



Management Committee Meeting, 03-28-12

Report on
Investments: 4Q2011



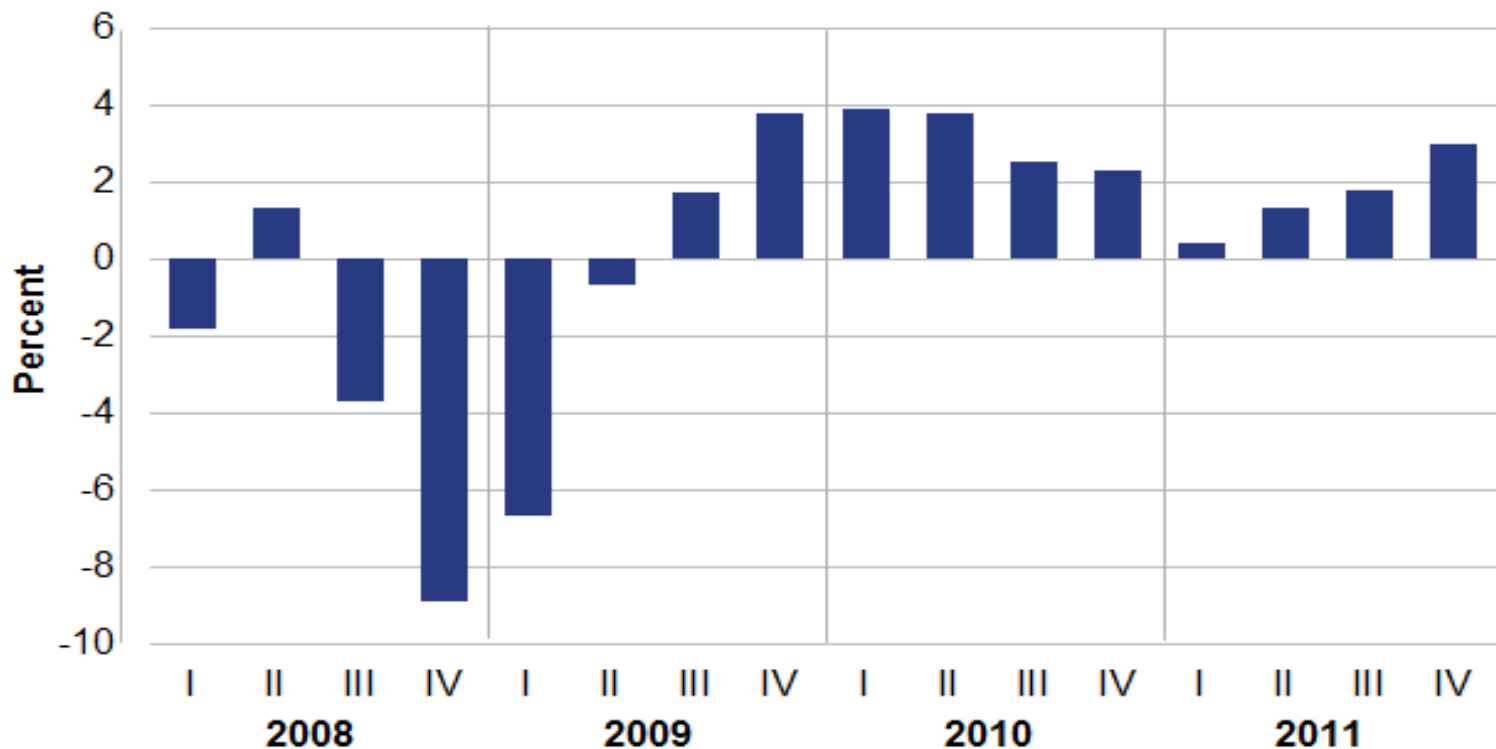
Economic Review



Gross Domestic Product: 4Q11

2011: 4Q 3.0%; 3Q 1.8%; 2Q 1.3%; 1Q11 0.4%

Quarter-to-Quarter Growth in Real GDP



Real GDP growth is measured at seasonally adjusted annual rates.

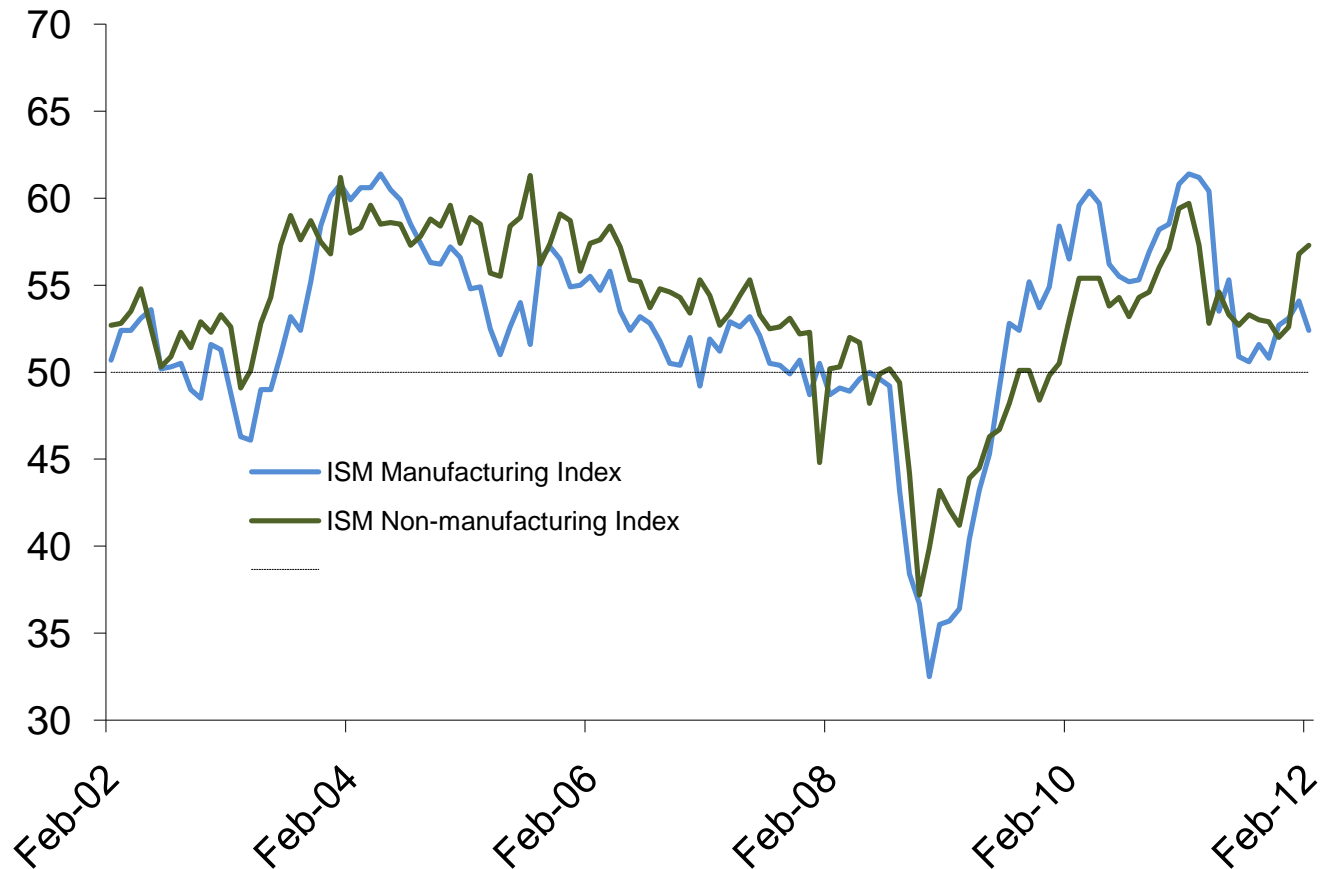
U.S. Bureau of Economic Analysis

Source: US Bureau of Economic Analysis

Manufacturing

Data as of 2/29/12

Institute For Supply Management (ISM)

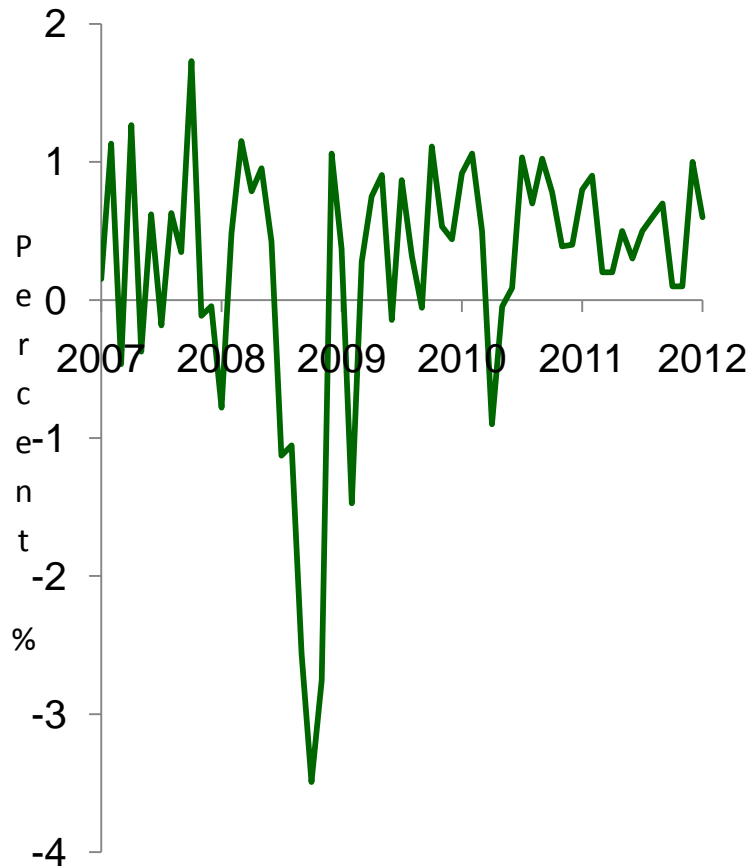


Source: Metropolitan Council, Bloomberg

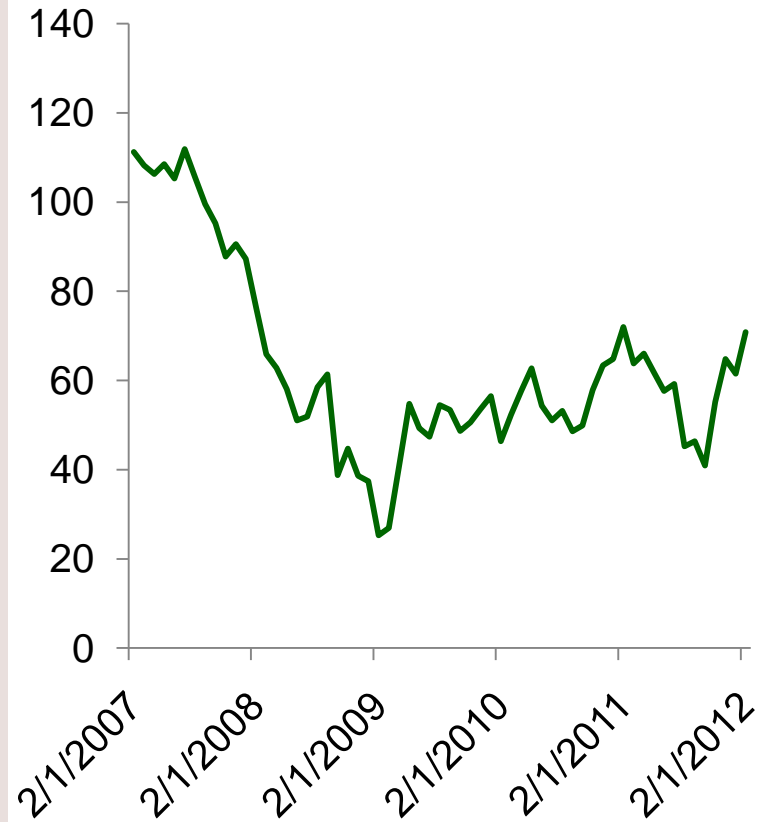
Consumer

Data as of 2/29/12

Retail Sales, Ex Autos



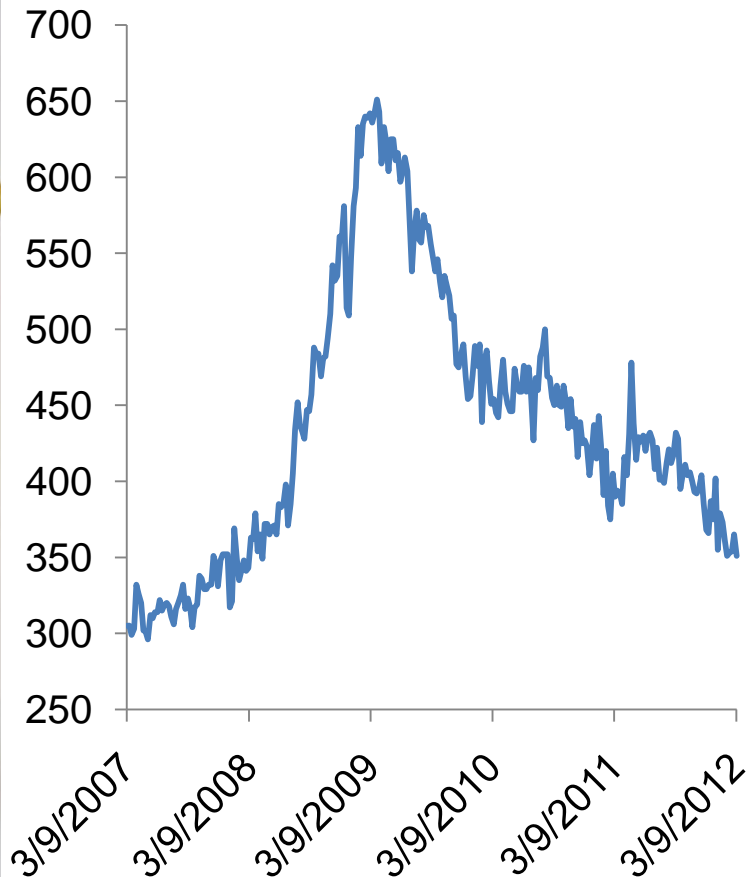
Consumer Confidence



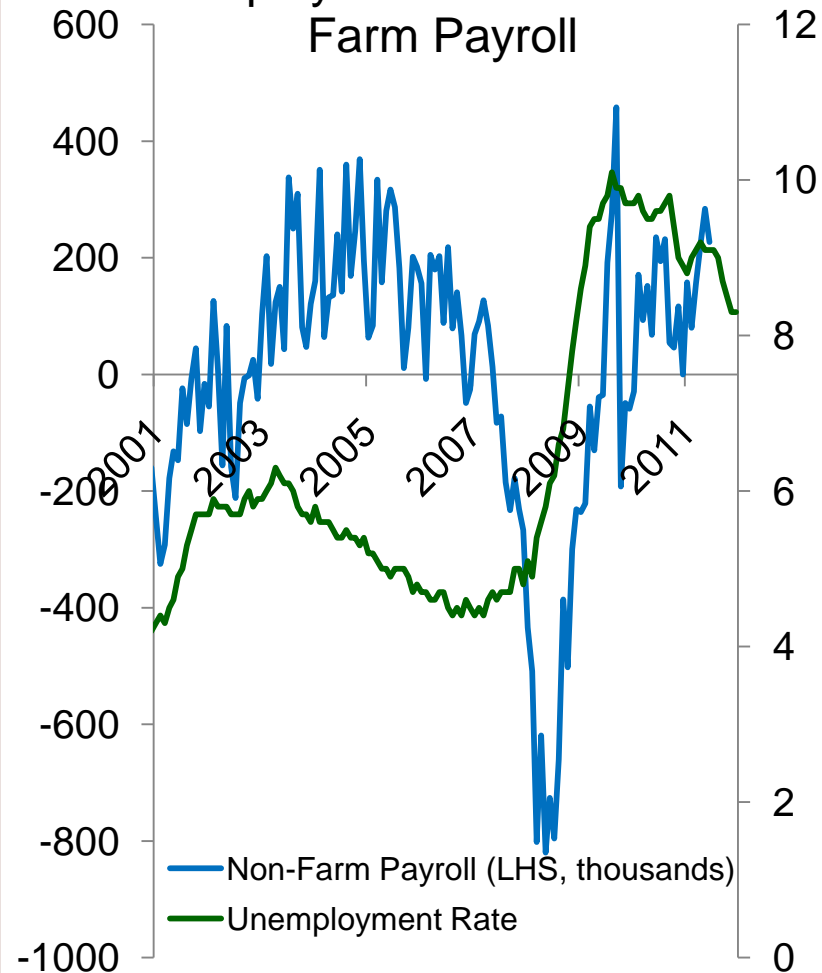
Employment

Data as of 2/29/12

Initial Jobless Claims



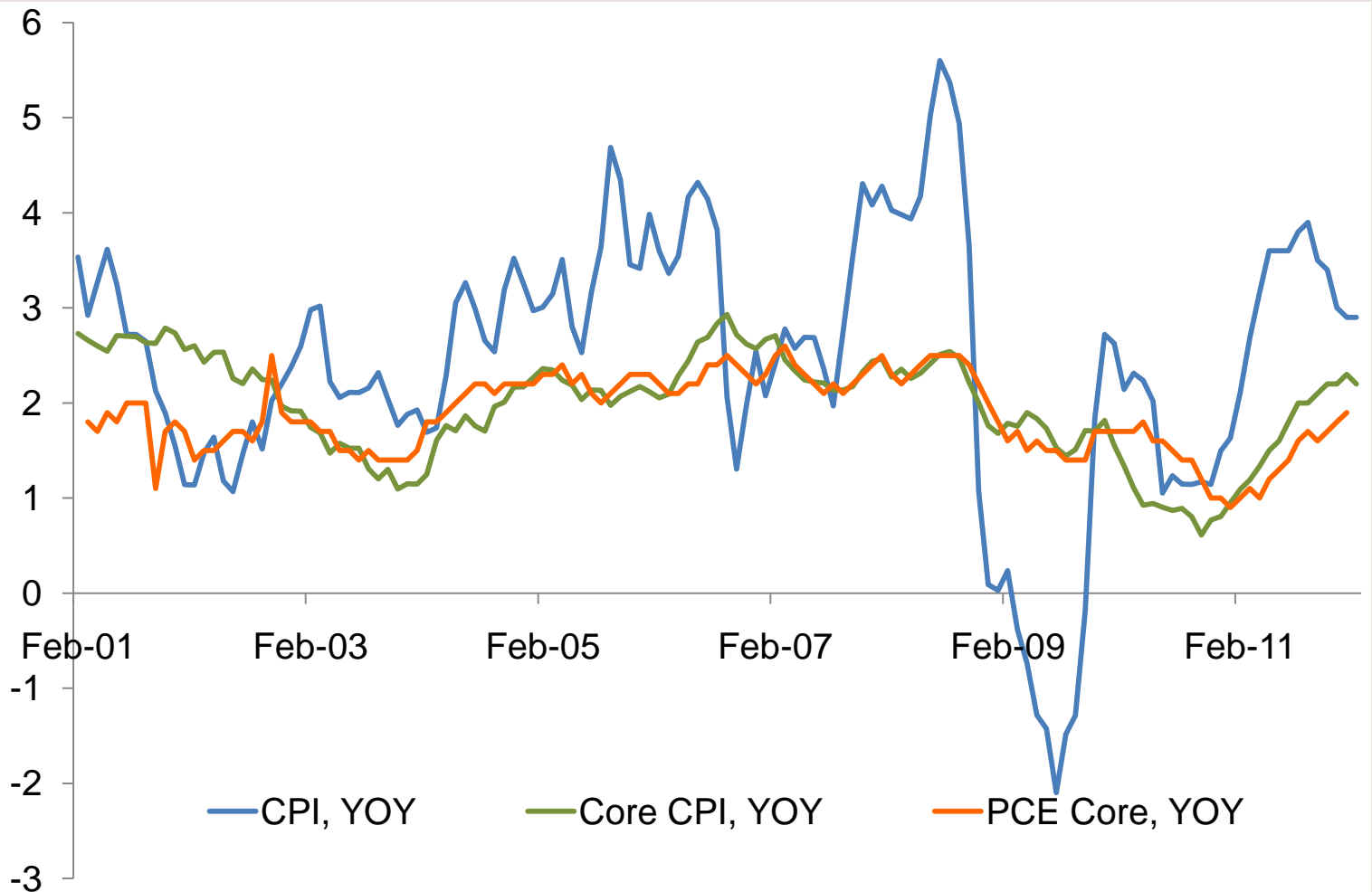
Unemployment Rate and Non-Farm Payroll





Inflation

Data as of 02/29/12



Source: Metropolitan Council, Bloomberg



Portfolio Results



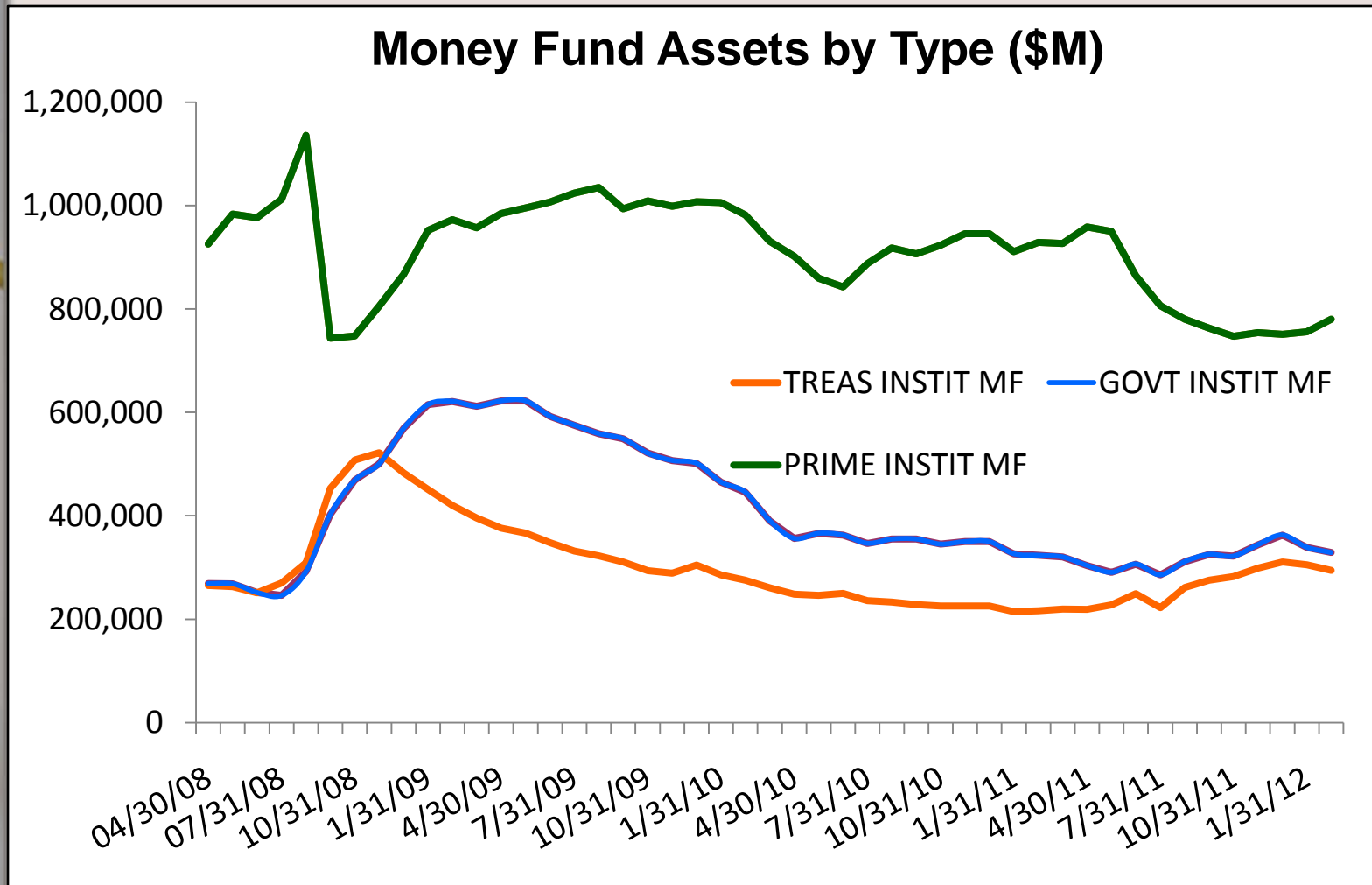
Short Term Yields

Rates	<u>03-16-12</u>	<u>12-31-11</u>
30-Day Commercial Paper	0.10%	0.16%
Federated Prime Fund	0.21%	0.19%
Goldman Sachs Govt Fund	0.01 %	0.01%
US Bank Checking Account	0.0%	0.0%

Source: Metropolitan Council, Goldman Sachs MMF Portal



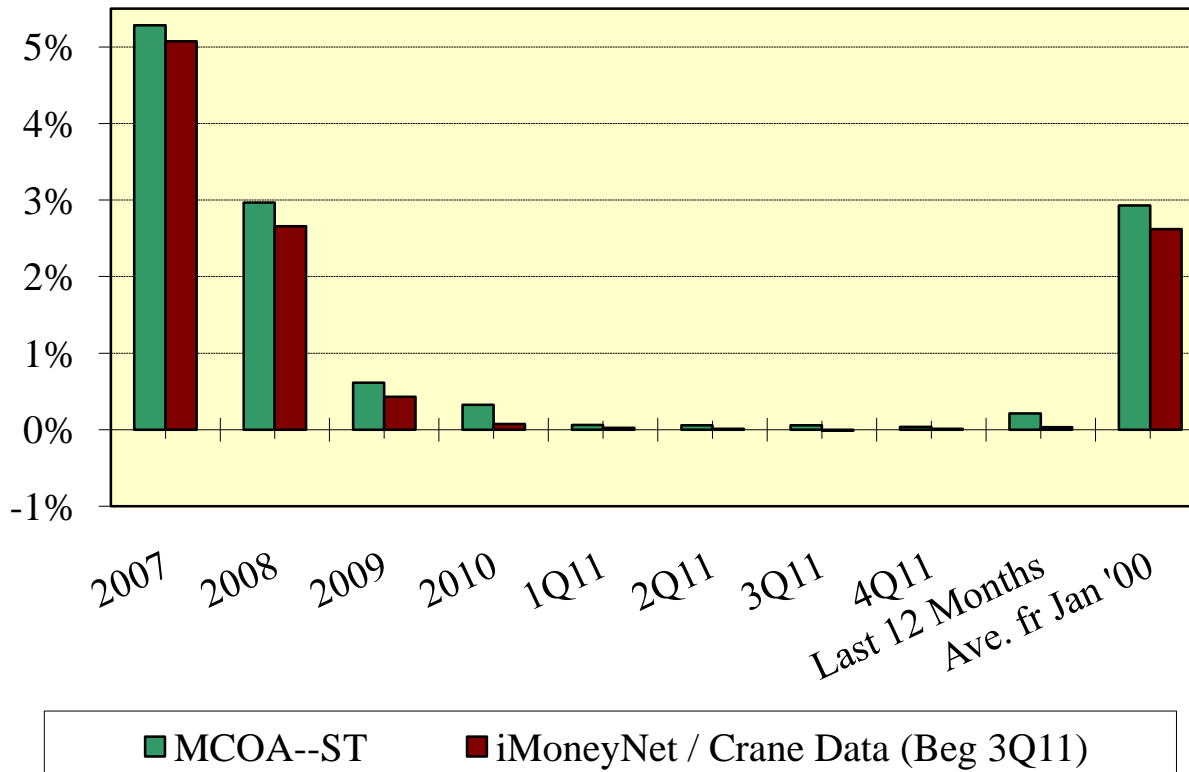
Institutional Money Market Funds (MMF) AUM Growth



Source: Crane Data's Money Fund Intelligence as of 2/29/12

Total Return, ST Port 4Q11

Total Return (by Periods)



- +2 bps above Index in 4Q
- +31 bps/year ave. over index for last 13 yrs

Cash Management

- Have held liquid cash holdings in a government holdings MMF @0%.
- Invest in high quality domestic commercial paper issuers.
- As the Euro situation stabilizes, we are moving back to prime money market funds.



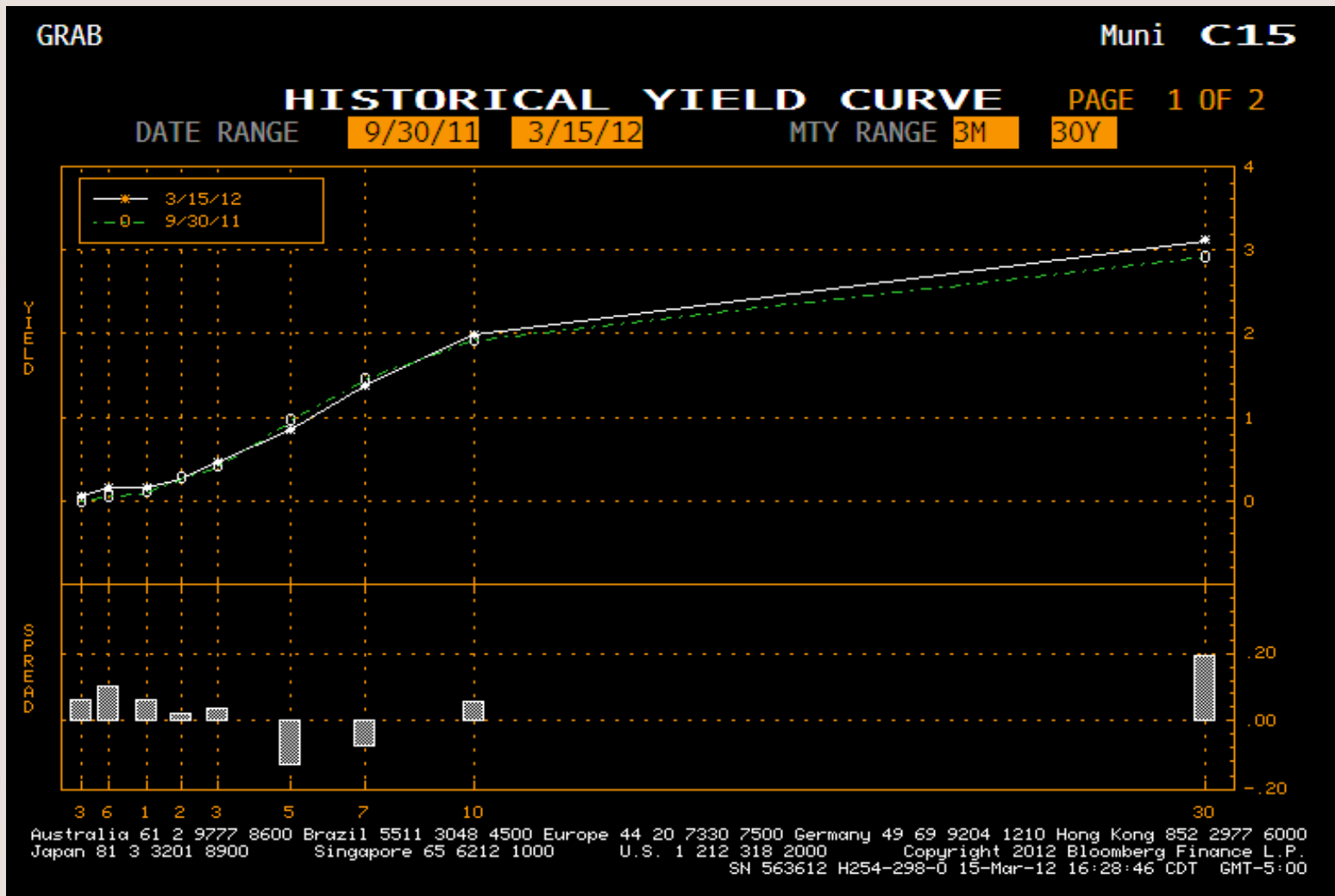
Expectations: ST Port

- Short rates stay low until FRB reverses course.
- Fed action hinges on reductions in unemployment and pick-up of productivity.



Treasury Yields

current vs. 3Q11

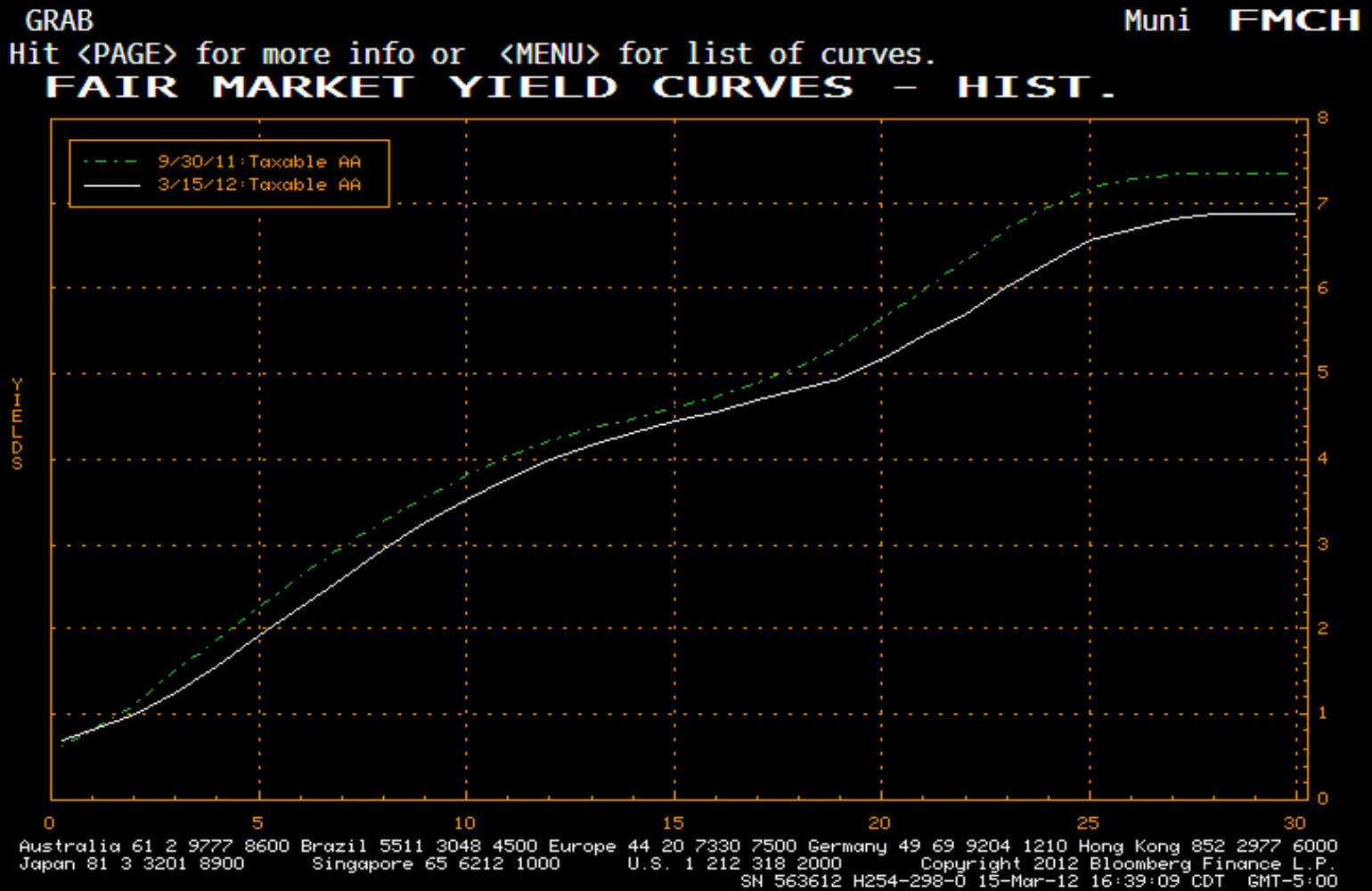


Source: Bloomberg



Taxable AA Muni Yields

current vs. 3Q11

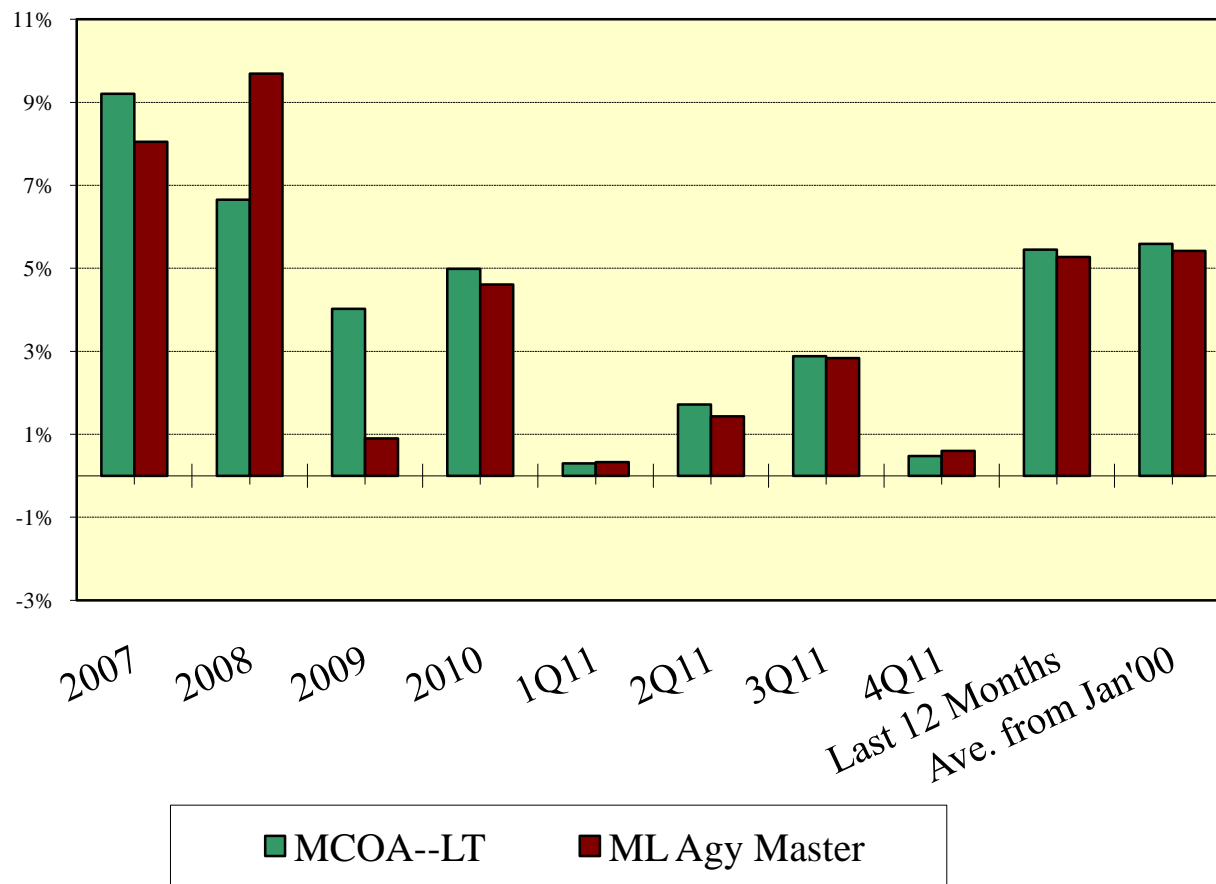


Source: Bloomberg

Total Return, LT Port

4Q11

Total Return (by Periods)



- 12 bps below index in 4Q
- +17 bps/yr ave over index for last 12 yrs



Expectations: LT Port

- LT rates won't move much higher if we don't see inflation and/or a pick-up in general economic activity.
- Inflation: Watch capacity utilization, unemployment reductions, growth in average hourly wages, influences of international markets; and, commodity inflation.

S & P 500 Stock Index



Source: Bloomberg

OPEB 4Q11 Port Results

- S&P 500 @ 11.8% vs. OPEB @ 11.7%
- 4Q11 unrealized gain is \$0.5MM
- Value: 09-30-11: \$ 92.7MM
 12-31-11: \$ 106.2MM
 03-14-12: \$ 119.4MM
- 100% allocation to equities



Expectations: OPEB

- Stock market performed better during the 4Q vs. 3Q; earnings have been strong and corporations have adequate cash for capital expenditures.
- We expect price appreciation in 2012.
- Stay invested in equities in 2012.



Hedging

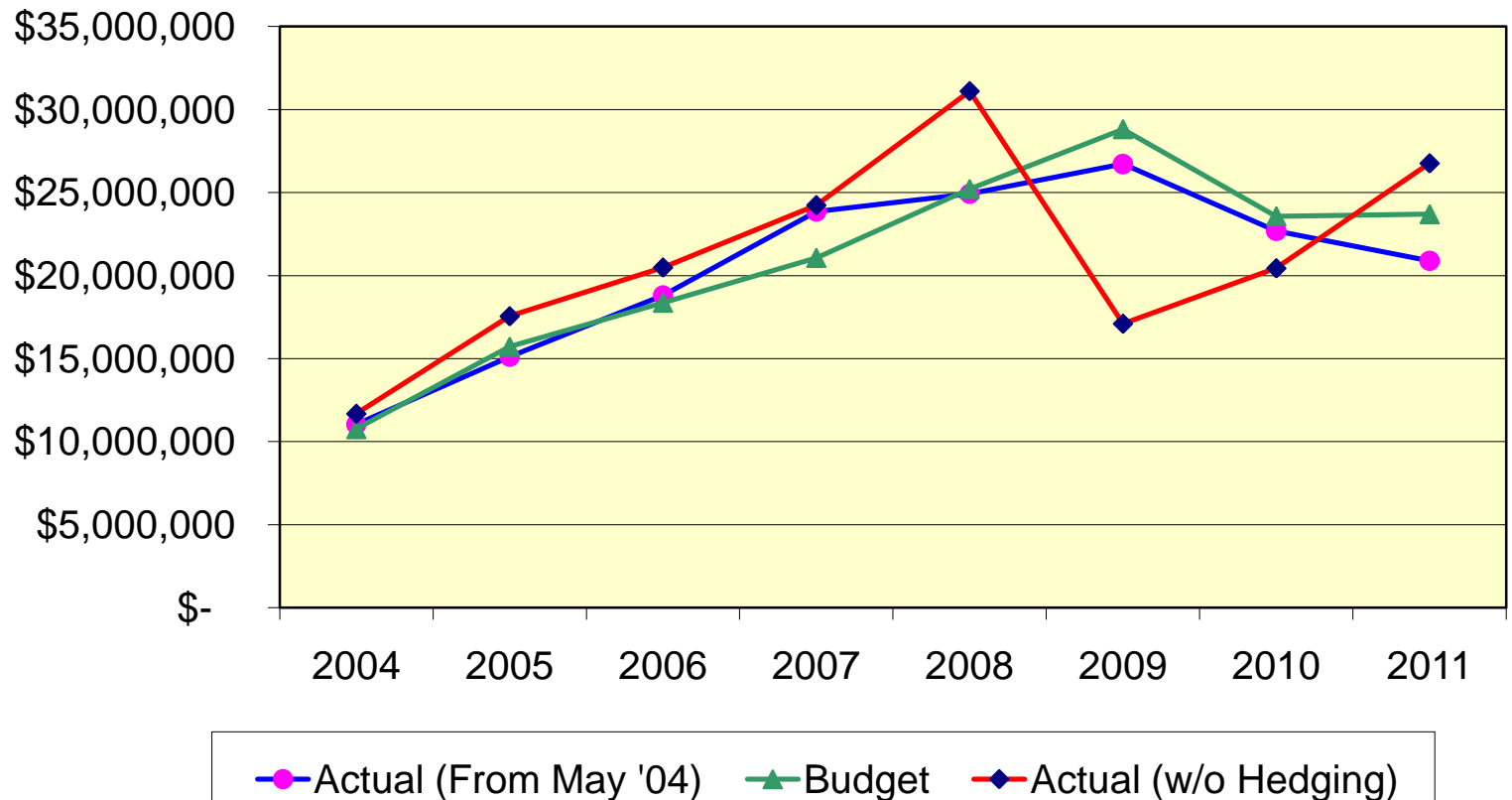
Price of Heating Oil 3 years



Source: Bloomberg

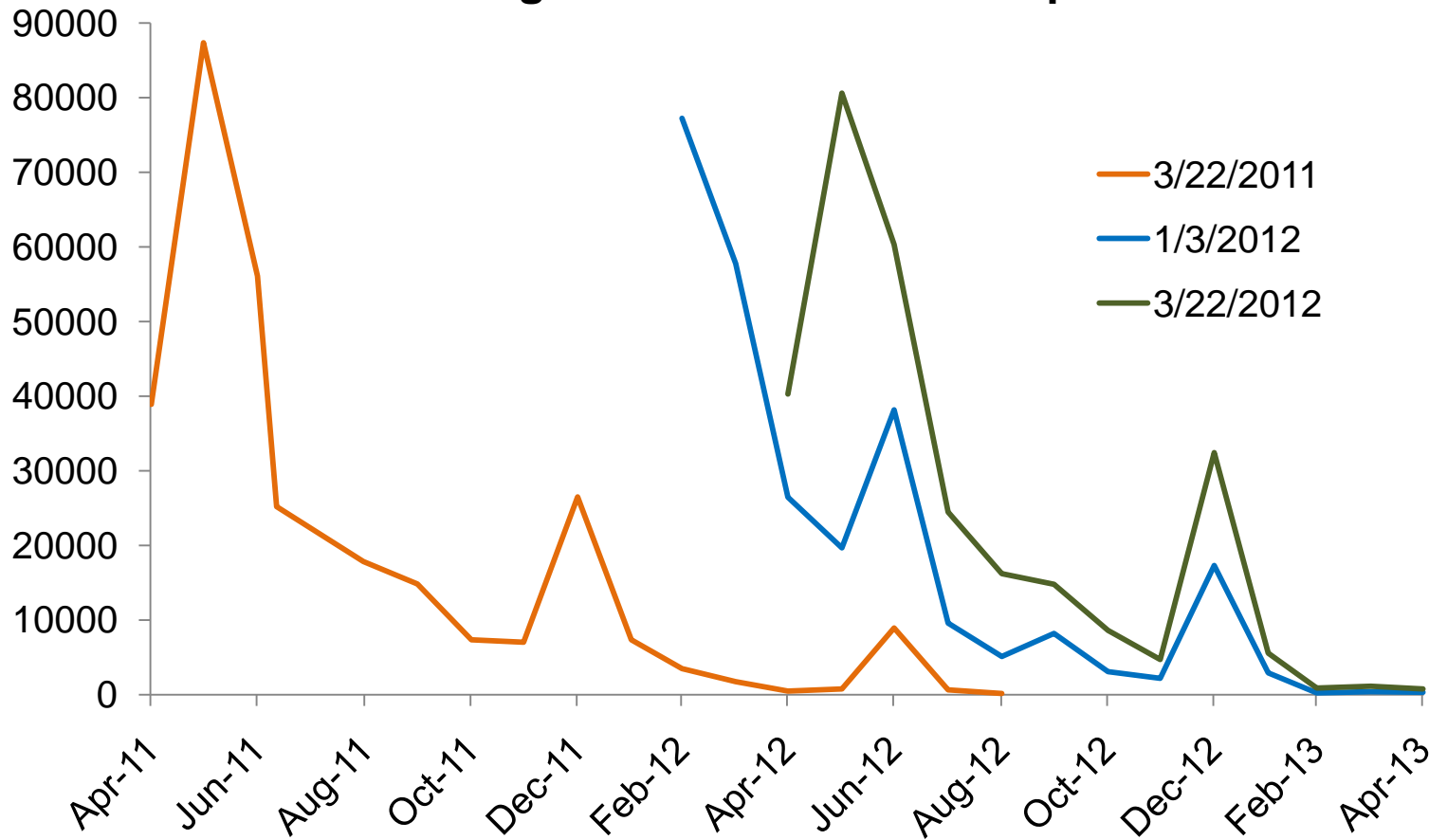
Diesel Hedging-- Budget vs. Actual

**DIESEL HEDGING IMPACT ON BUDGET, (by Year),
Through YTD December 31, 2011**

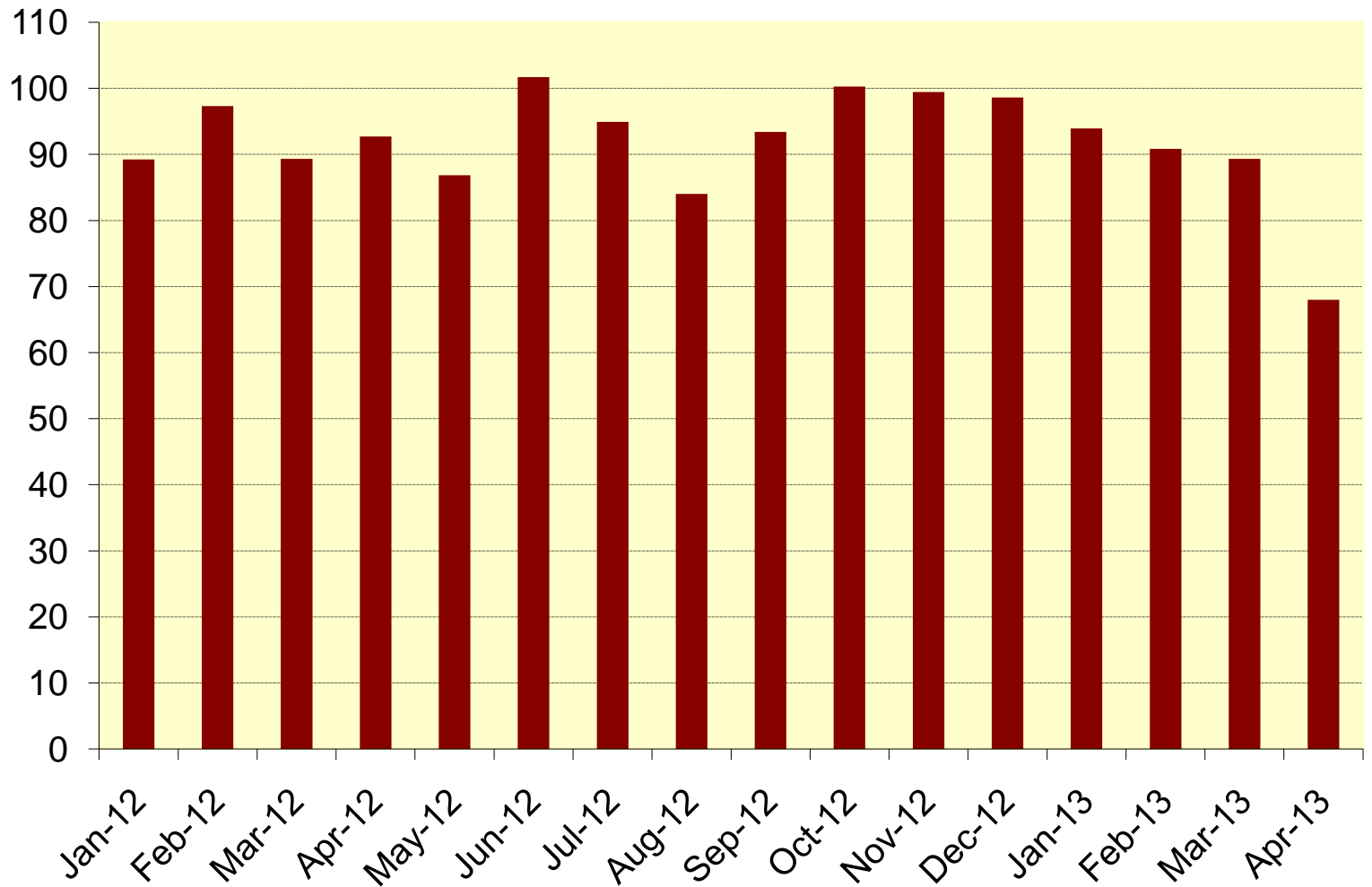


HO Futures Open Interest

NYMEX Heating Oil Futures Contract Open Interest



Monthly Hedged Ratios, Heating Oil Fut. Contracts





Expectations: HO

- HO (diesel).
- In the short-run, price will remain elevated due to ever changing Iranian situation which poses a risk to world supply of oil.
- In the long-run, an uncertain global economic outlook will most likely limit current and future demand.



QUESTIONS?