

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 14, 2018 at 8:30 a.m.***

BOARD MEMBERS: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Marcus Brown, 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 Firemen's Relief & Retirement Fund meeting of April 9, 2018
 - b. Annuity checks for FR&R Retirees and other disbursements for the month of June 2018
3. Hear First Quarter Report 2018 from Tim Sharpe, Graystone Consulting, and take any necessary action
4. Consider Waxahachie Firemen's Relief and Retirement Fund Financial Statement for year ended September 30, 2017
5. Consider 2017 Investment Returns and Assumptions Report (PRB-1000)
6. Consider invoice from Yeldell, Wilson, Wood & Reeve, P.C.
7. Discuss TML billing and adjustments
8. Set next meeting date and time of Firemen's Relief and Retirement Fund Board
9. 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

Firemen's Relief & Retirement Fund
April 9, 2018

(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 9, 2018 at 8:30 a.m.

Members Present: Gary Myers, Chairman
Matt Dorsey, Vice Chairman
Lee Statham
Charles Harris, Finance Director

Members Absent: Marcus Brown, Secretary
John Tillery
David Hill, Councilmember

Others Present: Lori Cartwright, City Secretary

1. Call to Order

Chairman Gary Myers called the meeting to order.

2. Canvass votes for FR&R Firefighter Board Member

Chairman Myers reported one nomination being Mr. Matt Dorsey and therefore by acclamation is re-appointed to the Board.

3. Administer Oath of Office to Board Member

City Secretary Lori Cartwright administered the Oath of Office to Mr. Matt Dorsey.

4. Reorganize the Board

Mr. Matt Dorsey moved Mr. Gary Myers be appointed as Chairman. Mr. Charles Harris seconded, All Ayes.

Chairman Gary Myers moved Mr. Matt Dorsey be appointed as Vice Chairman. Mr. Charles Harris seconded, All Ayes.

Vice Chairman Matt Dorsey moved Mr. Marcus Brown be appointed as Secretary. Mr. Lee Statham seconded, All Ayes.

5. Consent Agenda

- a. Minutes of the Firemen's Relief & Retirement Fund meeting of February 19, 2018
- b. Annuity checks for FR&R Retirees and other disbursements for the months of April and May 2018

(21)

Chairman Myers announced Mrs. Wendell Presley passed away and therefore will need to be removed from the Annuity checks distribution list.

Action:

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

6. Consider invoice from Retirement Horizons Incorporated

Chairman Myers presented an invoice from Retirement Horizons Incorporated in the amount of \$1,000.00 noting it was for the GASB 67 Report.

Action:

Vice Chairman Matt Dorsey moved to approve an invoice from Retirement Horizons Incorporated in the amount of \$1,000.00 as presented. Mr. Lee Statham seconded, All Ayes.

7. Consider invoice from Helen R. Duvall, CPA

Chairman Myers presented an invoice from Helen R. Duvall, CPA in the amount of \$1,950.00 for bookkeeping services for April – September 2017 and the 2017 Annual Report.

Action:

Mr. Lee Statham moved to approve an invoice from Helen R. Duvall, CPA in the amount of \$1,950.00 as presented. Vice Chairman Matt Dorsey seconded, All Ayes.

8. Discuss Investment Policy and take any necessary action

Chairman Myers reviewed the 3.1 draft of the Investment Policy noting changes were made to Exhibit A: Executive Summary on page 21 and 22.

In summary, Domestic Growth and Value allocations were reduced 2.5% each from 14.5% to 12.0%. International Growth and Value were increased 1.5% each, and Emerging Markets was increased by 2%.

On February 19, 2018, the Board voted to terminate the Large Cap manager Wedgewood to be replaced by Polen Capital Management. The Board also voted to reallocate 5% of the Domestic Equity Allocation to Private Equity. The Board voted to invest \$300,000 with the Central Park Group Vintage Access Fund, LLC.

Vice Chairman Dorsey referenced page 11, 5.1 Prohibited Investments, pertaining to securities and transactions being prohibited unless the money manager has received prior written Board authorization. Chairman Myers stated he will get confirmation.

Action:

Mr. Lee Statham moved to approve the Investment Policy as presented. Mr. Charles Harris seconded, All Ayes.

(2a)

9. Discuss Randy Muirhead's final DROP payment and take any necessary action

Chairman Myers reported Mr. Muirhead requested his final DROP payment in the amount of \$76,445.27. Chairman Myers stated the funds were rebalanced to accommodate the payment.

Action:

None

10. Discuss 2018 Actuary and take any necessary action

Chairman Myers announced Horizon Actuary is currently preparing the 2017 audit and once complete it will be filed at the State. He asked the Board if they would like to consider using a new actuary.

Mr. Charles Harris suggested using the Actuary firm for TMRS. He stated the actuary firm is the biggest in the nation and the city may benefit from one firm doing both actuaries and compare. Mr. Harris stated the fee will be larger for the actuary and the board can approach the city to pay the difference. Mr. Charles Harris stated it is not urgent or stems from issues with Horizon Actuary, noting they are doing fine. He recommended going with Horizon this time and give the Board time to reach out to another company.

Action:

Vice Chairman Matt Dorsey moved to continue this cycle with Horizon Actuary. Mr. Charles Harris seconded, All Ayes.

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

The Firemen's Relief & Retirement Board set their next meeting for Monday, May 14, 2018 at 8:30 a.m.

12. Adjourn

There being no further business, the meeting adjourned at 8:58 a.m.

Respectfully submitted,

Lori Cartwright
City Secretary

MEMORANDUM

(2b)

TO: FR&R Board Members
FROM: Lori Saunders, City Secretary
DATE: May 14, 2018
SUBJECT: ANNUITY CHECKS

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

| | | |
|--------------------------------|--------------------|--------------------|
| Mrs. James Gilley | Widow Benefits | \$ 523.36 |
| Alan Morgan | Disability | \$ 997.64 |
| Jimmy Turner | Service Retirement | \$ 1,587.50 |
| John Olin Turner | Service Retirement | \$ 1,875.00 |
| Mike Slay | Service Retirement | \$ 1,522.26 |
| (Sharon Cobb QDRO Payment) | | \$ 507.74 |
| John Tillery | Service Retirement | \$ 1,632.50 |
| Loyde Junkin | Service Retirement | \$ 1,668.53 |
| Don Fuller | Service Retirement | \$ 1,748.75 |
| Billy Bratcher | Service Retirement | \$ 2,057.76 |
| Larry Evans | Service Retirement | \$ 2,287.41 |
| Dwayne Williams | Service Retirement | \$ 2,184.84 |
| Don Bennett | Service Retirement | \$ 1,009.61 |
| Terry Kuykendall | Service Retirement | \$ 2,395.06 |
| Steve Hamilton | Service Retirement | \$ 1,048.38 |
| (Denise Hamilton QDRO payment) | | \$ 998.38 |
| Sam Lewis | Service Retirement | \$ 2,642.41 |
| John Chenault | Service Retirement | \$ 4,379.55 |
| Rusty Ogletree | Service Retirement | \$ 1,497.50 |
| Jeff Sport | Service Retirement | \$ 3,159.38 |
| Paul Carrington | Service Retirement | \$ 3,074.81 |
| (Carol Nunn QDRO payment) | | \$ 168.86 |
| Randy Johnston | Service Retirement | \$ 2,935.57 |
| Terry Skipper | Service Retirement | \$ 4,044.75 |
| Jeff Alexander | Service Retirement | \$ 5,099.96 |
| (Lisa Warren QDRO payment) | | \$ 359.29 |
| James Irvin | Service Retirement | \$ 3,311.55 |
| (Lori Irvin QDRO payment) | | \$ 1,428.37 |
| David Len Crow | Service Retirement | \$ 4,350.64 |
| Randy Muirhead | Service Retirement | \$ 5,500.94 |
| Jerry Sykes | Service Retirement | \$ 4,494.56 |
| TOTAL | | \$70,492.86 |

Waxahachie Firemen's Relief & Retirement Fund

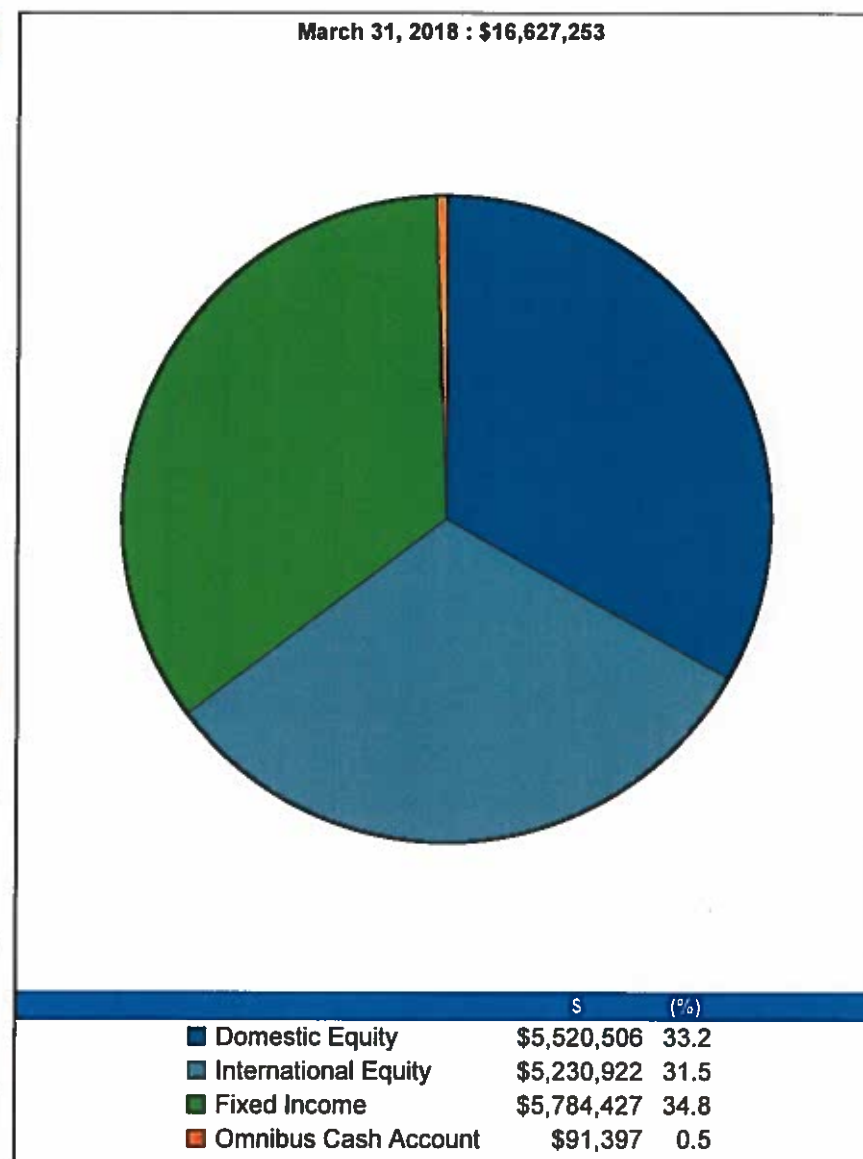
**Quarterly Report
March 31, 2018**

Table Of Contents

| | | |
|---|----------------------------------|--------|
| 1 | Balances & Asset Allocation | Page 1 |
| 2 | Total Fund Summary | Page 2 |
| 3 | Asset Allocation and Performance | Page 3 |

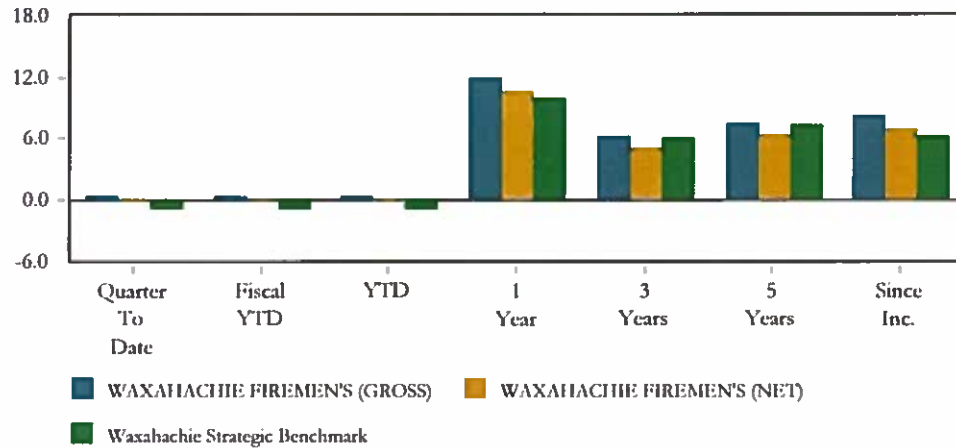
Waxahachie Firemen's Relief & Retirement Fund
Balances & Asset Allocation
As of March 31, 2018

| Total Fund | | % |
|---------------------------------------|---------------------|--------------|
| Domestic Equity | \$5,520,506 | 33.2 |
| Polen Capital Management - LCG | \$1,518,364 | 9.1 |
| Vanguard Index Fund - LCG | \$491,587 | 3.0 |
| Delaware Domestic LCV | \$1,823,472 | 11.0 |
| Vanguard Index Fund - LCV | \$204,749 | 1.2 |
| Great Lakes - SMID Cap Core | \$1,480,266 | 8.9 |
| International Equity | \$5,230,922 | 31.5 |
| WCM Invest Mgmt - Focused Growth Intl | \$2,006,275 | 12.1 |
| Delaware International LCV | \$1,934,103 | 11.6 |
| Glovista Investments Emerging Markets | \$1,290,545 | 7.8 |
| Fixed Income | \$5,784,427 | 34.8 |
| Federated Investors Fixed Income | \$2,004,043 | 12.1 |
| Blackstone BREIF II | \$1,846,064 | 11.1 |
| Blackrock Strategic Income | \$1,934,320 | 11.6 |
| Omnibus Cash Account | \$91,397 | 0.5 |
| WAXAHACHIE FIREMEN'S | \$16,627,253 | 100.0 |

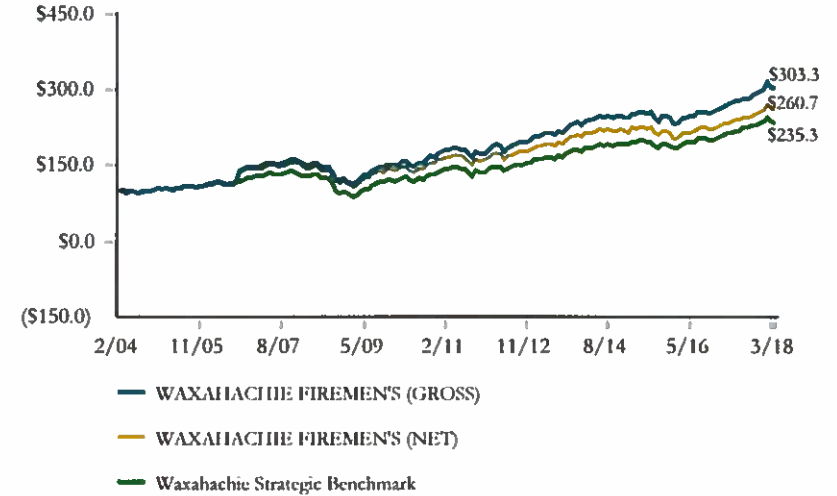


Waxahachie Firemen's R&R Fund As of March 31, 2018

Total Fund Performance



Growth of \$100



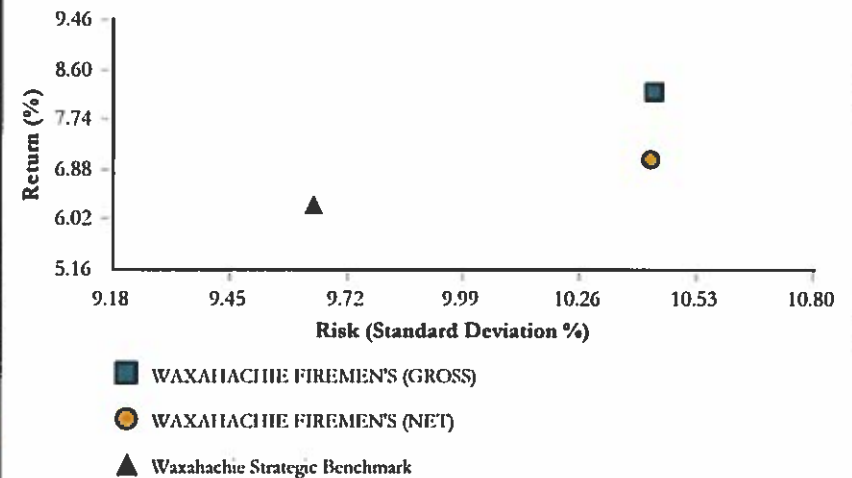
| | Quarter To Date | Fiscal YTD | 1 Year | 3 Years | 5 Years | 7 Years | Since Inc. | Inception Date |
|--|-----------------|------------|--------|---------|---------|---------|------------|----------------|
|--|-----------------|------------|--------|---------|---------|---------|------------|----------------|

| | | | | | | | | |
|--------------------------------|-------|-------|-------|------|------|------|------|------------|
| WAXAHACHIE FIREMEN'S (GROSS) | 0.34 | 0.34 | 11.89 | 6.25 | 7.60 | 7.63 | 8.24 | 03/31/2004 |
| WAXAHACHIE FIREMEN'S (NET) | 0.09 | 0.09 | 10.74 | 5.16 | 6.49 | 6.50 | 7.08 | 03/31/2004 |
| Waxahachie Strategic Benchmark | -0.91 | -0.91 | 9.95 | 6.05 | 7.39 | 7.37 | 6.30 | 03/31/2004 |

Asset Growth (\$000)

| | Quarter To Date | Fiscal YTD | 1 Year | 3 Years | 5 Years | 7 Years | Since Inc. | Inception Date |
|------------------------------|-----------------|------------|--------|---------|---------|---------|------------|----------------|
| WAXAHACHIE FIREMEN'S (GROSS) | | | | | | | 03/31/04 | |
| Beginning Market Value | 16,494 | 16,494 | 14,928 | 14,335 | 11,332 | 9,177 | 4,647 | |
| Net Contributions | 78 | 78 | -62 | -422 | 286 | 889 | 1,478 | |
| Gain/Loss | 56 | 56 | 1,761 | 2,714 | 5,009 | 6,561 | 10,502 | |
| Ending Market Value | 16,627 | 16,627 | 16,627 | 16,627 | 16,627 | 16,627 | 16,627 | |

Risk/Return Analysis Since Inception



Waxahachie Firemen's Relief & Retirement Fund (Net of Fees)

As of March 31, 2018

| | Allocation | | Performance(%) | | | | | | | |
|--|----------------------|--------------|-----------------|--------------|--------------|-------------|--------------|-------------|-----------------|-------------------|
| | Market Value (\$000) | % | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception | Inception Date |
| WAXAHACHIE FIREMEN'S | 16,627.25 | 100.00 | 0.09 | 0.09 | 10.74 | 5.16 | 6.49 | 6.14 | 7.08 | 03/31/2004 |
| Waxahachie Strategic Benchmark | | | -0.91 | -0.91 | 9.95 | 6.05 | 7.39 | 6.27 | 6.32 | |
| Omnibus Cash Account | 91.40 | 0.55 | | | | | | | | |
| 90-Day T-Bills | | | 0.35 | 0.35 | 1.07 | 0.49 | 0.31 | 0.28 | 1.23 | |
| Domestic Equity | 5,520.51 | 33.20 | -1.33 | -1.33 | 8.41 | 7.24 | 11.06 | 9.14 | 8.24 | 03/31/2004 |
| Russell 3000 | | | -0.64 | -0.64 | 13.81 | 10.22 | 13.03 | 9.62 | 8.67 | |
| Polen Capital Management - LCG | 1,518.36 | 9.13 | N/A | N/A | N/A | N/A | N/A | N/A | N/A | 04/01/2018 |
| Russell 1000 Gr | | | N/A | N/A | N/A | N/A | N/A | N/A | N/A | |
| Vanguard Index Fund - LCG | 491.59 | 2.96 | 0.91 | 0.91 | N/A | N/A | N/A | N/A | 2.47 | 11/30/2017 |
| Russell 1000 Gr | | | 1.42 | 1.42 | N/A | N/A | N/A | N/A | 3.26 | |
| Delaware Domestic LCV | 1,823.47 | 10.97 | -1.33 | -1.33 | 8.41 | 7.24 | 11.06 | 9.14 | 8.13 | 04/01/2004 |
| Russell 1000 VL | | | -2.83 | -2.83 | 6.95 | 7.87 | 10.78 | 7.78 | 7.77 | |
| Vanguard Index Fund - LCV | 204.75 | 1.23 | -2.66 | -2.66 | N/A | N/A | N/A | N/A | -0.51 | 11/30/2017 |
| Russell 1000 VL | | | -2.83 | -2.83 | N/A | N/A | N/A | N/A | -0.81 | |
| Great Lakes - SMID Cap Core | 1,480.27 | 8.90 | 0.84 | 0.84 | 16.76 | N/A | N/A | N/A | 9.39 | 07/01/2015 |
| Russell 2500 | | | -0.24 | -0.24 | 12.31 | N/A | N/A | N/A | 9.07 | |
| International Equity | 5,230.92 | 31.46 | 0.55 | 0.55 | 17.17 | 5.53 | 5.74 | 2.03 | 5.36 | 03/31/2004 |
| MSCI EAFE Net | | | -1.53 | -1.53 | 14.80 | 5.55 | 6.49 | 2.74 | 5.84 | |
| WCM Invest Mgmt - Focused Growth Intl | 2,006.27 | 12.07 | 1.53 | 1.53 | 21.08 | N/A | N/A | N/A | 15.39 | 10/01/2016 |
| MSCI EAFE Gr Net | | | -1.04 | -1.04 | 17.51 | N/A | N/A | N/A | 13.28 | |
| Delaware International LCV | 1,934.10 | 11.63 | -1.42 | -1.42 | 10.52 | 4.37 | 6.51 | 2.22 | 5.42 | 04/01/2004 |
| MSCI EAFE VL Net | | | -2.03 | -2.03 | 12.19 | 4.29 | 5.78 | 1.97 | 5.26 | |
| Glovista Investments Emerging Markets | 1,290.54 | 7.76 | 2.04 | 2.04 | 23.12 | 6.06 | 2.85 | N/A | 3.12 | 11/01/2011 |
| MSCI EM Net | | | 1.42 | 1.42 | 24.93 | 8.81 | 4.99 | N/A | 5.01 | |

All returns shown time weighted net of fees

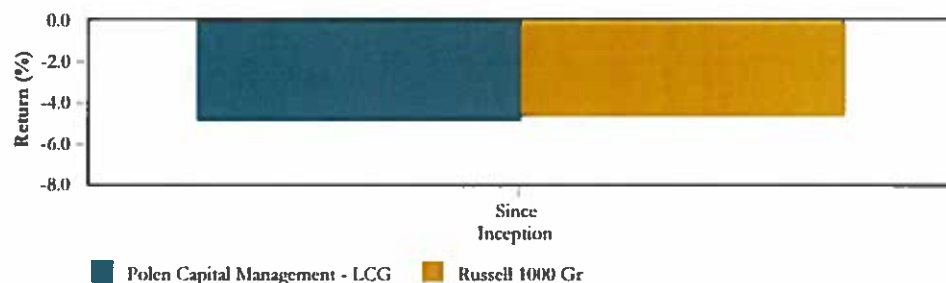
Waxahachie Firemen's Relief & Retirement Fund (Net of Fees)

As of March 31, 2018

| | Allocation | | Performance(%) | | | | | | | |
|---|----------------------|--------------|-----------------|--------------|-------------|-------------|-------------|-------------|-----------------|-------------------|
| | Market Value (\$000) | % | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | 10 Years | Since Inception | Inception Date |
| Fixed Income | 5,784.43 | 34.79 | 0.02 | 0.02 | 3.71 | 2.25 | 1.93 | 3.21 | 3.38 | 03/31/2004 |
| Barclays Aggregate | | | -1.46 | -1.46 | 1.20 | 1.20 | 1.82 | 3.63 | 3.86 | |
| Federated Investors Fixed Income | 2,004.04 | 12.05 | -1.52 | -1.52 | 0.97 | 1.12 | 1.55 | N/A | 2.25 | 11/01/2010 |
| Barclays Aggregate | | | -1.46 | -1.46 | 1.20 | 1.20 | 1.82 | N/A | 2.59 | |
| Blackstone BREIF II | 1,846.06 | 11.10 | 1.78 | 1.78 | 7.41 | 3.97 | N/A | N/A | 4.18 | 07/01/2014 |
| Barclays Aggregate | | | -1.46 | -1.46 | 1.20 | 1.20 | N/A | N/A | 1.92 | |
| Blackrock Strategic Income | 1,934.32 | 11.63 | 0.22 | 0.22 | 3.07 | N/A | N/A | N/A | 4.14 | 03/01/2016 |
| Barclays Aggregate | | | -1.46 | -1.46 | 1.20 | N/A | N/A | N/A | 1.23 | |

All returns shown time weighted net of fees

Portfolio Performance (%)



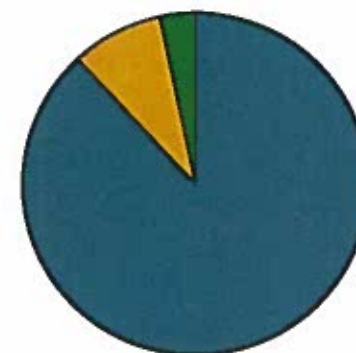
| | Since Inception | Inception Date |
|--------------------------------|-----------------|----------------|
| Polen Capital Management - LCG | -4.78 | 03/16/2018 |
| Russell 1000 Gr | -4.65 | 03/16/2018 |

Asset Growth (\$000)

| | Since Inception | Inception Date |
|--------------------------------|-----------------|----------------|
| Polen Capital Management - LCG | | 03/16/2018 |
| Beginning Market Value | 1,595 | |
| Net Contributions | - | |
| Fees/Expenses | - | |
| Income | - | |
| Gain/Loss | -76 | |
| Ending Market Value | 1,518 | |

Asset Allocation (\$000)

March 31, 2018 : \$1,518

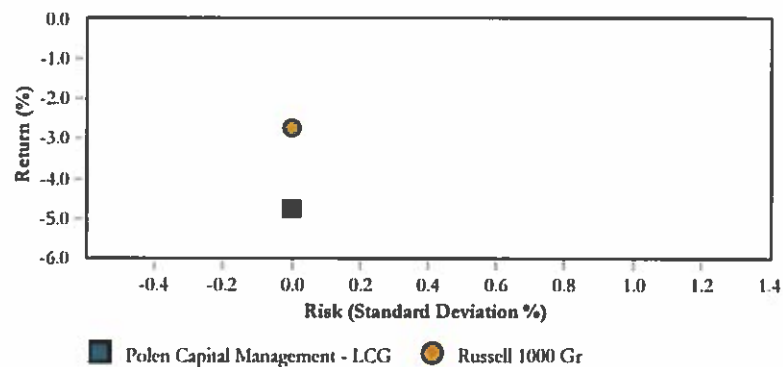


| Segments | Market Value (\$000) | Allocation (%) |
|----------------------|----------------------|----------------|
| Domestic Equity | 1,336.61 | 88.03 |
| International Equity | 130.30 | 8.58 |
| Cash Equivalent | 51.45 | 3.39 |

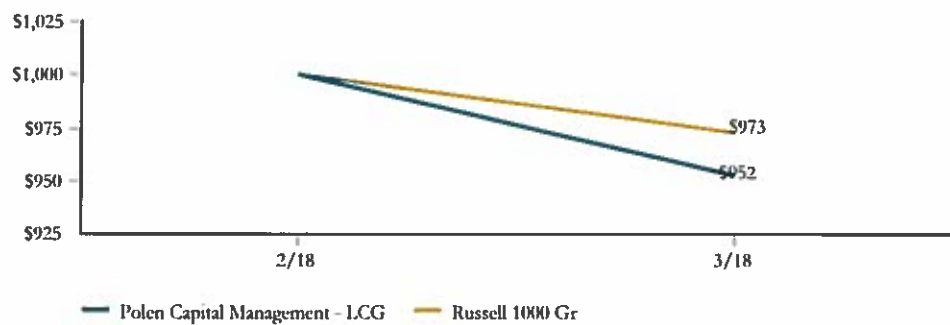
Portfolio Characteristics vs. Russell 1000 Gr Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|--------------------------------|------|-------|-----------|--------------|----------------|
| Polen Capital Management - LCG | N/A | N/A | N/A | N/A | 03/16/2018 |

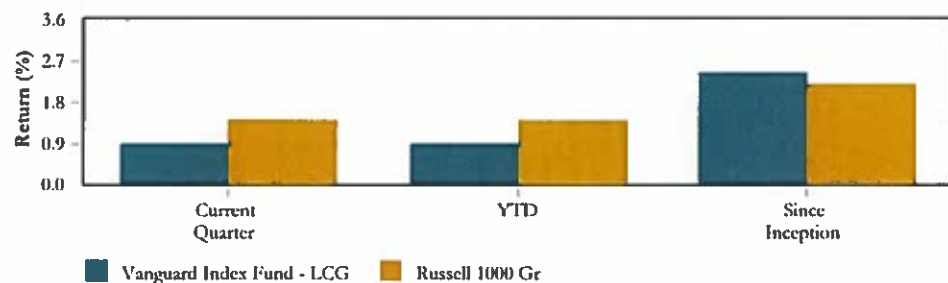
Risk/Return Analysis Since 03/18



Growth of a Dollar (\$000)



Portfolio Performance (%)

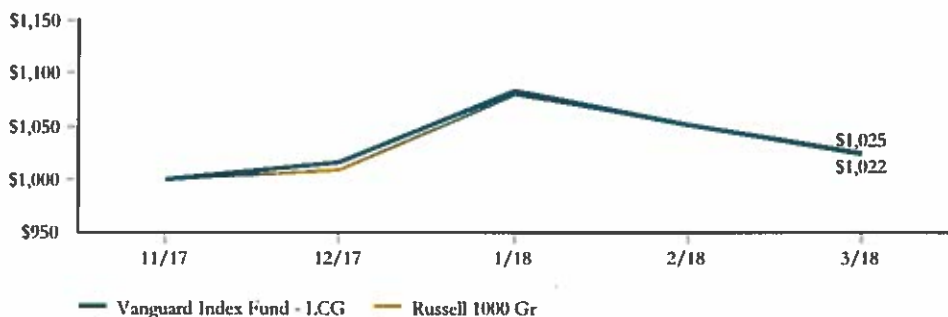


| | Current Quarter | YTD | Since Inception | Inception Date |
|---------------------------|-----------------|------|-----------------|----------------|
| Vanguard Index Fund - LCG | 0.91 | 0.91 | 2.47 | 12/01/2017 |
| Russell 1000 Gr | 1.42 | 1.42 | 2.20 | 12/01/2017 |

Asset Growth (\$000)

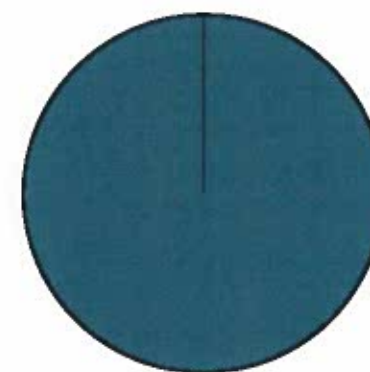
| | Current Quarter | YTD | Since Inception | Inception Date |
|---------------------------|-----------------|-----|-----------------|----------------|
| Vanguard Index Fund - LCG | | | | 12/01/2017 |
| Beginning Market Value | 470 | 470 | 463 | |
| Net Contributions | 17 | 17 | 17 | |
| Fees/Expenses | -1 | -1 | -1 | |
| Income | 1 | 1 | 3 | |
| Gain/Loss | 4 | 4 | 10 | |
| Ending Market Value | 492 | 492 | 492 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$492

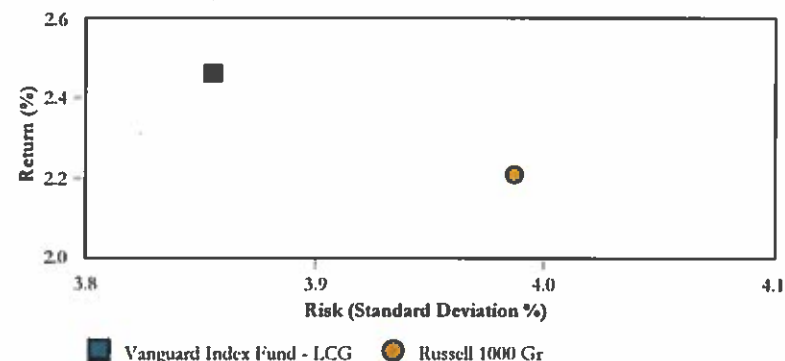


| Segments | Market Value (\$000) | Allocation (%) |
|-----------------|----------------------|----------------|
| Domestic Equity | 491.33 | 99.95 |
| Cash Equivalent | 0.26 | 0.05 |

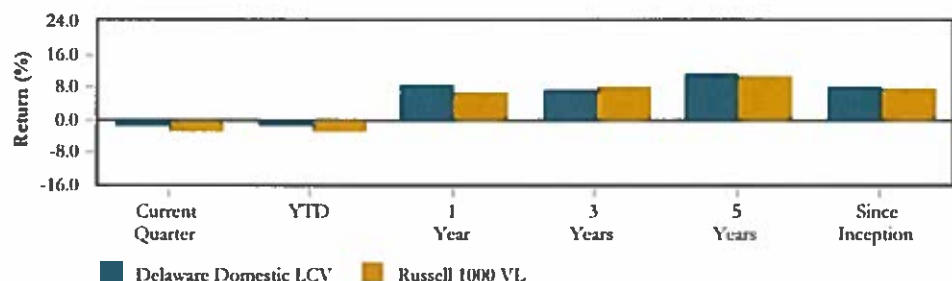
Portfolio Characteristics vs. Russell 1000 Gr Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|---------------------------|------|-------|-----------|--------------|----------------|
| Vanguard Index Fund - LCG | 0.96 | 0.08 | 0.99 | 0.15 | 12/01/2017 |

Risk/Return Analysis Since 12/17



Portfolio Performance (%)



| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Inception Date |
|-----------------------|-----------------|-------|--------|---------|---------|-----------------|----------------|
| Delaware Domestic LCV | -1.33 | -1.33 | 8.41 | 7.24 | 11.06 | 8.13 | 04/01/2004 |
| Russell 1000 VL | -2.83 | -2.83 | 6.95 | 7.87 | 10.78 | 7.77 | 04/01/2004 |

Asset Growth (\$000)

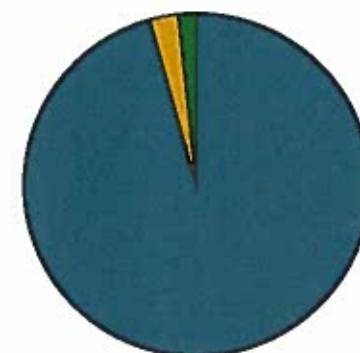
| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Inception Date |
|------------------------|-----------------|-------|--------|---------|---------|-----------------|----------------|
| Delaware Domestic LCV | | | | | | | 04/01/2004 |
| Beginning Market Value | 1,848 | 1,848 | 2,235 | 2,232 | 1,818 | 748 | |
| Net Contributions | - | - | -589 | -854 | -1,058 | -854 | |
| Fees/Expenses | -5 | -5 | -25 | -74 | -120 | -246 | |
| Income | 11 | 11 | 52 | 162 | 263 | 589 | |
| Gain/Loss | -31 | -31 | 150 | 357 | 921 | 1,587 | |
| Ending Market Value | 1,823 | 1,823 | 1,823 | 1,823 | 1,823 | 1,823 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$1,823

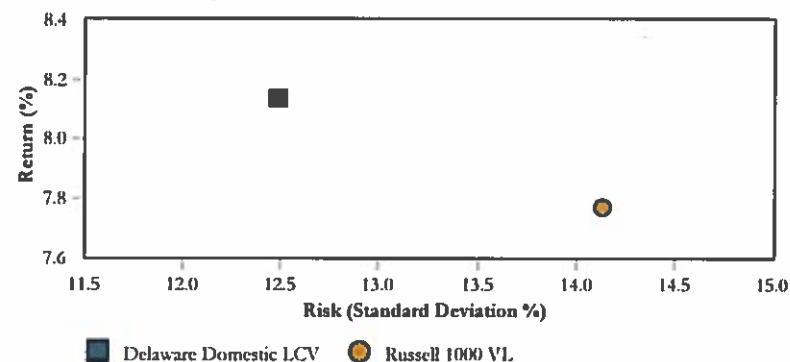


| Segments | Market Value (\$000) | Allocation (%) |
|------------------------|----------------------|----------------|
| Domestic Equity | 1,744.17 | 95.65 |
| Alternative Investment | 47.99 | 2.63 |
| Cash Equivalent | 31.32 | 1.72 |

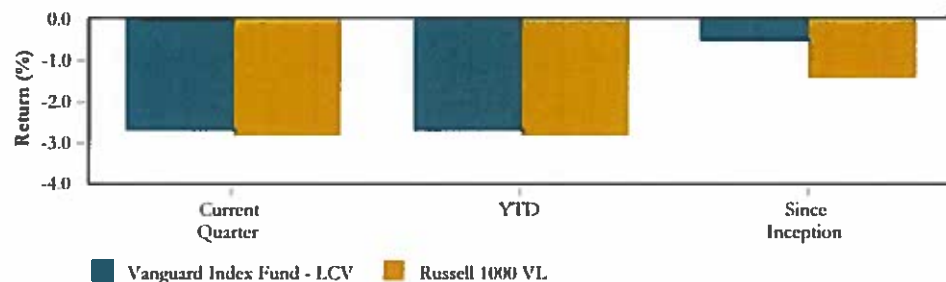
Portfolio Characteristics vs. Russell 1000 VL Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|-----------------------|------|-------|-----------|--------------|----------------|
| Delaware Domestic LCV | 0.84 | 1.49 | 0.90 | 0.60 | 04/01/2004 |

Risk/Return Analysis Since 04/04



Portfolio Performance (%)

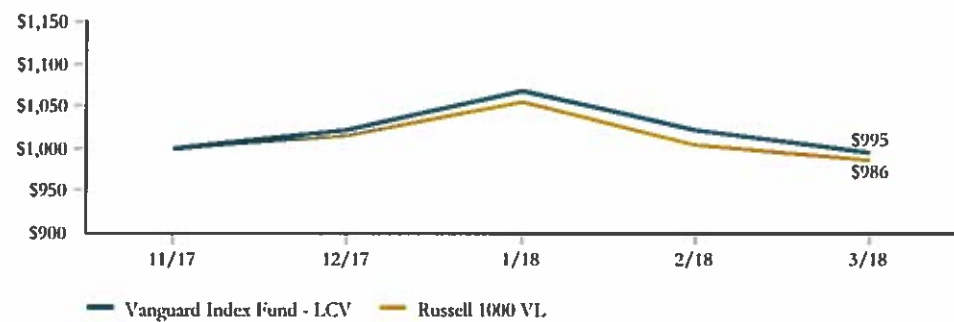


| | Current Quarter | YTD | Since Inception | Inception Date |
|---------------------------|-----------------|-------|-----------------|----------------|
| Vanguard Index Fund - LCV | -2.66 | -2.66 | -0.51 | 12/01/2017 |
| Russell 1000 VL | -2.83 | -2.83 | -1.42 | 12/01/2017 |

Asset Growth (\$000)

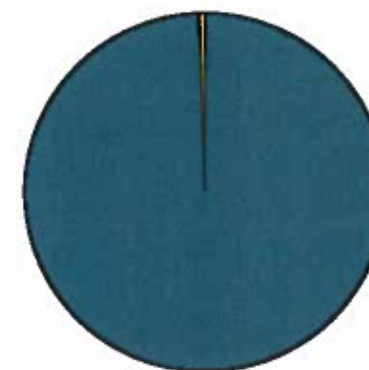
| | Current Quarter | YTD | Since Inception | Inception Date |
|---------------------------|-----------------|-----|-----------------|----------------|
| Vanguard Index Fund - LCV | | | | 12/01/2017 |
| Beginning Market Value | 190 | 190 | 185 | |
| Net Contributions | 20 | 20 | 20 | |
| Fees/Expenses | - | - | - | |
| Income | 1 | 1 | 2 | |
| Gain/Loss | -6 | -6 | -3 | |
| Ending Market Value | 205 | 205 | 205 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$205

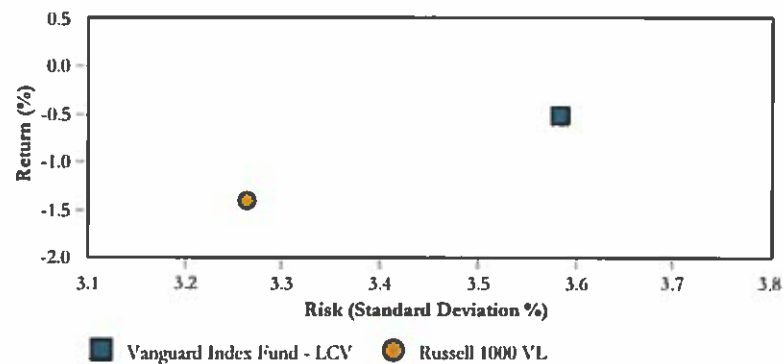


| Segments | Market Value (\$000) | Allocation (%) |
|-----------------|----------------------|----------------|
| Domestic Equity | 203.68 | 99.48 |
| Cash Equivalent | 1.07 | 0.52 |

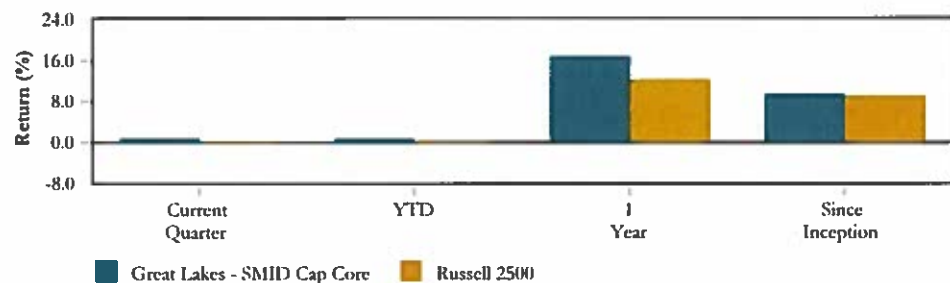
Portfolio Characteristics vs. Russell 1000 VL Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|---------------------------|------|-------|-----------|--------------|----------------|
| Vanguard Index Fund - LCV | 1.09 | 0.26 | 0.98 | -0.05 | 12/01/2017 |

Risk/Return Analysis Since 12/17



Portfolio Performance (%)

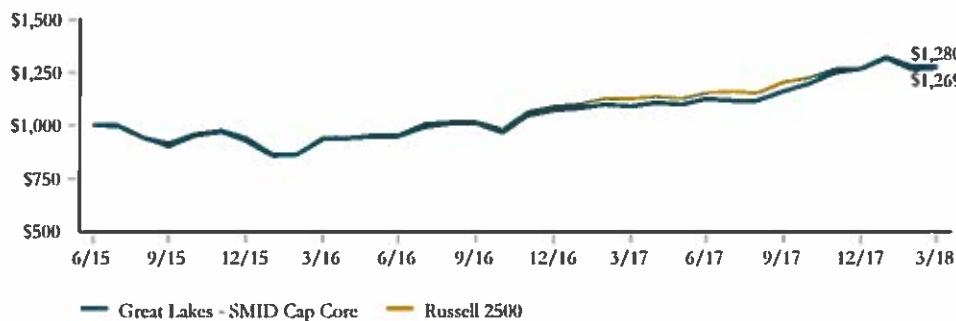


| | Current Quarter | YTD | 1 Year | Since Inception | Inception Date |
|-----------------------------|-----------------|-------|--------|-----------------|----------------|
| Great Lakes - SMID Cap Core | 0.84 | 0.84 | 16.76 | 9.39 | 07/01/2015 |
| Russell 2500 | -0.24 | -0.24 | 12.31 | 9.07 | 07/01/2015 |

Asset Growth (\$000)

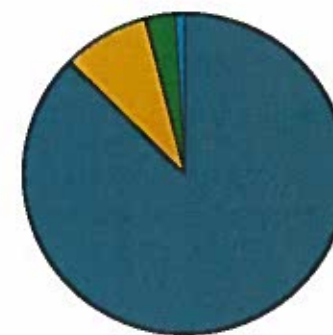
| | Current Quarter | YTD | 1 Year | Since Inception | Inception Date |
|-----------------------------|-----------------|-------|--------|-----------------|----------------|
| Great Lakes - SMID Cap Core | | | | | 07/01/2015 |
| Beginning Market Value | 1,950 | 1,950 | 1,808 | 1,623 | |
| Net Contributions | -480 | -480 | -605 | -585 | |
| Fees/Expenses | -6 | -6 | -22 | -54 | |
| Income | 6 | 6 | 24 | 71 | |
| Gain/Loss | 9 | 9 | 276 | 425 | |
| Ending Market Value | 1,480 | 1,480 | 1,480 | 1,480 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$1,480

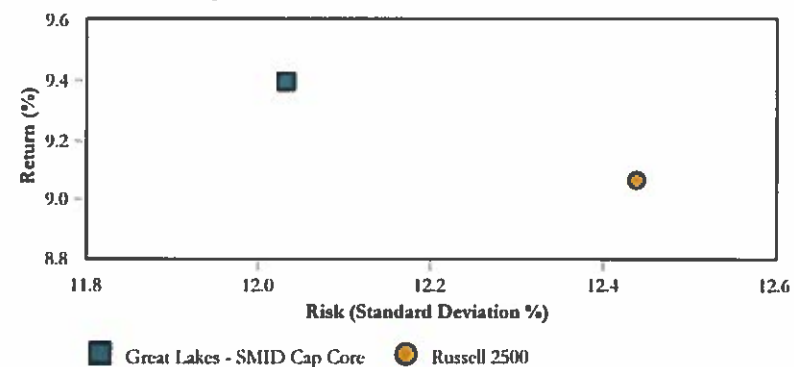


| Segments | Market Value (\$000) | Allocation (%) |
|------------------------|----------------------|----------------|
| Domestic Equity | 1,293.26 | 87.37 |
| International Equity | 127.86 | 8.64 |
| Alternative Investment | 44.34 | 3.00 |
| Cash Equivalent | 14.80 | 1.00 |

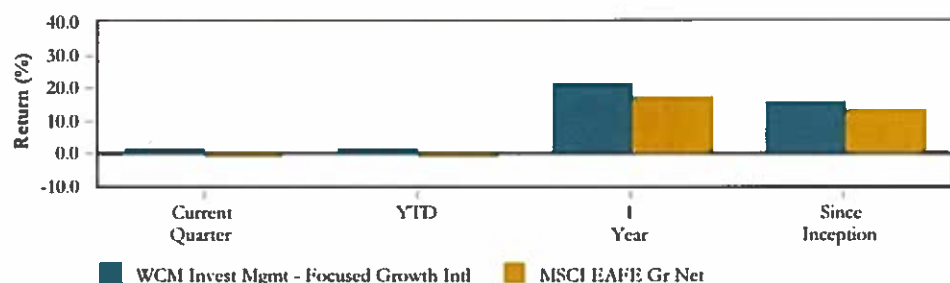
Portfolio Characteristics vs. Russell 2500 Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|-----------------------------|------|-------|-----------|--------------|----------------|
| Great Lakes - SMID Cap Core | 0.94 | 0.82 | 0.95 | 0.77 | 07/01/2015 |

Risk/Return Analysis Since 07/15



Portfolio Performance (%)

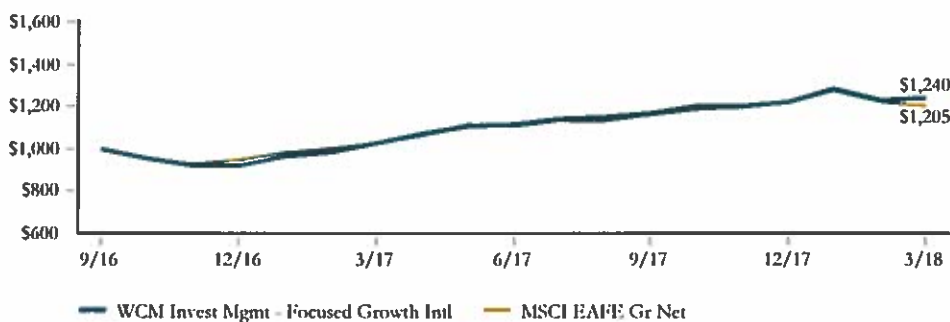


| | Current Quarter | YTD | 1 Year | Since Inception | Inception Date |
|---------------------------------------|-----------------|-------|--------|-----------------|----------------|
| WCM Invest Mgmt - Focused Growth Intl | 1.53 | 1.53 | 21.08 | 15.39 | 10/01/2016 |
| MSCI EAFE Gr Net | -1.04 | -1.04 | 17.51 | 13.28 | 10/01/2016 |

Asset Growth (\$000)

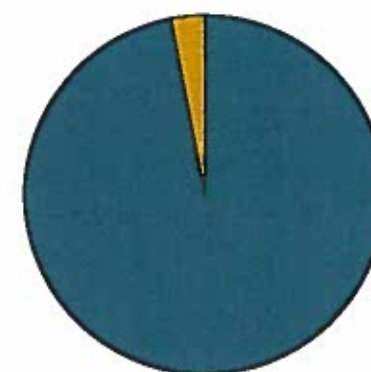
| | Current Quarter | YTD | 1 Year | Since Inception | Inception Date |
|---------------------------------------|-----------------|-------|--------|-----------------|----------------|
| WCM Invest Mgmt - Focused Growth Intl | | | | | 10/01/2016 |
| Beginning Market Value | 1,976 | 1,976 | 1,489 | 1,454 | |
| Net Contributions | - | - | 201 | 202 | |
| Fees/Expenses | -7 | -7 | -24 | -34 | |
| Income | 3 | 3 | 24 | 32 | |
| Gain/Loss | 34 | 34 | 316 | 353 | |
| Ending Market Value | 2,006 | 2,006 | 2,006 | 2,006 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$2,006

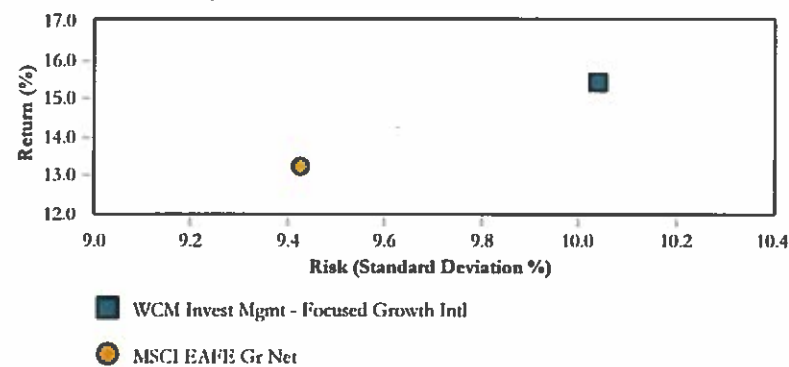


| Segments | Market Value (\$000) | Allocation (%) |
|----------------------|----------------------|----------------|
| International Equity | 1,945.21 | 96.96 |
| Cash Equivalent | 61.07 | 3.04 |

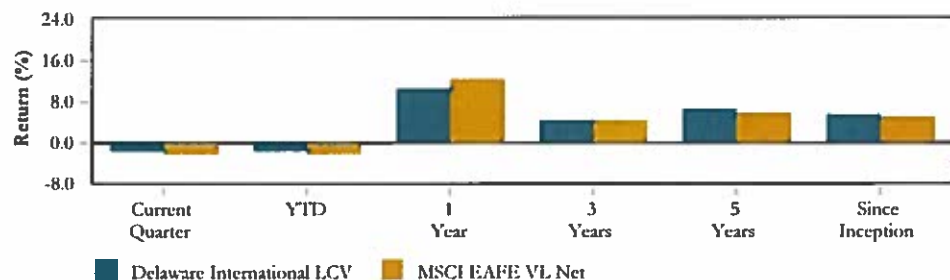
Portfolio Characteristics vs. MSCI EAFE Gr Net Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|---------------------------------------|------|-------|-----------|--------------|----------------|
| WCM Invest Mgmt - Focused Growth Intl | 1.00 | 2.05 | 0.87 | 1.40 | 10/01/2016 |

Risk/Return Analysis Since 10/16



Portfolio Performance (%)



| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Inception Date |
|----------------------------|-----------------|-------|--------|---------|---------|-----------------|----------------|
| Delaware International LCV | -1.42 | -1.42 | 10.52 | 4.37 | 6.51 | 5.42 | 04/01/2004 |
| MSCI EAFE VL Net | -2.03 | -2.03 | 12.19 | 4.29 | 5.78 | 5.26 | 04/01/2004 |

Asset Growth (\$000)

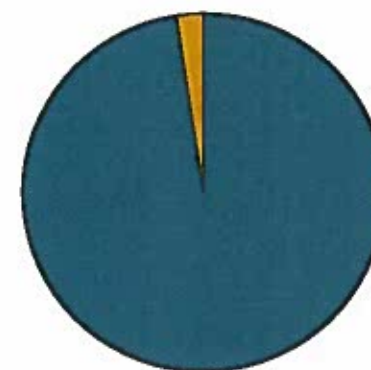
| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Inception Date |
|----------------------------|-----------------|-------|--------|---------|---------|-----------------|----------------|
| Delaware International LCV | | | | | | | 04/01/2004 |
| Beginning Market Value | 1,949 | 1,949 | 1,533 | 1,476 | 1,080 | 538 | |
| Net Contributions | 13 | 13 | 241 | 255 | 402 | 542 | |
| Fees/Expenses | -5 | -5 | -19 | -51 | -82 | -209 | |
| Income | 5 | 5 | 49 | 126 | 221 | 630 | |
| Gain/Loss | -27 | -27 | 130 | 127 | 313 | 432 | |
| Ending Market Value | 1,934 | 1,934 | 1,934 | 1,934 | 1,934 | 1,934 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$1,934

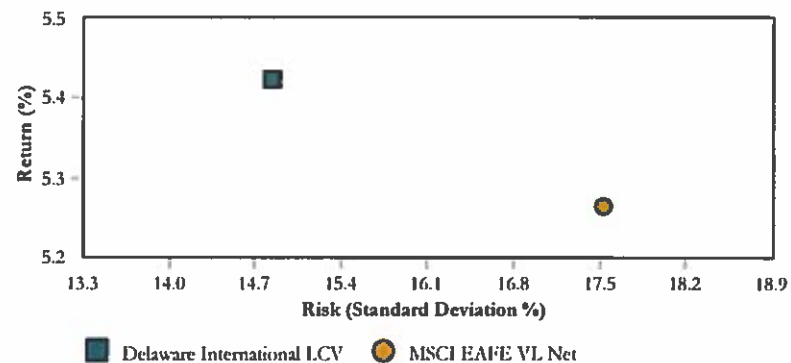


| Segments | Market Value (\$000) | Allocation (%) |
|----------------------|----------------------|----------------|
| International Equity | 1,887.36 | 97.58 |
| Cash Equivalent | 46.74 | 2.42 |

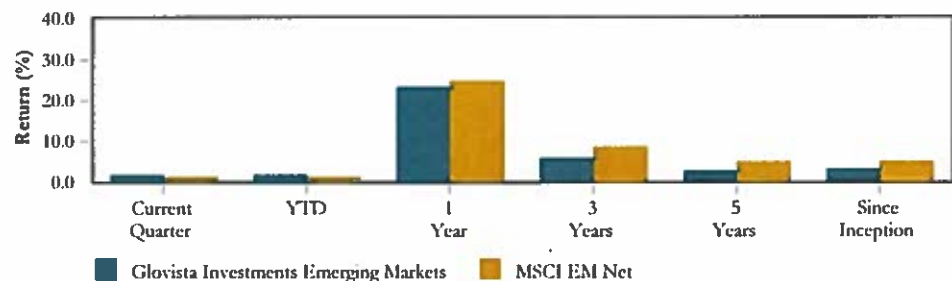
Portfolio Characteristics vs. MSCI EAFE Net Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|----------------------------|------|-------|-----------|--------------|----------------|
| Delaware International LCV | 0.86 | 0.36 | 0.92 | 0.35 | 04/01/2004 |

Risk/Return Analysis Since 04/04



Portfolio Performance (%)

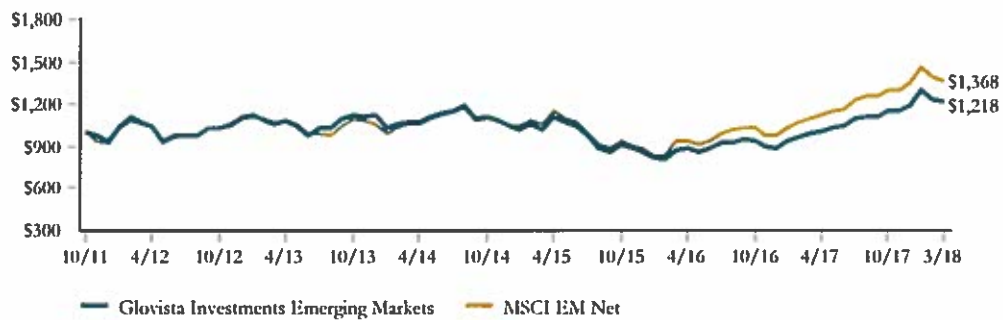


| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Inception Date |
|---------------------------------------|-----------------|------|--------|---------|---------|-----------------|----------------|
| Glovista Investments Emerging Markets | 2.04 | 2.04 | 23.12 | 6.06 | 2.85 | 3.12 | 11/01/2011 |
| MSCI EM Net | 1.42 | 1.42 | 24.93 | 8.81 | 4.99 | 5.01 | 11/01/2011 |

Asset Growth (\$000)

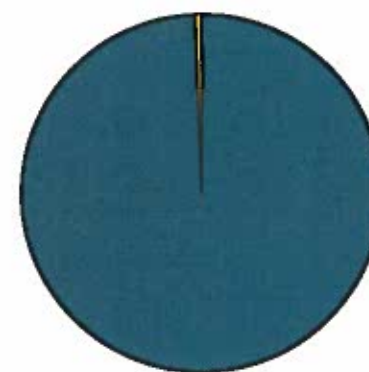
| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Inception Date |
|---------------------------------------|-----------------|-------|--------|---------|---------|-----------------|----------------|
| Glovista Investments Emerging Markets | 1,265 | 1,265 | 855 | 646 | 598 | 502 | 11/01/2011 |
| Beginning Market Value | - | - | 236 | 436 | 506 | 566 | |
| Net Contributions | -4 | -4 | -13 | -34 | -53 | -62 | |
| Fees/Expenses | 1 | 1 | 23 | 51 | 74 | 92 | |
| Income | 29 | 29 | 190 | 191 | 165 | 193 | |
| Gain/Loss | 1,291 | 1,291 | 1,291 | 1,291 | 1,291 | 1,291 | |
| Ending Market Value | | | | | | | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$1,291

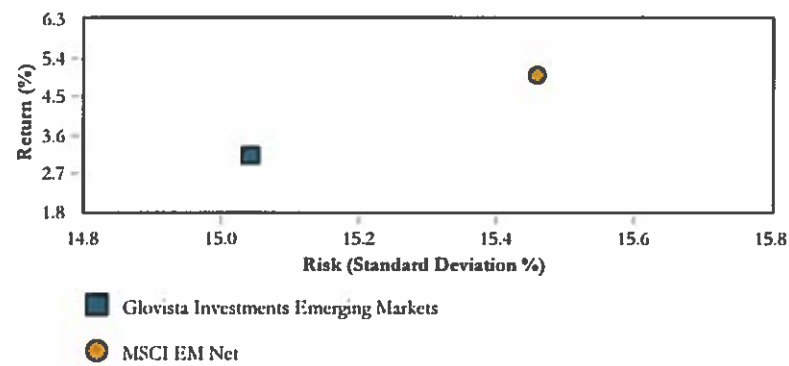


| Segments | Market Value (\$000) | Allocation (%) |
|----------------------|----------------------|----------------|
| International Equity | 1,282.91 | 99.41 |
| Cash Equivalent | 7.64 | 0.59 |

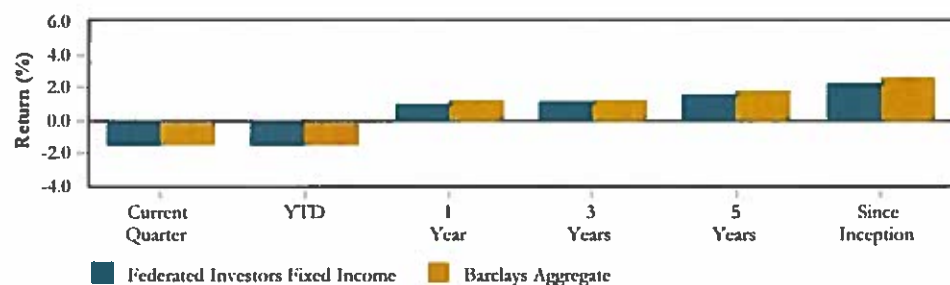
Portfolio Characteristics vs. MSCI EM Net Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|---------------------------------------|------|-------|-----------|--------------|----------------|
| Glovista Investments Emerging Markets | 0.92 | -1.40 | 0.90 | 0.26 | 11/01/2011 |

Risk/Return Analysis Since 11/11



Portfolio Performance (%)

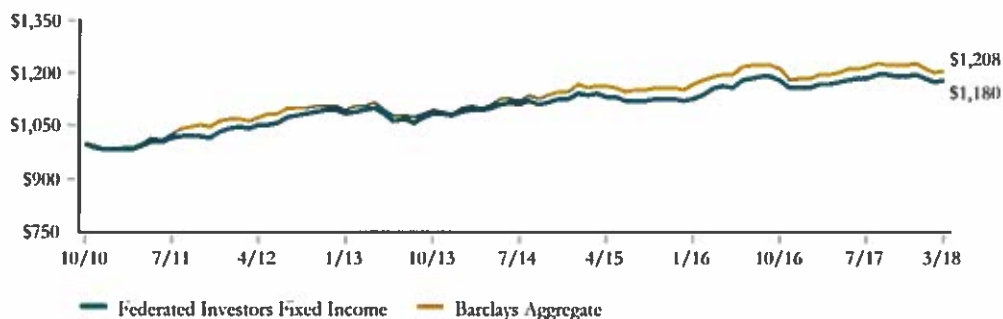


| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Inception Date |
|----------------------------------|-----------------|-------|--------|---------|---------|-----------------|----------------|
| Federated Investors Fixed Income | -1.52 | -1.52 | 0.97 | 1.12 | 1.55 | 2.25 | 11/01/2010 |
| Barclays Aggregate | -1.46 | -1.46 | 1.20 | 1.20 | 1.82 | 2.59 | 11/01/2010 |

Asset Growth (\$000)

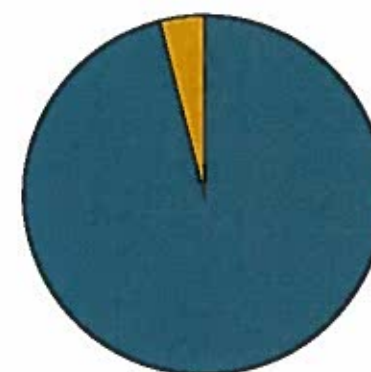
| | Current Quarter | YTD | 1 Year | 3 Years | 5 Years | Since Inception | Inception Date |
|----------------------------------|-----------------|-------|--------|---------|---------|-----------------|----------------|
| Federated Investors Fixed Income | | | | | | | 11/01/2010 |
| Beginning Market Value | 1,721 | 1,721 | 1,575 | 1,570 | 3,521 | 2,518 | |
| Net Contributions | 308 | 308 | 413 | 384 | -1,679 | -958 | |
| Fees/Expenses | -4 | -4 | -15 | -43 | -97 | -162 | |
| Income | 11 | 11 | 34 | 99 | 264 | 500 | |
| Gain/Loss | -32 | -32 | -2 | -6 | -5 | 106 | |
| Ending Market Value | 2,004 | 2,004 | 2,004 | 2,004 | 2,004 | 2,004 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$2,004

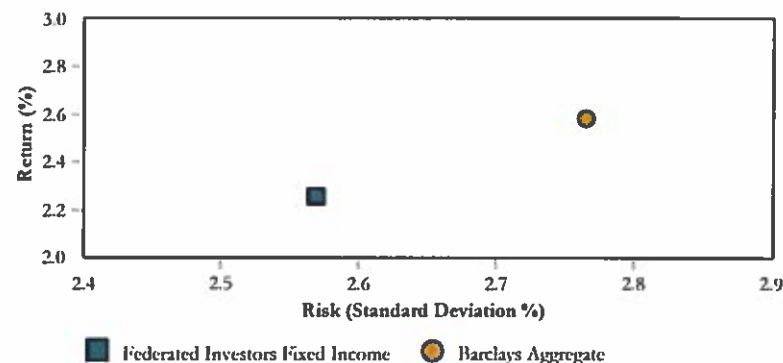


| Segments | Market Value (\$000) | Allocation (%) |
|-----------------------|----------------------|----------------|
| Domestic Fixed Income | 1,924.48 | 96.03 |
| Cash Equivalent | 79.56 | 3.97 |

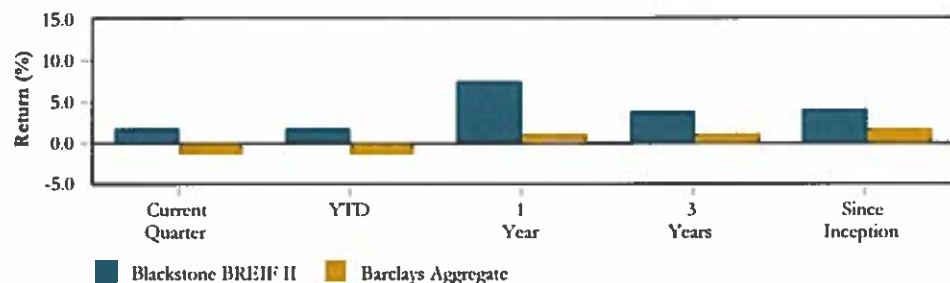
Portfolio Characteristics vs. Barclays Aggregate Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|----------------------------------|------|-------|-----------|--------------|----------------|
| Federated Investors Fixed Income | 0.85 | 0.06 | 0.83 | 0.79 | 11/01/2010 |

Risk/Return Analysis Since 11/10



Portfolio Performance (%)

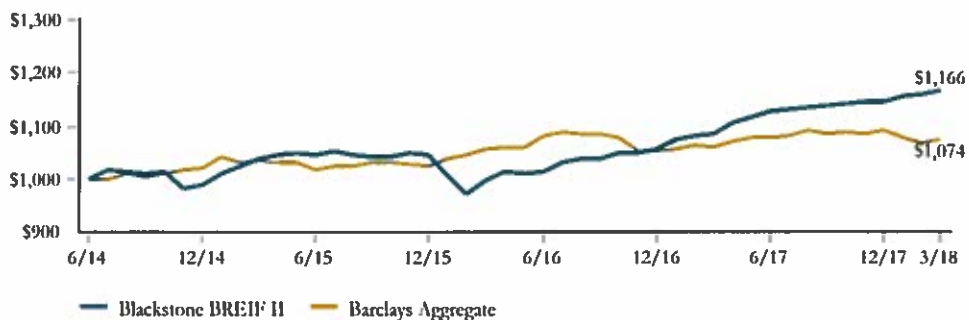


| | Current Quarter | YTD | 1 Year | 3 Years | Since Inception | Inception Date |
|---------------------|-----------------|-------|--------|---------|-----------------|----------------|
| Blackstone BREIF II | 1.78 | 1.78 | 7.41 | 3.97 | 4.18 | 07/01/2014 |
| Barclays Aggregate | -1.46 | -1.46 | 1.20 | 1.20 | 1.92 | 07/01/2014 |

Asset Growth (\$000)

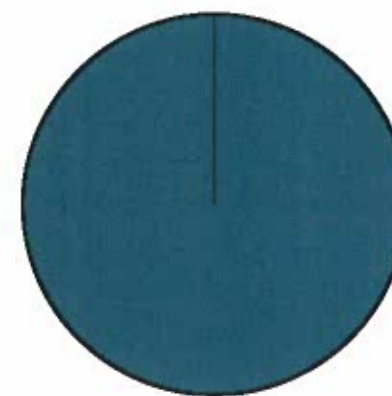
| | Current Quarter | YTD | 1 Year | 3 Years | Since Inception | Inception Date |
|------------------------|-----------------|-------|--------|---------|-----------------|----------------|
| Blackstone BREIF II | | | | | | 07/01/2014 |
| Beginning Market Value | 1,811 | 1,811 | 1,707 | 1,609 | 1,389 | |
| Net Contributions | 3 | 3 | 12 | 33 | 203 | |
| Fees/Expenses | -3 | -3 | -12 | -33 | -41 | |
| Income | - | - | - | - | - | |
| Gain/Loss | 35 | 35 | 139 | 237 | 295 | |
| Ending Market Value | 1,846 | 1,846 | 1,846 | 1,846 | 1,846 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$1,846

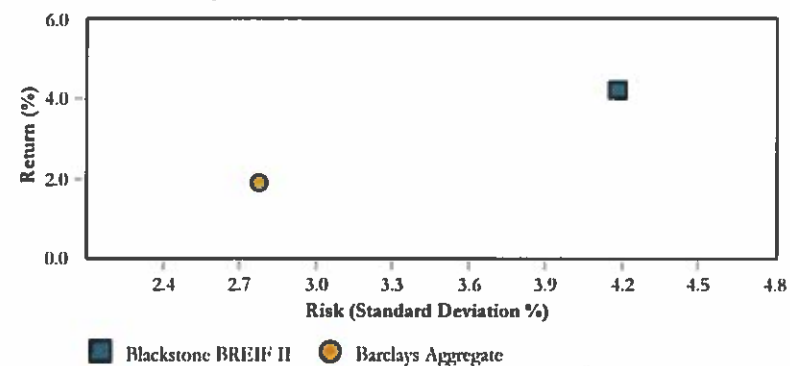


| Segments | Market Value (\$000) | Allocation (%) |
|------------------------|----------------------|----------------|
| Alternative Investment | 1,846.06 | 100.00 |

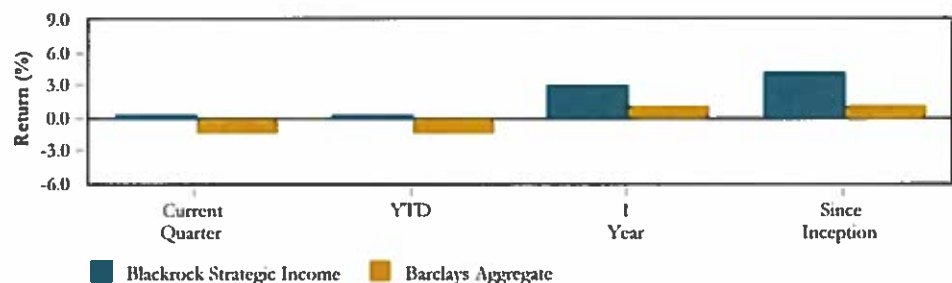
Portfolio Characteristics vs. Barclays Aggregate Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|---------------------|-------|-------|-----------|--------------|----------------|
| Blackstone BREIF II | -0.08 | 4.43 | 0.00 | 0.91 | 07/01/2014 |

Risk/Return Analysis Since 07/14



Portfolio Performance (%)

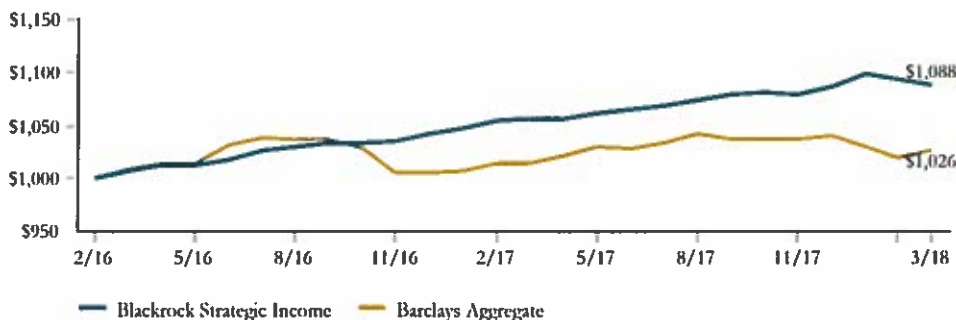


| | Current Quarter | YTD | 1 Year | Since Inception | Inception Date |
|----------------------------|-----------------|-------|--------|-----------------|----------------|
| Blackrock Strategic Income | 0.22 | 0.22 | 3.07 | 4.14 | 03/01/2016 |
| Barclays Aggregate | -1.46 | -1.46 | 1.20 | 1.23 | 03/01/2016 |

Asset Growth (\$000)

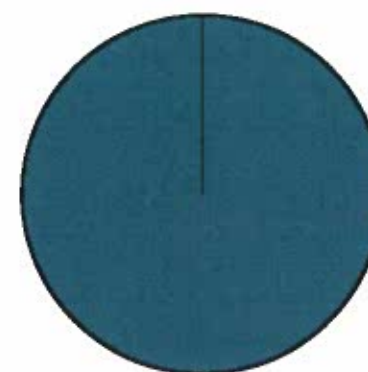
| | Current Quarter | YTD | 1 Year | Since Inception | Inception Date |
|----------------------------|-----------------|-------|--------|-----------------|----------------|
| Blackrock Strategic Income | | | | | 03/01/2016 |
| Beginning Market Value | 1,667 | 1,667 | 1,475 | 1,319 | |
| Net Contributions | 263 | 263 | 411 | 490 | |
| Fees/Expenses | -3 | -3 | -11 | -20 | |
| Income | 14 | 14 | 57 | 103 | |
| Gain/Loss | -7 | -7 | 2 | 42 | |
| Ending Market Value | 1,934 | 1,934 | 1,934 | 1,934 | |

Growth of a Dollar (\$000)



Asset Allocation (\$000)

March 31, 2018 : \$1,934

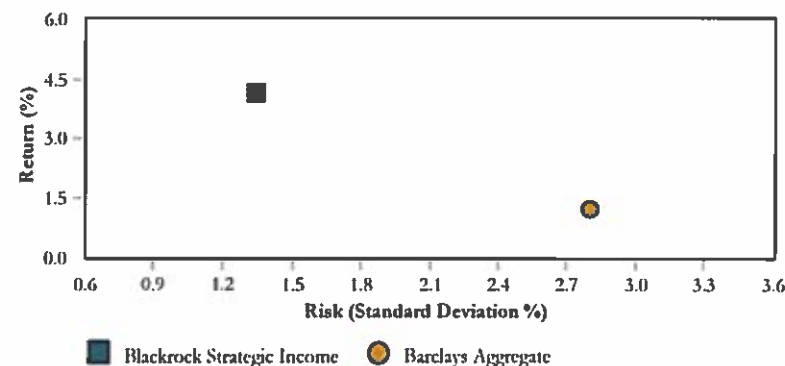


| Segments | Market Value (\$000) | Allocation (%) |
|------------------------|----------------------|----------------|
| Alternative Investment | 1,934.33 | 100.00 |
| Cash Equivalent | -0.01 | 0.00 |

Portfolio Characteristics vs. Barclays Aggregate Since Inception

| | Beta | Alpha | R-Squared | Sharpe Ratio | Inception Date |
|----------------------------|------|-------|-----------|--------------|----------------|
| Blackrock Strategic Income | 0.09 | 4.03 | 0.04 | 2.46 | 03/01/2016 |

Risk/Return Analysis Since 03/16



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.

Core: 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, 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

(3)

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.

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

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, 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

Graystone Consulting is a business of Morgan Stanley Smith Barney LLC. ("Morgan Stanley")

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This information is being provided as a service of your Graystone Institutional Consultant and does not supersede or replace your Morgan Stanley customer statement. The information is as of the date(s) noted and subject to daily market fluctuation.

(13)

Your interests in Alternative Investments, which may have been purchased through us, may not be held here, and are not covered by SIPC. The information provided to you: 1) is included solely as a service to you, and certain transactions may not be reported; 2) is derived from you or another external source for which we are not responsible, and may have been modified to take into consideration capital calls or distributions to the extent applicable; 3) may not reflect actual shares, share prices or values; 4) may include invested or distributed amounts in addition to a fair value estimate; and 5) should not be relied upon for tax reporting purposes.

Alternative Investments are illiquid and may not be valued daily. The estimated 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.

Alternative investments often are speculative and include a high degree of risk. Investors could lose all or a substantial amount of their investment. Alternative investments are suitable only for eligible, long-term investors who are willing to forgo liquidity and put capital at risk for an indefinite period of time. They may be highly illiquid and can engage in leverage and other speculative practices that may increase the volatility and risk of loss. Alternative Investments typically have higher fees than traditional investments. 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 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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(9)

Washachia Fireman's Relief & Retirement Fund
Proposed Cash Flow and Rebalancing Worksheet

Values as of 4/12/2016

Omnibus Cash Balance: \$14,388 acct-no 942-143888
Amount to retain in Omnibus: \$18,880
Contribution: April \$14,880
Pension: April \$73,880
Capital Call \$61,880
Amount to Reallocate: -\$36,310

Based on Total Investable Dollars Net of Reserves

| Mgr. | Account | 4/12/2016 Balance | IPS Target % | Current % of Managed | Current % of Investable | IPS Range + or - | IPS Lower Limit | IPS Target % | IPS Upper Limit | Difference to Target | Above or Below IPS Target | Within Invest. % IPS Range | Proposed Rebalance Amounts | % After Proposed Changes | AP % After Proposed Changes | Account Number |
|-------------------|----------------------------|-------------------|--------------|----------------------|-------------------------|------------------|-----------------|--------------|-----------------|----------------------|---------------------------|----------------------------|----------------------------|--------------------------|-----------------------------|----------------|
| 1 | Deliware LCV | \$1,840,888 | 11.0% | 12.4% | 12% | 10.0% | \$ 1,847,789 | \$1,830,888 | \$2,013,976 | \$236,987 | Above | FALSE | -\$31,000 | 12.2% | 95% | 942-143580 |
| 2 | LCV ETF | \$280,979 | | | | | | | | | | | | | 18% | 942-815245 |
| 3 | Paton Capital LCO | \$1,533,572 | 11.0% | 12.2% | 12% | 10.0% | \$ 1,847,789 | \$1,830,888 | \$2,013,976 | \$187,581 | Above | FALSE | -\$31,000 | 12.0% | 75% | 942-829151 |
| 4 | LCO ETF | \$494,877 | | | | | | | | | | | | | 25% | 942-816246 |
| 5 | Great Lakes S&MD Com | \$1,494,109 | 8.0% | 9.8% | 9.0% | 15.0% | \$ 1,131,821 | \$1,331,565 | \$1,631,288 | \$182,545 | Above | TRUE | | 9.0% | | 942-868412 |
| 6 | Deliware International | \$1,871,402 | 11.0% | 11.8% | 11.0% | 15.0% | \$ 1,628,893 | \$1,914,110 | \$2,201,228 | \$287,242 | Above | TRUE | | 11.0% | | 942-143588 |
| 8 | WCM Int'l Growth | \$2,827,047 | 11.0% | 12.2% | 12.2% | 15.0% | \$ 1,628,893 | \$1,914,110 | \$2,201,228 | \$112,937 | Above | TRUE | | 12.2% | | 942-882843 |
| 7 | Carroll EM | \$1,278,631 | 7.0% | 7.7% | 7.7% | 15.0% | \$ 980,344 | \$1,185,118 | \$1,338,877 | \$111,521 | Above | TRUE | | 7.7% | | 942-143687 |
| 8 | SRIF | \$1,836,908 | 11.0% | 11.0% | 11.0% | 10.0% | \$ 1,722,898 | \$1,914,110 | \$2,185,521 | -\$77,605 | Below | TRUE | | 11.0% | | 942-848768 |
| 9 | Blackrock Strategic Income | \$1,832,381 | 11.0% | 11.0% | 11.0% | 10.0% | \$ 1,722,898 | \$1,914,110 | \$2,185,521 | \$18,271 | Above | TRUE | | 11.0% | | 942-888843 |
| 10 | Federated Cash FI | \$2,008,857 | 12.0% | 12.1% | 12.1% | 10.0% | \$ 1,787,540 | \$1,997,332 | \$2,187,085 | \$4,329 | Above | TRUE | | 12.1% | | 942-143638 |
| 11 | Central Park Group | | 5.0% | 8.0% | 8.0% | | | | \$832,222 | | | | | | | |
| 12 | IPS TRD | | | | | | | | | | | | | | | |
| Total Managed | | \$16,848,047 | 100.0% | 100.0% | 100.0% | | | \$16,844,433 | | \$427,636 | | | | 100.0% | | |
| Omnibus Cash Bal. | | \$14,388 | | | 8.0% | | | | | | | Cash | | | | |
| Less Reserves | | \$10,000 | | | | | | | | | | | | | | |
| Total Investable | | 16,844,433 | | | | | | | | | | | | 100.0% | | |
| Total Acct. Value | | 16,844,433 | | | | | | | | | | | | | | |

Washachia Firefighter's Retirement Fund
Statement of Cash Flow and Rebalancing Policy
Adopted: 1/18/01
Revised: 2/18/10

Cash flow policy:

1. The fund is in positive cash flow of approximately \$80,000 per quarter
2. Pension payments are made by Frost Bank
3. Funds of approximately \$73,000 will be wired each month to Frost Bank from the Omnibus account to make pension payroll.
4. Monthly contributions to the fund are currently \$90,000.

For the purposes of rebalancing, the Board of Washachia Firefighter's Retirement Fund has determined that:

1. Rebalancing shall be done Quarterly after review of the Quarterly Statement
2. A minimum balance of \$10,000 shall be maintained in the Omnibus account, in addition to cash flow needs
3. Any security held in violation of the 5% position limit per the IPS will be pared back to 5%
4. Managers above IPS Range shall be instructed to sell back to IPS Targeted Dollars, or within targeted range at the direction of the Board
5. Funds will be reallocated on a proportional basis first to managers out of IPS Range
6. Remaining funds will be allocated to managers within IPS Range but below IPS Target

Letters of Authorization:

1. Standing LOA to authorize rebalancing. Dated 5/18/04
2. Standing LOA to authorize quarterly redemptions from bond manager as needed. NOT required
3. Standing LOA to wire funds to Frost monthly for payroll - On File: May 14, 2016

The information and statistical data contained herein have been obtained from sources believed reliable, but we cannot guarantee its accuracy or completeness. This information is being provided at your request and does not replace or supersede your monthly Morgan Stanley Wealth Management Statement. This information is based upon the market value of your accounts as of the close of business on the date shown and is subject to daily market fluctuation.

(13)

(4)

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

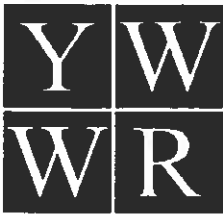
FINANCIAL STATEMENTS

Year Ended September 30, 2017

(4)

TABLE OF CONTENTS

| | |
|--|--------------------|
| Independent Auditor's Report | <u>Page</u> 1-2 |
| Financial Statements: | |
| Statement of Fiduciary Net Position | 3 |
| Statement of Changes in Fiduciary Net Position | 4 |
| Notes to the Financial Statements | 5-11 |
| Required Supplementary Information: | |
| Schedule of Changes in the Plan's Net Pension Liability and Related Ratios | 13 |
| Schedule of Investment Returns | 14 |



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

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA
Glenda Valek, CPA | Caitlyn Keller, CPA

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, 2017, 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.

(4)

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, 2017, 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 25, 2018

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WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
STATEMENT OF FIDUCIARY NET POSITION
September 30, 2017

ASSETS

| | |
|--|-------------------|
| Cash and Cash Equivalents | \$ 356,012 |
| Receivables: | |
| Accrued Interest Receivable | 6,155 |
| Investments, at Fair Value: | |
| Common Stocks | 9,695,232 |
| US Government and Government Agency Securities | 402,202 |
| Exchange Traded and Closed End Funds | 711,727 |
| Corporate Bonds | 657,432 |
| Mutual Funds | 2,198,152 |
| Alternate Investments | 1,790,176 |
| Total Investments | <u>15,454,921</u> |
| Total Assets | <u>15,817,088</u> |

LIABILITIES

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

| | |
|---|-----------------------------------|
| NET POSITION RESTRICTED FOR PENSIONS | <u><u>\$15,817,088</u></u> |
|---|-----------------------------------|

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, 2017

ADDITIONS

| | |
|--|------------------|
| Contributions: | |
| Employer | \$ 633,627 |
| Employee | 493,454 |
| | <u>1,127,081</u> |
| Investment income: | |
| Interest and dividends | 401,482 |
| Net appreciation (depreciation) in fair value of investments | 1,308,785 |
| | <u>1,710,267</u> |
| Total additions | <u>2,837,348</u> |

DEDUCTIONS

| | |
|-----------------------------------|------------------|
| Benefits paid to participants | 913,746 |
| Benefits refunded to participants | 126,398 |
| Investment expenses | 156,937 |
| Administrative expenses | 24,338 |
| | <u>1,221,419</u> |

NET INCREASE IN NET POSITION 1,615,929

NET POSITION RESTRICTED FOR PENSIONS

BEGINNING OF YEAR 14,201,159

END OF YEAR \$15,817,088

The accompanying notes are an integral part of this statement.

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2017

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.

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 2 - DESCRIPTION OF THE PLAN

A. Plan Membership

Membership of the plan consisted of the following at September 30, 2017:

| | | |
|---|----|----|
| Retired members and their beneficiaries | | 30 |
| Disabled members | | 1 |
| Vested terminated members | | 2 |
| Active members: | | |
| Vested | 24 | |
| Nonvested | 30 | |
| Total active members | 54 | |
| Total plan membership | | 87 |

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.

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2017

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.

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 3 - CONTRIBUTIONS (continued)

For the year ending September 30, 2017, the City contributed 15.53% 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 2017 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.

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2017

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, 2016 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, 1,755 shares | \$ 1,790,176 |
| Blackrock Strategic Inc. Opp I, 160,912 shares | <u>1,604,291</u> |
| | <u><u>\$ 3,394,467</u></u> |

E. Rate of Return

For the year ended September 30, 2017 the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 10.66%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2017

NOTE 5 - ACTUARIAL METHODS AND ASSUMPTIONS

In the October 1, 2016 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 25.4 years; the new amortization period was first adopted for the year ended September 30, 2016. There were no benefit changes during the year ended September 30, 2017.

The total pension liability was determined by an actuarial valuation as of October 1, 2016, 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, 2016 valuation were based on the results of an actuarial experience study as of September 30, 2016.

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.

(4)

WAXAHACHIE FIREMEN'S RELIEF AND RETIREMENT FUND
NOTES TO THE FINANCIAL STATEMENTS
Year Ended September 30, 2017

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, 2016, were as follows:

| | |
|-----------------------------------|---------------------|
| Total pension liability | \$ 21,240,580 |
| Less: Plan fiduciary net position | 14,201,159 |
| Net pension liability | <u>\$ 7,039,421</u> |

| | |
|--|--------------|
| Plan fiduciary net position as a percentage of total pension liability | 66.9% |
| Covered employee payroll | \$ 4,049,400 |
| Net pension liability as a percentage of covered employee payroll | 173.8% |

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 | \$ 9,868,238 | \$ 7,039,421 | \$4,703,471 |

(4)

REQUIRED SUPPLEMENTARY INFORMATION

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

(4)

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 |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | | |
| Service Cost | \$ 509,046 | \$ 544,583 | \$ 582,704 | \$ 655,142 | \$ 701,002 |
| Interest | 1,140,023 | 1,154,339 | 1,194,519 | 1,392,693 | 1,465,623 |
| Changes of benefit terms | - | - | 937,622 | - | - |
| Differences between expected and actual experience | (257,626) | - | 13,620 | - | 19,944 |
| Assumption changes | 100,018 | - | 382,367 | - | (831,167) |
| Benefit payments | (540,161) | (561,290) | (567,869) | (678,363) | (1,391,513) |
| Net Change in Total Pension Liability | 951,300 | 1,137,632 | 2,542,963 | 1,369,472 | (36,111) |
| Total Pension Liability - Beginning | 15,275,324 | 16,226,624 | 17,364,256 | 19,907,219 | 21,276,691 |
| Total Pension Liability - Ending | \$16,226,624 | \$17,364,256 | \$19,907,219 | \$21,276,691 | \$21,240,580 |
| Plan Fiduciary Net Position | | | | | |
| Contributions from employer | \$ 564,265 | \$ 584,578 | \$ 601,797 | \$ 615,039 | \$ 620,782 |
| Contributions from plan members | 386,553 | 412,167 | 432,959 | 452,414 | 485,928 |
| Net investment income | 1,436,773 | 1,436,104 | 966,467 | (498,706) | 927,521 |
| Benefit payments | (540,161) | (561,290) | (567,869) | (678,363) | (1,391,513) |
| Administrative expense | (15,895) | (33,332) | (17,120) | (27,428) | (21,760) |
| Net Change in Plan Fiduciary Net Position | 1,831,535 | 1,838,227 | 1,416,234 | (137,044) | 620,958 |
| Plan Fiduciary Net Position - Beginning | 8,631,249 | 10,462,784 | 12,301,011 | 13,717,245 | 13,580,201 |
| Plan Fiduciary Net Position - Ending | \$10,462,784 | \$12,301,011 | \$13,717,245 | \$13,580,201 | \$14,201,159 |
| Plan's Net Pension Liability - Ending | \$ 5,763,840 | \$ 5,063,245 | \$ 6,189,974 | \$ 7,696,490 | \$ 7,039,421 |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 64.5% | 70.8% | 68.9% | 63.8% | 66.9% |
| Covered employee payroll | \$ 3,221,275 | \$ 3,434,725 | \$ 3,607,992 | \$ 3,770,117 | \$ 4,049,400 |
| Plan's net pension liability as a percentage of covered employee payroll | 178.9% | 147.4% | 171.6% | 204.1% | 173.8% |

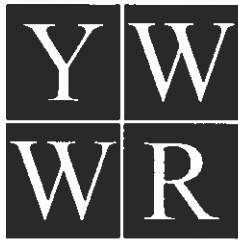
Notes to Schedule:

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

(4)

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

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Annual money weighted rate of return, net of investment expense | 17.55% | 14.67% | 7.72% | -3.59% | 6.91% | 10.66% |



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

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA
Glenda Valek, CPA | Caitlyn Keller, CPA

(4)

April 25, 2018

Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
P.O. Box 1045
Waxahachie, Texas 76168

We have audited the financial statements of Waxahachie Firemen's Relief and Retirement Fund for the year ended September 30, 2017, and have issued our report thereon dated April 25, 2018. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 27, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Waxahachie Firemen's Relief and Retirement Fund are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Plan during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the financial statements was:

Management's estimate of the fair value of the Plan's investments - 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. We evaluated the key factors and assumptions used to develop the fair value of the Plan's investments in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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

Difficulties Encountered in Performing the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. There were no such misstatements identified during the audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated April 25, 2018.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Plan's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Plan's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the schedule of changes in the plan's net pension liability and related ratios and the schedule of investment returns, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

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

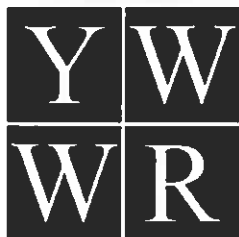
Restriction on Use

This information is intended solely for the use of the Board of Trustees and management of Waxahachie Firemen's Relief and Retirement Fund and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

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



YELDELL, WILSON, WOOD & REEVE, P.C. (4)

CERTIFIED PUBLIC ACCOUNTANTS

Greer Yeldell, CPA | Glen Wilson, CPA | Tracie Wood, CPA | Joyce Reeve, CPA
Glenda Valek, CPA | Caitlyn Keller, CPA

April 25, 2018

To the Board of Trustees
Waxahachie Firemen's Relief and Retirement Fund
P.O. Box 1045
Waxahachie, Texas 76168

In planning and performing our audit of the financial statements of Waxahachie Firemen's Relief and Retirement Fund as of and for the year ended September 30, 2017 in accordance with auditing standards generally accepted in the United States of America, we considered Waxahachie Firemen's Relief and Retirement Fund's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control. Accordingly, we do not express an opinion on the effectiveness of the Plan's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiency in Waxahachie Firemen's Relief and Retirement Fund's internal control to be a material weakness:

Preparation of Financial Statements - We were requested to draft the audited financial statements and related footnote disclosures as part of our regular audit services. Current auditing standards require auditors to communicate this situation to the Board as an internal control deficiency. Ultimately, it is management's responsibility to provide for the preparation of your statements and footnotes, and the responsibility of the auditor to determine the fairness of presentation of those statements. However, based on current auditing standards, it is our responsibility to inform you that this deficiency could result in a material misstatement to the financial statements that could have been prevented or detected by your management. Essentially, the auditors cannot be part of your internal control process.

From a practical standpoint, we prepare the statements and determine the fairness of the presentation at the same time in connection with our audit. This is not unusual for us to do with entities of your size.

The effectiveness of the internal control system relies on enforcement by management. The effect of deficiencies in internal controls can result in undetected errors. We have instructed management to

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

review a draft of the auditor prepared financials in detail for accuracy and we have answered any questions that management might have. We are satisfied that the appropriate steps have been taken to provide you with the completed financial statements.

Under the circumstances, the most effective controls lie in management's knowledge of the Plan's financial operations. It is the responsibility of management and those charged with governance to make the decisions whether to accept the degree of risk associated with this condition because of cost and other consideration. Regarding the specific situations listed above, we would offer the following specific recommendations: 1) Utilize a disclosure checklist to ensure all required disclosures are present and agree to work papers, and 2) Agree your accounting information to the amounts reported in the financial statements.

This communication is intended solely for the information and use of the management, the Board of Trustees, and others within the Plan, and is not intended to be, and should not be, used by anyone other than these specified parties.

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

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

(5)

Pension Review Board

P.O. Box 13498, Austin, TX 78711 • FAX: (512) 463-1882 • (800) 213-9425 or (512) 463-1736

INVESTMENT RETURNS AND ASSUMPTIONS REPORT

PRB-1000

Retirement System Profile

| | |
|---|------------------------------|
| Waxahachie Firemen's Relief and Retirement Fund | 469-309-4204 |
| System Name | Phone Number: (xxx) xxx-xxxx |
| Gary Myers | |
| Report Contact Name (Please Print) | E-mail Address |

Actual Rate of Return

(Most Recent 10 Fiscal Years)

| Fiscal Year End (MM/DD/YYYY) | Net Return (Percent) | Gross Return (Percent) | Gross Return Methodology | |
|---------------------------------|-------------------------|---------------------------|------------------------------|-----------------------|
| | | | Not Net of Admin Expenses | Net of Admin Expenses |
| 09/30/2008 | -14.72% | N/A | | ✓ |
| 09/30/2009 | 8.25% | N/A | | ✓ |
| 09/30/2010 | 8.43% | N/A | | ✓ |
| 09/30/2011 | -0.68% | N/A | | ✓ |
| 09/30/2012 | 16.08% | 17.49% | | ✓ |
| 09/30/2013 | 13.26% | 14.48% | | ✓ |
| 09/30/2014 | 7.57% | 8.77% | | ✓ |
| 09/30/2015 | -3.78% | -2.75% | | ✓ |
| 09/30/2016 | 6.74% | 7.84% | | ✓ |
| 09/30/2017 | 10.73% | 11.88% | | ✓ |

Gross Return Methodology - In the last column, please indicate the methodology used to calculate each gross return presented as either: The Gross Return is not net of administrative expenses or the Gross Return is net of administrative expenses.

Actuarial Assumed Rate of Return

(Most Recent 10 Actuarial Valuations)

| Valuation Date (MM/DD/YYYY) | Assumed Return (Percent) | Assumed Return Methodology | | |
|--------------------------------|-----------------------------|----------------------------|-----------------------------|-------|
| | | Net All Expenses | Net Investment Fees Only | Other |
| 09/30/2008 | 8.00% | ✓ | | |
| 09/30/2009 | 8.00% | ✓ | | |
| 09/30/2010 | 8.00% | ✓ | | |
| 09/30/2011 | 7.00% | ✓ | | |
| 09/30/2012 | 7.00% | ✓ | | |
| 09/30/2013 | 7.00% | ✓ | | |
| 09/30/2014 | 7.00% | ✓ | | |
| 09/30/2015 | 7.00% | ✓ | | |
| 09/30/2016 | 7.00% | ✓ | | |
| 09/30/2017 | 7.00% | ✓ | | |

Assumed Return Methodology - In the last column, please indicate the methodology underlying each assumed rate of return as either: The return is net of all expenses; the return is net of investment fees; or, "Other". If "Other", please describe methodology used in Additional Comments section.

Information provided in this document may be based on methodologies assumed to be reasonable by the reporting entity. The information provided herein may be unaudited and is considered the best approximation of the plan at the time of submission. Additionally, the information provided in this document must be based on the fiscal year of the public retirement system submitting the report.

(5)

Pension Review Board

P.O. Box 13498, Austin, TX 78711 • FAX: (512) 463-1882 • (800) 213-9425 or (512) 463-1736

LONG-TERM RATES OF RETURN

PRB-1000

Annualized Rolling Rate of Return Information

Please check the appropriate methodology used to calculate the rates of return requested in the following section:

☐ Arithmetic Mean, ☒ Geometric Mean (Time-weighted Return), ☐ Internal Rate of Return

| Most Recent: | 1-Year Period | 3-Year Period | 10-Year Period | 30-Year or Since Inception Period |
|---------------|---------------|---------------|----------------|-----------------------------------|
| Rolling Gross | 11.88% | 5.47% | N/A | N/A |
| Rolling Net | 10.73% | 4.38% | 4.80% | 5.68% |

*If the system's inception date is less than 30 years from the report date, please enter the inception date:

Date of Inception (MM/DD/YYYY): 10/01/1994

RETURN AND ASSUMPTIONS -- ADDITIONAL COMMENTS

Please use this section to provide any additional information or commentary that may help clarify information provided in the previous form.

Rates of Return

Net rates of return for the fiscal years ending September 30, 1995, and later are available. Gross rates of return are only available for the September 30, 2012 through 2017 fiscal years. The requested averages have been calculated to the extent data was available. The actual date of inception is more than 30 years ago. The "date of inception" shown above is the earliest date for which market value information is available, as specified in the instructions for completing this form.

Actuarial Assumed Rate of Return

Actuarial assumed rate of return information came from the fund's most recent actuarial valuation report. Currently, valuations are being performed biennially.

Average Rates of Return

The average rates of return are geometric rates of return. Please see the RoR_History Worksheet for details of the calculations.

Information provided in this document may be based on methodologies assumed to be reasonable by the reporting entity. The information provided herein may be unaudited and is considered the best approximation of the plan at the time of submission. Additionally, the information provided in this document must be based on the fiscal year of the public retirement system submitting the report.

Instructions

Cains Worksheet Sheet

Enter the fund's financial information below . Please do not add or delete either rows or columns of the spreadsheet. The fund's prior-year rates of return are now located on the sheet named "RoReturn_History."

Data for the financial information can come from (a) the fund's audited financial statements, (b) a TLFFRA Annual Report form completed with data for the year ending in 2017, or (c) from the statements which the plan receives from its financial professionals.

On line 1 (Cell K68), below, enter the market value of plan assets as of the beginning of the year. Contributions, Investment Income, Other Receipts, Benefits, and Administrative Expenses are entered in sections two through seven. Finally, the reported market value of plan assets should be entered on Line 11(c), (Cell K115).

The difference between the calculated value of plan assets on line 11(b) and the reported market value of plan assets entered on line 11(c) should be zero. A zero on line 11(d), (Cell K116), is needed in order for the calculated rates of return to be correct.

The 2017 rates of return needed for Form PRB-1000 are calculated on Lines 12 through 18 of Columns J and K on page two, below.

The plan's prior year returns for 1995 through 2016 have been entered on the RoReturn_History sheet, in cells C18 through X18. Average rate of return calculations are below this area. No entries are required on this part of the spreadsheet.

Note: Please check the assumptions page of the plan's most recent actuarial valuation. Most valuations are performed under the assumption that the rate of return in the valuation is net of all plan expenses. If this is not the case, please contact your actuary to see whether the 2017 rate of return calculation in Column J needs to be modified.

Profile & RoR Sheet

Contact information and the plan's actuarial assume rates of return are entered on the Profile & ROR sheet. Note that, if any of the valuations listed did not assume a rate of return which was net of all expenses, the check marks in the Assumed Return Methodology column may need to be moved.

Long-term RoR Sheet

Please review the "Comments" section of this sheet. Change any comments which are not correct and add any additional comments which are needed. Other versions of the language are to the right of the box.

Returns and Assumptions - Unavailable Information Sheet

Please review the "Comments" section of this sheet. Note that this Excel workbook only provides "Gross" rates of return for 2012-2017. If your plan has prior-year records of such rates, they can be entered in the Gross Return column of the Profile & RoR Sheet. Form PRB-1000 only requires plans to provide available information.

Complete this sheet by copying the "✓" to cell B28 and entering the contact information and data at the bottom of the sheet.

Funds may e-mail the Pension Review Board either (a) the three pages of Form PRB-1000, printed as an Adobe Acrobat file, or (b) the entire Excel spreadsheet. The fund's name should be part of the filename.

Please also e-mail the entire spreadsheet file to John Crider for use in the 2017 TLFFRA Rate of Return Survey.

(15)

Waxachie Firemen's Relief and Retirement Fund

Waxahachie FRRF

Most Recent Fiscal
and Plan Year End
09/30/2017Fiscal (Plan) Year Ending In 2017
Statement of Changes In Plan Net Assets

| | | |
|--|---------------------|--|
| 1. Net Assets as of the Beginning of the Year | | <u>\$14,201,158.94</u> <-enter beg of year value |
| Additions | | |
| 2. Contributions | | |
| (a) Employer contributions | <u>633,626.50</u> | |
| (b) Employee contributions | <u>493,454.00</u> | |
| (c) Employer contributions on behalf of volunteers | <u>0.00</u> | |
| (d) Volunteers' contributions | <u>0.00</u> | |
| (e) Other | <u>0.00</u> | |
| (f) Total contributions (Lines 2a + 2b + 2c + 2d + 2e) | | <u>1,127,080.50</u> |
| 3. Investment Income | | |
| (a) Realized and unrealized gains (losses) | <u>1,308,785.25</u> | |
| (b) Interest (or interest and dividends) | <u>0.00</u> | |
| (c) Dividends | <u>401,481.90</u> | |
| (e) Other | <u>0.00</u> | |
| (f) Total investment income (Line 3a + 3b + 3c + 3d + 3e) | | <u>1,710,267.15</u> |
| 4. Other Receipts | | |
| 5. Total Additions (Sum of lines 2f, 3f, and 4, above) | | <u>2,837,347.66</u> |
| Deductions | | |
| 6. Distribution of Benefits and Payments to Provide Benefits | | |
| (a) Benefits to participants and beneficiaries | <u>837,785.92</u> | |
| (b) DROP benefits | <u>78,000.00</u> | |
| (c) Refund of employee contributions | <u>126,398.27</u> | |
| (d) Payments to volunteers and vol benef | <u>0.00</u> | |
| (e) Total distributions (Line 6a + 6b + 6c + 6d) | | <u>1,040,184.19</u> |
| 7. Administrative expenses | | |
| (a) Consultants', investment managers' and custodian's fees | <u>163,543.73</u> | |
| (b) All other plan administration expenses | <u>27,690.50</u> | |
| (c) Total administrative expenses (Line 7a + 7b) | | <u>181,234.23</u> |
| 8. Total Expenses (Sum of lines 6e and 7c, above) | | <u>1,221,418.42</u> |
| 9. Net Income (Loss), (Line 5 minus Line 8) | | <u>1,615,929.23</u> |
| 10. Other Changes | | <u>-0.44</u> |
| 11. Reconciliation | | |
| (a) Increase (decrease) in net assets available for benefits (Line 9 plus Line 10) | | <u>1,615,928.79</u> |
| (b) Calculated year-end net assets (Line 1 plus Line 11(a)) | | <u>15,817,087.73</u> |
| (c) Reported year-end net assets from asset statement (entered item) | | <u>15,817,087.73</u> <-enter end of |
| (d) Difference (Should be zero) | | <u>\$0.00</u> year value |

(5)

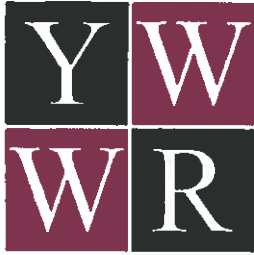
Waxachie Firemen's Relief and Retirement Fund**Fiscal (Plan) Year Ending in 2017****Rate of Return on Fund Assets Measured at Market**

| | <u>Net Return</u> (a) | <u>Gross Return Before Deducting Investment Expenses</u> (b) | <u>Gross Return Before Deducting Administrative & Investment Expenses</u> (c) |
|--|------------------------------|---|--|
| 12. Value of Fund Assets at the Beginning of the Year | \$14,201,158.94 | \$14,201,158.94 | \$14,201,158.94 |
| 13. Value of Fund Assets at the End of the Year | 15,817,087.73 | 15,817,087.73 | 15,817,087.73 |
| 14. Contributions for the Year | 1,127,080.50 | 1,127,080.50 | 1,127,080.50 |
| 15. Plan Disbursements During the Year | | | |
| (a) Benefits | 1,040,184.19 | 1,040,184.19 | 1,040,184.19 |
| (b) Investment Expenses (Consultant, Management, and Custodial Fees) | N/A | 153,543.73 | 153,543.73 |
| (c) Administrative Expenses | N/A | N/A | 27,690.50 |
| (d) Total (Line 15a + 15b + 15c) | 1,040,184.19 | 1,193,727.92 | 1,221,418.42 |
| 16. Net Earnings for the Year (Line 13 - Line 12 - Line 14 + Line 15d) | 1,529,032.48 | 1,682,576.21 | 1,710,266.71 |
| 17. Average Assets During the Year ((Line 12 + Line 13 - Line 16) + 2) | 14,244,607.10 | 14,167,835.23 | 14,153,989.98 |
| 18. Approximate Rate of Return for the Plan Year Ending in 2017 (Line 16 + Line 17) | 10.7341% | 11.8760% | 12.0833% |
| 19. Approximate Cost (Measured in the Decrease of the Net Rate of Return) from: | | | |
| (a) Asset Management | 1.1419% | | |
| (b) Plan Administration | | 0.2073% | |

| | <u>Fiscal (Plan) Year End</u> | <u>Net Return</u> | <u>Gross Return Before Deducting Investment Expenses</u> | <u>Gross Return Before Deducting Any Expenses</u> |
|-----|-------------------------------|-------------------|--|---|
| 1. | 09/30/2008 | -14.7244% | N/A | N/A |
| 2. | 09/30/2009 | 8.2474% | N/A | N/A |
| 3. | 09/30/2010 | 8.4255% | N/A | N/A |
| 4. | 09/30/2011 | -0.6817% | N/A | N/A |
| 5. | 09/30/2012 | 16.0795% | 17.4925% | 19.2340% |
| 6. | 09/30/2013 | 13.2585% | 14.4770% | 12.3448% |
| 7. | 09/30/2014 | 7.5738% | 8.7658% | 6.7143% |
| 8. | 09/30/2015 | -3.7819% | -2.7522% | -4.8813% |
| 9. | 09/30/2016 | 6.7404% | 7.8410% | 9.2983% |
| 10. | 09/30/2017 | 10.7341% | 11.8760% | 12.0833% |

Note: The returns calculated on this spreadsheet approximate periodic contributions and benefits throughout the year by assuming that all receipts and disbursements occurred in the middle of the year. The rate of return entries on the plan's financial statement should be calculated in conformance with the requirements of GASB Statement No. 67, Paragraph 30.b(4).

Version 5.2
Revised 04/14/2016



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: 89809
Date: 04/26/2018
Due: Upon Receipt

For professional service rendered as follows:

Final billing on December 31, 2017 audit

\$7,300.00

Billed Time & Expenses

\$7,300.00

Invoice Total

\$7,300.00

Please return this portion with payment.

ID: 123

Waxahachie Firemen's Relief and Retirement Fund

Invoice: 89809

Date: 04/26/2018

Amount Due: \$7,300.00

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