

Summary of Asset Allocation Recommendations

Total Return Focus and Income Focus

ASSET CLASS	TOTAL RETURN					INCOME				
	CURRENT	IFC PROPOSED	+/-	ALTERNATE #1	+/-	CURRENT	IFC PROPOSED	+/-	ALTERNATE #1	+/-
Broad US Equity	11.0	11.0	-	11.0	-	8.0	8.0	-	8.0	-
Small Cap US Equity	3.0	3.0	-	3.0	-	2.0	-	-2.0	2.0	-
Broad International Equity	14.0	18.0	+4.0	18.0	+4.0	10.0	12.0	+2.0	12.0	+2.0
Preferred Stock	-	-	-	-	-	3.0	3.0	-	3.0	-
MLPs	5.5	6.0	+0.5	5.5	-	7.0	7.0	-	7.0	-
Private Equity	8.0	8.0	-	8.0	-	-	-	-	-	-
Core Real Estate	6.0	5.0	-1.0	6.0	-	11.0	11.0	-	11.0	-
Non-Core Real Estate	5.0	5.0	-	5.0	-	3.0	3.0	-	3.0	-
Hedge Funds	7.5	8.0	+0.5	7.5	-	-	-	-	-	-
US Agg Fixed Income	29.0	29.0	-	25.0	-4.0	37.0	37.0	-	35.0	-2.0
WC Liability Hedging Fixed Income*	-	-	-	-	-	-	-	-	-	-
Bank Loans	6.0	4.0	-2.0	6.0	-	12.0	12.0	-	12.0	-
Custom Emerging Markets Debt	5.0	3.0	-2.0	5.0	-	7.0	7.0	-	7.0	-
Cash Equivalents	-	-	-	-	-	-	-	-	-	-
Total	100.0	100.0	-	100.0	-	100.0	100.0	-	100.0	-

*Consists of 58% Long Duration Fixed Income and 42% US Agg Fixed Income with an estimated duration of 11.6 years.

Asset Class Composition - Asset classes defined by their primary category

Fixed Income & Cash	40	36	-4	36	-4	56	56	-	54	-2
Public Equity & Alternatives	60	64	+4	64	+4	44	44	-	46	+2

Thematic Composition - Asset classes defined by their primary investment objective

Capital Appreciation	46	48	+2	50	+4	33	33	-	35	+2
Capital Preservation	29	29	-	25	-4	37	37	-	35	-2
Alpha	8	8	+1	8	-	0	0	-	0	-
Inflation	18	15	-3	18	-	30	30	-	30	-

RVK 2020 Capital Market Assumptions - Return, standard deviation, and yield

Expected Return (Arithmetic)	5.85	6.00	+0.15	6.07	+0.22	5.21	5.24	+0.03	5.31	+0.10
Expected Risk (Standard Deviation)	8.68	9.16	+0.48	9.34	+0.66	6.81	6.85	+0.04	7.09	+0.28
Expected Return (Compound)	5.50	5.61	+0.11	5.66	+0.16	4.99	5.02	+0.03	5.07	+0.08
Est. Yield (12/31/19)	2.91	2.81	-0.10	2.94	+0.03	3.77	3.80	+0.03	3.78	+0.01

Liability-Driven Risk Metrics - Applicable to Workers' Compensation only

Expected Risk (Surplus Volatility)	-	-	-	-	-	-	-	-	-	-
Est. Interest Hedge Ratio	-	-	-	-	-	-	-	-	-	-
Est. Funded Status -2 STDEV Event**	-	-	-	-	-	-	-	-	-	-

** (Current Est. WC Funded Status = 160%)

RVK 2020 Capital Market Assumptions - Risk metrics

Expected Arithmetic Return/Risk Ratio	0.67	0.66	-0.02	0.65	-0.02	0.76	0.76	-	0.75	-0.02
Expected Sharpe Ratio (RF = 2.25%)	0.41	0.41	-0.01	0.41	-0.01	0.43	0.44	-	0.43	-
RVK Expected Eq Beta (LCUS = 1)	0.48	0.51	+0.03	0.51	+0.03	0.35	0.35	-	0.36	+0.01
RVK Liquidity Metric (T-Bills = 100)	65	67	+2	65	-	71	71	-	71	-

Monte Carlo Analysis

1st Percentile 1 Year Nominal Return	-20.12	-21.17	-1.05	-21.86	-1.74	-16.81	-16.56	+0.25	-17.36	-0.55
50th Percentile 10 Year Nominal Return	5.64	5.74	+0.10	5.78	+0.14	5.12	5.14	+0.02	5.21	+0.09



Summary of Asset Allocation Recommendations

Pool A, Workers Compensation, and LSRA LT Reserve

ASSET CLASS	POOL A				
	CURRENT	IFC PROPOSED	+/-	ALTERNATE #1	+/-
Broad US Equity	7.5	7.5	-	7.5	-
Small Cap US Equity	1.0	1.0	-	1.0	-
Broad International Equity	7.5	7.5	-	7.5	-
Preferred Stock	7.0	7.0	-	7.0	-
MLPs	5.0	5.0	-	5.0	-
Private Equity	-	-	-	-	-
Core Real Estate	-	4.0	+4.0	4.0	+4.0
Non-Core Real Estate	8.0	4.0	-4.0	4.0	-4.0
Hedge Funds	-	-	-	-	-
US Agg Fixed Income	49.0	54.0	+5.0	49.0	-
WC Liability Hedging Fixed Income*	-	-	-	-	-
Bank Loans	10.0	10.0	-	10.0	-
Custom Emerging Markets Debt	-	-	-	-	-
Cash Equivalents	5.0	-	-5.0	5.0	-
Total	100.0	100.0	-	100.0	-

*Consists of 58% Long Duration Fixed Income and 42% US Agg Fixed Income with an estimated duration of 11.6 years.

Asset Class Composition - Asset classes defined by their primary category

Fixed Income & Cash	64	64	-	64	-
Public Equity & Alternatives	36	36	-	36	-

Thematic Composition - Asset classes defined by their primary investment objective

Capital Appreciation	31	27	-4	27	-4
Capital Preservation	54	54	-	54	-
Alpha	0	0	-	0	-
Inflation	15	19	+4	19	+4

RVK 2020 Capital Market Assumptions - Return, standard deviation, and yield

Expected Return (Arithmetic)	4.68	4.64	-0.04	4.60	-0.08
Expected Risk (Standard Deviation)	5.83	5.80	-0.03	5.69	-0.14
Expected Return (Compound)	4.52	4.48	-0.04	4.45	-0.07
Est. Yield (12/31/19)	3.36	3.38	+0.02	3.34	-0.03

Liability-Driven Risk Metrics - Applicable to Workers' Compensation only

Expected Risk (Surplus Volatility)	-	-	-	-	-
Est. Interest Hedge Ratio	-	-	-	-	-
Est. Funded Status -2 STDEV Event**	-	-	-	-	-

** (Current Est. WC Funded Status = 160%)

RVK 2020 Capital Market Assumptions - Risk metrics

Expected Arithmetic Return/Risk Ratio	0.80	0.80	-	0.81	+0.01
Expected Sharpe Ratio (RF = 2.25%)	0.42	0.41	-	0.41	-
RVK Expected Eq Beta (LCUS = 1)	0.29	0.29	-	0.28	-0.01
RVK Liquidity Metric (T-Bills = 100)	77	77	-	78	+1

Monte Carlo Analysis

1st Percentile 1 Year Nominal Return	-13.80	-14.34	-0.54	-14.22	-0.42
50th Percentile 10 Year Nominal Return	4.62	4.56	-0.06	4.53	-0.09

WORKERS' COMPENSATION				
CURRENT	IFC PROPOSED	+/-	ALTERNATE #1	+/-
8.0	8.0	-	8.0	-
2.0	2.0	-	2.0	-
10.0	12.5	+2.5	12.5	+2.5
-	-	-	-	-
4.5	4.5	-	4.5	-
-	-	-	-	-
4.5	4.0	-0.5	4.5	-
4.0	4.0	-	4.0	-
-	-	-	-	-
-	-	-	-	-
62.0	62.0	-	62.0	-
-	-	-	-	-
5.0	3.0	-2.0	2.5	-2.5
-	-	-	-	-
100.0	-	-	100.0	-

67	65	-2	65	-3
33	35	+2	36	+3

29	30	-	29	-
62	62	-	62	-
0	0	-	0	-
9	9	-	9	-

4.60	4.68	+0.08	4.68	+0.08
7.01	7.13	+0.12	7.11	+0.10
4.37	4.44	+0.07	4.44	+0.07
3.19	3.15	-0.04	3.14	-0.05

6.37	6.63	+0.26	6.64	+0.27
103%	102%	-0.01	101%	-2%
140%	139%	-0.01	139%	-1%

0.66	0.66	-	0.66	-
0.33	0.34	+0.01	0.34	+0.01
0.29	0.30	+0.01	0.30	+0.01
79	80	+1	80	+1

-12.68	-13.28	-0.60	-13.27	-0.59
4.42	+4.50	+0.08	4.50	+0.08

LSRA LT RESERVE		
CURRENT	IFC PROPOSED	+/-
22.0	22.0	-
6.0	6.0	-
28.0	32.5	+4.5
-	-	-
12.5	12.5	-
-	-	-
-	-	-
-	-	-
19.0	19.0	-
-	-	-
-	-	-
12.5	8.0	-4.5
-	-	-
-	-	-
100.0	100.0	-

13	8	-5
88	92	+5

56	61	+5
0	0	-
19	19	-
25	21	-5

6.87	7.03	+0.16
12.70	13.26	+0.56
6.12	6.22	+0.10
3.23	3.08	-0.15

-	-	-
-	-	-
-	-	-

0.54	0.53	-0.01
0.36	0.36	-
0.70	0.74	+0.04
75	77	+2

-29.28	-30.46	-1.18
6.25	6.33	+0.08