



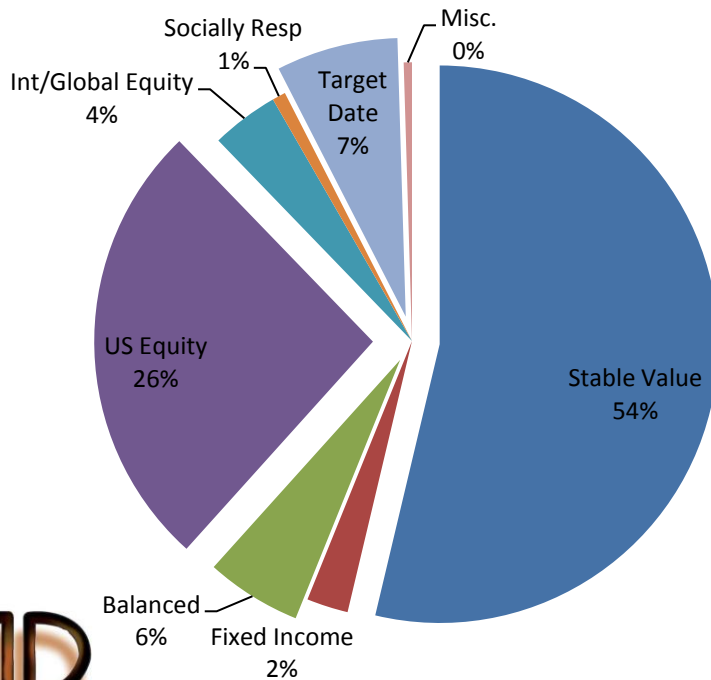
February 29, 2012 NDC Committee Meeting



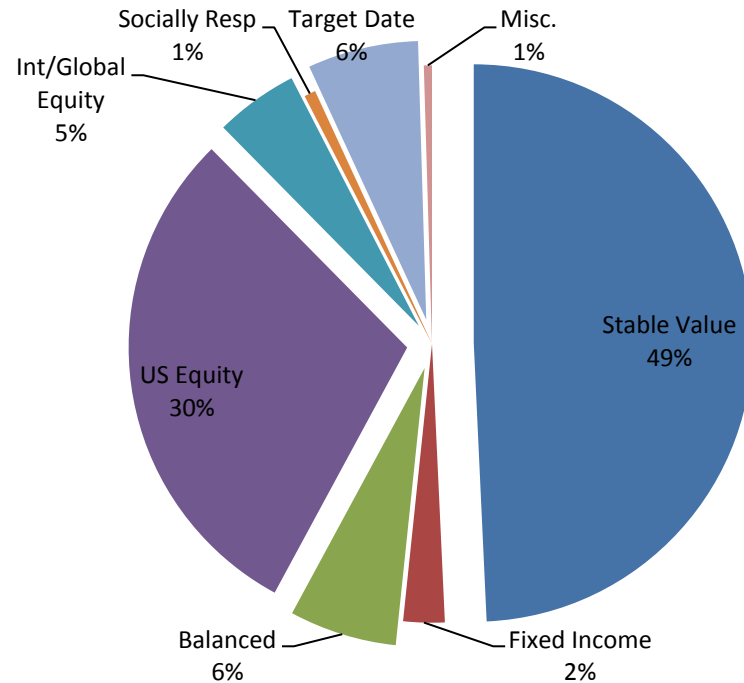


NDC Asset Allocation

NDC - Asset Allocation as of 12/31/11
\$543.78 Million









NDC - Asset Allocation as of 12/31/10
\$539.45 Million





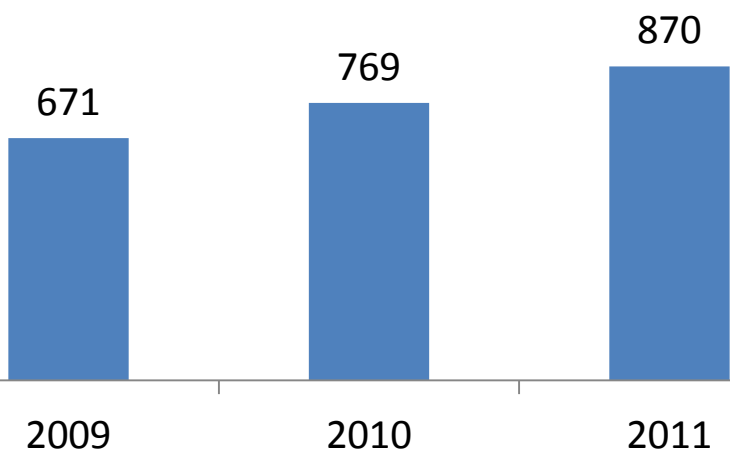
Plan Activity

	2010 Total	2011 Total	% Change
Total Participants	12,836	13,151	 2.45%
New Participants	769	870	 13.13%
Quarterly Cash Flow	\$43.38 Million	\$42.41 Million	 2.24%
Individual Mtg with Reps	8,355	8,014	 4.08%
Group Enrollment Meetings	797	799	
Rollovers In (included in cash flow)	\$4.94 Million	\$5.91 Million	 19.64%

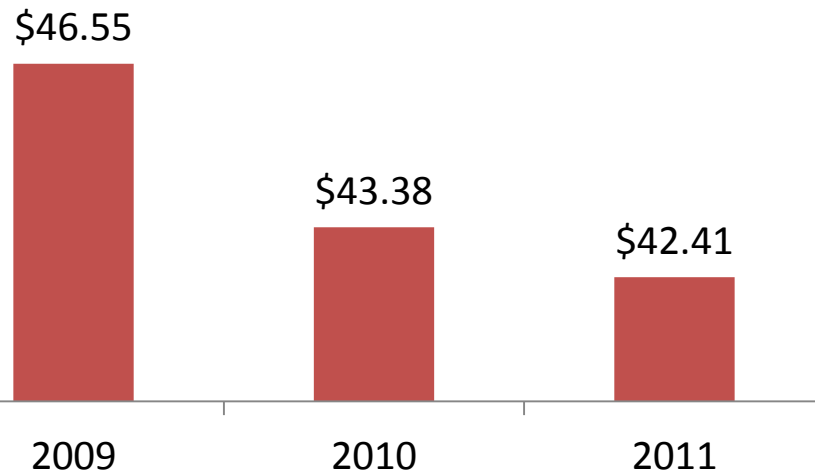


Enrollments and Cash Flow






Enrollments



Cash flow



Leakage

	2010 Total	2011 Total	% Change	
Total Number Withdrawals (Full Only)	594 \$4,039,039	469 \$4,039,467		21% _____
Total # of Rollovers (Out of Plan)	214 \$8,936,640	280 \$ 15,667,355		31% 75%
Total Number of Service Buybacks (NVPERS)	160 \$4,408,161	204 \$ 5,234,112		28% 19%
Total Number Unforeseen Emergencies	143 \$447,534	176 \$568,789		23% 27%
TOTAL MONEY OUT* *Does not include routine money out (RMDS, partials, or SWOS)	\$17.83 Million	\$25.51 Million		43%

Performance Indicators

Performance Indicators	FY 11 Actual (12.31.10)	FY 12 Actual (12.31.11)	FY 12 Goal	% of Goal
Total Participants	12,836	13,151	13,044	100%+
Participation Rate	20%	20%	23%	87%
Percent of funds with top ratings (4-5 stars)	58%	44%	75%	31%
Average Annual Costs to Participants**	0.68%	0.60%	0.68%	113%
Percent of Customers' Calls to providers answered within 20 seconds	84% Hartford	82.5% Hartford	80%	103%
	91% ING	95.9% ING	80%	120%
Total Plan Assets	\$539.5 million	\$543.8 million	\$498 million	109%

** Does not include guaranteed accounts

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Performance – Peer Comparison

5 year – as of 12.31.11

Large Cap (6 funds)*

- Top Quartile: 16.6%
- Top Half: 16.6%

- Bottom Half: **50%**
- Bottom Quartile: **16.6%**

Small/Mid Cap (12 funds)*

- Top Quartile: 0%
- Top Half: 25%

- Bottom Half: **67%**
- Bottom Quartile: **8%**

Balanced (2 funds)*

- Top Quartile: 50%
- Top Half: 50%

International (1 fund)*

- Top Quartile: 100%

NDC Overall Platform*

- Top Quartile: 19%
- Top Half: 23%

- Bottom Half: **52%**
- Bottom Quartile: **6%**



* Actively managed funds only, excludes socially responsible and global funds.



2011 Fee Reconciliation

- Review Annually, pursuant to Policy
- Department of Labor (DOL) Regs
 - 3 Phases
- Plan Administrative Fees
 - Not Flat Fees
 - Revenue Sharing
- Credit Allowances



Hartford Revenue

2011 Staff Calculations

0.2229% \$463,025 Variable

0.15% \$370,510 General

0.19% \$833,536 Total

2011 Hartford Calculations

-----% \$458,055 Variable

-----% \$0 General

-----% \$458,055 Total

Hartford Contract

0.28% \$652,099 Variable

0.15% \$370,510 General Account

0.231% \$1,022,610 Total



ING Revenue

2011 Staff Calculations

0.26% \$172,304 Variable
0.55 % \$164,587 Stable Value
0.35% \$336,891 Total

2011 ING Calculations

0.25% \$ --- Variable
0.55% \$ --- Stable Value
0.35% \$-----Total

ING Contract

0.26% \$172,304 Variable
0.55% \$164,587 Stable Value
0.35% \$336,891 Total



2011 Credit Allowance

Hartford

\$437,000 Contract

\$255,928 Expenses

\$211,071 paid to
Participants

ING

\$90,000 Contract

\$48,360 Expenses

\$40,640 paid to
Participants

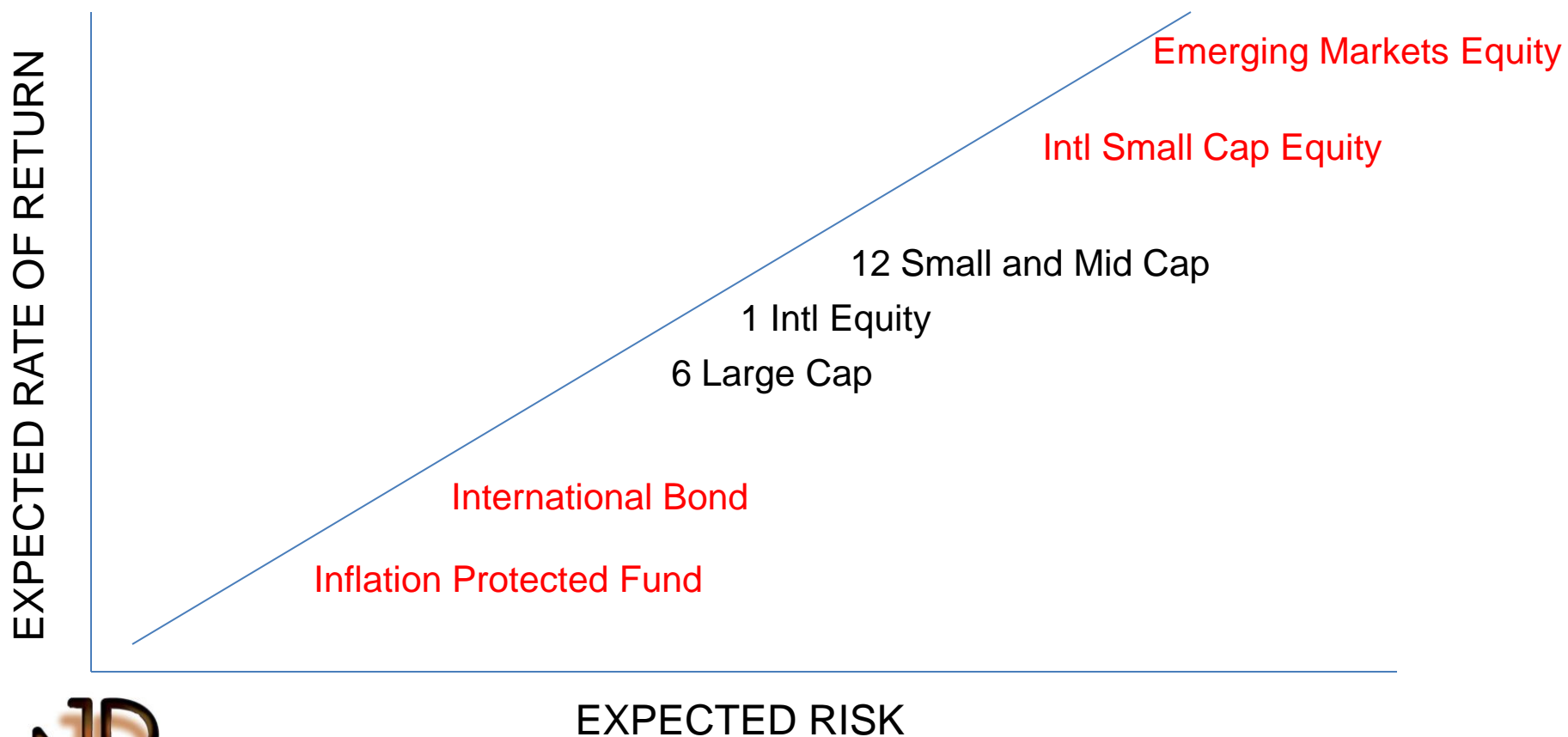


Fund Consolidation

- Ease of Participant Use
- Streamlined Fiduciary Oversight
- Reduce Participant Fees
- Improve Investment Quality
- Does Not Limit Asset Categories



Fund Menu Considerations





Passively Managed Core

Current Options

SSgA Mid Cap Index
Vanguard Mid Cap
Vanguard Small Cap



Recommended Option

Vanguard Extended Market Index

- Ease of Participant Use
- Current Relationship with Vanguard
- Consolidation Provides Institutional Share Class (0.12% or 12 basis points)



Actively Managed Value

Current Options

CRM Mid Cap Value
Colombia Mid Cap Value
Colombia Small Cap Value
Wells Fargo Adv. Spc. Small Cap
Value



Recommended Option

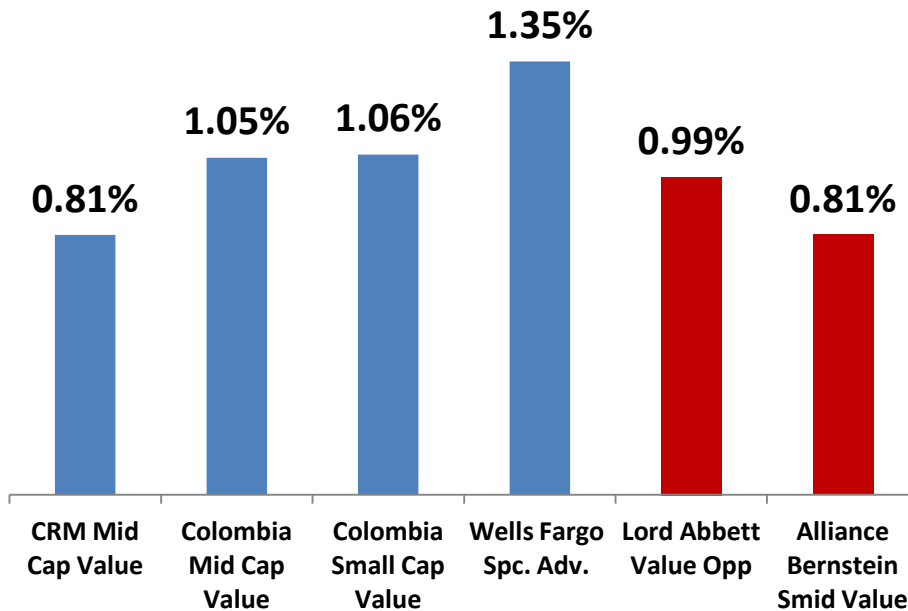
Alliance Bernstein Small-Mid Value
OR
Lord Abbett Value Opportunities

- Lower Expense Ratios
- Ease of Participant Use
- Higher Quality Funds

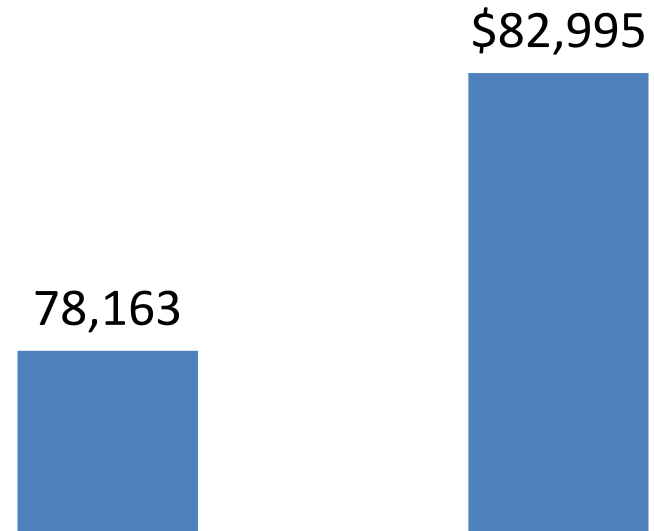


Fee Comparison

Total Fund Expense



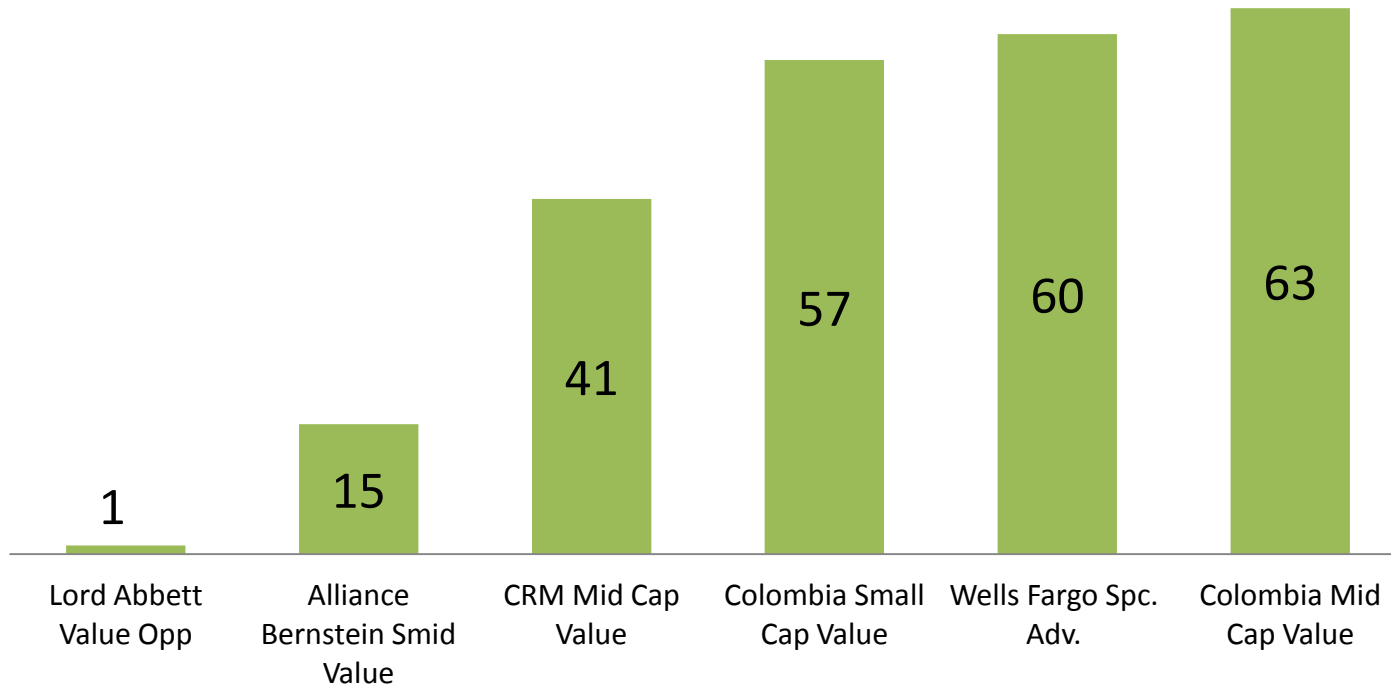
0.30% over 20 years*





Quality Comparison

Peer Ranking Comparison - 5 Year Performance





Recommended Motions

- Motion to direct Staff to work with AM and the service providers to consolidate the SSgA Mid Cap Index Fund, Vanguard Small Cap Index Fund and Vanguard Mid Cap Index Fund into the Vanguard Extended Index Fund.
- Motion to direct Staff to work with AM and the service providers to consolidate the CRM Mid Cap Value Opportunity Fund, CRM Mid Cap Value Fund, Columbia Small Cap Value II Fund, and the Wells Fargo Advantage Special Small Cap Fund to Lord Abbett Value Opportunities I Fund.



Committee Fund Watch List

Fund Name	Date Added	Reasons	Action
Hartford Mid Cap	February 2011	Manager Change	Continue
American Funds Growth Fund of America	February 2011	Performance	Continue
Lazard U.S. Mid Cap Equity Income	May 2008	Underperformance & Manager Change	Continue
Oppenheimer Main Street Small Cap	August 2009	Manager Changes	Continue
Mutual Global Discovery	February 2010	Manager Changes	Continue
Munder Mid Cap Growth Fund	November 2010	Underperformance	Continue
Keeley Small Cap Value Fund	November 2010	Underperformance & Volatility	Continue



Service Provider RFP

- Recommended Timeline

NDC Service Provider RFP Timeline	Due Dates
Distribute RFP	March 5, 2012
Responses Due to NDC and AM	April 30, 2012
NDC Committee Evaluation/Scoring	June 21, 2012
Finalists Interviews and Intent to Award	July 19, 2012
NDC Committee Review and Approve Final Contract	August 16, 2012



Differences From 2007 RFP

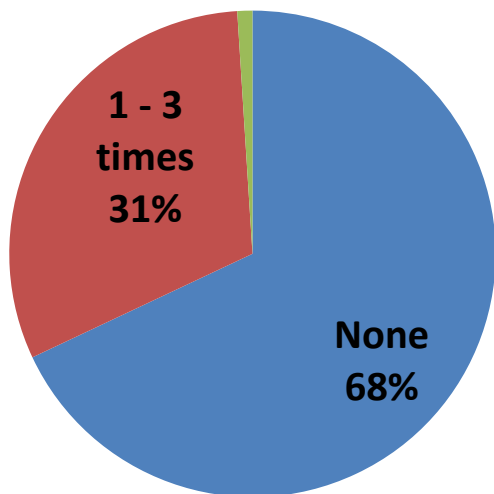
- **Stable Value Option**
 - Elimination of ING Fund
 - Protect Committee and Participants
 - Assets held in Trust
 - Transparency
- **Investment Flexibility**
 - Committee Decides
 - No recommendations
- **Fees & Expenses**
 - Participant Services
 - Recordkeeping
 - Proprietary Funds
- **Participant Services**



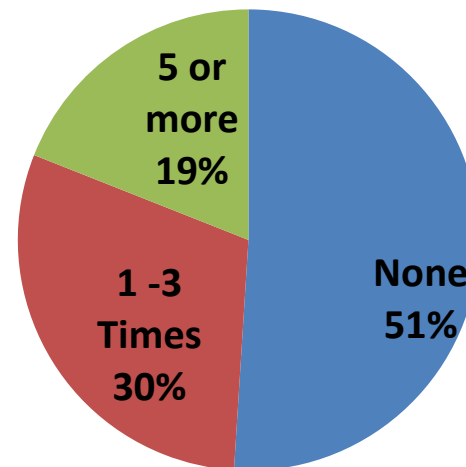


Participant Services

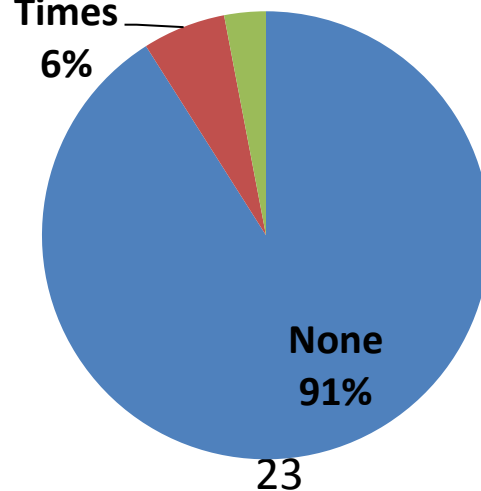
Meet w/ Rep



Utilized Website



Visited Office





Hartford Contract Amendment

- Assets Owned by Hartford, Subject to Creditors
- All other assets in NDC protected from either firm's financial health and business practices
- NLHGA provides coverage at insolvency



Group Funding Vs. Group Annuity

- **Group Annuity**
 - Committee Responsible for Annuity Oversight
 - Annuitized Monies Owned by Insurer
 - Committee Remains Fiduciary
 - Paid for Participant Life and Longer
- **Group Funding**
 - Committee Changed in 2003
 - Annuitized Assets Removed from Plan
 - Committee Not Responsible for Annuity Oversight
 - Removes Fiduciary Liability



Current Oversight

- Consultant Quarterly Reports
- Credit Ratings Monitoring
- Credit-Rating Floor & System for Removal
- 10 months until contract end



Credit Rating Floor

AM Best	Fitch	Moody's	S&P
A++	AAA	Aaa	AAA
A+	AA+	Aa1	AA+
A	AA	Aa2	AA
A-	AA-	Aa3	AA-
B++	A+	A1	A+
B+	A	A2	A
B	A-	A3	A-
B-	BBB+	Baa1	BBB+
C++	BBB	Baa2	BBB
C	BBB-	Baa3	BBB-

Current Hartford Rating

Possible Action Trigger



2011 Executive Officer Review

- Pursuant to Administrative Manual, review based on:
 - Operations Management
 - Committee Business Management
 - Contractual Relationship Management
 - Investment Management
 - Legislative Management



2011 Review

- Key Advances
- Key Disappointments
- Conclusion

Motion to approve the Executive Officer's performance review as submitted or amended



2011 Provider Review

- Pursuant to *Statement of Investment Policy*, review based on:
 - Fees and revenue sharing
 - Performance as it relates to agreed upon standards, such as:
 - Education/Communication on Investment Options Offered
 - Enrolling employees
 - Marketing the Plan



2011 Provider Activities

- Activity Summary
- Coordination with NDC Staff
- Disappointments
- 2012 Goals



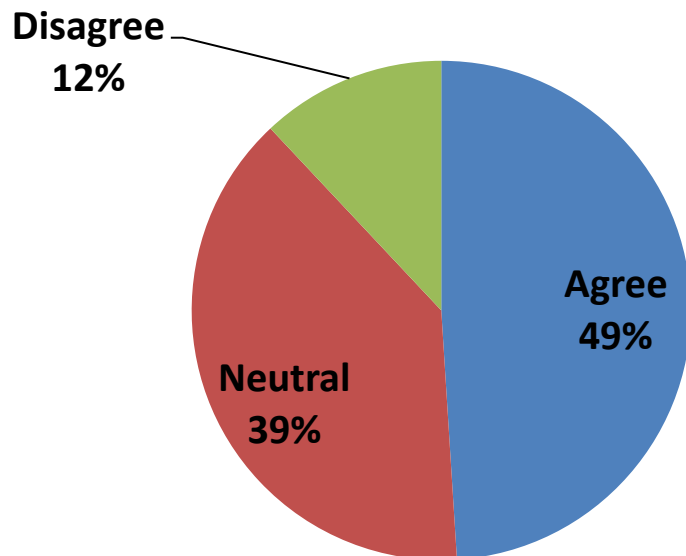
Participation Survey

- Mailed with 4Q 2011 Participant Statement of Account
- Electronic version Distributed Via E-mail
- Over 13,000 Participants
- Over 2,400 Completed Surveys (versus 1,800 in 2010)

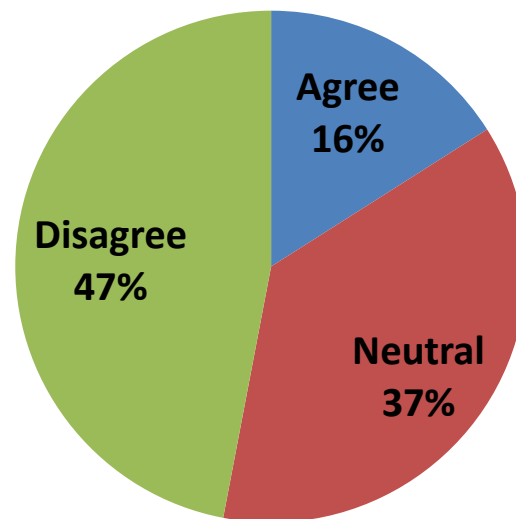


Participant Survey

Comfortable with # of Investment Options



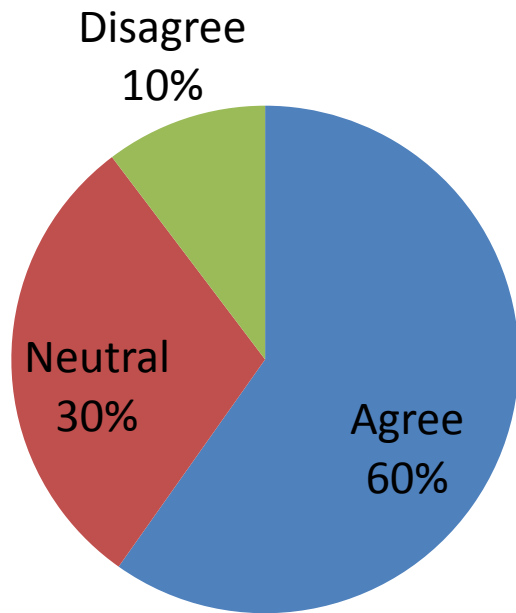
Overwhelmed by # of Investment Options



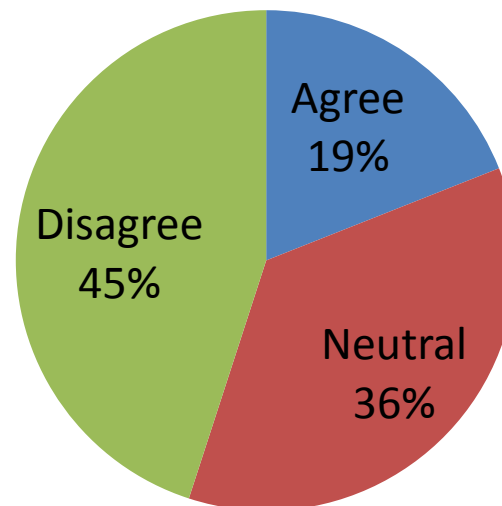


Participant Survey

Comfortable w/ Types of Investment Options



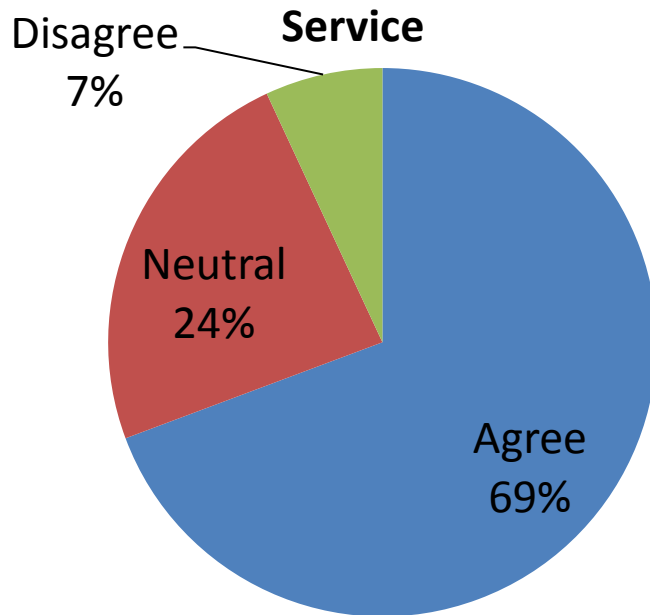
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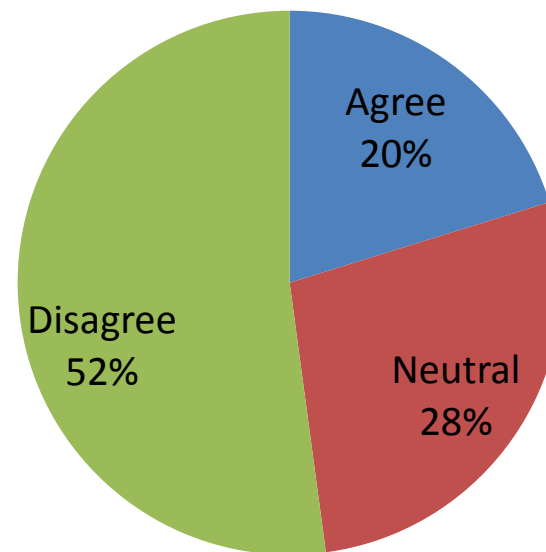


Additional Services

Enhanced Investment Advisory Service



Addition of Loan Provision





Recommend NDC

