



CITY OF BEACON, NEW YORK  
ONE MUNICIPAL PLAZA  
BEACON, NY 12508

Mayor Randy Casale

Councilmember Lee Kyriacou, At Large

Councilmember George Mansfield, At Large

Councilmember Terry Nelson, Ward 1

Councilmember John E. Rembert, Ward 2

Councilmember Jodi M. McCredo, Ward 3

Councilmember Amber J. Grant, Ward 4

City Administrator Anthony Ruggiero

**City Council Workshop Agenda**  
**May 14, 2018**  
**7:00 PM**

**Workshop Agenda Items:**

1. Presentation: LOSAP
2. Eleni Smolen - Beacon 3D
3. A proposed local law to create Section 223-26.4 concerning Short-Term Rentals
4. A proposed local law to amend Chapter 223, concerning calculation of the Lot Area per Dwelling Unit in the R1, RD, and Fishkill Creek Development Districts
5. Tree Committee mission and members
6. A proposed local law to amend Chapter 200 of the Code of the City of Beacon concerning Taxicabs
7. A proposed local law to amend Chapter 211, Article V of Code of the City of Beacon, concerning Booting and Towing of Vehicles
8. A proposed local law to create Chapter 211, Article VI of Code of the City of Beacon, concerning Operation of Towing Companies
9. A proposed local law to amend Chapter 195 of the Code of the City of Beacon, concerning Lot Line Adjustments
10. Resolution authorizing execution of agreement with New York State Department of State for Mid-Hudson Downtown Initiative

**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**Presentation: LOSAP**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description	Type
LOSAP Presentation	Presentation

## **LOSAP Portfolio Review**

***Prepared for: Beacon, City of LOSAP***

**Prepared by:**

David M Rogers, Senior Portfolio Manager  
RBC Wealth Management

**Data and Analytics**

**Provided by:**  
Morningstar



**RBC Wealth Management®**

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May 09, 2018

# Portfolio Snapshot

## Beacon, City of LOSAP: CITY OF BEACON

### Portfolio Value

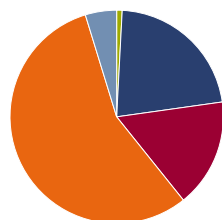
\$681,636.66

300-00914 060

### Benchmark

DJ Moderately Conservative TR USD (USD)

Analysis 04-30-2018



#### Asset Allocation

- Cash
- US Stocks
- Non-US Stocks
- Bonds
- Other/Not Clsfd

	Portfolio Net %	Bmark Net %
Cash	0.83	0.00
US Stocks	21.94	16.56
Non-US Stocks	16.48	3.86
Bonds	56.00	0.00
Other/Not Clsfd	<b>4.74</b>	<b>79.59</b>

#### Morningstar Equity Style Box %

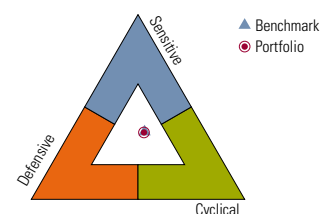
28	27	24	Large	Total Stock Holdings	
7	6	4		Mid	4,093
2	1	1		Small	% Not Classified
Value	Blend	Growth		0	
0-10	10-25	25-50	>50		

#### Morningstar Fixed Income Style Box %

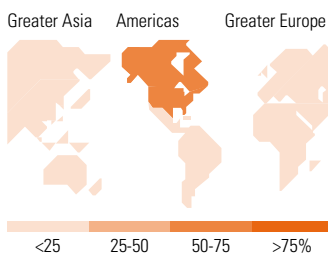
2	0	0	High	Total Bond Holdings 11,242
0	0	0	Med	% Not Classified 37
61	0	0	Low	
Ltd	Mod	Ext		
<div><div></div><div></div><div></div></div>				
0-10    10-25    25-50    >50				

Stock Analysis 04-30-2018

#### Stock Sectors

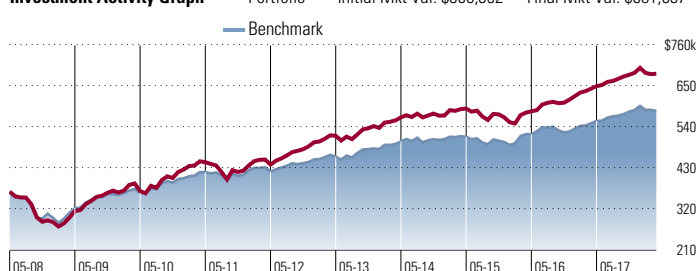


#### World Regions



Performance 04-30-2018

#### Investment Activity Graph



	Portfolio (%)	Bmark (%)
<b>Cyclical</b>	<b>37.29</b>	<b>37.54</b>
Basic Matls	4.73	4.78
Consumer Cycl	11.34	12.35
Financial Svs	16.95	16.36
Real Estate	4.27	4.05
<b>Sensitive</b>	<b>39.89</b>	<b>40.74</b>
Commun Svs	3.77	2.79
Energy	7.76	5.41
Industrials	12.53	11.38
Technology	15.83	21.16
<b>Defensive</b>	<b>22.82</b>	<b>21.72</b>
Consumer Def	8.25	7.33
Healthcare	11.66	11.64
Utilities	2.91	2.75
<b>Not Classified</b>	<b>0.00</b>	<b>0.00</b>

	Portfolio (%)	Bmark (%)
<b>Americas</b>	<b>61.72</b>	<b>73.64</b>
North America	60.50	73.62
Latin America	1.22	0.02
<b>Greater Europe</b>	<b>21.87</b>	<b>0.41</b>
United Kingdom	5.69	0.15
Europe-Developed	14.72	0.26
Europe-Emerging	0.87	0.00
Africa/Middle East	0.59	0.00
<b>Greater Asia</b>	<b>16.41</b>	<b>25.95</b>
Japan	6.77	15.26
Australasia	2.06	3.77
Asia-Developed	4.50	6.34
Asia-Emerging	3.08	0.58
<b>Not Classified</b>	<b>0.00</b>	<b>0.00</b>

Trailing Returns*	3 Mo	1 Yr	3 Yr	5 Yr	10 Yr
Portfolio Return	-2.29	6.20	5.11	5.70	6.47
Benchmark Return	-2.21	6.06	4.21	4.64	4.84
+/- Benchmark Return	-0.08	0.14	0.90	1.06	1.63

\*Full return history is not available for all securities. Please see Return Participation disclosure.

Best/Worst Time Periods	Best %	Worst %
3 Months	15.20 ( Mar 2009-May 2009 )	-18.53 ( Sep 2008-Nov 2008 )
1 Year	36.58 ( Apr 2009-Mar 2010 )	-18.72 ( May 2008-Apr 2009 )
3 Years	18.03 ( Mar 2009-Feb 2012 )	3.12 ( Mar 2013-Feb 2016 )

Portfolio Yield ( 04-30-2018 )	Yield %
12-Month Yield	—

#### Portfolio-Level Performance Disclosure

The portfolio-level performance shown is hypothetical and for illustrative purposes only. Investor returns will differ from the results shown. The performance data reflects monthly portfolio rebalancing.

Holdings 04-30-2018

#### Top 8 holdings out of 8

BlackRock Multi-Asset Income Instl (USD)  
 Guggenheim Macro Opportunities Instl (USD)  
 Schwab US Broad Market ETF™ (USD)  
 Schwab International Equity ETF™ (USD)  
 Janus Henderson Strategic Income I (USD)  
 PIMCO Income I2 (USD)  
 BlackRock Total Emerging Markets Instl (USD)  
 US Fund Money Market - Taxable (USD)

Symbol	Type	Holding Value \$	% Assets
BICX	MF	169,932	24.93
GIOX	MF	139,271	20.43
SCHB	ETF	106,226	15.58
SCHF	ETF	74,090	10.87
HFAIX	MF	69,554	10.20
PONPX	MF	69,111	10.14
BEEIX	MF	32,986	4.84
\$FOCA\$TM\$\$	CA	20,468	3.00



RBC Wealth Management

# Portfolio Snapshot

## Beacon, City of LOSAP: CITY OF BEACON

### Portfolio Value

\$681,636.66

300-00914 060

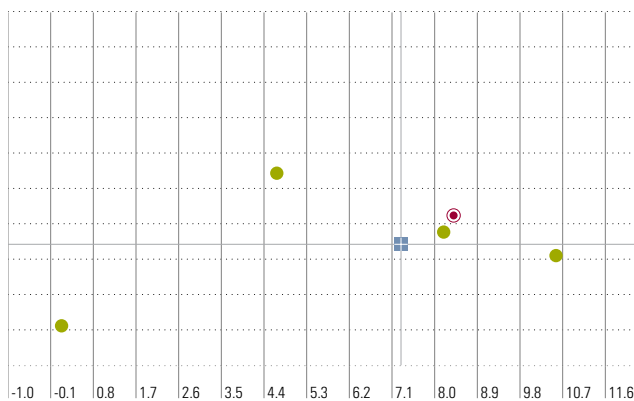
### Benchmark

DJ Moderately Conservative TR USD (USD)

### Risk Analysis 04-30-2018

#### Risk/Reward Scatterplot

● Portfolio ● Holdings ■ Bmark 10 Year Mean



#### Performance History Graph

■ Portfolio Quarterly returns +/- Benchmark in %



#### Risk and Return Statistics\*

	3 Yr		5 Yr		10 Yr	
	Portfolio	Bmark	Portfolio	Bmark	Portfolio	Bmark
Standard Deviation	4.90	4.49	4.89	4.50	8.40	7.29
Mean	5.11	4.21	5.70	4.64	6.47	4.84
Sharpe Ratio	0.93	0.81	1.11	0.96	0.77	0.65

#### MPT Statistics\*

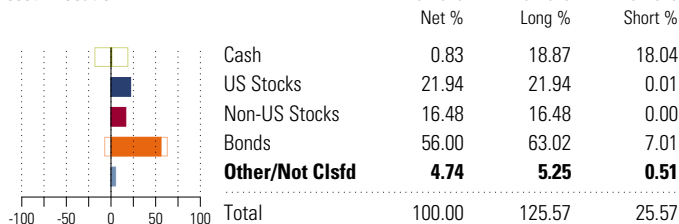
	3 Yr Portfolio	5 Yr Portfolio	10 Yr Portfolio
Alpha	0.94	1.05	1.32
Beta	0.98	0.99	1.07
R-Squared	81.44	83.92	86.09

#### Portfolio-Level Performance Disclosure

The portfolio-level performance shown is hypothetical and for illustrative purposes only. Investor returns will differ from the results shown. The performance data reflects monthly portfolio rebalancing.

### Fundamental Analysis 04-30-2018

#### Asset Allocation



#### Market Maturity

	Portfolio	Bmark
% of Stocks	94.47	99.42
Developed Markets	5.53	0.58
Emerging Markets	<b>0.00</b>	<b>0.00</b>

#### Valuation Multiples

	Portfolio	Bmark
Price/Earnings	17.00	18.73
Price/Book	2.17	2.32
Price/Sales	1.51	1.69
Price/Cash Flow	10.44	11.73

#### Profitability

	Portfolio	Bmark
% of Stocks	2018-04	2018-04
Net Margin	14.17	13.59
ROE	18.42	17.88
ROA	6.35	6.24
Debt/Capital	39.30	38.93

#### Geometric Avg Capitalization (\$Mil)

Portfolio	39,197.43
Benchmark	46,273.34

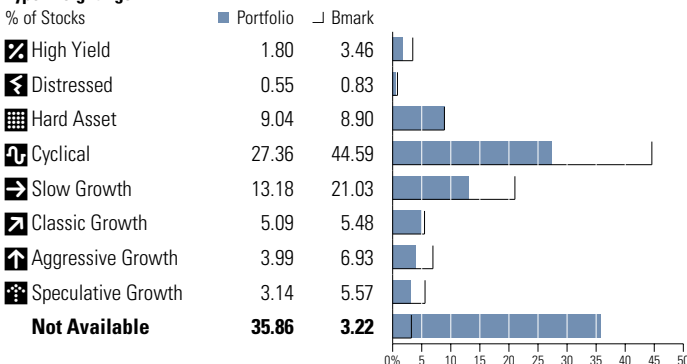
#### Credit Quality Breakdown

	% of Bonds
AAA	7.50
AA	3.52
A	7.35
BBB	8.62
BB	10.65
B	9.86
Below B	5.68
NR	46.82

#### Interest Rate Risk

	Bonds	% Not Available
Avg Eff Maturity	5.71	22.09
Avg Eff Duration	1.58	22.09
Avg Wtd Coupon	4.11	1.60

#### Type Weightings



\*Full return history is not available for all securities. Please see Return Participation disclosure.

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RBC Wealth Management

# Portfolio Snapshot

## Beacon, City of LOSAP: CITY OF BEACON

**Portfolio Value**

\$681,636.66

**Benchmark**

DJ Moderately Conservative TR USD (USD)

300-00914 060

**Standardized and Tax Adjusted Returns**

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end please visit <http://advisor.morningstar.com/familyinfo.asp>.

Standardized Returns assume reinvestment of dividends and capital gains. They depict performance without adjusting for the effects of taxation, but are adjusted to reflect sales charges and ongoing fund expenses.

If adjusted for taxation, the performance quoted would be significantly reduced. For variable annuities, additional expenses will be taken into account, including M&E risk charges, fund-level expenses such as management fees and operating fees, contract-level administration fees, and charges such as surrender, contract, and sales charges. The maximum redemption fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase.

After-tax returns are calculated using the highest individual federal marginal income tax rates, and do not reflect the impact of state and local taxes. Actual after-tax returns depend on the investor's tax situation and may differ from those shown. The after-tax returns shown are not relevant to investors who hold their fund shares through tax-deferred arrangements such as 401(k) plans or an IRA. After-tax returns exclude the effects of either the alternative minimum tax or phase-out of certain tax credits. Any taxes due are as of the time the distributions are made, and the taxable amount and tax character of each distribution are as specified by the fund on the dividend declaration date. Due to foreign tax credits or realized capital losses, after-tax returns may be greater than before-tax returns. After-tax returns for exchange-traded funds are based on net asset value.

**Money Market Fund Disclosures**

If money market fund(s) are included in the Standardized Returns table below, each money market fund's name will be followed by a superscripted letter that links it to the applicable disclosure below:

**Institutional Money Market Funds (designated by an "S"):**

You could lose money by investing in the fund. Because the share price of the fund will fluctuate, when you sell your shares they may be worth more or less than what you originally paid for them. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

**Government Money Market Funds that have chosen to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "L") and****Retail Money Market Funds (designated by an "L"):**

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. The fund may impose a fee upon sale of your shares or may temporarily suspend your ability to sell shares if the fund's liquidity falls below required minimums because of market conditions or other factors. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

**Government Money Market Funds that have chosen not to rely on the ability to impose liquidity fees and suspend redemptions (designated by an "N"):**

You could lose money by investing in the fund. Although the fund seeks to preserve the value of your investment at \$1.00 per share, it cannot guarantee it will do so. An investment in the fund is not insured or guaranteed by the Federal Deposit Insurance Corporation or any other government agency. The fund's sponsor has no legal obligation to provide financial support to the fund, and you should not expect that the sponsor will provide financial support to the fund at any time.

**Annualized returns 03-31-2018**

Standardized Returns (%)	7-day Yield Subsidized as of date	7-day Yield Unsubsidized as of date	1Yr	5Yr	10Yr	Since Inception	Inception Date	Max Front Load %	Max Back Load %	Net Exp Ratio %	Gross Exp Ratio %	Redemption %
BlackRock Multi-Asset Income Instl	—	—	4.48	4.58	—	5.62	04-07-2008	NA	NA	0.57 <sup>1</sup>	0.70	NA
BlackRock Total Emerging Markets Instl	—	—	13.15	—	—	3.22	05-16-2013	NA	NA	0.91 <sup>2</sup>	1.09	NA
Guggenheim Macro Opportunities Instl	—	—	3.65	4.25	—	6.18	11-30-2011	NA	NA	0.95 <sup>3</sup>	1.12	NA
Janus Henderson Strategic Income I	—	—	3.11	4.44	—	4.70	04-29-2011	NA	NA	0.75 <sup>4</sup>	0.78	NA

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RBC Wealth Management

**Annualized returns 03-31-2018**

<b>Standardized Returns (%)</b>	7-day Yield Subsidized as of date	7-day Yield Unsubsidized as of date	1Yr	5Yr	10Yr	Since Inception	Inception Date	<b>Max Front Load %</b>	<b>Max Back Load %</b>	<b>Net Exp Ratio %</b>	<b>Gross Exp Ratio %</b>	<b>Max Redemption %</b>
PIMCO Income I2	—	—	5.17	5.62	9.04	8.99	04-30-2008	<b>NA</b>	<b>NA</b>	<b>0.60</b>	<b>0.63</b>	<b>NA</b>
Schwab International Equity ETF™-NAV	—	—	14.88	6.38	—	6.18	11-03-2009	<b>NA</b>	<b>NA</b>	<b>0.06</b>	<b>0.06</b>	<b>NA</b>
Schwab International Equity ETF™-Market	—	—	15.52	6.47	—	6.31	11-03-2009	<b>NA</b>	<b>NA</b>	<b>0.06</b>	<b>0.06</b>	<b>NA</b>
Schwab US Broad Market ETF™-NAV	—	—	13.82	13.00	—	14.18	11-03-2009	<b>NA</b>	<b>NA</b>	<b>0.03</b>	<b>0.03</b>	<b>NA</b>
Schwab US Broad Market ETF™-Market	—	—	13.77	13.01	—	14.10	11-03-2009	<b>NA</b>	<b>NA</b>	<b>0.03</b>	<b>0.03</b>	<b>NA</b>
<b>BBgBarc US Agg Bond TR USD</b>			<b>1.20</b>	<b>1.82</b>	<b>3.63</b>	—	—					
<b>BBgBarc US Credit TR USD</b>			<b>2.59</b>	<b>2.83</b>	<b>5.15</b>	—	—					
<b>BBgBarc US Universal TR USD</b>			<b>1.52</b>	<b>2.19</b>	<b>4.01</b>	—	—					
<b>Citi WGBI NonUSD USD</b>			<b>12.93</b>	<b>1.36</b>	<b>1.82</b>	—	—					
<b>DJ Moderately Conservative TR USD</b>			<b>7.68</b>	<b>5.01</b>	<b>5.10</b>	—	<b>01-31-1983</b>					
<b>ICE BofAML US High Yield TR USD</b>			<b>3.69</b>	<b>5.01</b>	<b>8.12</b>	—	—					
<b>ICE BofAML USD 3M Dep OR CM TR USD</b>			<b>1.21</b>	<b>0.55</b>	<b>0.74</b>	—	—					
<b>Morningstar Mod Agg Tgt Risk TR USD</b>			<b>12.00</b>	<b>8.42</b>	—	—	—					
<b>Morningstar Mod Tgt Risk TR USD</b>			<b>9.09</b>	<b>6.69</b>	—	—	—					
<b>MSCI ACWI Ex USA NR USD</b>			<b>16.53</b>	<b>5.89</b>	<b>2.70</b>	—	—					
<b>MSCI EAFE NR USD</b>			<b>14.80</b>	<b>6.50</b>	<b>2.74</b>	—	—					
<b>MSCI EM NR USD</b>			<b>24.93</b>	<b>4.99</b>	<b>3.02</b>	—	—					
<b>Russell 1000 TR USD</b>			<b>13.98</b>	<b>13.17</b>	<b>9.61</b>	—	—					
<b>Russell 3000 TR USD</b>			<b>13.81</b>	<b>13.03</b>	<b>9.62</b>	—	—					
<b>S&amp;P 500 TR USD</b>			<b>13.99</b>	<b>13.31</b>	<b>9.49</b>	—	—					
<b>S&amp;P/LSTA Leveraged Loan TR</b>			<b>4.43</b>	<b>3.89</b>	<b>5.62</b>	—	—					
<b>US Fund Money Market - Taxable</b>			<b>0.67</b>	<b>0.17</b>	<b>0.21</b>	—	—					
<b>USTREAS T-Bill Auction Ave 3 Mon</b>			<b>1.23</b>	<b>0.37</b>	<b>0.32</b>	—	—					

1. Contractual waiver; Expires 11-30-2018
2. Contractual waiver; Expires 02-28-2019
3. Contractual waiver; Expires 02-01-2019; Dividend expense 0.03%
4. Contractual waiver; Expires 11-01-2018

<b>Return after Tax (%)</b>	<b>On Distribution</b>					<b>On Distribution and Sales of Shares</b>				
	1Yr	5Yr	10Yr	Since Inception	Inception Date	1Yr	5Yr	10Yr	Since Inception	
BlackRock Multi-Asset Income Instl	2.30	2.28	—	3.70	04-07-2008	2.55	2.44	—	3.53	
BlackRock Total Emerging Markets Instl	11.16	—	—	2.37	05-16-2013	7.85	—	—	2.08	
Guggenheim Macro Opportunities Instl	2.22	2.12	—	4.05	11-30-2011	2.08	2.25	—	3.83	
Janus Henderson Strategic Income I	1.91	2.77	—	2.98	04-29-2011	1.78	2.63	—	2.86	
PIMCO Income I2	2.82	2.93	—	6.25	04-30-2008	2.94	3.05	—	5.88	
Schwab International Equity ETF™-NAV	13.73	5.47	—	5.30	11-03-2009	8.75	4.62	—	4.53	
Schwab US Broad Market ETF™-NAV	12.98	12.27	—	13.43	11-03-2009	8.13	10.08	—	11.42	



# Portfolio Snapshot

Beacon, City of LOSAP: CITY OF BEACON

**Portfolio Value**

\$681,636.66

**Benchmark**

DJ Moderately Conservative TR USD (USD)

300-00914 060

**Non-Load Adjusted Returns**

Total 8 holdings as of 04-30-2018	Symbol	Type	Holdings Date	% of Assets	Holding Value \$	30-day SEC Yield Subsidized as of date	30-day SEC Yield Unsubsidized as of date	1 Yr Ret %	3 Yr Ret %	5 Yr Ret %	10 Yr Ret %
BlackRock Multi-Asset Income Instl (USD)	BIICX	MF	03-2018	24.93	169,932	5.03 04-30-2018	4.91 04-30-2018	3.67	3.59	4.31	5.53
Guggenheim Macro Opportunities Instl (USD)	GIOIX	MF	02-2018	20.43	139,271	2.87 04-30-2018	2.75 04-30-2018	3.30	4.47	4.03	—
Schwab US Broad Market ETF <sup>TM</sup> (USD)	SCHB	ETF	05-2018	15.58	106,226	1.63 01-31-2018	1.63 01-31-2018	13.07	10.12	12.71	—
Schwab International Equity ETF <sup>TM</sup> (USD)	SCHF	ETF	05-2018	10.87	74,090	2.40 01-31-2018	2.40 01-31-2018	14.71	5.30	5.88	—
Janus Henderson Strategic Income I (USD)	HFAIX	MF	02-2018	10.20	69,554	2.59 04-30-2018	2.46 05-31-2017	1.91	3.44	4.08	4.20
PIMCO Income I2 (USD)	PONPX	MF	12-2017	10.14	69,111	3.93 04-30-2018	—	3.97	5.28	5.10	8.86
BlackRock Total Emerging Markets Instl (USD)	BEEIX	MF	03-2018	4.84	32,986	1.90 04-30-2018	1.67 04-30-2018	8.05	3.52	—	—
US Fund Money Market - Taxable (USD)	\$FOCA\$TM\$\$	CA	03-2018	3.00	20,468	—	—	0.74	0.31	0.19	0.23

**Return Participation 04-30-2018**

This portfolio report includes securities for which return data is not available for the entire history represented. When return is not available for a security, the remaining securities returns are reweighted to maintain consistent proportions for the securities that do have returns. The reweighting impacts trailing return data, as well as statistics that are calculated using return, including standard deviation, mean, Sharpe ratio, alpha, beta and R-squared. The following securities do not have 120 months of return data reflected in the report.

**Security**

BlackRock Total Emerging Markets Instl (USD, BEEIX)  
 Guggenheim Macro Opportunities Instl (USD, GIOIX)  
 Schwab US Broad Market ETF<sup>TM</sup> (USD, SCHB)  
 Schwab International Equity ETF<sup>TM</sup> (USD, SCHF)

**Start Date**

06-30-2013  
 12-31-2011  
 12-31-2009  
 12-31-2009

**Performance Disclosure**

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when redeemed, may be worth more or less than their original cost. Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please visit <http://advisor.morningstar.com/familyinfo.asp>.

**See Disclosure Page for Standardized Returns.**





# BlackRock Multi-Asset Income Instl (USD)

## Performance 04-30-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	0.63	2.35	3.05	0.55	6.71
2017	2.94	2.43	1.70	1.67	9.02
2018	-1.35	—	—	—	-0.98
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	3.67	3.59	4.31	—	5.62
Std 03-31-2018	4.48	—	4.58	—	5.62
Total Return	3.67	3.59	4.31	5.53	5.62
+/- Std Index	-4.41	-2.11	-2.10	-0.30	—
+/- Cat Index	-7.39	-3.50	-3.84	-0.96	—
% Rank Cat	77	50	46	14	—
No. in Cat	296	242	182	75	—

7-day Yield 05-04-2018	Subsidized	Unsubsidized
30-day SEC Yield 04-30-2018	8.67 <sup>1</sup>	—
	5.03 <sup>1</sup>	4.91

1. Contractual waiver; Expires 11-30-2018

## Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-441-7762 or visit [www.blackrock.com](http://www.blackrock.com).

## Fees and Expenses

### Sales Charges

Front-End Load %	NA
Deferred Load %	NA

### Fund Expenses

Management Fees %	0.51
12b1 Expense %	NA
Gross Expense Ratio %	0.70

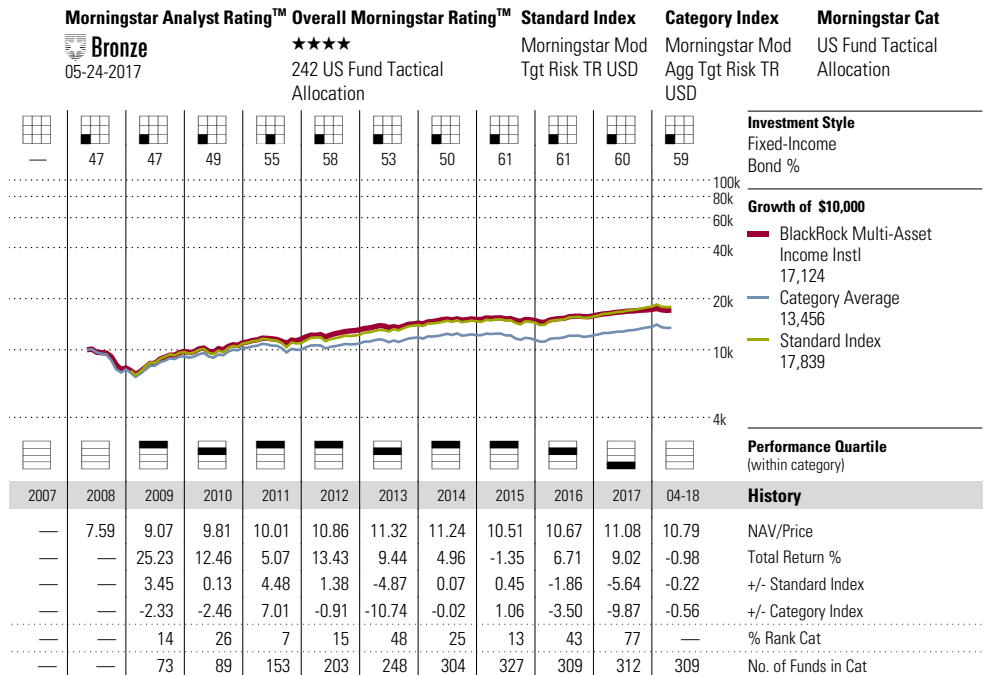
### Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	5★
Morningstar Risk	Low	Low	-Avg
Morningstar Return	Avg	Avg	+Avg
Standard Deviation	4.27	4.39	8.19
Mean	3.59	4.31	5.53
Sharpe Ratio	0.70	0.89	0.66

MPT Statistics	Standard Index	Best Fit Index
		Morningstar Mod
		Tgt Risk TR USD
Alpha	-0.36	-0.36
Beta	0.65	0.65
R-Squared	91.57	91.57
12-Month Yield		4.79%
Potential Cap Gains Exp		-2.69%

### Operations

Family:	BlackRock
Manager:	Multiple
Tenure:	6.5 Years
Objective:	Income



## Portfolio Analysis 03-31-2018

Asset Allocation %	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings :	Net Assets %
Cash	0.49	2.68	2.19			460 Total Stocks , 5,101 Total Fixed-Income, 75% Turnover Ratio	
US Stocks	20.07	20.07	0.00			iShares iBoxx \$ High Yield Corp Bd	2.58
Non-US Stocks	11.56	11.56	0.00			SPDR® Blmbg Barclays High Yield Bd	0.66
Bonds	60.36	60.37	0.01			Houston Center	0.48
Other/Not Clsfd	7.52	7.52	0.00	✱		Credit Suisse Group AG FXD-FRN ALT	0.45
Total	100.00	102.20	2.20			Enterprise Products Partners LP	0.42
						Energy Transfer Partners LP	0.38
						HSBC Holdings plc FXD-FRN ALT TIER	0.38
						Royal Bank of Scotland Group plc F	0.37
						MPLX LP Partnership Units	0.36
						Magellan Midstream Partners LP	0.34
						Cisco Systems Inc	0.33
						Philip Morris International Inc	0.33
						Westpac Banking Corporation FXD-FR	0.32
						Societe Generale S.A. FXD-FRN ALT	0.32
						Plains All American Pipeline LP	0.32

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>31.8</b>	<b>0.76</b>
Basic Materials	1.4	0.24
Consumer Cyclical	10.0	0.87
Financial Services	13.5	0.73
Real Estate	6.9	1.16
<b>Sensitive</b>	<b>42.3</b>	<b>1.16</b>
Communication Services	5.7	1.77
Energy	12.9	2.03
Industrials	13.3	1.15
Technology	10.4	0.67
<b>Defensive</b>	<b>25.9</b>	<b>1.20</b>
Consumer Defensive	9.3	1.19
Healthcare	14.3	1.35
Utilities	2.3	0.70

## Credit Quality Breakdown 03-31-2018

	Bond %
AAA	11.20
AA	1.94
A	8.11
BBB	16.72
BB	29.06
B	18.23
Below B	8.66
NR	6.09

Regional Exposure	Stocks %	Rel Std Index
Americas	66.4	0.99
Greater Europe	23.3	1.47
Greater Asia	10.3	0.59

# BlackRock Total Emerging Markets Instl (USD)

## Performance 04-30-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	8.87	4.69	5.33	-5.70	13.20
2017	7.58	4.09	6.18	1.90	21.15
2018	0.47	—	—	—	-1.80

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	8.05	3.52	—	—	2.69
Std 03-31-2018	13.15	—	—	—	3.22
Total Return	8.05	3.52	—	—	2.69
+/- Std Index	-7.86	-1.49	—	—	—
+/- Cat Index	-13.67	-2.48	—	—	—
% Rank Cat	97	80	—	—	—
No. in Cat	820	672	—	—	—

7-day Yield	Subsidized	Unsubsidized
30-day SEC Yield 04-30-2018	1.90 <sup>1</sup>	1.67
1. Contractual waiver; Expires 02-28-2019		

## Performance Disclosure

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 800-441-7762 or visit [www.blackrock.com](http://www.blackrock.com).

## Fees and Expenses

### Sales Charges

Front-End Load %	NA
Deferred Load %	NA

### Fund Expenses

Management Fees %	0.75
12b1 Expense %	NA
Gross Expense Ratio %	1.09

## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	2★	—	—
Morningstar Risk	Low	—	—
Morningstar Return	-Avg	—	—

	3 Yr	5 Yr	10 Yr
Standard Deviation	11.67	—	—
Mean	3.52	—	—
Sharpe Ratio	0.30	—	—

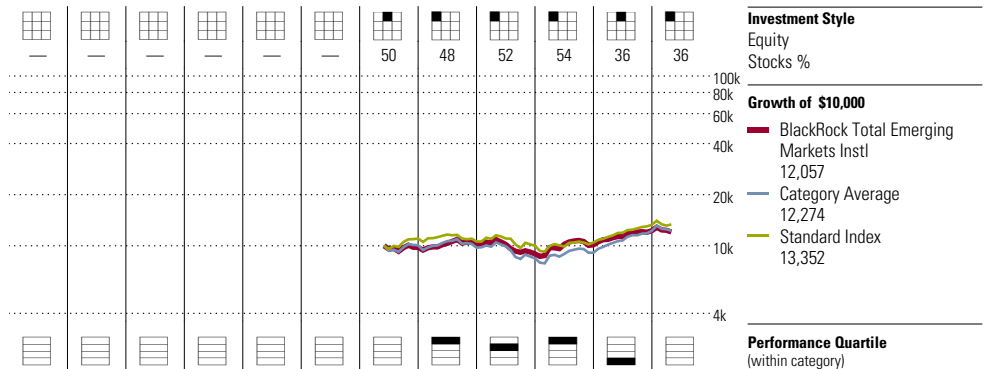
MPT Statistics	Standard Index	Best Fit Index
		MSCI EM NR USD
Alpha	0.07	-0.82
Beta	0.68	0.67
R-Squared	50.88	83.57
12-Month Yield	—	1.50%
Potential Cap Gains Exp	—	2.48%

**Overall Morningstar Rating™**  
★★  
672 US Fund Diversified  
Emerging Mkts

**Standard Index**  
MSCI ACWI Ex  
USA NR USD

**Category Index**  
MSCI EM NR USD

**Morningstar Cat**  
US Fund Diversified  
Emerging Mkts



	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	04-18	
NAV/Price	—	—	—	—	—	—	9.17	9.38	8.23	9.10	10.53	10.34	
Total Return %	—	—	—	—	—	—	—	3.01	-11.13	13.20	21.15	-1.80	
+/- Standard Index	—	—	—	—	—	—	—	6.87	-5.47	8.71	-6.04	-2.20	
+/- Category Index	—	—	—	—	—	—	—	5.19	3.78	2.02	-16.13	-2.77	
% Rank Cat	—	—	—	—	—	—	—	6	31	17	96	—	
No. of Funds in Cat	—	—	—	—	—	—	—	749	840	813	806	867	

## Portfolio Analysis 03-31-2018

Asset Allocation %	Net %	Long %	Short %	Share Chg since 02-2018	Share Amount	Holdings :	Net Assets %
Cash	-18.05	38.37	56.42			197 Total Stocks, 326 Total Fixed-Income, 140% Turnover Ratio	
US Stocks	0.25	0.25	0.00				
Non-US Stocks	56.77	56.77	0.00	⊖	152,200	Tencent Holdings Ltd	2.08
Bonds	61.03	61.04	0.01		184,400	Mexico (United Mexican States) 4.5%	1.71
Other/Not Clsfd	0.00	0.00	0.00		6 mil	Lithuania Republic 7.38%	1.67
Total	100.00	156.43	56.43	⊕	2,691	Samsung Electronics Co Ltd	1.62
					5 mil	Lithuania Republic 6.62%	1.60

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat	Share Chg since 02-2018	Share Amount	Holdings :	Net Assets %
Value Blend Growth	P/E Ratio TTM	13.4	0.90	0.88	⊕	86,047	PJSC Lukoil ADR	1.55
	P/C Ratio TTM	7.2	0.82	0.70		380,141	Itau Unibanco Holding SA	1.53
	P/B Ratio TTM	1.6	0.99	0.76		5 mil	Lithuania Republic 6.12%	1.44
	Geo Avg Mkt Cap \$mil	9849	0.27	0.30		114,500	Banco Central de Chile 3%	1.44
					⊖	7 mil	CTBC Financial Holding Co Ltd	1.36
					⊖	2 mil	Uni-President Enterprises Corp	1.34
					⊖	49,472	LG Electronics Inc	1.33
					⊕	440,200	Hypera SA	1.25
						5 mil	China Petroleum & Chemical Corp H	1.24
					⊕	202,653	Anglo American PLC	1.23

Fixed-Income Style	Avg Eff Maturity	Avg Eff Duration	Avg Wtd Coupon	Avg Wtd Price	Rel Std Index
Ltd	—	—	—	—	—
Mod	—	—	—	—	—
Ext	—	—	—	—	—

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	13.9	1.38
Greater Europe	24.2	0.52
Greater Asia	61.9	1.43

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>42.1</b>	<b>0.92</b>
Basic Materials	12.4	1.48
Consumer Cyclical	8.0	0.71
Financial Services	17.2	0.75
Real Estate	4.6	1.41
<b>Sensitive</b>	<b>47.3</b>	<b>1.39</b>
Communication Services	4.5	1.06
Energy	7.2	1.01
Industrials	10.0	0.92
Technology	25.7	2.15
<b>Defensive</b>	<b>10.6</b>	<b>0.53</b>
Consumer Defensive	4.2	0.44
Healthcare	5.0	0.67
Utilities	1.4	0.46

## Operations

Family:	BlackRock	Base Currency:	USD	Incept:	05-16-2013
Manager:	Multiple	Ticker:	BEEIX	Type:	MF
Tenure:	5.0 Years	Minimum Initial Purchase:	\$2 mil	Total Assets:	\$318.79 mil
Objective:	Growth and Income	Purchase Constraints:	A		

# Guggenheim Macro Opportunities Instl (USD)

## Performance 04-30-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	0.31	3.44	4.03	2.52	10.66
2017	1.99	0.97	1.10	1.14	5.30
2018	0.38	—	—	—	0.41

Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	3.30	4.47	4.03	—	6.10
Std 03-31-2018	3.65	—	4.25	—	6.18
Total Return	3.30	4.47	4.03	—	6.10
+/- Std Index	3.62	3.40	2.57	—	—
+/- Cat Index	2.00	3.66	3.45	—	—
% Rank Cat	34	11	1	—	—
No. in Cat	320	264	159	—	—

	Subsidized	Unsubsidized
7-day Yield 05-03-2018	4.35 <sup>1</sup>	—
30-day SEC Yield 04-30-2018	2.87 <sup>1</sup>	2.75

1. Contractual waiver; Expires 02-01-2019

## Performance Disclosure

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## Fees and Expenses

### Sales Charges

Front-End Load %	NA
Deferred Load %	NA

### Fund Expenses

Management Fees %	0.89
12b1 Expense %	NA
Gross Expense Ratio %	1.12

## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	5★	—
Morningstar Risk	Avg	Avg	—
Morningstar Return	+Avg	High	—

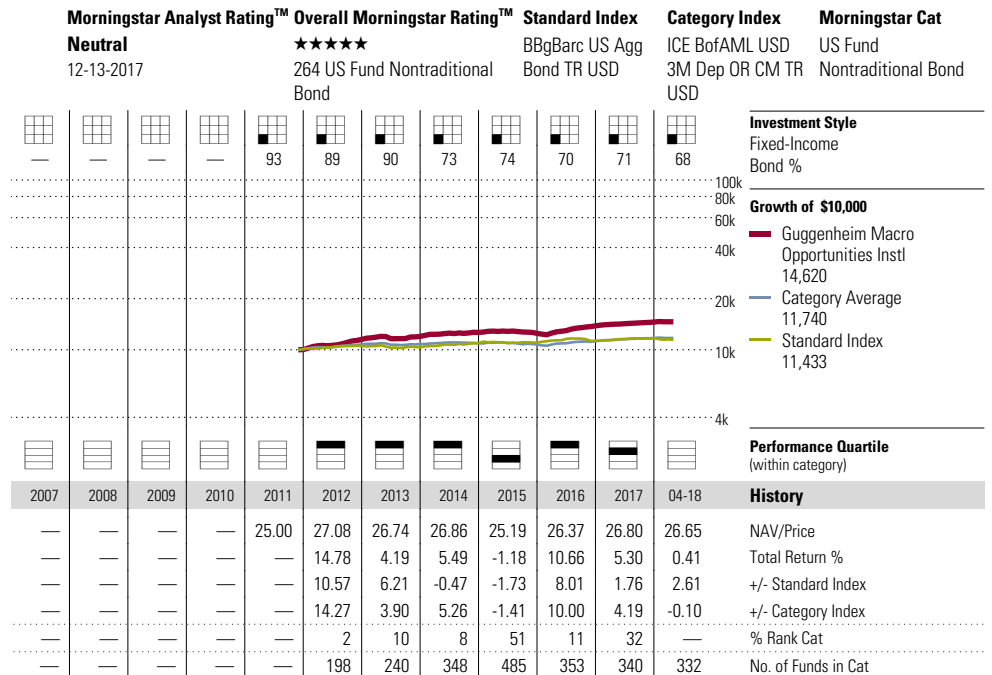
	3 Yr	5 Yr	10 Yr
Standard Deviation	2.68	2.91	—
Mean	4.47	4.03	—
Sharpe Ratio	1.41	1.24	—

MPT Statistics	Standard Index	Best Fit Index S&P/LSTA Leveraged Loan TR
Alpha	3.74	0.71
Beta	0.09	0.92
R-Squared	0.81	81.71

12-Month Yield	3.26%
Potential Cap Gains Exp	-0.62%

## Operations

Family:	Guggenheim Investments
Manager:	Multiple
Tenure:	6.5 Years
Objective:	Multisector Bond



## Portfolio Analysis 02-28-2018

Asset Allocation %	Net %	Long %	Short %	Share Chg since 01-2018	Share Amount	Holdings :	Net Assets %	
Cash	14.21	14.37	0.16			430 Total Stocks , 1,158 Total Fixed-Income, 61% Turnover Ratio		
US Stocks	5.97	6.00	0.03					
Non-US Stocks	0.91	0.91	0.00	⊕	12 mil	Guggenheim Limited Duration Instl	4.48	
Bonds	69.55	70.64	1.09		6 mil	Guggenheim Alpha Opportunity Instl	2.60	
Other/Not Clsfd	9.36	11.80	2.44	⊕	4 mil	Guggenheim Strategy II	1.48	
Total	100.00	103.72	3.72	⊕	4 mil	Guggenheim Managed Futures Strateg	1.32	
				✱	72 mil	Republic Of Italy	1.31	
Equity Style	Portfolio Statistics							
Value Blend Growth	P/E Ratio TTM	Port Avg 14.5	Rel Index —	Rel Cat 1.16	⊖	82 mil	LSTAR SECURITIES INVESTMENT LTD AB	1.22
	P/C Ratio TTM	8.0	—	1.92	⊕	3 mil	Guggenheim Strategy III	1.17
	P/B Ratio TTM	1.9	—	1.58	⊖	66 mil	Kdac Aviation Finance Cayman Limit	0.98
	Geo Avg Mkt Cap \$mil	9716	—	1.40	⊖	63 mil	AASET TRUST 2017-1 3.967% PIDI MBS	0.94
						63 mil	Fortress Cr Opportunities Ix Clo L	0.94
						62 mil	Shackleton 2015-VIII Clo Limited O	0.93
Fixed-Income Style					⊖	53 mil	Lstar Sec Fin Veh I 2017 FRN	0.79
Ltd Mod Ext	Avg Eff Maturity		3.75			54 mil	Raspro Trust FRN 01/03/2024 USD100	0.78
	Avg Eff Duration		0.44			50 mil	Cim Trust 2017-2 0% BDS 25/12/2057	0.76
	Avg Wtd Coupon		4.13		⊖	49 mil	LSTAR SECS INVEST LTD 2017-8 ABS 2	0.73
	Avg Wtd Price		96.48		⊖			

Sector Weightings	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>22.9</b>	—
Basic Materials	3.3	—
Consumer Cyclical	7.3	—
Financial Services	7.2	—
Real Estate	5.1	—
<b>Sensitive</b>	<b>48.2</b>	—
Communication Services	2.2	—
Energy	8.0	—
Industrials	19.4	—
Technology	18.6	—
<b>Defensive</b>	<b>29.0</b>	—
Consumer Defensive	10.8	—
Healthcare	10.9	—
Utilities	7.2	—

Base Currency:	USD	Incept:	11-30-2011
Ticker:	GIOIX	Type:	MF
Minimum Initial Purchase:	\$2 mil	Total Assets:	\$7,033.34 mil
Purchase Constraints:	—		

# Janus Henderson Strategic Income I (USD)

**Morningstar Analyst Rating™**  
**Bronze**  
 10-04-2017

**Overall Morningstar Rating™**  
 ★★★★★  
 267 US Fund World Bond

**Standard Index**  
 BBgBarc US Agg  
 Bond TR USD

**Category Index**  
 Citi WGBI NonUSD  
 USD

**Morningstar Cat**  
 US Fund World Bond

## Performance 04-30-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	1.43	1.68	3.66	-0.66	6.20
2017	2.03	1.87	1.04	0.86	5.93
2018	-0.68	—	—	—	-0.92
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	1.91	3.44	4.08	—	4.61
Std 03-31-2018	3.11	—	4.44	—	4.70
Total Return	1.91	3.44	4.08	4.20	4.61
+/- Std Index	2.23	2.37	2.61	0.62	—
+/- Cat Index	-6.51	-0.08	3.44	2.26	—
% Rank Cat	75	9	1	23	—
No. in Cat	305	267	239	136	—

7-day Yield	Subsidized	Unsubsidized
30-day SEC Yield 04-30-2018	2.59 <sup>1</sup>	2.46
1. Contractual waiver; Expires 11-01-2018		

## Performance Disclosure

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Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 877-335-2687 or visit [www.janus.com](http://www.janus.com).

## Fees and Expenses

### Sales Charges

Front-End Load %	NA
Deferred Load %	NA

### Fund Expenses

Management Fees %	0.55
12b1 Expense %	NA
Gross Expense Ratio %	0.78

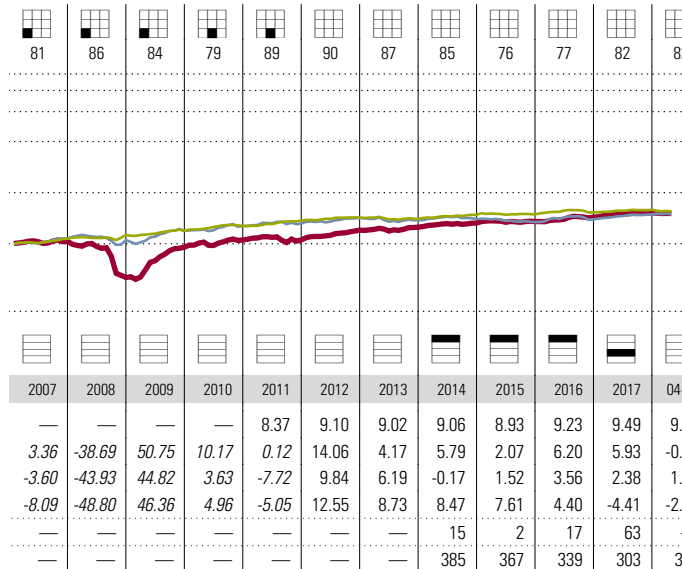
## Risk and Return Profile

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	5★	3★
Morningstar Risk	-Avg	-Avg	High
Morningstar Return	High	High	+Avg
Standard Deviation	2.89	3.27	10.56
Mean	3.44	4.08	4.20
Sharpe Ratio	0.96	1.12	0.41

MPT Statistics	Standard Index	Best Fit Index
Alpha	2.50	1.90
Beta	0.63	0.61
R-Squared	35.28	58.50
12-Month Yield		2.67%
Potential Cap Gains Exp		-0.53%

## Operations

Family:	Janus Henderson
Manager:	Multiple
Tenure:	9.4 Years
Objective:	Multisector Bond



## Portfolio Analysis 02-28-2018

Asset Allocation %	Net %	Long %	Short %
Cash	11.44	11.44	0.00
US Stocks	0.00	0.00	0.00
Non-US Stocks	0.00	0.00	0.00
Bonds	82.09	82.88	0.78
Other/Not Clsfd	6.47	6.47	0.00
Total	100.00	100.78	0.78

## Equity Style

Value	Blend	Growth
Large		
Mid		
Small		

## Fixed-Income Style

Ltd	Mod	Ext
High		
Med		
Low		

## Credit Quality Breakdown

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

## Regional Exposure

	Stocks %	Rel Std Index
Americas	—	—
Greater Europe	—	—
Greater Asia	—	—

## Top Holdings 03-31-2018

Share since 01-2018	Share Amount	Holdings :	Net Assets %
		0 Total Stocks, 175 Total Fixed-Income, 112% Turnover Ratio	
✱	37 mil	Aust 10y Bond Fut Jun18 Xsfe 20180	4.22
✱	15 mil	Euro-Bund Future Jun18 Xeur 201806	3.45
	39 mil	Australian Government Sr Unsecured	3.43
	35 mil	Australian Government Sr Unsecured	3.11
⊕	38 mil	Canada (Government of) 1%	3.00
	29 mil	Australian Government Sr Unsecured	2.60
✱	17 mil	Us 10yr Note (Cbt)jun18 Xcvt 20180	2.37
⊕	161 mil	Swedish Government Bonds 05/28 0.75	2.18
✱	12 mil	Us Long Bond(Cbt) Jun18 Xcvt 20180	2.08
	21 mil	Canada (Government of) 0.5%	1.78
	10 mil	Wachovia Capital Trust III 5.57%	1.17
	10 mil	US Treasury Note 2%	1.14
	11 mil	Australia(Cmnwlth) 2%	0.96
	9 mil	Visa Inc 2.75%	0.96
	8 mil	Diamond 1 Finance Corporation/Diam	0.93

## Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	—	—
Basic Materials	—	—
Consumer Cyclical	—	—
Financial Services	—	—
Real Estate	—	—
<b>Sensitive</b>	—	—
Communication Services	—	—
Energy	—	—
Industrials	—	—
Technology	—	—
<b>Defensive</b>	—	—
Consumer Defensive	—	—
Healthcare	—	—
Utilities	—	—

# PIMCO Income I2 (USD)

Morningstar Analyst Rating™



05-31-2017

Overall Morningstar Rating™



251 US Fund Multisector Bond

Standard Index

BBgBarc US Agg Bond TR USD

Category Index

BBgBarc US Universal TR USD

Morningstar Cat

US Fund Multisector Bond

## Performance 04-30-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	1.75	2.42	2.82	1.36	8.61
2017	2.86	2.24	2.06	1.08	8.49
2018	-0.29	—	—	—	-0.75
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Load-adj Mthly	3.97	5.28	5.10	—	8.86
Std 03-31-2018	5.17	—	5.62	—	8.99
Total Return	3.97	5.28	5.10	8.86	8.86
+/- Std Index	4.29	4.21	3.63	5.29	—
+/- Cat Index	3.96	3.74	3.27	4.93	—
% Rank Cat	13	2	1	1	—
No. in Cat	320	251	203	122	—

7-day Yield	Subsidized	Unsubsidized
30-day SEC Yield	—	—

## Performance Disclosure

The Overall Morningstar Rating is based on risk-adjusted returns, derived from a weighted average of the three-, five-, and 10-year (if applicable) Morningstar metrics.

The performance data quoted represents past performance and does not guarantee future results. The investment return and principal value of an investment will fluctuate; thus an investor's shares, when sold or redeemed, may be worth more or less than their original cost.

Current performance may be lower or higher than return data quoted herein. For performance data current to the most recent month-end, please call 888-877-4626 or visit [www.pimco.com](http://www.pimco.com).

## Fees and Expenses

### Sales Charges

Front-End Load %	NA
Deferred Load %	NA

### Fund Expenses

Management Fees %	0.60
12b1 Expense %	NA
Gross Expense Ratio %	0.63

## Risk and Return Profile

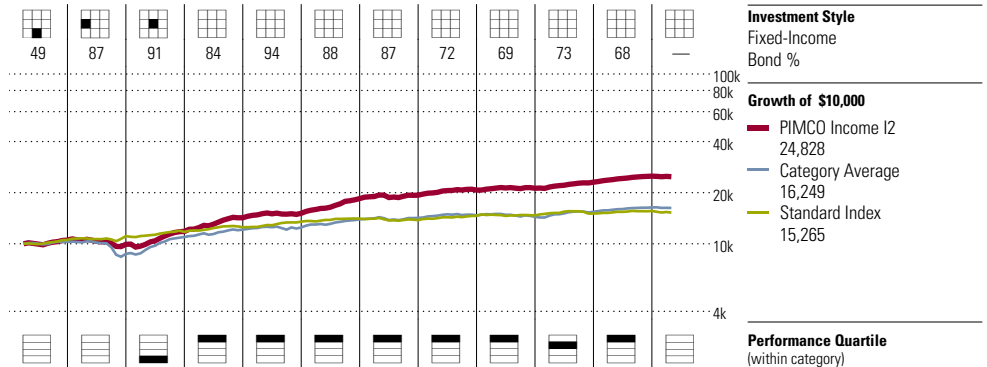
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	5★	5★	5★
Morningstar Risk	-Avg	-Avg	-Avg
Morningstar Return	High	High	High
	3 Yr	5 Yr	10 Yr
Standard Deviation	2.30	2.94	4.67
Mean	5.28	5.10	8.86
Sharpe Ratio	1.96	1.57	1.76

MPT Statistics	Standard Index	Best Fit Index
	ICE BofAML US High	Yield TR USD
Alpha	4.37	3.12
Beta	0.38	0.33
R-Squared	19.98	61.68

12-Month Yield	—
Potential Cap Gains Exp	0.34%

## Operations

Family:	PIMCO
Manager:	Multiple
Tenure:	11.2 Years
Objective:	Multisector Bond



History	NAV/Price	Total Return %	+/- Standard Index	+/- Category Index	% Rank Cat	No. of Funds in Cat
2007	—	—	—	—	—	—
2008	8.91	-5.57	-10.81	-7.95	—	—
2009	9.84	13.16	13.81	10.48	83	242
2010	11.04	20.35	13.81	13.18	1	268
2011	10.85	6.28	-1.57	-1.13	7	250
2012	12.36	22.07	17.85	16.54	1	283
2013	12.26	4.72	6.75	6.07	19	308
2014	12.33	7.09	1.13	1.53	7	276
2015	11.73	2.53	1.98	2.10	3	304
2016	12.06	8.61	5.96	4.70	33	299
2017	12.41	8.49	4.95	4.40	11	321
04-18	12.10	-0.75	1.45	1.32	—	329

## Portfolio Analysis 12-31-2017

Asset Allocation %	Net %	Long %	Short %	Share Chg since 09-2017	Share Amount	Holdings : 19 Total Stocks , 6,053 Total Fixed-Income, 190% Turnover Ratio	Net Assets %
Cash	-46.73	98.38	145.11	—	—	IRS USD 2.00000 06/20/18-5Y CME_Pay	-27.02
US Stocks	0.37	0.37	0.00	✱	29,639 mil	IRS JPY 0.45000 03/20/19-10Y LCH_P	-13.33
Non-US Stocks	0.00	0.00	0.00	✱	1,618,463 mil	CIRS USD 5.25Y MAT 2.30% 1/2018 GL	9.25
Bonds	144.64	210.80	66.16	✱	10,000 mil	CIRS USD 5.33Y MAT 2.2% 1/2018 GLM	7.38
Other/Not Clsfd	1.72	1.75	0.03	✱	8,000 mil	IRS USD 2.12000 08/16/17-5Y* CME_R	5.96
Total	100.00	311.31	211.31	✱	6,476 mil	CIRS USD 5.25Y MAT 2.35% 2/2018 GL	5.65
				✱	6,111 mil	CIRS USD 5.25Y MAT 2.36% 2/2018 GL	5.65
				✱	6,105 mil	IRS USD 2.00000 09/07/17-5Y* CME_R	5.54
				✱	6,057 mil	IRS USD 2.14000 11/15/17-5Y CME_Re	4.70
				✱	5,098 mil	CIRS USD 5.25Y MAT 2.35% 1/2018 MY	4.63
				✱	5,000 mil	CIRS USD 5.25Y MAT 2.41% 3/2018 MY	4.63
				✱	5,000 mil	CIRS USD 5.25Y MAT 2.35% 2/2018 GL	4.63
				✱	5,000 mil	CIRS USD 5.25Y MAT 2.29% 1/2018 MY	4.63
				✱	4,599 mil	Federal National Mortgage Associat	-4.45
				✱	3,267 mil	IRS USD 1.75000 06/20/18-3Y CME_Pay	-2.98

Equity Style	Portfolio Statistics	Port Avg	Rel Index	Rel Cat
Value Blend Growth	P/E Ratio TTM	—	—	—
	P/C Ratio TTM	19.2	—	1.81
	P/B Ratio TTM	28.4	—	11.94
	Geo Avg Mkt Cap \$mil	6155	—	0.16

Fixed-Income Style	Avg Eff Maturity	6.08
	Avg Eff Duration	2.39
	Avg Wtd Coupon	—
	Avg Wtd Price	—

Credit Quality Breakdown	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

Regional Exposure	Stocks %	Rel Std Index
Americas	100.0	—
Greater Europe	0.0	—
Greater Asia	0.0	—

## Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>98.9</b>	—
Basic Materials	0.0	—
Consumer Cyclical	38.5	—
Financial Services	0.0	—
Real Estate	60.4	—
<b>Sensitive</b>	<b>1.0</b>	—
Communication Services	0.0	—
Energy	1.0	—
Industrials	0.0	—
Technology	0.0	—
<b>Defensive</b>	<b>0.1</b>	—
Consumer Defensive	0.0	—
Healthcare	0.0	—
Utilities	0.1	—



## Schwab International Equity ETF™ (USD)

Overall Morningstar Rating™  
★★★  
608 US Fund Foreign Large Blend

Standard Index  
MSCI ACWI Ex  
USA NR USD

Category Index  
MSCI ACWI Ex  
USA NR USD

Morningstar Cat  
US Fund Foreign Large  
Blend

## Performance 04-30-2018

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	-1.84	-0.96	6.58	-0.71	2.88
2017	7.32	6.11	5.54	4.70	25.83
2018	-2.02	—	—	—	0.41
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	15.52	—	6.47	—	6.31
Std NAV 03-31-18	14.88	—	6.38	—	6.18
Mkt Total Ret	14.71	5.30	5.88	—	6.42
NAV Total Ret	15.15	5.28	5.97	—	6.43
+/- Std Index	-0.76	0.27	0.51	—	—
+/- Cat Index	-0.76	0.27	0.51	—	—
% Rank Cat	29	37	42	—	—
No. in Cat	758	608	533	—	—

30-day SEC Yield 01-31-2018	Subsidized	Unsubsidized
	2.40	2.40

## Performance Disclosure

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## Fees and Expenses

## Fund Expenses

Management Fees %	0.06
Expense Ratio %	0.06
12b1 Expense %	NA

## Risk and Return Profile

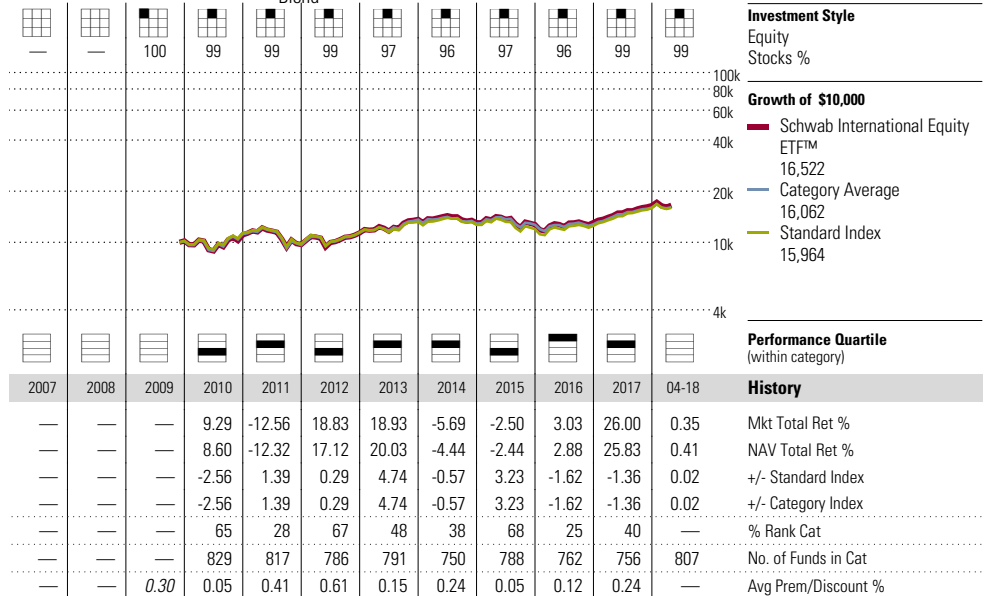
	3 Yr	5 Yr	10 Yr
Morningstar Rating™	3★	3★	—
Morningstar Risk	+Avg	+Avg	—
Morningstar Return	Avg	Avg	—
	3 Yr	5 Yr	10 Yr
Standard Deviation NAV	11.90	11.56	—
Standard Deviation MKT	11.16	11.27	—
Mean NAV	5.28	5.97	—
Mean MKT	5.30	5.88	—
Sharpe Ratio	0.44	0.53	—

MPT Statistics	Standard Index	Best Fit Index
NAV	MSCI EAFE NR USD	
Alpha	0.41	0.40
Beta	0.96	0.98
R-Squared	97.25	99.34

12-Month Yield	2.34%
Potential Cap Gains Exp	—
Leveraged	No
Leverage Type	—
Leverage %	100.00
Primary Prospectus Benchmark	FTSE Dv Ex US NR USD

## Operations

Family:	Schwab ETFs
Manager:	Multiple
Tenure:	5.4 Years
Total Assets:	\$15,361.6 mil
Shares Outstanding:	449.30 mil



## Portfolio Analysis 05-07-2018

Asset Allocation % 05-04-2018	Net %	Long %	Short %
Cash	0.62	0.62	0.00
US Stocks	2.32	2.32	0.00
Non-US Stocks	96.70	96.70	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.35	0.35	0.00
Total	100.00	100.00	0.00

## Equity Style

Value	Blend	Growth
Large	—	—
Mid	—	—
Small	—	—

## Fixed-Income Style

Ltd	Mod	Ext
High	—	—
Mid	—	—
Low	—	—

## Credit Quality Breakdown

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

## Regional Exposure

	Stocks %	Rel Std Index
Americas	8.1	0.81
Greater Europe	54.0	1.16
Greater Asia	37.9	0.87

## Top Holdings 05-04-2018

Share Chg since 05-2018	Share Amount	Holdings : 1,348 Total Stocks , 0 Total Fixed-Income, 5% Turnover Ratio	Net Assets %
	3 mil	Nestle SA	1.32
	163,347	Samsung Electronics Co Ltd GDR	1.29
	17 mil	HSBC Holdings PLC	1.08
	2 mil	Toyota Motor Corp	0.95
	2 mil	Novartis AG	0.94
	4 mil	Royal Dutch Shell PLC Class A	0.90
	603,192	Roche Holding AG Dividend Right Ce	0.89
	16 mil	BP PLC	0.81
	2 mil	Total SA	0.80
	3 mil	Royal Dutch Shell PLC B	0.75
⊕	53,750	Msci Eafe Jun18 Ifus 20180615	0.71
	2 mil	British American Tobacco PLC	0.67
	1 mil	Royal Bank of Canada Inc	0.61
	379,403	Allianz SE	0.59
	2 mil	The Toronto-Dominion Bank	0.58

## Sector Weightings

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>44.5</b>	<b>0.97</b>
Basic Materials	8.2	0.99
Consumer Cyclical	11.8	1.05
Financial Services	21.2	0.92
Real Estate	3.2	0.97
<b>Sensitive</b>	<b>33.2</b>	<b>0.97</b>
Communication Services	3.7	0.89
Energy	6.8	0.96
Industrials	13.8	1.27
Technology	8.9	0.74
<b>Defensive</b>	<b>22.3</b>	<b>1.12</b>
Consumer Defensive	10.3	1.09
Healthcare	8.9	1.18
Utilities	3.1	1.04

**Schwab US Broad Market ETF™ (USD)**

Overall Morningstar Rating™

Standard Index

Category Index

Morningstar Cat

★★★★

S&amp;P 500 TR USD

Russell 1000 TR

US Fund Large Blend

1,177 US Fund Large Blend

**Performance 04-30-2018**

Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	0.97	2.61	4.34	4.12	12.56
2017	5.81	3.02	4.54	6.34	21.18
2018	-0.61	—	—	—	-0.25
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	Incept
Std Mkt 03-31-18	13.77	—	13.01	—	14.10
Std NAV 03-31-18	13.82	—	13.00	—	14.18
Mkt Total Ret	13.07	10.12	12.71	—	14.01
NAV Total Ret	13.05	10.14	12.70	—	14.08
+/- Std Index	-0.22	-0.43	-0.26	—	—
+/- Cat Index	-0.12	-0.11	-0.14	—	—
% Rank Cat	38	28	22	—	—
No. in Cat	1,364	1,177	1,056	—	—

	Subsidized	Unsubsidized
30-day SEC Yield 01-31-2018	1.63	1.63

**Performance Disclosure**

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**Fees and Expenses**

Fund Expenses	
Management Fees %	0.03
Expense Ratio %	0.03
12b1 Expense %	NA

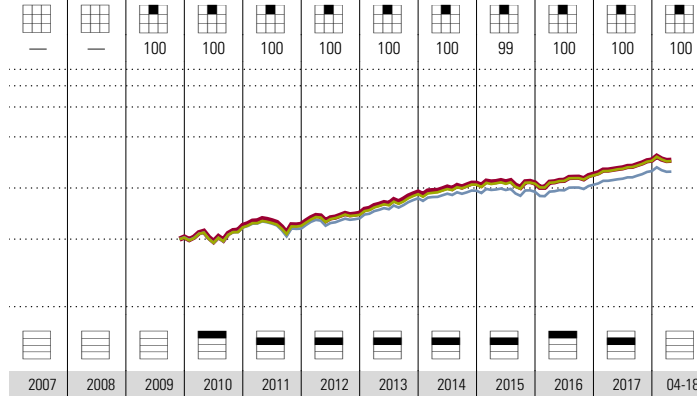
**Risk and Return Profile**

	3 Yr	5 Yr	10 Yr
Morningstar Rating™	4★	4★	—
Morningstar Risk	Avg	Avg	—
Morningstar Return	+Avg	+Avg	—
Standard Deviation NAV	10.35	9.98	—
Standard Deviation MKT	10.41	10.00	—
Mean NAV	10.14	12.70	—
Mean MKT	10.12	12.71	—
Sharpe Ratio	0.93	1.21	—

MPT Statistics	Standard Index	Best Fit Index
NAV	USD	Russell 3000 TR
Alpha	-0.42	-0.05
Beta	1.00	1.00
R-Squared	98.99	99.99
12-Month Yield	—	1.71%
Potential Cap Gains Exp	—	—
Leveraged	No	—
Leverage Type	—	—
Leverage %	—	100.00
Primary Prospectus Benchmark	DJ US Broad Stock	Market TR USD

**Operations**

Family:	Schwab ETFs
Manager:	Multiple
Tenure:	8.0 Years
Total Assets:	\$11,846.4 mil
Shares Outstanding:	183.00 mil



Year	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	04-18
—	—	—	—	17.09	1.37	16.34	33.20	12.69	0.39	12.66	21.19	-0.36
—	—	—	—	17.10	1.40	16.22	33.37	12.67	0.45	12.56	21.18	-0.25
—	—	—	—	2.04	-0.71	0.22	0.99	-1.02	-0.93	0.60	-0.66	0.13
—	—	—	—	1.01	-0.10	-0.20	0.26	-0.57	-0.47	0.50	-0.51	0.10
—	—	—	—	12	27	30	32	35	37	21	45	—
—	—	—	—	2010	1786	1686	1559	1568	1606	1409	1396	1439
—	—	—	0.15	0.05	0.01	0.02	0.02	0.02	0.01	0.00	0.01	—

**Portfolio Analysis 05-07-2018**

Asset Allocation % 05-04-2018	Net %	Long %	Short %
Cash	0.12	0.12	0.00
US Stocks	98.90	98.90	0.00
Non-US Stocks	0.98	0.98	0.00
Bonds	0.00	0.00	0.00
Other/Not Clsfd	0.00	0.00	0.00
Total	100.00	100.00	0.00

**Equity Style**

Value	Blend	Growth
Large	—	—
Mid	—	—
Small	—	—

**Fixed-Income Style**

Ltd	Mod	Ext
High	—	—
Mid	—	—
Low	—	—

**Credit Quality Breakdown**

	Bond %
AAA	—
AA	—
A	—
BBB	—
BB	—
B	—
Below B	—
NR	—

**Regional Exposure**

	Stocks %	Rel Std Index
Americas	99.0	1.00
Greater Europe	0.5	1.43
Greater Asia	0.5	0.95

**Top Holdings 05-04-2018**

Share Chg since 05-2018	Share Amount	Holdings : 2,293 Total Stocks, 0 Total Fixed-Income, 4% Turnover Ratio	Net Assets %
+	2 mil	Apple Inc	3.39
+	3 mil	Microsoft Corp	2.66
+	170,799	Amazon.com Inc	2.31
+	1 mil	Facebook Inc A	1.54
+	817,740	Berkshire Hathaway Inc B	1.37
+	1 mil	JPMorgan Chase & Co	1.35
+	1 mil	Johnson & Johnson	1.21
+	2 mil	Exxon Mobil Corp	1.18
+	129,258	Alphabet Inc C	1.16
+	126,724	Alphabet Inc A	1.14
+	4 mil	Bank of America Corporation	1.02
+	2 mil	Intel Corp	0.90
+	810,716	Chevron Corp	0.87
+	770,483	Visa Inc Class A	0.84
+	2 mil	Wells Fargo & Co	0.84

**Sector Weightings**

	Stocks %	Rel Std Index
<b>Cyclical</b>	<b>35.7</b>	<b>1.05</b>
Basic Materials	3.2	1.20
Consumer Cyclical	12.4	1.03
Financial Services	16.6	0.98
Real Estate	3.6	1.60
<b>Sensitive</b>	<b>41.8</b>	<b>1.00</b>
Communication Services	2.9	0.92
Energy	6.0	0.95
Industrials	10.9	1.06
Technology	22.0	1.00
<b>Defensive</b>	<b>22.5</b>	<b>0.92</b>
Consumer Defensive	6.6	0.88
Healthcare	13.1	0.93
Utilities	2.9	0.99

# US Insurance Money Market - Taxable (USD)

**Standard Index**  
USTREAS T-Bill  
Auction Ave 3  
Mon

**Category Index**  
ICE BofAML USD  
3M Dep OR CM TR  
USD

Performance 04-30-2018					
Quarterly Returns	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total %
2016	0.02	0.02	0.03	0.03	0.09
2017	0.05	0.10	0.17	0.17	0.48
2018	0.24	—	—	—	0.35
Trailing Returns	1 Yr	3 Yr	5 Yr	10 Yr	
Total Return	0.75	0.31	0.19	0.21	
+/- Std Index	-0.56	-0.33	-0.21	-0.12	
+/- Cat Index	-0.55	-0.50	-0.40	-0.53	
No. in Cat	518	446	426	359	

## Performance Disclosure

Morningstar Categories are unmanaged and cannot be invested in directly by investors.

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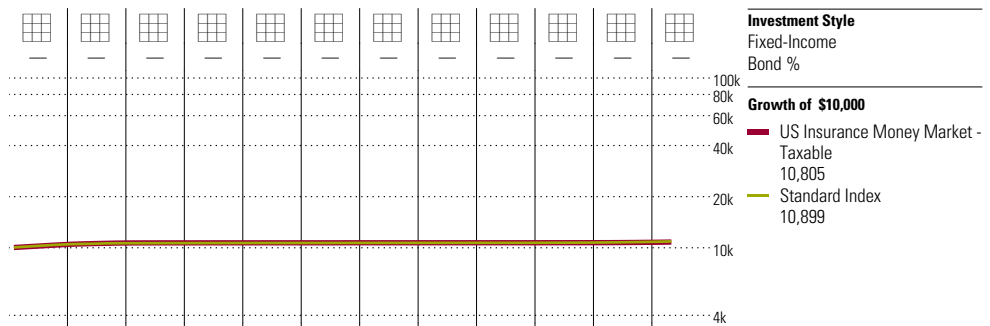
Current performance may be lower or higher than return data quoted herein.

## Fees and Expenses

Fund Expenses	
Management Fees %	NA
12b1 Expense %	NA
<b>Gross Expense Ratio %</b>	<b>0.56</b>

Risk and Return Profile			
	3 Yr	5 Yr	10 Yr
Standard Deviation	0.10	0.09	0.13
Mean	0.31	0.19	0.21
Sharpe Ratio	-5.00	-3.06	-1.81

MPT Statistics	Standard Index	Cat Index
Alpha	—	—
Beta	—	—
R-Squared	—	—
12-Month Yield	—	—
Potential Cap Gains Exp	—	—



2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	04-18	History
4.63	2.00	0.17	0.04	0.02	0.03	0.02	0.01	0.02	0.09	0.48	0.35	Total Return %
-0.14	0.50	0.00	-0.10	-0.03	-0.06	-0.05	-0.02	-0.03	-0.25	-0.50	-0.21	+/- Standard Index
-0.98	-1.82	-0.83	-0.30	-0.25	-0.48	-0.27	-0.22	-0.21	-0.57	-0.63	-0.16	+/- Category Index
1015	1054	1005	986	1016	960	943	927	863	492	518	538	No. of Funds in Cat

## Portfolio Analysis 03-31-2018

Asset Allocation %			Net %	Long %	Short %	Sector Weightings		Stocks %	Rel Std Index
Cash			72.13	72.72	0.58	<b>Cyclical</b>		<b>14.5</b>	—
US Stocks			0.01	0.01	0.00	Basic Materials		2.1	—
Non-US Stocks			0.00	0.00	0.00	Consumer Cyclical		4.1	—
Bonds			25.02	25.03	0.01	Financial Services		7.9	—
Other/Not Clsfd			2.84	2.97	0.13	Real Estate		0.4	—
Total			100.00	100.72	0.72	<b>Sensitive</b>		<b>13.9</b>	—
<b>Equity Style</b>						Communication Services		1.1	—
Value	Blend	Growth	<b>Portfolio Statistics</b>			Energy		2.1	—
			P/E Ratio TTM	14.6	Cat Avg	Industrials		4.0	—
			P/C Ratio TTM	12.0	Rel Index	Technology		6.7	—
			P/B Ratio TTM	2.6		<b>Defensive</b>		<b>71.7</b>	—
			Geo Avg Mkt Cap \$mil	108681		Consumer Defensive		39.2	—
<b>Fixed-Income Style</b>						Healthcare		31.5	—
Ltd	Mod	Ext	Avg Eff Maturity	0.35		Utilities		0.9	—
			Avg Eff Duration	1.21					
			Avg Wtd Coupon	—					
			Avg Wtd Price	99.14					

Credit Quality Breakdown 03-31-2018		Bond %
AAA		61.19
AA		30.13
A		6.19
BBB		1.49
BB		0.00
B		0.00
Below B		0.00
NR		0.99

Regional Exposure		Stocks %	Rel Std Index
Americas		85.5	—
Greater Europe		8.8	—
Greater Asia		5.7	—

## Operations

Tenure:	—	Incept:	—	Holdings:	24% Turnover Ratio
Base Currency:	USD	Type:	CA		



# Portfolio Snapshot Report

## Disclosure Statement

### General

Investment portfolios illustrated in this report can be scheduled or unscheduled. With an unscheduled portfolio, the user inputs only the portfolio holdings and their current allocations. Morningstar calculates returns using the given allocations assuming monthly rebalancing. Taxes, loads, and sales charges and any applicable trading commissions or short-term trading fees are not taken into account.

With scheduled portfolios, the user inputs the date and amount for all investments into and withdrawals from each holding, as well as tax rates, loads, and other factors that would have affected portfolio performance. A hypothetical illustration is one type of scheduled portfolio.

Both scheduled and unscheduled portfolios are theoretical, for illustrative purposes only, and are not reflective of an investor's actual experience. For both scheduled and unscheduled portfolios, the performance data given represents past performance and should not be considered indicative of future results. Performance data does not include the effects of any applicable trading commissions or short-term trading fees. Principal value and investment return of stocks, mutual funds, and variable annuity/life products will fluctuate, and an investor's shares/units, when redeemed, will be worth more or less than the original investment. Stocks, mutual funds, and variable annuity/life products are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution. Portfolio statistics change over time.

Used as supplemental sales literature, the Portfolio Snapshot report must be preceded or accompanied by the fund/policy's current prospectus or equivalent. In all cases, this disclosure statement should accompany the Portfolio Snapshot report. Morningstar is not itself a FINRA-member firm.

The underlying holdings of the portfolio are not federally or FDIC-insured and are not deposits or obligations of, or guaranteed by any financial institution. Investing in securities involves investment risks, including possible loss of principal and fluctuation in value.

The information contained in this report is from the most recent information available to Morningstar as of the release date, and may or may not be an accurate reflection of the current composition of the securities included in the portfolio. There is no assurance that the weightings, composition and ratios will remain the same.

### Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publicly-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if

they are trading at a price below their NAV, they are said to be trading at a discount. A closed-end mutual fund's expense ratio is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Closed-end funds may also have 12b-1 fees. Income distributions and capital gains of the closed-end fund are subject to income tax, if held in a taxable account.

An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. ETFs are not actively managed, so their value may be affected by a general decline in the U.S. market segments relating to their underlying indexes. Similarly, an imperfect match between an ETF's holdings and those of its underlying index may cause its performance to vary from that of its underlying index. The expense ratio of an ETF is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. ETFs do not have 12b-1 fees or sales loads. Capital gains from funds held in a taxable account are subject to income tax. In many, but not all cases, ETFs are generally considered to be more tax-efficient when compared to similarly invested mutual funds.

Holding company depository receipts (HOLDRs) are similar to ETFs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution.

An open-end fund is an investment company that issues shares on a continuous basis. Shares can be purchased from the open-end mutual fund itself, or through an intermediary, but cannot be traded on a secondary market, such as the New York Stock Exchange. Investors pay the open-end mutual fund's current net asset value plus any initial sales loads. Net asset value is calculated daily, at the close of business. Open-end mutual fund shares can be redeemed, or sold back to the fund or intermediary, at their current net asset value minus any deferred sales loads or redemption fees. The expense ratio for an open-end mutual fund is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Open-end funds may also have 12b-1 fees. Income distributions and capital gains of the open-end fund are subject to income tax, if held in a taxable account.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the

sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units. A one-time initial sales charge is deducted from an investment made into the trust. UIT investors may also pay creation and development fees, organization costs, and/or trustee and operation expenses. UIT units may be redeemed by the sponsor at their net asset value minus a deferred sales charge, and sold to other investors. UITs have set termination dates, at which point the underlying securities are sold and the sales proceeds are paid to the investor. Typically, a UIT investment is rolled over into successive trusts as part of a long-term strategy. A rollover fee may be charged for the exercise of rollover purchases. There are tax consequences associated with rolling over an investment from one trust to the next.

### Comparison of Other Security Types

Variable annuities are tax-deferred investments structured to convert a sum of money into a series of payments over time. Variable annuity policies have limitations and are not viewed as short-term liquid investments. An insurance company's fulfillment of a commitment to pay a minimum death benefit, a schedule of payments, a fixed investment account guaranteed by the insurance company, or another form of guarantee depends on the claims-paying ability of the issuing insurance company. Any such guarantee does not affect or apply to the investment return or principal value of the separate account and its subaccount. The financial ratings quoted for an insurance company do not apply to the separate account and its subaccount. The insurance company offering a variable life contract will charge several fees to investors, including annual contract charges that compensate the insurance company for the cost of maintaining and administering the variable life contract, mortality and expense risk (M&E Risk) charges based on a percentage of a subaccount's assets to cover costs associated with mortality and expense risk, and administration fees that are based on a percentage of a subaccount's assets to cover the costs involved in offering and administering the subaccount. A variable life investor will also be charged a front-end load by the insurance company on their initial contribution, ongoing fees related to the management of the fund, and surrender charges if the investor makes a withdrawal prior to a specified time. If the variable annuity subaccount is invested in a money-market fund, the money market fund is not FDIC-insured, may lose money, and is not guaranteed by a bank or other financial institution.

Variable life insurance is a cash-value life insurance that has a variable cash value and/or death benefit depending on the investment performance of the subaccount into which premium payments are invested. Unlike traditional life insurance, variable life insurance has inherent risks associated with it, including market volatility, and is not viewed as a short-term liquid investment. For more information on a variable life product, including each subaccount, please read the current prospectus. Please note, the financial ratings noted on the report are quoted for an insurance company and do not apply to the separate account and its subaccount.

Fixed annuities have a predetermined rate of return an investor earns and a fixed income payout that is guaranteed by the issuing investment company, and may be immediate or deferred. Payouts may last for a specific period or for the life of the investor. Investments in a deferred fixed annuity grow tax-deferred with income tax incurred upon withdrawal, and do not depend on the stock market. However, the insurance company's guaranteed rate of return and payments depends on the claims-paying ability of the insurance company. Fixed annuities typically do not have cost-of-living payment adjustments. Fixed annuities often have surrender charges if the event you need to withdraw your investment early. Fixed annuities are regulated by state insurance commissioners.

Fixed indexed annuities, also called equity index annuities, are a combination of the characteristics of both fixed and variable annuities. Fixed indexed annuities

offer a predetermined rate of return like a fixed annuity, but they also allow for participation in the stock market, like a variable annuity. Fixed indexed annuities are typically riskier and offer the potential for greater return than fixed annuities, but less so than a variable annuity. Investments in a fixed indexed annuity grow tax-deferred with income tax incurred upon withdrawal. The insurance company's guaranteed rate of return and ability to make payments depends on the claims-paying ability of the insurance company. While fixed indexed annuities may limit an investor's gains in an up market, they are also designed to help limit losses in a down market. Fixed indexed annuities can be complicated and an investor in a fixed indexed annuity should carefully read the insurance company's offering material to understand how a specific annuity's return will be determined. Fixed indexed annuities often have surrender charges in the event you need to withdraw your investment early and are regulated by state insurance commissioners.

A stock is an ownership interest in a company. When an investor purchases a stock, they become a business owner, and the value of their ownership stake will rise and fall according to the underlying business. Stockholders are entitled to the profits, if any, generated by the company after everyone else – employees, vendors, lenders – get paid. Companies usually pay out their profits to investors in the form of dividends, or they reinvest the money back into the business. Stocks trade on exchanges throughout the day, through a brokerage firm who will charge a commission for the purchase or sale of shares. Income distributions and capital gains of the stock are subject to income tax upon their sale, if held in a taxable account.

A bond is a debt security. When an investor purchases a bond, the purchase amount is lent to a government, municipality, corporation or other entity known as an issuer. The issuer promises to pay a specified rate of interest during the life of the bond and repay the face value of the bond when it matures. U.S. Treasuries can be purchased directly from the Treasury or through a brokerage firm. Most other newly issued bonds are offered through an underwriter. Older bonds are traded throughout the day on the secondary market and can be purchased through a brokerage firm, who will charge transaction fees and commission for the purchase or sale. Price evaluations are provided by Interactive Data Corporation (IDC).

Preferred stock usually offers a fixed dividend payment, which is paid out before variable dividends that may be paid to investors in a company's common stock. Therefore, preferred stock is typically less risky in terms of principal loss, but there is also less potential for return when compared to a company's common stock. If a company fails, their obligations to preferred stockholders must be met before those of the company's common stock holders, but after bondholders are reimbursed.

A separate account is a portfolio of securities (such as stocks, bonds, and cash) that follows a specified investment strategy and is managed by an investment professional. The securities in the portfolio are directly owned by the separate account's owner. Separate accounts are unregistered investment vehicles; therefore they do not have the same performance and holding reporting responsibilities that registered securities have. Separate account performance data is reported to Morningstar from the investment manager as a composite of similarly managed portfolios. As such, investors in the same separate account may have slightly different portfolio holdings because each investor has customized account needs, tax considerations and security preferences. The method for calculating composite returns can vary. The composite performance for each separate account manager may differ from actual returns in specific client accounts during the same period for a number of reasons. Different separate account managers may use different methods in constructing or computing performance figures. Thus, performance and risk figures for different separate account managers may not be fully comparable to each other. Likewise, performance and risk information of certain separate account

managers may include only composites of larger accounts, which may or may not have more holdings, different diversification, different trading patterns and different performance than smaller accounts with the same strategy. Finally, composite performance of the separate account offered by the money manager may or may not reflect the reinvestment of dividends and capital gains. Gross returns are collected on a monthly and quarterly basis for separate accounts and commingled pools. This information is collected directly from the asset management firm running the product(s). Morningstar calculates total returns, using the raw data (gross monthly and quarterly returns), collected from these asset management firms. The performance data reported by the separate account managers will not represent actual performance net of management fees, brokerage commissions or other expenses. Management fees as well as other expenses a client may incur will reduce individual returns for that client. Because fees are deducted regularly, the compounding effect will increase the impact of the fee deduction on gross account performance by a greater percentage than that of the annual fee charged. For example, if an account is charged a 1% management fee per year and has gross performance of 12% during that same period, the compounding effect of the quarterly fee assessments will result in an actual return of approximately 10.9%. Clients should refer to the disclosure document of the separate account manager and their advisor for specific information regarding fees and expenses. The analysis in this report may be based, in part, on adjusted historical returns for periods prior to an insurance group separate account's (IGSA's) actual inception. When pre-inception data are presented in the report, the header at the top of the report will indicate this and the affected data elements will be displayed in italics. These calculated returns reflect the historical performance of the oldest share class of the underlying fund, adjusted to reflect the management fees of the current IGSA. While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of an IGSA based on the underlying fund's performance, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the IGSA itself. Morningstar % Rank within Morningstar Category does not account for a separate account's sales charge (if applicable).

A collective investment trust (CIT) may also be called a commingled or collective fund. CITs are tax-exempt, pooled investment vehicles maintained by a bank or trust company exclusively for qualified plans, including 401(k)s, and certain types of government plans. CITs are unregistered investment vehicles subject to banking regulations of the Office of the Comptroller of the Currency (OCC), which means they are typically less expensive than other investment options due to lower marketing, overhead, and compliance-related costs. CITs are not available to the general public, but are managed only for specific retirement plans.

A 529 Portfolio is a specific portfolio of securities created from a 529 plan's available investments. In general, the data presented for a 529 Portfolio uses a weighted average of the underlying holdings in the portfolio. Most 529 plans are invested in open-end mutual funds; however, other investment types are possible such as stable value funds, certificates of deposit, and separate accounts.

Before investing, an investor should consider whether the investor's or designated beneficiary's home state offers any state tax or other state benefits such as financial aid, scholarship funds, and protection from creditors that are only available for investments in such state's 529 qualified tuition program.

Offshore funds are funds domiciled in a country outside the one the investor resides in. Many banks have offshore subsidiaries that are under the standards and regulations of the particular country, which can vary considerably. Companies may establish headquarters offshore because of lower tax rates.

Offshore funds are not regulated by the SEC and may have tax implications.

Hedge funds are aggressively managed portfolios which make extensive use of unconventional investment tools such as derivatives as well as long and short positions. Managers of hedge-funds typically focus on specific areas of the market and/or trading strategies. Strategies may include the use of arbitrage, derivatives, leverage, and short selling, and may hold concentrated positions or private securities, which can make them riskier than other investment types. Hedge funds are typically pooled investment vehicles available to sophisticated investors that meet high investing minimums. Many hedge funds are unregistered and are not subject to the same regulations as registered investment vehicles, such as mutual funds. Funds of hedge funds are pooled investment vehicles that invest in multiple unregistered hedge funds, and may be registered with the SEC. Registered funds of hedge funds typically have lower investment minimums than hedge funds, but they are usually not registered on an exchange and can be illiquid. Fund of hedge fund fees are generally higher than those of other pooled investments (like mutual funds) and may have tax consequences.

Cash is a short-term, highly liquid investment. Cash typically doesn't earn as much as other investments, such as stocks or bonds, but is less risky.

Indexes are unmanaged and not available for direct investment. Indexes are created to measure a specified area of the stock market using a representative portfolio of securities. If a security is not available in Morningstar's database, your financial professional may choose to show a representative index. Please note that indexes vary widely, and it is important to choose an index that has similar characteristics to the security it is being used to represent. In no way should the performance of an index be considered indicative or a guarantee of the future performance of an actual security, be considered indicative of the actual performance achieved by a security, or viewed as a substitute for the actual security in your portfolio. Actual results of a security may differ substantially from the historical performance shown for an index and may include an individual client incurring a loss. Past performance is no guarantee of future results.

Morningstar assigns each security in its database to a Morningstar Category using the underlying securities in the security's portfolio. If a security is not available in Morningstar's database, your financial professional may choose to show the security's category. Please note that a category will not be an exact match to your securities. In no way should the performance of a category be considered indicative or a guarantee of the future performance of an actual security, be considered indicative of the actual performance achieved by a security, or viewed as a substitute for the actual security in your portfolio. Actual results of a security may differ substantially from the historical performance shown for a category and may include an individual client incurring a loss. Past performance is no guarantee of future results.

### Pre-inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. These fees and expenses are referenced in the report's list of holdings and again on the standardized returns page. When pre-inception data is presented in the report, the header at the top of the report will indicate this and the affected data elements will be displayed in italics.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary

from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

### Scheduled Portfolio Trailing Returns

Scheduled Portfolios are customized by the user to account for loads, taxes, cash flows and specific investment dates. Scheduled portfolios use the portfolio's investment history to calculate final market values and returns. For scheduled portfolios, both individual holdings and portfolio returns are internal-rate-of-return calculations that reflect the timing and dollar size of all purchases and sales. For stocks and mutual funds, sales charges and tax rates are taken into account as specified by the user (except in the pre-tax returns, which reflect the impact of sales charges but not taxes). Note that in some scheduled portfolio illustrations, dividends and capital gains distributions, if applicable, are reinvested at the end of the month in which they are made at the month-end closing price. This can cause discrepancies between calculated returns and actual investor experience.

The trailing returns for scheduled portfolios commence at the end of the day on the investment start date. All front-load fees and beginning of period asset-based fees are deducted at the start of the day, therefore these fees will not be incorporated within the trailing return time period that matches the whole investment time period. For example, an investor pays \$10,000 for security A with a 5% front-load and generates a 5-year Hypothetical Illustration that shows an end value of \$12,500. Assuming no cash inflows or outflows aside from the initial investment and end value, the whole investment time period return will be 4.56%  $((12,500 / \$10,000)^{(1/5)} - 1)$  while the 5-year trailing return will be 5.64%  $((\$12,500 / \$9,500)^{(1/5)} - 1)$ .

### Scheduled Portfolio Returns-Based Performance Data

For scheduled portfolios, the monthly returns used to calculate alphas, betas, R-squareds, standard deviations, Sharpe ratios and best/worst time-period data are internal rates of return.

### Important VA Disclosure for Scheduled Portfolios

For variable annuity products, policy level charges (other than front-end loads, if input by the advisor) are not factored into returns. When withdrawals and liquidations are made, increases in value over the purchase price are taxed at the capital gains rate that is currently in effect. This is not reflective of the actual tax treatment for these products, which requires the entire withdrawal to be taxed at the income tax rate. If adjusted for sales charges and the effects of taxation, the subaccount returns would be reduced.

### Scheduled Portfolio Investment Activity Graph

The historic portfolio values graphed are those used to track the portfolio when calculating returns.

### Unscheduled Portfolio Returns

Monthly total returns for unscheduled portfolios are calculated by applying the ending period holding weightings supplied by the user to an individual holding's monthly returns. When monthly returns are unavailable for a holding (ie. due to it not being in existence during the historical period being reported), the remaining portfolio holdings are re-weighted to maintain consistent proportions. Inception dates are listed in the Disclosure for Standardized and Tax Adjusted Returns. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Unscheduled portfolio returns thus assume monthly rebalancing. Returns for individual holdings are simple time-weighted trailing returns. Neither portfolio returns nor holding returns are adjusted for loads or taxes, and if they were, the returns stated would be reduced. The returns stated assume the reinvestment of dividends and capital gains. Mutual fund returns include all ongoing fund expenses. VA/VL returns

reflect subaccount level fund expenses, including M&E expenses, administration fees, and actual ongoing fund-level expenses.

### Unscheduled Portfolio Investment Activity Graph

The historic performance data graphed is extrapolated from the ending portfolio value based on monthly returns.

### Benchmark Returns

Benchmark returns may or may not be adjusted to reflect ongoing expenses such as sales charges. An investment's portfolio may differ significantly from the securities in the benchmark.

Returns for custom benchmarks are calculated by applying user-supplied weightings to each benchmark's returns every month. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Custom benchmark returns thus assume monthly rebalancing.

### Standardized Returns

For mutual funds, standardized return is total return adjusted for sales charges, and reflects all ongoing fund expenses. Following this disclosure statement, standardized returns for each portfolio holding are shown.

For money-market mutual funds, standardized return is total return adjusted for sales charges and reflects all ongoing fund expenses. Current 7-day yield more closely reflects the current earnings of the money-market fund than the total return quotation.

For VA subaccounts, standardized return is total return based on the inception date within the separate account and is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load, maximum M&E risk charge, administration fees and actual ongoing fund-level expenses.

For ETFs, the standardized returns reflect performance, both at market price and NAV price, without adjusting for the effects of taxation or brokerage commissions. These returns are adjusted to reflect all ongoing ETF expenses and assume reinvestment of dividends and capital gains. If adjusted, the effects of taxation would reduce the performance quoted.

The charges and expenses used in the standardized returns are obtained from the most recent prospectus and/or shareholder report available to Morningstar. For mutual funds and VAs, all dividends and capital gains are assumed to be reinvested. For stocks, stock acquired via divestitures is assumed to be liquidated and reinvested in the original holding.

### Non-Standardized Returns

For mutual funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the mutual fund returns would be reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

For money-market funds, total return is not adjusted for sales charges and reflects all ongoing fund expenses for various time periods. These returns assume reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the money-market returns would be reduced.

For VA and VL subaccounts, non-standardized returns illustrate performance that is adjusted to reflect recurring and non-recurring charges such as surrender fees, contract charges, maximum front-end load, maximum deferred load,



maximum M&E risk charge, administrative fees and underlying fund-level expenses for various time periods. Non-standardized performance returns assume reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the subaccount returns would be significantly reduced. Please note these returns can include pre-inception data and if included, this data will be represented in italics.

### Investment Advisory Fees

The investment(s) returns do not necessarily reflect the deduction of all investment advisory fees. Client investment returns will be reduced if additional advisory fees are incurred such as deferred loads, redemption fees, wrap fees, or other account charges.

### Asset Allocation

The weighting of the portfolio in various asset classes, including "Other", is shown in this graph and table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks. "Not classified" represents the portion of the portfolio that Morningstar could not classify at all, due to missing data.

In the graph and table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These new portfolio statistics help investors look "under the hood" of a portfolio. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics.

Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

### Investment Style

The Morningstar Style Box reveals a fund's investment style as of the date

noted on this report.

For equity funds, the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, core, or growth).

For fixed-income funds, the vertical axis shows the credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g. quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings. PLEASE NOTE: Morningstar, Inc. is not itself an NRSRO nor does it issue a credit rating on the fund. An NRSRO or rating agency ratings can change from time to time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low", "medium", or "high" based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; medium are those less than "AA-", but greater or equal to "BBB-"; and high are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

### Stock Regions

This section provides the allocation of the portfolio's long stock positions to the

world regions, in comparison with a benchmark.

### Risk and Return

Standard deviation is a statistical measure of the volatility of a portfolio's returns around its mean.

Mean represents the annualized geometric return for the period shown.

Sharpe ratio uses a portfolio's standard deviation and total return to determine reward per unit of risk.

Alpha measures the difference between a portfolio's actual returns and its expected performance, given its beta and the actual returns of the benchmark index. Alpha is often seen as a measurement of the value added or subtracted by a portfolio's manager.

Beta is a measure of the degree of change in value one can expect in a portfolio given a change in value in a benchmark index. A portfolio with a beta greater than one is generally more volatile than its benchmark index, and a portfolio with a beta of less than one is generally less volatile than its benchmark index.

R-squared reflects the percentage of a portfolio's movements that is explained by movements in its benchmark index, showing the degree of correlation between the portfolio and a benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

### Portfolio Yield

The dividend yield produced for the most recent 12 months is presented.

### Fundamental Analysis

The below referenced data elements are a weighted average of the long equity holdings in the portfolio.

The median market capitalization of a subaccount's equity portfolio gives you a measure of the size of the companies in which the subaccount invests.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a subaccounts portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The Price/Earnings ratio is calculated by dividing the market value of the equity assets by the trailing 12 month earnings. The 12 month earnings value comes from multiplying the number of shares and the adjusted trailing 12 months' earnings per share for each equity asset and summing the results.

The Price/Sales ratio is a weighted average of the price/sales ratios of the stocks in the underlying fund's portfolio. The P/S ratio of a stock is calculated by dividing the current price of the stock by its trailing 12 months' revenues per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The return on assets (ROA) is the percentage a company earns on its assets in a given year. The calculation is net income divided by end-of-year total assets, multiplied by 100.

The Return on Equity (ROE) is the percentage a company earns on its shareholders' equity in a given year. The calculation is net income divided by end-of-year net worth, multiplied by 100.

Market Maturity shows the percentage of a holding's long common stocks that are domiciled in developed and emerging markets.

The data elements listed below are a weighted average of the long fixed income holdings in the portfolio.

Average maturity is used for holdings in the taxable fixed-income category. This is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Credit quality breakdowns are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by an NRSRO. Bonds not rated by an NRSRO are included in the not rated (NR) category.

Debt as a percentage of capital is calculated by dividing long-term debt by total capitalization (the sum of common equity plus preferred equity plus long-term debt). This figure is not provided for financial companies.

Duration is a time measure of a bond's interest-rate sensitivity.

Net Margin is a measure of profitability. It is equal to annual net income divided by revenues from the same period for the past five fiscal years, multiplied by 100.

Type Weightings divide the stocks in a given holding's portfolio into eight type designations, each of which defines a broad category of investment characteristics. Not all stocks in a given holding's portfolio are assigned a type. These stocks are grouped under NA.

The data elements listed below are a weighted average of the total holdings in the portfolio.

The average expense ratio is the percentage of assets deducted each year for operating expenses, management fees, and all other asset-based costs incurred by the fund, excluding brokerage fees. Please note for mutual funds, variable annuities/life, ETFs and closed-end funds, we use the gross prospectus ratio as provided in the prospectus. Separate accounts and stocks are excluded from the average expense ratio.

Potential capital gains exposure is the percentage of a holding's total assets that represent capital appreciation.

## Fixed Annuity and Fixed Indexed Annuity Holdings Proxy Disclosure

When reviewing or recommending a portfolio, your financial advisor analyses the investments in the portfolio along with their fees and expenses. Your financial advisor may choose to rely on a proxy to estimate this information. If included in this report, the Holding Type will be "PROXY".

If a proxy is used in this report, the data shown may not be an accurate representation of the data for the actual portfolio and should not be viewed as such. The actual portfolio data may be higher or lower than what is shown in

this report, and will vary depending on the actual investments in the portfolio and the allocation of those investments.

For Fixed Annuity or Fixed Indexed Annuity proxies included in this report, the performance of the proxy will be zero (0.00) over all time periods. A portfolio yield will not be calculated and all Risk and Return and MPT Statistics will be shown as zero (0.00). Your financial advisor should explain to you how an actual Fixed Annuity or Fixed Indexed Annuity will impact the portfolio shown in this report any other limitations or disclosures that may be material to your decision-making process.

Morningstar has not reviewed or verified any information input by your financial advisor, nor can Morningstar guarantee the completeness or accuracy of this data. Morningstar shall have no liability for any errors, omissions, or interruptions. Morningstar makes no warranty, express or implied, as to the results obtained by any person or entity from the use of a proxy or the data included therein. Morningstar makes no express or implied warranties, and expressly disclaims all warranties of merchantability or fitness for a particular purpose or use with respect to the proxies or any data included therein. Without limiting any of the foregoing, in no event shall Morningstar have any liability for any special, punitive, indirect or consequential damages (including lost profits) even if notified of the possibility of such damages.

Morningstar makes no representation or warranty, express or implied, regarding the advisability of investing in securities generally or the ability of a proxy to approximate data of a specific security or security type. Before selecting a proxy you and your financial advisor should, among other factors, carefully consider the proxy and its applicability. There is no guarantee that a proxy will achieve any objective.

The proxy used in this report is provided for informational and educational purposes only to help your financial advisor illustrate and document a portfolio to you. Morningstar is not responsible for any trading decisions, damages, or other losses resulting from or related to a proxy, assumptions made in choosing a proxy, or the information noted herein. Any security noted is not an offer or solicitation by Morningstar to buy or sell that security.

In no way should the information about a proxy shown within this report be considered indicative or a guarantee of an actual portfolio. Actual results may differ substantially from that shown.

***Please note: If a proxy is used in this report, you should not use it as the sole basis for your investment decisions.***

## Mutual Fund Detail Report Disclosure Statement

The Mutual Fund Detail Report is supplemental sales literature, and therefore must be preceded or accompanied by the mutual fund's current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the Mutual Fund Detail Report. Morningstar is not itself a FINRA-member firm.

All data presented is based on the most recent information available to Morningstar as of the release date and may or may not be an accurate reflection of current data for securities included in the fund's portfolio. There is no assurance that the data will remain the same.

Unless otherwise specified, the definition of "funds" used throughout this Disclosure Statement includes closed-end funds, exchange-traded funds, grantor trusts, index mutual funds, open-ended mutual funds, and unit

investment trusts. It does not include exchange-traded notes or exchange-traded commodities.

Prior to 2016, Morningstar's methodology evaluated open-end mutual funds and exchange-traded funds as separate groups. Each group contained a subset of the current investments included in our current comparative analysis. In this report, historical data presented on a calendar-year basis and trailing periods ending at the most-recent month-end reflect the updated methodology.

Risk measures (such as alpha, beta, r-squared, standard deviation, mean, or Sharpe ratio) are calculated for securities or portfolios that have at least a three-year history.

Most Morningstar rankings do not include any adjustment for one-time sales charges, or loads. Morningstar does publish load-adjusted returns, and ranks such returns within a Morningstar Category in certain reports. The total returns for ETFs and fund share classes without one-time loads are equal to Morningstar's calculation of load-adjusted returns. Share classes that are subject to one-time loads relating to advice or sales commissions have their returns adjusted as part of the load-adjusted return calculation to reflect those loads.

### Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publically-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. A closed-end mutual fund's expense ratio is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Closed-end funds may also have 12b-1 fees. Income distributions and capital gains of the closed-end fund are subject to income tax, if held in a taxable account.

An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. ETFs are not actively managed, so their value may be affected by a general decline in the U.S. market segments relating to their underlying indexes. Similarly, an imperfect match between an ETF's holdings and those of its underlying index may cause its performance to vary from that of its underlying index. The expense ratio of an ETF is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. ETFs do not have 12b-1 fees or sales loads. Capital gains from funds held in a taxable account are subject to income tax. In many, but not all cases, ETFs are generally considered to be more tax-efficient when compared to similarly

invested mutual funds.

Holding company depository receipts (HOLDRs) are similar to ETFs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.

A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution.

An open-end fund is an investment company that issues shares on a continuous basis. Shares can be purchased from the open-end mutual fund itself, or through an intermediary, but cannot be traded on a secondary market, such as the New York Stock Exchange. Investors pay the open-end mutual fund's current net asset value plus any initial sales loads. Net asset value is calculated daily, at the close of business. Open-end mutual fund shares can be redeemed, or sold back to the fund or intermediary, at their current net asset value minus any deferred sales loads or redemption fees. The expense ratio for an open-end mutual fund is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Open-end funds may also have 12b-1 fees. Income distributions and capital gains of the open-end fund are subject to income tax, if held in a taxable account.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units. A one-time initial sales charge is deducted from an investment made into the trust. UIT investors may also pay creation and development fees, organization costs, and/or trustee and operation expenses. UIT units may be redeemed by the sponsor at their net asset value minus a deferred sales charge, and sold to other investors. UITs have set termination dates, at which point the underlying securities are sold and the sales proceeds are paid to the investor. Typically, a UIT investment is rolled over into successive trusts as part of a long-term strategy. A rollover fee may be charged for the exercise of rollover purchases. There are tax consequences associated with rolling over an investment from one trust to the next.

## Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when sold, may be worth more or less than the original investment. Fund portfolio statistics change over time. Funds are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

Morningstar calculates after-tax returns using the highest applicable federal marginal income tax rate plus the investment income tax and Medicare surcharge. As of 2018, this rate is 37% plus 3.8% investment income plus 0.9%

Medicare surcharge, or 41.7%. This rate changes periodically in accordance with changes in federal law.

## Pre-Inception Returns

The analysis in this report may be based, in part, on adjusted historical returns for periods prior to the inception of the share class of the fund shown in this report ("Report Share Class"). If pre-inception returns are shown, a performance stream consisting of the Report Share Class and older share class(es) is created. Morningstar adjusts pre-inception returns downward to reflect higher expenses in the Report Share Class, we do not hypothetically adjust returns upwards for lower expenses. For more information regarding calculation of pre-inception returns please see the Morningstar Extended Performance Methodology.

**When pre-inception data is presented in the report, the header at the top of the report will indicate this. In addition, the pre-inception data included in the report will appear in italics.**

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structures of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. The underlying investments in the share classes used to calculate the pre-performance string will likely vary from the underlying investments held in the fund after inception. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.

## 12b1 Expense %

A 12b-1 fee is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount of the fee is taken from a fund's returns.

## Alpha

Alpha is a measure of the difference between a security or portfolio's actual returns and its expected performance, given its level of risk (as measured by beta.) Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

## Asset Allocation

Asset Allocation reflects asset class weightings of the portfolio. The "Other" category includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks, or cannot be classified by Morningstar as a result of missing data. Morningstar may display asset allocation data in several ways, including tables or pie charts. In addition, Morningstar may compare the asset class breakdown of the fund against its three-year average, category average, and/or index proxy.

Asset allocations shown in tables may include a breakdown among the long, short, and net (long positions net of short) positions. These statistics summarize what the fund's managers are buying and how they are positioning the fund's portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the fund's exposure and risk. Long positions involve buying the security outright and selling it later, with the hope the security's price rises over time. Short positions are taken with the hope of benefitting from anticipated price declines. The investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale,



the investor will have sold high and can buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience a loss buying it at a higher price than the sale price.

Most fund portfolios hold fairly conventional securities, such as long positions in equities and bonds. Morningstar may generate a colored pie chart for these portfolios. Other portfolios use other investment strategies or securities, such as short positions or derivatives, in an attempt to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics. Portfolios that incorporate investment strategies resulting in short positions or portfolio with relatively exotic derivative positions often report data to Morningstar that does not meet the parameters of the calculation underlying a pie chart's generation. Because of the nature of how these securities are reported to Morningstar, we may not always get complete portfolio information to report asset allocation. Morningstar, at its discretion, may determine if unidentified characteristics of fund holdings are material. Asset allocation and other breakdowns may be rescaled accordingly so that percentages total to 100 percent. (Morningstar used discretion to determine if unidentified characteristics of fund holdings are material, pie charts and other breakdowns may rescale identified characteristics to 100% for more intuitive presentation.)

Note that all other portfolio statistics presented in this report are based on the long (or long rescaled) holdings of the fund only.

#### **Average Effective Duration**

Duration is a time measure of a bond's interest-rate sensitivity. Average effective duration is a weighted average of the duration of the fixed-income securities within a portfolio.

#### **Average Effective Maturity**

Average Effective Maturity is a weighted average of the maturities of all bonds in a portfolio.

#### **Average Weighted Coupon**

A coupon is the fixed annual percentage paid out on a bond. The average weighted coupon is the asset-weighted coupon of each bond in the portfolio.

#### **Average Weighted Price**

Average Weighted Price is the asset-weighted price of bonds held in a portfolio, expressed as a percentage of par (face) value. This number reveals if the portfolio favors bonds selling at prices above or below par value (premium or discount securities respectively.)

#### **Best Fit Index**

Alpha, beta, and R-squared statistics are presented for a broad market index and a "best fit" index. The Best Fit Index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best fit index. The best fit index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund or portfolio.

#### **Beta**

Beta is a measure of a security or portfolio's sensitivity to market movements (proxied using an index.) A beta of greater than 1 indicates more volatility than the market, and a beta of less than 1 indicates less volatility than the market.

#### **Credit Quality Breakdown**

Credit Quality breakdowns are shown for corporate-bond holdings in the fund's portfolio and depict the quality of bonds in the underlying portfolio. It shows the percentage of fixed-income securities that fall within each credit-quality rating as assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). Bonds not rated by an NRSRO are included in the Other/Not-Classified category.

#### **Deferred Load %**

The back-end sales charge or deferred load is imposed when an investor redeems shares of a fund. The percentage of the load charged generally declines the longer the fund's shares are held by the investor. This charge, coupled with 12b-1 fees, commonly serves as an alternative to a traditional front-end load.

#### **Expense Ratio %**

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, includes interest and dividends on borrowed securities but does not reflect any fee waivers in effect during the time period.

#### **Front-end Load %**

The initial sales charge or front-end load is a deduction made from each investment in the fund and is generally based on the amount of the investment.

#### **Geometric Average Market Capitalization**

Geometric Average Market Capitalization is a measure of the size of the companies in which a portfolio invests.

#### **Growth of 10,000**

For funds, this graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and/or with that of the average for all funds in its Morningstar Category. The total returns are not adjusted to reflect sales charges or the effects of taxation but are adjusted to reflect actual ongoing fund expenses, and they assume reinvestment of dividends and capital gains. If adjusted, effects of sales charges and taxation would reduce the performance quoted. If pre-inception data is included in the analysis, it will be graphed.

The index in the Growth of 10,000 graph is an unmanaged portfolio of specified securities and cannot be invested in directly. The index does not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

#### **Management Fees %**

The management fee includes the management and administrative fees listed in the Management Fees section of a fund's prospectus. Typically, these fees represent the costs shareholders paid for management and administrative services over the fund's prior fiscal year.

#### **Maximum Redemption Fee %**

The Maximum Redemption Fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase (for example, 30, 180, or 365 days).

#### **Mean**

Mean is the annualized geometric return for the period shown.

## Morningstar Analyst Rating™

The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to [global.morningstar.com/managerdisclosures/](http://global.morningstar.com/managerdisclosures/).

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

## Morningstar Category

Morningstar Category is assigned by placing funds into peer groups based on their underlying holdings. The underlying securities in each portfolio are the primary factor in our analysis as the investment objective and investment strategy stated in a fund's prospectus may not be sufficiently detailed for our proprietary classification methodology. Funds are placed in a category based on their portfolio statistics and compositions over the past three years. Analysis of performance and other indicative facts are also considered. If the fund is new and has no portfolio history, Morningstar estimates where it will fall before giving it a permanent category assignment. Categories may be changed based on recent changes to the portfolio.

## Morningstar Rank

Morningstar Rank is the total return percentile rank within each Morningstar Category. The highest (or most favorable) percentile rank is zero and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of a fund at the time of calculation.

## Morningstar Rating™

The Morningstar Rating™ for funds, or "star rating", is calculated for funds and separate accounts with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Rating for funds, including its methodology, please go to [global.morningstar.com/managerdisclosures/](http://global.morningstar.com/managerdisclosures/).

The Morningstar Return rates a fund's performance relative to other managed products in its Morningstar Category. It is an assessment of a product's excess return over a risk-free rate (the return of the 90-day Treasury Bill) in comparison with the products in its Morningstar category. In each Morningstar category, the top 10% of products earn a High Morningstar Return (High), the next 22.5% Above Average (+Avg), the middle 35% Average (Avg), the next 22.5% Below Average (-Ave), and the bottom 10% Low (Low). Morningstar Return is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

## Morningstar Risk

Morningstar Risk evaluates a fund's downside volatility relative to that of other products in its Morningstar Category. It is an assessment of the variations in monthly returns, with an emphasis on downside variations, in comparison with the products in its Morningstar category. In each Morningstar category, the 10% of products with the lowest measured risk are described as Low Risk (Low), the next 22.5% Below Average (-Avg), the middle 35% Average (Avg), the next 22.5% Above Average (+Avg), and the top 10% High (High). Morningstar Risk is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

## Morningstar Style Box™

The Morningstar Style Box™ reveals a fund's investment strategy as of the date noted on this report.

For equity funds, the vertical axis shows the market capitalization of the long stocks owned, and the horizontal axis shows the investment style (value, blend, or growth.) A darkened square in the style box indicates the weighted average style of the portfolio.

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest-rate sensitivity as measured by a bond's effective duration. Morningstar seeks credit rating information from fund companies on a periodic basis (for example, quarterly). In compiling credit rating information, Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations. For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/ agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating; and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings.

Please Note: Morningstar, Inc. is not an NRSRO nor does it issue a credit rating on the fund. NRSRO or rating agency ratings can change from time to time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low," "medium," or "high" based on their average credit quality. Funds with a "low" credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; "medium" are those less than "AA-", but greater or equal to "BBB-"; and "high" are those with a weighted-average credit quality of "AA-" or higher.

When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index, which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCB's average effective duration; funds whose average effective duration is between 75% to 125% of the MCB will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCB will be classified as Extensive.

For municipal-bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases, static breakpoints are used. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-U.S. taxable and non-U.S. domiciled fixed-income funds, static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: more than 3.5 years but less than or equal to 6 years; (iii) Extensive: more than 6 years.

Interest-rate sensitivity for non-U.S. domiciled funds (excluding funds in convertible categories) may be measured with modified duration when effective duration is not available.

#### **P/B Ratio TTM**

The Price/Book Ratio (or P/B Ratio) for a fund is the weighted average of the P/B Ratio of the stocks in its portfolio. Book value is the total assets of a company, less total liabilities. The P/B ratio of a company is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding. Stocks with negative book values are excluded from this calculation. It shows approximately how much an investor is paying for a company's assets based on historical valuations.

#### **P/C Ratio TTM**

The Price/Cash Flow Ratio (or P/C Ratio) for a fund is the weighted average of the P/C Ratio of the stocks in its portfolio. The P/C Ratio of a stock represents the amount an investor is willing to pay for a dollar generated from a company's operations. It shows the ability of a company to generate cash and acts as a gauge of liquidity and solvency.

#### **P/E Ratio TTM**

The Price/Earnings Ratio (or P/E Ratio) for a fund is the weighted average of the P/E Ratios of the stocks in its portfolio. The P/E Ratio of a stock is the stock's current price divided by the company's trailing 12-month earnings per share. A high P/E Ratio usually indicates the market will pay more to obtain the company's earnings because it believes in the company's abilities to increase their earnings. A low P/E Ratio indicates the market has less confidence that the company's earnings will increase, however value investors may believe such stocks have an overlooked or undervalued potential for appreciation.

#### **Percentile Rank in Category**

Percentile Rank is a standardized way of ranking items within a peer group, in this case, funds within the same Morningstar Category. The observation with the largest numerical value is ranked zero the observation with the smallest numerical value is ranked 100. The remaining observations are placed equal

distance from one another on the rating scale. Note that lower percentile ranks are generally more favorable for returns (high returns), while higher percentile ranks are generally more favorable for risk measures (low risk).

#### **Performance Quartile**

Performance Quartile reflects a fund's Morningstar Rank.

#### **Potential Capital Gains Exposure**

Potential Capital Gains Exposure is an estimate of the percent of a fund's assets that represent gains. It measures how much the fund's assets have appreciated, and it can be an indicator of possible future capital gains distributions. A positive potential capital gains exposure value means that the fund's holdings have generally increased in value while a negative value means that the fund has reported losses on its book.

#### **Quarterly Returns**

Quarterly Return is calculated applying the same methodology as Total Return except it represents return through each quarter-end.

#### **R-Squared**

R-squared is the percentage of a security or portfolio's return movements that are explained by movements in its benchmark index, showing the degree of correlation between the security or portfolio and the benchmark. This figure is helpful in assessing how likely it is that beta and alpha are statistically significant. A value of 1 indicates perfect correlation between the security or portfolio and its benchmark. The lower the R-squared value, the lower the correlation.

#### **Regional Exposure**

The regional exposure is a display of the portfolio's assets invested in the regions shown on the report.

#### **Sector Weightings**

Super Sectors represent Morningstar's broadest classification of equity sectors by assigning the 11 equity sectors into three classifications. The Cyclical Super Sector includes industries significantly impacted by economic shifts, and the stocks included in these sectors generally have betas greater than 1. The Defensive Super Sector generally includes industries that are relatively immune to economic cycles, and the stocks in these industries generally have betas less than 1. The Sensitive Super Sector includes industries that ebb and flow with the overall economy, but not severely so. Stocks in the Sensitive Super Sector generally have betas that are close to 1.

#### **Share Change**

Shares Change represents the number of shares of a stock bought or sold by a fund since the previously reported portfolio of the fund.

#### **Sharpe Ratio**

Sharpe Ratio uses standard deviation and excess return (a measure of a security or portfolio's return in excess of the U.S. Treasury three-month Treasury Bill) to determine the reward per unit of risk.

#### **Standard Deviation**

Standard deviation is a statistical measure of the volatility of the security or portfolio's returns. The larger the standard deviation, the greater the volatility of return.

#### **Standardized Returns**

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if

applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the security was purchased at the beginning of the period and sold at the end, incurring transaction charges.

### Total Return

Total Return, or "Non Load-Adjusted Return", reflects performance without adjusting for sales charges (if applicable) or the effects of taxation, but it is adjusted to reflect all actual ongoing security expenses and assumes reinvestment of dividends and capital gains. It is the return an investor would have experienced if the fund was held throughout the period. If adjusted for sales charges and the effects of taxation, the performance quoted would be significantly reduced.

Total Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

### Trailing Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the fund was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Return, except that it represents return through month-end. As with Standardized Return, it reflects the impact of sales charges and ongoing fund expenses, but not taxation. If adjusted for the effects of taxation, the performance quoted would be significantly different.

Trailing Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

## ETF Detail Report Disclosure Statement

The Exchange-Traded Fund (ETF) Detail Report is supplemental sales literature, and therefore must be preceded or accompanied by the mutual fund's current prospectus or an equivalent statement. Please read this information carefully. In all cases, this disclosure statement should accompany the ETF Detail Report. Morningstar is not itself a FINRA-member firm. All data presented is based on the most recent information available to Morningstar as of the release date and may or may not be an accurate reflection of current data for securities included in the fund's portfolio. There is no assurance that the data will remain the same.

Unless otherwise specified, the definition of "funds" used throughout this Disclosure Statement includes closed-end funds, exchange-traded funds, grantor trusts, index mutual funds, open-ended mutual funds, and unit investment trusts. It does not include exchange-traded notes or exchange-traded commodities.

Prior to 2016, Morningstar's methodology evaluated open-end mutual funds and exchange-traded funds as separate groups. Each group contained a subset of the current investments included in our current comparative analysis. In this report, historical data presented on a calendar-year basis and trailing periods ending at the most-recent month-end reflect the updated methodology.

Risk measures (such as alpha, beta, r-squared, standard deviation, mean, or Sharpe ratio) are calculated for securities or portfolios that have at least a three-year history.

Most Morningstar rankings do not include any adjustment for one-time sales charges, or loads. Morningstar does publish load-adjusted returns, and ranks such returns within a Morningstar Category in certain reports. The total returns for ETFs and fund share classes without one-time loads are equal to Morningstar's calculation of load-adjusted returns. Share classes that are subject to one-time loads relating to advice or sales commissions have their returns adjusted as part of the load-adjusted return calculation to reflect those loads.

### Comparison of Fund Types

Funds, including closed-end funds, exchange-traded funds (ETFs), money market funds, open-end funds, and unit investment trusts (UITs), have many similarities, but also many important differences. In general, publicly-offered funds are investment companies registered with the Securities and Exchange Commission under the Investment Company Act of 1940, as amended. Funds pool money from their investors and manage it according to an investment strategy or objective, which can vary greatly from fund to fund. Funds have the ability to offer diversification and professional management, but also involve risk, including the loss of principal.

A closed-end fund is an investment company, which typically makes one public offering of a fixed number of shares. Thereafter, shares are traded on a secondary market. As a result, the secondary market price may be higher or lower than the closed-end fund's net asset value (NAV). If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. A closed-end mutual fund's expense ratio is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Closed-end funds may also have 12b-1 fees. Income distributions and capital gains of the closed-end fund are subject to income tax, if held in a taxable account.

An ETF is an investment company that typically has an investment objective of striving to achieve a similar return as a particular market index. The ETF will invest in either all or a representative sample of the securities included in the index it is seeking to imitate. Like closed-end funds, an ETF can be traded on a secondary market and thus have a market price that may be higher or lower than its net asset value. If these shares trade at a price above their NAV, they are said to be trading at a premium. Conversely, if they are trading at a price below their NAV, they are said to be trading at a discount. ETFs are not actively managed, so their value may be affected by a general decline in the U.S. market segments relating to their underlying indexes. Similarly, an imperfect match between an ETF's holdings and those of its underlying index may cause its performance to vary from that of its underlying index. The expense ratio of an ETF is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. ETFs do not have 12b-1 fees or sales loads. Capital gains from funds held in a taxable account are subject to income tax. In many, but not all cases, ETFs are generally considered to be more tax-efficient when compared to similarly invested mutual funds.

Holding company depository receipts (HOLDRs) are similar to ETFs, but they focus on narrow industry groups. HOLDRs initially own 20 stocks, which are unmanaged, and can become more concentrated due to mergers, or the disparate performance of their holdings. HOLDRs can only be bought in 100-share increments. Investors may exchange shares of a HOLDR for its underlying stocks at any time.



A money-market fund is an investment company that invests in commercial paper, banker's acceptances, repurchase agreements, government securities, certificates of deposit and other highly liquid securities, and pays money market rates of interest. Money markets are not FDIC-insured, may lose money, and are not guaranteed by a bank or other financial institution.

An open-end fund is an investment company that issues shares on a continuous basis. Shares can be purchased from the open-end mutual fund itself, or through an intermediary, but cannot be traded on a secondary market, such as the New York Stock Exchange. Investors pay the open-end mutual fund's current net asset value plus any initial sales loads. Net asset value is calculated daily, at the close of business. Open-end mutual fund shares can be redeemed, or sold back to the fund or intermediary, at their current net asset value minus any deferred sales loads or redemption fees. The expense ratio for an open-end mutual fund is an annual fee charged to a shareholder. It includes operating expenses and management fees, but does not take into account any brokerage costs. Open-end funds may also have 12b-1 fees. Income distributions and capital gains of the open-end fund are subject to income tax, if held in a taxable account.

A unit investment trust (UIT) is an investment company organized under a trust agreement between a sponsor and trustee. UITs typically purchase a fixed portfolio of securities and then sell units in the trust to investors. The major difference between a UIT and a mutual fund is that a mutual fund is actively managed, while a UIT is not. On a periodic basis, UITs usually distribute to the unit holder their pro rata share of the trust's net investment income and net realized capital gains, if any. If the trust is one that invests only in tax-free securities, then the income from the trust is also tax-free. UITs generally make one public offering of a fixed number of units. However, in some cases, the sponsor will maintain a secondary market that allows existing unit holders to sell their units and for new investors to buy units. A one-time initial sales charge is deducted from an investment made into the trust. UIT investors may also pay creation and development fees, organization costs, and/or trustee and operation expenses. UIT units may be redeemed by the sponsor at their net asset value minus a deferred sales charge, and sold to other investors. UITs have set termination dates, at which point the underlying securities are sold and the sales proceeds are paid to the investor. Typically, a UIT investment is rolled over into successive trusts as part of a long-term strategy. A rollover fee may be charged for the exercise of rollover purchases. There are tax consequences associated with rolling over an investment from one trust to the next.

## Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares, when sold, may be worth more or less than the original investment. Fund portfolio statistics change over time. Funds are not FDIC-insured, may lose value, and are not guaranteed by a bank or other financial institution.

The market price noted on the ETF Detail Report is the price of the fund as of the close of trading on the last business day at month-end. This date is listed at the top of the ETF Detail Report.

Morningstar calculates after-tax returns using the highest applicable federal marginal income tax rate plus the investment income tax and Medicare surcharge. As of 2018, this rate is 37% plus 3.8% investment income plus 0.9% Medicare surcharge, or 41.7%. This rate changes periodically in accordance with changes in federal law.

## 12 Month Yield

12 Month Yield is derived by summing the trailing 12-months' income

distributions and dividing the sum by the last month's ending NAV, plus any capital gains distributed over the same period. Income refers only to interest payments from fixed-income securities and dividend payoffs from common stocks.

## 12b1 Expense %

A 12b-1 fee is a fee used to pay for a mutual fund's distribution costs. It is often used as a commission to brokers for selling the fund. The amount of the fee is taken from a fund's returns.

## 30-Day SEC Yield

The 30-day SEC Yield is a calculation based on a 30-day period ending on the last day of the previous month. It is computed by dividing the net investment income per share earned during the period by the maximum offering price per share on the last day of the period. The figure listed lags by one month. When a dash appears, the yield available is more than 30 days old. This information is taken from fund surveys.

## Alpha

Alpha is a measure of the difference between a security or portfolio's actual returns and its expected performance, given its level of risk (as measured by beta.) Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

## Asset Allocation

Asset Allocation reflects asset class weightings of the portfolio. The "Other" category includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks, or cannot be classified by Morningstar as a result of missing data. Morningstar may display asset allocation data in several ways, including tables or pie charts. In addition, Morningstar may compare the asset class breakdown of the fund against its three-year average, category average, and/or index proxy.

Asset allocations shown in tables may include a breakdown among the long, short, and net (long positions net of short) positions. These statistics summarize what the fund's managers are buying and how they are positioning the fund's portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the fund's exposure and risk. Long positions involve buying the security outright and selling it later, with the hope the security's price rises over time. Short positions are taken with the hope of benefitting from anticipated price declines. The investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience a loss buying it at a higher price than the sale price.

Most fund portfolios hold fairly conventional securities, such as long positions in equities and bonds. Morningstar may generate a colored pie chart for these portfolios. Other portfolios use other investment strategies or securities, such as short positions or derivatives, in an attempt to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while other have unique return and risk characteristics. Portfolios that incorporate investment strategies resulting in short positions or portfolio with relatively exotic derivative positions often report data to Morningstar that does not meet the parameters of the calculation underlying a pie chart's generation. Because of the nature of how these securities are reported to Morningstar, we may not always get complete portfolio information to report asset allocation. Morningstar, at its discretion, may determine if unidentified characteristics of fund holdings are material. Asset allocation and other breakdowns may be rescaled accordingly so that

percentages total to 100 percent. (Morningstar used discretion to determine if unidentified characteristics of fund holdings are material, pie charts and other breakdowns may rescale identified characteristics to 100% for more intuitive presentation.)

Note that all other portfolio statistics presented in this report are based on the long (or long rescaled) holdings of the fund only.

### Average Effective Duration

Duration is a time measure of a bond's interest-rate sensitivity. Average effective duration is a weighted average of the duration of the fixed-income securities within a portfolio.

### Average Effective Maturity

Average Effective Maturity is a weighted average of the maturities of all bonds in a portfolio.

### Average Weighted Coupon

A coupon is the fixed annual percentage paid out on a bond. The average weighted coupon is the asset-weighted coupon of each bond in the portfolio.

### Average Weighted Price

Average Weighted Price is the asset-weighted price of bonds held in a portfolio, expressed as a percentage of par (face) value. This number reveals if the portfolio favors bonds selling at prices above or below par value (premium or discount securities respectively.)

### Best Fit Index

Alpha, beta, and R-squared statistics are presented for a broad market index and a "best fit" index. The Best Fit Index identified in this report was determined by Morningstar by calculating R-squared for the fund against approximately 100 indexes tracked by Morningstar. The index representing the highest R-squared is identified as the best fit index. The best fit index may not be the fund's benchmark, nor does it necessarily contain the types of securities that may be held by the fund or portfolio.

### Beta

Beta is a measure of a security or portfolio's sensitivity to market movements (proxied using an index.) A beta of greater than 1 indicates more volatility than the market, and a beta of less than 1 indicates less volatility than the market.

### Credit Quality Breakdown

Credit Quality breakdowns are shown for corporate-bond holdings in the fund's portfolio and depict the quality of bonds in the underlying portfolio. It shows the percentage of fixed-income securities that fall within each credit-quality rating as assigned by a Nationally Recognized Statistical Rating Organization (NRSRO). Bonds not rated by an NRSRO are included in the Other/Not-Classified category.

### Expense Ratio %

The expense ratio is the annual fee that all funds charge their shareholders. It expresses the percentage of assets deducted each fiscal year for fund expenses, including 12b-1 fees, management fees, administrative fees, operating costs, and all other asset-based costs incurred by the fund. Portfolio transaction fees, or brokerage costs, as well as front-end or deferred sales charges are not included in the expense ratio. The expense ratio, which is deducted from the fund's average net assets, is accrued on a daily basis. The gross expense ratio, in contrast to the net expense ratio, includes interest and dividends on borrowed securities but does not reflect any fee waivers in effect during the time period.

### Geometric Average Market Capitalization

Geometric Average Market Capitalization is a measure of the size of the companies in which a portfolio invests.

### Growth of 10,000

For funds, this graph compares the growth of an investment of 10,000 (in the base currency of the fund) with that of an index and/or with that of the average for all funds in its Morningstar Category. The total returns are not adjusted to reflect sales charges or the effects of taxation but are adjusted to reflect actual ongoing fund expenses, and they assume reinvestment of dividends and capital gains. If adjusted, effects of sales charges and taxation would reduce the performance quoted. If pre-inception data is included in the analysis, it will be graphed.

The index in the Growth of 10,000 graph is an unmanaged portfolio of specified securities and cannot be invested in directly. The index does not reflect any initial or ongoing expenses. A fund's portfolio may differ significantly from the securities in the index. The index is chosen by Morningstar.

### Management Fees %

The management fee includes the management and administrative fees listed in the Management Fees section of a fund's prospectus. Typically, these fees represent the costs shareholders paid for management and administrative services over the fund's prior fiscal year.

### Maximum Redemption Fee %

The Maximum Redemption Fee is the maximum amount a fund may charge if redeemed in a specific time period after the fund's purchase (for example, 30, 180, or 365 days).

### Mean

Mean is the annualized geometric return for the period shown.

### Morningstar Analyst Rating™

The Morningstar Analyst Rating™ is not a credit or risk rating. It is a subjective evaluation performed by Morningstar's manager research group, which consists of various Morningstar, Inc. subsidiaries ("Manager Research Group"). In the United States, that subsidiary is Morningstar Research Services LLC, which is registered with and governed by the U.S. Securities and Exchange Commission. The Manager Research Group evaluates funds based on five key pillars, which are process, performance, people, parent, and price. The Manager Research Group uses this five pillar evaluation to determine how they believe funds are likely to perform relative to a benchmark, or in the case of exchange-traded funds and index mutual funds, a relevant peer group, over the long term on a risk-adjusted basis. They consider quantitative and qualitative factors in their research, and the weight of each pillar may vary. The Analyst Rating scale is Gold, Silver, Bronze, Neutral, and Negative. A Morningstar Analyst Rating of Gold, Silver, or Bronze reflects the Manager Research Group's conviction in a fund's prospects for outperformance. Analyst Ratings ultimately reflect the Manager Research Group's overall assessment, are overseen by an Analyst Rating Committee, and are continuously monitored and reevaluated at least every 14 months. For more detailed information about Morningstar's Analyst Rating, including its methodology, please go to [global.morningstar.com/managerdisclosures/](http://global.morningstar.com/managerdisclosures/).

The Morningstar Analyst Rating (i) should not be used as the sole basis in evaluating a fund, (ii) involves unknown risks and uncertainties which may cause the Manager Research Group's expectations not to occur or to differ significantly from what they expected, and (iii) should not be considered an offer or solicitation to buy or sell the fund.

### Morningstar Category

Morningstar Category is assigned by placing funds into peer groups based on

their underlying holdings. The underlying securities in each portfolio are the primary factor in our analysis as the investment objective and investment strategy stated in a fund's prospectus may not be sufficiently detailed for our proprietary classification methodology. Funds are placed in a category based on their portfolio statistics and compositions over the past three years. Analysis of performance and other indicative facts are also considered. If the fund is new and has no portfolio history, Morningstar estimates where it will fall before giving it a permanent category assignment. Categories may be changed based on recent changes to the portfolio.

### Morningstar Rank

Morningstar Rank is the total return percentile rank within each Morningstar Category. The highest (or most favorable) percentile rank is zero and the lowest (or least favorable) percentile rank is 100. Historical percentile ranks are based on a snapshot of a fund at the time of calculation.

### Morningstar Rating™

The Morningstar Rating™ for funds, or "star rating", is calculated for funds and separate accounts with at least a three-year history. Exchange-traded funds and open-ended mutual funds are considered a single population for comparative purposes. It is calculated based on a Morningstar Risk-Adjusted Return measure that accounts for variation in a managed product's monthly excess performance, placing more emphasis on downward variations and rewarding consistent performance. The Morningstar Rating does not include any adjustment for sales loads. The top 10% of products in each product category receive 5 stars, the next 22.5% receive 4 stars, the next 35% receive 3 stars, the next 22.5% receive 2 stars, and the bottom 10% receive 1 star. The Overall Morningstar Rating for a managed product is derived from a weighted average of the performance figures associated with its three-, five-, and 10-year (if applicable) Morningstar Rating metrics. For more information about the Morningstar Rating for funds, including its methodology, please go to [global.morningstar.com/managerdisclosures/](http://global.morningstar.com/managerdisclosures/).

### Morningstar Return

The Morningstar Return rates a fund's performance relative to other managed products in its Morningstar Category. It is an assessment of a product's excess return over a risk-free rate (the return of the 90-day Treasury Bill) in comparison with the products in its Morningstar category. In each Morningstar category, the top 10% of products earn a High Morningstar Return (High), the next 22.5% Above Average (+Avg), the middle 35% Average (Avg), the next 22.5% Below Average (-Avg), and the bottom 10% Low (Low). Morningstar Return is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

### Morningstar Risk

Morningstar Risk evaluates a fund's downside volatility relative to that of other products in its Morningstar Category. It is an assessment of the variations in monthly returns, with an emphasis on downside variations, in comparison with the products in its Morningstar category. In each Morningstar category, the 10% of products with the lowest measured risk are described as Low Risk (Low), the next 22.5% Below Average (-Avg), the middle 35% Average (Avg), the next 22.5% Above Average (+Avg), and the top 10% High (High). Morningstar Risk is measured for up to three time periods (three, five, and 10 years). These separate measures are then weighted and averaged to produce an overall measure for the product. Products with less than three years of performance history are not rated.

### Morningstar Style Box™

The Morningstar Style Box™ reveals a fund's investment strategy as of the date

noted on this report.

For equity funds, the vertical axis shows the market capitalization of the long stocks owned, and the horizontal axis shows the investment style (value, blend, or growth.) A darkened square in the style box indicates the weighted average style of the portfolio.

For fixed-income funds, the vertical axis shows the credit quality of the long bonds owned and the horizontal axis shows interest-rate sensitivity as measured by a bond's effective duration. Morningstar seeks credit rating information from fund companies on a periodic basis (for example, quarterly). In compiling credit rating information, Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations. For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/ agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating; and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings.

Please Note: Morningstar, Inc. is not an NRSRO nor does it issue a credit rating on the fund. NRSRO or rating agency ratings can change from time to time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low," "medium," or "high" based on their average credit quality. Funds with a "low" credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; "medium" are those less than "AA-", but greater or equal to "BBB-"; and "high" are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index, which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal-bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases, static breakpoints are used. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-U.S. taxable and non-U.S. domiciled fixed-income funds, static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: more than 3.5 years but less than or equal to 6 years; (iii) Extensive: more than 6 years.

Interest-rate sensitivity for non-U.S. domiciled funds (excluding funds in

convertible categories) may be measured with modified duration when effective duration is not available.

### P/B Ratio TTM

The Price/Book Ratio (or P/B Ratio) for a fund is the weighted average of the P/B Ratio of the stocks in its portfolio. Book value is the total assets of a company, less total liabilities. The P/B ratio of a company is calculated by dividing the market price of its outstanding stock by the company's book value, and then adjusting for the number of shares outstanding. Stocks with negative book values are excluded from this calculation. It shows approximately how much an investor is paying for a company's assets based on historical valuations.

### P/C Ratio TTM

The Price/Cash Flow Ratio (or P/C Ratio) for a fund is the weighted average of the P/C Ratio of the stocks in its portfolio. The P/C Ratio of a stock represents the amount an investor is willing to pay for a dollar generated from a company's operations. It shows the ability of a company to generate cash and acts as a gauge of liquidity and solvency.

### P/E Ratio TTM

The Price/Earnings Ratio (or P/E Ratio) for a fund is the weighted average of the P/E Ratios of the stocks in its portfolio. The P/E Ratio of a stock is the stock's current price divided by the company's trailing 12-month earnings per share. A high P/E Ratio usually indicates the market will pay more to obtain the company's earnings because it believes in the company's abilities to increase their earnings. A low P/E Ratio indicates the market has less confidence that the company's earnings will increase, however value investors may believe such stocks have an overlooked or undervalued potential for appreciation.

### Percentile Rank in Category

Percentile Rank is a standardized way of ranking items within a peer group, in this case, funds within the same Morningstar Category. The observation with the largest numerical value is ranked zero the observation with the smallest numerical value is ranked 100. The remaining observations are placed equal distance from one another on the rating scale. Note that lower percentile ranks are generally more favorable for returns (high returns), while higher percentile ranks are generally more favorable for risk measures (low risk).

### Performance Quartile

Performance Quartile reflects a fund's Morningstar Rank.

### Potential Capital Gains Exposure

Potential Capital Gains Exposure is an estimate of the percent of a fund's assets that represent gains. It measures how much the fund's assets have appreciated, and it can be an indicator of possible future capital gains distributions. A positive potential capital gains exposure value means that the fund's holdings have generally increased in value while a negative value means that the fund has reported losses on its book.

### Quarterly Returns

Quarterly Return is calculated applying the same methodology as Total Return except it represents return through each quarter-end.

### R-Squared

R-squared is the percentage of a security or portfolio's return movements that are explained by movements in its benchmark index, showing the degree of correlation between the security or portfolio and the benchmark. This figure is helpful in assessing how likely it is that beta and alpha are statistically significant. A value of 1 indicates perfect correlation between the security or portfolio and its benchmark. The lower the R-squared value, the lower the correlation.

### Regional Exposure

The regional exposure is a display of the portfolio's assets invested in the regions shown on the report.

### Sector Weightings

Super Sectors represent Morningstar's broadest classification of equity sectors by assigning the 11 equity sectors into three classifications. The Cyclical Super Sector includes industries significantly impacted by economic shifts, and the stocks included in these sectors generally have betas greater than 1. The Defensive Super Sector generally includes industries that are relatively immune to economic cycles, and the stocks in these industries generally have betas less than 1. The Sensitive Super Sector includes industries that ebb and flow with the overall economy, but not severely so. Stocks in the Sensitive Super Sector generally have betas that are close to 1.

### Share Change

Shares Change represents the number of shares of a stock bought or sold by a fund since the previously reported portfolio of the fund.

### Sharpe Ratio

Sharpe Ratio uses standard deviation and excess return (a measure of a security or portfolio's return in excess of the U.S. Treasury three-month Treasury Bill) to determine the reward per unit of risk.

### Standard Deviation

Standard deviation is a statistical measure of the volatility of the security or portfolio's returns. The larger the standard deviation, the greater the volatility of return.

### Standardized Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the security was purchased at the beginning of the period and sold at the end, incurring transaction charges.

### Total Return

Total Return, or "Non Load-Adjusted Return", reflects performance without adjusting for sales charges (if applicable) or the effects of taxation, but it is adjusted to reflect all actual ongoing security expenses and assumes reinvestment of dividends and capital gains. It is the return an investor would have experienced if the fund was held throughout the period. If adjusted for sales charges and the effects of taxation, the performance quoted would be significantly reduced.

Total Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

### Trailing Returns

Standardized Return applies the methodology described in the Standardized Returns page of this report. Standardized Return is calculated through the most recent calendar-quarter end for one-year, five-year, 10-year, and/or since-inception periods, and it demonstrates the impact of sales charges (if applicable) and ongoing fund expenses. Standardized Return reflects the return an investor may have experienced if the fund was purchased at the beginning of the period and sold at the end, incurring transaction charges.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Return, except that it represents return through month-end. As



with Standardized Return, it reflects the impact of sales charges and ongoing fund expenses, but not taxation. If adjusted for the effects of taxation, the performance quoted would be significantly different.

Trailing Return +/- indicates how a fund has performed relative to its peers (as measure by its Standard Index and/or Morningstar Category Index) over the time periods shown.

## Morningstar Category Detail Report Disclosure Statement

The Morningstar Category Detail Report displays summary information reflecting the average behavior of all funds included in a particular Morningstar Category.

**Morningstar Categories are unmanaged and cannot be invested in directly by investors. This report is made available for informational purposes only.**

Morningstar is not itself a FINRA-member firm. Portfolio information is based on the most recent information available to Morningstar.

### Performance

The performance data given represents past performance and should not be considered indicative of future results. Principal value and investment return will fluctuate, so that an investor's shares when redeemed may be worth more or less than the original investment. Fund portfolio statistics change over time. The fund is not FDIC-insured, may lose value and is not guaranteed by a bank or other financial institution.

Total return reflects performance without adjusting for sales charges or the effects of taxation, but is adjusted to reflect all actual ongoing fund expenses and assumes reinvestment of dividends and capital gains. If adjusted for sales charges and the effects of taxation, the performance quoted would be reduced.

Standardized Total Return is reflected as of month- and quarter-end time periods. It depicts performance without adjusting for the effects of taxation, but is adjusted for sales charges, all ongoing fund expenses, and assumes reinvestment of dividends and capital gains. If adjusted for the effects of taxation, the performance quoted would be reduced. The sales charge used in the calculation was obtained from the fund's most recent prospectus and/or shareholder report available to Morningstar. Standardized returns never include pre-inception history.

Load-Adjusted Monthly Return is calculated applying the same methodology as Standardized Returns, except that it represents return through month-end. As with Standardized Returns, it reflects the impact of sales charges and ongoing fund expenses, but not taxation. If adjusted for the effects of taxation, the performance quoted would be significantly reduced.

### Growth of \$10,000

This graph compares the theoretical growth of an investment of 10,000 in the Category (in the base currency of the category) with that of the standard index and the category index. The total returns are not adjusted to reflect sales charges or the effects of taxation, but are adjusted to reflect actual ongoing fund expenses, and assume reinvestment of dividends and capital gains. If adjusted, sales charges would reduce the performance quoted. The category and indexes are an unmanaged portfolio of specified securities and cannot be invested in directly. The indexes and the category average do not reflect any

initial or ongoing expenses. The category's portfolio may differ significantly from the securities in the index. The indexes are chosen by Morningstar.

### Risk Measures

The risk measures below are calculated for categories with at least a three-year history. Standard deviation is a statistical measure of the volatility of the average returns for the funds in the category. Mean represents the annualized geometric return for the period shown.

The Sharpe ratio uses standard deviation and excess return to determine reward per unit of risk.

Alpha measures the difference between a category's actual returns and its expected performance, given its level of risk (as measured by beta). Alpha is often seen as a measure of the value added or subtracted by a portfolio manager.

Beta is a measure of an investment's sensitivity to market movements. A portfolio with a beta greater than 1 is more volatile than the market, and a portfolio with a beta less than 1 is less volatile than the market.

R-squared reflects the percentage of an investment's movements that is explained by movements in its benchmark index, showing the degree of correlation between the fund and the benchmark. This figure is also helpful in assessing how likely it is that alpha and beta are statistically significant.

### Asset Allocation

The weighting of the portfolio in various asset classes, including "Other" is shown in the table. "Other" includes security types that are not neatly classified in the other asset classes, such as convertible bonds and preferred stocks.

In the table, allocation to the classes is shown for long positions, short positions, and net (long positions net of short) positions. These statistics summarize what the managers are buying and how they are positioning the portfolio. When short positions are captured in these portfolio statistics, investors get a more robust description of the funds' exposure and risk.

Most managed product portfolios hold fairly conventional securities, such as long positions in stocks and bonds. Other portfolios use other investment strategies or securities, such as short positions or derivatives, to reduce transaction costs, enhance returns, or reduce risk. Some of these securities and strategies behave like conventional securities, while others have unique return and risk characteristics. Most portfolios take long positions in securities. Long positions involve buying the security outright and then selling it later, with the hope that the security price rises over time. In contrast, short positions are taken to benefit from anticipated price declines. In this type of transaction, the investor borrows the security from another investor, sells it and receives cash, and then is obligated to buy it back at some point in the future. If the price falls after the short sale, the investor will have sold high and can now buy low to close the short position and lock in a profit. However, if the price of the security increases after the short sale, the investor will experience losses by buying it at a higher price than the sale price.

The strategy of selling securities short is prevalent in specialized portfolios, such as long-short, market-neutral, bear-market, and hedge funds. Most conventional portfolios do not typically short securities, although they may reserve the right to do so under special circumstances. Funds may also short derivatives, and this is sometimes more efficient than shorting individual securities. Short positions produce negative exposure to the security that is being shorted. This means that when the security rises in value, the short position will fall in value and vice versa. Morningstar's portfolio statistics will capture this negative exposure. For example, if a fund has many short stock

positions, the percent of assets in stocks in the asset allocation breakdown may be negative. Funds must provide their broker with cash collateral for the short position, so funds that short often have a large cash position, sometimes even exceeding 100% cash.

Note that all other portfolio statistics presented in this report are based on the long holdings of the fund only.

### Style Analysis

The Morningstar Style Box reveals a fund's investment style as of the date noted on this report. For equity style box the vertical axis shows the market capitalization of the stocks owned and the horizontal axis shows investment style (value, blend, or growth).

For fixed-income holdings, the vertical axis shows the credit quality of the bonds owned and the horizontal axis shows interest rate sensitivity as measured by a bond's effective duration.

Morningstar seeks credit rating information from fund companies on a periodic basis (e.g., quarterly). In compiling credit rating information Morningstar accepts credit ratings reported by fund companies that have been issued by all Nationally Recognized Statistical Rating Organizations (NRSROs). For a list of all NRSROs, please visit <http://www.sec.gov/divisions/marketreg/ratingagency.htm>. Additionally, Morningstar accepts foreign credit ratings from widely recognized or registered rating agencies. If two rating organizations/agencies have rated a security, fund companies are to report the lower rating; if three or more organizations/agencies have rated a security, fund companies are to report the median rating, and in cases where there are more than two organization/agency ratings and a median rating does not exist, fund companies are to use the lower of the two middle ratings.

PLEASE NOTE: Morningstar, Inc. is not itself a NRSRO nor does it issue a credit rating on the fund. A NRSRO or rating agency ratings can change from time-to-time.

For credit quality, Morningstar combines the credit rating information provided by the fund companies with an average default rate calculation to come up with a weighted-average credit quality. The weighted-average credit quality is currently a letter that roughly corresponds to the scale used by a leading NRSRO. Bond funds are assigned a style box placement of "low", "medium", or "high" based on their average credit quality. Funds with a low credit quality are those whose weighted-average credit quality is determined to be less than "BBB-"; medium are those less than "AA-", but greater or equal to "BBB-"; and high are those with a weighted-average credit quality of "AA-" or higher. When classifying a bond portfolio, Morningstar first maps the NRSRO credit ratings of the underlying holdings to their respective default rates (as determined by Morningstar's analysis of actual historical default rates). Morningstar then averages these default rates to determine the average default rate for the entire bond fund. Finally, Morningstar maps this average default rate to its corresponding credit rating along a convex curve.

For interest-rate sensitivity, Morningstar obtains from fund companies the average effective duration. Generally, Morningstar classifies a fixed-income fund's interest-rate sensitivity based on the effective duration of the Morningstar Core Bond Index (MCBI), which is currently three years. The classification of Limited will be assigned to those funds whose average effective duration is between 25% to 75% of MCBI's average effective duration; funds whose average effective duration is between 75% to 125% of the MCBI will be classified as Moderate; and those that are at 125% or greater of the average effective duration of the MCBI will be classified as Extensive.

For municipal bond funds, Morningstar also obtains from fund companies the average effective duration. In these cases static breakpoints are utilized. These breakpoints are as follows: (i) Limited: 4.5 years or less; (ii) Moderate: more than 4.5 years but less than 7 years; and (iii) Extensive: more than 7 years. In addition, for non-US taxable and non-US domiciled fixed income funds static duration breakpoints are used: (i) Limited: less than or equal to 3.5 years; (ii) Moderate: greater than 3.5 and less than equal to 6 years; (iii) Extensive: greater than 6 years.

### Equity Portfolio Statistics

The referenced data elements below are a weighted average of the equity holdings in the portfolio.

The Price/Earnings ratio is a weighted average of the price/earnings ratios of the stocks in the underlying fund's portfolio. The P/E ratio of a stock is calculated by dividing the current price of the stock by its trailing 12-months' earnings per share. In computing the average, Morningstar weights each portfolio holding by the percentage of equity assets it represents.

The Price/Cash Flow ratio is a weighted average of the price/cash-flow ratios of the stocks in a fund's portfolio. Price/cash-flow shows the ability of a business to generate cash and acts as a gauge of liquidity and solvency.

The Price/Book ratio is a weighted average of the price/book ratios of

all the stocks in the underlying fund's portfolio. The P/B ratio of a company is calculated by dividing the market price of its stock by the company's per-share book value. Stocks with negative book values are excluded from this calculation.

The geometric average market capitalization of a fund's equity portfolio offers a measure of the size of the companies in which the mutual fund invests.

### Fixed-Income Portfolio Statistics

The referenced data elements below are a weighted average of the fixed income holdings in the portfolio.

Duration is a time measure of a bond's interest rate sensitivity. Average effective duration is a weighted average of the duration of the underlying fixed income securities within the portfolio.

Average effective maturity is a weighted average of all the maturities of the bonds in a portfolio, computed by weighting each maturity date by the market value of the security.

Average weighted coupon is generated from the fund's portfolio by weighting the coupon of each bond by its relative size in the portfolio. Coupons are fixed percentages paid out on a fixed-income security on an annual basis.

Average weighted price is generated from the fund's portfolio by weighting the price of each bond by its relative size in the portfolio. This number reveals if the fund favors bonds selling at prices above or below face value (premium or discount securities, respectively). A higher number indicates a bias toward premiums. This statistic is expressed as a percentage of par (face) value.

Credit quality breakdowns are shown for corporate-bond holdings and depict the quality of bonds in the underlying portfolio. The report shows the percentage of fixed-income securities that fall within each credit quality rating as assigned by a NRSRO. Bonds not rated by a NRSRO are included in the not rated (NR) category.

Turnover Ratio is a decent proxy for how frequently a manager trades his or her

portfolio. The inverse of a fund's turnover ratio is the average holding period for a security in the fund. As turnover increases, a fund's brokerage costs typically rise as well.

### Operations

Potential capital gains exposure is the percentage of a mutual fund's total assets that represent capital appreciation.

The inception date shown reflects the earliest date as of which Morningstar has return data for the category.

### Fees and Expenses

Prospectus Gross Expense Ratio reflects the annual percentage of a fund's assets paid out in expenses. Expenses include management, 12B-1, transfer agent and all other asset-based fees associated with the fund's daily operations and distribution, with the exception of brokerage commissions. It does not reflect expenses that have been reimbursed by the investment advisor, reductions from brokerage service arrangements or other expense-offset arrangements.

Prospectus Net Expense Ratio reflects actual expenses paid by the fund as well as any voluntary waivers, reductions from brokerage service arrangements and any other expense offset arrangements.

### Investment Risk

International/Emerging Market Equities: Investing in international securities involves special additional risks. These risks include, but are not limited to, currency risk, political risk, and risk associated with varying accounting standards. Investing in emerging markets may accentuate these risks.

Sector Strategies: Portfolios that invest exclusively in one sector or industry involve additional risks. The lack of industry diversification subjects the investor to increased industry-specific risks.

Non-Diversified Strategies: Portfolios that invest a significant percentage of assets in a single issuer involve additional risks, including share price fluctuations, because of the increased concentration of investments.

Small Cap Equities: Portfolios that invest in stocks of small companies involve additional risks. Smaller companies typically have a higher risk of failure, and are not as well established as larger blue-chip companies. Historically, smaller company stocks have experienced a greater degree of market volatility than the overall market average.

Mid Cap Equities: Portfolios that invest in companies with market capitalization below \$10 billion involve additional risks. The securities of these companies may be more volatile and less liquid than the securities of larger companies.

High-Yield Bonds: Portfolios that invest in lower-rated debt securities (commonly referred to as junk bonds) involve additional risks because of the lower credit quality of the securities in the portfolio. The investor should be aware of the possible higher level of volatility, and increased risk of default.

Tax-Free Municipal Bonds: The investor should note that the income from tax free municipal bond funds may be subject to state and local taxation and the Alternative Minimum Tax.

Bonds: Bonds are subject to interest rate risk. As the prevailing level of bond interest rates rise, the value of bonds already held in a portfolio declines. Portfolios that hold bonds are subject to declines and increases in value due to general changes in interest rates.

HOLDERS: The investor should note that these are narrow, industry-focused products that, if the industry is hit by hard times, will lack diversification and possible loss of investment would be likely. These securities can trade at a discount to market price, ownership is of a fractional share interest, the underlying investments may not be representative of the particular industry, the HOLDER might be delisted from the AMEX if the number of underlying companies drops below nine, and the investor may experience trading halts.

Hedge Funds: The investor should note that hedge fund investing involves specialized risks that are dependent upon the type of strategies undertaken by the manager. This can include distressed or event-driven strategies, long/short strategies, using arbitrage (exploiting price inefficiencies), international investing, and use of leverage, options and/or derivatives. Although the goal of hedge fund managers may be to reduce volatility and produce positive absolute return under a variety of market conditions, hedge funds may involve a high degree of risk and are suitable only for investors of substantial financial means who could bear the entire loss of their investment.

Bank Loan/Senior Debt: Bank loans and senior loans are impacted by the risks associated with fixed income in general, including interest rate risk and default risk. They are often non-investment grade; therefore, the risk of default is high. These securities are also relatively illiquid. Managed products that invest in bank loans/senior debt are often highly leveraged, producing a high risk of return volatility.

Exchange Traded Notes (ETNs): ETNs are unsecured debt obligations. Any repayment of notes is subject to the issuer's ability to repay its obligations. ETNs do not typically pay interest.

Leveraged ETFs: Leveraged investments are designed to meet multiples of the return performance of the index they track and seek to meet their fund objectives on a daily basis (or other time period stated within the prospectus objective). The leverage/gearing ratio is the amount of excess return that a leveraged investment is designed to achieve in comparison to its index performance (i.e. 200%, 300%, -200%, or -300% or 2X, 3X, -2X, -3X). Compounding has the ability to affect the performance of the fund to be either greater or less than the index performance multiplied by the multiple stated within the funds objective over a stated time period.

Short Positions: When a short position moves in an unfavorable way, the losses are theoretically unlimited. The broker may demand more collateral and a manager might have to close out a short position at an inopportune time to limit further losses.

Long-Short: Due to the strategies used by long-short funds, which may include but are not limited to leverage, short selling, short-term trading, and investing in derivatives, these funds may have greater risk, volatility, and expenses than those focusing on traditional investment strategies.

Liquidity Risk: Closed-end fund, ETF, and HOLDER trading may be halted due to market conditions, impacting an investors ability to sell a fund.

Market Price Risk: The market price of ETFs, HOLDERS, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investors value.

Market Risk: The market prices of ETFs and HOLDERS can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

**Target-Date Funds:** Target-date funds typically invest in other mutual funds and are designed for investors who are planning to retire during the target date year. The fund's target date is the approximate date when investors expect to begin withdrawing their money. A target-date fund's investment objective/strategy typically becomes more conservative over time, primarily by reducing its allocation to equity mutual funds and increasing its allocations in fixed-income mutual funds. An investor's principal value in a target-date fund is not guaranteed at any time, including at the fund's target date.

**High double- and triple-digit returns:** High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

## Investment Risks

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**Market Price Risk:** The market price of ETFs, HOLDRs, and closed-end funds traded on the secondary market is subject to the forces of supply and demand and thus independent of the NAV. This can result in the market price trading at a premium or discount to the NAV, which will affect an investor's value.

**Market Risk:** The market prices of ETFs and HOLDRs can fluctuate as a result of several factors, such as security-specific factors or general investor sentiment. Therefore, investors should be aware of the prospect of market fluctuations and the impact it may have on the market price.

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High double- and triple-digit returns: High double- and triple-digit returns were the result of extremely favorable market conditions, which may not continue to be the case. High returns for short time periods must not be a major factor when making investment decisions.

## Benchmark Disclosure

### BBgBarc US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which includes the daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core US Aggregate Bond ETF.

### BBgBarc US Credit TR USD

Tracks the returns of all publicly issued, fixed-rate, nonconvertible, dollar-denominated, SEC-registered, investment-grade corporate debt. The constituents displayed for this index are from the following proxy: iShares US Credit Bond ETF.

### BBgBarc US Universal TR USD

BarCap U.S. Universal Bond Index: The U.S. Universal Index mirrors the increasingly popular "Core Plus" choice set used by many U.S.-dollar investors. It is the union of the U.S. Aggregate Index, the U.S. High Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, the non-ERISA portion of the CMBS Index, and the CMBS High Yield Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index. The constituents displayed for this index are from the following proxy: iShares Core Total USD Bond Market ETF.

### Citi WGBI NonUSD USD

A market-capitalization weighted index consisting of the government bond markets of the following countries: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Italy, Japan, Netherlands, Spain, Sweden, Switzerland, and United Kingdom. Country eligibility is determined based upon market capitalization and investability criteria. The index includes all fixed-rate bonds with a remaining maturity of one year or longer and with amounts outstanding of at least the equivalent of US\$25 million. Government securities typically exclude floating or variable rate bonds.

### DJ Moderately Conservative TR USD

This risk-based index consists stocks, bonds, and cash and is intended to represent 40% of the risk and return of the 100% Global Portfolio Index.

### ICE BofAML US High Yield TR USD

The US High Yield Master II Index tracks the performance of below investment grade US dollar-denominated corporate bonds publicly issued in the US domestic market. "Yankee" bonds are included in the Index provided the issuer is domiciled in a country having an investment grade foreign currency long-term debt rating. 144a issues are not included in the index until they are exchanged for registered securities. Qualifying bonds must have at least one year remaining term to maturity, a fixed coupon schedule and a minimum amount outstanding of USD 100 million.

### ICE BofAML USD 3M Dep OR CM TR USD

The BofA Merrill Lynch USD LIBOR 3 Month Constant Maturity Index represents the London intrabank offered rate (LIBOR) with a constant 3-month average maturity. LIBOR is a composite of the rates of interest at which banks borrow from one another in the London market.

### Morningstar Mod Agg Tgt Risk TR USD

The Morningstar Moderately Aggressive Target Risk Index represents a portfolio of global equities, bonds and traditional inflation hedges such as commodities and TIPS. This portfolio is held in a static allocation appropriate for U.S. investors who seek a slightly above-average exposure to equity market risk and returns.

### Morningstar Mod Tgt Risk TR USD

The Morningstar Moderate Target Risk Index represents a portfolio of global equities, bonds and traditional inflation hedges such as commodities and TIPS. This portfolio is held in a static allocation appropriate for U.S. investors who seek average exposure to equity market risk and returns.

### MSCI ACWI Ex USA NR USD

The MSCI AC World ex USA is a free float-adjusted market capitalization index that is designed to measure equity market performance in the global developed and emerging markets. The index consists of 48 developed and emerging market country indices. The returns we publish for the index are total returns, which include reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares MSCI ACWI ETF.

### MSCI EAFE NR USD

This Europe, Australasia, and Far East index is a market-capitalization-weighted index of 21 non-U.S., industrialized country indexes.

This disclosure applies to all MSCI indices: Certain information included herein is derived by Morningstar in part from MSCI's Index Constituents (the "Index Data"). However, MSCI has not reviewed any information contained herein and does not endorse or express any opinion such information or analysis. MSCI does not make any express or implied warranties, representations or guarantees concerning the Index Data or any information or data derived therefrom, and in no event will MSCI have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) relating to any use of this information.

### MSCI EM NR USD

Description unavailable. The constituents displayed for this index are from the following proxy: iShares MSCI Emerging Markets ETF.

### Russell 1000 TR USD

Consists of the 1000 largest companies within the Russell 3000 index, which represents approximately 98% of the investable US equity market. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose. The constituents displayed for this index are from the following proxy: iShares Russell 1000 ETF.

### Russell 3000 TR USD

Composed of the 3000 largest U.S. companies by market capitalization, representing approximately 98% of the U.S. equity market. The constituents displayed for this index are from the following proxy: iShares Russell 3000 ETF.

### S&P 500 TR USD

A market capitalization-weighted index composed of the 500 most widely held stocks whose assets and/or revenues are based in the US; it's often used as a proxy for the U.S. stock market. TR (Total Return) indexes include daily reinvestment of dividends. The constituents displayed for this index are from the following proxy: iShares Core S&P 500 ETF.

### S&P/LSTA Leveraged Loan TR

Description unavailable.

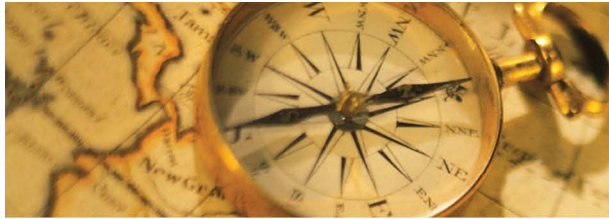
**US Insurance Money Market - Taxable**

These funds invest in short-term money market securities in order to provide a level of current income that is consistent with the preservation of capital.

**USTREAS T-Bill Auction Ave 3 Mon**

Three-month T-bills are government-backed, short-term investments considered to be risk-free and as good as cash because the maturity is only three months. Morningstar collects yields on the T-bill on a weekly basis from the Wall Street Journal.





## Portfolio Review

Period Ending April 30, 2018

### **CITY OF BEACON**

ONE MUNICIPAL PLAZA  
BEACON, NY, 12508  
USA

Program: PORTFOLIO FOCUS

Date Run: 5/9/2018

Account #: xxxx0914

### **Financial Advisor**

DAVID ROGERS & GARY MAZZARELLI  
RBC WEALTH MANAGEMENT  
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**Wealth  
Management**

## Disclosure

### Service

This consolidated report is for informational purposes only, and may contain assets held outside of RBC Wealth Management. This report is not a substitute for account statements, confirmations and source documents provided by firms holding your assets.

This consolidated report contains information and security valuations which have been obtained from sources we believe to be reliable, but cannot be guaranteed as to accuracy and do not purport to be complete. Assets held outside of RBC Wealth Management, and included in the consolidated report, contain unverified information, may not be covered by SIPC, and may be outside of your Financial Advisor's area of expertise. A CMO's yield and average life will fluctuate depending on the actual rate at which mortgage holders prepay the mortgages underlying the CMO and changes in current interest rates. For the most updated account information, please contact the customer service department of the firm holding your assets. If you find discrepancies in this report, please consult your Financial Advisor or Branch Director.

### Performance Calculations

The performance data quoted represents past performance and should not be considered indicative of future results. Performance figures can be calculated by Daily Valuation Time-Weighted Rate of Return (TWR) or Dollar-Weighted Rate of Return (IRR) methodologies. The TWR methodology annualizes returns greater than one year. The IRR methodology does not annualize returns greater than one year. Based on the availability of data, historical performance may include returns calculated monthly using the Modified Dietz time-weighted return method. Where applicable, returns will reflect the reinvestment of dividends and capital gains. Performance reporting includes foreign reclaimable tax withholdings and is reported as income in income reporting and cash flow analysis. Reclaimable income may be recaptured with your year-end tax filing. Performance returns either include, or are net of, investment advisory program fees, unless otherwise specified. For those accounts that have elected to have fees invoiced, performance returns will be shown gross of all applicable fees. This Consolidated Portfolio Review may include closed portfolio performance data. Due to

rounding, certain components may report percentages greater than or less than 100%. Calculations are supplied by Morningstar.

The dates used to calculate performance in this report may be different from the inception date(s) for your account(s). Returns shown may vary depending on the date(s) selected by your Financial Advisor. If you have questions regarding the time periods used in this report, please contact your Financial Advisor or Branch Manager.

### Asset Classification Methodology

Morningstar asset classification methodology is used for reporting, with the exception of securities not covered by Morningstar or individual fixed income holdings. Securities not covered by Morningstar and fixed income holdings are classified according to RBC Wealth Management asset classification methodology. The default methodology employed by RBC is a "one-to-many" allocation whereby some securities (e.g., mutual funds) are mapped to more than one asset class based on the underlying holdings. Please refer to the Reference Guide, Report Options, to view the report selection(s).

### Benchmark Returns

Benchmark returns are provided by Morningstar and may or may not be adjusted to reflect ongoing expenses such as sales charges. Investor's portfolios may differ significantly from the securities in the benchmark. Annual Investment Goal benchmarks are a fixed annual rate benchmark while Performance Adjusted benchmarks are a standard market index plus a fixed annual rate. Not all benchmarks are priced daily; however, benchmark information contained in the reports reflects the most current price information as provided by the vendor. Returns for blended benchmarks are calculated by applying user-supplied weightings to each benchmark's returns every month. Trailing returns are calculated by geometrically linking these weighted-average monthly returns. Blended benchmark returns thus assume monthly rebalancing. Although used as benchmarks for informational purposes, individual benchmarks are not available for direct investment. For a detailed explanation of the benchmarks referenced, please refer to the Reference Guide section of this report.

### Tax Advice

RBC Wealth Management does not provide tax or legal advice. All decisions regarding the tax or legal implications of your investments should be made in connection with your independent tax or legal advisor. This report does not constitute a replacement for your 1099 Form or your RBC Wealth Management statement.

### Cost Basis

If you did not purchase the securities represented in this report at RBC Wealth Management, the "cost basis" was provided by you and we have not verified this figure. Due to the complexity of calculating cost basis when multiple lots of a security are purchased, your report may reflect the average cost basis for multiple purchases (especially in the case of mutual fund transactions). To determine the actual cost basis for tax reporting purposes, please consult with your tax advisor.

### Estimated Income

The Estimated Annualized Income (EAI) for certain securities could include coupon payments that are contingent upon market factors or a return of principal or capital gains, in which case EAI depicted on reports would be overstated. EAI is only an estimate of income generated by the investment; the actual income may be higher or lower. In the event the investment matures, is sold or called, the full EAI may not be realized. EAI may also include income generated by securities not held at RBC Wealth Management, LLC.

### Accrued Interest

Accrued interest for fixed income securities that is explicitly displayed or included in calculated values (e.g., total portfolio value, rate of return) may include pending coupon payments. Pending coupons may include return of principal in addition to fully accrued interest.

### Mutual Fund Pre-inception Returns

The analysis in the Fund Performance report may be based, in part, on adjusted historical returns for periods prior to the fund's actual inception. These calculated returns reflect the historical performance of the oldest share class of the fund, adjusted to reflect the fees and expenses of this share class. When pre-inception data are presented in the report, the mutual fund returns will appear in italics.

While the inclusion of pre-inception data provides valuable insight into the probable long-term behavior of newer share classes of a fund, investors should be aware that an adjusted historical return can only provide an approximation of that behavior. For example, the fee structure of a retail share class will vary from that of an institutional share class, as retail shares tend to have higher operating expenses and sales charges. These adjusted historical returns are not actual returns. Calculation methodologies utilized by Morningstar may differ from those applied by other entities, including the fund itself.



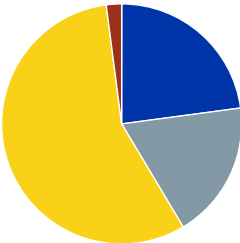
# Portfolio Performance Summary

As of April 30, 2018

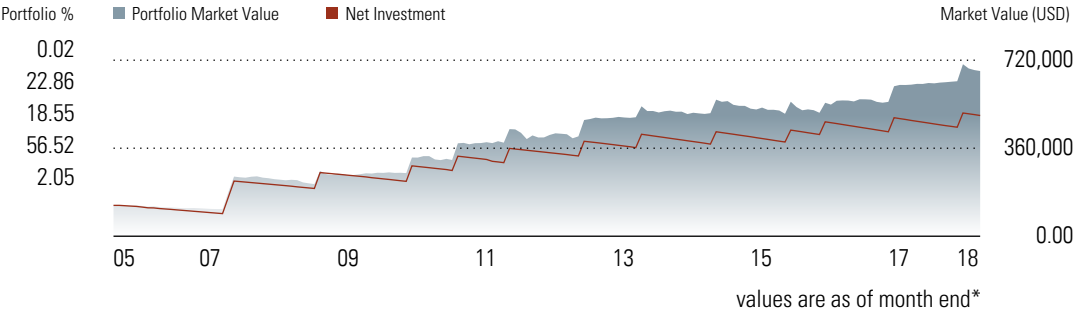
**Primary Benchmark**  
xxxx0914 Primary Blended Benchmark

**Return Type**  
Time-Weighted Rate of Return (TWR)

**Asset Allocation**



- Asset Class
- Cash
  - US Equities
  - International Equities
  - Fixed Income
  - Other



	QTD 4/1/2018 - 4/30/2018	YTD 1/1/2018 - 4/30/2018	1-Yr 5/1/2017 - 4/30/2018	3-Yr 5/1/2015 - 4/30/2018	5-Yr 5/1/2013 - 4/30/2018	10-Yr 5/1/2008 - 4/30/2018	Since Perf Start 10/31/2005 - 4/30/2018
<b>Portfolio Return (%)</b>	<b>-0.04</b>	<b>-0.73</b>	<b>6.09</b>	<b>2.94</b>	<b>1.81</b>	<b>3.37</b>	<b>4.32</b>
xxxx0914 Primary Blended Benchmark (%)	-0.12	-1.31	4.67	3.43	4.11	4.45	5.32

**Portfolio Changes**

Beginning Value (USD)	679,641.94	634,026.97	620,043.49	517,286.12	486,713.18	230,835.18	0.00
Beginning Accrued Interest (USD)	0.00	0.00	0.00	0.00	0.00	189.14	0.00
Net Cash Flow (USD)	-3,687.86	47,904.54	20,196.64	101,410.10	131,516.09	289,182.81	493,804.19
Investment G/L plus Income (USD)	-245.24	-6,222.67	35,468.71	57,012.62	57,479.57	155,501.71	181,904.65
Ending Value (USD)	675,708.84	675,708.84	675,708.84	675,708.84	675,708.84	675,708.84	675,708.84
Ending Accrued Interest (USD)	0.00	0.00	0.00	0.00	0.00	0.00	0.00

As of April 30, 2018 you have Funds Available of \$16,965.52.

For a detailed explanation of the indices, as selected by your Financial Advisor, please refer to the Reference Guide section of this report.

# Trailing and Calendar Year Returns

As of April 30, 2018

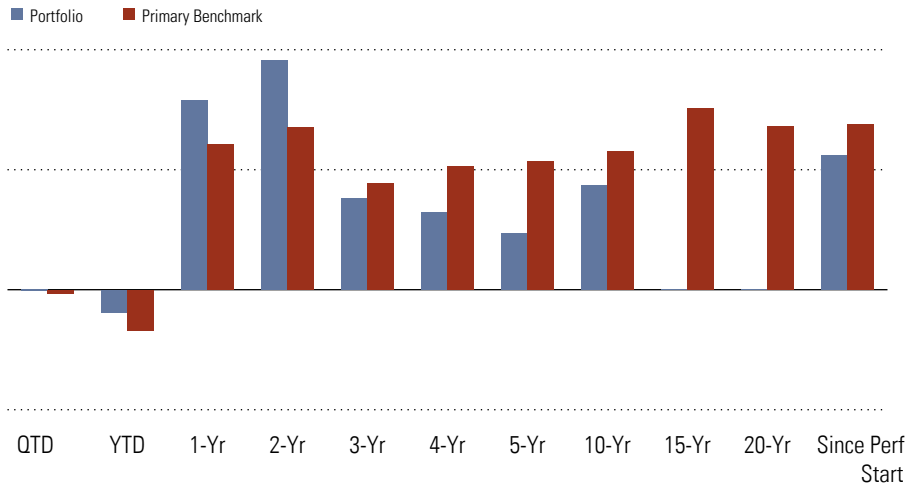
## Primary Benchmark

xxxx0914 Primary Blended Benchmark

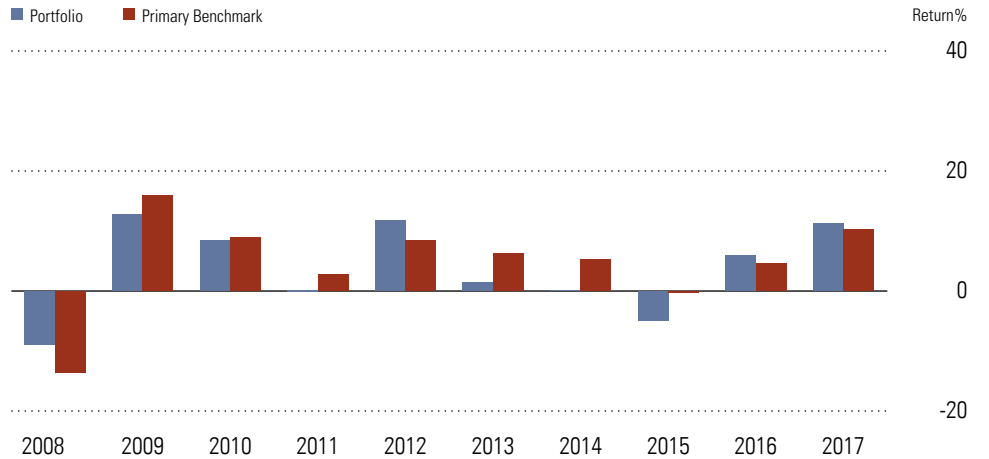
## Return Type

Time-Weighted Rate of Return (TWR)

### Trailing Returns



### Calendar Returns



Trailing Returns	QTD (%)	YTD (%)	1-Yr (%)	2-Yr (%)	3-Yr(%)	4-Yr (%)	5-Yr (%)	10-Yr (%)	15-Yr (%)	20-Yr (%)	Since Perf Start (%) 10/31/2005
<b>CITY OF BEACON</b>											
xxxx0914	-0.04	-0.73	6.09	7.37	2.94	2.48	1.81	3.37	—	—	4.32
xxxx0914 Primary Blended Benchmark	-0.12	-1.31	4.67	5.22	3.43	3.95	4.11	4.45	5.82	5.25	5.32

Calendar Returns	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
<b>CITY OF BEACON</b>										
xxxx0914	-8.88	12.82	8.39	0.17	11.74	1.39	0.03	-4.90	5.87	11.23
xxxx0914 Primary Blended Benchmark	-13.55	15.88	8.91	2.73	8.39	6.21	5.33	-0.25	4.63	10.28

# Portfolio Holdings: Consolidated Tax Lots

As of April 30, 2018

Securities Held Here	Quantity	Moody's/ S&P	Accrued Income (USD)	Purchase Date	Unit Cost (USD)	Net Cost (USD)	Market Price (USD)	Market Value (USD)	Unrealized G/L (USD)	Current Yield %	Est. Annual Income (USD)	% of Portfolio
<b>Cash, Money Markets and Bank Deposits</b>			—			<b>16,965.52</b>		<b>16,965.52</b>	<b>0.00</b>		<b>0.00</b>	<b>2.51</b>
RBC INSURED DEPOSITS <sup>1</sup>	16,965.5200	—	—	—	1.00	16,965.52	1.00	16,965.52	0.00	0.00	—	2.51
NOT SIPC COVERED												
Ticker: BDP-1, CUSIP: 123456790												
<b>US Large Cap Value Equities</b>			—			<b>33,906.17</b>		<b>33,984.08</b>	<b>77.91</b>		<b>813.44</b>	<b>5.03</b>
VANGUARD INDEX FUNDS	328.0000	—	—	3/27/2018	103.37	33,906.17	103.61	33,984.08	77.91	2.39	813.44	5.03
VANGUARD VALUE ETF												
Ticker: VTV, CUSIP: 922908744												
<b>US Large Cap Core Equities</b>			—			<b>218,471.62</b>		<b>230,678.96</b>	<b>12,207.34</b>		<b>8,601.07</b>	<b>34.14</b>
BLACKROCK MULTI ASSET INCOME	13,860.3290	—	—	10/28/2013	11.06	153,268.60	10.79	149,552.95	-3,715.65	4.82	7,207.37	22.13
PORTFOLIO FD INSTITUTIONAL CL												
Ticker: BIICX, CUSIP: 09256H336												
SCHWAB STRATEGIC TR	1,267.0000	—	—	11/3/2015	51.46	65,203.02	64.03	81,126.01	15,922.99	1.72	1,393.70	12.01
US BROAD MKT ETF												
Ticker: SCHB, CUSIP: 808524102												
<b>International Equities</b>			—			<b>72,416.04</b>		<b>90,022.27</b>	<b>17,606.23</b>		<b>2,106.40</b>	<b>13.32</b>
SCHWAB STRATEGIC TR	2,633.0000	—	—	2/11/2016	27.50	72,416.04	34.19	90,022.27	17,606.23	2.34	2,106.40	13.32
INTL EQUITY ETF												
Ticker: SCHF, CUSIP: 808524805												
<b>Emerging Markets Equities</b>			—			<b>31,805.40</b>		<b>33,103.17</b>	<b>1,297.77</b>		<b>512.23</b>	<b>4.90</b>
BLACKROCK FDS TOTAL EMERGING	3,201.4670	—	—	4/4/2017	9.93	31,805.40	10.34	33,103.17	1,297.77	1.55	512.23	4.90
MARKETS FUND INSTITUTIONAL CL												
Ticker: BEEIX, CUSIP: 091936427												
<b>US Taxable Fixed Income</b>			—			<b>203,043.23</b>		<b>203,163.61</b>	<b>120.39</b>		<b>8,058.13</b>	<b>30.07</b>
GUGGENHEIM FDS TR	5,084.6830	—	—	1/6/2015	26.45	134,490.36	26.65	135,506.80	1,016.44	3.26	4,423.67	20.05
MACRO OPPORTUNITIES FD INSTL												
Ticker: GIOIX, CUSIP: 40168W582												

Portfolio Holdings: Consolidated Tax Lots

As of April 30, 2018

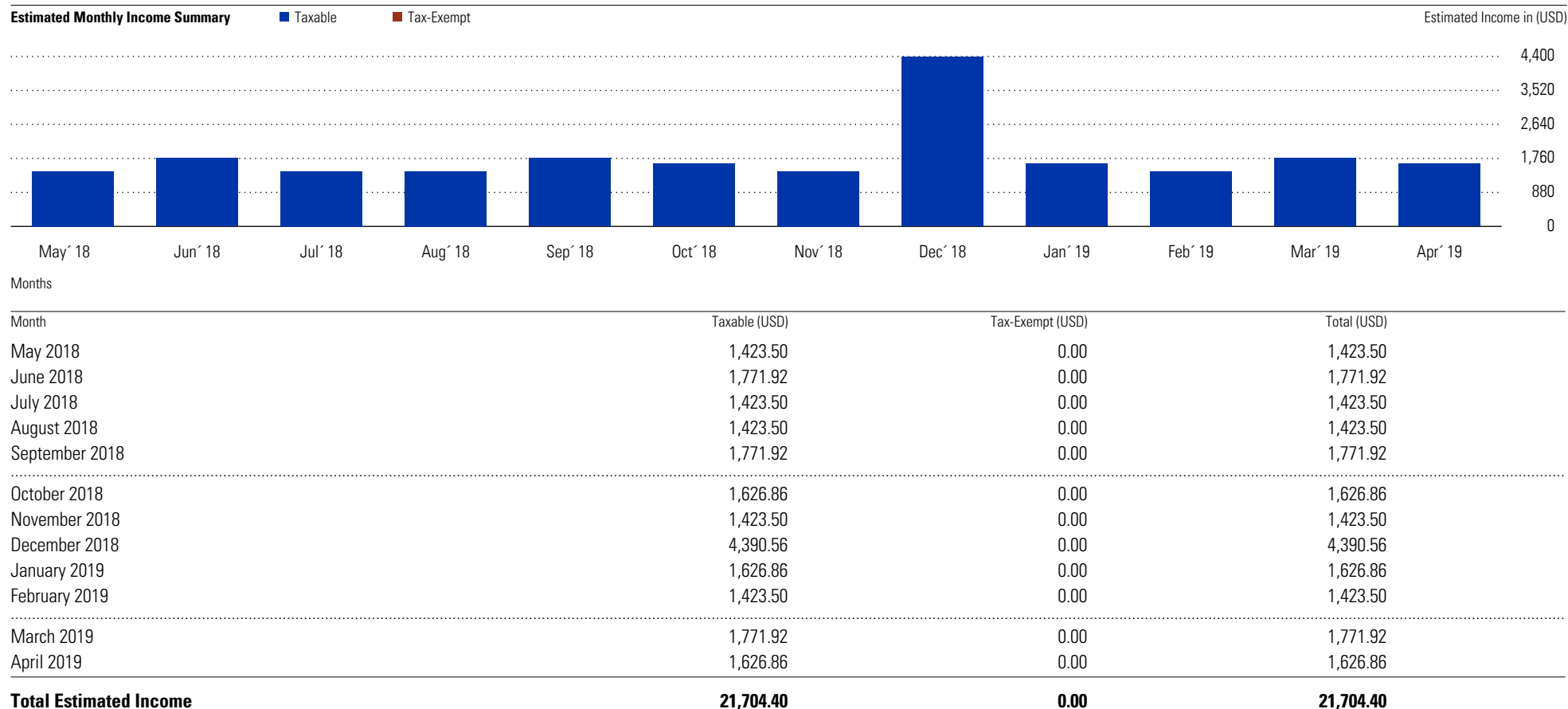
Securities Held Here	Quantity	Moody's/ S&P	Accrued Income (USD)	Purchase Date	Unit Cost (USD)	Net Cost (USD)	Market Price (USD)	Market Value (USD)	Unrealized G/L (USD)	Current Yield %	Est. Annual Income (USD)	% of Portfolio
PIMCO FDS	5,591.4720	—	—	4/4/2017	12.26	68,552.87	12.10	67,656.81	-896.06	5.37	3,634.46	10.01
INCOME FD CL I 2												
Ticker: PONPX, CUSIP: 72201M719												
International Fixed Income			—			64,399.99		67,791.23	3,391.24		1,816.49	10.03
JANUS INVT FD	7,265.9410	—	—	10/7/2015	8.86	64,399.99	9.33	67,791.23	3,391.24	2.68	1,816.49	10.03
HENDERSON STRTGC INCM FD CL I												
Ticker: HFAIX, CUSIP: 47103Y839												
Securities Held Here Total			0.00			641,007.96		675,708.84	34,700.88		21,907.76	100.00

The actual income received may be lower or higher than the estimated amount. Future income payments are subject to change. Does not include interest earned from the RBC Wealth Management Money Market Fund Cash Sweep Options, RBC Insured Deposits, RBC Cash Plus or Credit Interest Program.

1 RBC Insured Deposits balances are not covered by SIPC. RBC Insured Deposits Balances are FDIC insured up to certain amounts which may vary from time to time. For additional information refer to the RBC Insured Deposits Disclosure Statement.

# Income Forecast Summary

As of May 08, 2018



The actual income received may be lower or higher than the estimated amount. Future income payments are subject to change. Does not include income earned from the RBC Wealth Management Money Market Fund Cash Sweep Options, RBC Insured Deposits, RBC Cash Plus or Credit Interest Program. Monthly numbers may not add up exactly to the annual total due to rounding.



# Fund Performance

As of April 30, 2018

Name	Ticker	QTD %	YTD %	1-Yr %	3-Yr %	5-Yr %	10-Yr %	Since Fund Inception %	Fund Inception Date
<b>US Fund Large Blend</b>									
SCHWAB STRATEGIC TR US BROAD MKT ETF	SCHB	0.38	-0.36	13.07	10.12	12.71	—	14.08	11/2/2009
<i>Russell 1000 TR USD</i>		<i>0.34</i>	<i>-0.35</i>	<i>13.17</i>	<i>10.25</i>	<i>12.84</i>	<i>9.10</i>	—	—
<b>US Fund Multisector Bond</b>									
PIMCO FDS INCOME FD CL I 2	PONPX	-0.45	-0.75	3.97	5.28	5.10	8.86	8.86	4/30/2008
<i>BBgBarc US Universal TR USD</i>		<i>-0.67</i>	<i>-2.06</i>	<i>0.01</i>	<i>1.54</i>	<i>1.83</i>	<i>3.93</i>	—	—
<b>US Fund Diversified Emerging Mkts</b>									
BLACKROCK FDS TOTAL EMERGING MARKETS FUND INSTITUTIONAL CL	BEEIX	-2.27	-1.80	8.05	3.52	—	—	2.69	5/16/2013
<i>MSCI EM NR USD</i>		<i>-0.44</i>	<i>0.97</i>	<i>21.71</i>	<i>6.00</i>	<i>4.74</i>	<i>2.17</i>	—	—
<b>US Fund Nontraditional Bond</b>									
GUGGENHEIM FDS TR MACRO OPPORTUNITIES FD INSTL	GIOIX	0.03	0.41	3.30	4.47	4.03	—	6.10	11/30/2011
<i>ICE BofAML USD 3M Dep OR CM TR USD</i>		<i>0.18</i>	<i>0.51</i>	<i>1.30</i>	<i>0.81</i>	<i>0.59</i>	<i>0.74</i>	—	—
<b>US Fund Foreign Large Blend</b>									
SCHWAB STRATEGIC TR INTL EQUITY ETF	SCHF	1.42	0.35	14.71	5.30	5.88	—	6.43	11/2/2009
<i>MSCI ACWI Ex USA NR USD</i>		<i>1.60</i>	<i>0.40</i>	<i>15.91</i>	<i>5.01</i>	<i>5.46</i>	<i>2.26</i>	—	—
<b>US Fund Large Value</b>									
VANGUARD INDEX FUNDS VANGUARD VALUE ETF	VTV	0.42	-1.98	11.37	9.67	11.85	8.03	8.01	1/26/2004
<i>Russell 1000 Value TR USD</i>		<i>0.33</i>	<i>-2.51</i>	<i>7.50</i>	<i>7.66</i>	<i>10.52</i>	<i>7.30</i>	—	—
<b>US Fund Tactical Allocation</b>									
BLACKROCK MULTI ASSET INCOME PORTFOLIO FD INSTITUTIONAL CL	BIICX	0.37	-0.98	3.67	3.59	4.31	5.53	5.62	4/7/2008
<i>Morningstar Mod Agg Tgt Risk TR USD</i>		<i>0.36</i>	<i>-0.42</i>	<i>11.06</i>	<i>7.09</i>	<i>8.15</i>	<i>6.49</i>	—	—
<b>Unclassified</b>									
JANUS INVT FD HENDERSON STRTGC INCM FD CL I	HFAIX	—	—	—	—	—	—	—	—

# Fund Performance

As of April 30, 2018

The performance figures provided have been obtained from sources we believe to be reliable, but cannot be guaranteed as to accuracy and do not purport to be complete. They do not reflect the actual performance of your account. These figures represent past performance and do not guarantee future results. Mutual fund returns appearing in italics are based, in part, on adjusted historical returns for periods prior to the fund's actual inception. See disclosure report for more information. For a detailed explanation of the indices, as selected by Morningstar, please refer to the Reference Guide section of this report.

# Reference Guide

## Return Type - Time-Weighted Rate of Return (TWR)

Time-Weighted Rate of Return (TWR) is a measure of the compound rate of growth in a portfolio. Because this method eliminates the distorting effects created by inflows of new money, it is used to compare the returns of investment managers.

This is also called the "geometric mean return", as the reinvestment is captured by using the geometric total and mean, rather than the arithmetic total and mean. It is assumed that all cash distributions are reinvested in the portfolio and the exact same periods are used for comparisons. When calculating time-weighted rate of return, the effect of varying cash inflows is eliminated by assuming a single investment at the beginning of a period and measuring the growth or loss of market value to the end of that period.

## Benchmark Indices

### Blended Benchmarks

xxxx0914 Primary Blended Benchmark	%
BBgBarc US Agg Bond TR USD	63.00
ICE BofAML US 3M Trsy Bill TR USD	2.00
MSCI ACWI NR USD	35.00

## BBgBarc US Agg Bond TR USD

This index is composed of the BarCap Government/Credit Index, the Mortgage-Backed Securities Index, and the Asset-Backed Securities Index. The returns we publish for the index are total returns, which include reinvestment of dividends.

## BBgBarc US Universal TR USD

BarCap U.S. Universal Bond Index: The U.S. Universal Index mirrors the increasingly popular "Core Plus" choice set used by many U.S.-dollar investors. It is the union of the U.S. Aggregate Index, the U.S. High Yield Corporate Index, the 144A Index, the Eurodollar Index, the Emerging Markets Index, the non-ERISA portion of the CMBS Index, and the CMBS

High Yield Index. Municipal debt, private placements, and non-dollar-denominated issues are excluded from the Universal Index.

## ICE BofAML US 3M Trsy Bill TR USD

This index is an unmanaged market index of U.S. Treasury securities maturing in 90 days that assumes reinvestment of all income.

## Morningstar Mod Agg Tgt Risk TR USD

The Morningstar Target Risk Index family is designed to meet the needs of investors who would like to maintain a target level of equity exposure through a portfolio diversified across equities, bonds and inflation-hedged instruments. The Morningstar Moderately Aggressive Target Risk Index seeks approximately 80% exposure to global equity markets.

## MSCI ACWI Ex USA NR USD

MSCI All Country World Ex-USA Represents stock market indices from 22 developed and 24 emerging countries. The benchmark is often used as a measure of common stock performance in both developed and emerging countries around the world, excluding the United States. Free float-adjusted, market capitalization-weighted. Net total return indices reinvest dividends after the deduction of withholding taxes, using a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

## MSCI ACWI NR USD

The MSCI ACWI Index is a free float-adjusted market capitalization weighted index that is designed to measure the equity market performance of developed and emerging markets. The MSCI ACWI consists of 45 country indices comprising 24 developed and 21 emerging market country indices. The developed market country indices included are: Australia, Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Hong Kong, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Norway, Portugal, Singapore, Spain, Sweden, Switzerland, the United Kingdom and the United States. The emerging market country indices included are: Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Korea, Malaysia, Mexico, Morocco, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand, and Turkey\*. Net total return indices reinvest dividends after the deduction of withholding taxes, using (for international indices) a tax rate applicable to non-resident institutional investors who do not benefit from double taxation treaties.

## MSCI EM NR USD

MSCI Emerging Markets Represents stock market indices from 24 emerging countries (Argentina, Brazil, Chile, China, Colombia, Czech Republic, Egypt, Hungary, India, Indonesia, Israel, Korea, Malaysia,

Mexico, Morocco, Pakistan, Peru, Philippines, Poland, Russia, South Africa, Taiwan, Thailand and Turkey). Securities in closed markets and those shares in otherwise free markets that are not purchasable by foreigners are excluded. The benchmark is often used as a measure of common stock performance in emerging countries around the world. Free float-adjusted, market capitalization-weighted.

## Russell 1000 TR USD

Consists of the 1000 largest companies within the Russell 3000 index, which represents approximately 98% of the investable US equity market. Also known as the Market-Oriented Index, because it represents the group of stocks from which most active money managers choose.

## Russell 1000 Value TR USD

Tracks the companies within the Russell 1000 with lower price-to-book ratios and lower forecasted growth values.

## Asset Class Descriptions

Asset allocation reports give an indication of market exposure, which may include an illustration of underlying holdings within investment companies and not actual individual holdings.

## Cash, Money Markets and Bank Deposits

Investments of high liquidity and safety with a known market value and a very short-term maturity. For investment companies with underlying holdings (e.g., mutual funds, ETFs) the Morningstar methodology is used to determine the Cash, Money Markets and Bank Deposits asset class.

## Emerging Markets Equities

Investments in securities of companies domiciled in developing (emerging) countries outside of the United States.

## International Equities

Investments in securities of companies domiciled in developed countries outside of the United States.

## International Fixed Income

Investments in the debt securities (bonds) of non-U.S. corporations and other non-U.S. fixed income issuers. Debt securities are an obligation issued by a borrower that requires them to make payments to the lender (investor). These payments can be interest, principal or both and can be according to a fixed or variable interest rate. The income from these bonds is subject to taxation.

US Large Cap Core Equities

Investments in the stocks of the largest U.S. companies by market capitalization. "Core" stocks possess characteristics of both "Value" and "Growth" stocks.

US Large Cap Value Equities

Investments in the stocks of the largest U.S. companies by market capitalization. "Value" is defined generally based on low price-to-book valuations.

US Taxable Fixed Income

Investments in the debt securities (bonds) of U.S. corporations and other U.S. fixed income issuers. Debt securities are an obligation issued by a borrower that requires them to make payments to the lender (investor). These payments can be interest, principal or both and can be according to a fixed or variable interest rate. The income from these bonds is subject to taxation.

Funds Available

This value includes funds classified as deposits in Money Market Sweep Accounts, the RBC Cash Plus, the RBC Insured Deposits, and uninvested cash.

Fixed Income Analysis

Weighted Average Coupon

The average rate of interest payable per annum, weighted by the amount of each bond's principal.

Weighted Average Maturity

The average time it takes for securities in a portfolio to mature, weighted by the holding quantities. This calculation looks at only the stated final maturity of each bond and doesn't take into consideration call features or current levels of interest rates. Typically, a WAM will indicate the greater possibility of portfolio price volatility.

Weighted Average Purchase Yield

The average of projected yields for fixed income securities at the time of purchase weighted by percentage of the total fixed income value of your portfolio. Only those fixed income securities with a purchase yield will be included in the calculation of this statistic.

Maturity Distribution Chart

Maturity Distribution Chart reflects the dollar value of Fixed Income securities, distributed over time, based on effective maturity. Effective maturity is the date to which a bond is priced taking into effect embedded options (call or pay-down features). Call or average life dates are

substituted for maturity dates on bonds priced to a call for portfolio average calculations.

Credit Quality Ratings

Bonds are evaluated for credit risk based on the financial performance of the issuer, both past and present. This Portfolio Review utilizes both Moody's ratings and Standard & Poor's ratings. Investment Grade bonds are those bonds whose risk of defaulting on the interest and principal payments is unlikely based on evaluating the issuer's current and projected financial performance. Bonds rated below Investment Grade, sometimes referred to as "High Yield Bonds", are from issuers whose current financial position is either speculative or uncertain in their ability to make principal and interest payments.

Credit Ratings - by Moody's/Standard & Poor's Non-Rated

NR/WR Not being rated by the rating agencies; does not necessarily reflect credit worthiness

Investment Grade

Aaa/AAA Highest possible rating; principal and interest payments are considered very secure. Includes Moody's rating #Aaa.

Aa1 to Aa3/AA+ to AA High quality; differs from highest rating only in the degree of protection provided to bondholders. Includes Moody's ratings P-1, MIG1, VMIG1 and S&P ratings A-1+, A-1 and SP-1+.

A1 to A3/A+ to A- Good ability to pay principal and interest; more susceptible to adverse effects due to changing conditions. Includes Moody's ratings MIG2 and VMIG2 and S&P rating SP-1.

Baa1 to Baa3/BBB+ to BBB- Adequate ability to pay principal and interest; more susceptible to adverse effects due to changing conditions. Includes Moody's ratings P-2, VMIG3, MIG3 and P-3 and S&P ratings A-2, A-3 and SP-2.

Speculative Grade

Ba1 to Ba3/BB+ to BB- Faces ongoing uncertainties or exposure to adverse business, financial or economic conditions

Ba to B3/B+ to B- Great vulnerability to default, but currently meeting debt service. Includes Moody's ratings NP and SG and S&P rating SP-3.

Caa to C/CCC to C Currently identifiable risk or default (For Moody's, may already be in default)

Report Options

Report

Selection

Portfolio Performance Summary

Return Type	Time-Weighted Rate of Return (TWR)
Include Gross of Fees Performance	Off
Asset Allocation	One to Many
Include Net Cash Flow Details	Off
Larger Font Report	Off

Trailing and Calendar Year Returns

Return Type	Time-Weighted Rate of Return (TWR)
Include Gross of Fees Performance	Off

Portfolio Holdings

Sort Options	Detailed Asset Class
Security Description	Detailed
Amortization & Accretion	On
Tax Lots	Consolidated
Custody	Held Here
Cost	Reinvest Cost

Proposed sample

# **Investment Policy Statement**

City of Beacon

## **Defined Benefit Length of Service Award Program**

Retirement Plan – Directed by

Board of Trustees

**Approved May, 2018**

**RBC Wealth Management, a division of RBC Capital Markets Corporation,  
Member NYSE/FINRA/SIPC**

This Investment Policy Statement should be reviewed from time to time with the Sponsoring Board's Investment Advisor. Any change to this policy should be communicated in writing and on a timely basis to the Investment Advisor. If any term or condition of this Investment Policy Statement conflicts with any trust and/or plan document, the document shall control, as long as such term or condition is consistent with the law



# Executive Summary

<b>Type of Client:</b>	<b>Non ERISA LOSAP Plan – Board Directed</b>
<b>Plan Name:</b>	<b>City of Beacon</b> LOSAP Defined Benefit Plan
<b>Client Sub-type:</b>	ERISA Exempt
<b>Fiduciary Standard of Care:</b>	Other - Prudent Man Rule
<b>Tax Id:</b>	<b>14-6002076</b>
<b>Current Assets:</b>	\$ 690,000
<b>Time Horizon:</b>	Long - More than 5 years
<b>Modeled Return:</b>	<b>5.5%</b>

**Allocation Range Legend**

LL: Lower Limit

SA: Strategic Allocation

UL: Upper Limit

<b>Broad Asset Class</b>	<b>Peer Group</b>	<b>LL</b>	<b>SA</b>	<b>UL</b>
Fixed Income - Broad Fixed Income	Multi-sector Bond	5.0	10.0	30.0
Fixed Income - Global Fixed Income	World Bond	5.0	10.0	30.0
	Emerging Mkts Bond	0.0	0.0	20.0
	Currency	0.0	0.0	30.0
Fixed Income – Int. Fixed Income	Inflation-Protected Bond	0.0	0.0	30.0
	Intermediate-Term Bond	10.0	20.0	50.0
Fixed Income – Short Fixed Income	Short-Term Bond	10.0	20.0	100.0
	Bank Loan	0.0	0.0	30.0
Fixed Income – High Yield	High Yield	0.0	0.0	10.0
Convertible Bond	Convertible	0.0	0.0	10.0
International Equity - Diversified	World Stock	3.0	10.0	20.0
	Diversified Emerging Mkts	0.0	0.0	10.0
Large Cap Equity	Large Blend	5.0	10.0	30.0
Mid Cap Equity	Mid-Cap Blend	0.0	0.0	10.0
Money Market	Money Market Taxable As needed for cash payouts	0.0	5.0	100.0
Other	Conservative Allocation	0.0	5.0	30.0
	Moderate Allocation	0.0	5.0	30.0
	Other/Alternative/Multi-Asset	0.0	0.0	30.0
	Specialty-Natural Res	0.0	0.0	20.0
	Commodities/Mgd Futures	0.0	0.0	10.0
	Specialty-Real Estate	0.0	0.0	10.0
	World Allocation	0.0	5.0	40.0
Small Cap	Small Blend	0.0	0.0	5.0

# Purpose

The purpose of this Investment Policy Statement (IPS) is to assist the Sponsoring (Board) in effectively supervising, monitoring and evaluating the investment of the Town's Length of Service Award Plan (Plan) assets. The Plan's investment program is defined in the various sections of this IPS by:

1. Stating in a written document the Board's attitudes, expectations, objectives and guidelines for the investment of all of the Plan's assets.
2. Encouraging effective communications between the Board and all parties involved with the investment management decisions.
3. Establishing formal criteria to select, monitor, evaluate and compare the performance results achieved by each investment option on a regular basis.
4. Setting forth an investment structure for managing the Plan's assets. This structure includes various asset classes, investment management styles, asset allocation and acceptable ranges that, in total, are expected to produce an appropriate level of overall diversification and total investment return over the investment time horizon.
5. Providing guidelines for each investment portfolio that control the level of overall risk and liquidity assumed in that portfolio, so all Plan assets are managed in accordance with stated objectives.

# Statement of Objectives

## Background

The Plan is a defined benefit plan established in 2001 and currently covers 66 participants. Plan size is currently \$ 690,000 and annual contributions should total \$ 61,722. The purpose of the plan is to retain and recruit active volunteer firefighters.

This IPS has been arrived at upon consideration by the Board by a wide range of policies, and describes the prudent investment process the Board deems appropriate. This process includes offering various asset classes and investment management styles that, in total, are expected to offer the opportunity to diversify the portfolio in a manner consistent with the specified risk and return requirements of the portfolio.

The objectives of the Plan are:

1. Have the ability to pay all benefit and expense obligations when due.
2. Control costs of administering the plan and managing the investments.
3. Maximize return within reasonable and prudent levels of risk in order to minimize contributions.

**Time Horizon**

The investment guidelines are based upon an investment horizon of greater than five years. The Plan's strategic asset allocation is also based on this long-term perspective. Short-term liquidity requirements are anticipated to be covered by the plans assets.

**Risk Tolerances**

The Board recognizes that some risk must be assumed in order to achieve the investment objectives of the plan. In establishing the risk tolerances of the IPS, the ability to withstand short and intermediate term variability were considered.

A 1-yr loss limit of -9.5% has been calculated for the portfolio. Statistically speaking, there is a 5% chance (once in every twenty years) that the 1-year return will actually be lower than -9.5%.

In summary, The Plan's long time horizon, current financial condition and several other factors suggest collectively some interim fluctuations in market value and rates of return may be tolerated in order to achieve the longer-term objectives.

**Performance Expectations**

The desired investment objective is a long-term rate of return on assets that is at least 5.50%. The target rate of return for the Plan has been based upon the assumption that future real returns will approximate the long-term rates of return experienced for each asset class in the IPS.

The Board realizes market performance varies and a 6.00% rate of return may not be meaningful during some periods. Accordingly, relative performance benchmarks for the investment options are set forth in the "Monitoring" section.

## **Duties and Responsibilities**

**LOSAP Sponsoring Board**

As fiduciaries under the Plan, the primary responsibilities of the Board are:

1. Prepare and maintain this investment policy statement.
2. Prudently diversify the Plan's assets to meet an agreed upon risk/return profile.
3. Prudently select investment options.
4. Control and account for all investment, record keeping and administrative expenses associated with the Plan.
5. Monitor and supervise all service vendors and investment options.
6. Avoid prohibited transactions and conflicts of interest.

**Custodian**

Custodians are responsible for the safekeeping of the Plan's assets. The specific duties and responsibilities of the custodian are:

1. Value the holdings.
2. Collect all income and dividends owed to the Plan.
3. Settle all transactions (buy-sell orders).
4. Provide monthly reports that detail transactions, cash flows, securities held and their current value, and change in value of each security and the overall Plan since the previous report.
5. Maintain separate accounts by legal registration.

**Investment Advisor**

The Investment Advisor serves as an objective, third-party professional retained to assist the Board in managing the overall investment process. The Advisor is responsible for managing the assets and guiding the Board through a disciplined and rigorous investment process to enable the Board to meet the fiduciary responsibilities outlined above.

## **Asset Class Guidelines**

The Board believes long-term investment performance, in large part, is primarily a function of asset class mix. The Board has reviewed the long-term performance characteristics of the broad asset classes, focusing on balancing the risks and rewards.

Historically while interest-generating investments, such as bonds, have the advantage of relative stability of principal value, they provide little opportunity for real long-term capital growth due to their susceptibility to inflation. On the other hand, equity investments, such as common stocks, clearly have a significantly higher expected return but have the disadvantage of much greater year-by-year variability of return. From an investment decision-making point of view, this year-by-year variability may be worth accepting given the Plan's long time horizon.

The following asset classes were selected and ranked in ascending order of "risk" (least to most) according to the most recent quarter's median 3-year Standard Deviation values.

Money Market Taxable  
Short-Term Bond  
Intermediate-Term Bond  
Conservative Allocation  
Multi-sector Bond  
Inflation-Protected Bond  
Moderate Allocation  
World Bond  
World Allocation  
Large Blend  
Foreign Large Blend  
Mid-Cap Blend  
Small Blend  
Specialty-Real Estate  
Specialty-Natural Res  
Other

*The performance expectations (both risk and return) of each broad asset class are contained in Appendix A.*



### **Rebalancing of Strategic Allocation**

The percentage allocation to each asset class may vary depending upon market conditions. Please reference the allocation table in the Executive Summary for the lower and upper limits for each asset class. When necessary and/or available, cash inflows/outflows will be deployed in a manner consistent with the strategic asset allocation and allocation ranges of the Plan. If there are no cash flows, the allocation of the Plan will be reviewed quarterly.

If the Board judges cash flows to be insufficient to bring the Plan within the target allocation ranges, the Board shall decide whether to effect transactions to bring the allocation of Plan assets within the threshold ranges.

## **Implementation**

The Board will apply the following due diligence criteria in selecting each money manager or mutual fund.

1. Regulatory oversight: Each investment option should be managed by: (i) a bank; (ii) an insurance company; (iii) a registered investment company (mutual fund); or, (iiii) a registered investment adviser.
2. Correlation to style or peer group: The investment option should be highly correlated to the asset class being implemented. This is one of the most critical parts of the analysis since most of the remaining due diligence involves comparisons of the investment option to the appropriate peer group.
3. Performance relative to a peer group: The investment option's performance should be evaluated against the peer group's median manager return, for 1-, 3- and 5-year cumulative periods.
4. Performance relative to assumed risk: The investment option's risk-adjusted performance (Alpha and/or Sharpe Ratio) should be evaluated against the peer group's median manager's risk-adjusted performance.
5. Minimum track record: The investment option should have sufficient history so that performance statistics can be properly calculated.
6. Assets in the product: The investment option should have sufficient assets so that the portfolio manager can properly trade the account.
7. Holdings consistent with style: The underlying securities of the investment option should be consistent with the associated broad asset class.
8. Expense ratios/fees: The investment option's fees should be fair and reasonable. Core/Satellite approach can be implemented to control expenses. This is the recognition that passive management and index funds should be used for the more efficient asset classes combined with active management for less efficient asset classes.
9. Stability of the organization: There should be no perceived organizational problems.

# Monitoring

## Performance Objectives

The Board acknowledges fluctuating rates of return characterize the securities markets, particularly during short-term time periods. Recognizing that short-term fluctuations may cause variations in performance, the Board intends to evaluate investment performance from a long-term perspective.

The Board is aware the ongoing review and analysis of the investment options is just as important as the due diligence process. The performance of the investment options will be monitored on an ongoing basis and it is at the Board's discretion to take corrective action by replacing a manager if they deem it appropriate at any time.

On a timely basis, but not less than annually, the Board will meet to review whether each investment option continues to conform to the search criteria outlined in the implementation section; specifically:

1. The investment option's adherence to the watch list criteria;
2. Material changes in the investment option's organization, investment philosophy and/or personnel; and,
3. Any legal, SEC and/or other regulatory agency proceedings affecting the investment options organization.

## Benchmarks

The Board has determined it is in the best interest of the Plan's participants that performance objectives be established for each investment option. Manager performance will be evaluated in terms of an appropriate market index (e.g. the S&P 500 stock index for large-cap domestic equity manager) and the relevant peer group (e.g. the large-cap growth mutual fund universe for a large-cap growth mutual fund).

Peer Group	Index
Conservative Allocation	Dow Jones U.S. Moderately Conservative
Foreign Large Blend	MSCI World ex US NDTR_D
Inflation-Protected Bond	Lehman Brothers U.S. Treasury TIPS
Intermediate-Term Bond	Lehman Brothers 5-10 Yr Govt/Credit Bond
Large Blend	Russell 1000
Mid-Cap Blend	Standard & Poors Midcap 400 PR
Moderate Allocation	Dow Jones U.S. Moderate Portfolio
Money Market Taxable	3 Month T-Bill

Multisector Bond	Lehman Brothers U.S. Universal Bond
Other	
	3 Month T-Bill
Short-Term Bond	Lehman Brothers 1-5 Yr Govt/Credit Bond
Small Blend	Russell 2000
Specialty-Natural Res	Goldman Sachs Natural Resources
Specialty-Real Estate	DJ Wilshire REIT
World Allocation	MSCI World NDTR_D
World Bond	Citigroup Non-USD WGBI USD

### **Watch List Criteria**

An investment option may be placed on a Watch List and a thorough review and analysis of the investment option may be conducted, when:

1. An investment option performs below median for their peer group over a 1-, 3- and/or 5-year cumulative period.
2. An investment option's 3-year risk adjusted return (Alpha and/or Sharpe) falls below the peer group's median risk adjusted return.
3. There is a change in the professionals managing the investment option.
4. There is a significant decrease or increase in the investment option's assets.
5. There is an indication the investment option is deviating from the stated style and/or strategy.
6. There is an increase in the investment option's fees and expenses.
7. Any extraordinary event occurs that may interfere with the investment option's ability to prudently manage investment assets.

The decision to retain or terminate an investment option cannot be made by a formula. It is the Board's confidence in the investment option's ability to perform in the future that ultimately determines the retention of an investment option.

## Measuring Costs

The Board will review at least annually all costs associated with the management of the Plan, including:

1. Expense ratios of each mutual fund against the appropriate peer group.
2. Administrative Fees; costs to administer the Plan, including record keeping, custody and trust services.
3. The proper identification and accounting of all parties receiving soft dollars and/or 12b-1 fees generated by the Portfolio.

## Investment Policy Review

The Board will review this IPS at least annually to determine whether stated investment objectives are still relevant and the continued feasibility of achieving the same. It is not expected that the IPS will change frequently. In particular, short-term changes in the financial markets should not require adjustments to the IPS.

**Prepared by:**

David M Rogers  
RBC Wealth Management

**Signature**

**Date**

\_\_\_\_\_

**Approved by:**

**LOSAP Sponsoring Board**

Mayor

\_\_\_\_\_

Date

\_\_\_\_\_

## Appendix A

Asset Allocation Model	Return	Risk	Yield	Dividend	Turnover
Cash	2.00%	2.00%	2.00%	0.00%	100.00%
CDs	2.50%	3.00%	2.50%	0.00%	100.00%
Fixed Annuities	2.50%	3.50%	0.00%	0.00%	5.00%
Intermediate-Term Fixed Income	4.75%	6.00%	4.75%	0.00%	60.00%
Long-Term Fixed Income	5.25%	8.00%	5.25%	0.00%	40.00%
Intermediate-Term Tax Exempt	3.25%	4.00%	3.25%	0.00%	60.00%
Long-Term Municipal	3.75%	8.00%	3.75%	0.00%	40.00%
Corporate Fixed Income	5.50%	8.50%	5.50%	0.00%	40.00%
Mortgage Backed Fixed Income	5.00%	7.50%	5.00%	0.00%	40.00%
High Yield Fixed Income	8.25%	16.00%	8.25%	0.00%	40.00%
Large Value Equities	8.50%	13.25%	0.00%	2.50%	40.00%
Large Growth Equities	9.60%	16.00%	0.00%	1.75%	40.00%
Small Value Equities	10.00%	18.75%	0.00%	2.25%	40.00%
Small Growth Equities	11.10%	22.00%	0.00%	1.50%	40.00%
Mid Cap Equities	9.75%	18.00%	0.00%	2.00%	40.00%
Balanced Funds	6.25%	11.00%	2.00%	0.50%	60.00%
Real Estate	6.50%	14.00%	5.50%	0.00%	10.00%
Futures/Commodities	7.00%	30.00%	0.00%	0.00%	100.00%
Venture Capital/Ltd. Partnerships.	11.50%	35.25%	0.00%	0.00%	10.00%
International Equities	10.00%	22.25%	0.00%	1.75%	40.00%
International Fixed Income	6.00%	13.25%	6.00%	0.00%	40.00%
Emerging Equities	10.50%	40.25%	0.00%	0.75%	40.00%

**Asset Class Volatility Risk and Estimated Expected Return Rate Assumptions<sup>®</sup>**

**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**Eleni Smolen - Beacon 3D**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description	Type
Pop Sculpture photo	Presentation
In the Same Boat Sculpture	Presentation







**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**A proposed local law to create Section 223-26.4 concerning Short-Term Rentals**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description	Type
Short Term Rentals LL_0511	Local Law

**DRAFT LOCAL LAW NO. \_\_\_\_ OF 2018**

**CITY COUNCIL  
CITY OF BEACON**

**PROPOSED LOCAL LAW TO CREATE  
SECTION 223-26.4 OF THE CODE OF THE  
CITY OF BEACON**

A LOCAL LAW to create  
Section 223-26.4 concerning  
Short-Term Rentals.

BE IT ENACTED by the City Council of the City of Beacon as follows:

**SECTION 1.** Chapter 223, Article III, Section 26.4 entitled “Short-Term Rentals,” of the Code of the City of Beacon is hereby created as follows.

§ 223-26.4 Short-Term Rentals

- A. Findings. The City Council of the City of Beacon has determined it is in the best interest of the City and its residents to regulate short-term rentals. While the City Council recognizes the benefits of short-term rentals allowing home-owners to supplement their income to defray the cost of housing and to provide lodging for visitors to the City, the City Council finds the use of a part of or the entire dwelling unit for short-term rentals is inconsistent with the use of the dwelling unit for single family purposes. In order to protect the health, safety and welfare of the City and its residents, it is necessary to restrict the rental of homes for terms shorter than 30 consecutive days, a practice which is growing in popularity with the advent of internet and social media-based programs that connect property owners and persons seeking short-term rentals. In addition, studies have shown that short-term rentals are linked to increases in rent and housing costs because rental units are taken off the market and used as short-term rentals. Units are going to short-term renters rather than to permanent residents which results in a decrease in available housing stock within the City of Beacon. The City Council further finds that non-owner occupied short-term rentals are inconsistent with the use of a residence for residential dwelling purposes. The City Council believes that the restrictions and requirements imposed herein further those objectives and the protection of the health, safety and welfare of the City and its residents.
- B. Definitions. As used in this section, the following words shall have the meanings indicated:

**OWNER**

An individual or group of individuals who are in possession of and have a fee interest in real property. The term “owner” shall not include entity corporation, limited-liability company, partnership, association, trustee, receiver or guardian of an estate, mortgagee, lien holder, or other business entity.

### **OWNER-OCCUPIED**

A one-family or two-family house or multiple dwelling building used by the owner as his or her or their domicile or principal residence. w

### **SHORT-TERM RENTAL**

An entire dwelling unit, or a room or group of rooms or other living or sleeping space, made available to rent, lease or otherwise assigned for a tenancy of less than 30 consecutive days. The term “short-term rental” does not include dormitories, hotel or motel rooms, bed and breakfast inns or lodging houses, as permitted and regulated by the City of Beacon Zoning Ordinance.

- C. Permit required. It shall be unlawful to use, establish, maintain, operate, occupy, rent or lease any property as a short-term rental without first having obtained a short-term rental permit.
- D. Short-term rentals shall be permitted in all zoning districts subject to the requirements set forth in this section.
- E. Permit application.
  - (1) An application for a short-term rental permit shall be filed before the dwelling unit, or a room or group of rooms or other living or sleeping space within a dwelling unit, or any other space is advertised for short-term rental, and if the spaces are not advertised, then such permit shall be obtained before said space is leased or rented.
  - (2) Issuance of a short-term rental permit requires submission of an application to the Building Department and payment of the processing fee set forth in the City fee schedule.
  - (3) The form and content of the permit applications shall be as determined from time to time by the Building Department and shall contain such information and materials as the Building Department deems necessary to determine the sufficiency of the application. Such application shall contain, at a minimum:
    - (i) The name and address, e-mail address, and contact numbers of all property owners; and

- (ii) Government issued proof of residency of each owner with picture ID (driver's license, passport, etc.); and
  - (iii) A copy of the deed for the property to be used as a short-term rental and a copy of the most recent tax bill.
  - (iv) Copy of utility bill in owner's name.
  - (v) (a) The property address; (b) the total number of dwelling units located within the building; (c) the total number of bedrooms and bathrooms inside the building; (d) the total number of dwelling units and individual bedrooms proposed for short-term rental use; (e) the location of each such dwelling unit or individual bedroom within the building; and (f) the number of persons to be accommodated in each short-term rental area; and
  - (vi) A signed and notarized certification in a form acceptable to the City Clerk by each property owner attesting to the fact that (a) the owner resides at the property and it is the owner's domicile (primary residence); (b) that the property is fit for human habitation and safe; (c) that the property owner will comply with all of the conditions and restrictions of the permit; (d) that no portion of the area used for short-term rentals will utilize a cellar or attic, or any portion thereof, as habitable space unless it meets the requirements of the International Fire, Residential and Building Codes or successor law; (e) that the property is in compliance with all the provisions of this Article, the applicable provisions of the City Code, the International Fire, Building and Maintenance Codes; and (f) the required building permits and certificates of occupancy are in place for all existing structures on the property if applicable; and
  - (vii) Such other information as the City may require.
- (4) All permits issued pursuant to this section shall be for a period of two years and shall be renewable for subsequent two-year terms upon application, conformance with this section and payment of the permit fee.
- (5) If the status of the information changes during the course of any calendar year, it is the responsibility of the owner to submit such changes to the Building Department in writing within 30 days of the occurrence of such change. Failure to do so shall be deemed a violation of this section.
- F. Inspection. Each short-term rental shall be inspected by the Building Department at the time of the initial application and prior to any permit renewal, to determine whether the short-term rental remains in compliance with the section. If the Building Inspector



determines that the short-term rental space is not in compliance, the owner shall cease use of the dwelling unit as a short-term rental until all noncomplying elements have been corrected and the owner shall apply for reinspection with the Building Department, subject to an additional fee.

- G. Owner-occupancy. It shall be unlawful to use, establish, maintain operate, occupy, rent or lease any property as a short-term rental if the property is not owner-occupied. The property used as a short-term rental shall be the principal residence of the owner at all times during the term of the permit. For purposes of a multi-family building containing three or more dwelling units which are all owned by the same Owner, one of the dwelling units may be used as a Short Term Rental in addition to the dwelling unit that is owner occupied.
- H. No owner shall offer or use any part of the property as a short-term rental not approved for residential use, including but not limited to, vehicles parked on the property, a storage shed, recreation room, trailer, garage, or any temporary structure such as a tent.
- I. A short-term rental property shall not be rented for any commercial purpose, or any other purpose not expressly permitted under this section, such as concerts or weddings.
- J. Presumptive Evidence. The presence or existence of the following shall create a rebuttable presumption that a property is being utilized as a short-term rental:
  - (1) The property is offered for lease or rent on a short-term rental website, including but not limited to Airbnb, HomeAway, VRBO and similar websites; or
  - (2) The property is offered for lease or rent by the use of any other advertising mechanism for a period of less than 30 days.
- K. Revocation of a permit.
  - (1) The grounds upon which a permit can be revoked shall include but shall not be limited to:
    - (i) The permit was issued in error, or issued in whole or in part as a result of a false, untrue, or misleading statement on the permit application or other document submitted for filing, including but not limited to the schematic or certification; or
    - (ii) A short-term rental permit has been issued and the owner fails to continue to occupy the premises on a continuous basis as his or her primary residence; or

- (iii) Use of the property as a short-term rental creates a hazard or public nuisance or other condition which negatively impacts the use and/or enjoyment of surrounding properties, or threatens the peace and good order, or quality of life in the surrounding community.
  - (iv) Failure to comply or violating the conditions of the permit.
- (2) Any permit issued pursuant to this section may be revoked or suspended by the Building Inspector, after written notice to the owner. Written notice shall be served by registered or certified mail, return receipt requested, and by regular mail, to the applicant at the address shown on the application. The notice shall describe the reasons why the City is revoking the permit.

L. Appeals

- (1) The City Administrator shall appoint a Hearing Officer to hear and decide appeals from any suspension or revocation of a permit made by the Building Inspector.
- (2) Upon the suspension or revocation of a permit, the applicant may, within 10 business days after receiving written notice, file a request, in writing, upon the City Administrator for review of said decision by the Building Inspector. Notice of the date, place and time of the hearing shall be given in writing by mail to the applicant at the address shown on the application. In the event that demand for a hearing is not made within the prescribed time or in the event that the applicant does not timely appear for the hearing, the Building Inspector's decision shall then be final and conclusive.
- (3) The hearing shall commence no later than 30 days after the date on which the request was filed.
- (4) The applicant shall be given an opportunity to present evidence why such denial of application, or such suspension or revocation of the license, shall be modified or withdrawn. The Building Inspector or his or her designated agent may also present evidence. Upon consideration of the evidence presented, the Hearing Officer shall sustain, modify or reverse the decision of the Building Inspector or his or her designated agent.
- (5) In the event the applicant is not satisfied with the decision of the Hearing Officer, such aggrieved party may file an Article 78 proceeding under the New York Civil Practice Law and Rules. The Article 78 proceeding must be filed within 30 days of the filing of the Hearing Officer's decision with the City Clerk of the City of Beacon and service of the same upon the applicant.

M. Violations. Any owner who fails to obtain the permit required herein, or otherwise violates any provision of this section, shall be guilty of an offense which shall be punishable by a

fine of not more than \$500 per offense. When a person has received written notice from the Building Inspector or has been served with a summons and complaint in an action to enjoin continuance of any violation, each day in excess of 10 days thereafter that he or she continues to be guilty of such violation shall constitute an additional, separate and distinct offense.

**SECTION 2.** The following definitions listed in Chapter 223, Article VI, Section 63 entitled "Definitions," of the Code of the City of Beacon are hereby amended as follows.

### **DWELLING**

A detached building designed or used exclusively as living quarters for one or more families. The term shall not be deemed to include "automobile court," motel," "boarding- or rooming house," "house trailer," ~~"tourist home"~~ or "tent."

### **HOME OCCUPATION**

An accessory use of a character customarily conducted entirely within a dwelling by the residents thereof using only customary home and home-scale equipment, including but not limited to typewriters, computers, fax machines, small-scale photocopiers, scanners, small-scale printers, file cabinets, drafting equipment and postage meters, which use is clearly incidental and secondary to the use of the residence for dwelling purposes, does not change the character thereof, does not have any exterior evidence of such secondary use other than a small nameplate not over one square foot in area, and does not involve the keeping of stock-in-trade. Home offices and artist studios meeting the criteria above shall be considered home occupations. However, the conducting of a tattoo and/or body piercing parlor, clinic, hospital, barbershop, beauty parlor, photographer's salon, tearoom, ~~tourist home~~ short-term rental, real estate office, animal hospital, dancing instruction, band instrument instruction in groups, convalescent home, funeral home, stores of any kind or any similar use shall not be deemed to be a home occupation. Any instruction of a musical instrument shall be limited to one pupil at a time. Home occupations are regulated in accordance with § 223-17.1 of this chapter.

### **HOTEL**

A building, or portion thereof, containing rooms occupied primarily by transient guests, who are lodged with or without meals, and in which there may be provided such services as are accessory and incidental to the use thereof as a temporary residence, such as dining, recreational facilities, public rooms and meeting rooms, and gift shops. The term "hotel" shall not include bed-and-breakfast establishment, boardinghouse, rooming house, ~~tourist home~~ short-term rental or single-room-occupancy building for the purposes of this chapter.

### **OWNER-OCCUPIED**

A one-family or two-family house or multiple dwelling building used by the owner as his or her or their domicile or principal residence.

### **TOURIST HOME**

~~A dwelling, except a hotel, boardinghouse or rooming house, as defined elsewhere in this chapter, in which overnight accommodations are provided or offered for transient guests.~~

### **SECTION 3. Ratification, Readoption and Confirmation**

Except as specifically modified by the amendments contained herein, Chapter 223 of the City of Beacon Code is otherwise to remain in full force and effect and is otherwise ratified, readopted and confirmed.

### **SECTION 4. Severability**

The provisions of this Local Law are separable and if any provision, clause, sentence, subsection, word or part thereof is held illegal, invalid or unconstitutional, or inapplicable to any person or circumstance, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, subsections, words or parts of this Local Law or their petition to other persons or circumstances. It is hereby declared to be the legislative intent that this Local law would have been adopted if such illegal, invalid or unconstitutional provision, clause, sentence, subsection, word or part had not been included therein, and if such person or circumstance to which the Local Law or part hereof is held inapplicable had been specifically exempt there from.

### **SECTION 5. Effective Date**

This local law shall take effect immediately upon filing with the Office of the Secretary of State. Any short-term rental in existence prior to adoption of this local law shall have 45 days to file an application to obtain a short-term rental permit and 90 days to receive such short-term rental permit before any violations are issued, unless a delay is caused by Building Department in not issuing said permit.

**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**A proposed local law to amend Chapter 223, concerning calculation of the Lot Area per Dwelling Unit in the R1, RD, and Fishkill Creek Development Districts**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description	Type
Lot Area LL 4.11.18	Local Law
EAF Lot Area	EAF
DCPB Comments Calc of Lot Area	Backup Material
COB PB comments lot area	Backup Material

LOCAL LAW NO. \_\_\_\_ OF 2018

CITY COUNCIL  
CITY OF BEACON

PROPOSED LOCAL LAW TO AMEND  
CHAPTER 223 OF THE CODE OF THE  
CITY OF BEACON

A LOCAL LAW to amend Chapter 223, concerning calculation of the Lot Area per Dwelling Unit in the R1, RD, and Fishkill Creek Development Districts.

BE IT ENACTED by the City Council of the City of Beacon as follows:

**Section 1.** Chapter 223, Attachment 1 of the Code of the City of Beacon entitled “§ 223-17C, Schedule of Regulations For Residential Districts” is hereby amended to add the following footnote “q” after “Lot Area per Dwelling Unit” and in the attached “Notes” list:

q. For all development proposals involving a total lot area of more than three acres within a R1, RD, or Fishkill Creek Development zoning district, the lot area per dwelling unit calculation shall first deduct any lot area covered by surface water, within a federal regulatory floodway, within a state or federally regulated wetland, or with existing, pre-development very steep slopes of 25 percent or more as defined in § 223-63.

**Section 2.** Chapter 223 of the City Code, Article IVC entitled “Fishkill Creek Development District” § 223-41.14B is hereby amended as follows:

B. Development Potential. Maximum number of dwelling units per acre of lot area, after deducting on all development proposals involving a total lot area of more than three acres any lot area with existing, pre-development very steep slopes over 20% of 25 percent or more as defined in § 223-63, covered by surface water, within a federal regulatory floodway, or within a state or federally regulated wetland: 11. Additionally, a minimum of 25 percent of the total development’s floor area shall be permitted nonresidential uses other than dwelling units or artist live/work spaces, which must be built out before or concurrently with the residential development of the site. Less nonresidential square footage may be granted by the City Council for the voluntary and guaranteed inclusion in the project of desirable environmental, transportation, or other substantial public benefits which would not otherwise be required of the project, as determined at the sole discretion of the City Council as part of the concept plan approval.



**Section 3.** Chapter 223 of the City Code, Article VI entitled “§ 223-63, Definitions” is hereby amended as follows:

**VERY STEEP SLOPE**

An area of land with a gradient of 25% or more extending over a contiguous land area of at least 10,000 square feet ~~horizontal length of at least 100 feet and extending over a horizontal width of at least 100 feet.~~ [Added 3-1-2004 by L.L. No. 2-2004]

**Section 4.** Ratification, Readoption and Confirmation

Except as specifically modified by the amendments contained herein, Chapter 223 of the City of Beacon is otherwise to remain in full force and effect and is otherwise ratified, readopted and confirmed.

**Section 5.** Severability

The provisions of this Local Law are separable and if any provision, clause, sentence, subsection, word or part thereof is held illegal, invalid or unconstitutional, or inapplicable to any person or circumstance, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, subsections, words or parts of this Local Law or their petition to other persons or circumstances. It is hereby declared to be the legislative intent that this Local law would have been adopted if such illegal, invalid or unconstitutional provision, clause, sentence, subsection, word or part had not been included therein, and if such person or circumstance to which the Local Law or part hereof is held inapplicable had been specifically exempt there from.

**Section 6.** Effective Date

This local law shall take effect immediately upon filing with the Office of the Secretary of State.

# Short Environmental Assessment Form

## Part 1 - Project Information

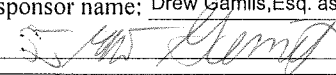
### Instructions for Completing

**Part 1 - Project Information.** The applicant or project sponsor is responsible for the completion of Part 1. Responses become part of the application for approval or funding, are subject to public review, and may be subject to further verification. Complete Part 1 based on information currently available. If additional research or investigation would be needed to fully respond to any item, please answer as thoroughly as possible based on current information.

Complete all items in Part 1. You may also provide any additional information which you believe will be needed by or useful to the lead agency; attach additional pages as necessary to supplement any item.

<b>Part 1 - Project and Sponsor Information</b>							
Name of Action or Project: City of Beacon Local Law concerning the calculation of net development area in the R1, RD and Fishkill Creek Development Districts							
Project Location (describe, and attach a location map): City of Beacon							
Brief Description of Proposed Action: The proposed local law amends the Zoning Code of the City of Beacon to provide that for all R1, RD and Fishkill Creek Development Zoning Districts involving a parcel over 3 acres, the lot area per dwelling unit calculation shall first deduct any lot area covered by surface water, land within a federal regulatory floodway, within a state or federally regulated wetland, or within an area of very steep slopes of 25 percent or more as defined in Section 223-63 of the Code of the City of Beacon.							
Name of Applicant or Sponsor: City of Beacon		Telephone: 845-838-5000					
		E-Mail: Mayor@cityofbeacon.org					
Address: 1 Municipal Plaza							
City/PO: City of Beacon		State: NY	Zip Code: 12509				
1. Does the proposed action only involve the legislative adoption of a plan, local law, ordinance, administrative rule, or regulation? If Yes, attach a narrative description of the intent of the proposed action and the environmental resources that may be affected in the municipality and proceed to Part 2. If no, continue to question 2.			<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 50%;">NO</td> <td style="width: 50%;">YES</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input checked="" type="checkbox"/></td> </tr> </table>	NO	YES	<input type="checkbox"/>	<input checked="" type="checkbox"/>
NO	YES						
<input type="checkbox"/>	<input checked="" type="checkbox"/>						
2. Does the proposed action require a permit, approval or funding from any other governmental Agency? If Yes, list agency(s) name and permit or approval:			<table border="1" style="width: 100%; text-align: center;"> <tr> <td style="width: 50%;">NO</td> <td style="width: 50%;">YES</td> </tr> <tr> <td><input type="checkbox"/></td> <td><input type="checkbox"/></td> </tr> </table>	NO	YES	<input type="checkbox"/>	<input type="checkbox"/>
NO	YES						
<input type="checkbox"/>	<input type="checkbox"/>						
3.a. Total acreage of the site of the proposed action? _____ acres							
b. Total acreage to be physically disturbed? _____ acres							
c. Total acreage (project site and any contiguous properties) owned or controlled by the applicant or project sponsor? _____ acres							
4. Check all land uses that occur on, adjoining and near the proposed action. <input type="checkbox"/> Urban <input type="checkbox"/> Rural (non-agriculture) <input type="checkbox"/> Industrial <input type="checkbox"/> Commercial <input type="checkbox"/> Residential (suburban) <input type="checkbox"/> Forest <input type="checkbox"/> Agriculture <input type="checkbox"/> Aquatic <input type="checkbox"/> Other (specify): _____ <input type="checkbox"/> Parkland							

5. Is the proposed action, a. A permitted use under the zoning regulations?	NO <input type="checkbox"/>	YES <input type="checkbox"/>	N/A <input type="checkbox"/>
b. Consistent with the adopted comprehensive plan?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6. Is the proposed action consistent with the predominant character of the existing built or natural landscape?	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
7. Is the site of the proposed action located in, or does it adjoin, a state listed Critical Environmental Area? If Yes, identify: _____	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
8. a. Will the proposed action result in a substantial increase in traffic above present levels?	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
b. Are public transportation service(s) available at or near the site of the proposed action?	<input type="checkbox"/>	<input type="checkbox"/>	
c. Are any pedestrian accommodations or bicycle routes available on or near site of the proposed action?	<input type="checkbox"/>	<input type="checkbox"/>	
9. Does the proposed action meet or exceed the state energy code requirements? If the proposed action will exceed requirements, describe design features and technologies: _____	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
10. Will the proposed action connect to an existing public/private water supply? If No, describe method for providing potable water: _____	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
11. Will the proposed action connect to existing wastewater utilities? If No, describe method for providing wastewater treatment: _____	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
12. a. Does the site contain a structure that is listed on either the State or National Register of Historic Places?	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
b. Is the proposed action located in an archeological sensitive area?	<input type="checkbox"/>	<input type="checkbox"/>	
13. a. Does any portion of the site of the proposed action, or lands adjoining the proposed action, contain wetlands or other waterbodies regulated by a federal, state or local agency?	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
b. Would the proposed action physically alter, or encroach into, any existing wetland or waterbody? If Yes, identify the wetland or waterbody and extent of alterations in square feet or acres: _____	<input type="checkbox"/>	<input type="checkbox"/>	
14. Identify the typical habitat types that occur on, or are likely to be found on the project site. Check all that apply: <input type="checkbox"/> Shoreline <input type="checkbox"/> Forest <input type="checkbox"/> Agricultural/grasslands <input type="checkbox"/> Early mid-successional <input type="checkbox"/> Wetland <input type="checkbox"/> Urban <input type="checkbox"/> Suburban			
15. Does the site of the proposed action contain any species of animal, or associated habitats, listed by the State or Federal government as threatened or endangered?	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
16. Is the project site located in the 100 year flood plain?	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
17. Will the proposed action create storm water discharge, either from point or non-point sources? If Yes, a. Will storm water discharges flow to adjacent properties? <input type="checkbox"/> NO <input type="checkbox"/> YES	NO <input type="checkbox"/>	YES <input type="checkbox"/>	
b. Will storm water discharges be directed to established conveyance systems (runoff and storm drains)? If Yes, briefly describe: _____	<input type="checkbox"/> NO <input type="checkbox"/> YES		

18. Does the proposed action include construction or other activities that result in the impoundment of water or other liquids (e.g. retention pond, waste lagoon, dam)? If Yes, explain purpose and size: _____ _____	<b>NO</b>	<b>YES</b>
	<input type="checkbox"/>	<input type="checkbox"/>
19. Has the site of the proposed action or an adjoining property been the location of an active or closed solid waste management facility? If Yes, describe: _____ _____	<b>NO</b>	<b>YES</b>
	<input type="checkbox"/>	<input type="checkbox"/>
20. Has the site of the proposed action or an adjoining property been the subject of remediation (ongoing or completed) for hazardous waste? If Yes, describe: _____ _____	<b>NO</b>	<b>YES</b>
	<input type="checkbox"/>	<input type="checkbox"/>
<b>I AFFIRM THAT THE INFORMATION PROVIDED ABOVE IS TRUE AND ACCURATE TO THE BEST OF MY KNOWLEDGE</b>		
Applicant/sponsor name: <u>Drew Gamils, Esq. as City Attorney for the City of Beacon</u>		Date: <u>March 19, 2018</u>
Signature: <u></u>		

**CITY OF BEACON  
One Municipal Plaza  
Beacon, New York 12508  
(845) 838-5000**

**Short Environmental Assessment Form- Part 1**

Question 1: Narrative

The proposed local law amends the Zoning Code of the City of Beacon to provide that for all R1, RD and Fishkill Creek Development Zoning Districts involving a parcel over 3 acres, the lot area per dwelling unit calculation shall first deduct any lot area covered by surface water, land within a federal regulatory floodway, within a state or federally regulated wetland, and/or within an area of very steep slopes of 25 percent or more as defined in Section 223-63 of the Code of the City of Beacon. This law will limit how many dwelling units a developer may construct on a lot located in the R1, RD and Fishkill Creek Development Zoning Districts.

The maximum number of dwellings permitted on a lot shall be calculated by dividing the total net development area by the minimum lot area per dwelling unit required for each residential zoning district as set forth in the Zoning Code of the City of Beacon. The total net development area is the total lot area of the property available after subtracting any lot area covered by surface water, land within a federal regulatory floodway, within a state or federally regulated wetland or within an area of very steep slopes of 25 percent or more. The purpose of the proposed local law is to regulate development to protect the City and certain environmentally sensitive features. The City's objective is to ensure that development density is reasonably related to land capabilities, with lower densities maintained on lands least able to support intensive uses due to natural features such as steep slopes and wetlands. The City Council believes that the restrictions imposed by the proposed local law will protect the environment and the health, safety and welfare of the City and its residents.

Project: Local Law- Net Development Area

Date: March 19, 2018

***Short Environmental Assessment Form***  
***Part 2 - Impact Assessment***

**Part 2 is to be completed by the Lead Agency.**

Answer all of the following questions in Part 2 using the information contained in Part 1 and other materials submitted by the project sponsor or otherwise available to the reviewer. When answering the questions the reviewer should be guided by the concept "Have my responses been reasonable considering the scale and context of the proposed action?"

	No, or small impact may occur	Moderate to large impact may occur
1. Will the proposed action create a material conflict with an adopted land use plan or zoning regulations?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
2. Will the proposed action result in a change in the use or intensity of use of land?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
3. Will the proposed action impair the character or quality of the existing community?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
4. Will the proposed action have an impact on the environmental characteristics that caused the establishment of a Critical Environmental Area (CEA)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
5. Will the proposed action result in an adverse change in the existing level of traffic or affect existing infrastructure for mass transit, biking or walkway?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
6. Will the proposed action cause an increase in the use of energy and it fails to incorporate reasonably available energy conservation or renewable energy opportunities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
7. Will the proposed action impact existing:	<input checked="" type="checkbox"/>	<input type="checkbox"/>
a. public / private water supplies?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
b. public / private wastewater treatment utilities?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
8. Will the proposed action impair the character or quality of important historic, archaeological, architectural or aesthetic resources?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
9. Will the proposed action result in an adverse change to natural resources (e.g., wetlands, waterbodies, groundwater, air quality, flora and fauna)?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
10. Will the proposed action result in an increase in the potential for erosion, flooding or drainage problems?	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Will the proposed action create a hazard to environmental resources or human health?	<input checked="" type="checkbox"/>	<input type="checkbox"/>



### ***Short Environmental Assessment Form Part 3 Determination of Significance***

For every question in Part 2 that was answered "moderate to large impact may occur", or if there is a need to explain why a particular element of the proposed action may or will not result in a significant adverse environmental impact, please complete Part 3. Part 3 should, in sufficient detail, identify the impact, including any measures or design elements that have been included by the project sponsor to avoid or reduce impacts. Part 3 should also explain how the lead agency determined that the impact may or will not be significant. Each potential impact should be assessed considering its setting, probability of occurring, duration, irreversibility, geographic scope and magnitude. Also consider the potential for short-term, long-term and cumulative impacts.

The proposed local law amends the Zoning Code of the City of Beacon to provide that for all R1, RD and Fishkill Creek Development Zoning Districts involving a parcel over 3 acres, the lot area per dwelling unit calculation shall first deduct any lot area covered by surface water, land within a federal regulatory floodway, within a state or federally regulated wetland, and/or within an area of very steep slopes of 25 percent or more as defined in Section 223-63 of the Code of the City of Beacon. This law will limit how many dwelling units a developer may construct on a lot located in the R1, RD and Fishkill Creek Development Zoning Districts. The goal of this local law is to promote proper and sustainable residential development in the city.

The maximum number of dwellings permitted on a lot shall be calculated by dividing the total net development area by the minimum lot area per dwelling unit required for each residential zoning district as set forth in the Zoning Code of the City of Beacon. The total net development area is the total lot area of the property available after subtracting any lot area covered by surface water, land within a federal regulatory floodway, within a state or federally regulated wetland or within an area of very steep slopes of 25 percent or more. The calculation of net development area excludes lands that are not suitable for development. Developers are prohibited or strongly discouraged from development on lands covered by surface water, lands within a floodway or wetland and on lands with steep slopes. Therefore, such lands should not be included in any calculations to establish the maximum number of dwelling units permitted on a lot. The purpose of the proposed local law is to regulate development to protect the City and certain environmentally sensitive features. The City's objective is to ensure that development density is reasonably related to land capabilities, with lower densities maintained on lands least able to support intensive uses due to natural features such as steep slopes and wetlands. The calculation of net development area under the proposed law reflects the area of land available on which a dwelling unit could be sited. The proposed local law will protect the health, safety and welfare of the City and its residents. In addition, the law will better protect environmentally sensitive lands and further regulate development near such lands. Therefore, the proposed action will not result in a significant adverse environmental impact.

- ☐ Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action may result in one or more potentially large or significant adverse impacts and an environmental impact statement is required.
- ☒ Check this box if you have determined, based on the information and analysis above, and any supporting documentation, that the proposed action will not result in any significant adverse environmental impacts.

City of Beacon City Council

\_\_\_\_\_  
 Name of Lead Agency

\_\_\_\_\_  
 Date

Randy Casale

Mayor

\_\_\_\_\_  
 Print or Type Name of Responsible Officer in Lead Agency

\_\_\_\_\_  
 Title of Responsible Officer

\_\_\_\_\_  
 Signature of Responsible Officer in Lead Agency

\_\_\_\_\_  
 Signature of Preparer (if different from Responsible Officer)



**COUNTY OF DUTCHESS**  
DEPARTMENT OF PLANNING AND DEVELOPMENT

April 16, 2018

To: City Council, City of Beacon  
Re: Referral #18-081, LL Regulating Net Development Area in R1, RD, and FCD Districts

The Dutchess County Department of Planning and Development has reviewed the subject referral within the framework of General Municipal Law (Article 12B, §239-l/m).

**ACTION**

The City is proposing a net development area calculation that would exclude certain constrained lands from the calculation of allowable density on parcels of land 3 acres or more in the R1, RD and FCD districts.

**COMMENTS**

The City has established residential densities in each zoning district in accordance with the Comprehensive Plan. As we have previously stated, as long as a proposed development meets the zoning criteria for a project, including staying off steep slopes and out of wetland buffers or floodways, and is adhering to setbacks, height standards and parking requirements, we do not see reasons to further limit density with this calculation. If municipal water and sewer is provided, the impact of development on raw land is even further reduced.

After viewing the Council's public workshop of April 9<sup>th</sup>, it appears that the allowable density of the proposed development, "Edgewater" would be reduced by a significant 71 units. This development is within walking distance of the Beacon Train Station. We believe the City appropriately enacted higher density zoning in this area which, if built, will provide economic benefits of pedestrian traffic to Main Street, while reducing vehicular impacts on the street system.

The City Council and many residents have called for the need for affordable housing, public transit, and an active Main Street for Beacon's residents through the Comprehensive Plan. In order to achieve these important goals, density is necessary. The law proposes an allowable density of 11 dwelling units per acre after environmental constraints have been removed, however, this number is on the low side for an urban area, especially a City. In fact, other, more suburban areas of Dutchess County allow greater density (14 dwelling units per acre) and are located in the County's more suburban areas.

**RECOMMENDATION**

The Department recommends that the Board rely upon its own study of the facts in the case with due consideration of the above comments.

Eoin Wrafter, AICP  
Commissioner

By

A handwritten signature in black ink, appearing to read "Jennifer F. Cocozza", followed by a horizontal line.

Jennifer F. Cocozza  
Deputy Commissioner

<b>Dutchess County Department of Planning and Development</b>	To _____	Date <u>4/16</u>	# pgs <u>2</u>
	Dept _____	From _____	
	Fax # _____	Phone # _____	

## 239 Planning/Zoning Referral - Exemption Communities

Municipality: City of Beacon

Referring Agency:
 ☐ Planning Board
 ☐ Zoning Board of Appeals
 ☒ Municipal Board

Tax Parcel Number(s): \_\_\_\_\_

Project Name: L1 Regulating Net Development Area in R1, RD, & PCD Districts

Applicant: City of Beacon

Address of Property: \_\_\_\_\_

**Parcel(s) within 500 feet of:**

☒ State Road \_\_\_\_\_  
☒ County Road \_\_\_\_\_  
☐ State Property (w/public building or recreation area)  
☒ County Property (w/public building or recreation area)  
☒ Municipal Boundary  
☐ Farm operation in an Agricultural District

**Actions Requiring 239 Review**

☐ Comprehensive/Master Plans  
☒ Zoning Amendments (standards, uses, definitions, district regulations, etc.)  
☐ Rezoning involving all map changes  
☐ Other Local Laws associated with zoning (wetlands, historic preservation, affordable housing, architectural review, etc.)  
☐ Site Plans (all)  
☐ Special Permits for all non-residential uses  
☐ Use Variances for all non-residential uses  
☐ Area Variances for all non-residential uses

**Exempt Actions:\***

**239 Review is NOT Required**

- Administrative Amendments (fees, procedures, penalties, etc.)
- Special Permits for residential uses (accessory apts, home occupations, etc.)
- Use Variances for residential uses
- Area Variances for residential uses
- Renewals/Extension of Site Plans or Special Permits that have no changes from previous approvals
- Subdivisions / Lot Line Adjustments
- Interpretations

☐ Exempt Action submitted for informal review

Date Response Requested (if less than 30 days): Before April 15

If subject of a previous referral, please note County referral number(s): \_\_\_\_\_

\* These actions are only exempt in municipalities that signed an intermunicipal agreement with Dutchess County to that effect.

FOR COUNTY OFFICE USE ONLY			
<b>Response from Dutchess County Department of Planning and Development</b>			
<b>No Comments:</b> <input type="checkbox"/> Matter of Local Concern <input type="checkbox"/> No Jurisdiction <input type="checkbox"/> No Authority <input type="checkbox"/> Project Withdrawn <input type="checkbox"/> Exempt from 239 Review		<b>Comments Attached:</b> <input checked="" type="checkbox"/> Local Concern with Comments <input type="checkbox"/> Conditional <input type="checkbox"/> Denial <input type="checkbox"/> Incomplete — municipality must resubmit to County <input type="checkbox"/> Incomplete with Comments — municipality must resubmit to County <input type="checkbox"/> Informal Comments Only (Action Exempt from 239 Review)	
Date Submitted: <u>3/20/18</u>	Notes: <u>Revised law received 4/11</u>		<input type="checkbox"/> Major Project
Date Received: <u>3/20/18</u>			
Date Requested: <u>4/14/18</u>			Referral #: <u>ZR18-081</u>
Date Required: <u>4/10/18 5/10</u>	<input type="checkbox"/> Also mailed hard copy	Reviewer: <u>Suzanne Horvitz</u>	
Date Response Faxed: <u>4/16/18</u>			



# Memorandum

## *Planning Board*

---

TO: Mayor Randy Casale and City Council Members

FROM: Planning Board Chairman Gunn and Planning Board Members

RE: Review of proposed Local Law to Amend Chapter 223 concerning Lot Area Per Dwelling Unit

DATE: April 11, 2018

At the April 10, 2018 Planning Board meeting, members reviewed and discussed the proposed Local Law to amend Chapter 223 concerning calculation of the lot area in the R1, RD, and Fishkill Creek Development Districts. A comprehensive review of the proposed law took place with the City Attorney Jennifer Gray, City Planner John Clarke, City Engineer John Russo, and Building Inspector Tim Dexter.

After considerable discussion of the proposed local law Members felt the definition of Very Steep Slopes should be amended to make clear that Very Steep Slopes are measured based on the pre-development condition so changes in grading or shifting of land materials is not done prior to initiation of the approval process. Members debated the prospect of a law that deducts land from potential development calculations for natural features, specifically wetlands, floodways, steep slopes and surface water, as well as the new way Very Steep Slopes are proposed to be measured. While a consensus was not reached, some members believed the City Code already contains adequate protections for environmental features such as wetlands, floodways, steep slopes and surface water and further reduction of development potential on properties containing these features is not necessary. Other members believed that the City Code should reduce the development potential for properties which contain environmental features such as wetlands, floodways, steep slopes and surface water, some areas of which are unbuildable.

Should you have any questions or require additional information, please feel free to contact me.

**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**Tree Committee mission and members**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description

Tree Advisory Committee

Type

Backup Material

## Tree Advisory Committee

05.14.18

### **Mission:**

The Tree Advisory Committee works to promote the improvement and preservation of a healthy environment as it relates to public trees. The committee will provide advisory recommendations for the planting, maintenance, protection and removal of trees on public streets, parks and City-owned properties.

### **Members:**

All members of the Tree Advisory Committee must be residents of the City. Any City resident interested in this position is encouraged to apply. Those with a background in arboriculture, landscape architecture and streetscape design may be particularly interested in applying. The committee shall consist of five (5) members appointed by the Mayor, with the Highway Superintendent, Assistant to the Mayor, and the Director of Recreation as Ex Officio non-voting members.

### **Length of term:**

This committee's term is three (3) years, except for the initial membership terms which will be staggered in three, two and one-year increments.

### **Definitions**

***Certified Arborist:*** A person certified by the International Society of Arboriculture as having specialized knowledge, experience, and training related to arboriculture.

***Diseased Tree:*** Any tree or shrub with a combination of structural defects and/or a health condition, which makes it subject to a high probability of failure.

***Hazardous Tree:*** Any tree or shrub, public or private, with visibly defined structural defects likely to cause failure of all or part of the tree and be a danger to public safety.

***Public Tree:*** All trees and shrubs on any City park or other property owned or controlled by the City on any public street, alley, median, sidewalk, or highway within the public right-of-way, as well as school district trees.

***Private Tree:*** Any tree or shrub or any substantial portion of a tree, shrub, or plant which is in a private location along a public right-of-way.

***Street Tree:*** Any tree or shrub located on either side of all streets, avenues, bike paths, and located within the bound of all City rights-of-way.

***Tree:*** Any self-supporting woody plant together with its root system, growing upon the earth with one trunk of at least three inches in diameter at a height of four and one-half feet above the ground, or a multi-stemmed trunk system with a definitively formed crown.

### **Powers and Duties:**

The Tree Advisory Committee shall:

- A. make recommendations to the City Staff regarding removal, pruning or planting of any public tree(s);
- B. be responsible for keeping an inventory of all trees in the City, including all public spaces;
- C. promote tree maintenance City-wide;
- D. submit an annual tree Report to the City Council on its activities and make recommendation on the location and type of proposed donated trees;
- E. work in cooperation with the Highway Superintendent, from time to time recommend features, plans and programs relating to tree improvements to the City Council;
- F. develop a street tree master plan;
- G. assist City staff and the Planning Board in reviewing tree landscape plans, upon request;
- H. assist the Building Department with comments on tree replacement pursuant to the Chapter 204 of the Code of the City of Beacon regarding tree planting and maintenance requirements, upon request;
- I. educate citizens of the City about benefits, care and threats to trees;
- J. assist in organizing an annual Arbor Day celebration; and
- K. carry out such other duties as may be assigned from time to time by the Mayor.



**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**A proposed local law to amend Chapter 200 of the Code of the City of Beacon concerning Taxicabs**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description	Type
Taxi cabs LL	Local Law
Beacon Taxi Drivers Petition	Backup Material

**DRAFT LOCAL LAW NO. \_\_\_\_ OF 2018**

**CITY COUNCIL  
CITY OF BEACON**

**PROPOSED LOCAL LAW TO AMEND  
CHAPTER 200 OF THE CODE OF THE  
CITY OF BEACON**

A LOCAL LAW to  
amend Chapter 200  
of the Code of the  
City of Beacon  
concerning Taxicabs.

BE IT ENACTED by the City Council of the City of Beacon as follows:

**Section 1.** Chapter 200, Article I, Section 2 of the Code of the City of Beacon entitled “Definitions; word usage; license required” is hereby amended as follows:

§ 200-2 Definitions; word usage; license required.

Unless otherwise expressly stated, whenever used in this chapter, the following words shall have the meanings given to them by this section. Whenever used in this chapter, pronouns and other references to persons and entities shall be considered to include the masculine and the feminine, and the singular and the plural, as the sense and neutral application thereof shall require.

**CHIEF OF POLICE**

The Chief of Police of the City of Beacon, or the officer designated by him to perform the duties and carry out the responsibilities assigned to the Chief of Police hereunder, unless otherwise specified.

**CITY**

The City of Beacon, New York, unless otherwise specified.

**FARE**

Either a customer or passenger paying or for whom a charge has been paid to hire a lawfully licensed taxicab for transportation services under this chapter; or the charge so levied and lawfully incurred by such passenger, according to the sense thereof as used herein.

**MEDALLION**

~~The metal plate, not exceeding six inches in diameter, which shall bear the taxicab license number of the vehicle.~~

## **OPERATOR**

Any person owning or having control of the use of one or more taxicabs used for hire upon the streets of the City or engaged in the business of operating a taxicab or a taxicab company in the City of Beacon.

## **RATE CARD**

A card on which is printed the tariff rates or fares charged for taxi service in the City as provided by this chapter.

## **STREET**

Includes any street, alley, avenue, thoroughfare, court, bridge, lane or other public place in the City.

## **TAXICAB**

Includes any motor vehicle engaged in the business of carrying persons for hire, whether the same is operated from a street stand or subject to calls from a garage or otherwise operated for hire, except vehicles subject to the provisions of the Transportation Law and exempted thereby from the provisions of this chapter, or used by funeral homes or undertakers in carrying on their business.

## **TAXICAB DRIVER**

Any person who drives a taxicab available for hire or under hire, whether such person is the owner or lessee of such taxicab or employed by or in contract with a taxicab owner, operator or lessor.

## **TAXICAB DRIVER'S LICENSE**

A license granted by the City to any otherwise qualified person to drive any licensed taxicab for hire or under hire upon the streets of the City.

## **TAXICAB LICENSE**

A license granted by the City to any business or person to keep for hire any vehicle to be used as a taxicab in such City, each such license being specifically issued to one specified vehicle only.

## **TAXICAB STAND**

Includes any place alongside the curb of a street or elsewhere which is exclusively reserved by the Chief of Police and/or by the codes and rules of the City for the use of taxicabs and specifically designated therefor, including, but not limited to, the Beacon Train Station.

## TRIP SHEET

One or more sheets of paper upon which the driver and/or operator records information pertaining to each trip carrying one or more paying passengers, as described in this chapter.

**Section 2.** Chapter 200, Article II, Section 7 of the Code of the City of Beacon entitled “Form and terms of taxicab driver’s license” is hereby amended as follows:

§ 200-7 Form and terms of taxicab driver’s license.

- A. Upon satisfactory fulfillment of the foregoing requirements and upon the written approval of the issuance of a taxicab driver's license by the Chief of Police, the City Clerk shall sign and issue to the applicant a license which shall be in such form as to contain a photograph and signature of the licensee, and blank spaces upon which a record shall be made of any arrest or serious complaint against him. Each taxicab driver's license shall be stamped by the seal of the City upon at least a portion of the photograph. All taxicab driver's licenses shall be numbered in the order in which they are issued and shall contain the name and place of residence of the licensee and the dates of issuance and expiration of the taxicab driver's license. Any licensee who defaces, removes or obliterates any official entry made upon his taxicab driver's license shall be punished by the revocation of his taxicab driver's license.
- B. Taxicab driver's licenses shall be issued as of August 1 of each year, and shall be valid to and including July 31 next succeeding, unless previously suspended or revoked. A complete application, as determined in the sole discretion of the Chief of Police, for renewal of a taxicab driver's license must be filed with the City by July 1 of each year. Failure to submit a renewal application or submission of an incomplete application by July 1 of each year shall result in the payment upon renewal of a late fee as set forth in the City of Beacon fee schedule.[1] No temporary permit shall be issued except when an extraordinary public emergency arises affecting transportation of the public upon the streets of the City; such temporary permits when issued shall be upon such terms and conditions as the Chief of Police shall provide, but such temporary permit shall in no event be granted for a period longer than 10 days, and may be renewable for similar periods, from time to time as may be necessary, only upon the written recommendation of the Chief of Police. The fee for such temporary permits shall be the same as for a taxicab driver's license as provided in this chapter. Such license or permit shall be carried by the licensee at all times when operating or in charge of any taxicab.
- C. Taxicab driver’s licenses shall be placed in a transparent plaque or frame the size of four inches by six inches and shall at all times, when the driver is operating the cab for hire, be attached inside the taxicab in a position readily visible to the passengers of said taxi and to persons looking in or through the window of the rear door on the right or passenger side thereof.

**Section 3.** Chapter 200, Article III, Section 11 of the Code of the City of Beacon entitled “License of vehicles; application; trip sheet” is hereby amended as follows:

§ 200-11 License of vehicles; application; trip sheet.

- A. Each vehicle shall be required to obtain a separate taxicab license.
- B. It shall be unlawful for any person, firm, copartnership or corporation to operate or permit to be operated a taxicab upon the streets of the City of Beacon without first having obtained therefor a taxicab license under the provisions of this chapter from the Chief of Police. Such license shall be issued as of August 1 and shall expire on July 31 next succeeding, unless sooner suspended or revoked. Application for a taxicab license shall be made by the owner upon blank forms furnished by the Chief of Police through the office of the City Clerk. Such application shall contain:
  - (1) The name, date of birth and residence of the person applying for the license; proof of his ownership and/or legal authority over each such vehicle, and what, if any, previous experience he has had in the business of owning, furnishing, leasing, operating, driving, repairing or other enterprises in connection with providing transportation or related services for hire or charge.
  - (2) The type of motor car to be used, the factory number, the state license number, the number of years the vehicle has been driven, and the seating capacity according to its trade rating.
  - (3) Whether and when the vehicle has ever been previously licensed to operate a taxicab, and if so, where.
  - (4) Whether license to operate a taxicab has ever been revoked, and if so, for what cause.
  - (5) Proof of a public liability insurance policy, written by an insurance company licensed to do business in the State of New York.
  - (6) A copy of the New York State vehicle registration and expiration date of current New York State motor vehicle inspection and sticker number. The full address of the registered owner must be on the Department of Motor Vehicles registration. Post office box numbers are not acceptable.
  - (7) Such other information as the Chief of Police may deem necessary.
- C. The applicant must attach to his application a schedule showing the rates of fare to be charged to and from points within the City limits and to and from points outside City limits. In addition thereto, said schedule shall set forth the amount charged for waiting

time, any special charges, and amounts charged per mile outside the limits of the City of Beacon.

D. Every company operating any taxicab shall designate an employee such as a dispatcher or other such person who shall be responsible to keep and maintain a trip sheet at all times during the operation of such taxicab.

(1) Such trip sheet shall record, at a minimum, the following information:

- (a) The name and driver's license number of each and every driver operating such vehicle for the trips recorded on the trip sheet;
- (b) Date, commencement time by hour and minute and origin point of each trip for each passenger;
- (c) Date, dropoff or termination time by hour and minute and destination or termination location of each trip for each passenger;
- (d) Fare charged and collected for each trip for each passenger;
- (e) Date, time by hour and minute and location of any accident or breakdown causing an interruption or discontinuance of the operation of such taxicab and a description thereof;
- (f) The issuance of any citation or violation of any law, rule or code involving the operation of such taxicab and/or the conduct of the driver of same.

(2) The proprietor, operator or owner of any taxicab business shall produce any and all such trip sheets for any and all taxicabs operated, owned or controlled by such persons upon demand therefor by any police officer.

(3) All such trip sheets shall be retained and kept on file and made available for audit, examination and inspection by any City law enforcement or code enforcement officer at all reasonable times for a minimum period of two years by every owner, operator and/or proprietor of every taxicab and company operating and/or owning same.

**Section 4.** Chapter 200, Article III, Section 13 of the Code of the City of Beacon entitled "License card; medallion" is hereby amended as follows:

§ 200-13 License Card.

If, upon inspection, a taxicab is found to be of lawful construction and in proper condition, in accordance with the provisions of this chapter and if the issuance of a taxicab license therefor is approved by both the Chief of Police and upon the payment of the license fee hereinafter set forth, the same shall be licensed by delivering to the

owner a card of such size and form as may be prescribed by the Chief of Police. The card shall contain the official license number of the taxicab, together with the date of inspection of the same. Such card shall be signed by the City Clerk and shall contain blank spaces upon which an entry shall be made of the date of every inspection of the vehicle. The license card shall be a distinctly different color each year. Any licensee who defaces, obliterates or changes any official entry made upon his license shall have his license revoked. If a taxicab shall be disabled, disqualified for service or sold, the Chief of Police may in his or her discretion permit the use of a license granted for such taxicab to be transferred to another taxicab or to the new owner thereof, provided such taxicab or such owner complies with the provisions of this chapter. The owner or operator of said taxicab may, at any time, file with the Chief of Police a statement showing that new or different rates are to be charged thereafter for the use and hire of any taxicab so owned by him.

A.

**Section 5.** Chapter 200, Article III, Section 14 of the Code of the City of Beacon entitled “Regulations governing issuance and use of medallions” is hereby deleted:

A.

**Section 6.** Chapter 200, Article III, Section 16 of the Code of the City of Beacon entitled “Denial, suspension or revocation of taxicab licenses” is amended as follows:

§ 200-16 Denial, suspension or revocation of taxicab licenses.

- A. No taxicab license shall be issued to an applicant who has failed to comply with §§ 200-11 and 200-12, nor shall any license be issued to any applicant who has violated any provision of Chapter 200.
- B. Upon complaint of any person, taxicab licenses may be revoked or suspended at any time for cause by the Chief of Police if the vehicle shall be used for immoral or illegal business, or for a violation of any ordinance or state law governing the operation of motor vehicles or if a fare in excess of the rate of fare on file for said taxicab shall knowingly be charged for the use of said taxicab or for picking up passengers or solicitation of passengers in violation of this chapter. When the license is suspended or revoked, the taxicab license shall be forthwith taken from the licensee, and the City Clerk shall be notified of such suspension or revocation.
- C. Review of denial, revocation or suspension. The City Administrator shall hear and decide appeals taken from any determination made by the Chief of Police or his designated agent which denied, revoked or suspended such driver and/or vehicle license. Any applicant who shall have been refused a license, or a license holder whose license shall have been revoked or suspended, may appeal to the City Administrator for review of such denial, revocation or suspension as set forth in this chapter. The

failure of an aggrieved party to take an appeal within 10 business days of receipt of such denial, revocation or suspension shall constitute a waiver of right to appeal. Appeals shall be heard pursuant to the provisions of § 200-28 of this chapter.

**Section 7.** Chapter 200, Article IV, Section 22 of the Code of the City of Beacon entitled “Payment of fares; abandonment of business” is amended as follows:

§ 200-22 Payment of fares; abandonment of business.

- A. Prepayment. Every driver of a taxicab shall have the right to demand payment of the legal fare in advance and may refuse employment unless so prepaid, but no driver of a taxicab shall otherwise refuse or neglect to convey any orderly person or persons upon request anywhere in the City unless previously engaged or unable to do so.
- B. Disputed fares. All complaints as to fares shall be submitted, in writing, to the City Clerk on a form provided by the City. The complaint shall provide a brief description of the nature of the facts, the date, time and place of the incident, the name of the taxicab company and operator, if known, and the name, address and telephone number of the person making the complaint. The same will be forwarded to the Chief of Police, or his or designee, for review and investigation. The taxicab owner or operator shall have an affirmative obligation to provide the relevant trip sheet to the Chief of Police, or his or her designee, in furtherance of his investigation. Failure to provide said trip sheet to the Chief of Police or his designee shall result in an automatic finding in favor of the complainant. Within 30 days from the date the complaint form is submitted to the City Clerk, the Chief of Police, or his or her designee, shall issue a written finding, which shall be provided to the complainant and taxicab company and/or operator. Failure to comply with such determination shall subject the party offending to a violation of this chapter, punishable by a fine not exceeding \$250, up to 15 days in jail, or both. Whenever a passenger asks for a receipt, it shall be given to him by the driver. Such receipt shall show the name of the driver, the name of the owner of the taxicab, the number of the taxicab, the time when the trip began and ended and the amount of fare collected.
- C. Overcharge. No person shall charge or attempt to charge any passenger a greater rate of fare than that to which the taxicab is entitled under the provisions of this chapter.
- D. The failure to operate a taxicab in the taxi business for a ninety-day period shall be deemed an abandonment, and the license shall be returned.
- E. No person shall be allowed to ride on the seat with the driver except paying passengers, and any driver who shall permit this may be deprived of his license. It shall be the duty of all police officers to notify the Chief of Police of any violation of this provision.

**Section 8.** Ratification, Readoption and Confirmation



Except as specifically modified by the amendments contained herein, Chapter 200 of the City of Beacon are otherwise to remain in full force and effect and is otherwise ratified, readopted and confirmed.

#### **Section 9. Numbering for Codification**

It is the intention of the City of Beacon and it is hereby enacted that the provisions of this Local Law shall be included in the Code of the City of Beacon; that the sections and subsections of this Local Law may be re-numbered or re-lettered by the Codifier to accomplish such intention; that the Codifier shall make no substantive changes to this Local Law; that the word “Local Law” shall be changed to “Chapter,” “Section” or other appropriate word as required for codification; and that any such rearranging of the numbering and editing shall not affect the validity of this Local Law or the provisions of the Code affected thereby.

#### **Section 10. Severability**

The provisions of this Local Law are separable and if any provision, clause, sentence, subsection, word or part thereof is held illegal, invalid or unconstitutional, or inapplicable to any person or circumstance, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, subsections, words or parts of this Local Law or their petition to other persons or circumstances. It is hereby declared to be the legislative intent that this Local law would have been adopted if such illegal, invalid or unconstitutional provision, clause, sentence, subsection, word or part had not been included therein, and if such person or circumstance to which the Local Law or part hereof is held inapplicable had been specifically exempt there from.

#### **Section 11. Effective Date**

This local law shall take effect immediately upon filing with the Office of the Secretary of State.

**RECEIVED**

04/13/2018

1:45pm

PETITION BEACON TAXI DRIVERS

We, the city of Beacon taxi drivers should be required to have a medallion. The reason being, that having the medallion allows the taxi drivers to solicit and park at the train station while waiting for potential customers. The medallion taxi drivers and the MTA now have a great rapport.

The cost of the medallion is currently \$300 a year.

1. Joe Bellini
2. Geroy Bookal
3. Joseph Allen
4. Joseph Allen
5. [Signature]
6. [Signature]
7. [Signature]
8. [Signature]
9. [Signature]
10. Clifford Anderson
11. [Signature]
12. [Signature]
13. [Signature]
14. Dielen Dabbs
15. Hester Hill
16. \_\_\_\_\_
17. \_\_\_\_\_
18. \_\_\_\_\_
19. \_\_\_\_\_
20. \_\_\_\_\_

**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**A proposed local law to amend Chapter 211, Article V of Code of the City of Beacon, concerning Booting and Towing of Vehicles**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description	Type
Booting and Towing LL	Local Law

**DRAFT LOCAL LAW NO. \_\_\_\_ OF 2018**

**CITY COUNCIL  
CITY OF BEACON**

**PROPOSED LOCAL LAW TO  
AMEND CHAPTER 211, ARTICLE V OF THE CODE OF THE  
CITY OF BEACON**

A LOCAL LAW to amend Chapter 211, Article V of Code of the City of Beacon, concerning Booting and Towing of Vehicles.

BE IT ENACTED by the City Council of the City of Beacon as follows:

**Section 1.** Chapter 211, Article V of the Code of the City of Beacon entitled “Booting and Towing” is hereby amended as follows:

§ 211-35 Legislative findings.

- A. The City of Beacon finds that a significant number of vehicle owners fail to respond to parking summonses issued for violations of parking orders, rules, regulations, ordinances and local laws; that a significant number of such owners are persistent violators; and that by reason of out-of-state registration of such vehicles, transfer of ownership and reregistration of such vehicles and other devices, violators frequently are able to evade existing enforcement measures.
- B. By reason of the foregoing, the City of Beacon finds that the health, welfare and safety will be served by adoption of an ordinance providing additional means of enforcing parking orders, rules, regulations, ordinances and local laws in the case of vehicle owners who fail to timely respond to summonses issued for parking vehicles or have outstanding fines for parking violations.
- C. It is hereby declared and found that the booting and subsequent towing of vehicles in the City of Beacon involves matters affecting the public interest and that certain improper practices related thereto should be subject to regulation for the purpose of protecting and safeguarding the public health, safety and welfare and to prevent and protect the public from fraud, abuses and unnecessary inconvenience.

§ 211-36 Authority to impound vehicles.

- A. When any vehicle is parked or abandoned on any street, highway or parking area within this city during a snowstorm, flood, fire or other public emergency which affects that portion of the public street, highway or parking area upon which said vehicle is parked or abandoned,

said vehicle may be removed by or under the direction of the Police Department of the City of Beacon.

- B. When any vehicle is found unattended on any street, highway or parking lot within the city where said vehicle constitutes an obstruction to traffic, said vehicle may be removed by or under the direction of the Police Department of the City of Beacon.
- C. When any vehicle is parked or abandoned on any street, highway or parking lot within the city where stopping, standing or parking is prohibited, said vehicle may be removed by or under the direction of the Police Department.

#### § 211-37 Definitions.

As used in this article, the following terms shall have the meanings indicated:

##### **BOOT**

A device or lock which is affixed to the wheel of a motor vehicle, preventing the wheel from rotating and, thereby, immobilizing the vehicle; may also be referred to herein as a "booting device."

##### **BOOTING**

The act of affixing a boot to a motor vehicle.

##### **IMPOUND LOT**

A yard, garage or storage facility capable of storing motor vehicles safely and which is made secure by the installation of fences, walls and other security devices designed to protect vehicles being stored therein, subject to additional requirements set forth in § **211-40C** of this article.

##### **MOTOR VEHICLE**

Shall be defined the same as §§ **79-2** and **145-2** of the Beacon City Code and interpreted in conformity with the New York State Vehicle and Traffic Laws.

##### **PRIVATELY OWNED REAL PROPERTY**

Real property owned by an individual, firm, association, joint venture, partnership, corporation, or other legal entity whatsoever, and shall include, without limitation, the parking lots, parking areas, driveways and sidewalks of shopping centers, parking garages, apartment complexes, condominium complexes, and other land used for multifamily or commercial purposes, but shall not include the driveways or parking areas of private homes which are not held open to the public.

#### § 211-38. Immobilization, Impounding and/or towing of vehicles

- A. The Chief of Police and or his/her designee is hereby authorized to provide for the removal of and/or immobilization of vehicles against which there are fines or charges for parking violations in at last the sum of \$100 wherein notification has been issued and has not been answered within 45 days of the issuance of date or dates shown on the notice upon which there are outstanding fines for parking violations which have not been paid.
- B. Such vehicles may be immobilized and left where found, secured by the use of a steel lock or

such other immobilization device as may be designated by the Chief of Police and/or his or her designee, or, in the alternative, may be towed by the City's authorized towing company.

- C. Such immobilization and/or towing shall be at the expense of the owner of the vehicle and shall include storage charges and/or any other charge attributable thereto, including all fines and penalties due for parking vehicles.
- D. Any vehicle that has been immobilized and not lawfully released or lawfully removed by the owner of the vehicle for 24 hours from the time of such initial immobilization may be impounded and towed at the direction of the Chief of Police and/or his or her designee, which removal and storage shall be at the expense of the owner of the vehicle.

**§ 211-39 Removal of vehicles on private property.**

- A. The owner/operator of privately owned real property may have a motor vehicle towed from the premises or booted where such motor vehicle is parked improperly or illegally on the premises and where the applicable signage requirements of this article have been satisfied.
- B. A motor vehicle improperly or illegally parked on privately owned real property and subsequently booted may be towed from the premises, subject to the provisions in § **211-40** of this article, where the owner/operator of the vehicle fails to contact the towing company responsible for the booting within 24 hours from the time when the booting device was affixed to the motor vehicle, or where the owner/operator of the vehicle refuses to pay the applicable fees.
- C. Notification to Beacon Police Department. A towing company shall alert the City of Beacon Police Department immediately before it tows or boots any motor vehicle at the request of the owner/operator of privately owned real property and shall inform the Police Department of the time and location of the activity as well as the make, model, year and license plate number of the affected motor vehicle.
- D. A motor vehicle is deemed to be parked improperly or illegally where it:
  - (1) Obstructs access to a fire hydrant or emergency exit on the premises;
  - (2) Obstructs the means of vehicular ingress and egress on the premises;
  - (3) Obstructs the designated walkways on the premises or the public sidewalks abutting the premises;
  - (4) Is parked in a handicapped parking space or fire or ambulance zone;
  - (5) Is not parked in any marked space, provided the parking area provides marked spaces for parking;
  - (6) Prevents removal of garbage and other wastes from the premises;

- (7) Is parked in a way specifically prohibited by the property owner/operator and so noticed on the warning sign posted at the entrances to the privately owned real property; or
- (8) Violates a provision of Article 32 of the New York State Vehicle and Traffic Law concerning stopping, standing and parking of motor vehicles.

§ 211-40 **Limitations on towing and booting.**

- A. No towing company employee shall tow or boot an unattended motor vehicle improperly or illegally parked on privately owned real property sooner than five minutes after the vehicle has been parked. The time when the towing company personnel arrived at the location of the improperly or illegally parked vehicle shall be recorded in the log book maintained by the towing company pursuant to § **211-43A** of this article.
- B. No towing company employee shall tow or boot a motor vehicle where the owner or operator of the vehicle appears and offers to remove the vehicle from the place where it is improperly or illegally parked and the towing company employee shall remove any connective or booting devices from the motor vehicle free of charge.
- C. Any vehicle towed from privately owned real property in the City of Beacon must be taken to an impound lot or other storage facility located within a ten-mile radius of Beacon City Hall, 1 Municipal Plaza, Beacon, NY 12508.
- D. Payment of the applicable fee, pursuant to § **211-38A through B**, for towing and storage of a motor vehicle shall be paid immediately prior to return of the vehicle to its owner and a receipt memorializing the transaction shall be given to the vehicle owner and a copy thereof retained by the towing company.
- E. The owner of an impounded motor vehicle shall have the right to inspect his/her vehicle for damage prior to payment of the prescribed fees for towing and storage of motor vehicles.
- F. Nothing herein shall prevent a City official or agent of the City from having a vehicle towed immediately in the event of an emergency, or where a motor vehicle is improperly or illegal parked on public land.
- G. Where a booting company employee boots a motor vehicle on privately owned real property, the employee, or another employee of the company, must remove the boot from the vehicle within 20 minutes after being contacted by the vehicle's owner or operator.
- H. Payment of the applicable fee, pursuant to § **211-38D through E**, for attachment and removal of the booting device shall be paid immediately prior to removal of the device and a receipt memorializing the transaction shall be given to the vehicle owner or operator and a copy thereof retained by the booting company employee.

## § 211-41 Signage on private property .

The owner/operator of privately owned real property may not order a towing company to tow or boot a motor vehicle parked improperly or illegally on the premises without first complying with the posting requirements below.

A. All signs required pursuant to this section shall be commissioned, installed and maintained at the expense of the property owner/operator. All owners/operators of privately owned real property subject to towing or booting practices have a continuing obligation to ensure that proper signage is posted on the premises.

B. Posting requirements.

(1) Sign specifications. A sign shall be posted and maintained in a conspicuous location, easily observable from motor vehicles entering upon privately owned real property, and shall:

(a) Be at least three feet wide and three feet high; and

(b) Feature a black border with red lettering upon a white background.

(2) Warning. All signs shall feature the word "WARNING" in capital lettering, displayed prominently on the top of the sign's facade, and shall state that motor vehicles parked on the premises are subject to towing and/or booting and, further, that any and all fees incurred as a result are the responsibility of the vehicle owner. Such signs must also specify the areas or spaces on the premises where parking is restricted or prohibited, or indicate how vehicle operators can distinguish such areas or spaces from those where parking is open to the public.

(3) Towing company information. In addition to the foregoing, all signs hereunder shall feature the name and contact information of the towing company contracted to provide towing and/or booting services to the subject privately owned real property as well as the applicable fees for towing, storage and booting of vehicles.

(4) Placement. All warning signs must be posted within 15 feet of each curb cut that gives vehicular access to the privately owned real property, facing in each authorized direction of travel on the abutting public highway(s). Such sign must be posted no lower than seven feet above grade level and no higher than 10 feet above grade level.

C. The Superintendent of Highways and a representative from the Beacon Police Department shall jointly inspect the location where a warning sign is to be installed no later than one week prior to installation, and shall advise the property owner whether the proposed signage will be sufficient and in compliance with the requirements of this section.

(1) The inspecting agents/officials shall order that any noncompliant signage be replaced at the property owner/operator's expense.



- (2) The inspecting individuals may order that a sign be relocated or adjusted in order to comply with public safety concerns or the requirements of this article.
- (3) No vehicle may be towed from, or booted on, privately owned real property until proper signage has been inspected, approved and properly installed.

§ 211-42. Notice and warning to owner.

A. When an immobilization device is used, the Police Department or its agents shall affix a written notice to the same motor vehicle alerting the vehicle owner/operator that a boot has been placed on the vehicle. All notices hereunder shall be brightly colored, and shall state:

- (1) The identifying features of the motor vehicle, including the make, model and year of the vehicle, as well as the license plate number, if possible;
- (2) The date, time and street address/parking facility where the vehicle is located;
- (3) The name, contact information and business hours of the booting company which attached the booting device; and
- (4) The one-time fee for attachment and removal of the device.

A.

§ 211-43 Tampering or attempted removal prohibited.

- A. No person shall attempt to or tamper with, deface, remove or destroy any immobilization device or move a vehicle immobilized as herein provided.
- B. A violation of this section shall be punishable by a fine not exceeding \$250 or by imprisonment for up to 15 days, or both.

§ 211-44 **Penalties for offenses; enforcement.**

- A. Notwithstanding any other provision in the Beacon City Code concerning penalties, violation of this article shall constitute a violation as defined in §§ 55.10, Subdivision 3, and 80.05, Subdivision 4, of the New York State Penal Law and shall be punishable by a mandatory fine of \$100 for the first offense, \$150 for a second offense and \$250 for each and every subsequent offense, provided that a fine under this article may not exceed \$250.
- B. The City of Beacon Police Department shall be charged with enforcement of this article and shall have the power and authority to issue summonses and tickets for violations thereof.

## **§ 211-45 Severability.**

If any provision, paragraph, word or section of this article is invalidated by any court of competent jurisdiction, the remaining provisions, paragraphs, words and sections shall not be affected and shall be continued in full force and effect.

### **SECTION 3. Ratification, Readoption and Confirmation**

Except as specifically modified by the amendments contained herein, Chapter 211 of the City of Beacon is otherwise to remain in full force and effect and is otherwise ratified, readopted and confirmed.

### **Section 4. Numbering for Codification**

It is the intention of the City of Beacon and it is hereby enacted that the provisions of this Local Law shall be included in the Code of the City of Beacon; that the sections and subsections of this Local Law may be re-numbered or re-lettered by the Codifier to accomplish such intention; that the Codifier shall make no substantive changes to this Local Law; that the word “ Local Law” shall be changed to “ Chapter,” “ Section” or other appropriate word as required for codification; and that any such rearranging of the numbering and editing shall not affect the validity of this Local Law or the provisions of the Code affected thereby. \_\_

### **SECTION 5. Severability**

The provisions of this Local Law are separable and if any provision, clause, sentence, subsection, word or part thereof is held illegal, invalid or unconstitutional, or inapplicable to any person or circumstance, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, subsections, words or parts of this Local Law or their petition to other persons or circumstances. It is hereby declared to be the legislative intent that this Local law would have been adopted if such illegal, invalid or unconstitutional provision, clause, sentence, subsection, word or part had not been included therein, and if such person or circumstance to which the Local Law or part hereof is held inapplicable had been specifically exempt there from.

### **SECTION 6. Effective Date**

This local law shall take effect immediately upon filing with the Office of the Secretary of State.

**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**A proposed local law to create Chapter 211, Article VI of Code of the City of Beacon, concerning Operation of Towing Companies**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description  
Towing Operators LL

Type  
Cover Memo/Letter

**DRAFT LOCAL LAW NO. \_\_\_\_ OF 2018**

**CITY COUNCIL  
CITY OF BEACON**

**PROPOSED LOCAL LAW TO  
CREATE CHAPTER 211, ARTICLE VI OF THE CODE OF THE  
CITY OF BEACON**

A LOCAL LAW to  
create Chapter 211,  
Article VI of Code of  
the City of Beacon,  
concerning  
Operation of Towing  
Companies.

BE IT ENACTED by the City Council of the City of Beacon as follows:

Section 1. Chapter 211, Article VI of the Code of the City of Beacon entitled “Operation of Towing Companies” is hereby created as follows:

§ 211-46. Legislative findings.

The City therefore desires to regulate booting services and certain towing services within the City through licensing of the businesses providing such services and establishing guidelines for the property owners/operators who employ them. These regulations are hereby enacted to safeguard the public against future fraud and improper booting practices and certain towing practices and to better serve the overall health, safety, welfare and good order of the City of Beacon and its inhabitants.

§ 211-47. Definitions.

**TOW**

The lawful moving of a vehicle which has been parked illegally or improperly on the privately owned real property of another or which has been disabled, abandoned or improperly or illegally parked on a public street.

**TOWING COMPANY**

Any business or person lawfully engaged in the practice of towing vehicles for a fee in the City of Beacon. For purposes of this article, "towing company" shall also include any

business or person lawfully engaged in the practice of booting motor vehicles for a fee in the City of Beacon.

## **TOW TRUCK**

A motor vehicle used for towing, usually equipped with a crane, winch, tow bar, push plate, flat bed or other device or feature used to push or pull another motor vehicle.

### **§ 211-48 Registration requirements.**

A. Towing company registration. No towing company shall provide booting services or tow a vehicle that has been booted within the City of Beacon without first applying for and receiving a license from the City.

(1) Application. All towing companies wishing to provide booting services and/or subsequent towing services within the City of Beacon shall complete an application filed with the office of the City Clerk. Such applications shall include the following items and such other information as the City Clerk deems necessary:

- (a) The name of the towing company;
- (b) The postal and e-mail address and telephone number of the towing company's primary place of business;
- (c) The names, postal and e-mail addresses and telephone numbers of the owners, managers, and chief operating officers of the towing company;
- (d) Copies of the current licenses/identification cards of all employees of the towing company whose job it shall be to tow or boot motor vehicles, subject to the additional requirement that the list of employees held by the City must be kept current and up-to-date by the towing company;
- (e) Certificates of insurance naming the City of Beacon as a certificate holder entitled to notice of cancellation or nonrenewal and evidencing public liability insurance covering personal injury, property damage, fire and theft, held by the towing company and issued by an insurance carrier licensed to do business in New York State; and
- (f) Copies of the signed contracts for towing and/or booting services executed between the applicant towing company and the owners/operators of any privately owned real property that shall receive such services, provided that the towing company is also responsible for furnishing the City with copies of all contracts for towing and/or booting services executed following issuance of a license pursuant to this article.

(2) Acknowledgment. All applications filed with the City shall have an attached acknowledgment, signed by an owner, manager, or chief officer of the towing company, stating that the towing company understands and is in compliance with all local and state laws concerning towing and booting operations.

- B. Annual registration. Towing companies must register/reregister with the City of Beacon on an annual basis, and fees for towing licenses and booting licenses shall be assessed and paid separately in accordance with the City's fee schedule.
- C. No license granted pursuant to this article may be transferred to another party or individual.

#### § 211-49 Fees.

- A. Towing fees. The maximum fee that can be assessed against the owner/operator of a motor vehicle for towing of the vehicle from privately owned real property is \$150, plus applicable taxes. Under no circumstances shall the owner/operator of a motor vehicle be charged more than this amount.
- B. Storage fees. The maximum fee that can be assessed against the owner/operator of a motor vehicle that has been towed and stored at an impound lot is \$15/day. Under no circumstances shall the owner/operator of a motor vehicle be charged more than this rate.
- C. Prohibition on hookup fees. A towing company may not charge the owner/operator of a motor vehicle for merely attaching a motor vehicle to a tow truck where the vehicle is not subsequently removed from the premises. This provision does not prevent a towing company from collecting a fee for attachment of a booting device as defined in Article V of this chapter.
- D. Booting fees. The maximum fee that can be assessed against the owner/operator of a motor vehicle for attachment/removal of a booting device is \$25, plus applicable taxes. Under no circumstances, shall the owner/operator of a motor vehicle be charged more than this amount.
- E. Prohibition on double fees for booting. The fee charged for attachment and removal of a booting device to a motor vehicle is a one-time charge, and a booting company may not charge for attachment and removal of a booting device separately.

#### § 211-50 Limitations on towing and booting.

- A. No towing company employee shall tow or boot an unattended motor vehicle improperly or illegally parked on privately owned real property sooner than five minutes after the vehicle has been parked. The time when the towing company personnel arrived at the location of the improperly or illegally parked vehicle shall be recorded in the log book maintained by the towing company pursuant to § **211-52A** of this article.
- B. No towing company employee shall tow or boot a motor vehicle where the owner or operator of the vehicle appears and offers to remove the vehicle from the place where it is improperly or illegally parked and the towing company employee shall remove any connective or booting devices from the motor vehicle free of charge.
- C. Any vehicle towed from privately owned real property in the City of Beacon must be taken to an impound lot or other storage facility located within a ten-mile radius of Beacon City Hall, 1 Municipal Plaza, Beacon, NY 12508.

- D. Payment of the applicable fee, pursuant to § **211-38A** through **B**, for towing and storage of a motor vehicle shall be paid immediately prior to return of the vehicle to its owner and a receipt memorializing the transaction shall be given to the vehicle owner and a copy thereof retained by the towing company.
- E. The owner of an impounded motor vehicle shall have the right to inspect his/her vehicle for damage prior to payment of the prescribed fees for towing and storage of motor vehicles.
- F. Nothing herein shall prevent a City official or agent of the City from having a vehicle towed immediately in the event of an emergency, or where a motor vehicle is improperly or illegal parked on public land.
- G. Where a booting company employee boots a motor vehicle on privately owned real property, the employee, or another employee of the company, must remove the boot from the vehicle within 20 minutes after being contacted by the vehicle's owner or operator.
- H. Payment of the applicable fee, pursuant to § **211-38D** through **E**, for attachment and removal of the booting device shall be paid immediately prior to removal of the device and a receipt memorializing the transaction shall be given to the vehicle owner or operator and a copy thereof retained by the booting company employee.

§ 211-51 Denial, suspension or revocation of license.

After a hearing held on no fewer than 14 days' notice to the licensee towing company, served either in person or by certified mail to the mailing address on the towing company license application, the Police Department may, in a writing setting forth such reasons, deny a towing or booting license, refuse renewal of a towing or booting license, or suspend or revoke a towing or booting license where:

- A. The towing company application does not comply with one or more of the provisions set forth in this article;
- B. The towing company made intentional misrepresentations in its towing license application;
- C. The towing company is found to have violated the provisions of this article on three occasions or more; or
- D. There have been two or more complaints against the towing company or its personnel alleging fraudulent or abusive practices which are corroborated following a reasonable investigation by the Beacon Police Department.

§ 211-52 Recordkeeping provisions.

- A. Log books. All towing companies operating in the City of Beacon shall maintain a log book, in either paper or digital form, in each of their trucks.

(1) Log books shall contain:

- (a) The records of all incidents where an improperly or illegally parked motor vehicle has been towed from privately owned real property or booted, specifying information concerning the date, time and address or location of the activities, as well as the make, make model, year and license plate of the affected motor vehicles.
  - (b) Laminated/protected copies of the towing company's current towing and/or booting licenses; and
  - (c) A schedule of all applicable fees for towing, booting and storage services.
- (2) Completed log books must be retained by the towing company and stored for no less than three years.
- B. The Office of the City Clerk shall promulgate a system for receiving applications for towing company registration; maintaining records of applications; recording payment of application fees; and shall maintain separate lists of registered towing companies operating within the City of Beacon. The City Clerk shall furnish copies of the specified lists to the City of Beacon Police Department.
- C. The City of Beacon Police Department shall promulgate rules for approving/denying applications for licenses and for responding to and recording reports made by towing companies regarding their towing activities within the City of Beacon and public complaints concerning the same.

### **SECTION 3. Ratification, Readoption and Confirmation**

Except as specifically modified by the amendments contained herein, Chapter 211 of the City of Beacon is otherwise to remain in full force and effect and is otherwise ratified, readopted and confirmed.

### **Section 4. Numbering for Codification**

It is the intention of the City of Beacon and it is hereby enacted that the provisions of this Local Law shall be included in the Code of the City of Beacon; that the sections and subsections of this Local Law may be re-numbered or re-lettered by the Codifier to accomplish such intention; that the Codifier shall make no substantive changes to this Local Law; that the word "Local Law" shall be changed to "Chapter," "Section" or other appropriate word as required for codification; and that any such rearranging of the numbering and editing shall not affect the validity of this Local Law or the provisions of the Code affected thereby.

### **SECTION 5. Severability**

The provisions of this Local Law are separable and if any provision, clause, sentence, subsection, word or part thereof is held illegal, invalid or unconstitutional, or inapplicable to any person or circumstance, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, subsections, words or parts of this Local Law or their petition to other persons or circumstances. It is hereby declared to be the



legislative intent that this Local law would have been adopted if such illegal, invalid or unconstitutional provision, clause, sentence, subsection, word or part had not been included therein, and if such person or circumstance to which the Local Law or part hereof is held inapplicable had been specifically exempt there from.

**SECTION 6.** Effective Date

This local law shall take effect immediately upon filing with the Office of the Secretary of State.

DRAFT

**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**A proposed local law to amend Chapter 195 of the Code of the City of Beacon, concerning Lot Line Adjustments**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description	Type
Lot Line Adjustments LL	Local Law
Lot Line Adjustments LL Memo	Cover Memo/Letter

DRAFT LOCAL LAW NO. \_\_\_\_ OF 2018

CITY COUNCIL  
CITY OF BEACON

PROPOSED LOCAL LAW TO AMEND  
CHAPTER 195 OF THE CODE OF THE  
CITY OF BEACON

A LOCAL LAW to  
amend Chapter 195 of  
the Code of the City of  
Beacon, concerning  
Lot Line Adjustments.

BE IT ENACTED by the City Council of the City of Beacon as follows:

**SECTION 1.** Chapter 195, Article I, of the Code of the City of Beacon is hereby amended as follows to create Section 3.1 entitled “Lot line adjustments”:

§ 195-3.1 Lot line adjustments.

A. Exemption. A lot line adjustment shall not be considered a subdivision and is therefore exempt from the procedural requirements otherwise imposed upon a subdivision. A lot line adjustment, however, must be determined to be exempt by the Building Inspector based upon the lot line adjustment criteria set forth herein.

B. Criteria for classification as a lot line adjustment.

- (1) No new lot is to be created; or
- (2) The action is intended to adjust, relocate or correct an existing lot line; or
- (3) The intended conveyance will involve a part of one lot being added to an adjoining lot; and
- (4) Neither of the lots involved will become nonconforming in any respect under Chapter 223, Zoning, as a result of the lot line adjustment.

C. Application process.

- (1) An application for a lot line adjustment exemption shall be submitted to the Building Department and shall be on a form approved by the Building Inspector.

(2) The application shall be accompanied by the required application fee, payable to the City of Beacon, in the amount set forth in the City of Beacon Fee Schedule, which is on file in the City Clerk's Office.

(3) The application shall contain:

- (a) The name, address and telephone number of each lot owner involved in the lot line adjustment.
- (b) The address and Tax Map number of each lot involved.
- (c) An explanation of the intended adjustment and the reason(s) therefor.
- (d) A map, acceptable to the Building Inspector, drawn to scale depicting the existing lot line as well as the proposed new lot line.
- (e) Any other documentation and/or information required by the Building Inspector.

D. In the event that the exemption is denied, the Building Inspector shall specify the reason(s) therefor in the written notice.

E. The Building Inspector may include in an approval of an application for lot line adjustment such terms and conditions as the Building Inspector deems necessary or appropriate to ensure the safety or further the purpose and intent of this Chapter or any other applicable law.

**SECTION 2.** The following definitions set forth in Chapter 195, Article II, Section 10 of the Code of the City of Beacon entitled "Definitions" are hereby amended or added as follows:

### **LOT LINE ADJUSTMENT**

Any conveyance of real property between adjacent landowners which does not result in additional buildable lot(s) nor create a zoning deficiency in either lot. A lot line adjustment is not considered a subdivision for purposes of this chapter.

### **RESUBDIVISION**

Any change in a subdivision plat or resubdivision in the of existing property lines or of property lines shown on a plat approved by the Planning Board and filed in the office of the Dutchess County Clerk, which change affects any street and/or lot layout shown on such plat or affects any area reserved thereon for public use or diminishes the size of any lot shown thereon.

### **SUBDIVISION**

The division of any parcel of land, regardless of use, into two or more lots, plots, blocks, sites or parcels, with or without the creation of new streets or private roads, for the purpose, whether immediate or future, of transfer of ownership or building

development, and shall include resubdivision as defined herein. Subdivision does not include lot line adjustments as defined in this chapter.

### **SECTION 3. Ratification, Readoption and Confirmation**

Except as specifically modified by the amendments contained herein, Chapter 195 of the City of Beacon is otherwise to remain in full force and effect and is otherwise ratified, readopted and confirmed.

### **SECTION 4. Severability**

The provisions of this Local Law are separable and if any provision, clause, sentence, subsection, word or part thereof is held illegal, invalid or unconstitutional, or inapplicable to any person or circumstance, such illegality, invalidity or unconstitutionality, or inapplicability shall not affect or impair any of the remaining provisions, clauses, sentences, subsections, words or parts of this Local Law or their petition to other persons or circumstances. It is hereby declared to be the legislative intent that this Local law would have been adopted if such illegal, invalid or unconstitutional provision, clause, sentence, subsection, word or part had not been included therein, and if such person or circumstance to which the Local Law or part hereof is held inapplicable had been specifically exempt there from.

### **SECTION 5. Effective Date**

This local law shall take effect immediately upon filing with the Office of the Secretary of State.

## MEMORANDUM

**TO:** City of Beacon City Council  
**FROM:** Keane & Beane, P.C.  
**RE:** Lot Line Adjustments  
**DATE:** May 9, 2018

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Please find attached to this memorandum a proposed local law which sets forth an administrative review process for lot line adjustments, without requiring an appearance before the Planning Board.

Pursuant to General City law, subdivision of land in New York is controlled at the local government level. In the City of Beacon subdivision of land is specifically regulated by Chapter 195 of the Code of the City of Beacon. The term subdivision is currently defined in Section 195-10 of the City Code as:

The division of any parcel of land, regardless of use, into two or more lots, plots, blocks, sites or parcels, with or without the creation of new streets or private roads, for the purpose, whether immediate or future, of transfer of ownership or building development, **and shall include resubdivision** as defined herein.

Under this definition, the City of Beacon requires full subdivision review for any resubdivision application. Resubdivisions are defined in the City Code as “any change of existing property lines or of property lines shown on a plat approved by the Planning Board and filed in the office of the County Clerk.” By this definition, simple lot line adjustments are considered resubdivisions requiring full subdivision review. A lot line adjustment or alteration is a means by which a boundary line dividing two lots is adjusted or moved. Such a move is typically made by agreement between the owners of the parcels. For example, the sale of an unused portion of the right of way would require resubdivision approval. An agreement between neighbors to resolve a dispute when a fence is extending over a border conveying a small strip of land so that a driveway can be widened, would all require resubdivision approval. There is obviously a cost and expense associated with subdivision review including appearing at Planning Board meetings, preparation of a subdivision map, etc.

In New York State there is no statutory requirement that defines lot line adjustment as a subdivision. General City Law Section 32(4)(a) provides the following:

The term “subdivision” **may** include any alteration of lot lines or dimensions of any lots or sites shown on a plat previously approved and filed in the office of the county clerk or register of the county in which such plat is located.

Some municipalities, including Beacon, require applications for lot line adjustments to go through a full subdivision review by the Planning Board. Other municipalities, by contrast, provide that a lot line adjustment is not a subdivision or resubdivision of land at all and review applications for lot line changes using a simple administrative process. In such cases, lot line adjustments are often processed and decided by municipal planning staff or building officials or the planning board itself using expedited procedures, which do not involve a public hearing. Whether considered a subdivision or not, the lots created as a result of any lot line adjustment must conform to applicable zoning regulations and the procedure must not result in an increase in the number of lots or parcels.

In order to create a more efficient application process for lot line adjustment applications, our office has prepared the attached local law. The attached local law sets forth an administrative review process for lot line adjustments, without requiring full subdivision review before the Planning Board. The law amends the definitions of “resubdivision” and “subdivision” to exclude lot line adjustments and creates a definition for lot line adjustments. Under the proposed local law lot line adjustments are defined as “any conveyance of real property between adjacent landowners which does not result in additional buildable lot(s) nor create a zoning deficiency in either lot. A lot line adjustment is not considered a subdivision for purposes of this chapter.” All applications for lot line adjustments will be submitted to the Building Department to be reviewed by the Building Inspector. The Building Inspector shall determine whether the application meets the criteria for classification as a lot line adjustment. If the Building Inspector determines that the application is for a resubdivision and not a lot line adjustment, formal subdivision review is required pursuant to Section 195-3 of the Code of the City of Beacon. This process will greatly reduce the costs and time required to review a lot line adjustment application.

Attach.

ecc: Anthony Ruggiero  
Tim Dexter

**City of Beacon Workshop Agenda**  
**5/14/2018**

**Title:**

**Resolution authorizing execution of agreement with New York State Department of State for Mid-Hudson  
Downtown Initiative**

**Subject:**

**Background:**

**ATTACHMENTS:**

Description	Type
Reso downtown initiative	Resolution
Downtown Initiative	Backup Material





**CITY OF BEACON  
CITY COUNCIL**

**Resolution No. \_\_\_\_\_ of 2018**

**RESOLUTION AUTHORIZING EXECUTION OF AGREEMENT WITH  
NEW YORK STATE DEPARTMENT OF STATE  
FOR MID-HUDSON DOWNTOWN INITIATIVE**

**BE IT RESOLVED**, that the City Council of the City of Beacon does hereby authorize and direct the Mayor or City Administrator to execute an agreement with the New York State Department of State for a grant relating to the development of zoning, the update of the Comprehensive Plan and management services associated with the Mid-Hudson Downtown Initiative.

Dated: \_\_\_\_\_

Resolution No. _____ of 2018		Date: <u>2018</u>		<input type="checkbox"/> Amendments <input type="checkbox"/> Not on roll call.				<input type="checkbox"/> On roll call		<input type="checkbox"/> 2/3 Required <input type="checkbox"/> 3/4 Required	
Motion	Second	Council Member	Yes	No	Abstain	Reason		Absent			
		Terry Nelson									
		Jodi McCredo									
		George Mansfield									
		Lee Kyriacou									
		John Rembert									
		Amber Grant									
		Mayor Randy Casale									
<b>Motion Carried</b>											

# STATE OF NEW YORK MASTER CONTRACT FOR GRANTS FACE PAGE

<p>STATE AGENCY:</p> <p>NYS Department of State One Commerce Plaza 99 Washington Avenue – Suite 1010 Albany, NY 12231</p>	<p>BUSINESS UNIT/DEPT ID: DOS01/3800000</p> <p>CONTRACT NUMBER: C1000921</p> <p>CONTRACT TYPE:</p> <p><input type="checkbox"/> Multi-Year Agreement</p> <p><input type="checkbox"/> Simplified Renewal Agreement</p> <p><input checked="" type="checkbox"/> Fixed Term Agreement</p>
<p>CONTRACTOR SFS PAYEE NAME:</p> <p>BEACON CITY OF</p>	<p>TRANSACTION TYPE:</p> <p><input checked="" type="checkbox"/> New</p> <p><input type="checkbox"/> Renewal</p> <p><input type="checkbox"/> Amendment</p>
<p>CONTRACTOR DOS INCORPORATED NAME:</p> <p>n/a</p>	<p>PROJECT NAME:</p> <p>Mid-Hudson Regional Downtown Initiative</p>
<p>CONTRACTOR IDENTIFICATION NUMBERS:</p> <p>NYS VENDOR ID Number: 1000002077</p> <p>Federal Tax ID Number: 14-6002076</p> <p>DUNS Number (if applicable): n/a</p>	<p>AGENCY IDENTIFIER:</p> <p>n/a</p> <p>CFDA NUMBER (Federally Funded Grants Only):</p> <p>n/a</p>
<p>CONTRACTOR PRIMARY MAILING ADDRESS:</p> <p>City of Beacon One Municipal Plaza Beacon, NY 12508</p> <p>CONTRACTOR PAYMENT ADDRESS:</p> <p><input checked="" type="checkbox"/> Check if same as primary mailing address</p> <p>CONTRACTOR MAILING ADDRESS</p> <p><input checked="" type="checkbox"/> Check if same as primary mailing address</p>	<p>CONTRACTOR STATUS:</p> <p><input type="checkbox"/> For Profit</p> <p><input checked="" type="checkbox"/> Municipality, Code:</p> <p><input type="checkbox"/> Tribal Nation</p> <p><input type="checkbox"/> Individual</p> <p><input type="checkbox"/> Not-for-Profit</p> <p>Charities Registration Number: n/a</p> <p>Exemption Status/Code: 3A/02</p> <p><input type="checkbox"/> Sectarian Entity</p>

# STATE OF NEW YORK MASTER CONTRACT FOR GRANTS FACE PAGE

CURRENT CONTRACT TERM:		CONTRACT FUNDING AMOUNT:	
FROM:	8/1/2017	TO:	7/31/2022
CURRENT CONTRACT PERIOD:		(Multi-year – enter total projected amount of the contract; Fixed Term/Simplified Renewal – enter current period amount)	
FROM:	8/1/2017	TO:	7/31/2022
AMENDED TERM:		CURRENT:	\$175,000.00
FROM:		TO:	
AMENDED PERIOD:		AMENDED:	
FROM:		TO:	
		FUNDING SOURCES:	
		<input checked="" type="checkbox"/> State	
		<input type="checkbox"/> Federal	
		<input type="checkbox"/> Other	

FOR MULTI-YEAR AGREEMENTS ONLY – CONTRACT PERIOD AND FUNDING AMOUNT:  
(Out years represent projected funding amounts)

#	CURRENT PERIOD	CURRENT AMOUNT	AMENDED PERIOD	AMENDED AMOUNT
1				
2				
3				
4				
5				

## ATTACHMENTS PART OF THIS AGREEMENT:

- |  |   |
|--|---|
| <input checked="" type="checkbox"/> Attachment A:                                | <input checked="" type="checkbox"/> A-1 Program Specific Terms and Conditions |
|  | <input type="checkbox"/> A-2 Federally Funded Grants                          |
| <input checked="" type="checkbox"/> Attachment B:                                | <input checked="" type="checkbox"/> B-1 Expenditure Based Budget              |
|  | <input type="checkbox"/> B-2 Performance Based Budget                         |
|  | <input type="checkbox"/> B-3 Capital Budget                                   |
|  | <input type="checkbox"/> B-1(A) Expenditure Based Budget (Amendment)          |
|  | <input type="checkbox"/> B-2(A) Performance Based Budget (Amendment)          |
|  | <input type="checkbox"/> B-3(A) Capital Budget (Amendment)                    |
| <input checked="" type="checkbox"/> Attachment C: Work Plan                      |   |
| <input checked="" type="checkbox"/> Attachment D: Payment and Reporting Schedule |   |
| <input type="checkbox"/> Other:  |   |