FELRA and UFCW Pension Fund Recommended Asset Allocation and Glide Path Update

Presented by Investment Performance Services, LLC

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The Asset Allocation and Glide Path recommendations are driven by the plan's cash flow projections:

Original Forecast - 2012

	Beginning Market Value ($ million)	Forecasted Return (%)	Forecasted Return ($)	Plan Cash Flows: Contrib	Plan Cash Flows: Benefit Payments	Plan Cash Flows: Admin Costs	Net Plan Cash Flow	Year End Assets
2013	$608.2	7.2%	$43.8	$56.1	($146.9)	($4.1)	($94.90)	$557.1
2014	$557.1	7.2%	$40.1	$56.1	($150.2)	($4.2)	($98.30)	$498.9
2015	$498.9	7.2%	$35.9	$56.2	($152.6)	($4.4)	($100.80)	$434.0
2016	$434.0	7.2%	$31.3	$56.5	($153.8)	($4.5)	($101.80)	$363.5
2017	$363.5	6.9%	$25.1	$56.9	($154.5)	($4.6)	($102.20)	$286.4
2018	$286.4	6.5%	$18.6	$57.6	($154.4)	($4.8)	($101.60)	$203.4
2019	$203.4	5.2%	$10.6	$58.4	($153.7)	($4.9)	($100.20)	$113.8
2020	$113.8	2.8%	$3.2	$58.5	($152.5)	($5.1)	($99.10)	$17.8

Updated Forecast - 2014 - Reflects Actual Market Value as of 12/31/2013

	Beginning Market Value ($ million)	Forecasted Return (%)	Forecasted Return ($)	Plan Cash Flows: Contrib	Plan Cash Flows: Benefit Payments	Plan Cash Flows: Admin Costs	Net Plan Cash Flow	Year End Assets
2013	$603.7	14.9%	$81.2	Details not available			($90.10)	**$594.8**
2014	**$594.8**	7.2%	$42.8	$56.1	($150.2)	($4.2)	($98.30)	$539.3
2015	$539.3	7.2%	$38.8	$56.2	($152.6)	($4.4)	($100.80)	$477.4
2016	$477.4	7.2%	$34.4	$56.5	($153.8)	($4.5)	($101.80)	$409.9
2017	$409.9	6.9%	$28.3	$56.9	($154.5)	($4.6)	($102.20)	$336.0
2018	$336.0	6.5%	$21.8	$57.6	($154.4)	($4.8)	($101.60)	$256.3
2019	$256.3	5.2%	$13.3	$58.4	($153.7)	($4.9)	($100.20)	$169.4
2020	$169.4	2.8%	$4.7	$58.5	($152.5)	($5.1)	($99.10)	$75.0

Asset Allocation Glide Path Update

Analyze the effective asset allocation utilizing a “look-through” on the allocation to GTAA and Risk Parity .

FELRA Pension

Asset Class "Look-Through" for Risk Parity and GTAA Managers

Allocations as of December 31, 2013

Risk Parity Allocations	$ Allocation	Total Equity	US Equity	Non-US Equity	Em Mkt Equity	Total Bonds	Global TIPS	US Bonds	Non-US Bonds	HY Bonds	Em Mkt Bonds	Real Estate	Comm-odities	Currency	Cash	Total
AQR	$43,203,259	**31.0%**	18.0%	13.0%	0.0%	**257.0%**	43.0%	51.0%	48.0%	90.0%	25.0%	**0.0%**	**31.0%**	**30.0%**	**0.0%**	**349.0%**
Putnam	$43,957,842	**36.3%**	22.2%	11.2%	3.0%	**84.9%**	29.5%	1.4%	23.4%	28.8%	1.9%	**3.0%**	**10.4%**	**0.0%**	**0.0%**	**134.6%**
Risk Parity Normalized to 100%																
AQR		**8.9%**	5.2%	3.7%	0.0%	**73.6%**	12.3%	14.6%	13.8%	25.8%	7.2%	0.0%	8.9%	8.6%	0.0%	**100.0%**
Putnam		**27.0%**	16.5%	8.3%	2.2%	**63.1%**	21.9%	1.0%	17.4%	21.4%	1.4%	2.2%	7.7%	0.0%	0.0%	**100.0%**
GTAA																
Wellington	$63,343,664	**66.0%**	19.0%	31.5%	15.5%	**28.1%**	0.0%	15.1%	7.8%	0.0%	5.2%	**0.0%**	**1.1%**	**0.0%**	**4.8%**	**100.0%**
Windhaven	$30,683,024	**54.3%**	32.0%	22.3%	0.0%	**29.4%**	3.2%	23.0%	3.2%	0.0%	0.0%	**4.0%**	**7.8%**	**3.0%**	**1.5%**	**100.0%**
$-Weighted Average	**$181,187,789**	**40.9%**	17.3%	17.7%	6.0%	**47.7%**	8.8%	12.9%	10.8%	11.3%	3.9%	**1.2%**	**5.7%**	**2.6%**	**1.9%**	**100.0%**

Recommended Asset Allocation

Updated as of December 31, 2013

FELRA and UFCW Pension

Current vs. Recommended Asset Allocation as of December 31, 2013

	Actual Plan Assets		Risk Parity +GTAA "Look Through"	Effective Plan Asset Allocation		Recommended Policy Asset Allocation
Total Equity	**$204,340,366**	**34.4%**	**$74,158,635**	**$278,499,001**	**46.8%**	**40.0%**
US Equity	$148,210,260	24.9%	$31,323,495	$179,533,755	30.2%	30.0%
Non-US Equity	$56,130,106	9.4%	$32,046,782	$88,176,888	14.8%	5.0%
EM Equity	$0	0.0%	$10,788,359	$10,788,359	1.8%	5.0%
Total Bonds	**$49,998,713**	**8.4%**	**$86,365,685**	**$136,364,398**	**22.9%**	**19.5%**
Global TIPS	$0	0.0%	$15,927,409	$15,927,409	2.7%	0.0%
US Inv Grade	$30,019,588	5.0%	$23,386,108	$53,405,696	9.0%	5.0%
Non-US Inv Grade *	$0	0.0%	$19,511,062	$19,511,062	3.3%	10.0%
HY Bonds	$19,979,125	3.4%	$20,544,914	$40,524,039	6.8%	4.5%
EM Bonds	$0	0.0%	$6,996,191	$6,996,191	1.2%	0.0%
Real Estate	**$88,804,807**	**14.9%**	**$2,203,944**	**$91,008,751**	**15.3%**	**15.0%**
Hedge FOFs	**$68,457,280**	**11.5%**	--------	**$68,457,280**	**11.5%**	**10.0%**
GTAA	**$94,026,688**	**15.8%**	--------	--------		**15.0%**
Risk Parity	**$87,161,101**	**14.7%**	--------	--------		0.0%
Commodities	--------		**$10,324,545**	**$10,324,545**	**1.7%**	0.0%
Currency	--------		**$4,634,238**	**$4,634,238**	**0.8%**	0.0%
Cash	**$2,004,846**	**0.3%**	**$3,500,741**	**$5,505,587**	**0.9%**	0.5%
Plan Total	**$594,793,801**	**100.0%**	**$181,187,789**	**$594,793,801**	**100.0%**	**100.0%**

* Recommended Policy Allocation is for a Global Opportunistic Bond allocation

Recommended Asset Allocation Glide Path

Updated as of December 31, 2013

Rule: Hold next 12 months of net plan cash outflows in fixed income.

	2014 Recommended Policy Allocation	2015 Allocation	2016 Allocation	2017 Allocation	2018 Allocation	2019 Allocation	2020 Allocation
Total Equity	**40.0%**	**40.0%**	**40.0%**	**37.0%**	**33.0%**	**26.0%**	**0.0%**
US Equity	30.0%	30.0%	30.0%	28.0%	26.0%	22.0%	0.0%
Non-US Equity	5.0%	5.0%	5.0%	5.0%	5.0%	4.0%	0.0%
EM Equity	5.0%	5.0%	5.0%	4.0%	2.0%	0.0%	0.0%
Total Bonds	**19.5%**	**19.5%**	**19.5%**	**25.5%**	**33.0%**	**50.0%**	**90.0%**
US Interm G/C	5.0%	5.0%	5.0%	11.0%	19.0%	36.0%	90.0%
Opportunistic Bond	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	0.0%
Sh Dur HY Bonds	4.5%	4.5%	4.5%	4.5%	4.0%	4.0%	0.0%
Real Estate	**15.0%**	**15.0%**	**15.0%**	**12.5%**	**10.0%**	**5.0%**	**0.0%**
Hedge FOFs	**10.0%**	**10.0%**	**10.0%**	**8.0%**	**6.0%**	**4.0%**	**0.0%**
GTAA	**15.0%**	**15.0%**	**15.0%**	**15.0%**	**15.0%**	**10.0%**	**0.0%**
Risk Parity	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Cash	0.5%	0.5%	0.5%	2.0%	3.0%	5.0%	10.0%
Year End Assets	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Forecasted Return	7.2%	7.2%	7.2%	6.9%	6.5%	5.2%	2.8%

Supplemental Information

Manager Recommendations – Updated April, 2014:

U.S. Equity	Near Term	Status	Long Term
INTECH	Retain	N/A	Index – Vanguard Total Mkt
Foundry	Retain	Renegotiated Fee	Index – Vanguard Total Mkt
NWQ	Terminate	Pending Contract Signature	Index – Vanguard Total Mkt
Wedge	Retain	N/A	Index – Vanguard Total Mkt
Westwood	Retain	N/A	Index – Vanguard Total Mkt

International	Near Term	Status	Long Term
Gryphon	Retain	N/A	Index – Vanguard Non-US
Vanguard ETF*	Vanguard EM Index Fund**	Lower Fee	Vanguard EM Index Fund

Fixed Income	Near Term	Status	Long Term
SBH	Retain	New Benchmark 9/2013	Retain
Chartwell	Retain	Funded Sept, 2013	Retain
Opportunistic Bond		Conduct Manager Search	Retain

*Vanguard's Emerging Markets ETF (VWO) has an expense ratio of 0.15%.
** Vanguard's Emerging Markets Index Fund Institutional Shares (VEMIX) has an expense ratio of 0.12%

Supplemental Information

Manager Recommendations – Updated April, 2014:

Real Estate	**Near Term**	**Status**	**Long Term**
JPMorgan	Retain	N/A	Begin liquidation 1st Q 2017

HFoF	**Near Term**	**Status**	**Long Term**
EnTrust	Retain	N/A	Begin liquidation 1st Q 2017
Mesirow	Retain	N/A	Begin liquidation 1st Q 2017

Risk Parity	**Near Term**	**Status**
AQR	Terminate	Pending
Putnam	Terminate	Pending

GTAA	**Near Term**	**Status**
Windhaven	Terminate & Replace	Conduct Search
Wellington	Retain	N/A

Use GTAA for diversification as RE, HFoF and equity allocations are reduced.

Note: IPS removed all PIMCO Products from our “Approved” list on March 25, 2014 due to organizational and personnel issues.