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Office of the City Manager

CONSENT CALENDAR
May 14, 2019

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Henry Oyekanmi, Director, Finance Department

Subject: Contract: Keenan Financial Services to Establish, Maintain and Invest for an IRS Section 115 Trust Fund

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute a contract with Keenan Financial Services to establish a pension Section 115 trust that includes Keenan Financial Services providing trust administration, trustee/custodian, and investment advisory services for the Trust; and authorizing the City's Plan Administrator to execute the legal and administrative documents on behalf of the City and to take whatever additional actions are necessary to establish a Section 115 trust fund, establish the authority for the management of the Section 115 investments, develop investment policies for the Section 115 trust fund, and Select an initial model investment portfolio, from the choices provided.

FISCAL IMPACTS OF RECOMMENDATION

Approving the vendor to establish and maintain the Trust and make investments for the Section 115 pension trust fund should result in better investment returns than those available using the investment policies for the City's pooled investments.

BACKGROUND

At the November 28, 2017 Council meeting, the City Manager was directed to bring back to Council a proposal to establish an Irrevocable Supplemental Pension Trust and other options as proposed by staff.

At the June 26, 2018 Council meeting, the City Council adopted a Resolution appointing the City Manager as the Plan Administrator and authorizing the City Manager to take the necessary steps to negotiate and execute the documents to establish a Section 115 Trust Fund to use as a pension rate stabilizing fund, and delegate authority for managing the Section 115 Trust Fund investments.

Compensation packages for the City of Berkeley employees include California Public Employees Retirement System (CalPERS) pensions, a Police Retirement Income Benefit Plan and three retiree medical plans (Miscellaneous Retiree Health Premium

Assistance Plan; Police Retiree Premium Assistance Plan; and Fire Employees Retiree Health Plan), referred to as other post-employment benefits (OPEB).

Recent changes in rate smoothing strategies by CalPERS have increased volatility in employer contribution rates in pensions. Monies set aside in a Section 115 Trust can be used to ease budgetary pressures resulting from unanticipated spikes in employer contribution rates. For example, a CalPERS employer who has extra money after making their current CalPERS contribution might set aside some or all of the surplus to use in future years when the required contribution is less affordable. The City wants to take steps to better manage and reduce its pension and other post-employment benefit liabilities. These actions will represent best practices for financial management, slowing the increases in the City's annual pension costs, and positioning the City to achieve retiree medical cost savings into the future.

Steps already taken by the City to address pension costs include implementing pension reform by establishing second-tier pension plans for all new employees. PEPRA miscellaneous will be enrolled in a 2% at 62 plan and PEPRA safety members (police and fire) will be enrolled in a 2.7% at 57 plan. PEPRA members are required to pay half the normal cost of their plans.

However, changes by CalPERS, and past investment market losses by CalPERS have led to rapidly increasing pension rates and costs. The related ramp up in annual costs will continue for the next several years.

The City wants to take steps to better manage and reduce its pension and other post-employment benefit liabilities.

Until recently, the City's only option for reducing the unfunded actuarial accrued liability was to commit additional funds to CalPERS. Unfortunately, these funds would be subject to the same market volatility as the CalPERS investment policy, and the funds are not accessible to the City for other pension expenses. In the last couple of years, a private letter ruling was received from the IRS that establishes that under Section 115 of the Internal Revenue Code, public agencies or municipalities could create a separate trust to "pre-fund" its CalPERS unfunded liability. This will provide an alternative to sending the funds to CalPERS, and will provide greater local control over the assets and investment portfolio management.

A League of California Cities' Retirement System Sustainability Study and Findings (January 2018) revealed the following:

1. Rising pension costs will require cities over the next seven years to nearly double the percentage of their General Fund dollars they pay to CalPERS. Between FY 2018-19 and FY 2024-25, cities' dollar contributions will increase by more than 50 percent. For example, the impact would be the following for the City of Berkeley if CalPERS payments increased by 50 percent, as the League expects.

Estimated Employer Contribution	FY 19 Adopted Budget	FY 24-25 Based on California League of Cities Estimate
Miscellaneous	$29.96M	$44.54M
Police	$14.57M	$19.69M
Fire	$7.33M	$10.18M

2. For many cities, pension costs will dramatically increase to unsustainable levels;
3. Many cities face difficult choices that will be compounded in the next recession.
4. Tangible savings resulting from PEPRA will not have a substantial effect on city budgets for decades.

According to the League, some things cities can do today are the following:

1. Develop and implement a plan to pay down the city's Unfunded Actuarial Liability (UAL). Possible methods include shorter amortization periods and pre-payment of cities UAL.
2. Consider local ballot measures to enhance revenues
3. Create a pension rate stabilization program: Establishing and funding a local Section Trust Fund can help offset unanticipated spikes in employer contributions.
4. Change service delivery methods and levels of certain public services
5. Use procedures and transparent bargaining to increase employee pension contributions
6. Issue a pension obligation bond (POB). However, financial experts including the Government Finance Officers Association (GFOA) strongly discourage local agencies from issuing POBs. Moreover, this approach only delays and compounds the inevitable financial impacts.

On April 4, 2017, the City Manager presented to Council a report titled Projections of Future Liabilities - Options to Address Unfunded Liabilities Tied to Employee Benefits (https://www.cityofberkeley.info/Clerk/City_Council/2017/04_Apr/City_Council__04-04-2017_-_Special_Meeting_Agenda.aspx) which provided a thorough overview of the City's long term expenditure obligations. On that same date, the City's actuary presented to Council a presentation titled Pension and OPEB Funding Study which identified options to address the City's unfunded liabilities tied to post-employee benefits.

One of the recommendations made by the City's actuary is the establishment of an irrevocable supplemental (Section 115) pension trust with an initial "seed" deposit of $3 million as a "start up" contribution. Going forward the City should set aside approximately 3% of payroll which is about $4 million in year 1 and 4% of payroll which is approximately about $5.5 million in year 2 and for the foreseeable future.

This Council report deals with the recommendation from both the League and the City's actuary which is to establish a local Section 115 Trust Fund to help offset future spikes in employer contributions.

<u>CURRENT SITUATION AND ITS EFFECTS</u>

The City identified three agencies that provide professional Trust administrative, trustee/custodial, and investment advisory or management services: Public Agency Retirement Services (PARS), PFM Asset Management LLC (PFM), and Keenan, and Requests for Proposals (RFP) were sent out. In their responses to the RFP, they identified their team of companies to provide the Trust services as follows:

PARS team:

- Trust Administrator-PARS
- Trustee/Custodian-US Bank
- Investment Manager-Highmark Capital Management

PFM team:

- Trust Administrator-PFM
- Trustee/Custodian-Wells Fargo Bank
- Investment Manager-PFM

Keenan Financial Services team:

- Trust Administrator-Keenan
- Trustee/Custodian-Benefit Trust Company
- Investment Manager-Morgan Stanley

The RFPs were evaluated by a review committee consisting of the Director of Finance, the Treasury Manager and an outside consultant for the City.

The RFPs were evaluated using the following criteria:

1. Firm's integrity and competence 20%
2. Price Proposal 20%
3. Qualifications to do the project 50%
4. Socially Responsible investing 10%

Following is the RFP Rating Sheet:

RFP RATING SHEET OF VENDORS

	Keenan Financial Services	PFM Asset Management LLC	Public Agency Retirement Services (PARS)
Firm's integrity and competence	20	20	20
Price proposal	20	11	10

Qualifications to do the project	50	50	50
Socially responsible investing	10	0	10
Total	100	81	90

All three firms have significant experience establishing and maintaining Section 115 trusts and providing investment options and investment advisory services. All three reviewers gave Keenan Financial Services the highest rating based on the above criteria. Staff recommends establishing a pension Section 115 trust with Keenan Financial Services.

It should be pointed out that PFM would not sign the City's socially responsible investing forms and gave the following reason for not doing so:

"While PFM as a firm may comply with some of these criteria, we have no way to consistently research, analyze, and confirm compliance on an ongoing basis. Therefore, PFM, as a firm and investment advisor, is not able to document, disclose, or confirm compliance with the social responsibility criteria listed above adopted by the City."

After the City Council approves the resolution to approve a contract with Keenan Financial Services establish, maintain and invest for an IRS Section 115 trust, the following next steps need to be taken:

1. Sign Board of Authority Member Agreement
2. Sign Pension Stabilization Trust for California Municipalities Participation Agreement, and appoint two individuals as authorized representatives
3. Develop investment policies for the Section 115 Trust, to be approved by the City Council
4. Select an initial model investment portfolio, from the choices provided.
   Staff recommends the Moderate portfolio consisting of 33% equity securities and 67% fixed income securities. The City may change the designation of the model portfolio in the future by executing an amendment to section 9 of the Participants' Agreement.
5. Make the deposits into the Section 115 Trust
   The current plan is as follows:
   a. Immediately deposit the nearly $4 million that is currently in the PERS Savings fund.
   b. Immediately deposit the $4 million allocated by Council during the budget process
   c. Deposit the $1.1 million discount the City saved by prepaying the FY 2019 unfunded liability payments required by CalPERS, by June 30, 2019.

6. Keenan is to provide quarterly and annual investment reports to Council.

ENVIRONMENTAL SUSTAINABILITY
There are no identifiable environmental effects or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION
An adequately funded Section 115 Trust can be used to help offset future spikes in CalPERS employer retirement contributions. In addition, establishing the trust fund should result in better investment returns than those available using the investment policies for the City's pooled investments.

CONTACT PERSON
Henry Oyekanmi, Director, Finance Department, 981-7300

Attachments:
1: Resolution
- Exhibit A: Board of Authority Member Agreement
- Exhibit B: Pension Stabilization Trust for California Municipalities Participation Agreement
- Exhibit C: Keenan Financial Services Investment Portfolio Options

RESOLUTION NO. ##,###-N.S.

CONTRACT: KEENAN FINANCIAL SERVICES TO ESTABLISH, MAINTAIN AND INVEST FOR AN IRS SECTION 115 TRUST FUND

WHEREAS, it is determined to be in the best interest of the City to set aside funds for the pre-funding of its CalPERS pension obligation to be held in trust for the exclusive purpose of making future contributions of the City's required pension contributions and any employer contributions in excess of such required contributions at the discretion of the City; and

WHEREAS, a tax-exempt trust performing an essential governmental function within the meaning of Section 115 of the Internal Revenue Code (as amended) and the Regulations issued thereunder, and is a tax-exempt trust under the relevant statutory provisions of the State of California; and

WHEREAS, the City's establishment and operation of the Section 115 trust has no effect on any current or former employee's entitlement to post-employment benefits; and

WHEREAS, an RFP was sent to all firms with significant experience establishing and maintaining Section 115 trusts and providing investment options and investment advisory services; and

WHEREAS, the responses to the RFP were evaluated by a committee consisting of the Director of Finance, the Treasury Manager, and an outside consultant for the City; and

WHEREAS, all three reviewers gave Keenan Financial Services the highest rating based on the criteria outlined in the RFP.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute a contract, and any amendments, with Keenan Financial Services to establish an IRS Section 115 Trust Fund, to include trust administrative, trustee/custodian, and investment advisory services.

BE IT FURTHER RESOLVED that the City's Plan Administrator is hereby authorized to execute the legal and administrative documents on behalf of the City and to take whatever additional actions are necessary to establish a Section 115 trust fund, establish the authority for the management of the Section 115 investments, develop investment policies for the Section 115 trust fund, and Select an initial model investment portfolio, from the choices provided.

PENSION STABILIZATION TRUST FOR CALIFORNIA MUNICIPALITIES

BOARD OF AUTHORITY MEMBER AGREEMENT

WHEREAS, the Board of Authority of the Pension Stabilization Trust for California Municipalities (the "PST") adopted the Trust; and

WHEREAS, the PST allows up to one Member of the Board of Authority to be appointed by each Adopting Entity; and

WHEREAS, the Member must sign a written acceptance and agree to administer the PST; and

WHEREAS, the Member's written acceptance must be in a form satisfactory to the Board of Authority;

NOW, THEREFORE, the Adopting Entity, the Member and the Board of Authority agree as follows:

Section 1:

Appointment as Member: The Board hereby confirms the appointment by ___________ of _______________________, as Member, pursuant and subject to the terms and conditions of the PST.

Section 2:

Acceptance as Member: ________________________ hereby accepts his or her appointment as Member pursuant and subject to the terms and conditions of the PST and agrees to administer the PST.

IN WITNESS WHEREOF, the duly authorized parties hereto have executed this Agreement as of_________________, 2017.

Adopting Entity:

____

____

Signature: ______________________________

Name: ________________________________

Title: _________________________________

CHAIRMAN OF THE BOARD OF THE PENSION STABILIZATION TRUST FOR CALIFORNIA MUNICIPALITIES

Signature: _____________________________

Name: ________________________________

Title: _________________________________

ACCEPTANCE AS MEMBER

Signature: ______________________________

Name: _________________________________

PENSION STABILIZATION TRUST FOR CALIFORNIA MUNICIPALITIES PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT is entered into by the undersigned California public entity (the "Adopting Entity") and Benefit Trust Company, a Kansas corporation, as Trustee (the "Trustee") of the Pension Stabilization Trust for California Municipalities (the "Trust"), effective as of the date specified on the signature page (the "Effective Date"), with reference to the following:

A. The Board of Authority (the "Board") of the Trust has established the Trust to help California Municipalities stabilize the funding of their pension benefit liabilities by creating a secure vehicle to hold assets pending their contribution to a pension plan in satisfaction of a public entity's funding obligation. The Trust is intended to qualify as a trust arrangement that is tax exempt under applicable guidance and procedures under Section 115 of the Internal Revenue Code.

B. The Adopting Entity has adopted a pension plan for its eligible employees (the "Plan") to which the Adopting Entity is required to make regular contributions. To the extent the Adopting Entity may from time to time have excess funds, a portion of which can be used to pre-fund contributions to the Plan, the Adopting Entity desires to have a secure trust to which it may contribute such funds and to have the trust hold such pre-funding contributions.

C. In order to participate in the Trust, the Adopting Entity must be a public entity in the State of California and must enter into this Participation Agreement (the "Agreement").

NOW, THEREFORE, the Adopting Entity and the Trustee agree as follows:

1. **Participation.** The undersigned Adopting Entity agrees to all of the provisions, terms and conditions of the Trust and agrees to participate in the Trust in accordance with the terms of this Agreement. The Adopting Entity agrees to cooperate in providing any information reasonably required by the Trustee or the Board to administer the Trustee properly.

2. **Representations of Adopting Entity**. The Adopting Entity makes the following representations and warranties, and acknowledges that the Trustee is relying on these representations in entering into this Agreement:

(a) The Adopting Entity is a public entity within the State of California under the California Constitution and applicable sections of the Government Code.

(b) By executing this Agreement, the Adopting Entity acknowledges that it has determined that the Trust is appropriate for the pre-funding of a portion of its pension liabilities under the Plan.

(c) The Plan has been adopted by all necessary action of the governing body of the Adopting Entity and remains in full force and effect, in compliance with all applicable legal requirements.

(d) The adoption of this Agreement has been approved by all necessary action of the Adopting Entity's governing body and the person signing this Agreement on its behalf is authorized to do so.

(e) Neither the execution and delivery of this Agreement by the Adopting Entity, nor compliance by the Adopting Entity with any of the provisions hereof, nor the consummation of the transactions contemplated hereby, will result in a default, or give rise to any right of termination, cancellation or acceleration, under any term, condition or provision of any agreement or other instrument or obligation to which the Adopting Entity is a party or by which it or any of its properties or assets may be bound.

(f) The Adopting Entity has received a copy of the Pension Stabilization Trust Agreement (the "Trust Agreement"), is aware of the terms and conditions thereof and agrees that in the event of any conflict between the terms of the Trust and this Agreement, the terms of the Trust will control.

(g) The Adopting Entity has not received any legal, accounting or investment advice from the Trustee, the Board or their representatives. The Adopting Entity acknowledges that it has had the opportunity to consult with independent legal counsel regarding this Agreement and the Trust.

3. **Administration Fees.** The Trustee will allocate reasonable fees for administration to each Adopting Entity's account in the Trust in accordance with the fee schedule established from time to time with the Board. Such fees shall not exceed 0.30% (30 basis points) per annum on the value of the assets held in the account. Fees will be collected monthly directly from the account.

4. **Responsibility for Legal Compliance.** The Adopting Entity acknowledges that the Trustee will not be responsible for compliance with any obligations or to enforce any obligations the Adopting Entity may have under the Plan. All such compliance shall be the responsibility of the Adopting Entity.

5. **Indemnification.** The Adopting Entity agrees to indemnify and hold harmless the Trust, the Trustee and the Board from any and all liabilities and losses, including attorneys' fees, arising out of the claim by any person for damages caused by or resulting from the failure of the Adopting Entity to comply with the provisions of the Plan, the Trust or applicable requirements of federal or state law.

6. **Amendment and Termination.**

(a) This Agreement and the Declaration of Trust constitute the entire agreement of the parties concerning the Adopting Entity's participation in the Trust. This Agreement may be amended only through a written document executed by the Trustee and the Adopting Entity.

(b) The Agreement may be terminated by the Adopting Entity by providing 90 days written notification of its intent to terminate its participation in the Trust; provided that upon such a termination, none of the assets held in the Trust for contribution to the Plan shall be returned or otherwise made available to the Adopting Entity for any purpose.

(c) The Trust may be terminated in accordance with the provisions of the Trust Agreement.

(d) The Adopting Entity's rights and obligations under this Agreement cannot be assigned without the written consent of the Trustee.

7. **Right to Rely.**

(a) The Adopting Entity acknowledges that the Trustee will rely upon any representations that it or any of its authorized representatives make to the Board.

(b) The Adopting Entity hereby designates the persons identified on the signature page of this Agreement as the persons authorized to represent the Adopting Entity in connection with matters regarding the Adopting Entity's participation in the Trust and the disbursement of funds from the Trust (the "Authorized Representative"), and agrees that the Board and the Trustee may rely upon the representations of the Authorized Representative until and unless notified in writing that this person is no longer authorized to represent the Adopting Entity in this manner. Any such notice must identify a new person who will serve as the Adopting Entity's Authorized Representative.

8. **General Provisions.**

(a) Any notice required under this Agreement shall be in writing and shall be furnished to the recipient at the addresses provided separately by the parties, unless the recipient has provided the sender with notice of a change of address.

(b) This Agreement shall be governed by the laws of the State of California.

(c) The failure of the Trustee to seek redress for violation of or to insist upon the strict performance of any provision of the Agreement shall not be deemed a waiver and will not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation. The rights and remedies provided in this Agreement are cumulative and the use of any right or remedy does not limit the Trustee's right to use any or all other remedies. All rights and remedies in this Agreement are in addition to any other legal or equitable rights that the Trustee may have.

(d) Every provision of the Agreement is intended to be severable. If any term or provision hereof is invalid for any reason whatsoever, its invalidity will not affect the validity of the remainder of the Agreement.

(e) This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had all signed the same document. All counterparts shall be construed together and shall constitute one agreement.

(f) Unless the context requires otherwise, the use of a feminine pronoun includes the masculine and the neuter, and vice versa, and the use of the singular includes the plural, and vice versa.

(g) The headings used in this Agreement are provided for convenience and are not intended to be a part of this Agreement or to influence the interpretation of the terms of this Agreement. This Agreement shall not be construed on the basis of which party drafted the Agreement or a particular provision thereof.

9. **Selection of Model Portfolio.** The Adopting Entity has reviewed its tolerance for risk and its requirements for the investment of the Account, and has also reviewed the model portfolios offered by the Trustee. Solely and by virtue of this review, the Adopting Entity hereby directs the Trustee to invest the assets of the Account in accordance with the following model portfolio with its commensurate approximate target asset allocation, understanding that the target asset allocation will vary from time to time based upon market fluctuations, and that with the exception of Fixed Income, model portfolio asset allocations may be adjusted +/- 5% from time to time at the discretion of the Trustee:

<u>CHECK ONE:</u>

- ☐ Fixed Income (100% fixed income securities)
- ☐ Conservative (16% equity securities, 84% fixed income securities)
- ☐ Moderate (33% equity securities, 67% fixed income securities)
- ☐ Moderate Growth (45% equity securities, 55% fixed income securities)
- ☐ Growth (61% equity securities, 39% fixed income securities)
- ☐ Aggressive Growth (76% equity securities, 24% fixed income securities)

The Adopting Entity understands and agrees that the Trustee shall be under no duty to question the prudence of the model portfolio the Adopting Entity directs, and shall have no liability for any loss of any kind which may result by reason of the inherent volatility of the asset allocation directed. Once the Adopting Entity has directed the Account to be invested pursuant to a model portfolio as listed above the Trustee will assume discretionary authority and responsibility for its management.

The Adopting Entity may change the designation of the model portfolio to be utilized by executing an amendment to this section 9 of the Participation Agreement. Said amendment will go into effect upon the acknowledgement of receipt by the Trustee.

10. List two Individuals appointed as Authorized Representatives:

____

____

IN WITNESS WHEREOF, the parties have executed this Agreement as of ___________, 2018.

Adopting Entity:

____

Signature: ___________________________

Name: ___________________________

Title: ___________________________

BENEFIT TRUST COMPANY, TRUSTEE FOR THE PENSION STABILIZATION TRUST FOR CALIFORNIA MUNICIPALITIES

By: _________________________________
Scott W. Rankin, Senior Vice President

EXHIBT D

KENNAN FINANCIAL SERVICES
INVESTMENT OPTIONS

	Style	Ticker	Expenses	Fixed Income	Conservative	Moderate	Moderate Growth	Growth	Aggressive Growth
Total Equities				0.00%	16.00%	33.00%	45.00%	61.00%	75.00%
Total Bonds				100.00%	84.00%	67.00%	55.00%	39.00%	25.00%
Total				100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Domestic equities:	Style	Ticker	Expenses						
1. Large Cap domestic equities:									
a. Alger capital appreciation focus	Large growth	ALGYX	0.65%	0%	1%	3.5%	6%	6%	8%
b. Columbia contrarian core	Large blend	COFYX	0.66%	0%	2%	3%	4%	5%	7%
c. Oakmark select	Large value	OANLX	0.82%	0%	2%	4%	4%	6%	7%
2. Small/ Mid cap domestic equities:									
a. Hartford midcap	Mid growth	HMDYX	0.76%	0%	0%	1%	2%	4%	6%
b. Alger small cap focus	Small growth	AGOZX	0.90%	0%	1%	3%	4%	5%	6%
c. Undiscovered managers' behavioral value	Small blend	UBVFX	0.79%	0%	1%	1%	2%	4%	5%
3. Real Estate Investment Trusts:									
a. Cohen &Steers Real Estate securities	Real Estate	CSZIX	0.88%	0%	1%	2%	2%	3%	4%
b. PGIM Global Real Estate	Real Estate	PGRQX	0.80%	0%	0%	1%	2%	2.5%	3%
Total Domestic Equities & REITs				0	8%	19%	26%	35.5%	46.0%
International/ Global Equities:									
a. John Hancock International Growth	Int'l growth	JIGTX	0.93%	0%	2%	2%	3%	4%	4%
b. Brandeis International small cap	Int'l SMID	BISRX	1.00%	0%	1%	1.5%	2%	3%	4%
c. American Funds New Perspectives Fund	Global growth	ANWFX	0.55%	0%	1%	2%	2%	3%	4%
d. American Funds New World Fund	Emerging markets	NFFFX	0.76%	0%	1%	1%	1.5%	2%	3%
e. PGIM Jennison Global Opportunities	Global growth	PRJQX	0.84%	0%	0%	1%	1.5%	2%	3%
f. Oakmark International	Int'l value	OANIX	0.81%	0%	1%	2%	3%	3%	3%
g. Hartford International Value	Int'l value	HILYX	0.91%	0%	1%	2%	3%	4%	4%
h. Thornburg Investment Income Builder	Global Blend	TIBOX	0.85%	0%	1%	3%	3%	5%	5%
Total International/Global Equities				0%	8%	15%	19%	25.5%	30.0%
Fixed Income:									
a. BlackRock Total Return	Domestic Bond	MPHQX	0.39%	16%	14%	11%	9%	6%	4%
b. Guggenheim Investment Grade Bond	Domestic Bond	GIUSX	0.50%	16%	14%	11%	9%	6%	4%
c. PGIM Total Return Bond	Domestic Bond	PTRQX	0.46%	16%	14%	11%	9%	6%	4%
d. Western Asset Core Plus Bond	Domestic Bond	WAPSX	0.42%	16%	14%	11%	9%	6%	4%
e. Guggenheim Macro Opportunities	Domestic Bond	GIOIX	0.97%	16%	12%	11%	9%	6%	4%
f. Hartford World Bond	Global Bond	HWDYX	0.67%	8%	7%	4%	4%	3%	1%
g. Brandywine Global Opportunities Bond	Global Bond	GOBSX	0.56%	6%	5%	4%	3%	3%	1.5%
h. Brandywine Global Alternative Credit	Global Bond	LMAMX	1.25%	6%	4%	4%	3%	3%	1.5%
Total Bonds				100%	84%	67%	55%	39%	24%
Total Investments				100%	100%	100%	100%	100%	100%
Expected Return				4.50%	5.00%	6.00%	6.99%	7.69%	8.46%
Expected Standard Deviation				3.12%	4.26%	6.09%	7.41%	9.48%	11.89%