



City of Franklin

Mailing Address:
109 3rd Ave S
Franklin, TN 37064
(615) 791-3217

Meeting Agenda

Employee Pension & Trust Committee

Monday, August 25, 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@franklinton.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
March 24, 2025 Employee Pension & Trust Committee Meeting

NEW BUSINESS

2. Report From The Investment Administrator Of The City's Pension Programs (Tennessee Consolidated Retirement System)

Sponsors: Michael Brakebill, Daniel Crews

3. Report From The Actuary

Sponsors: Kevin Sullivan

4. Consideration Of DRAFT Resolution 2025-73, A Resolution To Amend Certain Provisions Of Resolution 2018-65 Establishing Defined Contribution Retirement Plans Effective January 1, 2019, For Employees

Hired On Or After January 1, 2017.

Sponsors: Kristine Brock

5. Discussion Of Future Structure For The Responsibilities Of The Employee Pension Committee

Sponsors: Eric Stuckey, 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, March 24, 2025

1:00 PM

Eastern Flank Event Facility

CALL TO ORDER

Chair Clyde Barnhill called the meeting to order at 1:00PM.

Board Members Present: Mayor Ken Moore, Kevin Townsel, Scott Quinn, Keith McGee
Keith McGee entered the meeting at 1:04PM.

Board Members Absent: Keith McGee, Suzanne Carter, Bob Ravener

Staff Present: Eric Stuckey, Kristine Brock, Sara Sylvis, Sarah Schilling

SETTING OF THE AGENDA

A motion was made by Mayor Ken Moore, seconded by Kevin Townsel to Approve the Agenda as Submitted. The motion passed 4-0.

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 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
Sponsors:

A motion was made by Kevin Townsel, seconded by Mayor Ken Moore to approve the August 26, 2024 Employee Pension & Trust Committee Meeting Minutes. The motion passed 5-0.

Keith McGee entered the meeting at 1:04 PM.

NEW BUSINESS

2. **Introduction Of New Member Of The Employee Pension & Trust Committee**
Sponsors: Sara Sylvis

The item was acknowledged.

3. Report From The Human Resources Department

Sponsors: Sara Sylvis, Tracy Harness

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

The item was acknowledged.

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

A motion was made by Keith McGee, seconded by Kevin Townsel to Recommend Approval of the Resolution to the Board of Mayor and Aldermen. The motion passed 5-0.

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

A motion was made by Mayor Ken Moore, seconded by Keith McGee to Recommend Approval of the Resolution to the Board of Mayor and Aldermen. The motion passed 5-0.

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

The item was acknowledged.

OTHER BUSINESS

The item was acknowledged.

ADJOURN

A motion was made by Mayor Ken Moore, seconded by Ken Moore to Adjourn the Meeting. The motion passed 5-0.

Meeting Adjourned @ 2:21PM

Clyde Barnhill, Chair

Minutes Prepared by Sarah Schilling, Assistant Deputy City Recorder, City Administrator's Office - 3/24/2025,
2:22PM



File #: 21-0997

DATE: August 5, 2025
TO: Pension Committee
FROM: Michael Brakebill
Daniel Crews

SUBJECT:

Report From The Investment Administrator Of The City's Pension Programs (Tennessee Consolidated Retirement System)

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning a report from the Investment Administrator of the City's closed pension assets.

BACKGROUND/STAFF COMMENTS:

Since late 2016, the State of Tennessee Department of Treasury (Tennessee Consolidated Retirement System) has invested the assets of the City's closed pension plan. The City's actuarial report for the closed plan reported assets as of 12/31/2024 of \$173,812,158.

At today's meeting, Mr. Michael Brakebill, Chief Investment Officer, for TCRS and Mr. Daniel Crews, Deputy Chief Investment Officer, will present a report on TCRS's investment strategy.

FINANCIAL IMPACT:

The actuarially determined employer contribution to the closed pension plan is a significant part of the City's annual operating budget. In FY 2026, this amount is \$11,378,088.

RECOMMENDATION:

For information purposes.



STATE OF TENNESSEE

Tennessee Treasury

City of Franklin

August 25, 2025

Who are we?



Michael Brakebill, CFA, CAIA
Chief Investment Officer

Michael Brakebill is Chief Investment Officer for the Tennessee Consolidated Retirement System, and he manages portfolios with combined assets of over \$100 billion. Michael began his career as a Petroleum Engineer for Mobil Oil in Midland, Texas, and he enjoyed a brief stint as a defense electronics engineer with Honeywell, before beginning his investment career with Wilshire Associates in 1987. After graduate school, he managed equity portfolios for the Teacher Retirement System of Texas from 1994 to 2007 where he eventually led their \$50 billion equity portfolio.

The Tennessee Consolidated Retirement System was recognized by Money Management Intelligence as the Large Public Pension Plan of the Year in 2012. TCRS received the Best Public Pension Plan Award for 2015, and Institutional Investor awarded the plan a Good Governance Award for 2015.

Mr. Brakebill joined the TVA Retirement Fund as an Investment Committee Member in 2011 and joined the TVA Nuclear Decommissioning Trust Fund as an Investment Committee member in 2012.

Michael completed his Bachelors in Mechanical Engineering from Texas Tech University and his MBA from the University of Texas at Austin. He was awarded his CFA charter in 1997 and his CAIA charter in 2012.

Who are we?



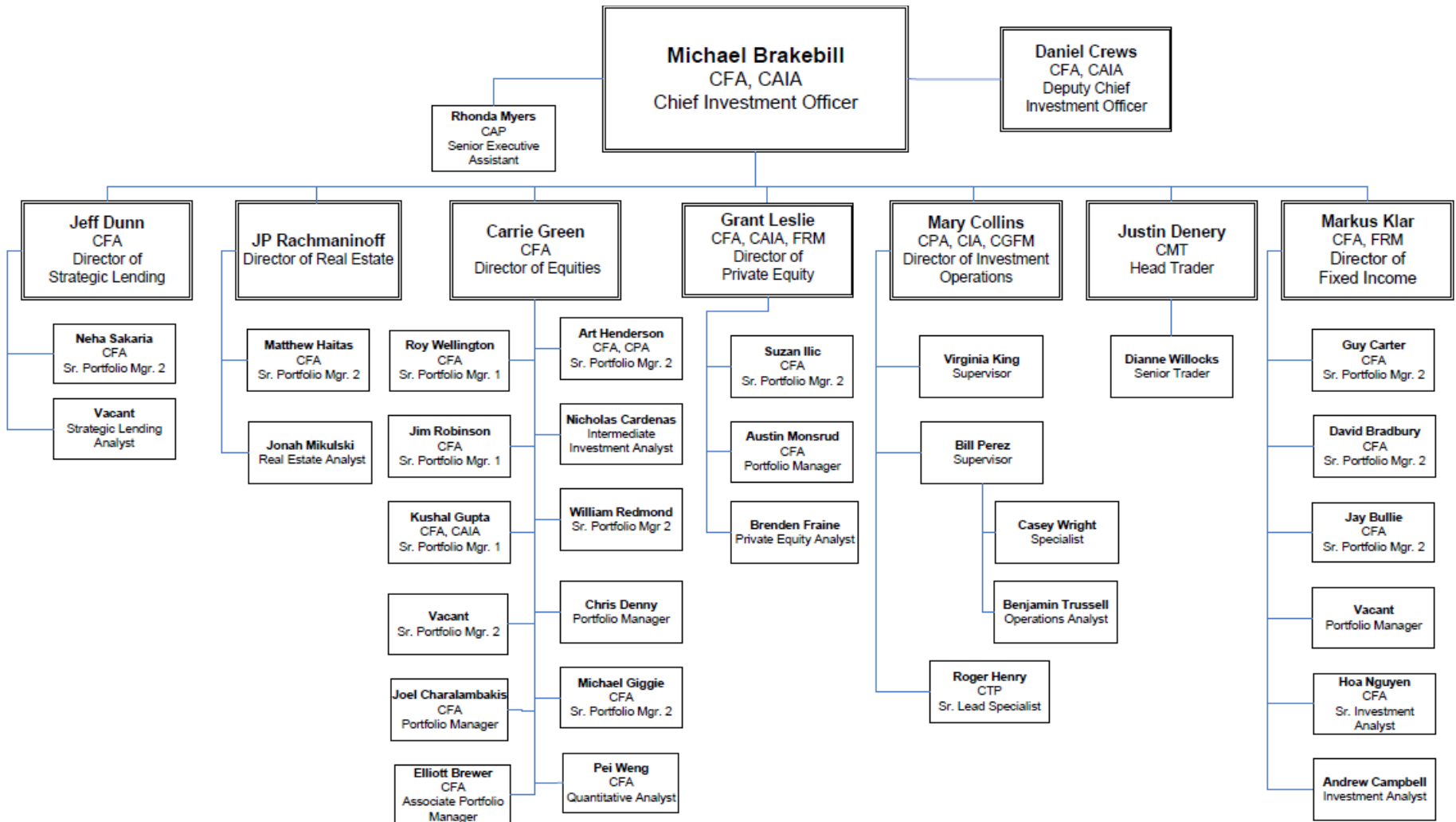
Daniel Crews, CFA, CAIA
Deputy Chief Investment Officer

Daniel Crews is the Deputy Chief Investment Officer for the Tennessee Consolidated Retirement System. He is a senior investment professional with nearly 26 years stewarding capital for the State of Tennessee Treasury Department.

Crews previously served as the Director of Private Equity. In that role he oversaw a \$9 billion private equity portfolio and led his team to deliver 17.4% returns per year for 15 years, resulting in over \$1.3 billion in active value creation (through June 30, 2024). Prior to running the private equity program Crews served as a Senior Portfolio Manager in its public equities group. In this capacity he actively managed \$1.7 billion in assets, delivering and \$28 million in active value creation, and successfully managed two index fund products totaling \$2.6 billion. Beginning with the Treasury Department in 1999, Mr. Crews worked with the cash management team to streamline state cash concentration by eliminating over 70% of superfluous accounts and increase Local Government Investment Pool (LGIP) assets under management from \$1.5 billion to \$2.2 billion by leading outbound awareness efforts.

He holds both the Chartered Financial Analyst (CFA) and the Chartered Alternative Investment Analyst (CAIA) designations and earned a BBA and an MA in finance from Middle Tennessee State University, where he subsequently taught as an adjunct professor for eight years.

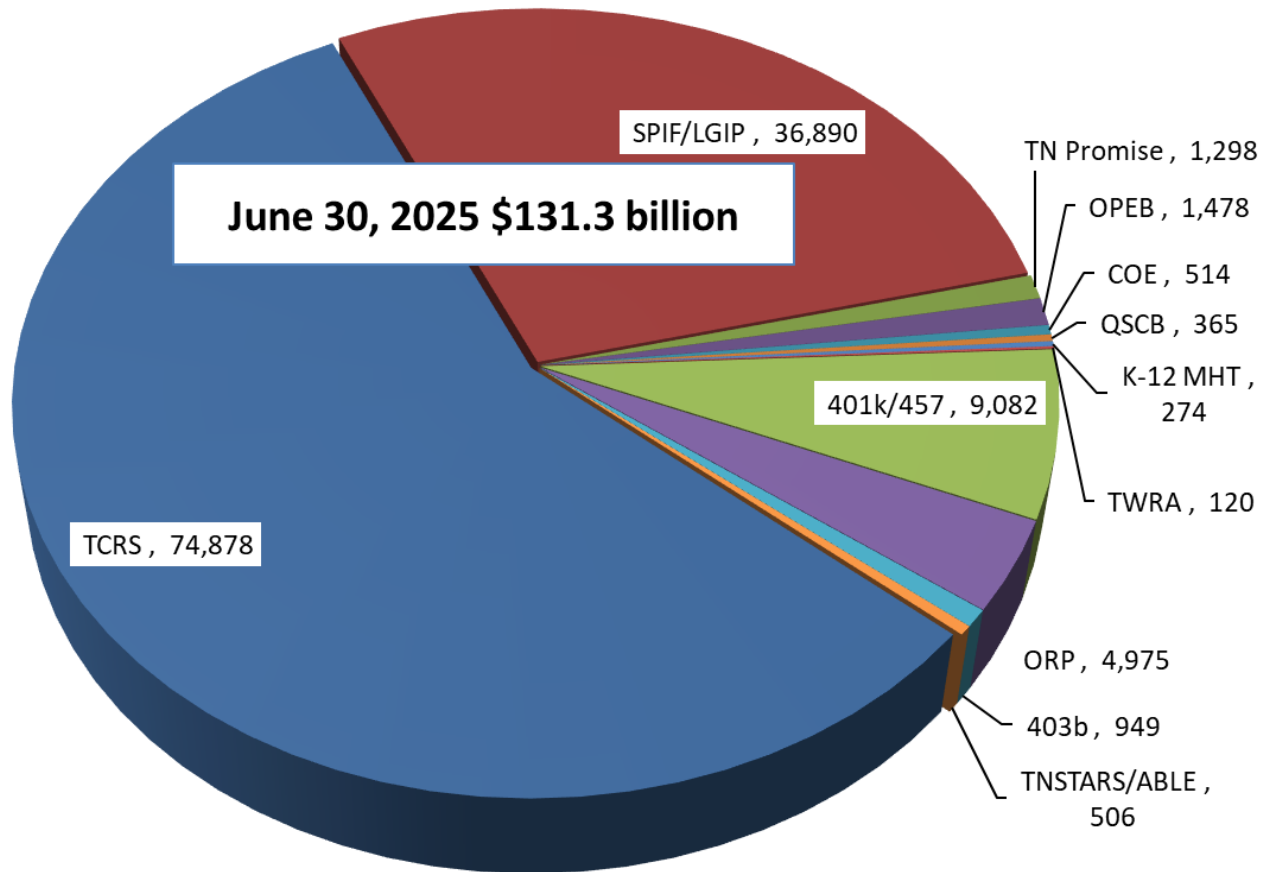
Who are we? - Treasury Investments



What do we do?



Tennessee Treasury Managed Programs



\$ millions

City of Franklin Transition



November 18, 2016:

TCRS is approved to be the third-party administrator of the City of Franklin defined benefit plan to be effective January 1, 2017

Summer 2018:

TCRS staff begins alternative asset transition

December 14, 2018:

City of Franklin Management Agreement is executed

2019-Present:

Staff conducts review of City of Franklin alternatives

December 20, 2016

City of Franklin buys TRGT shares

December 11, 2018:

City of Franklin Board of Mayor and Alderman approve TCRS for the provision of investment management services for the City's Closed Defined Benefit Pension Plan

January 1, 2019:

City of Franklin alternatives are transferred to the management oversight of TCRS

City of Franklin Overview



Changes in Portfolio Since March 2019				
	March 31, 2019	June 30, 2025	Change \$	Change%
Treasury Fund Units (TRGT)	104,125,259	177,105,763	72,980,504	70%
City of Franklin Alternative Funds	5,727,958	3,017,146	(2,710,812)	-47%
Total Portfolio Value	109,853,217	180,122,909	70,269,692	64%

City of Franklin Overview



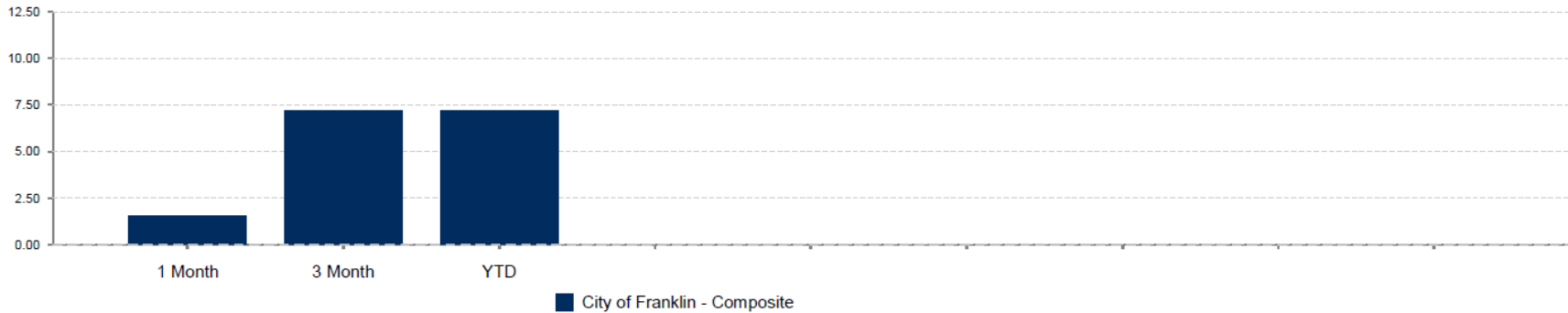
Tennessee Consolidated Retirement System

March 31, 2019

Total



Return Comparison



	Market Value	Actual Weight	1 Mth	3 Mth	YTD
City of Franklin - Composite	109,853,217	100.0	1.53	7.20	7.20
City of Franklin-Separate LP	5,727,958	5.2	0.00	0.13	0.13
City of Franklin - TRGT	104,125,259	94.8	1.61	7.62	7.62

City of Franklin Overview



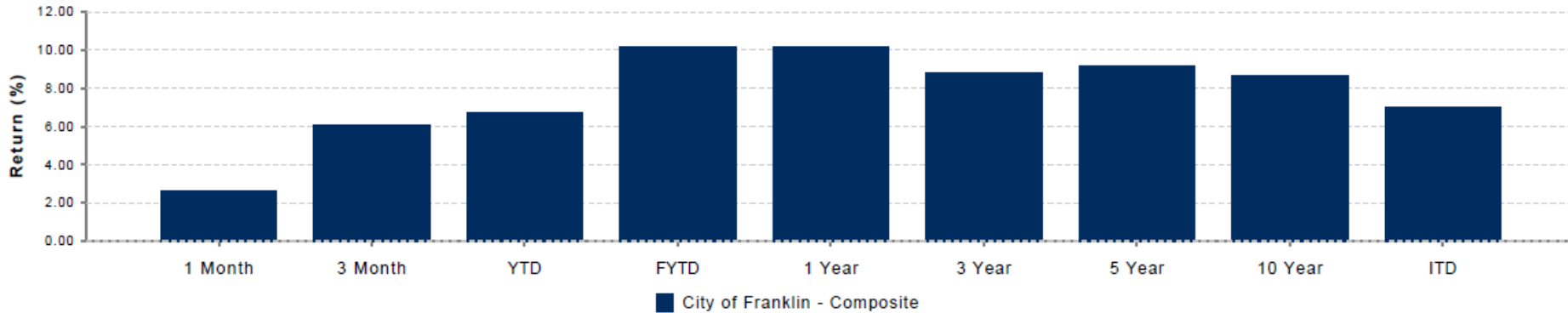
Tennessee Consolidated Retirement System

June 30, 2025

Total



Return Comparison



	Market Value	Actual Weight	1 Mth	3 Mth	YTD	FYTD	1 Year	3 Year	5 Year	10 Year	ITD	Inception Date
City of Franklin - Composite	180,122,910	100.00	2.62	6.04	6.69	10.17	10.17	8.84	9.15	8.64	7.04	Jan-01-07
City of Franklin-Separate LP	3,017,146	1.68	-0.00	1.27	3.04	6.43	6.43	5.43	4.44		3.90	Jan-01-19
City of Franklin - TRGT	177,105,763	98.32	2.67	6.12	6.76	10.23	10.23	8.90	9.30		8.86	Jan-01-17

City of Franklin Overview - TRGT



Draft

Total Fund Executive Summary (Gross of Fees)

Tennessee Consolidated Retirement System
Period Ending: June 30, 2025

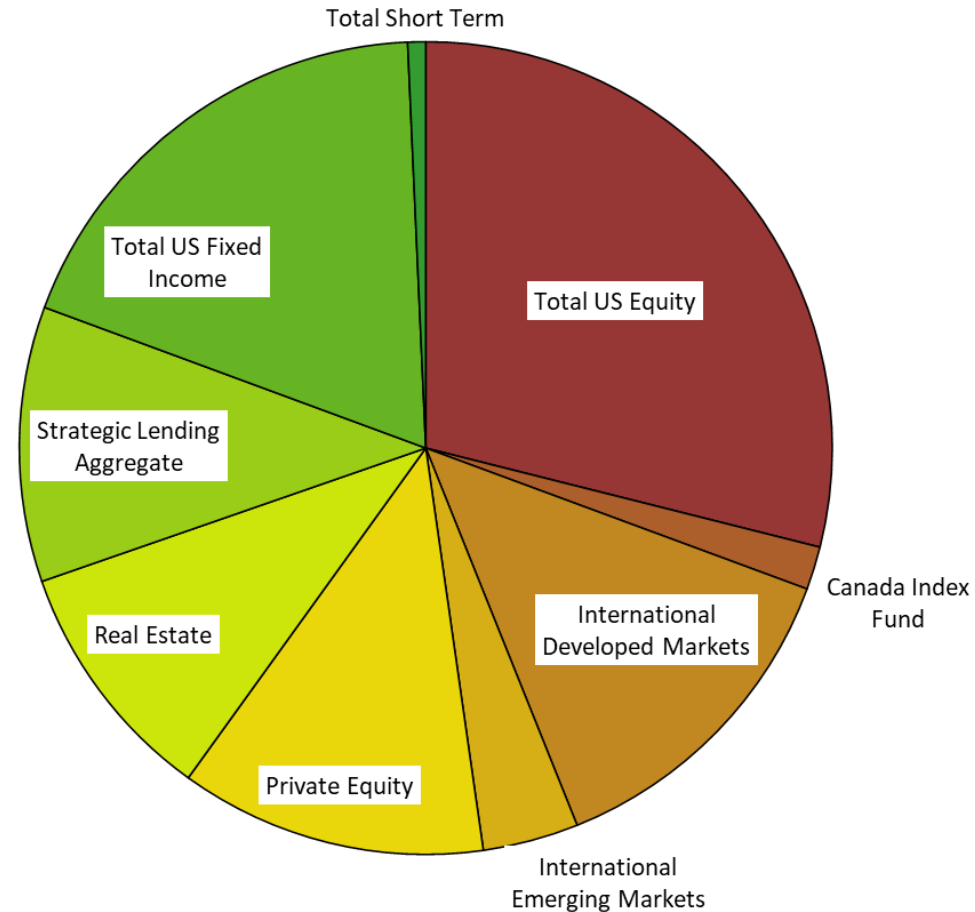
	3 Mo Rank	Fiscal YTD	2 Yrs Rank	3 Yrs Rank	5 Yrs Rank	10 Yrs Rank
Total Fund	6.15 (22)	10.20 (47)	10.13 (38)	8.96 (44)	9.38 (45)	8.15 (21)
<i>Policy Index</i>	6.41 (13)	10.50 (39)	10.21 (31)	9.66 (26)	9.01 (59)	8.05 (32)
<i>Allocation Index</i>	6.17 (21)	10.25 (47)	9.78 (54)	9.11 (41)	8.83 (71)	7.86 (39)
Total Equity	11.86 (11)	15.22 (48)	17.17 (34)	17.41 (26)	14.55 (18)	10.64 (27)
<i>Total Equity Custom</i>	11.80 (12)	15.61 (39)	17.55 (26)	17.67 (20)	14.71 (14)	10.89 (15)
US Equity	10.60 (41)	14.64 (39)	19.14 (20)	19.02 (25)	16.07 (28)	12.48 (46)
<i>US Equity Custom</i>	10.57 (42)	14.48 (44)	18.91 (29)	19.02 (25)	16.35 (18)	13.23 (13)
Canada	13.48	26.68	16.71	13.25	14.94	9.07
<i>S&P/TSX 60</i>	13.48	26.66	16.70	13.34	14.91	9.01
Int'l Developed Mkts Equity	13.20 (20)	16.65 (78)	13.65 (83)	15.56 (46)	11.38 (48)	7.46 (57)
<i>MSCI EAFE IMI</i>	12.45 (47)	18.40 (42)	14.65 (62)	15.59 (46)	10.88 (57)	6.50 (76)
Int'l Emerging Mkts Equity	16.59 (11)	8.66 (93)	11.89 (78)	11.77 (51)	11.11 (30)	5.95 (60)
<i>MSCI Emerging Markets ND Custom</i>	18.17 (7)	8.48 (94)	14.39 (51)	13.80 (31)	12.17 (24)	6.58 (41)
US Fixed Income	0.59 (85)	5.46 (82)	3.00 (84)	1.04 (86)	-2.67 (82)	1.79 (85)
<i>FTSE LPF</i>	0.60 (84)	5.06 (85)	2.60 (86)	0.88 (86)	-3.13 (84)	1.55 (88)
Real Estate	0.95 (58)	2.38 (89)	-1.73 (61)	-2.52 (58)	6.61 (22)	7.57 (1)
<i>Real Estate Custom</i>	1.06 (53)	2.03 (93)	-4.86 (91)	-4.27 (77)	2.88 (86)	5.24 (49)
Traditional Private Equity	2.23	7.39	6.60	3.17	17.67	16.04
<i>Private Equity Custom</i>	1.67	6.59	6.04	2.53	16.18	12.50
Strategic Lending Portfolio	2.36	8.87	10.12	9.45	9.90	7.52
<i>Strategic Lending</i>	2.93	8.90	9.83	9.77	6.71	5.28
Short Term	0.57	2.47	2.64	2.68	1.79	1.32
<i>FTSE 1 Month T-Bill</i>	1.08	4.80	5.18	4.69	2.83	1.95

City of Franklin Overview - TRGT



TRGT Allocation as of: 6/30/2025

Name	Ending Market Value	% of Port
Total US Equity	21,882,184,026	28.9%
Canada Index Fund	1,295,538,420	1.7%
International Developed Markets	10,056,663,782	13.3%
International Emerging Markets	2,884,026,892	3.8%
Private Equity	9,225,931,612	12.2%
Real Estate	7,373,933,869	9.7%
Strategic Lending Aggregate	8,283,005,468	10.9%
Total US Fixed Income	14,117,335,527	18.7%
Total Short Term	539,334,285	0.7%
State of Tennessee - TRGT	75,657,953,881	100.0%



City of Franklin Overview - Funds



Funds in Fall 2018

City of Franklin - Alternative Investments Fund Summaries

Fund	Timberland Funds			PE Secondary Funds	
	BTG (RMK) Pactual Select Timberland Investment Fund II, LLC	RMS Growth III, L.P.	FIA Timber Growth and Value Partners, L.P.	Landmark Equity Partners XIV, L.P.	Hamilton Lane Secondary Fund III, L.P.
Vintage Year	2007	2011	2015	2008	2012
Investment Period	Complete	Complete	Complete	Complete	Complete
Commitment	\$1.8 million	\$1.4 million	\$1.5 million	\$1 million	\$4 million
Remaining Commitment	\$0	\$202,000	\$347,000	\$38,000	\$1.7 million
NAV	\$1.3 million	\$1.3 million	\$1.2 million	\$325,000	\$2.1 million
Total Fund Size	\$162.8 million	\$180.3 million	\$300 million	\$2 billion	\$848 million
Cumulative Net IRR	0.15%	3.18%	5.03%	10.2%	15.9%
Remaining Term	2018/2020	2025/2026	2027/2030	2018/2020	2022/2024
Fees	1% on NAV	0.85% on lower of invested capital or NAV	1% on called capital, plus 0.5% on uncalled capital	1% on invested capital, declining 10% annually following 8 th anniversary	1% on committed, declining 10% annually following investment period
Profit Sharing	20% to GP	20% to GP	20% to GP	10% to GP	12.5% to GP
Preferred Return	7%	5%	7%	8%	8%
Legal Form	Delaware Limited Liability Company	Delaware Limited Partnership	Delaware Limited Partnership	Delaware Limited Partnership	Delaware Limited Partnership

City of Franklin Overview - Funds



Funds in Summer 2025

Fund	<u>RMS Growth III, L.P.</u>	<u>FIA Timber Growth and Value Partners, L.P.</u>
Vintage Year	2011	2015
Investment Period	Complete	Complete
Commitment	\$1.4 million	\$1.5 million
Unfunded Commitment	\$ -	\$85,903
NAV <i>Then</i>	\$1.3 million	\$1.2 million
NAV <i>Now</i>	\$1,253,890	\$1,851,626.90
Total Fund Size	\$180.3 million	\$300 million
Cumulative Net IRR <i>Then</i>	3.18%	5.03%
Cumulative Net IRR <i>Now</i>	4.84%	4.34%
Fund Term	2025/2026	2027/2030
Fees	0.85% on lower of invested capital or NAV	1% on called capital, plus 0.5% on uncalled capital
Profit Sharing	20% to GP	20% to GP
Preferred Return	5%	7%
Legal Form	Delaware Limited Liability Company	Delaware Limited Liability Company

City of Franklin Overview - Funds



Fund Results as of Summer 2025

Fund	<u>BTG (RMK) Pactual Select Timberland Investment Fund II, LLC</u>	<u>Landmark Equity Partners XIV, L.P.</u>	<u>Hamilton Lane Secondary Fund III, L.P.</u>	<u>RMS Growth III, L.P.</u>	<u>FIA Timber Growth and Value Partners, L.P.</u>
Vintage Year	2007	2008	2012	2011	2015
Commitment	\$1.8 million	\$1 million	\$4 million	\$1.4 million	\$1.5 million
NAV <i>Then</i>	\$1.3 million	\$325,000	\$2.1 million	\$1.3 million	\$1.2 million
NAV <i>Now</i>	\$ -	\$3,300.65	\$21,978	\$1,253,890	\$1,851,626.90
Cumulative Net IRR <i>Now</i>	1.43%	8.90%	10.03%	4.84%	4.34%

About \$3 million in remaining two funds.

City of Franklin Overview



Questions?

City of Franklin Employees'
Pension Plan & Trust

Performance Review
June 2025

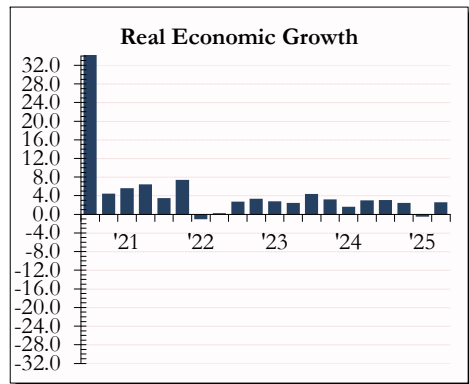


DAHAB ASSOCIATES

ECONOMIC ENVIRONMENT

What, Me Worry?

The economy navigated a complex mix of policy shocks, disinflation progress, and late-quarter strength. First-quarter real GDP growth came in at -0.5% annualized, reflecting a drawdown in inventories and a wider trade deficit, partly triggered by spring



tariff activity. While this contraction marked the first negative print since 2022, it now appears more a statistical reset than the beginning of a broader slowdown. Advanced estimates of Q2 2025 GDP

published by the Bureau of Economic Analysis advanced at a rate of 3.0%.

Inflation data offered some reassurance. Headline CPI eased to 2.1% year-over-year in May, its lowest level in more than two years. Core CPI declined to 2.6%, driven by falling goods prices and steady—though still elevated—service-sector inflation. Labor markets remained tight, with the unemployment rate ticking up slightly to 4.1% in June.

The Federal Reserve held its policy rate steady at 4.25% to 4.50% at both its May and June meetings. Officials signaled a patient approach, preferring to wait for clearer signs that inflation is sustainably on track to an acceptable level. Despite this guidance,

market participants priced in modest easing ahead, contributing to a re-steepening of the yield curve. The 10-year Treasury yield declined from 4.43% to 4.34% by quarter-end.

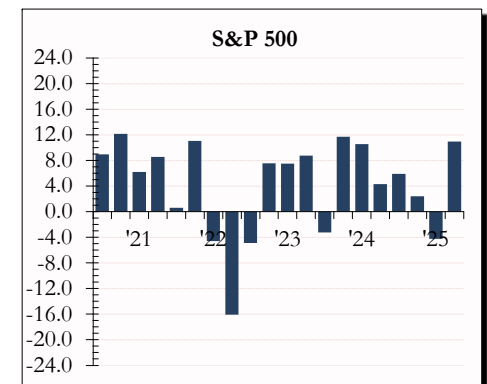
Overall, the quarter reflected an economy that continues to grow, albeit at a slower pace, while inflation gradually moderates. The balance of risks remains unusually dependent on policy decisions, particularly as tariffs, fiscal dynamics, geopolitical developments, and domestic guidance remain fluid.

DOMESTIC EQUITIES

Don't Call It A Comeback

U.S. equity markets posted a strong comeback quarter, led by familiar names. The S&P 500 gained 10.6%, driven by large-cap growth stocks in the technology and communication services sectors. Momentum around artificial intelligence, paired with solid earnings and continued buybacks, kept the largest companies at the top of the leaderboard.

Performance lagged, but was strong outside of mega caps. The Russell 3000 advanced roughly 10.2%, reflecting the same skew toward large-cap growth. The Russell Midcap and Russell 2000 each returned 8.5%, with smaller companies showing some signs of life but still lagging their larger peers.



Style performance was notable. Growth outpaced value by approximately 6% in both large- and small-cap indices. While these partly reflected stronger earnings revisions, it was also a function of lower interest rates and investor enthusiasm around high-multiple names.

Technology and consumer discretionary were the best-performing sectors across all capitalization sizes. Energy and health care sectors lagged, the former due to softer oil prices and the latter due to renewed scrutiny around drug pricing.

Valuation concerns remain. The S&P 500 now trades at over 22 times forward earnings. Meanwhile, mid- and small-cap stocks trade at a steep discount, with forward P/E ratios closer to 15. That gap has widened, not narrowed, even as earnings expectations for smaller companies have stabilized though tariff concerns remain.

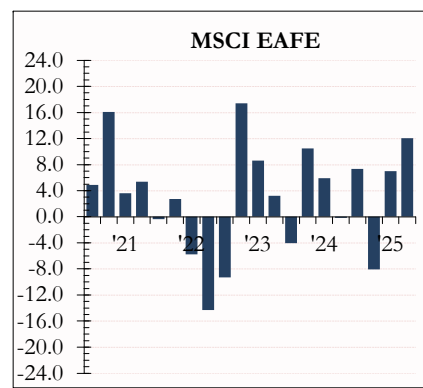
INTERNATIONAL EQUITIES

Their Fall, My Rise

International markets benefited from improving fundamentals and a weaker U.S. dollar. The broad dollar index declined by roughly -7%, handing a key tailwind to international assets. That move was driven in part by a shift in rate expectations abroad, as other central banks delayed their own easing cycles. The dollar's decline contributed roughly 40% of the total return for unhedged U.S.-based investors.

In developed markets, European equities rebounded on falling natural gas prices, improved consumer sentiment, and steady

industrial activity. The MSCI EAFE Index returned 11.8%, with



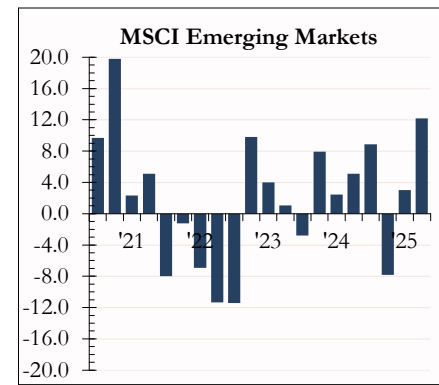
gains driven by Europe and select parts of Asia.

Japan, one of the largest countries by weighting, delivered strong local returns, but yen weakness trimmed results for dollar-based investors. Japanese equities

were up 11.4% in the quarter.

Emerging markets posted an even stronger quarter. The MSCI Emerging Markets Index returned 12.2%, led by Latin America and India. Commodity-exporting countries outperformed, particularly as metal prices rose and investor sentiment improved. Chinese equities were mixed.

Headlines around government stimulus and AI infrastructure investment offered support, but weakness in housing and consumer spending kept gains in check. China, the largest weighting in the index, held back overall gains. Broad Chinese equities rose a modest 2.1% for the quarter.



Currency markets were the key story. The euro rose 6% against the dollar, the yen rallied late in the quarter, and the Brazilian Real

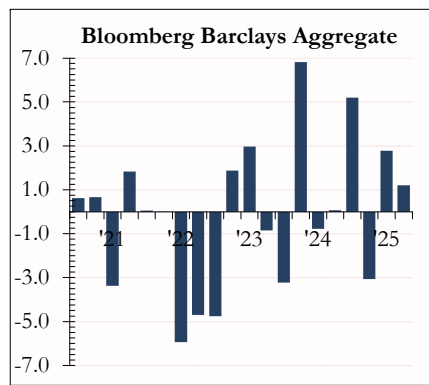
posted a 7% gain. The broad-based dollar decline reflected shifting expectations for relative rate paths. For investors holding international allocations, currency exposure turned from headwind to tailwind, reversing several quarters of drag.

Valuations remain attractive. EAFE and EM indices trade at 15 and 12 times forward earnings, respectively, compared to over 20 for the S&P 500. Dividend yields are also higher. The diversification benefits of owning non-U.S. equities remain intact, and with the dollar weakening, the timing for rebalancing or maintaining global exposure may be more favorable than it has been in years.

BOND MARKET

Rocky Start to the Decade

Fixed income markets saw modest gains as interest rates drifted lower across the curve. The Bloomberg U.S. Aggregate Bond Index



returned approximately 1.4% during the quarter, supported by falling real yields and steady coupon income. Despite volatility around the Fed and tariffs, the bond market showed resilience.

The Treasury curve steepened slightly. The 2-year yield held near 4.7% while the 10-year yield fell to 4.34%, narrowing the inversion to about 25 basis points. This move reflected a mix of dovish Fed expectations and investor

concerns about long-term growth. Real yields declined, and breakeven inflation rates moved closer to 2.1%, suggesting the market remains confident in a soft-landing scenario.

Credit performed well. Investment-grade spreads tightened to around 110 basis points, while high-yield spreads ended the quarter near 380 basis points. Demand remained strong, and default activity remains low. The primary market was active, with many issuers locking in funding ahead of potential volatility later this year.

TIPS underperformed nominal Treasuries, largely due to lower inflation prints and declining breakevens. However, current real yields offer an attractive cushion relative to past cycles. Municipal bonds also delivered positive returns, buoyed by technical factors such as limited supply and strong reinvestment demand.

For long-term allocators, fixed income is finally contributing meaningfully to portfolio stability and income generation. The ability to earn a 5% yield with low credit risk has re-opened conversations around duration, rebalancing, and the role of core bonds in overall portfolio construction.

CASH EQUIVALENTS

Just Keep Swimming

The three-month T-Bill index returned 0.6% for the second quarter. This is the same as last quarter. The Effective Federal Funds Rate (EFFR) is currently 4.3%.

Economic Statistics

	Current Quarter	Previous Quarter
GDP (Annualized)	3.0%	-0.5%
Unemployment	4.1%	4.2%
CPI All Items Year/Year	2.7%	2.4%
Fed Funds Rate	4.3%	4.3%
Industrial Capacity Utilization	77.6%	77.7%
U.S. Dollars per Euro	1.18	1.08

Major Index Returns

Index	Quarter	12 Months
Russell 3000	11.0%	15.3%
S&P 500	10.9%	15.2%
Russell Midcap	8.5%	15.2%
Russell 2000	8.5%	7.7%
MSCI EAFE	12.1%	18.3%
MSCI Emg. Markets	12.2%	16.0%
NCREIF ODCE	0.0%	2.5%
U.S. Aggregate	1.2%	6.1%
90 Day T-bills	0.6%	2.8%

Domestic Equity Return Distributions

Quarter	Quarter			Trailing Year	Trailing Year		
	GRO	COR	VAL		GRO	COR	VAL
LC	17.8	11.1	3.8	LC	17.2	15.7	13.7
MC	18.2	8.5	5.3	MC	26.5	15.2	11.5
SC	12.0	8.5	5.0	SC	9.7	7.7	5.5

Market Summary

- Equity Markets Fly
- International Markets rise again
- Dollar Weakens
- Fed Funds Rate Flat

INVESTMENT RETURN

On June 30th, 2025, the Franklin Employees' Pension Plan & Trust's Composite portfolio was valued at \$180,525,936, representing an increase of \$7,866,914 from the March quarter's ending value of \$172,659,022. Last quarter, the Fund posted withdrawals totaling \$1,659,001, which partially offset the portfolio's net investment return of \$9,525,915. Income receipts totaling \$3,930 plus net realized and unrealized capital gains of \$9,521,985 combined to produce the portfolio's net investment return.

RELATIVE PERFORMANCE

Total Fund

For the second quarter, the Composite portfolio returned 5.6%, which was 0.7% below the Manager Allocation Index's return of 6.3% and ranked in the 72nd percentile of the Public Fund universe. Over the trailing year, the portfolio returned 9.6%, which was 1.5% above the benchmark's 8.1% return, ranking in the 84th percentile. Since December 2016, the portfolio returned 8.6% annualized and ranked in the 37th percentile. The Manager Allocation Index returned an annualized 8.3% over the same period.

Diversified Assets

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

The diversified assets portion of the portfolio returned 5.6% last quarter; that return was 0.8% below the Tennessee Consolidated Retirement System Policy Index's return of 6.4% and ranked in the 71st percentile of the Public Fund universe. Over the trailing twelve-month period, this component returned 9.6%, 1.0% below the benchmark's 10.6% performance, ranking in the 83rd percentile. Since December 2016, this component returned 8.8% on an annualized basis and ranked in the 25th percentile. The Tennessee

Consolidated Retirement System Policy Index returned an annualized 8.7% during the same period.

Alternative Assets

In the second quarter, the alternative assets component returned 4.0%, which was 3.0% better than the Franklin, TN Alternative Asset Hybrid Index's return of 1.0%. Over the trailing year, this component returned 6.9%, which was 2.3% better than the benchmark's 4.6% return. Since December 2016, this component returned 4.9% annualized, while the Franklin, TN Alternative Asset Hybrid Index returned an annualized 6.9% over the same period.

ASSET ALLOCATION

On June 30th, 2025, diversified assets comprised 98.1% of the total portfolio (\$177.1 million), while alternative assets totaled 1.7% (\$3.1 million) and cash & equivalent comprised the remaining 0.2% (\$289,377).

EXECUTIVE SUMMARY**PERFORMANCE SUMMARY**

	Quarter	YTD	1 Year	3 Year	5 Year	10 Year	Since 12/16
Total Portfolio - Gross	5.6	6.0	9.6	8.6	9.0	----	8.6
<i>PUBLIC FUND RANK</i>	(72)	(63)	(84)	(81)	(50)	----	(37)
Total Portfolio - Net	5.6	5.9	9.4	8.5	8.9	----	8.4
Manager Shadow	6.3	6.7	8.1	8.7	8.3	7.5	8.3
Diversified Assets - Gross	5.6	6.0	9.6	8.8	9.3	----	8.8
<i>PUBLIC FUND RANK</i>	(71)	(63)	(83)	(79)	(42)	----	(25)
TCRS Policy Index	6.4	6.8	10.6	9.7	9.0	----	8.7
Alternative Assets - Gross	4.0	5.5	6.9	6.0	7.5	5.3	4.9
Hybrid Index	1.0	2.0	4.6	2.2	7.5	7.0	6.9
Russell 2500	8.6	0.4	9.9	11.3	11.4	8.4	8.8
NCREIF ODCE	1.0	2.1	3.5	-5.4	3.4	5.3	4.4
NCREIF Timber	1.4	2.3	5.3	8.5	8.1	5.4	5.7

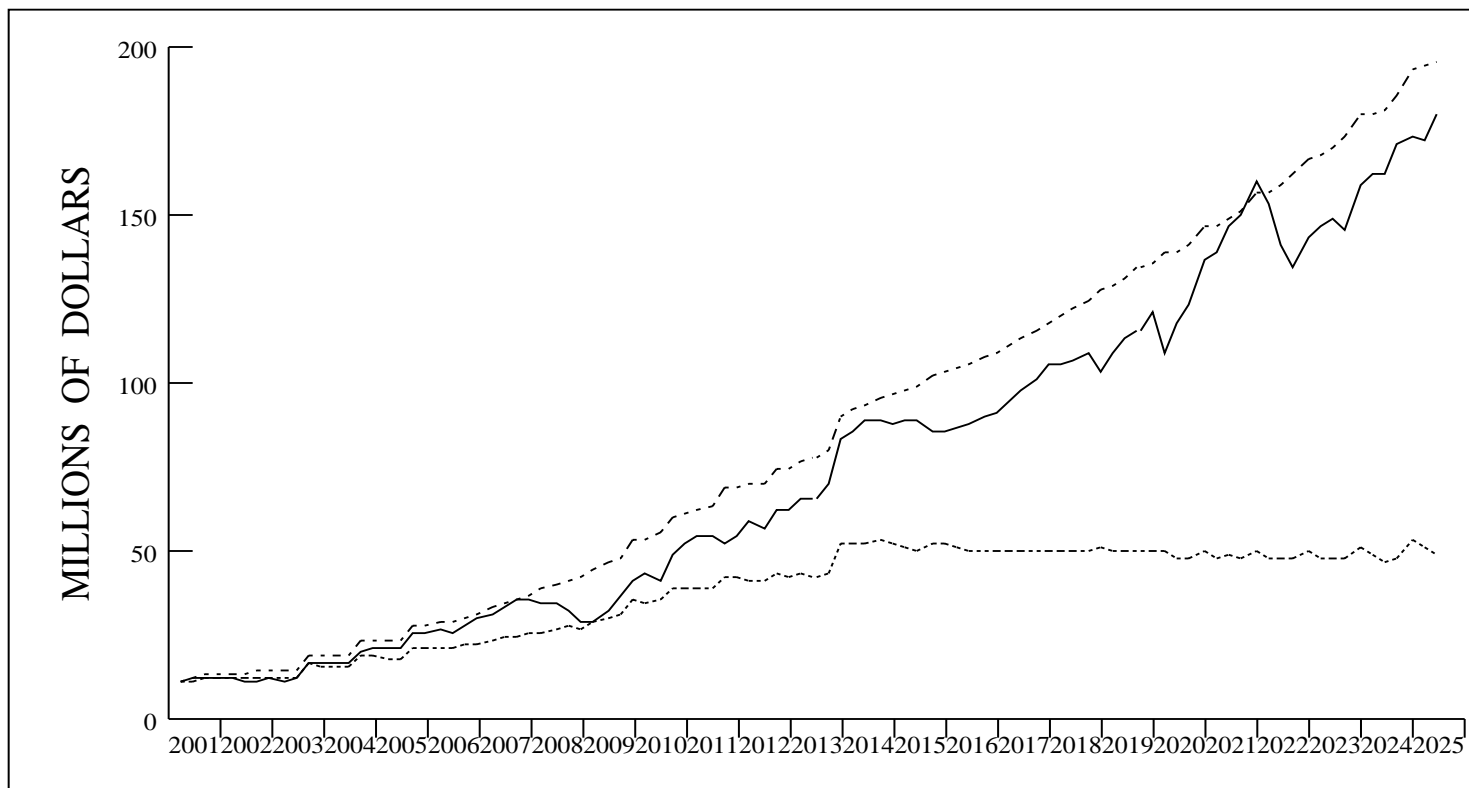
ASSET ALLOCATION

Diversified	98.1%	\$ 177,105,763
Alternative	1.7%	3,130,796
Cash	0.2%	289,377
Total Portfolio	100.0%	\$ 180,525,936

INVESTMENT RETURN

Market Value 3/2025	\$ 172,659,022
Contribs / Withdrawals	- 1,659,001
Income	3,930
Capital Gains / Losses	9,521,985
Market Value 6/2025	\$ 180,525,936

INVESTMENT GROWTH



— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 196,425,436

	LAST QUARTER	PERIOD 3/01 - 6/25
BEGINNING VALUE	\$ 172,659,022	\$ 12,168,310
NET CONTRIBUTIONS	- 1,659,001	37,350,712
<u>INVESTMENT RETURN</u>	<u>9,525,915</u>	<u>131,006,914</u>
ENDING VALUE	\$ 180,525,936	\$ 180,525,936
INCOME	3,930	9,450,041
<u>CAPITAL GAINS (LOSSES)</u>	<u>9,521,985</u>	<u>121,556,873</u>
INVESTMENT RETURN	9,525,915	131,006,914

MANAGER PERFORMANCE SUMMARY - GROSS OF FEES

Portfolio	(Universe)	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	
Composite	(Public Fund)	5.6 (72)	6.0 (63)	9.6 (84)	8.6 (81)	9.0 (50)	8.6 (37)	12/16
<i>Manager Shadow</i>		<i>6.3 ----</i>	<i>6.7 ----</i>	<i>8.1 ----</i>	<i>8.7 ----</i>	<i>8.3 ----</i>	<i>8.3 ----</i>	<i>12/16</i>
TCRS	(Public Fund)	5.6 (71)	6.0 (63)	9.6 (83)	8.8 (79)	9.3 (42)	8.8 (25)	12/16
<i>TCRS Policy Index</i>		<i>6.4 ----</i>	<i>6.8 ----</i>	<i>10.6 ----</i>	<i>9.7 ----</i>	<i>9.0 ----</i>	<i>8.7 ----</i>	<i>12/16</i>
Hamilton Lane SF III		0.0 ----	-1.2 ----	-3.4 ----	-21.3 ----	-7.4 ----	1.6 ----	06/13
<i>Russell 2500</i>		<i>8.6 ----</i>	<i>0.4 ----</i>	<i>9.9 ----</i>	<i>11.3 ----</i>	<i>11.4 ----</i>	<i>9.5 ----</i>	<i>06/13</i>
FIA Timber		6.3 ----	8.6 ----	6.0 ----	7.4 ----	7.0 ----	5.0 ----	03/16
<i>NCREIF Timber</i>		<i>1.4 ----</i>	<i>2.3 ----</i>	<i>5.3 ----</i>	<i>8.5 ----</i>	<i>8.1 ----</i>	<i>5.5 ----</i>	<i>03/16</i>
RMS Forest Fund III		0.8 ----	1.6 ----	8.8 ----	13.6 ----	10.0 ----	7.1 ----	06/12
<i>NCREIF Timber</i>		<i>1.4 ----</i>	<i>2.3 ----</i>	<i>5.3 ----</i>	<i>8.5 ----</i>	<i>8.1 ----</i>	<i>6.4 ----</i>	<i>06/12</i>

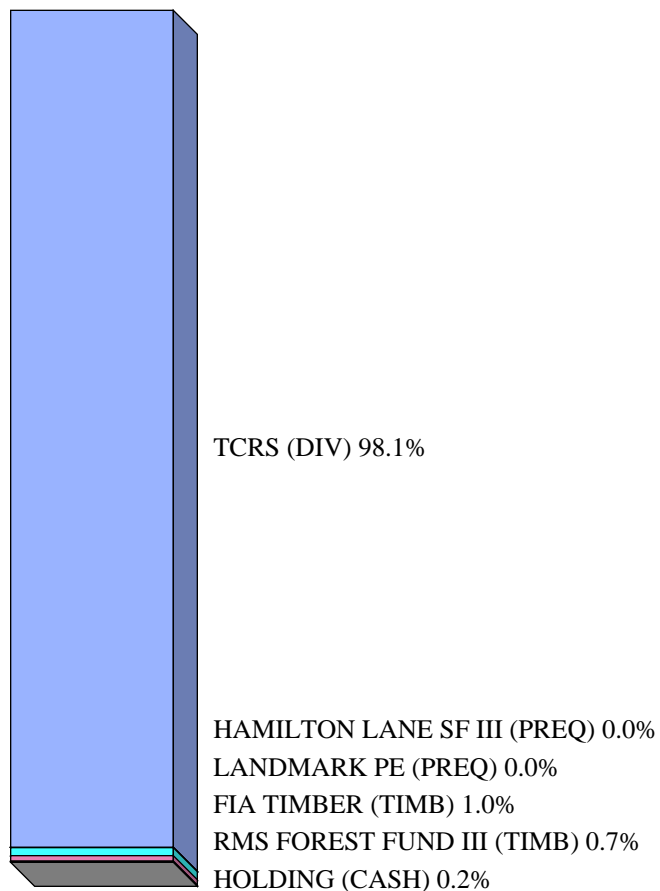
MANAGER PERFORMANCE SUMMARY - NET OF FEES

Portfolio	Quarter	YTD	1 Year	3 Years	5 Years	Since Inception	
Composite	5.6	5.9	9.4	8.5	8.9	8.4	12/16
<i>Manager Shadow</i>	<i>6.3</i>	<i>6.7</i>	<i>8.1</i>	<i>8.7</i>	<i>8.3</i>	<i>8.3</i>	<i>12/16</i>
TCRS	5.6	5.9	9.5	8.7	9.2	8.7	12/16
<i>TCRS Policy Index</i>	<i>6.4</i>	<i>6.8</i>	<i>10.6</i>	<i>9.7</i>	<i>9.0</i>	<i>8.7</i>	<i>12/16</i>
Hamilton Lane SF III	0.0	-1.1	-3.0	-20.3	-8.1	0.0	06/13
<i>Russell 2500</i>	<i>8.6</i>	<i>0.4</i>	<i>9.9</i>	<i>11.3</i>	<i>11.4</i>	<i>9.5</i>	<i>06/13</i>
FIA Timber	6.1	8.1	5.2	6.6	6.0	4.1	03/16
<i>NCREIF Timber</i>	<i>1.4</i>	<i>2.3</i>	<i>5.3</i>	<i>8.5</i>	<i>8.1</i>	<i>5.5</i>	<i>03/16</i>
RMS Forest Fund III	0.6	1.0	7.7	12.5	8.9	6.1	06/12
<i>NCREIF Timber</i>	<i>1.4</i>	<i>2.3</i>	<i>5.3</i>	<i>8.5</i>	<i>8.1</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)	0.4 (42)	0.4 (42)	5.3 (64)	3.6 (77)	9.8 (65)	---- ----	8.1 (31)	12/16
<i>Manager Shadow</i>		<i>0.3 ----</i>	<i>0.3 ----</i>	<i>2.8 ----</i>	<i>3.0 ----</i>	<i>9.1 ----</i>	<i>6.8 ----</i>	<i>7.7 ----</i>	<i>12/16</i>
TCRS	(Public Fund)	0.3 (43)	0.3 (43)	5.3 (63)	3.7 (73)	10.1 (58)	---- ----	8.4 (19)	12/16
<i>TCRS Policy Index</i>		<i>0.3 ----</i>	<i>0.3 ----</i>	<i>5.1 ----</i>	<i>3.9 ----</i>	<i>9.9 ----</i>	<i>---- ----</i>	<i>8.1 ----</i>	<i>12/16</i>
Hamilton Lane SF III		-1.2 ----	-1.2 ----	-4.9 ----	-22.4 ----	-8.8 ----	-2.6 ----	1.6 ----	06/13
<i>Russell 2500</i>		<i>-7.5 ----</i>	<i>-7.5 ----</i>	<i>-3.1 ----</i>	<i>1.8 ----</i>	<i>14.9 ----</i>	<i>7.5 ----</i>	<i>9.0 ----</i>	<i>06/13</i>
FIA Timber		2.1 ----	2.1 ----	0.9 ----	6.5 ----	4.9 ----	---- ----	4.4 ----	03/16
<i>NCREIF Timber</i>		<i>0.8 ----</i>	<i>0.8 ----</i>	<i>5.6 ----</i>	<i>8.7 ----</i>	<i>7.8 ----</i>	<i>5.3 ----</i>	<i>5.5 ----</i>	<i>03/16</i>
RMS Forest Fund III		0.7 ----	0.7 ----	8.9 ----	13.7 ----	10.0 ----	6.2 ----	7.2 ----	06/12
<i>NCREIF Timber</i>		<i>0.8 ----</i>	<i>0.8 ----</i>	<i>5.6 ----</i>	<i>8.7 ----</i>	<i>7.8 ----</i>	<i>5.3 ----</i>	<i>6.4 ----</i>	<i>06/12</i>

MANAGER ALLOCATION SUMMARY



Name	Market Value	Percent
TCRS (DIV)	\$177,105,763	98.1
Hamilton Lane SF III (PREQ)	\$21,978	0.0
Landmark PE (PREQ)	\$3,301	0.0
FIA Timber (TIMB)	\$1,851,627	1.0
RMS Forest Fund III (TIMB)	\$1,253,890	0.7
Holding (CASH)	\$289,377	0.2
Total	\$180,525,936	100.0

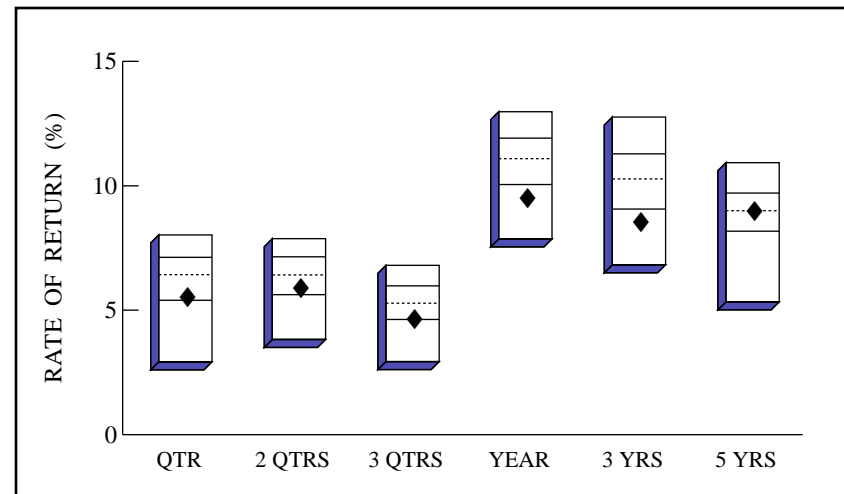
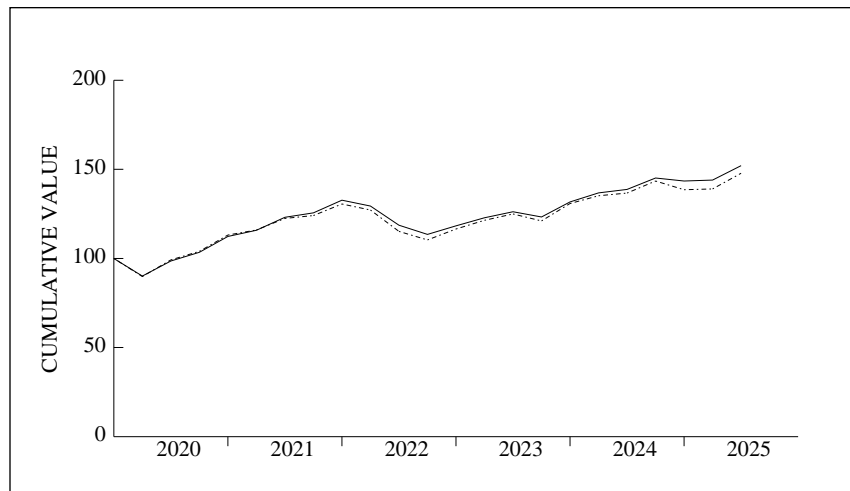
MANAGER VALUE ADDED

1 Quarter	Portfolio	Benchmark	1 Year
-0.8	Tennessee Consolidated Retirement System	TCRS Policy Index	-1.0
-8.6	Hamilton Lane Secondary Fund III	Russell 2500	-13.3
4.9	FIA Timber Growth & Value Partners	NCREIF Timber	0.7
-0.6	RMS Forest Growth III	NCREIF Timber	3.5
-0.7	Total Portfolio	Manager Shadow	1.5

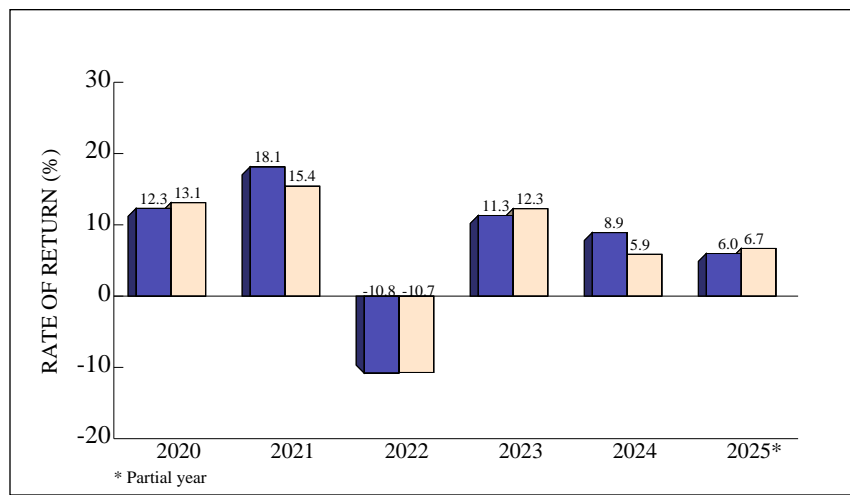
INVESTMENT RETURN SUMMARY - ONE QUARTER

Name	Quarter Total Return	Market Value March 31st, 2025	Net Cashflow	Net Investment Return	Market Value June 30th, 2025
TCRS (DIV)	5.6	169,193,846	-1,492,944	9,404,861	177,105,763
Hamilton Lane SF III (PREQ)	0.0	21,978	0	0	21,978
Landmark PE (PREQ)	0.0	3,301	0	0	3,301
FIA Timber (TIMB)	6.3	1,744,488	-3,535	110,674	1,851,627
RMS Forest Fund III (TIMB)	0.8	1,246,975	0	6,915	1,253,890
Holding (CASH)	---	448,434	-162,522	3,465	289,377
Total Portfolio	5.6	172,659,022	-1,659,001	9,525,915	180,525,936

TOTAL RETURN COMPARISONS



Public Fund Universe

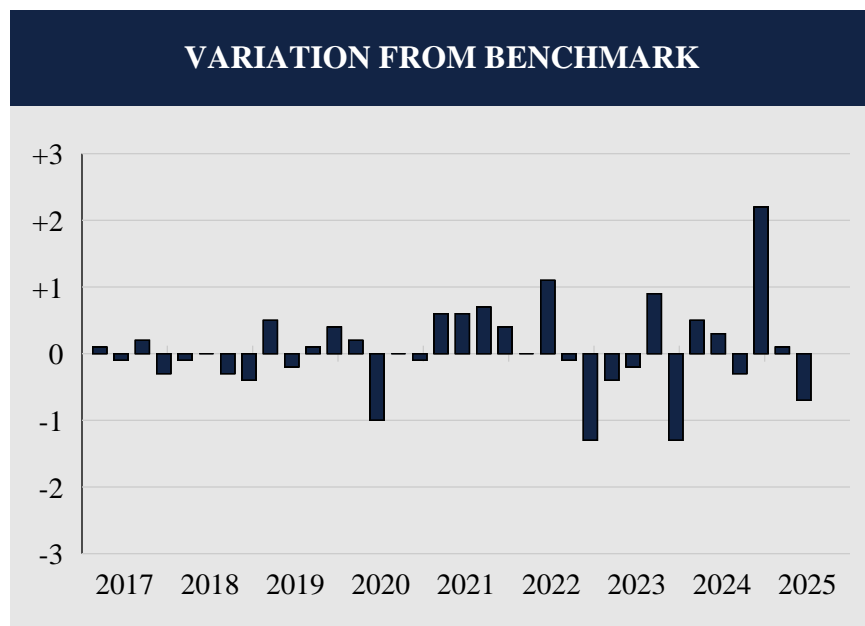


	QTR	2 QTRS	3 QTRS	YEAR	-----ANNUALIZED-----	
					3 YRS	5 YRS
RETURN	5.6	6.0	4.7	9.6	8.6	9.0
(RANK)	(72)	(63)	(72)	(84)	(81)	(50)
5TH %ILE	8.0	7.9	6.8	13.0	12.8	10.9
25TH %ILE	7.1	7.2	6.0	11.9	11.3	9.7
MEDIAN	6.4	6.4	5.3	11.1	10.3	9.0
75TH %ILE	5.4	5.6	4.6	10.1	9.1	8.2
95TH %ILE	2.9	3.8	2.9	7.9	6.8	5.3
Manager Shadow	6.3	6.7	3.1	8.1	8.7	8.3

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY - 10 YEARS

COMPARATIVE BENCHMARK: MANAGER ALLOCATION INDEX



Total Quarters Observed	34
Quarters At or Above the Benchmark	19
Quarters Below the Benchmark	15
Batting Average	.559

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	-3.4	2.2	90.1	83.9	6.2
3/25	0.4	0.3	0.1	90.8	84.6	6.2
6/25	5.6	6.3	-0.7	101.5	96.2	5.3

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

PORTFOLIO	MARKET VALUE	GROSS RETURN	FEE	FEE PCT	NET RETURN
TCRS (DIV)	\$177,105,763	5.6	\$56,329	0.03	5.6
Hamilton Lane SF III (PREQ)	\$21,978	0.0	\$0	0.00	0.0
Landmark PE (PREQ)	\$3,301	0.0	\$0	0.00	0.0
FIA Timber (TIMB)	\$1,851,627	6.3	\$3,535	0.20	6.1
RMS Forest Fund III (TIMB)	\$1,253,890	0.8	\$3,117	0.25	0.6
Holding (CASH)	\$289,377	----	\$0	0.00	----
Total Portfolio	\$180,525,936	5.6	\$62,981	0.04	5.6

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST

ANNUAL FEES

Account	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
TCRS Fund	\$ 112,103	\$ 211,335	\$ 188,546	\$ 184,607	\$ 186,097	\$ 152,287	\$ 140,741	\$ 125,209	\$ 110,451	\$ -
Hamilton Lane PE	\$ (63)	\$ 2,702	\$ 6,858	\$ 7,263	\$ 28,461	\$ 15,675	\$ 26,282	\$ 39,472	\$ 34,193	\$ 55,940
Landmark PE	\$ -	\$ 138	\$ 499	\$ 979	\$ 1,539	\$ 1,606	\$ 1,811	\$ 2,746	\$ 3,504	\$ 3,636
FIA TIMBER	\$ 7,070	\$ 14,140	\$ 14,140	\$ 14,140	\$ 14,107	\$ 14,140	\$ 9,262	\$ 11,252	\$ 12,046	\$ 2,686
RMS Forest Fund III	\$ 6,219	\$ 11,632	\$ 11,096	\$ 10,396	\$ 10,511	\$ 11,294	\$ 10,887	\$ 12,883	\$ 13,886	\$ 14,936
*BTG Select Fund II	\$ -	\$ -	\$ -	\$ 675	\$ 1,039	\$ 1,821	\$ 8,352	\$ 9,807	\$ 11,478	\$ 12,901
*Vanguard Dev. Mkt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 535	\$ 1,926	\$ 1,946
*Schwab/RAFI EM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 575	\$ 939
*Polen LC Growth	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 57,096
*CS McKee LC Value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 85,783
*SouthernSun Smid Cap	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 93,240
*Westwood EM	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 104,350
*Bailard REIT	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 47,063
*Longfellow Int. FI	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 46,080
*Aberdeen EAFE Int'l Eq	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 53,606
*SSGA Fixed Income	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
*Vanguard Extd Mkt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
*SSGA Int'l Select Fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Composite	\$ 125,329	\$ 239,947	\$ 221,139	\$ 218,060	\$ 241,754	\$ 196,823	\$ 197,335	\$ 201,904	\$ 188,059	\$ 580,202

*Closed accounts

CITY OF FRANKLIN PENSION PLAN
TCRS RETURNS & ALLOCATIONS AS OF JUNE 30, 2025

Asset Class	Qtr	1 Year	Annualized		Allocation
			3 Years	5 Years	
Tennessee Consolidated Retirement System (Public Fd)	5.6	9.6	8.8	9.3	100.0%
<i>TCRS Shadow Index¹</i>	<i>4.8</i>	<i>9.5</i>	<i>9.2</i>	<i>8.8</i>	
<i>Median Public Fund</i>	<i>6.4</i>	<i>11.1</i>	<i>10.3</i>	<i>9.0</i>	
North American Equity	10.8	15.2	18.7	16.0	30.2%
<i>Russell 3000</i>	<i>11.0</i>	<i>15.3</i>	<i>19.1</i>	<i>16.0</i>	
Int'l Developed Equity	13.2	16.7	13.7	13.4	13.3%
<i>MSCI EAFE</i>	<i>12.1</i>	<i>18.3</i>	<i>16.6</i>	<i>11.7</i>	
Int'l Emerging Markets Equity	16.6	8.7	11.8	11.1	3.8%
<i>MSCI Emerging Markets</i>	<i>12.2</i>	<i>16.0</i>	<i>10.2</i>	<i>7.3</i>	
Private Equity	0.0	5.1	2.3	17.3	11.9%
<i>Cambridge US Private Equity²</i>	<i>0.0</i>	<i>5.8</i>	<i>6.5</i>	<i>15.8</i>	
Real Estate	0.0	1.5	-2.8	6.4	9.7%
<i>NCREIF NFI-ODCE</i>	<i>1.0</i>	<i>3.5</i>	<i>-5.4</i>	<i>3.4</i>	
Strategic Lending	1.2	7.6	9.0	9.6	11.0%
<i>Strategic Lending Index³</i>	<i>2.9</i>	<i>8.9</i>	<i>9.8</i>	<i>6.7</i>	
Domestic Fixed Income	0.6	5.5	1.0	-2.7	18.6%
<i>Bloomberg Aggregate</i>	<i>1.2</i>	<i>6.1</i>	<i>2.6</i>	<i>-0.7</i>	
Short Term	0.6	2.5	2.7	1.8	1.5%
<i>90 Day T-Bills</i>	<i>0.6</i>	<i>2.8</i>	<i>2.8</i>	<i>1.6</i>	

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	11.0	5.8	15.3	19.1	16.0	13.0
S&P 500	Large Cap Core	10.9	6.2	15.2	19.7	16.6	13.6
Russell 1000	Large Cap Core	11.1	6.1	15.7	19.6	16.3	13.3
Russell 1000 Growth	Large Cap Growth	17.8	6.1	17.2	25.8	18.1	17.0
Russell 1000 Value	Large Cap Value	3.8	6.0	13.7	12.8	13.9	9.2
Russell 2000	Small Cap	8.5	-1.8	7.7	10.0	10.0	7.1
Russell 2000 Growth	Small Cap Growth	12.0	-0.5	9.7	12.4	7.4	7.1
Russell 2000 Value	Small Cap Value	5.0	-3.2	5.5	7.5	12.5	6.7
MSCI EAFE	Developed Markets	12.1	19.9	18.3	16.6	11.7	7.0
MSCI EAFE Growth	Developed Markets Growth	13.7	16.2	11.7	13.9	8.2	7.1
MSCI EAFE Value	Developed Markets Value	10.5	23.5	25.1	19.2	15.1	6.7
MSCI Emerging Markets	Emerging Markets	12.2	15.6	16.0	10.2	7.3	5.2
MSCI All Country World	Global Equity	11.7	10.3	16.7	17.9	14.2	10.6
MSCI All Country World Ex-US	Global Equity (ex. US)	12.3	18.3	18.4	14.6	10.7	6.6
Fixed Income	Style	QTR	YTD	1 Year	3 Years	5 Years	10 Years
Bloomberg Aggregate Index	Core Fixed Income	1.2	4.0	6.1	2.6	-0.7	1.8
Bloomberg Gov/Credit	Gov/Credit	1.2	3.9	5.9	2.6	-0.8	1.9
Bloomberg Gov't Bond	Treasuries	0.9	3.8	5.3	1.6	-1.1	1.4
Bloomberg Credit Bond	Corporate Bonds	1.8	4.2	6.8	4.2	0.8	3.2
Intermediate Aggregate	Core Intermediate	1.5	4.2	6.7	3.2	0.2	1.8
Intermediate Gov/Credit	Gov / Credit Intermediate	1.7	4.1	6.7	3.6	0.6	2.0
ML/BoA 1-3 Year Treasury	Short Term Treasuries	1.2	2.8	5.7	3.4	1.3	1.6
Bloomberg Global Treasury Ex-US	International Treasuries	7.6	10.6	11.5	2.6	-2.3	0.4
Bloomberg Global Government Bond	International Fixed Income	3.6	6.1	7.5	1.3	-2.2	0.6
Bloomberg Global Aggregate	International Fixed Income	4.5	7.3	8.9	2.7	-1.2	1.2
Bloomberg Global Aggregate Ex-US	International Fixed Income	7.3	10.0	11.2	2.7	-1.6	0.6
Alternative Assets	Style	QTR	YTD	1 Year	3 Years	5 Years	10 Years
MSCI US REIT Index	REITs	-1.1	-0.1	8.9	5.4	8.6	6.1
NCREIF NFI-ODCE Index	Real Estate	1.0	2.1	3.5	-5.4	3.4	5.3
NCREIF Timber Index	Timber	1.4	2.3	5.3	8.5	8.1	5.4
Bloomberg Commodity Index	Commodities	-3.1	5.5	5.8	0.1	12.7	2.0
HFRI FOF Composite	Hedge Funds	3.2	2.8	7.0	6.5	6.2	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
JUNE 2025

DAHAB Associates, Inc.
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INVESTMENT RETURN

On June 30th, 2025, the Franklin Employees' Pension Plan & Trust's Tennessee Consolidated Retirement System portfolio was valued at \$177,105,763, representing an increase of \$7,911,917 from the March quarter's ending value of \$169,193,846. Last quarter, the Fund posted withdrawals totaling \$1,492,944, which partially offset the portfolio's net investment return of \$9,404,861. Since there were no income receipts for the second quarter, the portfolio's net investment return figure was the product of net realized and unrealized capital gains totaling \$9,404,861.

RELATIVE PERFORMANCE

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

During the second quarter, the Tennessee Consolidated Retirement System portfolio returned 5.6%, which was 0.8% below the Tennessee Consolidated Retirement System Policy Index's return of 6.4% and ranked in the 71st percentile of the Public Fund universe. Over the trailing twelve-month period, this portfolio returned 9.6%, which was 1.0% below the benchmark's 10.6% performance, and ranked in the 83rd percentile. Since December 2016, the account returned 8.8% per annum and ranked in the 25th percentile. For comparison, the Tennessee Consolidated Retirement System Policy Index returned an annualized 8.7% over the same time frame.

ASSET ALLOCATION

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

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD	1 Year	3 Year	5 Year	Since 12/16
Total Portfolio - Gross	5.6	6.0	9.6	8.8	9.3	8.8
<i>PUBLIC FUND RANK</i>	(71)	(63)	(83)	(79)	(42)	(25)
Total Portfolio - Net	5.6	5.9	9.5	8.7	9.2	8.7
TCRS Policy Index	6.4	6.8	10.6	9.7	9.0	8.7
Diversified Assets - Gross	5.6	6.0	9.6	8.8	9.3	8.8
<i>PUBLIC FUND RANK</i>	(71)	(63)	(83)	(79)	(42)	(26)
TCRS Policy Index	6.4	6.8	10.6	9.7	9.0	8.7

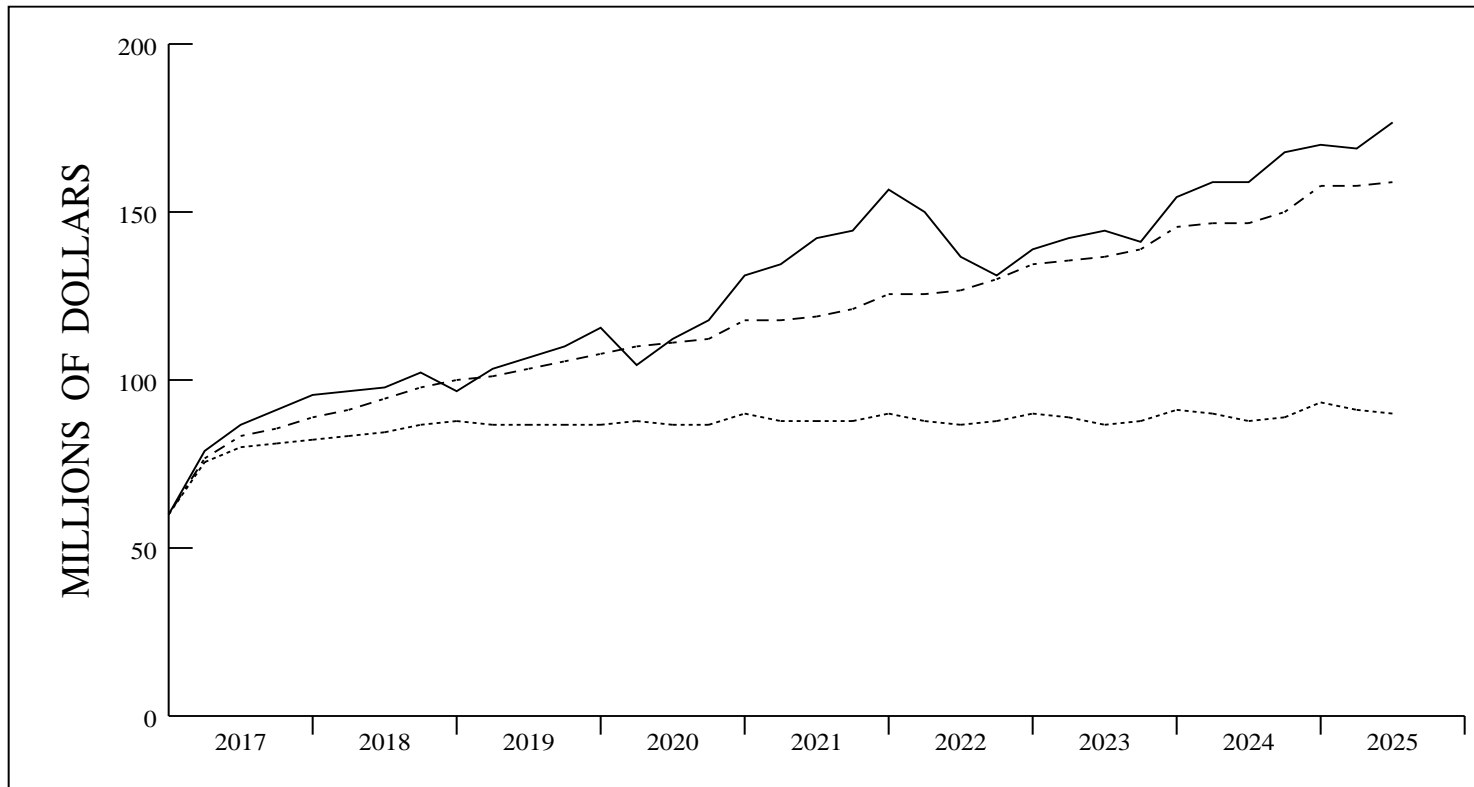
ASSET ALLOCATION

Diversified	100.0%	\$ 177,105,763
Total Portfolio	100.0%	\$ 177,105,763

INVESTMENT RETURN

Market Value 3/2025	\$ 169,193,846
Contribs / Withdrawals	- 1,492,944
Income	0
Capital Gains / Losses	9,404,861
Market Value 6/2025	\$ 177,105,763

INVESTMENT GROWTH

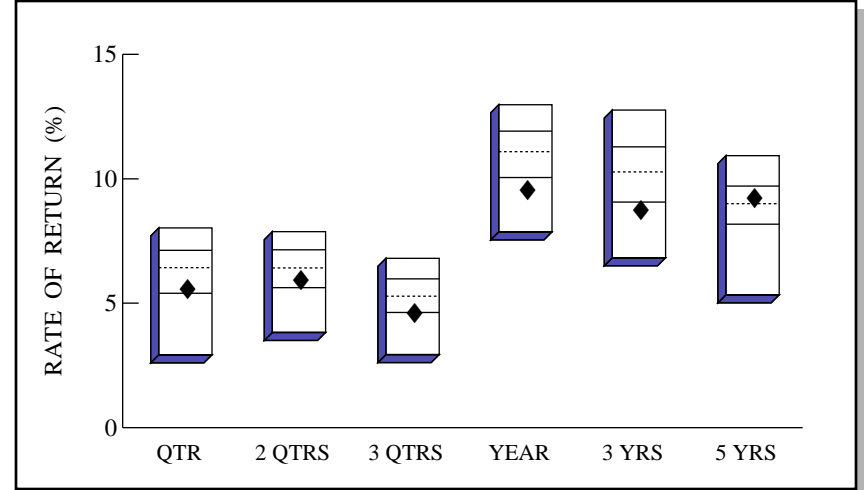
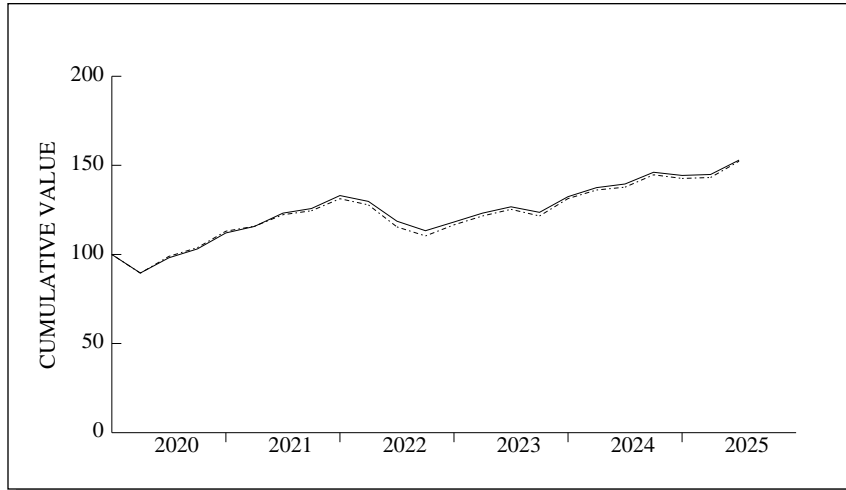


— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

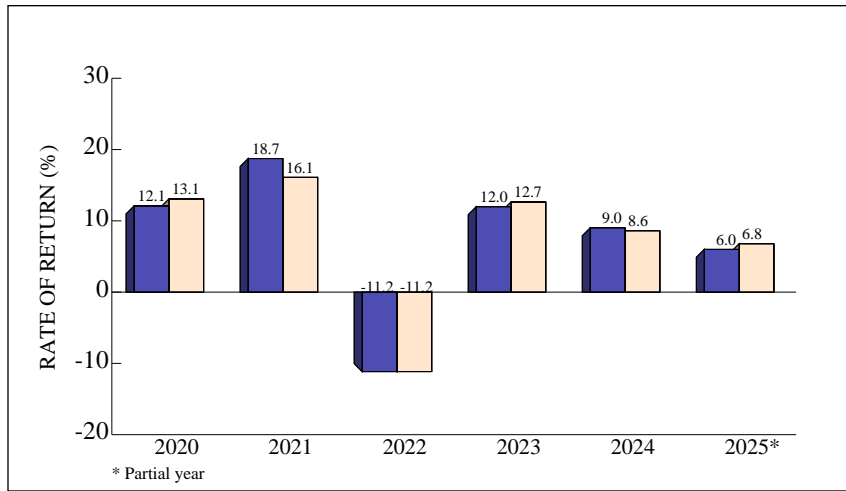
VALUE ASSUMING
 BLENDED GA \$ 159,580,253

	LAST QUARTER	PERIOD 12/16 - 6/25
BEGINNING VALUE	\$ 169,193,846	\$ 60,000,000
NET CONTRIBUTIONS	- 1,492,944	30,489,049
<u>INVESTMENT RETURN</u>	<u>9,404,861</u>	<u>86,616,714</u>
ENDING VALUE	\$ 177,105,763	\$ 177,105,763
INCOME	0	53
<u>CAPITAL GAINS (LOSSES)</u>	<u>9,404,861</u>	<u>86,616,661</u>
INVESTMENT RETURN	9,404,861	86,616,714

TOTAL RETURN COMPARISONS



Public Fund Universe



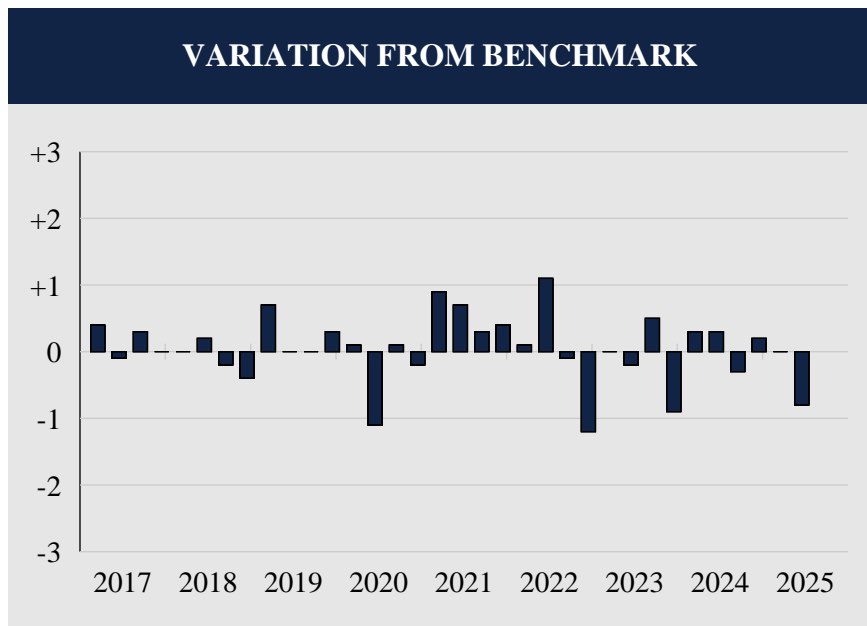
* Partial year

	QTR	2 QTRS	3 QTRS	YEAR	3 YRS	5 YRS
RETURN	5.6	6.0	4.7	9.6	8.8	9.3
(RANK)	(71)	(63)	(74)	(83)	(79)	(42)
5TH %ILE	8.0	7.9	6.8	13.0	12.8	10.9
25TH %ILE	7.1	7.2	6.0	11.9	11.3	9.7
MEDIAN	6.4	6.4	5.3	11.1	10.3	9.0
75TH %ILE	5.4	5.6	4.6	10.1	9.1	8.2
95TH %ILE	2.9	3.8	2.9	7.9	6.8	5.3
TCRS Policy Idx	6.4	6.8	5.3	10.6	9.7	9.0

Public Fund Universe

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: TENNESSEE CONSOLIDATED RETIREMENT SYSTEM POLICY INDEX



Total Quarters Observed	34
Quarters At or Above the Benchmark	23
Quarters Below the Benchmark	11
Batting Average	.676

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
3/25	0.3	0.3	0.0	94.6	90.6	4.0
6/25	5.6	6.4	-0.8	105.5	102.9	2.6

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
JUNE 2025

DAHAB Associates, Inc.
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INVESTMENT RETURN

On June 30th, 2025, the Franklin Employees' Pension Plan & Trust's Hamilton Lane Secondary Fund III portfolio was valued at \$21,978, equal to the March ending value of \$21,978. 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 -3.4%, which was 13.3% below the benchmark's 9.9% performance. Since June 2013, the account returned 1.6% on an annualized basis, while the Russell 2500 returned an annualized 9.5% 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
June 30, 2025

Market Value*	\$	21,978	Last Appraisal Date	3/31/2025
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)	\$	464,129		
Client Return	IRR	8.7%		
Fund Return	IRR	10.0%	MSCI World PME	9.3% (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)
2/14/2025	-	0.00%	-	0.00%	(37,947)
Total	\$ 3,128,628	78.22%	\$ (757,412)	-18.94%	\$ (3,570,779)

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

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD	1 Year	3 Year	5 Year	Since 06/13
Total Portfolio - Gross	0.0	-1.2	-3.4	-21.3	-7.4	1.6
Total Portfolio - Net	0.0	-1.1	-3.0	-20.3	-8.1	0.0
Russell 2500	8.6	0.4	9.9	11.3	11.4	9.5
Alternative Assets - Gross	0.0	-1.2	-3.4	-21.3	-7.4	1.6
Russell 2500	8.6	0.4	9.9	11.3	11.4	9.5

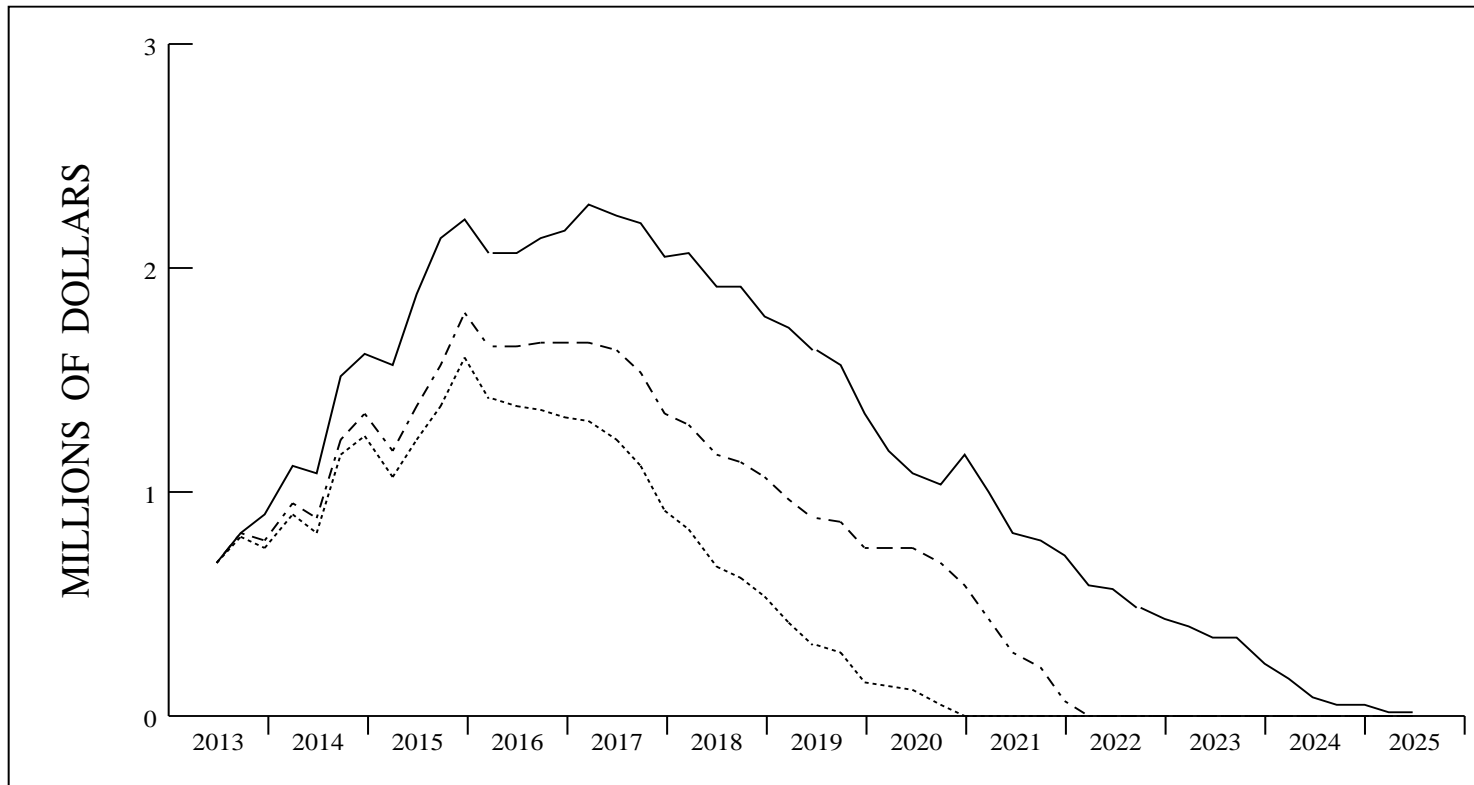
ASSET ALLOCATION

Alternative	100.0%	\$ 21,978
Total Portfolio	100.0%	\$ 21,978

INVESTMENT RETURN

Market Value 3/2025	\$ 21,978
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	0
Market Value 6/2025	\$ 21,978

INVESTMENT GROWTH



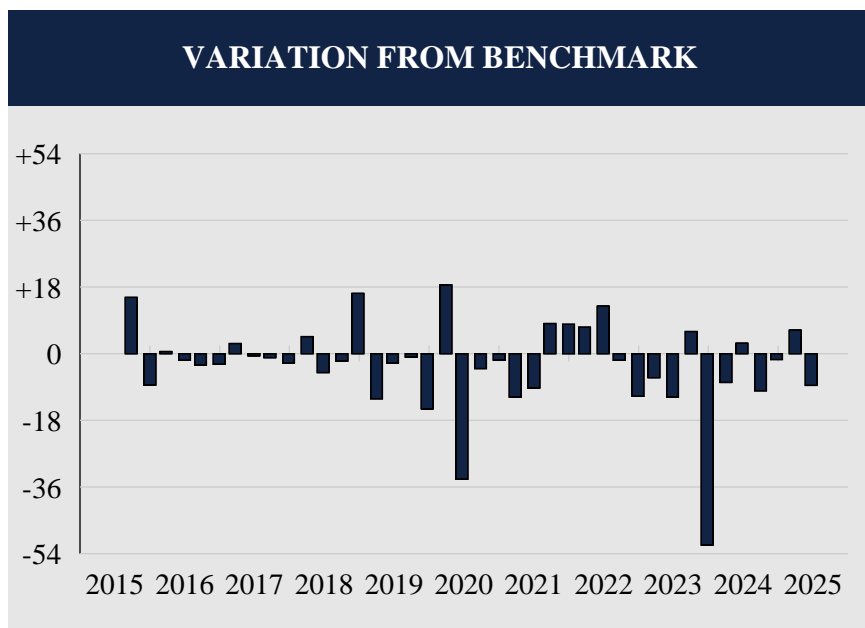
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ -426,543

	LAST QUARTER	PERIOD 6/13 - 6/25
BEGINNING VALUE	\$ 21,978	\$ 692,537
NET CONTRIBUTIONS	0	- 1,741,537
<u>INVESTMENT RETURN</u>	<u>0</u>	<u>1,070,978</u>
ENDING VALUE	\$ 21,978	\$ 21,978
INCOME	0	0
<u>CAPITAL GAINS (LOSSES)</u>	<u>0</u>	<u>1,070,978</u>
INVESTMENT RETURN	0	1,070,978

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: RUSSELL 2500



Total Quarters Observed	40
Quarters At or Above the Benchmark	13
Quarters Below the Benchmark	27
Batting Average	.325

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
9/15	4.9	-10.3	15.2	4.9	-10.3	15.2
12/15	-5.2	3.3	-8.5	-0.5	-7.4	6.9
3/16	1.0	0.4	0.6	0.5	-7.0	7.5
6/16	1.8	3.6	-1.8	2.3	-3.7	6.0
9/16	3.6	6.6	-3.0	6.0	2.6	3.4
12/16	3.2	6.1	-2.9	9.4	8.9	0.5
3/17	6.4	3.7	2.7	16.3	13.0	3.3
6/17	1.5	2.1	-0.6	18.1	15.4	2.7
9/17	3.6	4.7	-1.1	22.4	20.9	1.5
12/17	2.7	5.2	-2.5	25.7	27.2	-1.5
3/18	4.4	-0.2	4.6	31.3	26.9	4.4
6/18	0.6	5.7	-5.1	32.1	34.1	-2.0
9/18	2.7	4.7	-2.0	35.6	40.4	-4.8
12/18	-2.2	-18.5	16.3	32.7	14.5	18.2
3/19	3.6	15.8	-12.2	37.5	32.6	4.9
6/19	0.5	3.0	-2.5	38.3	36.5	1.8
9/19	-2.2	-1.3	-0.9	35.3	34.7	0.6
12/19	-6.4	8.5	-14.9	26.7	46.2	-19.5
3/20	-11.1	-29.7	18.6	12.6	2.7	9.9
6/20	-7.3	26.6	-33.9	4.4	30.0	-25.6
9/20	1.9	5.9	-4.0	6.3	37.7	-31.4
12/20	25.7	27.4	-1.7	33.6	75.4	-41.8
3/21	-0.8	10.9	-11.7	32.5	94.6	-62.1
6/21	-3.9	5.4	-9.3	27.3	105.2	-77.9
9/21	5.4	-2.7	8.1	34.2	99.7	-65.5
12/21	11.7	3.8	7.9	49.9	107.3	-57.4
3/22	1.3	-5.8	7.1	51.9	95.3	-43.4
6/22	-4.2	-17.0	12.8	45.5	62.1	-16.6
9/22	-4.6	-2.8	-1.8	38.8	57.5	-18.7
12/22	-4.1	7.4	-11.5	33.1	69.2	-36.1
3/23	-3.1	3.4	-6.5	29.0	75.0	-46.0
6/23	-6.5	5.2	-11.7	20.6	84.1	-63.5
9/23	1.2	-4.8	6.0	22.0	75.3	-53.3
12/23	-38.3	13.4	-51.7	-24.7	98.7	-123.4
3/24	-0.9	6.9	-7.8	-25.4	112.5	-137.9
6/24	-1.5	-4.3	2.8	-26.6	103.4	-130.0
9/24	-1.3	8.7	-10.0	-27.5	121.2	-148.7
12/24	-1.0	0.6	-1.6	-28.2	122.6	-150.8
3/25	-1.2	-7.5	6.3	-29.1	105.9	-135.0
6/25	0.0	8.6	-8.6	-29.1	123.6	-152.7

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
FIA - TIMBER GROWTH & VALUE PARTNERS
PERFORMANCE REVIEW
JUNE 2025

DAHAB Associates, Inc.
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INVESTMENT RETURN

On June 30th, 2025, the Franklin Employees' Pension Plan & Trust's FIA Timber Growth & Value Partners portfolio was valued at \$1,851,627, representing an increase of \$107,139 from the March quarter's ending value of \$1,744,488. Last quarter, the Fund posted withdrawals totaling \$3,535, which partially offset the portfolio's net investment return of \$110,674. Since there were no income receipts for the second quarter, the portfolio's net investment return figure was the product of net realized and unrealized capital gains totaling \$110,674.

RELATIVE PERFORMANCE

Total Fund

During the second quarter, the FIA Timber Growth & Value Partners account returned 6.3%, which was 4.9% above the NCREIF Timber Index's return of 1.4%. Over the trailing year, the portfolio returned 6.0%, which was 0.7% above the benchmark's 5.3% return. Since March 2016, the FIA Timber Growth & Value Partners portfolio returned 5.0% per annum, while the NCREIF Timber Index returned an annualized 5.5% over the same time frame.

ASSET ALLOCATION

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

Timber Investor Report
Forest Investment Advisors
June 30, 2025

Market Value	\$	1,851,627	Last Appraisal Date: 6/30/2025
Initial Commitment	\$	1,500,000	
Paid-in Capital	\$	1,455,344	
Return of Unused Capital	\$	(41,247)	
Remaining Commitment	\$	85,903	
Net Gain/(Loss)	\$	560,512	
Net IRR Since Inception		4.07%	

Date	Paid-in Capital	% of Commitment	Return of Unused Capital	% of Commitment	Distributions
9/10/2015	\$ 13,370	0.89%	\$ -	0.00%	\$ -
3/22/2016	\$ -	0.00%	\$ -	0.00%	\$ (205)
3/23/2016	\$ 21,442	1.43%	\$ -	0.00%	\$ -
3/29/2016	\$ 14,035	0.94%	\$ -	0.00%	\$ -
4/26/2016	\$ 721,709	48.11%	\$ -	0.00%	\$ -
6/17/2016	\$ -	0.00%	\$ (35,009)	-2.33%	\$ -
9/16/2016	\$ 142,299	9.49%	\$ -	0.00%	\$ -
12/2/2016	\$ 274,851	18.32%	\$ -	0.00%	\$ -
5/3/2018	\$ 39,765	2.65%	\$ -	0.00%	\$ -
11/28/2018	\$ 183,819	12.25%	\$ -	0.00%	\$ -
12/11/2018	\$ 44,054	2.94%	\$ -	0.00%	\$ -
12/21/2018	\$ -	0.00%	\$ (6,238)	-0.42%	\$ -
3/20/2019	\$ -	0.00%	\$ -	0.00%	\$ (4,288)
6/24/2019	\$ -	0.00%	\$ -	0.00%	\$ (26,121)
9/19/2019	\$ -	0.00%	\$ -	0.00%	\$ (7,797)
12/17/2019	\$ -	0.00%	\$ -	0.00%	\$ (3,899)
9/29/2021	\$ -	0.00%	\$ -	0.00%	\$ (3,899)
9/26/2022	\$ -	0.00%	\$ -	0.00%	\$ (11,696)
12/15/2022	\$ -	0.00%	\$ -	0.00%	\$ (7,797)
6/23/2023	\$ -	0.00%	\$ -	0.00%	\$ (390)
8/27/2023	\$ -	0.00%	\$ -	0.00%	\$ (9,746)
12/20/2023	\$ -	0.00%	\$ -	0.00%	\$ (3,899)
3/27/2024	\$ -	0.00%	\$ -	0.00%	\$ (43,245)
Total	\$ 1,455,344	97.02%	\$ (41,247)	-2.75%	\$ (122,982)

EXECUTIVE SUMMARY

PERFORMANCE SUMMARY

	Quarter	YTD	1 Year	3 Year	5 Year	Since 03/16
Total Portfolio - Gross	6.3	8.6	6.0	7.4	7.0	5.0
Total Portfolio - Net	6.1	8.1	5.2	6.6	6.0	4.1
NCREIF Timber	1.4	2.3	5.3	8.5	8.1	5.5
Alternative Assets - Gross	6.3	8.6	6.0	7.4	7.0	5.0
NCREIF Timber	1.4	2.3	5.3	8.5	8.1	5.5

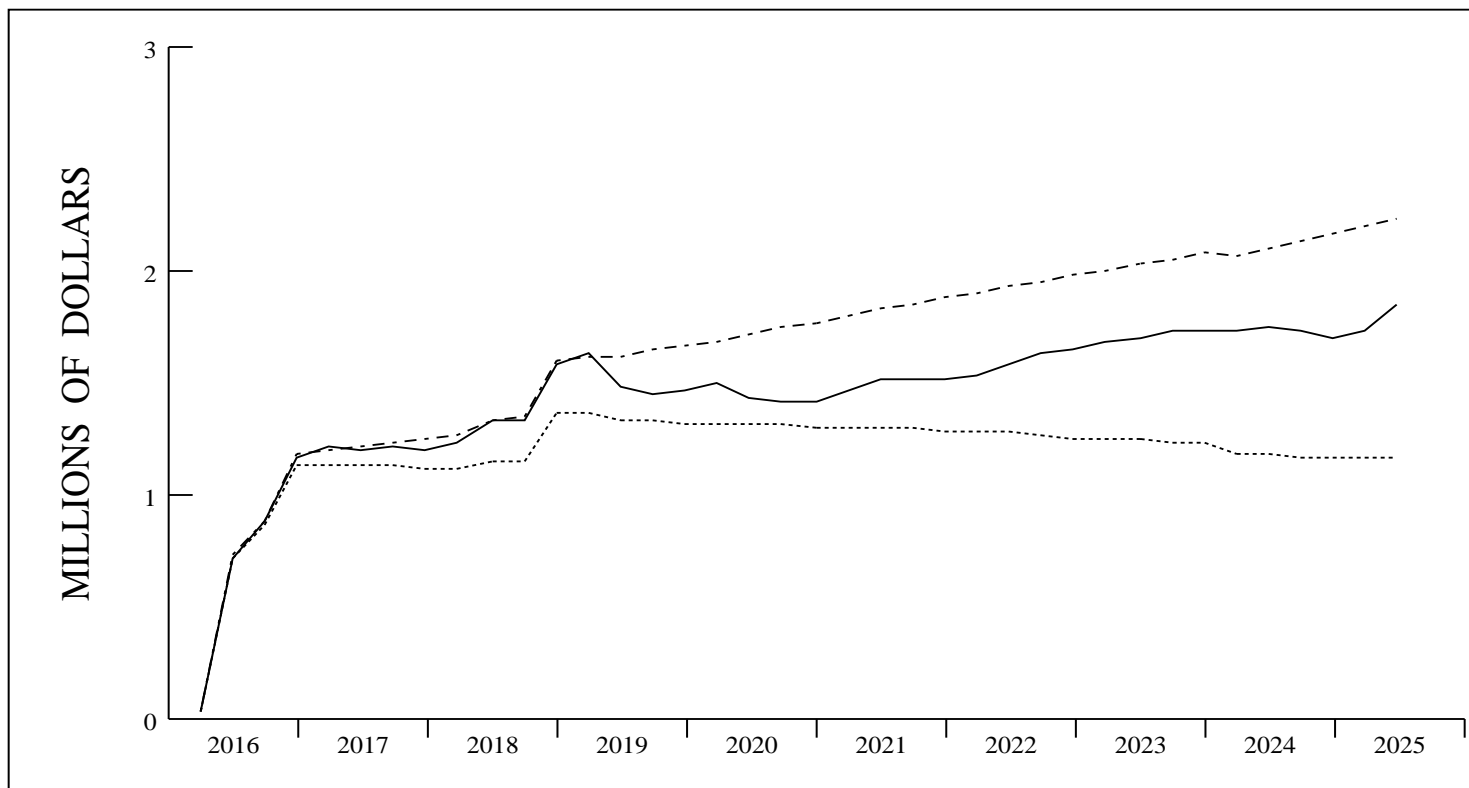
ASSET ALLOCATION

Alternative	100.0%	\$ 1,851,627
Total Portfolio	100.0%	\$ 1,851,627

INVESTMENT RETURN

Market Value 3/2025	\$ 1,744,488
Contribs / Withdrawals	- 3,535
Income	0
Capital Gains / Losses	110,674
Market Value 6/2025	\$ 1,851,627

INVESTMENT GROWTH



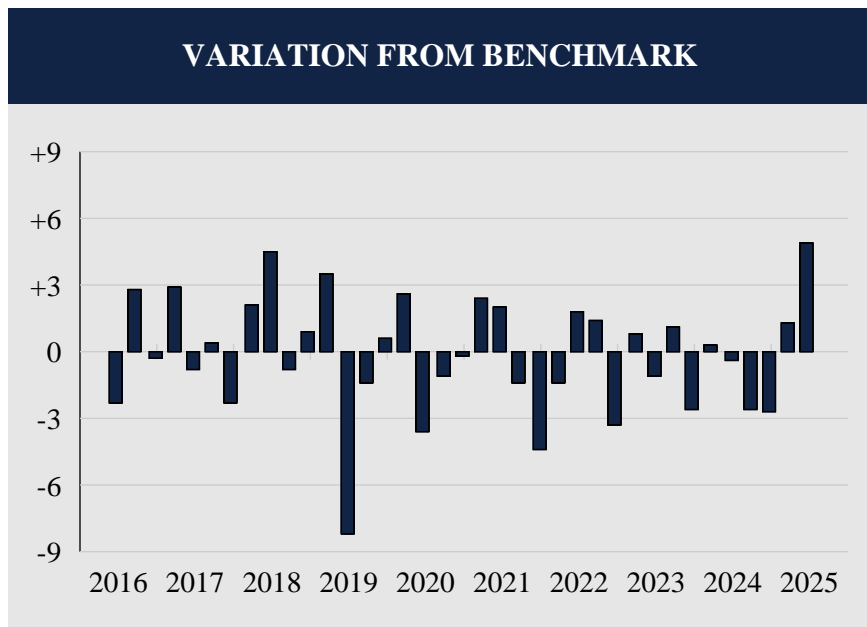
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 2,240,927

	LAST QUARTER	PERIOD 3/16 - 6/25
BEGINNING VALUE	\$ 1,744,488	\$ 39,242
NET CONTRIBUTIONS	- 3,535	1,132,143
INVESTMENT RETURN	110,674	680,242
ENDING VALUE	\$ 1,851,627	\$ 1,851,627
INCOME	0	4,288
CAPITAL GAINS (LOSSES)	110,674	675,954
INVESTMENT RETURN	110,674	680,242

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF TIMBER INDEX



Total Quarters Observed	37
Quarters At or Above the Benchmark	18
Quarters Below the Benchmark	19
Batting Average	.486

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
3/25	2.1	0.8	1.3	47.1	62.4	-15.3
6/25	6.3	1.4	4.9	56.5	64.7	-8.2

FRANKLIN EMPLOYEES' PENSION PLAN & TRUST
RMS - FOREST GROWTH III
PERFORMANCE REVIEW
JUNE 2025

DAHAB Associates, Inc.
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INVESTMENT RETURN

On June 30th, 2025, the Franklin Employees' Pension Plan & Trust's RMS Forest Growth III portfolio was valued at \$1,253,890, representing an increase of \$6,915 from the March quarter's ending value of \$1,246,975. Last quarter, the Fund posted no net contributions or withdrawals, while posting \$6,915 in net investment returns. Since there were no income receipts for the second quarter, the portfolio's net investment return was the result of net realized and unrealized capital gains totaling \$6,915.

RELATIVE PERFORMANCE

During the second quarter, the RMS Forest Growth III portfolio returned 0.8%, which was 0.6% below the NCREIF Timber Index's return of 1.4%. Over the trailing year, the account returned 8.8%, which was 3.5% better than the benchmark's 5.3% return. Since June 2012, the portfolio returned 7.1% 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
June 30, 2025

Market Value	\$ 1,253,890	Last Appraisal Date: 6/30/2025	
Initial Commitment	\$ 1,400,000		
Paid-in Capital	\$ 1,400,000	100.00%	
Remaining Commitment	\$ -	0.00%	
Net Gain/(Loss)	\$ 767,764		
Net IRR	4.8%		

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	1 Year	3 Year	5 Year	Since 06/12
Total Portfolio - Gross	0.8	1.6	8.8	13.6	10.0	7.1
Total Portfolio - Net	0.6	1.0	7.7	12.5	8.9	6.1
NCREIF Timber	1.4	2.3	5.3	8.5	8.1	6.4
Alternative Assets - Gross	0.8	1.6	8.8	13.6	10.0	7.1
NCREIF Timber	1.4	2.3	5.3	8.5	8.1	6.4

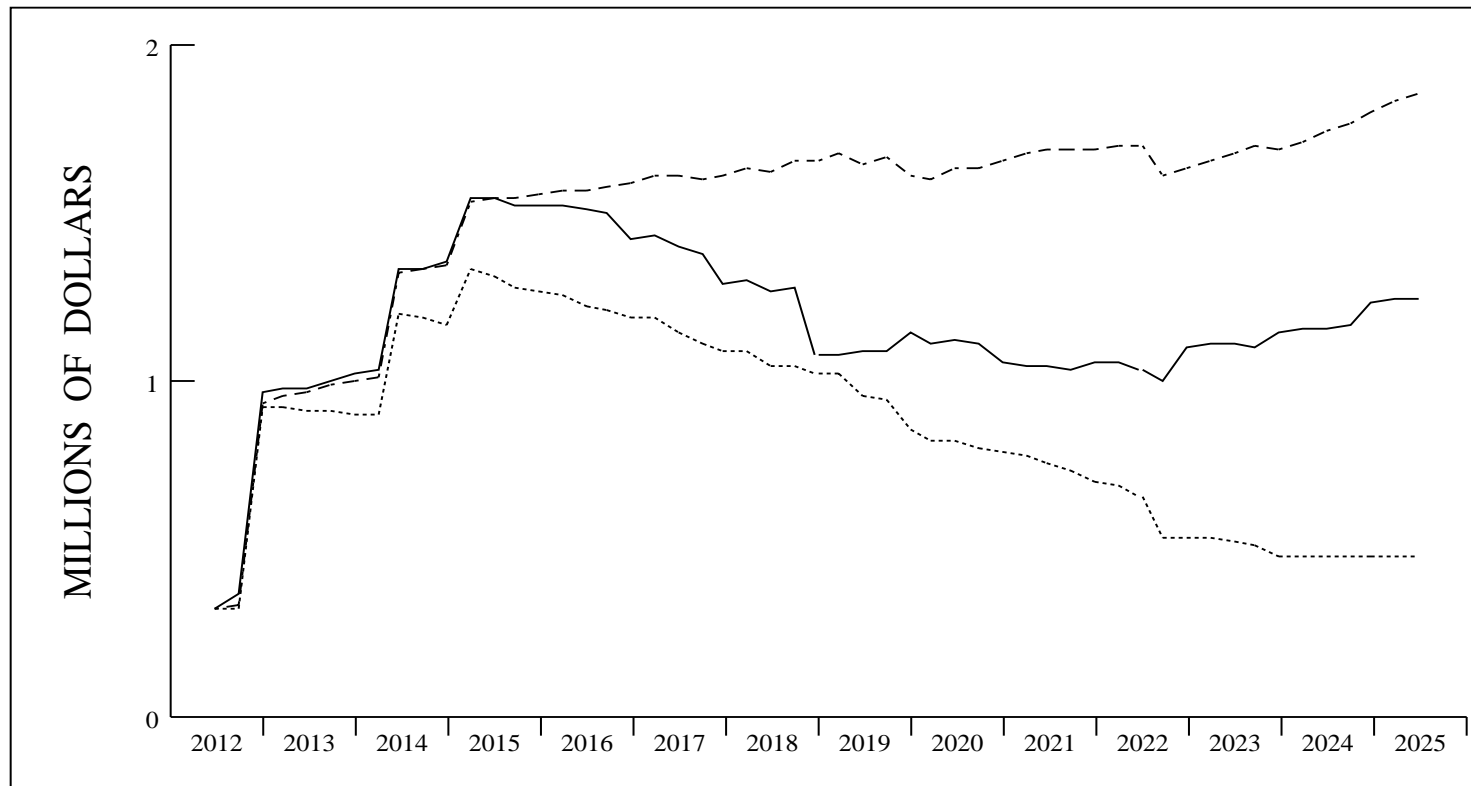
ASSET ALLOCATION

Alternative	100.0%	\$ 1,253,890
Total Portfolio	100.0%	\$ 1,253,890

INVESTMENT RETURN

Market Value 3/2025	\$ 1,246,975
Contribs / Withdrawals	0
Income	0
Capital Gains / Losses	6,915
Market Value 6/2025	\$ 1,253,890

INVESTMENT GROWTH



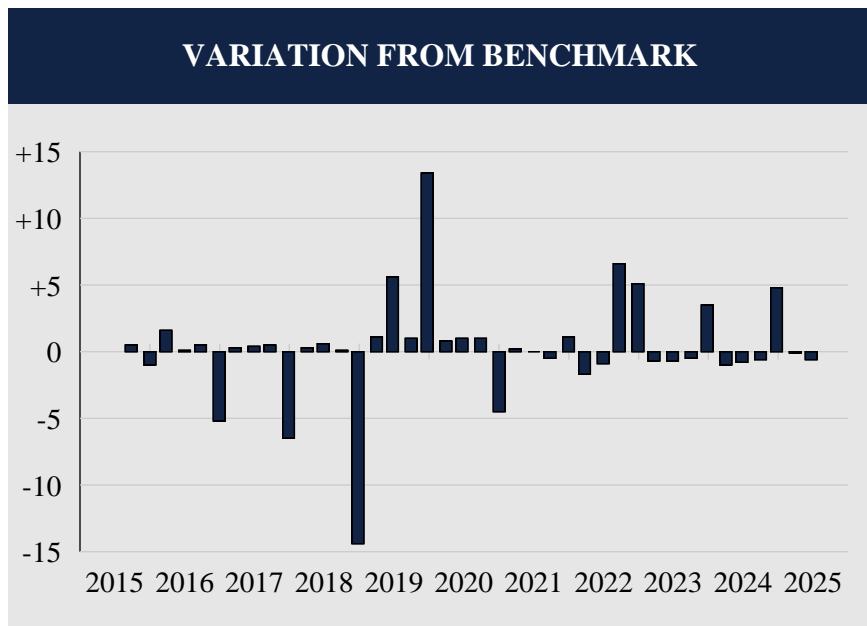
— ACTUAL RETURN
 - - - BLENDED GROWTH
 0.0%

VALUE ASSUMING
 BLENDED GA \$ 1,865,165

	LAST QUARTER	PERIOD 6/12 - 6/25
BEGINNING VALUE	\$ 1,246,975	\$ 331,920
NET CONTRIBUTIONS	0	147,321
INVESTMENT RETURN	6,915	774,649
ENDING VALUE	\$ 1,253,890	\$ 1,253,890
INCOME	0	0
CAPITAL GAINS (LOSSES)	6,915	774,649
INVESTMENT RETURN	6,915	774,649

TOTAL PORTFOLIO QUARTERLY PERFORMANCE SUMMARY

COMPARATIVE BENCHMARK: NCREIF TIMBER INDEX



Total Quarters Observed	40
Quarters At or Above the Benchmark	24
Quarters Below the Benchmark	16
Batting Average	.600

RATES OF RETURN						
Date	Portfolio	Bench	Diff	-----Cumulative-----		
				Portfolio	Bench	Diff
9/15	1.3	0.8	0.5	1.3	0.8	0.5
12/15	0.9	1.9	-1.0	2.2	2.6	-0.4
3/16	1.3	-0.3	1.6	3.5	2.4	1.1
6/16	1.1	1.0	0.1	4.7	3.4	1.3
9/16	1.2	0.7	0.5	5.9	4.1	1.8
12/16	-4.0	1.2	-5.2	1.7	5.3	-3.6
3/17	1.1	0.8	0.3	2.8	6.1	-3.3
6/17	1.1	0.7	0.4	4.0	6.8	-2.8
9/17	1.1	0.6	0.5	5.2	7.5	-2.3
12/17	-5.0	1.5	-6.5	-0.1	9.1	-9.2
3/18	1.2	0.9	0.3	1.1	10.1	-9.0
6/18	1.1	0.5	0.6	2.2	10.7	-8.5
9/18	1.1	1.0	0.1	3.4	11.8	-8.4
12/18	-13.6	0.8	-14.4	-10.7	12.6	-23.3
3/19	1.2	0.1	1.1	-9.7	12.7	-22.4
6/19	6.6	1.0	5.6	-3.8	13.9	-17.7
9/19	1.2	0.2	1.0	-2.6	14.1	-16.7
12/19	13.4	0.0	13.4	10.5	14.1	-3.6
3/20	0.9	0.1	0.8	11.5	14.2	-2.7
6/20	1.1	0.1	1.0	12.7	14.3	-1.6
9/20	1.0	0.0	1.0	13.8	14.3	-0.5
12/20	-3.9	0.6	-4.5	9.4	15.0	-5.6
3/21	1.0	0.8	0.2	10.5	15.9	-5.4
6/21	1.7	1.7	0.0	12.4	17.8	-5.4
9/21	1.4	1.9	-0.5	14.0	20.1	-6.1
12/21	5.7	4.6	1.1	20.5	25.5	-5.0
3/22	1.5	3.2	-1.7	22.3	29.6	-7.3
6/22	1.0	1.9	-0.9	23.6	32.0	-8.4
9/22	9.0	2.4	6.6	34.6	35.1	-0.5
12/22	10.0	4.9	5.1	48.0	41.7	6.3
3/23	1.1	1.8	-0.7	49.6	44.2	5.4
6/23	1.0	1.7	-0.7	51.2	46.7	4.5
9/23	0.9	1.4	-0.5	52.5	48.7	3.8
12/23	7.2	3.7	3.5	63.5	54.2	9.3
3/24	1.1	2.1	-1.0	65.2	57.4	7.8
6/24	0.9	1.7	-0.8	66.6	60.1	6.5
9/24	0.9	1.5	-0.6	68.2	62.6	5.6
12/24	6.2	1.4	4.8	78.6	64.9	13.7
3/25	0.7	0.8	-0.1	79.9	66.2	13.7
6/25	0.8	1.4	-0.6	81.3	68.6	12.7



File #: 21-0998

DATE: August 5, 2025
TO: Pension Committee
FROM: Kevin Sullivan

SUBJECT:

Report From The Actuary

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning the most recent actuarial reports for the City's two defined benefit pension plans.

BACKGROUND/STAFF COMMENTS:

Tennessee state statutes and Generally Accepted Accounting Principles (GAAP) require public sector defined benefit pension plans to have an actuarial report prepared annually. USI serves as both the actuary to the State of Tennessee Department of Treasury (Tennessee Consolidated Retirement System) for the City's open pension plan and to the City directly for the closed single employer pension plan. Kevin Sullivan, Partner/Vice President and Senior Consulting Actuary, is the lead to the City and will present a summary of his firm's reports.

FINANCIAL IMPACT:

The City is required to fund the actuarially determined employer contribution on an annual basis as prepared by a licensed independent actuary. For FY 2026, the employer contribution for the closed plan is \$11,378,088 and for the open TCRS plan is \$1,811,915.

RECOMMENDATION:

For informational purposes.

City of Franklin Employees' Pension Plan

2025 Funding Valuation

August 25, 2025

Kevin Sullivan, FSA, MAAA, EA | Principal



COF Employees' Pension Plan Agenda

- Background on the Plan/Active Populations
- Assumption Update
- Key Results – 2025 Funding
- Key Demographics
- 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 2025, the discount rate changed from 6.80% to 6.75%.
 - Based on Resolution 2025-18
 - Matches current investment earnings assumption for TCRS
 - TCRS did not lower their assumption with their recent experience study
 - The change in discount rate caused an increase in the liability of \$1.2MM and \$0.2MM in the contribution
- For the 2025 valuation, we have continued to use the mortality assumption that includes 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

COF Employees' Pension Plan

Experience Study Results

- Assumptions Already Reviewed and Updated
 - Discount Rate
 - (Decline from 6.80% to 6.75%)
 - Mortality and Mortality Projection
 - (105% RP 2014 Blue Collar Mortality with MP21 Projection for 10 Years)
 - COLA
 - Maintain at 2.0%
 - Additional Assumptions
 - No changes to Salary Increase Assumption, Rates of Retirement, and Rates of Termination
 - Since 2017, the active population is down 38% while the retiree population is up 80%
 - Mortality will becoming an increasingly important assumption while active assumptions (salary increase, retirement and termination) will become less significant

COF Employees' Pension Plan

Actuarial Value of Assets

Determination of Valuation Assets

Market Assets, January 1, 2024	\$159,374,145
Weighted Prior Year Contributions	2,729,027
Weighted Prior Year Distributions	(4,983,295)
Subtotal	<u>157,119,878</u>
Expected Interest	10,684,152
Total Contributions	11,785,734
Total Distributions	<u>(10,565,326)</u>
Expected Asset Value, January 1, 2025	\$171,278,705
Market Asset Value, January 1, 2025	<u>173,765,612</u>
Variance from Expected Asset Value	\$2,486,907

2024	\$(2,486,907)
2023	(6,355,153)
2022	27,798,593
2021	(15,371,000)

Market Asset Value for January 1, 2025	\$173,765,612
-80% of 2024 Variance	(1,989,526)
-60% of 2023 Variance	(3,813,092)
-40% of 2022 Variance	11,119,437
-20% of 2021 Variance	<u>(3,074,200)</u>
Actuarial Valuation Assets Before Limits	\$176,008,231

Limits of Actuarial Value of assets

a. 90% of Market Value including accruals	\$156,389,051
b. 110% of Market Value including accruals	191,142,173

Actuarial Value of Assets after limits **176,008,231**

COF Employees' Pension Plan

How Well Funded is the Plan?

All measures using 6.75% Discount Rate

Liability Measure	Liability	Asset Value (Actuarial Value)	2025 Funded Ratio	2024 Funded Ratio	Comments
Present Value of Benefits – Value of all benefits expected to be earned by all current participants	\$276.5MM	\$176.0MM	63.7%	64.3%	Not a useful measure of the funded status
Entry Age Normal Accrued Liability – Liability to date under the required funding method	\$259.6MM	\$176.0MM	67.8%	68.8%	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	\$214.1MM	\$176.0MM	82.2%	83.8%	Includes nonvested benefits

COF Employees' Pension Plan

Key Results - Funding

	2025	2024	2023	2022
Number of Participants				
Active	347	370	397	406
Deferred Vested	165	189	183	193
Retired and Disabled	341	312	292	274
Annual Covered Payroll	\$ 37,641,024	\$ 37,030,890	\$ 30,238,979	\$ 29,370,570
Average Annual Earnings	\$ 108,476	\$ 100,083	\$ 76,169	\$ 72,341
Present Value of Benefits	\$ 276,455,124	\$ 254,505,653	\$ 209,723,952	\$ 191,134,494
Entry Age Normal Past Service Liability	\$ 259,552,351	\$ 237,729,906	\$ 195,578,819	\$ 177,338,994
Actuarial Value of Assets	\$ 176,008,231	\$ 163,626,923	\$ 152,073,912	\$ 160,783,824
Unfunded Supplemental Liability	\$ 83,544,120	\$ 74,102,983	\$ 43,504,907	\$ 16,555,170
Annual Funding Levels				
Normal Cost	\$ 2,944,036	\$ 2,818,765	\$ 2,354,516	\$ 2,257,541
Normal Cost Rate	7.82%	7.61%	7.79%	7.69%
Expected Employee Contribution	\$ (381,366)	\$ (379,119)	\$ (324,394)	\$ (300,756)
Net Normal Cost	\$ 2,562,670	\$ 2,439,646	\$ 2,030,122	\$ 1,956,785
Net Normal Cost % of Payroll	6.81%	6.59%	6.71%	6.66%
Recommended Contribution	\$ 11,378,088	\$ 10,159,294	\$ 7,019,361	\$ 4,117,466
% of Payroll	30.23%	27.43%	23.21%	14.02%
Present Value of Accrued Benefits	\$ 214,133,869	\$ 195,216,337	\$ 164,765,127	\$ 147,795,574
Security Ratio	82.20%	83.82%	92.30%	108.79%

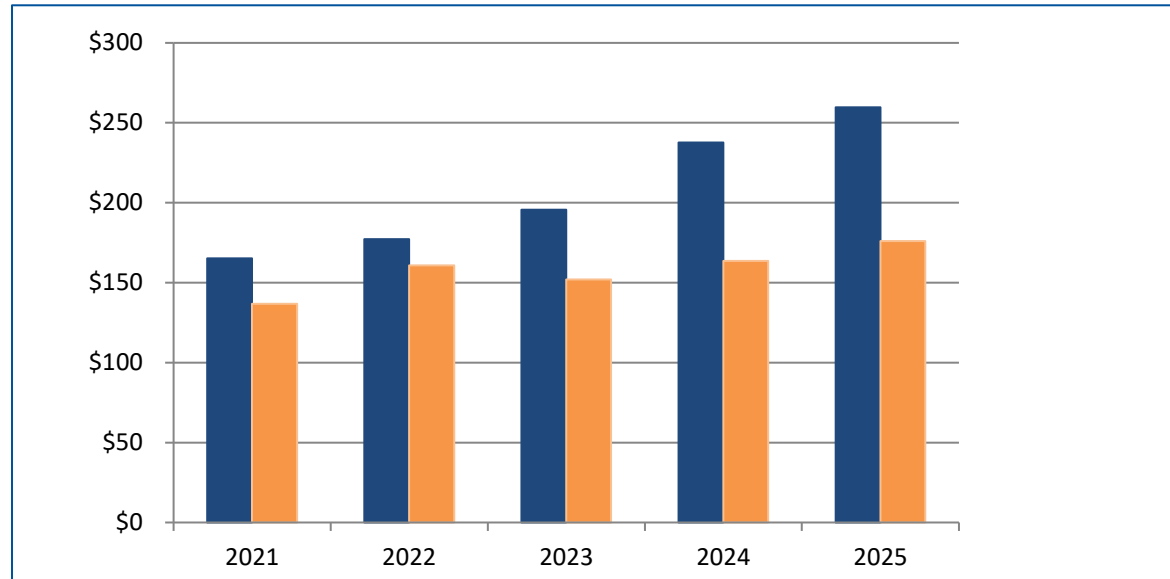
COF Employees' Pension Plan

Funded Status (in millions)

- The funded status decreased from 2024 to 2025.

Key Factors

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

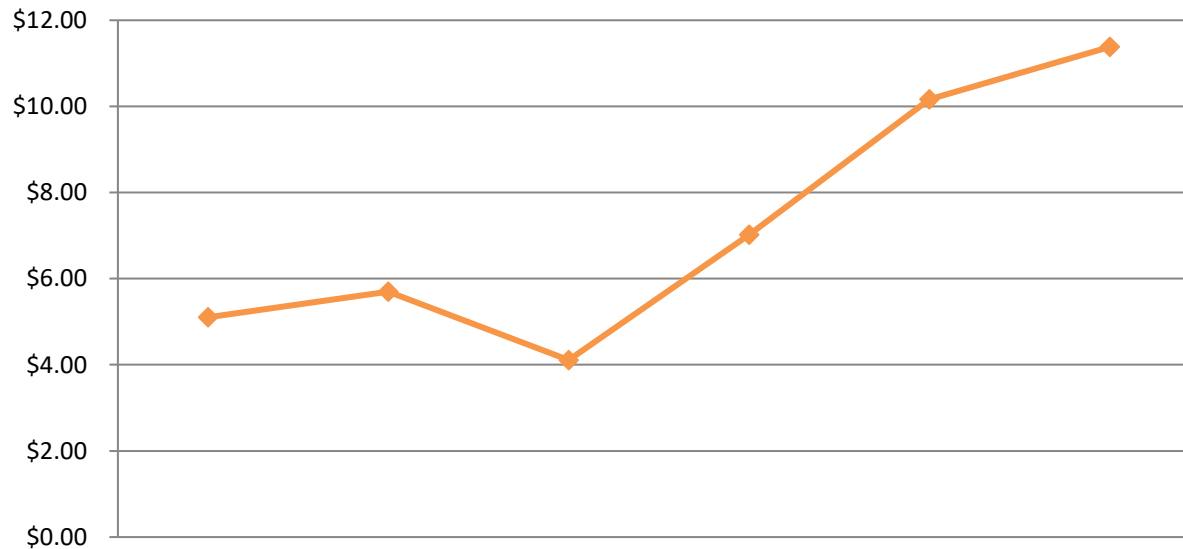


	2021	2022	2023	2024	2025
Liability ■	\$165.2	\$177.4	\$195.6	\$237.7	\$259.6
Asset Value ■	\$136.8	\$160.8	\$152.1	\$163.6	\$176.0
Funded Ratio	82.81%	90.7%	77.8%	68.8%	67.8%
Interest Rate	7.10%	7.00%	6.90%	6.80%	6.75%

COF Employees' Pension Plan

Recommended Cash Contribution (in millions)

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

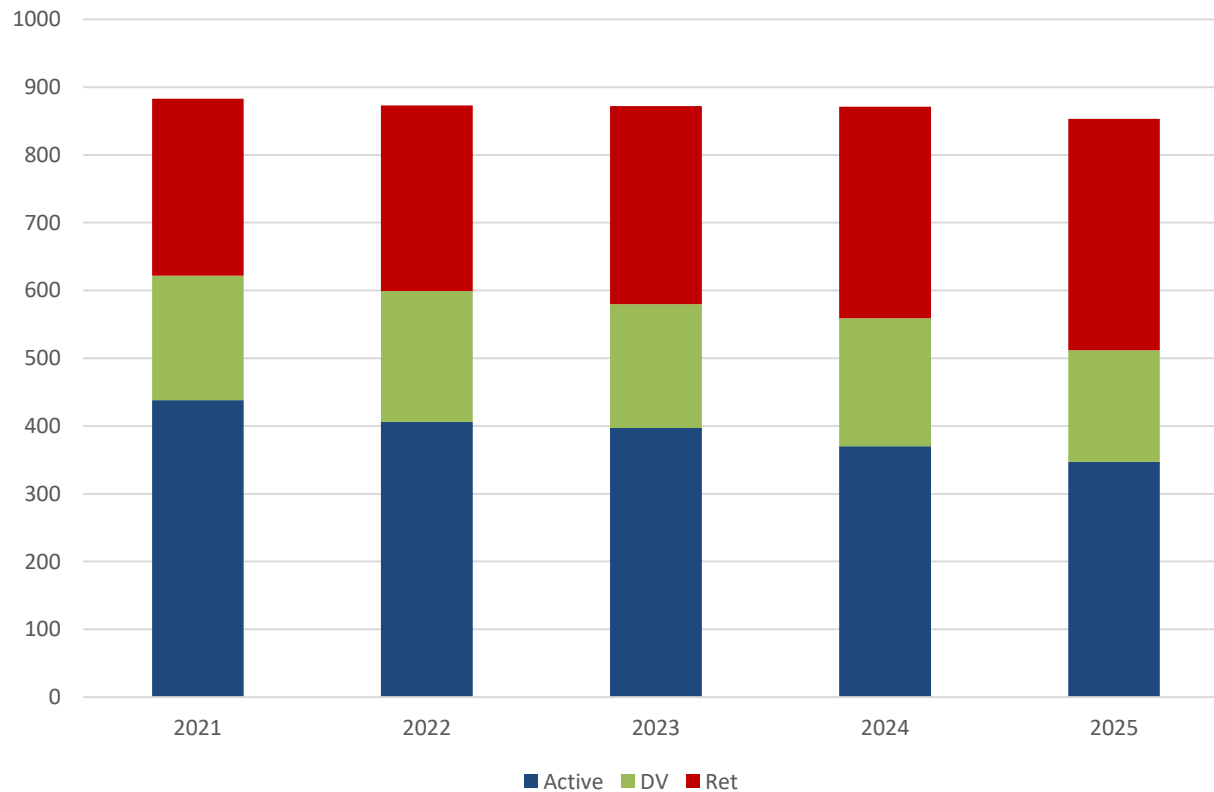


Year	2020	2021	2022	2023	2024	2025
Contribution	\$5.10	\$5.70	\$4.11	\$7.02	\$10.16	\$11.38

COF Employees' Pension Plan

Demographics

- No new entrants beginning on January 1, 2017



COF Employees' Pension Plan

Gain/Loss Summary for 2024

	<u>Gain/(Loss)</u>
Investment (AVA basis)	187,559
Retirement Decrement	(4,963,432)
Termination Decrement	(4,581,291)
Disability	(101,594)
Retiree Mortality	1,640,081
Compensation & COLA Increase	(4,011,424)
Other Mortality	29,507
Transfers	(36,030)
Data Corrections	183,449
Other Asset due to AVA smoothing	(330,512)
Other Gains	443,435
Total Gain/(Loss)	(11,540,252)

TCRS Open Plan Summary

	2024	2023	2022
Valuation Date	June 30, 2024	June 30, 2023	June 30, 2022
Contribution Period	7/1/2025 – 6/30/2026	7/1/2024 – 6/30/2025	7/1/2023 – 6/30/2024
Active Members	352	319	273
Annualized Salary	\$24,353,698	\$21,398,286	\$14,092,368
Inactive Members	161	132	103
Discount Rate	6.75%	6.75%	6.75%
Present Value of Benefits	\$43,679,203	\$36,582,562	\$23,228,626
Employee Contribution Rate	5.00%	5.00%	5.00%
Employer ADC Rate	7.44%	7.62%	7.35%
Actuarial Accrued Liability	\$12,098,051	\$8,936,700	\$5,164,298
Actuarial Value of Assets	\$10,861,279	\$7,503,134	\$4,671,539
Funded Ratio	89.8%	84.0%	90.5%

Questions/Discussion

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File #: 21-01033

DATE: August 13, 2025
TO: Pension Committee
FROM: Kristine Brock, Asst. City Administrator/CFO

SUBJECT:

Consideration Of DRAFT Resolution 2025-73, A Resolution To Amend Certain Provisions Of Resolution 2018-65 Establishing Defined Contribution Retirement Plans Effective January 1, 2019, For Employees Hired On Or After January 1, 2017.

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning DRAFT Res 2025-73, a resolution to amend certain provisions of Res 2018-65 establishing defined contribution retirement plans effective January 1, 2019, for employees hired on or after January 1, 2017.

BACKGROUND/STAFF COMMENTS:

Effective December 31, 2016, the Board of Mayor and Aldermen closed the City's single employer defined benefit pension plan to new hires. Beginning on January 1, 2017, full time employees hired thereafter by the City were required to become members of the State of Tennessee Consolidated Retirement System ("TCRS") Legacy Defined Benefit Pension Plan.

On October 9, 2018, the Board of Mayor and Aldermen adopted Res 2018-65 to establish two new Defined Contribution Retirement Plans for employees that are TCRS members. The 457(b) account was intended for employee contributions of a maximum of 2% of pay while the 401(a) account is a dollar for dollar matching program funded by the employer (the City). TCRS members are eligible for the matching program at the two year anniversary of service.

As of August 2025, approximately 35% of eligible employees are participating in the voluntary match program. In FY 2025, the employer expense was \$132,410.

Staff has been observing participating rates of the 2017 Defined Contribution Retirement plans and recommends two changes for the purposes of increasing voluntary participation.

FINANCIAL IMPACT:

Two proposed changes to the the 2017 Defined Contribution Retirement plans are:

1. Remove the two year waiting period to participate in the matching plan. New full time employees may elect to join the program upon hire.
2. Increasing the maximum employee contribution and matching employer contribution from 2% to 3%. Participating employees will continue to have the reduced options of 1% and 2%. However, increasing the maximum dollar for dollar match to 3% may incentive more employees to participate.

We propose making the changes effective with the second pay period in January 2026. Impact in FY 2026 is not expected to exceed \$75,000.

If participation rates rise to 50% due to these changes, at that time, the employer contribution would be approximately \$300,000 a year higher than in FY 2025.

RECOMMENDATION:

Staff recommends that Res 2025-73 be recommended for approval by the Board of Mayor and Aldermen.

RESOLUTION 2025-73

A RESOLUTION TO AMEND CERTAIN PROVISIONS OF RESOLUTION 2018-65 ESTABLISHING DEFINED CONTRIBUTION RETIREMENT PLANS EFFECTIVE JANUARY 1, 2019, FOR EMPLOYEES HIRED ON OR AFTER JANUARY 1, 2017.

WHEREAS, on October 9, 2018, the Board of Mayor and Aldermen adopted Resolution 2018-65 establishing two Defined Contribution Retirement Plans (“DC Plans”) (401(a) and 457(b)) effective January 1, 2019, for city employees hired on or after January 1, 2017; and

WHEREAS, the DC Plans were established to encourage city employees who are members of the Tennessee Consolidated Retirement System’s Defined Benefit Legacy Pension Plan to save for their retirement utilizing these plans early in their public service careers; and

WHEREAS, terms of the DC plans offer full time employees hired on or after January 1, 2017, upon the second year anniversary of hire, a voluntary opportunity to contribute up to 2% of their salaries to a 457(b) account with the City matching the same amount, up to 2%, in a 401(a) account; and

WHEREAS, Staff has monitored rates of participation in this voluntary program and as of 2025, recommends two modifications with the intention of increasing employee participation.

WHEREAS, the Board of Mayor and Aldermen believes it is in the best interest of the City of Franklin to modify terms of the Defined Contribution Retirement Plans effective January 1, 2019, as described below.

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

Section 1: Effective January 1, 2026, full time employees hired on or after January 1, 2019, are eligible for the employer matching DC Plans at the time of hire, thus removing the provision that an employee become eligible after two years of service.

Section 2: The maximum employer matching percentage for the DC Plans increases to 3% from 2% effective the second payroll of January 2026. Employees desiring to receive the 3% employer match to a 401(a) account must initiate voluntary election to contribute the same percentage to a 457(b) account. Employees continue to be eligible for a lower employer match of 1% and 2% when choosing to contribute the same percentage. Participation in the DC Plans remains voluntary for eligible employees.

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

ATTEST:

CITY OF FRANKLIN, TENNESSEE:

By: _____
Angie Skarp

By: _____
Dr. Ken Moore

City Recorder

Mayor

Approved as to Form:

By: _____
Shauna R. Billingsley
City Attorney

Summary of Retirement Plan Membership August 20, 2025

- Of 773 active full-time employees, 54% are TCRS members and 46% are members of the Closed Plan.
- Open Multiple Employer Plan (TCRS)- Hired On or After 1/1/2017
 - 417 active employees
 - Of this number, 154 were hired less than 2 years ago, or 37%.
 - The current # of eligible employees participating in the voluntary Defined Contribution Matching Program is 93, or 35% of the 263 eligible.
- Closed Single Employer Plan- Hired On or Before 12/31/2016
 - 325 members of Defined Benefit Plans
 - 31 members of Defined Contribution Plan
 - Total Closed Plan Active Members- 356 active employees

Example of Voluntary Defined Contribution Match Program for TCRS Members

Upon reaching 2 years of service, City employees who are a member of the TCRS Defined Benefit Legacy Pension Plan are eligible for an additional dollar for dollar employer match of up to 2% in a 401(a) account upon their own contribution to a 457(b) account. For example:

Employee Suzie was hired 6/15/2021 and had an annual salary of \$70,000 in FY 2025.

- Upon her 2 year service anniversary of 6/15/2023, she become eligible to have her contribution of either 1% or 2% of salary matched by the City.
- In FY 2025, Suzie contributed 2%, or \$1,400, into her 457(b) and the City contributed the same amount to her 401(a).

Proposals for the Intent of Increasing Program Participation

- Remove the two-year waiting period to participate in the matching plan. New full time employees may elect to join the program upon hire.
 - New employees learn about this program during Onboarding. Waiting two years to become eligible may damper enthusiasm to join.
- Increasing the maximum employee contribution and matching employer contribution from 2% to 3%. Participating employees will continue to have reduced options of 1% and 2%.
 - Increasing the maximum dollar for dollar match to 3% may incentive more employees to participate or increase their own retirement savings when they are able to do so.

Timeline and Estimated Financial Impact

- FY 2025 City expense was \$132,410 at 35% participation.
- Assuming participation of 50% is reached, and given FY 2026 salaries, the City's annual expense would be approximately \$370,000, an increase of \$237,590 from FY 2025.
- If recommended by Employee Pension Committee,
 - Plan document revisions to be prepared by staff,
 - Discussion with BOMA Work Session and Consideration at BOMA Voting Meeting,
 - Effective January or July 2026.



File #: 21-0999

DATE: August 5, 2025
TO: Pension Committee
FROM: Eric Stuckey, City Administrator
Kristine Brock, Asst. City Administrator/CFO

SUBJECT:

Discussion Of Future Structure For The Responsibilities Of The Employee Pension Committee

PURPOSE:

The purpose of this memorandum is to provide information to the Pension Committee concerning discussion of future structure of the responsibilities of the Employee Pension Committee.

BACKGROUND/STAFF COMMENTS:

The Board of Mayor and Aldermen established the single-employer defined benefit pension plan in 1971 and it was closed to new participants as of December 31, 2016. The Employee Pension Committee was initially established to provide oversight of the single-employer plan. Since that time, two major changes have impacted the oversight and administration of the closed plan. In 2014, the State of Tennessee adopted oversight of single-employer public pensions by the State Treasurer. Moreover, in 2016, the State of Tennessee (TCRS) began serving as the investment administrator for the closed plan.

As of early 2025, a little over half of active employees have been hired since January 1, 2017. Employees hired since 2017 are members of the State of Tennessee Consolidated Retirement System ("TCRS") Defined Benefit Pension Plan.

FINANCIAL IMPACT:

No financial impact from consideration of restructuring responsibilities of the Employee Pension Committee.

RECOMMENDATION:

For discussion purposes.