

**JOINT GENERAL EMPLOYEE PENSION PLAN BOARD,
POLICE PENSION RETIREMENT COMMITTEE,
AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) BOARD**

A Joint Meeting of the General Employee Pension Plan Board, Police Pension Retirement Committee, and Other Post-Employment Benefits (OPEB) Board was held on August 7, 2025, at 9:00 a.m. with Mr. Mullaney, Chair of the Police Pension Retirement Committee, presiding. Members present were Mr. Rocha (via WebEx), Dr. Pillsbury, Ms. Poole, Ms. Marney, Mr. Gedney, Mr. Welch, Chief Johnson (in at 9:41 a.m.), and Mr. Gray. Mr. Hugg, Ms. Kober, Ms. Green, and Mr. Rogers were absent.

ADOPTION OF AGENDA

Mr. Welch moved for adoption of the agenda, seconded by Mr. Gedney, and unanimously carried.

ADOPTION OF MINUTES

Mr. Gray moved for adoption of the minutes of the Police Pension Plan of January 29, 2025. The motion was seconded by Dr. Pillsbury and unanimously carried.

Ms. Marney moved for adoption of the minutes of the Other Post-Employment Benefits (OPEB) of January 29, 2025. The motion was seconded by Dr. Pillsbury and unanimously carried.

CORRECTION TO JOINT GENERAL EMPLOYEE PENSION PLAN BOARD, POLICE PENSION RETIREMENT COMMITTEE, AND OTHER POST-EMPLOYMENT BENEFITS (OPEB) BOARD MEETING MINUTES OF MAY 8, 2025.

Mr. Timothy Mullaney, Chair of the Police Pension Retirement Committee, noted a discrepancy in the meeting minutes from May 8, 2025, regarding a statement made by Ms. Marney about the Police Pension Plan funds. He clarified that Ms. Marney had remarked that the Police Pension Plan was projected to be over 100% funded at the start of Fiscal Year 2026 and that any excess funds would revert to the city. He emphasized that this statement was false. He explained that any funds exceeding 100% funding do not revert to the city. Once monies are placed into the Police Pension Plan, they belong to them. While the city may choose to withhold its contribution, any funds already in the Police Pension Plan are controlled by the Police Pension Board. Those funds can only be liquidated or dispersed through a bona fide motion approved by the Police Pension Board. He concluded by stressing the importance of this clarification.

Responding to Ms. Marney, Mr. Mullaney clarified that her statement could be found on page nine (9) of the packet, under the quarterly performance reviews, second paragraph down.

Responding to Ms. Marney, Mr. Mullaney clarified that he was referring to her comment that it was 100% funded. He referred back to the meeting minutes of May 8, 2025, and stated that the second and third paragraphs showed that the money would go back to the city, specifically into the General Fund, not the Police Pension Plan.

Responding to Mr. Mullaney, Ms. Marney stated that she had misspoken when she referred to the General Fund. She clarified that no funds have been moved from the Police Pension Plan.

Responding to Mr. Mullaney, Ms. Marney clarified that the discussion pertained to the annual state allocations. She noted that the city receives two (2) semi-annual contributions from the state, which represent the funds derived from insurance proceeds. She also mentioned that both allocations were

over \$400,000, so they were completely funded. She pointed out that they were overfunded. She explained that they have not changed any of the allocations to the Police Pension Plan fund for the Fiscal Year 2026. The city had verified with the state that they did not have to adjust or give any funds back.

Responding to Ms. Marney, Mr. Mullaney stated that those funds were earmarked for the Police Pension Plan, and so those funds could only go to the Police Pension Plan. He noted that something he wanted to discuss in the future, because although they have a two (2) percent cohort in the Police Pension Plan fund, those monies have not kept up with real-time inflation. He also mentioned that sometime in the future, with questions being asked regarding the act, they may want to do a one (1) time adjustment.

Mr. Gedney moved to the adoption of the minutes of the Joint General Employee Pension Plan Board Meeting of May 8, 2025. The motion was seconded by Dr. Pillsbury and unanimously carried.

ACTUARY UPDATE FROM BOLTON GROUP – POLICE PENSION PLAN

Mr. Jordan McClane, Consulting Actuary, Bolton Group, reviewed the Actuary Report for the Police Pension Plan.

Responding to Dr. Pillsbury, Mr. McClane clarified that the spouses would receive benefits when the retiree passes, if the spouse is elected to receive the benefits.

Responding to Dr. Pillsbury, Mr. McClane stated that in the past year, they had two (2) retirees to the year ending June 30, 2024, pass away, one (1) of whom had a spouse.

Mr. Rogers moved for acceptance of the Actuary Report Review for the Police Pension Plan, seconded by Dr. Pillsbury, and unanimously carried.

MARKET COMMENTARY

Mr. Alan Perry, Principal and Consulting Actuary, Milliman, Inc., reviewed the Market Commentary for the Quarter Ending July 31, 2025.

QUARTERLY PERFORMANCE REVIEWS – POLICE PENSION PLAN (QUARTER ENDING MARCH 31, 2025) (MILLIMAN, INC.)

Mr. Alan Perry, Principal and Consulting Actuary, Milliman, Inc., reviewed the Quarterly Performance Review for the Quarter Ending March 31, 2025, for the Police Pension Plan.

Mr. Rogers moved for acceptance of the Quarterly Performance Review for the Police Pension Plan, seconded by Mr. Mullaney, and unanimously carried.

QUARTERLY PERFORMANCE REVIEWS (QUARTER ENDING JUNE 30, 2025) (MILLIMAN, INC.)

Mr. Alan Perry, Principal and Consulting Actuary, Milliman, Inc., reviewed the Quarterly Performance Review for the Quarter Ending June 30, 2025, for the General Employee Pension Plan, Police Pension Plan, and the Other Post-Employment Benefits (OPEB) Plan.

Mr. Rogers moved for acceptance of the Quarterly Performance Review for the Police Pension Plan, seconded by Mr. Mullaney, and unanimously carried.

Mr. Welch moved for acceptance of the Quarterly Performance Review for the General Employee Pension Plan, seconded by Mr. Gedney, and unanimously carried.

Ms. Marney moved for acceptance of the Quarterly Performance Review for the OPEB Plan, seconded by Dr. Pillsbury, and unanimously carried.

INVESTMENT POLICY REVIEWS

Mr. Alan Perry, Principal and Consulting Actuary, Milliman, Inc., reviewed the Investment Policy Review for the Quarter Ending June 30, 2025, for the General Employee Pension Plan, Police Pension Plan, and the Other Post-Employment Benefits (OPEB) Plan.

Mr. Perry stated that the Investment Policy Review was conducted annually, typically during the August meeting, as part of the asset allocation review process. He noted that he does several flow blown asset liability studies where they team up with actuaries, some cases more as both. He mentioned that it would involve them doing Monte Carlo simulations and projecting what future contributions might be and what the impact was if the portfolio was to change. It was time consuming and expensive, and that was what he was not going to do for them. He noted that the Bolton Group could represent the liability and the funding mechanism because that was important. He noted that in many cases he performs comprehensive asset-liability studies, which involve collaborating with actuaries, or, in some instances, conducting the analysis himself, as he is also an actuary. He explained that those full-scale studies involve Monte Carlo simulations to project future contributions and assess the potential impact of changes to the portfolio. However, he clarified that this review is not of that depth; rather, it is a more general review of the portfolio. He added that with the representatives present, they are able to adequately address the liability and funding mechanisms, which are important components of the discussion. He then suggested moving to the Investment Policy Statement (IPS) portion of the agenda to address that first.

In reviewing page 344 – Investment Policy Review, Mr. Perry noted that when referencing the Investment Policy Statements, noting that they were similar across the three (3) plans. He pointed out a few items that should likely have been corrected previously, as they do not affect the operation, but those items were just in there. One (1) issue he referred to was the “minimally acquired contribution,” which was a term used in corporate pension plans, but not applicable to public pension plans. He noted in public pension plans, contributions were determined by the actuary. The change would primarily be to clean up to ensure the language was accurate. He also referenced Section IV, the cash balance plan, and an accrediting rate, he noted that the plan in question did not have a cash balance plan, which was a defined benefit plan with features that may resemble a time-contribution plan. He expressed uncertainty about why the reference was included.

He noted that in reviewing the draft Investment Policy Statement, he looked at the assets allocation and how to rebalance, which that was the map to rebalancing the guidelines, was somewhat confusing and ambiguous to him. The statement referred to a range of “plus or minus five (5) percent and several of the allocations were at three (3) percent. This raised the question of whether that means an absolute range, such as minus one (1) percent to eight (8) percent. He explained that typically, rebalancing ranges expressed either as an absolute or relative amount. In this case, he assumed that it would align with how the portfolios have actually been managed, that the intent was a relative range of plus or minus five (5) percent of whatever the allocation was. He noted that his past work with Ms. Marney has followed that approach. While rebalancing strategies can vary from year to year, research supports that less frequent rebalancing was preferable, allowing asset classes to benefit from momentum. Continuously selling assets after small gains can reduce overall returns.

He emphasized that they were replenishing the money market fund to make benefit payments, which was a significant action for the General Employee Pension Plan Board, the Police Pension Plan, and the Other Post-Employment Benefits (OPEB) Board. He suggested that they add the word “*relative*” to the percentages, since that would clarify for him and for any other investment consultants reviewing the portfolio on how those figures were intended to be treated.

Mr. Gray moved to accept the three (3) recommendations presented, approve the two (2) recommendations in Section IV of the Investment Policy Statement, and add the word “relative.” The motion was seconded by Mr. Mullaney and was unanimously carried.

Mr. Mullaney stated that if they were to consider changing the two (2) percent to either three (3) or four (4) percent, he was unsure what the impact would be, since they have not yet reviewed their plan to determine what adjustments could be made. He suggested that this could be something worth examining further. He explained that the state has been working with Wilmington, Newark, and several other northern municipalities by setting aside a fund to assist pensions that have fallen behind in the cost of living. Every two (2) to three (3) years, the state provides a lump-sum payment to help augment those pensions, a practice that has been in place for the past 20 years.

Responding to Mr. Mullaney, Mr. Perry stated that it was a complex policy and benefits decision, perhaps even more so than an investment strategy decision. He explained that when comparing the General Employee Pension Plan to the Police Pension Plan, it was reasonable to maintain an allocation of approximately two (2) thirds in equities and one (1) third in bonds. However, he cautioned that if a 50% market correction in equities were to occur, as has historically happened every seven (7) to eight (8) years, such as in 2000–2001 and 2007–2008, it could significantly affect the plan’s value. In that event, the plan would no longer be 102% funded, and additional contributions would be necessary. He noted that such a situation could potentially have been avoided if the funds had been moved out of equities in advance.

Responding to Mr. Perry, Mr. Mullaney stated that he would not want to do something that jeopardized the plan. While it may be desirable to pursue *X*, if doing so introduces risk or places the plan in an uncertain or uncomfortable position, it would become necessary to have to balance between those items.

Responding to Mr. Mullaney, Mr. Perry stated that by maintaining equity exposure, the longer the investments remain in equities without being sold, the greater the likelihood of strong long-term performance. He noted that equities generally outperform bonds over time. He emphasized that the goal was not to shift entirely into bonds, as equity growth helps address various obligations and reduces the overall cost of the plan. Regarding the General Employee Pension Plan, he stated that maintaining an allocation of approximately two (2) thirds in equities and one (1) third in fixed income, with the plan currently 64% funded, appears typical and reasonable. He concluded that he does not believe any changes are necessary at this time.

Responding to Mr. Perry, Mr. Mullaney stated that one (1) of the advantages of the Police Pension Plan was that it had a dedicated state funding source that was received annually without interruption, making the funding essentially guaranteed. He noted that during the last legislative session, there was discussion about increasing the percentage allocated to police. He explained that the funding originated from a portion of insurance-related investigations, with one (1) quarter of one (1) percent collected and placed into a pool that was then distributed to police pension funds based on the number of active police officers within each jurisdiction.

Responding to Mr. Mullaney, Mr. Perry stated that it was difficult to make a recommendation regarding what action should be taken. He explained that although the two (2) plans were invested in the same manner, they differ significantly from an actuarial standpoint in nearly every way. He noted that committees and boards typically focus on understanding the benefits relative to the risks being taken. He added that while it would be possible to move entirely into bonds and eliminate market and interest rate risk, doing so would also eliminate potential upside. If the plans were still being funded, that approach would require greater contributions and result in fewer returns from the investment portfolio. He questioned the Police Pension Plan specifically, asking what the potential payoff would be for taking on that level of risk.

Responding to Mr. Perry, Mr. Mullaney suggested that the Police Pension Plan hold a separate meeting due to its unique circumstances. He stated that the plan's investment policy should be determined independently and recommended scheduling a meeting within the next few months to begin discussing recommendations specific to that plan. At that time, an appropriate allocation could be developed and presented.

Responding to Mr. Vicente, Ms. Marney clarified that the state allocation that they received earlier last year was almost at \$417,000 and at the end of June 2025, they had received \$444,000.

Mr. Perry stated that there was no immediate need to de-risk any of the portfolios. He noted that the discussion about reducing risk had only been introduced as a consideration. He further mentioned that if the decision was to hold off on de-risking, then they should proceed with selecting one (1) of the alternative options that were presented.

Mr. Perry stated that they were reviewing the basic fixed income and equity mix. For the General Employee Pension Plan, the current policy allocates 37% to fixed income, including cash, and 63% to total equity and alternatives, which consist of Real Estate Investment Trusts (REIT) and infrastructure investments. (For the Other Post-Employment Benefits (OPEB) Board, the other options included only Real Estate Investment Trusts (REIT).) He explained that in Mix #1, the allocation remains 37% fixed income and 63% equity and alternatives, with only a slight adjustment made within the fixed income portion, to be discussed later. In Mix #2, fixed income increases by 5%, resulting in an allocation of 42% fixed income and 58% equity and alternatives. In Mix #3, fixed income increases to 47%, with 52% allocated to equity and alternatives. He noted that Real Estate Investment Trusts (REIT) and infrastructure were classified as alternatives.

Responding to Mr. Mullaney, Mr. Perry stated that for the General Employee Pension Plan, noted that he did not like the current policy, but liked Mix #1 more than their current policy.

Ms. Marney stated that they have a set number in their budget for contributions currently, but she would be hesitant to make a change that would require them to adjust the budget.

Mr. Vicente stated that the portfolio's actual returns would impact the long-term budget. He noted that the plan cannot take a more conservative approach now if it contributed more funds than it can contribute later. Any changes to the portfolio would affect performance, which, in turn, would influence the long-term budget over time. Regarding the General Employee Pension Plan, he noted that it was currently 60% funded and in a positive cash flow position, as contributions to the plan exceeded the amounts being paid out. Even though the money market itself has a six (6) month horizon, the plan continued to contribute more each year than was withdrawn.

Mr. Perry stated that the portfolio would take a significant hit initially, but the impact would be

smoothed over five (5) years. He noted that in the first year, at the next valuation, the funded level could drop to approximately 20%, which would require additional contributions to maintain sustainability. He noted that they could move to Mix #2 and maintain their current six (6) and a half percent budgeting pace, so it would not impact any ongoing plans. The only effect would be a slightly lower return from the portfolio, which would be recognized for employees over five (5) years. Essentially, that approach allowed for a modest de-risking of the portfolio without affecting the actuarial funding pace.

Ms. Marney made a motion to accept Mix #2 of the Quarterly Investment Policy Review for the General Employee Pension Plan (*Attachment #1*), seconded by Dr. Pillsbury, and unanimously carried.

Mr. Gray made a motion to accept Mix #2 of the Quarterly Investment Policy Review for the Police Pension Plan (*Attachment #2*), seconded by Mr. Mullaney, and unanimously carried.

Mr. Perry stated that the Other Post-Employment Benefits (OPEB) Board has future healthcare costs in them and 68% are pre-Medicare and they were more volatile than Medicare, but they were unsure of what would happen with the future. He noted that future healthcare costs were influenced by factors such as government coverage, private coverage, and general inflation, all of which were hard to predict. Regarding allocations, he mentioned that Treasury Inflation-Protected Securities (TIPS) currently make up around six (6) percent of the portfolio. While a higher allocation, such as 40%, would be nice, but it would be expensive. He explained that Treasury Inflation-Protected Securities (TIPS) offer a good hedge against Consumer Price Index (CPI), but they were an expensive hedge because they only get like two (2) percent more than the whole investment. He noted that he does not pretend to fully understand how the trust will be used, the timing of disbursements, or how long before funds would be drawn from it.

Responding to Mr. Perry, Ms. Marney stated that there were some regulations that they were evaluating or adjustments. She noted that those funds that need to be moved to cover expenditures for retirees.

Responding to Ms. Marney, Mr. Perry explained that the trust will eventually be used to pay healthcare benefits and is currently 68% funded, with payments currently coming from the general fund. Unlike the Police Pension Plan, there is no urgent need to de-risk this portfolio over the long term. Arguably, he noted if healthcare costs continue to grow faster than other parts of the economy, as expected, equities can help keep up with those costs, whereas a bond-heavy portfolio would not. He noted that this does not necessarily mean the portfolio needs to be de-risked. The portfolios started with slightly different allocations, but following a parallel structure, the next two allocations would be 60/40, returning to a long-term "sweet spot." Regarding fixed income, he noted that only nine (9) percent was invested in Separate Trading of Registered Interest and Principal of Securities (STRIPS) and there were no concerns raised about having too much long-duration exposure, despite the liabilities having very long durations of 18%. As a result, there was not much movement needed in the portfolio. He added that the current policy was acceptable. In Mix #1, his proposed changes were minor, moving two (2) items to one (1) percent adjustment. Alternatively, Mix #2 would provide more consistency with other portfolios. He concluded that either option was appropriate.

Ms. Marney stated that she was leaning more towards Mix #1, but to stay consistent, Mix #2 would be appropriate.

Ms. Marney made a motion to accept Mix #2 of the Quarterly Investment Policy Review for the

Other Post-Employment Benefits (OPEB) Board (*Attachment #3*), seconded by Dr. Pillsbury.

Ms. Marney noted that there has been a significant increase more than roughly 26% over the last two (2) years in healthcare costs, and should keep in mind with what they were looking for, which does not include Medicare or any of those expenditures. She mentioned that those were the expenses through their state health insurance council.

Ms. Marney made a motion to accept Mix #2 of the Quarterly Investment Policy Review for the Other Post-Employment Benefits (OPEB) Board (*Attachment #3*), seconded by Dr. Pillsbury, and unanimously carried.

FUTURE MEETING DATE

The next Joint General Employee Pension Plan Board, Police Pension Plan Retirement Committee, and Other-Post Employment Benefits (OPEB) Board Meeting will be on November 6, 2025 at 1:00 p.m.

GENERAL EMPLOYEE PENSION PLAN BOARD QUARTERLY EXPENDITURES REPORT

Ms. Patricia Marney, Interim Controller / Treasurer, reviewed the General Employee Pension Plan for the Quarter Ending June 30, 2025, for the General Employee Pension Plan.

Mr. Gedney moved for acceptance of the General Pension Expenditure Report for the General Employee Pension Plan, seconded by Mr. Welch, and unanimously carried.

Mr. Mullaney made a motion that the Police Pension Board meet in regards to the investment policy in September, with the date that meets all criteria, coordinating with the city, Milliman, Inc., Bolton Group, and the board members, seconded by Ms. Marney, and unanimously carried.

Mr. Mullaney moved for an adjournment of the Joint Pension Meeting. The motion was seconded by Ms. Marney and unanimously carried.

The Joint Pension Meeting adjourned at 10:44 a.m.

Christina Kober
Chair, General Employee Pension Plan Committee

CK/CW

Attachments

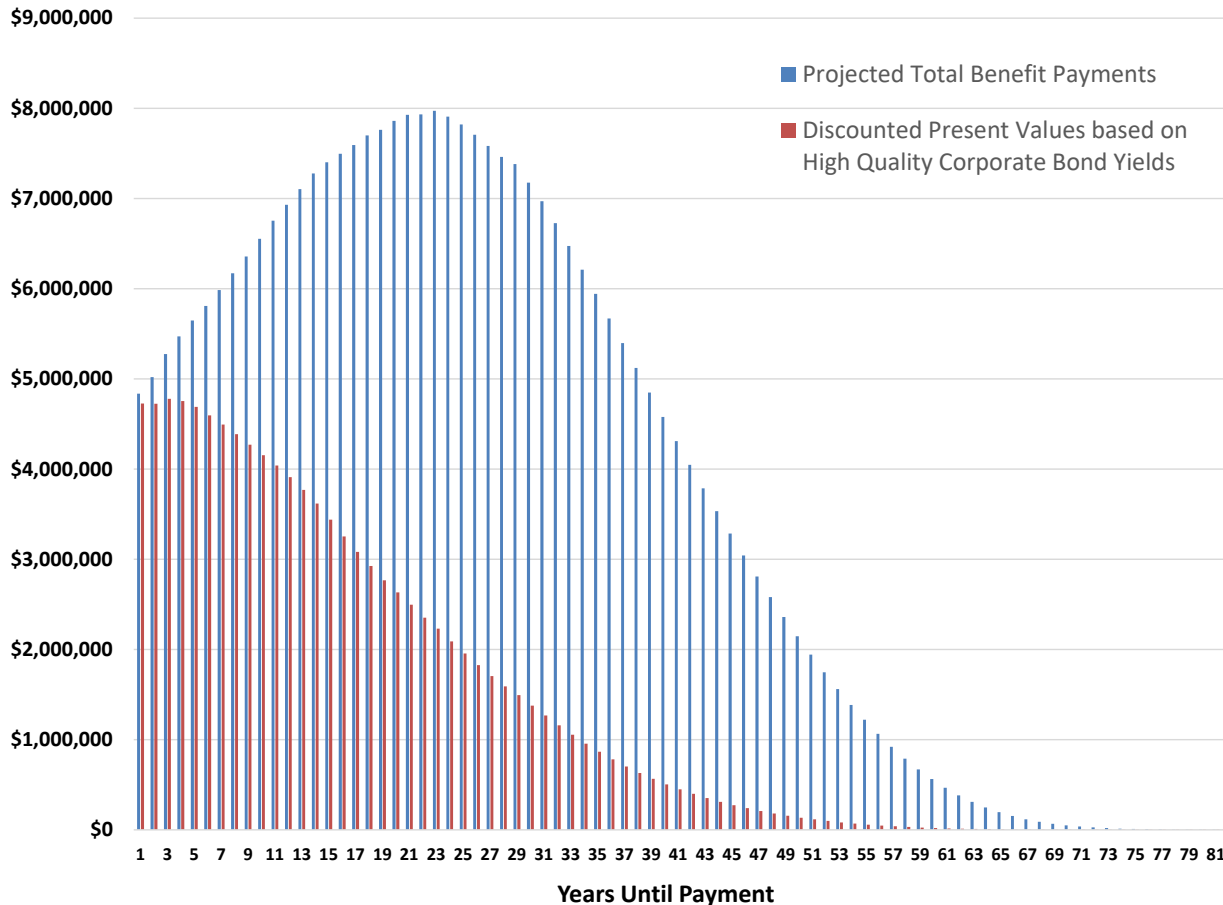
Attachment #1 – Investment Policy Review for the General Employee Pension Plan Board with Mix #2

Attachment #2 - Investment Policy Review for the Police Pension Retirement Committee with Mix #2

Attachment #3 - Investment Policy Review for the Other Post-Employment Benefits (OBEP) Board with Mix #2

Investment Policy Review

General Employee Pension Plan



- Plan has been closed to new participants since 2009
- Plan was 63.6% funded on a market value basis as of June 30, 2024
- Actuarial accrued liability for retired and inactive participants is 67% of the total
- Plan duration is approximately 13-14 years, which means if the actuarial discount rate is lowered by 1%, the value of plan liabilities will increase by about 13-14%

Investment Policy Review

General Employee Pension Plan

	Current Policy	Alternative Allocations			
		Mix # 1	Mix # 2	Mix #3	Mix #4
Total Fixed Income	37.0%	37.0%	42.0%	47.0%	52.0%
Total Equity + Alternative Assets	63.0%	63.0%	58.0%	53.0%	48.0%
<u>US Investment Grade Fixed Income:</u>					
Money Market	4.0%	4.0%	4.0%	4.0%	4.0%
Short Bonds	3.0%	4.0%	4.0%	4.0%	4.0%
Intermediate Bonds	3.0%	5.0%	8.0%	10.0%	13.0%
Long Bonds	7.0%	6.0%	8.0%	11.0%	13.0%
20+ Year STRIPS	<u>12.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>
Total	29.0%	29.0%	34.0%	39.0%	44.0%
<u>Projected Benefit Payments:</u>					
Months covered by MM	6	6	6	6	6
Months covered by MM+Short	11	12	12	12	12
Months covered by MM+Short+Int	15	20	25	28	33
Months covered by MM+Short+Int+Long	27	30	38	46	54
Months covered by MM+Short+Int+Long+STRIPS	46	46	54	63	71
Other Fixed Income	8.0%	8.0%	8.0%	8.0%	8.0%
US Equities	33.5%	33.5%	30.5%	28.5%	26.0%
Non-US and Global Equities	22.5%	22.5%	21.0%	18.5%	17.0%
Alternative Assets	7.0%	7.0%	6.5%	6.0%	5.0%
Portfolio Expected 20-Yr Annualized Return	6.80%	6.70%	6.60%	6.49%	6.37%
Portfolio Expected Standard Deviation	11.77%	11.76%	10.94%	10.20%	9.47%
Portfolio Expected Sharpe Ratio	0.36	0.36	0.37	0.37	0.38

Investment Policy Review

General Employee Pension Plan

	Current Policy	Alternative Allocations			
		Mix # 1	Mix # 2	Mix #3	Mix #4
Total Fixed Income	37.0%	37.0%	42.0%	47.0%	52.0%
Total Equity + Alternative Assets	63.0%	63.0%	58.0%	53.0%	48.0%
Portfolio Expected 20-Yr Annualized Return	6.80%	6.70%	6.60%	6.49%	6.37%
Portfolio Expected Standard Deviation	11.77%	11.76%	10.94%	10.20%	9.47%
Portfolio Expected Sharpe Ratio	0.36	0.36	0.37	0.37	0.38
Liability Discount Rate based on High Quality Bonds	5.52%	5.52%	5.52%	5.52%	5.52%
<u>Total Projected Future Benefit Payments:</u>					
PV at 6.50%	\$95,961,864	\$95,961,864	\$95,961,864	\$95,961,864	\$95,961,864
PV at Portfolio Expected Return	\$92,279,502	\$93,463,210	\$94,717,278	\$96,095,288	\$97,665,913
PV at Current High Quality Bond Yields	\$109,982,507	\$109,982,507	\$109,982,507	\$109,982,507	\$109,982,507
Market Value of Assets	\$62,947,120	\$62,947,120	\$62,947,120	\$62,947,120	\$62,947,120
Funded Ratio at 6.50%	65.6%	65.6%	65.6%	65.6%	65.6%
Funded Ratio at Portfolio Expected Return	68.2%	67.3%	66.5%	65.5%	64.5%
Funded Ratio at Current High Quality Bond Yields	57.2%	57.2%	57.2%	57.2%	57.2%
Liability Effective Duration	14.0	14.0	14.0	14.0	14.0
Duration of Portfolio's US Investment Grade Bonds	14.6	12.7	11.9	11.6	11.2
Duration of Total Portfolio	4.2	3.7	4.1	4.5	4.9
Interest Rate Hedge Ratio	17.3%	15.0%	16.6%	18.6%	20.2%
Portfolio / Liability Tracking Error (TE)	14.4%	14.8%	13.9%	13.0%	12.3%
Portfolio / Liability Correlation	0.37	0.33	0.37	0.43	0.49
Information Ratio (Surplus Return / TE)	0.07	0.06	0.05	0.04	0.03

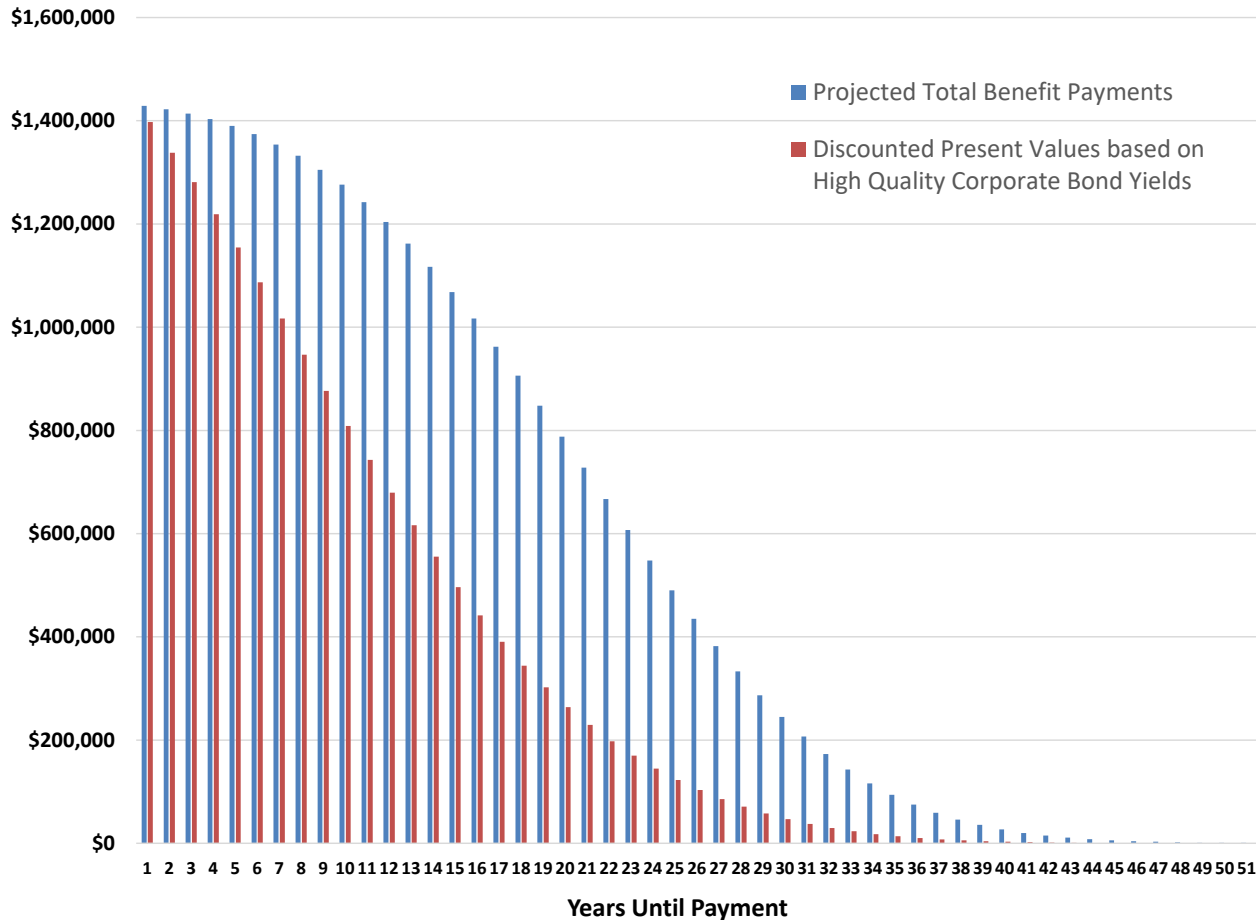
Investment Policy Review

General Employee Pension Plan

	Current Policy	Alternative Allocations			
		Mix # 1	Mix # 2	Mix #3	Mix #4
Total Fixed Income	37.0%	37.0%	42.0%	47.0%	52.0%
Total Equity + Alternative Assets	63.0%	63.0%	58.0%	53.0%	48.0%
Allspring Treasury Plus MMkt Inst	4.0%	4.0%	4.0%	4.0%	4.0%
Vanguard Short-Term Bond Index Adm	3.0%	4.0%	4.0%	4.0%	4.0%
Vanguard Interm-Term Bond Index Adm	3.0%	5.0%	8.0%	10.0%	13.0%
Vanguard Long-Term Bond Index Instl	3.5%	3.0%	4.0%	5.5%	6.5%
PIMCO Long Duration Total Return Instl	3.5%	3.0%	4.0%	5.5%	6.5%
Vanguard Extended Duration Trs ETF	12.0%	10.0%	10.0%	10.0%	10.0%
PGIM High Yield R6	3.0%	3.0%	3.0%	3.0%	3.0%
Columbia Strategic Income Inst3	3.0%	3.0%	3.0%	3.0%	3.0%
Vanguard Inflation-Protected Secs I	2.0%	2.0%	2.0%	2.0%	2.0%
Vanguard Equity-Income Adm	7.0%	7.0%	6.5%	6.0%	5.5%
JPMorgan Large Cap Growth R6	4.0%	4.0%	3.5%	3.0%	3.0%
Vanguard Growth Index Admiral	7.5%	7.5%	7.5%	6.5%	6.0%
Vanguard Mid-Cap Index Admiral	4.0%	4.0%	3.5%	3.5%	3.0%
Vanguard Mid-Cap Value Index Admiral	4.0%	4.0%	3.5%	3.5%	3.0%
American Century Small Cap Value R6	3.0%	3.0%	2.5%	2.5%	2.5%
Vanguard Small Cap Growth Index Admiral	4.0%	4.0%	3.5%	3.5%	3.0%
Vanguard Developed Markets Index Admiral	7.0%	7.0%	6.5%	6.0%	5.5%
American Funds New Perspective R6	7.5%	7.5%	7.0%	6.0%	5.5%
Vanguard Emerging Mkts Stock Idx Instl	8.0%	8.0%	7.5%	6.5%	6.0%
Vanguard Real Estate Index Institutional	3.0%	3.0%	3.0%	2.5%	2.0%
SPDR® S&P® Global Infrastructure ETF	4.0%	4.0%	3.5%	3.5%	3.0%

Investment Policy Review

Police Pension Plan



- The plan has no active members
- Plan was 102.3% funded on a market value basis as of June 30, 2024
- Actuarial accrued liability for retired participants and beneficiaries is 100% of the total
- Plan duration is approximately 8 years, which means if the actuarial discount rate is lowered by 1%, the value of plan liabilities will increase by about 8%

Investment Policy Review

Police Pension Plan

	Current Policy	Alternative Allocations			
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<u>US Investment Grade Fixed Income:</u>					
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Short Bonds	3.0%	4.0%	4.0%	4.0%	4.0%
Intermediate Bonds	3.0%	5.0%	8.0%	10.0%	13.0%
Long Bonds	7.0%	6.0%	8.0%	11.0%	13.0%
20+ Year STRIPS	<u>12.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>	<u>10.0%</u>
Total	29.0%	29.0%	34.0%	39.0%	44.0%
<u>Projected Benefit Payments:</u>					
Months covered by MM	5	5	5	5	5
Months covered by MM+Short	9	10	10	10	10
Months covered by MM+Short+Int	13	17	22	25	29
Months covered by MM+Short+Int+Long	23	26	34	42	50
Months covered by MM+Short+Int+Long+STRIPS	42	42	50	59	68
Other Fixed Income	8.0%	8.0%	8.0%	8.0%	8.0%
US Equities	33.5%	33.5%	30.5%	28.5%	26.0%
Non-US and Global Equities	22.5%	22.5%	21.0%	18.5%	17.0%
Alternative Assets	7.0%	7.0%	6.5%	6.0%	5.0%
Portfolio Expected 20-Yr Annualized Return	6.80%	6.70%	6.60%	6.49%	6.37%
Portfolio Expected Standard Deviation	11.77%	11.76%	10.94%	10.20%	9.47%
Portfolio Expected Sharpe Ratio	0.36	0.36	0.37	0.37	0.38

Investment Policy Review

Police Pension Plan

	Current Policy	Alternative Allocations			
		Mix # 1	Mix # 2	Mix #3	Mix #4
Total Fixed Income	37.0%	37.0%	42.0%	47.0%	52.0%
Total Equity + Alternative Assets	63.0%	63.0%	58.0%	53.0%	48.0%
Portfolio Expected 20-Yr Annualized Return	6.80%	6.70%	6.60%	6.49%	6.37%
Portfolio Expected Standard Deviation	11.77%	11.76%	10.94%	10.20%	9.47%
Portfolio Expected Sharpe Ratio	0.36	0.36	0.37	0.37	0.38
Liability Discount Rate based on High Quality Bonds	5.21%	5.21%	5.21%	5.21%	5.21%
<u>Total Projected Future Benefit Payments:</u>					
PV at 6.50%	\$15,584,612	\$15,584,612	\$15,584,612	\$15,584,612	\$15,584,612
PV at Portfolio Expected Return	\$15,219,783	\$15,337,979	\$15,462,243	\$15,597,675	\$15,750,647
PV at Current High Quality Bond Yields	\$17,347,569	\$17,347,569	\$17,347,569	\$17,347,569	\$17,347,569
Market Value of Assets	\$15,991,974	\$15,991,974	\$15,991,974	\$15,991,974	\$15,991,974
Funded Ratio at 6.50%	102.6%	102.6%	102.6%	102.6%	102.6%
Funded Ratio at Portfolio Expected Return	105.1%	104.3%	103.4%	102.5%	101.5%
Funded Ratio at Current High Quality Bond Yields	92.2%	92.2%	92.2%	92.2%	92.2%
Liability Effective Duration	8.4	8.4	8.4	8.4	8.4
Duration of Portfolio's US Investment Grade Bonds	14.6	12.7	11.9	11.6	11.2
Duration of Total Portfolio	4.2	3.7	4.1	4.5	4.9
Interest Rate Hedge Ratio	46.4%	40.3%	44.5%	49.9%	54.1%
Portfolio / Liability Tracking Error (TE)	11.7%	12.0%	11.0%	10.0%	9.0%
Portfolio / Liability Correlation	0.36	0.32	0.37	0.42	0.48
Information Ratio (Surplus Return / TE)	0.16	0.15	0.14	0.14	0.14

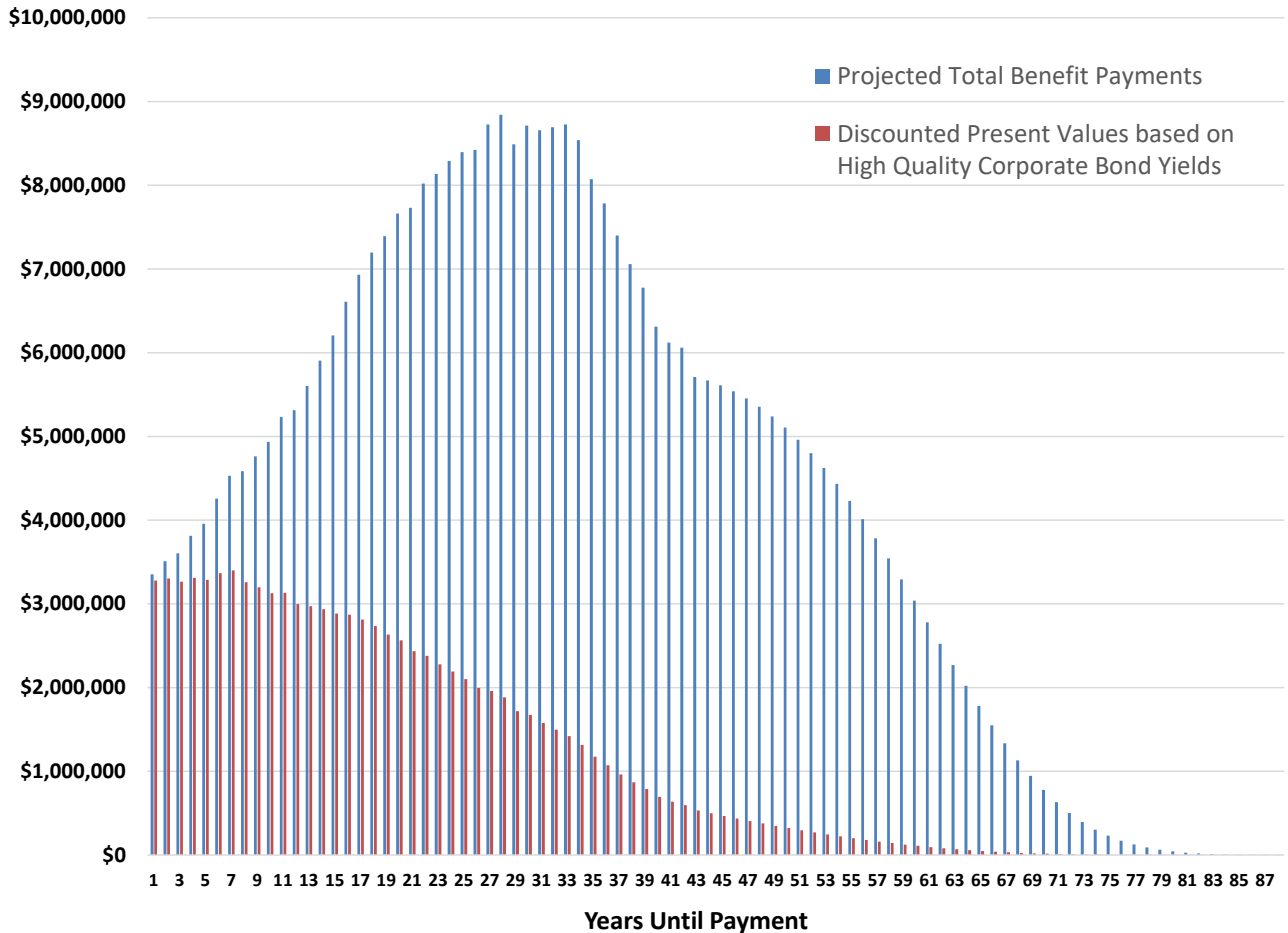
Investment Policy Review

Police Pension Plan

	Current Policy	Alternative Allocations			
		Mix # 1	Mix # 2	Mix #3	Mix #4
Total Fixed Income	37.0%	37.0%	42.0%	47.0%	52.0%
Total Equity + Alternative Assets	63.0%	63.0%	58.0%	53.0%	48.0%
Allspring Treasury Plus MMkt Inst	4.0%	4.0%	4.0%	4.0%	4.0%
Vanguard Short-Term Bond Index Adm	3.0%	4.0%	4.0%	4.0%	4.0%
Vanguard Interm-Term Bond Index Adm	3.0%	5.0%	8.0%	10.0%	13.0%
Vanguard Long-Term Bond Index Instl	3.5%	3.0%	4.0%	5.5%	6.5%
PIMCO Long Duration Total Return Instl	3.5%	3.0%	4.0%	5.5%	6.5%
Vanguard Extended Duration Trs ETF	12.0%	10.0%	10.0%	10.0%	10.0%
PGIM High Yield R6	3.0%	3.0%	3.0%	3.0%	3.0%
Columbia Strategic Income Inst3	3.0%	3.0%	3.0%	3.0%	3.0%
Vanguard Inflation-Protected Secs I	2.0%	2.0%	2.0%	2.0%	2.0%
Vanguard Equity-Income Adm	7.0%	7.0%	6.5%	6.0%	5.5%
JPMorgan Large Cap Growth R6	4.0%	4.0%	3.5%	3.0%	3.0%
Vanguard Growth Index Admiral	7.5%	7.5%	7.5%	6.5%	6.0%
Vanguard Mid-Cap Index Admiral	4.0%	4.0%	3.5%	3.5%	3.0%
Vanguard Mid-Cap Value Index Admiral	4.0%	4.0%	3.5%	3.5%	3.0%
American Century Small Cap Value R6	3.0%	3.0%	2.5%	2.5%	2.5%
Vanguard Small Cap Growth Index Admiral	4.0%	4.0%	3.5%	3.5%	3.0%
Vanguard Developed Markets Index Admiral	7.0%	7.0%	6.5%	6.0%	5.5%
American Funds New Perspective R6	7.5%	7.5%	7.0%	6.0%	5.5%
Vanguard Emerging Mkts Stock Idx Instl	8.0%	8.0%	7.5%	6.5%	6.0%
Vanguard Real Estate Index Institutional	3.0%	3.0%	3.0%	2.5%	2.0%
SPDR® S&P® Global Infrastructure ETF	4.0%	4.0%	3.5%	3.5%	3.0%

Investment Policy Review

OPEB Plan



- The plan has active and inactive members
- Plan was 83.5% funded on a market value basis as of June 30, 2023
- Approximately 68% of the participants are pre-Medicare as of June 30, 2023
- Future benefit payments are more uncertain than pension benefits
- Plan duration is approximately 16-17 years, which means if the actuarial discount rate is lowered by 1%, the value of plan liabilities will increase by about 16-17% (if no change to health cost trend)

Investment Policy Review

OPEB Plan

	Current Policy	Alternative Allocations			
		Mix # 1	Mix # 2	Mix #3	Mix #4
Total Fixed Income	36.0%	36.0%	40.0%	45.0%	50.0%
Total Equity + Alternative Assets	64.0%	64.0%	60.0%	55.0%	50.0%
<u>US Investment Grade Fixed Income:</u>					
Money Market	3.0%	3.0%	3.0%	3.0%	3.0%
Short Bonds	3.0%	3.0%	3.0%	3.0%	3.0%
Core Bonds	4.0%	5.0%	7.0%	9.0%	12.0%
Long Bonds	5.0%	4.0%	6.0%	9.0%	11.0%
20+ Year STRIPS	<u>9.0%</u>	<u>9.0%</u>	<u>9.0%</u>	<u>9.0%</u>	<u>9.0%</u>
Total	24.0%	24.0%	28.0%	33.0%	38.0%
<u>Projected Benefit Payments:</u>					
Months covered by MM	7	7	7	7	7
Months covered by MM+Short	14	14	14	14	14
Months covered by MM+Short+Core	24	27	32	37	44
Months covered by MM+Short+Core+Long	37	37	47	60	72
Months covered by MM+Short+Core+Long+STRIPS	60	60	70	82	95
Other Fixed Income	12.0%	12.0%	12.0%	12.0%	12.0%
US Equities	35.0%	35.0%	33.0%	31.0%	28.5%
Non-US and Global Equities	24.0%	24.0%	22.5%	20.0%	18.5%
Alternative Assets	5.0%	5.0%	4.5%	4.0%	3.0%
Portfolio Expected 20-Yr Annualized Return	6.73%	6.72%	6.66%	6.55%	6.44%
Portfolio Expected Standard Deviation	12.04%	12.02%	11.39%	10.60%	9.86%
Portfolio Expected Sharpe Ratio	0.35	0.35	0.36	0.37	0.38

Investment Policy Review

OPEB Plan

	Current Policy	Alternative Allocations			
		Mix # 1	Mix # 2	Mix #3	Mix #4
Total Fixed Income	36.0%	36.0%	40.0%	45.0%	50.0%
Total Equity + Alternative Assets	64.0%	64.0%	60.0%	55.0%	50.0%
Portfolio Expected 20-Yr Annualized Return	6.73%	6.72%	6.66%	6.55%	6.44%
Portfolio Expected Standard Deviation	12.04%	12.02%	11.39%	10.60%	9.86%
Portfolio Expected Sharpe Ratio	0.35	0.35	0.36	0.37	0.38
Liability Discount Rate based on High Quality Bonds	5.60%	5.60%	5.60%	5.60%	5.60%
<u>Total Projected Future Benefit Payments:</u>					
Present Value at 6.50%	\$86,131,832	\$86,131,832	\$86,131,832	\$86,131,832	\$86,131,832
Present Value at Portfolio Expected Return	\$82,975,586	\$83,082,609	\$83,946,369	\$85,405,875	\$86,980,576
Present Value at Current High Quality Bond Yields	\$100,440,908	\$100,440,908	\$100,440,908	\$100,440,908	\$100,440,908
Market Value of Assets	\$67,854,277	\$67,854,277	\$67,854,277	\$67,854,277	\$67,854,277
Funded Ratio at 6.50%	78.8%	78.8%	78.8%	78.8%	78.8%
Funded Ratio at Portfolio Expected Return	81.8%	81.7%	80.8%	79.4%	78.0%
Funded Ratio at Current High Quality Bond Yields	67.6%	67.6%	67.6%	67.6%	67.6%
Liability Effective Duration	17.2	17.2	17.2	17.2	17.2
Duration of Portfolio's US Investment Grade Bonds	13.8	13.5	13.0	12.6	12.1
Duration of Total Portfolio	3.3	3.2	3.6	4.2	4.6
Interest Rate Hedge Ratio	13.0%	12.7%	14.3%	16.3%	18.1%
Portfolio / Liability Tracking Error (TE)	12.3%	12.4%	11.6%	10.6%	9.6%
Portfolio / Liability Correlation	0.30	0.29	0.33	0.39	0.44
Information Ratio (Surplus Return / TE)	0.12	0.12	0.11	0.11	0.10

Investment Policy Review

OPEB Plan

	Current Policy	Alternative Allocations			
		Mix # 1	Mix # 2	Mix #3	Mix #4
Total Fixed Income	36.0%	36.0%	40.0%	45.0%	50.0%
Total Equity + Alternative Assets	64.0%	64.0%	60.0%	55.0%	50.0%
Allspring Treasury Plus MMkt Inst	3.0%	3.0%	3.0%	3.0%	3.0%
Vanguard Short-Term Bond Index Adm	3.0%	3.0%	3.0%	3.0%	3.0%
Dodge & Cox Income Fund (Interm Core Plus)	2.0%	2.5%	3.5%	4.5%	6.0%
Vanguard Total Bond Market	2.0%	2.5%	3.5%	4.5%	6.0%
Vanguard Long-Term Bond Index Instl	2.5%	2.0%	3.0%	4.5%	5.5%
PIMCO Long Duration Total Return Instl	2.5%	2.0%	3.0%	4.5%	5.5%
Vanguard Extended Duration Trs ETF	9.0%	9.0%	9.0%	9.0%	9.0%
PGIM High Yield R6	3.0%	3.0%	3.0%	3.0%	3.0%
Columbia Strategic Income Inst3	3.0%	3.0%	3.0%	3.0%	3.0%
Vanguard Inflation-Protected Secs I	6.0%	6.0%	6.0%	6.0%	6.0%
American Washington Mutual (US L Blend)	6.0%	6.0%	5.5%	5.5%	5.0%
JPMorgan Large Cap Growth R6	14.0%	14.0%	13.0%	12.5%	12.0%
Vanguard Growth Index Admiral	14.0%	14.0%	13.0%	12.5%	12.0%
Vanguard Mid-Cap Value Index Admiral	7.0%	7.0%	6.5%	6.0%	5.5%
American Century Small Cap Value R6	4.0%	4.0%	4.0%	3.5%	3.0%
Vanguard Small Cap Growth Index Admiral	4.0%	4.0%	4.0%	3.5%	3.0%
Vanguard Developed Markets Index Admiral	7.0%	7.0%	6.5%	6.0%	5.5%
American Funds New Perspective R6	8.0%	8.0%	7.5%	6.5%	6.0%
Vanguard Emerging Mkts Stock Idx Instl	7.0%	7.0%	6.5%	6.0%	5.5%
Vanguard Real Estate Index Institutional	5.0%	5.0%	4.5%	4.0%	3.0%