NOTICE OF REGULAR MEETING

AGENDA
CITY OF GALVESTON EMPLOYEES' RETIREMENT FUND
FOR POLICE
TO BE HELD AT **10:00 am., TUESDAY, AUGUST 4, 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 pubic access to the location described above.

INSTRUCTIONS FOR PARTICIPATING IN THIS MEETING ARE PROVIDED BELOW.

1. Quorum Determination
2. ~~Call to order~~
3. Open Public Forum/Comment Period
4. Approve minutes of June 2, 2020 regular meeting
5. Chairman's Report
6. Report from Investment Committee and possible action, if needed
7. Discussion and possible action on request by CapTrust re: change in contractual agreements
8. Presentation of Investment Report and market analysis by CapTrust and possible action, if needed
9. Presentation and possible action on annual audit by Whitley Penn
10. Discussion and possible action on amendments to the Bylaws related to implementation of HB 2763, 86th Legislative Session
11. Presentation of compiled financial statements
12. Reminder next meeting date Tuesday, November 3, 2020
13. Board members reports/comments
14. Board members reports/comments
15. Adjournment

<u>Executive Session-Pursuant to Chapter 551, Subchapter D, Texas Government Code</u>

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).

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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: 896 1917 3737 Password 325821
Phone: 1 346 248 7799 (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 July______________________

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Janelle Williams, City Secretary

IN ACCORDANCE WITH THE PROVISIONS OF THE AMERICANS WITH DISABIITIES 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 7-30-20 4pm

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

Meeting Date
Tuesday, June 2, 2020

The following members were present:
Mike Loftin
Hal Rochkind
Richard Moore
Dan Buckley
Destin Sims
Matthew Cauley
Geoff Gainer

The following members were absent:
Andre Mitchell

Also participating was Dave Sawyer (Retirement Horizons), Stefan Smith (Locke Lord), and Lisa Miller, Madelon Leone, Christina Lechlop, Ben Napier, and Michelle Scarves (CapTrust)

It was determined that a quorum was present, and the virtual ZOOM meeting was called to order by Chair Geoff Gainer at 10:00.

It was determined that due to the nature of the virtual meeting as opposed to "live' meeting, all votes taken would be roll call votes in order to ensure accuracy.

Chairman Gainer reported that he and Dan Buckley finished the Plan funding policy and submitted to the PRB.

Dan Buckley moved approval of the minutes of the February 4, 2020 meeting. Second by Richard Moore. Roll call vote passed unanimously.

Hal Rochkind moved, with a second by Richard Moore, to ratify previously approved loans made to Officers Destin Sims and Archie Chapman. Roll call vote passed with 6 members voting yes and Officer Sims abstaining.

Richard Moore reported on the results of the Investment Committee meeting. The return for the year through April 30, 2020 was (11.71%). Richard stated that he believed the fund didn't take a bigger hit, with the reason possibly due to the investment strategy.

CapTrust discussed the changes made to the portfolio. In March Royal Caribbean and Occidental Petroleum were deleted from the portfolio; in April holdings were added in technology and health care including Intuit Surgical, Microsoft, Amazon, Lam Research and Lowes. The investment team has generally been pleased with the regulatory responses from the government, but there is still angst over the virus and US/China trade policy. The fixed income holdings assisted in insulating the portfolio from more volatility.

Richard Moore explained that our current contract with South Texas Money Management had been assigned to CapTrust. CapTrust is proposing changes to that contract by the inclusion of additional investment managers. Lisa Miller explained the new agreement would leave about 50% of the current portfolio with Cap Trust and continue to manage the balance by adding 4 additional investment managers for the balance. The current fee is .35%; the change would result in a fee of .49%. After much discussion, CapTrust agreed to lower the fee to .29% and then possibly add agreed upon layers from there. Stefan Smith noted that the first step for the Board would be to decide if it wants to change the role and type of services that it currently receives from CapTrust.

After discussion, Dan Buckley moved, with a second from Geoff Gainer, to table the agreement until the Board and the Investment Committee can evaluate further. The roll call vote passed unanimously.

Dave Sawyer presented the January 1, 2020 Actuarial Valuation Report. No changes to assumptions were made in this report other than the previously approved change in mortality schedule. The report was based on 155 members at 1/1/20 as opposed to 160 members at 1/1/19. The normal coast rate of the Plan decreased due to the change made in retirement ae for members hired after February 2019. The amortization period went from 30 years in the previous valuation to 28 years in the current valuation. Funding status increased from 34.0% to 36.4%. Dan Buckley moved to accept the valuation report; second by Richard Moore. The roll call motion passed unanimously.

The compiled financial statements for the quarter were presented. Net decrease for the quarter was (4,542,158). Professional fees will be broken down by line items in future reports.

The next regular meeting was set for Tuesday, August 5, 2020. Included on the agenda will be a revisit to updating and approving bylaws.

With no further business or requests, the meeting was adjourned at 12:00.

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Ann Masel
Plan Administrator

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: April 01, 2020 to June 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

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

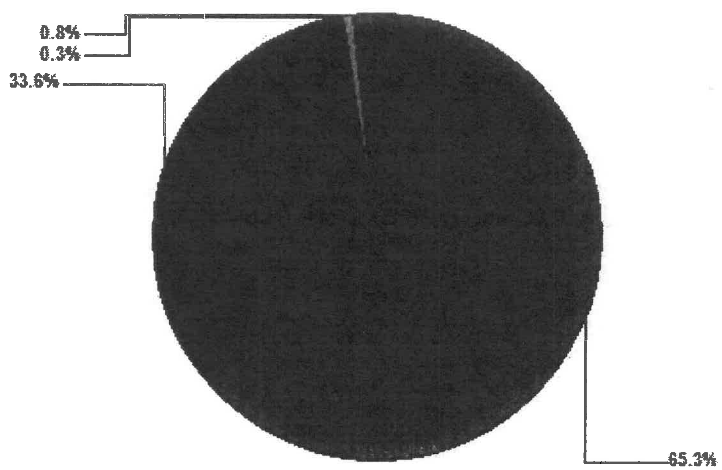
CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

Statement of Assets
Objective: Balanced
June 30, 2020

	Total Cost	Market Value	Percent of Portfolio
CASH & CASH EQUIVALENTS	150,223	150,223	.8%
EQUITY	10,924,325	12,128,406	65.3%
FIXED INCOME SECURITIES	6,059,263	6,239,092	33.6%
ACCRUED INCOME	58,958	58,958	.3%
TOTAL PORTFOLIO	17,192,769	18,576,679	100.0%

Your Portfolio Asset Allocation *



ACCRUED INCOME	0.3%
CASH & CASH EQUIVALENTS	0.8%
EQUITY	65.3%
FIXED INCOME SECURITIES	33.6%
Total:	100.0%

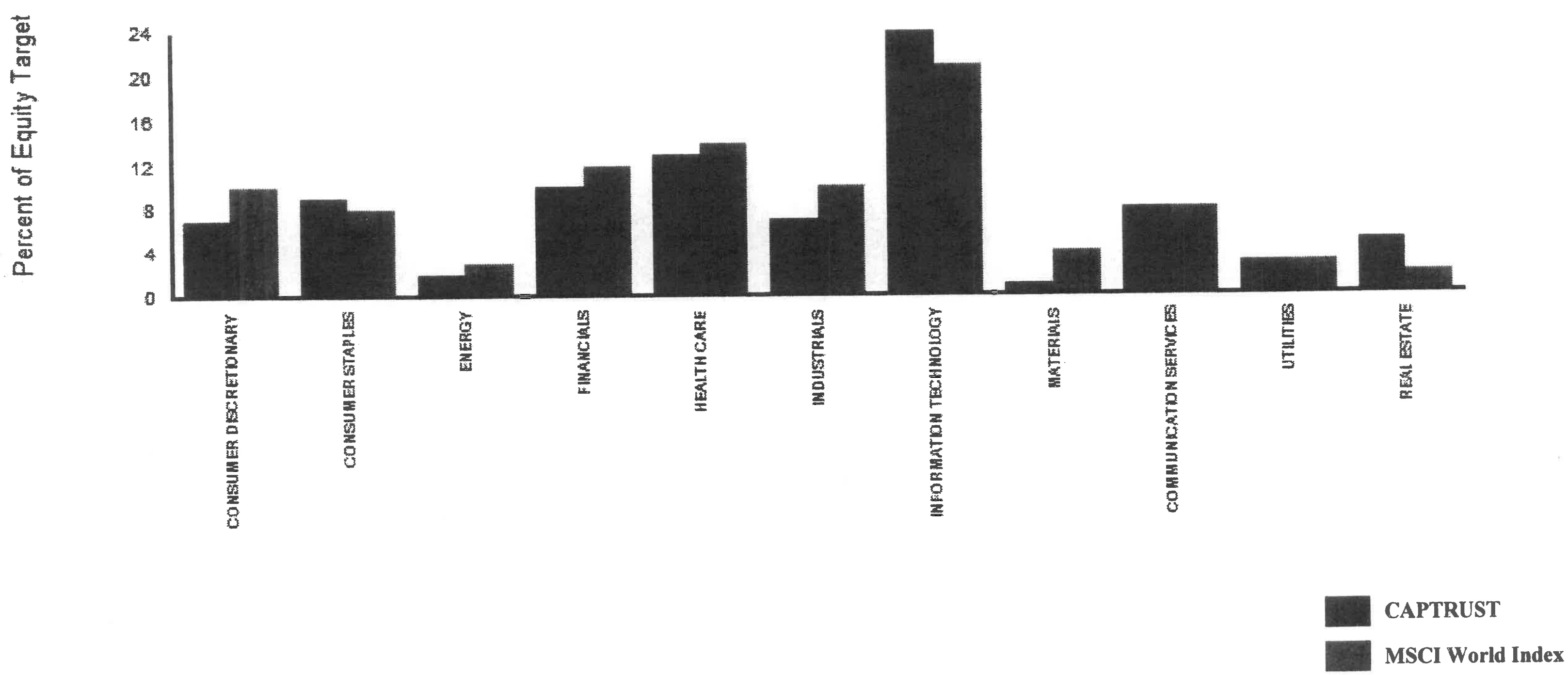
* Your asset allocation may vary from your target asset allocation.

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

Equity Sector Diversification
Versus MSCI World Index
June 30, 2020



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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

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
	CASH & CASH EQUIVALENTS									
	CASH									
	SCHWAB BANK SWEEP FOR BENEFIT PLANS		150,223	1.000	150,223	0.81	15	.01		
	TOTAL CASH		**150,223**		**150,223**	**0.81**	**15**	**0.01**		
	TOTAL CASH & CASH EQUIVALENTS		**150,223**		**150,223**	**0.81**	**15**	**0.01**		
	EQUITY									
	CONSUMER DISCRETIONARY									
269	AMAZON.COM INC	1,789.678	481,423	2,758.820	742,123	3.99	0	.00	260,699	54.15
7,705	PULTE HOMES INC	32.188	248,008	34.030	262,201	1.41	3,698	1.41	14,194	5.72
	TOTAL CONSUMER DISCRETIONARY		**729,431**		**1,004,324**	**5.41**	**3,698**	**0.37**	**274,893**	
	CONSUMER STAPLES									
5,611	GENERAL MILLS INCORPORATED	54.126	303,700	61.650	345,918	1.86	10,998	3.18	42,218	13.90
8,009	KROGER COMPANY	25.854	207,065	33.850	271,105	1.46	5,766	2.13	64,040	30.93
4,545	SYSCO CORP	55.194	250,858	54.660	248,430	1.34	8,181	3.29	(2,428)	(0.97)
2,580	WAL MART INC.	98.187	253,323	119.780	309,032	1.66	5,573	1.80	55,709	21.99
	TOTAL CONSUMER STAPLES		**1,014,945**		**1,174,485**	**6.32**	**30,518**	**2.60**	**159,540**	
	ENERGY									
2,305	CHEVRON CORP NEW	117.211	270,171	89.230	205,675	1.11	11,894	5.78	(64,496)	(23.87)
2,344	MARATHON PETROLEUM CORP	63.110	147,930	37.380	87,619	0.47	5,438	6.21	(60,311)	(40.77)
	TOTAL ENERGY		**418,101**		**293,294**	**1.58**	**17,332**	**5.91**	**(124,807)**	
	FINANCIALS									
6,296	AMERICAN INTL GROUP INC	47.482	298,946	31.180	196,309	1.06	8,059	4.11	(102,637)	(34.33)
10,635	BANK OF AMERICA CORP	25.541	271,624	23.750	252,581	1.36	7,657	3.03	(19,042)	(7.01)
4,989	BROWN & BROWN INC	35.497	177,095	40.760	203,352	1.09	1,696	.83	26,257	14.83
4,519	CITIGROUP INC	66.126	298,825	51.100	230,921	1.24	9,219	3.99	(67,904)	(22.72)
14,237	JEFFERIES FINL GROUP INC	20.368	289,981	15.550	221,385	1.19	8,542	3.86	(68,596)	(23.66)
18,005	UBS GROUP AG	13.208	237,815	11.540	207,778	1.12	3,277	1.58	(30,037)	(12.63)
	TOTAL FINANCIALS		**1,574,286**		**1,312,326**	**7.06**	**38,450**	**2.93**	**(261,960)**	
	HEALTH CARE									
1,200	AMGEN INC	182.201	218,641	235.860	283,032	1.52	7,680	2.71	64,391	29.45

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										
	HEALTH CARE (Cont.)									
3,831	EDWARDS LIFESCIENCES CORP	40.176	153,915	69.110	264,760	1.43	0	.00	110,846	72.02
5,029	GLAXOSMITHKLINE SPONSORED ADR	40.209	202,212	40.790	205,133	1.10	9,932	4.84	2,921	1.44
439	INTUITIVE SURGICAL INC	522.905	229,555	569.830	250,155	1.35	0	.00	20,600	8.97
3,039	MEDTRONIC PLC	88.865	270,059	91.700	278,676	1.50	7,050	2.53	8,617	3.19
2,785	MERCK & CO. INC.	66.930	186,400	77.330	215,364	1.16	6,795	3.16	28,965	15.54
1,776	PRA HEALTH SCIENCES INC COM	75.863	134,732	97.290	172,787	0.93	0	.00	38,055	28.24
17,817	SMILEDIRECTCLUB INC CL A COM	11.135	198,387	7.900	140,754	0.76	0	.00	(57,633)	(29.05)
	TOTAL HEALTH CARE		**1,593,901**		**1,810,662**	**9.75**	**31,458**	**1.74**	**216,761**	
	INDUSTRIALS									
854	CINTAS CORP	226.666	193,573	266.360	227,471	1.22	2,178	.96	33,899	17.51
3,189	RAYTHEON TECHNOLOGIES CORP	83.090	264,973	61.620	196,506	1.06	6,059	3.08	(68,467)	(25.84)
1,386	WATSCO INC	166.064	230,165	177.700	246,292	1.33	9,841	4.00	16,127	7.01
5,819	WERNER ENTERPRISES INC	36.957	215,053	43.530	253,301	1.36	2,095	.83	38,248	17.79
	TOTAL INDUSTRIALS		**903,764**		**923,571**	**4.97**	**20,172**	**2.18**	**19,807**	
	INFORMATION TECHNOLOGY									
999	ADOBE INC.	146.022	145,876	435.310	434,875	2.34	0	.00	288,999	198.11
2,862	BLACK KNIGHT INC COM	63.360	181,335	72.560	207,667	1.12	0	.00	26,332	14.52
1,216	BROADCOM INC COM	261.200	317,619	315.610	383,782	2.07	15,808	4.12	66,162	20.83
4,817	CIENA CORP	39.166	188,662	54.160	260,889	1.40	0	.00	72,226	38.28
4,064	FIRST SOLAR INC	55.979	227,500	49.500	201,168	1.08	0	.00	(26,332)	(11.57)
949	LAM RESEARCH CORPORATION	264.751	251,249	323.460	306,964	1.65	4,365	1.42	55,715	22.18
4,141	MICROSOFT CORP	137.891	571,008	203.510	842,735	4.54	8,448	1.00	271,726	47.59
4,955	NCR CORP NEW	25.729	127,489	17.320	85,821	0.46	0	.00	(41,668)	(32.68)
2,077	SAP AG	109.223	226,855	140.000	290,780	1.57	2,588	.89	63,925	28.18
6,075	WESTERN UNION CORP	22.727	138,064	21.620	131,342	0.71	5,468	4.16	(6,723)	(4.87)
	TOTAL INFORMATION TECHNOLOGY		**2,375,658**		**3,146,020**	**16.94**	**36,676**	**1.17**	**770,362**	
	MATERIALS									
7,203	INTERNATIONAL PAPER CO	53.108	382,539	35.210	253,618	1.37	14,766	5.82	(128,921)	(33.70)
	TOTAL MATERIALS		**382,539**		**253,618**	**1.37**	**14,766**	**5.82**	**(128,921)**	
	COMMUNICATION SERVICES									

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

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										
	COMMUNICATION SERVICES (Cont.)									
10,254	INTERPUBLIC GROUP OF COS INC	23.029	236,134	17.160	175,959	0.95	10,459	5.94	(60,175)	(25.48)
3,831	T MOBILE US INC COM	64.481	247,027	104.150	398,999	2.15	0	.00	151,971	61.52
3,056	TENCENT HOLDINGS LTD-UNS ADR	45.241	138,257	64.000	195,584	1.05	416	.21	57,327	41.46
5,345	VERIZON COMMUNICATIONS	49.424	264,172	55.130	294,670	1.59	13,149	4.46	30,498	11.54
	TOTAL COMMUNICATION SERVICES		**885,590**		**1,065,211**	**5.73**	**24,023**	**2.26**	**179,621**	
	UTILITIES									
8,599	SECTOR SPDR TRUST SBI INT-UTIL	52.657	452,795	56.430	485,242	2.61	16,794	3.46	32,447	7.17
	TOTAL UTILITIES		**452,795**		**485,242**	**2.61**	**16,794**	**3.46**	**32,447**	
	REAL ESTATE									
4,519	AMERICOLD RLTY TR COM	30.747	138,946	36.300	164,040	0.88	3,796	2.31	25,094	18.06
4,785	CYRUSONE INC	55.916	267,556	72.750	348,109	1.87	9,570	2.75	80,552	30.11
22,840	VEREIT INC	8.179	186,812	6.430	146,861	0.79	7,035	4.79	(39,951)	(21.39)
	TOTAL REAL ESTATE		**593,314**		**659,010**	**3.55**	**20,401**	**3.10**	**65,695**	
	MISCELLANEOUS									
3,831	T-MOBILE US INC RGTS EXP 7/27/2020	Unknown	Unknown	0.168	644	0.00	0	.00	Unknown	
	TOTAL MISCELLANEOUS		**0**		**644**	**0.00**	**0**		**644**	
TOTAL EQUITY			**10,924,325**		**12,128,406**	**65.29**	**254,289**	**2.10**	**1,204,081**	
FIXED INCOME SECURITIES										
	CORPORATE BONDS									
205,000	APPLE INC SR GLBL NT 2.100% 09-12-2022	99.343	203,653	103.685	212,554	1.14	4,305	2.03	8,901	4.37
200,000	COLGATE-PALMOLIVE COMPANY CB 2.250% 11-15-2022	99.688	199,376	104.349	208,698	1.12	4,500	2.16	9,322	4.68
200,000	JOHNSON & JOHNSON SR NT 3.550% 05-15-2021	101.459	202,918	102.747	205,493	1.11	7,100	3.46	2,575	1.27
200,000	MICROSOFT CORP SR NT	101.246	202,492	102.247	204,494	1.10	8,000	3.91	2,002	0.99

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

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.)									
	4.000% 02-08-2021									
100,000	ORACLE CORP SR GLBL NT1.9%21	99.424	99,424	101.687	101,687	0.55	1,900	1.87	2,263	2.28
	1.900% 09-15-2021									
50,000	PACCAR Inc CB	99.071	49,536	103.363	51,681	0.28	1,150	2.23	2,146	4.33
	2.300% 12-31-2022									
250,000	PNC BK N A PITTSBURGH PA FR	100.022	250,054	101.250	253,125	1.36	5,375	2.12	3,071	1.23
	2.150% 04-29-2021									
200,000	THE PROCTER & GAMBLE COMPANY C	99.852	199,704	100.509	201,018	1.08	3,800	1.89	1,314	0.66
	1.900% 10-23-2020									
200,000	TRAVELERS COMPANIES INC SR GLB	100.000	200,000	100.788	201,576	1.09	7,800	3.87	1,576	0.79
	3.900% 11-01-2020									
200,000	WAL-MART STORES INC NT	99.860	199,720	100.762	201,524	1.08	3,800	1.89	1,804	0.90
	1.900% 12-15-2020									
	TOTAL CORPORATE BONDS		**1,806,876**		**1,841,850**	**9.91**	**47,730**	**2.59**	**34,974**	
	MORTGAGE BACKED SECURITIES									
300,000	FNMA	102.118	306,355	105.112	278,044	1.50	7,936	2.85	(28,311)	(9.24)
	3.000% 12-01-2034									
225,000	GNMA 2 80093	Unknown	Unknown	102.551	349	0.00	0	.00	Unknown	
	2.125% 07-20-2027									
280,000	GNMA 780439	Unknown	Unknown	103.247	24	0.00	2	9.21	Unknown	
	9.500% 12-15-2021									
	TOTAL MORTGAGE BACKED SECURITIES		**306,355**		**278,416**	**1.50**	**7,938**	**2.85**	**(27,939)**	
	GOVERNMENT BONDS									
15,000	FHLB	100.060	15,009	100.314	15,047	0.08	300	1.99	38	0.25
	2.000% 12-21-2024									
	TOTAL GOVERNMENT BONDS		**15,009**		**15,047**	**0.08**	**300**	**1.99**	**38**	
	MUNICIPAL BONDS									
	Taxable									
200,000	AMARILLO TEX HOTEL OCCUPANCY T	101.697	203,394	107.577	215,154	1.16	6,140	2.85	11,760	5.78

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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.)									
	Taxable									
	3.070% 08-15-2024									
200,000	AUSTIN TEX ELEC UTIL SYS REV R	100.187	200,374	100.825	201,650	1.09	4,950	2.45	1,276	0.64
	2.475% 11-15-2020									
185,000	BARBERS HILL TEX INDPT SCH DIS	108.908	201,479	112.731	208,552	1.12	7,400	3.55	7,073	3.51
	4.000% 02-15-2026									
170,000	CENTRAL OHIO SOLID WASTE AUTH	100.005	170,009	105.515	179,376	0.97	4,335	2.42	9,367	5.51
	2.550% 12-01-2028									
100,000	COBB CNTY GA DEV AUTH REV TAXA	100.005	100,004	104.442	104,442	0.56	2,600	2.49	4,438	4.44
	2.600% 06-01-2023									
120,000	GRANT CNTY WASH PUB UTIL DIST	100.008	120,010	107.249	128,699	0.69	2,737	2.13	8,689	7.24
	2.281% 01-01-2027									
250,000	HOUSTON TEX INDPT SCH DIST G O	101.792	254,480	100.399	250,998	1.35	13,403	5.34	(3,482)	(1.37)
	5.361% 02-15-2022									
150,000	LAKE CNTY ILL CMNTY CONS SCH D	100.003	150,005	109.034	163,551	0.88	4,550	2.78	13,546	9.03
	3.033% 11-01-2024									
170,000	MADISON WIS TAXABLE GO PROM NT	99.495	169,141	106.419	180,912	0.97	3,910	2.16	11,771	6.96
	2.300% 10-01-2024									
225,000	MASSACHUSETTS ST WTR RES AUTH	98.890	222,504	107.227	241,261	1.30	5,002	2.07	18,757	8.43
	2.223% 08-01-2027									
260,000	MEMPHIS-SHELBY CNTY TENN INDL	100.766	261,991	105.270	273,702	1.47	7,231	2.64	11,711	4.47
	2.781% 11-01-2023									
200,000	NEW YORK N Y CITY TRANSITIONAL	98.610	197,220	103.115	206,230	1.11	3,700	1.79	9,010	4.57
	1.850% 05-01-2023									
200,000	NEW YORK N Y TAXABLE GO BDS 20	98.802	197,604	107.685	215,370	1.16	5,300	2.46	17,766	8.99
	2.650% 10-01-2025									
200,000	NEW YORK ST ENVIRONMENTAL FACS	100.004	200,007	104.689	209,378	1.13	5,240	2.50	9,371	4.69
	2.620% 01-15-2024									
200,000	NORTH CAROLINA MUN PWR AGY NO	100.729	201,458	103.997	207,994	1.12	5,884	2.83	6,536	3.24
	2.942% 01-01-2023									
200,000	OKLAHOMA CAP IMP AUTH ST HWY C	100.007	200,014	100.000	200,000	1.08	9,084	4.54	(14)	(0.01)
	4.542% 07-01-2023									

CAPTRUST

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

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

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									
	MUNICIPAL BONDS (Cont.)									
	Taxable									
150,000	PORT MORROW ORE TRANSMISSION F 1.909% 09-01-2023	98.003	147,004	104.195	156,293	0.84	2,864	1.83	9,289	6.32
225,000	SOUTH SAN ANTONIO TEX INDPT SC 3.500% 08-15-2023	102.966	231,673	106.281	239,132	1.29	7,875	3.29	7,459	3.22
65,000	TEXAS ST GO REF BDS C1 2.571% 08-01-2023	100.899	65,585	106.279	69,081	0.37	1,671	2.42	3,497	5.33
200,000	VIRGINIA ST PUB BLDG AUTH PUB 2.800% 08-01-2024	100.656	201,312	105.021	210,042	1.13	5,600	2.67	8,730	4.34
230,000	WICHITA KANS WTR & SWR UTIL RE 3.000% 10-01-2022	102.503	235,756	105.201	241,962	1.30	6,900	2.85	6,206	2.63
	TOTAL MUNICIPAL BONDS		**3,931,023**		**4,103,779**	**22.09**	**116,374**	**2.84**	**172,755**	
	TOTAL FIXED INCOME SECURITIES		**6,059,263**		**6,239,092**	**33.59**	**172,342**	**2.76**	**179,829**	
	ACCRUED INCOME									
	ACCRUED INCOME		58,958		58,958	0.32				
	TOTAL ACCRUED INCOME		**58,958**		**58,958**	**0.32**				
	TOTAL PORTFOLIO		**17,192,769**		**18,576,679**	**100.00**	**426,646**	**2.30**	**1,383,910**	

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

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
05/05/20	20	AMAZON.COM INC	2,335.79	46,715.74
05/05/20	1,241	MICROSOFT CORP	182.86	226,932.24
05/08/20	1,255	BROWN & BROWN INC	37.64	47,233.43
05/08/20	3,021	SMILEDIRECTCLUB INC CL A COM	7.85	23,711.83
05/11/20	3,812	SMILEDIRECTCLUB INC CL A COM	8.66	33,024.50
05/14/20	1,216	BROADCOM INC COM	261.20	317,619.44
05/15/20	854	CINTAS CORP	226.67	193,572.85
05/15/20	116	INTUITIVE SURGICAL INC	516.00	59,856.35
06/02/20	961	CITIGROUP INC	50.46	48,490.33
		EQUITY Totals:		1,779,058.44
		Total Purchases		**1,779,058.44**

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

Investment Changes

Sales / Maturities

Date Sold	Quantity	Description	Purchase Date	Total Cost ($)	Total Proceeds ($)	Gain or Loss ($) Short Term	Gain or Loss ($) Long Term
FIXED INCOME							
04/15/2020	7	GNMA 780439 9.500% 12-15-2021	UNKNOWN	UNKNOWN	7.24		UNKNOWN
05/15/2020	7	GNMA 780439 9.500% 12-15-2021	UNKNOWN	UNKNOWN	6.75		UNKNOWN
06/01/2020	95,000	DES MOINES IOWA AREA CMNTY C 2.750% 06-01-2020	12/14/2017	95,000.00	95,000.00		
06/15/2020	5	GNMA 780439 9.500% 12-15-2021	UNKNOWN	UNKNOWN	5.47		UNKNOWN
06/20/2020	4	GNMA 2 80093 2.125% 07-20-2027	UNKNOWN	UNKNOWN	3.84		UNKNOWN
		FIXED INCOME Totals:		95,000.00	95,023.30	0.00	0.00
EQUITY							
04/03/2020	0	RAYTHEON TECHNOLOGIES COR	11/20/2019	31.26	19.08	(12.18)	
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)	
05/04/2020	3,128	BP PLC ADR	12/10/2018	122,507.75	71,456.33		(51,051.42)
05/04/2020	2,950	BP PLC ADR	12/18/2018	112,630.64	67,390.08		(45,240.56)
05/04/2020	5,004	YETI HLDGS INC COM	11/20/2019	148,726.39	130,241.23	(18,485.16)	
05/04/2020	1,505	ZIMMER BIOMET HOLDINGS INC	02/11/2020	239,343.46	171,860.73	(67,482.73)	
05/07/2020	8,099	TAPESTRY INC	10/11/2019	211,930.58	118,125.35	(93,805.23)	
05/13/2020	9,464	ISHARES CORE S&P SMALL-CAP E	09/27/2017	699,569.42	543,506.46		(156,062.96)
06/01/2020	3,901	COUSINS PPTYS INC COM NEW	01/29/2020	159,392.13	123,277.07	(36,115.06)	
		EQUITY Totals:		2,428,595.83	1,915,187.15	(296,150.92)	(217,257.76)

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

Investment Changes

Sales / Maturities

Date Sold	Quantity	Description	Purchase Date	Total Cost ($)	Total Proceeds ($)	Gain or Loss ($) Short Term	Gain or Loss ($) Long Term
		Total Sales		2,523,595.83	2,010,210.45	(296,150.92)	(217,257.76)
		Year to Date Gain/Losses				(670,087.86)	(505,026.55)

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

Statement of Changes

	Period ($)	Year to Date ($)
Beginning Market Value	17,013,903	21,387,592
Contributions/Withdrawals	(620,000)	(1,245,000)
Management Fee	(15,536)	(33,530)
Income Earned	120,581	237,994
Increase/Decrease in Market Value	2,077,732	(1,770,377)
Market Value on 06/30/2020	18,576,679	18,576,679

Account Investment Performance

	Period	Year to Date
Total Account (Net of Fees)	12.95%	-7.18%
Equity	20.08%	-11.48%
Fixed Income	2.45%	3.93%

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.

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

Yearly Summary of Account Value

Year End	Market Value ($)	Net Additions & Withdrawals ($)	Fees & Expenses($)	Annual Income ($)
12/31/2017	19,940,915	3,200,646	(12,369)	70,044
12/31/2018	17,304,603	(1,580,000)	(67,089)	427,731
12/31/2019	21,387,592	925,000	(64,930)	457,367
		2,545,646		

Disclosures

Data represented on this page is from inception of the account or 2004 when South Texas Money Management, Ltd. converted to Financial Information Network (FIN), a portfolio accounting system.

This information is for informational purposes only. Please rely on the statement and Form 1099 provided by your custodian for tax purposes.

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

Market Performance

	Period	Year to Date
MSCI World Index	19.36 %	(5.77) %
S&P 500 Total Return Index	20.54 %	(3.08) %
Russell 3000 Index w/Income	22.03 %	(3.48) %
Barclays 1-10 Yr. Blend Muni Bond Index	2.69 %	2.12 %
90 Day Treasury Bill Index	0.03 %	0.60 %
Barclays Intermediate Govt./Credit Bond Index	2.81 %	5.28 %
Barclays Aggregate Bond Index	2.90 %	6.14 %
Consumer Price Index (CPI)	(0.67) %	(0.23) %
Gold (Spot Price)	9.89 %	16.73 %

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

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

CAPTRUST

REPORTING PERIOD: 04/01/2020 TO 06/30/2020

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.

City of Galveston Employees' Pension Plan for Police

Bookmark | Filter | Notes

Since Inception as of 07/23/2020

Group By: Class Asset | Expand Level - Collapse All

Manage Data Table | Trailing Returns | Year Over Year | Export

Name	As of 07/23/2020* Ending Value	Allocation	Since Inception* 08/01/2017 - 07/23/2020 Return
City of Galveston Employees' Pension Plan for Police Class Blended Benchmark	19,251,047.12	100.00%	3.61%[2,3] 2.11%
Cash & Equivalents 90 DAY TREASURY BILL	402,725.17	2.09%	0.15%[1] 0.55%
Fixed Income BBG BARC AGGREGATE BOND INDEX	6,063,646.75	31.50%	3.68%[1] 7.31%
US Equities RUSSELL INDEX 3000 WITH/DIV	11,638,590.63	60.46%	-1.73%[1] 7.84%
International Equities MSCI ACWI EX USA IMI NET IN USD	971,831.93	5.05%	10.06%[1] -0.46%
Real Estate DOW JONES US REAL ESTATE	174,252.64	0.91%	-13.80%[1] -16.00%

* Dates derived from Portfolio View date picker.
[1] Not held for the entire period
[2] Annualized return
[3] Contains historical performance data
All account returns and higher are shown net of advisory fees. Advisory fees are included in the gain/loss calculation at the account level and higher.

ECONOMIC OUTLOOK

Financial markets and some measures of economic activity have sharply improved since the first quarter. Here, we provide our perspective on the balance between the significant headwinds that remain and the tailwinds that could accelerate the economic healing process.

HEADWINDS

Virus Cases on the Rise

- Hopes for a summertime slowdown are waning as virus cases grow in some locations, prompting reopening pauses or reversals.

Growing Policy Risks

- Continued economic recovery is predicated on further fiscal stimulus, which could become more difficult as we enter a charged pre-election season.
- After a pause in U.S.-China trade conflict, we could see tensions flare as we move toward election day.

Mixed Signals: Continuing Stresses

- Unemployment will likely remain elevated, and significant swaths of the economy remain sidelined, especially those sensitive to both social distancing and recession (e.g., travel, leisure, retail, and commercial real estate).

Unprecedented Stimulus, Long-term Implications

- Open-checkbook relief programs have ballooned public debt and driven deficits to levels not seen since World War II, inciting fears of longer-term inflation and impeded growth.

TAILWINDS

The Fed in the Driver's Seat

- The Fed has shifted from crisis mode to economic support and signaled a willingness to do whatever it takes to support economic recovery.
- Stimulus tends to be reflected in financial markets before the real economy, and equity markets have responded to the Fed's massive injection of liquidity even as employment and other economic measures remain stressed.

Uneven Recovery Creates Opportunities

- The post-pandemic landscape has created winners and losers as long-term trends accelerate.
- Firms that have quickly adapted to this new environment are thriving, along with those poised to benefit from disruption in patterns of consumer and business behavior.

Mixed Signals: Signs of Recovery

- The May and June jobs reports provided strong upside surprises, fueling hope for a swifter labor market recovery.
- Other economic metrics reflect a rebound, including mobility data and consumer credit card transaction trends.

We enter the summer with significant sources of uncertainty and risk about the virus, economy, and markets. As communities and businesses begin to reopen, we expect a wide range of outcomes.

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY SCHEDULES

Year Ended December 31, 2019
with Report of Independent Auditors

DRAFT 07.28.20

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE
FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTAL SCHEDULES
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Year Ended December 31, 2019

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DRAFT 07.28.20

REPORT OF INDEPENDENT AUDITORS

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

Report on the Financial Statements

We have audited the accompanying financial statements of the City of Galveston Employees' Retirement Plan for Police (the "Plan"), a component unit of the City of Galveston, which comprise the statement of plan net position as of December 31, 2019, the related statement of changes in plan net position for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Plan's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal 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 opinion.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Plan, as of December 31, 2019, and changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary pension information on pages 3 through 4 and 18 through 23, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Houston, Texas
July 28, 2020

DRAFT 07.28.20

This section of the City of Galveston Employees' Retirement Plan for Police (the "Plan") provides an overall review of the Plan's financial activities for the year ended December 31, 2019. Readers should consider the information here in conjunction with the financial statements, notes to the financial statements and required supplementary information, in order to enhance their understanding of the Plan's financial performance.

Financial Statements

The Statement of Plan Net Position presents the Plan's assets and liabilities and the resulting net position, which is held in trust for retirement benefits. This statement reflects a year-end snapshot of the Plan's investments, at fair value, along with cash and short-term investments, receivables and other assets and liabilities. The Statement of Changes in Plan Net Position, on the other hand, provides a view of current year additions to and deductions from the Plan. The Plan is a single-employer defined benefit pension plan. The Plan is a component unit of the City of Galveston, Texas (the "City"), and, as such, its reports are included in the Fiduciary Funds of the City as restricted assets.

Financial Highlights

The Plan presents its financials solely on the accounts of the Plan. The accrual basis of accounting is used by the Plan, whereby revenues are recognized when they are earned and collection is reasonably assured, and expenses are recognized when the liability has been incurred. Investments are reported at fair value.

A summary of the Statement of Plan Net Position for the Plan is as follows (in 000's):

			Change	
	2019	**2018**	**$**	**%**
Assets				
Investments, at fair value	$ 21,625	$ 17,583	$ 4,042	23%
Receivables	353	299	54	18%
Total Assets	21,978	17,882	4,096	23%
Liabilities				
Accounts payable	26	26	-	0%
Net position - restricted for pension benefits	$ 21,952	$ 17,856	$ 4,096	23%

The Plan's net position increased by $4,096,414, or 23%, in 2019. This was due primarily to an increase in the market value of plan investments related to favorable market performance in 2019 as well as an increase in the employer contributions related to the Texas House Bill 2763.

A summary of the Statement of Changes in Plan Net Position is as follows (in 000's):

	2019	2018	Change $	Change %
Additions				
Total contributions	$ 5,308	$ 3,130	$ 2,178	70%
Net Income on Investments	3,194	(1,134)	4,328	-382%
Total Additions	8,502	1,996	6,506	326%
Deductions				
Benefits	4,107	4,275	(168)	-4%
Administrative expenses	299	409	(110)	-27%
Total Deductions	4,406	4,684	(277)	-6%
Change in net position	4,096	(2,688)	6,783	252%
Net position - restricted for pension benefits				
Beginning of Year	17,856	20,544	(2,688)	
End of Year	$ 21,952	$ 17,856	$ 4,096	23%

Additions

Investments increased overall due to favorable market conditions in 2019. The City also contributed an additional $1.7 million to the plan in 2019.

Deductions

Benefit and refunds decreased by 10% in 2019 compared to 2018 due to a higher number of refunds paid in 2018. When employees are terminated prior to retirement age, refunds are no distributed until it is requested. Refunds and rollovers will fluctuate depending on the number of those leaving and the timing of the request.

Economic Factors and Next Year's Contributions

As of January 1, 2019, the City's rate increased to 17% of payroll. In October 2019, that rate increased to 18%. The employer contributions are to be made at the beginning of the employer's fiscal year and based on the estimated base salaries for the City's fiscal year-end September 30, 2020. Member contribution rates remained the same at 12%. In March 2020, the market declined significantly due to Covid-19. It is expected that the plan will see a decrease in market value overall with an increase in the realized and unrealized losses.

Contacting the Plan's Financial Management

This financial report is designed to provide members and other users with a general overview of the Plan's finances and to show the Plan's accountability for the funds it receives. If you have questions about this report, you may contact the Plan's Administrator at 1011 Tremont, Galveston, TX 77550 or by phone at 409-765-9311.

DRAFT 07.28.20

BASIC FINANCIAL STATEMENTS

DRAFT 07.28.20

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

STATEMENT OF PLAN NET POSITION

December 31, 2019

Assets	
Investments at fair value:	
Money market funds	$ 264,183
Government agencies	321,623
Bonds	5,775,109
Domestic equities	12,133,014
Exchange traded funds	2,448,548
Real estate investment trusts	682,560
Total investments at fair value	21,625,037
Receivables:	
Accounts Receivable	75,000
Accrued interest and dividends	55,327
Promissory notes from participants	223,027
Total Receivables	353,354
Total Assets	21,978,391
Liabilities	
Accounts payable	25,580
Net position - restricted for pension benefits	$ 21,952,811

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See accompanying notes to the financial statements.

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE
STATEMENT OF CHANGES IN PLAN NET POSITION
***For the year ended** December 31, 2019*

Additions	
Contributions:	
Employer	$ 3,803,070
Employees	1,504,688
Total contributions	5,307,758
Investment income:	
Net change in investments	2,764,933
Interest and dividends	497,134
Less investment expenses	(68,267)
Net investment income	3,193,800
Total Additions	8,501,558
Deductions	
Benefits:	
Retirement	4,058,480
Survivor	30,900
Disability	18,000
Administrative expenses	297,764
Total Deductions	4,405,144
Change in net position	4,096,414
Net position restricted for pension benefits	
Net position - beginning	17,856,397
Net position - ending	$ 21,952,811

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See accompanying notes to the financial statements.

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE
NOTES TO THE FINANCIAL STATEMENTS

A. Description of the Plan

The City of Galveston Employees' Retirement Plan for Police (the "Plan"), a component unit of the City of Galveston, is a single-employer defined benefit pension plan created by City ordinance to provide retirement and incidental benefits for employees of the City of Galveston, Texas, Police Department.

The Plan is qualified under Sections 401(a) and 414(h)(2) of the Internal Revenue Code of 1986, as amended (the "Code"), and the members' contributions to the Plan qualify as tax-deferred contributions under Code Section 414(h). The Plan has been designed as a "governmental plan" by the U.S. Department of Labor and, thus, is not subject to the provisions of Title I of the Employee Retirement Income Security Act of 1974 ("ERISA").

Effective November 20, 1998, the Galveston City council adopted Article 6243p of the Texas Revised Civil Statutes (the "Statutes") thereby providing for the replacement of the provisions of the City Code pertaining to the Plan with those of the Statute as the authority governing the Plan. The Plan was amended and restated effective January 1, 2009, to acknowledge the authority of Article 6243p of the Texas Revised Civil Statutes, as amended from time to time; to incorporate amendments to the Prior Plan; and to comply with changes in the law.

All full-time employees of the City of Galveston Police Department are eligible to participate in the Plan. Eligible employees, who were members of the previous plan on November 30, 1980, were given a one-time option of electing to participate as of December 1, 1980. Participation is mandatory for eligible employees hired on and after December 1, 1980.

Plan Administration

A Plan Administrator appointed by a seven-participant Board of Trustees administers the Plan. Some of the more significant responsibilities of the Plan Administrator are:

- to construe and interpret the Plan, decide all questions of eligibility and determine the amount, manner and time of payment of any benefits under the Plan;
- to receive from the City and from Participants such information as shall be necessary for the proper administration of the Plan;
- to receive and review the periodic valuation of the Plan made by the Plan's actuary;
- to receive and review reports of the financial condition and of the receipts and disbursements of the Trust Fund from the Trustee;
- to appoint or employ for the Plan any agent he deems advisable, including, but not limited to, legal counsel, accountants, consultants and actuaries;
- to adopt such rules and regulations for the administration of the Plan as he deems necessary or desirable, with such rules and regulations being subject to review by the Board.

Retirement Benefits

For employees with retirement benefits commencing after June 30, 2008, *Group A* consists of members with 15 or more years of service as of January 1, 2006, who were members as of June 30, 2008. *Group B* consists of members who either (a) had less than 15 years of service as of January 1, 2006, and who were members as of June 30, 2008, or (b) were employed on or after July 1, 2008.

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A. Description of the Plan - continued

Retirement Benefits (continued)

Normal and Late Retirement - Eligibility is attainment of age 65. Benefits for Group B members will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years. Benefits for Group A members shall be the greater of (i) the monthly amount determined as 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, and (ii) the sum of the Preserved Benefit and Post Transition Accrued Benefit payable after the Member attains age sixty-five (65).

Early Pension - Eligibility for an unreduced early pension for Group A members is attainment of age 45 with 20 years of service. Eligibility for an unreduced early pension for Group B members is attainment of age 50 with 20 years of service. Unreduced early retirement benefits for Group B members will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years. Eligibility for a Group A or Group B member for a reduced early pension is attainment of age 55 with between 10 and 20 years of service, or age 62. Reduced early pension benefits will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, reduced by 1/180th for each of the first 60 months and 1/360th for each of the next 60 months by which the starting date of the benefits precedes the normal retirement date.

Special Early Pension - Eligibility for special early pension benefits for Group B members is completion of 20 or more years of service and attainment of age 45, but before attainment of age 50. Benefits will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, reduced by 1/180th for each month by which the starting date of payments precedes the first of the month immediately following the member's 50th birthday. Eligibility for special early pension benefits for Group A members is either (a) completion of at least 20, but less than 25, years of service and attainment of age 45 or (b) 25 or more years of service regardless of age. Benefits will be equal to the member's choice of (i) 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, (ii) the sum of his Preserved Benefit and his Post Transition Accrued Benefit, with one sum payable prior to age sixty-five (65) and a lower sum payable after age sixty-five (65), or (iii) a level monthly Pension that is the Actuarial Equivalent of the leveling option.

The leveling option would maintain the same benefit payment throughout retirement. The payment under this leveling option shall be the actuarial equivalent of the member's early retirement pension or special early retirement pension otherwise payable.

A member shall be eligible for a deferred vested pension if his employment is terminated for reasons other than death, disability or any of the aforementioned retirement provisions on or after five (5) or more years of service. Payment of the deferred vested pension is to commence at age sixty-five (65). If the member has completed at least 10, but less than 20, years of service, the deferred vested pension may commence at age 55. Payment of the deferred vested pension for a Group B member who has completed at least 20 years of service may commence at age 50. Payment of the deferred vested pension for a Group A member who has completed at least 20, but less than 25, years of service may commence at age 45.

A. Description of the Plan - continued

Severance Benefits

The minimum severance benefit is a refund of the member's accumulated contributions. After becoming eligible to receive benefits, a retired member may elect to receive a refund of his contribution accumulation, if any. Such election must be made prior to the commencement of any benefit payments, and the member forfeits any further rights or benefits under the Plan. Payments of a member's contribution accumulation and other single-sum benefits shall be paid in one lump sum or in installments without interest accruing thereon.

Disability Benefits

A member, regardless of age and years of service, terminated by reason of total and permanent disability, is eligible for a monthly pension, payable until death or when the disability ceases, whichever occurs earlier, commencing upon the latter of certification of the disability or 90 days after date of disability. The pension amount prior to age sixty-five (65) is calculated at 60% of the member's monthly rate of pay at the time of the disability, reduced by any primary social security benefits actually paid to the member and workers' compensation or any other disability payments. The pension amount will not exceed One Thousand Five Hundred Dollars ($1,500) per month. On and after age sixty-five (65), the pension amount is calculated as for normal retirement benefits assuming a constant rate of pay and service from disability to age sixty-five (65).

Death Benefits

The minimum in-service death benefit after completing five (5) years of service will be Two Thousand Five Hundred Dollars ($2,500) or the Participant's contribution accumulation, whichever is greater, less any payments paid to or on behalf of the deceased.

The Plan provides for a monthly pension for a surviving spouse or dependent children, if the Participant should die while actively employed and has completed five (5) or more years of service. The monthly benefit, commencing on the first day of the month after the date of death, payable for life or until remarriage, whichever occurs earlier, is equal to fifty percent (50%) of the normal retirement benefits considering average compensation and service at date of death. In the event of surviving children and no surviving spouse, or surviving dependent children upon the death of the surviving spouse, each dependent child is eligible for a monthly pension, payable until the attainment of age eighteen (18) or until such child's death prior to attaining age eighteen (18). If there is more than one child under the age eighteen (18), then such benefit is divided proportionately among those children under age eighteen (18) at the time of Participant's death.

The spouses of members who die after commencement of a normal, early, special early or disability retirement will receive a monthly pension for life equal to fifty percent (50%) of the pre- and post-age sixty-five (65) [or sixty-two (62) for those who retired before January 1, 1998] benefit.

The spouse of a disabled member who dies prior to age sixty-five (65) will receive a monthly pension equal to fifty percent (50%) of the monthly pension the deceased would have received had the member worked up to the date of death at his rate of pay in effect at the time disability. The total benefit payments payable shall not be less than the member's total contribution accumulation or Two Thousand Five Hundred ($2,500), whichever is larger.

A. Description of the Plan - continued

Participation Summary Data

Below is a summary of the participant data for the Plan as of December 31, 2019, the date of the Plan's last actuarial valuation:

Retirees and beneficiaries receiving benefits	143
Terminated and vested	33
Disabled	1
Active Employees	155
Total Participants	332

Contributions

On May 2, 2019, the Legislature of the State of Texas passed House Bill No 2763 ("HB 2763") relating to the police pension fund in certain municipalities. HB 2763 establishes requirements that a municipality must offset any negative financial impact to the fund, as determined by the actuary, caused solely by an action taken by the municipality, including a reduction in the number of police officers. The municipality will be required to provide additional funding to the police pension fund by making contribution increases until the negative impact is eliminated, as determined by the actuary. The bill also provides that current contribution rates (18 percent by the City and 12 percent by active plan members) will remain in place until January 1, 2025. After that time, any future deficit caused by forces beyond the City's control, including economic downturn, will result in any increased net pension liability being treated as a separate liability and split between the City and the plan members in the form of mandatory contributions. Therefore, the City and plan members are mandated to keep the plan's amortization period under 30 years beginning in 2020.

HB 2763 also establishes minimum contribution levels. The City must contribute to the police pension fund 18 percent of payroll based on authorized staffing levels, as approved by the City Council and Collective Bargaining Agreement. The City shall calculate the difference between the actual payroll and the payroll in which the initial contribution was based and make a contribution to the police pension fund to cover the deficiency of the initial contribution. Furthermore, the rate of contributions to the police pension fund may not be reduced, nor shall a new benefit payable be established, if the change results in an increase to the amortization period of the unfunded actuarial liability that exceeds 25 years.

B. Summary of Significant Accounting Policies

Basis of Accounting

The Plan's financial statements are prepared using the accrual basis of accounting.

Contributions

Plan Participant contributions are recognized in the period in which the contributions are due. Employer contributions are recognized when due and the employer has made a formal commitment to provide the contributions.

B. Summary of Significant Accounting Policies - continued

Benefit payments

Benefits and refunds are recognized when due and payable in accordance with the terms of the Plan.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value

Plan investments are presented at fair value or estimated fair value. Fair value measurements are based on the hierarchy established by generally accepted accounting principles.

Investments are reported at fair value. Fair value measurements are based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

Administrative Expenses

The Plan pays all administrative expenses incurred in the administration of the Plan, including expenses and fees of the trustee. All fees are paid from the trust fund. Expenses are recorded when incurred.

Refunds Paid

Participants are eligible for a refund of their contributions upon termination of service. No interest is paid on refunds. Terminated employees must request a refund of contributions. Contribution refunds are recorded when paid.

C. Cash, Investments and Related Activity

Cash and Cash Equivalents

The Plan considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash equivalents consist of money market funds. Cash balances were covered by federal depository insurance or by collateral held by the Plan's agent in the Plan's name.

Investments

The Plan's investment policy provides for investments in fixed income securities and equities. Statutes of the State of Texas authorize the Plan to invest surplus funds in a manner provided by the Government Code, Chapter 802, Subchapter C.

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C. Cash, Investments and Related Activity - continued

Investments are reported at fair value. Fair value measurements are based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; level 3 inputs are significant unobservable inputs.

The Plan's investments at fair value measurements at December 31, 2019 are as follows:

Plan Asset	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	% of Total Portfolio
Money market funds	$ 264,183	$ 264,183	$ -	$ -	1%
Government agencies	321,623		321,623		2%
Bonds	5,775,109	5,775,109	-	-	27%
Domestic equities	12,133,014	12,133,014	-	-	56%
Exchange traded funds	2,448,548	2,448,548	-	-	11%
Real estate investment trusts	682,560	682,560			3%
	$ 21,625,037	$ 21,303,414	$ 321,623	$ -	100%

Realized Gains and Losses

During 2019, the Plan realized a gain of $726,167 from the sale of investments. The calculation of realized gains and losses is independent of the calculation of the net increase or decrease in the fair value of investments. Realized gains and losses on investments that have been held in more than one fiscal year and sold in the current year may have been recognized as an increase or decrease in the fair value of investments reported in the prior year. The net increase in the fair value of investments during 2019 was $3,219,758. This amount takes into account all changes in fair value that occurred during the year. The unrealized gain on investments held at year-end was $2,035,678.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Plan will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Plan, and are held by either the counterparty or the counterparty's trust department or agent but not in the Plan's name. At December 31, 2019, the Plan's investments that were not subject to custodial credit risk were the investments in U.S. Government Agencies, corporate and foreign bonds and common equity securities, as they are registered in the name of the Plan and held by the agent.

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C. Cash, Investments and Related Activity - continued

Concentration of Credit Risk

The allocations of assets among various asset classes are set by the board. The Plan will contract with investment managers to use different investment approaches but maintain a balanced portfolio. Statutes of the State of Texas authorize the Plan to invest surplus funds in a manner provided by the Government Code, Chapter 802, Subchapter C. The Plan provides that no more than 65% of the total trust will be invested in corporate stocks, and that no more than 5% of the Plan will be invested in corporate bonds or stocks issued by any one corporation. The fund shall not invest in commodities and futures contracts, private placements, options or derivatives. The Plan's portfolio at December 31, 2019, is allocated in the following manner:

Plan Asset	Fair Value	Percentage of Total Portfolio
Money market funds	$ 264,183	1%
Government agencies	321,623	1%
Bonds	5,775,109	27%
Domestic equities	12,133,014	56%
Exchange traded funds	2,448,548	11%
Real estate investment trusts	682,560	4%
	$ 21,625,037	100%

Rate of Return
For the year ended December 31, 2019, the annual money-weighted rate of return on pension plan investments, net of pension plan investment expense, was 18.01 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Investments – continued

Interest Rate Risk

The Plan's investment policy does not address interest rate risk beyond the applicable investments above as defined by state statutes and provisions. Information about the exposure of the Plan's debt-type investments to this risk, using the segmented time distribution model is as follows:

		Investment Maturities (in Years)			
Investment Type	Fair Value	Less Than 1	1-5	6-10	More than 10
Government Agencies	$ 321,623	$	$ 15,038	$ 369	$ 306,216
Corporate Bonds	1,823,476	-	1,823,476	-	-
Municipal Bonds	3,951,633	-	3,153,824	797,809	-
	$ 6,096,732	$	$ 4,992,338	$ 798,178	$ 306,216

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C. Cash, Investments and Related Activity - continued

Credit Risk

Generally, credit risk is the risk that an issuer of a debt-type investment will not fulfill its obligations to the holder of the investment. This is measured by assignment of a rating by a nationally-recognized rating organization. The Plan's investment policy allows for investment in bonds rated BBB (or equivalent) or better. The Plan's debt investments' ratings at December 31, 2019, are presented below:

		Quality Ratings			
Rated Debt Investments	Fair Value	Aaa/A1	A2-A3	Baa1-Baa3	Unrated
Government Agencies	$ 321,623	$ 14,964	$ -	$ -	$ 306,659
Corporate Bonds	1,823,476	766,834	1,056,642	-	-
Municipal Bonds	3,951,587	2,139,711	930,216	-	881,660
	$ 6,096,686	$ 2,921,509	$ 1,986,858	$ -	$ 1,188,319

D. Net Pension Liability

The components of the net pension liability of the plan at December 31, 2019 were as follows:

Total pension liability	$59,113,656
Plan fiduciary net position	21,952,811
Plan net pension liability	$37,160,845
Plan fiduciary net position as a pecertage of the total pension liability	37.14%

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D. Net Pension Liability- continued

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of January 1, 2020 using the following actuarial assumptions:

Investment rate of return	7.00%
Inflation rate	
Administrative expense	0.95% of payroll
Salary increases	4.00% per annum for wage inflation

The mortality assumption is based on the Society of Actuaries (SOA) Public Safety mortality tables with generational improvement using the MP-2019 longevity projection scale.

Long-Term Expected Rate of Return

The long-term expected rate of return on pension plan investments was determined using a building block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of December 31, 2019 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset Class	Long-term Expected Real Rate of
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 contribution 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.

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D. Net Pension Liability – continued

Sensitivity of 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 7.00% 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net Pension Liability	$ 44,491,136	$ 37,160,845	$ 31,089,925

E. Tax Status

The Plan obtained its latest determination letter dated June 9, 2011, in which the Internal Revenue Service stated that the Plan, as then designed, was in compliance with the applicable requirements of the Internal Revenue Code Section 401(a) and that, therefore, the Plan is tax-exempt.

F. Plan Termination

Although the Board has not expressed any intent to terminate the Plan, upon complete or partial termination of the Plan, each affected Member's accrued benefit, based on his years of Service and Average Monthly Compensation prior to that date of such termination, shall become fully vested and non-forfeitable to the extent then funded.

G. Risks and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of net assets available for benefits.

H. Commitments and Contingencies

As described in Note A, eligible participants are entitled to payment of their accumulated contributions upon termination. As of December 31, 2019, aggregate contributions were approximately $10.9 million.

I. Administrative Expenses

Administrative expenses are paid from Plan assets and were comprised of the following for the year ended December 31, 2019:

Actuarial services	$ 59,950
Professional fees	237,814
	$ 297,764

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REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

REQUIRED SUPPLEMENTARY INFORMATION

Last Eight Years

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

	2019	2018	2017	2016
Total pension liability				
Service costs	$ 1,622,016	$ 1,258,499	$ 1,073,161	$ 1,106,580
Interest	3,979,593	3,897,882	3,932,216	3,834,917
Differences between expected and actual experience	(138,553)	(992,542)	(358,201)	519,531
Changes of assumptions	(95,499)	5,113,954	2,398,032	223,990
Benefit payments, including refunds of member contributions	(4,107,380)	(4,275,151)	(4,547,830)	(4,322,870)
Net change in total pension liability	1,260,177	5,002,642	2,497,378	1,362,148
Total pension liability - beginning	57,853,479	52,850,837	50,353,459	48,991,311
Total pension liability - ending {a}	$ 59,113,656	$ 57,853,479	$ 52,850,837	$ 50,353,459
Plan fiduciary net position				
Contributions - employer	$ 3,803,070	$ 1,713,305	$ 1,486,691	$ 1,255,887
Contributions - member	1,504,688	1,417,069	1,371,859	1,255,887
Net investment income	3,193,800	(1,134,295)	2,607,946	1,493,582
Benefit payments, inclduing refunds of member contributions	(4,107,380)	(4,275,151)	(4,548,030)	(4,322,871)
Administrative expenses	(297,764)	(408,688)	(159,126)	(126,110)
Net change in plan fiduciary net position	4,096,414	(2,687,760)	759,340	(443,625)
Plan fiduciary net position - beginning	17,856,397	20,544,157	19,784,817	20,228,442
Plan fiduciary net position - ending {b}	21,952,811	17,856,397	20,544,157	19,784,817
Net pension liability - ending {a} - {b}	$ 37,160,845	$ 39,997,082	$ 32,306,680	$ 30,568,642
Fiduciary net position as a percentage of the total pension liability	37.1%	30.9%	38.9%	39.3%
Covered employee payroll	$ 12,539,068	$ 11,808,927	$ 11,432,183	$ 10,465,725
Fund's net pension liability as a percentage of covered employee payroll	296.4%	338.7%	282.6%	292.1%
Annual money-weighted rate of return, net of investment expense	18.01%	-5.74%	13.68%	7.75%

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

Note: GASB 67 was implemented in fiscal year 2014, therefore information for entire ten years is not available. Calculations were performed beginning with fiscal year 2012

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

REQUIRED SUPPLEMENTARY INFORMATION

Last Eight Years

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

	2015	2014	2013	2012
Total pension liability				
Service costs	$ 1,054,361	$ 1,140,739	$ 1,102,269	$ 993,168
Interest	3,646,049	3,669,170	3,680,250	3,562,223
Differences between expected and actual experience	157,590	(502,743)	(1,187,769)	341,329
Changes of assumptions	590,641	(2,527,532)	55,368	386,446
Benefit payments, including refunds of member contributions	(4,114,277)	(3,808,422)	(3,864,220)	(3,772,922)
Net change in total pension liability	1,334,364	(2,028,788)	(214,102)	1,510,244
Total pension liability - beginning	47,656,947	49,685,735	49,899,837	48,389,593
Total pension liability - ending {a}	$ 48,991,311	$ 47,656,947	$ 49,685,735	$ 49,899,837
Plan fiduciary net position				
Contributions - employer	$ 1,257,637	$ 1,240,469	$ 1,114,126	$ 1,117,059
Contributions - member	1,254,637	1,240,469	1,113,812	1,153,530
Net investment income	(486,296)	1,101,143	3,283,808	1,671,225
Benefit payments, inclduing refunds of member contributions	(4,114,277)	(3,808,422)	(3,864,219)	(4,066,072)
Administrative expenses	(86,285)	(85,937)	(113,501)	(86,605)
Net change in plan fiduciary net position	(2,174,584)	(312,278)	1,534,026	(210,863)
Plan fiduciary net position - beginning	22,403,026	22,715,304	21,181,278	21,392,141
Plan fiduciary net position - ending {b}	20,228,442	22,403,026	22,715,304	21,181,278
Net pension liability - ending {a} - {b}	$ 28,762,869	$ 25,253,921	$ 26,970,431	$ 28,718,559
Fiduciary net position as a percentage of the total pension liability	41.3%	45.7%	42.4%	42.4%
Covered employee payroll	$ 10,455,308	$ 10,337,242	$ 9,281,758	$ 9,612,750
Fund's net pension liability as a percentage of covered employee payroll	275.1%	290.6%	298.8%	298.8%
Annual money-weighted rate of return, net of investment expense	-2.26%	4.96%	16.03%	3.59%

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

Note: GASB 67 was implemented in fiscal year 2014, therefore information for entire ten years is not available. Calculations were performed beginning with fiscal year 2012

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CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

REQUIRED SUPPLEMENTARY INFORMATION

Last Ten Years

Schedule of the City of Galveston's Contributions

	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,803,070	$ 1,713,305	$ 1,486,691	$ 1,255,887	$ 1,257,637
Contributions in relation to the contractually required contribution	3,803,070	1,713,305	1,486,691	1,255,887	1,257,637
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	$ 12,539,068	$ 11,432,183	$ 10,465,725	$ 10,455,308	$ 10,455,308
Contributions as a percentage of covered payroll	30.3%	15.0%	14.2%	12.0%	12.0%

	2014	2013	2012	2011	2010
Contractually required contribution	$ 1,240,469	$ 1,114,126	$ 1,117,059	$ 1,070,099	$ 1,229,688
Contributions in relation to the contractually required contribution	1,240,469	1,114,126	1,117,059	1,070,099	1,229,688
Contribution deficiency (excess)	-	-	-	-	-
Covered payroll	$ 10,337,242	$ 9,281,758	$ 9,612,750	$ 8,917,493	$ 10,247,408
Contributions as a percentage of payroll	12.0%	12.0%	11.6%	12.0%	12.0%

Contributions to the Fund are based on negotiations between the members 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. The City's contribution rate increased to 14.83% of member payroll. Member contributions are 12.00%.

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE
REQUIRED SUPPLEMENTARY INFORMATION
Year Ended December 31, 2019

Notes to Schedule of Contributions

Valuation date:	January 1, 2020	January 1, 2019
Methods and assumptions used to determine contribution rates:		
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.	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	<u>The Entry Age Normal Actuarial Cost Method</u>. 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 PBVS 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.	<u>The Entry Age Normal Actuarial Cost Method</u>. 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 PBVS 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.
Amortization method	The unfunded actuarial accrued liability is assumed to be funded by level percent contributions of employee valuation payroll based on an assumed annual payroll growth of 3.5% per year.	The unfunded actuarial accrued liability is assumed to be funded by level percent contributions of employee valuation payroll based on an assumed annual payroll growth of 3.5% per year.
Investment rate of return	7.00%	7.00%
Inflation rate		
Administrative expense	0.95% of payroll	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%	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	10% of base pay
Payroll Growth	3.5% per annum	3.5% 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)	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)
Mortality Rates:	PubS-2010 Employee and Healthy Annuitant mortality tables projected generationally with Scale MP-2019. For post-retirement spouse mortality, PubS-2010 Healthy Annuitant (opposite gender) mortality projected generationally with Scale MP-2019. All disabled members are assumed to be male using PubS-2010 Male Disability mortality tables and their spouses are assumed to be female using PubS-2010 Female Healthy Annuitant mortality tables both projected generationally with Scale MP-2019.	PubS-2010 Employee and Healthy Annuitant mortality tables projected generationally with Scale MP-2018. For post-retirement spouse mortality, PubS-2010 Healthy Annuitant (opposite gender) mortality projected generationally with Scale MP-2018. All disabled members are assumed to be male using PubS-2010 Male Disability mortality tables and their spouses are assumed to be female using PubS-2010 Female Healthy Annuitant mortality tables both projected generationally with Scale MP-2018.

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Valuation date:	January 1, 2017	January 1, 2016
Methods and assumptions used to determine contribution rates:		
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.	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	The Entry Age Normal Actuarial Cost Method. 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 PBVS 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.	The Entry Age Normal Actuarial Cost Method. 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 PBVS 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.
Amortization method	The unfunded actuarial accrued liability is assumed to be funded by level percent contributions of employee valuation payroll based on an assumed annual payroll growth of 3.5% per year.	The unfunded actuarial accrued liability is assumed to be funded by level percent contributions of employee valuation payroll based on an assumed annual payroll growth of 3.5% per year.
Investment rate of return	7.50%	8.00%
Inflation rate		
Administrative expense	0.50% per annum	0.50% per annum
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%	4.00% per annum for wage inflation 6.24% 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 — 10.24% 6 - 10 — 6.08% 11 - 15 — 5.56% 16+ — 4.00%
Overtime Pay	10% of base pay	10% of base pay
Payroll Growth	3.5% per annum	4.0% 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)	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)
Mortality Rates:	RP-2014 Blue Collar Mortality Table for males and females with generational projection using Scale MP-2015	RP-2014 Blue Collar Mortality Table for males and females with generational projection using Scale MP-2015

BYLAWS OF THE

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

§ 1. The Plan

These bylaws are made and adopted for the regulation of the affairs and the performance of the functions of the City of Galveston Employees' Retirement Plan for Police (the "Plan"), authorized and existing pursuant to Article 6243p of the Texas Revised Civil Statutes ("Art. 6243p").

§ 2. General Powers

The activities, property, and affairs of the Plan will be managed by its Board of Trustees (the "Board"), which may exercise all powers and do all lawful acts permitted by the Constitution and statutes of the State of Texas, Art. 6243p, and these bylaws.

§ 3. Board of Trustees

(a) The Board shall be composed of eight (8) Trustees as follows:

(1) The current president of Galveston Municipal Police Association (the "Association President"), or the Association President's designee, to serve during the Association President's term of office, unless otherwise provided by the Constitution and bylaws of said Association or Art. 6243p;

(2) Two (2) Trustees appointed by the City Manager from time to time for an indefinite term;

(3) Two (2) Trustees appointed by the Galveston City Council for staggered three-year terms; and

(4) Three (3) Trustees elected by members of the Plan for staggered three-year terms.

(b) The election of the three Trustees by members of the Plan shall be by a secret ballot vote. The three (3) initial Trustees elected hereunder shall determine their respective terms by a plurality of votes received, i.e. the Trustee who accrued the largest number of votes shall serve for 3 years, the next for 2 years and the third for 1 year. Thereafter, an election every year shall determine a new Trustee for a three year term.

(c) Each Trustee of the Board shall, at the first board meeting following the Trustee's most recent election or appointment, take the official oath of office and subscribe to the anti-bribery statement prescribed by the Texas Constitution. Trustees shall file their executed oath of offie and anti-bribery statements with the Plan.

(d) A member of the Board serves until a successor is selected and qualified. A vacancy occurring by death, resignation, or removal is filled in the same manner used to fill the position being vacated. A person appointed or elected to fill a position vacated by death, resignation, or removal serves the remainder of the term, if any, for the position being vacated, at which time the person may be reappointed or stand for election for a full term.

(e) Trustees qualified to serve under applicable law and these bylaws may be reappointed following the expiration of their terms. Except as otherwise provided by applicable law, there is no limitation on the number of terms a Trustee may serve.

§ 4. Qualifications of Trustees

(a) All Trustees will have and maintain the qualifications set forth in this § 4 and in Art. 6243p.

(b) All appointments to the Board shall be made without regard to disability, sex, religion, age, or national origin.

(c) All Trustees must have:

(1) demonstrated financial, accounting, business, investment, budgeting, or actuarial experience, which may be satisified by at least five years of full-time employment experience working in a field described by this Subsection (c)(1); or

(2) a bachelor 's degree from an accredited institution of higher education; or

(d) In lieu of the requirements under Subsection (c), a committee of two (2) Trustees (the "Qualifications Committee") may vet a proposed Trustee to verify that the person is capable of performing the duties and responsibilities of a Trustee under Art. 6243p and determined qualified for designation or election, as appropriate, to the Board.

(1) The Qualifications Committee shall be composed of the Trustee serving under Section 3(a)(1) and one of the Trustees serving under Section (a)(2).

(2) In the event the Qualifications Committee is unable to reach a consensus on a particular determination under Section (d), ________________________.

§ 5. Fiduciary Duties

(a) The Trustees shall discharge their duties solely in the interest of the Plan participants and beneficiaries:

(1) for the exclusive purposes of:

(A) providing benefits to participants and their beneficiaries; and

(B) defraying reasonable expenses of administering the Plan;

(2) with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;

(3) by diversifying the investments of the Plan to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(4) in accordance with the documents and instruments governing the Plan.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the Trustees must act prudently and in the interest of the participants and beneficiaries of the Plan.

(c) A Trustee is not liable for the acts or omissions of an investment manager appointed under § 802.204 of the Texas Government Code, nor is a Trustee obligated to invest or otherwise manage any asset of the Plan subject to management by the investment manager.

(d) An investment manager appointed under § 802.204 of the Texas Government Code shall acknowledge in writing the manager's fiduciary responsibilities to the Plan.

§ 6. Resignation and Removal

Any Trustee other than the Association President may resign at any time after the expiration of thirty (30) days from the date written notice of resignation is delivered to the person or entity who appointed or elected such Trustee. A Trustee other than the Association President may be removed at the time by the person or entity who appointed or elected such Trustee upon the action of such person or entity and delivery of thirty (30) days' notice in writing to the Trustee being removed. Notice of resignation or removal may be waived by any party by execution of a written waiver. If a Trustee should resign or be removed, then such person or entity who appointed or elected such Trustee shall appoint or elect a successor Trustee by an instrument in writing, a copy of which shall be delivered to the resigning or removed Trustee, the successor Trustee, the City, the Association, and the Board.

§ 7. Compensation of Trustees

Trustees shall serve without compensation, but will be reimbursed for their actual expenses of attending each meeting of the Board and for such other expenses as may be reasonably incurred in their carrying out the duties and functions as set forth herein.

§ 8. Conflict of Interest

A Trustee shall not: (a) accept or solicit any gift, favor, or service that might reasonably tend to influence that Trustee in the discharge of official duties on behalf of the Plan or that the Trustee knows or should know is being offered with the intent to influence the Trustee's official conduct; or (b) accept other compensation that could reasonably be expected to impair the Trustee's independence of judgment in the performance of the Trustee's official duties. Trustees shall familiarize themselves and comply with all applicable laws regarding conflicts of interest, including Chapters 171 and 176 of the Texas Local Government Code and any conflict of interest policy adopted by the Board.

§ 9. Trustee Training Program

(a) Trustees shall comply with the requirement to complete training on the Plan's responsibilities and the Trustee's obligations on the following information:

(1) the laws governing the Plan's operations, including but not limited to Art. 6243p;

(2) the programs, functions, rules, and budget of the Plan;

(3) the scope of and limitations on the rulemaking authority of the Board;

(4) the results of the most recent actuarial valuation of the Plan; and

(5) the Open Meetings Act as provided by 551.005 of the Texas Government Code.;

(6) the Public Information Act as provided by section 552.012 of the Texas Government Code;

(7) laws relating to administrative procedure, and disclosing conflicts of interest; and

(8) other laws applicable to a Trustee in performing the Trustee 's duties, including the Board's fiduciary duty to hold and administer the assets of the fund for the exclusive benefit of members and their beneficiaries under Section 802.203, Government Code, Section 67(f), Article XVI, Texas Constitution, and any other applicable law.

(b) The training required under this Section 9 shall be prepared and administered by the Plan's legal counsel.

§ 10. Meetings

All regular meetings of the Board shall be held at a specific site, date, and time to be determined by the Chairman. The Chairman may postpone any regular meeting if it is determined that such meeting is unnecessary or that a quorum will not be achieved, but no fewer than four regular meetings shall be held during each calendar year. Special meetings and emergency meetings of the Board may be called, upon proper notice, at any time by the Chairman or at the request of any three Trustees. Special meetings and emergency meetings shall be held at such time and place as is specified by the Chairman, if the Chairman calls the meeting, or by the three Trustees, if they call the meeting. The Chairman shall set the agendas for meetings of the Board, except that: (1) the agendas of meetings called by three Trustees shall be set by those Trustees; and (2) at the request of any three Trustees, an item shall be added to the agenda of a regular meeting or a meeting called by the Chairman.

§ 11. Voting; Quorum

A majority of the Trustees constitutes a quorum, and the vote of a majority of the Trustees present at a meeting at which a quorum is present will be necessary for any action taken by the Board. No vacancy in the membership of the Board will impair the right of a quorum to exercise all of the rights and to perform all of the duties of the Board. Therefore, if a vacancy occurs, a majority of the Trustees then serving in office will constitute a quorum.

§ 12. Procedure

All meetings of the Board and its committees shall be conducted in accordance with Robert's Rules of Order pursuant to statutorily proper notice of meeting posted as provided by law. The Chairman at any time may change the order of items to be considered from that set forth in the notice of meeting, provided that all agenda items that require a vote by the Board shall be considered at the meeting for which they have been posted. To the extent procedures prescribed by applicable statutes or these bylaws conflict with Robert's Rules of Order, the statutes or these bylaws shall govern.

§ 13. Executive Committee

The Plan shall establish an Executive Committee, consisting of the officers of the Plan as identified in § 18, and such other member(s) as the Chairman may direct, provided that the number of members must be an odd number. Meetings of the Executive Committee shall be conducted on no less than three days notice to the Executive Committee members. A majority of the members of the Executive Committee constitutes a quorum of the Committee, and the vote of a majority of the members present at a meeting at which a quorum is present will be necessary for any action taken by the Executive Committee. Minutes shall be kept of all meetings of the Executive Committee. Consistent with § 14, the Executive Committee shall have and may exercise all of the authority of the Board, subject to the limitations imposed by applicable law; provided, however, that the Executive Committee shall not enter into or approve any contract, nor authorize the expenditure of funds on behalf of the Plan, except to the extent explicitly authorized in a resolution of the Board. Actions requiring Board approval shall be submitted to the Board as recommendations of the Executive Committee.

§ 14. Additional Committees

The Chairman at any time may designate from among the Trustees one or more ad hoc or standing committees, each of which shall be comprised of two or more Trustees, and may designate one or more Trustees as alternate members of such committees, who may, subject to any limitations imposed by the Chairman, replace absent or disqualified members at any meeting of that committee. The Chairman serves as a non-voting, ex-officio member of each committee; provided, however, that the Chairman may serve as a regular voting member of a committee in the event that he or she so designates. If approved by a resolution passed by a majority vote of the Board, a committee shall have and may exercise all of the authority of the Board, to the extent provided in such resolution and subject to the limitations imposed by applicable law; provided that no Committee shall be authorized to enter into or approve any contract, nor authorize the expenditure of funds on behalf of the Plan, except to the extent explicitly authorized in a resolution of the Board. Absent explicit delegation of such authority in a resolution of the Board, all contracts and expenditures of the Plan shall be made by the Board. The Chairman shall appoint the chairman of each committee, as well as Trustees to fill any vacancies in the membership of the committees.

At the next regular meeting of the Board following the Chairman's formation of a committee, the Chairman shall deliver to the Trustees a written description of the committee, including (a) the name of the committee, (b) whether it is an ad hoc or standing committee, (c) its assigned function(s) and/or task(s), (d) whether it is intended to have a continuing existence or to dissolve upon the completion of a specified task and/or the occurrence of certain events, (e) the Trustees designated as members and alternate members of the committee, and its chairman, and (f) such other information as requested by any Trustee. The Executive Director shall enter such written description into the official records of the Plan. The Chairman shall provide a written description of any subsequent changes to the name, function, tasks, term, or composition of any committee in accordance with the procedure described in the preceding two sentences. A committee also may be formed by a majority vote of the Board, which vote (and not the Chairman) also shall specify the committee's chairman and provide the descriptive information otherwise furnished by the Chairman in accordance with the preceding three sentences.

A meeting of any committee formed pursuant to this § 14 may be called by the Chairman, the chairman of the applicable committee, or by any two members of the committee. All committees shall keep regular minutes of their proceedings and report to the Board as required. The designation of a committee of the Board and the delegation thereto of authority shall not operate to relieve the Board, or any Trustee, of any responsibility imposed upon the Board or the individual Trustee by law. To the extent applicable, the provisions of these bylaws relating to meetings, quorums, meetings by telephone, and procedure shall govern the meetings of the Board's committees.

§ 15. Notice of Meetings

Notice of each meeting of the Board shall be posted in accordance with the Texas Open Meetings Act, and sent by mail, electronic mail, or facsimile to all Trustees entitled to vote at such meeting at least seventy-two hours prior to the start of such meeting. If sent by mail, such notice will be deemed delivered when it is deposited in the United States mail with sufficient postage prepaid. If sent by electronic mail or facsimile, the notice will be deemed delivered when transmitted properly to the correct e-mail address or number. Such notice of meetings also may be given by telephone, provided that the Chairman or Vice-Chairman, or their designee speaks personally to the applicable Trustee to give such notice.

§ 16. Waiver of Notice

Whenever any notice is required to be given to any Trustee by statute or by these bylaws, a written waiver of such notice signed by the person or persons entitled to such notice, whether before or after the time required for such notice, shall be deemed equivalent to the giving of such notice.

§ 17. Attendance as Waiver

Attendance of a Trustee at a meeting of the Board or a committee thereof will constitute a waiver of notice of such meeting, except that a Trustee will not be considered in attendance when the Trustee appears at such a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

§ 18. Officers

The officers of the Plan shall consist of a Chairman and a Vice Chairman. The individuals elected as officers shall not be compensated for their service as officers. However, officers shall be reimbursed for all expenses incurred in conducting proper Plan business and for travel expenses incurred in the performance of their duties.

§ 19. Election and Term of Office

Subject to § 20 of these bylaws, the officers of the Plan will be elected by the Board for a term equal to the length of the term for which the Trustee was appointed or in the case of the Trustee appointed under § 3(a)(3) of these bylaws, for a term of three years. The election of officers to succeed officers whose terms have expired shall be by a vote of the Trustees of the Plan at the first meeting of the Plan held after February 1 of each year or at such other meeting as the Board determines.

§ 20. Removal and Vacancies

Each officer shall hold office until a successor is chosen and qualified, or until the officer's death, resignation, or removal, or, in the case of a Trustee serving as an officer, until such officer ceases to serve as a Trustee. Any officer may resign at any time upon giving written notice to the Board. Any officer may be removed from service as an officer at any time, with or without cause, by the affirmative vote of a majority of the Trustees of the Plan. The Trustees of the Plan may at any meeting vote to fill any officer position vacated due to an event described in this § 20 for the remainder of the unexpired term.

§ 21. Chairman

The Chairman must be a Trustee of the Plan. The Chairman shall appoint all committees of the Board as specified in these bylaws (except as otherwise provided in § 14 of these bylaws), call all regular meetings of the Board, and preside at and set the agendas for all meetings of the Board (except as provided in the concluding sentence of § 10 of these bylaws). The Chairman shall perform the duties of the Executive Director during such times as the position of Executive Director is vacant.

§ 22. Vice Chairman

The Vice Chairman must be a Trustee of the Plan. During the absence or disability of the Chairman, upon the Chairman's resignation or death (and pending the election of a successor new Chairman), or upon the Chairman's request, the Vice Chairman shall perform the duties and exercise the authority and powers of the Chairman.

§ 23. Administrators

The chief administrator of the Plan shall be the Executive Director. Other administrators may be appointed by the Executive Director with the consent of the Board. All such administrators, except for the Executive Director, shall perform such duties and have such powers as may be assigned to them by the Executive Director or as set forth in Board resolutions. Any administrator may be removed, with or without cause, at any time by the Executive Director. All administrators will be reimbursed for expenses incurred in performance of their duties as approved by the Executive Director.

§ 24. Executive Director

(a) The Executive Director will be selected by the Board and shall serve at the pleasure of the Board, performing all duties assigned by the Board and implementing all resolutions adopted by the Board. The Chairman shall perform the duties of the Executive Director during such times as the position of Executive Director is vacant.

(b) In addition, the Executive Director:

(1) shall be responsible for general management, hiring and termination of employees, and day-to-day operations of the Plan;

(2) shall be responsible for preparing draft reports required by law or are otherwise necessary to fulfill obligations of the Plan;

(3) at the invitation of the City of Galveston, shall appear, before the City Council to respond to questions and receive comments regarding the Plan's operations;

(4) may execute inter-agency and interlocal contracts and service contracts approved by the Board;

(5) may execute contracts, contract supplements, and purchase orders not exceeding amounts established in resolutions of the Board; and

(6) shall have such obligations and authority as may be described in one or more resolutions enacted from time to time by the Board.

(c) The Executive Director may delegate the foregoing duties and responsibilities as the Executive Director deems appropriate, provided such delegation does not conflict with applicable law or any express direction of the Board.

§ 25. Indemnification by the Plan

Any person made a party to or involved in any litigation, including any civil, criminal or administrative action, suit or proceeding, by reason of the fact that such person is or was a Trustee, officer, or employee of the Plan or by reason of such person's alleged negligence or misconduct in the performance of his or her duties as such Trustee, officer, or employee shall be indemnified by the Plan, to the extent funds are lawfully available and subject to any other limitations that exist by law, against liability and the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with any action therein, except in relation to matters as to which it is adjudged that such Trustee, officer, or employee is liable for gross negligence or willful misconduct in the performance of his or her duties. A conviction or judgment entered in connection with a compromise or settlement of any such litigation shall not by itself be deemed to constitute an adjudication of liability for such gross negligence or willful misconduct. The right to indemnification will include the right to be paid by the Plan for expenses incurred in defending a proceeding in advance of its final disposition in the manner and to the extent permitted by the Board in its sole discretion. In addition to the indemnification described above that the Plan shall provide a Trustee, officer or employee, the Plan may, upon approval of the Board in its sole discretion, indemnify a Trustee, officer, or employee under such other circumstances against liability and reasonable expenses, including attorneys' fees, incurred in connection with any claim asserted against him or her in said party's capacity as a Trustee, officer, or employee of the Plan, subject to any limitations that exist by law. Any indemnification by the Plan pursuant to this § 25 shall be evidenced by a resolution of the Board.

§ 26. Expenses Subject to Indemnification

As used herein, the term "expenses" includes fines or penalties imposed and amounts paid in compromise or settlement of any such litigation only if:

(a) independent legal counsel designated by a majority of the Board, excluding those Trustees who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought, shall have advised the Board that, in the opinion of such counsel, such Trustee, officer, or other employee is not liable to the Plan for gross negligence or willful misconduct in the performance of his or her duties with respect to the subject of such litigation; and

(b) a majority of the Trustees shall have made a determination that such compromise or settlement was or will be in the best interests of the Plan.

§ 27. Procedure for Indemnification

Any amount payable by way of indemnity under these bylaws may be determined and paid pursuant to an order of or allowance by a court under the applicable provisions of the laws of the State of Texas in effect at the time and pursuant to a resolution of a majority of the Trustees, other than those who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought. In the event that all of the Trustees are made parties to such litigation, a majority of the Board shall be authorized to pass a resolution to provide for legal expenses for the entire Board.

§ 28. Additional Indemnification

The right of indemnification provided by these bylaws shall not be deemed exclusive of any right to which any Trustee, officer, or employee may be entitled, as a matter of law, and shall extend and apply to the estates of deceased Trustees, officers, or employees.

§ 29. Contracts and Purchases

All contracts and purchases on behalf of the Plan shall be entered into and made in accordance with rules of procedure prescribed by the Board and applicable laws and rules of the State of Texas and its agencies.

§ 30. Sovereign Immunity

Unless otherwise required by law, the Plan will not by agreement or otherwise waive or impinge upon its sovereign immunity.

§ 31. Fiscal Year

The fiscal year for the Plan shall be from January 1 to December 31.

§ 32. Amendments to Bylaws

Except as may be otherwise provided by law, these bylaws may be amended, modified, altered, or repealed in whole or in part, at any regular meeting of the Board after ten (10) days advance notice has been given by the Chairman to each Trustee of the proposed change. These bylaws may not be amended at any special or emergency meeting of the Board.

BYLAWS OF THE

CITY OF GALVESTON EMPLOYEES' RETIREMENT PLAN FOR POLICE

§ 1. The Plan

These bylaws are made and adopted for the regulation of the affairs and the performance of the functions of the City of Galveston Employees' Retirement Plan for Police (the "Plan"), authorized and existing pursuant to Article 6243p of the Texas Revised Civil Statutes ("Art. 6243p").

§ 2. General Powers

The activities, property, and affairs of the Plan will be managed by its Board of Trustees (the "Board"), which may exercise all powers and do all lawful acts permitted by the Constitution and statutes of the State of Texas, Art. 6243p, and these bylaws.

§ 3. Board of Trustees

(a) The Board shall be composed of ~~seven~~eight (~~7~~8) Trustees as follows:

(1) ~~Current~~The current president of Galveston Municipal Police Association (the "Association President"), or the Association President's designee, to serve during the Association President's term of office, unless otherwise provided by the Constitution and bylaws of said Association or Art. 6243p;

(2) ~~One (1) Trustee who is a representative of the City of Galveston's financial staff. Such Trustee shall be~~Two (2) Trustees appointed by the City Manager from time to time for an indefinite term;

~~(3) One (1) Trustee appointed by the Mayor of Galveston for a two-year term;~~

(3) ~~(4) One~~Two (~~1~~2) ~~Trustee~~Trustees appointed by the Galveston City Council for ~~a two~~staggered three-year ~~term~~terms; and

(4) ~~(5)~~ Three (3) Trustees elected by members of the Plan for staggered three-year terms.

(b) The election of the three Trustees by members of the Plan shall be by a secret ballot vote. The three (3) initial Trustees elected hereunder shall determine their respective terms by a plurality of votes received, i.e. the Trustee who accrued the largest number of votes shall serve for 3 years, the next for 2 years and the third for 1 year. Thereafter, an election every year shall determine a new Trustee for a three year term~~. Persons standing for election for such positions shall be and shall remain members of the Galveston Police Department~~.

(c) Each Trustee of the Board shall, at the first board meeting following the Trustee's most recent election or appointment, take the official oath of office and subscribe to the anti-bribery statement prescribed by the Texas Constitution. Trustees shall file their executed oath of offie and anti-bribery statements with the Plan.

(d) A member of the Board serves until a successor is selected and qualified. A vacancy occurring by death, resignation, or removal is filled in the same manner used to fill the position being vacated. A person appointed or elected to fill a position vacated by death, resignation, or removal serves the remainder of the term, if any, for the position being vacated, at which time the person may be reappointed or stand for election for a full term.

(e) Trustees qualified to serve under applicable law and these bylaws may be reappointed following the expiration of their terms. Except as otherwise provided by applicable law, there is no limitation on the number of terms a Trustee may serve.

§ 4. Qualifications of Trustees

(a) All Trustees will have and maintain the qualifications set forth in this § 4 and in Art. 6243p.

(b) All appointments to the Board shall be made without regard to disability, sex, religion, age, or national origin.

(c) ~~Each Trustee appointed by the Mayor or Galveston City Council must be a legally qualified voter in the City at the time of their appointment.~~ All Trustees must have:

(1) demonstrated financial, accounting, business, investment, budgeting, or actuarial experience, which may be satisified by at least five years of full-time employment experience working in a field described by this Subsection (c)(1); or

(2) a bachelor 's degree from an accredited institution of higher education; or

(d) In lieu of the requirements under Subsection (c), a committee of two (2) Trustees (the "Qualifications Committee") may vet a proposed Trustee to verify that the person is capable of performing the duties and responsibilities of a Trustee under Art. 6243p and determined qualified for designation or election, as appropriate, to the Board.

(1) The Qualifications Committee shall be composed of the Trustee serving under Section 3(a)(1) and one of the Trustees serving under Section (a)(2).

[BO1]: Who will decide which of the two Trustees appointed by the City Manager will make this determination? Case by case basis or the same Trustee everytime this determination needs to be made?

(2) In the event the Qualifications Committee is unable to reach a consensus on a particular determination under Section (d). ______________.

§ 5. Fiduciary Duties

(a) The Trustees shall discharge their duties solely in the interest of the Plan participants and beneficiaries:

Adopted February 6, 2018
Amended ________, 2019

~~AUS:0101948/00000:729145v5~~

(1) for the exclusive purposes of:

(A) providing benefits to participants and their beneficiaries; and

(B) defraying reasonable expenses of administering the Plan;

(2) with the care, skill, prudence, and diligence under the prevailing circumstances that a prudent person acting in a like capacity and familiar with matters of the type would use in the conduct of an enterprise with a like character and like aims;

(3) by diversifying the investments of the Plan to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so; and

(4) in accordance with the documents and instruments governing the Plan.

(b) In choosing and contracting for professional investment management services and in continuing the use of an investment manager, the Trustees must act prudently and in the interest of the participants and beneficiaries of the Plan.

(c) A Trustee is not liable for the acts or omissions of an investment manager appointed under § 802.204 of the Texas Government Code, nor is a Trustee obligated to invest or otherwise manage any asset of the Plan subject to management by the investment manager.

(d) An investment manager appointed under § 802.204 of the Texas Government Code shall acknowledge in writing the manager's fiduciary responsibilities to the Plan.

§ 6. Resignation and Removal

Any Trustee other than the Association President may resign at any time after the expiration of thirty (30) days from the date written notice of resignation is delivered to the person or entity who appointed or elected such Trustee. A Trustee other than the Association President may be removed at the time by the person or entity who appointed or elected such Trustee upon the action of such person or entity and delivery of thirty (30) days' notice in writing to the Trustee being removed. Notice of resignation or removal may be waived by any party by execution of a written waiver. If a Trustee should resign or be removed, then such person or entity who appointed or elected such Trustee shall appoint or elect a successor Trustee by an instrument in writing, a copy of which shall be delivered to the resigning or removed Trustee, the successor Trustee, the City, the Association, and the Board.

§ 7. Compensation of Trustees

Trustees shall serve without compensation, but will be reimbursed for their actual expenses of attending each meeting of the Board and for such other expenses as may be reasonably incurred in their carrying out the duties and functions as set forth herein.

§ 8. Conflict of Interest

A Trustee shall not: (a) accept or solicit any gift, favor, or service that might reasonably tend to influence that Trustee in the discharge of official duties on behalf of the Plan or that the Trustee knows or should know is being offered with the intent to influence the Trustee's official conduct; or (b) accept other compensation that could reasonably be expected to impair the Trustee's independence of judgment in the performance of the Trustee's official duties. Trustees shall familiarize themselves and comply with all applicable laws regarding conflicts of interest, including Chapters 171 and 176 of the Texas Local Government Code and any conflict of interest policy adopted by the Board.

§ 9. ~~Additional Obligations of Trustees~~Trustee Training Program

(a) Trustees shall comply with the requirement to complete training on the Plan's responsibilities ~~under~~ and the Trustee's obligations on the following information:

(1) the laws governing the Plan's operations, including but not limited to Art. 6243p;

(2) the programs, functions, rules, and budget of the Plan;

(3) the scope of and limitations on the rulemaking authority of the Board;

(4) the results of the most recent actuarial valuation of the Plan; and

(5) the Open Meetings Act ~~and~~ as provided by 551.005 of the Texas Government Code.;

(6) the Public Information Act as provided by ~~§§ 551.005 and~~section 552.012 of the Texas Government Code;

(7) laws relating to administrative procedure, and disclosing conflicts of interest; and

(8) other laws applicable to a Trustee in performing the Trustee 's duties, including the Board's fiduciary duty to hold and administer the assets of the fund for the exclusive benefit of members and their beneficiaries under Section 802.203, Government Code, Section 67(f), Article XVI, Texas Constitution, and any other applicable law.

(b) The training required under this Section 9 shall be prepared and administered by the Plan's legal counsel.

[BO2]: NTD how this should be handled. Can a Trustee participate in a meeting before completing the training? If so, how long do they have to complete?

§ 10. Meetings

All regular meetings of the Board shall be held at a specific site, date, and time to be determined by the Chairman. The Chairman may postpone any regular meeting if it is determined that such meeting is unnecessary or that a quorum will not be achieved, but no fewer than four regular meetings shall be held during each calendar year. Special meetings and emergency meetings of the Board may be called, upon proper notice, at any time by the Chairman or at the request of any three Trustees. Special meetings and emergency meetings shall be held at such time and place as is specified by the Chairman, if the Chairman calls the meeting, or by the three Trustees, if they call the meeting. The Chairman shall set the agendas for meetings of the Board, except that: (1) the agendas of meetings called by three Trustees shall be set by those Trustees; and (2) at the request of any three Trustees, an item shall be added to the agenda of a regular meeting or a meeting called by the Chairman.

§ 11. Voting; Quorum

A majority of the Trustees constitutes a quorum, and the vote of a majority of the Trustees present at a meeting at which a quorum is present will be necessary for any action taken by the Board. No vacancy in the membership of the Board will impair the right of a quorum to exercise all of the rights and to perform all of the duties of the Board. Therefore, if a vacancy occurs, a majority of the Trustees then serving in office will constitute a quorum.

§ 12. Procedure

All meetings of the Board and its committees shall be conducted in accordance with Robert's Rules of Order pursuant to statutorily proper notice of meeting posted as provided by law. The Chairman at any time may change the order of items to be considered from that set forth in the notice of meeting, provided that all agenda items that require a vote by the Board shall be considered at the meeting for which they have been posted. To the extent procedures prescribed by applicable statutes or these bylaws conflict with Robert's Rules of Order, the statutes or these bylaws shall govern.

§ 13. Executive Committee

The Plan shall establish an Executive Committee, consisting of the officers of the Plan as identified in § 18, and such other member(s) as the Chairman may direct, provided that the number of members must be an odd number. Meetings of the Executive Committee shall be conducted on no less than three days notice to the Executive Committee members. A majority of the members of the Executive Committee constitutes a quorum of the Committee, and the vote of a majority of the members present at a meeting at which a quorum is present will be necessary for any action taken by the Executive Committee. Minutes shall be kept of all meetings of the Executive Committee. Consistent with § 14, the Executive Committee shall have and may exercise all of the authority of the Board, subject to the limitations imposed by applicable law; provided, however, that the Executive Committee shall not enter into or approve any contract, nor authorize the expenditure of funds on behalf of the Plan, except to the extent explicitly authorized in a resolution of the Board.

Actions requiring Board approval shall be submitted to the Board as recommendations of the Executive Committee.

§ 14. Additional Committees

The Chairman at any time may designate from among the Trustees one or more ad hoc or standing committees, each of which shall be comprised of two or more Trustees, and may designate one or more Trustees as alternate members of such committees, who may, subject to any limitations imposed by the Chairman, replace absent or disqualified members at any meeting of that committee. The Chairman serves as a non-voting, ex-officio member of each committee; provided, however, that the Chairman may serve as a regular voting member of a committee in the event that he or she so designates. If approved by a resolution passed by a majority vote of the Board, a committee shall have and may exercise all of the authority of the Board, to the extent provided in such resolution and subject to the limitations imposed by applicable law; provided that no Committee shall be authorized to enter into or approve any contract, nor authorize the expenditure of funds on behalf of the Plan, except to the extent explicitly authorized in a resolution of the Board. Absent explicit delegation of such authority in a resolution of the Board, all contracts and expenditures of the Plan shall be made by the Board. The Chairman shall appoint the chairman of each committee, as well as Trustees to fill any vacancies in the membership of the committees.

At the next regular meeting of the Board following the Chairman's formation of a committee, the Chairman shall deliver to the Trustees a written description of the committee, including (a) the name of the committee, (b) whether it is an ad hoc or standing committee, (c) its assigned function(s) and/or task(s), (d) whether it is intended to have a continuing existence or to dissolve upon the completion of a specified task and/or the occurrence of certain events, (e) the Trustees designated as members and alternate members of the committee, and its chairman, and (f) such other information as requested by any Trustee. The Executive Director shall enter such written description into the official records of the Plan. The Chairman shall provide a written description of any subsequent changes to the name, function, tasks, term, or composition of any committee in accordance with the procedure described in the preceding two sentences. A committee also may be formed by a majority vote of the Board, which vote (and not the Chairman) also shall specify the committee's chairman and provide the descriptive information otherwise furnished by the Chairman in accordance with the preceding three sentences.

A meeting of any committee formed pursuant to this § 14 may be called by the Chairman, the chairman of the applicable committee, or by any two members of the committee. All committees shall keep regular minutes of their proceedings and report to the Board as required. The designation of a committee of the Board and the delegation thereto of authority shall not operate to relieve the Board, or any Trustee, of any responsibility imposed upon the Board or the individual Trustee by law. To the extent applicable, the provisions of these bylaws relating to meetings, quorums, meetings by telephone, and procedure shall govern the meetings of the Board's committees.

§ 15. Notice of Meetings

Notice of each meeting of the Board shall be posted in accordance with the Texas Open Meetings Act, and sent by mail, electronic mail, or facsimile to all Trustees entitled to vote at such meeting at least seventy-two hours prior to the start of such meeting. If sent by mail, such notice will be deemed delivered when it is deposited in the United States mail with sufficient postage prepaid. If sent by electronic mail or facsimile, the notice will be deemed delivered when transmitted properly to the correct e-mail address or number. Such notice of meetings also may be given by telephone, provided that the Chairman or Vice-Chairman, or their designee speaks personally to the applicable Trustee to give such notice.

§ 16. Waiver of Notice

Whenever any notice is required to be given to any Trustee by statute or by these bylaws, a written waiver of such notice signed by the person or persons entitled to such notice, whether before or after the time required for such notice, shall be deemed equivalent to the giving of such notice.

§ 17. Attendance as Waiver

Attendance of a Trustee at a meeting of the Board or a committee thereof will constitute a waiver of notice of such meeting, except that a Trustee will not be considered in attendance when the Trustee appears at such a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

§ 18. Officers

The officers of the Plan shall consist of a Chairman and a Vice Chairman. The individuals elected as officers shall not be compensated for their service as officers. However, officers shall be reimbursed for all expenses incurred in conducting proper Plan business and for travel expenses incurred in the performance of their duties.

§ 19. Election and Term of Office

Subject to § 20 of these bylaws, the officers of the Plan will be elected by the Board for a term equal to the length of the term for which the Trustee was appointed or in the case of the Trustee appointed under § 3(a)(~~1~~3) of these bylaws, for a term of three years. The election of officers to succeed officers whose terms have expired shall be by a vote of the Trustees of the Plan at the first meeting of the Plan held after February 1 of each year or at such other meeting as the Board determines.

§ 20. Removal and Vacancies

Each officer shall hold office until a successor is chosen and qualified, or until the officer's death, resignation, or removal, or, in the case of a Trustee serving as an officer, until such officer ceases to serve as a Trustee. Any officer may resign at any time upon giving written notice to the Board. Any officer may be removed from service as an officer at any time, with or without cause, by the affirmative vote of a majority of the Trustees of the Plan. The Trustees of the Plan may at any meeting vote to fill any officer position vacated due to an event described in this § 20 for the remainder of the unexpired term.

§ 21. Chairman

The Chairman must be a Trustee of the Plan. The Chairman shall appoint all committees of the Board as specified in these bylaws (except as otherwise provided in § 14 of these bylaws), call all regular meetings of the Board, and preside at and set the agendas for all meetings of the Board (except as provided in the concluding sentence of § 10 of these bylaws). The Chairman shall perform the duties of the Executive Director during such times as the position of Executive Director is vacant.

§ 22. Vice Chairman

The Vice Chairman must be a Trustee of the Plan. During the absence or disability of the Chairman, upon the Chairman's resignation or death (and pending the election of a successor new Chairman), or upon the Chairman's request, the Vice Chairman shall perform the duties and exercise the authority and powers of the Chairman.

§ 23. Administrators

The chief administrator of the Plan shall be the Executive Director. Other administrators may be appointed by the Executive Director with the consent of the Board. All such administrators, except for the Executive Director, shall perform such duties and have such powers as may be assigned to them by the Executive Director or as set forth in Board resolutions. Any administrator may be removed, with or without cause, at any time by the Executive Director. All administrators will be reimbursed for expenses incurred in performance of their duties as approved by the Executive Director.

§ 24. Executive Director

(a) The Executive Director will be selected by the Board and shall serve at the pleasure of the Board, performing all duties assigned by the Board and implementing all resolutions adopted by the Board. The Chairman shall perform the duties of the Executive Director during such times as the position of Executive Director is vacant.

(b) In addition, the Executive Director:

(1) shall be responsible for general management, hiring and termination of employees, and day-to-day operations of the Plan;

(2) shall be responsible for preparing draft reports required by law or are otherwise necessary to fulfill obligations of the Plan;

(3) at the invitation of the City of Galveston, shall appear, before the City

Council to respond to questions and receive comments regarding the Plan's operations;

(4) may execute inter-agency and interlocal contracts and service contracts approved by the Board;

(5) may execute contracts, contract supplements, and purchase orders not exceeding amounts established in resolutions of the Board; and

(6) shall have such obligations and authority as may be described in one or more resolutions enacted from time to time by the Board.

(c) The Executive Director may delegate the foregoing duties and responsibilities as the Executive Director deems appropriate, provided such delegation does not conflict with applicable law or any express direction of the Board.

§ 25. Indemnification by the Plan

Any person made a party to or involved in any litigation, including any civil, criminal or administrative action, suit or proceeding, by reason of the fact that such person is or was a Trustee, officer, or employee of the Plan or by reason of such person's alleged negligence or misconduct in the performance of his or her duties as such Trustee, officer, or employee shall be indemnified by the Plan, to the extent funds are lawfully available and subject to any other limitations that exist by law, against liability and the reasonable expenses, including attorneys' fees, actually and necessarily incurred by him or her in connection with any action therein, except in relation to matters as to which it is adjudged that such Trustee, officer, or employee is liable for gross negligence or willful misconduct in the performance of his or her duties. A conviction or judgment entered in connection with a compromise or settlement of any such litigation shall not by itself be deemed to constitute an adjudication of liability for such gross negligence or willful misconduct. The right to indemnification will include the right to be paid by the Plan for expenses incurred in defending a proceeding in advance of its final disposition in the manner and to the extent permitted by the Board in its sole discretion. In addition to the indemnification described above that the Plan shall provide a Trustee, officer or employee, the Plan may, upon approval of the Board in its sole discretion, indemnify a Trustee, officer, or employee under such other circumstances against liability and reasonable expenses, including attorneys' fees, incurred in connection with any claim asserted against him or her in said party's capacity as a Trustee, officer, or employee of the Plan, subject to any limitations that exist by law. Any indemnification by the Plan pursuant to this § 25 shall be evidenced by a resolution of the Board.

§ 26. Expenses Subject to Indemnification

As used herein, the term "expenses" includes fines or penalties imposed and amounts paid in compromise or settlement of any such litigation only if:

(a) independent legal counsel designated by a majority of the Board, excluding those Trustees who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought, shall have advised the Board that, in the opinion of such counsel, such Trustee, officer, or other employee is not liable to the Plan for gross negligence or willful misconduct in the performance of his or her duties with respect to the subject of such litigation; and

(b) a majority of the Trustees shall have made a determination that such compromise or settlement was or will be in the best interests of the Plan.

§ 27. Procedure for Indemnification

Any amount payable by way of indemnity under these bylaws may be determined and paid pursuant to an order of or allowance by a court under the applicable provisions of the laws of the State of Texas in effect at the time and pursuant to a resolution of a majority of the Trustees, other than those who have incurred expenses in connection with such litigation for which indemnification has been or is to be sought. In the event that all of the Trustees are made parties to such litigation, a majority of the Board shall be authorized to pass a resolution to provide for legal expenses for the entire Board.

§ 28. Additional Indemnification

The right of indemnification provided by these bylaws shall not be deemed exclusive of any right to which any Trustee, officer, or employee may be entitled, as a matter of law, and shall extend and apply to the estates of deceased Trustees, officers, or employees.

§ 29. Contracts and Purchases

All contracts and purchases on behalf of the Plan shall be entered into and made in accordance with rules of procedure prescribed by the Board and applicable laws and rules of the State of Texas and its agencies.

§ 30. Sovereign Immunity

Unless otherwise required by law, the Plan will not by agreement or otherwise waive or impinge upon its sovereign immunity.

§ 31. Fiscal Year

The fiscal year for the Plan shall be from January 1 to December 31.

§ 32. Amendments to Bylaws

Except as may be otherwise provided by law, these bylaws may be amended, modified, altered, or repealed in whole or in part, at any regular meeting of the Board after ten (10) days advance notice has been given by the Chairman to each Trustee of the proposed change. These bylaws may not be amended at any special or emergency meeting of the Board.

Document comparison by Workshare Compare on Tuesday, November 12, 2019 12:51:50 PM

Input:	
Document 1 ID	interwovenSite://USDMS/America/79729145/5
Description	#79729145v5<America> - Galveston Police Retirement Plan Bylaws
Document 2 ID	interwovenSite://USDMS/America/79729145/6
Description	#79729145v6<America> - Galveston Police Retirement Plan Bylaws
Rendering set	Standard

Legend:	
Insertion	
~~Deletion~~	
~~Moved from~~	
Moved to	
Style change	
Format change	
~~Moved deletion~~	
Inserted cell	
Deleted cell	
Moved cell	
Split/Merged cell	
Padding cell	

Statistics:	
	Count
Insertions	56
Deletions	20
Moved from	0
Moved to	0
Style change	0
Format changed	0
Total changes	76

Galveston Police Retirement Fund

COMPILED FINANCIAL STATEMENTS
For the Three Months and Six Months Ended
June 30, 2020

Ham, Langston & Brezina LLP
Certified Public Accountants

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 June 30, 2020 and the related Statement of Changes in Net Assets Available for Benefits - tax basis for the three months and six 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 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, these 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

July 22, 2020

Galveston Police Retirement Fund
Statement of Net Assets Available for Benefits
As of June 30, 2020

Assets

Cash - Moody National Bank		(181,501.99)
Cash sweep - Schwab		150,223.18
Accrued dividends & interest		55,327.00
Loans receivable-retirees		262,675.92
Due from Schwab		190,000.00
Investments, at FMV		
Investments-govt & corp bonds	6,080,422.13	
Market value adj - bonds	136,126.49	
Exchange Traded Funds	452,794.96	
Market value adj. - ETF	32,446.61	
Investments-common stock	9,874,929.71	
Market value adj - stocks	1,108,581.39	
Real Estate Investment Trusts	595,748.48	
Market value adj. - REIT	63,904.78	
Investments - Equity funds - MNB	175,104.36	
Market value adj. - Equity funds - MNB	(14,664.30)	
Fixed Income funds - MNB	127,754.26	
Market value adj. - Fixed Income - MNB	3,700.18	
Total investments		18,636,849.05
Total Assets		$ 19,113,573.16

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	$ 19,087,993.60

6/30/19 $ 19275584

See Accountants' Compilation Report

Galveston Police Retirement Fund
Statement of Changes in Net Assets
Available for Benefits
For the Three Months and Six Months Ending June 30, 2020

	3 Months Ended June 30, 2020	6 Months Ended June 30, 2020	2019
ADDITIONS:			
Contributions			
Contributions - Police	$ 408,834.15	$ 781,721.22	749471.
Contributions - City	0.00	0.00	1061751
Total contributions	408,834.15	781,721.22	1811,222
Investment income			
Net unrealized Gain/(Loss) in FMV	2,053,533.62	(1,811,541.94)	
Capital Gain distributions	0.00	0.00	
	2,053,533.62	(1,811,541.94)	1,678,518
Interest	40,824.81	82,919.54	
Interest - Retiree Loans	5,265.13	11,166.92	
Dividends	80,654.29	158,062.70	
Total Other Income	126,744.23	252,149.16	256,300
Total Investment Income/(loss)	2,180,277.85	(1,559,392.78)	1,934,818.
Less: Investment expense			
Manager expense	(15,536.14)	(33,529.71)	<31639>
Total investment expense	(15,536.14)	(33,529.71)	
TOTAL ADDITIONS	2,573,575.86	(811,201.27)	3,714,401.
DEDUCTIONS:			
Retirement benefits	894,882.10	1,791,854.54	
Benefits - non-taxable	13,939.05	24,625.43	
Survivor benefits	7,648.11	15,296.22	
Survivor benefits - non-taxable	76.89	153.78	2,041,941
Disability benefits	4,349.28	8,698.56	
Disability benefits - non-taxable	150.72	301.44	
Rollover benefits	41,738.94	48,917.86	
Lumpsum benefits	0.00	192,320.95	
Actuarial expenses	6,000.00	21,300.00	40000.
Custodial services	450.23	968.21	1278.
Legal fees	10,054.10	10,054.10	111077.
Audit fees	9,519.00	9,519.00	—
Accounting fees	4,600.00	28,538.29	25037.
Insurance	3,750.00	3,750.00	3750.
Miscellaneous	262.75	(1,496.14)	13210.
Foreign Taxes	2,099.81	2,099.81	3468.
TOTAL DEDUCTIONS	999,520.98	2,156,902.05	3,239,943.
Net increase/(decrease)	$ 1,574,054.88	$ (2,968,103.32)	1,474,459

2082,168

See Accountant's Compilation Report

SUPPLEMENTAL SCHEDULE

Galveston Police Retirement Fund
Supplemental Schedule
Retiree Loans Receivable
June 30, 2020

Retiree	Outstanding Loan
Loans receivable - R. Owens	$ 34,464.59
Loans receivable-A. Mitchell	548.15
Loans receivable- J. Harris	16,388.01
Loans receivable-H. Dominguez	20,899.35
Loans receivable-J Loyd	4,214.77
Loans receivable - Duenez	9,752.15
Loans receivable- Sanderson, L.	27,232.55
Loans receivable - Erickson	9,759.01
Loans receivable - Juana Villarreal	4,736.43
Loans receivable - T. Buck	24,573.61
Loans receivable-Moody	1,217.73
Loans receivable - Murdock	6,766.82
Loan receivable - Smith, Larry	3,672.38
Loan receivable - Smith, Amanda	2,101.96
Loan receivable - Arellano, O.	3,858.09
Loan receivable - Sims, D.	15,471.37
Loans receivable - Chapman, A.	19,035.06
Loans receivable - D. Watson	33,101.11
Loans receivables - J. Kylen	21,069.38
Loans receivable - Perry	3,813.40
Total	$ 262,675.92

	If contrib. amortized 6/30/2020	6/30/2019
Addittions:		
Contributions - Police	781,721	749,471
Contributions - Employer	1,118,662	1,061,751
	1,900,383	1,811,222
Investment Income (Loss)	(1,559,393)	1,934,818
Manager expense	(33,530)	(31,639)
Total Additions	307,460	3,714,401
Deductions:		
Distributions	2,082,168	2,041,941
Actuarial	21,300	40,000
Custodial	968	1,278
Legal and Professional fees	48,111	136,296
Miscellaneous	4,354	20,428
Total Deductions	2,156,901	2,239,943
Net increase/(decrease)	(1,849,441)	1,474,458