While at Mercer, Cathy participated in the development of the Boston area Asset Planning practice which broadened her experience to include asset allocation studies, manager searches, and performance measurement.

Cathy honed her client service skills while at the State Street Bank's analytics division. There she serviced large public funds as well as endowments and corporate pension funds. As a client service group head, Cathy was responsible for providing consulting, performance measurement and analytic services to master trust clients. This included using the BARRA U.S. Equity Market Model to build normal portfolios as investment manager benchmarks and to structure the optimal mix of equity managers.

Cathy's knowledge of investment managers was significantly strengthened at Global Perspectives, where she worked prior to joining NEPC. While there, she oversaw the data collection and analysis of a 700 investment manager database for their client, Merrill Lynch Consulting Services. Further, she annually conducted approximately 200 on-site investment manager interviews to assess capabilities, investment process, philosophy and investment results. This research was the foundation for a significant number of manager searches performed by Merrill Lynch's consulting group.

Cathy is a member of Phi Beta Kappa and has B.S. and M.B.A. degrees from Boston College (1980 and 1985). Cathy is a CFA charter holder and is a member of the Boston Security Analysts Society and the CFA Institute. Cathy also became a Chartered Alternative Investment Analyst designee in 2007.

John R. Krimmel, CPA, CFA
Partner

John's investment career began in 1990, and he joined NEPC in 2010. At NEPC, John assists clients with the development of investment policies and objectives, the evaluation and selection of investment managers, and the measurement and analysis of investment performance. He is also a member of the Emerging Managers Advisory Committee. Prior to NEPC, John was a Senior Consultant and Senior Vice President at Callan Associates, with broad responsibility in all facets of client management including public, corporate and endowment and foundation clientele. While at Callan, John was a member of its Manager Research Committee and Alternatives Review Committee.

Prior to Callan, John was the Chief Investment Officer at the Kentucky Retirement System and at the State Universities Retirement System of Illinois. Early in his career he worked in Public Accounting at Deloitte and Touche, LLP.

He served in the U.S. Coast Guard and was awarded a Commander of the Coast Guard's Letter of Commendation. John has an M.S. in Accountancy from the University of Illinois and a B.S. in Accounting from Millikin University. John is a Certified Public Accountant and holds the Chartered Financial Analyst designation. John is currently pursuing the Chartered Alternative Investment Analyst (CAIA) designation.

Kevin M. Leonard
Partner

Kevin joined NEPC in 2007 and his career in the financial services industry began in 1991. As a Partner, Kevin works with a variety of client types, including public plans, Taft-Hartley pension funds, endowments, and foundations. Kevin is a member of the NEPC Due Diligence Committee.

Prior to joining NEPC, Kevin was a Vice President/Partner at Segal Advisors, where he was the lead consultant to institutional pension funds in the public, Taft-Hartley, hospital, and endowment marketplace. His responsibilities included creating and presenting asset liability studies, investment manager search evaluations across all asset classes, custodial services, search evaluations, quarterly/monthly portfolio analysis/performance reports, investment guidelines and investment policy statements.

Prior to working at Segal Advisors, he was a Consultant at The Hannah Consulting Group, and worked at State Street Bank and Trust Company.

Kevin received his B.A. in Business Management from Assumption College. He serves on the Board of Directors for the Massachusetts Public Pension Forum and is a frequent speaker at educational conferences and association seminars. Kevin was recognized as the 2012 Public Plan Consultant of the Year by Money Management Intelligence. Kevin was also a nominee for the same award in 2011.

Christopher A. Levell, ASA, CFA, CAIA
Partner

Chris' consulting career began in 1987, and he joined NEPC in 2005. He currently leads the Corporate Practice Group, consisting of the Corporate Defined Benefit and Defined Contribution Practice Teams. In this role, he is responsible for directing the strategy and growth of the practices. He advises many clients on strategic asset allocation and led the development of risk budgeting, scenario forecasting and liquidity analysis at NEPC. Chris is also a senior advisor for the Liability-Driven Investment Advisory Group.

With his background as an actuary, Chris has significant experience in helping clients make strategic decisions on the coordination of asset allocation with plan design, contributions, and financial statements. He has assisted clients on over 200 asset-liability studies.

Prior to joining NEPC, Chris was a Principal with Mercer Investment Consulting, serving as a lead consultant as well as an asset-liability project consultant. In 1997, he was charged with developing Mercer's US asset-liability modeling capability. Prior to joining Mercer in 1987, Chris was an actuarial analyst at Allstate Life Insurance Company.

Chris is a frequent speaker at conferences on pension strategy and co-authored a chapter in Positioning Pensions for the Twenty-First Century.

Chris holds a bachelor's degree in actuarial science from the University of Illinois at Urbana-Champaign. He is an Associate of the Society of Actuaries and a Fellow of the Conference of Actuaries. In addition, he holds the Chartered Financial Analyst (CFA) and Chartered Alternative Investment Analyst (CAIA) designations, and is a member of the Boston Security Analysts Society.

Christine A. Loughlin, CFA, CAIA
Partner

Christine joined NEPC in August 2003 and began her career in the investment industry in 1995. Christine is a team leader for a consulting group at NEPC, and the head of the defined contribution practice at NEPC. Christine is also a member of NEPC's Executive Committee. She specializes in consulting to corporate defined contribution and defined benefit plans on plan design, investment, and governance issues. Christine is a regular speaker at conferences and has co-authored several pieces for NEPC, including "Participants Can Sue You, LaRue v. DeWolff", "Mapping – What the New Regulations Suggest for Defined Contribution Plans, "TIPS for Defined Contribution Investors", "Roth 401k Revisited", and "A Closer Look at the Capital Preservation Funds Used within Defined Contribution Plans".

Prior to joining NEPC, Christine worked as an Investment Consultant at Watson Wyatt, spending five years in the Wellesley MA office and two years in the London office. While in the U.S., she was the east coast regional specialist for defined contribution investment consulting, and in London she helped launch and support new occupational defined contribution schemes. She also worked at Pioneer Investment Management in Boston, and Heiden Associates and Peter D. Hart Associates, both in Washington DC.

Christine has an M.S. in Finance from the London Business School and a B.A. in Economics cum laude from the University of Massachusetts, Amherst. Christine holds the Chartered Financial Analyst designation. She became a Chartered Alternative Investment Analyst designee in 2008.

Allan C. Martin
Partner

Allan joined NEPC in 2000, and his investment career began in 1969. He manages our Western Region consulting activities from our office in Redwood City, California. He is also a member of NEPC's Executive Committee and is a member of the International Equity Advisory Group. In March 2008, Allan was recognized as Public Plan Consultant of the Year by Money Management Letter. In 2012, Allan was recognized by aiCIO in their edition titled "The Knowledge Broker" as one of the top 25 most influential investment consultants. Allan ranked 2nd out of the 25 consultants recognized.

Prior to joining NEPC, Allan worked for four years at Dresdner RCM Global Investors in San Francisco as Managing Director/Principal, Global Marketing and Client Services. While there, he managed the global marketing activities of DRCM, and played a lead role in the acquisition of RCM by Dresdner and the subsequent repositioning of RCM to a global asset manager.

Prior to Dresdner RCM, Allan worked at Bankers Trust Company, in New York, for twenty-six years in various investment management, consulting, and trustee/master custody capacities. While at BT, he oversaw the establishment of the Passive Products Group, BT's Investment Consulting Group and the Master Trust On-line Reporting activities. His last position at BT was Managing Director of the $400 Billion Global Retirement Services Group, the umbrella organization encompassing the full array of BT's investment and administrative services for public and private pension and endowment funds. In the capacity of major asset custodian, he helped establish the technology and information platform for the Independent Consultants Cooperative, the industry's largest universe of actual manager performance information.

Allan earned an M.B.A. in Finance/Operations Research from Stanford University in 1969, and a B.A. in Mathematics, cum laude, from Stanford in 1967. He is a member of Phi Beta Kappa and the Stanford Faculty Club.

Timothy F. McCusker, CAIA, CFA, FSA
Partner, Director of Traditional Research

Tim joined NEPC in 2006 and began his career in the investment industry in 2002. At NEPC, Tim is exposed to a variety of client types. He specializes in asset allocation and asset-liability studies and is the Co-Chair of the Asset Allocation committee. He is also the lead member of the GAA and Real Assets Advisory Groups and a member of the Emerging Manager Advisory Committee. In supporting clients, Tim is primarily responsible for the development and monitoring of investment policies and objectives, the modeling and implementation of asset allocation and asset/liability studies, the evaluation and selection of investment managers, and the measurement and analysis of investment performance.

Prior to joining NEPC, Tim was an associate at Towers Perrin, where his responsibilities included preparing benefit valuation results, addressing plan asset-liability issues, conducting plan design studies, and determining the impact of different benefit strategies on corporate pension plans. He also consulted with and educated clients on emerging regulatory changes including the Pension Protection Act and new financial disclosure requirements and coordinated conversions of clients to a new valuation system.

Tim earned his B.A. in Mathematics from Colgate University. He is a Fellow of the Society of Actuaries, holds the Chartered Financial Analyst (CFA) and Chartered Alternative Investments Analyst (CAIA) designations.

David W. Moore, ARM, CEBS, CPCU
Partner

Dave's investment career began in 1997 at Ford Motor Company. He joined NEPC in January of 2006. Dave's consulting responsibilities include servicing endowments, foundations, public pension funds, insurance clients and corporate plans. He is also a member of the Liability-Driven Investing Advisory Group.

Prior to joining NEPC, Dave was employed for thirteen years by Ford Motor Company. While at Ford, Dave managed the Portfolio Management Department, where he led a five person team responsible for investing the firm's global cash and fixed income investments (excess of $50 billion) and pricing Ford Credit's global commercial paper programs. His responsibilities also included developing and receiving approval of fixed income investment strategies (duration and sectors), reporting monthly investment returns and market overviews to the Executive Committee, and ensuring Sarbanes-Oxley compliance of the Portfolio Department. Dave also had oversight responsibilities of external asset managers with cash and insurance mandates ($7 billion.) Dave participated on the corporate interest rate forecast committee and executed the company's debt repurchase program.

Prior to that role, Dave was the internal consultant to Ford's European Pensions (both defined benefit and defined contribution) in the Pension Asset Management Department. His responsibilities included advising Ford's European affiliates' (12 plans; 7 countries, including Ford UK, Jaguar, Land Rover, Aston Martin, and Volvo) Trustee Boards on asset allocation, manager selection and changes in local government requirements as well as conducting training sessions. Dave was also a member of the global investment strategy committee for the Ford pension plans and held a variety of Treasury positions while at Ford, including over four years overseeing the purchasing of the company's property and casualty insurance. Dave also spent two years as an intern at Reliance Standard Life Insurance Company rotating through the different operating areas.

Dave received an M.B.A. from the University of Detroit Mercy, graduating with Honors. Dave has a Bachelor of Business Administration degree from Temple University, where he graduated cum laude, with majors in Risk Management and Insurance and Finance. He is a Chartered Property Casualty Underwriter, an Associate in Risk Management and a Certified Employee Benefits Specialist.

Douglas W. Moseley
Partner

Doug's investment experience dates back to 1995, and he joined NEPC in 1998. Doug works with a broad range of clients, including public funds, corporate plans and endowments. Doug is also a member of NEPC's Partner Research, Traditional Due Diligence Committee, and the Fixed Income Advisory Group.

Prior to joining NEPC, Doug worked for three years as a Senior Investment Analyst for the Massachusetts Pension Reserves Investment Management ("PRIM") Board, a $21 billion public fund. While at PRIM, he assisted in asset allocation reviews and manager searches and monitored portfolio compliance. Prior to working at PRIM, Doug worked for State Street Bank & Trust Co. as a Fund Auditor and Portfolio Accountant in their Public Funds Division.

Doug earned an M.B.A. from Bentley College in 1999, and a B.S. in Business Administration from the University of Massachusetts at Amherst in 1993.

Scott F. Perry, CAIA
Partner

Scott's career in the financial services industry began in 2001 and he joined NEPC in 2006. As a Partner, Scott is a member of the philanthropic practice group and works primarily with endowments, foundations and healthcare organizations. In supporting clients, Scott is primarily responsible for the development and monitoring of investment policies and objectives, the modeling and implementation of asset allocation studies, the evaluation and selection of investment managers, and the measurement and analysis of investment performance. Scott is heavily involved in many aspects of the firm's investment research as he is a member of the Alternative Assets Due Diligence Committee, Small Cap Equity Advisory Group and leads the firms Responsible Investing efforts.

Prior to joining NEPC, Scott worked as an Analyst at Ashton Partners, an investor relations advisory firm. Prior to Ashton Partners, Scott was a Data Analyst at Putnam Investments.

Scott received his M.B.A. from Babson College and his B.S.B.A. in Management from Bucknell University. He is also a Chartered Alternative Investment Analyst (CAIA) designee.

James E. Reichert, CFA
Partner

James' investment career began in 1999, and he joined NEPC in 2007. As a Partner, James works with healthcare clients, corporate defined benefit plans, and endowments and foundations. In support of his client relationships, James is responsible for overall investment program design, including policy development, asset allocation, manager selection and performance monitoring. James has assisted a number of Healthcare organizations in developing customized asset allocations for Operating Assets incorporating results from staff discussions and NEPC's proprietary Enterprise Risk Model as well as custom LDI Glidepaths for pension portfolios. James is a member of NEPC's Asset Allocation Committee and Fixed Income Research Advisory Group and leads the firm's research efforts on securities lending.

Prior to joining NEPC, James was a Senior Fixed Income Operations Manager at State Street Global Advisors. While at State Street he was responsible for all aspects of operations for over 200 Fixed Income Accounts and Mutual Funds with assets in excess of $100 Billion including: daily performance calculations, bond pricing, derivative valuation and trade control and maintaining internal portfolio management records. Prior to this, James spent two years overseeing the accounting, custody and pricing of State Street's securities lending reinvestment pools.

James received his B.A. in History from Boston College. James holds the Chartered Financial Analyst (CFA) designation.

Kristin M. Reynolds, CFA, CAIA
Partner

Kristin joined NEPC in 2003, with investment experience dating back to 1999. Kristin is a member of our Endowment and Foundation consulting practice and focuses on leading research efforts for our endowment and foundation clients. As a result, Kristin's expertise is in total enterprise management, asset allocation and portfolio construction, modeling and implementation of spending based asset allocation studies, and evaluation and selection of alternative investment managers. She is a member of the Partners' Research Committee, Alternative Assets Due Diligence Committee, the Asset Allocation Committee and the Large Cap Equity Advisory Group.

Kristin recently published a white paper on Endowment & Foundation Spending in an Integrated Asset Liability Framework that discussed the model she has developed to analyze the spending requirements of Endowment and Foundation clients. She is currently working on a model to integrate Total Enterprise Management with the asset allocation process. She is a frequent speaker at industry conferences, where she generally is asked to speak about the Endowment Model, Integrated Spending Policy, and Portfolio Construction.

Prior to joining NEPC, Kristin worked at Smith Barney, where she specialized in executive compensation structures for large corporate clients. She worked closely with clients to develop and manage financial service strategies. Prior to her investment career, Kristin worked as a loan service officer at a community cooperative bank where she was responsible for external audit compliance, escrow fund accounting, and loans receivable.

Kristin earned an M.B.A. from Simmons Graduate School of Management, and a B.A. in Finance and Economics from Simmons College. Kristin is a CFA charter holder and a member of both the Boston Security Analysts Society and the CFA Institute. Kristin became a Chartered Alternative Investment Analyst (CAIA) designee in 2008. Kristin was nominated in 2011 for Endowment and Foundation Consultant of the Year by Foundation and Endowment Money Management.

Jay E. Roney, CTP
Partner

Jay joined NEPC in 2001 and began his career in the investment industry in 1993. Jay consults for corporate, endowment/foundation, and public fund clients. His responsibilities include investment policy formulation, developing and implementing asset allocation strategies, and monitoring and evaluating the investment performance of the plan and its managers. In addition to his consulting responsibilities, Jay is a member of the International Equity Advisors Group, Head of the Corporate Defined Benefits Practice Group and a member of the NEPC Executive Committee.

Jay's investment career started in 1993 when he joined Fleet Investment Services. At Fleet, Jay was responsible for educating, advising, and developing investment strategies for clients and prospects. After working for Fleet, Jay held corporate treasury management positions at Ocean Spray Cranberries and PerkinElmer where he had investment oversight for both Company's defined benefit and defined contribution programs. During this time period Jay was responsible for implementing and managing the liquidation of several defined benefit plans. As a Treasury Manager, Jay was also responsible for other traditional, international and domestic treasury functions.

Jay earned his M.B.A. from Northeastern University in 1997 and a B.S. in Political Science from the University of Maine at Orono in 1988. While at Northeastern University, he was admitted to the Beta Gamma Sigma Honor Society. Jay is a Certified Treasury Professional (CTP) as designated by the Association for Financial Professionals.

Neil N. Sheth
Partner

Neil joined NEPC in 2009 with investment experience dating back to 1993, including thirteen years as a direct hedge fund and private equity investor. He has extensive investing experience in the public and private credit and equity markets in both U.S. and foreign markets. Neil is involved in NEPC's hedge fund research and due diligence activities as well as providing consulting services for the non-traditional asset classes of various public, corporate, Taft-Hartley and Endowment/Foundation clients. In addition, he has experience evaluating and structuring private equity and real asset managers and portfolios. He is a member of the firm's Alternative Asset Investment and Partners Research Committees.

Prior to joining NEPC, Neil worked at Berkshire Partners, LLC, a leading middle market leverage buyout firm based in Boston, where he was a founder and co-portfolio manager of a fundamentals-based, global value hedge fund. Previously, Neil spent eleven years as a private equity investment professional. In this capacity, he served on the boards of seven companies in both the U.S. and Europe while he was a Partner at M/C Venture Partners and an Associate at General Atlantic, LLC; two firms that focus on the global technology, telecom and media industries. Neil began his career as an investment banking analyst at Morgan Stanley & Co.

Neil received his B.S. with honors from the Wharton School of the University of Pennsylvania.

Bradley S. Smith, CFA, CEBS
Partner

Brad started his investment career in 1986 and joined NEPC in 2011. Brad has a breadth of experience in traditional and discretionary consulting and has worked with all types of clients. Brad is located in NEPC's Atlanta office.

Prior to NEPC, Brad spent eight years with Hewitt EnnisKnupp in multiple roles including CEO/U.S. Investment Consulting Practice Leader and a Senior Investment Consultant. While in this role, Brad was a member of the Hewitt Global Investment Board and the Global Investment Committee. Most recently Brad was the Eastern Region leader for Hewitt EnnisKnupp's core consulting business where he had responsibility for managing the Eastern region's traditional consulting team. Brad was a member of Hewitt EnnisKnupp's Senior Management Team, U.S. Delegated Oversight Committee, U.S. Pension Risk Team, and U.S. Defined Contribution Research Steering Committee. Brad was a senior consultant to four discretionary clients representing over $5 billion in assets.

Prior to the Hewitt EnnisKnupp, Brad spent nearly a decade at Bolton Partners Investment Consulting Group where he was a senior investment consultant and practice leader.

Brad earned his B.A. from Hampden-Sydney College. He holds the Chartered Financial Analyst (CFA) designation as well as the Certified Employee Benefit Specialist (CEBS) designation.

Carolyn Smith
Partner

Carolyn's career in investment consulting began in 1987, and she joined NEPC in 2006. Carolyn's consulting responsibilities include working with corporate, public and Taft-Hartley pension and defined contribution plans. She is a member of the Small Cap Equity Advisory Group and Due Diligence Committee.

Carolyn's experience includes twelve years as a senior consultant with Watson Wyatt Investment Consulting working with a broad array of clients. She also had management responsibilities for the U.S. Western Region for five of her twelve years at Watson Wyatt. Prior to Watson Wyatt, Carolyn was a senior consultant at Callan Associates, Inc. working with the firm's foundation, endowment, corporate and public fund clients.

Carolyn received a B.S. degree in Finance from the University of Utah. She currently serves on the investment committee for a Bay Area not-for-profit.

Craig A. Svendsen, CFA
Partner

Craig returned to NEPC in October 2004, having previously worked at the firm as a Senior Analyst from 1997 to 2000. Craig's investment career began in 1996. In addition to his client responsibilities, Craig has extensive experience in asset allocation, performance analysis and investment manager searches. He is also a member of the firm's investment manager Due Diligence Committee and the Liability-Driven Investing Advisory Group.

Prior to rejoining NEPC, Craig was a Vice President and Head of Transition Strategy and Analysis for State Street Global Markets (SSGM). In this role Craig was responsible for trade strategy and implementation for State Street's multi-asset class transition clients.

Craig holds a Bachelor of Arts degree in Economics from Bucknell University and a Master of Science degree in Finance from Northeastern University. Craig is a CFA charter holder and is a member of the Boston Security Analysts and the CFA Institute. Craig is also pursuing the Chartered Alternative Investments Analyst (CAIA) designation.