

April 20, 2017

Mr. Keith Brinkman, Bureau Chief
Bureau of Local Retirement Systems
P.O. Box 9000
Tallahassee, FL 32315-9000

Re: St. Pete Beach Police Officers' Retirement System: Declaration of Returns

Dear Mr. Brinkman:

At our recent quarterly meeting, the Pension Board of Trustees for the Plan, with input from our consultants, discussed the total expected annual rate of return for our fund. It is reasonable to expect that for the current year, the next several years, and the long-term thereafter we shall earn 7.0%, net of investment expenses.

Attached to this letter we have included supporting data from the Plan Consultants that shows, over long time periods, the asset allocation we have employed will meet and exceed the investment assumption we have assumed for this Plan. The long-term goal is met even with short-term periods of significant underperformance. This determination is made in accordance with Section 112.661(9), Florida Statutes.

Should you have any questions, please do not hesitate to contact us.

Sincerely,



4/20/2017

Chairman
St. Pete Beach Police Officers' Retirement System

cc (e-copies):
Lee Dehner, Plan Counsel
Patrick Donlan, Plan Actuary
The Bogdahn Group, Plan Consultants



Historical Return Comparison
Trailing and Annual 9/30/XX Fiscal Year Return Data
 Trailing Periods ended 9/30/2016

	1 year	2 years	3 years	4 years	5 years	6 years	7 years	8 years	9 years	10 years	15 years	20 years	25 years	30 years	35 years	37 years
Russell 3000 (DEQ)	14.96%	6.96%	10.44%	13.13%	16.36%	13.56%	13.18%	10.53%	6.40%	7.37%	7.61%	8.03%	9.47%	10.14%	11.45%	11.32%
MSCI EAFE (IEQ)	7.06%	-0.90%	0.93%	6.33%	7.88%	4.88%	4.71%	4.59%	0.01%	2.30%	6.28%	4.71%	5.46%	6.11%	9.33%	8.97%
Barclays U.S. Aggregate (FIX)	5.19%	4.06%	4.03%	2.57%	3.08%	3.44%	4.10%	4.89%	4.75%	4.79%	4.80%	5.60%	5.97%	6.56%	8.39%	7.79%
50% DEQ / 10% IEQ / 40% FIX	10.12%	5.04%	7.11%	8.44%	10.26%	8.82%	8.89%	8.30%	5.74%	6.43%	6.86%	7.28%	8.16%	8.75%	10.46%	10.12%

Return >7.5% highlighted

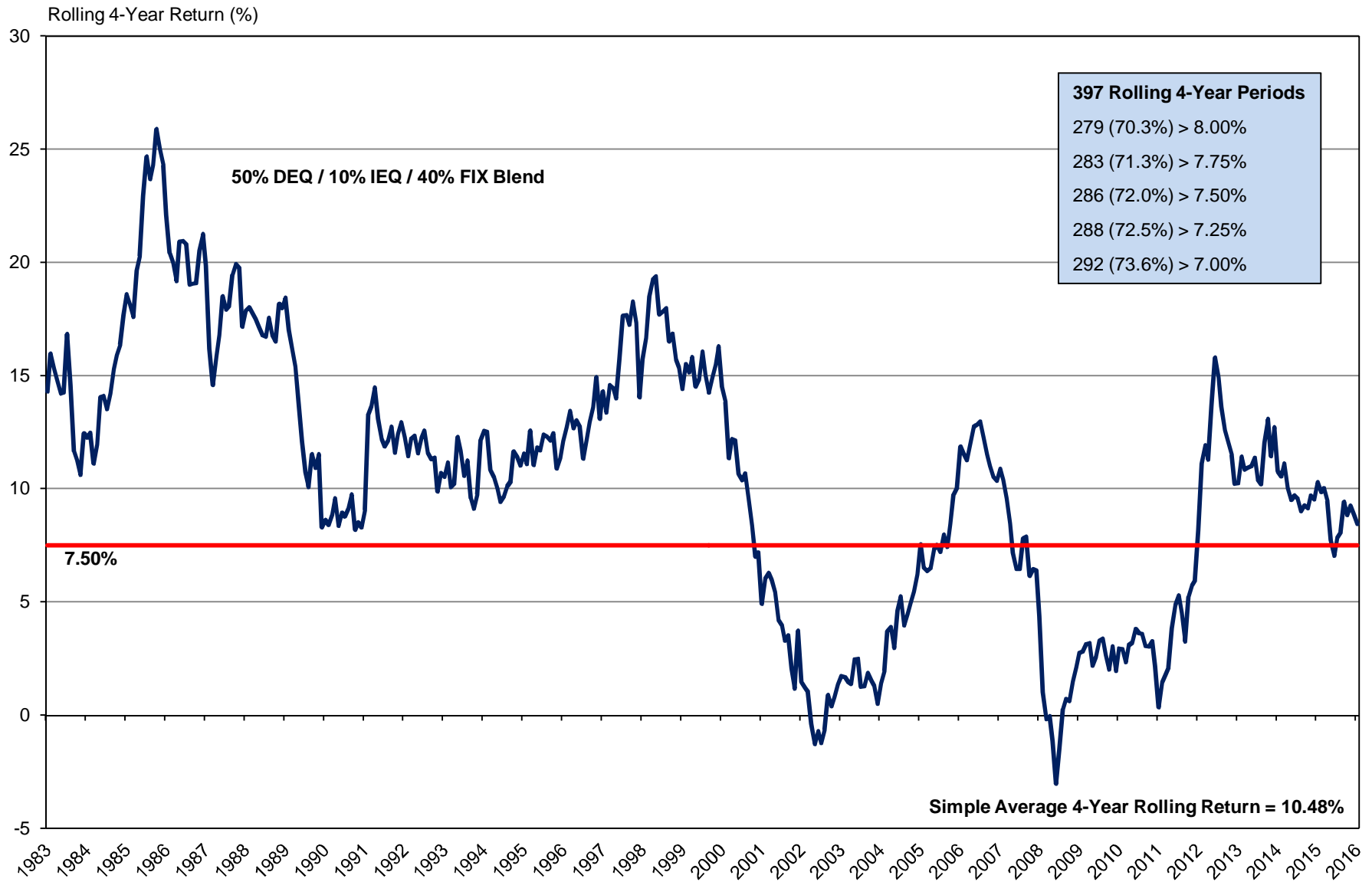
Return >7.5% 25 of 37 years (67.6%)
 Simple Average 35-Year: 10.68%

	Sep-16	Sep-15	Sep-14	Sep-13	Sep-12	Sep-11	Sep-10	Sep-09	Sep-08	Sep-07	Sep-06	Sep-05	Sep-04	Sep-03	Sep-02	Sep-01	Sep-00	Sep-99
Russell 3000 (DEQ)	14.96%	-0.49%	17.76%	21.60%	30.20%	0.55%	10.96%	-6.42%	-21.52%	16.52%	10.22%	14.57%	14.26%	25.92%	-18.82%	-27.91%	18.19%	26.32%
MSCI EAFE (IEQ)	7.06%	-8.27%	4.70%	24.29%	14.33%	-8.94%	3.71%	3.80%	-30.13%	25.38%	19.65%	26.32%	22.52%	26.54%	-15.26%	-28.27%	3.43%	31.32%
Barclays U.S. Aggregate (FIX)	5.19%	2.94%	3.96%	-1.68%	5.16%	5.26%	8.16%	10.56%	3.65%	5.14%	3.67%	2.80%	3.68%	5.41%	8.60%	12.96%	6.99%	-0.37%
50% DEQ / 10% IEQ / 40% FIX	10.12%	0.20%	11.37%	12.52%	17.88%	1.88%	9.32%	4.23%	-12.67%	12.86%	8.53%	10.92%	11.26%	16.91%	-7.31%	-12.31%	12.77%	15.55%

	Sep-98	Sep-97	Sep-96	Sep-95	Sep-94	Sep-93	Sep-92	Sep-91	Sep-90	Sep-89	Sep-88	Sep-87	Sep-86	Sep-85	Sep-84	Sep-83	Sep-82	Sep-81	Sep-80
Russell 3000 (DEQ)	4.64%	38.67%	19.02%	29.31%	2.55%	16.54%	11.43%	34.36%	-12.51%	31.31%	-11.28%	37.77%	31.14%	14.61%	1.00%	47.93%	8.99%	-3.57%	23.36%
MSCI EAFE (IEQ)	-8.08%	12.49%	8.94%	6.11%	10.11%	26.75%	-6.78%	22.31%	-27.39%	22.60%	-0.59%	45.22%	90.45%	41.27%	9.46%	36.93%	-5.28%	-9.26%	16.84%
Barclays U.S. Aggregate (FIX)	11.50%	9.74%	4.88%	14.07%	-3.23%	9.98%	12.56%	15.99%	7.55%	11.26%	13.30%	0.26%	20.28%	22.02%	8.78%	15.59%	35.22%	-2.61%	-1.78%
50% DEQ / 10% IEQ / 40% FIX	6.09%	24.37%	12.37%	20.90%	0.98%	15.13%	10.16%	25.41%	-6.15%	22.56%	-1.98%	23.45%	32.61%	20.29%	4.85%	32.85%	18.04%	-3.38%	12.66%

Return target would have to be lowered to 6% to increase the number of annual returns in excess of the 7.5% target return from 25 to 26

Historical Return Comparison
50% Domestic Equity / 10% International Equity / 40% Fixed Income Blend
 Rolling 4-Year Return Stream Rebalanced Annually



Historical Return Comparison
50% Domestic Equity / 10% International Equity / 40% Fixed Income Blend
 Rolling 5-Year Return Stream Rebalanced Annually

