

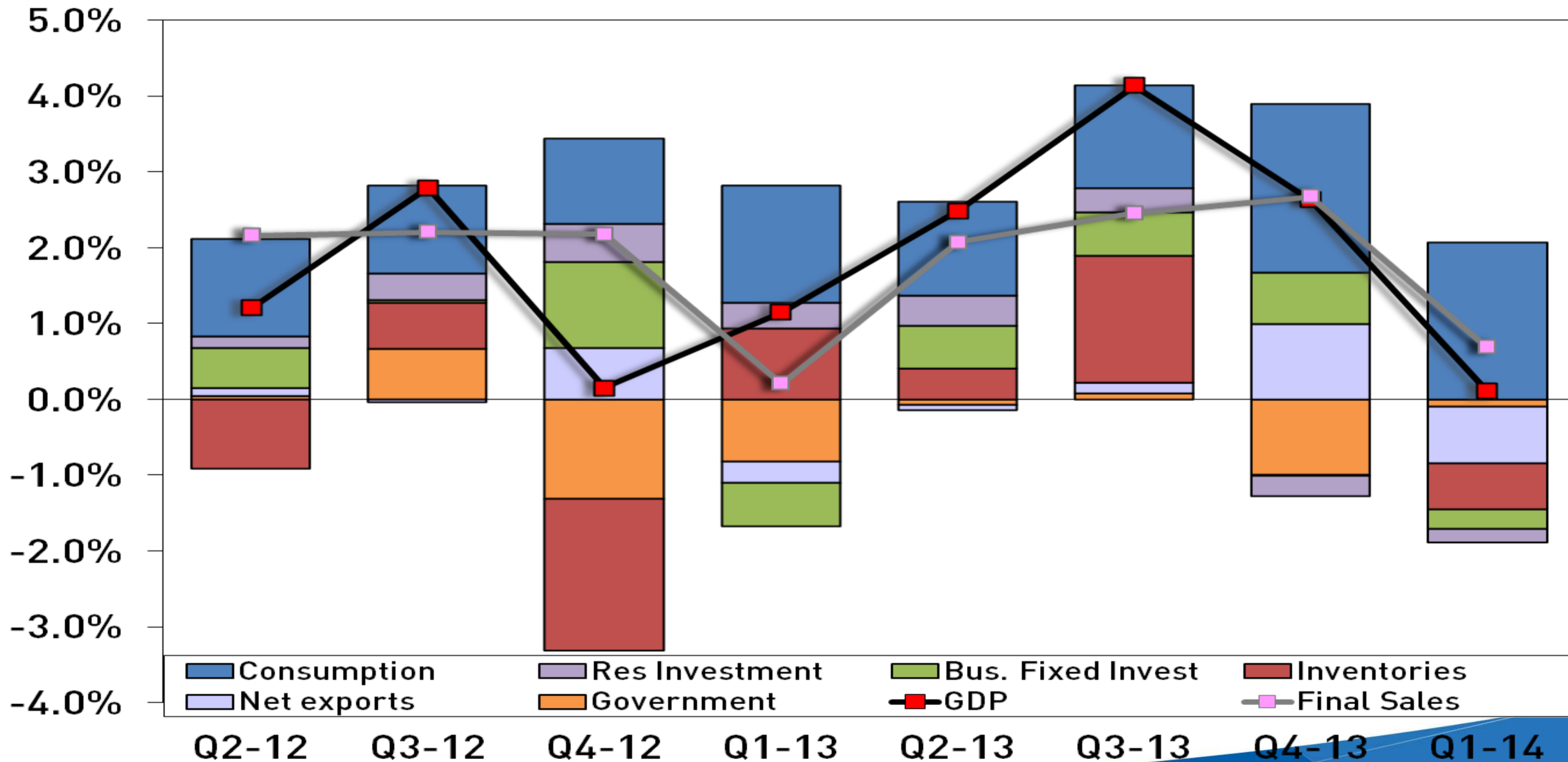
# **1Q14 Investment Results for the Management Committee**

**05-14-14**

# Economic Review: Real GDP

1Q14, 0.1%; 4Q13, 2.6%; 3Q13, 2.4%; 2Q13 2.5%

## GDP and Sector Contributions



Source: Bureau of Economic Analysis

# Employment Picture

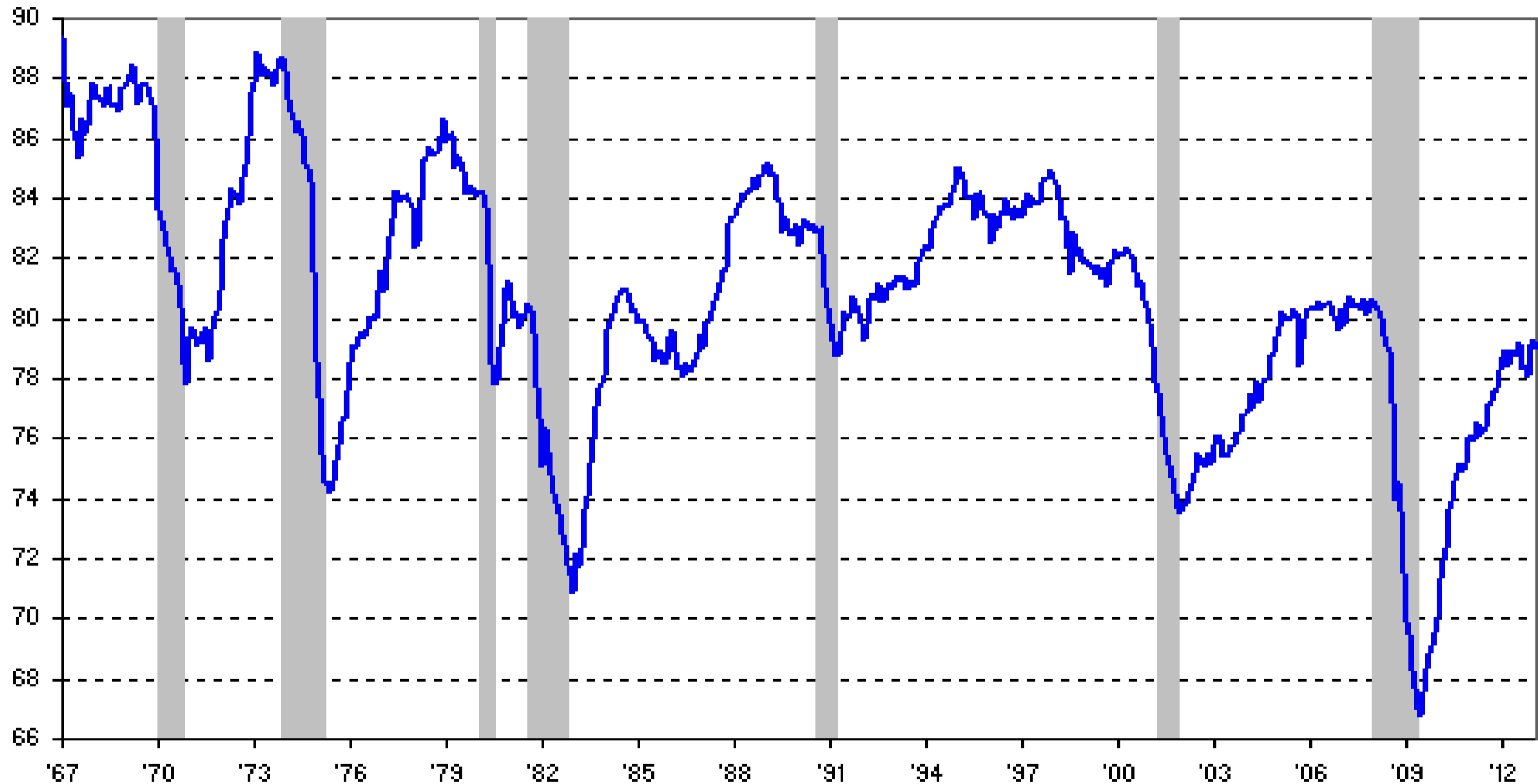
## Nonfarm Payroll Growth

Sources: BLS, Vining Sparks



# Current U.S. Economic recovery is weaker relative to past

Capacity Utilization



# Future Economic Environment

- According to the IMF, US economic recovery driving global expansion
  - 2014 forecast at 2.8% for US, 3.6% for World
  - 2015 forecast at 3.0% for US, 3.9% for World
- Factors contributing to positive growth -
  - Modest Federal govt. spending cuts in 2014
  - Higher household wealth
  - Recovering housing market
  - Banks improved willingness to lend

# Muni Curve Flattened

<HELP> for explanation.

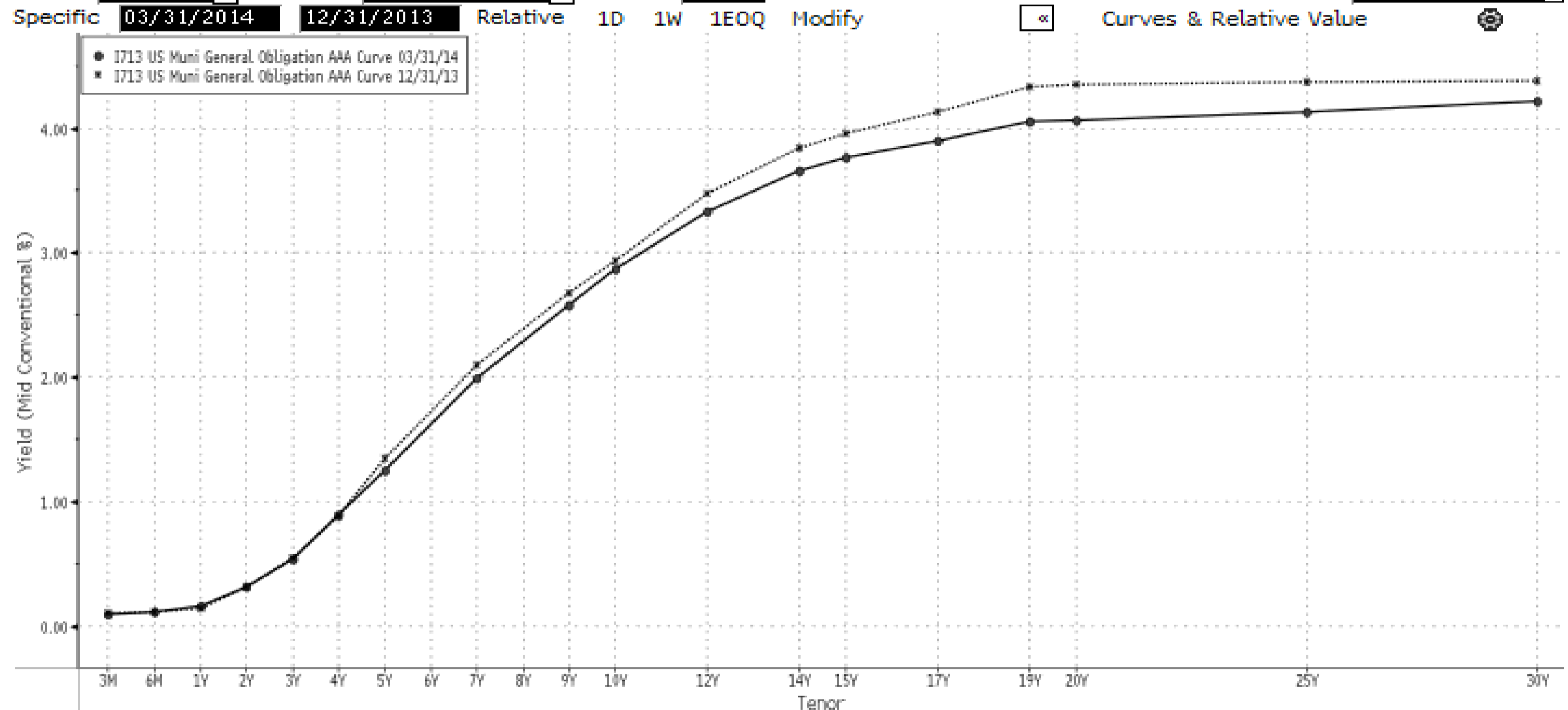
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US MUNI GENERAL OBLIGATION 97) Actions 98) Table

X-axis Tenor Y-axis Yield PCS  
 Specific 03/31/2014 12/31/2013 Relative 1D 1W 1EQ Modify

Graph Curves

Lower Chart History Chart



Australia 61 2 9777 8600 Brazil 5511 3048 4500 Europe 44 20 7330 7500 Germany 49 69 9204 1210 Hong Kong 852 2977 6000  
 Japan 81 3 3201 8900 Singapore 65 6212 1000 U.S. 1 212 318 2000  
 Copyright 2014 Bloomberg Finance L.P.  
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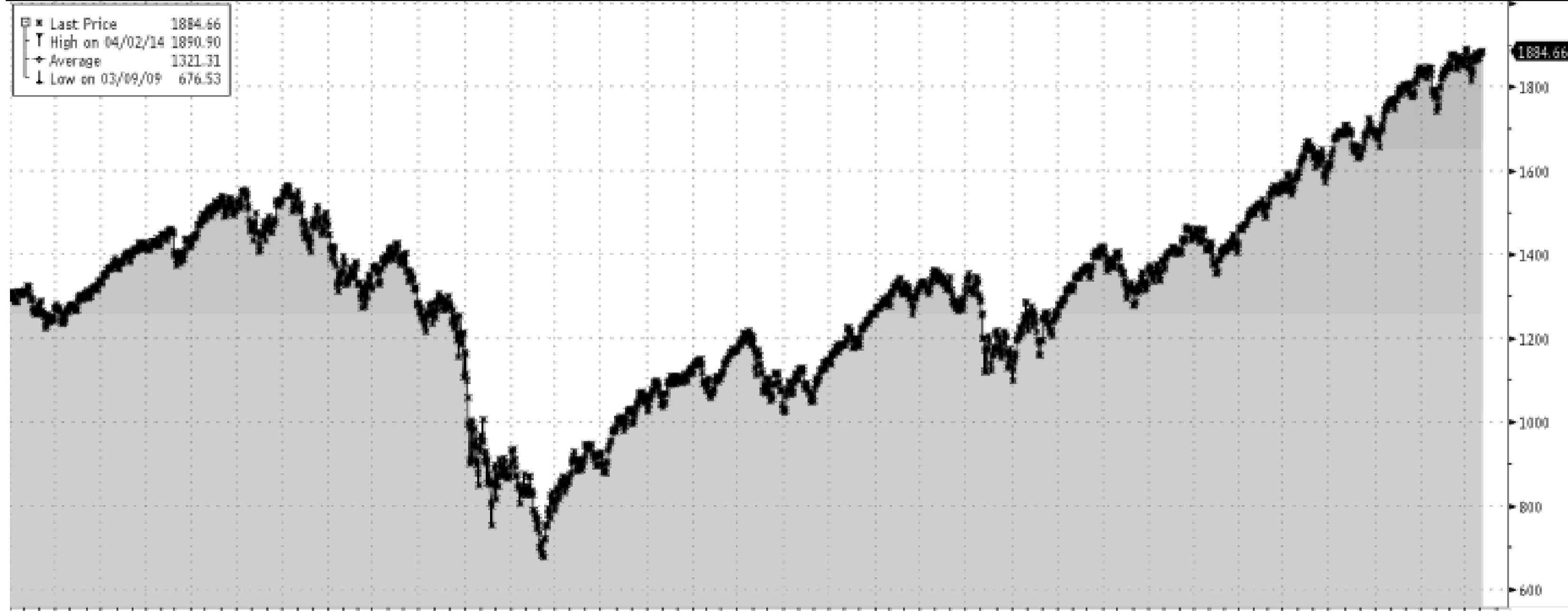
Source: Bloomberg



# S&P 500 Index

SPX ↑ 1884.66 +3.52 1881.77 / 1888.01  
 At 15:28 d 0 1879.45 H 1885.51 L 1866.77 Prev 1881.14

SPX Index	95) Save As	96) Actions	97) Edit	98) Table	Yield Chart
03/31/2006 - 05/05/2014	Last Trade	Line	1) Compare	Mov. Avgs	No Lower Chart
1D 3D 1M 6M YTD 1Y 5Y Max Daily ▼					USD



2006	2007	2008	2009	2010	2011	2012	2013	2014
Australia 61 2 9777 8600	Brazil 5511 3048 4500	Europe 44 20 7330 7500	Germany 49 69 9204 1210	Hong Kong 852 2977 6000	Japan 81 3 3201 8900	Singapore 65 6212 1000	U.S. 1 212 318 2000	

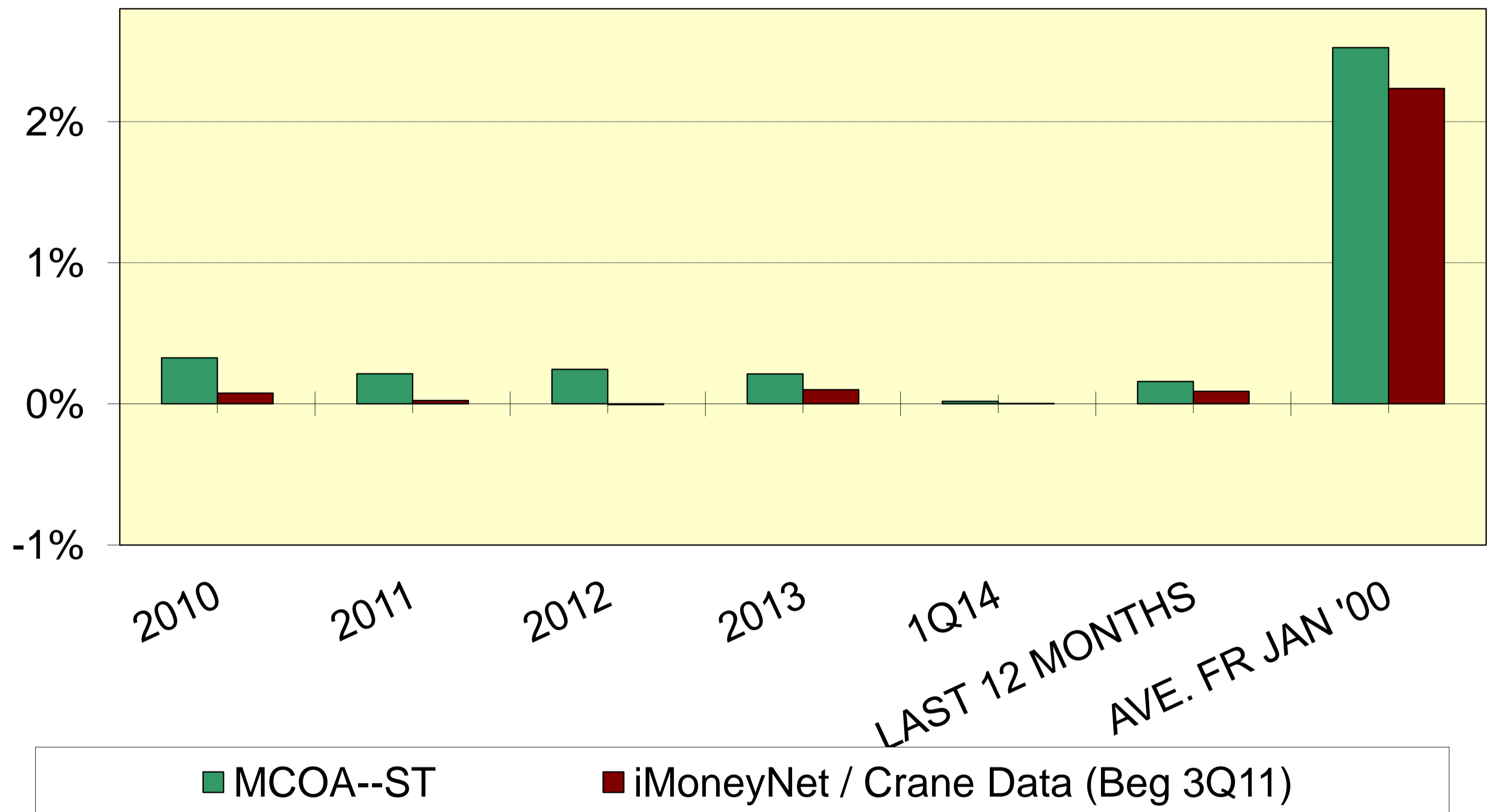
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Source: Bloomberg



# Total Return, ST Portfolio

## Total Return (by Periods)



Source: Metropolitan Council, Bloomberg

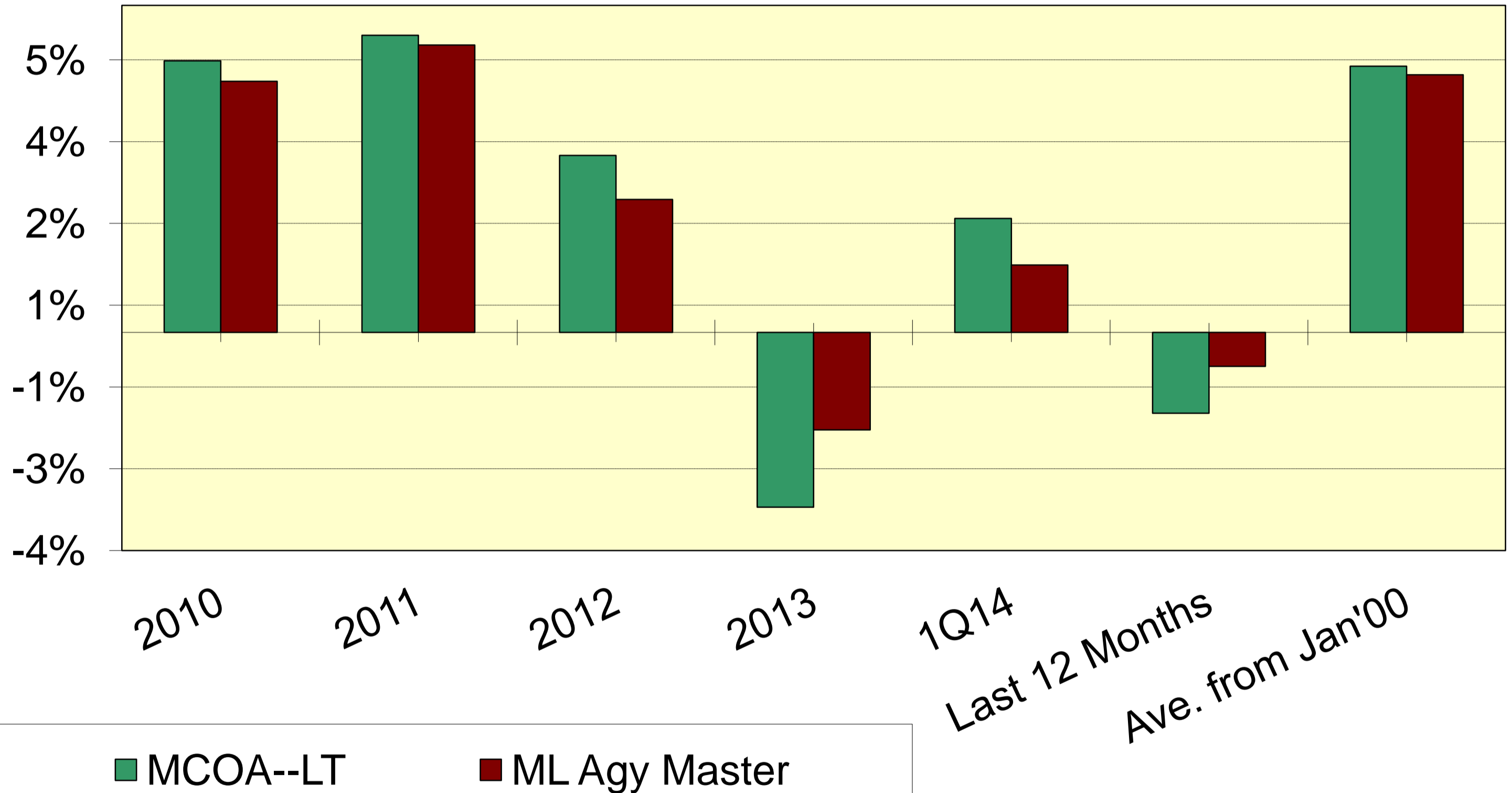


# Expectations: Short Term

- Short terms rate remain low anchored down by Fed's monetary policy
- Explore other short-term alternatives i.e. purchase CD's with FDIC insurance.

# Total Return, LT Portfolio

## Total Return (by Periods)



Source: Metropolitan Council, Bloomberg

# Investment Plans for Long-term Portfolio

- Use cash balances to maintain effective duration within a range of 3 - 4.
- As rates rise, invest in mortgage backed securities and high quality taxable municipal bonds.

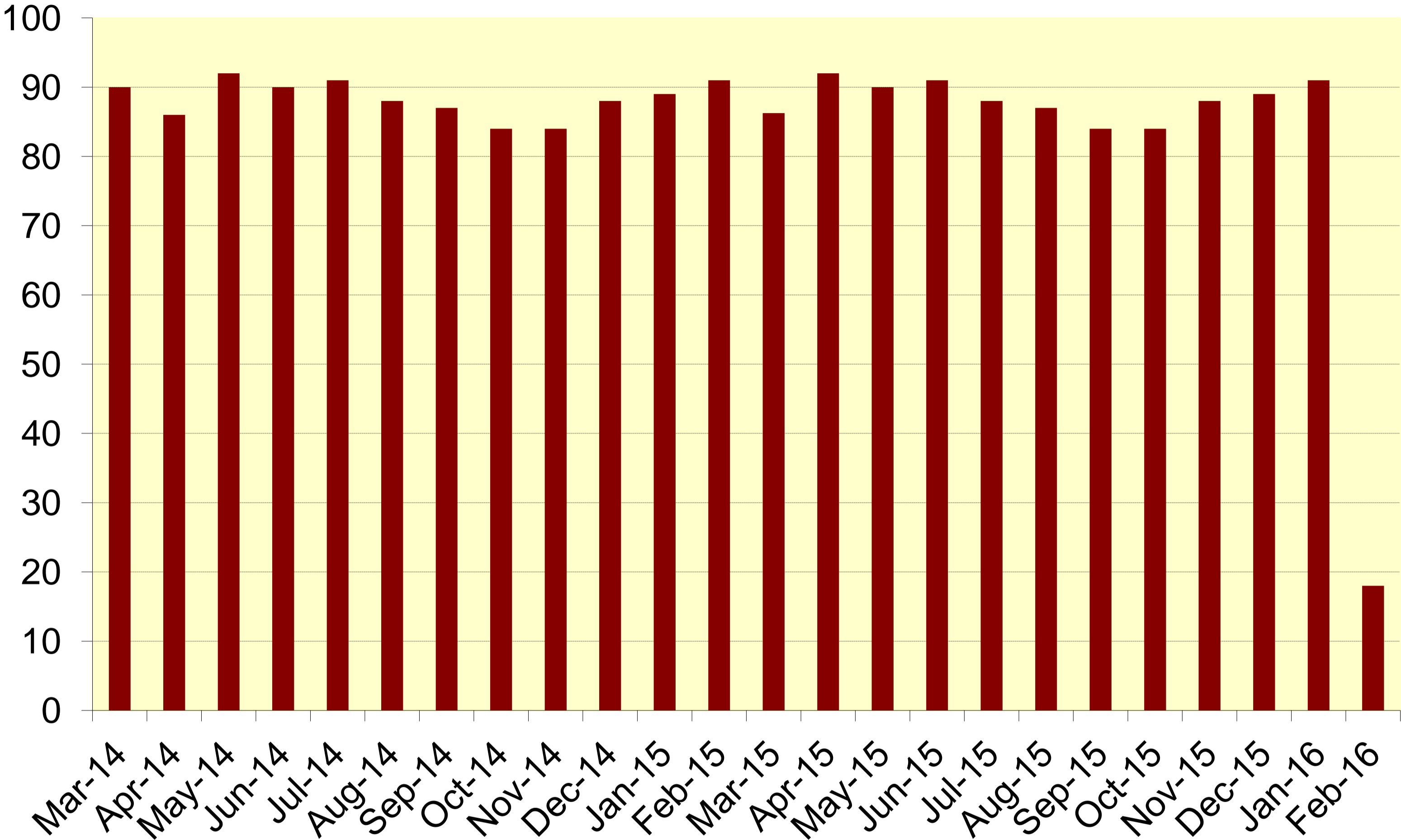
# OPEB 1Q14 Port Results

- S&P 500 Index @ 1.77%; OPEB @ 1.81%
- 1Q14 unrealized gain is \$ 2.3M
- Value: 12-31-13: \$ 179.0MM  
03-31-14: \$ 174.8MM  
05-05-14: \$ 184.1MM
- 100% allocation to equities

# Allocation Expectations: OPEB

- Review asset allocation strategy in 2014 based on results from pending actuarial analysis.
- Equity markets will remain volatile due to market uncertainty fueled by geopolitical risks.

# Diesel Hedging Program

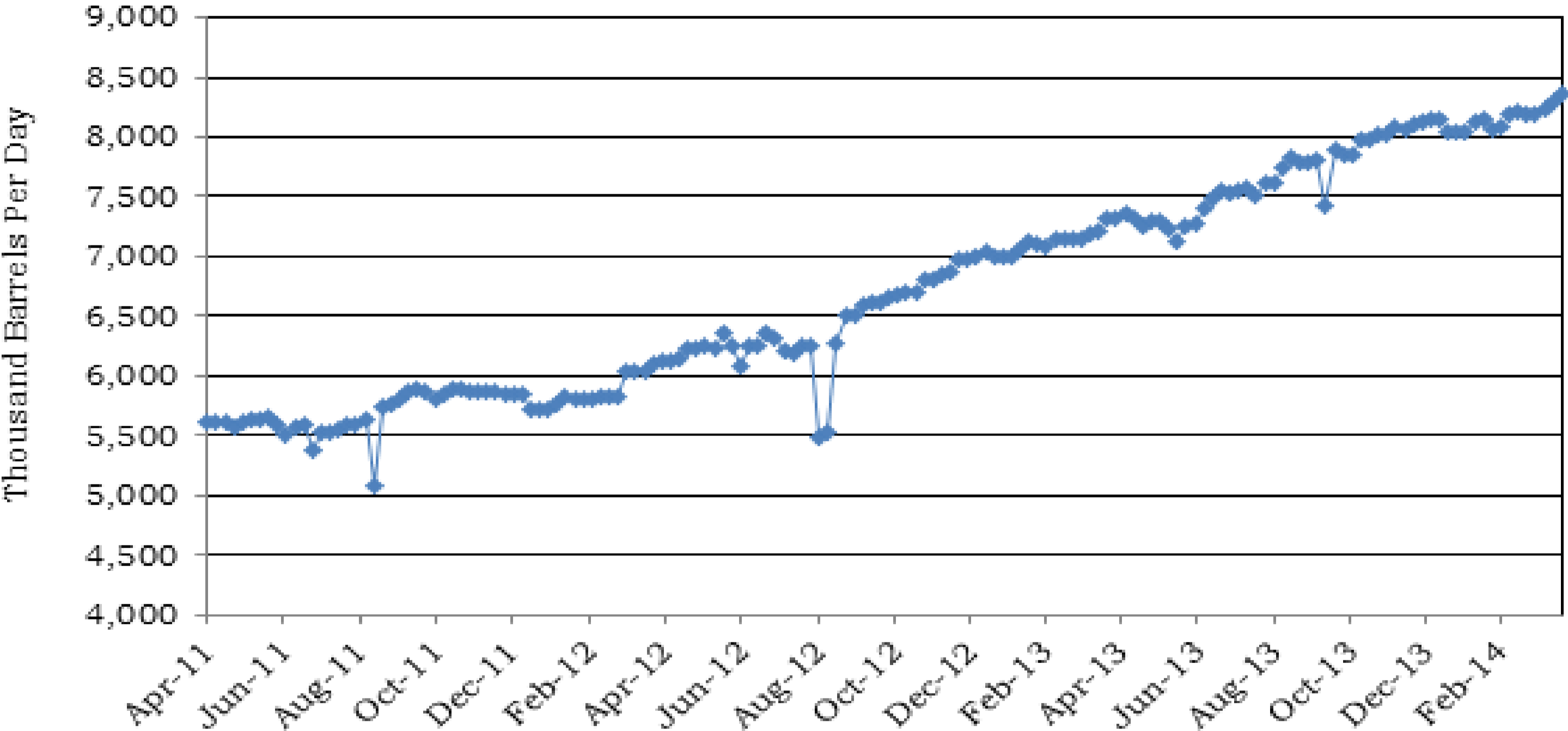


Source: Metropolitan Council



# US Domestic Crude Production

Three Year US Domestic Crude Oil Production  
April 18, 2014



Source: Linwood Capital

# Expectations: HO (diesel)

- In the short run, commodity markets will remain volatile -
  - Tensions in Ukraine continue to support higher prices
  - Sanctions against Russia could result in lower petroleum demand, lower prices
- Stable prices in the long term, as US production continues to be strong.



# Questions

