



Meeting Agenda
Employee Pension & Trust
Committee

Monday, March 27, 2023

1:00 PM

Board Room

CALL TO ORDER

APPROVAL OF MINUTES

1. Consideration Of Approval Of Minutes
December 5, 2022 Employee Pension & Trust Committee Meeting

NEW BUSINESS

2. Investment Report For The Quarter Ending 12/31/2022

Sponsors: Barry Bryant

3. Report Of The Employer Contribution Rate For The Open Pension Plan Effective July 1, 2023

Sponsors: Kristine Brock

4. Report Of The Actuary

Sponsors: Kevin Sullivan, Sylvain Limprevil

5. Update On Board Of Mayor And Aldermen Action For Resolution 2022-78 (Change In Average Compensation Calculation) And Resolution 2022-79 (Cost of Living Policy)

Sponsors: Kristine Brock

6. Consideration Of DRAFT Resolution 2022-03, A Resolution To Adopt A Funding Policy For The Closed Pension

Sponsors: Kristine Brock, Kevin Sullivan, Frank Carney

7. Consideration Of DRAFT Resolution 2023-19, A Resolution Adopting The Fourth Amendment To The City Of Franklin Amended And Restated Employees Pension Plan Dated Effective As Of January 1, 2018 (Increasing The Lump Sum Threshold To \$25,000 For Terminated Vested Participants)

Sponsors: Kristine Brock, Kevin Sullivan, Frank Carney

OTHER BUSINESS

ADJOURN

Anyone needing accommodations due to disabilities please contact the ADA Coordinator at 615-791-3277 at least 24 hours prior to the meeting.



File #: 21-04415

DATE: March 7, 2023

TO: Pension Committee

FROM: Barry Bryant

SUBJECT:

Investment Report For The Quarter Ending 12/31/2022

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning the investment report for the closed pension for the quarter ending 12/31/2022.

BACKGROUND/STAFF COMMENTS:

Barry Bryant of Dahab Associates will present a report on the asset valuation for the closed pension as of 12/31/2022.

FINANCIAL IMPACT:

Asset valuation is a key component of the actuarial report for the closed pension for the plan year ending 12/31/2022.

RECOMMENDATION:

For informational purposes only.

City of Franklin Employees' Pension Plan & Trust

Performance Review December 2022



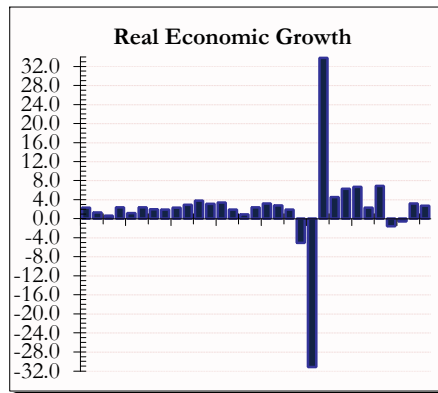
DAHAB ASSOCIATES

ECONOMIC ENVIRONMENT

Lowered Expectations

Global markets rose broadly in the fourth quarter. The MSCI All Country World index, a benchmark for global equity markets, was up 9.9%.

The market largely seemed to react to indications that the year-



over-year inflation figures, and expectations, have started to roll over, while economic activity has remained more resilient than expected. This decrease was confirmed by the U.S. Bureau of Labor Statistics when they

released their latest monthly Consumer Price Index Summary. The summary showed the index was down -0.1% month-over-month, bringing the year-over-year number to 6.5%. While the decrease in inflation was slight, it may have marked the start of a downward trend that should continue for the rest of the year. The timing may be suspect, but last summer's cost increases in housing, food, and energy will eventually roll off. The size of these components alone (nearly 65% of the total index) will lower the headline numbers.

While the intermediate outlook is becoming more positive, it seems likely that developed market central banks will continue to raise interest rates in the short term (3-6 months). However, as we

continue later through the new year, the general monetary policy forecast is less clear. We should see inflation moderate, and unemployment modestly rise, which should allow central bankers to revisit their means of accomplishing their goals. The Federal Reserve is congressionally mandated to “promote effectively the goals of maximum employment, stable prices, and moderate long-term interest rates.” Most refer to this as their “dual mandate” because accomplishing the first two goals, makes the third one feasible. The second goal, stable prices, is quite vague. A 2% inflation target has become the international standard but originated in an on-the-spot TV interview with a New Zealand finance minister in 1988. So, while 2% has become the de-facto standard, any acceptable non-zero target could become the goal. While Chairman Powell has been explicit that, “[they] are not considering that, and [they] are not going to it,” in the same press conference, he stated that “there may be a longer-run project at some point”. Expect the vacillation to continue.

The second estimate of fourth quarter GDP from the U.S. Bureau of Economic Analysis increased at an annualized rate of 2.7%. Prior to the BEA's publication, projections on Q4 GDP were in wider distribution than usual. The Atlanta Federal Reserve's GDPNow tool projected a 3.5% increase in Q4, which was at odds with market economists whose projections ranged from 0.3% to 2.8%. Some of the lag can be attributed to more recent model updates regarding the release of housing starts data; however, that can't be

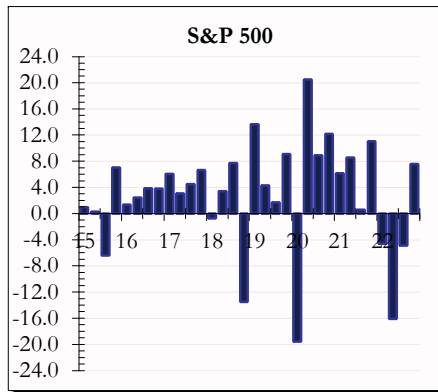
the full story. It seems more likely that the wide range is a function of market participants' varying confidence in the how the underlying dynamics of the current environment will pan out.

DOMESTIC EQUITIES

Bounce Back

U.S. equities, as measured by the Russell 3000, gained 7.2% in the fourth quarter. The S&P 500, a proxy for large capitalization companies, gained 7.6%.

Gains were widespread, with 10 of the 12 large cap market sectors showing increases. The best performers were Industrials and Energy, which



returned 19.2%, and 22.8%, respectively. Energy was the standout result in 2022, returning 65.7% for the year. This was 64.1% better than the next best sector, Utilities, which returned 1.6%. The worst performing sectors in Q4 were Communications Services and Consumer Discretionary; they posted losses of -1.4% and -10.2%, respectively. Recessionary fears and an increasing lack of affordability for the average consumer negatively affected the valuations of Consumer Discretionary companies. Communications continued their fall from prior months, registering negative results in all four quarters, and was the worst performing large cap sector this year, losing 39.9%.

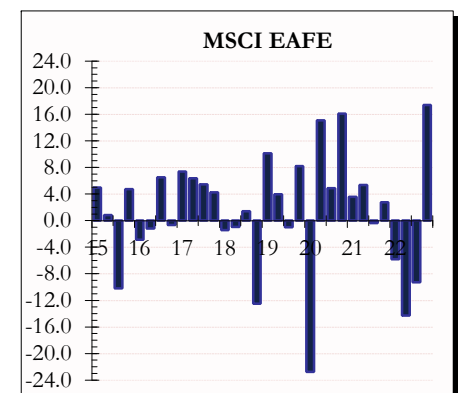
The market broadly preferred companies with value characteristics relative to their growth peers. In Q4 the Russell 3000 Value index returned 12.2%. This was 9.9% more than its counterpart the Russell 3000 Growth index, which returned 2.3%. This trend held true across all cap sizes. Rising rates, and in turn a less advantageous credit environment, weighed on the more promising but less profitable companies.

INTERNATIONAL EQUITIES

Change in Fortunes

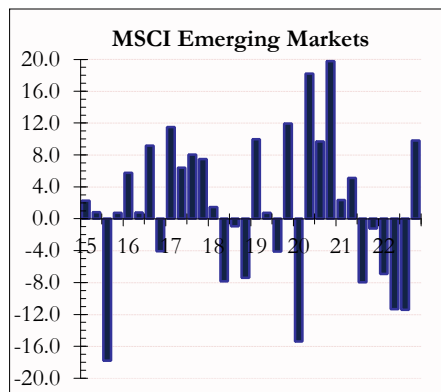
International markets enjoyed a significant rebound in Q4. The MSCI All Country World ex-US index, which broadly tracks global markets excluding the United States, gained 14.4%. Value outpaced Growth, and European markets were particularly strong in the quarter.

In developed markets, the MSCI EAFE returned 17.4% in Q4. Every country except for Israel (-0.18%) posted notable gains. Aggressive action from developed nations' central banks in the fight against inflation has abated people's fears of the worst. Mild winter weather and government action has largely helped to keep the European energy crisis under control. From a macro perspective, international markets saw an



outsized Q4 return as their currencies rebounded against the USD. European markets saw about a 10% rise in domestic currencies, contributing significantly to their quarterly return. Overall, Austria and Denmark both delivered impressive results of over 31%, while the EAFE heavyweight Japan returned a more reasonable 13.3%. Despite the claw-back at the end of the year, developed markets still had a very tough 12 months, bringing the year-to-date performance to -14.0%.

Emerging markets gained a more modest 9.8% this quarter. The



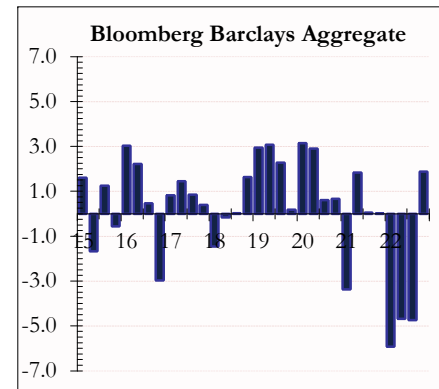
most significant reversal came from China (+13.5%), as their government softened on mandatory lockdowns policies, signaling a colossal improvement in their economic outlook going forward. Similar macro

benefits helped emerging markets perform in Q4, as their currencies also enjoyed a reprieve against the USD, while similarly benefiting from the inflation perspective shift. Brazil had a controversial and uncertain presidential election which weighed on stocks, slightly pushing down the broader index with its 2.5% return. Emerging markets continue to be cheap in valuation in both a historical and relative perspective.

BOND MARKET

Small Step Forward

Fixed income markets saw positive returns in the quarter, ending one of the worst years for bonds in nearly 30 years. The Bloomberg Aggregate Index returned 1.9%, ending the year a painful -13.0%. This was in the face of two additional hikes to the federal funds rate from the Federal Reserve, which



now sits between 4.25-4.5% as of December 31st.

Global bonds outperformed their domestic peers due to a reversal in currency fortunes. The U.S. dollar depreciated against most foreign currencies. The Bloomberg Barclays Global Aggregate gained 4.6%.

Lower quality, shorter credits outperformed their higher quality, longer counterparts as intermediate economic and long-term interest rate expectations stabilized.

CASH EQUIVALENTS

Moving On Up

The three-month T-Bill returned 0.10% for the third quarter. This is the 59th quarter in a row that return has been less than 75 basis points. 3-month treasury notes are now yielding 3.45%.

Economic Statistics

	Current Quarter	Previous Quarter
GDP (Annualized)	2.7%	3.2%
Unemployment	3.5%	3.5%
CPI All Items Year/Year	6.5%	8.2%
Fed Funds Rate	4.1%	3.1%
Industrial Capacity Utilization	78.8%	80.0%
U.S. Dollars per Euro	1.07	0.98

Major Index Returns

Index	Quarter	12 Months
Russell 3000	7.2%	-19.2%
S&P 500	7.6%	-18.1%
Russell Midcap	9.2%	-17.3%
Russell 2000	6.2%	-20.4%
MSCI EAFE	17.4%	-14.0%
MSCI Emg. Markets	9.8%	-19.7%
NCREIF ODCE	-5.0%	7.5%
U.S. Aggregate	1.9%	-13.0%
90 Day T-bills	0.4%	0.3%

Domestic Equity Return Distributions

Quarter	Trailing Year		
	VAL	COR	GRO
LC	12.4	7.2	2.2
MC	10.5	9.2	6.9
SC	8.4	6.2	4.1

Trailing Year	Quarter		
	VAL	COR	GRO
LC	-7.5	-19.1	-29.1
MC	-12.0	-17.3	-26.7
SC	-14.5	-20.4	-26.4

Market Summary

- Equity markets rise
- Value outpaces growth
- Dollar weakened against most currencies
- Credit spreads tightened
- Unemployment remains low

INVESTMENT RETURN

On December 31st, 2022, the Franklin Employees' Pension Plan & Trust's Composite portfolio was valued at \$143,656,006, representing an increase of \$8,122,922 from the September quarter's ending value of \$135,533,084. Last quarter, the Fund posted net contributions equaling \$2,359,657 plus a net investment gain equaling \$5,763,265. Total net investment return was the result of income receipts, which totaled \$6,913 and net realized and unrealized capital gains of \$5,756,352.

RELATIVE PERFORMANCE

Total Fund

For the fourth quarter, the Composite portfolio returned 4.3%, which was 1.3% below the Manager Allocation Index's return of 5.6% and ranked in the 91st percentile of the Public Fund universe. Over the trailing year, the portfolio returned -10.8%, which was 0.1% below the benchmark's -10.7% return, ranking in the 18th percentile. Since March 2001, the portfolio returned 6.0% annualized.

Diversified Assets

Performance data for the TCRS Policy Index is based on a draft report and is subject to revision.

The diversified assets portion of the portfolio returned 4.3% last quarter; that return was 1.4% below the Tennessee Consolidated Retirement System Policy Index's return of 5.7% and ranked in the 91st percentile of the Public Fund universe. Over the trailing twelve-month period, this component returned -11.3%, 0.2% below the benchmark's -11.1% performance, ranking in the 23rd percentile.

Alternative Assets

In the fourth quarter, the alternative assets segment returned 3.9%, which was 4.0% better than the Franklin, TN Alternative Asset Hybrid Index's return of -0.1%. Over the trailing twelve-month period, this component returned 10.4%, which was 2.9% better than the benchmark's 7.5% performance.

ASSET ALLOCATION

At the end of the fourth quarter, diversified assets comprised 97.1% of the total portfolio (\$139.5 million), while the portfolio's alternative assets component totaled 2.3% (\$3.3 million) and cash & equivalent comprised the remaining 0.6% (\$849,193).

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD /1Y	3 Year	5 Year	10 Year	Since 03/01
Total Portfolio - Gross	4.3	-10.8	5.8	6.3	7.6	6.0
<i>PUBLIC FUND RANK</i>	(91)	(18)	(7)	(10)	(21)	----
Total Portfolio - Net	4.2	-10.9	5.6	6.1	7.3	5.7
Manager Shadow	5.6	-10.7	5.2	6.0	7.8	----
Diversified Assets - Gross	4.3	-11.3	5.9	6.4	----	----
<i>PUBLIC FUND RANK</i>	(91)	(23)	(7)	(6)	----	----
TCRS Policy Index	5.7	-11.1	5.2	6.0	----	----
Alternative Assets - Gross	3.9	10.4	6.6	5.0	7.4	----
Hybrid Index	-0.1	7.5	10.5	8.6	9.2	----
Russell 2500	7.4	-18.4	5.0	5.9	10.0	8.9
NCREIF ODCE	-5.0	7.5	9.9	8.7	10.1	8.1
NCREIF Timber	4.9	12.9	7.5	5.4	5.8	6.2

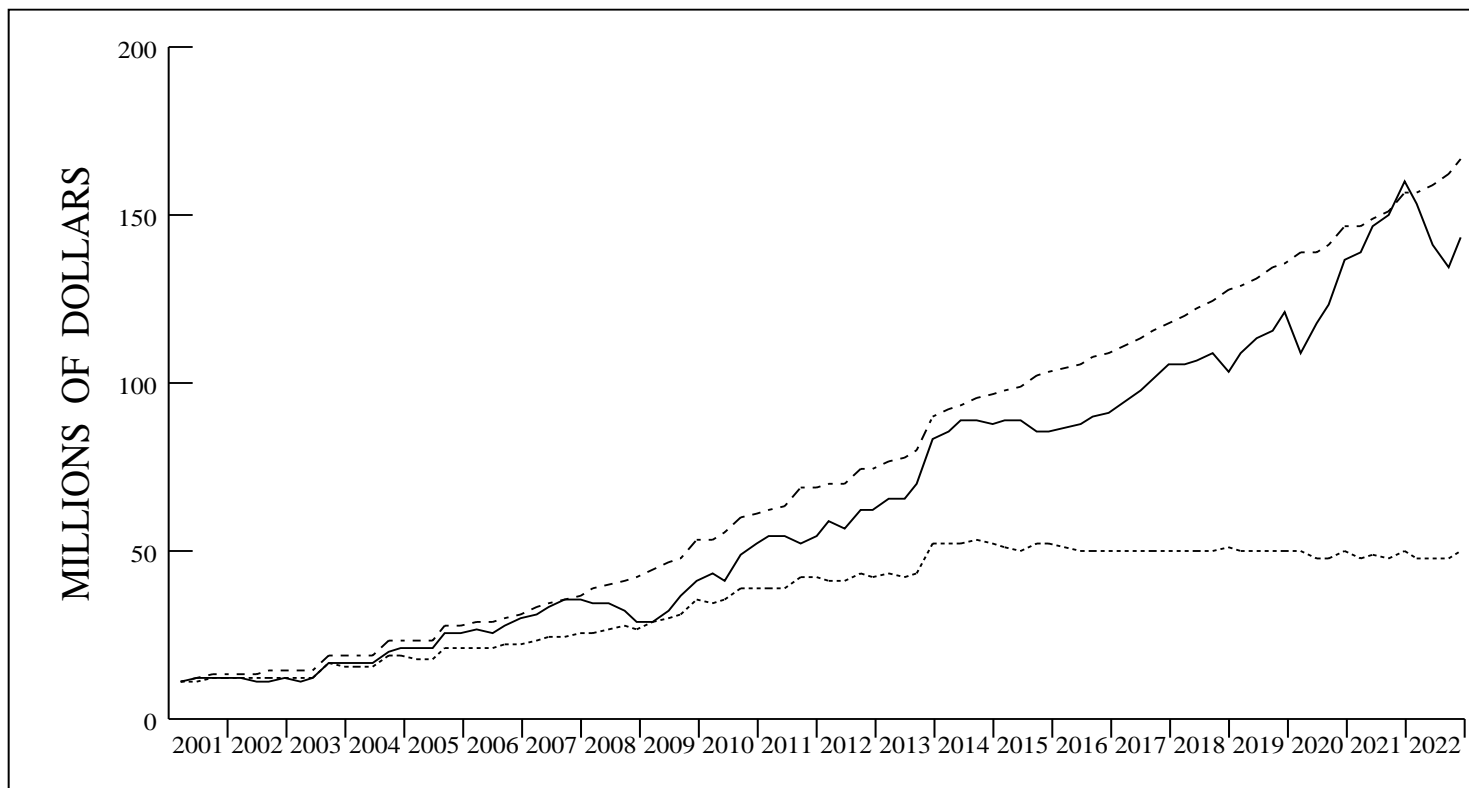
ASSET ALLOCATION

Diversified	97.1%	\$ 139,488,078
Alternative	2.3%	3,318,735
Cash	0.6%	849,193
Total Portfolio	100.0%	\$ 143,656,006

INVESTMENT RETURN

Market Value 9/2022	\$ 135,533,084
Contribs / Withdrawals	2,359,657
Income	6,913
Capital Gains / Losses	5,756,352
Market Value 12/2022	\$ 143,656,006

INVESTMENT GROWTH



— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 167,584,834

	LAST QUARTER	PERIOD 3/01 - 12/22
BEGINNING VALUE	\$ 135,533,084	\$ 12,168,310
NET CONTRIBUTIONS	2,359,657	38,460,366
INVESTMENT RETURN	5,763,265	93,027,330
ENDING VALUE	\$ 143,656,006	\$ 143,656,006
INCOME	6,913	9,389,339
CAPITAL GAINS (LOSSES)	5,756,352	83,637,991
INVESTMENT RETURN	5,763,265	93,027,330

MANAGER PERFORMANCE SUMMARY - GROSS OF FEES

Portfolio	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception
Composite	(Public Fund)	4.3 (91)	-10.8 (18)	-10.8 (18)	5.8 (7)	6.3 (10)	6.0 ---- 03/01
<i>Manager Shadow</i>		<i>5.6 ----</i>	<i>-10.7 ----</i>	<i>-10.7 ----</i>	<i>5.2 ----</i>	<i>6.0 ----</i>	<i>---- ---- 03/01</i>
TCRS	(Public Fund)	4.3 (91)	-11.3 (23)	-11.3 (23)	5.9 (7)	6.4 (6)	6.4 (6) 12/17
<i>TCRS Policy Index</i>		<i>5.7 ----</i>	<i>-11.1 ----</i>	<i>-11.1 ----</i>	<i>5.2 ----</i>	<i>6.0 ----</i>	<i>6.0 ---- 12/17</i>
Hamilton Lane SF III		0.0 ----	-7.7 ----	-7.7 ----	3.0 ----	1.9 ----	9.4 ---- 06/13
<i>Russell 2500</i>		<i>7.4 ----</i>	<i>-18.4 ----</i>	<i>-18.4 ----</i>	<i>5.0 ----</i>	<i>5.9 ----</i>	<i>8.9 ---- 06/13</i>
Landmark PE		1.5 ----	-6.0 ----	-6.0 ----	6.0 ----	5.6 ----	5.3 ---- 12/12
<i>Russell 2500</i>		<i>7.4 ----</i>	<i>-18.4 ----</i>	<i>-18.4 ----</i>	<i>5.0 ----</i>	<i>5.9 ----</i>	<i>10.0 ---- 12/12</i>
BTG Timber Fund II		3.8 ----	5.9 ----	5.9 ----	2.6 ----	3.0 ----	1.8 ---- 12/12
<i>NCREIF Timber</i>		<i>4.9 ----</i>	<i>12.9 ----</i>	<i>12.9 ----</i>	<i>7.5 ----</i>	<i>5.4 ----</i>	<i>5.8 ---- 12/12</i>
FIA Timber		1.6 ----	11.3 ----	11.3 ----	5.7 ----	4.4 ----	4.3 ---- 03/16
<i>NCREIF Timber</i>		<i>4.9 ----</i>	<i>12.9 ----</i>	<i>12.9 ----</i>	<i>7.5 ----</i>	<i>5.4 ----</i>	<i>4.9 ---- 03/16</i>
RMS Forest Fund III		10.0 ----	22.9 ----	22.9 ----	10.3 ----	8.2 ----	6.8 ---- 06/12
<i>NCREIF Timber</i>		<i>4.9 ----</i>	<i>12.9 ----</i>	<i>12.9 ----</i>	<i>7.5 ----</i>	<i>5.4 ----</i>	<i>6.2 ---- 06/12</i>

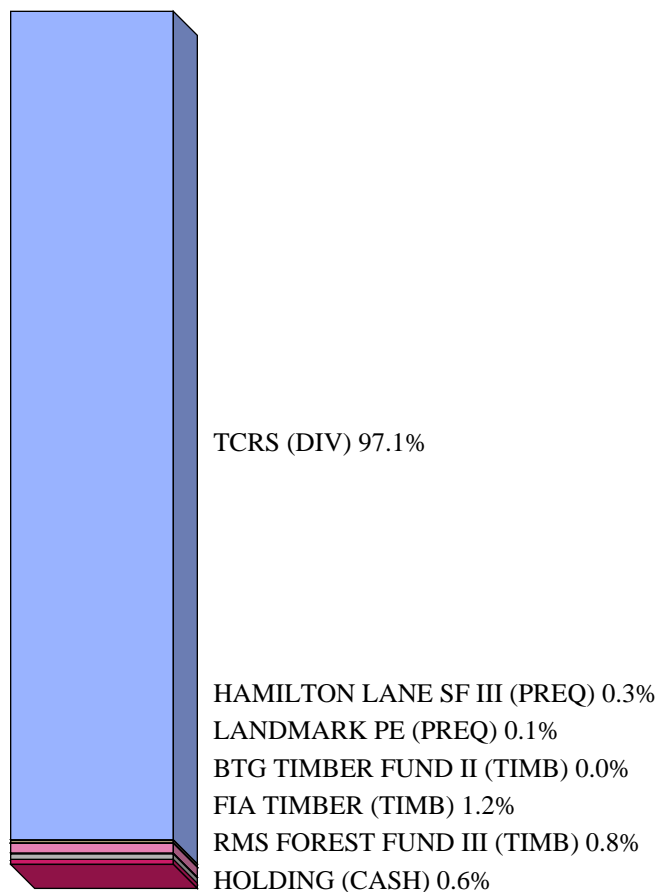
MANAGER PERFORMANCE SUMMARY - NET OF FEES

Portfolio	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	
Composite	4.2	-10.9	-10.9	5.6	6.1	5.7	03/01
<i>Manager Shadow</i>	<i>5.6</i>	<i>-10.7</i>	<i>-10.7</i>	<i>5.2</i>	<i>6.0</i>	<i>---</i>	<i>03/01</i>
TCRS	4.2	-11.4	-11.4	5.8	6.3	6.3	12/17
<i>TCRS Policy Index</i>	<i>5.7</i>	<i>-11.1</i>	<i>-11.1</i>	<i>5.2</i>	<i>6.0</i>	<i>6.0</i>	<i>12/17</i>
Hamilton Lane SF III	0.0	-8.7	-8.7	0.9	0.0	6.8	06/13
<i>Russell 2500</i>	<i>7.4</i>	<i>-18.4</i>	<i>-18.4</i>	<i>5.0</i>	<i>5.9</i>	<i>8.9</i>	<i>06/13</i>
Landmark PE	1.3	-6.9	-6.9	4.9	4.6	4.3	12/12
<i>Russell 2500</i>	<i>7.4</i>	<i>-18.4</i>	<i>-18.4</i>	<i>5.0</i>	<i>5.9</i>	<i>10.0</i>	<i>12/12</i>
BTG Timber Fund II	3.8	5.7	5.7	2.0	2.3	1.0	12/12
<i>NCREIF Timber</i>	<i>4.9</i>	<i>12.9</i>	<i>12.9</i>	<i>7.5</i>	<i>5.4</i>	<i>5.8</i>	<i>12/12</i>
FIA Timber	1.4	10.3	10.3	4.7	3.6	3.5	03/16
<i>NCREIF Timber</i>	<i>4.9</i>	<i>12.9</i>	<i>12.9</i>	<i>7.5</i>	<i>5.4</i>	<i>4.9</i>	<i>03/16</i>
RMS Forest Fund III	9.7	21.7	21.7	9.2	7.1	5.8	06/12
<i>NCREIF Timber</i>	<i>4.9</i>	<i>12.9</i>	<i>12.9</i>	<i>7.5</i>	<i>5.4</i>	<i>6.2</i>	<i>06/12</i>

COMPLETE MANAGER PERFORMANCE SUMMARY - GROSS OF FEES

Portfolio	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	10 Years	Since Inception
Composite	(Public Fund)	-4.3 (49)	-14.4 (22)	-9.7 (18)	5.9 (15)	6.2 (14)	7.4 (23)	5.9 ---- 03/01
<i>Manager Shadow</i>		<i>-4.2 ----</i>	<i>-15.5 ----</i>	<i>-11.0 ----</i>	<i>4.8 ----</i>	<i>5.6 ----</i>	<i>7.4 ----</i>	<i>---- ---- 03/01</i>
TCRS	(Public Fund)	-4.5 (55)	-14.9 (23)	-10.1 (19)	6.1 (14)	6.4 (11)	---- ----	7.6 (10) 12/16
<i>TCRS Policy Index</i>		<i>-4.4 ----</i>	<i>-15.9 ----</i>	<i>-11.4 ----</i>	<i>4.8 ----</i>	<i>5.7 ----</i>	<i>---- ----</i>	<i>6.9 ---- 12/16</i>
Hamilton Lane SF III		-4.8 ----	-7.7 ----	3.1 ----	0.7 ----	2.5 ----	---- ----	9.7 ---- 06/13
<i>Russell 2500</i>		<i>-2.8 ----</i>	<i>-24.0 ----</i>	<i>-21.1 ----</i>	<i>5.4 ----</i>	<i>5.4 ----</i>	<i>9.6 ----</i>	<i>8.3 ---- 06/13</i>
Landmark PE		-1.8 ----	-7.4 ----	-5.6 ----	7.6 ----	5.3 ----	5.1 ----	10.0 ---- 03/10
<i>Russell 2500</i>		<i>-2.8 ----</i>	<i>-24.0 ----</i>	<i>-21.1 ----</i>	<i>5.4 ----</i>	<i>5.4 ----</i>	<i>9.6 ----</i>	<i>9.8 ---- 03/10</i>
BTG Timber Fund II		0.9 ----	2.0 ----	-2.4 ----	1.4 ----	2.0 ----	1.3 ----	1.5 ---- 06/07
<i>NCREIF Timber</i>		<i>2.4 ----</i>	<i>7.6 ----</i>	<i>12.6 ----</i>	<i>5.8 ----</i>	<i>4.7 ----</i>	<i>5.9 ----</i>	<i>5.2 ---- 06/07</i>
FIA Timber		3.8 ----	9.6 ----	9.8 ----	5.3 ----	4.0 ----	---- ----	4.2 ---- 03/16
<i>NCREIF Timber</i>		<i>2.4 ----</i>	<i>7.6 ----</i>	<i>12.6 ----</i>	<i>5.8 ----</i>	<i>4.7 ----</i>	<i>5.9 ----</i>	<i>4.4 ---- 03/16</i>
RMS Forest Fund III		9.0 ----	11.8 ----	18.1 ----	11.4 ----	5.1 ----	5.0 ----	6.0 ---- 06/12
<i>NCREIF Timber</i>		<i>2.4 ----</i>	<i>7.6 ----</i>	<i>12.6 ----</i>	<i>5.8 ----</i>	<i>4.7 ----</i>	<i>5.9 ----</i>	<i>5.8 ---- 06/12</i>

MANAGER ALLOCATION SUMMARY



Name	Market Value	Percent
TCRS (DIV)	\$139,488,078	97.1
Hamilton Lane SF III (PREQ)	\$470,713	0.3
Landmark PE (PREQ)	\$77,818	0.1
BTG Timber Fund II (TIMB)	\$5,174	0.0
FIA Timber (TIMB)	\$1,660,065	1.2
RMS Forest Fund III (TIMB)	\$1,104,965	0.8
Holding (CASH)	\$849,193	0.6
Total	\$143,656,006	100.0

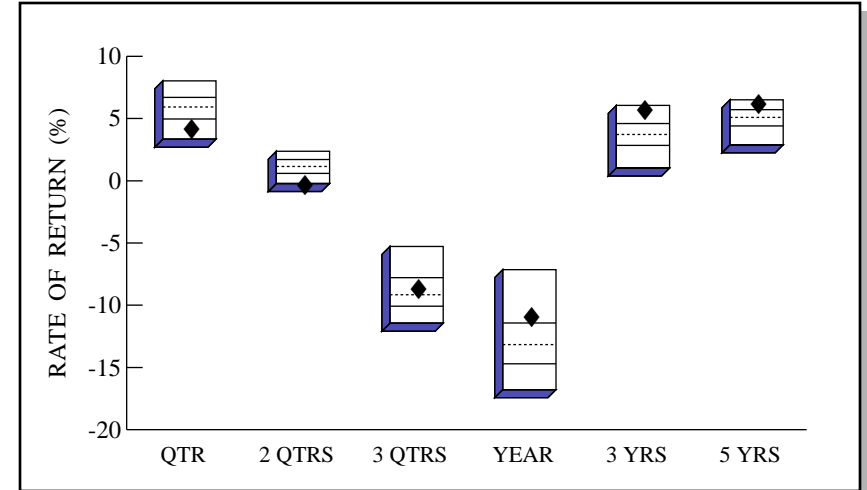
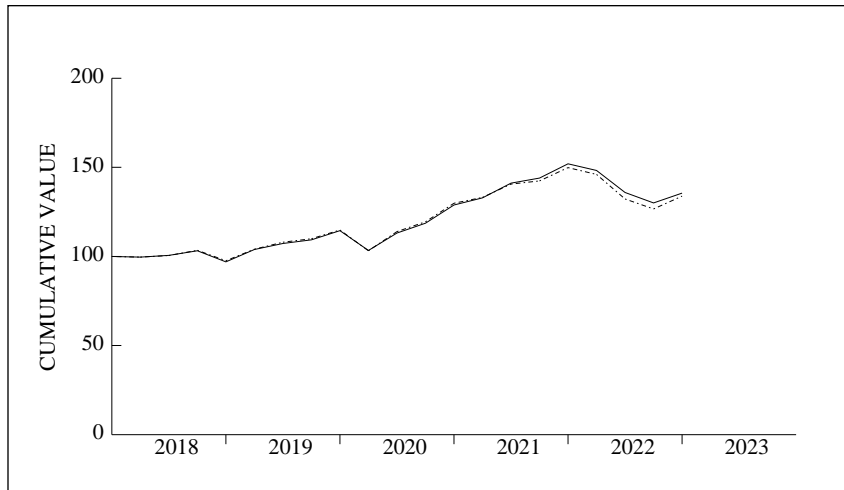
MANAGER VALUE ADDED

1 Quarter	Portfolio	Benchmark	1 Year
-1.4	Tennessee Consolidated Retirement System	TCRS Policy Index	-0.2
-7.4	Hamilton Lane Secondary Fund III	Russell 2500	10.7
-5.9	Landmark Partners Equity Partners XIV, LP	Russell 2500	12.4
-1.1	BTG Pactual Select Timberland Investment Fund II	NCREIF Timber	-7.0
-3.3	FIA Timber Growth & Value Partners	NCREIF Timber	-1.6
5.1	RMS Forest Growth III	NCREIF Timber	10.0
-1.3	Total Portfolio	Manager Shadow	-0.1

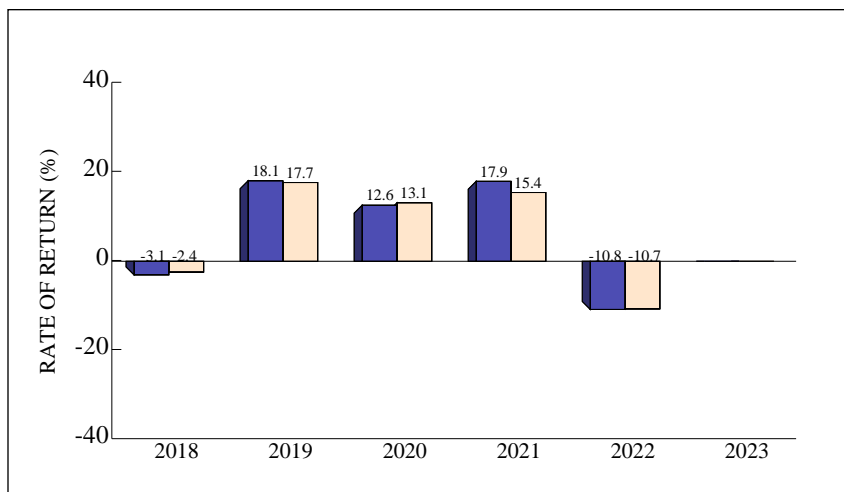
INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value September 30th, 2022	Net Cashflow	Net Investment Return	Market Value December 31st, 2022
TCRS (DIV)	4.3	131,169,949	2,692,123	5,626,006	139,488,078
Hamilton Lane SF III (PREQ)	0.0	497,884	-27,171	0	470,713
Landmark PE (PREQ)	1.5	83,443	-6,669	1,044	77,818
BTG Timber Fund II (TIMB)	3.8	219,292	-218,366	4,248	5,174
FIA Timber (TIMB)	1.6	1,645,489	-11,332	25,908	1,660,065
RMS Forest Fund III (TIMB)	10.0	1,010,715	-3,733	97,983	1,104,965
Holding (CASH)	---	906,312	-65,195	8,076	849,193
Total Portfolio	4.3	135,533,084	2,359,657	5,763,265	143,656,006

TOTAL RETURN COMPARISONS



Public Fund Universe

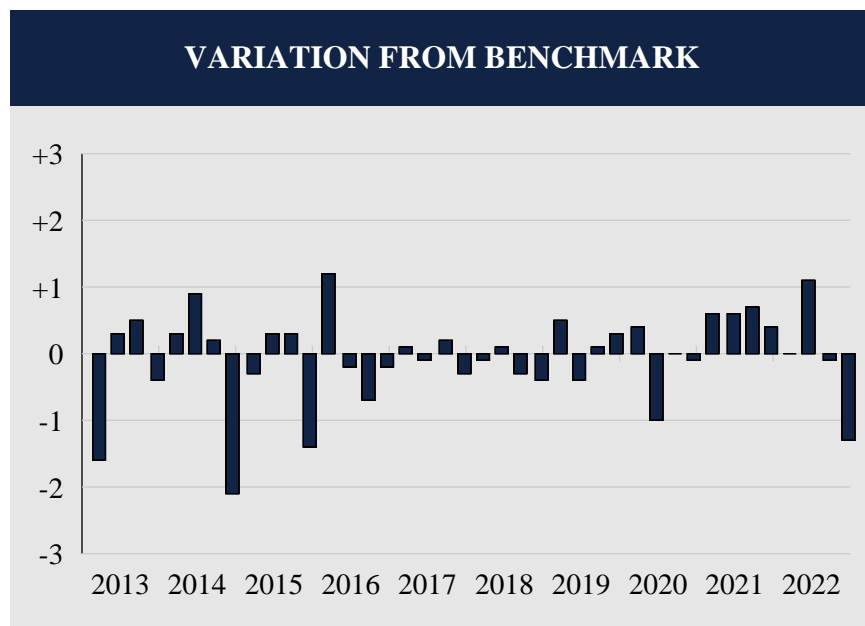


	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	4.3	-0.2	-8.6	-10.8	5.8	6.3
(RANK)	(91)	(96)	(38)	(18)	(7)	(10)
5TH %ILE	8.0	2.4	-5.3	-7.2	6.1	6.5
25TH %ILE	6.7	1.7	-7.8	-11.4	4.6	5.7
MEDIAN	5.9	1.2	-9.2	-13.2	3.7	5.1
75TH %ILE	5.0	0.6	-10.1	-14.7	2.8	4.4
95TH %ILE	3.3	-0.2	-11.5	-16.8	1.0	2.9
Manager Shadow	5.6	1.2	-8.4	-10.7	5.2	6.0

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY - 10 YEARS

COMPARATIVE BENCHMARK: MANAGER ALLOCATION INDEX



Total Quarters Observed	40
Quarters At or Above the Benchmark	22
Quarters Below the Benchmark	18
Batting Average	.550

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
3/13	5.3	6.9	-1.6	5.3	6.9	-1.6
6/13	0.6	0.3	0.3	5.9	7.2	-1.3
9/13	5.8	5.3	0.5	12.1	12.9	-0.8
12/13	5.6	6.0	-0.4	18.4	19.6	-1.2
3/14	2.0	1.7	0.3	20.8	21.7	-0.9
6/14	4.6	3.7	0.9	26.3	26.2	0.1
9/14	-1.2	-1.4	0.2	24.8	24.4	0.4
12/14	0.3	2.4	-2.1	25.2	27.4	-2.2
3/15	2.1	2.4	-0.3	27.7	30.4	-2.7
6/15	0.4	0.1	0.3	28.3	30.6	-2.3
9/15	-5.8	-6.1	0.3	20.9	22.6	-1.7
12/15	1.4	2.8	-1.4	22.6	26.0	-3.4
3/16	2.7	1.5	1.2	25.9	27.9	-2.0
6/16	1.6	1.8	-0.2	27.9	30.3	-2.4
9/16	3.3	4.0	-0.7	32.1	35.5	-3.4
12/16	0.9	1.1	-0.2	33.3	37.0	-3.7
3/17	4.3	4.2	0.1	39.0	42.7	-3.7
6/17	3.3	3.4	-0.1	43.5	47.5	-4.0
9/17	3.6	3.4	0.2	48.6	52.5	-3.9
12/17	3.6	3.9	-0.3	54.1	58.4	-4.3
3/18	-0.4	-0.3	-0.1	53.4	57.9	-4.5
6/18	1.0	0.9	0.1	55.0	59.3	-4.3
9/18	2.6	2.9	-0.3	59.0	63.9	-4.9
12/18	-6.1	-5.7	-0.4	49.3	54.6	-5.3
3/19	7.2	6.7	0.5	60.0	64.9	-4.9
6/19	3.3	3.7	-0.4	65.3	71.1	-5.8
9/19	1.9	1.8	0.1	68.5	74.1	-5.6
12/19	4.7	4.4	0.3	76.3	81.9	-5.6
3/20	-9.7	-10.1	0.4	59.3	63.4	-4.1
6/20	9.4	10.4	-1.0	74.3	80.4	-6.1
9/20	4.9	4.9	0.0	82.9	89.2	-6.3
12/20	8.6	8.7	-0.1	98.6	105.7	-7.1
3/21	3.1	2.5	0.6	104.7	111.0	-6.3
6/21	6.2	5.6	0.6	117.4	122.7	-5.3
9/21	2.0	1.3	0.7	121.8	125.6	-3.8
12/21	5.6	5.2	0.4	134.2	137.4	-3.2
3/22	-2.5	-2.5	0.0	128.4	131.4	-3.0
6/22	-8.3	-9.4	1.1	109.4	109.6	-0.2
9/22	-4.3	-4.2	-0.1	100.4	100.7	-0.3
12/22	4.3	5.6	-1.3	108.9	112.0	-3.1

MANAGER FEE SUMMARY - ONE QUARTER**ALL FEES ARE ESTIMATED / ACCRUED**

PORTFOLIO	MARKET VALUE	GROSS RETURN	FEE	FEE PCT	NET RETURN
TCRS (DIV)	\$139,488,078	4.3	\$44,929	0.03	4.2
Hamilton Lane SF III (PREQ)	\$470,713	0.0	\$0	0.00	0.0
Landmark PE (PREQ)	\$77,818	1.5	\$209	0.25	1.3
BTG Timber Fund II (TIMB)	\$5,174	3.8	\$0	0.00	3.8
FIA Timber (TIMB)	\$1,660,065	1.6	\$3,535	0.21	1.4
RMS Forest Fund III (TIMB)	\$1,104,965	10.0	\$2,527	0.25	9.7
Holding (CASH)	\$849,193	----	\$0	0.00	----
Total Portfolio	\$143,656,006	4.3	\$51,200	0.04	4.2

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST

ANNUAL FEES

Account	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
TCRS Fund	\$ 184,607	\$ 186,097	\$ 152,287	\$ 140,741	\$ 125,209	\$ 110,451	\$ -	\$ -	\$ -	\$ -	\$ -
Hamilton Lane PE	\$ 7,263	\$ 28,461	\$ 15,675	\$ 26,282	\$ 39,472	\$ 34,193	\$ 55,940	\$ 67,444	\$ 38,767	\$ 56,983	\$ -
Landmark PE	\$ 979	\$ 1,539	\$ 1,606	\$ 1,811	\$ 2,746	\$ 3,504	\$ 3,636	\$ 5,988	\$ 5,603	\$ 2,762	\$ 5,374
BTG Select Fund II	\$ 675	\$ 1,039	\$ 1,821	\$ 8,352	\$ 9,807	\$ 11,478	\$ 12,901	\$ 15,036	\$ 16,980	\$ 14,598	\$ 16,884
FIA TIMBER	\$ 14,140	\$ 14,107	\$ 14,140	\$ 9,262	\$ 11,252	\$ 12,046	\$ 2,686	\$ 3,159	\$ -	\$ -	\$ -
RMS Forest Fund III	\$ 10,396	\$ 10,511	\$ 11,294	\$ 10,887	\$ 12,883	\$ 13,886	\$ 14,936	\$ 10,487	\$ 12,332	\$ 9,414	\$ 918
Vanguard Dev. Mkt		\$ -	\$ -	\$ -	\$ 535	\$ 1,926	\$ 1,946	\$ 1,166	\$ -	\$ -	\$ -
Schwab/RAFI EM*		\$ -	\$ -	\$ -	\$ -	\$ 575	\$ 939	\$ 10,712	\$ 15,984	\$ 2,716	\$ 4,238
Polen LC Growth		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,096	\$ 61,568	\$ 53,110	\$ 45,270	\$ 71,755
CS McKee LC Value		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,783	\$ 98,820	\$ 109,069	\$ 88,338	\$ 86,022
SouthernSun Smid Cap		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,240	\$ 89,173	\$ 101,045	\$ 65,051	\$ 19,755
Westwood EM		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,350	\$ 77,805	\$ 69,051	\$ 44,377	\$ 28,443
Bailard REIT		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,063	\$ 47,222	\$ 38,418	\$ 22,361	\$ 24,171
Longfellow Int. FI		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,080	\$ 17,874	\$ 8,532	\$ -	\$ -
Aberdeen EAFE Int'l Eq		\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,606	\$ 62,187	\$ 66,977	\$ 27,375	\$ -
SSGA Fixed Income		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,855	\$ 6,487	\$ 5,308	\$ 5,803
Vanguard Extd Mkt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376	\$ 2,564	\$ 5,944
SSgA Int'l Select Fund		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,263	\$ 21,427
Vanguard Emerging Mkt		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Penn Capital		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Transamerica		\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Composite	\$ 218,060	\$ 241,754	\$ 196,823	\$ 197,335	\$ 201,904	\$ 188,059	\$ 580,202	\$ 615,601	\$ 542,729	\$ 384,553	\$ 290,734

*Account was closed for 3Q2013 and 4Q2013

CITY OF FRANKLIN PENSION PLAN
TCRS RETURNS & ALLOCATIONS AS OF DECEMBER 31, 2022

Asset Class	Qtr	1 Year	Annualized		Allocation				
			3 Years	5 Years					
Tennessee Consolidated Retirement System (Public Fd)	4.3	(91)	-11.3	(23)	5.9	(7)	6.4	(6)	100.0%
<i>TCRS Shadow Index¹</i>	4.3		-10.7		5.9		6.5		
<i>Median Public Fund</i>	5.9		-13.2		3.7		5.1		
North American Equity	7.5		-17.4		7.0		8.2		28.2%
<i>Russell 3000</i>	7.2		-19.2		7.1		8.8		
Int'l Developed Equity	16.1		-18.4		1.7		2.5		10.9%
<i>MSCI EAFE</i>	17.4		-14.0		1.3		2.0		
Int'l Emerging Markets Equity	10.4		-15.9		1.1		0.6		3.3%
<i>MSCI Emerging Markets</i>	9.8		-19.7		-2.3		-1.0		
Private Equity	-1.5		-4.9		23.7		21.7		13.5%
<i>Cambridge US Private Equity²</i>	0.0		-5.5		18.2		15.7		
Real Estate	-1.4		18.7		13.9		11.7		12.9%
<i>NCREIF NFI-ODCE</i>	-5.0		7.5		9.9		8.7		
Strategic Lending	1.8		0.9		6.4		6.5		11.0%
<i>Strategic Lending Index³</i>	3.3		-6.1		1.2		2.8		
Domestic Fixed Income	1.8		-20.4		-4.6		-0.6		18.9%
<i>Bloomberg Aggregate</i>	1.9		-13.0		-2.7		0.0		
Short Term	0.6		1.8		0.8		1.1		1.3%
<i>90 Day T-Bills</i>	0.4		0.3		0.2		0.9		

1. The shadow index was calculated using the TCRS portfolio's quarterly asset allocation and the historical returns of the benchmarks that correspond with each asset class

2. Performance for the Cambridge US Private Equity Index was unavailable at the time of this report. A return of 0.0% was assumed

3. Effective 8/1/13, benchmark is 50% Bloomberg Barclays High Yield 2% Issuer Capped / 50% Credit Suisse Leveraged Loans

APPENDIX - MAJOR MARKET INDEX RETURNS

Equity	Style	QTR	YTD	1 Year	3 Years	5 Years	10 Years
Russell 3000	Broad Equity	7.2	-19.2	-19.2	7.1	8.8	12.1
S&P 500	Large Cap Core	7.6	-18.1	-18.1	7.7	9.4	12.6
Russell 1000	Large Cap Core	7.2	-19.1	-19.1	7.3	9.1	12.4
Russell 1000 Growth	Large Cap Growth	2.2	-29.1	-29.1	7.8	11.0	14.1
Russell 1000 Value	Large Cap Value	12.4	-7.5	-7.5	6.0	6.7	10.3
Russell 2000	Small Cap	6.2	-20.4	-20.4	3.1	4.1	9.0
Russell 2000 Growth	Small Cap Growth	4.1	-26.4	-26.4	0.6	3.5	9.2
Russell 2000 Value	Small Cap Value	8.4	-14.5	-14.5	4.7	4.1	8.5
MSCI EAFE	Developed Markets	17.4	-14.0	-14.0	1.3	2.0	5.2
MSCI EAFE Growth	Developed Markets Growth	15.1	-22.7	-22.7	0.8	2.8	6.0
MSCI EAFE Value	Developed Markets Value	19.7	-4.9	-4.9	1.3	0.8	4.1
MSCI Emerging Markets	Emerging Markets	9.8	-19.7	-19.7	-2.3	-1.0	1.8
MSCI All Country World	Global Equity	9.9	-18.0	-18.0	4.5	5.8	8.5
MSCI All Country World ex US	Global Equity (ex. US)	14.4	-15.6	-15.6	0.5	1.4	4.3
Fixed Income	Style	QTR	YTD	1 Year	3 Years	5 Years	10 Years
Bloomberg Aggregate Index	Core Fixed Income	1.9	-13.0	-13.0	-2.7	0.0	1.1
Bloomberg Gov/Credit	Gov/Credit	1.8	-13.6	-13.6	-2.6	0.2	1.2
Bloomberg Capital Gov't Bond	Treasuries	0.7	-12.3	-12.3	-1.9	0.3	0.8
Bloomberg Capital Credit Bond	Corporate Bonds	3.4	-15.3	-15.3	-1.7	1.1	2.2
Intermediate Aggregate	Core Intermediate	1.7	-9.5	-9.5	-1.9	0.3	1.0
Intermediate Gov/Credit	Gov / Credit Intermediate	1.5	-8.2	-8.2	-1.3	0.7	1.1
ML/BoA 1-3 Year Treasury	Short Term Treasuries	0.7	-3.8	-3.8	-0.5	0.7	0.6
Bloomberg Global Treasury Ex US	International Treasuries	7.3	-19.4	-19.4	-6.7	-3.3	-1.8
Bloomberg Global Government Bond	International Fixed Income	4.7	-16.8	-16.8	-4.9	-2.0	-1.0
Bloomberg Global Aggregate	International Fixed Income	4.5	-16.2	-16.2	-4.5	-1.7	-0.4
Bloomberg Global Aggregate Ex US	International Fixed Income	6.8	-18.7	-18.7	-5.9	-3.0	-1.6
Alternative Assets	Style	QTR	YTD	1 Year	3 Years	5 Years	10 Years
MSCI US REIT Index	REITs	5.2	-24.5	-24.5	-0.4	3.2	6.2
NCREIF NFI-ODCE Index	Real Estate	-5.0	7.5	7.5	9.9	8.7	10.1
NCREIF Timber Index	Timber	4.9	12.9	12.9	7.5	5.4	5.8
Bloomberg Commodity Index	Commodities	2.2	16.1	16.1	12.7	6.4	-1.3
HFRI FOF Composite	Hedge Funds	1.7	-5.3	-5.3	3.7	3.0	3.5

APPENDIX - DISCLOSURES

* The manager shadow index is a passive benchmark that was calculated by weighting each manager's preceding quarter's weight by that manager's current-quarter benchmark return.

* Performance data provided by TCRS is preliminary and subject to revision.

* The TCRS policy index is a policy-weighted passive index that was constructed as follows:

For all periods since July 1, 2021

31% S&P 1500 Index	2% S&P TSX 60 Index
13% MSCI EAFE IMI net Index	4% MSCI Emerging Markets Net -0.5%
25% FTSE LPF Index	10% NCREIF 1Q Lagged Index
7% Cambridge US PE 1Q Lagged Index	7% Strategic Lending Index
1% 90 Day T-Bill Index	

For all periods from April 1, 2019 to June 30, 2021

31% S&P 1500 Index	2% S&P TSX 60 Index
13% MSCI EAFE IMI net Index	4% MSCI Emerging Markets Net Index
25% FTSE LPF Index	10% NCREIF 1Q Lagged Index
7% Cambridge US PE 1Q Lagged Index	7% Strategic Lending Index
1% 90 Day T-Bill Index	

For all periods from January 1, 2017 to March 31, 2019

31% S&P 1500 Index	2% S&P TSX 60 Index
13% MSCI EAFE IMI net Index	4% MSCI Emerging Markets Net Index
25% FTSE LPF Index	10% NCREIF 1Q Lagged Index
7% S&P 500 +3% Index	7% Strategic Lending Index
1% 90 Day T-Bill Index	

* The Alternative Assets Hybrid Index is a passive index that was constructed as follows:

16.67% Cambridge PE	41.67% NCREIF ODCE	41.67% NCREIF Timber
---------------------	--------------------	----------------------

APPENDIX - DISCLOSURES

- * The blended growth assumption rate uses an annual rate of 8.0% through December 31, 2005, then 7.75% through December 31, 2008, then 7.5% through December 31, 2017, then 7.4% through December 31, 2018, then 7.3% through December 31, 2019, then 7.2% through December 31, 2020, then 7.1% through December 31, 2021, and then 7.0% thereafter.
- * Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.
- * All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.
- * All returns for periods greater than one year are annualized.
- * Dahab Associates uses the modified duration measure to present average duration.
- * All values are in US dollars.

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
PERFORMANCE REVIEW
DECEMBER 2022

DAHAB Associates, Inc.
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INVESTMENT RETURN

As of December 31st, 2022, the Franklin Employees' Pension Plan & Trust's Tennessee Consolidated Retirement System portfolio was valued at \$139,488,078, an increase of \$8,318,129 from the September ending value of \$131,169,949. During the last three months, the account recorded net contributions totaling \$2,692,123 plus \$5,626,006 in net investment gains. Since there were no income receipts during the quarter, the portfolio's net investment return was the result of net realized and unrealized capital gains totaling \$5,626,006.

RELATIVE PERFORMANCE

Performance information for the TCRS policy index is provided quarterly by the Verus draft report and is subject to revision.

In the fourth quarter, the Tennessee Consolidated Retirement System portfolio gained 4.3%, which was 1.4% below the Tennessee Consolidated Retirement System Policy Index's return of 5.7% and ranked in the 91st percentile of the Public Fund universe. Over the trailing twelve-month period, the portfolio returned -11.3%, which was 0.2% below the benchmark's -11.1% performance, and ranked in the 23rd percentile. Since December 2017, the account returned 6.4% per annum and ranked in the 6th percentile. The Tennessee Consolidated Retirement System Policy Index returned an annualized 6.0% over the same period.

ASSET ALLOCATION

The account was fully invested in Tennessee Consolidated Retirement System at the end of the quarter.

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD /1Y	3 Year	5 Year
Total Portfolio - Gross	4.3	-11.3	5.9	6.4
<i>PUBLIC FUND RANK</i>	(91)	(23)	(7)	(6)
Total Portfolio - Net	4.2	-11.4	5.8	6.3
TCRS Policy Index	5.7	-11.1	5.2	6.0
Diversified Assets - Gross	4.3	-11.3	5.9	6.4
<i>PUBLIC FUND RANK</i>	(91)	(23)	(7)	(6)
TCRS Policy Index	5.7	-11.1	5.2	6.0

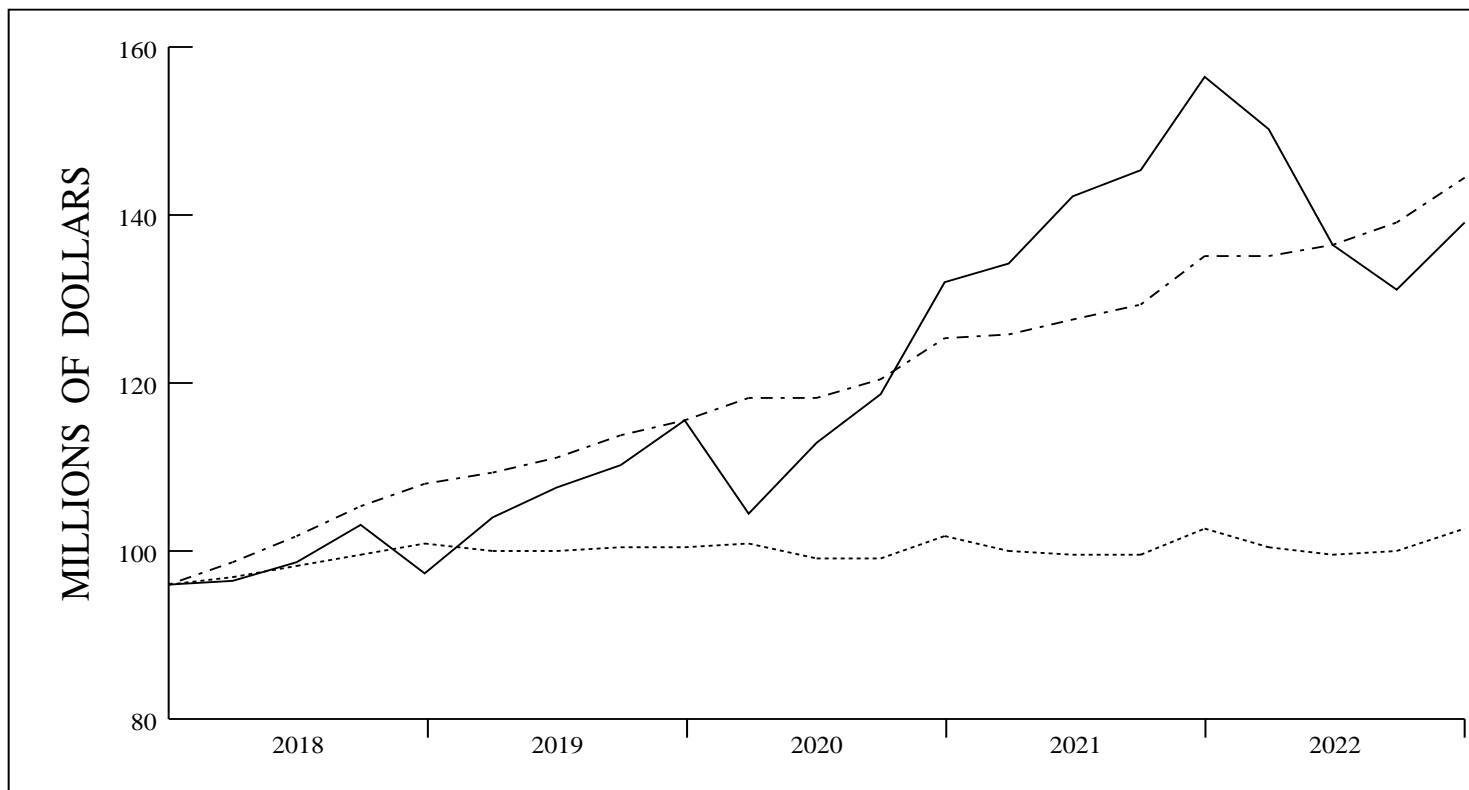
ASSET ALLOCATION

Diversified	100.0%	\$ 139,488,078
Total Portfolio	100.0%	\$ 139,488,078

INVESTMENT RETURN

Market Value 9/2022	\$ 131,169,949
Contribs / Withdrawals	2,692,123
Income	0
Capital Gains / Losses	5,626,006
Market Value 12/2022	\$ 139,488,078

INVESTMENT GROWTH

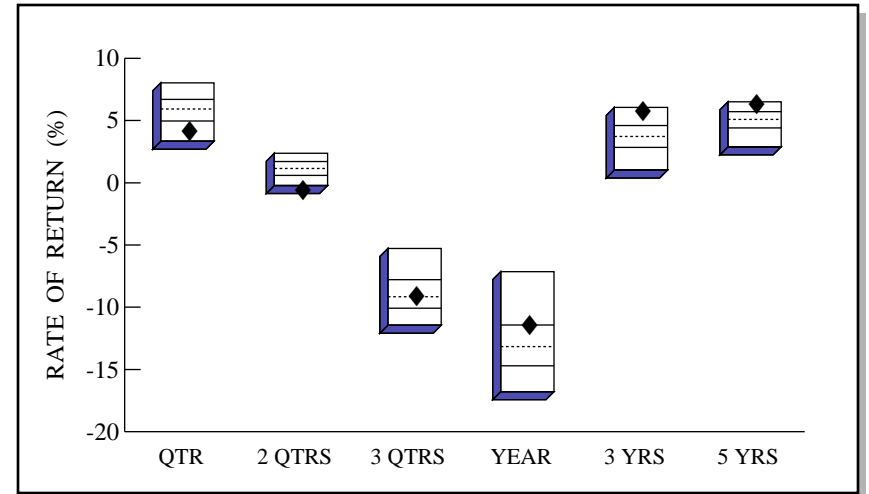
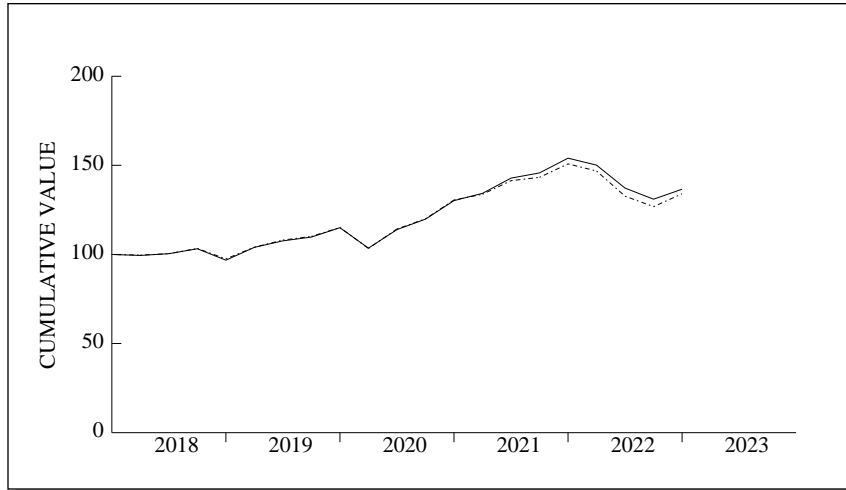


— ACTUAL RETURN
 - - - - - BLENDED GROWTH
 0.0%

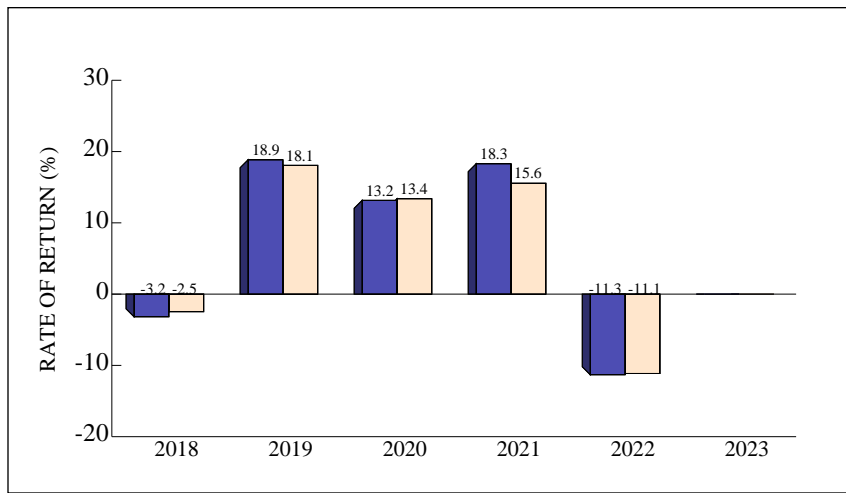
VALUE ASSUMING
 BLENDED GA \$ 144,608,049

	LAST QUARTER	FIVE YEARS
BEGINNING VALUE	\$ 131,169,949	\$ 96,156,170
NET CONTRIBUTIONS	2,692,123	6,826,210
<u>INVESTMENT RETURN</u>	<u>5,626,006</u>	<u>36,505,698</u>
ENDING VALUE	\$ 139,488,078	\$ 139,488,078
INCOME	0	53
<u>CAPITAL GAINS (LOSSES)</u>	<u>5,626,006</u>	<u>36,505,645</u>
INVESTMENT RETURN	5,626,006	36,505,698

TOTAL RETURN COMPARISONS



Public Fund Universe

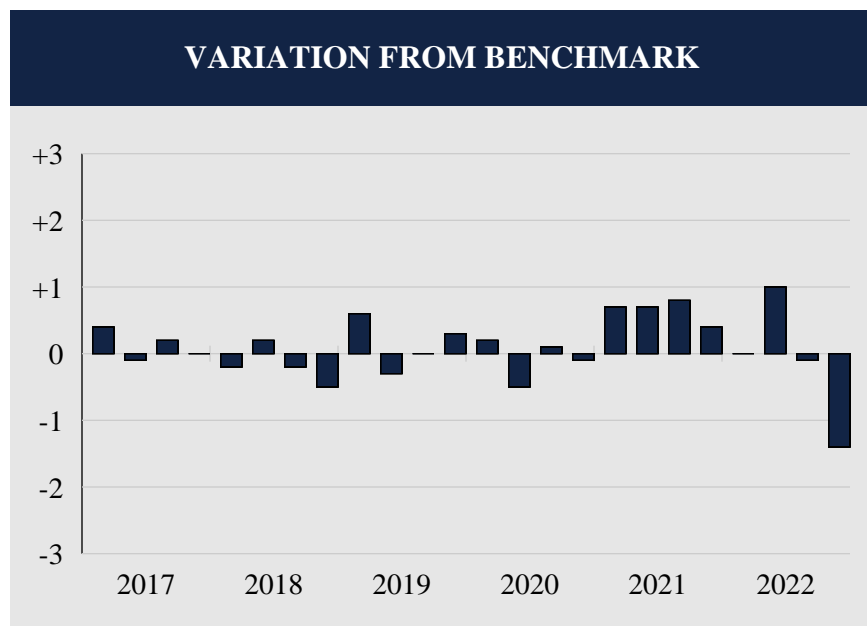


	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	4.3	-0.5	-9.0	-11.3	5.9	6.4
(RANK)	(91)	(97)	(48)	(23)	(7)	(6)
5TH %ILE	8.0	2.4	-5.3	-7.2	6.1	6.5
25TH %ILE	6.7	1.7	-7.8	-11.4	4.6	5.7
MEDIAN	5.9	1.2	-9.2	-13.2	3.7	5.1
75TH %ILE	5.0	0.6	-10.1	-14.7	2.8	4.4
95TH %ILE	3.3	-0.2	-11.5	-16.8	1.0	2.9
TCRS Policy Idx	5.7	1.0	-8.7	-11.1	5.2	6.0

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: TENNESSEE CONSOLIDATED RETIREMENT SYSTEM POLICY INDEX



Total Quarters Observed	24
Quarters At or Above the Benchmark	15
Quarters Below the Benchmark	9
Batting Average	.625

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
3/17	4.6	4.2	0.4	4.6	4.2	0.4
6/17	3.3	3.4	-0.1	8.0	7.7	0.3
9/17	3.6	3.4	0.2	11.9	11.3	0.6
12/17	3.9	3.9	0.0	16.3	15.7	0.6
3/18	-0.6	-0.4	-0.2	15.6	15.3	0.3
6/18	1.0	0.8	0.2	16.8	16.2	0.6
9/18	2.7	2.9	-0.2	20.0	19.6	0.4
12/18	-6.2	-5.7	-0.5	12.6	12.8	-0.2
3/19	7.4	6.8	0.6	20.9	20.4	0.5
6/19	3.5	3.8	-0.3	25.2	25.0	0.2
9/19	1.9	1.9	0.0	27.6	27.4	0.2
12/19	4.8	4.5	0.3	33.8	33.2	0.6
3/20	-10.0	-10.2	0.2	20.4	19.6	0.8
6/20	10.1	10.6	-0.5	32.5	32.2	0.3
9/20	5.1	5.0	0.1	39.3	38.8	0.5
12/20	8.7	8.8	-0.1	51.4	51.0	0.4
3/21	3.2	2.5	0.7	56.2	54.8	1.4
6/21	6.4	5.7	0.7	66.1	63.6	2.5
9/21	2.1	1.3	0.8	69.5	65.7	3.8
12/21	5.7	5.3	0.4	79.1	74.5	4.6
3/22	-2.6	-2.6	0.0	74.5	69.9	4.6
6/22	-8.6	-9.6	1.0	59.5	53.5	6.0
9/22	-4.5	-4.4	-0.1	52.3	46.8	5.5
12/22	4.3	5.7	-1.4	58.8	55.1	3.7

APPENDIX - DISCLOSURES

* The TCRS Shadow Index is a customized index that matches the TCRS portfolio's asset allocation on a quarterly basis.

This index was calculated using the following asset classes and corresponding benchmarks:

North American Equity	Russell 3000
Developed Markets Equity	MSCI EAFE
Emerging Markets Equity	MSCI Emerging Markets
Private Equity	Cambridge U.S. Private Equity
Real Estate	NCREIF-ODCE
Strategic Lending	TCRS Strategic Lending Index (provided by TCRS)
Inflation Hedged Bond	US TIPS
US Fixed Income	Bloomberg Aggregate

* Dahab Associates utilizes data provided by a custodian and other vendors it believes are reliable. However, it cannot assume responsibility for errors and omissions therefrom.

* All returns were calculated on a time-weighted basis, and are gross of fees unless otherwise noted.

* All returns for periods greater than one year are annualized.

* Dahab Associates uses the modified duration measure to present average duration.

* All values are in US dollars.

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
HAMILTON LANE - SECONDARY FUND III
PERFORMANCE REVIEW
DECEMBER 2022

DAHAB Associates, Inc.
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INVESTMENT RETURN

On December 31st, 2022, the Franklin Employees' Pension Plan & Trust's Hamilton Lane Secondary Fund III portfolio was valued at \$470,713, a decrease of \$27,171 from the September ending value of \$497,884. Last quarter, the account recorded total net withdrawals of \$27,171 in contrast to flat net investment returns.

RELATIVE PERFORMANCE

Total Fund

Performance for the portfolio was unavailable at the time of this report. A return of 0.0% was assumed.

Over the trailing year, the portfolio returned -7.7%, which was 10.7% above the benchmark's -18.4% return. Since June 2013, the portfolio returned 9.4% annualized, while the Russell 2500 returned an annualized 8.9% over the same period.

ASSET ALLOCATION

The portfolio was fully invested in the Hamilton Lane Secondary III L.P. at the end of the quarter.

Private Equity Investor Report
Hamilton Lane Secondary Fund III LP
December 31, 2022

Market Value*	\$	470,713	Last Appraisal Date	9/30/2022
Initial Commitment	\$	4,000,000		
Paid-in Capital	\$	3,128,628	78.22%	
Recallable Distributions	\$	(757,412)	-18.94%	
Remaining Commitment	\$	1,628,784	40.72%	
Net Gain/(Loss)	\$	663,177		
Client Return	IRR	10.1%		
Fund Return	IRR	11.6%	MSCI World PME	8.4% (Source: Hamilton Lane)

Date	Paid-in Capital	% of Commitment	Recallable Distributions	% of Commitment	Non-Recallable Distributions
2013	708,138	17.70%	(65,536)	-1.64%	(31,441)
2014	1,020,393	25.51%	(260,330)	-6.51%	(222,894)
2015	1,122,352	28.06%	(277,426)	-6.94%	(429,881)
2016	32,914	0.82%	(154,120)	-3.85%	(81,305)
2017	220,185	5.50%	-	0.00%	(587,241)
2018	12,323	0.31%	-	0.00%	(353,812)
2019	12,323	0.31%	-	0.00%	(709,765)
2020	-	0.00%	-	0.00%	(201,023)
1/25/2021	-	0.00%	-	0.00%	(64,680)
3/29/2021	-	0.00%	-	0.00%	(79,484)
6/3/2021	-	0.00%	-	0.00%	(156,089)
8/13/2021	-	0.00%	-	0.00%	(63,770)
11/2/2021	-	0.00%	-	0.00%	(134,099)
1/21/2022	-	0.00%	-	0.00%	(90,258)
3/21/2022	-	0.00%	-	0.00%	(44,383)
9/22/2022	-	0.00%	-	0.00%	(43,796)
12/29/2022	-	0.00%	-	0.00%	(27,171)
Total	\$ 3,128,628	78.22%	\$ (757,412)	-18.94%	\$ (3,321,092)

*Market value as of last appraisal date adjusted for current quarter distributions

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD /1Y	3 Year	5 Year	Since 06/13
Total Portfolio - Gross	0.0	-7.7	3.0	1.9	9.4
Total Portfolio - Net	0.0	-8.7	0.9	0.0	6.8
Russell 2500	7.4	-18.4	5.0	5.9	8.9
Alternative Assets - Gross	0.0	-7.7	3.0	1.9	9.4
Russell 2500	7.4	-18.4	5.0	5.9	8.9

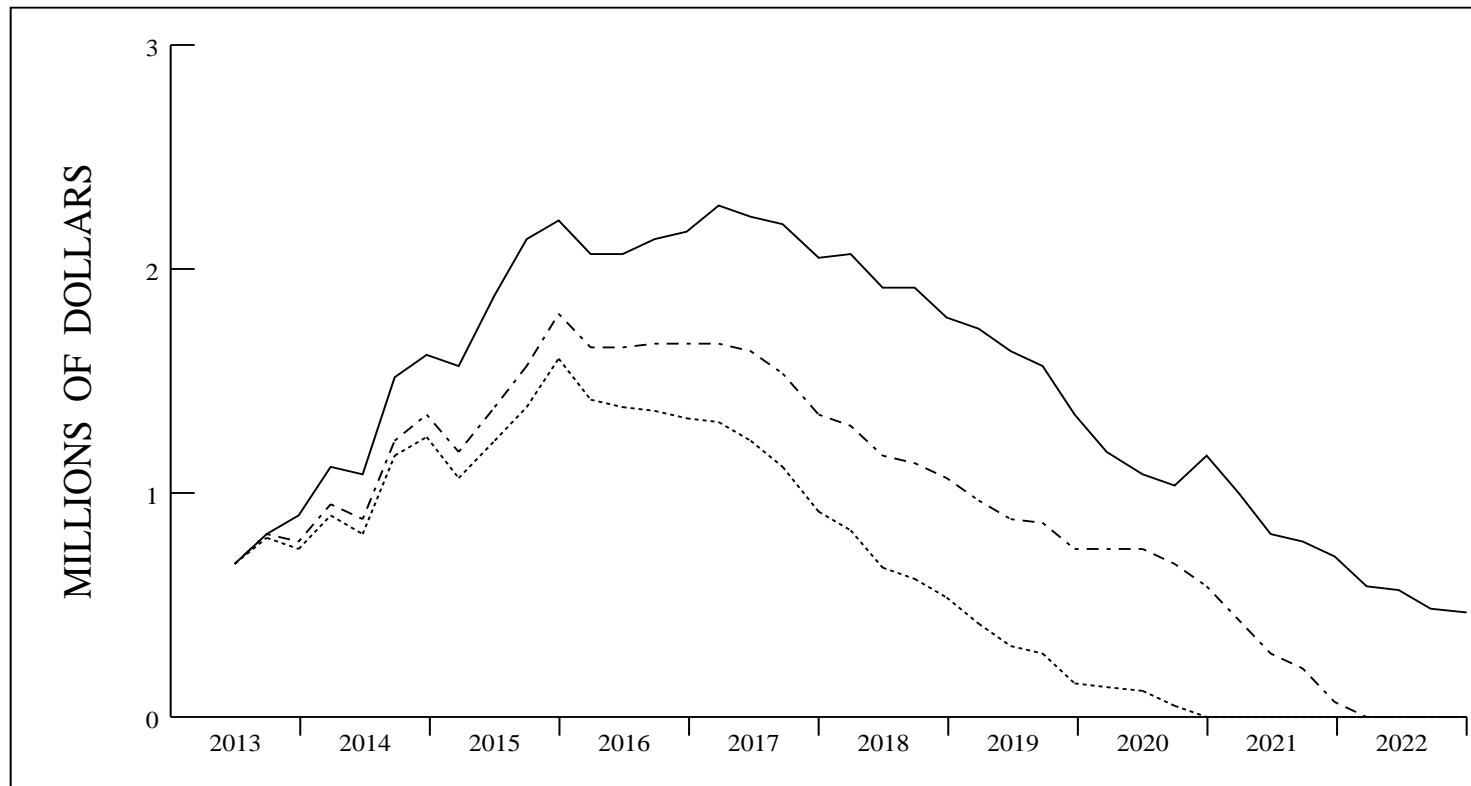
ASSET ALLOCATION

Alternative	100.0%	\$ 470,713
Total Portfolio	100.0%	\$ 470,713

INVESTMENT RETURN

Market Value 9/2022	\$ 497,884
Contribs / Withdrawals	- 27,171
Income	0
Capital Gains / Losses	0
Market Value 12/2022	\$ 470,713

INVESTMENT GROWTH



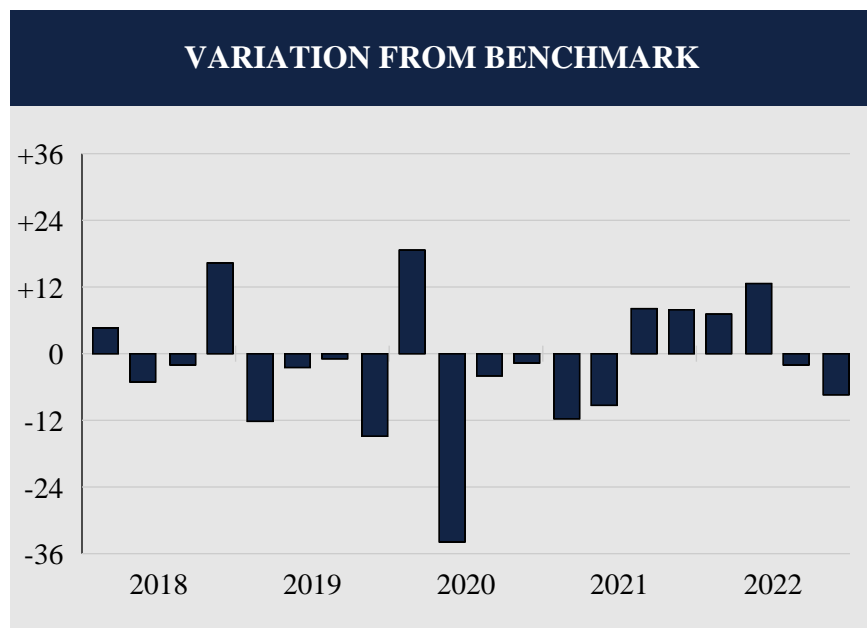
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ -132,248

	LAST QUARTER	PERIOD 6/13 - 12/22
BEGINNING VALUE	\$ 497,884	\$ 692,537
NET CONTRIBUTIONS	- 27,171	- 1,492,551
<u>INVESTMENT RETURN</u>	<u>0</u>	<u>1,270,727</u>
ENDING VALUE	\$ 470,713	\$ 470,713
INCOME	0	0
<u>CAPITAL GAINS (LOSSES)</u>	<u>0</u>	<u>1,270,727</u>
INVESTMENT RETURN	0	1,270,727

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: RUSSELL 2500



Total Quarters Observed	20
Quarters At or Above the Benchmark	7
Quarters Below the Benchmark	13
Batting Average	.350

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
3/18	4.4	-0.2	4.6	4.4	-0.2	4.6
6/18	0.6	5.7	-5.1	5.1	5.5	-0.4
9/18	2.7	4.7	-2.0	7.9	10.4	-2.5
12/18	-2.2	-18.5	16.3	5.6	-10.0	15.6
3/19	3.6	15.8	-12.2	9.4	4.2	5.2
6/19	0.5	3.0	-2.5	10.0	7.3	2.7
9/19	-2.2	-1.3	-0.9	7.6	5.9	1.7
12/19	-6.4	8.5	-14.9	0.8	14.9	-14.1
3/20	-11.1	-29.7	18.6	-10.4	-19.2	8.8
6/20	-7.3	26.6	-33.9	-17.0	2.2	-19.2
9/20	1.9	5.9	-4.0	-15.4	8.2	-23.6
12/20	25.7	27.4	-1.7	6.3	37.9	-31.6
3/21	-0.8	10.9	-11.7	5.4	53.0	-47.6
6/21	-3.9	5.4	-9.3	1.2	61.3	-60.1
9/21	5.4	-2.7	8.1	6.8	57.0	-50.2
12/21	11.7	3.8	7.9	19.3	63.0	-43.7
3/22	1.3	-5.8	7.1	20.9	53.5	-32.6
6/22	-4.4	-17.0	12.6	15.5	27.4	-11.9
9/22	-4.8	-2.8	-2.0	10.0	23.9	-13.9
12/22	0.0	7.4	-7.4	10.0	33.1	-23.1

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
LANDMARK PARTNERS - EQUITY PARTNERS XIV, LP
PERFORMANCE REVIEW
DECEMBER 2022

DAHAB Associates, Inc.
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INVESTMENT RETURN

On December 31st, 2022, the Franklin Employees' Pension Plan & Trust's Landmark Partners Equity Partners XIV, LP account was valued at \$77,818, a decrease of \$5,625 relative to the September quarter's ending value of \$83,443. During the last three months, the portfolio recorded a net withdrawal of \$6,669, which overshadowed the fund's net investment return of \$1,044. Since there were no income receipts for the quarter, the portfolio's net investment return was the product of net realized and unrealized capital gains totaling \$1,044.

RELATIVE PERFORMANCE

Total Fund

In the fourth quarter, the Landmark Partners Equity Partners XIV, LP portfolio gained 1.5%, which was 5.9% below the Russell 2500 Index's return of 7.4%. Over the trailing year, the portfolio returned -6.0%, which was 12.4% above the benchmark's -18.4% return. Since December 2012, the portfolio returned 5.3% annualized, while the Russell 2500 returned an annualized 10.0% over the same time frame.

ASSET ALLOCATION

The portfolio was fully invested in the Landmark Equity Partners XIV, L.P. at the end of the quarter.

Private Equity Investor Report
Landmark Equity Partners XIV, L.P.
December 31, 2022

Market Value	\$ 77,818	Last Appraisal Date: 12/31/2022	
Initial Commitment	\$ 1,000,000		
Paid-in Capital	\$ 972,151	97.22%	
Remaining Commitment	\$ 27,849	2.78%	
Net Gain/(Loss)	\$ 310,886		
Net IRR Since Inception		9.4%	

Date	Paid-in Capital	% of Commitment	Distributions
2010	\$ 131,280	13.13%	\$ (15,079)
2011	\$ 252,157	25.22%	\$ (65,346)
2012	\$ 220,497	22.05%	\$ (102,786)
2013	\$ 173,030	17.30%	\$ (168,237)
2014	\$ 104,551	10.46%	\$ (186,055)
2015	\$ 42,099	4.21%	\$ (164,044)
2016	\$ 11,084	1.11%	\$ (89,931)
2017	\$ 27,674	2.77%	\$ (119,286)
2018	\$ 6,530	0.65%	\$ (128,425)
2019	\$ 2,018	0.20%	\$ (49,460)
2020	\$ 601	0.06%	\$ (13,551)
1/29/2021	\$ -	0.00%	\$ (4,297)
3/26/2021	\$ -	0.00%	\$ (3,625)
6/25/2021	\$ -	0.00%	\$ (11,597)
7/29/2021	\$ -	0.00%	\$ (9,762)
8/16/2021	\$ -	0.00%	\$ (7,568)
9/29/2021	\$ -	0.00%	\$ (5,476)
10/26/2021	\$ -	0.00%	\$ (10,864)
12/27/2021	\$ -	0.00%	\$ (20,966)
3/24/2022	\$ -	0.00%	\$ (5,413)
6/22/2022	\$ -	0.00%	\$ (10,646)
8/4/2022	\$ 630	0.06%	\$ (6,136)
12/29/2022	\$ -	0.00%	\$ (6,669)
Total	\$ 972,151	97.22%	\$ (1,205,219)

Valuations of non-public securities are provided by Landmark Equity Partners XIV, L.P., based on current market and company conditions.

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD /1Y	3 Year	5 Year	10 Year
Total Portfolio - Gross	1.5	-6.0	6.0	5.6	5.3
Total Portfolio - Net	1.3	-6.9	4.9	4.6	4.3
Russell 2500	7.4	-18.4	5.0	5.9	10.0
Alternative Assets - Gross	1.5	-6.0	6.0	5.6	5.3
Russell 2500	7.4	-18.4	5.0	5.9	10.0

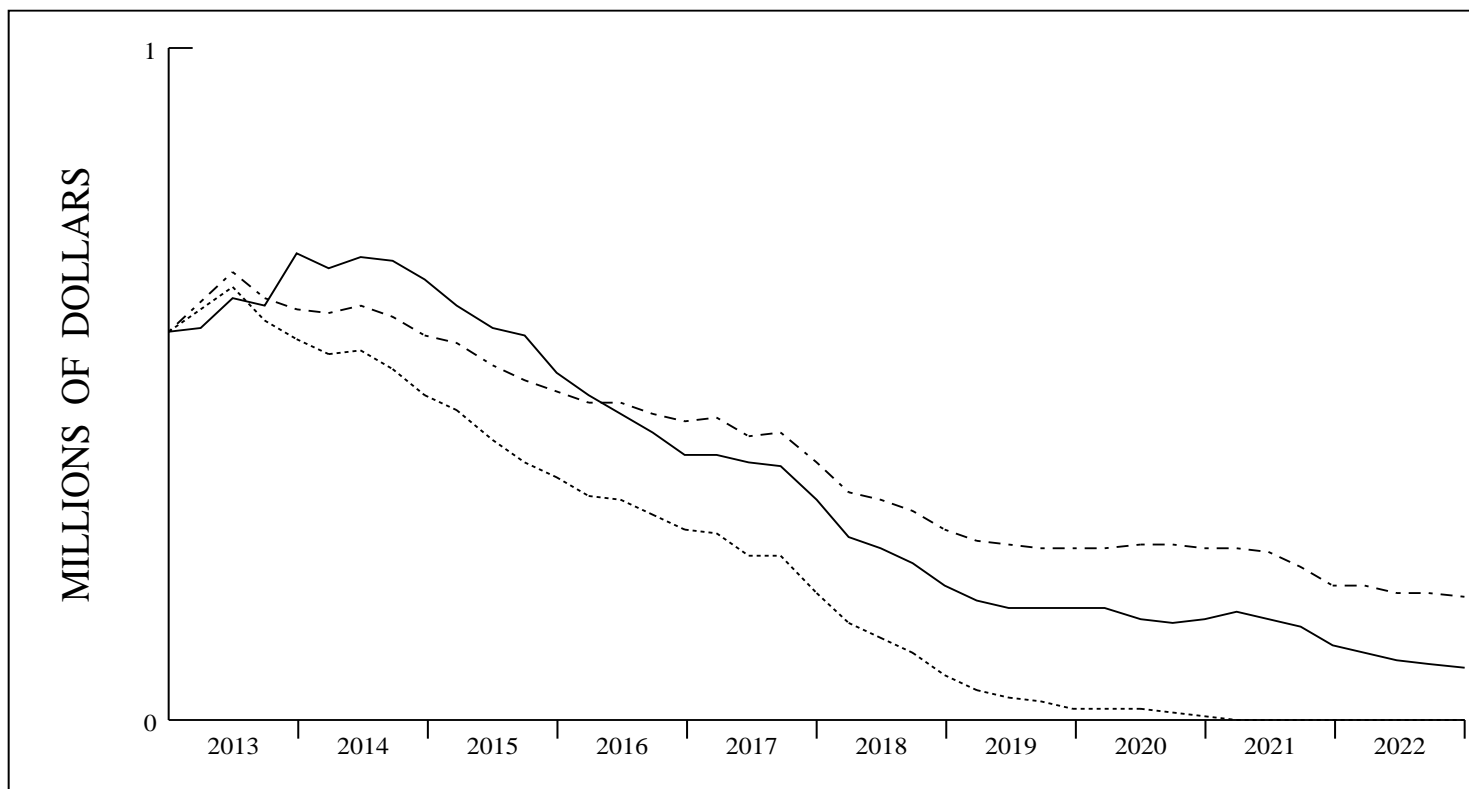
ASSET ALLOCATION

Alternative	100.0%	\$ 77,818
Total Portfolio	100.0%	\$ 77,818

INVESTMENT RETURN

Market Value 9/2022	\$ 83,443
Contribs / Withdrawals	- 6,669
Income	0
Capital Gains / Losses	1,044
Market Value 12/2022	\$ 77,818

INVESTMENT GROWTH



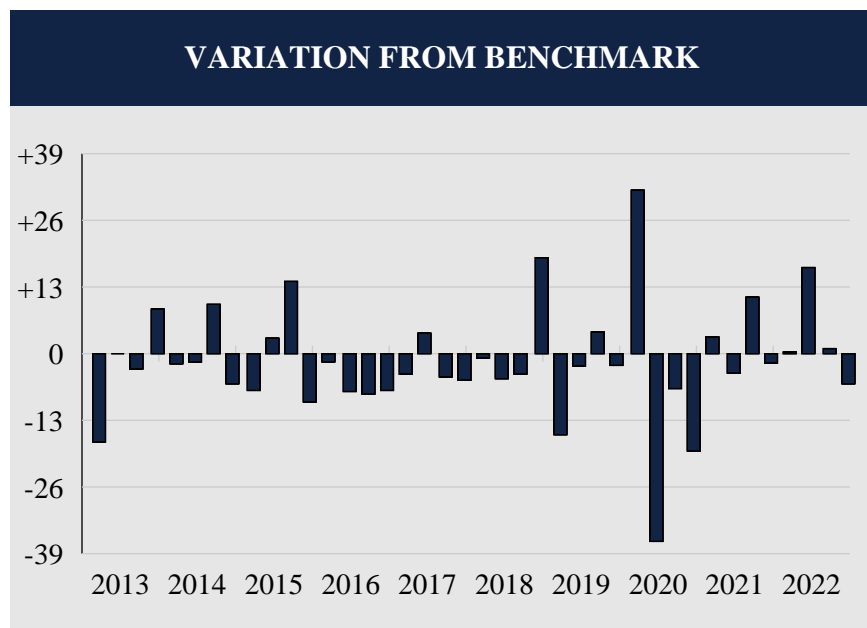
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 188,072

	LAST QUARTER	PERIOD 12/12 - 12/22
BEGINNING VALUE	\$ 83,443	\$ 581,422
NET CONTRIBUTIONS	- 6,669	-676,477
INVESTMENT RETURN	<u>1,044</u>	<u>172,873</u>
ENDING VALUE	\$ 77,818	\$ 77,818
INCOME	0	3
CAPITAL GAINS (LOSSES)	<u>1,044</u>	<u>172,870</u>
INVESTMENT RETURN	1,044	172,873

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: RUSSELL 2500



Total Quarters Observed	40
Quarters At or Above the Benchmark	14
Quarters Below the Benchmark	26
Batting Average	.350

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
3/13	-4.3	12.9	-17.2	-4.3	12.9	-17.2
6/13	2.3	2.3	0.0	-2.1	15.4	-17.5
9/13	6.1	9.1	-3.0	3.9	25.9	-22.0
12/13	17.4	8.7	8.7	22.0	36.8	-14.8
3/14	0.3	2.3	-2.0	22.3	40.0	-17.7
6/14	2.0	3.6	-1.6	24.8	44.9	-20.1
9/14	4.2	-5.4	9.6	30.0	37.2	-7.2
12/14	0.9	6.8	-5.9	31.2	46.5	-15.3
3/15	-2.0	5.2	-7.2	28.6	54.0	-25.4
6/15	2.7	-0.3	3.0	32.2	53.5	-21.3
9/15	3.8	-10.3	14.1	37.2	37.7	-0.5
12/15	-6.1	3.3	-9.4	28.9	42.2	-13.3
3/16	-1.2	0.4	-1.6	27.3	42.8	-15.5
6/16	-3.8	3.6	-7.4	22.5	47.9	-25.4
9/16	-1.3	6.6	-7.9	20.9	57.6	-36.7
12/16	-1.1	6.1	-7.2	19.6	67.2	-47.6
3/17	-0.3	3.7	-4.0	19.3	73.5	-54.2
6/17	6.1	2.1	4.0	26.6	77.2	-50.6
9/17	0.2	4.7	-4.5	26.8	85.6	-58.8
12/17	0.0	5.2	-5.2	26.8	95.3	-68.5
3/18	-1.1	-0.2	-0.9	25.4	94.8	-69.4
6/18	0.8	5.7	-4.9	26.4	105.9	-79.5
9/18	0.7	4.7	-4.0	27.3	115.6	-88.3
12/18	0.2	-18.5	18.7	27.6	75.7	-48.1
3/19	0.0	15.8	-15.8	27.6	103.5	-75.9
6/19	0.6	3.0	-2.4	28.3	109.5	-81.2
9/19	2.9	-1.3	4.2	32.0	106.8	-74.8
12/19	6.2	8.5	-2.3	40.3	124.5	-84.2
3/20	2.2	-29.7	31.9	43.4	57.7	-14.3
6/20	-10.0	26.6	-36.6	29.0	99.6	-70.6
9/20	-0.9	5.9	-6.8	27.8	111.4	-83.6
12/20	8.4	27.4	-19.0	38.5	169.3	-130.8
3/21	14.2	10.9	3.3	58.2	198.8	-140.6
6/21	1.6	5.4	-3.8	60.7	215.0	-154.3
9/21	8.3	-2.7	11.0	74.1	206.6	-132.5
12/21	2.0	3.8	-1.8	77.5	218.3	-140.8
3/22	-5.5	-5.8	0.3	67.7	199.8	-132.1
6/22	-0.2	-17.0	16.8	67.4	148.9	-81.5
9/22	-1.8	-2.8	1.0	64.4	141.9	-77.5
12/22	1.5	7.4	-5.9	66.9	159.8	-92.9

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
BTG PACTUAL - SELECT TIMBERLAND INVESTMENT FUND II
PERFORMANCE REVIEW
DECEMBER 2022

DAHAB Associates, Inc.
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INVESTMENT RETURN

As of December 31st, 2022, the Franklin Employees' Pension Plan & Trust's BTG Pactual Select Timberland Investment Fund II account was valued at \$5,174, representing a decrease of \$214,118 from the September ending value of \$219,292. Over the last three months, the portfolio posted \$218,366 in net withdrawals, which overshadowed the portfolio's net investment gain of \$4,248. Since there were no income receipts for the fourth quarter, the portfolio's net investment return was the result of \$4,248 in realized and unrealized capital gains.

RELATIVE PERFORMANCE

Total Fund

Select Fund II made a distribution of \$218,366 on November 30, 2022, representing more than 99% of the portfolio's remaining balance.

ASSET ALLOCATION

The account was fully invested in the BTG Select Timberland Investment Fund II, LLC.

Timber Investor Report
BTG Select Fund II
December 31, 2022

Market Value	\$	5,174	Last Appraisal Date: 12/31/2022	
Initial Commitment	\$	1,800,000		
Paid-in Capital	\$	2,159,337	119.96%	
Return of Unused Capital	\$	(359,337)	-19.96%	
Remaining Commitment	\$	-	0.00%	
Net Gain/(Loss)	\$	5,596		
Net IRR Since Inception		0.61%		

Date	Paid-in Capital	% of Commitment	Return of Unused Capital	% of Commitment	Distributions
6/15/2007	\$ 1,194,418	66.36%	\$ -	-	\$ -
10/19/2007	\$ -	0.00%	\$ (359,337)	-19.96%	\$ -
9/18/2008	\$ 110,566	6.14%	\$ -	-	\$ -
11/10/2008	\$ 171,376	9.52%	\$ -	-	\$ -
1/6/2009	\$ 55,283	3.07%	\$ -	-	\$ -
1/26/2009	\$ 293,285	16.29%	\$ -	-	\$ -
6/5/2009	\$ 112,389	6.24%	\$ -	-	\$ -
7/14/2009	\$ 222,020	12.33%	\$ -	-	\$ -
6/25/2015	\$ -	0.00%	\$ -	-	\$ (45,201)
8/3/2015	\$ -	0.00%	\$ -	-	\$ (409,091)
8/30/2018	\$ -	0.00%	\$ -	-	\$ (199,017)
12/19/2019	\$ -	0.00%	\$ -	-	\$ (873,464)
6/28/2021	\$ -	0.00%	\$ -	-	\$ (55,283)
11/30/2022	\$ -	0.00%	\$ -	-	\$ (218,366)
Total	\$ 2,159,337	119.96%	\$ (359,337)	-19.96%	\$ (1,800,422)

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
FIA - TIMBER GROWTH & VALUE PARTNERS
PERFORMANCE REVIEW
DECEMBER 2022

DAHAB Associates, Inc.
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INVESTMENT RETURN

On December 31st, 2022, the Franklin Employees' Pension Plan & Trust's FIA Timber Growth & Value Partners portfolio was valued at \$1,660,065, a \$14,576 increase over the September quarter's ending value of \$1,645,489. Over the last three months, the fund posted \$11,332 in net withdrawals, which offset the portfolio's net investment return of \$25,908. In the absence of income receipts for the quarter, the portfolio's net investment return figure was the result of \$25,908 in realized and unrealized capital gains.

RELATIVE PERFORMANCE

Total Fund

In the fourth quarter, the FIA Timber Growth & Value Partners portfolio returned 1.6%, which was 3.3% below the NCREIF Timber Index's return of 4.9%. Over the trailing twelve-month period, the account returned 11.3%, which was 1.6% below the benchmark's 12.9% performance. Since March 2016, the account returned 4.3% on an annualized basis, while the NCREIF Timber Index returned an annualized 4.9% over the same period.

ASSET ALLOCATION

The portfolio was invested in the Forest Investment Associates Timber Growth and Value Partners portfolio.

Timber Investor Report
Forest Investment Advisors
December 31, 2022

Market Value	\$	1,660,065	Last Appraisal Date: 12/31/2022
Initial Commitment	\$	1,500,000	
Paid-in Capital	\$	1,455,344	
Return of Unused Capital	\$	(41,247)	
Remaining Commitment	\$	85,903	
Net Gain/(Loss)	\$	311,670	
Net IRR Since Inception		3.38%	

Date	Paid-in Capital	% of Commitment	Return of Unused Capital	% of Commitment	Distributions
9/10/2015	\$ 13,370	0.89%	\$ -	0.00%	\$ -
3/22/2016	\$ -	0.00%	\$ -	0.00%	\$ (205)
3/23/2016	\$ 21,442	1.43%	\$ -	0.00%	\$ -
3/29/2016	\$ 14,035	0.94%	\$ -	0.00%	\$ -
4/26/2016	\$ 721,709	48.11%	\$ -	0.00%	\$ -
6/17/2016	\$ -	0.00%	\$ (35,009)	-2.33%	\$ -
9/16/2016	\$ 142,299	9.49%	\$ -	0.00%	\$ -
12/2/2016	\$ 274,851	18.32%	\$ -	0.00%	\$ -
5/3/2018	\$ 39,765	2.65%	\$ -	0.00%	\$ -
11/28/2018	\$ 183,819	12.25%	\$ -	0.00%	\$ -
12/11/2018	\$ 44,054	2.94%	\$ -	0.00%	\$ -
12/21/2018	\$ -	0.00%	\$ (6,238)	-0.42%	\$ -
3/20/2019	\$ -	0.00%	\$ -	0.00%	\$ (4,288)
6/24/2019	\$ -	0.00%	\$ -	0.00%	\$ (26,121)
9/19/2019	\$ -	0.00%	\$ -	0.00%	\$ (7,797)
12/17/2019	\$ -	0.00%	\$ -	0.00%	\$ (3,899)
9/29/2021	\$ -	0.00%	\$ -	0.00%	\$ (3,899)
9/26/2022	\$ -	0.00%	\$ -	0.00%	\$ (11,696)
12/15/2022	\$ -	0.00%	\$ -	0.00%	\$ (7,797)
Total	\$ 1,455,344	97.02%	\$ (41,247)	-2.75%	\$ (65,702)

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD /1Y	3 Year	5 Year	Since 03/16
Total Portfolio - Gross	1.6	11.3	5.7	4.4	4.3
Total Portfolio - Net	1.4	10.3	4.7	3.6	3.5
NCREIF Timber	4.9	12.9	7.5	5.4	4.9
Alternative Assets - Gross	1.6	11.3	5.7	4.4	4.3
NCREIF Timber	4.9	12.9	7.5	5.4	4.9

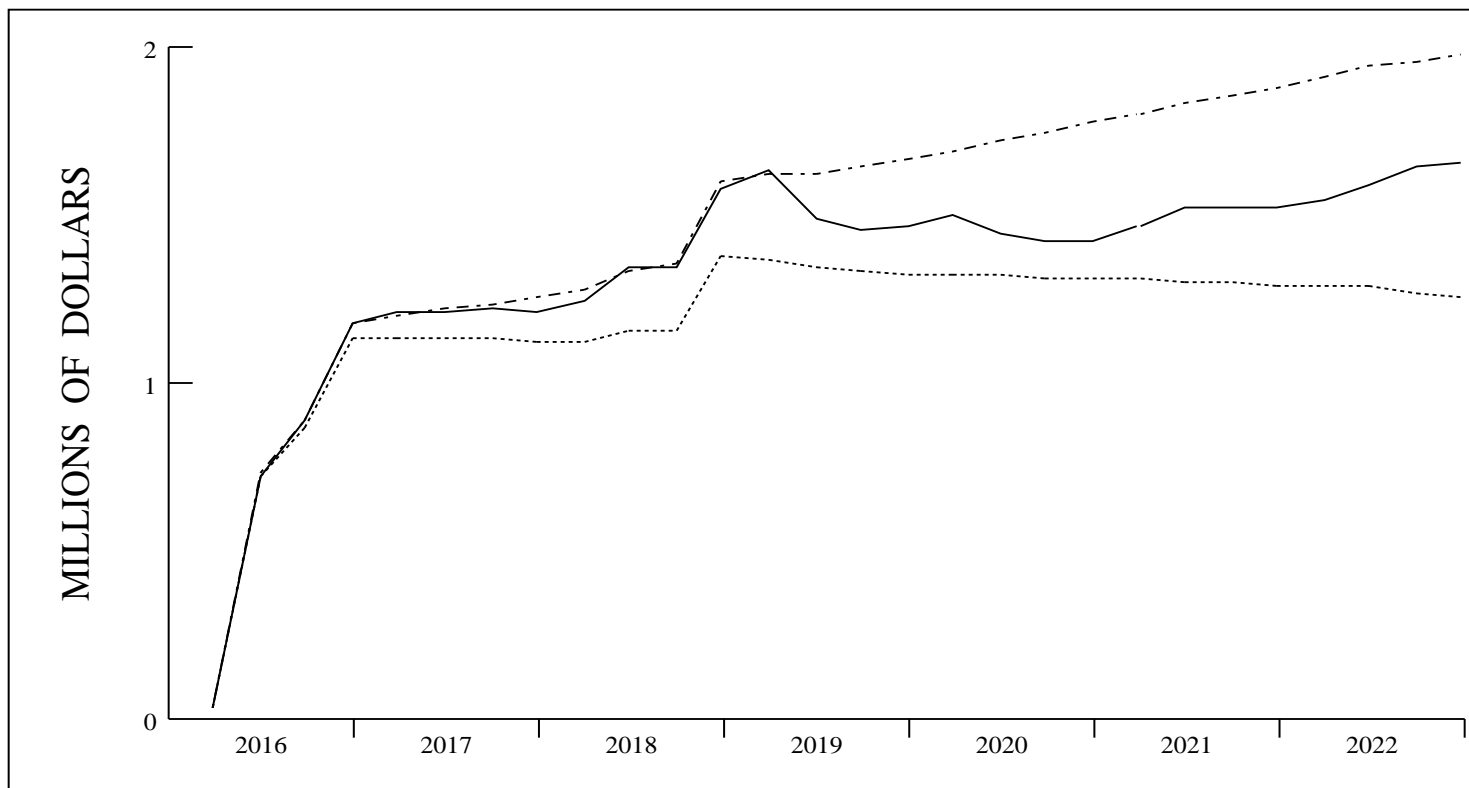
ASSET ALLOCATION

Alternative	100.0%	\$ 1,660,065
Total Portfolio	100.0%	\$ 1,660,065

INVESTMENT RETURN

Market Value 9/2022	\$ 1,645,489
Contribs / Withdrawals	- 11,332
Income	0
Capital Gains / Losses	25,908
Market Value 12/2022	\$ 1,660,065

INVESTMENT GROWTH



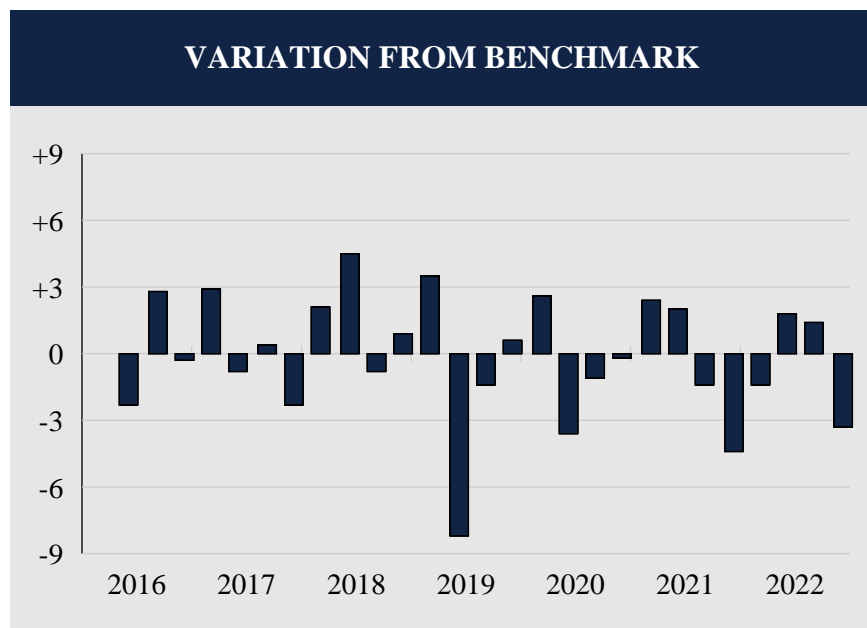
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 1,984,933

	LAST QUARTER	PERIOD 3/16 - 12/22
BEGINNING VALUE	\$ 1,645,489	\$ 39,242
NET CONTRIBUTIONS	- 11,332	1,224,773
INVESTMENT RETURN	<u>25,908</u>	<u>396,050</u>
ENDING VALUE	\$ 1,660,065	\$ 1,660,065
INCOME	0	4,288
CAPITAL GAINS (LOSSES)	<u>25,908</u>	<u>391,762</u>
INVESTMENT RETURN	25,908	396,050

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF TIMBER INDEX



Total Quarters Observed	27
Quarters At or Above the Benchmark	13
Quarters Below the Benchmark	14
Batting Average	.481

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
6/16	-1.3	1.0	-2.3	-1.3	1.0	-2.3
9/16	3.5	0.7	2.8	2.2	1.7	0.5
12/16	0.9	1.2	-0.3	3.1	2.9	0.2
3/17	3.7	0.8	2.9	6.9	3.6	3.3
6/17	-0.1	0.7	-0.8	6.8	4.4	2.4
9/17	1.0	0.6	0.4	7.9	5.0	2.9
12/17	-0.8	1.5	-2.3	7.0	6.6	0.4
3/18	3.0	0.9	2.1	10.2	7.6	2.6
6/18	5.0	0.5	4.5	15.8	8.1	7.7
9/18	0.2	1.0	-0.8	16.1	9.2	6.9
12/18	1.7	0.8	0.9	18.0	10.0	8.0
3/19	3.6	0.1	3.5	22.3	10.1	12.2
6/19	-7.2	1.0	-8.2	13.4	11.3	2.1
9/19	-1.2	0.2	-1.4	12.0	11.5	0.5
12/19	0.6	0.0	0.6	12.7	11.4	1.3
3/20	2.7	0.1	2.6	15.8	11.5	4.3
6/20	-3.5	0.1	-3.6	11.8	11.6	0.2
9/20	-1.1	0.0	-1.1	10.5	11.7	-1.2
12/20	0.4	0.6	-0.2	11.0	12.3	-1.3
3/21	3.2	0.8	2.4	14.5	13.2	1.3
6/21	3.7	1.7	2.0	18.7	15.1	3.6
9/21	0.5	1.9	-1.4	19.3	17.3	2.0
12/21	0.2	4.6	-4.4	19.6	22.6	-3.0
3/22	1.8	3.2	-1.4	21.7	26.6	-4.9
6/22	3.7	1.9	1.8	26.2	28.9	-2.7
9/22	3.8	2.4	1.4	31.0	32.0	-1.0
12/22	1.6	4.9	-3.3	33.0	38.5	-5.5

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
RMS - FOREST GROWTH III
PERFORMANCE REVIEW
DECEMBER 2022

DAHAB Associates, Inc.
© 1990, 2023

INVESTMENT RETURN

As of December 31st, 2022, the Franklin Employees' Pension Plan & Trust's RMS Forest Growth III account was valued at \$1,104,965, an increase of \$94,250 over the September quarter's ending value of \$1,010,715. During the last three months, the fund posted withdrawals totaling \$3,733, which only partially offset the fund's net investment gain of \$97,983. Since there were no income receipts for the fourth quarter, the portfolio's net investment return was the product of \$97,983 in realized and unrealized capital gains.

RELATIVE PERFORMANCE

For the fourth quarter, the RMS Forest Growth III account gained 10.0%, which was 5.1% better than the NCREIF Timber Index's return of 4.9%. Over the trailing year, the portfolio returned 22.9%, which was 10.0% better than the benchmark's 12.9% return. Since June 2012, the RMS Forest Growth III portfolio returned 6.8% on an annualized basis, while the NCREIF Timber Index returned an annualized 6.2% over the same period.

ASSET ALLOCATION

The portfolio was fully invested in the RMS Forest Growth III Fund at the end of the quarter.

Real Assets Investor Report
RMS Forest Growth III Fund
December 31, 2022

Market Value	\$ 1,104,965	Last Appraisal Date: 12/31/2022	
Initial Commitment	\$ 1,400,000		
Paid-in Capital	\$ 1,400,000	100.00%	
Remaining Commitment	\$ -	0.00%	
Net Gain/(Loss)	\$ 559,644		
Net IRR	4.4%		

Date	Paid-in Capital	% of	
		Commitment	Distributions
2012	\$ 926,712	66.19%	\$ (1,743)
2013	\$ -	0.00%	\$ (14,224)
2014	\$ 301,396	21.53%	\$ (31,442)
2015	\$ 171,892	12.28%	\$ (70,792)
2016	\$ -	0.00%	\$ (84,692)
2017	\$ -	0.00%	\$ (97,701)
2018	\$ -	0.00%	\$ (69,462)
2019	\$ -	0.00%	\$ (161,876)
1Q2020	\$ -	0.00%	\$ (33,039)
3Q2020	\$ -	0.00%	\$ (23,513)
4Q2020	\$ -	0.00%	\$ (12,980)
1Q2021	\$ -	0.00%	\$ (10,443)
2Q2021	\$ -	0.00%	\$ (16,524)
3Q2021	\$ -	0.00%	\$ (28,469)
4Q2021	\$ -	0.00%	\$ (28,829)
1Q2022	\$ -	0.00%	\$ (18,098)
2Q2022	\$ -	0.00%	\$ (27,764)
3Q2022	\$ -	0.00%	\$ (119,355)
4Q2022	\$ -	0.00%	\$ (3,733)
Total	\$ 1,400,000	100.00%	\$ (854,679)

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD /1Y	3 Year	5 Year	Since 06/12
Total Portfolio - Gross	10.0	22.9	10.3	8.2	6.8
Total Portfolio - Net	9.7	21.7	9.2	7.1	5.8
NCREIF Timber	4.9	12.9	7.5	5.4	6.2
Alternative Assets - Gross	10.0	22.9	10.3	8.2	6.8
NCREIF Timber	4.9	12.9	7.5	5.4	6.2

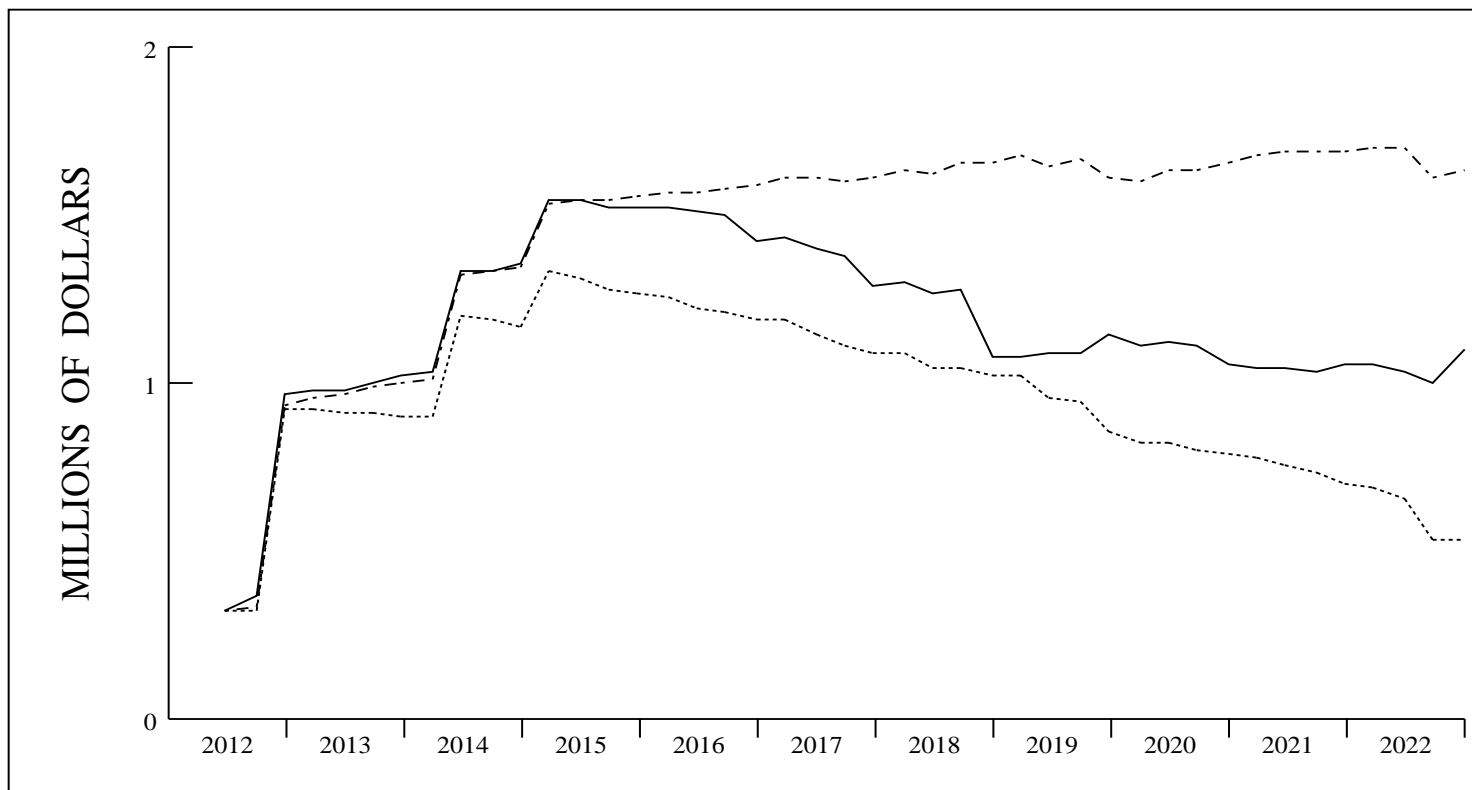
ASSET ALLOCATION

Alternative	100.0%	\$ 1,104,965
Total Portfolio	100.0%	\$ 1,104,965

INVESTMENT RETURN

Market Value 9/2022	\$ 1,010,715
Contribs / Withdrawals	- 3,733
Income	0
Capital Gains / Losses	97,983
Market Value 12/2022	\$ 1,104,965

INVESTMENT GROWTH



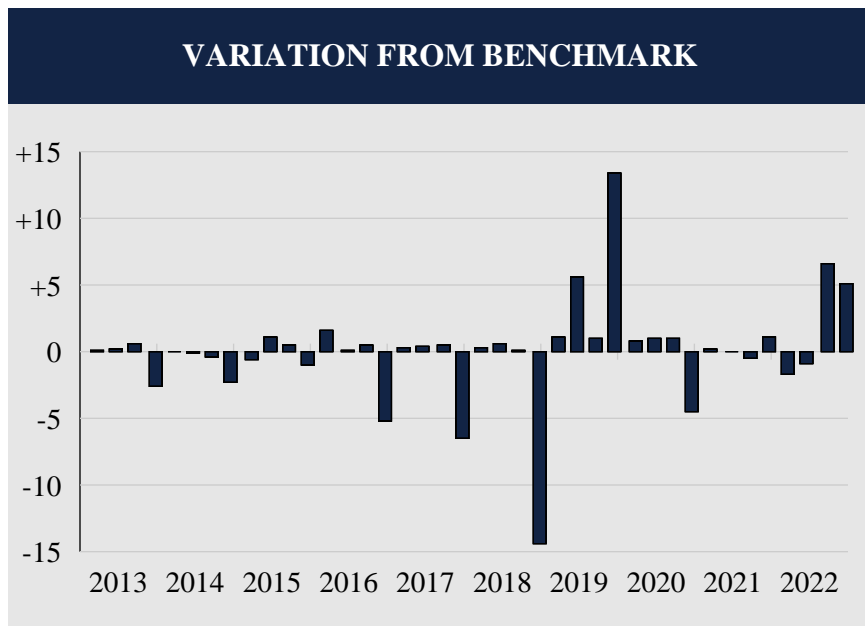
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 1,636,673

	LAST QUARTER	PERIOD 6/12 - 12/22
BEGINNING VALUE	\$ 1,010,715	\$ 331,920
NET CONTRIBUTIONS	- 3,733	206,516
<u>INVESTMENT RETURN</u>	<u>97,983</u>	<u>566,529</u>
ENDING VALUE	\$ 1,104,965	\$ 1,104,965
INCOME	0	0
<u>CAPITAL GAINS (LOSSES)</u>	<u>97,983</u>	<u>566,529</u>
INVESTMENT RETURN	97,983	566,529

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF TIMBER INDEX



Total Quarters Observed	40
Quarters At or Above the Benchmark	27
Quarters Below the Benchmark	13
Batting Average	.675

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
3/13	1.6	1.5	0.1	1.6	1.5	0.1
6/13	1.1	0.9	0.2	2.7	2.5	0.2
9/13	1.6	1.0	0.6	4.3	3.6	0.7
12/13	3.3	5.9	-2.6	7.8	9.7	-1.9
3/14	1.6	1.6	0.0	9.5	11.4	-1.9
6/14	1.0	1.1	-0.1	10.6	12.6	-2.0
9/14	1.1	1.5	-0.4	11.8	14.3	-2.5
12/14	3.7	6.0	-2.3	16.0	21.2	-5.2
3/15	1.2	1.8	-0.6	17.4	23.3	-5.9
6/15	1.6	0.5	1.1	19.2	23.9	-4.7
9/15	1.3	0.8	0.5	20.7	24.9	-4.2
12/15	0.9	1.9	-1.0	21.8	27.2	-5.4
3/16	1.3	-0.3	1.6	23.4	26.9	-3.5
6/16	1.1	1.0	0.1	24.8	28.1	-3.3
9/16	1.2	0.7	0.5	26.2	29.0	-2.8
12/16	-4.0	1.2	-5.2	21.3	30.5	-9.2
3/17	1.1	0.8	0.3	22.6	31.5	-8.9
6/17	1.1	0.7	0.4	23.9	32.4	-8.5
9/17	1.1	0.6	0.5	25.3	33.2	-7.9
12/17	-5.0	1.5	-6.5	19.1	35.2	-16.1
3/18	1.2	0.9	0.3	20.5	36.5	-16.0
6/18	1.1	0.5	0.6	21.9	37.1	-15.2
9/18	1.1	1.0	0.1	23.2	38.5	-15.3
12/18	-13.6	0.8	-14.4	6.5	39.6	-33.1
3/19	1.2	0.1	1.1	7.7	39.7	-32.0
6/19	6.6	1.0	5.6	14.7	41.2	-26.5
9/19	1.2	0.2	1.0	16.1	41.4	-25.3
12/19	13.4	0.0	13.4	31.7	41.4	-9.7
3/20	0.9	0.1	0.8	32.9	41.5	-8.6
6/20	1.1	0.1	1.0	34.4	41.6	-7.2
9/20	1.0	0.0	1.0	35.7	41.7	-6.0
12/20	-3.9	0.6	-4.5	30.4	42.5	-12.1
3/21	1.0	0.8	0.2	31.7	43.6	-11.9
6/21	1.7	1.7	0.0	34.0	46.0	-12.0
9/21	1.4	1.9	-0.5	35.9	48.8	-12.9
12/21	5.7	4.6	1.1	43.6	55.6	-12.0
3/22	1.5	3.2	-1.7	45.8	60.6	-14.8
6/22	1.0	1.9	-0.9	47.3	63.6	-16.3
9/22	9.0	2.4	6.6	60.5	67.5	-7.0
12/22	10.0	4.9	5.1	76.5	75.7	0.8



File #: 21-04464

DATE: March 20, 2023
TO: Pension Committee
FROM: Kristine Brock, Asst. City Administrator/CFO

SUBJECT:

Report Of The Employer Contribution Rate For The Open Pension Plan Effective July 1, 2023

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning the employer contribution rate for the open pension plan effective the fiscal year beginning July 1, 2023.

BACKGROUND/STAFF COMMENTS:

The actuary for the Tennessee Consolidated Retirement System ("TCRS") has provided the City's employer contribution rate for FY 2024. The City's contribution as a percentage of salary for employees who are members of the open pension plan (hired since 1/1/2017) will be 7.35% effective July 2023, an increase from 7.22% in FY 2023.

FINANCIAL IMPACT:

The FY 2024 employer contribution rate of 7.35% will be incorporated into the City Administrator's Proposed FY 2024 Budget, which he will present on May 11th to the Budget and Finance Committee.

RECOMMENDATION:

For informational purposes.

**Tennessee Consolidated Retirement System
Employer Actuarially Determined Contribution (ADC) Rate**

**Department Code(s): 819.09
FRANKLIN CITY OF**

Applicable period for this employer rate	July 1, 2023 through June 30, 2024
Actuarial valuation date	June 30, 2022
Actuarial experience study date	June 30, 2020
Investment rate of return assumption	6.75%

Key Elements of the Pension Plan (Employer Elections)

Base plan formula	1.5% formula times years of service
Employee contribution rate	5% of salary
Vesting period	5 years
Retiree COLAs	Provided, CPI based, capped at 3%

Employer ADC Rate

<i>Rate Components:</i>	
Normal cost	6.92 %
Unfunded accrued liability amortization	0.32 %
Administrative cost	<u>0.11 %</u>
Total employer ADC rate	7.35 %

Actuarial Present Value of Benefits (PVB) Summary

Actuarial value of assets	\$ 4,671,539
Expected employee contributions	7,838,264
Expected employer normal cost	10,226,064
Unfunded accrued liability	<u>492,759</u>
Total PVB	\$ 23,228,626

Employees Covered by Benefit Terms

Inactive employees or beneficiaries currently receiving benefits	0
<i>Annualized Retirement Benefit: \$0</i>	
Inactive employees entitled to but not yet receiving benefits	103
Active employees	<u>273</u>
<i>Annualized Salary: \$14,092,368</i>	
Total	376

Amortization of Unfunded Accrued Liability

Actuarial Valuation Date	Unfunded Accrued Liability (Negative Unfunded Accrued Liability)	Annual Amortization Amount	Amortization Period at June 30, 2022 (in years)
June 30, 2013	\$ 0	\$ 0	11.00
June 30, 2015*	0	0	13.00
June 30, 2016	0	0	14.00
June 30, 2017	10,224	1,035	15.00
June 30, 2018	(7,577)	(739)	16.00
June 30, 2019	21,327	2,011	17.00
June 30, 2020	41,081	3,757	18.00
June 30, 2021	110,992	9,872	19.00
June 30, 2022	<u>316,712</u>	<u>27,463</u>	20.00
Total	\$ 492,759	\$ 43,399	

*Beginning June 30, 2015, valuations are performed annually.



File #: 21-04418

DATE: March 7, 2023
TO: Pension Committee
FROM: Kevin Sullivan
Sylvain Limprevil

SUBJECT:

Report Of The Actuary

PURPOSE:

The purpose of this memorandum is to provide information to the Employee Pension Committee concerning the status of the actuarial report for the closed pension for the plan year ending 12/31/2022.

BACKGROUND/STAFF COMMENTS:

Kevin Sullivan and Sylvain Limprevil of USI are the actuaries for the closed pension plan and will update the committee on the status of the report for the plan year ending 12/31/2022.

FINANCIAL IMPACT:

The actuarially determined contribution (ADC) prepared by USI is incorporated into the City Administrator's Proposed FY 2024 Budget to be announced in May 2023. The State of Tennessee requires the City to annually appropriate funding of the ADC for both the open and closed pension plans.

RECOMMENDATION:

For information purposes only.



File #: 21-04416

DATE: March 7, 2023
TO: Pension Committee
FROM: Kristine Brock, Asst. City Administrator/CFO

SUBJECT:

Update On Board Of Mayor And Aldermen Action For Resolution 2022-78 (Change In Average Compensation Calculation) And Resolution 2022-79 (Cost of Living Policy)

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning BOMA action upon Resolution 2022-78 and Resolution 2022-79, both of which were recommended by the committee at their last meeting on December 5, 2022.

BACKGROUND/STAFF COMMENTS:

Both resolutions were discussed with BOMA at their work session on December 13, 2022, and adopted unanimously on January 10, 2023.

FINANCIAL IMPACT:

City Administrator Eric Stuckey and HR Director Kevin Townsel discussed the changes in the closed pension plan with employees at a series of Town Hall Meetings held in late January.

RECOMMENDATION:

For information purposes.

RESOLUTION 2022-78

A RESOLUTION ADOPTING THE THIRD AMENDMENT TO THE CITY OF FRANKLIN AMENDED AND RESTATED EMPLOYEES' PENSION PLAN DATED EFFECTIVE AS OF JANUARY 1, 2018

WHEREAS, the City of Franklin (the "City") has previously established and currently maintains the City of Franklin Employees' Pension Plan (the "Plan"); and

WHEREAS, the City has amended and restated the plan effective as of January 1, 2018; and

WHEREAS, the City approved that certain First Amendment to the Plan by Resolution dated the 14th day of August, 2018; and

WHEREAS, the City approved that certain Second Amendment to the Plan by Resolution dated the 14th day of December, 2021; and

WHEREAS, the City has retained the right to amend the Plan; and

WHEREAS, the current plan provides that Average Compensation means the average of the Participant's Compensation over the three (3) consecutive whole calendar years of a Participant's Employment during which his Compensation was the greatest out of the last ten (10) calendar years or over a lesser number of Years of Employment actually served, provided, however, that for a Participant who was first hired by the City on or after February 15, 2010, "Average Compensation" shall mean the average of the Participant's Compensation over the five (5) consecutive whole calendar years of a Participant's Employment during which his Compensation was the greatest out of the last ten (10) calendar years or over a lesser number of Years of Employment actually served. Notwithstanding the foregoing, if the amount of Compensation in the whole or partial year in which the Participant terminates Employment is greater than the amount of Compensation for the first whole or partial year which would be used in determining the average hereunder, then the first whole year of actual Compensation shall be used in determining such Participant's Average Compensation; and

WHEREAS, it is recommended by staff that the Plan be amended to define Average Compensation as follows: (i) for Participants hired on or after February 15, 2010 the average of the Participant's Compensation over the consecutive sixty (60) month period of a Participant's Employment during which his Compensation was the greatest out of the last one hundred and twenty (120) months or over a lesser number of months of Employment actually served, and (ii) for Participants hired on or after May 1, 1971 and prior to February 15, 2010 the average of the Participant's Compensation over the consecutive thirty-six (36) month period of a Participant's Employment during which his Compensation was the greatest out of the last one hundred and twenty (120) months or over a lesser number of months of Employment actually served. For purposes of the above only months in which the Participant was employed and received

Compensation for a whole month shall be included. Such periods shall be referred to as a Measuring Period.

Notwithstanding the foregoing, for any Participant hired prior to the effective date of this amendment, if the result of the above applicable Measuring Period for such Participant is less than the result under the measuring period in effect to such Participant under the terms of this Plan prior to the effective date of this amendment, then such Participant's "Average Compensation" shall be the larger of the two results.

For any month included in the Measuring Period during which (i) the Participant in lieu of Compensation from the City was receiving payments under a plan with a third party vendor maintained by the City solely for the purpose of complying with applicable workers compensation, unemployment compensation, or substantially equivalent disability insurance laws for disabilities incurred in the course of an employee's duties with the City (a "Workers Compensation Month") and (ii) the Participant's Compensation in such Workers Compensation Month is less than the Participant's Compensation would otherwise have been from the City for Employment in such month, the Worker's Compensation Month shall be excluded in determining Average Compensation. In order to comprise a full Measuring Period, in lieu of the excluded Workers Compensation Month there shall be substituted the Participant's Compensation in the immediately preceding month of the Participant's employment with the City that is not a Workers Compensation Month. For purposes of the above only months in which the Participant was employed and receiving Compensation for a whole month shall be substituted. For any Participant hired prior to the effective date of this amendment, if the result of the above is less than the result under the terms of this Plan prior to the effective date of this amendment, then the larger of the two results shall apply in determining such Participant's "Average Compensation"; and

WHEREAS, the Board of Mayor and Aldermen has approved the amendment of the Plan as set forth herein; and

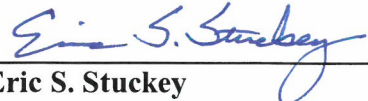
WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to adopt the Third Amendment to the City of Franklin Amended and Restated Employees' Pension Plan dated effective as of January 1, 2018 to be effective the effective date set forth below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, AS FOLLOWS:


The Third Amendment to the City of Franklin Amended and Restated Employees' Pension Plan dated effective as of January 1, 2018, attached as Exhibit A, amending the definition of Average Compensations is adopted in its entirety, which shall be effective commencing on or after the effective date set forth below

IT IS SO RESOLVED AND DONE on this 10th day of January, 2023
effective on and after the 10th day of January, 2023

ATTEST:

By: 
Eric S. Stuckey
City Administrator

CITY OF FRANKLIN, TENNESSEE:

By: 
Dr. Ken Moore
Mayor

Approved as to Form:


By: 
Shauna R. Billingsley
City Attorney

EXHIBIT "A"

Section 1.9 shall be deleted and shall be amended and restated to provide as follows:

Section 1.9 "Average Compensation" shall mean (i) for Participants hired on or after February 15, 2010 the average of the Participant's Compensation over the consecutive sixty (60) month period of a Participant's Employment during which his Compensation was the greatest out of the last one hundred and twenty (120) months or over a lesser number of months of Employment actually served, and (ii) for Participants hired on or after May 1, 1971 and prior to February 15, 2010 the average of the Participant's Compensation over the consecutive thirty-six (36) month period of a Participant's Employment during which his Compensation was the greatest out of the last one hundred and twenty (120) months or over a lesser number of months of Employment actually served. For purposes of the above only months in which the Participant was employed and received Compensation for a whole month shall be included. Such periods shall be referred to as a Measuring Period.

Notwithstanding the foregoing, for any Participant hired prior to the effective date of this amendment, if the result of the above applicable Measuring Period for such Participant is less than the result under the measuring period in effect to such Participant under the terms of this Plan prior to the effective date of this amendment, then such Participant's "Average Compensation" shall be the larger of the two results.

For any month included in the Measuring Period during which (i) the Participant in lieu of Compensation from the City was receiving payments under a plan with a third party vendor maintained by the City solely for the purpose of complying with applicable workers compensation, unemployment compensation, or substantially equivalent disability insurance laws for disabilities incurred in the course of an employee's duties with the City (a "Workers Compensation Month") and (ii) the Participant's Compensation in such Workers Compensation Month is less than the Participant's Compensation would otherwise have been from the City for Employment in such month, the Worker's Compensation Month shall be excluded in determining Average Compensation. In order to comprise a full Measuring Period, in lieu of the excluded Workers Compensation Month there shall be substituted the Participant's Compensation in the immediately preceding month of the Participant's Employment that is not a Workers Compensation Month. For purposes of the above only months in which the Participant was employed and receiving Compensation for a whole month shall be substituted. For any Participant hired prior to the effective date of this amendment, if the result of the above is less than the result under the terms of this Plan prior to the effective date of this amendment, then the larger of the two results shall apply in determining such Participants "Average Compensation."

The Measuring Periods above shall be effective shall be effective on and after the ___ day of _____, 20__.

RESOLUTION 2022-79

A RESOLUTION TO ADOPT A POLICY FOR THE AMENDED AND RESTATED EMPLOYEES' PENSION PLAN DATED EFFECTIVE AS OF JANUARY 1, 2018 FOR POST-RETIREMENT BENEFIT INCREASES OR COST OF LIVING ADJUSTMENTS

WHEREAS, the City of Franklin (the "City") has previously established and currently maintains the City of Franklin Employees' Pension Plan (the "Plan"); and

WHEREAS, the City has amended and restated the plan effective as of January 1, 2018; and

WHEREAS, the City approved that certain First Amendment to the Plan by Resolution dated the 14th day of August, 2018; and

WHEREAS, the City approved that certain Second Amendment to the Plan by Resolution dated the 14th day of December, 2021; and

WHEREAS, while the City, by and through its elected Board of Mayor and Aldermen (the "Board"), retains the right to amend the Plan, there are times when a policy is in the best interest of the Plan and employees; and

WHEREAS, the Plan provides that the Board can on an annual basis consider a cost of living increase for retirees and beneficiaries receiving monthly retirement benefits from the Plan. The amount of such increase, if any, is recorded in City's Board of Aldermen Minutes Book; and

WHEREAS, without binding the Plan to a Plan Amendment mandating a cost of living increase in any specific year, or any years, the Board of Mayor and Aldermen wish to adopt guidelines which they can use in consideration of any such cost of living increase. The Board intends these guidelines to provide some uniformity in how the Board can determine an appropriate amount of any such increase. The Board also intends these guidelines to provide a method by which the Board can determine increases for retirees while at the same time protecting the funding status and funding requirements for the Plan. These guidelines then set parameters within which the Board, with the recommendation of the City Administrator, can propose cost of living increases without adverse impact on the Plan; and

WHEREAS, these guidelines are intended for use by the Board, these guidelines are not a Plan Amendment or a promise of any cost of living increase or any specific amount of cost of living in any specific Plan Year. The Board retains its discretion under the current provisions of the Plan to determine on an annual basis whether or not to provide a cost of living increase and the amount of any such increase; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to adopt a policy that sets forth a framework for post-retirement benefit increases or cost of living adjustments.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, AS FOLLOWS:

Section 1. If as of the Plan Year immediately preceding the effective date for any proposed cost of living increase for retirees' pensions the ratio of the market value of Plan assets to the actuarial accrued liability ("AAL") of the Plan (based on the assumptions and methods selected by the City in determining the Actuarial Determined Contribution ("ADC") and consistent with Tenn. Code Ann. 9-3-504 and reported in the Actuary Valuation Report by the actuary providing services to the Plan (the 'Funded Ratio')), equals or exceeds the amounts set forth in the table below, the Board will consider increasing the monthly retirement benefits of Retired Participants or other Participants or Beneficiaries receiving monthly benefits under the Plan by the applicable twelve (12) month percentage change in the Consumer Price Index (U.S. city average for all urban consumers (CPI-U)), excluding food and energy, published by the U.S. Department of Labor, Bureau of Labor Statistics for the March immediately preceding the effective date for any such proposed increase but subject to the following maximum and minimum limits in the table below:

Funded Ratio of the Closed Plan	Maximum Cost of Living Percentage Increase	Minimum Cost of Living Percentage Increase
≥80%	3.5%	1%
60%≥79%	2.5%	1%
≤59%	0%	0%

Any approved increase shall be effective for the first monthly payment in the July following the determination of such increase as provided above and shall be recorded in City's Board of Aldermen Minutes Book.

Section 2. Defined words in Section 1 above shall have the same meaning as set forth in the Plan. No terms of the Plan are amended by this resolution.

IT IS SO RESOLVED AND DONE on this 10th day of January, 2023

ATTEST:

By: Eric S. Stuckey
Eric S. Stuckey
City Administrator

CITY OF FRANKLIN, TENNESSEE:

By: Dr. Ken Moore
Dr. Ken Moore
Mayor

Approved as to Form:

By: Shauna R. Billingsley
Shauna R. Billingsley
City Attorney



File #: 21-04417

DATE: March 7, 2023
TO: Pension Committee
FROM: Kristine Brock, Asst. City Administrator/CFO
Kevin Sullivan
Frank Carney

SUBJECT:

Consideration Of DRAFT Resolution 2022-03, A Resolution To Adopt A Funding Policy For The Closed Pension

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning DRAFT Resolution 2022-03, to adopt a funding policy for the closed pension plan.

BACKGROUND/STAFF COMMENTS:

On 10/28/2014, the Board of Mayor and Aldermen adopted a Funding Policy for the City of Franklin Pension Plan, now referred to as the "Closed Plan", in accordance with requirements of TCA 9-3-504(c). Periodically, the State of Tennessee Department of Treasury reviews funding policies of public pensions and provides written comments to local governments. In letters dated December 7, 2022 and December 15, 2022, the City received three requests for changes to the adopted Funding Policy.

FINANCIAL IMPACT:

The three substantive changes to the Funding Policy are summarized below:

1. The valuation method of the actuarial report shall be changed to utilize the asset smoothing method. The difference between the amount actually earned and the earnings assumption for a particular year shall be amortized in level amounts. The asset smoothing period shall be five years. There shall be a corridor so that the actuarial value of assets cannot be 20% more than nor 20% less than the market value of assets existing as of the actuarial valuation date. By revising this section of the Funding Policy, the City will utilize a similar valuation method as TCRS.
2. The use of mortality assumptions, which includes expected improvement in life expectancy, will be utilized for fiscal years beginning after June 15, 2024, in accordance with TCA 9-3-504(c)4.
3. The investment earnings assumption to calculate the Actuarially Determined Contribution is established by resolution of the Board of Mayor and Aldermen and may not exceed the TCRS earnings assumption by more than fifty (50) basis points in accordance with TCA 9-3-504(c)5.

RECOMMENDATION:

Staff recommends that Resolution 2022-03 be recommended for approval by the Board of Mayor and Aldermen.

RESOLUTION 2023-03

A RESOLUTION TO ADOPT A FUNDING POLICY FOR THE AMENDED AND RESTATED EMPLOYEES' PENSION PLAN DATED EFFECTIVE AS OF JANUARY 1, 2018

WHEREAS, the City of Franklin (the "City") has previously established and currently maintains the City of Franklin Employees' Pension Plan (the "Plan"); and

WHEREAS, the City has amended and restated the plan effective as of January 1, 2018; and

WHEREAS, the City approved that certain First Amendment to the Plan by Resolution dated the 14th day of August, 2018; and

WHEREAS, the City approved that certain Second Amendment to the Plan by Resolution dated the 14th day of December, 2021; and

WHEREAS, the City adopted on 10/28/2014 a funding policy (the "Funding Policy") for compliance with minimum requirements established in TCA 9-3-504(c), and

WHEREAS, the State of Tennessee Department of Treasury, in their oversight role of public pensions, periodically reviews the Funding Policy in addition to annual reviews of the Plan's actuarial valuation report; and

WHEREAS, upon review of letters dated December 7, 2022, and December 15, 2022, from the Department of Treasury and consultation with the City's pension counsel and actuary; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to repeal the Funding Policy adopted 10/28/2014 and adopt an updated policy that incorporates comments from the Department of Treasury.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, AS FOLLOWS:

Section 1. The valuation method of the actuarial report shall be changed to utilize the asset smoothing method. The difference between the amount actually earned and the earnings assumption for a particular year shall be amortized in level amounts. The asset smoothing period shall be five years. There shall be a corridor so that the actuarial value of assets cannot be 20% more than nor 20% less than the market value of assets existing as of the actuarial valuation date. By revising this section of the Funding Policy, the City will utilize a similar valuation method as the Tennessee Consolidated Retirement System ("TCRS").

Section 2. The use of mortality assumptions, which includes expected improvement in life expectancy, will be utilized for fiscal years beginning after June 15, 2024, in accordance with TCA 9-3-504©4.

Section 3. The investment earnings assumption to calculate the Actuarially Determined Contribution is established by resolution of the Board of Mayor and Aldermen and may not exceed the TCRS earnings assumption by more than fifty (50) basis points in accordance with TCA 9-3-504©(5).

IT IS SO RESOLVED AND DONE on this ____ day of _____, 20__.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Eric S. Stuckey
City Administrator

By: _____
Dr. Ken Moore
Mayor

Approved as to Form:

By: _____
Shauna R. Billingsley
City Attorney

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT

615.741.2956
David.Lillard@tn.gov

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

Sender's telephone: 615.770.1749
Sender's email: Whitney.Perkins@tn.gov

December 15, 2022

Kristine Brock
City of Franklin
Chief Financial Officer and Assistant City Administrator
109 3rd Avenue South
Franklin, TN 37064

Re: City of Franklin Employees' Pension Plan

Dear Kristine Brock:

The Department of Treasury completed a review of the City of Franklin's funding policy for its pension plan adopted on 10/28/2014, financial statements for the fiscal year ending 6/30/2021 and actuarial valuation report as of 1/01/2021. We evaluated each document to determine whether the methodologies and assumptions included in the funding policy were consistent with the methodologies and assumptions used by the political subdivision's actuary in the actuarial valuation report and presented in the political subdivision's financial statements.

Based on our review, the methodologies and assumptions adopted in the funding policy were not consistent with the methodologies and assumptions used in the actuarial valuation report and/or presented in the financial statements. The following methodologies and assumptions were found to be different in one or more of the documents during the review.

- The asset smoothing method utilized. The funding policy indicates an asset smoothing method of 5 years with a 20% corridor and the actuarial valuation report as well as the financial statements indicates that no asset smoothing method is utilized.
- The amortization method of unfunded accrued liabilities. The funding policy and the financial statements indicate a level dollar amortization method, and the actuarial valuation report indicates a level percent of salary amortization method.

Please use this letter to review the discrepancy(ies) noted and make any necessary revisions or updates accordingly. As a reminder, amended funding policies must be submitted to the Tennessee Comptroller of the Treasury within thirty (30) days after adoption.

If you have any questions, please feel free to contact our office.

Sincerely,



Whitney Perkins
Business Accounting Analyst
Financial Strategies and Analysis

CC:

Jean Suh, CPA, CGFM, CFE
Contract Audit Review Manager
Comptroller of the Treasury
Division of Local Government Audit
Cordell Hull Building
425 Rep. John Lewis Way North
Nashville, TN 37243-3400
615.401.7841

Sandi Thompson
Director of State Government Finance
Comptroller of the Treasury
Office of State and Local Finance
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Assistant Director of Local Government Finance
Comptroller of the Treasury
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615.747.5343

STATE OF TENNESSEE



DAVID H. LILLARD, JR.
STATE TREASURER

TREASURY DEPARTMENT

615.741.2956
David.Lillard@tn.gov

STATE CAPITOL
NASHVILLE, TENNESSEE 37243-0225

Sender's telephone: 615.770.1749
Sender's email: Whitney.Perkins@tn.gov

December 7, 2022

Kristine Brock
City of Franklin
Chief Financial Officer and Assistant City Administrator
109 3rd Avenue South
Franklin, TN 37064

Re: City of Franklin Employees' Pension Plan

Dear Kristine Brock:

The Department of Treasury completed a review of the City of Franklin compliance with the Public Employee Defined Benefit Financial Security Act of 2014 (the "Act") as of fiscal year ending 6/30/2021. We evaluated the City of Franklin Employees' Pension Plan's funding policy (the "Funding Policy") adopted on 10/28/2014 for compliance with minimum requirements established in Tenn. Code Ann. §9-3-504(c). We also performed a review of the Funding Policy to determine whether the methodologies used to calculate the City of Franklin Employees' Pension Plan's Actuarially Determined Contribution (ADC) were in compliance with statutory requirements currently in effect, and whether compliance could be impacted when an additional methodology becomes effective. In accordance with Tenn. Code Ann. §9-3-504(e)(4), mortality assumptions, which should consider the effect of expected mortality improvements, shall be utilized for fiscal years beginning after June 15, 2024.

Based on our review, the adopted pension funding policy meets the minimum requirements established in Tenn. Code Ann 9-3-504(c).

Additional methodologies are also contained in the Act for the calculation of a political subdivision's ADC. The methodologies and assumptions are not required by law to be included in the pension funding policy; however, applicable law provides that these methodologies shall be used by a political subdivision's actuary in calculating the ADC in accordance with accepted Actuarial Standards of Practice. Accordingly, it would be a best practice for the City of Franklin to incorporate sufficient detail in the Funding Policy in order to provide clear direction and expectations for the actuary to follow and for interested parties to understand.

- The use of mortality assumptions, which includes expected improvement in life expectancy and acknowledgement that it must be utilized for fiscal years beginning after June 15, 2024 in accordance with Tenn. Code Ann. §9-3-504(e)(4).

- The use of the investment earnings assumption to calculate the Actuarially Determined Contribution and acknowledgement that it cannot exceed the Tennessee Consolidated Retirement System's earnings assumption by more than fifty (50) basis points in accordance with Tenn. Code Ann. §9-3-504(e)(5).

Please use this letter to make any necessary revisions and update the Funding Policy accordingly. Amended funding policies must be submitted to the Tennessee Comptroller of the Treasury within thirty (30) days after adoption.

If you have any questions, please feel free to contact our office.

Sincerely,



Whitney Perkins
Business Accounting Analyst
Financial Strategies and Analysis

CC:

Jean Suh, CPA, CGFM, CFE
Contract Audit Review Manager
Comptroller of the Treasury
Division of Local Government Audit
Cordell Hull Building
425 Fifth Avenue North
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615.747.5343

Funding Policy of the City of Franklin Employees' Pension Plan

The Board of Mayor & Aldermen, as Trustees of the City of Franklin Employees' Pension Plan, hereby adopts this document for its defined benefit plan funding policy.

Preamble

The intent of this funding policy is to establish a formal methodology for financing the pension obligations accruing under the City of Franklin Employees' Pension Plan. It is intended that current assets plus future assets from employer contributions, employee contributions, and investment earnings should be sufficient to finance all benefits provided by City of Franklin Employees' Pension Plan. The funding policy is intended to reflect a reasonable, conservative approach with each generation of taxpayers financing, to the greatest extent possible, the cost of pension benefits being accrued. This funding policy recognizes that there will be investment market place volatility and that actual economic and demographic experience will differ from assumed experience.

Accordingly, this funding policy is intended to provide flexibility to smooth such volatility and experience in a reasonable, systematic, and financially sound manner. Further, it is the intent that that this funding policy comply with all applicable laws, rules, and regulations of the State of Tennessee and the Federal Government.

The City of Franklin Employees' Pension Plan was closed to new hires effective December 31, 2016. All full time employees of the City of Franklin hired on or after January 1, 2017 are members of the Tennessee Consolidated Retirement System ("TCRS") Legacy Defined Benefit Pension Plan. The TCRS Plan is administered by the State of Tennessee Department of Treasury and its policies are established by the TCRS Board of Trustees.

Components of this Funding Policy

1. Procurement of actuarial services
2. Actuarial experience study
3. Actuarial valuation
4. Actuarial audit

Procurement of Actuarial Services

City of Franklin Employees' Pension Plan shall acquire the services of professional actuarial firms to perform an actuarial experience study, an actuarial valuation, an actuarial audit, and other necessary actuarial services. Actuarial firms shall be selected by a competitive process. The actuarial firm that performs the actuarial audit shall not be the same firm that performs the actuarial valuation and the actuarial experience study. The contractual agreement with an actuarial firm shall not exceed five years. The actuarial firm shall be independent and shall act as a fiduciary on behalf of City of Franklin Employees' Pension Plan.

The lead actuaries of actuarial firms shall have the requisite experience, capabilities, strengths, and qualifications including, but not limited to, the following:

1. Member of the American Academy of Actuaries,
2. Attainment of the Fellowship of the Society of Actuaries (FSA) designation,
3. Attainment of the Enrolled Actuary (EA) designation
4. At least seven years of actuarial experience in the defined benefit field, and
5. Ineligible to participate in City of Franklin Employees' Pension Plan

Actuarial Experience Study

An actuarial experience study shall be conducted at least every four years. As determined necessary by the Board of Mayor and Aldermen, assumptions may be evaluated on an interim basis.

Assumptions adopted by the Board should be established based on past experience and future expectations as the result of an extensive actuarial experience study.

Demographic assumptions to be established include, but are not limited to, the following:

1. Turnover pattern
2. Pre-retirement mortality based on expected improvement in mortality
3. Pattern of retirement
4. Post-retirement mortality with expected improvement in mortality to be phased in with future studies

Economic assumptions to be established include, but are not limited to, the following:

1. Investment earnings (net of investment expenses)
2. Salary
3. Retiree Market Price Adjustment (Adjustment for change in purchasing power)
4. Social security wage base

Economic assumptions shall include an underlying assumption for inflation.

The actuarial experience study shall also generate administrative factors including, but not limited to, the following: (1) survivorship benefit option factors, (2) social security leveling option factors, (3) early retirement reduction factors, (4) full retirement age actuarial equivalent factors, and (5) annuity factors. These factors shall be determined on a cost neutral basis.

Actuarial Valuation

Valuation method, frequency, and ADC. An actuarial valuation to determine the Actuarially Determined Contribution (ADC) rate to finance pension obligations shall be performed annually beginning as of January 1, 2015. The valuation shall utilize the entry-age normal actuarial method. The valuation shall provide funding of at least 100% of the ADC. The ADC shall include (1) the normal cost, (2) the unfunded liability cost, and (3) the cost of administration for the operation of City of Franklin Employees' Pension Plan. The ADC shall be calculated and become applicable on first day of July that is six months following the valuation date.

Asset smoothing method. An asset smoothing method shall be utilized to determine the actuarial value of assets. The difference between the amount actually earned and the earnings assumption for a particular year shall be amortized in level amounts. The asset smoothing period shall be five years, for fiscal years beginning after June 30, 2023. For fiscal years prior to July 1, 2023, no smoothing period shall be used. However, there shall be a corridor so that the actuarial value of assets cannot be 20% more than nor 20% less than the market value of assets existing as of the actuarial valuation date.

The unfunded liability based on the 2023 actuarial valuation shall be funded no later than 2043. In subsequent actuarial valuations, new tiers of actuarial gains and losses shall be amortized over a closed period not to exceed 20 years.

Actuarial gains and losses may result from (1) actual experience versus assumed experience, (2)

changes in demographic and economic assumptions, and (3) changes in benefit provisions.

Demographic data. The demographic data in an actuarial valuation shall include: (1) all active members, (2) all inactive vested members, (3) all inactive non-vested members with an account balance, and (4) all annuitants (including beneficiary annuitants).

Benefit provisions. The actuarial valuation shall include all benefits being accrued by members of City of Franklin Employees' Pension Plan including, but not limited to, retirement, disability, death benefits, and post-employment market-price adjustments. The valuation shall be based on the benefit eligibility and benefit terms as set out in state law.

Assumptions utilized. Demographic and economic assumptions as determined by an actuarial experience study, recommended by the Employee Pension Committee, and adopted by the Board shall be utilized in the actuarial valuation.

The use of mortality assumptions, which includes expected improvement in life expectancy, must be utilized for fiscal years beginning after June 15, 2024 in accordance with TCA 9-3-504(4).

The investment earnings assumption to calculate the Actuarially Determined Contribution is established by resolution of the Board of Mayor and Aldermen and may not exceed the TCRS earnings assumption by more than fifty (50) basis points in accordance with TCA 9-3-504(5).

Actuarial Audit

An actuarial audit by an independent actuarial audit firm shall be conducted at least once in a ten year period. The purpose of the actuarial audit shall be: (1) the validation and verification of actuarial valuation results for both funding and accounting; (2) an evaluation of the reasonableness of actuarial assumptions and methods; (3) compliance with professional standards such as generally accepted actuarial standards; and (4) compliance with state law and Board policy.

Transparency and Accountability

This funding policy, the actuarial experience study, the actuarial valuation, and the actuarial audit shall be readily available for review. Accordingly, the funding policy shall be posted on the City website. Further, the actuarial experience study, the actuarial valuation, and the actuarial audit shall be maintained on the City website for a period of no less than five years after being published.

Effective Date

This policy be effective upon its adoption by the Board of Mayor & Aldermen, and shall remain in effect until amended by the Board or preempted by state law.



File #: 21-04419

DATE: March 7, 2023
TO: Pension Committee
FROM: Kristine Brock, Asst. City Administrator/CFO
Kevin Sullivan
Frank Carney

SUBJECT:

Consideration Of DRAFT Resolution 2023-19, A Resolution Adopting The Fourth Amendment To The City Of Franklin Amended And Restated Employees Pension Plan Dated Effective As Of January 1, 2018 (Increasing The Lump Sum Threshold To \$25,000 For Terminated Vested Participants)

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning DRAFT Resolution 2023-19, Adopting the Fourth Amendment to the City of Franklin Pension Plan (Closed) related to the Lump Sum Threshold for Terminated Vested Participants.

BACKGROUND/STAFF COMMENTS:

The current lump sum threshold amount of \$15,000 was last increased by the Board of Mayor and Aldermen in 2016 (Resolution 2016-64), when it was adjusted from \$10,000. The purpose in periodically increasing this amount is to the advantage of both the former employee and the pension plan. Former employees with relatively small future benefits may roll these funds into a retirement program of their current employer, or make another decision with these retirement funds. The closed pension plan also benefits from requirements to maintain contact with former employees holding relatively small future benefits.

FINANCIAL IMPACT:

By increasing the Lump Sum Threshold by \$10,000 from \$15,000 to \$25,000, there is a potential short term cost to the closed plan. However, since the closed plan has not added members since 12/31/2016, it is unlikely that this threshold will be increased in the future.

RECOMMENDATION:

Staff recommends that Resolution 2023-19 be recommended for approval by the Board of Mayor and Aldermen.

RESOLUTION 2023-19

A RESOLUTION ADOPTING THE FOURTH AMENDMENT TO THE CITY OF FRANKLIN AMENDED AND RESTATED EMPLOYEES' PENSION PLAN DATED EFFECTIVE AS OF JANUARY 1, 2018

WHEREAS, the City of Franklin (the "City") has previously established and currently maintains the City of Franklin Employees' Pension Plan (the "Plan"); and

WHEREAS, the City has amended and restated the plan effective as of January 1, 2018; and

WHEREAS, the City approved that certain First Amendment to the Plan by Resolution dated the 14th day of August, 2018; and

WHEREAS, the City approved that certain Second Amendment to the Plan by Resolution dated the 14th day of December, 2021; and

WHEREAS, the City approved that certain Third Amendment to the Plan by Resolution dated the 10th day of January, 2023; and

WHEREAS, the City has retained the right to amend the Plan; and

WHEREAS, the Plan provides that employees leaving service with the City may elect to receive a lump sum payout instead of a monthly retirement benefit if his or her actuarial calculated benefit is less than a certain amount; and

WHEREAS, the actuarially calculated benefit amount of \$15,000 has not been adjusted for inflation since 2016; and

WHEREAS, the Board of Mayor and Aldermen believe it is in the best interest of the Plan to amend the Plan and adjust the threshold amount to \$25,000 for lump sum payments; and

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to adopt the Fourth Amendment to the City of Franklin Amended and Restated Employees' Pension Plan dated effective as of the effective date set forth below.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF MAYOR AND ALDERMEN OF THE CITY OF FRANKLIN, TENNESSEE, AS FOLLOWS:

- (1) The Fourth Amendment to the City of Franklin Amended and Restated Employees' Pension Plan dated effective as of January 1, 2018, attached as Exhibit A, adjusting the threshold for lump sum payments is adopted in its entirety, which shall be effective commencing on or after the effective date set forth below.
- (2) Except as otherwise provided herein, the Plan, as amended, shall remain in full force and effect.

IT IS SO RESOLVED AND DONE on this ____ day of _____, 20__ effective from and after the __ day of _____, 20__.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Eric S. Stuckey
City Administrator

By: _____
Dr. Ken Moore
Mayor

Approved as to Form:

By: _____
Shauna R. Billingsley
City Attorney

EXHIBIT A

FOURTH AMENDMENT
TO THE CITY OF FRANKLIN
AMENDED AND RESTATED EMPLOYEES' PENSION PLAN
DATED EFFECTIVE AS OF JANUARY 1, 2018

WHEREAS, the City of Franklin (the "City") has previously established and currently maintains the City of Franklin Employees' Pension Plan (the "Plan"); and

WHEREAS, the City has amended and restated the plan effective as of January 1, 2018;
and

WHEREAS, the City has retained the right to amend the Plan; and

WHEREAS, the Board of Mayor and Aldermen has approved the amendment of the Plan as set forth herein, effective as of _____;

NOW, THEREFORE, the Plan is hereby amended as follows:

1. Section 4.2 (d) shall be amended and restated in its entirety to read as follows:

(d) Payment of Small Benefits. If a Participant terminates service and if the Actuarial Equivalent of the Vested Benefit payable to a Participant or his Beneficiary is equal to or less than one thousand dollars (\$1,000), the Administrator shall direct that such benefit be paid in a lump sum as soon as is practicable. If a Participant terminates service and if the Actuarial Equivalent of the Vested Accrued Benefit, excluding that portion attributable to the Cash Balance Accounts, payable to the Participant or his Beneficiary is less than or equal to twenty-five thousand dollars (\$25,000), the Participant or Beneficiary, as applicable, may elect to receive in lieu of his/her Vested Accrued Benefit under Article V hereof either (i) the benefit in a lump sum, or (ii) a return of the Participant's mandatory contributions, as adjusted for earnings in the same manner as provided in Section 3.2 hereof, in each case which payment shall be made as soon as practicable following the election (whether before, on or after the Participant's Normal Retirement Date). The return of a Participant's mandatory contributions shall constitute a full payment and release of the Participant's right to any benefit under the Plan.

If a partially Vested Participant receives a distribution pursuant to this Section and the participant resumes covered Employment under the Plan, he shall have the right to restore his City contributions under Article III, Section 3.1(b) to the extent forfeited upon the repayment to the Plan of the full amount of the distribution plus interest, compounded annually from the date of the distribution at the rate of five percent (5%). Such repayment must be made by the Participant before the earlier of five (5) years after the first date on which the Employee is reemployed, or the close of the period in which the Participant incurs five (5) consecutive One Year Breaks in Employment following the date of distribution.

2. Except as otherwise provided herein, the Plan, as amended, shall remain in full force and effect.

IN WITNESS WHEREOF, the City has caused this Amendment to be executed this _____ day of _____, 2023, effective as of _____, 2023.

CITY OF FRANKLIN, TENNESSEE

By: _____

Title: _____

DRAFT