

# Police and Fire Retirement Plan Dashboard



**“OUR MISSION IS TO ENSURE PROMPT DELIVERY OF SERVICES AND BENEFITS TO OUR MEMBERS, AND TO COLLECT, INVEST, AND EXPEND SYSTEM ASSETS IN A PRUDENT, FAIR, AND TIMELY MANNER”.**



# Contents



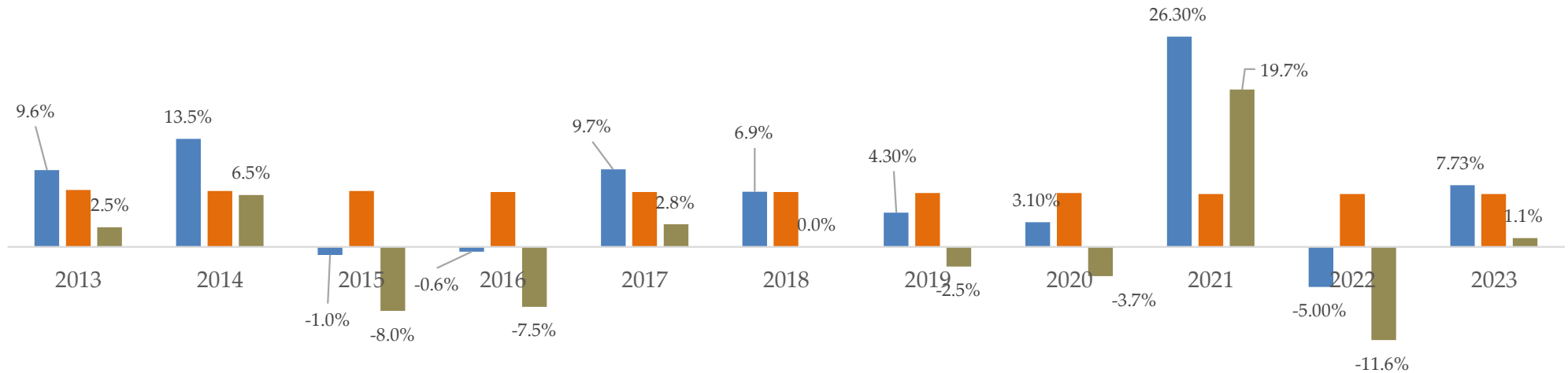
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# Police and Fire Discount Rate History

| <u>YEARS</u> | <u>FISCAL YEAR</u> | <u>10 YEAR US TREASURY RATE</u> | <u>DISCOUNT RATE</u> | <u>FISCAL YEAR RETURN*</u> | <u>EXCESS TO DISCOUNT RATE</u> |
|--------------|--------------------|---------------------------------|----------------------|----------------------------|--------------------------------|
|              | 1997               | 6.51%                           | 8.00%                |                            |                                |
| 1            | 2013               | 2.52%                           | 7.125%               | 9.6%                       | 2.5%                           |
| 2            | 2014               | 2.53%                           | 7.00%                | 13.5%                      | 6.5%                           |
| 3            | 2015               | 2.35%                           | 7.00%                | -1.0%                      | -8.0%                          |
| 4            | 2016               | 1.49%                           | 6.875%               | -0.6%                      | -7.5%                          |
| 5            | 2017               | 2.31%                           | 6.875%               | 9.7%                       | 2.8%                           |
| 6            | 2018               | 2.85%                           | 6.875%               | 6.9%                       | 0.0%                           |
| 7            | 2019               | 2.01%                           | 6.75%                | 4.3%                       | -2.5%                          |
| 8            | 2020               | 0.66%                           | 6.75%                | 3.1%                       | -3.7%                          |
| 9            | 2021               | 1.47%                           | 6.63%                | 26.3%                      | 19.7%                          |
| 10           | 2022               | 3.01%                           | 6.63%                | -5.0%                      | -11.6%                         |
| 11           | 2023               | 3.84%                           | 6.63%                | 7.7%                       | 1.1%                           |

## Plan Return versus Discount Rate

■ FISCAL RETURN    ■ BEGINNING OF YEAR DISCOUNT RATE    ■ EXCESS RETURN





## INVESTMENT METRICS

### City of San Jose Police and Fire Department Retirement Plan

Total Fund | As of March 31, 2024



|                           | Current Balance (\$) | Current Allocation (%) | Russell Overlay Net position (%) | Policy (%)   |
|---------------------------|----------------------|------------------------|----------------------------------|--------------|
| <b>Growth</b>             | 3,673,349,283        | 72.8%                  | 72.1%                            | 71.0         |
| Public Equity             | 2,203,048,082        | 43.6%                  | 43.0%                            | 42.0         |
| Private Markets           | 1,267,552,401        | 25.1%                  | 25.1%                            | 25.0         |
| Emerging Markets Debt     | 99,973,023           | 2.0%                   | 2.0%                             | 2.0          |
| High Yield Bonds          | 102,775,776          | 2.0%                   | 2.0%                             | 2.0          |
| <b>Low Beta</b>           | 744,294,861          | 14.7%                  | 14.9%                            | 16.0         |
| Market Neutral Strategies | 144,731,946          | 2.9%                   | 2.9%                             | 3.0          |
| Immunized Cash Flows      | 606,103,075          | 12.0%                  | 12.0%                            | 13.0         |
| Cash                      | -6,540,160           | -0.1%                  | 0.0%                             | 0.0          |
| <b>Other</b>              | 630,903,686          | 12.5%                  | 13.0%                            | 13.0         |
| Core Real Estate          | 247,155,305          | 4.9%                   | 4.9%                             | 5.0          |
| TIPS                      | 100,502,542          | 2.0%                   | 2.0%                             | 2.0          |
| Investment Grade Bonds    | 213,228,912          | 4.2%                   | 4.6%                             | 4.5          |
| Long Term Govt Bonds      | 70,016,927           | 1.4%                   | 1.5%                             | 1.5          |
| <b>Total</b>              | <b>5,048,547,830</b> | <b>100%</b>            | <b>100%</b>                      | <b>100.0</b> |

1. Data in the column titled "Russel Overlay Net Position" is based on physical exposures, adjusted for synthetic positions provided by Russell Investments.

2. Policy Targets represent approved asset allocation from March of 2022.

3. All data on this page is from Russell Investments and reflects trades made on or before 3/31/2024. Data on subsequent pages is from the custodian and may not reflect all trades made on or before 3/31/2024 depending on the settlement date of transaction.

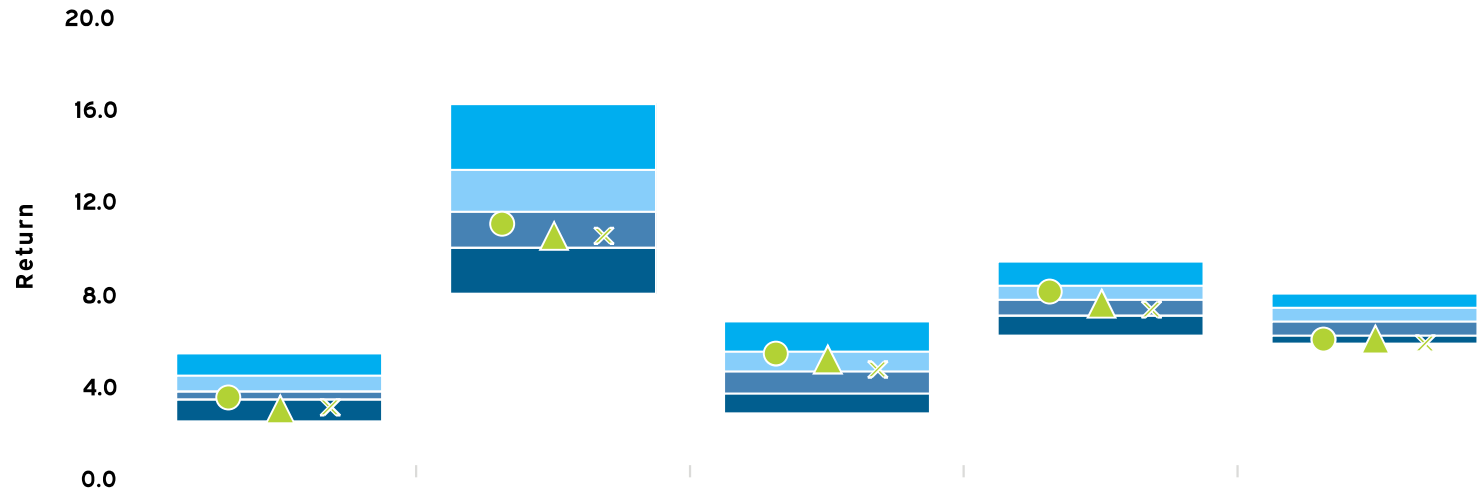


## INVESTMENT METRICS

### City of San Jose Police and Fire Department Retirement Plan

Total Fund | As of March 31, 2024

#### InvMetrics All Public DB Plans > \$1B Net Return Comparison Ending March 31, 2024



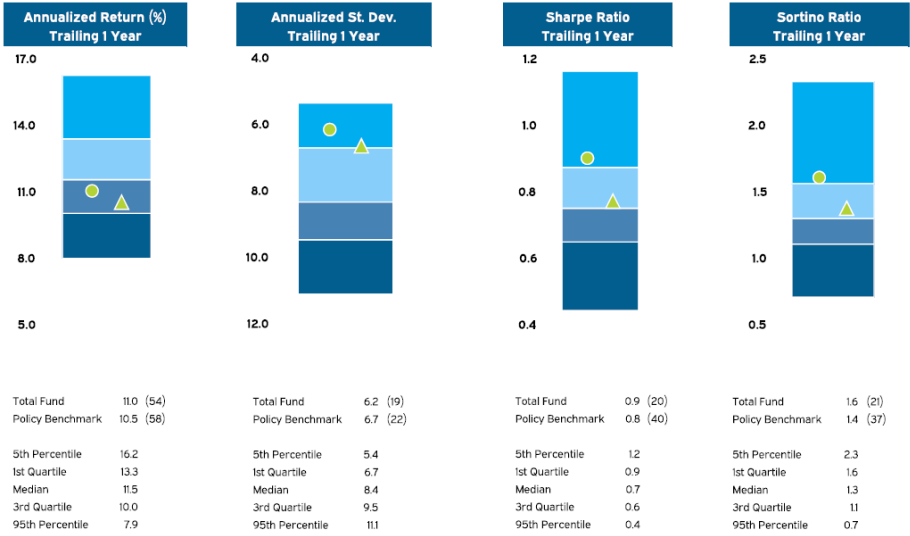
|                                  | QTD (%)  | 1 Yr (%)  | 3 Yrs (%) | 5 Yrs (%) | 10 Yrs (%) |
|----------------------------------|----------|-----------|-----------|-----------|------------|
| ● Total Fund                     | 3.5 (70) | 11.0 (54) | 5.4 (27)  | 8.1 (39)  | 6.0 (84)   |
| ▲ Policy Benchmark               | 2.9 (85) | 10.5 (58) | 5.1 (34)  | 7.6 (62)  | 6.0 (84)   |
| × Investable Benchmark Portfolio | 3.0 (83) | 10.5 (58) | 4.7 (49)  | 7.3 (69)  | 5.8 (100)  |
| 5th Percentile                   | 5.4      | 16.2      | 6.7       | 9.3       | 8.0        |
| 1st Quartile                     | 4.5      | 13.3      | 5.5       | 8.3       | 7.4        |
| Median                           | 3.7      | 11.5      | 4.6       | 7.7       | 6.8        |
| 3rd Quartile                     | 3.3      | 10.0      | 3.6       | 7.0       | 6.1        |
| 95th Percentile                  | 2.5      | 7.9       | 2.7       | 6.1       | 5.8        |
| Population                       | 91       | 49        | 43        | 41        | 36         |

Parentheses contain percentile rankings.  
Calculation based on monthly periodicity. Fiscal Year begins July 1.

# INVESTMENT METRICS

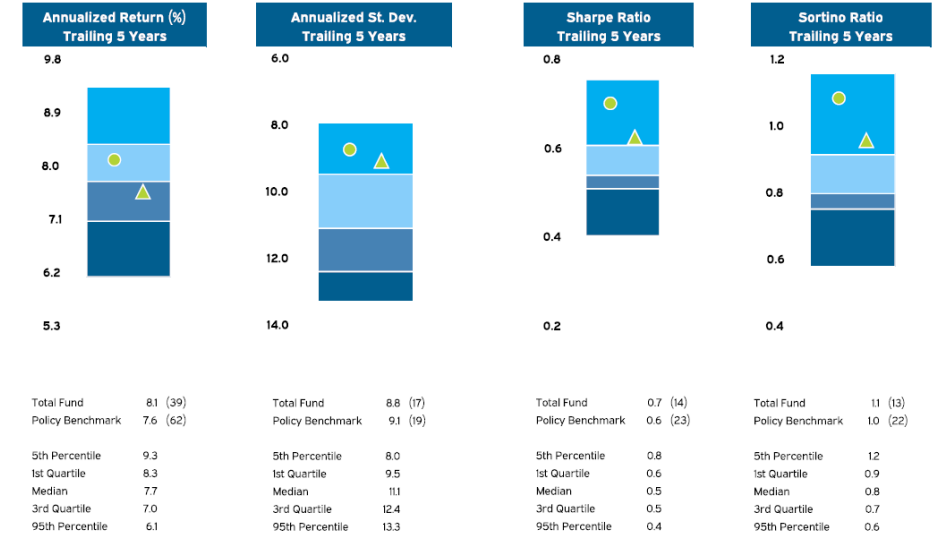
## Risk Adjusted Performance – 1 Year

Total Fund | One Year As of March 31, 2024



## Risk Adjusted Performance – 5 Years

Total Fund | Five Years As of March 31, 2024



## Attribution Effects – 3 Months

## Attribution Effects – 1 Year

## Attribution Effects – 3 Years

Total Fund  
Public Equity  
Private Markets  
High Yield Bonds  
Emerging Market Debt  
Immunized Cash Flows  
Market Neutral Strategies  
Cash  
Core Real Estate  
TIPS  
Investment Grade Bonds  
Long-Term Government Bonds  
Overlay

-0.4% -0.2% 0.0% 0.2% 0.4% 0.6%

■ Selection Effect  
■ Allocation Effect  
● Total Effects

-0.2% 0.0% 0.2% 0.4% 0.6%

■ Selection Effect  
■ Allocation Effect  
● Total Effects

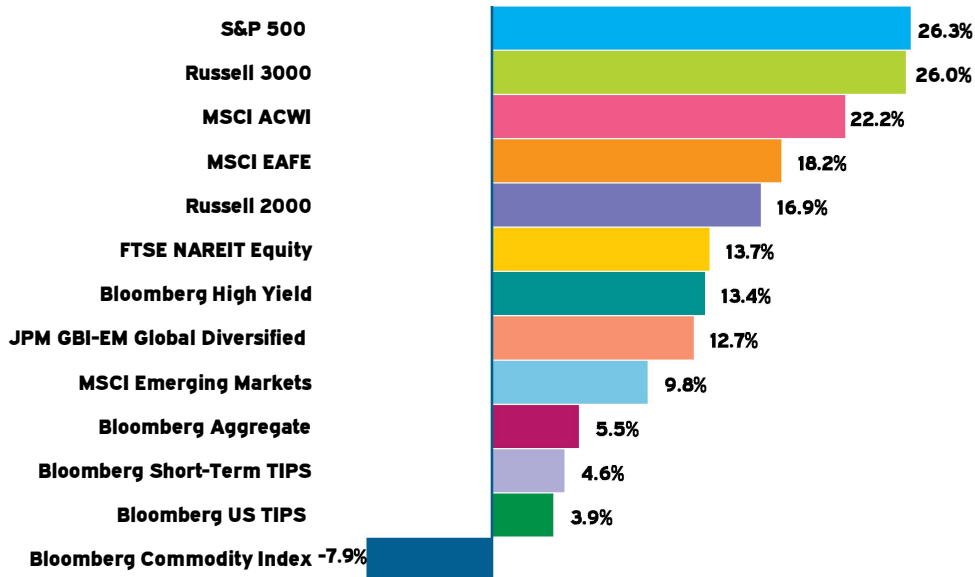
-0.3% 0.0% 0.3% 0.6%

■ Selection Effect  
■ Allocation Effect  
● Total Effects

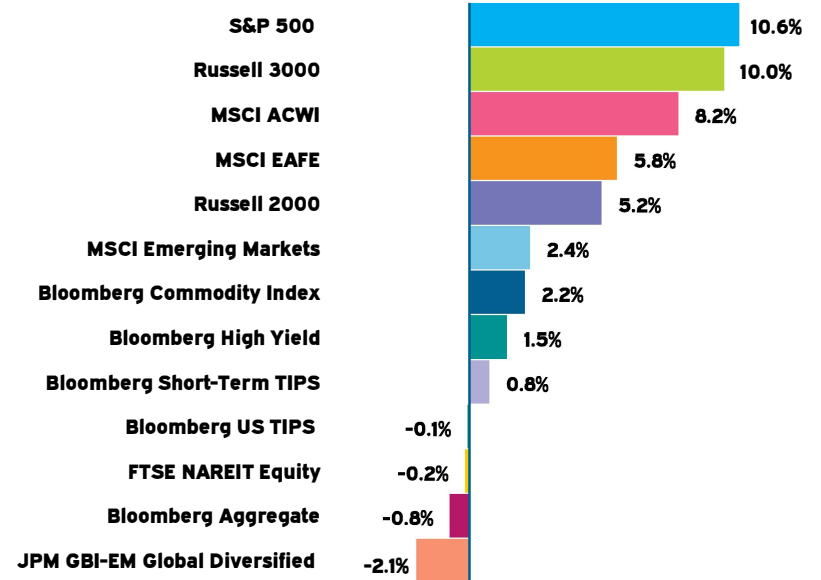
# CAPITAL MARKET OVERVIEW

## Index Returns<sup>1</sup>

2023



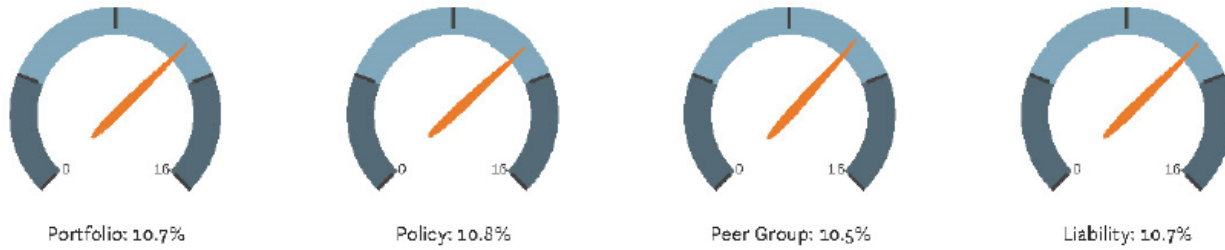
Q1 2024



- In the first quarter, global equity markets continued their strong performance from 2023 with the US leading the way.
- Resilient economic data weighed on bond markets domestically and dashed hopes of a near-term cut in interest rates.

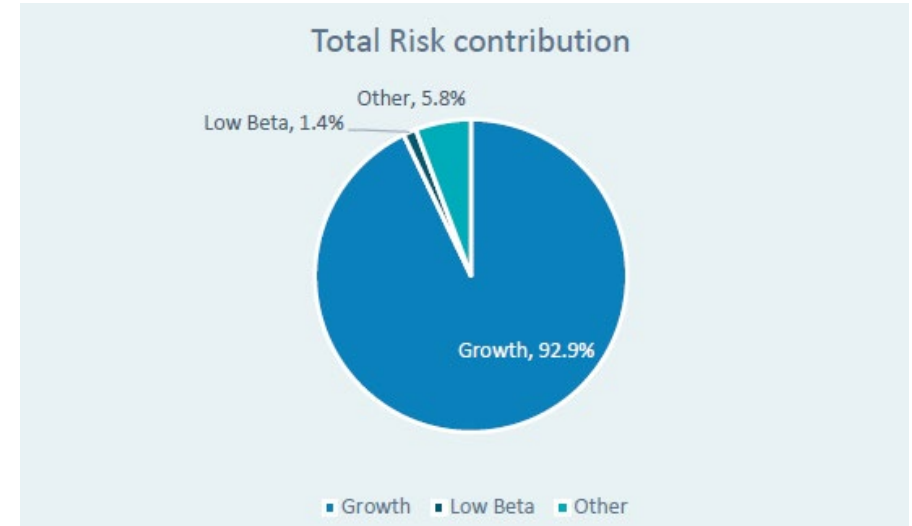
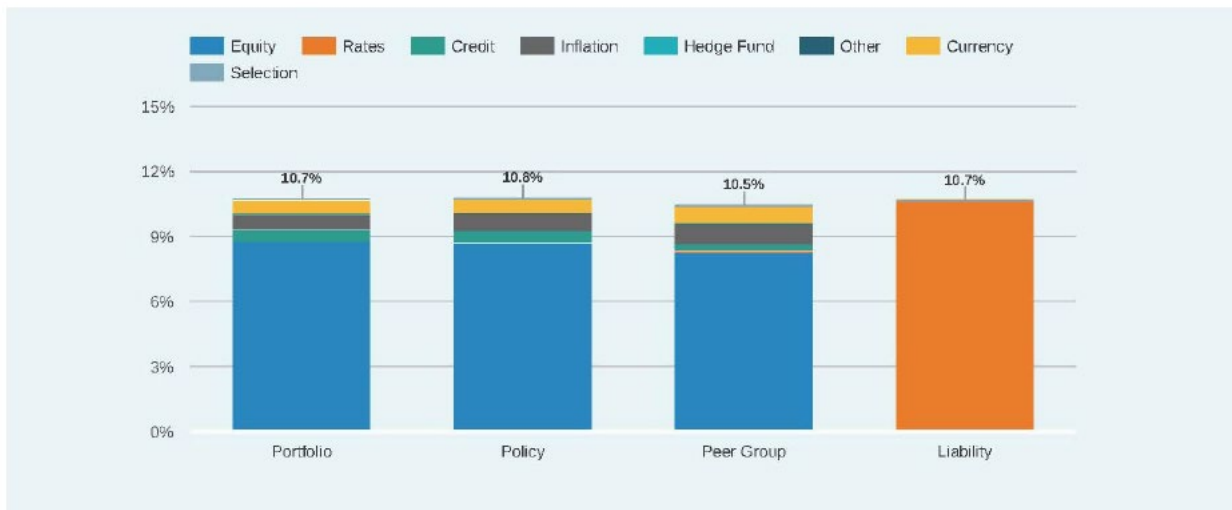
# RISK METRICS

## Portfolio Volatility



June 30, 2024

## Risk Factor Decomposition





# RISK METRICS

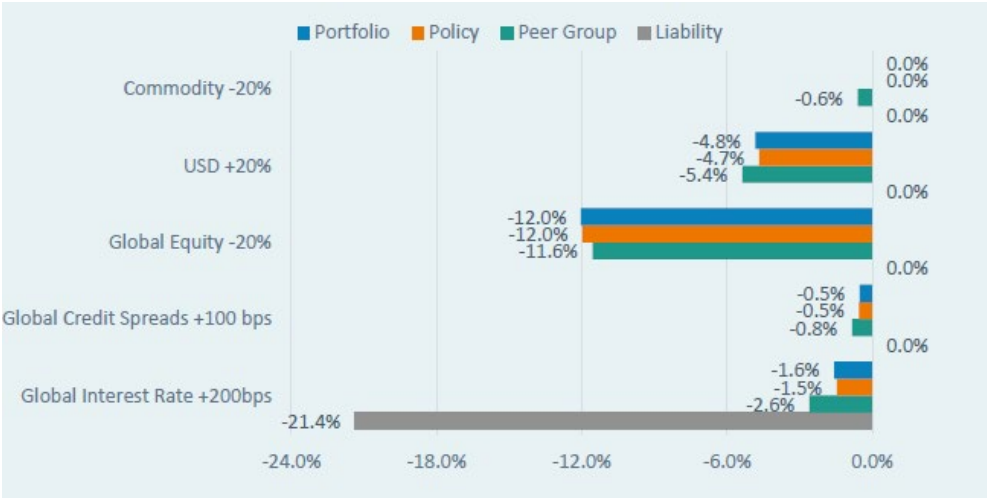
## Active Risk Factor Decomposition



June 30, 2024

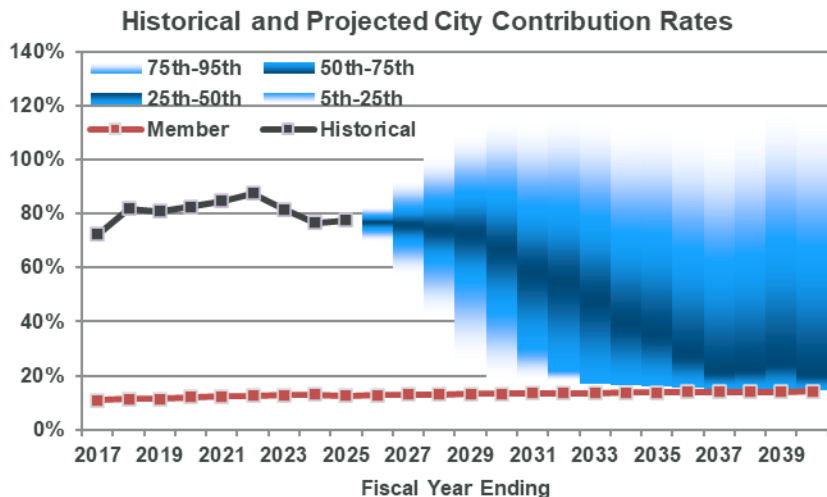
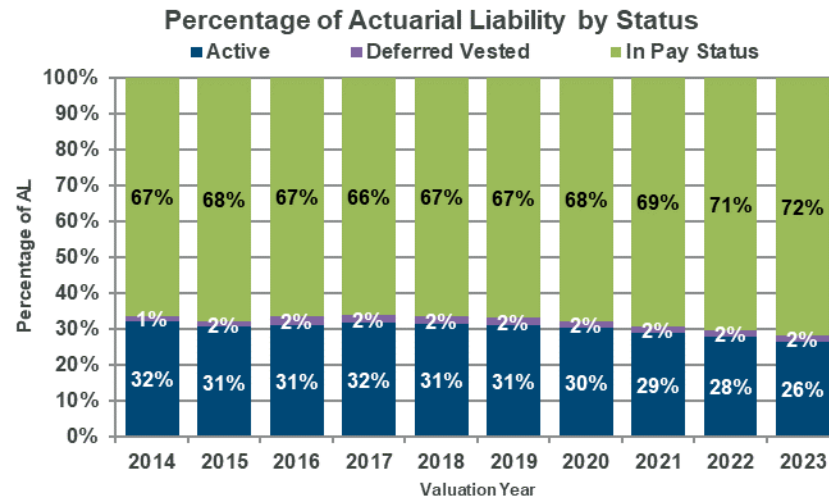
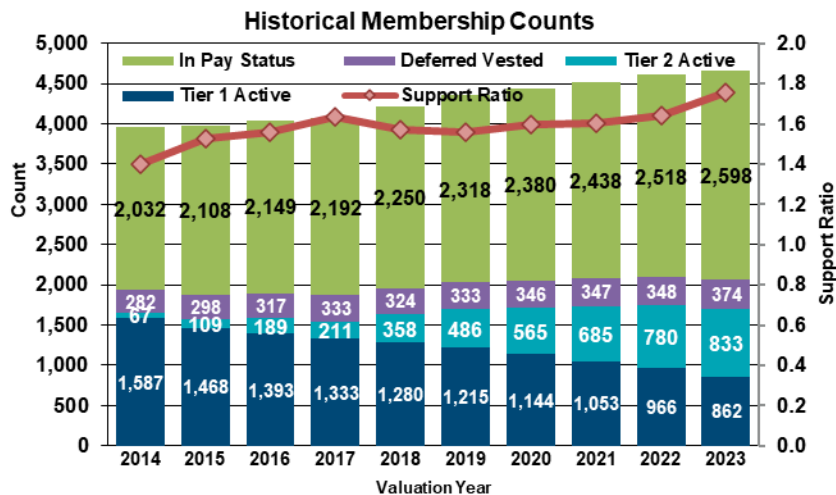


## Stress Test Scenarios



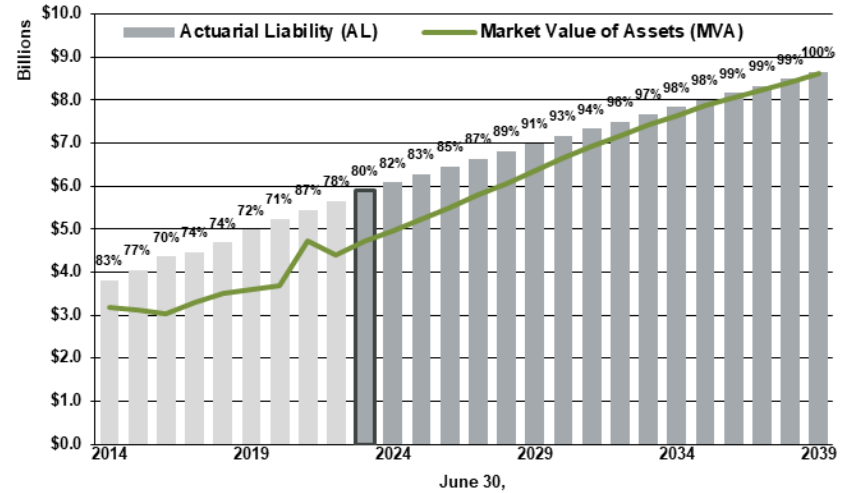
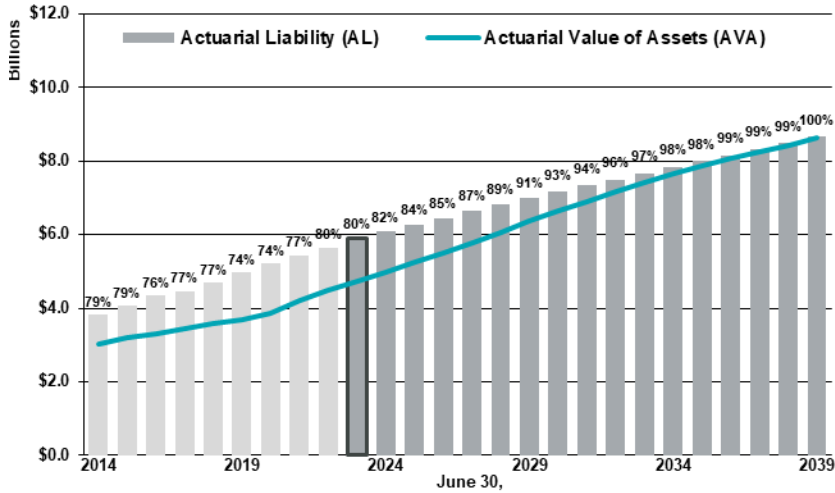
Source: Verus.

# Actuarial Metrics

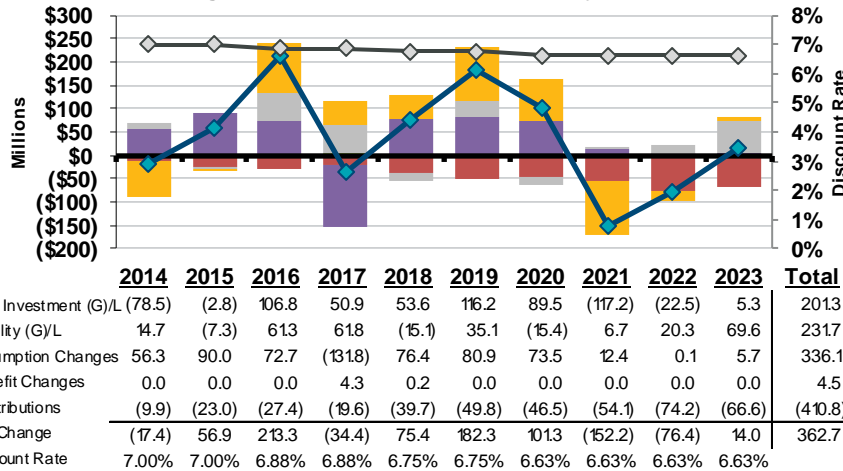


June 30, 2023 Valuation

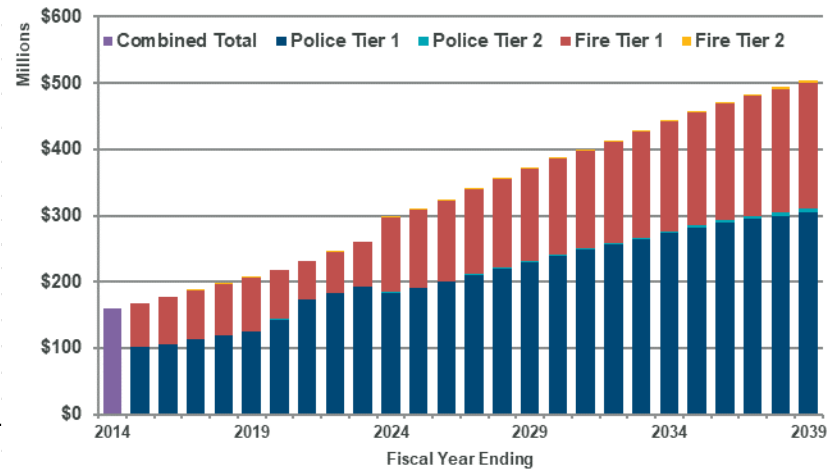
# Actuarial Metrics



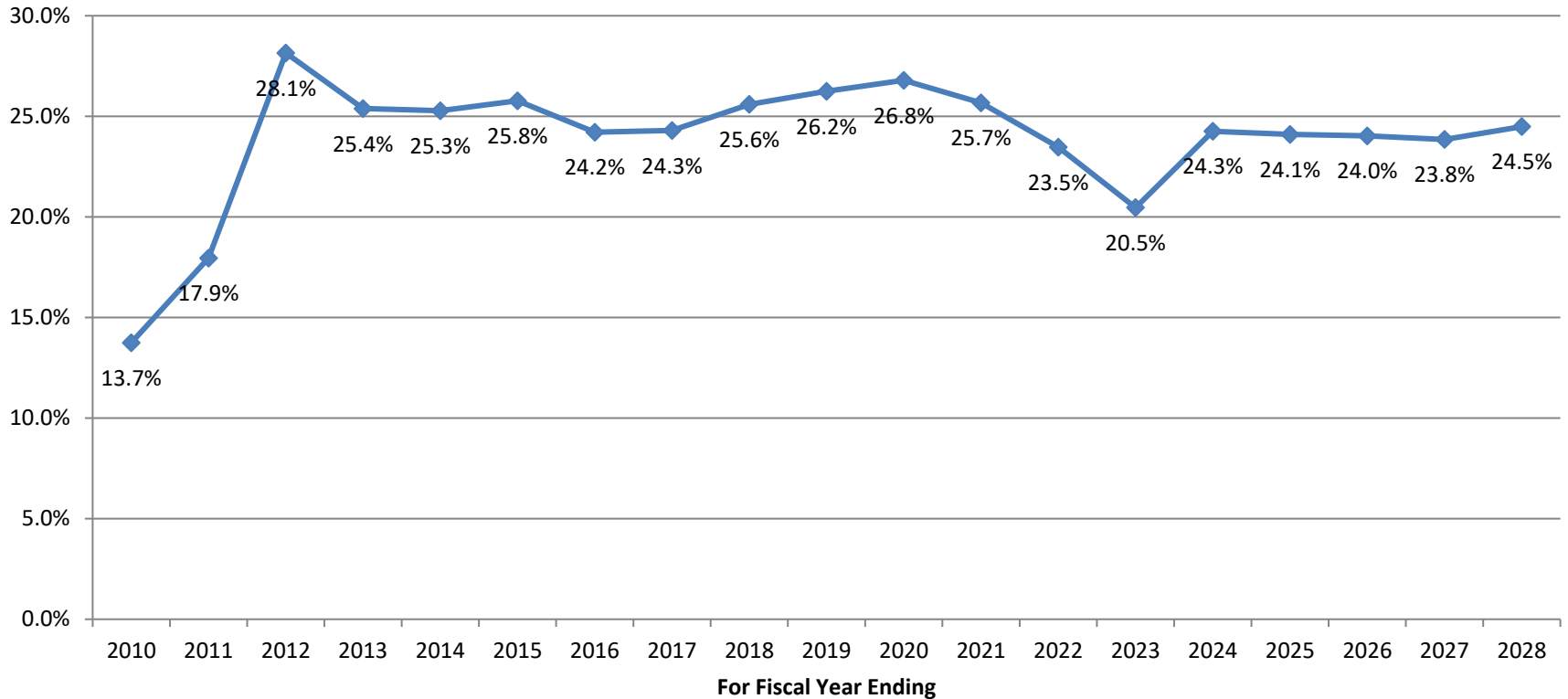
## Changes in Unfunded Actuarial Liability



## Historical and Projected Benefit Payments

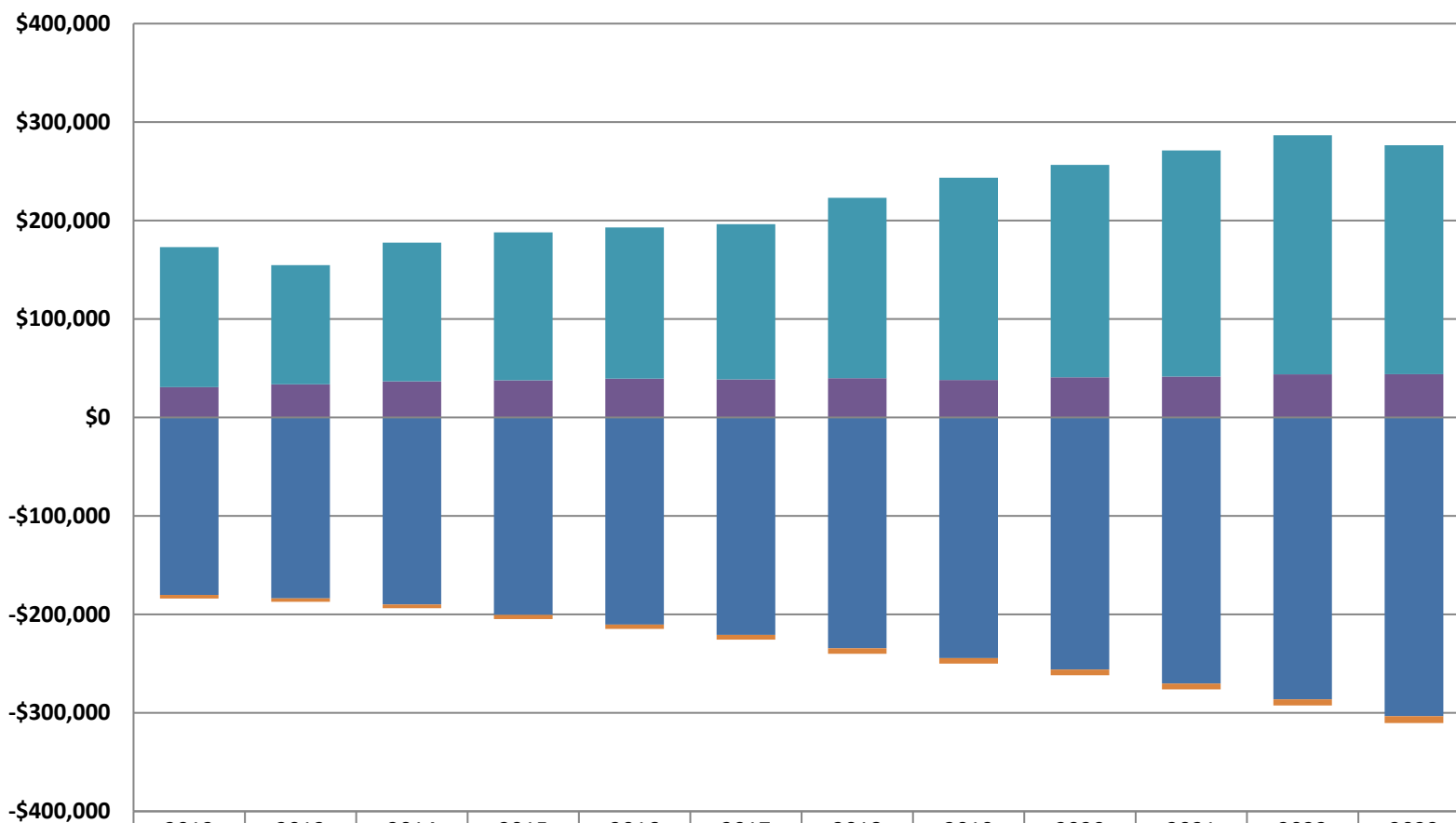


## Contributions as % of City Budget



*Contribution amounts represent the combined amounts for Federated and Police and Fire. Fiscal years 2024-2028 are the projected contributions and City budget based on the City's 5-Year Forecast and Revenue Projections (General Fund Forecast Expenditure Summary I-25)*

## Net Cash Flow / Total Additions and Deductions Before Investment Income/Expense (In Thousands)



|                         |           |           |           |           |           |           |           |           |           |           |           |           |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Administrative Expenses | (3,643)   | (3,501)   | (3,734)   | (4,314)   | (4,393)   | (4,817)   | (5,623)   | (5,495)   | (5,727)   | (5,874)   | (6,205)   | (6,934)   |
| Benefits                | (180,199) | (183,636) | (189,907) | (200,458) | (210,389) | (220,831) | (234,316) | (244,411) | (256,039) | (270,284) | (286,334) | (303,352) |
| Employer Contributions  | 142,214   | 121,042   | 140,850   | 150,189   | 153,545   | 157,624   | 183,094   | 205,362   | 215,831   | 229,767   | 242,809   | 232,513   |
| Employee Contributions  | 30,819    | 33,725    | 36,789    | 37,764    | 39,515    | 38,696    | 39,968    | 38,126    | 40,780    | 41,508    | 43,769    | 43,960    |

**POLICE AND FIRE RETIREMENT PLAN  
2024 DISABILITY RETIREMENT STATISTICS**

**DISABILITY RETIREMENT APPLICATION OVERVIEW BY QUARTER  
2024 (CALENDAR YEAR)**

| QUARTER (CY)  | BEGIN OF QTR. OUTSTANDING APPLICATIONS* | NEW APPLICATIONS RECEIVED** | APPROVED BY BOARD | DENIED BY BOARD | WITHDRAWN BY APPLICANT | DEFERRED BY APPLICANT (NEW) | END OF QTR. OUTSTANDING APPLICATIONS* | NET REDUCTION IN OUTSTANDING APPLICATIONS | TOTAL DEFERRED BY APPLICANT |
|---------------|---|-----------------------------|-------------------|-----------------|------------------------|-----------------------------|---------------------------------------|---|-----------------------------|
| 1 (Jan-Mar)   | 135                                     | 7                           | 15                | 0               | 2                      | 11                          | 114                                   | 21  | 25                          |
| 2 (Apr-June)  | 114                                     | 10                          | 17                | 0               | 3                      | 6                           | 98                                    | 16  | 27                          |
| 3 (July-Sept) |   |                             |                   |                 |                        |                             |                                       |   |                             |
| 4 (Oct-Dec)   |   |                             |                   |                 |                        |                             |                                       |   |                             |
| <b>TOTAL</b>  | ---                                     | 17                          | 32                | 0               | 5                      | 17                          | ---                                   | 37  | ---                         |

\*Not Including Deferred Applications

\*\*Includes deferred applications that have been reactivated by applicant

**DISABILITY RETIREMENT APPLICATION PROCESSING TIME BY APPLICANT  
2024 QUARTER 2 (CALENDAR YEAR)**

| Board Agenda                           | Dept   | Type of Retirement | Type of Disability Retirement | Applicant Status | Board Action | Name         | Total Days (App. To Board) |
|--|--------|--------------------|-------------------------------|------------------|--------------|--------------|----------------------------|
| April                                  | Police | Change of Status   | Service-Connected             | Service Retired  | Approved     | T. La Cap    | 2,016                      |
| April                                  | Fire   | Change of Status   | Service-Connected             | Service Retired  | Approved     | V. Polverino | 1,605                      |
| April                                  | Fire   | Change of Status   | Service-Connected             | Service Retired  | Approved     | J. Welch     | 1,646                      |
| May                                    | Fire   | SCDR               | Service-Connected             | Separated        | Approved     | S. Fey       | 1,060                      |
| May                                    | Fire   | SCDR               | Service-Connected             | Separated        | Approved     | C. Loessberg | 338                        |
| May                                    | Police | Change of Status   | Service-Connected             | Service Retired  | Approved     | M. Archer    | 1,508                      |
| May                                    | Fire   | Change of Status   | Service-Connected             | Service Retired  | Approved     | C. Endicott  | 1,918                      |
| May                                    | Fire   | Change of Status   | Service-Connected             | Service Retired  | Approved     | R. Gutierrez | 1,598                      |
| May                                    | Police | Change of Status   | Service-Connected             | Service Retired  | Approved     | R. Magdaleno | 1,484                      |
| May                                    | Fire   | Change of Status   | Service-Connected             | Service Retired  | Approved     | H. Morton    | 1,497                      |
| May                                    | Police | Change of Status   | Service-Connected             | Service Retired  | Approved     | R. Nieves    | 1,488                      |
| June                                   | Fire   | SCDR               | Service-Connected             | Active           | Approved     | N. Wilder    | 226                        |
| June                                   | Police | Change of Status   | Service-Connected             | Service Retired  | Approved     | P. Garcia    | 1,221                      |
| June                                   | Police | Change of Status   | Service-Connected             | Service Retired  | Approved     | L. Lim       | 1,451                      |
| June                                   | Fire   | Change of Status   | Service-Connected             | Service Retired  | Approved     | M. Lomeli    | 1,430                      |
| June                                   | Police | Change of Status   | Service-Connected             | Service Retired  | Approved     | T. Murray    | 1,275                      |
| June                                   | Fire   | Change of Status   | Service-Connected             | Service Retired  | Approved     | D. Wheeler   | 2,159                      |
| <b>Average Time to Process (Years)</b> |        |                    |                               |                  |              |              | <b>3.85</b>                |

# Appendix



- Investment Dashboard – Updated Quarterly
- Actuarial Dashboard – Updated Annually
- Accounting Dashboard – Updated Annually
- Benefits Dashboard – Updated Quarterly

