

FIRE PENSION BOARD MEETING
Wednesday, February 17, 2016 – 10:00 a.m.
City Hall, Council Chambers, Vero Beach, Florida

A G E N D A

- 1. CALL TO ORDER**
- 2. AGENDA ADDITIONS, DELETIONS AND ADOPTION**
- 3. APPROVAL OF MINUTES**
 - A) November 18, 2015**
- 4. PUBLIC COMMENTS**
- 5. QUARTERLY REPORTS**
 - A) ICC Capital Management**
 - B) Salem Trust**
 - 1. Class Action Report**
 - 2. Globe Tax Information**
 - C) Bogdahn Consulting**
 - 1. Investment Policy Statements**
- 6. NEW BUSINESS**
 - A) Actuarial Valuation Report – Gabriel, Roeder, Smith**
 - B) Annual Report**
 - C) Expected Annual Rate of Return**
 - D) Premium Tax Adjustment Clause to the Ordinance**
- 7. OLD BUSINESS**
- 8. CHAIRMAN’S MATTERS**
- 9. MEMBER’S MATTERS**
- 10. ADJOURNMENT**

This is a public meeting. Should any interested party seek to appeal any decision made by the Board with respect to any matter considered at such meeting or hearing, he will need a record of the proceedings and that, for such purpose he may need to ensure that

a record of the proceedings is made, which record includes the testimony and evidence upon which the appeal is to be based. Anyone who needs a special accommodation for this meeting may contact the City's Americans with Disabilities Act (ADA) Coordinator at 978-4920 at least 48 hours in advance of the meeting.

FIRE PENSION BOARD MINUTES
Wednesday, November 18, 2015 – 10:00 a.m.
City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Chairman Terry Zokvic; Members: Kent Middleton and Henry Losey **Also Present:** Heather McCarty, Records Retention Specialist

Excused Absence: Norman Wells

1. CALL TO ORDER

Today's meeting was called to order at 10:00 a.m. The Chairman noted for the record that Mr. Wells had an excused absence from today's meeting.

2. AGENDA ADDITIONS, DELETIONS AND ADOPTION

None

3. ELECTION OF OFFICERS

- A) Chairman**
- B) Secretary/Treasurer**

Mr. Losey made a motion to have Mr. Zokvic remain Chairman and Mr. Losey remain Secretary/Treasurer. Mr. Middleton seconded the motion and it passed unanimously.

4. APPROVAL OF MINUTES

- A) August 19, 2015**

Mr. Middleton made a motion to approve the August 19, 2015 minutes. Mr. Losey seconded the motion and it passed unanimously.

5. PUBLIC COMMENTS

None

6. QUARTERLY REPORTS

- A) Highland Capital Management**

Mr. Grant McMurray was present for today's meeting. He went to page 8 in his report for the period ending September 30, 2015 (on file in the City Clerk's office). He pointed out that their one year return was up 0.08%. He reported that as of yesterday, their value portfolio was up 6.1%, their international portion was up 7.1% and their bonds

were down 68 basis points. He talked about some of the trends going on in the marketplace.

Mr. Zokvic asked why in June their cash amount was at 2.9% or \$152,000 and this quarter, it's 4.3% and \$210,000. Mr. McMurray explained that it is profits that have not been put back in the marketplace.

B) Salem Trust

Mr. Brad Rinsem with Salem Trust was present for today's meeting. He handed out copies of their SSAE 16 audit for the period July 1, 2014 to June 30, 2015 (on file in the City Clerk's office). He referred to their Class Action Report for the period July 1, 2015 through September 30, 2015 (on file in the City Clerk's office). He reviewed their conversion process from June 30, 2013 and the issues that they went through. He explained how the same firm conducted the current audit who did the previous one that covered the time period of their conversion. He said that the end result was the clean report they had in front of them. He said they are proud of their recovery and that Salem is back to doing things in the best possible way to protect their interests. He went over page 1, Scope, page 2, Opinion and page 20, Appendix A in the Audit. He thanked the Board for their patience and understanding.

C) Bogdahn Consulting

Mr. Dave West with Bogdahn Consulting was present for today's meeting. He referred to their Investment Performance Review for the third quarter of 2015 (on file in the City Clerk's office). He talked about the flight to quality that occurred. He said that they finished the quarter okay and that their asset allocation helped them a lot. He said that through October, they are off to a great start for this fiscal year. He estimated that the total portfolio is probably up 5.5% for the month. He went to page 19, Comparative Performance Trialing Returns. He reported that for their fiscal year-to-date (FYTD), the total fund was up 1.85% (5th percentile). He said they did out perform their policy benchmarks and they did receive a very high peer group ranking. He said that the average pension out there lost a half percent on the FYTD. On page 19, he explained how they are now breaking out the different segments, which is why the report looks different. He reported that the Highland Equity was down -6.74% for the quarter. He said the S&P 500 Index Fund was in line with the market and was down -0.63% for the FYTD. He pointed out that the Highland international component was down -10.76% for the quarter. On page 21, he pointed out that their total domestic fixed composite was up 1.44 (14th) for the FYTD. He said their global bond PIMCO was down -2.59% for the quarter and -1.10% for the FYTD. He said the strongest performer and their best asset has been Intercontinental who was up 13.98% for the FYTD.

Mr. West said there are no issues that need addressing and they suggest continuing to run status quo. He reviewed the cash flow shown on page 16. He reported that they

opened on October 1, 2014 with \$7,494,602 and closed the FYTD on September 30, 2015 with \$7,178,707.

7. NEW BUSINESS

A) Investment Policy Statement

Mr. West gave them an update on their asset allocation structure. He said they are currently developing a revised Investment Policy Statement (IPS). Since they are segmenting portfolios now, they are going to look at the asset allocation holistically and are going to send direction out to allocate each of the strategies per the targets in the IPS. He said this will bring up their international equity to target. He said he would bring a revised IPS to their next meeting.

B) Approval of 2016 Meeting Dates

Mr. Middleton made a motion to approve the 2016 meeting dates as proposed (on file in the City Clerk's office). Mr. Losey seconded the motion and it passed unanimously.

8. OLD BUSINESS

None

9. CHAIRMAN'S MATTERS

A) State Acceptance Letter

Mr. Zokvic reported that they received a letter from the State that said that their plan has been accepted and that they have met all the necessary requirements with their reports and the information posted on their website (on file in the City Clerk's office)

10. MEMBER'S MATTERS

None

11. ADJOURNMENT

Today's meeting adjourned at 11:12 a.m.

/hm

CITY OF VERO BEACH
(PLAN SPONSER)
FIREFIGHTERS’
PENSION PLAN

Investment Policy Statement

I. PURPOSE OF INVESTMENT POLICY STATEMENT

The Pension Board of Trustees (Board) maintains that an important determinant of future investment returns is the expression and periodic review of the City of Vero Beach Firefighters’ Pension Fund (the Plan) investment objectives. To that end, the Board has adopted this statement of Investment Policy and directs that it apply to all assets under their control.

In fulfilling their fiduciary responsibility, the Board recognizes that the retirement system is an essential vehicle for providing income benefits to retired participants or their beneficiaries. The Board also recognizes that the obligations of the Plan are long-term and that investment policy should be made with a view toward performance and return over a number of years. The general investment objective is to obtain a reasonable total rate of return - defined as interest and dividend income plus realized and unrealized capital gains or losses - commensurate with the Prudent Investor Rule and any other applicable ordinances and statutes.

Reasonable consistency of return and protection of assets against the inroads of inflation are paramount. However, interest rate fluctuations and volatility of securities markets make it necessary to judge results within the context of several years rather than over short periods of five years or less.

The Board will employ investment professionals to oversee and invest the assets of the Plan. Within the parameters allowed in this document and their agreements with the Board, the investment management professionals shall have investment discretion over their mandates, including security selection, sector weightings and investment style.

The Board, in performing their investment duties, shall comply with the fiduciary standards set forth in Employee Retirement Income Security Act of 1974 (ERISA) at 29 U.S.C. s. 1104(a) (1) (A) – (C). In case of conflict with other provisions of law authorizing investments, the investment and fiduciary standards set forth in this section shall prevail.

II. TARGET ALLOCATIONS

In order to provide for a diversified portfolio, the Board has engaged investment professional(s) to manage and administer the fund. The investment manager(s) are responsible for the assets and allocation of their mandate only and may be provided an addendum to this policy with their specific performance objectives and investment criteria. The Board has established the following asset allocation targets for the total fund:

Asset Class	Target	Range	Benchmark Index
Domestic Equity	45%	40% - 50%	S&P 500 Value
International Equity	15%	5% - 20%	MSCI EAFE Ex. U.S. MSCI World (x-U.S.)
Broad Market Fixed Income	20%	20% - 30%	Barclays Aggregate
Global Bond*	5%	--0% - 10%	B of A ML Global Bond
TIPS*	0%	0% - 10%	Barclays TIPS
Real Estate*	10%	0% - 15%	NCREIF Property ODCE

*Benchmark will default to "broad market fixed income" if these portfolios are not funded. Targets and ranges above are based on market value of total Plan assets.

The investment consultant will monitor the aggregate asset allocation of the portfolio, and will rebalance to the target asset allocation based on market conditions. If at the end of any calendar quarter, the allocation of an asset class falls outside of its allowable range, barring extenuating circumstances such as pending cash flows or allocation levels viewed as temporary, the asset allocation will be rebalanced into the allowable range. To the extent possible, contributions and withdrawals from the portfolio will be executed proportionally based on the most current market values available. The Board does not intend to exercise short-term changes to the target allocation.

III. INVESTMENT PERFORMANCE OBJECTIVES

The following performance measures will be used as objective criteria for evaluating the effectiveness of the Investment Managers.

A. Total Portfolio Performance

1. The performance of the total portfolio will be measured for rolling three and five year periods. The performance of the portfolio will be compared to the return of the policy indexes comprised of 45% S&P 500 ~~Value~~, 15% MSCI EAFE ~~Ex. U.S.~~, ~~25~~20% Barclays ~~Intermediate~~-Aggregate Bond Index, ~~5% B of A Merrill Lynch Global Bond Index~~, 5% Barclays TIPS Index and 10% NCREIF ~~Property~~ ODCE Index.
2. On a relative basis, it is expected that the total portfolio performance will rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods.
3. On an absolute basis, the objective is that the return of the total portfolio will equal or exceed the actuarial earnings assumption (7%), and provide inflation protection by meeting Consumer Price Index plus 3%.

B. Equity Performance

The combined equity portion of the portfolio, defined as common stocks and convertible bonds, is expected to perform at a rate at least equal to the 83% ~~Russell 3000~~S&P 500 and 17% MSCI EAFE Ex. U.S. Index. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum. All portfolios are expected to rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods.

C. Fixed Income Performance

The overall objective of the fixed income portion of the portfolio is to add stability and liquidity to the total portfolio. The fixed income portion of the portfolio is expected to perform at a rate at least equal to the Barclays Capital U.S. Aggregate Bond Index. All portfolios are expected to rank in the top 40th percentile of the appropriate peer universe over three and five-year time periods.

D. Treasury Inflation Protection Security (TIPS) Performance

The overall objective of the TIPS portfolio, if utilized, is to provide inflation protection while adding stability to the total portfolio. If TIPS are utilized the strategy is expected to approximate the structure and performance of the Barclays Capital U.S Treasury TIPS Index.

E. Real Estate Performance

The overall objective of the real estate portfolio of the portfolio, if utilized, is to add diversification and another stable income stream to the total fund. The real estate portion of the total fund, defined as core, open ended private real estate, is expected to perform at a rate at least equal to the NCREIF ODCE Index and rank in the top 40th-50th percentile of the appropriate peer universe over three and five-year time periods.

F. Alternative and Other Asset Performance

The overall objective of the alternative and/or “other asset” portion of the portfolio, if utilized, is to reduce the overall volatility of the portfolio and enhance returns. This portion of the fund will be benchmarked as outlined in the manager addendum.

IV. INVESTMENT GUIDELINES

A. Authorized Investments

Pursuant to the investment powers of the Board of Trustees as set forth in the Florida Statutes and local ordinances, the Board of Trustees sets forth the following investment guidelines and limitations:

1. Equities:

- a. Must be traded on a national exchange or electronic network; and
- b. Not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company; and
- c. Additional criteria may be outlined in the manager's addendum.

2. Fixed Income:

- a. All direct investments in fixed income securities shall have a minimum rating of investment grade or higher as reported by a major credit rating service; and
- b. The value of bonds issued by any single corporation shall not exceed 3% of the total fund; and
- c. Additional criteria may be outlined in the manager's addendum.

3. Money Market:

- a. The money market fund or STIF options provided by the Plan's custodian; and
- b. Have a minimum rating of Standard & Poor's A1 or Moody's P1.

4. Pooled Funds:

Investments made by the Board may include pooled funds. For purposes of this policy pooled funds may include, but are not limited to, mutual funds, commingled funds, exchange-traded funds, limited partnerships and private equity. Pooled funds may be governed by separate documents which may include investments not expressly permitted in this Investment Policy Statement. In the event of investment by the Plan into a pooled fund, the prospectus or governing policy of that pooled fund, as updated from time to time, shall be treated as an addendum to this Investment Policy Statement. The Investment Consultant shall periodically review with the Board any material changes in the prospectus or governing policy of a pooled fund.

B. Trading Parameters

When feasible and appropriate, all securities shall be competitively bid. Except as otherwise required by law, the most economically advantageous bid shall be selected. Commissions paid for purchase of securities must meet the prevailing best-execution rates. The responsibility of monitoring best price and execution of trades placed by each manager on behalf of the Plan will be governed by the Portfolio Management Agreement between the Plan and the Investment Managers.

C. Limitations

1. Investments in corporate common stock and convertible bonds shall not exceed seventy (70%) of the Plan assets at market.
2. Foreign securities shall not exceed twenty-five percent (25%) of Plan's market value.
3. All equity and fixed income securities must be readily marketable. Commingled funds must be independently appraised at least annually.

D. Absolute Restrictions

No investments shall be permitted in;

1. Any investment not specifically allowed as part of this policy.
2. Illiquid investments, as described in Chapter 215.47, Florida Statutes.
3. Direct investment in 'Scrutinized Companies' identified in the periodic publication by the State Board of Administration ("SBA list", updated on their website www.sbafla.com/fsb/), is prohibited. Any security identified as non-compliant on or before January 1, 2010 must be divested by September 1, 2010. Securities identified after January 1, 2010, are subject to the provisions of section V. (c) below. However, if divestiture of business activities is accomplished and the company is subsequently removed from the SBA list, the manager can continue to hold that security. Indirect investment in 'Scrutinized Companies' (through pooled funds) are governed by the provisions of Section V(G) below.

V. **COMMUNICATIONS**

- A. On a monthly basis, the custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets.
- B. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the security restrictions of Section IV (as well as any provisions outlined in the Investment Manager's addendum). In addition, the Investment Managers shall deliver a report each quarter detailing the Plan's performance, forecast of the market and economy, portfolio analysis and current assets of the Plan. Written reports shall be delivered to the Board within 30 days of the end of the quarter. A copy of the written report shall be submitted to the person designated by the City, and shall be available for public inspection. The Investment Managers will provide immediate written and telephone notice to the Board of any significant market related or non-market related event, specifically including, but not limited to, any deviation from the standards set forth in Section IV or their Investment Manager addendum.
- C. If the Fund owns investments, that complied with section IV at the time of purchase, which subsequently exceed the applicable limit or do not satisfy the applicable investment

standard, such excess or noncompliant investments may be continued until it is economically feasible to dispose of such investment in accordance with the prudent man standard of care, but no additional investment may be made unless authorized by law or ordinance. An action plan outlining the investment 'hold or sell' strategy shall be provided to the Board immediately.

- D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return net of investment fees and relative performance of the Plan.
- E. The Board will meet periodically to review the Investment Consultant performance report. The Board will meet with the investment manager and appropriate outside consultants to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Plan on a periodic basis.
- F. At least annually, the Board shall provide the Investment Managers with projected disbursement needs of the Plan so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash-flow requirements.
- G. The Investment Consultant, on behalf of the Plan, shall send a letter to any pooled fund referring the investment manager to the listing of 'Scrutinized Companies' by the State Board of Administration ('SBA list'), on their website www.sbafla.com/fsb/. This letter shall request that they consider removing such companies from the fund or create a similar actively managed fund having indirect holdings devoid of such companies. If the manager creates a similar fund, the Plan shall replace all applicable investments with investments in the similar fund in an expedited timeframe consistent with prudent investing standards. For the purposes of this section, a private equity fund is deemed to be an actively managed investment fund. However, after sending the required correspondence, the Plan is not required to sell the pooled fund.

VI. COMPLIANCE

- A. It is the direction of the Board that the plan assets are held by a third party custodian, and that all securities purchased by, and all collateral obtained by the plan shall be properly designated as Plan assets. No withdrawal of assets, in whole or in part, shall be made from safekeeping except by an authorized member of the Board or their designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to insure that the custodian will have the security or money in hand at conclusion of the transaction.
- B. The investment policy shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.
- C. At the direction of the Board operations of the Plan shall be reviewed by independent certified public accountants as part of any financial audit periodically required. Compliance

with the Board's internal controls shall be verified. These controls have been designed to prevent losses of assets that might arise from fraud, error, or misrepresentation by third parties or imprudent actions by the Board or employees of the plan sponsor, to the extent possible.

- D. Each member of the Board shall participate in a continuing education program relating to investments and the Board's responsibilities to the Plan. It is suggested that this education process begin during each Trustee's first term.
- E. With each actuarial valuation, the Board shall determine the total expected annual rate of return for the current year, for each of the next several years and for the long term thereafter. This determination shall be filed promptly with the Department of Management Services, the plan's sponsor and the consulting actuary.
- F. The proxy votes must be exercised for the exclusive benefit of the participants of the Plan. Each Investment Manager shall provide the Board with a copy of their proxy voting policy for approval. On a regular basis, at least annually, each manager shall report a record of their proxy vote.

VII. CRITERIA FOR INVESTMENT MANAGER REVIEW

The Board wishes to adopt standards by which judgments of the ongoing performance of a portfolio manager may be made. If, at any time, any three of the following is breached, the portfolio manager may be warned of the Board's serious concern for the Plan's continued safety and performance. If any five of these are violated the consultant may recommend a manager search for that mandate.

- Four (4) consecutive quarters of relative under-performance verses the benchmark.
- Three (3) year trailing return below the top 40th percentile within the appropriate peer group and under performance verses the benchmark.
- Five (5) year trailing return below the top 40th percentile and under performance verses the benchmark.
- Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the IPS or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC).
- Significant asset flows into or out of the company.
- Merger or sale of firm.
- Fee increases outside of the competitive range.

- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Board.

Nothing in this section shall limit or diminish the Board’s right to terminate the manager at any time for any reason.

VIII. APPLICABLE CITY ORDINANCES

If at any time this document is found to be in conflict with the City Ordinances or applicable Florida Statutes, the Ordinances and Statutes shall prevail.

IX. REVIEW AND AMENDMENTS

It is the Board’s intention to review this document at least annually subsequent to the actuarial report and to amend this statement to reflect any changes in philosophy, objectives, or guidelines. In this regard, the Investment Manager's interest in consistency in these matters is recognized and will be taken into account when changes are being considered. If, at any time, the Investment Manager feels that the specific objectives defined herein cannot be met, or the guidelines constrict performance, the Board should be notified in writing. By initialing and continuing acceptance of this Investment Policy Statement, the Investment Managers concur with the provisions of this document. By signing this document, the Chairman attests that this policy has been recommended by the Investment Consultant, reviewed by the plan’s legal counsel for compliance with applicable law, and approved by the Board of Trustees.

X. FILING OF THE INVESTMENT POLICY

Upon adoption by the Board, the investment policy shall be promptly filed with the Florida Department of Management Services, the City, and the plan’s actuary. The effective date of the Investment Policy shall be the 31 days following the filing date with the City.

CITY OF VERO BEACH FIREFIGHTERS’ PENSION PLAN

Chairman, Board of Trustees

Date

Investment Manager

Date

Vero Beach Firefighters' Pension Plan

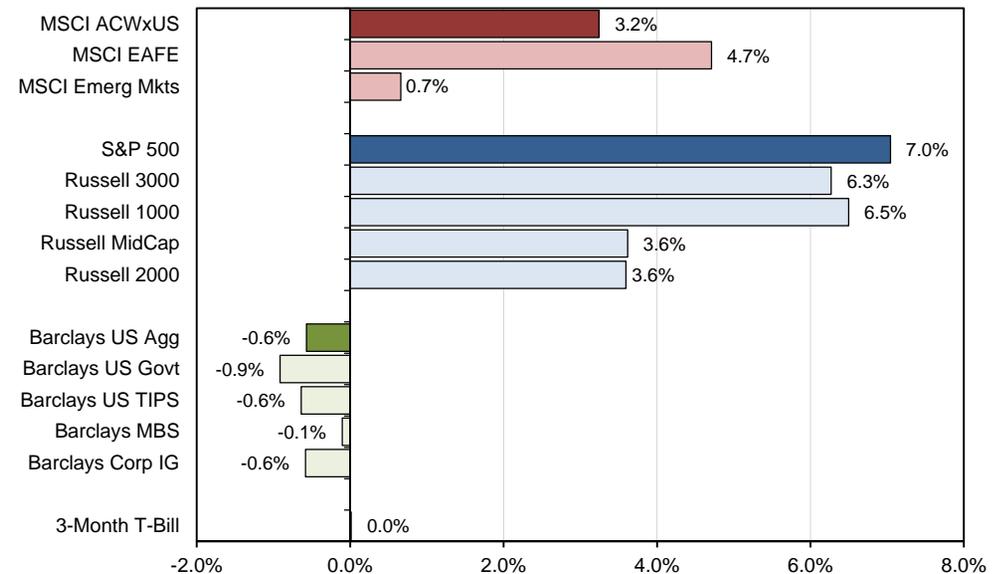
Investment Performance Review
4th Quarter 2015



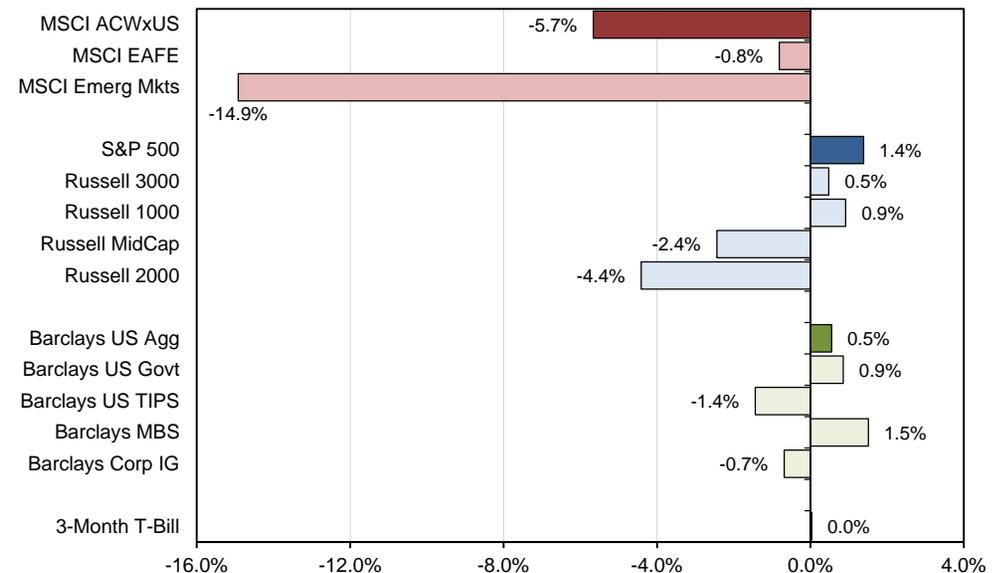
4th Quarter 2015 Market Environment

- The 4th quarter of 2015 saw broad equity markets recover some of the losses experienced during the previous quarter. The majority of the 4th quarter's returns were generated during the month of October as markets reacted positively to news that several major central banks, notably Europe and China, would inject additional stimulus into their economies. However, returns in November began to lose momentum, and December's monthly returns were broadly negative as investors weighed the reality of a weaker-than-expected policy response from the European Central Bank (ECB) and ongoing weakness in energy and commodity prices. Although largely telegraphed, December saw the U.S. Federal Reserve (the Fed) raise the Federal Funds Rate by 25 basis points (bps) following positive news regarding employment, housing, and consumer confidence. While the rate increase was small and expected, it did signal the Fed's belief in the sustainability of U.S. economic growth. This increase also begins the process of "rate normalization" after seven years of the Fed's "zero interest rate policy" and foreshadows the prospect of additional rate increases in 2016.
- Led by large capitalization issues, domestic equity market indices all posted positive results for the 4th quarter. For the calendar year, domestic large cap stock indices posted small, but positive gains, while domestic small- and mid-capitalization indices posted slightly negative results. In U.S. dollar (USD) terms, non-U.S. equity indices posted gains in the 4th quarter with broad developed market proxies continuing to outpace riskier emerging market composite indices. On a one-year basis, emerging market equity returns struggled mightily relative to their developed market counterparts due to ongoing concerns over the prospect of stagnant global economic growth. While international market returns lagged their domestic market counterparts during 2015, a large portion of the disparity can be attributed to the significant appreciation of the USD throughout the year.
- U.S. fixed income indices tracked on the chart were all modestly negative for the 4th quarter. As expected, the Fed's decision to move short-term rates higher had a negative impact on bond returns during the quarter. In addition to the December interest rate increase, investor concerns over global deflationary pressures and low economic growth pushed Treasury Inflation Protected Securities (TIPS) and investment grade corporate bond returns into negative territory for the calendar year.

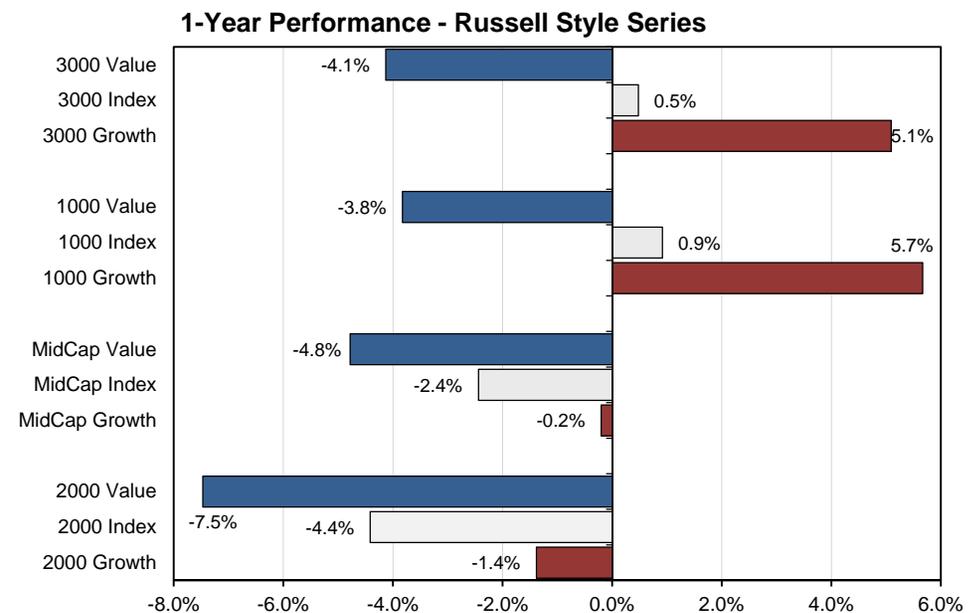
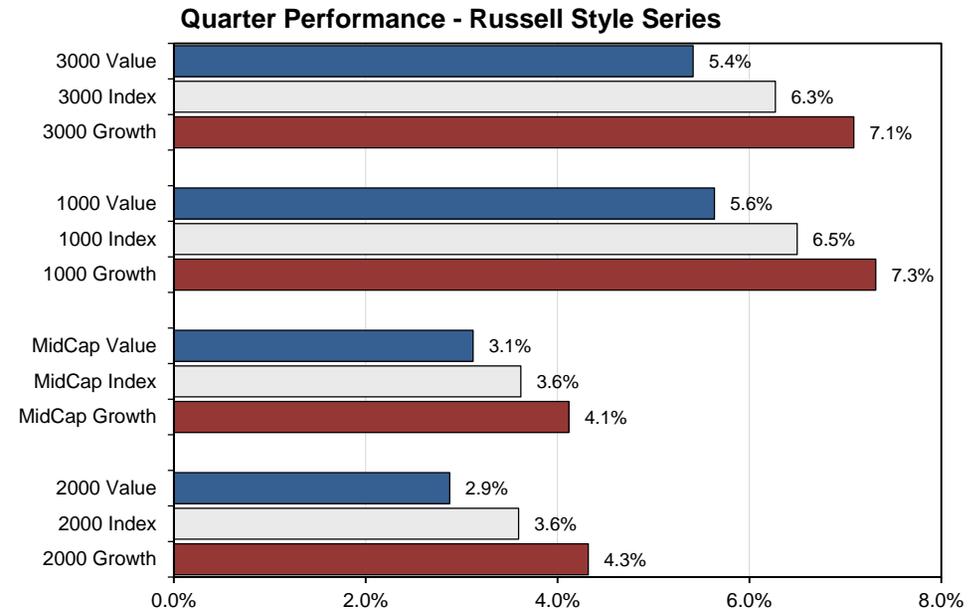
Quarter Performance



1-Year Performance



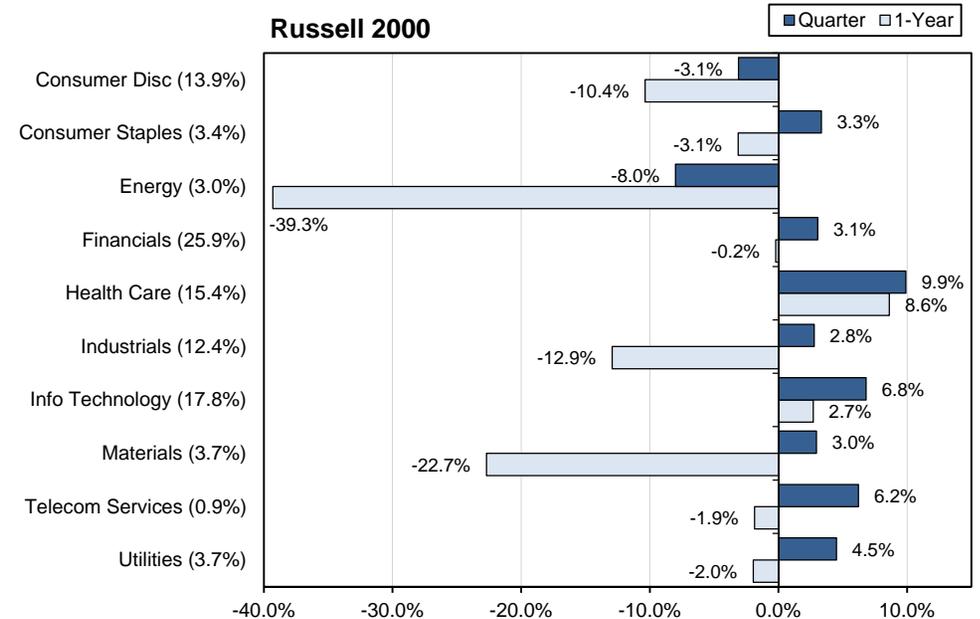
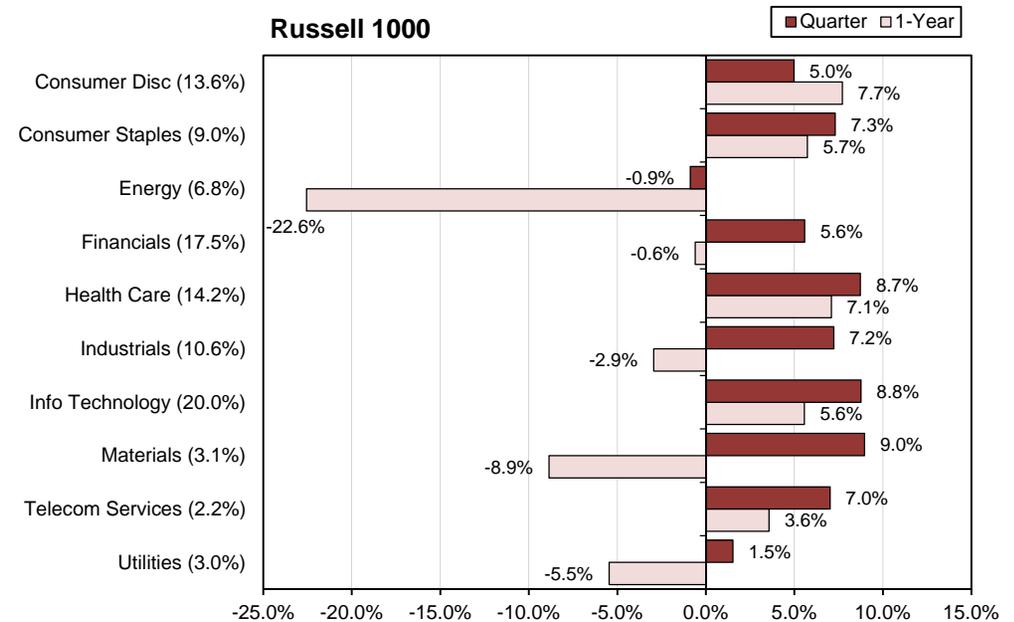
- Domestic equity index performance was positive across the style and capitalization spectrum during the 4th quarter. Outside of macroeconomic and geopolitical factors that impacted all equity performance, there were two notable trends affecting domestic equity results during the 4th quarter of 2015. First, large cap indices outperformed their small cap counterparts. Second, growth stock index returns meaningfully outpaced their value index counterparts at all levels of the capitalization spectrum. The dominance of large cap index performance for the quarter was influenced by their perceived safety and stability of their earnings growth. The dominance of growth indices for the quarter is largely attributable to the indices' lower weight to cyclical sectors heavily exposed to ongoing weakness in commodity prices and capital spending.
- Performance for the 4th quarter echoed throughout calendar year 2015 as both large cap and growth indices proved to be the best performers over the trailing one-year period. In fact, only growth and core large cap issues managed positive returns for the year. All value benchmarks, as well as small- and mid-cap core and growth indices, posted negative results for the year.
- From a valuation perspective, current Price/Earnings ratios (P/E) for value indices appear stretched relative to their long-term (20-year) averages. The mid-cap value index appears most expensive at 111% of its long-term average. Despite strong performance in 2015, current P/E valuations for the growth indices fall between 85% and 90% of their historical long-term averages.



- Large cap sector performance was broadly positive for the 4th quarter as every sector within the Russell 1000 Index, with the exception of energy, posted positive results. Sector strength was notably broad with eight of the ten GICS sectors posting returns of at least 5.0% for the quarter. The materials sector was the strongest performer for the quarter, returning 9.0%. Merger and acquisition activity between the sector's two largest constituents – Dow Chemical (DOW) and DuPont (DD) – provided a substantial boost to the sector's performance. Information technology and health care were also strong performers, posting returns of 8.8% and 8.7% respectively. Led by an ongoing slide in oil prices, which closed the year below \$40/barrel, energy was the only sector to post negative performance for the quarter. This energy weakness is further illustrated on the table below with nine of the ten worst performing stocks in the Russell 1000 coming from the sector. Over calendar year 2015, five of ten sectors in the large cap index had positive performance with the consumer discretionary (7.7%) and health care (7.1%) sectors posting the strongest results. On the negative side, commodity price driven sectors were the worst performers for the year with energy (-22.6%) and materials (-8.9%) suffering the brunt of the losses.

- Similar to large cap indices, small cap index performance was largely positive for the quarter with only the consumer discretionary (-3.1%) and energy (-8.0%) sectors posting negative returns. However, in contrast to the large cap benchmark's balanced one-year sector results, only two sectors, health care (8.6%) and information technology (2.7%), managed to post positive returns. Similar to the large cap index, the energy (-39.3%) and materials (-22.7%) sectors posted the Russell 2000's weakest annual sector performance.

- Using the S&P 500 as a proxy, trailing P/E ratios for five GICS sectors were below their 20-year averages at quarter-end. The information technology and financials sectors were trading at the largest discount to their long-term average P/E ratios. In contrast, telecommunication services, utilities, and consumer discretionary sector valuations were the most extended relative to historical P/E ratios.



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of December 31, 2015

Top 10 Weighted Stocks				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	2.97%	-4.2%	-3.0%	Information Technology
Microsoft Corp	2.20%	26.2%	22.7%	Information Technology
Exxon Mobil Corporation	1.60%	5.8%	-12.8%	Energy
General Electric Co	1.43%	24.4%	27.5%	Industrials
Johnson & Johnson	1.40%	10.8%	1.2%	Health Care
Amazon.com Inc	1.26%	32.0%	117.8%	Consumer Discretionary
Wells Fargo & Co	1.24%	6.6%	1.8%	Financials
Berkshire Hathaway Inc Class B	1.20%	1.3%	-12.1%	Financials
JPMorgan Chase & Co	1.20%	9.1%	8.4%	Financials
Facebook Inc Class A	1.11%	16.4%	34.1%	Information Technology

Top 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Keurig Green Mountain Inc	0.06%	72.6%	-31.1%	Consumer Staples
Advanced Micro Devices Inc	0.00%	66.9%	7.5%	Information Technology
Rayonier Advanced Materials Inc	0.00%	61.1%	-54.9%	Materials
Rovi Corp	0.00%	58.8%	-26.3%	Information Technology
Airgas Inc	0.05%	55.5%	22.7%	Materials
First Solar Inc	0.02%	54.4%	48.0%	Information Technology
Ionis Pharmaceuticals Inc	0.04%	53.2%	0.3%	Health Care
SolarWinds Inc	0.02%	50.1%	18.2%	Information Technology
SunPower Corp	0.01%	49.8%	16.2%	Information Technology
Bruker Corp	0.01%	47.7%	23.7%	Health Care

Bottom 10 Performing Stocks (by Quarter)				
Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Teekay Corp	0.00%	-66.2%	-79.8%	Energy
Peabody Energy Corp	0.00%	-62.9%	-93.4%	Energy
Ultra Petroleum Corp	0.00%	-60.9%	-81.0%	Energy
Targa Resources Corp	0.01%	-46.6%	-73.4%	Energy
Tidewater Inc	0.00%	-45.5%	-77.1%	Energy
Kinder Morgan, Inc.	0.13%	-45.1%	-62.8%	Energy
Southwestern Energy Co	0.01%	-44.0%	-73.9%	Energy
GoPro Inc Class A	0.01%	-42.3%	-71.5%	Consumer Discretionary
Golar LNG Ltd	0.01%	-41.9%	-54.0%	Energy
Seadrill Ltd	0.01%	-40.7%	-70.1%	Energy

Top 10 Weighted Stocks				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
STERIS PLC	0.38%	16.4%	17.8%	Health Care
Tyler Technologies Inc	0.35%	16.8%	59.3%	Information Technology
Dyax Corp	0.33%	97.1%	167.6%	Health Care
CubeSmart	0.30%	13.3%	42.4%	Financials
Manhattan Associates Inc	0.29%	6.2%	62.5%	Information Technology
Neurocrine Biosciences Inc	0.29%	42.2%	153.2%	Health Care
Casey's General Stores Inc	0.28%	17.3%	34.5%	Consumer Staples
Vail Resorts Inc	0.28%	23.6%	43.7%	Consumer Discretionary
Anacor Pharmaceuticals Inc	0.28%	-4.0%	250.3%	Health Care
Piedmont Natural Gas Co	0.27%	43.1%	49.4%	Utilities

Top 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Pacific Biosciences of California Inc	0.05%	258.7%	67.5%	Health Care
Weight Watchers International Inc	0.04%	257.4%	-8.2%	Consumer Discretionary
Energy Recovery Inc	0.00%	230.4%	34.2%	Industrials
Vital Therapies Inc	0.01%	185.1%	-53.8%	Health Care
Five Prime Therapeutics Inc	0.06%	169.7%	53.7%	Health Care
Five9 Inc	0.01%	135.1%	94.2%	Information Technology
Resolute Energy Corp	0.00%	124.2%	-34.1%	Energy
Ohr Pharmaceutical Inc	0.00%	122.5%	-26.4%	Health Care
Willbros Group Inc	0.00%	113.5%	-57.1%	Energy
Ocata Therapeutics Inc	0.02%	101.4%	38.3%	Health Care

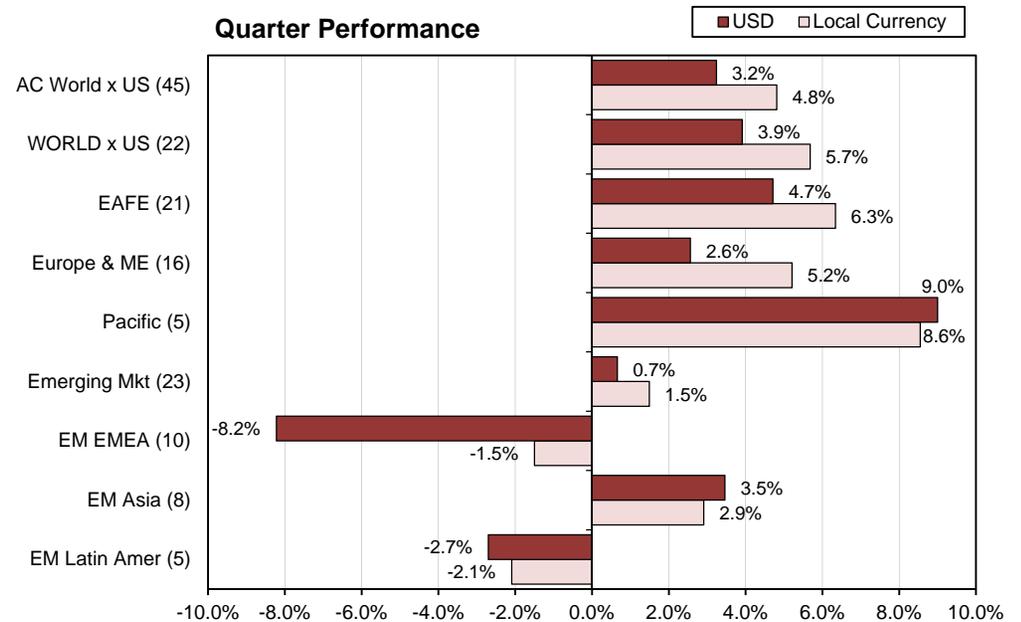
Bottom 10 Performing Stocks (by Quarter)				
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Magnum Hunter Resources Corporation	0.00%	-95.3%	-99.5%	Energy
Miller Energy Resources Inc	0.00%	-95.1%	-99.7%	Energy
American Eagle Energy Corp	0.00%	-90.7%	-99.8%	Energy
Vantage Drilling Co	0.00%	-89.7%	-99.5%	Energy
Threshold Pharmaceuticals Inc	0.00%	-88.2%	-84.9%	Health Care
Hercules Offshore Inc	0.00%	-86.3%	-99.2%	Energy
Walter Energy Inc	0.00%	-86.0%	-99.2%	Materials
Repos Therapeutics Inc	0.00%	-83.7%	-87.9%	Health Care
Corporate Resource Services Inc	0.00%	-83.3%	-99.9%	Industrials
Noranda Aluminum Holding Corp	0.00%	-80.5%	-98.7%	Materials

- The quarter started strong as investors anticipated additional economic stimulus announcements from the European Central Bank (ECB) and the People's Bank of China (PBoC). The latter occurred in October when the PBoC lowered the banking reserve requirement, cut interest rates, and removed a deposit cap that limited the rate of interest banks could pay savers. This stimulus package encouraged investors and initially drove markets higher. However, when the ECB announced only a minimum cut in its deposit rate and a six-month extension to its quantitative easing program on December 3rd, it was less than investors expected and global markets sold off through the remainder of the month. Despite a disappointing December, the majority of international equity index results were positive for the 4th quarter in both local and USD terms. Only the European (-8.2%) and Latin American (-2.7%) sub-segments of the emerging market index posted negative results in both local and USD terms for the quarter. Within broad market USD quarterly results, developed market (3.2%) returns easily outpaced emerging market (0.7%) performance.

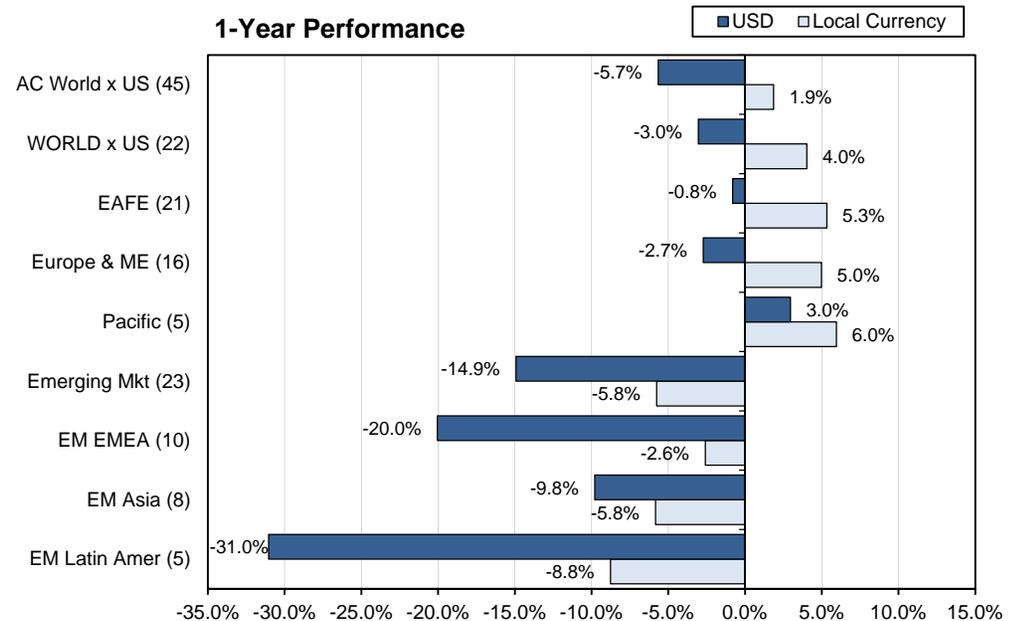
- Developed markets, as measured by the MSCI EAFE Index, performed well during the quarter in both USD (4.7%) and local currency (6.3%) terms, but the index's two largest countries posted mixed results for the period. As the largest weight in the index, Japan's 9.3% return had a large positive impact on broad index return as the country benefited from continued quantitative easing and some improvement in corporate earnings. Unfortunately, the benchmark's second largest country, the UK, managed only a mild 0.7% for the period and struggled relative to other European markets due to its greater exposure to commodity sensitive industries. Finally, USD strength was once again a major theme across global market index returns during 2015. While the trailing one-year USD performance was unilaterally lower than local currency results, the disparity was particularly notable in developed market indices (outside of the Pacific index) where local currency returns were positive for the year but USD equivalent results were negative.

- Emerging markets, as measured by the MSCI Emerging Market Index, returned 0.7% in USD and 1.5% in local currency for the quarter. The index's positive performance was driven by regional results in the EM Asia index as both the EM EMEA and EM Latin America indices posted negative results for the period. Over the trailing one-year period, the broad emerging market index and each of its regional index components finished the year in negative territory measured in both USD and local currency terms.

Quarter Performance



1-Year Performance



The Market Environment
U.S. Dollar International Index Attribution & Country Detail
As of December 31, 2015

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	13.2%	5.6%	1.9%
Consumer Staples	11.9%	5.2%	8.8%
Energy	4.5%	0.7%	-18.5%
Financials	25.6%	3.5%	-3.0%
Health Care	11.9%	5.4%	7.8%
Industrials	12.6%	6.4%	0.4%
Information Technology	5.2%	10.3%	4.5%
Materials	6.4%	1.2%	-16.8%
Telecommunication Services	4.9%	6.5%	3.4%
Utilities	3.8%	2.2%	-5.3%
Total	100.0%	4.7%	-0.8%

MSCI - ACWIXUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.2%	4.5%	-1.1%
Consumer Staples	10.8%	3.8%	5.0%
Energy	6.0%	-0.6%	-22.0%
Financials	27.1%	2.5%	-8.4%
Health Care	9.6%	3.4%	5.8%
Industrials	11.2%	4.6%	-3.6%
Information Technology	8.3%	8.3%	-1.6%
Materials	6.4%	0.3%	-19.8%
Telecommunication Services	5.2%	2.6%	-4.4%
Utilities	3.5%	1.3%	-9.3%
Total	100.0%	3.2%	-5.7%

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	10.0%	2.2%	-11.3%
Consumer Staples	8.3%	-1.8%	-9.1%
Energy	7.1%	-0.1%	-17.1%
Financials	28.0%	0.9%	-18.7%
Health Care	2.9%	2.2%	-5.2%
Industrials	7.0%	-3.2%	-16.8%
Information Technology	20.8%	6.4%	-6.9%
Materials	6.0%	-1.9%	-21.6%
Telecommunication Services	6.8%	-6.0%	-19.6%
Utilities	3.2%	-1.3%	-20.8%
Total	100.0%	0.7%	-14.9%

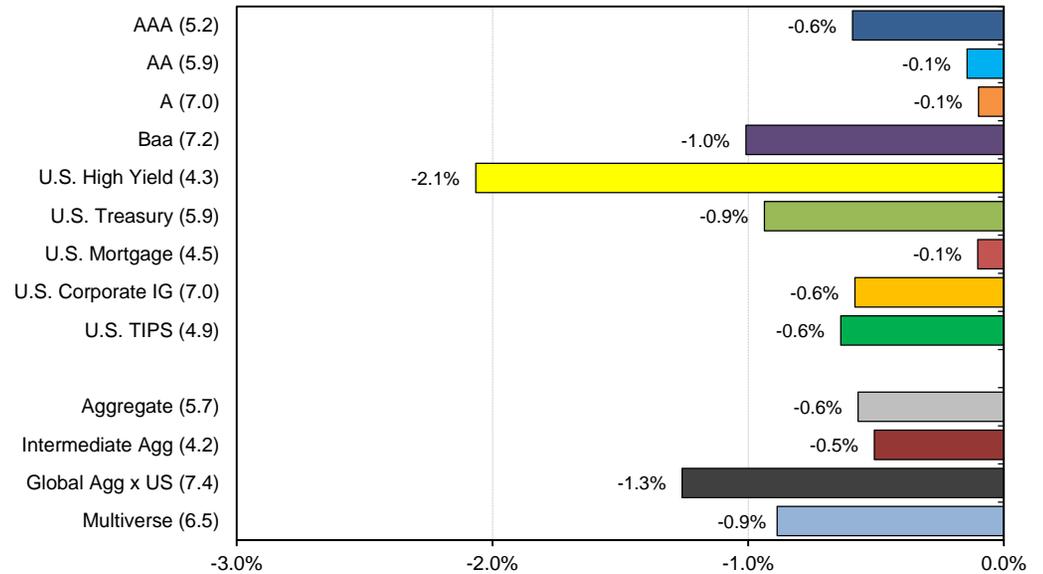
Country	MSCI-EAFE Weight	MSCI-ACWIXUS Weight	Quarter Return	1-Year Return
Japan	23.4%	17.3%	9.3%	9.6%
United Kingdom	19.4%	14.3%	0.7%	-7.6%
France	9.7%	7.2%	1.7%	-0.1%
Switzerland	9.4%	6.9%	2.0%	0.4%
Germany	9.1%	6.7%	7.7%	-1.9%
Australia	6.8%	5.0%	10.0%	-10.0%
Spain	3.2%	2.3%	-2.6%	-15.6%
Hong Kong	3.1%	2.3%	6.0%	-0.5%
Netherlands	2.9%	2.1%	3.1%	1.3%
Sweden	2.9%	2.1%	2.4%	-5.0%
Italy	2.4%	1.7%	-2.3%	2.3%
Denmark	1.9%	1.4%	6.7%	23.4%
Belgium	1.4%	1.1%	13.6%	12.1%
Singapore	1.3%	0.9%	4.2%	-17.7%
Finland	0.9%	0.7%	9.6%	2.0%
Israel	0.8%	0.6%	8.9%	10.4%
Norway	0.6%	0.4%	-0.5%	-15.0%
Ireland	0.4%	0.3%	7.0%	16.5%
Austria	0.2%	0.1%	6.9%	3.5%
New Zealand	0.2%	0.1%	18.2%	-6.3%
Portugal	0.2%	0.1%	4.2%	0.9%
Total EAFE Countries	100.0%	73.6%	4.7%	-0.8%
Canada		5.9%	-5.1%	-24.2%
Total Developed Countries		79.5%	3.9%	-3.0%
China		5.5%	4.0%	-7.8%
Korea		3.2%	5.4%	-6.7%
Taiwan		2.5%	1.2%	-11.7%
India		1.8%	-0.9%	-6.1%
South Africa		1.4%	-10.6%	-25.5%
Brazil		1.1%	-3.3%	-41.4%
Mexico		0.9%	-1.2%	-14.4%
Russia		0.7%	-4.1%	4.2%
Malaysia		0.7%	7.9%	-20.1%
Indonesia		0.5%	20.8%	-19.5%
Thailand		0.4%	-6.2%	-23.5%
Philippines		0.3%	-0.5%	-6.8%
Turkey		0.3%	-0.3%	-31.9%
Poland		0.3%	-12.9%	-25.4%
Chile		0.2%	-1.1%	-17.7%
Qatar		0.2%	-10.2%	-19.5%
United Arab Emirates		0.2%	-12.6%	-17.9%
Greece		0.1%	-19.0%	-61.3%
Colombia		0.1%	-9.4%	-41.8%
Peru		0.1%	-8.1%	-31.7%
Hungary		0.1%	11.4%	36.3%
Czech Republic		0.0%	-11.3%	-18.4%
Egypt		0.0%	-7.8%	-23.7%
Total Emerging Countries		20.6%	0.7%	-14.9%
Total ACWIXUS Countries		100.0%	3.2%	-5.7%

- Fixed income index performance was modestly negative for the 4th quarter. Much of the quarter's negative performance was attributable to the market's anticipation and reaction to the Fed's December decision to raise the Federal Funds Rate by 25 bps. This shift in monetary policy represented both an end to the Fed's seven year (December 2008) zero-interest rate policy and the first rate increase in nearly ten years (July 2006). The Fed's action caused a flattening of the U.S. Treasury yield curve with short-term yields rising more than long-term rates. Despite the larger increase in rates at the short end of the yield curve, longer-dated maturity issues underperformed due to their higher durations and the resulting greater sensitivity to interest rate increases. The calendar year's fixed income results were mixed with high-quality issues posting small, positive results, while lower-quality and international bonds posted negative performance for the year.

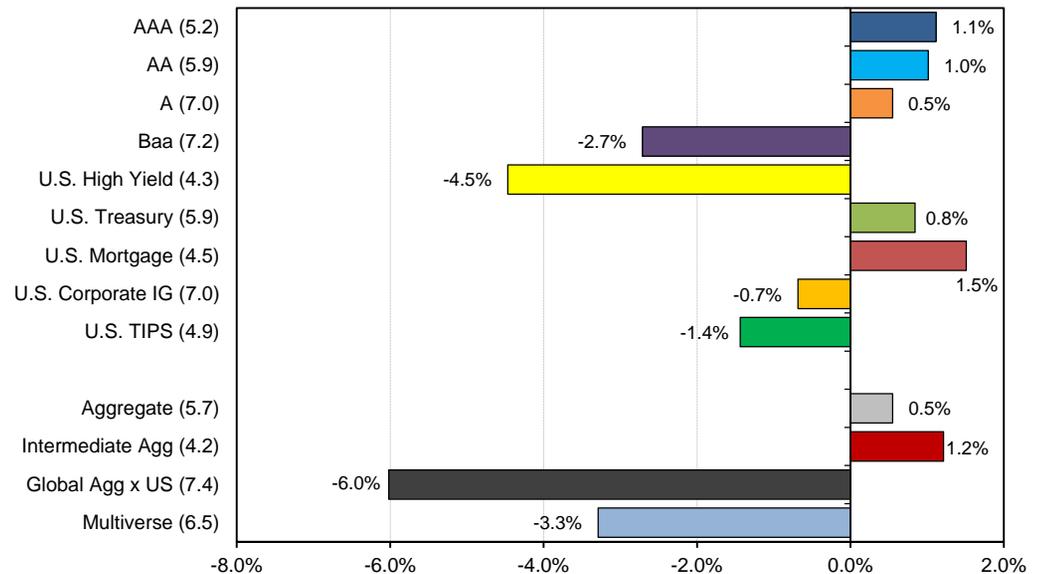
- The broad market Aggregate benchmark posted a return of -0.6% for the quarter. Within the Aggregate index, the mortgage index, aided by its lower duration, was down less than Treasury and corporate issues during the quarter. While the Treasury and mortgage indices finished the year with positive returns, the combined impact of rate increases on the Treasury yield curve, and widening credit spreads during the second half of the year, caused the investment grade corporate index to end the year in negative territory. Due to persistent strength in the USD throughout 2015, unhedged global bond index performance lagged broad domestic index returns for both the quarter and the calendar year.

- Lower credit quality and high yield indices underperformed other domestic indices for both the 4th quarter and the trailing year. Within both bond market segments, issues in energy and commodity related companies were hit particularly hard as credit spreads widened substantially in these industries. While theoretical liquidity concerns in the bond market had been expressed due to structural changes in trading and inventory since the financial crisis, these concerns became a reality during the quarter when the Third Avenue Focused Credit Fund (TFCVX) abruptly closed and suspended investor redemptions in order to liquidate the fund's high yield, illiquid positions in an orderly fashion. Only time will tell if this problem was due to excessive risk taking by the single fund or if it is more endemic of the overall structure of the high yield market.

Quarter Performance

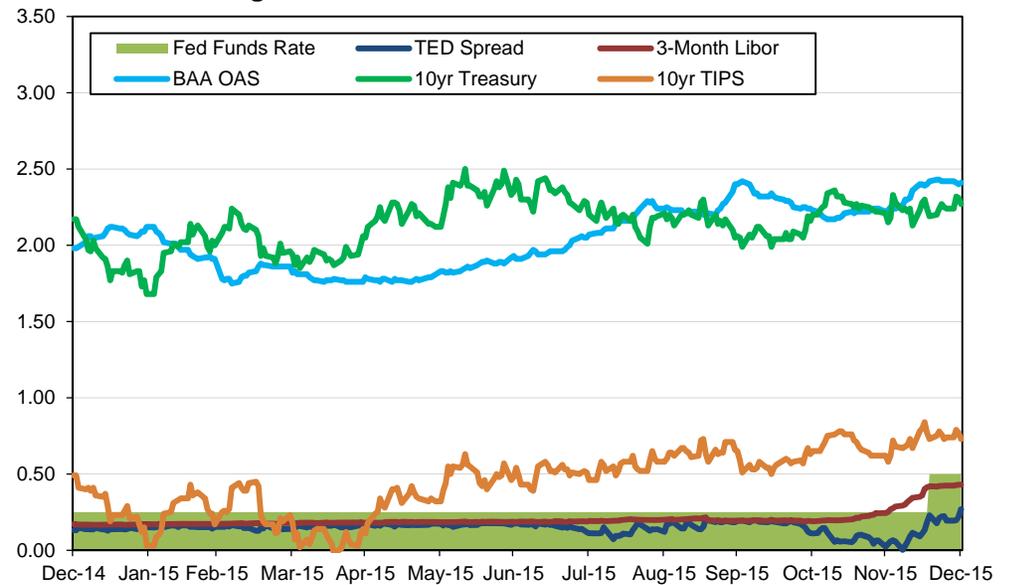


1-Year Performance

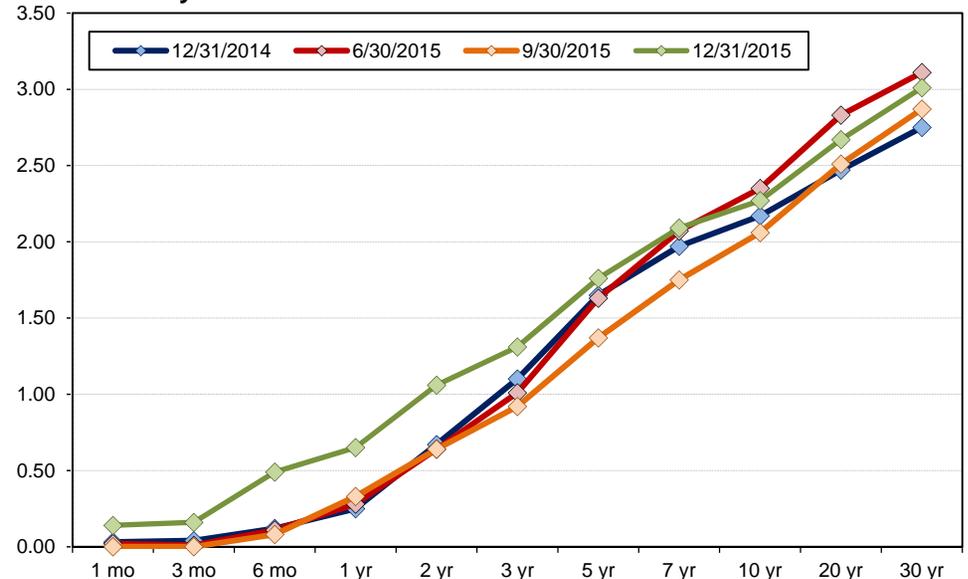


- U.S. Treasury Inflation Protected Securities (TIPS) finished the quarter and year in negative territory returning -0.6% and -1.4%, respectively. Current inflation readings continue to fall below the Fed's 2.0% target, and future inflation expectations are tempered by a strong USD and the deflationary pressures of falling energy and commodity prices.
- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury (green line) rose over the quarter and ended the year slightly higher than where it started. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread), which quantifies the additional yield premium that investors demand to purchase and hold non-Treasury issues. After falling below 2.0% early in 2015, this spread rose throughout the remainder of the year. This "spread-widening" is equivalent to an interest rate increase on corporate bonds, which creates drag on realized corporate bond returns. Finally, the Federal Funds Rate (light green shading) has a small uptick on the right of the graph showing the Fed's announcement to end its zero interest rate policy. The lower graph provides a snapshot of the U.S. Treasury yield curve at each of the last four calendar quarters. Maturities out to seven years ended 2015 at their highest levels of the year while 10-, 20-, and 30-year maturities issues finished the year marginally lower than their June 30th levels.
- Based on moderate U.S. economic growth, stable employment, and below target inflation, it is unlikely the Fed will move aggressively to increase (normalize) the Federal Funds Rate during 2016. The Fed has stated future rate increases would be implemented at a measured pace and with ongoing assessment of current economic data. Geopolitical events and stimulus programs by other countries should keep demand for U.S. Treasury issues elevated and put downward pressure on how high domestic rates will rise in the short-term.

1-Year Trailing Market Rates

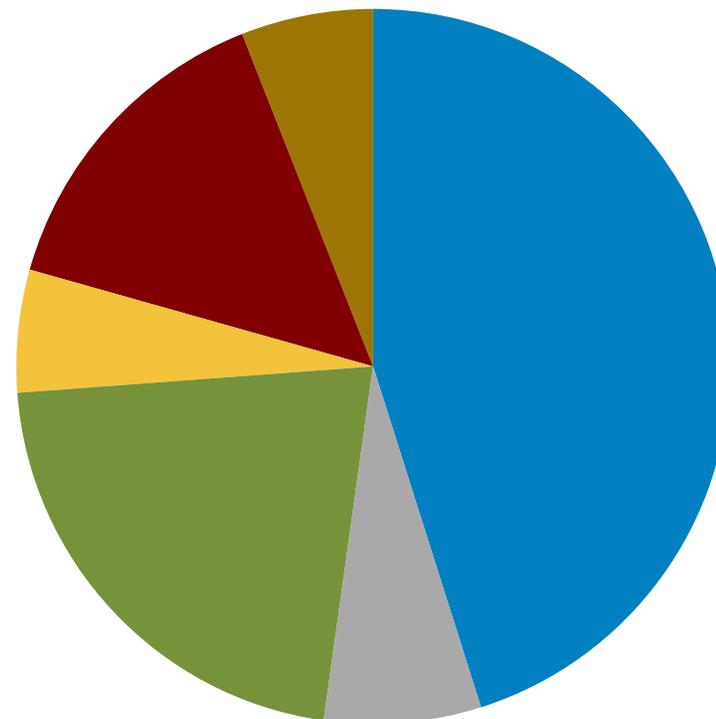
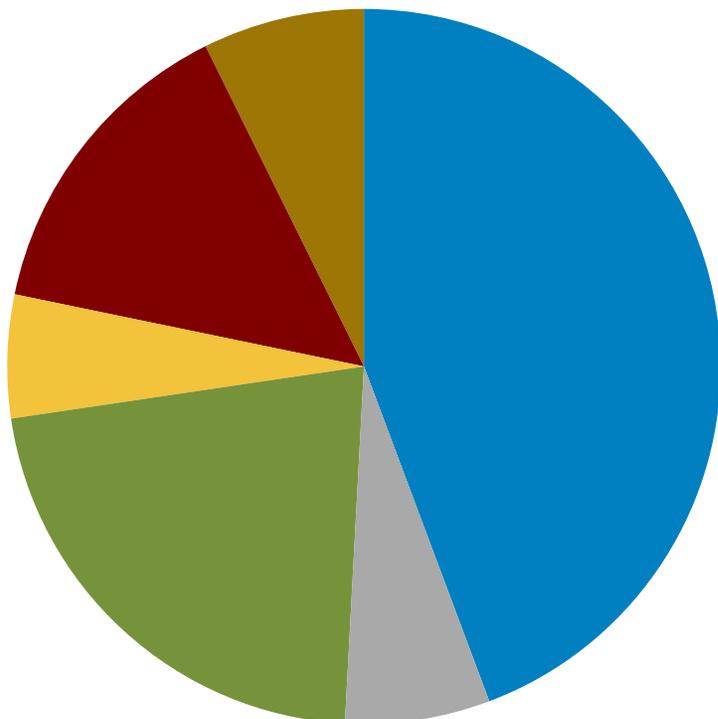


Treasury Yield Curve



Asset Allocation By Segment as of
 September 30, 2015 : \$7,178,707

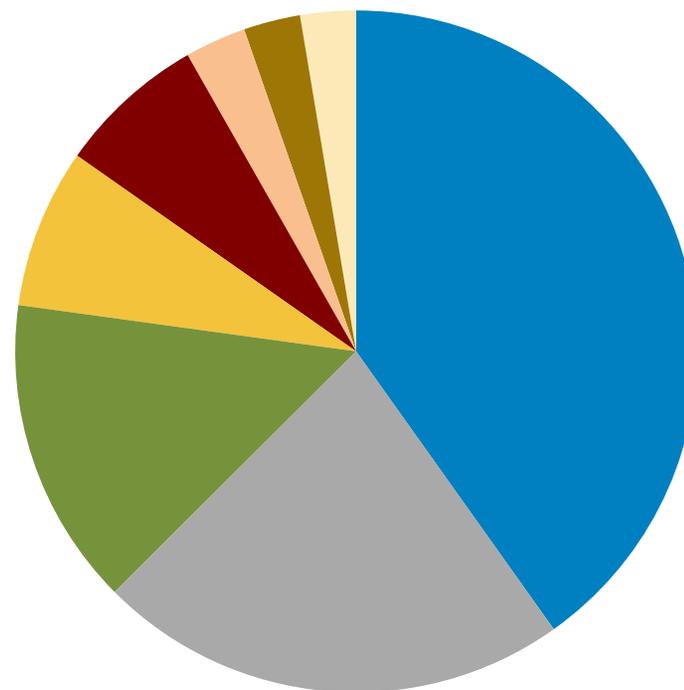
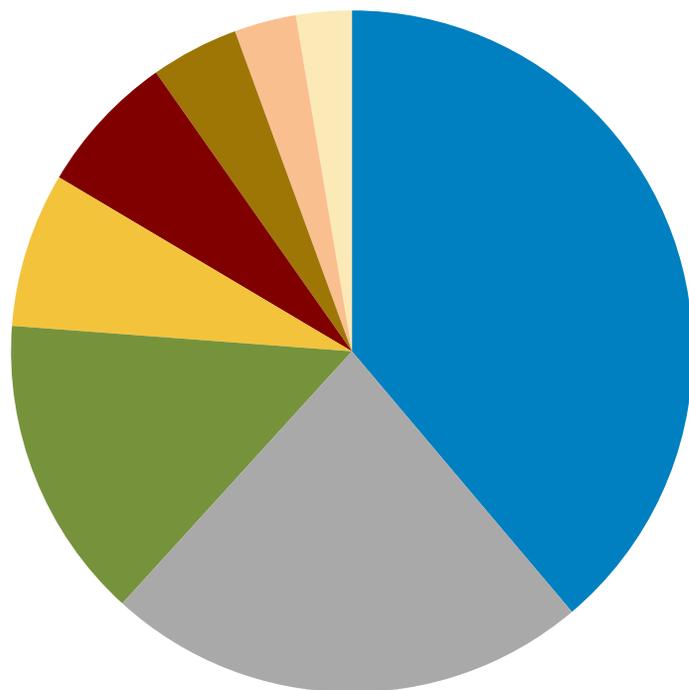
Asset Allocation By Segment as of
 December 31, 2015 : \$7,334,246



Allocation			Allocation		
Segments	Market Value	Allocation	Segments	Market Value	Allocation
Equity	3,179,525	44.3	Equity	3,308,822	45.1
International Equity	471,074	6.6	International Equity	521,230	7.1
Domestic Fixed Income	1,565,826	21.8	Domestic Fixed Income	1,584,537	21.6
Global Fixed Income	400,210	5.6	Global Fixed Income	406,392	5.5
Real Estate	1,036,329	14.4	Real Estate	1,074,042	14.6
Cash Equivalent	525,743	7.3	Cash Equivalent	439,223	6.0

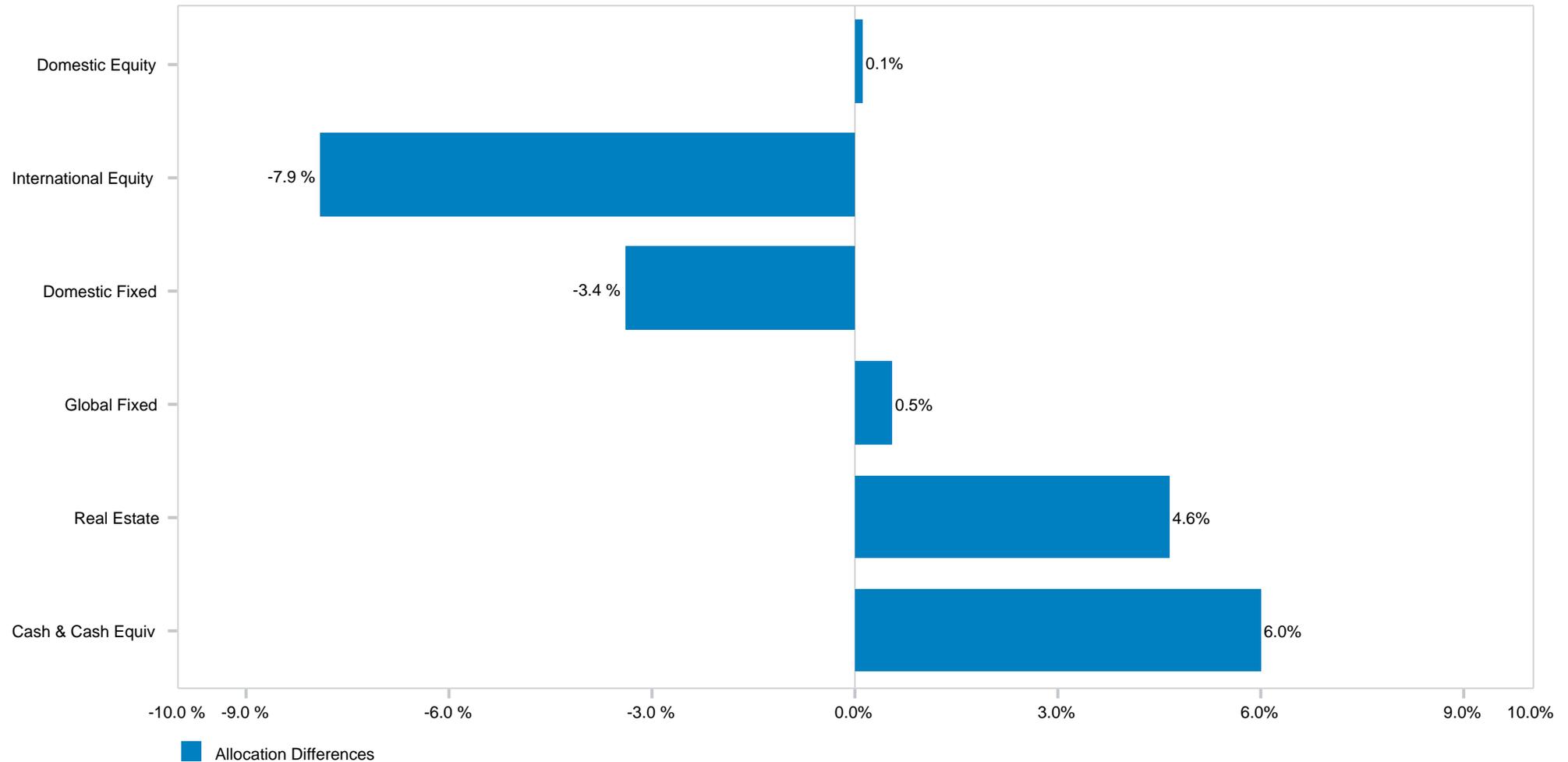
Asset Allocation By Manager as of
September 30, 2015 : \$7,178,707

Asset Allocation By Manager as of
December 31, 2015 : \$7,334,246



Allocation			Allocation		
	Market Value	Allocation		Market Value	Allocation
Highland Equity	2,788,155	38.8	Highland Equity	2,945,254	40.2
Highland Fixed	1,645,242	22.9	Highland Fixed	1,640,697	22.4
Intercontinental	1,036,329	14.4	Intercontinental	1,074,042	14.6
Highland International	526,888	7.3	Highland International	554,823	7.6
Vanguard 500 Index Signal (VFIAX)	481,903	6.7	Vanguard 500 Index Signal (VFIAX)	515,810	7.0
R&D	299,980	4.2	PIMCO Diversified Income Fund (PDIIX)	212,568	2.9
PIMCO Diversified Income Fund (PDIIX)	210,735	2.9	R&D	197,228	2.7
Templeton Global Bond Fund (FBNRX)	189,475	2.6	Templeton Global Bond Fund (FBNRX)	193,824	2.6

Asset Allocation vs. Target Allocation



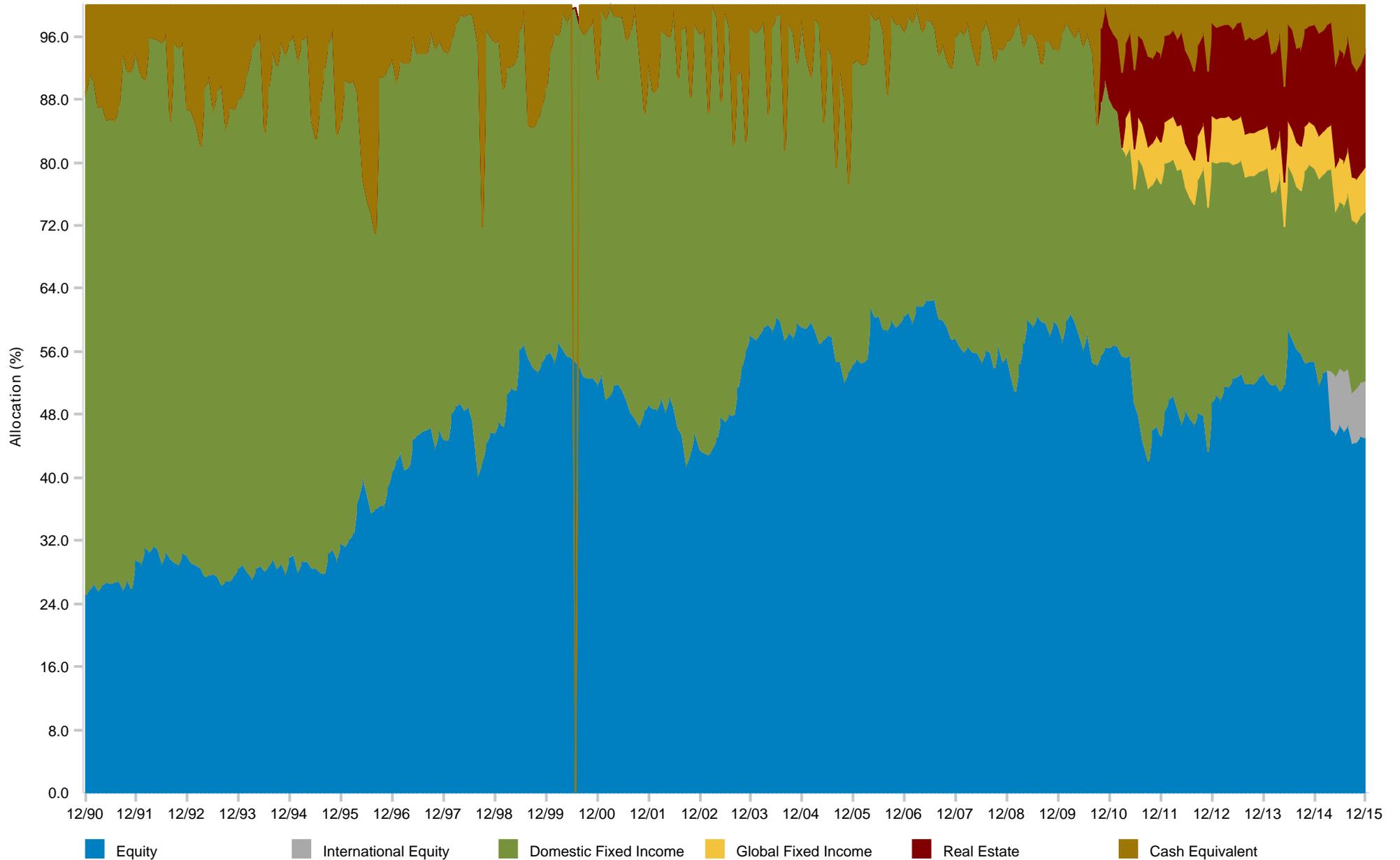
	Market Value \$	Allocation (%)	Target (%)
Domestic Equity	3,308,822	45.1	45.0
International Equity	521,230	7.1	15.0
Domestic Fixed	1,584,537	21.6	25.0
Global Fixed	406,392	5.5	5.0
Real Estate	1,074,042	14.6	10.0
Cash & Cash Equiv	439,223	6.0	0.0
Total Fund	7,334,246	100.0	100.0

Asset Allocation History by Portfolio
Total Fund

As of December 31, 2015

Asset Allocation History by Portfolio	Dec-2015		Sep-2015		Jun-2015		Mar-2015		Dec-2014	
	(\$)	%	(\$)	%	(\$)	%	(\$)	%	(\$)	%
	ICC	-	0.00	-	0.00	-	0.00	5,682,548	74.74	5,758,631
Highland Equity	2,945,254	40.16	2,788,155	38.84	2,990,266	40.39	-	0.00	-	0.00
Highland Fixed	1,640,697	22.37	1,645,242	22.92	1,622,424	21.91	-	0.00	-	0.00
Highland International	554,823	7.56	526,888	7.34	590,649	7.98	-	0.00	-	0.00
Vanguard 500 Index Signal (VFIAX)	515,810	7.03	481,903	6.71	515,131	6.96	513,679	6.76	508,875	6.64
PIMCO Diversified Income Fund (PDIIX)	212,568	2.90	210,735	2.94	216,342	2.92	216,988	2.85	209,940	2.74
Templeton Global Bond Fund (FBNRX)	193,824	2.64	189,475	2.64	201,738	2.72	202,215	2.66	201,700	2.63
Intercontinental	1,074,042	14.64	1,036,329	14.44	1,011,184	13.66	987,620	12.99	982,552	12.82
R&D	197,228	2.69	299,980	4.18	256,443	3.46	-	0.00	-	0.00
Total Fund	7,334,246	100.00	7,178,707	100.00	7,404,179	100.00	7,603,049	100.00	7,661,697	100.00

Asset Allocation History by Segment

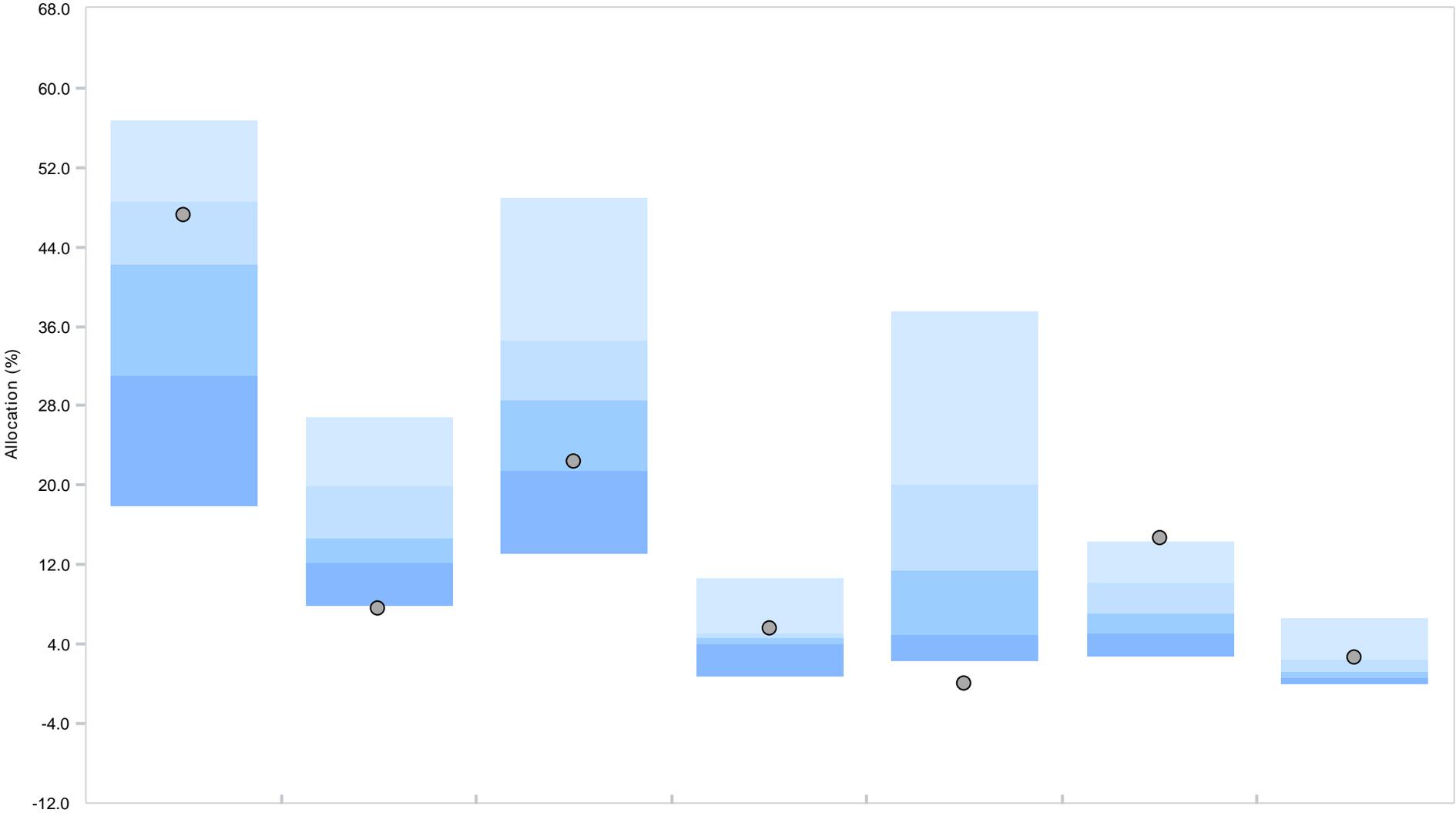


Financial Reconciliation Quarter to Date									
	Market Value 10/01/2015	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2015
Total Domestic Equity Composite	3,270,058	-	-	-	-	-593	22,458	169,141	3,461,064
Highland Equity	2,788,155	-	-	-	-	-593	19,460	138,231	2,945,254
Vanguard 500 Index (VFIAX)	481,903	-	-	-	-	-	2,998	30,909	515,810
Total International Composite	526,888	-	-	-	-	-191	2,457	25,669	554,823
Highland International	526,888	-	-	-	-	-191	2,457	25,669	554,823
Total Domestic Fixed Composite	1,645,242	-	-	-	-	-614	12,191	-16,122	1,640,697
Highland Fixed	1,645,242	-	-	-	-	-614	12,191	-16,122	1,640,697
Total Global Fixed Income	400,210	-	-	-	-	-	9,350	-3,168	406,392
PIMCO Diversified Income Fund (PDIIX)	210,735	-	-	-	-	-	7,648	-5,815	212,568
Templeton Global Bond Fund (FBNRX)	189,475	-	-	-	-	-	1,701	2,647	193,824
Total Real Estate	1,036,329	-9,252	-	-	-13,056	-	10,952	49,069	1,074,042
Intercontinental	1,036,329	-9,252	-	-	-13,056	-	10,952	49,069	1,074,042
R&D	299,980	9,252	73,132	-178,675	-6,198	-273	8	-	197,228
Total Fund	7,178,707	-	73,132	-178,675	-19,254	-1,671	57,417	224,589	7,334,246

October 1, 2015 To December 31, 2015

Financial Reconciliation Fiscal Year to Date									
	Market Value 10/01/2015	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Apprec./ Deprec.	Market Value 12/31/2015
Total Domestic Equity Composite	3,270,058	-	-	-	-	-593	22,458	169,141	3,461,064
Highland Equity	2,788,155	-	-	-	-	-593	19,460	138,231	2,945,254
Vanguard 500 Index (VFIAX)	481,903	-	-	-	-	-	2,998	30,909	515,810
Total International Composite	526,888	-	-	-	-	-191	2,457	25,669	554,823
Highland International	526,888	-	-	-	-	-191	2,457	25,669	554,823
Total Domestic Fixed Composite	1,645,242	-	-	-	-	-614	12,191	-16,122	1,640,697
Highland Fixed	1,645,242	-	-	-	-	-614	12,191	-16,122	1,640,697
Total Global Fixed Income	400,210	-	-	-	-	-	9,350	-3,168	406,392
PIMCO Diversified Income Fund (PDIIX)	210,735	-	-	-	-	-	7,648	-5,815	212,568
Templeton Global Bond Fund (FBNRX)	189,475	-	-	-	-	-	1,701	2,647	193,824
Total Real Estate	1,036,329	-9,252	-	-	-13,056	-	10,952	49,069	1,074,042
Intercontinental	1,036,329	-9,252	-	-	-13,056	-	10,952	49,069	1,074,042
R&D	299,980	9,252	73,132	-178,675	-6,198	-273	8	-	197,228
Total Fund	7,178,707	-	73,132	-178,675	-19,254	-1,671	57,417	224,589	7,334,246

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	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
● Total Fund	47.19 (31)	7.56 (98)	22.37 (72)	5.54 (19)	0.00	14.64 (5)	2.69 (23)
5th Percentile	56.71	26.79	48.92	10.64	37.54	14.41	6.59
1st Quartile	48.52	19.89	34.51	5.10	20.04	10.24	2.47
Median	42.19	14.66	28.56	4.64	11.48	7.11	1.33
3rd Quartile	30.97	12.20	21.43	3.98	5.03	5.06	0.62
95th Percentile	17.90	7.92	13.13	0.80	2.29	2.76	0.05

Comparative Performance Trailing Returns

Total Fund

As of December 31, 2015

Comparative Performance Trailing Returns															
	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		Inception		Inception Date
Total Fund (Net)	3.65		3.65		1.50		8.57		7.51		9.57		7.70		01/01/1991
Total Fund Policy	3.34		3.34		-0.60		7.78		7.62		9.35		7.71		
Difference	0.31		0.31		2.10		0.79		-0.11		0.22		-0.01		
Total Fund (Gross)	3.92	(8)	3.92	(8)	2.12	(6)	9.23	(11)	8.17	(13)	10.21	(26)	8.25	(36)	01/01/1991
Total Fund Policy	3.34	(27)	3.34	(27)	-0.60	(65)	7.78	(46)	7.62	(29)	9.35	(66)	7.71	(90)	
Difference	0.58		0.58		2.72		1.45		0.55		0.86		0.54		
All Public Plans-Total Fund Median	2.82		2.82		-0.11		7.63		7.01		9.68		8.15		
Total Equity Composite *	5.79		5.79		1.37		14.13		10.08		13.55		10.70		01/01/1991
Total Equity Policy	5.76		5.76		-0.48		12.50		10.34		13.34		9.42		
Difference	0.03		0.03		1.85		1.63		-0.26		0.21		1.28		
Total Domestic Equity Composite *	5.86	(53)	5.86	(53)	N/A		N/A		N/A		N/A		-1.07	(58)	04/01/2015
Russell 3000 Index	6.27	(42)	6.27	(42)	0.48	(62)	14.74	(61)	12.18	(63)	15.04	(49)	-1.30	(63)	
Difference	-0.41		-0.41		N/A		N/A		N/A		N/A		0.23		
IM U.S. Large Cap Core Equity (SA+CF) Median	5.94		5.94		1.39		15.26		12.63		14.94		-0.65		
Highland Equity *	5.66	(58)	5.66	(58)	N/A		N/A		N/A		N/A		-1.69	(66)	04/01/2015
Total Highland Equity Policy	6.27	(42)	6.27	(42)	1.02	(55)	13.40	(78)	10.95	(79)	13.75	(78)	-1.30	(63)	
Difference	-0.61		-0.61		N/A		N/A		N/A		N/A		-0.39		
IM U.S. Large Cap Core Equity (SA+CF) Median	5.94		5.94		1.39		15.26		12.63		14.94		-0.65		
Vanguard 500 Index (VFIAX)	7.04	(9)	7.04	(9)	1.36	(6)	15.09	(4)	N/A		N/A		15.09	(4)	01/01/2013
S&P 500 Index	7.04	(6)	7.04	(6)	1.38	(4)	15.13	(1)	12.57	(1)	14.81	(1)	15.13	(1)	
Difference	0.00		0.00		-0.02		-0.04		N/A		N/A		-0.04		
IM S&P 500 Index (MF) Median	6.94		6.94		0.94		14.61		12.04		14.30		14.61		

Returns for periods greater than one year are annualized. Returns are expressed as percentages. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.
 * Please see disclosures at back of book, concerning breakout of balanced account.

Comparative Performance Trailing Returns

Total Fund

As of December 31, 2015

	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		Inception		Inception Date
Total International Composite *	5.34	(34)	5.34	(34)	N/A		N/A		N/A		N/A		-5.89	(53)	04/01/2015
MSCI EAFE Index	4.75	(42)	4.75	(42)	-0.39	(46)	5.46	(48)	4.07	(51)	8.32	(72)	-5.13	(48)	
Difference	0.59		0.59		N/A		N/A		N/A		N/A		-0.76		
IM International Equity (SA+CF) Median	4.29		4.29		-1.05		5.14		4.10		9.94		-5.40		
Highland International *	5.34	(34)	5.34	(34)	N/A		N/A		N/A		N/A		-5.89	(53)	04/01/2015
MSCI EAFE Index	4.75	(42)	4.75	(42)	-0.39	(46)	5.46	(48)	4.07	(51)	8.32	(72)	-5.13	(48)	
Difference	0.59		0.59		N/A		N/A		N/A		N/A		-0.76		
IM International Equity (SA+CF) Median	4.29		4.29		-1.05		5.14		4.10		9.94		-5.40		

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Comparative Performance Trailing Returns

Total Fund

As of December 31, 2015

	QTR		FYTD		1 YR		3 YR		5 YR		7 YR		Inception		Inception Date
Total Fixed Income Composite *	0.11		0.11		0.42		0.87		3.43		4.08		6.25		01/01/1991
Total Fixed Income Policy	-0.62		-0.62		0.14		1.09		2.97		3.76		6.10		
Difference	0.73		0.73		0.28		-0.22		0.46		0.32		0.15		
Total Domestic Fixed Composite *	-0.24	(12)	-0.24	(12)	0.92	(32)	1.04	(98)	3.54	(66)	4.15	(90)	6.27	(79)	01/01/1991
Barclays Aggregate Index	-0.57	(71)	-0.57	(71)	0.55	(73)	1.44	(82)	3.25	(90)	4.09	(93)	6.15	(97)	
Difference	0.33		0.33		0.37		-0.40		0.29		0.06		0.12		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.45		-0.45		0.80		1.70		3.68		5.16		6.49		
Highland Fixed *	-0.24	(12)	-0.24	(12)	0.92	(32)	1.04	(98)	3.54	(66)	4.15	(90)	6.27	(79)	01/01/1991
Total Highland Fixed Income Policy	-0.57	(71)	-0.57	(71)	0.55	(73)	1.44	(82)	3.25	(90)	3.95	(97)	6.16	(96)	
Difference	0.33		0.33		0.37		-0.40		0.29		0.20		0.11		
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.45		-0.45		0.80		1.70		3.68		5.16		6.49		
Total Global Fixed Income	1.54	(1)	1.54	(1)	-1.28	(28)	0.61	(26)	N/A		N/A		2.85	(21)	05/01/2011
BofA Merrill Lynch Global Broad Market Index	-0.96	(56)	-0.96	(56)	-2.75	(37)	-1.39	(51)	1.16	(55)	2.62	(72)	0.36	(58)	
Difference	2.50		2.50		1.47		2.00		N/A		N/A		2.49		
IM Global Fixed Income (MF) Median	-0.82		-0.82		-3.71		-1.37		1.36		4.15		0.68		
PIMCO Diversified Income Fund (PDIIX)	0.87	(2)	0.87	(2)	1.25	(1)	1.09	(19)	N/A		N/A		3.92	(8)	05/01/2011
Barclays Global Credit (Hedged)	0.00	(18)	0.00	(18)	-0.20	(14)	2.33	(7)	4.64	(5)	6.98	(19)	4.47	(4)	
Difference	0.87		0.87		1.45		-1.24		N/A		N/A		-0.55		
IM Global Fixed Income (MF) Median	-0.82		-0.82		-3.71		-1.37		1.36		4.15		0.68		
Templeton Global Bond Fund (FBNRX)	2.29	(1)	2.29	(1)	-3.91	(54)	0.09	(33)	N/A		N/A		1.74	(27)	05/01/2011
Citigroup World Government Bond Index	-1.23	(77)	-1.23	(77)	-3.57	(47)	-2.69	(74)	-0.08	(81)	1.03	(99)	-0.91	(79)	
Difference	3.52		3.52		-0.34		2.78		N/A		N/A		2.65		
IM Global Fixed Income (MF) Median	-0.82		-0.82		-3.71		-1.37		1.36		4.15		0.68		
Intercontinental	5.85	(1)	5.85	(1)	14.78	(64)	15.25	(37)	15.46	(32)	N/A		15.65	(31)	10/01/2010
NCREIF Property Index	2.91	(88)	2.91	(88)	13.33	(83)	12.04	(82)	12.18	(87)	7.61	(12)	12.53	(86)	
Difference	2.94		2.94		1.45		3.21		3.28		N/A		3.12		
IM U.S. Open End Private Real Estate (SA+CF) Median	3.37		3.37		15.33		14.16		14.38		6.38		14.93		

Returns for periods greater than one year are annualized. Returns are expressed as percentages. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.

* Please see disclosures at back of book, concerning breakout of balanced account.

Comparative Performance Fiscal Year Returns

Total Fund

As of December 31, 2015

Comparative Performance Fiscal Year Returns											
	FYTD	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007	
Total Fund (Net)	3.65	1.27	10.37	13.58	15.92	-0.23	7.05	2.29	-11.39	13.73	
Total Fund Policy	3.34	-1.48	11.04	12.89	18.66	0.96	8.72	2.63	-10.22	10.74	
Difference	0.31	2.75	-0.67	0.69	-2.74	-1.19	-1.67	-0.34	-1.17	2.99	
Total Fund (Gross)	3.92 (8)	1.85 (6)	11.06 (28)	14.24 (20)	16.59 (70)	0.33 (49)	7.59 (93)	2.81 (37)	-10.77 (15)	14.17 (51)	
Total Fund Policy	3.34 (27)	-1.48 (74)	11.04 (29)	12.89 (44)	18.66 (33)	0.96 (35)	8.72 (80)	2.63 (40)	-10.22 (11)	10.74 (94)	
Difference	0.58	3.33	0.02	1.35	-2.07	-0.63	-1.13	0.18	-0.55	3.43	
All Public Plans-Total Fund Median	2.82	-0.52	10.17	12.51	17.90	0.32	9.94	1.64	-13.41	14.25	
Total Equity Composite *	5.79	0.69	14.77	27.28	27.94	-9.11	8.10	-4.91	-19.66	20.63	
Total Equity Policy	5.76	-2.46	15.56	20.87	27.57	-1.37	11.13	-6.91	-21.98	16.44	
Difference	0.03	3.15	-0.79	6.41	0.37	-7.74	-3.03	2.00	2.32	4.19	
Total ICC Equity (segment level) *	N/A	N/A	14.77 (89)	27.28 (6)	27.94 (62)	-9.11 (100)	8.10 (72)	-4.91 (43)	-19.66 (44)	20.63 (20)	
Total Highland Equity Policy	6.27 (42)	-1.41 (71)	15.46 (87)	22.12 (30)	27.43 (63)	-1.09 (75)	10.97 (31)	-6.91 (64)	-21.98 (68)	16.44 (61)	
Difference	N/A	N/A	-0.69	5.16	0.51	-8.02	-2.87	2.00	2.32	4.19	
IM U.S. Large Cap Core Equity (SA+CF) Median	5.94	-0.02	19.25	20.72	29.69	1.15	9.47	-5.74	-20.38	16.98	
Highland Equity *	5.66 (58)	N/A									
Total Highland Equity Policy	6.27 (42)	-1.41 (71)	15.46 (87)	22.12 (30)	27.43 (63)	-1.09 (75)	10.97 (31)	-6.91 (64)	-21.98 (68)	16.44 (61)	
Difference	-0.61	N/A									
IM U.S. Large Cap Core Equity (SA+CF) Median	5.94	-0.02	19.25	20.72	29.69	1.15	9.47	-5.74	-20.38	16.98	
Vanguard 500 Index (VFIAX)	7.04 (9)	-0.63 (4)	19.68 (5)	N/A							
S&P 500 Index	7.04 (6)	-0.61 (2)	19.73 (1)	19.34 (1)	30.20 (1)	1.14 (2)	10.16 (4)	-6.91 (21)	-21.98 (10)	16.44 (2)	
Difference	0.00	-0.02	-0.05	N/A							
IM S&P 500 Index (MF) Median	6.94	-1.06	19.19	18.80	29.58	0.68	9.68	-7.24	-22.32	15.91	

Returns for periods greater than one year are annualized. Returns are expressed as percentages.

Due to the nature of the ICC balanced account, ICC Equity and ICC Domestic Fixed Income is reported at the segment level. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.

* Please see disclosures at back of book.

Comparative Performance Fiscal Year Returns

Total Fund

As of December 31, 2015

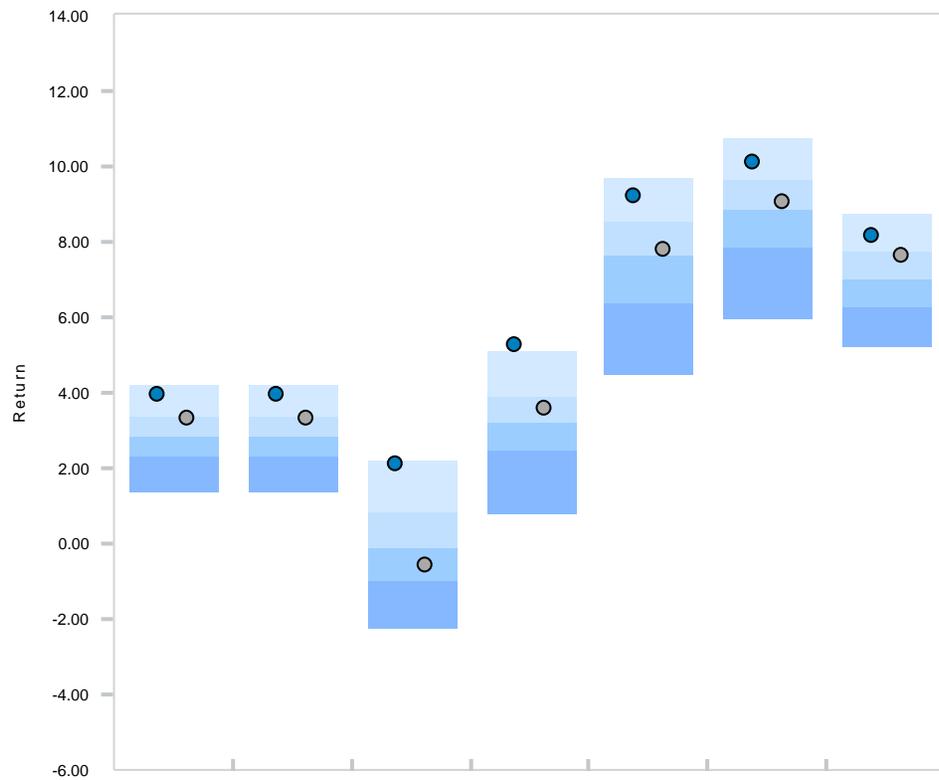
	FYTD	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010	Oct-2008 To Sep-2009	Oct-2007 To Sep-2008	Oct-2006 To Sep-2007
Total Domestic Fixed Composite *	-0.24 (12)	2.59 (78)	3.73 (91)	-2.84 (100)	6.36 (60)	5.97 (14)	7.72 (94)	11.28 (70)	2.11 (55)	4.93 (74)
Barclays Aggregate Index	-0.57 (71)	2.94 (59)	3.96 (80)	-1.68 (80)	5.16 (91)	5.26 (49)	8.16 (87)	10.56 (82)	3.65 (32)	5.14 (52)
Difference	0.33	-0.35	-0.23	-1.16	1.20	0.71	-0.44	0.72	-1.54	-0.21
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.45	3.02	4.50	-1.28	6.60	5.26	9.22	12.28	2.54	5.15
Total ICC Fixed Income (segment level) *	N/A	N/A	3.73 (91)	-2.84 (100)	6.36 (60)	5.97 (14)	7.72 (94)	11.28 (70)	2.11 (55)	4.93 (74)
Total Highland Fixed Income Policy	-0.57 (71)	2.94 (59)	3.96 (80)	-1.68 (80)	5.16 (91)	5.26 (49)	7.82 (93)	11.06 (72)	2.38 (53)	5.12 (56)
Difference	N/A	N/A	-0.23	-1.16	1.20	0.71	-0.10	0.22	-0.27	-0.19
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.45	3.02	4.50	-1.28	6.60	5.26	9.22	12.28	2.54	5.15
Highland Fixed *	-0.24 (12)	2.59 (78)	3.73 (91)	-2.84 (100)	6.36 (60)	5.97 (14)	7.72 (94)	11.28 (70)	2.11 (55)	4.93 (74)
Total Highland Fixed Income Policy	-0.57 (71)	2.94 (59)	3.96 (80)	-1.68 (80)	5.16 (91)	5.26 (49)	7.82 (93)	11.06 (72)	2.38 (53)	5.12 (56)
Difference	0.33	-0.35	-0.23	-1.16	1.20	0.71	-0.10	0.22	-0.27	-0.19
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	-0.45	3.02	4.50	-1.28	6.60	5.26	9.22	12.28	2.54	5.15
Total Global Fixed Income	1.54 (1)	-4.16 (58)	6.09 (17)	1.89 (5)	14.78 (3)	N/A	N/A	N/A	N/A	N/A
BofA Merrill Lynch Global Broad Market Index	-0.96 (56)	-2.44 (34)	1.45 (81)	-2.65 (64)	5.10 (88)	4.18 (9)	6.22 (84)	13.36 (58)	2.80 (14)	8.01 (44)
Difference	2.50	-1.72	4.64	4.54	9.68	N/A	N/A	N/A	N/A	N/A
IM Global Fixed Income (MF) Median	-0.82	-3.75	3.53	-1.52	7.19	1.61	7.82	13.86	-1.53	7.30
PIMCO Diversified Income Fund (PDIIX)	0.87 (2)	-1.10 (27)	6.09 (17)	0.37 (25)	16.25 (3)	N/A	N/A	N/A	N/A	N/A
Barclays Global Credit (Hedged)	0.00 (18)	0.86 (17)	6.83 (9)	1.46 (9)	11.61 (7)	1.69 (49)	11.05 (31)	15.99 (25)	-4.40 (78)	3.82 (82)
Difference	0.87	-1.96	-0.74	-1.09	4.64	N/A	N/A	N/A	N/A	N/A
IM Global Fixed Income (MF) Median	-0.82	-3.75	3.53	-1.52	7.19	1.61	7.82	13.86	-1.53	7.30
Templeton Global Bond Fund (FBNRX)	2.29 (1)	-7.34 (88)	6.09 (17)	3.52 (3)	13.25 (5)	N/A	N/A	N/A	N/A	N/A
Citigroup World Government Bond Index	-1.23 (77)	-3.83 (52)	-0.07 (97)	-4.60 (85)	3.29 (97)	4.61 (8)	4.99 (95)	13.78 (51)	5.90 (6)	8.69 (31)
Difference	3.52	-3.51	6.16	8.12	9.96	N/A	N/A	N/A	N/A	N/A
IM Global Fixed Income (MF) Median	-0.82	-3.75	3.53	-1.52	7.19	1.61	7.82	13.86	-1.53	7.30
Intercontinental	5.85 (1)	13.98 (71)	14.12 (35)	18.15 (10)	13.32 (43)	16.37 (56)	N/A	N/A	N/A	N/A
NCREIF Property Index	2.91 (88)	13.48 (75)	11.26 (89)	11.00 (83)	11.00 (77)	16.10 (76)	5.84 (53)	-22.09 (5)	5.27 (28)	17.31 (68)
Difference	2.94	0.50	2.86	7.15	2.32	0.27	N/A	N/A	N/A	N/A
IM U.S. Open End Private Real Estate (SA+CF) Median	3.37	15.93	12.78	13.22	12.90	16.62	6.39	-34.80	3.23	18.34

Returns for periods greater than one year are annualized. Returns are expressed as percentages.

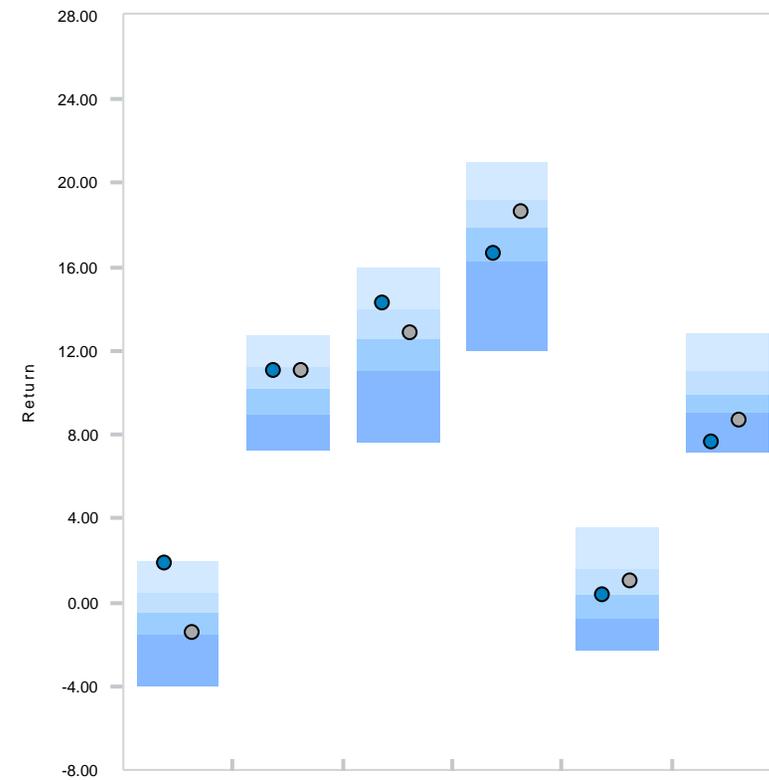
Due to the nature of the ICC balanced account, ICC Equity and ICC Domestic Fixed Income is reported at the segment level. Parenthesized number represents pertinent peer group ranking: 1-100, best to worst.

* Please see disclosures at back of book.

Plan Sponsor Peer Group Analysis - All Public Plans-Total Fund



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Total Fund	3.92 (8)	3.92 (8)	2.12 (7)	5.24 (5)	9.23 (11)	10.09 (14)	8.17 (13)
● Total Fund Policy	3.34 (27)	3.34 (27)	-0.60 (66)	3.59 (35)	7.78 (47)	9.06 (46)	7.62 (29)
Median	2.83	2.83	-0.10	3.21	7.63	8.84	7.02

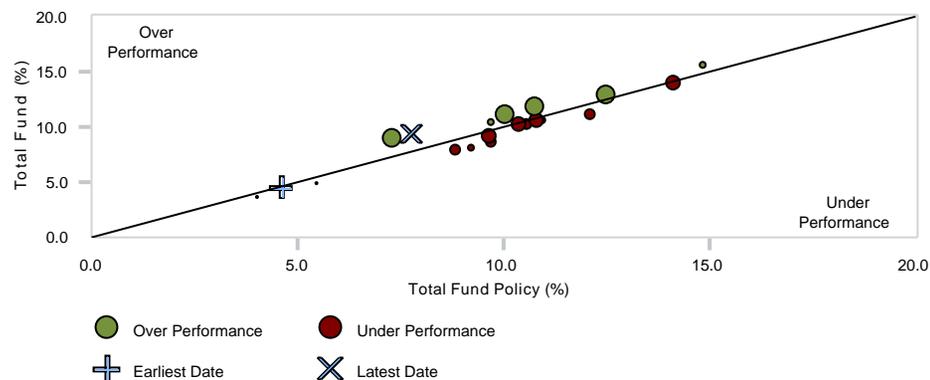


	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Total Fund	1.85 (6)	11.06 (28)	14.24 (20)	16.59 (70)	0.33 (49)	7.59 (93)
● Total Fund Policy	-1.48 (74)	11.04 (29)	12.89 (44)	18.66 (33)	0.96 (35)	8.72 (80)
Median	-0.51	10.17	12.51	17.90	0.32	9.94

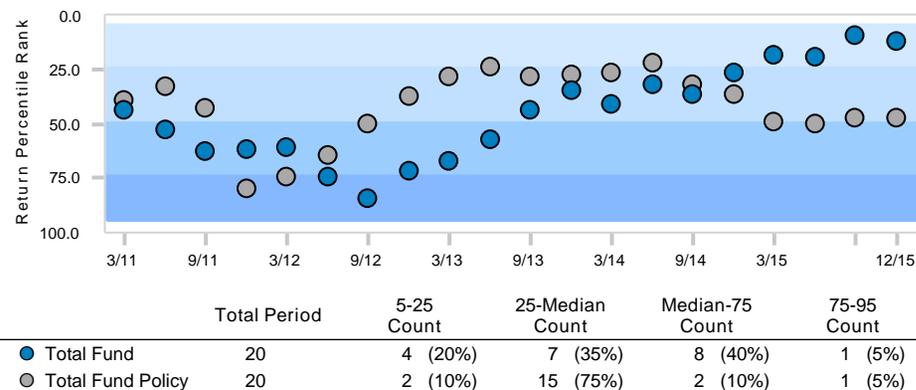
Comparative Performance

	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014	1 Qtr Ending Sep-2014	1 Qtr Ending Jun-2014
Total Fund	-3.51 (7)	-0.11 (53)	1.95 (85)	3.66 (5)	-0.25 (12)	3.18 (82)
Total Fund Policy	-4.85 (45)	0.02 (41)	1.07 (98)	2.42 (41)	-0.35 (14)	3.76 (41)
All Public Plans-Total Fund Median	-5.02	-0.09	2.44	2.27	-1.12	3.63

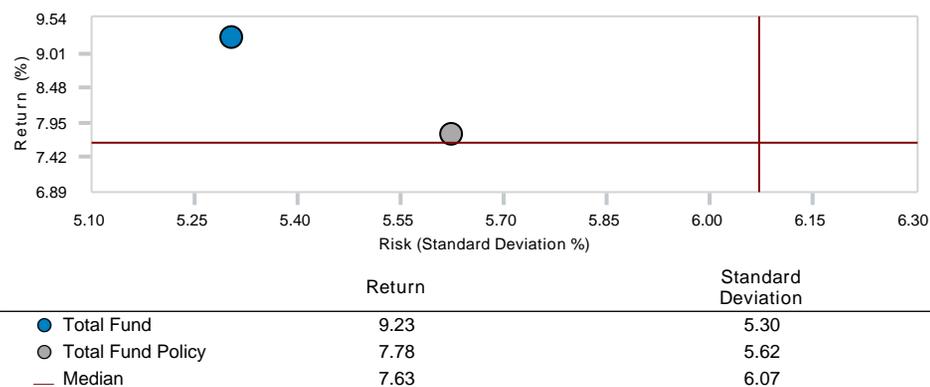
3 Yr Rolling Under/Over Performance - 5 Years



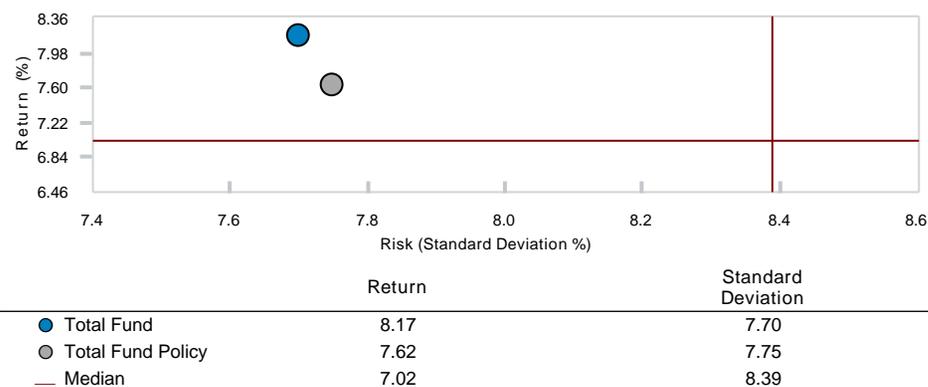
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



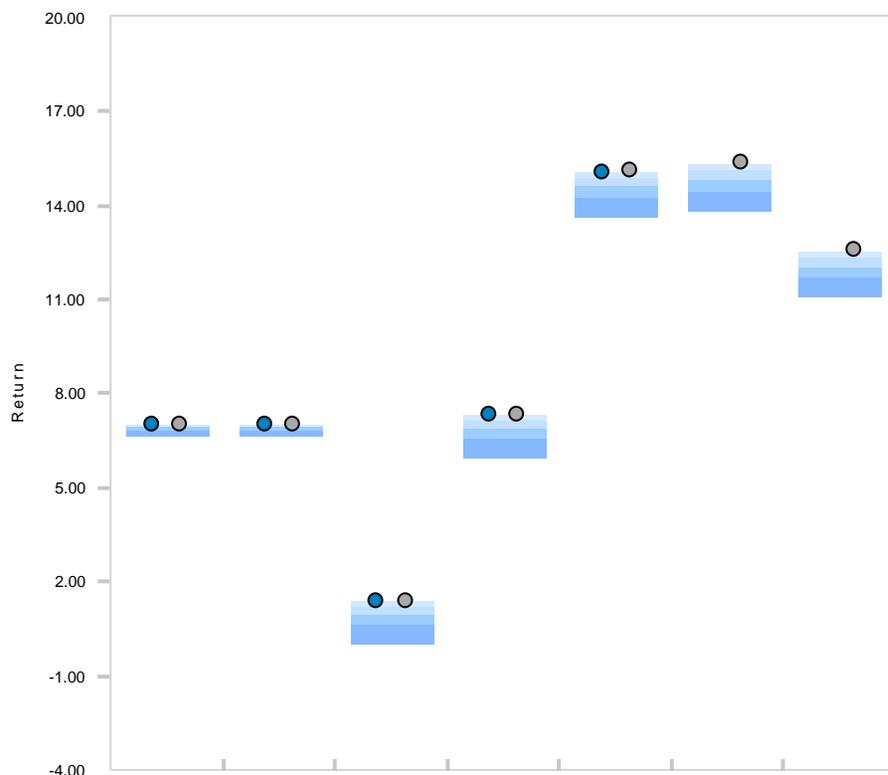
Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	1.18	109.19	72.28	1.96	1.14	1.70	0.92	2.03
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	1.36	1.00	2.81

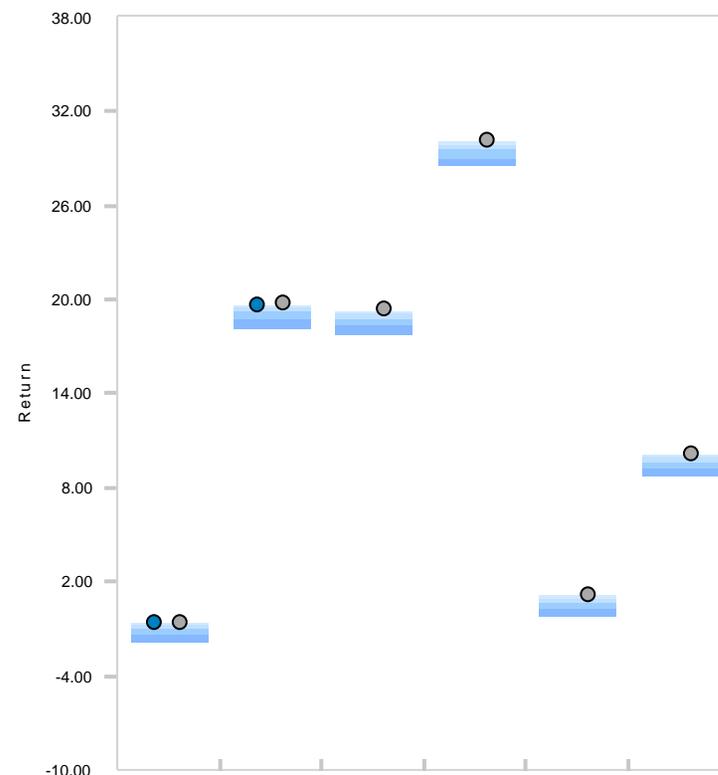
Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Total Fund	1.33	103.59	96.30	0.67	0.38	1.06	0.98	4.51
Total Fund Policy	0.00	100.00	100.00	0.00	N/A	0.99	1.00	4.58

Peer Group Analysis - IM S&P 500 Index (MF)



	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR
● Vanguard 500 (VFIAX)	7.04 (9)	7.04 (9)	1.36 (6)	7.33 (4)	15.09 (4)	N/A	N/A
● S&P 500 Index	7.04 (6)	7.04 (6)	1.38 (4)	7.36 (1)	15.13 (1)	15.35 (1)	12.57 (1)
Median	6.94	6.94	0.94	6.89	14.61	14.81	12.04

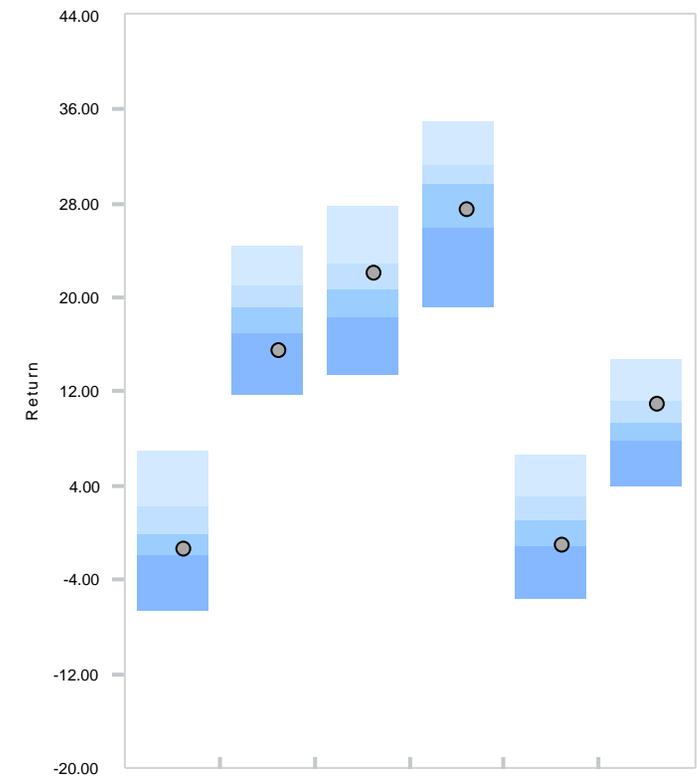
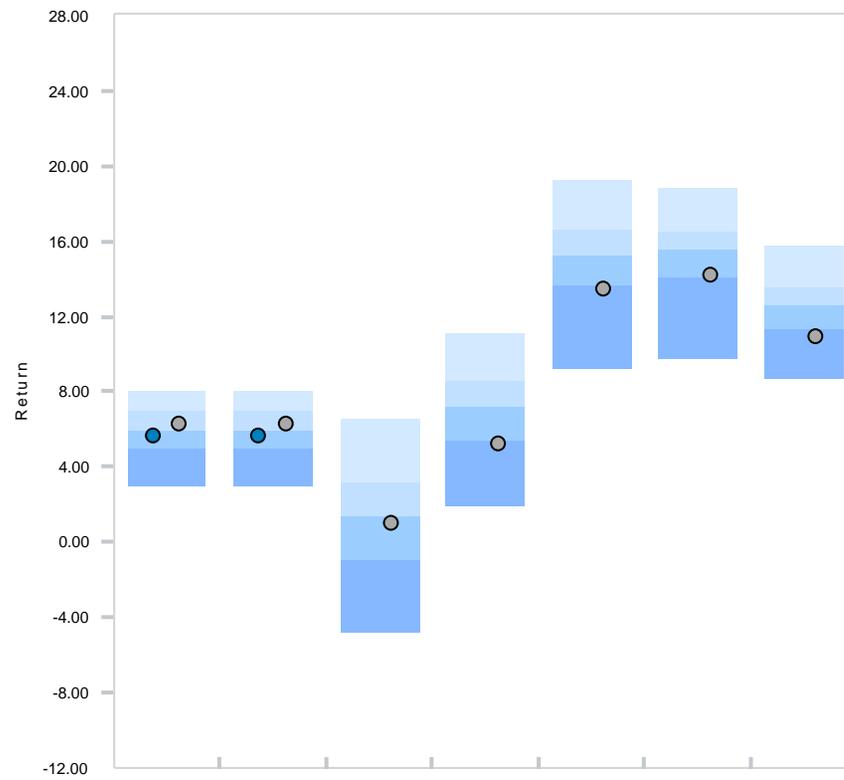


	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Vanguard 500 (VFIAX)	-0.63 (4)	19.68 (5)	N/A	N/A	N/A	N/A
● S&P 500 Index	-0.61 (2)	19.73 (1)	19.34 (1)	30.20 (1)	1.14 (2)	10.16 (4)
Median	-1.06	19.19	18.80	29.58	0.68	9.68

Comparative Performance

	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014	1 Qtr Ending Sep-2014	1 Qtr Ending Jun-2014
Vanguard 500 (VFIAX)	-6.45 (16)	0.28 (6)	0.94 (6)	4.93 (6)	1.12 (4)	5.22 (7)
S&P 500 Index	-6.44 (6)	0.28 (10)	0.95 (2)	4.93 (4)	1.13 (2)	5.23 (1)
IM S&P 500 Index (MF) Median	-6.55	0.18	0.85	4.81	1.01	5.11

Peer Group Analysis - IM U.S. Large Cap Core Equity (SA+CF)

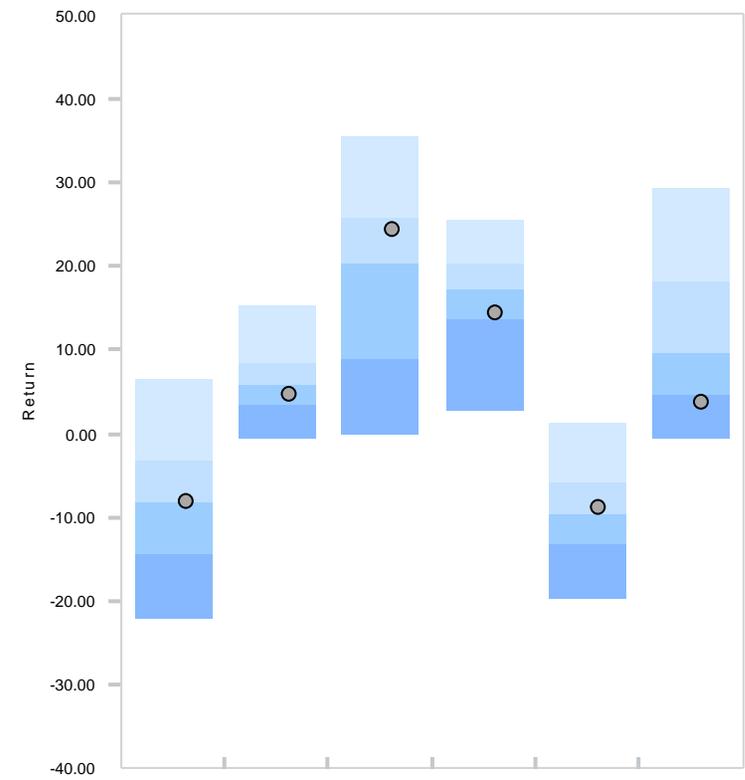
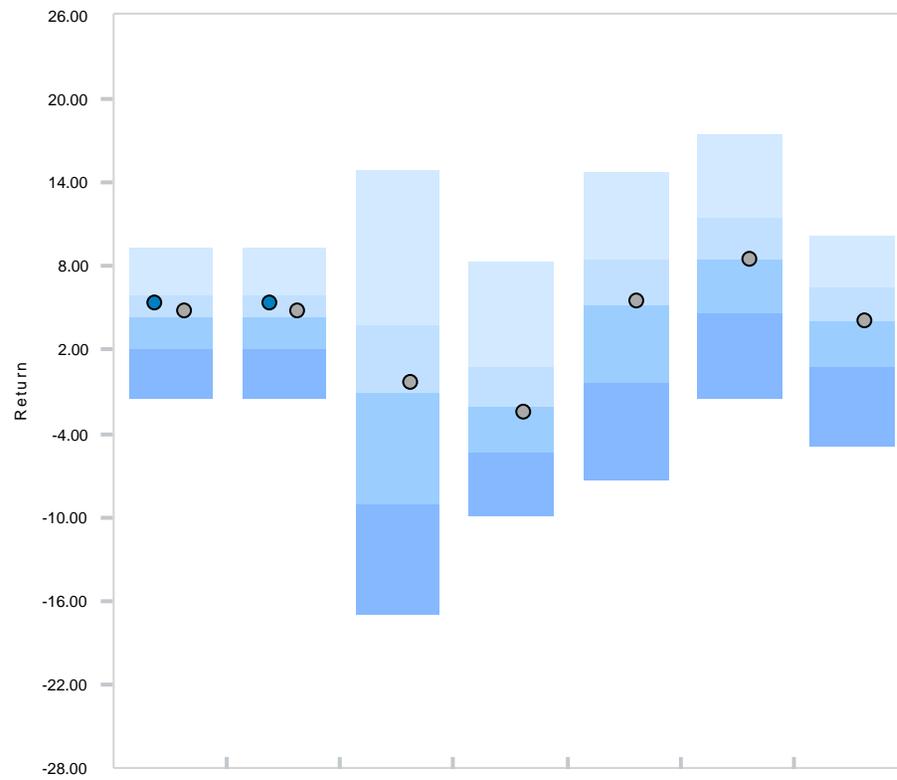


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR		Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Highland Equity	5.66 (58)	5.66 (58)	N/A	N/A	N/A	N/A	N/A	● Highland Equity	N/A	N/A	N/A	N/A	N/A	N/A
● Total Highland Equity Policy	6.27 (42)	6.27 (42)	1.02 (55)	5.17 (80)	13.40 (78)	14.22 (73)	10.95 (79)	● Total Highland Equity Policy	-1.41 (71)	15.46 (87)	22.12 (30)	27.43 (63)	-1.09 (75)	10.97 (31)
Median	5.94	5.94	1.39	7.18	15.26	15.56	12.63	Median	-0.02	19.25	20.72	29.69	1.15	9.47

Comparative Performance

	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014	1 Qtr Ending Sep-2014	1 Qtr Ending Jun-2014
Highland Equity	-6.74 (54)	-0.23 (66)	N/A	N/A	N/A	N/A
Total Highland Equity Policy	-7.25 (64)	0.14 (55)	2.34 (38)	3.72 (76)	-0.99 (88)	4.78 (51)
IM U.S. Large Cap Core Equity (SA+CF) Median	-6.66	0.26	1.87	5.03	0.95	4.80

Peer Group Analysis - IM International Equity (SA+CF)

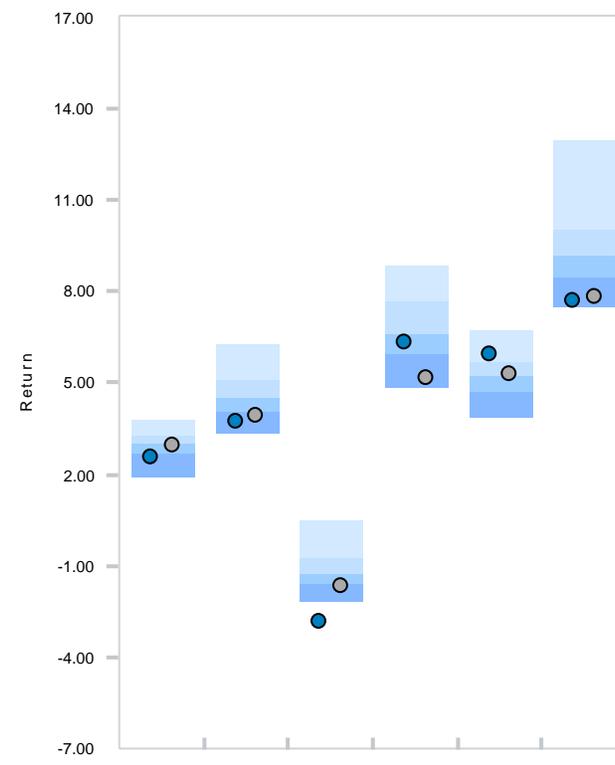
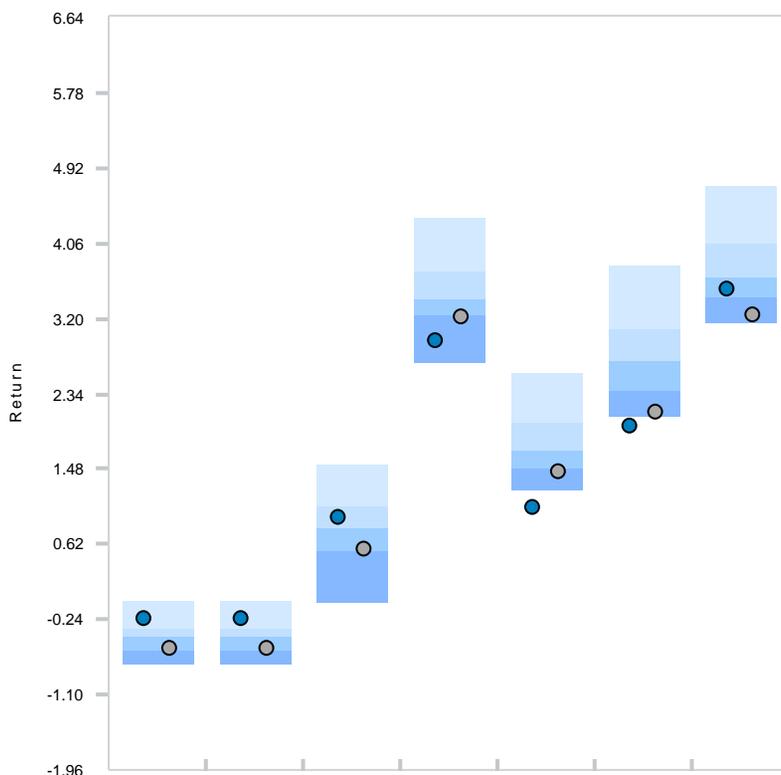


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR	Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Highland International	5.34 (34)	5.34 (34)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
○ MSCI EAFE Index	4.75 (42)	4.75 (42)	-0.39 (46)	-2.46 (54)	5.46 (48)	8.44 (52)	4.07 (51)	-8.27 (52)	4.70 (63)	24.29 (33)	14.33 (71)	-8.94 (44)	3.71 (80)
Median	4.29	4.29	-1.05	-2.13	5.14	8.50	4.10	-8.07	5.75	20.34	17.27	-9.61	9.54

Comparative Performance

	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014	1 Qtr Ending Sep-2014	1 Qtr Ending Jun-2014
Highland International	-10.76 (50)	0.12 (78)	N/A	N/A	N/A	N/A
MSCI EAFE Index	-10.19 (44)	0.84 (63)	5.00 (39)	-3.53 (61)	-5.83 (70)	4.34 (55)
IM International Equity (SA+CF) Median	-10.78	1.45	4.24	-2.98	-4.77	4.73

Peer Group Analysis - IM U.S. Broad Market Core Fixed Income (SA+CF)

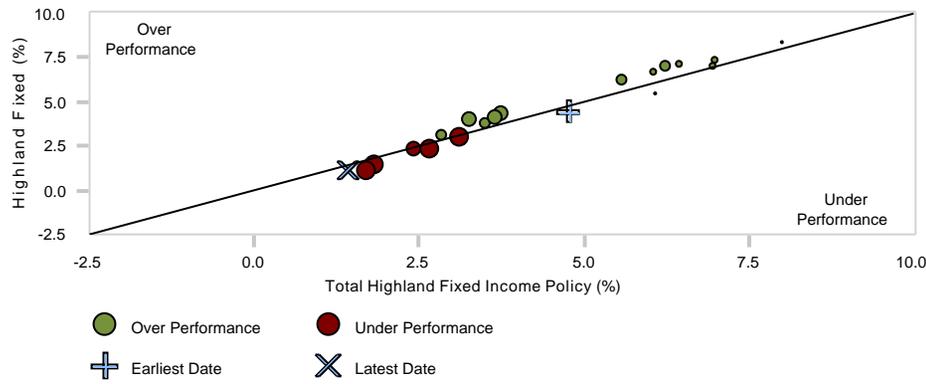


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR		Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Highland Fixed	-0.24 (12)	-0.24 (12)	0.92 (32)	2.93 (91)	1.04 (98)	1.98 (98)	3.54 (66)	● Highland Fixed	2.59 (78)	3.73 (91)	2.84 (100)	6.36 (60)	5.97 (14)	7.72 (94)
● Total Highland Fixed Income Policy	-0.57 (71)	-0.57 (71)	0.55 (73)	3.22 (76)	1.44 (82)	2.13 (93)	3.25 (90)	● Total Highland Fixed Income Policy	2.94 (59)	3.96 (80)	1.68 (80)	5.16 (91)	5.26 (49)	7.82 (93)
Median	-0.45	-0.45	0.80	3.42	1.70	2.71	3.68	Median	3.02	4.50	1.28	6.60	5.26	9.22

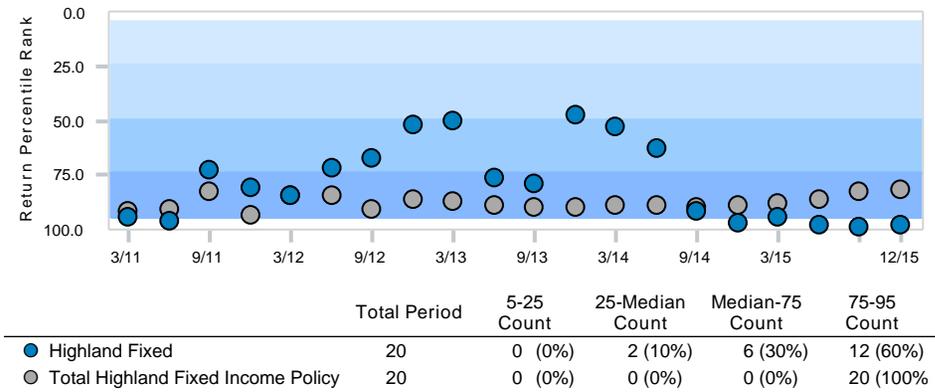
Comparative Performance

	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014	1 Qtr Ending Sep-2014	1 Qtr Ending Jun-2014
Highland Fixed	1.44 (15)	-2.04 (99)	1.81 (34)	1.41 (86)	0.17 (64)	1.65 (97)
Total Highland Fixed Income Policy	1.23 (41)	-1.68 (72)	1.61 (74)	1.79 (39)	0.17 (66)	2.04 (72)
IM U.S. Broad Market Core Fixed Income (SA+CF) Median	1.15	-1.60	1.74	1.74	0.21	2.15

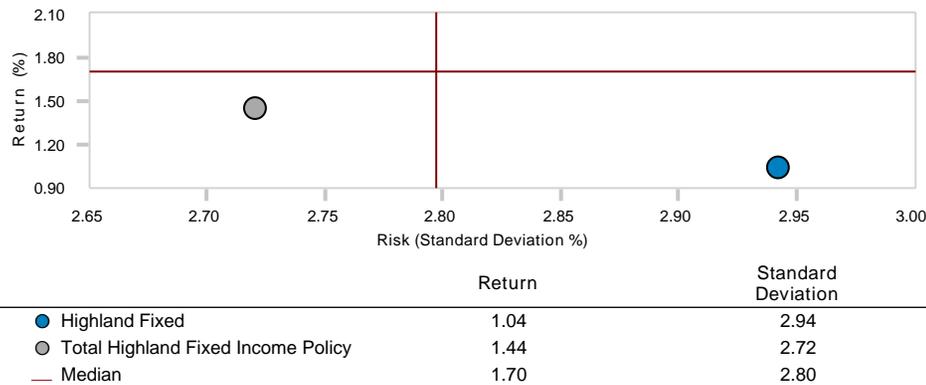
3 Yr Rolling Under/Over Performance - 5 Years



3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



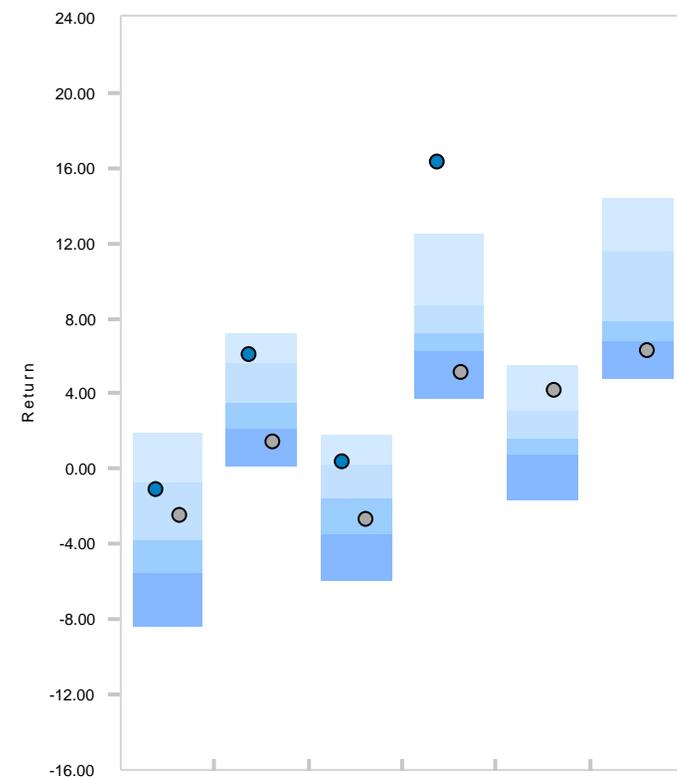
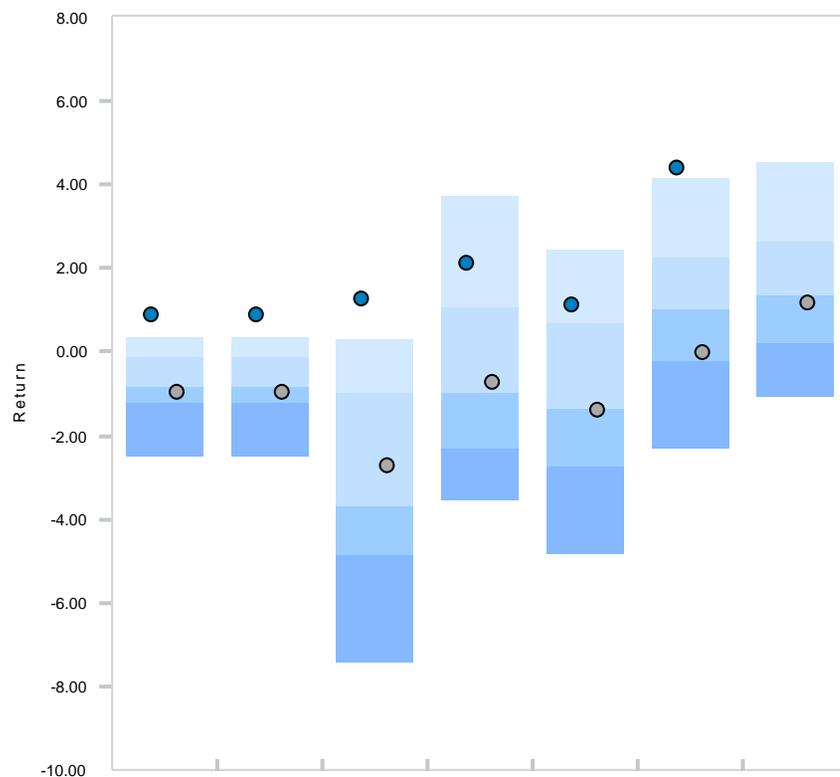
Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.76	101.87	114.42	-0.53	-0.51	0.32	1.10	2.26
Total Highland Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	0.50	1.00	1.81

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Highland Fixed	0.92	114.02	121.10	-0.29	0.32	1.07	1.18	1.82
Total Highland Fixed Income Policy	0.00	100.00	100.00	0.00	N/A	1.18	1.00	1.43

Peer Group Analysis - IM Global Fixed Income (MF)

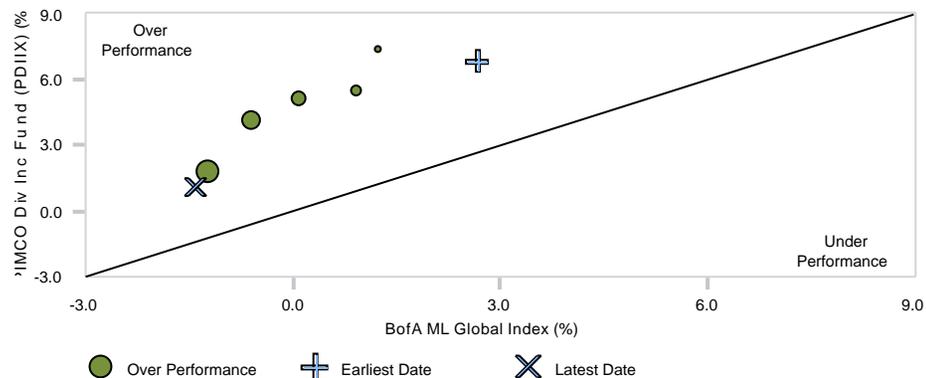


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR		Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● PIMCO Div Inc Fund (PDIIX)	0.87 (2)	0.87 (2)	1.25 (1)	2.10 (17)	1.09 (19)	4.40 (2)	N/A	● PIMCO Div Inc Fund (PDIIX)	-1.10 (27)	6.09 (17)	0.37 (25)	16.25 (3)	N/A	N/A
● BofA ML Global Index	-0.96 (56)	-0.96 (56)	-2.75 (37)	-0.75 (48)	-1.39 (51)	-0.01 (73)	1.16 (55)	● BofA ML Global Index	-2.44 (34)	1.45 (81)	-2.65 (64)	5.10 (88)	4.18 (9)	6.22 (84)
Median	-0.82	-0.82	-3.71	-0.96	-1.37	1.01	1.36	Median	-3.75	3.53	-1.52	7.19	1.61	7.82

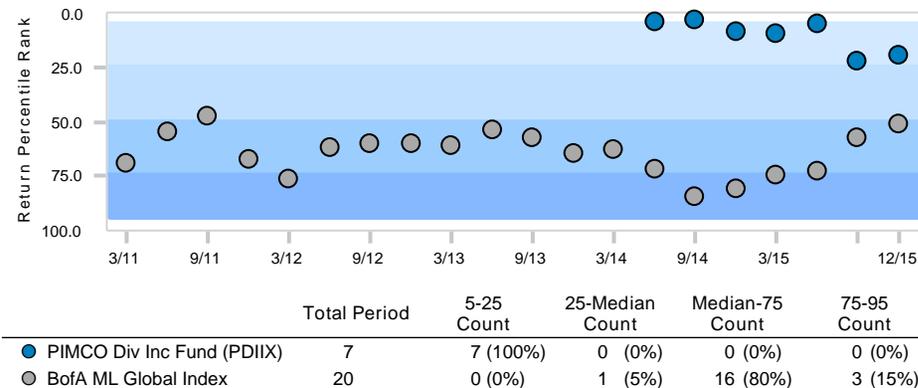
Comparative Performance

	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014	1 Qtr Ending Sep-2014	1 Qtr Ending Jun-2014
PIMCO Div Inc Fund (PDIIX)	-2.59 (79)	-0.30 (11)	3.36 (1)	-1.48 (71)	-2.12 (57)	4.18 (2)
BofA ML Global Index	1.16 (5)	-1.26 (28)	-1.70 (87)	-0.64 (39)	-2.84 (74)	2.41 (49)
IM Global Fixed Income (MF) Median	-0.35	-1.91	0.08	-1.04	-1.64	2.39

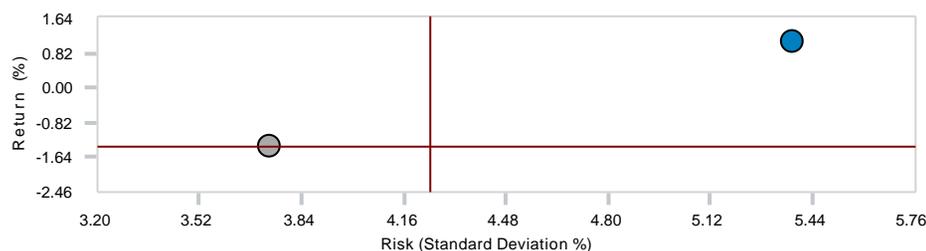
3 Yr Rolling Under/Over Performance - 5 Years



3 Yr Rolling Percentile Ranking - 5 Years

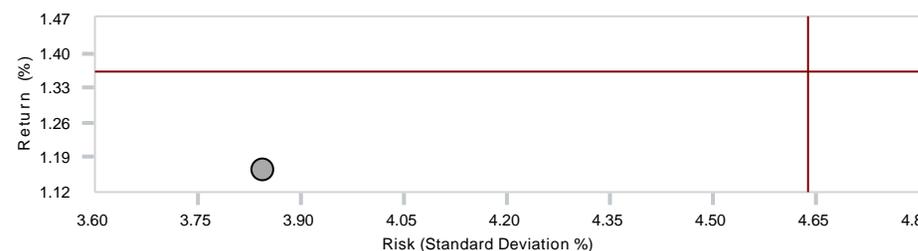


Peer Group Scattergram - 3 Years



	Return	Standard Deviation
● PIMCO Div Inc Fund (PDIIIX)	1.09	5.38
● BofA ML Global Index	-1.39	3.74
— Median	-1.37	4.24

Peer Group Scattergram - 5 Years



	Return	Standard Deviation
● PIMCO Div Inc Fund (PDIIIX)	N/A	N/A
● BofA ML Global Index	1.16	3.84
— Median	1.36	4.64

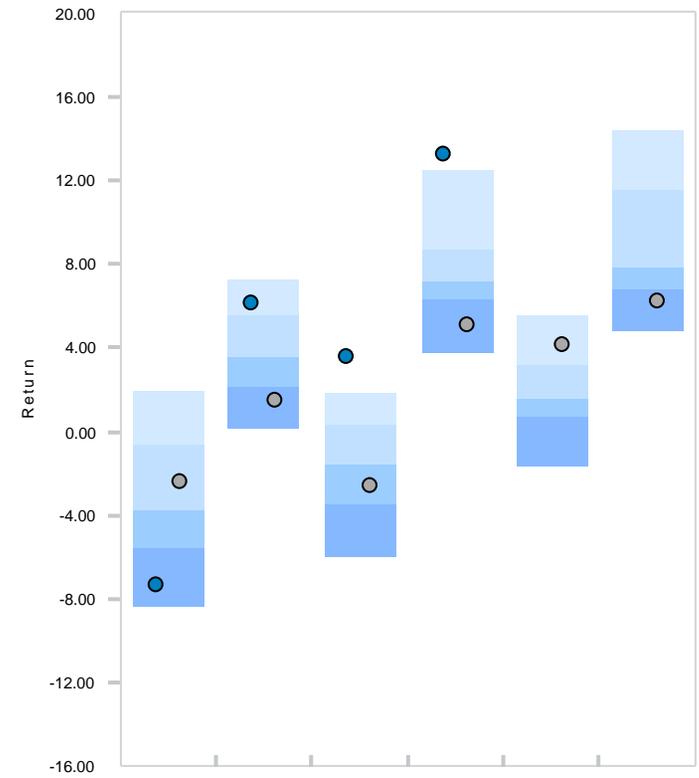
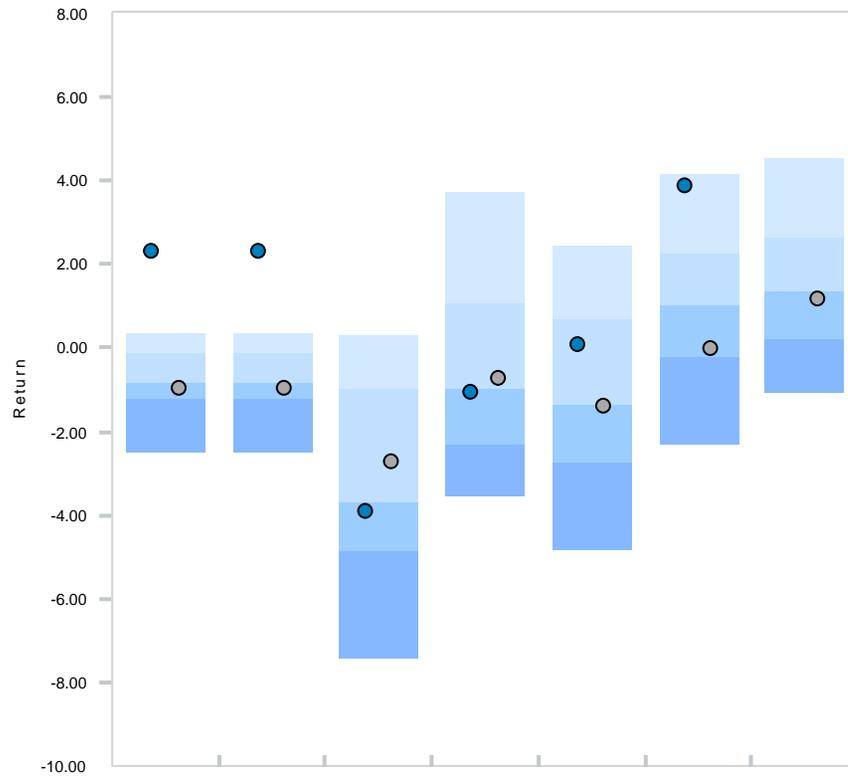
Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
PIMCO Div Inc Fund (PDIIIX)	4.34	115.60	68.61	2.40	0.59	0.22	0.86	3.92
BofA ML Global Index	0.00	100.00	100.00	0.00	N/A	-0.37	1.00	3.02

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
PIMCO Div Inc Fund (PDIIIX)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofA ML Global Index	0.00	100.00	100.00	0.00	N/A	0.31	1.00	2.65

Peer Group Analysis - IM Global Fixed Income (MF)

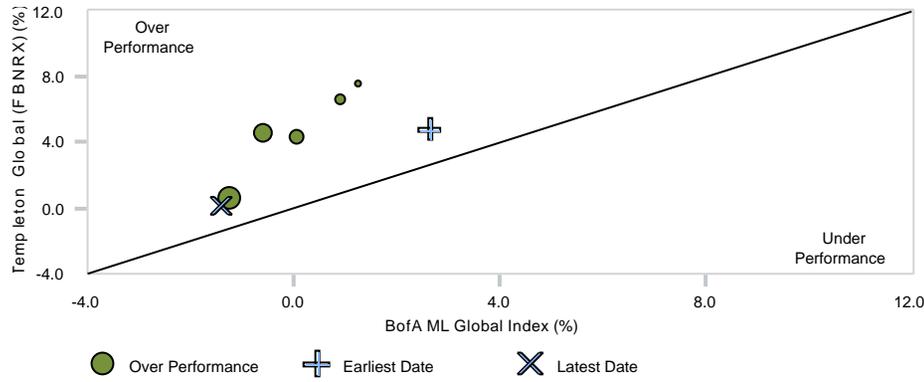


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR		Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Templeton Global (FBNRX)	2.29 (1)	2.29 (1)	-3.91 (54)	-1.05 (54)	0.09 (33)	3.88 (8)	N/A	● Templeton Global (FBNRX)	-7.34 (88)	6.09 (17)	3.52 (3)	13.25 (5)	N/A	N/A
● BofA ML Global Index	-0.96 (56)	-0.96 (56)	-2.75 (37)	-0.75 (48)	-1.39 (51)	-0.01 (73)	1.16 (55)	● BofA ML Global Index	-2.44 (34)	1.45 (81)	-2.65 (64)	5.10 (88)	4.18 (9)	6.22 (84)
Median	-0.82	-0.82	-3.71	-0.96	-1.37	1.01	1.36	Median	-3.75	3.53	-1.52	7.19	1.61	7.82

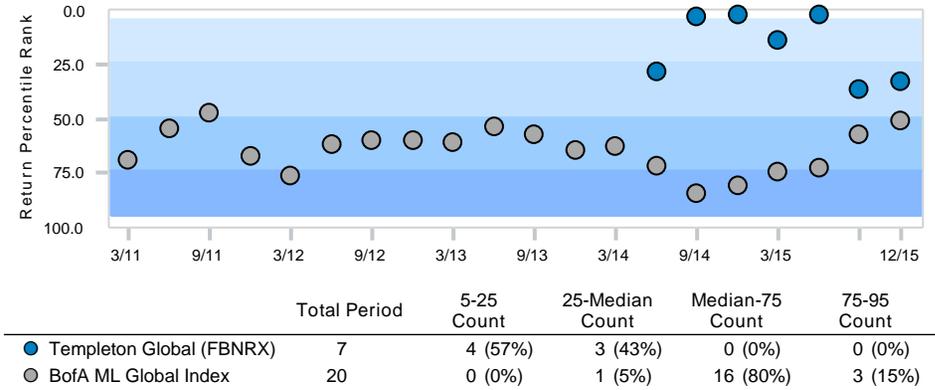
Comparative Performance

	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014	1 Qtr Ending Sep-2014	1 Qtr Ending Jun-2014
Templeton Global (FBNRX)	-6.08 (100)	-0.24 (10)	0.26 (45)	-1.36 (67)	-0.17 (19)	2.68 (40)
BofA ML Global Index	1.16 (5)	-1.26 (28)	-1.70 (87)	-0.64 (39)	-2.84 (74)	2.41 (49)
IM Global Fixed Income (MF) Median	-0.35	-1.91	0.08	-1.04	-1.64	2.39

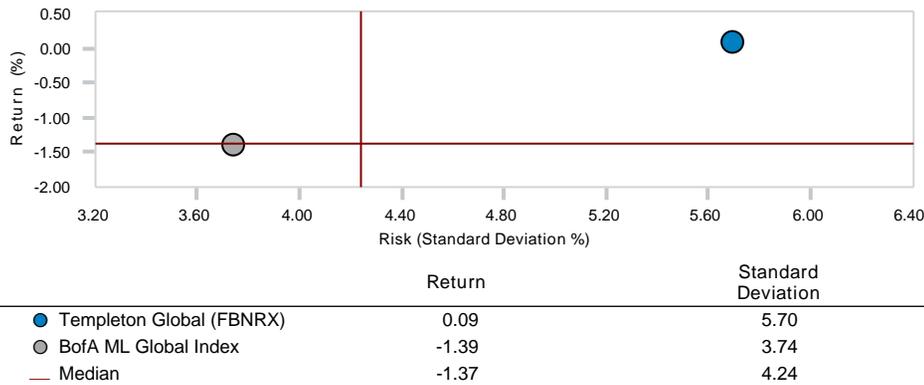
3 Yr Rolling Under/Over Performance - 5 Years



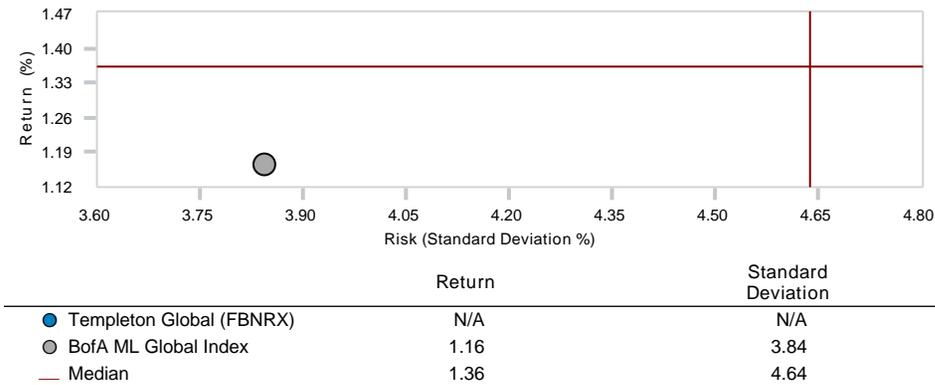
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



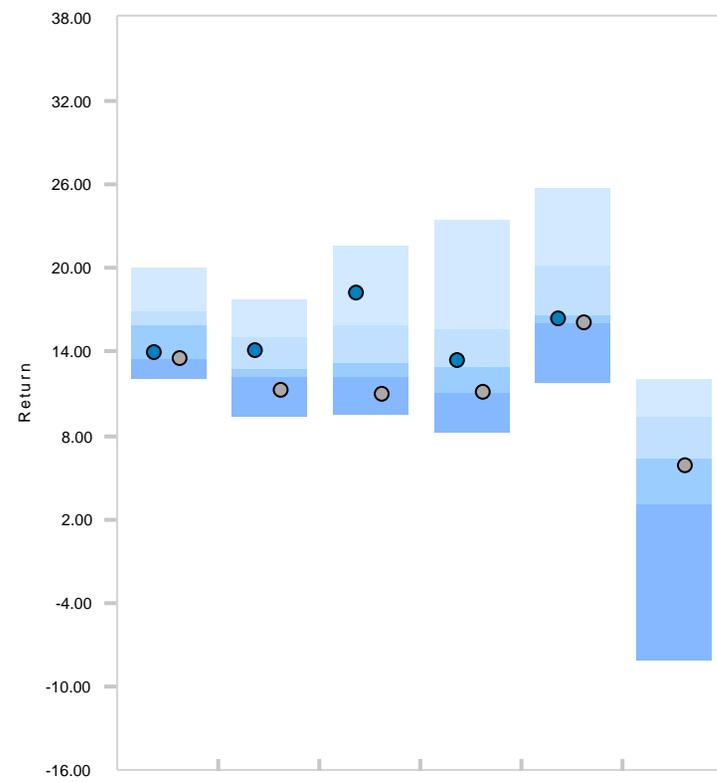
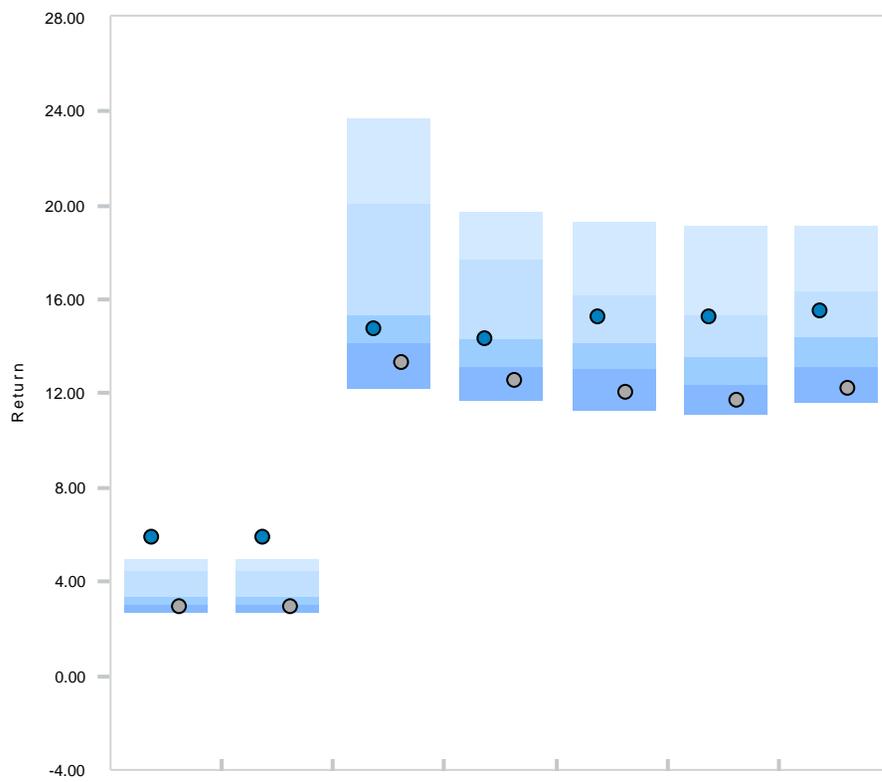
Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Templeton Global (FBNRX)	5.96	35.63	23.35	0.77	0.26	0.04	0.39	4.16
BofA ML Global Index	0.00	100.00	100.00	0.00	N/A	-0.37	1.00	3.02

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Templeton Global (FBNRX)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
BofA ML Global Index	0.00	100.00	100.00	0.00	N/A	0.31	1.00	2.65

Peer Group Analysis - IM U.S. Open End Private Real Estate (SA+CF)

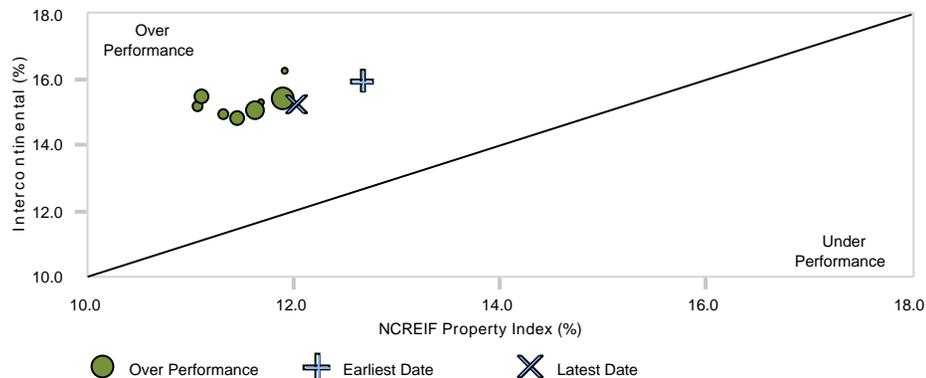


	QTR	FYTD	1 YR	2 YR	3 YR	4 YR	5 YR		Oct-2014 To Sep-2015	Oct-2013 To Sep-2014	Oct-2012 To Sep-2013	Oct-2011 To Sep-2012	Oct-2010 To Sep-2011	Oct-2009 To Sep-2010
● Intercontinental	5.85 (1)	5.85 (1)	14.78 (64)	14.31 (51)	15.25 (37)	15.29 (26)	15.46 (32)	● Intercontinental	13.98 (71)	14.12 (35)	18.15 (10)	13.32 (43)	16.37 (56)	N/A
● NCREIF Property Index	2.91 (88)	2.91 (88)	13.33 (83)	12.57 (81)	12.04 (82)	11.67 (83)	12.18 (87)	● NCREIF Property Index	13.48 (75)	11.26 (89)	11.00 (83)	11.00 (77)	16.10 (76)	5.84 (53)
Median	3.37	3.37	15.33	14.33	14.16	13.58	14.38	Median	15.93	12.78	13.22	12.90	16.62	6.39

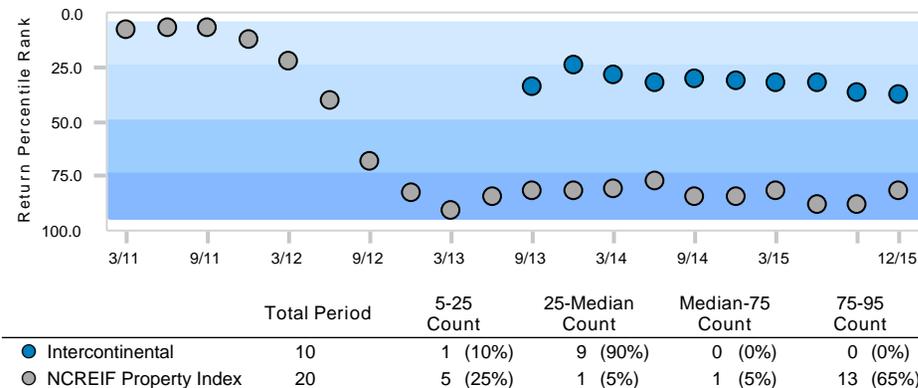
Comparative Performance

	1 Qtr Ending Sep-2015	1 Qtr Ending Jun-2015	1 Qtr Ending Mar-2015	1 Qtr Ending Dec-2014	1 Qtr Ending Sep-2014	1 Qtr Ending Jun-2014
Intercontinental	3.67 (45)	3.38 (66)	1.17 (100)	5.11 (14)	3.79 (26)	2.42 (90)
NCREIF Property Index	3.09 (73)	3.14 (75)	3.57 (50)	3.04 (60)	2.63 (83)	2.91 (61)
IM U.S. Open End Private Real Estate (SA+CF) Median	3.48	3.74	3.56	3.50	3.35	3.15

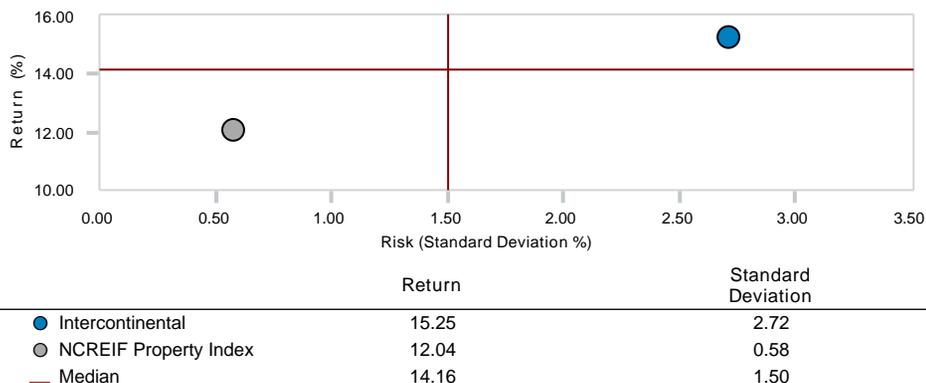
3 Yr Rolling Under/Over Performance - 5 Years



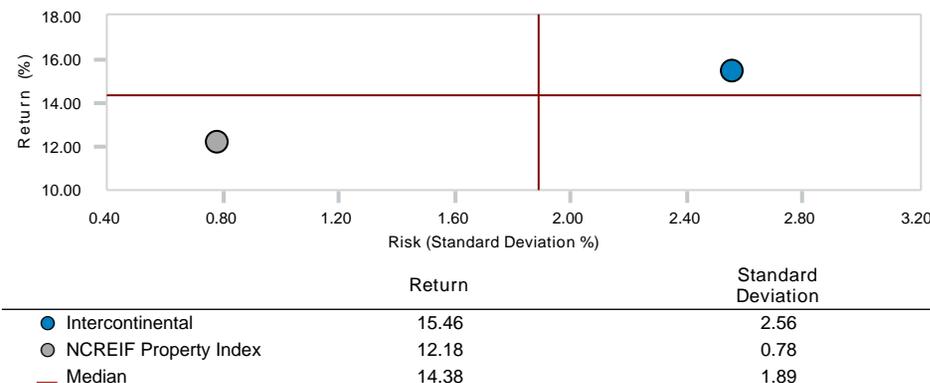
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Intercontinental	2.97	125.56	N/A	37.55	0.99	5.30	-1.62	0.00
NCREIF Property Index	0.00	100.00	N/A	0.00	N/A	19.80	1.00	0.00

Historical Statistics - 5 Years

	Tracking Error	Up Market Capture	Down Market Capture	Alpha	Information Ratio	Sharpe Ratio	Beta	Downside Risk
Intercontinental	2.80	125.79	N/A	23.22	1.07	5.72	-0.58	0.00
NCREIF Property Index	0.00	100.00	N/A	0.00	N/A	14.95	1.00	0.00

Total Fund Policy	
Allocation Mandate	Weight (%)
Oct-1987	
Vero Beach Firefighters Total Fund Policy	100.00
Apr-2008	
S&P 500 Index	50.00
BofA Merrill Lynch Gov't/ Corp Master	50.00
May-2010	
S&P 500 Value	45.00
Barclays Aggregate Index	40.00
MSCI EAFE Index	15.00
Oct-2010	
S&P 500 Value	45.00
MSCI AC World ex USA	15.00
Barclays Aggregate Index	30.00
NCREIF Property Index	10.00

Total Fund Policy (Ex NCREIF)	
Allocation Mandate	Weight (%)
Oct-1987	
Vero Beach Firefighters Total Fund Policy	100.00
Apr-2008	
S&P 500 Index	50.00
BofA Merrill Lynch Gov't/ Corp Master	50.00
May-2010	
S&P 500 Value	45.00
Barclays Aggregate Index	40.00
MSCI EAFE Index	15.00
Oct-2010	
S&P 500 Value	45.00
MSCI AC World ex USA	15.00
Barclays Aggregate Index	40.00
NCREIF Property Index	0.00

Total Equity Policy	
Allocation Mandate	Weight (%)
Jan-1926	
S&P 500 Index	100.00
May-2010	
Russell 3000 Index	83.00
MSCI AC World ex USA	17.00

Total Fixed Income Policy	
Allocation Mandate	Weight (%)
Oct-1987	
BofA Merrill Lynch Gov't/ Corp Master	100.00
May-2010	
Barclays Aggregate Index	100.00
Apr-2011	
Barclays Aggregate Index	87.50
BofA Merrill Lynch Global Broad Market Index	12.50

Vero Beach FF

Total Fund Compliance:	Yes	No	N/A
1. The Total Plan return equaled or exceeded the 6.75% actuarial earnings assumption over the trailing three and five year periods.	✓		
2. The Total Plan return equaled or exceeded the total plan benchmark over the trailing three and five year periods.	✓		
3. The Total Plan return ranked within the top 40th percentile of its peer group over the trailing three and five year periods.	✓		
4. Total foreign securities were less than 25% of the total plan assets at market.	✓		

Equity Compliance:	Yes	No	N/A
1. Total equity returns meet or exceed the benchmark over the trailing three and five year periods.		✓	
2. Total equity returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.			✓
3. The total equity allocation was less than 70% of the total plan assets at market.	✓		

Fixed Income Compliance:	Yes	No	N/A
1. Total domestic fixed income returns meet or exceed the benchmark over the trailing three and five year periods.		✓	
2. Total domestic fixed income returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.		✓	
3. Total global fixed income returns meet or exceed the benchmark over the trailing three and five year periods*.	✓		
4. Total global fixed income returns ranked within the top 40th percentile of its peer group over the trailing three and five year periods.*	✓		
5. All separately managed fixed income investments rated investment grade or higher.	✓		

*3 year data only

Manager Compliance:	Highland Equity			Highland Fixed			VG VFIAX~			PIMCO*			Templeton*		
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
1. Manager outperformed the index over the trailing three and five year periods.			✓		✓				✓		✓		✓		
2. Manager ranked within the top 40th percentile over trailing three and five year periods.			✓		✓				✓	✓			✓		
3. Less than four consecutive quarters of under-performance relative to the benchmark.			✓	✓					✓	✓			✓		
4. Three-year down-market capture ratio less than the index.			✓		✓				✓	✓			✓		
5. Manager reports compliance with PFIA.	✓			✓					✓			✓			✓

~ Index fund is N/A

Manager Compliance:	Intercontinental			Highland Intl											
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
1. Manager outperformed the index over the trailing three and five year periods.	✓					✓									
2. Manager ranked within the top 40th percentile over trailing three and five year periods.	✓					✓									
3. Less than four consecutive quarters of under-performance relative to the benchmark.	✓					✓									
4. Three-year down-market capture ratio less than the index.			✓			✓									
5. Manager reports compliance with PFIA.			✓	✓											

3 Year Data Available*

Vero Beach Firefighters' Pension Plan
Fee Analysis

As of December 31, 2015

	Estimated Annual Fee (%)	Market Value (\$)	Estimated Annual Fee (\$)	Fee Schedule
Highland Equity	0.50	2,945,254	14,726	0.50 % of Assets
Vanguard 500 Index (VFIAX)	0.05	515,810	258	0.05 % of Assets
Total Domestic Equity	0.43	3,461,064	14,984	
Highland International	0.50	554,823	2,774	0.50 % of Assets
Total International Equity	0.50	554,823	2,774	
Highland Fixed	0.50	1,640,697	8,203	0.50 % of Assets
Total Domestic Fixed Income	0.50	1,640,697	8,203	
PIMCO Diversified Income Fund (PDIIIX)	0.75	212,568	1,594	0.75 % of Assets
Templeton Global Bond Fund (FBNRX)	0.51	193,824	989	0.51 % of Assets
Total Global Fixed Income	0.64	406,392	2,583	
Intercontinental	1.10	1,074,042	11,814	1.10 % of Assets
Total Real Estate	1.10	1,074,042	11,814	
R&D		197,228	-	
Total Fund	0.55	7,334,246	40,359	

- Neither The Bogdahn Group, nor any covered associates have made political contributions to any official associated with the Vero Beach Firefighters' Pension Plan in excess of the permitted amount.

Disclosures as they pertain to the April 2015 Highland Capital FKA ICC balanced account breakout:

- Since Highland domestic and international equity were tracked as one asset (due to the balanced account), both histories will be contained within the Total Equity composite, though performance will not commence independently for each account until April 2015.
- Domestic Fixed performance carried over to the new Highland Fixed separate performance.
- Domestic Fixed, Total Equity and Total Fixed are reported at the segment level from inception until April 2015, upon the breakout of the balanced account. From April 2015 to present, all composites include their respective cash segments.
- Highland Fixed account contains segment level returns only from inception until April 2015, upon the breakout of the balanced account. From April 2015 to present, the account includes its respective cash segment.

Donna Sullivan	
	Department: Performance Measurement
	Title: Senior Performance Analyst
	Direct Phone: 863-904-0856
	Email: DonnaS@bogdahngroup.com

Dave West	
	Department: Consultant Team
	Title: Senior Consultant
	Direct Phone: 863-904-0858
	Email: DaveW@bogdahngroup.com

Misha Bell	
	Department: Consultant Team
	Title: Internal Consultant
	Direct Phone: 863-594-1425
	Email: Mishab@bogdahngroup.com

Service Team Contact Information	
Address:	4901 Vineland Road, Suite 600 Orlando, Florida 32811
Phone:	866-240-7932
Service Team Group Email:	ServiceTeam003@bogdahngroup.com

Active Return	- Arithmetic difference between the manager's performance and the designated benchmark return over a specified time period.
Alpha	- A measure of the difference between a portfolio's actual performance and its expected return based on its level of risk as determined by beta. It determines the portfolio's non-systemic return, or its historical performance not explained by movements of the market.
Beta	- A measure of the sensitivity of a portfolio to the movements in the market. It is a measure of the portfolio's systematic risk.
Consistency	- The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. Higher consistency indicates the manager has contributed more to the product's performance.
Down Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance
Downside Risk	- A measure similar to standard deviation that utilizes only the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. A higher factor is indicative of a riskier product.
Excess Return	- Arithmetic difference between the manager's performance and the risk-free return over a specified time period.
Excess Risk	- A measure of the standard deviation of a portfolio's performance relative to the risk free return.
Information Ratio	- This calculates the value-added contribution of the manager and is derived by dividing the active rate of return of the portfolio by the tracking error. The higher the Information Ratio, the more the manager has added value to the portfolio.
R-Squared	- The percentage of a portfolio's performance that can be explained by the behavior of the appropriate benchmark. A high R-Squared means the portfolio's performance has historically moved in the same direction as the appropriate benchmark.
Return	- Compounded rate of return for the period.
Sharpe Ratio	- Represents the excess rate of return over the risk free return divided by the standard deviation of the excess return. The result is an absolute rate of return per unit of risk. A higher value demonstrates better historical risk-adjusted performance.
Standard Deviation	- A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.
Tracking Error	- This is a measure of the standard deviation of a portfolio's returns in relation to the performance of its designated market benchmark.
Treynor Ratio	- Similar to Sharpe ratio but utilizes beta rather than excess risk as determined by standard deviation. It is calculated by taking the excess rate of return above the risk free rate divided by beta to derive the absolute rate of return per unit of risk. A higher value indicates a product has achieved better historical risk-adjusted performance.
Up Market Capture	- The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

The Bogdahn Group compiled this report for the sole use of the client for which it was prepared. The Bogdahn Group is responsible for evaluating the performance results of the Total Fund along with the investment advisors by comparing their performance with indices and other related peer universe data that is deemed appropriate. The Bogdahn group uses the results from this evaluation to make observations and recommendations to the client.

The Bogdahn Group uses time-weighted calculations which are founded on standards recommended by the CFA Institute. The calculations and values shown are based on information that is received from custodians. The Bogdahn Group analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides The Bogdahn Group with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides The Bogdahn Group with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause The Bogdahn Group to believe that the information presented is significantly misstated.

This performance report is based on data obtained by the client's custodian(s), investment fund administrator, or other sources believed to be reliable. While these sources are believed to be reliable, the data providers are responsible for the accuracy and completeness of their statements. Clients are encouraged to compare the records of their custodian(s) to ensure this report fairly and accurately reflects their various asset positions.

The strategies listed may not be suitable for all investors. We believe the information provided here is reliable, but do not warrant its accuracy or completeness. Past performance is not an indication of future performance. Any information contained in this report is for informational purposes only and should not be construed to be an offer to buy or sell any securities, investment consulting, or investment management services.

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Orlando

4901 Vineland Road, Suite 600
Orlando, Florida 32811

866.240.7932

Chicago

Cleveland

Detroit

Milwaukee

Pittsburgh

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CITY OF VERO BEACH FIREFIGHTERS RELIEF AND PENSION FUND
ACTUARIAL VALUATION REPORT AS OF OCTOBER 1, 2015

ANNUAL EMPLOYER CONTRIBUTION FOR THE YEAR ENDING SEPTEMBER 30, 2016



February 10, 2016

Board of Trustees
City of Vero Beach Firefighters
Relief and Pension Fund
Vero Beach, Florida

**Re: City of Vero Beach Firefighters Relief and Pension Fund Actuarial Valuation as of October 1, 2015
Actuarial Disclosures**

Dear Board Members:

The results of the October 1, 2015 Annual Actuarial Valuation of the City of Vero Beach Firefighters Relief and Pension Fund are presented in this report.

This report was prepared at the request of the Board and is intended for use by the Retirement System and those designated or approved by the Board. This report may be provided to parties other than the System only in its entirety and only with the permission of the Board. GRS is not responsible for unauthorized use of this report.

The purpose of the valuation is to measure the System's funding progress, to determine the employer contribution rate for the fiscal year ending September 30, 2016, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67 for the fiscal year ending September 30, 2015. This report should not be relied on for any purpose other than the purposes described herein. Determinations of financial results associated with the benefits described in this report, for purposes other than those identified above may be significantly different.

The findings in this report are based on data or other information through September 30, 2015. Future actuarial measurements may differ significantly from the current measurements presented in this report due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; increases or decreases expected as part of the natural operation of the methodology used for these measurements (such as the end of an amortization period or additional cost or contribution requirements based on the plan's funded status); and changes in plan provisions or applicable law. The scope of an actuarial valuation does not include an analysis of the potential range of such future measurements.

This valuation assumed the continuing ability of the plan sponsor to make the contributions necessary to fund this plan. A determination regarding whether or not the plan sponsor is actually able to do so is outside our scope of expertise and was not performed.

The valuation was based upon information furnished by the Plan Administrator concerning Retirement Plan benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal and year-to-year consistency, but did not otherwise audit the data. We are not responsible for the accuracy or completeness of the information provided by the Plan Administrator.

In addition, this report was prepared using assumptions approved by the Board as described in the section of this report entitled Actuarial Assumptions and Methods.

This report has been prepared by actuaries who have substantial experience valuing public employee retirement systems. To the best of our knowledge the information contained in this report is accurate and fairly presents the actuarial position of the Retirement Plan as of the valuation date. All calculations have been made in conformity with generally accepted actuarial principles and practices, with the Actuarial Standards of Practice issued by the Actuarial Standards Board, and with applicable statutes.

Jeffrey Amrose and Trisha Amrose are members of the American Academy of Actuaries. These actuaries meet the Academy's Qualification Standards to render the actuarial opinions contained herein.

The signing actuaries are independent of the plan sponsor.

This actuarial valuation and/or cost determination was prepared and completed by me or under my direct supervision, and I acknowledge responsibility for the results. To the best of our knowledge, the results are complete and accurate. In our opinion, the techniques and assumptions used are reasonable, meet the requirements and intent of Part VII, Chapter 112, Florida Statutes, and are based on generally accepted actuarial principles and practices. There is no benefit or expense to be provided by the plan and/or paid from the plan's assets for which liabilities or current costs have not been established or otherwise taken into account in the valuation. All known events or trends which may require a material increase in plan costs or required contribution rates have been taken into account in the valuation.

Gabriel, Roeder, Smith & Company will be pleased to review this valuation report with the Board of Trustees and to answer any questions pertaining to the valuation.

Respectfully submitted,

GABRIEL, ROEDER, SMITH AND COMPANY

By 
Jeffrey Amrose, MAAA
Enrolled Actuary No. 14-6599

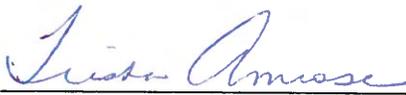
By 
Trisha Amrose, MAAA
Enrolled Actuary No. 14-8010

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SECTION A
DISCUSSION OF VALUATION RESULTS

DISCUSSION OF VALUATION RESULTS

Comparison of Required Employer Contributions

The following is a comparison of required contributions developed in this year's and last year's actuarial valuations.

	For FYE 9/30/2016 Based on 10/1/2015 Valuation	For FYE 9/30/2015 Based on 10/1/2014 Valuation	Increase (Decrease)
Required Employer/State Contribution	\$ 329,946	\$ 337,054	\$ (7,108)
Estimated State Contribution	\$ 231,380 **	\$ 271,303 *	\$ (39,923)
Required Employer Contribution	\$ 98,566	\$ 65,751	\$ 32,815

**We have updated the amount shown in our October 1, 2014 Report to reflect the actual State contribution received for the fiscal year ending September 30, 2015.*

*** Estimated based on the August 2015 regular payment and October 2015 supplemental payment from the State.*

The contribution has been adjusted for interest as though payment would be made in equal installments at the end of each quarter of the Employer's fiscal year.

The required Employer contribution has been computed under the assumption that the amount to be received from the State on behalf of firefighters this year will be the same as last year's amount including the supplemental distribution. If the actual payment from the State falls below this amount, then the City must increase its contribution by the difference, so that the sum of the contributions from the City and the State equals the total Required Contribution amount shown above.

The actual Employer and State contributions during the fiscal year ending September 30, 2015 were \$65,751 and \$271,303, respectively, for a total of \$337,054. This total is equal to the annual required contribution of \$337,054 for that year.

Revisions in Benefits

There have been no revisions in benefits since the last valuation.

Revisions in Actuarial Assumptions or Methods

As approved by the Board of Trustees prior to the October 1, 2012 Actuarial Valuation, the interest rate has been lowered from 7.00% to 6.00% at a rate of 0.25% each year. The assumed investment rate of return for the October 1, 2015 Actuarial Valuation has been lowered from 6.25% to 6.00%.

Actuarial Experience

During the past year, there was a net actuarial gain of \$295,706 which means that actual experience was more favorable than expected. The gain is due to higher than expected retiree mortality. The recognized investment return was in line with the assumed rate of 6.25%. While the investment return was 1.2% based on market value of assets, the investment return was 6.2% based on actuarial value of assets.

Funded Ratio

The funded ratio this year is 86.8% compared to 83.1% last year. The funded ratio was 88.3% before the change in the investment return assumption. The funded ratio is equal to the actuarial value of assets divided by the actuarial accrued (past service) liability.

13th Check

As indicated on page 13, there is an actuarial gain for the fiscal year, but there is a cumulative net actuarial loss of \$914,054. Therefore, a 13th Check is not payable this year to retirees and beneficiaries.

Variability of Future Contribution Rates

The Actuarial Cost Method used to determine the contribution is intended to produce contribution rates which are generally level. Even so, when experience differs from the assumptions, as it often does, the employer's contribution can vary significantly from year-to-year.

Over time, if the year-to-year gains and losses offset each other, the contribution rate would be expected to return to the current level, but this does not always happen.

The Market Value of Assets exceeds the Actuarial Value of Assets by \$11,717 as of the valuation date (see Section C). This difference will be gradually recognized over the next several years. If Market Value had been the basis for the valuation, the funded ratio would have been 86.7% and the total Employer/State required contribution would have been about \$332,000.

Under this funding method an amortization charge or credit base will be fully paid for each year. As this occurs the total amortization payments will increase or decrease absent any other gain or loss or assumption change. For example, next year two amortization bases totaling approximately \$134,000 will expire. This will cause the required employer contribution to decrease by approximately \$139,000 absent any other changes.

Conclusion

The remainder of this Report includes detailed actuarial valuation results, financial information, miscellaneous information and statistics, and a summary of plan provisions.

CHAPTER REVENUE

Increments in Chapter revenue over that received in 1998 must first be used to fund the cost of compliance with minimum benefits. As of the valuation date, all minimum benefit requirements have been met.

Actuarial Confirmation of the Use of State Chapter Money	
1. Base Amount Previous Plan Year	\$ 296,198
2. Amount Received for Previous Plan Year	271,303
3. Benefit Improvements Made in Previous Plan Year	0
4. Excess Funds for Previous Plan Year	0
5. Accumulated Excess at Beginning of Previous Year	0
6. Prior Excess Used in Previous Plan Year	0
7. Accumulated Excess as of Valuation Date (Available for Benefit Improvements): (4) + (5) - (6)	0
8. Base Amount This Plan Year	271,303

The Accumulated Excess shown in line 7 (if any) is being held in reserve to pay for additional benefits. The reserve is subtracted from Plan assets (see Section C of this Report). The Base Amount in line 8 is the maximum amount the employer may take as a credit against its required contribution; however, in no event may the employer take credit for more than the actual amount of Chapter revenue received.

In order to fund previous benefit improvements, the Base Amount will continue to be updated each year based on actual Chapter revenue up to a maximum of \$539,900.

SECTION B
VALUATION RESULTS

PARTICIPANT DATA		
	October 1, 2015	October 1, 2014
ACTIVE MEMBERS		
Number	0	0
Covered Annual Payroll	\$ 0	\$ 0
Average Annual Payroll	\$ 0	\$ 0
Average Age	0.0	0.0
Average Past Service	0.0	0.0
Average Age at Hire	0.0	0.0
RETIREES & BENEFICIARIES		
Number	10	11
Annual Benefits	\$ 629,358	\$ 705,551
Average Annual Benefit	\$ 62,936	\$ 64,141
Average Age	72.2	73.1
DISABILITY RETIREES		
Number	4	4
Annual Benefits	\$ 85,343	\$ 83,668
Average Annual Benefit	\$ 21,336	\$ 20,917
Average Age	80.8	79.8
TERMINATED VESTED MEMBERS		
Number	0	0
Annual Benefits	\$ 0	\$ 0
Average Annual Benefit	\$ 0	\$ 0
Average Age	0.0	0.0

ACTUARIALLY DETERMINED EMPLOYER CONTRIBUTION (ADEC)			
A. Valuation Date	October 1, 2015 <i>After Change</i>	October 1, 2015 <i>Before Change</i>	October 1, 2014
B. ADEC to Be Paid During Fiscal Year Ending	9/30/2016	9/30/2016	9/30/2015
C. Assumed Dates of Employer Contributions	Quarterly	Quarterly	Quarterly
D. Annual Payment to Amortize Unfunded Actuarial Liability	\$ 305,516	\$ 284,610	\$ 314,000
E. Employer Normal Cost	12,759	12,759	10,662
F. ADEC if Paid on the Valuation Date: D + E	318,275	297,369	324,662
G. ADEC Adjusted for Frequency of Payments	329,946	308,720	337,054
H. Estimate of State Revenue in Contribution Year	231,380 **	231,380 **	271,303 *
I. Required Employer Contribution (REC) in Contribution Year	98,566	77,340	65,751

**We have updated the amount shown in our October 1, 2014 Report to reflect the actual State contribution received for the fiscal year ending September 30, 2015.*

*** Estimated based on the August 2015 regular payment and October 2015 supplemental payment from the State.*

ACTUARIAL VALUE OF BENEFITS AND ASSETS			
A. Valuation Date	October 1, 2015 <i>After Change</i>	October 1, 2015 <i>Before Change</i>	October 1, 2014
B. Actuarial Present Value of All Projected Benefits for			
1. Active Members			
a. Service Retirement Benefits	\$ -	\$ -	\$ -
b. Vesting Benefits	-	-	-
c. Disability Benefits	-	-	-
d. Preretirement Death Benefits	-	-	-
e. Return of Member Contributions	-	-	-
f. Total	<u>-</u>	<u>-</u>	<u>-</u>
2. Inactive Members			
a. Service Retirees & Beneficiaries	7,858,419	7,692,766	8,196,342
b. Disability Retirees	421,642	417,711	420,718
c. Terminated Vested Members	-	-	-
d. Total	<u>8,280,061</u>	<u>8,110,477</u>	<u>8,617,060</u>
3. Total for All Members	8,280,061	8,110,477	8,617,060
C. Actuarial Accrued (Past Service) Liability (Entry Age Normal)	8,280,061	8,110,477	8,617,060
D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35	8,280,061	8,110,477	8,617,060
E. Plan Assets			
1. Market Value	7,176,961	7,176,961	7,492,855
2. Actuarial Value	7,188,678	7,188,678	7,157,179
F. Unfunded Accrued Liability: C - E2	1,091,383	921,799	1,459,881
G. Actuarial Present Value of Projected Covered Payroll	-	-	-
H. Actuarial Present Value of Projected Member Contributions	-	-	-

CALCULATION OF EMPLOYER NORMAL COST			
A. Valuation Date	October 1, 2015 <i>After Change</i>	October 1, 2015 <i>Before Change</i>	October 1, 2014
B. Normal Cost for			
1. Service Retirement Benefits	\$ -	\$ -	\$ -
2. Vesting Benefits	-	-	-
3. Disability Benefits	-	-	-
4. Preretirement Death Benefits	-	-	-
5. Return of Member Contributions	-	-	-
6. Total for Future Benefits	<u>-</u>	<u>-</u>	<u>-</u>
7. Assumed Amount for Administrative Expenses	12,759	12,759	10,662
8. Total Normal Cost	<u>12,759</u>	<u>12,759</u>	<u>10,662</u>
C. Expected Member Contribution	-	-	-
D. Employer Normal Cost: B8-C	12,759	12,759	10,662

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

UAAL Amortization Period and Payments						
Original UAAL			Current UAAL			
Date	Source	Amount	Years Remaining	Amount	Payment	
					After Change	Before Change
10/1/2006	(Gain)/Loss	289,527 *	1	29,047	29,047	29,047
10/1/2006	Assumption Changes	1,043,541	1	104,696	104,696	104,696
10/1/2007	(Gain)/Loss	(173,004)	2	(35,183)	(18,104)	(18,125)
10/1/2007	Method Change	35,525	2	7,225	3,718	3,722
10/1/2008	(Gain)/Loss	218,659 **	3	76,744	27,086	27,147
10/1/2009	(Gain)/Loss	6,765	4	3,242	883	886
10/1/2010	(Gain)/Loss	202,098	5	117,251	26,259	26,376
10/1/2011	(Gain)/Loss	276,060	6	186,274	35,737	35,933
10/1/2012	(Gain)/Loss	184,159	7	140,475	23,740	23,895
10/1/2012	Assumption Change	173,555	7	132,385	22,372	22,519
10/1/2013	(Gain)/Loss	102,193	8	86,515	13,143	13,243
10/1/2013	Assumption Change	173,959	8	147,272	22,374	22,542
10/1/2014	(Gain)/Loss	65,701	9	60,775	8,430	8,501
10/1/2014	Assumption Change	173,819	9	160,787	22,301	22,491
10/1/2015	(Gain)/Loss	(295,706)	10	(295,706)	(37,903)	(38,263)
10/1/2015	Assumption Change	<u>169,584</u>	10	<u>169,584</u>	<u>21,737</u>	<u>N/A</u>
		\$ 2,646,435		\$ 1,091,383	\$ 305,516	\$ 284,610

* Includes the 13th Check distribution and data correction.

** Includes the 13th Check distribution.

Amortization Schedule

The UAAL is being amortized as a level dollar amount over the number of years remaining in the amortization period. The expected amortization schedule is as follows:

Amortization Schedule	
Year	Expected UAAL
2015	\$ 1,091,383
2016	833,022
2017	700,923
2018	545,650
2019	409,772
2020	266,677
2025	0

ACTUARIAL GAINS AND LOSSES

The assumptions used to anticipate mortality, investment income, expenses, and other factors have been based on long range trends and expectations. Actual experience can vary from these expectations. The variance is measured by the gain and loss for the period involved. If significant long term experience reveals consistent deviation from what has been expected and that deviation is expected to continue, the assumptions should be modified. The net actuarial gain (loss) for the past year has been computed as follows:

1. Last Year's UAAL	\$ 1,459,881
2. Last Year's Employer Normal Cost	10,662
3. Last Year's Contributions	
a. Employer	65,751
b. State	271,303
c. a + b	<u>337,054</u>
4. Interest at the Assumed Rate on:	
a. 1 and 2 for one year	91,909
b. 3 from dates paid	<u>7,893</u>
c. a - b	84,016
5. This Year's Expected UAAL: 1 + 2 - 3c + 4c	1,217,505
6. This Year's Actual UAAL Before Change in Assumption	921,799
7. Net Actuarial Gain (Loss): 5 - 6	295,706
8. Gain (Loss) Due to Investments	(2,929)
9. Gain (Loss) from Other Sources	298,635

HISTORY OF NET ACTUARIAL GAINS

Year Ended	Gain (Loss)
12/31/1981	\$ (146,958)
12/31/1982	16,353
12/31/1984	35,972
12/31/1987	(96,392)
12/31/1988	80,256
9/30/1989	54,491
9/30/1990	(97,170)
9/30/1991	235,788
9/30/1992	153,814
9/30/1993	92,046
9/30/1994	102,506
9/30/1995	362,094
9/30/1996	140,272
9/30/1997	243,370
9/30/1998	(60,770)
9/30/1999	470,731
9/30/2000	(29,397)
9/30/2001	(279,096)
9/30/2002	(419,477)
9/30/2003	(401,690)
9/30/2004	(388,244)
9/30/2005	106,565
9/30/2006	(49,142)
9/30/2007	173,004
9/30/2008	(98,237)
9/30/2009	(6,765)
9/30/2010	(202,098)
9/30/2011	(276,060)
9/30/2012	(184,159)
9/30/2013	(102,193)
9/30/2014	(65,701)
9/30/2015	295,706

The fund earnings assumption has considerable impact on the cost of the Plan so it is important that they are in line with the actual experience. The following table shows the actual fund earnings compared to the assumed rates for the last few years.

Year Ending	Actuarial Investment Return	
	Actual	Assumed
12/31/1980	9.1 %	6.5 %
12/31/1981	13.1	6.5
12/31/1982	11.7	6.5
12/31/1983	11.5	6.5
12/31/1984	12.1	6.5
12/31/1985	16.4	6.5
12/31/1986	12.3	6.5
12/31/1987	7.0	6.5
12/31/1988	8.1	6.5
9/30/1989	8.7	4.9
9/30/1990	5.2	6.5
9/30/1991	15.0	6.5
9/30/1992	12.0	6.5
9/30/1993	9.5	7.0
9/30/1994	6.6	7.0
9/30/1995	10.1	7.0
9/30/1996	9.0	8.0
9/30/1997	11.2	8.0
9/30/1998	10.4	8.0
9/30/1999	13.3	8.0
9/30/2000	10.4	8.0
9/30/2001	5.0	8.0
9/30/2002	1.9	8.0
9/30/2003	3.1	8.0
9/30/2004	3.4	8.0
9/30/2005	5.0	8.0
9/30/2006	7.4	8.0
9/30/2007	11.8	7.0
9/30/2008	6.2	7.0
9/30/2009	5.2	7.0
9/30/2010	5.4	7.0
9/30/2011	4.3	7.0
9/30/2012	6.2	7.0
9/30/2013	7.3	6.75
9/30/2014	7.7	6.50
9/30/2015	6.2	6.25
Averages	8.6 %	7.1 %

The actual investment return rates shown above are based on the actuarial value of assets.

There is a limitation on 13th Check distributions tied to actuarial gains provided in Florida Statutes. The cumulative amount used to pay for 13th Checks may not exceed the cumulative amount of actuarial gains. Measurement begins in the year in which the 13th Check provision is adopted. The following table shows the limits:

Cumulative Actuarial Gains (Losses)					
Year Ending 9/30	Balance at Beginning of Year	Interest	Gain (Loss) for Year	13th Check	Balance at End of Year
2005	\$0	\$0	\$106,565	\$106,565	\$0
2006	0	0	(49,142)	0	(49,142)
2007	(49,142)	(3,440)	173,004	120,422	0
2008	0	0	(98,237)	0	(98,237)
2009	(98,237)	(6,877)	(6,765)	0	(111,879)
2010	(111,879)	(7,832)	(202,098)	0	(321,809)
2011	(321,809)	(22,527)	(276,060)	0	(620,396)
2012	(620,396)	(43,428)	(184,159)	0	(847,983)
2013	(847,983)	(57,239)	(102,193)	0	(1,007,415)
2014	(1,007,415)	(65,482)	(65,701)	0	(1,138,598)
2015	(1,138,598)	(71,162)	295,706	0	(914,054)

RECENT HISTORY OF VALUATION RESULTS							
Valuation Date	Number of		Covered Annual Payroll	Actuarial Value of Assets	UAAL	Employer Normal Cost	
	Active Members	Inactive Member				Amount	% of Payroll
1/1/1987	17	13	\$ 355,227	\$ 2,327,657	\$ N/A	\$ 67,430	18.98 %
1/1/1988	17	13	375,564	2,482,851	N/A	82,655	22.01
1/1/1989	15	12	363,988	2,667,617	N/A	60,452	16.61
10/1/1989	15	12	394,597	2,900,295	N/A	51,117	12.95
10/1/1990	14	13	367,752	3,012,598	N/A	70,734	19.23
10/1/1991	13	12	390,785	3,413,469	N/A	54,675	13.99
10/1/1992	10	11	380,268	3,545,654	N/A	48,154	12.66
10/1/1993	10	10	410,075	3,822,663	N/A	24,434	5.96
10/1/1994	9	11	373,789	4,050,993	N/A	(6,320)	(1.69)
10/1/1995	9	9	381,329	4,395,327	N/A	16,657	4.37
10/1/1996	9	9	412,732	4,769,515	321,893	68,929	16.70
10/1/1997	8	10	375,870	5,265,683	285,112	(49,819)	(13.25)
10/1/1998	5	13	223,029	5,815,886	(25,007)	1,182	0.53
10/1/1999	5	13	264,329	6,393,676	797,230	(247,721)	(93.72)
10/1/2000	3	15	164,201	7,202,770	0	224,039	136.44
10/1/2001	2	16	86,791	7,312,430	0	230,937	266.08
10/1/2002	1	17	63,483	6,993,181	989,605	20,751	32.69
10/1/2003	1	17	62,357	6,823,162	119,086	23,237	37.26
10/1/2004	1	17	62,749	6,699,142	1,358,468	23,647	37.69
10/1/2005	1	16	63,769	6,690,094	1,009,144	23,899	37.48
10/1/2006	0	17	0	6,786,784	2,042,451	17,749	N/A
10/1/2007	0	17	0	7,196,956	1,640,628	18,012	N/A
10/1/2008	0	16	0	7,237,912	1,480,809	19,829	N/A
10/1/2009	0	15	0	7,216,297	1,197,170	30,829	N/A
10/1/2010	0	15	0	7,150,942	1,221,419	26,127	N/A
10/1/2011	0	15	0	7,018,988	1,292,513	12,300	N/A
10/1/2012	0	15	0	7,015,782	1,411,657	11,636	N/A
10/1/2013	0	15	0	7,071,430	1,458,163	12,725	N/A
10/1/2014	0	15	0	7,157,179	1,459,881	10,662	N/A
10/1/2015	0	14	0	7,188,678	1,091,383	12,759	N/A

RECENT HISTORY OF UAAL AND FUNDED RATIO

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a) / (b)	Covered Payroll (c)	UAAL As % of Covered Payroll (b - a) / c
10/1/1991	\$ 3,413,469	\$ 3,333,211	\$ (80,258)	102.4 %	\$ 390,785	(20.5) %
10/1/1992	3,545,654	3,515,782	(29,872)	100.8	380,268	(7.9)
10/1/1993	3,822,663	3,701,074	(121,589)	103.3	410,075	(29.7)
10/1/1994	4,050,993	3,852,818	(198,175)	105.1	373,789	(53.0)
10/1/1995	4,395,327	4,329,597	(65,730)	101.5	381,329	(17.2)
10/1/1996	4,769,515	5,091,408	321,893	93.7	412,732	78.0
10/1/1997	5,265,683	5,304,025	38,342	99.3	375,870	10.2
10/1/1998	5,815,886	5,693,700	(122,186)	102.1	223,029	(54.8)
10/1/1999	6,393,676	6,641,906	248,230	96.3	264,329	93.9
10/1/2000	7,202,770	7,593,964	391,194	94.8	164,201	238.2
10/1/2001	7,312,430	7,876,933	564,503	92.8	86,791	650.4
10/1/2002	6,993,181	7,982,786	989,605	87.6	63,483	1,558.9
10/1/2003	6,823,162	8,014,048	1,190,886	85.1	62,357	1,909.8
10/1/2004	6,699,142	8,057,610	1,358,468	83.1	62,749	2,164.9
10/1/2005	6,690,094	7,699,238	1,009,144	86.9	63,769	1,582.5
10/1/2006	6,786,784	8,829,235	2,042,451	76.9	0	N/A
10/1/2007	7,196,956	8,837,584	1,640,628	81.4	0	N/A
10/1/2008	7,237,912	8,718,721	1,480,809	83.0	0	N/A
10/1/2009	7,216,297	8,413,467	1,197,170	85.8	0	N/A
10/1/2010	7,150,942	8,372,361	1,221,419	85.4	0	N/A
10/1/2011	7,018,988	8,311,501	1,292,513	84.4	0	N/A
10/1/2012	7,015,782	8,427,439	1,411,657	83.2	0	N/A
10/1/2013	7,071,430	8,529,593	1,458,163	82.9	0	N/A
10/1/2014	7,157,179	8,617,060	1,459,881	83.1	0	N/A
10/1/2015 (b)	7,188,678	8,110,477	921,799	88.6	0	N/A
10/1/2015 (a)	7,188,678	8,280,061	1,091,383	86.8	0	N/A

(a) = After changes
(b) = Before change

RECENT HISTORY OF REQUIRED AND ACTUAL CONTRIBUTIONS										
Valuation	End of Year To Which Valuation Applies	Required Contributions						Actual Contributions		
		Employer & State		Estimated State		Net Employer		Employer	State	Total
		Amount	% of Payroll	Amount	% of Payroll	Amount	% of Payroll			
1/1/1987	9/30/1988	\$ 71,813	20.22 %	\$ 53,590	15.09 %	\$ 18,223	5.13 %	\$ 21,157	\$ 65,187	\$ 86,344
1/1/1988	9/30/1989	88,028	23.44	65,187	17.36	22,841	6.08	22,841	78,527	101,368
1/1/1989	9/30/1990	64,381	17.69	78,527	21.57	-	0.00	N/A	75,061	75,061
10/1/1989	9/30/1990	53,144	13.47	75,061	19.02	-	0.00	N/A	83,384	83,384
10/1/1990	9/30/1991	73,539	20.00	83,384	22.67	-	0.00	N/A	78,565	78,565
10/1/1991	9/30/1992	56,843	14.55	78,565	20.10	-	0.00	N/A	75,638	75,638
10/1/1992	9/30/1993	50,207	13.20	75,638	19.89	-	0.00	N/A	75,412	75,412
10/1/1993	9/30/1994	25,476	6.21	75,412	18.39	-	0.00	N/A	116,543	116,543
10/1/1994	9/30/1995	0	0.00	81,542	21.81	-	0.00	3,080	97,687	100,767
10/1/1995	9/30/1996	17,466	4.58	97,687	25.62	-	0.00	0	116,171	116,171
10/1/1996	9/30/1997	100,035	24.24	108,883	26.38	-	0.00	0	134,202	134,202
10/1/1997	9/30/1998	0	0.00	125,260	33.33	-	0.00	0	267,188	267,188
10/1/1998	9/30/1999	0	0.00	143,607	64.39	-	0.00	0	201,569	201,569
10/1/1999	9/30/2000	0	0.00	137,198	51.90	-	0.00	0	243,951	243,951
10/1/2000	9/30/2001	234,915	143.07	265,494	161.69	-	0.00	0	236,893	236,893
10/1/2001	9/30/2002	242,148	279.00	236,893	272.95	5,255	6.05	0	246,373	246,373
10/1/2002	9/30/2003	164,943	259.82	246,373	388.09	-	0.00	0	292,799	292,799
10/1/2003	9/30/2004	205,138	328.97	292,799	469.55	-	0.00	0	331,000	331,000
10/1/2004	9/30/2005	240,389	383.10	331,000	527.50	-	0.00	0	365,290	365,290
10/1/2005	9/30/2006	202,701	317.87	365,290	572.83	-	0.00	0	393,361	393,361
10/1/2006	9/30/2007	338,212	N/A	393,361	N/A	-	N/A	0	414,930	414,930
10/1/2007	9/30/2008	305,778	N/A	414,930	N/A	-	N/A	0	496,899	496,899
10/1/2008	9/30/2009	298,956	N/A	496,899	N/A	-	N/A	0	400,420	400,420
10/1/2009	9/30/2010	286,894	N/A	282,340	N/A	4,554	N/A	4,554	282,340	286,894
10/1/2010	9/30/2011	309,976	N/A	266,572	N/A	43,404	N/A	43,404	266,572	309,976
10/1/2011	9/30/2012	333,776	N/A	266,572	N/A	67,204	N/A	58,439	275,337	333,776
10/1/2012	9/30/2013	328,294	N/A	275,337	N/A	52,957	N/A	45,076	283,218	328,294
10/1/2013	9/30/2014	338,509	N/A	283,218	N/A	55,291	N/A	42,311	296,198	338,509
10/1/2014	9/30/2015	337,054	N/A	309,307	N/A	27,747	N/A	65,751	271,303	337,054
10/1/2015	9/30/2016	329,946	N/A	231,380	N/A	98,566	N/A	---	---	---

ACTUARIAL ASSUMPTIONS AND COST METHOD

Valuation Methods

Actuarial Cost Method - Normal cost and the allocation of benefit values between service rendered before and after the valuation date were determined using an **Individual Entry-Age Actuarial Cost Method** having the following characteristics:

- (i) the annual normal cost for each individual active member, payable from the date of employment to the date of retirement, is sufficient to accumulate the value of the member's benefit at the time of retirement;
- (ii) each annual normal cost is a constant percentage of the member's year by year projected covered pay.

Actuarial gains/(losses), as they occur, reduce (increase) the Unfunded Actuarial Accrued Liability.

Financing of Unfunded Actuarial Accrued Liabilities - Unfunded Actuarial Accrued Liabilities (full funding credit if assets exceed liabilities) were amortized by level (principal & interest combined) dollar contributions over a reasonable period of future years.

Actuarial Value of Assets - The Actuarial Value of Assets phase in the difference between the expected actuarial value and actual market value of assets at the rate of 20% per year. The Actuarial Value of Assets will be further adjusted to the extent necessary to fall within the corridor whose lower limit is 80% of the Market Value of plan assets and whose upper limit is 120% of the Market Value of plan assets. During periods when investment performance exceeds the assumed rate, Actuarial Value of Assets will tend to be less than Market Value. During periods when investment performance is less than assumed rate, Actuarial Value of Assets will tend to be greater than Market Value.

Valuation Assumptions

The actuarial assumptions used in the valuation are shown in this Section.

Economic Assumptions

The investment return rate assumed in the valuation is 6.00% per year, compounded annually (net after investment expenses).

Pay increase assumptions are not applicable.

Demographic Assumptions

The mortality table was the RP-2000 Combined Healthy Participant Mortality Tables for males and females. The provision for future mortality improvements is being made by using Scale AA after 2000.

Sample Attained Ages (in 2015)	Probability of Dying Next Year		Future Life Expectancy (years)	
	Men	Women	Men	Women
50	0.16 %	0.13 %	34.35	35.68
55	0.27	0.24	29.23	30.71
60	0.53	0.47	24.29	25.93
65	1.03	0.90	19.68	21.44
70	1.77	1.55	15.48	17.32
75	3.06	2.49	11.68	13.59
80	5.54	4.13	8.45	10.28

This assumption is used to measure the probabilities of each benefit payment being made after retirement.

For disabled retirees, the regular mortality tables are set forward 5 years in ages to reflect impaired longevity.

Rates of death among active members are not applicable.

Rates of retirement are not applicable.

Rates of separation from active membership are not applicable.

Rates of disability among active members are not applicable.

Miscellaneous and Technical Assumptions

Administrative & Investment Expenses

The investment return assumption is intended to be the return net of investment expenses. Annual administrative expenses are assumed to be equal to the average of the two prior year's expenses. Assumed administrative expenses are added to the Normal Cost.

GLOSSARY OF TERMS

<i>Actuarial Accrued Liability (AAL)</i>	The difference between the Actuarial Present Value of Future Benefits, and the Actuarial Present Value of Future Normal Costs.
<i>Actuarial Assumptions</i>	Assumptions about future plan experience that affect costs or liabilities, such as: mortality, withdrawal, disablement, and retirement; future increases in salary; future rates of investment earnings; future investment and administrative expenses; characteristics of members not specified in the data, such as marital status; characteristics of future members; future elections made by members; and other items.
<i>Actuarial Cost Method</i>	A procedure for allocating the Actuarial Present Value of Future Benefits between the Actuarial Present Value of Future Normal Costs and the Actuarial Accrued Liability.
<i>Actuarial Equivalent</i>	Of equal Actuarial Present Value, determined as of a given date and based on a given set of Actuarial Assumptions.
<i>Actuarial Present Value (APV)</i>	The amount of funds required to provide a payment or series of payments in the future. It is determined by discounting the future payments with an assumed interest rate and with the assumed probability each payment will be made.
<i>Actuarial Present Value of Future Benefits (APVFB)</i>	The Actuarial Present Value of amounts which are expected to be paid at various future times to active members, retired members, beneficiaries receiving benefits, and inactive, nonretired members entitled to either a refund or a future retirement benefit. Expressed another way, it is the value that would have to be invested on the valuation date so that the amount invested plus investment earnings would provide sufficient assets to pay all projected benefits and expenses when due.
<i>Actuarial Valuation</i>	The determination, as of a valuation date, of the Normal Cost, Actuarial Accrued Liability, Actuarial Value of Assets, and related Actuarial Present Values for a plan. An Actuarial Valuation for a governmental retirement system typically also includes calculations of items needed for compliance with GASB No. 27.
<i>Actuarial Value of Assets</i>	The value of the assets as of a given date, used by the actuary for valuation purposes. This may be the market or fair value of plan assets or a smoothed value in order to reduce the year-to-year volatility of calculated results, such as the funded ratio and the actuarially determined employer contribution (ADEC).

<i>Amortization Method</i>	A method for determining the Amortization Payment. The most common methods used are level dollar and level percentage of payroll. Under the Level Dollar method, the Amortization Payment is one of a stream of payments, all equal, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the Amortization Payment is one of a stream of increasing payments, whose Actuarial Present Value is equal to the UAAL. Under the Level Percentage of Pay method, the stream of payments increases at the rate at which total covered payroll of all active members is assumed to increase.
<i>Amortization Payment</i>	That portion of the plan contribution or ADEC which is designed to pay interest on and to amortize the Unfunded Actuarial Accrued Liability.
<i>Amortization Period</i>	The period used in calculating the Amortization Payment.
<i>Actuarially Determined Employer Contribution (ADEC)</i>	The employer's periodic required contributions, expressed as a dollar amount or a percentage of covered plan compensation. The ADEC consists of the Employer Normal Cost and Amortization Payment.
<i>Closed Amortization Period</i>	A specific number of years that is reduced by one each year, and declines to zero with the passage of time. For example if the amortization period is initially set at 30 years, it is 29 years at the end of one year, 28 years at the end of two years, etc.
<i>Employer Normal Cost</i>	The portion of the Normal Cost to be paid by the employer. This is equal to the Normal Cost less expected member contributions.
<i>Equivalent Single Amortization Period</i>	For plans that do not establish separate amortization bases (separate components of the UAAL), this is the same as the Amortization Period. For plans that do establish separate amortization bases, this is the period over which the UAAL would be amortized if all amortization bases were combined upon the current UAAL payment.
<i>Experience Gain/Loss</i>	A measure of the difference between actual experience and that expected based upon a set of Actuarial Assumptions, during the period between two actuarial valuations. To the extent that actual experience differs from that assumed, Unfunded Actuarial Accrued Liabilities emerge which may be larger or smaller than projected. Gains are due to favorable experience, e.g., the assets earn more than projected, salaries do not increase as fast as assumed, members retire later than assumed, etc. Favorable experience means actual results produce actuarial liabilities not as large as projected by the actuarial assumptions. On the other hand, losses are the result of unfavorable experience, i.e., actual results that produce Unfunded Actuarial Accrued Liabilities which are larger than projected.

<i>Funded Ratio</i>	The ratio of the Actuarial Value of Assets to the Actuarial Accrued Liability.
<i>GASB</i>	Governmental Accounting Standards Board.
<i>GASB No. 67 and GASB No. 68</i>	These are the governmental accounting standards that set the accounting rules for public retirement systems and the employers that sponsor or contribute to them. Statement No. 68 sets the accounting rules for the employers that sponsor or contribute to public retirement systems, while Statement No. 67 sets the rules for the systems themselves.
<i>Normal Cost</i>	The annual cost assigned, under the Actuarial Cost Method, to the current plan year.
<i>Open Amortization Period</i>	An open amortization period is one which is used to determine the Amortization Payment but which does not change over time. In other words, if the initial period is set as 30 years, the same 30-year period is used in determining the Amortization Period each year. In theory, if an Open Amortization Period is used to amortize the Unfunded Actuarial Accrued Liability, the UAAL will never completely disappear, but will become smaller each year, either as a dollar amount or in relation to covered payroll.
<i>Unfunded Actuarial Accrued Liability</i>	The difference between the Actuarial Accrued Liability and Actuarial Value of Assets.
<i>Valuation Date</i>	The date as of which the Actuarial Present Value of Future Benefits are determined. The benefits expected to be paid in the future are discounted to this date.

SECTION C
PENSION FUND INFORMATION

Statement of Plan Assets at Market Value

Item	September 30	
	2015	2014
A. Cash and Cash Equivalents (Operating Cash)	\$ 61	\$ -
B. Receivables		
1. Member Contributions	\$ -	\$ -
2. Employer Contributions	-	-
3. State Contributions	-	-
4. Investment Income and Other Receivables	15,744	12,877
5. Prepaid Expenses	-	-
6. Total Receivables	<u>\$ 15,744</u>	<u>\$ 12,877</u>
C. Investments		
1. Short Term Investments	\$ 525,843	\$ 381,012
2. Domestic Equities	3,179,525	4,085,266
3. International Equities	471,074	93,366
4. Domestic Fixed Income	1,565,827	1,765,930
5. International Fixed Income	399,305	204,489
6. Real Estate	1,036,329	951,662
7. Private Equity	-	-
8. Total Investments	<u>\$ 7,177,903</u>	<u>\$ 7,481,725</u>
D. Liabilities		
1. Benefits Payable	\$ -	\$ -
2. Accrued Expenses and Other Payables	<u>(16,747)</u>	<u>(1,747)</u>
3. Total Liabilities	<u>\$ (16,747)</u>	<u>\$ (1,747)</u>
E. Total Market Value of Assets Available for Benefits	\$ 7,176,961	\$ 7,492,855
F. State Contribution Reserve	\$ -	\$ -
G. Market Value Net of Reserves	\$ 7,176,961	\$ 7,492,855
H. Allocation of Investments		
1. Short Term Investments	7.3%	5.1%
2. Domestic Equities	44.3%	54.7%
3. International Equities	6.6%	1.2%
4. Domestic Fixed Income	21.8%	23.6%
5. International Fixed Income	5.6%	2.7%
6. Real Estate	14.4%	12.7%
7. Private Equity	<u>0.0%</u>	<u>0.0%</u>
8. Total Investments	100.0%	100.0%

Reconciliation of Plan Assets

Item	September 30	
	2015	2014
A. Market Value of Assets at Beginning of Year	\$ 7,492,855	\$ 7,233,364
B. Revenues and Expenditures		
1. Contributions		
a. Employee Contributions	\$ -	\$ -
b. Employer Contributions	65,751	42,311
c. State Contributions	271,303	296,198
d. Purchased Service Credit	-	-
e. Total	\$ 337,054	\$ 338,509
2. Investment Income		
a. Interest, Dividends, and Other Income	\$ 226,293	\$ 199,791
b. Net Realized Gains/(Losses)	298,376	222,977
c. Net Unrealized Gains/(Losses)	(368,376)	356,226
d. Investment Expenses	(71,803)	(76,101)
e. Net Investment Income	\$ 84,490	\$ 702,893
3. Benefits and Refunds		
a. Regular Monthly Benefits	\$ (720,087)	\$ (773,744)
b. Refunds	-	-
c. Lump Sum Benefits	-	-
d. Thirteenth Check Distribution	-	-
e. Total	\$ (720,087)	\$ (773,744)
4. Administrative Expenses and Miscellaneous Items		
a. Administrative Expenses	\$ (17,351)	\$ (8,167)
b. Miscellaneous	-	-
c. Total	\$ (17,351)	\$ (8,167)
5. Transfers	\$ -	\$ -
C. Market Value of Assets at End of Year	\$ 7,176,961	\$ 7,492,855
D. State Contribution Reserve	\$ -	\$ -
E. Market Value Net of Reserves	\$ 7,176,961	\$ 7,492,855

Development of Actuarial Value of Assets

Item	September 30	
	2015	2014
A. Beginning of Year Assets*		
1. Market Value	\$ 7,492,855	\$ 7,233,364
2. Actuarial Value	7,157,179	7,071,430
B. End of Year Market Value of Assets*	7,176,961	7,492,855
C. Net of Contributions Less Disbursements	(400,384)	(443,402)
D. Actual Net Investment Earnings	84,490	702,893
E. Expected Investment Earnings	434,812	445,232
F. Expected Actuarial Value End of Year	7,191,607	7,073,260
G. End of Year Market Value Less Expected Actuarial Value: B - F	(14,646)	419,595
H. 20% of Difference	(2,929)	83,919
I. End of Year Assets		
1. Actuarial Value: F + H	7,188,678	7,157,179
2. Final Actuarial Value Within 80% to 120% of Market Value	7,188,678	7,157,179
J. State Contribution Reserve	0	0
K. Final Actuarial Value of Assets: I2 - J	7,188,678	7,157,179
L. Recognized Investment Earnings	431,883	529,151
M. Recognized Rate of Return	6.2%	7.7%

* Before offset of State Contribution Reserve.

History of Investment Return Rates

Year Ending	Market	Actuarial
12/31/1980	N/A	9.1 %
12/31/1981	6.6 %	13.1
12/31/1982	26.8	11.7
12/31/1983	8.3	11.5
12/31/1984	13.0	12.1
12/31/1985	20.5	16.4
12/31/1986	13.2	12.3
12/31/1987	3.6	7.0
12/31/1988	6.9	8.1
9/30/1989 (9 mos.)	10.7	8.7
9/30/1990	1.8	5.2
9/30/1991	20.1	15.0
9/30/1992	13.6	12.0
9/30/1993	10.5	9.5
9/30/1994	(0.7)	6.6
9/30/1995	17.2	10.1
9/30/1996	9.5	9.0
9/30/1997	23.5	11.2
9/30/1998	7.2	10.4
9/30/1999	10.8	13.3
9/30/2000	9.3	10.4
9/30/2001	(0.8)	5.0
9/30/2002	(4.0)	1.9
9/30/2003	14.9	3.1
9/30/2004	10.0	3.4
9/30/2005	10.0	5.0
9/30/2006	6.4	7.4
9/30/2007	13.7	11.8
9/30/2008	(11.2)	6.2
9/30/2009	1.0	5.2
9/30/2010	6.7	5.4
9/30/2011	0.0	4.3
9/30/2012	15.5	6.2
9/30/2013	13.6	7.3
9/30/2014	10.0	7.7
9/30/2015	1.2	6.2
Average Returns:		
Last 5 years	7.9 %	6.3 %
Last 10 years	5.4 %	6.8 %
All years	8.9 %	8.6 %

Note: Market value returns are net of investment expenses starting in 2005.

The above rates are based on the retirement systems financial information reported to the actuary. They may differ from figures that the investment consultant reports, in part because of differences in the handling of administrative and investment expenses, and in part because of differences in the handling of cash flows.

SECTION D
FINANCIAL ACCOUNTING INFORMATION

FASB NO. 35 INFORMATION		
A. Valuation Date	October 1, 2015	October 1, 2014
B. Actuarial Present Value of Accumulated Plan Benefits		
1. Vested Benefits		
a. Members Currently Receiving Payments	\$ 8,280,061	\$ 8,617,060
b. Terminated Vested Members	0	0
c. Other Members	0	0
d. Total	<u>8,280,061</u>	<u>8,617,060</u>
2. Non-Vested Benefits	0	0
3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2	8,280,061	8,617,060
4. Accumulated Contributions of Active Members	0	0
C. Changes in the Actuarial Present Value of Accumulated Plan Benefits		
1. Total Value at Beginning of Year	8,617,060	8,529,593
2. Increase (Decrease) During the Period Attributable to:		
a. Plan Amendment and Change in Actuarial Assumptions	169,584	173,819
c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period	213,504	687,392
d. Benefits Paid	<u>(720,087)</u>	<u>(773,744)</u>
e. Net Increase	(336,999)	87,467
3. Total Value at End of Period	8,280,061	8,617,060
D. Market Value of Assets	7,176,961	7,492,855
E. Actuarial Assumptions - See page entitled Actuarial Assumptions and Methods		

**SCHEDULE OF CHANGES IN THE EMPLOYER'S
NET PENSION LIABILITY AND RELATED RATIOS
GASB Statement No. 67**

Fiscal year ending September 30,	<u>2015</u>	<u>2014</u>
Total pension liability		
Service Cost	\$ -	\$ -
Interest	515,130	529,277
Benefit Changes	-	-
Difference between actual & expected experience	168,392	-
Assumption Changes	164,475	-
Benefit Payments	(720,087)	(773,744)
Refunds	-	-
Net Change in Total Pension Liability	<u>127,910</u>	<u>(244,467)</u>
Total Pension Liability - Beginning	8,285,126	8,529,593
Total Pension Liability - Ending (a)	<u>\$ 8,413,036</u>	<u>\$ 8,285,126</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 65,751	\$ 42,311
Contributions - Employer (from State)	271,303	296,198
Contributions - Non-Employer Contributing Entity	-	-
Contributions - Member	-	-
Net Investment Income	84,490	702,893
Benefit Payments	(720,087)	(773,744)
Refunds	-	-
Administrative Expense	(17,351)	(8,167)
Other	-	-
Net Change in Plan Fiduciary Net Position	<u>(315,894)</u>	<u>259,491</u>
Plan Fiduciary Net Position - Beginning	7,492,855	7,233,364
Plan Fiduciary Net Position - Ending (b)	<u>\$ 7,176,961</u>	<u>\$ 7,492,855</u>
Net Pension Liability - Ending (a) - (b)	1,236,075	792,271
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.31 %	90.44 %
Covered Employee Payroll	\$ -	\$ -
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A

SCHEDULE OF THE EMPLOYER'S NET PENSION LIABILITY
GASB Statement No. 67

FY Ending September 30,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Employee Payroll	Net Pension Liability as a % of Covered Employee Payroll
2014	\$ 8,285,126	\$ 7,492,855	\$ 792,271	90.44%	\$ -	N/A
2015	\$ 8,413,036	\$ 7,176,961	\$ 1,236,075	85.31%	\$ -	N/A

NOTES TO NET PENSION LIABILITY
GASB Statement No. 67

Valuation Date: October 1, 2014
Measurement Date: September 30, 2015

Methods and Assumptions Used to Determine Net Pension Liability:

Actuarial Cost Method	Entry Age Normal
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	6.25%
Retirement Age	N/A
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years using Scale AA

Other Information:

Notes See Discussion of Valuation Results in the October 1, 2014 Actuarial Valuation Report

SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

<u>FY Ending September 30,</u>	<u>Actuarially Determined Employer Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2014	\$ 338,509	\$ 338,509	\$ -	\$ -	N/A
2015	\$ 337,054	\$ 337,054	\$ -	\$ -	N/A

NOTES TO SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

Valuation Date: October 1, 2014
Notes Actuarially determined contributions are calculated as of October 1, which is one year prior to the end of the fiscal year in which contributions are reported.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed
Remaining Amortization Period	6 years
Asset Valuation Method	5-year smoothed market
Inflation	3.0%
Salary Increases	N/A
Investment Rate of Return	6.25%
Retirement Age	N/A
Mortality	RP-2000 Combined Healthy Participant Mortality Table for males and females with mortality improvement projected to all future years using Scale AA

Other Information:

Notes See Discussion of Valuation Results in the October 1, 2014 Actuarial Valuation Report

SINGLE DISCOUNT RATE
GASB Statement No. 67

A single discount rate of 6.25% was used to measure the total pension liability. This single discount rate was based on the expected rate of return on pension plan investments of 6.25%. The projection of cash flows used to determine this single discount rate assumed that plan member contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between the total actuarially determined contribution rates and the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments (6.25%) was applied to all periods of projected benefit payments to determine the total pension liability.

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 6.25%, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is 1-percentage-point lower or 1-percentage-point higher:

Sensitivity of the Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 5.25%	Current Single Discount Rate Assumption 6.25%	1% Increase 7.25%
\$1,971,816	\$1,236,075	\$624,612

SECTION E
MISCELLANEOUS INFORMATION

RECONCILIATION OF MEMBERSHIP DATA		
	From 10/1/14 To 10/1/15	From 10/1/13 To 10/1/14
A. Active Members		
1. Number Included in Last Valuation	0	0
2. New Members Included in Current Valuation	0	0
3. Non-Vested Employment Terminations	0	0
4. Vested Employment Terminations	0	0
5. Service Retirements	0	0
6. Disability Retirements	0	0
7. Deaths	0	0
8. Other	0	0
9. Number Included in This Valuation	0	0
B. Terminated Vested Members		
1. Number Included in Last Valuation	0	0
2. Additions from Active Members	0	0
3. Lump Sum Payments/Refund of Contributions	0	0
4. Payments Commenced	0	0
5. Deaths	0	0
6. Other	0	0
7. Number Included in This Valuation	0	0
C. Service Retirees, Disability Retirees and Beneficiaries		
1. Number Included in Last Valuation	15	15
2. Additions from Active Members	0	0
3. Additions from Terminated Vested Members	0	0
4. Deaths Resulting in No Further Payments	(1)	0
5. Deaths Resulting in New Survivor Benefits	(1)	0
6. End of Certain Period - No Further Payments	0	0
7. Other - New Survivor	1	0
8. Number Included in This Valuation	14	15

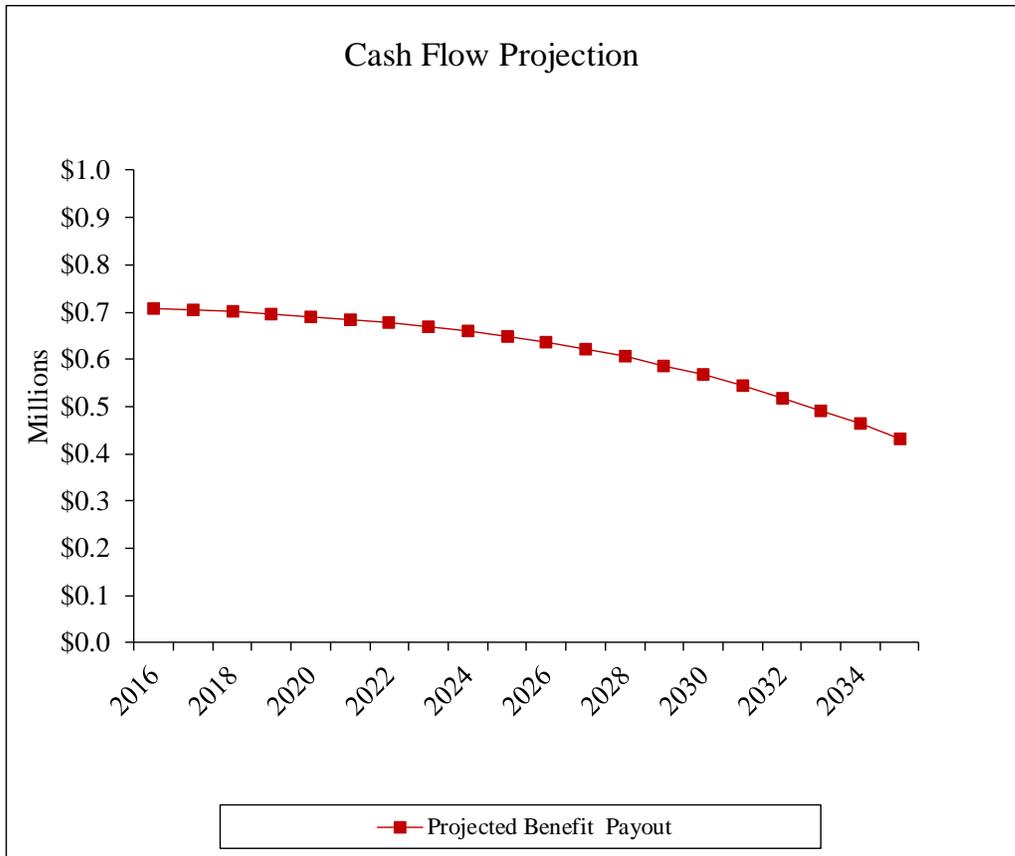
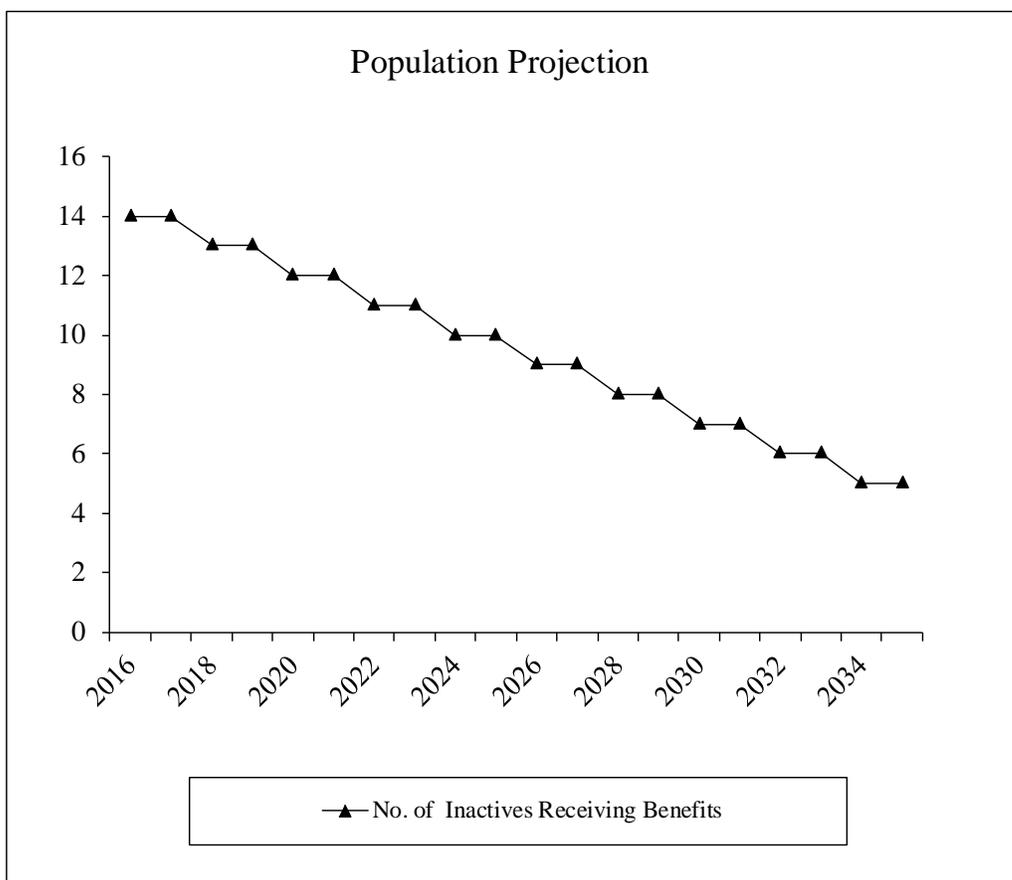
STATISTICAL DATA						
	10/1/2010	10/1/2011	10/1/2012	10/1/2013	10/1/2014	10/1/2015
Active Participants						
Number	0	0	0	0	0	0
Total Annual Payroll	---	---	---	---	---	---
Average Annual Salary	---	---	---	---	---	---
Other Averages						
Current Age	---	---	---	---	---	---
Age at Employment	---	---	---	---	---	---
Past Service	---	---	---	---	---	---
Service Retirees and Beneficiaries						
Number	11	11	11	11	11	10
Total Annual Benefit	\$ 651,819	\$ 664,859	\$ 678,153	\$ 691,715	\$ 705,551	\$ 629,358
Average Monthly Benefit	4,938	5,037	5,138	5,240	5,345	5,245
Disability Retirees						
Number	4	4	4	4	4	4
Total Annual Benefit	\$ 77,297	\$ 78,842	\$ 80,419	\$ 82,028	\$ 83,668	\$ 85,343
Average Monthly Benefit	1,610	1,643	1,675	1,709	1,743	1,778
Terminated Members with Vested Benefits						
Number	0	0	0	0	0	0
Total Annual Benefit	---	---	---	---	---	---
Average Monthly Benefit	---	---	---	---	---	---

INACTIVE PARTICIPANT DISTRIBUTION

Age Group	Terminated Vested		Disabled		Retired		Deceased with Beneficiary	
	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits	Number	Total Benefits
Under 20	-	-	-	-	-	-	-	-
20-24	-	-	-	-	-	-	-	-
25-29	-	-	-	-	-	-	-	-
30-34	-	-	-	-	-	-	-	-
35-39	-	-	-	-	-	-	-	-
40-44	-	-	-	-	-	-	-	-
45-49	-	-	-	-	-	-	-	-
50-54	-	-	-	-	-	-	-	-
55-59	-	-	-	-	-	-	-	-
60-64	-	-	-	-	1	79,263	-	-
65-69	-	-	-	-	2	138,479	-	-
70-74	-	-	-	-	4	281,700	-	-
75-79	-	-	2	42,254	1	68,192	2	61,724
80-84	-	-	2	43,089	-	-	-	-
85-89	-	-	-	-	-	-	-	-
90-94	-	-	-	-	-	-	-	-
95-99	-	-	-	-	-	-	-	-
100 & Over	-	-	-	-	-	-	-	-
Total	-	-	4	85,343	8	567,634	2	61,724
Average Age		N/A		81		71		78

PROJECTED RETIREMENT BENEFITS		
<u>Fiscal</u> <u>Year End</u>	<u>No. of</u> <u>Inactives</u> <u>Receiving</u> <u>Benefits</u>	<u>Projected</u> <u>Benefit</u> <u>Payout</u>
2016	14	\$707,312
2017	14	704,348
2018	13	700,630
2019	13	696,087
2020	12	690,749
2021	12	684,571
2022	11	677,384
2023	11	669,018
2024	10	659,400
2025	10	648,368
2026	9	635,688
2027	9	621,309
2028	8	605,098
2029	8	586,873
2030	7	566,474
2031	7	543,770
2032	6	518,888
2033	6	491,882
2034	5	462,782
2035	5	431,927

These projections are based on the assumptions outlined in the Actuarial Assumptions and Cost Method section. Benefit payouts may differ from the above estimates depending upon actual experience of the plan. However, since the projections are recomputed each valuation date, there is an automatic correction to the extent actual experience varies from expected experience.



SECTION F
SUMMARY OF PLAN PROVISIONS

SUMMARY OF PLAN PROVISIONS

A. Ordinances

The Plan was established under the Code of Ordinances for the City of Vero Beach, Florida, Chapter 58, Article II, and Division 3 and was most recently amended under Ordinance No. 2010-13 passed and adopted on its second reading on March 16, 2010. The Plan is also governed by certain provisions of Chapter 175, Florida Statutes, Part VII, Chapter 112, Florida Statutes and the Internal Revenue Code.

B. Effective Date

June 1, 1976

C. Plan Year

October 1 through September 30

D. Type of Plan

Qualified, governmental defined benefit retirement plan; for GASB purposes it is a single employer plan.

E. Eligibility Requirements

The Plan is closed to new members.

F. Credited Service

Service is measured as the total length of employment for which the firefighter received Compensation from the City and made Member Contributions to the plan. No service is credited for any periods of employment for which the member received a refund of their contributions.

G. Compensation

Total cash compensation including wages, salary, bonuses and overtime, but excluding lump sum payment of unused leave.

H. Final Average Compensation (FAC)

The average of Compensation over the highest 3 years of employment.

I. Normal Retirement

Eligibility: A member may retire on the first day of the month coincident with or next following the earlier of:

- (1) age 55 and 10 years of Credited Service, or
- (2) age 52 and 25 years of Credited Service.

Benefit: 3.0% of FAC multiplied by years of Credited Service plus \$25.00 multiplied by years of Credited Service.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: Each retiree and surviving beneficiary will receive a 2.0% increase in benefits on October 1st of each year.

J. Early Retirement

Eligibility: A member may elect to retire earlier than the Normal Retirement Eligibility upon attainment of age 50 and 10 years of Credited Service.

Benefit: The Normal Retirement Benefit is reduced by 0.25% for each month (3.0% annually) by which the Early Retirement date precedes the Normal Retirement date.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: Each retiree and surviving beneficiary will receive a 2.0% increase in benefits on October 1st of each year.

K. Delayed Retirement

Same as Normal Retirement taking into account compensation earned and service credited until the date of actual retirement.

L. Service Connected Disability

Eligibility: Any member who becomes totally and permanently disabled as a result from an act occurring in the performance of service for the City is immediately eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability with a minimum equal to 50% of FAC. There will be no actuarial reduction for the period of time that the date of disability precedes the Normal Retirement date.

Normal Form of Benefit: 10 Years Certain and Life thereafter.

COLA: Each retiree and surviving beneficiary will receive a 2.0% increase in benefits on October 1st of each year.

M. Non-Service Connected Disability

Eligibility: Any member with 10 years of Credited Service who becomes totally and permanently disabled is immediately eligible for a disability benefit.

Benefit: Accrued Normal Retirement Benefit taking into account compensation earned and service credited until the date of disability with a minimum equal to 50% of FAC. There will be no actuarial reduction for the period of time that the date of disability precedes the Normal Retirement date.

Normal Form
of Benefit: 10 Years Certain and Life thereafter.

COLA: Each retiree and surviving beneficiary will receive a 2.0% increase in benefits on October 1st of each year.

N. Death in the Line of Duty

Eligibility: All members are eligible for survivor benefits regardless of Credited Service.

Benefit: Dependent spouse receives 50% of the deceased member's accrued Normal Retirement Benefit with a minimum equal to 25% of FAC. If there is no spouse, the member's own contributions are paid to the estate.

Normal Form
of Benefit: Paid until death or remarriage of spouse.

COLA: Each surviving beneficiary will receive a 2.0% increase in benefits on October 1st of each year.

O. Other Pre-Retirement Death

Eligibility: Members are eligible for survivor benefits after the completion of 1 or more years of Credited Service.

Benefit: Dependent spouse receives 50% of the deceased member's accrued Normal Retirement Benefit with a minimum equal to 25% of FAC. If there is no spouse, the member's own contributions are paid to the estate.

Normal Form
of Benefit: Paid until death or remarriage of spouse.

COLA: Each surviving beneficiary will receive a 2.0% increase in benefits on October 1st of each year.

The beneficiary of a plan member with less than 1 year of Credited Service at the time of death will receive a refund of the member's accumulated contributions.

P. Post Retirement Death

Benefit determined by the form of benefit elected upon retirement.

Q. Optional Forms

In lieu of electing the Normal Form of benefit, the optional forms of benefits available to all retirees are a Single Life Annuity or the 50%, 66 2/3%, 75% and 100% Joint and Survivor options.

R. Vested Termination

Eligibility: A member has earned a non-forfeitable right to Plan benefits after the completion of 10 years of Credited Service.

Benefit: The benefit is the member's accrued Normal Retirement Benefit as of the date of termination. Benefit begins on the date that would have been the member's Normal Retirement date had the member continued employment. Alternatively, members can elect a reduced Early Retirement benefit any time after age 50.

Normal Form of Benefit: 10 Years Certain and Life thereafter; other options are also available.

COLA: Each retiree and surviving beneficiary will receive a 2.0% increase in benefits on October 1st of each year.

Members terminating employment with less than 10 years of Credited Service will receive a refund of their own accumulated contributions.

S. Refunds

Eligibility: All members terminating employment with less than 10 years of Credited Service are eligible. Optionally, vested members (those with 10 or more years of Credited Service) may elect a refund in lieu of the vested benefits otherwise due.

Benefit: Refund of the member's contributions.

T. Member Contributions

7% of Compensation.

U. State Contributions

Chapter 175 Premium Tax Refunds.

V. Employer Contributions

Any additional amount determined by the actuary needed to fund the plan properly according to State laws.

W. Cost of Living Increases

Each retiree and surviving beneficiary will receive a 2.0% increase in benefits on October 1st of each year.

X. 13th Check

In years in which a cumulative net actuarial gain has been determined, there shall be payable an ad-hoc thirteenth check paid on June 1 to each retiree and beneficiary in payment status as of September 30th of the prior year. The amount is determined based on the amount of the cumulative net actuarial gain and is limited to \$25,000 in any year for each retiree and beneficiary.

Y. Other Ancillary Benefits

There are no ancillary retirement type benefits not required by statutes but which might be deemed a City of Vero Beach Firefighters Relief and Pension Fund liability if continued beyond the availability of funding by the current funding source.

Z. Changes from Previous Valuation

There are no changes from the previous valuation.