

City of Albany Police and Fire Relief or Pension Fund

Albany, California

*Financial Statements and
Independent Auditors' Reports*

For the year ended June 30, 2013

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITORS' REPORT	1
Financial Statements:	
Statement of Net Position	3
Statement of Changes in Net Position.....	4
Notes to Financial Statements.....	5
Supplementary Information.....	12
INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	14
SCHEDULE OF FINDINGS AND RESPONSES	16



INDEPENDENT AUDITORS' REPORT

The Board of Trustees
City of Albany Police and Fire Relief or Pension Fund
Albany, California

Report on the Financial Statements

We have audited the accompanying financial statements of the Albany Police and Fire Relief or Pension Fund (Pension Fund) of the City of Albany, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

The Board of Trustees
City of Albany Police and Fire Relief or Pension Fund
Albany, California
Page 2

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pension Fund as of June 30, 2013, and the changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements. The funding status of pension plan is presented for purposes of additional analysis and is not a required part of the financial statements. We have applied certain limited procedures to the supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 23, 2013, on our consideration of the City's internal control over financial reporting in relation to Pension Fund and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City's internal control over financial reporting and compliance in relation to Pension Fund.



Badawi and Associates
Certified Public Accountants
Oakland, California
December 23, 2013

CITY OF ALBANY
POLICE AND FIRE RELIEF OR PENSION FUND
STATEMENT OF NET POSITION
JUNE 30, 2013

ASSETS

Operating cash and investments	\$	3,965
Due from the City		150
Interest receivable		386
Investments, at fair value:		
Local Agency Investment Fund		496,474
Cash and Money Market Fund		100,412
Mutual Funds		9,208,055
Total investments, fair value		<u>9,804,941</u>
Total assets		<u>9,809,442</u>

LIABILITIES

Accounts payable		<u>217,599</u>
Net Position	\$	<u><u>9,591,843</u></u>

CITY OF ALBANY
POLICE AND FIRE RELIEF OR PENSION FUND
STATEMENT OF CHANGES IN NET POSITION
FOR THE FISCAL YEAR ENDED JUNE 30, 2013

ADDITIONS

Investment income:	
Interest	2,195
Dividends	291,220
Net increase in fair value of investments	836,219
Total investment income	<u>1,129,634</u>
Less investment expenses	51,587
Total investment income	<u>1,078,047</u>
Other:	
City of Albany contribution	82,401
Total additions to net position	<u>1,160,448</u>

DEDUCTIONS

Benefits paid	1,365,105
Materials and Supplies	65
Total deductions from net position	<u>1,365,170</u>
Change in net position	(204,722)
Net position, beginning of year	<u>9,796,565</u>
Net position, end of year	<u><u>\$ 9,591,843</u></u>

CITY OF ALBANY

POLICE AND FIRE RELIEF OR PENSION FUND

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

NOTE 1 – Summary of Significant Accounting Policies

The Police and Fire Relief or Pension Fund (the "Fund"), governed by Section 9.01 of the Charter of the City of Albany ("City"), is used to account for contributions and investment income that are restricted to payment of benefits accruing to police and fire department employees hired before July 1, 1971.

A. Reporting Entity

The financial statements present only the accounts of the Fund. These accounts are also included in the financial statements of the City of Albany as a pension trust fund, which is used to account for assets held in trust for the benefit of the Fund's participants.

B. Fund Accounting

The accounts of the Fund are organized on the basis of fund accounting, and the Fund is considered a separate accounting entity. The operations of the Fund are accounted for in a set of self-balancing accounts that comprise its assets, liabilities, fund balance, revenues and expenses.

C. Basis of Accounting

Basis of accounting refers to when additions and deductions are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The Fund uses the accrual basis of accounting, under which additions are recognized when earned and deductions are recognized when incurred. Contributions are recorded as additions when due. Benefits are recognized when due and payable in accordance with the terms of the Fund and City Charter.

Investment management, asset custody and administration fees are expenses of the Fund.

D. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the fund administrator to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from these estimates. Significant estimates include the determination of the fair value of investments and the actuarial value of the plan's funded status.

NOTE 2 – Cash and Investments

A. Operating Cash

At June 30, 2013, the Fund's operating cash balance was \$3,965. The Fund's bank balance of \$30,589 was held at one institution which was fully covered by FDIC insurance.

CITY OF ALBANY

POLICE AND FIRE RELIEF OR PENSION FUND

SUPPLEMENTARY INFORMATION

JUNE 30, 2013

NOTE 2 – Cash and Investments (Continued)

B. Method Used to Value Investments

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investments that do not have an established market price are reported at their estimated fair value. Net gains and losses include gains and losses from the sale of investments and unrealized net increases or decreases in market value.

C. Investment Management

Fund investments are managed by an investment manager (Atlantic Trust) under an agreement that authorizes the Manager to purchase and sell securities within the guidelines of the Fund's investment policy.

At June 30, 2013, the Fund's assets were invested in the Schwab Money Market Fund (SWMXX); Dodge & Cox Income Fund (DODIX); PIMCO Investment Grade (PIGIX); Ridgeworth Seix Float (SAMBX); Aston Montag & Caldwell (MCGIX); Dodge & Cox Stock Fund (DODGX); IVA Intl Fund CL I (IVQX); Mainstay Epoch Global (EPYX); Neurberger Berman Equity (NBHIX); and PIMCO Commodity Real (PCRIX).

The Fund's Investment Policy allows the Fund to invest in domestic equity, international equity and debt securities. Each type of investment is subject to a target allocation and includes maximum and minimum general guidelines as a percentage of the overall portfolio.

<u>Authorized Investment Type</u>	<u>Target Allocation</u>	<u>Minimum Percentage of Portfolio</u>	<u>Maximum Percentage of Portfolio</u>
Equity	35%	25%	45%
Fixed Income	60%	45%	75%
Cash	5%	0%	10%

As of June 30, 2013, the Fund's allocations reflected the general guidelines set by the Fund's policy as described above.

Investments at June 30, 2013 are as follows:

<u>Investment Type</u>	<u>Fair Value</u>
Local Agency Investment Fund (LAIF)	\$ 496,474
Cash and money market funds	100,412
Mutual funds:	
Bond funds	4,074,345
Equity funds	5,133,710
Total	<u>\$ 9,804,941</u>

CITY OF ALBANY

POLICE AND FIRE RELIEF OR PENSION FUND

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2013

NOTE 2 – Cash and Investments (Continued)

C. Investment Management - Continued

The calculation of realized gains and losses is independent of the calculation of net appreciation (depreciation) in the fair value of fund investments. Unrealized gains and losses on investments that had been held for more than one year were included in net appreciation (depreciation) reported in prior years.

The net increase in fair value of investments for the year ended June 30, 2013 was \$836,219.

D. Risk Disclosures

Interest Rate Risk. This is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the Fund manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The Fund monitors the interest rate risk inherent in its portfolio by measuring the maturity of its portfolio.

Credit Risk. This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. That is measured by the assignment of a rating by a nationally recognized credit rating organization. The Fund's general policy is to apply the prudent-investor rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of June 30, 2013, there are no investments in any one issuer that represent 5% or more of total Agency investments.

Custodial Credit Risk. The custodial credit risk for an investment is the risk that in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. None of the City's investments were subject to custodial credit risk.

E. Investment in State Investment Pool

The Fund is a voluntary participant in the Local Agency Investment Fund (LAIF) that is regulated by the California Government Code under the oversight of the Treasurer of the State of California. The Fund relied upon information provided by the State Treasurer in estimating the Fund's fair value position of its holding in LAIF. The Fund had a contractual withdrawal value of \$496,474. The fair value change of assets invested in the LAIF was not material for presentation in the financial statements for the year ended June 30, 2013.

CITY OF ALBANY

POLICE AND FIRE RELIEF OR PENSION FUND

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2013

NOTE 2 – Cash and Investments (Continued)

The Fund's investments with LAIF at June 30, 2013 included a portion of the pooled funds invested in structured notes and asset-backed securities. Structured notes are debt securities (other than asset-backed securities) whose cash flow characteristics (coupon rate, redemption amount, or stated maturity) depend upon one or more indices and/or that have embedded forwards or options. Asset-backed securities, the bulk of which are mortgage-backed securities, entitle their purchasers to receive a share of the cash flows from a pool of assets such as principal and interest repayments from a pool of mortgages (such as CMS) or credit card receivables. As of June 30 2013, the State Treasurer had invested 1.96% of the pool's funds in structured notes and asset-backed securities.

NOTE 3 - Police and Fire Relief or Pension Fund

A. Fund Description

The Police and Fire Relief or Pension Fund ("Fund") is a sole employer defined benefit pension plan for the City of Albany's police and fire department employees hired before July 1, 1971. The Fund is closed to new participants. Participants in the fund as of June 30, 2013 are as follows:

Terminated vested participants:	
Retired	11
Disabled	9
Survivor	3
	<u>23</u>

Employees who retire, regardless of age, with 30 years of credited service are entitled to an annual retirement benefit, payable monthly for life, in an amount equal to two-thirds of the amount of the average yearly compensation attached to the rank he or she held during the most recent three years preceding retirement. A member after attaining age 50 and with 25 years credited service, may retire with an early allowance (computed in the same manner as above, but reduced by one-thirtieth for each year of service less than thirty). The Fund also provides death, disability, and survivor benefits. These benefit provisions and all other requirements are established by City Charter.

B. Funding Status and Progress

The actuarial accrued liability presented below was determined as part of an actuarial valuation at June 30, 2012 (the most recent available).

The entry age actuarial cost method and significant actuarial assumptions were used in determining the actuarial accrued liability and included: (a) a rate of return on the investment of present and future assets of 6.75 percent per year compounded annually, and (b) projected inflation rate of 2.5 percent per year.

CITY OF ALBANY

POLICE AND FIRE RELIEF OR PENSION FUND

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2013

NOTE 3 - Police and Fire Relief or Pension Fund (Continued)

B. Funding Status and Progress, Continued

Other significant assumptions underlying the actuarial computations were as follows:

Post retirement mortality
Males & Females

RP-2000, applied on a static basis, projected 7 years from the valuation date for annuitants.

The method for determining the actuarial value of assets adjusts market value to recognize, over a five-year period, the differences between assumed and actual investment return. That is, only 20 percent of realized and unrealized gains and losses are recognized in any one-year. These modified asset values are called the Actuarial Book Value.

The actuarial accrued liability and asset for participants at June 30, 2012 (most recent available) is as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Actuarial Accrued Liability</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
2012 *	\$ 11,922,744	\$ 12,710,552	\$ 787,808	94%	-	N/A

* Actuarial valuations were not done in the "off years".

An actuarial valuation of the Fund is performed as frequently as deemed necessary by the Fund's Board of Trustees, but not less than every three years. Accordingly, the next actuarial valuation is scheduled as of June 30, 2015.

C. Contribution Requirements and Contributions Made

The City Charter requires an annual contribution to the Fund equal to 18 percent of the gross wages of active fund participants; however, there are no active fund participants as of June 30, 2013 and the Fund is closed to new participants.

The funding policy of the Board of Trustees is to make a minimum contribution upon completion of the actuarial valuation, as required to amortize any unfunded liability over the expected life of the Fund. The unfunded Actuarial Liability is funded as a level dollar amount over a 15 year period from July 1, 2012.

CITY OF ALBANY

POLICE AND FIRE RELIEF OR PENSION FUND

SUPPLEMENTARY INFORMATION
JUNE 30, 2013

NOTE 3 - Police and Fire Relief or Pension Fund (Continued)

Historically the contributions have varied based on the actuarial valuation results as described below:

- Based on actuarial valuations, the Fund's assets exceeded the Fund's liabilities for fiscal years 2004-2005 through 2006-2007; therefore, no contributions were made to the Fund.
- The actuarial valuation performed as of June 30, 2009 determined the unfunded liability to be \$1,886,363; and required annual contribution to be \$194,852. The City chose to make employer's contributions of \$300,000 in the 2009-2010 and 2010-2011 fiscal years.
- The actuarial valuation performed as of June 30, 2012 determined the unfunded liability to be \$787,808 and the City made the scheduled \$82,401 contribution in fiscal year 2012-2013.

D. Trend Information

Trend information gives an indication of the progress made in accumulating sufficient assets to pay benefits when due, and an indication of whether all required contributions have been made. Assumptions used to compile data presented below are the same as those described above.

A schedule of funding status is as follows:

Actuarial Valuation Date	Actuarial Asset Value	Entry Age Actuarial Accrued Liability	Unfunded Liability/ (Excess Assets)	Funded Ratio	Annual Covered Payroll	UAAL as a Percentage of Payroll
1992	\$ 5,477,000	\$ 14,785,000	\$ 9,308,000	37%	\$ 440,540	2113%
1993	5,869,000	14,785,000	8,916,000	40%	476,607	1871%
1994	6,272,000	14,785,000	8,513,000	42%	269,989	3153%
1995	7,076,325	14,528,411	7,452,086	49%	230,459	3234%
1998*	9,613,552	14,861,531	5,247,979	65%	197,328	2660%
2000*	11,452,836	16,020,009	4,567,173	71%	162,826	2805%
2002	13,453,340	15,573,854	2,120,514	86%	79,385	2671%
2003*	14,415,847	14,950,360	534,513	96%	32,055	1667%
2006*	14,429,158	14,075,219	(353,939)	103%	-	N/A
2008**	10,939,000	12,258,000	1,319,000	89%	-	N/A
2009	12,684,186	14,570,549	1,886,363	87%	-	N/A
2012	11,922,744	12,710,552	787,808	94%	-	N/A

* The Pension System did not perform an actuarial valuation for fiscal years 1995-96, 1996-97, 1998-99, 2000-2001, 2003-2004, 2004-05, 2006-07, 2009-10, 2010-11 and 2012-13.

** The actuarial valuation was performed as of September 30, 2008.

CITY OF ALBANY

POLICE AND FIRE RELIEF OR PENSION FUND

NOTES TO FINANCIAL STATEMENTS, Continued
JUNE 30, 2013

NOTE 3 - Police and Fire Relief or Pension Fund (Continued)

Annual contributions received by the Fund were as follows:

<u>Fiscal Year</u>	<u>Employee</u>	<u>Employer</u>	<u>Employer Additional</u>	<u>Total</u>
1998-1999	\$ 18,451	\$ 18,451	\$ 943,373	\$ 980,275
1999-2000	14,798	14,798	1,046,235	1,075,831
2000-2001	11,175	11,175	1,006,065	1,028,415
2001-2002	7,199	7,199	1,164,678	1,179,076
2002-2003	2,885	2,885	1,251,176	1,256,946
2003-2004	-	-	534,513	534,513
2004-2005	-	-	-	-
2005-2006	-	-	-	-
2006-2007	-	-	-	-
2007-2008	-	-	-	-
2008-2009	-	-	-	-
2009-2010	-	-	300,000	300,000
2010-2011	-	-	300,000	300,000
2011-2012	-	-	300,000	300,000
2012-2013	-	-	82,401	82,401

CITY OF ALBANY

POLICE AND FIRE RELIEF OR PENSION FUND

SUPPLEMENTARY INFORMATION

JUNE 30, 2013

<u>Actuarial Valuation Date</u>	<u>Actuarial Asset Value</u>	<u>Entry Age Actuarial Accrued Liability</u>	<u>Unfunded Liability/ (Excess Assets)</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a Percentage of Payroll</u>
7/1/2006	14,429,158	14,075,219	(353,939)	103%	-	N/A
7/1/2009	12,684,186	14,570,549	1,886,363	87%	-	N/A
7/1/2012	11,922,744	12,710,552	787,808	94%	-	N/A

This page intentionally left blank



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

The Board of Trustees
City of Albany Police and Fire Relief or Pension Fund
Albany, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Police and Fire Relief or Pension Fund (Pension Fund), of the City of Albany, California (City), as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 23, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting in relation to Pension Fund (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify one deficiency in internal control, described in the accompanying schedule of findings and responses as FS2013-01 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Pension Fund's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item FS2013-01.

City's Response to Finding

The City's response to the finding identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Badawi & Associates
Certified Public Accountants
Oakland, California
December 23, 2013

City of Albany Police and Fire Relief or Pension Fund
Schedule of Findings and Responses
For the year ended June 30, 2013

FS2013-01 Compliance with the Investment Policy for Police and Fire Relief Pension Fund

Criteria:

The Investment Policy for Police and Fire Relief Pension Fund states “on at least an annual basis, the Investment Manager and Investment Consultant shall review the Investment Policy Statement with the Board of Trustees and provide advice to the Board of Trustees of any recommended amendments to the Investment Policy Statements”.

Condition:

The Investment Policy has never been reviewed and updated since 2004 to reflect current changes in investment activities.

Cause:

In practice, changes were individually approved by the Board of Trustees. However the Investment Policy as a document has not been updated to reflect the changes.

Context and Effect:

The City was not in compliance with the Investment Policy for Police and Fire Relief Pension Fund.

Recommendation:

We recommend the City review and update its Investment Policy for Police and Fire Relief Pension Fund on a regular basis to reflect current changes in investment activities.

Management Response:

The current Investment Policy was developed when the Plan invested in individual stocks and the Plan also retained separate firms to act as Investment Manager and Investment Advisor. The Plan has moved away from individual stocks and towards a diverse set of Mutual Funds. The Board of Trustees have documented in individual actions by the Board, changes in the investments as well as the firms used. Management concurs that it would be appropriate to reflect these changes in an adopted policy. Management Staff will recommend to the Board of Trustees that they engage an independent firm to assist with developing an updated Investment Policy.