CITY OF PORT ORANGE
POLICE OFFICERS' PENSION BOARD
QUARTERLY MEETING AGENDA

Port Orange Police Department
Police Department Training Room
4545 Clyde Morris Blvd.
Port Orange FL 32129
Thursday, August 16, 2018
9:00 a.m.

Disability Information: If you are a person with a disability who needs any accommodation in order to participate in this proceeding, you are entitled, at no cost to you, to the provision of certain assistance. Please contact the City Clerk for the City of Port Orange, 1000 City Center Circle, Port Orange, FL 32129, telephone number 386-506-5563, within two working days of your receipt of this notice or five days prior to the meeting date. If you are hearing or voice impaired, contact the relay operator at 1-800-955-8771.
Appeal Notice: Any person who decides to appeal any decision made by the Port Orange Police Officers' Pension Board will need a record of the proceedings, and for such purpose he or she may need to ensure at his or her own expense for the taking and preparation of a verbatim record of all testimony and evidence of the proceedings upon which the appeal is to be based.

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1. **CALL TO ORDER**
2. **DETERMINATION OF A QUORUM**
3. **APPROVAL OF MINUTES**

   A. Approve the minutes of quarterly meeting May 17, 2018.

4. **OFFICER AND TRUSTEE REPORTS**
5. **CONSENT AGENDA**

   A. Ratify plan expenditures as follows:
   1. Sugarman & Susskind – monthly retainer for May 2018 - $2,600;
   2. Sugarman & Susskind – monthly retainer for June 2018 - $2,600;
   3. Sugarman & Susskind – monthly retainer for July 2018 - $2,600;
   4. Plan Administrator Karan Rounsavall – monthly fee (May 2018, June 2018, July 2018) - $9,000;
   5. Florida Public Pension Trustees' Association (FPPTA) – registration fee for FPPTA annual conference for Chairman Steve Braddock and Plan Administrator Karan Rounsavall - $1,300 (Note: Chairman Braddock cancelled registration and plan received refund in the amount of $600);
   6. United Members Insurance – annual premium for fiduciary liability insurance through May 31, 2019 - $4,878;
   7. Rosen Shingle Creek – lodging expenses for Plan Administrator Karan Rounsavall (FPPTA Annual Conference) - $447;
   8. AndCo Consulting – investment consulting and performance monitoring services for quarter ended June 30, 2018 - $8,750;

9. First State Trust Company – custodial services for quarter ended June 30, 2018 - $4,625.

B. Acknowledge refund of member contributions to the following non-vested members:

1. Joshua Cruz (non-vested member) in the amount of $3,305.29;
2. Carlos Landin (non-vested member) in the amount of $4,511.11.

6. OLD BUSINESS

A. Ordinance No. 2018-19 increasing investment limits on equities held in the portfolio from 65 to 70 percent (Note: The Port Orange City Council unanimously adopted the ordinance at its July 17, 2018 meeting.)

7. NEW BUSINESS

A. Discussion and possible action related to change of date for quarterly meetings going forward

B. Approval of administrative expense budget for Plan Year 2018/2019 in accordance with *Florida Statutes*

C. Acknowledge pending receipt of 2017 premium tax distribution in the amount of $444,090.23

8. CONSULTANT REPORTS

A. Tyler Grumbles – *AndCo Consulting* (Investment Consultant)

1. Investment Performance Report for quarter ended June 30, 2018
2. Revised Investment Policy Statement (IPS) increasing total equity exposure from 65 to 70 percent of the total portfolio
3. Global Fixed Income/Bond Opportunities

B. Chad Little – *Freiman Little Actuaries, LLC* (Plan Actuary)

1. Ratification of consultant/staff recommendation to use swear-in dates for pension credit start dates for participants going forward and to clarify pension credit start dates for certain active members

C. Ken Harrison – *Sugarman & Susskind* (Attorney)

D. Karan Rounsavall – Plan Administrator

1. Educational Opportunities:
   - ✓ Florida Public Pension Trustees' Association (FPPTA) Fall Trustees School in Bonita Springs (September 30 – October 3, 2018)
   - ✓ Florida Division of Retirement Annual Police Officers' & Firefighters' Pension Conference in Orlando (November 14-16, 2018)

9. PUBLIC COMMENT

10. ADJOURNMENT

CITY OF PORT ORANGE
POLICE OFFICERS' PENSION BOARD
MAY 18, 2018

The Port Orange Police Officers' Pension Board of Trustees held its quarterly meeting on Friday, May 18, 2018 in the Police Department Training Room, 4545 Clyde Morris Boulevard, Port Orange, Florida.

MEMBERS PRESENT:	Chairman Steve Braddock (police member) Warren Carman (fifth member) Drew Bastian (resident member) Brian Cobb (resident member)
MEMBERS ABSENT:	William Proctor (police member) – excused due to work commitment
CONSULTANTS:	Ken Harrison, Board Attorney – Sugarman & Susskind Tyler Grumbles, Investment Consultant – AndCo Dan Johnson, Investment Consultant - AndCo Chad Little, Actuary – Freiman Little Actuaries Karan Rounsavall, Plan Administrator
CITY STAFF:	Jake Johannson, City Manager Tracey Riehm, Finance Director Margaret Roberts, City Attorney

Chairman Braddock called the meeting to order at 9:03 a.m. A quorum was in attendance.

APPROVAL OF MINUTES

Member Bastian moved to approve minutes of quarterly meeting February 16, 2018 and special meeting March 29, 2018 as submitted. Member Carman seconded the motion and it carried unanimously.

OFFICER AND TRUSTEE REPORTS - *None*

CONSENT AGENDA

The following items were presented for action as recommended:

A. Approve plan expenditures as follows:
   1. Sugarman & Susskind – monthly retainer for March 2018 - $2,600. *Recommendation:* Ratify payment.
   2. Sugarman & Susskind – reimbursement of copy charges for Vastell disability - $257.01. *Recommendation:* Ratify payment.
   3. Sugarman & Susskind – monthly retainer for April 2018 - $2,600. *Recommendation:* Ratify payment.
   4. Sugarman & Susskind – monthly retainer for May 2018 - $2,600. *Recommendation:* Ratify payment.
   5. SIMED Rehabilitation Medicine – prepayment for Independent Medical Exam for David Vastell - $1,300. *Recommendation*: Ratify payment.

6. Plan Administrator Karan Rounsavall – monthly fee (February 2018, March 2018, April 2018) - $7,800. *Recommendation:* Ratify payments.
7. Drew Bastian – reimbursement of mileage, meals, etc. for attendance at FPPTA Winter School in Orlando - $111.76. *Recommendation:* Ratify payment.
8. Warren Carman – reimbursement of mileage, meals, etc. for attendance at FPPTA Winter School in Orlando - $111.76. *Recommendation:* Ratify payment.
9. Freiman Little Actuaries – contracted actuarial services from February 14, 2017 through February 12, 2018 - $22,240. *Recommendation*: Ratify payment.
10. Freiman Little Actuaries – supplemental actuarial services from February 14, 2017 through February 12, 2018 - $4,302. *Recommendation*: Ratify payment.
11. AndCo Consulting – investment consulting and performance monitoring services for quarter ending March 31, 2018 - $8,750. *Recommendation*: Ratify payment.
12. First State Trust Company – custodial services for quarter ended March 31, 2018 - $4,625. *Recommendation*: Ratify payment.
13. James Moore & Co. – Final billing for work on September 30, 2017 audit - $1,000. *Recommendation*: Ratify payment.

Member Bastian moved to ratify plan expenses as recommended. Member Cobb seconded the motion and it carried on an all yes *vote.*

B. Acknowledge refund of member contributions to the following non-vested members:
   1. Ethan Siders (non-vested member) in the amount of $671.12;
   2. Kayla Scott (non-vested member) in the amount of $19,493.25.

Member Bastian moved to acknowledge refunds to the non-vested members as stated. Member Carman seconded the motion and it carried unanimously.

OLD BUSINESS

A. Status of ordinance increasing investment limits on equities held in the portfolio from 65 to 70 percent

It was noted that the subject ordinance had not yet been presented to the Port Orange City Council for consideration. City Manager Jake Johannson expressed concerns about risk and volatility associated with increasing equity limits in the portfolio particularly since the city was responsible for funding annual shortfalls. He sought assurance that increasing these limits was an appropriate and prudent action.

Investment Consultants Tyler Grumbles and Dan Johnson of AndCo Consulting discussed the importance of asset allocation in a portfolio and provided a handout illustrating the historical performance of various asset classes versus assumptions, asset allocation of other public plans, and long-term projections. From their perspective, the greatest concern was current low fixed income returns which were expected to continue years into the future. One strategy to increase the probability that the fund met its expected annual rate of return was to raise the portfolio's exposure to equity, specifically international equity investments. Including an allocation to international fixed income was also a possibility. Mr. Grumbles added that investment returns in the police pension fund lagged in the past, in part, because of a higher allocation to domestic fixed income. In fact, in a rising interest rate environment, bond returns could turn negative. The goal was to take an appropriate amount of risk and position the portfolio to achieve its investment objectives going forward.

Actuary Chad Little noted that the pension plan utilized a five-year smoothing technique of investment returns to decrease year-to-year volatility. Attorney Ken Harrison stated that AndCo Consulting had *"quite a big hole to dig themselves out of"* having taken over investment consulting to the plan in October 2017. Changes needed to be made to the portfolio and trustees had taken on this responsibility. From a legal perspective, the subject ordinance was proper.

The consultants were happy to attend city council meetings when the ordinance was presented to address city council concerns and answer questions.

Member Bastian moved to direct representatives from AndCo Consulting to attend city council meetings when this ordinance was presented. Member Carman seconded the motion and it carried unanimously.

NEW BUSINESS

A. Ratify early retirement benefits for Sean Sheridan (terminated vested member) commencing July 1, 2018
B. Ratify service-related disability benefits for David Vastell commencing April 1, 2018

Member Carman moved to ratify Mr. Sheridan's selection of 100 percent joint and survivor benefit option and to ratify Mr. Vastell's selection of life annuity option. Member Bastian seconded the motion and it carried on an all yes vote.

C. Discussion and possible action with regard to changing quarterly meeting schedule

Attorney Harrison asked whether or not the board would be agreeable to his attendance at future meetings via video conferencing (Skype). This alternative was contemplated because of recent changes with other retirement plans that his law firm represented. He also noted that Sugarman & Susskind recently was named as legal counsel for the Port Orange Fire Pension Plan which met on Mondays. Board members voiced their preference for the attorney's personal (face-to-face) attendance at quarterly meetings. There was no objection to a change of meeting dates, however, Mondays were generally preferred to Thursdays.

Plan Administrator Rounsavall would research the feasibility of meeting on third Mondays or possibly third Thursdays of February, May, August, and November and report back to the board. Pending her report, there was no immediate change to current meeting date/arrangements for 2018.

D. Professional service agreement with James Moore, Certified Public Accounts, to perform pension plan audit for fiscal years ending September 30, 2018, 2019, and 2020

Board members were in receipt of a proposed agreement with James Moore CPA to perform an audit of the pension fund for the ensuing three years at a fixed cost of $9,000 each year. Upon query from Chairman Braddock, the attorney advised that the fund was only required to have an audit every three years. Audits had been performed for the past three years with each receiving an "unmodified opinion." It was also noted that the Port Orange Fire Pension Fund utilized the city's audit to meet this requirement.

Member Bastian moved to authorize execution of the agreement with James Moore CPA for independent audit of police pension plan financials at annual cost of $9,000. It was understood that the agreement could be terminated for successive years (i.e. 2019 or 2020). Member Cobb seconded the motion which carried unanimously.

E. Renewal of fiduciary liability insurance policy with Markel American Insurance Company through Ullico Casualty Group

Board members were in receipt of a renewal quote from Markel American Insurance Company. The aggregate limit of liability was $1 million with zero deductible. Waiver of recourse for trustees was included at no additional premium as was an endorsement covering the third-party administrator as an additional insured. The annual premium was $4,878 (slightly higher than the prior year's premium of $4,795).

Member Carman inquired as to whether or not the policy allowed the Board the option of selecting its own counsel in the event of a claim (as opposed to using legal representation provided by the insurer). Attorney Harrison and Plan Administrator Rounsavall would inquire as to this clause and report back.

Member Bastian moved to authorize renewal of the fiduciary liability insurance policy at a cost of $4,878 for the ensuing year (May 31, 2018 through May 31, 2019) subject to legal review of the policy allowing the pension plan the right to select independent counsel if desired. Member Carman seconded the motion; it carried on an all yes vote.

F. Periodic review of professional service provider agreements

Pursuant to its adopted policy, the Pension Board routinely reviewed all professional service provider agreements to determine appropriateness and timeliness of the terms contained therein. Board members were in receipt of a listing of all consultants and their agreement execution dates.

The Board expressed satisfaction with all of its current professional service providers. No further action was necessary.

CONSULTANT REPORTS

A. Tyler Grumbles – AndCo Consulting (Investment Consultant)

1. Investment Performance Report for quarter ended March 31, 2018

Mr. Grumbles delivered the Investment Performance Report for the quarter ended March 31, 2018. It was a volatile quarter with market returns broadly negative across major equity and fixed income indices. Equity markets saw a ten percent correction in February triggered in part by trade war concerns. Fixed income performed poorly as interest rates began to rise which caused bond prices to decrease. Exposure to real estate continued to add value to the portfolio relative to fixed income returns.

Total market value as of March 31, 2018 was $35,494,438 down from $35,756,521 for the previous quarter ended December 31, 2017. On a percentage basis, the composite portfolio was down -0.65 percent (gross) for the quarter which ranked in the 76th percentile of public plans. Fiscal year to date, the fund was up 3.23 percent (gross return) which ranked in the 58th percentile.

Member Carman moved to accept the investment performance report as presented. Member Bastian seconded the motion which carried unanimously.

2. Domestic Equity: Passive vs. Active Investment Options Review

Mr. Grumbles provided an informational handout that compared passive and active management strategies for domestic equity investments, specifically large capitalization value and growth styles. The domestic equity market was extremely efficient and it was difficult for active managers to outperform this index. The police pension plan currently utilized the Vanguard Total Stock Market Index Fund for its domestic equity portfolio. Mr. Grumbles stated that a passive strategy only replicated the index; the fund would never achieve an above market-return with passive equity investing. Active investing involved buying and selling stocks in an effort to outperform the index.

If the pension board wished to consider active management for a portion of its domestic equity allocation, Mr. Grumbles recommended the Vanguard Equity Income Fund for large cap value and MFS Growth for large cap growth.

It was the pension board's preference to continue a passive strategy in this asset class by remaining in the Vanguard Total Stock Market Index Fund.

At the next quarterly meeting, Mr. Grumbles would present a review on global fixed income opportunities.

B. Chad Little – *Freiman Little Actuaries, LLC* (Plan Actuary)

1. 2017 State Annual Report - Approved

Board members were in receipt of correspondence dated May 7, 2018 from the Office of Municipal Police Officers' and Firefighters' Retirement Trust Funds/Division of Retirement advising that it had reviewed and approved the 2017 Annual Report for the Port Orange Police Officers' Pension Fund. Mr. Little also mentioned that he completed the electronic filing of the 2018 actuarial valuation. This was a new requirement.

2. Discussion regarding pension credit start dates

Mr. Little advised of a recent conference call with the plan administrator and human resources director to verify pension start dates for several plan members. He went on to recommend that the swear-in date be used as the pension start date for new hires. This recommendation would be formalized and presented to the pension board for consideration at the next quarterly meeting.

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At the next meeting, Mr. Little would also present a study on assumed investment rates of return.

C. Ken Harrison – *Sugarman & Susskind* (Attorney)

1. Legislative Update.

Attorney Harrison advised that the State Legislature passed a bill providing workers compensation coverage for PTSD (post-traumatic stress disorder) for first responders. This could potentially affect applications for disability retirement in the future.

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Attorney Harrison responded to Member Carman's question about plan benefits when two collective bargaining units posted divergent votes. He advised that a member could not lose a benefit in which they were already vested. Actuary Little commented that mutual consent between the city and bargaining units also factored into this conversation.

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Board members agreed to conduct a "pre-retirement conference" for active members at the conclusion of the next quarterly meeting when the attorney, actuary, plan administrator and human resources director could be in attendance to present information and answer questions.

D. Karan Rounsavall – Plan Administrator

1. Educational Opportunities:
   - ✓ Annual Police Officers' & Firefighters' Pension Trustees' School sponsored by the Division of Retirement in Tallahassee (June 4-6, 2018)
   - ✓ Florida Public Pension Trustees Association (FPPTA) Annual Conference at Rosen Shingle Creek in Orlando (June 24-27, 2018)

If any member wished to attend, they were to contact her at their earliest opportunity.

2. Annual Financial Disclosure Filing Deadline

Mrs. Rounsavall reminded board members of the importance of timely filing of their disclosure reports no later than July 1, 2018.

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The next quarterly meeting was scheduled for August 17, 2018.

PUBLIC COMMENT - None

ADJOURNMENT

The meeting adjourned at 11:45 a.m.

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Steve Braddock, Chairman

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Karan Rounsavall, Plan Administrator

ORDINANCE NO. 2018-19

AN ORDINANCE OF THE CITY OF PORT ORANGE, VOLUSIA COUNTY, FLORIDA, AMENDING THE PORT ORANGE POLICE PENSION FUND TO INCREASE THE INVESTMENT LIMIT ON EQUITIES; PROVIDING FOR CODIFICATION; PROVIDING FOR REPEAL OF CONFLICTING ORDINANCES; PROVIDING FOR SEVERABILITY; AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, the City of Port Orange (the "City") currently sponsors a Police Pension Fund ("Pension Fund"); and

WHEREAS, Section 54-134(e)(10) of the City Code currently provides that the Pension Fund's investments in common stocks shall not exceed 65 percent of the value of the Pension Fund's investment portfolio at market value; and

WHEREAS, the Pension Fund's investment consultant has advised that increasing this limit by 5 percent would improve overall investment performance; and

WHEREAS, the trustees of the Pension Fund consider such an amendment to be in the best interest of the participants and beneficiaries as it will improve the administration of the Pension Fund; and

WHEREAS, the City Council has received and reviewed an actuarial impact statement related to this change; and

WHEREAS, the City Council deems it to be in the public interest to make this change to the Pension Fund.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PORT ORANGE, VOLUSIA COUNTY, FLORIDA AS FOLLOWS:

<u>Section 1.</u> Section 54-134(e)(10) of the Port Orange Police Pension Fund is hereby amended as follows:

Sec. 54-134. Board of Trustees.

(e) *Duties.* The duties and responsibilities of the board shall include, but not necessarily be limited to, the following:

(10) To invest and reinvest such funds as are not necessary for current expenditures or liquid reserves, as the board may from time to time determine, in a manner consistent with the investment policies or guidelines adopted by the board, provided that pension fund investments in common stocks shall not exceed ~~65~~ <u>70</u> percent of the value of the pension fund investment portfolio, at market value. The board of trustees may sell, exchange or otherwise dispose of such investments at any time, and from time to time, as determined appropriate by the board. The board of trustees shall have the authority, in respect to any stocks, bonds or other property, real or personal, held by the board, to exercise all such rights, powers and privileges as may be lawfully exercised by any person owning similar stocks, bonds or other property in his own right. Notwithstanding the above, no more than 25 percent of fund assets may be invested in foreign securities.

<u>Section 2.</u> Specific authority is hereby granted to codify and incorporate this ordinance in the existing Code of Ordinances of the City of Port Orange.

<u>Section 3.</u> All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed to the extent of such conflict.

<u>Section 4.</u> If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provision or applications of this ordinance which can be given effect without the invalid provision or application, and to this and the provisions of this ordinance are declared severable.

Section 5 This ordinance amendment shall take effect upon adoption.

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MAYOR DONALD O. BURNETTE

ATTEST:

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Robin L. Fenwick, City Clerk

Passed on first reading on the 19 day of June, 2018

Passed and adopted on second and final reading on the 17 day of July, 2018

Reviewed and Approved: ______________________________
Margaret T. Roberts, City Attorney

[CA4471]

FLA
FREIMAN LITTLE ACTUARIES

February 16, 2018

Karan Rounsavall
Pension Administrator
City of Port Orange Police Officers' Pension Fund
3695 Indian River Drive
Cocoa FL 32926

Re: Impact of Proposed Ordinance Regarding Investments

Dear Karan:

This letter is being written to provide a statement of no impact with regard to the attached proposed ordinance for the City of Port Orange (the City) Police Officers' Pension Fund (the Plan) which provides language related to investments.

Summary of Changes

Section	Amendment
54-134(e)(10), Board of Trustees, Duties	Modifies language relating to the percentage of assets that may be invested in common stocks.

Actuarial Impact

The liability of the Plan is not anticipated to be materially affected by these changes in Plan provisions. We have assumed that the investment portfolio will continue to target a return greater than or equal to the assumed rate.

Please let us know if you have any questions or need additional information.

Sincerely,

Chad M. Little, ASA, EA
Partner, Consulting Actuary

MEMORANDUM

August 10, 2018

TO: **Port Orange Police Officers' Pension Board**

FROM: **Karan Rounsavall, Retirement Plan Administrator** Karan G. Rounsavall

SUBJECT: **Administrative Expense Budget for Fiscal Year 2018/2019**

Florida Statutes require that the Port Orange Police Officers' Pension Board adopt and operate pursuant to an administrative expense budget each plan/fiscal year. This budget must be provided to the plan sponsor (i.e. City of Port Orange) and made available to retirement plan members before the beginning of the plan's fiscal year. Additionally, if the Board amends the administrative expense budget, a copy of the amended budget must be sent to the plan sponsor and a copy made available to plan members.

Attached is a proposed budget for Fiscal Year 2018/2019 for your review and consideration. It includes the current fiscal year's (2017/2018) estimated administrative expenses. Also attached is the adopted budget for Fiscal Year 2017/2018 for comparative purposes. The Retirement Plan is under budget for Fiscal Year 2017/2018.

In accordance with the Board's input and action, I will prepare the final budget for submittal (by October 1, 2018) to the plan sponsor as well as active plan members.

If there are any questions or if additional information is required, please do not hesitate to contact me.

Attachments

Port Orange Police Officers' Pension Plan
Fiscal Year 2018-19 Budget

Account Description	Prior Year Actual/Est Expense	% Total Admin	Next Fiscal Year Budget	% Total Budget
Plan Expense:				
Service Providers:				
Actuary	$36,992.00	21.0%	$42,875.00	22.4%
Administrator	$32,400.00	18.4%	$36,000.00	18.8%
Auditor/ Accounting	$10,000.00	5.7%	$9,000.00	4.7%
Attorney/ Legal	$31,557.00	17.9%	$31,200.00	16.3%
Investment Consultant	$35,000.00	19.8%	$35,417.00	18.5%
Custodial Services	$18,500.00	10.5%	$18,500.00	9.7%
Subtotal:	**$164,449.00**	**93.2%**	**$172,992.00**	**90.4%**
Other Plan Expenses:				
Dues and Subscriptions	$600.00	0.3%	$600.00	0.3%
Insurance	$4,878.00	2.8%	$5,366.00	2.8%
Miscellaneous Expenses	$1,491.16	0.8%	$2,500.00	1.3%
Education	$5,056.00	2.9%	$10,000.00	5.2%
Subtotal:	**$12,025.16**	**6.8%**	**$18,466.00**	**9.6%**
TOTAL:	**$176,474.16**	**100.0%**	**$191,458.00**	**100.0%**

PORT ORANGE POLICE OFFICERS' RETIREMENT PLAN
ADMINISTRATIVE EXPENSE BUDGET - PLAN YEAR 2018/2019
FLORIDA STATUTES 185.05(8)(a)

The Board shall operate under an administrative expense budget each fiscal year. A copy of the budget shall be provided to the plan sponsor and made available to plan members before the beginning of the fiscal year. If the Board amends the administrative expense budget, the Board must provide a copy of the amended budget to the plan sponsor and make available a copy of the amended budget to plan members. The administrative expense budget must be prepared and made available prior to October 1, 2018.

	Line Item Description	Estimated FY 2017/2018	Proposed FY 2018/2019
1	Legal Expenses* (Sugarman & Susskind monthly retainer of $2,600 per 9/8/2015 agreement) Reimburse copy charges for disability hearing ($357.01)	$31,557	$31,200
2	Audit/Accounting (James Moore & Company. Per agreement dated 8/12/2015, annual audit performed for flat fee of $10,000 through FY 2017)	$10,000	$9,000
3	Actuarial Expenses (Freiman Little Actuaries) * Fees per November 17, 2017 agreement (guaranteed for three years thru 2020)	$0	0
	Basic Consulting Services – Quarterly Retainer of $1,575	$6,300	$6,300
	Annual Valuation (increase per agreement) *	$10,500	$10,500
	Member Statements *	$2,625	$2,625
	Preparation of Annual Report *	$3,150	$3,150
	F.S. 112.664 Compliance Disclosures *	$3,150	$3,150
	Electronic filing of actuarial valuation *New requirement	$1,000	$1,000
	State Monies Determination Calculation (if mutual consent is not reached)	$0	$0
	Impact Statements and Statements of No Impact *Based on actuary's hourly rate. Anticipate two ordinances in fiscal year (increase equity limits, etc.)	$513	$1,500
	Benefit Calculations, etc. ($263 for retirement calculations, including terminated vested calculations) 10 calculations.	$2,815	$3,000
	Other/Supplemental Services (e.g. COLAs payable for ensuing year ($1,500), experience study ($5,500), council presentations, SPD review, special meetings, etc.)	$3,789	$8,500
	GASB 67/68 Disclosures *	$3,150	$3,150
4	Plan Administrator Rounsavall (6 months @ $2,400 monthly retainer per agreement dated August 2015 = $14,400; 6 months @$3,000 monthly retainer per agreement dated March 1, 2018 = $18,000) Fee guaranteed for four years through 2022	$32,400	$36,000

6	Investment Consultant & Performance Monitor – AndCo Consulting *Annual fee per agreement dated August 1, 2017 (guaranteed through 7/31/2019). Effective 8/1/2019 annual fee increases to $37,500.	$35,000	$35,417
7	Custodial Services with First State Trust Company. Fee based on agreement effective October 2017. Flat rate guaranteed through October 2019.	$18,500	$18,500
8	Fiduciary Liability Insurance (United Members Insurance) *Anticipate 10% increase	$4,878	$5,366
9	Memberships (Florida Public Pension Trustees Association – annual dues for Board)	$600	$600
10	Education (Two trustees graduates from CPPT Program) FPPTA schools, conferences, lodging, mileage & meal reimbursement, etc. Board agreed to pay registration & lodging expense for one FPPTA event per year for plan administrator. Bastian - $2,620.53; Carman - $1,338.76; Rounsavall - $1,097	$5,056	$10,000
11	Miscellaneous (e.g. contributions, overnight mail service, independent medical exam, court reporter, etc.) IME - $1,300; Medical Records - $191.16	$1,491.16	$2,500
		$176,474.16	$191,458.00

Investment Consultant & Performance Monitor Graystone Consulting/Morgan Stanley (all-inclusive investment fees (WRAP) are broken down into two parts: (1) consulting fee paid to Graystone Consulting (a blended fee of roughly 51 basis points per fee addendum effective January 1, 2016); and (2) investment fees that are paid to the individual investment managers held within the Fund. Only Graystone's consulting fees are reflected in this budget. Fees paid to individual investment managers in the portfolio are not shown.

Port Orange Police Officers' Pension Plan
Fiscal Year 2017-18 Budget

Account Description	Prior Year Actual/Est Expense	% Total Admin	Next Fiscal Year Budget	% Total Budget
Plan Expense:				
Service Providers:				
Actuary	$31,000.00	11.0%	$42,150.00	18.5%
Administrator	$28,800.00	10.2%	$29,500.00	13.0%
Auditor/ Accounting	$10,000.00	3.5%	$10,000.00	4.4%
Attorney/ Legal	$30,900.00	10.9%	$31,200.00	13.7%
Investment Consultant	$170,000.00	60.2%	$70,000.00	30.8%
Custodial Services	$0.00	0.0%	$18,500.00	8.1%
Subtotal:	**$270,700.00**	**95.8%**	**$201,350.00**	**88.6%**
Other Plan Expenses:				
Dues and Subscriptions	$600.00	0.2%	$600.00	0.3%
Insurance	$4,795.00	1.7%	$5,275.00	2.3%
Miscellaneous Expenses	$0.00	0.0%	$10,000.00	4.4%
Education	$6,500.00	2.3%	$10,000.00	4.4%
Subtotal:	**$11,895.00**	**4.2%**	**$25,875.00**	**11.4%**
TOTAL:	**$282,595.00**	**100.0%**	**$227,225.00**	**100.0%**

Investment Performance Review
Period Ending June 30, 2018

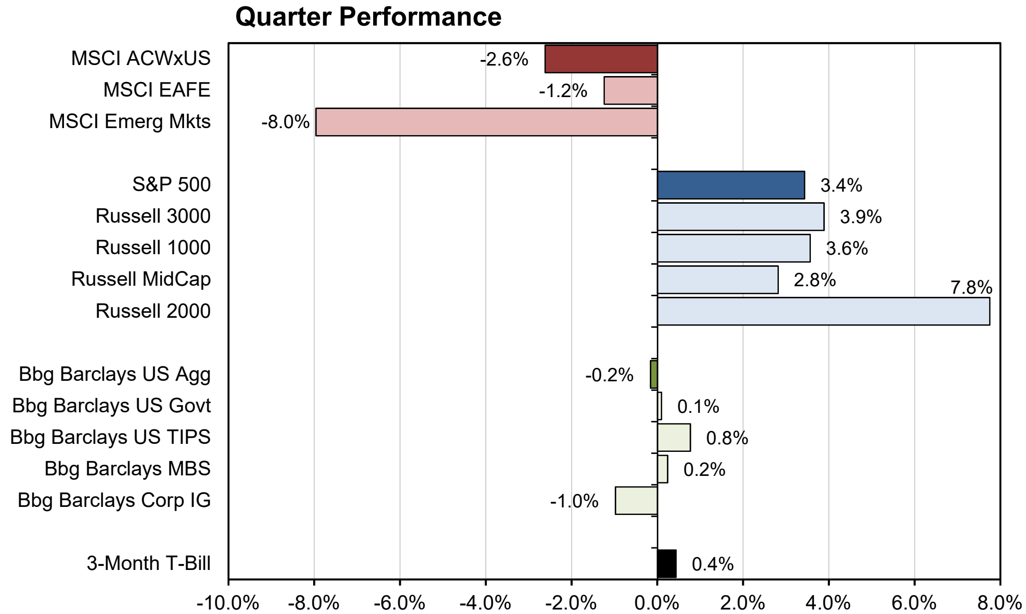
Port Orange Police Pension

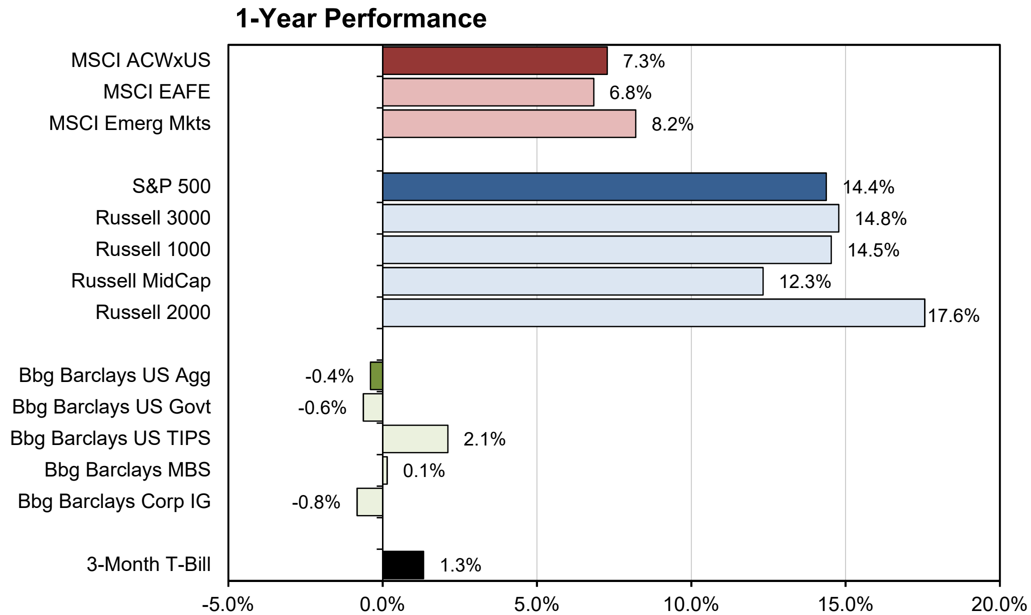
2nd Quarter 2018 Market Environment

- Market returns were mixed across major equity and fixed income indices for the 2nd quarter of 2018. Broad domestic equity indices had healthy gains as supportive economic and corporate earnings data, helped by a fiscal stimulus tailwind resulting from the Republican Party led tax reform passed in late 2017, continued to push domestic stocks higher. International indices did not fare as well during the period, posting negative returns in US dollar (USD) terms, as markets were hurt by relatively soft economic data, geopolitical concerns and a strengthening USD. Fixed income returns were somewhat flat for the quarter with the various sector segments producing minor gains or losses. Despite the Federal Reserve's (Fed) ongoing tightening of monetary policy and the potential for global trade disruptions resulting from Trump administration protectionist trade policies, economic momentum in the US continued to fuel investor demand for domestic equities. The US stock market represented by the Russell 3000 Index returned 3.9% and 14.8% for the quarter and 1-year period respectively.

- International equity posted negative returns for the quarter with emerging markets stocks falling the greatest degree. The developed market MSCI EAFE Index lost -1.2% as macroeconomic data abroad, while still signaling a continuation in global growth, appeared to slow throughout the quarter. International markets were also affected by investor concerns surrounding ongoing political developments in various countries and continued uncertainty around the outlook for global trade relations. International market returns also faced a currency effect headwind as the USD appreciated against most other currencies during the period. This combination of factors had the greatest influence on emerging market equities with the MSCI Emerging Markets Index posting a sharp decline of -8.0%. One-year returns remain broadly positive with the MSCI EAFE and MSCI Emerging Markets indices returning 6.8% and 8.2% respectively.

- Interest rates on the US Treasury Yield Curve rose across all maturities during the 2nd quarter. The increase in interest rates was most pronounced in short-term maturities resulting in further flattening of the yield curve. The relatively large increase at the short-end of the curve was partially due to the Feds decision to tighten monetary policy by increasing short-term interest rates for the second time this year during their June meeting. Also significant was the change in the Fed's forecasted schedule for interest rate increases, which now projects two potential additional rate increases in 2018, where it had previously forecast just one. The broad market Bloomberg Barclays US Aggregate Index was modestly negative for both the 2nd quarter and the 1-year time period, returning -0.2% and -0.4% respectively. Corporate issues were the worst performing investment grade sector during the quarter, returning -1.0% as credit spreads continued to widen through 2018.



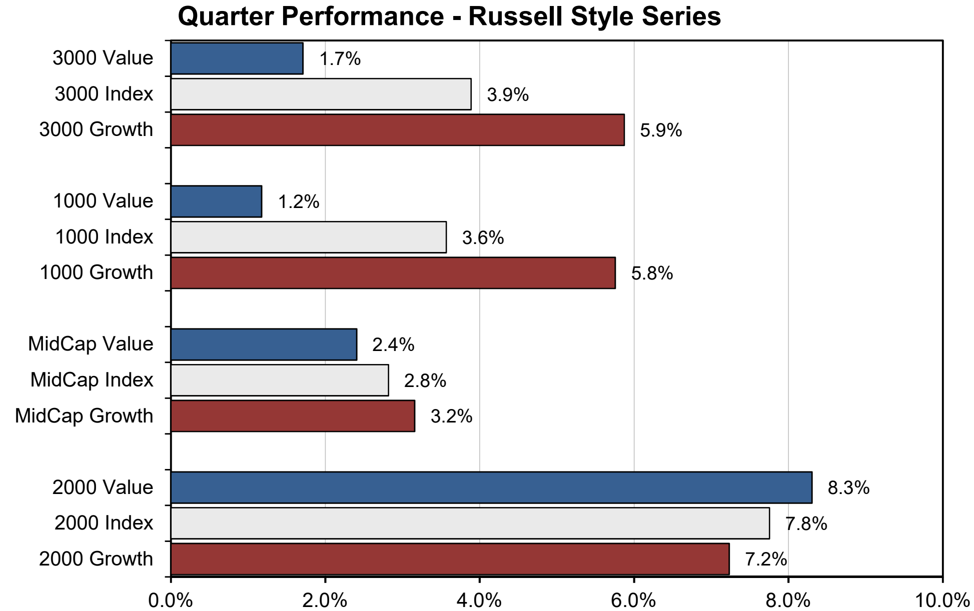


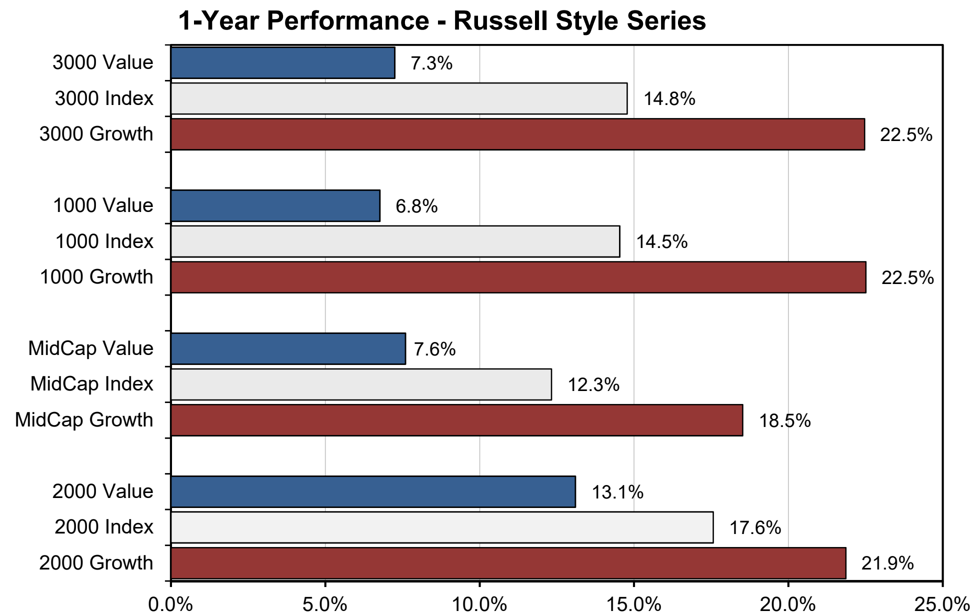
Source: Investment Metrics

- US equity index returns were positive across the style and capitalization spectrum during the 2nd quarter of 2018. Markets were encouraged by the ongoing strength in US economic data and corporate earnings. Positive data releases in unemployment, retail sales, consumer consumption, GDP and investor sentiment highlighted the continued health of the US economy. Additionally, Q1 2018 corporate earnings announced throughout the period grew at an impressive rate as corporate profits were beneficiaries of the late 2017 Republican Party tax reforms. Returns for the period were tempered by global trade uncertainty as tariffs on steel and aluminum imported from Canada, Mexico and the European Union took effect with the possibility of additional tariffs aimed at China and foreign auto producers being considered. The Trump administration also announced the US withdrawal from the Iran nuclear accord, proposing new sanctions, which could disrupt oil markets in the future, and made progress toward a denuclearization deal with North Korea.

- During the quarter, small cap stocks outperformed mid and large cap equities for style and core indices. This is partially due to the increased tax reform benefit small cap companies will receive relative to large caps. Small cap stocks have historically paid higher taxes relative to large cap companies since they typically generate more of their revenue in the US. More globally oriented large caps also faced a considerable headwind from the recent USD strength. Large cap companies generate more revenue outside of the US and an appreciating USD makes US exports more expensive to foreign consumers. The small cap Russell 2000 Index returned 7.8% during the period, while the large cap Russell 1000 Index returned 3.6%. Small caps also outperformed over the 1-year period with the Russell 2000 returning 17.6% over the trailing year while the Russell 1000 posted a return of 14.5%.

- Style index performance was mixed during the quarter with growth companies outperforming in large- and mid-cap, but value stocks outperforming in the small-cap space. The Russell 2000 Value Index was the best performing style index for the period returning a notable 8.3% for the quarter. Returns over the trailing year continue to show significant outperformance of growth indices relative to their value counterparts with the return of the Russell 1000 Growth Index more than tripling the return of the Russell 1000 Value Index. Growth benchmarks benefitted from larger exposures to more cyclical names within the information technology, consumer discretionary, health care and industrials sectors. They also benefitted from underweights to more defensive sectors such as REITs, utilities and telecom.



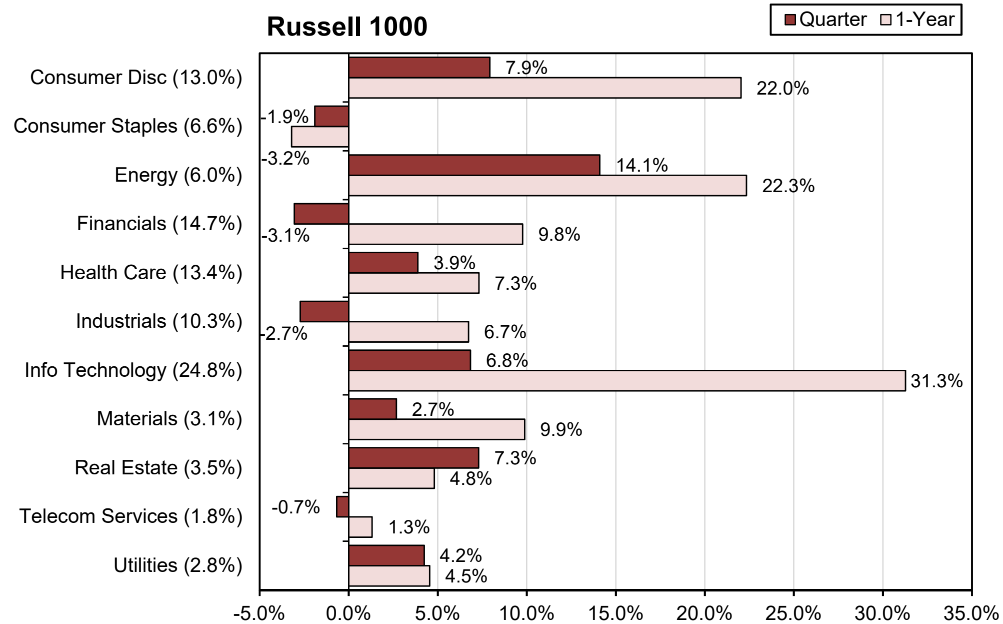


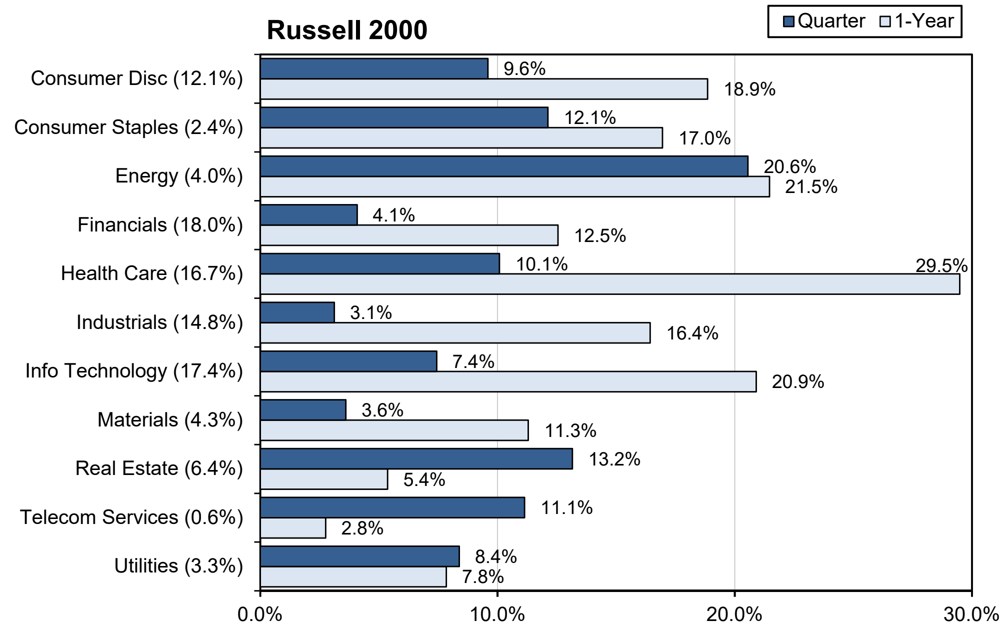
Source: Investment Metrics

- Sector performance was mixed across large cap sectors for the 2nd quarter of 2018. Seven of eleven sectors had positive returns for the quarter and six of eleven economic sectors outpaced the Russell 1000 Index return. Energy was the best performing sector during the quarter, returning 14.1%, as an OPEC announced increase in crude oil production was overshadowed by supply concerns in Iran, Venezuela and Libya, resulting in considerably higher oil prices. The consumer discretionary sector also performed well on the back of strong retail sales and increased consumer spending, gaining 7.9% for the period. Technology stocks continued their climb, returning 6.8% over the quarter. Technology names now account for nearly 25% of the market cap of the Russell 1000 Index. The largest detractors for the quarter were the financials, industrials and consumer staples sectors which returned -3.1%, -2.7% and -1.9% respectively. Over the trailing 1-year period, technology was the best performing sector by a relatively wide margin returning an impressive 31.3% and the consumer discretionary and energy sectors also posted returns greater than 20%. Ten of eleven large cap economic sectors posted positive returns for the 1-year period with consumer staples being the only sector to post negative performance, returning -3.2%.

- Quarterly results for small cap sectors were higher relative to their large capitalization counterparts. All sectors had positive returns during the period with seven of eleven economic sectors outpacing the Russell 2000 Index return for the quarter. Like the large cap index sector performance, industrials and financials were relative underperformers for the 2nd quarter. Financials were hurt by a flattening yield curve and concerns over global trade weighed on industrials. Quarterly performance on industrials and financials was 3.1% and 4.1% respectively. Energy was the best performing sector in the Russell 2000 as well, returning a notable 20.6%. However, there were several differences, particularly in consumer staples and telecom where there was significant outperformance relative to their large cap counterparts. Small cap sectors beat large cap sectors in those two categorizations by over 10.0% during the quarter. Over the trailing 1-year period, all eleven sectors posted gains. Health care stocks were the best performers within the Russell 2000 for the trailing year returning a solid 29.5%. Energy and technology also posted returns over 20% for the 1-year period.

- Using S&P 500 sector valuations as a proxy for the market, forward P/E ratios for six of the eleven GICS sectors were higher than their long-term averages at quarter-end. Using these historical P/E measures, the utilities, consumer discretionary and real estate sectors appear the most extended. In contrast the telecommunications, technology and health care sectors were trading at a discount to their long-term average P/E ratios.





Source: Morningstar Direct

Top 10 Index Weights & Quarterly Performance for the Russell 1000 & 2000

As of June 30, 2018

Top 10 Weighted Stocks

Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Apple Inc	3.53%	10.8%	30.5%	Information Technology
Microsoft Corp	2.89%	8.5%	45.8%	Information Technology
Amazon.com Inc	2.68%	17.4%	75.6%	Consumer Discretionary
Facebook Inc A	1.79%	21.6%	28.7%	Information Technology
Berkshire Hathaway Inc B	1.40%	-6.4%	10.2%	Financials
JPMorgan Chase & Co	1.37%	-4.8%	16.5%	Financials
Exxon Mobil Corp	1.36%	12.0%	6.6%	Energy
Alphabet Inc C	1.32%	8.1%	22.8%	Information Technology
Alphabet Inc A	1.31%	8.9%	21.5%	Information Technology
Johnson & Johnson	1.26%	-4.6%	-5.8%	Health Care

Top 10 Weighted Stocks

Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Five Below Inc	0.24%	33.2%	97.9%	Consumer Discretionary
Etsy Inc	0.23%	50.4%	181.3%	Information Technology
Blackbaud Inc	0.22%	0.8%	20.1%	Information Technology
LivaNova PLC	0.22%	12.8%	63.1%	Health Care
Haemonetics Corp	0.22%	22.6%	127.1%	Health Care
Entegris Inc	0.22%	-2.4%	55.4%	Information Technology
FibroGen Inc	0.21%	35.5%	93.8%	Health Care
Idacorp Inc	0.21%	5.2%	10.9%	Utilities
Medidata Solutions Inc	0.21%	28.3%	3.0%	Health Care
Loxo Oncology Inc	0.21%	50.4%	116.3%	Health Care

Top 10 Performing Stocks (by Quarter)

Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Sarepta Therapeutics Inc	0.03%	78.4%	292.1%	Health Care
Wayfair Inc Class A	0.03%	75.9%	54.5%	Consumer Discretionary
Chesapeake Energy Corp	0.02%	73.5%	5.4%	Energy
Whiting Petroleum Corp	0.02%	55.8%	139.2%	Energy
Twitter Inc	0.12%	50.5%	144.4%	Information Technology
Advanced Micro Devices Inc	0.05%	49.2%	20.1%	Information Technology
Exact Sciences Corp	0.03%	48.3%	69.0%	Health Care
Under Armour Inc C	0.02%	46.9%	4.6%	Consumer Discretionary
Twilio Inc A	0.02%	46.7%	92.4%	Information Technology
Weatherford International PLC	0.01%	43.7%	-15.0%	Energy

Top 10 Performing Stocks (by Quarter)

Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Turtle Beach Corp	0.01%	746.8%	625.7%	Consumer Discretionary
Solid Biosciences Inc	0.01%	375.1%	N/A	Health Care
Tandem Diabetes Care Inc	0.04%	344.0%	175.2%	Health Care
Intelsat SA	0.03%	343.1%	444.4%	Telecommunication Services
Evolus Inc	0.01%	210.0%	N/A	Health Care
California Resources Corp	0.09%	165.0%	431.5%	Energy
TransEnterix Inc	0.03%	156.5%	514.1%	Health Care
Penn Virginia Corp	0.05%	142.3%	131.0%	Energy
Regenxbio Inc	0.09%	140.4%	263.3%	Health Care
Madrigal Pharmaceuticals Inc	0.07%	139.5%	1620.1%	Health Care

Bottom 10 Performing Stocks (by Quarter)

Russell 1000	Weight	1-Qtr Return	1-Year Return	Sector
Nektar Therapeutics Inc	0.03%	-54.0%	149.8%	Health Care
Alkermes PLC	0.02%	-29.0%	-29.0%	Health Care
CommScope Holding Co Inc	0.02%	-26.9%	-23.2%	Information Technology
American Airlines Group Inc	0.06%	-26.8%	-23.9%	Industrials
Arconic Inc	0.03%	-25.9%	-24.1%	Industrials
Copa Holdings SA Class A	0.01%	-25.9%	-17.0%	Industrials
First Solar Inc	0.02%	-25.8%	32.0%	Information Technology
ManpowerGroup Inc	0.02%	-24.4%	-21.5%	Industrials
Switch Inc Class A	0.00%	-23.3%	N/A	Information Technology
Skechers USA Inc	0.02%	-22.8%	1.7%	Consumer Discretionary

Bottom 10 Performing Stocks (by Quarter)

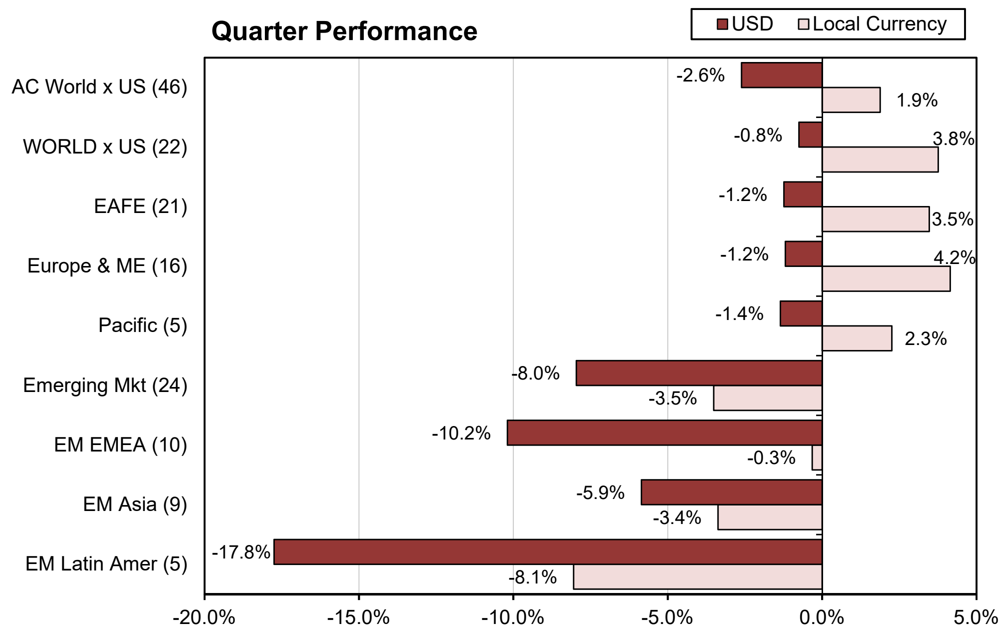
Russell 2000	Weight	1-Qtr Return	1-Year Return	Sector
Arsanis Inc	0.00%	-84.1%	N/A	Health Care
Menlo Therapeutics Inc	0.00%	-78.4%	N/A	Health Care
Jounce Therapeutics Inc	0.01%	-65.7%	-45.4%	Health Care
Prothena Corp PLC	0.03%	-60.3%	-73.1%	Health Care
Biglari Holdings Inc	0.01%	-55.1%	-54.1%	Consumer Discretionary
Catalyst Biosciences Inc	0.01%	-54.8%	151.0%	Health Care
Recro Pharma Inc	0.00%	-54.4%	-28.6%	Health Care
scPharmaceuticals Inc	0.00%	-54.4%	N/A	Health Care
Agenus Inc	0.01%	-51.8%	-41.9%	Health Care
Syndax Pharmaceuticals Inc	0.00%	-50.7%	-49.7%	Health Care

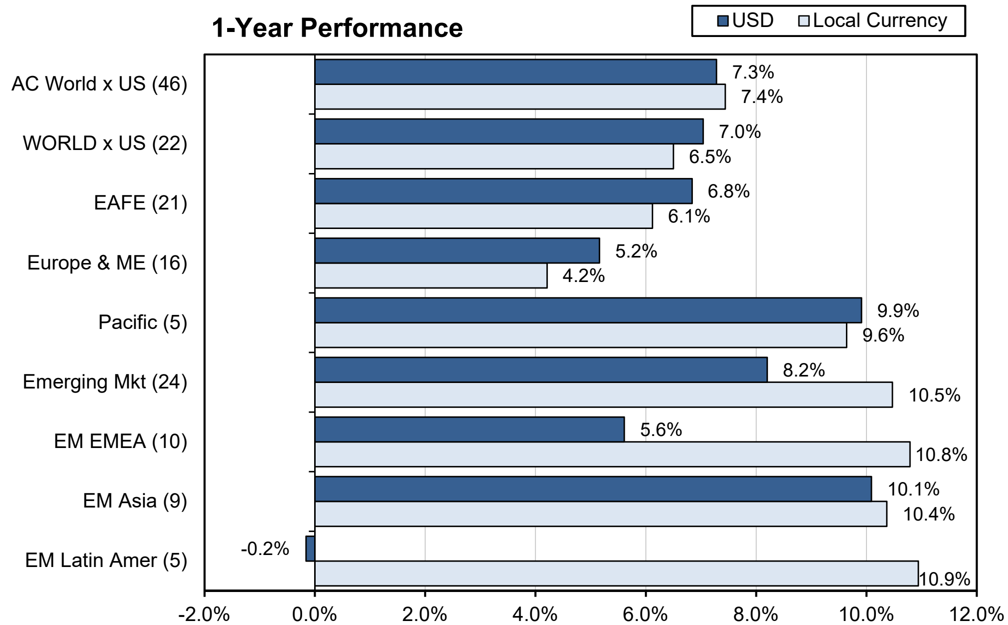
Source: Morningstar Direct

- Broad international equity returns were mixed for the quarter. Many developed markets were positive in local currency terms, but negative in USD terms whereas emerging markets posted negative returns in both local currency and USD. Performance was largely driven by the same catalysts as the US equity markets with global macroeconomic data remaining generally positive, but returns being tempered by global trade tensions and ongoing political uncertainty. A strengthening USD caused by relatively strong US economic fundamentals and the continued divergence in global monetary policy hurt US investors in international markets. The MSCI ACWI ex US Index gained 1.9% in local currency terms, but lost -2.6% in USD terms during the second quarter. Returns over the 1-year period remain positive in both local currency and USD terms with the MSCI ACWI ex US returning 7.4% and 7.3% respectively.

- Second quarter results for developed market international indices were generally positive in local currency terms with the MSCI EAFE Index returning 3.5%. However, an appreciating USD pushed returns for US investors into negative territory, with the index returning -1.2% in USD terms. Developed markets were pushed higher by broadly positive, but slowing, global economic and earnings data despite several significant political events in Europe during the quarter. There was considerable volatility surrounding the formation of a coalition government in Italy which called into question Italy's future as part of the European Union. Spain also had a change in leadership after a political fundraising scandal led to a vote of no-confidence in Prime Minister Rajoy, forcing him to step down. World markets also reacted to the implementation of new tariffs on US imports of steel and aluminum and the possibility of new tariffs in the future, including tariffs on auto imports, which would negatively affect producers in Europe and Japan. The MSCI EAFE Index returned 6.1% and 6.8% for the last twelve months in local currency and USD terms respectively.

- Emerging markets trailed developed markets for the 2nd quarter, posting losses in local currency terms that were then intensified by the strengthening USD. The MSCI Emerging Markets Index returned -3.5% and -8.0% in local currency and USD terms respectively. The main factors affecting emerging markets were the threat of continued protectionist trade policies from the US creating uncertainty for export focused economies and rising US interest rates coupled with an appreciating USD. Many emerging market countries and companies issue debt denominated in USD and the combination of higher interest rates and a relatively weaker local currency can put stress on the balance sheets of these borrowers, especially those heavily dependent on external capital. One year returns for the MSCI Emerging Market Index were 10.5% in local currency terms and 8.2% in USD terms.





Source: MSCI Global Index Monitor (Returns are Net)

MSCI - EAFE	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	12.4%	-2.6%	10.9%
Consumer Staples	11.3%	0.4%	3.1%
Energy	6.1%	11.2%	35.8%
Financials	19.8%	-6.2%	-0.5%
Health Care	10.7%	1.9%	1.7%
Industrials	14.3%	-2.2%	7.3%
Information Technology	6.8%	-0.2%	15.0%
Materials	8.2%	0.7%	16.7%
Real Estate	3.5%	-0.4%	7.8%
Telecommunication Services	3.6%	-4.8%	-6.3%
Utilities	3.3%	0.5%	5.2%
Total	**100.0%**	**-1.2%**	**6.8%**

MSCI - ACWIxUS	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	11.2%	-3.5%	8.4%
Consumer Staples	9.7%	-0.7%	2.9%
Energy	7.4%	7.3%	27.5%
Financials	21.9%	-7.3%	1.7%
Health Care	8.1%	1.4%	3.2%
Industrials	11.7%	-2.7%	5.9%
Information Technology	11.9%	-2.9%	15.5%
Materials	8.2%	-0.4%	16.1%
Real Estate	3.2%	-3.0%	6.9%
Telecommunication Services	3.7%	-6.0%	-6.3%
Utilities	3.0%	-1.5%	3.8%
Total	**100.0%**	**-2.6%**	**7.3%**

MSCI - Emerging Mkt	Sector Weight	Quarter Return	1-Year Return
Consumer Discretionary	9.8%	-7.1%	-0.2%
Consumer Staples	6.7%	-6.2%	3.3%
Energy	7.2%	-4.7%	24.9%
Financials	22.8%	-12.7%	5.5%
Health Care	3.2%	-5.0%	22.4%
Industrials	5.2%	-11.2%	-5.9%
Information Technology	27.9%	-5.1%	15.2%
Materials	7.6%	-5.5%	14.0%
Real Estate	3.0%	-11.2%	5.6%
Telecommunication Services	4.3%	-9.7%	-7.5%
Utilities	2.4%	-8.1%	2.2%
Total	**100.0%**	**-8.0%**	**8.2%**

Country	MSCI-EAFE Weight	MSCI-ACWIxUS Weight	Quarter Return	1- Year Return
Japan	24.0%	16.4%	-2.8%	10.5%
United Kingdom	18.0%	12.3%	3.0%	10.0%
France	11.0%	7.5%	-0.5%	9.9%
Germany	9.5%	6.5%	-4.0%	2.6%
Switzerland	7.8%	5.3%	-2.7%	-3.4%
Australia	7.0%	4.8%	5.2%	8.7%
Hong Kong	3.6%	2.5%	-1.2%	9.2%
Netherlands	3.6%	2.5%	-1.8%	9.2%
Spain	3.1%	2.1%	-4.4%	-3.6%
Sweden	2.6%	1.8%	-3.7%	-4.6%
Italy	2.4%	1.7%	-7.3%	8.4%
Denmark	1.7%	1.1%	-7.0%	0.9%
Singapore	1.3%	0.9%	-7.5%	7.9%
Belgium	1.1%	0.7%	-6.0%	1.7%
Finland	1.0%	0.7%	1.3%	10.4%
Norway	0.7%	0.5%	2.3%	27.1%
Ireland	0.6%	0.4%	2.0%	5.3%
Israel	0.5%	0.4%	10.9%	-4.6%
Austria	0.2%	0.2%	-10.6%	8.9%
New Zealand	0.2%	0.2%	5.8%	1.7%
Portugal	0.2%	0.1%	1.2%	15.8%
Total EAFE Countries	**100.0%**	**68.4%**	**-1.2%**	**6.8%**
Canada		6.6%	4.7%	9.1%
Total Developed Countries		**75.0%**	**-0.8%**	**7.0%**
China		8.2%	-3.5%	21.2%
Korea		3.7%	-9.2%	3.4%
Taiwan		2.9%	-6.3%	3.9%
India		2.2%	-0.6%	6.5%
South Africa		1.6%	-11.9%	6.4%
Brazil		1.5%	-26.4%	-0.3%
Russia		0.9%	-6.0%	26.0%
Mexico		0.7%	-3.6%	-9.3%
Malaysia		0.6%	-11.4%	5.6%
Thailand		0.5%	-15.0%	12.0%
Indonesia		0.5%	-12.5%	-13.1%
Chile		0.3%	-11.5%	12.5%
Poland		0.3%	-11.6%	-6.2%
Philippines		0.2%	-11.2%	-13.9%
Qatar		0.2%	3.5%	3.5%
Turkey		0.2%	-25.9%	-26.3%
United Arab Emirates		0.2%	-4.4%	-6.0%
Colombia		0.1%	6.7%	20.1%
Peru		0.1%	-3.2%	30.7%
Greece		0.1%	-2.2%	-9.2%
Hungary		0.1%	-14.4%	-0.6%
Czech Republic		0.0%	-5.4%	19.4%
Egypt		0.0%	-8.1%	1.9%
Pakistan		0.0%	-20.8%	-30.3%
Total Emerging Countries		**25.0%**	**-8.0%**	**8.2%**
Total ACWIxUS Countries		**100.0%**	**-2.6%**	**7.3%**

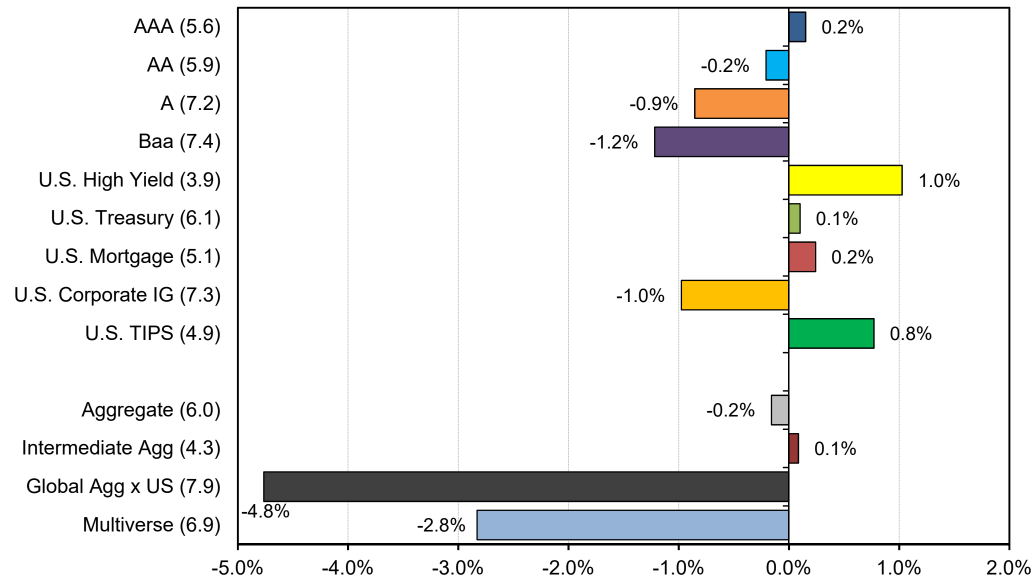
Source: MSCI Global Index Monitor (Returns are Net in USD)

- Broad fixed income benchmarks had mixed results during the 2nd quarter. Interest rates rose across all maturities on the US Treasury Yield Curve. Early in the quarter, rates rose as positive economic data and signs of higher inflation increased investor expectations for another Fed interest rate hike. However, volatility caused by ongoing geopolitical developments later in the quarter led to an increase in risk aversion and demand for relatively safe assets, driving rates lower through the rest of the quarter. Interest rates on the 10-year Treasury reached a near-term high of 3.11% in mid-May before falling to end the quarter at 2.87%. As expected, the Federal Open Market Committee (FOMC), decided to increase short-term interest rates by 25 basis points at their June meeting. This is the second rate hike of 2018. The current Fed Funds Rate target range sits at 1.75%-2.00%. The FOMC also updated their forecast for future rate increases, now expecting two potential additional hikes in 2018 and three in 2019. The yield curve continued to flatten through the quarter as short-term yields rose at a greater rate than longer-term yields. The difference in yields between the 2-year and 10-year Treasury now sits at just 0.3%. The Fed is also continuing to reduce the size of its balance sheet by slowing its pace of reinvestment as the securities it holds mature. The Bloomberg Barclays US Aggregate Index was relatively flat during the quarter, falling -0.2%. It was also negative for the 1-year period returning -0.4%.

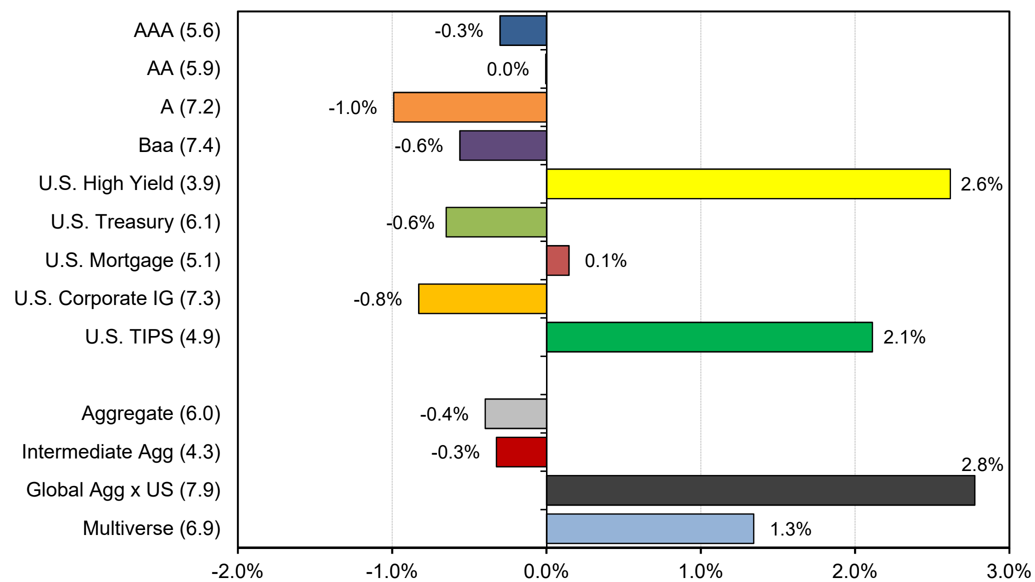
- Within investment grade credit, higher quality corporate issues outperformed lower quality issues for the quarter as credit spreads widened and investors looked for safety amid increased financial market volatility. On an absolute basis, without negating the duration differences in the sub-indices, AAA rated credit was the best performing investment grade credit quality segment returning 0.2% for the quarter. High yield debt outperformed relative to investment grade credit, returning 1.0%, as spreads widened to a lesser degree for these issues and the index benefitted from its lower duration. Part of the reason for the increased spread widening for investment grade issues relative to high yield issues was continued selling pressure from companies repatriating foreign cash reserves in response to the new tax code and lower demand from foreign investors due to increased hedging costs and a stronger USD.

- Of the Bloomberg Barclays US Aggregate Index's three broad sectors, US mortgage backed securities (MBS) were the best performing investment grade sector through the quarter, narrowly outperforming US Treasuries. Corporate credit underperformed as credit spreads widened and investors reacted to market volatility by moving into higher quality issues. Higher durations relative to other index sectors also acted as a headwind to these issues. The Bloomberg Barclays US Corporate IG Index returned -1.0%. While TIPS were also positive, it is important to note these Treasury issues are not part of the Bloomberg Barclays US Aggregate Index.

Quarter Performance



1-Year Performance

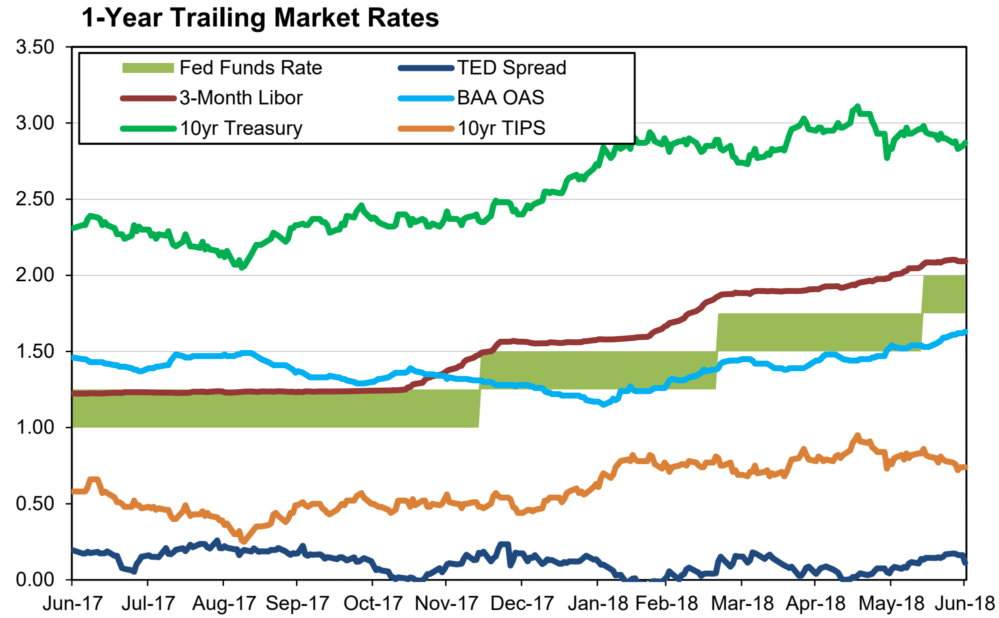


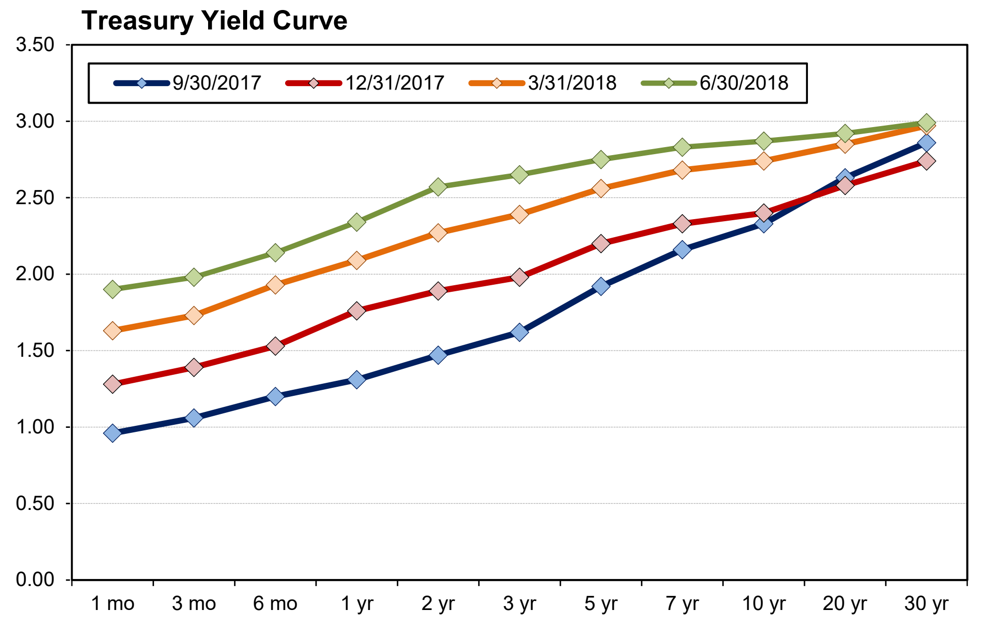
Source: Bloomberg

- Relative to their domestic counterparts, global fixed income indices underperformed during the quarter. The relatively high duration of these indices acted as a headwind to performance in the current quarter as interest rates increased. The returns of these indices are also significantly influenced by fluctuations in their currency denomination relative to the USD. During the 2nd quarter the USD strengthened against most other currencies, negatively impacting the returns on global bond indices. The return on global bonds, as represented by the Bloomberg Barclays Global Aggregate ex US Index, was -4.8% for the quarter. However, when viewed over the trailing year, global issues have outperformed domestic securities, returning 2.8%. As the global economy continues to recover, several international central banks have started to move toward less accommodative postures. Notably, the ECB, is planning to slow its monthly bond purchase program in September, reducing new purchases to 15 billion euro per month from 30 billion euro per month, as well as forecasting an end to the program by the end of the year assuming the eurozone recovery continues to flourish. However, they have indicated a continuation of reinvestment in maturing securities and would likely not raise interest rates from current levels until summer 2019. In contrast, the Bank of Japan will continue current stimulus programs and the Bank of England backed away from a telegraphed interest rate hike after disappointing economic data led them to lower their forecasts for future growth.

- Much of the index performance detailed in the bar graphs on the previous page is visible on a time series basis by reviewing the line graphs to the right. The '1-Year Trailing Market Rates' chart illustrates that the 10-year Treasury yield (green line) rose significantly during the first half of the 2nd quarter, rising to a near-term high of 3.11% before falling to 2.87% to end the period. 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 a steady increase in credit spreads through the first two quarters of 2018. This increase is equivalent to an interest rate increase on corporate bonds, which produces an additional headwind for corporate bond index returns. These credit spreads have widened by about 17 basis points over the last 3-months. The green band across the graph illustrates the gradual increase in the Federal Funds Rate (three in the last twelve months) due to the continued unwinding of accommodative US monetary policy.

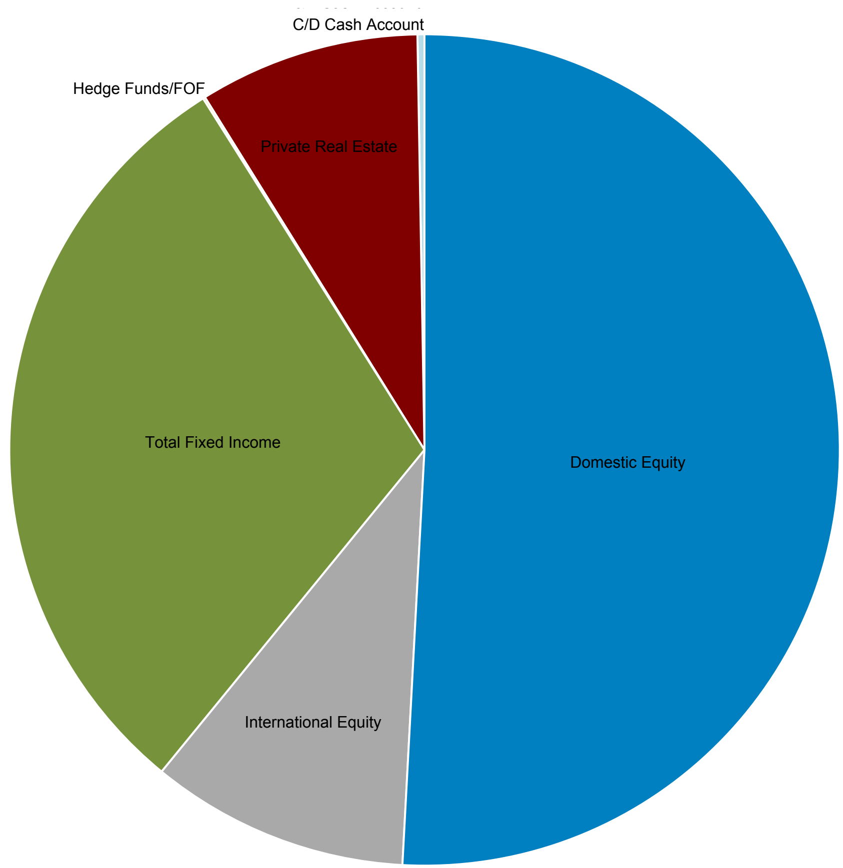
- The lower graph provides a snapshot of the US Treasury yield curve at the end of each of the last four calendar quarters. As mentioned, the yield curve continues to flatten as yields on shorter-term maturities have risen more than interest rates on the long end of the curve. The upward momentum of interest rates as well as a general flattening of the yield curve are clearly visible over both the 2nd quarter and the last twelve months.

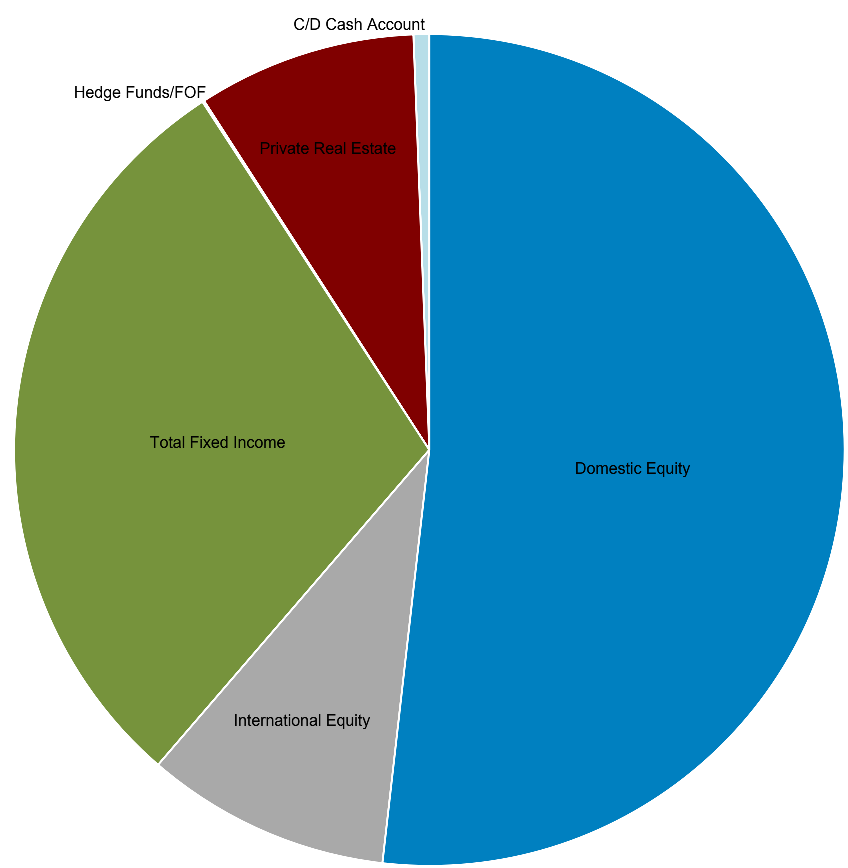




Source: US Department of Treasury, FRED (Federal Reserve of St. Louis)

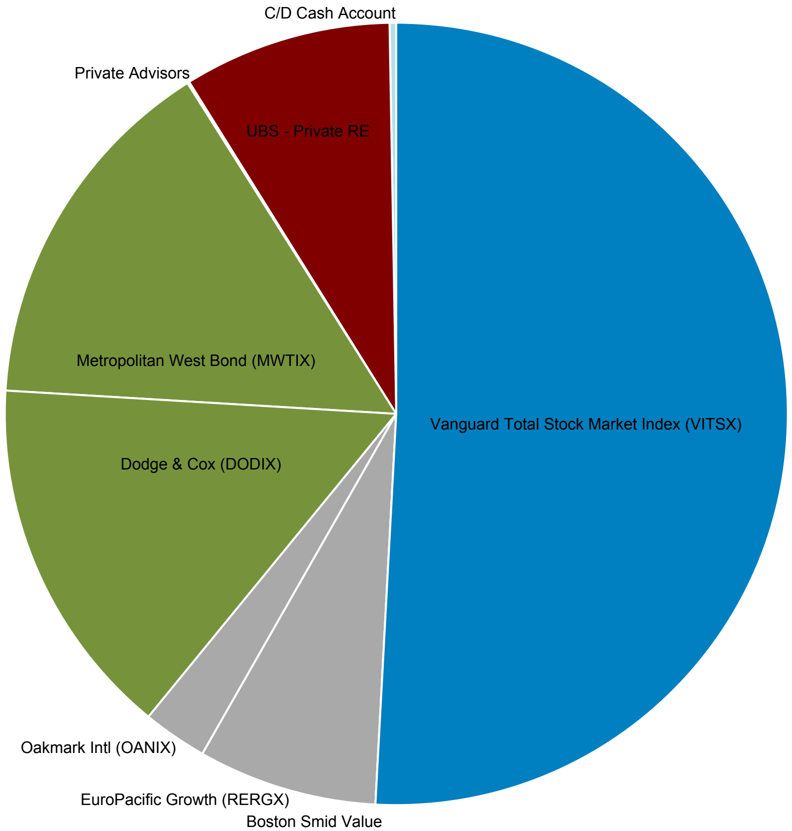
March 31, 2018 : $35,494,438	**June 30, 2018 : $36,367,679**

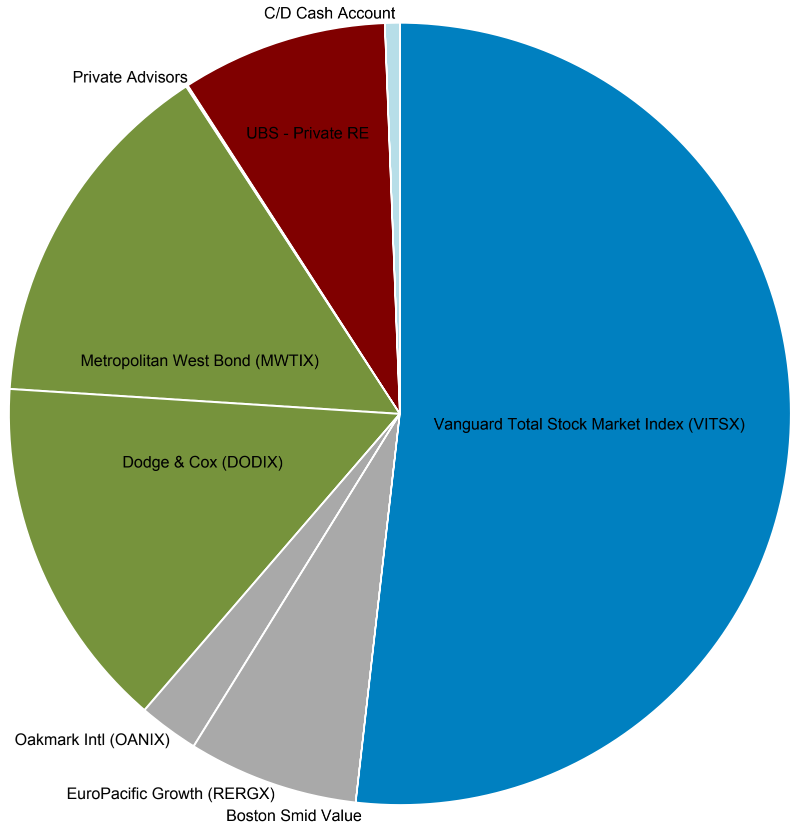




Allocation			**Allocation**		
	Market Value	**Allocation**		**Market Value**	**Allocation**
Domestic Equity	18,048,863	50.8	Domestic Equity	18,839,713	51.8
International Equity	3,572,367	10.1	International Equity	3,464,922	9.5
Total Fixed Income	10,693,608	30.1	Total Fixed Income	10,714,214	29.5
Hedge Funds/FOF	30,323	0.1	Hedge Funds/FOF	27,395	0.1
Private Real Estate	3,051,255	8.6	Private Real Estate	3,097,437	8.5
R&D Cash Account	439	0.0	R&D Cash Account	439	0.0
C/D Cash Account	97,583	0.3	C/D Cash Account	223,560	0.6

March 31, 2018 : $35,494,438	June 30, 2018 : $36,367,678





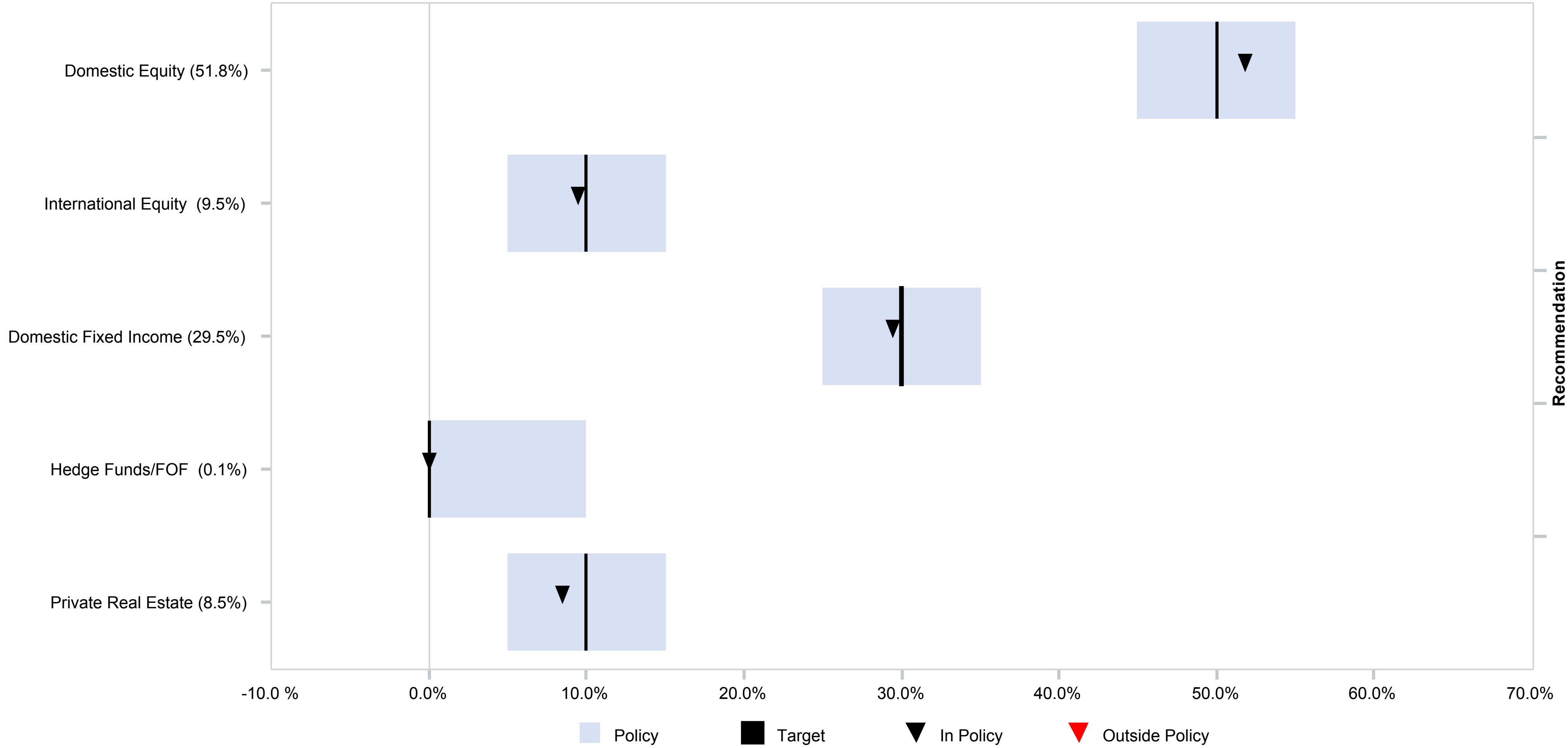
Allocation

	Market Value	Allocation
Vanguard Total Stock Market Index (VITSX)	18,048,703	50.8
Boston Smid Value	160	0.0
EuroPacific Growth (RERGX)	2,625,177	7.4
Oakmark Intl (OANIX)	947,189	2.7
Dodge & Cox (DODIX)	5,336,772	15.0
Metropolitan West Bond (MWTIX)	5,356,836	15.1
Private Advisors	30,323	0.1
UBS - Private RE	3,051,255	8.6
R&D Cash Account	439	0.0
C/D Cash Account	97,583	0.3

Allocation

	Market Value	Allocation
Vanguard Total Stock Market Index (VITSX)	18,839,713	51.8
Boston Smid Value	-	0.0
EuroPacific Growth (RERGX)	2,560,724	7.0
Oakmark Intl (OANIX)	904,197	2.5
Dodge & Cox (DODIX)	5,340,545	14.7
Metropolitan West Bond (MWTIX)	5,373,668	14.8
Private Advisors	27,395	0.1
UBS - Private RE	3,097,437	8.5
R&D Cash Account	439	0.0
C/D Cash Account	223,560	0.6

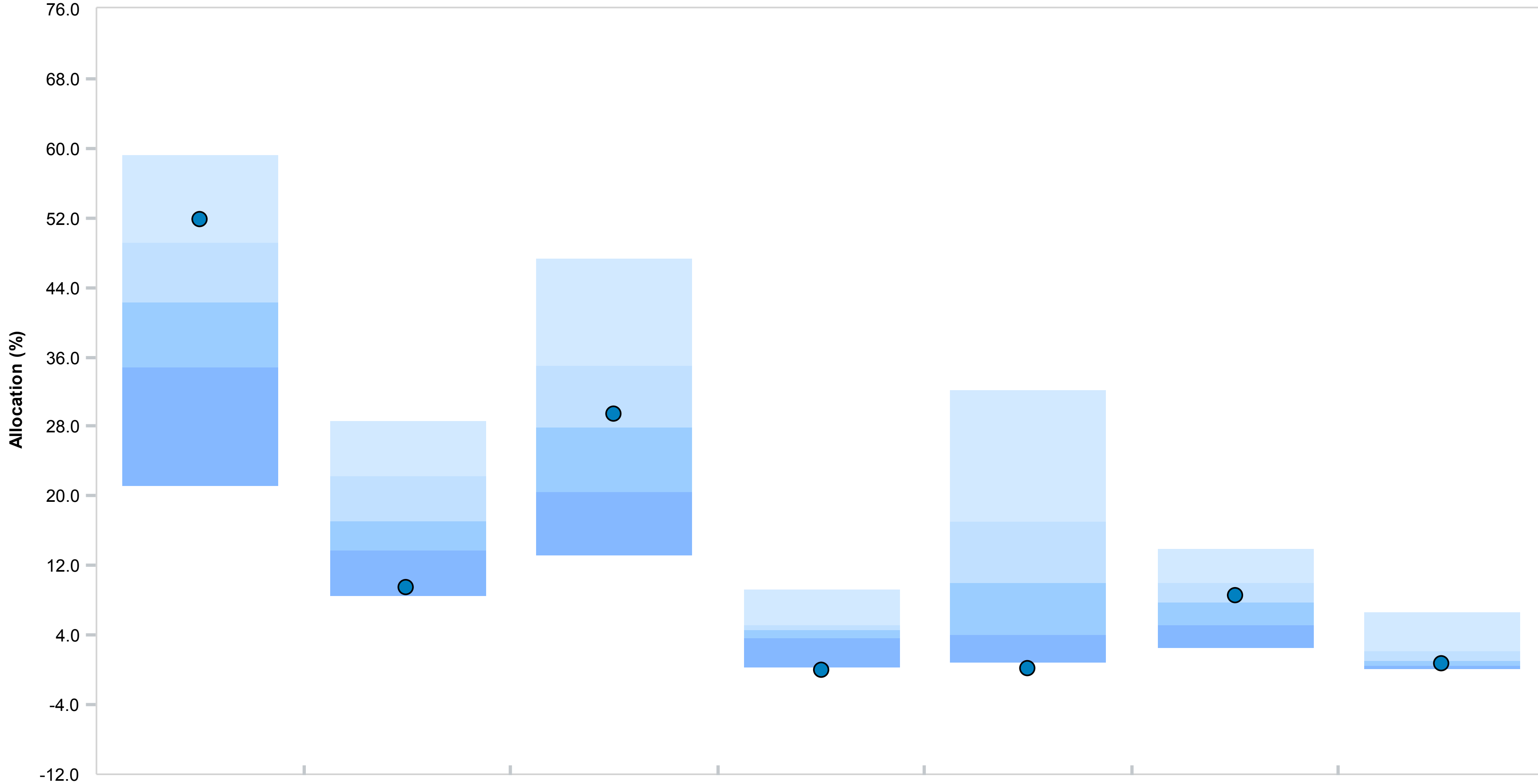
Executive Summary



Asset Allocation Compliance

	Minimum Allocation (%)	Maximum Allocation (%)	Current Allocation (%)	Target Allocation (%)
Hedge Funds/FOF	0.0	10.0	0.1	0.0
International Equity	5.0	15.0	9.5	10.0
Private Real Estate	5.0	15.0	8.5	10.0
Domestic Fixed Income	25.0	35.0	29.5	30.0
Domestic Equity	45.0	55.0	51.8	50.0
Total Fund	N/A	N/A	100.0	100.0

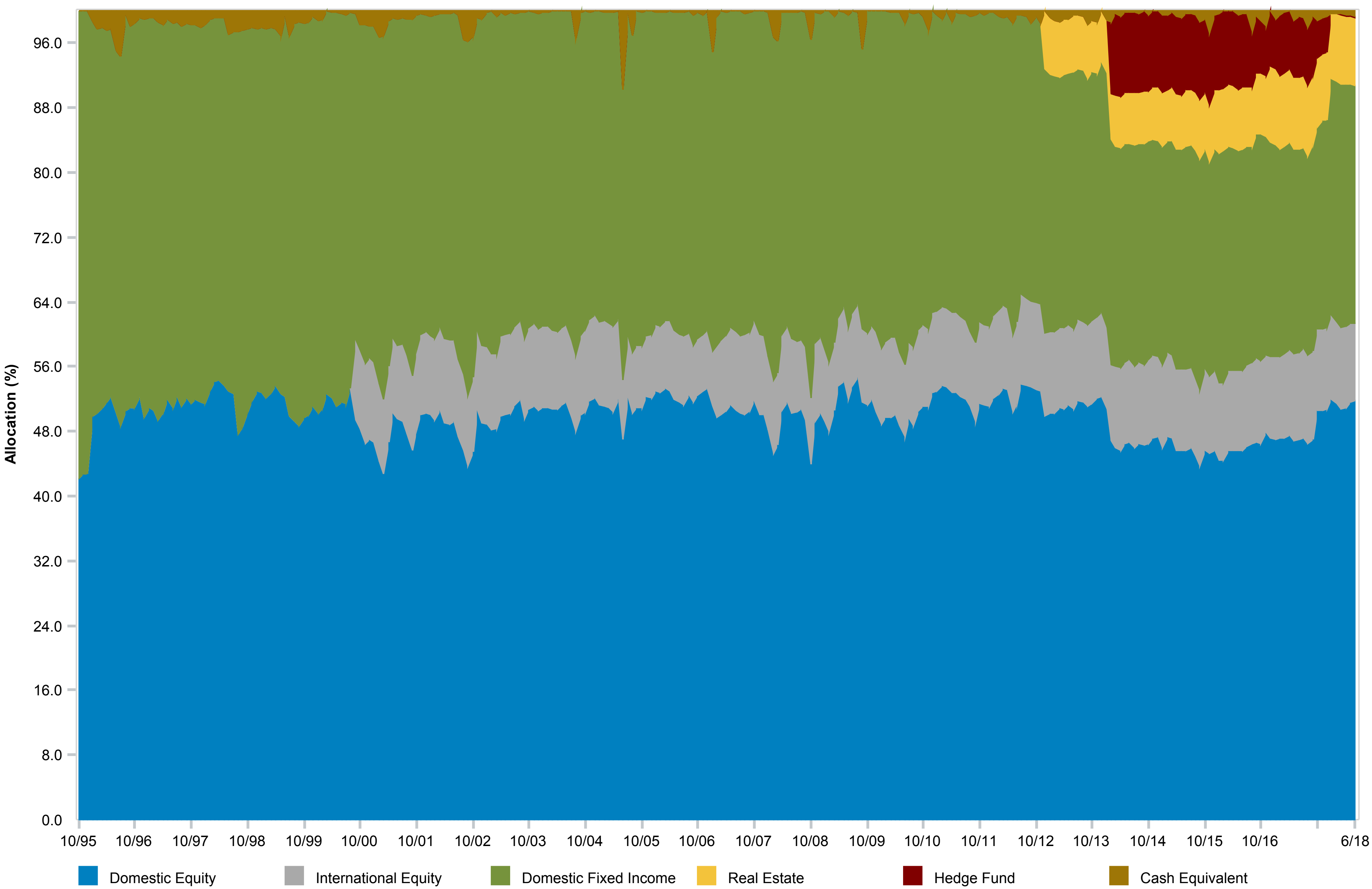
Plan Sponsor TF Asset Allocation vs. All Public Plans-Total Fund



	US Equity	Intl. Equity	US Fixed Income	Intl. Fixed Income	Alternative Inv.	Real Estate	Cash
● Total Fund	51.80 (19)	9.53 (93)	29.46 (44)	0.00	0.08 (100)	8.52 (43)	0.62 (70)
5th Percentile	59.26	28.56	47.21	9.24	32.13	13.97	6.71
1st Quartile	49.11	22.31	35.02	5.08	17.16	10.07	2.13
Median	42.30	17.12	27.83	4.58	9.98	7.72	1.09
3rd Quartile	34.71	13.77	20.44	3.68	3.95	5.07	0.48
95th Percentile	21.18	8.54	13.12	0.31	0.90	2.62	0.06
Population	526	508	532	163	176	332	461

Parentheses contain percentile rankings.

	Jun-2018		Mar-2018		Dec-2017		Sep-2017	
	($)	%	($)	%	($)	%	($)	%
Total Equity	**22,304,634**	**61.33**	**21,621,230**	**60.91**	**21,811,870**	**61.00**	**19,706,331**	**57.95**
Domestic Equity	**18,839,713**	**51.80**	**18,048,863**	**50.85**	**18,171,960**	**50.82**	**16,008,475**	**47.08**
BlackRock LCV	-	0.00	-	0.00	8,882	0.02	3,992,758	11.74
Jennison LCG	-	0.00	-	0.00	643	0.00	2,148,655	6.32
Connors LCC	-	0.00	-	0.00	2,657	0.01	3,588,764	10.55
Boston Smid Value	-	0.00	160	0.00	1,897	0.01	2,208,964	6.50
RBC Small Growth	-	0.00	-	0.00	108	0.00	2,187,049	6.43
Wedgewood LCG	-	0.00	-	0.00	-	0.00	1,882,285	5.54
Vanguard Total Stock Market Index (VITSX)	18,839,713	51.80	18,048,703	50.85	18,157,773	50.78	-	0.00
International Equity	**3,464,922**	**9.53**	**3,572,367**	**10.06**	**3,639,911**	**10.18**	**3,697,856**	**10.87**
Lazard Int'l Value	-	0.00	-	0.00	11,228	0.03	1,832,036	5.39
Renaissance Int'l Growth	-	0.00	-	0.00	3,488	0.01	1,865,821	5.49
Vanguard Total International Stock (VXUS)	-	0.00	-	0.00	3,625,195	10.14	-	0.00
EuroPacific Growth (RERGX)	2,560,724	7.04	2,625,177	7.40	-	0.00	-	0.00
Oakmark Intl (OANIX)	904,197	2.49	947,189	2.67	-	0.00	-	0.00
Total Fixed Income	**10,714,214**	**29.46**	**10,693,608**	**30.13**	**9,179,465**	**25.67**	**8,733,908**	**25.69**
Madison Intermediate FI	-	0.00	-	0.00	-	0.00	8,733,908	25.69
Dodge & Cox (DODIX)	5,340,545	14.68	5,336,772	15.04	4,591,621	12.84	-	0.00
Metropolitan West Bond (MWTIX)	5,373,668	14.78	5,356,836	15.09	4,587,844	12.83	-	0.00
Hedge Funds/FOF	**27,395**	**0.08**	**30,323**	**0.09**	**1,591,392**	**4.45**	**2,408,461**	**7.08**
BlackRock Global L/S Credit	-	0.00	-	0.00	20	0.00	413,456	1.22
Blackstone Multi Strategy	-	0.00	-	0.00	-	0.00	412,498	1.21
Pine Grove - HFOF	-	0.00	-	0.00	1,438,100	4.02	1,420,910	4.18
Private Advisors - HFOF	27,395	0.08	30,323	0.09	153,272	0.43	161,597	0.48
Private Real Estate	**3,097,437**	**8.52**	**3,051,255**	**8.60**	**3,002,005**	**8.40**	**2,940,515**	**8.65**
UBS - Private Real Estate	3,097,437	8.52	3,051,255	8.60	3,002,005	8.40	2,940,515	8.65
R&D Cash Account	439	0.00	439	0.00	3,234	0.01	214,068	0.63
C/D Cash Account	223,560	0.61	97,583	0.27	168,554	0.47	-	0.00
Total Fund	**36,367,679**	**100.00**	**35,494,438**	**100.00**	**35,756,521**	**100.00**	**34,003,283**	**100.00**


Allocation (%)
96.0
88.0
80.0
72.0
64.0
56.0
48.0
40.0
32.0
24.0
16.0
8.0
0.0
10/95
10/96
10/97
10/98
10/99
10/00
10/01
10/02
10/03
10/04
10/05
10/06
10/07
10/08
10/09
10/10
10/11
10/12
10/13
10/14
10/15
10/16
6/18
Domestic Equity
International Equity
Domestic Fixed Income
Real Estate
Hedge Fund
Cash Equivalent

	Market Value 04/01/2018	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Capital Gain/Loss	Market Value 06/30/2018
Total Equity	**21,621,230**	**100,187**	**-**	**-**	**-**	**-**	**83,096**	**500,121**	**22,304,634**
Domestic Equity	**18,048,863**	**85,874**	**-**	**-**	**-**	**-**	**80,671**	**624,304**	**18,839,713**
Boston Smid Value	160	-	-	-	-	-	-160	-	-
Vanguard Total Stock Market Index (VITSX)	18,048,703	85,874	-	-	-	-	80,831	624,304	18,839,713
International Equity	**3,572,367**	**14,312**	**-**	**-**	**-**	**-**	**2,425**	**-124,183**	**3,464,922**
EuroPacific Growth (RERGX)	2,625,177	10,019	-	-	-	-	2,425	-76,897	2,560,724
Oakmark Intl (OANIX)	947,189	4,294	-	-	-	-	-	-47,285	904,197
Total Fixed Income	**10,693,608**	**42,937**	**-**	**-**	**-**	**-**	**73,965**	**-96,297**	**10,714,214**
Dodge & Cox (DODIX)	5,336,772	21,469	-	-	-	-	37,679	-55,375	5,340,545
Metropolitan West Bond (MWTIX)	5,356,836	21,469	-	-	-	-	36,286	-40,923	5,373,668
Hedge Funds/FOF	**30,323**	**-**	**-**	**-**	**-**	**-**	**-**	**-2,928**	**27,395**
Private Advisors - HFOF	30,323	-	-	-	-	-	-	-2,928	27,395
Private Real Estate	**3,051,255**	**-**	**-**	**-**	**-7,311**	**-**	**31,707**	**21,786**	**3,097,437**
UBS - Private Real Estate	3,051,255	-	-	-	-7,311	-	31,707	21,786	3,097,437
R&D Cash Account	439	-	-	-	-	-	-	-	439
C/D Cash Account	97,583	-143,124	924,626	-619,875	-	-36,628	978	-	223,560
Total Fund	**35,494,438**	**-**	**924,626**	**-619,875**	**-7,311**	**-36,628**	**189,747**	**422,682**	**36,367,679**

	Market Value 10/01/2017	Net Transfers	Contributions	Distributions	Management Fees	Other Expenses	Income	Capital Gain/Loss	Market Value 06/30/2018
Total Equity	**19,706,331**	**1,271,430**	**-**	**-237**	**-**	**-7,848**	**285,882**	**1,049,076**	**22,304,634**
Domestic Equity	**16,008,475**	**1,407,472**	**-**	**-237**	**-**	**-7,848**	**245,111**	**1,186,740**	**18,839,713**
BlackRock LCV	3,992,758	-3,965,128	-	-	-	-7,848	-	-19,783	-
Jennison LCG	2,148,655	-2,148,548	-	-237	-	-	-	130	-
Wedgewood LCG	1,882,285	-1,881,624	-	-	-	-	-	-661	-
Connors LCC	3,588,764	-3,578,527	-	-	-	-	117	-10,353	-
Boston Smid Value	2,208,964	-2,206,303	-	-	-	-	406	-3,067	-
RBC Small Growth	2,187,049	-2,213,344	-	-	-	-	-	26,295	-
Vanguard Total Stock Market Index (VITSX)	-	17,400,946	-	-	-	-	244,588	1,194,179	18,839,713
International Equity	**3,697,856**	**-136,042**	**-**	**-**	**-**	**-**	**40,771**	**-137,664**	**3,464,922**
Lazard Int'l Value	1,832,036	-1,827,824	-	-	-	-	2,338	-6,550	-
Renaissance Int'l Growth	1,865,821	-1,862,301	-	-	-	-	1,929	-5,449	-
Vanguard Total International Stock (VXUS)	-	-120,582	-	-	-	-	34,078	86,504	-
EuroPacific Growth (RERGX)	-	2,670,371	-	-	-	-	2,425	-112,072	2,560,724
Oakmark Intl (OANIX)	-	1,004,294	-	-	-	-	-	-100,096	904,197
Total Fixed Income	**8,733,908**	**2,146,394**	**-**	**-2**	**-**	**-**	**218,850**	**-384,936**	**10,714,214**
Madison Intermediate FI	8,733,908	-8,686,110	-	-2	-	-	-	-47,795	-
Dodge & Cox (DODIX)	-	5,394,436	-	-	-	-	125,374	-179,265	5,340,545
Metropolitan West Bond (MWTIX)	-	5,434,436	-	-	-	-	75,284	-136,052	5,373,668
Hedge Funds/FOF	**2,408,461**	**-2,265,571**	**-**	**-122,444**	**20**	**-**	**-**	**6,930**	**27,395**
BlackRock Global L/S Credit	413,456	-413,855	-	-	20	-	-	380	-
Blackstone Multi Strategy	412,498	-413,616	-	-	-	-	-	1,118	-
Pine Grove - HFOF	1,420,910	-1,438,100	-	-	-	-	-	17,190	-
Private Advisors - HFOF	161,597	-	-	-122,444	-	-	-	-11,758	27,395
Private Real Estate	**2,940,515**	**-1**	**-**	**-**	**-22,316**	**-**	**93,839**	**85,401**	**3,097,437**
UBS - Private Real Estate	2,940,515	-1	-	-	-22,316	-	93,839	85,401	3,097,437
R&D Cash Account	214,068	-139,805	-	-68,199	-	-5,640	13	1	439
C/D Cash Account	-	-1,012,446	2,601,497	-1,643,199	-	-119,543	65,005	332,245	223,560
Total Fund	**34,003,283**	**-**	**2,601,497**	**-1,834,081**	**-22,297**	**-133,031**	**663,589**	**1,088,718**	**36,367,679**

	QTR		FYTD		1 YR		3 YR		4 YR		5 YR		Inception		Inception Date
Total Fund - Gross	**1.71**	**(30)**	**5.00**	**(44)**	**8.20**	**(60)**	**6.26**	**(78)**	**5.46**	**(74)**	**7.43**	**(76)**	**7.08**	**(80)**	**10/01/1995**
Total Fund Hybrid	1.84	(26)	5.14	(37)	8.40	(55)	6.79	(55)	6.20	(44)	8.08	(53)	7.44	(63)	
All Public Plans-Total Fund Median	1.26		4.80		8.52		6.91		6.04		8.16		7.60		
Total Fund - Net	1.69		4.93		8.11		5.63		4.75		6.67		6.12		10/01/1995
Total Equity	**2.69**		**6.40**		**11.57**		**N/A**		**N/A**		**N/A**		**11.57**		**07/01/2017**
Total Equity	2.82		8.33		N/A		N/A		N/A		N/A		N/A		
Domestic Equity	**3.90**	**(20)**	**8.29**	**(48)**	**13.40**	**(42)**	**N/A**		**N/A**		**N/A**		**13.40**	**(42)**	**07/01/2017**
Russell 3000 Index	3.89	(21)	9.76	(27)	14.78	(27)	11.58	(12)	10.50	(12)	13.29	(16)	14.78	(27)	
IM U.S. Multi-Cap Core Equity (MF) Median	2.71		8.08		12.49		9.36		8.66		11.67		12.49		
International Equity	**-3.40**	**(78)**	**-2.68**	**(96)**	**2.64**	**(91)**	**N/A**		**N/A**		**N/A**		**2.64**	**(91)**	**07/01/2017**
MSCI AC World ex USA	-2.39	(62)	1.45	(20)	7.79	(14)	5.56	(3)	2.86	(11)	6.48	(16)	7.79	(14)	
IM International Large Cap Core Equity (MF) Median	-2.02		0.27		5.17		3.62		1.79		5.44		5.17		
Total Fixed Income	**-0.21**	**(42)**	**-2.00**	**(88)**	**-1.72**	**(97)**	**N/A**		**N/A**		**N/A**		**-1.72**	**(97)**	**07/01/2017**
Total Fixed Income	-0.16	(30)	-1.23	(33)	N/A		N/A		N/A		N/A		N/A		
IM U.S. Broad Market Core Fixed Income (MF) Median	-0.25		-1.41		-0.59		1.60		1.50		2.14		-0.59		
Hedge Funds/FOF	**-9.66**		**-10.45**		**-9.60**		**N/A**		**N/A**		**N/A**		**-9.60**		**07/01/2017**
HFRI FOF: Conservative Index	1.00		2.74		4.09		1.90		2.10		3.00		4.09		
Private Real Estate	**1.75**	**(98)**	**6.11**	**(85)**	**7.68**	**(89)**	**N/A**		**N/A**		**N/A**		**7.68**	**(89)**	**07/01/2017**
NCREIF Fund Index-Open End Diversified Core (EW)	2.10	(64)	6.56	(62)	8.57	(61)	9.61	(71)	10.82	(53)	11.11	(63)	8.57	(61)	
IM U.S. Open End Private Real Estate (SA+CF) Median	2.20		6.97		8.87		9.83		11.03		11.66		8.87		

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

	QTR		FYTD		1 YR		3 YR		4 YR		5 YR		Inception		Inception Date
Domestic Equity Strategies															
Vanguard Total Stock Market Index (VITSX)	3.90	(20)	N/A		N/A		N/A		N/A		N/A		4.31	(28)	12/01/2017
Russell 3000 Index	3.89	(21)	9.76	(27)	14.78	(27)	11.58	(12)	10.50	(12)	13.29	(16)	4.25	(30)	
IM U.S. Multi-Cap Core Equity (MF) Median	2.71		8.08		12.49		9.36		8.66		11.67		3.02		
International Equity Strategies															
EuroPacific Growth (RERGX)	-2.83	(70)	N/A		N/A		N/A		N/A		N/A		-3.58	(63)	03/01/2018
MSCI AC World ex USA	-2.39	(62)	1.45	(20)	7.79	(14)	5.56	(3)	2.86	(11)	6.48	(16)	-4.04	(64)	
IM International Large Cap Core Equity (MF) Median	-2.02		0.27		5.17		3.62		1.79		5.44		-2.80		
Oakmark Intl (OANIX)	-4.97	(93)	N/A		N/A		N/A		N/A		N/A		-8.21	(100)	03/01/2018
MSCI AC World ex USA	-2.39	(62)	1.45	(20)	7.79	(14)	5.56	(3)	2.86	(11)	6.48	(16)	-4.04	(64)	
IM International Large Cap Core Equity (MF) Median	-2.02		0.27		5.17		3.62		1.79		5.44		-2.80		
Fixed Income Strategies															
Dodge & Cox (DODIX)	-0.33	(64)	N/A		N/A		N/A		N/A		N/A		-1.23	(15)	01/01/2018
Blmbg. Barc. U.S. Aggregate Index	-0.16	(30)	-1.23	(33)	-0.40	(34)	1.72	(37)	1.75	(27)	2.27	(40)	-1.62	(35)	
IM U.S. Broad Market Core Fixed Income (MF) Median	-0.25		-1.41		-0.59		1.60		1.50		2.14		-1.73		
Metropolitan West Bond (MWTIX)	-0.09	(20)	N/A		N/A		N/A		N/A		N/A		-0.99	(22)	12/01/2017
Blmbg. Barc. U.S. Aggregate Index	-0.16	(30)	-1.23	(33)	-0.40	(34)	1.72	(37)	1.75	(27)	2.27	(40)	-1.17	(32)	
IM U.S. Broad Market Core Fixed Income (MF) Median	-0.25		-1.41		-0.59		1.60		1.50		2.14		-1.30		
Hedge Funds / FOF Strategies															
Private Advisors - HFOF	-9.66		-15.60		-16.65		-4.76		-3.96		N/A		-3.36		03/01/2014
HFRI FOF: Conservative Index	1.00		2.74		4.09		1.90		2.10		3.00		2.18		
Private Real Estate Strategies															
UBS - Private Real Estate	1.75	(98)	6.11	(85)	7.68	(89)	8.02	(93)	9.16	(94)	9.41	(95)	9.76	(N/A)	09/01/2012
NCREIF Fund Index-Open End Diversified Core (EW)	2.10	(64)	6.56	(62)	8.57	(61)	9.61	(71)	10.82	(53)	11.11	(63)	11.23	(N/A)	
IM U.S. Open End Private Real Estate (SA+CF) Median	2.20		6.97		8.87		9.83		11.03		11.66		N/A		

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

Comparative Performance

	FYTD		FY 2017		FY 2016		FY 2015		FY 2014		FY 2013		FY 2012	
Total Fund - Gross	**5.00**	**(44)**	**11.00**	**(76)**	**7.12**	**(92)**	**0.32**	**(30)**	**8.52**	**(85)**	**12.76**	**(45)**	**18.10**	**(46)**
Total Fund Hybrid	5.14	(37)	11.12	(73)	9.11	(66)	0.80	(21)	9.39	(67)	13.04	(41)	18.21	(44)
All Public Plans-Total Fund Median	4.80		12.19		9.66		-0.53		10.17		12.50		17.96	
Total Fund - Net	4.93		10.29		6.21		-0.59		7.59		11.70		17.03	
Total Equity	**6.40**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
Total Equity Policy	8.33		N/A		N/A		N/A		N/A		N/A		N/A	
Domestic Equity	**8.29**	**(48)**	**N/A**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
Russell 3000 Index	9.76	(27)	18.71	(34)	14.96	(16)	-0.49	(32)	17.76	(31)	21.60	(59)	30.20	(18)
IM U.S. Multi-Cap Core Equity (MF) Median	8.08		17.32		11.67		-1.83		16.29		22.80		26.64	
International Equity	**-2.68**	**(96)**	**N/A**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
MSCI AC World ex USA	1.45	(20)	20.15	(23)	9.80	(6)	-11.78	(85)	5.22	(27)	16.98	(78)	15.04	(52)
IM International Large Cap Core Equity (MF) Median	0.27		18.70		5.55		-7.88		3.98		21.41		15.12	
Total Fixed Income	**-2.00**	**(88)**	**N/A**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
Total Fixed Income Policy	-1.23	(33)	N/A		N/A		N/A		N/A		N/A		N/A	
IM U.S. Broad Market Core Fixed Income (MF) Median	-1.41		0.48		5.21		1.87		4.19		-1.62		6.79	
Hedge Funds/FOF	**-10.45**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
HFRI FOF: Conservative Index	2.74		4.61		0.25		0.62		5.64		6.61		2.59	
Private Real Estate	**6.11**	**(85)**	**N/A**		**N/A**		**N/A**		**N/A**		**N/A**		**N/A**	
NCREIF Fund Index-Open End Diversified Core (EW)	6.56	(62)	7.81	(60)	10.62	(69)	14.71	(62)	12.39	(68)	12.47	(67)	11.77	(66)
IM U.S. Open End Private Real Estate (SA+CF) Median	6.97		8.29		11.32		15.45		12.78		13.18		12.90	

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

	FYTD		FY 2017		FY 2016		FY 2015		FY 2014		FY 2013		FY 2012	
Domestic Equity Strategies														
Vanguard Total Stock Market Index (VITSX)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Russell 3000 Index	9.76	(27)	18.71	(34)	14.96	(16)	-0.49	(32)	17.76	(31)	21.60	(59)	30.20	(18)
IM U.S. Multi-Cap Core Equity (MF) Median	8.08		17.32		11.67		-1.83		16.29		22.80		26.64	
BlackRock LCV	N/A		20.98	(21)	14.43	(41)	-2.92	(47)	15.57	(79)	16.08	(94)	N/A	
Russell 1000 Value Index	3.54	(86)	15.12	(77)	16.19	(25)	-4.42	(65)	18.89	(42)	22.30	(61)	30.92	(26)
IM U.S. Large Cap Value Equity (SA+CF) Median	6.05		17.94		13.17		-3.28		18.40		23.76		28.21	
Jennison LCG	N/A		25.44	(8)	9.04	(76)	6.79	(16)	20.45	(26)	N/A		N/A	
Russell 1000 Growth Index	15.69	(43)	21.94	(37)	13.76	(22)	3.17	(55)	19.15	(40)	19.27	(64)	29.19	(39)
IM U.S. Large Cap Growth Equity (SA+CF) Median	14.71		20.82		11.64		3.61		18.15		20.25		27.65	
Wedgewood LCG	N/A		13.75	(96)	5.14	(96)	-2.95	(94)	15.99	(72)	N/A		N/A	
Russell 1000 Growth Index	15.69	(43)	21.94	(37)	13.76	(22)	3.17	(55)	19.15	(40)	19.27	(64)	29.19	(39)
IM U.S. Large Cap Growth Equity (SA+CF) Median	14.71		20.82		11.64		3.61		18.15		20.25		27.65	
Connors LCC	N/A		13.83	(89)	11.61	(66)	0.43	(46)	16.54	(79)	N/A		N/A	
S&P 500 Index	9.47	(47)	18.61	(53)	15.43	(22)	-0.61	(62)	19.73	(45)	19.34	(65)	30.20	(45)
IM U.S. Large Cap Core Equity (SA+CF) Median	9.24		18.74		13.17		0.02		19.25		20.70		29.70	
Boston Smid Value	N/A		19.58	(42)	N/A		N/A		N/A		N/A		N/A	
Russell 2500 Value Index	7.37	(42)	15.75	(71)	17.68	(19)	-2.44	(67)	9.88	(60)	27.58	(72)	32.15	(32)
IM U.S. SMID Cap Value Equity (SA+CF) Median	6.88		18.61		13.60		-0.25		11.13		29.98		29.73	
RBC Small Growth	N/A		14.94	(90)	14.58	(35)	6.08	(35)	1.00	(75)	32.33	(66)	32.30	(39)
Russell 2000 Growth Index	14.73	(66)	20.98	(59)	12.12	(46)	4.04	(49)	3.79	(54)	33.07	(58)	31.18	(48)
IM U.S. Small Cap Growth Equity (SA+CF) Median	17.12		21.38		11.43		3.76		4.18		33.97		30.68	

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

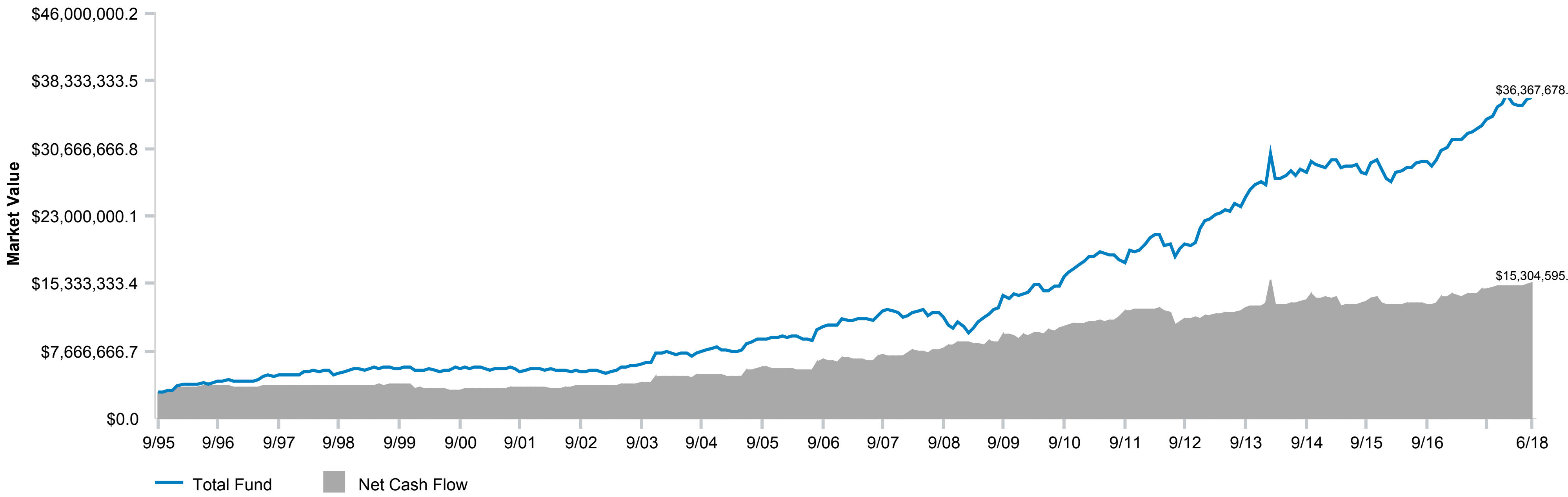
	FYTD		FY 2017		FY 2016		FY 2015		FY 2014		FY 2013		FY 2012	
International Equity Strategies														
EuroPacific Growth (RERGX)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
MSCI AC World ex USA	1.45	(20)	20.15	(23)	9.80	(6)	-11.78	(85)	5.22	(27)	16.98	(78)	15.04	(52)
IM International Large Cap Core Equity (MF) Median	0.27		18.70		5.55		-7.88		3.98		21.41		15.12	
Oakmark Intl (OANIX)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
MSCI AC World ex USA	1.45	(20)	20.15	(23)	9.80	(6)	-11.78	(85)	5.22	(27)	16.98	(78)	15.04	(52)
IM International Large Cap Core Equity (MF) Median	0.27		18.70		5.55		-7.88		3.98		21.41		15.12	
Lazard Int'l Value	N/A		15.52	(86)	4.43	(88)	-1.72	(20)	6.99	(38)	20.04	(51)	23.27	(11)
MSCI EAFE (Net) Index	1.36	(52)	19.10	(66)	6.52	(80)	-8.66	(52)	4.25	(68)	23.77	(37)	13.75	(76)
IM International Equity (SA+CF) Median	1.58		21.06		11.54		-8.27		5.80		20.25		17.31	
Renaissance Int'l Growth	N/A		19.28	(64)	10.53	(56)	-11.86	(66)	10.85	(15)	24.85	(31)	16.00	(60)
MSCI AC World ex USA (Net)	1.05	(56)	19.61	(61)	9.26	(62)	-12.16	(67)	4.77	(62)	16.48	(63)	14.49	(70)
IM International Equity (SA+CF) Median	1.58		21.06		11.54		-8.27		5.80		20.25		17.31	
Fixed Income Strategies														
Dodge & Cox (DODIX)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Blmbg. Barc. U.S. Aggregate Index	-1.23	(33)	0.07	(64)	5.19	(51)	2.94	(8)	3.96	(59)	-1.68	(53)	5.16	(81)
IM U.S. Broad Market Core Fixed Income (MF) Median	-1.41		0.48		5.21		1.87		4.19		-1.62		6.79	
Metropolitan West Bond (MWTIX)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
Blmbg. Barc. U.S. Aggregate Index	-1.23	(33)	0.07	(64)	5.19	(51)	2.94	(8)	3.96	(59)	-1.68	(53)	5.16	(81)
IM U.S. Broad Market Core Fixed Income (MF) Median	-1.41		0.48		5.21		1.87		4.19		-1.62		6.79	
Madison Intermediate FI	N/A		0.23	(88)	2.08	(99)	2.04	(83)	1.28	(100)	-0.38	(62)	3.04	(99)
Bloomberg Barclays Intermediate US Govt/Credit Idx	-1.17	(95)	0.23	(88)	3.52	(76)	2.68	(52)	2.20	(85)	-0.50	(66)	4.40	(81)
IM U.S. Intermediate Duration (SA+CF) Median	-0.75		0.69		3.90		2.70		2.88		-0.27		5.56	

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

	FYTD		FY 2017		FY 2016		FY 2015		FY 2014		FY 2013		FY 2012	
Hedge Funds / FOF Strategies														
Private Advisors - HFOF	-15.60		4.45		0.69		-4.24		N/A		N/A		N/A	
HFRI FOF: Conservative Index	2.74		4.61		0.25		0.62		5.64		6.61		2.59	
Pine Grove - HFOF	N/A		6.75		0.38		-4.18		N/A		N/A		N/A	
HFRI FOF: Conservative Index	2.74		4.61		0.25		0.62		5.64		6.61		2.59	
Real Estate Strategies														
UBS - Private Real Estate	6.11	(85)	5.52	(87)	8.83	(100)	12.93	(82)	10.87	(91)	10.06	(91)	N/A	
NCREIF Fund Index-Open End Diversified Core (EW)	6.56	(62)	7.81	(60)	10.62	(69)	14.71	(62)	12.39	(68)	12.47	(67)	11.77	(66)
IM U.S. Open End Private Real Estate (SA+CF) Median	6.97		8.29		11.32		15.45		12.78		13.18		12.90	

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

Plan Growth



Trailing Returns

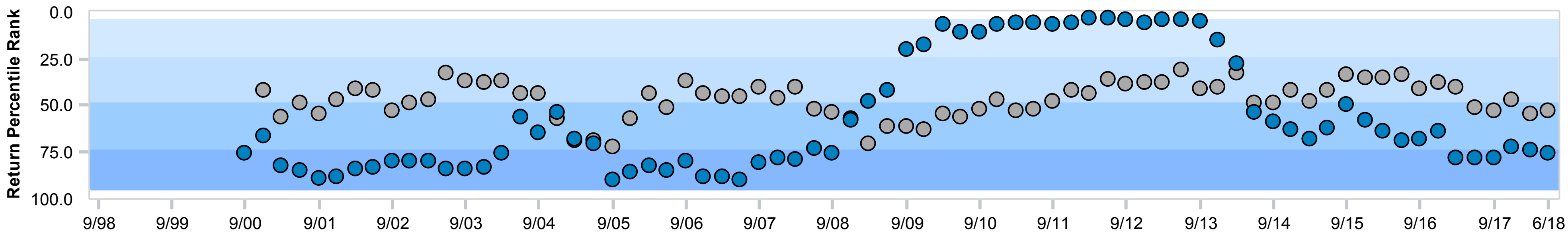
	QTR	YTD	1 YR	2 YR	3 YR	5 YR	7 YR	10 YR	15 YR
Total Fund	1.71 (30)	1.05 (46)	8.20 (60)	9.59 (70)	6.26 (78)	7.43 (76)	7.17 (71)	7.43 (26)	7.22 (51)
Total Fund Hybrid	1.84 (26)	1.13 (44)	8.40 (55)	9.85 (65)	6.79 (55)	8.08 (53)	7.87 (42)	7.11 (41)	7.27 (48)
Median	1.26	0.97	8.52	10.30	6.91	8.16	7.69	6.90	7.23

Fiscal Year Returns

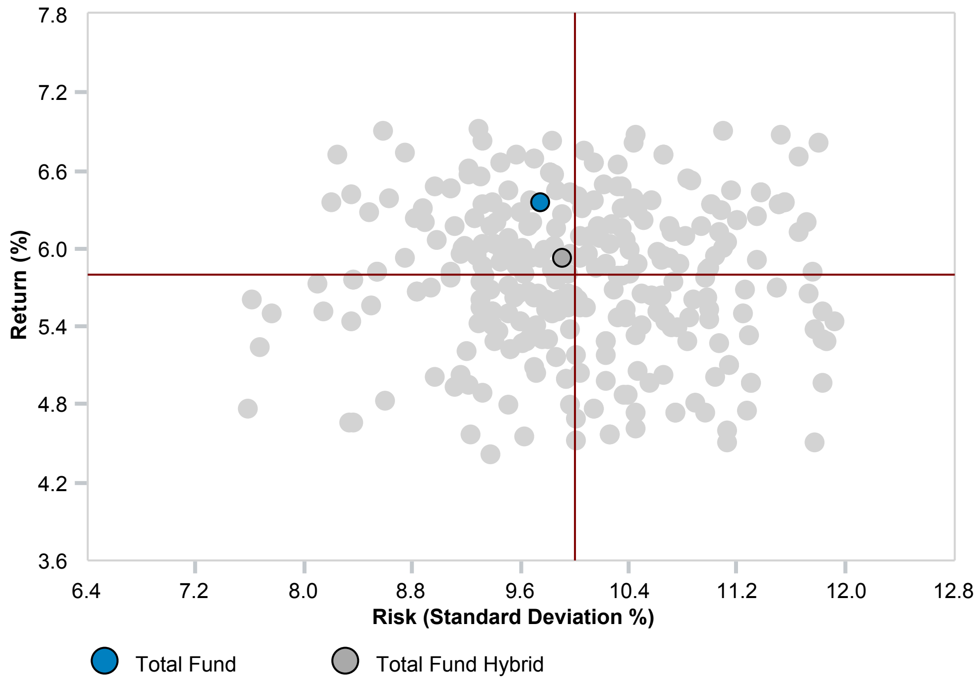
	FYTD	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Total Fund	5.00 (44)	11.00 (78)	7.12 (92)	0.32 (29)	8.52 (84)	12.76 (46)	18.10 (47)	0.66 (40)	9.63 (56)
Total Fund Hybrid	5.14 (37)	11.12 (75)	9.11 (65)	0.80 (20)	9.39 (66)	13.04 (41)	18.21 (44)	0.55 (41)	9.98 (48)
Median	4.80	12.18	9.65	-0.54	10.13	12.47	17.99	0.14	9.87

Peer Group: All Public Plans-Total Fund

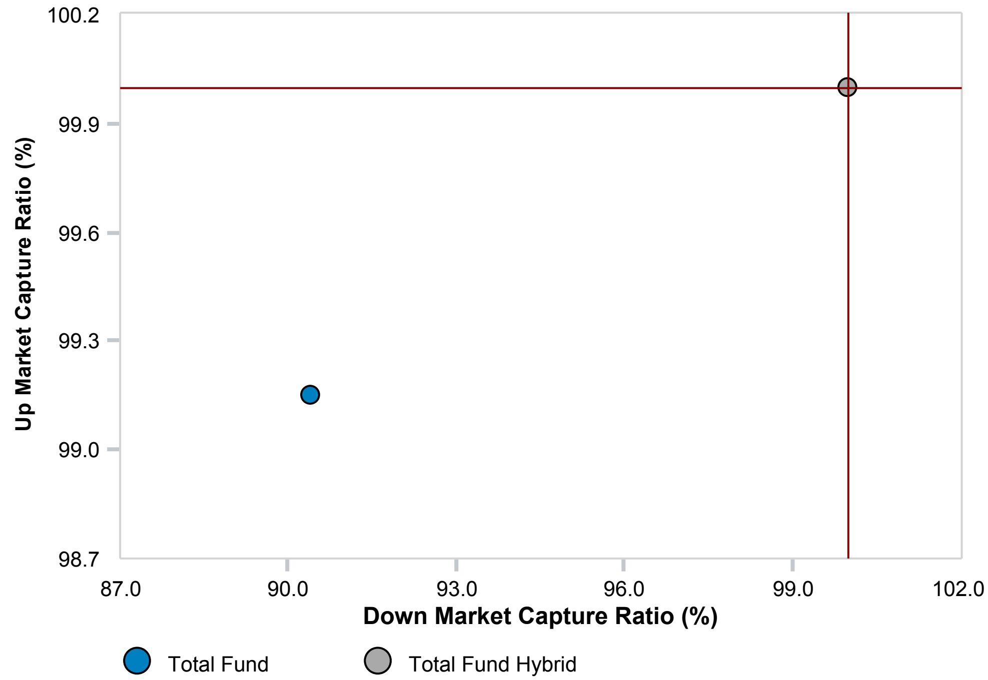
5 Year Rolling Percentile Ranking



Risk vs Return: October 2007 to Present



Up/Down Markets: October 2007 to Present



Historical Statistics: October 1, 2007 To June 30, 2018

	Consistency	Maximum Drawdown	Alpha	Active Return	Sharpe Ratio	Information Ratio	Treynor Ratio	Beta	Tracking Error
Total Fund	44.19	-23.70	0.59	0.40	0.62	0.24	0.06	0.97	1.68
Total Fund Hybrid	0.00	-28.52	0.00	0.00	0.57	-0.31	0.06	1.00	0.00

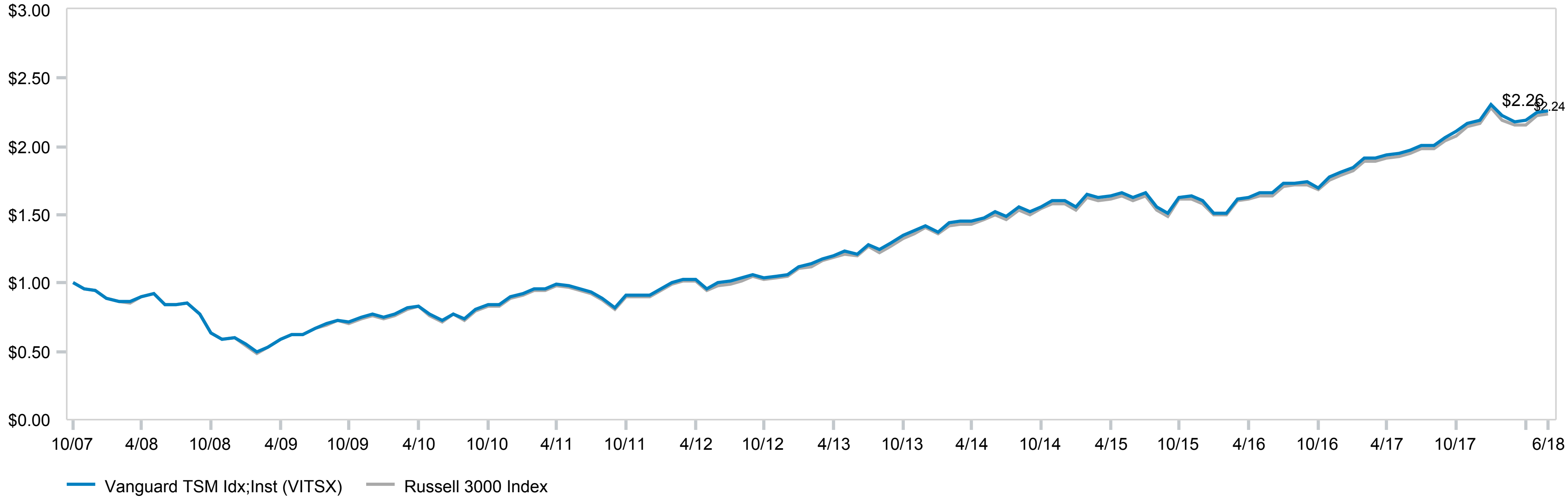
Peer Group: All Public Plans-Total Fund

Multi Timeperiod Statistics

	1 Qtr Return		1 Quarter Ending Mar-2018 Return		1 Quarter Ending Dec-2017 Return		1 Quarter Ending Sep-2017 Return		3 YR Return		5 YR Return		3 YR Down Market Capture		5 YR Down Market Capture	
Total Fund	**1.71**	**(30)**	**-0.65**	**(77)**	**3.90**	**(37)**	**3.05**	**(81)**	**6.26**	**(78)**	**7.43**	**(76)**	**87.69**	**(75)**	**93.60**	**(68)**
Total Fund Hybrid	1.84	(26)	-0.70	(81)	3.97	(33)	3.09	(79)	6.79	(55)	8.08	(53)	100.00		100.00	
All Public Plans-Total Fund Median	1.26		-0.28		3.74		3.45		6.91		8.16		102.67		105.64	
Domestic Equity Strategies																
Vanguard Total Stock Market Index (VITSX)	3.90	(20)	-0.60	(48)	N/A		N/A		N/A		N/A		N/A		N/A	
Russell 3000 Index	3.89	(21)	-0.64	(52)	6.34	(40)	4.57	(38)	11.58	(12)	13.29	(16)	100.00		100.00	
IM U.S. Multi-Cap Core Equity (MF) Median	2.71		-0.63		5.99		4.28		9.36		11.67		106.55		107.47	
International Equity Strategies																
EuroPacific Growth (RERGX)	-2.83	(70)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
MSCI AC World ex USA	-2.39	(62)	-1.08	(47)	5.06	(17)	6.25	(28)	5.56	(3)	6.48	(16)	100.00		100.00	
IM International Large Cap Core Equity (MF) Median	-2.02		-1.16		4.18		5.50		3.62		5.44		113.63		107.87	
Oakmark Intl (OANIX)	-4.97	(93)	N/A		N/A		N/A		N/A		N/A		N/A		N/A	
MSCI AC World ex USA	-2.39	(62)	-1.08	(47)	5.06	(17)	6.25	(28)	5.56	(3)	6.48	(16)	100.00		100.00	
IM International Large Cap Core Equity (MF) Median	-2.02		-1.16		4.18		5.50		3.62		5.44		113.63		107.87	
Fixed Income Strategies																
Dodge & Cox (DODIX)	-0.33	(64)	-0.90	(7)	N/A		N/A		N/A		N/A		N/A		N/A	
Blmbg. Barc. U.S. Aggregate Index	-0.16	(30)	-1.46	(46)	0.39	(39)	0.85	(42)	1.72	(37)	2.27	(40)	100.00		100.00	
IM U.S. Broad Market Core Fixed Income (MF) Median	-0.25		-1.48		0.34		0.81		1.60		2.14		100.06		95.54	
Metropolitan West Bond (MWTIX)	-0.09	(20)	-1.28	(24)	N/A		N/A		N/A		N/A		N/A		N/A	
Blmbg. Barc. U.S. Aggregate Index	-0.16	(30)	-1.46	(46)	0.39	(39)	0.85	(42)	1.72	(37)	2.27	(40)	100.00		100.00	
IM U.S. Broad Market Core Fixed Income (MF) Median	-0.25		-1.48		0.34		0.81		1.60		2.14		100.06		95.54	
Total Hedge Funds / FOF Strategies																
Private Advisors - HFOF	-9.66		-1.51		-5.15		-1.24		-4.76		N/A		88.84		N/A	
HFRI FOF: Conservative Index	1.00		0.56		1.16		1.32		1.90		3.00		100.00		100.00	
Real Estate Strategies																
UBS - Private Real Estate	1.75	(98)	1.90	(77)	2.34	(41)	1.48	(77)	8.02	(93)	9.41	(95)	N/A		N/A	
NCREIF Fund Index-Open End Diversified Core (EW)	2.10	(64)	2.17	(58)	2.15	(57)	1.89	(44)	9.61	(71)	11.11	(63)	N/A		N/A	
IM U.S. Open End Private Real Estate (SA+CF) Median	2.20		2.22		2.25		1.75		9.83		11.66		N/A		N/A	

Long-Term
Manager Composite
Data

Growth of a Dollar



Trailing Returns

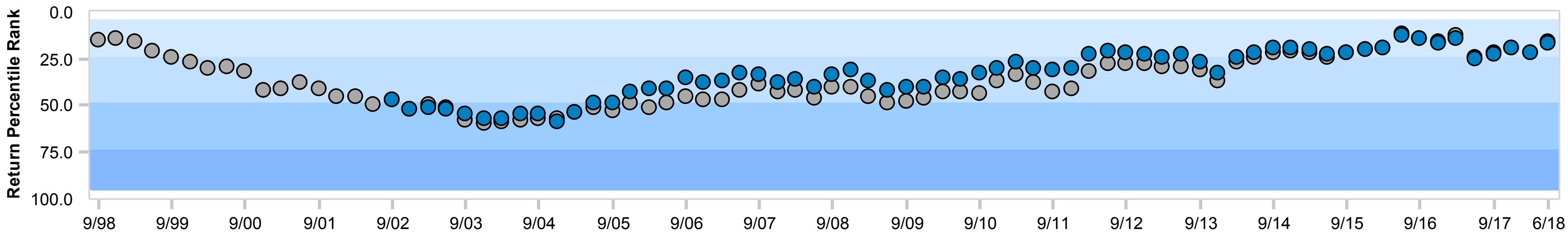
	QTR	YTD	1 YR	2 YR	3 YR	5 YR	7 YR	10 YR	15 YR
Vanguard TSM Idx;Inst (VITSX)	3.91 (20)	3.28 (25)	14.82 (26)	16.64 (32)	11.59 (12)	13.27 (17)	13.01 (14)	10.34 (13)	9.78 (17)
Russell 3000 Index	3.89 (21)	3.22 (26)	14.78 (27)	16.63 (32)	11.58 (12)	13.29 (16)	13.01 (14)	10.23 (17)	9.61 (23)
Median	2.71	1.98	12.49	15.43	9.36	11.67	11.23	8.83	8.72

Fiscal Year Returns

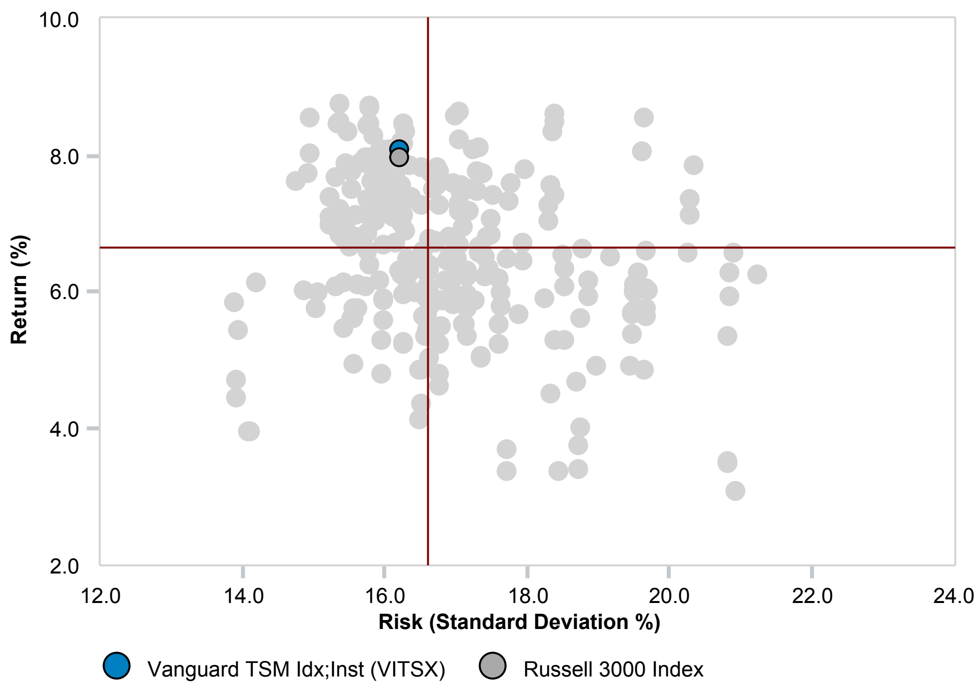
	FYTD	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Vanguard TSM Idx;Inst (VITSX)	9.83 (25)	18.64 (36)	15.00 (15)	-0.57 (33)	17.76 (31)	21.52 (60)	30.24 (16)	0.72 (25)	11.13 (28)
Russell 3000 Index	9.76 (27)	18.71 (34)	14.96 (16)	-0.49 (32)	17.76 (31)	21.60 (59)	30.20 (18)	0.55 (29)	10.96 (31)
Median	8.08	17.32	11.67	-1.83	16.29	22.80	26.64	-1.49	9.38

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM U.S. Multi-Cap Core Equity (MF)

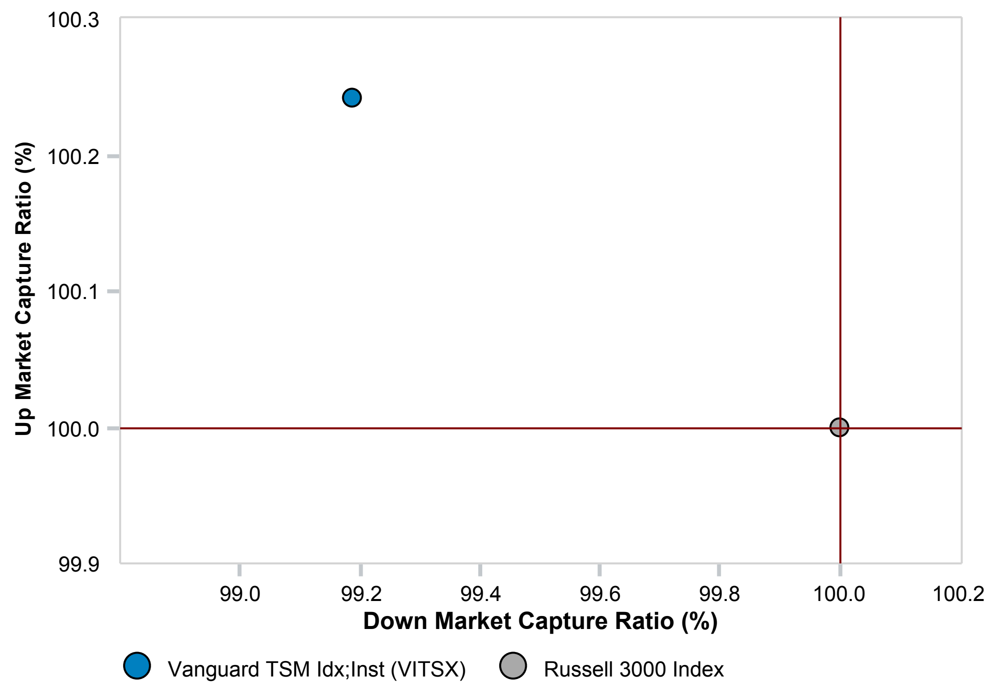
5 Year Rolling Percentile Ranking



Risk vs Return: October 2007 to Present



Up/Down Markets: October 2007 to Present

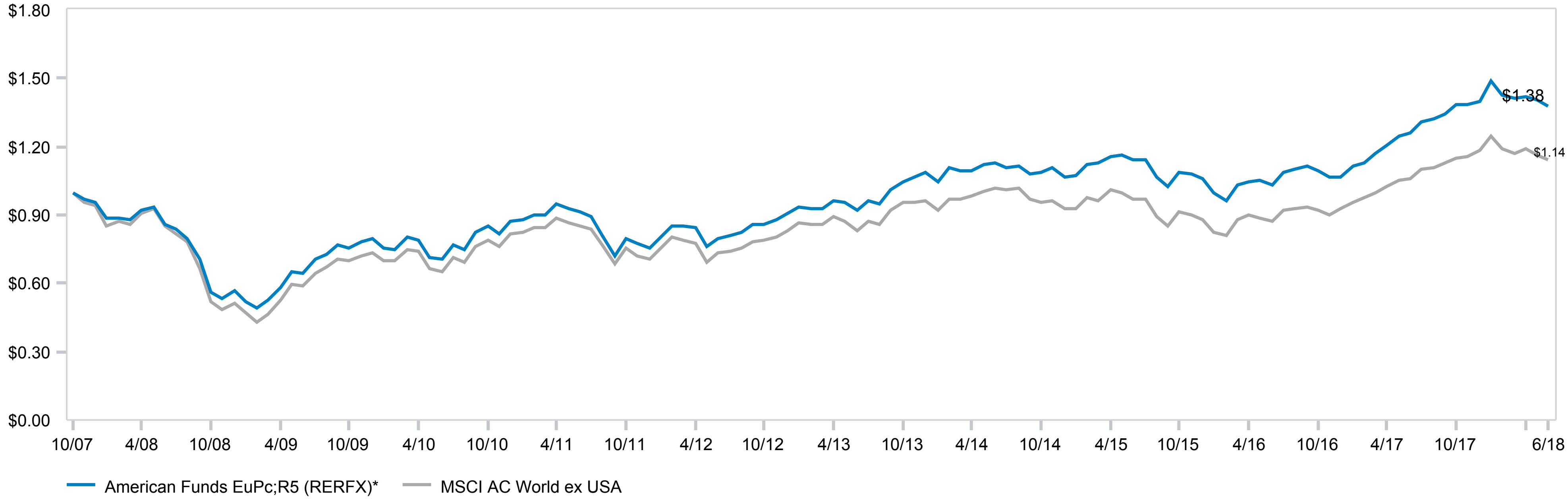


Historical Statistics: October 1, 2007 To June 30, 2018

	Consistency	Maximum Drawdown	Alpha	Active Return	Sharpe Ratio	Information Ratio	Treynor Ratio	Beta	Tracking Error
Vanguard TSM Idx;Inst (VITSX)	60.47	-45.55	0.12	0.11	0.53	0.87	0.09	1.00	0.13
Russell 3000 Index	0.00	-45.95	0.00	0.00	0.52	N/A	0.09	1.00	0.00

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM U.S. Multi-Cap Core Equity (MF)

Growth of a Dollar



Trailing Returns

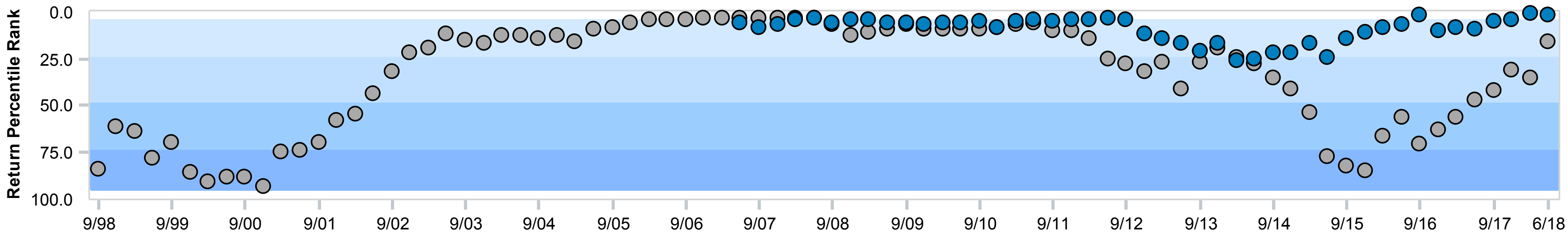
	QTR	YTD	1 YR	2 YR	3 YR	5 YR	7 YR	10 YR	15 YR
American Funds EuPc;R5 (RERFX)*	-2.82 (70)	-1.83 (10)	9.30 (8)	15.53 (8)	6.46 (1)	8.29 (2)	6.03 (1)	4.80 (9)	9.34 (2)
MSCI AC World ex USA	-2.39 (62)	-3.44 (55)	7.79 (14)	14.20 (24)	5.56 (3)	6.48 (16)	4.28 (43)	3.01 (37)	8.21 (10)
Median	-2.02	-3.38	5.17	12.78	3.62	5.44	4.15	2.36	7.13

Fiscal Year Returns

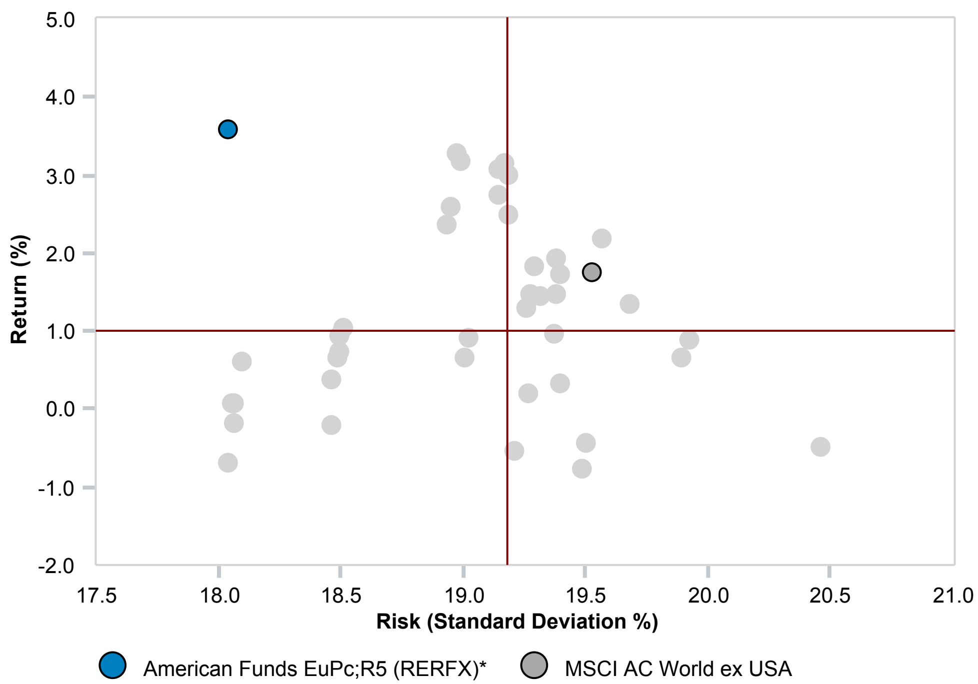
	FYTD	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
American Funds EuPc;R5 (RERFX)*	2.32 (10)	20.56 (19)	8.47 (11)	-4.97 (6)	6.93 (10)	18.22 (75)	18.39 (13)	-12.38 (71)	7.35 (9)
MSCI AC World ex USA	1.45 (20)	20.15 (23)	9.80 (6)	-11.78 (85)	5.22 (27)	16.98 (78)	15.04 (52)	-10.42 (26)	8.00 (4)
Median	0.27	18.70	5.55	-7.88	3.98	21.41	15.12	-11.31	3.35

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM International Large Cap Core Equity (MF)

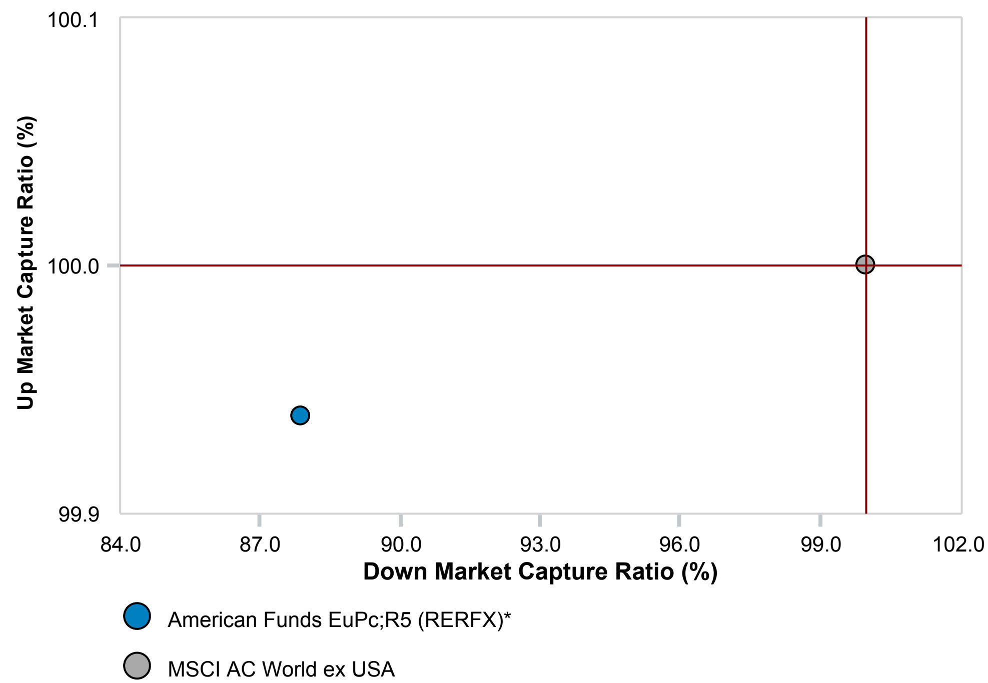
5 Year Rolling Percentile Ranking



Risk vs Return: October 2007 to Present



Up/Down Markets: October 2007 to Present

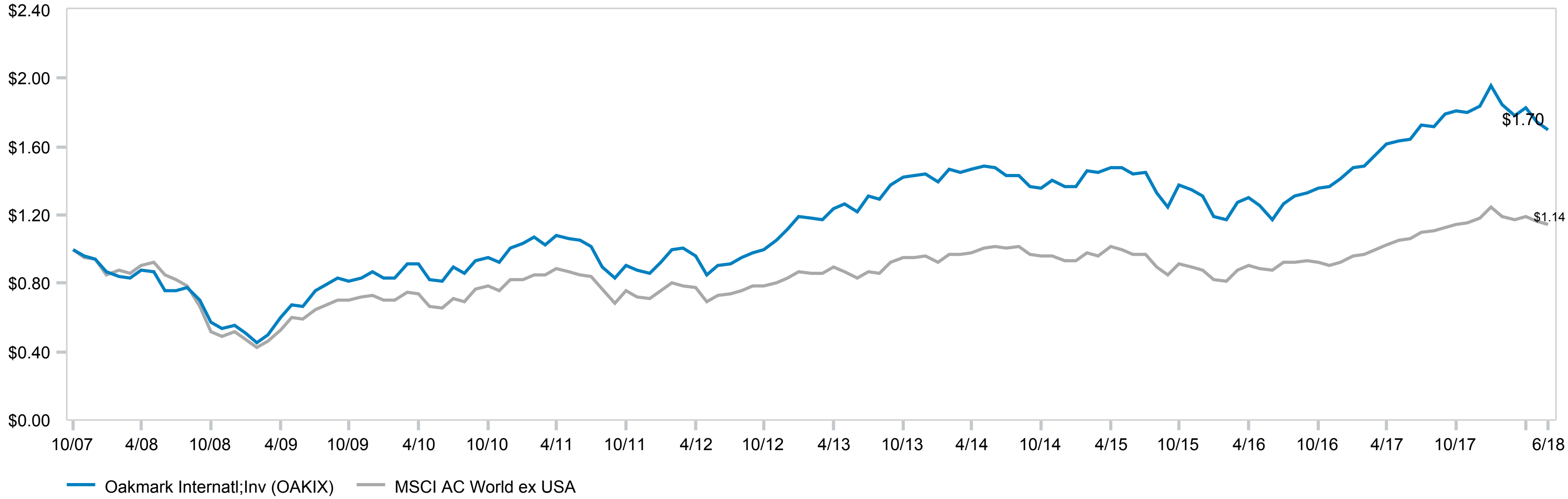


Historical Statistics: October 1, 2007 To June 30, 2018

	Consistency	Maximum Drawdown	Alpha	Active Return	Sharpe Ratio	Information Ratio	Treynor Ratio	Beta	Tracking Error
American Funds EuPc;R5 (RERFX)*	60.47	-45.07	1.84	1.50	0.26	0.43	0.05	0.91	3.50
MSCI AC World ex USA	0.00	-51.36	0.00	0.00	0.16	N/A	0.03	1.00	0.00

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM International Large Cap Core Equity (MF)

Growth of a Dollar



Trailing Returns

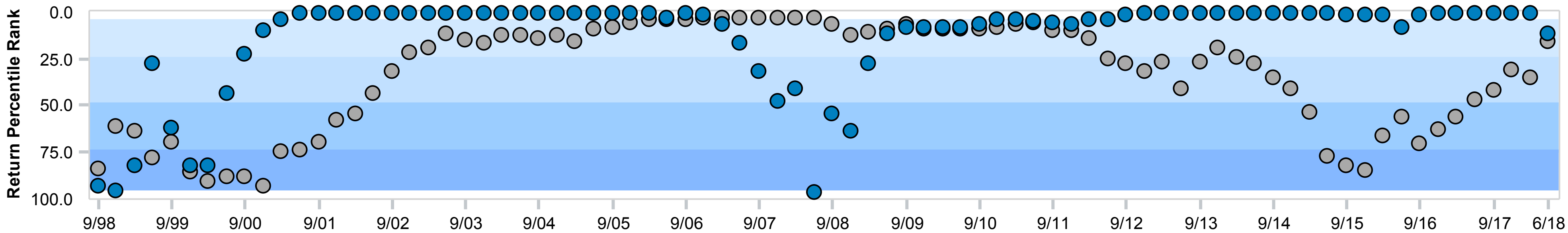
	QTR	YTD	1 YR	2 YR	3 YR	5 YR	7 YR	10 YR	15 YR
Oakmark Internatl;Inv (OAKIX)	-5.04 (93)	-7.67 (100)	3.13 (90)	20.18 (1)	5.69 (2)	6.83 (12)	7.11 (1)	8.36 (1)	9.65 (1)
MSCI AC World ex USA	-2.39 (62)	-3.44 (55)	7.79 (14)	14.20 (24)	5.56 (3)	6.48 (16)	4.28 (43)	3.01 (37)	8.21 (10)
Median	-2.02	-3.38	5.17	12.78	3.62	5.44	4.15	2.36	7.13

Fiscal Year Returns

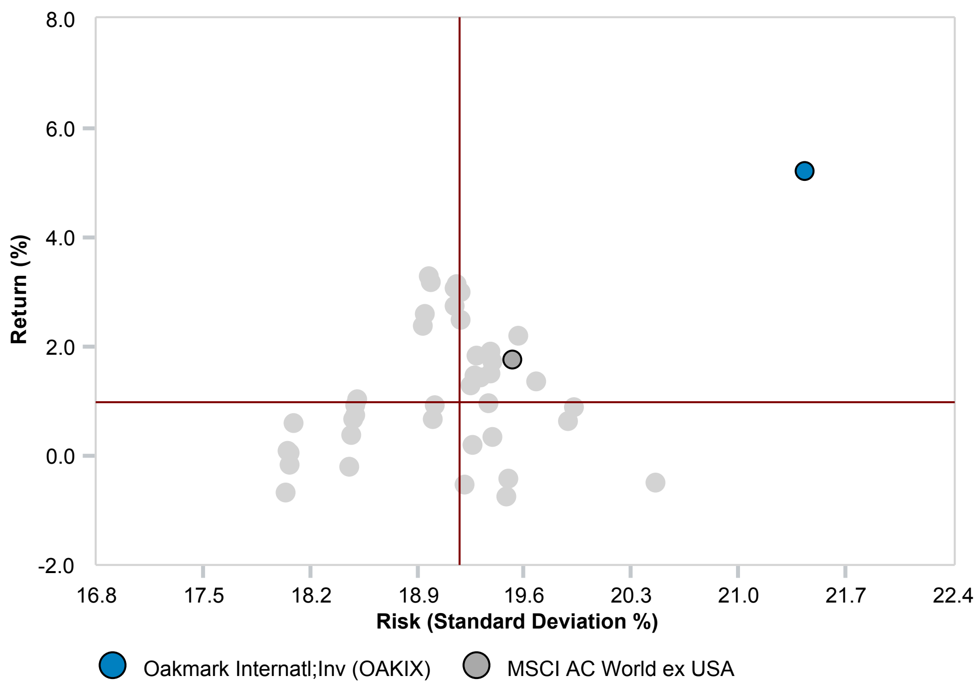
	FYTD	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Oakmark Internatl;Inv (OAKIX)	-5.47 (100)	34.88 (1)	6.66 (32)	-8.98 (63)	-0.64 (100)	40.79 (1)	17.40 (25)	-10.54 (26)	12.67 (1)
MSCI AC World ex USA	1.45 (20)	20.15 (23)	9.80 (6)	-11.78 (85)	5.22 (27)	16.98 (78)	15.04 (52)	-10.42 (26)	8.00 (4)
Median	0.27	18.70	5.55	-7.88	3.98	21.41	15.12	-11.31	3.35

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM International Large Cap Core Equity (MF)

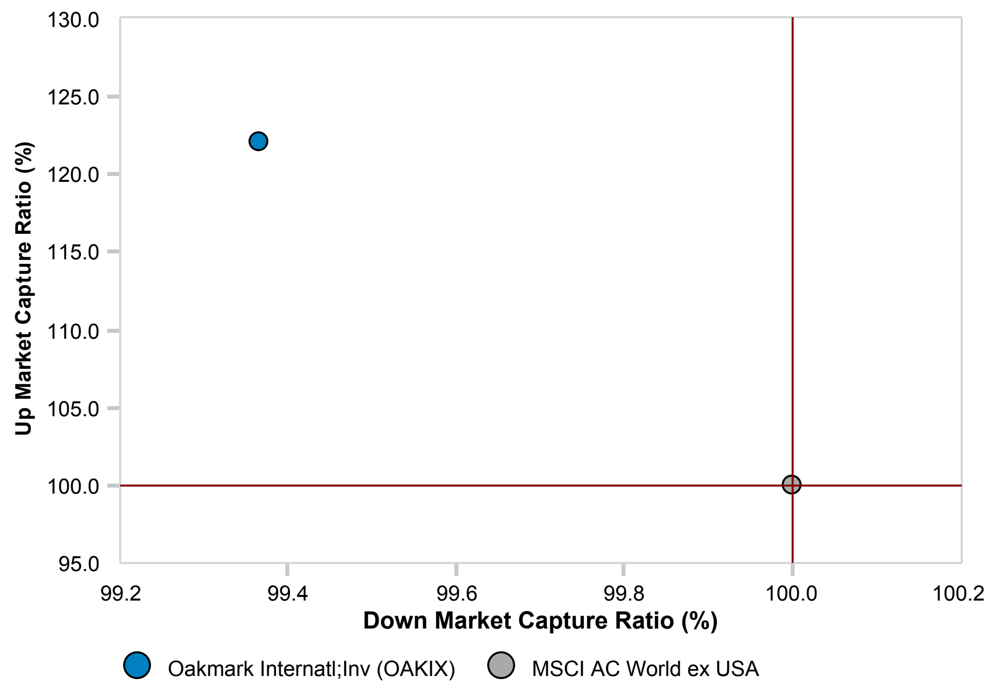
5 Year Rolling Percentile Ranking



Risk vs Return: October 2007 to Present



Up/Down Markets: October 2007 to Present

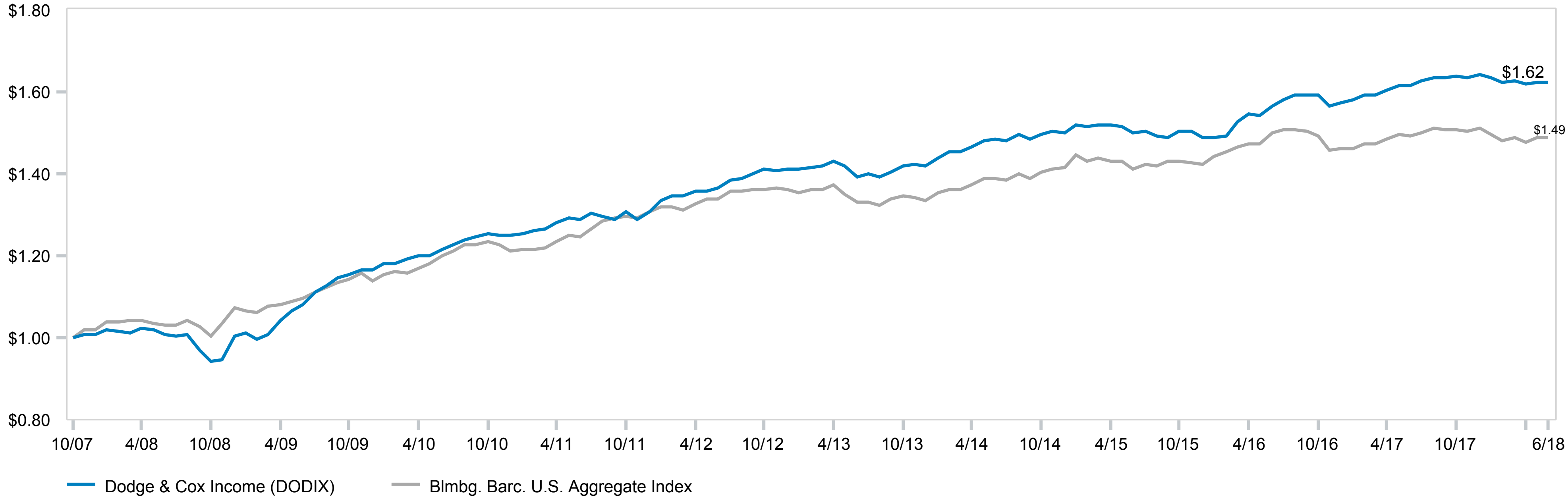


Historical Statistics: October 1, 2007 To June 30, 2018

	Consistency	Maximum Drawdown	Alpha	Active Return	Sharpe Ratio	Information Ratio	Treynor Ratio	Beta	Tracking Error
Oakmark Internatl;Inv (OAKIX)	58.14	-49.10	3.65	3.65	0.32	0.44	0.07	1.01	8.22
MSCI AC World ex USA	0.00	-51.36	0.00	0.00	0.16	N/A	0.03	1.00	0.00

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM International Large Cap Core Equity (MF)

Growth of a Dollar



Trailing Returns

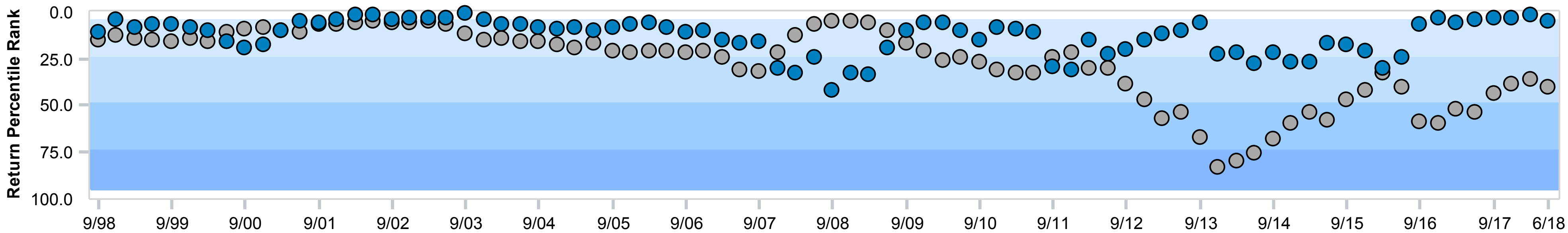
	QTR	YTD	1 YR	2 YR	3 YR	5 YR	7 YR	10 YR	15 YR
Dodge & Cox Income (DODIX)	-0.33 (64)	-1.23 (15)	0.37 (8)	1.79 (4)	2.64 (4)	3.09 (5)	3.35 (7)	4.86 (4)	4.40 (5)
Blmbg. Barc. U.S. Aggregate Index	-0.16 (30)	-1.62 (35)	-0.40 (34)	-0.36 (62)	1.72 (37)	2.27 (40)	2.57 (47)	3.72 (54)	3.77 (38)
Median	-0.25	-1.73	-0.59	-0.14	1.60	2.14	2.53	3.79	3.60

Fiscal Year Returns

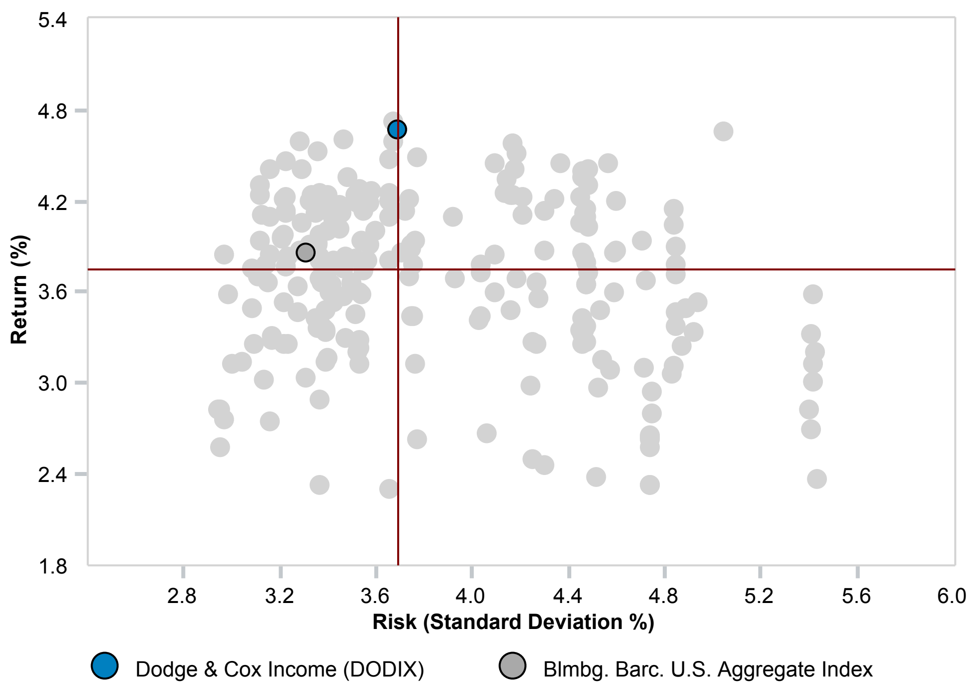
	FYTD	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Dodge & Cox Income (DODIX)	-0.75 (12)	2.57 (3)	7.09 (3)	0.16 (93)	5.76 (9)	0.46 (5)	8.37 (15)	3.55 (72)	8.84 (63)
Blmbg. Barc. U.S. Aggregate Index	-1.23 (33)	0.07 (64)	5.19 (51)	2.94 (8)	3.96 (59)	-1.68 (53)	5.16 (81)	5.26 (14)	8.16 (76)
Median	-1.41	0.48	5.21	1.87	4.19	-1.62	6.79	4.30	9.34

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM U.S. Broad Market Core Fixed Income (MF)

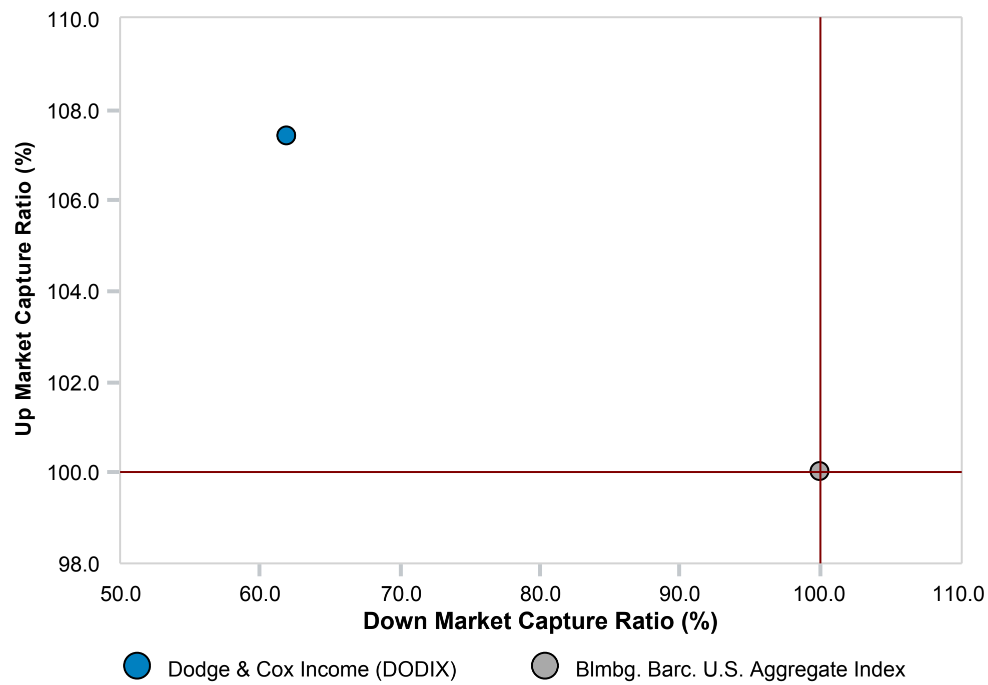
5 Year Rolling Percentile Ranking



Risk vs Return: October 2007 to Present



Up/Down Markets: October 2007 to Present

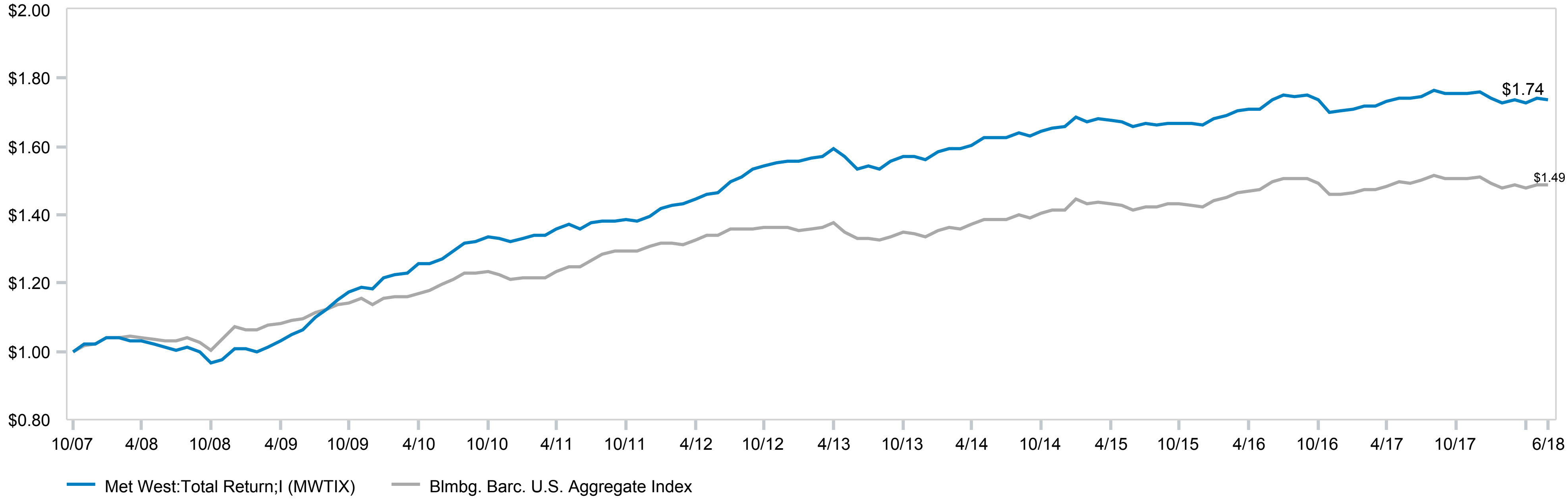


Historical Statistics: October 1, 2007 To June 30, 2018

	Consistency	Maximum Drawdown	Alpha	Active Return	Sharpe Ratio	Information Ratio	Treynor Ratio	Beta	Tracking Error
Dodge & Cox Income (DODIX)	67.44	-4.08	1.95	0.80	1.08	0.27	0.06	0.71	3.02
Blmbg. Barc. U.S. Aggregate Index	0.00	-2.98	0.00	0.00	1.01	N/A	0.03	1.00	0.00

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM U.S. Broad Market Core Fixed Income (MF)

Growth of a Dollar



Trailing Returns

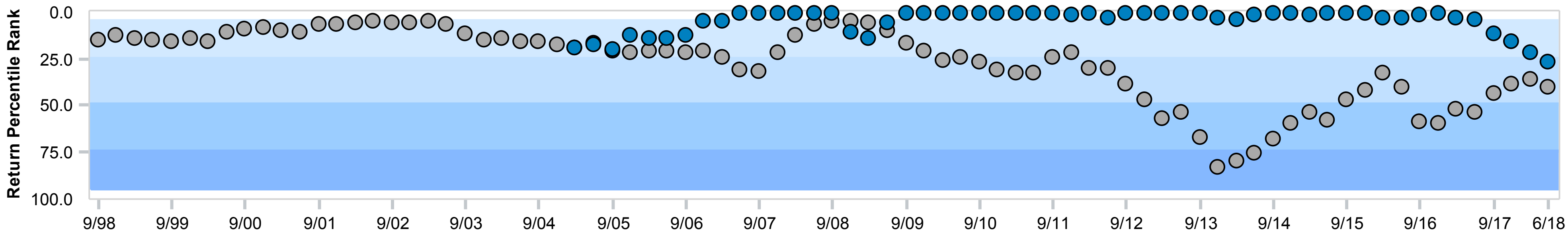
	QTR	YTD	1 YR	2 YR	3 YR	5 YR	7 YR	10 YR	15 YR
Met West:Total Return;I (MWTIX)	-0.09 (20)	-1.39 (21)	-0.21 (24)	0.02 (43)	1.56 (54)	2.49 (27)	3.56 (3)	5.54 (1)	5.47 (1)
Blmbg. Barc. U.S. Aggregate Index	-0.16 (30)	-1.62 (35)	-0.40 (34)	-0.36 (62)	1.72 (37)	2.27 (40)	2.57 (47)	3.72 (54)	3.77 (38)
Median	-0.25	-1.73	-0.59	-0.14	1.60	2.14	2.53	3.79	3.60

Fiscal Year Returns

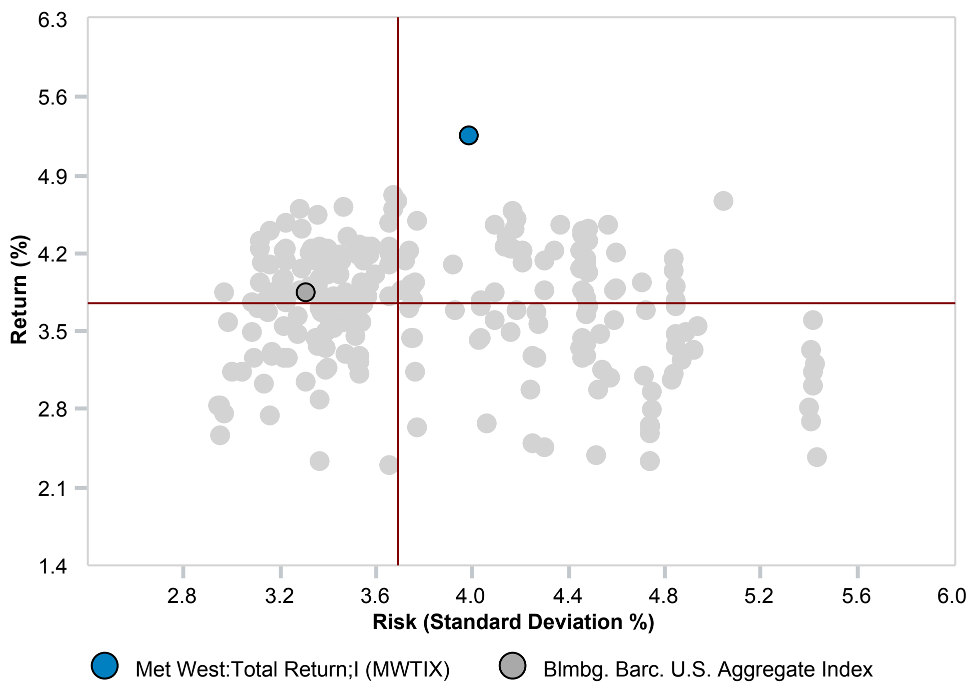
	FYTD	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Met West:Total Return;I (MWTIX)	-1.01 (21)	0.31 (56)	4.82 (70)	2.27 (35)	4.95 (23)	1.38 (2)	11.02 (1)	4.37 (47)	15.16 (2)
Blmbg. Barc. U.S. Aggregate Index	-1.23 (33)	0.07 (64)	5.19 (51)	2.94 (8)	3.96 (59)	-1.68 (53)	5.16 (81)	5.26 (14)	8.16 (76)
Median	-1.41	0.48	5.21	1.87	4.19	-1.62	6.79	4.30	9.34

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM U.S. Broad Market Core Fixed Income (MF)

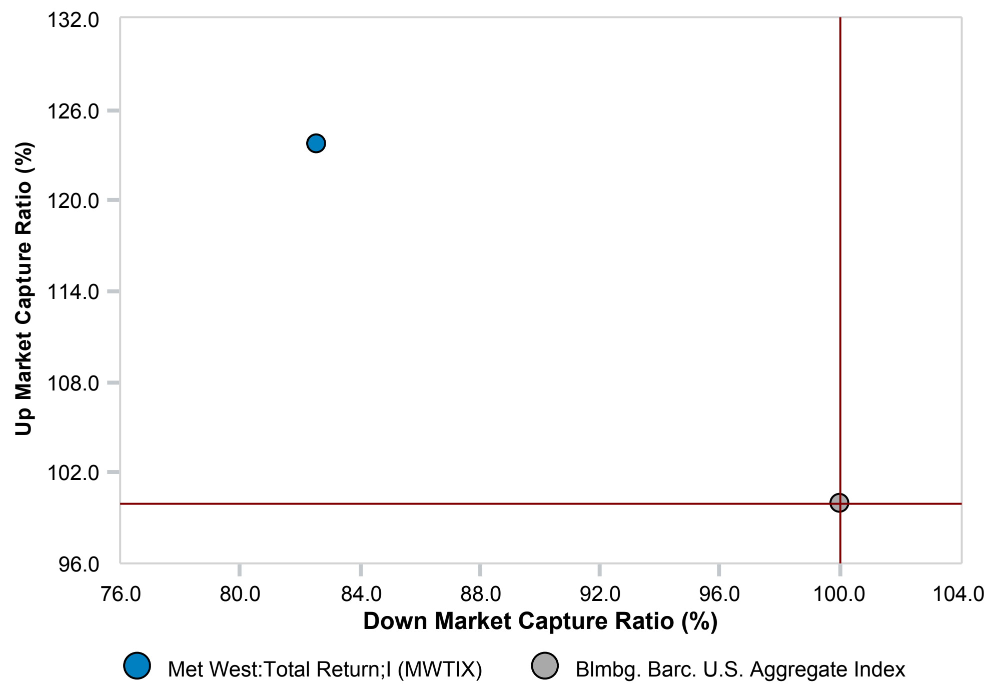
5 Year Rolling Percentile Ranking



Risk vs Return: October 2007 to Present



Up/Down Markets: October 2007 to Present

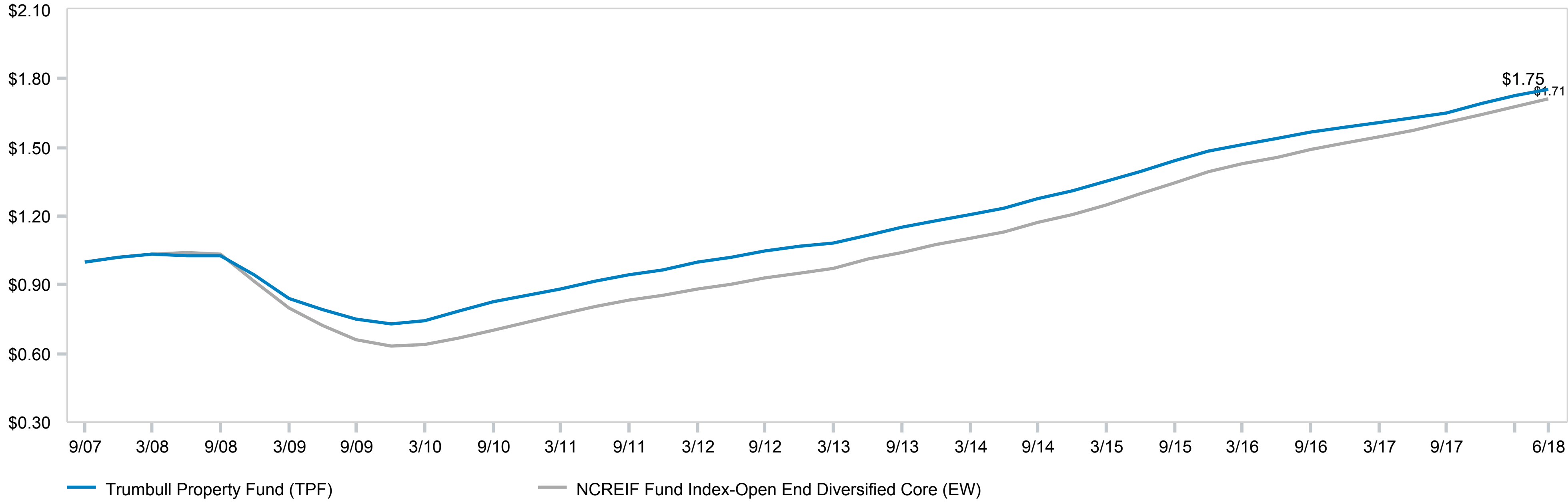


Historical Statistics: October 1, 2007 To June 30, 2018

	Consistency	Maximum Drawdown	Alpha	Active Return	Sharpe Ratio	Information Ratio	Treynor Ratio	Beta	Tracking Error
Met West:Total Return;I (MWTIX)	58.14	-3.50	1.87	1.38	1.15	0.50	0.05	0.88	2.77
Blmbg. Barc. U.S. Aggregate Index	2.33	-2.98	0.00	0.00	1.01	0.31	0.03	1.00	0.00

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM U.S. Broad Market Core Fixed Income (MF)

Growth of a Dollar



Trailing Returns

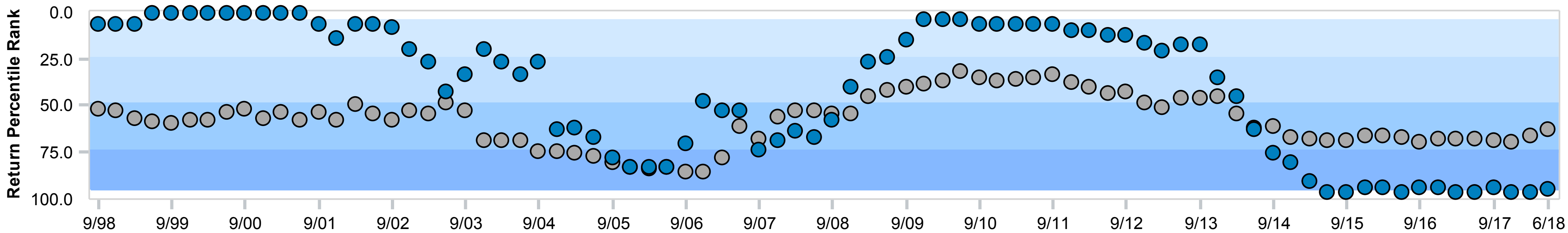
	QTR	YTD	1 YR	2 YR	3 YR	5 YR	7 YR	10 YR	15 YR
Trumbull Property Fund (TPF)	1.77 (95)	3.69 (95)	7.70 (89)	6.65 (89)	7.98 (95)	9.39 (95)	9.71 (95)	5.50 (65)	8.18 (84)
NCREIF Fund Index-Open End Diversified Core (EW)	2.10 (64)	4.32 (62)	8.57 (61)	8.35 (60)	9.61 (71)	11.11 (63)	11.42 (70)	5.07 (78)	8.05 (93)
Median	2.20	4.48	8.87	8.47	9.83	11.66	11.91	5.61	8.69

Fiscal Year Returns

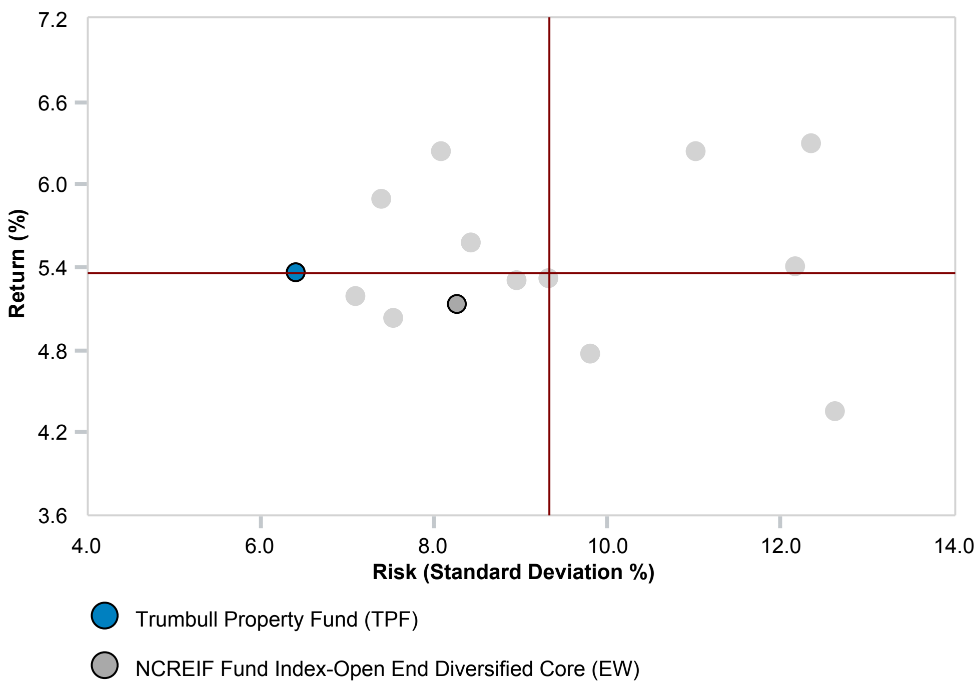
	FYTD	FY 2017	FY 2016	FY 2015	FY 2014	FY 2013	FY 2012	FY 2011	FY 2010
Trumbull Property Fund (TPF)	6.13 (83)	5.37 (94)	8.85 (100)	12.94 (82)	10.89 (91)	10.08 (91)	10.53 (84)	14.50 (87)	9.57 (18)
NCREIF Fund Index-Open End Diversified Core (EW)	6.56 (62)	7.81 (60)	10.62 (69)	14.71 (62)	12.39 (68)	12.47 (67)	11.77 (66)	18.03 (44)	6.14 (55)
Median	6.97	8.29	11.32	15.45	12.78	13.18	12.90	16.96	6.43

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM U.S. Open End Private Real Estate (SA+CF)

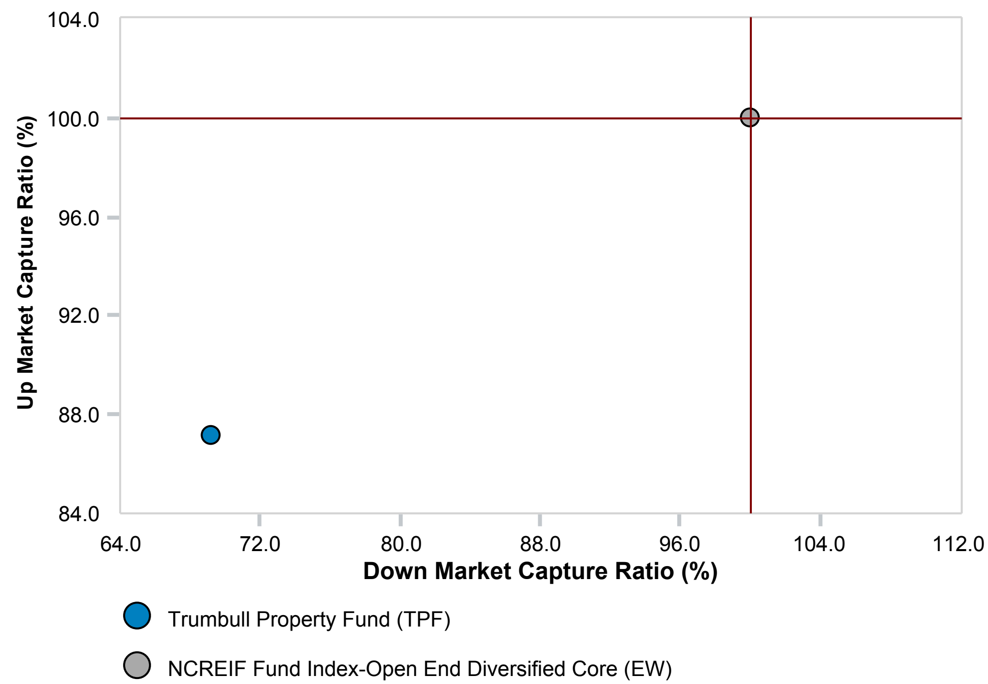
5 Year Rolling Percentile Ranking



Risk vs Return: October 2007 to Present



Up/Down Markets: October 2007 to Present



Historical Statistics: October 1, 2007 To June 30, 2018

	Consistency	Maximum Drawdown	Alpha	Active Return	Sharpe Ratio	Information Ratio	Treynor Ratio	Beta	Tracking Error
Trumbull Property Fund (TPF)	30.23	-29.41	1.37	0.09	0.77	0.04	0.06	0.76	2.29
NCREIF Fund Index-Open End Diversified Core (EW)	0.00	-39.11	0.00	0.00	0.59	N/A	0.05	1.00	0.00

Long-term composite performance. Actual client results may vary.
October 2007 represents the beginning of the current market cycle.
Peer Group: IM U.S. Open End Private Real Estate (SA+CF)

	Estimated Annual Fee (%)	06/30/18 Market Value	06/30/18 Allocation (%)	Estimated Annual Fee ($)
Domestic Equity				
Vanguard Total Stock Market Index (VITSX)	0.04	18,839,713	51.80	7,536
International Equity				
EuroPacific Growth (RERGX)	0.49	2,560,724	7.04	12,548
Oakmark Intl (OANIX)	0.77	904,197	2.49	6,962
Domestic Fixed Income				
Dodge & Cox (DODIX)	0.43	5,340,545	14.68	22,964
Metropolitan West Bond (MWTIX)	0.45	5,373,668	14.78	24,182
Hedge Fund/HFOF				
Private Advisors - HFOF	0.00	27,395	0.08	-
Real Estate				
UBS - Private Real Estate	0.96	3,097,437	8.52	29,735
Cash Accounts				
R&D Cash Account		439	0.00	-
C/D Cash Account		223,560	0.61	-
Total Fund	**0.29**	**36,367,679**	**100.00**	**103,927**

Total Fund Compliance:	Yes	No	N/A
1. The Total Plan return equaled or exceeded the 7.45% actuarial earnings assumption over the trailing three year period.		✓	
2. The Total Plan return equaled or exceeded the 7.45% actuarial earnings assumption over the trailing five year period.		✓	
3. The Total Plan return equaled or exceeded the total plan benchmark over the trailing three year period.		✓	
4. The Total Plan return equaled or exceeded the total plan benchmark over the trailing five year period.		✓	
5. The Total Plan return ranked within the top 50th percentile of its peer group over the trailing three year period.		✓	
6. The Total Plan return ranked within the top 50th percentile of its peer group over the trailing five year period.		✓	

Equity Compliance:	Yes	No	N/A
1. Total Equity return equaled or exceeded the benchmark over the trailing three year period.			✓
2. Total Equity return equaled or exceeded the benchmark over the trailing five year period.			✓
3. Total Equity allocation was less than 75% of the total plan assets at market.	✓		
4. Total foreign equity was less than 25% of the total plan assets at market.	✓		

Fixed Income Compliance:	Yes	No	N/A
1. Total Fixed Income return equaled or exceeded the benchmark over the trailing three year period.			✓
2. Total Fixed Income return equaled or exceeded the benchmark over the trailing five year period.			✓
3. No more than 5% of the fixed income portfolio was rated below BBB/Baa.	✓		

Manager Compliance:	VITSX			RERGX			OANIX		
	Yes	No	N/A	Yes	No	N/A	Yes	No	N/A
1. Manager outperformed the index over the trailing three year period.			✓			✓			✓
2. Manager outperformed the index over the trailing five year period.			✓			✓			✓
3. Manager ranked within the top 50th percentile over the trailing three year period.			✓			✓			✓
4. Manager ranked within the top 50th percentile over the trailing five year period.			✓			✓			✓
5. Manager had less than 4 consecutive quarters of underperformance.			✓			✓			✓
6. Manager three year down market capture ratio is less than the index.			✓			✓			✓
7. Manager five year down market capture ratio is less than the index.			✓			✓			✓
8. Manager reports compliance with PFIA.			✓			✓			✓

Manager Compliance:	DODIX			MWTIX			Private Advisors			UBS Real Estate		
	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 year period.			✓			✓		✓			✓	
2. Manager outperformed the index over the trailing five year period.			✓			✓			✓		✓	
3. Manager ranked within the top 50th percentile over the trailing three year period.			✓			✓			✓		✓	
4. Manager ranked within the top 50th percentile over the trailing five year period.			✓			✓			✓		✓	
5. Manager had less than 4 consecutive quarters of underperformance.			✓			✓		✓		✓		
6. Manager three year down market capture ratio is less than the index.			✓			✓	✓					✓
7. Manager five year down market capture ratio is less than the index.			✓			✓			✓			✓
8. Manager reports compliance with PFIA.			✓			✓			✓			✓

Total Fund Policy

Oct-1995

Russell 1000 Value Index	20.00
Russell 1000 Growth Index	17.50
Russell 2500 Growth Index	12.50
Bloomberg Barclays Intermediate US Govt/Credit Idx	50.00

Nov-1995

Russell 1000 Value Index	20.00
Russell 1000 Growth Index	17.50
Russell 2500 Growth Index	12.50
Bloomberg Barclays Intermediate US Govt/Credit Idx	50.00

Oct-2000

Russell 1000 Value Index	20.00
Russell 1000 Growth Index	17.50
Russell 2000 Value Index	6.25
Russell 2000 Growth Index	6.25
MSCI EAFE (Net) Index	10.00
Bloomberg Barclays Intermediate US Govt/Credit Idx	40.00

Aug-2005

Russell 1000 Value Index	18.75
Russell 1000 Growth Index	18.75
Russell 2000 Value Index	6.25
Russell 2000 Growth Index	6.25
MSCI EAFE (Net) Index	10.00
Bloomberg Barclays Intermediate US Govt/Credit Idx	40.00

Feb-2009

Russell 1000 Value Index	18.75
Russell 1000 Growth Index	18.75
Russell 2000 Value Index	6.25
Russell 2000 Growth Index	6.25
MSCI EAFE (Net) Index	5.00
MSCI AC World ex USA (Net)	5.00
Bloomberg Barclays Intermediate US Govt/Credit Idx	40.00

Sep-2013

Russell 1000 Value Index	13.75
Russell 1000 Growth Index	13.75
Russell 2000 Value Index	6.25
Russell 2000 Growth Index	6.25
MSCI EAFE (Net) Index	5.00
MSCI AC World ex USA (Net)	5.00
Bloomberg Barclays Intermediate US Govt/Credit Idx	32.50
S&P 500 Index	10.00
NCREIF Property Index	7.50

Mar-2014

Russell 1000 Value Index	11.25
Russell 1000 Growth Index	11.25
Russell 2000 Value Index	6.25
Russell 2000 Growth Index	6.25
MSCI EAFE (Net) Index	5.00
MSCI AC World ex USA (Net)	5.00
Bloomberg Barclays Intermediate US Govt/Credit Idx	27.50
S&P 500 Index	10.00
NCREIF Property Index	7.50
HFRI FOF: Conservative Index	10.00

Apr-2016

Russell 1000 Value Index	11.25
Russell 1000 Growth Index	11.25
Russell 2500 Value Index	6.25
Russell 2000 Growth Index	6.25
MSCI EAFE (Net) Index	5.00
MSCI AC World ex USA (Net)	5.00
Bloomberg Barclays Intermediate US Govt/Credit Idx	27.50
S&P 500 Index	10.00
NCREIF Property Index	7.50
HFRI FOF: Conservative Index	10.00

Oct-2017

Russell 3000 Index	50.00
MSCI AC World ex USA	10.00
Blmbg. Barc. U.S. Aggregate Index	30.00
NCREIF Property Index	10.00

Total Equity Policy	
Oct-2017	
Russell 3000 Index	83.00
MSCI AC World ex USA	17.00

Total Fixed Income Policy	
Oct-2017	
Blmbg. Barc. U.S. Aggregate Index	100.00

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.

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

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

Additional information included in this document may contain data provided by from index databases, public economic sources and the managers themselves.

This document may contain data provided by Bloomberg Barclays.   Bloomberg Barclays Index data provided by way of Barclays Live.

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CITY OF PORT ORANGE
(PLAN SPONSOR)
POLICE PENSION FUND

Investment Policy Statement

I. PURPOSE OF INVESTMENT POLICY STATEMENT

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

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

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

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

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

II. TARGET ALLOCATIONS

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

Asset Class	Target	Range	Benchmark Index
Domestic Equity	50%	45% - 55%	Russell 3000
International Equity	15%	10% - 20%	MSCI AC World ex USA
Total Equities	**65%**	**60% - 70%**	
Domestic Fixed Income	20%	15% - 25%	Barclays Aggregate
Global Fixed Income*	5%	0% - 10%	Barclays Multiverse
Total Fixed Income	**25%**	**20% - 30%**	
Core Real Estate*	10%	5% - 15%	NCREIF ODCE (EW)
Other Assets	0%	0% - 10%	Strategy Index**
Total Alternatives*	**10%**	**5% - 20%**	

* *Allocation and benchmarks will default to "domestic core fixed income" if these portfolios are not funded.*
** *Portfolio Benchmark Index component will reflect the appropriate measurement index to correspond to the asset class that is funded within the Plan*

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

III. INVESTMENT PERFORMANCE OBJECTIVES

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

A. <u>Total Portfolio Performance</u>

1. The performance of the total portfolio will be measured for rolling three and five year periods. The performance of the portfolio will be compared to the return of the policy indexes comprised of 50% Russell 3000, 10% MSCI ACWI ex US, 25% Barclays Aggregate, 5% Barclays Multiverse* and 10% NCREIF ODCE (EW)*.
** Benchmark will default to "Barclays Aggregate" if these portfolios are not funded.*

2. On a relative basis, it is expected that the total portfolio performance will rank in the top 50th percentile of the appropriate peer universe over three and five-year time periods.

3. On an absolute basis, the objective is that the return of the total portfolio will equal or exceed the actuarial earnings assumption (7.45%), and provide inflation protection by meeting Consumer Price Index plus 3%. The actuarial earnings assumption is expected to drop 10 bps every fiscal year beginning on 10/1/2018 as follows:

    a. 10/1/2017 Valuation: 7.45%
    b. 10/1/2018 Valuation: 7.35%
    c. 10/1/2019 Valuation: 7.25%

B. Equity Performance

The combined equity portion of the portfolio, defined as common stocks and convertible bonds, is expected to perform at a rate at least equal to 77% of the Russell 3000 Index and of the 23% MSCI ACWI ex US Index. Individual components of the equity portfolio will be compared to the specific benchmarks defined in each Investment Manager addendum. All portfolios are expected to rank in the top 50th percentile of the appropriate peer universe over three and five-year time periods.

C. Fixed Income Performance

The overall objective of the fixed income portion of the portfolio is to add stability and liquidity to the total portfolio. The fixed income portion of the portfolio is expected to perform at a rate at least equal to 80% of the Barclays Capital U.S. Aggregate Bond Index and 20% of the Barclays Multiverse*. All portfolios are expected to rank in the top 50th percentile of the appropriate peer universe over three and five-year time periods.
** Benchmark will default to "Barclays Aggregate" if these portfolios are not funded.*

D. Real Estate Performance

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

E. Other Assets

The overall objective of the alternative investment portion of the portfolio, if utilized, is to reduce the overall volatility of the portfolio and/or enhance returns. This portion of the Plan will be benchmarked against the most appropriate index, combination of indices, or absolute return target for the investment(s) in question. The "strategy index" will be determined at the time of engagement based on the specific investment's long-term objective, prospectus, and/or governing documents.

IV. INVESTMENT GUIDELINES

A. Authorized Investments

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

1. Equities:

   a. Must be traded on a national exchange or electronic network; and

   b. Not more than 5% of the Plan's assets, at the time of purchase, shall be invested in the common stock, capital stock or convertible stock of any one issuing company, nor shall the aggregate investment in any one issuing company exceed 5% of the outstanding capital stock of the company (this restriction shall not apply to any single holding within a diversified pooled fund); and

   c. Additional criteria may be outlined in the manager's addendum.

2. Fixed Income:

   a. All fixed income investments shall have a minimum rating in one of the four highest classifications by a major rating service, except that no more than 5% of the total portfolio may be invested in securities that fall below these rating guidelines.

   b. The value of bonds issued by any single corporation shall not exceed 10% of the total fund (excluding issues from the U.S. government, or agency thereof; and this restriction shall not apply to any single holding within a diversified pooled fund); and

   c. Additional criteria may be outlined in the manager's addendum.

3. Money Market:

   a. The money market fund or STIF options provided by the Plan's custodian; and

   b. Have a minimum rating of Standard & Poor's A1 or Moody's P1.

4. Pooled Funds:

   Investments made by the Board may include pooled funds. For purposes of this policy pooled funds may include mutual funds, commingled funds, and exchange-traded funds.

   a. Pooled funds may be governed by separate prospectus which may include investments not expressly permitted in this Investment Policy Statement. In the event of investment by the Plan into a pooled fund the Board the prospectus or governing policy of that pooled fund, as updated from time to time, shall be treated as an addendum to this Investment Policy Statement.

   b. The asset classification of the fund will be based upon its investment objective.

B. Trading Parameters

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

C. Limitations

1. Investments in corporate common stock and convertible bonds shall not exceed sixty-five (65%) of the Plan assets at market.

2. Foreign securities shall not exceed twenty-five percent (25%) of Plan's market value.

3. All equity and fixed income securities must be readily marketable. Commingled funds must be independently appraised at least annually.

D. Absolute Restrictions

No investments shall be permitted in;

1. Any investment not specifically allowed as part of this policy.

2. Illiquid investments, as described in Chapter 215.47, Florida Statutes.

V. COMMUNICATIONS

A. On a monthly basis, the custodian shall supply an accounting statement that will include a summary of all receipts and disbursements and the cost and the market value of all assets.

B. On a quarterly basis, the Investment Managers shall provide a written report affirming compliance with the security restrictions of Section IV (as well as any provisions outlined in the Investment Manager's addendum). In addition, the Investment Managers shall deliver a report each quarter detailing the Plan's performance, forecast of the market and economy, portfolio analysis and current assets of the Plan. Written reports shall be delivered to the Board within 30 days of the end of the quarter. A copy of the written report shall be submitted to the person designated by the City, and shall be available for public inspection. The Investment Managers will provide immediate written and telephone notice to the Board of any significant market related or non-market related event, specifically including, but not limited to, any deviation from the standards set forth in Section IV or their Investment Manager addendum. In the event of any deviation from the standards set forth in Section IV or their Investment Manager addendum an action plan outlining the investment strategy shall be provided to the Board immediately.

C. If the Fund owns investments, that complied with section IV at the time of purchase, which subsequently exceed the applicable limit or do not satisfy the applicable investment standard, such excess or noncompliant investments may be continued until it is economically feasible to dispose of such investment in accordance with the prudent man standard of care, but no additional investment may be made unless authorized by law or ordinance. An action plan outlining the investment 'hold or sell' strategy shall be provided to the Board immediately; and followed by a required detailed quarterly report from the investment manager indicating the status of the non-compliant security. The detailed report should include the original date of purchase and corresponding rating agency and rating change dates.

D. The Investment Consultant shall evaluate and report on a quarterly basis the rate of return net of investment fees and relative performance of the Plan.

E. The Board will meet periodically to review the Investment Consultant performance report. The Board will meet with the investment manager and appropriate outside consultants to discuss performance results, economic outlook, investment strategy and tactics and other pertinent matters affecting the Plan on a periodic basis.

F. At least annually, the Board shall provide the Investment Managers with projected disbursement needs of the Plan so that the investment portfolio can be structured in such a manner as to provide sufficient liquidity to pay obligations as they come due. To this end the Investment Managers should, to the extent possible, attempt to match investment maturities with known cash needs and anticipated cash-flow requirements.

VI. COMPLIANCE

A. It is the direction of the Board that the plan assets are held by a third party custodian, and that all securities purchased by, and all collateral obtained by the plan shall be properly designated as Plan assets. No withdrawal of assets, in whole or in part, shall be made from safekeeping except by an authorized member of the Board or their designee. Securities transactions between a broker-dealer and the custodian involving purchase or sale of securities by transfer of money or securities must be made on a "delivery vs. payment" basis to insure that the custodian will have the security or money in hand at conclusion of the transaction.

B. The investment policy shall require all approved institutions and dealers transacting repurchase agreements to execute and perform as stated in the Master Repurchase Agreement. All repurchase agreement transactions shall adhere to the requirements of the Master Repurchase Agreement.

C. At the direction of the Board, the Plan's compliance with "Section IV. Authorized Investments" shall be reviewed by independent certified public accountants as part of any financial audit periodically required. Compliance with the Board's internal controls over financial reporting shall also be verified. These controls have been designed to prevent losses of assets that might arise from fraud, error, or misrepresentation by third parties or imprudent actions by the Board or employees of the plan sponsor, to the extent possible.

D. Each member of the Board shall participate in a continuing education program relating to investments and the Board's responsibilities to the Plan. It is suggested that this education process begin during each Trustee's first term.

E. With each actuarial valuation, the Board shall determine the total expected annual rate of return for the current year, for each of the next several years and for the long term thereafter. This determination shall be filed promptly with the Department of Management Services, the plan's sponsor and the consulting actuary.

F. The proxy votes must be exercised for the exclusive benefit of the participants of the Plan. Each Investment Manager shall provide the Board with a copy of their proxy voting policy for approval. On a regular basis, at least annually, each manager shall report a record of their proxy vote.

G. Investments for which there is no generally recognized market or consistent accepted pricing mechanism shall be valued at 50% cost. Assets without a fair market value shall be excluded from determination of annual funding cost. The board will disclose to the Department of Management Services and the plan's sponsor each such investment for which the fair market value is not provided

VII. CRITERIA FOR INVESTMENT MANAGER REVIEW

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

- Four (4) consecutive quarters of relative under-performance verses the benchmark.
- Three (3) year trailing return below the top 50th percentile within the appropriate peer group and under performance verses the benchmark.
- Five (5) year trailing return below the top 50th percentile and under performance verses the benchmark.
- Three (3) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Five (5) year downside volatility greater than the index (greater than 100), as measured by down market capture ratio.
- Style consistency or purity drift from the mandate.
- Management turnover in portfolio team or senior management.
- Investment process change, including varying the index or benchmark.
- Failure to adhere to the IPS or other compliance issues.
- Investigation of the firm by the Securities and Exchange Commission (SEC).
- Significant asset flows into or out of the company.
- Merger or sale of firm.
- Fee increases outside of the competitive range.
- Servicing issues – key personnel stop servicing the account without proper notification.
- Failure to attain a 60% vote of confidence by the Board.

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

VIII. APPLICABLE CITY ORDINANCES

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

IX. REVIEW AND AMENDMENTS

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

X. FILING OF THE INVESTMENT POLICY

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

CITY OF PORT ORANGE POLICE PENSION FUND

______________________________ __________

Sgt. Steve Braddock, Chairman Date
Port Orange Police Pension Board

June 30, 2018

Global Bond

Asset Class Primer

Why Extend a Bond Portfolio Beyond Core Domestic Issues?

Diversification

- Due to differences in business cycles across countries and industries, bond portfolio returns have the potential to be enhanced and/or risks (volatility) reduced through the inclusion of non-correlated fixed income investment assets.

Risks

- The inclusion of high yield bonds and/or bonds whose rates are not directly linked to the U.S. yield curve have the potential to provide higher current income and yield enhancement in certain market environments.

Growth of the Global Credit Market

- The increasing growth and opportunities within the global credit system offers investors a broader range of investment opportunities.

Non-U.S. Dollar Bonds - Developed Market

Opportunities

- **Increased Investment Opportunity** – The U.S. bond market accounts for less than half of the global bond market.
- **Yield Curve/Business Cycle Differences** – Including global bonds as part of diversified portfolio has the effect of de-coupling a portfolio's return pattern from the U.S. yield curve.
- **Market Structure** – Investment managers have additional ways to diversify portfolios via allocations to non-U.S. debt by investing in undervalued currencies as well as by taking advantage of real interest rate differentials across countries.

Risks

- **Currency Fluctuation** – Returns can be significantly impacted by fluctuations in currency exchange rates. If this currency exposure remains un-hedged, it can lead to volatile results once returns are converted to U.S. dollars.
- **Geo-Political Concerns** – In addition to the traditional default risk associated with all bonds, non-U.S. dollar denominated bonds are also subject to local sovereign risks such as political upheaval and economic instability.

High Yield Bonds

Opportunities

- **Enhanced Current Income** – High yield bonds typically offer additional yield relative to treasury or investment grade corporate issues.
- **Capital Appreciation** – A general economic upturn or specific improved company fundamentals can provide the potential for high yield bond price appreciation. As a result, market related events such as rating upgrades and improved earnings reports can push up the price of a high yield bond.
- **Relatively Low Duration** – Due to the inherent risk in the securities, high yield bonds are typically issued with terms of less than 10 years and may be callable or putable after four or five years. This low duration reduces a bond's overall sensitivity to changes in interest rates.

Risks

- **Default** – By their very nature, high yield bond investing can be associated with meaningful default rates. Higher yields on these bonds represent compensation for that risk.
- **Credit Downgrade** – Short of a default, deteriorating company fundamentals may cause an issue to be downgraded by a rating agency, which can reduce their market value.
- **Greater Economic Sensitivity** – High yield issues are more sensitive to downturns in the economic cycle since such conditions may reduce a company's financial health.

Non-U.S. Dollar Bonds - Emerging Market

Opportunities

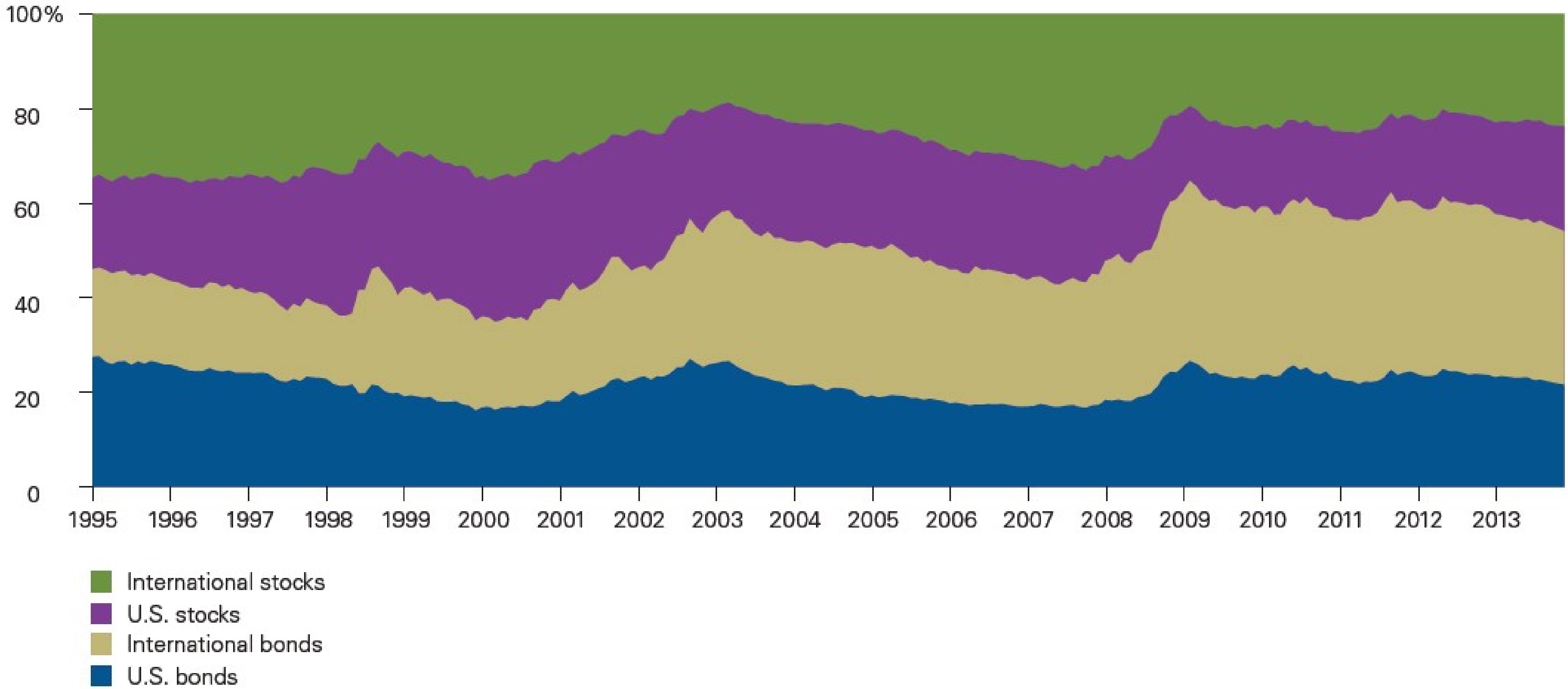
- **Enhanced Current Income** – Emerging market bonds typically offer additional yield relative to developed market issues.
- **Capital Appreciation** – As a sovereign credit issuer matures into a more developed economy, there is a potential for bond price appreciation. Market related events such as rating upgrades and strong economic activity can push up the price of emerging market bonds.
- **Yield Curve/Business Cycle Differences** – Including emerging market bonds as part of diversified portfolio has the effect of de-coupling a portfolio's return pattern from the U.S. yield curve.

Risks

- **Currency Fluctuation** – Returns can be significantly impacted by fluctuations in currency exchange rates. If this currency exposure remains un-hedged, it can lead to volatile results once returns are converted to U.S. dollars.
- **Default** – Emerging market bonds have historically experienced a higher default rate than those issued by their developed market counterparts.
- **Geo-Political Concerns** – In addition to the traditional default risk associated with all bonds, non-dollar denominated bonds are also subject to local sovereign risks such as political upheaval and economic instability.

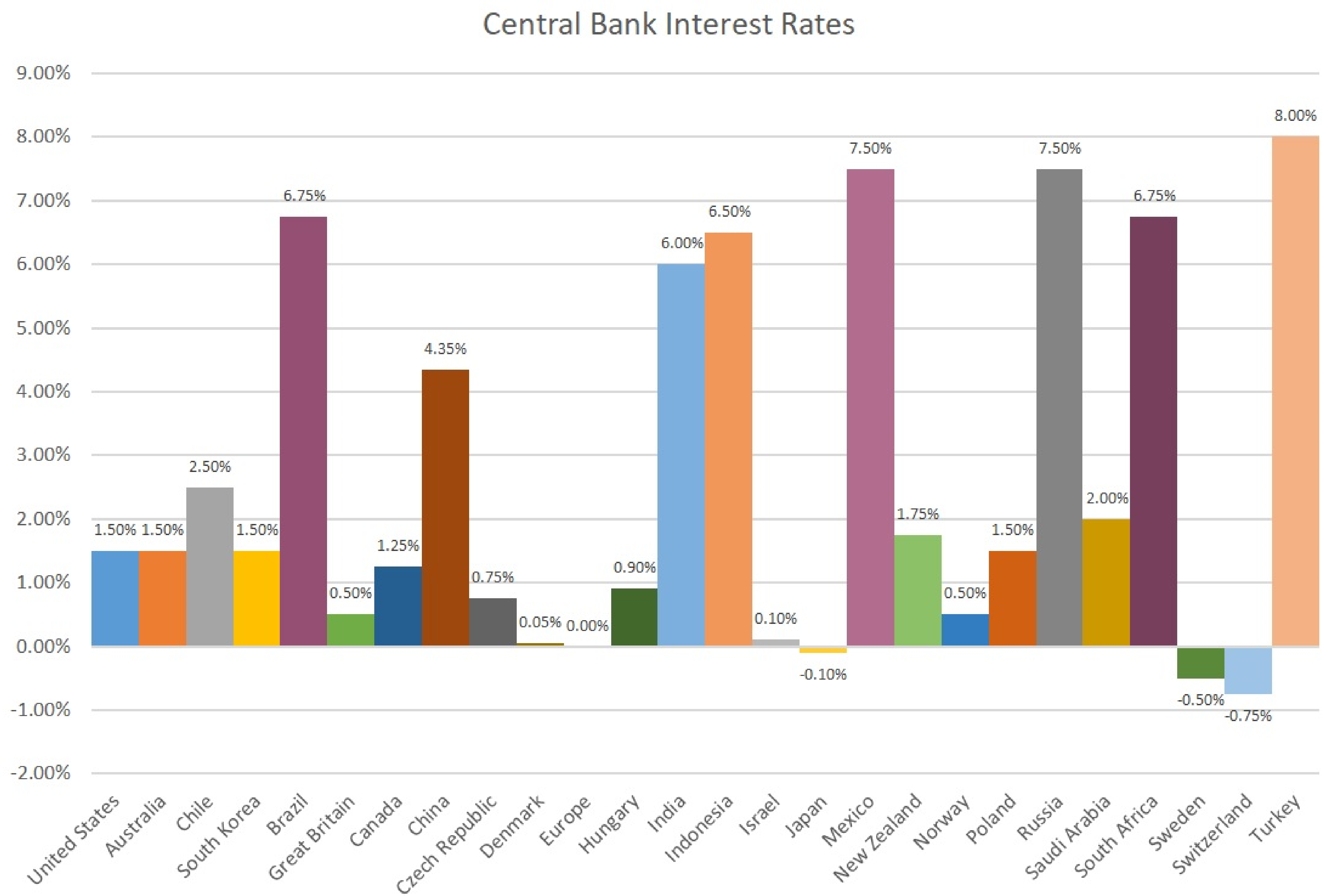
Figure 1 - Global asset classes

Global investable market components, 1995–2013

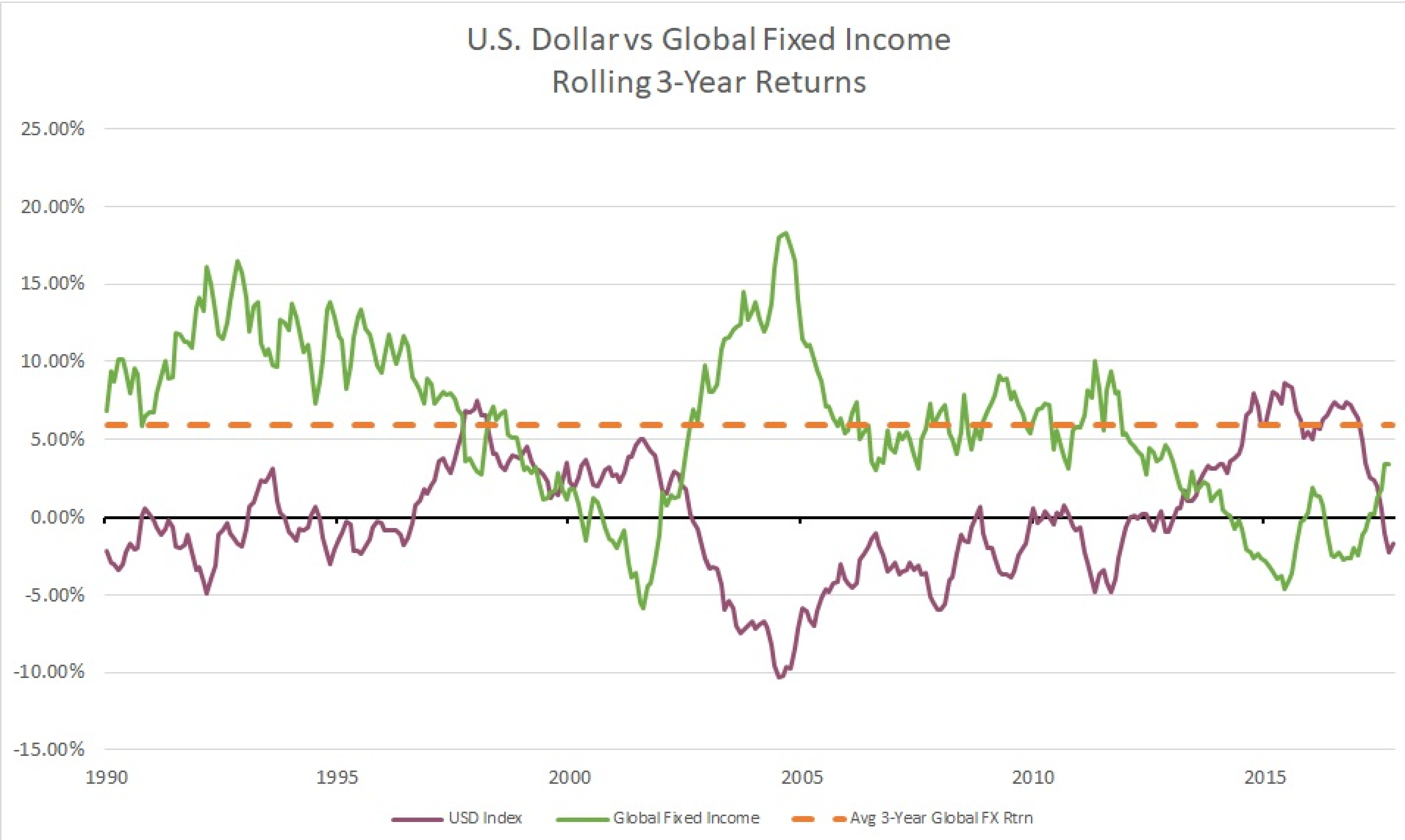


Notes: International bonds represented by Barclays Global Aggregate ex-USD Bond Index; U.S. bonds represented by Barclays U.S. Aggregate Bond Index; US Stocks represented by MSCI USA Index; international stocks represented by MSCI All Country World Index ex USA. All data through December 31, 2013.

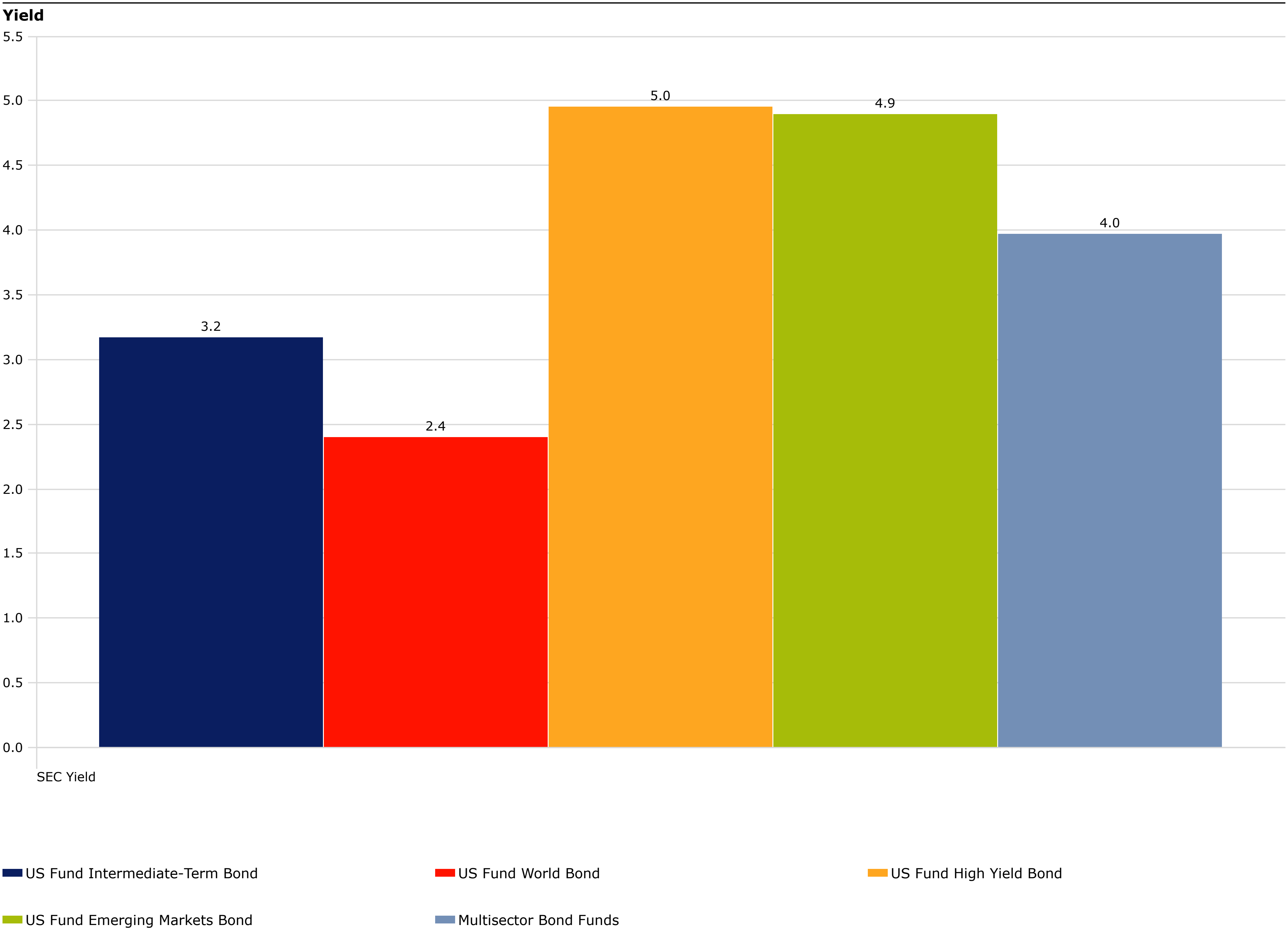
Sources: Vanguard, Thomson Reuters Datastream, Barclays, and MSCI.



Source: Morningstar Direct

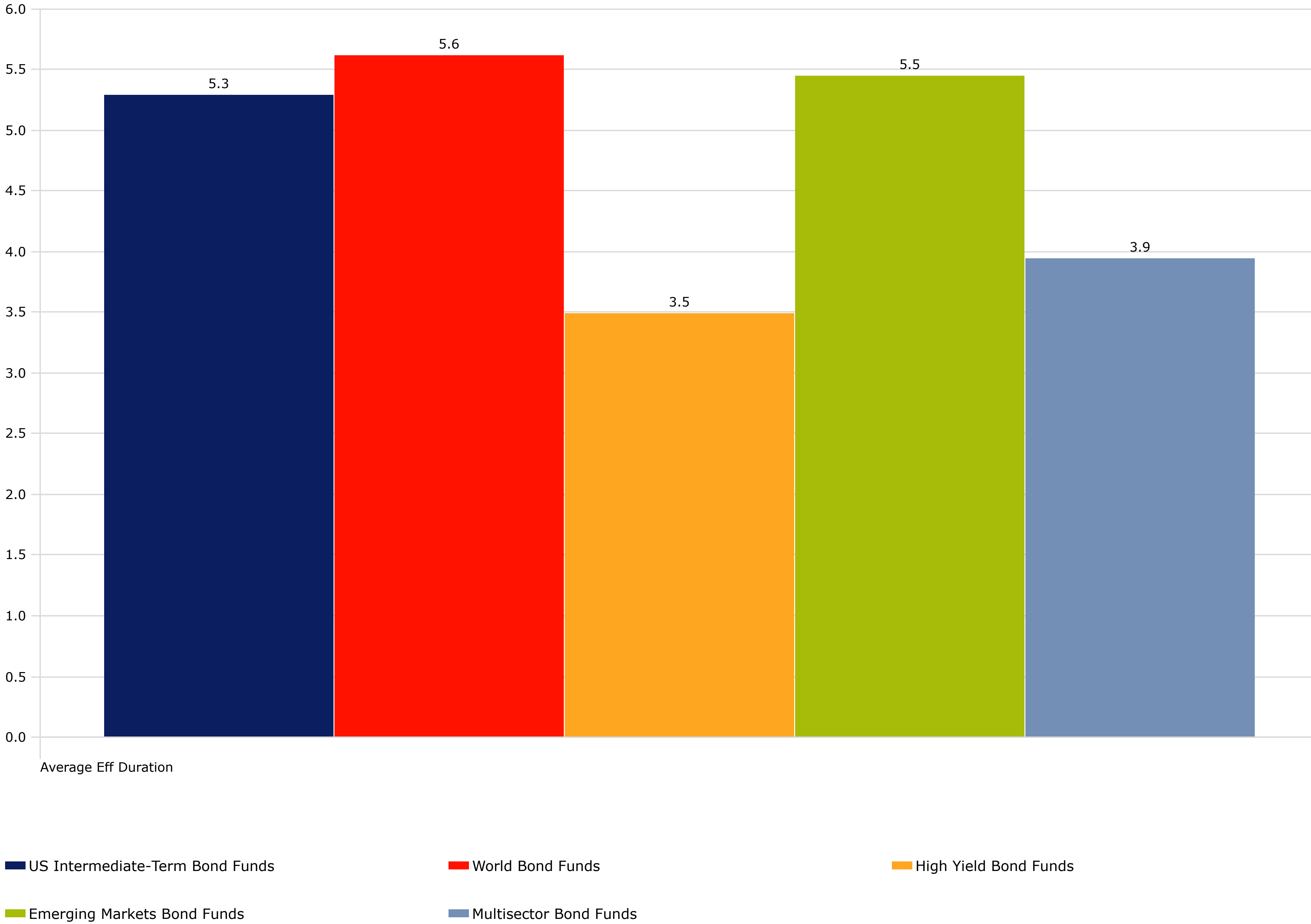


Source: Morningstar Direct



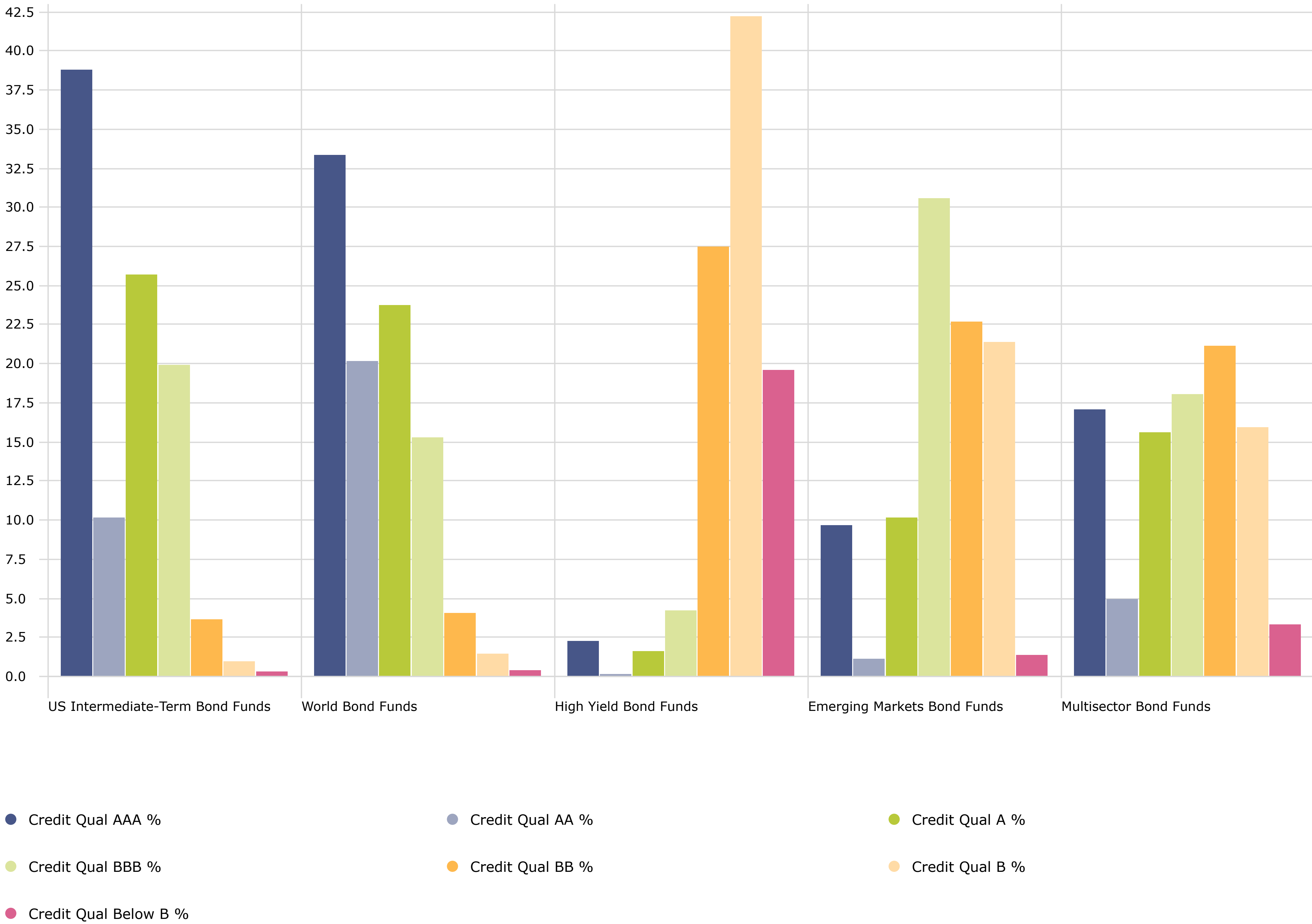
Source: Morningstar Direct

Interest Rate Sensitivity



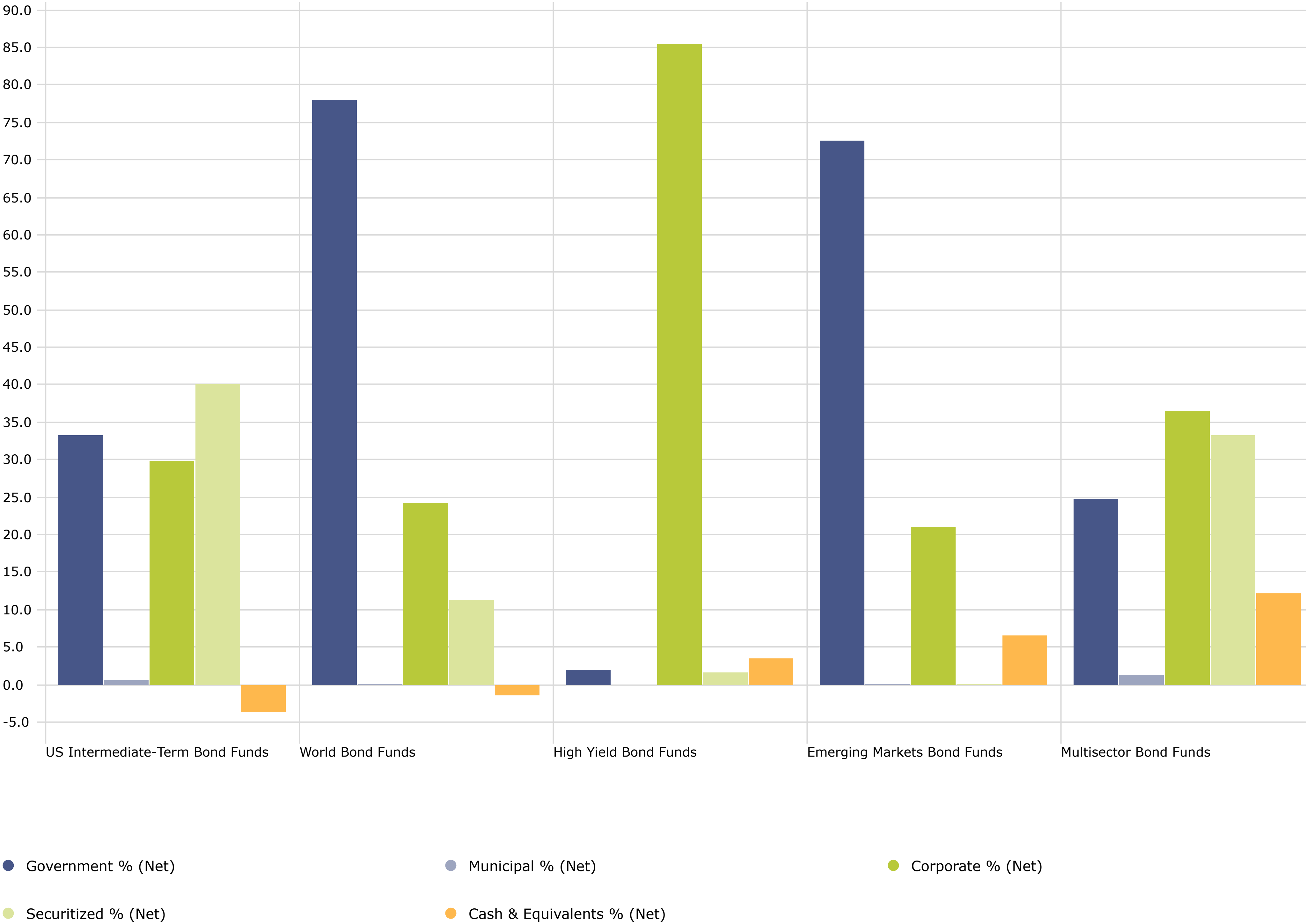
Source: Morningstar Direct

Supplementary Data



Source: Morningstar Direct

Supplementary Data



Source: Morningstar Direct

Correlation Matrix

Time Period: Since Common Inception (2/1/2003) to 7/31/2018

		1	2	3	4	5	6
1	US Equity	1.00					
2	Int'l Equity	0.87	1.00				
3	US Bonds	0.00	0.11	1.00			
4	US HY Bonds	0.72	0.75	0.24	1.00		
5	NonUS Gov Bnds	0.20	0.39	0.58	0.25	1.00	
6	EM Bonds	0.58	0.77	0.37	0.60	0.64	1.00

1.00 to 0.50

0.00 to -0.50

0.50 to 0.00

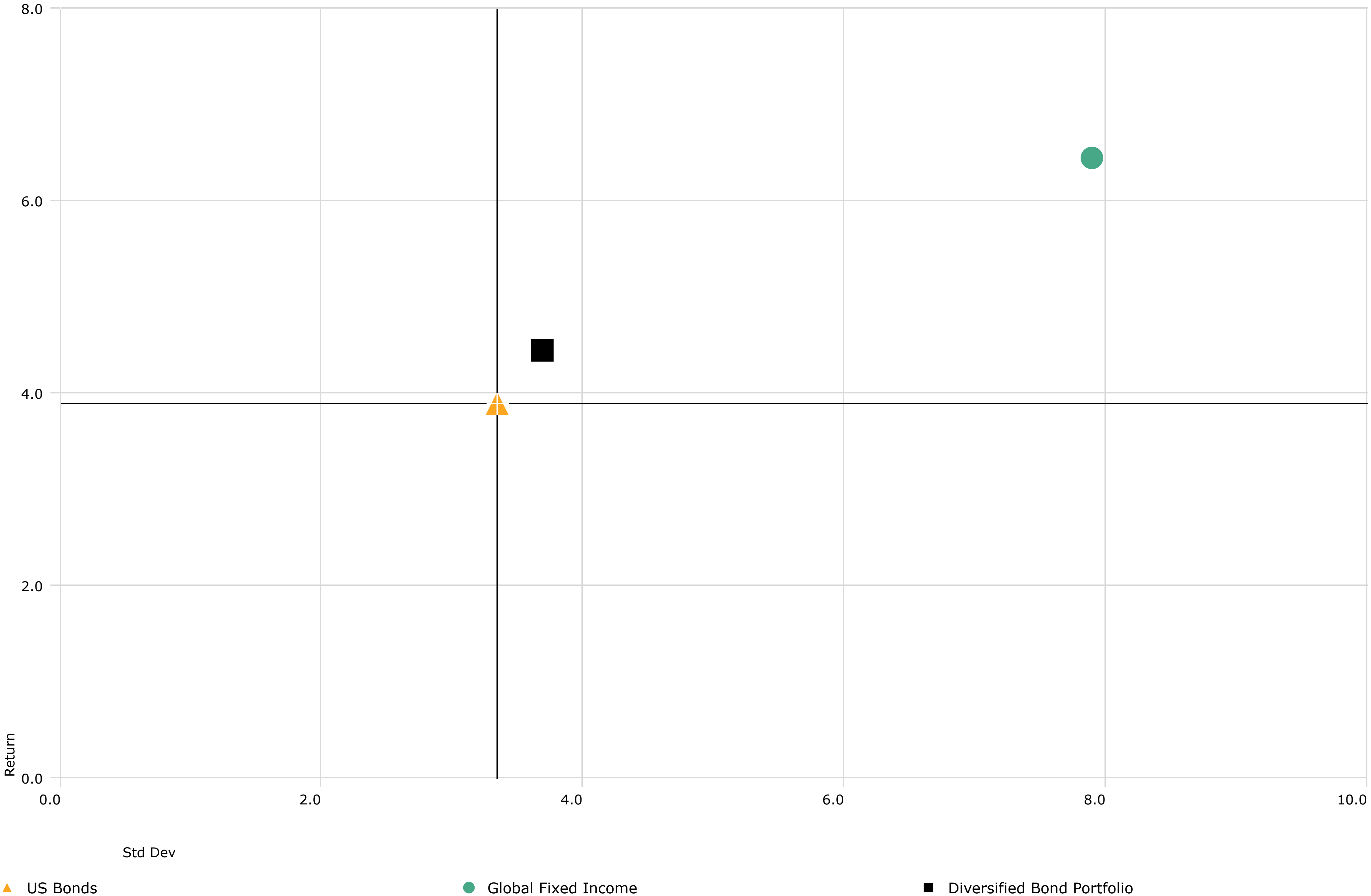
-0.50 to -1.00

Source: Morningstar Direct

Risk-Reward

Time Period: Since Common Inception (2/1/2003) to 7/31/2018

Calculation Benchmark: Global Fixed Income



Source: Morningstar Direct

	Loomis Sayles Bond Instl	PIMCO Diversified Inc Instl	Templeton Global Total Return R6

Firm Information

Year Founded	1/1/1926	1/1/1971	1/1/1947
US Headquarters Location	Boston, MA	Newport Beach, CA	San Mateo, CA
Number of Major Global Offices	3	12	—
Year Began Managing Ext. Funds	1/1/1926	1/1/1971	1/1/1947
Firm AUM ($ M)	261,322	1,514,159	742,837
Ownership Type	Subsidiary	Subsidiary	Publicly-traded
Largest Owner (%)	100	N/A	19
Largest Owner (Name)	Natixis Global Asset Management	Allianz Asset Management	Rupert H. Johnson Jr.
Employee Ownership (%)	0	—	22
Qualify as Emerging Manager?	No	No	No

Team Information

Decision Making Structure	PM-Led	Team	PM-Led
Number of Decision Makers	4	4	2
Names of Decision Makers	4 decision makers	4 Named PMs	Michael Hasenstab; Sonal Desai
Date Began Managing Strategy	1988, 2000, 2000, 2016	2016	2003, 2011
Date Began with Firm	1976, 1988, 1997, 1994	1998 - 2013	1995, 2009
Number of Products Managed by Team	8	3	7
Number of Investment Analysts	23	128	14
Investment Analyst Team Structure	Sector/Industry Specialists	Sector/Industry Specialists	Country

Source: Morningstar Direct

	Loomis Sayles Bond Instl	PIMCO Diversified Inc Instl	Templeton Global Total Return R6
Strategy Information			
Inception Date	12/31/1988	9/1/2003	8/29/2003
Open/Closed	Open	Open	Open
Primary Benchmark	BBgBarc U.S. Govt/Credit	BBgBarc Global Credit (USD Hedged	Bloomberg Barclays Multiverse
Secondary Benchmark	N/A	Custom	N/A
Peer Universe	Global Multi-Sector Credit	Global Multi-Sector Credit	World Bond
Outperformance Estimate (%)	3.5 - 4.5	1.0 - 2	Total Return
Tracking Error Estimate (%)	N/A	2.0 - 3	43197
Strategy AUM ($ M)	38,750	20,000	40,248
Estimated Capacity ($ M)	N/A	N/A	N/A
Strategy AUM as % Firm Assets	15	—	5
Investment Approach - Primary	Combination	Combination	Combination
Investment Approach - Secondary	Quantitative	Fundamental	Hybrid

Portfolio Construction Information			
Broad Style Category	Multisector	Multisector	Global
Style Bias	Relative Value	Relative Value	Macro
Duration Constraint Type	Relative	Absolute	N/A
Duration Constraint (%)	Typically +/-5 years	3 - 8 years	N/A
Sector Constraint Type	Absolute	N/A	Absolute
Sector Constraints (%)	Varies; 25% industry max.	N/A	Max. 25% industry
Typical Sector/s Overweight	Varies	N/A	Corporates
Typical Sector/s Underweight	Varies	N/A	N/A
Typical Number of Holdings	125-175	1,109	Varies; Diversified
Average Full Position Size (%)	N/A	N/A	4 - 8% of country/currency exposure
Maximum Position Size (%)	5	N/A	20% of country/currency exposure
Annual Typical Asset Turnover (%)	35-50	156	25 -35
Annual Typical Name Turnover (%)	N/A	N/A	25 -35
Max <BBB Credit (%)	20-50	10% max below B	50
Maximum Cash Allocation (%)	10	N/A	N/A
Maximum Foreign Exposure (%)	—	—	—
Derivatives Used?	No	Yes	Yes

Source: Morningstar Direct

	Loomis Sayles Bond Instl	PIMCO Diversified Inc Instl	Templeton Global Total Return R6
COMPOSITION			
# of Holdings	409	1,239	170
% Asset in Top 10 Holdings	15.6	61.7	22.9
Asset Alloc Cash %	14.1	34.3	29.2
Asset Alloc Equity %	4.0	0.3	1.4
Asset Alloc Bond %	74.4	176.8	67.8
Asset Alloc Other %	7.6	2.6	1.8

Statistics			
Average Eff Duration	3.2	5.0	-1.2
Average Eff Maturity	4.8	8.9	3.0
Average Coupon	5.5	3.9	8.6
Yield to Maturity	5.5	—	10.0
Average Credit Quality	BB	—	BB

Statistics			
Government %	—	31.1	64.9
Government Related %	—	6.5	0.0
Municipal Taxable %	—	-78.7	29.2
Municipal Tax-Exempt %	—	39.5	2.9
Bank Loan %	—	0.3	0.0
Corporate Bond %	—	0.0	0.0
Agency Mortgage-Backed %	—	3.8	0.0
Non-Agency Residential Mortgage-Backed %	—	32.0	-0.1
Commercial Mortgage-Backed %	—	9.1	0.0
Asset-Backed %	—	5.4	0.0
Cash & Equivalents %	—	0.6	0.0

Source: Morningstar Direct

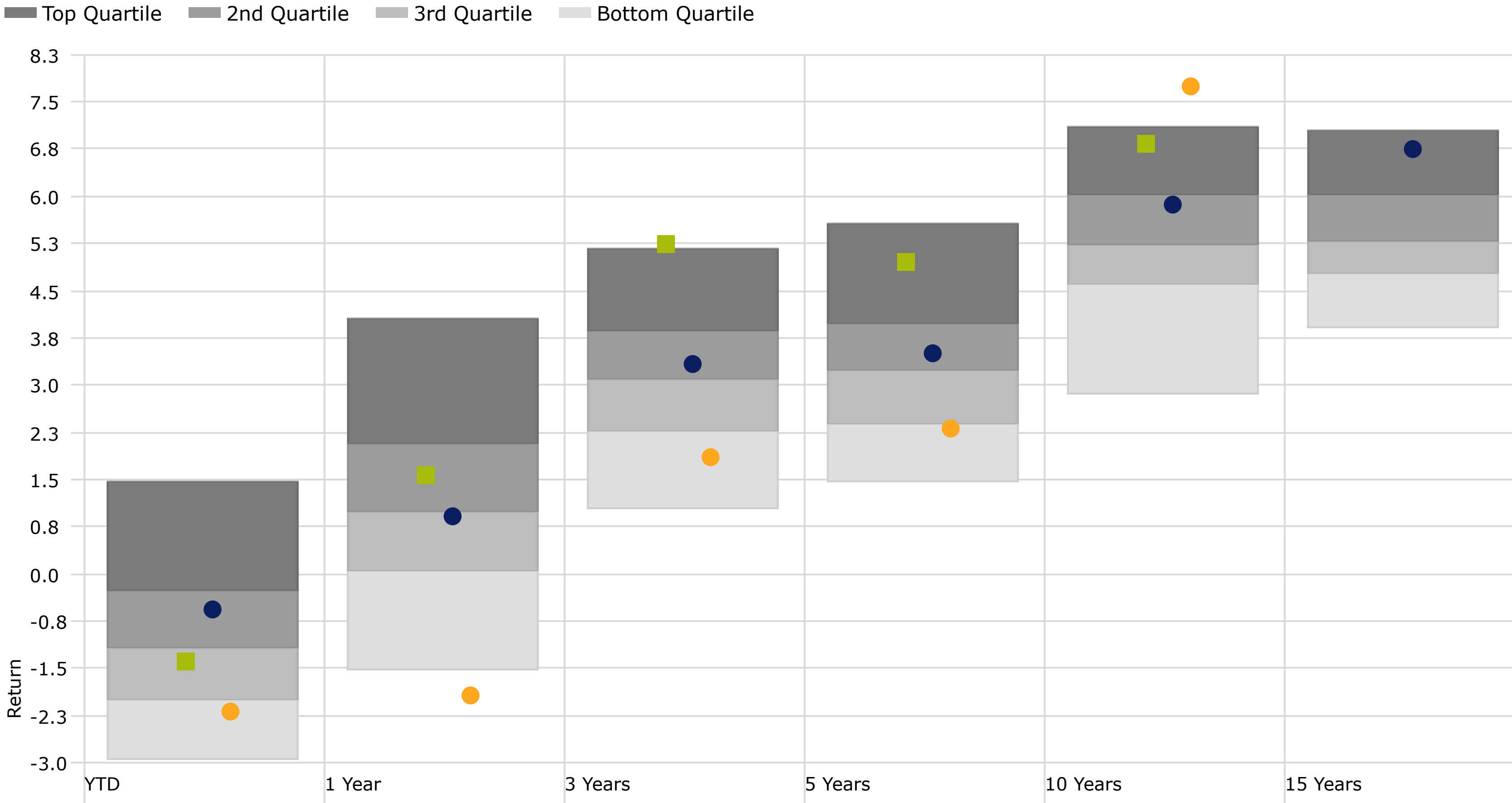
	Loomis Sayles Bond Instl	PIMCO Diversified Inc Instl	Templeton Global Total Return R6
Portfolio Construction Information			
United States %	51.6	53.9	3.5
North America %	—	—	3.5
Asia dev %	—	—	3.3
Latin America %	—	—	33.4
Asia emrg %	—	—	20.3
Europe dev %	—	—	0.0
Europe emrg %	—	—	0.7
Australasia %	—	—	0.0
Japan %	—	—	0.0
United Kingdom %	—	—	0.0

Portfolio Construction Information			
Credit Qual AAA %	14.4	0.0	8.4
Credit Qual AA %	0.0	0.0	6.2
Credit Qual A %	20.3	19.0	18.8
Credit Qual BBB %	17.6	39.0	33.8
Credit Qual BB %	18.0	25.0	15.6
Credit Qual B %	16.8	14.0	15.8
Credit Qual Below B %	5.6	3.0	0.0
Credit Qual Not Rated %	7.3	0.0	1.5

Source: Morningstar Direct

Performance Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Multisector Bond   Calculation Benchmark: Global Fixed Income



Trailing Returns

Data Point: Return   Calculation Benchmark: Global Fixed Income

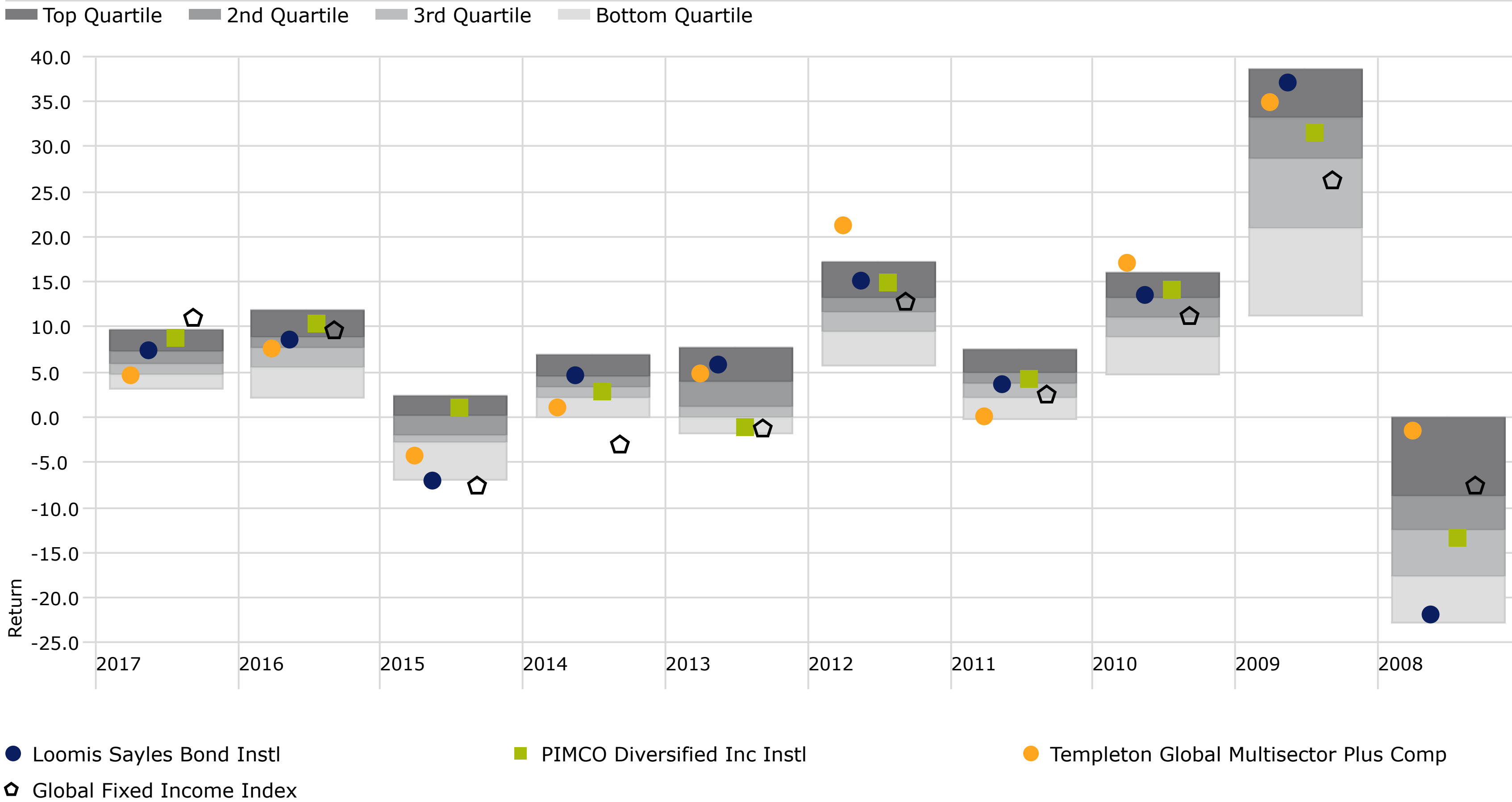
	YTD	1 Year	3 Years	5 Years	10 Years	15 Years
Loomis Sayles Bond Instl	-0.54	0.92	3.36	3.53	5.87	6.75
PIMCO Diversified Inc Instl	-1.37	1.59	5.26	4.97	6.85	—
Templeton Global Multisector Plus Comp	-2.18	-1.92	1.86	2.31	7.77	—

Loomis Sayles Bond Instl   PIMCO Diversified Inc Instl   Templeton Global Multisector Plus Comp

Source: Morningstar Direct

Performance Relative to Peer Group

Peer Group (5-95%): Open End Funds - U.S. - Multisector Bond   Calculation Benchmark: Global Fixed Income



Calendar Year Returns

Data Point: Return   Calculation Benchmark: Global Fixed Income

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Loomis Sayles Bond Instl	7.48	8.63	-6.86	4.76	5.88	15.13	3.76	13.58	37.19	-21.82
PIMCO Diversified Inc Instl	8.85	10.56	1.26	2.96	-0.91	14.98	4.42	14.26	31.57	-13.34
Templeton Global Multisector Plus Comp	4.79	7.70	-4.23	1.11	4.88	21.31	0.24	17.16	35.06	-1.31

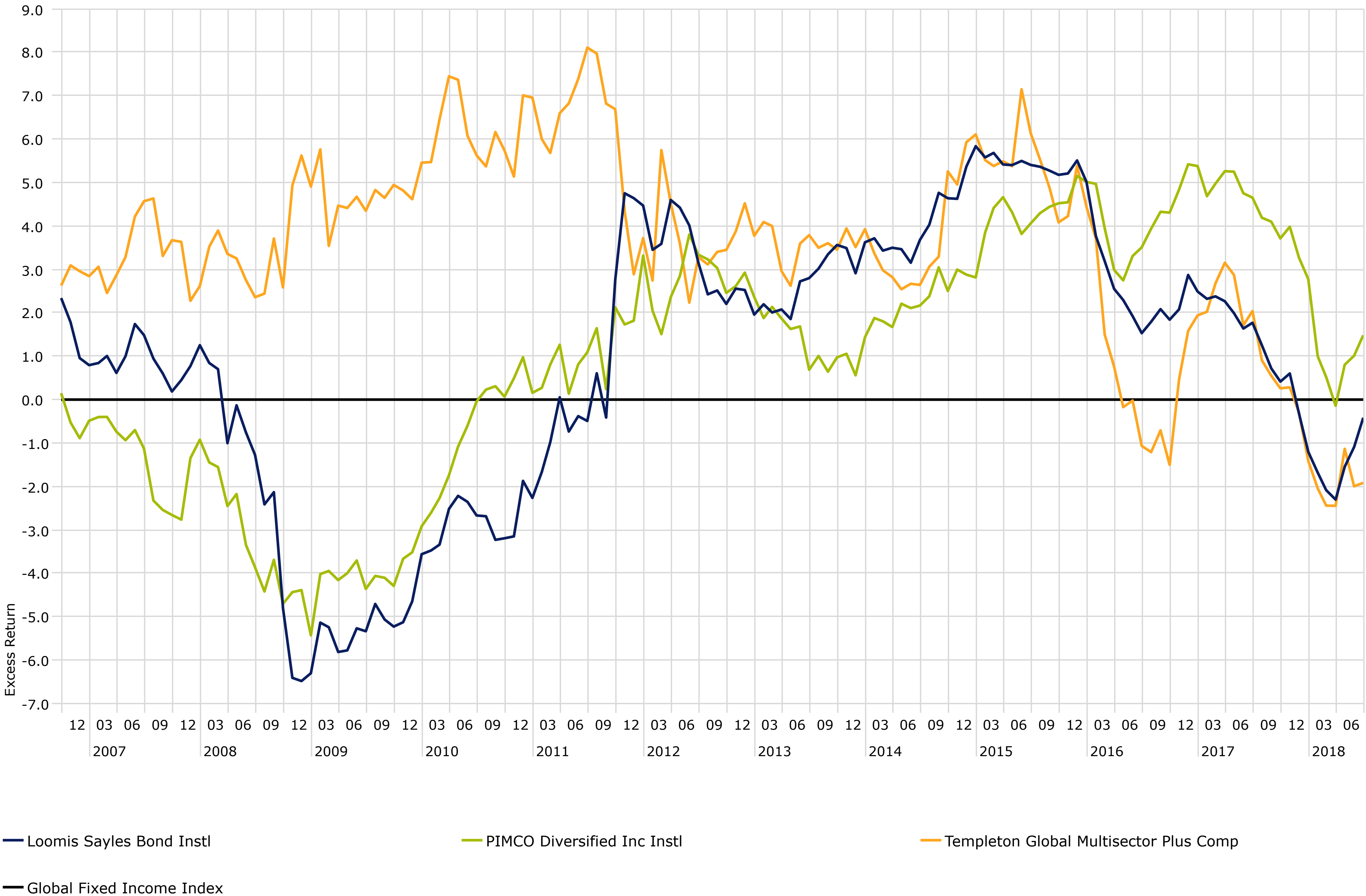
Loomis Sayles Bond Instl   PIMCO Diversified Inc Instl   Templeton Global Multisector Plus Comp

Source: Morningstar Direct

Rolling Excess Returns

Time Period: Since Common Inception (10/1/2003) to 6/30/2018

Rolling Window: 3 Years 1 Month shift   Calculation Benchmark: Global Fixed Income

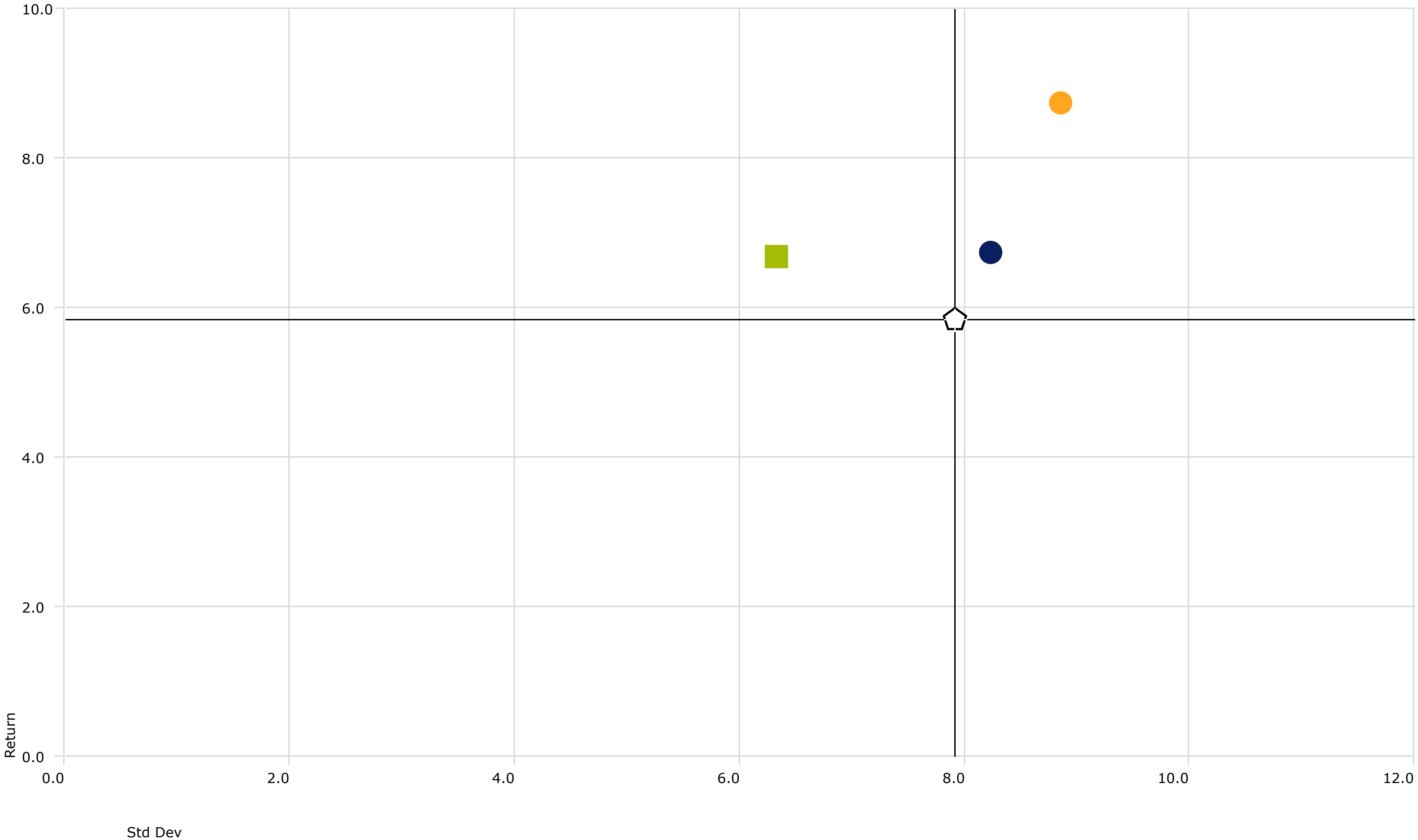


Source: Morningstar Direct

Risk-Reward

Time Period: Since Common Inception (10/1/2003) to 6/30/2018

Calculation Benchmark: Global Fixed Income



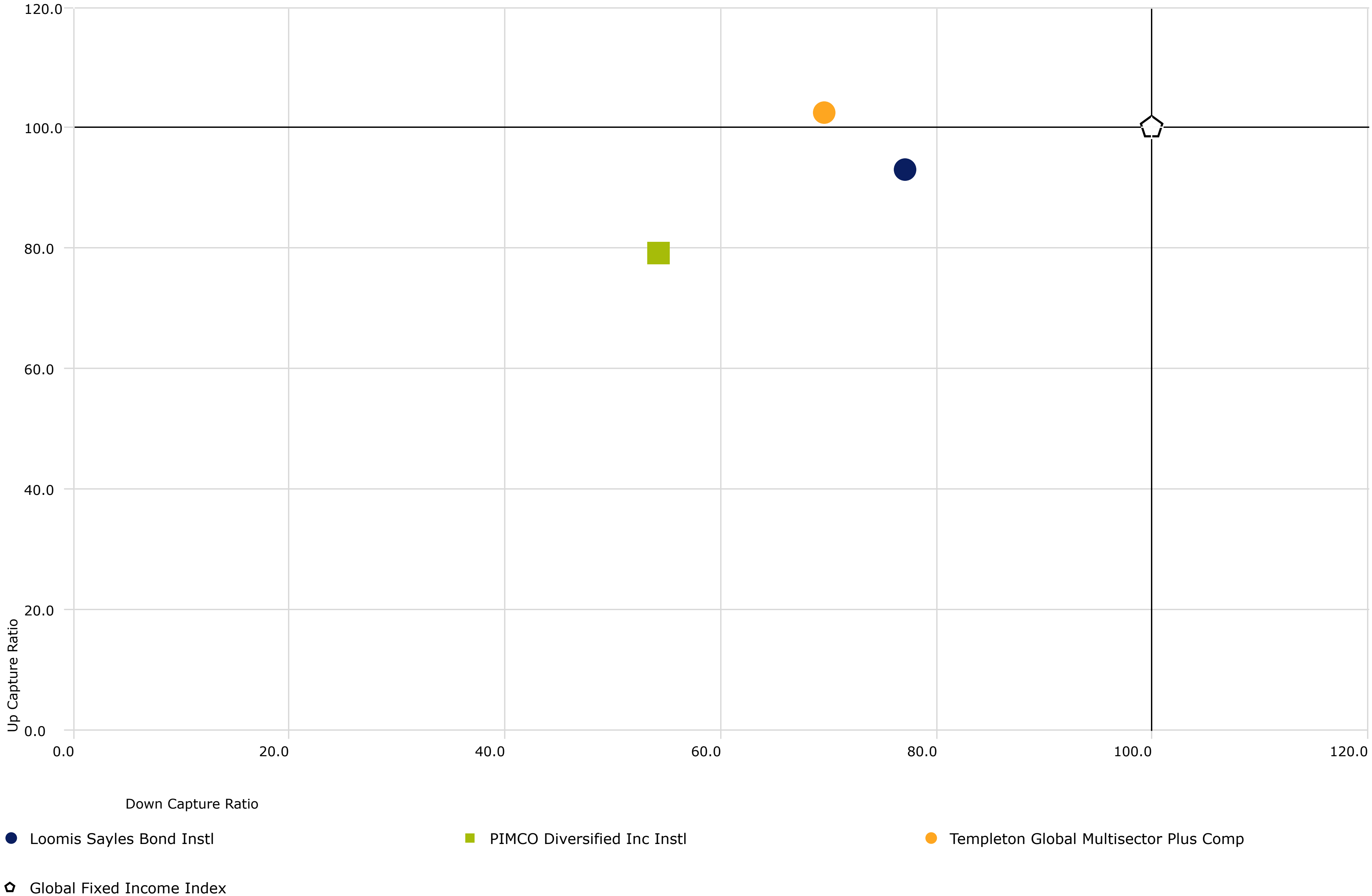
- Loomis Sayles Bond Instl
- PIMCO Diversified Inc Instl
- Templeton Global Multisector Plus Comp
- Global Fixed Income Index

Source: Morningstar Direct

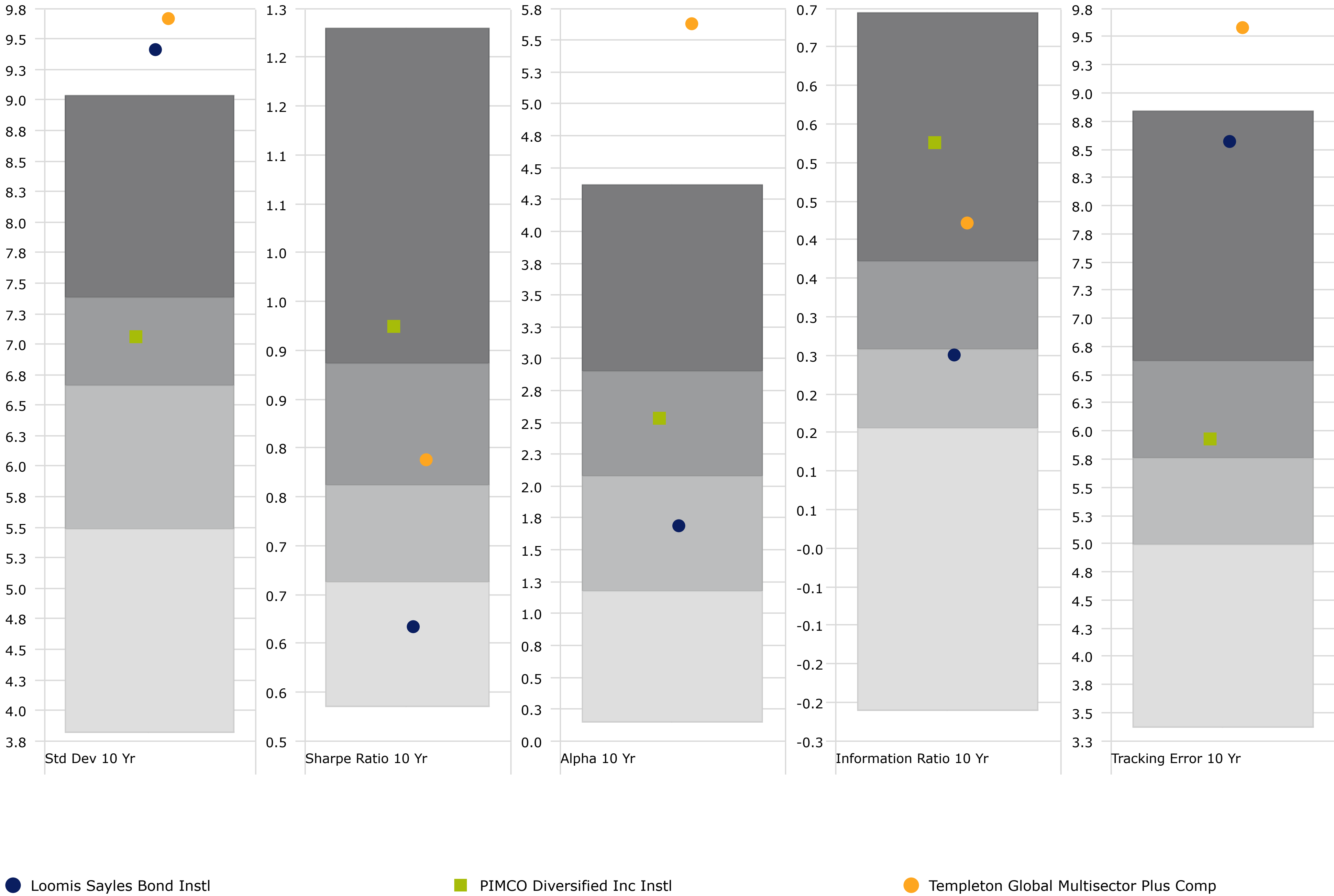
Up/Down Market Capture

Time Period: Since Common Inception (10/1/2003) to 6/30/2018

Calculation Benchmark: Global Fixed Income



Source: Morningstar Direct



Source: Morningstar Direct

Investment Option Narratives

Firm Overview

Loomis Sayles & Company, LP is an SEC-registered investment advisor based in Boston, Massachusetts. Founded in 1926, Loomis is a subsidiary of Natixis Global Asset Management. The firm's client list includes a broad array of institutional investors. Today, the firm offers a broad line-up of fixed income and equity strategies, which are supported by over 100 employees dedicated to investment research.

Team Overview

Dan Fuss, Matt Eagan and Elaine Stokes manage the strategy. Fuss has over 55 years of experience in the investment industry and has been with Loomis since 1976. He is vice chairman of the firm's Board of Directors and manages multiple fixed income strategies at the firm. Eagan has been with Loomis since 1997 and has over 25 years of experience as either portfolio manager or analyst. Stokes joined Loomis in 1998 and has over 25 years of investment industry experience. All three co-manage Loomis' flagship Bond Fund, which was awarded the 2009 Morningstar Fund Manager of the Year award in the fixed income category.

Strategy Overview

The Multisector Full Discretion (MFSD) strategy seeks to achieve high total return through individual security selection using fundamental credit analysis from its fixed income research department, as well as input from various sector and macro teams. MSFD employs an opportunistic style, focusing on out of favor sectors of the fixed income markets to generate ideas. The strategy emphasizes a long-term view of market developments, with the intention being to hold securities through a cycle, as they improve fundamentally. MSFD does not focus on the benchmark as a starting point for portfolio construction. Instead, Loomis views the entire spectrum of fixed income markets as a global opportunity set from which to choose the most attractive total return opportunities, regardless of market sector. The performance objective of Loomis Sayles' Multisector Full Discretion strategy is to maximize total return while managing downside risk. In order to achieve this goal, the strategy utilizes a value-driven, opportunistic style that will buy securities across a broad universe, including Emerging Markets, Non-US dollar, Convertibles, Structured Finance, and High Yield. The investment process is comprised of top-down analysis and bottom-up research as they seek to identify attractive sectors and securities. This strategy will typically look much different from any global bond benchmark due to its benchmark agnostic style. The Fund may invest up to 35% of its assets in below investment-grade fixed-income securities (commonly known as "junk bonds") and up to 20% of its assets in equity securities, such as common stocks and preferred stocks (with up to 10% of its assets incommon stocks). The Fund's fixed-income securities investments may include unrated securities (securities that are not rated by a rating agency) if Loomis Sayles determines that the securities are of comparable quality to rated securities that the Fund may purchase. The Fund may invest in fixed-income securities of any maturity.

Expectations

By and large, as credit goes, so goes this strategy. When credit spreads widen, this strategy will suffer. We take heart in the experience of the team to navigate spread movements as they've seen this story before. Further comforting is the fact that the team will grow conservative when markets dictate that they do so. They aren't credit perma-bulls. In 2014, the strategy briefly built a 16% stake in short-term Treasuries before quickly putting that money back into high yield when spreads widened. That trade hasn't played out in the strategy's favor as the subsequent Energy collapse hit high yield issuers the hardest, but the team has shown the ability to deftly navigate these waters before. This was evidenced by the strong winning position in Ford debt in 2009 when many pundits were predicting bankruptcy for the company that did not end up playing out as expected.

Points to Consider

Investors may not realize that the strategy can hold up to 20% equities and typically maintains a healthy allocation to dividend-paying equities. This can result in higher equity sensitivity than the investor may prefer, especially one investing with the mindset that this allocation will fill a dedicated fixed income slot in the portfolio.

Dan Fuss' age might be of a concern to some investors. Fuss is almost 80 years old. This is less a concern to us given the succession plan that was put in place many years ago with the ascension of Stokes and Eagan. We also do not believe that Fuss's retirement is imminent, despite his advanced age.

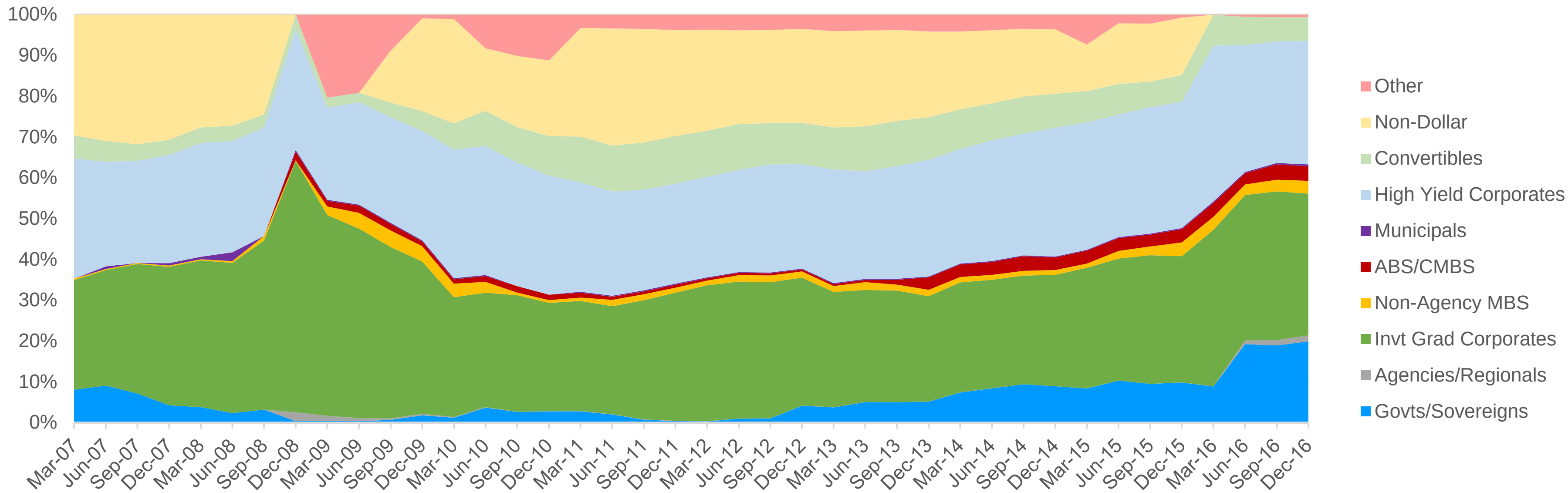
Recommendation Summary

The Loomis Sayles Multisector Full Discretion portfolio continues to hold a sizable overweight to Corporate Bonds (IG & HY in aggregate), including Convertible Bonds and Prefereds. This is consistent with the portfolio's style and the culture at Loomis. The short-and near-term performance will be heavily influenced by the direction of credit spreads.

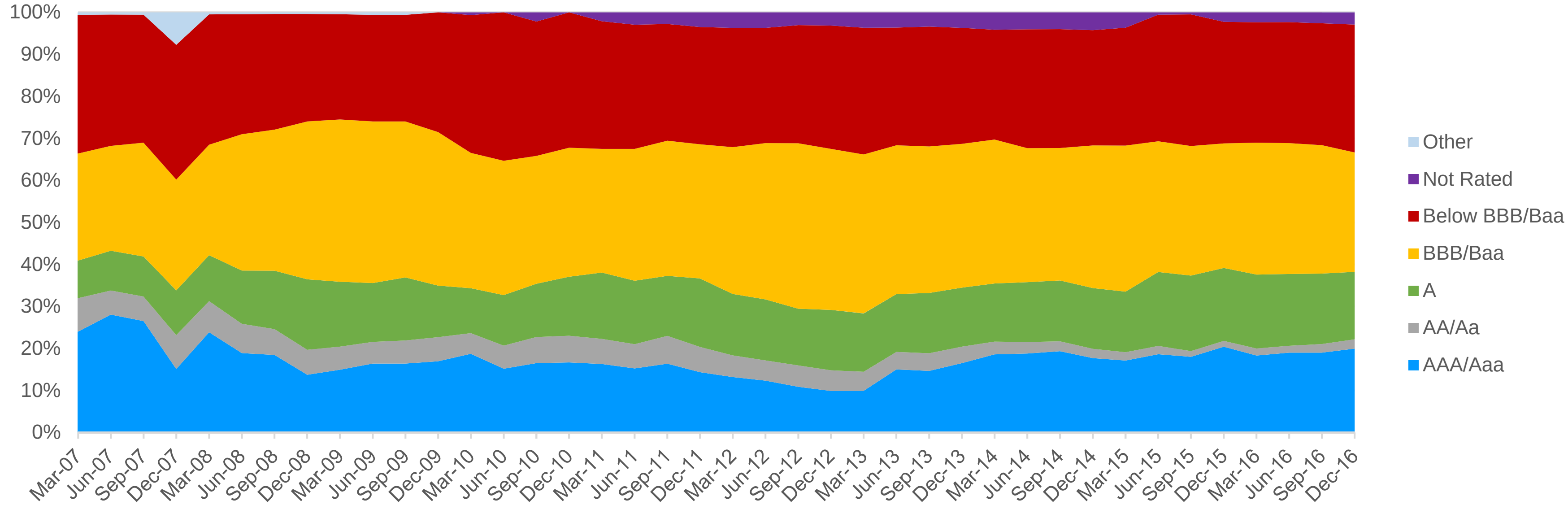
The strategy is recommended for clients in search of yield who are OK with credit exposure. The strategy will maintain a volatility profile higher than peers given its credit, preferred, convertible bond and equity exposures.

The strategy should be viewed as a carve out within a dedicated asset allocation framework. Given the credit and equity sensitivity, the strategy will correlate much higher to equity benchmarks than it will to the Barclays Multiverse or Citigroup World Government Bond Indices. As a result, we believe clients should view this strategy as an opportunistic carve out within the plan structure as opposed to a stand alone fixed income allocation.

Sector



Quality



Source: Investworks, eVestment Alliance, Morningstar Direct, Proprietary Database

Firm Overview

Pacific Investment Management Company (PIMCO) was founded in Newport Beach, CA in 1971. PIMCO started as a subsidiary of Pacific Life Insurance Company to manage separate accounts for institutional clients. In 2000, PIMCO was acquired by Allianz, a global financial services company headquartered in Germany. PIMCO operates as a separate and autonomous subsidiary of Allianz. Today, the firm is one of the world's largest fixed income managers with a presence in every major bond market. PIMCO has offices in Newport Beach and 12 other global locations and manages over $1.4 trillion in client assets.

Team Overview

Daniel Ivascyn is the lead portfolio manager responsible for the Diversified Income Fund, and works in conjunction with Alfred Murata and Eve Tournier, and the Investment Grade Credit, Emerging Markets, High Yield, and Mortgage Backed Security specialist portfolio managers in constructing Diversified Income portfolios. Additionally, PIMCO's Diversified Income team utilizes over 30 global corporate credit analysts who provide research coverage on a broad range of credits, with an emphasis on independent and original research.

Strategy Overview

The Diversified Income strategy is designed to provide investors with a comprehensive global credit solution. It is a multi-sector strategy that invests across a broad spectrum of global credit market sectors, including investment grade and high yield, corporate debt as well as emerging market debt. The allocation among each of these markets will vary based on PIMCO's assessment of global trends and relative valuations. This active and dynamic approach allows for increased responsiveness in asset allocation to changing economic and market conditions while remaining anchored by PIMCO's investment process and longer-term orientation.

PIMCO's investment process stars with an annual Secular Forum at which PIMCO investment professionals from around the world gather with industry experts for a three-day discussion about the future of the global economy and financial markets. The goal of this forum is to look beyond the current business cycle and determine how secular forces will play out over the next three-to-five years. The Diversified Income team is responsible for implementing top down strategies developed at the Forum, as well as for developing bottom-up strategy by maintaining constant contact with the PIMCO specialist teams responsible for the sectors in the Diversified Income strategy's opportunity set. New investment ideas are sourced by individual team members and discussed in regularly scheduled strategy meetings. In evaluating new investment ideas, the team applies a number of qualitative and quantitative screens. The team also makes a full assessment of the fundamental credit factors underpinning an investment idea, incorporating the relevant credit analysis team into the discussion as needed.

Expectations

PIMCO's investment philosophy seeks to add value in all market environments and circumstances. The philosophy of measured risk-taking across multiple concurrent strategies may deliver stable excess returns across different market conditions. At any one time, one or several of their strategies may be working to provide excess return. The disciplined style works to limit the likelihood that any single strategy that falls out of favor would negate the positive returns from other strategies.

During periods of extreme volatility, PIMCO's investment philosophy may be deemed out of favor. During these periods, certain managers may accurately predict large movements in prices and subject the portfolio to more risk than PIMCO would. This would result in substantially higher returns than PIMCO could be expected to achieve. However, in volatile periods, large amounts of risk can also lead to substantial underperformance, which PIMCO's approach seeks to mitigate.

Points to Consider

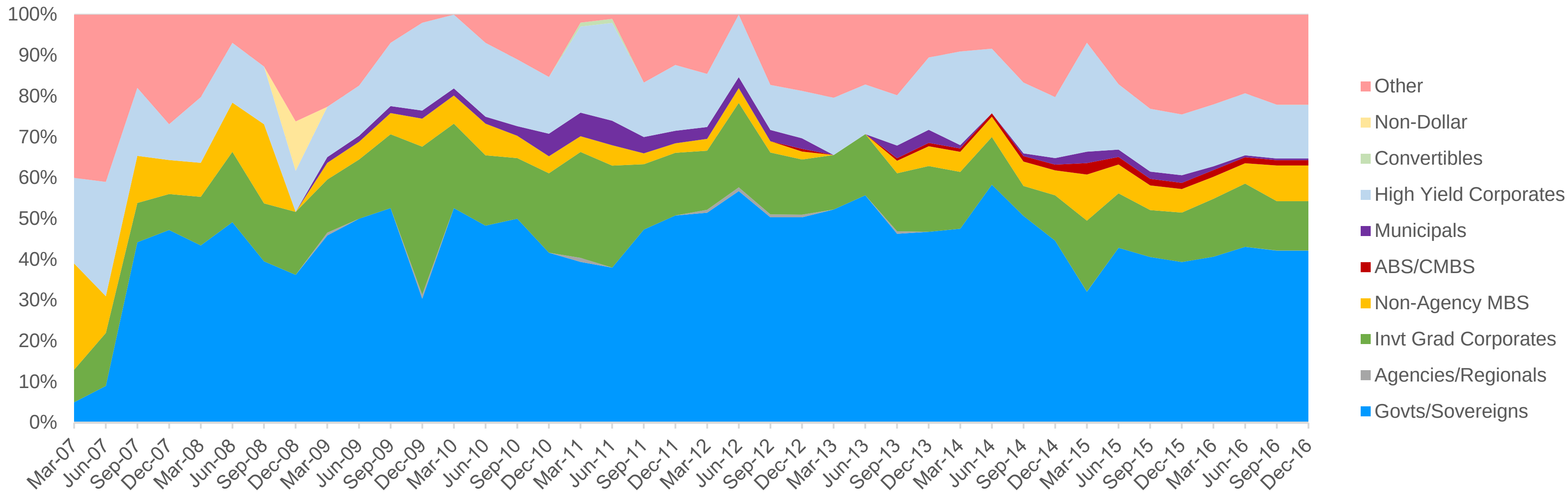
As with most PIMCO strategies, assets under management and capacity are always considerations. With over $8B in AUM, the strategy will employ liberal use of derivatives to manage portfolio exposures as it is often difficult, and sometimes impossible, for PIMCO to manage exposures in this fashion via the cash market. Therefore, clients need to be comfortable with the use of derivatives. In addition, accurately assessing what the strategy is invested in is problematic because the use of deriviates will often showcase unique and confusing portfolio exposures, such as negative cash balances and leverage (per 40 Act regulations, the strategy can be up to 30% levered). These are considerations clients need to assess to determine suitability.

Recommendation Summary

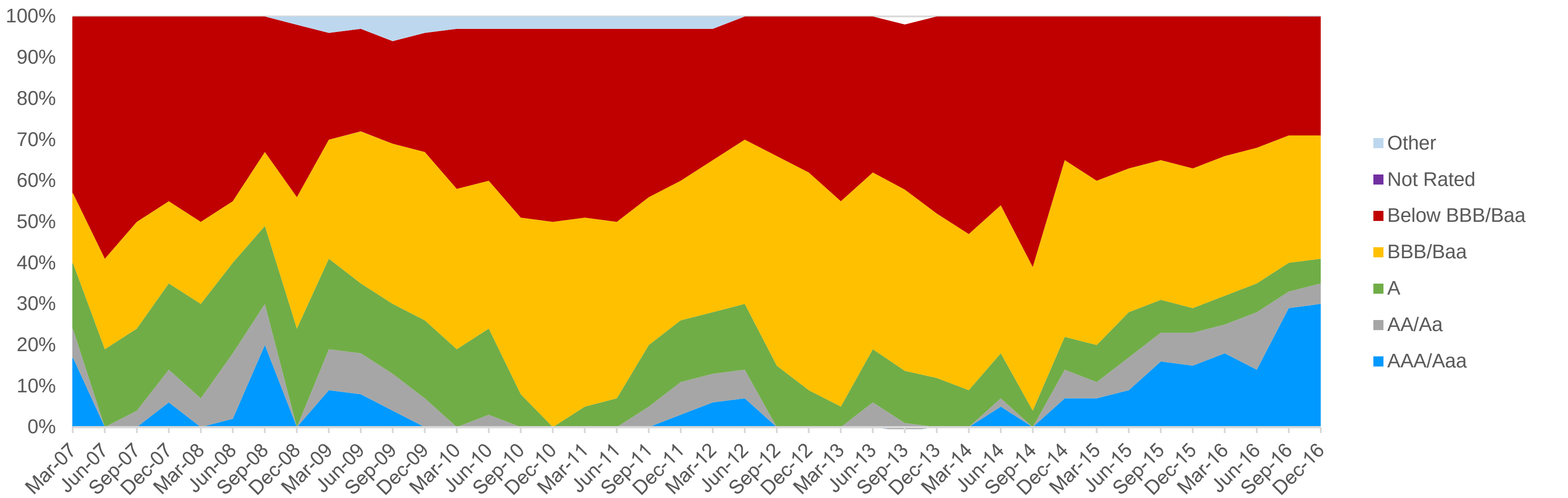
PIMCO's scale gives it a significant advantage when sourcing allocations to new issuance. In oversubscribed situations, PIMCO typically gets a sizeable allocation where smaller managers would be forced to source in the secondary market. Furthermore, the team's global credit resources compare favorably with best in class peers. The firm employs over 30 analysts located around the globe. These analysts internally rate every credit held across PIMCO portfolios. While this is a practice utilized by many peers, the depth and experience of the team give PIMCO a competitive advantage in this area. Finally, PIMCO's contacts within emerging markets are also a differentiator. The team operates out of multiple locations including Singapore, Munich, and Newport Beach. Analysts travel extensively to investigate opportunities around the globe. This "boots on the ground" orientation provides unique insights that less global firms are unable to secure.

We believe that PIMCO is suitable for clients seeking a higher yielding alternative to core fixed income, and low correlation to G-3 government interest rates. The diversified approach looks to benefit from PIMCO's macroeconomic views on credit trends, global interest rates, duration, currencies, and curve positioning. This diversified approach aims to provide the potential for consistent outperformance over the long-term through relative value trades, especially compared to approaches that focus on a single asset class.

Sector



Quality



Source: Investworks, eVestment Alliance, Morningstar Direct, Proprietary Database

Firm Overview

Founded in 1947, Franklin Resources, Inc. (operating worldwide as Franklin Templeton Investments) is one of the largest publicly-traded investment management companies in the world, with offices in over 35 countries and over 9,200 staff globally. The company is listed on the NY Stock Exchange under the ticker BEN, and is a constituent of the S&P 500 Index. Directors and officers of the firm own approximately 20% of the outstanding shares. In addition, management-level employees, as well as all portfolio managers and analysts, receive deferred Franklin Resources, Inc. stock as part of their compensation.

Team Overview

Michael Hasenstab, PhD, is the lead portfolio manager for the Global Multisector Plus strategy. He is Executive Vice President and Chief Investment Officer of the Templeton Global Macro group and a member of the Fixed Income Policy Committee. Dr. Hasenstab specializes in global macroeconomic analysis, focusing on currency, interest rate, and sovereign credit analysis of developed and emerging market countries. He has ultimate decision-making authority for the strategy and is accountable for strategy implementation, including buy/sell decision and risk management. Sonal Desai is a co-portfolio manager for the strategy and participates in the decision-making process. She is focused on portfolio construction and implementation, analytics, and risk management. Desai also provides broad operational support including ensuring compliance with investment guidelines and local regulations, and managing portfolio flows. The Templeton Global Macro Group is actively involved in the management of Global Multisector Plus and reports to Dr. Hasenstab.

Strategy Overview

Global Multisector Plus takes an unconstrained approach to global fixed income investing free of benchmark constraints. The strategy seeks total return by investing in government and government agencies bonds, corporate and mortgage credit in addition to currencies. The strategy draws on the firm's global resources: top-down macroeconomic views, bottom-up country and sector research, as well as quantitative analysis and rigorous risk management. The group tailors the Fixed Income Policy Committee's macroeconomic investment themes, conducting fundamental, country-by-country macroeconomic research. To identify potential alpha sources and the most attractive risk exposures relative to current valuations, the group independently evaluates four sources of potential return: interest rate, currency, sovereign credit, and security selection. Positions are built to capitalize on short-term market inefficiencies, allowing for shifts reflecting anticipated changes in interest rates and credit spreads.

The Global Macro group meets daily to discuss ongoing market activity, as well as political and macroeconomic events. The team meets weekly with Franklin Templeton's equity teams to discuss opportunities and developments across regions, countries, sectors and asset classes. The very broad, global perspective of Franklin Templeton's research process looks beyond the predominantly developed core markets that get the most attention to the peripheral markets which can not only provide excellent sources of diversification, but also offer higher return potential.

Expectations

The strategy will fare best in risk-on environments and when global growth is improving or stable. Given the wide breadth of investment opportunities, the strategy will maintain a yield advantage over commonly used benchmarks.

The strategy will fare worst in slow growth environments, when commodities are out of favor (due to the strategy's reliance on emerging market debt and currencies) and when developed markets outperform emerging markets.

Hasenstab has been consistent in his view that global growth is better than most market participants appreciate. Therefore, the strategy has maintained a low duration profile for much of the past three years. We expect this low duration positioning to continue into the future, but we do not expect it to be consistent forever. Should Templeton's Global Macro team change its opinion on global growth, the strategy most likely will reverse its duration posture.

Points to Consider

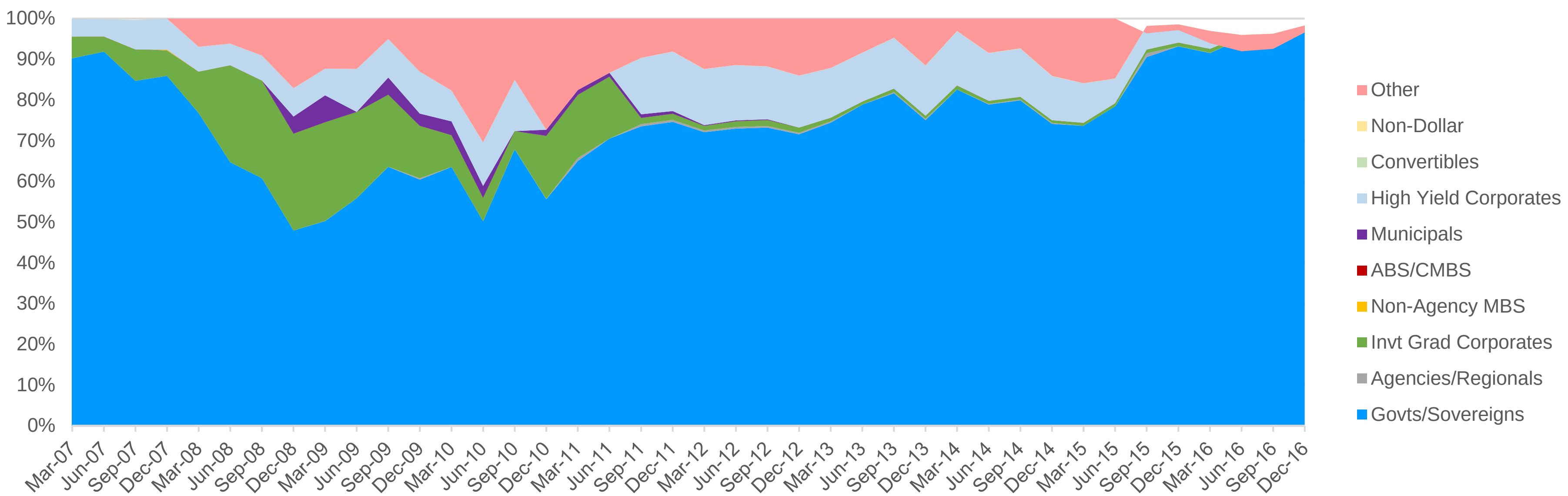
The team that manages this strategy has shown a willingness to take risk. The investments have historically been of a contrarian nature, with investments in highly stressed Irish debt (2011), Ukrainian debt (2014) and more recently increasing its stake in the Mexico Peso (late 2015). Finally, the team has shown willingness to invest in less liquid areas (Uruguay & Ghana). This results in a strategy that does not resemble the Barclays Multiverse Bond Index to which it is benchmarked. Furthermore, the strategy's five- and ten-year correlations tend to track far more closely to the MSCI EAFE equity index than they do to the benchmark, so the strategy is hard to place in an asset allocation framework as it acts more like an equity strategy than it does fixed income.

Recommendation Summary

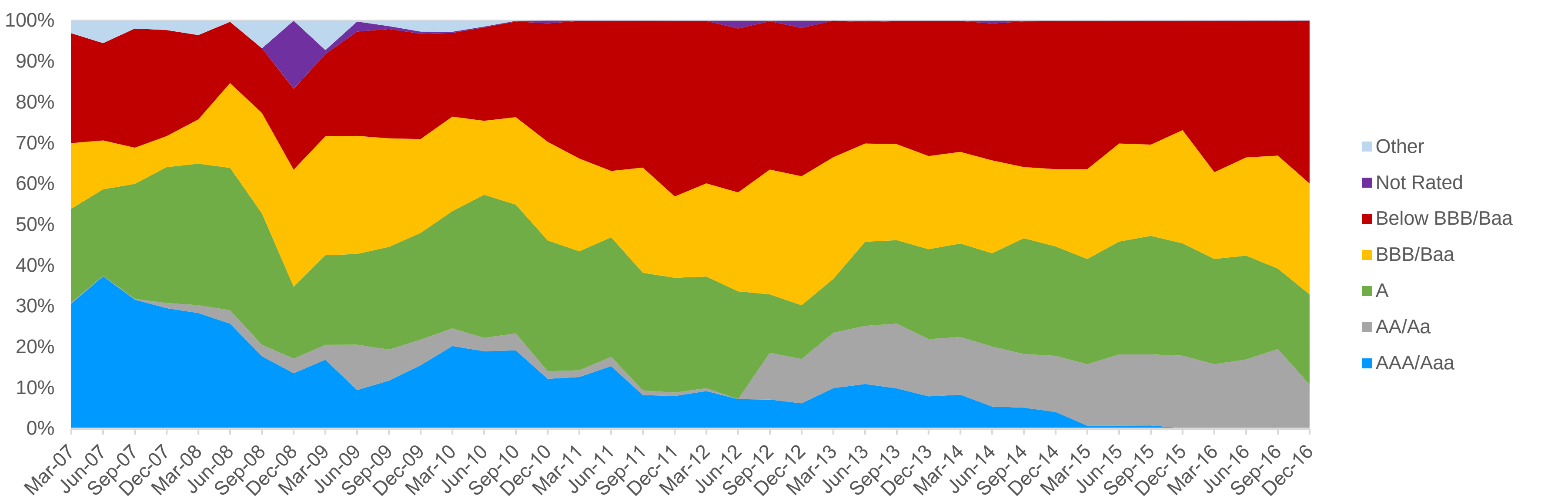
The depth and experience of the team sets it apart from the competition. Hasenstab began his career at Templeton in 1995 and has worked his way up through the ranks, first as an emerging markets sovereign credit analyst, to his current role as Global Macro CIO which he ascended to in 2015. This most recent promotion separates Hasenstab and his team from the firm's taxable bond group and reinforces his importance to the broader organization. With the departure of Analyst Canyon Chan in 2014, the team has been relatively stable. Furthermore, the team has "boots on the ground" with specialists operating out of Templeton's foreign offices, which gives the team local insights that other firms may lack.

While Franklin Templeton is an extremely large organization, each individual team within the organization operates independently and is given significant autonomy in areas such as hiring and training. These factors contribute to cohesion and have benefitted investment professional retention. Furthermore, the team's autonomy is reinforced by Hasenstab's ability to take large bets in this portfolio. He is willing to express his views and the firm gives him the ability to do so by maintaining a "hands off" approach. While not a strategy suitable for every investor, and appropriately placing this investment within the context of an asset allocation framework is challenging, we believe this strategy is a very compelling option for investors seeking a global, unconstrained approach.

Sector



Quality



Source: Investworks, eVestment Alliance, Morningstar Direct, Proprietary Database

Alpha - A measure of the difference between a portfolio's actual returns and its expected performance, given its level of risk as measured by beta.

Batting Average – A measure of a manager's ability to consistently beat the market. It is calculated by dividing the number of months in which the manager beat or matched an index by the total number of months in the period.

Best Quarter- This is the highest quarterly (3 month) return of the investment since its inception.

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.

Down Period Percent - Number of months below 0 divided by the total number of months.

Downmarket Capture Ratio - The ratio of average portfolio performance over the designated benchmark during periods of negative returns. A lower value indicates better product performance.

Downside Std Dev - This measures only deviations below a specified benchmark.

Excess Return- This is a measure of an investment's return in excess of a benchmark.

Information Ratio - This calculates the value-added contribution of the manager and is derived by dividing the excess 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.

Longest Down-Streak Return - Return for the longest series of negative monthly returns.

Longest Down-Streak # of Periods - Longest series of negative monthly returns.

Longest Up-Streak Return - Return for the longest series of positive monthly returns.

Longest Up-Streak - Longest series of positive monthly returns.

Kurtosis - Kurtosis indicates the peakedness of a distribution. For normal distribution, Kurtosis is 3.

Max Drawdown - The peak to trough decline during a specific record period of an investment or fund. It is usually quoted as the percentage between the peak to the trough.

Max Drawndown # of Periods - This is the number of months that encompasses the max drawdown for an investment.

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.

Skewness - Skewness reflects the degree of asymmetry of a distribution. If the distribution has a longer left tail, the function has negative skewness. Otherwise, it has positive skewness. A normal distribution is symmetric with skewness 0.

Sortino Ratio - The Sortino Ratio is similar to Sharpe Ratio except it uses downside risk (Downside Deviation) in the denominator. It was developed in early 1980's by Frank Sortino. Since upside variability is not necessarily a bad thing, Sortino ratio is sometimes more preferable than Sharpe ratio.

Standard Deviation - A statistical measure of the range of a portfolio's performance. It represents the variability of returns around the average return over a specified time period.

Tracking Error - This is a measure of the standard deviation of a portfolio's excess returns versus its designated market benchmark.

Treynor Ratio - Similar to Sharpe Ratio, Treynor Ratio is a measurement of efficiency utilizing the relationship between annualized risk-adjusted return and risk. Unlike Sharpe Ratio, Treynor Ratio utilizes "market" risk (beta) instead of total risk (standard deviation). Good performance efficiency is measured by a high ratio.

Up period Percent - Number of months above 0 divided by the total number of months.

Upmarket Capture Ratio - The ratio of average portfolio performance over the designated benchmark during periods of positive returns. A higher value indicates better product performance.

Worst Quarter - This is the lowest quarterly (3 month) return of the investment since its inception.

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MEMORANDUM

August 8, 2018

TO: Port Orange Police Pension Board

FROM : Karan Rounsavall, Pension Plan Administrator

SUBJECT: Ratification of pension credit start dates for active members

The purpose of this memorandum is to set forth a consistent policy for identifying credited service start dates for pension purposes for active members and new hires going forward. It also seeks to ratify appropriate credited service start dates for certain active members in cases where there was question.

A meeting was held on May 11, 2018 to discuss these matters. In attendance were Plan Administrator Karan Rounsavall, Support Services Director Jamie Miller, Human Resources Director Heather Carrizales, and Jason Keller, Human Resources Assistant. Actuary Chad Little participated in the meeting via conference call.

Some history on the matter is helpful. Section 54-124(a) of the pension plan document states that a participant becomes 100 percent vested in a normal retirement benefit upon earning ten *vesting credits.* Section 54-124(b) states that a participant shall earn one vesting credit for each complete year of service. Section 54-122 defines *"service"* as "years and completed months of full time employment as a police officer of the city, commencing on the date of hire, *during which a person contributes to the plan and for which the person is paid, or entitled to payment, by the city…"*

Our attorney rendered a legal opinion on the matter of a participant's vesting date on August 25, 2015. That opinion concluded: <u>Because service is defined as those time periods "during which a person contributes to the plan," participants can only earn vesting credits for those work periods during which they contributed to the plan.</u>

This matter was discussed briefly with the Pension Board at its February 15, 2018 quarterly meeting during which board discussed the use of "swear-in dates" as the pension start date for a member. This approach raised some concern for the following reasons: (1) Human Resources did not routinely receive swear-in dates from the police department; and (2) swear-in dates did not necessarily coincide with the start of a pay period and having to do a manual calculation when a swear-in date fell in the middle of a pay period created an unacceptable administrative burden.

Following extensive discussion and evaluation of all options, as well as guidance provided by *Florida Statutes* and our plan document, it was concluded that swear-in dates were the cleanest and best long-term solution for identifying consistent credited service start dates for active members and new hires in the future.

Accordingly, city staff members and plan consultants mentioned above offer the following recommendations for consideration and ratification by the Port Orange Police Pension Board at its August 16, 2018 quarterly meeting:

(1) The plan administrator will maintain a record of swear-in dates for new hires and provide these to the actuary at the end of each fiscal year. An officer’s swear-in date will be recognized as their start date for credited service.

(2) A member’s hire date will no longer be disclosed on annual statements as this date could very well differ from swear-in date and possibly cause confusion to the member. (Example: Recruits are hired and sponsored through the police academy and are not sworn in as police officers for several months pending graduation.)

(3) Based on our actuary’s thorough examination of pension start dates, a number of active members were identified who required clarification of start dates. These individuals are presented on a separate page for the board’s review and ratification.

If there are any questions on these recommendations, please contact Plan Administrator Rounsavall.

Subject: Save the Date! November 2018 Pension Conference
From: DoNotReply@rol.frs.state.fl.us
Date: 6/20/2018 10:57 AM
To: rounsavall@earthlink.net

TO:	Board of Trustee Members and Other Interested Parties
FROM:	Florida Division of Retirement Municipal Police Officers' and Firefighters' Pension Office
SUBJECT:	48th Annual Police Officers' & Firefighters' Pension Conference November 14-16, 2018 - Orlando, Florida

Our 48th Annual Police Officers' & Firefighters' Pension Conference is scheduled for November 14-16, 2018, sponsored by the Department of Management Services, Division of Retirement. This program is uniquely designed for pension plans established under Chapters 175 & 185, Florida Statutes.

There is no registration fee to attend! The program will be held at the Grand Orlando Resort at Celebration, Kissimmee, Florida. The Hotel is located at 2900 Parkway Boulevard, Kissimmee, Florida 34747. You can make your reservation **here**. It is important to use this link or state that you are attending the Police Officers' and Firefighters' Pension Conference when booking. This rate includes the use of the facility and supports continued operation of the program.

Wednesday's program, on November 14th, is designed specifically for new trustees, for those interested in becoming trustees, or for those who want a basic understanding of the operation of the pension plan. The program will offer a no-nonsense explanation of how the pension plan works and will include lectures from a plan attorney, actuary, and the Division of Retirement on the trustees' responsibilities. Participants will be encouraged to ask questions and participate in group discussions focusing on the fundamentals of pension fund management. If you are a new trustee, we encourage you to participate in this special program.

Thursday and Friday's programs, on November 15th and 16th, are designed for both the new and seasoned trustee and will feature presentations on legal, actuarial, investment, administrative, and government in the sunshine issues, as well as an update on any legislative changes. We will discuss enhancements to the annual report, so make sure you attend! There will be an opportunity for questions and answers after each speaker to provide you with a chance to address concerns specific to your plan.

Conference materials will be available for free download on our website on November 9. If a participant prefers to have a hard copy of the materials, we are making arrangements for conference books to be available for purchase directly from a printer. Contact information for the printer and the cost for book purchase will be posted to our website and emailed soon. We will transport pre-purchased books to the hotel. Conference materials will not be available to purchase on-site.

All police officer and firefighter plan participants, board of trustee members, plan sponsors, administrators, accountants, actuaries, investment advisors, legal counselors, other advisors, and anyone interested in the administration and operation of the Chapters 175 and 185 Pension Plans should take advantage of this unique, insightful, and informative program. *This conference may possibly be used towards continuing education hours as well.*

Please remember, we are only able to continue providing .these low cost / no cost conferences for our plans based on. satisfactory attendance. We know that plan participants and board members fulfill a vital role in our communities, and although you may not be able to attend every program, Florida Statutes require that the plan investment policy provide for continuing education of board members. This program will help to satisfy that requirement and educate conference attendees on how the plans can be administered to ensure their continued health. Please consider our program when making your training plans so that we can continue to offer them to you.

In the upcoming months, information and updates about the Fall Conference, including the program agenda when finalized, will be posted on our website. If you have any questions, please contact our office toll free at (877) 738-6737 or locally at (850) 922-0667.

I look forward to meeting with you in November, in Orlando!

Sincerely,

Stephen Bardin
Bureau of Local Retirement Systems
Municipal Police Officers' and Firefighters' Pension Office