

NOTICE OF REGULAR MEETING

AGENDA CITY OF GALVESTON EMPLOYEES' RETIREMENT FUND FOR POLICE TO BE HELD AT 10:00 am., TUESDAY, JUNE 2, 2020

Notice is hereby given in accordance with the Order of the Governor issued March 16, 2020, that the Board of Trustees of the City of Galveston Employees' Retirement Fund for Police will conduct the meeting by telephone/video conference in order to advance the public health goal of limiting face-to-face meetings (also called "social distancing") to slow the spread of the Corona Virus/COVID-19. There will be no meeting or public access to the location described above.

INSTRUCTIONS FOR PARTICIPATING IN THIS SPECIAL MEETING IS PROVIDED BELOW.

1. Quorum Determination
2. Call to order
3. Approve minutes of February 4, 2020 regular meeting
4. Chairman's Report
5. Ratification of loan request by Officer Destin Sims
6. Ratification of loan request by Officer Archie Chapman
7. Report from Investment Committee and possible action, if needed
8. Discussion and possible action on request by CapTrust re: change in contractual agreements
9. Presentation of Investment Report and market analysis by CapTrust and possible action, if needed
10. Presentation, discussion and possible action on Retirement Horizons Actuarial Report
11. Presentation of compiled financial statements
12. Reminder next meeting date Tuesday, August 4, 2020
13. Board members reports/comments
14. Open Public Forum/Comment Period
15. Adjournment

Executive Session-Pursuant to Chapter 551, Subchapter D, Texas Government Code

At any time during the meeting, the Board may convene in closed session to deliberate any of the matters listed on this agenda as authorized by Chapter 551 of the Texas Government Code, including Sections 551.071 (consultation with attorney), 551.072 (deliberation regarding real property), 551.073

(deliberation regarding prospective gifts), 551.074 (deliberation regarding personnel matters), or 551.087 (deliberation regarding economic development negotiations).

Ann S. Masel, CPA
Administrator

Please Note

Members of the City Council may be attending and participating in the discussion.

To call in to Zoom Meeting :

Or dial the following numbers and enter the:

Meeting ID: 895 3271 0012

or

Phone: 1 346 248 7799 US (Houston)

This written notice of the meeting agenda packet, are posted online at:

www.galvestontx.gov/agendacenter

The public will be permitted to offer public comments telephonically as provided by the agenda and as permitted by the presiding officer during the meeting

I certify that the above Notice of Meeting was posted in a place convenient to the public in compliance with Chapter 551 of the Texas Government Code on May _____

Janelle Williams, City Secretary

IN ACCORDANCE WITH THE PROVISIONS OF THE AMERICANS WITH DISABILITIES ACT (ADA), PERSONS IN NEED OF A SPECIAL ACCOMODATION TO PARTICIPATE IN THIS PROCEEDING SHALL, WITHIN THREE (3) DAYS PRIOR TO ANY PROCEEDING, CONTACT THE CITY SECTARY'S OFFICE, SUITE 201; 823 ROSENBERG; GALVESTON, TEXAS 77550; (409) 797-3510

Posted by Rose D'Ambra City Secretary Office 5-27-20 3:15 pm

MINUTES OF THE REGULAR MEETING OF CITY OF GALVESTON RETIREMENT FUND FOR POLICE
BOARD OF TRUSTEES OF GALVESTON, TEXAS

Meeting Date

Tuesday, February 4, 2020

The following members were present:

Mike Loftin

Hal Rochkind

Richard Moore

Dan Buckley

Andre Mitchell

Destin Sims

The following members were absent:

Matthew Cauley

Geoff Gainer

Also participating was Dave Sawyer (Retirement Horizons)

It was determined that a quorum was present, and the meeting was called to order by Vice-Chair Dan Buckley at 10:00

The new notebooks were discussed. Each member will take one home, but they will be updated electronically after each meeting. Motion made by Hal Rochkind to adopt this process; second by Richard Moore. Motion passed unanimously.

Richard Moore moved approval of the minutes of the November 6, 2019 meeting. Second by Mike Loftin. Motion passed unanimously.

Hal Rochkind moved, with a second by Richard Moore, to ratify previously approved loans made to Officers Robert Sanderson, Amanda Smith and Larry Smith. Second by Richard Moore; motion passed unanimously.

Chris Breaux presented the audit letter from Whitley Penn for the year ended December 31, 2019. Mike Loftin moved to accept; second by Andre Mitchell. Motion passed unanimously.

Dan Buckley moved to defer discussion of the Bylaws until a future meeting when more members could be present. Second by Destin Sims. Motion passed unanimously.

The new legislation allows an assumed rate of return not to exceed 7%. Richard Moore moved to approve the assumed rate of return at 7%; second by Mike Loftin. Motion carried unanimously.

Dave Sawyer discussed the new mortality tables which will potentially be changing every year. Richard Moore moved to approve a change to the mortality improvement scale from MP-2018 to MP-2019. Hal Rochkind seconded; motion carried unanimously.

Dave Sawyer discussed the need for a study to review the actual changes in the salary scale in order to project future estimated increases and payroll growth. Depending on the quality of the data he receives, the study could be approximately \$1,000. Destin Sims moved to approve the study; Mike Loftin seconded and approval was unanimous.

Richard Moore reported on the results of the Investment Committee meeting. The return for the year was 18.38% and the investment manager is projecting a 3-6% growth for 2020. The strategy of CapTrust (STMM) as asset managers compared to the previous strategy of Greystone as investment managers overseeing funds was discussed. The charge to the Investment Committee is to evaluate risk vs. reward.

Interest rates on employee loans were discussed. Dan Buckley moved, with a second by Richard Moore, to lower the interest rate to 9.5% for new loans after today and to evaluate the rate annually. Motion passed unanimously.

Discussion of a budget was tabled for 2 quarters to be looked at later after 3rd quarter in order to evaluate normal operating expenses in a non-legislative environment.

The compiled financial statements for the quarter were presented. Net increase for the quarter was \$2,533,797; net year to date increase was \$4,096,414.

The next regular meeting was set for Tuesday, May 5, 2020

With no further business or requests, the meeting was adjourned at 11:45

Ann Masel
Plan Administrator

**THE CITY OF GALVESTON EMPLOYEES'
RETIREMENT PLAN FOR POLICE**

To: Trustees of the City of Galveston Employees' Retirement Plan for Police

From: Plan Administrator

Re: Plan Loan to Destin L. Sims

Date: February 10, 2020

The plan member referred to above wishes to make application for a loan from the Retirement Plan.

The Plan's Administrator, has determined that the members contribution under the Plan equal \$ 151,551.00

25% of the member's contributions equals \$ 37,887.75

Total Requested \$ 16,734.96

Please indicate your approval of the Plan loan to the above by signing and dating this memorandum.

Trustee

Date

THE CITY OF GALVESTON EMPLOYEES'
RETIREMENT PLAN FOR POLICE

To: Trustees of the City of Galveston Employees' Retirement Plan for Police

From: Plan Administrator

Re: Plan Loan to Archie Chapman

Date: May 22, 2020

The plan member referred to above wishes to make application for a loan from the Retirement Plan.

The Plan's Administrator, has determined that the members contribution under the Plan equal \$ 76,462.32

25% of the member's contributions equals \$ 19,115.58

Total Requested \$ 19,115.58

Please indicate your approval of the Plan loan to the above by signing and dating this memorandum.

Trustee

Date



CAPTRUST

ENCLOSED IS YOUR INVESTMENT PORTFOLIO REPORT

City of Galveston Employees
Pension Plan for Police
1011 Tremont
Galveston, TX 77550

Account # 104653

Custodian Account # 87611503

Period: March 01, 2020 to March 31, 2020

Enclosed is your statement for your account managed by CAPTRUST. Please contact us with any questions regarding this statement.

CAPTRUST
700 N. St. Mary's Street, Suite 100
San Antonio, TX 78205

COMMUNICATIONS

Contributions, Withdrawals,
Billing or Account Changes

Operations Team
txoperations@captrust.com

Strategy or Investment Changes

Madelon Leone
madelon.leone@captrust.com

Web Site: www.captrust.com

(210) 824-8916



CAPTRUST

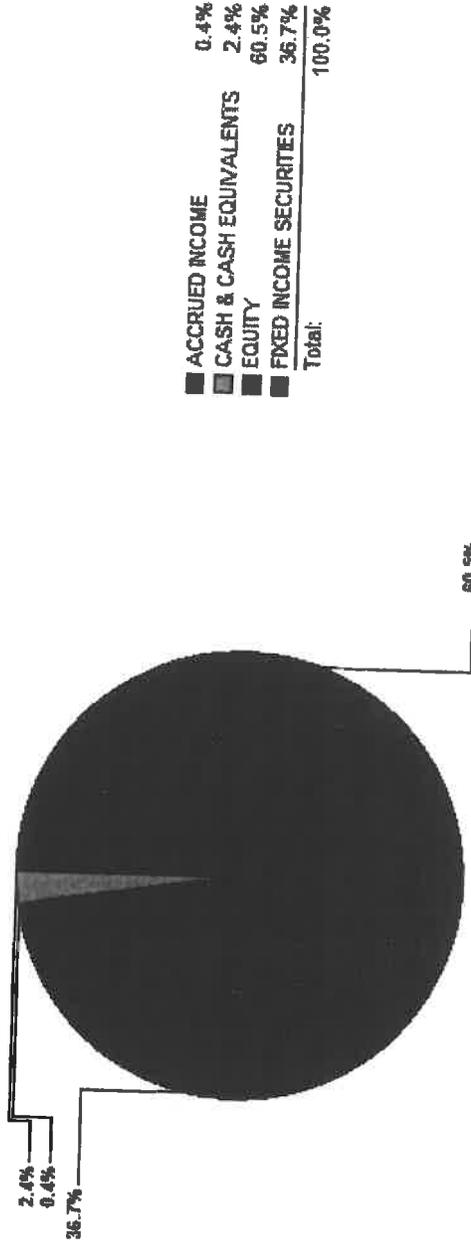
Account No: 104653
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

REPORTING PERIOD: 03/01/2020 TO 03/31/2020

Statement of Assets
Objective: Balanced
March 31, 2020

	Total Cost	Market Value	Percent of Portfolio
CASH & CASH EQUIVALENTS	407,586	407,586	2.4%
EQUITY	11,573,862	10,289,132	60.5%
FIXED INCOME SECURITIES	6,156,774	6,251,304	36.7%
ACCRUED INCOME	65,880	65,880	.4%
TOTAL PORTFOLIO	18,204,103	17,013,903	100.0%

Your Portfolio Asset Allocation *



* Your asset allocation may vary from your target asset allocation.



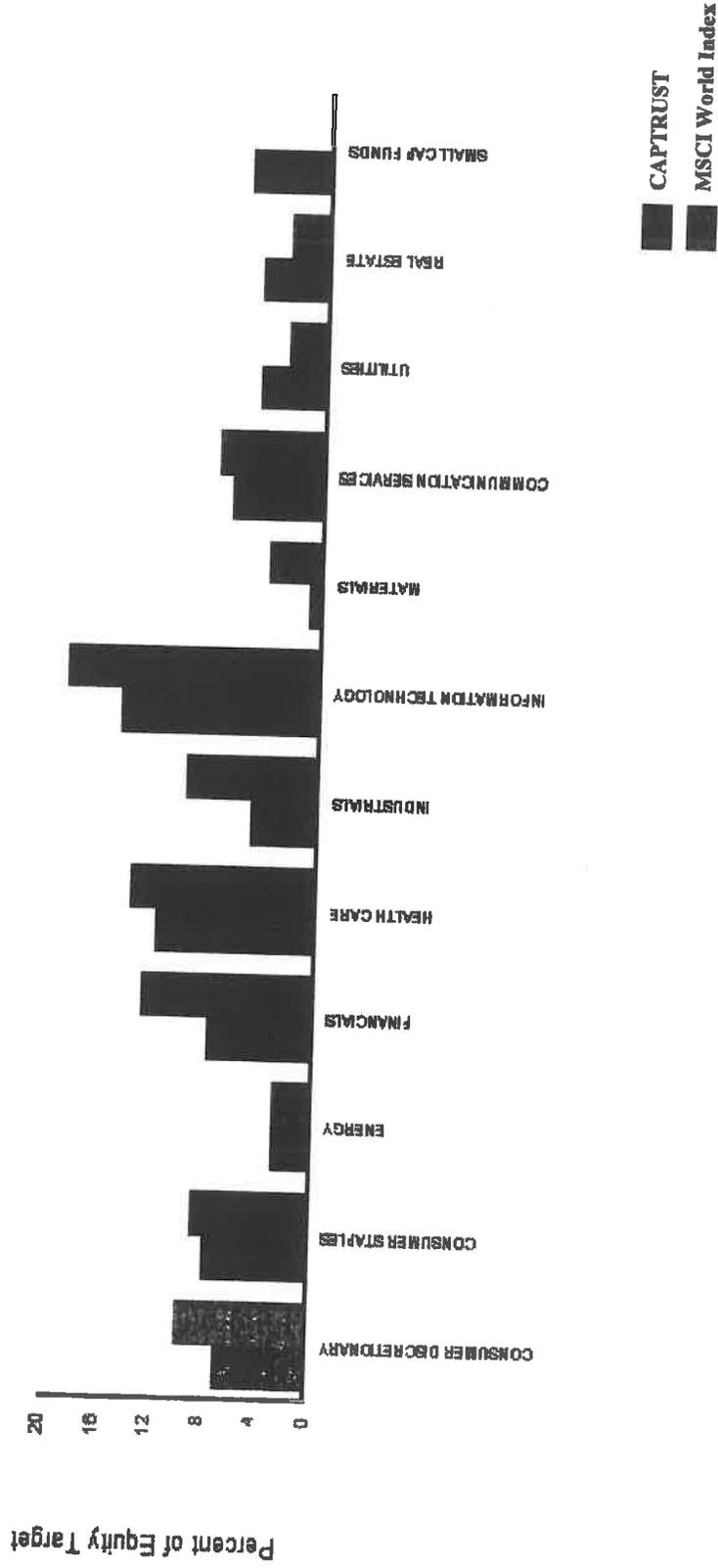
CAPTRUST

REPORTING PERIOD: 03/01/2020 TO 03/31/2020

Account No: 104663
Custodian Account No: 87811503
City of Galveston Employees
Pension Plan for Police

Equity Sector Diversification Versus MSCI World Index

March 31, 2020





CAPTRUST

Account No: 104653
 Custodian Account No: 87611603
 City of Galveston Employees
 Pension Plan for Police

REPORTING PERIOD: 03/01/2020 TO 03/31/2020

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	% Current Yield	Unrealized Gain/Loss (\$)	% Gain/Loss
CASH & CASH EQUIVALENTS										
	CASH									
	SCHWAB BANK SWEEP FOR BENEFIT PLANS		407,586	1.000	407,586	2.40	41	.01		
	TOTAL CASH		407,586		407,586	2.40	41	0.01		
	TOTAL CASH & CASH EQUIVALENTS		407,586		407,586	2.40	41	0.01		
EQUITY										
CONSUMER DISCRETIONARY										
	217AMAZON.COM INC	1,662.947	360,859	1,949.720	423,089	2.49	0	.00	62,230	17.24
	1,377COLUMBIA SPORTSWEAR CO	105.112	144,740	69.770	96,073	0.56	1,432	1.49	(48,666)	(33.62)
	5,557PULTE HOMES INC	34.667	192,642	22.320	124,032	0.73	2,667	2.15	(68,610)	(35.62)
	8,089TAPESTRY INC	26.168	211,931	12.950	104,882	0.62	10,934	10.42	(107,049)	(50.51)
	5,004YETI HLDGS INC COM	29.722	148,726	19.520	97,678	0.57	0	.00	(51,048)	(34.32)
	TOTAL CONSUMER DISCRETIONARY		1,058,898		845,755	4.97	15,033	1.78	(213,143)	
CONSUMER STAPLES										
	5,611GENERAL MILLS INCORPORATED	54.126	303,700	52.770	296,092	1.74	10,998	3.71	(7,607)	(2.50)
	8,009KROGER COMPANY	25.854	207,065	30.120	241,231	1.42	5,126	2.12	34,166	16.50
	4,545SYSCO CORP	55.194	250,858	45.630	207,388	1.22	8,181	3.94	(43,469)	(17.33)
	2,580WAL MART INC.	98.187	253,323	113.620	293,140	1.72	5,573	1.90	39,817	15.72
	TOTAL CONSUMER STAPLES		1,014,945		1,037,862	6.10	29,877	2.88	22,906	
ENERGY										
	6,078BP PLC ADR	38.687	235,138	24.380	148,242	0.87	15,195	10.25	(86,896)	(36.96)
	2,305CHEVRON CORP NEW	117.211	270,171	72.460	167,020	0.98	11,894	7.12	(103,151)	(38.18)
	2,344MARATHON PETROLEUM CORP	63.110	147,930	23.620	55,365	0.33	5,438	9.82	(92,564)	(62.57)
	TOTAL ENERGY		653,239		370,628	2.18	32,527	8.78	(282,611)	
FINANCIALS										
	6,296AMERICAN INTL GROUP INC	47.482	298,946	24.250	152,678	0.90	8,059	5.28	(146,268)	(48.93)
	10,635BANK OF AMERICA CORP	25.541	271,624	21.230	225,781	1.33	7,657	3.39	(45,842)	(16.88)



CAPTRUST

REPORTING PERIOD: 03/01/2020 TO 03/31/2020

Account No: 104663
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	% Current Yield	Unrealized Gain/Loss (\$)	% Gain/Loss
EQUITY										
FINANCIALS (Cont.)										
3,734	BROWN & BROWN INC	34.778	129,862	36.220	135,245	0.79	1,270	.94	5,384	4.15
3,558	CITIGROUP INC	70.358	250,335	42.120	149,863	0.88	7,258	4.84	(100,472)	(40.14)
10,097	JEFFERIES FINL GROUP INC	23.116	233,404	13.670	138,026	0.81	6,058	4.39	(95,378)	(40.86)
18,005	SUBS GROUP AG	13.208	237,815	9.260	166,726	0.98	13,144	7.88	(71,089)	(29.89)
	TOTAL FINANCIALS		1,421,986		968,320	5.69	43,446	4.49	(453,666)	
HEALTH CARE										
1,200	AMGEN INC	182.201	218,641	202.730	243,276	1.43	7,680	3.16	24,635	11.27
1,277	EDWARDS LIFESCIENCES CORP	120.529	153,915	188.620	240,868	1.42	0	.00	86,953	56.49
5,029	GLAXOSMITHKLINE SPONSORED ADR	40.209	202,212	37.890	190,549	1.12	10,098	5.30	(11,663)	(5.77)
3,039	MEDTRONIC PLC	88.865	270,059	90.180	274,057	1.61	6,564	2.40	3,998	1.48
2,785	MERCK & CO. INC.	66.930	186,400	76.940	214,278	1.26	6,795	3.17	27,878	14.96
1,776	PRA HEALTH SCIENCES INC COM	75.863	134,732	83.040	147,479	0.87	0	.00	12,747	9.46
10,984	SMILEDIRECTCLUB INC CL A COM	12.896	141,651	4.670	51,295	0.30	0	.00	(90,355)	(63.79)
1,505	ZIMMER BIOMET HOLDINGS INC	159.032	239,343	101.080	152,125	0.89	1,445	.95	(87,218)	(36.44)
	TOTAL HEALTH CARE		1,546,953		1,513,927	8.90	32,583	2.15	(33,026)	
INDUSTRIALS										
1,368	RAYTHEON CO NEW	194.000	265,004	131.150	179,151	1.05	5,150	2.87	(85,853)	(32.40)
1,386	WATSCO INC	166.064	230,165	158.030	219,030	1.29	8,870	4.05	(11,135)	(4.84)
5,819	WERNER ENTERPRISES INC	36.957	215,053	36.260	210,997	1.24	2,095	.99	(4,056)	(1.89)
	TOTAL INDUSTRIALS		710,222		609,177	3.58	16,115	2.65	(101,045)	
INFORMATION TECHNOLOGY										
999	ADOBE INC.	146.022	145,876	318.240	317,922	1.87	0	.00	172,046	117.94
2,862	BLACK KNIGHT INC COM	63.360	181,335	58.060	166,168	0.98	0	.00	(15,167)	(8.36)
4,817	CIENA CORP	39.166	188,662	39.810	191,765	1.13	0	.00	3,102	1.64
4,064	FIRST SOLAR INC	55.979	227,500	36.060	146,548	0.86	0	.00	(80,952)	(35.58)
1,890	MICROSOFT CORP	89.372	168,912	157.710	298,072	1.75	3,856	1.29	129,160	76.47
4,955	NCR CORP NEW	25.729	127,489	17.700	87,704	0.52	0	.00	(39,785)	(31.21)
1,700	SALESFORCE.COM INC	121.822	207,097	143.980	244,766	1.44	0	.00	37,669	18.19
2,077	SAP AG	109.223	226,855	110.500	229,509	1.35	2,555	1.11	2,653	1.17



CAPTRUST

Account No: 104853
 Custodian Account No: 87611803
 City of Galveston Employees
 Pension Plan for Police

REPORTING PERIOD: 03/01/2020 TO 03/31/2020

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	% Current Yield	Unrealized Gain/Loss (\$)	% Gain/ Loss
EQUITY										
INFORMATION TECHNOLOGY (Cont.)										
6,075	WESTERN UNION CORP	22.727	138,064	18.130	110,140	0.65	5,468	4.96	(27,924)	(20.23)
	TOTAL INFORMATION TECHNOLOGY		1,611,791		1,792,582	10.64	11,878	0.66	180,801	
MATERIALS										
7,203	INTERNATIONAL PAPER CO	53.108	382,539	31.130	224,229	1.32	14,766	6.59	(158,310)	(41.38)
	TOTAL MATERIALS		382,539		224,229	1.32	14,766	6.59	(158,310)	
COMMUNICATION SERVICES										
10,254	INTERPUBLIC GROUP OF COS INC	23.029	236,134	16.190	166,012	0.98	10,459	6.30	(70,122)	(29.70)
3,631	T MOBILE US INC COM	64.481	247,027	83.900	321,421	1.89	0	.00	74,394	30.12
3,056	TENCENT HOLDINGS LTD-UNS ADR	45.241	138,257	49.090	150,019	0.88	351	.23	11,762	8.51
5,345	VERIZON COMMUNICATIONS	49.424	264,172	53.730	287,187	1.69	13,149	4.58	23,015	8.71
	TOTAL COMMUNICATION SERVICES		885,590		924,639	5.43	23,959	2.59	39,049	
UTILITIES										
10,888	SECTOR SPDR TRUST SBI INT-UTIL	52.657	573,326	55.410	603,304	3.55	20,785	3.45	29,978	5.23
	TOTAL UTILITIES		573,326		603,304	3.55	20,785	3.45	29,978	
REAL ESTATE										
4,519	AMERICOLD RLTY TR COM	30.747	138,946	34.040	153,827	0.90	3,796	2.47	14,881	10.71
3,901	COUSINS PPTYS INC COM NEW	40.859	159,392	29.270	114,182	0.67	4,661	4.10	(45,210)	(28.36)
4,785	CYRUSONE INC	55.916	267,556	61.750	295,474	1.74	9,570	3.24	27,917	10.43
22,840	VEREIT INC	8.179	186,812	4.890	111,688	0.66	12,562	11.25	(75,124)	(40.21)
	TOTAL REAL ESTATE		752,706		675,170	3.97	30,609	4.53	(77,536)	
SMALL CAP FUNDS										
12,895	SHARES CORE S&P SMALL-CAP ETF	74.577	961,666	56.110	723,538	4.25	15,461	2.14	(238,128)	(24.76)
	TOTAL SMALL CAP FUNDS		961,666		723,538	4.25	15,461	2.14	(238,128)	
	TOTAL EQUITY		11,573,862		10,289,132	60.47	287,839	2.79	(1,284,730)	
FIXED INCOME SECURITIES										
CORPORATE BONDS										
205,000	APPLE INC SR GBLB NT	99.343	203,653	101.660	208,403	1.22	4,305	2.07	4,750	2.33



CAPTRUST

REPORTING PERIOD: 03/01/2020 TO 03/31/2020

Account No: 104653
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	% Current Yield	Unrealized Gain/Loss (\$)	% Gain/Loss
FIXED INCOME SECURITIES										
CORPORATE BONDS (Cont)										
200,000	COLGATE-PALMOLIVE COMPANY CB	99.688	199,376	101.593	203,187	1.19	4,500	2.21	3,811	1.91
200,000	JOHNSON & JOHNSON SR NT	101.872	203,744	101.748	203,495	1.20	7,100	3.49	(249)	(0.12)
200,000	MICROSOFT CORP SR NT	101.756	203,513	102.235	204,469	1.20	8,000	3.91	957	0.47
100,000	ORACLE CORP SR GLBL NT1.9%21	99.424	99,424	100.344	100,344	0.59	1,900	1.89	920	0.92
50,000	PACCAR Inc CB	99.071	49,536	97.354	48,677	0.29	1,150	2.36	(859)	(1.73)
250,000	PNC BK N A PITTSBURGH PA FR	100.029	250,072	101.683	254,208	1.49	5,375	2.11	4,136	1.65
200,000	THE PROCTER & GAMBLE COMPANY C	99.852	199,704	100.070	200,140	1.18	3,800	1.90	436	0.22
200,000	TRAVELERS COMPANIES INC SR GLB	100.000	200,000	101.052	202,104	1.19	7,800	3.86	2,104	1.05
200,000	WAL-MART STORES INC NT	99.860	199,720	100.328	200,655	1.18	3,800	1.89	935	0.47
TOTAL CORPORATE BONDS										
MORTGAGE BACKED SECURITIES										
300,000	FNMA	102.118	306,355	104.651	304,486	1.79	8,729	2.87	(1,869)	(0.61)
225,000	GNMA 2 80093	Unknown	Unknown	102.938	362	0.00	0	.00	Unknown	
280,000	GNMA 780439	Unknown	Unknown	110.279	47	0.00	4	8.62	Unknown	
TOTAL MORTGAGE BACKED SECURITIES										
GOVERNMENT BONDS										
15,000	FHLB	100.062	15,009	100.469	15,070	0.09	300	1.99	61	0.41
		306,355		304,895		1.79	8,733	2.86	(1,460)	
		15,009		15,070		0.09	300	1.99	61	0.41

Account No: 104653

Custodian Account No: 87611603

City of Galveston Employees

Pension Plan for Police

REPORTING PERIOD: 03/01/2020 TO 03/31/2020



CAPTRUST

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	% Current Yield	Unrealized Gain/Loss (\$)	% Gain/Loss
FIXED INCOME SECURITIES										
GOVERNMENT BONDS (Cont.)										
	2.000% 12-21-2024									
TOTAL GOVERNMENT BONDS										
MUNICIPAL BONDS										
<i>Taxable</i>										
200,000	AMARILLO TEX HOTEL OCCUPANCY T	100.000	200,000	103.998	207,996	1.22	6,140	2.95	7,996	4.00
	3.070% 08-15-2024									
200,000	AUSTIN TEX ELEC UTIL SYS REV R	100.312	200,624	100.702	201,404	1.18	4,950	2.46	780	0.39
	2.475% 11-15-2020									
185,000	BARBERS HILL TEX INDPT SCH DIS	109.278	202,163	111.116	205,565	1.21	7,400	3.60	3,401	1.68
	4.000% 02-15-2026									
170,000	CENTRAL OHIO SOLID WASTE AUTH	100.005	170,008	102.023	173,439	1.02	4,335	2.50	3,431	2.02
	2.550% 12-01-2028									
100,000	COBB CNTY GA DEV AUTH REV TAXA	100.004	100,004	102.061	102,061	0.60	2,600	2.55	2,057	2.06
	2.600% 06-01-2023									
95,000	DES MOINES IOWA AREA CMNTY COL	100.112	95,106	100.233	95,221	0.56	2,613	2.74	115	0.12
	2.750% 06-01-2020									
120,000	GRANT CNTY WASH PUB UTIL DIST	100.007	120,009	102.088	122,506	0.72	2,737	2.23	2,497	2.08
	2.281% 01-01-2027									
250,000	HOUSTON TEX INDPT SCH DIST G O	102.058	255,144	100.342	250,855	1.47	13,403	5.34	(4,288)	(1.68)
	5.361% 02-15-2022									
150,000	LAKE CNTY ILL CMNTY CONS SCH D	100.004	150,007	105.492	158,238	0.93	4,550	2.88	8,231	5.49
	3.033% 11-01-2024									
170,000	MADISON WIS TAXABLE GO PROM NT	99.495	169,141	102.802	174,763	1.03	3,910	2.24	5,622	3.32
	2.300% 10-01-2024									
225,000	MASSACHUSETTS ST WTR RES AUTH	98.890	222,504	99.945	224,876	1.32	5,002	2.22	2,373	1.07
	2.223% 08-01-2027									
260,000	MEMPHIS-SHELBY CNTY TENN INDL	100.822	262,136	102.566	266,672	1.57	7,231	2.71	4,535	1.73
	2.781% 11-01-2023									
200,000	NEW YORK N Y CITY TRANSITIONAL	98.492	196,984	100.553	201,106	1.18	3,700	1.84	4,122	2.09
	1.850% 05-01-2023									



CAPTRUST

Account No: 104653
 Custodian Account No: 87611503
 City of Galveston Employees
 Pension Plan for Police

REPORTING PERIOD: 03/01/2020 TO 03/31/2020

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	% Current Yield	Unrealized Gain/Loss (\$)	% Gain/ Loss
FIXED INCOME SECURITIES										
MUNICIPAL BONDS (Cont.)										
<i>Taxable</i>										
200,000	NEW YORK N Y TAXABLE GO BDS 20 2.650% 10-01-2025	98.802	197,604	103.690	207,380	1.22	5,300	2.56	9,776	4.95
200,000	NEW YORK ST ENVIRONMENTAL FACS 2.620% 01-15-2024	100.002	200,005	103.039	206,078	1.21	5,240	2.54	6,073	3.04
200,000	NORTH CAROLINA MUN PWR AGY NO 2.942% 01-01-2023	100.797	201,594	103.485	206,970	1.22	5,884	2.84	5,376	2.67
200,000	OKLAHOMA CAP IMP AUTH ST HWY C 4.542% 07-01-2023	100.635	201,271	100.813	201,626	1.19	9,084	4.51	355	0.18
150,000	FORT MORROW ORE TRANSMISSION F 1.909% 09-01-2023	97.853	146,779	100.270	150,405	0.88	2,864	1.90	3,626	2.47
225,000	SOUTH SAN ANTONIO TEX INDPT SC 3.500% 08-15-2023	103.194	232,185	104.922	236,075	1.39	7,875	3.34	3,889	1.67
65,000	TEXAS ST GO REF BDS C1 2.571% 08-01-2023	100.969	65,630	102.886	66,876	0.39	1,671	2.50	1,246	1.90
200,000	VIRGINIA ST PUB BLDG AUTH PUB 2.800% 08-01-2024	100.693	201,387	103.584	207,168	1.22	5,600	2.70	5,781	2.87
230,000	WICHITA KANS WTR & SWR UTIL RE 3.000% 10-01-2022	102.776	236,384	103.643	238,379	1.40	6,900	2.89	1,995	0.84
TOTAL MUNICIPAL BONDS			4,026,669		4,105,658	24.13	118,987	2.90	78,989	
TOTAL FIXED INCOME SECURITIES			6,155,774		6,251,304	36.74	175,749	2.81	94,530	
ACCRUED INCOME										
ACCRUED INCOME			65,880		65,880	0.39				
TOTAL ACCRUED INCOME			65,880		65,880	0.39				
TOTAL PORTFOLIO			18,204,103		17,013,903	100.00	462,829	2.72	(1,190,200)	



CAPTRUST

REPORTING PERIOD: 03/01/2020 TO 03/31/2020

Account No: 104663
Custodian Account No: 87611603
City of Galveston Employees
Pension Plan for Police

Investment Changes

Sales / Maturities

Date Sold	Quantity	Description	Purchase Date	Total Cost (\$)	Total Proceeds (\$)	Gain or Loss (\$)		
						Short Term	Long Term	
FIXED INCOME								
03/15/2020	8	GNMA 780439	UNKNOWN	UNKNOWN	7.79		UNKNOWN	
		9.500% 12-15-2021						
03/20/2020	4	GNMA 2 80093	UNKNOWN	UNKNOWN	3.70		UNKNOWN	
		2.125% 07-20-2027						
				FIXED INCOME Totals:	0.00	11.49	0.00	0.00
EQUITY								
03/09/2020	1,220	MARATHON PETROLEUM CORP	09/27/2017	77,021.30	41,737.36			(35,283.94)
03/09/2020	691	MARATHON PETROLEUM CORP	09/29/2017	43,721.16	23,616.64			(20,104.52)
03/09/2020	1,864	OCCIDENTAL PETROLEUM	09/27/2017	120,990.38	30,181.59			(90,808.79)
03/09/2020	549	OCCIDENTAL PETROLEUM	09/29/2017	35,316.62	8,869.32			(26,447.30)
03/09/2020	2,746	OCCIDENTAL PETROLEUM	07/12/2019	142,038.78	44,462.80			(97,575.98)
03/09/2020	2,487	OCCIDENTAL PETROLEUM	11/20/2019	95,875.34	40,269.11			(55,606.23)
03/18/2020	2,388	ROYAL CARIBBEAN CRUISES LTD	07/17/2019	266,918.87	48,164.25			(218,754.62)
03/18/2020	424	ROYAL CARIBBEAN CRUISES LTD	02/19/2020	47,297.67	8,729.33			(38,568.34)
03/20/2020	4,941	DELTA AIR LINES INC	12/18/2017	277,290.91	109,588.96			(167,701.95)
				EQUITY Totals:	1,106,471.03	356,639.36	(409,505.17)	(340,326.50)
				Total Sales	1,106,471.03	356,639.36	(409,505.17)	(340,326.50)
				Year to Date Gain/Losses			(373,936.94)	(287,768.79)



CAPTRUST

ENCLOSED IS YOUR INVESTMENT PORTFOLIO REPORT

City of Galveston Employees
Pension Plan for Police
1011 Tremont
Galveston, TX 77550

Account # 104863

Custodian Account # 87611603

Period: April 01, 2020 to April 30, 2020

Enclosed is your statement for your account managed by CAPTRUST. Please contact us with any questions regarding this statement.

COMMUNICATIONS

Contributions, Withdrawals,
Billing or Account Changes

Operations Team
txoperations@captrust.com

Strategy or Investment Changes

Madelon Leone
madelon.leone@captrust.com

Web Site: www.captrust.com

(210) 824-8916

CAPTRUST
700 N. St. Mary's Street, Suite 100
San Antonio, TX 78205



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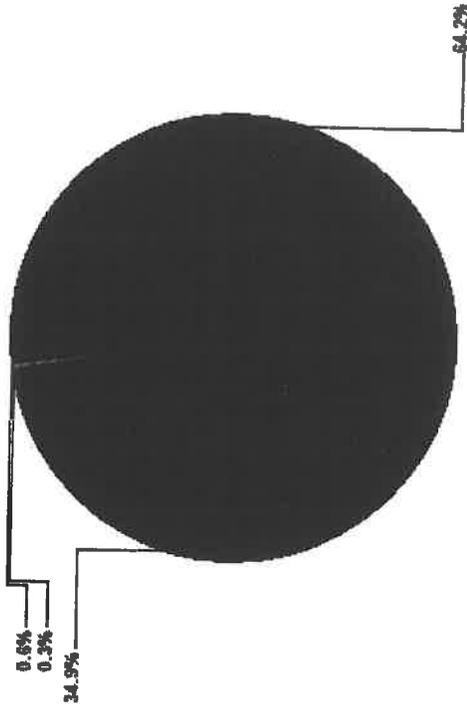
REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Account No: 104653
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Statement of Assets
Objective: Balanced
April 30, 2020

	Total Cost	Market Value	Percent of Portfolio
CASH & CASH EQUIVALENTS	116,121	116,121	.6%
EQUITY	11,621,275	11,569,791	64.2%
FIXED INCOME SECURITIES	6,158,316	6,295,593	34.9%
ACCRUED INCOME	53,889	53,889	.3%
TOTAL PORTFOLIO	17,949,601	18,035,394	100.0%

Your Portfolio Asset Allocation *



ACCRUED INCOME	0.3%
CASH & CASH EQUIVALENTS	0.6%
EQUITY	64.2%
FIXED INCOME SECURITIES	34.9%
Total:	100.0%

* Your asset allocation may vary from your target asset allocation.



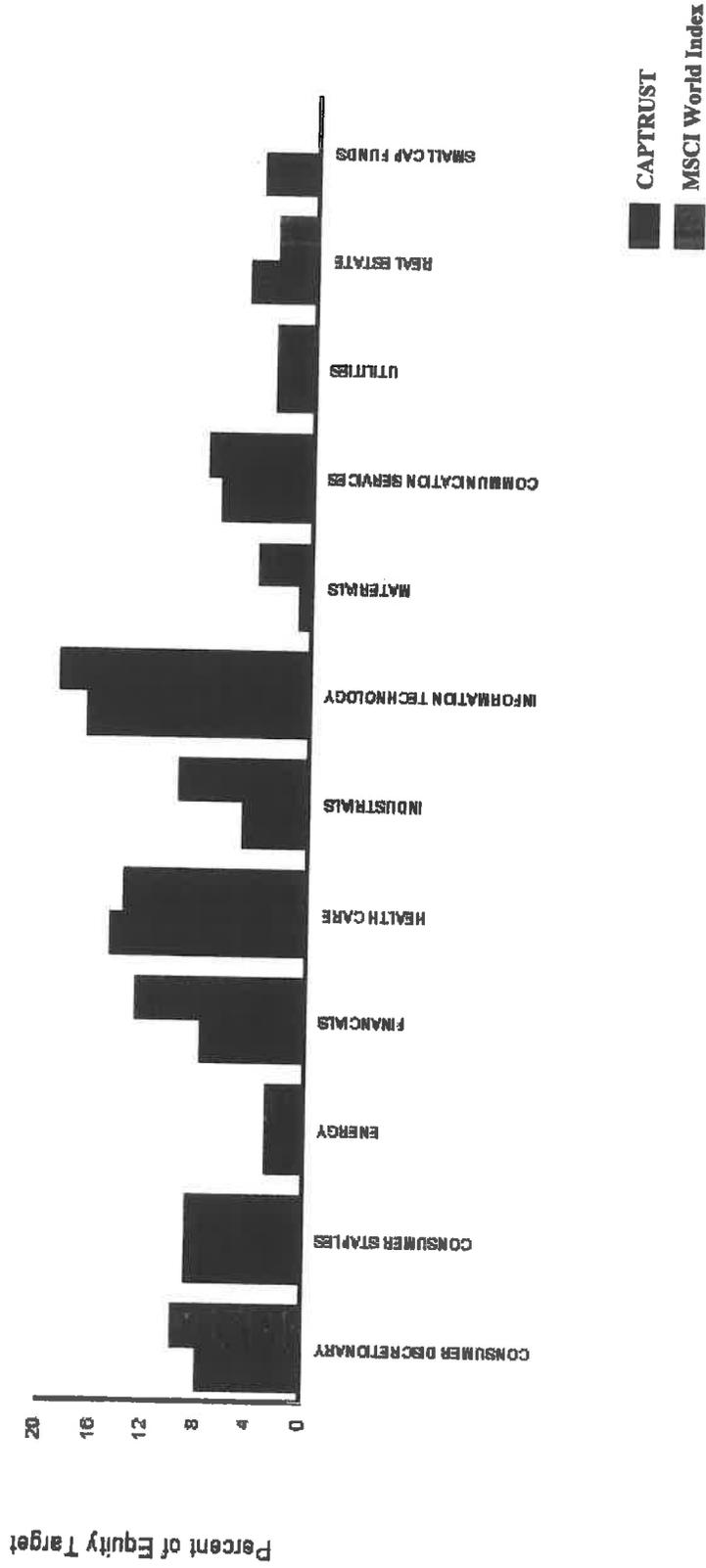
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REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Account No: 104653
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Equity Sector Diversification Versus MSCI World Index

April 30, 2020





CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Account No: 104653
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	Current Yield	Unrealized Gain/Loss (\$)	% Gain/Loss
CASH & CASH EQUIVALENTS										
CASH										
	SCHWAB BANK SWEEP FOR BENEFIT PLANS		116,121	1.000	116,121	0.64	12	.01		
	TOTAL CASH		116,121		116,121	0.64	12	0.01		
	TOTAL CASH & CASH EQUIVALENTS		116,121		116,121	0.64	12	0.01		
EQUITY										
CONSUMER DISCRETIONARY										
	249AMAZON.COM INC	1,745.813	434,708	2,474.000	616,026	3.42	0	.00	181,318	41.71
	7,705PULTE HOMES INC	32.188	248,008	28.270	217,820	1.21	3,698	1.70	(30,187)	(12.17)
	8,099TAPESTRY INC	26.168	211,931	14.880	120,513	0.67	10,934	9.07	(91,417)	(43.14)
	5,004 YETI HLDGS INC COM	29.722	148,726	27.610	138,160	0.77	0	.00	(10,566)	(7.10)
	TOTAL CONSUMER DISCRETIONARY		1,043,372		1,092,520	6.06	14,632	1.34	49,148	
CONSUMER STAPLES										
	5,611 GENERAL MILLS INCORPORATED	54.126	303,700	59.890	336,043	1.86	10,998	3.27	32,343	10.65
	8,009 KROGER COMPANY	25.854	207,065	31.610	253,164	1.40	5,126	2.02	46,100	22.26
	4,545 SYSCO CORP	55.194	250,858	56.270	255,747	1.42	8,181	3.20	4,890	1.95
	2,580 WAL MART INC.	98.187	253,323	121.550	313,599	1.74	5,573	1.78	60,276	23.79
	TOTAL CONSUMER STAPLES		1,014,945		1,159,553	6.42	29,877	2.58	143,608	
ENERGY										
	6,078 BP PLC ADR	38.687	235,138	23.800	144,656	0.80	15,195	10.50	(90,482)	(38.48)
	2,305 CHEVRON CORP NEW	117.211	270,171	92.000	212,060	1.18	11,894	5.61	(58,111)	(21.51)
	2,344 MARATHON PETROLEUM CORP	63.110	147,930	32.080	75,196	0.42	5,438	7.23	(72,734)	(49.17)
	TOTAL ENERGY		653,239		431,912	2.39	32,527	7.53	(221,327)	
FINANCIALS										
	6,296 AMERICAN INTL GROUP INC	47.482	298,946	25.430	160,107	0.89	8,059	5.03	(138,839)	(46.44)
	10,635 BANK OF AMERICA CORP	25.541	271,624	24.050	255,772	1.42	7,657	2.99	(15,852)	(5.84)
	3,734 BROWN & BROWN INC	34.778	129,862	35.910	134,088	0.74	1,270	.95	4,226	3.25
	3,558 CITIGROUP INC	70.358	250,335	48.560	172,776	0.96	7,258	4.20	(77,558)	(30.98)
	14,237 JEFFERIES FINL GROUP INC	20.368	289,981	13.720	195,332	1.08	8,542	4.37	(94,649)	(32.64)

Account No: 104653
 Custodian Account No: 97611603
 City of Galveston Employees
 Pension Plan for Police

REPORTING PERIOD: 04/01/2020 TO 04/30/2020



CAPTRUST

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	% Current Yield	Unrealized Gain/Loss (\$)	% Gain/ Loss
EQUITY										
	FINANCIALS (Cont.)									
	18,005UBS GROUP AG	13.208	237,815	10.760	193,734	1.07	6,572	3.39	(44,081)	(18.54)
	TOTAL FINANCIALS		1,478,563		1,111,809	6.16	39,358	3.54	(366,754)	
	HEALTH CARE									
	1,200AMGEN INC	182.201	218,641	239.220	287,064	1.59	7,680	2.68	68,423	31.29
	1,277EDWARDS LIFESCIENCES CORP	120.529	153,915	217.500	277,748	1.54	0	.00	123,833	80.46
	5,029GLAXOSMITHKLINE SPONSORED ADR	40.209	202,212	42.070	211,570	1.17	9,932	4.69	9,358	4.63
	323INTUITIVE SURGICAL INC	525.383	169,699	510.880	165,014	0.91	0	.00	(4,685)	(2.76)
	3,039MEDTRONIC PLC	88.865	270,059	97.630	296,698	1.65	6,564	2.21	26,638	9.86
	2,785MERCK & CO. INC.	66.930	186,400	79.340	220,962	1.23	6,795	3.08	34,562	18.54
	1,776PRA HEALTH SCIENCES INC COM	75.863	134,732	96.500	171,384	0.95	0	.00	36,652	27.20
	10,984SMILEDIRECTCLUB INC CL A COM	12.896	141,651	7.720	84,796	0.47	0	.00	(56,854)	(40.14)
	1,505ZIMMER BIOMET HOLDINGS INC	159.032	239,343	119.700	180,149	1.00	1,445	.80	(59,195)	(24.73)
	TOTAL HEALTH CARE		1,716,652		1,895,384	10.51	32,417	1.71	178,732	
	INDUSTRIALS									
	3,189RAYTHEON TECHNOLOGIES CORP	83.082	264,979	64.810	206,679	1.15	6,059	2.93	(58,300)	(22.00)
	1,386WATSCO INC	166.064	230,165	160.990	223,132	1.24	9,841	4.41	(7,033)	(3.06)
	5,819WERNER ENTERPRISES INC	36.957	215,053	40.120	233,458	1.29	2,095	.90	18,405	8.56
	TOTAL INDUSTRIALS		710,197		663,270	3.68	17,995	2.71	(46,928)	
	INFORMATION TECHNOLOGY									
	999ADOBE INC.	146.022	145,876	353.640	353,286	1.96	0	.00	207,410	142.18
	2,862BLACK KNIGHT INC COM	63.360	181,335	70.570	201,971	1.12	0	.00	20,636	11.38
	4,817CIENA CORP	39.166	188,662	46.250	222,786	1.24	0	.00	34,124	18.09
	4,064FIRST SOLAR INC	55.979	227,500	44.010	178,857	0.99	0	.00	(48,644)	(21.38)
	949LAM RESEARCH CORPORATION	264.751	251,249	255.280	242,261	1.34	4,365	1.80	(8,988)	(3.58)
	2,900MICROSOFT CORP	118.647	344,076	179.210	519,709	2.88	5,916	1.14	175,633	51.04
	4,955NCR CORP NEW	25.729	127,489	20.520	101,677	0.56	0	.00	(25,812)	(20.25)
	2,077SAP AG	109.223	226,855	118.540	246,208	1.37	2,555	1.04	19,352	8.53
	6,075WESTERN UNION CORP	22.727	138,064	19.070	115,850	0.64	5,468	4.72	(22,214)	(16.09)
	TOTAL INFORMATION TECHNOLOGY		1,831,106		2,182,605	12.10	18,304	0.84	351,498	
	MATERIALS									



CAPTRUST

Account No: 104663
 Custodian Account No: 87611803
 City of Galveston Employees
 Pension Plan for Police

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	Current Yield	Unrealized Gain/Loss (\$)	% Gain/Loss
EQUITY										
MATERIALS (Cont.)										
7,203	INTERNATIONAL PAPER CO	53.108	382,539	34.250	246,703	1.37	14,766	5.99	(135,836)	(35.51)
	TOTAL MATERIALS		382,539		246,703	1.37	14,766	5.99	(135,836)	
COMMUNICATION SERVICES										
10,254	INTERPUBLIC GROUP OF COS INC	23.029	236,134	16.980	174,113	0.97	10,459	6.01	(62,021)	(26.27)
3,831	T MOBILE US INC COM	64.481	247,027	87.800	336,362	1.87	0	.00	89,334	36.16
3,056	TENCENT HOLDINGS LTD-JNS ADR	45.241	138,257	52.620	160,807	0.89	416	.26	22,550	16.31
5,345	VERIZON COMMUNICATIONS	49.424	264,172	57.450	307,070	1.70	13,149	4.28	42,898	16.24
	TOTAL COMMUNICATION SERVICES		885,590		978,352	5.42	24,023	2.46	92,761	
UTILITIES										
8,599	SECTOR SPDR TRUST SBI INT-UTIL	52.657	452,795	57.260	492,379	2.73	16,415	3.33	39,584	8.74
	TOTAL UTILITIES		452,795		492,379	2.73	16,415	3.33	39,584	
REAL ESTATE										
4,519	AMERICOLD RLTY TR COM	30.747	138,946	30.590	138,236	0.77	3,796	2.75	(710)	(0.51)
3,901	COUSINS PPTYS INC COM NEW	40.859	159,392	30.170	117,693	0.65	4,681	3.98	(41,699)	(26.16)
4,785	CYRUSONE INC	55.916	267,556	70.150	335,668	1.86	9,570	2.85	68,111	25.46
22,840	VEREIT INC	8.179	186,812	5.480	125,163	0.69	12,562	10.04	(61,649)	(33.00)
	TOTAL REAL ESTATE		752,706		716,760	3.97	30,609	4.27	(35,946)	
SMALL CAP FUNDS										
9,464	ISHARES CORE S&P SMALL-CAP ETF	73.919	699,569	63.350	599,544	3.32	11,347	1.89	(100,025)	(14.30)
	TOTAL SMALL CAP FUNDS		699,569		599,544	3.32	11,347	1.89	(100,025)	
	TOTAL EQUITY		11,621,275		11,368,791	64.16	282,270	2.44	(81,484)	
FIXED INCOME SECURITIES										
CORPORATE BONDS										
205,000	APPLE INC SR GLBL NT	99.343	203,653	103.527	212,231	1.18	4,305	2.03	8,578	4.21
	2.100% 09-12-2022									
200,000	COLGATE-PALMOLIVE COMPANY CB	99.688	199,376	104.343	208,686	1.16	4,500	2.16	9,310	4.67



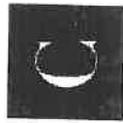
CAPTRUST

Account No: 104663
 Custodian Account No: 97611603
 City of Galveston Employees
 Pension Plan for Police

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	Current Yield	Unrealized Gain/Loss (\$)	% Gain/ Loss
FIXED INCOME SECURITIES										
CORPORATE BONDS (Cont.)										
200,000	JOHNSON & JOHNSON SR NT 2.250% 11-15-2022	101.735	203,471	102.966	205,931	1.14	7,100	3.45	2,460	1.21
200,000	MICROSOFT CORP SR NT 3.550% 05-15-2021	101.586	203,172	102.651	205,303	1.14	8,000	3.90	2,131	1.05
100,000	ORACLE CORP SR GLBL NT 1.9% 21 1.900% 09-15-2021	99.424	99,424	101.177	101,177	0.56	1,900	1.88	1,753	1.76
50,000	PACCAR Inc CB 2.300% 12-31-2022	99.071	49,536	101.412	50,706	0.28	1,150	2.27	1,171	2.36
250,000	PNC BK N A PITTSBURGH PA FR 2.150% 04-29-2021	100.027	250,068	101.000	252,500	1.40	5,375	2.13	2,432	0.97
200,000	THE PROCTER & GAMBLE COMPANY C 1.900% 10-23-2020	99.852	199,704	100.644	201,288	1.12	3,800	1.89	1,584	0.79
200,000	TRAVELERS COMPANIES INC SR GLB 3.900% 11-01-2020	100.000	200,000	100.948	201,895	1.12	7,800	3.86	1,895	0.95
200,000	WAL-MART STORES INC NT 1.900% 12-15-2020	99.860	198,720	100.851	201,701	1.12	3,800	1.88	1,981	0.99
TOTAL CORPORATE BONDS										
MORTGAGE BACKED SECURITIES										
300,000	FNMA 3.000% 12-01-2034	102.118	306,355	105.589	302,096	1.68	8,563	2.84	(4,259)	(1.39)
225,000	GNMA 2 80093 2.125% 07-20-2027	Unknown	Unknown	102.758	357	0.00	0	.00	Unknown	
280,000	GNMA 780439 9.500% 12-15-2021	Unknown	Unknown	110.369	39	0.00	3	8.61	Unknown	
TOTAL MORTGAGE BACKED SECURITIES										
GOVERNMENT BONDS										
15,000	FHLB 2.000% 12-21-2024	100.061	15,009	100.484	15,073	0.08	300	1.99	63	0.42
TOTAL GOVERNMENT BONDS										
MUNICIPAL BONDS										
TOTAL MUNICIPAL BONDS										
300										
15,073										
0.08										
300										
1.99										
63										
(3,863)										
2.84										
8,563										
3										
8,587										
2.84										
300										
1.99										
63										
300										
1.99										
63										



CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Account No: 104663
Custodian Account No: 87611603
City of Galveston Employees
Pension Plan for Police

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	Current Yield	Unrealized Gain/Loss (\$)	% Gain/ Loss
FIXED INCOME SECURITIES										
MUNICIPAL BONDS (Cont.)										
<i>Taxable</i>										
200,000	AMARILLO TEX HOTEL OCCUPANCY T 3.070% 08-15-2024	101.761	203,522	104.497	208,994	1.16	6,140	2.94	5,472	2.69
200,000	AUSTIN TEX ELEC UTIL SYS REV R 2.475% 11-15-2020	100.271	200,542	100.833	201,666	1.12	4,950	2.45	1,124	0.56
185,000	BARBERS HILL TEX INDPT SCH DIS 4.000% 02-15-2026	109.154	201,934	112.563	208,242	1.15	7,400	3.55	6,307	3.12
170,000	CENTRAL OHIO SOLID WASTE AUTH 2.550% 12-01-2028	100.005	170,009	104.756	178,085	0.99	4,335	2.43	8,076	4.75
100,000	COBB CNTY GA DEV AUTH REV TAXA 2.600% 06-01-2023	100.005	100,005	102.521	102,521	0.57	2,600	2.54	2,516	2.52
95,000	DES MOINES IOWA AREA CMNTY COL 2.750% 06-01-2020	100.057	95,054	100.118	95,112	0.53	2,613	2.75	58	0.06
120,000	GRANT CNTY WASH PUB UTIL DIST 2.281% 01-01-2027	100.007	120,009	103.202	123,842	0.69	2,737	2.21	3,833	3.19
250,000	HOUSTON TEX INDPT SCH DIST G O 5.361% 02-15-2022	101.968	254,920	100.342	250,855	1.39	13,403	5.34	(4,065)	(1.59)
150,000	LAKE CNTY ILL CMNTY CONS SCH D 3.033% 11-01-2024	100.006	150,009	106.039	159,059	0.88	4,550	2.86	9,050	6.03
170,000	MADISON WIS TAXABLE GO PROM NT 2.300% 10-01-2024	99.495	169,141	103.226	175,484	0.97	3,910	2.23	6,343	3.75
225,000	MASSACHUSETTS ST WTR RES AUTH 2.223% 08-01-2027	98.890	222,504	102.900	231,525	1.28	5,002	2.16	9,022	4.05
260,000	MEMPHIS-SHELBY CNTY TENN INDL 2.781% 11-01-2023	100.805	262,092	102.990	267,774	1.48	7,231	2.70	5,662	2.17
200,000	NEW YORK N Y CITY TRANSITIONAL 1.850% 05-01-2023	98.532	197,064	100.526	201,052	1.11	3,700	1.84	3,988	2.02
200,000	NEW YORK N Y TAXABLE GO BDS 20 2.650% 10-01-2025	98.802	197,604	103.837	207,674	1.15	5,300	2.55	10,070	5.10
200,000	NEW YORK ST ENVIRONMENTAL FACS 2.620% 01-15-2024	100.002	200,005	105.499	210,998	1.17	5,240	2.48	10,994	5.50



CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Account No: 104653
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Assets in Portfolio

Par Value or Shares	Description	Average Unit Cost (\$)	Total Cost (\$)	Unit Market Price (\$)	Total Market Value (\$)	Percent of Portfolio	Est. Annual Income (\$)	Current Yield	Unrealized Gain/Loss (\$)	% Gain/ Loss
FIXED INCOME SECURITIES										
MUNICIPAL BONDS (Cont.)										
	<i>Taxable</i>									
200,000	NORTH CAROLINA MUN PWR AGY NO 2.942% 01-01-2023	100.774	201,548	103.855	207,710	1.15	5,884	2.83	6,162	3.06
200,000	OKLAHOMA CAP IMP AUTH ST HWY C 4.542% 07-01-2023	100.426	200,851	100.549	201,098	1.12	9,084	4.52	247	0.12
150,000	PORT MORROW ORE TRANSMISSION F 1.909% 09-01-2023	97.902	146,853	101.916	152,874	0.85	2,864	1.87	6,021	4.10
225,000	SOUTH SAN ANTONIO TEX INDPT SC 3.500% 08-15-2023	103.117	232,014	105.155	236,599	1.31	7,875	3.33	4,585	1.98
65,000	TEXAS ST GO REF BDS C1 2.571% 08-01-2023	100.945	65,614	104.949	68,217	0.38	1,671	2.45	2,602	3.97
200,000	VIRGINIA ST PUB BLDG AUTH PUB 2.800% 08-01-2024	100.680	201,361	104.073	208,146	1.15	5,600	2.69	6,785	3.37
230,000	WICHITA KANS WTR & SWR UTIL RE 3.000% 10-01-2022	102.685	236,174	103.949	239,083	1.33	6,900	2.89	2,908	1.23
TOTAL MUNICIPAL BONDS			4,028,829		4,136,609	22.94	118,987	2.88	107,781	
TOTAL FIXED INCOME SECURITIES			6,168,316		6,266,693	34.91	176,603	2.79	137,278	
ACCRUED INCOME										
ACCRUED INCOME			53,889		53,889	0.30				
TOTAL ACCRUED INCOME			53,889		53,889	0.30				
TOTAL PORTFOLIO			17,949,600		18,035,394	100.00	457,886	2.54	85,794	



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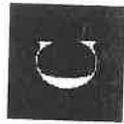
REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Account No: 104653
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Investment Changes

Purchases

Trade Date	Quantity	Description	Average Cost (\$)	Total Cost (\$)
EQUITY				
04/14/20	1,010	MICROSOFT CORP	173.43	175,164.00
04/15/20	32	AMAZON.COM INC	2,307.75	73,848.08
04/20/20	323	INTUITIVE SURGICAL INC	525.38	169,698.81
04/23/20	949	LAM RESEARCH CORPORATION	264.75	251,248.60
04/24/20	1,283	PULTE HOMES INC	25.05	32,145.18
04/27/20	865	PULTE HOMES INC	26.84	23,220.23
04/28/20	4,140	JEFFERIES FINL GROUP INC	13.67	56,576.83
EQUITY Totals:				781,901.73
Total Purchases				781,901.73



CAPTRUST

Account No: 104653
 Custodian Account No: 87611503
 City of Galveston Employees
 Pension Plan for Police

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Investment Changes
Sales / Maturities

Date Sold	Quantity	Description	Purchase Date	Total Cost (\$)	Total Proceeds (\$)	Short Term Gain or Loss (\$)	Long Term Gain or Loss (\$)
FIXED INCOME							
04/15/2020	7	GNMA 780439 9.500% 12-15-2021	UNKNOWN	UNKNOWN	7.24	UNKNOWN	UNKNOWN
				FIXED INCOME Totals:	0.00	7.24	0.00
EQUITY							
04/03/2020	0	RAYTHEON TECHNOLOGIES COR	11/21/2018	25.02	19.08	(5.94)	
04/13/2020	2,128	ISHARES CORE S&P SMALL-CAP E	09/27/2017	157,299.63	124,807.85	(32,491.78)	
04/13/2020	1,303	ISHARES CORE S&P SMALL-CAP E	11/20/2019	104,797.03	76,421.34	(28,375.69)	
04/16/2020	2,289	SECTOR SPDR TRUST SBI INT-U	09/27/2017	120,531.19	134,290.83		13,759.64
04/22/2020	1,078	SALESFORCE.COM INC	03/06/2018	134,088.75	165,457.81		31,369.06
04/22/2020	622	SALESFORCE.COM INC	04/04/2018	73,007.97	95,468.23		22,460.26
04/23/2020	1,377	COLUMBIA SPORTSWEAR CO	04/25/2019	144,739.63	92,864.76	(51,874.87)	
				EQUITY Totals:	734,489.22	(80,250.56)	35,091.24
Total Sales				734,489.22	689,337.14	(80,250.56)	35,091.24
Year to Date Gain/Losses						(454,187.50)	(252,677.55)



CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Account No: 104863
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Statement of Changes

	Period (\$)	Year to Date (\$)
Beginning Market Value	17,013,903	21,387,592
Contributions/Withdrawals	(240,000)	(865,000)
Management Fee	(4,943)	(22,937)
Income Earned	41,191	158,604
Increase/Decrease in Market Value	1,225,244	(2,622,865)
Market Value on 04/30/2020	18,035,394	18,035,394

Account Investment Performance

	Period	Year to Date
Total Account (Net of Fees)	7.44 %	-11.71 %
Equity	11.74 %	-17.63 %
Fixed Income	1.01 %	2.47 %

Please be advised that several items may cause the performance of your account to diverge from the benchmark. These include, but are not limited to, objective changes, significant cash contributions or withdrawals, cash directives, non-core holdings, tax managed positions and uninvested income cash.

Past performance is not indicative of future results.
Total Account (Net of Fees) includes return on cash held in the account.

For any questions regarding your account performance, please contact your CAPTRUST Relationship Manager.



CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Account No: 104653
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police

Market Performance

	Period	Year to Date
MSCI World Index	10.92 %	(12.43) %
S&P 500 Total Return Index	12.82 %	(9.29) %
Russell 3000 Index w/Income	13.24 %	(10.42) %
Barclays 1-10 Yr. Blend Muni Bond Index	(0.34) %	(0.89) %
90 Day Treasury Bill Index	0.03 %	0.60 %
Barclays Intermediate Govt./Credit Bond Index	1.41 %	3.84 %
Barclays Aggregate Bond Index	1.78 %	4.98 %
Consumer Price Index (CPI)	(0.22) %	0.44 %
Gold (Spot Price)	5.83 %	12.41 %

Account No: 104663
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police



REPORTING PERIOD: 04/01/2020 TO 04/30/2020

Disclosures

This investment portfolio report is provided to you for informational purposes only. It provides information on your account managed by CAPTRUST Financial Advisors ("CAPTRUST"), a registered investment advisor. It is not intended as a tax document. CAPTRUST is not the custodian of your assets. You should verify this investment portfolio report with the statement provided by your custodian.

Important Notes

Market Valuation: Market valuations for securities in this report are provided only as a general guide to value your portfolio. Such market valuations are obtained from outside parties. These market valuations may vary from your custodian statement. For example, the market value for a bond may vary from your custodian statement. Bond prices are based on a method of fair valuing bonds that applies analytic methods to historical prices to produce an estimated price. This price is not necessarily the price you paid for the bond, nor is it the price you could receive if you sold it and this price is not necessarily a price at which the bond has ever traded.

Trade Date/Settlement Date: This report includes transactions executed (traded) but not yet settled during the period. Your custodian may prepare statements for the same period which include only transactions which have settled within such period.

Cost Basis: CAPTRUST may have no information regarding cost basis of securities purchased prior to our management of your account. Such cost basis is necessary to compute the gain or loss upon the sale of a security. If the gain or loss information detailed herein is inconsistent with your records, it may be due to missing cost basis. In that case, please contact us to provide missing cost basis for your account.

Tax Managed or Directed: If assets are segregated as Tax Managed or Directed, it generally means they are "directed" or low cost basis holdings. The total account performance includes these assets. Client directed cash levels are part of the total return and do not necessarily reflect CAPTRUST cash strategy. CAPTRUST shall have no responsibility with respect to any assets that are segregated as "Unmanaged", and total account performance will not include any such Unmanaged assets. Accordingly, Unmanaged assets are not included in the account market value for purposes of calculating CAPTRUST's management fee.

Reports to the Internal Revenue Service: This report is not a tax document. Your custodian will provide to you, the Internal Revenue Service, and to certain states, information on sales, dividends, and various types of interest credited to your account in order to file your tax return.

Important disclosures are set forth in Part 2 of CAPTRUST's Form ADV. If you would like to receive a copy of the ADV Part 2 at no charge, contact us at the phone number or address below. You may also access the current ADV Part 2 at captrust.com/important-disclosures/.

If you have any questions regarding this portfolio report, your portfolio or to change your contact information, please contact CAPTRUST by phone at 210.824.8916 or in writing to 700 N. St. Mary's Street, Suite 100, San Antonio, TX 78205.

PAST PERFORMANCE IS NOT INDICATIVE OF FUTURE PERFORMANCE. THERE IS A RISK OF LOSS.

Account No: 104863
Custodian Account No: 87611503
City of Galveston Employees
Pension Plan for Police



CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 04/30/2020

IMPORTANT INFORMATION

Please contact your CAPTRUST Financial Advisor if your investment objectives or your personal or financial situation has changed or if you want to place reasonable restrictions on the management of your investment account(s) or portfolio. If you have elected to receive your custodial account statements electronically, you may access your custodian's portal. Please contact your Financial Advisor if you did not receive statements from your custodian or you need to change your contact information. You may call direct at 210.824.8916 or email compliance@captrustadvisors.com.

This material has been prepared solely for information purposes and is not a solicitation. Total portfolio and account performance returns are net of fees. Asset class returns on the portfolio holdings and performance summary page are gross of fees. Similarly, performance is calculated gross-of-fees when including a proportionate share of account(s) with more than one beneficial owner (such as family LLCs). When reporting on a gross-of-fee basis, the difference between the actual return and reported return is the investment advisory fee. Any depiction of account value/performance is not warranted to be accurate or complete. Please refer to your official monthly/quarterly custodial statements for verification. Past performance does not guarantee future results. CAPTRUST does not render legal, accounting, or tax advice.

From FOMO to FONGO to ... What Now?

Over the last decade, investors lived in a FOMO world—behavior driven by the fear of missing out. A common and effective investment strategy came down to a few simple ideas: Buy every dip, double down on losses, and invest in speculative and aggressive ideas. If you don't, your neighbor, your colleague, your buddy, or even your archrival might do better than you. Just don't miss out. However, starting on February 19, during a historic rout in asset prices, investors suffered a brief but intense period of FONGO—the fear of not getting out.

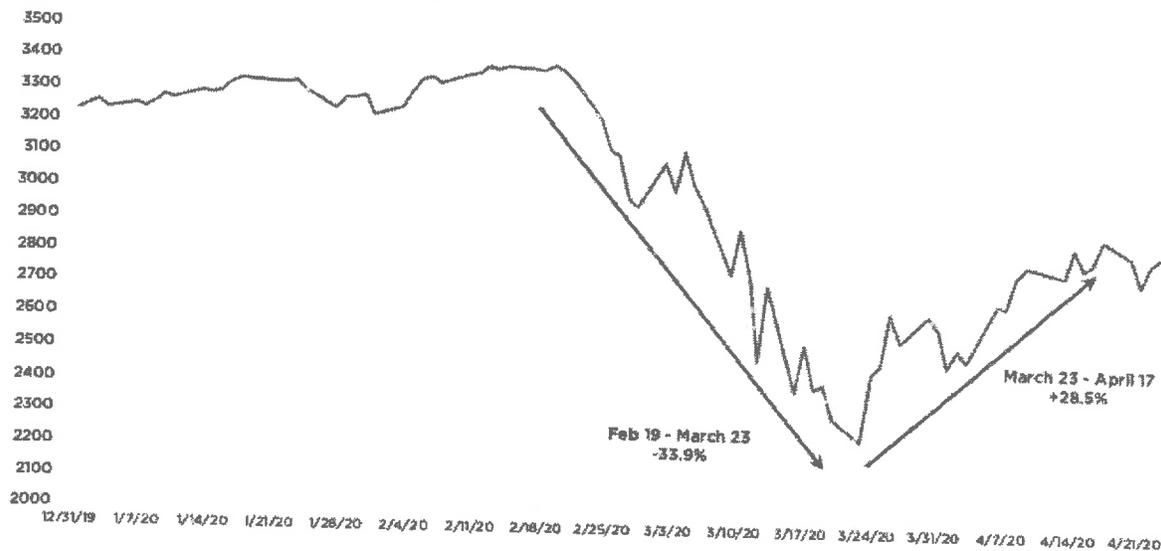
The panic set in quickly, like a parallel pandemic in the financial markets. Investors' fears included concerns that the market would fall forever, fear of COVID-19, fear of airlines and travel companies going bankrupt, fear of outliving depleted investments, fear that clients would override their advisors' best advice and sell everything—or, worse yet—fire them, then sell everything. FONGO dominated the broad investment psyche for a challenging and panic-filled five weeks.

As advisors to clients, we've felt the sting and angst of client frustration and panic—all while going through the same feelings ourselves. But, as fiduciaries and stewards of client assets, we do our best to clear the psychological decks, to think constructively and with discipline about this time in history, this place in the market, and our personal reactions on our clients' behalf. It's easy to obsess over the latest data on viral spread, estimates of the number of Americans sick and dying, and expected survival rates, and to worry about how the economy will react when we get back to a new normal. But that doesn't make us better investors.

The last nine weeks have brought one unexpected thing after another—things we thought we would never see. In mid-April, the *Wall Street Journal* published an innocuous story buried in Section B about the Chicago Mercantile Exchange (CME) preparing their systems for trading oil contracts at negative prices—basically paying someone to take oil.

Less than two weeks later, the contract for a barrel of West Texas Intermediate (WTI) oil plummeted to a negative \$40 per barrel. Short-term U.S. Treasury interest rates also turned negative last month. And—oh yes—the S&P 500 posted its quickest 35 percent drop of all time, as shown in Figure One. It was an amazing and historic month.

Figure One: S&P 500 Price – Year to Date 2020



Source: CAPTRUST Research

Nobody Knows Nuttin' About the Daily Gymnastics of the Stock Market

No one knows when the S&P 500 will bottom, at what point the pandemic will abate, and even if or when life will return to normal. As shown in Figure One, above, the stock market has rebounded from a massive sell-off and now stands down about 10.5 percent for the year.

To that end, here are a few reasons to be optimistic about today's U.S. equity market:

- 1) The economic stimulus coming to a consumer near you:
 - The drop in energy and gasoline prices should add over \$50 billion in spending power to the U.S. consumer this year;
 - The impact of lower mortgage rates due to the freefall in Treasury yields should bring somewhere in the \$10 billion to \$12 billion range of additional spending power to consumers; and
 - The massive fiscal stimulus packages enacted quickly may add as much as \$2 trillion to \$4 trillion to the economy, with almost \$1 trillion earmarked for workers' paychecks.
- 2) The Federal Reserve has chopped short-term rates to zero. But that's not all. Chairman Powell has begun asset purchases, flooding the economic system with more liquidity at a time when it needs it. We know from 2009 how powerful a monetary stimulus can be for the fundamentals—and for psychology.



- 3) Professional and retail sentiment is in the tank—a great contrarian signal. As seen in Figure Two, the NAAIM Exposure Index, a measure of active managers' exposure to the equity markets, has plummeted to under 20 percent from approximately 90 percent last month. Similarly, Ned Davis Research (NDR) follows many sentiment indicators, and almost all of them are looking dire, in a good way. For example, the NDR Crowd Sentiment Poll stands at a level where equities have appreciated at more than a negative 10 percent annualized rate. Sentiment has room to fall further, but most of the damage has been done.

Figure Two: NAAIM Exposure Index



- 4) Corporate insiders are buying at a frenzied pace—the highest level in nine years. Bloomberg reports that insider purchases are outstripping sales by the most since 2011.
- 5) The market downdraft has been exacerbated by a significant reduction in liquidity in the market over the last decade. All things equal, this exaggerates market moves, both up and down. Over the last eight weeks, we've seen both the negative and the positive of low levels of liquidity.

This exercise of looking for reasons to be bullish does not mean the market will continue its recent upward path. We see any number of potential near-term outcomes, including both further growth and a retest of the March lows. The main point remains: Long-term investors aren't in the prediction or market timing business. As mentioned earlier, nobody knows nuttin' about short-term market timing.



As of late April, the pandemic continues to work its way through the population and take its toll on the economy. We expect to see more troubling data and hear grisly tales about COVID-19's human cost. We expect to hear the media bark about the recession in which we find ourselves. However, to take full advantage of being long-term investors, we remain clear-eyed and are thinking seriously about the other side of the pandemic, whatever that looks like.

When the S&P was down 35 percent on March 23, the market was pricing in (or discounting) a massive amount of economic damage. However, now, only five weeks later, with the market higher by 25 percent, expectations are for a quicker end to quarantine and a plateau in virus cases. The country is beginning to debate the impact and economic toll of a full shutdown—unemployment as high as 25 percent, forcing thousands of bankruptcies; the disruption to long-term education systems; and much more—relative to the human toll of what path the virus might take in a more open society, out of lockdown.

The market will take its cue from the path and shape of the virus's progression. While both FOMO and FONGO have quieted, a cautious approach—watching carefully and adjusting strategy as appropriate—provides the best way to face the remainder of 2020.

Michael J. Vogelzang, CFA
Chief Investment Strategist



CAPTRUST

**1st Quarter 2020
Strategy Update**

**Update from Christian Ledoux, CFA
Director | Investment Research**

Greetings,

Last quarter, our equity team prioritized assessing the short-term solvency of the companies in your portfolios in response to the rapidly changing health and economic situation. Our discipline of avoiding heavily indebted balance sheets has made that exercise much easier. We have sold three companies specifically due to concerns about potential defaults if the economy does not recover this year. We also reduced your exposure to the energy sector.

The energy sector is dealing with two major blows: the virus's impact and a lack of cooperation from major producers that has left the oil market woefully oversupplied. This is a double whammy that has introduced another layer of risk for an already fragile sector. We are confident your remaining energy investments have the strong balance sheets that will be required to survive a long period of low oil prices. Your energy sector holdings are now targeted to be 2.5 percent of your equity allocations.

With the proceeds from the sales, we have been purchasing companies that we have been researching for a long time and now have prices that provide enough upside to justify purchase. Additionally, these companies are in businesses that should be resilient during the virus-induced shutdown and should recover quickly once its impact subsides. We are also looking to reshape the portfolio to better match the economy. That means more technology and healthcare companies, where a higher percentage of the economy's profits are generated.

For those of you with fixed income exposure, your bonds served their purpose well in Q1, providing stability and generating a slightly positive return. Many of your accounts that have bond exposure now may be underweighted to equities. This is an opportunity to get more invested in stocks at discounted prices. We will be making those adjustments over the coming weeks and months.

I look forward to reporting our progress in July.

As always, thank you for being our client.

Best regards,

Christian Ledoux, CFA
Director | Investment Research

Galveston Police Retirement Fund

**COMPILED FINANCIAL STATEMENTS
For the One Month and Three Months Ended
March 31, 2020**



The City of Galveston
Employees' Retirement Plan for Police

Actuarial Valuation Report
As of January 1, 2020

Retirement Horizons Inc.
May 27, 2020



May 27, 2020

Police Retirement Board of Trustees
The City of Galveston Employees' Retirement Plan for Police
1011 Tremont
Galveston, Texas 77550

Re: 2020 ACTUARIAL VALUATION

Members of the Board of Trustees:

The Board of Trustees for The City of Galveston Employees' Retirement Plan for Police retained Retirement Horizons Inc. (RHI) to perform an actuarial valuation as of January 1, 2020. This report summarizes the results of our study including an analysis of current funded status and a projection of valuation results. It also provides financial accounting and disclosure information in accordance with GASB Nos. 67 and 68 with results organized as follows:

- Section 1 – Valuation Highlights
- Section 2 – Executive Summary
- Section 3 – Actuarial Exhibits
- Section 4 – Valuation Basis

Summary of Results

The unfunded actuarial liability was \$37.6 million (36.4% funded status) as of January 1, 2020, compared to \$38.2 million (34.0 % funded status) in the prior valuation. Provided future plan experience is consistent with the underlying valuation basis, including the change in the contribution policy, the unfunded actuarial liability is expected to be amortized over 28 years based on the 2020 valuation, compared to 30 years in the 2019 valuation. Due to favorable experience, the City and Member Contribution Rates are projected to remain at 18.00% and 12.00% to achieve this 28-year amortization period.

Texas Pension Review Board guidelines for actuarial soundness require a contribution policy that will amortize the unfunded liability over a preferred period of 10-25 years, not to exceed a maximum of 30 years. The 2020 valuation indicates the current financing arrangement satisfies the minimum PRB funding policy guidelines.

Certification

We certify the amounts presented in the 2020 valuation report have been determined according to the actuarial assumptions and methods selected by the Board of Trustees, with review and concurrence by RHI. However, it is important to note that future results may be materially different if actual plan experience varies significantly from the underlying valuation basis. Differences could occur for a number of reasons such as plan experience differing from underlying demographic and economic assumptions, changes in the plan provisions, or changes in the law or accounting standards. Due to the limited scope of this report, an analysis of the potential range of impact on results from any such future measurements has not been performed.

Board of Trustees
May 27, 2020

Although the scope of this Actuarial Report is as stated above, there are events and anomalies that are identified below to disclose risks associated with their impact on the plan and its cost. The assessment and disclosure of these risks and the actual future results may reasonably be expected to differ. These risks can impact pension obligations, the funded status, and the adequacy of the funding policy.

Investment Risk - As the return on the plan trust assets is subject to market return, should the actual rate of return be lower than the expected return the cost of the plan will rise and vice versa.

Asset/Liability Mismatch Risk - The changes in assets are not tied to the changes in the value of liabilities in direction or magnitude.

Longevity and other Demographic Risks - Cessation from employment due to termination, disability, death, or retirement may not directly align with the assumptions used to value the Actuarial Accrued Liability (AAL). Actual demographic experience of the plan population may increase or decrease the future measurement of the AAL.

Contribution Risk - The expected period to fully amortize the Unfunded AAL as stated in this valuation presumes future contributions will follow the current funding policy. If contributions are less than expected, the funded status will likely decrease over time. The current plan funding policy indicates that the members will contribute 12.00% of their plan compensation and the City will contribute 18.00% of payroll both growing by 3.5% each of the next five year, and this valuation has not considered the possibility of unpaid contributions. Thereafter, if these contributions are not sufficient to cover the actuarially determined contribution, the City and Member contributions will increase to cover the difference. If the Board knows of events that might impact the ability to follow the funding policy; these events should be discussed and evaluated as to how they may or may not impact the future funded status of the plan.

Understand that the above risks may not be independent of one another. Thus, it is important to discuss any known upcoming changes in the City of Galveston's financials and the impact on the Fund to better identify associated risks. Please discuss with me any impending changes as soon as possible, so corresponding measures may be taken to align the pension plan liabilities with these variations.

Also understand that this valuation did not assess the likelihood or consequences of potential future changes in applicable law that would impact future benefits or funding of the plan. Should applicable law be changed, these changes will be addressed in separate actuarial communications.

The 2020 actuarial valuation was based upon member census data, financial information and plan provisions as provided by the Plan Administrator. We relied on the census data provided, but performed testing as needed to assure the reasonableness of the underlying input and the results of the study. We did not audit the data. The 2020 valuation was prepared in accordance with generally accepted actuarial principles and practices including compliance with applicable Actuarial Standards of Practice issued by the Actuarial Standards Board.

Board of Trustees
May 27, 2020

Information contained in this report was prepared for the Board of Trustees as well as the respective auditors of the GASB Nos. 67 and 68 financial disclosure information. If the results of the Fund's audited financials differ from the asset values used in this report, then the GASB exhibits contained herein may need to be updated. This report is not intended for any other purposes, and it should not be distributed to any outside party without the express written consent of RHI, as significantly different results from those contained in this report may be needed for other purposes.

The measures of funded status for long-term funding policy and PRB actuarial soundness should not be relied upon for assessing the sufficiency of plan assets for settlement of liabilities for plan termination. Likewise, the measurements of funded status for GASB Nos. 67 and 68 accounting disclosures should not necessarily be relied upon for assessing the need for or amount of future contributions or for assessing the sufficiency of plan assets for settlement of plan liabilities for plan termination. Throughout this report, measures of funded status are based on the actuarial value of assets unless otherwise noted. These measures would be different if based on the market value of assets.

The undersigned has met the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" and is available to respond to any questions regarding the information contained in this report or provide further details or explanations as needed, respectfully submitted by Retirement Horizons Inc.



David A. Sawyer, FSA MAAA EA
Senior Consulting Actuary

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1. Valuation Highlights

FUNDING VALUATION	January 1, 2019	January 1, 2020
Fair Value of Assets	\$17,856,397	\$21,952,811
Average Annual Return (prior year)	-5.7%	18.0%
Actuarial Value of Assets	\$19,642,037	\$21,541,864
Average Annual Return (prior year)	2.0%	5.1%
Present Value of Projected Benefits	\$74,170,722	\$75,619,864
% funded	26.5%	28.5%
Actuarial Accrued Liability	\$57,853,479	\$59,113,656
% funded	34.0%	36.4%
Unfunded Actuarial Liability (UAL)	\$38,211,442	\$37,571,792
% of valuation payroll	315.3%	301.5%
Normal Cost Rate (as a % of payroll)	13.41%	13.24%
Funding Policy Contribution Rates for following FY		
City	18.00%	18.00%
Officer	12.00%	12.00%
Total	30.00%	30.00%
Remaining UAL Amortization Period (years)	30	28
Actuarially Determined Contribution Rate for following FY	30.70%	30.14%
Fixed Contribution Rate for PRB Preferred Period (25 years) ¹	30.00%/33.10%	30.00%/31.62%
ASSUMPTIONS		
Investment Return	7.00%	7.00%
Salary Scale	Graded by Service	Graded by Service
Payroll Growth Assumption	3.50%	3.50%
Administrative Expense Assumption (as a % of payroll)	0.95%	0.95%
DEMOGRAPHICS		
Active	160	155
Terminated with Deferred Benefits	26	33
Retirees/Beneficiaries	143	144
Total	329	332
Valuation Payroll (with Overtime Adjustment)	\$12,120,492	\$12,460,037
Average Pay	\$76,230	\$80,909

¹ Fixed rates as a percentage of payroll through 2024 and then for years beginning after 2024.

1. Valuation Highlights (continued)

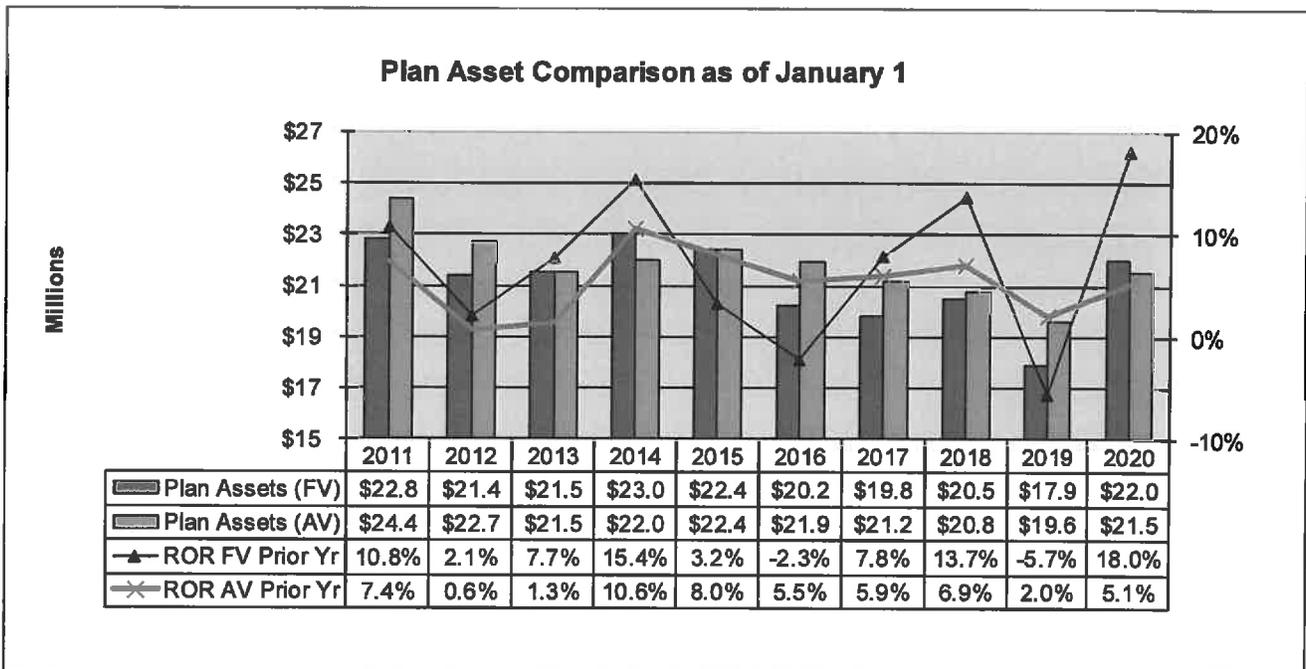
<u>GASB 67 PLAN ACCOUNTING DISCLOSURE</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Total Pension Liability	\$57,853,479	\$59,113,656
Plan Fiduciary Net Position	<u>\$17,856,397</u>	<u>\$21,952,811</u>
Fund Net Pension Liability	\$39,997,082	\$37,160,845
Effective Discount Rate	7.00%	7.00%
<u>GASB 68 EMPLOYER ACCOUNTING DISCLOSURE</u>	<u>Fiscal Year Ending September 30, 2019</u>	<u>Fiscal Year Ending September 30, 2020</u>
Total Pension Liability	\$57,853,479	\$59,113,656
Plan Fiduciary Net Position	<u>\$17,856,397</u>	<u>\$21,952,811</u>
Fund Net Pension Liability	\$39,997,082	\$37,160,845
Measurement Date	December 31, 2018	December 31, 2019
Pension Expense	\$3,933,249	\$4,340,311
Effective Discount Rate	7.00%	7.00%

2.1 Plan Asset Values

The *fair value (FV)* of plan assets was \$22.0 million as of January 1, 2020, compared to \$17.9 million for the prior valuation. The increase of \$4.1 million was primarily attributable to net investment income of \$3.2 million and by a positive cash flow to the Fund of \$0.9 million (contributions of \$5.3 million less total disbursements of \$4.4 million). Please see Exhibit 3.1 for details on the development of the fair value of plan assets and reconciliation with prior year values.

The rate of return on the fair value of assets was 18.0% (net of investment expenses) for plan year ended 2019, compared to the long-term investment return assumption of 7.0% (net of investment expenses). The rate of return on the fair value of assets averaged 5.9% over the last 5 years and 6.8% over the last 10 years. Based on future expectations, the Board adopted a 7.00% assumed investment return (net of investment expenses) for the 2019 valuation, and it should continue to monitor this assumption carefully.

Please note the long-term interest rate assumption was changed from net of all trust payable expenses, to net of investment management expenses only effective January 1, 2015, analogous to the GASB rules. As a result, historical rates of return in the chart below are calculated net of all trust paid expenses prior to that date, but net of investment management expenses only after that date.



To produce a more stable measure of plan asset values for measuring long-term actuarial soundness, the *actuarial value of assets (AV)* is developed as the fair value of plan assets as of the measurement date with deferred recognition of investment gains and losses amortized straight-line over 5 years (20% per year), subject to corridor limits within a range of 90% to 110% of the fair value of assets.

As developed in Exhibit 3.2, the AV was \$21.5 million as of January 1, 2020, compared to \$19.6 million for the prior valuation. After application of the asset smoothing method, the annual rate of return on AV was 5.1% for the 2019 plan year and averaged 5.1% over the last 5 years.

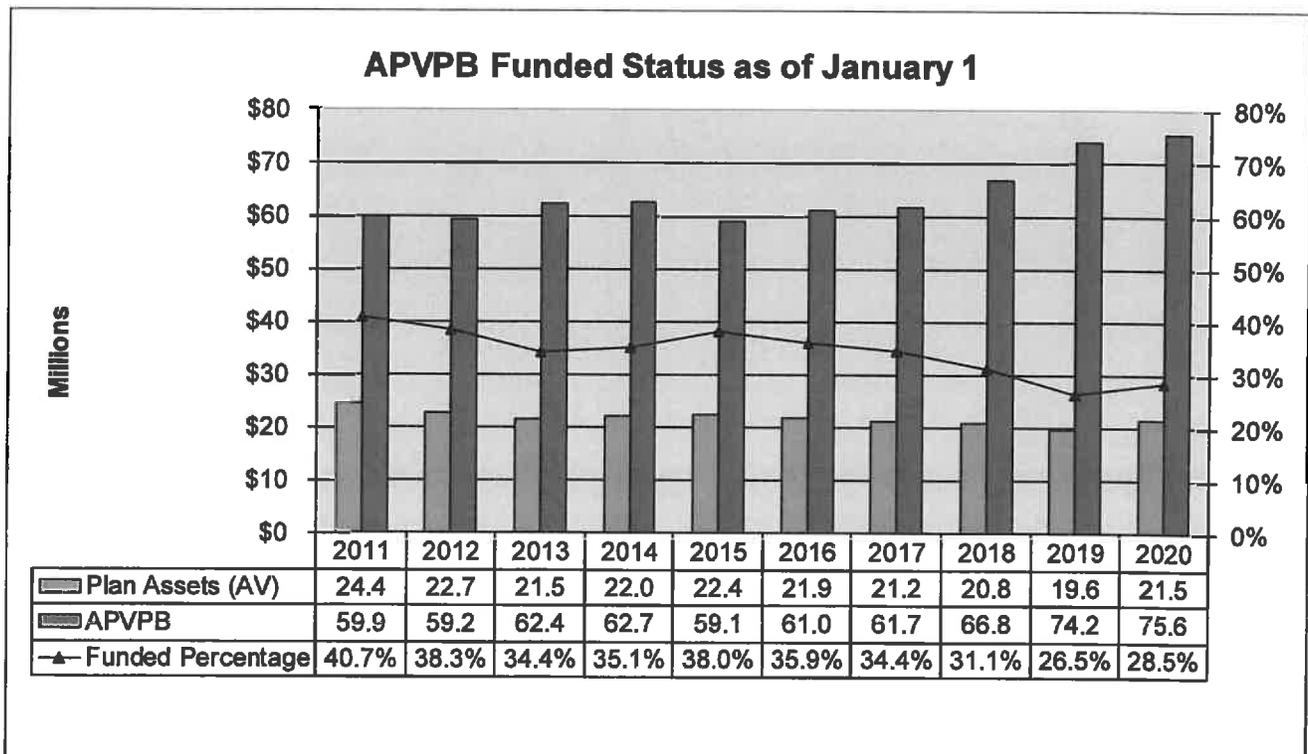
2.2 Actuarial Present Value of Projected Benefits

The true cost of a pension plan is the accumulation of benefit payments less investment income (net of expenses), over the lifetime of the program. In the actuarial valuation process, we use a mathematical model to project the future stream of plan benefits. The model incorporates current plan provisions and member census data, using the actuarial assumptions to predict future events.

Discounting the stream of expected future benefit payments for the time value of money produces the *actuarial present value of projected benefits (APVPB)*. This represents the hypothetical amount of plan assets necessary to fully fund future plan costs for all current members – assuming future plan experience follows the actuarial assumptions. It is important to note that this measure of pension liability includes benefits that have not yet been fully earned for current employees, based on expected future pay increases as well as projected service, a portion of which will be funded by future contributions.

The total APVPB was \$75.6 million as of January 1, 2020, compared to \$74.2 million for the prior year valuation. The net increase of \$1.4 million is primarily attributable to the normal operation of the plan, including new entrants and maturing plan obligations, offset by benefit payments. Please see Exhibit 3.3 for details on the development of the APVPB.

Comparing the actuarial value of plan assets to the APVPB provides one measure of long-term funding policy progress. The APVPB funded status increased from 26.5% to 28.5% since the prior valuation. As illustrated below, funded status has not fully recovered from the decade long trend of workforce contraction that began in 2011, lower than assumed returns on investments and updates to the actuarial assumptions. Assuming the current actuarial assumptions are met, the recent changes made to the funding policy should restore the plan’s funded status over the next 28 years.

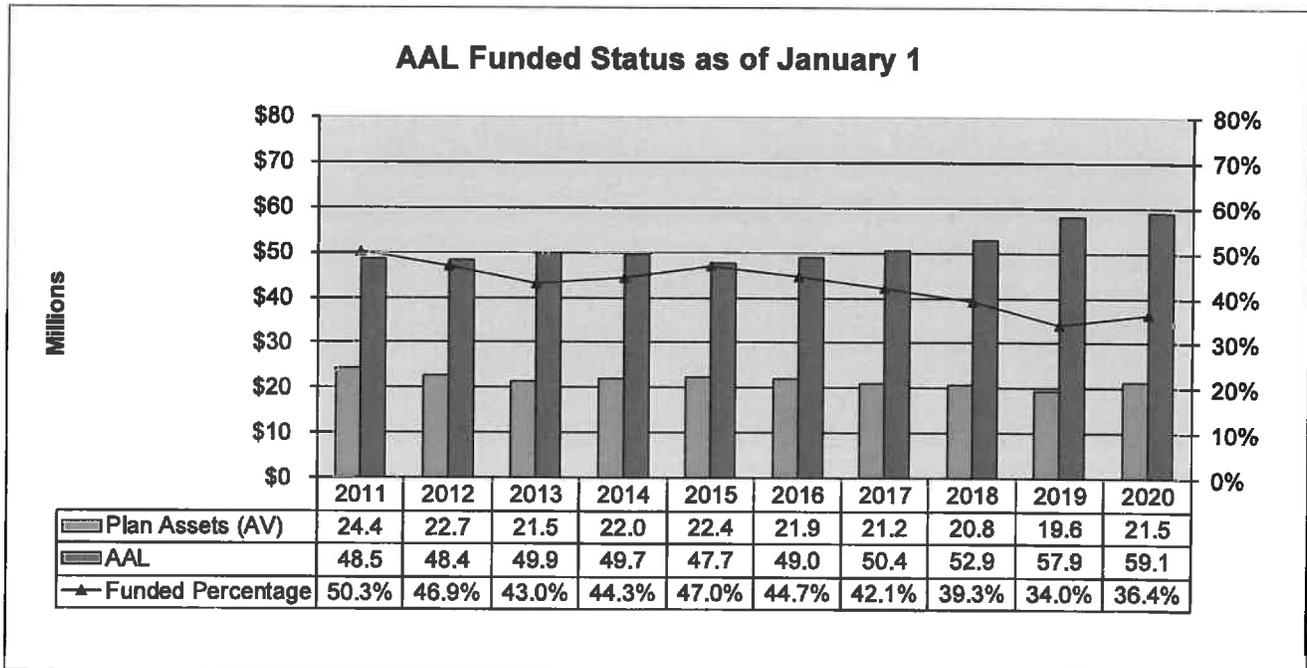


2.3 Actuarial Accrued Liability

As a practical matter, few plan sponsors can afford to fully fund benefits before they have been earned. Generally accepted actuarial principals apply a mathematical formula known as an actuarial cost method to allocate the APVPB over periods of employee service. The portion of cost attributable to periods of employee service rendered prior to the valuation date is the *actuarial accrued liability (AAL)*, and the allocation to the current year of expected employee service is referred to as *normal cost (NC)*.

Comparing the AAL to the actuarial value of plan assets provides a more appropriate measure of progress in long-term funding policy over the period that employee services are rendered. The *unfunded actuarial accrued liability (UAAL)* was \$37.6 million as of January 1, 2020, compared to \$38.2 million for the prior year. The net decrease of \$0.6 million in UAAL is primarily due to demographic gains during the year. Please see Exhibit 3.4 for more details on the development of the UAAL.

Comparing the actuarial value of plan assets to the AAL provides another measure of long-term funding policy progress, more consistent with the attribution of liabilities and costs to periods of member service. The AAL funded status increased from 34.0% to 36.4% since the prior valuation. As illustrated below, the funded status has declined over the last decade. Assuming the current actuarial assumptions are met, the recent changes made to the funding policy should restore the plan's funded status over the next 28 years.



2.4 Funding Policy and Deterministic Forecast of UAL

Under Article 6243p of Vernon’s Texas Civil Statutes, the Funding Policy is now based on an actuarially determined contribution rate (ADCR) designed to fully amortize the AAL over a 30-year period beginning January 1, 2019. Similar to other Funds that measure an actuarially determined contribution rate, the ADCR calculated in the current calendar year will apply to the contributions made for the following plan year. Under the statute, the City will contribute 18% of payroll for the 2020 – 2024 plan years, while the members will contribute 12% for that period. After 2024, if the ADCR exceeds the total contribution of 30% of payroll, City and the members will increase their contribution percentage to make up the difference (City by 1/2 and members by 1/2 of difference as a percent of payroll). While member contributions will be made throughout the plan year, City contributions will be deposited in an annual lump sum each October based on the budgeted forecast of member payroll. If actual payroll exceeds the budgeted amount, a true-up contribution within three months following the City’s fiscal year.

Current Texas Pension Review Board (PRB) pension funding guidelines recommend a funding policy that will amortize the UAAL over a period of 10-25 years, not to exceed a maximum period of 30 years. Furthermore, plan improvements should not be considered if the resulting expected amortization period would exceed 25 years.

To measure the expected UAAL amortization period, we performed the projection summarized below. The UAAL expected amortization period was 30 years as of January 1, 2019, as developed in Exhibit 3.5, with the 2020 values reflecting actual experience during 2019. Due to the favorable 2019 experience, contributions for the City and Members are projected to remain at 18.0% and 12%, respectively. Below is a summary of the results from Exhibit 3.5.

Year	Time Period	UAAL (\$Millions)	City Contribution Rate	Member Contribution Rate
2019	-1 year	\$38.3	17.00%	12.00%
2020	0	\$37.6	18.00%	12.00%
2025	5	\$39.8	18.00%	12.00%
2026	6	\$40.2	18.00%	12.00%
2027	7	\$40.4	18.00%	12.00%
2028	8	\$40.4	18.00%	12.00%
2029	9	\$40.5	18.00%	12.00%
2030	10	\$40.3	18.00%	12.00%
2035	15	\$37.5	18.00%	12.00%
2040	20	\$29.5	18.00%	12.00%
2045	25	\$13.6	18.00%	12.00%
2048	28	-\$1.5	18.00%	12.00%

It is important to note that the UAAL expected amortization period is based on the assumption that the Actuarial Value rather than the Fair Value of Assets will grow at 7.00% per year. It is important to also consider the results assuming the Fair Value of Asset will grow at the assumed rate when forecasting future valuation results. Currently, there is a deferred asset gain of \$0.4 million, so assuming a 7.00% return on Fair Value of Assets, higher contributions would not be required (the additional 0.76% of payroll starting in 2025 decreasing slowly throughout the forecast period mentioned in the 2019 report has been eliminated).

2.4 Funding Policy and Deterministic Forecast of UAL (Continued)

For illustration, we have included an additional projection in Exhibit 3.6 increasing the contributions for Members and the City in 2025 to amortize the UAAL over the next 25 years. In this scenario, the City would contribute 19.25% of payroll and members would contribute 13.25% of payroll in 2025 and increase to 19.26% and 13.26%, respectively for 2026. Thereafter, they would decrease gradually until they reach 18% of payroll for the City and 12% of payroll for members. For this illustration, we calculated an ADCR amortizing the UAAL over 25 years.

Year	Time Period	UAAL (\$Millions)	City Contribution Rate	Member Contribution Rate
2019	-1 year	\$38.3	17.00%	12.00%
2020	0	\$37.6	18.00%	12.00%
2025	5	\$39.7	19.25%	13.25%
2026	6	\$39.7	19.26%	13.26%
2027	7	\$39.4	19.23%	13.23%
2028	8	\$39.0	19.20%	13.20%
2029	9	\$38.6	19.17%	13.17%
2030	10	\$37.9	19.14%	13.14%
2035	15	\$31.9	19.01%	13.01%
2040	20	\$19.2	18.90%	12.90%
2045	25	-\$3.3	18.00%	12.00%

As an alternative, the City could contribute 18.81% of payroll and members could contribute 12.81% of payroll from 2025 through 2044 to amortize the UAAL over 25 years (down from 19.55% and 13.55% forecasted in the 2019 valuation).

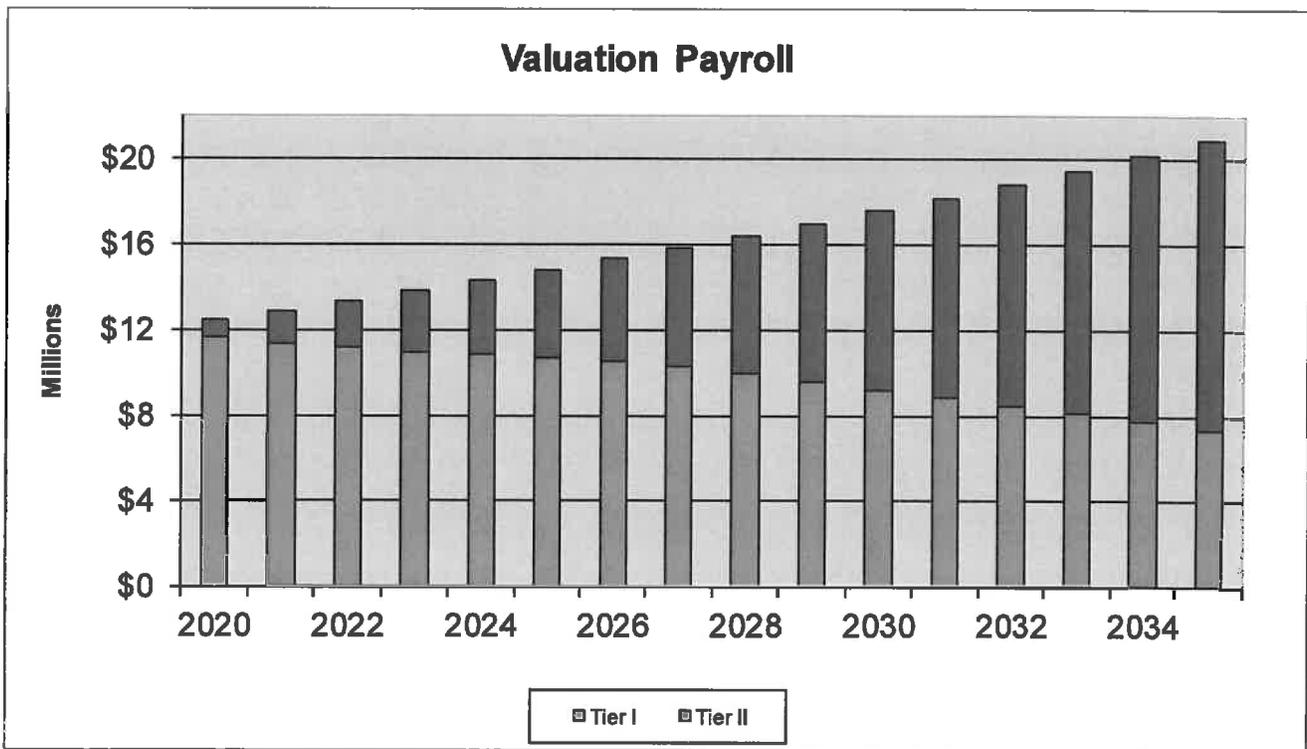
2.5 Open Group Forecast Valuation

The measurements of liabilities summarized in Exhibit 3.4 are based only on the current group of plan members as of the valuation date, what is commonly referred to as a closed group valuation. Based on the results from the 2020 valuation, we can also project pension plan liabilities and costs using an open group forecast that reflects future entrants.

Valuation Payroll

Based on the data provided for the 2020 valuation, the payroll is projected forward using the 3.50% payroll growth assumption from the actuarial valuation. We then subtracted the payroll from a closed group projection of payroll for the January 1, 2020 active members. As the remaining Group A members are basically receiving the same benefit as Group B members, we are grouping them together for this forecast (Tier I). New entrants will have the new plan provisions with later retirement eligibility (Tier II).

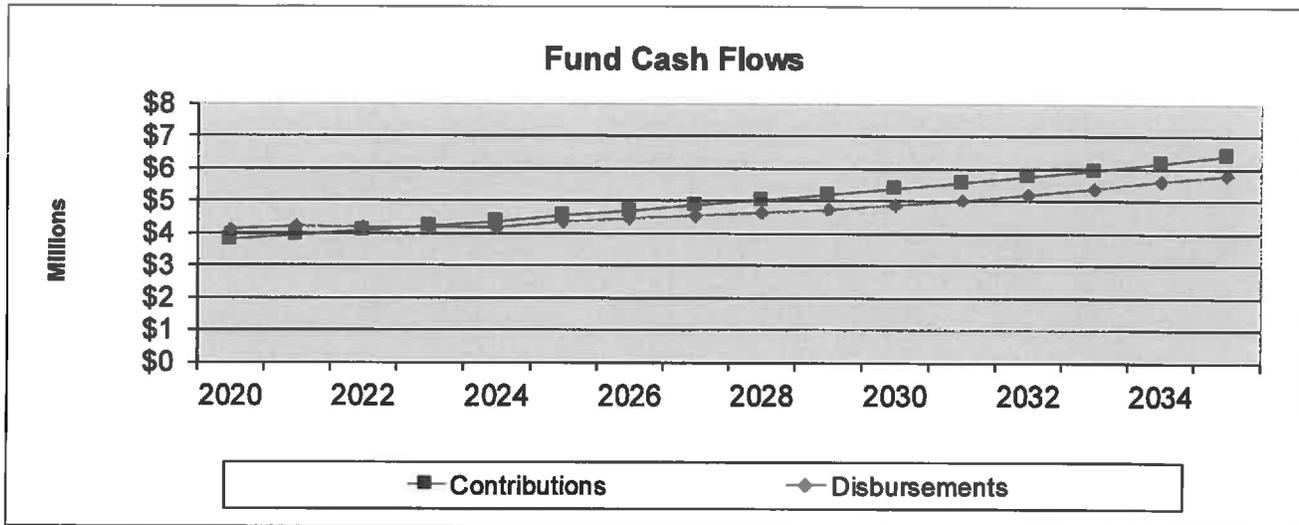
Below is a graph of the open group payroll over the next 15 years. As you can see, about 65% of the payroll will be from Tier II members by 2035.



2.5 Open Group Forecast Valuation (continued)

Fund Cash Flows

Total disbursements have exceeded total contributions for the last several years, resulting in negative net cash flow to the Fund. This temporarily reversed in 2019 with the City making contributions for both the 2019 and 2020 plan years. Based on the 2020 valuation, our projections indicate the Fund cash flow will be positive starting in 2024:



2.6 GASB 67/68 Accounting Information

The GASB adopted changes to GASB Statement Nos. 25 and 27, creating GASB statement Nos. 67 and 68. These statements apply to the actuarial valuation for accounting disclosures only, and do not change the calculation of the actuarially determined financing arrangement. The accounting statements expanded the disclosure information required for both the Fund and the sponsoring employer and also increased the complexity of the actuarial calculations. Below is a high-level summary of the impact for the Plan and the City of Galveston based on our current understanding of the guidance issued to date:

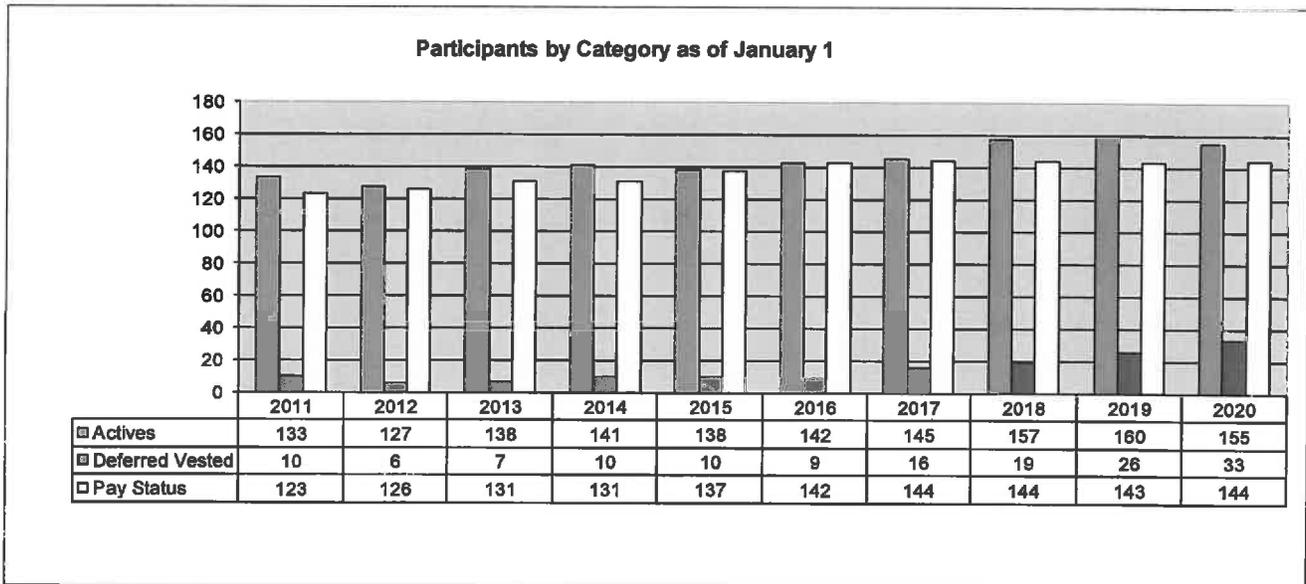
- Terminology – GASB 67 and 68 introduced new labels for the traditional actuarial terminology that was used in GASB 25 and 27. The actuarial accrued liability is referred to as the Total Pension Liability, the market value of assets is referred to as the Plan Fiduciary Position, and the unfunded actuarial liability and balance sheet liability are referred to as the Net Pension Liability.
- Net Pension Liability – Under GASB 68, the City must recognize the unfunded actuarial liability on its balance sheet. Based on the 2020 actuarial valuation and applying the “look back” approach, the City’s September 30, 2020 Net Pension Liability will decrease to \$37.2 million.
- Discount Rate Assumption – To the extent current plan assets and funding policy are not sufficient to cover projected plan benefit payments, the net pension liability would be measured using a blended discount rate based on the plan’s long-term actuarial assumption for the funded portion and a 30 year municipal bond index rate (AA/Aa or higher) for the unfunded portion. Based on the 2020 valuation projections, this provision will not impact the Fund.
- Pension Expense – Under GASB 67, the pension expense will equal the difference between the Fund’s actuarially determined contribution rate and actual contributions. However, GASB 68 requires a completely separate calculation of pension expense for the City’s financial statements that results in more rapid cost recognition of changes in the Net Pension Liability than prior rules. The GASB 68 pension expense equals the sum of the following components:
 - Service Cost (Normal Cost) for additional benefits accrued.
 - Interest Cost on Total Pension Liability less Expected Return on Plan Fiduciary Position.
 - Amortization of changes in the components of Net Pension Liability:
 - Full and immediate recognition of plan changes and improvements.
 - Plan asset experience gains and losses amortized over 5 years.
 - Plan liability experience gain/loss amortized over future service (about 6 years).
 - Impact of assumption changes amortized over future service (about 6 years).
- Expanded Disclosure – Exhibit 3.7 provides GASB 67 disclosure information for the Fund from December 31, 2017 through December 31, 2019. Exhibit 3.8 provides GASB 68 disclosure information for City fiscal year end September 30, 2020, using the look back approach for the plan year end measurement date of December 31, 2019.

2.7 Membership Demographics

There were 155 active members (4 Group A, 151 Group B) covered by the Fund as of January 1, 2020, compared to 160 (4 Group A, 156 Group B) in the prior valuation. Based on member contributions, actual 2019 payroll increased by 6.2% over the prior year. However, because the number of active members decreased as of the valuation date, the 2020 valuation payroll is only expected to increase by about 2.8% from \$12.12 million to \$12.46 million. This valuation payroll does not meet the payroll growth assumption, so future projected contributions in this report are lower than would be if the population hadn't decreased. This may simply be a short-term fluctuation in the population that will be corrected for the next valuation. In addition, the member's valuation compensation reflects the January 1, 2020 negotiated increases rather than the December 2019 values. The average age of the active member group decreased from 36.3 years to 35.1 years, and average service remained at 8.5 years.

The number of retired and disabled members in pay status increased from 143 to 144, with the average annual benefit payments decreasing from \$25,916 to \$25,338. The number of inactive members with deferred payments/refunds due increased from 26 to 33.

Please see Exhibit 4.1 for a summary of census data used in the valuation as of January 1, 2019, along with the prior valuation. Exhibit 4.2 provides a reconciliation of census data by member group and exhibit 4.3 provides a distribution of active members by age and service.



As indicated above, the number of active members has increased from a low of 127 in year 2012 to 160 in year 2019 before decreasing to 155 in 2020. In the meantime, the number of retired and disabled members receiving monthly pensions has increased by about 26% over the same period. As a result, the ratio of the number active members to those in payment status decreased from 1.4 to 1.1 over the last 10 years.

2.8 Actuarial Methods and Assumptions

Introduction

Sponsoring a defined benefit pension plan is a long-term commitment, with the ultimate cost dependent on a number of financial and demographic variables. The actuarial valuation process uses a mathematical model and applies actuarial assumptions to predict these future events. Periodic updates of the actuarial valuation process are necessary to ensure the model is financially sound, comparing emerging plan asset and liability experience to valuation projections to measure actuarial gains and losses, making adjustments to the long-term actuarial assumptions if appropriate.

Actuarial Standards of Practice (ASOP)

ASOP No. 27 provides a framework for the actuary in providing advice on development of economic actuarial assumptions. Because no one knows for certain what the future holds with respect to volatile financial markets and a dynamic global economy, ASOP No. 27 emphasizes use of professional judgment to develop a best estimate for each economic assumption.

Under generally accepted actuarial principles, each individual assumption should represent a best estimate of expected long-term experience, and should also be reasonable and realistic in the aggregate. Likewise, the GASB accounting standards confirm that actuarial assumptions should be based on the actual plan experience (to the extent credible), emphasizing expected long-term future trends rather than giving undue weight to recent past experience.

ASOP No. 35 requires the actuary to use professional judgment in the selection of demographic and other non-economic actuarial assumptions considering the relevant universe of possible choices. It also directs the actuary to consider the specific characteristics of the particular benefit provisions and covered group of the plan being valued.

Reasonable demographic assumptions are defined as those that are expected to appropriately model the contingency being measured without producing any significant cumulative actuarial gains and losses over the measurement period. ASOP No. 35 encourages the use of more sophisticated models if appropriate for the situation (e.g. large plans) while also acknowledging that simplified techniques may actually be more accurate in other situations (e.g. small plans).

Please see Exhibit 4.4 for a summary of actuarial assumptions and methods used for the 2020 valuation of the Fund. The amounts presented in this actuarial report have been determined according to the actuarial assumptions and methods selected by the Board of Trustees with review and concurrence by RHI. The mortality assumption was updated for the 2020 valuation. There were no other assumption changes adopted for this valuation.

2.8 Actuarial Methods and Assumptions (continued)

Long-Term Investment Return Assumption

The interest rate is the most powerful assumption in the actuarial valuation process, used to project the average rate of return expected on assets and also used to discount future benefit payments in the actuarial present value calculations. To illustrate the sensitivity, a one-percentage-point increase in the interest rate assumption will generally decrease plan liabilities and cost 10% to 15% based on plan demographics.

The rate of return on the fair value of assets was 18.01% (net of investment expenses) for plan year ended 2019, compared to the long-term investment return assumption of 7.0% (net of investment expenses). The rate of return on the fair value of assets averaged 5.9% over the last 5 years and 6.8% over the last 10 years. Based on future expectations, the Board adopted a 7.00% assumed investment return (net of investment expenses) for the 2019 valuation, and it should continue to monitor this assumption carefully.

The GASB 67 rules require the long-term investment return assumption be applied net of investment expenses only, with other plan administration expenses separated as an explicit charge in the calculation of annual pension accounting expense. The Fund is now using a long-term funding policy interest rate assumption of 7.0% net of investment management with a separate explicit assumption for plan administration costs.

As the investment expenses have also averaged about 40 basis points in recent years, the Fund will need to earn a *gross rate of return* of about 7.4% in order to achieve the long-term actuarial assumption of 7.0% net of investment expenses. Based on historical capital market performance and assuming an asset allocation of 65% equity/35% fixed income and cash, consistent with the current holdings of the Fund, we believe an expected rate of return of 7.4% is reasonable.

However, data on forward looking capital market expectations over the next 10-15 years (source J.P. Morgan) indicate it may be a challenge to achieve an 7.4% gross rate of return with a traditional asset allocation model:

Capital Market Expectations	Total Expected Return
U.S. Equity – Large Cap	5.60%
U.S. Equity – Small Cap	6.50%
International Equity - EAFE	7.20%
International Equity – Emerging Markets	9.20%
U.S. Treasury Bonds	1.60%
U.S. Corporate Bonds – Investment Grade	3.40%
US REITs	6.00%

We encourage the Board to review this critical assumption with its investment advisors, to confirm it is consistent with their expectations for the Fund under the current asset allocation strategy and financial market outlook.

2.8 Actuarial Methods and Assumptions (continued)

Mortality

The mortality assumption is another important factor in the actuarial valuation process. The current base mortality assumption is the Society of Actuaries (SOA) Public Safety mortality tables with generational improvement using the MP-2019 longevity projection scale (MP-2018 in prior valuation).

Valuation Pay

Benefits are determined on base pay, but contributions to the Fund are determined as a percentage of total compensation including overtime. We are currently assuming a 10% load to base pay in the calculation of valuation pay to represent assumed overtime. Based on recent experience, overtime has averaged closer to 13% of base pay. With the growth in the active population over the past year, the amount of overtime may decrease in the future. We recommend reviewing this assumption closely over the next few years to assess whether 10% continues to be a best estimate.

2.9 Plan Provisions

Please see Exhibit 4.5 for a summary of provisions included in the current year valuation. Effective June 2019, HB 2763 increased the City contribution rate to 18.00% of member payroll from 2020 through 2024. The member contributions remain at 12% through 2024. Thereafter, the City and the members will increase their contribution rates equally, as necessary, to contribute the actuarially determined contribution rate determined in the prior valuation.

The unreduced and special early retirement eligibility was changed for members hired after February 4, 2019. For these new members, the unreduced early retirement eligibility occurs at age is 55 with 20 years of service and the special early retirement eligibility occurs at age 50 with 20 years of service.

The plan document was restated to reflect recent amendments and the changes enacted by HB 2763. There have been no other plan amendments since the prior valuation which impact valuation results.

3.1 Fair Value of Plan Assets

	<u>January 1, 2019</u>	<u>January 1, 2020</u>
A. Fair Value of Plan Assets		
1. Fixed Income	\$5,499,614	\$6,223,556
2. Equities	\$11,492,145	\$15,137,299
3. Cash Equivalents	\$591,569	\$264,183
4. Participant Loans	\$189,503	\$223,026
5. Accruals	\$55,327	\$55,327
6. Prepaid Benefits	\$0	\$0
7. Receivables/(Payables)	\$28,239	\$49,420
8. Total Fair Value	<u>\$17,856,397</u>	<u>\$21,952,811</u>
B. Change in Fair Value	<u>Change</u>	
1. Contributions		
a. Officers	\$1,504,688	
b. City	\$3,803,070	
c. Total	<u>\$5,307,758</u>	
2. Disbursements		
a. Benefit Payments	(\$4,107,380)	
b. Administrative Expenses	(\$297,764)	
c. Total	<u>(\$4,405,144)</u>	
3. Investment Return		
a. Interest and Dividends	\$497,134	
b. Realized and Unrealized Gain/(Loss)	\$2,764,933	
c. Plan Investment Expenses	(\$68,267)	
d. Total Return	<u>\$3,193,800</u>	
4. Net Change	<u>\$4,096,414</u>	
5. Average Rate of Return		
a. Average Asset Value	\$17,737,243	
b. Income Net of Investment Expenses	\$3,193,800	
c. Annual Rate of Return - Net of Investment Expenses	18.01%	
d. Annual Rate of Return - Gross	18.43%	
6. Investment Gain/(Loss)	\$1,952,193	

3.2 Actuarial Value of Plan Assets

	<u>January 1, 2019</u>	<u>January 1, 2020</u>
A. Prior Years' Investment Gain/(Loss) History		
1. Year N-1	(\$2,616,853)	\$1,952,193
2. Year N-2	\$1,071,864	(\$2,616,853)
3. Year N-3	(\$47,205)	\$1,071,864
4. Year N-4	(\$2,211,007)	(\$47,205)
5. Year N-5	(\$961,663)	(\$2,211,007)
B. Actuarial Value of Plan Assets		
1. Fair Value	\$17,856,397	\$21,952,811
2. Gain/(Loss) Deferral		
a. 80% of Year N-1	(\$2,093,482)	\$1,561,754
b. 60% of Year N-2	\$643,118	(\$1,570,112)
c. 40% of Year N-3	(\$18,882)	\$428,746
d. 20% of Year N-4	(\$442,201)	(\$9,441)
e. 0% of Year N-5	\$0	\$0
f. Total Gain/(Loss) Deferral	<u>(\$1,911,447)</u>	<u>\$410,947</u>
3. Preliminary Actuarial Value	\$19,767,844	\$21,541,864
4. 90% FV (Minimum)	\$16,070,757	\$19,757,530
5. 110% FV (Maximum)	\$19,642,037	\$24,148,092
6. Final Actuarial Value	<u>\$19,642,037</u>	<u>\$21,541,864</u>
C. Change in Actuarial Value	<u>Change</u>	
1. Contributions		
a. Officers	\$1,504,688	
b. City	\$3,803,070	
c. Total	<u>\$5,307,758</u>	
2. Disbursements		
a. Benefit Payments	(\$4,107,380)	
b. Administrative Expenses	(\$297,764)	
c. Total	<u>(\$4,405,144)</u>	
3. Net Investment Return	\$997,213	
4. Net Change	<u>\$1,899,827</u>	
5. Average Rate of Return		
a. Average Asset Value	\$19,522,883	
b. Income Net of Investment Expenses	\$997,213	
c. Annual Rate of Return	5.1%	
6. Investment Gain/(Loss)	(\$369,388)	

3.3 Actuarial Present Value of Projected Benefits

	<u>January 1, 2019</u>	<u>January 1, 2020</u>
A. Discount Rate	7.00%	7.00%
B. Present Value of Projected Benefits		
1. Active	\$35,162,096	\$36,525,980
2. Contribution Payable	\$169,290	\$104,155
3. Terminated Vested	\$229,399	\$1,112,663
4. Retired	\$36,932,951	\$36,040,511
5. Disabled	\$156,378	\$153,595
6. Beneficiary	\$1,520,608	\$1,682,960
7. Total	<u>\$74,170,722</u>	<u>\$75,619,864</u>
C. Change in Present Value of Projected Benefits		<u>Change</u>
1. Benefits Accumulated		\$0
2. Benefits Paid		(\$4,107,380)
3. Decrease in Discount Period		\$5,048,192
4. Plan Experience		\$633,794
5. Actuarial Assumptions		(\$125,464)
6. Actuarial Methods		\$0
7. Plan Amendments		\$0
8. Net Change		<u>\$1,449,142</u>
D. Actuarial Value of Assets	<u>\$19,642,037</u>	<u>\$21,541,864</u>
E. Present Value of Future Compensation	\$121,695,302	\$125,544,571
F. Funded Status	26.5%	28.5%

3.4 Actuarial Accrued Liability and Normal Cost Rate

	<u>January 1, 2019</u>	<u>January 1, 2020</u>
A. Discount Rate	7.00%	7.00%
B. Actuarial Accrued Liability (EAN)		
1. Active	\$18,844,853	\$20,019,772
2. Contribution Refund Payable	\$169,290	\$104,155
3. Terminated Vested	\$229,399	\$1,112,663
4. Retired	\$36,932,951	\$36,040,511
5. Disabled	\$156,378	\$153,595
6. Beneficiary	\$1,520,608	\$1,682,960
7. Total	<u>\$57,853,479</u>	<u>\$59,113,656</u>
C. Actuarial Value of Assets	<u>\$19,642,037</u>	<u>\$21,541,864</u>
D. Unfunded Actuarial Liability	<u>\$38,211,442</u>	<u>\$37,571,792</u>
E. Change in Unfunded Actuarial Accrued Liability		<u>Change</u>
1. Contributions		(\$5,307,758)
2. Benefits Accumulated		\$1,622,016
3. Decrease in Discount Period		\$2,612,992
4. Administrative Expense		\$297,764
5. Plan Asset Experience		\$369,388
6. Plan Liability Experience		(\$138,553)
7. Actuarial Assumptions		(\$95,499)
8. Actuarial Methods		\$0
9. Plan Amendments		\$0
10. Net Change		<u>(\$639,650)</u>
F. Funded Status	34.0%	36.4%
G. Normal Cost Rate	13.41%	13.24%

3.5 Expected Amortization Period

The table below shows the projected results (in \$Millions) used to develop the amortization period.

Year	Time	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Status	Normal Cost Rate	Payroll	Prior Year's ADC/R	City Contribution Rate	Member Contribution Rate	Administrative Expenses as % of Payroll
2019	-1	57.9	19.6	38.3	34%	13.4%	\$ 12.10		17.00%	12.00%	0.95%
2020	0	59.1	21.5	37.6	36%	13.2%	\$ 12.50	30.7%	18.00%	12.00%	0.95%
2021	1	60.8	22.7	38.1	37%	13.1%	\$ 12.90	30.1%	18.00%	12.00%	0.95%
2022	2	62.6	24.0	38.6	38%	13.0%	\$ 13.30	30.0%	18.00%	12.00%	0.95%
2023	3	64.6	25.5	39.1	39%	12.9%	\$ 13.80	30.0%	18.00%	12.00%	0.95%
2024	4	66.8	27.2	39.6	41%	12.9%	\$ 14.30	29.9%	18.00%	12.00%	0.95%
2025	5	69.1	29.3	39.8	42%	12.8%	\$ 14.80	29.8%	18.00%	12.00%	0.95%
2026	6	71.6	31.4	40.2	44%	12.7%	\$ 15.30	29.8%	18.00%	12.00%	0.95%
2027	7	74.2	33.8	40.4	46%	12.6%	\$ 15.90	29.7%	18.00%	12.00%	0.95%
2028	8	76.9	36.5	40.4	47%	12.6%	\$ 16.40	29.6%	18.00%	12.00%	0.95%
2029	9	79.8	39.3	40.5	49%	12.5%	\$ 17.00	29.5%	18.00%	12.00%	0.95%
2030	10	82.8	42.5	40.3	51%	12.4%	\$ 17.60	29.4%	18.00%	12.00%	0.95%
2031	11	86.0	45.9	40.1	53%	12.3%	\$ 18.20	29.3%	18.00%	12.00%	0.95%
2032	12	89.3	49.6	39.7	56%	12.2%	\$ 18.80	29.3%	18.00%	12.00%	0.95%
2033	13	92.7	53.6	39.1	58%	12.2%	\$ 19.50	29.2%	18.00%	12.00%	0.95%
2034	14	96.3	57.9	38.4	60%	12.1%	\$ 20.20	29.1%	18.00%	12.00%	0.95%
2035	15	99.9	62.4	37.5	62%	12.0%	\$ 20.90	29.0%	18.00%	12.00%	0.95%
2036	16	103.7	67.3	36.4	65%	12.0%	\$ 21.60	28.9%	18.00%	12.00%	0.95%
2037	17	107.7	72.6	35.1	67%	11.9%	\$ 22.40	28.8%	18.00%	12.00%	0.95%
2038	18	111.7	78.2	33.5	70%	11.8%	\$ 23.10	28.6%	18.00%	12.00%	0.95%
2039	19	115.9	84.2	31.7	73%	11.8%	\$ 24.00	28.5%	18.00%	12.00%	0.95%
2040	20	120.1	90.6	29.5	75%	11.7%	\$ 24.80	28.4%	18.00%	12.00%	0.95%
2041	21	124.5	97.4	27.1	78%	11.6%	\$ 25.70	28.2%	18.00%	12.00%	0.95%
2042	22	129.1	104.8	24.3	81%	11.5%	\$ 26.60	28.1%	18.00%	12.00%	0.95%
2043	23	133.9	112.7	21.2	84%	11.5%	\$ 27.50	27.9%	18.00%	12.00%	0.95%
2044	24	139.0	121.4	17.6	87%	11.4%	\$ 28.50	27.8%	18.00%	12.00%	0.95%
2045	25	144.4	130.8	13.6	91%	11.4%	\$ 29.40	27.7%	18.00%	12.00%	0.95%
2046	26	150.2	141.1	9.1	94%	11.4%	\$ 30.50	27.5%	18.00%	12.00%	0.95%
2047	27	156.4	152.4	4.0	97%	11.4%	\$ 31.50	27.4%	18.00%	12.00%	0.95%
2048	28	163.2	164.7	-1.5	101%	11.3%	\$ 32.60	27.2%	18.00%	12.00%	0.95%
2049	29	170.6	178.3	-7.7	104%	11.3%	\$ 33.80	27.1%	18.00%	12.00%	0.95%

3.6 Funding Policy Guidelines

The table below shows the projected results (in \$Millions) used to develop the 25-year amortization period.

Year	Time	Actuarial Accrued Liability	Actuarial Value of Assets	Unfunded Actuarial Accrued Liability	Funded Status	Normal Cost Rate	Payroll	Prior Year's ADCR	City Contribution Rate	Member Contribution Rate	Administrative Expenses as % of Payroll
2019	-1	57.9	19.6	38.3	34%	13.4%	\$ 12.10		17.00%	12.00%	0.95%
2020	0	59.1	21.5	37.6	36%	13.3%	\$ 12.50	33.1%	18.00%	12.00%	0.95%
2021	1	60.8	22.7	38.1	37%	13.2%	\$ 12.90	32.2%	18.00%	12.00%	0.95%
2022	2	62.6	24.0	38.6	38%	13.1%	\$ 13.30	32.2%	18.00%	12.00%	0.95%
2023	3	64.6	25.5	39.1	39%	13.0%	\$ 13.80	32.3%	18.00%	12.00%	0.95%
2024	4	66.8	27.2	39.6	41%	13.0%	\$ 14.30	32.4%	18.00%	12.00%	0.95%
2025	5	69.2	29.5	39.7	43%	12.9%	\$ 14.80	32.5%	19.25%	13.25%	0.95%
2026	6	71.7	32.0	39.7	45%	12.8%	\$ 15.30	32.5%	19.26%	13.26%	0.95%
2027	7	74.3	34.9	39.4	47%	12.7%	\$ 15.90	32.5%	19.23%	13.23%	0.95%
2028	8	77.0	38.0	39.0	49%	12.6%	\$ 16.40	32.4%	19.20%	13.20%	0.95%
2029	9	79.9	41.3	38.6	52%	12.6%	\$ 17.00	32.3%	19.17%	13.17%	0.95%
2030	10	82.9	45.0	37.9	54%	12.5%	\$ 17.60	32.3%	19.14%	13.14%	0.95%
2031	11	86.2	49.1	37.1	57%	12.4%	\$ 18.20	32.2%	19.10%	13.10%	0.95%
2032	12	89.5	53.4	36.1	60%	12.3%	\$ 18.80	32.2%	19.08%	13.08%	0.95%
2033	13	93.0	58.1	34.9	62%	12.3%	\$ 19.50	32.1%	19.05%	13.05%	0.95%
2034	14	96.6	63.1	33.5	65%	12.2%	\$ 20.20	32.1%	19.03%	13.03%	0.95%
2035	15	100.3	68.4	31.9	68%	12.1%	\$ 20.90	32.0%	19.01%	13.01%	0.95%
2036	16	104.1	74.2	29.9	71%	12.1%	\$ 21.60	32.0%	18.99%	12.99%	0.95%
2037	17	108.1	80.3	27.8	74%	12.0%	\$ 22.40	31.9%	18.97%	12.97%	0.95%
2038	18	112.2	86.9	25.3	78%	11.9%	\$ 23.10	31.9%	18.95%	12.95%	0.95%
2039	19	116.4	94.0	22.4	81%	11.8%	\$ 24.00	31.9%	18.93%	12.93%	0.95%
2040	20	120.7	101.5	19.2	84%	11.8%	\$ 24.80	31.8%	18.90%	12.90%	0.95%
2041	21	125.2	109.6	15.6	88%	11.7%	\$ 25.70	31.7%	18.87%	12.87%	0.95%
2042	22	129.8	118.3	11.5	91%	11.6%	\$ 26.60	31.7%	18.85%	12.85%	0.95%
2043	23	134.7	127.6	7.1	95%	11.6%	\$ 27.50	31.7%	18.83%	12.83%	0.95%
2044	24	139.8	137.8	2.0	99%	11.5%	\$ 28.50	31.6%	18.81%	12.81%	0.95%
2045	25	145.3	148.6	-3.3	102%	11.5%	\$ 29.40	13.7%	18.00%	12.00%	0.95%

3.7 GASB 67 Plan Accounting Information

**Schedule of Changes in the City of Galveston's Employees' Retirement Plan for Police
Net Pension Liability and Related Ratios**

	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Total Pension Liability			
Service Cost	\$1,073,161	\$1,258,499	\$1,622,016
Interest	\$3,932,216	\$3,897,883	\$3,979,593
Changes of benefit terms	\$0	\$0	\$0
Differences between expected and actual experience	(\$358,201)	(\$992,543)	(\$138,553)
Changes of assumptions	\$2,398,032	\$5,113,954	(\$95,499)
Benefit payments, including refunds of member contributions	(\$4,547,830)	(\$4,275,151)	(\$4,107,380)
Net change in total pension liability	\$2,497,378	\$5,002,642	\$1,260,177
Total pension liability - beginning	\$50,353,459	\$52,850,837	\$57,853,479
Total pension liability - ending (a)	\$52,850,837	\$57,853,479	\$59,113,656
Plan fiduciary net position			
Contributions - employer	\$1,486,488	\$1,713,305	\$3,803,070
Contributions - member	\$1,371,862	\$1,417,069	\$1,504,688
Net investment income	\$2,581,753	(\$1,134,296)	\$3,193,800
Benefit payments, including refunds of member contributions	(\$4,547,830)	(\$4,275,151)	(\$4,107,380)
Administrative expense	(\$132,932)	(\$408,688)	(\$297,764)
Other	\$0	\$0	\$0
Net change in plan fiduciary net position	\$759,341	(\$2,687,761)	\$4,096,414
Plan fiduciary net position - beginning	\$19,784,817	\$20,544,158	\$17,856,397
Plan fiduciary net position - ending (b)	\$20,544,158	\$17,856,397	\$21,952,811
Fund's net pension liability - ending (a) - (b)	\$32,306,679	\$39,997,082	\$37,160,845
Plan fiduciary net position as a percentage of the total pension liability	38.9%	30.9%	37.1%
Covered-employee payroll	\$11,432,183	\$11,808,908	\$12,539,068
Fund's net position liability as a percentage of covered employee payroll	282.6%	338.7%	296.4%

Notes to Schedule: Covered-employee payroll is estimated using officer contributions divided by the contribution percentage.

3.7 GASB 67 Plan Accounting Information (continued)

Schedule of the City of Galveston's Contributions

	<u>December 31, 2017</u>	<u>December 31, 2018</u>	<u>December 31, 2019</u>
Required City Contributions	\$1,486,488	\$1,713,305	\$3,803,070
Contributions in relation to the City required contributions	\$1,486,488	\$1,713,305	\$3,803,070
Contribution deficiency (excess)	\$0	\$0	\$0
Covered-employee payroll	\$11,432,183	\$11,808,908	\$12,539,068
Contributions as a percentage of covered-employee payroll	13.0%	14.5%	30.3%

Notes to Schedule

Valuation date: January 1, 2020

Contributions to the Fund have historically been based on negotiations between the Board and the City rather than an actuarially determined rate. The funding policy of the City of Galveston's Employees' Retirement Plan for Police requires contributions from both the City and the police. Upon passage of House Bill 2763 in June 2019, the funding policy changed. The City's contribution rate increased to 17% of payroll retroactive to January 1, 2019 with an increase to 18% of payroll in October 2019. Member contributions remain at 12% of payroll for 2019. In future years, the City and member contribution rates follow HB 2763. For members hired after February 5, 2019, the unreduced early retirement date is age 55 with 20 years of service and the special early retirement date will be age 50 the 20 years of service. With the passage of HB 2763, there were other changes to the plan, but none that impacted the valuation results.

The mortality assumption was updated to use the Public Safety version of the Pub-2010 mortality tables with generational longevity projection from Scale MP-2019. There were no other changes in the assumptions or methods since the prior valuation.

3.7 GASB 67 Plan Accounting Information (continued)

Notes to Schedule

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 2.50%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of December 31, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Expected Real Rate of Return</u>
Equity	6.0%
Fixed Income	3.0%
Cash	0.0%

Discount rate: The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that the City and member contributions would equal the statutory contributions. 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 period of benefit payments to determine the total pension liability.

Sensitivity of the net pension liability to changes in the Discount rate: The following presents the net pension liability of the City, calculated using the discount rate of 7.50% as well as what the City's net pension liability would be if it were to be calculated using the discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	<u>1% Decrease (6.00%)</u>	<u>Current Discount Rate (7.00%)</u>	<u>1% Increase (8.00%)</u>
City's net pension liability	\$44,491,136	\$37,160,845	\$31,089,925

Schedule of Investment Returns Fiscal Year Ending December 31

	<u>2017</u>	<u>2018</u>	<u>2019</u>
Annual money-weighted rate of return, net of investment expense	13.68%	-5.74%	18.01%

3.8 GASB 68 City Accounting Information

Changes in Net Pension Liability

The Net Pension Liability Amounts shown below assume the City will use a measurement date equal to the Fund's prior fiscal year end. Under this method, the City's reporting for its fiscal year ended September 30, 2020 would use the Fund's valuation results as of December 31, 2019.

	Increase (Decrease)		
	Total Pension Liability (TPL)	Plan Fiduciary Net Position	Net Pension Liability (NPL)
Balance at 9/30/2019	\$57,853,479	\$17,856,397	\$39,997,082
Changes for the year:			
Service Cost	1,622,016		1,622,016
Interest	3,979,593		3,979,593
Experience	(138,553)		(138,553)
Employer Contributions		3,803,070	(3,803,070)
Member Contributions		1,504,688	(1,504,688)
Net Investment Income		3,193,800	(3,193,800)
Benefit Payments	(4,107,380)	(4,107,380)	-
Administrative Expense		(297,764)	297,764
Assumption Changes	(95,499)		(95,499)
Changes in Benefit Terms	-		-
Net Change	1,260,177	4,096,414	(2,836,237)
Balance at 9/30/2020	<u>\$59,113,656</u>	<u>\$21,952,811</u>	<u>\$37,160,845</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate.

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the 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 6.00%	Current Discount Rate of 7.00%	1% Increase 8.00%
Policemen Fund Net Pension Liability	\$44,491,136	\$37,160,845	\$31,089,925

3.8 GASB 68 City Accounting Information (continued)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Expense Components	FYE 9/30/2020
Service Cost	\$ 1,622,016
Interest on TPL	3,979,593
Differences between expected and actual experience	(237,278)
Changes in Assumptions	1,054,307
Changes in Benefit Terms	-
Employee Contributions	(1,504,688)
Projected Earnings on Pension Plan Investments	(1,241,607)
Differences between projected and actual earnings on plan investments	370,205
Pension Plan Administrative Expenses	297,764
Other Changes in Fiduciary Net Position	-
Total Pension Expense	\$ 4,340,311

For the year ended September 30, 2020, the City should recognize a pension expense of \$4,340,311. At September 30, 2020, the City should report deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	251,078	991,498
Changes in assumptions	4,767,803	376,941
Net difference between projected and actual investment earnings	-	410,949
City Contributions subsequent to Measurement Date	<u>To be determined</u>	<u>-</u>
Total	To be determined	1,779,388

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	
2021	\$834,155
2022	\$1,159,209
2023	\$1,252,262
2024	\$32,876
2025	(\$39,009)
Thereafter	\$0

3.8 GASB 68 City Accounting Information (continued)

Recognition of Changes in TPL

City Fiscal Year	Differences Between Expected and Actual Experience	Recognition Period (Years)	Year						
			2019	2020	2021	2022	2023	2024	2025
			2015	(\$502,743)	6.8	(\$73,933)	(\$73,933)	(\$59,145)	\$0
2016	\$157,590	6.8	\$23,175	\$23,175	\$23,175	\$18,540	\$0	\$0	\$0
2017	\$519,531	6.7	\$77,542	\$77,542	\$77,542	\$77,542	\$54,279	\$0	\$0
2018	(\$358,201)	6.9	(\$51,913)	(\$51,913)	(\$51,913)	(\$51,913)	(\$51,913)	(\$46,723)	\$0
2019	(\$992,543)	5.25	(\$189,056)	(\$189,056)	(\$189,056)	(\$189,056)	(\$189,056)	(\$47,263)	\$0
2020	(\$138,553)	6		(\$23,093)	(\$23,092)	(\$23,092)	(\$23,092)	(\$23,092)	(\$23,092)
Subtotal			(\$214,185)	(\$237,278)	(\$222,489)	(\$167,979)	(\$209,782)	(\$117,078)	(\$23,092)

City Fiscal Year	Changes in Assumptions	Recognition Period (Years)	Year						
			2019	2020	2021	2022	2023	2024	2025
			2015	(\$2,527,532)	6.8	(\$371,696)	(\$371,696)	(\$297,356)	\$0
2016	\$590,641	6.8	\$86,859	\$86,859	\$86,859	\$69,487	\$0	\$0	\$0
2017	\$223,990	6.7	\$33,431	\$33,431	\$33,431	\$33,431	\$23,404	\$0	\$0
2018	\$2,398,032	6.9	\$347,541	\$347,541	\$347,541	\$347,541	\$347,541	\$312,786	\$0
2019	\$5,113,954	5.25	\$974,086	\$974,086	\$974,086	\$974,086	\$974,086	\$243,524	\$0
2020	(\$95,499)	6		(\$15,914)	(\$15,917)	(\$15,917)	(\$15,917)	(\$15,917)	(\$15,917)
Subtotal			\$1,070,221	\$1,054,307	\$1,128,644	\$1,408,628	\$1,329,114	\$540,393	(\$15,917)

Recognition of Investment (Gains) / Losses

Year	Differences between Projected and Actual Earnings on Pension Plan Investment	Recognition Period (Years)	Year						
			2019	2020	2021	2022	2023	2024	2025
			2015	\$872,502	5	\$174,502	\$0	\$0	\$0
2016	\$2,211,007	5	\$442,201	\$442,203	\$0	\$0	\$0	\$0	\$0
2017	\$47,205	5	\$9,441	\$9,441	\$9,441	\$0	\$0	\$0	\$0
2018	(\$1,071,864)	5	(\$214,373)	(\$214,373)	(\$214,373)	(\$214,372)	\$0	\$0	\$0
2019	\$2,616,853	5	\$523,371	\$523,371	\$523,371	\$523,371	\$523,369	\$0	\$0
2020	(\$1,952,193)	5		(\$390,437)	(\$390,439)	(\$390,439)	(\$390,439)	(\$390,439)	\$0
Subtotal			\$935,142	\$370,205	(\$72,000)	(\$81,440)	\$132,930	(\$390,439)	\$0
Total			\$1,791,178	\$1,187,233	\$834,155	\$1,159,209	\$1,252,262	\$32,876	(\$39,009)

4.1 Demographic Summary

	<u>January 1, 2019</u>	<u>January 1, 2020</u>
A. Active Members - Pre 2/4/2019 Hires		
1. Number	160	141
2. Valuation payroll	\$12,120,492	\$11,659,204
3. Average pay	\$75,753	\$82,689
4. Average age	36.3	37.4
5. Average service	8.4	9.4
B. Active Members - Post 2/4/2019 Hires		
1. Number		14
2. Valuation payroll		\$800,833
3. Average pay		\$57,202
4. Average age		25.3
5. Average service		0.5
C. Terminated Vested		
1. Number	2	7
2. Average age	47.3	45.3
D. Disabled		
1. Number	1	1
2. Average age	66.1	67.1
E. Retired		
1. Number	125	123
2. Total benefits	\$3,543,923	\$3,462,982
3. Average annual benefits	\$28,351	\$28,154
4. Average age	63.9	64.6
F. Beneficiaries		
1. Number	17	20
2. Total benefits	\$148,049	\$171,681
3. Average annual benefits	\$8,709	\$8,584
4. Average age	68.1	70.1
G. Contribution Payable		
1. Number	24	26
2. Total contributions	\$189,764	\$112,376
3. Average contributions	\$7,907	\$4,322
4. Average age	31.2	31.4

4.2 Data Reconciliation

	Active	Term. Vested	Disabled	Retirees	Bene.	Total
A. Prior Valuation Date	160	26	1	125	17	329
B. Change due to:						
1. New hires, rehires	20	(2)	0	0	0	18
2. Data corrections	0	0	0	0	0	0
3. Termination	(11)	11	0	0	0	0
4. Cash Out	(13)	(2)	0	0	0	(15)
5. Retirement	(1)	0	0	1	0	0
6. Disability	0	0	0	0	0	0
7. Death without beneficiary	0	0	0	0	0	0
8. Death with beneficiary	0	0	0	(3)	3	0
9. Net change	(5)	7	0	(2)	3	3
C. Current Valuation Date	155	33	1	123	20	332

4.3 Active Members by Age and Service

Attained Age	Years of Service as of December 31, 2019							Total
	0-4	5-9	10-14	15-19	20-24	25-29	30 & up	
Under 25	16	0	0	0	0	0	0	16
25-29	30	2	0	0	0	0	0	32
30-34	17	6	3	0	0	0	0	26
35-39	7	8	13	5	0	0	0	33
40-44	2	3	4	10	0	0	0	19
45-49	0	0	4	8	4	0	0	16
50-54	3	1	0	1	1	1	0	7
55-59	0	0	0	0	0	3	0	3
60-64	1	0	0	0	0	1	0	2
65 & up	0	0	0	0	0	0	1	1
Total	76	20	24	24	5	5	1	155

Not Vested	Vested	Retirement Eligible
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4.4 Assumptions and Methods

Economic Assumptions

Investment Return	7.00% per annum, net of investment expenses.
Administrative Expense	0.95% of Payroll.
Salary Increases	4.00% per annum for wage inflation. 3.00% grading down to 0.00% per annum for longevity and promotion based on years of service. The total annual assumed salary increase for wage inflation plus longevity and promotion is based on years of service according to the following table:

Years of Service	Salary Increase
1 – 5	7.00%
6 - 10	6.00%
11 – 15	5.00%
16+	4.00%

Overtime Pay	10% of base pay.
Payroll Growth	3.50% per annum.
Valuation Compensation	Base pay rate as of the valuation date increased by the annual salary scale assumption and loaded 10% for overtime (benefit accrual excludes overtime load).

Demographic Assumptions

Mortality – All Participants	Society of Actuaries (SOA) Public Safety mortality tables projected generationally with Scale MP-2019.
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4.4 Assumptions and Methods (continued)

Retirement

Active Officers are assumed to retire based on age related rates once eligible for Special Early Retirement, according to the following table:

<u>Age</u>	<u>Rate</u>
45	0.35
46	0.15
47	0.16
48	0.17
49	0.18
50	0.20
51	0.22
52	0.24
53	0.25
54	0.25
55	0.25
56	0.25
57	0.25
58	0.25
59	0.25
60	0.30
61	0.30
62	0.30
63	0.30
64	0.30
65	1.00

Termination

Rates based on Service at the beginning of the year:

<u>Service</u>	<u>Rate</u>
0 – 4	0.100
5 – 9	0.050
10	0.035
11	0.030
12	0.025
13	0.020
14	0.015
15	0.010
16+	0.000

Members terminating with less than ten (10) years of service are assumed to elect a refund of contributions. All other members terminating are assumed to commence a lifetime annuity at age 55, or current age if older.

4.4 Assumptions and Methods (continued)

Disability

Active Officers are assumed to incur disabilities based on experience that vary by age as shown below, with sample rates per 1,000 lives summarized below:

<u>Age</u>	<u>Rate</u>	<u>Age</u>	<u>Rate</u>
20	0.14	42	1.32
21	0.15	43	1.48
22	0.16	44	1.73
23	0.17	45	2.09
24	0.18	46	2.55
25	0.19	47	2.98
26	0.21	48	3.34
27	0.23	49	3.62
28	0.25	50	3.79
29	0.28	51	3.92
30	0.31	52	4.04
31	0.35	53	4.24
32	0.40	54	4.56
33	0.45	55	4.90
34	0.49	56	5.32
35	0.52	57	5.86
36	0.54	58	6.60
37	0.57	59	7.53
38	0.62	60	9.11
39	0.73	61	11.72
40	0.92	62+	0.00
41	1.14		

Social Security Disability Benefit

For the purpose of the offset to the pre-65 disability benefit, the Social Security disability benefit is assumed to be 40% of base pay.

Marital Status

85% of all active Officers are assumed to be married. Female spouses are assumed to be two years younger than their male spouses. Surviving spouses are assumed never to remarry.

Changes in Assumptions

The longevity scale used to project the mortality table was changed from MP-2018 to MP-2019. There have been no other changes in actuarial assumptions since the prior year valuation.

4.4 Assumptions and Methods (continued)

Methods

Valuation Date	January 1, 2020
Asset Valuation Method	Adjusted market value, with asset gains and losses recognized over 5-years. The adjusted market value is adjusted to remain within a corridor range of 90% to 110% of fair market value.
Actuarial Cost Method	<p><u>The Entry Age Normal Actuarial Cost Method</u></p> <p>The present value of the projected benefit (PVB) is determined as of the date the member entered the plan (or would have entered if the plan had always been in effect). The present value of future salary (PVFS) is also determined at entry age. The percentage of the PVFS represented by the PVB is the level percent of pay which, if contributed every year, would exactly fund the benefit if the valuation actuarial assumptions were realized. The actuarial accrued liability is the theoretical value of assets which would result from the accumulation of these contributions from the plan entry until the valuation date.</p>
Amortization Method	Once adjusted for the time value of money, the unfunded actuarial accrued liability is assumed to be reduced each year by the amount contributions exceed the normal cost of the Fund. Payroll is assumed to grow at 3.50% per year.
Changes in Methods	There have been no changes since the prior valuation.

4.5 Plan Provisions

Effective Date	The Plan was established December 1, 1980 by city ordinance. In 1997 the city council adopted Article 6243p of the Texas Revised Civil Statutes. The plan was restated effective January 1, 2009 to create a new benefit structure, and subsequently amended for technical corrections retroactive to January 1, 2009. The plan was amended in 2017 to change the vesting schedule for new hires on or after April 15, 2017. Effective for members hired after February 4, 2019, the retirement eligibility provisions were modified such that the unreduced retirement eligibility was moved to age 55 and the special early retirement eligibility was moved to age 50. Article 6243p was amended by HB 2763 on June 2019.
Administration	The plan is administered by a board of trustees consisting of eight members. Funds are held by the board, as trustee.
Eligibility	All regular and permanent full-time police officers who are employed by the City of Galveston in the police department become members of the plan as a condition of employment.
Group A Member	Any participant with fifteen (15) or more years of Service as of January 1, 2006 who was a Member on June 30, 2008.
Group B Member	Any participant with less than fifteen (15) years of Service as of January 1, 2006 who was a Member on June 30, 2008, or any Member whose period of employment begins on or after July 1, 2008.
Service	Service is calculated on an elapsed time basis from date of hire.
Post Transition Service	Service for a Group A Member that is earned after June 30, 2008.

4.5 Plan Provisions (continued)

Average Monthly Base Pay	The average base pay during the last 60 consecutive completed calendar months of employment.
Transition Monthly Base Pay	The average base pay during the last 60 consecutive completed calendar months as of June 30, 2008.
Member Contributions	Each active member shall have 12.0% of biweekly compensation deducted and paid into the plan. As of 2025, members will also contribute half of the prior year ADCR in excess of 30% of member payroll.
City Contributions	Effective June 2019, HB 2763 increased the City contribution rate to 18.00% of member payroll from 2020 through 2024. Thereafter, the City will also contribute half of the prior year ADCR in excess of 30% of member payroll.
Actuarially Determined Contribution (ADCR)	The rate of payroll required to pay the normal cost, administrative expenses and amortize the Unfunded Actuarial Accrued Liability over closed 30-year periods.
Normal Retirement	Normal retirement eligibility is attainment of age 65.
Unreduced Early Retirement	<p>Group A members are eligible for an unreduced benefit if they retire after age 45 with at least 20 years of Service, or after 25 years of Service regardless of age.</p> <p>Group B members, hired prior to February 4, 2019, are eligible for an unreduced benefit if they retire after age 50 with at least 20 years of Service.</p> <p>Members hired after February 4, 2019 are eligible for an unreduced benefit if they retire after age 55 with at least 20 years of Service.</p>
Special Early Retirement	<p>Group A members are eligible for a retirement benefit if they retire prior to age 45 with at least 20 years of Service. The benefit is unreduced, but it is deferred for commencement until age 45.</p> <p>Group B members, hired prior to February 4, 2019, are eligible for a retirement benefit if they retire after age 45 with at least 20 years of Service. The benefit is reduced 1/180 per month for each month that the retirement date precedes age 50.</p>

4.5 Plan Provisions (continued)

Special Early Retirement (Continued)	Members hired after February 4, 2019 are eligible for a retirement benefit if they retire after age 50 with at least 20 years of Service. The benefit is reduced 1/180 per month for each month that the retirement date precedes age 55.
Regular Early Retirement	Members are eligible to retire after age 55 with at least 10 years of Service with the benefit reduced 1/180 th per month for each of the first sixty months and by 1/360 th for each of the next sixty months by which the retirement date precedes age 65.
Retirement Benefit – Group A Member	A Group A member, upon retirement, will choose either the Preserved Benefit plus the Post Transition Benefit, or a benefit calculated under the Group B formula. The Preserved Benefit and the Post Transition Benefit provide a higher benefit prior to age 65 and a lower benefit thereafter.
Preserved Benefit	The Preserved Benefit is the result of the prior plan formula calculated as of June 30, 2008 for Group A Members. There are separate pre-65 and post-65 Preserved Benefits.
Post Transition Benefit	<p>The Post Transition Benefit is an additional accrual that is added to the Preserved Benefit for Service after June 30, 2008. For the remainder of this section, Transition Monthly Base Pay is abbreviated as “Transpay”. The benefit is (a) plus (b) plus (c) for the pre-65 benefit and (d) for the post 65 benefit:</p> <ul style="list-style-type: none">(a) 2.725% of Transpay multiplied by Post Transition Service, if any, that makes total Service exceed 15 years, but not exceed 20 years.(b) 5.000% of Transpay multiplied by Post Transition Service, if any, that makes total Service exceed 20 years, but not exceed 25 years.(c) 1.000% of Transpay multiplied by Post Transition Service, if any, that makes total Service exceed 25 years, but not exceed 30 years.(d) 1.650% of Transpay multiplied by Post Transition Service, if any, that makes total Service exceed 15 years, but not exceed 30 years.

4.5 Plan Provisions (continued)

Retirement Benefit – Group B Member

A monthly lifetime pension benefit, commencing on the first day of the month next following the member's date of retirement equal to 2.11% of Average Monthly Base Pay multiplied by the number of years of service, limited to 30 years.

Minimum Retirement Benefit

The minimum monthly pension benefit payable to a retired member or his beneficiary is \$500 per month.

Deferred Vested Retirement

Vested retirement eligibility is completion of 5 or more years of service. For members hired on or after April 15, 2017, a graded vesting schedule of 0% until 5 years of service, 50% at 5 years of service, and increasing 10% per year until 100% at 10 years of service is applied.

Each member who terminates employment after meeting vested retirement eligibility but before meeting any of the early retirement eligibility provisions shall receive a monthly lifetime pension benefit according to the formula for early retirement payable upon attainment of early retirement eligibility or as late as age 65. If a vested terminated member receives a refund of his accumulated contributions, membership is terminated and the deferred retirement benefit is forfeited.

Refund of Contribution

Each member who terminates prior to completing 5 or more years of service shall receive a refund of his accumulated contributions without interest.

Disability Retirement

Any member who becomes disabled in accordance with the provisions of the plan shall receive a monthly benefit payable up to age 65 equal to 60% of his current pay rate minus any Worker's Compensation or any other disability benefit paid, with a maximum net benefit of \$1,500 per month.

Any member who becomes disabled in accordance with the provisions of the plan shall receive a monthly lifetime benefit payable after age 65 equal to the normal retirement benefit as if he had continued working to age 65 with the rate of pay at the time of disability.

4.5 Plan Provisions (continued)

In-Service Death Benefit

In-service death benefit eligibility is completion of 5 years of service.

The surviving spouse of a deceased active member shall receive a monthly lifetime pension benefit payable beginning the first of the month next following the date of death for as long as the spouse does not remarry equal to 50% of the normal retirement pension the member would have received at age 65, considering service to date of death and average monthly compensation at date of death.

If there is no surviving spouse but there are surviving dependent children, each surviving child shall receive a proportionate share of the monthly pension benefit the spouse would have received payable until age 18.

Post-Retirement Death Benefit

The surviving spouse of a member who dies after commencement of a normal, early, special early, or disability pension benefit shall receive a monthly lifetime pension benefit payable for as long as the spouse does not remarry equal to 50% of the pension benefit which the retired member would have received if he had continued living.

The surviving spouse of a disabled member who dies prior to age 65 will receive a monthly pension equal to 50% of the monthly pension benefit the deceased member would have received had he worked up to the date of death at the rate of pay in effect at date of disability and had retired and continued living.

Changes in Plan Provisions

The unreduced and special early retirement eligibility was changes for members hired after February 4, 2019. The funding policy was modified per HB 2763 during 2019, but those changes were reflected in the prior valuation. In addition, the plan was restated to reflect prior amendments and other changes from HB 2763. There have been no other plan amendments since the prior year valuation which have an impact on the valuation results.



Accountants' Compilation Report

To the Board of Directors
Galveston Police Retirement Fund
Galveston, TX 77550

Management is responsible for the accompanying financial statements of Galveston Police Retirement Fund (a Texas, non-profit organization), which comprise the Statement of Net Assets Available for Benefits - tax basis as of March 31, 2020 and the related Statement of Changes in Net Assets Available for Benefits - tax basis for the one month and three months then ended in accordance with the tax-basis of accounting, and for determining that the tax basis of accounting is an acceptable financial reporting framework. We have performed a compilation engagement in accordance with the Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. We did not audit or review the financial statements nor were we required to perform any procedures to verify the accuracy or completeness of the information provided by management. Accordingly, we do not express an opinion, a conclusion, nor provide any form of assurance on these financial statements.

The financial statements are prepared in accordance with the tax basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America.

Management has elected to omit substantially all of the disclosures ordinarily included in financial statements prepared in accordance with the tax basis of accounting. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's assets, liabilities, equity, revenues and expenses. Accordingly, the financial statements are not designed for those who are not informed about such matters.

Supplementary Information

The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. This information is the representation of management. The information was subject to our compilation engagement; however, we have not audited or reviewed the supplementary information and, accordingly, do not express an opinion, a conclusion, nor provide any assurance on such supplementary information.

We are not independent with respect to the Galveston Police Retirement Fund as we perform monthly administrative duties for the plan.

Ham, Langston & Brezina, LLP
Galveston, Texas

May 17, 2020

Galveston Police Retirement Fund
Statement of Net Assets Available for Benefits
As of March 31, 2020

Assets

Cash - Moody National Bank	(211,091.78)
Cash sweep - Schwab	407,617.31
Accrued dividends & interest	55,327.00
Loans receivable-retirees	254,354.13
Due from Schwab	90,000.00

Investments, at FMV

Investments-govt & corp bonds	6,204,117	
Market value adj - bonds	89,620	
Exchange Traded Funds	1,534,992	
Market value adj. - ETF	(208,150)	
Investments-common stock	9,445,556	
Market value adj - stocks	(1,044,255)	
Real Estate Investment Trusts	595,748	
Market value adj. - REIT	(34,760)	
Investments - Equity funds - MNB	174,770	
Market value adj. - Equity funds - MNB	(43,079)	
Fixed Income funds - MNB	127,229	
Market value adj. - Fixed Income - MNB	(1,762)	
Total investments	16,840,025.71	

Total Assets

\$ 17,436,232.37

Liabilities

Accounts payable	19,301.00
Payroll tax payable	4,694.56
Child support payable	1,584.00
Total Liabilities	\$ 25,579.56

Net Assets Available for Benefits

\$ 17,410,652.81

Galveston Police Retirement Fund
Statement of Changes in Net Assets
Available for Benefits
For the One Month and Three Months Ending March 31, 2020

	1 Month Ended March 31, 2020	3 Months Ended March 31, 2020
ADDITIONS:		
Contributions		
Contributions - Police	\$ 131,494.81	\$ 372,887.07
Contributions - City	0.00	0.00
Total contributions	<u>131,494.81</u>	<u>372,887.07</u>
Investment income		
Net unrealized Gain/(Loss) in FMV	(2,277,267.17)	(3,865,075.56)
Capital Gain distributions	0.00	0.00
	<u>(2,277,267.17)</u>	<u>(3,865,075.56)</u>
Other Income	0.00	0.00
Interest	5,352.95	42,094.73
Interest - Retiree Loans	1,776.82	5,901.79
Dividends	39,092.34	77,408.41
Total Other Income	<u>46,222.11</u>	<u>125,404.93</u>
Total Investment Income/(loss)	(2,231,045.06)	(3,739,670.63)
Less: Investment expense		
Manager expense	(5,665.83)	(17,993.57)
Total investment expense	<u>(5,665.83)</u>	<u>(17,993.57)</u>
TOTAL ADDITIONS	(2,105,216.08)	(3,384,777.13)
DEDUCTIONS:		
Retirement benefits	299,763.91	896,972.44
Benefits - non-taxable	3,532.95	10,686.38
Survivor benefits	2,549.37	7,648.11
Survivor benefits - non-taxable	25.63	76.89
Disability benefits	1,449.76	4,349.28
Disability benefits - non-taxable	50.24	150.72
Rollover benefits	7,178.92	7,178.92
Lumpsum benefits	59,792.85	<u>192,320.95</u>
Actuarial expenses	4,000.00	15,300.00
Custodial services	134.91	517.98
Legal fees	0.00	0.00
Professional fees	6,565.00	23,938.29
Insurance	0.00	0.00
Travel/conference expense	0.00	0.00
Miscellaneous	(3,250.61)	(1,758.89)
Foreign taxes	0.00	0.00
TOTAL DEDUCTIONS	<u>381,792.93</u>	<u>1,157,381.07</u>
Net increase/(decrease)	\$ <u>(2,487,009.01)</u>	\$ <u>(4,542,158.20)</u>

See Accountant's Compilation Report

SUPPLEMENTAL SCHEDULE

Galveston Police Retirement Fund
Supplemental Schedule
Retiree Loans Receivable
March 31, 2020

Retiree	Outstanding Loan
Loans receivable - R. Owens	\$ 35,974.35
Loans receivable-A. Mitchell	548.15
Loans receivable- J. Harris	17,186.54
Loans receivable-H. Dominguez	21,719.45
Loans receivable-J Loyd	4,760.70
Loans receivable - Duenez	10,179.34
Loans receivable- Sanderson, L.	28,283.15
Loans receivable - Erickson	10,698.53
Loans receivable - Juana Villarreal	5,192.45
Loans receivable - T. Buck	25,898.76
Loans receivable-Moody	1,276.30
Loans receivable - Murdock	7,044.00
Loan receivable - Smith, Larry	3,819.56
Loan receivable - Smith, Amanda	2,186.21
Loan receivable - Arellano, O.	4,005.64
Loan receivable - Sims, D.	16,321.29
Loans receivable - D. Watson	33,101.11
Loans receivables - J. Kylan	21,898.01
Loans receivable - Perry	<u>4,260.59</u>
Total	<u>\$ 254,354.13</u>

See Accountants' Compilation Report

	If contrib. amortized 3/31/2020	3/31/2019
Additions:		
Contributions - Police	372,887	366,433
Contributions - Employer	559,331	452,850
	<u>932,218</u>	<u>819,283</u>
Investment Income (Loss)	(3,739,671)	1,418,532
Manager expense	<u>(17,994)</u>	<u>(15,673)</u>
Total Additions	(2,825,447)	2,222,142
Deductions:		
Distributions	1,119,384	1,058,738
Actuarial	15,300	22,175
Custodial	518	565
Legal and Professional fees	23,938	64,944
Miscellaneous	<u>(1,759)</u>	<u>11,465</u>
Total Deductions	<u>1,157,381</u>	<u>1,157,887</u>
Net increase/(decrease)	(3,982,828)	1,064,255