Investment Practices & Performance Evaluation
San Angelo Firemen's Relief and Retirement Fund

Final Report
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Investment Practices and Performance Report

San Angelo Firemen's Relief and Retirement Fund

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Independent Fiduciary Advisor Attestation

Texas Pension Review Board requires the following disclosures by the independent firm performing the review.

A summary outlining the qualifications of the firm.

Champion Capital Research, Inc., ("CCR") is a consulting firm that provides institutions with fiduciary consulting services. The firm is a bellwether in research pertaining to asset allocation modeling, alternative investment evaluation and due diligence, risk mitigation and fiduciary excellence. For nearly twenty years, the firm has provided institutions' managers and employees with education regarding institutional investment and portfolio best practices as they relate to investment governance and management. These "best practice" analyses have enhanced efficiencies in portfolios and in committee meetings. Clients understand the value of independence and attribute excess performance and savings to the firms' services.

A statement indicating the nature of any existing relationship between the firm and the system being evaluated.

San Angelo Firemen's Relief and Retirement Fund (the "Plan") selected CCR through a Request for Proposal process to perform the Investment Practices and Performance Evaluation, as required by Senate Bill 322 (86R), adopted October 17, 2019.

A list of the types of remuneration received by the firm from sources other than the retirement system for services provided to the system; and

CCR receives no other remuneration from the Plan.

Statement acknowledging that the firm, or its related entities, is not involved in directly or indirectly managing investments of the system.

CCR and its related entities are not involved in directly or indirectly managing investments of the Plan.

Findings and Recommendations

Analysis of Investment Policies

Champion Capital Research, Inc., ("CCR") completed an analysis of San Angelo Firemen's Relief and Retirement Fund's (the "Plan") investment and governance policies that have been adopted and assessed the system's compliance with these policies.

The Plan's Investment Policy Statement ("IPS") is a thoughtful document. During the process of this review, The Plan recognized its IPS would benefit from a review and update and swiftly agreed to implement policies that would conform to "best practices". The Plan's previous IPS described sufficiently the roles and responsibilities of the Board of Trustees ("The Board") but was silent regarding other fiduciaries and vendors. The May 2020 IPS has been improved to include a description of the roles and responsibilities of the Fiduciary Consultant, the Actuary, and the Custodian, and to improve the description of those of the Investment Manager.[1] This new IPS will increase the fiduciary oversight of both asset allocation and investment manager selection and monitoring. Because the Plan's Board has demonstrated adherence to policies and procedures in the past, CCR has confidence in their adherence to the new IPS.

The May 2020 IPS will improve the ability for the Plan to improve an OFI related to net of fee performance. Because the role of monitoring performance will not fall to the Fiduciary Consultant, the Board will have a better opportunity to improve net of fee performance.

In summary, The Board and CCR discussed in detail how its IPS could be improved to satisfy "best practices". The new IPS improves both governance and oversight opportunities. Because the Plan is currently vigilant in its compliance with both its investment policies, we believe The Plan will have no difficulty improving and implementing the new IPS resulting in fiduciary excellence.

Review of The Plan's investment asset allocation

CCR completed a detailed review of The Plan's investment asset allocation, including:

a) The process for determining target allocations
b) The expected risk and assumed rate of return categorized by asset class
c) The appropriateness of selection and valuation methodologies of alternative and illiquid assets
d) Future cash flow and liquidity needs

The Plan's methodology for determining its target allocations, while not elucidated in policies is the result of the Investment Managers investment advice. The process used by the Plan has resulted in a sufficiently diverse asset allocation. The IPS is silent with respect to capital market assumption, and the Plan's procedures silent with respect to a periodic update of capital market assumptions. Cash flow and liquidity needs are addressed periodically by the Board.

During the duration of CCR's fiduciary evaluation, the OFIs in the body of the report have been rectified at the policy level with the Plan's acceptance of the May 2020 IPS. The Plan recognizes the opportunity to solicit asset allocation advice from experts in addition to their Investment

[1] The Plan agreed to adopt a revised version of its IPS, referenced herein as the May 2020 IPS.

Manager. The opportunity to engage a Fiduciary Consultant who can opine regarding asset allocation, active vs passive management, as well as capital market assumptions and expectations are addressed in the Plan's May 2020 IPS. The Plan remains vigilantly alert regarding any increased fees that might occur as a result of engaging new experts and will remain diligent and monitor to affect a reduction in fees and expenses throughout the process.

Review of the appropriateness of investment fees and commissions paid by

CCR completed an analysis of The Plan's investment fees, expenses and commissions paid during 2019. The Plan was responsive to each request made by CCR to ensure the analysis was thorough and complete.

CCR found that the Plan's fees were high relative to its peers. CCR found that the Plan was not receiving sufficiently impartial governance and investment advice. The Plan recognized that its IPS was silent with respect to the responsibility to periodically report, analyze and benchmark total Plan fees. The Plan recognizes this as separate from the duty to monitor individual manager's net of fee performance, as custodial and transaction fees and costs can be an important part of aggregate Plan fees. The Plan has rectified several OFIs relating to the monitoring expenses by assigning the responsibility to monitor all fees to a Fiduciary Consultant, and independent consultant/vendor who will annually assess total Plan fees and benchmark for reasonableness.

In summary, it is CCR's recommendation is that The Plan adopt policies and processes by which it periodically, but no less frequently than annually, documents both direct and indirect fees and compensation paid to all managers, brokers, mutual funds, and consultant(s). At the renewal of any Investment Manager agreements, it would be prudent to require an annual accounting by each manager of all direct and indirect remuneration received during the calendar year.[2] This would make it easier for the Board to aggregate all fees and expenses, benchmark for reasonableness, as well as hold all managers to a fiduciary requirement to report accurately remuneration received.

Review of The Plan's governance processes related to investment activities, including investment decision-making processes, delegation of investment authority, and board investment expertise and education

CCR completed an analysis of The Plan's governance and investment processes, delegation of investment authority and board investment expertise and education.

It is best practice to evaluate the services and agreements with all service providers at least once every three years. This is to ensure that fiduciaries can avail themselves of cost saving opportunities, technological efficiencies and otherwise potential improvement opportunities over time.

[2] For example, one could make as part of an investment consultant's and/or manager's agreement the requirement to submit annually the Texas PRB Fee and Expense template.

Findings and Recommendations

In summary, CCR finds The Plan's decision-making processes, delegation of authority and investment education and expertise among the Board, to be robust, prudent, and consistent.[3] Best practices require that vendor contracts be evaluated every three years.[4]

Review of The Plan's investment manager selection and monitoring process

CCR completed an analysis of The Plan's investment manager selection and monitoring processes.

While there are several OFIs in this part of the report, so many of them have been remedied as a result of the acceptance of the May 2020 IPS. The Plan's investment manager selection and monitoring processes now include specific "best practice" criteria by which to evaluate the performance of a manager. These criteria are now defined in the Plan's IPS.

Given the historical monitoring process used by the Plan, the Plan's fiduciaries could not transparently assess the performance relative to a static benchmark. As indicated in this report, the benchmark changed frequently, perhaps as a function of changed asset allocation. However, the strategic asset allocation benchmark should remain static over short- intermediate time periods. The Plan's IPS has been revised to address some of these issues.

In summary, The Plan recognized that its "previous" IPS should be improved to satisfy best practices with respect to manager selection and monitoring. Fiduciary best practices include monitoring both net and gross of fee relative to benchmark in each quarterly report. The Plan reviewed proposed monitoring criteria and language and agreed to implement into its May 2020 IPS.

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[3] Investment Manager selection and asset allocation OFIs have been otherwise addressed in the evaluation.
[4] These "best practices" are those defined by the Center for Fiduciary Studies.

Executive Summary

Section 802.109 requires a public retirement system to select an independent firm with substantial experience in evaluating institutional investment practices and performance to evaluate the appropriateness, adequacy, and effectiveness of the retirement system's investment practices and performance and to make recommendations for improving the retirement system's investment policies, procedures, and practices. San Angelo Firemen's Relief and Retirement ("The Plan") selected Champion Capital Research ("CCR") through a Request for Information process. Our findings and recommendations are contained in this report.

The TEXAS PENSION REVIEW BOARD ("PRB") provided guidance for 'Investment Practices and Performance Evaluations' as required by Senate Bill 322. CCR evaluated each one of the 75 items contained in the PRB Guidance. When CCR determined The Plan to have an Opportunity to Improve ("OFI") it so noted with explanation regarding how this was fixed during the consulting engagement, or how the Plan has decided to address the opportunity in the future.

TEXAS Performance Review May 2020

Section 802.109 (a)(1) requires each evaluation to include an analysis of any investment policy or strategic investment plan adopted by the retirement system and the retirement system's compliance with that policy or plan. CCR evaluated The Plan's policies and practices.

The first task of the five tasks required to be evaluated concerns the appropriateness, adequacy, and effectiveness of the retirement system's investment practices and performance. The questions below are intended to help systems identify the types of information an evaluation may include.

Each evaluation must include:
(1) an analysis of any ***investment policy or strategic investment plan*** *adopted by the retirement system and the retirement system 's compliance with that policy or plan;*

1. Does the system have a written investment policy statement (IPS)?

   - [x] Yes
   - [ ] No

2. Are the roles and responsibilities of those involved in governance, investing, consulting, monitoring and custody clearly outlined?

   - [ ] Yes
   - [ ] No
   - [x] Opportunity for Improvement (OFI)[1]

3. Is the policy carefully designed to meet the real needs and objectives of the retirement plan?

   - [ ] Yes
   - [ ] No
   - [x] OFI[2]

   Is it integrated with any existing funding or benefit policies? (i.e. does the policy take into account the current funded status of the plan, the specific liquidity needs associated with the difference between expected short-term inflows and outflows, the underlying nature of the liabilities being

[11] This OFI has been rectified with the revisions included in THE Plan's May 2020 IPS.
[2] This OFI has been rectified with the revisions included in THE Plan's May 2020 IPS.

supported [e.g. pay-based vs. flat $ benefit, automatic COLAs, DROP, etc.])

☐ Yes

☐ No

☒ OFI

4. Is the policy written so clearly and explicitly that anyone could manage a portfolio and conform to the desired intentions?

☐ Yes

☐ No

☒ OFI[3]

5. Does the policy follow industry best practices? If not, what are the differences?

☐ Yes

☐ No

☒ OFI[4]

6. Does the IPS contain measurable outcomes for managers?

☐ Yes

☐ No

☒ OFI[5]

Does the IPS outline over what time periods performance is to be considered?

☐ Yes

☒ No

7. Is there evidence that the system is following its IPS?

☒ Yes

[3] This OFI has been rectified with the revisions included in THE Plan's May 2020 IPS.
[4] This OFI has been rectified with the revisions included in THE Plan's May 2020 IPS.
[5] This OFI has been rectified with the revisions included in THE Plan's May 2020 IPS.

☐ No

☐ OFI

Is there evidence that the system is not following its IPS?

☐ Yes

☒ No

8. What practices are being followed that are not in, or are counter to, written investment policies and procedures? None.
9. Are stated investment objectives being met?

☐ Yes

☒ No

☐ OFI

ANSWER: Unable to determine aggregate portfolio performance. Westwood managed assets "**net of fees**" do not exceed objectives and stated desired rate of return, annualized since inception.

10. Will the retirement fund be able to sustain a commitment to the policies under stress test scenarios, including those based on the capital markets that have actually been experienced over the past ten, twenty, or thirty years?

☐ Yes

☐ No

☒ OFI

11. Will the investment managers be able to maintain fidelity to the policy under the same scenarios?

☐ Yes

☐ No

☒ OFI[6]

ANSWER: Historically, the IPS did not provide measurable outcomes for managers. Given newly developed outcomes and policies, it is possible that managers would be able to maintain fidelity to the IPS under the same scenarios.

[6] This OFI has been rectified with the revisions included in The Plan's May 2020 IPS.

12. Will the policy achieve the stated investment objectives under the same scenarios?

    ☐ Yes

    ☐ No

    ☒ OFI

13. How often is the policy reviewed and/or updated? When was the most recent substantial change to the policy and why was this change made?

> ANSWER: The last IPS review prior to this review was April 2014. As a result of this, the IPS has been rigorously reviewed and language changed to address Roles and Responsibilities of Custodian, Actuary, Investment Manager, and Fiduciary Consultant. Processes for selecting vendors has been enhanced as well as comprehensive monitoring procedures added. The new IPS is dated May 2020.

(2) a detailed review of the retirement system 's investment asset allocation, including:
(A) the process for determining target allocations;

1. Does the system have a formal and/or written policy for determining and evaluating its asset allocation? Is the system following this policy?

   - [ ] Yes
   - [ ] No
   - [x] OFI

2. If no formal policy exists, what is occurring in practice?

   ANSWER: The Investment Manager recommends and implements the Plan's asset allocation. This OFI has been remedied in the Plan's new IPS May 2020.

3. Who is responsible for making the decisions regarding strategic asset allocation?

   ANSWER: The Board.

4. How is the system's overall risk tolerance expressed and measured? What methodology is used to determine and evaluate the strategic asset allocation?

   ANSWER: The methodology for determining asset allocation is a broad risk tolerance assessment, not a formal methodology.

5. How often is the strategic asset allocation reviewed?

   - [ ] Once every year
   - [ ] Less than every three years
   - [ ] Less than every five years
   - [x] Greater than every five years

   ANSWER: With new IPS and procedures, this OFI becomes less onerous.

6. Do the system's investment consultants and actuaries communicate regarding their respective future expectations?

ANSWER: There is no evidence that Foster and Foster communicates with the Investment Manager.

7. How does the current assumed rate of return used for discounting plan liabilities factor into the discussion and decision-making associated with setting the asset allocation? Is the actuarial expected return on assets a function of the asset allocation or has the asset allocation been chosen to meet the desired actuarial expected return on assets?

ANSWER: There does not seem to be a relationship between the strategic asset allocation and the actuarial/assumed rate of return.

8. Is the asset allocation approach used by the system based on a specific methodology?

- [ ] Yes
- [x] No
- [ ] OFI

Is this methodology prudent, recognized as best practice, and consistently applied?

- [ ] Yes
- [x] No
- [ ] OFI

ANSWER: The methodology used by the Investment Manager appears to be consistently applied.

9. Does the system implement a tactical asset allocation? If so, what methodology is used to determine the tactical asset allocation? Who is responsible for making decisions regarding the tactical asset allocation?

- [ ] Yes
- [x] No

10. How does the asset allocation compare to peer systems?

ANSWER: The Plan's strategic asset allocation is in line with the weighted average asset allocation for Texas Public Funds. The Plan allows for a nearly 50% equity (vs 52% Texas Public Funds), 30% fixed income (vs 20%), and 20% Alts (vs 28%).

(B) the expected risk and expected rate of return, categorized by asset class;

11. What are the strategic and tactical allocations?

ANSWER: The Plan does not employee tactical AA.

Asset Class	Actual Allocation	Strategic Allocation	Band for Allocation
1.Equity	60%	50%	30%-70%
2.Fixed Income	30%	30%	20%-60%
3.Specialty	10%	20%	0%-40%

12. What is the expected risk and expected rate of return of each asset class?

ANSWER: It was not clear what capital market assumptions were used to estimate an asset allocation. There are not capital market assumptions in the IPS nor in any quarterly reports.

13. How is this risk measured and how are the expected rates of return determined? What is the time horizon?

ANSWER: This is not at all clear that any large loss scenario or stress test has been assessed. The time horizon for the Plan is long term.

14. What mix of assets is necessary to achieve the plan's investment return and risk objectives?

ANSWER: Because there are not capital market assumptions discussed in any materials, it is not possible to estimate what AA might be necessary to achieve the Plan's objectives.

15. What consideration is given to active vs. passive management?

ANSWER: This Plan enjoys the use of active management. As a result of the Plan's new IPS, the Plan will entertain both passive and active management.

16. Is the approach used by the system to formulate asset allocation strategies sound, consistent with best practices, and does it result in a well-diversified portfolio?

- ☐ Yes
- ☐ No
- ☒ OFI

COMMENTS: Evidence not found regarding asset allocation methodology or structure. However, the Plan's practice is consistently applied.

17. How often are the strategic and tactical allocations reviewed?

COMMENTS: Strategic asset allocation is reviewed quarterly. However, it is not monitored relative to policy or policy bands. This OFI will be rectified in new IPS.

(C) the appropriateness of selection and valuation methodologies of alternative and illiquid assets; and

18. How are alternative and illiquid assets selected, measured and evaluated?

ANSWER: Recommendations are made by the Investment Manager(s) and the Board decides. Valuations for REITs and MLPs are assessed by the Investment Manager managing the product. With respect to performance and fees, these products are not evaluated relative to peers.

19. Are the system's alternative investments appropriate given its size and level of investment expertise?

- [x] Yes
- [ ] No
- [ ] OFI

Does the IPS outline the specific types of alternative and illiquid investments allowed, as well as the maximum allocation allowable?

- [x] Yes
- [ ] No
- [ ] OFI

20. What valuation methodologies are used to measure alternative and illiquid assets? What alternative valuation methodologies exist and what makes the chosen method most appropriate?

ANSWER: See answer to question 18.

(D) future cash flow and liquidity needs;

21. What are the plan's anticipated future cash flow and liquidity needs? Is this based on an open or closed group projection?
22. When was the last time an asset-liability study was performed?

ANSWER: 2018. The Plan is currently having an asset liability study done now.

23. How are system-specific issues incorporated in the asset allocation process? What is the current funded status of the plan and what impact does it have? What changes should be considered when the plan is severely underfunded, approaching full funding, or in a surplus? How does the difference between expected short-term inflows (contributions, dividends, interest, etc.) and outflows (distributions and expenses) impact the allocation? How does the underlying nature of the liabilities impact the allocation (e.g. pay-based vs. flat $ benefit, automatic COLAs, DROP, etc.)?

ANSWER: There is no evidence that the asset allocation is a function of future liabilities, or funding status of the Plan. However, monthly the Board monitors distributions and benefit payments, and offsets those cash outflows with anticipated contributions and income form dividends and interest. Annually, the Board anticipates these needs and monitors throughout the year.

(3) a review of the appropriateness of investment fees and commissions paid by the retirement system;

1. What types of stress testing are incorporated in the process?

ANSWER: While the Board and Investment Manager(s) do not stress test the portfolio, CCR completed a stress test of the Plan's broad asset allocation in order to address responses for this report.

2. Do the system's policies describe the management and monitoring of direct and indirect compensation paid to investment managers and other service providers? What direct and indirect investment fees and commissions are paid by the system?[7]

ANSWER: Subsequent to the May 2020 IPS revision, the Plan's IPS did not address the monitoring of direct and indirect compensation paid to investment managers and other service providers. The direct investment fees paid by the Plan include investment manager fees of nearly 62 bps on AUM or $408K in 2019.

3. Who is responsible for monitoring and reporting fees to the board? Is this responsibility clearly defined in the system's investment policies?

☐ Yes

☐ No

☒ OFI

ANSWER: During 2019, reporting Investment Manager fees fell on the Custodian. As of May 2020, the proposed IPS, this responsibility is clearly defined as one for the Fiduciary Consultant.

4. Are all forms of manager compensation included in reported fees?

☐ Yes

☒ No

☐ OFI

[7] See May 2020 IPS recommendations.

5. How do these fees compare to peer group and industry averages for similar services? How are the fee benchmarks determined?

   ☒ Higher

   ☐ Lower

   ☐ Similar

ANSWER: The fee benchmarks are determined using studies including Callan, Pew Trusts, Greenwich Associates and the Center for Retirement Research's Public Plan Data.

6. Does the system have appropriate policies and procedures in place to account for and control investment expenses and other asset management fees?

   ☐ Yes

   ☐ No

   ☒ OFI[8]

7. What other fees are incurred by the system that are not directly related to the management of the portfolio?

ANSWER: Administrative expenses, Continuing Education including TEXPERs and TLFFRA and other conference expenses.

8. How often are the fees reviewed for reasonableness?

   ☐ Every year

   ☐ Once every two years

   ☐ Once every five years

   ☒ Infrequently

9. Is an attorney reviewing any investment fee arrangements for alternative investments?
   NO.

[8] This OFI has been rectified with the revisions included in The Plan's May 2020 IPS.

(4) a review of the retirement system 's governance processes related to investment activities, including investment decision-making processes, delegation of investment authority, and board investment expertise and education;

Transparency

1. Does the system have a written governance policy statement outlining the governance structure?

- [ ] Yes
- [x] No
- [ ] OFI

Is the IPS a stand-alone document

- [x] Yes
- [ ] No
- [ ] OFI

2. Are all investment-related policy statements easily accessible by the plan members and the public (e.g. posted to system website)?

- [x] Yes
- [ ] No

3. How often are board meetings? What are the primary topics of discussion? How much time, detail, and discussion are devoted to investment issues?

- [x] 1X per month
- [ ] 1X per quarter
- [ ] Less frequently
- [ ] More frequently

ANSWER: The time spent on investment related issues vary from month to month. After a review of the meeting minutes, CCR believe that the time spent on investment related issues is consistent with prudent practices.

4. Are meeting agendas and minutes available to the public? How detailed are the minutes?

- [x] Yes
- [ ] No

ANSWER: Minutes are sufficiently detailed.

Investment Knowledge/Expertise

5. What are the backgrounds of the board members? Are there any investment-related educational requirements for board members?

ANSWER: The Board consists of seven members; 3 firefighters, 2 city appointments, and 2 civilians. The Plan's Board composition is in compliance with TLFFRA statute and requirements. Additionally, the Plan's investment related education requirements have historically and are currently in compliance with PRB requirements.

- [x] Yes
- [ ] No
- [ ] OFI

6. What training is provided and/or required of new board members? How frequently are board members provided investment-related education?

ANSWER: The Plan's investment related education requirements have historically and are currently in compliance with TLFFRA/statue requirements as well as the Texas Pension Review Board recommendations and requirements.

7. What are the minimum ethics, governance, and investment education requirements? Have all board members satisfied these minimum requirements?

- [x] Yes
- [ ] No
- [ ] OFI

8. Does the system apply adequate policies and/or procedures to help ensure that all board members understand their fiduciary responsibilities?

   - [x] Yes
   - [ ] No
   - [ ] OFI

9. What is the investment management model (i.e. internal vs. external investment managers)?

   - [ ] External
   - [ ] Internal
   - [x] Mixed

10. Does the board receive impartial investment advice and guidance?

    - [ ] Yes
    - [x] No
    - [ ] OFI

11. How frequently is an RFP issued for investment consultant services?

    - [ ] Less Than Every Three Years
    - [x] More than Every Three Years

<u>Accountability</u>

12. How is the leadership of the board and committee(s), if any, selected?

ANSWER: The Officers of the Board are selected by the Board.

13. Who is responsible for making decisions regarding investments, including manager selection and asset allocation? How is authority allocated between the full board, a portion of the board (e.g. an investment committee), and internal staff members and/or outside consultants?

ANSWER: The Investment Manager, Westwood, is responsible for selecting managers for the Board to consider. The full Board is responsible to vote on which managers are selected. The Investment Manager is responsible for the asset allocation.

Does the IPS clearly outline this information?

☐ Yes

☐ No

☒ OFI[9]

Is the board consistent in its use of this structure/delegation of authority?

☒ Yes

☐ No

☐ OFI

14. Does the system have policies in place to review the effectiveness of its investment program, including the roles of the board, internal staff and outside consultants?

☐ Yes

☒ No

☐ OFI

15. Is the current governance structure striking a good balance between risk and efficiency?

☐ Yes

☒ OFI

[9] This OFI has been rectified with the revisions included in The Plan's May 2020 IPS.

16. What controls are in place to ensure policies are being followed?

> ANSWER: As of May 2020 IPS, it is the Fiduciary Consultant's responsibility to assess adherence to policies and report results annually.

17. How is overall portfolio performance monitored by the board?

> ANSWER: It is the Fiduciary Consultant's responsibility to report overall net of fee performance to the Board.

18. How often are the investment governance processes reviewed for continued appropriateness?

- [x] Less Than Once Per Year

> ANSWER: It is the Fiduciary Consultant's responsibility to assess adherence to policies and report results annually.

(5) a review of the retirement system 's ***investment manager selection and monitoring process****.*

1. Who is responsible for selecting investment managers?

   - [x] The Board
   - [ ] The Consultant
   - [ ] Other

2. How are the managers identified as potential candidates?

   - [ ] Consultant Research
   - [x] Other – Investment Manager
   - [ ] OFI

3. What are the selection criteria for including potential candidates?

   - [ ] Established in IPS
   - [x] Not Established in IPS[10]

4. What are the selection criteria when deciding between multiple candidates?

   - [x] Board decision
   - [ ] Staff decision
   - [ ] Consultant decision

5. How does the selection process address ethical considerations and potential conflicts of interest for both investment managers and board members?

   - [ ] Yes
   - [ ] No
   - [x] OFI

[10] This OFI has been rectified with the revisions included in The Plan's May 2020 IPS..

6. Who is responsible for developing and/or reviewing investment consultant and/or manager contracts?

☐ Staff

☒ Board

☐ Consultant

☐ Legal/Other

7. What is the process for monitoring individual and overall fund performance?

ANSWER: It is the Fiduciary Consultant's responsibility to report overall net of fee performance to the Board.

8. Who is responsible for measuring the performance?

☐ Consultant

☐ Staff

☐ Board

☒ Other

9. What benchmarks are used to evaluate performance?

2/1/96 - 5/31/99: 60% S&P 500; 40% BCG/C
6/1/99 - 2/28/00: 41% S&P 500; 7% S&P 400 Value; 3% Russell 2000 Growth; 12% NAREIT; 4% MSCI EAFE; 23% BCG/C; 7% Bear Stearns High Yield; 3% T-Bills
3/1/00 - 2/28/01: 37% S&P 500; 7% S&P 400 Value; 5% Russell 2000 Growth; 9% NAREIT; 4% MSCI EAFE; 6% Russell 3000 Technology; 25% BCG/C; 6% Bear Stearns High Yield; 1% T-Bills
3/1/01 - 6/30/01: 37% S&P 500; 5% S&P 400 Value; 7% Russell 2000 Growth; 7% NAREIT; 6% MSCI EAFE; 5% Russell 3000 Technology; 25% BCG/C; 8% Bear Stearns High Yield
7/1/01 - 12/31/01: 37% S&P 500; 5% S&P 400 Value; 7% Russell 2000 Growth; 7% NAREIT; 6% MSCI EAFE; 5% Russell 1000 Growth; 25% BCG/C; 8% Bear Stearns High Yield
1/1/02 - 5/31/02: 37% S&P 500; 5% S&P 1000; 7% Russell 2000 Growth; 7% NAREIT; 6% MSCI EAFE; 5% Russell 1000 Growth; 25% BCG/C; 8% Bear Stearns High Yield
6/1/02 -12/31/02: 36% S&P 500; 6% S&P 1000; 7% Russell 2000 Growth; 6% NAREIT; 6% MSCI EAFE; 5% Russell 1000 Growth; 25% BCG/C; 7% Bear Stearns High Yield; 2%T-Bills
1/1/03 – 3/31/04: 36% S&P 500; 6% S&P 1000; 7% Russell 2000 Growth; 6% NAREIT; 6% MSCI EAFE; 5% Russell 1000 Growth; 25% BCG/C; 7% ML High Yield Master II; 2%T-Bills
4/1/04 – 4/30/05: 36% S&P 500; 6% S&P 1000; 7% Russell 2000 Growth; 6% NAREIT; 6% MSCI EAFE; 5% Russell 3000 Growth; 25% BCG/C; 7% ML High Yield Master II; 2%T-Bills
5/1/05 – 12/31/05: 31% S&P 500; 8% S&P 1000; 7% Russell 2000 Growth; 5% NAREIT; 10% MSCI EAFE; 7% Russell 3000 Growth; 18% BCG/C; 7% ML High Yield Master II; 2%T-Bills; 5% Income BMK (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill)
1/1/06 – 5/31/06: 31% S&P 500; 8% Russell 2500; 7% Russell 2000 Growth; 5% NAREIT; 10% MSCI EAFE; 7% Russell 3000 Growth; 18% BCG/C; 7% ML High Yield Master II; 2%T-Bills; 5% Income BMK (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill)
6/1/06 – 11/30/07: 35% S&P 500; 5% Russell 2500; 5% Russell 2000 Growth; 6% MSCI EAFE; 5% Russell 3000 Growth; 29% BCG/C; 5% ML High Yield Master II; 10% Income BMK (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill)
12/1/07 – 7/10/13: 35% S&P 500; 6% Russell 2500; 6% Russell 2000 Growth; 6% Russell 3000 Growth; 23% BCG/C; 4% ML High Yield Master II; 2%T-Bills; 18% Income BMK (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill)
7/1/13 – 5/30/2014: 28% S&P 500; 7% R2500; 2% Russell 3000 Growth; 21% BCG/C; 6% ML High Yield Master II; 4% ML US High Yield Cash Pay (1-3); 2% T-bills; 22% Income BML (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill); 4% Alerian; 4% MSCI Emerging Markets
6/1/2014 – 10/31/15: 23% S&P 500; 6% R2500; 2% Russell 3000 Growth; 21% BCG/C; 6% ML High Yield Master II; 4% ML US High Yield Cash Pay (1-3); 3% T-bills; 19% Income BML (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill); 4% Alerian; 4% MSCI Emerging Markets: 4% Citigroup Non-U.S. WGBI Unhedged; 4% NAREIT
11/1/2015 – 8/31/2017: 23% S&P 500; 6% R2500; 2% Russell 3000 Growth; 21% BCG/C; 6% ML High Yield Master II; 4% ML US High Yield Cash Pay (1-3); 3% T-bills; 19% Income BML (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill); 4% Alerian; 4% MSCI Emerging Markets: 4% Citigroup Non-U.S. WGBI Unhedged; 4% NAREIT
9/1/2017 – 9/30/18: 24% S&P 500; 4% R2500; 4% Russell 3000 Growth; 20% BCG/C; 10% ML US High Yield Cash Pay (1-3); 10% Income BML (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill); 5% Alerian; 4% MSCI Emerging Markets: 8% Citigroup Non-U.S. WGBI Unhedged; 5% NAREIT
10/1/2018 – Present: 24% Russell 1000 Value; 4% R2500 Value; 4% Russell 3000 Growth; 20% BCG/C; 10% ML US High Yield Cash Pay (1-5); 10% Income BML (25/25/25/25 S&P500/NAREIT/10 YR T-Note/T-Bill); 5% Alerian; 4% MSCI Emerging Markets: 8% Citigroup Non-U.S. WGBI Unhedged; 5% NAREIT

10. What types of performance evaluation reports are provided to the board? Are they provided in a digestible format accessible to trustees with differing levels of investment knowledge/expertise?

ANSWER: While not independent from investment management, the performance evaluation reports are provided not less frequently than two times per year. They are in a digestible format accessible to trustees with levels of experience and knowledge. However, these reports are often gross of fees and incomplete with respect to benchmarks for long term/since inception time periods.

- ☐ Yes
- ☐ No
- ☒ OFI

11. How frequently is net-of-fee and gross-of-fee investment manager performance reviewed?

- ☐ Monthly
- ☒ Quarterly
- ☐ Annually
- ☐ Other

Is net- of-fee and gross-of-fee manager performance compared against benchmarks and/or peers

- ☐ Yes
- ☐ No
- ☒ OFI

12. What is the process for determining when an investment manager should be replaced?

ANSWER: This process was undefined until May 2020 IPS.

13. How is individual performance evaluation integrated with other investment decisions such as asset allocation and investment risk decisions?

ANSWER: Asset allocation, investment risk and manager selection are separate processes.