

Discussion Materials

City of Allentown

Presented by

Pat Wing, CFA, CIPM
Managing Partner

Sam Frymier
Senior Client Analyst

Table of Contents

- I. Core Real Estate Partial Redemptions
- II. Cash-Flow Update

Core Real Estate Partial Redemptions

Partial redemptions

- Partial redemptions of \$7.3M and \$4.75M, respectively, for the Police and Fire were submitted to Morgan Stanley in Q4 2022
 - The Funds have received partial redemptions on a quarterly basis, totaling approximately, \$1.68M and \$1.06M, respectively (approximately 23% of the redemption requests)
- The remaining proceeds will be returned over a period of time
 - Can use for rebalancing, cash needs, or extending the bond ladder, as appropriate

Cash-Flow Update

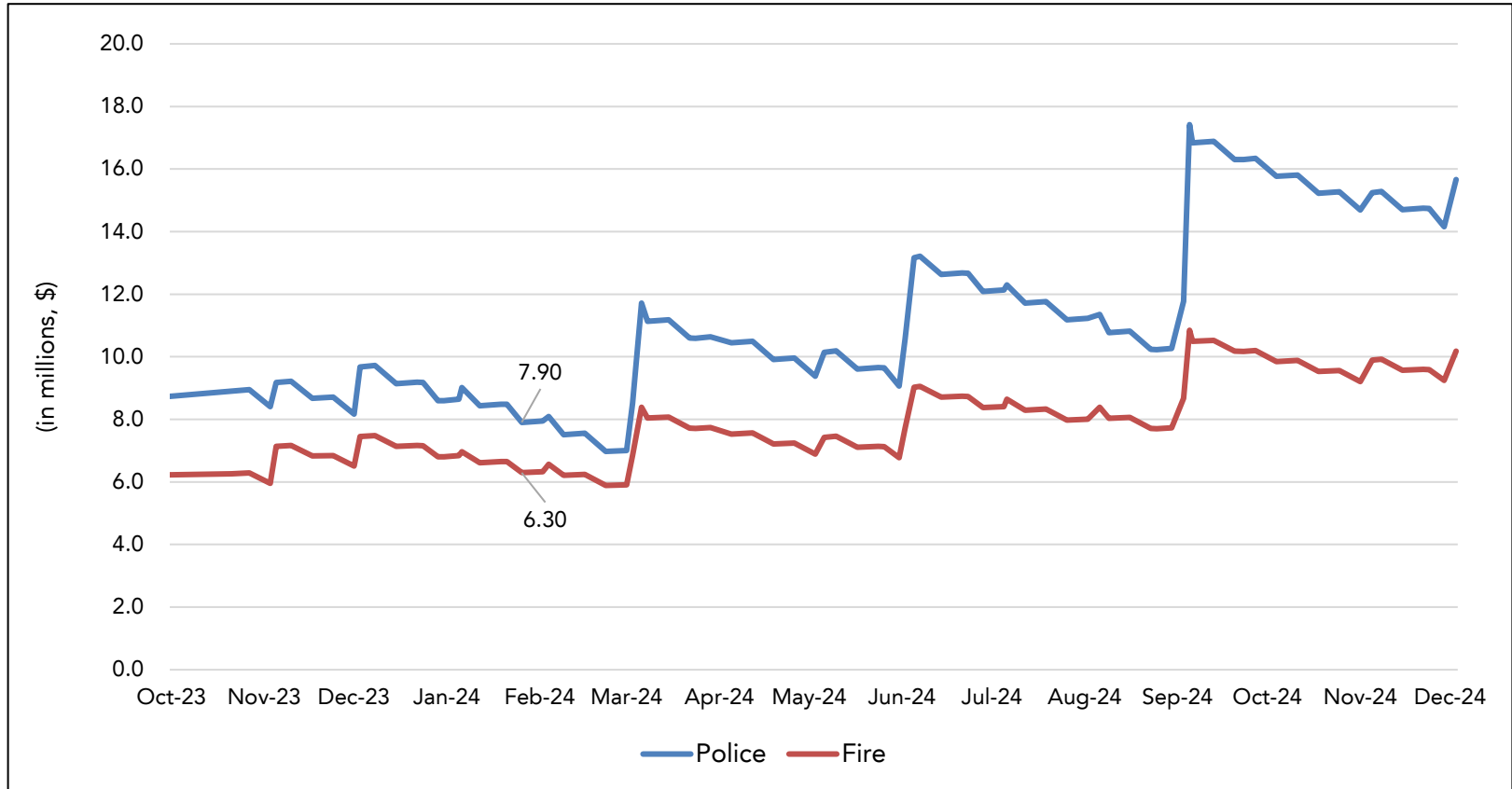
Cash flow projection assumptions*

- Bi-weekly withdrawals
 - Police: \$544,615 in 2023 and \$580,769 in 2024
 - Fire: \$340,769 in 2023 and \$350,385 in 2024
 - Officers & Employees: \$55,385 in 2023 and \$51,923 in 2024
- Bi-weekly contributions
 - Police: \$45,769 in 2023 and \$46,154 in 2024
 - Fire: \$28,462 in 2023 and \$30,000 in 2024
 - Officers & Employees: \$0 in 2023 and \$0 in 2024
- Projected MMO payments**:
 - Police: \$9.41M in 2024
 - Fire: \$3.00M in 2024
 - Officers & Employees: \$155,000 in 2024
- Bond maturities
- Real estate partial redemptions
- Real estate and ETF dividends
- Fees

*Employee contribution, benefit payment and MMO estimates provided by Cheiron and based on the 1/1/23 valuation reports.

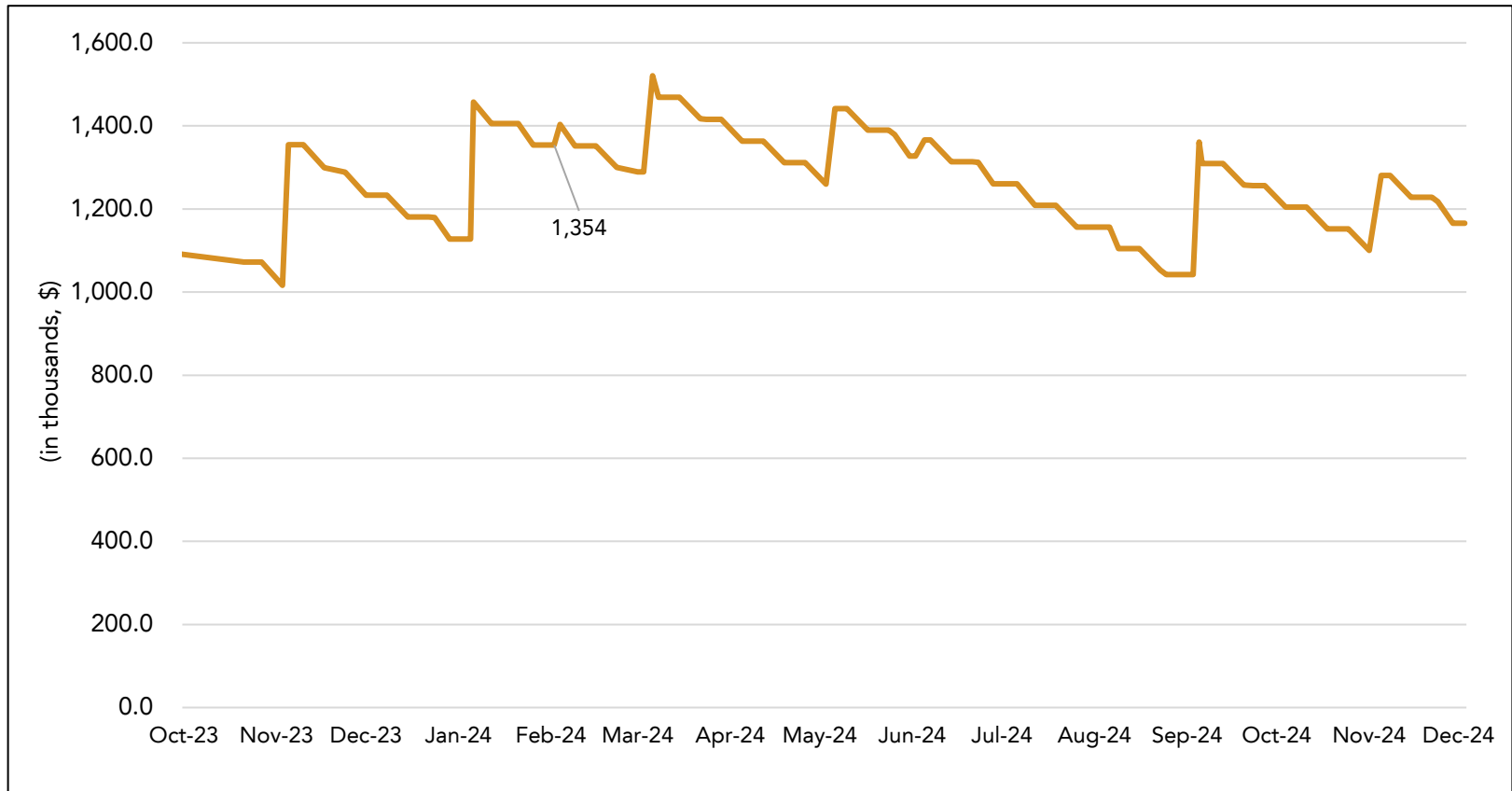
**Like past years, assumes deposits are made in April and July, while Q3 and Q4 MMOs are deposited together in October.

Police & Fire: cash projections*



*Assumes real estate redemptions are paid out evenly over next six quarters ending 12/31/24.

Officers & Employees: cash projections



Current yields

1. Money Market yield: 5.22%
2. Core fixed income current yield: 5.22%

Treasury Yield Curve

	6 Mo.	1 Yr.	2 Yr.	3 Yr.
05/11/23	5.14	4.70	3.89	3.56
08/10/23	5.52	5.33	4.82	4.47
11/16/23	5.38	5.23	4.83	4.59

Source: Refinitiv.

Police projections

Year	Benefit Payments	Expenses	Employee Contributions	MMO	Net Cash Flow	Bond Maturities & Excess Cash*
2024	15,100,000	130,000	1,200,000	9,410,000	(4,620,000)	4,862,000
2025	15,620,000	130,000	1,260,000	9,570,000	(4,920,000)	4,950,000
2026	16,080,000	140,000	1,310,000	10,580,000	(4,330,000)	3,515,000
2027	16,630,000	140,000	1,370,000	10,760,000	(4,640,000)	-
2028	17,350,000	150,000	1,430,000	13,340,000	(2,730,000)	-

*Excess cash defined as the projected upcoming trough in cash projections less \$1.5 million before the next meeting in February. Excess cash added to 2025 and 2026 maturities.

Police asset allocation

	TICKER	TOTAL ASSETS	ALLOCATIONS	REBALANCING	TOTAL ASSETS	ALLOCATIONS	TARGET
Police Pension Plan		211,031,344	100.0%	0	211,031,344	100.0%	100.0%
U.S. Equity							
Vanguard Equity Income Fund Admiral	VEIRX	12,431,022	5.9%	0	12,431,022	5.9%	6.0%
Vanguard Mid Cap Index	VMCIX	5,973,639	2.8%	0	5,973,639	2.8%	3.0%
Vanguard Total Stock Market Index	VITSX	60,279,283	28.6%	0	60,279,283	28.6%	41.0%
Vanguard Total Stock Market Index ETF	VTI	26,869,797	12.7%	0	26,869,797	12.7%	
Total U.S. Equity		105,553,740	50.0%	0	105,553,740	50.0%	50.0%
Global Equity							
Dodge & Cox Global	DODWX	8,384,660	4.0%	0	8,384,660	4.0%	4.0%
Total Global Equity		8,384,660	4.0%	0	8,384,660	4.0%	4.0%
Non-U.S. Equity							
American Funds Int'l Growth & Income	RIGGX	12,336,107	5.8%	0	12,336,107	5.8%	6.0%
MFS Int'l Intrinsic Value Equity	MINJX	12,260,175	5.8%	0	12,260,175	5.8%	6.0%
Total Non-U.S. Equity		24,596,283	11.7%	0	24,596,283	11.7%	12.0%
Real Estate							
Morgan Stanley PRIME Property Fund (as of 9/30)	-	22,728,605	10.8%	0	22,728,605	10.8%	10.0%
Total Real Estate		22,728,605	10.8%	0	22,728,605	10.8%	10.0%
U.S. Fixed Income							
Vanguard Total Bond Market Index Inst	VBTIX	27,348,154	13.0%	0	27,348,154	13.0%	14.0%
Baird Core Plus Bond Fund	BCOIX	5,973,360	2.8%	0	5,973,360	2.8%	3.0%
Sterling Capital - Short-Term Bonds	-	7,541,540	3.6%	0	7,541,540	3.6%	6.0%
Total U.S. Fixed Income		40,863,054	19.4%	0	40,863,054	19.4%	23.0%
Cash & Equivalents							
Federated Govt. Obligations MM Fund	GOIXX	8,905,003	4.2%	0	8,905,003	4.2%	1.0%
Total Cash & Equivalents		8,905,003	4.2%	0	8,905,003	4.2%	1.0%

Market Values as of November 16, 2023.

	Pre-Rebalancing Allocations				Post-Rebalancing Allocations		
	Portfolio	Target	Difference		Portfolio	Target	Difference
U.S. Equity	52.20%	52.0%	0.20%	U.S. Equity	52.20%	52.0%	0.20%
Non-U.S. Equity	13.44%	14.0%	-0.56%	Non-U.S. Equity	13.44%	14.0%	-0.56%
Real Estate	10.77%	10.0%	0.77%	Real Estate	10.77%	10.0%	0.77%
Fixed Income	19.36%	23.0%	-3.64%	Fixed Income	19.36%	23.0%	-3.64%
Cash	4.22%	1.0%	3.22%	Cash	4.22%	1.0%	3.22%
Total	100.00%	100.0%	-	Total	100.00%	100.0%	-

Fire projections

Year	Benefit Payments	Expenses	Employee Contributions	MMO	Net Cash Flow	Bond Maturities & Excess Cash*
2024	9,110,000	90,000	780,000	3,000,000	(5,420,000)	4,812,000
2025	9,330,000	90,000	810,000	3,070,000	(5,540,000)	5,550,000
2026	9,630,000	90,000	850,000	3,340,000	(5,530,000)	785,000
2027	9,960,000	100,000	890,000	3,420,000	(5,750,000)	-
2028	10,200,000	100,000	930,000	4,710,000	(4,660,000)	-

*Excess cash defined as the projected upcoming trough in cash projections less \$1.5 million before the next meeting in February. Excess cash added to 2025 and 2026 maturities.

Fire asset allocation

	TICKER	TOTAL ASSETS	ALLOCATIONS	REBALANCING	TOTAL ASSETS	ALLOCATIONS	TARGET
Firemen Pension Plan		129,069,144	100.0%	0	129,069,144	100.0%	100.0%
U.S. Equity							
Vanguard Equity Income Fund Admiral	VEIRX	7,806,875	6.0%	0	7,806,875	6.0%	6.0%
Vanguard Mid Cap Index	VMCIX	3,790,502	2.9%	0	3,790,502	2.9%	3.0%
Vanguard Total Stock Market Index	VITSX	37,426,169	29.0%	0	37,426,169	29.0%	41.0%
Vanguard Total Stock Market Index ETF	VTI	16,050,974	12.4%	0	16,050,974	12.4%	
Total U.S. Equity		65,074,519	50.4%	0	65,074,519	50.4%	50.0%
Global Equity							
Dodge & Cox Global	DODWX	5,211,979	4.0%	0	5,211,979	4.0%	4.0%
Total Global Equity		5,211,979	4.0%	0	5,211,979	4.0%	4.0%
Non-U.S. Equity							
American Funds Int'l Growth & Income	RIGGX	7,526,460	5.8%	0	7,526,460	5.8%	6.0%
MFS Int'l Intrinsic Value Equity	MINJX	7,455,781	5.8%	0	7,455,781	5.8%	6.0%
Total Non-U.S. Equity		14,982,240	11.6%	0	14,982,240	11.6%	12.0%
Real Estate							
Morgan Stanley PRIME Property Fund (as of 9/30)	-	14,284,228	11.1%	0	14,284,228	11.1%	10.0%
Total Real Estate		14,284,228	11.1%	0	14,284,228	11.1%	10.0%
U.S. Fixed Income							
Vanguard Total Bond Market Index Inst	VBPIX	12,111,347	9.4%	0	12,111,347	9.4%	9.0%
Baird Core Plus Bond Fund	BCOIX	3,738,881	2.9%	0	3,738,881	2.9%	3.0%
Sterling Capital - Short-Term Bonds	-	7,403,645	5.7%	0	7,403,645	5.7%	11.0%
Total U.S. Fixed Income		23,253,873	18.0%	0	23,253,873	18.0%	23.0%
Cash & Equivalents							
Federated Govt. Obligations MM Fund	GOIXX	6,262,304	4.9%	0	6,262,304	4.9%	1.0%
Total Cash & Equivalents		6,262,304	4.9%	0	6,262,304	4.9%	1.0%

Market Values as of November 16, 2023.

	Pre-Rebalancing Allocations				Post-Rebalancing Allocations		
	Portfolio	Target	Difference		Portfolio	Target	Difference
U.S. Equity	52.64%	52.0%	0.64%	U.S. Equity	52.64%	52.0%	0.64%
Non-U.S. Equity	13.43%	14.0%	-0.57%	Non-U.S. Equity	13.43%	14.0%	-0.57%
Real Estate	11.07%	10.0%	1.07%	Real Estate	11.07%	10.0%	1.07%
Fixed Income	18.02%	23.0%	-4.98%	Fixed Income	18.02%	23.0%	-4.98%
Cash	4.85%	1.0%	3.85%	Cash	4.85%	1.0%	3.85%
Total	100.00%	100.0%	-	Total	100.00%	100.0%	-

O&E Projections

Year	Benefit Payments	Expenses	Employee Contributions	MMO	Net Cash Flow	Bond Maturities & Excess Cash*
2024	1,350,000	10,000	0	155,000	(1,205,000)	1,232,000
2025	1,240,000	10,000	0	155,000	(1,095,000)	1,106,000
2026	1,130,000	10,000	0	160,000	(980,000)	985,000
2027	1,020,000	10,000	0	160,000	(870,000)	279,000
2028	920,000	10,000	0	210,000	(720,000)	-

*Excess cash defined as the projected upcoming trough in cash projections less \$200K. Excess cash added to 2026 and 2027 maturities.

O&E asset allocation

	<u>TICKER</u>	<u>TOTAL ASSETS</u>	<u>ALLOCATIONS</u>	<u>REBALANCING</u>	<u>TOTAL ASSETS</u>	<u>ALLOCATIONS</u>	<u>TARGET</u>
Officers & Employee Pension Plan		7,120,486	100.0%	0	7,120,486	100.0%	100.0%
U.S. Equity							
Vanguard Equity Income Fund Admiral	VEIRX	283,326	4.0%	0	283,326	4.0%	4.0%
Vanguard Mid Cap Index	VMCIX	141,170	2.0%	0	141,170	2.0%	2.0%
Vanguard Total Stock Market Index	VITSX	2,015,619	28.3%	0	2,015,619	28.3%	27.5%
Total U.S. Equity		2,440,114	34.3%	0	2,440,114	34.3%	33.5%
Global Equity							
Dodge & Cox Global	DODWX	209,941	2.9%	0	209,941	2.9%	3.0%
Total Global Equity		209,941	2.9%	0	209,941	2.9%	3.0%
Non-U.S. Equity							
American Funds Int'l Growth & Income	RIGGX	347,838	4.9%	0	347,838	4.9%	5.0%
MFS Int'l Intrinsic Value Equity	MINJX	329,986	4.6%	0	329,986	4.6%	4.5%
Total Non-U.S. Equity		677,824	9.5%	0	677,824	9.5%	9.5%
U.S. Fixed Income							
Sterling Capital - Short-Term Bonds	-	2,720,563	38.2%	0	2,720,563	38.2%	52.0%
Total U.S. Fixed Income		2,720,563	38.2%	0	2,720,563	38.2%	52.0%
Cash & Equivalents							
Federated Govt. Obligations MM Fund	GOIXX	1,072,043	15.1%	0	1,072,043	15.1%	2.0%
Total Cash & Equivalents		1,072,043	15.1%	0	1,072,043	15.1%	2.0%

Market Values as of November 16, 2023.

	Pre-Rebalancing Allocations				Post-Rebalancing Allocations		
	Portfolio	Target	Difference		Portfolio	Target	Difference
U.S. Equity	35.89%	35.0%	0.89%	U.S. Equity	35.89%	35.0%	0.89%
Non-U.S. Equity	10.85%	11.0%	-0.15%	Non-U.S. Equity	10.85%	11.0%	-0.15%
Fixed Income	38.21%	52.0%	-13.79%	Fixed Income	38.21%	52.0%	-13.79%
Cash	15.06%	2.0%	13.06%	Cash	15.06%	2.0%	13.06%
Total	100.00%	100.0%	-	Total	100.00%	100.0%	-



PREPARED BY MARQUETTE ASSOCIATES

180 North LaSalle St, Ste 3500, Chicago, Illinois 60601 PHONE 312-527-5500

CHICAGO BALTIMORE MILWAUKEE PHILADELPHIA ST. LOUIS WEB MarquetteAssociates.com

CONFIDENTIALITY NOTICE: This communication, including attachments, is for the exclusive use of the addressee and contains proprietary, confidential and/or privileged information; any use, copying, disclosure, dissemination or distribution is strictly prohibited. Marquette Associates, Inc. retains all proprietary rights they may have in the information.

Marquette Associates, Inc. ("Marquette") has prepared this document for the exclusive use by the client or third party for which it was prepared. The information herein was obtained from various sources, including but not limited to third party investment managers, the client's custodian(s) accounting statements, commercially available databases, and other economic and financial market data sources.

The sources of information used in this document are believed to be reliable. Marquette has not independently verified all of the information in this document and its accuracy cannot be guaranteed. Marquette accepts no liability for any direct or consequential losses arising from its use. The information provided herein is as of the date appearing in this material only and is subject to change without prior notice. Thus, all such information is subject to independent verification, and we urge clients to compare the information set forth in this statement with the statements you receive directly from the custodian in order to ensure accuracy of all account information. Past performance does not guarantee future results and investing involves risk of loss. No graph, chart, or formula can, in and of itself, be used to determine which securities or investments to buy or sell.

Forward-looking statements, including without limitation any statement or prediction about a future event contained in this presentation, are based on a variety of estimates and assumptions by Marquette, including, but not limited to, estimates of future operating results, the value of assets and market conditions. These estimates and assumptions, including the risk assessments and projections referenced, are inherently uncertain and are subject to numerous business, industry, market, regulatory, geopolitical, competitive, and financial risks that are outside of Marquette's control. There can be no assurance that the assumptions made in connection with any forward-looking statement will prove accurate, and actual results may differ materially. Indices have been selected for comparison purposes only. Client account holdings may differ significantly from the securities in the indices and the volatility of the index may be materially different from client account performance. You cannot invest directly in an index.

The inclusion of any forward-looking statement herein should not be regarded as an indication that Marquette considers forward-looking statements to be a reliable prediction of future events. The views contained herein are those of Marquette and should not be taken as financial advice or a recommendation to buy or sell any security. Any forecasts, figures, opinions, or investment techniques and strategies described are intended for informational purposes only. They are based on certain assumptions and current market conditions, and although accurate at the time of writing, are subject to change without prior notice. Opinions, estimates, projections, and comments on financial market trends constitute our judgment and are subject to change without notice. Marquette expressly disclaims all liability in respect to actions taken based on any or all of the information included or referenced in this document. The information is being provided based on the understanding that each recipient has sufficient knowledge and experience to evaluate the merits and risks of investing.

This presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any interest in any investment vehicle, and should not be relied on as such. Targets, ranges and expectations set forth in this presentation are approximations; actual results may differ.

ABOUT MARQUETTE ASSOCIATES

Marquette was founded in 1986 with the sole objective of providing investment consulting at the highest caliber of service. Our expertise is grounded in our commitment to client service — our team aims to be a trusted partner and as fiduciaries, our clients' interests and objectives are at the center of everything we do. Our approach brings together the real-world experience of our people and our dedication to creativity and critical thinking in order to empower our clients to meet their goals. Marquette is an independent investment adviser registered under the Investment Advisers Act of 1940, as amended. Registration does not imply a certain level of skill or training. More information about Marquette including our investment strategies, fees and objectives can be found in our ADV Part 2, which is available upon request and on our website. For more information, please visit www.MarquetteAssociates.com.