

METROPOLITAN LIBRARY COMMISSION OF OKLAHOMA COUNTY

LIBRARY RETIREMENT PENSION BOARD AGENDA

Members:

Nancy Anthony, Chair
Judy Smith, Vice-Chair
Allen Coffey, Disbursing Agent
Donna Morris, Executive Director
Anne Fischer, Deputy Executive Director/Technology
Lloyd Lovely, Deputy Executive Director/Finance & Support

Tuesday, July 22, 2014
3:30 p.m.

Downtown Library
300 Park Avenue
Oklahoma City, OK 73102

- I. Call to Order and Establishment of Quorum – Nancy Anthony, Chair
- II. Approval of Minutes of May 1, 2013 meeting
- III. Discussion, Consideration and Possible Action: Defined Contribution Plan Report ~ Mark Thompson, Mass Mutual Financial Group
- IV. Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Kris Neuhold, Bank of Oklahoma
- V. Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Sawgrass (Large-Cap Growth)
- VI. Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Foundation Resources (Large-Cap Value)
- VII. Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Karen Foust, Asset Services Company
- VIII. Discussion, Consideration and Possible Action: Third Party Administrators and re-bidding of services

METROPOLITAN LIBRARY COMMISSION
OF OKLAHOMA COUNTY

LIBRARY RETIREMENT PENSION BOARD

MINUTES

DATE: Wednesday, May 1, 2013 TIME: 3:30 PM
MEETING PLACE: Downtown Library
300 Park Avenue
Oklahoma City, OK 73102
(405) 231-8650

Written public notice of the time, date, and place of this meeting was given to the County Clerk of Oklahoma County, March 27, 2013. Notice of the time, date, place, and agenda for this meeting was posted by the Secretary of the Commission in prominent public view at the Downtown Library, 300 Park Avenue, Oklahoma City, on April 29, 2013, in conformity with the Oklahoma Open Meeting Act § 311.

COMMITTEE MEMBERS PRESENT:

Fran Cory, Chair
Nancy Anthony
Lloyd Lovely
Donna Morris
Judy Smith
Jim Welch

COMMITTEE MEMBERS EXCUSED:

COMMISSION MEMBERS PRESENT:

ESTIMATE OF OTHERS PRESENT: 10

I. The meeting was called to order at 3:30 p.m. by Mrs. Fran Cory, Chair.

Roll was called to establish a quorum. Present: Anthony, Lovely, Morris, Smith, Welch, Cory.

II. Mrs. Cory referred to Agenda Item II ~ Approval of Minutes of October 29, 2012.

Mrs. Nancy Anthony moved to approve the minutes of the October 29, 2012 meeting. Mrs. Judy Smith seconded. No further discussion; motion passed unanimously.

III. Mrs. Cory referred to Agenda Item III - Kris Neuhold, Bank of Oklahoma: Introduction of new BOK team member

Mr. Neuhold introduced Mr. Joe Wright, who will be taking over the management responsibilities as the new Portfolio Manager with BOK. Mr. Wright has been with BOK for 16 years and is looking forward to working with the Pension Board.

IV. Mrs. Cory referred to Agenda Item IV ~ Discussion, Consideration and Possible Action: Defined Contribution Plan Report ~ Mark Thompson, Mass Mutual Financial Group.

Mr. Mark Thompson, Mass Mutual, stated at the close of business on April 17, 2013, the assets of the Metropolitan Library System Defined Contribution Plan totaled \$11,494,876.27, which represents an increase of \$1,249,036.55 over the October 29, 2012 total of \$10,245,839.72.

Mr. Thompson stated the extensive supporting documentation for the fund performance and participant activity was not included in the handouts for the meeting. The full report is approximately 46 pages. He asked for input from the board on how they would like to receive the information in the future. Mrs. Morris stated the full report should be sent electronically to the Pension Board at least once a year. Mrs. Anthony concurred and added it's important for the board to review the information at least annually to fulfill its legal responsibility in overseeing the Defined Contribution Plan. Mr. Thompson stated the full report will be sent to the Pension Board electronically at the conclusion of today's meeting and annually moving forward.

Mr. Thompson suggested the board look into altering the emphasis of the library's 457 plan. He stated the current 457 plan has not been utilized as it should be and by changing to a fixed income 457 plan instead of a market driven plan, it would work with and offset the Defined Contribution Plan and potentially have higher utilization by library employees.

Lastly, Mr. Thompson disclosed his intent to change Broker/Dealers and emphasized the change will have zero impact on the library's retirement plan. There has been no change as of yet; however, if there is a change, a notice of the change will be given. Mr. Thompson asked if there were any concerns. There were none.

V. Mrs. Cory referred to Agenda Item V ~ Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Sawgrass (Large-Cap Growth)

Mr. Chris Greco, Partner, Sawgrass Asset Management provided background information on Sawgrass. and the types of companies they typically invest in. Mr. Greco reviewed the plan performance and history. Sawgrass was hired by the Pension

Board in 2008. They somewhat lagged in performance, compared to its index (Russell 1000 Growth) in 2009 and 2010; however, they are currently on a good pace. For the first quarter of 2013, Sawgrass was up 11.9%. Mr. Greco highlighted the stocks that have worked well and the ones that have not. Typically, Sawgrass invests in companies with strong consistent earnings, minimizing risks. Discussion followed.

VI. Mrs. Cory referred to Agenda Item V ~ Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Foundation Resources (Large-Cap Value).

Mr. Mark Milsap and Mr. Greg Hartz, co-owners of Foundation Resource Management provided a brief history of the company. Foundation Resource manages about 1.9 billion dollars of client assets and currently has approximately 200 clients. Foundation Resources is heavily invested in energy, particularly in oil and gas.

Mr. Milsap reviewed the returns year to date. Since inception, the first three years produced great returns; however the last two years have been challenging. Things are looking up. Foundation Resources is ahead of its benchmark, Russell 1000 Value for the annualized return. Mr. Milsap reviewed and explained the Equity Risk Premium Chart. The chart is reflective of 50 plus years of data. It compares the valuation of stocks to the valuations of bonds and at the end of 2012; Foundation Resources were at an all time high. The portfolio value at the end of the quarter was between 5.9 and 6 million dollars. Questions and discussion followed.

VII. Mrs. Cory referred to Agenda Item VII ~ Discussion, Consideration and Possible Action: Review of Investments and Money Manager Performance ~ Asset Services Company.

Mr. Peter Junkin, Asset Services Company handed out and reviewed the 1st quarter report for 2013. At the request of the board previously, Mr. Junkin also provided a spreadsheet of fees associated with the various investment and money management companies. Discussion followed.

Mrs. Anthony asked if there were any concerns regarding the underperformance of Foundation Resources. Mr. Junkin stated there are no concerns at this time. Foundation Resources is consistent with investments and he expects that portfolio will again outperform the benchmark. Discussion followed.

VI. Mrs. Anthony called for questions. There being no further business, the meeting was adjourned at 4:45 p.m.

Donna Morris, Executive Director



Mark S. Thompson, CLU, ChFC

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July 22, 2014

Library Retirement Pension Board
Metropolitan Library System
Oklahoma City, OK

At the close of business on July 14th, 2014, the assets of the Metropolitan Library System Defined Contribution Plan totaled \$14,805,625.45, an increase of \$3,310,749.18 over the May 1, 2013, total of \$11,494,876.27

I have approached Mass Mutual and suggested a reduction in both my advisory fees and those charged by Mass Mutual. Mass Mutual and I are submitting a proposal that will reduce total annual plan cost by \$41,000 (22%). The current plan costs and the proposed changes are attached.

I will discuss the specific details in more depth at the meeting.

Respectfully Submitted,

A handwritten signature in blue ink that reads 'Mark S. Thompson'.

Mark S. Thompson

Metropolitan Library System DC Plan - 83974 - 001

Cost and Revenue Disclosure

	Plan Assets	Annual Administrative Services Revenue (%) ¹	Annual Administrative Services Revenue (\$)	Annual Expense Ratio ²	Annual Plan Cost (\$)
	[A]	[B]	[A] X [B]	[C]	[A] X [C]
Non-Fixed Investment Option					
Premier Money Market (Babson) 5 (MKSXX)	\$0	0.10%	\$0	0.53%	\$0
Premier Core Bond (Babson) A (MMCBX)	\$153,885	0.60%	\$923	0.96%	\$1,477
Select Strategic Bond (Western) A (MSBAX)	\$758,354	0.60%	\$4,550	1.03%	\$7,811
Balanced (American) 2 (RLBBX)	\$111,867	0.85%	\$951	1.36%	\$1,521
RetireSMART 2010 A (MRXAX)	\$177,225	0.60%	\$1,063	1.16%	\$2,055
RetireSMART 2020 A (MRTAX)	\$1,214,421	0.60%	\$7,287	1.21%	\$14,694
RetireSMART 2030 A (MRYAX)	\$1,175,790	0.60%	\$7,055	1.24%	\$14,580
RetireSMART 2040 A (MRFAX)	\$779,718	0.60%	\$4,678	1.25%	\$9,746
RetireSMART 2050 A (MMARX)	\$99,133	0.60%	\$595	1.25%	\$1,239
RetireSMART In Retirement A (MRDAX)	\$45,342	0.60%	\$272	1.17%	\$531
Value (MFS) 2 (MVRRX)	\$718,024	0.75%	\$5,385	1.17%	\$8,401
Sel Large Cap Val (Columbia/Huber) A (MMLAX)	\$649,043	0.60%	\$3,894	1.20%	\$7,789
Select Focused Value (Harris) A (MFVAX)	\$565,664	0.60%	\$3,394	1.29%	\$7,297
Equity Growth (American Century) I (BEQGX)	\$1,777,083	0.25%	\$4,443	0.68%	\$12,084
Equity Portfolio (Calvert) A (CSIEX)	\$585,873	0.50%	\$2,929	1.23%	\$7,206
Sel Gr Opportunities (Sands/JSP) A (MMAAX)	\$725,525	0.60%	\$4,353	1.29%	\$9,359
Mid Cap Core Equity (Invesco) R (GTARX)	\$396,676	0.80%	\$3,173	1.45%	\$5,752
Select Mid Cap Gr II (TRP/Frontier) A (MEFAX)	\$479,198	0.60%	\$2,875	1.30%	\$6,230
Sel SmCoVal (Fed Clov/TRP/ERNST) A (MMYAX)	\$243,656	0.60%	\$1,462	1.48%	\$3,606
Main St. Small & Mid Cap (OFI) A (OPMSX)	\$676,070	0.55%	\$3,718	1.10%	\$7,437
Growth (Baron) (BGRFX)	\$149,967	0.40%	\$600	1.30%	\$1,950
International Value (Thornburg) 3 (TGVRX)	\$203,269	0.75%	\$1,525	1.45%	\$2,947
Premier Global (OFI) A (MGFAX)	\$625,747	0.60%	\$3,754	1.40%	\$8,760
Intl New Discovery (MFS) 2 (MIDRX)	\$413,459	0.75%	\$3,101	1.64%	\$6,781
Real Estate (OFI) A (OREAX)	\$148,891	0.55%	\$819	1.37%	\$2,040
Subtotal of Non-Fixed Investment Options	\$12,873,880	0.57%	\$72,800	1.18%	\$151,294
Fixed Investment Option					
RM 2005 Class Year ⁴	Rate ⁵ 3.00%				
	\$1,707,577	0.90%	\$15,368	N/A	N/A
Subtotal of Fixed Investment Options	\$1,707,577	0.90%	\$15,368	N/A	N/A
Total of All Investment Options¹⁰	\$14,581,456	0.60%	\$88,169	N/A	\$151,294
Additional Fees³					
Plus an Asset Charge as a % of Plan Assets:		0.25%		0.25%	\$36,454
Total Annual Plan Cost⁴				N/A	\$187,748
Total Annual Revenue for Administrative Services					
		0.85%			
Less Annual Compensation to Advisor ⁷ :		0.25%			
Net Annual Revenue for Administrative Services⁸		0.60%			
Less Cost for Participant Services ⁹ :		0.12%			
Less Cost for Plan Sponsor Services ⁹ :		0.18%			
Cost for Recordkeeping Services as Defined by 408(b)2⁷		0.30%			

This statement provides calculations of the annual expenses incurred by your plan for investment management and administrative services, including recordkeeping services. It also provides calculations of the annual revenue that MassMutual receives as compensation for the administrative services it provides to your plan. This means that these amounts are estimates because they are calculated based on information listed on the statement (as of the date listed on the statement) and assume that the plan assets, investment allocations and investment expenses remain constant for the duration of the annual period. Because the size of your plan, the plan's asset allocations and the investment expense ratios will change over time, actual expenses and revenues will differ from these calculated amounts.

Administrative services revenue information shown in this disclosure reflects rates that will become effective on or about June 23, 2014, for mutual funds offered through your retirement plan and/or for separate investment accounts that invest in those funds. Please contact your MassMutual Retirement Services professional for previously published disclosures, which include revenue information that will be in effect until on or about June 23, 2014.

Please read the footnotes below for additional information about the information presented above.

1. The Annual Administrative Services Revenue (%) for each investment option with an annual expense ratio is the portion of such investment option's expense ratio that MassMutual Retirement Services either receives from investment options other than the Premier and Select Funds in the form of revenue sharing or retains from the Premier and Select Funds and uses to support administrative services. The remainder of the investment option's annual expense ratio supports investment services. Please keep in mind that the revenue MassMutual Retirement Services retains is a part of, and is not additional to, your plan's total expenses.
2. The Annual Expense Ratio for each investment option (expressed as an annualized percentage of fund assets) refers to the amount paid from the investment's assets for investment management and other services and expenses (including any 12b-1 fees less any expense reimbursement). It shows what your plan and participants pay, along with all other investors, in connection with their investment. The annual expense ratios are current as of December 31, 2013.
3. Additional Fees discloses revenue collected by MassMutual Retirement Services in addition to revenue derived from investments, but excludes the transaction expenses, such as distribution check charges and fees for optional services, and, if applicable, the non-active-employee participant fee, which is deducted directly from the account of each such participant (See the "Understanding Your Plan's Services and Related Fees" brochure and the list of services in the Plan Administrator's Guide attached to the brochure for more information generally and see your services agreement for information regarding the applicability of plan specific expenses). If your plan has a banded asset charge, this disclosure is based on the asset charge applicable to the total amount of plan assets from all investment options listed on this statement. To determine the asset charge applicable at different asset levels, please check either your services agreement or group annuity contract. The dollar amount reflected in the Annual Plan Cost column is a point-in-time calculation based on the reported Total Plan Assets and the fee schedule in effect at the time this statement was generated and does not necessarily reflect the actual amount to be collected.
4. Total Annual Plan Cost is the total of the Annual Expense Ratios and the Additional Fees (with dollar cost items, if any, converted to a percentage based on the applicable expense schedule and the total plan assets listed above).
5. Annual Compensation to Advisor may be paid as a flat dollar amount or as a percentage of assets. If compensation is paid as a flat dollar amount, it is converted to an annual percentage based on the total amount of plan assets from all investment options listed on this statement. If compensation is calculated as a percentage of your plan's assets, this percentage is listed on this statement. If your plan offers investments with respect to which compensation is not paid (e.g., company stock, self-directed brokerage account), the percentage listed will be the percentage applied to the compensable investments and may be overstated with respect to all plan assets depending on the amount of assets allocated to the non-compensable investments. If the Annual Compensation to Advisor is listed as 0.00%, MassMutual does not pay compensation to an advisor with respect to your plan.
6. Net Annual Revenue for Administrative Services is the Total Annual Revenue for Administrative Services less the Annual Compensation to Advisor and the Annual Plan Expense Reimbursement, if any, which reduce the revenue MassMutual receives to cover plan administrative services. If your plan offers investments with respect to which compensation is not paid to the advisor (see Annual Compensation to Advisor footnote), the Net Annual Revenue for Administrative Services may be correspondingly understated depending on the amount of assets allocated to the non-compensable investments.
7. The Net Annual Revenue for Administrative Services is allocated among up to three categories of services depending on your service model - Participant Services (20%), Plan Sponsor Services (30%) and Recordkeeping Services (50%). If this allocation process does not result in whole numbers, then the numbers will be rounded based on conventional rounding principles and if rounding results in the total of the applicable categories not equaling the Net Annual Revenue for Administrative Services, then the allocation to the Plan Sponsor Services will be adjusted as necessary. The services within each category are listed in the "Understanding Your Plan's Services and Related Fees" brochure. The percentage of the Net Annual Revenue for Administrative Services that is allocated to each of the applicable categories of services is consistent with an independent, third-party market research study of defined contribution plan service providers and MassMutual's internal expense allocation analysis. The third-party study analyzes the costs associated with administering and providing recordkeeping services to plans and the revenue derived from offering these retirement services in comparison to averages and ranges of organizations of similar size and servicing similar market segments.
8. Rate is the current annual credited rate for your plan's fixed investment option before deduction of any plan expenses. This rate is reset periodically in accordance with the terms of your Investment Agreement.
9. The Annual Administrative Services Revenue shown for the General Investment Account investment option is Retirement Services' targeted revenue, net of a risk charge for the interest rate guarantee and other investment expenses that is not greater than 0.95%. Retirement Services sets the credited rate in order to achieve a certain targeted revenue over a time period in excess of the period for which the current credited rate will be in effect. Since the credited rate is set in advance, the actual earnings on the general account investments will vary based on the performance of MassMutual's general account and the targeted revenue reflects Retirement Services' expected earnings over an extended time period. Actual revenue earned in any one year will likely be higher or lower than the target. Since it is anticipated that over a reasonable time period actual revenue will equal targeted revenue, MassMutual reports targeted revenue to avoid the fluctuation that would likely arise from reporting actual revenue. The General Investment Account fixed investment option reflects N/A for the annual expense ratio because it does not have a set management fee and credits a pre-set guaranteed rate regardless of the financial performance of MassMutual's general account.
10. The Annual Plan Cost (\$) noted in the Total of All Investment Options is calculated without including the assets invested in the General Investment Account.

MassMutual Financial Group is a marketing designation (or fleet name) for Massachusetts Mutual Life Insurance Company (MassMutual) (of which MassMutual Retirement Services is a Division) and affiliates.

Metropolitan Library System DC Plan - 83974 - 001

Cost and Revenue Disclosure - Hypothetical

	Plan Assets [A]	Annual Administrative Services Revenue (%) ¹ [B]	Annual Administrative Services Revenue (\$) [A] X [B]	Annual Expense Ratio ² [C]	Annual Plan Cost (\$) [A] X [C]
Non-Fixed Investment Option					
Premier Money Market (Babson) 5 (MKSXX)	\$6	0.10%	\$0	0.53%	\$0
Premier Core Bond (Babson) L	\$158,885	0.35%	\$5539	0.71%	\$1,093
Select Strategic Bond (Western) L	\$154,358	0.35%	\$2,654	0.78%	\$5,915
Balanced (American) 3	\$111,867	0.60%	\$671	0.94%	\$1,052
RetireSMART 2010 A (MRXAX)	\$177,225	0.60%	\$1,063	1.16%	\$2,056
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Real Estate (OFI) A (OREAX)	\$148,891	0.55%	\$819	1.37%	\$2,040
Subtotal of Non-Fixed Investment Options	\$12,873,880	0.53%	\$68,445	1.14%	\$146,749
Fixed Investment Option					
RM 2005 Class Year ³	Rate ⁴ 3.00%				
	\$1,707,577	0.70%	\$11,953	N/A	N/A
Subtotal of Fixed Investment Options	\$1,707,577	0.70%	\$11,953	N/A	N/A
Total of All Investment Options¹⁰	\$14,581,456	0.55%	\$80,398	N/A	\$146,749
Additional Fees³					
No Additional Fees					
Total Annual Plan Cost⁴					N/A
Total Annual Revenue for Administrative Services		0.55%			
Less Annual Compensation to Advisor ⁵ :		0.15%			
Net Annual Revenue for Administrative Services⁶		0.40%			
Less Cost for Participant Services ⁷ :		0.08%			
Less Cost for Plan Sponsor Services ⁷ :		0.12%			
Cost for Recordkeeping Services as Defined by 408(b)(2)⁷		0.20%			

This statement provides calculations of the annual expenses incurred by your plan for investment management and administrative services, including recordkeeping services. It also provides calculations of the annual revenue that MassMutual receives as compensation for these services. Administrative services revenue information shown in this disclosure reflects rates that will become effective on or about June 23, 2014, for mutual funds offered through your retirement plan and/or for separate investment accounts that invest in those funds.

Please read the footnotes below for additional information about the information presented above.

1. The Annual Administrative Services Revenue (%) for each investment option with an annual expense ratio is the portion of such investment option's expense ratio that MassMutual Retirement Services either receives from investment options other than the Plan or from the Plan.

2. The Annual Expense Ratio for each investment option (expressed as an annualized percentage of fund assets) refers to the amount paid from the investment's assets for investment management and other services and expenses (including any 12b-1 fees less a deduction for the Plan's share of such expenses).

3. Additional Fees discloses revenue collected by MassMutual Retirement Services in addition to revenue derived from investments, but excludes the transaction expenses, such as distribution check charges and fees for optional services, and, if applicable, fees for optional services.

4. Total Annual Plan Cost is the total of the Annual Expense Ratios and the Additional Fees (with dollar cost items, if any, converted to a percentage based on the applicable expense schedule and the total plan assets listed above).

5. Annual Compensation to Advisor may be paid as a flat dollar amount or as a percentage of assets. If compensation is paid as a flat dollar amount, it is converted to an annual percentage based on the total amount of plan assets from all investment options.

6. Net Annual Revenue for Administrative Services is the Total Annual Revenue for Administrative Services less the Annual Compensation to Advisor and the Annual Plan Expense Reimbursement, if any, which reduce the revenue MassMutual receives to cover plan expenses.

7. The Net Annual Revenue for Administrative Services is allocated among up to three categories of services depending on your service model - Participant Services (20%), Plan Sponsor Services (30%) and Recordkeeping Services (50%). If this allocation procedure is not applicable, the revenue will be allocated 100% to Plan Sponsor Services.

8. Rate is the current annual credited rate for your plan's fixed investment option before deduction of any plan expenses. This rate is reset periodically in accordance with the terms of your Investment Agreement.

9. The Annual Administrative Services Revenue shown for the General Investment Account investment option is Retirement Services' targeted revenue, net of a risk charge for the interest rate guarantee and other investment expenses that is not greater than the revenue.

10. The Annual Plan Cost (\$) noted in the Total of All Investment Options is calculated without including the assets invested in the General Investment Account.

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TPA: 6/11/14 3:13 PM