Fire & Police Pension Association
Budget Committee Meeting Agenda

Meeting Date, Time, and Location

Thursday, November 19, 2026, at 9:00 a.m.
7979 East Tufts Avenue, Suite 900
Denver, CO 80237

Time	Topic / Speaker
9:00 a.m.	**Call to Order**
9:00 a.m.	**Consent Calendar** a. Approval of November 18, 2025, meeting minutes
9:05 a.m.	**Budget Process.** *Adam Franklin*
9:20 a.m.	**Proposed 2027 Budget Highlights.** *Executive Team*
9:55 a.m.	**Break**
10:10 a.m.	**Proposed 2027 Budget.** *Ahni Smith*
10:35 a.m.	**Salaries and Benefits.** *Elaine Gorton*
10:45 a.m.	**Draft Board Presentation of the Proposed 2027 Budget.** *Ahni Smith*
11:00 a.m.	**Adjournment**

Fire & Police Pension Association
Budget Committee
Meeting Minutes

Meeting Date, Time, and Location
November 18, 2025, at 9:00 a.m.
7979 East Tufts Avenue, Suite 900
Denver, CO 80237

Budget Committee Members Present
Chair Joan Brown, William Clayton, and John Hoehler.

Staff Members Present
Adam Franklin, Ahni Smith, Chip Weule, Elaine Gorton, Scott Simon, Teresa Dupree, Hannah Kent, and Andrea Koelzer.

Notice of this meeting and a copy of the agenda were posted on the FPPA website and at 7979 East Tufts Avenue, at least twenty-four hours prior to the meeting.

Call to Order
At 9:01 a.m., Chair Brown called the meeting to order.

Consent Calendar
At 9:01 a.m., Mr. Clayton moved the Committee to approve the minutes of the November 14, 2024, Budget Committee meeting. Mr. Hoehler seconded the motion. The motion passed.

Budget Process
At 9:02 a.m., Ms. Smith presented the budget philosophy and process for 2026.

Proposed 2026 Budget
At 9:11 a.m., Ms. Smith presented the proposed 2026 Budget to the committee, highlighting changes between 2025 spending and anticipated expenses for 2026.

At 10:25 a.m., Chair Brown called for a break.

At 10:33 a.m., the meeting reconvened.

Salaries and Benefits
At 10:33 a.m., Ms. Gorton presented 2026 Salaries and Benefits to the committee, setting forth anticipated changes in benefits for FPPA staff including, but not limited to, increased insurance premiums and market adjustments.

Draft Board Presentation of the Proposed 2026 Budget
At 10:54 a.m., Ms. Smith presented the draft proposed 2026 budget presentation prepared for the December 11, 2025, Board meeting for consideration and response.

At 10:58 a.m., Mr. Hoehler moved the Budget Committee to pass the budget on to the Board, with a recommendation for approval. Mr. Clayton seconded the motion. The motion passed.

DRAFT

Adjournment

At 10:58 a.m., the meeting adjourned.

DRAFT

FPPA

Fire & Police Pension Association
Budget Committee

Memorandum

To:
Budget Committee

From:
Adam Franklin, Deputy Executive Director

Regarding:
Budget Philosophy and Process

Date:
November 19, 2026

Budget Philosophy

The budget philosophy at FPPA is to provide the most accurate budget possible for the coming year, with no margin built in for unexpected costs. Line items are decreased if needed expenditures are expected to be less than in the prior year's budget. Nor does staff strive to spend the budgeted amount to preserve future budgets — the amount that's spent is what is necessary to be spent to fulfill the mission of the organization and the Board's strategic plan. In so doing, the board and staff have understood that this approach to developing a budget may occasionally lead to years when the expenses for a line item exceed the amount budgeted.[1] Correspondingly, staff does not generally move allocations between budgeted line items or seek budget amendments as a matter of regular practice. Of course, staff is always mindful of its fiduciary duties in spending trust money and strives always to keep expenditures within the board approved budget. Where there is an unexpected large expenditure, staff will bring a proposed amended budget back to the budget committee for consideration.

Budget process

A draft budget is presented to the budget committee at a meeting to take place in early to mid-November. A budget is presented to the board for action at its December meeting, based on the recommendation of the Budget Committee.

Other matters

In this year's budget presentation we provide information regarding salaries and benefits which combines those expenditures include in the operations budget and those expenditures that are attributable to an asset-based fees (ABF) allocation. While we will still count those ABF expenditures in calculating ABF, we believe it will be easier to track and understand salaries and benefits in a combined format. We welcome any comments or discussion on this change.

[1] Note that FPPA is generally exempt from the budgetary laws applicable to local governments.

Certain parameters are not defined when preparing FPPA's budget. FPPA, as an entity unto itself, does not have any revenue. FPPA is the trustee for various pension and other funds which do have revenue. The sources of this revenue are set forth in the statistical section of FPPA's Annual Comprehensive Financial Report.[2] Revenue for FPPA has five components. Those components and their amounts in 2025 were:

Component	**Amounts**
Investment earnings	$1,081,139,484
State funding	$5,051,920
Employer contributions	$205,872,361
Member contributions	$294,032,772
Affiliations	$2,306,007
Total	**$1,588,402,544**

Nevertheless, expenditures by the organization are not measured by revenue.[3] The board is authorized to pay the expenses of the association from the trust assets under its control.[4] The limit on expenditures by the association for the investment and operational costs of administering its plans is contained within the board's fiduciary responsibilities — the "fiduciary standard". Specifically, the board is governed by the Colorado Uniform Prudent Investor Act. With regard to expenses, that act states:

> "In investing and managing trust assets, a trustee may only incur costs that are appropriate and reasonable in relation to the assets, the purposes of the trust, and the skills of the trustee."[5]

2027 continues the 5-year strategic plan for FPPA. The organization is focused on "diligently innovating together" within FPPA's plan in several key areas: artificial intelligence, modernization of the pension administration system, COLA Task Force and policy review, IT project implementations, implementation of the recent changes and proposed legislation related to the Statewide Death & Disability Plan, and continued progress on the standard operating objectives to serve our members and employers. The 2027 proposed budget is reflective of continued work on the strategic plan and these objectives.

Staff believes that the proposed 2027 budget is appropriate and reasonable, is prudent, and meets the fiduciary standard set forth by state statute. Staff recommends approval of the proposed 2027 budget at the December board meeting.

[2] Annual Comprehensive Financial Report for the fiscal year ended December 31, 2025, p. 181.
[3] If the budget were measured against revenue, the proposed 2027 operating budget, asset-based fees budget, and capital budget, combined, are 6.2% of 2025 revenues.
[4] C.R.S. §31-31-202(1)(h); C.R.S. §31-31-302(3).
[5] C.R.S. §15-1.1-107.

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Proposed 2027 Budget Highlights

Asset Based Fees

Investment Management Fees (largest budget component)

- 2026 estimated fees of $64.4 million, is $8.7 million over budgeted amount
  - Reflecting continued strong market performance
  - Fees are appropriate for our asset allocation (see separate analysis)
  - Fees as a percentage of assets remains consistent at 72 bps
  - 2027 estimated fees assumes growth at our assumed rate of return

Legal Fees and Closing Costs continue to reflect deal activity

Budgeted travel costs increasing from $140k to $180k

- Appropriate and prudent to conduct rigorous investment due diligence and ongoing manager oversight

New Position: Investment Analyst - Operations

Investment Systems Modernization

FPPA is evaluating opportunities to modernize the Investment Department's operating model, data architecture, governance, reporting and use of automation and artificial intelligence. The objective of this engagement is to:

- Assess the current investment operating model, data environment, and supporting processes;
- Identify material gaps, operational risks, duplication, and manual effort;
- Define a practical target state that reflects FPPA's scale, staffing model, investment complexity, existing technology commitments, and future growth in assets under management and complexity;
- Prioritize opportunities based on business value, implementation effort, risk, and data readiness;
- Develop an actionable, phased roadmap with preliminary resource and budget estimates.

Proposed budget includes fees for a specialty asset management technology consultant. Estimated fees of $110k for an initial phase assessment.

FPPA

Culture and People

Operating Objective - Organizational Health & Employee Engagement

Continue to strive to be a Great Place to Work

- Teaminars 2027
- Staff wellbeing
- Workplace community and belonging
- Buildout ADP Workforce Now platform
- Pulse surveys

Manager Training Focus

- Wisdom Empowers Manager Edition Training Sessions Monthly
- Leadership development for aspiring team leaders

FPPA

Breakout of New Positions by Division and Strategic Initiative

At FPPA we recognize that our employees are our most important asset in fulfilling our mission and working toward our strategic and defining objectives daily.

Defining Objective & Division	# of New Positions
People: Succession and Retention Planning	**3**
Operations - Controller	1
Investments – Investment Analyst	1
Legal – Benefits Counsel	1
IT – PAS, Security, Data Cleanup	**3**
IT Ops – DBA, Helpdesk Technician	2
IT Development – Business Analyst	1
Relationships, Communications and COLA Analysis	**2**
CAPS Team – Engagement Coordinator	1
Administration – Public Affairs Officer	1

Defining and Strategic Objectives Supported by new FTE

People: Board and Staff – Focuses: Succession and Retention Planning and a Healthy Organizational Culture

IT - Pension Administrative System (PAS) – Focuses: AI, Cybersecurity, Automation and next generation PAS, Data Cleanup, ADA compliance

Relationships and Communications Projects: Focuses: Communication with Members, Employers, and other stakeholders about funding, COLAs and D&D

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Overall Salary Increases Proposed for 2027

Budget	2026 Budget	2027 Budget	Change	% Change
ABF	4,523,415	$6,130,936	$1,607,521	
OPS	$7,133,938	$8,267,595	$1,133,657	
TOTAL	$11,657,353	$14,398,531	$2,741,179	24.9

From FPPA's Compensation Philosophy...

The compensation philosophy of FPPA is designed to help attract, motivate and retain talent necessary to fulfill our mission and strategic objectives. Within this philosophy we adhere to the following principles:

- Strive to provide compensation programs that support the strategic goals of the organization, are competitive with external markets, and are internally equitable.
- Reinforce a results-oriented culture with respect to company, team and individual performance.
- Attract and retain top talent that is motivated by FPPA's mission, vision and values.
- Create competitive incentives where necessary.

Breakout of Personnel Budget Increase by Category	Amount of Increase	Categories Portion of Increase
New 2027 FTE	$763,921	31.9%
Merit, Market Adjustments, Promotions	$250,742	8.6%
Non-Investment Performance Awards	$7,331	0.2%
Investment Performance Awards/Incentives	$1,233,096	42.5%
PTO Payout	$186,089	6.4%
2026 New FTE Full Year Salary	$300,000	10.3%
TOTAL	$2,741,179	

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Overall Benefits Increases Proposed for 2027

Budget	2026 Budget	2027 Budget	Change	% Change
ABF	$1,375,5814	$2,079,943		
OPS	$2,728,099	$3,884,808		
2026 Adjustment for Supplemental Plans	$373,552			
TOTAL	$4,477,232	$5,964,751	$1,478,519	24.82%

These numbers are only an estimate. All new hires are assumed to need family benefits. It also assumes that current elections will remain the same for existing staff from 2026 to 2027.

Biggest Differences	Amount of Increase	Categories Portion of Increase
FICA	$44,206	2.99%
PERA ER Contribution 21.7%	$666,698	45.09%
Medical/Dental/Vision	$486,945	33.54%
Supplemental Plans 2027	$210,477	14.24%
DC ER Match	$35,375	2.39%
Student Loan Assistance	$7,200	0.49%
Life Insurance/LTD	$18,618	1.26%
TOTAL	$1,478,519	

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Board

The Board Budget for 2027 is being reduced in large part due to the transition from Diligent Boards to Convene

Strategic Planning Session in June

- Considering alternative locations- anticipate costs being similar to last year's planning session

Board Education- budget essentially flat

- Fiduciary training
- National meetings

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Executive Director & Administration

The Executive Director Budget is increasing in large part due to the work needed for the COLA Task Force and Policy review

- Independent actuarial valuation and assumption and COLA Policy review
- SWDD Plan consulting
- Communications consultant
- Governance consultant
- Actuarial Services- largest driver of the increase due to hiring of CavMac
- Internal Audit

Benefits (1/3)

The Benefit Division is seeing a slight increase in budget due to anticipated increases in disability applications and IME fees

Statewide Death & Disability Plan

- Administration Fees
  - Medical Advisors
  - Independent Medical Examinations, Inc.
  - Independent Medical Exams (IMEs)
  - Member Travel

- Operational Efficiencies
  - Automation
  - SB26-039

Benefits (2/3)

Member & Employer, Communication, Education, and Outreach Opportunities

- FPPA Education
  - Seminars, Webinars, Member Events
  - Conferences, Certifications, and Training
- Relationship Management
  - On-site Visits
  - Reentries and Affiliations
  - Company Vehicles

Benefits (3/3)

Stakeholder Engagement, Content, and Outside Services

- Content and Publications
  - Reports, Brochures, Newsletters, Handouts
  - Stationary, Mailings, Postage
  - New Campaign Initiatives, Meta Ads
  - Supplies, Subscriptions, and ADA Compliance Tools
  - Engagement Coordinator

- Outside Services
  - Member and Employer Satisfaction Surveys
  - Professional Pictures
  - Document Remediation

Legal

Increases in the Legal Division budget are largely attributed to an increase in projected professional and outside services spend in furtherance of several operating objectives.

Professional & Outside Services

- Administrative Appeals – outside counsel and hearing officers
- PAS – outside expertise and project support
- Additional staff attorney

Standard Operating Objective: Board Governance

- Fiduciary training
- Governance workshop
- Governance Manual review project
- Board member onboarding

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Information Technology 2026

Thematic Goal: Foundation Building

Defining Objectives

PAS Modernization

Budgeted: $585,000
Projected: $301,000

* Linea Completed phase I assessment
* PM not yet needed
* Proof of Concept kick off
* Hired DBA

Artificial Intelligence

Budgeted: $43,500
Projected $30,000

* Microsoft Copilot rolled ou to all staff
* AI Governance Committee formed
* First agentic AI implementation

Standard Operating Objectives

IT & Security

Security Budgeted: $290,000 IT Operations: $960,000
Security Projected: $298,000 IT Operations: $800,000

* Arctic Wolf Security Managed Services
* Switch from Security Pursuit to Coalfire for IT Auditng
* Out of cycle equipment refresh
* Planned backup solution - no longer needed
* C1st managed services - no longer needed

In 2026, IT laid the groundwork for PAS modernization and AI while working to strengthen security and audit.

- Overall IT budget is projected to be under by $450,000
  - Did not spend all money budgeted for Linea
- Did not contract project manager – moved to Q4 2027

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Information Technology 2027

Thematic Goal: The New Frontier

Defining Objectives

PAS Modernization

2026: $2,060,000
2027: $2,086,000

* New data cleanup vendor
* Continued Linea oversight
* Proof of Concept(s)
* Contract PM Q4
* Business Analyst

Artificial Intelligence

2026: $43,500
2027: $76,500

* Move from pilot to production - Azure AI Foundry
* More consumption costs (token usage)
* Continued Improvements:
  * AI Governance
  * Privacy & security refinement

Standard Operating Objectives

IT & Security

Security 2026: $290,000 IT Operations: $960,000
Security 2027: $362,000 IT Operations: $887,150

* Investments in new IT Auditor
* Investments in cyber across the org
* Out of cycle computer refresh cont'd.
* Expanded Gartner advisory
* Architecture improvements roadmap

In 2027, the budget remains flat while we fund the next stages of PAS and AI and fold IT project work into standard operations.

2026: $3.36M
Proposed 2027: $3.41M (1.5% increase)

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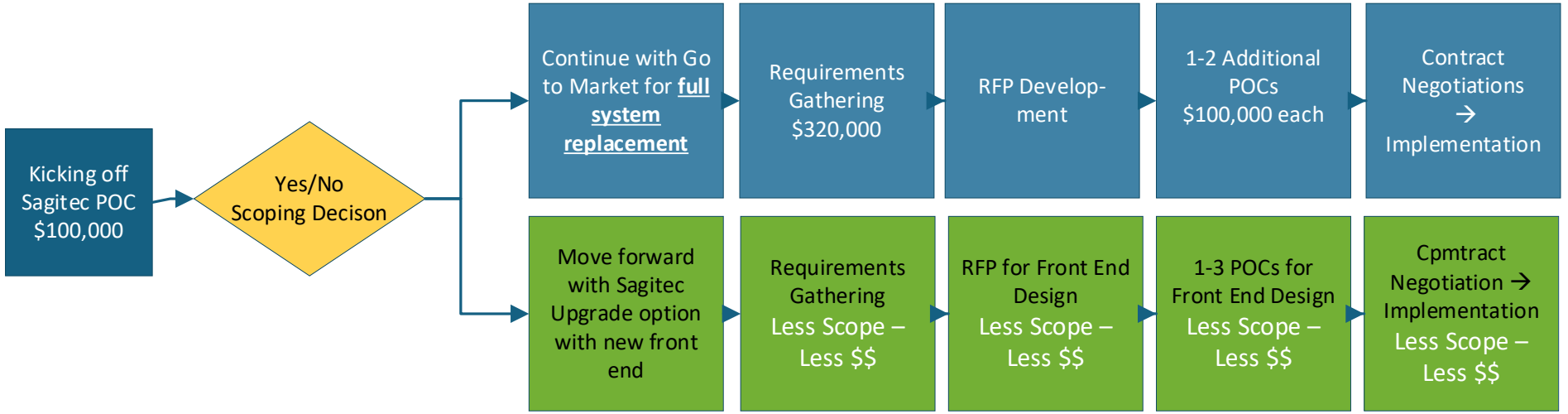
IT - PAS Modernization

The Pension Administration System is 61% of the IT budget. We are keeping ASPEN stable while building the path to its replacement.



Exploring upgrade option with a modern AI user interface
If this option is proven to be viable the project scope and cost could reduce greatly

Approximately $1.5M annually to keep ASPEN running
Approximately $500K towards PAS Modernization
Hired DBA in Q4 2026

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Operations (1/2)

The Operations Budget is staying relatively flat

FPPA Office Space

- Rent
- Equipment, maintenance & supplies

Software

- Completed implementation of new General Ledger
- Possible replacement for invoice and expense report processing

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Operations (2/2)

Ongoing contracted services

- Insurance
- Audits
- Service Providers
  - Death match services
  - 1099 Tax Forms

New mid-year position for Accounting

FPPA

FPPA

Fire & Police Pension Association
Budget Committee

MEMORANDUM

To:

Budget Committee

From:

Ahni Smith

Re:

FPPA 2027 Proposed Budget

Date:

November 19, 2026

We are pleased to present the proposed 2027 Fire & Police Pension Association budget. This letter will serve as an overview of the attached details.

The combined proposed 2027 operating and asset based fees budget of $32,407,311, excluding management fees, reflects an increase of 20.8% from the prior year budget amounting to $5,580,247.

Information on the changes in the proposed 2027 budget is discussed in detail within this memorandum as well as in the additional materials within the Budget Committee packet addressing *Personnel Costs*. For purposes of this memorandum, the *Personnel Costs* are separated into the Operating and Asset Based Fees Budgets. However, the discussion of these costs in the separate memorandum will be combined to show the overall changes within this category holistically.

Costs related to FPPA's Strategic Plan are also reflected in the budget. Not all areas have a budget increase or are outside of normal operations, but we have identified those that have funds allocated within the budget to assist with the completion of the Strategic Plan and to achieve our mission:

> The Fire & Police Pension Association is committed to our members. We will prudently invest their retirement funds, administer benefits impartially, and efficiently provide high quality service.

The 2027 budget includes items that are tied into our 12-month "Diligently Innovating Together" theme. These include:

- rollout and formalization of the program related to Artificial Intelligence, and review and determination of the Pension Administration System;
- implementation of the Statewide Death & Disability Plan legislative and rule changes to enhance administrative efforts, and review of potential benefit enhancement updates related to return to work and on-duty determinations;
- focus on the implementation of the IT strategic plan to continue to update the ASPEN system with new functionality, and focus on network and cyber security; and,

- an overall focus on our people and resources to achieve our objectives of serving our membership and stakeholders.

In your review of the budget, you may want to consider the dollar amount difference and the 'Percentage of Proposed Budget' impact. Listed below are the budget categories followed by a discussion of significant planned expenses within each category.

Operating Budget:

The 2027 Operating budget, $18,523,851, will increase by 17.6% from the prior year budget or by $2,772,739. The 2027 proposed Capital Expenditures are $1,270,533.

At this time, we are projecting to be below the 2026 Operating Budget by $1,131,383. We have noted within this memorandum the larger dollar differences between the 2026 budget as compared to the 2026 projected amounts.

Professional Contracts:

1. *Actuarial Contract:* The contract with Gabriel, Roeder, Smith & Company (GRS) for actuarial reporting and services for the period January 1, 2023, through December 31, 2027. GRS has been FPPA's retained actuarial firm since 2005.

   In addition to the four statewide actuarial valuations and Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*, (GASB 68) reports, we will complete 174 volunteer firefighter valuations as well as 40 old hire and 174 volunteer firefighter GASB 68 reports in 2027.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Actuarial Contract	$440,068	$460,625	$482,500	$476,850	3.5%	2.6%

   The proposed 2027 budget will have a net increase of $16,225. We will complete 174 volunteer firefighter valuation reports compared to 40 old hire valuation reports in 2026. In 2026, we completed an experience study in accordance with our process to complete this evaluation every 4 years. The experience study was $67,500 for 2026. The net impact of these two is an increase in the budget.

   We are projecting an overage for 2026 due to the extra project work requested of GRS related to the COLA task force and other initiatives studied during the year.

2. *Audit Fees:* FPPA contracted with Eide Bailly for financial audit and regulatory services for the December 31, 2024 - 2028 audits. Eide Bailly was selected for 5 years from the 2024 Request For Proposals project.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Audit Fees	$140,850	$145,000	$145,043	$149,000	2.8%	0.8%

   The costs for the audits completed in 2027 are as follows:

Financial Audit	$73,000
SOC 1 Type 2	$40,750
GASB 68 Audit of Statewide Retirement Plan, including payroll attestations	$35,250
Total	**$149,000**

3. *Computer Software Maintenance, Services, Contracts:* This area contains contracts with various vendors for cloud-based IT services, licensing, and computer software maintenance. It covers the technology areas of core infrastructure/software, high

availability/disaster recovery/backup, Internet services, operations management, and user infrastructure/software.

Our services from certain security and service provider vendors have changed over the years. During 2026, we moved several vendor service costs out of this budget item and into *Outside Services*. The 2026 budgeted amounts reclassified to *Outside Services* total $129,200 and the associated actual 2026 expenses and 2027 budget are now reported within that category.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Computer Software	$1,080,589	$1,158,818	$1,100,747	$1,173,152	1.2%	6.3%

The 2027 proposed budget increased by 1.2% or by $14,334 as we completed two software implementations during 2026 and continue to anticipate moderate price increases.

We are projecting savings of $58,071 in this area for 2026. This is due to changes to the IT architecture and changes in IT initiatives.

4. *Hearing Officers*: This area contains contracts with several independent professionals ruling on Death & Disability cases and pension benefits cases.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Hearing Officers	$4,218	$15,000	$6,000	$17,950	19.7%	0.1%

We propose to slightly increase the budget from the prior year. The expenses can fluctuate depending on the number of cases requiring these services. The increase is reflecting a consideration to break out budget between the Statewide Death & Disability Plan and Statewide Retirement Plan.

5. *Insurance & Bonding*: Commercial, Fiduciary, Public Official, Crime, Network Security, Worker's Compensation, Foreign Travel and Unemployment insurance policies. The contract with Arthur J. Gallagher Risk Management Service, Inc., for insurance brokerage services runs through October 31, 2027. Insurance coverage information is listed in the Reference section of this Budget Committee packet.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Insurance	$287,446	$308,554	$298,169	$317,176	2.8%	1.7%

The proposed budget increased by $8,622 compared to the 2026 budget. We did not change any coverage levels from the prior year. The renewals increased modestly in total with a net 3.1% increase.

6. *Legal & Legislative Counsel:* Contains counsel fees for external legal assistance on benefits, tax and fiduciary matters ($300,000). This area also includes the annual contract ($56,650) with Meridian Public Affairs for lobbying efforts. Note the Meridian Public Affairs contract runs through September 30, 2027.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Legal & Legislative	$173,982	$185,000	$170,000	$361,650	41.4%	1.4%

The proposed budget increased by $171,650 due to anticipated costs related to member benefit determination appeal litigation and additional needs for fiduciary counsel.

7. *Management Consulting*:

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Mgmt Consulting	$139,930	$134,500	$169,500	$439,500	226.8%	2.4%

The proposed 2027 budget includes our continued compensation consulting and work on management coaching support our Organizational Health objective. Additionally, this includes consulting for our other Defining Objectives and Standard Operating Objectives related to the Statewide Death & Disability Plan, COLA Communications through the COLA Task Force, Board and Information Governance and Stakeholder Engagements. We included the independent actuarial valuation and assumption and COLA policy review in this budget.

We are projecting an overage of $35,000 in this area due to services related to communications efforts and the Statewide Death & Disability Plan project not included in the 2026 budget.

8. *Medical Exam Fees:* This reflects fees for FPPA's independent panel of physicians conducting medical examinations for disability applicants, and travel for our members. This budget item also includes the annual contract with FPPA's medical consultants.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Medical Exam Fees	$469,057	$550,000	$593,900	$595,000	8.2%	3.2%

The proposed budget increased by $45,000 based on projected usage. We are budgeting for an average of 3 independent medical evaluations (IME) for 84 disability applications consistent with current experience. We anticipate gathering data during 2027 with the change in mandatory IME requirements and will build that into the 2028 budget.

We are projecting an overage of $43,900 due to higher than projected IME costs for 2026 disability applications.

9. *Outside Services*: Outside services includes temporary help, IT contract help, cyber security program services, payroll fees, and retiree research services. Independent contractors utilized are website consulting and the Internal Auditor.

During 2026, we moved several vendor service costs into this budget item from *Computer Software Maintenance, Services, Contracts*. The 2026 budgeted amounts

reclassified into *Outside Services* total $129,200 and the associated actual 2026 expenses and 2027 budget are now reported within this budget.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Outside Services	$384,222	$1,186,950	$781,171	$1,229,274	3.6%	6.6%

The Internal Auditor is contracted for 2027 for $53,000 to complete 5 audits. The internal audit plan was approved by the Audit Committee at the September 16, 2026 meeting.

We are projecting savings in the 2026 budget of $405,779 primarily related to changes in our PAS Modernization project. We completed Phase I and have been coordinating with the board and implementing the PAS Governance Committee. Phase II will kick off in November. The gap between phase I and II and the delay in hiring the Project Manager that incurred savings.

10. *Records Management*: This budget includes the storage fees for Association records.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Records Mgmt	**$3,406**	**$3,000**	**$3,250**	**$3,500**	**16.7%**	**0.0%**

***Total Professional Contracts*:** Overall, we anticipate being under budget in 2026 for *Professional Contracts* by $(397,167).

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Total Contracts	**$3,123,768**	**$4,147,447**	**$3,750,280**	**$4,663,052**	**12.4%**	**25.2%**

Personnel Costs:

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Salaries	$ 5,936,591	$ 7,133,938	$ 6,389,085	$ 8,267,595	15.9%	44.6%
Employee Benefits	$ 3,061,428	$ 2,728,099	$ 2,959,126	$ 3,884,808	42.4%	21.0%
Recognition	$ 21,373	$ 58,825	$ 42,825	$ 49,913	-15.2%	0.3%
Employment Programs	$ 185,830	$ 225,000	$ 50,000	$ 183,000	-18.7%	1.0%
Total Pers Costs	**$ 9,205,222**	**$10,145,862**	**$ 9,441,036**	**$12,385,316**	**22.1%**	**66.9%**

1. *Salaries:* These are the wages paid to staff. Please see the attached memo discussing Salaries and Employee Benefits for more information.
2. *Employee Benefits:* This area includes health insurance, 401(k) and 457 employer contributions, employer PERA contributions, life insurance, long term disability, employee assistance program, etc. Please see the attached memo discussing Salaries and Employee Benefits for more information.
3. *Recognition Programs:* Peer recognition program, service awards, team building, etc.
4. *Employment Programs:* Recruiting costs to attract new staff including job posting, pre-employment screening, etc. The 2026 budget included additional amounts for the potential hiring of a new executive position from the succession planning process for the Executive Director role in 2026. These costs were not realized from that process.

Staff Education:

Generally, we find that despite indicating an initial interest in this benefit, staff is subsequently unable to commit to coursework or seminars due to timing and availability of the program. As such we have savings of $59,656 in this section.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Education	$ 5,000	$ 10,000	$ 5,000	$ 5,000	(50.0)%	0.0%
Conferences	$ 139,151	$ 149,600	$ 136,175	$ 140,840	(5.9)%	0.8%
Certifications	$ 68,368	$ 102,500	$ 61,269	$ 74,900	(26.9)%	0.4%
Total Education	**$ 212,519**	**$ 262,100**	**$ 202,444**	**$ 220,740**	**(15.8)%**	**1.2%**

1. *Educational Assistance:* Tuition assistance to help staff obtain education that benefits FPPA. The benefit is $5,000 annually per person.
2. *Conferences & Seminars:* Out-of-town seminars, local professional conferences, staff in-house seminars. As we are now fully staffed, there are more attendees at conferences overall resulting in increased costs.
3. *Certifications & Trainings:* Professional certification assistance, continuing education, and required training. This includes Benefits and IT programs. This area also includes staff and management programs for leadership, compliance, and safety required training.

Other Operating Expenses:

1. *Board Expenses:* Includes Board meeting and planning meeting expenses, security, conferences, and subscriptions.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Board Expenses	$111,077	$137,402	$150,564	$129,378	(5.8)%	0.7%

Board expenses are projecting an overage of $13,162 related to higher than budgeted board member attendance and travel for national meetings and the change in board software for distribution of materials.

2. *Company Vehicles:* Fuel and maintenance for Relationship Management vehicles.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Company Vehicles	$4,527	$9,000	$10,360	$11,000	22.2%	0.1%

3. *Hardware & Data Supplies*: Laptops, monitors, materials, and software used to process and print data.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
HW & Data Supplies	$75,172	$92,100	$153,000	$80,600	(12.5)%	0.4%

We are projecting an overage for *Hardware & Data Supplies* of $60,900 due to advanced purchasing of laptops from the planned 3-year laptop replacement schedule. With the upgrade to Windows 11 and the additional needs from AI, we moved the purchasing schedule up to provide a better product for our staff.

This budget decreased by $(11,500) from the 2026 budget related to the change in replacement schedule during 2026. The remainder of the budget is for printer and computer supplies.

4. *Equipment Rental & Maintenance*: Rental of office and mail machines. Contracts with vendors to maintain miscellaneous office equipment.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Equipment, etc.	$29,573	$29,930	$40,174	$38,940	30.1%	0.2%

The proposed budget increased by $9,010 as we have budgeted for various maintenance needs of equipment, appliances and furniture for the office space.

5. *Meetings & Travel*: Program informational meetings, member/employer field education meetings, and the associated travel costs. Miscellaneous expenses incurred by staff such as local mileage, business lunches, parking, and tolls. This area also includes an employer outreach program where we attend local conferences and meetings as 'vendors' or speakers.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Meetings/Travel	$18,292	$24,600	$23,875	$28,495	15.8%	0.2%

The proposed budget is increased from the current year budget as we continue to see cost increases related to travel in state for our department on-site visits.

6. *Office Rent*: Office leased space at 7979 E Tufts Ave. The Suite 900 lease commenced in September 2022 and is for 10 years. In 2025, we expanded the suite to include additional conference room space. This budget includes the total annual rent expense with the expansion.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Office Rent	$559,442	$654,201	$646,113	$669,494	2.3%	3.6%

7. *Other/Miscellaneous*: One-time unanticipated expenses. This budget gives the Executive Director flexibility in pursuing other projects in 2027 to achieve FPPA's mission. This item began in 2011, and we are requesting the same budget as the prior year.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Other/Misc	$0	$25,000	$0	$25,000	0.0%	0.1%

8. *Postage*: Mailing retiree paychecks, forms, publications and correspondence.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Postage	$8,768	$8,850	$4,820	$24,350	175.1%	0.1%

The proposed budget is increased from the current year budget as we are including the mailing costs of the 1099 tax forms for members within this item anticipated to be $17,500. It was previously reported in the *Publications* budget as a printing and mailing project.

9. *Publications*: Materials used in informing and collecting Association information; including forms, stationery, annual report, relationship management handouts, newsletter, and other recurring or one-time reports.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Publications	$51,560	$51,500	$58,158	$58,852	14.3%	0.3%

The proposed budget is a net increase from the current year budget. We included additional costs for increases in mailing and printing costs, special initiative communications, and an ad campaign with Meta. This is offset by moving the mailing costs of the 1099 tax forms to members to the *Postage* budget.

10. *Retirement Services*: Seminars provided to departments on topics applicable to pre-retirement planning, retiree appreciation events, and employer education regarding Association procedures and rules.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Retirement Srvs	$12,517	$28,100	$13,032	$28,500	1.4%	0.2%

The budget will remain relatively flat as we plan to continue in-person and hybrid seminars while using the facilities at 7979 E. Tufts Ave. when available and appropriate for the size of audience. We anticipate savings in 2026 of $15,068 as the anticipated speaker costs were not as high as budgeted and we were able to host various events in spaces that did not cost as much as originally budgeted.

11. *Strategic Planning*: Costs for FPPA staff participation in annual Strategic Planning activities.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Strategic Planning	$21,012	$21,000	$11,281	$12,500	(40.5)%	0.1%

We anticipate savings in this budget due to a change in participation at strategic planning and have proposed a budget in line with this change for 2027.

12. *Subscriptions & Dues*: Professional publications and membership fees. This budget largely changes with changes in membership fees and changes in staff headcount.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Subscriptions	$35,692	$52,620	$48,692	$66,134	25.7%	0.4%

13. *Supplies*: Office materials, equipment, and furniture.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Supplies	$18,969	$37,400	$29,900	$45,500	21.7%	0.2%

The proposed budget increased by $8,100. We anticipate most office items will be outside of warranty and will also need to maintain office and kitchen supplies. We have also included additional amounts related to additional fixtures as we see needs to modify the space with changes in personnel.

14. *Telephone & Webinars*: Cloud-based and wireless telephone expenses.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Telephone & Webinars	$15,597	$24,000	$36,000	$36,000	50.0%	0.2%

We are projecting an overage in this budget due to how the vendor costs were budgeted in 2026. We have moved these costs together in this category for ease of reporting and as the services are interrelated.

***Total Other Operating Expenses*:**

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Total Op Expense	**$962,198**	**$1,195,703**	**$1,225,969**	**$1,254,743**	**4.9%**	**6.8%**

We project overall savings of $30,266 within the 2026 budget.

Capital Expenditures:

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Capital	**$1,484,054**	**$1,204,660**	**$1,245,031**	**$1,270,533**	**5.5%**	**N/A**

We are projecting an overage in 2026. We intend to request a budget amendment at December 10, 2026 Board meeting to allocate costs to the Furniture & Fixtures related to the purchase of microphone and speaker equipment to support the broadcasting of Board meetings. The requested budget amendment is for $40,000.

We have included the following *Capital Expenditures* in the 2027 Budget. The proposed budget increases $65,873 from the prior year.

ASPEN Enhancements ($1,240,533)	The Advanced System Pension Network (ASPEN) was installed in 2008 for contribution reporting and payroll processing and expanded in 2009 to include benefit calculations. We have continued to enhance and expand this system over the years. In 2027, we propose dedicating specific resources to enhancing the system by providing additional self-service features for members and employers, creating and enhancing workflow processing for staff, enhancing reporting, etc. The Steering Committee sets priorities and directs project work combined with the agile development framework. We continue to focus on addressing the backlog of enhancements as well as progressing forward in capabilities of the system. This budget amount includes costs for contracted Sagitec resources for project management, business analysts work, and general development and is increased per the contract terms.
Furniture & Fixtures ($30,000)	Estimated out-of-pocket costs related to anticipated furniture needs for the space throughout the year. This item varies based on the Capital Asset Policy.

Asset Based Fees Budget:

The Asset Based Fees Budget was added in 2010 to provide additional transparency on costs impacting the net performance of the FPPA Total Fund and as a management oversight tool. Additionally, this aligns with reporting in the Annual Comprehensive Financial Report to comply with Governmental Accounting Standards regarding the reporting of investment-related expenses. Items that we identified as direct investment operating expense are reported within this area as costs against the FPPA Total Fund or the Fidelity assets and affect the net performance calculation.

The Asset Based Fees budget, $79,304,179, will increase by 20.9% from the prior year budget or by $13,710,876.

At this time, we are projecting an overage in the 2026 Asset Based Fees Budget of $8,689,941. We have noted within this memorandum the larger dollar differences between the 2026 budget as compared to the 2026 projected amounts. The majority of overage is from *Management Fees,* which is a difficult area to budget.

Management Fees:

1. *Management Fees:* The fees from the various money managers investing for the FPPA Total Fund are included in *Investment Management Fees*. The budget is impacted heavily by this area as it represents 84.3% of the Asset Based Fees budget.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Mgmt Fees	$58,272,195	$55,722,011	$64,411,052	$66,826,466	19.9%	84.3%

Actual *Management Fees* for 2026 are projected to be approximately $8.7 million above budget. Fees have increased this year due to performance in excess of the actuarial rate used for budgeting purposes for investment manager fees based on assets under management. This area is continuously evaluated as part of the investment manager due diligence and review process to ensure the fees structure is appropriate within the FPPA asset allocation as indicated in the Investment Policy Statement adopted by the Board. Performance in this area is reported to the Board of Directors at each meeting as well as in more detail to the Investment Committee at its quarterly meetings. This is a difficult area to budget for as we are unable to determine how the markets will react in the future!

Presentation of Asset Based Fees Budget excluding *Management Fees*

Investment Management Fees are a significant and more volatile portion of the Asset Based Fees budget. As such, the remainder of this budget will be reported and compared to the Asset Based Fees budget excluding these fees which totals $12,473,455.

Professional Contracts:

1. *Bank Fees*: This area contains the fees for banking and custodial services currently with BNY.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Bank Fees	$753,042	$700,000	$700,000	$700,000	0.0%	5.6%

We do not anticipate significant changes in the annual bank fees for 2027. Our contracted fees have not changed.

2. *Closing Costs:* These expenses include occasional background checks on key investment manager professionals and operational due diligence costs.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Closing Costs	$73,575	$108,000	$180,000	$180,000	66.7%	1.4%

There is and increase in proposed 2027 budget of $72,000. This budget is for the potential use of a third party to conduct operational due diligence on private market investment managers based on the number of anticipated deals. The 2026 projected expenses anticipate and overage of $72,000 due to increased use of third party operational diligence than budgeted.

3. *Computer Software* includes the costs of the risk management and reporting software, private markets, public markets, and alternatives data and analysis software, MSCI data feeds, Bloomberg Terminal, benchmark data, and research management software.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Computer SW	$851,781	$916,465	$883,709	$909,453	(0.8)%	7.3%

There are no significant changes in software for 2027 with a net impact that is relatively flat to 2026.

4. *Consulting & Services*: Includes the investment consultant, defined contribution consultant, proxy voting service, alternatives consulting, and other consulting needs.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Consulting	$1,511,509	$1,511,843	$1,520,776	$1,549,504	2.5%	12.4%

The original contract term with Cambridge Associates runs for the period of January 1, 2018 through December 31, 2021. The contract automatically renews annually unless either party gives notice of non-renewal. Cambridge has maintained its fees at the same level for 2026 and 2027.

We are including additional proposed budget for an investment systems modernization review during 2027. This is a look at the operational structure and tools used within the Investments division to determine if there are constraints to address or opportunities to explore within the division.

5. *Investment Legal Fees* for in-house deals.

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Legal Fees	$410,361	$515,000	$600,000	$670,000	30.1%	5.4%

The proposed 2027 budget increases by $155,000 due to anticipated transaction levels and need for services.

Total Professional Contracts:

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Total Contracts	**$ 3,600,268**	**$ 3,751,308**	**$ 3,884,485**	**$ 4,008,957**	**6.4%**	**32.1%**

Personnel Costs:

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Salaries	$ 3,239,843	$ 4,523,415	$ 4,468,214	$ 6,130,936	35.5%	49.1%
Benefits	$ 783,113	$ 1,375,581	$ 1,294,850	$ 2,079,943	51.2%	16.7%
Total Pers Cost	**$ 4,022,956**	**$ 5,898,996**	**$ 5,763,064**	**$ 8,210,879**	**28.2%**	**65.8%**

1. *Asset Based Fees Salaries:* These are the wages paid to staff. Please see the attached memo discussing Salaries and Employee Benefits for more information.
2. *Asset Based Fees Benefits:* This area includes health insurance, 401(k) and 457 employer contributions, employer PERA contributions, life insurance, long term disability, etc. Please see the attached memo discussing Salaries and Employee Benefits for more information.

Staff Education:

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Certifications	$ 11,428	$ 15,000	$ 3,000	$ 15,000	0.0%	0.1%
Conferences	$ 10,331	$ 22,000	$ 8,800	$ 22,000	0.0%	0.2%
Total Education	**$ 21,759**	**$ 37,000**	**$ 11,800**	**$ 37,000**	**0.0%**	**0.3%**

1. *Certifications & Trainings:* Professional certification assistance, continuing education, and required training. The proposed 2027 budget reports on staff's anticipated needs as we continue to invest in their development and growth under the Employee Engagement objective.
2. *Conferences & Seminars:* Out-of-town seminars and local professional conferences. The proposed budget is not changed from the prior year.

Other Investment Expenses:

Expenditure	2025 Actual	2026 Budget	2026 Projected	2027 Proposed	2026-2027 % Change	% of Proposed Budget
Other Expenses	$ 4,770	$ 0	$ 0	$ 0	N/A	0.0%
Travel/Due Diligence	$ 163,075	$ 152,500	$ 180,000	$ 187,500	23.0%	1.5%
Subscriptions	$ 30,026	$ 31,488	$ 32,843	$ 33,377	6.0%	0.3%
Total Other Expenses	**$ 197,871**	**$ 183,988**	**$ 212,843**	**$ 220,877**	**16.7%**	**1.8%**

1. *Other Expenses:* This is for any asset based internal audits conducted. The 2027 budget does not include any asset based specific internal audits.
2. *Meetings & Travel/Due Diligence*: Due Diligence travel costs related to asset management. The proposed 2027 budget increased by $35,000 in anticipation of continued on-site due diligence needs. We have a projected overage of $27,500 in 2026 due to increased travel costs associated with the due diligence efforts.
3. *Subscriptions & Dues:* Costs associated with investment research.

10-Year Analysis:

Several charts are attached presenting the 10-year analysis on FPPA's operating expense, plans administered, membership growth, and staff size. The following statistics reflect the past 10-year period (2017-2026) unless otherwise noted.

Operating Budget:

- The average budget increase for the past 10-year period is 7.9%. The cumulative increase has been 57.0% since 2017.
- The Proposed 2027 Operating Budget increased 18.4%.

Capital Expenditures:

- Capital Expenditures averaged $808,729 for the past 10-year period.
- The Proposed 2027 Capital Expenditures are $1,5270,533.

FPPA Plans Administered:

- FPPA administered 229 plans in 2017 (6 FPPA Plans, 49 Old Hires, 174 Volunteers) and administers 219 plans in 2026 (5 FPPA Plans, 40 Old Hires, 174 Volunteers).
- The number of employer departments within the Statewide Retirement Plan increased from 212 in 2017 to 250 in 2026. This count has varied over this 10-year period reflective of reentry, affiliations, new departments and departmental mergers.

Membership Changes:

- In 2017, we had 18,057 active members and 9,978 retired members. As of January 1, 2026, we have 24,310 active members and 12,504 retirees.
- Our active member enrollment increased from 23,376 as of 12/31/2024, to 24,310 as of 12/31/2025, an increase of 934, or 4.00%.
- Our retiree enrollment had net growth from 12,406 as of 12/31/2024, to 12,504 as of 12/31/2025, an increase of 98 or 0.79%.
- The average number of active and retired members increased 2.8% annually over the past 10 years. The cumulative 10-year increase is 28.7%.

FPPA Staff:

- The size of the FPPA staff in 2017 was 52 full-time and 3 part-time employees. We currently have 69 full-time employees. In 2027, if fully staffed from open positions in 2026 and adding in proposed new positions, we will have 78 full-time employees.
- The average increase in staff size is 2.4% per year. The cumulative increase is 23.2% over the past 10 years.

Comparison:

The following is a comparison of the operating budget to the total net assets. The information is as follows:

For Year Ended 12/31	FPPA Total Net Assets Available	Operating Budget (Excluding Capital)	Operating Expense Ratio	Asset Based Fees Budget	Asset Based Fees Expense Ratio	Total Operating, Asset Based Fees, and Capital	Total Expense Ratio
2018	$5,374,942,129	$7,391,027	0.14%	$43,877,181	0.89%	$51,740,820	0.96%
2019	$6,120,391,303	$7,588,522	0.12%	$42,843,627	0.77%	$50,844,574	0.83%
2020	$6,957,616,006	$7,733,804	0.11%	$43,568,109	0.69%	$51,677,006	0.74%
2021	$7,794,499,617	$8,732,295	0.11%	$44,133,788	0.63%	$53,256,195	0.68%
2022	$7,016,714,854	$9,823,620	0.14%	$54,603,269	0.86%	$65,636,513	0.94%
2023	$7,623,502,702	$12,110,556	0.16%	$50,842,375	0.75%	$64,243,547	0.84%
2024	$8,284,057,650	$12,506,663	0.15%	$51,351,223	0.70%	$64,660,489	0.78%
2025	$9,335,267,882	$13,503,708	0.14%	$66,115,049	0.80%	$81,102,811	0.87%
2026 Projected	$10,164,096,093 [1]	$14,619,729	0.14%	$74,283,244	0.83%	$90,148,004	0.89%
2027 Proposed	$10,898,859,422 [2]	$18,523,851	0.17%	$79,304,179	0.82%	$99,098,563	0.91%

[1] The FPPA Total Net Assets Available is projected to 12/31/2026 based on 7.0% annual earnings from the 9/30/2026 value.

[2] The FPPA Total Net Assets Available is projected to 12/31/2027 based on 7.0% annual earnings from the 9/30/2026value.

FPPA's operating expense ratio as of 12/31/2025 is 0.14% for all plans. Note that the NCPERS 2025 Public Retirement Systems Study operating expenses average for plans is 0.22%.

Conclusion:

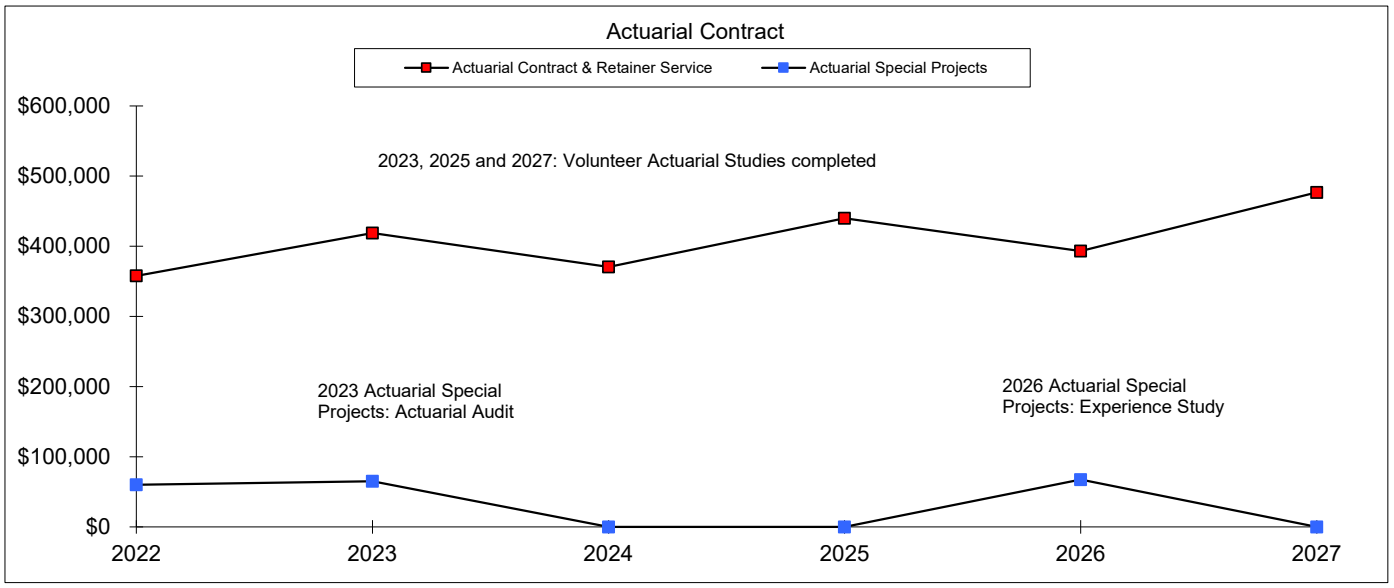
Staff feel the Proposed 2027 Budget is entirely appropriate and reasonable, is prudent, meets the fiduciary standard, and reflects the direction provided by the Board to achieve our mission and strategic plan. Thank you for your consideration of the Proposed 2027 Budget.

FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET AND CAPITAL EXPENDITURES
OVERALL SUMMARY

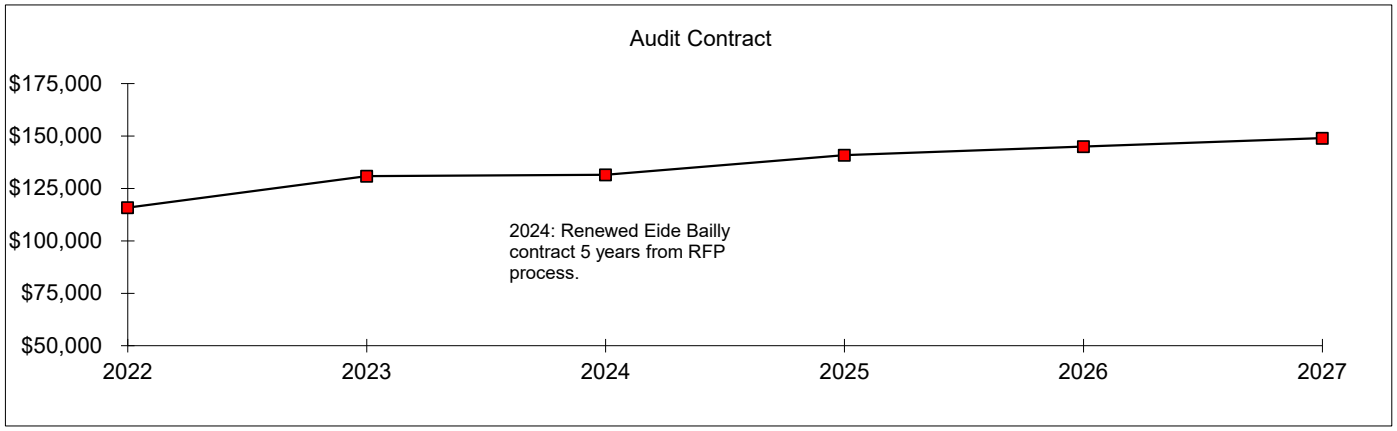
Expenditure Group	2025 Actual	2026 Budget	2026 Projected	2027 Proposed Budget	2026 to 2027 Budgeted Percentage Change	Percentage of Proposed Operating Budget
PROFESSIONAL CONTRACTS						
Actuarial Contract	$ 440,068	$ 460,625	$ 482,500	$ 476,850	3.5%	2.6%
Audit Fees	$ 140,850	$ 145,000	$ 145,043	$ 149,000	2.8%	0.8%
Computer SW Maint, Services, Contracts	$ 1,080,589	$ 1,158,818	$ 1,100,747	$ 1,173,152	1.2%	6.3%
Hearing Officers	$ 4,218	$ 15,000	$ 6,000	$ 17,950	19.7%	0.1%
Insurance & Bonding	$ 287,446	$ 308,554	$ 298,169	$ 317,176	2.8%	1.7%
Legal & Legislative Counsel	$ 173,982	$ 185,000	$ 170,000	$ 261,650	41.4%	1.4%
Management Consulting	$ 139,930	$ 134,500	$ 169,500	$ 439,500	226.8%	2.4%
Medical Exam Fees	$ 469,057	$ 550,000	$ 593,900	$ 595,000	8.2%	3.2%
Outside Services	$ 384,222	$ 1,186,950	$ 781,171	$ 1,229,274	3.6%	6.6%
Records Management	$ 3,406	$ 3,000	$ 3,250	$ 3,500	16.7%	0.0%
Total Professional Contracts	**$ 3,123,768**	**$ 4,147,447**	**$ 3,750,280**	**$ 4,663,052**	**12.4%**	**25.2%**
PERSONNEL COSTS						
Salaries	$ 5,936,591	$ 7,133,938	$ 6,389,085	$ 8,267,595	15.9%	44.6%
Employee Benefits	$ 3,061,428	$ 2,728,099	$ 2,959,126	$ 3,884,808	42.4%	21.0%
Recognition Programs	$ 21,373	$ 58,825	$ 42,825	$ 49,913	-15.2%	0.3%
Employment Programs	$ 185,830	$ 225,000	$ 50,000	$ 183,000	-18.7%	1.0%
Total Personnel Costs	**$ 9,205,222**	**$ 10,145,862**	**$ 9,441,036**	**$ 12,385,316**	**22.1%**	**66.9%**
STAFF EDUCATION						
Educational Assistance	$ 5,000	$ 10,000	$ 5,000	$ 5,000	-50.0%	0.0%
Conferences & Seminars	$ 139,151	$ 149,600	$ 136,175	$ 140,840	-5.9%	0.8%
Certifications & Training	$ 68,368	$ 102,500	$ 61,269	$ 74,900	-26.9%	0.4%
Total Staff Education	**$ 212,519**	**$ 262,100**	**$ 202,444**	**$ 220,740**	**-15.8%**	**1.2%**
OTHER OPERATING EXPENSES						
Board Expenses	$ 111,077	$ 137,402	$ 150,564	$ 129,378	-5.8%	0.7%
Company Vehicles	$ 4,527	$ 9,000	$ 10,360	$ 11,000	22.2%	0.1%
Harware & Data Supplies	$ 75,172	$ 92,100	$ 153,000	$ 80,600	-12.5%	0.4%
Equipment, Rental & Maintenance	$ 29,573	$ 29,930	$ 40,174	$ 38,940	30.1%	0.2%
Meetings & Travel	$ 18,292	$ 24,600	$ 23,875	$ 28,495	15.8%	0.2%
Office Rent	$ 559,442	$ 654,201	$ 646,113	$ 669,494	2.3%	3.6%
Other Miscellaneous	$ -	$ 25,000	$ -	$ 25,000	0.0%	0.1%
Postage	$ 8,768	$ 8,850	$ 4,820	$ 24,350	175.1%	0.1%
Publications	$ 51,560	$ 51,500	$ 58,158	$ 58,852	14.3%	0.3%
Retirement Services	$ 12,517	$ 28,100	$ 13,032	$ 28,500	1.4%	0.2%
Strategic Planning	$ 21,012	$ 21,000	$ 11,281	$ 12,500	-40.5%	0.1%
Subscriptions & Dues	$ 35,692	$ 52,620	$ 48,692	$ 66,134	25.7%	0.4%
Supplies	$ 18,969	$ 37,400	$ 29,900	$ 45,500	21.7%	0.2%
Telephone & Webinar	$ 15,597	$ 24,000	$ 36,000	$ 36,000	50.0%	0.2%
Total Other Operating Expense	**$ 962,198**	**$ 1,195,703**	**$ 1,225,969**	**$ 1,254,743**	**4.9%**	**6.8%**
TOTAL OPERATING BUDGET	**$ 13,503,707**	**$ 15,751,112**	**$ 14,619,729**	**$ 18,523,851**	**17.6%**	**100.0%**
CAPITAL EXPENDITURES	**$ 1,484,054**	**$ 1,204,660**	**$ 1,245,031**	**$ 1,270,533**	**5.5%**	**N/A**
TOTAL OPERATING & CAPITAL	**$ 14,987,761**	**$ 16,955,772**	**$ 15,864,760**	**$ 19,794,384**	**16.7%**	**100.0%**

FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
PROFESSIONAL CONTRACTS

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
ACTUARIAL CONTRACT							
Actuarial Contract & Retainer Service	$357,761	$418,819	$370,489	$440,068	$393,125	$415,000	$476,850
Special Projects	$60,000	$65,000			$67,500	$67,500	$0
Actuarial Contract	$417,761	$483,819	$370,489	$440,068	$460,625	$482,500	$476,850

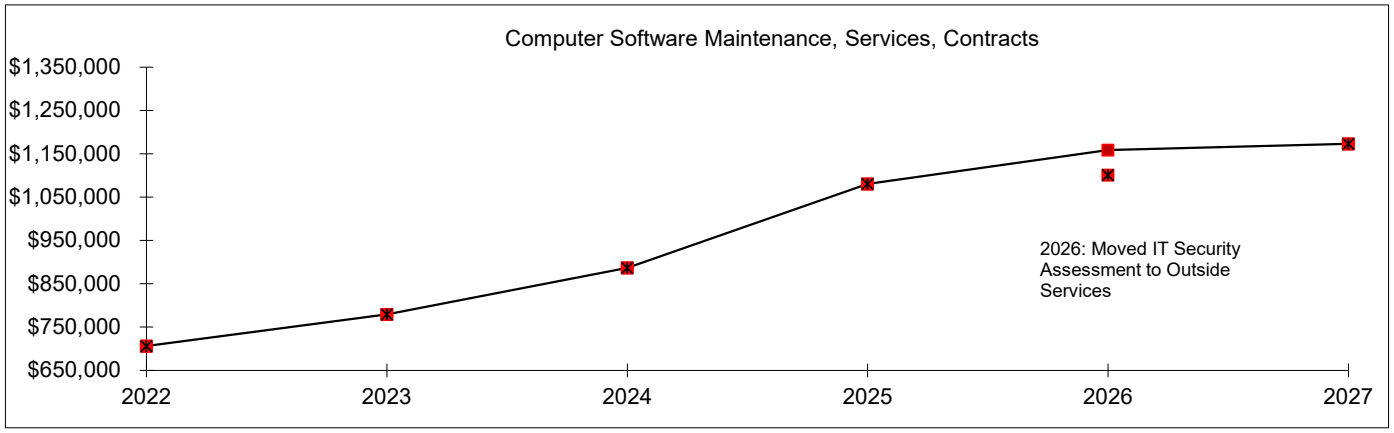


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
AUDIT CONTRACT	$115,831	$130,889	$131,457	$140,850	$145,000	$145,043	$149,000

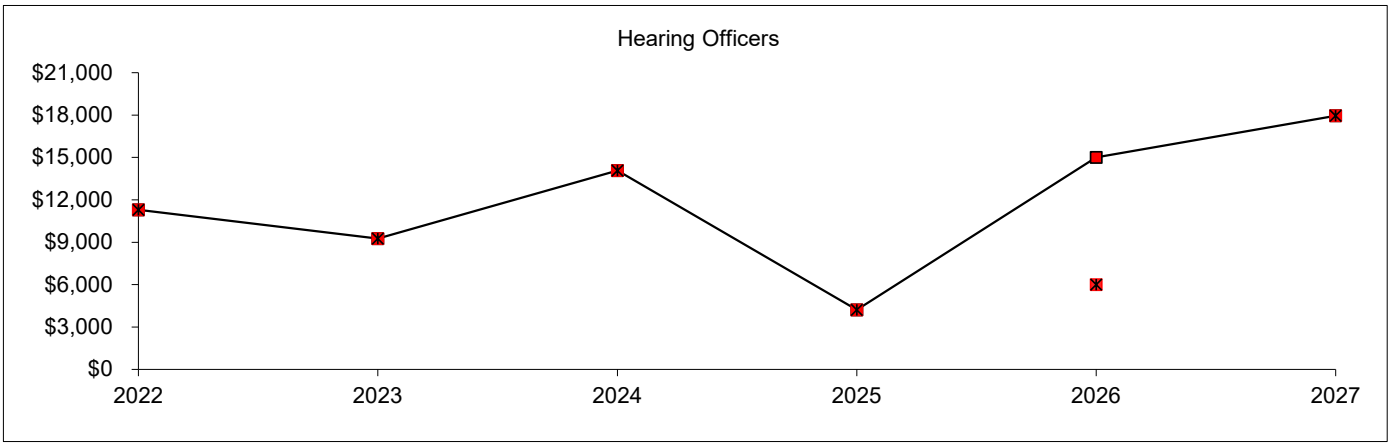


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
PROFESSIONAL CONTRACTS

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
COMPUTER SOFTWARE MAINTENANCE, SERVICES, CONTRACTS							
Cloud-Based Software Maint./Consulting	$567,484	$638,747	$732,020	$826,805	$882,068	$855,581	$989,152
IT Security Assessment	$30,600	$25,900	$21,000	$30,050	$0	$0	$0
Operations Computer Software	$64,403	$72,905	$102,553	$184,315	$210,500	$179,766	$118,600
Exec/HR Computer Software	$36,942	$34,188	$22,641	$39,419	$61,250	$61,900	$61,900
Legal Computer Software	$6,952	$7,660	$8,560		$5,000	$3,500	$3,500
Computer Software Maintenance	$706,381	$779,400	$886,774	$1,080,589	$1,158,818	$1,100,747	$1,173,152

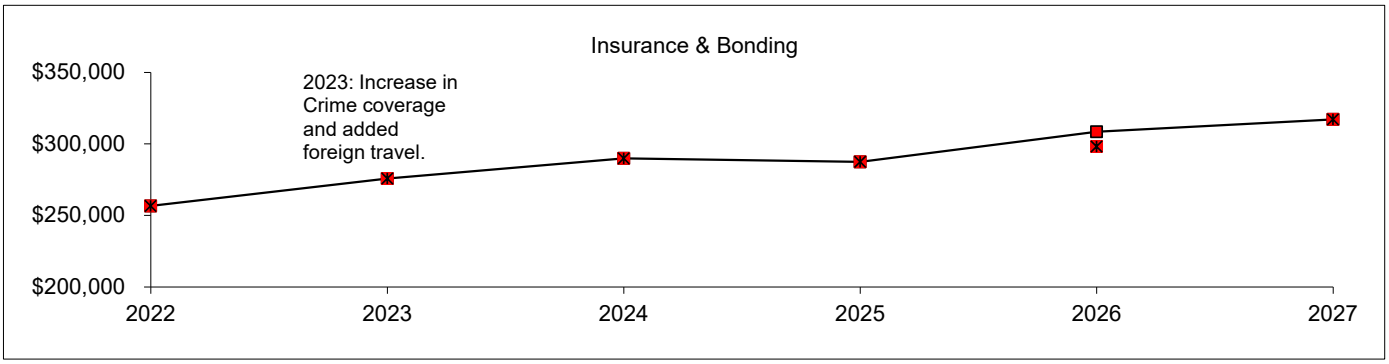


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
HEARING OFFICERS	$11,294	$9,253	$14,079	$4,218	$15,000	$6,000	$17,950

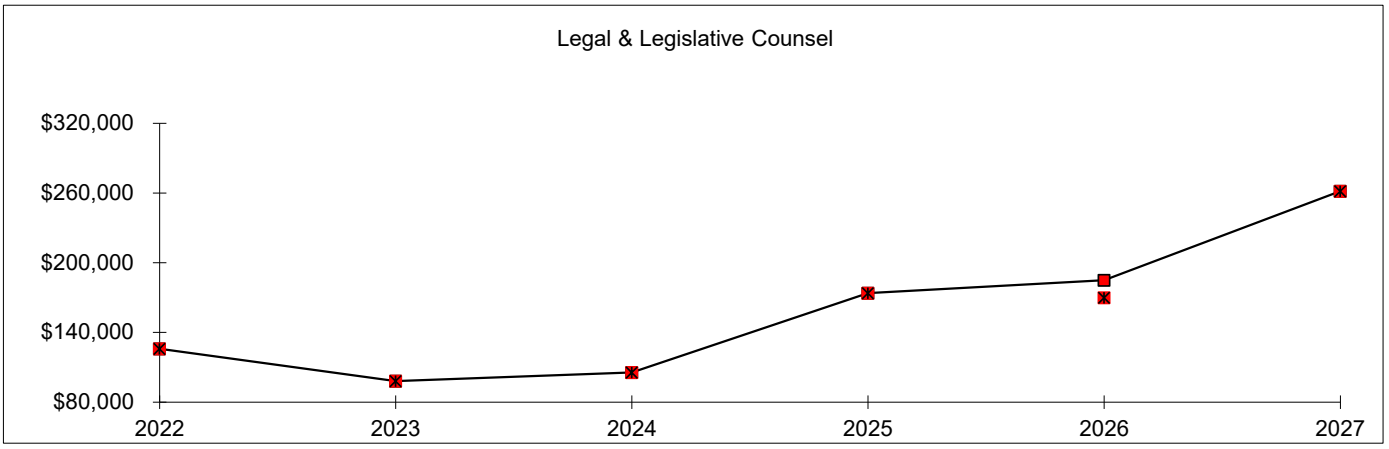


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
PROFESSIONAL CONTRACTS

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
INSURANCE & BONDING	$256,714	$275,892	$289,956	$287,446	$308,554	$298,169	$317,176

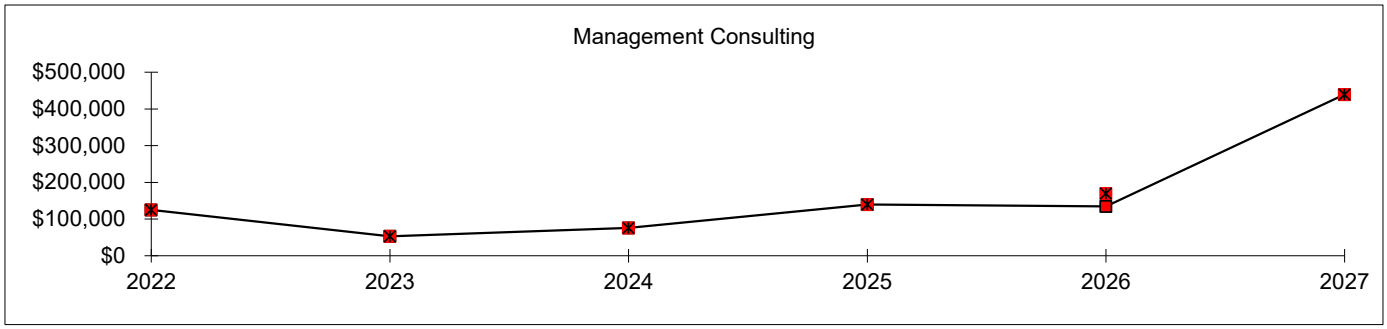


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
LEGAL & LEGISLATIVE COUNSEL							
Legislative Specialist	$50,000	$50,000	$50,625	$55,000	$55,000	$55,000	$56,650
Outside Counsel	$76,036	$48,146	$54,984	$118,982	$130,000	$115,000	$205,000
Legal & Legislative Counsel	$126,036	$98,146	$105,609	$173,982	$185,000	$170,000	$261,650

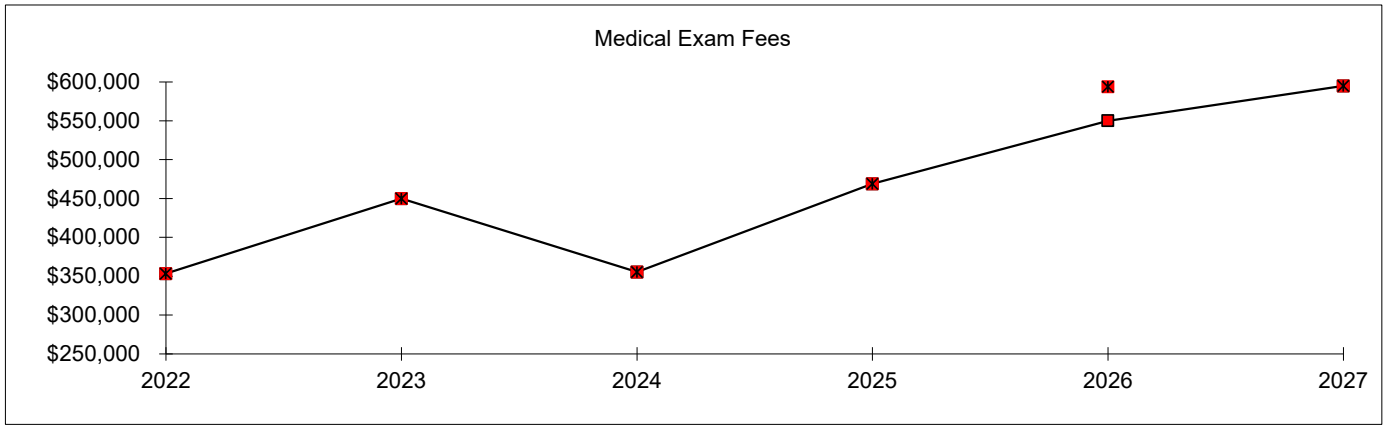


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
PROFESSIONAL CONTRACTS

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
MANAGEMENT CONSULTING							
Compensation Consulting	$7,500	$8,250	$8,500	$8,750	$18,500	$18,500	$18,500
Defining Objective Related	$63,290	$44,659	$67,386	$131,180	$0	$35,000	$185,000
Other Management Consulting	$54,278		$162		$116,000	$116,000	$236,000
Management Consulting	$125,068	$52,909	$76,048	$139,930	$134,500	$169,500	$439,500

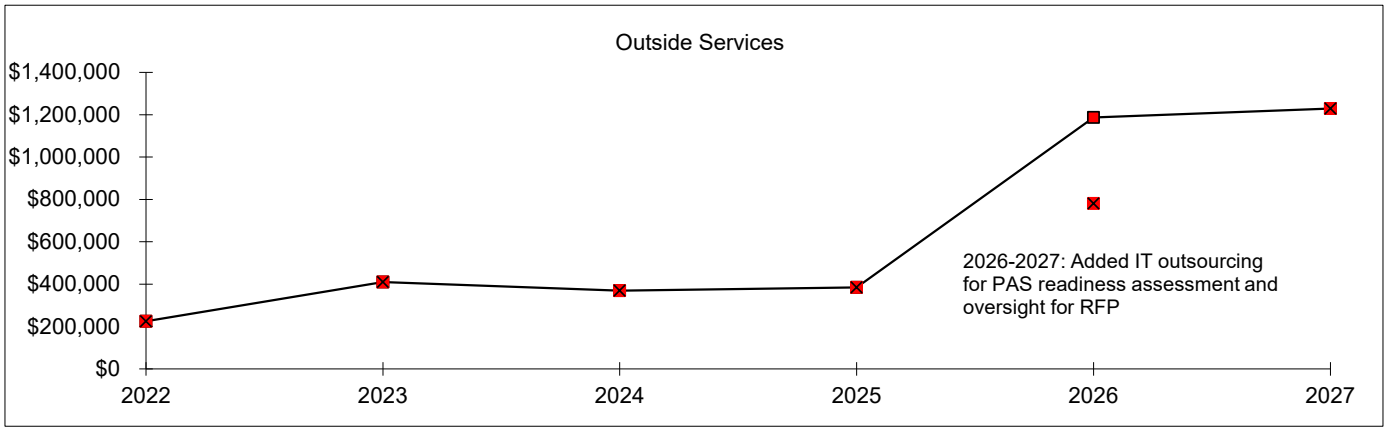


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
MEDICAL EXAM FEES	$353,469	$449,809	$355,479	$469,057	$550,000	$593,900	$595,000

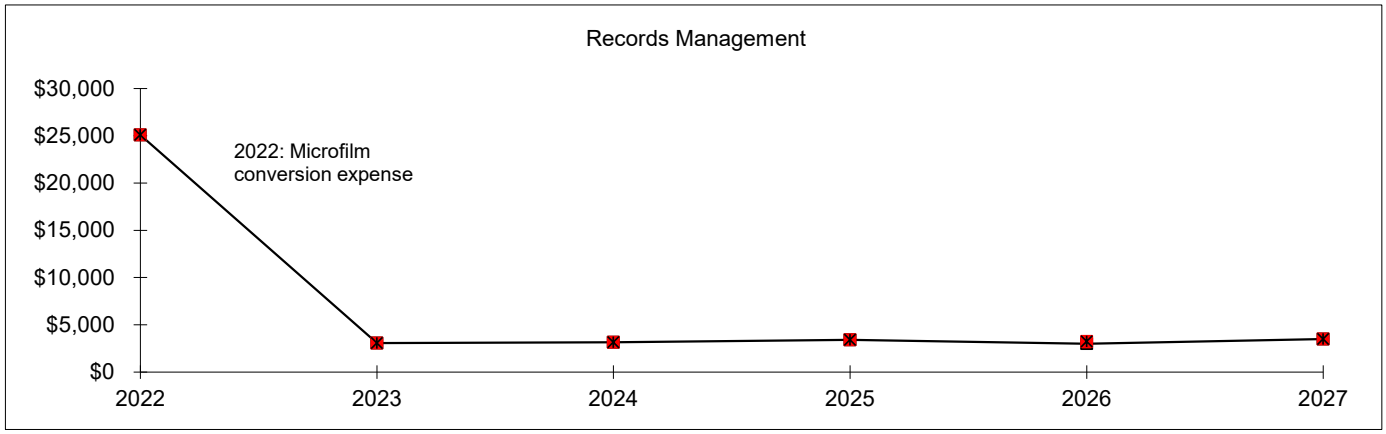


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
PROFESSIONAL CONTRACTS

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
OUTSIDE SERVICES							
Temporary Help, Benefits Consulting	$7,100	$49	$3,140		$20,000	$0	$20,000
Internal Auditor Contract	$39,176	$43,726	$43,034	$38,723	$41,000	$41,000	$53,000
Retiree Research (Death Match)	$20,650	$25,007	$25,252	$14,192	$21,000	$15,750	$19,500
1099 Processing					$250	$12,046	$15,000
IT Outsourcing	$149,488	$332,782	$295,003	$319,517	$1,096,200	$710,190	$1,105,399
Other	$8,630	$8,275	$3,667	$11,790	$8,500	$2,185	$16,375
Outside Services	$225,044	$409,839	$370,096	$384,222	$1,186,950	$781,171	$1,229,274

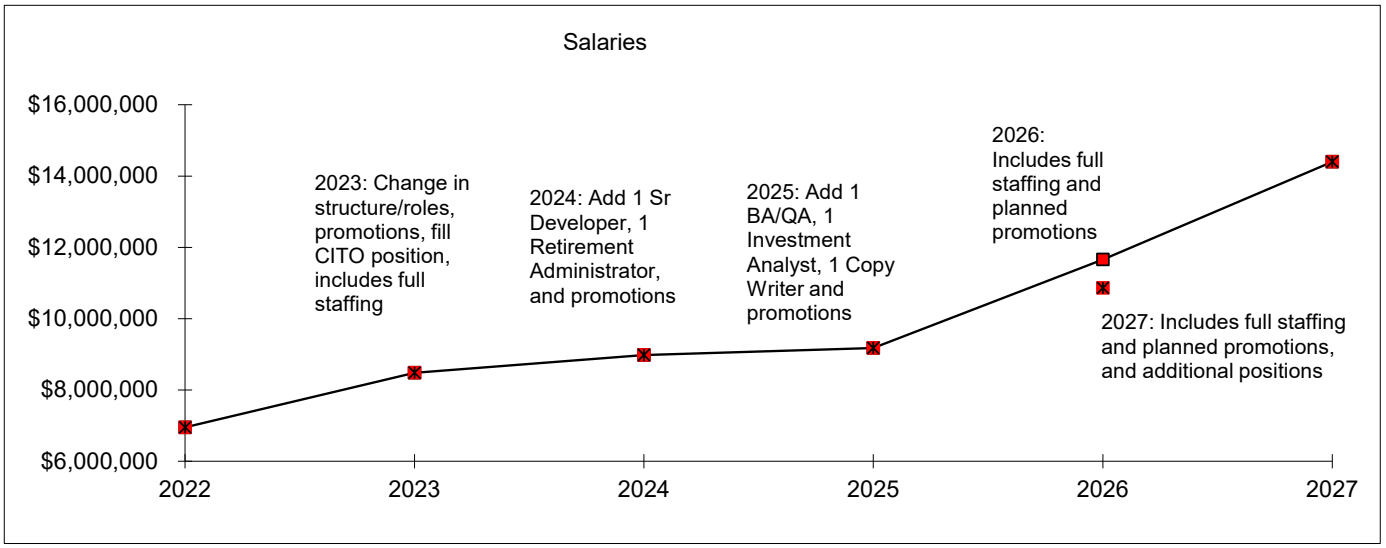


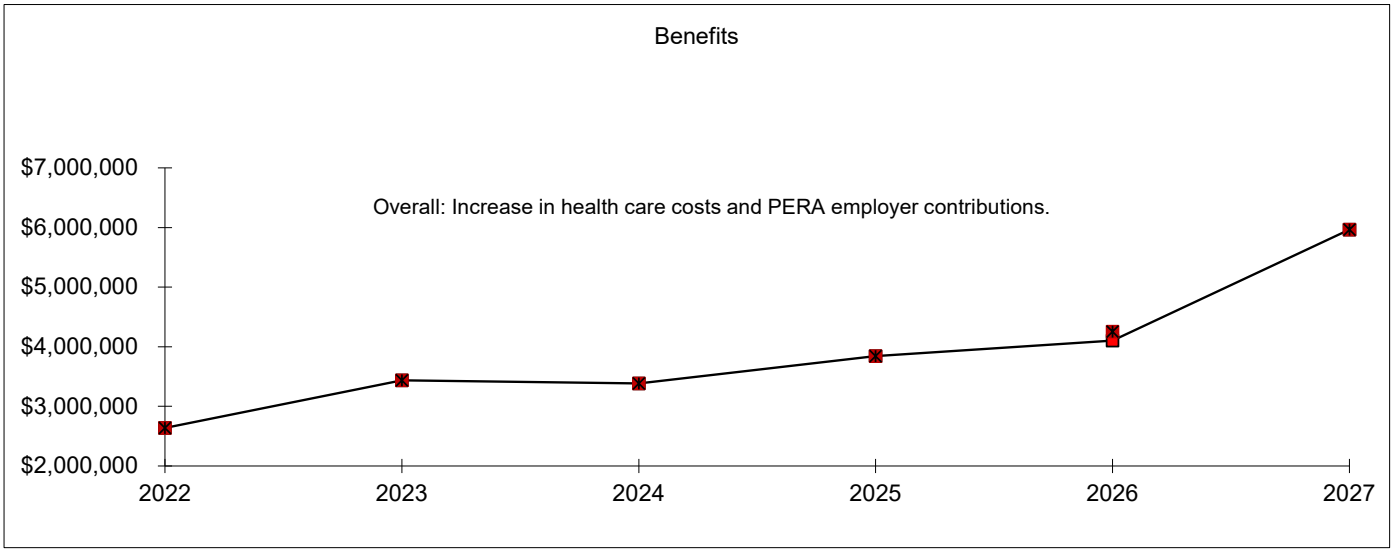
	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
RECORDS MANAGEMENT							
Records Management Services	$2,560	$3,067	$3,163	$3,406	$3,000	$3,250	$3,500
Special Projects	$22,524						
Records Management	$25,084	$3,067	$3,163	$3,406	$3,000	$3,250	$3,500



FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
PERSONNEL COSTS

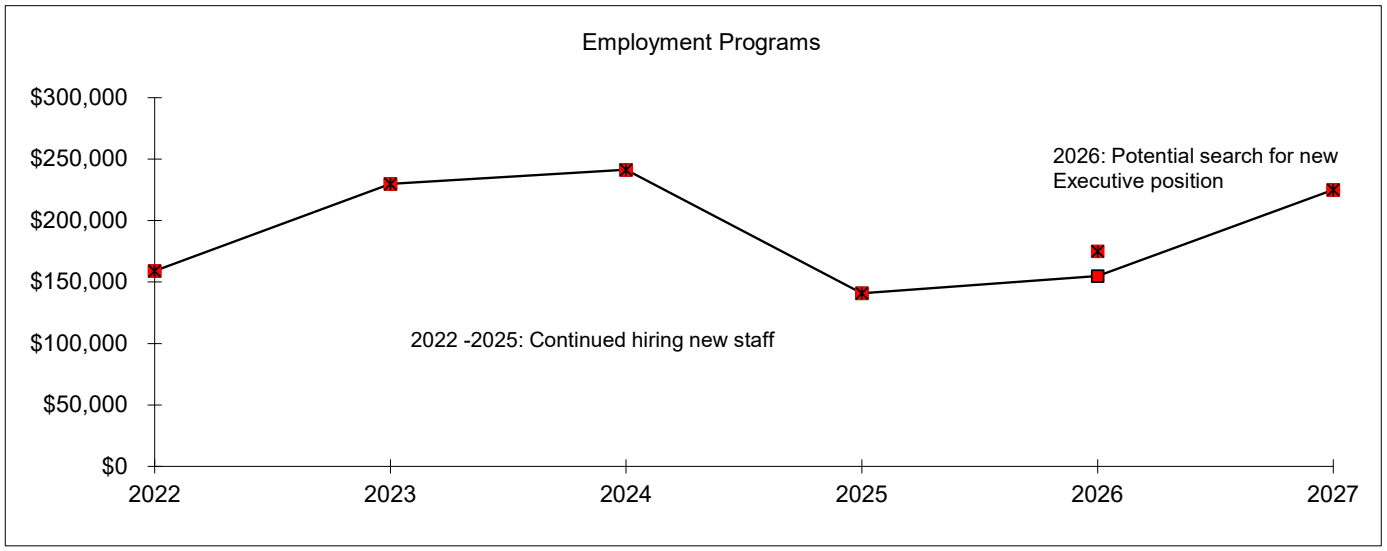
	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
SALARIES & BENEFITS - COMBINED							
Salaries	$6,950,901	$8,480,819	$8,979,741	$9,176,434	$11,657,353	$10,857,299	$14,398,531
Benefits	$2,637,977	$3,434,704	$3,385,925	$3,844,541	$4,103,680	$4,253,976	$5,964,751
Salaries & Benefit Programs	$9,588,878	$11,915,523	$12,365,666	$13,020,975	$15,761,033	$15,111,275	$20,363,282

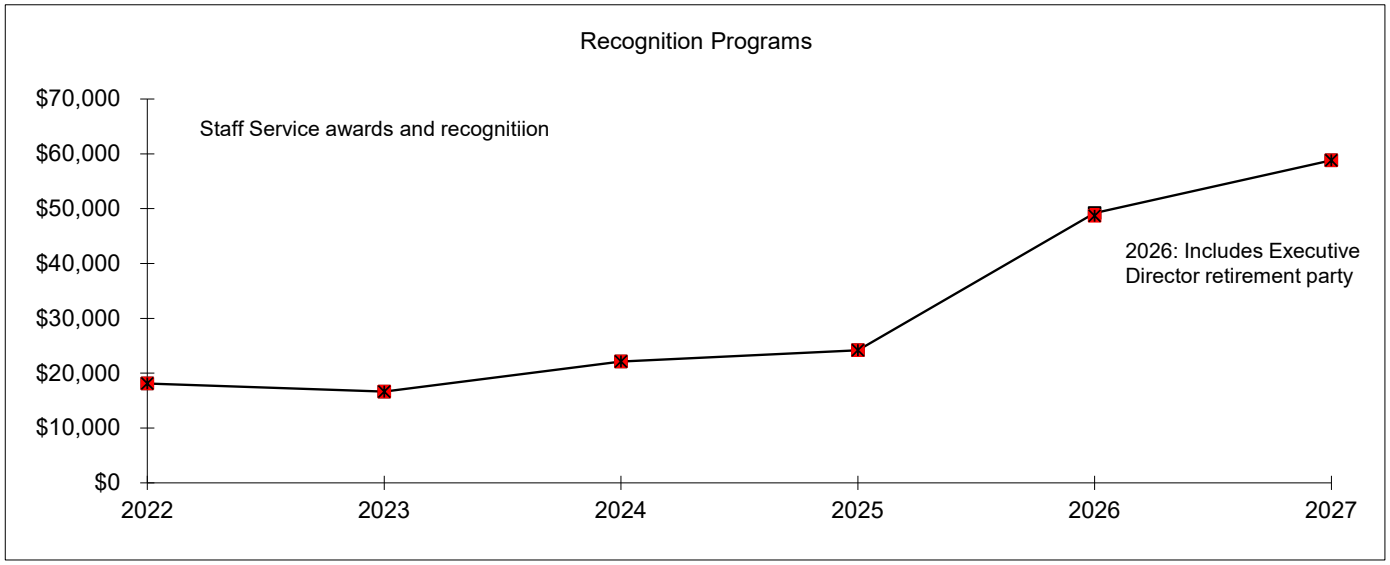




FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
PERSONNEL COSTS

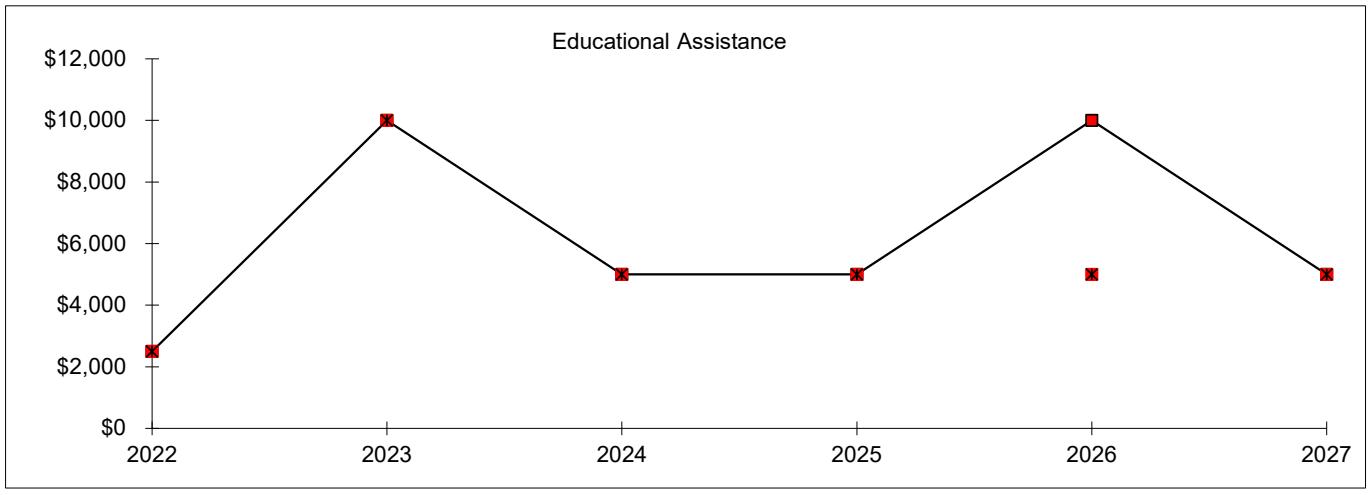
	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
EMPLOYMENT & RECOGNITION PROGRAMS							
Employment Programs	$159,035	$229,835	$241,412	$140,852	$155,000	$175,000	$225,000
Recognition Programs	$18,106	$16,646	$22,110	$24,168	$49,175	$48,675	$58,825
Employment & Recognition	$177,141	$246,481	$263,522	$165,020	$204,175	$223,675	$283,825



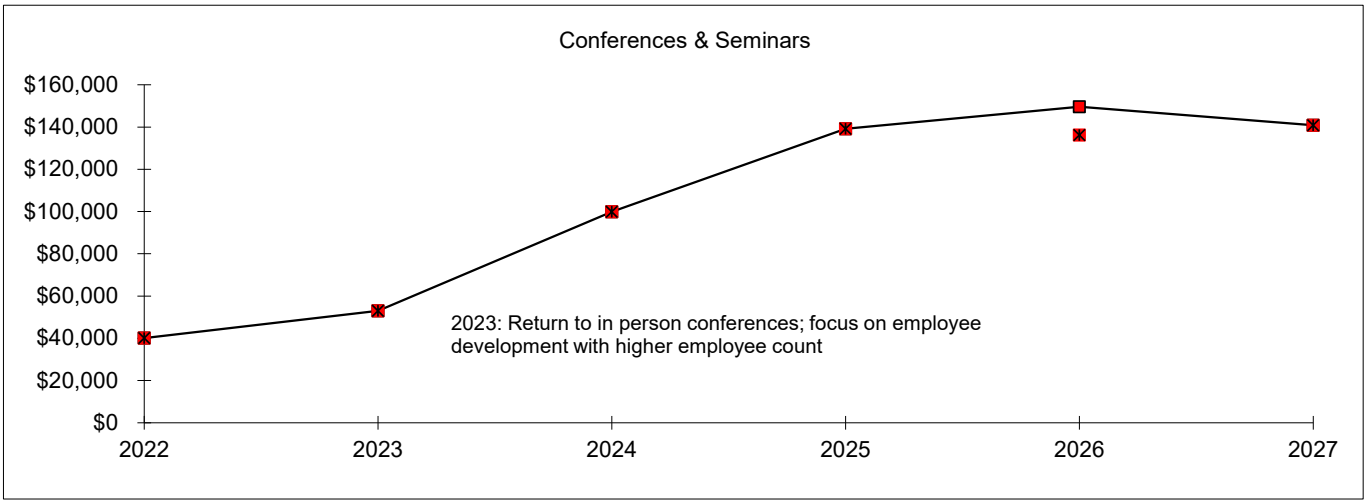


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
STAFF EDUCATION

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
EDUCATIONAL ASSISTANCE	$2,500	$10,000	$5,000	$5,000	$10,000	$5,000	$5,000

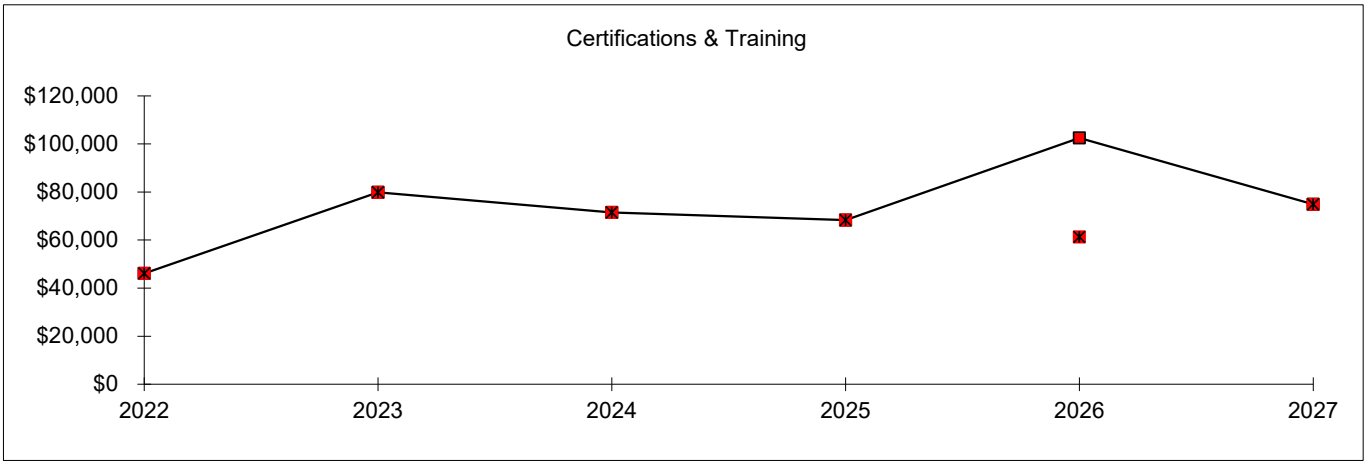


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
CONFERENCES & SEMINARS	$40,089	$53,037	$99,915	$139,151	$149,600	$136,175	$140,840



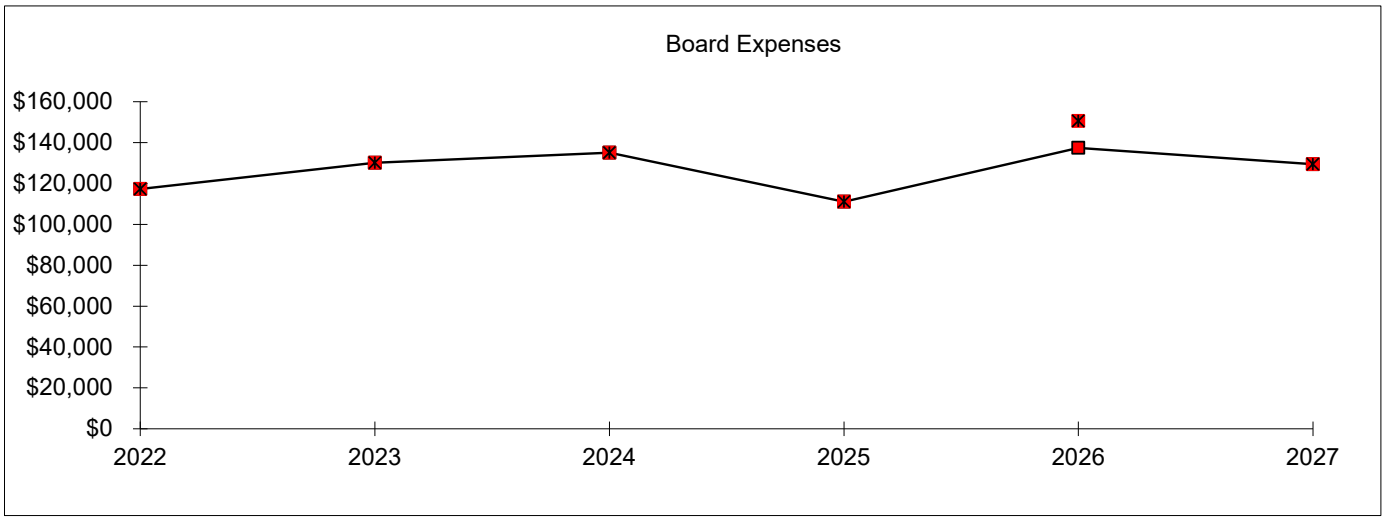
FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
STAFF EDUCATION

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
CERTIFICATIONS & TRAINING	$46,107	$79,859	$71,515	$68,368	$102,500	$61,269	$74,900

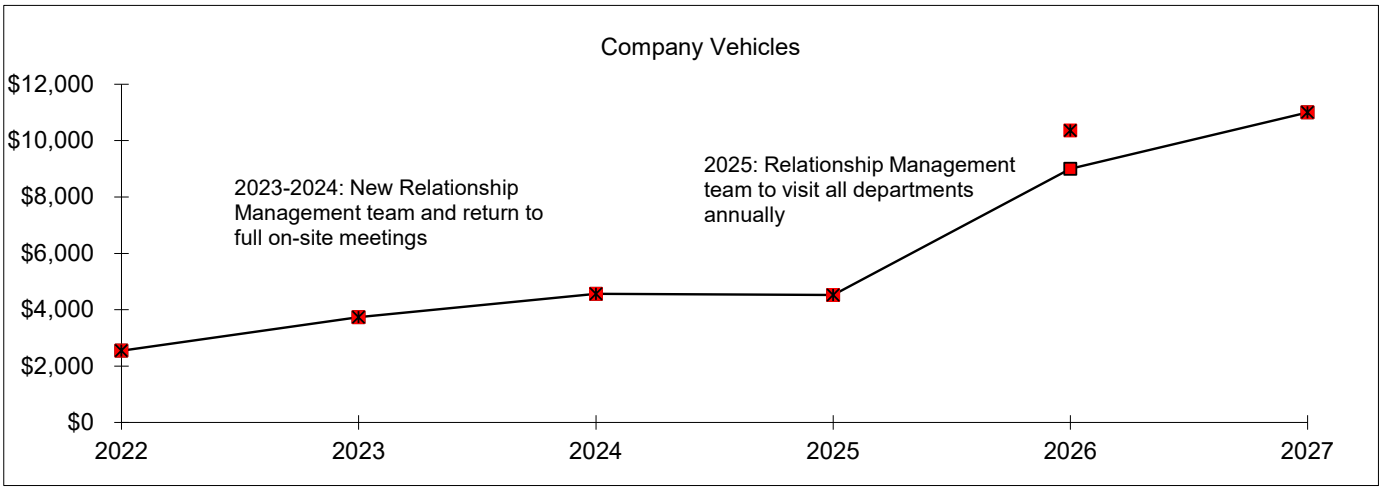


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
OTHER OPERATING EXPENSES

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
BOARD EXPENSES							
Board & Committee Mtgs	$18,750	$19,388	$19,947	$11,874	$20,320	$20,720	$24,740
National Meetings	$13,364	$8,826	$19,314	$27,865	$25,000	$33,000	$30,000
Outside Counsel			$14,273		$0	$0	$0
Planning (Offsite)	$35,092	$45,480	$21,028	$24,089	$27,500	$22,431	$30,000
Subscriptions & Dues	$21,347	$24,441	$24,100	$10,864	$25,582	$25,188	$27,138
Board Technology Expense	$28,807	$31,960	$36,112	$36,318	$38,500	$48,725	$17,000
Supplies		$81	$256	$66	$500	$500	$500
Board Expenses	$117,360	$130,176	$135,030	$111,076	$137,402	$150,564	$129,378

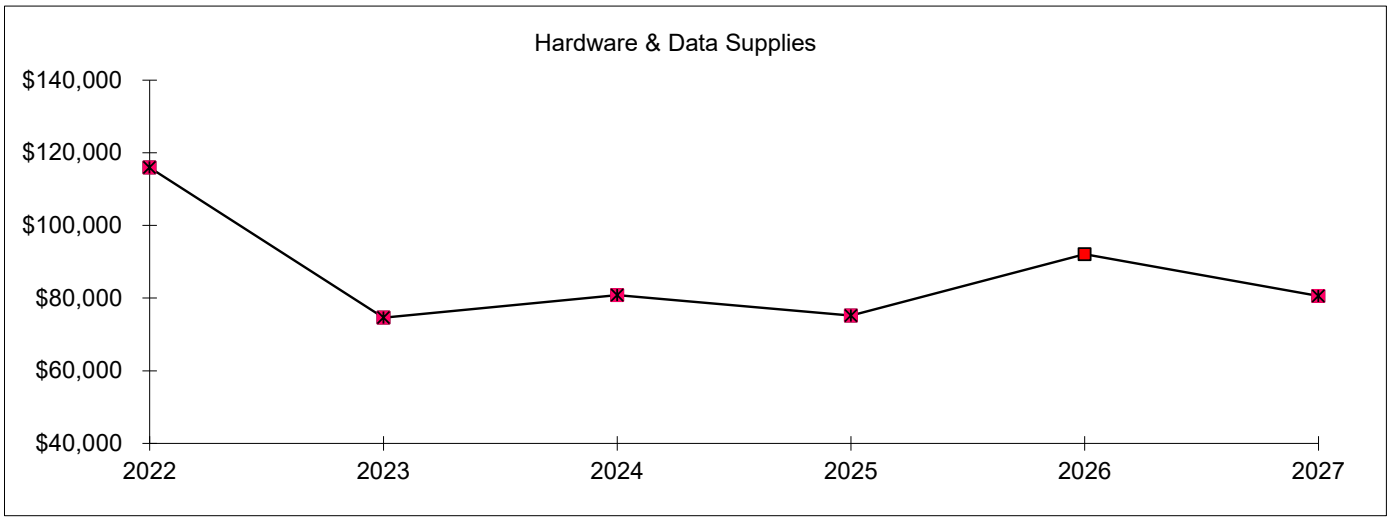


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
COMPANY VEHICLES	$2,545	$3,736	$4,568	$4,527	$9,000	$10,360	$11,000

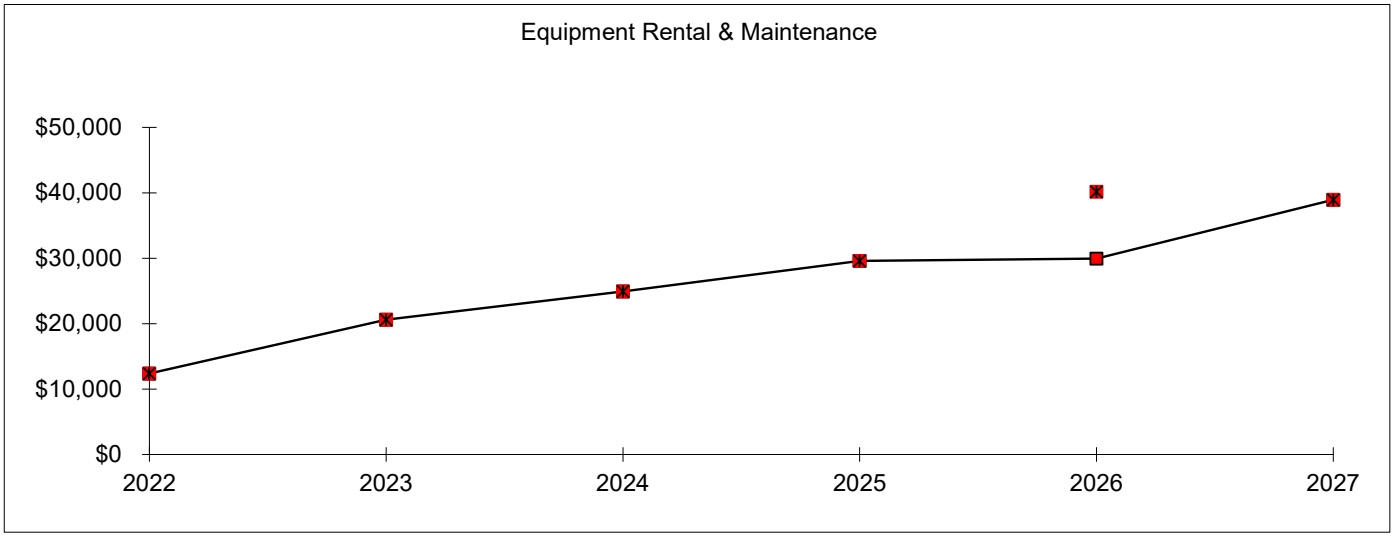


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
OTHER OPERATING EXPENSES

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
HARDWARE & DATA SUPPLIES	$115,931	$74,611	$80,836	$75,172	$92,100	$153,000	$80,600

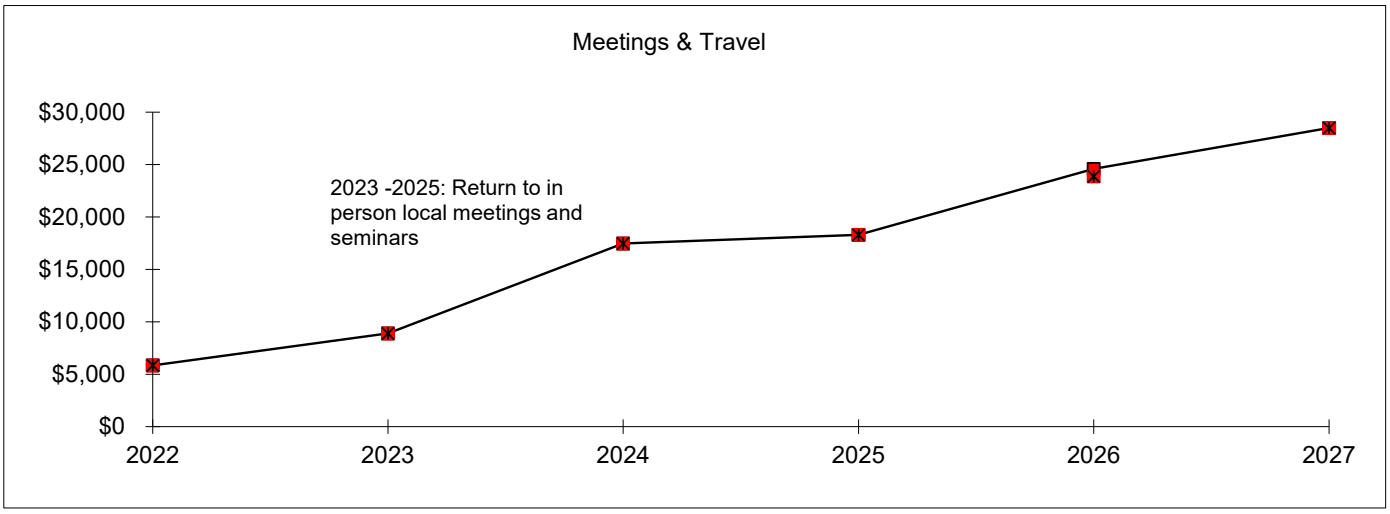


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
EQUIPMENT RENTAL & MAINTENANCE	$12,377	$20,592	$24,909	$29,573	$29,930	$40,174	$38,940

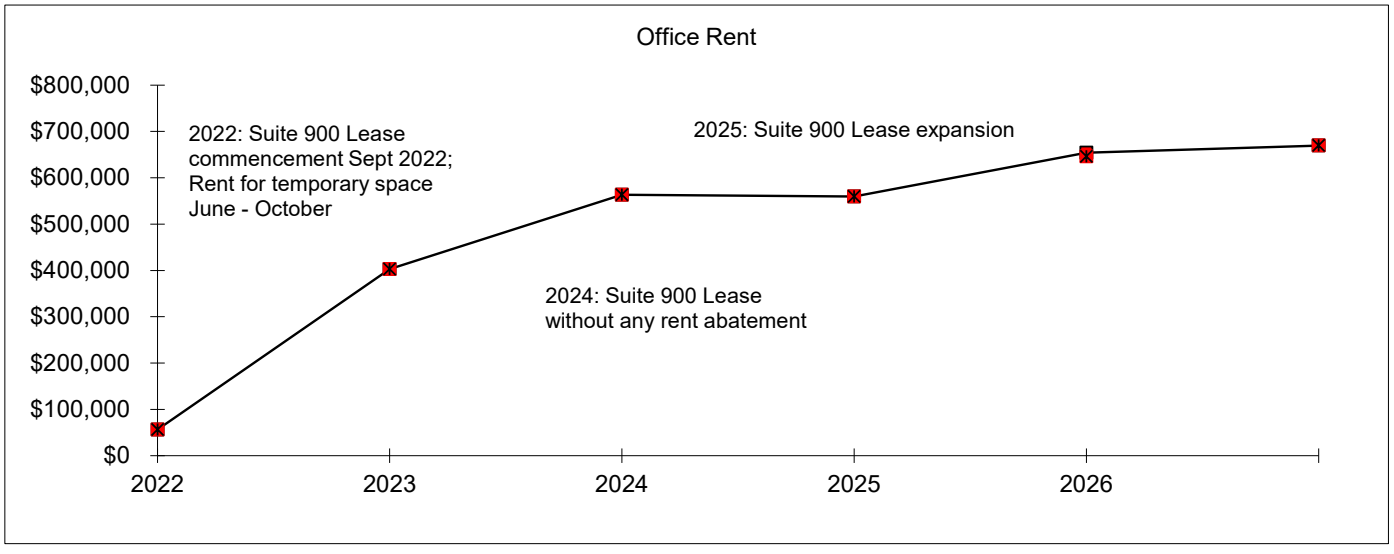


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
OTHER OPERATING EXPENSES

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
MEETINGS & TRAVEL	$5,839	$8,889	$17,482	$18,292	$24,600	$23,875	$28,495

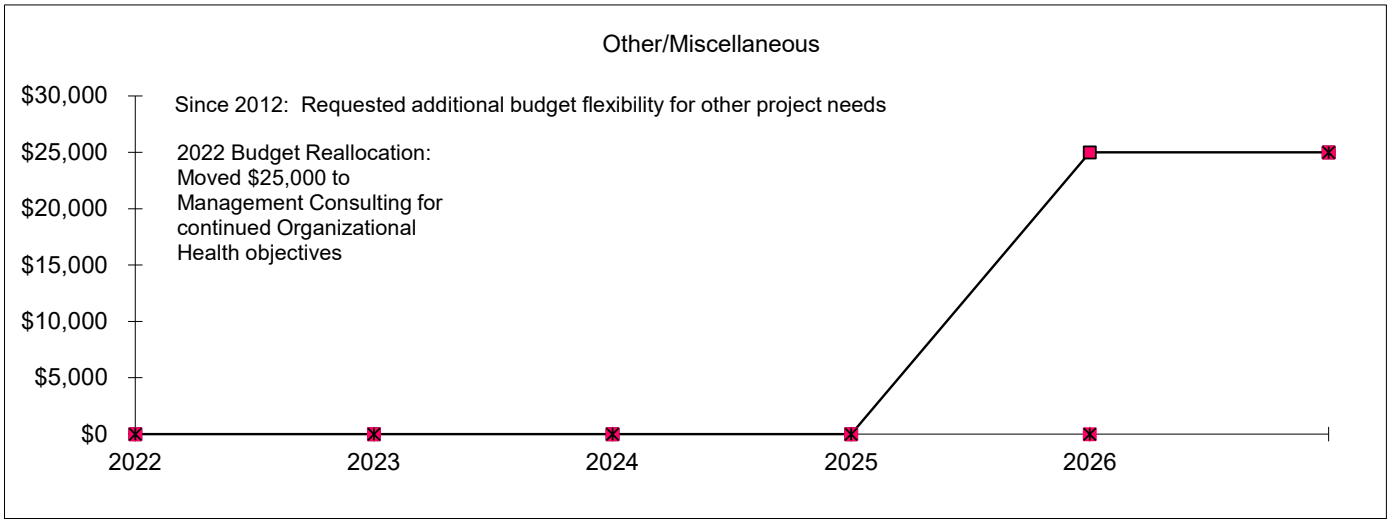


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
OFFICE RENT	$56,389	$403,164	$563,251	$559,442	$654,201	$646,113	$669,494

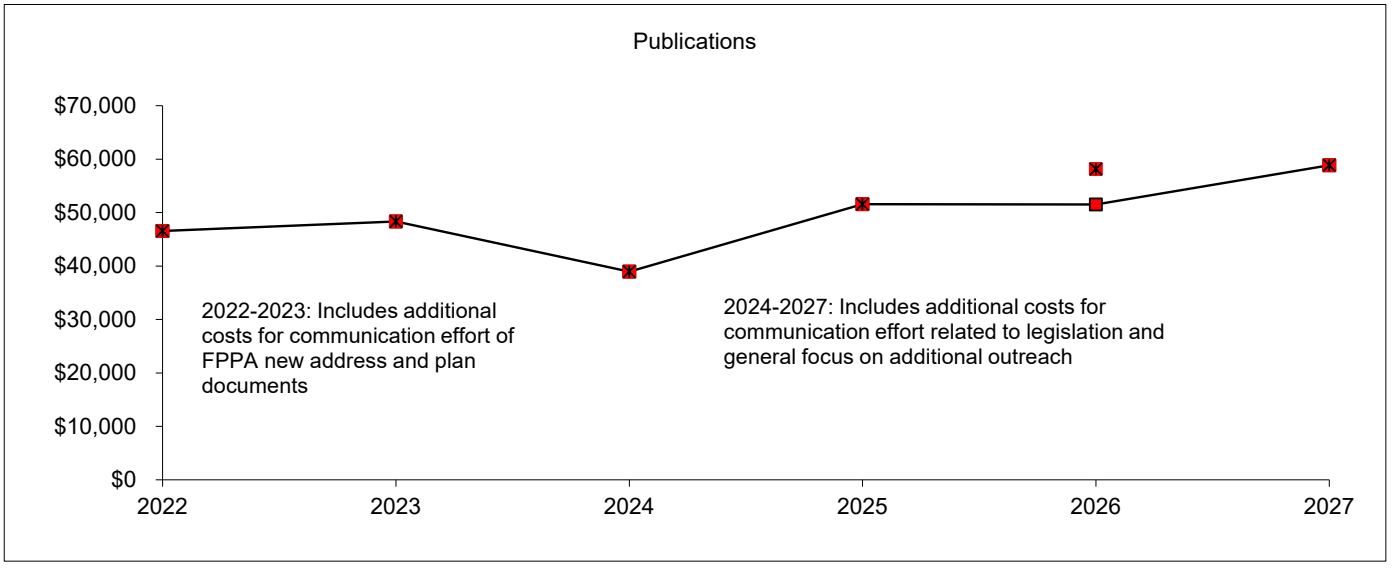


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
OTHER OPERATING EXPENSES

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
OTHER/MISCELLANEOUS	$0	$0	$0	$0	$25,000	$0	$25,000

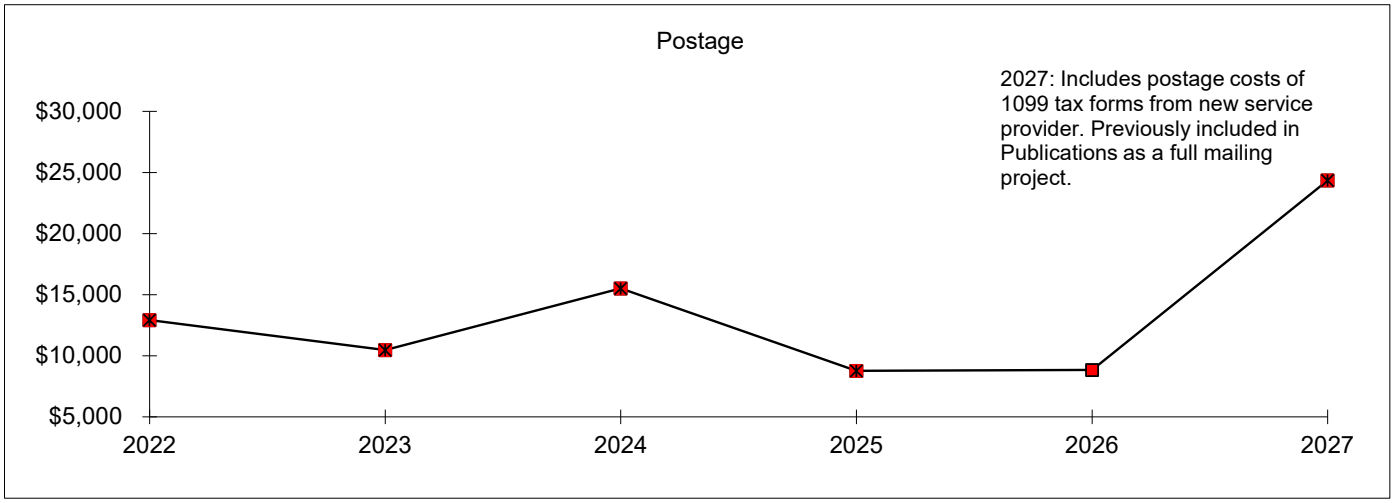


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
PUBLICATIONS	$46,551	$48,326	$38,951	$51,560	$51,500	$58,158	$58,852

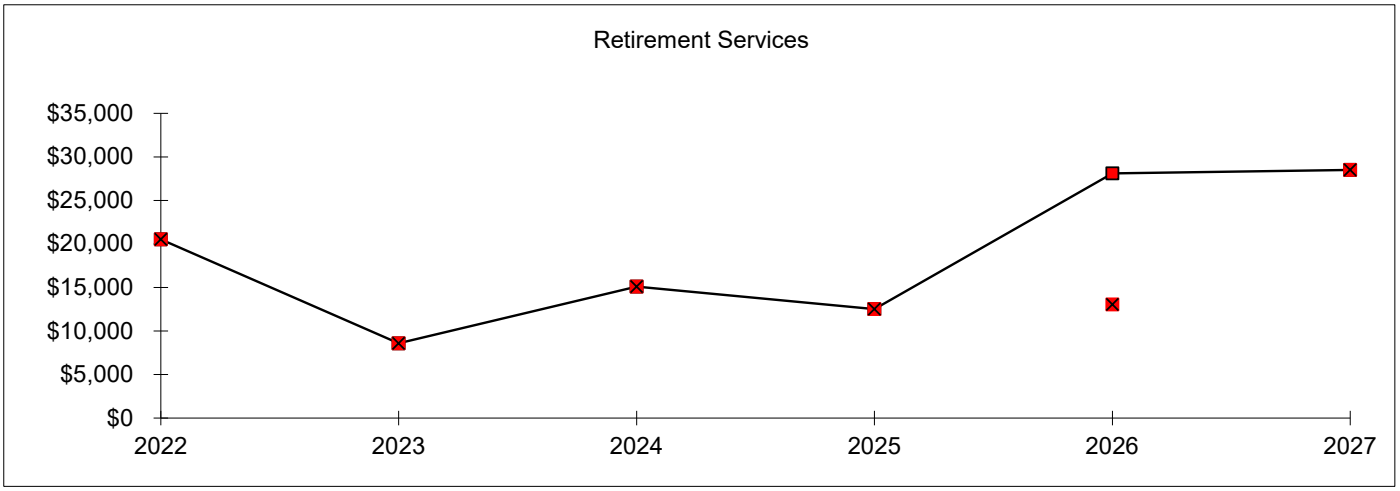


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
OTHER OPERATING EXPENSES

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
POSTAGE	$12,925	$10,478	$15,521	$8,768	$8,850	$4,820	$24,350

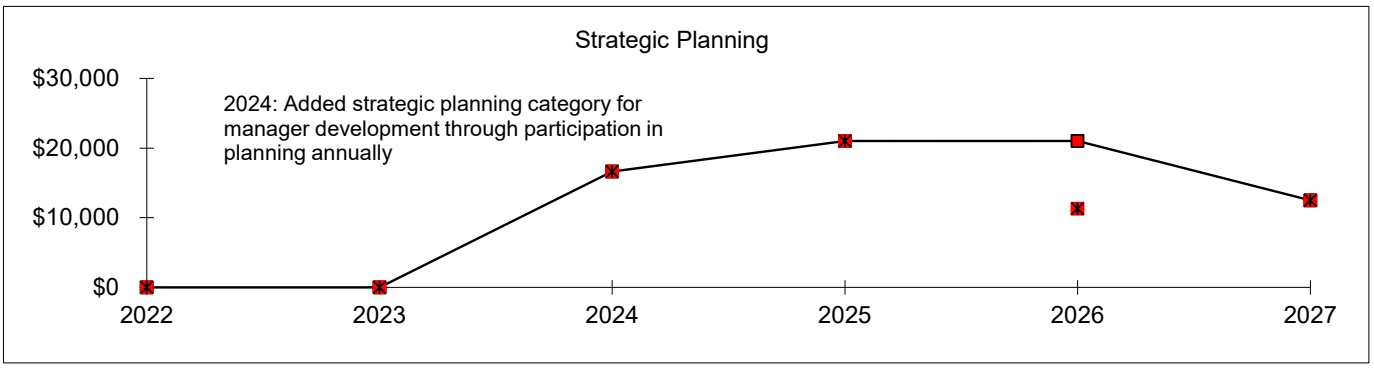


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
RETIREMENT SERVICES	$20,512	$8,590	$15,103	$12,517	$28,100	$13,032	$28,500

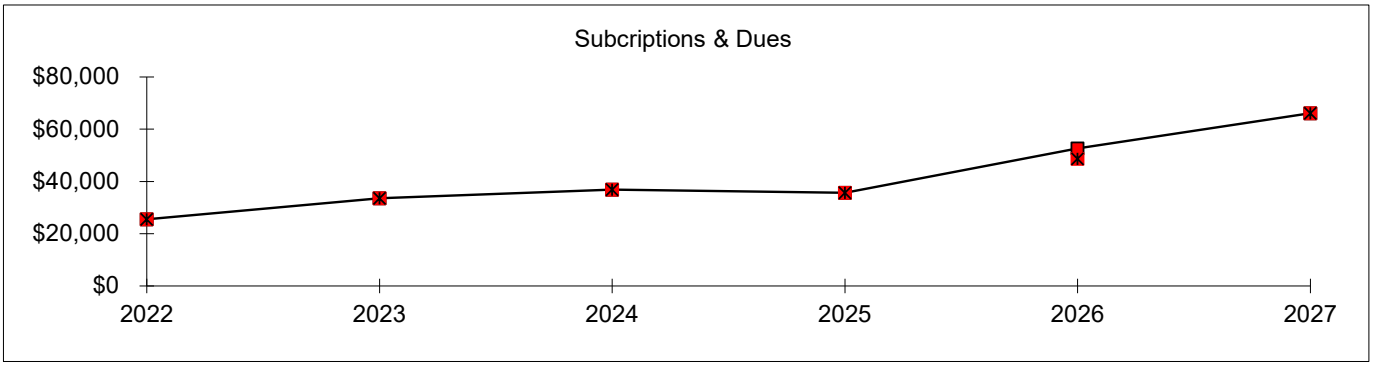


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
OTHER OPERATING EXPENSES

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
STRATEGIC PLANNING	N/A	N/A	$16,633	$21,012	$21,000	$11,281	$12,500

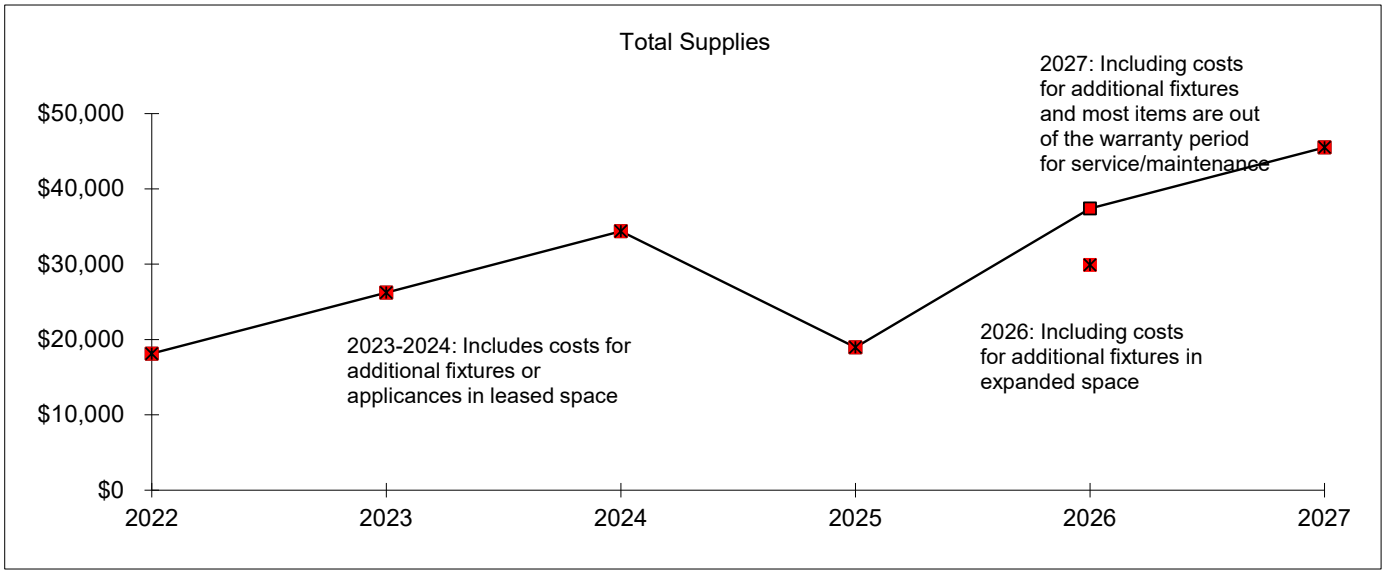


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
SUBSCRIPTIONS & DUES	$25,522	$33,539	$36,937	$35,693	$52,620	$48,692	$66,134

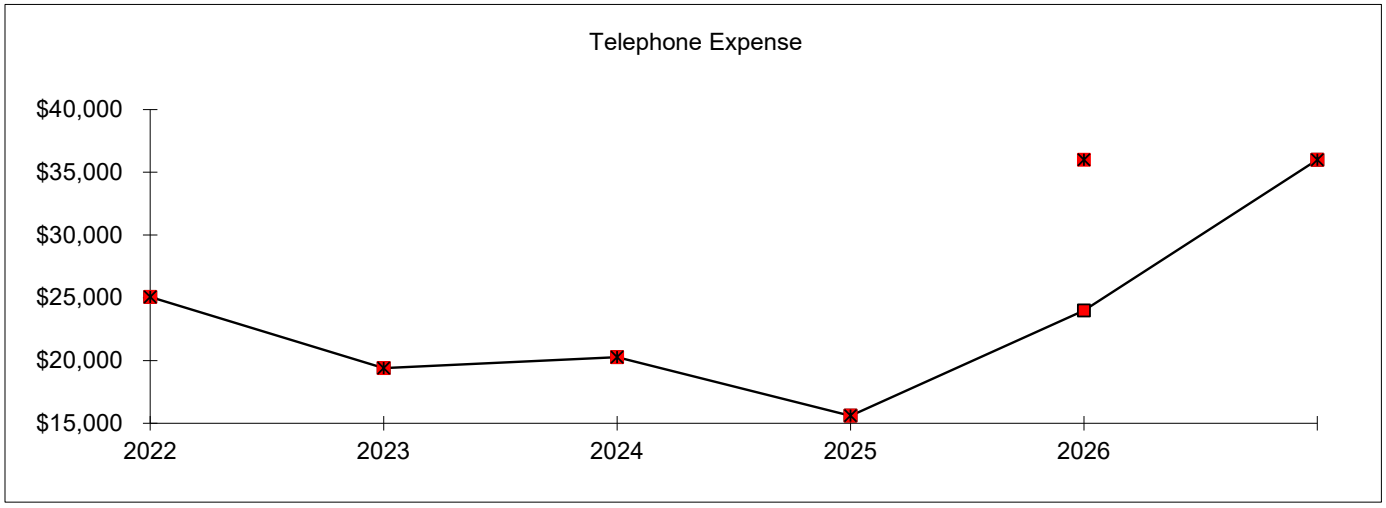


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
OTHER OPERATING EXPENSES

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
SUPPLIES	$18,140	$26,232	$34,393	$18,969	$37,400	$29,900	$45,500

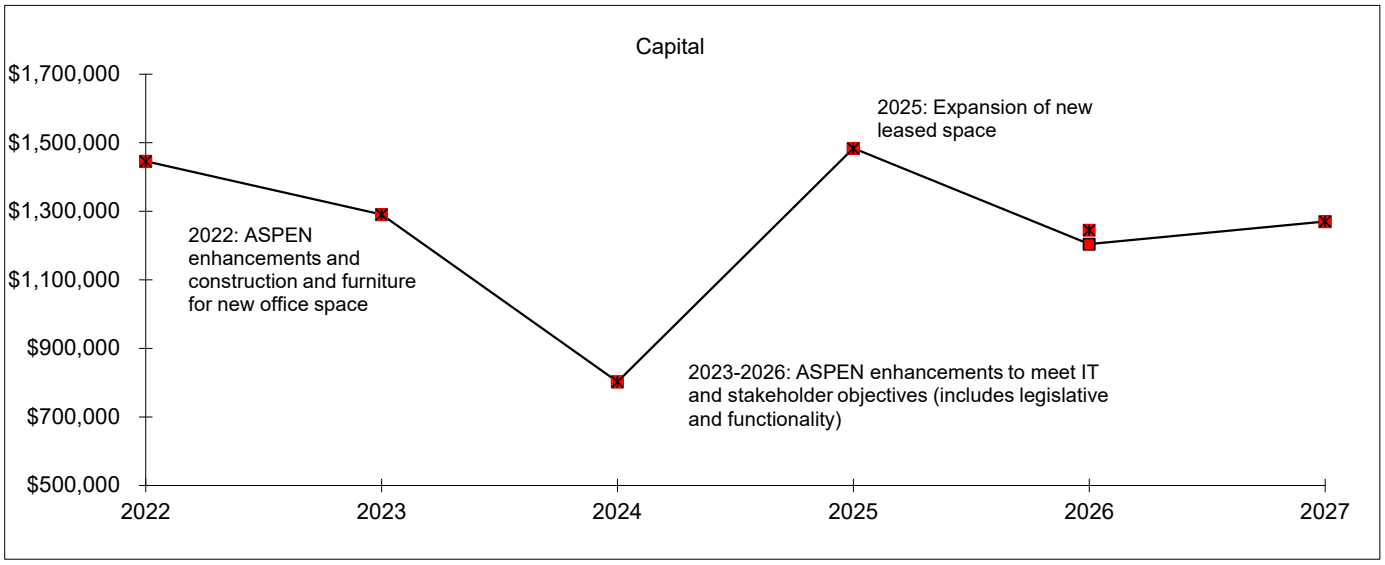


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
TELEPHONE & WEBINAR	$25,062	$19,390	$20,275	$15,597	$24,000	$36,000	$36,000



FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED OPERATING BUDGET
CAPITAL EXPENDITURES

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
CAPITAL EXPENDITURES							
Computers & Network	$543,085	$1,231,104	$737,797	$1,184,835	$1,179,660	$1,180,031	$1,240,533
Furniture/Office Equipment	$903,022	$59,512	$19,809	$299,219	$25,000	$65,000	$30,000
Vehicles			$44,997		$0	$0	$0
Total Operating Capital	$1,446,107	$1,290,616	$802,603	$1,484,054	$1,204,660	$1,245,031	$1,270,533

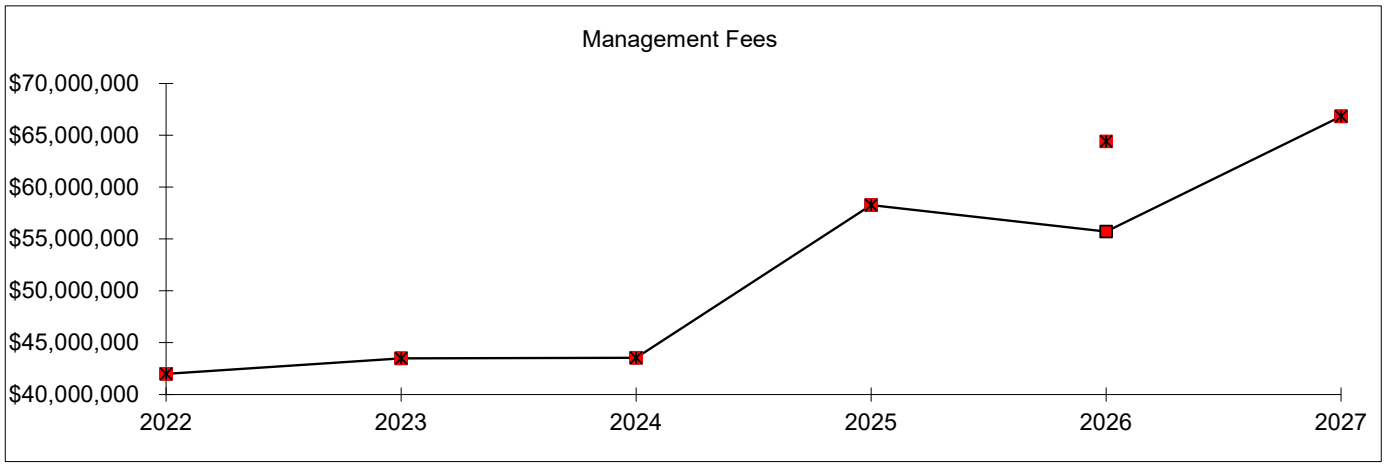


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED ASSET BASED FEES BUDGET
OVERALL SUMMARY

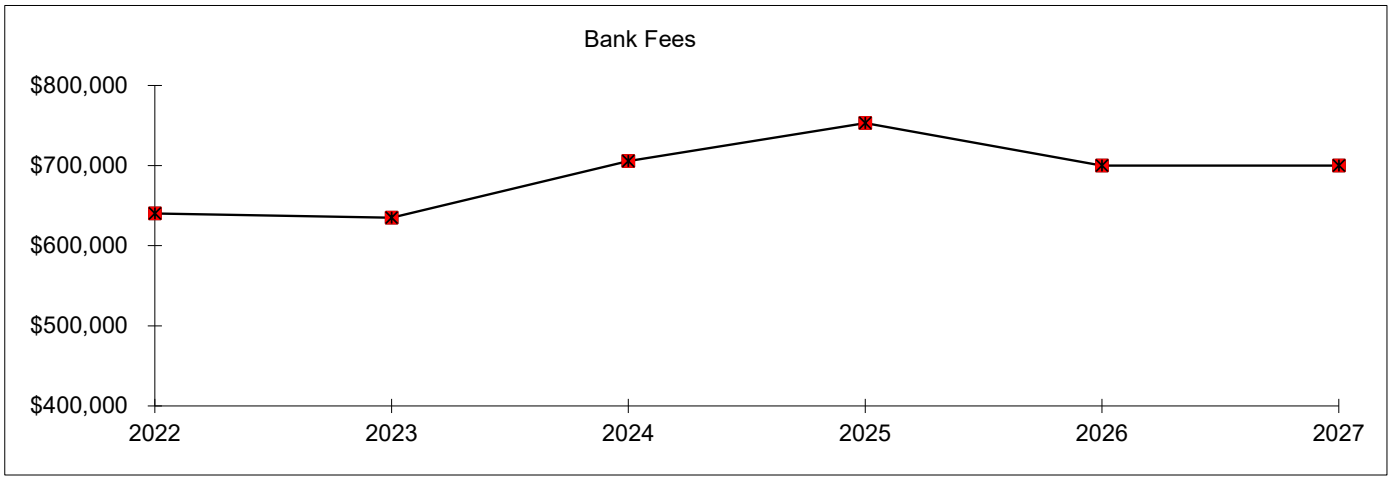
Expenditure Group	2025 Actual	2026 Budget	2026 Projected	2027 Proposed Budget	2026 to 2027 Budgeted Percentage Change	Percentage of Proposed Asset Based Fees Budget
MANAGEMENT FEES	$ 58,272,195	$ 55,722,011	$ 64,411,052	$ 66,826,466	19.9%	84.3%
ASSET BASED FEES- excl Mgmt Fee						
PROFESSIONAL CONTRACTS						
Bank Fees	$ 753,042	$ 700,000	$ 700,000	$ 700,000	0.0%	5.6%
Closing Costs	$ 73,575	$ 108,000	$ 180,000	$ 180,000	66.7%	1.4%
Computer Software	$ 851,781	$ 916,465	$ 883,709	$ 909,453	-0.8%	7.3%
Consulting & Services	$ 1,511,509	$ 1,511,843	$ 1,520,776	$ 1,549,504	2.5%	12.4%
Legal Fees	$ 410,361	$ 515,000	$ 600,000	$ 670,000	30.1%	5.4%
Total Professional Contracts	**$ 3,600,268**	**$ 3,751,308**	**$ 3,884,485**	**$ 4,008,957**	**6.4%**	**32.1%**
PERSONNEL COSTS						
Asset Based Fees Salaries	$ 3,239,843	$ 4,523,415	$ 4,468,214	$ 6,130,936	35.5%	49.1%
Asset Based Fees Benefits	$ 783,113	$ 1,375,581	$ 1,294,850	$ 2,079,943	51.2%	16.7%
Total Personnel Costs	**$ 4,022,956**	**$ 5,898,996**	**$ 5,763,064**	**$ 8,210,879**	**28.2%**	**65.8%**
STAFF EDUCATION						
Certifications & Training	$ 11,428	$ 15,000	$ 3,000	$ 15,000	0.0%	0.1%
Conferences & Seminars	$ 10,331	$ 22,000	$ 8,800	$ 22,000	0.0%	0.2%
Total Staff Education	**$ 21,759**	**$ 37,000**	**$ 11,800**	**$ 37,000**	**0.0%**	**0.3%**
OTHER INVESTMENT EXPENSES						
Other ABF Expenses	$ 4,770	$ -	$ -	$ -	N/A	0.0%
Meetings & Travel/Due Diligence	$ 163,075	$ 152,500	$ 180,000	$ 187,500	23.0%	1.5%
Subscriptions & Dues	$ 30,026	$ 31,488	$ 32,843	$ 33,377	6.0%	0.3%
Total Other Investment Expenses	**$ 197,871**	**$ 183,988**	**$ 212,843**	**$ 220,877**	**16.7%**	**1.8%**
Asset Based Fees - excl. Mgmt Fees	**$ 7,842,854**	**$ 9,871,292**	**$ 9,872,192**	**$ 12,477,713**	**26.4%**	**100.0%**
Total Asset Based Fees	**$ 66,115,049**	**$ 65,593,303**	**$ 74,283,244**	**$ 79,304,179**	**20.9%**	

FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED ASSET BASED FEES BUDGET

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
MANAGEMENT FEES	$41,993,569	$43,482,642	$43,535,220	$58,272,195	$55,722,011	$64,411,052	$66,826,466

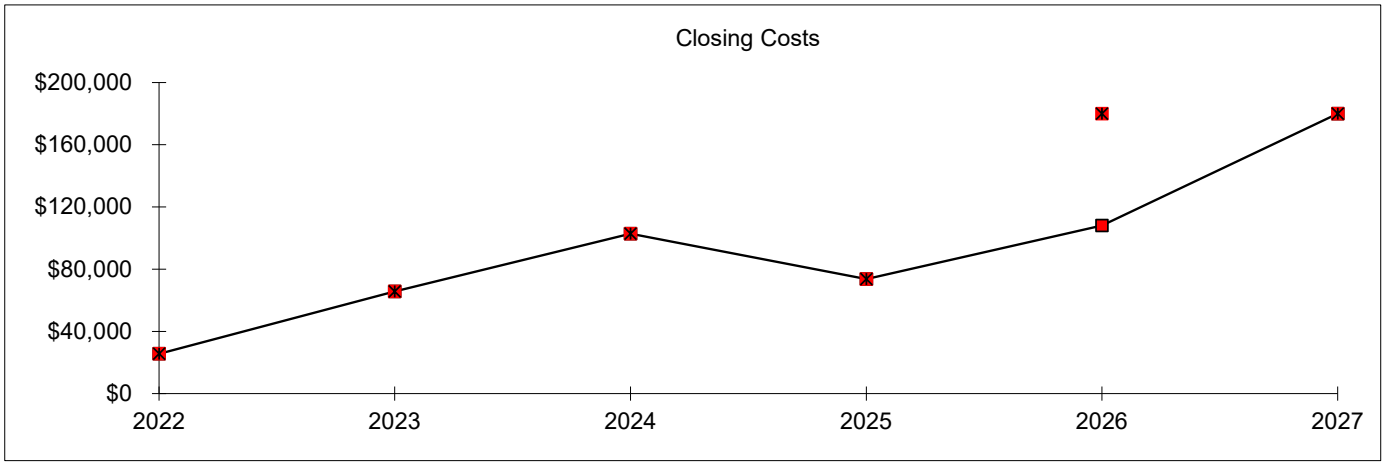


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
BANK FEES	$640,372	$634,946	$705,777	$753,042	$700,000	$700,000	$700,000

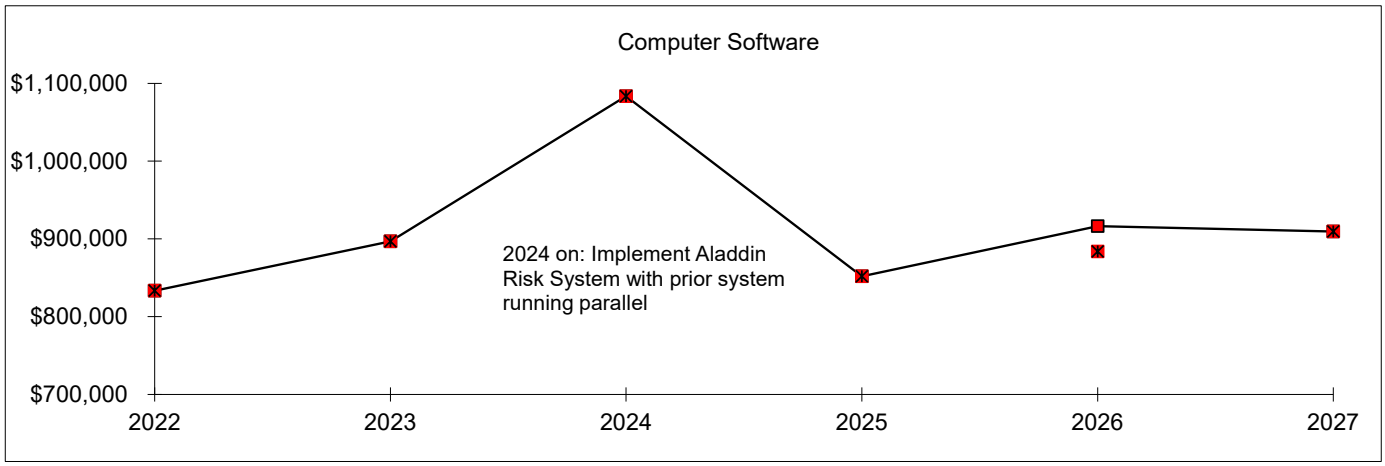


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED ASSET BASED FEES BUDGET

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
CLOSING COSTS	$25,565	$65,639	$102,890	$73,575	$108,000	$180,000	$180,000

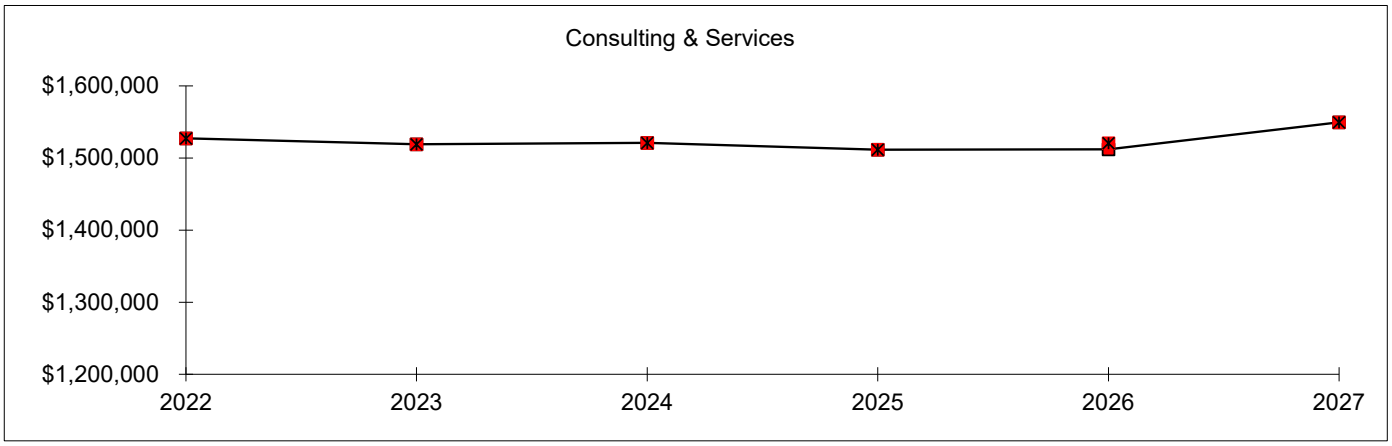


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
COMPUTER SOFTWARE	$833,402	$896,809	$1,083,577	$851,781	$916,465	$883,709	$909,453

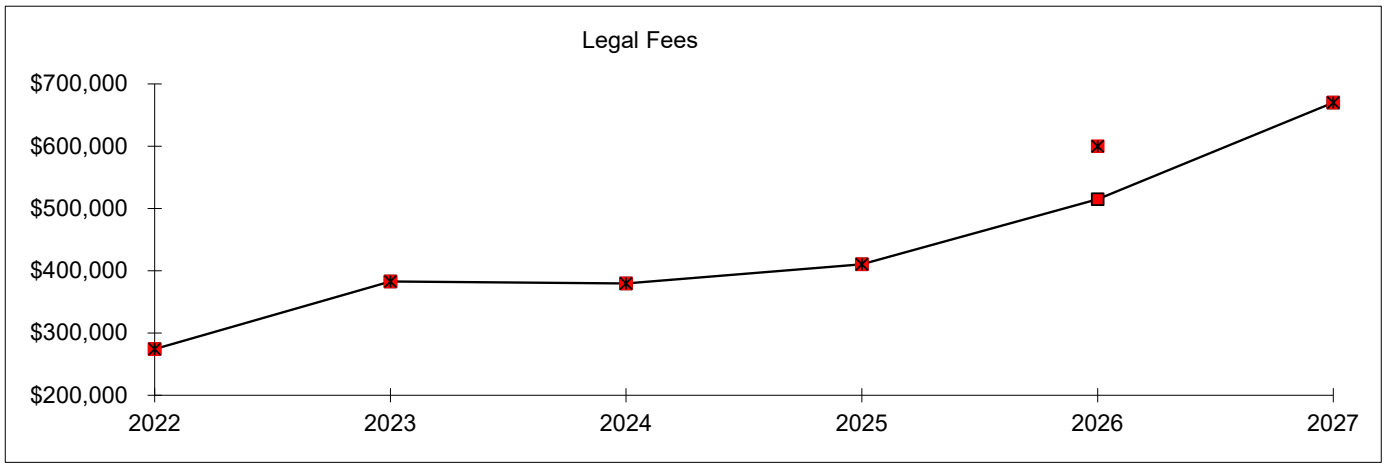


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED ASSET BASED FEES BUDGET

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
CONSULTING & SERVICES	$1,527,180	$1,518,969	$1,521,132	$1,511,509	$1,511,843	$1,520,776	$1,549,504

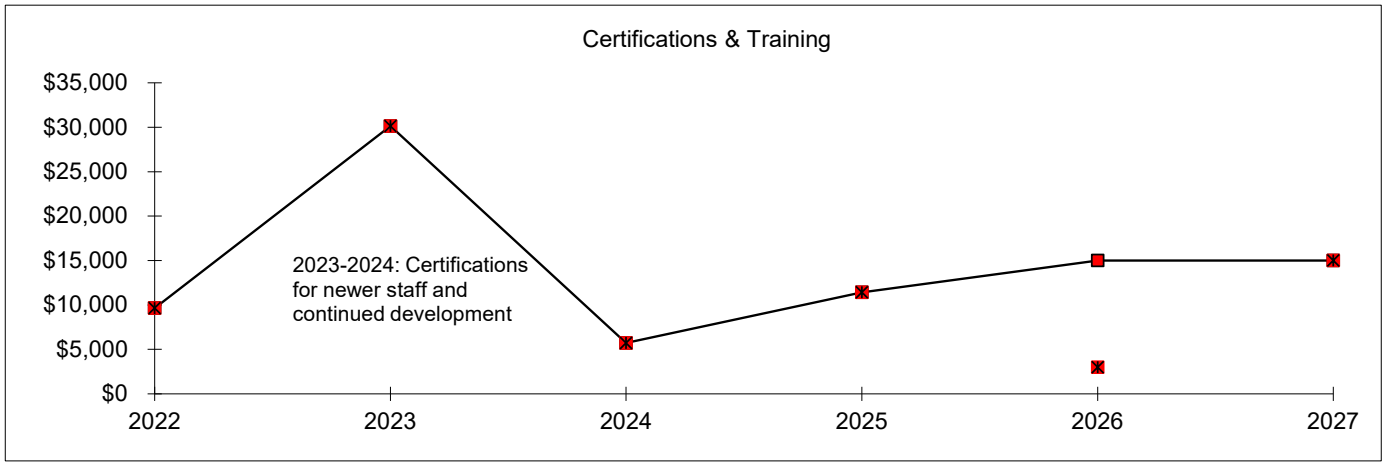


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
LEGAL FEES	$274,154	$382,583	$379,560	$410,361	$515,000	$600,000	$670,000

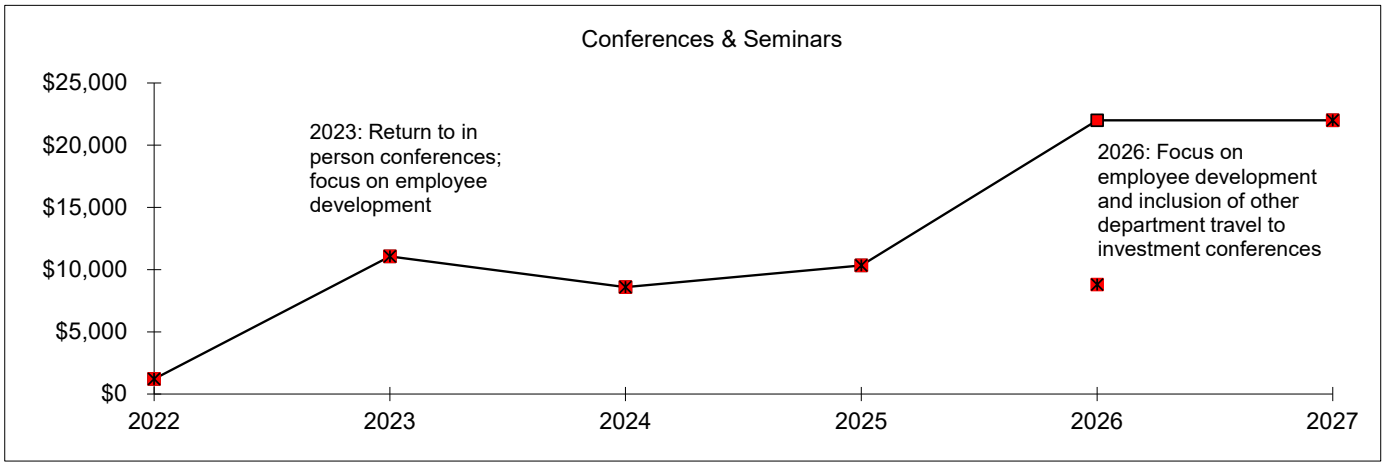


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED ASSET BASED FEES BUDGET

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
CERTIFICATIONS & TRAINING	$9,631	$30,139	$5,729	$11,428	$15,000	$3,000	$15,000

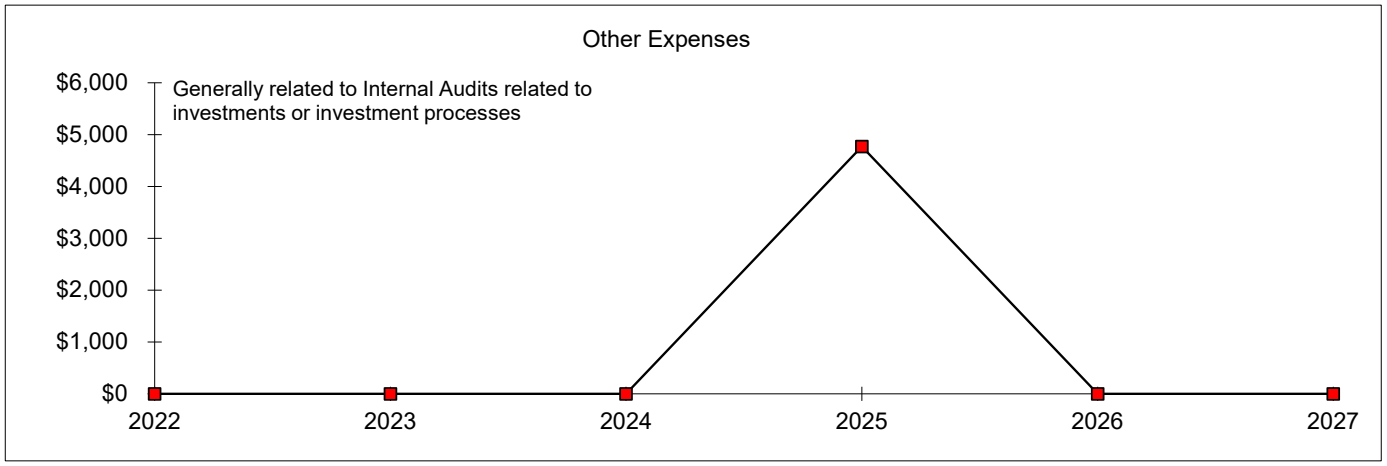


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
CONFERENCES & SEMINARS	$1,210	$11,054	$8,596	$10,331	$22,000	$8,800	$22,000

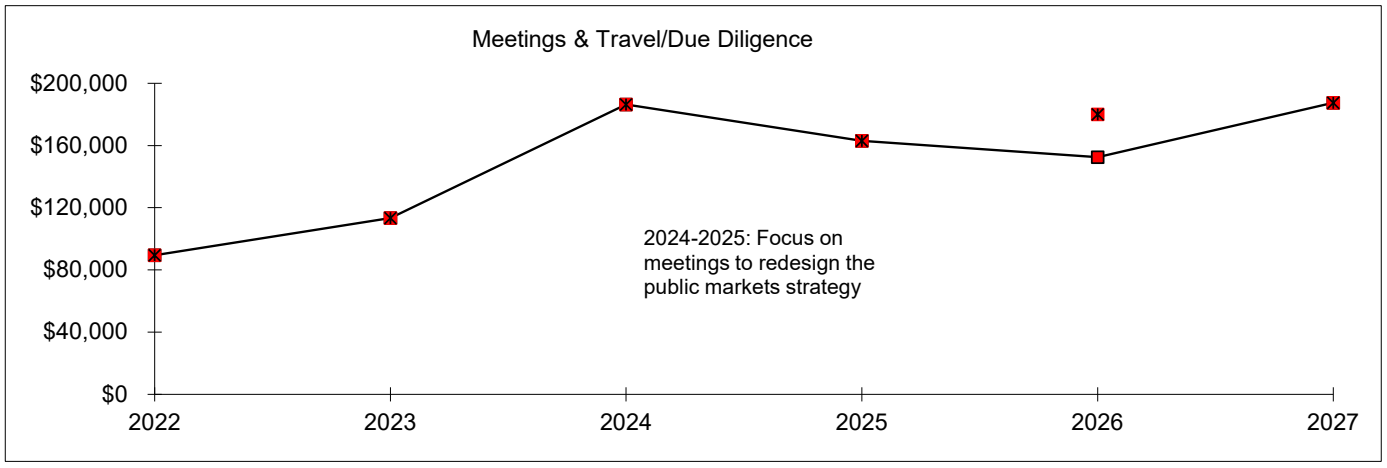


FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED ASSET BASED FEES BUDGET

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
OTHER EXPENSES	$0	$0	$0	$4,770	$0	$0	$0

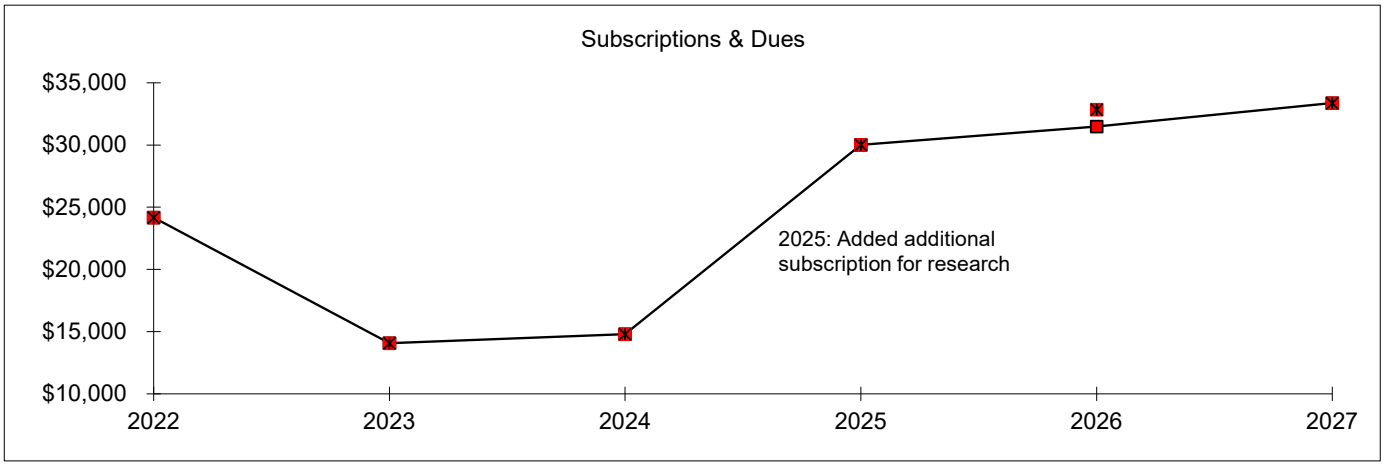


	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
MEETINGS & TRAVEL/DUE DILIGENCE	$89,446	$113,391	$186,450	$163,075	$152,500	$180,000	$187,500



FIRE AND POLICE PENSION ASSOCIATION
2027 PROPOSED ASSET BASED FEES BUDGET

	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Budget	2026 Projected	2027 Proposed
SUBSCRIPTIONS & DUES	$24,167	$14,072	$14,801	$30,026	$31,488	$32,843	$33,377



FPPA

Fire & Police Pension Association
Budget Committee

Memorandum

To:
Budget Committee

From:
Elaine Gorton

Regarding:
2027 Salaries and Benefits

Date:
November 12, 2026

FPPA's employees are essential to fulfilling our mission and achieving our five-year objective of becoming a thriving organization, as measured by service quality, operational efficiency, our ability to pay benefits, and the strength of our people and relationships. Retaining experienced staff and planning for future workforce needs are critical to our continued success.

Our turnover continues to be low, currently we are at 5.8%. The biggest portion, 50%, of our turnover in 2026 has been involuntary as we continue to hold staff accountable to our values as well as high expectations for the work that we require them to do every day. We want our members to continue to be highly satisfied due to our experienced and compassionate staff.

For 2027, our proposed budget includes $14,398,431 on salaries and $5,970,150 on benefits. Together, salaries and benefits represent the largest portion of FPPA's operating expenses, accounting for 65.5% of the proposed 2027 operating budget and 10.5% of the 2027 asset-based fees budget. In 2026, the corresponding figures were 62.4% and 9.0%, respectively.

FPPA's compensation philosophy, approved by the Board of Directors in August 2024, is available in the Resource Center. Each year, FPPA analyzes every position using at least three reliable, validated compensation surveys. McLagan and NCPERS/CBIZ provide salary data from public pension plans, including comparisons by assets under management when applicable. The Employers Council's annual compensation study provides regional data on Colorado positions and salaries. FPPA also participates in peer salary surveys when invited and incorporates relevant summary-level findings into its analysis.

Highlights of changes within the salaries budget are as follows:

- The Investment Division proposes adding a portfolio team position to support succession planning and staff retention.
- The Budget includes incentive compensation under the 2026 Investment Compensation Plan, approved by the Board in August 2026. For budgeting purposes, each employee is assumed to earn 100% of their target incentive.

- Within the Benefits Division we anticipate three to five promotions for 2027 on both the relationship management and benefits teams. In addition, we are proposing to add one new hire. We propose to add another member to our Content and Publications Team. This person will be contributing to several of our strategic initiatives for 2027 focused on stakeholder communication and outreach.

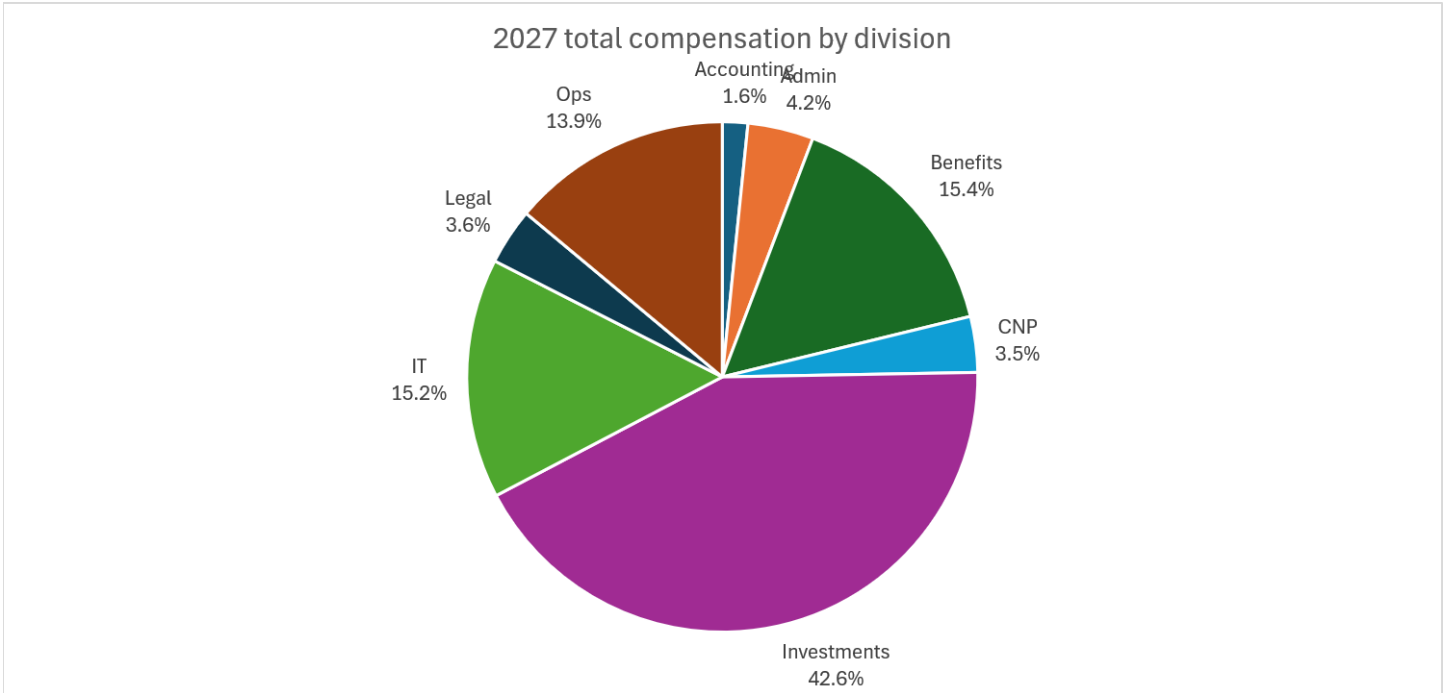
- We are adding a Public Affairs Officer to lead FPPA's public relations and government affairs strategy.

- The Legal Division proposes adding an attorney in 2027 whose primary focus would be benefits administration.

- The Operations Division proposes a potential midyear hire to support succession planning and staff retention.

- The IT Division staffing increase will support two 2026–2027 defining objectives—the pension modernization project and continued AI implementation—as well as standard IT project implementation objectives. Because the Board approved a database administrator position in 2026, the 2027 budget includes the first full year of that employee's salary. IT also proposes two new positions focused on business analysis and business systems.

- The proposed salary budget also continues funding FPPA's merit program and annual employee compensation increases. Since 2014, the program has enabled managers to keep salaries competitive and provide additional increases to high-performing employees. This investment directly supports staff retention and FPPA's mission.



Employee benefits include medical, dental, vision, life, and death and disability insurance, as well as the required employer contribution to PERA. The proposed budget reflects information available as of this meeting and may change as enrollment data is updated.

- Anthem has proposed a 12% increase in FPPA's healthcare costs. Because FPPA is a small employer, annual rate increases are based on a different data set, and FPPA has limited ability to negotiate those rates.
- We saw a 5% increase in our dental premiums with Delta Dental.
- PERA is increasing again with the employer portion set at 21.7% for 2027 up from 21.65% for 2026.

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2027 Budget

Draft

Five Year Objective



A Thriving Organization

- As measured by its quality of services, efficiency of operations, and ability to pay benefits
- As reflected in its people and relationships

FPPA

Five-Year Strategic Initiatives



People: Board & Staff

Succession & Retention Planning

Healthy Organizational Culture



Operations

Ensuring Investment Returns

Advances in Technology

Pension Administration System



Services

SWDD Plan review

Advances in Technology



Relationships

Stakeholder Communications

FPPA

2026-2027 Defining Objectives



Artificial Intelligence



Pension Administration System Modernization



Statewide Death & Disability Plan



COLA Analysis



IT Project Implementations



Benefit Enhancement Opportunities

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Standard Operating Objectives



Board Governance



Investments



Organizational Health & Employee Engagement



Stakeholder Engagement & Regulation



Actuarial, Audit & Reporting



Information Technology & Security

Information Governance

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FPPA Proposed 2027 Budget

- FPPA Proposed 2027 Budget schedules included in packet
- Detailed reports located in Diligent Boards under the Budget Committee tab
  - Divisional budget review
  - Detailed memos discussing budget
  - Trend line charting

Budget Process

- Budget Process
  - Expenses are evaluated in a two-step process by the Budget Committee and full Board
  - Combined Budget includes expenses identified as Operating or Asset Based Fees
- Fiduciary Standard is “Incur costs that are appropriate and reasonable in relation to the assets, the purposes of the trust, and the skills of the trustee”

Note: Pension Revenue is not part of the budget process. There are six components of pension revenue which totaled $1,588 million in 2025

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Budget Process

- Proposed Budget reflects the direction the Board has given to staff to:
  - Achieve the FPPA mission

    "The Fire & Police Pension Association of Colorado is committed to our members. We will prudently invest their retirement funds, administer benefits impartially, and efficiently provide high quality service."
  - Achieve the objectives within the Strategic Plan
  - Comply with the Fiduciary Standard

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Review: 2026 Budget

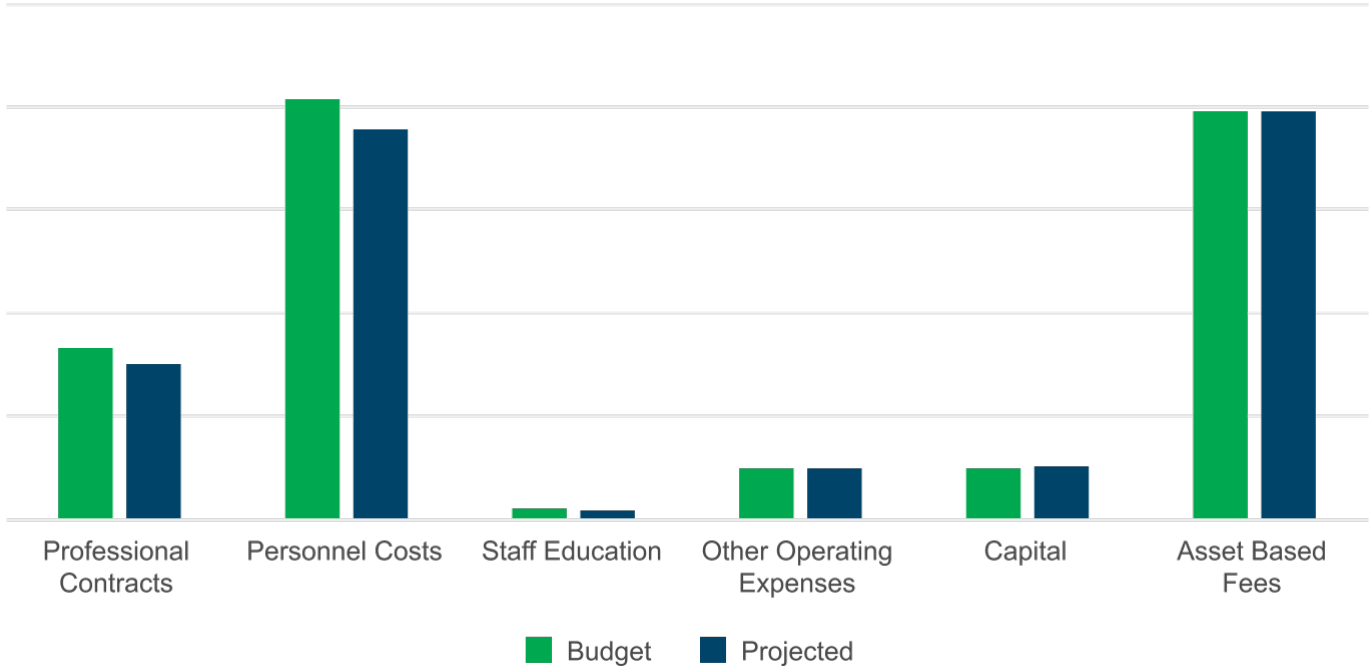
Savings From:

- Outside Services of over $400,000 primarily related to the deferral of oversight vendor related to the new Pension Administration System to 2026
- Personnel costs of over $700,000 from open positions during the year and reduced recruiting costs than anticipated from succession hiring related to the Executive Director hiring process

Overages From:

- Investment Management Fees of $8.7 million related to better than expected market performance and changes in manager selection

	Budget	Projected	Variance
Combined Ops & ABF	$ 26,827,064	$ 25,736,952	$ (1,090,112)
Management Fees	$ 55,722,011	$64,411,052	$ 8,689,041



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2026 Budget Amendment Request

- Proposed budget amendment
  - Related to the purchase of new speaking equipment for the broadcasting of Board meetings
    - Increase Capital by $40,000
    - Decrease Outside Services in the Operating budget by ($40,000)
    - Supports the Board Governance Standard Operating Objective

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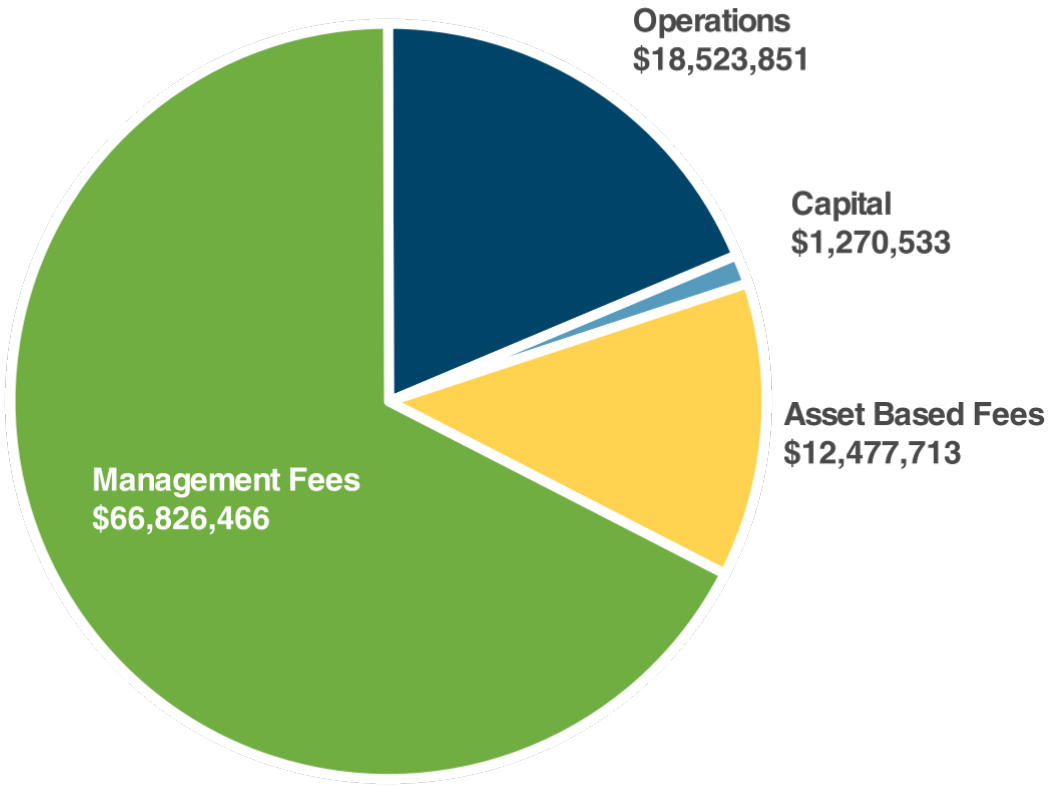
Summary: Total 2027 Budget

- Budget Committee met November 19 – detailed review
- Today's presentation to discuss noteworthy items and 2027 projects



Combined Operating, Capital and Asset Based Fees Proposed Budget: $32,272,097

Management Fees $66,826,466

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Summary: Total Budget

- Consistent with the “Diligently Innovating Together” theme, budget trends reflect the Defining and Standard Operating Objectives including:
  - Implementation and rollout of Artificial Intelligence and modernization of the Pension Administration System;
  - Implementation of the Statewide Death & Disability Plan rules & statutes to enhance administrative efforts;
  - Continued COLA Communications and COLA Task Force projects including an independent actuarial valuation as of 1/1/2027 and assumption and COLA policy review;
  - Focus on the implementation of the IT strategic plan to continue to maintain the website for ADA compliance, update the ASPEN system with new functionality; and focus on network and cyber security; and,
  - An overall focus on our people and resources to achieve our objectives of serving our membership and stakeholders.

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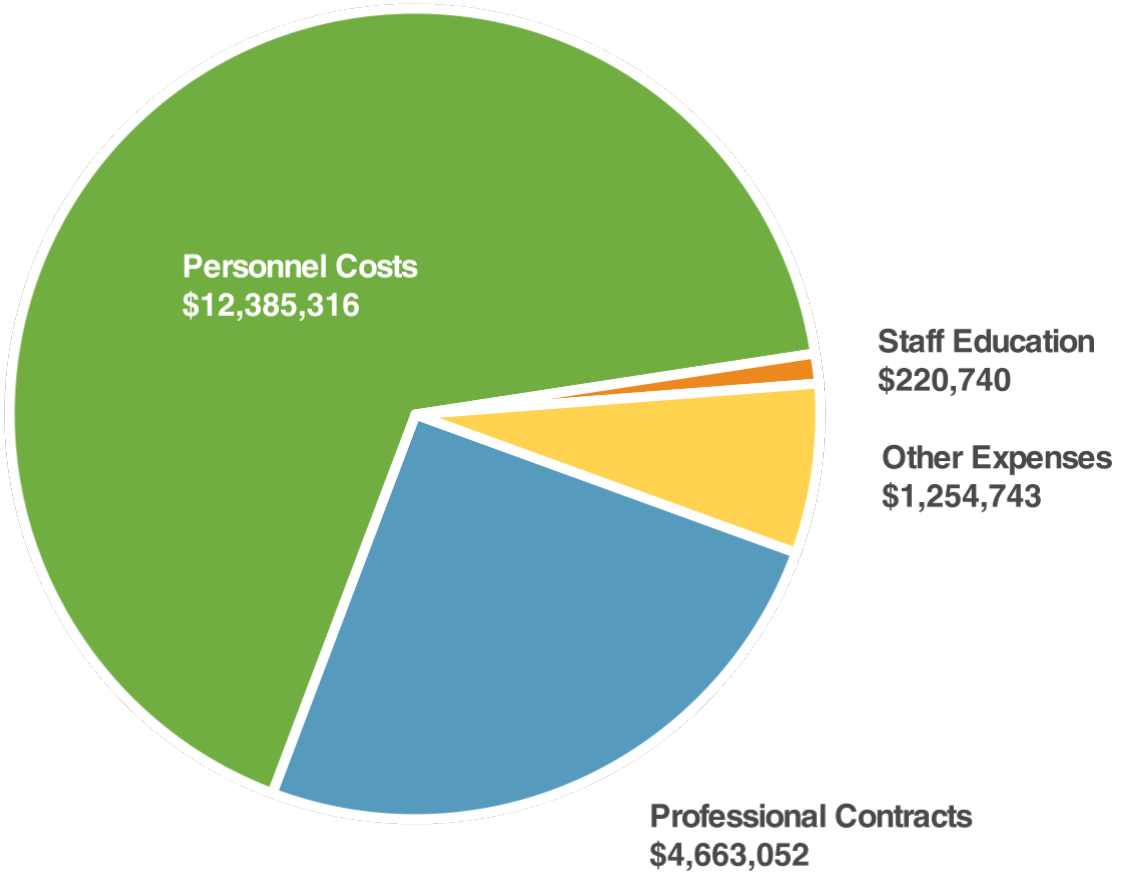
Placeholder for Divisional Slides from Budget Committee presentation

- Board, Executive & Administration, Culture & People, Benefits, Legal, Information Technology, & Operations

Summary: Operating Budget

- 2027 Proposed Operating Budget $18,523,851
  - Increase from 2026 budget of 17.6% or $2,772,739



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Summary: Capital

2027 Proposed Capital Budget $1,270,533, increase of 5.5%

- ASPEN Enhancements of $1,240,533
  - From Defining Objectives to continue to enhance and develop ASPEN for self-service for members and employers, and process improvements and workflows for Staff
- Furniture and Fixtures of $30,000
  - Estimated costs for potential needs related to furniture needs for office moves related to new personnel and ongoing management of the space

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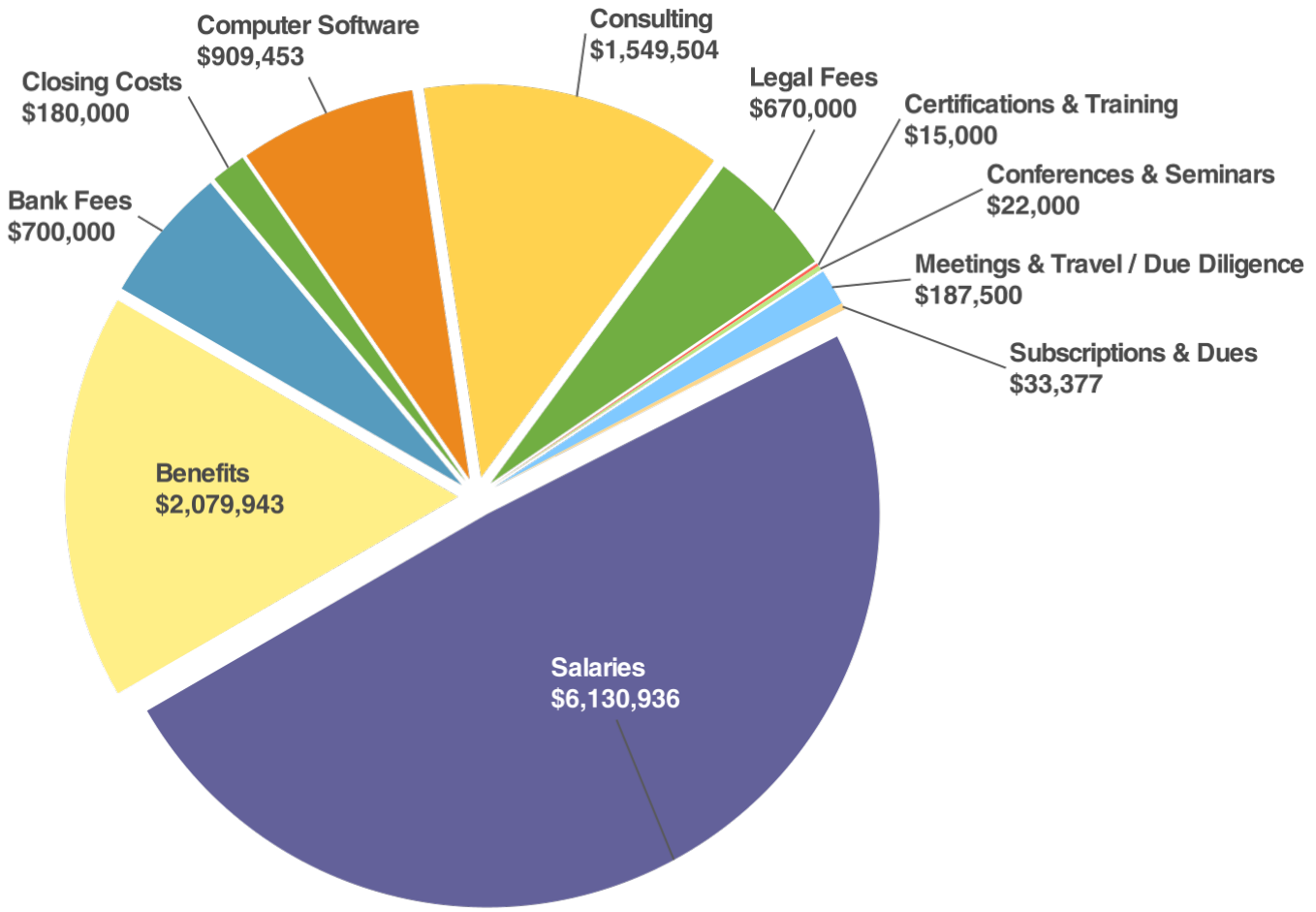
Summary: Asset Based Fees

2027 Proposed Asset Based Fees Budget $79,304,179

- Budget impacted heavily by Investment Management Fees representing 84.3% of the budget at $66,826,466
  - Based largely on assets under management
  - Carved out of supporting schedules

- All other Asset Based Fees Budget $12,477,713
  - See chart on right



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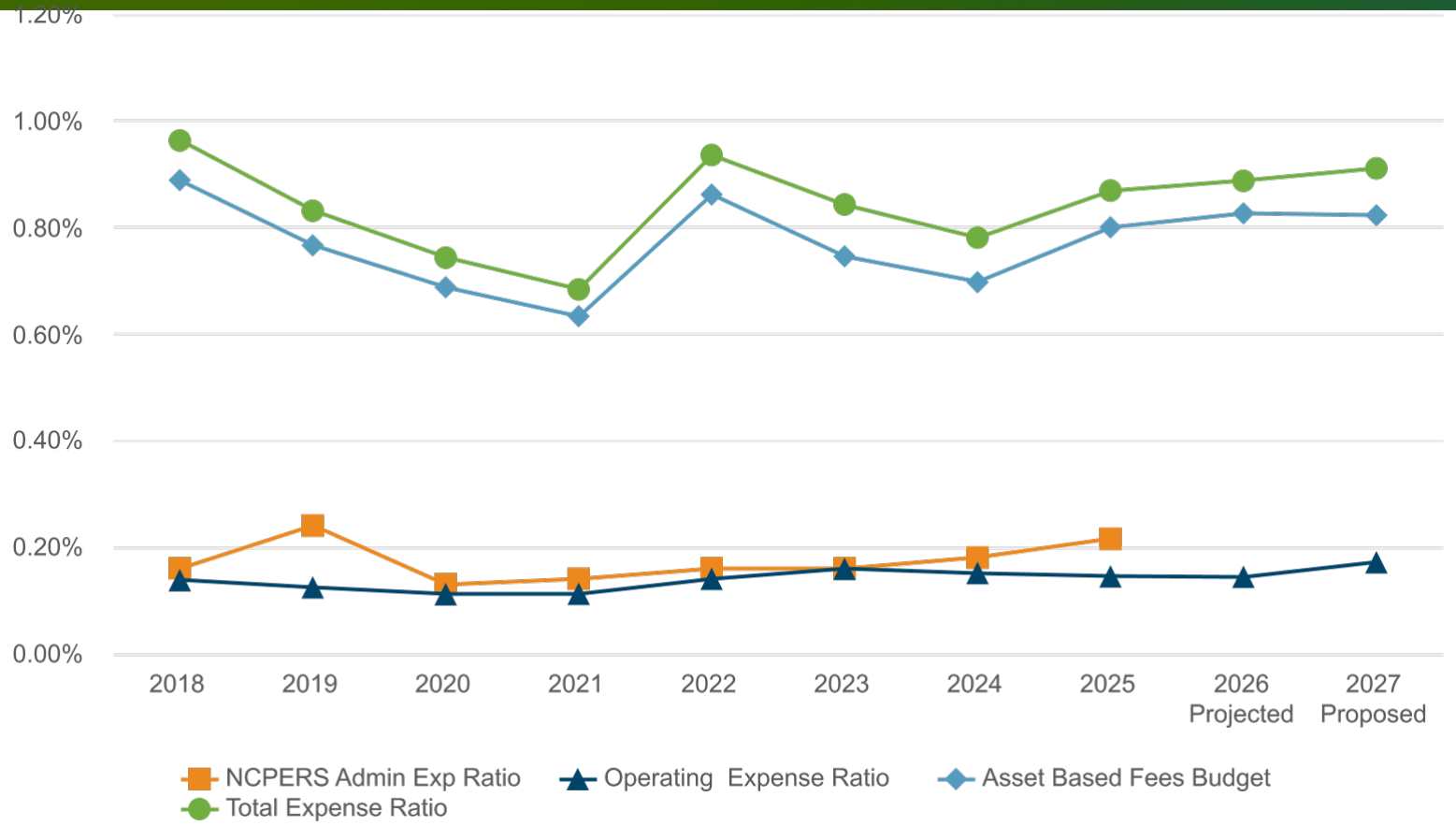
Placeholder for Asset Based Fees Divisional Slides from Budget Committee presentation

Comparison Expense/Total Net Asset



	NCPERS Admin Exp Ratio	Operating Expense Ratio	Asset Based Fees Budget	Total Expense Ratio
2018	0.16%	0.14%	0.89%	0.96%
2019	0.24%	0.12%	0.77%	0.83%
2020	0.13%	0.11%	0.69%	0.74%
2021	0.14%	0.11%	0.63%	0.68%
2022	0.16%	0.14%	0.86%	0.94%
2023	0.16%	0.16%	0.75%	0.84%
2024	0.18%	0.15%	0.70%	0.78%
2025	0.22%	0.14%	0.80%	0.87%
2026 Projected		0.14%	0.83%	0.89%
2027 Proposed		0.17%	0.82%	0.91%

The Operating Expense is compared to FPPA Total Assets Available; Asset Based Fees is compared to the Total Members' Benefit Investment Fund.

FPPA

Conclusion

- Proposed Budget reflects the direction the Board has given staff to:
  - Achieve the FPPA mission
  - Achieve the objectives within the Strategic Plan
  - Comply with the Fiduciary Standard

- Questions?

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FPPA Compensation Philosophy

Objectives

The compensation philosophy of FPPA is designed to help attract, motivate and retain talent necessary to fulfill our mission and strategic objectives. Within this philosophy we adhere to the following principles:

- Strive to provide compensation programs that support the strategic goals of the organization, are competitive with external markets, and are internally equitable.
- Reinforce a results-oriented culture with respect to company, team and individual performance.
- Attract and retain top talent that is motivated by FPPA's mission, vision and values.
- Periodically review compensation using published salary surveys with comparable organizations providing similar services.
- Create competitive incentives where necessary.
- Administer this philosophy consistent with our values, fair, and free of discrimination.

Framework for Executive Compensation

The Executives of FPPA are the Executive Director, Chief Benefits Officer, Chief Investment Officer, Chief Operating Officer, General Counsel, Chief Information and Technology Officer and Culture and People Officer. FPPA generally targets starting executive compensation between the 50th and 75th percentiles relative to comparable positions in comparable organizations.

The Board of Directors sets compensation for the Executive Director, including any incentives, and periodically engages an independent consultant to provide comparative data to gauge the competitiveness of the Executive Director's salary.

The Executive Director sets the compensation for the rest of the executive team and also periodically engages an independent consultant to gauge the competitiveness of executive compensation at FPPA. Compensation decisions are determined by the Executive Director based on each executive's contribution individually, and collectively as an executive team, to the successful execution of FPPA's strategic goals while staying true to the association's mission, vision and values. Other considerations related to making compensation decisions include such factors as individual experience,

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individual performance, internal pay equity, development and succession status, time in the position, and other individual or organizational circumstances.

For Executives with at least 10 years of experience in their respective role, the Executive Director can consider compensation up to the 90th percentile.

Framework for Non-Executive Compensation

The Executive of the division sets compensation for each staff member within their division, with starting salary and annual market adjustment data provided by Human Resources based on comparable market data. FPPA generally targets starting staff compensation at the 50th percentile relative to comparable positions in comparable organizations. The 50th percentile target is a fair and common choice among other public employers. The 50th percentile is also a good way to remain competitive in the market for talent attraction and current staff retention.

For employees with five years of experience at FPPA their compensation may be considered up to the 75th percentile when reviewing the market data for possible annual compensation adjustments. For employees with 10 years of experience at FPPA, their compensation may be considered up to the 90th percentile when reviewing the market data for possible annual compensation adjustments.

Budget

The Board of Directors will set the annual budget available to the organization to motivate and retain employees. Human Resources will recommend an annual budget for all staff that will include funds for increased compensation. Additional compensation decisions will be determined based on the staff member's individual performance, internal pay equity, time in the position, certifications obtained and other individual or organizational circumstances. Factors for the executives to consider in making their decisions are:

- Consistent commitment to FPPA's mission, vision and values.
- Demonstrated capability of achieving consistent results despite any obstacles.
- Results achieved outside of direct areas of responsibility.
- An unusually significant contribution resulting in association improvement or innovation.
- Consistently meeting difficult goals.

Approved by the Board of Directors – August 2024

FPPA | Fire & Police Pension Association of Colorado

MEMORANDUM

To: Budget Committee

From: Scott Simon

Re: Investment Fees

Date: 11/17/2026

The purpose of this memorandum is to provide the Budget Committee more transparency into FPPA's investment fees. While FPPA has a high level of fees, they are appropriate given our asset allocation.

The Fee Summary shows details of asset class sources of investment management fees for 2025 ($58.27 million, 71 bps of total fund) as shown in the FPPA Annual Report compared to our estimates of investment management fees for 2026 ($64.41 million, 72 bps of total fund). This is used as the basis for the budget process. Some of the drivers of changes include:

- Private markets investment classes (Private Capital, Real Assets, Real Estate). In mid-2024, FPPA transitioned our private markets accounting from Hamilton Lane to BNY allowing for continued greater transparency on fees.
- Passive fixed income was reduced and active fixed income increased in 2026. FPPA engaged a new active fixed income manager at a lower fee rate than its predecessor.
- The Diversifiers investment class experienced a meaningful transition during 2026 (new managers and the transfer of some long/short equity managers).

The chart also discloses 2025 realized incentive fees (carried interest) for our alternative strategies (private markets and hedge funds) of $61.27 million, 75 bps of total fund. All NAV's and performance are reported on a net of fee basis, including net of incentive fees.

Cambridge's Annual Average Fee Analysis shows the FPPA annual fee at 86 bps compared to the Cambridge client universe fees of 97 bps. The analysis utilizes a weighted average stated fee rate for Private Capital, Real Assets and Real Estate. Actual management fees we pay in these classes are lower due to the nature of their fund structures where fees will vary depending on where they are in the life of the fund and the magnitude of offsets which will lower the fees paid.

Another way to measure fees is to look at the difference between gross and net performance. For 2025, the difference for the Long-Term-Pool was 128 bps (14.62% less 13.34%).

Incorporating realized incentive fees, an estimate of FPPA's 2025 all-in investments fees and expenses is $127.38 million or 1.55% of total fund assets (see Fee Reconciliation).

Total Fund	2025						2026				
Asset Class	NAV ($M)	Weight	Management Fee ($M)	Fee (bps)	Realized Incentive Fee[3] ($M)	Fee (bps)	NAV[2] ($M)	Weight	Management Fee[1] ($M)	Fee (bps)	Bps Δ YoY
Fixed Income - Credit	515.01	6.3%	1.33	26			503.86	5.7%	1.40	28	2
Fixed Income - Rates (passive)	270.88	3.3%	0.00	0			144.37	1.6%	0.13	9	9
Fixed Income - Rates (active)	417.72	5.1%	1.15	28			642.30	7.2%	1.10	17	(11)
Diversifiers	589.42	7.2%	8.33	141	9.62	163	943.24	10.6%	11.96	127	(15)
Long Short Equity	491.91	6.0%	6.45	131	8.50	173	259.45	2.9%	3.57	138	7
Global Public Equity (passive)	782.65	9.5%	0.47	6			621.83	7.0%	0.56	9	3
Global Public Equity (active)	1543.34	18.8%	8.08	52	2.96	19	2038.97	22.9%	11.18	55	2
Emerging Markets Equity	271.04	3.3%	1.29	47			293.77	3.3%	1.67	57	10
Global Small Company	343.39	4.2%	1.87	54			361.32	4.1%	2.24	62	8
Open Ended Real Estate	148.25	1.8%	1.24	84			151.97	1.7%	1.20	79	(5)
Private Capital	1951.12	23.8%	22.65	116	37.65	193	2143.06	24.1%	23.65	110	(6)
Real Assets	197.36	2.4%	2.48	126	(3.04)	(154)	178.69	2.0%	2.59	145	19
Real Estate	135.73	1.7%	1.11	82	4.70	346	147.96	1.7%	1.66	112	30
Overlay	121.23	1.5%	1.25	104	0.88	73	110.92	1.2%	1.35	122	18
Cash	432.96	5.3%	0.25	6			364.17	4.1%	0.17	5	(1)
Annual Accrual Adjustment			0.32								
Total	**8,211.99**	**100.0%**	**58.27**	**71**	**61.27**	**75**	**8,905.86**	**100%**	**64.41**	**72**	1

[1]Annual fee projections are based on 8 months of actual data and 4 months of projected data

[2]As of 8/31/2026

[3]Incentive Fees are included in NAV and performance, but not detailed in ACFR

CAMBRIDGE ASSOCIATES

Colorado FPPA

Fee Analysis

October 2026

Average Annual Fee

Asset Class	2026 NAV ($mm)	Weight (%)	FPPA Annual Fee (bps)	Universe Annual Fee (bps)	FPPA Incentive Fee	Universe Incentive Fee
Total Fund	**8905.86**	**100.0%**	**86**	**97**		
Fixed Income - Credit	503.86	5.7%	28	38		
Fixed Income - Rates (passive)	144.37	1.6%	9	6		
Fixed Income - Rates (active)	642.30	7.2%	17	28		
Diversifiers	943.24	10.6%	127	150	20.7	17.5
Long Short Equity	259.45	2.9%	138	150	18.1	17.5
Global Public Equity (passive)	621.83	7.0%	9	8		
Global Public Equity (active)	2038.97	22.9%	55	70		
Emerging Markets Equity	293.77	3.3%	57	85		
Global Small Company	361.32	4.1%	62	88		
Open Ended Real Estate	151.97	1.7%	79	90		
Private Capital	2143.06	24.1%	164	170	18.0	17.0
Real Assets	178.69	2.0%	148	150	17.5	15.0
Real Estate	147.96	1.7%	152	175	19.4	17.5
Overlay	110.92	1.2%	122	40		
Cash	364.17	4.1%	5	20		

Note(s): The composition of underlying sub strategies in private capital can make a large difference in effective fees, as there is differentiation between segments.
These manager fee factor statistics are derived from CA's proprietary Investment Manager Database as of 9/30/2026. Annual fee information in this report is limited to separate accounts and segregated accounts tiered fee schedules. Managers that do not report fees in US dollars, have less than $50 million in product assets, and/or index products are excluded. Fees are calculated using a $50 million minimum account size. Based on projected 8/31/2026 NAV values and fee projections provided by Colorado FPPA as of 10/6/2026. Fee information for the following asset classes are not from C|A's database as of but are estimates of what is generally expected from the asset classes – Absolute Return, Private Capital, Open Ended Real Estate, Real Assets, Real Estate, and Overlay.

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Investment Fees & Expenses (2025)

	Manager Fees	Performance Fees & Expenses	Total
Global Public Equity	$ 11,700,318	$ 2,958,495	$ 14,658,813
Fixed Income - Rates	$ 1,155,746		$ 1,155,746
Fixed Income - Credit	$ 1,329,086		$ 1,329,086
Equity Long / Short	$ 6,451,035	$ 8,498,543	$ 14,949,578
Diversifiers	$ 8,333,520	$ 9,624,540	$ 17,958,060
Private Markets	$ 27,483,817	$ 39,308,966	$ 66,792,783
Liquidity / Other	$ 563,963		$ 563,963
Currency / Overlay	$ 1,254,710	$ 879,539	$ 2,134,249
	$ 58,272,195	**$ 61,270,083**	**$ 119,542,278**
As a percentage of Assets	0.71%	0.75%	1.46%

Staff Compensation & Expenses	**$ 4,064,409**
Consulting	**$ 1,511,509**
Software & Data	**$ 851,781**
Bank Fees	**$ 753,042**
Due Diligence Expenses	**$ 657,343**
	$ 7,838,085
As a percentage of Assets	0.10%

Total Investment Fees & Expenses	**$ 127,380,363**
Assets	**$ 8,211,986,393**
As a percentage of Assets	**1.55%**