

# **A G E N D A**

A regular meeting of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund to be held at Waxahachie Fire Station No. 1, 407 Water Street, Waxahachie, Texas on ***Monday, May 13, 2019 at 8:30 a.m.***

BOARD MEMBERS: Gary Myers, Chairman  
Matt Dorsey, Vice Chairman  
Scott Safford, Secretary  
John Tillery  
Lee Statham  
David Hill, Councilmember  
Charles Harris, Finance Director

1. Call to Order
2. Consent Agenda

All matters listed under Item 2, Consent Agenda, are considered to be routine by the Board Members and will be enacted by one motion. Approval of the Consent Agenda authorizes the Chairman to execute all matters necessary to implement each item. Any item may be removed from the Consent Agenda for separate discussion and consideration by any Board Member.

- a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of April 8, 2019
  - b. Annuity checks for FR&R Retirees and other disbursements for the month of June 2019
3. Hear First Quarter Report 2019 from Graystone Consulting and take any necessary action
4. Hear report on CPG Remediation and take any necessary action
5. Hear overview of Service Team – Graystone Austin and Graystone Tampa – and take any necessary action
6. Consider Waxahachie Firemen's Relief and Retirement Fund Financial Statement for year ended September 30, 2018
7. Consider invoice from Yeldell, Wilson, Wood & Reeve, P.C. for final billing on the September 30, 2018 Financial Statement
8. Discuss changing the benefit formula and take any necessary action
9. Set next meeting date and time of Firemen's Relief and Retirement Fund Board
10. Adjourn

**The Waxahachie Firemen's Relief and Retirement Fund reserves the right to go into Executive Session on any posted item.**

This meeting location is wheelchair-accessible. Parking for mobility impaired persons is available. Any request for sign interpretive services must be made forty-eight hours ahead of the meeting. To make arrangements, call the City Secretary at 469-309-4005 or (TDD) 1-800-RELAY TX

## ***Notice of Potential Quorum***

***One or more members of the Waxahachie City Council may be present at this meeting  
No action will be taken by the City Council at this meeting***

Firemen's Relief & Retirement Fund  
April 8, 2019

(2a)

A regular meeting of the Board of Trustees of the Waxahachie Firemen's Relief and Retirement Fund was held at Waxahachie Fire Station No. 1, 407 Water Street, Waxahachie, Texas on Monday, April 8, 2019 at 8:30 a.m.

Members Present: Gary Myers, Chairman  
Matt Dorsey, Vice Chairman  
Scott Safford, Secretary  
Lee Statham  
David Hill, Councilmember

Members Absent: John Tillery  
Charles Harris, Finance Director

Others Present: Amber Villarreal, Assistant City Secretary

**1. Call to Order**

Chairman Gary Myers called the meeting to order.

**2. Consent Agenda**

- a. Minutes of the regular Firemen's Relief & Retirement Fund meeting of March 11, 2019
- b. Annuity checks for FR&R Retirees and other disbursements for the month of May 2019

**Action:**

*Vice Chairman Matt Dorsey moved to approve items a. and b. on the Consent Agenda. Mr. Lee Statham seconded, All Ayes.*

**3. Hear First Quarter Report 2019 from Tim Sharpe, Graystone Consulting, and take any necessary action**

Chairman Myers announced Mr. Sharpe will present the quarterly report at the May meeting.

**4. Consider invoice for Helen Duval, CPA**

Chairman Myers presented an invoice for Helen Duval, CPA for annual report

**Action:**

*Vice Chairman Matt Dorsey moved to approve payment for an invoice for Helen Duval, CPA. Mr. Lee Statham seconded, All Ayes.*

**5. Consider invoice for Retirement Horizons Incorporated**

Chairman Myers presented an invoice for Retirement Horizons Incorporated for Actuary and GASB. Vice Chairman Matt Dorsey asked if the city is paying a portion of the invoice or reimbursing the fund for the GASB analysis required by the city. Chairman Myers noted he would check with the city's finance department.

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**Action:**

*Vice Chairman Matt Dorsey moved to approve an invoice for Retirement Horizons Incorporated. Secretary Scott Safford seconded, All Ayes.*

**6. Discuss changing the benefit formula and take any necessary action**

The board continued discussion of this item to the next meeting.

**7. Set next meeting date and time of Firemen's Relief and Retirement Fund Board**

The Firemen's Relief and Retirement Board set their next meeting for Monday, May 13, 2019.

**8. Adjourn**

There being no further business, the meeting adjourned at 8:35 a.m.

Respectfully submitted,

Amber Villarreal  
Assistant City Secretary

# MEMORANDUM

(2b)

TO: FR&R Board Members  
FROM: Lori Cartwright, City Secretary  
DATE: May 13, 2019  
SUBJECT: ANNUITY CHECKS

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Please approve the annuity checks for the month of June for the following retirees:

Mrs. James Gilley	Widow Benefits
Alan Morgan	Disability
Jimmy Turner	Service Retirement
John Olin Turner	Service Retirement
Mike Slay	Service Retirement
(Sharon Cobb QDRO Payment)	
John Tillery	Service Retirement
Loyde Junkin	Service Retirement
Don Fuller	Service Retirement
Billy Bratcher	Service Retirement
Larry Evans	Service Retirement
Dwayne Williams	Service Retirement
Don Bennett	Service Retirement
Terry Kuykendall	Service Retirement
Steve Hamilton	Service Retirement
(Denise Hamilton QDRO payment)	
Sam Lewis	Service Retirement
John Chenault	Service Retirement
Rusty Ogletree	Service Retirement
Jeff Sport	Service Retirement
Paul Carrington	Service Retirement
(Carol Nunn QDRO payment)	
Randy Johnston	Service Retirement
Terry Skipper	Service Retirement
Jeff Alexander	Service Retirement
(Lisa Warren QDRO payment)	
James Irvin	Service Retirement
(Lori Irvin QDRO payment)	
David Len Crow	Service Retirement
Randy Muirhead	Service Retirement
Jerry Sykes	Service Retirement
Don Alexander	Service Retirement
Dennis Crecelious	Service Retirement

**TOTAL**

**\$80,662.87**

(3)

# **Waxahachie Firemen's Relief & Retirement Fund**

**Quarterly Report**  
**March 31, 2019**

**Graystone  
Consulting™**

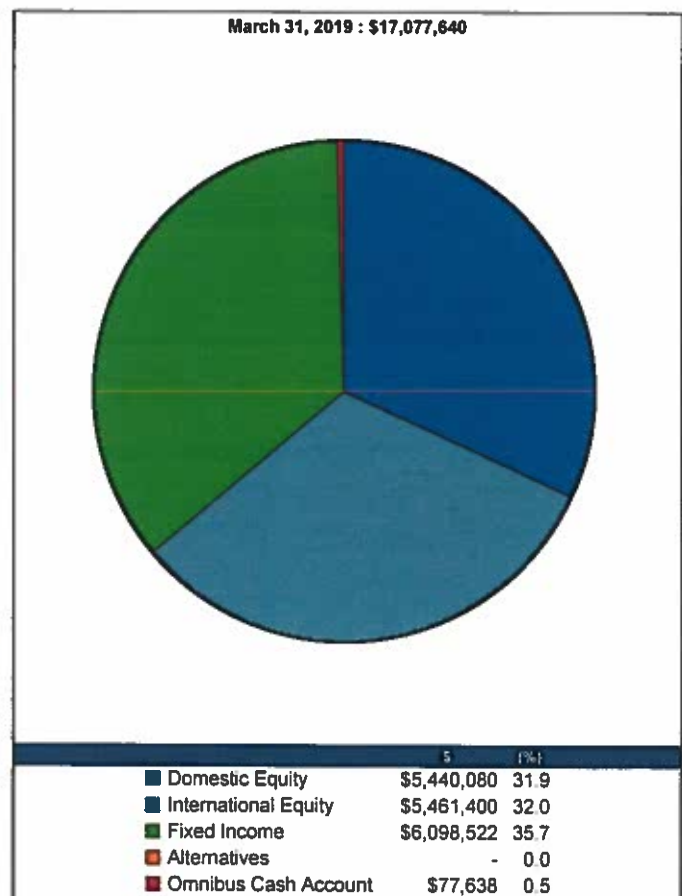
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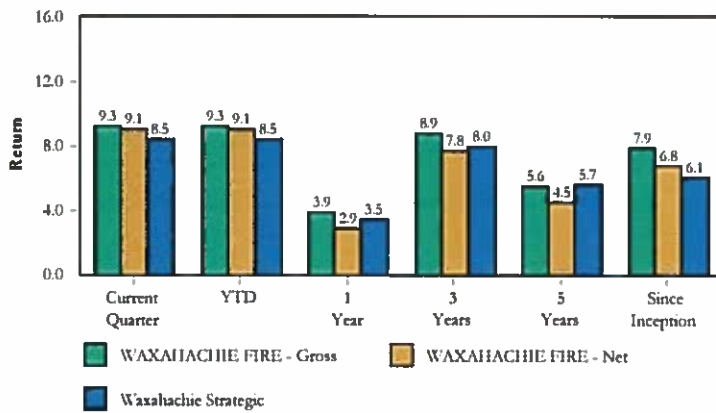
**Waxahachie Firemen's Relief & Retirement Fund**  
**Balances & Asset Allocation**  
**As of March 31, 2019**

	Total Fund	%
<b>Domestic Equity</b>	<b>\$5,440,080</b>	<b>31.9</b>
Polen Capital Management - LCG	\$1,560,787	9.1
Vanguard Index Fund - LCG	\$506,161	3.0
Delaware Domestic LCV	\$1,775,779	10.4
Vanguard Index Fund - LCV	\$175,480	1.0
Great Lakes - SMID Cap Core	\$1,421,872	8.3
<b>International Equity</b>	<b>\$5,461,400</b>	<b>32.0</b>
WCM Invest Mgmt - Focused Growth Intl	\$1,781,187	10.4
Delaware International LCV	\$1,664,244	9.7
Victory Trivalent - Intl SMID	\$849,076	5.0
Driehaus - EM	\$1,166,894	6.8
<b>Fixed Income</b>	<b>\$6,098,522</b>	<b>35.7</b>
Federated Investors Fixed Income	\$2,088,596	12.2
Blackstone BREIF II	\$2,047,180	12.0
Blackrock Strategic Income	\$1,962,746	11.5
<b>Alternatives</b>	<b>-</b>	<b>0.0</b>
CPG Vintage	-	0.0
<b>Omnibus Cash Account</b>	<b>\$77,638</b>	<b>0.5</b>
<b>WAXAHACHIE FIREMEN'S</b>	<b>\$17,077,640</b>	<b>100.0</b>

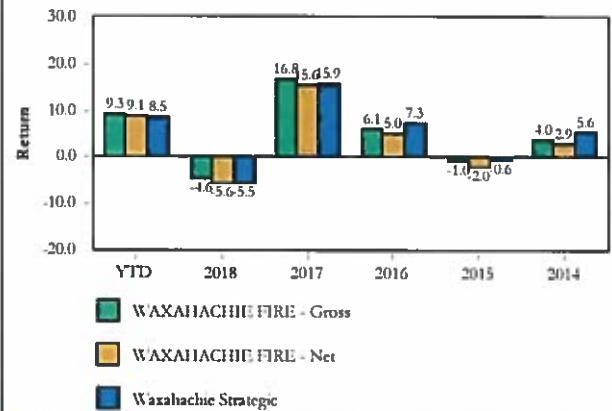


### Waxahachie Firemen's Relief & Retirement Fund

#### Total Fund Performance

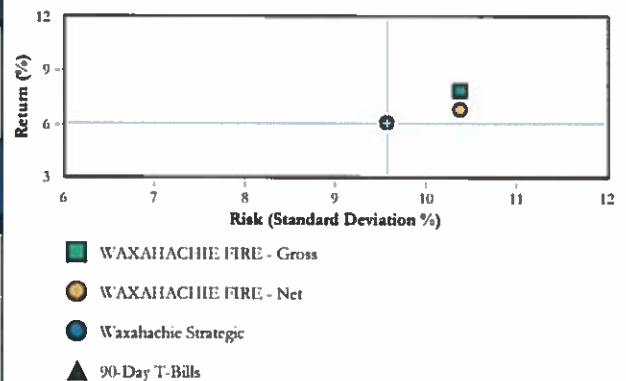


#### Calendar Year Performance



	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
WAXAHACHIE FIRE - Gross	9.30	9.30	3.88	8.86	5.58	7.95	3/31/04
WAXAHACHIE FIRE - Net	9.05	9.05	2.86	7.76	4.51	6.79	3/31/04
Waxahachie Strategic	8.49	8.49	3.50	7.98	5.65	6.11	3/31/04

#### Risk/Return Analysis Since Inception



	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception
WAXAHACHIE FIREMEN'S						
Beginning Market Value	15,850.66	15,850.66	16,627.25	13,472.38	13,302.24	4,646.8
Net Contributions	-192.31	-192.31	-13.44	212.85	518.19	2,888.9
Gain/Loss	1,456.57	1,456.57	627.38	3,863.65	4,008.64	11,129.7
Ending Market Value	17,077.64	17,077.64	17,077.64	17,077.64	17,077.64	17,077.6



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# Waxahachie Firemen's Relief & Retirement Fund

As of March 31, 2019

	Allocation		Performance(%)							
	Market Value (\$000)	%	Current Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>WAXAHACHIE FIREMEN'S</b>	17,077.64	100.00	9.05	9.05	2.86	7.76	4.51	9.09	6.79	03/31/2004
Waxahachie Strategic Benchmark			8.49	8.49	3.50	7.98	5.65	10.17	6.12	
<b>Omnibus Cash Account</b>	77.64	0.45								
90-Day T-Bills			0.60	0.60	2.11	1.17	0.72	0.41	1.29	
<b>Domestic Equity</b>	5,440.08	31.85	13.03	13.03	10.43	13.11	8.02	15.23	7.75	03/31/2004
Russell 3000			14.04	14.04	8.77	13.48	10.35	16.00	8.68	
<b>Polen Capital Management - LCG</b>	1,560.79	9.14	16.78	16.78	22.21	N/A	N/A	N/A	22.21	04/01/2018
Russell 1000 Gr			16.10	16.10	12.75	N/A	N/A	N/A	12.75	
<b>Vanguard Index Fund - LCG</b>	506.16	2.96	16.58	16.58	10.85	N/A	N/A	N/A	10.02	12/01/2017
Russell 1000 Gr			16.10	16.10	12.75	N/A	N/A	N/A	11.29	
<b>Delaware Domestic LCV</b>	1,775.78	10.40	9.56	9.56	8.33	10.77	8.51	14.48	8.15	04/01/2004
Russell 1000 VL			11.93	11.93	5.67	10.45	7.72	14.52	7.63	
<b>Vanguard Index Fund - LCV</b>	175.48	1.03	10.32	10.32	6.31	N/A	N/A	N/A	4.30	12/01/2017
Russell 1000 VL			11.93	11.93	5.67	N/A	N/A	N/A	3.14	
<b>Great Lakes - SMID Cap Core</b>	1,421.87	8.33	12.60	12.60	2.01	11.49	N/A	N/A	7.37	07/01/2015
Russell 2500			15.82	15.82	4.48	12.56	N/A	N/A	7.83	
<b>International Equity</b>	5,161.10	31.98	11.70	11.70	-1.54	7.61	2.17	7.30	4.75	03/31/2004
MSCI AC World ex US Net			10.31	10.31	-4.07	8.09	2.57	8.85	5.64	
<b>WCM Invest Mgmt - Focused Growth Intl</b>	1,781.19	10.43	14.19	14.19	4.07	N/A	N/A	N/A	10.72	10/01/2016
MSCI EAFE Gr Net			12.04	12.04	-1.07	N/A	N/A	N/A	7.19	
<b>Delaware International LCV</b>	1,664.24	9.75	9.63	9.63	-1.42	6.14	2.24	7.73	4.95	04/01/2004
MSCI EAFE VL Net			7.92	7.92	-6.03	6.90	0.67	8.12	4.46	
<b>Victory Trivalent - Intl SMID</b>	849.08	4.97	12.24	12.24	N/A	N/A	N/A	N/A	-11.59	06/01/2018
MSCI ACWI x USA SMID Net			10.25	10.25	N/A	N/A	N/A	N/A	-8.22	

All returns shown time weighted net of fees

Graystone  
Consulting

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# Waxahachie Firemen's Relief & Retirement Fund

As of March 31, 2019

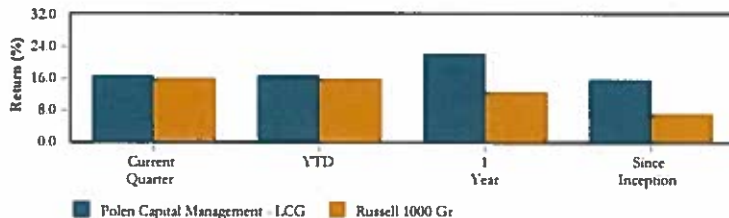
	Allocation		Performance(%)							
	Market Value (\$000)	%	Current Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
<b>Driehaus - EM</b>	<b>1,166.89</b>	<b>6.83</b>	<b>10.59</b>	<b>10.59</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>-4.98</b>	<b>06/01/2018</b>
MSCI EM Net			9.92	9.92	N/A	N/A	N/A	N/A	-3.58	
<b>Fixed Income</b>	<b>6,498.52</b>	<b>35.71</b>	<b>3.59</b>	<b>3.59</b>	<b>3.99</b>	<b>4.38</b>	<b>2.68</b>	<b>2.97</b>	<b>3.12</b>	<b>03/31/2004</b>
Barclays Aggregate			2.94	2.94	4.48	2.03	2.74	3.77	3.90	
<b>Federated Investors Fixed Income</b>	<b>2,088.60</b>	<b>12.23</b>	<b>3.33</b>	<b>3.33</b>	<b>4.22</b>	<b>2.07</b>	<b>2.34</b>	<b>N/A</b>	<b>2.48</b>	<b>11/01/2010</b>
Barclays Aggregate			2.94	2.94	4.48	2.03	2.74	N/A	2.81	
<b>Blackstone BREIF II</b>	<b>2,047.18</b>	<b>11.99</b>	<b>5.22</b>	<b>5.22</b>	<b>6.54</b>	<b>7.64</b>	<b>N/A</b>	<b>N/A</b>	<b>4.67</b>	<b>07/01/2014</b>
Barclays Aggregate			2.94	2.94	4.48	2.03	N/A	N/A	2.45	
<b>Blackrock Strategic Income</b>	<b>1,962.75</b>	<b>11.49</b>	<b>2.20</b>	<b>2.20</b>	<b>0.80</b>	<b>2.93</b>	<b>N/A</b>	<b>N/A</b>	<b>3.05</b>	<b>03/01/2016</b>
Barclays Aggregate			2.94	2.94	4.48	2.03	N/A	N/A	2.28	
<b>Alternatives</b>	<b>-</b>	<b>0.00</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>03/01/2018</b>
<b>CPG Vintage</b>	<b>-</b>	<b>0.00</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>05/01/2018</b>
Absolute Return 11%			2.64	2.64	N/A	N/A	N/A	N/A	10.04	

All returns shown time weighted net of fees

# Polen Capital Management - LCG

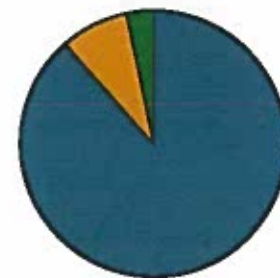
As of 03/31/19

## Portfolio Performance (%)



## Asset Allocation (\$000)

March 31, 2019 : \$1,561



## Asset Growth (\$000)

	Current Quarter	YTD	1 Year	Since Inception	Inception Date
Polen Capital Management - LCG	16.78	16.78	22.21	15.67	03/16/2018
Russell 1000 Gr	16.10	16.10	12.75	7.22	03/16/2018

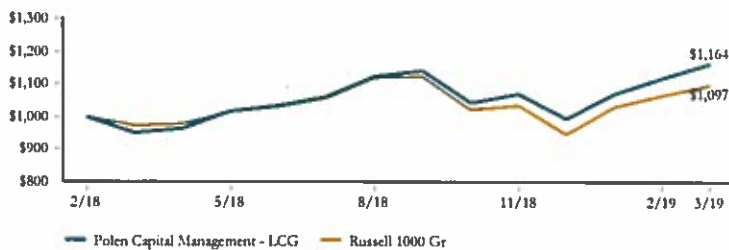
  

	Current Quarter	YTD	1 Year	Since Inception	Inception Date
Polen Capital Management - LCG	1,433	1,433	1,518	1,595	03/16/2018
Beginning Market Value	-100	-100	-260	-260	
Net Contributions	-5	-5	-21	-21	
Fees/Expenses	3	3	12	13	
Income	229	229	311	235	
Gain/Loss	1,561	1,561	1,561	1,561	
Ending Market Value					

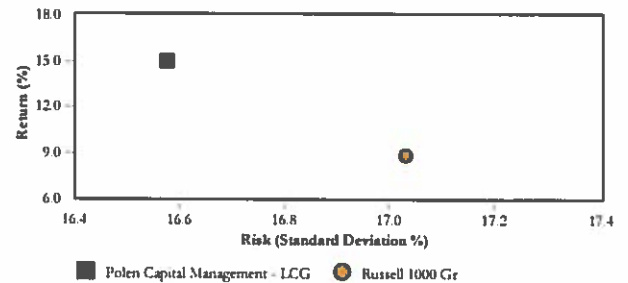
## Portfolio Characteristics vs. Russell 1000 Gr Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Polen Capital Management - LCG	0.95	6.15	0.95	0.81	03/16/2018

## Growth of a Dollar (\$000)



## Risk/Return Analysis Since 03/18

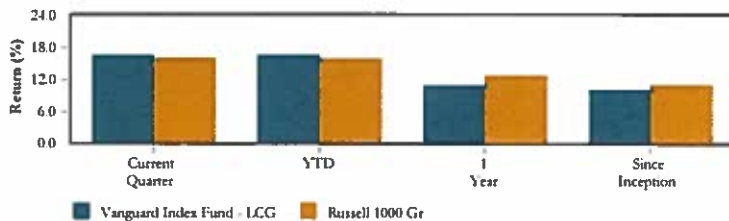


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## Vanguard Index Fund - LCG

As of 03/31/19

## Portfolio Performance (%)

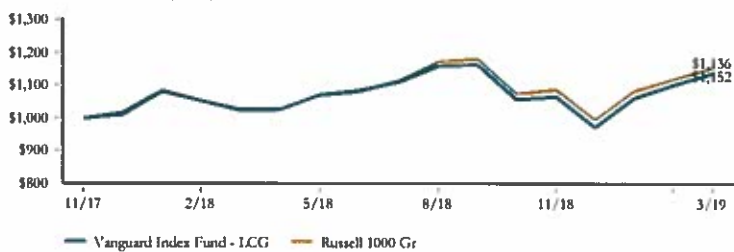


	Current Quarter	YTD	1 Year	Since Inception	Inception Date
Vanguard Index Fund - LCG	16.58	16.58	10.85	10.02	12/01/2017
Russell 1000 Gr	16.10	16.10	12.75	11.29	12/01/2017

## Asset Growth (\$000)

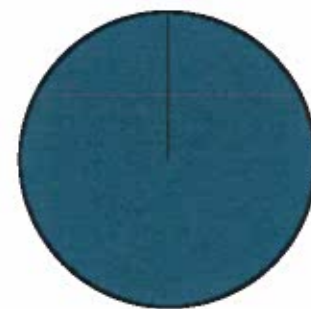
	Current Quarter	YTD	1 Year	Since Inception	Inception Date
Vanguard Index Fund - LCG					12/01/2017
Beginning Market Value	433	433	492	463	
Net Contributions	1	1	-37	-20	
Fees/Expenses	-1	-1	-3	-4	
Income	-	-	5	7	
Gain/Loss	73	73	51	60	
Ending Market Value	506	506	506	506	

## Growth of a Dollar (\$000)



## Asset Allocation (\$000)

March 31, 2019 : \$506

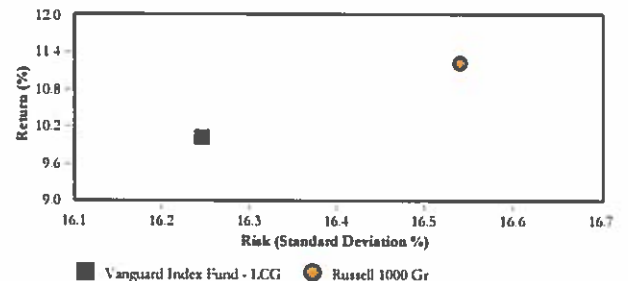


Segments	Market Value (\$000)	Allocation (%)
Domestic Equity	506.16	100.00

## Portfolio Characteristics vs. Russell 1000 Gr Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Vanguard Index Fund - LCG	0.98	-0.88	0.99	0.56	12/01/2017

## Risk/Return Analysis Since 12/17

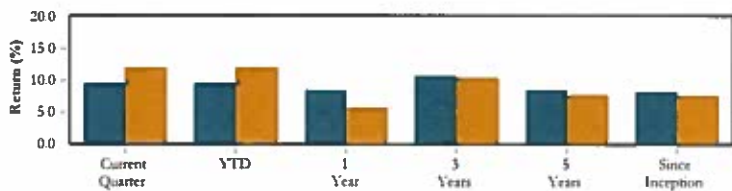


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## Delaware Domestic LCV

As of 03/31/19

## Portfolio Performance (%)



## Asset Allocation (\$000)

March 31, 2019 : \$1,776



## Asset Growth (\$000)

	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Delaware Domestic LCV	9.56	9.56	8.33	10.77	8.51	8.15	04/01/2004
Russell 1000 VL	11.93	11.93	5.67	10.45	7.72	7.63	04/01/2004

	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Delaware Domestic LCV	1,660	1,660	1,823	2,031	2,024	748	04/01/2004
Beginning Market Value	-40	-40	-191	-884	-1,088	-1,045	
Net Contributions	-5	-5	-20	-70	-119	-266	
Fees/Expenses	12	12	44	151	259	633	
Income	149	149	119	548	701	1,706	
Gain/Loss	1,776	1,776	1,776	1,776	1,776	1,776	
Ending Market Value							

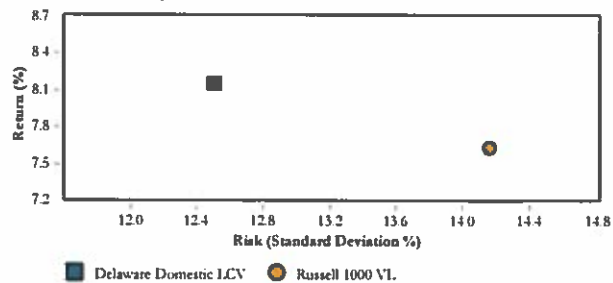
## Portfolio Characteristics vs. Russell 1000 VL Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Delaware Domestic LCV	0.84	1.62	0.90	0.59	04/01/2004

## Growth of a Dollar (\$000)



## Risk/Return Analysis Since 04/04

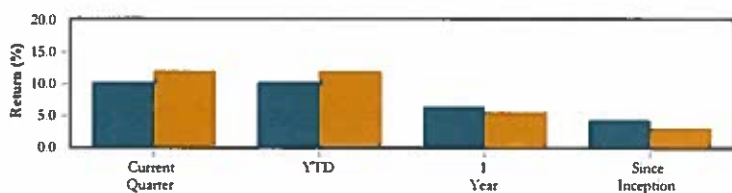


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## Vanguard Index Fund - LCV

As of 03/31/19

### Portfolio Performance (%)

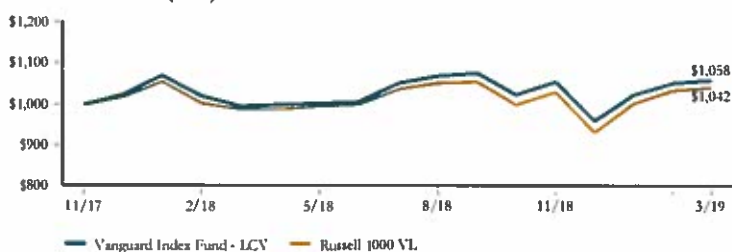


	Current Quarter	YTD	1 Year	Since Inception	Inception Date
Vanguard Index Fund - LCV	10.32	10.32	6.31	4.30	12/01/2017
Russell 1000 VL	11.93	11.93	5.67	3.14	12/01/2017

### Asset Growth (\$000)

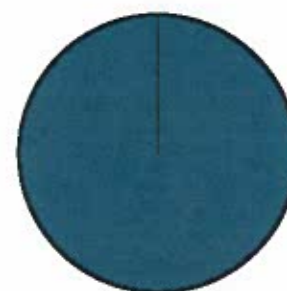
	Current Quarter	YTD	1 Year	Since Inception	Inception Date
Vanguard Index Fund - LCV					12/01/2017
Beginning Market Value	178	178	205	185	
Net Contributions	-20	-20	-40	-20	
Fees/Expenses	-	-	-1	-2	
Income	-	-	4	6	
Gain/Loss	17	17	8	6	
Ending Market Value	175	175	175	175	

### Growth of a Dollar (\$000)



### Asset Allocation (\$000)

March 31, 2019 : \$175

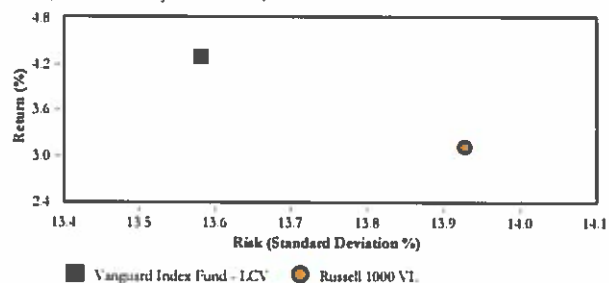


Segments	Market Value (\$000)	Allocation (%)
Domestic Equity	175.44	99.98
Cash Equivalent	0.04	0.02

### Portfolio Characteristics vs. Russell 1000 VL Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Vanguard Index Fund - LCV	0.97	1.23	0.99	0.24	12/01/2017

### Risk/Return Analysis Since 12/17

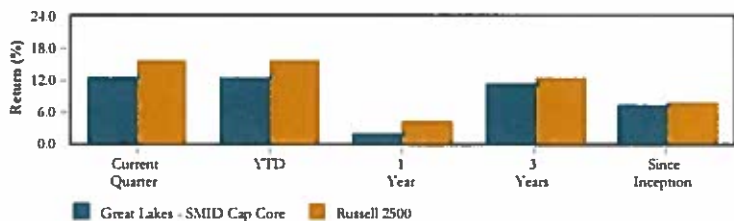


(3)

## Great Lakes - SMID Cap Core

As of 03/31/19

## Portfolio Performance (%)



## Asset Allocation (\$000)

March 31, 2019 : \$1,422



Segments	Market Value (\$000)	Allocation (%)
Domestic Equity	1,258.19	88.49
International Equity	71.14	5.00
Alternative Investment	80.49	5.66
Cash Equivalent	12.05	0.85

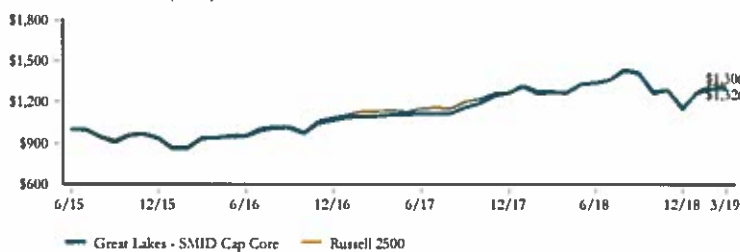
## Asset Growth (\$000)

	Current Quarter	YTD	1 Year	3 Years	Since Inception	Inception Date
Great Lakes - SMID Cap Core	1,314	1,314	1,480	1,554	1,623	07/01/2015
Beginning Market Value	-55	-55	-87	-692	-672	
Net Contributions	-4	-4	-18	-60	-72	
Fees/Expenses	5	5	20	71	90	
Income	161	161	27	549	452	
Gain/Loss	1,422	1,422	1,422	1,422	1,422	
Ending Market Value						

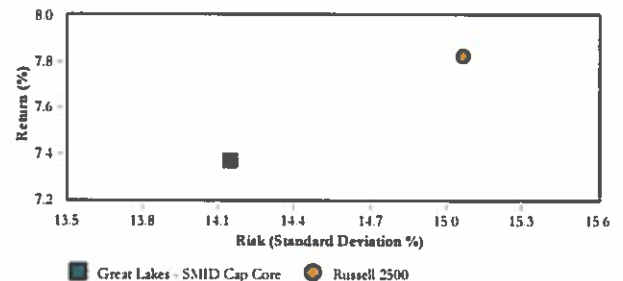
## Portfolio Characteristics vs. Russell 2500 Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Great Lakes - SMID Cap Core	0.92	0.14	0.96	0.51	07/01/2015

## Growth of a Dollar (\$000)



## Risk/Return Analysis Since 07/15

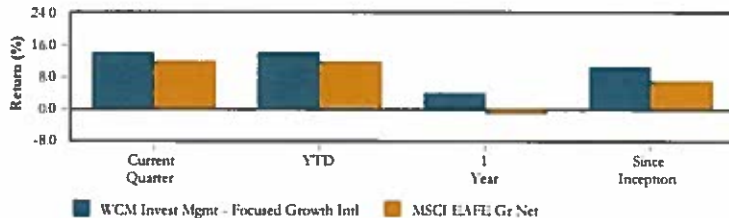


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## WCM Invest Mgmt - Focused Growth Intl

As of 03/31/19

## Portfolio Performance (%)

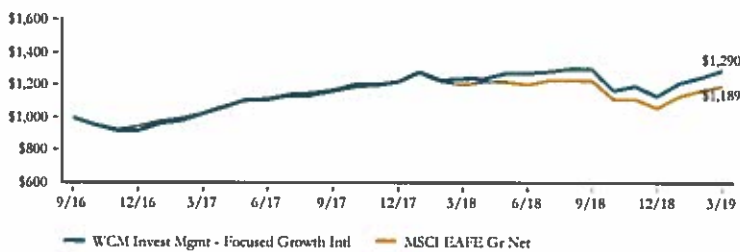


	Current Quarter	YTD	1 Year	Since Inception	Inception Date
WCM Invest Mgmt - Focused Growth Intl	14.19	14.19	4.07	10.72	10/01/2016
MSCI EAFE Gr Net	12.04	12.04	-1.07	7.19	10/01/2016

## Asset Growth (\$000)

	Current Quarter	YTD	1 Year	Since Inception	Inception Date
WCM Invest Mgmt - Focused Growth Intl					10/01/2016
Beginning Market Value	1,560	1,560	2,006	1,454	
Net Contributions	-	-	-300	-98	
Fees/Expenses	-5	-5	-25	-59	
Income	3	3	40	71	
Gain/Loss	224	224	60	413	
Ending Market Value	1,781	1,781	1,781	1,781	

## Growth of a Dollar (\$000)



## Asset Allocation (\$000)

March 31, 2019 : \$1,781

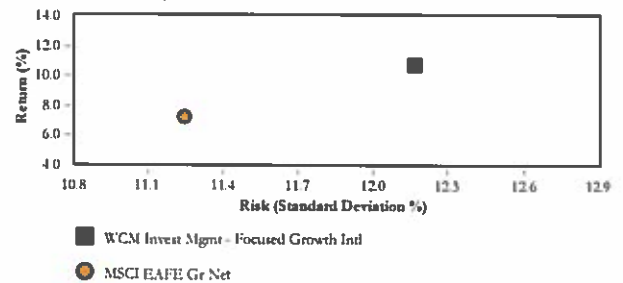


Segments	Market Value (\$000)	Allocation (%)
Domestic Equity	119.22	6.69
International Equity	1,581.62	88.80
Cash Equivalent	80.35	4.51

## Portfolio Characteristics vs. MSCI EAFE Gr Net Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
WCM Invest Mgmt - Focused Growth Intl	1.01	3.35	0.88	0.79	10/01/2016

## Risk/Return Analysis Since 10/16



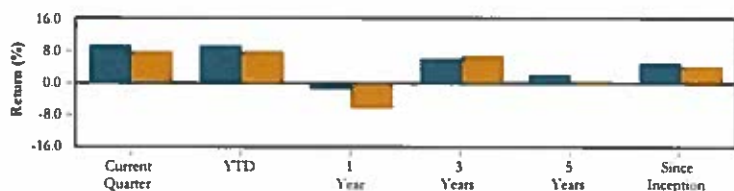


(3)

## Delaware International LCV

As of 03/31/19

## Portfolio Performance (%)



	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Delaware International LCV	9.63	9.63	-1.42	6.14	2.24	4.95	04/01/2004
MSCI EAFE VI Net	7.92	7.92	-6.03	6.90	0.67	4.46	04/01/2004

## Asset Growth (\$000)

	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Delaware International LCV							04/01/2004
Beginning Market Value	1,518	1,518	1,934	1,395	1,509	538	
Net Contributions	-	-	-250	-7	-24	293	
Fees/Expenses	-4	-4	-19	-53	-86	-228	
Income	6	6	61	151	235	692	
Gain/Loss	144	144	-63	179	30	369	
Ending Market Value	1,664	1,664	1,664	1,664	1,664	1,664	

## Growth of a Dollar (\$000)



## Asset Allocation (\$000)

March 31, 2019 : \$1,664

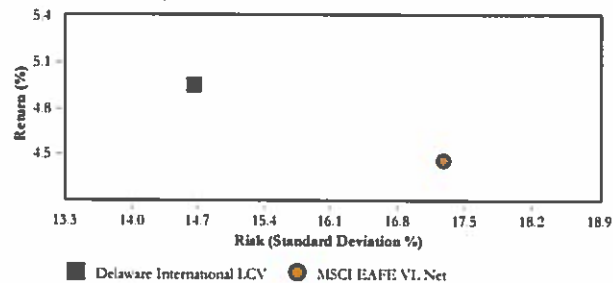


Segments	Market Value (\$000)	Allocation (%)
International Equity	1,638.60	98.46
Cash Equivalent	25.64	1.54

## Portfolio Characteristics vs. MSCI EAFE Net Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Delaware International LCV	0.86	0.45	0.92	0.32	04/01/2004

## Risk/Return Analysis Since 04/04

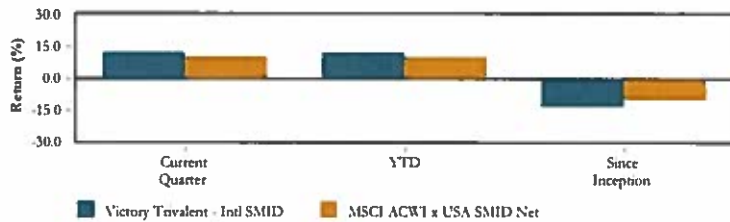


(3)

# Victory Trivalent - Intl SMID

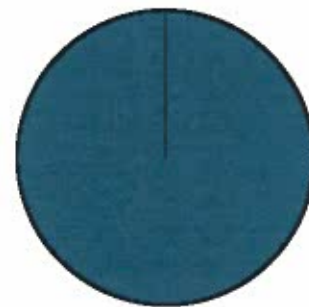
As of 03/31/19

## Portfolio Performance (%)



## Asset Allocation (\$000)

March 31, 2019 : \$849



## Asset Growth (\$000)

	Current Quarter	YTD	Since Inception	Inception Date
Victory Trivalent - Intl SMID	12.24	12.24	-13.29	05/18/2018
MSCI ACWI x USA SMID Net	10.25	10.25	-9.48	05/18/2018

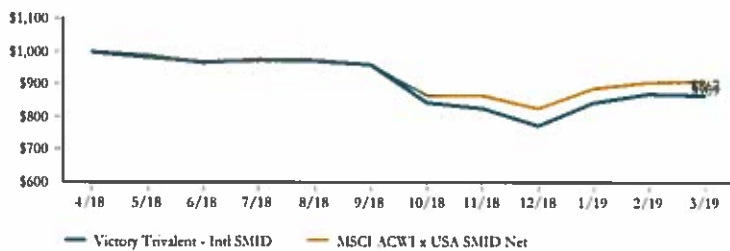
  

	Current Quarter	YTD	Since Inception	Inception Date
Victory Trivalent - Intl SMID	755	755	831	05/18/2018
Beginning Market Value	755	755	831	05/18/2018
Net Contributions	1	1	128	
Fees/Expenses	-1	-1	-5	
Income	-	-	25	
Gain/Loss	94	94	-130	
Ending Market Value	849	849	849	

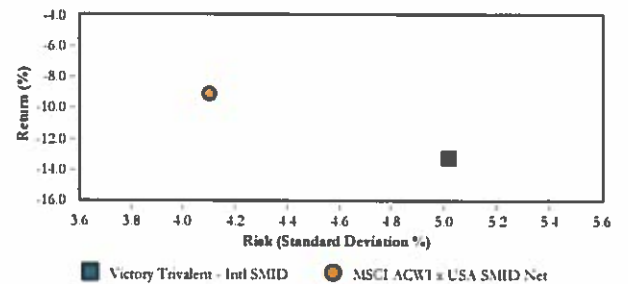
## Portfolio Characteristics vs. MSCI ACWI x USA SMID Net Since

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Victory Trivalent - Intl SMID	1.20	-0.22	0.96	-0.27	05/18/2018

## Growth of a Dollar (\$000)



## Risk/Return Analysis Since 05/18



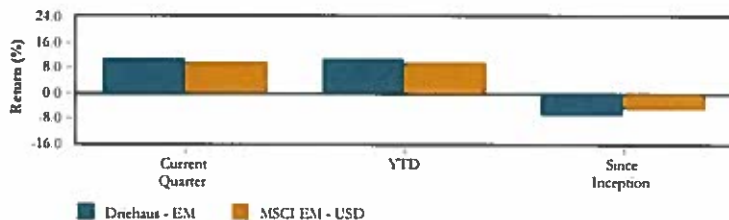
Graystone Consulting

(3)

## Drehaus - EM

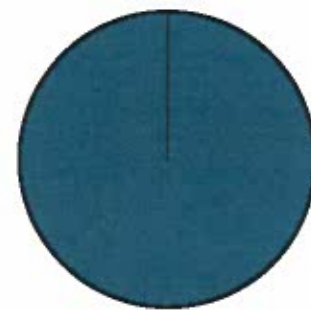
As of 03/31/19

## Portfolio Performance (%)



## Asset Allocation (\$000)

March 31, 2019 : \$1,167



## Asset Growth (\$000)

	Current Quarter	YTD	Since Inception	Inception Date
Drehaus - EM	10.59	10.39	-6.28	05/21/2018
MSCI EM - USD	9.95	9.95	-4.58	05/21/2018
Beginning Market Value	1,053	1,053	1,239	
Net Contributions	2	2	5	
Fees/Expenses	-2	-2	-6	
Income	-	-	46	
Gain/Loss	113	113	118	
Ending Market Value	1,167	1,167	1,167	

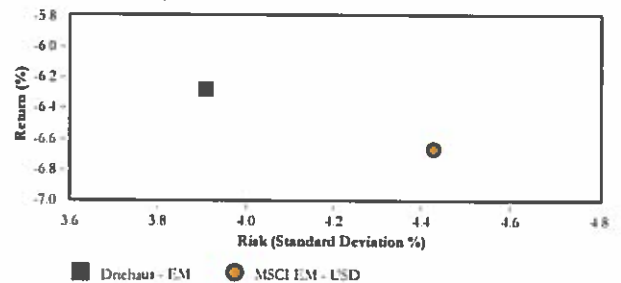
## Portfolio Characteristics vs. MSCI EM - USD Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Drehaus - EM	0.86	-0.06	0.95	-0.18	05/21/2018

## Growth of a Dollar (\$000)



## Risk/Return Analysis Since 05/18

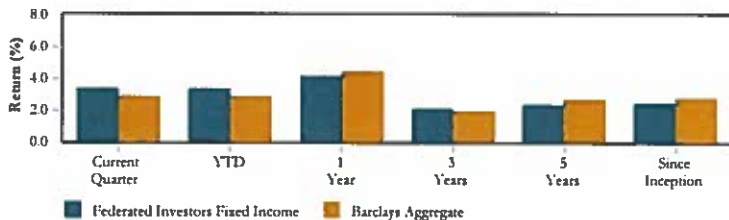


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## Federated Investors Fixed Income

As of 03/31/19

### Portfolio Performance (%)

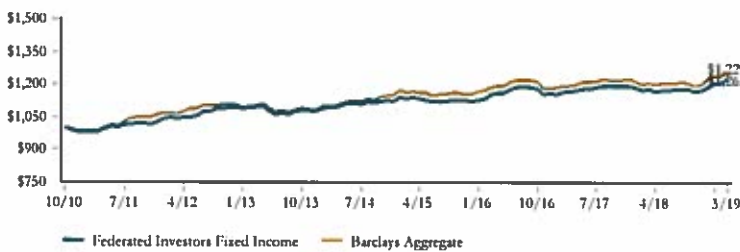


	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Federated Investors Fixed Income	3.33	3.33	4.22	2.07	2.34	2.48	11/01/2010
Barclays Aggregate	2.94	2.94	4.48	2.03	2.74	2.81	11/01/2010

### Asset Growth (\$000)

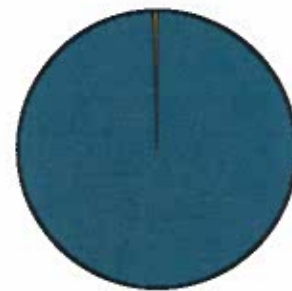
	Current Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	Inception Date
Federated Investors Fixed Income							11/01/2010
Beginning Market Value	2,021	2,021	2,004	1,449	4,049	2,518	
Net Contributions	-	-	-	523	2,189	958	
Fees/Expenses	5	5	18	47	80	180	
Income	16	16	58	123	216	559	
Gain/Loss	56	56	44	40	93	150	
Ending Market Value	2,089	2,089	2,089	2,089	2,089	2,089	

### Growth of a Dollar (\$000)



### Asset Allocation (\$000)

March 31, 2019 : \$2,089

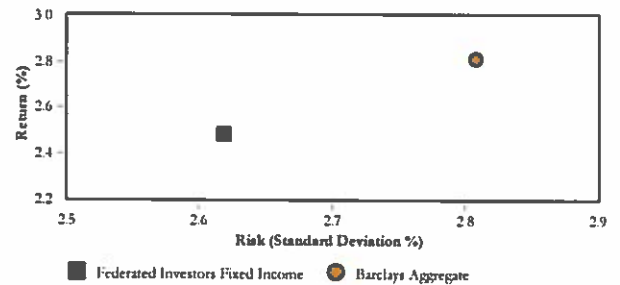


Segments	Market Value (\$000)	Allocation (%)
Domestic Fixed Income	2,079.39	99.56
Cash Equivalent	9.20	0.44

### Portfolio Characteristics vs. Barclays Aggregate Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Federated Investors Fixed Income	0.86	0.07	0.85	0.78	11/01/2010

### Risk/Return Analysis Since 11/10

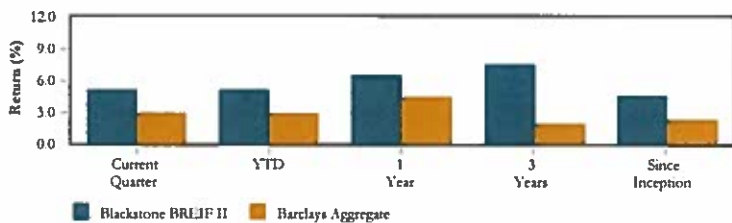


(13)

## Blackstone BREIF II

As of 03/31/19

## Portfolio Performance (%)

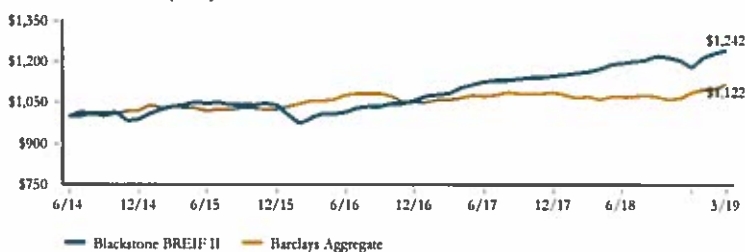


	Current Quarter	YTD	1 Year	3 Years	Since Inception	Inception Date
Blackstone BREIF II	5.22	5.22	6.54	7.64	4.67	07/01/2014
Barclays Aggregate	2.94	2.94	4.48	2.03	2.45	07/01/2014

## Asset Growth (\$000)

	Current Quarter	YTD	1 Year	3 Years	Since Inception	Inception Date
Blackstone BREIF II						07/01/2014
Beginning Market Value	1,942	1,942	1,846	1,555	1,389	
Net Contributions	3	3	78	100	281	
Fees/Expenses	-3	-3	-13	-35	-53	
Income	-	-	-	-	-	
Gain/Loss	105	105	136	427	431	
Ending Market Value	2,047	2,047	2,047	2,047	2,047	

## Growth of a Dollar (\$000)



## Asset Allocation (\$000)

March 31, 2019 : \$2,047

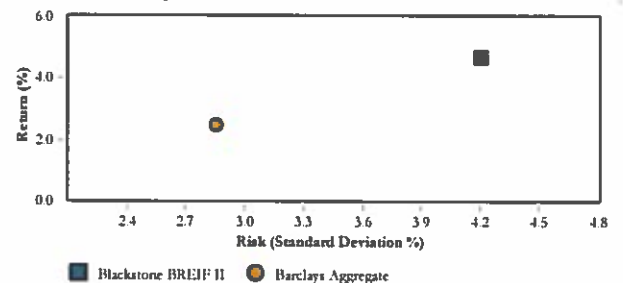


Segments	Market Value (\$000)	Allocation (%)
Alternative Investment	2,047.18	100.00

## Portfolio Characteristics vs. Barclays Aggregate Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Blackstone BREIF II	-0.11	5.06	0.01	0.93	07/01/2014

## Risk/Return Analysis Since 07/14

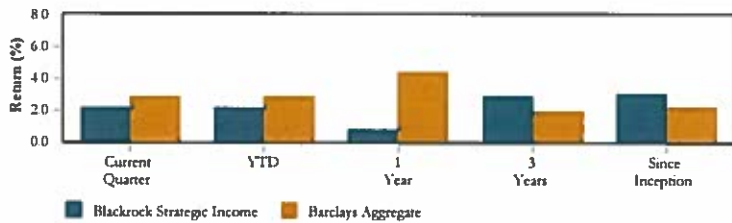


(13)

## Blackrock Strategic Income

As of 03/31/19

### Portfolio Performance (%)

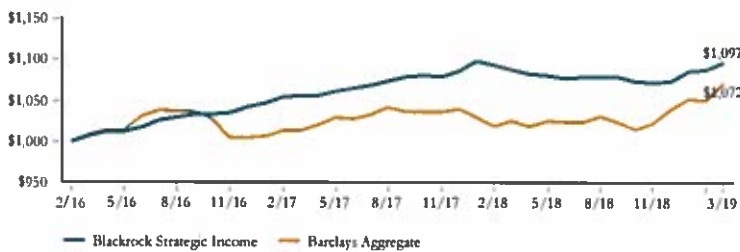


	Current Quarter	YTD	1 Year	3 Years	Since Inception	Inception Date
Blackrock Strategic Income	2.20	2.20	0.80	2.93	3.05	03/01/2016
Barclays Aggregate	2.94	2.94	4.48	2.03	2.28	03/01/2016

### Asset Growth (\$000)

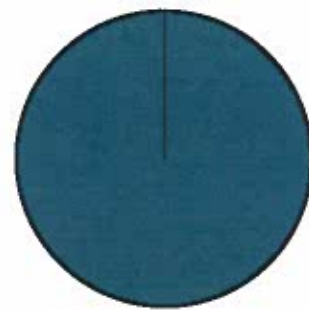
	Current Quarter	YTD	1 Year	3 Years	Since Inception	Inception Date
Blackrock Strategic Income						03/01/2016
Beginning Market Value	1,917	1,917	1,934	1,327	1,319	
Net Contributions	3	3	13	503	503	
Fees/Expenses	-3	-3	-13	-33	-33	
Income	15	15	61	162	164	
Gain/Loss	30	30	-33	4	9	
Ending Market Value	1,963	1,963	1,963	1,963	1,963	

### Growth of a Dollar (\$000)



### Asset Allocation (\$000)

March 31, 2019 : \$1,963

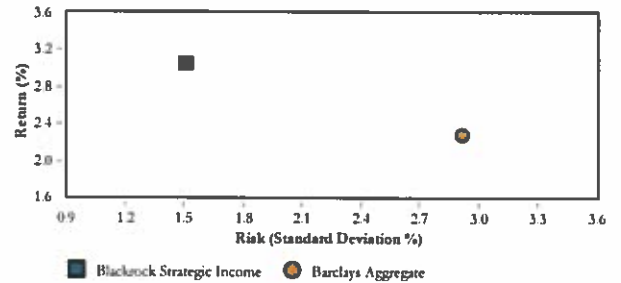


Segments	Market Value (\$000)	Allocation (%)
Alternative Investment	1,962.75	100.00

### Portfolio Characteristics vs. Barclays Aggregate Since Inception

	Beta	Alpha	R-Squared	Sharpe Ratio	Inception Date
Blackrock Strategic Income	0.16	2.69	0.09	1.19	03/01/2016

### Risk/Return Analysis Since 03/16



(3)

## Performance Appendix

Performance Data below is net of fees. Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.

Portfolio Name	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
Blackrock Strategic Income	2.20	2.20	0.80	2.93	--	--	2.95	02/01/2016
Blackstone BREIF II	5.22	5.22	6.54	7.64	--	--	4.67	07/01/2014
CPG Vintage	--	--	--	--	--	--	--	05/01/2018
Delaware Domestic LCV	9.56	9.56	8.33	10.77	8.51	14.48	8.20	03/01/2004
Delaware International LCV	9.63	9.63	-1.42	6.14	2.24	7.73	5.00	03/01/2004
Driehaus - EM	10.59	10.59	--	--	--	--	-6.28	05/01/2018
Federated Investors Fixed Income	3.33	3.33	4.22	2.07	2.34	--	2.42	10/01/2010
Great Lakes - SMID Cap Core	12.60	12.60	2.01	11.49	--	--	6.55	06/01/2015
Omnibus Cash Account	1.38	1.38	3.36	1.60	0.96	53.72	34.19	03/01/2004
Polen Capital Management - LCG	16.78	16.78	22.21	--	--	--	15.02	03/01/2018
Vanguard Index Fund - LCG	16.58	16.58	10.85	--	--	--	9.41	11/01/2017
Vanguard Index Fund - LCV	10.32	10.32	6.31	--	--	--	4.04	11/01/2017
Victory Trivalent - Intl SMID	12.24	12.24	--	--	--	--	-13.29	05/01/2018
WCM Invest Mgmt - Focused Growth Intl	14.19	14.19	4.07	--	--	--	10.14	09/01/2016

## IRR Appendix

Portfolio Name	QTD	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception	Inception Date
CPG Vintage	N/A	N/A	--	--	--	--	N/A	03/09/2018

### Glossary of Terms

**Active Contribution Return:** The gain or loss percentage of an investment relative to the performance of the investment benchmark.

**Active Exposure:** The percentage difference in weight of the portfolio compared to its policy benchmark.

**Active Return:** Arithmetic difference between the manager's return and the benchmark's return over a specified time period.

**Actual Correlation:** A measure of the correlation (linear dependence) between two variables X and Y, with a value between +1 and -1 inclusive. This is also referred to as coefficient of correlation.

**Alpha:** A measure of a portfolio's time weighted return in excess of the market's return, both adjusted for risk. A positive alpha indicates that the portfolio outperformed the market on a risk-adjusted basis, and a negative alpha indicates the portfolio did worse than the market.

**Best Quarter:** The highest quarterly return for a certain time period

**Beta:** A measure of the sensitivity of a portfolio's time weighted return (net of fees) against that of the market. A beta greater than 1.00 indicates volatility greater than the market.

**Consistency:** The percentage of quarters that a product achieved a rate of return higher than that of its benchmark. The higher the consistency figure, the more value a manager has contributed to the product's performance.

**Care:** Refers to an investment strategy mandate that is blend of growth and value styles without a pronounced tilt toward either style.

**Cumulative Selection Return (Cumulative Return):** Cumulative investment performance over a specified period of time.

**Distribution Rate:** The most recent distribution paid, annualized, and then divided by the current market price. Distribution rate may consist of investment income, short-term capital gains, long-term capital gains,

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and/or return of capital.

**Down Market Capture:** The ratio of average portfolio returns over the benchmark during periods of negative benchmark return. Lower values indicate better product performance.

**Downside Risk:** A measure similar to standard deviation, but focuses only on the negative movements of the return series. It is calculated by taking the standard deviation of the negative quarterly set of returns. The higher the value, the more risk the product has.

**Downside Semi Deviation:** A statistical calculation that measures the volatility of returns below a minimum acceptable return. This return measure isolates the negative portion of volatility: the larger the number, the greater the volatility.

**Drawdown:** A drawdown is the peak-to-trough decline during a specific period of an investment, fund or commodity.

**Excess over Benchmark:** The percentage gain or loss of an investment relative to the investment's benchmark.

**Excess Return:** Arithmetic difference between the manager's return and the risk-free return over a specified time period.

**Growth:** A diversified investment strategy which includes investment selections that have capital appreciation as the primary goal, with little or no dividend payouts. These strategies can include reinvestment in expansion, acquisitions, and/or research and development opportunities.

**Growth of Dollar:** The aggregate amount an investment has gained or lost over a certain time period, also referred to as Cumulative Return, stated in terms of the amount to which an initial dollar investment would have grown over the given time period.

**Investment Decision Process (IDP):** A model for structuring the investment process and implementing the correct attribution methodologies. The IDP includes every decision made concerning the division of the assets under management over the various asset categories. To analyze each decision's contribution to the total return, a modeling approach must measure the marginal value of every individual decision. In this respect, the hierarchy of the decisions becomes very important. We therefore use the IDP model, which serves as a proper foundation for registering the decisions and relating them to each other.

**Information Ratio:** Measured by dividing the active rate of return by the tracking error. The higher the Information Ratio, the more value-added contribution by the manager.

**Jensen's Alpha:** The Jensen's alpha measure is a risk-adjusted performance measure that represents the average return on a portfolio or investment above or below that predicted by the capital asset pricing model (CAPM) given the portfolio's or investment's beta and the average market return. This metric is also commonly referred to as alpha.

**Kurtosis:** A statistical measure that is used to describe the distribution, or skewness, of observed data around the mean, sometimes referred to as the volatility of volatility.

**Maximum Drawdown:** The drawdown is defined as the percent retrenchment from a fund's peak to the fund's trough value. It is in effect from the time the fund's retrenchment begins until a new fund high is reached. The maximum drawdown encompasses both the period from the fund's peak to the fund's valley

(length), and the time from the fund's valley to a new fund high (recovery). It measures the largest percentage drawdown that has occurred in any fund's data record.

**Modern Portfolio Theory (MPT):** An investment analysis theory on how risk-averse investors can construct portfolios to optimize or maximize expected return based on a given level of market risk, emphasizing that risk is an inherent part of higher reward.

**Mutual Fund (MF):** An investment program funded by shareholders that trade in diversified holdings and is professionally managed.

**Peer Group:** A combination of funds that share the same investment style combined as a group for comparison purposes.

**Peer/ Plan Sponsor Universe:** A combination of asset pools of total plan investments by specific sponsor and plan types for comparison purposes.

**Performance Ineligible Assets:** Performance returns are not calculated for certain assets because accurate valuations and transaction data for these assets are not processed or maintained by us. Common examples of these include life insurance, some annuities and some assets held externally.

**Performance Statistics:** A generic term for various measures of investment performance measurement terms.

**Portfolio Characteristics:** A generic term for various measures of investment portfolio characteristics.

**Preferred Return:** A term used in the private equity (PE) world, and also referred to as a "Hurdle Rate." It refers to the threshold return that the limited partners of a private equity fund must receive, prior to the PE firm receiving its carried interest or "carry."

**Ratio of Cumulative Wealth:** A defined ratio of the Cumulative Return of the portfolio divided by the Cumulative Return of the benchmark for a certain time period.

**Regression Based Analysis:** A statistical process for estimating the relationships among variables. It includes many techniques for modeling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables.

**Residual Correlation:** Within returns-based style analysis, residual correlation refers to the portion of a strategy's return pattern that cannot be explained by its correlation to the asset-class benchmarks to which it is being compared.

**Return:** A rate of investment performance for the specified period.

**Rolling Percentile Ranking:** A measure of an investment portfolio's ranking versus a peer group for a specific rolling time period (i.e. Last 3 Years, Last 5 years, etc.).

**R-Squared:** The percentage of a portfolio's performance explained by the behavior of the appropriate benchmark. High R-Squared means a higher correlation of the portfolio's performance to the appropriate benchmark.

**SA/CF (Separate Account/Comingled Fund):** Represents an acronym for Separate Account and Comingled Fund investment vehicles.

**Sector Benchmark:** A market index that serves as a proxy for a sector within an asset class.

**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 the absolute rate of return per unit of risk. The higher the value, the better the product's historical risk-adjusted performance results in.



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**Standard Deviation:** A statistical measure of the range of a portfolio's performance, the variability of a return around its average return over a specified time period.

**Total Fund Benchmark:** The policy benchmark for a complete asset pool that could consist of multiple investment mandates.

**Total Fund Composite:** The aggregate of multiple portfolios within an asset pool or household.

**Tracking Error:** A measure of standard deviation for a portfolio's investment performance, relative to the performance of an appropriate market benchmark.

**Treynor Ratio:** A ratio that divides the excess return (above the risk free rate) by the portfolio's beta to arrive at a unified measure of risk adjusted return. It is generally used to rank portfolios, funds and benchmarks. A higher ratio is indicative of higher returns per unit of market risk. This measurement can help determine if the portfolio is reaching its goal of increasing returns while managing market risk.

**Up Market Capture:** The ratio of average portfolio returns over the benchmark during periods of positive benchmark return. Higher values indicate better product performance.

**Upside Semi Deviation:** A statistical calculation that measures the volatility of returns above an acceptable return. This return measure isolates the positive portion of volatility: the larger the number, the greater the volatility.

**Value:** A diversified investment strategy that includes investment selections which tend to trade at a lower price relative to its dividends, earnings, and sales. Common attributes are stocks that include high dividend, low price-to-book ratio, and/or low price-to-earnings ratio.

**Worst Quarter:** The lowest rolling quarterly return for a certain time period.

#### Information Disclosures

*Performance results are annualized for time periods greater than one year and include all cash and cash equivalents, realized and unrealized capital gains and losses, and dividends, interest and income. The investment results depicted herein represent historical performance. As a result of recent market activity, current performance may vary from the figures shown. Past performance is not a guarantee of future results.*

*Please see the Morgan Stanley Smith Barney LLC Form ADV Part 2 Brochure for advisory accounts and/or any applicable brokerage account trade confirmation statements for a full disclosure of the applicable charges, fees and expenses. Your Financial Advisor will provide those documents to you upon request.*

*Benchmark indices and blends included in this material are for informational purposes only, are provided solely as a comparison tool and may not reflect the underlying composition and/or investment objective(s) associated with the account(s). Indices are unmanaged and not available for direct investment. Index returns do not take into account fees or other charges. Such fees and charges would reduce performance.*

*The performance data shown reflects past performance, which does not guarantee future results. Investment return and principal will fluctuate so that an investor's shares when redeemed may be worth more or less than original cost. Please note, current performance may be higher or lower than the performance data shown. For up to date month-end performance information, please contact your*

*Financial Advisor or visit the funds' company website.*

*Investors should carefully consider the fund's investment objectives, risks, charges and expenses before investing. The prospectus and, if available the summary prospectus, contains this and other information that should be read carefully before investing. Investors should review the information in the prospectus carefully. To obtain a prospectus, please contact your Financial Advisor or visit the funds' company website.*

Past performance is no guarantee of future results.

Investing involves market risk, including possible loss of principal. Growth investing does not guarantee a profit or eliminate risk. The stocks of these companies can have relatively high valuations. Because of these high valuations, an investment in a growth stock can be more risky than an investment in a company with more modest growth expectations. Value investing involves the risk that the market may not recognize that securities are undervalued and they may not appreciate as anticipated. Small and mid-capitalization companies may lack the financial resources, product diversification and competitive strengths of larger companies. The securities of small capitalization companies may not trade as readily as, and be subject to higher volatility than those of larger, more established companies. Bond funds and bond holdings have the same interest rate, inflation and credit risks that are associated with the underlying bonds owned by the funds. The return of principal in bond funds, and in funds with significant bond holdings, is not guaranteed. International securities' prices may carry additional risks, including foreign economic, political, monetary and/or legal factors, changing currency exchange rates, foreign taxes and differences in financial and accounting standards. International investing may not be for everyone. These risks may be magnified in emerging markets. Alternative investments, including private equity funds, real estate funds, hedge funds, managed futures funds, and funds of hedge funds, private equity, and managed futures funds, are speculative and entail significant risks that can include losses due to leveraging or other speculative investment practices, lack of liquidity, volatility of returns, restrictions on transferring interests in a fund, potential lack of diversification, absence and/or delay of information regarding valuations and pricing, complex tax structures and delays in tax reporting, less regulation and higher fees than mutual funds and risks associated with the operations, personnel and processes of the advisor. Master Limited Partnerships (MLPs) are limited partnerships or limited liability companies that are taxed as partnerships and whose interests (limited partnership units or limited liability company units) are traded on securities exchanges like shares of common stock. Currently, most MLPs operate in the energy, natural resources or real estate sectors. Investments in MLP interests are subject to the risks generally applicable to companies in the energy and natural resources sectors, including commodity pricing risk, supply and demand risk, depletion risk and exploration risk, and MLP interests in the real estate sector are subject to special risks, including interest rate and property value fluctuations, as well as risks related to general and economic conditions. Because of their narrow focus, MLPs maintain exposure to price volatility of commodities and/or underlying assets and tend to be more volatile than investments that diversify across many sectors and companies. MLPs are also subject to additional risks including: investors having limited control and rights to vote on matters affecting the MLP, limited access to capital, cash flow risk, lack of liquidity, dilution risk, conflict of interests, and limited call rights related to acquisitions.

Mortgage backed securities also involve prepayment risk, in that faster or slower prepayments than expected on underlying mortgage loans can dramatically alter the yield-to-maturity of a mortgage-backed security and prepayment risk includes the possibility that a fund may invest the proceeds at generally lower interest rates.

Tax managed funds may not meet their objective of being tax-efficient.

Real estate investments are subject to special risks, including interest rate and property value fluctuations.

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as well as risks related to general and economic conditions. High yield fixed income securities, also known as "junk bonds", are considered speculative, involve greater risk of default and tend to be more volatile than investment grade fixed income securities.

Credit quality is a measure of a bond issuer's creditworthiness, or ability to repay interest and principal to bondholders in a timely manner. The credit ratings shown are based on security rating as provided by Standard & Poor's, Moody's and/or Fitch, as applicable. Credit ratings are issued by the rating agencies for the underlying securities in the fund and not the fund itself, and the credit quality of the securities in the fund does not represent the stability or safety of the fund. Credit ratings shown range from AAA, being the highest, to D, being the lowest based on S&P and Fitch's classification (the equivalent of Aaa and C, respectively, by Moody's). Ratings of BBB or higher by S&P and Fitch (Baa or higher by Moody's) are considered to be investment grade-quality securities. If two or more of the agencies have assigned different ratings to a security, the highest rating is applied. Securities that are not rated by all three agencies are listed as "NR".

"Alpha tilt strategies comprise a core holding of stocks that mimic a benchmark type index such as the S&P 500 to which additional securities are added to help tilt the fund toward potentially outperforming the market in an effort to enhance overall investment returns. Tilt strategies are subject to significant timing risk and could potentially expose investors to extended periods of underperformance."

**Custom Account Index:** The Custom Account Index is an investment benchmark based on your historical target allocations and/or manager selection that you may use to evaluate the performance of your account. The Custom Account index does take into consideration certain changes that may have occurred in your portfolio since the inception of your account, i.e., asset class and/or manager changes. However, in some circumstances, it may not be an appropriate benchmark for use with your specific account composition. For detailed report of the historical composition of this blend please contact your Financial Advisor.

#### Peer Groups

Peer Groups are a collection of similar investment strategies that essentially group investment products that share the same investment approach. Peer Groups are used for comparison purposes to compare and illustrate a client's investment portfolio versus its peer across various quantitative metrics like performance and risk. Peer Group comparison is conceptually another form of benchmark comparison whereby the actual investment can be ranked versus its peer across various quantitative metrics.

All Peer Group data are provided by Investment Metrics, LLC.

The URL below provides all the definitions and methodology about the various Peer Groups

<https://www.invmetrics.com/style-peer-groups>

#### Peer Group Ranking Methodology

A percentile rank denotes the value of a product in which a certain percent of observations fall within a peer group. The range of percentile rankings is between 1 and 100, where 1 represents a high statistical value and 100 represents a low statistical value.

The 30th percentile, for example, is the value in which 30% of the highest observations may be found, the 65th percentile is the value in which 65% of the highest observations may be found, and so on.

Percentile rankings are calculated based on a normalized distribution ranging from 1 to 100 for all products in each peer group, where a ranking of 1 denotes a high statistical value and a ranking of 100 denotes a low

statistical value. It is important to note that the same ranking methodology applies to all statistics, implying that a ranking of 1 will always mean highest value across all statistics.

For example, consider a risk/return assessment using standard deviation as a measure of risk. A percentile ranking equal to 1 for return denotes highest return, whereas a percentile ranking of 1 for standard deviation denotes highest risk among peers.

In addition, values may be used to demonstrate quartile rankings. For example, the third quartile is also known as the 75th percentile, and the median is the 50th percentile.

#### Alternatives

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Alternatives may be either traditional alternative investment vehicles or non-traditional alternative strategy vehicles. Traditional alternative investment vehicles may include, but are not limited to, Hedge Funds, Fund of Funds (both registered and unregistered), Exchange Funds, Private Equity Funds, Private Credit Funds, Real Estate Funds, and Managed Futures Funds. Non-traditional alternative strategy vehicles may include, but are not limited to, Open or Closed End Mutual Funds, Exchange-Traded and Closed-End Funds, Unit Investment Trusts, exchange listed Real Estate Investment Trusts (REITs), and Master Limited Partnerships (MLPs). These non-traditional alternative strategy vehicles also seek alternative-like exposure but have significant differences from traditional alternative investment vehicles. Non-traditional alternative strategy vehicles may behave like, have characteristics of, or employ various investment strategies and techniques for both hedging and more speculative purposes such as short-selling, leverage, derivatives, and options, which can increase volatility and the risk of investment loss. Characteristics such as correlation to traditional markets, investment strategy, and market sector exposure can play a role in the classification of a traditional security being classified as alternative.

Traditional alternative investment vehicles are illiquid and usually are not valued daily. The estimated

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valuation provided will be as of the most recent date available and will be included in summaries of your assets. Such valuation may not be the most recent provided by the fund in which you are invested. No representation is made that the valuation is a market value or that the interest could be liquidated at this value. We are not required to take any action with respect to your investment unless valid instructions are received from you in a timely manner. Some positions reflected herein may not represent interests in the fund, but rather redemption proceeds withheld by the issuer pending final valuations which are not subject to the investment performance of the fund and may or may not accrue interest for the length of the withholding. Morgan Stanley does not engage in an independent valuation of your alternative investment assets. Morgan Stanley provides periodic information to you including the market value of an alternative investment vehicle based on information received from the management entity of the alternative investment vehicle or another service provider.

Traditional alternative investment vehicles often are speculative and include a high degree of risk. Investors should carefully review and consider potential risks before investing. Certain of these risks may include but are not limited to: • Loss of all or a substantial portion of the investment due to leveraging, short-selling, or other speculative practices; • Lack of liquidity in that there may be no secondary market for a fund; • Volatility of returns; • Restrictions on transferring interests in a fund; • Potential lack of diversification and resulting higher risk due to concentration of trading authority when a single advisor is utilized; • Absence of information regarding valuations and pricing; • Complex tax structures and delays in tax reporting; • Less regulation and higher fees than mutual funds; and • Risks associated with the operations, personnel, and processes of the manager. As a diversified global financial services firm, Morgan Stanley Wealth Management engages in a broad spectrum of activities including financial advisory services, investment management activities, sponsoring and managing private investment funds, engaging in broker-dealer transactions and principal securities, commodities and foreign exchange transactions, research publication, and other activities. In the ordinary course of its business, Morgan Stanley Wealth Management therefore engages in activities where Morgan Stanley Wealth Management's interests may conflict with the interests of its clients, including the private investment funds it manages. Morgan Stanley Wealth Management can give no assurance that conflicts of interest will be resolved in favor of its clients or any such fund.

Indices are unmanaged and investors cannot directly invest in them. Composite index results are shown for illustrative purposes and do not represent the performance of a specific investment. Past performance is no guarantee of future results. Actual results may vary. Diversification does not assure a profit or protect against loss in a declining market. Any performance or related information presented has not been adjusted to reflect the impact of the additional fees paid to a placement agent by an investor (for Morgan Stanley placement clients, a one-time upfront Placement Fee of up to 3%, and for Morgan Stanley investment advisory clients, an annual advisory fee of up to 2.5%), which would result in a substantial reduction in the returns if such fees were incorporated.

For most investment advisory clients, the program account will be charged an asset-based wrap fee every quarter ("the Fee"). In general, the Fee covers investment advisory services and reporting. In addition to the Fee, clients will pay the fees and expenses of any funds in which their account is invested. Fund fees and expenses are charged directly to the pool of assets the fund invests in and impact the valuations. Clients must understand that these fees and expenses are an additional cost and will not be included in the Fee amount in the account statements.

As fees are deducted quarterly, the compounding effect will be to increase the impact of the fees by an amount directly related to the gross account performance. For example, for an account with an initial value of \$100,000 and a 2.5% annual fee, if the gross performance is 5% per year over a three year period, the compounding effect of the fees will result in a net annual compound rate of return of approximately 2.40% per year over a three year period, and the total value of the client's portfolio at the end of the three year period would be approximately \$115,762.50 without the fees and \$107,372.63 with the fees. Please see the applicable Morgan Stanley Smith Barney LLC Form ADV Part 2A for more information including a description of the fee schedule. It is available at [www.morganstanley.com/ADV](http://www.morganstanley.com/ADV) <<http://www.morganstanley.com/ADV>> or from your Financial Advisor/Private Wealth Advisor.

Alternative investments involve complex tax structures, tax inefficient investing, and delays in distributing

important tax information. Individual funds have specific risks related to their investment programs that will vary from fund to fund. Clients should consult their own tax and legal advisors as Morgan Stanley does not provide tax or legal advice. Interests in alternative investment products are offered pursuant to the terms of the applicable offering memorandum, are distributed by Morgan Stanley Smith Barney LLC and certain of its affiliates, and (1) are not FDIC-insured, (2) are not deposits or other obligations of Morgan Stanley or any of its affiliates, (3) are not guaranteed by Morgan Stanley and its affiliates, and (4) involve investment risks, including possible loss of principal. Morgan Stanley Smith Barney LLC is a registered broker-dealer, not a bank.

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#### Money Market Funds

You could lose money in Money Market Funds. Although MMFs classified as government funds (i.e., MMFs that invest 99.5% of total assets in cash and/or securities backed by the U.S. government) and retail funds (i.e., MMFs open to natural person investors only) seek to preserve value at \$1.00 per share, they cannot guarantee they will do so. The price of other MMFs will fluctuate and when you sell shares they may be worth more or less than originally paid. MMFs may impose a fee upon sale or temporarily suspend sales if liquidity falls below required minimums. During suspensions, shares would not be available for purchases, withdrawals, check writing or ATM debits. A MMF investment is not insured or guaranteed by the Federal Deposit Insurance Corporation or other government agency.

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Robert J. Mandel  
Managing Director  
Morgan Stanley Smith Barney LLC  
Head of Graystone Consulting  
2000 Westchester Avenue  
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914 225-5420  
Robert.J.Mandel@msgraystone.com

April 29, 2019

Dear Trustees:

I am writing to you about my late friend Tim Sharpe. I knew Tim for over 15 years and he was a colleague as well as a warm-hearted friend. I think back on our conversations over the years often not just about investment consulting, but also about loss of close family members flying, as we both had that in common. It was a very sad day over here when we heard the sudden death. I know Tim's passion for flying and if the worst had to happen, there is some sense that it happened when Tim was doing what he loved. He will be remembered and his family is in our thoughts.

In addition to Austin based Pam Dunn, Dan Sullivan and Jim Stoker whom you may have worked with, we have asked our largest and most experienced public retirement plan team, based in Tampa, to provide the consulting professionals, well over 100 years of institutional consulting experience, and approximately \$100 billion in public retirement plan assets under advisement, to help step in for Tim. I have no doubt you will be impressed with the entire team and I ask only that you give us the opportunity to prove it.

We will be contacting you shortly. In the interim, please do not hesitate to contact Pam Dunn for any questions (512) 469-3449.

Sincerely,



Robert Mandel  
Managing Director, Head of Graystone Consulting

Thanks. I will follow up with a hard copy tomorrow.

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Regards,

Pam

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**WAXAHACHIE FIREMEN'S RELIEF  
AND RETIREMENT FUND**

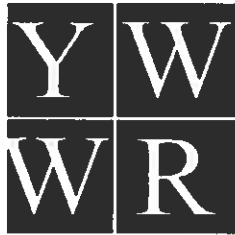
**FINANCIAL STATEMENTS**

**Year Ended September 30, 2018**

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**YELDELL, WILSON, WOOD & REEVE, P.C**

**CERTIFIED PUBLIC ACCOUNTANTS**

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA

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## **INDEPENDENT AUDITOR'S REPORT**

Board of Trustees of  
Waxahachie Firemen's Relief and Retirement Fund  
Waxahachie, Texas

We have audited the accompanying financial statements of Waxahachie Firemen's Relief and Retirement Fund, which comprise the statement of fiduciary net position as of September 30, 2018, and the related statement of changes in fiduciary net position for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

Plan management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risk of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal controls. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



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Board of Trustees of  
Waxahachie Firemen's Relief and Retirement Fund

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial status of Waxahachie Firemen's Relief and Retirement Fund as of September 30, 2018, and the changes in its financial status for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Other Matter**

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the net pension liability and investment returns information on pages 13-14 be presented to supplement the financial statements. Such information, although not part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provided any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the financial statements. Such missing information, although not required to be part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

*Yeldell, Wilson, Wood & Reeve, P.C.*

Yeldell, Wilson, Wood & Reeve, P.C.  
Certified Public Accountants

Ennis, Texas  
April 26, 2019

(6)

**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**September 30, 2018**

**ASSETS**

Cash and Cash Equivalents	\$ 406,804
Receivables:	
Accrued Interest Receivable	7,185
Investments, at Fair Value:	
Common Stocks	8,397,174
US Government and Government Agency Securities	277,699
Exchange Traded and Closed End Funds	714,693
Corporate Bonds	1,005,112
Mutual Funds	4,547,082
Alternate Investments	<u>2,072,290</u>
Total Investments	17,014,050
 Total Assets	 <u>17,428,039</u>

**LIABILITIES**

Total Liabilities	<u>-</u>
-------------------	----------

<b>NET POSITION RESTRICTED FOR PENSIONS</b>	<b><u>\$17,428,039</u></b>
---	----------------------------

The accompanying notes are an integral part of this statement.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**Year Ended September 30, 2018**

**ADDITIONS**

Contributions:	
Employer	\$ 688,260
Employee	532,528
	<u>1,220,788</u>
Investment income:	
Interest and dividends	410,704
Net appreciation (depreciation) in fair value of investments	1,106,399
	<u>1,517,103</u>
Total additions	<u>2,737,891</u>

**DEDUCTIONS**

Benefits paid to participants	937,342
Investment expenses	175,153
Administrative expenses	14,445
	<u>1,126,940</u>
Total deductions	<u>1,126,940</u>

NET INCREASE IN NET POSITION	1,610,951
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NET POSITION RESTRICTED FOR PENSIONS

BEGINNING OF YEAR	<u>15,817,088</u>
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END OF YEAR	<u><u>\$17,428,039</u></u>
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The accompanying notes are an integral part of this statement.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2018**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity/Overview of Plan**

The Waxahachie Firemen's Relief and Retirement Fund (the "Plan") is a single employer defined benefit plan, covering all firefighters of the City of Waxahachie, Texas. The current plan was adopted as amended and restated on January 1, 2016. The Plan is a local governmental plan and therefore is not subject to the Employee Retirement Income Security Act of 1974. The Waxahachie Firemen's Relief and Retirement Fund is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The Plan is administered by a Board of Trustees. The Board is made up of three members elected from and by the Plan members, two representatives of the City of Waxahachie, Texas, and two citizen members.

**B. Basis of Accounting**

The Plan's financial statements are prepared using the accrual basis of accounting and the economic resources measurement focus. Employee and employer contributions are recognized when due, pursuant to formal commitments. Benefits and refunds are recognized when due and payable in accordance with the plan provisions.

**C. Investments**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair value, which is determined by the Plan's custodian in consultation with the Plan's investment managers. When sold, the cost of common stock sold is determined on the average cost method. Realized and unrealized gains or losses are reflected in revenues.

**D. Estimates**

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires the plan to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

**E. Administrative Costs**

Costs of administering the Plan are paid from Plan assets.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2018**

**NOTE 2 - DESCRIPTION OF THE PLAN**

**A. Plan Membership**

Membership of the plan consisted of the following at September 30, 2018:

Retired members and their beneficiaries		31
Vested terminated members		2
Active members:		
Vested	6	
Nonvested	49	
Total active members		55
Total plan membership		88

**B. Pension Benefits**

A firefighter hired prior to July 1, 2005, may retire at age 50 with 20 years of service. A firefighter hired on or after July 1, 2005, may retire at age 55 with 20 years of service. A firefighter who qualifies for service retirement benefit receives a monthly retirement benefit equal to the sum of 2.6% of the firefighter's highest 60-month average salary multiplied by the lesser of (A) his years of service earned before July 1, 2018 (including fractions) or (B) 27 years; plus 2% of the firefighter's highest 60-month average salary, multiplied by the lesser of (A) his year of service (including fractions) earned on or after July 1, 2018, or (B) 27 years minus firefighter's years of service before January 1, 2018; plus 1.3% of the firefighter's highest 60-month average salary, multiplied by the whole years of service in excess of 27 years of service. A partial year of service will be given credit based on the number of whole months completed in excess of whole years.

**C. Death and Disability Benefits**

An active firefighter will qualify for a disability benefit if he becomes disabled (whether on-duty or off-duty) for either physical or mental reasons, as described in the plan document. Death benefits are also prescribed for spouses and dependent children of the firefighters. Upon the death of an active or terminated vested firefighter, a benefit is payable to his beneficiaries commencing on the first of the month following his death, as described in the plan document. Upon the death of a retiree or disabled firefighter, a benefit is payable to his beneficiaries commencing on the date of death, as described in the plan document.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2018**

**NOTE 2 - DESCRIPTION OF THE PLAN (continued)**

**D. Termination Benefit**

Upon a firefighter's termination, he is eligible for a deferred benefit. If a Firefighter was hired on or before August 1, 1997, and has completed at least ten (10) years of Service but is not eligible for service retirement under Section 2 at Termination of Service, he will receive a deferred monthly retirement benefit commencing at the later of (i) the end of the month of attaining age 50, or (ii) the end of the month in which the Firefighter Terminated Service. If a Firefighter was hired on or after August 1, 1997, but before July 1, 2005, and has completed at least ten (10) years of Service but is not eligible for service retirement under Section 2 at Termination of Service, he will be entitled to receive a deferred monthly retirement benefit commencing at the later of (i) the date he attains age 50, or (ii) the date the Firefighter would have had 20 years of Service but for his Termination of Service. If a Firefighter was hired on or after July 1, 2005, and has completed at least ten (10) years of Service, he will be entitled to receive a deferred monthly retirement benefit commencing at the end of the month following the later of (i) the date the Firefighter attains age 55, or (ii) the date the Firefighter would have had 20 years of Service but for his Termination of Service.

**NOTE 3 - CONTRIBUTIONS**

The Plan's minimum required contribution provisions are established under the authority of the Texas Local Fire Fighters' Retirement Act. Active members are required to contribute to the Fund a certain percentage of qualifying salary. The City is required to contribute at a rate that has been adopted by the Board. Changes in the members' or City's contribution rate requires a plan amendment. An actuarial valuation is performed every two years to be certain that Plan benefits and Plan contributions are in balance.

Each firefighter will make contributions of 12% of his total compensation. A firefighter's contributions shall be "picked up" by the City as permitted under Code §414(h), and excluded from the taxable income of the firefighter. The contributions "picked up" by the City shall continue to be considered as contributions by the firefighter for purposes of the relevant provisions of the fund. Any reduction in compensation of a firefighter corresponding to the firefighter's contribution being picked up by the City shall continue to be taken into consideration in determining the firefighter's highest 60-month average salary for purposes of relevant provisions of the fund.

The City will make contributions of the greater of 12% of each Firefighter's total Compensation or if the City agrees the same percentage of pay that the City contributes to the Texas Municipal Retirement System for other employees.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2018**

**NOTE 3 - CONTRIBUTIONS (continued)**

For the year ending September 30, 2018, the City contributed 15.52% of each active Plan member's annual compensation excluding lump sum distributions for accumulated sick leave or vacation. Members contribute to the fund at a rate of 12% of annual compensation excluding lump sum distributions for accumulated sick leave or vacation. The City's contributions for 2018 met the minimum funding requirements of TLFFRA.

**NOTE 4 - INVESTMENTS**

**A. Investment Policy**

The Plan's investment policy and asset class allocations are established by the Board of Trustees and may be amended by the Board of Trustees. The Board of Trustees establishes investment policies to pursue an investment strategy that reduces risk through prudent diversification of the portfolio across a broad selection of distinct asset classes. In making investment decisions, the Board of Trustees will exercise its responsibilities as a prudent body in conformance with all applicable statutes of the State of Texas and the Federal Government. The Board, as a fiduciary, must operate under an extremely high ethical standard and, therefore, must not enter into any action or transaction that would be in conflict or perceived to be in conflict with the best interests of the Fund. Investment custodians hold the Plan's investments.

**B. Investment Valuation and Income Recognition**

If available, quoted market prices are used to value investments. Corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. Investments in certain restricted common stocks are valued at the quoted market price of the issuer's unrestricted common stock less an appropriate discount. If quoted market price for unrestricted common stock of the issuer is not available, restricted common stocks are valued at a multiple of current earnings less an appropriate discount. The multiple chosen is consistent with multiples of similar companies based on current market prices.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation includes the plan's gains and losses on investments bought and sold as well as held during the year. Morgan Stanley Smith Barney, LLC serves as investment consultant to the Plan and as custodian of the Plan's investments.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2018**

**NOTE 4 - INVESTMENTS (continued)**

**C. Long-term Expected Return on Plan Assets**

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the latest actuarial valuation dated October 1, 2018 are summarized in the following table:

<u>Asset Class</u>	<u>Long-term Expected Real Rate of Return</u>
Equity	6.0%
Fixed Income	4.0%
Cash	0.0%

**D. Concentrations**

The following presents investments that represent 5% or more of the Plan's fiduciary net position:

Blackstone RE Income Fund II A, 1,909 shares	\$ 1,984,979
Driehaus Emerg Mkts Growth I, 31,691 shares	1,137,705
Blackrock Strategic Inc. Opp I, 197,646 shares	1,921,116
	<u>\$ 5,043,800</u>

**E. Rate of Return**

For the year ended September 30, 2018 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 8.45%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.



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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Year Ended September 30, 2018**

**NOTE 5 - ACTUARIAL METHODS AND ASSUMPTIONS**

In the October 1, 2018 actuarial valuation, the level-percent contribution requirements and actuarial present values are calculated using the entry age normal actuarial cost method. The actuarial assumptions included (a) 7.00 percent investment rate of return (net of administrative expenses); and (b) projected salary increases at 4.00% compounded annually. The assumptions do not include postretirement benefit increases or inflation assumptions, because there is no guarantee or requirement that future increases will be granted.

The projection of benefits for financial accounting purposes also does not explicitly incorporate the potential effects of legal or contractual funding limitations, since they do not apply. The actuarial value of assets was determined based on the actual market value of the assets. The Unfunded Actuarial Accrued Liability is being amortized as a level percentage of payroll on an open period of 18.9 years; the new amortization period was first adopted for the year ended September 30, 2018. There were no benefit changes during the year ended September 30, 2018.

The total pension liability was determined by an actuarial valuation as of October 1, 2018, using the following actuarial assumptions, applied to all prior periods included in the measurement:

Projected rate of	
amortization increase	4.0 percent
Investment rate of return	7.00 percent, net of Plan investment expense, including inflation

Mortality rates were based on the RP-2014 mortality tables with generational projection using Scale MP-2016. The salary scale assumption was updated to a service based salary scale. There have been no other assumption changes since the prior valuation.

The actuarial assumption used in the October 1, 2018 valuation were based on the results of an actuarial experience study as of September 30, 2018.

**NOTE 6 - MEASUREMENT OF NET PENSION LIABILITY**

The net pension liability is measured as the total pension liability less the amount of the plan's fiduciary net position. In actuarial terms, this will be the accrued liability less the market value of assets.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
Year Ended September 30, 2018

**NOTE 6 - MEASUREMENT OF NET PENSION LIABILITY (continued)**

The discount rate used to measure the total pension liability was 7.00% net of investment expense. The projection of cash flows used to determine the discount rate assumed that the City and employee contribution would equal the actuarially determined contribution rates. Based on those assumptions, the pension Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current Plan members. Therefore, the long-term expected rate of return on pension investments was applied to all periods of benefit payments to determine the total pension liability.

The components of the net pension liability as of October 1, 2018, were as follows:

Total pension liability	\$ 23,847,390
Less: Plan fiduciary net position	17,428,039
Net pension liability	<u>\$ 6,419,351</u>

Plan fiduciary net position as a percentage of total pension liability	73.1%
Covered employee payroll	\$ 4,437,733
Net pension liability as a percentage of covered employee payroll	144.7%

The following presents the net pension liability of the Plan, calculated using the discount rate of 7.00% as well as what the Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6%)	Current Discount Rate (7%)	1% Increase (8%)
Plan's net pension liability	\$ 9,565,508	\$ 6,419,351	\$3,817,348

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## REQUIRED SUPPLEMENTARY INFORMATION

These supplementary schedules are included to supplement the basic financial statements as required by the Governmental Accounting Standards Board.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY AND RELATED RATIOS**  
Last 10 Fiscal Years (will ultimately be displayed)

	2012	2013	2014	2015	2016	2017	2018
<b>Total Pension Liability</b>							
Service Cost	\$ 509,046	\$ 544,583	\$ 582,704	\$ 655,142	\$ 701,002	\$ 742,626	\$ 784,810
Interest	1,140,023	1,154,339	1,194,519	1,392,693	1,465,823	1,476,426	1,564,450
Changes of benefit terms	-	-	937,622	-	-	-	-
Differences between expected and actual experience	(257,626)	-	13,620	-	19,944	-	6,224
Assumption changes	100,018	-	382,367	-	(831,167)	-	-
Benefit payments	(540,161)	(561,290)	(567,869)	(678,363)	(1,391,513)	(1,040,184)	(937,342)
<b>Net Change in Total Pension Liability</b>	<b>951,300</b>	<b>1,137,632</b>	<b>2,542,963</b>	<b>1,369,472</b>	<b>(36,111)</b>	<b>1,176,868</b>	<b>1,427,942</b>
<b>Total Pension Liability - Beginning</b>	<b>15,275,324</b>	<b>16,226,624</b>	<b>17,364,258</b>	<b>19,907,219</b>	<b>21,278,691</b>	<b>21,240,580</b>	<b>22,419,448</b>
<b>Total Pension Liability - Ending</b>	<b>\$16,226,624</b>	<b>\$17,364,256</b>	<b>\$19,907,219</b>	<b>\$21,278,691</b>	<b>\$21,240,580</b>	<b>\$22,419,448</b>	<b>\$23,847,390</b>
<b>Plan Fiduciary Net Position</b>							
Contributions from employer	\$ 564,285	\$ 584,578	\$ 601,797	\$ 615,039	\$ 620,782	\$ 633,627	\$ 688,260
Contributions from plan members	386,553	412,167	432,959	452,414	485,928	493,454	532,528
Net investment income	1,436,773	1,436,104	966,467	(498,708)	927,521	1,556,723	1,347,475
Benefit payments	(540,161)	(561,290)	(567,869)	(678,363)	(1,391,513)	(1,040,184)	(937,342)
Administrative expense	(15,695)	(33,332)	(17,120)	(27,426)	(21,760)	(27,691)	(19,970)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>1,831,535</b>	<b>1,838,227</b>	<b>1,416,234</b>	<b>(137,044)</b>	<b>620,958</b>	<b>1,615,929</b>	<b>1,610,951</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>8,631,249</b>	<b>10,462,784</b>	<b>12,301,011</b>	<b>13,717,245</b>	<b>13,580,201</b>	<b>14,201,159</b>	<b>15,817,088</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$10,462,784</b>	<b>\$12,301,011</b>	<b>\$13,717,245</b>	<b>\$13,580,201</b>	<b>\$14,201,159</b>	<b>\$15,817,088</b>	<b>\$17,428,039</b>
<b>Plan's Net Pension Liability - Ending</b>	<b>\$ 5,763,840</b>	<b>\$ 5,063,245</b>	<b>\$ 6,189,974</b>	<b>\$ 7,696,490</b>	<b>\$ 7,039,421</b>	<b>\$ 6,602,360</b>	<b>\$ 6,419,351</b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>64.5%</b>	<b>70.8%</b>	<b>68.9%</b>	<b>63.8%</b>	<b>66.9%</b>	<b>70.6%</b>	<b>73.1%</b>
<b>Covered employee payroll</b>	<b>\$ 3,221,275</b>	<b>\$ 3,434,725</b>	<b>\$ 3,607,992</b>	<b>\$ 3,770,117</b>	<b>\$ 4,049,400</b>	<b>\$ 4,112,117</b>	<b>\$ 4,437,733</b>
<b>Plan's net pension liability as a percentage of covered employee payroll</b>	<b>178.9%</b>	<b>147.4%</b>	<b>171.6%</b>	<b>204.1%</b>	<b>173.8%</b>	<b>160.6%</b>	<b>144.7%</b>

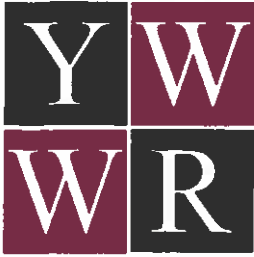
**Notes to Schedule:**

Actual covered-employee payroll is estimated using firefighter contributions divided by the contribution percentage.

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**WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND**  
**SCHEDULE OF INVESTMENT RETURNS**  
Last 10 Fiscal Years (will ultimately be displayed)

	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>
Annual money weighted rate of return, net of investment expense	17.55%	14.67%	7.72%	-3.59%	6.91%	10.94%	8.45%



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# YELDELL, WILSON, WOOD & REEVE, P.C.

## CERTIFIED PUBLIC ACCOUNTANTS

611 S. Clay St. | P.O. Box 1087 | Ennis, Texas 75120    405 Sycamore St. | Waxahachie, Texas 75165  
P: 972.878.2611 | www.ywcocpa.com | F: 972.878.2220

## Invoice

Waxahachie Firemen's Relief and Retirement Fund  
P.O. Box 1045  
Waxahachie, TX 75168

ID: 123  
Invoice: 93749  
Date: 04/30/2019  
Due: Upon Receipt

For professional service rendered as follows:

Final billing on December 31, 2018 audit

\$7,700.00

Billed Time & Expenses

\$7,700.00

Invoice Total

\$7,700.00

Please return this portion with payment.

ID: 123

Waxahachie Firemen's Relief and Retirement Fund

Invoice: 93749

Date: 04/30/2019

Amount Due: \$7,700.00

Amount Enclosed: \$\_\_\_\_\_

Please check here \_\_\_\_\_ if you prefer to receive your  
invoices/statements by email. Send to email address:

Yeldell, Wilson, Wood & Reeve, P.C.  
P.O. Box 1087  
Ennis, TX 75120