

FIRE PENSION BOARD MEETING
Wednesday, February 19, 2020 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 20, 2019**
- 4. PUBLIC COMMENTS**
- 5. QUARTERLY REPORTS**
 - A) Highland Capital Management**
 - B) Salem Trust**
 - 1. Class Action Report**
 - 2. Salem Trust Service Report**
 - C) AndCo Consulting**
- 6. NEW BUSINESS**
 - A) Actuarial Valuation Report – Gabriel, Roeder, Smith**
 - B) Annual Report**
 - C) Expected Annual Rate of Return**
 - D) Klausner Memos (Informational Purposes)**
 - 1) Secure Act and IRS Limits for 2020**
 - 2) HB113 / SB1270 – Fiduciary Standards for Local Officers and Appointed Public Officials**
 - 3) Changes to Florida’s Notary Public Law to Permit Remote Online Notarizations**
- 7. OLD BUSINESS**
 - A) Cyber Liability Insurance Coverage**
- 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 20, 2019 – 10:00 a.m.
City Hall, Council Chambers, Vero Beach, Florida

PRESENT: Charles Zokvic, Chairman; Henry Losey, Secretary/Treasurer; Member: Kent Middleton **Also Present:** Records Retention Specialist, Heather McCarty

Excused Absence: Duane Bluemke

1. CALL TO ORDER

The Chairman called the meeting to order at 10:09 a.m.

2. AGENDA ADDITIONS, DELETIONS AND ADOPTION

The Chairman requested that they move item 8-A) up on the agenda and discuss it after item 5).

Mr. Losey made a motion to adopt the agenda as amended. Mr. Middleton seconded the motion and it passed unanimously adopted.

3. ELECTION OF OFFICERS

A) Chairman

Mr. Losey nominated Mr. Zokvic to remain Chairman. Mr. Middleton seconded the motion and it passed unanimously.

B) Secretary/Treasurer

Mr. Losey nominated Mr. Middleton to remain Secretary/Treasurer. Mr. Zokvic seconded the motion and it passed unanimously.

4. APPROVAL OF MINUTES

A) August 21, 2019 Meeting Minutes

Mr. Losey made a motion to approve the August 20, 2019 minutes. Mr. Middleton seconded the motion and it passed unanimously.

5. PUBLIC COMMENTS

None

6. REPORTS

A) Highland Capital Management

Mr. Todd Wishnia, with Highland Capital, talked about what has been going on in the market and the volatility of the third quarter. He said that consumer spending remained pretty strong. He reported that for the quarter, the top performers included utilities, up 8.4%; real estate, up 6.9% and staples, up 5.9%. He went through their Investment Review report for the period ending September 30, 2019 (on file in the City Clerk's office). He explained with the amount of volatility during the quarter, it was difficult to maintain any kind of solid positioning. He went over the chart on page 9, Performance Returns for Various Periods. He pointed out they had a pretty strong October and as of November 18, the value portfolio was up 4.6% and the index was up 4.1%. He pointed out they are underweight in real estate and utilities. He went over page 10, Domestic Equity Sector Allocation. He said for the fiscal year to date (FYTD), International was up 19.9% against index at 17.1%. Currently they are in line with the index. He reviewed the chart on page 13, International Equity Country Allocation and page 14, Fixed Income Sector Allocation.

Mr. West talked about the two (2) different viewpoints regarding a recession. He said they previously have taken a more conservative approach and asked how they are positioning themselves and what are they expecting going forward.

Mr. Wishnia explained that they had started the third quarter pretty defensive with utilities and towards the end, they then moved out into the cyclicals. He said they do not see a recession on the horizon. He said earnings are a little better than expected and he thinks with consumer spending the way it is, this quarter should make for a nice holiday quarter. Next year, he thinks earnings will be tough to beat as far as last year, but he thinks they will be stronger than anticipated by the media.

Mr. Zokvic referred to the new page in their report on page 5, 3Q19 Large Cap Value Equity Commentary. He said he would like that page to remain in the report because it easily shows all the sectors additions and sales in one (1) place. Mr. Wishnia said they had added it this quarter since it had been a very active trading quarter, but they could continue to add it in the report every quarter.

B) Salem Trust

1. Class Action Report

Mrs. Russo referred to their Class Action Report for the period July 1, 2019 through September 30, 2019 (on file in the City Clerk's office). She reported there was one (1) class action filed on behalf of the plan during the period with Citibank ADR FX Settlement and they did not receive any settlements during the quarter.

Mrs. Russo added that they are looking into allowing their clients to have access to the CCC website so they can pull this type of information up.

2. Service Report Summary

Mrs. Russo referred to the Salem Trust Service Report Summary for the period ending September 30, 2019 (on file in the City Clerk's office). She reminded them of Salem's service pledge that if at any time they feel Salem is not meeting their expectations, they will talk about it and potentially they would get a quarterly discount on their fee.

Mrs. Russo said that the last time she was here, she talked about the acquisition of Salem. They have been using the back office for operations from their prior company and that will change effective March 1, 2020. They are going to continue to use the same system, which is SunGuard Advantage, but the operations backroom will be different. Some of the things that may change might be where they send in their contributions, and their delivery instructions for investment managers. She is not sure if their account numbers will change, but they are trying to minimize any changes and trying to minimize any disruptions to clients.

Mr. Zokvic remarked as long as everyone is kept in the loop and they do not have any breaks in service, they would be good.

Mrs. Russo added that they feel strongly about that too.

Mr. Zokvic said a couple of years ago, they filed paperwork for recouping foreign tax monies through GlobeTax. He asked if they have ever received a report showing they received any monies.

Mrs. Russo said that she could pull transactions up and look at what has posted to the account. She said that they can see that on a statement and it would show as GlobeTax in the description. She said she would bring a report for them to the next meeting.

C) AndCo Consulting

Mr. Dave West, with AndCo Consulting, said he had three (3) things to discuss today, the quarterly report, the Investment Policy Statement, and also an updated recapture letter, which he was tasked with. He said it is in the works, but he has not finished it for today's meeting.

Mr. West referred to their Investment Performance Review report for the period ending September 30, 2019 (on file in the City Clerk's office). He talked about the four (4) primary things that impacted them this fiscal year. He referred to the bottom right chart on page 2, Major Market Index Performance. He commented that domestic equities total return was very disappointing and the S&P 500 was up only 4.3% for the year and they need more than that to meet the required rate of return. He pointed out that the Russell 2000 was down -8.9%.

Mr. West continued in his report, going over the Asset Allocation vs. Target Allocation chart on page 12. He commented that going forward, it is going to be more challenging to meet the actuarial rate of return and they need to keep rebalancing and increasing the quality of their portfolio on their radar. He suggested they continue to overweight the real estate portion going forward. He went to page 19, Comparative Performance Trailing Returns, going over the Total Fund (Net) returns for the quarter, FYTD, and annual numbers. He reviewed the international component on page 20. He reported that PIMCO had a good year and for the FYTD, they were a little under 9.54% (19th) vs the index, which was up 10.83%. He commented that their three (3) and five (5) year returns were spectacular and they were in the top first percentile. He reviewed Intercontinental's returns, pointing out that their strategy has worked out very well and for the FYTD, they were up 8.3% (30th).

Mr. West said projecting ahead, they suggest they leave the manager allocation intact. He said they are already seeing a change in the market appetite. He said if there is any negative returns coming out of total return and investment grade bonds, they could look at that on a meeting-by-meeting basis and look to rebalance.

Mr. West reviewed the cash flow on page 16, Financial Reconciliation Fiscal Year to Date. He reported they opened the fiscal year on October 1, 2018 with a market value of \$7,943,359 and closed on September 30, 2019 with \$7,619,838. He said that this was one (1) of the first years in the last several years that they saw a net decline. With the five (5) year smoothing method, there may be a modest impact from the investment shortfall this year because they are going to be dropping off 2014, which was a banner year at 10.37% and substituting 3.1%. He added that next year they would have to earn only 1.27% to have a neutral impact.

Mr. Zokvic noted that the premium tax money keeps going down every year, which hurts them. He said he thinks this year it is possible that they are not going to get a supplemental payment. He talked about how the State determines the supplemental amounts.

Mr. West said they would continue to monitor the cash flow. They do work closely with Salem Trust and Mrs. Russo. He added they do have a standing rebalance letter and if any revisions need to be made to that letter, they would do that.

Mr. Zokvic commented that being a closed plan, they need to keep a close eye on what is going on.

Mr. West reviewed the Compliance checklist on page 38.

Mr. West referred to their Investment Policy Statement (IPS). He said he has gone through his annual review of the IPS, which was last amended in February 2016 when they changed the rate of return assumption to 6%. He said he reviewed the IPS and there are no required changes to the document and they have no observational changes

to make to the document. He submitted for the record that they did a complete review of the Policy and the document can stand as it was last amended.

Mr. Losey made a motion to accept their consultant's suggestion on the Investment Policy Statement. Mr. Middleton seconded the motion and it passed unanimously.

7. NEW BUSINESS

A) Approval of 2020 Meeting Dates

Mr. Zokvic read the proposed 2020 meeting dates, which were Wednesday, February 19th, May 20th, August 19th, and November 18th (on file in the City Clerk's office). He added that they are the same dates that the Police Pension Board is proposing.

Mr. Middleton made a motion to accept the proposed meeting dates. Mr. Losey seconded the motion and it passed unanimously.

8. OLD BUSINESS

A) Cyber Liability Insurance Coverage

This item was discussed after item 5).

Ms. Cindy Lawson, Finance Director, said they have a very sophisticated I.T. Department for a small City. She said she couldn't discuss specifics, but protection is there. She said since cyber-attacks started hitting the news, the I.T. Department has attended conferences and relooked at their protocols and made sure they are as protected as they could be. She said they do have coverage through the Florida League of Cities through Florida Municipal Insurance Trust (FMIT) for the City. She asked the League about it and was told that the coverage is for the City, the City employees, and the data that resides on the City's computers system relative to this Pension. She said that coverage doesn't extend to any third parties that are supporting the Pension Board, whether it be their Actuary, Salem Trust, or anyone else that has data relative to the Pension. She said that anything that the City has for them, such as payroll data, census data, etc... that they have on the City's system is protected and has insurance coverage.

Mr. Zokvic commented that according to State Pension law, the City is responsible for the money and to make sure that the money is there to pay the retirees.

Ms. Lawson read the response from the League, which was "If the Pension Board was created by the City, is administered by the City or its employees, and the pension files are stored on City infrastructure, the City's FMIT coverage extends to the Pension Board. It will not extend to third parties involved with the plan."

Mr. Zokvic said that an attorney at the last conference he attended said if the Pension Board doesn't have their own computer system to pay out the retirees themselves, then the cyber insurance should be through the City and the people that the Board hires.

Ms. Lawson clarified that the League is saying that the parts of their Pension plan's data that are stored on the City's infrastructure are covered by the City's plan, but if they have third parties that have data or are responsible for their plan, they need to work with those third parties to figure out how they've covered it. She added that banking coverage is a little different from pure cyber-attack coverage in terms of guaranteeing deposits.

Mrs. Russo referred to the copies of Salem Trust's insurance certificates that were included in their backup (on file in the City Clerk's office). She said they do have a two million dollar cyber security insurance policy. She clarified that Salem Trust is not a bank. Their core business is acting as a custodian for government and institutional clients. She added they do have other layers of insurance and depending on what the crime is, it could fall under a different layer of their coverage. She explained Salem has certain policies in place and training that they go through to help them determine when an email is not valid.

Ms. Lawson said that Cyber-attacks are a huge problem and that is where firewalls and backups are and making sure you can recover your data without paying someone to recover it. She said that there are different kinds of security breaches and it would constitute a crime if someone tried to take over someone's bank account. She agreed that there are many layers to insurance.

Mr. West said that AndCo has five million dollars of specific cyber insurance coverage. He said that they don't have access to critical data, such as Social Security numbers and personal information, but as a fiduciary and an investment consultant, they do have the coverage. He said he would furnish a copy of that and include it every other year going forward.

Mr. Wishnia said they are the same as AndCo, in that they don't have any of the critical information, such as social security numbers. They do have coverage and for the sake of public pension clients, they don't hold anything that would need the insurance. They do have cyber insurance because they do have individuals that they manage. He did not know what the coverage amount was, but he would find out.

Mr. Zokvic said the Board would like to get a copy of everyone's cyber insurance policy for their files.

9. CHAIRMAN'S MATTERS

None

9. MEMBER'S MATTERS

None

10. ADJOURNMENT

Today's meeting adjourned at 11:19 a.m.

/hm



Vero Beach Firemen's Relief & Pension Fund

Investment Review
Period Ending
December 31, 2019

Highland Capital
MANAGEMENT, LLC
An Argent Company

| <i>Table of Contents</i> | |
|---|---------|
| Commentary | Page 1 |
| Total Return Summary and Portfolio Allocation | Page 8 |
| Performance Returns for Various Periods | Page 9 |
| Equity Sector Allocation and Returns | Page 10 |
| Top Ten Holdings | Page 11 |
| International ADR Country Allocation | Page 13 |
| Fixed Income Characteristics | Page 14 |
| Portfolio Holdings | Page 18 |
| Purchases and Sales | Page 27 |

4Q19 Equity Commentary

The returns experienced during the fourth quarter of 2019 helped to make the dreadful Q4 of 2018 nothing but a distant memory (market has rallied 37% off the 2018 Christmas Eve lows), and provided investors with a fitting finish to an excellent year of returns. The S&P 500 tacked on another 9% in Q4, bringing the years total return to 31.4%, and marking the best year for the market since 2013 when the S&P gained 32.3%. The market set new record highs 35 times during 2019. The main drivers in the quarter were the lowering of trade tensions and the continued easing by the Federal Reserve. The Fed lowered rates in October bringing the number of cuts to three, almost offsetting the four rate increases of 2018. The market took comfort that the Fed indicated it would now likely pause, and that the economy remained strong. A thawing in trade tensions also helped market sentiment, as the prospect of no additional tariffs and possibly even a roll back of some existing tariffs were taken as a signal that the worst of the global slowdown from trade might now be behind us. This would be welcome news as the trade war has negatively impacted manufacturing in both the US and globally. The US Institute of Supply Management Manufacturing index contracted again in November to 48.1%, its fourth consecutive decline. While manufacturing is weak, the US consumer continues to power ahead. Holiday sales were up 3.4% year over year, with online sales increasing 18.8%. The US jobs picture accounts for the strong consumer with the unemployment rate of 3.5% near a 50 year low, and wages now growing at just above 3%. The November jobs report showed the US adding 266,000 jobs and now averaging job growth of 180,000 per month in

2019, solid, but slower than the pace of 223,000 in 2018. The US has gone for a decade without a recession, and at least in the near term, the economy seems to have weathered the trade storm, and looks set to grow somewhere in the 2% range for 2020.

Fourth Quarter Market Recap:

The top performing sectors in Q4 were Healthcare and Technology, with both rising 14.4%. Healthcare had been under some pressure from "Medicare for All" and possible legislation to lower prescription drug prices. Managed Care stocks such as Humana (+43%), and Cigna (+34.7%) led the rally. Technology stocks continued their winning ways not only for the quarter, but also the full year by gaining just over 50% for the year. Apple gained 31% for the quarter, and for 2019 increased by almost 89%. Apple's wearables business is now approximately 10% of company revenues, and has been growing above 50% of late. Apple will also be rolling out new 5G phones in 2020. The semiconductor segment of Technology was also strong in Q4 rising 18%, as the segment will be a beneficiary of improved trade relations. Financials also closed the year on a high note, tacking on 10.5%. The Fed pause, coupled with yields on the 10 year US Treasury rising from 1.51% in early October to 1.91% by year end helped to alleviate some of the pressure on banks net interest income. With market sentiment improving in the quarter, it was no surprise that the weakest sector performers were the more traditionally defensive sectors. Real Estate was off -.5% in the quarter, while Utilities increased just 0.8%, as both sectors tend to move inversely with interest rates.

4Q19 Equity Commentary

Consumer Staples only managed to gain 3.5% for the quarter. Energy continued to lag (+5.4%) even as oil moved up in price. A stronger global growth outlook and a deceleration in the pace of US production growth in 2020 could portend better days ahead for the group.

Outlook:

What can we expect in 2020 after such a strong year? The market in 2019 was certainly stronger than the economy. Earnings barely grew in 2019, yet valuation multiples expanded. The upcoming year will include an impeachment trial in the Senate, perhaps finally a Brexit, and important US elections in November. Any of these events could cause some degree of market volatility, but it's usually the unexpected as opposed to what is on the calendar that upends the markets. There are still geopolitical issues to address such as North Korea, along with continuing Middle East tensions. Historically, presidential election years have averaged positive returns of 6.3%. As we know, politicians tend to "prime the pump" by increasing spending through fiscal policy in year three of their term to keep the economy moving. The Fed has helped this "priming" process by lowering interest rates. The market tends to do a bit better if the incumbent wins (less policy uncertainty), and sells off in the months prior to the election when the incumbent is ousted. The best predictor of presidential election outcomes is the S&P 500 itself, having correctly predicted the outcome 87% of the time since 1928. If the market is higher in the three months leading up to the election the incumbent wins, if it's down the incumbent loses. As James Carville said in 1992, "it's the economy stupid".

We do need to see earnings improve in 2020 in order to support current market valuations, and that should be the case. It's now likely that 2019 is going to show flat earnings growth after the strong increase in 2018 of 20%. In fact, the estimate for Q4 has come down from +2.5% as of September 30th, to a current estimate of -1.4%. If this comes to fruition, this will mark the fourth consecutive quarter of negative profit comparisons. Consensus expects 2020 earnings to increase 9.6%, which could prove to be optimistic, depending on how trade negotiations progress. The production cuts at Boeing from the Max 737 will be felt most acutely in Q1 on both earnings and GDP, likely marking Q1 as the low point of the year for both numbers. The New Year should show solid but unspectacular GDP growth, along with better earnings.

Valuation:

At present the market is trading at 18X forward 12 month earnings. This is above the 5 year average of 16.6X, and also above the 10 year average of 14.9X, and while above historical comparisons, not excessively so. The market is most overvalued on the price to cash flow metric, selling at almost 13X P/CF vs its long term average of 10.6X. It's imperative that earnings grow in 2020 to support the current valuation levels. With deficits rising, and if global growth (supported by central bank easing) starts to improve, we are likely to see a weaker dollar, which should result in higher commodity prices. This could move interest rates up, which would chip away at one of the pillars that has supported lofty valuation levels, as lower interest rates (discount rates) result in higher values.

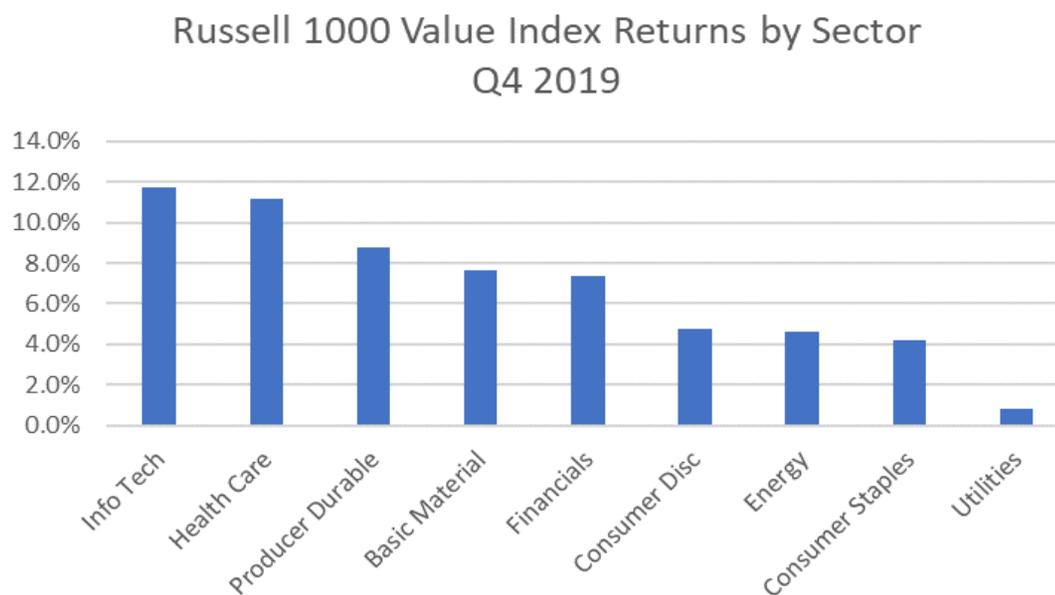
4Q19 Equity Commentary

As we repeat often, earnings are what drives stock prices, and our wish for 2020 is for better earnings.

As always, please feel to contact us with any questions you may have. We appreciate the opportunity to serve you, and value the trust and confidence that you have placed in us.

4Q19 Large Cap Value Equity Commentary

Benchmark performance surged in the fourth quarter with five of the sectors ahead of the index. Our portfolio positioning was profitable and resulted in returns in excess of the Russell 1000 Value benchmark. As the chart below details, there was a preference for the more aggressive parts of the benchmark as Tech, Healthcare, Producer Durables, Basic Materials and Financials all led the quarter, while more defensive sectors like Utilities and Consumer Staples lagged.



We had spent a large part of 2019 describing the increasing overvaluation of the more defensive sectors within a market that continued to rise and the difficulty we had reconciling the need to sell what our model judged as defensive at the top of the market. Nonetheless, being a disciplined quantitative process, that’s what we did as detailed below in the quarterly trading summary.

4Q19 Large Cap Value Equity Commentary

Select Q4 Transactions

PURCHASED:

Anthem Inc.
Biogen
Delta Airlines
Las Vegas Sands
Skyworks Solutions
United Airlines

SOLD:

Abbot Labs
Johnson & Johnson
Walgreens Boots Alliance

There is little change in the model at the time of this writing and so we are positioned overweight in Consumer Discretionary, Telecom, Technology, Financials, Industrials and Energy and underweight the Basic Materials, Utilities, Healthcare, Consumer Staples and Real Estate. As always, there are opportunities within each sector to make individual stock swaps based on market conditions and we stand ready to take advantage in early 2020.

4Q19 Fixed Income Portfolio Manager Commentary

On December 11th, the Federal Reserve left interest rates unchanged and not surprisingly signaled to the market that interest rates would be on hold throughout 2020. This was the first unanimous vote by the Federal Reserve since May as they closely monitor global developments (China trade deal, Brexit, etc). *2019 marks year eleven of the US economic expansion*, helping to drive unemployment to historically low levels however unable to spur inflation above the Fed's target of 2%. The Fed is projecting the unemployment rate to stay steady in 2020 at approximately 3.5%. Policy makers are still concerned by below target inflation and Chairman Powell made it clear that he is determined to get the core inflation rate back to the 2% target. The Fed's interest rate projections ("the dot plot"), is forecasting short term rates to increase a quarter of a point (25 basis points) in 2021 and in 2022. However, history suggests the Fed's projections have been overly optimistic for the past several years and trying to predict interest rates several years into the future is probably an exercise in futility. As always, the Fed will watch a wide range of incoming economic data to determine the future course of policy action. The path to higher US rates will not be completely dependent on domestic output, the European Central Bank kept its deposit rate to a record-low of negative 0.5% and will continue with the monthly bond buying program (\$22 billion monthly). Approximately 53% of all outstanding European government bonds and 25% of all outstanding European investment grade corporate bonds have a negative yield and the percentage of negative yielding debt is even higher in Japan. Global central banks have cut interest rates roughly

We agree with most Wall Street forecasts which project modest economic output in 2020. According to a Bloomberg recession model, odds of a contraction in the next twelve months are only set at a 25% probability. Going into 2020, we believe the Federal Reserve would need to see meaningful changes in the labor market and inflation to move short term rates higher.

2019 was an exceptional year for credit investors. The highest risk areas of the investment grade market generated the best results, reversing the losses experienced in the fourth quarter of last year. The fear coming into this year was slowing US/global growth, an aggressive Fed and a pending spike in companies getting downgraded to high yield. Conversely credit spreads, the added premium over US Treasuries that investors get paid, recently reached the lowest level since February 2018 indicating positive risk sentiment. US investment grade bonds continue to benefit from yield starved international investors. As of the third quarter, international investors have purchased \$114 billion of US corporate bonds and as short term rates have decreased (i.e. decline in hedging cost) the demand should remain robust in 2020. A supportive macro backdrop in 2020, with stable corporate profits, reasonable leverage and ongoing accommodation from the Fed should provide another good year for risk assets. Additionally, going into year-end financial markets reacted positively to four major developments that imply a significant decline in uncertainties heading into 2020:

4Q19 Fixed Income Portfolio Manager Commentary

- 1) Phase one trade deal between the US and China
- 2) The Fed made it recently clear that they are unlikely to hike interest rates in 2020, but could cut rates if needed.
- 3) Less uncertainty surrounding Brexit
- 4) Indications pointing to a finalized and approved US-Mexico-Canada Agreement (USMCA)

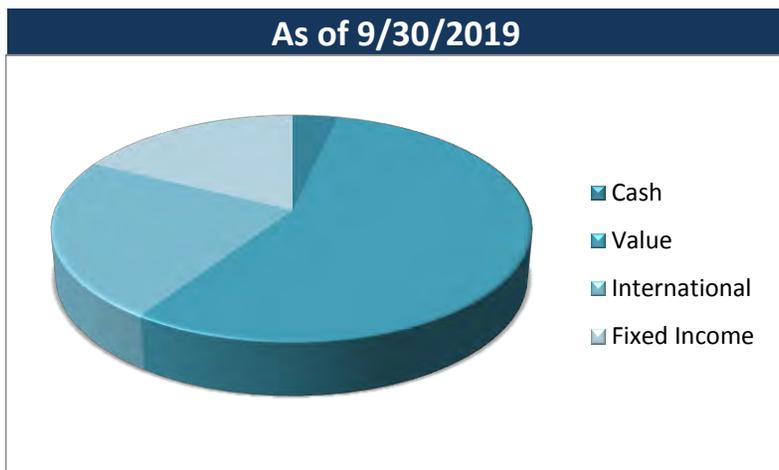
The fourth quarter generated another positive rate of return for the bond market after a significant drop in yields compared to where we started January 2019. The 10 year Treasury ended the year yielding 1.89%, a drop of 79 basis points during the year (2.68% starting point). The Bloomberg Barclays Aggregate increased 0.18% during the quarter bringing year-to-date performance to 8.72%. The Bloomberg Barclays Intermediate US Gov/Credit index increased 0.37% during the quarter bringing year-to-date performance to 6.80%. Throughout 2019, investors have benefited from exposure to longer duration and lower quality securities. Investors that are limited to investing in only "Single A" bonds have noticed a large variance between the broad indices which was compounded even further in the fourth quarter. The "BBB" portion of the Barclays Aggregate index returned 16.4% year-to-date. The Bloomberg Barclays Aggregate A+ Index was up 7.53% during 2019, lagging the unconstrained index by 119 basis points. As the year came to a close, we were encouraged by the slope of the Treasury curve. The difference between the 2 year Treasury and the 10 year Treasury widened to the highest level since the fourth quarter of 2018, the market indicating a positive outlook for economic growth.

Mortgages were the worst relative performing fixed income asset class in 2019 as mortgage holders decided to aggressively refinance debt based on the move lower in interest rates. A great example of this is a recent mortgage backed security issued by Goldman Sachs towards the end of July 2019. With just four months of payment history, 22% of the loans have already been refinanced at a lower interest rate. The consumer appears to be on solid footing going into 2020, as consumer leverage has fallen from around 1.3 debt-to-income (in 2007) to 1.05 today. If interest rates are more stable next year, mortgage backed securities should provide better relative returns in 2020. After such a strong performance year in 2019, corporate bonds begin the year at its least attractive valuation since 2017 highlighting the importance for individual security selection. We continue to deploy capital based on the best relative value opportunities in the market, as valuations narrow in certain sectors gains are taken and redeployed into better risk-adjusted ideas we have internally generated

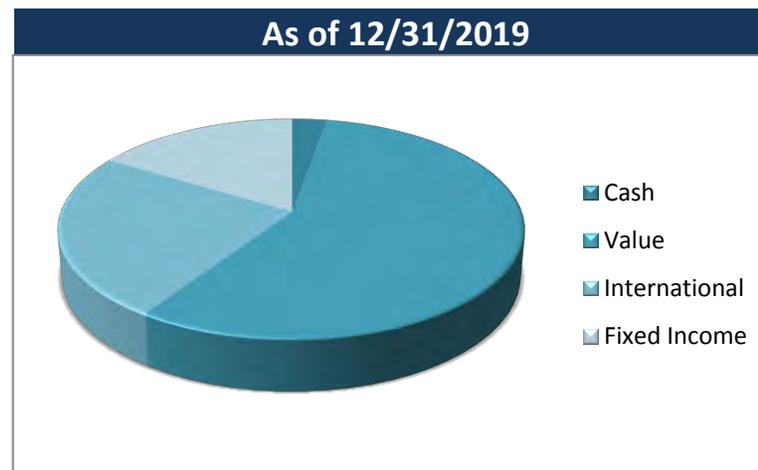
Total Return Summary

| | Beginning Market Value | Ending Market Value | Difference | Contributions | Withdrawals | Gain/Loss | Cumulative Return | Annualized Return |
|--|------------------------|---------------------|------------|---------------|--------------|-------------|-------------------|-------------------|
| Fiscal Year to Date (10/1/19 - 12/31/19) | \$5,068,778 | \$5,436,362 | \$367,584 | \$47 | -\$1,550 | \$369,087 | 7.28% | ----- |
| One Year (1/1/19 - 12/31/19) | \$5,014,169 | \$5,436,362 | \$422,194 | \$18,549 | -\$630,517 | \$1,034,162 | 22.06% | ----- |
| Five Year (1/1/15 - 12/31/19) | \$5,756,647 | \$5,436,362 | -\$320,285 | \$726,424 | -\$2,943,321 | \$1,896,613 | 43.39% | 7.47% |

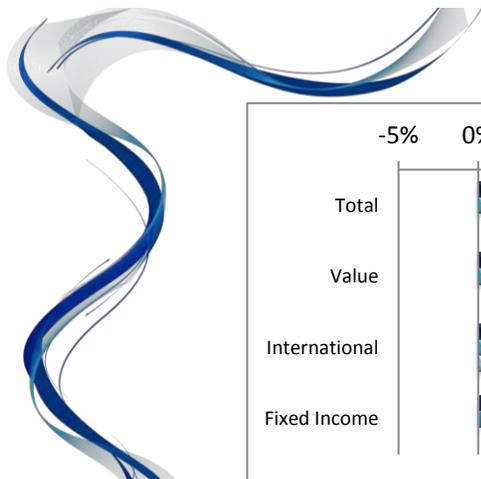
Asset Allocation



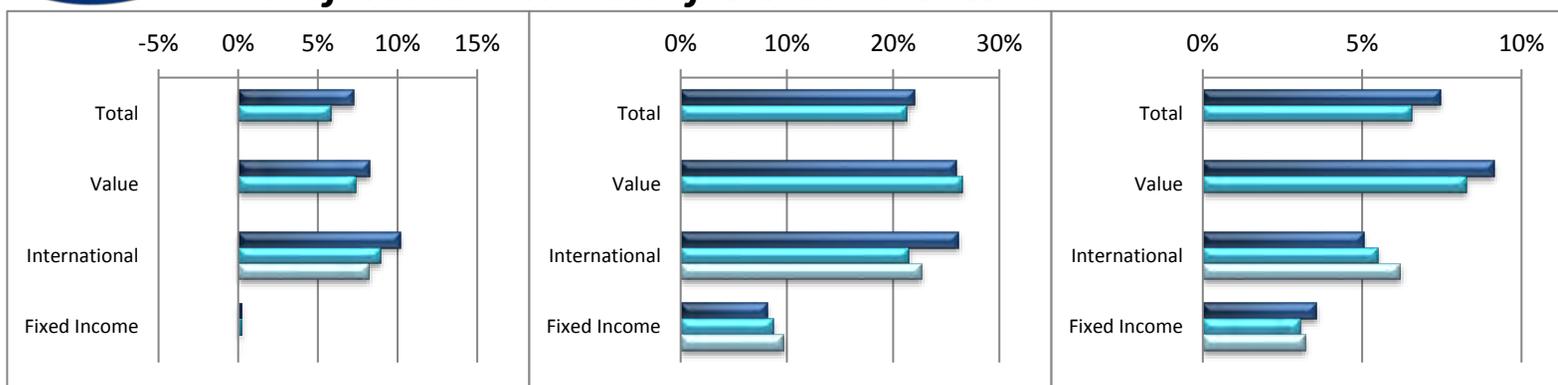
| | | |
|---------------|--------------------|---------------|
| Cash | \$179,885 | 3.5% |
| Value | \$2,830,287 | 55.8% |
| International | \$1,166,865 | 23.0% |
| Fixed Income | \$891,741 | 17.6% |
| Total | \$5,068,778 | 100.0% |



| | | |
|---------------|--------------------|---------------|
| Cash | \$149,236 | 2.7% |
| Value | \$3,078,831 | 56.6% |
| International | \$1,319,654 | 24.3% |
| Fixed Income | \$888,641 | 16.3% |
| Total | \$5,436,362 | 100.0% |

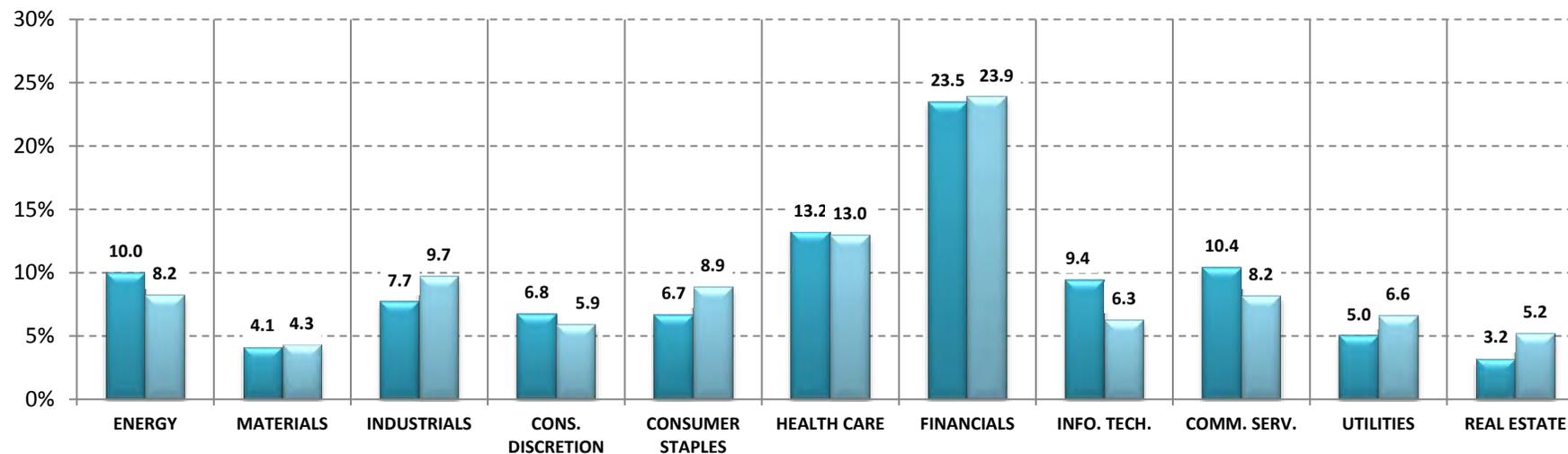


Performance Returns for Various Periods

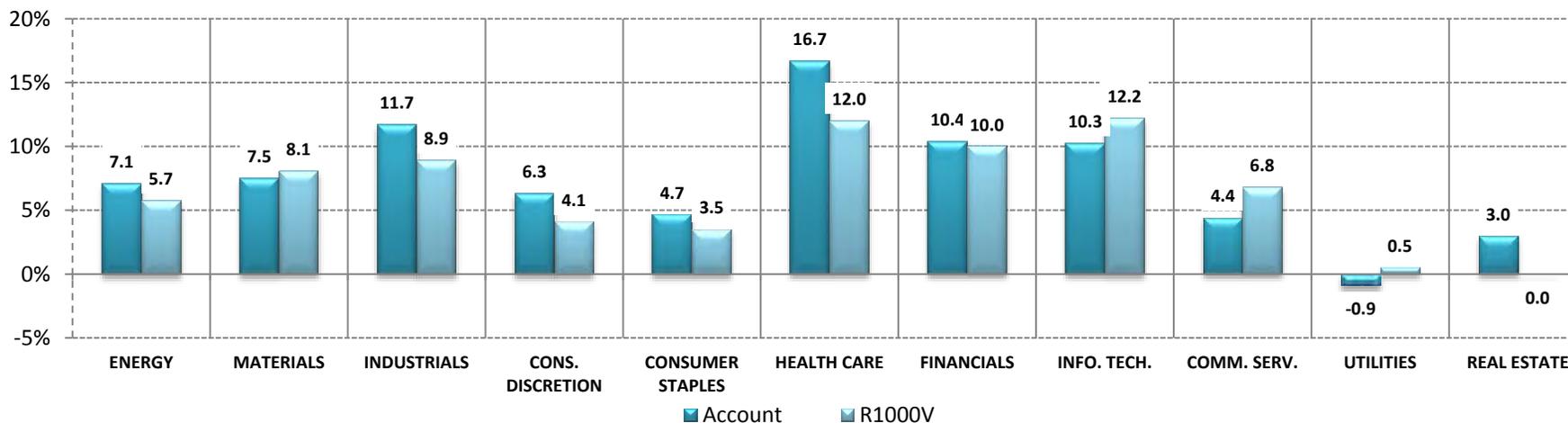


| | Fiscal Year to Date (10/1/19 - 12/31/19) | One Year (1/1/19 - 12/31/19) | Five Year (Annualized) (1/1/15 - 12/31/19) |
|------------------------|---|---|---|
| Total | 7.28% | 22.06% | 7.47% |
| Total Benchmark | 5.82% | 21.32% | 6.55% |
| Value | 8.24% | 25.98% | 9.15% |
| R1000V | 7.39% | 26.52% | 8.27% |
| International | 10.17% | 26.20% | 5.07% |
| MSCI ACWI ex US | 8.92% | 21.51% | 5.50% |
| MSCI EAFE | 8.23% | 22.66% | 6.20% |
| Fixed Income | 0.18% | 8.13% | 3.58% |
| BCAG | 0.18% | 8.72% | 3.05% |
| BCGC | -0.01% | 9.71% | 3.23% |

Domestic Equity Sector Allocation vs. R1000V

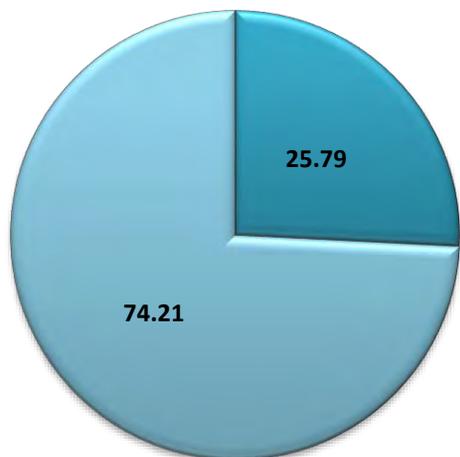


Domestic Equity Quarterly Sector Returns vs. R1000V



Top Ten Domestic Equity Holdings

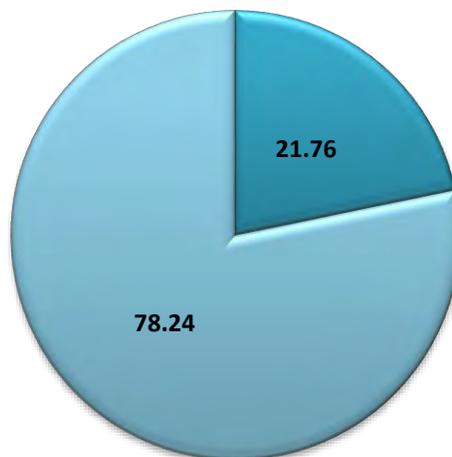
Account



■ TOP TEN HOLDINGS ■ OTHER HOLDINGS

| Security | Weight % | QTD Return % |
|----------------------------|----------|--------------|
| JP MORGAN CHASE & CO | 4.41 | 19.36 |
| BERKSHIRE HATHAWAY INC | 3.48 | 8.88 |
| WALT DISNEY CO | 2.49 | 10.98 |
| INTEL CORP | 2.31 | 16.82 |
| BANK OF AMERICA CORP | 2.28 | 21.36 |
| CHEVRON CORP | 2.25 | 2.63 |
| VERIZON COMMUNICATIONS INC | 2.23 | 2.97 |
| AT&T INC | 2.23 | 4.68 |
| EXXON MOBIL CORP | 2.10 | 0.06 |
| WELLS FARGO CO | 2.01 | 7.72 |

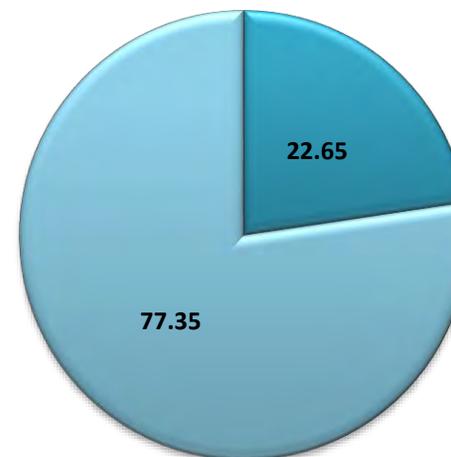
Russell 1000 Value



■ TOP TEN HOLDINGS ■ OTHER HOLDINGS

| Security | Weight % | QTD Return % |
|-----------------------------|----------|--------------|
| BERKSHIRE HATHAWAY INC-CL B | 3.08 | 8.88 |
| JPMORGAN CHASE & CO | 3.02 | 19.40 |
| JOHNSON & JOHNSON | 2.29 | 13.53 |
| EXXON MOBIL CORP | 2.05 | 0.04 |
| PROCTER & GAMBLE CO/THE | 2.02 | 1.06 |
| BANK OF AMERICA CORP | 1.99 | 21.40 |
| AT&T INC | 1.98 | 4.70 |
| INTEL CORP | 1.81 | 16.78 |
| VERIZON COMMUNICATIONS | 1.77 | 2.78 |
| WALT DISNEY CO/THE | 1.75 | 11.65 |

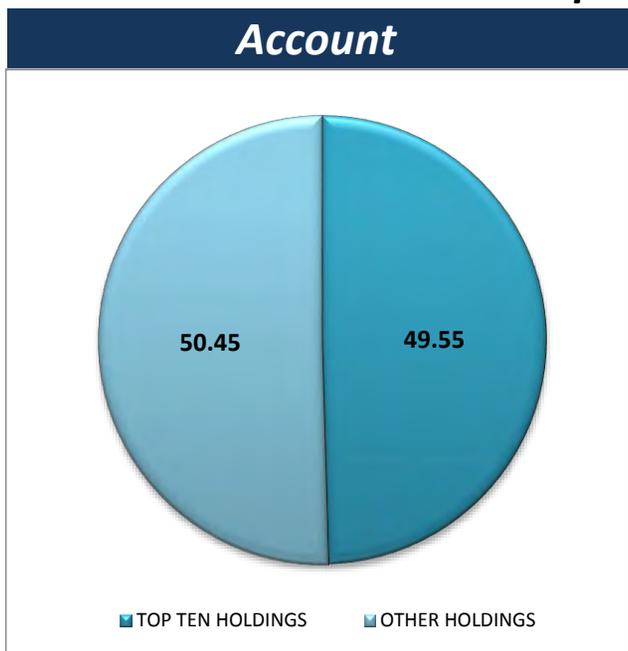
S&P 500



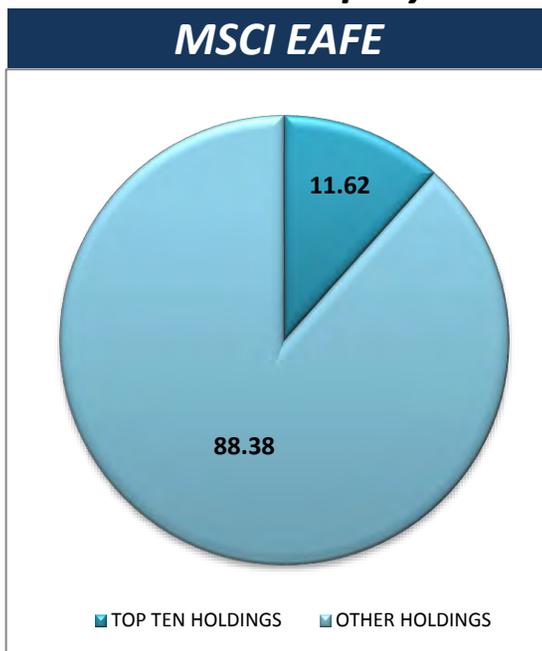
■ TOP TEN HOLDINGS ■ OTHER HOLDINGS

| Security | Weight % | QTD Return % |
|-----------------------------|----------|--------------|
| APPLE INC | 4.57 | 31.50 |
| MICROSOFT INC | 4.48 | 13.82 |
| AMAZON.COM INC | 2.87 | 6.45 |
| FACEBOOK INC-A | 1.84 | 15.26 |
| BERKSHIRE HATHAWAY INC-CL B | 1.65 | 8.88 |
| JPMORGAN CHASE & CO | 1.63 | 19.40 |
| ALPHABET INC-CL A | 1.49 | 9.68 |
| ALPHABET INC-CL C | 1.49 | 9.68 |
| JOHNSON & JOHNSON | 1.43 | 13.53 |
| VISA INC CL A | 1.20 | 9.42 |

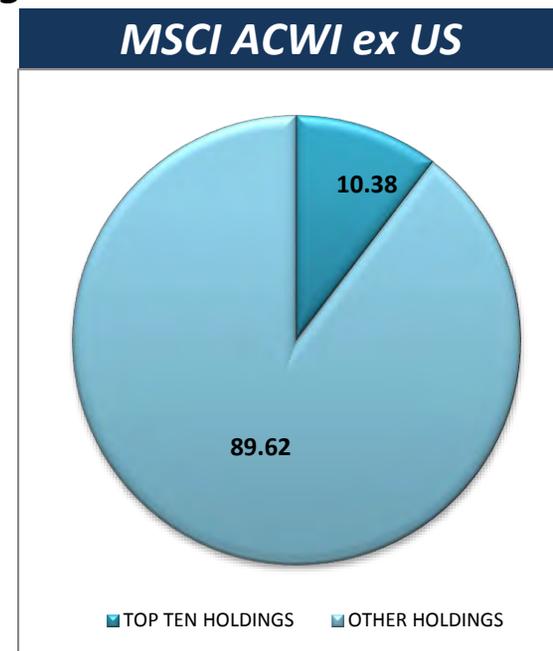
Top Ten International Equity Holdings



| Security | Weight % | QTD Return % |
|-------------------------------------|----------|--------------|
| SONY CORP AMER SH NEW ADR | 7.03 | 15.25 |
| HITACHI LIMITED | 6.29 | 13.97 |
| KONINKLIJKE PHILIPS ELECTRS N V SPO | 5.86 | 5.79 |
| STMICROELECTRONICS NV-NY SHS | 4.94 | 39.41 |
| GLAXOSMITHKLINE PLC ADR | 4.86 | 11.28 |
| ROYAL CARIBBEAN CRUISES LTD | 4.70 | 24.12 |
| SIEMENS AG SPONS ADR | 4.57 | 21.25 |
| KYOCERA CORP | 4.53 | 10.68 |
| ANHEUSER-BUSCH INBEV NV SPN ADR | 3.39 | -13.23 |
| SAP SE | 3.38 | 13.68 |

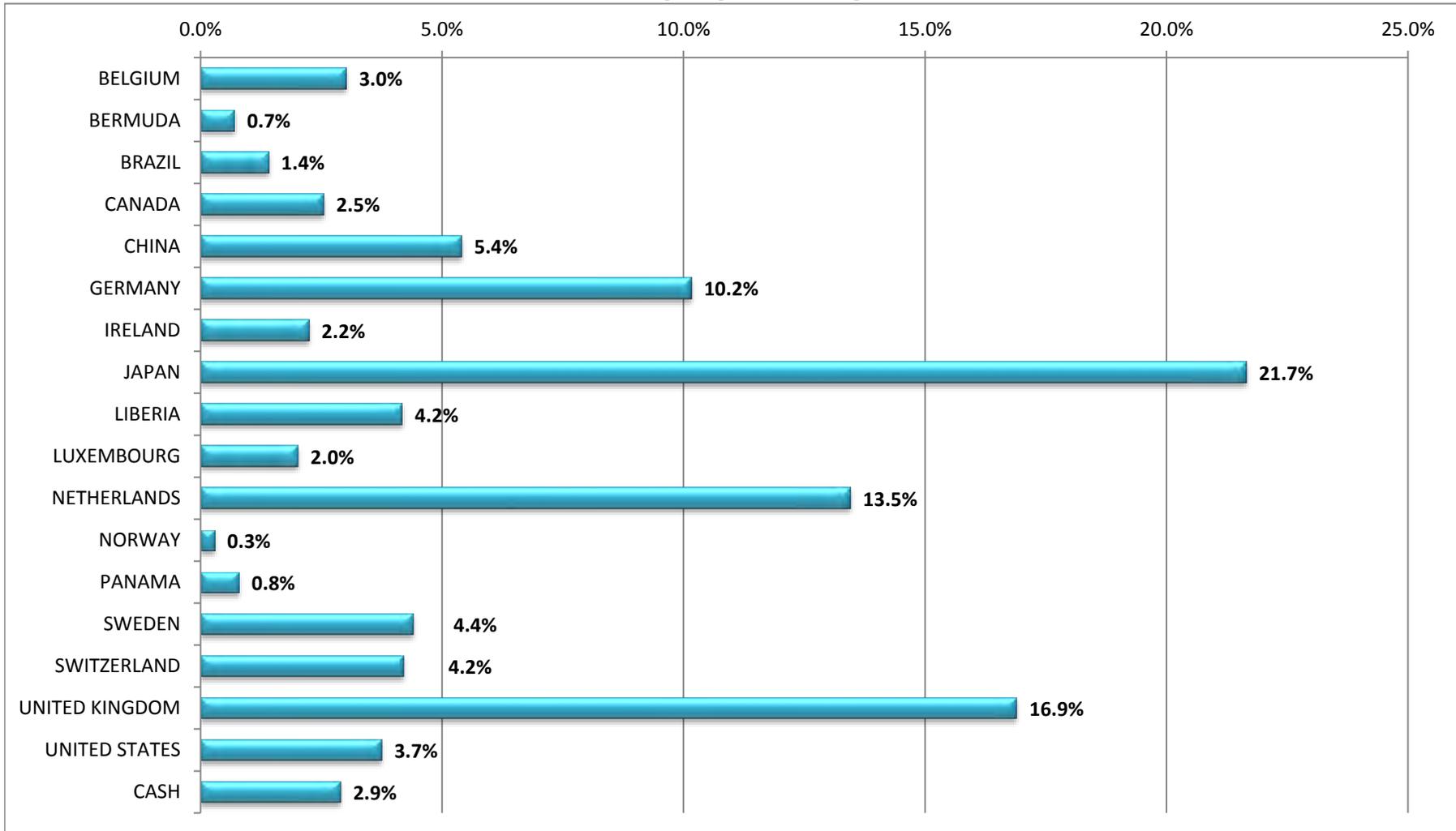


| Security | Weight % | QTD Return % |
|----------------------|----------|--------------|
| NESTLE | 2.17 | -0.13 |
| ROCHE HOLDING GENUSS | 1.53 | 11.38 |
| NOVARTIS | 1.37 | 8.96 |
| TOYOTA MOTOR CORP. | 1.09 | 4.50 |
| HSBC HOLDINGS (GB) | 1.06 | 2.14 |
| SAP | 0.89 | 13.17 |
| TOTAL | 0.89 | 5.94 |
| ASTRAZENACA | 0.89 | 12.21 |
| LVMH MOET HENNESSY | 0.87 | 17.94 |
| BP | 0.86 | -0.66 |

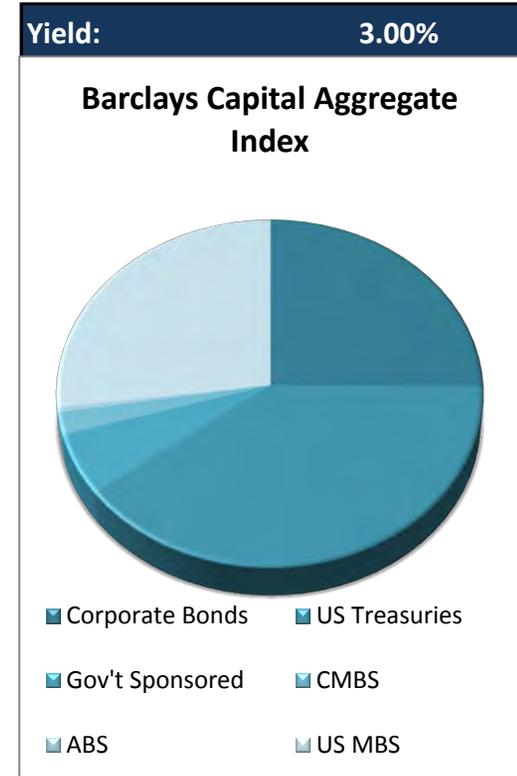
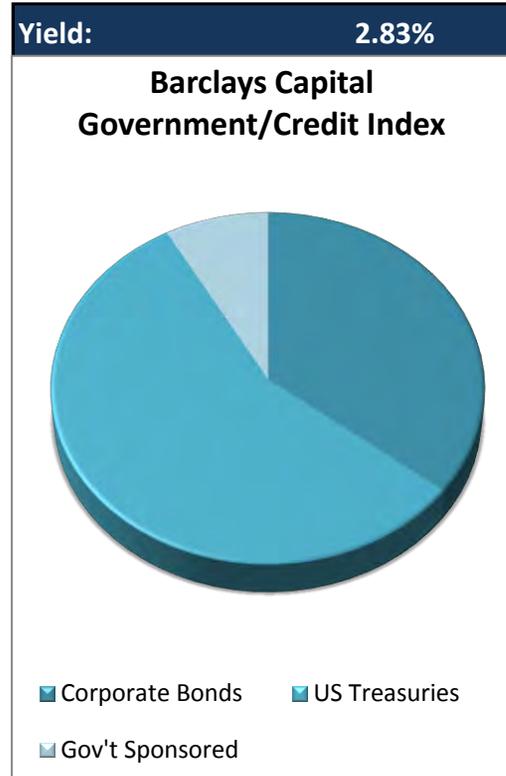
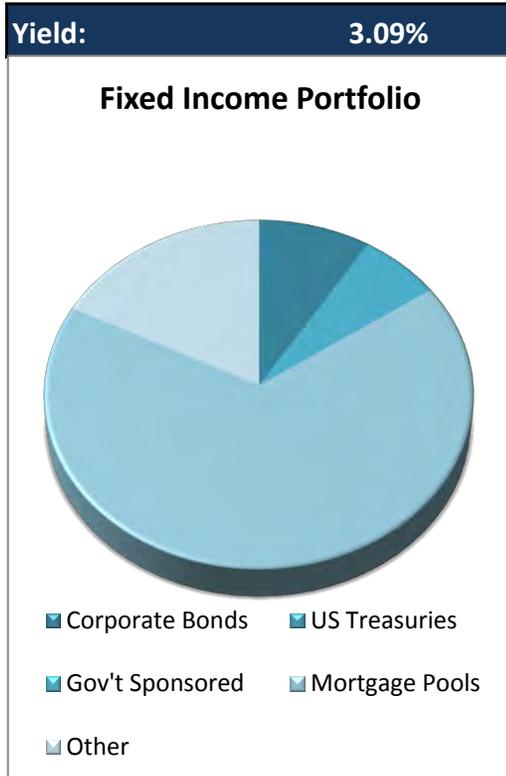


| Security | Weight % | QTD Return % |
|-------------------------|----------|--------------|
| ALIBABA GROUP HLDG ADR | 1.59 | 27.32 |
| NESTLE | 1.43 | -0.13 |
| TENCENT HOLDINGS LI | 1.22 | 16.79 |
| TAIWAN SEMICONDUCTOR MF | 1.20 | 25.88 |
| SAMSUNG ELECTRONICS CO. | 1.02 | 17.88 |
| ROCHE HOLDING GENUSS | 1.01 | 11.38 |
| NOVARTIS | 0.90 | 8.96 |
| TOYOTA MOTOR CORP | 0.72 | 4.50 |
| HSBC HOLDINGS (GB) | 0.70 | 2.14 |
| SAP | 0.59 | 13.17 |

International Equity Country Allocation



Fixed Income Sector Allocation



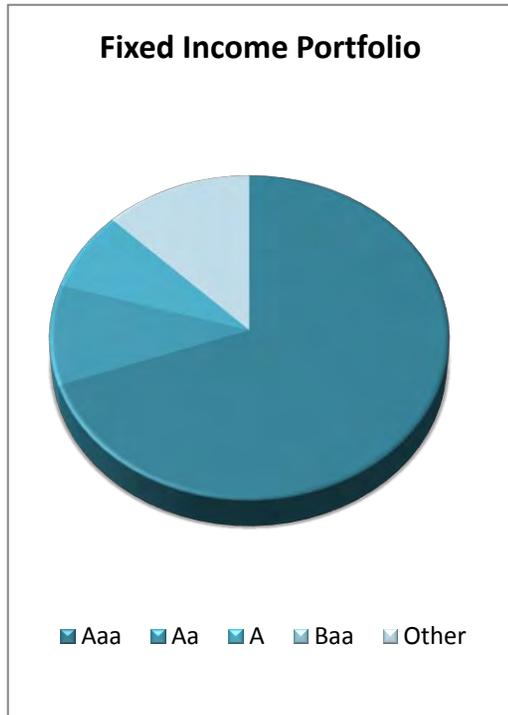
| | |
|-----------------|-------------|
| Corporate Bonds | 8.9% |
| US Treasuries | 0.0% |
| Gov't Sponsored | 6.5% |
| Mortgage Pools | 67.0% |
| Other | 17.5% |
| Total | 100% |

| | |
|-----------------|-------------|
| Corporate Bonds | 35.6% |
| US Treasuries | 56.3% |
| Gov't Sponsored | 8.1% |
| Total | 100% |

| | |
|-----------------|-------------|
| Corporate Bonds | 25.1% |
| US Treasuries | 39.6% |
| Gov't Sponsored | 5.7% |
| CMBS | 2.1% |
| ABS | 0.5% |
| US MBS | 27.0% |
| Other | 0.0% |
| Total | 100% |

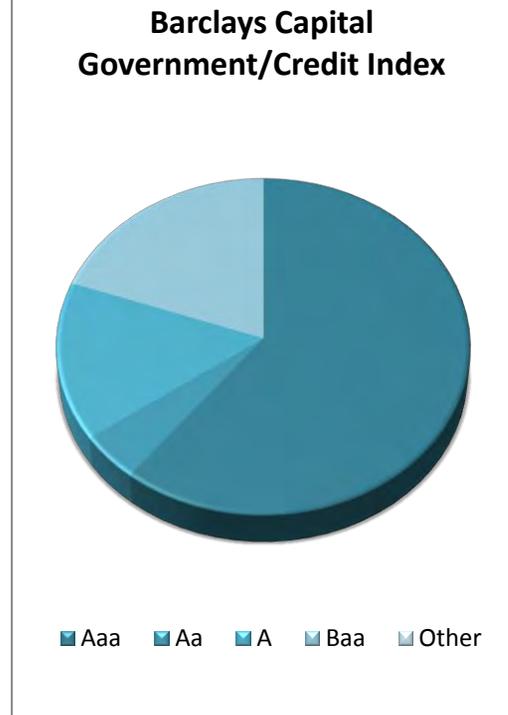
Bond Quality Allocation

Average Quality: AA1



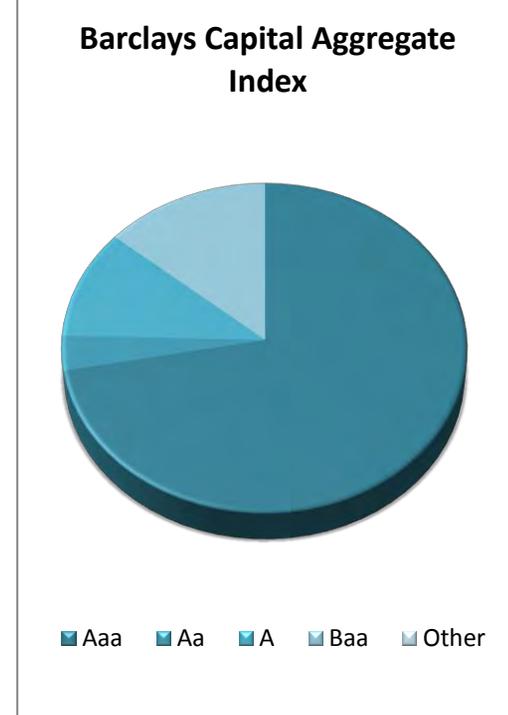
| | |
|--------------|-------------|
| Aaa | 69.5% |
| Aa | 10.0% |
| A | 7.9% |
| Baa | #N/A |
| Other | 12.6% |
| Total | #N/A |

Average Quality: AA2/AA3



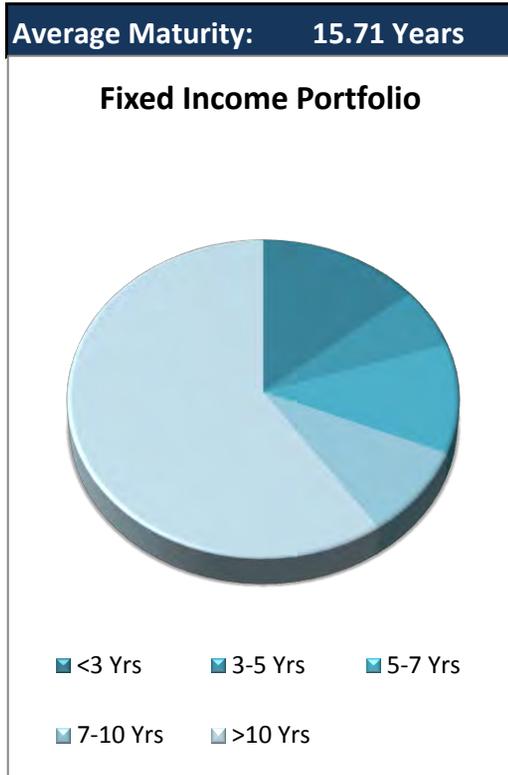
| | |
|--------------|-------------|
| Aaa | 60.7% |
| Aa | 4.6% |
| A | 15.2% |
| Baa | 19.6% |
| Other | 0.0% |
| Total | 100% |

Average Quality: AA1/AA2

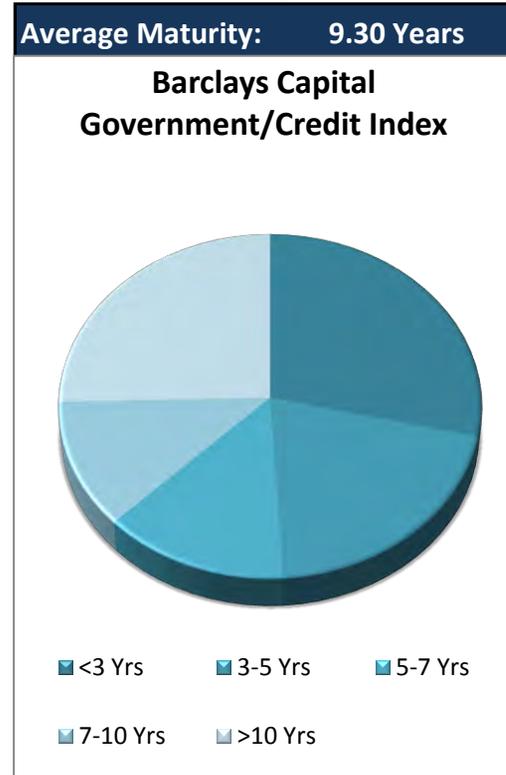


| | |
|--------------|-------------|
| Aaa | 72.0% |
| Aa | 3.4% |
| A | 10.8% |
| Baa | 13.8% |
| Other | 0.0% |
| Total | 100% |

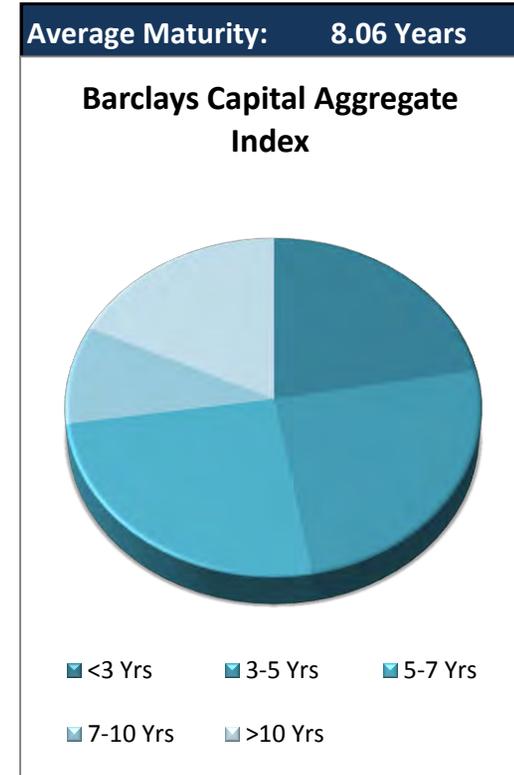
Bond Maturity Allocation



| | |
|--------------|-------------|
| <3 Yrs | 14.0% |
| 3-5 Yrs | 6.1% |
| 5-7 Yrs | 11.1% |
| 7-10 Yrs | 9.2% |
| >10 Yrs | 59.6% |
| Total | 100% |

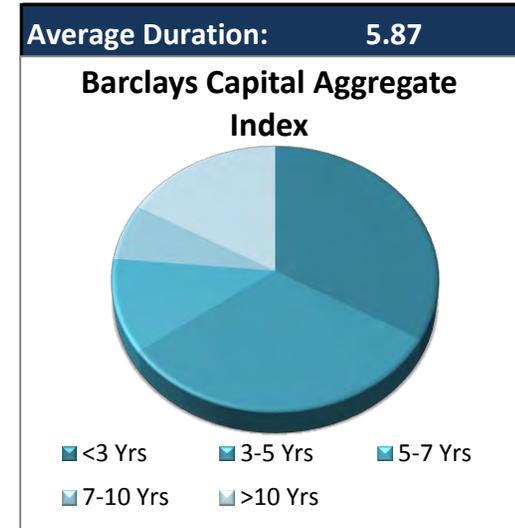
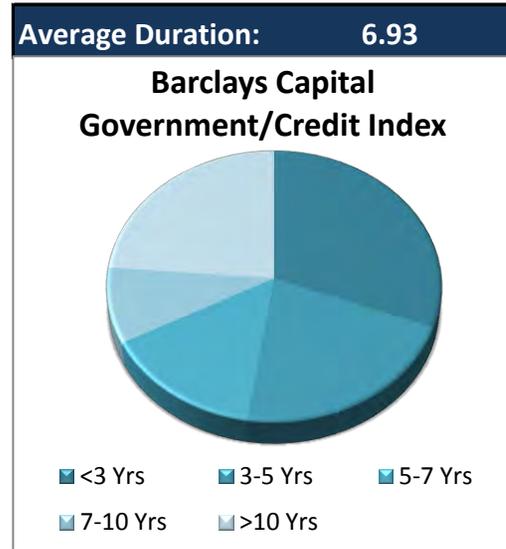
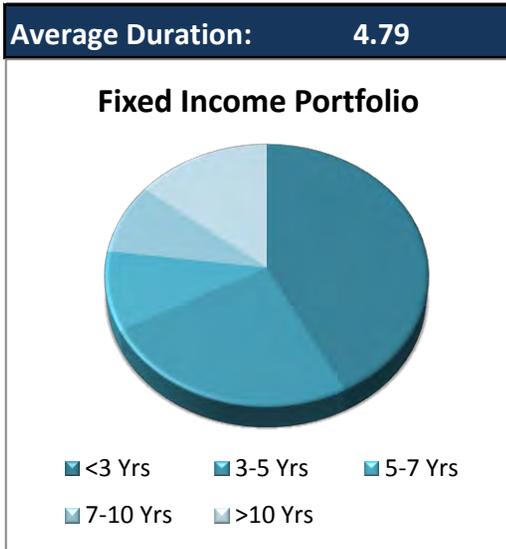


| | |
|--------------|-------------|
| <3 Yrs | 28.6% |
| 3-5 Yrs | 20.5% |
| 5-7 Yrs | 13.6% |
| 7-10 Yrs | 12.0% |
| >10 Yrs | 25.4% |
| Total | 100% |



| | |
|--------------|-------------|
| <3 Yrs | 22.2% |
| 3-5 Yrs | 25.0% |
| 5-7 Yrs | 25.5% |
| 7-10 Yrs | 9.4% |
| >10 Yrs | 17.9% |
| Total | 100% |

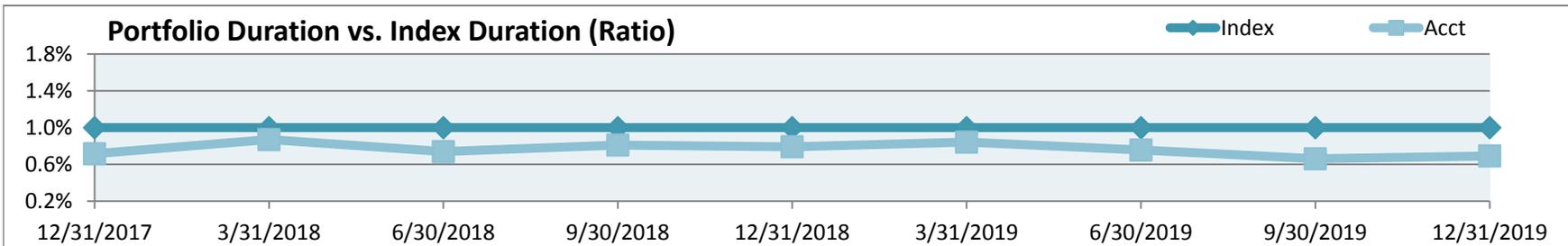
Duration Allocation



| | |
|--------------|-------------|
| <3 Yrs | 42.4% |
| 3-5 Yrs | 24.8% |
| 5-7 Yrs | 9.8% |
| 7-10 Yrs | 8.7% |
| >10 Yrs | 14.3% |
| Total | 100% |

| | |
|--------------|-------------|
| <3 Yrs | 30.8% |
| 3-5 Yrs | 21.6% |
| 5-7 Yrs | 14.9% |
| 7-10 Yrs | 9.0% |
| >10 Yrs | 23.7% |
| Total | 100% |

| | |
|--------------|-------------|
| <3 Yrs | 33.4% |
| 3-5 Yrs | 31.6% |
| 5-7 Yrs | 11.4% |
| 7-10 Yrs | 6.8% |
| >10 Yrs | 16.7% |
| Total | 100% |



Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-----------------------------------|-------------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| CASH AND EQUIVALENTS (USD) | | | | | | | | | | |
| | CASH | | 148,023.62 | | 148,023.62 | 2.7 | 1.7 | | | |
| | Dividend Accrual | | 1,211.99 | | 1,211.99 | 0.0 | | | | |
| | | | 149,235.61 | | 149,235.61 | 2.7 | 1.7 | | | |
| COMMON STOCK (USD) | | | | | | | | | | |
| Energy | | | | | | | | | | |
| 596 | CHEVRON CORP | 106.36 | 63,392.65 | 120.51 | 71,823.96 | 1.3 | 3.9 | | | |
| 540 | CONOCOPHILLIPS | 54.88 | 29,632.69 | 65.03 | 35,116.20 | 0.6 | 2.6 | | | |
| 250 | EOG RESOURCES INC | 91.53 | 22,882.48 | 83.76 | 20,940.00 | 0.4 | 1.4 | | | |
| 960 | EXXON MOBIL CORP | 87.08 | 83,596.69 | 69.78 | 66,988.80 | 1.2 | 5.0 | | | |
| 1690 | MARATHON OIL CORP | 33.32 | 56,313.01 | 13.58 | 22,950.20 | 0.4 | 1.5 | | | |
| 390 | MURPHY OIL CORP | 61.47 | 23,972.52 | 26.80 | 10,452.00 | 0.2 | 3.7 | | | |
| 350 | OCCIDENTAL PETE CORP DEL | 70.57 | 24,698.54 | 41.21 | 14,423.50 | 0.3 | 7.7 | | | |
| 240 | PHILLIPS 66 | 75.53 | 18,126.80 | 111.41 | 26,738.40 | 0.5 | 3.2 | | | |
| 650 | SCHLUMBERGER LTD | 64.99 | 42,241.47 | 40.20 | 26,130.00 | 0.5 | 5.0 | | | |
| 250 | VALERO ENERGY CORPORATION | 57.06 | 14,263.79 | 93.65 | 23,412.50 | 0.4 | 3.8 | | | |
| | | | 379,120.65 | | 318,975.56 | 5.9 | 3.8 | | | |
| Materials | | | | | | | | | | |
| 178 | CORTEVA INC | 34.76 | 6,187.60 | 29.56 | 5,261.68 | 0.1 | 1.8 | | | |
| 178 | DOW INC | 56.75 | 10,101.16 | 54.73 | 9,741.94 | 0.2 | 5.1 | | | |
| 78 | DUPONT DE NEMOURS INC | 80.31 | 6,264.07 | 64.20 | 5,007.60 | 0.1 | 1.9 | | | |
| 1920 | GRAPHIC PACKAGING HOLDING CO | 13.29 | 25,517.59 | 16.65 | 31,968.00 | 0.6 | 1.8 | | | |
| 400 | LYONDELLBASELL INDUSTRIES N V | 90.65 | 36,260.96 | 94.48 | 37,792.00 | 0.7 | 4.4 | | | |
| 500 | NUCOR CORP | 67.59 | 33,796.10 | 56.28 | 28,140.00 | 0.5 | 2.8 | | | |
| 800 | OLIN CORP | 18.38 | 14,700.08 | 17.25 | 13,800.00 | 0.3 | 4.6 | | | |
| | | | 132,827.55 | | 131,711.22 | 2.4 | 3.3 | | | |
| Industrials | | | | | | | | | | |
| 200 | CATERPILLAR INC DEL | 117.70 | 23,539.36 | 147.68 | 29,536.00 | 0.5 | 2.8 | | | |
| 550 | DELTA AIR LINES INC | 56.80 | 31,237.44 | 58.48 | 32,164.00 | 0.6 | 2.8 | | | |
| 350 | EATON CORP PLC | 67.47 | 23,614.05 | 94.72 | 33,152.00 | 0.6 | 3.0 | | | |
| 200 | FORTIVE CORP | 70.36 | 14,072.52 | 76.39 | 15,278.00 | 0.3 | 0.4 | | | |
| 2036 | GENERAL ELEC CO | 29.31 | 59,682.11 | 11.16 | 22,721.76 | 0.4 | 0.4 | | | |
| 140 | NORFOLK SOUTHERN CORP | 73.30 | 10,262.21 | 194.13 | 27,178.20 | 0.5 | 1.9 | | | |
| 190 | OSHKOSH CORP | 69.78 | 13,258.37 | 94.65 | 17,983.50 | 0.3 | 1.3 | | | |

Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-------------------------------|------------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| 300 | RYDER SYS INC | 51.09 | 15,326.46 | 54.31 | 16,293.00 | 0.3 | 4.1 | | | |
| 200 | UNITED AIRLINES HOLDINGS INC | 89.52 | 17,904.00 | 88.09 | 17,618.00 | 0.3 | 0.0 | | | |
| 220 | UNITED TECHNOLOGIES CORP | 121.59 | 26,748.94 | 149.76 | 32,947.20 | 0.6 | 2.0 | | | |
| 10 | WABTEC CORP | 227.43 | 2,274.32 | 77.80 | 778.00 | 0.0 | 0.6 | | | |
| | | | 237,919.78 | | 245,649.66 | 4.5 | 2.0 | | | |
| Consumer Discretionary | | | | | | | | | | |
| 150 | CAPRI HOLDINGS LTD | 34.68 | 5,202.26 | 38.15 | 5,722.50 | 0.1 | 0.0 | | | |
| 1180 | FORD MOTOR CO | 12.57 | 14,830.95 | 9.30 | 10,974.00 | 0.2 | 6.5 | | | |
| 630 | GENERAL MOTORS CO | 38.24 | 24,092.39 | 36.60 | 23,058.00 | 0.4 | 4.2 | | | |
| 150 | HOME DEPOT INC | 228.25 | 34,237.85 | 218.38 | 32,757.00 | 0.6 | 2.5 | | | |
| 550 | LAS VEGAS SANDS CORP | 57.78 | 31,780.54 | 69.04 | 37,972.00 | 0.7 | 4.5 | | | |
| 150 | MCDONALDS CORP | 176.68 | 26,501.52 | 197.61 | 29,641.50 | 0.5 | 2.5 | | | |
| 800 | PULTE GROUP INC | 30.00 | 24,003.12 | 38.80 | 31,040.00 | 0.6 | 1.1 | | | |
| 350 | TARGET CORP | 85.54 | 29,938.06 | 128.21 | 44,873.50 | 0.8 | 2.1 | | | |
| | | | 190,586.69 | | 216,038.50 | 4.0 | 2.9 | | | |
| Consumer Staples | | | | | | | | | | |
| 550 | CAMPBELL SOUP CO | 50.00 | 27,501.81 | 49.42 | 27,181.00 | 0.5 | 2.8 | | | |
| 250 | INGREDION INC | 84.21 | 21,052.49 | 92.95 | 23,237.50 | 0.4 | 2.7 | | | |
| 400 | KELLOGG CO | 56.00 | 22,399.16 | 69.16 | 27,664.00 | 0.5 | 3.3 | | | |
| 250 | PEPSICO INC | 116.68 | 29,170.73 | 136.67 | 34,167.50 | 0.6 | 2.8 | | | |
| 490 | PROCTER & GAMBLE CO | 83.64 | 40,984.90 | 124.90 | 61,201.00 | 1.1 | 2.4 | | | |
| 650 | US FOODS HOLDING CORP | 35.03 | 22,772.55 | 41.89 | 27,228.50 | 0.5 | 0.0 | | | |
| 200 | WALGREENS BOOTS ALLIANCE INC | 77.46 | 15,491.13 | 58.96 | 11,792.00 | 0.2 | 3.1 | | | |
| | | | 179,372.78 | | 212,471.50 | 3.9 | 2.4 | | | |
| Health Care | | | | | | | | | | |
| 150 | AMGEN INC | 173.43 | 26,014.20 | 241.07 | 36,160.50 | 0.7 | 2.4 | | | |
| 150 | ANTHEM INC | 222.41 | 33,361.76 | 302.03 | 45,304.50 | 0.8 | 1.1 | | | |
| 100 | BIOGEN IDEC INC | 288.50 | 28,850.22 | 296.73 | 29,673.00 | 0.5 | 0.0 | | | |
| 650 | BRISTOL-MYERS SQUIBB CO | 46.13 | 29,985.02 | 64.19 | 41,723.50 | 0.8 | 2.6 | | | |
| 100 | CIGNA CORP | 90.18 | 9,018.00 | 204.49 | 20,449.00 | 0.4 | 0.0 | | | |
| 500 | CVS HEALTH CORPORATION | 70.86 | 35,431.47 | 74.29 | 37,145.00 | 0.7 | 2.7 | | | |
| 190 | HCA HEALTHCARE INC | 85.00 | 16,150.66 | 147.81 | 28,083.90 | 0.5 | 1.1 | | | |
| 100 | JOHNSON & JOHNSON | 108.35 | 10,835.33 | 145.87 | 14,587.00 | 0.3 | 2.6 | | | |
| 380 | MERCK & CO INC | 58.81 | 22,347.34 | 90.95 | 34,561.00 | 0.6 | 2.7 | | | |

Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|----------|----------------------------------|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| 150 | NOVARTIS AG ADR | 93.04 | 13,955.67 | 94.69 | 14,203.50 | 0.3 | 2.5 | | | |
| 1250 | PFIZER INC | 34.52 | 43,155.70 | 39.18 | 48,975.00 | 0.9 | 3.7 | | | |
| 150 | UNITEDHEALTH GROUP INC | 242.88 | 36,431.48 | 293.98 | 44,097.00 | 0.8 | 1.5 | | | |
| 450 | VENTAS INC | 63.56 | 28,602.23 | 57.74 | 25,983.00 | 0.5 | 5.5 | | | |
| | | | 334,139.09 | | 420,945.90 | 7.7 | 2.2 | | | |
| | Financials | | | | | | | | | |
| 200 | AMERICAN EXPRESS CO | 94.38 | 18,876.40 | 124.49 | 24,898.00 | 0.5 | 1.4 | | | |
| 170 | AMERICAN FINANCIAL GROUP INC | 53.87 | 9,158.06 | 109.65 | 18,640.50 | 0.3 | 1.6 | | | |
| 800 | AMERICAN INTERNATIONAL GROUP INC | 44.86 | 35,890.06 | 51.33 | 41,064.00 | 0.8 | 2.5 | | | |
| 2067 | BANK OF AMERICA CORP | 19.35 | 40,000.67 | 35.22 | 72,799.74 | 1.3 | 2.0 | | | |
| 490 | BERKSHIRE HATHAWAY INC | 132.60 | 64,975.96 | 226.50 | 110,985.00 | 2.0 | 0.0 | | | |
| 50 | BLACKROCK INC | 525.36 | 26,268.06 | 502.70 | 25,135.00 | 0.5 | 2.6 | | | |
| 200 | CHUBB LIMITED | 144.69 | 28,937.81 | 155.66 | 31,132.00 | 0.6 | 1.9 | | | |
| 520 | CITIGROUP INC | 53.53 | 27,834.33 | 79.89 | 41,542.80 | 0.8 | 2.6 | | | |
| 600 | CITIZENS FINANCIAL GROUP INC | 36.50 | 21,897.12 | 40.61 | 24,366.00 | 0.4 | 3.5 | | | |
| 190 | GOLDMAN SACHS GROUP INC | 228.04 | 43,328.25 | 229.93 | 43,686.70 | 0.8 | 2.2 | | | |
| 100 | HANOVER INSURANCE GROUP | 133.65 | 13,364.77 | 136.67 | 13,667.00 | 0.3 | 1.8 | | | |
| 1010 | JP MORGAN CHASE & CO | 52.68 | 53,211.83 | 139.40 | 140,794.00 | 2.6 | 2.6 | | | |
| 290 | LINCOLN NATL CORP IND | 53.51 | 15,518.42 | 59.01 | 17,112.90 | 0.3 | 2.7 | | | |
| 2130 | REGIONS FINANCIAL CORP | 14.49 | 30,873.00 | 17.16 | 36,550.80 | 0.7 | 3.6 | | | |
| 710 | US BANCORP | 43.12 | 30,616.39 | 59.29 | 42,095.90 | 0.8 | 2.8 | | | |
| 1190 | WELLS FARGO CO | 51.56 | 61,354.12 | 53.80 | 64,022.00 | 1.2 | 3.8 | | | |
| | | | 522,105.25 | | 748,492.34 | 13.8 | 2.2 | | | |
| | Information Technology | | | | | | | | | |
| 50 | ACCENTURE PLC | 203.40 | 10,170.13 | 210.57 | 10,528.50 | 0.2 | 1.5 | | | |
| 570 | CISCO SYS INC | 28.44 | 16,208.54 | 47.96 | 27,337.20 | 0.5 | 3.1 | | | |
| 910 | CORNING INC | 25.31 | 23,028.56 | 29.11 | 26,490.10 | 0.5 | 2.7 | | | |
| 135.9995 | DELL TECHNOLOGIES INC | 81.78 | 11,122.08 | 51.39 | 6,989.01 | 0.1 | 0.0 | | | |
| 111 | DXC TECHNOLOGY CO | 60.44 | 6,709.06 | 37.59 | 4,172.49 | 0.1 | 2.2 | | | |
| 2150 | HEWLETT PACKARD ENTERPRISE CO | 14.63 | 31,448.19 | 15.86 | 34,099.00 | 0.6 | 3.0 | | | |
| 1230 | INTEL CORP | 19.32 | 23,761.60 | 59.85 | 73,615.50 | 1.4 | 2.1 | | | |
| 250 | MICRON TECHNOLOGY INC | 31.01 | 7,751.75 | 53.78 | 13,445.00 | 0.2 | 0.0 | | | |
| 230 | MICROSOFT CORP | 54.17 | 12,460.18 | 157.70 | 36,271.00 | 0.7 | 1.3 | | | |
| 330 | ORACLE CORP | 41.41 | 13,664.40 | 52.98 | 17,483.40 | 0.3 | 1.8 | | | |
| 55 | PERSPECTA INC | 16.56 | 910.64 | 26.44 | 1,454.20 | 0.0 | 0.9 | | | |
| 300 | SKYWORKS SOLUTIONS INC | 109.09 | 32,726.76 | 120.88 | 36,264.00 | 0.7 | 1.5 | | | |
| | | | 189,961.90 | | 288,149.40 | 5.3 | 2.0 | | | |

Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-----------------------------------|--|-----------|---------------------|--------|---------------------|-------------|------------|-----------------|----------|---------------|
| Communication Services | | | | | | | | | | |
| 1820 | AT&T INC | 35.69 | 64,959.79 | 39.08 | 71,125.60 | 1.3 | 5.2 | | | |
| 1300 | COMCAST CORP | 36.65 | 47,642.67 | 44.97 | 58,461.00 | 1.1 | 1.9 | | | |
| 200 | FOX CORP | 22.67 | 4,533.82 | 36.40 | 7,280.00 | 0.1 | 1.3 | | | |
| 300 | SIX FLAGS ENTERTAINMENT CORP | 51.43 | 15,428.16 | 45.11 | 13,533.00 | 0.2 | 7.4 | | | |
| 1160 | VERIZON COMMUNICATIONS INC | 52.83 | 61,280.43 | 61.40 | 71,224.00 | 1.3 | 4.0 | | | |
| 549 | WALT DISNEY CO | 108.57 | 59,604.09 | 144.63 | 79,401.87 | 1.5 | 1.2 | | | |
| | | | 253,448.96 | | 301,025.47 | 5.5 | 3.2 | | | |
| Utilities | | | | | | | | | | |
| 650 | AMERICAN ELEC PWR INC | 71.61 | 46,544.96 | 94.51 | 61,431.50 | 1.1 | 3.0 | | | |
| 350 | DUKE ENERGY CORP | 75.56 | 26,444.39 | 91.21 | 31,923.50 | 0.6 | 4.1 | | | |
| 930 | EXELON CORP | 35.03 | 32,578.59 | 45.59 | 42,398.70 | 0.8 | 3.2 | | | |
| 100 | NEXTERA ENERGY INC | 178.67 | 17,867.30 | 242.16 | 24,216.00 | 0.4 | 2.1 | | | |
| | | | 123,435.24 | | 159,969.70 | 2.9 | 3.1 | | | |
| Real Estate | | | | | | | | | | |
| 200 | CROWN CASTLE INTERNATIONAL CORP | 129.42 | 25,884.18 | 142.15 | 28,430.00 | 0.5 | 3.4 | | | |
| 430 | OMEGA HEALTHCARE INVS INC | 31.22 | 13,423.85 | 42.35 | 18,210.50 | 0.3 | 6.3 | | | |
| 470 | PROLOGIS INC | 53.80 | 25,285.11 | 89.14 | 41,895.80 | 0.8 | 2.4 | | | |
| 550 | SERVICE PROPERTIES TRUST | 26.08 | 14,342.85 | 24.33 | 13,381.50 | 0.2 | 8.9 | | | |
| | | | 78,935.99 | | 101,917.80 | 1.9 | 4.2 | | | |
| | | | 2,621,853.88 | | 3,145,347.06 | 57.9 | 2.7 | | | |
| INTERNATIONAL EQUITY (USD) | | | | | | | | | | |
| Energy | | | | | | | | | | |
| 1050 | BP PLC SPONSORED ADR | 43.29 | 45,452.28 | 37.74 | 39,627.00 | 0.7 | 6.5 | | | |
| 2600 | ENCANA CORP | 10.51 | 27,334.28 | 4.69 | 12,194.00 | 0.2 | 1.7 | | | |
| 1200 | PETROLEO BRASILEIRO S A | 17.26 | 20,713.07 | 15.94 | 19,128.00 | 0.4 | 0.0 | | | |
| 350 | ROYAL DUTCH SHELL PLC - ADR B | 72.32 | 25,312.00 | 59.97 | 20,989.50 | 0.4 | 6.3 | | | |
| 900 | TENARIS SA | 34.38 | 30,941.48 | 22.64 | 20,376.00 | 0.4 | 2.3 | | | |
| | | | 149,753.11 | | 112,314.50 | 2.1 | 4.1 | | | |
| Materials | | | | | | | | | | |
| 400 | ARCELORMITTAL S A | 17.77 | 7,106.78 | 17.54 | 7,016.00 | 0.1 | 1.0 | | | |
| 800 | BARRICK GOLD CORP | 33.57 | 26,859.44 | 18.59 | 14,872.00 | 0.3 | 1.1 | | | |
| 495 | CRH PLC ADR ONE ADR REPSTG ONE ORD SHS | 28.38 | 14,047.28 | 40.33 | 19,963.35 | 0.4 | 1.1 | | | |
| 50 | LINDE PLC | 177.60 | 8,879.80 | 212.90 | 10,645.00 | 0.2 | 1.6 | | | |
| | | | 56,893.30 | | 52,496.35 | 1.0 | 1.2 | | | |

Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-------------------------------|--|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| Industrials | | | | | | | | | | |
| 100 | COPA HOLDINGS SA CL A | 105.11 | 10,510.53 | 108.08 | 10,808.00 | 0.2 | 2.4 | | | |
| 1450 | KONINKLIJKE PHILIPS ELECTRS N V SPON ADR | 30.11 | 43,656.43 | 48.80 | 70,760.00 | 1.3 | 1.7 | | | |
| 210 | SENSATA TECHNOLOGIES HOLDING PLC | 45.64 | 9,584.43 | 53.87 | 11,312.70 | 0.2 | 0.0 | | | |
| 850 | SIEMENS AG SPONS ADR | 44.31 | 37,662.15 | 64.97 | 55,224.50 | 1.0 | 2.5 | | | |
| | | | 101,413.54 | | 148,105.20 | 2.7 | 1.9 | | | |
| Consumer Discretionary | | | | | | | | | | |
| 550 | BRIGHT SCHOLAR EDUCATION HOLDINGS LTD | 14.90 | 8,196.62 | 8.83 | 4,856.50 | 0.1 | 1.0 | | | |
| 500 | DAIMLER AG | 63.56 | 31,781.00 | 54.48 | 27,240.00 | 0.5 | 6.7 | | | |
| 1325 | HONDA MOTOR CO LTD ADR | 27.02 | 35,802.00 | 28.31 | 37,510.75 | 0.7 | 0.0 | | | |
| 555 | INTERCONTINENTAL HOTELS ADR | 45.52 | 25,263.78 | 68.67 | 38,111.87 | 0.7 | 1.1 | | | |
| 400 | JD.com | 29.85 | 11,939.80 | 35.23 | 14,092.00 | 0.3 | 0.0 | | | |
| 425 | ROYAL CARIBBEAN CRUISES LTD | 61.35 | 26,075.25 | 133.51 | 56,741.75 | 1.0 | 2.3 | | | |
| 1250 | SONY CORP AMER SH NEW ADR | 38.78 | 48,475.01 | 68.00 | 85,000.00 | 1.6 | 0.0 | | | |
| 350 | YUM CHINA HOLDINGS INC | 46.71 | 16,349.94 | 48.01 | 16,803.50 | 0.3 | 1.0 | | | |
| | | | 203,883.39 | | 280,356.37 | 5.2 | 1.4 | | | |
| Consumer Staples | | | | | | | | | | |
| 500 | ANHEUSER-BUSCH INBEV NV SPN ADR | 81.81 | 40,903.23 | 82.04 | 41,020.00 | 0.8 | 1.6 | | | |
| 200 | DIAGEO PLC SPONSORED ADR NEW | 80.56 | 16,111.34 | 168.42 | 33,684.00 | 0.6 | 2.5 | | | |
| 593 | KONINKLIJKE ADR | 21.73 | 12,886.70 | 25.10 | 14,884.30 | 0.3 | 1.0 | | | |
| 150 | MOWI ASA | 15.84 | 2,375.33 | 26.14 | 3,921.00 | 0.1 | 3.3 | | | |
| 650 | UNILEVER NV | 39.15 | 25,444.47 | 57.46 | 37,349.00 | 0.7 | 2.7 | | | |
| | | | 97,721.07 | | 130,858.30 | 2.4 | 2.1 | | | |
| Health Care | | | | | | | | | | |
| 1250 | GLAXOSMITHKLINE PLC ADR | 45.87 | 57,333.50 | 46.99 | 58,737.50 | 1.1 | 4.1 | | | |
| 255 | SMITH AND NEPHEW PLC SPON ADR | 37.21 | 9,488.55 | 48.07 | 12,257.85 | 0.2 | 1.2 | | | |
| | | | 66,822.05 | | 70,995.35 | 1.3 | 3.6 | | | |
| Financials | | | | | | | | | | |
| 1115 | AEGON N V ORD AMER REG ADR | 6.58 | 7,341.18 | 4.53 | 5,050.95 | 0.1 | 6.2 | | | |
| 2017 | CREDIT SUISSE GROUP | 23.19 | 46,778.56 | 13.45 | 27,128.65 | 0.5 | 1.9 | | | |
| 530 | DEUTSCHE BANK AG | 25.98 | 13,770.49 | 7.78 | 4,123.40 | 0.1 | 1.5 | | | |
| 1750 | ING GROEP N V | 18.07 | 31,615.99 | 12.05 | 21,087.50 | 0.4 | 3.7 | | | |

Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|----------|---------------------------------------|-----------|---------------------|--------|---------------------|-------------|------------|-----------------|----------|---------------|
| 530 | INVESCO LTD | 25.87 | 13,713.63 | 17.98 | 9,529.40 | 0.2 | 6.9 | | | |
| 330 | PRUDENTIAL PLC SPON ADR | 47.04 | 15,521.87 | 38.09 | 12,569.70 | 0.2 | 17.0 | | | |
| 400 | TORONTO DOMINION BK ONT NEW (USD) | 57.41 | 22,964.82 | 56.13 | 22,452.00 | 0.4 | 5.2 | | | |
| 1250 | UBS GROUP AG | 14.70 | 18,371.86 | 12.58 | 15,725.00 | 0.3 | 5.4 | | | |
| | | | 170,078.39 | | 117,666.60 | 2.2 | 5.5 | | | |
| | Information Technology | | | | | | | | | |
| 900 | HITACHI LIMITED | 58.86 | 52,973.50 | 84.43 | 75,987.00 | 1.4 | 1.6 | | | |
| 800 | KYOCERA CORP | 50.26 | 40,210.85 | 68.36 | 54,688.00 | 1.0 | 0.0 | | | |
| 100 | NXP SEMICONDUCTOR NV | 100.56 | 10,056.43 | 127.26 | 12,726.00 | 0.2 | 1.2 | | | |
| 305 | SAP SE | 80.38 | 24,516.85 | 133.99 | 40,866.95 | 0.8 | 0.9 | | | |
| 2220 | STMICROELECTRONICS NV-NY SHS | 8.68 | 19,279.15 | 26.91 | 59,740.20 | 1.1 | 0.7 | | | |
| | | | 147,036.78 | | 244,008.15 | 4.5 | 0.9 | | | |
| | Communication Services | | | | | | | | | |
| 100 | ALIBABA GROUP HOLDING ADR | 184.72 | 18,471.51 | 212.10 | 21,210.00 | 0.4 | 0.0 | | | |
| 80 | BAIDU INC ADR | 185.35 | 14,828.23 | 126.40 | 10,112.00 | 0.2 | 0.0 | | | |
| 300 | IQIYI INC | 22.09 | 6,627.96 | 21.11 | 6,333.00 | 0.1 | 0.0 | | | |
| 600 | NIPPON TELEG & TEL CORP | 45.14 | 27,085.51 | 50.50 | 30,300.00 | 0.6 | 3.0 | | | |
| 500 | SOFTBANK GROUP CORP | 23.41 | 11,706.23 | 21.54 | 10,770.00 | 0.2 | 0.0 | | | |
| 454 | VODAFONE GROUP PLC | 27.24 | 12,367.92 | 19.33 | 8,775.82 | 0.2 | 5.0 | | | |
| | | | 91,087.36 | | 87,500.82 | 1.6 | 1.5 | | | |
| | Utilities | | | | | | | | | |
| 141 | NATIONAL GRID GROUP PLC SPONSORED ADR | 70.64 | 9,959.88 | 62.67 | 8,836.45 | 0.2 | 3.4 | | | |
| | | | 1,094,648.89 | | 1,253,138.09 | 23.1 | 2.2 | | | |
| | CORPORATE BONDS (USD) | | | | | | | | | |
| 15000 | ATHENE GLOBAL FUNDING | 100.78 | 15,117.75 | 101.05 | 15,157.50 | 0.3 | 2.7 | NR | 2.750% | 6/25/24 |
| 5000 | FIRST UNION CORP | 123.80 | 6,189.85 | 130.01 | 6,500.55 | 0.1 | 5.0 | A3 | 6.550% | 10/15/35 |
| 10000 | CONSOLIDATED EDISON CO | 131.75 | 13,174.70 | 132.36 | 13,236.20 | 0.2 | 4.3 | A3 | 5.700% | 6/15/40 |
| 2000 | DUKE ENERGY CAROLINAS LLC | 99.65 | 1,992.94 | 110.55 | 2,211.02 | 0.0 | 3.5 | Aa2 | 3.880% | 3/15/46 |
| 15000 | SOUTHWESTERN PUBLIC SERV | 99.42 | 14,913.75 | 105.82 | 15,872.85 | 0.3 | 3.5 | A3 | 3.700% | 8/15/47 |
| 7000 | COMMONSPIRIT HEALTH | 100.00 | 7,000.00 | 98.25 | 6,877.29 | 0.1 | 3.9 | A2 | 3.820% | 10/1/49 |
| 11000 | PRUDENTIAL FINANCIAL INC | 99.76 | 10,973.93 | 115.71 | 12,728.21 | 0.2 | 3.8 | A3 | 4.350% | 2/25/50 |
| | Accrued Interest | | | | 409.35 | 0.0 | | | | |
| | | | 69,362.92 | | 72,992.97 | 1.3 | 3.7 | | | |

Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|--|--|-----------|-------------------|--------|-------------------|-------------|------------|-----------------|----------|---------------|
| MUNICIPAL BONDS (USD) | | | | | | | | | | |
| 15000 | PORT OF SEATTLE WA REV | 98.31 | 14,746.20 | 99.99 | 14,997.90 | 0.3 | 2.0 | A1 | 2.010% | 5/1/20 |
| 5000 | WASHINGTON ST | 109.51 | 5,475.45 | 107.05 | 5,352.60 | 0.1 | 4.3 | Aaa | 4.640% | 8/1/22 |
| 15000 | VIRGINIA ST RES AUTH REV | 95.32 | 14,297.55 | 100.31 | 15,047.25 | 0.3 | 2.1 | Aa1 | 2.100% | 11/1/22 |
| 5000 | UNIV OF NC CHAPEL HIL | 101.04 | 5,052.00 | 100.53 | 5,026.55 | 0.1 | 2.0 | Aaa | 2.000% | 12/1/22 |
| 15000 | NORTH CAROLINA ST ESTRN PWR AGY REV | 101.60 | 15,240.30 | 105.73 | 15,859.80 | 0.3 | 3.6 | NR | 3.810% | 7/1/23 |
| 15000 | NEW YORK NY GO | 108.78 | 16,317.45 | 112.92 | 16,938.75 | 0.3 | 4.7 | Aa1 | 5.320% | 3/1/24 |
| 5000 | SEATTLE WA GO | 100.00 | 4,999.95 | 105.96 | 5,298.15 | 0.1 | 3.2 | Aaa | 3.400% | 12/1/29 |
| 10000 | SAN FRANCISCO CA CITY & CNTY PUB UTILS | 100.00 | 10,000.00 | 104.54 | 10,453.80 | 0.2 | 3.5 | Aa2 | 3.700% | 11/1/32 |
| 10000 | NEW YORK N Y | 111.97 | 11,196.60 | 100.32 | 10,032.30 | 0.2 | 5.7 | Aa1 | 5.680% | 10/1/34 |
| 10000 | MIAMI-DADE CNTY FLA AVIATION | 100.00 | 10,000.00 | 104.31 | 10,431.20 | 0.2 | 3.6 | NR | 3.730% | 10/1/37 |
| 25000 | UTAH TRAN AUTH SALES TAX REV | 100.00 | 25,000.00 | 134.54 | 33,635.00 | 0.6 | 4.4 | Aa2 | 5.940% | 6/15/39 |
| | Accrued Interest | | | | 734.61 | 0.0 | | | | |
| | | | 132,325.50 | | 143,807.91 | 2.6 | 3.7 | | | |
| GOVERNMENT SPONSORED BOND (USD) | | | | | | | | | | |
| 13000 | FFCB | 100.00 | 13,000.00 | 99.96 | 12,994.80 | 0.2 | 2.1 | Aaa | 2.070% | 6/29/23 |
| 10000 | FNMA | 95.77 | 9,577.30 | 99.81 | 9,980.90 | 0.2 | 1.9 | Aaa | 1.880% | 9/24/26 |
| 20000 | TENNESSEE VALLEY AUTH | 137.08 | 27,415.72 | 152.00 | 30,400.60 | 0.6 | 3.5 | Aaa | 5.380% | 4/1/56 |
| | Accrued Interest | | | | 320.77 | 0.0 | | | | |
| | | | 49,993.02 | | 53,697.07 | 1.0 | 2.9 | | | |
| MORTGAGE POOLS (USD) | | | | | | | | | | |
| 685.28 | FG G12323 | 95.88 | 657.01 | 100.82 | 690.90 | 0.0 | 4.5 | Aaa | 4.500% | 8/1/21 |
| 6005.98 | FHMS KJ17 A1 | 100.00 | 6,005.96 | 100.93 | 6,061.58 | 0.1 | 2.4 | Aaa | 2.400% | 10/25/24 |
| 3129.09 | FN AD4398 | 106.25 | 3,324.66 | 104.41 | 3,267.09 | 0.1 | 3.8 | Aaa | 4.000% | 6/1/25 |
| 9274.06 | FN AM9049 | 102.66 | 9,520.88 | 103.18 | 9,569.31 | 0.2 | 3.0 | Aaa | 3.050% | 6/25/25 |
| 9947.17 | FRESB 2018-SB54 A7F | 100.49 | 9,995.89 | 104.51 | 10,395.93 | 0.2 | 3.5 | Aaa | 3.670% | 9/25/25 |
| 20000 | FHMS KL4F A2AS | 103.84 | 20,767.20 | 107.09 | 21,418.75 | 0.4 | 3.4 | Aaa | 3.680% | 10/25/25 |
| 10000 | FHMS KC03 A2 | 101.98 | 10,198.10 | 106.05 | 10,605.08 | 0.2 | 3.3 | Aaa | 3.500% | 1/25/26 |
| 22371.3 | FHLMC KW02 | 101.50 | 22,705.87 | 102.47 | 22,924.47 | 0.4 | 2.8 | Aaa | 2.900% | 4/25/26 |
| 10000 | FHMS KG01 A7 | 103.00 | 10,299.61 | 102.91 | 10,291.02 | 0.2 | 2.8 | Aaa | 2.880% | 4/25/26 |
| 5000 | FHMS K070 A2 | 103.00 | 5,149.92 | 106.39 | 5,319.34 | 0.1 | 3.1 | Aaa | 3.300% | 11/25/27 |
| 9022.81 | SBIC 2018-10A 1 | 99.78 | 9,002.77 | 102.85 | 9,280.10 | 0.2 | 3.1 | Aaa | 3.190% | 3/10/28 |
| 14483.25 | FHLMC K077 A1 | 101.99 | 14,772.12 | 107.23 | 15,531.02 | 0.3 | 3.5 | Aaa | 3.700% | 3/25/28 |
| 15000 | FN AN9038 | 100.66 | 15,098.44 | 107.23 | 16,085.16 | 0.3 | 3.2 | Aaa | 3.460% | 5/1/28 |

Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date |
|-----------|-----------------|-----------|------------|--------|--------------|-------------|------------|-----------------|----------|---------------|
| 5000 | FHLMC K077 A2 | 102.69 | 5,134.38 | 110.11 | 5,505.66 | 0.1 | 3.5 | Aaa | 3.850% | 5/25/28 |
| 10000 | FN 387873 | 102.66 | 10,265.63 | 108.92 | 10,892.19 | 0.2 | 3.4 | Aaa | 3.750% | 11/1/28 |
| 12000 | FN BL0484 | 105.99 | 12,719.06 | 111.20 | 13,343.44 | 0.2 | 3.8 | Aaa | 4.220% | 11/1/28 |
| 6476.32 | FG J34676 | 105.50 | 6,832.52 | 103.25 | 6,686.80 | 0.1 | 2.9 | Aaa | 3.000% | 7/1/31 |
| 10001.48 | FN A57986 | 103.06 | 10,307.78 | 101.30 | 10,131.58 | 0.2 | 2.5 | Aaa | 2.500% | 9/1/31 |
| 5332.58 | FG G30701 | 111.00 | 5,919.16 | 108.09 | 5,763.98 | 0.1 | 4.6 | Aaa | 5.000% | 11/1/31 |
| 2920.09 | GN 582153 | 102.88 | 3,004.28 | 111.27 | 3,249.28 | 0.1 | 5.4 | Aaa | 6.000% | 6/15/32 |
| 9581.09 | G2 MA5686 | 104.25 | 9,988.09 | 109.47 | 10,488.67 | 0.2 | 4.6 | Aaa | 5.000% | 4/20/34 |
| 2884.67 | FN 256394 | 102.00 | 2,942.38 | 116.89 | 3,371.91 | 0.1 | 5.6 | Aaa | 6.500% | 9/1/36 |
| 18728.6 | FHR 3342 PZ | 104.94 | 19,653.33 | 107.84 | 20,196.89 | 0.4 | 4.6 | Aaa | 5.000% | 6/15/37 |
| 3512.64 | G2 4194 | 106.12 | 3,727.79 | 111.40 | 3,913.16 | 0.1 | 4.9 | Aaa | 5.500% | 7/20/38 |
| 1699.3 | GNMA 4195 | 99.89 | 1,697.44 | 113.43 | 1,927.51 | 0.0 | 5.3 | Aaa | 6.000% | 7/20/38 |
| 9185.38 | G2 4496 | 109.58 | 10,065.17 | 109.37 | 10,045.79 | 0.2 | 4.6 | Aaa | 5.000% | 7/20/39 |
| 6696.93 | FHR 4293 LA | 100.12 | 6,705.12 | 100.37 | 6,722.04 | 0.1 | 3.0 | Aaa | 3.000% | 10/15/40 |
| 15000 | GNR 2017-121 LV | 95.72 | 14,357.81 | 102.23 | 15,333.98 | 0.3 | 2.9 | Aaa | 3.000% | 10/20/40 |
| 21812.89 | FN AH3645 | 103.33 | 22,540.16 | 107.25 | 23,393.47 | 0.4 | 3.7 | Aaa | 4.000% | 2/25/41 |
| 13392.94 | FHR 4667 DA | 103.70 | 13,888.90 | 101.76 | 13,628.36 | 0.3 | 3.4 | Aaa | 3.500% | 6/15/41 |
| 4001.58 | FNR 2012 110KJ | 99.01 | 3,961.92 | 101.53 | 4,062.85 | 0.1 | 3.0 | Aaa | 3.000% | 3/20/42 |
| 6306.35 | FN MA 3024 | 102.16 | 6,442.52 | 104.50 | 6,590.38 | 0.1 | 3.3 | Aaa | 3.500% | 6/1/42 |
| 12525.078 | FN MA1136 | 97.41 | 12,200.21 | 104.50 | 13,089.20 | 0.2 | 3.3 | Aaa | 3.500% | 8/25/42 |
| 3811.83 | FG C09016 | 98.24 | 3,744.92 | 105.39 | 4,017.16 | 0.1 | 3.3 | Aaa | 3.500% | 10/1/42 |
| 11230.94 | FNR 2017-66 QL | 97.11 | 10,906.10 | 101.47 | 11,395.89 | 0.2 | 3.0 | Aaa | 3.000% | 9/25/43 |
| 6695.75 | FN 2017 13 CA | 100.09 | 6,702.03 | 99.15 | 6,638.99 | 0.1 | 2.5 | Aaa | 2.500% | 10/25/43 |
| 9176.02 | FN 2015 2PA | 98.92 | 9,077.09 | 99.55 | 9,134.80 | 0.2 | 2.3 | Aaa | 2.250% | 3/25/44 |
| 13161.1 | FHR 4388 MC | 99.50 | 13,095.92 | 99.31 | 13,070.62 | 0.2 | 2.5 | Aaa | 2.500% | 7/15/44 |
| 3632.3 | FHR 4832 DA | 103.17 | 3,747.51 | 102.77 | 3,732.90 | 0.1 | 4.4 | Aaa | 4.500% | 11/15/44 |
| 9751.429 | GNR 2016-136 AV | 94.94 | 9,257.76 | 99.51 | 9,703.81 | 0.2 | 3.0 | Aaa | 3.000% | 2/20/45 |
| 8828.76 | FNR 2016 31 PC | 97.45 | 8,603.84 | 101.88 | 8,994.64 | 0.2 | 2.9 | Aaa | 3.000% | 3/25/45 |
| 8142.42 | FNR 2017-62 AB | 97.89 | 7,970.78 | 101.86 | 8,294.14 | 0.2 | 2.9 | Aaa | 3.000% | 8/25/45 |
| 10343.43 | GNR 2016-103 EJ | 98.12 | 10,149.35 | 101.62 | 10,510.70 | 0.2 | 3.0 | Aaa | 3.000% | 10/20/45 |
| 5422.42 | FHR 4546 TH | 95.41 | 5,173.53 | 98.57 | 5,344.97 | 0.1 | 2.5 | Aaa | 2.500% | 12/15/45 |
| 6820.117 | FG G60714 | 102.03 | 6,958.65 | 106.73 | 7,278.88 | 0.1 | 3.7 | Aaa | 4.000% | 1/15/46 |
| 9323.72 | GNR 2017 59P | 97.97 | 9,134.49 | 101.45 | 9,459.21 | 0.2 | 3.0 | Aaa | 3.000% | 4/20/46 |
| 10491.78 | G2 MA3725 | 98.06 | 10,288.61 | 101.80 | 10,680.30 | 0.2 | 2.9 | Aaa | 3.000% | 6/20/46 |
| 7209.72 | FN MA2743 | 101.31 | 7,304.24 | 101.68 | 7,331.10 | 0.1 | 3.0 | Aaa | 3.000% | 9/25/46 |
| 7344.95 | FN MA2777 | 94.50 | 6,940.86 | 101.68 | 7,468.61 | 0.1 | 3.0 | Aaa | 3.000% | 10/25/46 |
| 5000 | FHR 4738 TW | 90.75 | 4,537.50 | 101.43 | 5,071.29 | 0.1 | 3.0 | Aaa | 3.000% | 11/15/46 |

Vero Beach Firemen's Relief & Pension Fund

Period Ending 12/31/2019

Portfolio Holdings

| Quantity | Security | Unit Cost | Total Cost | Price | Market Value | Pct. Assets | Cur. Yield | Moody's Ratings | Coupon % | Maturity Date | |
|------------------------|------------------------|-----------|------------|---------------------|--------------|---------------------|--------------|-----------------|----------|---------------|----------|
| 9255.54 | FHR 4682 LD | 94.86 | | 8,779.37 | 100.28 | 9,281.21 | 0.2 | 2.7 | Aaa | 2.750% | 5/15/47 |
| 8141.37 | FNR 2018 69 PA | 99.32 | | 8,085.97 | 101.12 | 8,232.96 | 0.2 | 3.5 | Aaa | 3.500% | 5/25/47 |
| 3064.674 | FHR 4713 YH | 93.94 | | 2,878.88 | 99.36 | 3,045.04 | 0.1 | 2.5 | Aaa | 2.500% | 7/15/47 |
| 16051.33 | FHR 2017 72 GH | 99.19 | | 15,920.92 | 99.42 | 15,957.91 | 0.3 | 2.5 | Aaa | 2.500% | 8/25/47 |
| 12741.7 | GNR 2017 134PT | 98.32 | | 12,527.06 | 100.16 | 12,762.54 | 0.2 | 2.5 | Aaa | 2.500% | 9/20/47 |
| 4741.66 | FG T65441 | 98.93 | | 4,691.13 | 103.14 | 4,890.58 | 0.1 | 2.9 | Aaa | 3.000% | 10/1/47 |
| 9230.56 | GNR 2018-115 BP | 98.94 | | 9,132.84 | 102.68 | 9,477.91 | 0.2 | 3.4 | Aaa | 3.500% | 11/20/47 |
| | 5000 FNR 2018 1 HB | 95.66 | | 4,782.81 | 100.29 | 5,014.45 | 0.1 | 2.5 | Aaa | 2.500% | 1/20/48 |
| | 10000 FNR 2018 59D | 94.75 | | 9,475.00 | 101.43 | 10,142.97 | 0.2 | 3.0 | Aaa | 3.000% | 4/20/48 |
| | Accrued Interest | | | | | 1,548.56 | 0.0 | | | | |
| | | ----- | | 529,719.23 | | 548,259.05 | 10.1 | 3.3 | | | |
| TREASURY BILLS (USD) | | | | | | | | | | | |
| | 70000 US TREASURY BILL | 99.82 | | 69,870.90 | 99.83 | 69,884.50 | 1.3 | 0.0 | | 0.000% | 2/11/20 |
| | | ----- | | 4,717,009.94 | | 5,436,362.25 | 100.0 | 2.6 | | | |
| TOTAL PORTFOLIO | | ----- | | 4,717,009.94 | | 5,436,362.25 | 100.0 | 2.6 | | | |

Purchases

| Trade Date | Settle Date | Quantity | Security | Unit Price | Amount | Comm/Share | Commission |
|------------------------|-------------|-----------|--|------------|-------------------|-------------|--------------|
| BARCLAYS-EQ | | | | | | | |
| 11/19/19 | 11/21/19 | 100.00 | BIOGEN IDEC INC | 288.50 | 28,850.22 | 0.04 | 4.00 |
| 10/10/19 | 10/15/19 | 50.00 | DELTA AIR LINES INC | 52.26 | 2,612.94 | 0.04 | 2.00 |
| 11/21/19 | 11/25/19 | 100.00 | HANOVER INSURANCE GROUP | 133.65 | 13,364.77 | 0.04 | 4.00 |
| 10/17/19 | 10/21/19 | 200.00 | UNITED AIRLINES HOLDINGS INC | 89.52 | 17,904.00 | 0.04 | 8.00 |
| | | | | | 62,731.93 | 0.04 | 18.00 |
| CITI BB | | | | | | | |
| 12/27/19 | 12/30/19 | 70,000.00 | US TREASURY BILL 0.000% Due 02-11-20 | 99.82 | 69,870.90 | 0.00 | 0.00 |
| FTN FINANCIAL | | | | | | | |
| 10/30/19 | 10/31/19 | 6,518.00 | FN MA 3024 3.500% Due 06-01-42 | 102.16 | 6,658.74 | 0.00 | 0.00 |
| GS | | | | | | | |
| 12/17/19 | 12/30/19 | 65,000.00 | BAUSCH HEALTH COS INC 5.250% Due 01-30-30 | 100.00 | 65,000.00 | 0.00 | 0.00 |
| Jones Trading | | | | | | | |
| 10/11/19 | 10/16/19 | 550.00 | LAS VEGAS SANDS CORP | 57.78 | 31,780.54 | 0.01 | 5.50 |
| 10/3/19 | 10/7/19 | 300.00 | PFIZER INC | 35.29 | 10,587.60 | 0.01 | 3.00 |
| | | | | | 42,368.14 | 0.01 | 8.50 |
| REDI | | | | | | | |
| 12/12/19 | 12/16/19 | 50.00 | ACCENTURE PLC | 203.40 | 10,170.13 | 0.01 | 0.50 |
| 10/11/19 | 10/16/19 | 400.00 | JD.com | 29.85 | 11,939.80 | 0.01 | 4.00 |
| 12/16/19 | 12/18/19 | 150.00 | NOVARTIS AG ADR | 93.04 | 13,955.67 | 0.01 | 1.50 |
| 12/11/19 | 12/13/19 | 300.00 | SKYWORKS SOLUTIONS INC | 109.09 | 32,726.76 | 0.01 | 3.00 |
| 11/11/19 | 11/13/19 | 150.00 | VERIZON COMMUNICATIONS INC | 59.59 | 8,939.13 | 0.01 | 1.50 |
| | | | | | 77,731.49 | 0.01 | 10.50 |
| PURCHASES TOTAL | | | | | 324,361.20 | 0.00 | 37.00 |

Vero Beach Firemen's Relief & Pension Fund

Period Ending 12/31/2019

Sales

| Trade Date | Settle Date | Quantity | Security | Unit Price | Amount | Comm/Share | Commission |
|-------------------------------|-------------|-----------|--|------------|------------|------------|------------|
| 12/11/19 | 12/11/19 | 25,000.00 | FFCB 2.030% Due 07-19-21 | 100.00 | 25,000.00 | | |
| BARCLAYS-EQ | | | | | | | |
| 12/17/19 | 12/19/19 | 50.00 | JOHNSON & JOHNSON | 143.52 | 7,176.12 | 0.04 | 2.00 |
| 12/30/19 | 1/2/20 | 230.68 | MCDERMOTT INTERNATIONAL INC | 0.57 | 131.03 | 0.02 | 4.61 |
| 12/30/19 | 1/2/20 | 77.11 | MCDERMOTT INTERNATIONAL INC | 0.57 | 43.79 | 0.02 | 1.54 |
| 12/30/19 | 1/2/20 | 154.21 | MCDERMOTT INTERNATIONAL INC | 0.57 | 87.59 | 0.02 | 3.09 |
| 12/30/19 | 1/2/20 | 100.00 | MCDERMOTT INTERNATIONAL INC | 0.57 | 56.80 | 0.02 | 2.00 |
| 11/5/19 | 11/7/19 | 250.00 | PRUDENTIAL FINL INC | 92.07 | 23,018.70 | 0.04 | 10.00 |
| 10/3/19 | 10/7/19 | 200.00 | PULTE GROUP INC | 36.12 | 7,224.13 | 0.04 | 8.00 |
| 11/11/19 | 11/13/19 | 150.00 | WALGREENS BOOTS ALLIANCE INC | 62.90 | 9,435.18 | 0.04 | 6.00 |
| | | | | | 47,173.34 | 0.03 | 37.24 |
| JEFFERIES MARKET AXESS | | | | | | | |
| 12/18/19 | 12/30/19 | 65,000.00 | BAUSCH HEALTH COS INC 5.250% Due 01-30-30 | 103.47 | 67,256.15 | 0.00 | 0.00 |
| Jones Trading | | | | | | | |
| 10/16/19 | 10/18/19 | 350.00 | ABBOTT LABORATORIES | 80.92 | 28,321.55 | 0.01 | 3.50 |
| 11/25/19 | 11/27/19 | 50.00 | AMGEN INC | 233.71 | 11,685.57 | 0.01 | 0.50 |
| 10/18/19 | 10/22/19 | 100.00 | JOHNSON & JOHNSON | 130.56 | 13,055.78 | 0.01 | 1.00 |
| 10/18/19 | 10/22/19 | 150.00 | JOHNSON & JOHNSON | 130.56 | 19,583.67 | 0.01 | 1.50 |
| | | | | | 72,646.57 | 0.01 | 6.50 |
| WELLS | | | | | | | |
| 12/16/19 | 12/19/19 | 7,336.92 | FHR 2015 27 MB 2.000% Due 10-25-44 | 97.38 | 7,144.45 | 0.00 | 0.00 |
| 12/16/19 | 12/19/19 | 6,775.84 | FHR 2015 27 MB 2.000% Due 10-25-44 | 97.38 | 6,598.09 | 0.00 | 0.00 |
| | | | | | 13,742.54 | 0.00 | 0.00 |
| SALESBTOTAL | | | | | 225,818.60 | 0.00 | 43.74 |





**CLASS ACTION INFORMATION FOR
PERIOD 10/01/19 through 12/31/19**

Class actions due during the period indicated above:

| |
|------------------------------------|
| Lannett Company |
| DeVry Education |
| SunEdison |
| Prothena |
| Endo International 2019 |
| Roadrunner Transportation Systems |
| RH (formerly Restoration Hardware) |

This list reflects all class actions received or filed by Salem Trust Company for those clients who met the specific class action parameters. This list is not account specific. Please see separate report for class actions filed on behalf of your plan.



**CLASS ACTION INFORMATION
FOR VERO BEACH FIRE PENSION PLAN
PERIOD 10/01/19 through 12/31/19**

**Class actions filed on behalf of the plan during
the period indicated:**

NONE

**The plan received the following class action settlements during
the period indicated:**

General Motors 2016 - \$695.23
Amgen - \$268.78

Investment Performance Review
Period Ending December 31, 2019

Vero Beach Firefighters' Pension Plan



First and foremost, “Thank you” for giving AndCo the opportunity to serve you. On behalf of our entire organization, we are extremely grateful and appreciative of our client partnerships and will continue working hard to maintain your trust and confidence. Our mission statement reads “To represent the sole interest of our clients by redefining independence.” We’re happy to report that we remain steadfast in this core belief and continue to build an organization with a service model that is independent, singularly focused, customized and passionately delivered.

2020 is a big year for AndCo. We are celebrating our 20-year anniversary of serving our valuable clients. As we start 2020, we are 89 people strong advising approximately \$92 billion in client assets – a record high. In 2019 we hired 9 new team members. All departments within AndCo have grown over the years as we thoughtfully invest in our firm to provide the services you expect. We have included our organizational chart in this report which your consultant will review to provide you a visualization of our continued commitment to service and quality.

2020 will also represent another year of significant investment in the organization. As a result, your feedback is invaluable as we continue to focus our reinvestment in areas that will enhance our services to clients. We would like to thank everyone for their participation in our client survey last year. Your honesty and candor allowed us to accurately assess where we are strong and where there are opportunities for improvement. The areas where our clients indicate potential room for improvement drive much of our investment and focus. This is a primary reason why we hired 7 new team members in our research group last year to help promote investment ideas and support our consultants. Today, we have 19 dedicated research analysts. As 2020 progresses, we are targeting additional investments within our finance, compliance, human resources, information technology, marketing and research departments.

Moreover, each January we have our annual firmwide retreat. This retreat is a great time for all of our employees to spend time together and for us to reinforce everyone’s understanding of AndCo’s primary purpose, share results highlighted by our strategic goals, and review areas of focus for the upcoming year. Since the inception of AndCo, the idea has been to make the firm a multigenerational organization owned and operated by its employees. As a result, since 2015, along with the strategic elements of our annual retreat, we also announce new partners of the firm to support our succession plan and the long-term sustainability of the organization. Today we have a total of 10 partners controlling 100% of the company. This year we added two new partners Kim Spurlin and Evan Scussel. Kim has been on our Executive Leadership team for the past 7 years and currently serves as our CFO. Evan has been on our research team for 7 years and was recently promoted to a Research Director. We couldn’t be happier for both Kim and Evan.

The evolution of our firm would not be possible without great client partners like you. Our name reminds us who we work for every day “Our Client” &Co. You will always be our first priority. As we continue to discuss strategic decisions regarding our firm, please know every decision is filtered through the following question “How does this benefit our clients?” and if it doesn’t benefit you, we don’t do it, it’s that simple. We said this last year and we’ll say it again next year. If this commitment ever falters, you need to find a new consultant.

We know each of our clients is facing many challenges and we want to be there to help support you through all environments. We are honored and humbled that you have chosen AndCo as your partner. We do not take that relationship and responsibility for granted and will continue to work tirelessly to exceed your expectations.

On behalf of AndCo, thank you for your valued partnership and the opportunity to serve you.


Mike Welker, CFA®
CEO



Organizational Chart

PARTNERSHIP

Mike Welker, CFA **Evan Scussel, CFA, CAIA**
Bryan Bakardjiev, CFA **Jason Purdy**
Dan Johnson **Kim Spurlin, CPA**
David Ray **Steve Gordon**
Donna Sullivan **Troy Brown, CFA**

LEADERSHIP & MANAGEMENT

Mike Welker, CFA **Dan Johnson**
CEO Consulting Director

Bryan Bakardjiev, CFA **Derek Tangeman, CFP, CIMA**
COO Marketing Director

Kim Spurlin, CPA **Evan Scussel, CFA, CAIA**
CFO Research Director

Sara Searle **Jack Evatt**
CCO Consulting Director

Rachel Brignoni, MHR **Jacob Peacock**
CHRO Consulting Director

Steve Gordon **Jason Purdy**
Partner I.T. Director

Troy Brown, CFA **Philip Schmitt, CIMA**
Executive Director Research Director

David Ray
Executive Director

OPERATIONS

FINANCE **I.T.**
Brandie Rivera **Jamie Utt**

OPERATIONS **MARKETING**
Dan Osika, CFA **Bonnie Burgess**
Jerry Camel **Kim Goodearl**
 Tala Chin

INVESTMENT POLICY COMMITTEE

Mike Welker, CFA **David Ray** **Troy Brown, CFA**
Bryan Bakardjiev, CFA **Sara Searle**

CONSULTING

Annette Bidart **James Ross** **Mary Nye**
Brad Hess, CFA **Jeff Kuchta, CFA** **Michael Fleiner**
Brendon Vavrica, CFP **Jennifer Brozstek** **Michael Holycross, CIMA**
Brian Green **Jennifer Gainfort, CFA** **Mike Bostler**
Brian King **Joe Carter, CPFA** **Paul Murray, CPFA**
Chris Kuhn, CFA, CAIA **John McCann, CIMA** **Peter Brown**
Christiaan Brokaw, CFA **John Mellinger** **Tim Nash**
Dave West, CFA **John Thinnis, CFA, CAIA** **Tim Walters**
Doug Anderson **Jon Breth, CFP** **Tony Kay**
Gwelda Swilley **Justin Lauver, Esq.** **Trevor Jackson**
Ian Jones **Kerry Richardville, CFA** **Tyler Grumbles, CFA, CIPM**

CLIENT SOLUTIONS

Donna Sullivan **Donnell Lehrer** **Mary Ann Johnson**
Albert Sauerland **Grace Niebrzydowski** **Meghan Haines**
Amy Foster **Jeff Pruniski** **Misha Bell**
Annie Lopez **John Rodak, CIPM** **Rosemarie Kieskowski**
Brooke Wilson, CIPM **Junyan Peng** **Yoon Lee-Choi**
David Gough, CPFA **Kim Hummel**

RESEARCH

Austin Brewer, CFA
Public Fixed Income

Ben Baldridge, CFA, CAIA
Private & Hedged Fixed Income

David Julier
Real Estate & Real Assets

Elizabeth Wolfe
Capital Markets & Asset Allocation

Evan Scussel, CFA, CAIA
Private & Public Equity

Jeffrey Karansky
Public Equity

Jeremy Fisch
Public Multi Assets & Fixed Income

Joseph Ivaszuk
Operational Due Diligence

Josue Christiansen, CIPM
Public Equity

Julie Baker, CFA
Private & Hedged Equity

Justin Ellsesser, CFA, CAIA
Private Equity

Kadmiel Onodje, CAIA
Hedged & Public Multi Assets

Kai Petersen, CFA
Asset Liability & Capital Markets

Kevin Laake, CFA
Private Equity

Matthew Ogren
Public Fixed Income

Philip Schmitt, CIMA
Fixed Income & Capital Markets

Rob Mills, CAIA
Real Estate & Real Assets

Tim Kominiarek, CAIA
Private Equity & Infrastructure

Zac Chichinski, CFA, CIPM
Public Equity

Updated as of 01/13/20



89
EMPLOYEES

33 ADVANCED
DEGREES

21 CFA

2

8 CAIA

5 CIPM

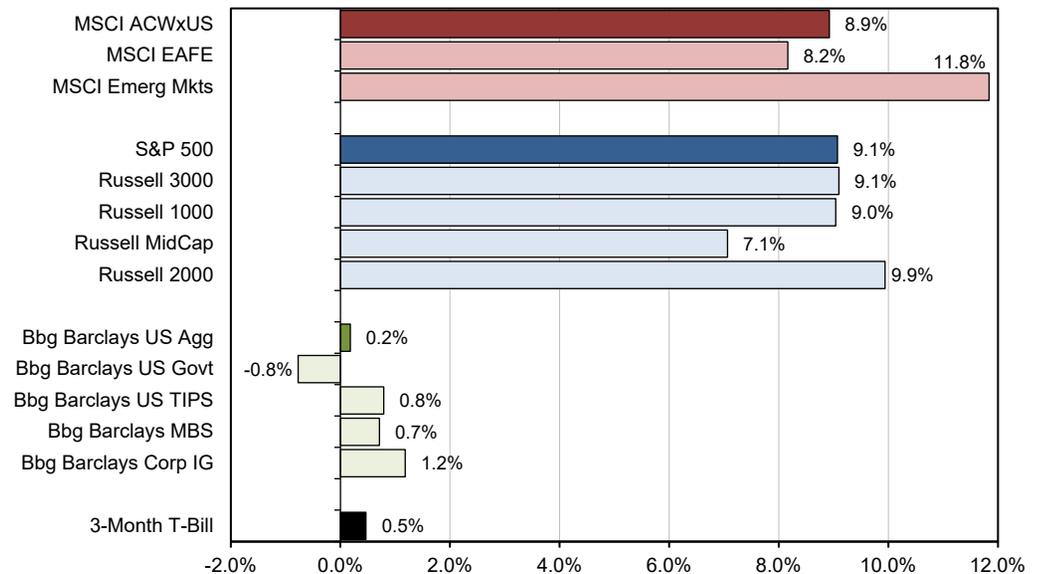


4th Quarter 2019 Market Environment

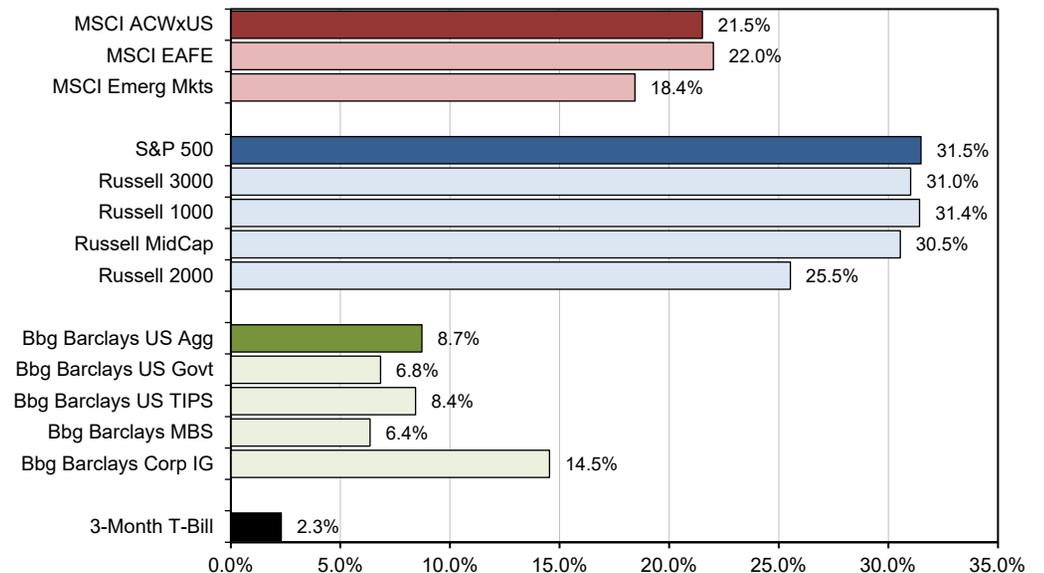


- Broad asset class returns were positive during the 4th quarter of 2019 with the exception of the US Gov't bond index. Both US and international equity markets benefited from positive developments concerning trade disruptions. Generally, the dispersion between US and international developed equities was muted during the quarter. Emerging markets significantly outperformed as previously noted trade tensions between the US and China eased. Monetary policy remained supportive with the Federal Reserve (Fed) cutting rates once during the period in addition to providing liquidity to the market through security purchases which acted as a catalyst to risk assets. Within domestic equity markets, the performance dispersion between large cap and small cap stocks reversed during the quarter with the S&P 500 Index returning 9.1% versus a return of 9.9% for the small cap Russell 2000 Index. 2019 performance of US equity markets was the highest since 2013 with large and mid-cap stocks returning 31.5% and 30.5%, respectively, while small cap stocks posted a return of 25.5%.
- International equity market returns were strong during the 4th quarter. Similar to US markets, international performance was impacted by continued monetary policy relief from the Bank of Japan and the European Central Bank, positive developments around global trade, and likely resolution on Brexit. International returns were also buoyed by a weakening US dollar (USD) which declined against most major currencies during the period. Emerging markets outperformed relative to developed markets during the period with the MSCI Emerging Markets Index posting a gain of 11.8% compared to a return of 8.2% for the MSCI EAFE Index. Both developed and emerging markets posted strong returns over the 1-year period, returning 22.0% and 18.4% respectively.
- Fixed income index performance was muted during the 4th quarter. The broad market Bloomberg Barclays Aggregate Index managed to gain 0.2% as investors favored equities and interest rates were generally flat during the quarter as concerns over an imminent US recession eased. Investment grade corporate bonds delivered solid performance for the 4th quarter returning 1.2%, which outperformed Treasury and securitized issues. Corporate bonds benefitted from the same increased investor risk appetite that fueled equity returns during the quarter. Overall, the bond market delivered strong trailing 1-year returns with the Bloomberg Barclays Aggregate posting a return of 8.7%.

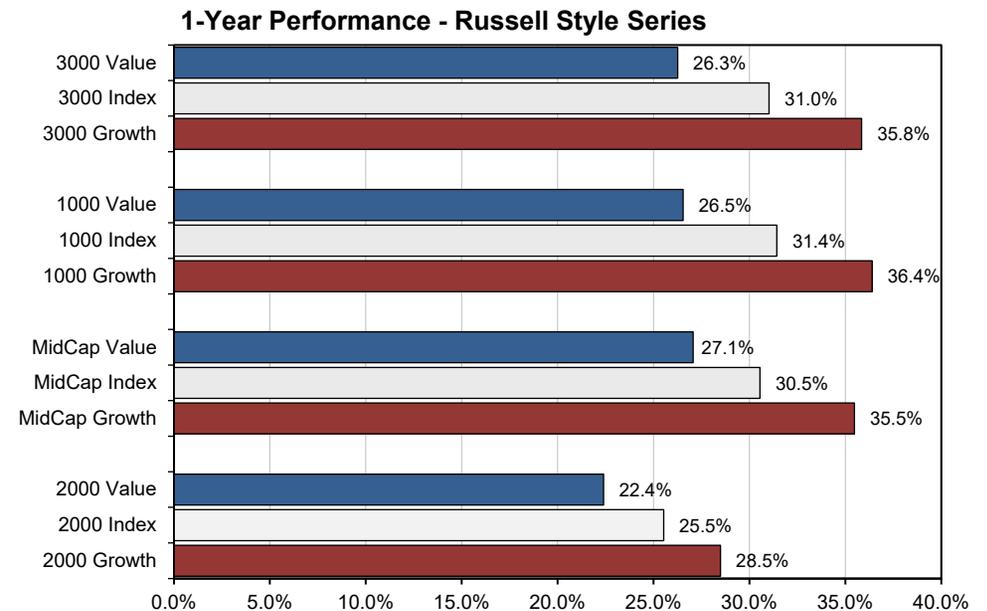
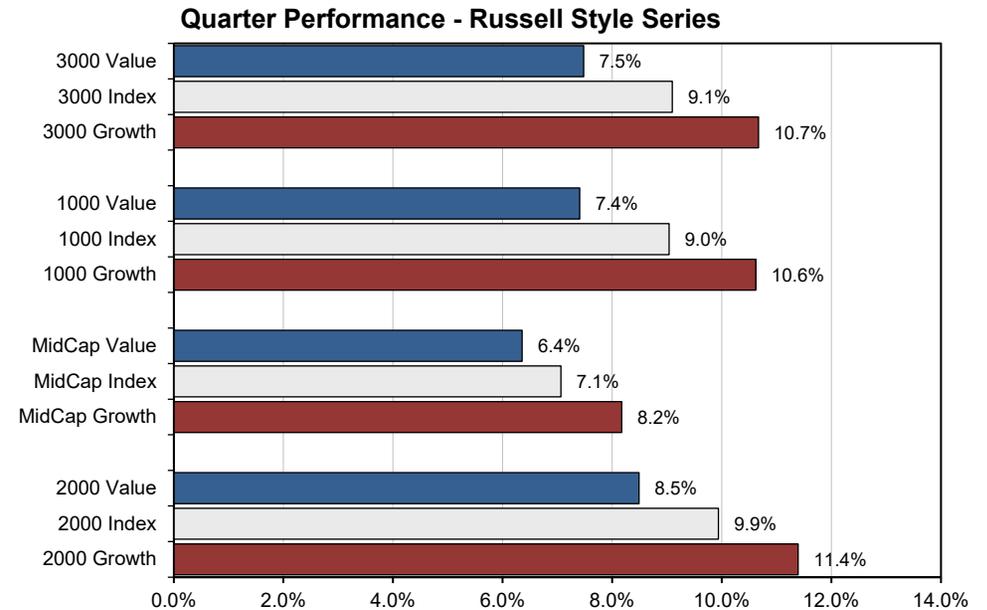
Quarter Performance



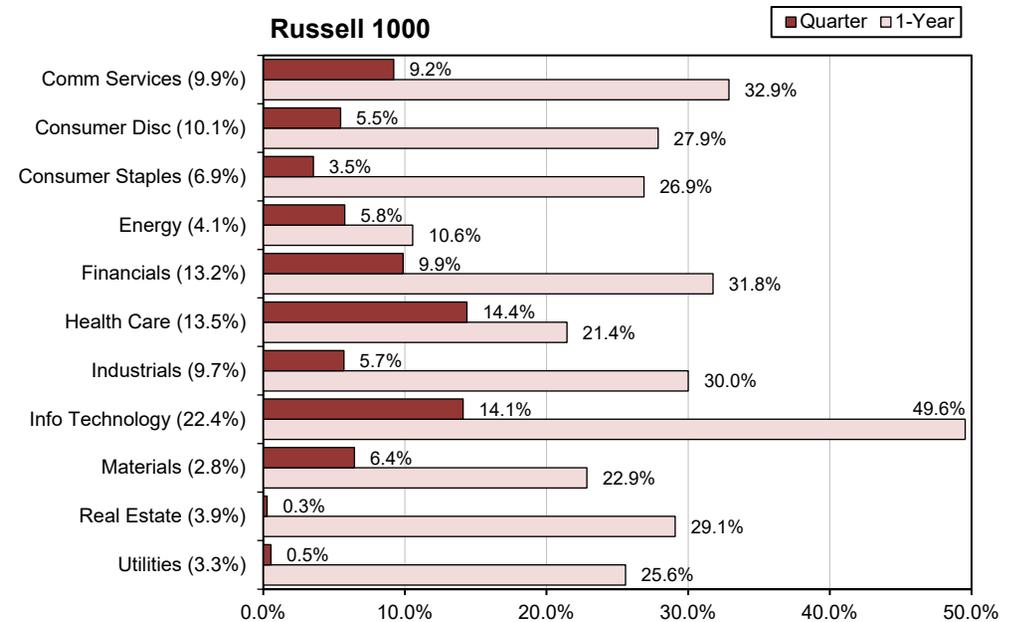
1-Year Performance



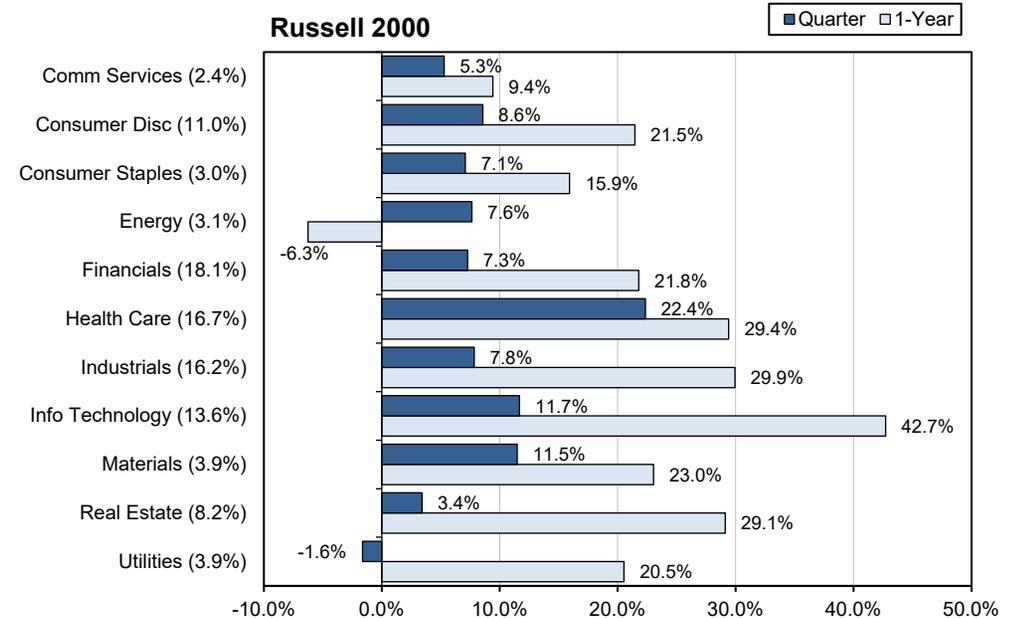
- Against the largely positive global economic backdrop detailed on the previous page, the US equity market delivered strong gains across the capitalization and style spectrum for the 4th quarter of 2019. Growth stocks outperformed value stocks for the full capitalization range during the period. Further, as is often the case during periods of strong “risk-on” performance, small cap growth stocks outpaced large cap growth stocks due primarily to an expectation that smaller companies have accelerated earnings growth relative to large companies.
- The Russell 2000 Growth Index was the best performing style index for the period, returning 11.4%, while large cap and mid-cap growth returned a solid 10.6% and 8.2% respectively. The outperformance of small cap stocks across the style spectrum for the period represented a reversal from previous quarters. The small cap Russell 2000 Index gained 9.9% during the period versus a 9.0% return for the large cap Russell 1000 Index.
- When viewed over the most recent 1-year period, large cap stocks significantly outperformed small cap stocks with the Russell 1000 posting a strong 31.4% gain while the Russell 2000 delivered a solid 25.5% return. Unsurprisingly, given the recent strong market environment, value stocks also trailed their growth counterparts over the trailing 1-year period. The technology-heavy Russell 1000 Growth Index was the best performing index over the 1-year period delivering a stellar 36.5% return compared to a return of 26.5% for the Russell 1000 Value Index



- Performance was positive across all eleven large cap economic sectors for the 4th quarter but four outpaced the return of the broader Russell 1000 Index. The more economically sensitive sectors, such as technology, financials and communication services posted returns of 14.1%, 9.9% and 9.2%, respectively, as investors' expectations of future economic growth improved. Health care stocks rallied as the cost and drug pricing rhetoric from Democratic Presidential candidates softened. Technology was also a leader with stocks such as Apple experiencing strong holiday sales and Microsoft making a strong earnings announcement. Not surprisingly, defensive sectors such as consumer staples, industrials and energy underperformed the broader market during the period. All eleven economic sectors were also positive over the 1-year trailing period with each sector posting a return in excess of 20% for the year. Similar to the quarter's results, economically sensitive sectors outpaced defensive ones by a considerable margin. The technology sector was 2019's standout performer, posting an impressive 49.6% for the year. The sector was buoyed by Apple's 89.0% return and Microsoft's 57.6% return for the year. The financial sector, which returned 31.8% for the year, also experienced strong earnings as recessionary fears subsided and the US yield curve moved toward a more normal, positively slope. The only other economic sector to outperform the broader Russell 1000 index return of 31.4% for the 1-year period was the communication services sector, which posted a return of 32.9% for the year.



- Quarterly results for small cap sectors were mixed compared to their large cap counterparts with seven of the eleven economic sectors outpacing their corresponding large cap equivalents. Ten of the eleven small cap sectors produced positive absolute returns during the quarter, but similar to large cap performance, only three sectors managed to outpace the broad Russell 2000 Index. Economically sensitive sectors were also the strongest performers in the small cap space as investors expressed an appetite for risk. The health care sector was the quarter's standout, posting a return of 22.4% for the quarter. The technology and materials sectors also posted double-digit performance for the period with returns of 11.7% and 11.5% respectively. While not a significant weight in the index, the utilities, which are considered defensive, was the only negative sector, posting a loss of -1.6%. Over the trailing 1-year period, returns were broadly positive with only the highly cyclical energy sector, largely tied to oil prices, producing negative performance with a return of -6.3%. Similar to large cap performance, technology led the way with the sector returning a stellar 42.7% for the year. Returns were also impressive in the industrials, health care and real estate sectors, which posted gains of 29.9%, 29.4% and 29.1%, respectively, and finished ahead of the Russell 2000 index return of 25.5% for the year.



The Market Environment
Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000
As of December 31, 2019

| Top 10 Weighted Stocks | | | | |
|--------------------------|--------|--------------|---------------|------------------------|
| Russell 1000 | Weight | 1-Qtr Return | 1-Year Return | Sector |
| Apple Inc | 4.40% | 31.5% | 89.0% | Information Technology |
| Microsoft Corp | 4.02% | 13.8% | 57.6% | Information Technology |
| Amazon.com Inc | 2.57% | 6.4% | 23.0% | Consumer Discretionary |
| Facebook Inc A | 1.65% | 15.3% | 56.6% | Communication Services |
| Berkshire Hathaway Inc B | 1.49% | 8.9% | 10.9% | Financials |
| JPMorgan Chase & Co | 1.46% | 19.4% | 47.3% | Financials |
| Alphabet Inc A | 1.35% | 9.7% | 28.2% | Communication Services |
| Alphabet Inc Class C | 1.35% | 9.7% | 29.1% | Communication Services |
| Johnson & Johnson | 1.31% | 13.5% | 16.2% | Health Care |
| Visa Inc Class A | 1.08% | 9.4% | 43.3% | Information Technology |

| Top 10 Performing Stocks (by Quarter) | | | | |
|---------------------------------------|--------|--------------|---------------|------------------------|
| Russell 1000 | Weight | 1-Qtr Return | 1-Year Return | Sector |
| Tesla Inc | 0.20% | 73.7% | 25.7% | Consumer Discretionary |
| Sarepta Therapeutics Inc | 0.03% | 71.3% | 18.2% | Health Care |
| Ubiquiti Inc | 0.01% | 60.1% | 91.6% | Information Technology |
| Advanced Micro Devices Inc | 0.16% | 58.2% | 148.4% | Information Technology |
| Qorvo Inc | 0.05% | 56.8% | 91.4% | Information Technology |
| Zillow Group Inc A | 0.01% | 54.8% | 45.5% | Communication Services |
| Align Technology Inc | 0.07% | 54.2% | 33.2% | Health Care |
| Zillow Group Inc C | 0.02% | 54.1% | 45.5% | Communication Services |
| Transocean Ltd | 0.01% | 53.9% | -0.9% | Energy |
| Skyworks Solutions Inc | 0.07% | 53.2% | 84.1% | Information Technology |

| Bottom 10 Performing Stocks (by Quarter) | | | | |
|--|--------|--------------|---------------|------------------------|
| Russell 1000 | Weight | 1-Qtr Return | 1-Year Return | Sector |
| Beyond Meat Inc | 0.01% | -49.1% | N/A | Consumer Staples |
| Sage Therapeutics Inc | 0.01% | -48.5% | -24.6% | Health Care |
| Chesapeake Energy Corp | 0.00% | -41.4% | -60.7% | Energy |
| ServiceMaster Global Holdings Inc | 0.02% | -30.8% | 5.2% | Consumer Discretionary |
| Twitter Inc | 0.08% | -22.2% | 11.5% | Communication Services |
| Taubman Centers Inc | 0.01% | -22.1% | -27.0% | Real Estate |
| Elastic NV | 0.01% | -21.9% | -10.0% | Information Technology |
| Etsy Inc | 0.02% | -21.6% | -6.9% | Consumer Discretionary |
| Sinclair Broadcast Group Inc | 0.01% | -21.5% | 29.0% | Communication Services |
| Ventas Inc | 0.07% | -19.9% | 3.4% | Real Estate |

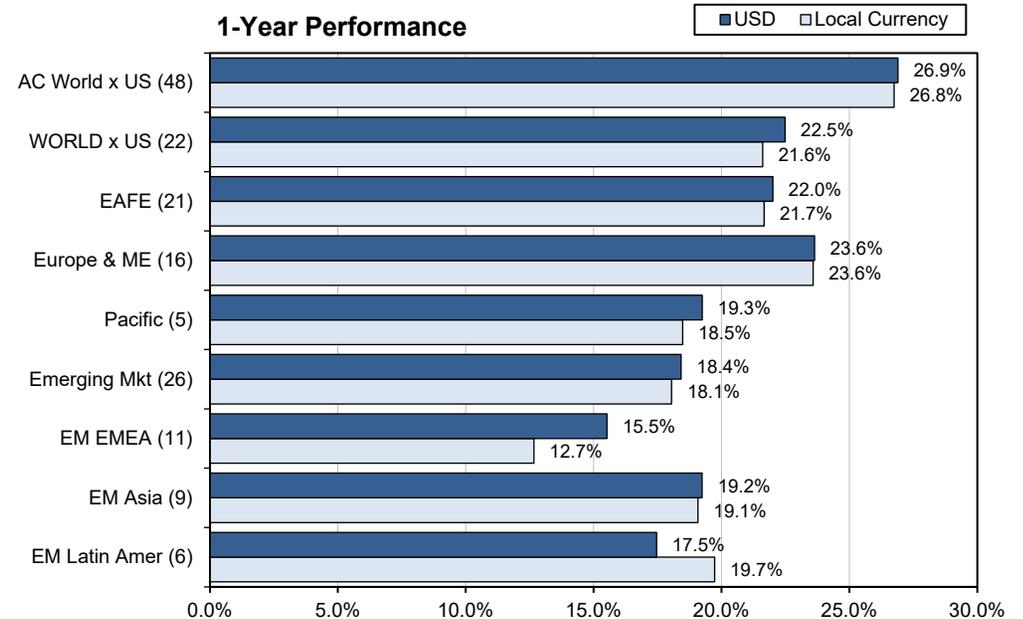
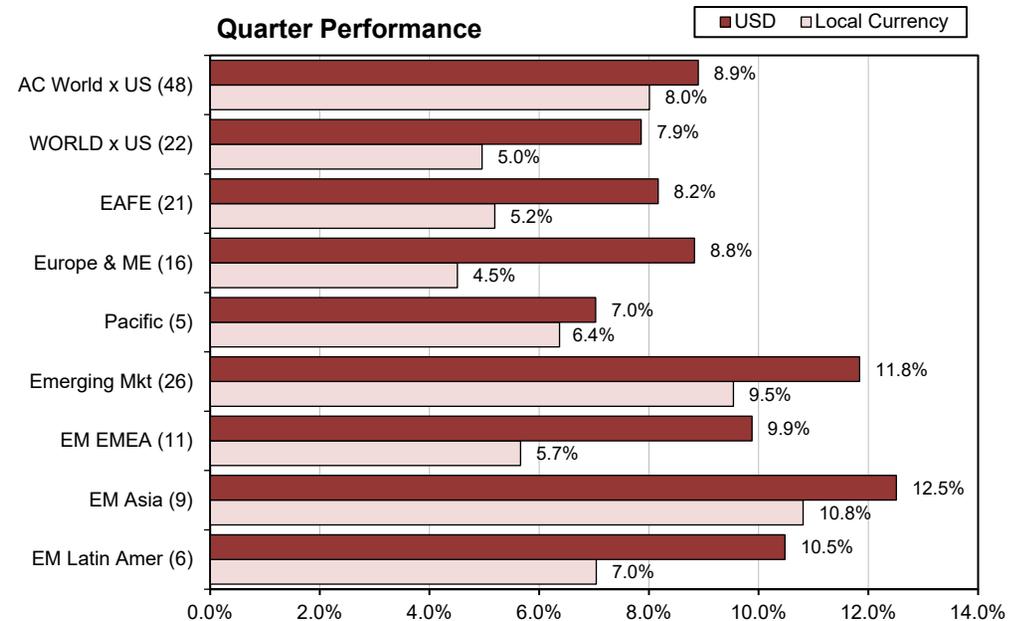
| Top 10 Weighted Stocks | | | | |
|-----------------------------------|--------|--------------|---------------|------------------------|
| Russell 2000 | Weight | 1-Qtr Return | 1-Year Return | Sector |
| NovoCure Ltd | 0.35% | 12.7% | 151.7% | Health Care |
| The Medicines Co | 0.30% | 69.9% | 343.8% | Health Care |
| Generac Holdings Inc | 0.29% | 28.4% | 102.4% | Industrials |
| Lumentum Holdings Inc | 0.29% | 48.1% | 88.8% | Information Technology |
| Teladoc Health Inc | 0.29% | 23.6% | 68.9% | Health Care |
| Arrowhead Pharmaceuticals Inc | 0.28% | 125.1% | 410.7% | Health Care |
| Haemonetics Corp | 0.28% | -8.9% | 14.8% | Health Care |
| Marriott Vacations Worldwide Corp | 0.25% | 24.8% | 85.9% | Consumer Discretionary |
| Performance Food Group Co | 0.25% | 11.9% | 59.5% | Consumer Staples |
| Trex Co Inc | 0.25% | -1.2% | 51.4% | Industrials |

| Top 10 Performing Stocks (by Quarter) | | | | |
|---------------------------------------|--------|--------------|---------------|-------------|
| Russell 2000 | Weight | 1-Qtr Return | 1-Year Return | Sector |
| Constellation Pharmaceuticals Inc | 0.03% | 629.3% | 1074.8% | Health Care |
| Forty Seven Inc | 0.04% | 513.2% | 150.4% | Health Care |
| ChemoCentryx Inc | 0.08% | 483.3% | 262.5% | Health Care |
| Axsome Therapeutics Inc | 0.12% | 410.7% | 3565.2% | Health Care |
| Kodiak Sciences Inc | 0.08% | 400.3% | 913.4% | Health Care |
| Karuna Therapeutics Inc | 0.02% | 361.6% | N/A | Health Care |
| Intra-Cellular Therapies Inc | 0.07% | 359.3% | 201.2% | Health Care |
| Synthorx Inc | 0.03% | 329.6% | 302.1% | Health Care |
| Mersana Therapeutics Inc | 0.01% | 262.7% | 40.4% | Health Care |
| VBI Vaccines Inc | 0.01% | 192.9% | -13.8% | Health Care |

| Bottom 10 Performing Stocks (by Quarter) | | | | |
|--|--------|--------------|---------------|------------------------|
| Russell 2000 | Weight | 1-Qtr Return | 1-Year Return | Sector |
| resTORbio Inc | 0.00% | -83.1% | -82.7% | Health Care |
| TransEnterix Inc | 0.00% | -81.8% | -95.0% | Health Care |
| Unit Corp | 0.00% | -79.4% | -95.1% | Energy |
| Cyclerion Therapeutics Inc Ord Shrs | 0.00% | -77.6% | N/A | Health Care |
| Waitr Holdings Inc Class A | 0.00% | -74.9% | -97.1% | Consumer Discretionary |
| Intelsat SA | 0.02% | -69.2% | -67.1% | Communication Services |
| Contura Energy Inc | 0.01% | -67.6% | -86.2% | Energy |
| McDermott International Inc | 0.01% | -66.5% | -89.7% | Energy |
| Pareteum Corp | 0.00% | -66.1% | -74.1% | Communication Services |
| Exela Technologies Inc | 0.00% | -65.4% | -89.5% | Information Technology |



- Broad international equity returns were positive in both local currency and USD terms for the 4th quarter as investors benefited from a broad “risk-on” environment. US investors also benefited as the USD weakened relative to most major developed and emerging market currencies during the period. Within the broader currency moves that boosted USD return, the British pound and the Euro appreciated relative to the USD during the quarter which acted as a headwind to holdings in those sub-markets. However, the macro impact of the USD weakness for the period was positive for US investors for the broad market international indexes. The MSCI EAFE and ACWI ex US Indexes returned 8.2% and 7.9% respectively for the quarter. Similar to US markets, international equity markets were buoyed by loose central bank monetary policies which supplied the markets with liquidity. Christine Lagarde assumed the presidency of the European Central Bank (ECB) and announced that interest rates would remain negative at -0.5% while the Bank of Japan’s key rate also remains in negative territory at -0.1%. The People’s Bank of China announced during the quarter that it would continue with its prudent monetary policy with the goal of providing stimulus measures as needed.
- As previously noted, results for developed market indexes were strongly positive for the 4th quarter. European stocks moved higher on expectations of a trade resolution between China and the US. In the UK, Prime Minister Boris Johnson received a resounding mandate in recent elections resulting in a large majority in Parliament. The results make it highly likely that the UK will leave the European Union. The decrease in Brexit uncertainty led the British pound to rally against most major currencies. In contrast, the economy in Hong Kong fell into recession as continued political protests and the Chinese government’s response detracted from growth. While not as strong as US equity market returns, each of the broad, developed market benchmarks posted returns in excess of 20% for the trailing 1-year period.
- For the 4th quarter, emerging markets reversed the recent trend and managed to outperform developed international markets. The MSCI Emerging Markets Index returned a strong USD return of 11.8%. As previously noted, the prospect of reduced trade tensions between the US and China stoked returns in emerging markets. As a result, countries with greater sensitivities to commodity prices and global trade activity performed well during the period. As evidence, Russia and Brazil, both large energy exporters, returned 16.6% and 15.6%, respectively, during the quarter. For the full year, emerging markets delivered strong returns in both local currency and USD terms. The MSCI Emerging Markets Index climbed 18.4% in local currency and 18.1% in USD terms. The narrow performance differential between local currency and USD emerging market returns is also observable across each of the international benchmarks for the 1-year period as the year’s currency volatility largely balanced out.



The Market Environment
US Dollar International Index Attribution & Country Detail
As of December 31, 2019

| MSCI - EAFE | Sector Weight | Quarter Return | 1-Year Return |
|------------------------|---------------|----------------|---------------|
| Communication Services | 5.2% | 4.8% | 12.7% |
| Consumer Discretionary | 11.6% | 9.4% | 24.8% |
| Consumer Staples | 11.3% | 1.9% | 18.9% |
| Energy | 4.9% | 3.8% | 7.6% |
| Financials | 18.6% | 8.4% | 17.7% |
| Health Care | 12.2% | 12.4% | 30.7% |
| Industrials | 15.0% | 10.0% | 26.2% |
| Information Technology | 7.1% | 12.6% | 37.7% |
| Materials | 7.1% | 10.5% | 22.9% |
| Real Estate | 3.5% | 4.2% | 14.8% |
| Utilities | 3.7% | 5.3% | 19.2% |
| Total | 100.0% | 8.2% | 22.0% |

| MSCI - ACWIXUS | Sector Weight | Quarter Return | 1-Year Return |
|------------------------|---------------|----------------|---------------|
| Communication Services | 6.7% | 7.0% | 12.1% |
| Consumer Discretionary | 11.8% | 11.4% | 27.7% |
| Consumer Staples | 9.4% | 1.9% | 17.5% |
| Energy | 6.5% | 6.5% | 14.8% |
| Financials | 21.4% | 8.1% | 17.2% |
| Health Care | 8.9% | 12.5% | 27.7% |
| Industrials | 11.9% | 9.6% | 24.0% |
| Information Technology | 9.4% | 15.5% | 40.7% |
| Materials | 7.4% | 10.8% | 18.6% |
| Real Estate | 3.2% | 7.3% | 17.1% |
| Utilities | 3.4% | 4.8% | 17.4% |
| Total | 100.0% | 8.9% | 26.9% |

| MSCI - Emerging Mkt | Sector Weight | Quarter Return | 1-Year Return |
|------------------------|---------------|----------------|---------------|
| Communication Services | 11.0% | 9.8% | 11.2% |
| Consumer Discretionary | 14.2% | 16.7% | 35.1% |
| Consumer Staples | 6.3% | 2.6% | 10.7% |
| Energy | 7.4% | 9.8% | 19.8% |
| Financials | 24.2% | 9.8% | 12.6% |
| Health Care | 2.8% | 14.7% | 3.7% |
| Industrials | 5.3% | 7.8% | 7.1% |
| Information Technology | 15.7% | 18.9% | 41.6% |
| Materials | 7.4% | 12.3% | 5.9% |
| Real Estate | 3.0% | 17.6% | 23.9% |
| Utilities | 2.6% | 4.3% | 7.9% |
| Total | 100.0% | 11.8% | 18.4% |

| Country | MSCI-EAFE Weight | MSCI-ACWIXUS Weight | Quarter Return | 1-Year Return |
|----------------------------------|------------------|---------------------|----------------|---------------|
| Japan | 24.5% | 16.1% | 7.6% | 19.6% |
| United Kingdom | 16.5% | 10.8% | 10.0% | 21.1% |
| France | 11.4% | 7.5% | 8.5% | 25.7% |
| Switzerland | 9.3% | 6.1% | 7.6% | 32.3% |
| Germany | 8.7% | 5.7% | 9.9% | 20.8% |
| Australia | 6.8% | 4.5% | 4.3% | 22.9% |
| Netherlands | 4.0% | 2.6% | 7.4% | 32.1% |
| Hong Kong | 3.5% | 2.3% | 7.3% | 10.3% |
| Spain | 2.8% | 1.9% | 6.0% | 12.0% |
| Sweden | 2.7% | 1.8% | 13.1% | 21.2% |
| Italy | 2.3% | 1.5% | 8.1% | 27.3% |
| Denmark | 1.8% | 1.2% | 13.1% | 28.2% |
| Singapore | 1.3% | 0.8% | 7.4% | 15.0% |
| Belgium | 1.0% | 0.7% | -1.1% | 20.3% |
| Finland | 0.9% | 0.6% | 3.0% | 9.5% |
| Norway | 0.6% | 0.4% | 4.3% | 10.4% |
| Ireland | 0.6% | 0.4% | 18.5% | 37.5% |
| Israel | 0.6% | 0.4% | 7.2% | 9.6% |
| New Zealand | 0.3% | 0.2% | 17.4% | 38.2% |
| Austria | 0.2% | 0.2% | 8.0% | 14.5% |
| Portugal | 0.2% | 0.1% | 8.7% | 23.7% |
| Total EAFE Countries | 100.0% | 65.8% | 8.2% | 22.0% |
| Canada | | 6.7% | 4.9% | 27.5% |
| Total Developed Countries | | 72.5% | 7.9% | 22.5% |
| China | | 9.4% | 14.7% | 23.5% |
| Korea | | 3.2% | 13.4% | 12.5% |
| Taiwan | | 3.2% | 17.9% | 36.4% |
| India | | 2.4% | 5.3% | 7.6% |
| Brazil | | 2.1% | 14.2% | 26.3% |
| South Africa | | 1.3% | 13.1% | 10.0% |
| Russia | | 1.1% | 16.8% | 50.9% |
| Saudi Arabia | | 0.7% | 2.7% | 7.2% |
| Thailand | | 0.7% | -0.9% | 9.5% |
| Mexico | | 0.6% | 6.2% | 11.4% |
| Indonesia | | 0.5% | 7.0% | 9.1% |
| Malaysia | | 0.5% | 3.1% | -2.0% |
| Philippines | | 0.3% | 2.9% | 10.5% |
| Qatar | | 0.3% | 2.2% | -1.0% |
| Poland | | 0.2% | 4.1% | -5.9% |
| Chile | | 0.2% | -8.8% | -16.9% |
| United Arab Emirates | | 0.2% | -1.5% | 4.0% |
| Turkey | | 0.1% | -0.1% | 11.1% |
| Colombia | | 0.1% | 14.4% | 30.8% |
| Peru | | 0.1% | 6.0% | 4.8% |
| Greece | | 0.1% | 12.7% | 43.2% |
| Hungary | | 0.1% | 22.2% | 19.4% |
| Argentina | | 0.0% | 15.4% | -20.8% |
| Czech Republic | | 0.0% | 8.9% | 4.2% |
| Egypt | | 0.0% | 5.6% | 41.8% |
| Pakistan | | 0.0% | 26.5% | 9.7% |
| Total Emerging Countries | | 27.5% | 11.8% | 18.4% |
| Total ACWIXUS Countries | | 100.0% | 8.9% | 26.9% |

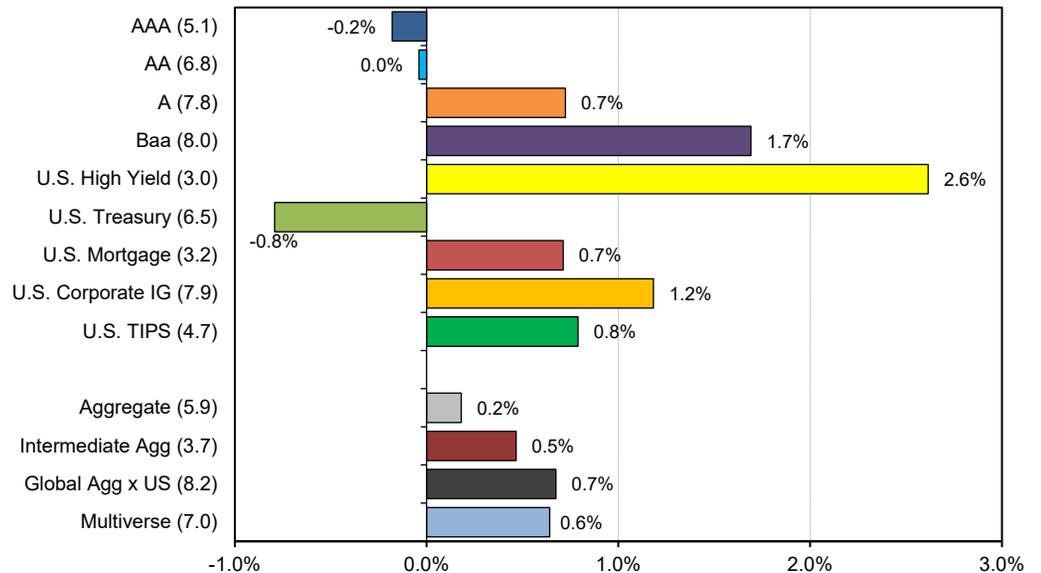
Source: Morningstar Direct, MSCI Global Index Monitor (Returns are Net in USD)

As a result of the GICS classification changes on 9/28/2018 and certain associated reporting limitations, sector performance represents backward looking performance for the prior year of each sector's current constituency, post creation of the Communication Services sector.

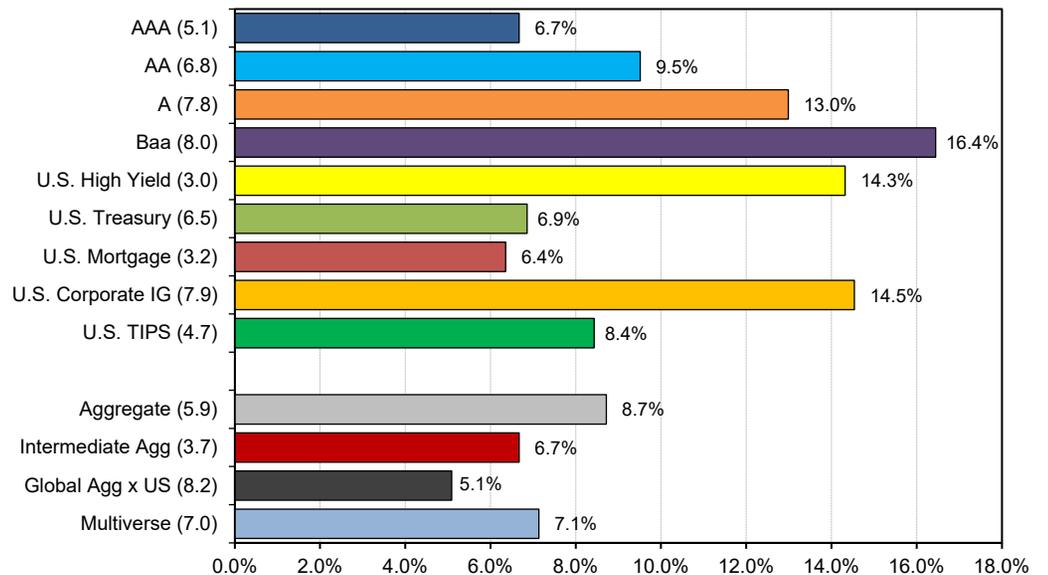


- Fixed income markets extended their gains in the 4th quarter, except for US Treasury bonds which declined during the period. Interest rates rose modestly across the US Treasury Yield Curve through the quarter as investors' confidence generally improved which resulted in bond prices falling. The Fed continued to provide liquidity by cutting short-term interest rates by 25 basis points to between 1.50% and 1.75% in October. The Fed began expanding its balance sheet by purchasing securities to provide the market with liquidity which is another form of monetary easing. The Fed made no changes to monetary policy at their December meeting and signaled that they would remain on hold but would continue to monitor the economy closely for any further deterioration. Importantly, the US Treasury Yield Curve normalized between the 2-year and 10-year issues which suggests that the threat of an imminent recession has been reduced. An inverted yield curve has historically preceded a recession within the next 6-24 months. The bellwether Bloomberg Barclays US Aggregate Index added 0.2% during the 4th quarter while returning 8.7% for the 1-year period ending in December.
- Within investment grade credit, lower quality issues resumed their outperformance over higher quality issues as investors' appetites for risk increased during the quarter. Bonds rated Baa were the best performing investment grade credit quality segment returning 1.7% for the quarter, while AAA was the worst performing, returning -0.2%. High yield corporate bonds outpaced all other credit sectors during the quarter returning 2.6%. For the full year both investment grade and high yield bonds delivered strong performance returning 14.5% and 14.3% respectively.
- Performance across defensive sectors such as US Treasury bonds, mortgage backed securities and TIPS were mixed during the quarter mostly due to their duration profiles. Rising interest rates during the quarter acted as a headwind to performance. As a result, US Treasury bonds, mortgage bonds and TIPS returned -0.8%, 0.7% and 0.8% respectively. Overall, fears of rising inflation remain relatively low while expectations for a positive economic environment remain strong. As a result, for the full 1-year period, US Treasury, mortgages and TIPS returned 6.9%, 6.4% and 8.4% respectively, trailing all corporate credit sectors significantly over the full year.

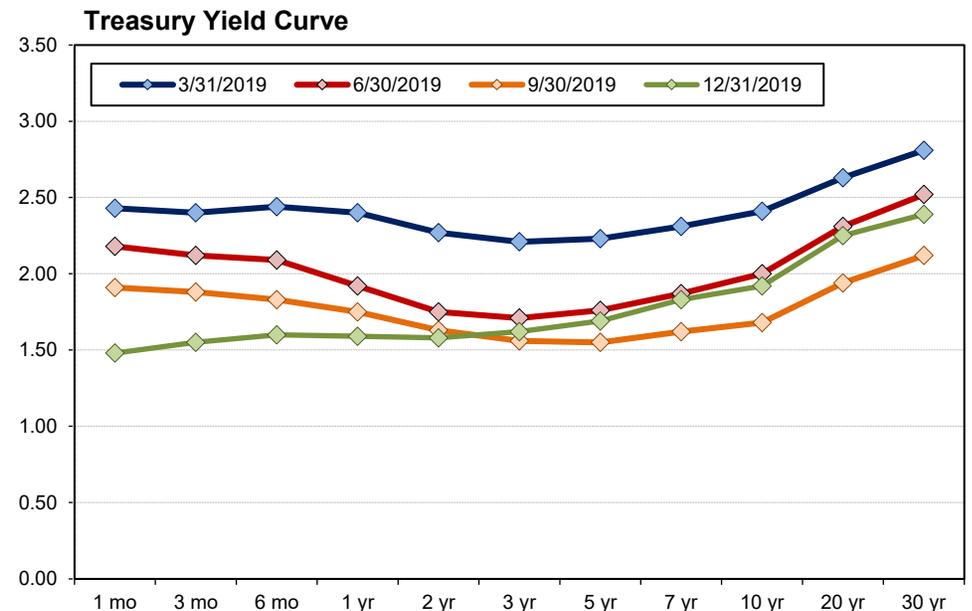
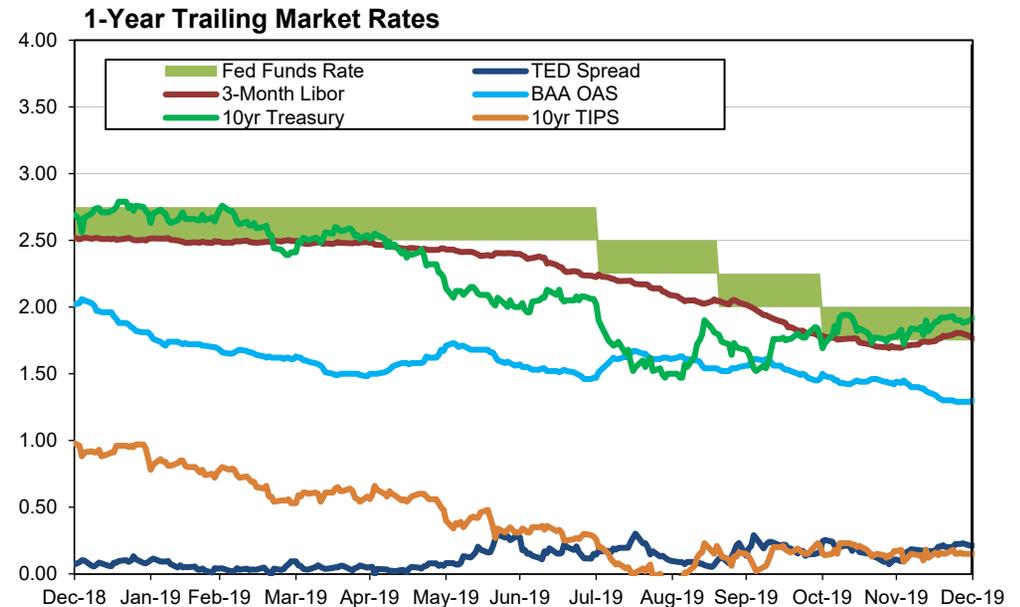
Quarter Performance



1-Year Performance

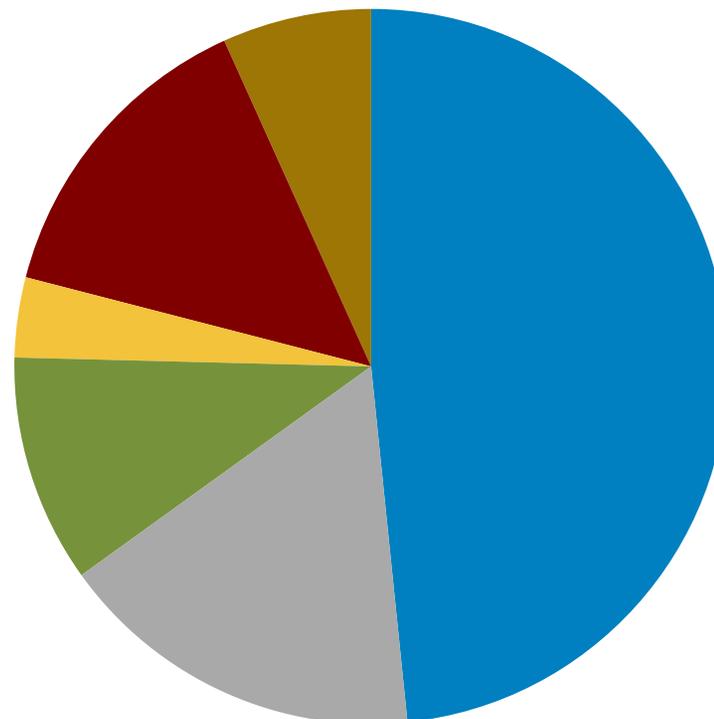
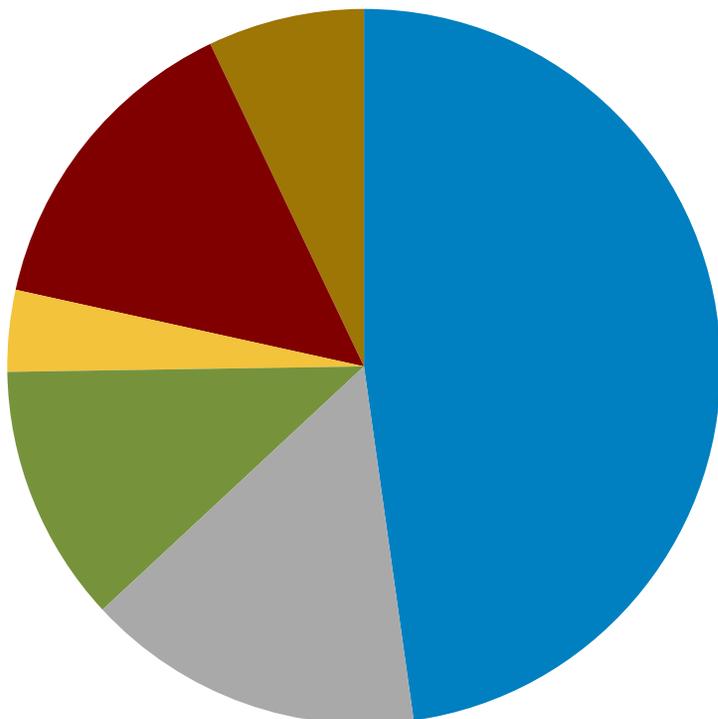


- Global fixed income returns were positive during the 4th quarter. Generally, global central bank monetary policy remains supportive as low economic growth persists in much of the world outside of the US. As a result, negative interest rates persist in much of Europe and Japan. However, the number of bonds with negative yields declined in recent months as future expectations for economic growth improved. As mentioned previously, we saw currency volatility increase during the quarter with the USD moving lower against most major developed and emerging market currencies. The depreciation of the USD acted as a catalyst for US investors compared to local investors. Global bonds, as represented by the Bloomberg Barclays Global Aggregate ex US Index, returned was 0.7% during the quarter which outperformed US bonds represented by the Bloomberg Barclays Aggregate Index. For the full 1-year period, global bonds underperformed domestic bonds 5.1% versus 8.7% respectively.
- 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 over the last year, the 10-year Treasury yield (green line) fell from highs near 2.8%, to yields below 1.5% before ending the quarter at 1.92%. The blue line illustrates changes in the BAA OAS (Option Adjusted Spread). This measure quantifies the additional yield premium that investors require to purchase and hold non-Treasury issues. This line illustrates the continued decline from nearly 2.5% in the 1st quarter of 2019 to less than 1.6% in 4th quarter as investors sought out higher yielding assets and concerns regarding trade and the potential for a recession in the US declined. Spreads tightened by about 24 basis points during the quarter. Spread tightening is equivalent to an interest rate decrease on corporate bonds, which produces an additional tailwind for corporate bond index returns. The green band across the graph illustrates the decrease in the Federal Funds Rate due to the recent easing in US monetary policy. The Fed cut the Fed Funds Rate three times during the year on fears that economic growth was decelerating.
- The lower graph provides a snapshot of the US Treasury Yield Curve at the end of each of the last four calendar quarters. Interest rates were broadly lower over the full year as the Fed cut interest rates and expectations of future economic growth declined. During the year, the US Treasury curve was inverted between 2-year and 10-year rates. After multiple rate cuts, the curve finished the year with a more normalized shape with the long end of the curve higher than the short end.



Asset Allocation By Segment as of
 September 30, 2019 : \$7,619,838

Asset Allocation By Segment as of
 December 31, 2019 : \$7,900,197

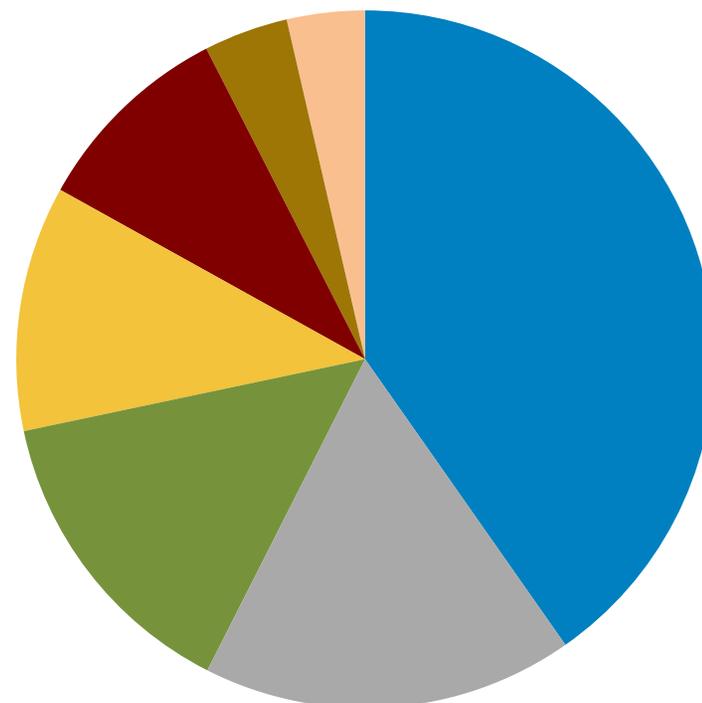
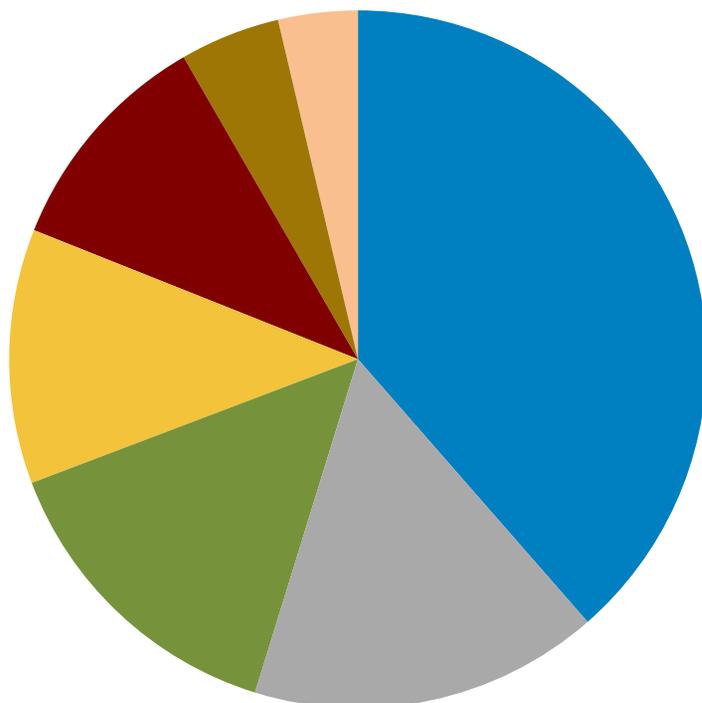


| Allocation | | | Allocation | | |
|-----------------------|--------------|------------|-----------------------|--------------|------------|
| Segments | Market Value | Allocation | Segments | Market Value | Allocation |
| Equity | 3,640,250 | 47.8 | Equity | 3,821,759 | 48.4 |
| International Equity | 1,166,865 | 15.3 | International Equity | 1,319,654 | 16.7 |
| Domestic Fixed Income | 889,303 | 11.7 | Domestic Fixed Income | 815,388 | 10.3 |
| Global Fixed Income | 280,957 | 3.7 | Global Fixed Income | 285,636 | 3.6 |
| Real Estate | 1,101,867 | 14.5 | Real Estate | 1,123,671 | 14.2 |
| Cash Equivalent | 540,595 | 7.1 | Cash Equivalent | 534,089 | 6.8 |



Asset Allocation By Manager as of
September 30, 2019 : \$7,619,838

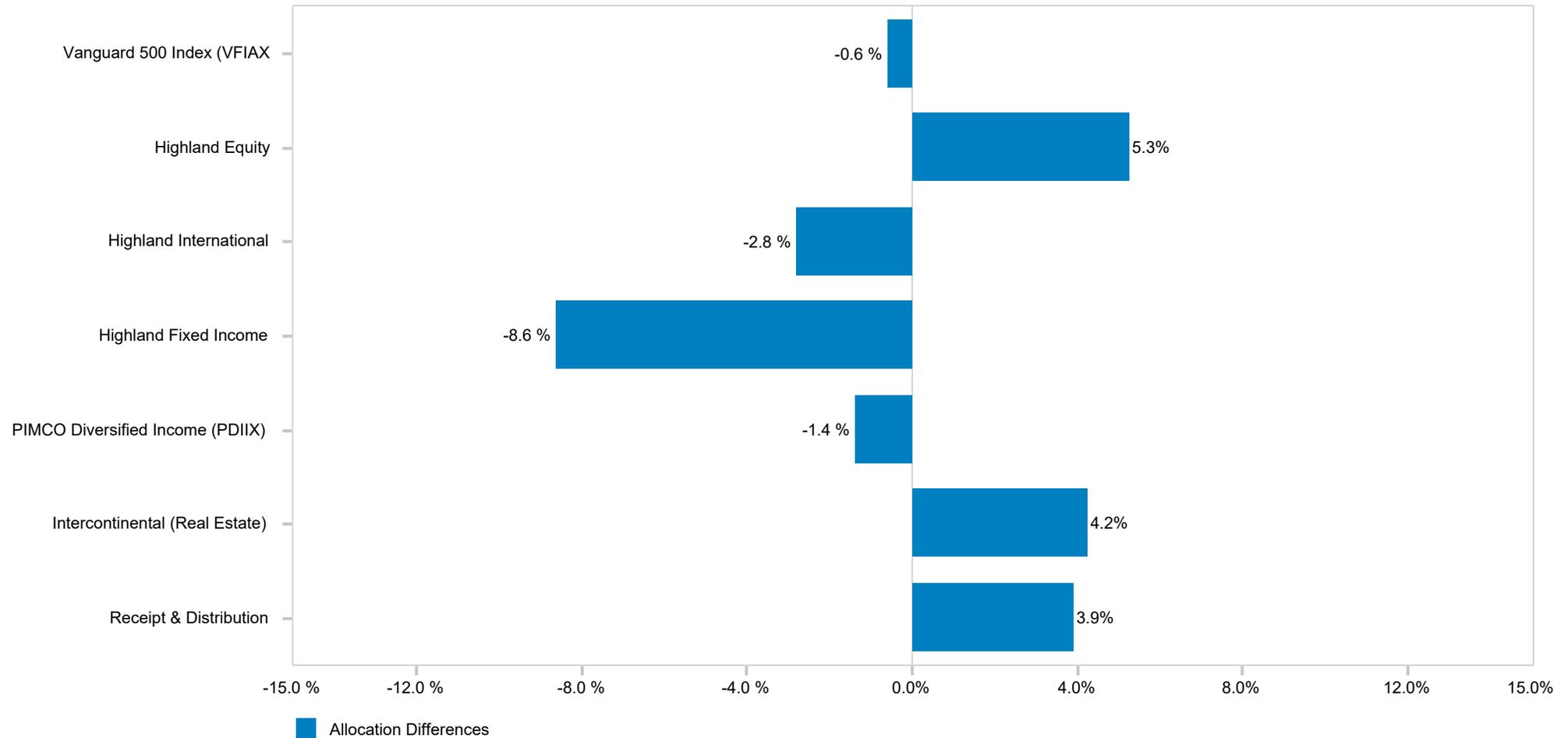
Asset Allocation By Manager as of
December 31, 2019 : \$7,900,197



| Allocation | | | Allocation | | |
|---------------------------------------|--------------|------------|---------------------------------------|--------------|------------|
| | Market Value | Allocation | | Market Value | Allocation |
| Highland Equity | 2,938,850 | 38.6 | Highland Equity | 3,181,069 | 40.3 |
| Highland International | 1,234,713 | 16.2 | Highland International | 1,359,100 | 17.2 |
| Intercontinental | 1,101,867 | 14.5 | Intercontinental | 1,123,671 | 14.2 |
| Highland Fixed | 899,499 | 11.8 | Highland Fixed | 898,881 | 11.4 |
| Vanguard 500 Index (VFIAX) | 809,964 | 10.6 | Vanguard 500 Index (VFIAX) | 742,928 | 9.4 |
| R&D | 353,988 | 4.6 | R&D | 308,913 | 3.9 |
| PIMCO Diversified Income Fund (PDIIX) | 280,957 | 3.7 | PIMCO Diversified Income Fund (PDIIX) | 285,636 | 3.6 |



Asset Allocation vs. Target Allocation



| | Market Value \$ | Allocation (%) | Target (%) |
|----------------------------------|------------------|----------------|--------------|
| Vanguard 500 Index (VFIAX) | 742,928 | 9.4 | 10.0 |
| Highland Equity | 3,181,069 | 40.3 | 35.0 |
| Highland International | 1,359,100 | 17.2 | 20.0 |
| Highland Fixed Income | 898,881 | 11.4 | 20.0 |
| PIMCO Diversified Income (PDIIX) | 285,636 | 3.6 | 5.0 |
| Intercontinental (Real Estate) | 1,123,671 | 14.2 | 10.0 |
| Receipt & Distribution | 308,913 | 3.9 | 0.0 |
| Total Fund | 7,900,197 | 100.0 | 100.0 |



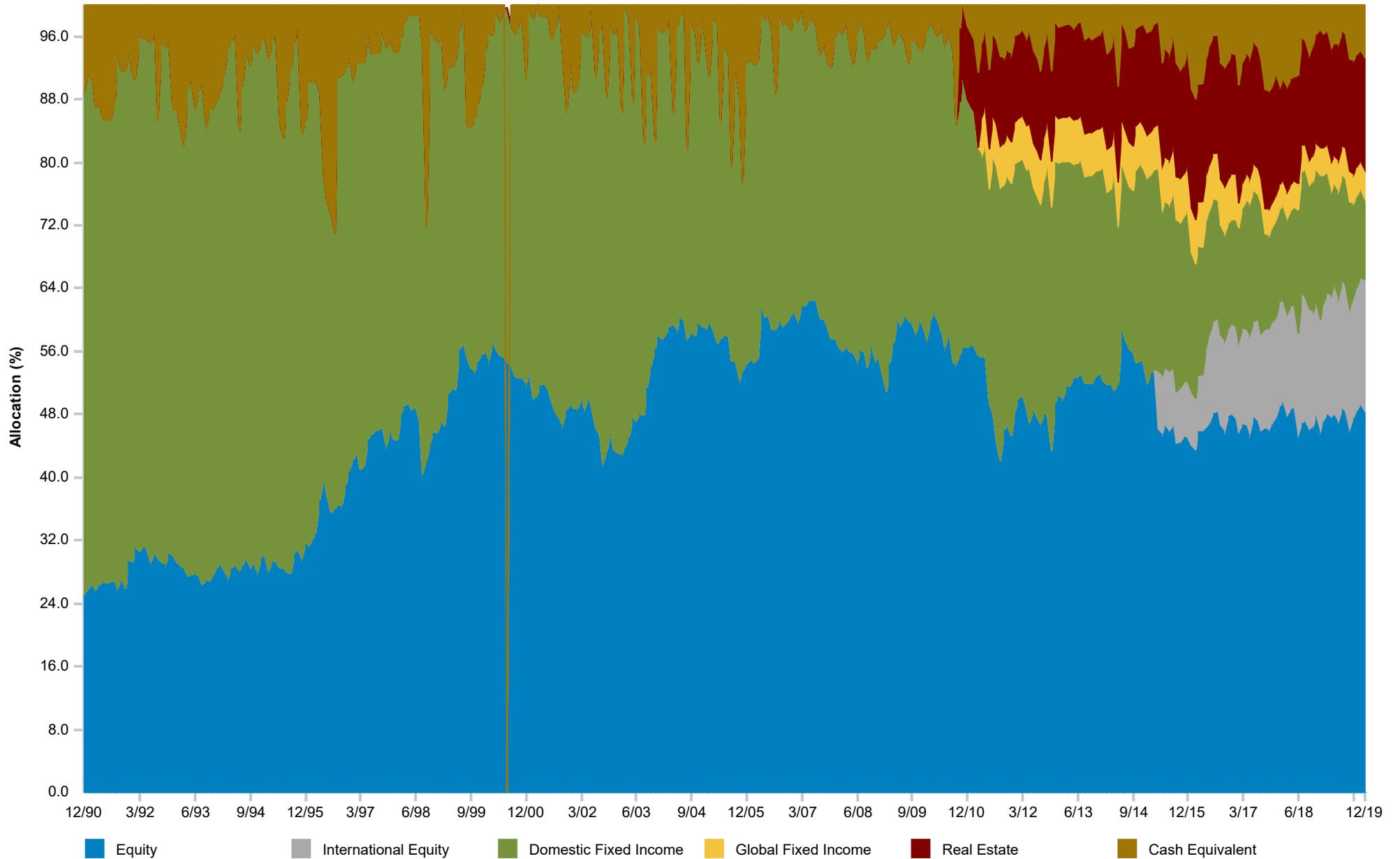
**Asset Allocation History by Portfolio
Total Fund**

As of December 31, 2019

| Asset Allocation History by Portfolio | Dec-2019 | | Sep-2019 | | Jun-2019 | | Mar-2019 | | Dec-2018 | |
|---------------------------------------|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | (\$) | % | (\$) | % | (\$) | % | (\$) | % | (\$) | % |
| | Total Domestic Equity Composite | 3,923,997 | 49.67 | 3,748,813 | 49.20 | 3,699,912 | 49.41 | 3,563,513 | 47.92 | 3,288,863 |
| Highland Equity | 3,181,069 | 40.27 | 2,938,850 | 38.57 | 2,903,417 | 38.77 | 2,799,845 | 37.65 | 2,616,891 | 36.87 |
| Vanguard 500 Index (VFIAX) | 742,928 | 9.40 | 809,964 | 10.63 | 796,494 | 10.64 | 763,668 | 10.27 | 671,972 | 9.47 |
| Total International Composite | 1,359,100 | 17.20 | 1,234,713 | 16.20 | 1,260,117 | 16.83 | 1,193,726 | 16.05 | 1,089,648 | 15.35 |
| Highland International | 1,359,100 | 17.20 | 1,234,713 | 16.20 | 1,260,117 | 16.83 | 1,193,726 | 16.05 | 1,089,648 | 15.35 |
| Total Domestic Fixed Composite | 898,881 | 11.38 | 899,499 | 11.80 | 1,029,162 | 13.74 | 999,359 | 13.44 | 1,310,377 | 18.46 |
| Highland Fixed | 898,881 | 11.38 | 899,499 | 11.80 | 1,029,162 | 13.74 | 999,359 | 13.44 | 1,310,377 | 18.46 |
| Total Global Fixed Income | 285,636 | 3.62 | 280,957 | 3.69 | 277,615 | 3.71 | 268,006 | 3.60 | 253,273 | 3.57 |
| PIMCO Diversified Income Fund (PDIIX) | 285,636 | 3.62 | 280,957 | 3.69 | 277,615 | 3.71 | 268,006 | 3.60 | 253,273 | 3.57 |
| Total Real Estate | 1,123,671 | 14.22 | 1,101,867 | 14.46 | 1,085,124 | 14.49 | 1,080,022 | 14.52 | 1,067,403 | 15.04 |
| Intercontinental | 1,123,671 | 14.22 | 1,101,867 | 14.46 | 1,085,124 | 14.49 | 1,080,022 | 14.52 | 1,067,403 | 15.04 |
| R&D | 308,913 | 3.91 | 353,988 | 4.65 | 136,650 | 1.82 | 331,005 | 4.45 | 88,416 | 1.25 |
| Total Fund | 7,900,197 | 100.00 | 7,619,838 | 100.00 | 7,488,579 | 100.00 | 7,435,632 | 100.00 | 7,097,979 | 100.00 |



Asset Allocation History by Segment



**Financial Reconciliation Quarter to Date
Total Fund**

1 Quarter Ending December 31, 2019

| Financial Reconciliation Quarter to Date | | | | | | | | | |
|---|------------------------------------|--------------------------|----------------------|----------------------|----------------------------|---------------------------|---------------|-----------------------------|------------------------------------|
| | Market Value 10/01/2019 | Net Transfers | Contributions | Distributions | Management Fees | Other Expenses | Income | Apprec./ Deprec. | Market Value 12/31/2019 |
| Total Domestic Equity Composite | 3,748,813 | -137,784 | - | - | -2,111 | -877 | 25,936 | 290,020 | 3,923,997 |
| Highland Equity | 2,938,850 | 2,216 | - | - | -2,111 | -877 | 21,712 | 221,279 | 3,181,069 |
| Vanguard 500 Index (VFIAX) | 809,964 | -140,000 | - | - | - | - | 4,224 | 68,740 | 742,928 |
| Total International Composite | 1,234,713 | 2,112 | 47 | - | -2,112 | -289 | 7,586 | 117,042 | 1,359,100 |
| Highland International | 1,234,713 | 2,112 | 47 | - | -2,112 | -289 | 7,586 | 117,042 | 1,359,100 |
| Total Domestic Fixed Composite | 899,499 | 2,111 | - | - | -2,111 | -477 | 7,245 | -7,387 | 898,881 |
| Highland Fixed | 899,499 | 2,111 | - | - | -2,111 | -477 | 7,245 | -7,387 | 898,881 |
| Total Global Fixed Income | 280,957 | - | - | - | - | - | 4,683 | -4 | 285,636 |
| PIMCO Diversified Income Fund (PDIIX) | 280,957 | - | - | - | - | - | 4,683 | -4 | 285,636 |
| Total Real Estate | 1,101,867 | -8,121 | - | - | -5,303 | - | 9,578 | 25,650 | 1,123,671 |
| Intercontinental | 1,101,867 | -8,121 | - | - | -5,303 | - | 9,578 | 25,650 | 1,123,671 |
| R&D | 353,988 | 141,681 | 1,004 | -181,969 | - | -6,605 | 814 | - | 308,913 |
| Total Fund | 7,619,838 | - | 1,051 | -181,969 | -11,637 | -8,249 | 55,842 | 425,322 | 7,900,197 |



**Financial Reconciliation Fiscal Year to Date
Total Fund**

October 1, 2019 To December 31, 2019

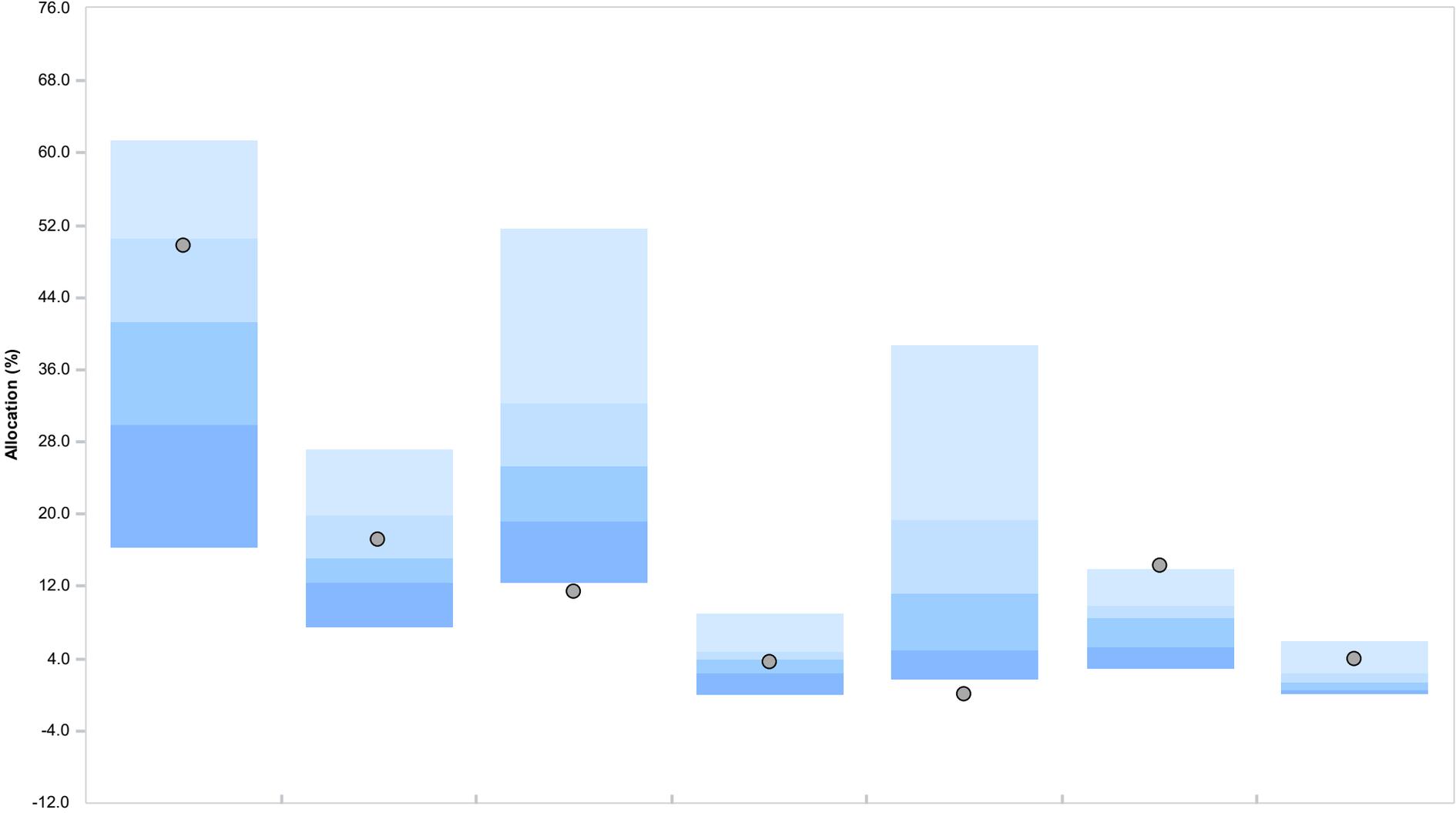
| Financial Reconciliation Fiscal Year to Date | | | | | | | | | |
|---|------------------------------------|--------------------------|----------------------|----------------------|----------------------------|---------------------------|---------------|-----------------------------|------------------------------------|
| | Market Value 10/01/2019 | Net Transfers | Contributions | Distributions | Management Fees | Other Expenses | Income | Apprec./ Deprec. | Market Value 12/31/2019 |
| Total Domestic Equity Composite | 3,748,813 | -137,784 | - | - | -2,111 | -877 | 25,936 | 290,020 | 3,923,997 |
| Highland Equity | 2,938,850 | 2,216 | - | - | -2,111 | -877 | 21,712 | 221,279 | 3,181,069 |
| Vanguard 500 Index (VFIAX) | 809,964 | -140,000 | - | - | - | - | 4,224 | 68,740 | 742,928 |
| Total International Composite | 1,234,713 | 2,112 | 47 | - | -2,112 | -289 | 7,586 | 117,042 | 1,359,100 |
| Highland International | 1,234,713 | 2,112 | 47 | - | -2,112 | -289 | 7,586 | 117,042 | 1,359,100 |
| Total Domestic Fixed Composite | 899,499 | 2,111 | - | - | -2,111 | -477 | 7,245 | -7,387 | 898,881 |
| Highland Fixed | 899,499 | 2,111 | - | - | -2,111 | -477 | 7,245 | -7,387 | 898,881 |
| Total Global Fixed Income | 280,957 | - | - | - | - | - | 4,683 | -4 | 285,636 |
| PIMCO Diversified Income Fund (PDIIX) | 280,957 | - | - | - | - | - | 4,683 | -4 | 285,636 |
| Total Real Estate | 1,101,867 | -8,121 | - | - | -5,303 | - | 9,578 | 25,650 | 1,123,671 |
| Intercontinental | 1,101,867 | -8,121 | - | - | -5,303 | - | 9,578 | 25,650 | 1,123,671 |
| R&D | 353,988 | 141,681 | 1,004 | -181,969 | - | -6,605 | 814 | - | 308,913 |
| Total Fund | 7,619,838 | - | 1,051 | -181,969 | -11,637 | -8,249 | 55,842 | 425,322 | 7,900,197 |



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Plan Sponsor TF Asset Allocation
Total Fund Vs. All Public Plans-Total Fund
 As of December 31, 2019



| | US Equity | Intl. Equity | US Fixed Income | Intl. Fixed Income | Alternative Inv. | Real Estate | Cash |
|-----------------|------------------|---------------------|------------------------|---------------------------|-------------------------|--------------------|-------------|
| ● Total Fund | 49.67 (28) | 17.20 (38) | 11.38 (97) | 3.62 (57) | 0.00 | 14.22 (4) | 3.91 (13) |
| 5th Percentile | 61.50 | 27.13 | 51.56 | 8.97 | 38.64 | 13.95 | 6.04 |
| 1st Quartile | 50.50 | 19.88 | 32.26 | 4.77 | 19.44 | 9.87 | 2.37 |
| Median | 41.23 | 15.18 | 25.26 | 3.94 | 11.28 | 8.57 | 1.37 |
| 3rd Quartile | 29.84 | 12.38 | 19.25 | 2.42 | 4.99 | 5.35 | 0.57 |
| 95th Percentile | 16.37 | 7.47 | 12.37 | 0.08 | 1.68 | 2.99 | 0.06 |



Comparative Performance Trailing Returns

Total Fund

As of December 31, 2019

Comparative Performance Trailing Returns

| | QTR | | FYTD | | 1 YR | | 3 YR | | 5 YR | | 7 YR | | Inception | | Inception Date |
|--|-------------|------|-------------|------|--------------|------|--------------|------|-------------|------|--------------|------|--------------|------|-------------------|
| Total Fund (Net) | 6.27 | | 6.27 | | 19.46 | | 8.62 | | 7.50 | | 8.85 | | 7.88 | | 01/01/1991 |
| Total Fund Policy | 5.64 | | 5.64 | | 20.40 | | 10.46 | | 7.67 | | 8.95 | | 8.01 | | |
| Difference | 0.63 | | 0.63 | | -0.94 | | -1.84 | | -0.17 | | -0.10 | | -0.13 | | |
| Total Fund (Gross) | 6.43 | (8) | 6.43 | (8) | 20.02 | (29) | 9.14 | (58) | 8.07 | (8) | 9.45 | (9) | 8.43 | (37) | 01/01/1991 |
| Total Fund Policy | 5.64 | (31) | 5.64 | (31) | 20.40 | (22) | 10.46 | (15) | 7.67 | (19) | 8.95 | (21) | 8.01 | (74) | |
| Difference | 0.79 | | 0.79 | | -0.38 | | -1.32 | | 0.40 | | 0.50 | | 0.42 | | |
| All Public Plans-Total Fund Median | 5.19 | | 5.19 | | 18.49 | | 9.36 | | 7.03 | | 7.97 | | 8.31 | | |
| Total Equity Composite * | 8.85 | | 8.85 | | 26.55 | | 10.51 | | 8.89 | | 12.24 | | 10.72 | | 01/01/1991 |
| Total Equity Policy | 9.09 | | 9.09 | | 29.49 | | 13.89 | | 10.38 | | 12.94 | | 9.94 | | |
| Difference | -0.24 | | -0.24 | | -2.94 | | -3.38 | | -1.49 | | -0.70 | | 0.78 | | |
| Total Domestic Equity Composite * | 8.43 | (45) | 8.43 | (45) | 27.12 | (74) | 11.14 | (88) | N/A | | N/A | | 9.78 | (80) | 04/01/2015 |
| Russell 3000 Index | 9.10 | (29) | 9.10 | (29) | 31.02 | (38) | 14.57 | (50) | 11.24 | (49) | 14.38 | (58) | 11.45 | (44) | |
| Difference | -0.67 | | -0.67 | | -3.90 | | -3.43 | | N/A | | N/A | | -1.67 | | |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 8.20 | | 8.20 | | 29.96 | | 14.32 | | 11.17 | | 14.59 | | 11.19 | | |
| Highland Equity * | 8.27 | (47) | 8.27 | (47) | 26.00 | (80) | 10.24 | (93) | N/A | | N/A | | 9.25 | (85) | 04/01/2015 |
| Total Highland Equity Policy | 7.41 | (73) | 7.41 | (73) | 26.54 | (77) | 9.68 | (94) | 8.90 | (87) | 11.86 | (89) | 8.91 | (89) | |
| Difference | 0.86 | | 0.86 | | -0.54 | | 0.56 | | N/A | | N/A | | 0.34 | | |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 8.20 | | 8.20 | | 29.96 | | 14.32 | | 11.17 | | 14.59 | | 11.19 | | |
| Vanguard 500 Index (VFIAX) | 9.06 | (11) | 9.06 | (11) | 31.46 | (9) | 15.23 | (12) | 11.66 | (9) | 14.69 | (6) | 14.69 | (6) | 01/01/2013 |
| S&P 500 Index | 9.07 | (5) | 9.07 | (5) | 31.49 | (4) | 15.27 | (3) | 11.70 | (3) | 14.73 | (3) | 14.73 | (3) | |
| Difference | -0.01 | | -0.01 | | -0.03 | | -0.04 | | -0.04 | | -0.04 | | -0.04 | | |
| IM S&P 500 Index (MF) Median | 8.97 | | 8.97 | | 31.13 | | 14.91 | | 11.31 | | 14.30 | | 14.30 | | |

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, 2019

| | QTR | | FYTD | | 1 YR | | 3 YR | | 5 YR | | 7 YR | | Inception | | Inception Date |
|---|--------------|-------------|--------------|-------------|--------------|-------------|-------------|-------------|--------------|-------------|--------------|-------------|-------------------|-------------|-------------------|
| Total International Composite * | 10.10 | (49) | 10.10 | (49) | 24.81 | (37) | 9.18 | (72) | N/A | N/A | 4.31 | (84) | 04/01/2015 | | |
| MSCI AC World ex USA | 8.99 | (67) | 8.99 | (67) | 22.13 | (53) | 10.40 | (53) | 6.01 | (62) | 5.93 | (70) | 5.55 | (60) | |
| Difference | 1.11 | | 1.11 | | 2.68 | | -1.22 | | N/A | | N/A | | -1.24 | | |
| IM International Equity (SA+CF) Median | 9.98 | | 9.98 | | 22.54 | | 10.64 | | 6.60 | | 6.95 | | 6.13 | | |
| Highland International * | 10.10 | (49) | 10.10 | (49) | 24.81 | (37) | 9.18 | (72) | N/A | N/A | 4.31 | (84) | 04/01/2015 | | |
| MSCI AC World ex USA | 8.99 | (67) | 8.99 | (67) | 22.13 | (53) | 10.40 | (53) | 6.01 | (62) | 5.93 | (70) | 5.55 | (60) | |
| Difference | 1.11 | | 1.11 | | 2.68 | | -1.22 | | N/A | | N/A | | -1.24 | | |
| IM International Equity (SA+CF) Median | 9.98 | | 9.98 | | 22.54 | | 10.64 | | 6.60 | | 6.95 | | 6.13 | | |
| Total Fixed Income Composite * | 0.38 | | 0.38 | | 8.93 | | 4.84 | | 4.08 | | 3.22 | | 6.08 | | 01/01/1991 |
| Total Fixed Income Policy | 0.19 | | 0.19 | | 8.48 | | 4.05 | | 2.96 | | 2.56 | | 5.76 | | |
| Difference | 0.19 | | 0.19 | | 0.45 | | 0.79 | | 1.12 | | 0.66 | | 0.32 | | |
| Total Domestic Fixed Composite * | -0.02 | (86) | -0.02 | (86) | 8.04 | (95) | 4.33 | (57) | 3.59 | (35) | 2.87 | (67) | 5.99 | (73) | 01/01/1991 |
| Blmbg. Barc. U.S. Aggregate Index | 0.18 | (57) | 0.18 | (57) | 8.72 | (77) | 4.03 | (85) | 3.05 | (89) | 2.72 | (88) | 5.81 | (98) | |
| Difference | -0.20 | | -0.20 | | -0.68 | | 0.30 | | 0.54 | | 0.15 | | 0.18 | | |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 0.22 | | 0.22 | | 9.20 | | 4.40 | | 3.46 | | 3.07 | | 6.16 | | |
| Highland Fixed * | -0.02 | (86) | -0.02 | (86) | 8.04 | (95) | 4.33 | (57) | 3.59 | (35) | 2.87 | (67) | 5.99 | (73) | 01/01/1991 |
| Total Highland Fixed Income Policy | 0.18 | (57) | 0.18 | (57) | 8.72 | (77) | 4.03 | (85) | 3.05 | (89) | 2.72 | (88) | 5.81 | (98) | |
| Difference | -0.20 | | -0.20 | | -0.68 | | 0.30 | | 0.54 | | 0.15 | | 0.18 | | |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 0.22 | | 0.22 | | 9.20 | | 4.40 | | 3.46 | | 3.07 | | 6.16 | | |
| Total Global Fixed Income | 1.67 | (14) | 1.67 | (14) | 12.78 | (6) | 6.87 | (2) | 5.56 | (1) | 4.40 | (1) | 4.90 | (1) | 05/01/2011 |
| ICE BofAML Global Broad Market Index | 0.23 | (70) | 0.23 | (70) | 6.85 | (77) | 4.17 | (46) | 2.35 | (57) | 1.47 | (62) | 1.87 | (63) | |
| Difference | 1.44 | | 1.44 | | 5.93 | | 2.70 | | 3.21 | | 2.93 | | 3.03 | | |
| IM Global Fixed Income (MF) Median | 0.68 | | 0.68 | | 8.12 | | 4.04 | | 2.46 | | 1.70 | | 2.18 | | |
| PIMCO Diversified Income Fund (PDIIX) | 1.67 | (14) | 1.67 | (14) | 12.78 | (6) | 6.72 | (3) | 6.35 | (1) | 4.80 | (1) | 5.63 | (1) | 05/01/2011 |
| Blmbg. Barc. Global Credit (Hedged) | 0.93 | (32) | 0.93 | (32) | 12.08 | (7) | 5.59 | (9) | 4.75 | (1) | 4.42 | (1) | 5.18 | (1) | |
| Difference | 0.74 | | 0.74 | | 0.70 | | 1.13 | | 1.60 | | 0.38 | | 0.45 | | |
| IM Global Fixed Income (MF) Median | 0.68 | | 0.68 | | 8.12 | | 4.04 | | 2.46 | | 1.70 | | 2.18 | | |
| Intercontinental | 3.22 | (11) | 3.22 | (11) | 9.46 | (21) | 9.62 | (16) | 11.33 | (21) | 12.50 | (22) | 13.39 | (24) | 10/01/2010 |
| NCREIF Property Index | 1.55 | (62) | 1.55 | (62) | 6.42 | (67) | 6.70 | (78) | 8.25 | (86) | 9.14 | (86) | 10.11 | (87) | |
| Difference | 1.67 | | 1.67 | | 3.04 | | 2.92 | | 3.08 | | 3.36 | | 3.28 | | |
| IM U.S. Open End Private Real Estate (SA+CF) Median | 1.63 | | 1.63 | | 7.02 | | 7.91 | | 9.58 | | 10.63 | | 11.71 | | |

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, 2019

| Comparative Performance Fiscal Year Returns | | | | | | | | | | | | | |
|--|------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|--|--|
| | FYTD | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | 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 (Net) | 6.27 | 3.10 | 7.92 | 12.60 | 10.11 | 1.27 | 10.37 | 13.58 | 15.92 | -0.23 | 7.05 | | |
| Total Fund Policy | 5.64 | 5.78 | 8.54 | 11.82 | 10.89 | -1.48 | 11.04 | 12.89 | 18.66 | 0.96 | 8.85 | | |
| Difference | 0.63 | -2.68 | -0.62 | 0.78 | -0.78 | 2.75 | -0.67 | 0.69 | -2.74 | -1.19 | -1.80 | | |
| Total Fund (Gross) | 6.43 (8) | 3.61 (70) | 8.40 (26) | 13.35 (22) | 10.72 (23) | 1.85 (6) | 11.06 (29) | 14.24 (16) | 16.59 (63) | 0.33 (57) | 7.59 (93) | | |
| Total Fund Policy | 5.64 (31) | 5.78 (15) | 8.54 (24) | 11.82 (50) | 10.89 (21) | -1.48 (66) | 11.04 (30) | 12.89 (38) | 18.66 (31) | 0.96 (45) | 8.85 (74) | | |
| Difference | 0.79 | -2.17 | -0.14 | 1.53 | -0.17 | 3.33 | 0.02 | 1.35 | -2.07 | -0.63 | -1.26 | | |
| All Public Plans-Total Fund Median | 5.19 | 4.31 | 7.09 | 11.82 | 9.74 | -0.78 | 9.93 | 11.99 | 17.55 | 0.68 | 9.90 | | |
| Total Equity Composite * | 8.85 | 0.68 | 10.95 | 17.60 | 11.73 | 0.69 | 14.77 | 27.28 | 27.94 | -9.11 | 8.10 | | |
| Total Equity Policy | 9.09 | 2.32 | 14.88 | 19.01 | 14.09 | -2.46 | 15.56 | 20.87 | 27.57 | -1.37 | 11.13 | | |
| Difference | -0.24 | -1.64 | -3.93 | -1.41 | -2.36 | 3.15 | -0.79 | 6.41 | 0.37 | -7.74 | -3.03 | | |
| Total ICC Equity (segment level) * | N/A | N/A | N/A | N/A | N/A | N/A | 14.77 (88) | 27.28 (6) | 27.94 (61) | -9.11 (100) | 8.10 (73) | | |
| Total Highland Equity Policy | 7.41 (73) | 4.00 (42) | 9.45 (93) | 15.12 (83) | 16.19 (17) | -2.93 (84) | 15.56 (85) | 20.87 (47) | 27.57 (62) | -1.37 (79) | 11.13 (30) | | |
| Difference | N/A | N/A | N/A | N/A | N/A | N/A | -0.79 | 6.41 | 0.37 | -7.74 | -3.03 | | |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 8.20 | 3.20 | 17.25 | 18.75 | 13.30 | 0.11 | 19.19 | 20.61 | 29.63 | 1.17 | 9.57 | | |
| Highland Equity * | 8.27 (47) | 1.95 (62) | 11.90 (87) | 16.79 (72) | 13.43 (49) | N/A | N/A | N/A | N/A | N/A | N/A | | |
| Total Highland Equity Policy | 7.41 (73) | 4.00 (42) | 9.45 (93) | 15.12 (83) | 16.19 (17) | -2.93 (84) | 15.56 (85) | 20.87 (47) | 27.57 (62) | -1.37 (79) | 11.13 (30) | | |
| Difference | 0.86 | -2.05 | 2.45 | 1.67 | -2.76 | N/A | N/A | N/A | N/A | N/A | N/A | | |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 8.20 | 3.20 | 17.25 | 18.75 | 13.30 | 0.11 | 19.19 | 20.61 | 29.63 | 1.17 | 9.57 | | |
| Vanguard 500 Index (VFIAX) | 9.06 (11) | 4.22 (15) | 17.87 (9) | 18.57 (6) | 15.39 (10) | -0.63 (5) | 19.68 (5) | N/A | N/A | N/A | N/A | | |
| S&P 500 Index | 9.07 (5) | 4.25 (10) | 17.91 (2) | 18.61 (2) | 15.43 (4) | -0.61 (2) | 19.73 (1) | 19.34 (1) | 30.20 (1) | 1.14 (2) | 10.16 (4) | | |
| Difference | -0.01 | -0.03 | -0.04 | -0.04 | -0.04 | -0.02 | -0.05 | N/A | N/A | N/A | N/A | | |
| IM S&P 500 Index (MF) Median | 8.97 | 3.94 | 17.51 | 18.17 | 14.99 | -1.04 | 19.21 | 18.80 | 29.59 | 0.69 | 9.69 | | |

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, 2019

| | FYTD | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | 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 Domestic Fixed Composite * | -0.02 (86) | 10.15 (78) | -0.79 (53) | 0.86 (38) | 7.00 (10) | 2.59 (80) | 3.73 (92) | -2.84 (100) | 6.36 (60) | 5.97 (15) | 7.72 (93) |
| Blmbg. Barc. U.S. Aggregate Index | 0.18 (57) | 10.30 (68) | -1.22 (87) | 0.07 (85) | 5.19 (81) | 2.94 (61) | 3.96 (81) | -1.68 (79) | 5.16 (90) | 5.26 (50) | 8.16 (86) |
| Difference | -0.20 | -0.15 | 0.43 | 0.79 | 1.81 | -0.35 | -0.23 | -1.16 | 1.20 | 0.71 | -0.44 |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 0.22 | 10.43 | -0.75 | 0.61 | 5.66 | 3.02 | 4.47 | -1.26 | 6.60 | 5.26 | 9.22 |
| Total ICC Fixed Income (segment level) * | N/A | N/A | N/A | N/A | N/A | N/A | 3.73 (92) | -2.84 (100) | 6.36 (60) | 5.97 (15) | 7.72 (93) |
| Total Highland Fixed Income Policy | 0.18 (57) | 10.30 (68) | -1.22 (87) | 0.07 (85) | 5.19 (81) | 2.94 (61) | 3.96 (81) | -1.68 (79) | 5.16 (90) | 5.26 (50) | 7.82 (93) |
| Difference | N/A | N/A | N/A | N/A | N/A | N/A | -0.23 | -1.16 | 1.20 | 0.71 | -0.10 |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 0.22 | 10.43 | -0.75 | 0.61 | 5.66 | 3.02 | 4.47 | -1.26 | 6.60 | 5.26 | 9.22 |
| Highland Fixed * | -0.02 (86) | 10.15 (78) | -0.79 (53) | 0.86 (38) | 7.00 (10) | 2.59 (80) | 3.73 (92) | -2.84 (100) | 6.36 (60) | 5.97 (15) | 7.72 (93) |
| Total Highland Fixed Income Policy | 0.18 (57) | 10.30 (68) | -1.22 (87) | 0.07 (85) | 5.19 (81) | 2.94 (61) | 3.96 (81) | -1.68 (79) | 5.16 (90) | 5.26 (50) | 7.82 (93) |
| Difference | -0.20 | -0.15 | 0.43 | 0.79 | 1.81 | -0.35 | -0.23 | -1.16 | 1.20 | 0.71 | -0.10 |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 0.22 | 10.43 | -0.75 | 0.61 | 5.66 | 3.02 | 4.47 | -1.26 | 6.60 | 5.26 | 9.22 |
| Total Global Fixed Income | 1.67 (14) | 9.54 (19) | 1.07 (10) | 11.92 (1) | 7.01 (58) | -4.16 (57) | 6.09 (16) | 1.89 (5) | 14.78 (3) | N/A | N/A |
| ICE BofAML Global Broad Market Index | 0.23 (70) | 7.97 (40) | -1.38 (54) | -1.29 (90) | 8.56 (32) | -2.44 (32) | 1.45 (79) | -2.65 (60) | 5.10 (85) | 4.18 (8) | 6.22 (76) |
| Difference | 1.44 | 1.57 | 2.45 | 13.21 | -1.55 | -1.72 | 4.64 | 4.54 | 9.68 | N/A | N/A |
| IM Global Fixed Income (MF) Median | 0.68 | 7.65 | -1.29 | 1.02 | 7.42 | -3.85 | 3.37 | -1.81 | 7.17 | 1.74 | 7.68 |
| PIMCO Diversified Income Fund (PDIIX) | 1.67 (14) | 9.54 (19) | 1.07 (10) | 6.98 (2) | 12.57 (2) | -1.10 (26) | 6.09 (16) | 0.37 (22) | 16.25 (2) | N/A | N/A |
| Blmbg. Barc. Global Credit (Hedged) | 0.93 (32) | 10.83 (12) | 0.39 (17) | 3.04 (27) | 9.19 (25) | 0.86 (18) | 6.83 (9) | 1.46 (8) | 11.61 (5) | 1.69 (53) | 11.05 (28) |
| Difference | 0.74 | -1.29 | 0.68 | 3.94 | 3.38 | -1.96 | -0.74 | -1.09 | 4.64 | N/A | N/A |
| IM Global Fixed Income (MF) Median | 0.68 | 7.65 | -1.29 | 1.02 | 7.42 | -3.85 | 3.37 | -1.81 | 7.17 | 1.74 | 7.68 |
| Templeton Global Bond Fund (FBNRX) | N/A | N/A | N/A | N/A | 0.84 (100) | -7.34 (92) | 6.09 (16) | 3.52 (2) | 13.25 (3) | N/A | N/A |
| FTSE World Government Bond Index | -0.35 (82) | 8.13 (39) | -1.54 (55) | -2.69 (94) | 9.71 (20) | -3.83 (50) | -0.07 (96) | -4.60 (82) | 3.29 (96) | 4.61 (8) | 4.99 (88) |
| Difference | N/A | N/A | N/A | N/A | -8.87 | -3.51 | 6.16 | 8.12 | 9.96 | N/A | N/A |
| IM Global Fixed Income (MF) Median | 0.68 | 7.65 | -1.29 | 1.02 | 7.42 | -3.85 | 3.37 | -1.81 | 7.17 | 1.74 | 7.68 |
| Intercontinental | 3.22 (11) | 8.31 (23) | 11.39 (8) | 11.80 (7) | 13.29 (22) | 13.98 (67) | 14.12 (28) | 18.15 (10) | 13.32 (42) | 16.37 (54) | N/A |
| NCREIF Property Index | 1.55 (62) | 6.24 (75) | 7.16 (93) | 6.89 (71) | 9.22 (93) | 13.48 (73) | 11.26 (87) | 11.00 (81) | 11.00 (75) | 16.10 (67) | 5.84 (55) |
| Difference | 1.67 | 2.07 | 4.23 | 4.91 | 4.07 | 0.50 | 2.86 | 7.15 | 2.32 | 0.27 | N/A |
| IM U.S. Open End Private Real Estate (SA+CF) Median | 1.63 | 6.97 | 9.01 | 8.17 | 11.14 | 15.39 | 12.66 | 13.22 | 12.89 | 16.62 | 6.41 |

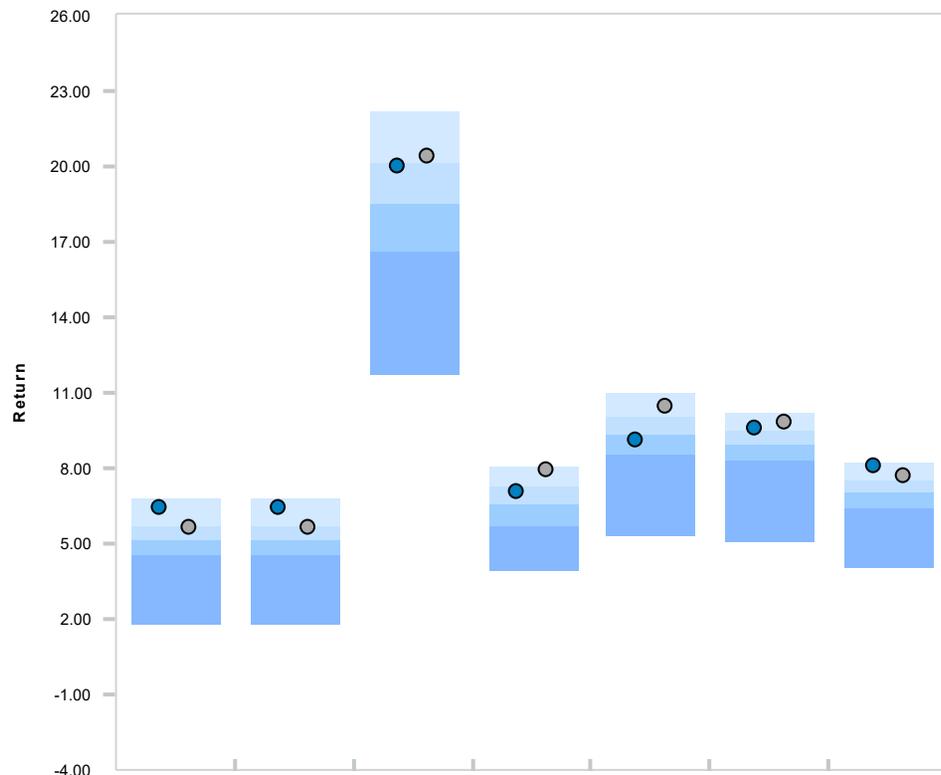
Returns for periods greater than one year are annualized. Returns are expressed as percentages.

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.

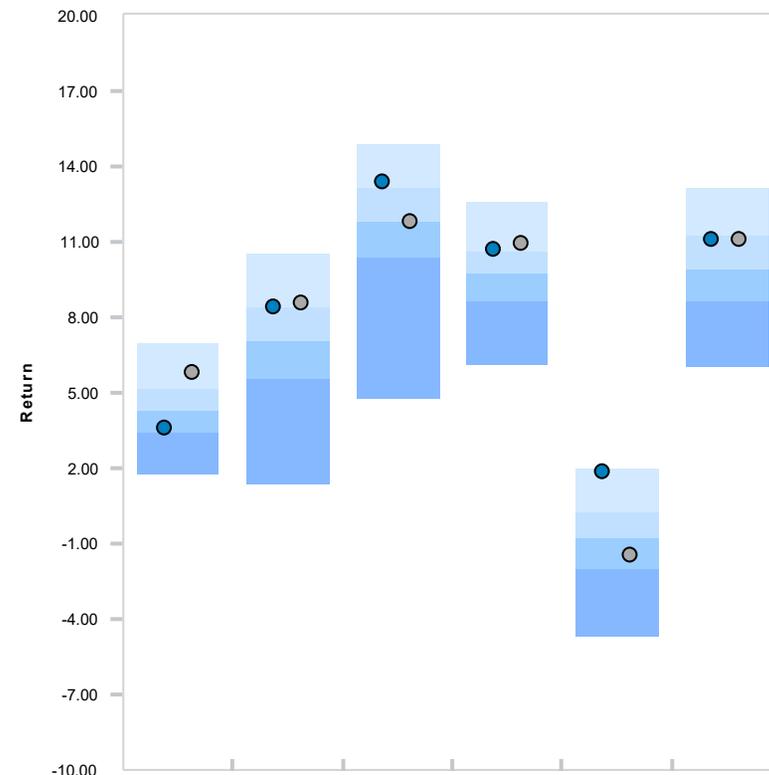
* Please see disclosures at back of book.



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



| | QTR | FYTD | 1 YR | 2 YR | 3 YR | 4 YR | 5 YR |
|---------------------|-----------|-----------|------------|-----------|------------|-----------|-----------|
| ● Total Fund | 6.43 (8) | 6.43 (8) | 20.02 (29) | 7.01 (34) | 9.14 (58) | 9.61 (22) | 8.07 (8) |
| ● Total Fund Policy | 5.64 (31) | 5.64 (31) | 20.40 (22) | 7.95 (8) | 10.46 (15) | 9.84 (12) | 7.67 (19) |
| Median | 5.19 | 5.19 | 18.49 | 6.57 | 9.36 | 8.93 | 7.03 |



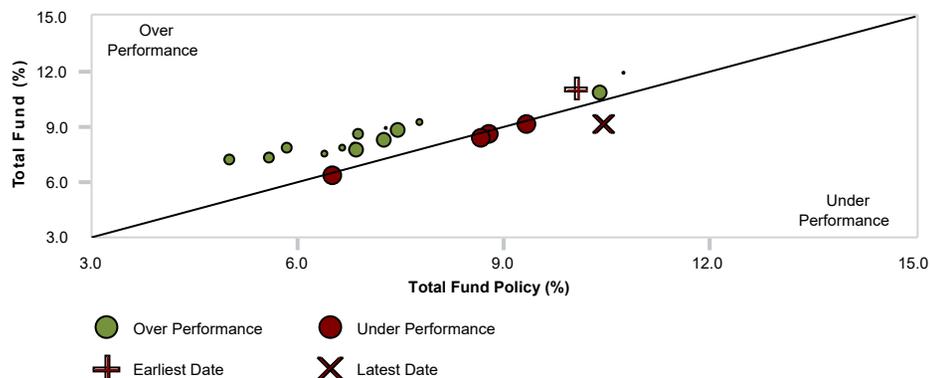
| | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 |
|---------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Total Fund | 3.61 (70) | 8.40 (26) | 13.35 (22) | 10.72 (23) | 1.85 (6) | 11.06 (29) |
| ● Total Fund Policy | 5.78 (15) | 8.54 (24) | 11.82 (50) | 10.89 (21) | -1.48 (66) | 11.04 (30) |
| Median | 4.31 | 7.09 | 11.82 | 9.74 | -0.78 | 9.93 |

Comparative Performance

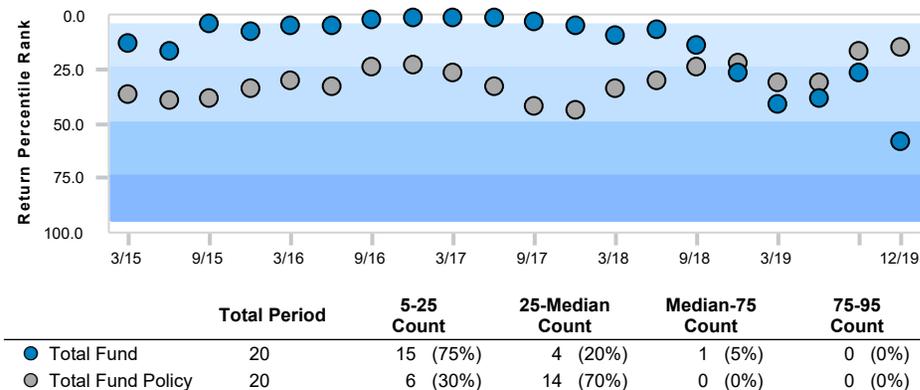
| | 1 Qtr Ending Sep-2019 | 1 Qtr Ending Jun-2019 | 1 Qtr Ending Mar-2019 | 1 Qtr Ending Dec-2018 | 1 Qtr Ending Sep-2018 | 1 Qtr Ending Jun-2018 |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Total Fund | 0.97 (39) | 3.56 (20) | 7.85 (65) | -8.11 (65) | 3.59 (12) | 1.41 (34) |
| Total Fund Policy | 1.26 (18) | 3.51 (23) | 8.74 (41) | -7.18 (43) | 3.71 (9) | 1.20 (43) |
| All Public Plans-Total Fund Median | 0.83 | 3.26 | 8.41 | -7.54 | 2.59 | 1.03 |



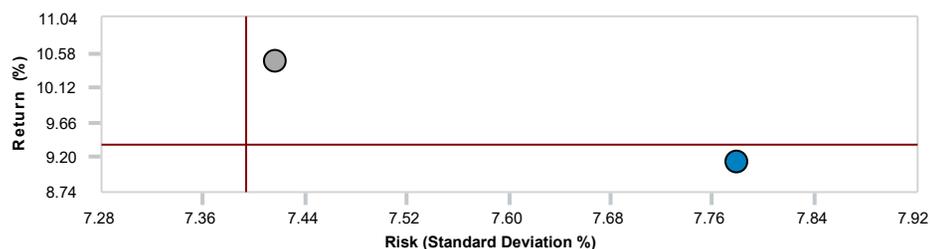
3 Yr Rolling Under/Over Performance - 5 Years



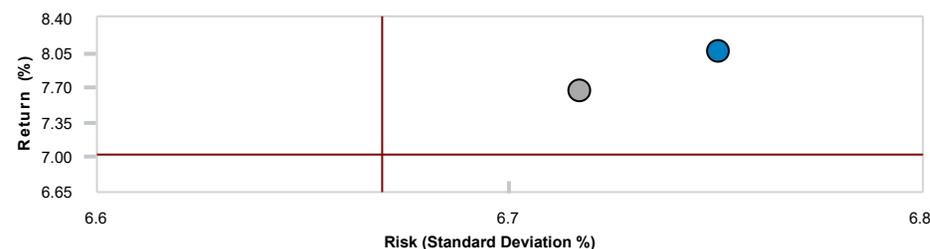
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

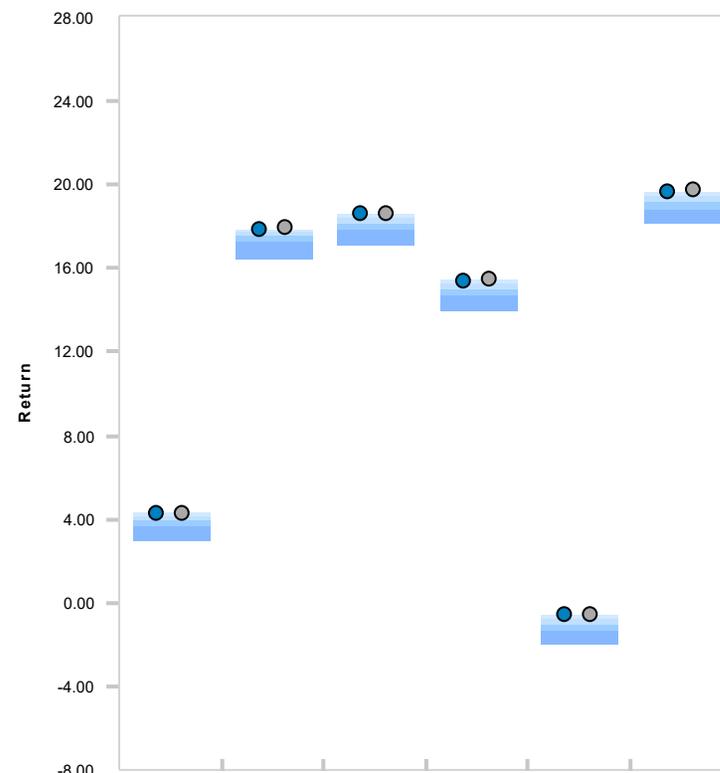
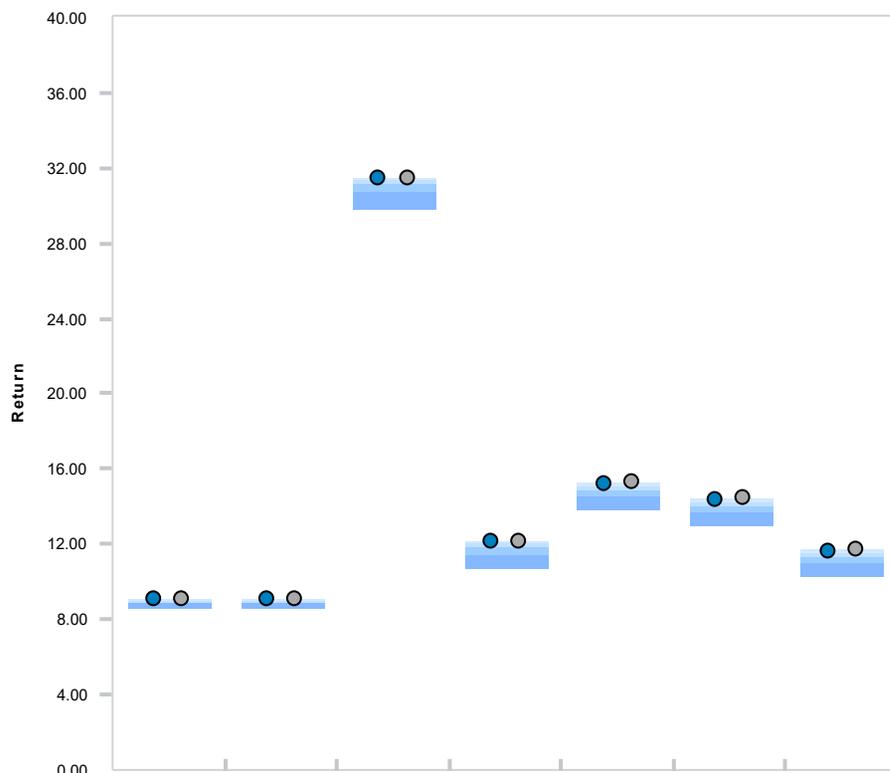
| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|-------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Total Fund | 1.18 | 94.38 | 118.28 | -1.58 | -1.02 | 0.96 | 1.04 | 4.73 |
| Total Fund Policy | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 1.16 | 1.00 | 4.16 |

Historical Statistics - 5 Years

| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|-------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Total Fund | 2.09 | 103.96 | 100.72 | 0.72 | 0.18 | 1.04 | 0.96 | 3.99 |
| Total Fund Policy | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 0.99 | 1.00 | 3.89 |



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



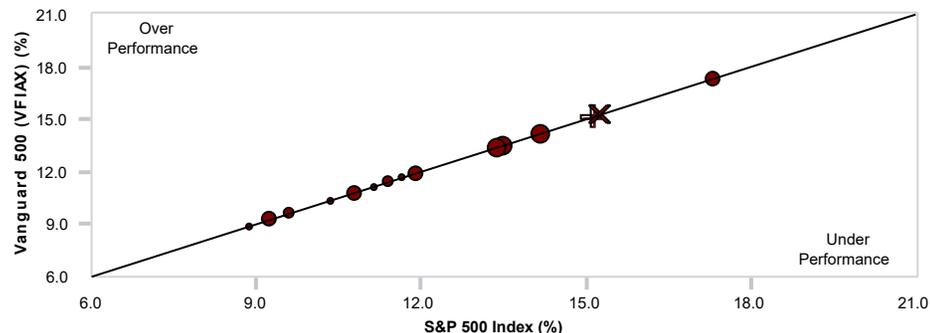
| | QTR | FYTD | 1 YR | 2 YR | 3 YR | 4 YR | 5 YR | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 |
|------------------------|-----------|-----------|-----------|------------|------------|-----------|-----------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Vanguard 500 (VFIAX) | 9.06 (11) | 9.06 (11) | 31.46 (9) | 12.09 (13) | 15.23 (12) | 14.40 (9) | 11.66 (9) | 4.22 (15) | 17.87 (9) | 18.57 (6) | 15.39 (10) | -0.63 (5) | 19.68 (5) |
| ● S&P 500 Index | 9.07 (5) | 9.07 (5) | 31.49 (4) | 12.13 (4) | 15.27 (3) | 14.43 (3) | 11.70 (3) | 4.25 (10) | 17.91 (2) | 18.61 (2) | 15.43 (4) | -0.61 (2) | 19.73 (1) |
| Median | 8.97 | 8.97 | 31.13 | 11.81 | 14.91 | 14.05 | 11.31 | 3.94 | 17.51 | 18.17 | 14.99 | -1.04 | 19.21 |

Comparative Performance

| | 1 Qtr Ending Sep-2019 | 1 Qtr Ending Jun-2019 | 1 Qtr Ending Mar-2019 | 1 Qtr Ending Dec-2018 | 1 Qtr Ending Sep-2018 | 1 Qtr Ending Jun-2018 |
|------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Vanguard 500 (VFIAX) | 1.69 (15) | 4.30 (8) | 13.65 (8) | -13.53 (24) | 7.70 (13) | 3.42 (12) |
| S&P 500 Index | 1.70 (8) | 4.30 (6) | 13.65 (7) | -13.52 (15) | 7.71 (4) | 3.43 (5) |
| IM S&P 500 Index (MF) Median | 1.62 | 4.21 | 13.56 | -13.58 | 7.62 | 3.35 |

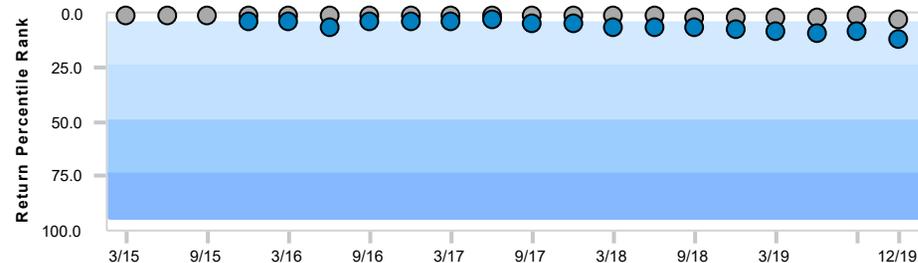


3 Yr Rolling Under/Over Performance - 5 Years



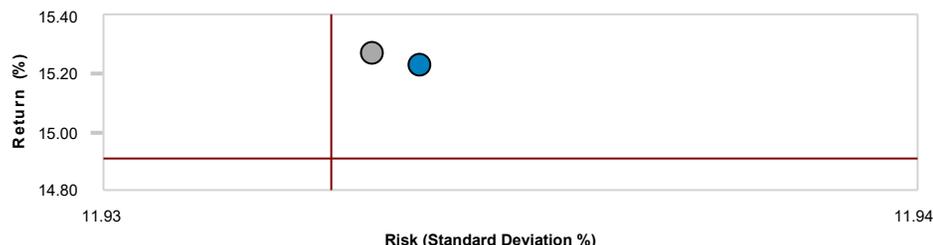
● Under Performance + Earliest Date X Latest Date

3 Yr Rolling Percentile Ranking - 5 Years



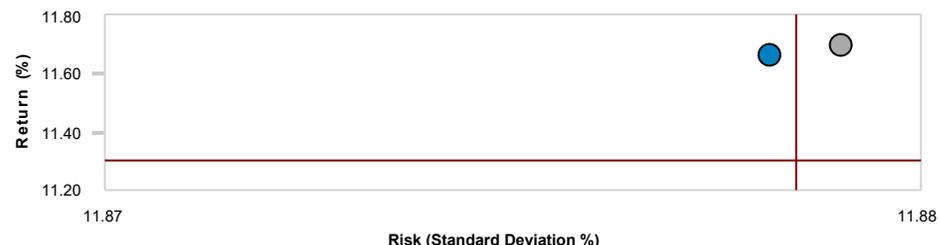
| | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|------------------------|--------------|------------|-----------------|-----------------|-------------|
| ● Vanguard 500 (VFIAX) | 17 | 17 (100%) | 0 (0%) | 0 (0%) | 0 (0%) |
| ● S&P 500 Index | 20 | 20 (100%) | 0 (0%) | 0 (0%) | 0 (0%) |

Peer Group Scattergram - 3 Years



| | Return | Standard Deviation |
|------------------------|--------|--------------------|
| ● Vanguard 500 (VFIAX) | 15.23 | 11.93 |
| ● S&P 500 Index | 15.27 | 11.93 |
| — Median | 14.91 | 11.93 |

Peer Group Scattergram - 5 Years



| | Return | Standard Deviation |
|------------------------|--------|--------------------|
| ● Vanguard 500 (VFIAX) | 11.66 | 11.88 |
| ● S&P 500 Index | 11.70 | 11.88 |
| — Median | 11.31 | 11.88 |

Historical Statistics - 3 Years

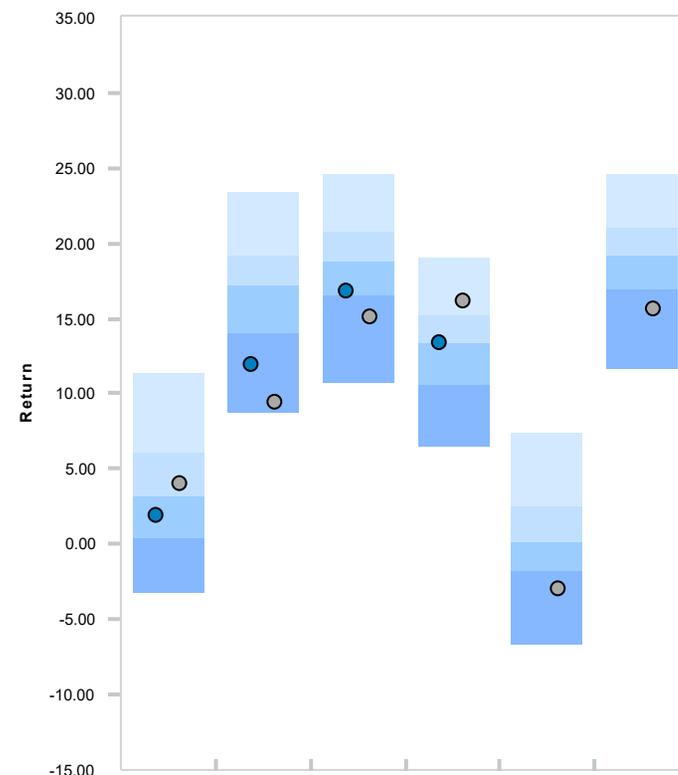
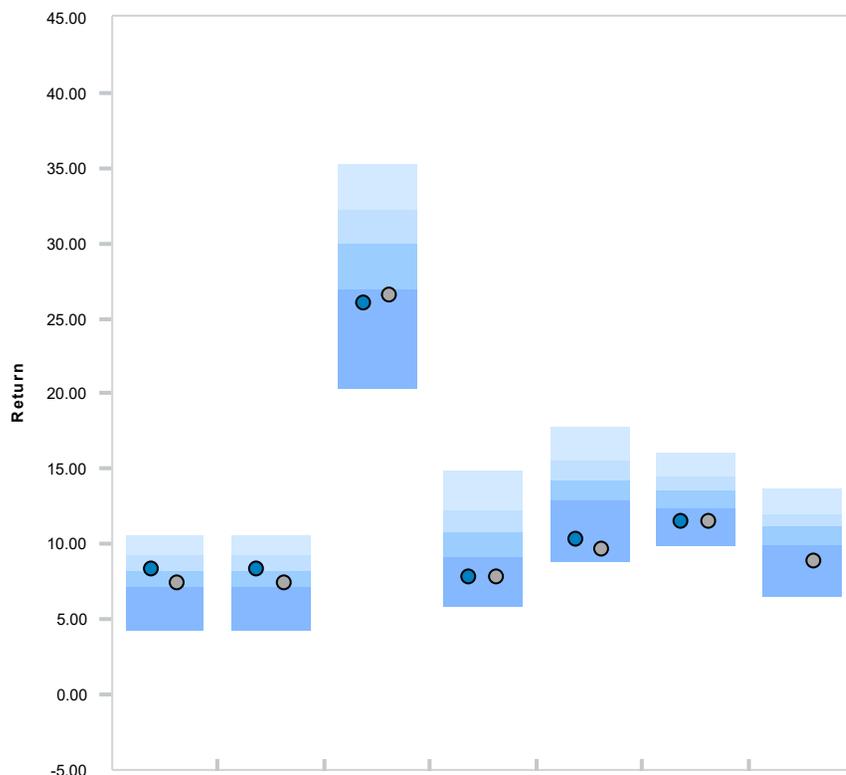
| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|----------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Vanguard 500 (VFIAX) | 0.01 | 99.88 | 100.04 | -0.04 | -3.76 | 1.12 | 1.00 | 7.99 |
| S&P 500 Index | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 1.12 | 1.00 | 7.98 |

Historical Statistics - 5 Years

| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|----------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Vanguard 500 (VFIAX) | 0.01 | 99.89 | 100.05 | -0.03 | -2.70 | 0.90 | 1.00 | 7.48 |
| S&P 500 Index | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 0.91 | 1.00 | 7.48 |



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



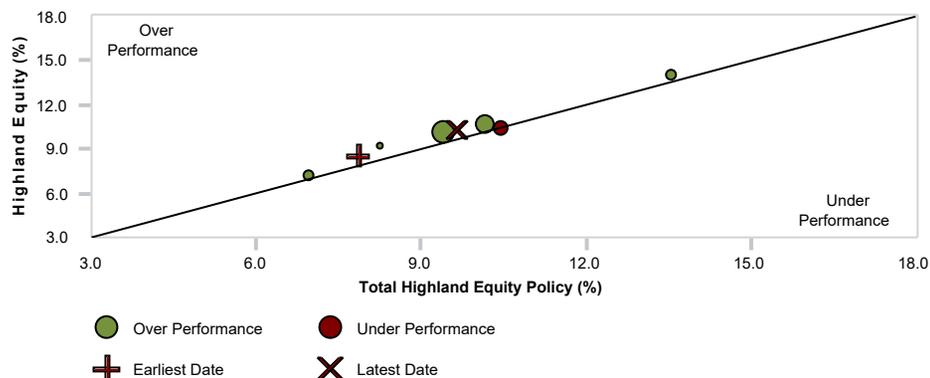
| | QTR | FYTD | 1 YR | 2 YR | 3 YR | 4 YR | 5 YR | | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 |
|--------------------------------|-----------|-----------|------------|-----------|------------|------------|-----------|--------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Highland Equity | 8.27 (47) | 8.27 (47) | 26.00 (80) | 7.73 (87) | 10.24 (93) | 11.56 (85) | N/A | ● Highland Equity | 1.95 (62) | 11.90 (87) | 16.79 (72) | 13.43 (49) | N/A | N/A |
| ○ Total Highland Equity Policy | 7.41 (73) | 7.41 (73) | 26.54 (77) | 7.74 (87) | 9.68 (94) | 11.55 (85) | 8.90 (87) | ○ Total Highland Equity Policy | 4.00 (42) | 9.45 (93) | 15.12 (83) | 16.19 (17) | -2.93 (84) | 15.56 (85) |
| Median | 8.20 | 8.20 | 29.96 | 10.83 | 14.32 | 13.59 | 11.17 | Median | 3.20 | 17.25 | 18.75 | 13.30 | 0.11 | 19.19 |

Comparative Performance

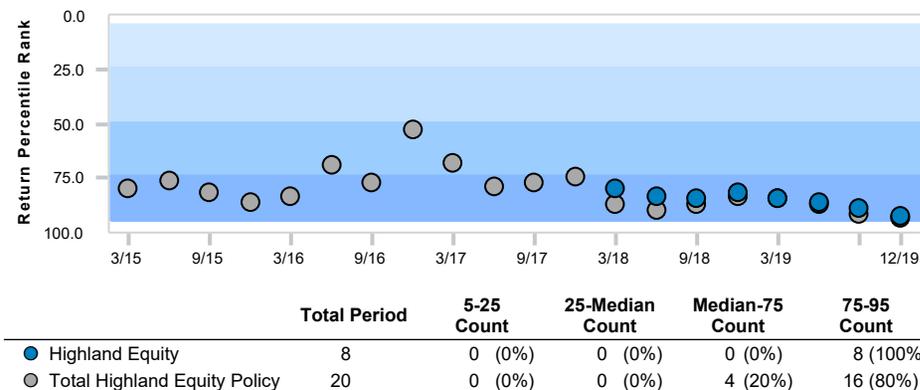
| | 1 Qtr Ending Sep-2019 | 1 Qtr Ending Jun-2019 | 1 Qtr Ending Mar-2019 | 1 Qtr Ending Dec-2018 | 1 Qtr Ending Sep-2018 | 1 Qtr Ending Jun-2018 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Highland Equity | 1.24 (60) | 3.72 (66) | 10.83 (88) | -12.40 (28) | 6.26 (72) | 1.80 (78) |
| Total Highland Equity Policy | 1.36 (58) | 3.84 (63) | 11.93 (73) | -11.72 (20) | 5.70 (81) | 1.18 (89) |
| IM U.S. Large Cap Core Equity (SA+CF) Median | 1.54 | 4.24 | 13.19 | -13.79 | 7.13 | 2.90 |



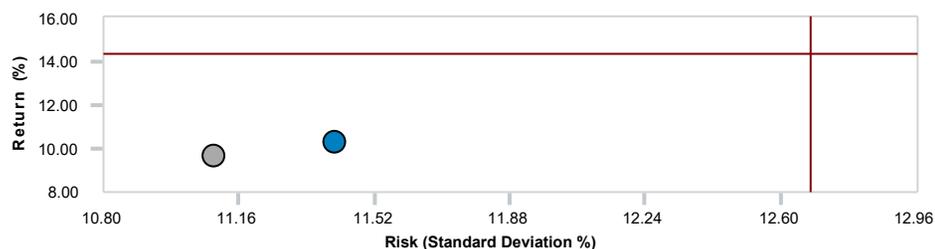
3 Yr Rolling Under/Over Performance - 5 Years



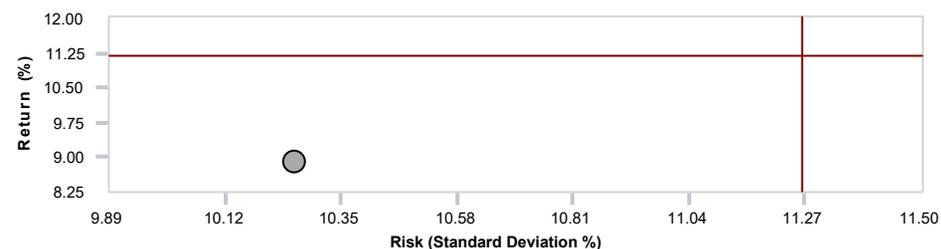
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

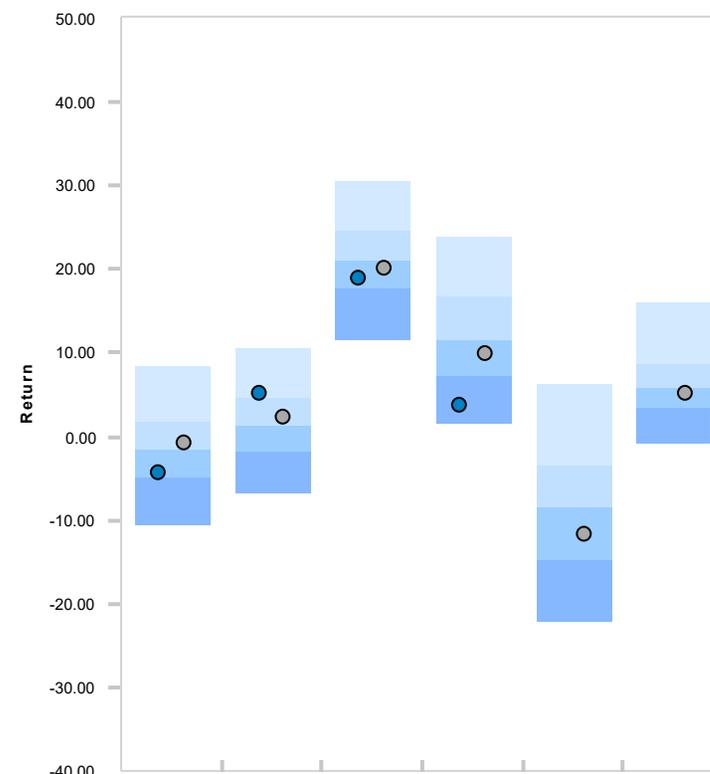
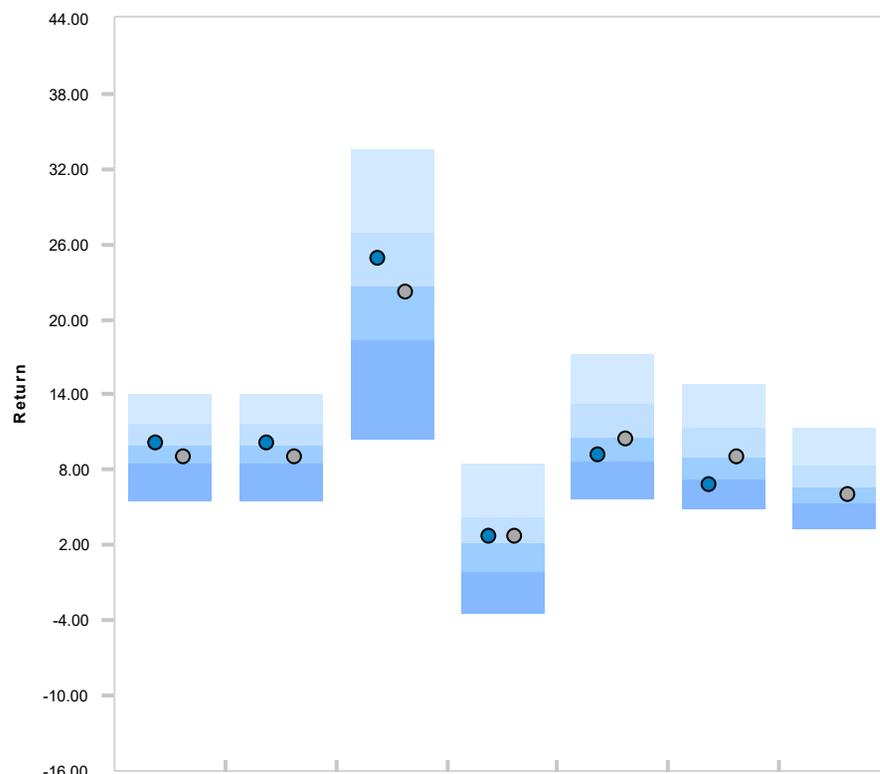
| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Highland Equity | 1.64 | 102.95 | 100.78 | 0.48 | 0.33 | 0.74 | 1.01 | 8.28 |
| Total Highland Equity Policy | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 0.70 | 1.00 | 8.11 |

Historical Statistics - 5 Years

| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Highland Equity | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| Total Highland Equity Policy | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 0.69 | 1.00 | 7.57 |



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



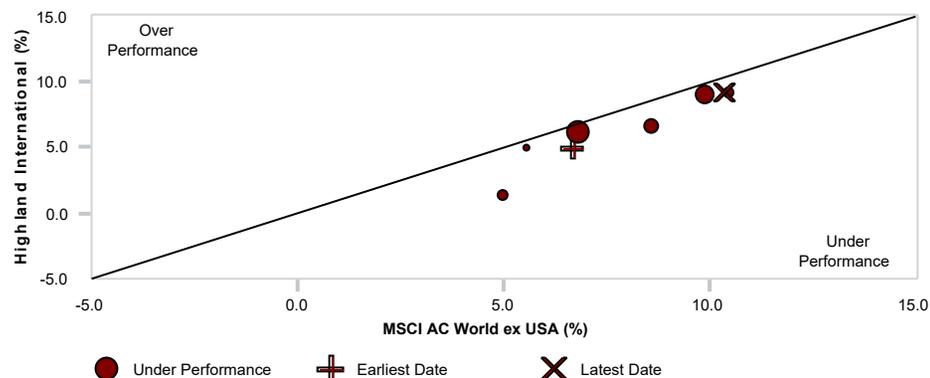
| | QTR | FYTD | 1 YR | 2 YR | 3 YR | 4 YR | 5 YR | | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 |
|--------------------------|------------|------------|------------|-----------|------------|-----------|-----------|--------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Highland International | 10.10 (50) | 10.10 (50) | 24.81 (37) | 2.67 (42) | 9.18 (72) | 6.75 (83) | N/A | ● Highland International | -4.37 (73) | 5.22 (22) | 18.95 (67) | 3.80 (91) | N/A | N/A |
| ● MSCI AC World ex USA | 8.99 (67) | 8.99 (67) | 22.13 (53) | 2.62 (43) | 10.40 (53) | 9.03 (51) | 6.01 (62) | ● MSCI AC World ex USA | -0.72 (43) | 2.25 (42) | 20.15 (57) | 9.80 (59) | 11.78 (66) | 5.22 (58) |
| Median | 9.99 | 9.99 | 22.55 | 2.17 | 10.64 | 9.07 | 6.60 | Median | -1.43 | 1.40 | 21.06 | 11.48 | -8.41 | 5.80 |

Comparative Performance

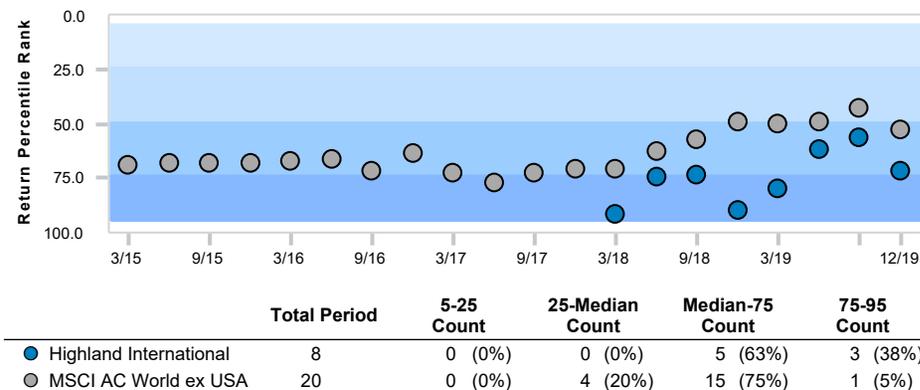
| | 1 Qtr Ending Sep-2019 | 1 Qtr Ending Jun-2019 | 1 Qtr Ending Mar-2019 | 1 Qtr Ending Dec-2018 | 1 Qtr Ending Sep-2018 | 1 Qtr Ending Jun-2018 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Highland International | -1.99 (55) | 5.55 (11) | 9.59 (69) | -15.65 (84) | 0.40 (45) | 0.06 (17) |
| MSCI AC World ex USA | -1.70 (47) | 3.22 (40) | 10.44 (51) | -11.41 (47) | 0.80 (37) | -2.39 (47) |
| IM International Equity (SA+CF) Median | -1.83 | 2.62 | 10.49 | -11.79 | 0.10 | -2.67 |



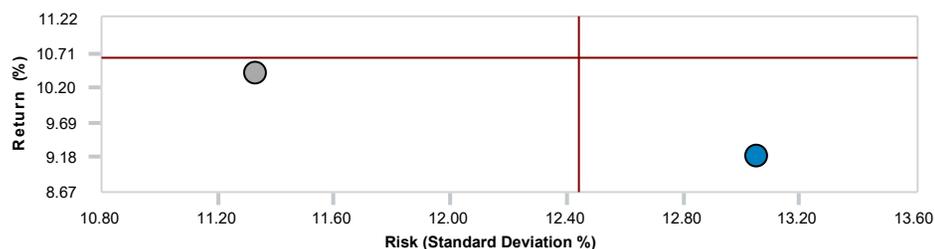
3 Yr Rolling Under/Over Performance - 5 Years



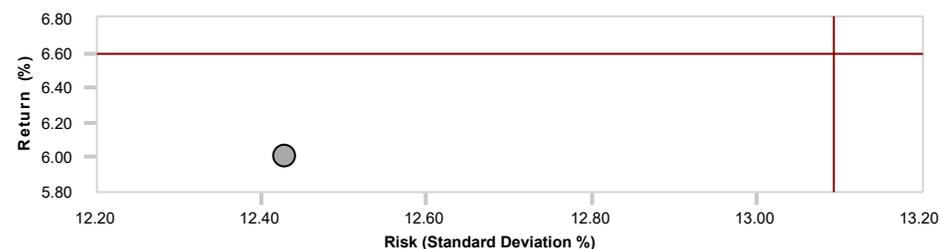
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

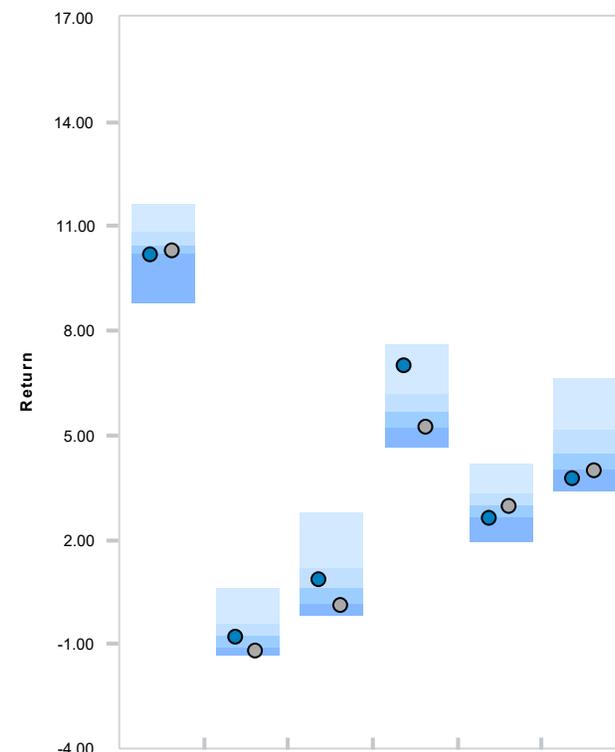
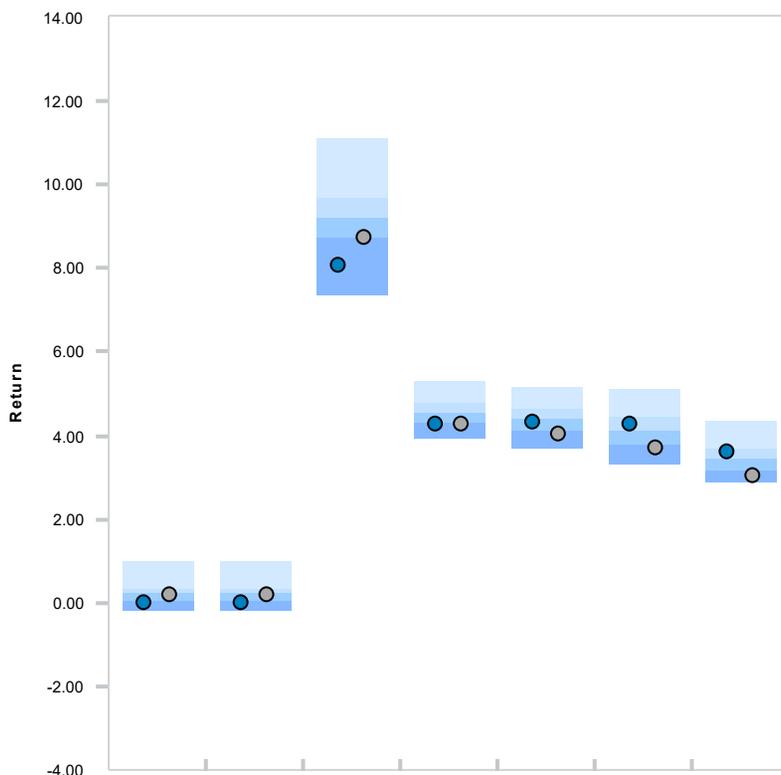
| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Highland International | 4.43 | 98.57 | 105.08 | -1.81 | -0.20 | 0.61 | 1.09 | 8.73 |
| MSCI AC World ex USA | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 0.78 | 1.00 | 7.35 |

Historical Statistics - 5 Years

| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Highland International | N/A | N/A | N/A | N/A | N/A | N/A | N/A | N/A |
| MSCI AC World ex USA | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 0.45 | 1.00 | 8.01 |



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 |
|--------------------------------------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| ● Highland Fixed | -0.02 (86) | -0.02 (86) | 8.04 (95) | 4.27 (83) | 4.33 (57) | 4.27 (37) | 3.59 (35) |
| ● Total Highland Fixed Income Policy | 0.18 (57) | 0.18 (57) | 8.72 (77) | 4.27 (83) | 4.03 (85) | 3.68 (85) | 3.05 (89) |
| Median | 0.22 | 0.22 | 9.20 | 4.56 | 4.40 | 4.11 | 3.46 |

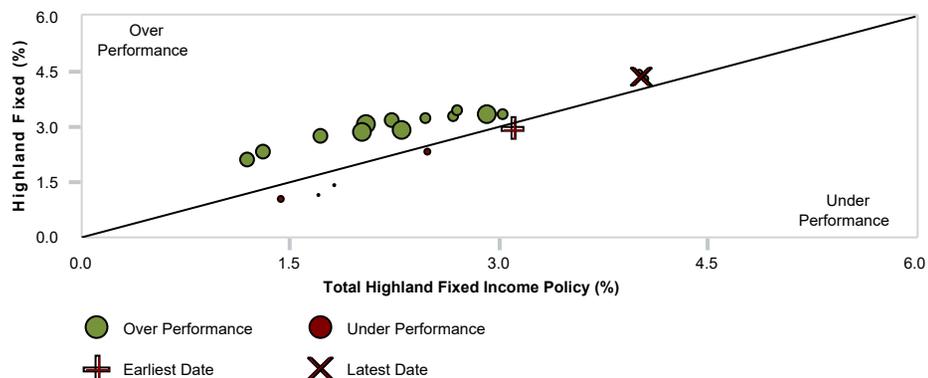
| | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 |
|--------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Highland Fixed | 0.15 (78) | 0.79 (53) | 0.86 (38) | 7.00 (10) | 2.59 (80) | 3.73 (92) |
| ● Total Highland Fixed Income Policy | 0.30 (68) | 1.22 (87) | 0.07 (85) | 5.19 (81) | 2.94 (61) | 3.96 (81) |
| Median | 0.43 | 0.75 | 0.61 | 5.66 | 3.02 | 4.47 |

Comparative Performance

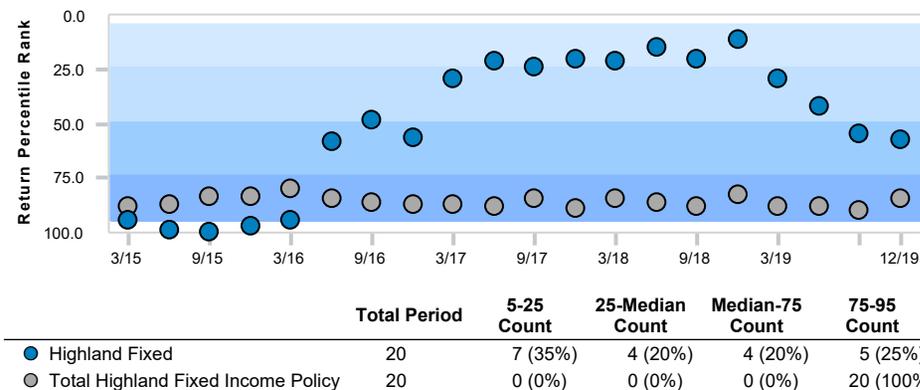
| | 1 Qtr Ending Sep-2019 | 1 Qtr Ending Jun-2019 | 1 Qtr Ending Mar-2019 | 1 Qtr Ending Dec-2018 | 1 Qtr Ending Sep-2018 | 1 Qtr Ending Jun-2018 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Highland Fixed | 2.01 (94) | 2.96 (87) | 2.89 (85) | 1.93 (9) | 0.19 (49) | -0.14 (65) |
| Total Highland Fixed Income Policy | 2.27 (70) | 3.08 (70) | 2.94 (83) | 1.64 (25) | 0.02 (84) | -0.16 (72) |
| IM U.S. Broad Market Core Fixed Income (SA+CF) Median | 2.33 | 3.13 | 3.21 | 1.40 | 0.18 | -0.09 |



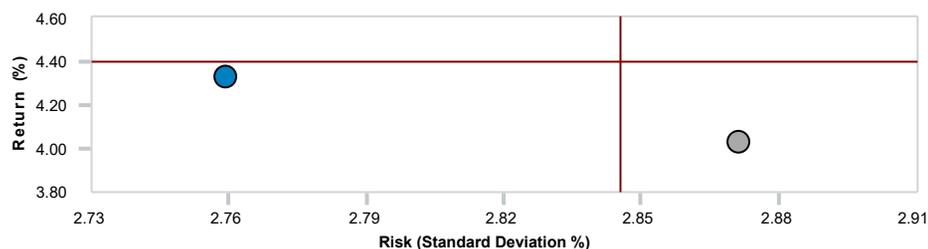
3 Yr Rolling Under/Over Performance - 5 Years



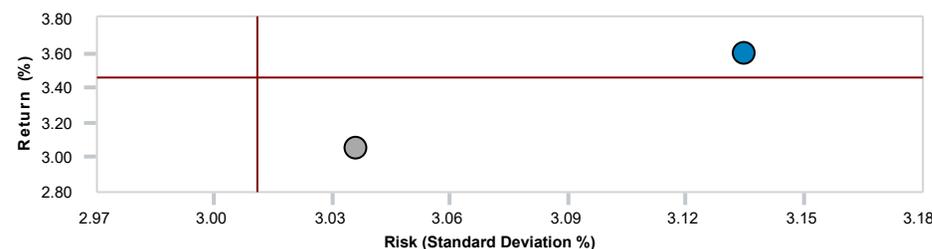
3 Yr Rolling Percentile Ranking - 5 Years



Peer Group Scattergram - 3 Years



Peer Group Scattergram - 5 Years



Historical Statistics - 3 Years

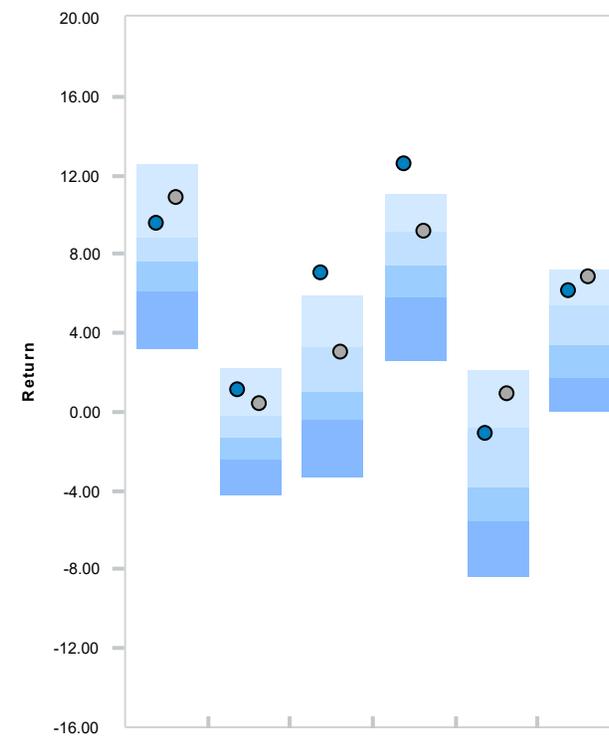
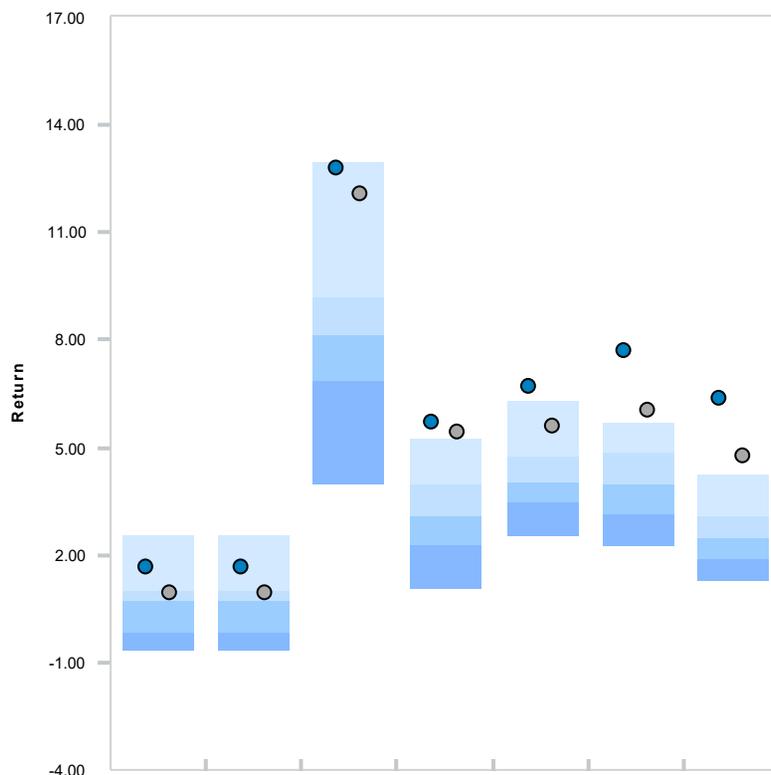
| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Highland Fixed | 0.48 | 100.83 | 87.77 | 0.50 | 0.60 | 0.97 | 0.95 | 1.12 |
| Total Highland Fixed Income Policy | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 0.83 | 1.00 | 1.21 |

Historical Statistics - 5 Years

| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| Highland Fixed | 0.69 | 108.86 | 98.54 | 0.51 | 0.76 | 0.82 | 1.01 | 1.69 |
| Total Highland Fixed Income Policy | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 0.67 | 1.00 | 1.61 |



Peer Group Analysis - IM Global Fixed Income (MF)



| | QTR | FYTD | 1 YR | 2 YR | 3 YR | 4 YR | 5 YR |
|---------------------------------------|-----------|-----------|-----------|----------|----------|----------|----------|
| ● PIMCO Div Inc Fund (PDIIIX) | 1.67 (14) | 1.67 (14) | 12.78 (6) | 5.67 (2) | 6.72 (3) | 7.67 (1) | 6.35 (1) |
| ● Blmbg. Barc. Global Credit (Hedged) | 0.93 (32) | 0.93 (32) | 12.08 (7) | 5.44 (4) | 5.59 (9) | 6.02 (4) | 4.75 (1) |
| Median | 0.68 | 0.68 | 8.12 | 3.11 | 4.04 | 3.96 | 2.46 |

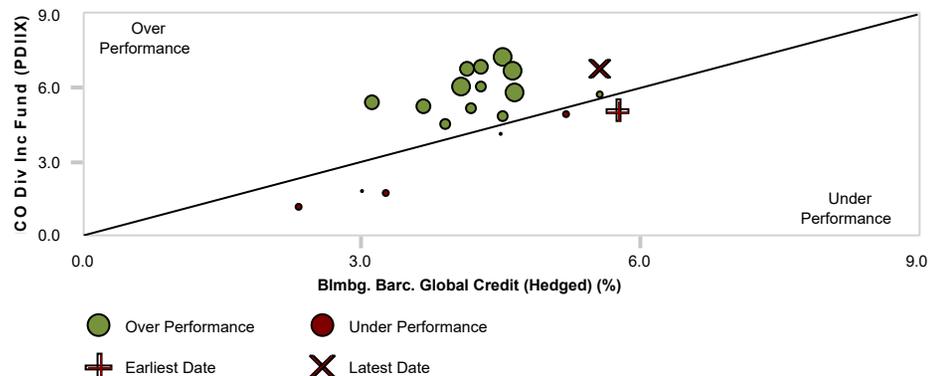
| | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 |
|---------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● PIMCO Div Inc Fund (PDIIIX) | 9.54 (19) | 1.07 (10) | 6.98 (2) | 2.57 (2) | 1.10 (26) | 6.09 (16) |
| ● Blmbg. Barc. Global Credit (Hedged) | 0.83 (12) | 0.39 (17) | 3.04 (27) | 9.19 (25) | 0.86 (18) | 6.83 (9) |
| Median | 7.65 | 1.29 | 1.02 | 7.42 | 3.85 | 3.37 |

Comparative Performance

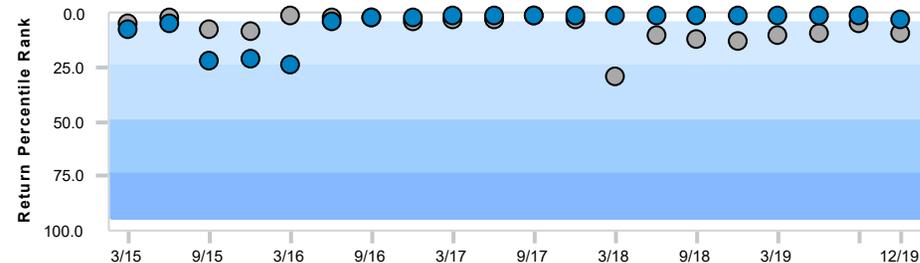
| | 1 Qtr Ending Sep-2019 | 1 Qtr Ending Jun-2019 | 1 Qtr Ending Mar-2019 | 1 Qtr Ending Dec-2018 | 1 Qtr Ending Sep-2018 | 1 Qtr Ending Jun-2018 |
|-------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| PIMCO Div Inc Fund (PDIIIX) | 1.20 (46) | 3.59 (37) | 5.82 (1) | -1.26 (91) | 1.66 (2) | -0.73 (26) |
| Blmbg. Barc. Global Credit (Hedged) | 2.36 (10) | 3.60 (36) | 4.71 (6) | -0.19 (66) | 0.98 (8) | -0.44 (13) |
| IM Global Fixed Income (MF) Median | 1.01 | 3.37 | 3.10 | 0.35 | -0.39 | -2.29 |



3 Yr Rolling Under/Over Performance - 5 Years

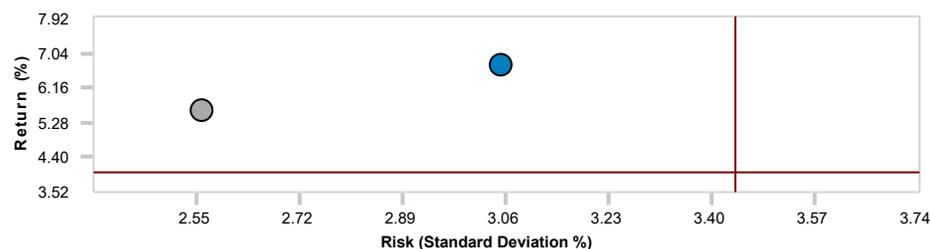


3 Yr Rolling Percentile Ranking - 5 Years



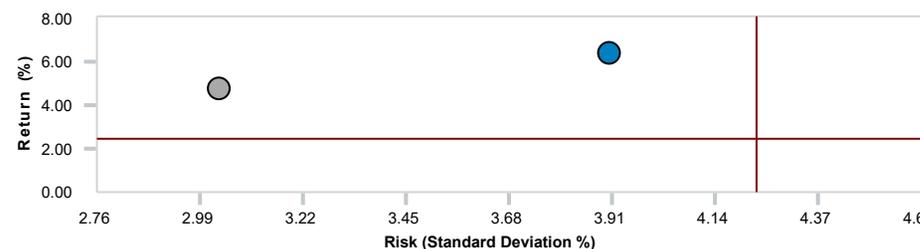
| | Total Period | 5-25 Count | 25-Median Count | Median-75 Count | 75-95 Count |
|-------------------------------------|--------------|------------|-----------------|-----------------|-------------|
| PIMCO Div Inc Fund (PDIIIX) | 20 | 20 (100%) | 0 (0%) | 0 (0%) | 0 (0%) |
| Blmbg. Barc. Global Credit (Hedged) | 20 | 19 (95%) | 1 (5%) | 0 (0%) | 0 (0%) |

Peer Group Scattergram - 3 Years



| | Return | Standard Deviation |
|-------------------------------------|--------|--------------------|
| PIMCO Div Inc Fund (PDIIIX) | 6.72 | 3.05 |
| Blmbg. Barc. Global Credit (Hedged) | 5.59 | 2.56 |
| Median | 4.04 | 3.44 |

Peer Group Scattergram - 5 Years



| | Return | Standard Deviation |
|-------------------------------------|--------|--------------------|
| PIMCO Div Inc Fund (PDIIIX) | 6.35 | 3.91 |
| Blmbg. Barc. Global Credit (Hedged) | 4.75 | 3.03 |
| Median | 2.46 | 4.23 |

Historical Statistics - 3 Years

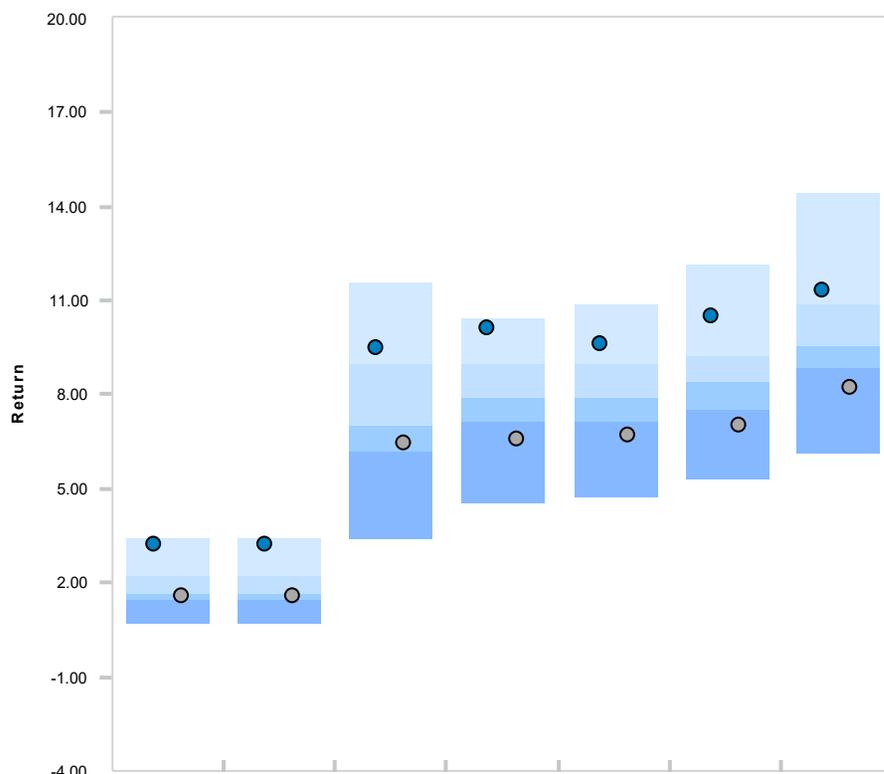
| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|-------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| PIMCO Div Inc Fund (PDIIIX) | 1.57 | 108.26 | 56.30 | 0.95 | 0.69 | 1.61 | 1.02 | 0.91 |
| Blmbg. Barc. Global Credit (Hedged) | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 1.52 | 1.00 | 0.83 |

Historical Statistics - 5 Years

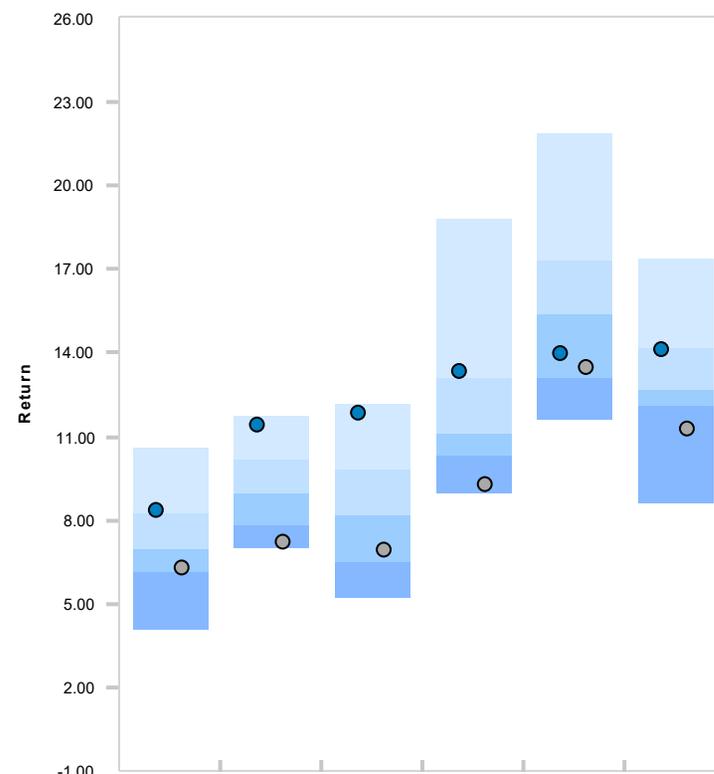
| | Tracking Error | Up Market Capture | Down Market Capture | Alpha | Information Ratio | Sharpe Ratio | Beta | Downside Risk |
|-------------------------------------|----------------|-------------------|---------------------|-------|-------------------|--------------|------|---------------|
| PIMCO Div Inc Fund (PDIIIX) | 2.06 | 120.31 | 90.92 | 1.10 | 0.76 | 1.33 | 1.10 | 1.84 |
| Blmbg. Barc. Global Credit (Hedged) | 0.00 | 100.00 | 100.00 | 0.00 | N/A | 1.22 | 1.00 | 1.44 |



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 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|------------|------------|
| ● Intercontinental | 3.22 (11) | 3.22 (11) | 9.46 (21) | 10.09 (6) | 9.62 (16) | 10.49 (17) | 11.33 (21) |
| ● NCREIF Property Index | 1.55 (62) | 1.55 (62) | 6.42 (67) | 6.57 (83) | 6.70 (78) | 7.01 (83) | 8.25 (86) |
| Median | 1.63 | 1.63 | 7.02 | 7.90 | 7.91 | 8.38 | 9.58 |



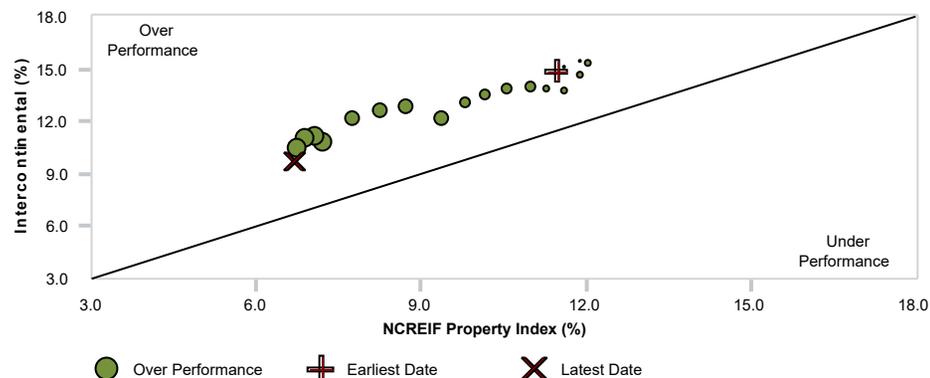
| | Oct-2018 To Sep-2019 | Oct-2017 To Sep-2018 | Oct-2016 To Sep-2017 | Oct-2015 To Sep-2016 | Oct-2014 To Sep-2015 | Oct-2013 To Sep-2014 |
|-------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| ● Intercontinental | 8.31 (23) | 11.39 (8) | 11.80 (7) | 13.29 (22) | 13.98 (67) | 14.12 (28) |
| ● NCREIF Property Index | 6.24 (75) | 7.16 (93) | 6.89 (71) | 9.22 (93) | 13.48 (73) | 11.26 (87) |
| Median | 6.97 | 9.01 | 8.17 | 11.14 | 15.39 | 12.66 |

Comparative Performance

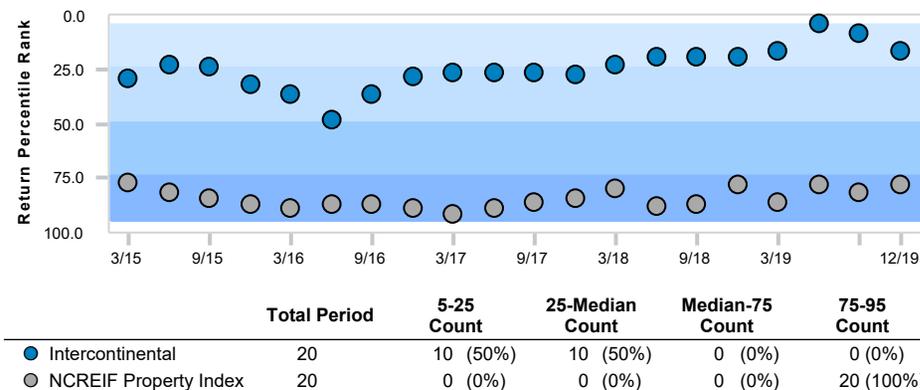
| | 1 Qtr Ending Sep-2019 | 1 Qtr Ending Jun-2019 | 1 Qtr Ending Mar-2019 | 1 Qtr Ending Dec-2018 | 1 Qtr Ending Sep-2018 | 1 Qtr Ending Jun-2018 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Intercontinental | 2.50 (20) | 1.45 (47) | 1.98 (53) | 2.14 (19) | 2.52 (22) | 2.89 (26) |
| NCREIF Property Index | 1.41 (76) | 1.51 (31) | 1.80 (70) | 1.37 (74) | 1.67 (77) | 1.81 (87) |
| IM U.S. Open End Private Real Estate (SA+CF) Median | 1.79 | 1.43 | 1.99 | 1.75 | 2.09 | 2.20 |



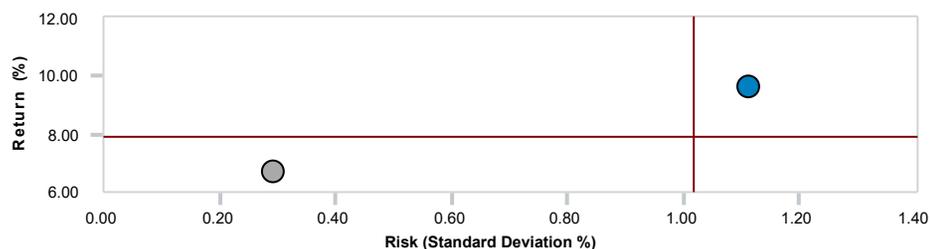
3 Yr Rolling Under/Over Performance - 5 Years



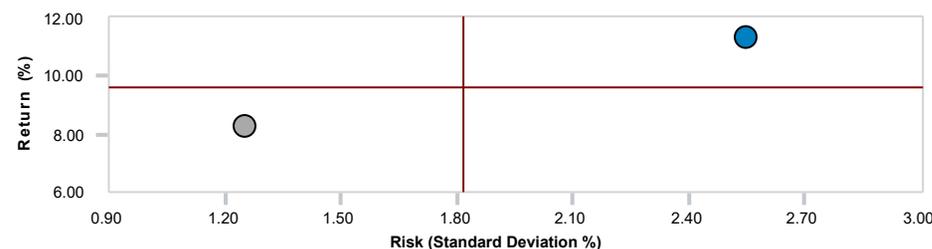
3 Yr Rolling Percentile Ranking - 5 Years



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 | 1.11 | 142.23 | N/A | 5.41 | 2.50 | 6.72 | 0.61 | 0.00 |
| NCREIF Property Index | 0.00 | 100.00 | N/A | 0.00 | N/A | 9.65 | 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 | 2.64 | 136.16 | N/A | 8.42 | 1.10 | 3.62 | 0.34 | 0.00 |
| NCREIF Property Index | 0.00 | 100.00 | N/A | 0.00 | N/A | 4.37 | 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 |
| ICE BofAML Govt/ Corp Master | 50.00 |
| May-2010 | |
| S&P 500 Value | 45.00 |
| Blmbg. Barc. U.S. Aggregate Index | 40.00 |
| MSCI AC World ex USA | 15.00 |
| Oct-2010 | |
| S&P 500 Value | 45.00 |
| MSCI AC World ex USA | 15.00 |
| Blmbg. Barc. U.S. Aggregate Index | 30.00 |
| NCREIF Property Index | 10.00 |
| Apr-2016 | |
| S&P 500 Index | 45.00 |
| MSCI AC World ex USA | 15.00 |
| Blmbg. Barc. U.S. Aggregate Index | 25.00 |
| NCREIF Property Index | 10.00 |
| ICE BofAML Global Broad Market Index | 5.00 |

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 |
| ICE BofAML Govt/ Corp Master | 50.00 |
| May-2010 | |
| S&P 500 Value | 45.00 |
| Blmbg. Barc. U.S. Aggregate Index | 40.00 |
| MSCI AC World ex USA | 15.00 |
| Oct-2010 | |
| S&P 500 Value | 45.00 |
| MSCI AC World ex USA | 15.00 |
| Blmbg. Barc. U.S. Aggregate Index | 40.00 |
| NCREIF Property Index | 0.00 |
| Apr-2016 | |
| S&P 500 Index | 45.00 |
| MSCI AC World ex USA | 15.00 |
| Blmbg. Barc. U.S. Aggregate Index | 35.00 |
| NCREIF Property Index | 0.00 |
| ICE BofAML Global Broad Market Index | 5.00 |

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 | |
| ICE BofAML Govt/ Corp Master | 100.00 |
| May-2010 | |
| Blmbg. Barc. U.S. Aggregate Index | 100.00 |
| Apr-2011 | |
| Blmbg. Barc. U.S. Aggregate Index | 87.50 |
| ICE BofAML 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 6.00%* 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. | ✓ | | |

* effective 10/1/2016 Assumption goes to 6.00%

| 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. | ✓ | | |

| Manager Compliance: | Highland Equity | | | Highland Fixed | | | PIMCO | | | Highland Intl | | |
|---|-----------------|----|-----|----------------|----|-----|-------|----|-----|---------------|----|-----|
| | 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 | | | VG VFIAX ~ | | | | | | | | | | | |
|---|------------------|----|-----|------------|----|-----|-----|----|-----|-----|----|-----|-----|----|-----|
| | 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 only



Vero Beach Firefighters' Pension Plan
Fee Analysis

As of December 31, 2019

| | Estimated Annual Fee (%) | Market Value (\$) | Estimated Annual Fee (\$) | Fee Schedule |
|---------------------------------------|--------------------------|-------------------|---------------------------|------------------|
| Highland Equity | 0.50 | 3,181,069 | 15,905 | 0.50 % of Assets |
| Vanguard 500 Index (VFIAX) | 0.05 | 742,928 | 371 | 0.05 % of Assets |
| Total Domestic Equity | 0.41 | 3,923,997 | 16,277 | |
| Highland International | 0.50 | 1,359,100 | 6,796 | 0.50 % of Assets |
| Total International Equity | 0.50 | 1,359,100 | 6,796 | |
| Highland Fixed | 0.50 | 898,881 | 4,494 | 0.50 % of Assets |
| Total Domestic Fixed Income | 0.50 | 898,881 | 4,494 | |
| PIMCO Diversified Income Fund (PDIIX) | 0.75 | 285,636 | 2,142 | 0.75 % of Assets |
| Total Global Fixed Income | 0.75 | 285,636 | 2,142 | |
| Intercontinental | 1.10 | 1,123,671 | 12,360 | 1.10 % of Assets |
| Total Real Estate | 1.10 | 1,123,671 | 12,360 | |
| R&D | | 308,913 | - | |
| Total Fund | 0.53 | 7,900,197 | 42,069 | |



- 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.

| | |
|---------------------------------------|---|
| 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. |
| Distributed to Paid In (DPI) | - The ratio of money distributed to Limited Partners by the fund, relative to contributions. It is calculated by dividing cumulative distributions by paid in capital. This multiple shows the investor how much money they got back. It is a good measure for evaluating a fund later in its life because there are more distributions to measure against. |
| 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. |
| Public Market Equivalent (PME) | - Designs a set of analyses used in the Private Equity Industry to evaluate the performance of a Private Equity Fund against a public benchmark or index. |
| 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. |
| Total Value to Paid In (TVPI) | - The ratio of the current value of remaining investments within a fund, plus the total value of all distributions to date, relative to the total amount of capital paid into the fund to date. It is a good measure of performance before the end of a fund's life |
| 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. |

AndCo compiled this report for the sole use of the client for which it was prepared. AndCo 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. AndCo uses the results from this evaluation to make observations and recommendations to the client.

AndCo 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. AndCo analyzes transactions as indicated on the custodian statements and reviews the custodial market values of the portfolio. As a result, this provides AndCo with a reasonable basis that the investment information presented is free from material misstatement. This methodology of evaluating and measuring performance provides AndCo with a practical foundation for our observations and recommendations. Nothing came to our attention that would cause AndCo to believe that the information presented is significantly misstated.

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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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City of Vero Beach Firefighters Relief and Pension Fund

Actuarial Valuation Report as of October 1, 2019

Annual Employer Contribution for the Fiscal Year
Ending September 30, 2020





February 12, 2020

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, 2019**

Dear Board Members:

The results of the October 1, 2019 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 purposes of the valuation are to measure the System's funding progress, to determine the employer contribution for the fiscal year ending September 30, 2020, and to determine the actuarial information for Governmental Accounting Standards Board (GASB) Statement No. 67 for the fiscal year ending September 30, 2019. 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 contribution amount in this report is determined using the actuarial assumptions and methods disclosed in Section B of this report. This report includes risk metrics on page 3 but does not include a more robust assessment of the risks of future experience not meeting the actuarial assumptions. Additional assessment of risks was outside the scope of this assignment.

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 findings in this report are based on data and other information through September 30, 2019. The valuation was based upon information furnished by the City concerning Retirement System benefits, financial transactions, plan provisions and active members, terminated members, retirees and beneficiaries. We checked for internal reasonability and year-to-year consistency, but did not audit the data. We are not responsible for the accuracy or completeness of the information provided by the City.

This report was prepared using certain assumptions approved by the Board as authorized under Florida Statutes and prescribed by the Florida Statutes as described in the section of this report entitled Actuarial Assumptions and Cost Method. The assumed mortality rates detailed in the Actuarial Assumptions and Cost Method section were prescribed by Chapter 112.63, Florida Statutes. All actuarial assumptions used in this report are reasonable for purposes of this valuation.

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 City of Vero Beach Firefighters Relief and Pension Fund 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 us or under our direct supervision, and we 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 & COMPANY

By 

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Enrolled Actuary No. 17-6599
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TABLE OF CONTENTS

| <u>Section</u> | <u>Title</u> | <u>Page</u> |
|----------------|---|-------------|
| A | Discussion of Valuation Results | |
| | 1. Discussion of Valuation Results | 1 |
| | 2. Chapter Revenue | 6 |
| B | Valuation Results | |
| | 1. Participant Data | 7 |
| | 2. Actuarially Determined Employer Contribution (ADEC) | 8 |
| | 3. Actuarial Value of Benefits and Assets | 9 |
| | 4. Calculation of Employer Normal Cost | 10 |
| | 5. Liquidation of the Unfunded Actuarial Accrued Liability | 11 |
| | 6. Actuarial Gains and Losses | 12 |
| | 7. Recent History of Valuation Results | 16 |
| | 8. Recent History of UAAL and Funded Ratio | 17 |
| | 9. Recent History of Required and Actual Contributions | 18 |
| | 10. Actuarial Assumptions and Cost Method | 19 |
| | 11. Glossary of Terms | 22 |
| C | Pension Fund Information | |
| | 1. Statement of Plan Assets at Market Value | 25 |
| | 2. Reconciliation of Plan Assets | 26 |
| | 3. Development of Actuarial Value of Assets | 27 |
| | 4. History of Investment Return Rates | 28 |
| D | Financial Accounting Information | |
| | 1. FASB No. 35 | 29 |
| | 2. GASB No. 67 | 30 |
| E | Miscellaneous Information | |
| | 1. Reconciliation of Membership Data | 36 |
| | 2. Statistical Data | 37 |
| | 3. Inactive Participant Distribution | 38 |
| | 4. Projected Retirement Benefits | 39 |
| F | Summary of Plan Provisions | 41 |



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 9/30/2020 Based on 10/1/2019 Valuation | For FYE 9/30/2019 Based on 10/1/2018 Valuation | Increase (Decrease) |
|--------------------------------------|---|---|--------------------------------|
| Required Employer/State Contribution | \$ 241,271 | \$ 260,462 | \$ (19,191) |
| Estimated State Contribution | \$ 133,272 ** | \$ 138,674 * | \$ (5,402) |
| Required Employer Contribution | \$ 107,999 | \$ 121,788 | \$ (13,789) |

** We have updated the amount shown in our October 1, 2018 Report to reflect the actual State contribution received for the fiscal year ending September 30, 2019.*

*** Estimated based on the regular payment from the State in 2019 and \$0 supplemental payment.*

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 regular amount and no supplemental distribution. If the actual payment from the State falls below this estimated 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, 2019 were \$121,788 and \$138,674, respectively, for a total of \$260,462. This total is equal to the required contribution of \$260,462 for that year.

Revisions in Benefits

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

Revisions in Actuarial Assumptions or Methods

There have been no revisions in actuarial assumptions or methods since the last valuation.



Actuarial Experience

During the past year, there was a net actuarial gain of \$156,917 which means that actual experience was more favorable than expected. The gain is due to more than expected retiree mortality and the recognized investment return being greater than the assumed rate of 6.00%. While the investment return was 2.4% based on the market value of assets, the investment return was 6.8% based on the actuarial value of assets.

Funded Ratio

The funded ratio this year is 91.3% compared to 87.6% last year. 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 15, there is an actuarial gain for the fiscal year, but there is a cumulative net actuarial loss of \$1,154,687. 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 \$225,304 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 94.1% and the total Employer/State required contribution would have been about \$78,000.

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 the oldest amortization base of approximately \$26,600 will expire. This will cause the required employer contribution to decrease by approximately \$26,600 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.



RISKS ASSOCIATED WITH MEASURING THE ACCRUED LIABILITY AND ACTUARIALLY DETERMINED CONTRIBUTION

The determination of the accrued liability and the actuarially determined contribution requires the use of assumptions regarding future economic and demographic experience. Risk measures, as illustrated in this report, are intended to aid in the understanding of the effects of future experience differing from the assumptions used in the course of the actuarial valuation. Risk measures may also help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that result from the differences between actual experience and the actuarial assumptions.

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 due to changing conditions; 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.

Examples of risk that may reasonably be anticipated to significantly affect the plan's future financial condition include:

1. Investment risk – actual investment returns may differ from the expected returns;
2. Asset/Liability mismatch – changes in asset values may not match changes in liabilities, thereby altering the gap between the accrued liability and assets and consequently altering the funded status and contribution requirements;
3. Contribution risk – actual contributions may differ from expected future contributions. For example, actual contributions may not be made in accordance with the plan's funding policy or material changes may occur in the anticipated number of covered employees, covered payroll, or other relevant contribution base;
4. Salary and Payroll risk – actual salaries and total payroll may differ from expected, resulting in actual future accrued liability and contributions differing from expected;
5. Longevity risk – members may live longer or shorter than expected and receive pensions for a period of time other than assumed;
6. Other demographic risks – members may terminate, retire or become disabled at times or with benefits other than assumed resulting in actual future accrued liability and contributions differing from expected.

The effects of certain trends in experience can generally be anticipated. For example if the investment return since the most recent actuarial valuation is less (or more) than the assumed rate, the cost of the plan can be expected to increase (or decrease). Likewise if longevity is improving (or worsening), increases (or decreases) in cost can be anticipated.

The computed contribution shown on page 1 may be considered as a minimum contribution rate that complies with the Board's funding policy. The timely receipt of the actuarially determined contributions is critical to support the financial health of the plan. Users of this report should be aware that contributions made at the actuarially determined rate do not necessarily guarantee benefit security.

PLAN MATURITY MEASURES

Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

| | 2019 | 2018 |
|--|--------|--------|
| Ratio of the market value of assets to total payroll | N/A | N/A |
| Ratio of actuarial accrued liability to payroll | N/A | N/A |
| Ratio of actives to retirees and beneficiaries | 0.0 | 0.0 |
| Ratio of net cash flow to market value of assets | -6.46% | -6.01% |

RATIO OF MARKET VALUE OF ASSETS TO PAYROLL

The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 2.0 times the payroll, a return on assets 5% different than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in plan sponsor contributions as a percentage of payroll.

RATIO OF ACTUARIAL ACCRUED LIABILITY TO PAYROLL

The relationship between actuarial accrued liability and payroll is a useful indicator of the potential volatility of contributions for a fully funded plan. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 2.5 times the payroll, a change in liability 2% other than assumed would equal 5% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also plan sponsor contributions) as a percentage of payroll.

RATIO OF ACTIVES TO RETIREES AND BENEFICIARIES

A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

RATIO OF NET CASH FLOW TO MARKET VALUE OF ASSETS

A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.



ADDITIONAL RISK ASSESSMENT

Additional risk assessment is outside the scope of the annual actuarial valuation. Additional assessment may include scenario tests, sensitivity tests, stochastic modeling, stress tests, and a comparison of the present value of accrued benefits at low-risk discount rates with the actuarial accrued liability.

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 | \$ 138,704 |
| 2. Amount Received for Previous Plan Year | 138,674 |
| 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 | 138,674 |

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.

The Base Amount will continue to be updated each year based on actual Chapter revenue up to a maximum of \$306,972. If the Chapter 175 distribution exceeds \$306,972, half of the amount above \$306,972 is paid into the Share Plan and the remaining half is included in the amount the employer may take as a credit against its required contribution.

SECTION B

VALUATION RESULTS

| PARTICIPANT DATA | | |
|------------------------------------|------------------------|------------------------|
| | October 1, 2019 | October 1, 2018 |
| 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 |
| RETIRES & BENEFICIARIES | | |
| Number | 10 | 10 |
| Annual Benefits | \$ 681,238 | \$ 667,878 |
| Average Annual Benefit | \$ 68,124 | \$ 66,788 |
| Average Age | 76.2 | 75.2 |
| DISABILITY RETIREES | | |
| Number | 2 | 4 |
| Annual Benefits | \$ 46,641 | \$ 90,565 |
| Average Annual Benefit | \$ 23,321 | \$ 22,641 |
| Average Age | 87.2 | 83.8 |
| 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, 2019 | October 1, 2018 |
| B. ADEC to Be Paid During Fiscal Year Ending | 9/30/2020 | 9/30/2019 |
| C. Assumed Dates of Employer Contributions | Quarterly | Quarterly |
| D. Annual Payment to Amortize Unfunded Actuarial Liability | \$ 214,664 | \$ 235,058 |
| E. Employer Normal Cost | 18,073 | 16,191 |
| F. ADEC if Paid on the Valuation Date: D + E | 232,737 | 251,249 |
| G. ADEC Adjusted for Frequency of Payments | 241,271 | 260,462 |
| H. Estimate of State Revenue in Contribution Year | 133,272 ** | 138,674 * |
| I. Required Employer Contribution (REC) in Contribution Year | 107,999 | 121,788 |

** We have updated the amount shown in our October 1, 2018 Report to reflect the actual State contribution received for the fiscal year ending September 30, 2019.*

*** Estimated based on the regular payment from the State in 2019 and \$0 supplemental payment.*

ACTUARIAL VALUE OF BENEFITS AND ASSETS

| A. Valuation Date | October 1, 2019 | October 1, 2018 |
|--|------------------|------------------|
| 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> |
| 2. Inactive Members | | |
| a. Service Retirees & Beneficiaries | 7,895,586 | 7,977,301 |
| b. Disability Retirees | 202,709 | 478,872 |
| c. Terminated Vested Members | - | - |
| d. Total | <u>8,098,295</u> | <u>8,456,173</u> |
| 3. Total for All Members | 8,098,295 | 8,456,173 |
| C. Actuarial Accrued (Past Service) Liability (Entry Age Normal) | 8,098,295 | 8,456,173 |
| D. Actuarial Value of Accumulated Plan Benefits per FASB No. 35 | 8,098,295 | 8,456,173 |
| E. Plan Assets | | |
| 1. Market Value | 7,618,187 | 7,935,652 |
| 2. Actuarial Value | 7,392,883 | 7,409,710 |
| F. Unfunded Accrued Liability: C - E2 | 705,412 | 1,046,463 |
| 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, 2019 | October 1, 2018 |
|---|-----------------|-----------------|
| 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> |
| 7. Assumed Amount for Administrative Expenses | 18,073 | 16,191 |
| 8. Total Normal Cost | <u>18,073</u> | <u>16,191</u> |
| C. Expected Member Contribution | - | - |
| D. Employer Normal Cost: B8-C | 18,073 | 16,191 |

LIQUIDATION OF THE UNFUNDED ACTUARIAL ACCRUED LIABILITY

| UAAL Amortization Period and Payments | | | | | |
|--|-------------------|------------------|------------------------|------------------|-----------------|
| Original UAAL | | | Current UAAL | | |
| Date | Source | Amount | Years Remaining | Amount | Payment |
| 10/1/2010 | (Gain)/Loss | 202,098 | 1 | 26,589 | 26,589 |
| 10/1/2011 | (Gain)/Loss | 276,060 | 2 | 70,320 | 36,184 |
| 10/1/2012 | (Gain)/Loss | 184,159 | 3 | 68,106 | 24,037 |
| 10/1/2012 | Assumption Change | 173,555 | 3 | 64,184 | 22,653 |
| 10/1/2013 | (Gain)/Loss | 102,193 | 4 | 48,881 | 13,308 |
| 10/1/2013 | Assumption Change | 173,959 | 4 | 83,208 | 22,654 |
| 10/1/2014 | (Gain)/Loss | 65,701 | 5 | 38,110 | 8,535 |
| 10/1/2014 | Assumption Change | 173,819 | 5 | 100,823 | 22,580 |
| 10/1/2015 | Assumption Change | (295,706) | 6 | (200,036) | (38,377) |
| 10/1/2015 | Assumption Change | 169,584 | 6 | 114,718 | 22,009 |
| 10/1/2016 | (Gain)/Loss | 91,130 | 7 | 69,802 | 11,796 |
| 10/1/2016 | Assumption Change | 440,296 | 7 | 337,243 | 56,992 |
| 10/1/2017 | (Gain)/Loss | 19,161 | 8 | 16,289 | 2,475 |
| 10/1/2018 | (Gain)/Loss | 26,005 | 9 | 24,095 | 3,342 |
| 10/1/2019 | (Gain)/Loss | <u>(156,917)</u> | 10 | <u>(156,917)</u> | <u>(20,113)</u> |
| | | \$ 1,645,097 | | \$ 705,415 | \$ 214,664 |

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 |
| 2019 | \$ 705,415 |
| 2020 | 520,198 |
| 2021 | 352,050 |
| 2022 | 212,169 |
| 2023 | 113,386 |
| 2024 | 46,796 |
| 2029 | 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 | \$ 1,046,463 |
| 2. Last Year's Employer Normal Cost | 16,191 |
| 3. Last Year's Contributions | |
| a. Employer | 121,788 |
| b. State | 138,674 |
| c. a + b | <u>260,462</u> |
| 4. Interest at the Assumed Rate on: | |
| a. 1 and 2 for one year | 63,759 |
| b. 3 from dates paid | 3,622 |
| c. a - b | <u>60,137</u> |
| 5. This Year's Expected UAAL: 1 + 2 - 3c + 4c | 862,329 |
| 6. This Year's Actual UAAL Before Change in Assumption | 705,412 |
| 7. Net Actuarial Gain (Loss): 5 - 6 | 156,917 |
| 8. Gain (Loss) Due to Investments | 56,326 |
| 9. Gain (Loss) from Other Sources | 100,591 |

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 |
| 9/30/2016 | (91,130) |
| 9/30/2017 | (19,161) |
| 9/30/2018 | (26,005) |
| 9/30/2019 | 156,917 |

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 |
| 9/30/2016 | 6.7 | 6.00 |
| 9/30/2017 | 7.9 | 6.00 |
| 9/30/2018 | 7.9 | 6.00 |
| 9/30/2019 | 6.8 | 6.00 |
| Averages | 8.5 % | 7.0 % |

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) |
| 2016 | (914,054) | (54,843) | (91,130) | 0 | (1,060,027) |
| 2017 | (1,060,027) | (63,602) | (19,161) | 0 | (1,142,790) |
| 2018 | (1,142,790) | (68,567) | (26,005) | 0 | (1,237,362) |
| 2019 | (1,237,362) | (74,242) | 156,917 | 0 | (1,154,687) |

| 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 |
| 10/1/2016 | 0 | 14 | 0 | 7,253,998 | 1,366,640 | 17,811 | N/A |
| 10/1/2017 | 0 | 14 | 0 | 7,326,769 | 1,215,753 | 17,467 | N/A |
| 10/1/2018 | 0 | 14 | 0 | 7,409,710 | 1,046,463 | 16,191 | N/A |
| 10/1/2019 | 0 | 12 | 0 | 7,392,883 | 705,412 | 18,073 | 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 | 7,188,678 | 8,280,061 | 1,091,383 | 86.8 | 0 | N/A |
| 10/1/2016 | 7,253,998 | 8,620,638 | 1,366,640 | 84.1 | 0 | N/A |
| 10/1/2017 | 7,326,769 | 8,542,522 | 1,215,753 | 85.8 | 0 | N/A |
| 10/1/2018 | 7,409,710 | 8,456,173 | 1,046,463 | 87.6 | 0 | N/A |
| 10/1/2019 | 7,392,883 | 8,098,295 | 705,412 | 91.3 | 0 | N/A |



| 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 | 104,007 | 225,939 | 329,946 |
| 10/1/2016 | 9/30/2017 | 267,618 | N/A | 194,943 | N/A | 72,675 | N/A | 84,119 | 183,499 | 267,618 |
| 10/1/2017 | 9/30/2018 | 285,361 | N/A | 152,123 | N/A | 133,238 | N/A | 146,657 | 138,704 | 285,361 |
| 10/1/2018 | 9/30/2019 | 260,462 | N/A | 136,257 | N/A | 124,205 | N/A | 121,788 | 138,674 | 260,462 |
| 10/1/2019 | 9/30/2020 | 241,271 | N/A | 133,272 | N/A | 107,999 | 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).

The **inflation rate** assumed in this valuation is 2.5% per year. The Inflation Rate is defined to be the expected long-term rate of increases in the prices of goods and services.

Pay increase assumptions are not applicable.



Demographic Assumptions

The mortality table was the RP-2000 Mortality Tables for Annuitants with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates included a 100% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in the actuarial valuation as of July 1, 2018, as mandated by Chapter 112.63, Florida Statutes.

FRS Healthy Mortality for Special Risk Class Members

| Sample Attained Ages (in 2019) | Probability of Dying Next Year | | Future Life Expectancy (years) | |
|--------------------------------------|-----------------------------------|--------|-----------------------------------|-------|
| | Men | Women | Men | Women |
| | 50 | 0.53 % | 0.23 % | 34.12 |
| 55 | 0.66 | 0.32 | 29.49 | 33.48 |
| 60 | 0.89 | 0.46 | 24.92 | 28.58 |
| 65 | 1.28 | 0.72 | 20.51 | 23.83 |
| 70 | 1.95 | 1.21 | 16.36 | 19.36 |
| 75 | 3.17 | 2.04 | 12.61 | 15.26 |
| 80 | 5.21 | 3.42 | 9.37 | 11.62 |

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

For disabled retirees, the mortality table used was 60% of the RP-2000 for Disabled Annuitants and 40% of the RP-2000 Annuitant Mortality Table with a White Collar adjustment, set back 4 years for males and set forward 2 years for females, with no provision being made for future mortality improvements. These are the same rates used for the Special Risk Class members of the Florida Retirement System (FRS) in the actuarial valuation as of July 1, 2018, as mandated by Chapter 112.63, Florida Statutes.

FRS Disabled Mortality for Special Risk Class Members

| Sample Attained Ages (in 2019) | Probability of Dying Next Year | | Future Life Expectancy (years) | |
|--------------------------------------|-----------------------------------|--------|-----------------------------------|-------|
| | Men | Women | Men | Women |
| | 50 | 1.58 % | 0.85 % | 28.78 |
| 55 | 1.92 | 1.14 | 25.49 | 27.80 |
| 60 | 2.16 | 1.38 | 22.27 | 23.81 |
| 65 | 2.44 | 1.78 | 18.97 | 19.91 |
| 70 | 2.93 | 2.53 | 15.64 | 16.27 |
| 75 | 3.97 | 3.66 | 12.47 | 13.01 |
| 80 | 5.70 | 5.30 | 9.63 | 10.13 |

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. 67. |
| <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 | |
|--|---------------------|---------------------|
| | 2019 | 2018 |
| A. Cash and Cash Equivalents (Operating Cash) | \$ - | \$ 26 |
| B. Receivables | | |
| 1. Member Contributions | \$ - | \$ - |
| 2. Employer Contributions | - | - |
| 3. State Contributions | - | - |
| 4. Investment Income and Other Receivables | 9,715 | 14,117 |
| 5. Prepaid Expenses | - | - |
| 6. Total Receivables | <u>\$ 9,715</u> | <u>\$ 14,117</u> |
| C. Investments | | |
| 1. Short Term Investments | \$ 527,543 | \$ 486,294 |
| 2. Domestic Equities | 3,553,336 | 3,605,370 |
| 3. International Equities | 1,166,865 | 1,209,475 |
| 4. Domestic Fixed Income | 874,200 | 1,140,353 |
| 5. International Fixed Income | 295,231 | 361,822 |
| 6. Real Estate | 1,192,754 | 1,125,902 |
| 7. Private Equity | - | - |
| 8. Total Investments | <u>\$ 7,609,929</u> | <u>\$ 7,929,216</u> |
| D. Liabilities | | |
| 1. Benefits Payable | \$ - | \$ - |
| 2. Accrued Expenses and Other Payables | <u>(1,457)</u> | <u>(7,707)</u> |
| 3. Total Liabilities | <u>\$ (1,457)</u> | <u>\$ (7,707)</u> |
| E. Total Market Value of Assets Available for Benefits | \$ 7,618,187 | \$ 7,935,652 |
| F. State Contribution Reserve | \$ - | \$ - |
| G. Market Value Net of Reserves | \$ 7,618,187 | \$ 7,935,652 |
| H. Allocation of Investments | | |
| 1. Short Term Investments | 6.9% | 6.1% |
| 2. Domestic Equities | 46.7% | 45.4% |
| 3. International Equities | 15.3% | 15.3% |
| 4. Domestic Fixed Income | 11.5% | 14.4% |
| 5. International Fixed Income | 3.9% | 4.6% |
| 6. Real Estate | 15.7% | 14.2% |
| 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 | |
|--|---------------------|---------------------|
| | 2019 | 2018 |
| A. Market Value of Assets at Beginning of Year | \$ 7,935,652 | \$ 7,846,410 |
| B. Revenues and Expenditures | | |
| 1. Contributions | | |
| a. Employee Contributions | \$ - | \$ - |
| b. Employer Contributions | 121,788 | 146,657 |
| c. State Contributions | 138,674 | 138,704 |
| d. Purchased Service Credit | - | - |
| e. Total | <u>\$ 260,462</u> | <u>\$ 285,361</u> |
| 2. Investment Income | | |
| a. Interest, Dividends, and Other Income | \$ 248,162 | \$ 217,206 |
| b. Net Realized Gains/(Losses) | (22,896) | 4,477 |
| c. Net Unrealized Gains/(Losses) | 28,935 | 408,715 |
| d. Investment Expenses | (69,010) | (67,224) |
| e. Net Investment Income | <u>\$ 185,191</u> | <u>\$ 563,174</u> |
| 3. Benefits and Refunds | | |
| a. Regular Monthly Benefits | \$ (742,693) | \$ (743,573) |
| b. Refunds | - | - |
| c. Lump Sum Benefits | - | - |
| d. Thirteenth Check Distribution | - | - |
| e. Total | <u>\$ (742,693)</u> | <u>\$ (743,573)</u> |
| 4. Administrative Expenses and Miscellaneous Items | | |
| a. Administrative Expenses | \$ (20,425) | \$ (15,720) |
| b. Miscellaneous | - | - |
| c. Total | <u>\$ (20,425)</u> | <u>\$ (15,720)</u> |
| 5. Transfers | \$ - | \$ - |
| C. Market Value of Assets at End of Year | \$ 7,618,187 | \$ 7,935,652 |
| D. State Contribution Reserve | \$ - | \$ - |
| E. Market Value Net of Reserves | \$ 7,618,187 | \$ 7,935,652 |



Development of Actuarial Value of Assets

| Item | September 30 | |
|---|--------------|--------------|
| | 2019 | 2018 |
| A. Beginning of Year Assets* | | |
| 1. Market Value | \$ 7,935,652 | \$ 7,846,410 |
| 2. Actuarial Value | 7,409,710 | 7,326,769 |
| B. End of Year Market Value of Assets* | 7,618,187 | 7,935,652 |
| C. Net of Contributions Less Disbursements | (502,656) | (473,932) |
| D. Actual Net Investment Earnings | 185,191 | 563,174 |
| E. Expected Investment Earnings | 429,503 | 425,388 |
| F. Expected Actuarial Value End of Year | 7,336,557 | 7,278,225 |
| G. End of Year Market Value Less Expected Actuarial Value: B - F | 281,630 | 657,427 |
| H. 20% of Difference | 56,326 | 131,485 |
| I. End of Year Assets | | |
| 1. Actuarial Value: F + H | 7,392,883 | 7,409,710 |
| 2. Final Actuarial Value Within 80% to 120% of Market Value | 7,392,883 | 7,409,710 |
| J. State Contribution Reserve | 0 | 0 |
| K. Final Actuarial Value of Assets: I2 - J | 7,392,883 | 7,409,710 |
| L. Recognized Investment Earnings | 485,829 | 556,873 |
| M. Recognized Rate of Return | 6.8% | 7.9% |

* 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 |
| 9/30/2016 | 9.7 | 6.7 |
| 9/30/2017 | 12.1 | 7.9 |
| 9/30/2018 | 7.4 | 7.9 |
| 9/30/2019 | 2.4 | 6.8 |
| Average Returns: | | |
| Last 5 years | 6.5 % | 7.1 % |
| Last 10 years | 7.7 % | 6.6 % |
| All years | 8.8 % | 8.5 % |

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, 2019 | October 1, 2018 |
|---|------------------|------------------|
| B. Actuarial Present Value of Accumulated Plan Benefits | | |
| 1. Vested Benefits | | |
| a. Members Currently Receiving Payments | \$ 8,098,295 | \$ 8,456,173 |
| b. Terminated Vested Members | 0 | 0 |
| c. Other Members | 0 | 0 |
| d. Total | <u>8,098,295</u> | <u>8,456,173</u> |
| 2. Non-Vested Benefits | 0 | 0 |
| 3. Total Actuarial Present Value of Accumulated Plan Benefits: 1d + 2 | 8,098,295 | 8,456,173 |
| 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 | 8,456,173 | 8,542,522 |
| 2. Increase (Decrease) During the Period Attributable to: | | |
| a. Plan Amendment and Change in Actuarial Assumptions | 0 | 0 |
| c. Latest Member Data, Benefits Accumulated and Decrease in the Discount Period | 384,815 | 657,224 |
| d. Benefits Paid | <u>(742,693)</u> | <u>(743,573)</u> |
| e. Net Increase | (357,878) | (86,349) |
| 3. Total Value at End of Period | 8,098,295 | 8,456,173 |
| D. Market Value of Assets | 7,618,187 | 7,935,652 |
| 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>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | | |
| Service Cost | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Interest | 475,071 | 480,914 | 460,574 | 503,480 | 515,130 | 529,277 |
| Benefit Changes | - | - | - | - | - | - |
| Difference between actual & expected experience | 176,997 | 164,840 | 147,994 | (321,469) | 168,392 | - |
| Assumption Changes | - | - | 466,714 | 160,377 | 164,475 | - |
| Benefit Payments | (742,693) | (743,573) | (728,993) | (714,699) | (720,087) | (773,744) |
| Refunds | - | - | - | - | - | - |
| Net Change in Total Pension Liability | <u>(90,625)</u> | <u>(97,819)</u> | <u>346,289</u> | <u>(372,311)</u> | <u>127,910</u> | <u>(244,467)</u> |
| Total Pension Liability - Beginning | <u>8,289,195</u> | <u>8,387,014</u> | <u>8,040,725</u> | <u>8,413,036</u> | <u>8,285,126</u> | <u>8,529,593</u> |
| Total Pension Liability - Ending (a) | <u>\$ 8,198,570</u> | <u>\$ 8,289,195</u> | <u>\$ 8,387,014</u> | <u>\$ 8,040,725</u> | <u>\$ 8,413,036</u> | <u>\$ 8,285,126</u> |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - Employer | \$ 121,788 | \$ 146,657 | \$ 84,119 | \$ 104,007 | \$ 65,751 | \$ 42,311 |
| Contributions - Employer (from State) | 138,674 | 138,704 | 183,499 | 225,939 | 271,303 | 296,198 |
| Contributions - Non-Employer Contributing Entity | - | - | - | - | - | - |
| Contributions - Member | - | - | - | - | - | - |
| Net Investment Income | 185,191 | 563,174 | 873,992 | 676,519 | 84,490 | 702,893 |
| Benefit Payments | (742,693) | (743,573) | (728,993) | (714,699) | (720,087) | (773,744) |
| Refunds | - | - | - | - | - | - |
| Administrative Expense | (20,425) | (15,720) | (16,663) | (18,271) | (17,351) | (8,167) |
| Other | - | - | - | - | - | - |
| Net Change in Plan Fiduciary Net Position | <u>(317,465)</u> | <u>89,242</u> | <u>395,954</u> | <u>273,495</u> | <u>(315,894)</u> | <u>259,491</u> |
| Plan Fiduciary Net Position - Beginning | <u>7,935,652</u> | <u>7,846,410</u> | <u>7,450,456</u> | <u>7,176,961</u> | <u>7,492,855</u> | <u>7,233,364</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 7,618,187</u> | <u>\$ 7,935,652</u> | <u>\$ 7,846,410</u> | <u>\$ 7,450,456</u> | <u>\$ 7,176,961</u> | <u>\$ 7,492,855</u> |
| Net Pension Liability - Ending (a) - (b) | 580,383 | 353,543 | 540,604 | 590,269 | 1,236,075 | 792,271 |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 92.92 % | 95.73 % | 93.55 % | 92.66 % | 85.31 % | 90.44 % |
| Covered Payroll | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Net Pension Liability as a Percentage of Covered Payroll | N/A | N/A | N/A | N/A | 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 Payroll | Net Pension Liability as a % of Covered 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 |
| 2016 | \$ 8,040,725 | \$ 7,450,456 | \$ 590,269 | 92.66% | \$ - | N/A |
| 2017 | \$ 8,387,014 | \$ 7,846,410 | \$ 540,604 | 93.55% | \$ - | N/A |
| 2018 | \$ 8,289,195 | \$ 7,935,652 | \$ 353,543 | 95.73% | \$ - | N/A |
| 2019 | \$ 8,198,570 | \$ 7,618,187 | \$ 580,383 | 92.92% | \$ - | N/A |

NOTES TO NET PENSION LIABILITY
GASB Statement No. 67

Valuation Date: October 1, 2018
Measurement Date: September 30, 2019

Methods and Assumptions Used to Determine Net Pension Liability:

| | |
|---------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.5% |
| Salary Increases | N/A |
| Investment Rate of Return | 6.00% |
| Retirement Age | N/A |
| Mortality | RP-2000 Mortality Tables for Annuitants with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates included a 100% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in the actuarial valuation as of July 1, 2017, as mandated by Chapter 112.63, Florida Statutes. |

Other Information:

Notes See Discussion of Valuation Results in the October 1, 2018 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 |
| 2016 | \$ 329,946 | \$ 329,946 | \$ - | \$ - | N/A |
| 2017 | \$ 267,618 | \$ 267,618 | \$ - | \$ - | N/A |
| 2018 | \$ 285,361 | \$ 285,361 | \$ - | \$ - | N/A |
| 2019 | \$ 260,462 | \$ 260,462 | \$ - | \$ - | N/A |

NOTES TO SCHEDULE OF CONTRIBUTIONS
GASB Statement No. 67

Valuation Date: October 1, 2018
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 | 10 years |
| Asset Valuation Method | 5-year smoothed market |
| Inflation | 2.5% |
| Salary Increases | N/A |
| Investment Rate of Return | 6.00% |
| Retirement Age | N/A |
| Mortality | RP-2000 Mortality Tables for Annuitants with mortality improvements projected to all future years after 2000 using Scale BB. For males, the base mortality rates include a 90% blue collar adjustment and a 10% white collar adjustment. For females, the base mortality rates included a 100% white collar adjustment. These are the same rates used for Special Risk Class members of the Florida Retirement System (FRS) in the actuarial valuation as of July 1, 2017, as mandated by Chapter 112.63, Florida |

Other Information:
Notes See Discussion of Valuation Results in the October 1, 2018 Actuarial Valuation Report.

SINGLE DISCOUNT RATE
GASB Statement No. 67

A single discount rate of 6.00% 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 6.00%. 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 (6.00%) 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 6.00%, 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 5.00% | Current Single Discount Rate Assumption 6.00% | 1% Increase 7.00% |
|----------------------|---|----------------------|
| \$1,274,749 | \$580,383 | (\$23,614) |

SECTION E

MISCELLANEOUS INFORMATION

| RECONCILIATION OF MEMBERSHIP DATA | | |
|---|------------------------------------|------------------------------------|
| | From 10/1/18 To 10/1/19 | From 10/1/17 To 10/1/18 |
| 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 | 14 | 14 |
| 2. Additions from Active Members | 0 | 0 |
| 3. Additions from Terminated Vested Members | 0 | 0 |
| 4. Deaths Resulting in No Further Payments | (2) | 0 |
| 5. Deaths Resulting in New Survivor Benefits | 0 | 0 |
| 6. End of Certain Period - No Further Payments | 0 | 0 |
| 7. Other - New Survivor | 0 | 0 |
| 8. Number Included in This Valuation | 12 | 14 |

| STATISTICAL DATA | | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 10/1/2010 | 10/1/2011 | 10/1/2012 | 10/1/2013 | 10/1/2014 | 10/1/2015 | 10/1/2016 | 10/1/2017 | 10/1/2018 | 10/1/2019 |
| Active Participants | | | | | | | | | | |
| Number | 0 | 0 | 0 | 0 | 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 | 10 | 10 | 10 | 10 |
| Total Annual Benefit | \$ 651,819 | \$ 664,859 | \$ 678,153 | \$ 691,715 | \$ 705,551 | \$ 629,358 | \$ 641,945 | \$ 654,782 | \$ 667,878 | \$ 681,238 |
| Average Monthly Benefit | 4,938 | 5,037 | 5,138 | 5,240 | 5,345 | 5,245 | 5,350 | 5,457 | 5,566 | 5,677 |
| Disability Retirees | | | | | | | | | | |
| Number | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 2 |
| Total Annual Benefit | \$ 77,297 | \$ 78,842 | \$ 80,419 | \$ 82,028 | \$ 83,668 | \$ 85,343 | \$ 87,049 | \$ 88,789 | \$ 90,565 | \$ 46,641 |
| Average Monthly Benefit | 1,610 | 1,643 | 1,675 | 1,709 | 1,743 | 1,778 | 1,814 | 1,850 | 1,887 | 1,943 |
| Terminated Members with Vested Benefits | | | | | | | | | | |
| Number | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Annual Benefit | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Average Monthly Benefit | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |

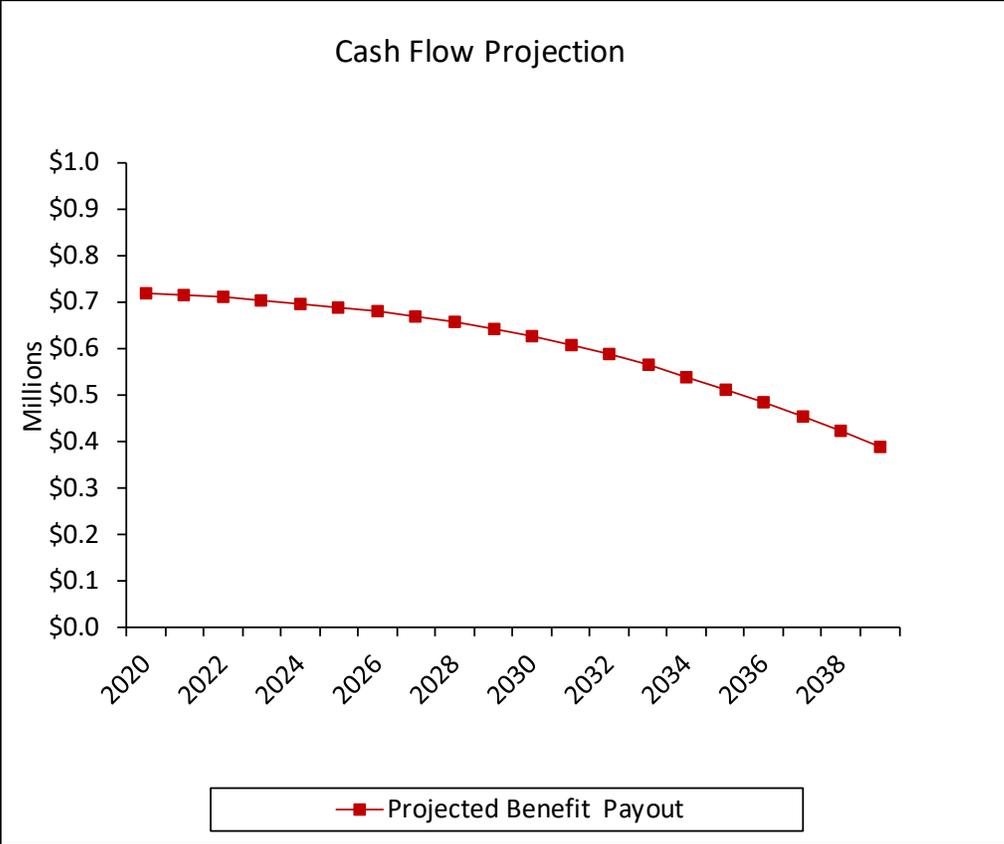
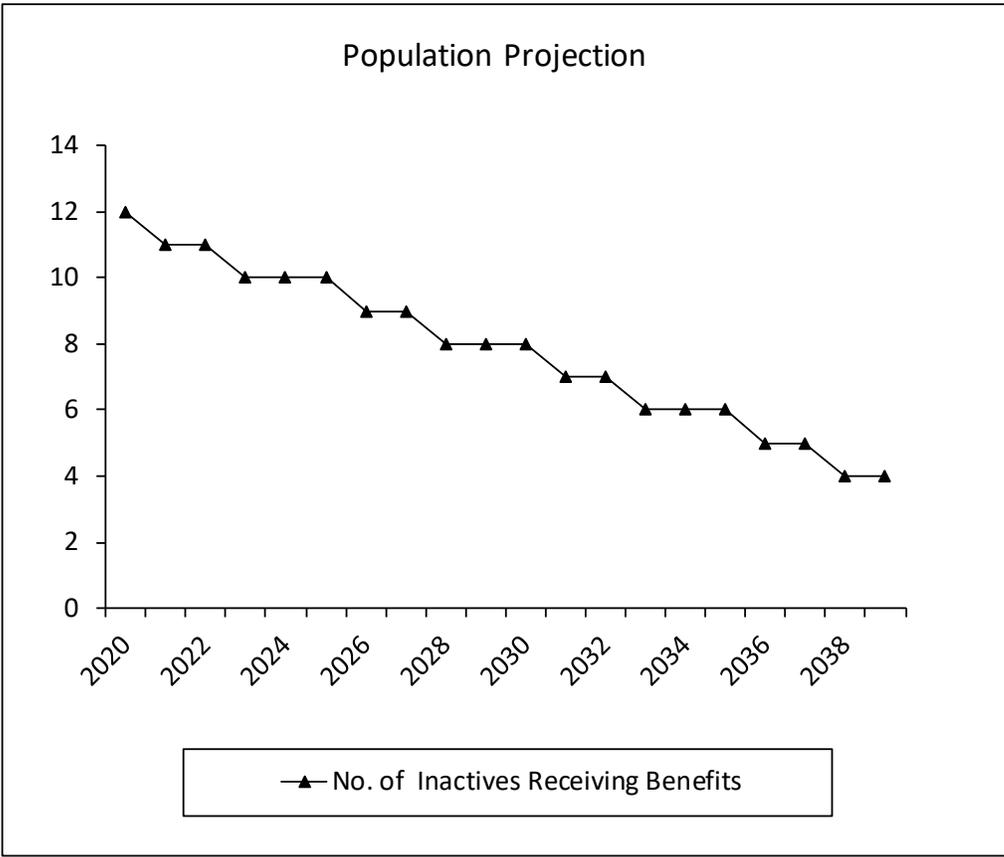


INACTIVE PARTICIPANT DISTRIBUTION

| Age Group | Terminated Vested | | Disabled | | Retired | | Deceased with Beneficiary | |
|--------------------|-------------------|----------|----------|----------|---------|----------|---------------------------|----------|
| | Total | | Total | | Total | | Total | |
| | Number | Benefits | Number | Benefits | Number | Benefits | Number | Benefits |
| Under 20 | - | - | - | - | - | - | - | - |
| 20-24 | - | - | - | - | - | - | - | - |
| 25-29 | - | - | - | - | - | - | - | - |
| 30-34 | - | - | - | - | - | - | - | - |
| 35-39 | - | - | - | - | - | - | - | - |
| 40-44 | - | - | - | - | - | - | - | - |
| 45-49 | - | - | - | - | - | - | - | - |
| 50-54 | - | - | - | - | - | - | - | - |
| 55-59 | - | - | - | - | - | - | - | - |
| 60-64 | - | - | - | - | - | - | - | - |
| 65-69 | - | - | - | - | 1 | 85,797 | - | - |
| 70-74 | - | - | - | - | 3 | 238,803 | - | - |
| 75-79 | - | - | - | - | 4 | 289,826 | - | - |
| 80-84 | - | - | - | - | - | - | 2 | 66,812 |
| 85-89 | - | - | 2 | 46,641 | - | - | - | - |
| 90-94 | - | - | - | - | - | - | - | - |
| 95-99 | - | - | - | - | - | - | - | - |
| 100 & Over | - | - | - | - | - | - | - | - |
| Total | - | - | 2 | 46,641 | 8 | 614,426 | 2 | 66,812 |
| Average Age | N/A | | 87 | | 75 | | 82 | |

| 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> |
| 2020 | 12 | \$719,906 |
| 2021 | 11 | 715,787 |
| 2022 | 11 | 710,748 |
| 2023 | 10 | 704,716 |
| 2024 | 10 | 697,614 |
| 2025 | 10 | 689,327 |
| 2026 | 9 | 679,751 |
| 2027 | 9 | 668,776 |
| 2028 | 8 | 656,216 |
| 2029 | 8 | 641,907 |
| 2030 | 8 | 625,693 |
| 2031 | 7 | 607,413 |
| 2032 | 7 | 587,032 |
| 2033 | 6 | 564,496 |
| 2034 | 6 | 539,828 |
| 2035 | 6 | 513,172 |
| 2036 | 5 | 484,515 |
| 2037 | 5 | 454,042 |
| 2038 | 4 | 422,087 |
| 2039 | 4 | 388,987 |

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. 2016-05, passed and adopted on its second reading on March 15, 2016. 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. Share Plan

The Share Plan is funded exclusively with available Chapter 175 premium tax revenue. Premium tax revenue is available for payment into the Share Plan if the distribution exceeds \$306,972. Half of the amount above \$306,972 is paid into the Share Plan and distributed on a pro-rata basis to all retirees or beneficiaries who are receiving a monthly benefit from the Plan.

Z. 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.



Client Memorandum

To: Pension Clients
From: Klausner, Kaufman, Jensen & Levinson
Date: 1/15/2020
Re: SECURE ACT and IRS LIMITS for 2020

On December 20, President Trump signed into law the curiously named Setting Every Community Up for Retirement Enhancement Act (hereinafter the "Secure Act"). The new law is primarily intended to expand opportunities to increase individual retirement savings. This memo will highlight important amendments governing required minimum required distributions (RMDs), along with relevant amendments removing age restrictions on traditional IRA contributions. This memo will also summarize the updated IRS qualified plan limits for 2020.

Age 72 Start Date for RMDs

Of most interest to governmental retirement systems is the Secure Act's new age 72 start date for RMDs. Under prior law, qualified pension plans (including traditional IRAs, 401(k) accounts and SEP-IRAs) were required to start minimum distributions by age 70½. Effective 2020, the Secure Act increases the age to begin RMDs from 70½ to 72. Importantly, this new amendment only applies to individuals who reach 70½ *after* 2020. In other words, if an individual turned 70½ before 2020, the prior RMD requirements will still apply.

Removal of Age Limit for Traditional Ira Contributions

Consistent with the objective of increasing retirement savings, the Secure Act also removes the age 70½ limit on traditional IRA contributions. Prior to the Secure Act, contributions to a traditional IRA were not allowed after a taxpayer reached age 70½. The Secure Act removes this restriction, effective 2020. This is good news for savers who want to continue to make IRA contributions after reaching age 70½.

Other provisions

The Secure Act contains a grab bag of other provisions that are not particularly relevant to governmental plans. For example, the Act attempts to encourage employers with defined contribution plans to allow employees convert their savings into guaranteed lifetime income, through the purchase of annuities. In a way, this objective serves to reinforce the value of reliable, regular income provided by defined benefit plans. The Act also includes a potentially problematic provision that will complicate estate planning using “inherited” IRAs/“stretch” IRAs.¹

IRS Notice 2019-59

Every year the IRS updates the contribution and benefit limits for qualified plans. For 2020, the contribution limit for employees participating in 401(k), 457 and 403(b) plans increases from \$19,000 to \$19,500. By contrast, the limit on annual IRA contributions remains unchanged at \$6,000. Likewise, the additional catch-up contribution limit for individuals aged 50 and over is also unchanged at \$1,000.

Additional benefit limits for 2020 are set forth below:

Effective January 1, 2020, the limitation on the annual benefit under a defined benefit (DB) plan under § 415(b)(1)(A) increases from \$225,000 to \$230,000.

The annual compensation limit under §§ 401(a)(17), 404(l), 408(k)(3)(C), and 408(k)(6)(D)(ii) increases from \$280,000 to \$285,000.

The limitation for defined contribution (DC) plans under § 415(c)(1)(A) increases in 2020 from \$56,000 to \$57,000.

Here is a link to IRS [Notice 2019-59: https://www.irs.gov/pub/irs-drop/n-19-59.pdf](https://www.irs.gov/pub/irs-drop/n-19-59.pdf)

¹ The use of inherited/stretch IRAs is beyond the scope of this memo as it implicates individual tax planning.



A PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS
ATTORNEYS AT LAW

MEMORANDUM

To: Board of Trustees

From: Klausner, Kaufman, Jensen & Levinson
Bonni S. Jensen

Subject: HB 1113/SB 1270 - Fiduciary Standards for Local Officers and Appointed Public Officials

Date: January, 2020

This Florida legislative session, both the House and the Senate will be considering a bill that adds a new section to chapter 112 of the Florida Statutes, establishing a fiduciary standard for appointed public officials and executive officers acting on behalf of a governmental entity. This new section may conflict with the fiduciary standards already applicable to governmental retirement systems that is already in the law at Section 112.656.

- A. The bill clearly applies to trustees of local retirement systems. It applies to local officers as defined in Florida Statutes 112.3145(1)(a)2, which provides in pertinent part:

112.3145 Disclosure of financial interests and clients represented before agencies.—

- (a) "Local officer" means:

2. Any appointed member of any of the following boards, councils, commissions, authorities, or other bodies of any county, municipality, school district, independent special district, or other political subdivision of the state:

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e. A pension board or retirement board having the power to invest pension or retirement funds or the power to make a binding determination of one's entitlement to or amount of a pension or other retirement benefit;

B. The proposed bill sets a fiduciary standard of care as follows:

Each appointed public official and executive officer owes a fiduciary duty of care to the governmental entity he or she serves and has a duty to:

- (a) Act in accordance with the laws, ordinances, rules, policies, and terms governing his or her office or employment.
- (b) Act with the care, competence, and diligence normally exercised by private business professionals in similar corporate and proprietary circumstances.
- (c) Act only within the scope of his or her authority.
- (d) Refrain from conduct that is likely to damage the financial or economic interests of the governmental entity.
- (e) Use reasonable efforts to maintain documentation in accordance with applicable laws.
- (f) Maintain reasonable oversight of any delegated authority and discharge his or her duties with the care that a reasonably prudent person in a like private business position would believe appropriate under the circumstances, and must:
 - 1. Become reasonably informed in connection with any decisionmaking function;
 - 2. Become reasonably informed when devoting attention to any oversight function;
 - 3. Keep reasonably informed concerning the affairs of the governmental entity; and
 - 4. Keep reasonably informed concerning the performance of a governmental entity's executive officers or other officers, agents, or employees.

This is similar to the Board member's fiduciary responsibility under Florida Statutes 112.656 and the investment standard of care in Florida Statutes 112.661, except that the Board owes its duty exclusively to the Participants and Beneficiaries. It is inherent in a fiduciary duty of care that you can only have one such exclusive relationship in your Board member role. This bill should either clarify the relationship between 112.656 and this new bill or carve pension fund trustees out of this new fiduciary relationship.

HB 1113/SB 1270 - Fiduciary Standards for Local Officers and Appointed Public Officials

January, 2020

Page 3 of 3

- C. The new bill also proposes a minimum 5 hours of Board governance training for each term served which begins as of January 1, 2021. Within 30 days of completion of the training, the public official must certify in writing and under oath that they:
- Completed the training;
 - Read the laws and relevant policies applicable to their position;
 - Will work to uphold the laws and policies to the best of their ability; and
 - Will faithfully discharge their fiduciary responsibility imposed by this law.
- D. The appointment of the executive officer and general counsel are subject to approval by a majority vote of the governing body of the governmental entity (the pension board).
- E. Finally, the Legal Counsel of the governmental entity must represent the legal interest and the position of the governing body (the Board) and not the interest of any individual or employee.



A PARTNERSHIP OF PROFESSIONAL ASSOCIATIONS
ATTORNEYS AT LAW

MEMORANDUM

TO: All Pension Clients

FROM: Klausner, Kaufman, Jensen & Levinson

DATE: January 2020

RE: Changes to Florida's Notary Public Law to Permit Remote Online Notarizations

Effective January 1, 2020, Florida's Notary Public Law, Chapter 117, was changed by House Bill 409 which permits a Florida Notary Public ("Notary") to perform remote online notarizations.

Remote online notarization ("RON") allows Florida Notaries to acknowledge documents via "audio-video communication technology." Florida law defines audio-video communication technology as "technology in compliance with applicable law which enables real-time, two-way communication using electronic means in which participants are able to see, hear, and communicate with one another." Notaries may charge a fee of up to \$25 for this service.

REGISTERING AS A REMOTE ONLINE NOTARY

Pursuant to Fla. Stat., §117.225, registering to become a remote online Notary includes the following:

- (a) holding a current Notary or civil law Notary commission or appointment as a commissioner of deeds and submitting proof of commissioning or appointment;
- (b) certifying that they have completed a two hour classroom or online course covering the duties, obligations and technology requirements for serving as an online Notary;
- (c) paying a ten dollar registration fee;

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- (d) submitting a signed and sworn registration as an online Notary to the Department of State;
- (e) identification of the RON service provider for audio-video communication technology, identity proofing and credentials analysis the applicant intends to use and confirming that these technologies satisfy the requirements of the new law and rules adopted by the Department of State; and
- (f) providing evidence satisfactory to the Department of State that the applicant obtained a \$25,000 bond as an online Notary and a minimum of \$25,000 errors and omissions policy on such terms as are specified by the Department of State by rule.

REMOTE ONLINE NOTARIZATION PROCEDURES

This new law permits individuals seeking a notarization (the “principal”) to utilize the services of a Florida Notary whether or not they are physically located within the state. For principals located outside the state of Florida, the online Notary must receive either a verbal or written affirmation that they want the notarial act subject to Florida law and performed by a Florida Notary.

Remote Online Notaries must confirm the principal’s identity and the identity of the witness(es) who appear remotely. Identity confirmation must be done at the time of signing and may be completed by personal knowledge of each principal and each witness or by completing all of the following:

- (i) remote presentation of a government-issued identification credential by each principal;
- (ii) credential analysis of each government-issued identification document;¹ and

¹ “. . . the following minimum standards shall apply to credential analysis used for any online notarization performed by an online Notary or his or her RON service provider: (a) credential analysis must use one or more commercially available automated software or hardware processes that are consistent with sound commercial practices; (b) credential analysis must aid the Notary in verifying the authenticity of the credential by analyzing the integrity of visual, physical, or cryptographic security features to indicate that the credential is not fraudulent or inappropriately modified; (c) credential analysis must use information held or published by the issuing source or authoritative source, as available, to confirm the validity of credential details; and (d) the output of the credential analysis process must be provided to the online Notary performing the notarial act.”

- (iii) identity proofing of each principal in the form of knowledge-based authentication or another method or identity proofing that conforms to Florida law.

Under §117.285(4), witnesses of an electronic signature must either be in the physical presence of the principal or present through audio-video communication technology. Remote witnesses are required to provide the Notary with a “verbal confirmation that he or she is a resident of and physically located within the United States or a territory of the United States at the time of witnessing.”

All documents notarized via RON must be conspicuously identified as such; this can be accomplished by including the words “online notarization” next to the online Notary’s seal (see attached sample notary acknowledgment). Notarizations must be tracked and all remote online Notaries must keep one or more electronic journals in compliance with §117.245(1).

Pursuant to §117.245(2), online notarizations must be retained. This means Notaries must keep an “unedited copy of the recording of the audio-video communication in which an online notarization is performed.” The online recording must include the following:

- (a) appearance by the principal and any witness before the online notary public;
- (b) confirmation of the identify of the principal and any witness;
- (c) a general description or identification of the records to be signed;
- (d) at the commencement of the recording, recitation by the online notary public of information sufficient to identify the notarial act; and
- (e) a declaration by the principal, notary public, and any required witness during the entire online notarization, including the signing of any records before the online notary public.

OTHER APPLICABLE CHANGES TO FLORIDA’S NOTARY PUBLIC LAW

In the wake of increased cyber-attacks to many Florida municipalities, Chapter 117 was also amended to require additional protections when acquiring an electronic signature. Section 117.021(2)(c) now provides that “in performing an electronic notarial act, a notary public shall use an electronic signature that is . . . retained under the notary public’s sole control and includes access

protection through the use of passwords or codes under control of the notary.”

Section 117.285(5) was created and provides that when an electronic record to be signed is: (a) will, (b) trust will testamentary aspects, (c) health care advance directive, (d) waiver of spousal rights, or (e) power of attorney authorizing any of the transactions enumerated in s. 709.2208, the following written notice must be given by the RON service provider to a principal who is considered a vulnerable adult.

NOTICE: If you are a vulnerable adult as defined in s. 415.102, Florida Statutes, the documents you are about to sign are not valid if witnessed by means of audio-video communication technology. If you suspect you may be a vulnerable adult, you should have witnesses physically present with you before signing.

CHANGES TO FLORIDA'S POWER OF ATTORNEY LAW

To be valid, a power of attorney drafted in Florida must comply with the provisions of Chapter 709. Retirement plans are often given a power of attorney requesting the Board take particular action. The new provisions found in the remote online notarization law amend some of the requirements found under Florida's power of attorney law. The following three changes to Fla. Stat., §709 are relevant to retirement plans.

1. Section 709.2119(3)(d) authorizes third parties to request and rely upon “the electronic journal or record made by the notary public . . . if the power of attorney is witnessed or notarized remotely through the use of online witnesses or notarization.”

2. Section 709.2120(4)(d) provides that a power of attorney may be rejected if it “is witnessed or notarized remotely through the use of online witnesses or notarization, and either the agent is unable to produce the electronic journal or record, or the notary public did not maintain an electronic journal or record of the notarization.”

3. Section 709.2202(6) provides that “a power of attorney, executed by a principal domiciled in this state at the time of execution, that is witnessed remotely. . . by a witness not in the physical presence of the principal is not effective to . . . create or change a beneficiary designation or to waive a principal's right to be a beneficiary of a joint and survivor annuity, including a survivor benefit under a retirement plan.”

CONCLUSION

Effective January 1, 2020, Florida's law governing Notaries public has been amended to allow the use of audio-video communication technology to remotely notarize documents when certain criteria are met. Florida's power of attorney law was also amended based on these changes. Finally, and of particular importance to retirement plans, remote online notarizations cannot be used to create or change a beneficiary designation or to waive a beneficiary's right to a joint and survivor annuity, including any survivor benefits when the witness is not in the physical presence of the principal at the time of notarization. Attached is the most common Notary acknowledgment updated for electronic notarizations.

Please contact our office if your retirement plan has any questions.

STATE OF FLORIDA

COUNTY OF _____

Sworn to (or affirmed) and subscribed before me by means of [] physical presence or
[] online notarization, this _____ day of _____, 20____, by
_____ (name of person making statement).

(Signature of Notary Public - State of Florida)

(Print, Type, or Stamp Commissioned Name of Notary Public)

Personally Known _____ OR Produced Identification _____

If Identification Produced, type of Identification _____



ADDITIONAL REMARKS SCHEDULE

| | | | |
|--|-----------------------------|--|--|
| AGENCY Southfield / AssuredPartners NL | | NAMED INSURED Gabriel, Roeder, Smith & Co. Holdings, Inc. One Towne Square, Suite 800 Southfield, MI 48076 | |
| POLICY NUMBER SEE PAGE 1 | | | |
| CARRIER SEE PAGE 1 | NAIC CODE SEE P 1 | EFFECTIVE DATE: SEE PAGE 1 | |

ADDITIONAL REMARKS

THIS ADDITIONAL REMARKS FORM IS A SCHEDULE TO ACORD FORM,
FORM NUMBER: ACORD 25 FORM TITLE: Certificate of Liability Insurance

Description of Operations/Locations/Vehicles:
Crime Policy term: 6/30/2019 - 6/30/2020
Carrier: Navigators Insurance Company
Policy #: CH19CCC0BNWMXNV
\$5,000,000 Employee Theft, \$25,000 Deductible
\$500,000 Forgery or alteration
\$500,000 Inside the Premises
\$500,000 Computer Fraud
\$500,000 Funds Transfer Fraud
\$5,000 Deductible

Employee Theft of Client Property:
\$500,000 Limit of Liability
\$5,000 Retention

Employee Theft of Client Property includes Money, Securities, and Other Property sustained by the Insured's Client, directly caused by Theft or Forgery committed by an identified Employee

Cyber Liability Coverage Continued:
Privacy and Security: \$5,000,000 Limit with \$25,000 Retention
Media: \$5,000,000 Limit with \$25,000 Retention
Regulatory Proceedings: \$5,000,000 Limit with \$25,000 Retention
Data Restoration: \$5,000,000 Limit with \$25,000 Retention
Computer Fraud: \$2,500,000 Limit with \$25,000 Retention
Funds Transfer Fraud: \$2,500,000 Limit with \$25,000 Retention
Business Interruption: \$5,000,000 Limit; Waiting Period: 12 Hours

Cyber - ADDITIONAL FIRST PARTY PROVISIONS:
Accounting Costs Limit: \$25,000
Period of Restoration: 180 Days
Period of Indemnity: 30 Days

Blanket Additional Insured and Waiver of Subrogation included on the General Liability per written contract or agreement.

Blanket Waiver of Subrogation by written contract included on the Workers' Compensation policy.

60 day written notice of cancellation - 10 days for non-payment of premium.

Cancellation Notice (Other than Named Insured) as required by contract - General Liability, Auto Liability & Workers Compensation policies can be endorsed to provide 30 days written notice of cancellation- 10 days for non-payment of premium.

Primary and Non-contributory status as required by written contract

Contractual Liability:

An insured contract is that part of any contract or agreement pertaining to GRS under which GRS assumes the tort liability of another party to pay for "BI or "PD to a 3rd person / org, provided the "BI or "PD is caused, in whole or in part, by GRS or by those acting on the behalf of GRS. Tort liability means a liability that would be imposed by law in the absence of any contract or agreement. For further clarification of the contractual liability coverage, a copy of the policy form is available upon request.