POLICE AND FIRE RETIREMENT PLAN / FEDERATED RETIREMENT PLAN
BOARD MEMBER TRAVEL / EDUCATIONAL EVALUATION

Report Date:	Aug 2026
Board Member Name:	Matthew Faulkner
Conference/Seminar:	Opal Pension Summit East
Location:	Rhode Island
Dates:	July 27-29

Travel Category:

- X Fiduciary responsibilities
- x Pension law
- x Real estate investing
- ☐ International Investing
- ☐ Actuarial Science
- xAsset Allocation
- x Equity and
- ☐ security investing
- Pension Plan
- Administration

See attached notes

Public Funds Summit East 2026 – Conference Takeaways

The 2026 Public Funds Summit East brought together public pension trustees, investment professionals, actuaries, attorneys, and other industry participants to cover a broad range of topics. Several themes were particularly relevant to our work as trustees.

Investment Risk, Portfolio Construction, and Market Environment

Several discussions focused on balancing risk and return across public equity and fixed income portfolios. One opinion point that stood out was that expected returns across capital markets may be lower than investors have become accustomed to, while periods of volatility may remain elevated, particularly around changes in Federal Reserve leadership and policy.

There was also discussion of the increasing concentration of major equity indices and the implications of passive investing. While passive strategies provide important benefits, including low costs and broad diversification, trustees should remain aware that capitalization-weighted indices can result in substantial exposure to a relatively small number of companies.

On fixed income, one takeaway was the importance of considering the role of bonds within the total portfolio rather than simply comparing their recent returns with equities. Fixed income can be particularly valuable when a pension plan has a relatively high funding level and greater emphasis can be placed on preserving funded status and managing downside risk. Something to note for the next decade.

Liquidity, Private Markets, and Risk Management

Liquidity management was a recurring theme. Public pension systems need to understand not only their strategic asset allocation, but also how portfolio liquidity behaves during stressed markets. This is particularly important as allocations to private markets investments increase.

The conference also reinforced the importance of diversification across strategies and investment structures. Commingled and private-market funds can provide valuable access and diversification, but they also introduce governance considerations related to transparency, liquidity, investor control, and manager oversight.

An important broader lesson was that investment decisions should be evaluated in the context of the entire portfolio rather than asset classes in isolation, which borderline TPA in theory…a hot topic in the pension space.

Governance and Fiduciary Responsibility

Several sessions emphasized that strong governance is itself an important component of investment performance and risk management. One framework discussed for effective board service was the **"Five Cs": clarity, competency, consistency, courage, and commitment.**

Another point that resonated with me was the importance of **curiosity** among board members. Trustees should be willing to ask questions, challenge assumptions, and understand the evidence supporting recommendations. At the same time, investment and governance decisions should ultimately be driven by evidence rather than emotion.

Fiduciary responsibility was also discussed in the context of securities litigation and portfolio monitoring. The broader takeaway was that fiduciary oversight extends beyond selecting investments; trustees should

understand the processes used to protect plan assets and ensure that available remedies are appropriately evaluated when portfolio companies or other parties cause losses to investors.

Pension Sustainability and Structural Challenges

A number of discussions focused on the long-term sustainability of public retirement systems. The experience of UK pension reforms provided an interesting comparison with U.S. systems and highlighted how political, demographic, and funding considerations can interact over long periods.

Healthcare costs were another significant concern. Rising healthcare expenses can create substantial liabilities for public employers and retirement systems, particularly where retiree healthcare benefits are involved. This reinforces the importance of understanding pension and healthcare obligations together when evaluating the long-term financial position of public entities.

Emerging Issues: AI, Cybersecurity, and Data Governance

Artificial intelligence and cybersecurity were recurring emerging-risk topics. One governance question raised was: **What is the board's fiduciary responsibility for understanding and overseeing the use of AI by staff, investment managers, and service providers?**

The discussion suggested that boards do not need to become technology experts, but they should understand how AI is being used, what controls are in place, and where potential operational, cybersecurity, privacy, or investment risks may arise.

Related discussions around data governance raised practical questions that pension systems should increasingly consider: What data do we possess? Who has access to it? What information is being collected by managers and third parties? How long is that information retained for? And are we collecting information that we do not actually need?

Defense and Public-Market Investment Opportunities

One session on U.S. defense and investment highlighted the changing nature of defense technology. Areas discussed included drones, autonomous systems, electronic warfare, cyber capabilities, and other emerging technologies. A notable investment theme was the potential shift from traditional defense contractors toward newer companies and technologies as defense priorities evolve.

Overall Takeaway

My primary takeaway from the conference was that effective pension governance increasingly requires trustees to think across several dimensions simultaneously: **return, risk, liquidity, governance, and fiduciary responsibility.** Strong long-term outcomes are not simply the result of selecting the highest return investments. They also depend on maintaining sufficient liquidity, understanding portfolio concentration and downside risks, establishing effective oversight processes, and making disciplined decisions based on evidence.

The conference provided useful comparisons with other public retirement systems and reinforced the value of continually evaluating our own practices against developments and lessons from across the public pension community.