



Meeting Agenda
Employee Pension & Trust
Committee

Monday, March 24, 2025

1:00 PM

Eastern Flank Event Facility

MEETING LOCATION

Eastern Flank Event Facility
1368 Eastern Flank Circle

CALL TO ORDER

SETTING OF THE AGENDA

CITIZEN COMMENTS (Open for citizens to be heard on any issue or concern, including those related to items on the agenda. Please submit a Speaker Card at the beginning of the meeting if you would like to address the Board/Commission. If you would like to speak on an agenda item, the Chair will hold your comment until the public comment period associated with the item. As provided by law, Boards/Commissions shall make no decisions or consideration of action of citizen comments for items not on the agenda, except to refer the matter to the City Administrator/Staff for administrative consideration, or to a schedule the matter for consideration at a later date. Those addressing the Board/Commission are requested to come to the microphone and identify themselves by name and address for the official record. The Chair may restrict the period for public comment, including the length of the public comment period, the number of individuals who can speak and the length of time each individual may speak. When time allows, the standard individual public comment time is two minutes.)

Comments on agenda items may be made in person or by emailing recorder@franklintn.gov before noon on the day of the meeting. Comments will be submitted for the record.

APPROVAL OF MINUTES

1. Consideration Of Approval Of Minutes
August 26, 2024 Employee Pension & Trust Committee Meeting

NEW BUSINESS

2. Introduction Of New Member Of The Employee Pension & Trust Committee

Sponsors: Sara Sylvis

3. Report From The Human Resources Department

Sponsors: Sara Sylvis, Tracy Harness

4. Report Of The Investment Advisor

Sponsors: Barry Bryant

5. Report Of The Actuary

Sponsors: Kevin Sullivan

6. Consideration Of Resolution 2025-18, A Resolution To Amend The Investment Assumption Rate Of The City Of Franklin Closed Employees' Pension Plan

Sponsors: Kristine Brock

7. Consideration Of Resolution 2025-27, A Resolution To Amend COF Contract No. 2016-0328, A Retirement Health Savings Plan For Designated Employees Of The City Of Franklin, Tennessee

Sponsors: Kristine Brock, Sara Sylvis

8. Report Of The State Of Tennessee Treasury Department Annual Review Of The City Of Franklin Closed Pension Plan For The Fiscal Year Ending June 30, 2024

Sponsors: Kristine Brock

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.



Meeting Minutes
Employee Pension & Trust
Committee

Monday, August 26, 2024

1:00 PM

Board Room

CALL TO ORDER

Chair Clyde Barnhill called the meeting to order at 01:00 PM

Board Members Present: Mayor Ken Moore, Scott Quinn, Suzanne Carter, Kevin Townsel, Keith McGee
Keith McGee arrived at 1:56 PM.

Board Members Absent:

Staff Present: Kristine Brock, Blake Harper, Sara Sylvis, Sarah Schilling

SETTING OF THE AGENDA

1. **Consideration Of Changes In Agenda And Setting The Agenda**
 - i. **Discussion Of Removal Of Items/Changes Not Requiring A Vote**
 - ii. **Proposed Changes To The Agenda**
 - iii. **Approval Of Agenda As Submitted Or Changed**

Sponsors:

A motion was made by Mayor Ken Moore, seconded by Kevin Townsel to Approve the Agenda As Submitted. The motion passed 5-0.

CITIZEN COMMENTS (Open for citizens to be heard on any issue or concern, including those related to items on the agenda. Please submit a Speaker Card at the beginning of the meeting if you would like to address the Board/Commission. If you would like to speak on an agenda item, the Chair will hold your comment until the public comment period associated with the item. As provided by law, Boards/Commissions shall make no decisions or consideration of action of citizen comments for items not on the agenda, except to refer the matter to the City Administrator/Staff for administrative consideration, or to a schedule the matter for consideration at a later date. Those addressing the Board/Commission are requested to come to the microphone and identify themselves by name and address for the official record. The Chair may restrict the period for public comment, including the length of the public comment period, the number of individuals who can speak and the length of time each individual may speak. When time allows, the standard individual public comment time is two minutes.)

Comments on agenda items may be made in person at City Hall or by emailing recorder@franklintn.gov before noon on the day of the meeting. Comments will be submitted for the record.

APPROVAL OF MINUTES

2. **Consideration Of Approval Of Minutes**
March 25, 2024 Employee Pension & Trust Committee Meeting

Sponsors:

A motion was made by Mayor Ken Moore, seconded by Kevin Townsel to Approve the March 25, 2024 Employee Pension & Trust Committee Meeting Minutes. The motion passed 5-0.

NEW BUSINESS**3. Introduction Of New Member Of The Employee Pension & Trust Committee**

Sponsors: Sara Sylvis

The item was acknowledged.

4. Report Of The Investment Advisor

Sponsors: Barry Bryant

The item was acknowledged.

5. Report Of The Actuary

Sponsors: Kevin Sullivan

Keith McGee arrived to the meeting at 1:56 PM.

The item was acknowledged.

6. Consideration Of Resolution 2024-69, A Resolution For The Defined Contribution Retirement Plan As Required For Compliance With The Federal Secure 2.0 Act Of 2022

Sponsors: Kristine Brock, Sara Sylvis

A motion was made by Mayor Ken Moore, seconded by Keith McGee to recommend approval of Resolution 2024-69 to the Board of Mayor and Aldermen. The motion passed 6-0.

7. Consideration Of Resolution 2024-68, A Resolution To Authorize Employees Of A Participating Political Subdivision Who Are Members Of The Tennessee Consolidated Retirement System ("TCRS") To Establish Retirement Credit In TCRS For Expanded Armed Conflict Military Service Credit Pursuant To Tennessee Code Annotated, Section 8-34-605

Sponsors: Kristine Brock, Sara Sylvis

A motion was made by Mayor Ken Moore, seconded by Suzanne Carter to recommend approval of Resolution 2024-68 to the Board of Mayor and Aldermen. The motion passed 6-0.

OTHER BUSINESS**ADJOURN**

A motion was made by Mayor Ken Moore, seconded by Kevin Townsel to Adjourn the Meeting. The motion passed 6-0.

Meeting Adjourned @ 2:45 PM

Clyde Barnhill, Chair

Minutes Prepared by Sarah Schilling, Assistant Deputy City Recorder, City Administrator's Office - 8/26/24, 3:00 PM



File #: 21-0476

DATE: February 28, 2025
TO: Pension Committee
FROM: Sara Sylvis, Benefits Manager

SUBJECT:
Introduction Of New Member Of The Employee Pension & Trust Committee

PURPOSE:
The purpose of this memorandum is to provide information to the Pension Committee concerning the election of a new employee member.

BACKGROUND/STAFF COMMENTS:
There are two citizen members of the Employee Pension and Trust Committee nominated by the Mayor. Mayor Ken Moore has nominated and the Board of Mayor and Aldermen has confirmed Mr. Bob Ravener as a citizen member following a vacancy in one of the two positions.

FINANCIAL IMPACT:
There is no financial impact.

RECOMMENDATION:
For informational purposes only.



File #: 21-0284

DATE: March 4, 2025
TO: Pension Committee
FROM: Sara Sylvis, Benefits Manager
Tracy Harness, Benefits Supervisor

SUBJECT:
Report From The Human Resources Department

PURPOSE:
The purpose of this memorandum is to provide information to the Pension Committee concerning the 2024 Report from the Human Resources Department.

BACKGROUND/STAFF COMMENTS:
The City's Human Resources Department administers multiple retirement plans including the closed and open defined benefit plans, multiple defined contribution plans and retiree health insurance. HR Benefits will provide an overview of 2024 activity in support of our active and retired employees.

FINANCIAL IMPACT:
This report is for informational purposes.

RECOMMENDATION:
This report is for information purposes.



Retirement Report 2024

12/31/2024 Snapshot



- 353 employees in the closed City of Franklin Pension Plan
- 373 employees in TCRS
- 33 employees in the closed Defined Contribution Plan
- 44 employees on retiree insurance
- 24 employees retired in 2024 from the closed pension plan
- 2 employees retired in 2024 with TCRS

Education

- Conducted training with Public Works employees broken out by retirement plan.
- Continuing with other departments throughout 2025.
- MissionSquare held training on retirement savings plans and Secure 2.0.
- TCRS representative did an overview of TCRS plans.
- BCBST was on-site to have informative Medicare presentations.

Enhancements in 2024

- Made changes to retiree health insurance to match the current employee health coverage design.
- Lowered retiree premium cost from 50/50 cost sharing, to 45/55 split.



File #: 21-0474

DATE: February 28, 2025
TO: Pension Committee
FROM: Barry Bryant

SUBJECT:
Report Of The Investment Advisor

PURPOSE:
The purpose of this memorandum is to provide information to the Pension Committee concerning the investment report for the calendar year ending December 31, 2024.

BACKGROUND/STAFF COMMENTS:
Asset valuation as of December 31st is used for preparation of the annual actuary report for the closed defined benefit pension plan.

FINANCIAL IMPACT:
This report is for information purposes.

RECOMMENDATION:
For information purposes only.

City of Franklin Employees'
Pension Plan & Trust

Performance Review
December 2024



DAHAB ASSOCIATES

ECONOMIC ENVIRONMENT

When Good is Bad

In the final quarter of 2024, the U.S. economy continued to display resilience, building upon the momentum observed in prior quarters and offering reasons for cautious optimism. Advanced estimates of fourth quarter real GDP from the Bureau of Economic Analysis increased at an annualized rate of 2.3%, driven primarily by stable consumer spending and a robust labor market that maintained unemployment near historic lows.

Central to discussions during this period was the impact of the Federal Reserve's latest policy shift. On December 18, 2024, the Fed implemented a 0.25% rate cut, reducing the federal funds rate to a 4.25%–4.50% range. Notably, this marked the second policy move following the more significant 50 basis-point reduction earlier in the year, which had initially fueled expectations of multiple rate cuts by year-end. Despite continued uncertainty regarding the future path of monetary policy, economic indicators—such as moderate inflation and steady GDP growth—created a more measured outlook, tempering assumptions of the magnitude of future cuts. Nonetheless, investor sentiment remained broadly positive, reflecting confidence in the economy's core fundamentals.

Inflationary pressures, although receding, still drew scrutiny; December's annual rate of 2.9% remained slightly above the Federal Reserve's 2% objective, suggesting that policymakers might remain vigilant as they weigh further adjustments.

Housing market dynamics presented a mixed picture, with the 30-year mortgage rate closing the year at roughly 6.9%. While high-profile coastal metros experienced some slowdown in new construction, overall home prices were sustained by limited inventory and near-term favorable demographic trends.

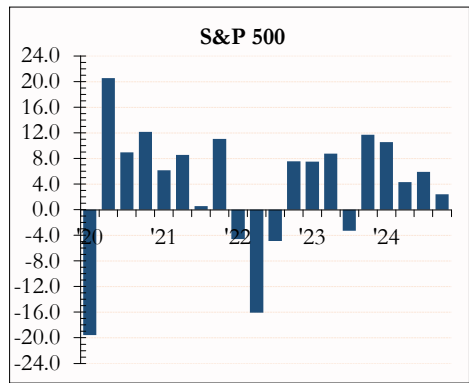
Government spending also played a significant role, bolstering various economic sectors through commitments to infrastructure projects, green energy initiatives, and broader industrial policies. This fiscal support, however, has raised debates about the long-term implications for the federal deficit and broader economic stability.

Looking at the global landscape, trade considerations and supply chain shifts continued to shape corporate decision-making. Firms exploring nearshoring or friendshoring strategies increasingly funneled investments into regions such as Latin America. At the same time, geopolitical tensions, coupled with tighter regulations in the semiconductor sector, signaled potential challenges to cross-border capital flows. These complexities underlined the delicate balance businesses and investors face when navigating 2025.

DOMESTIC EQUITIES

Top Heavy

In the fourth quarter of 2024, the U.S. stock market maintained its upward momentum, with the S&P 500 Index rising by 2.4% and closing the year up an impressive 25.0%, extending its positive quarterly streak. Large-cap equities, as measured by the Russell



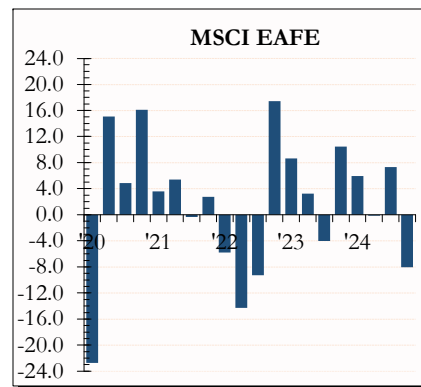
1000, outperformed their small-cap counterparts in the Russell 2000 by 2.4%, thanks in part to the continued leadership of large cap growth stocks. Notably, the equal-weighted S&P 500 Index underperformed its market-cap-weighted counterpart, underscoring the influential role of mega-cap technology and AI-focused companies in driving overall market returns.

Sectors tied to falling commodity prices, such as Energy and Materials, lagged, while Consumer Discretionary and Communication Services stood out as top gainers amid strong consumer demand. Although volatility flared around the U.S. presidential election, markets largely rallied on expectations for tax cuts, deregulation, and robust economic growth, leaving investors optimistic as they head into 2025.

As we look ahead to 2025, considerable uncertainty remains, fueled by elevated valuations, global instability, and shifting policy landscapes. Nevertheless, the market's continued gains underscore continued investor enthusiasm, especially for AI-related opportunities, even as caution prevails in assessing potential risks. Under such conditions, it remains evident that predicting future market directions is especially challenging.

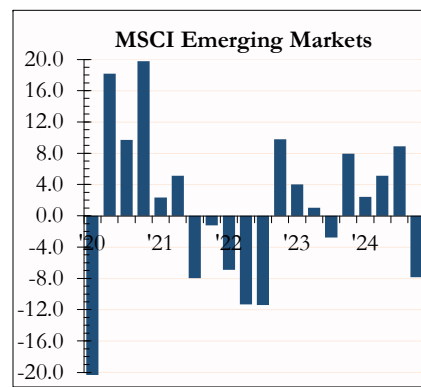
INTERNATIONAL EQUITIES

When Will A Dog Get A Day



The MSCI EAFE Index fell by -8.1% in the fourth quarter, ending the year up 4.4%. The Far East was a relative outperformer, declining -3.7% for the quarter but finishing the year with a strong 9.1% gain. In contrast, Europe continued to

weigh on the index, losing -9.7% in the quarter and closing the year with a modest 2.4% return. France, one of the region's largest countries by weight, performed particularly poorly, declining -10.2%.



The MSCI Emerging Markets Index declined -7.8% in the fourth quarter but delivered a robust annual gain of 8.1%. Latin America was a major drag, falling -15.7% as a region, with Brazilian equities plunging -19.3%. Taiwan,

however, was a bright spot, with its equities rising 3.4%, supported by gains in Taiwan Semiconductor.

The quarter was marked by inflation concerns, geopolitical tensions, and weak country-specific headlines. Despite low

valuations relative to U.S. equities, uncertainty surrounding tariffs, geopolitical risks, and demographic trends kept investor inflows subdued. The strengthening U.S. dollar further pressured foreign markets and earnings.

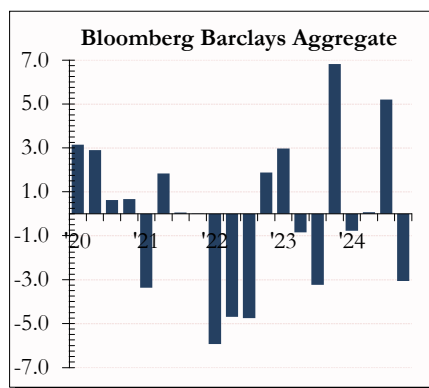
Looking ahead, Chinese stimulus, Russia-Ukraine negotiations, and global trade agreements will be key developments to watch in 2025. While attractive valuations present opportunities, macroeconomic and geopolitical uncertainties will remain pivotal in shaping international market performance.

This quarter highlighted the continued challenges and regional divergences in global markets, reflecting the complexity of today’s investment landscape.

BOND MARKET

Duration Stings

In the fourth quarter of 2024, fixed income markets saw a notable decline as the Bloomberg U.S. Aggregate Bond Index dipped -3.1%,



concluding the year with a modest 1.3% gain. High Yield bonds ended up 8.2% for the year, though spreads tightening to multi-year lows sparked caution about future risk-adjusted returns. Meanwhile, longer-duration securities,

including 20+ Year STRIPS, posted steep losses of -13.5% for the quarter and -13.8% for the year.

Treasury yields remained volatile throughout 2024. The 10-year yield began below 4%, climbed to 4.7% in May, dropped to 3.6% by September, and closed the year at 4.6%. Notably, after more than two years of inversion, the yield curve reverted to a normal slope, with the 10-year yield at 4.58% and the 2-year at 4.25% by year-end.

In response to evolving economic signals, the Federal Reserve enacted three rate cuts in November and December, for a total decrease of 100 bps, emphasizing a policy normalization rather than an urgent reaction to labor market pressures. With additional cuts on pause, the Fed will monitor inflation and growth data in early 2025 before deciding on further action.

Investors should maintain strategic allocations and stay prepared for potential market swings. As the economy transitions from rapid recovery toward a slower growth phase, the interplay of rates, inflation, and fiscal policies will likely shape fixed income performance in the coming months.

CASH EQUIVALENTS

Now What?

The three-month T-Bill index returned 0.7% for the third quarter. This continues the downward trend seen throughout 2024. Three-month treasury bills are now yielding 4.4%, down 0.3% from the end of September.

Economic Statistics

	Current Quarter	Previous Quarter
GDP (Annualized)	2.3%	3.1%
Unemployment	4.1%	4.1%
CPI All Items Year/Year	2.9%	2.4%
Fed Funds Rate	4.3%	4.8%
Industrial Capacity Utilization	77.5%	77.4%
U.S. Dollars per Euro	1.04	1.11

Major Index Returns

Index	Quarter	12 Months
Russell 3000	2.6%	23.8%
S&P 500	2.4%	25.0%
Russell Midcap	0.6%	15.3%
Russell 2000	0.3%	11.5%
MSCI EAFE	-8.1%	4.3%
MSCI Emg. Markets	-7.8%	8.1%
NCREIF ODCE	1.2%	-1.4%
U.S. Aggregate	-3.1%	1.2%
90 Day T-bills	0.7%	3.6%

Domestic Equity Return Distributions

Quarter	Trailing Year		
	GRO	COR	VAL
LC	7.1	2.7	-2.0
MC	8.1	0.6	-1.7
SC	1.7	0.3	-1.1

Market Summary

- Domestic equities rise
- Federal Reserve continues cutting
- Long-Term Treasury yield rise
- Economy remains strong

INVESTMENT RETURN

On December 31st, 2024, the Franklin Employees' Pension Plan & Trust was valued at \$173,812,673, which represented a \$2,277,230 increase over the September ending value of \$171,535,443. During the last three months, the account posted total net contributions of \$5,080,032, which overshadowed the account's \$2,802,802 net investment loss for the period. The portfolio's net investment loss was a result of income receipts totaling \$5,473 and realized and unrealized capital losses of \$2,808,275.

RELATIVE PERFORMANCE

Total Fund

In the fourth quarter, the Composite portfolio returned -1.2%, which was 0.1% better than the Manager Allocation Index's return of -1.3% and ranked in the 54th percentile of the Public Fund universe. Over the trailing year, the portfolio returned 8.9%, which was 0.8% above the benchmark's 8.1% return, ranking in the 74th percentile. Since December 2016, the account returned 8.4% on an annualized basis and ranked in the 34th percentile. For comparison, the Manager Allocation Index returned an annualized 8.2% over the same period.

Diversified Assets

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

Last quarter, the diversified assets segment lost 1.2%, which was 0.2% above the Tennessee Consolidated Retirement System Policy Index's return of -1.4% and ranked in the 58th percentile of the Public Fund universe. Over the trailing twelve-month period, this segment returned 9.0%, which was 0.4% above the benchmark's 8.6% performance, ranking in the 72nd percentile. Since December 2016, this component returned 8.6% per annum and ranked in the 22nd percentile. For comparison, the Tennessee Consolidated

Retirement System Policy Index returned an annualized 8.4% over the same period.

Alternative Assets

In the fourth quarter, the alternative assets component gained 1.7%, which was 0.6% better than the Franklin, TN Alternative Asset Hybrid Index's return of 1.1%. Over the trailing twelve-month period, this component returned 3.9%, which was 0.6% better than the benchmark's 3.3% performance. Since December 2016, this component returned 4.5% annualized, while the Franklin, TN Alternative Asset Hybrid Index returned an annualized 6.9% over the same time frame.

ASSET ALLOCATION

On December 31st, 2024, diversified assets comprised 98.0% of the total portfolio (\$170.4 million), while the portfolio's alternative assets component totaled 1.7% (\$3.0 million) with cash & equivalents comprising the remaining 0.2% (\$402,664).

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD /1Y	3 Year	5 Year	10 Year	Since 12/16
Total Portfolio - Gross	-1.2	8.9	2.6	7.5	----	8.4
<i>PUBLIC FUND RANK</i>	(54)	(74)	(56)	(37)	----	(34)
Total Portfolio - Net	-1.2	8.8	2.5	7.3	----	8.2
Manager Shadow	-1.3	8.1	2.7	7.2	7.3	8.2
Diversified Assets - Gross	-1.2	9.0	2.7	7.6	----	8.6
<i>PUBLIC FUND RANK</i>	(58)	(72)	(56)	(31)	----	(22)
TCRS Policy Index	-1.4	8.6	2.8	7.4	----	8.4
Alternative Assets - Gross	1.7	3.9	5.0	4.9	5.5	4.5
Hybrid Index	1.1	3.3	3.5	7.0	7.2	6.9
Russell 2500	0.6	12.0	2.4	8.8	8.8	9.3
NCREIF ODCE	1.2	-1.4	-2.3	2.9	5.9	4.4
NCREIF Timber	1.4	7.0	9.5	7.7	5.4	5.8

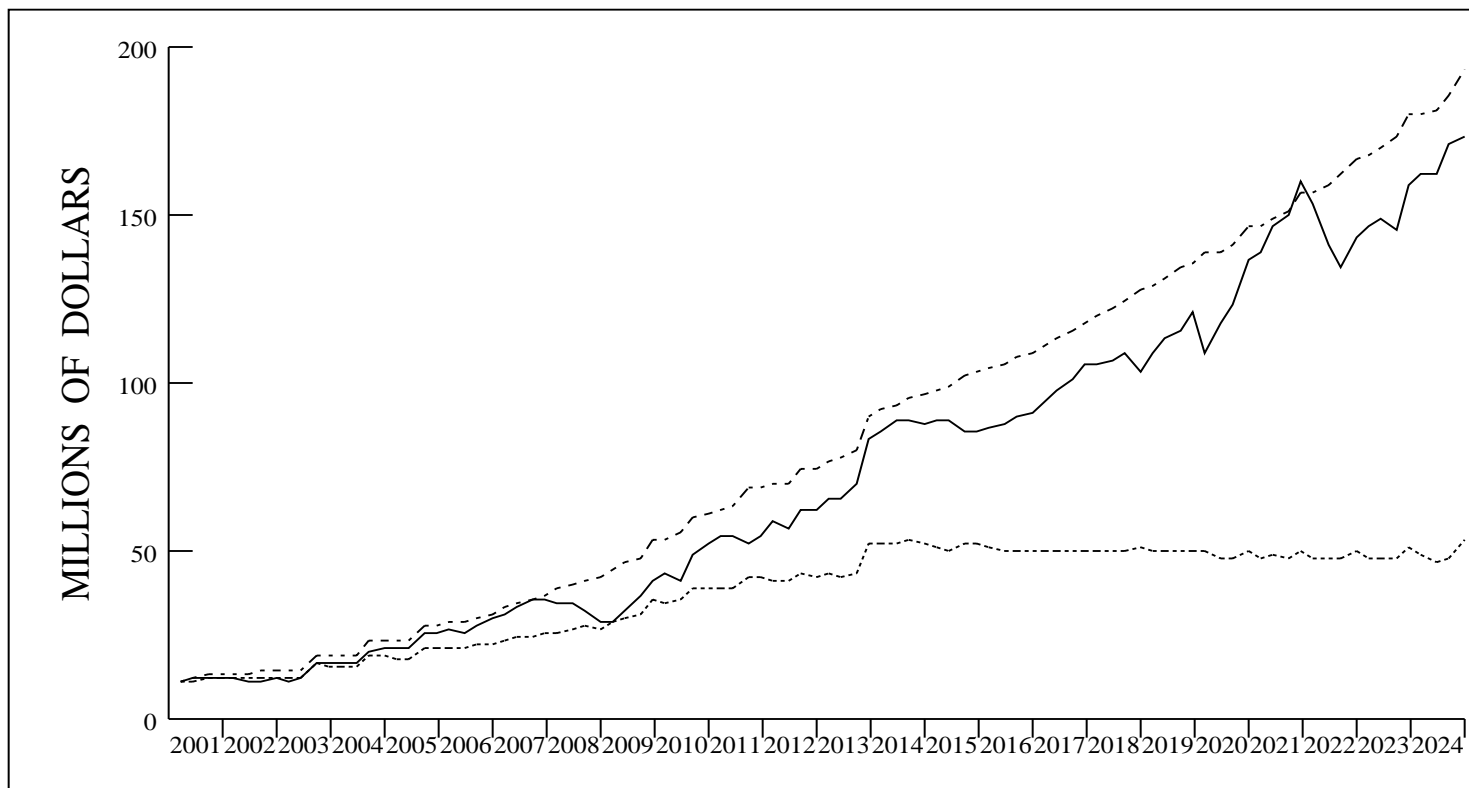
ASSET ALLOCATION

Diversified	98.0%	\$ 170,392,421
Alternative	1.7%	3,017,588
Cash	0.2%	402,664
Total Portfolio	100.0%	\$ 173,812,673

INVESTMENT RETURN

Market Value 9/2024	\$ 171,535,443
Contribs / Withdrawals	5,080,032
Income	5,473
Capital Gains / Losses	-2,808,275
Market Value 12/2024	\$ 173,812,673

INVESTMENT GROWTH



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

VALUE ASSUMING
 BLENDED GA \$ 193,914,471

	LAST QUARTER	PERIOD 3/01 - 12/24
BEGINNING VALUE	\$ 171,535,443	\$ 12,168,310
NET CONTRIBUTIONS	5,080,032	41,249,549
<u>INVESTMENT RETURN</u>	<u>- 2,802,802</u>	<u>120,394,814</u>
ENDING VALUE	\$ 173,812,673	\$ 173,812,673
INCOME	5,473	9,440,445
<u>CAPITAL GAINS (LOSSES)</u>	<u>- 2,808,275</u>	<u>110,954,369</u>
INVESTMENT RETURN	- 2,802,802	120,394,814

MANAGER PERFORMANCE SUMMARY - GROSS OF FEES

Portfolio	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception
Composite	(Public Fund)	-1.2 (54)	8.9 (74)	8.9 (74)	2.6 (56)	7.5 (37)	8.4 (34) 12/16
<i>Manager Shadow</i>		<i>-1.3 ---</i>	<i>8.1 ---</i>	<i>8.1 ---</i>	<i>2.7 ---</i>	<i>7.2 ---</i>	<i>8.2 --- 12/16</i>
TCRS	(Public Fund)	-1.2 (58)	9.0 (72)	9.0 (72)	2.7 (56)	7.6 (31)	8.6 (22) 12/16
<i>TCRS Policy Index</i>		<i>-1.4 ---</i>	<i>8.6 ---</i>	<i>8.6 ---</i>	<i>2.8 ---</i>	<i>7.4 ---</i>	<i>8.4 --- 12/16</i>
Hamilton Lane SF III		0.0 ---	-3.7 ---	-3.7 ---	-21.5 ---	-10.6 ---	1.8 --- 06/13
<i>Russell 2500</i>		<i>0.6 ---</i>	<i>12.0 ---</i>	<i>12.0 ---</i>	<i>2.4 ---</i>	<i>8.8 ---</i>	<i>9.9 --- 06/13</i>
Landmark PE		0.0 ---	-49.8 ---	-49.8 ---	-21.2 ---	-9.1 ---	-4.0 --- 12/14
<i>Russell 2500</i>		<i>0.6 ---</i>	<i>12.0 ---</i>	<i>12.0 ---</i>	<i>2.4 ---</i>	<i>8.8 ---</i>	<i>8.8 --- 12/14</i>
FIA Timber		-1.3 ---	1.3 ---	1.3 ---	6.4 ---	5.0 ---	4.3 --- 03/16
<i>NCREIF Timber</i>		<i>1.4 ---</i>	<i>7.0 ---</i>	<i>7.0 ---</i>	<i>9.5 ---</i>	<i>7.7 ---</i>	<i>5.6 --- 03/16</i>
RMS Forest Fund III		6.2 ---	9.2 ---	9.2 ---	14.0 ---	10.1 ---	7.3 --- 06/12
<i>NCREIF Timber</i>		<i>1.4 ---</i>	<i>7.0 ---</i>	<i>7.0 ---</i>	<i>9.5 ---</i>	<i>7.7 ---</i>	<i>6.4 --- 06/12</i>

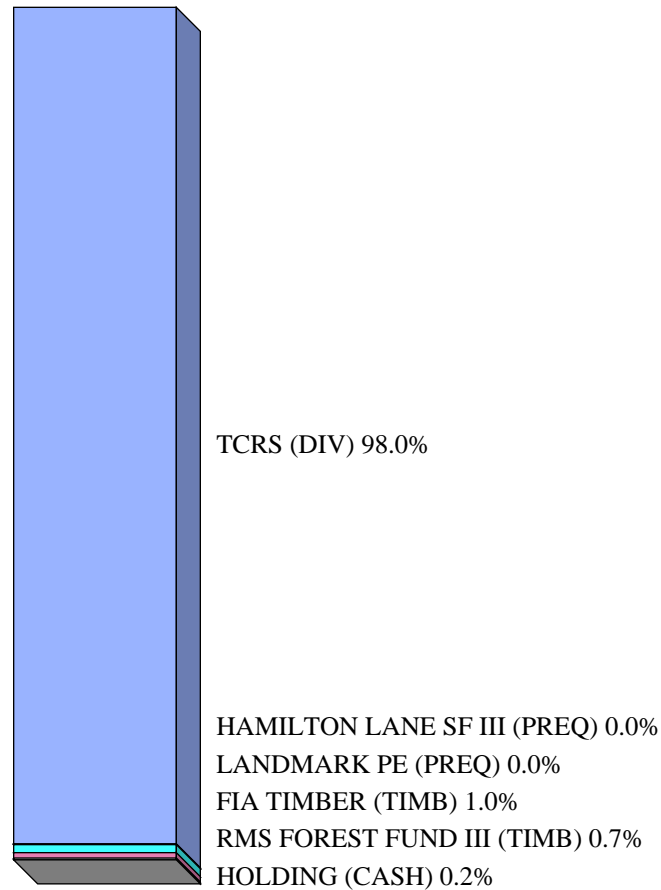
MANAGER PERFORMANCE SUMMARY - NET OF FEES

Portfolio	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	
Composite	-1.2	8.8	8.8	2.5	7.3	8.2	12/16
<i>Manager Shadow</i>	<i>-1.3</i>	<i>8.1</i>	<i>8.1</i>	<i>2.7</i>	<i>7.2</i>	<i>8.2</i>	<i>12/16</i>
TCRS	-1.3	8.9	8.9	2.6	7.5	8.5	12/16
<i>TCRS Policy Index</i>	<i>-1.4</i>	<i>8.6</i>	<i>8.6</i>	<i>2.8</i>	<i>7.4</i>	<i>8.4</i>	<i>12/16</i>
Hamilton Lane SF III	0.0	-4.9	-4.9	-20.8	-11.0	0.2	06/13
<i>Russell 2500</i>	<i>0.6</i>	<i>12.0</i>	<i>12.0</i>	<i>2.4</i>	<i>8.8</i>	<i>9.9</i>	<i>06/13</i>
Landmark PE	0.0	-50.0	-50.0	-21.8	-9.9	-4.9	12/14
<i>Russell 2500</i>	<i>0.6</i>	<i>12.0</i>	<i>12.0</i>	<i>2.4</i>	<i>8.8</i>	<i>8.8</i>	<i>12/14</i>
FIA Timber	-1.5	0.5	0.5	5.5	4.1	3.4	03/16
<i>NCREIF Timber</i>	<i>1.4</i>	<i>7.0</i>	<i>7.0</i>	<i>9.5</i>	<i>7.7</i>	<i>5.6</i>	<i>03/16</i>
RMS Forest Fund III	5.9	8.2	8.2	12.9	9.0	6.2	06/12
<i>NCREIF Timber</i>	<i>1.4</i>	<i>7.0</i>	<i>7.0</i>	<i>9.5</i>	<i>7.7</i>	<i>6.4</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)	4.6 (77)	10.2 (71)	17.7 (72)	4.9 (45)	8.8 (40)	---- ----	8.8 (34)	12/16
<i>Manager Shadow</i>		<i>4.9 ----</i>	<i>9.6 ----</i>	<i>18.5 ----</i>	<i>5.0 ----</i>	<i>8.4 ----</i>	<i>7.7 ----</i>	<i>8.7 ----</i>	<i>12/16</i>
TCRS	(Public Fund)	4.7 (73)	10.4 (68)	18.2 (69)	5.1 (40)	8.9 (35)	---- ----	9.1 (23)	12/16
<i>TCRS Policy Index</i>		<i>5.0 ----</i>	<i>10.1 ----</i>	<i>19.0 ----</i>	<i>5.1 ----</i>	<i>8.6 ----</i>	<i>---- ----</i>	<i>8.8 ----</i>	<i>12/16</i>
Hamilton Lane SF III		-1.3 ----	-3.7 ----	-40.5 ----	-18.5 ----	-11.7 ----	-1.5 ----	1.9 ----	06/13
<i>Russell 2500</i>		<i>8.7 ----</i>	<i>11.3 ----</i>	<i>26.2 ----</i>	<i>3.5 ----</i>	<i>10.4 ----</i>	<i>9.5 ----</i>	<i>10.1 ----</i>	<i>06/13</i>
Landmark PE		-10.3 ----	-49.8 ----	-48.4 ----	-20.7 ----	-8.0 ----	-4.0 ----	3.8 ----	03/10
<i>Russell 2500</i>		<i>8.7 ----</i>	<i>11.3 ----</i>	<i>26.2 ----</i>	<i>3.5 ----</i>	<i>10.4 ----</i>	<i>9.5 ----</i>	<i>11.0 ----</i>	<i>03/10</i>
FIA Timber		-1.1 ----	2.6 ----	3.8 ----	7.0 ----	5.4 ----	---- ----	4.6 ----	03/16
<i>NCREIF Timber</i>		<i>1.5 ----</i>	<i>5.5 ----</i>	<i>9.3 ----</i>	<i>10.6 ----</i>	<i>7.3 ----</i>	<i>5.8 ----</i>	<i>5.6 ----</i>	<i>03/16</i>
RMS Forest Fund III		0.9 ----	2.9 ----	10.3 ----	13.8 ----	11.5 ----	6.0 ----	6.9 ----	06/12
<i>NCREIF Timber</i>		<i>1.5 ----</i>	<i>5.5 ----</i>	<i>9.3 ----</i>	<i>10.6 ----</i>	<i>7.3 ----</i>	<i>5.8 ----</i>	<i>6.4 ----</i>	<i>06/12</i>

MANAGER ALLOCATION SUMMARY



Name	Market Value	Percent
TCRS (DIV)	\$170,392,421	98.0
Hamilton Lane SF III (PREQ)	\$60,878	0.0
Landmark PE (PREQ)	\$3,680	0.0
FIA Timber (TIMB)	\$1,712,143	1.0
RMS Forest Fund III (TIMB)	\$1,240,887	0.7
Holding (CASH)	\$402,664	0.2
Total	\$173,812,673	100.0

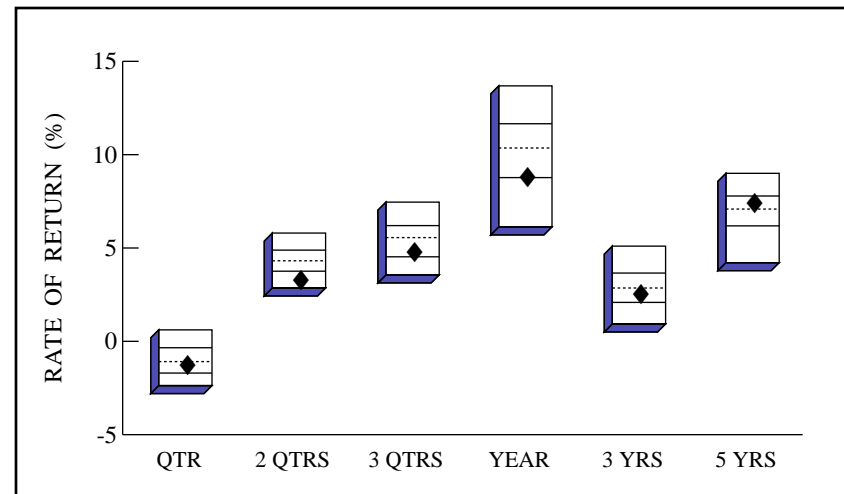
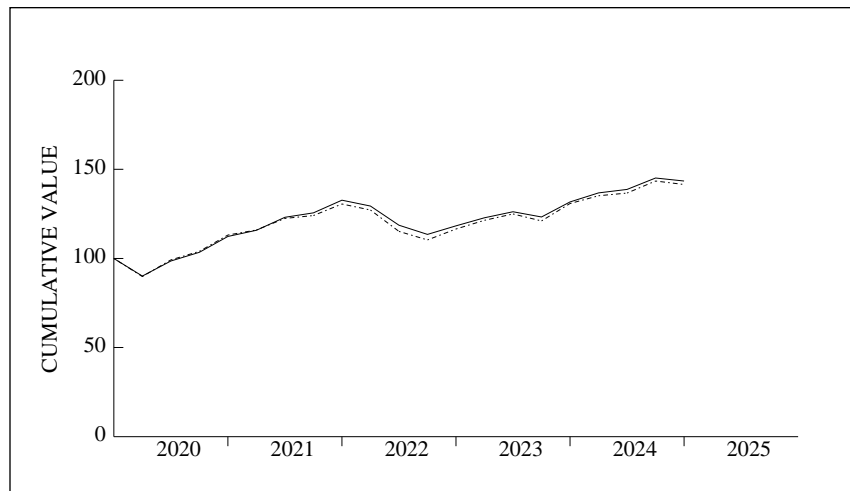
MANAGER VALUE ADDED

1 Quarter	Portfolio	Benchmark	1 Year
0.2	Tennessee Consolidated Retirement System	TCRS Policy Index	0.4
-0.6	Hamilton Lane Secondary Fund III	Russell 2500	-15.7
-0.6	Landmark Partners Equity Partners XIV, LP	Russell 2500	-61.8
-2.7	FIA Timber Growth & Value Partners	NCREIF Timber	-5.7
4.8	RMS Forest Growth III	NCREIF Timber	2.2
0.1	Total Portfolio	Manager Shadow	0.8

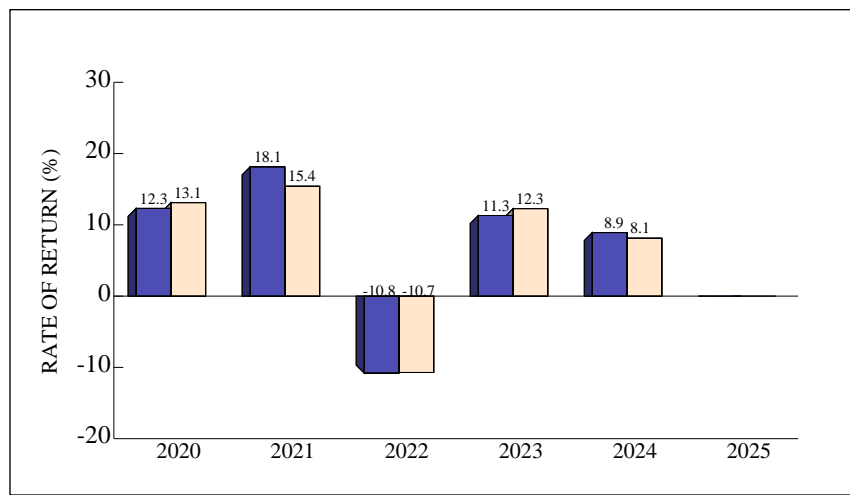
INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value September 30th, 2024	Net Cashflow	Net Investment Return	Market Value December 31st, 2024
TCRS (DIV)	-1.2	168,107,827	5,140,083	-2,855,489	170,392,421
Hamilton Lane SF III (PREQ)	0.0	60,878	0	0	60,878
Landmark PE (PREQ)	0.0	3,680	0	0	3,680
FIA Timber (TIMB)	-1.3	1,738,177	-3,535	-22,499	1,712,143
RMS Forest Fund III (TIMB)	6.2	1,171,691	0	69,196	1,240,887
Holding (CASH)	---	453,190	-56,516	5,990	402,664
Total Portfolio	-1.2	171,535,443	5,080,032	-2,802,802	173,812,673

TOTAL RETURN COMPARISONS



Public Fund Universe

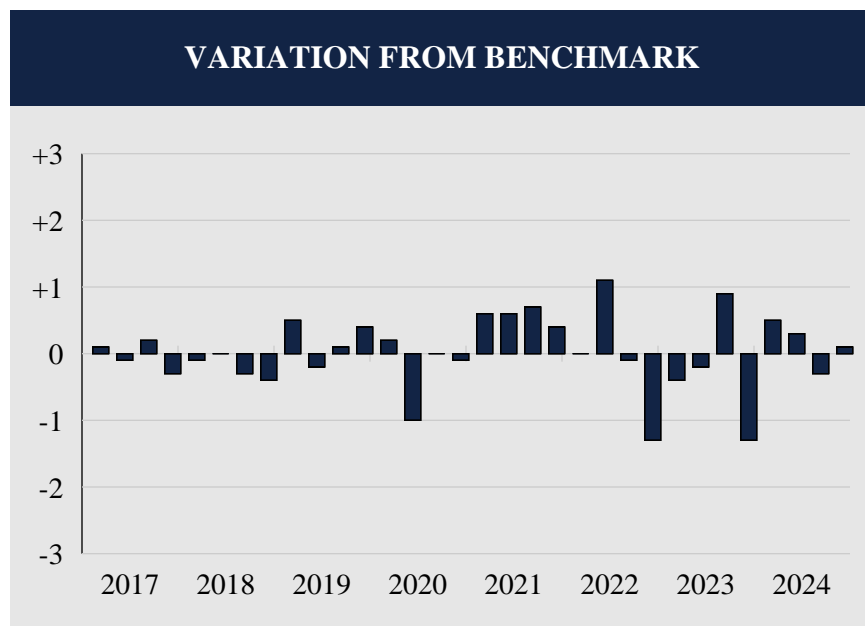


	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	-1.2	3.4	4.9	8.9	2.6	7.5
(RANK)	(54)	(84)	(69)	(74)	(56)	(37)
5TH %ILE	0.6	5.8	7.5	13.7	5.1	9.0
25TH %ILE	-0.4	4.9	6.2	11.7	3.7	7.8
MEDIAN	-1.1	4.3	5.6	10.4	2.9	7.1
75TH %ILE	-1.7	3.8	4.5	8.8	2.1	6.2
95TH %ILE	-2.4	2.9	3.6	6.1	0.9	4.2
Manager Shadow	-1.3	3.5	4.6	8.1	2.7	7.2

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY - 10 YEARS

COMPARATIVE BENCHMARK: MANAGER ALLOCATION INDEX



Total Quarters Observed	32
Quarters At or Above the Benchmark	18
Quarters Below the Benchmark	14
Batting Average	.563

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
3/17	4.3	4.2	0.1	4.3	4.2	0.1
6/17	3.3	3.4	-0.1	7.7	7.7	0.0
9/17	3.6	3.4	0.2	11.5	11.3	0.2
12/17	3.6	3.9	-0.3	15.6	15.6	0.0
3/18	-0.4	-0.3	-0.1	15.1	15.2	-0.1
6/18	0.9	0.9	0.0	16.2	16.3	-0.1
9/18	2.6	2.9	-0.3	19.2	19.6	-0.4
12/18	-6.1	-5.7	-0.4	11.9	12.8	-0.9
3/19	7.2	6.7	0.5	19.9	20.4	-0.5
6/19	3.5	3.7	-0.2	24.1	24.9	-0.8
9/19	1.9	1.8	0.1	26.5	27.1	-0.6
12/19	4.8	4.4	0.4	32.5	32.7	-0.2
3/20	-9.9	-10.1	0.2	19.4	19.3	0.1
6/20	9.4	10.4	-1.0	30.7	31.7	-1.0
9/20	4.9	4.9	0.0	37.1	38.1	-1.0
12/20	8.6	8.7	-0.1	48.8	50.2	-1.4
3/21	3.1	2.5	0.6	53.5	54.0	-0.5
6/21	6.2	5.6	0.6	63.1	62.6	0.5
9/21	2.0	1.3	0.7	66.4	64.7	1.7
12/21	5.6	5.2	0.4	75.8	73.3	2.5
3/22	-2.5	-2.5	0.0	71.5	68.9	2.6
6/22	-8.3	-9.4	1.1	57.2	53.0	4.2
9/22	-4.3	-4.2	-0.1	50.4	46.5	3.9
12/22	4.3	5.6	-1.3	56.8	54.7	2.1
3/23	3.8	4.2	-0.4	62.8	61.2	1.6
6/23	2.7	2.9	-0.2	67.3	65.9	1.4
9/23	-2.3	-3.2	0.9	63.4	60.6	2.8
12/23	6.8	8.1	-1.3	74.6	73.7	0.9
3/24	3.8	3.3	0.5	81.3	79.5	1.8
6/24	1.4	1.1	0.3	83.9	81.4	2.5
9/24	4.6	4.9	-0.3	92.4	90.4	2.0
12/24	-1.2	-1.3	0.1	90.1	87.8	2.3

MANAGER FEE SUMMARY - ONE QUARTER

ALL FEES ARE ESTIMATED / ACCRUED

PORTFOLIO	MARKET VALUE	GROSS RETURN	FEE	FEE PCT	NET RETURN
TCRS (DIV)	\$170,392,421	-1.2	\$54,934	0.03	-1.3
Hamilton Lane SF III (PREQ)	\$60,878	0.0	\$0	0.00	0.0
Landmark PE (PREQ)	\$3,680	0.0	\$0	0.00	0.0
FIA Timber (TIMB)	\$1,712,143	-1.3	\$3,535	0.20	-1.5
RMS Forest Fund III (TIMB)	\$1,240,887	6.2	\$2,929	0.25	5.9
Holding (CASH)	\$402,664	----	\$0	0.00	----
Total Portfolio	\$173,812,673	-1.2	\$61,398	0.04	-1.2

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST

ANNUAL FEES

Account	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TCRS Fund	\$ 211,335	\$ 188,546	\$ 184,607	\$ 186,097	\$ 152,287	\$ 140,741	\$ 125,209	\$ 110,451	\$ -	\$ -	\$ -
Hamilton Lane PE	\$ 2,776	\$ 6,858	\$ 7,263	\$ 28,461	\$ 15,675	\$ 26,282	\$ 39,472	\$ 34,193	\$ 55,940	\$ 67,444	\$ 38,767
Landmark PE	\$ 138	\$ 499	\$ 979	\$ 1,539	\$ 1,606	\$ 1,811	\$ 2,746	\$ 3,504	\$ 3,636	\$ 5,988	\$ 5,603
FIA TIMBER	\$ 14,140	\$ 14,140	\$ 14,140	\$ 14,107	\$ 14,140	\$ 9,262	\$ 11,252	\$ 12,046	\$ 2,686	\$ 3,159	\$ -
RMS Forest Fund III	\$ 11,632	\$ 11,096	\$ 10,396	\$ 10,511	\$ 11,294	\$ 10,887	\$ 12,883	\$ 13,886	\$ 14,936	\$ 10,487	\$ 12,332
*BTG Select Fund II	\$ -	\$ -	\$ 675	\$ 1,039	\$ 1,821	\$ 8,352	\$ 9,807	\$ 11,478	\$ 12,901	\$ 15,036	\$ 16,980
*Vanguard Dev. Mkt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 535	\$ 1,926	\$ 1,946	\$ 1,166	\$ -
*Schwab/RAFI EM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575	\$ 939	\$ 10,712	\$ 15,984
*Polen LC Growth	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,096	\$ 61,568	\$ 53,110
*CS McKee LC Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,783	\$ 98,820	\$ 109,069
*SouthernSun Smid Cap	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,240	\$ 89,173	\$ 101,045
*Westwood EM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,350	\$ 77,805	\$ 69,051
*Bailard REIT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,063	\$ 47,222	\$ 38,418
*Longfellow Int. FI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,080	\$ 17,874	\$ 8,532
*Aberdeen EAFE Int'l Eq	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,606	\$ 62,187	\$ 66,977
*SSGA Fixed Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,855	\$ 6,487
*Vanguard Extd Mkt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 376
*SSgA Int'l Select Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Composite	\$ 240,021	\$ 221,139	\$ 218,060	\$ 241,754	\$ 196,823	\$ 197,335	\$ 201,904	\$ 188,059	\$ 580,202	\$ 615,601	\$ 542,729

*Closed accounts

CITY OF FRANKLIN PENSION PLAN
TCRS RETURNS & ALLOCATIONS AS OF DECEMBER 31, 2024

Asset Class	Qtr	1 Year	Annualized		Allocation				
			3 Years	5 Years					
Tennessee Consolidated Retirement System (Public Fd)	-1.2	(58)	9.0	(72)	2.7	(56)	7.6	(31)	100.0%
<i>TCRS Shadow Index¹</i>	-0.7		9.6		3.0		7.8		
<i>Median Public Fund</i>	-1.1		10.4		2.9		7.1		
North American Equity	2.1		23.9		8.4		13.6		30.9%
<i>Russell 3000</i>	2.6		23.8		8.0		13.9		
Int'l Developed Equity	-8.9		3.1		0.1		5.2		11.4%
<i>MSCI EAFE</i>	-8.1		4.4		2.2		5.2		
Int'l Emerging Markets Equity	-9.6		-0.5		-0.2		4.1		3.5%
<i>MSCI Emerging Markets</i>	-7.8		8.1		-1.5		2.1		
Private Equity	2.8		8.1		2.4		16.6		12.6%
<i>Cambridge US Private Equity²</i>	0.0		6.4		3.5		14.9		
Real Estate	1.5		-2.5		2.8		6.2		10.0%
<i>NCREIF NFI-ODCE</i>	1.2		-1.4		-2.3		2.9		
Strategic Lending	1.8		9.9		7.6		8.2		11.3%
<i>Strategic Lending Index³</i>	1.2		8.6		3.4		14.6		
Domestic Fixed Income	-5.6		-1.4		-5.9		-1.9		18.9%
<i>Bloomberg Aggregate</i>	-3.1		1.3		-2.4		-0.3		
Short Term	0.7		2.5		2.5		1.6		1.4%
<i>90 Day T-Bills</i>	0.7		3.6		2.3		1.4		

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	2.6	23.8	23.8	8.0	13.9	12.5
S&P 500	Large Cap Core	2.4	25.0	25.0	8.9	14.5	13.1
Russell 1000	Large Cap Core	2.7	24.5	24.5	8.4	14.3	12.9
Russell 1000 Growth	Large Cap Growth	7.1	33.4	33.4	10.5	19.0	16.8
Russell 1000 Value	Large Cap Value	-2.0	14.4	14.4	5.6	8.7	8.5
Russell 2000	Small Cap	0.3	11.5	11.5	1.2	7.4	7.8
Russell 2000 Growth	Small Cap Growth	1.7	15.2	15.2	0.2	6.9	8.1
Russell 2000 Value	Small Cap Value	-1.1	8.1	8.1	1.9	7.3	7.1
MSCI EAFE	Developed Markets	-8.1	4.3	4.3	2.2	5.2	5.7
MSCI EAFE Growth	Developed Markets Growth	-9.1	2.4	2.4	-2.3	4.3	6.2
MSCI EAFE Value	Developed Markets Value	-7.1	6.4	6.4	6.6	5.8	5.0
MSCI Emerging Markets	Emerging Markets	-7.8	8.1	8.1	-1.5	2.1	4.0
MSCI All Country World	Global Equity	-0.9	18.0	18.0	5.9	10.6	9.8
MSCI All Country World Ex-US	Global Equity (ex. US)	-7.5	6.1	6.1	1.3	4.6	5.3
Fixed Income	Style	QTR	YTD	1 Year	3 Years	5 Years	10 Years
Bloomberg Aggregate Index	Core Fixed Income	-3.1	1.2	1.2	-2.4	-0.3	1.4
Bloomberg Gov/Credit	Gov/Credit	-3.1	1.2	1.2	-2.6	-0.2	1.5
Bloomberg Gov't Bond	Treasuries	-3.1	0.6	0.6	-2.8	-0.2	1.1
Bloomberg Credit Bond	Corporate Bonds	-3.0	2.0	2.0	-2.2	0.9	2.6
Intermediate Aggregate	Core Intermediate	-2.1	2.5	2.5	-0.8	0.3	1.5
Intermediate Gov/Credit	Gov / Credit Intermediate	-1.6	3.0	3.0	-0.2	0.9	1.7
ML/BoA 1-3 Year Treasury	Short Term Treasuries	-0.1	4.1	4.1	1.4	1.3	1.4
Bloomberg Global Treasury Ex-US	International Treasuries	-8.0	-6.0	-6.0	-7.0	-4.1	-1.1
Bloomberg Global Government Bond	International Fixed Income	-5.8	-3.1	-3.1	-5.6	-2.8	-0.4
Bloomberg Global Aggregate	International Fixed Income	-5.1	-1.7	-1.7	-4.5	-2.0	0.1
Bloomberg Global Aggregate Ex-US	International Fixed Income	-6.8	-4.2	-4.2	-6.3	-3.3	-0.9
Alternative Assets	Style	QTR	YTD	1 Year	3 Years	5 Years	10 Years
MSCI US REIT Index	REITs	-6.1	8.8	8.8	-2.3	4.1	5.4
NCREIF NFI-ODCE Index	Real Estate	1.2	-1.4	-1.4	-2.3	2.9	5.9
NCREIF Timber Index	Timber	1.4	7.0	7.0	9.5	7.7	5.4
Bloomberg Commodity Index	Commodities	-0.4	5.4	5.4	4.1	6.8	1.3
HFRI FOF Composite	Hedge Funds	2.1	9.1	9.1	3.1	5.2	3.8

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
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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.
- * Universe data provided by Investment Metrics, LLC.

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
TENNESSEE CONSOLIDATED RETIREMENT SYSTEM
PERFORMANCE REVIEW
DECEMBER 2024

DAHAB Associates, Inc.
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INVESTMENT RETURN

On December 31st, 2024, the Franklin Employees' Pension Plan & Trust's Tennessee Consolidated Retirement System portfolio was valued at \$170,392,421, representing an increase of \$2,284,594 from the September quarter's ending value of \$168,107,827. Last quarter, the Fund posted net contributions totaling \$5,140,083, which overshadowed the account's \$2,855,489 net investment loss that was sustained during the quarter. Because there were no income receipts during the fourth quarter, the portfolio's net investment losses were entirely made up of capital losses (realized and unrealized).

RELATIVE PERFORMANCE

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

During the fourth quarter, the Tennessee Consolidated Retirement System portfolio lost 1.2%, which was 0.2% better than the Tennessee Consolidated Retirement System Policy Index's return of -1.4% and ranked in the 58th percentile of the Public Fund universe. Over the trailing twelve-month period, this portfolio returned 9.0%, which was 0.4% above the benchmark's 8.6% return, and ranked in the 72nd percentile. Since December 2016, the portfolio returned 8.6% per annum and ranked in the 22nd percentile. For comparison, the Tennessee Consolidated Retirement System Policy Index returned an annualized 8.4% 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	Since 12/16
Total Portfolio - Gross	-1.2	9.0	2.7	7.6	8.6
<i>PUBLIC FUND RANK</i>	(58)	(72)	(56)	(31)	(22)
Total Portfolio - Net	-1.3	8.9	2.6	7.5	8.5
TCRS Policy Index	-1.4	8.6	2.8	7.4	8.4
Diversified Assets - Gross	-1.2	9.0	2.7	7.6	8.6
<i>PUBLIC FUND RANK</i>	(58)	(72)	(56)	(32)	(23)
TCRS Policy Index	-1.4	8.6	2.8	7.4	8.4

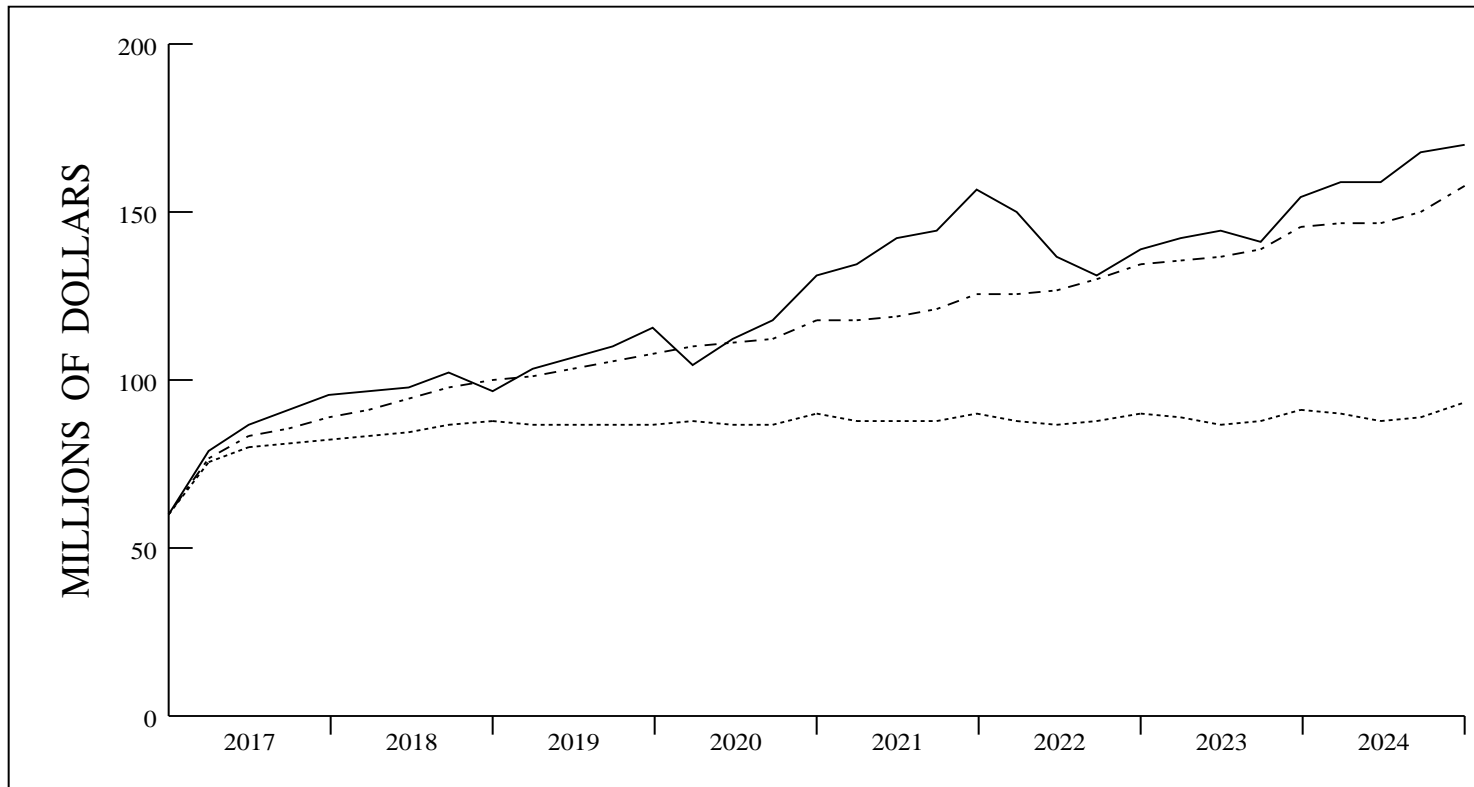
ASSET ALLOCATION

Diversified	100.0%	\$ 170,392,421
Total Portfolio	100.0%	\$ 170,392,421

INVESTMENT RETURN

Market Value 9/2024	\$ 168,107,827
Contribs / Withdrawals	5,140,083
Income	0
Capital Gains / Losses	-2,855,489
Market Value 12/2024	\$ 170,392,421

INVESTMENT GROWTH

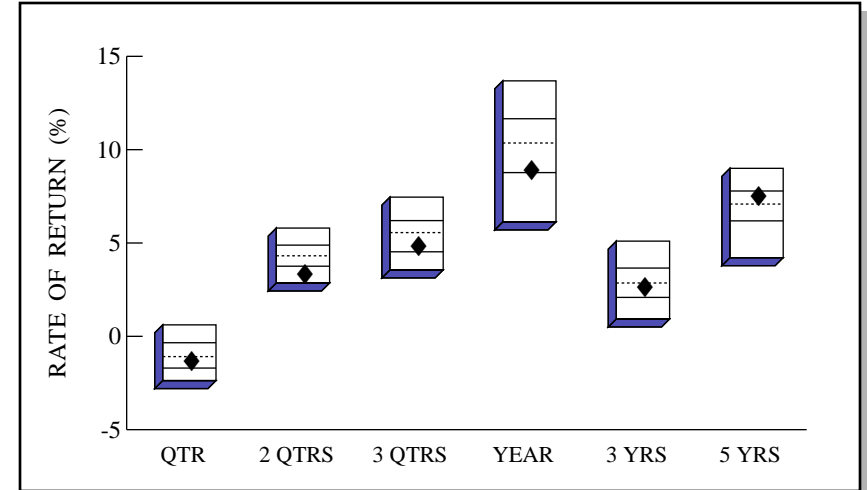
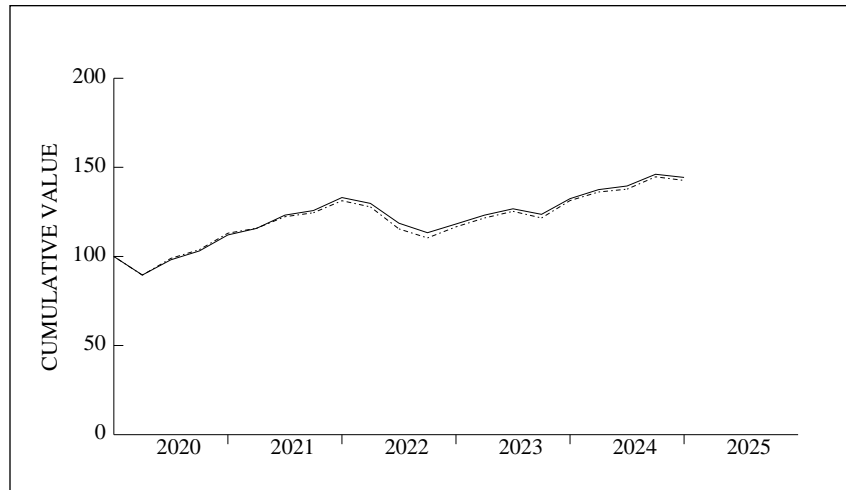


— ACTUAL RETURN
 - - - - - BLENDED GROWTH
 0.0%

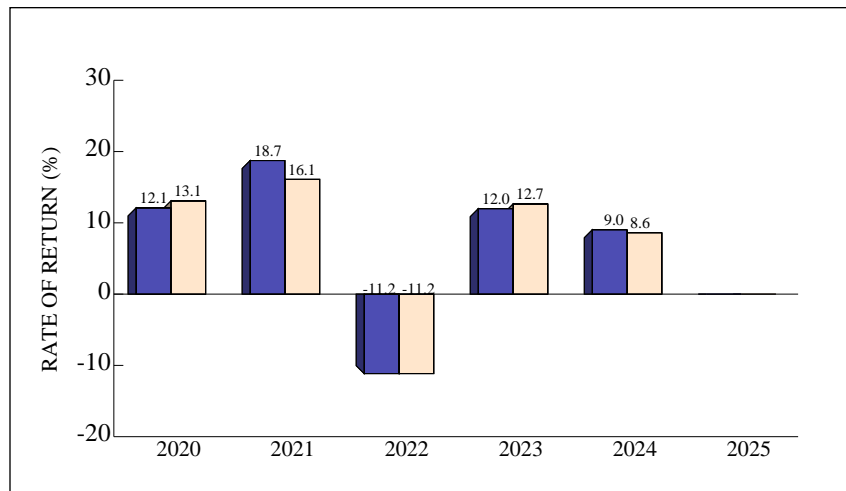
VALUE ASSUMING
 BLENDED GA \$ 158,099,001

	LAST QUARTER	PERIOD 12/16 - 12/24
BEGINNING VALUE	\$ 168,107,827	\$ 60,000,000
NET CONTRIBUTIONS	5,140,083	34,221,885
INVESTMENT RETURN	- 2,855,489	76,170,536
ENDING VALUE	\$ 170,392,421	\$ 170,392,421
INCOME	0	53
CAPITAL GAINS (LOSSES)	- 2,855,489	76,170,483
INVESTMENT RETURN	- 2,855,489	76,170,536

TOTAL RETURN COMPARISONS



Public Fund Universe

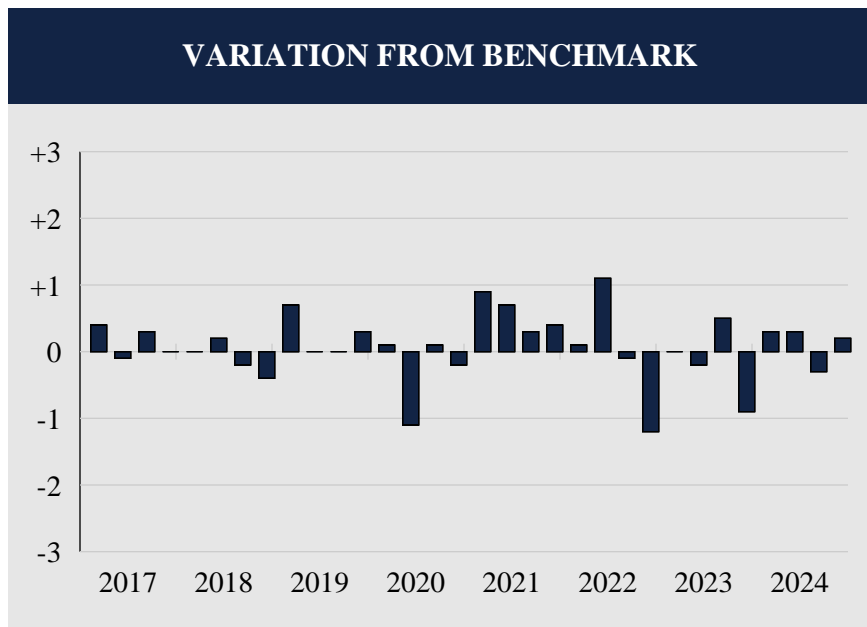


	QTR	2 QTRS	3 QTRS	YEAR	3 YRS	5 YRS
RETURN	-1.2	3.4	4.9	9.0	2.7	7.6
(RANK)	(58)	(84)	(67)	(72)	(56)	(31)
5TH %ILE	0.6	5.8	7.5	13.7	5.1	9.0
25TH %ILE	-0.4	4.9	6.2	11.7	3.7	7.8
MEDIAN	-1.1	4.3	5.6	10.4	2.9	7.1
75TH %ILE	-1.7	3.8	4.5	8.8	2.1	6.2
95TH %ILE	-2.4	2.9	3.6	6.1	0.9	4.2
TCRS Policy Idx	-1.4	3.5	4.8	8.6	2.8	7.4

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: TENNESSEE CONSOLIDATED RETIREMENT SYSTEM POLICY INDEX



Total Quarters Observed	32
Quarters At or Above the Benchmark	22
Quarters Below the Benchmark	10
Batting Average	.688

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	3.3	0.3	11.8	11.2	0.6
12/17	3.9	3.9	0.0	16.2	15.6	0.6
3/18	-0.4	-0.4	0.0	15.7	15.2	0.5
6/18	1.0	0.8	0.2	16.8	16.1	0.7
9/18	2.7	2.9	-0.2	19.9	19.5	0.4
12/18	-6.1	-5.7	-0.4	12.6	12.7	-0.1
3/19	7.5	6.8	0.7	21.0	20.3	0.7
6/19	3.8	3.8	0.0	25.6	24.9	0.7
9/19	1.9	1.9	0.0	28.0	27.3	0.7
12/19	4.9	4.6	0.3	34.3	33.2	1.1
3/20	-10.4	-10.5	0.1	20.4	19.2	1.2
6/20	9.5	10.6	-1.1	31.8	31.7	0.1
9/20	5.1	5.0	0.1	38.5	38.3	0.2
12/20	8.7	8.9	-0.2	50.6	50.6	0.0
3/21	3.3	2.4	0.9	55.5	54.2	1.3
6/21	6.4	5.7	0.7	65.5	62.9	2.6
9/21	2.1	1.8	0.3	69.0	65.8	3.2
12/21	5.8	5.4	0.4	78.8	74.8	4.0
3/22	-2.5	-2.6	0.1	74.3	70.2	4.1
6/22	-8.5	-9.6	1.1	59.5	53.8	5.7
9/22	-4.5	-4.4	-0.1	52.2	47.0	5.2
12/22	4.4	5.6	-1.2	58.9	55.3	3.6
3/23	4.2	4.2	0.0	65.5	61.9	3.6
6/23	2.9	3.1	-0.2	70.3	66.9	3.4
9/23	-2.5	-3.0	0.5	66.1	62.0	4.1
12/23	7.1	8.0	-0.9	77.9	75.0	2.9
3/24	3.9	3.6	0.3	84.8	81.3	3.5
6/24	1.5	1.2	0.3	87.5	83.5	4.0
9/24	4.7	5.0	-0.3	96.3	92.7	3.6
12/24	-1.2	-1.4	0.2	93.9	90.0	3.9

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.

* Universe data provided by Investment Metrics, LLC.

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
HAMILTON LANE - SECONDARY FUND III
PERFORMANCE REVIEW
DECEMBER 2024

DAHAB Associates, Inc.
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INVESTMENT RETURN

On December 31st, 2024, the Franklin Employees' Pension Plan & Trust's Hamilton Lane Secondary Fund III portfolio was valued at \$60,878, equal to the September ending value of \$60,878. Last quarter, the account recorded no net contributions, withdrawals or net investment returns. Since there were no income receipts or capital gains or losses during the period, there were no 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 account returned -3.7%, which was 15.7% below the benchmark's 12.0% performance. Since June 2013, the account returned 1.8% on an annualized basis, while the Russell 2500 returned an annualized 9.9% 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, 2024

Market Value*	\$	60,878	Last Appraisal Date	9/30/2024
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)	\$	465,082		
Client Return	IRR	8.7%		
Fund Return	IRR	10.1%	MSCI World PME	9.4% (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)
2/3/2023	-	0.00%	-	0.00%	(19,609)
4/6/2023	-	0.00%	-	0.00%	(23,773)
3/26/2024	-	0.00%	-	0.00%	(55,214)
5/6/2024	-	0.00%	-	0.00%	(82,987)
8/8/2024	-	0.00%	-	0.00%	(30,157)
Total	\$ 3,128,628	78.22%	\$ (757,412)	-18.94%	\$ (3,532,832)

*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	-3.7	-21.5	-10.6	1.8
Total Portfolio - Net	0.0	-4.9	-20.8	-11.0	0.2
Russell 2500	0.6	12.0	2.4	8.8	9.9
Alternative Assets - Gross	0.0	-3.7	-21.5	-10.6	1.8
Russell 2500	0.6	12.0	2.4	8.8	9.9

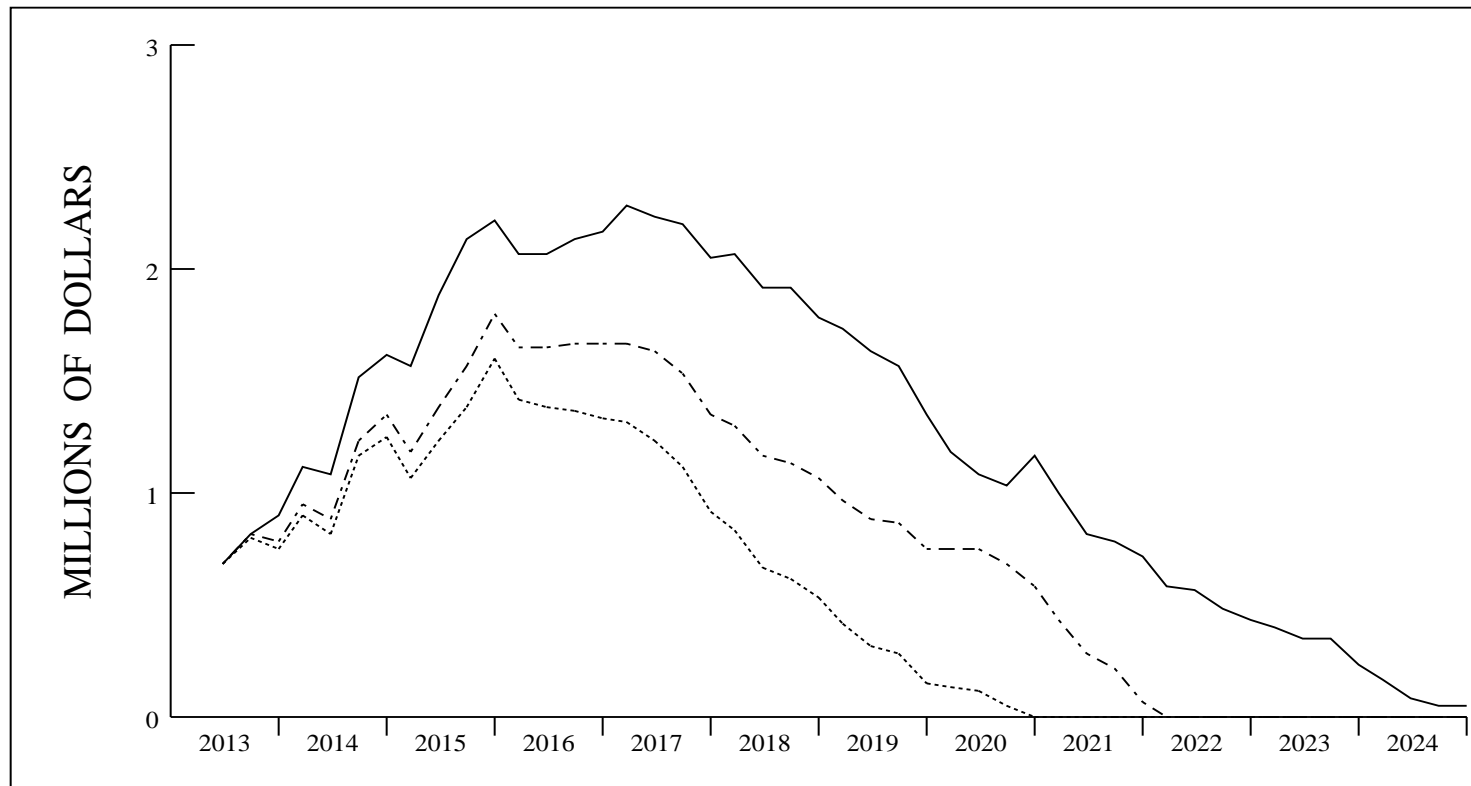
ASSET ALLOCATION

Alternative	100.0%	\$ 60,878
Total Portfolio	100.0%	\$ 60,878

INVESTMENT RETURN

Market Value 9/2024	\$ 60,878
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	0
Market Value 12/2024	\$ 60,878

INVESTMENT GROWTH



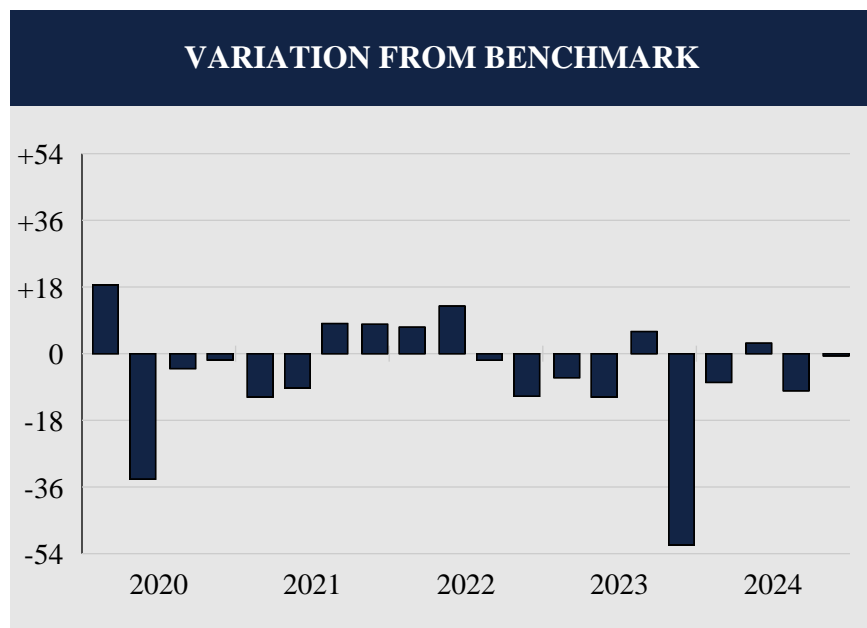
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ -375,241

	LAST QUARTER	PERIOD 6/13 - 12/24
BEGINNING VALUE	\$ 60,878	\$ 692,537
NET CONTRIBUTIONS	0	- 1,703,727
<u>INVESTMENT RETURN</u>	<u>0</u>	<u>1,072,068</u>
ENDING VALUE	\$ 60,878	\$ 60,878
INCOME	0	0
<u>CAPITAL GAINS (LOSSES)</u>	<u>0</u>	<u>1,072,068</u>
INVESTMENT RETURN	0	1,072,068

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
3/20	-11.1	-29.7	18.6	-11.1	-29.7	18.6
6/20	-7.3	26.6	-33.9	-17.6	-11.1	-6.5
9/20	1.9	5.9	-4.0	-16.1	-5.8	-10.3
12/20	25.7	27.4	-1.7	5.5	20.0	-14.5
3/21	-0.8	10.9	-11.7	4.6	33.1	-28.5
6/21	-3.9	5.4	-9.3	0.5	40.3	-39.8
9/21	5.4	-2.7	8.1	5.9	36.6	-30.7
12/21	11.7	3.8	7.9	18.3	41.8	-23.5
3/22	1.3	-5.8	7.1	19.9	33.6	-13.7
6/22	-4.2	-17.0	12.8	14.8	10.9	3.9
9/22	-4.6	-2.8	-1.8	9.6	7.8	1.8
12/22	-4.1	7.4	-11.5	5.0	15.8	-10.8
3/23	-3.1	3.4	-6.5	1.8	19.7	-17.9
6/23	-6.5	5.2	-11.7	-4.8	25.9	-30.7
9/23	1.2	-4.8	6.0	-3.7	19.9	-23.6
12/23	-38.3	13.4	-51.7	-40.6	35.9	-76.5
3/24	-0.9	6.9	-7.8	-41.1	45.3	-86.4
6/24	-1.5	-4.3	2.8	-42.0	39.1	-81.1
9/24	-1.3	8.7	-10.0	-42.8	51.3	-94.1
12/24	0.0	0.6	-0.6	-42.8	52.2	-95.0

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
FIA - TIMBER GROWTH & VALUE PARTNERS
PERFORMANCE REVIEW
DECEMBER 2024

DAHAB Associates, Inc.
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INVESTMENT RETURN

On December 31st, 2024, the Franklin Employees' Pension Plan & Trust's FIA Timber Growth & Value Partners portfolio was valued at \$1,712,143, a decrease of \$26,034 from the September ending value of \$1,738,177. Last quarter, the account recorded total net withdrawals of \$3,535 in addition to \$22,499 in net investment losses. Because there were no income receipts during the fourth quarter, the portfolio's net investment losses were entirely made up of capital losses (realized and unrealized).

RELATIVE PERFORMANCE

Total Fund

During the fourth quarter, the FIA Timber Growth & Value Partners portfolio returned -1.3%, which was 2.7% below the NCREIF Timber Index's return of 1.4%. Over the trailing year, the account returned 1.3%, which was 5.7% below the benchmark's 7.0% return. Since March 2016, the portfolio returned 4.3% per annum, while the NCREIF Timber Index returned an annualized 5.6% over the same time frame.

ASSET ALLOCATION

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

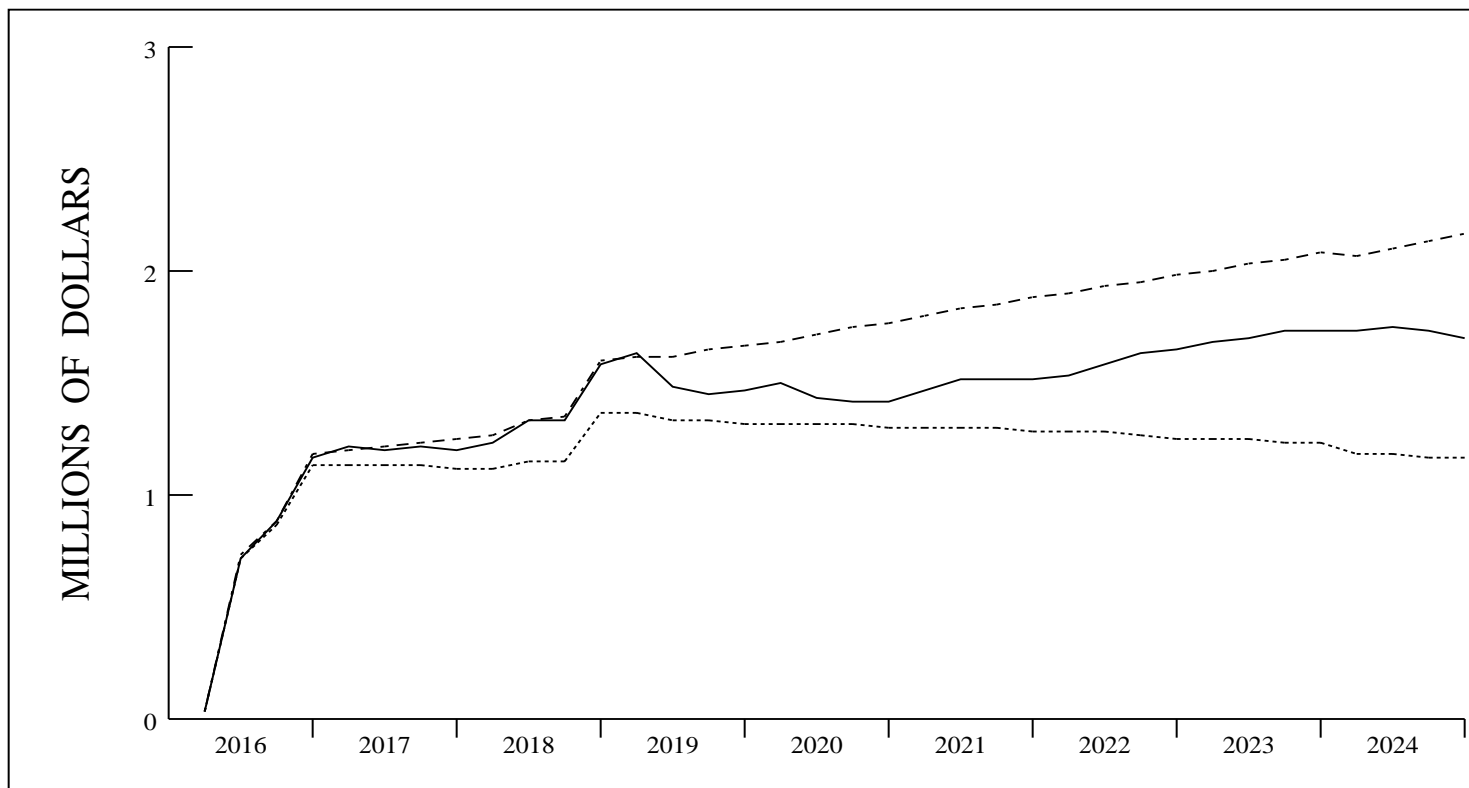
EXECUTIVE SUMMARY

PERFORMANCE SUMMARY					
	Quarter	YTD /1Y	3 Year	5 Year	Since 03/16
Total Portfolio - Gross	-1.3	1.3	6.4	5.0	4.3
Total Portfolio - Net	-1.5	0.5	5.5	4.1	3.4
NCREIF Timber	1.4	7.0	9.5	7.7	5.6
Alternative Assets - Gross	-1.3	1.3	6.4	5.0	4.3
NCREIF Timber	1.4	7.0	9.5	7.7	5.6

ASSET ALLOCATION		
Alternative	100.0%	\$ 1,712,143
Total Portfolio	100.0%	\$ 1,712,143

INVESTMENT RETURN	
Market Value 9/2024	\$ 1,738,177
Contribs / Withdrawals	- 3,535
Income	0
Capital Gains / Losses	- 22,499
Market Value 12/2024	\$ 1,712,143

INVESTMENT GROWTH



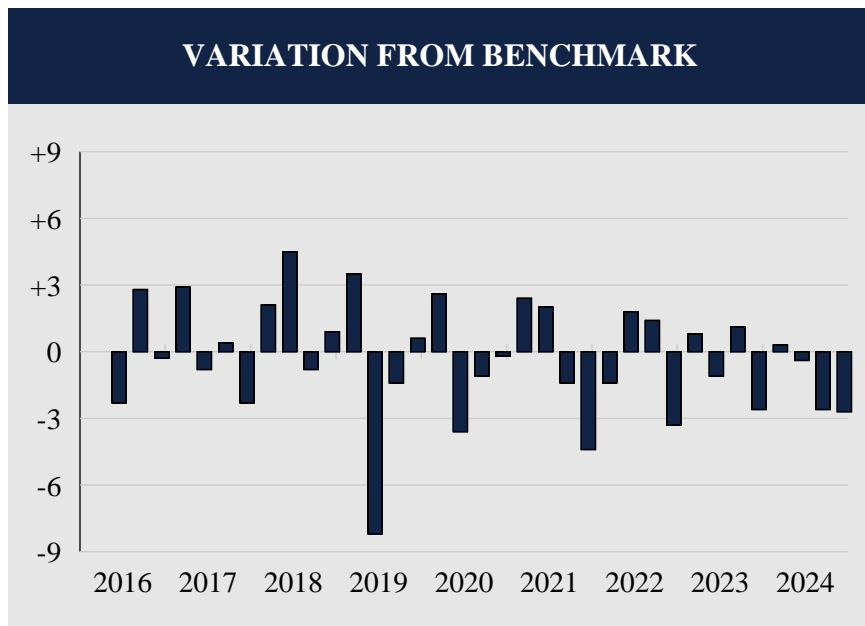
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 2,175,335

	LAST QUARTER	PERIOD 3/16 - 12/24
BEGINNING VALUE	\$ 1,738,177	\$ 39,242
NET CONTRIBUTIONS	- 3,535	1,139,213
INVESTMENT RETURN	- 22,499	533,688
ENDING VALUE	\$ 1,712,143	\$ 1,712,143
INCOME	0	4,288
CAPITAL GAINS (LOSSES)	- 22,499	529,400
INVESTMENT RETURN	- 22,499	533,688

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF TIMBER INDEX



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
3/23	2.6	1.8	0.8	36.4	40.9	-4.5
6/23	0.6	1.7	-1.1	37.2	43.3	-6.1
9/23	2.5	1.4	1.1	40.7	45.3	-4.6
12/23	1.1	3.7	-2.6	42.3	50.6	-8.3
3/24	2.4	2.1	0.3	45.8	53.8	-8.0
6/24	1.3	1.7	-0.4	47.6	56.4	-8.8
9/24	-1.1	1.5	-2.6	46.0	58.8	-12.8
12/24	-1.3	1.4	-2.7	44.1	61.1	-17.0

Total Quarters Observed	35
Quarters At or Above the Benchmark	16
Quarters Below the Benchmark	19
Batting Average	.457

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
RMS - FOREST GROWTH III
PERFORMANCE REVIEW
DECEMBER 2024

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INVESTMENT RETURN

On December 31st, 2024, the Franklin Employees' Pension Plan & Trust's RMS Forest Growth III portfolio was valued at \$1,240,887, representing an increase of \$69,196 from the September quarter's ending value of \$1,171,691. Last quarter, the Fund posted no net contributions or withdrawals, while posting \$69,196 in net investment returns. Since there were no income receipts for the fourth quarter, the portfolio's net investment return was the result of net realized and unrealized capital gains totaling \$69,196.

RELATIVE PERFORMANCE

During the fourth quarter, the RMS Forest Growth III portfolio returned 6.2%, which was 4.8% better than the NCREIF Timber Index's return of 1.4%. Over the trailing year, the account returned 9.2%, which was 2.2% better than the benchmark's 7.0% return. Since June 2012, the portfolio returned 7.3% per annum, while the NCREIF Timber Index returned an annualized 6.4% over the same time frame.

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, 2024

Market Value	\$	1,240,887	Last Appraisal Date: 12/31/2024
Initial Commitment	\$	1,400,000	
Paid-in Capital	\$	1,400,000	100.00%
Remaining Commitment	\$	-	0.00%
Net Gain/(Loss)	\$	754,761	
Net IRR		4.9%	

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)
2Q2023	\$ -	0.00%	\$ (6,530)
3Q2023	\$ -	0.00%	\$ (13,573)
4Q2023	\$ -	0.00%	\$ (32,265)
1Q2024	\$ -	0.00%	\$ (6,827)
Total	\$ 1,400,000	100.00%	\$ (913,874)

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD /1Y	3 Year	5 Year	Since 06/12
Total Portfolio - Gross	6.2	9.2	14.0	10.1	7.3
Total Portfolio - Net	5.9	8.2	12.9	9.0	6.2
NCREIF Timber	1.4	7.0	9.5	7.7	6.4
Alternative Assets - Gross	6.2	9.2	14.0	10.1	7.3
NCREIF Timber	1.4	7.0	9.5	7.7	6.4

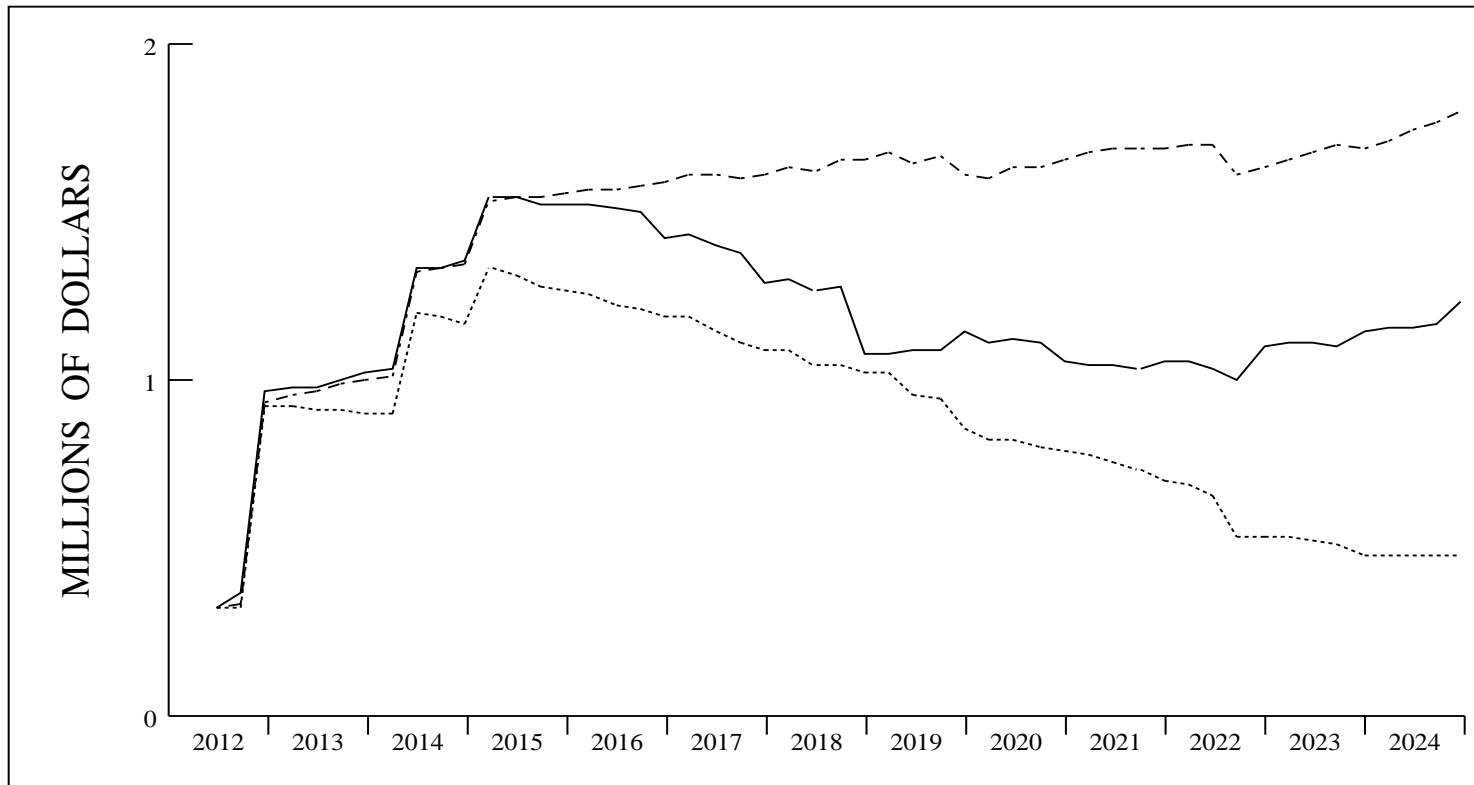
ASSET ALLOCATION

Alternative	100.0%	\$ 1,240,887
Total Portfolio	100.0%	\$ 1,240,887

INVESTMENT RETURN

Market Value 9/2024	\$ 1,171,691
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	69,196
Market Value 12/2024	\$ 1,240,887

INVESTMENT GROWTH



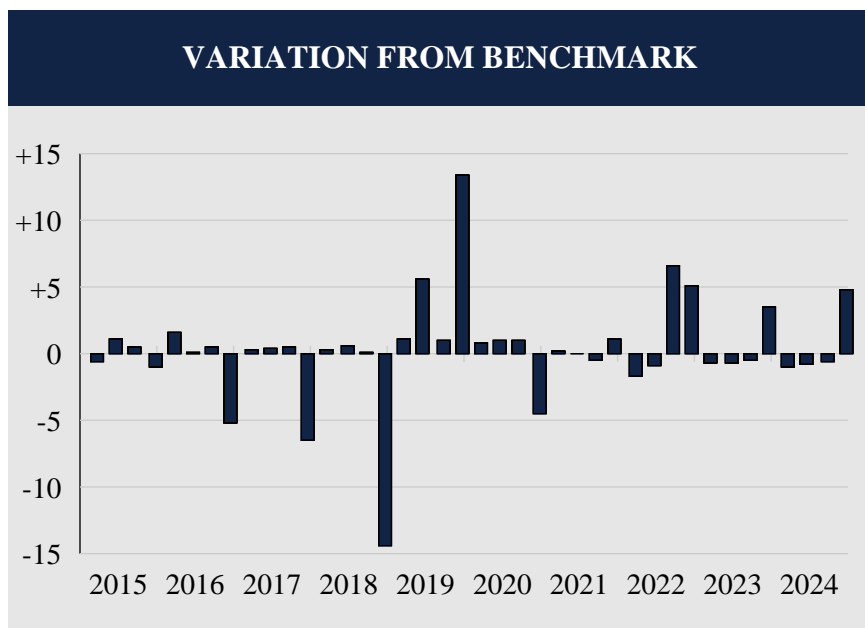
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 1,804,814

	LAST QUARTER	PERIOD 6/12 - 12/24
BEGINNING VALUE	\$ 1,171,691	\$ 331,920
NET CONTRIBUTIONS	0	147,321
INVESTMENT RETURN	69,196	761,646
ENDING VALUE	\$ 1,240,887	\$ 1,240,887
INCOME	0	0
CAPITAL GAINS (LOSSES)	69,196	761,646
INVESTMENT RETURN	69,196	761,646

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF TIMBER INDEX



Total Quarters Observed	40
Quarters At or Above the Benchmark	25
Quarters Below the Benchmark	15
Batting Average	.625

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
3/15	1.2	1.8	-0.6	1.2	1.8	-0.6
6/15	1.6	0.5	1.1	2.8	2.3	0.5
9/15	1.3	0.8	0.5	4.1	3.1	1.0
12/15	0.9	1.9	-1.0	5.1	5.0	0.1
3/16	1.3	-0.3	1.6	6.4	4.7	1.7
6/16	1.1	1.0	0.1	7.6	5.7	1.9
9/16	1.2	0.7	0.5	8.9	6.4	2.5
12/16	-4.0	1.2	-5.2	4.6	7.7	-3.1
3/17	1.1	0.8	0.3	5.7	8.5	-2.8
6/17	1.1	0.7	0.4	6.9	9.3	-2.4
9/17	1.1	0.6	0.5	8.1	9.9	-1.8
12/17	-5.0	1.5	-6.5	2.7	11.6	-8.9
3/18	1.2	0.9	0.3	3.9	12.6	-8.7
6/18	1.1	0.5	0.6	5.1	13.2	-8.1
9/18	1.1	1.0	0.1	6.3	14.3	-8.0
12/18	-13.6	0.8	-14.4	-8.2	15.2	-23.4
3/19	1.2	0.1	1.1	-7.1	15.3	-22.4
6/19	6.6	1.0	5.6	-1.1	16.5	-17.6
9/19	1.2	0.2	1.0	0.1	16.7	-16.6
12/19	13.4	0.0	13.4	13.6	16.7	-3.1
3/20	0.9	0.1	0.8	14.6	16.8	-2.2
6/20	1.1	0.1	1.0	15.9	16.9	-1.0
9/20	1.0	0.0	1.0	17.0	16.9	0.1
12/20	-3.9	0.6	-4.5	12.5	17.6	-5.1
3/21	1.0	0.8	0.2	13.6	18.5	-4.9
6/21	1.7	1.7	0.0	15.5	20.5	-5.0
9/21	1.4	1.9	-0.5	17.2	22.8	-5.6
12/21	5.7	4.6	1.1	23.8	28.4	-4.6
3/22	1.5	3.2	-1.7	25.8	32.5	-6.7
6/22	1.0	1.9	-0.9	27.0	35.0	-8.0
9/22	9.0	2.4	6.6	38.4	38.2	0.2
12/22	10.0	4.9	5.1	52.2	45.0	7.2
3/23	1.1	1.8	-0.7	53.8	47.5	6.3
6/23	1.0	1.7	-0.7	55.4	50.0	5.4
9/23	0.9	1.4	-0.5	56.8	52.1	4.7
12/23	7.2	3.7	3.5	68.0	57.7	10.3
3/24	1.1	2.1	-1.0	69.9	61.0	8.9
6/24	0.9	1.7	-0.8	71.3	63.8	7.5
9/24	0.9	1.5	-0.6	72.9	66.3	6.6
12/24	6.2	1.4	4.8	83.5	68.7	14.8



File #: 21-0475

DATE: February 28, 2025
TO: Pension Committee
FROM: Kevin Sullivan

SUBJECT:
Report Of The Actuary

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning the most recent actuarial reports for the closed and open pension programs.

BACKGROUND/STAFF COMMENTS:

Tennessee State Statute requires public employers with a defined benefit pension program to have an actuarial report prepared on an annual basis by a licensed actuary. The City has two defined benefit pension programs- a single-employer plan for full time employees on or before December 31, 2016 (referred to as the "Closed Plan") and a multiple-employer plan administered by the Tennessee Consolidated Retirement System (TCRS) for full time employees hired on or after January 1, 2016 (the "Open Plan")

FINANCIAL IMPACT:

The City is required to fund the actuarially determined annual employer contribution for both the Closed and Open plans.

RECOMMENDATION:

For information purposes only.

City of Franklin Employees' Pension Plan

2024 Funding Valuation

August 26, 2024

Kevin Sullivan, FSA, FCAS, EA | Principal



COF Employees' Pension Plan Agenda

- Background on the Plan/Active Populations
- Assumption Update
- Key Results – 2024 Funding
- Key Demographics
- Additional Experience Study Results
- TCRS Open Plan Update

COF Employees' Pension Plan Background

The Pension Plan and Benefit of a City Employee is Determined by Their Hire Date

Hired Before January 1, 2017 (City of Franklin Pension Plan – the “Closed Plan”)
There are four Tiers within the Plan

Hired on or After January 1, 2017 - TCRS Plan

Tier 1
(Hired before 7/1/2006)

Tier 2
(Hired between 7/1/2006 and 2/15/2010)

Tier 3
(Hired after 2/15/2010 and elected to contribute to the Plan)

Tier 4
(Hired after 2/15/2010 and did not elect to contribute to the Plan)

COF Employees' Pension Plan

Background

Employee classification

— Tier I

- Employees hired before July 1, 2006 (Voluntary contribution - pre/post tax)
- Normal retirement as early as 25 years of Credited Service

— Tier II

- Employees hired between July 1, 2006 and February 15, 2010
- Normal retirement at 65/5 years of service

— Tier III

- Employees hired after February 15, 2010 who elected to contribute to the Plan.

— Tier IV

- Employees hired after February 15, 2010 who elected to contribute to a defined contribution plan. This valuation holds no liability for this group.

- Effective January 1, 2017, the Plan was closed to new Participants, Census data for those employees was not provided.

COF Employees' Pension Plan

Assumption/Method Updates

- In 2024, the discount rate changed from 6.90% to 6.80%.
 - Continues the pattern of reducing the rate by 10 basis points each year
 - The change in discount rate caused an increase in the liability of \$2.0MM and \$0.2MM in the contribution
- For the 2024 valuation, we have updated the mortality assumption to include projected mortality improvement in accordance with TCA §9-3-501
 - 105% RP-2014 Healthy Annuitants/Non-Annuitants (Blue Collar)
 - Ten Years of Mortality Improvements with Scale MP-2021
- Additional assumptions have been reviewed and will be recommended for adoption with the 2025 valuation

COF Employees' Pension Plan

Actuarial Value of Assets

Determination of Valuation Assets

Market Assets, January 1, 2023	\$143,656,006
Weighted Prior Year Contributions	1,881,769
Weighted Prior Year Distributions	(4,710,292)
Subtotal	<u>140,827,483</u>
Expected Interest	9,717,096
Total Contributions	8,802,108
Total Distributions	(9,156,218)
Expected Asset Value, January 1, 2024	<u>\$153,018,992</u>
Market Asset Value, January 1, 2024	<u>159,374,145</u>
Variance from Expected Asset Value	\$6,355,153

2023	\$(6,355,153)
2022	27,798,593
2021	(15,371,000)
2020	(5,969,280)

Market Asset Value for January 1, 2024	\$159,374,145
-80% of 2023 Variance	(5,084,122)
-60% of 2022 Variance	16,679,156
-40% of 2021 Variance	(6,148,400)
-20% of 2020 Variance	(1,193,856)
Actuarial Valuation Assets Before Limits	<u>\$163,626,923</u>

Limits of Actuarial Value of assets	
a. 90% of Market Value including accruals	\$143,436,731
b. 110% of Market Value including accruals	175,311,560
Actuarial Value of Assets after limits	163,626,923

COF Employees' Pension Plan

How Well Funded is the Plan?

All measures using 6.80% Discount Rate

Liability Measure	Liability	Asset Value (Actuarial Value)	2024 Funded Ratio	2023 Funded Ratio	Comments
Present Value of Benefits – Value of all benefits expected to be earned by all current participants	\$254.5MM	\$163.6MM	64.3%	72.5%	Not a useful measure of the funded status
Entry Age Normal Accrued Liability – Liability to date under the required funding method	\$237.7MM	\$163.6MM	68.8%	77.8%	The best measure of funded status. Generally considered “well funded” to be above 80%
Accumulated Benefit Obligation – Liability if everyone terminated on the valuation date	\$195.2MM	\$163.6MM	83.8%	92.3%	Includes nonvested benefits

COF Employees' Pension Plan

Key Results - Funding

	2024	2023	2022	2021
Number of Participants				
Active	370	397	406	438
Deferred Vested	189	183	193	184
Retired and Disabled	312	292	274	261
Annual Covered Payroll	\$ 37,030,890	\$ 30,238,979	\$ 29,370,570	\$ 29,868,272
Average Annual Earnings	\$ 100,083	\$ 76,169	\$ 72,341	\$ 68,192
Present Value of Benefits	\$254,505,653	\$209,723,952	\$191,134,494	\$179,661,796
Entry Age Normal Past Service Liability	\$237,729,906	\$195,578,819	\$177,338,994	\$165,278,119
Actuarial Value of Assets	\$163,626,923	\$152,073,912	\$160,783,824	\$136,804,759
Unfunded Supplemental Liability	\$74,102,983	\$43,504,907	\$16,555,170	\$28,473,360
Annual Funding Levels				
Normal Cost	\$ 2,818,765	\$ 2,354,516	\$ 2,257,541	\$ 2,303,771
Normal Cost Rate	7.61%	7.79%	7.69%	7.71%
Expected Employee Contribution	\$ (379,119)	\$ (324,394)	\$ (300,756)	\$ (314,541)
Net Normal Cost	\$ 2,439,646	\$ 2,030,122	\$ 1,956,785	\$ 1,989,230
Net Normal Cost % of Payroll	6.59%	6.71%	6.66%	6.66%
Recommended Contribution	\$ 10,159,294	\$ 7,019,361	\$ 4,117,466	\$ 5,160,362
% of Payroll	27.43%	23.21%	14.02%	17.28%
Present Value of Accrued Benefits	\$195,216,337	\$164,765,127	\$147,795,574	\$135,949,251
Security Ratio	83.82%	92.30%	108.79%	100.63%

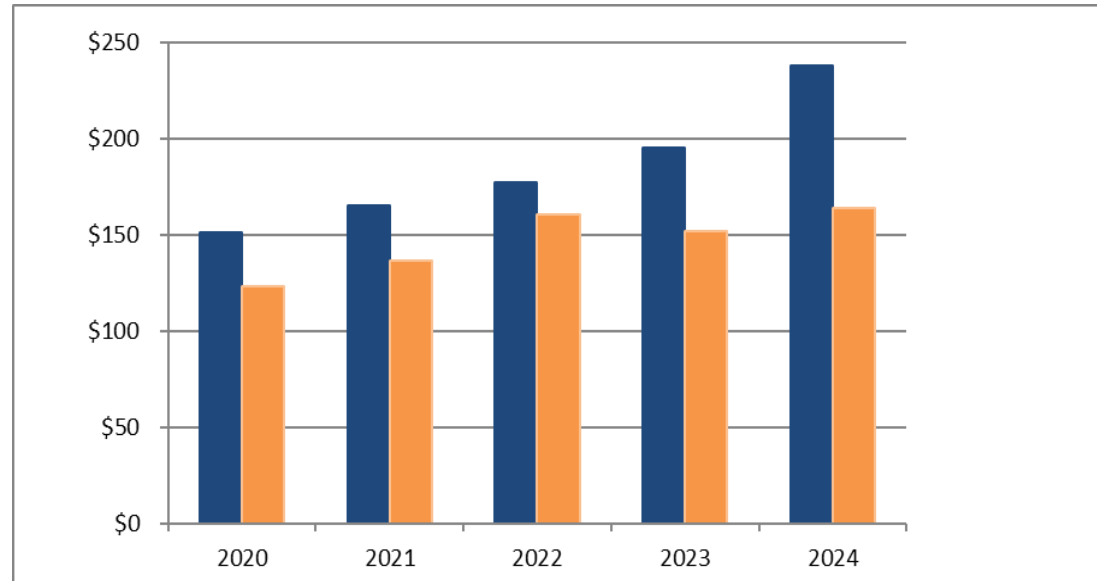
COF Employees' Pension Plan

Funded Status (in millions)

- The funded status decreased from 2023 to 2024.

Key Factors

- Discount rate decline increased the liability
- Payroll increases higher than expected increased the past service liability

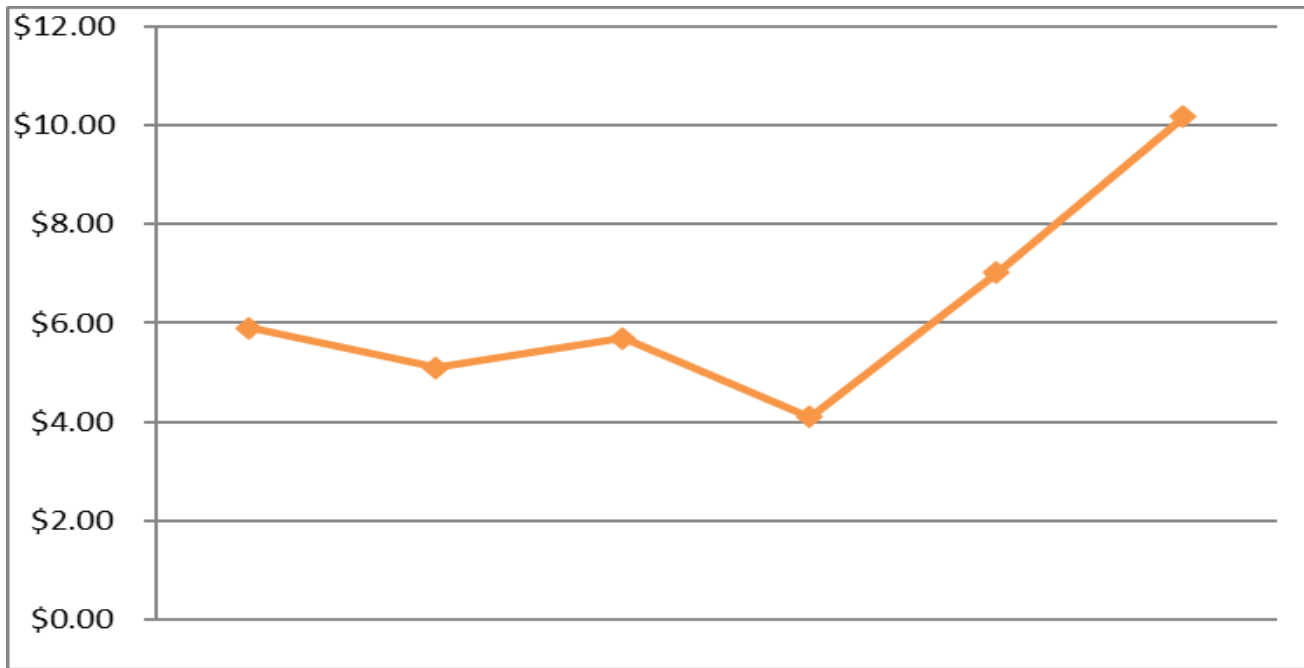


	2020	2021	2022	2023	2024
Liability ■	\$151.2	\$165.2	\$177.4	\$195.6	\$237.7
Asset Value ■	\$123.3	\$136.8	\$160.8	\$152.1	\$163.6
Funded Ratio	81.55%	82.81%	90.7%	77.8%	68.8%
Interest Rate	7.20%	7.10%	7.00%	6.90%	6.80%

COF Employees' Pension Plan

Recommended Cash Contribution (in millions)

- The Total contribution is [Normal cost - Expected Employee contribution + Amortization of Unfunded Liabilities]

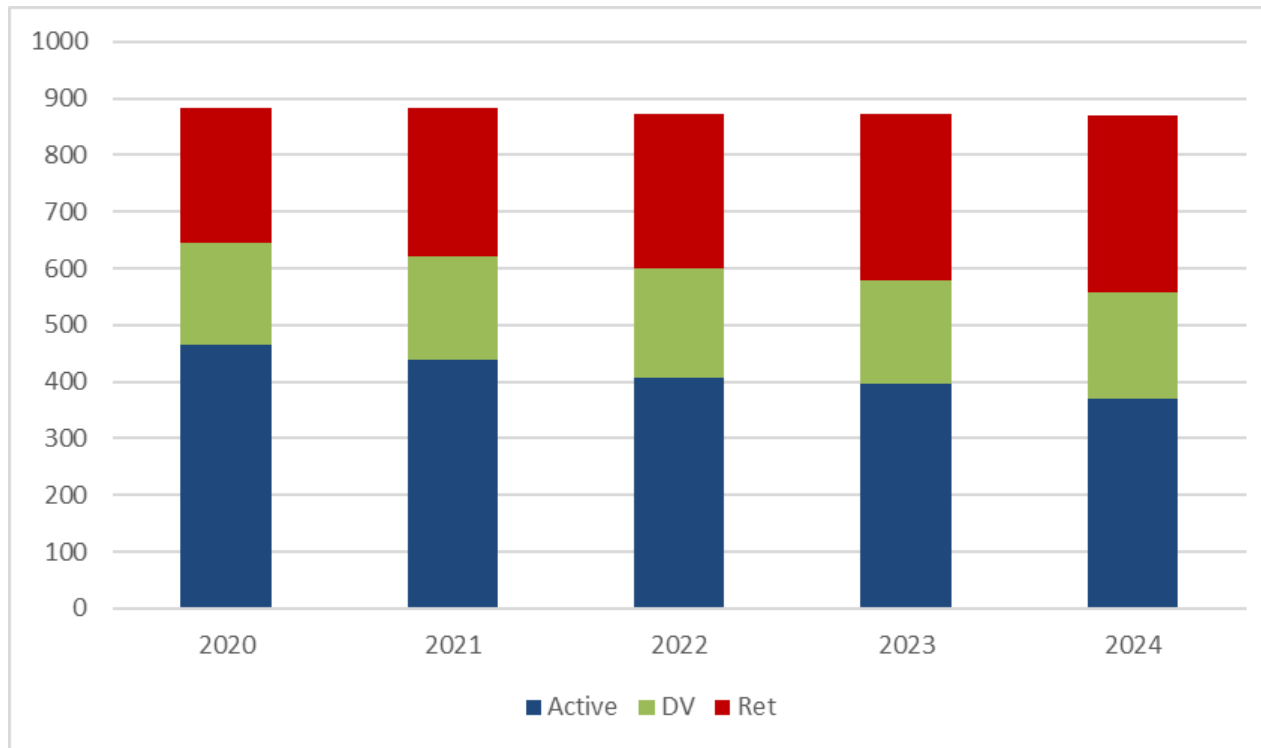


Year	2019	2020	2021	2022	2023	2024
Contribution	\$5.90	\$5.10	\$5.70	\$4.11	\$7.02	\$10.16

COF Employees' Pension Plan

Demographics

- No new entrants beginning on January 1, 2017



COF Employees' Pension Plan

Gain/Loss Summary for 2023

	<u>Gain/(Loss)</u>
Investment (AVA basis)	1,609,189
Retirement Decrement	(2,696,656)
Termination Decrement	(2,936,151)
Disability	(120,907)
Retiree Mortality	1,805,970
Compensation & COLA Increase	(21,290,810)
Other Mortality	(37,867)
Transfers	(9,436)
Data Corrections	(1,831,279)
Other Asset due to AVA smoothing	(90,430)
Total Gain/(Loss)	<u><u>(25,598,377)</u></u>

COF Employees' Pension Plan

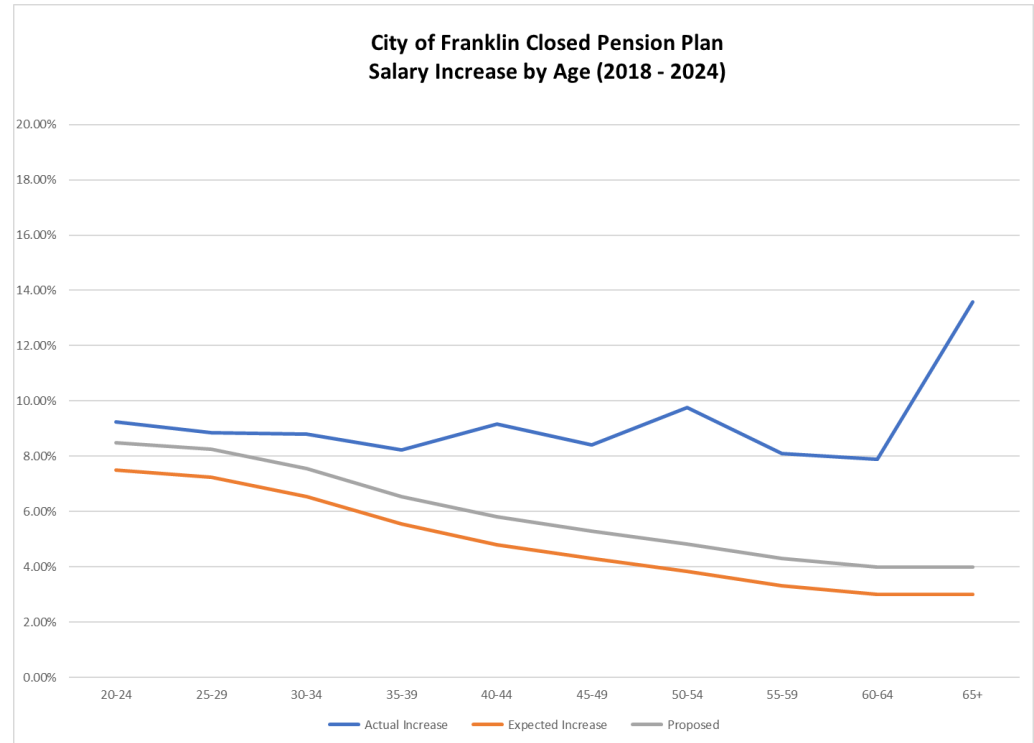
Additional Experience Study Results

- Assumptions Already Reviewed and Updated
 - Discount Rate
 - (Decline from 6.90% to 6.80%)
 - Mortality and Mortality Projection
 - (105% RP 2014 Blue Collar Mortality with MP21 Projection for 10 Years)
 - COLA
 - Maintain at 2.0%
- Additional Assumptions
 - Salary Increase Assumption
 - Rates of Retirement
 - Rates of Termination
- The full recommendation and cost impact will be evaluated with the 2025 valuation results

COF Employees' Pension Plan

Salary Increase Assumption

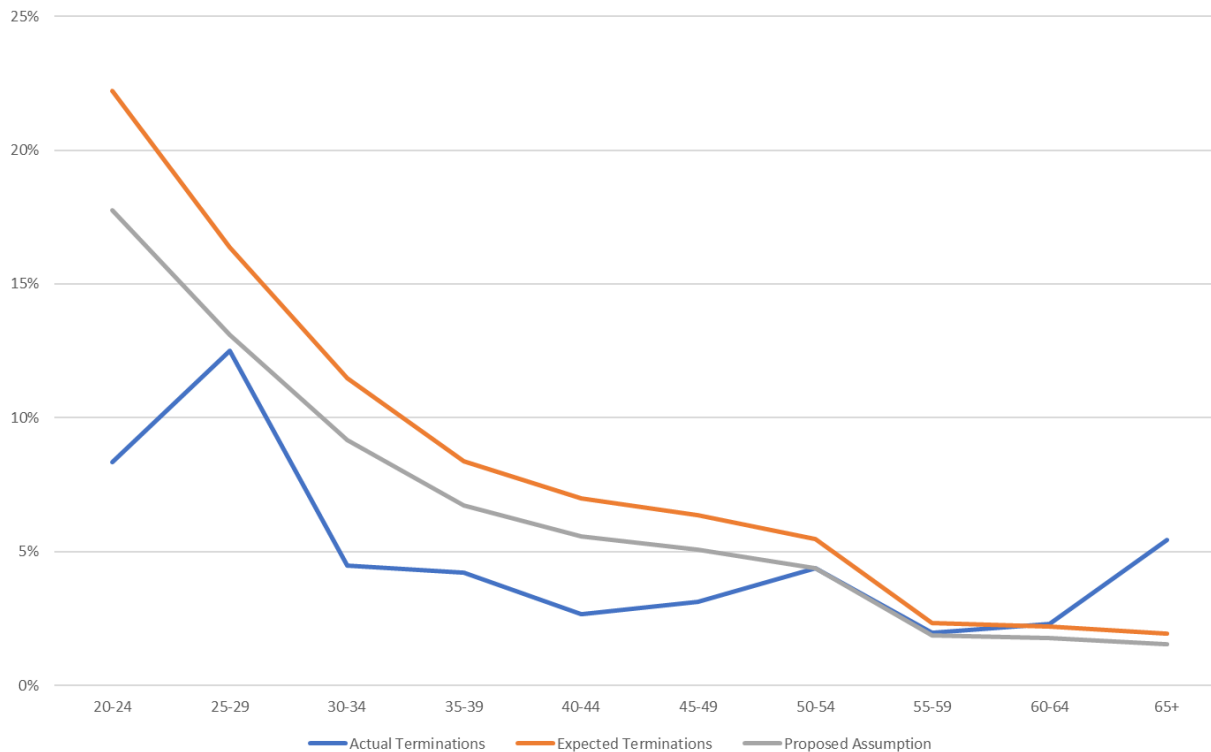
- Payroll increases have been higher than expected
 - Mostly in the last two years
 - Much lower increases seen in the five years ending in 2018
 - We would recommend a move toward recent experience



COF Employees' Pension Plan

Rates of Termination

City of Franklin Closed Pension Plan
Rates of Termination by Age (2018 - 2024)



- Rates of termination have generally been lower than expected
 - This follows an increase in the assumption for Groups 1 and 3 in 2018 (small increase for Groups 2 and 4)
 - We would recommend a small reduction in the assumed rates

COF Employees' Pension Plan

Rates of Retirement

- Retirements have generally been less than expected in the early and later ages
 - Much smaller populations in some of these age band/groups
- We would recommend a move toward recent experience
 - Pushing out of the oldest retirement ages for some groups (assuming some work past age 70)

	<i>Ratio of Actual to Expected</i>			
	R1	R2	R3	R4
45-49	57%			
50-54	49%	21%		
55-59	133%	59%		267%
60-64	124%	39%	70%	294%
65-69	85%	98%	62%	
70+	50%			

TCRS Open Plan Summary

	2023	2022	2021
Valuation Date	June 30, 2023	June 30, 2022	June 30, 2021
Contribution Period	7/1/2024 – 6/30/2025	7/1/2023 – 6/30/2024	7/1/2022 – 6/30/2023
Active Members	319	273	205
Annualized Salary	\$21,398,286	\$14,092,368	\$9,949,267
Inactive Members	132	103	70
Discount Rate	6.75%	6.75%	6.75%
Present Value of Benefits	\$36,582,562	\$23,228,626	\$16,572,459
Employee Contribution Rate	5.00%	5.00%	5.00%
Employer ADC Rate	7.62%	7.35%	7.22%
Actuarial Accrued Liability	\$8,936,700	\$5,164,298	\$3,320,420
Actuarial Value of Assets	\$7,503,134	\$4,671,539	\$3,139,572
Funded Ratio	84.0%	90.5%	94.6%

Questions/Discussion

- ---
- ---
- ---
- ---
- ---



File #: 21-0274

DATE: February 28, 2025
TO: Pension Committee
FROM: Kristine Brock, Asst. City Administrator/CFO

SUBJECT:

Consideration Of Resolution 2025-18, A Resolution To Amend The Investment Assumption Rate Of The City Of Franklin Closed Employees' Pension Plan

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning Resolution 2025-18 to amend the investment assumption rate of the City of Franklin Closed Employees Pension Plan.

BACKGROUND/STAFF COMMENTS:

On September 24, 2021, the Board of Trustees of the Tennessee Consolidated Retirement System (TCRS) reduced their interest earnings assumption from 7.25% to 6.75%. This change of 50 basis points at one time was a significant impact to single employer public pension plans in Tennessee that are statutorily required to adopt an interest earnings assumption no greater than 50 points higher than TCRS. On January 11, 2022, the Board of Mayor and Aldermen for the City of Franklin adopted Resolution 2021-174 to decrease the interest rate assumption rate for the City's closed plan by 10 basis points a year from 7% to 6.50% in 2027.

As of March 2024, the median investment rate assumption state public pension plans was 7.0% with an average rate of 6.91%, which are higher than the City's goal rate of 6.50% in 2027.

FINANCIAL IMPACT:

With consultation of the City's actuary, Staff recommends adopting an investment earnings rate of 6.75% to match the rate set by TCRS in 2021. Further reductions of the rate without a corresponding movement by TCRS will have the City's two pension plans (open and closed) valued using a different rate assumption.

Staff will continue to monitor the decisions of the TCRS Board and keep both the Employee Pension Committee and BOMA informed.

RECOMMENDATION:

Staff recommends that Resolution 2025-18 be recommended for approval by the Board of Mayor and Aldermen.

RESOLUTION 2025-18

A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN TO AMEND THE INVESTMENT ASSUMPTION RATE OF THE CITY OF FRANKLIN CLOSED EMPLOYEES' PENSION PLAN.

WHEREAS, the City of Franklin regularly updates its Closed Pension Plan documents to make adjustments to the terms of the Plan, to make adjustments for issues related to funding, and to remain in compliance with State law, and

WHEREAS, on May 22, 2014, Governor Bill Haslam signed into law the Public Employee Defined Benefit Financial Security Act of 2014 which requires defined benefit single employer public pension plans in the State of Tennessee to use an investment earnings assumption that shall not be greater than fifty (50) basis points above the rate adopted by the Tennessee Consolidated Retirement System (TCRS), and

WHEREAS, on September 24, 2021, the Board of Trustees of the Tennessee Consolidated Retirement System ("TCRS") adopted a change in its investment earnings assumption from 7.25% to 6.75%, and

WHEREAS, on January 11, 2022, the Board of Mayor and Aldermen approved Resolution 2021-174, which decreased the investment assumption rate by 10 basis points a year from 7% in 2022 to 6.50% in 2027, and

WHEREAS, in March 2024, the National Association of State Retirement Administrators (NASRA) reported that the median investment rate assumption for state public pension plans was 7.0% with an average rate of 6.91%, both of which are slightly above the TCRS rate of 6.75% and between 41 basis points and 50 basis points higher than the City of Franklin's rate target of 6.50% in 2027, and

WHEREAS, in consideration of the current TCRS investment earnings assumption rate of 6.75% and its relation to national medians and averages, the City's staff recommends repeal of Resolution 2021-174 and replaces with adoption of a rate of 6.75% to match TCRS, and

WHEREAS, the Employee Pension & Trust Committee has recommended to the Board of Mayor & Alderman that these changes be formally adopted.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Mayor and Aldermen for the City of Franklin as follows:

Section 1. That the assumptions recommended by the Employee Pension & Trust Committee are hereby adopted as detailed in the attached schedule.

Section 2. That this Resolution shall be effective upon adoption.

IT IS SO RESOLVED AND DONE on this ___ day of April, 2025.

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Angie Skarp
City Recorder

By: _____
Dr. Ken Moore
Mayor

Approved as to Form:

By: _____
Shauna R. Billingsley
City Attorney



File #: 21-0275

DATE: February 28, 2025
TO: Pension Committee
FROM: Kristine Brock, Asst. City Administrator/CFO
Sara Sylvis, Benefits Manager

SUBJECT:

Consideration Of Resolution 2025-27, A Resolution To Amend COF Contract No. 2016-0328, A Retirement Health Savings Plan For Designated Employees Of The City Of Franklin, Tennessee

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning Resolution 2025-27 to amend COF Contract No. 2016-0328, a retirement health savings plan for designated employees of the City of Franklin, Tennessee.

BACKGROUND/STAFF COMMENTS:

On November 22, 2016, the City of Franklin (the "City") executed Contract No. 2016-0328 establishing a Retirement Health Savings (RHS) Plan for employees in City Administrator, Assistant City Administrator and Department Director positions. The purposes of establishing the RHS Plan were to allow employees retiring in designated positions the benefit of participating in a savings plan for future medical expenses as well as limit the liability to the Pension Plan that occurs from increasing final year pensionable wages with terminal leave balances. The mandatory funding source for the Retirement Health Savings Plan was stated to be one-half of the value of all terminal leave in excess of a fixed dollar amount (\$24,000) at separation of service for the individual participant.

Since this time, the City has closed the single employer pension plan that allowed for increasing final year pensionable wages with terminal leave balances. Moreover, the dollar amount of the exclusion amount, \$24,000 (which represented the maximum contribution to a 457(b) retirement account), has been increased by the IRS.

FINANCIAL IMPACT:

Staff recommends two modifications to the 2016 RHS Plan. First, the plan documents should now clarify that the eligible employees were hired on or before December 31, 2016, and participants in the now Closed Defined Benefit Pension Plan. Finally, the dollar amount of the exclusion, rather than a fixed number, should refer to the IRS limit for 457(b) contributions (sum of regular contribution and 50 and up catch up provision) for the year in which the employee retires.

RECOMMENDATION:

Staff recommends that Resolution 2025-27 be recommended for approval by the Board of Mayor and Aldermen.

IRS Limits for 457(b) Plans				
Maximum Contribution Amounts				
<u>Year</u>	<u>457(b)</u>	<u>50 and Up Catch-up</u>	<u>Total</u>	
2016	\$ 18,000	\$ 6,000	\$ 24,000	
2017	\$ 18,000	\$ 6,000	\$ 24,000	
2018	\$ 18,500	\$ 6,000	\$ 24,500	
2019	\$ 19,000	\$ 6,000	\$ 25,000	
2020	\$ 19,500	\$ 6,500	\$ 26,000	
2021	\$ 19,500	\$ 6,500	\$ 26,000	
2022	\$ 20,500	\$ 6,500	\$ 27,000	
2023	\$ 22,500	\$ 7,500	\$ 30,000	
2024	\$ 23,000	\$ 7,500	\$ 30,500	
2025	\$ 23,500	\$ 7,500	\$ 31,000	
Notes:				
City of Franklin Retired Health Savings Plan was established in 2016.				

RESOLUTION 2025-27

A RESOLUTION OF THE BOARD OF MAYOR AND ALDERMEN TO AMEND CONTRACT NO. 2016-0328, A RETIREMENT HEALTH SAVINGS PLAN FOR DESIGNATED EMPLOYEES OF THE CITY OF FRANKLIN, TENNESSEE.

WHEREAS, on November 22, 2016, the City of Franklin (the "City") executed Contract No. 2016-0328 establishing a Retirement Health Savings (RHS) Plan for employees in City Administrator, Assistant City Administrator and Department Director positions; and

WHEREAS, on December 31, 2016, the City closed its Defined Benefit Pension Plan (now referred to as the "Closed Plan") to new hires; and

WHEREAS, as of January 1, 2017, full time employees hired by the City became members of the Tennessee Consolidated Retirement System (TCRS) Legacy Defined Benefit Pension Plan; and

WHEREAS, the mandatory funding source for the Retirement Health Savings Plan was stated to be one-half of the value of all terminal leave in excess of a fixed dollar amount (\$24,000) at separation of service for the individual participant; and

WHEREAS, the purposes of establishing the RHS Plan were to allow employees retiring in designated positions the benefit of participating in a savings plan for future medical expenses as well as limit the liability to the Closed Plan that occurs from increasing final year pensionable wages with terminal leave balances; and

WHEREAS, the City desires to amend the RHS Plan to modernize the fixed amount exception for the funding source calculation as well as to clarify participants following closure of the original pension plan and adoption of the TCRS Plan; and

WHEREAS, the Employee Pension & Trust Committee has recommended to the Board of Mayor & Alderman that these changes be formally adopted.

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

Section 1. That the eligible groups be amended to City Administrator, Assistant City Administrator and Department Director in a defined benefit pension plan hired on or before December 31, 2016.

Section 2. That the funding source of the mandatory contribution be amended to one-half of the value of all Terminal Leave in excess of the sum of the maximum amount of the IRS normal contribution to a 457 account along with the maximum 50-catch-up provision for the year in which an employee retires.

Section 3. That this Resolution shall be effective upon adoption.

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

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Angie Skarp
City Recorder

By: _____
Dr. Ken Moore
Mayor

Approved as to Form:

By: _____
Shauna R. Billingsley
City Attorney



MissionSquare Retirement Health Savings (RHS) Plan Amendment Packet

To amend your existing RHS Plan, please complete the entire Adoption Agreement, including items that are not being amended. When you send your amendment to MissionSquare Retirement, please summarize the changes in your cover letter.

Please note that MissionSquare does not require the use of a resolution to amend the plan. Should you require legislative action, you may use the enclosed Suggested Resolution for Amendment. If you do not require legislative action, you may complete the Suggested Affirmative Statement for Amendment which is also enclosed.

When amending the RHS Plan, you should consider nondiscrimination rules. Please review the information in Nondiscrimination Requirements document included in this packet.

Once the amendment is completed, retain a copy for your records and send the original with the cover letter and either the resolution or the affirmative statement to MissionSquare as follows:

MAIL:

MissionSquare Retirement
Attn: Plan Services
PO Box 219320
Kansas City, MO 64121-9320

FAX:

MissionSquare Retirement
Attn: Plan Services
(844) 677-3297

ONLINE:

Log in to the employer website to send a secure message and upload your documents to MissionSquare.



MissionSquare RHS Adoption Agreement

MissionSquare Retirement Health Savings (RHS) Adoption Agreement

Plan Number: 8 _____

Select as applicable:

Standalone RHS Integrated RHS Amendment to Existing Plan

I. Employer Name: _____ State: _____

II. The Employer hereby attests that it is a unit of a state or local government or an agency or instrumentality of one or more units of a state or local government.

III. Plan Dates:

A. Plan Amendment Effective Date _____

B. Plan Year: Enter the annual accounting period for the RHS program. _____

IV. The Employer intends to utilize the Trust to fund only welfare benefits pursuant to the following welfare benefit plan(s) established by the Employer: _____

V. Eligible Groups, Participation and Participant Eligibility Requirements

A. Eligible Groups

The following group or groups of Employees are eligible to participate in the Employer's welfare benefits plan identified in Section IV. (check all applicable boxes):

- All Employees
- All Full-Time Employees
- Non-Union Employees
- Public Safety Employees - Police
- Public Safety Employees - Firefighters
- General Employees
- Collectively-Bargained Employees (Specify unit(s)) _____
- Other (specify group(s)) _____

The Employee group(s) specified must correspond to a group(s) of the same designation that is defined in the statutes, ordinances, rules, regulations, personnel manuals or other documents or provisions in effect in the state or locality of the Employer.

B. Participation

Mandatory Participation: All Employees in the covered group(s) are required to participate in the Plan and shall receive contributions pursuant to Section VI.

If the Employer's underlying welfare benefit plan is in whole or part a non-collectively bargained plan that allows reimbursement for medical expenses other than insurance premiums, the nondiscrimination requirements of Internal Revenue Code (IRC) Section 105(h) will apply. These rules may impose taxation on the benefits received by highly compensated individuals if the Plan discriminates in favor of highly compensated individuals in terms of eligibility or benefits. The Employer should discuss these rules with appropriate counsel.

C. Participant Eligibility Requirements

1. Minimum service: The minimum period of service required for participation is _____ (write N/A if no minimum service is required).
2. Minimum age: The minimum age required for eligibility to participate is _____ (write N/A if no minimum age is required).

VI. Contribution Sources and Amounts

A. Definition of Earnings

The definition of Earnings will apply to all RHS Contribution Features that reference "Earnings," including Direct Employer Contributions (Section VI.B.1.) and Mandatory Employee Compensation Contributions (Section VI.B.2.).

Definition of earnings: _____

B. Direct Employer Contributions and Mandatory Contributions

Contributions for participants include:

1. Direct Employer Contributions

The Employer shall contribute on behalf of each Eligible Employee

- _____% of Earnings*
- \$_____ each Plan Year
- A discretionary amount to be determined each Plan Year
- Other (describe): _____

2. Mandatory Employee Compensation Contributions

The Employer will make mandatory contributions of Employee compensation as follows:

- Reduction in Salary – _____% of Earnings or \$_____ will be contributed for the Plan Year.
- Decreased Merit or Pay Plan Adjustment – All or a portion of the Employees' annual merit or pay plan adjustment will be contributed as follows:

An Employee shall not have the right to discontinue or vary the rate of mandatory contributions of employee compensation.

3. Mandatory Employee Leave Contributions

The Employer will make mandatory contributions of accrued leave as follows (provide formula for determining mandatory employee leave contributions):

- Accrued Sick Leave _____
- Accrued Vacation Leave _____
- Other (specify type of leave) Accrued Leave _____

An Employee shall not have the right to discontinue or vary the rate of mandatory leave contributions.

* Non-collectively bargained plans that reimburse medical expenses other than insurance premiums should consult their benefits counsel regarding welfare plan nondiscrimination rules if the employer elects to make contributions based on a percentage of earnings.

C. Limits on Total Contributions (check one box)

The total contribution by the Employer on behalf of each Participant (including direct employer and mandatory employee contributions) for each Plan Year shall not exceed the following limit(s) below. Limits on individual contribution types are defined within the appropriate section above.

- There is no Plan-defined limit on the percentage or dollar amount of earnings that may be contributed.
- _____ % of earnings
 Definition of earnings: Same as Section VI.A. Other
- \$_____ for the Plan Year.

VII. Vesting for Direct Employer Contributions

A. Vesting Schedule (check one box)

(If no selection is made, the default is 100% vested at all times.)

- The account is 100% vested at all times.
- The vesting schedule below shall apply to direct employer contributions as outlined in Section VI.B.1.

Vesting schedules beyond 10 years are not supported.

Years of Service Completed	Vesting Percentage
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %
_____	_____ %

B. The account will become 100% vested upon the death, disability, retirement*, or attainment of benefit eligibility (as outlined in Section IX) by a Participant.

* Definition of retirement includes a separation from service component and is further defined by (check one):

- The primary retirement plan of the Employer
- Completion of _____ years of continuous service
- Normal Retirement Age (NRA) of _____

Check this option ONLY if you want the automatic vesting feature to be turned on. Providing an NRA establishes an automatic vesting feature that automatically makes the participant 100% vested when the participant reaches the NRA regardless of any service requirement. If NRA is left blank, the standard default is age 62, and automatic vesting feature is turned off regardless of whether NRA is selected.

- Other _____

If your plan has multiple definitions of retirement, please notify MissionSquare Retirement, and note that it is the employer's responsibility to maintain and provide vested percentage for eligible employees upon benefit eligibility by submitting a letter of instruction (LOI) with the required data to MissionSquare Retirement.

C. Any period of service by a Participant prior to a rehire of the Participant by the Employer shall not count toward the vesting schedule outlined in A above.

VIII. Forfeiture Provisions

If a Participant separates from service prior to full vesting, non-vested funds in the Participant's account shall be forfeited in accordance with the box checked under this section.

Upon the death of a Participant, surviving spouse, and all surviving eligible dependents (as outlined in Section XI), funds remaining in the Participant's account shall revert to the Trust in accordance with the box checked under this section.

If a Participant permanently opts out and waives future reimbursements, as allowed under IRS Notice 2013-54, all funds in the Participant's account at the time of waiver shall be forfeited in accordance with the box checked under this section.*

- Remain in the Trust to be reallocated among all Plan Participants with a balance as Direct Employer Contributions for the next and succeeding contribution cycle(s).**
- Remain in the Trust to be reallocated on an equal dollar basis among all Plan Participants with a balance.**
- Remain in the Trust to be reallocated among all Plan Participants based upon Participant account balances.**

* If the Employer's RHS Program does not limit eligibility to Participants who have separated from service, the Employer will be required to provide further direction to MissionSquare regarding the treatment of possible contributions that are required to be made following the Participant's waiver.

** If the forfeited balance is small whereby the reallocation amount to each Plan Participant with a balance is minimal, the assets will revert to Employer's forfeiture account for further direction from the Employer. If there are Participants without a balance who should receive forfeiture assets, please provide alternative instructions to MissionSquare on the forfeiture reallocation notice.

IX. Eligibility Requirements to Receive Medical Benefit Payments from the MissionSquare Retirement Health Savings Program

A. A Participant is eligible to receive benefits:

- At retirement only (also complete Section B.)
Definition of retirement:
 - Same as Section VII.B.
 - Other _____
- At separation from service with the following restrictions
 - No restrictions
 - Other _____

B. Termination prior to general benefit eligibility: In a case where the general benefit eligibility as outlined in Section IX.A includes a retirement component, a Participant who separates from service of the Employer prior to retirement will be eligible to receive benefits:

- Immediately upon separation from service
- Other _____

C. A Participant who becomes totally and permanently disabled

- As defined by the Social Security Administration
- As defined by the Employer's primary retirement plan
- Other _____

will become immediately eligible to receive medical benefit payments from his/her account under the Employer's welfare benefits plan.

D. Upon the death of the Participant, benefits shall become payable as outlined in Section XI.

X. Permissible Medical Benefit Payments

Select **one** option.

Benefits eligible for reimbursement under the plan are as allowed under IRC Section 213 other than direct long-term care expenses.

- Option 1: **All Medical Benefits***
- Option 2: **Insurance Premiums Only**
- Option 3: **Select Expenses*** you wish to cover under the Employer’s welfare benefits plan:
 - Medical Insurance Premiums
 - Medical Out-of-Pocket Expenses
 - Medicare Part B Insurance Premiums
 - Medicare Part D Insurance Premiums
 - Medicare Supplemental Insurance Premiums
 - Prescription Drug Insurance Premiums
 - COBRA Insurance Premiums
 - Dental Insurance Premiums
 - Dental Out-of-Pocket Expenses
 - Vision Insurance Premiums
 - Vision Out-of-Pocket Expenses
 - Qualified Long-Term Care Insurance Premiums
 - Non-Prescription medications allowed under IRS guidance
 - Other qualifying medical expenses (describe)_____

* Non-collectively bargained plans that reimburse medical expenses other than insurance premiums should consult their benefits counsel regarding welfare plan nondiscrimination rules if the employer elects to make contributions based on a percentage of earnings.

XI. Benefits After the Death of the Participant

In the event of a Participant's death, the following shall apply:

A. Surviving Spouse and/or Surviving Dependents

Upon the death of a Participant, the surviving spouse and/or surviving eligible dependents (as defined in Section XII.D.) of the deceased Participant are immediately eligible to maintain the Participant's RHS account and utilize the remaining balance to fund eligible medical benefits specified in Section X above. The account balance may be reallocated* by the surviving spouse or dependents.

* Before investing, please read the applicable fund disclosure materials carefully for a complete summary of all fees, expenses, investment objectives and strategies, and risks. This information is available when you log in at www.missionsq.org, or upon request by calling (800) 326-7272.

If a Participant's account balance has not been fully utilized upon the death of the eligible spouse, the account balance may continue to be utilized to pay benefits of eligible dependents. Upon the death of all eligible dependents, the account will revert in accordance with the Employer's election under Section VIII of the *MissionSquare RHS Adoption Agreement*.

B. No Surviving Spouse or Surviving Dependents

If there are no living spouse or dependents at the time of death of the Participant, the account will revert in accordance with the Employer's election under Section VIII of the *MissionSquare RHS Adoption Agreement*.

XII. The Plan Will Operate According to the Following Provisions:

A. Employer Responsibilities

1. The Employer will submit all MissionSquare Retirement Health Savings Plan enrollment and contribution data via electronic submission.
2. The Employer will submit all MissionSquare Retirement Health Savings Plan Participant status updates or personal information updates via electronic submission. This includes but is not limited to termination notification, benefit eligibility, and vesting notification.

B. Participant account administration and asset-based fees will be paid through the redemption of Participant account shares, unless agreed upon otherwise in the Administrative Services Agreement.

C. Assignment of benefits is not permitted. Benefits will be paid only to the Participant, his/her survivors, the Employer, or an insurance provider (as allowed by the claims administrator). Payments to a third-party payee (e.g., medical service provider) are not permitted with the exception of reimbursement to the Employer or insurance provider (as allowed by the claims administrator).

D. An eligible dependent is (a) the Participant's lawful spouse, (b) the Participant's child under the age of 27, as defined by IRC Section 152(f)(1) and Internal Revenue Service Notice 2010-38, or (c) any other individual who is a person described in IRC Section 152(a), as clarified by Internal Revenue Service Notice 2004-79.

E. The Employer will be responsible for withholding, reporting and remitting any applicable taxes for payments which are deemed to be discriminatory under IRC Section 105(h), as outlined in the *x Employer Manual*.

XIII. Employer Acknowledgements

- A. The Employer hereby acknowledges it understands that failure to properly fill out this *MissionSquare Retirement Health Savings Adoption Agreement* may result in the loss of tax exemption of the Trust and/or loss of tax-deferred status for Employer contributions.

- B. Check this box if you are including supporting documents that include plan provisions.

Employer Signature

By: _____ **Date:** _____

Title: _____

Attest: _____ **Date:** _____

Title: _____



Suggested Resolution for Amendment

and

Suggested Affirmative Statement of Amendment

SUGGESTED RESOLUTION FOR AMENDMENT OF THE MISSIONSQUARE RETIREMENT HEALTH SAVINGS (RHS) PROGRAM

Plan Number: _____

Name of Employer: _____ State: _____

Resolution of the above-named Employer (the "Employer"):

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the amendment of its existing retiree health savings plan for such employees serves the interests of the Employer and Employees.

NOW, THEREFORE BE IT RESOLVED, that the Employer hereby amends the Plan in the form of MissionSquare's Retirement Health Savings program.

I, _____, Clerk of the _____ of _____, do hereby certify that the foregoing resolution, proposed by _____, was duly passed and adopted in the _____ of the _____ of _____, at a regular meeting thereof assembled this _____ day of _____, 20____, by the following vote:

AYES:

NAYS:

ABSENT:

(Seal)

Clerk's Signature: _____

Clerk's Title: _____

Date: _____

**SUGGESTED AFFIRMATIVE STATEMENT FOR AMENDMENT OF THE MISSIONSQUARE
RETIREMENT HEALTH SAVINGS (RHS) PROGRAM**

Plan Number: _____

Name of Employer: _____ State: _____

Affirmative Statement of the above-named Employer (the "Employer"):

WHEREAS, the Employer has employees rendering valuable services; and

WHEREAS, the amendment of its existing retiree health savings plan serves the interests of the Employer and its Employees; and

NOW THEREFORE, as a duly authorized agent of the Employer, I hereby:

AMEND the Employer's Plan in the form of the MissionSquare's Retirement Health Savings program.

DATE: _____

Title of Designated Agent

Signature

Retiree Health Program Nondiscrimination Requirements

Important Information on Welfare Plan Nondiscrimination Rules

An employer's Retiree Health Program (i.e., MissionSquare Retirement Health Savings (RHS) Plan/401(h) Retiree Health Account) will generally be covered by nondiscrimination requirements that are already applicable to the employer's other health and welfare plans (under Internal Revenue Code Section 105(h)).

However, please note that nondiscrimination requirements will not adversely impact your Retiree Health Program (Program) in the following scenarios:

- A. If the Program is limited to one or more collective bargaining groups that bargained regarding health benefits and the Program provides for fixed dollar contributions for all employees.
- B. If the Program limits reimbursements to insurance premiums only (health insurance premiums, Medicare supplemental insurance premiums, Medicare Part B insurance premiums COBRA insurance premiums, long-term care insurance premiums).

Premium-Only Programs are currently excluded from nondiscrimination testing. However, under the Affordable Care Act, Premium-Only Programs will likely be subject to nondiscrimination testing upon future IRS guidance.

If the Program does not fall into one of the two scenarios above, health and welfare nondiscrimination requirements may adversely impact your Plan.

Generally speaking, if your program does not fall under one of the two scenarios above, the following requirements apply:

1. An IRS-approved proportion of your employees must be covered. For instance, coverage must be extended to at least 70 percent of employees (excluding part-time and seasonal employees, employees under age

25, employees with less than three years of service, and collectively bargained employees). Once the employer identifies the applicable coverage group, up to 30 percent of that group can be excluded.¹

2. Benefits must be provided on a substantially equal basis to all covered employees. What this means, in practical terms, is that contributions must be substantially equal for each participant, and thus cannot be determined as a percentage of compensation or based on age or years of service. A fixed dollar contribution would comply.

Please note that "failure" to meet the nondiscrimination requirements does not result in "disqualification" of the Program. The ramifications of not meeting the requirements are that "excess benefits" paid to "highly compensated individuals" that participate in the RHS plan are taxable as W-2 income to the participant.

An excess benefit is generally equal to the amount of the benefit made available to the highly compensated individuals but not made available to other employees. Highly compensated individuals will generally consist of the highest paid 25 percent of all employees.

What does all this mean?

Employers need to consider nondiscrimination requirements when developing their Program. The employer may want to consider talking to benefits counsel to determine if these rules will impact its participants. Should an employer establish a program that does not fall under scenario A or B above and does not meet the nondiscrimination requirements, the out-of-pocket expenses paid to highly compensated employees may be taxable.

You are encouraged to discuss the results with a tax or benefits advisor because the IRS rules are complex.

¹ There may be additional ways that your program would satisfy the nondiscrimination requirements of IRC § 105(h).



File #: 21-0276

DATE: February 28, 2025
TO: Pension Committee
FROM: Kristine Brock, Asst. City Administrator/CFO

SUBJECT:

Report Of The State Of Tennessee Treasury Department Annual Review Of The City Of Franklin Closed Pension Plan For The Fiscal Year Ending June 30, 2024

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning the State of Tennessee Treasury Department Annual Review for FY 2024 of the City of Franklin Closed Defined Benefit Pension Plan.

BACKGROUND/STAFF COMMENTS:

In compliance with the State of Tennessee Public Employee Defined Benefit Financial Security Act of 2014 (TCA 9-3-505 and 506(a)(2)), the Treasury Department reviews the City's closed pension plan on an annual basis and provides a written report. In their letter dated February 28, 2025, the closed plan is determined to be in compliance with annual funding requirements. The overall funding status was 67.04%.

FINANCIAL IMPACT:

This report is for information purposes.

RECOMMENDATION:

This report is for information purposes.

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

February 28, 2025

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

Re: City of Franklin Employees' Pension Plan

Dear Kristine Brock:

Actuarially Determined Contribution ("ADC") Compliance Monitoring Results

Based on our review of the City of Franklin's (the "Political Subdivision") financial statements for the fiscal year ended June 30, 2024, the Political Subdivision is compliant with the annual ADC funding requirements and the overall pension plan funding level requirement established in the statute for the establishment of benefit enhancements.

The Political Subdivision funded at least 100% of the ADC and shall continue to fund 100% of the ADC annually to remain in compliance with the statute. The overall funding status of the City of Franklin Employees' Pension Plan was determined to be 67.04%.

This review was performed to determine compliance with Public Chapter 990 ("PC 990"), the Public Employee Defined Benefit Financial Security Act of 2014, which is codified in Tennessee Code Annotated, Title 9, Chapter 3, Part 5. The requirements evaluated during our review include the annual ADC funding requirements established in T.C.A. §9-3-505 and the overall pension plan funding level requirements as established in T.C.A. §9-3-506(a)(2).

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

Sincerely,



Whitney Perkins
Senior Accounting Business Analyst
Financial Strategies and Analysis

CC:

Jean Suh, CPA, CGFM, CFE
Contract Audit Review Manager
Comptroller of the Treasury
Division of Local Government Audit
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