**HOLLYWOOD POLICE OFFICERS' RETIREMENT SYSTEM**
**Office of Retirement**
**4205 Hollywood Blvd., Suite 4**
**Hollywood, Florida 33021**

**August 19, 2016**
**10:30 AM**

# MINUTES

A regular meeting of the Hollywood Police Officers' Retirement System was held on Friday, August 19, 2016, at 10:36 AM, in the Office of Retirement, 4205 Hollywood Blvd., Suite 4, Hollywood, Florida 33021.

PRESENT: D. Strauss, Chairman, C. Marano, Secretary, C. O'Brien, D. Brickman, P. Laskowski and V. Szeto, Trustees.

Excused Absence: M. Pollak

Also present were Frank Hogan & Earl Mitchell, Retirees; Jose Fernandez, Todd Green and Joey Walls, Cavanaugh Macdonald; Janna Hamilton, Garcia Hamilton; John Rochford & Robert Maddock, Inverness Counsel; John McCann, Bogdahn Group; Stuart Kaufman, Board Attorney of Klausner, Kaufman, Jensen & Levinson and David M. Williams, Plan Administrator.

PUBLIC COMMENT
Mr. Earl Mitchell appeared before the Board relative to his Drop account balance recently being recalculated from a withdraw on November 22, 1999. Mr. Mitchell conveyed a "conversation" he had with Mr. Richard Schiano, the former plan administrator (deceased) as a result of a distribution (withdraw) from his account. Mr. Mitchell reflected that Mr. Schiano stated the account would be credited for the partial quarter the funds remained in the account. Mr. Hogan (former - Chairman of the Board) had no independent recollection of the conversation but conveyed that Mr. Richard Schiano would act without Board direction as he (Schiano) felt he was still the Chairman at times.

Mr. Williams produced a slide (Exhibit 1) that showed the original interest that was posted manually on December 31, 1999. On this same slide there was another deduction on April 28, 2000. However, unlike the prior manual adjustment reportedly made by Mr. Schiano, the rate of return that was posted was not manually modified like the prior quarter cited. As the rate of return was negative for that quarter, if the pro-rata balance was manually adjusted, Mr. Mitchell would have lost additional funds. Mr. Mitchell or Mr. Hogan could not explain the difference other than citing the April 28th withdraw was for a loan. Mr. Williams presented (Exhibit 2) which outlines the interest being applied based on the account balance on the last day of the quarter pursuant to Drop Rules.

**(Exhibit 1)**

| Original DROP Data | | | | | | |
|---|---|---|---|---|---|---|
| Date | Deposit | Loan Deduct | Post Amt | Int Rate | Int Amt | Account Bal |
| 11/22/1999 | $0.00 | $0.00 | -$150,300.90 | 0.000000% | $0.00 | $334,540.71 |
| 12/31/1999 | $0.00 | $0.00 | $0.00 | 11.205000% | $43,099.02 | $377,639.73 |
| 3/31/2000 | $0.00 | $0.00 | $0.00 | 1.105000% | $4,172.92 | $381,812.65 |
| 4/28/2000 | $0.00 | ($27,273.40) | -$27,273.40 | 0.000000% | $0.00 | $354,539.25 |
| 6/30/2000 | $0.00 | $0.00 | $0.00 | -1.125000% | -$3,988.57 | $350,550.68 |

**(Exhibit 2)**

| Recalculated DROP Data | | | | | | |
|---|---|---|---|---|---|---|
| Date | Deposit | Loan Deduct | Post Amt | Int Rate | Calculated Int Amt | Account Bal |
| 11/22/1999 | $0.00 | $0.00 | -$150,300.90 | 0.000000% | $0.00 | $334,540.71 |
| 12/31/1999 | $0.00 | $0.00 | $0.00 | 11.205000% | $37,485.29 | $372,026.00 |
| 3/31/2000 | $0.00 | $0.00 | $0.00 | 1.105000% | $4,110.89 | $376,136.88 |
| 4/28/2000 | $0.00 | ($27,273.40) | -$27,273.40 | 0.000000% | $0.00 | $348,863.48 |
| 6/30/2000 | $0.00 | $0.00 | $0.00 | -1.125000% | -$3,924.71 | $344,938.77 |

| Test Recalc Data VS Orig Data | | |
|---|---|---|
| Orig Account Bal | Recalc Account Bal | Diff |
| $334,540.71 | $334,540.71 | $0.00 |
| $377,639.73 | $372,026.00 | -$5,613.73 |
| $381,812.65 | $376,136.88 | -$5,675.77 |
| $354,539.25 | $348,863.48 | -$5,675.77 |
| $350,550.68 | $344,938.77 | -$5,611.91 |

Mr. Mitchell asked this matter be re-examined by Mr. Williams. If the matter could not be resolved, Mr. Mitchell would seek a formal hearing from the Board. Mr. Mitchell thanked the Board for providing him ample time to speak today at the meeting. Mr. Mitchell and Mr. Hogan departed the meeting.

READING OF THE WARRANTS
The warrants since the last meeting were reviewed and executed by the Board of Trustees.

APPROVAL OF THE MINUTES OF THE July 29, 2016 MEETING
Mr. Strauss asked if there were any additions or corrections to the Minutes of July 29, 2016 pension board meeting. Mr. Laskowski made a motion to approve the Minutes cited, which was seconded by Mr. Szeto. All board members voted yes.

ATTORNEY'S REPORT
Supplemental Distribution - City Initiated Litigation: Mr. Kaufman reported that he attended a conflict assessment meeting on August 10, 2016 at city hall along with Mr. Strauss and Mr. Williams. Mr. Kaufman indicated he agreed to participate in the mediation process. Mr. Kaufman asked the Board to authorize him with the authority to select a mediator in this matter. That request was placed in the form of a motion by Mr. Laskowski and was seconded by Mr. Brickman. All board members voted yes.

While on this topic Mr. Kaufman reflected that the retirees should have legal representation in this matter as well. He will provide further information as this issue moves forward.

State Funds: Mr. Kaufman reported the chapter 185 funds the city is entitled to if they properly fund the plan. As a result of their underfunding status, the proceeds are not being released by the State of Florida.

*Police Officers' 2015 Premium Tax Distribution Calculations*

| City Code | City Name | Premium Tax | Service Charge | Due From City | IPT Database Expenses | Distribution Amount |
|---|---|---|---|---|---|---|
| 459 | HOLLYWOOD | $1,496,139.62 | $119,691.17 | $0.00 | $947.76 | $1,375,500.69 |

ACTUARIAL VALUATION/UPDATE
Mr. Jose Fernandez, Mr. Todd Green and Mr. Joey Walls of Cavanaugh Macdonald came before the Board to finalize the October 1, 2015 valuation. Before beginning their presentation Mr. Williams cited that the representatives wanted to provide the report in person today in lieu of a telephone conference call. Mr. Williams wanted the Board to know the commitment from the representatives to this Plan.

The following was the presentation made to the Board.

Main purpose of valuation to determine the City's contribution to the System for the fiscal year beginning October 1, 2016.

- In accordance with State requirements.
- Reflecting Government Finance Officers Association (GFOA) sustainable funding practices as adopted by the City in 2015.

Preliminary results presented at April 29, 2016 Board meeting. Discussion at meeting to include pre-funding of Supplemental Distribution (13th check) to comply with the State mandate as a result of the city's action.

Approach to pre-fund 13th check was discussed at June 24 Board meeting.

- Lower the discount rate to 7% from 8% to reflect the estimated loss of future investment income due to the payment of 13th check distributions in years with market asset returns exceeding 8%.
- Total cost impact approximately $2.5 million per year.

- City cost impact approximately $1.2 million per year net of State contribution of $1.3 million.

The Board approved valuation report presented at June 24 meeting with 13th check pre-funding to provide City time to prepare fiscal year 2017 budget. However, Cavanaugh Macdonald recognizes that under any method to pre-fund the 13th check the timing and amount of future 13th check distributions impossible to predict with certainty. At the June 24 meeting all parties present discussed exploring alternative methods to pre-fund 13th check. The Board asked Cavanaugh Macdonald to further review method and report back.

No one knows when future asset return will exceed 8% and trigger a 13th check payment.
Using the plan's capital market assumptions and asset allocation, Cavanaugh Macdonald representatives generated 1,000 100-year random scenarios to estimate the distribution of future returns over 8%. The Cavanaugh Macdonald representatives also estimated the projected liabilities for the closed group eligible for the 13th check. Based on the asset return scenarios and the projected assets and liabilities Cavanaugh Macdonald representatives have estimated the value of future 13th check payments.

Cavanaugh Macdonald representatives estimated the value of future 13th check payments is approximately $23.8 million increase in the plan's unfunded liability. Total cost impact for FY 2017 is $1.9 million, increasing 3.5% per year for 20 years. *City cost impact for FY 2017 is approximately $362,000 net of estimated State distribution of $1.3 million (assumes City lump sum payment of $4.1 million as required by State for 2014 & 2015 13th check payments).* Cost impact for FY 2017 of prior method was $2.5 million in total and $1.2 million for City net of State distribution.

It was reported that currently, State of Florida is withholding the System's premium tax distributions for 2014 of $1,308,509 pending resolution of issues related to the Supplemental Distribution (13th check). According to the State's October 2, 2015 letter, the distribution of premium tax moneys requires:

- The pre-funding of future 13th check distributions, and
- The lump sum payment to the System of the 2014 and 2015 13th check distributions of $1.9 million and $2.2 million, respectively.

Cavanaugh Macdonald representatives have discussed alternative method to pre-fund the 13th check with the State officials. The State confirmed that the alternative method would meet their requirements for pre-funding the 13th check. However the State would require the 1,000 scenario simulation be part of the annual valuation process each year.

With the pre-funding of the 13th check Cavanaugh Macdonald representatives have assumed State distributions will be available to offset the City's contribution requirement for the 2016/2017 fiscal year, assuming the City makes additional State required contribution of $4.1 million for the 2014 and 2015 13th check distributions.

**Hollywood Police Officers' Retirement System October 1, 2015 Valuation Summary Contribution Requirements**

| | Fiscal Year 2015/2016 Contribution | Fiscal Year 2016/2017 Contribution | | | |
|---|---|---|---|---|---|
| | 10/1/2014 Valuation | 10/1/2015 Valuation No Changes | 10/1/2015 Valuation Benefit Changes | Pre-funding Supp. Distribution / No State Moneys | Pre-funding Supp. Distribution / With State Moneys * |
| | (1) | (2) | (3) | (4) | (5) |
| Required City/State Contribution | $14,376,618 | $15,353,074 | $15,786,413 | $17,725,179 | $17,457,305 |
| State Contribution | $0 | $0 | $0 | $0 | $1,308,509 |
| Required City Contribution | $14,376,618 | $15,353,074 | $15,786,413 | $17,725,179 | $16,148,796 |
| Increase in Required City Contribution vs. Previous Column | | $976,456 | $433,339 | $1,938,766 | ($1,576,383) |

**Notes from the prior chart:**

The pre-funding of the supplemental distribution (13th check) increases the plan's unfunded liability by $23.8 million. The increase in the plan's unfunded liability is amortized over a 20 year period.

Assumes $1,308,509 of State money will be received and used to offset the City's contribution. According to the State's October 2, 2015 letter this would require that the City also deposit a lump sum payment of approximately $4.1 million for the total 2014 and 2015 Supplemental Distributions. Also, assumes 30-year amortization payment for 2014 and 2015 13th check distributions will be eliminated. Net increase in City contribution for FY 2017 to pre-fund 13th check is approximately $362,000.

**Summary City Contribution Requirements With and Without City Lump Sum Payment of $4.1 Million (Required by State 10/2/2015 Letter)**

| | | With City Lump Sum Payment of $4.1 Million *(State Compliant)* | Without City Lump Sum Payment of $4.1 Million *(Not State Compliant)* |
|---|---|---|---|
| (1) | City lump sum payment to meet State requirement 10/2/2015 letter | $4,104,375 | $0 |
| (2) | Unpaid City contribution as of June 1, 2016 for installment payments for 30-year amortization of 13th check distributions | $441,042 [1] | $569,982 [2] |
| (3) | Release of August 2015 ($1,308,509) and estimated August 2016 ($1,308,509) State premium tax distributions | $2,617,018 | $0 |
| (4) | Due from City before fiscal year 2017 contribution [(1) + (2) – (3)] | $1,928,399 | $569,982 |
| | City/State Contribution Requirement for fiscal year 2017 with 13th check pre-funding | | |
| (5) | Required City/State contribution | $17,457,305 | $17,725,179 |
| (6) | Estimated State contribution August 2017 | $1,308,509 | $0 |
| (7) | City contribution for fiscal year 2017 [(5) – (6)] | $16,148,796 | $17,725,179 |
| (8) | Total City contribution [(4) + (7)] | $18,077,195 | $18,295,161 |

[1] Installment payments for fiscal years 2015 and 2016 with annual 8% interest for 30-year amortization of 13th check distribution in 2013.

[2] Installment payments for fiscal years 2015 and 2016 with annual 8% interest for 30-year amortization of 13th check distribution in 2013 and for 13th check distribution in 2014 (payment due only for fiscal year 2016).

Amounts may require interest adjustment depending on payment date and adjustments for actual State distributions in 2016 and 2017.

**Summary of Impact of City Lump Sum Payment of $4.1 Million (Required by State 10/2/2015 Letter)**

*City pays lump sum payment of $4.1 million –*

- City complies with State requirements.
- City receives future premium tax distributions (about $1.3 million per year) to reduce pension costs.
- Total City contribution (including $4.1 million lump sum) to comply through fiscal year 2017 is $18.1 million.

*City does not pay lump sum payment of $4.1 million –*

- City does not comply with State requirements.
- City does not receive future premium tax distributions (loss to the City of about $1.3 million per year).
- City still has to pay $18.3 million in contributions through fiscal year 2017.

The cost to the City through fiscal year 2017 to pay the lump sum and comply with the State is approximately $200,000 less than if the City does not pay lump sum and loses future State moneys. By complying with the State, future City costs will be reduced by State premium tax distributions (currently about $1.3 million per year). The lump sum payment and pre-funding of the 13th check is in keeping with the GFOA best practice adopted by the City, including an effort to avoid the transfer of costs to future generations.

The Trustees felt that the valuation should be based on the assumption that the city would comply with the State mandate and the report should be framed in that manner. After discussion concluded between the Trustees and the representatives from Cavanaugh Macdonald; a motion was made by Mr. Szeto to restate the October 1, 2015 valuation report based on the updated pre-funding methodology. This motion was seconded by Mr. Laskowski. All board members voted yes. The Board thanked the representatives for all their assistance in this matter.

At the conclusion of the presentation, Mr. Fernandez then outlined a study requested by Mr. O'Brien and sanctioned by the Board. The study estimated the impact of the DROP – ROR (rate of return).

**Hollywood Police Officers' Retirement System**
**Estimate of (Gain)/Loss - DROP Guaranteed Interest Credit of 8%**
**Adopted 10/1/2002**

| (1) Fiscal Year End | (2) Total DROP Balance | (3) Average DROP Balance FY [Average DROP Balance Beginning & End FY] | (4) DROP Guaranteed Interest Credit Rate | (5) Net Fund Return | (6) DROP Guaranteed Interest Credit Rate Times Average DROP Balance [(4) x (3)] | (7) Net Fund Return Times Average DROP Balance [(5) x (3)] | (8) Fiscal Year Guaranteed Interest Credit (Gain)/Loss [(6) - (7)] | (9) Accumulated (Gain)/Loss Due to DROP Guaranteed Return [(8) accumulated with net fund return from (5)] |
|---|---|---|---|---|---|---|---|---|
| 10/1/2002 | 10,676,499 | | | | | | | |
| 10/1/2003 | 11,559,512 | 11,118,006 | 8.00% | 12.74% | 889,440 | 1,416,434 | (526,994) | (526,994) |
| 10/1/2004 | 13,856,836 | 12,708,174 | 8.00% | 8.11% | 1,016,654 | 1,030,633 | (13,979) | (583,712) |
| 10/1/2005 | 16,037,420 | 14,947,128 | 8.00% | 8.74% | 1,195,770 | 1,306,379 | (110,609) | (745,337) |
| 10/1/2006 | 19,026,336 | 17,531,878 | 8.00% | 7.59% | 1,402,550 | 1,330,670 | 71,880 | (730,028) |
| 10/1/2007 | 24,169,512 | 21,597,924 | 8.00% | 15.31% | 1,727,834 | 3,306,642 | (1,578,808) | (2,420,603) |
| 10/1/2008 | 29,974,244 | 27,071,878 | 8.00% | -11.16% | 2,165,750 | (3,021,222) | 5,186,972 | 3,036,508 |
| 10/1/2009 | 34,851,007 | 32,412,626 | 8.00% | 1.42% | 2,593,010 | 460,259 | 2,132,751 | 5,212,377 |
| 10/1/2010 | 41,020,364 | 37,935,686 | 8.00% | 9.17% | 3,034,855 | 3,478,702 | (443,847) | 5,246,505 |
| 10/1/2011 | 47,877,816 | 44,449,090 | 8.00% | 1.22% | 3,555,927 | 542,279 | 3,013,648 | 8,324,160 |
| 10/1/2012 | 53,765,888 | 50,821,852 | 8.00% | 17.15% | 4,065,748 | 8,715,948 | (4,650,200) | 5,101,553 |
| 10/1/2013 | 58,754,098 | 56,259,993 | 8.00% | 9.95% | 4,500,799 | 5,597,869 | (1,097,070) | 4,512,088 |
| 10/1/2014 | 64,113,948 | 61,434,023 | 8.00% | 9.93% | 4,914,722 | 6,100,398 | (1,185,676) | 3,774,462 |
| 10/1/2015 | 69,399,172 | 66,756,560 | 8.00% | 1.34% | 5,340,525 | 894,538 | 4,445,987 | 8,271,027 |
| Average annual returns 10/1/2002 to 10/1/2015 | | | 8.00% | 6.79% | | | 5,244,055 | 8,271,027 |

ADMINISTRATIVE REPORT
Mr. Williams presented the Administrative Report to the Board.

DROP/PRB Loans: Mr. Williams cited the respective member(s) loan request. He outlined that each member(s) have the funds in his/her personal DROP/PRB account to cover the loan(s) and he/she has been a participant in the DROP/PRB plan for the required amount of time. No conflict exists with the 12-month rule. Mrs. Marano made a motion to approve the loans as noted, which was seconded by Mr. O'Brien. All board members present voted yes.

Normal Retirement Approval: Mr. Williams cited the entry date, benefit and option selected by the Member cited below (along with all supporting documentation).

- Donald Hanley Vested: August 24, 1999 – Effective Retirement Date – November 15, 2016
- Dewey Pressley Vested: January 12, 2010 – Effective Retirement Date – August 30, 2016

Mr. Brickman made a motion to approve the foregoing as noted, which was seconded by Mr. Szeto. All board members present voted yes.

Administrate Expense Budget: Tabled

Summary Plan Description: Tabled

Staff Review: Tabled

QUARTERLY INVESTMENT REPORTS

Inverness Counsel, Inc.

Mr. Maddock and Mr. Rochford provided the following investment outlook:

Catalysts
- Housing continues to improve, driven by strength in single family home starts.
- Healthy balance sheets and lower debt service costs supporting loan growth.
- The consumer, which accounts for 70% of the U.S. economy, is employed and getting a raise.
- Multiple foreign central banks maintaining low or even negative interest rates.
- After a prolonged period of weakness in the industrial part of the economy, seeing some signs of stabilization.

Concerns
- *Inverness* representatives expect volatility to remain elevated in both the equity and fixed income markets.
- Outside of the U.S., growth continues to be anemic.
- Slowing International economic growth (i.e. China) and geopolitical concerns.
- Future profits may be pressured by rising employment costs.
- U.S. elections creating uncertainty.
- *Inverness* representatives remain optimistic on the U.S. economy and currently tend to favor domestically focused companies.

Equities: It was reported that for the quarter that ended June 30, 2016 the equity portfolio returned -0.68% on a gross basis, compared to the benchmark policy which returned 2.46%. For the last twelve months, the account returned -3.34% for the equities, which was outpaced by the benchmark cited. On a longer term basis of 3 years, the account returned 10.82% for the equities vs. 11.66% for the policy. The account was valued at $51,811,101 as of June 30, 2016.

Fixed Income: For the quarter that ended June 30, 2016, the fixed income portfolio returned 2.38%, compared to the Benchmark of 2.13%. For the last twelve months, the fixed portfolio returned 7.0% compared to the Benchmark return of 5.51%. On a longer term basis of 3 years, the account returned 4.06%, in comparison to the policy return 3.58%. The account was valued at $61,404,299 as of June 30, 2016.

Garcia Hamilton & Associates - GHA

Mrs. Hamilton provided an equity market review by citing the following:

- Stocks finished with moderate gains, masking a sharp decline and recovery at quarter-end as investors digested Britain's decision to exit the European Union. For the quarter, the S&P 500 Index increased 2.5% including dividends while the Russell 1000 Growth Index inched 0.6% higher.

- Global growth remains anemic. U.S. employment statistics softened and measures of productivity remain disappointing. The U.S. Federal Reserve wavered on additional interest rate hikes.

- Earnings estimate cuts continued, reflecting persistent weakness in the global economy. Second quarter earnings now look to be 5.1% below year ago levels, marking the fifth consecutive quarter of lower year-to-year profits. For the first time since 2009, full year earnings might decline with 2016 projected to be 0.6% below 2015 levels.

Equities: It was reported that the portfolio gained 1.2% in the quarter, 62 basis points ahead of the benchmark Russell 1000 Growth Index. Outperformance was attributable to several isolated items: overweight Johnson&Johnson, overweight aerospace/defense, overweight high-quality stocks, and underweight airlines. GHA's market outlook remains somewhat cautious, with the U.S. Federal Reserve dictating stock market direction near term. The portfolio remains conservatively positioned with a meaningful overweight in high-quality stocks.

As of June 30, 2016, the equities returned as cited 1.3% compared to the benchmark (Russell 1000 Growth) return of 0.6%. For the current fiscal year, the return was valued at 8.7%, which was in line with the benchmark. The equity portfolio was valued at $35,597,119 as of June 30, 2016.

Mrs. Hamilton provided an fixed income market review by citing the following:

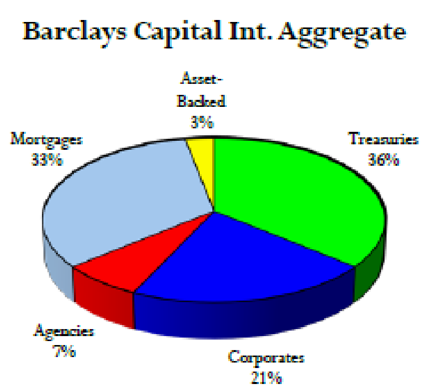
- Treasuries rallied this quarter on the heels of the UK's European Union referendum and the lowering of economic forecasts by theFederal Open Market Committee.The UK's vote to leave the EU was generally considered a surprise by many and left investors wondering about the future health and direction of the European economy.

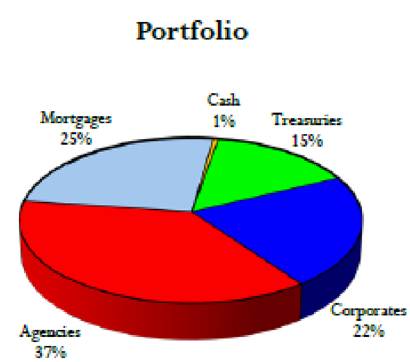
- In the U.S., the Federal Open Market Committee reduced their projections for GDP growth and the level of the fed funds rate in future years, which caused rates to generally decline across the curve.

- The 10-year treasury yield declined 29 basis points to end the quarter at 1.49%. The 2-year yield decreased 14 basis points to 0.59% while the yield of the 30-year treasury fell 31 basis points to 2.31%. These moves caused the 2-30 year yield spread to flatten to 172 basis points.

- Spread product was in favor this quarter as all four spread sectors delivered positive excess return. The corporate sector and asset-backed securities sector were the best performers with 99 basis points and 50 basis points of excess return, respectively. The agency sector and the mortgage-backed securities sector followed with excess returns of 36 basis points and 3 basis points, respectively. Thus, the Barclays Capital Aggregate Index had an excess return this quarter of 31 basis points.

Fixed Income Portfolio Characteristics were outlined as follows:



The fixed income portfolio returned 1.3% for the quarter ending June 30, 2016, compared to the benchmark return of 1.4%. For the fiscal year the portfolio returned 3.5% vs. 3.3% for the benchmark. The fixed income portfolio returns on all other time periods reported exceeded that of the benchmark. The fixed income portfolio was valued at $13,697,851 as of June 30, 2016.

<u>Bogdahn Group</u>

Mr. McCann presented the quarterly report from The Bogdahn Group.

Mr. McCann reported that as of June 30, 2016, the portfolio was valued at $254,874,780. The total fund return on a gross basis was 1.65%. That return ranked the Plan in the 64th percentile of the investment universe. The benchmark outperformed the portfolio with a return valued at 2.35%. Mr. McCann advised - All Public Plans Total Fund Median return was 1.85%. On a fiscal year basis the portfolio returned 6.47% compared to 7.64% for the benchmark. Mr. McCann reported that - All Public Plans Total Fund Median return was 5.80% for the same period. Longer term results were also outlined on a 1, 3 and 5 year basis. The returns for those periods cited ranked the Plan in the Top 21, 16 and 13th percentile respectively.

Mr. McCann continued his presentation by providing a breakdown of each manager.

**Asset Allocation & Performance**

| | Allocation | | Performance(%) | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Market Value $ | % | QTR | FYTD | 1 YR | 3 YR | 5 YR | Inception | Inception Date |
| **Total Equity Composite** | **147,685,471** | **57.9** | **1.44** | **7.46** | **-2.19** | **9.91** | **10.41** | **9.57** | **10/01/1992** |
| Total Equity Policy | | | 2.75 | 10.17 | 1.96 | 11.03 | 11.60 | 9.10 | |
| Inverness Equity | 51,811,101 | 20.3 | -0.68 | 6.05 | -3.34 | 10.28 | 11.56 | 9.67 | 10/01/1992 |
| Inverness Equity Policy | | | 2.46 | 11.15 | 3.99 | 11.66 | 12.10 | 9.26 | |
| Wells Fargo Equity | 14,663,061 | 5.8 | 0.45 | 5.23 | -3.01 | N/A | N/A | -3.01 | 07/01/2015 |
| Russell 1000 Value Index | | | 4.58 | 12.29 | 2.86 | 9.87 | 11.35 | 2.86 | |
| Rhumbline Equity | 24,121,769 | 9.5 | 3.94 | 10.58 | 1.22 | 10.42 | 10.44 | 18.34 | 04/01/2009 |
| S&P MidCap 400 Index | | | 3.99 | 10.74 | 1.33 | 10.53 | 10.55 | 18.45 | |
| GHA Equity | 35,596,701 | 14.0 | 1.12 | 7.81 | -0.01 | 10.61 | 9.49 | 2.93 | 04/01/2000 |
| Russell 1000 Growth Index | | | 0.61 | 8.78 | 3.02 | 13.07 | 12.35 | 2.03 | |
| Eagle Equity | 20,436,739 | 8.0 | 4.11 | 8.20 | -0.54 | 9.51 | 8.61 | 10.86 | 04/01/2003 |
| Russell 2000 Index | | | 3.79 | 5.89 | -6.73 | 7.09 | 8.35 | 10.52 | |
| EnTrustPermal | 4,363,763 | 1.7 | 0.44 | -3.14 | N/A | N/A | N/A | -3.14 | 10/01/2015 |
| MSCI AC World Index | | | 1.19 | 6.80 | -3.17 | 6.60 | 5.95 | 6.80 | |
| **Total Fixed Income Composite** | **74,989,706** | **29.4** | **2.17** | **5.12** | **6.69** | **4.09** | **4.01** | **5.89** | **10/01/1992** |
| Total Fixed Income Policy | | | 2.02 | 4.21 | 5.33 | 3.53 | 3.44 | 5.49 | |
| GHA Fixed Inc | 13,705,244 | 5.4 | 1.25 | 3.56 | 5.35 | 4.47 | 4.37 | 4.37 | 07/01/2011 |
| Barclays Intermediate Aggregate Index | | | 1.44 | 3.25 | 4.36 | 3.24 | 2.96 | 2.96 | |
| Inverness Fixed Income | 61,404,299 | 24.1 | 2.38 | 5.59 | 7.10 | 4.06 | 3.92 | 5.87 | 10/01/1992 |
| Inverness Fixed Income Policy | | | 2.13 | 4.39 | 5.51 | 3.58 | 3.51 | 5.51 | |
| **Total Real Estate Composite** | **26,857,000** | **10.5** | | | | | | | |
| American Realty | 8,914,000 | 3.5 | 1.00 | 6.20 | 9.43 | 11.18 | N/A | 11.32 | 04/01/2013 |
| Real Estate Policy | | | 2.03 | 7.33 | 10.64 | 11.61 | N/A | 11.64 | |
| Intercontinental Real Estate | 17,943,000 | 7.0 | 1.60 | 6.93 | 10.49 | 10.85 | N/A | 10.85 | 07/01/2013 |
| Real Estate Policy | | | 2.03 | 7.33 | 10.64 | 11.61 | N/A | 11.61 | |

Asset Allocation by Segment and Manager was also reviewed to ensure policy compliance.

| Allocation Segments | Market Value | Allocation |
|---|---|---|
| Domestic Equity | 143,321,708 | 56.2 |
| Global Equity | 4,363,763 | 1.7 |
| Domestic Fixed Income | 74,989,706 | 29.4 |
| Real Estate | 26,857,000 | 10.5 |
| Cash Equivalent | 5,342,603 | 2.1 |
| International Fixed Income | - | 0.0 |

| Allocation | Market Value | Allocation |
|---|---|---|
| Inverness Balanced | 115,122,714 | 45.2 |
| GHA Equity | 35,596,701 | 14.0 |
| Rhumbline Equity | 24,121,769 | 9.5 |
| Eagle Equity | 20,436,739 | 8.0 |
| Intercontinental Real Estate | 17,943,000 | 7.0 |
| Wells Fargo Equity | 14,663,061 | 5.8 |
| GHA Fixed | 13,705,244 | 5.4 |
| American Realty | 8,914,000 | 3.5 |
| EnTrustPermal | 4,363,763 | 1.7 |
| Snow Capital Equity | 7,789 | 0.0 |
| Israeli Bonds | - | 0.0 |

OPEN BOARD DISCUSSION
No discussion ensued.

MEETING ADJOURNED
There being no further business, the meeting was adjourned at 12:16 PM.

Respectfully submitted,

C. Marano, Secretary

APPROVED:

D. Strauss, Chairman