PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

BOARD OF TRUSTEES MEETING

March 25, 2026

AMENDED AGENDA

The meeting of the Board of Trustees of the Public Safety Personnel Retirement System (the "PSPRS" or "System") will be held at the **main public conference room of the administrative offices of the PSPRS at 3010 E. Camelback Road, Phoenix, AZ 85016**. This meeting is available to the public and all persons wishing to attend in person are invited.

A copy of the agenda for the meeting will be posted on the PSPRS website at least twenty-four hours in advance of the meeting. To view the final agenda, visit www.psprs.com/about/board-of-trustees, scroll to Board of Trustees Meetings, select "BOT Agendas" in the box, and select the appropriate meeting date. Meeting materials may be obtained similarly by selecting "BOT Meeting Materials."

Interested members of the public and stakeholders may submit comments on any matter within the jurisdiction of the Board, including any item on the agenda for the March 25, 2026 Board of Trustees meeting.

Public comments can be submitted in person or electronically to PSPRSBoardMeetings@psprs.com. Commenters may elect to have electronic submissions presented by staff or address the Board themselves either via phone or video through the live PSPRS Public Meeting Web stream: http://www.psprs.com/about/board-of-trustees. Commenters shall submit their full name, phone number (if appearing by phone), affiliation (if none, indicate "member of the public"), Agenda item they wish to comment on, and their position for or against the item.

NOTE: For technological reasons, commenters selecting to address the Board live during the meeting shall indicate so in their email, at least an hour before the meeting begins. Upon receipt of the request, PSPRS Staff will facilitate the appearance and contact you, if necessary, before the Board meeting.

The foregoing procedures notwithstanding, the Chair reserves the right to control the duration of comments or impose other constraints in the interest of maintaining an orderly meeting.

Media Contact or Agenda Materials: Christian Palmer, Communications Director (cpalmer@psprs.com)

The meeting will begin at 9:30 a.m. and continue until 3:00 p.m. or until the matters set forth in this agenda are otherwise addressed. Members of the Board will attend either in person or remotely via Zoom. The Board of Trustees may vote to hold an executive session, which will not be open to the public, to discuss certain matters. The Board of Trustees reserves the right to consider agenda items outside their listed order.

This meeting is available to the public through "Go to Meeting" over the Internet or in person. Please see www.psprs.com for the computer link to the meeting. All people wishing to attend are invited.

1. Call to Order; Pledge of Allegiance; Roll Call; Opening Remarks.

Mr. Scott McCarty, Chairman

2. Call to the Public.

This is the time for the public to comment. Members of the Board of Trustees may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Board of Trustees' reaction to any public comment is limited to addressing criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

3. Appropriate **Action** for approval of the items on the Consent Agenda (documentation concerning the matters on the consent agenda, except Executive Session minutes, may be reviewed at the PSPRS office). Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any member of the Board of Trustees.

a. Acceptance of Elected Officials' Retirement Plan of termination of early retirement benefit of John Bonefas.

b. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Alice Corpstein.

c. Acceptance of Elected Officials' Retirement Plan of survivor benefit of George Girard.

d. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Robert Knaperek.

e. Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Merle H. Wessel.

f. Acceptance of Transfer Between State Retirement Systems of Javier Luna Montoya.

g. Acceptance of Transfer Between State Retirement Systems of Jason B. Smith.

h. Acceptance of Transfer Between State Retirement Systems of Travis Ryan Flake.

i. Acceptance of Transfer Between State Retirement Systems of Warren Robertson.

j. Acceptance of Transfer Between State Retirement Systems of Patrick E. Samuels.

k. Acceptance of Transfer Between State Retirement Systems of Rudolfo Peru.

l. Approval of the Executive Session Minutes of the February 25, 2026 Meeting of the PSPRS Board of Trustees.

m. Approval of the Minutes of the February 25, 2026 Meeting of the PSPRS Board of Trustees.
Mr. Scott McCarty

4. Review, discussion and possible **Action** on pending and passed legislative actions and potential legislative proposals.
Mr. Douglas Cole, HighGround, Inc.
Ms. Dianne McCallister, Public Policy Partners, LLC

5. Update, review and discussion regarding the STARS pension administration system implementation.
Ms. Erin Higbee, Interim Deputy Administrator

6. Review, discussion and possible **Action** regarding implementation guidance for the employer part-time program.
Mr. Bret Parke, Interim Administrator

Report by Mr. Harry A. Papp, Chairman of the Investment Committee, regarding agenda items 7 through 10, which were discussed at the Investment Committee meeting held March 19, 2026, and possible *Action* on the Committee's recommendations to the Board regarding the same.

7. Review, discussion and possible **Action** regarding the January 31, 2026 staff reports.
Mr. Mark Steed, Chief Investment Officer

a. Written report: PSPRS Trust Performance.

b. Written report: Asset Allocation and Capital Pacing.

c. Written report: Cancer Insurance Program Performance.

d. Written report: Risk Summary.

e. Written report: Overview of Financial Markets.

f. Written report: February Executed Transactions.

8. Presentation, discussion, and possible **Action** regarding asset allocation and benchmarks for the PSPRS Trust.
Mr. Mark Steed

9. Presentation, discussion and possible **Action** regarding asset allocation and benchmarks for the Cancer Insurance Plan.
Mr. Mark Steed
Ms. Rose Dean, NEPC

10. Presentation and discussion regarding recent developments in the private credit markets.
Ms. Susan Baker, Sr. Portfolio Manager
Mr. Alex Dorf, Deputy Chief Investment Officer
Mr. James Ko, Deputy Chief Investment Officer

Report by Mr. Dean Scheinert, Chairman of the Administration Committee, regarding agenda items 11 through 14, which were discussed at the Administration Committee meeting held March 17, 2026, and possible *Action* on the Committee's recommendations to the Board regarding the same.

11. Review, discussion and possible **Action** regarding each of the following staff reports.
Mr. Bret Parke

a. Administrator Update.

b. Written report: Internal Audit Office Update.

c. Written report: Year to Date Budget.

d. Written report: Law Firms' Billings for Legal Services.

e. Written report: Local Board Rehearing.

f. Written report: Communication Efforts.

g. Written report: Human Resource Update.

h. Written report: Bi-Monthly IT update.

12. Update, review and possible **Action** regarding the FY2027 PSPRS Budget.
Mr. Jack Jordan, Chief Financial Officer
Mr. Jared Mazza, Accounting Controller
Mr. Bret Parke

13. Update, discussion and possible **Action** regarding the section 115 Trust report (AEPPP).
Mr. Clark Partridge, Interim Assistant Administrator

14. Presentation, discussion and possible **Action** on acceptance of Arizona Department of Public Safety, Audit Report No. 2024-02.06 as provided.
Ms. Cathleen Davis, Chief Internal Auditor

Report by Mr. Kenny Tims, Chairman of the Advisory Committee, regarding agenda item 15, pertaining to the Advisory Committee, and possible Board *Action* regarding the same.

15. Update and discussion regarding the appointment of Leonard Gilroy to the Advisory Committee.

Mr. Bret Parke

Report by Mr. Daren Wunderle, Chairman of the Local Board AdHoc Committee, regarding agenda item 16, pertaining to the Local Board AdHoc Committee, and possible Board *Action* regarding the same.

16. Update, discussion and possible **Action** regarding the Local Board Ad Hoc Committee, including statutory requirements for and operations of local boards.

Mr. Daren Wunderle

17. Discussion and appropriate **Action** regarding Board of Trustee member requests to participate in training, educational and due diligence opportunities.

Mr. Scott McCarty

18. Discussion and possible **Action** regarding employment agreement for James Mack as new administrator.

Ms. Randie Stein, Trustee

19. Discussion and consultation with legal counsel and staff and possible **Action** regarding proposed legislation, investment matters, ongoing, contemplated or threatened legal action involving the Trust and Plans, including vendor disputes, public record requests, personnel matters and actual or potential litigation and claims based on contract, tort or statute. The Board may vote to discuss these matters in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(1), (2), (3), (4) and (7) as set forth in item 20.

20. **The Board of Trustees may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. §§ 38-431.03(A) (1), (2), (3), (4) and (7), as applicable, including to receive legal advice from the Board's attorneys on any matter listed on the agenda, including:**

a. Discussion and consultation for legal advice with the attorney pertaining to pending and passed legislative actions and potential legislative proposals, including Agenda Item No. 4, as authorized by A.R.S. § 38-431.03(A) (3).

b. Discussion and consultation for legal advice with the attorney pertaining to the Biltmore Lake developments, as authorized by A.R.S. §§ 38-431.03 (A) (3), (4) and (7).

c. Discussion and consultation for legal advice with the attorney pertaining to review of local board action regarding the disability application of Juliana Guerra, as authorized by A.R.S. §§ 38-431.03 (A) (3) and (4).

d. Discussion and consultation for legal advice with the attorney pertaining to CORP overtime with City of Avondale, as authorized by A.R.S. § 38-431.03(A) (3).

e. Discussion and consultation for legal advice with the attorney pertaining to Fort McDowell Tier 2 and Tier 3 contributions to PSPRSDCP, as authorized by A.R.S. § 38-431.03(A) (3).

f. Discussion and consultation for legal advice with the attorney pertaining to vendor services performance, as authorized by A.R.S. § 38-431.03(A) (3).

g. Discussion and consultation for legal advice with the attorney pertaining to a retiree pool account and payroll deviation implementation for Timber Mesa, as authorized by A.R.S. § 38-431.03(A) (3).

h. Discussion and consultation for legal advice with the attorney pertaining to prorating the high 3 or 5 years for benefit calculation, as authorized by A.R.S. § 38-431.03(A) (3).

i. Discussion and consultation for legal advice with the attorney pertaining to the Arizona Department of Public Safety audit, including Agenda Item No. 14, as authorized by A.R.S. § 38-431.03(A) (3).

j. Discussion and consultation for legal advice with the attorney pertaining to designation, employment, appointment, responsibilities, salary, and/or employment agreement of a new Administrator, including Agenda Item No. 18, as authorized by A.R.S. §§ 38-431.03(A)(1) and (3).

21. Possible discussion and **Action** on future meeting dates and/or future agenda items. (Next meeting is currently scheduled for Wednesday, April 29, 2026.)

22. Adjournment.

Persons with a disability may request reasonable accommodation, such as a sign language interpreter, by contacting Claudia Martinez, Executive Assistant, or Cheryl Cohen, Executive Assistant, at (602) 255-5575. Requests should be made as early as possible to arrange the accommodation.

Below are the items that the PSPRS Board approved to be a part of the 2026 legislative agenda:

HB2143 - PSPRS; investments.

Prime Sponsor: Rep. David Livingston (R)

Summary: Limits the Public Safety Personnel Retirement System (PSPRS) and other plans administered by the PSPRS Board to owning not more than 5 percent of the voting stock of any one publicly traded corporation, instead of any one corporation.

History: House Ways & Means passed (7 - 0 - 1 - 1 - 0 - 0) on Feb 18, 2026

Notes: This is the PSPRS Administrative bill. However, we ended up not needing this bill since we are moving forward with SB1292.

SB1292 - PSPRS; investments

Prime Sponsor: Sen. J.D. Mesnard (R)

Summary: Limits the Public Safety Personnel Retirement System (PSPRS) and other plans administered by the PSPRS Board to owning not more than 5 percent of the voting stock of any one publicly traded corporation, instead of any one corporation.

History: *Passed the Senate unanimously. Scheduled for Ways and Means on Wednesday, March 25th at 10 am.*

Notes: This is the PSPRS Administrative bill.

Below are other bills of interest:

HB2115 - administrative costs; allowable percent

Prime Sponsor: Rep. Gail Griffin (R)

Summary: Limits a budget unit or political subdivision that receives public monies for administrative costs to using eight percent of the total public monies received for administrative costs.

History: Referred to House Government
Jan 12, 2026

Notes: *Bill was never heard in committee and is therefore dead.*
This bill was reviewed by staff. Our administrative expenses are below the threshold. However, we are working to confirm PSPRS is not a budget unit.

HB2134 - critical infrastructure; foreign adversaries; prohibition

Prime Sponsor: Rep. Nick Kupper (R)

Summary: Prohibits the use of software produced by a Chinese company for critical infrastructure in Arizona and prohibits governmental entities and critical infrastructure service providers (CISPs) from entering into or renewing contracts with a Chinese company that provide direct or indirect access to critical infrastructure. Requires critical communications infrastructure providers participating in a federal reimbursement program to annually certify the use and locations of prohibited equipment and requires the Arizona Corporation Commission (ACC) to publish an annual list of prohibited technologies. If funding is provided, requires governmental entities and CISPs to remove listed equipment, subject to limited preapproval exceptions. Requires governmental entities and CISPs to annually certify that no newly prohibited equipment has been attached to or connected with critical infrastructure systems. Requires the ACC to implement a risk-based oversight program with specified requirements including audits. Establishes restrictions on agreements involving critical infrastructure with the People's Republic of China. Requires the Department of Emergency and Military Affairs to establish a secure communications channel for emergency coordination. HOUSE ENGROSSED

History: ***Scheduled for Senate Appropriations, Transportation and Technology hearing - Tuesday, 03/24/2026 1:30 PM***

Appropriations, Transportation and Technology Mar 18, 2026

Senate Public Safety passed(4 - 3 - 0 - 0 - 0 - 0)

Public Safety Mar 18, 2026

Notes: Ban software, communications & tech produced by Chinese companies. Does not appear limited to budgetary units. Requires all technology to be permitted by the Corporation Commission. "Critical Infrastructure" is defined to include "personal data storage system, including cyber security". This appears to include PSPRS.

HB2292 - wildfire prevention authority; fund

Prime Sponsor: Rep. Walt Blackman (R)

Summary: Establishes the Wildfire Prevention Authority within the Department of Forestry and Fire Management and sets Authority membership, terms, and powers, including developing operational and financial plans and awarding grants for wildfire risk reduction and resilience projects. Creates the Wildfire Prevention Authority Fund and requires $20 million annually from insurer premium tax revenues beginning FY2026-27 to be deposited into the Fund, with monies used for authority operations and grants to local jurisdictions with elevated wildfire risks. Requires the Authority to prioritize funding for jurisdictions that adopt building and land use codes reducing wildfire risk.

History: House Land, Agriculture & Rural Affairs passed with amendment(8 - 0 - 0 - 0 - 0 - 0) on Feb 16, 2026. But never received a vote from the full House.

Notes: This bill is dealing with the insurer premium tax. A portion of the proceeds from the premium tax comes to PSPRS. Working with the proponents to ensure that there is not any unintended reductions to the amount coming to PSPRS and instead the $20 million is taken after the current distributions are made. There was an amendment done in committee that ensured the distribution to the system for the fire districts was done prior to any other funds being removed. The amendment did not address the distribution for the troopers but CSA has confirmed it will be in a floor amendment.

HB2502 - ASRS; retirement; elected officials

Prime Sponsor: Rep. David Livingston (R)

Summary: Allows an elected official who attains a normal retirement date to retire under the Arizona State Retirement System without terminating the elected position and to continue receiving retirement benefits. Requires the employer of a retired elected official to pay the alternate contribution rate and prohibits the retired member from earning service credit, long-term disability, or purchasing service during post-retirement employment.

History: *Senate Finance passed (5 - 2 - 0 - 0 - 0 - 0)*

Notes: We have been working with ASRS to ensure that this does not inadvertently affect the ACR that comes to EORP legacy system. There have been questions from some members about applying this to EORP also. We have expressed that it would need to be between terms, meaning at the end of one term and before the next starts, not just mid-term.

HB2592 - artificial intelligence; state agencies; rules

Prime Sponsor: Rep. Justin Wilmeth (R)

Summary: Requires the Arizona Department of Administration (ADOA) to direct each state budget unit to identify opportunities to use artificial intelligence to reduce administrative burdens, streamline procurement, establish enterprise governance, and review or eliminate regulations that unnecessarily restrict artificial intelligence innovation. Prohibits a budget unit from adopting rules specifically regulating artificial intelligence systems or computational resources without express legislative delegation. Requires the Legislature to ratify all emergency or temporary artificial intelligence rules for the rule to remain in effect. Requires ADOA to annually report to the Governor and the Legislature on the implementation and effectiveness of artificial intelligence systems by budget units during the preceding fiscal year. HOUSE ENGROSSED

History: ***Senate Rules held***

Rules Mar 23, 2026

Senate Appropriations, Transportation and Technology passed(6 - 2 - 0 - 0 - 2 - 0)

Appropriations, Transportation and Technology Mar 17, 2026

Notes: Deregulate Artificial Intelligence. Agencies are required to audit, report & eliminate restrictions on AI. Inhibits intelligent cyber-security practice. Imposes labor & overhead. Current text is limited to budgetary units.

HB2809 - statewide cybersecurity encryption system; requirements

Sponsor: Rep. John Gillette (R)

Summary: Requires Arizona to implement a statewide cybersecurity system using post-quantum encryption that meets or exceeds United States Department of Defense CMMC 2.0 standards across state agencies that handle sensitive or confidential data. Restricts procurement of the system to United States-based vendors using exclusively domestic software, hardware and cryptographic components and prohibits participation by foreign-dependent entities. Designates the Auditor General as custodian of encryption keys, requires audits, certifications and reports of noncompliance, and authorizes corrective actions, oversight hearings and information technology budget restrictions for noncompliant agencies or vendors. States that these requirements do not require an agency to connect any system to the internet or authorize any agency to impose such requirements. HOUSE ENGROSSED

History:

Senate Appropriations, Transportation and Technology passed(6 - 3 - 0 - 0 - 1 - 0)
Appropriations, Transportation and Technology Mar 17, 2026

Notes: Mandate "a statewide cyber security system that uses post-quantum encryption". Does not appear limited to budgetary units. Legislatively enforces unknown, questionable technology. Delegates Auditor General as the system owner, and possessor of security keys. Imposes significant cost, complexity & labor. Ignores impact to evolving info-sec requirements, business operations, business continuity, disaster recovery and incident response.

SB1042 - public monies; investment; virtual currency

Prime Sponsor: Sen. Wendy Rogers (R)

Summary: Authorizes a public fund to invest up to 10 percent of the public monies under its control in virtual currency holdings. Allows a public fund to store virtual currency holdings in a secure segregated account within a strategic bitcoin reserve established by the United States Secretary of the Treasury.

History: *Scheduled for House Ways & Means hearing - Wednesday, 03/25/2026 10:00 AM.*
Passed out of the Senate on party lines.

Notes: This is a repeat bill from last year. We did not have any concerns since it just sets a cap and does not require investment in virtual currency.

SB1129 - occupational disease; proximate cause; melanoma

Prime Sponsor: Sen. David Gowan (R)

Summary: Adds melanoma to the list of cancers that are presumed to be an occupational disease arising out of employment for qualifying peace officers for workers' compensation purposes.

History: Referred to Senate Finance but was never heard in committee.

Notes: This is a FOP bill that adds melanoma to a covered cancer like fire fighters have in statute. Since this bill was never heard in committee, it is dead.

SB1270 - correctional officers; supplemental contributions

Prime Sponsor: Sen. David Gowan (R)

Summary: Authorizes an employer to make a supplemental contribution incentive payment of up to $5,000 to the defined contribution retirement plan account of a correctional officer at specified service intervals, such as 5, 10 or 15 years of service. Requires the supplemental contribution to be provided equally to all eligible correctional officers who meet the service requirement and prohibits requiring any additional employee contribution to receive the payment. Allows an employer to discontinue supplemental contribution incentive payments at any time and specifies that the supplemental contribution does not affect other required employer or employee contributions.

History: House Public Safety & Law Enforcement passed with amendment (10 - 1 - 2 - 1 - 0 - 0) on March 23rd. Awaiting floor action.

Notes: This is a FOP bill that makes giving optional supplemental contributions to employees an option for the CORP DC members.

SB1503 - public pensions; proxy voting

Prime Sponsor: Sen. David Gowan (R)

Summary: Establishes fiduciary duties for public pension plans by requiring fiduciaries to vote shares solely in the economic interest of plan participants and beneficiaries and restricting votes that subordinate returns to environmental, social, policy or ideological goals without documented economic analysis. Requires fiduciaries to document and report votes that diverge from issuer board recommendations, to back-test economic analyses periodically, and to submit certified reports to the State Treasurer. Regulates proxy advisory firms by limiting voting advice to recommendations based on sole economic interest, imposing conflict-of-interest prohibitions, and requiring annual disclosures and economic analyses. Grants consumers the right to request disclosure of economic analyses underlying proxy votes affecting their investments. Authorizes the Attorney General to enforce violations, seek injunctions, and impose civil penalties.

History: *Scheduled for House Ways & Means hearing - Wednesday, 03/25/2026 10:00 AM.* Passed out of the Senate on party lines.

Notes: We expressed concerns about the costs and additional liability this bill would open the system up to. Sponsor and proponents amended the bill out to basically gut the bill to just require that our contracts direct our proxy voting firms to invest the money in the best interest of our beneficiaries. ASRS is asking for a further amendment.

SB1504 - PSPRS; service requirement; cost-of-living adjustment

Prime Sponsor: Sen. David Gowan (R)

Summary: Modifies the service requirement for normal retirement for Public Safety Personnel Retirement System members hired on or after July 1, 2017, by allowing retirement after 25 years of service regardless of age. Accelerates eligibility for a cost-of-living adjustment for members hired on or after July 1, 2017, by allowing eligibility after 3 years of retirement, instead of 7 years, or upon reaching age 60.

History: *Senate Appropriations, Transportation and Technology failed(3 - 7 - 0 - 0 - 0 - 0)* Appropriations, Transportation and Technology Feb 18, 2026

Notes: This is the employee groups bill that would eliminate the age requirements for PSPRS Tier 2 and Tier 3. We have distributed the cost analysis and have been in committees to give the financial impact of the bill.

SB1665 - state agencies; hiring practices; appeals

Prime Sponsor: Sen. Shawnna Bolick (R)

Skywolf Summary: Requires each state agency to adopt a standardized hiring process that assigns weighted, interview panel, and overall grades using published criteria and completes hiring within 90 days. Requires agencies to provide written notice to eliminated candidates and authorizes candidates who participated in grading and interviews to appeal hiring decisions to the State Personnel Board for process violations, arbitrary selection, or delays. Authorizes the State Personnel Board to review records, order corrective actions, reopen postings, or direct reconsideration when violations occur. Exempts the Governor's Office and gubernatorial board or commission appointees. Authorizes direct hires for candidates meeting a minimum weighted grade of 90 with public notice and appeal rights.

History: Passed out of House Government passed (4 - 3 - 0 - 0 - 0 - 0).

SCR1033 - state retirement systems; digital assets

Prime Sponsor: Sen. Jake Hoffman (R)

Summary: Encourages the Arizona State Retirement System (ASRS) and the Public Safety Personnel Retirement System (PSPRS) to evaluate the potential risks and benefits of investing in digital asset exchange traded funds, including Bitcoin ETFs. Urges ASRS and PSPRS to monitor market and regulatory developments, consult with approved ETF providers and consider portfolio inclusion of digital asset ETFs. Requests ASRS and PSPRS to submit a comprehensive report on feasibility, risks and potential benefits of investing state retirement system monies in digital asset exchange traded funds to the State Treasurer, the President of the Senate and the Speaker of the House of Representatives before the beginning of the fifty-eighth Legislature.

History: House Scheduled for House Ways & Means hearing - Wednesday, 03/25/2026 10:00 AM.

Below are other bills being monitored:

HB2073 - open meetings enforcement; attorney general

Prime Sponsor: Rep. Lisa Fink (R)

Summary: Creates an open meetings enforcement team within the Attorney General's Office composed of agency attorneys who must meet at least monthly to address complaints alleging violations of the open meetings law. Requires the team to submit quarterly activity reports to the Attorney General and to post those reports on the Attorney General's website.

History: Referred to House Regulatory Oversight but never heard in committee. The bill is dead.

HB2139 - public records; response requirements; complaints

Prime Sponsor: Rep. Michael Way (R)

Summary: Requires the custodian of a public record to respond to a public records request within 15 business days by providing the records or a written denial that identifies the specific exemption and explanation. Requires written status notices with an estimated timeframe for each additional 15 business-day period if the request is complex. Requires acknowledgment receipts for public records requests that include an estimated response timeframe and a request for clarification if applicable, and tolls response deadlines while clarification is pending. Authorizes a requester to submit a complaint to the Office of Ombudsman-Citizens Aide when access is denied. Because this bill potentially increases state revenue, it requires a 2/3 vote of the members of each house of the Legislature to pass and becomes effective immediately on the Governor's signature.

History: Referred to House Government but never heard in committee. The bill is dead.

HB2602 - appropriation; DPS; pay increase

Prime Sponsor: Rep. Walt Blackman (R)

Summary: Appropriates $24.5 million from the state general fund in FY2026-27 to the Department of Public Safety (DPS) to provide a ten percent pay increase for all DPS employees.

History: Passed Public Safety & Law Enforcement (10 - 2 - 3 - 0 - 0 - 0) on Jan 26th but never received a full vote of the House.

HB2788 - PSPRS; social security; technical correction

Prime Sponsor: Rep. Lupe Diaz (R)

Summary: Makes technical changes only. Vehicle bill.

Notes: A striker vehicle, just monitoring. The bill was never assigned to or heard in committee. The bill is dead.

SB1027 - public notices; government website posting

Prime Sponsor: Sen. John Kavanagh (R)

Summary: Authorizes government entities to satisfy statutory newspaper-publication requirements for public notices by posting the complete notice on the entity's official website, provided the website has a designated public notices section, the homepage links to it prominently and the notice remains posted for the full period required by law. Requires the entity to publish a reference advertisement in at least one qualifying newspaper that includes the entity's name, a "Public Notice" heading, a short descriptive title, the website address, and a phone number for obtaining information or copies. Deems web-posted notices that meet these requirements to have full legal effect and requires government entities to maintain a perpetual electronic record documenting the posting dates.

History: Referred to Senate Government but never heard in committee. The bill is dead.

SB1078 - public records; review standard

Prime Sponsor: Sen. John Kavanagh (R)

Summary: Establishes the standard of de novo judicial review for questions of law arising from the denial of access to public records, including whether an exception to disclosure applies.

History: House Government passed (4 - 3 - 0 - 0 - 0 - 0) on March 11th. Awaiting floor action in the House.

SB1340 - public records; digital media; copies

Prime Sponsor: Sen. Thomas "T.J." Shope (R)

Summary: Authorizes public officers to maintain permanent public records on compliant digital media that meets state archival standards and deems such digital records of durable or permanent quality. Allows destruction of paper or other physical records only after creating a properly certified compliant digital record and completing required notification procedures.

History: Referred to Senate Government but never heard in committee. The bill is dead.

SB1437 - public records; format; fees

Prime Sponsor: Sen. Jake Hoffman (R)

Summary: Requires public bodies to provide copies of public records in an electronic format and in the least expensive manner possible on request. Limits fees for public records to material costs only, except for law enforcement video recordings and requests made for a commercial purpose.

History: Scheduled for House Government hearing - Thursday, 03/26/2026.

EORP RETIREMENTS FOR BOARD OF TRUSTEES MEETING - MARCH 2026

	Name	Retirement Type	Employer	Service	Position	Effective Date	Average Monthly Salary	Current Benefit Amount	Reduction for Early Retirement	Notes
1	Bonefas, John	Early - Term	City of Safford	6.040	City Coucilmember	7/1/2004		$172.14		DOD: 02/22/2026
2	Corpstein, Alice	Survivor - Term				12/1/2017		$4,739.36		DOD: 02/24/2026
3	Girard, George	Survivor				3/1/2026		$6,285.97		Survivor of Emojean Girard
4	Knaperek, Robert	Survivor - Term				4/1/2016		$635.64		DOD: 02/21/2026
5	Wessel, Merle H	Survivor - Term				7/1/2006		$1,810.94		DOD: 02/28/2026

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

BOARD OF TRUSTEES MEETING

February 25, 2026

MINUTES

Present:
Mr. Scott McCarty, Chairman
Mr. Harry Papp, Vice Chairman
Mr. Dean Scheinert, Trustee
Mr. Daren Wunderle, Trustee
Mr. Brian Moore, Trustee – partially in person, remote at 1:54 PM, left at 2:30PM
Mr. Brandon Nee, Trustee
Ms. Randie Stein, Trustee,
Mr. Nate Weber, Trustee
Mr. Chris Hemmen, Trustee

Others Present:
Bret Parke, Esq., Interim Administrator/General Counsel
Ms. Erin Higbee, Interim Deputy/Assistant Administrator
Mr. Clark Partridge, Assistant Administrator/Sr. Executive Consultant – remote
Ms. Claudia Martinez, Executive Assistant
Ms. Cheryl Cohen, Investment Executive Assistant – remote
Mr. Joel Cazares, IT Technical Support Administrator
Mr. James Ko, Deputy Chief Investment Officer – remote
Ms. Angela Egelhoff, Chief Compliance Officer
Ms. Gina Morgan Arizona Department of Public Safety – remote
Ms. Lauren Kuperus, Compliance Specialist
Ms. Dianne McCallister, Public Policy Partners LLC
Mr. Doug Cole, HighGround Inc
Ms. Cathleen Davis, Chief Internal Auditor
Mr. John Tolar, NEPC – remote
Ms. Leanne Lunsford, Arizona Department of Public Safety – remote
Ms. Celsea Havenga, WTAX – remote
Ms. Cameron Nelson, WTAX – remote
Ms. Jason Yule, WTAX – remote
Mr. Alex Dorf, Deputy Chief Investment Officer – remote
Ms. Charmeka Harris, Auditor 4
Mr. William Kelly, Portfolio Analyst
Terence Thompson, Esq., Gallagher & Kennedy
Mr. Matt Gayman, Nationwide – remote
Mr. Paul Baugher, Foster & Foster – remote
Ms. Jane Anderson, Public Information Liaison
Ms. Olga Cedillo, Auditor – remote
Ms. Rose Dean, NEPC
Mr. Christian Palmer, Communications Director
Mr. Mark Steed, Chief Investment Officer

1. Call to Order; Pledge of Allegiance; Roll Call; Opening Remarks.

Mr. Scott McCarty, Chairman

The meeting was called to order by Vice Chairman Papp at 9:38 A.M., Pledge of allegiance was recited, opening remarks were made and moment of silence was held for the recently fallen officer.

2. Call to the Public.

This is the time for the public to comment. Members of the Board of Trustees may not discuss items that are not specifically identified on the agenda, except to address criticism from the public. Therefore, pursuant to A.R.S. § 38-431.01(H), the Board of Trustees' reaction to any public comment is limited to addressing

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criticism or recommending that the Board of Trustees or Staff respond or study such comment or schedule the subject matter for further consideration at a later date after appropriate notice.

There was no response to the Call to the Public.

3. **Appropriate Action for approval of the items on the Consent Agenda (documentation concerning the matters on the consent agenda, except Executive Session minutes, may be reviewed at the PSPRS office). Any matter on the Consent Agenda will be removed from the Consent Agenda and discussed as a regular agenda item upon the request of any member of the Board of Trustees.**

   a. **Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Elizabeth Atkinson.**
   b. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Emojean Girard.**
   c. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Robert Higgins.**
   d. **Acceptance of Elected Officials' Retirement Plan of normal retirement benefit of Leslie Hoffman.**
   e. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Thomas Kleinschmidt.**
   f. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Michael Lacagnina.**
   g. **Acceptance of Elected Officials' Retirement Plan of termination of normal retirement benefit of Barbara Leff.**
   h. **Acceptance of Elected Officials' Retirement Plan of survivor benefit of Edmund Leff.**
   i. **Acceptance of Elected Officials' Retirement Plan of termination of early retirement benefit of Cecelia Owen.**
   j. **Acceptance of Elected Officials' Retirement Plan of survivor benefit of Thomas Owen.**
   k. **Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Sue Riley.**
   l. **Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Marjorie Sherrill.**
   m. **Acceptance of Elected Officials' Retirement Plan of termination of survivor benefit of Betty L. Wren.**
   n. **Acceptance of Transfer Between State Retirement Systems of J Davis.**
   o. **Acceptance of Transfer Between State Retirement Systems of Andrew Mendoza.**
   p. **Acceptance of Transfer Between State Retirement Systems of Casey W. Russell.**
   q. **Acceptance of Transfer Between State Retirement Systems of Ellen S. Kenney.**
   r. **Acceptance of Transfer Between State Retirement Systems of George M. Denny.**
   s. **Approval of the Executive Session Minutes of the January 28, 2026 Meeting of the PSPRS Board of Trustees.**
   t. **Approval of the Minutes of the January 28, 2026 Meeting of the PSPRS Board of Trustees.**
   u. **Approval of the Executive Session Minutes of the February 13, 2026 Meeting of the PSPRS Board of Trustees.**
   v. **Approval of the Minutes of the February 13, 2026 Meeting of the PSPRS Board of Trustees.**
   w. **Approval of the Executive Session Minutes of the February 19, 2026 Meeting of the PSPRS Board of Trustees.**
   x. **Approval of the Minutes of the February 19, 2026 Meeting of the PSPRS Board of Trustees.**

Mr. Scott McCarty

Moved by: Mr. Chris Hemmen
Second by: Mr. Harry Papp
Time: 9:41 A.M.
Motion: Approve consent agenda as presented.
Discussion: None
Vote: 9 – 0

4. **Foreign withholding tax reclamation update for international public equity.**

Ms. Chelsea Havenga, WTAX
Mr. Jason Yule, WTAX
Mr. Cameron Nelson, WTAX
Ms. Sian Mudaly, WTAX
Ms. Marietjie McPhail, WTAX

Introduction of WTAX was provided by Mr. Steed and Mr. William Kelly. Presentation was provided by Mr. Yule and

Ms. Havenga. Presentation included background of WTAX, company statistics, reclaims update, and estimated refunds.

5. Review, discussion and possible Action on pending and passed legislative actions and potential legislative proposals.

Mr. Douglas Cole, HighGround, Inc.
Ms. Dianne McCallister, Public Policy Partners, LLC

Update was provided by Mr. Cole and Ms. McCallister. Update included review of the legislative session, 2026 PSPRS legislative proposals and other legislative proposals that can impact the system as well as outstanding items.

Moved by: Mr. Harry Papp
Second by: Mr. Scott McCarty
Time: 10:10 A.M.
Motion: Board to take position to suggest SB1504 not be approved by the legislature as it is unnecessary, would be fiendishly complex, expensive to administer, and is likely to open a lot of potential liability and litigation for years to come**.**
Discussion: Mr. Nee inquired about the bill its details and discussions thereof were held.
Vote: 9 – 0

6. Update, review and discussion regarding the STARS pension administration system implementation.

Ms. Erin Higbee, Interim Deputy Administrator

Update on the STARS project was presented by Ms. Higbee. Updates included development timeline, employer check-in, and post-launch development.

Report by Mr. Harry A. Papp, Chairman of the Investment Committee, regarding agenda items 7 through 10, which were discussed at the Investment Committee meeting held February 19, 2026, and possible *Action* on the Committee's recommendations to the Board regarding the same.

Mr. Papp provided a brief report on the Investment Committee's February 19, 2026 meeting.

7. Review, discussion and possible Action regarding the December 31, 2025 staff reports.

Mr. Mark Steed, Chief Investment Officer

a. Written report: PSPRS Trust Performance.
b. Written report: Asset Allocation and Capital Pacing.
c. Written report: Cancer Insurance Program Performance.
d. Written report: Risk Summary.
e. Written report: Overview of Financial Markets.
f. Written report: Securities Lending.
g. Written report: January Executed Transactions.
h. Written report: Exception report.
i. Written report: Albourne Confidential report.
j. Written report: Quarterly Investment Manager Compliance report.

Reports a through j and the current state of the market were provided by Mr. Papp and Mr. Steed. Several Board members commented and/or inquired on various aspects of the reports.

8. Preliminary discussion regarding any changes to the asset allocation targets of PSPRS.

Mr. Mark Steed
Ms. Rose Dean, NEPC

Update regarding the preliminary discussion that was held at the committee meeting was provided by Mr. Steed.

9. Initial discussion regarding the Investment Budget for the upcoming fiscal year 2027.

Mr. Mark Stee
Mr. James Ko, Deputy Chief Investment Officer

Update regarding the investment budget discussion that was held at the committee meeting was provided by Mr. Steed.

10. Presentation and discussion by NEPC regarding quarterly portfolio performance for the PSPRS Trust as of December 31, 2025.

Ms. Rose Dean

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Quarterly report was presented by Ms. Dean. Report included an update on the market environment, total fund, performance summary, total fund asset growth summary, and risk statistics.

Report by Mr. Dean Scheinert, Chairman of the Administration Committee, regarding agenda items 11 and 12, which were discussed at the Administration Committee meeting held February 17, 2026, and possible *Action* on the Committee's recommendations to the Board regarding the same.

Mr. Scheinert provided a brief report on the Administration Committee's February 17, 2026 meeting.

11. Review, discussion and possible Action regarding each of the following staff reports.

Mr. Bret Parke, Interim Administrator

- **a. Administrator Update.**
  - **i. Quarterly Strategic Plan update.**
- **b. Written report: Internal Audit Office Update.**
- **c. Written report: Year to Date Budget.**
- **d. Written report: Law Firms' Billings for Legal Services.**
- **e. Written report: Local Board Rehearing.**
- **f. Written report: Communication Efforts.**
- **g. Written report: Human Resource Update.**

Reports a through g were provided by Mr. Parke, no further discussion was held.

12. Presentation, discussion and possible Action on acceptance of Arizona Department of Public Safety, Audit Report No. 2024-02.06 as provided.

Ms. Cathleen Davis, Chief Internal Auditor

Item was tabled to March's Board meeting.

Report by Mr. Brian Moore, Chairman of the Defined Contribution Committee, regarding agenda items 13 through 15, which were discussed at the Defined Contribution Committee meeting held February 11, 2026, and possible *Action* on the Committee's recommendations to the Board regarding the same.

13. Quarterly DC Committee meeting update.

Mr. Brian Moore, Committee Chairman

Quarterly report was provided by Mr. Moore.

14. Update, discussion and possible Action regarding DC Plan Amendments per CARES, SECURE 1.0 and 2.0.

Mr. Brian Moore
Mr. Matt Gayman, Nationwide

Update regarding the discussions held at the committee meeting and background on the provisions were provided by Mr. Moore. List of the provisions and details thereof was provided by Mr. Gayman.

Moved by: Mr. Brian Moore
Second by: Mr. Daren Wunderle
Time: 12:35 P.M.
Motion: Implement a provision to allow members to self-certify an unforeseen emergency and to implement a provision to allow in service distributions for those aged 59 ½.
Discussion: None
Vote: 9 – 0

15. Update, discussion and possible Action regarding DC Committee member terms.

Mr. Brian Moore

Moved by: Mr. Scott McCarty
Second by: Mr. Daren Wunderle
Time: 2:51 P.M.
Motion: Remand item back to the DC Committee with the intention of looking at a cluster approach for the terms of expirations rather than as it was forwarded to the board.
Discussion: None
Vote: 8 – 0 (Mr. Moore ABSENT at the time.)

DRAFT

16. **Discussion and appropriate Action regarding Board of Trustee member requests to participate in training, educational and due diligence opportunities.**

Mr. Scott McCarty

No new requests were presented.

17. **Discussion and possible Action regarding designation, assignment, appointment, and/or responsibilities of new administrator.**

Ms. Randie Stein, Trustee

Moved by: Ms. Randie Stein
Second by: Mr. Dean Scheinert
Time: 2:52 P.M.
Motion: Instruct Board members, staff and council proceed as instructed in executive session.
Discussion: None
Vote: 8 – 0 (Mr. Moore ABSENT at the time.)

18. **Discussion and consultation with legal counsel and staff and possible Action regarding proposed legislation, investment matters, ongoing, contemplated or threatened legal action involving the Trust and Plans, including vendor disputes, public record requests, personnel matters and actual or potential litigation and claims based on contract, tort or statute. The Board may vote to discuss these matters in Executive Session pursuant to A.R.S. §§ 38-431.03(A)(1), (2), (3), (4) and (7) as set forth in item 19.**

Moved by: Mr. Harry Papp
Second by: Mr. Chris Hemmen
Time: 12:38 P.M.
Motion: Enter into Executive Session.
Discussion: None
Vote: 9 – 0

Board reconvened public session at 2:50 PM

19. **The Board of Trustees may vote to go into Executive Session (which will not be open to the public) to discuss matters pursuant to A.R.S. §§ 38-431.03(A) (1), (2), (3), (4) and (7), as applicable, including to receive legal advice from the Board's attorneys on any matter listed on the agenda, including:**
    a. **Discussion and consultation for legal advice with the attorney pertaining to pending and passed legislative actions and potential legislative proposals, including Agenda Item No. 5, as authorized by A.R.S. § 38-431.03(A) (3).**
    b. **Discussion and consultation for legal advice with the attorney pertaining to payment for future benefit increases adopted by legislation pursuant to A.R.S. § 38-861, including Agenda Item No. 5, as authorized by A.R.S. § 38-431.03(A) (3).**
    c. **Discussion and consultation for legal advice with the attorney pertaining to pensionable compensation, as authorized by A.R.S. § 38-431.03(A) (3).**
    d. **Discussion and consultation for legal advice with the attorney pertaining to the Biltmore Lake developments, as authorized by A.R.S. §§ 38-431.03 (A) (3), (4) and (7).**
    e. **Discussion and consultation for legal advice with the attorney pertaining to review of local board action regarding the disability application of Juliana Guerra, as authorized by A.R.S. §§ 38-431.03 (A) (3) and (4).**
    f. **Discussion and consultation for legal advice with the attorney pertaining to CORP overtime with City of Avondale, as authorized by A.R.S. § 38-431.03(A) (3).**
    g. **Discussion and consultation for legal advice with the attorney pertaining to Fort McDowell Tier 2 and Tier 3 contributions to PSPRSDCP, as authorized by A.R.S. § 38-431.03(A) (3).**
    h. **Discussion and consultation for legal advice with the attorney pertaining to vendor services performance, as authorized by A.R.S. § 38-431.03(A) (3).**
    i. **Discussion and consultation for legal advice with the attorney pertaining to organization and composition of the Defined Contribution Committee, including Agenda Item No. 15, as authorized by A.R.S. § 38-431.03(A) (3).**
    j. **Discussion and consultation for legal advice with the attorney pertaining to prorating the high 3 or 5 years for benefit calculation, as authorized by A.R.S. § 38-431.03(A) (3).**

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k. Discussion and consultation for legal advice with the attorney pertaining to employment, designation, assignment, appointment, and/or responsibilities of new administrator and interim administrator(s), including Agenda Item No. 17, as authorized by A.R.S. §§ 38-431.03(A)(1) and (3).

20. Possible discussion and Action on future meeting dates and/or future agenda items. (Next meeting is currently scheduled for Wednesday, March 25, 2026.)

Next meeting will be scheduled for March 25, 2026, at 9:30 A.M.

21. Adjournment.

Moved by: Ms. Randie Stein
Second by: Mr. Harry Papp
Time: 2:53 P.M.
Motion: Adjourn meeting.
Discussion: None.
Vote: 8 – 0 Passed (Mr. Moore ABSENT at the time.)

_____
Scott McCarty, Chairman

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STARS project update

March 2026

Presenters: Erin Higbee, Assistant Administrator/Project Sponsor; and Christian Palmer, Communications Director

PSPRS Steering Committee: Bret Parke, Robert Ortega, Jack Jordan, and Michael Ajamie

STARS: Key Dates leading to Launch

- Last date of transactions/changes in legacy system:
  - Employers: **March 24**
  - Members: **March 26**
  - Staff: **March 27**
- **Secure Portal Access**
  - Read only until **March 30**
  - **No access from March 31 to April 13 (Approx. 2 weeks)**
- **Target dates** subject to change based on testing efforts
  - **April 7:** System live for internal verification/cleanup exercises
  - **April 9:** Soft launch to all PSPRS STARS users and the employers that participated in our pilot program in December.
  - **April 13:** All systems are a GO! STARS portals will be available to members, employers, and local boards!

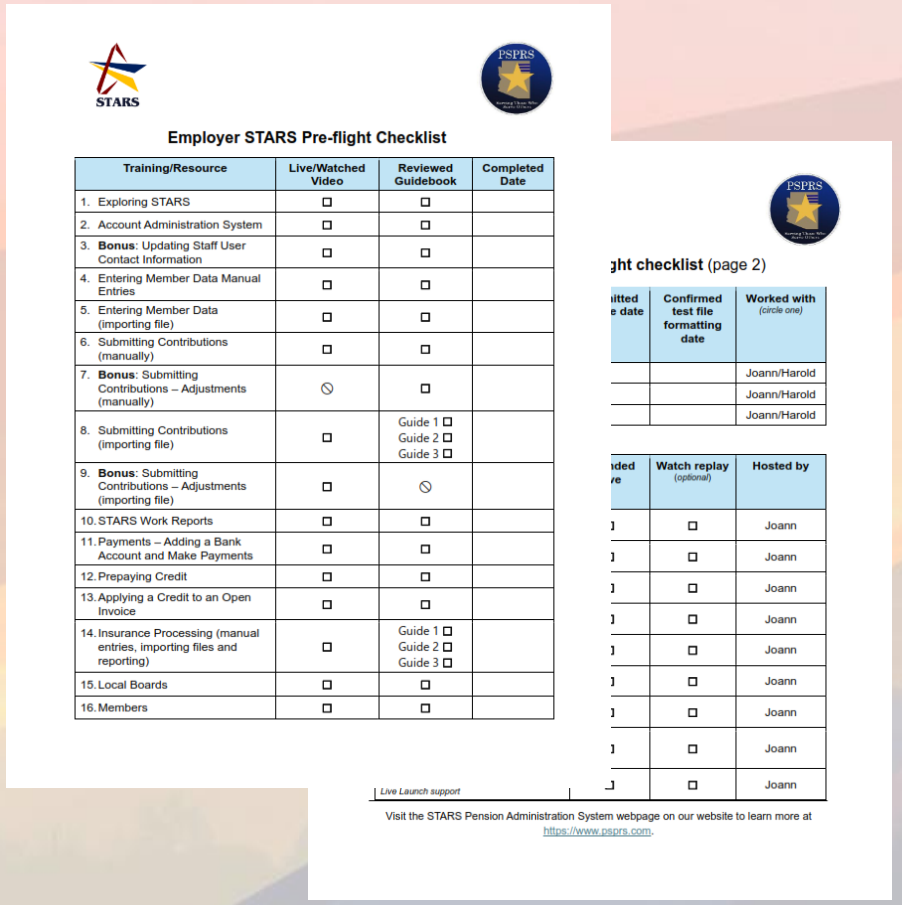
STARS: Support Plan

- Employer Check-in March 18: Communicated key dates, resources, and support plan.
- Secure portal: Messaging on portals are updated with dates and any changes.

Post Launch Support Plans

- Employer/Local Board:
  - Zoom Office Hours - Mon-Fri 9 a.m. – noon and 1 – 4 p.m. *(Hours will be adjusted as needed)*
  - Secure Portal: STARS Secure Messages.
  - Help@psprs.com: Auto-response with expected response time, use of secure messaging, and reference to additional resources.
- Members:
  - Secure Portal: STARS Secure Messages
  - Help@psprs.com:
  - Phone: (602) 255-5575 (IVR updated for frequent calls information, like 1099Rs and Pay date information)

STARS: Tools and Resources



STARS

Employer STARS Pre-flight Checklist

Training/Resource	Live/Watched Video	Reviewed Guidebook	Completed Date
1. Exploring STARS	☐	☐	
2. Account Administration System	☐	☐	
3. **Bonus**: Updating Staff User Contact Information	☐	☐	
4. Entering Member Data Manual Entries	☐	☐	
5. Entering Member Data (importing file)	☐	☐	
6. Submitting Contributions (manually)	☐	☐	
7. **Bonus**: Submitting Contributions – Adjustments (manually)	⃠	☐	
8. Submitting Contributions (importing file)	☐	Guide 1 ☐ Guide 2 ☐ Guide 3 ☐	
9. **Bonus**: Submitting Contributions – Adjustments (importing file)	☐	⃠	
10. STARS Work Reports	☐	☐	
11. Payments – Adding a Bank Account and Make Payments	☐	☐	
12. Prepaying Credit	☐	☐	
13. Applying a Credit to an Open Invoice	☐	☐	
14. Insurance Processing (manual entries, importing files and reporting)	☐	Guide 1 ☐ Guide 2 ☐ Guide 3 ☐	
15. Local Boards	☐	☐	
16. Members	☐	☐	

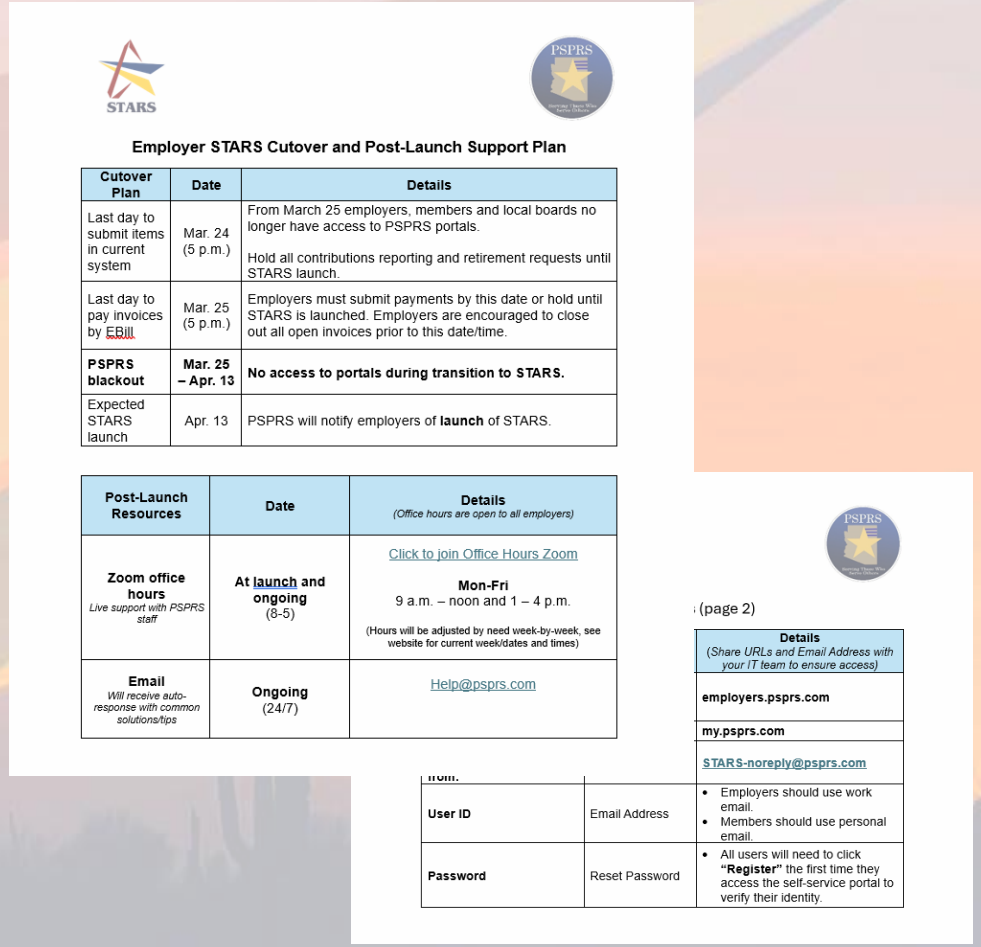
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Live Launch support

Visit the STARS Pension Administration System webpage on our website to learn more at https://www.psprs.com.



STARS

Employer STARS Cutover and Post-Launch Support Plan

Cutover Plan	Date	Details
Last day to submit items in current system	Mar. 24 (5 p.m.)	From March 25 employers, members and local boards no longer have access to PSPRS portals. Hold all contributions reporting and retirement requests until STARS launch.
Last day to pay invoices by EBill	Mar. 25 (5 p.m.)	Employers must submit payments by this date or hold until STARS is launched. Employers are encouraged to close out all open invoices prior to this date/time.
PSPRS blackout	**Mar. 25 – Apr. 13**	**No access to portals during transition to STARS.**
Expected STARS launch	Apr. 13	PSPRS will notify employers of **launch** of STARS.

Post-Launch Resources	Date	Details *(Office hours are open to all employers)*
Zoom office hours *Live support with PSPRS staff*	**At launch and ongoing** (8-5)	Click to join Office Hours Zoom **Mon-Fri** 9 a.m. – noon and 1 – 4 p.m. (Hours will be adjusted by need week-by-week, see website for current week/dates and times)
Email *Will receive auto-response with common solutions/tips*	**Ongoing** (24/7)	Help@psprs.com

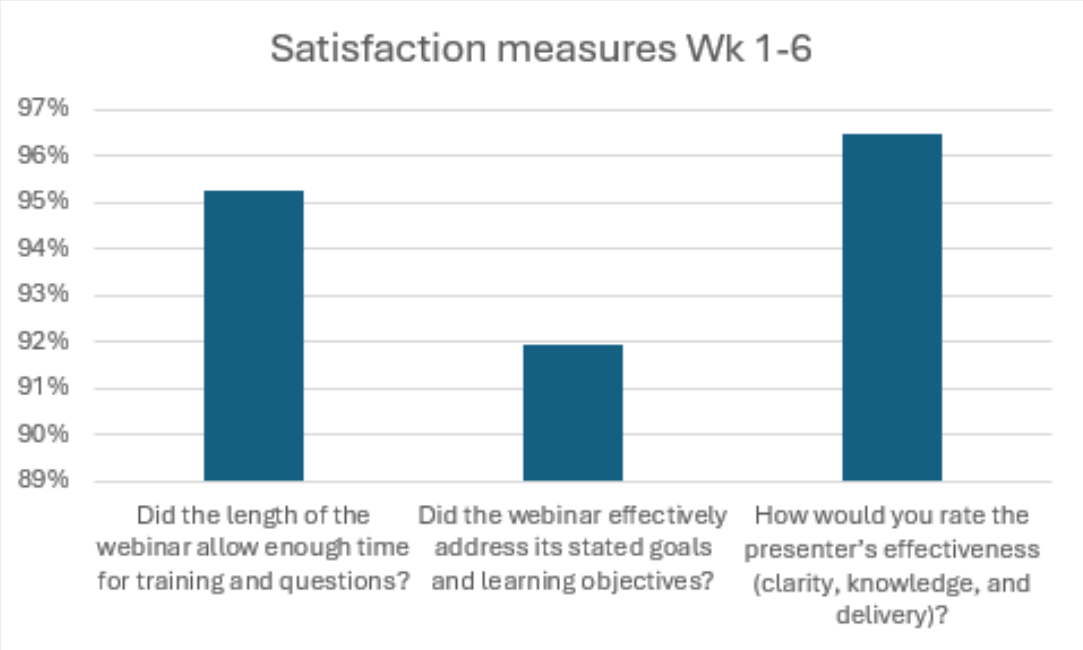
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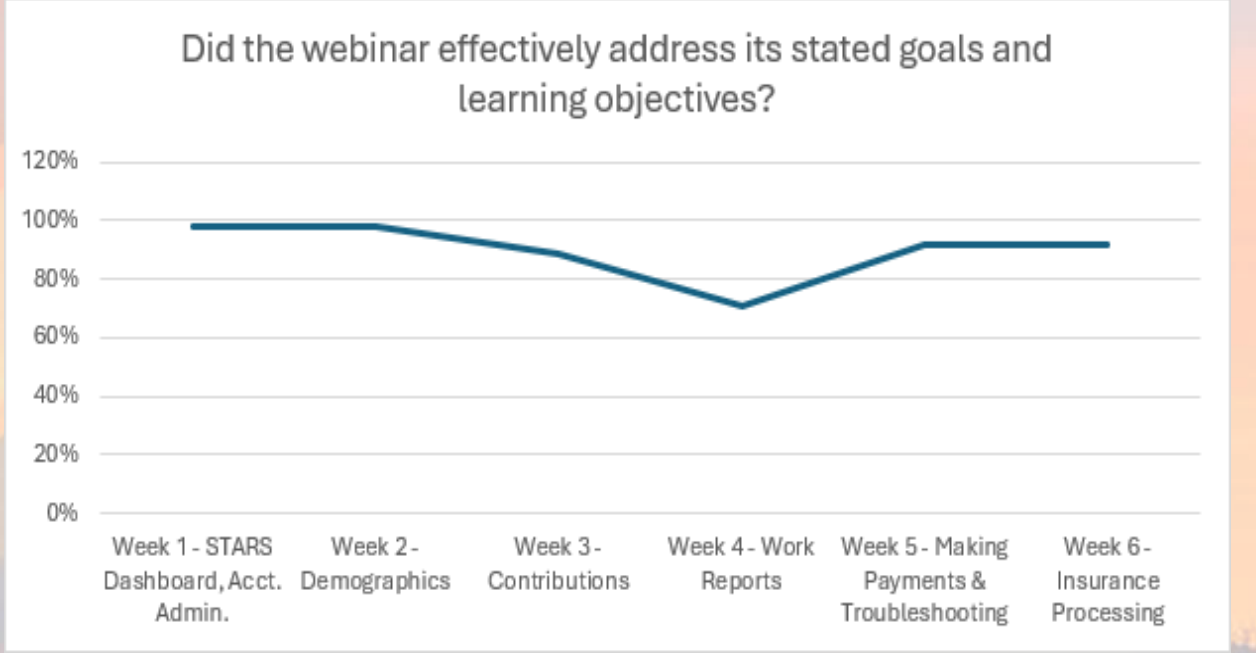
		Details *(Share URLs and Email Address with your IT team to ensure access)*
		employers.psprs.com
		my.psprs.com
from:		**STARS-noreply@psprs.com**
User ID	Email Address	• Employers should use work email. • Members should use personal email.
Password	Reset Password	• All users will need to click **"Register"** the first time they access the self-service portal to verify their identity.

STARS: Employer/LB Training Recap

- As of March 12, PSPRS recorded 1,542 total attendances for STARS training demonstrations and 341 attendances for weekly question-and-answer sessions.
- Highlights
  - Staff from 48 employers attended 15 or more sessions
  - 325 unique attendees participated in training sessions
  - Top 10 employer participants by sessions
    - City of Avondale: 112
    - City of Phoenix: 101
    - City of Buckeye: 77
    - Maricopa County: 71
    - City of Scottsdale 65
    - City of Flagstaff: 46
    - Arizona Department of Corrections, Rehabilitation and Re-entry: 42
    - PSPRS: 40
    - City of Tempe: 37
    - Town of Marana: 35
  - 600 percent increase in weekly views of the STARS Pension Administration System webpage (350 from 50) since training started in early-February.
  - More than 780 STARS training topic views on YouTube

STARS: Survey Feedback





What Questions Do You have?



MEMORANDUM

TO: CHAIR AND MEMBERS OF THE BOARD

FROM: BRET PARKE, GENERAL COUNSEL

DATE: MARCH 4, 2026

RE: PART TIME PROGRAM IMPLEMENTATION GUIDANCE

Agenda title:
Item 6: Review, discussion and possible Action regarding implementation guidance for the employer part-time program.

Issue: Employer authorization of part time service in PSPRS was authorized by the legislature in Laws 2025, Ch. 183 (SB1287). Up until this legislative change, PSPRS has always been limited to full time employees.

PSPRS is preparing guidance on how PSPRS will work with employers on the administration of the employer part-time program that is effective beginning from and after June 30, 2026. The part-time program law requires that employers and employees enter into the part-time agreement before July 1, 2031. Thus, it appears, unless legislation amends the law that the part-time program will cease June 30, 2034, or three years after the last date to enter into the agreement.

PSPRS STARS system does not have, and planned future enhancements do not include, a part-time module or special functionality. This means there are no defined parameters or functionality that has been scoped for part-time. This is because PSPRS understood the program to be an employer program.

Previous discussions between the vendor and PSPRS has estimated a rough cost of $2-3M. In addition, if PSPRS were to employ such an enhancement, all employer payroll systems may be affected, due to the added information that will need to be captured for all employers as reporting is uniform, not unique to those with part-time programs. Based on planned enhancements, and not considering other legislative developments, PSPRS would estimate that such functionality would be at least a year from April 2026.

Background:
The City of Phoenix, who PSPRS was asked to provide subject matter consultation with during the legislative session creating part-time employment, has indicated it is moving forward with part time in July 2026. No other employer has contacted PSPRS about part time.

Purpose:
The purpose of this memo is to identify issues and recommendations about how PSPRS will partner with employers seeking to utilize this part time employment option.

Recommendations on Guidance:

1. Part Time Agreement: Similar to DROP, at the initiation of the part-time agreement, PSPRS would require the employer to send the part-time agreement with certain required provisions outlined in the law. The law provides for an employment agreement specifying the time period the employer and employee agree to the employee's participation, not to exceed three years. The intent is that the employee is contractually obligated to remain in part-time for the duration of the part-time agreement, except in the case of separation from employment. The employee is not permitted to change between part time and full-time employment during the period of the part-time agreement.

   PSPRS understands that in the case of a declared emergency or similar exigent circumstances the employer may need to call-up all employees for full-time, but this is the exception and is not permitted under the statute to permit an employee to pop in-and-out of the part time program.

   PSPRS will receive the part-time agreement and enter into the member record with a flag that requires reconciliation of the pay data immediately at the end of the part-time agreement.

   The law limits member participation in part-time to no more than 6 years. Receipt of the Agreement and notes on the member account will assist with tracking this 6-year limit. This will also assist with employees that transfer employers, if that employer also affords a part-time option.

2. Compliance Employers are uniquely in the position to ensure compliance with the law and shall confirm with PSPRS 3 years prior credited service prior to entering into a part-time agreement:

   The law requires and the PSPRS form of agreement will require certification that:

   a. the member had a qualifying event.
   b. the member not participate in the part-time employment beyond 3 years.
   c. the member has at least 3 years of credited service.
   d. the member to work at least 20 but not more than 30 hours per week.
   e. the member not perform off-duty work during the part-time agreement period.

   NOTE: the law contains no enforcement or consequence for non-compliance.

3. Credited Service: The law requires "pro rata" treatment of part-time work for purposes of credited service, between 20-30 hours. PSPRS does not have employee hours of employment. PSPRS only receives pay-period end date payroll and contributions data.

   At the end of the part-time agreement, PSPRS would require the employer to provide the pro-rata amount of credited service based on the hours worked during the part-time agreement. PSPRS' experience is that employers do not keep payroll information beyond 7 years, thus, PSPRS would need the records at the end of the part-time agreement to ensure proper credited service calculations at time of retirement or disability.

   Note for Online Benefit Estimate Tool: Due to the PSPRS system not having the logic developed in its core administration calculations to adjust credited service for part-time status, members

participating in a part-time program would not be able to rely on PSPRS online benefit estimate tools to accurately reflect their credited service and future benefit.

4. Contributions and calculation of AMBC: PSPRS calculates retirement pension benefits based on pay-period end (PPE) date compensation reported for high 3 or high 5. The law is silent on part-time impact on calculation of a retiree pension benefit. The PSPRS system simply looks for the highest continuous pay over the PPE in the PSPRS system. PSPRS does not see an impact to current process for calculating of pension benefit.

5. Disability limitation: For purposes of calculating a disability benefit, the law requires the exclusion of part-time pay. PSPRS would reconcile any part-time period of employment with the employer providing the pay-period end-dates previously submitted to PSPRS subject to the part-time agreement, similar as that with the pro rata credited service reconciliation.

Law:
The primary provision for part time employment resides in statute, A.R.S. 38-842.03:

38-842.03. Part-time employees; requirements; prohibition; definitions
A. To qualify as a member as defined in section 38-842, paragraph 31, subdivision (b), a part-time employee shall meet both of the following:
1. Has entered into a written agreement with the employee's employer before July 1, 2031 to work part-time for a period of not more than three years due to a specified qualifying event.
2. Has not worked as a part-time employee for the purposes of this section for more than six years.
B. A part-time employee may not perform off-duty work.
C. For the purposes of this section:
1. "Immediate family member" means a child, spouse, parent, grandchild or grandparent.
2. "Off-duty work" means being employed as a police officer, state highway patrol officer or county sheriff or deputy by an employer other than the part-time employee's employer pursuant to this article.
3. "Qualifying event" means the birth or adoption of a child or providing care for a serious health condition of an immediate family member.
4. "Serious health condition" has the same meaning prescribed in 29 Code of Federal Regulations section 825.113.

A.R.S. 38-845(F) was amended to exclude part-time earnings from a disability pension:
38-845. Amount of retirement benefit
A. A member who meets the requirements for a normal pension, who becomes a member of the system before January 1, 2012 and who has twenty years of credited service shall receive a monthly amount that equals fifty percent of the member's average monthly benefit compensation. If the member retires with other than twenty years of credited service, the foregoing amount shall be:
1. Reduced by four percent for each year of credited service under twenty years, with pro rata reduction for any fractional year.
2. Increased by a monthly amount equal to two percent of the member's average monthly benefit compensation multiplied by the number of the member's years of credited service in excess of twenty years, with pro rata increase for any fractional year, except that if a member retires with twenty-five or more years of credited service the amount shall be increased by a monthly amount equal to two and one-half percent of the member's average monthly benefit compensation multiplied by the number of the member's years of credited service in excess of twenty years, with pro rata increase for any fractional year.

B. A member who meets the requirements for an accidental disability pension shall receive a monthly amount, which shall be computed in the same manner as a normal pension, using the member's average monthly benefit compensation before termination of employment and the member's actual credited service or twenty years of credited service, whichever is greater. Notwithstanding any other provision of this section, the accidental disability pension for a member shall be a monthly amount that equals not less than fifty percent of the member's average monthly benefit compensation.

C. A member who meets the requirements for an ordinary disability pension shall receive a monthly amount that is equal to a fraction times the member's normal pension that is computed according to subsection A, H or I of this section if the member had twenty years of credited service. The fraction is the result obtained by dividing the member's actual years of credited service, not to exceed twenty years of credited service, by the member's required credited service for the applicable normal retirement date.

D. A member who meets the requirements for a temporary disability pension shall receive a monthly amount that is equal to one-twelfth of fifty percent of the member's annual compensation received immediately prior to the date on which the member's disability was incurred.

E. A member who meets the requirements for a catastrophic disability pension is entitled to receive a monthly amount computed as follows:

1. For the first sixty months, ninety percent of the member's average monthly benefit compensation before termination of employment.

2. After sixty months, sixty-two and one-half percent of the member's average monthly benefit compensation before termination of employment or computed in the same manner as a normal pension using the member's average monthly benefit compensation before termination of employment and the member's actual credited service, whichever is greater.

F. For the purposes of calculating an accidental, ordinary or catastrophic disability pension pursuant to this section for a member as defined in section 38-842, paragraph 31, subdivision (b), the average monthly benefit compensation shall exclude any part-time earnings.

G. A member who was employed before September 15, 1989 by an employer participating in the system and who retires on or after November 1, 2001 is entitled to receive a tax equity benefit allowance consisting of a permanent increase of two percent of the member's base benefit retroactive to the day of retirement.

H. A member who meets the requirements for a normal pension, who becomes a member of the system on or after January 1, 2012 and before July 1, 2017 and who has twenty-five years of credited service shall receive a monthly amount that equals sixty-two and one-half percent of the member's average monthly benefit compensation. If the member has at least fifteen years of credited service, but less than twenty-five years of service, the monthly amount shall be equal to the member's average monthly benefit compensation multiplied by the number of whole and fractional years of credited service multiplied by the appropriate percentage specified in subsection I of this section. If the member has twenty-five years of service and retires with other than twenty-five years of credited service, the foregoing amount shall be:

1. Reduced by four percent for each year of credited service under twenty-five years, with pro rata reduction for any fractional year.

2. Increased by a monthly amount equal to two and one-half percent of the member's average monthly benefit compensation multiplied by the number of the member's years of credited service in excess of twenty-five years, with pro rata increase for any fractional year.

I. A member who becomes a member of the system on or after July 1, 2017 and who retires on or after the member's normal retirement date shall receive a monthly amount equal to the member's average monthly benefit compensation multiplied by the number of whole and fractional years of credited service multiplied by the following:

1. 1.50 percent if the member has at least fifteen years of credited service but less than seventeen years of credited service.
2. 1.75 percent if the member has at least seventeen years of credited service but less than nineteen years of credited service.
3. 2.00 percent if the member has at least nineteen years of credited service but less than twenty-two years of credited service.
4. 2.25 percent if the member has at least twenty-two years of credited service but less than twenty-five years of credited service.
5. 2.50 percent if the member has at least twenty-five years of credited service.

J. Notwithstanding subsections A, H and I of this section, the maximum amount payable as a normal pension is eighty percent of the average monthly benefit compensation.

A.R.S. 38-842(13) was amended to include part-time "pro rata" calculation:

13. "Credited service":

(a) Means the member's total period of service before the member's effective date of participation, plus those compensated periods of the member's service thereafter for which the member made contributions to the fund.

(b) Includes those compensated periods of the member's part-time service, calculated on a pro rata basis, during which the member made contributions to the fund.

A.R.S. 38-842(31) was amended to include

31. "Member":

***

(b) Beginning from and after June 30, 2026, includes any **part-time employee** whose employer has chosen to allow part-time employees to participate in the system and to whom all of the following apply:

(i) Is hired in an eligible group as defined in paragraph 24, subdivision (a), (d) or (f) of this section.

(ii) Has at least three years of credited service in either the system or the public safety personnel defined contribution retirement plan established pursuant to article 4.1 of this chapter before the employee is hired as a part-time employee for the purposes of this subdivision.

(iii) Is engaged to work as a patrol officer and is scheduled to work for at least twenty hours per week but not more than thirty hours per week following a consistent schedule, as determined by the employer.

(iv) Meets the requirements of section 38-842.03.

***

A.R.S. 38-846.05(C) was amended to include calculation of disability liability in the risk pool retiree pool account:

38-846.05. Retiree pool account; transfers; funding

A. The retiree pool account is established in the fund for the purpose of sharing the actuarial liability attributable to uncontrollable costs for the employers of members who are hired on or after July 1, 2017 and who are determined eligible for a normal retirement benefit pursuant to section 38-844 or for an accidental, ordinary or catastrophic disability pension pursuant to section 38-844 and for survivors of members who are hired on or after July 1, 2017 and who are determined eligible for a death benefit pursuant to section 38-846.

B. For members who are determined eligible for a normal retirement benefit pursuant to section 38-844, an amount equal to the actuarial present value of future benefit payments, calculated as of the member's retirement date, shall be transferred from the employer's account to the retiree pool account.

C. For a member who is determined eligible for an accidental, ordinary or catastrophic disability pension pursuant to section 38-844 and who has not reached the member's normal retirement date, an amount equal to the actuarial present value of future benefit payments already accrued, calculated as of the date of disability retirement, shall be transferred from the employer's account to the retiree pool account. **For a member as defined in section 38-842, paragraph 31, subdivision (b) who is determined eligible for an accidental, ordinary or catastrophic disability pension pursuant to section 38-844 and who has not reached the member's normal retirement date, the system actuary shall determine and the system shall assess the employer an amount equal to the actuarial present value of future benefit payments already accrued, calculated as of the member's disability retirement date, consistent with section 38-845, subsection F.** If a member who is determined eligible for an accidental, ordinary or catastrophic disability pension has reached the member's normal retirement date, the amount transferred to the retiree pool account is calculated in the same manner as a normal retirement pursuant to subsection B of this section.

D. For a survivor of a deceased member determined eligible for a death benefit pursuant to section 38-846, if the member was not retired and had not reached the member's normal retirement date, an amount equal to the actuarial present value of future survivor benefit payments already accrued, calculated as of the survivor's retirement date, shall be transferred from the employer's account to the retiree pool account. If the deceased member had reached the member's normal retirement date, an amount equal to the actuarial present value of future survivor benefit payments, plus any amount payable, calculated as of the survivor's retirement date, shall be transferred from the employer's account to the retiree pool account.

E. The retiree pool account shall remain one hundred percent funded. In any fiscal year that the retiree pool account is not one hundred percent funded as of June 30, the amount necessary to adjust the retiree pool account up or down to one hundred percent funded shall be transferred from or to the investment earnings of the fund before those earnings are distributed to each employer's account.

Suggested motion:
No suggested motion has been provided by staff. This Agenda item is for discussion.

PSPRS

Part Time Service Program

What PSPRS staff recommends for implementation of the newly created Part Time Program

Newly Created in 2025

- **Historically full-time employment was a requisite to PSPRS participation.**
- **In 2025, the Legislature created for employers the flexibility to offer part-time that includes a pro rated part-time PSPRS service component.**
- **Under the new law employers may authorize part-time service with conditions.**
- **The law is effective from and after June 30, 2026 and agreements must be entered into before July 1, 2031.**

New Laws

- Primary new statute for part-time is A.R.S. 38-842.03. Part-time employees; requirements; prohibition; definitions
- Other amended sections
  - 38-845. Amount of retirement benefit
  - 38-842(13). Credited Service definition
  - 38-842(31). Member definition
  - 38-846.05. Retiree pool account; transfers; funding

Limited Scope & Time

- Not mandatory - Employers may elect part-time plan for employees
- Limited to municipal police, DPS and sheriffs; not fire or others
- Part-time agreements authorized from June 30, 2026 until July 1, 2031

Recommendations

- **Part-time agreement between employer and employee and submitted to PSPRS**
- **Compliance monitoring of Conditions of Part-Time Employment**
- **Credited Service –pro rata treatment for PSPRS service; limitations**
- **Contributions and calculations of pension benefit – pro rata contributions are required; estimator and “high 3 or 5”**
- **Disability – law requires exclusion of part-time pay from disability pension calculations**
- **Employees bound by agreement to participate for duration.**

Employee Part-Time Agreement

- **Before initiation of part-time employment – employee and employer enter into a part-time employment agreement specifying the period of part-time employment, not to exceed 3 years.**
- **Exigent Circumstances Exception – only the employer experiencing a catastrophic event or emergency declaration would be an exception to the part-time agreement.**
- **The law limits PSPRS member part-time work to no more than 6 years in a career.**
  - **Tracking**
  - **Transfers**
- **Employees bound by agreement due to qualifying event; cannot opt-in and out of part-time program**

Requirements

Employers tracking compliance with the law as outlined in the agreement:

- Confirm 3 years prior PSPRS credited service
- The member has a “qualifying event” meaning the birth or adoption of a child or providing care for a serious health condition of an immediate family member.
- Part-time employment agreement for not longer than 3 years
- Working at least 20 but not more than 30 hours.
- Not performing “off-duty” work means being employed as a police officer, state highway patrol officer or county sheriff or deputy by an employer other than the part-time employee's employer pursuant to this article.
- No more than 6 years part-time.

Other Considerations

- Pro rata credited service for part time work -
  - at the end of the Agreement term, employer to work with PSPRS to reconcile credited service on pro-rata basis.
- Contributions and calculation of pension –
  - PSPRS system and “High 3 or 5” calculations unaffected
  - PSPRS estimator not configured for part-time
  - part-time unlikely to be high pay but could intercede with the “consecutive” period that would otherwise be.
- Disability pensions – excludes part-time employment in determinations of disability.

Questions?



Monthly Investment Reports

For period ending 01/31/2026

The PSPRS Trust



Introduction

Monthly and quarterly Investment Committee reports will reflect material provisions outlined in the board-approved Investment Policy Statement (IPS). Due to their unique characteristics, some items will be presented monthly, while others will be presented quarterly.

Staff research of national best practices, professional experience, and feedback from experts in fiduciary governance informed the format and content of these reports.

From the IPS:

A healthy investment program requires accountability. Accountability entails clear goals that support objective analysis. To that end, policies must consider two important factors. First, that certain developments in financial markets are unknowable and/or uncontrollable. Second, that successful programs must strike the right balance between economic and actuarial perspectives, between asset-only and asset-liability perspectives and between absolute and relative rates of return perspectives.

Assets of the trust shall be invested in accordance with the following hierarchy:

1. Provide a rate of return that is equal to or above the actuarial assumed earnings rate (AER) currently set at 7.2 percent
2. Ensure trust assets are available to meet current and future obligations
3. Manage performance volatility to mitigate loss of investment value and contribution rate volatility
4. Minimize total expenses through negotiation and operational efficiency

Provide a return on plan assets that is equal to or greater than the Actuarial Assumed Earnings Rate

7 Year	10 Year	15 Year	20 Year
9.4%	8.9%	7.7%	6.4%

Net of Fees through (NOF)
01/31/2026

Ensure Trust assets are available to meet current and future obligations when due

Fiscal Year	2026	2027	2028	2029	2030	2031	2032	2033	2034	2035	2036
Cash Outflow (Contributions – Benefit Payments – Expenses) as a % of Expected Portfolio Market Value with Assumed Rate of 7.2%	-2.0%	-2.3%	-2.5%	-3.1%	-3.1%	-3.3%	-3.6%	-3.7%	-3.7%	-3.7%	-3.7%

Manage performance volatility for a given return target to mitigate contribution rate volatility

As of 6/30/25	1 Year	3 Year	5 Year	7 Year	10 Year
Standard Deviation	4.4%	6.0%	6.9%	7.1%	6.2%
Peer Ranking	Top 15%	Top 10%	Top 10%	Top 10%	Top 10%

Minimize total expenses through negotiation and operational efficiency

FY 25 Gross Returns	FY 25 Net Returns
11.5%	11.1%

Item a: PSPRS Trust Performance

Purpose:

- Track performance - It allows stakeholders to monitor how investments have performed over the last month and compare to benchmarks. This helps assess if their investment targets are being met.

- Identify trends - Looking at monthly snapshots over time can identify performance trends, like which asset classes are doing well or underperforming due to market conditions or other factors. This may prompt adjustments.

- Provide transparency - Gives stakeholders visibility into periodic performance and how their capital is being managed.

- Surface issues - Comparing monthly results to expectations quickly highlights any underperformance to address.

- Improve decision making - Performance data feeds into decisions about asset allocation, manager changes, rebalancing, etc. The monthly snapshot provides timely input.

NOTE: Staff provide a detailed quarterly report two months post-quarter end. The trust's independent fiduciary consultant also shares its own quarterly report with the Board of Trustees at the same time. Monthly (and quarterly) reports might not capture the long-term potential of the portfolio. Our focus is on broad timeframes that span over 20 years and monthly analyses might not align with this perspective. For instance, private market illiquid assets may take three months after a quarter ends to determine values in contrast with publicly-traded securities that are valued by the market on a daily basis. This can make private to public asset performance comparisons difficult over short time horizons.

Summary

- As of January 31, 2026, the PSPRS trust had $26.4 billion in assets under management (AUM).
- The portfolio composition was as follows:
  - Capital Appreciation: 64.7%
  - Contractual Income: 26.1%
  - Diversifying Strategies: 6.1%
  - Cash: 3.1%
- The total portfolio produced the following returns:
  - Month: 1.6%
  - Fiscal year to date: 9.1%
  - 7-year annualized: 9.4%
- Portfolios that outperformed their benchmarks during the month include the following:
  - US Public Equity
  - Fixed Income
  - Private Credit
  - Diversifying Strategies
- Portfolios that underperformed their benchmarks during the month include the following:
  - International Public Equity
  - Global Private Equity

Arizona PSPRS Trust

Net of Fees Returns as of 01/31/2026

Asset Class	Market Value (in $ millions)	%	Target	Range	Month	CYTD	FYTD	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
Total Portfolio	26,379	100.0%			1.6%	1.6%	9.1%	14.3%	11.4%	9.4%	9.4%	8.9%
Benchmark †					*1.8%*	*1.8%*	*13.4%*	*15.7%*	*14.9%*	*10.0%*	*10.8%*	*10.1%*
Capital Appreciation	**17,055**	**64.7%**			**2.1%**	**2.1%**	**11.0%**	**16.8%**	**13.6%**	**11.4%**	**11.5%**	**10.8%**
CA - US Public Equity[1]	6,454	24.5%	**27%**	**22-32%**	1.6%	1.6%	12.2%	15.0%	19.7%	13.7%	15.7%	15.0%
Benchmark					*1.4%*	*1.4%*	*11.9%*	*14.9%*	*19.7%*	*13.1%*	*15.0%*	*14.6%*
CA - Int'l Public Equity	4,401	16.7%	**15%**	**10-20%**	5.7%	5.7%	18.7%	35.2%	16.8%	9.3%	10.2%	9.7%
Benchmark					*6.1%*	*6.1%*	*18.8%*	*35.1%*	*16.4%*	*9.0%*	*9.9%*	*9.8%*
CA - Global Private Equity	6,200	23.5%	**26%**	**21-31%**	0.3%	0.3%	5.0%	6.9%	5.6%	10.1%	8.4%	8.1%
Benchmark					*1.9%*	*1.9%*	*24.9%*	*16.0%*	*17.9%*	*12.5%*	*14.9%*	*14.8%*
CA - PE Buyouts & VC	3,295	12.5%			0.4%	0.4%	7.7%	11.8%	6.4%	10.3%	10.7%	11.1%
CA - PE Real Estate	2,367	9.0%			0.2%	0.2%	2.2%	2.1%	3.7%	8.5%	5.3%	3.9%
CA - PE Real Assets	538	2.0%			0.0%	0.0%	2.3%	1.5%	6.7%	11.6%	7.4%	7.3%
Contractual Income	**6,885**	**26.1%**			**0.0%**	**0.0%**	**4.2%**	**8.3%**	**7.2%**	**6.6%**	**6.4%**	**6.8%**
CI - Fixed Income	1,967	7.5%	**5%**	**3-9%**	0.2%	0.2%	3.2%	6.8%	4.3%	1.1%	2.3%	2.3%
Benchmark					*0.1%*	*0.1%*	*3.3%*	*6.8%*	*3.7%*	*-0.2%*	*1.7%*	*1.4%*
CI - Private Credit	4,576	17.3%	**20%**	**13-23%**	0.0%	0.0%	4.8%	9.2%	8.3%	8.9%	8.0%	8.3%
Benchmark					*-0.1%*	*-0.1%*	*3.5%*	*6.4%*	*8.6%*	*6.0%*	*5.7%*	*5.9%*
CI - PC Private Lending	1,928	7.3%			0.1%	0.1%	4.9%	9.5%	10.3%	10.3%	8.7%	8.0%
CI - PC Special Credit	2,648	10.0%			-0.1%	-0.1%	4.7%	9.0%	7.5%	8.3%	7.6%	8.5%
CI - Other Assets	342	1.3%			-0.8%	-0.8%	3.0%	5.4%	9.1%	6.0%	7.2%	7.8%
Diversifying Strategies	**1,619**	**6.1%**	**5%**	**3-9%**	**3.9%**	**3.9%**	**14.6%**	**21.6%**	**12.6%**	**8.0%**	**7.4%**	**6.4%**
Benchmark					*0.5%*	*0.5%*	*3.6%*	*6.3%*	*7.5%*	*6.6%*	*6.3%*	*6.0%*
PSPRS Cash[2]	**820**	**3.1%**	**2%**	**0-5%**	**0.3%**	**0.3%**	**2.5%**	**4.6%**	**5.3%**	**3.6%**	**3.1%**	**3.0%**
Benchmark					*0.3%*	*0.3%*	*2.4%*	*4.3%*	*4.9%*	*3.5%*	*2.9%*	*2.5%*

Please see the next slide for additional information.

Benchmark Details

Notes:

* Please note that the returns for all time periods exceeding 1 year are annualized.

1. Please note that US Public Equity allocation above does not include additional $423 million in net futures exposure. When accounting for this exposure, percent allocation for US Public Equity equals 26.2%.
2. Returns for Cash include both the interest on cash holdings and the revenue from securities lending.

† Target Fund Benchmarks/ Effective Dates:

July 1, 2025 to Current: 27% Russell 1000 Index, 15% Custom International Equity Benchmark, 26% Russell 2000 (1 QRT lag) + 200 bps, 5% Bloomberg Barclays US Aggregate Index, 20% Custom Private Credit Benchmark, 5% SOFR + 200 bps, and 2% SOFR.

July 1, 2024 to June 30, 2025: 24% Russell 1000 Index, 16% MSCI ACWI Ex-US IMI Net Index, 27% Russell 2000 (1 QRT lag) + 200 bps, 6% Bloomberg Barclays US Aggregate Index, 20% Custom Private Credit Benchmark, 5% SOFR + 200 bps, and 2% SOFR.

July 1, 2023 to June 30, 2024: 24% Russell 3000 Index, 16% MSCI ACWI Ex-US IMI Net Index, 27% Russell 3000 + 100 bps, 6% Bloomberg Barclays US Aggregate Index, 20% BofA-ML US HY BB-B Constrained Index (50%) & CSFB Leveraged Loan Index (50%), 5% SOFR + 300 bps, and 2% SOFR.

July 1, 2021 to June 30, 2023: 24% Russell 3000 Index, 16% MSCI ACWI Ex-US IMI Net Index, 27% Russell 3000 + 100 bps, 2% Bloomberg Barclays Gov't Bond Index, 20% BofA-ML US HY BB-B Constrained Index (50%) & CSFB Leveraged Loan Index (50%), 10% LIBOR +400 bps, and 1% LIBOR.

January 1, 2021 to June 30, 2021: 23% Russell 3000 Index, 15% MSCI ACWI Ex-US IMI Net Index, 25% Russell 3000 + 100 bps, 2% Bloomberg Barclays Gov't Bond Index, 22% BofA-ML US HY BB-B Constrained Index (50%) & CSFB Leveraged Loan Index (50%), 12% LIBOR + 400 bps and 1% LIBOR.

July 1, 2020 to December 31, 2021: 23% Russell 3000 Index, 15% MSCI ACWI Ex-US IMI Net Index, 25% Russell 3000 + 100 bps, 2% Bloomberg Barclays US Aggregate Index, 22% BofA-ML US HY BB-B Constrained Index (50%) & CSFB Leveraged Loan Index (50%), 12% LIBOR + 400 bps and 1% LIBOR.

July 1, 2019 to June 30, 2020: 20% Russell 3000 Index, 18% MSCI ACWI Ex-US IMI Net Index, 23% Russell 3000 + 100 bps, 3% Bloomberg Barclays US Aggregate Index, 22% BofA-ML US HY BB-B Constrained Index (50%) & CSFB Leveraged Loan Index (50%), 12% LIBOR +400 bps and 2% LIBOR.

July 1, 2018 to June 30, 2019: 16% Russell 3000, 14% MSCI World Ex-US Net, 12% Russell 3000 + 100 bps, 5% Bloomberg Barclays Global Aggregate ex-US (20%) & Bloomberg Barclays U.S. Aggregate (80%), 16% Private Credit (fka Credit Opportunities) Benchmark, 12% 3-Month LIBOR + 300 bps, 9% CPI + 200 bps, 10% NCREIF NPI, 4% Risk Parity Benchmark and 2% BofA ML 3-Month T-Bill.

July 1, 2017 to June 30, 2018: 16% Russell 3000, 14% MSCI World Ex-US Net, 12% Russell 3000 + 100 bps, 5% Bloomberg Barclays Global Aggregate Index, 16% Private Credit (fka Credit Opportunities) Benchmark, 12% 3-Month LIBOR + 300 bps, 9% CPI + 200 bps, 10% NCREIF NPI, 4% Risk Parity Benchmark and 2% BofA ML 3-Month T-Bill.

July 1, 2016 to June 30, 2017: 16% Russell 3000, 14% MSCI World Ex-US Net, 11% Russell 3000 + 100 bps, 5% Bloomberg Barclays Global Aggregate Index, 15% Credit Opportunities Benchmark, 5% BofA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 10% NCREIF NPI, 4% Risk Parity Benchmark and 2% BofA ML 3-Month T-Bill.

July 1, 2015 - June 30, 2016: 16% Russell 3000, 14% MSCI World Ex-US Net, 11% Russell 3000 + 100 bps, 7% Bloomberg Barclays Global Aggregate Index, 13% Credit Opportunities Benchmark, 5% BofA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 10% NCREIF NPI, 4% Risk Parity Benchmark and 2% BofA ML 3-Month T-Bill.

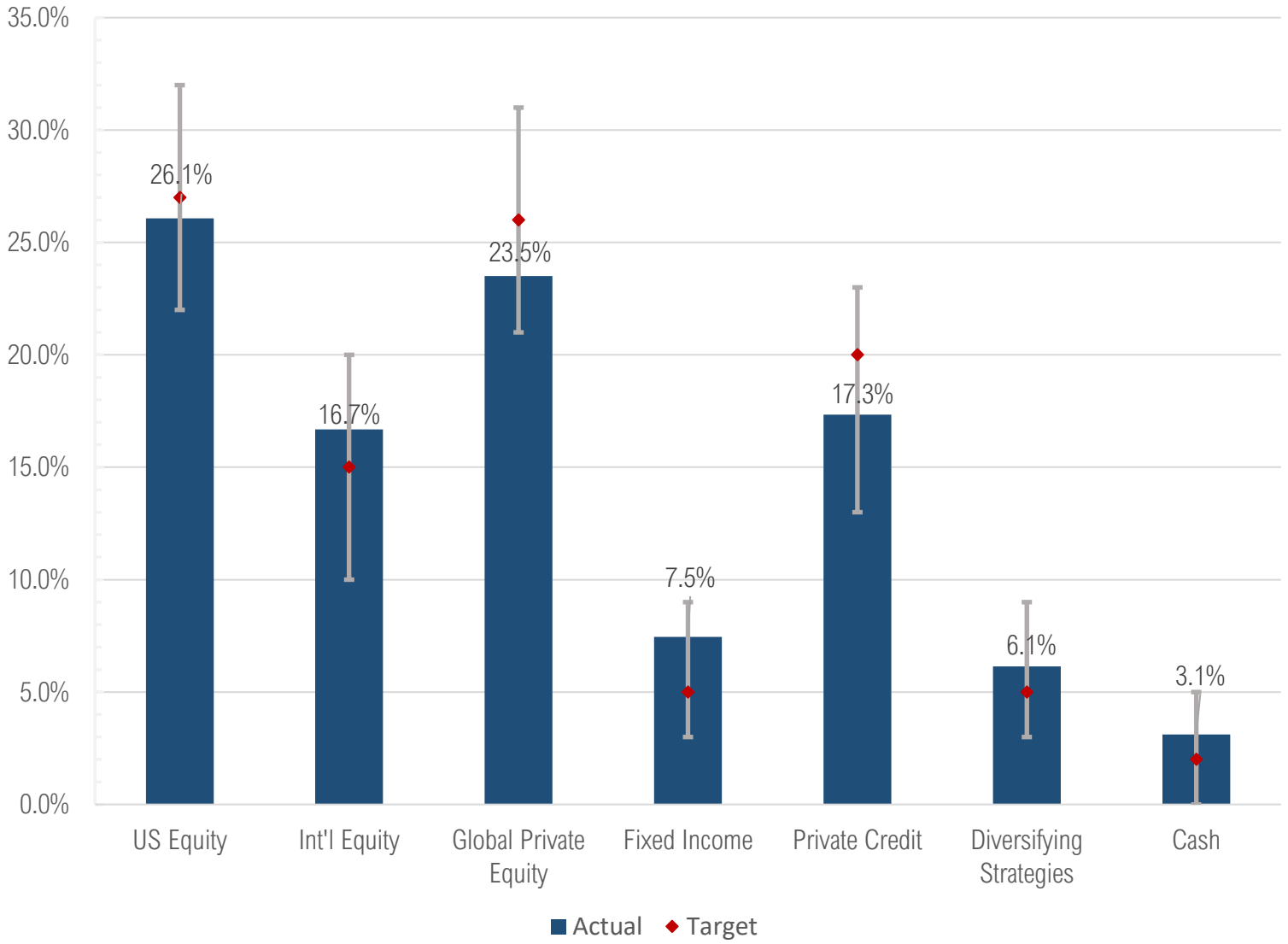
July 1, 2014 - June 30, 2015: 16% Russell 3000, 14% MSCI World Ex-US Net, 11% Russell 3000 + 100 bps, 7% Bloomberg Barclays Global Aggregate Index, 13% Credit Opportunities Benchmark, 4% BofA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BofA ML 3-Month T-Bill.

July 1, 2013 - June 30, 2014: 17% Russell 3000, 14% MSCI ACWI Ex-US Net, 10% Russell 3000 + 100 bps, 8% Bloomberg Barclays Global Aggregate Index, 12% Credit Opportunities Benchmark, 4% BofA ML 3-Month T-Bill + 200 bps, 10% 3-Month LIBOR + 300 bps, 8% CPI + 200 bps, 11% NCREIF NPI, 4% Risk Parity Benchmark and 2% BofA ML 3-Month T-Bill.

Item b: Asset Allocation and Capital Pacing

Purpose: An asset allocation and capital pacing report details the planned versus actual allocation of assets across portfolios and the pace of capital deployment into investments. The report enables adjustments to keep investments aligned with long-term policy targets at an appropriate and disciplined pace.

Asset Allocation – Actual vs. Target



*Please note that US Public Equity allocation above includes additional $423 million in net futures exposure.

As of 01/31/2026

- All asset class allocations are close to their targets or within defined ranges. Staff rebalance allocations and deploy excess cash (from additional employer contributions) in line with long-term allocation plans. Private equity and private credit are being funded incrementally to manage cash drag and vintage year diversification.

Item c:

Performance for the Cancer Insurance Program

Summary

- As of January 31, 2026, the Cancer Insurance Program (CIP) had $36.4 million in assets under management (AUM).
- The portfolio composition was as follows:
  - Global Equity: 60.4%
  - Fixed Income: 32.6%
  - Cash: 7.0%
- The plan produced the following returns:
  - Month: 1.4%
  - Fiscal year to date: 9.0%
  - 7-year annualized: 8.6%
- Portfolios that outperformed their benchmarks during the month include the following:
  - Fixed Income
- Portfolios that underperformed their benchmarks during the month include the following:
  - Global Equity

Cancer Insurance Program

Net of Fees Returns as of 01/31/2026

Asset Class	Market Value ($)	%	Month	CYTD	FYTD	1 Year	3 Years*	5 Years*	7 Years*	10 Years*
Performance FFCP	36,417,807	100.0%	1.4%	1.4%	9.0%	14.5%	12.2%	7.2%	8.6%	8.4%
FFCIP Benchmark †			*1.8%*	*1.8%*	*9.8%*	*15.5%*	*11.6%*	*6.3%*	*8.0%*	*7.8%*
Global Equity	22,001,631	60.4%	2.1%	2.1%	12.9%	20.0%				
MSCI All-World Index (Net)			*3.0%*	*3.0%*	*14.5%*	*21.9%*	*19.1%*	*11.9%*	*13.2%*	*12.8%*
Fixed Income	11,883,328	32.6%	0.2%	0.2%	3.3%	6.9%	5.7%	0.8%	2.4%	2.4%
CIP Fixed Income Benchmark			*0.1%*	*0.1%*	*3.3%*	*6.8%*	*3.3%*	*-0.9%*	*1.3%*	*1.9%*
Cash**	2,532,848	7.0%	0.3%	0.3%	2.4%	4.1%	6.5%	4.8%	4.5%	4.6%
ICE BofA US 3 Month Treasury Bill Index			*0.3%*	*0.3%*	*2.4%*	*4.1%*	*4.8%*	*3.2%*	*2.7%*	*2.2%*

Notes:

* Please note that the returns for all time periods exceeding 1 year are annualized.

** Returns for Cash include both the interest on cash holdings and the revenue from securities lending.

† Target Fund Benchmarks/ Effective Dates:

July 1, 2024 to Present: 60% MSCI All-World Index (Net), 33% Bloomberg Barclays U.S. Aggregate Index, 7% BofA ML 3-Month T-Bill.

July 1, 2014 - June 30, 2024: 25% Russell 3000, 25% MSCI ACWI Ex-US Net, 30% Fixed Income Blended Benchmark - CIP, 10% Barclays U.S. TIPS, 5% GLD Index Return, 5% BofA ML 3-Month T-Bill.

July 1, 2009 - June 30, 2014: 30% Russell 3000, 30% MSCI ACWI Ex-US Net, 35% Fixed Income Blended Benchmark - CIP, 5% BofA ML 3-Month T-Bill.

Item d: Risk Summary

Purpose: A portfolio risk report evaluates overall risk exposures to ensure alignment with acceptable risk levels. By quantifying portfolio risk and concentrations, steps can be taken to prudently adjust and manage risk. This disciplined process provides checks and balances to optimize risk-adjusted returns.

Summary

- As of January 31, 2026, the Trust's assets under management (AUM) totaled $26.4 billion, diversified across 115 external fund managers and 283 active accounts. Although the allocation to international public equities was approximately 8% below that of domestic equities, these two asset classes were the dominant contributors to the 9.1% fiscal year-to-date (FYTD) return, each contributing roughly 3%, or approximately 65% of the total return. Similarly, their combined contribution to downside risk was approximately 60%.
- Forecasted volatility and downside risk measures remained broadly stable across all other asset classes. The portfolio generated a 162-basis-point return for the month, extending the recent steady performance trend. Since Q4 2022, no single monthly drawdown has exceeded 1.3%, and the portfolio delivered positive returns in 30 of the past 40 months (75% of observations). Trailing volatility for the portfolio, the policy benchmark, and the S&P 500 was flat relative to the prior month, with the Trust portfolio exhibiting approximately 70% lower volatility than the S&P 500.
- While the majority of asset class risk factor exposures remained unchanged, the S&P 500 Total Return Index exhibited a larger magnitude of impact on the international equity portfolio, elevating it to the secondary risk driver. Under historical worst-case and various stress scenarios, the current portfolio would have mitigated an average of 60% of potential losses, underscoring the effectiveness of the Trust's diversification and risk management framework.
- According to NEPC, the PSPRS Trust ranked:
    - Top decile on risk-terms since 2009.
    - Top quartile in efficiency (Sharpe Ratio) terms since 2010.

Asset Allocation Summary

Asset Class	No. of Accounts[1]	No. of Managers[2]	Market Value ($)	Allocation	Policy Target	Lower Range	Upper Range
Capital Appreciation	**190**	**69**	**17,054,605,300**	**64.7%**			
US Public Equity	5	3	6,454,171,177	24.5%	27.0%	22.0%	32.0%
Int'l Public Equity	5	3	4,400,509,029	16.7%	15.0%	10.0%	20.0%
Global Private Equity	180	64	6,199,925,094	23.5%	26.0%	21.0%	31.0%
Buyouts & VC	106	34	3,294,748,934	12.5%			
Real Estate	49	19	2,367,110,289	9.0%			
Real Assets	25	14	538,065,871	2.0%			
Contractual Income	**69**	**37**	**6,884,848,491**	**26.1%**			
Fixed Income	2	1	1,966,856,587	7.5%	5.0%	3.0%	9.0%
Private Credit	66	36	4,575,674,971	17.4%	20.0%	13.0%	23.0%
Private Lending	20	13	1,928,095,734	7.3%			
Special Credit	46	25	2,647,579,237	10.0%			
Other Assets	1	0	342,316,933	1.3%			
Public Holdings	1	0	342,316,933	1.3%			
Diversifying Strategies	**22**	**14**	**1,619,075,573.7**	**6.1%**	5.0%	3.0%	9.0%
Cash	2	0	820,298,230	3.1%	2.0%	0.0%	5.0%
PSPRS Trust	**283**	**115**	**26,378,827,595**	**100%**	**100.0%**		

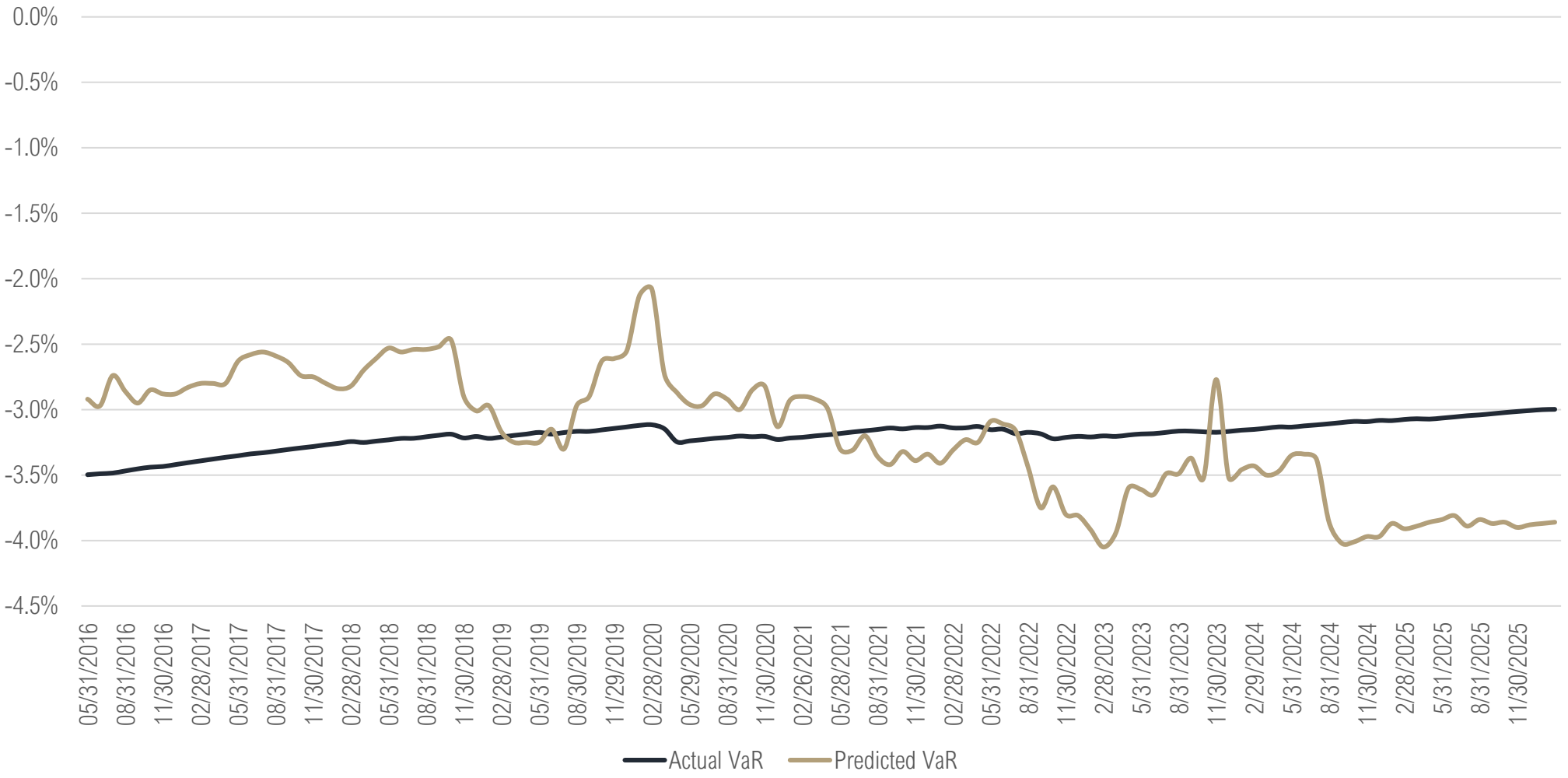
1. No. of accounts includes both internally and externally managed accounts.
2. No. of managers represents external partnerships.

As of 01/31/2026

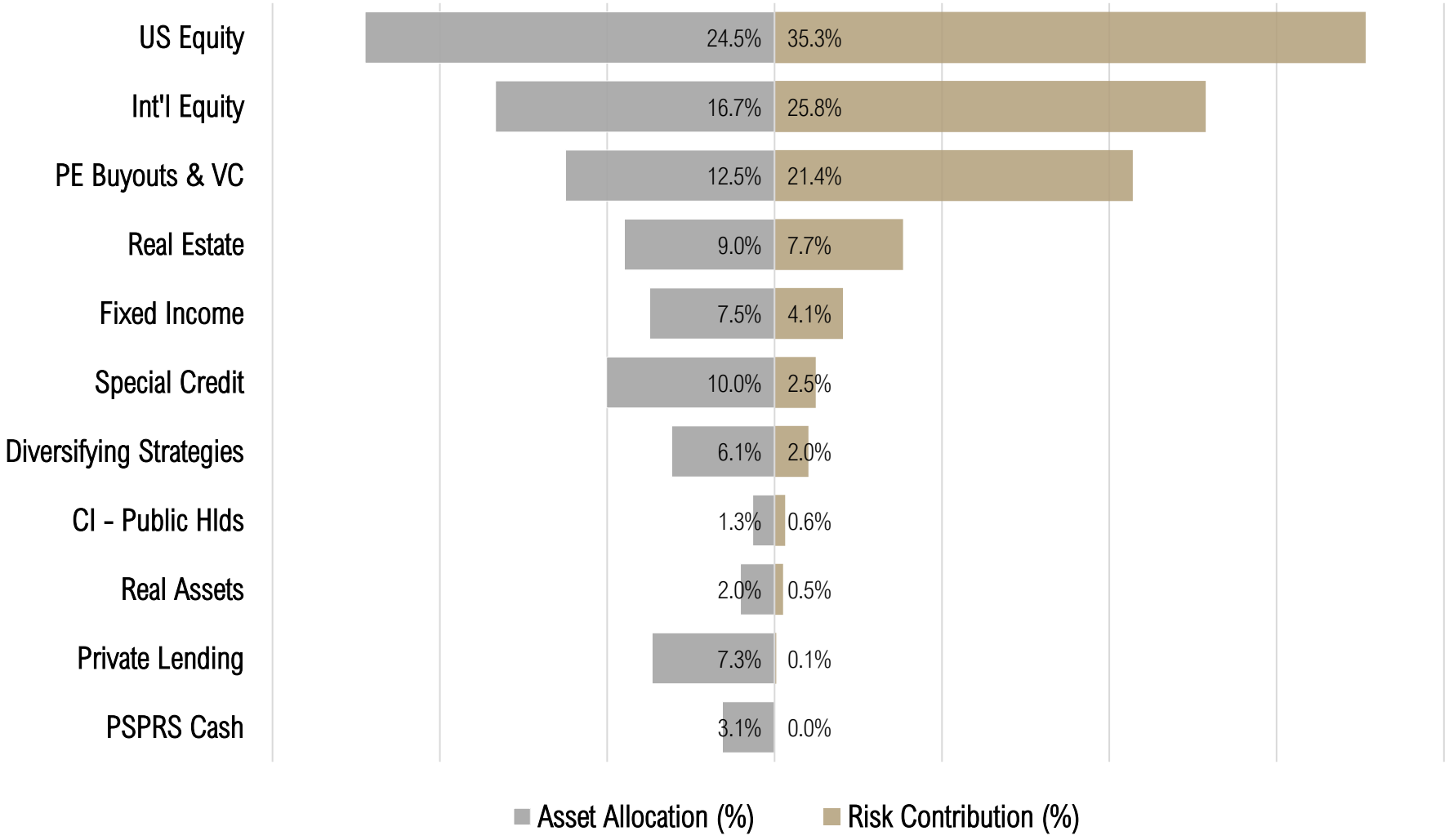
Current Status Overview

PSPRS Portfolio	Portfolio Weight	Historic Volatility *(12m Std. Dev.)*	Monthly Volatility *(Forecast)*	Monthly VAR Forecast *(95% Confidence)*
Capital Appreciation	**64.7%**			
• US Public Equity	24.5%	3.2%	4.2%	-6.2%
• Int'l Public Equity	16.7%	1.9%	4.3%	-6.7%
• Global Private Equity	23.5%			
• *Buyouts & VC*	12.5%	0.5%	4.6%	-7.4%
• *Real Estate*	9.0%	1.1%	2.8%	-3.7%
• *Real Assets*	2.0%	1.1%	3.8%	-1.1%
Contractual Income	**26.1%**			
• Fixed Income	7.5%	0.8%	1.5%	-2.4%
• Private Credit	17.4%			
• *Private Lending*	7.3%	0.8%	0.8%	-0.1%
• *Special Credit*	10.0%	0.5%	1.7%	-1.1%
• Other Assets	1.3%			
• *Public Holdings*	1.3%	0.8%	3.0%	-2.1%
Diversifying Strategies	**6.1%**	1.1%	1.4%	-1.4%
PSPRS Trust	96.9%	1.0%	2.9%	-3.9%

Actual Return vs. Predicted Value-at-Risk (VaR)



Risk Decomposition

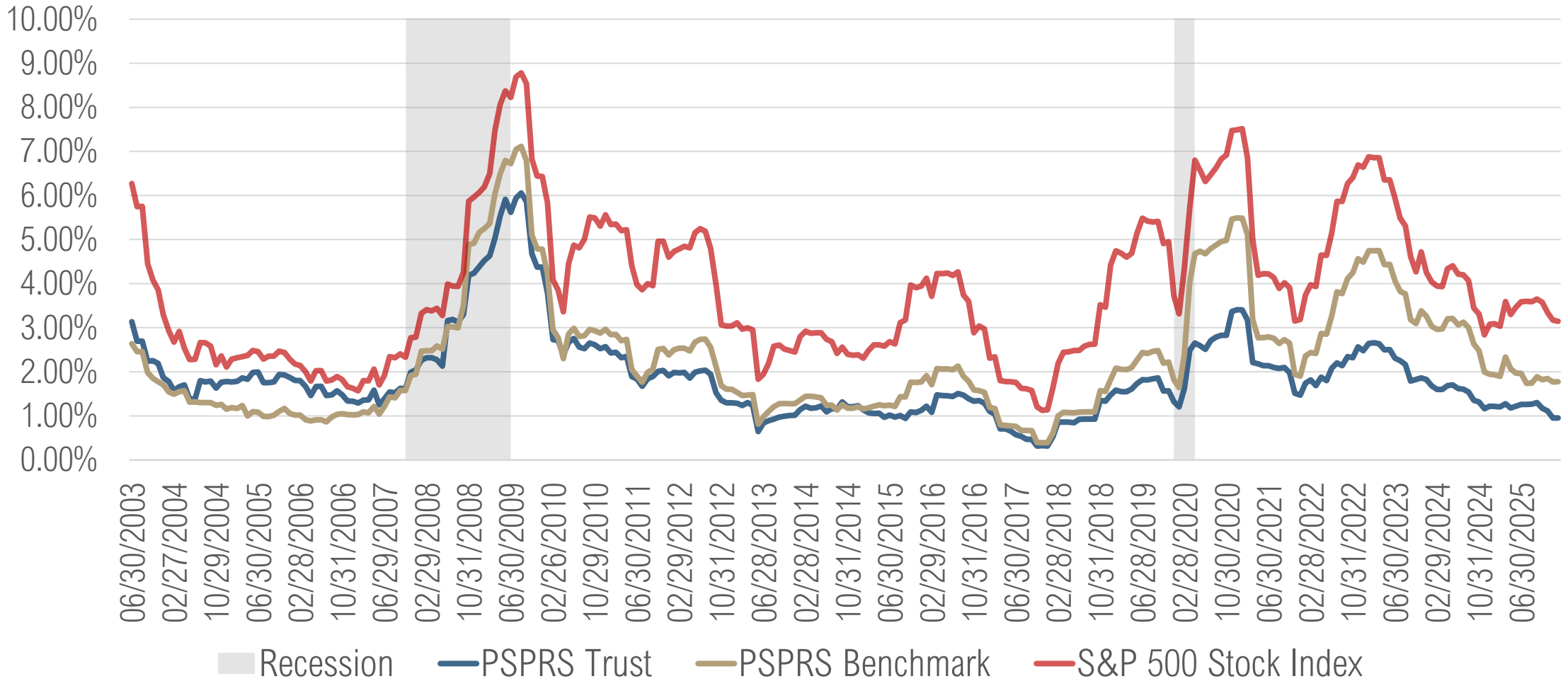


Notable Drivers of Asset Class Risk

PSPRS Portfolio	Portfolio Weight	Primary Driver	Secondary Driver	Fraction Explained
Capital Appreciation	**64.7%**			
• US Public Equity	24.5%	Russell 1000 TR	VIX Change	99.6%
• Int'l Public Equity	16.7%	MSCI ex US	S&P 500 TR	65.9%
• Global Private Equity	23.5%			
• *Buyouts & VC*	12.5%	Russell 1000 TR	Commodity	97.8%
• *Real Estate*	9.0%	US RE ETF	Multisector RE ETF	71.8%
• *Real Assets*	2.0%	Commodity	Crude Oil WTI	70.9%
Contractual Income	**26.1%**			
• Fixed Income	7.5%	SHYG	JNK	77.6%
• Private Credit	17.4%			
• *Private Lending*	7.3%	FTSL	HYG	96.8%
• *Special Credit*	10.0%	FTSL	SRLN	75.1%
• Other Assets	1.3%			
• *Public Holdings*	1.3%	SRLN	--	100.0%
Diversifying Strategies	**6.1%**	HYLB	HYG	59.5%
PSPRS Trust	96.9%	**Russell 1000 TR**	Crude Oil WTI	89.8%

** Values in yellow indicate an inverse relation.*

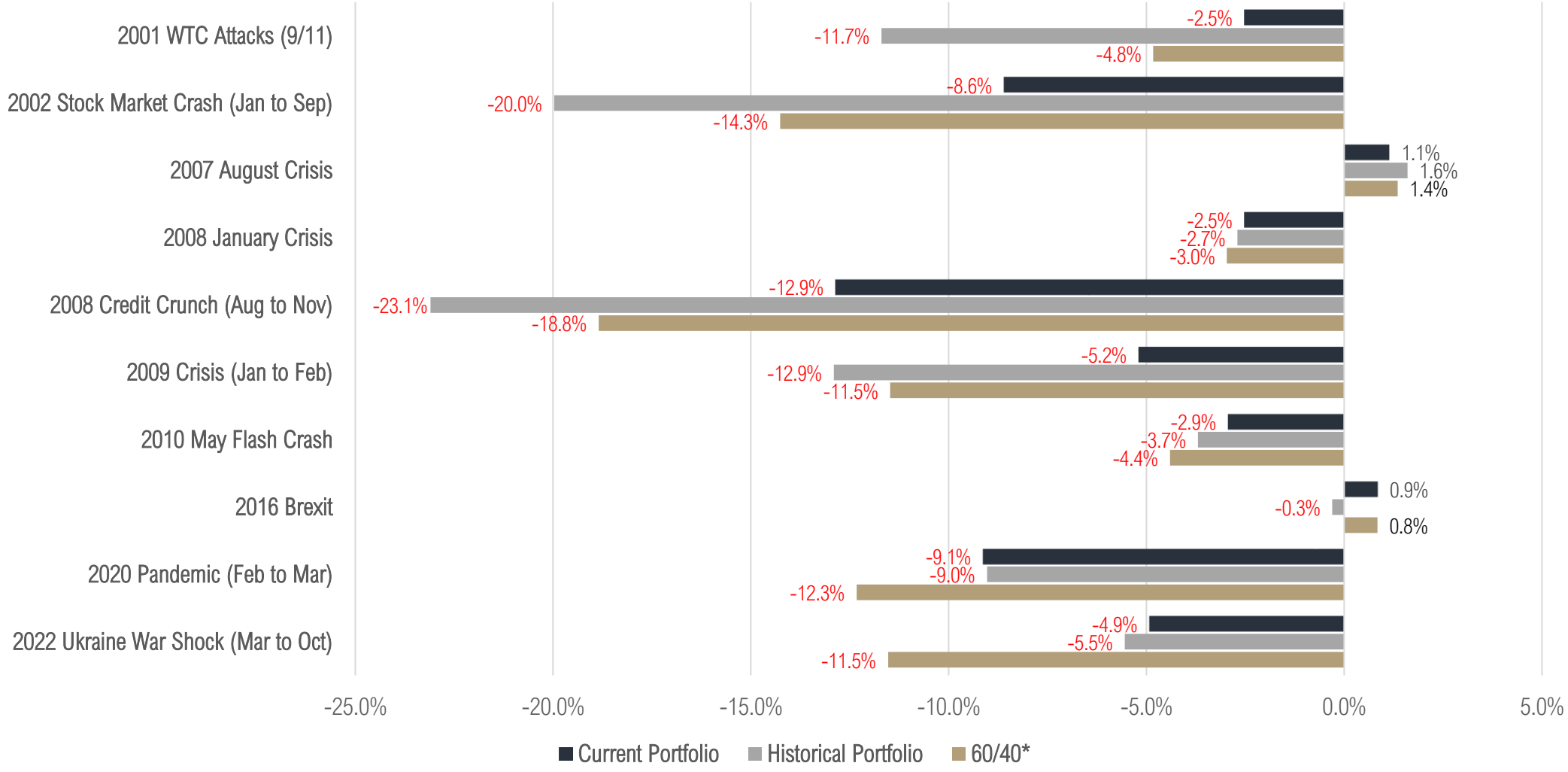
Trailing Volatility Comparison



The trust portfolio was 70% less volatile than the equity market.

Historical Worst – Case Scenarios

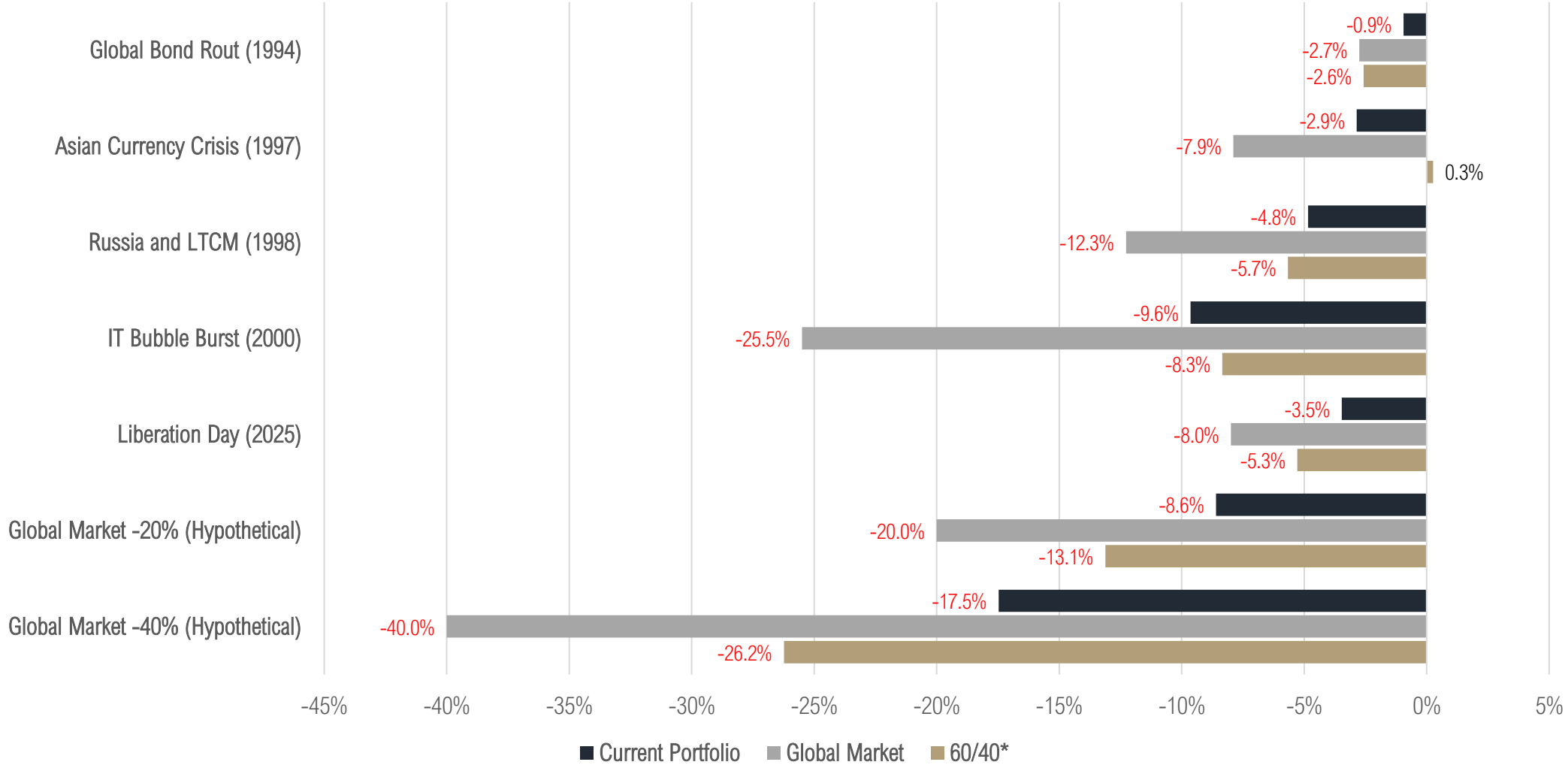
Stress Testing: The style analysis models the performance of the current investment holdings in various stress scenarios.



*The 60/40 portfolio consists of 60% Russell 3000 Total Return and 40% Bloomberg US Aggregate.

Historical Worst – Case Scenarios

Additional Scenarios: Stress-test the portfolio against pre-inception history and defined market shock events.



*The 60/40 portfolio consists of 60% Russell 3000 Total Return and 40% Bloomberg US Aggregate.

Item e: Overview of Financial Markets

Purpose: A financial market overview contextualizes investment performance by summarizing macro conditions and highlighting market outliers. Describing the economic environment and notable market events allows assessing results in context. When looking at market volatility and extremes, the goal is to determine if differences from the average are systemic or unique. This analysis enables prudent responses instead of overreactions. Succinct insights into the broader financial market temper short-term outlooks, promote patience during temporary dislocations and inform sensible adjustments.

Markets Summary February 2026

- The S&P 500 experienced a total return of -0.8% in February. Year to Date, the S&P 500 increased 0.7%.
- US Energy significantly outperformed the market, being up 9.6% in February and 25.2% Year to Date.
- Software showed immense weakness again in February, declining 9.7% for the month and down 22.3% Year to Date.
- Emerging Markets (EEM) continued to outperform the US, being up 5.9% in February and 14.4% Year to Date.
- Overseas markets continued to dramatically outperform the US in both February and Year to Date.

		Total Return	
Ticker	Name	Feb-26	YTD
EWY	MSCI South Korea ETF	23.7%	55.7%
EWT	MSCI Taiwan ETF	11.2%	19.1%
EWA	MSCI Australia ETF	8.4%	14.9%
EWJ	MSCI Japan ETF	7.8%	14.4%
EWW	MSCI Mexico ETF	7.7%	16.7%
EWZ	MSCI Brazil ETF	4.6%	21.9%
ILF	LatAm 40 ETF	3.2%	19.8%
SP50	S&P 500	-0.8%	0.7%

FactSet data as of 02/28/2026. Returns in USD.

Total Return - Stocks

	S&P 500 Total Return				Russell 1000				Russell 2000			
Start/End Date	02/29/1988		2/28/2026		01/31/1979		2/28/2026		01/31/1979		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	12.5%	11.2%	10.9%	10.6%	13.5%	12.2%	12.0%	11.8%	12.5%	10.5%	10.2%	10.0%
Stdev.	16.0%	9.8%	7.7%	6.0%	16.7%	9.2%	7.2%	5.7%	20.8%	8.2%	5.9%	4.2%
Trailing Return	17.0%	21.8%	14.2%	15.6%	16.7%	21.4%	13.3%	15.3%	23.3%	13.1%	5.0%	9.1%
# of σ Away from Avg.	0.28	1.07	0.43	0.84	0.20	1.00	0.18	0.62	0.52	0.33	-0.88	-0.23
How Often This Happens	39%	14%	33%	20%	42%	16%	43%	27%	30%	37%	19%	41%

	STOXX Europe 600				Japan Nikkei 225				UK: FTSE 100			
Start/End Date	01/31/2001		2/28/2026		02/28/2007		2/28/2026		01/31/1986		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	7.3%	7.0%	6.8%	6.2%	9.8%	9.9%	10.4%	10.6%	9.7%	8.6%	8.2%	8.0%
Stdev.	17.4%	8.8%	5.3%	3.4%	21.9%	10.7%	7.3%	4.1%	15.0%	8.5%	6.3%	4.9%
Trailing Return	17.5%	14.9%	12.8%	11.3%	61.5%	31.5%	17.5%	17.8%	28.1%	15.6%	15.1%	10.4%
# of σ Away from Avg.	0.58	0.89	1.14	1.49	2.36	2.02	0.96	1.75	1.22	0.83	1.09	0.48
How Often This Happens	28%	19%	13%	7%	1%	2%	17%	4%	11%	20%	14%	31%

	S&P/TSX 60				India S&P BSE Sensex				KOSPI Composite Index			
Start/End Date	02/29/2000		2/28/2026		09/30/1996		2/28/2026		02/28/1985		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	8.5%	8.1%	8.3%	7.8%	16.4%	14.7%	14.5%	14.9%	13.4%	8.0%	6.0%	5.5%
Stdev.	15.5%	7.5%	4.8%	2.6%	26.4%	13.2%	9.9%	5.8%	36.1%	17.9%	9.7%	7.4%
Trailing Return	32.3%	21.2%	16.5%	14.5%	12.3%	12.7%	11.9%	13.7%	146.5%	37.3%	15.7%	16.1%
# of σ Away from Avg.	1.53	1.74	1.72	2.61	-0.15	-0.15	-0.26	-0.20	3.69	1.63	1.00	1.43
How Often This Happens	6%	4%	4%	0%	44%	44%	40%	42%	0%	5%	16%	8%

FactSet data as of 02/28/2026

Price Return - Stocks

	S&P 500				Russell 1000				Russell 2000			
Start/End Date	02/29/1928		2/28/2026		01/31/1979		2/28/2026		01/31/1979		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	8.1%	6.6%	6.7%	6.7%	10.6%	9.4%	9.3%	9.1%	10.6%	8.7%	8.5%	8.3%
Stdev.	20.0%	10.9%	8.0%	6.0%	16.2%	8.8%	6.8%	5.1%	20.4%	7.9%	5.7%	3.9%
Trailing Return	15.5%	20.1%	12.5%	13.8%	15.3%	19.8%	11.7%	13.5%	21.7%	11.5%	3.6%	7.6%
# of σ Away from Avg.	0.37	1.24	0.74	1.18	0.29	1.17	0.36	0.87	0.55	0.36	-0.86	-0.18
How Often This Happens	35%	11%	23%	12%	39%	12%	36%	19%	29%	36%	20%	43%

	STOXX Europe 600				Japan Nikkei 225				UK: FTSE 100			
Start/End Date	01/30/1987		2/28/2026		06/30/1949		2/28/2026		01/31/1986		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	6.6%	5.5%	5.2%	5.0%	10.7%	9.0%	8.1%	7.6%	5.7%	4.6%	4.2%	4.0%
Stdev.	17.8%	10.6%	7.6%	5.5%	24.8%	14.7%	11.2%	9.3%	14.3%	8.0%	5.8%	4.4%
Trailing Return	13.8%	11.2%	9.4%	7.9%	58.4%	29.0%	15.2%	15.6%	23.8%	11.5%	11.0%	6.4%
# of σ Away from Avg.	0.40	0.53	0.54	0.52	1.93	1.36	0.64	0.85	1.27	0.87	1.16	0.53
How Often This Happens	34%	30%	29%	30%	3%	9%	26%	20%	10%	19%	12%	30%

	S&P TSX 60				India S&P BSE Sensex				KOSPI Composite Index			
Start/End Date	02/29/2000		2/28/2026		02/29/1988		2/28/2026		02/28/1985		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	5.6%	5.2%	5.3%	4.8%	18.6%	15.2%	13.7%	12.7%	101.1%	13.4%	8.0%	6.0%
Stdev.	15.1%	7.4%	4.7%	2.5%	33.6%	16.7%	11.6%	7.8%	7.6%	36.1%	17.9%	9.7%
Trailing Return	28.7%	17.5%	12.9%	10.9%	11.1%	11.3%	10.6%	12.4%	119.5%	146.5%	37.3%	15.7%
# of σ Away from Avg.	1.52	1.66	1.61	2.41	-0.22	-0.24	-0.27	-0.03	2.42	3.69	1.63	1.00
How Often This Happens	6%	5%	5%	1%	41%	41%	39%	49%	1%	0%	5%	16%

FactSet data as of 02/28/2026

Commodities

	Brent Crude				WTI				Natural Gas			
Start/End Date	08/31/1989		2/28/2026		08/31/1989		2/28/2026		05/31/1990		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	9.3%	5.2%	5.2%	5.1%	9.0%	4.7%	4.8%	4.5%	11.1%	3.0%	2.9%	2.3%
Stdev.	36.0%	15.7%	11.1%	9.8%	36.9%	15.2%	10.8%	9.4%	46.9%	16.8%	12.0%	10.2%
Trailing Return	0.1%	-4.4%	2.5%	1.4%	-4.3%	-4.5%	1.7%	2.3%	-25.4%	0.0%	0.4%	0.2%
# of σ Away from Avg.	-0.26	-0.61	-0.25	-0.38	-0.36	-0.61	-0.29	-0.24	-0.78	-0.18	-0.21	-0.20
How Often This Happens	40%	27%	40%	35%	36%	27%	39%	40%	22%	43%	42%	42%

	Corn				Feeder Cattle Near Term				Soybeans			
Start/End Date	08/31/1989		2/28/2026		08/31/1989		2/28/2026		08/31/1989		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	4.9%	2.6%	2.8%	2.3%	5.1%	3.9%	3.3%	3.2%	4.1%	2.6%	2.6%	2.4%
Stdev.	28.4%	13.1%	8.7%	7.1%	15.8%	8.8%	6.7%	4.2%	23.5%	11.1%	7.5%	6.1%
Trailing Return	-4.5%	-10.7%	-3.9%	2.8%	29.3%	23.3%	20.7%	13.9%	14.1%	-7.5%	-3.6%	3.7%
# of σ Away from Avg.	-0.33	-1.02	-0.77	0.06	1.53	2.19	2.60	2.56	0.43	-0.91	-0.82	0.21
How Often This Happens	37%	15%	22%	48%	6%	1%	0%	1%	33%	18%	20%	42%

	Gold				Copper				Aluminum			
Start/End Date	08/31/1989		2/28/2026		08/31/1989		2/28/2026		08/31/1989		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	7.9%	6.6%	6.3%	6.3%	8.2%	5.3%	5.3%	4.8%	3.8%	2.0%	2.2%	1.6%
Stdev.	16.8%	11.1%	9.2%	8.3%	31.1%	16.4%	12.2%	9.9%	22.2%	9.5%	5.9%	4.4%
Trailing Return	84.2%	41.9%	24.9%	21.8%	33.0%	13.6%	8.0%	10.7%	19.7%	11.1%	7.5%	7.6%
# of σ Away from Avg.	4.55	3.18	2.02	1.88	0.80	0.51	0.22	0.60	0.72	0.96	0.90	1.35
How Often This Happens	0%	0%	2%	3%	21%	31%	41%	28%	24%	17%	18%	9%

FactSet data as of 02/28/2026

Global Treasury Rates

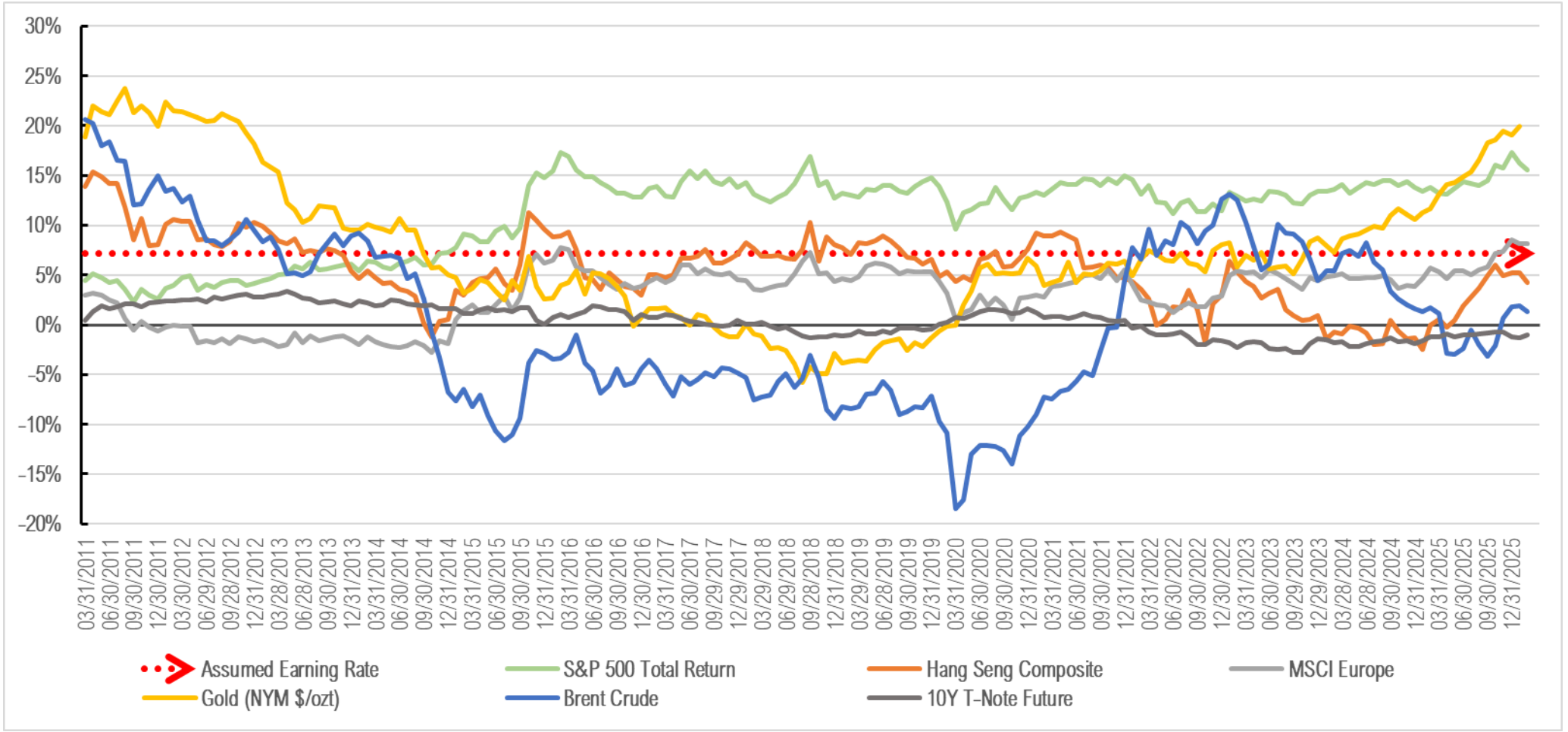
	US 10Y T-Note Yield (TPI)				Canada Benchmark Bond (10Y)				UK 10Y Yield			
Start/End Date	08/31/1999		2/28/2026		03/31/2006		2/28/2026		04/28/2006		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	3.28	3.14	3.04	3.00	2.46	2.32	2.19	2.12	2.56	2.32	2.12	2.03
Stdev.	1.25	1.07	0.96	0.89	0.95	0.77	0.59	0.46	1.42	1.18	0.91	0.72
Trailing Average	4.18	4.16	3.47	2.86	3.22	3.30	2.88	2.36	4.53	4.29	3.32	2.52
# of σ Away from Avg.	0.73	0.95	0.45	-0.16	0.79	1.27	1.17	0.53	1.38	1.67	1.33	0.68
How Often This Happens	23%	17%	33%	44%	21%	10%	12%	30%	8%	5%	9%	25%

	Euro Benchmark Bond (10Y)				France Benchmark Bond (10Y)				Italy Benchmark Bond (10Y)			
Start/End Date	02/28/2006		2/28/2026		03/31/2006		2/28/2026		03/31/2006		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	1.51	1.30	1.11	1.01	2.05	1.86	1.67	1.57	3.24	3.15	3.03	2.97
Stdev.	1.37	1.18	0.96	0.78	1.45	1.30	1.12	0.94	1.40	1.26	1.11	0.97
Trailing Average	2.67	2.47	1.77	1.14	3.38	3.13	2.35	1.65	3.51	3.77	3.20	2.65
# of σ Away from Avg.	0.85	1.00	0.69	0.17	0.92	0.98	0.61	0.08	0.19	0.50	0.15	-0.33
How Often This Happens	20%	16%	24%	43%	18%	16%	27%	47%	42%	31%	44%	37%

	Japan 10Y Yield (TPI)				Korea Benchmark Bond (10Y)				Australia Benchmark Bond (10Y)			
Start/End Date	03/31/2006		2/28/2026		07/30/2010		2/28/2026		02/28/2006		2/28/2026	
Timeframe	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year	1-Year	3-Year	5-Year	7-Year
Rolling Average	0.66	0.57	0.51	0.47	2.75	2.63	2.49	2.43	3.60	3.43	3.26	3.17
Stdev.	0.59	0.52	0.46	0.40	0.79	0.62	0.41	0.28	1.48	1.33	1.16	0.97
Trailing Average	1.70	1.11	0.74	0.51	3.02	3.26	3.12	2.68	4.40	4.23	3.57	2.87
# of σ Away from Avg.	1.77	1.02	0.49	0.10	0.35	1.03	1.53	0.87	0.54	0.60	0.26	-0.32
How Often This Happens	4%	15%	31%	46%	36%	15%	6%	19%	29%	27%	40%	38%

FactSet data as of 02/28/2026

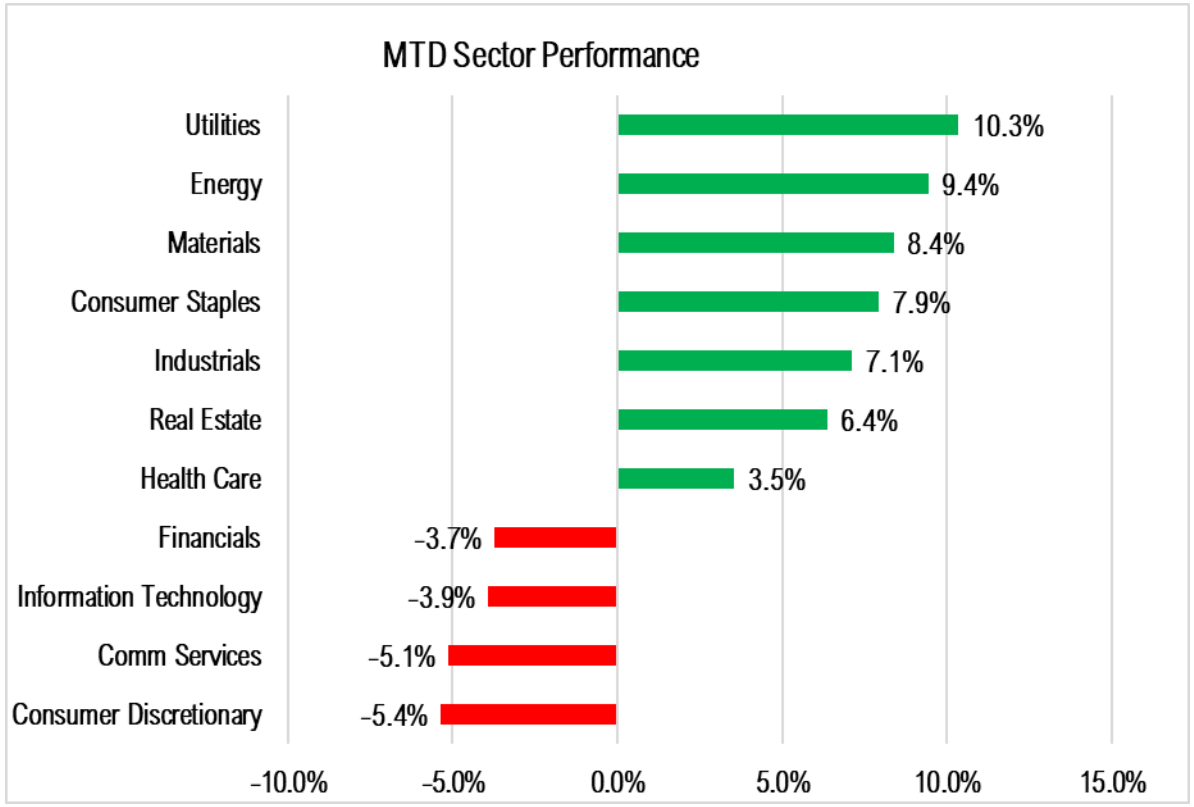
Rolling 7-Year Returns for Major Markets

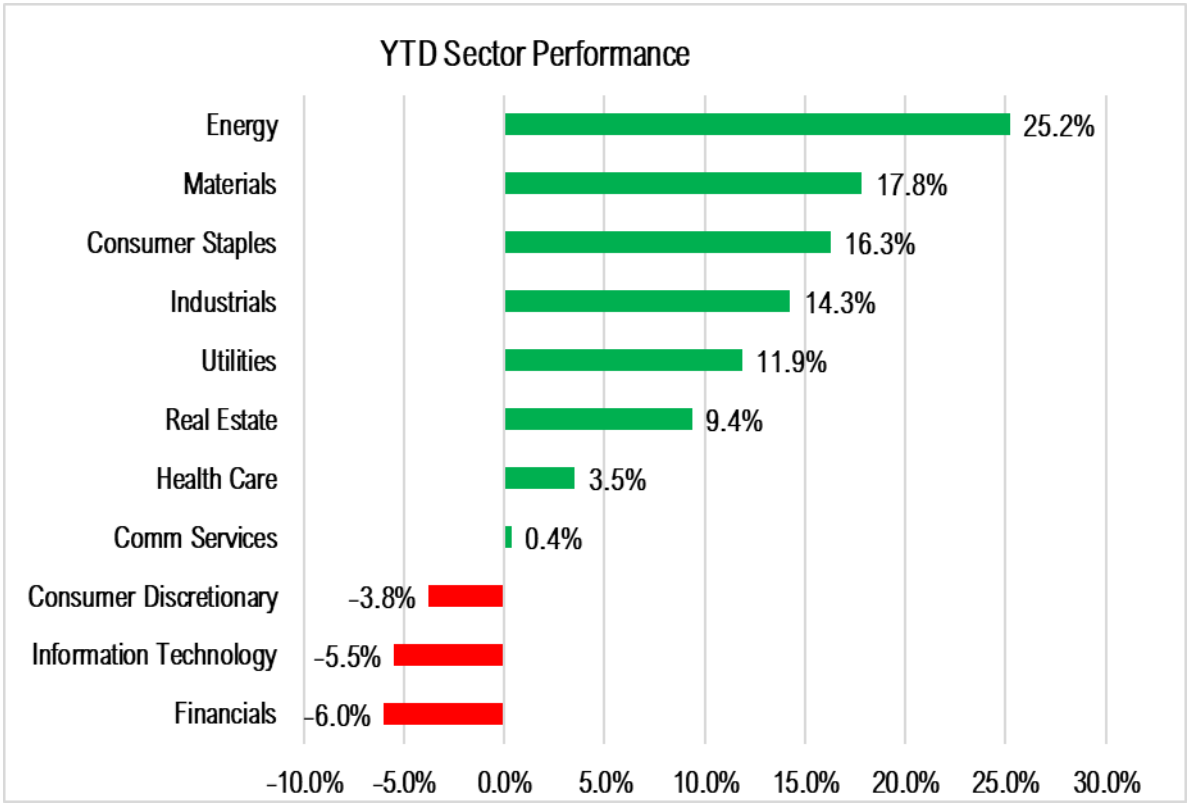


FactSet data as of 02/28/2026

- In February, Gold was up 10.6%. The rolling 7-year return slightly declined to 19.0%.
- The S&P 500 Total Return Index decreased its 7-year return by 0.7% to 15.5%.
- The MSCI Europe was up 2.6% in February, its 7-year annualized return remained roughly flat at 8.1%.

S&P 500 Sector Performance





FactSet data as of 02/28/2026

- In February, Utilities returned 10.3% and Energy returned 9.4%.
- Year-to-Date Energy is up 25.2% and Materials up 17.8%

S&P 500 Sales Per Share Estimates

Sales Per Share	1/6/2026	YoY	2/9/2026	YoY	3/5/2026	YoY
CY 2019	1,364.03	3.5%	1,363.53	3.5%	1,364.09	3.5%
CY 2020	1,312.85	-3.8%	1,312.09	-3.8%	1,312.60	-3.8%
CY 2021	1,545.68	17.7%	1,545.68	17.8%	1,546.00	17.8%
CY 2022	1,746.59	13.0%	1,746.59	13.0%	1,747.08	13.0%
CY 2023	1,784.70	2.2%	1,784.70	2.2%	1,785.14	2.2%
CY 2024	1,873.95	5.0%	1,871.42	4.9%	1,871.63	4.8%
CY 2025E	1,998.43	6.6%	1,998.83	6.8%	2,006.01	7.2%
CY 2026E	2,138.84	7.0%	2,141.64	7.1%	2,154.99	7.4%
CY 2027E	2,289.98	7.1%	2,296.02	7.2%	2,312.14	7.3%
CY 2028E	2,481.97	8.4%	2,503.91	9.1%	2,518.63	8.9%
Q1 2026E	505.63	5.9%	507.70	6.3%	509.73	6.7%
Q2 2026E	526.67	7.1%	527.24	7.2%	530.70	7.9%
Q3 2026E	546.69	7.8%	547.69	8.0%	550.51	8.5%
Q4 2026E	560.01	7.3%	564.90	8.3%	570.03	9.3%

FactSet data as of 03/05/2026

- The 2028 sales per share estimate started the year at 2,518.63, forecasting 8.9% YoY growth rate.
- 2026 sales per share estimates increased to $2,154.99, implying a price to sales ratio of 3.2x.

S&P 500 Earnings Per Share Estimates

Earnings Per Share	1/6/2026	YoY	2/9/2026	YoY	3/5/2026	YoY
CY 2019	156.27	-0.6%	156.14	-0.6%	156.12	-0.6%
CY 2020	136.33	-12.8%	136.19	-12.8%	136.18	-12.8%
CY 2021	203.10	49.0%	203.10	49.1%	203.06	49.1%
CY 2022	212.04	4.4%	211.93	4.3%	211.97	4.4%
CY 2023	215.61	1.7%	215.49	1.7%	215.52	1.7%
CY 2024	239.29	11.0%	239.17	11.0%	239.16	11.0%
CY 2025E	269.26	12.5%	271.72	13.6%	271.38	13.5%
CY 2026E	309.19	14.8%	309.82	14.0%	310.62	14.5%
CY 2027E	355.72	15.1%	358.18	15.6%	360.29	16.0%
CY 2028E	396.99	11.6%	406.19	13.4%	409.36	13.6%
Q1 2026E	71.00	13.7%	69.87	11.9%	69.75	11.7%
Q2 2026E	75.81	13.6%	75.83	13.7%	76.09	14.0%
Q3 2026E	80.82	14.4%	81.12	14.9%	81.51	15.4%
Q4 2026E	82.72	15.2%	83.83	16.7%	84.32	17.4%

FactSet data as of 03/05/2026

- Analysts estimate 2028 earnings per share to be $409.36. EPS is projected to grow at an annual rate of approximately 13.6% in 2028.
- The 2026 EPS estimate was revised up to $310.62, implying a forward price-to-earnings ratio of 22.1x. This remains above the 20-year average trailing P/E of 19.3x.

Rate Cuts Expected Over the Next Year

Target Interest Rate Probabilities								
Meeting Date	175-200	200-225	225-250	250-275	275-300	300-325	325-350	350-375
3/18/2026			0.0%	0.0%	0.0%	0.0%	2.7%	97.3%
4/29/2026	0.0%	0.0%	0.0%	0.0%	0.0%	0.3%	12.5%	87.3%
6/17/2026	0.0%	0.0%	0.0%	0.0%	0.1%	3.0%	29.3%	67.7%
7/29/2026	0.0%	0.0%	0.0%	0.0%	0.8%	9.2%	38.3%	51.7%
9/16/2026	0.0%	0.0%	0.0%	0.3%	3.8%	19.6%	43.1%	33.2%
10/28/2026	0.0%	0.0%	0.1%	1.1%	7.3%	24.8%	40.9%	25.8%
12/9/2026	0.0%	0.0%	0.4%	3.1%	13.1%	30.2%	35.9%	17.3%
1/27/2027	0.0%	0.0%	0.6%	3.8%	14.3%	30.6%	34.6%	16.1%
3/17/2027	0.0%	0.1%	1.0%	5.2%	16.5%	31.1%	32.1%	13.9%
4/28/2027	0.0%	0.2%	1.2%	5.6%	17.0%	31.1%	31.5%	13.4%
6/9/2027	0.0%	0.3%	1.6%	6.8%	18.5%	31.2%	29.6%	12.0%
7/28/2027	0.0%	0.3%	1.8%	7.2%	18.9%	31.1%	29.0%	11.6%
9/15/2027	0.0%	0.4%	2.1%	7.9%	19.6%	31.0%	28.0%	11.0%
10/27/2027	0.2%	1.0%	4.1%	11.9%	23.5%	30.0%	22.1%	7.2%
12/8/2027	0.2%	1.1%	4.4%	12.4%	23.8%	29.7%	21.5%	6.9%

Source: CME FedWatch

- The markets are pricing in a 97.3% likelihood of rates staying the same in March, while 51.7% of market participants believe that rates will remain unchanged in July.

S&P 500 Market Expectations (Imputed from Index Value)

Hypothetical input for illustration only

Earnings (TTM)*:	241.40	/share (EPS of S&P 500)
Expected Earnings Growth:	14.50%	(growth rate in EPS)
Expected Cash Payout:	80.00%	(cash distribution to shareholders)
Risk-Free Rate*:	4.25%	(10 Year Treasury Yield)
Risk Premium:	2.75%	(expected return above the risk-free rate)
Expected Long Term Growth Rate:	2.00%	

Determine Cash Flow

Determine Discount Rate

Intrinsic Value of Index = 6,717

*FactSet data as of 03/05/2026

- Trailing twelve-month (TTM) earnings remained at 241.40.
- Expected earnings growth increased to 14.50%.
- The risk-free rate increased to 4.25%.
- The implied equity risk premium assumption increased to 2.75%.
- Long-term earnings growth remained constant at 2.00%.

S&P 500 Sensitivity Analysis

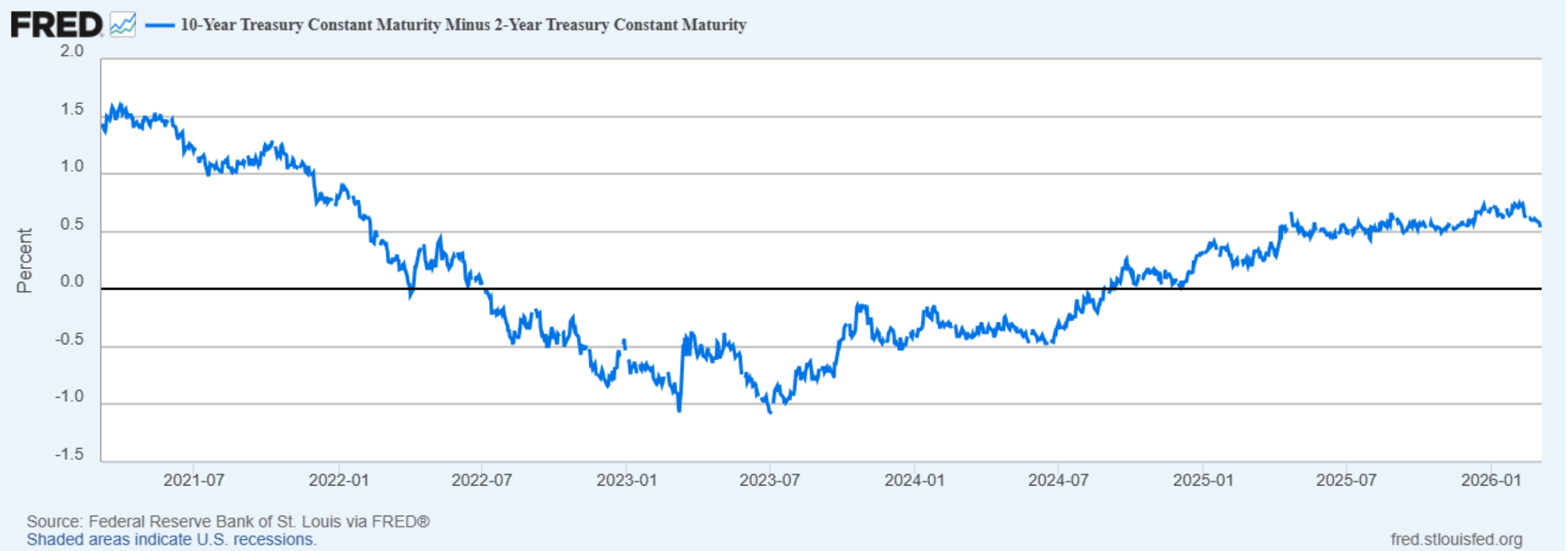
Expected Earnings Growth	Estimated Intrinsic Value	% Change
10.50%	5,692	-17.5%
11.50%	5,935	-14.0%
12.50%	6,187	-10.4%
13.50%	6,447	-6.6%
14.50%	6,717	-2.7%
15.50%	6,995	1.3%
16.50%	7,283	5.5%
17.50%	7,581	9.8%
18.50%	7,889	14.3%

Risk-Free Rate 10 Year Treasury Yield	Estimated Intrinsic Value	% Change
3.25%	8,466	22.7%
3.50%	7,952	15.2%
3.75%	7,494	8.6%
4.00%	7,085	2.6%
4.25%	6,717	-2.7%
4.50%	6,384	-7.5%
4.75%	6,081	-11.9%
5.00%	5,805	-15.9%
5.25%	5,552	-19.6%

Expected Long Term Growth	Estimated Intrinsic Value	% Change
1.00%	5,750	-16.7%
1.25%	5,960	-13.6%
1.50%	6,189	-10.3%
1.75%	6,440	-6.7%
2.00%	6,717	-2.7%
2.25%	7,022	1.7%
2.50%	7,361	6.6%
2.75%	7,740	12.1%
3.00%	8,166	18.3%

Expected Risk Premium	Estimated Intrinsic Value	% Change
3.75%	5,552	-19.6%
3.50%	5,805	-15.9%
3.25%	6,081	-11.9%
3.00%	6,384	-7.5%
2.75%	6,717	-2.7%
2.50%	7,085	2.6%
2.25%	7,494	8.6%
2.00%	7,952	15.2%
1.75%	8,466	22.7%

10Y/2Y Treasury Yield Curve Spread



- The U.S. bond market continued to signal reduced recession risk, as the 10Y/2Y yield curve remains positively sloped, holding steady at 50 basis points.

Market Observations – Largest US Equities

Company Name	Industry	YTD	3-Yr (Cum. Return)	5-Yr (Cum. Return)	Sales 1 Yr Gr	EPS 1 Yr Gr	Broker Est Curr EV/ Broker Est Sales	MKT CAP (in $ mm)	PSPRS NAV Exposure (in $ mm)
NVIDIA Corporation	Semiconductors & Semiconductor Equipment	-5%	664%	1196%	65%	64%	12.2x	$4,305,717	$368
Apple Inc.	Technology Hardware Storage & Peripherals	-3%	82%	124%	10%	26%	8.4x	$3,878,464	$342
Microsoft Corporation	Software	-19%	61%	76%	17%	29%	9.5x	$2,916,342	$258
Amazon.com, Inc.	Broadline Retail	-9%	123%	36%	12%	29%	3.0x	$2,254,333	$179
Alphabet Inc. Class A	Interactive Media & Services	0%	249%	211%	15%	34%	7.7x	$1,815,067	$161
Alphabet Inc. Class C	Interactive Media & Services	-1%	247%	208%	15%	34%	7.7x	$1,693,556	$126
Broadcom Inc.	Semiconductors & Semiconductor Equipment	-8%	462%	656%	25%	178%	16.4x	$1,515,074	
Tesla, Inc.	Automobiles	-10%	96%	79%	-3%	-47%	13.5x	$1,510,391	
Meta Platforms Inc Class A	Interactive Media & Services	-2%	273%	153%	22%	-3%	6.8x	$1,417,685	
Walmart Inc.	Consumer Staples Distribution & Retail	15%	180%	216%	5%	15%	1.4x	$1,019,783	
Eli Lilly and Company	Pharmaceuticals	-2%	246%	440%	45%	96%	11.3x	$992,403	
JPMorgan Chase & Co.	Banks	-6%	125%	132%	0%	1%	9.1x	$809,919	
Berkshire Hathaway Inc. Class B	Financial Services	0%	65%	110%	0%	-25%	2.2x	$701,681	
Exxon Mobil Corporation	Oil Gas & Consumable Fuels	28%	54%	240%	-5%	-14%	2.2x	$635,431	
Johnson & Johnson	Pharmaceuticals	21%	77%	80%	6%	91%	6.1x	$598,691	
Visa Inc. Class A	Financial Services	-9%	49%	56%	12%	5%	13.9x	$538,185	
Micron Technology, Inc.	Semiconductors & Semiconductor Equipment	44%	624%	362%	77%	-	5.9x	$464,126	
Mastercard Incorporated Class A	Financial Services	-9%	48%	50%	17%	19%	13.1x	$457,843	
Costco Wholesale Corporation	Consumer Staples Distribution & Retail	17%	117%	222%	8%	10%	1.4x	$448,659	
AbbVie, Inc.	Biotechnology	2%	68%	161%	9%	-1%	7.1x	$410,357	
Netflix, Inc.	Entertainment	3%	199%	79%	16%	27%	8.6x	$406,341	

FactSet and Nexen data as of 02/28/2026

Market Observations – Largest International Equities

Company Name	Industry	YTD	3-Yr (Cum. Return)	5-Yr (Cum. Return)	Sales 1 Yr Gr	EPS 1 Yr Gr	Broker Est Curr EV/ Broker Est Sales	MKT CAP (in $ mm)	PSPRS NAV Exposure (in $ mm)
Taiwan Semiconductor Manufacturing Co., Ltd.	Semiconductors & Semiconductor Equipment	30%	302%	222%	32%	46%	9.7x	$1,657,601	$166
Samsung Electronics Co., Ltd.	Technology Hardware Storage & Peripherals	81%	250%	128%	11%	33%	2.3x	$972,498	$74
Tencent Holdings Ltd	Interactive Media & Services	-14%	55%	-13%	6%	69%	6.6x	$603,043	
ASML Holding NV	Semiconductors & Semiconductor Equipment	35%	141%	170%	16%	28%	12.2x	$565,250	$65
SK hynix Inc.	Semiconductors & Semiconductor Equipment	64%	1022%	517%	47%	116%	2.9x	$525,671	$42
Roche Holding Ltd Dividend Right Cert.	Pharmaceuticals	15%	83%	71%	2%	56%	4.6x	$388,183	
Toyota Motor Corp.	Automobiles	14%	96%	91%	8%	-26%	1.6x	$386,971	
Novartis AG	Pharmaceuticals	22%	137%	151%	2%	15%	5.7x	$358,457	
Alibaba Group Holding Limited	Broadline Retail	0%	75%	-36%	4%	28%	2.1x	$348,918	
AstraZeneca PLC	Pharmaceuticals	14%	68%	139%	5%	41%	5.2x	$324,077	
HSBC Holdings Plc	Banks	19%	204%	326%	-10%	-6%	7.8x	$321,800	
Nestle S.A.	Food Products	10%	6%	20%	-2%	-16%	2.9x	$281,355	
SAP SE	Software	-18%	84%	77%	8%	129%	4.8x	$247,977	
Royal Bank of Canada	Banks	-1%	84%	135%	1%	21%	9.0x	$234,151	
Shell Plc	Oil Gas & Consumable Fuels	13%	52%	149%	-5%	15%	1.1x	$234,001	
Siemens Aktiengesellschaft	Industrial Conglomerates	6%	105%	114%	4%	-17%	2.7x	$233,684	
Mitsubishi UFJ Financial Group, Inc.	Banks	19%	196%	335%	-2%	2%	3.9x	$225,648	
BHP Group Ltd	Metals & Mining	37%	59%	75%	3%	-8%	3.7x	$211,414	
Commonwealth Bank of Australia	Banks	18%	103%	136%	1%	6%	14.8x	$208,251	
Banco Santander, S.A.	Banks	8%	254%	319%	-5%	17%	8.4x	$187,138	

FactSet and DFA data as of 02/28/2026
Returns in USD

Item f: Executed Transactions

Purpose: Confidential minutes provided to Trustees to support governance and insight into decision making

Executed Transactions

No Executed Transactions for February

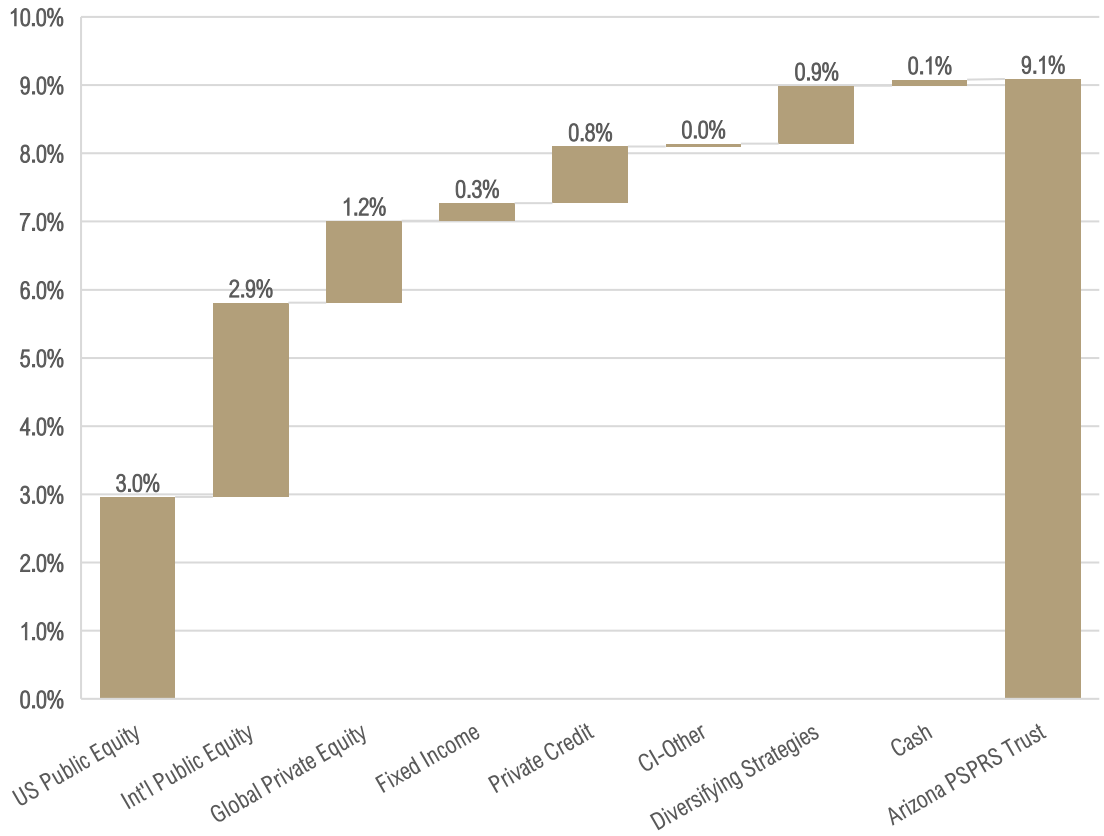
This summary does not include co-investment transactions.

Appendix A - Monthly Market Value Changes

January-2026 (in $ millions)						
Account Name	**Beginning Market Value**	**Amount In**	**Amount Out**	**Change in Market Value**	**Ending Market Value**	**Return**
Arizona PSPRS Trust	**25,968**	**352**	**(360)**	**418**	**26,379**	**1.6%**
Capital Appreciation	16,693	42	(33)	353	17,055	2.1%
US Public Equity	6,355	0	0	99	6,454	1.6%
Int'l Public Equity	4,170	0	(6)	236	4,401	5.7%
Global Private Equity	6,168	42	(28)	17	6,200	0.3%
Contractual Income	6,849	81	(47)	2	6,885	0.0%
Fixed Income	1,963	0	(0)	4	1,967	0.2%
Private Credit	4,541	81	(47)	(0)	4,576	0.0%
Other Assets	345	0	0	(3)	342	-0.8%
Diversifying Strategies	1,563	0	(5)	61	1,619	3.9%
Cash	864	228	(274)	3	820	0.3%



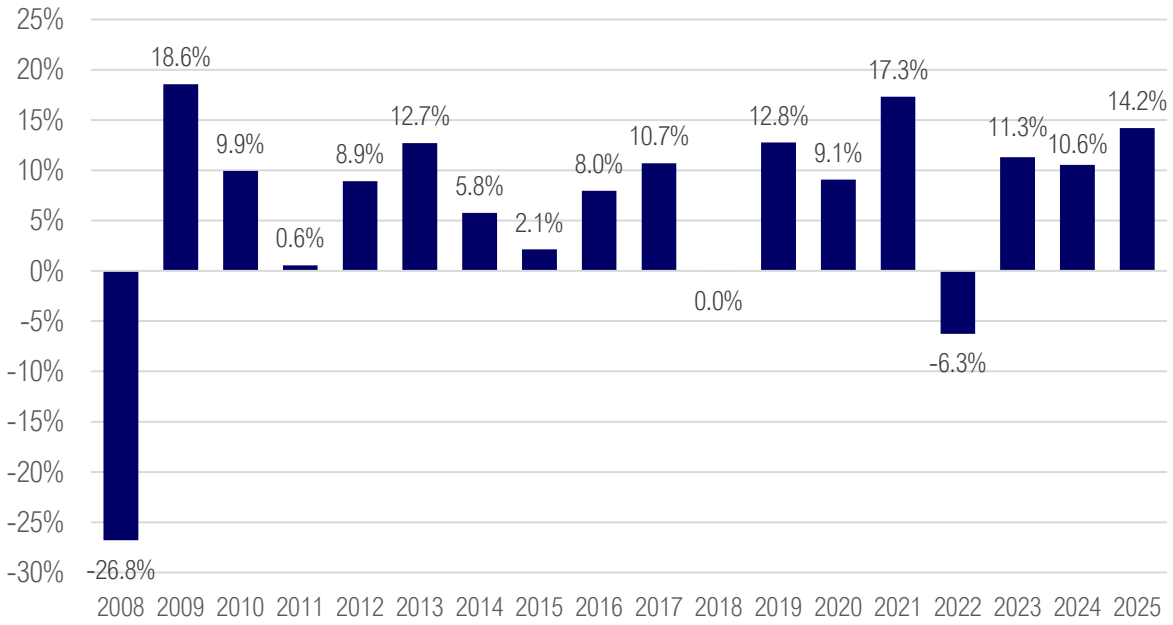
Appendix B - Fiscal Year to Date (FYTD) Contribution to Return



As of 01/31/2026

Appendix C - Calendar Year Returns (NOF)

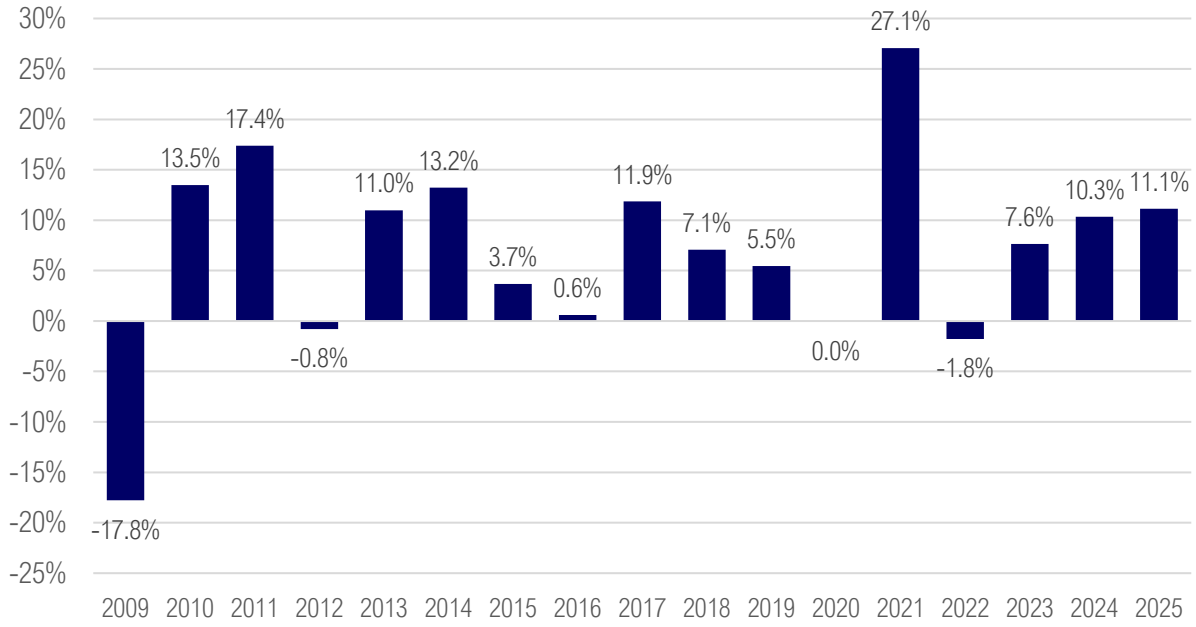
January 1 to December 31





Appendix D - Fiscal Year Returns (NOF)

July 1 to June 30









CAPITAL MARKETS ASSUMPTIONS AND ASSET ALLOCATION REVIEW

MARCH, 2026

NEPC Asset Allocation Team
Rose Dean, CFA, Partner

TODAY'S AGENDA

- **Capital Markets Assumptions**
  - Macroeconomic
  - Public Equity
  - Fixed Income
  - Real Assets
  - Alternative Assets
- **PSPRS Portfolio Allocation Review**
- **Appendix**
  - Additional Information on Assumptions



CAPITAL MARKET ASSUMPTIONS

ASSET CLASS ASSUMPTIONS

DEVELOPMENT

- **Capital market assumptions are published for over 70 core asset classes and over 30 composites**
- **Market data as of 12/31/2025**
- **NEPC proprietary models used to develop return forecasts based on a building block approach**
- **The 10-year return outlook is intended to support strategic asset allocation analysis**
- **30-year return assumptions are used for actuarial inputs and long-term planning**

Asset Allocation Process

1. Finalize list of new asset classes
2. Calculate asset class volatility and correlation assumptions
3. Set model terminal values, growth, and inflation inputs
4. Model data updated at quarter-end
5. Review model outputs and produce asset class return assumptions
6. Assumptions released on the 15th calendar day after quarter-end

ASSET CLASS BUILDING BLOCKS

METHODOLOGY

- **Asset models reflect current and forecasted market data to inform expected returns**
- **Systematic inputs are paired with a long-term trend to terminal values**
- **Model inputs are aggregated to capture key return drivers for each asset class**
- **Building block inputs will differ across asset class categories**



ASSET CLASS ASSUMPTIONS

OVERVIEW

- **NEPC's capital market assumptions are available each quarter with this release reflecting December 31, 2025 market data**
- **Global equities posted strong performance in the fourth quarter with EAFE and EM outperforming U.S. markets**
- **Equities have defied expectations, sustaining high margins and earnings growth, while maintaining above average valuation levels**
- **The 10-year return outlook for equities is at the lower range compared to history but we remain confident in equity markets long-term**
- **Fixed income assumptions are mostly flat and generally in-line with long-term expectations while long-term yields remain elevated**

10-YEAR RETURN ASSUMPTION OVERVIEW

	Asset Class	12/31/2025 10-Year Return	12/31/2024 10-Year Return	Delta
	Cash	3.8%	4.1%	-0.3%
	U.S. Inflation	2.5%	2.6%	-0.1%
Equity	U.S. Large-Cap Equity	4.5%	5.6%	-1.1%
	Non-U.S. Developed Equity	4.3%	5.3%	-1.0%
	Emerging Market Equity	5.0%	8.0%	-3.0%
	Global Equity*	4.8%	6.1%	-1.3%
	Private Equity*	8.2%	8.5%	-0.3%
Fixed Income	U.S. Treasury Bond	4.4%	4.7%	-0.3%
	U.S. Municipal Bond	3.8%	3.8%	-
	U.S. Aggregate Bond*	4.8%	5.0%	-0.2%
	U.S. TIPS	4.6%	4.9%	-0.3%
	U.S. High Yield Corporate Bond	6.0%	6.3%	-0.3%
	Private Debt*	8.1%	8.3%	-0.2%
Real Assets	Commodity Futures	3.2%	4.4%	-1.2%
	REIT	5.9%	5.3%	+0.6%
	Gold	3.1%	4.7%	-1.6%
	Real Estate - Core	5.5%	5.9%	-0.4%
	Private Real Assets - Infrastructure	5.4%	6.0%	-0.6%
Multi-Asset	60% S&P 500 & 40% U.S. Aggregate	4.9%	5.7%	-0.8%
	60% MSCI ACWI & 40% U.S. Agg.	5.1%	6.0%	-0.9%
	Hedge Fund*	5.9%	6.4%	-0.5%

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time.



MACROECONOMIC

U.S. INFLATION ASSUMPTIONS

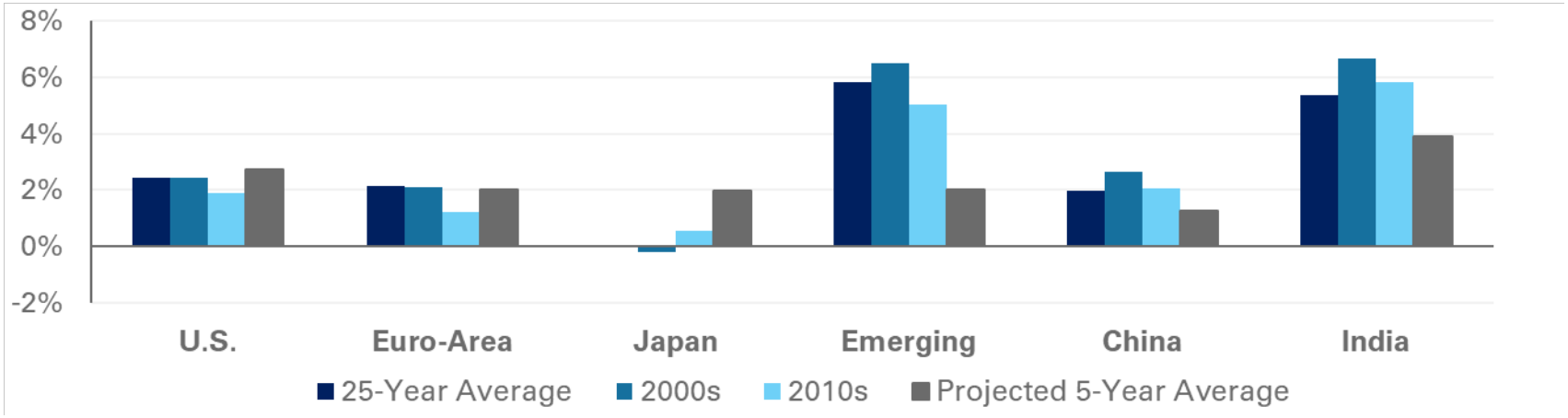
OVERVIEW

- **Inflation is a key building block to develop asset class assumptions**
- **Inflation assumptions are model-driven and informed by multiple inputs for both the U.S. and global assets**
- **NEPC's inflation assumption forecasts near-term paths for major Consumer Price Index (CPI) components including food, energy, core services, and shelter costs**
  - CPI is expected to converge with breakeven inflation forecast over the long-term
- **The composite inflation assumption reflects a blend of NEPC's inflation forecast and market-implied breakeven inflation rates**

U.S. Inflation Assumption		
Time Horizon	**Current**	**12-Month Change**
10-Year	2.5%	-0.1%
30-Year	2.7%	—

GLOBAL INFLATION

HISTORICAL INFLATION

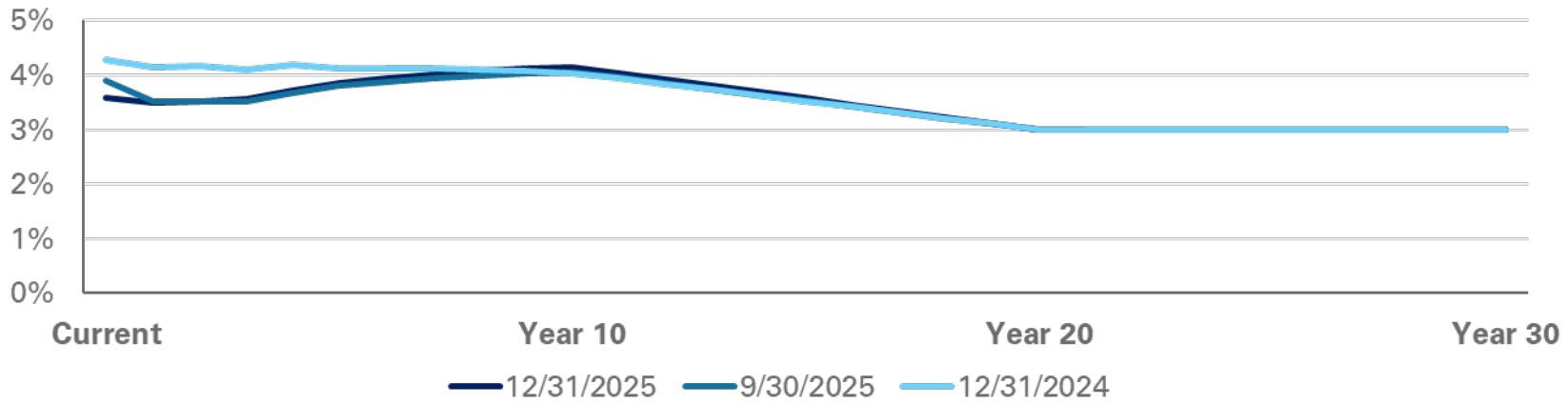


- **Non-U.S. forecasts are guided by IMF forecasts, local consumer and producer price indices, and global interest rate curves**

- **Near-term inflation levels for developed markets are projected to be higher relative to history**
  - Long-term inflation assumptions reflect NEPC's path and central bank targets

Sources: IMF, FactSet, NEPC

U.S. CASH
EXPECTATIONS



- **Cash is a foundational input for all asset class return expectations that reflects forward expectations of inflation and real interest rates**
  - Cash + risk premia is an input for long-term asset class return projections

- **The composite cash assumption is built from a blend of NEPC's cash forecast and market forward pricing of short-term interest rates**

Time Horizon	Current	12-Month Change
10-Year	3.8%	-0.3%
30-Year	3.5%	-0.1%

Sources: Bloomberg, FactSet, NEPC



PUBLIC EQUITY

PUBLIC EQUITY ASSUMPTIONS

BUILDING BLOCKS

Illiquidity Premium	The return expected for assets with illiquidity risk
Valuation	Represents P/E multiple contraction or expansion relative to long-term trend
Inflation	Market-specific inflation based on country-level revenue exposure
Real Earnings Growth	Market-specific real growth based on a weighted-average of country revenue exposure and GDP growth
Shareholder Yield	Income distributed to shareholders via dividend distributions and net share repurchases

Asset Class	12/31/25 10-Yr Return	12-Month Change
U.S. Large-Cap Equity	4.5%	-1.1%
U.S. Small/Mid-Cap Equity	4.7%	-1.1%
Non-U.S. Developed Equity	4.3%	-1.0%
Non-U.S. Developed Small-Cap Equity	5.5%	-1.2%
Emerging Market Equity	5.0%	-3.0%
Emerging Market Small-Cap Equity	6.1%	-1.0%
Hedge Fund - Equity	5.3%	-0.5%
Global Equity*	4.8%	-1.3%
Private Equity*	8.2%	-0.3%

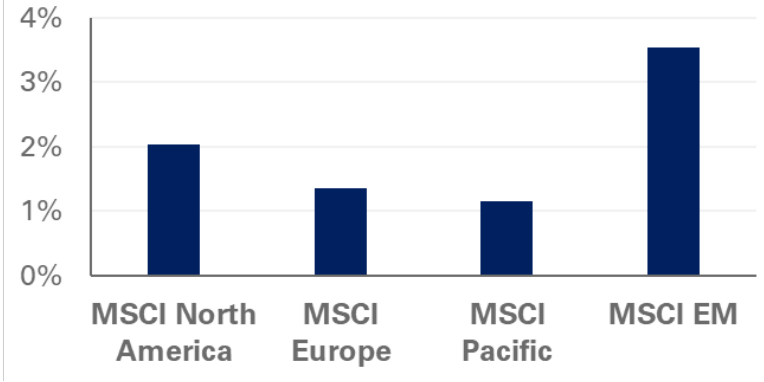
*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

PUBLIC EQUITY

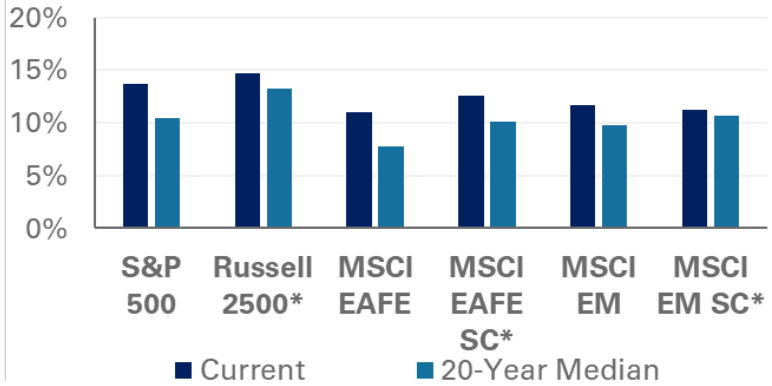
REAL EARNINGS GROWTH

- **U.S. equities benefit from higher sales growth forecasts, reflecting the impact of a resilient U.S. consumer**
  - U.S. large cap companies also have global revenue exposure that benefits from global growth rates
- **Cyclically-high profit margin levels temper real earnings growth forecasts given expectations for normalization**
  - Profit margin assumptions reflect a shrinking path towards long-term targets that considers both the shift in index composition through time and sustainability of such margins

Expected 5-Year Real Growth



Profit Margins Relative Median

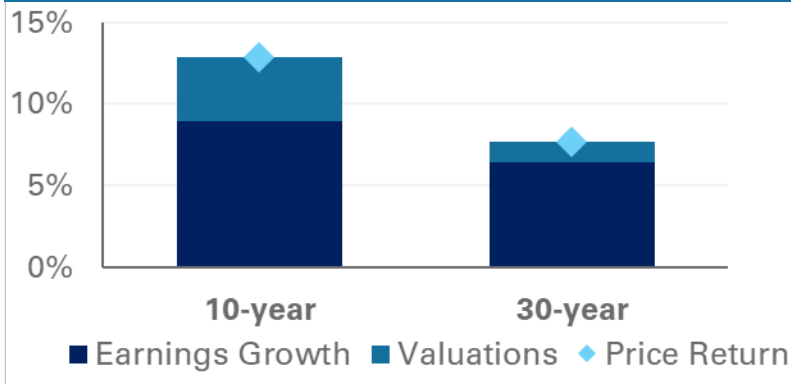


Note: *Small cap indices margins based on EBITDA margins
Sources: S&P, Russell, MSCI, FactSet, NEPC

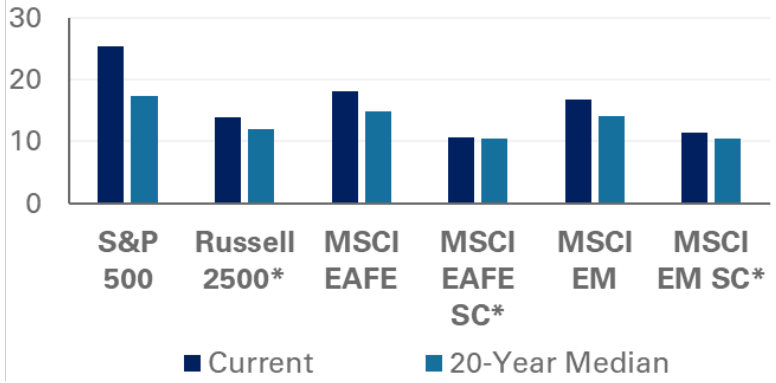
PUBLIC EQUITY
VALUATION

- **Valuations can heavily influence short- to medium-term returns, but earnings growth is the main driver of long-term equity returns**
- **Valuations across the equity spectrum remain elevated relative to long-term target levels**
  - U.S. large-cap valuations represent the largest disparity
- **Non-U.S. valuations have recovered after an extended period of perceived U.S. exceptionalism**
  - Non-U.S. return expectations have suffered as a result

Historical S&P 500 Price Return



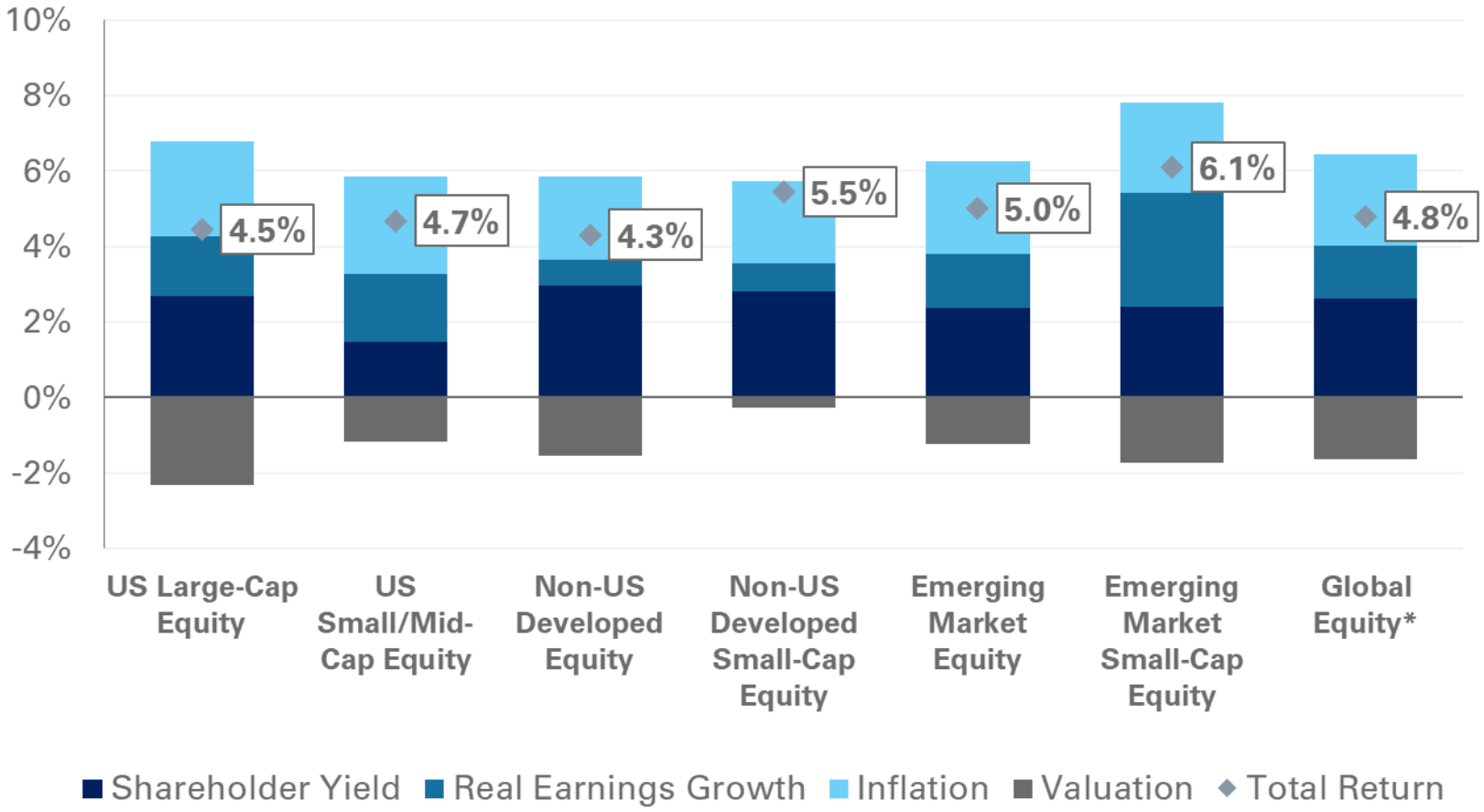
Trailing P/E Relative Median



Note: *Small cap indices valuations based on EV/EBITDA multiples
Sources: S&P, Shiller, Russell, MSCI, FactSet, NEPC; Shiller PE long-term average beginning in 1924

PUBLIC EQUITY

BUILDING BLOCKS: 10-YEAR EXPECTED RETURN



*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time.

Source: NEPC



FIXED INCOME

FIXED INCOME ASSUMPTIONS

BUILDING BLOCKS

Illiquidity Premium	The return expected for assets with illiquidity risk
Government Rates Price Change	Change due to shifts in current yields relative to forecasted rates
Credit Deterioration	The average loss for credit assets due to defaults and recovery rates
Spread Price Change	Valuation change due to changes in credit spreads relative to long-term targets
Credit Spread	Yield premium provided by securities with credit risk
Government Rates	The yield attributed to sovereign bonds that do not have credit risk

Asset Class	12/31/25 10-Yr Return	12-Month Change
U.S. TIPS	4.6%	-0.3%
U.S. Treasury Bond	4.4%	-0.3%
U.S. Corporate Bond	5.4%	-0.3%
U.S. MBS	4.6%	-0.3%
U.S. High Yield Corporate	6.0%	-0.3%
U.S. Leveraged Loan	7.0%	-0.3%
EMD External Debt*	5.9%	-1.0%
EMD Local Currency Debt	6.1%	-0.6%
Non-U.S. Govt. Bond	3.1%	+0.6%
U.S. Muni Bond (1-10 Year)	3.1%	-0.3%
U.S. High Yield Muni Bond	5.5%	+1.2%
Hedge Fund – Credit	6.5%	-0.4%
U.S. Aggregate Bond*	4.8%	-0.2%
Private Debt*	8.1%	-0.2%

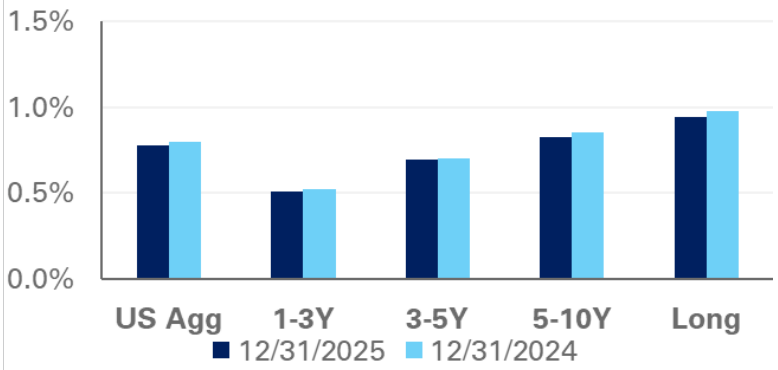
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FIXED INCOME

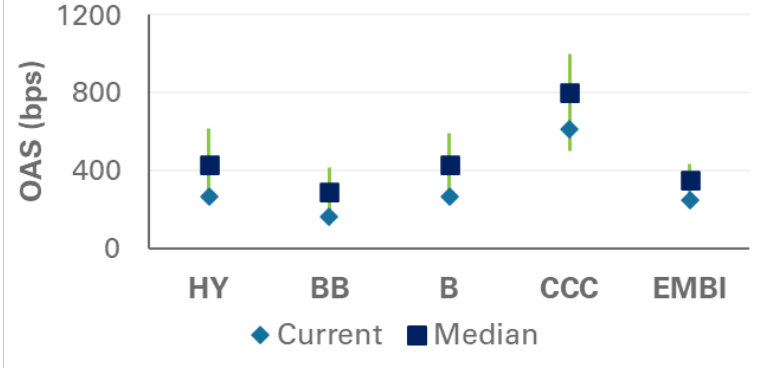
CREDIT SPREADS

- **Credit spreads have tightened further below median levels**
  - Lower spread levels weigh on future return expectations given less overall carry return
- **Credit spread assumptions reflect a reversion towards long term medians**
- **Default and recovery rate assumptions are informed by long-term history**

U.S. Corporate OAS by Maturity



Return-Seeking Option Adjusted Spread



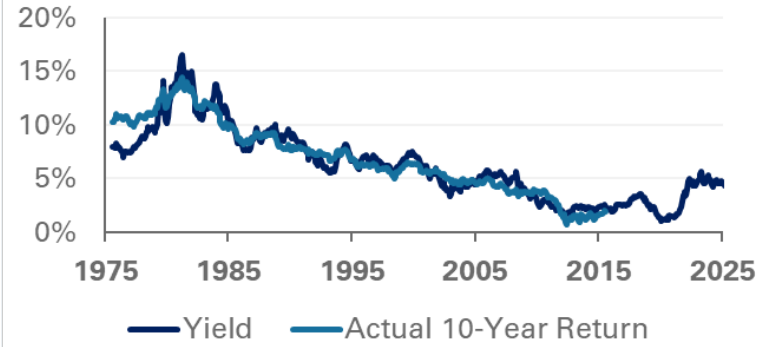
Sources: Bloomberg, JPM, FactSet, NEPC; Spread medians as of 12/31/2000 and range represents 5th to 75th percentile

FIXED INCOME

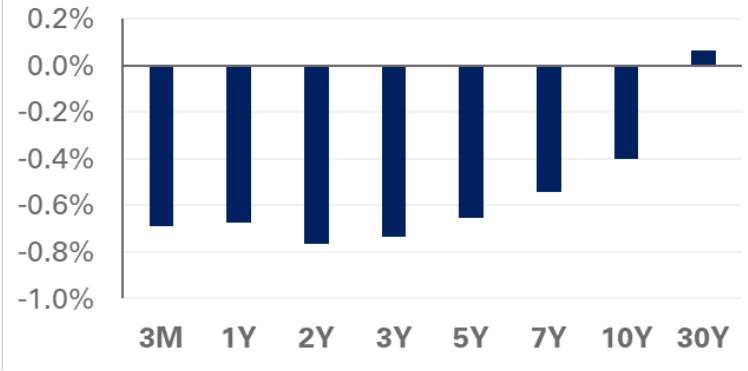
GOVERNMENT RATES

- **Government rates price change reflects shifts in interest rates, the yield curve, and roll down**
  - Roll down refers to the price change due to the aging of a bond along the yield curve
- **Yields have fallen across the front end of the U.S. Treasury yield curve over the last quarter while long-term yields have steadied**
- **A normal, upward-sloping yield curve provides optimal return potential for fixed income**

Barclays U.S. Aggregate Bond



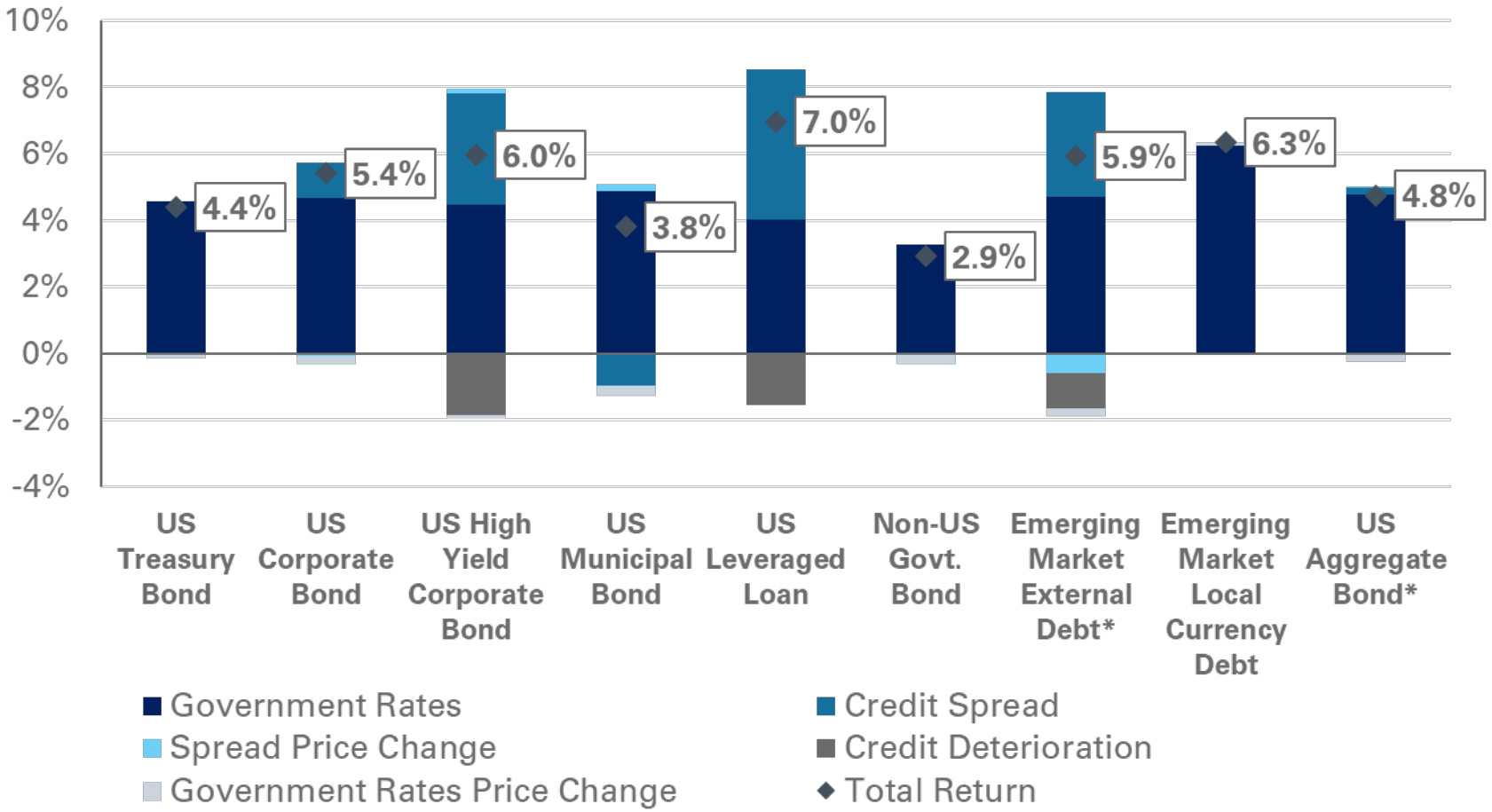
Annual Change in Treasury Yields



Sources: Bloomberg, FactSet, NEPC

FIXED INCOME

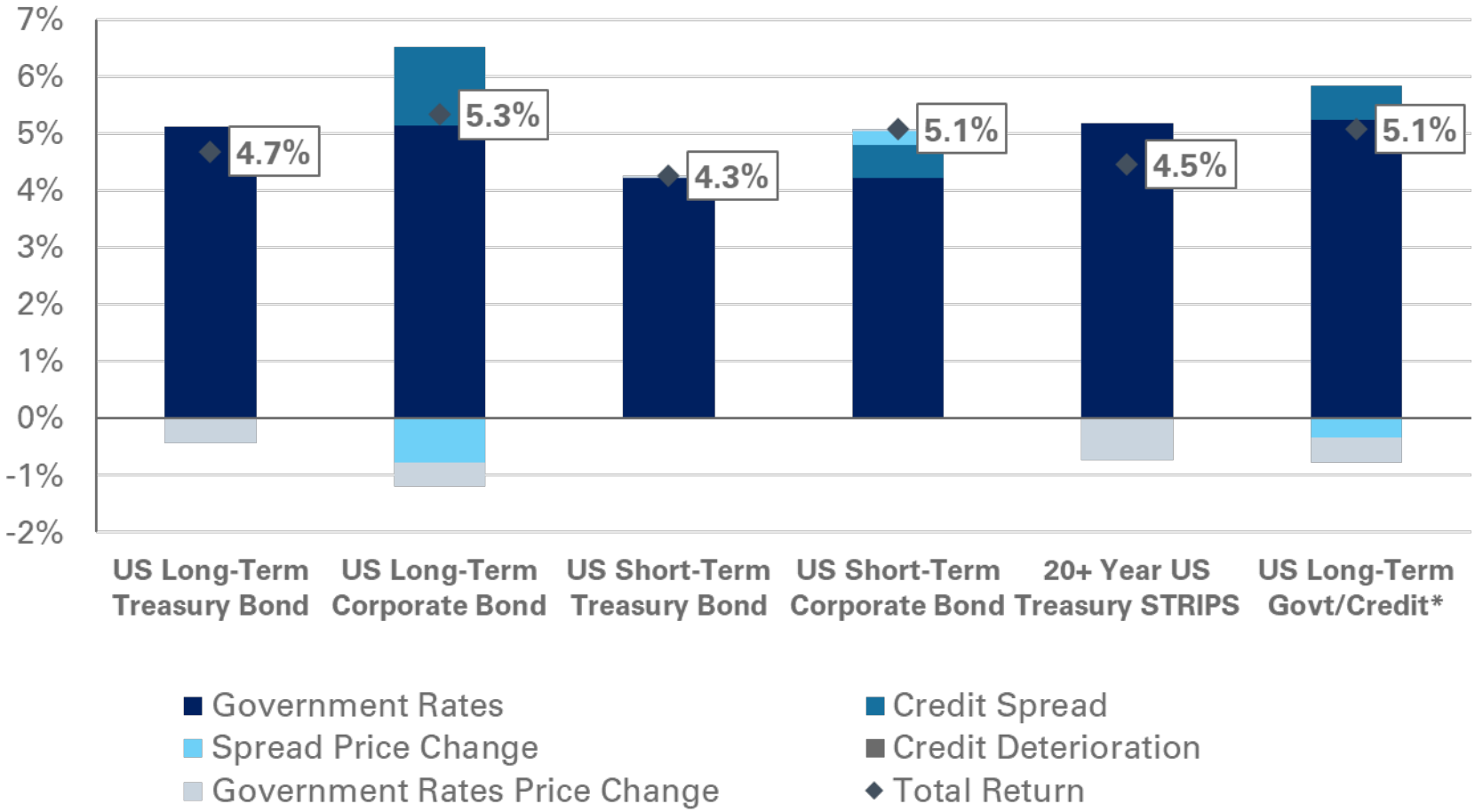
BUILDING BLOCKS: 10-YEAR EXPECTED RETURN



*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

FIXED INCOME

BUILDING BLOCKS: 10-YEAR EXPECTED RETURN



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REAL ASSETS

REAL ASSET ASSUMPTIONS

BUILDING BLOCKS

Illiquidity Premium	The return expected for assets with illiquidity risk
Valuation	The change in price of the asset moving to a terminal value or real average level
Inflation	Based on the inflation path as defined by breakeven-inflation rates and NEPC assumptions
Growth	Market-specific real growth based on a weighted-average of country-level revenue exposure and GDP growth
Real Income	The inflation-adjusted income produced by the asset

Asset Class	12/31/25 10-Yr Return	12-Month Change
Commodity Futures	3.2%	-1.2%
Midstream Energy	5.3%	+0.7%
REIT	5.9%	+0.6%
Global Infrastructure Equity	4.7%	-0.7%
Global Nat Resource Equity	5.0%	-2.0%
Gold	3.1%	-1.6%
Real Estate - Core	5.5%	-0.4%
Real Estate – Non-Core	7.2%	-0.4%
Private Debt - Real Estate	6.3%	-0.2%
Private Real Assets - Natural Resources	7.5%	-0.7%
Private Real Assets - Infrastructure	5.4%	-0.6%

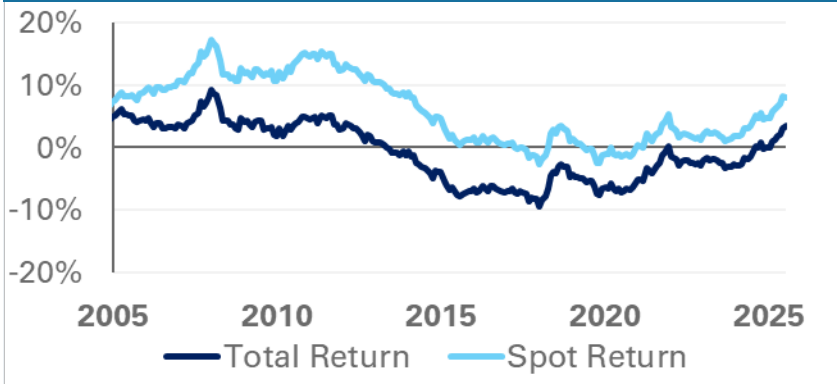
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REAL ASSET

REAL INCOME

- **Equity: Real income is inflation-adjusted dividend yield**
  - Includes public infrastructure, REITS, midstream energy, and natural resource equity
- **Real Estate: Real income is net operating income (NOI)**
  - NOI growth tracks the business cycle and economic regimes
- **Commodity Futures: Real income reflects collateral return and the futures roll yield**
  - Collateral is based on a cash proxy over the time horizon and has increased in-line with cash rates

Commodities Rolling 10-Year Returns



Real Asset Yields

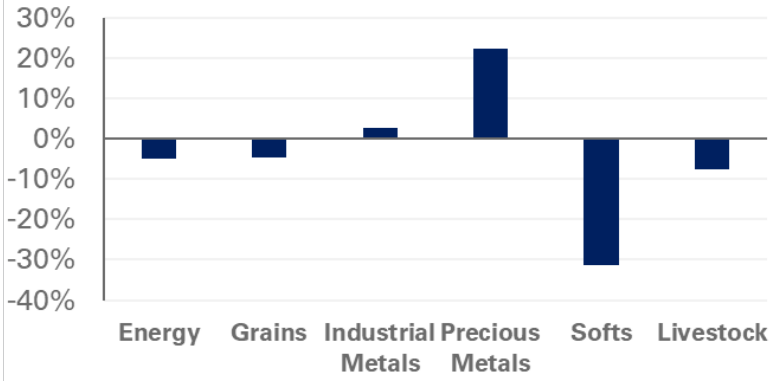
	12/31/25	12/31/24
Midstream Energy	4.8%	4.7%
Real Estate - Core	4.7%	4.8%
U.S. REITs	4.4%	4.3%
Global Infrastructure Equities	3.4%	3.7%
Natural Resource Equities	3.0%	3.8%
U.S. 10-Year Breakeven Inflation	2.2%	2.3%
Commodity Index Roll Yield*	-1.6%	-0.9%

Note: *Commodity Index Roll Yield represents a proprietary calculation methodology
Sources: Bloomberg, NCREIF, Alerian, NAREIT, S&P, FactSet, NEPC

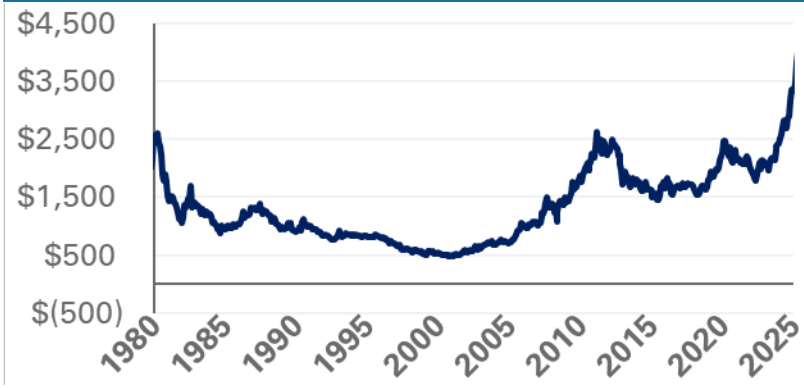
REAL ASSET
VALUATION

- **Commodity valuation inputs reflect the long-term average of spot prices**
  - Precious metals are trading at a premium to long-term averages given substantial momentum in gold and silver prices
- **Valuation assumptions for other real assets are based on asset-specific valuation inputs**
  - Capitalization rates are used for core real estate, price-to-earnings for global infrastructure and global natural resources equity

Discount/Premium to 10-Year Real Average



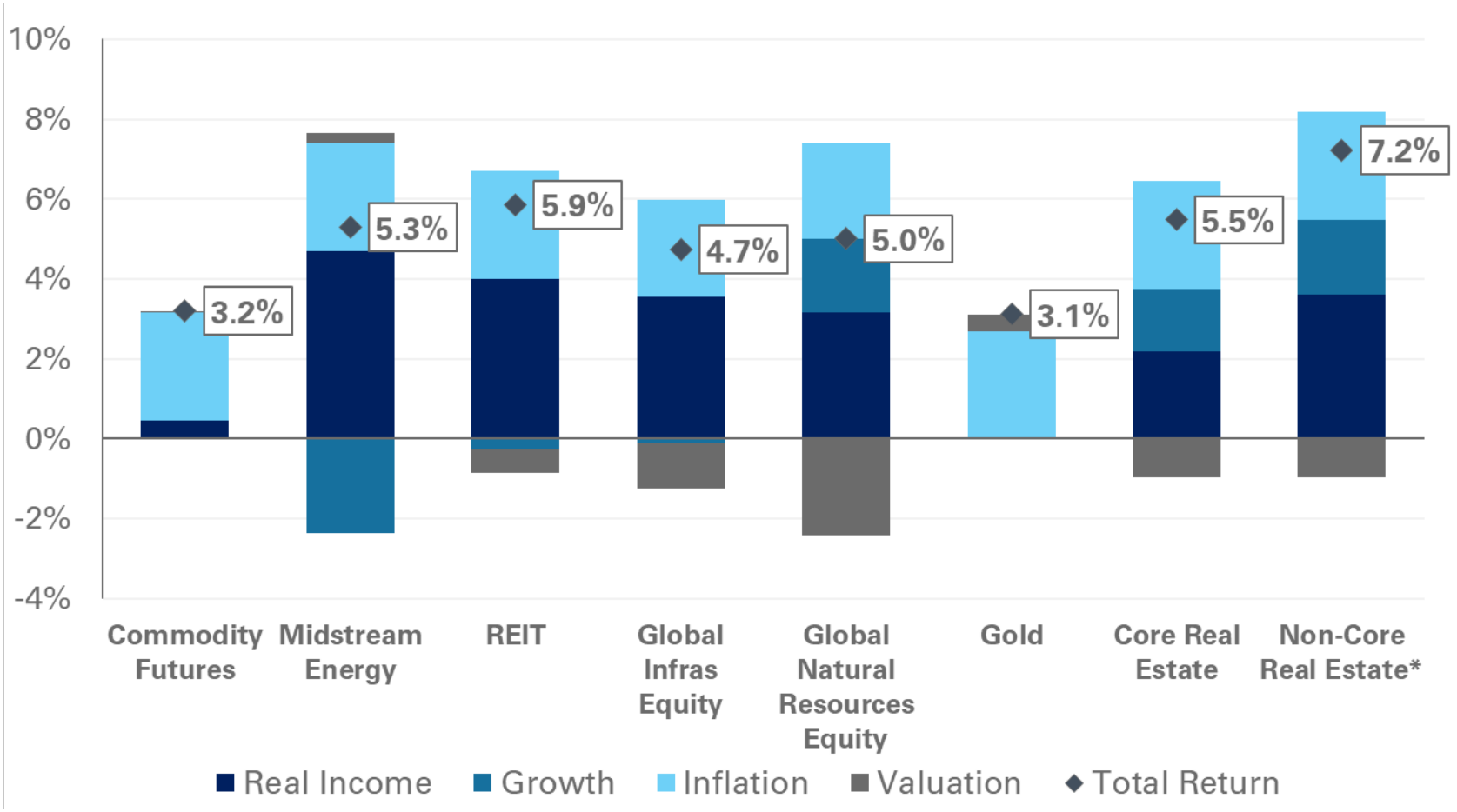
Real Price of Gold



Note: Real price of gold reflects inflation-adjusted price of gold, i.e. price of gold in today's dollars
Sources: FactSet, NEPC

REAL ASSET

BUILDING BLOCKS: 10-YEAR EXPECTED RETURN



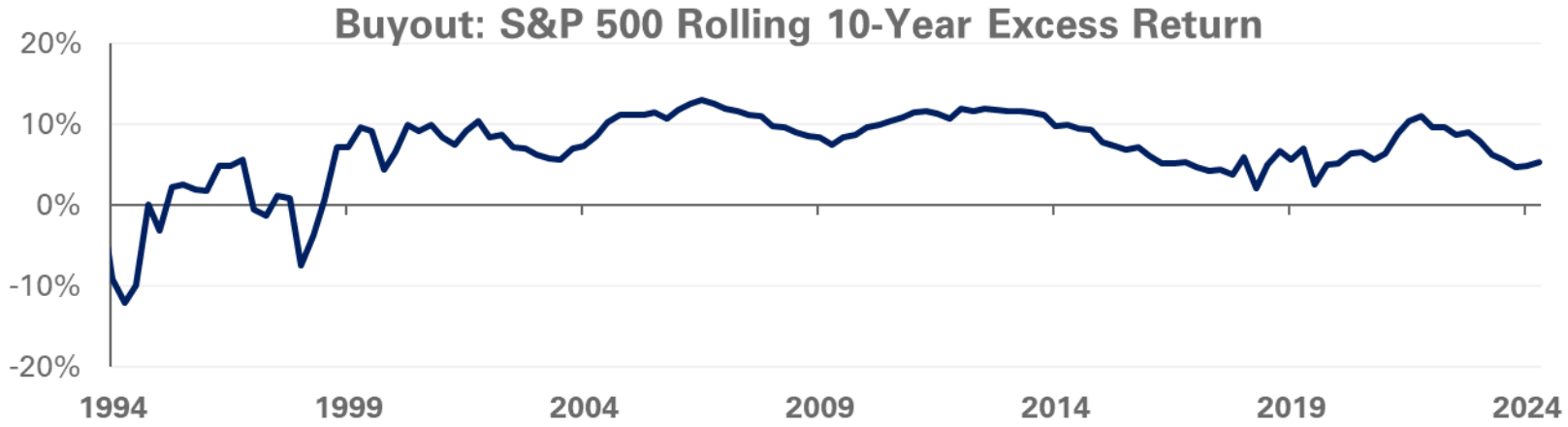
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ALTERNATIVE ASSETS

ALTERNATIVE ASSETS

METHODOLOGY

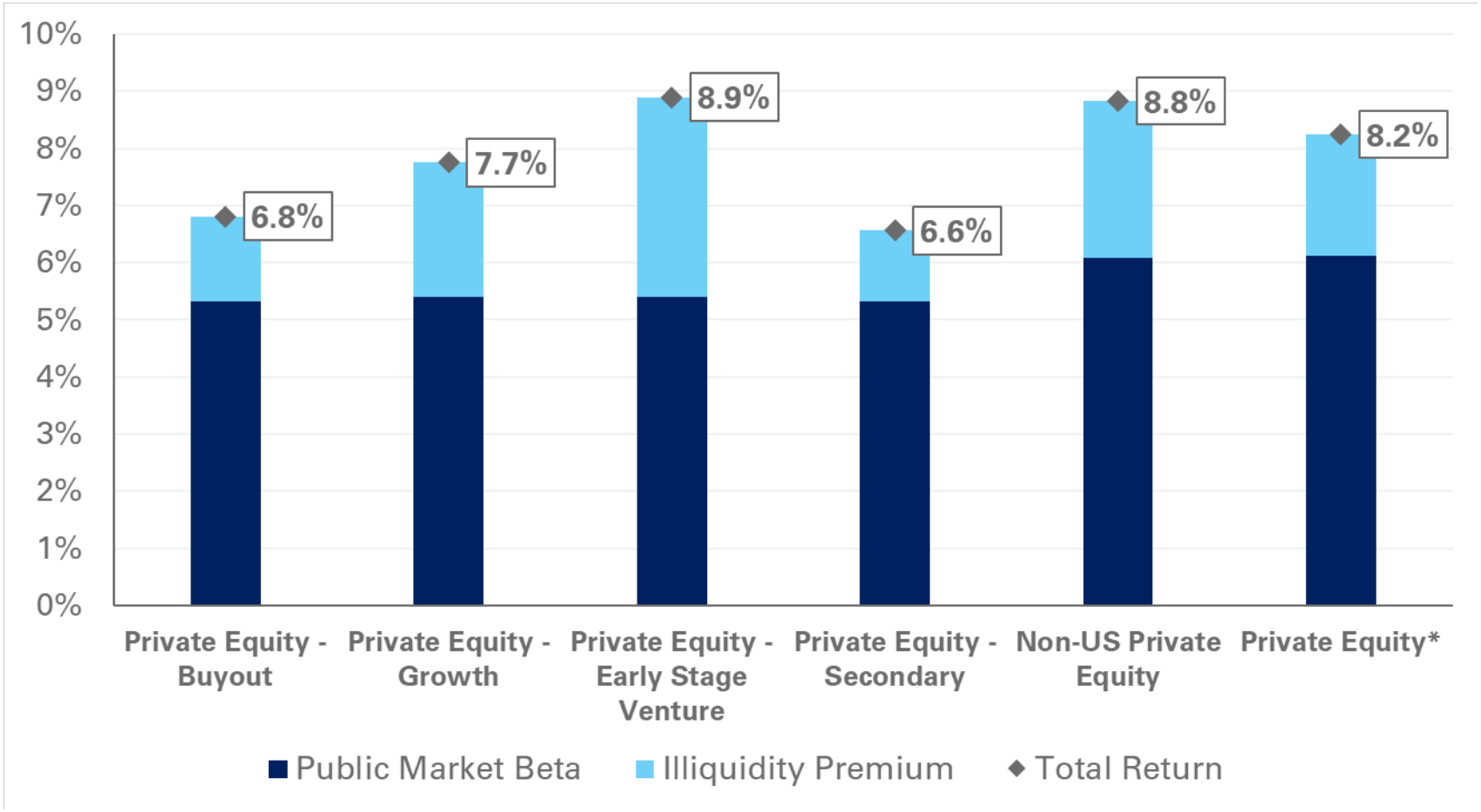


- **Private market assumptions are constructed from public market betas with an added illiquidity premia**
  - Historically, the observed illiquidity premium has been a significant component driving private market returns
- **Hedge fund assumptions are constructed from betas to public markets with an added alpha assumption**

Sources: Cambridge Associates, NEPC

PRIVATE EQUITY

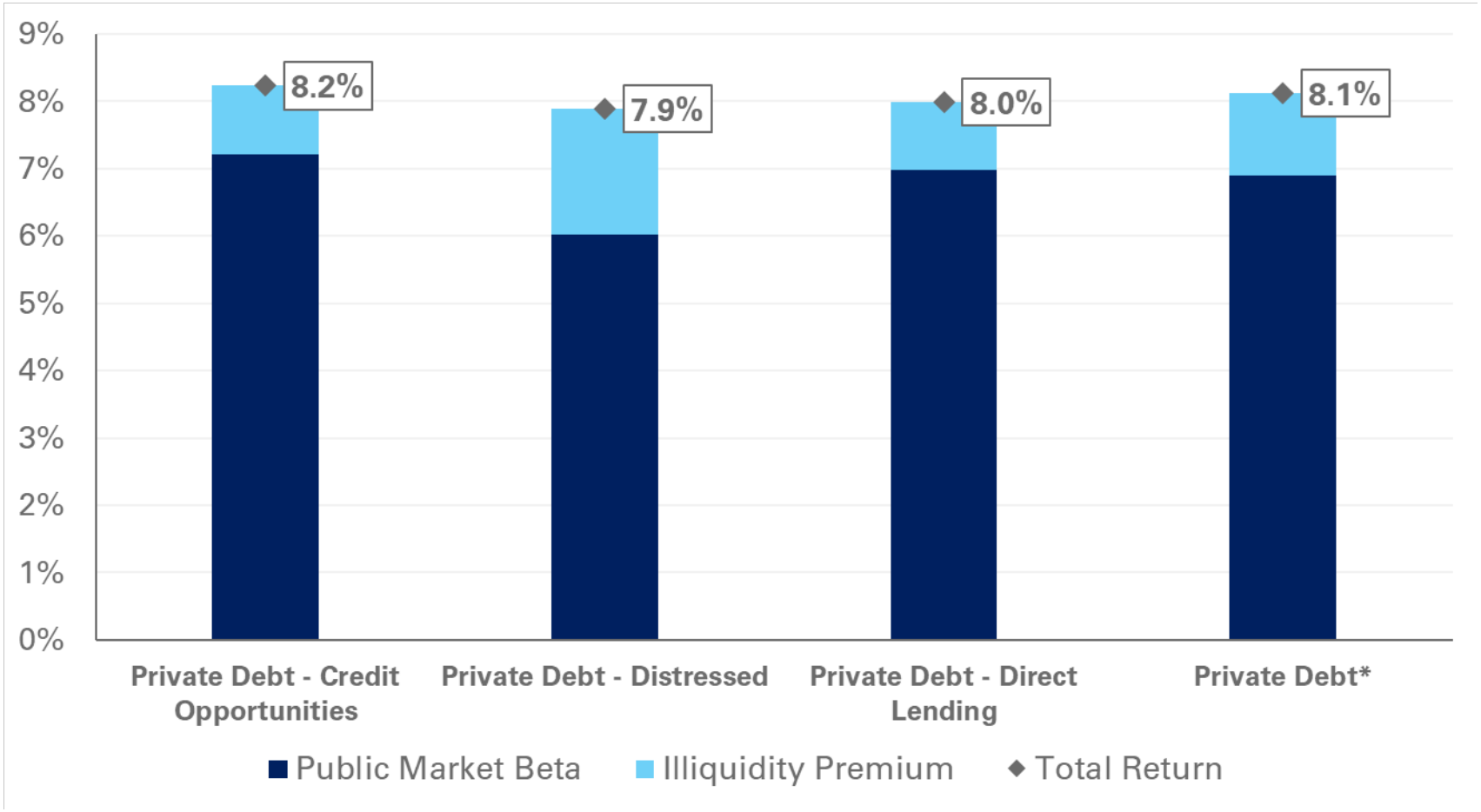
BUILDING BLOCKS: 10-YEAR EXPECTED RETURN



*Private Equity is a derived composite of 34% U.S. Buyout, 34% U.S. Growth, 8.5% U.S. Secondary, 8.5% U.S. Venture, 15% Non-U.S. PE. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

PRIVATE DEBT

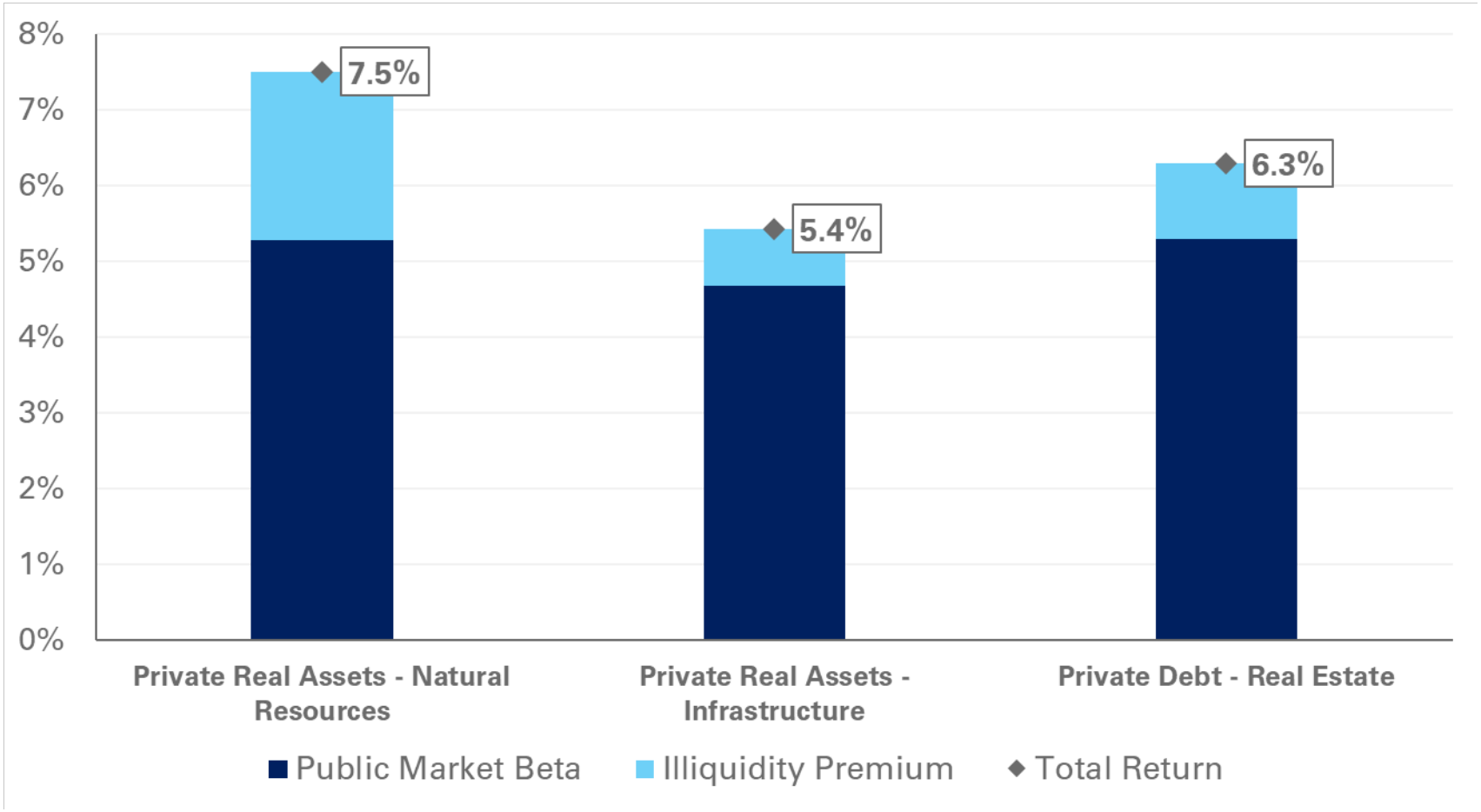
BUILDING BLOCKS: 10-YEAR EXPECTED RETURN



*Private Debt is a derived composite of 25% Credit Opportunities, 25% Distressed, 50% Direct Lending. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

PRIVATE REAL ASSET

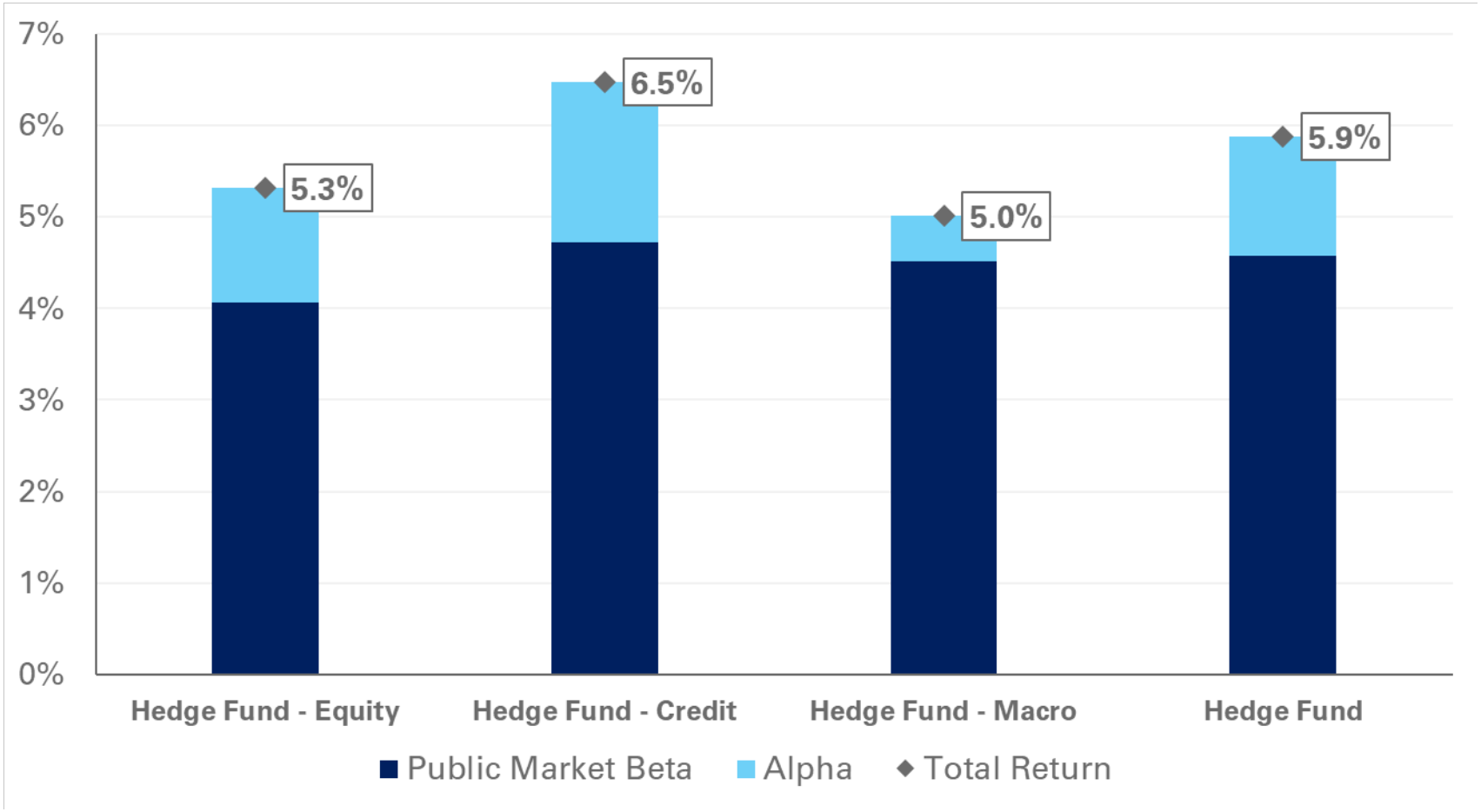
BUILDING BLOCKS: 10-YEAR EXPECTED RETURN



NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

HEDGE FUND

BUILDING BLOCKS: 10-YEAR EXPECTED RETURN



*Hedge Funds is a derived composite of 40% Long/Short, 40% Credit, 20% Macro. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

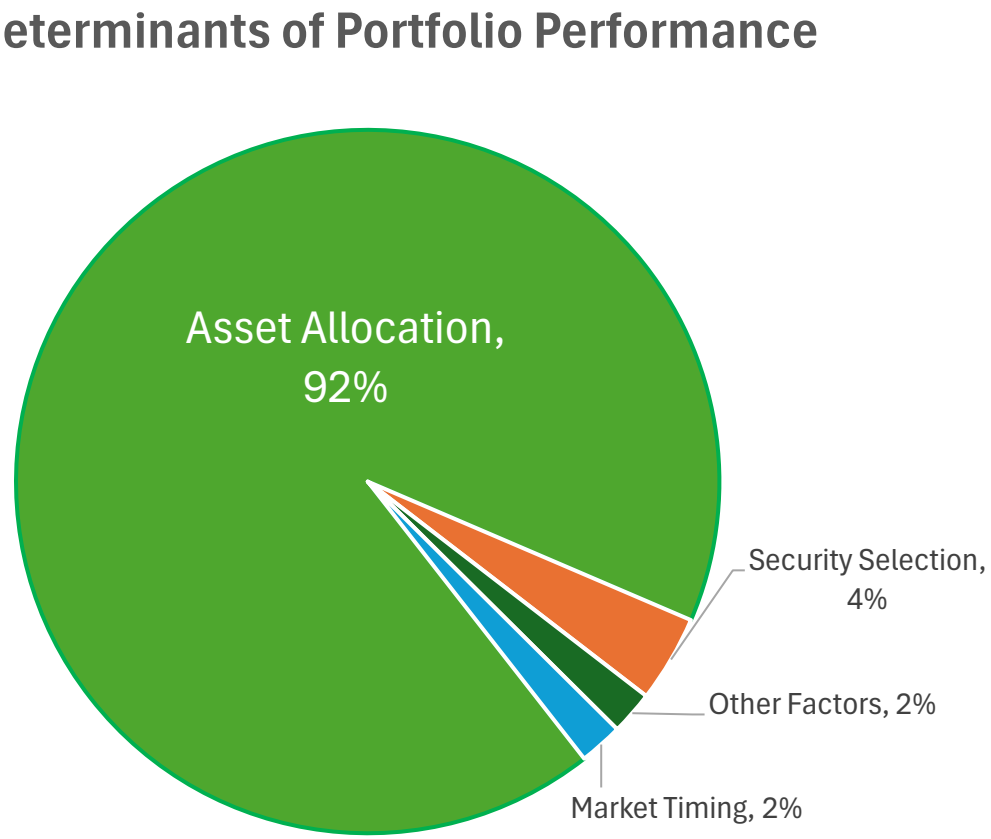


PSPRS PORTFOLIO ALLOCATION REVIEW

PSPRS TRUST INVESTMENT OBJECTIVES

- To generate **long-term growth and maintain liquidity** subject to the constraints specified in this policy
- Ensure that **adequate asset / expense ratio** is maintained to meet the Board of Trustee's fiduciary responsibility to its members
- Provide a solid capital foundation for **long-term stability** and financial flexibility for the program
- Provide a **stable cash flow stream** while managing investment risk based on the program's total risk profile

ASSET ALLOCATION: THE KEY INVESTMENT DECISION



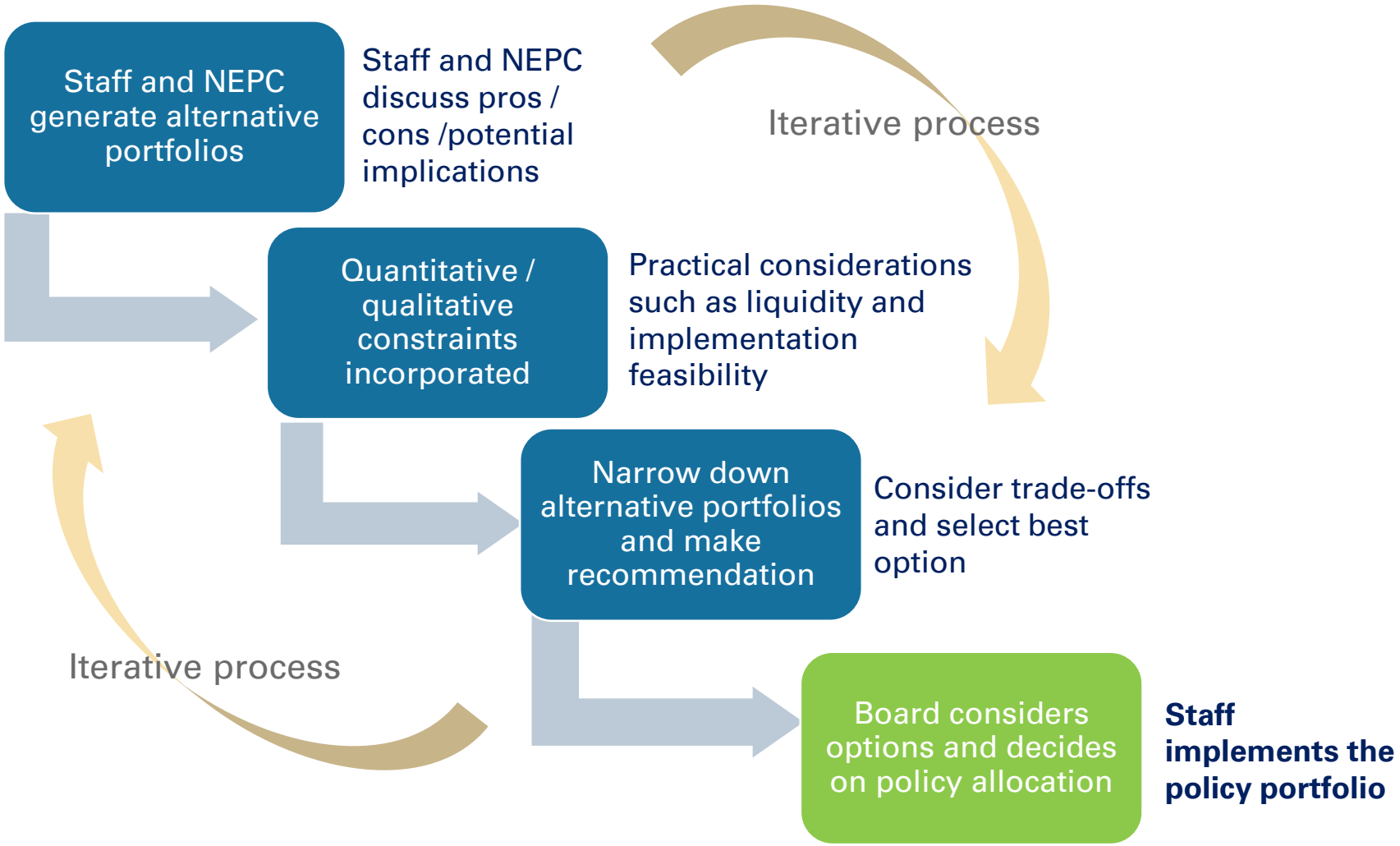
Source: Determinants of Portfolio Performance II: An Update, Brinson, et al, Financial Analysis Journal, May/June 1991, pp 40-48

ASSET MODELING

- **Key Inputs**
  - Eligible asset classes
  - Expected return over a 10 year and 30 year horizon for eligible asset classes
  - Expected volatility risk over a 10 year and 30 year horizon for eligible asset classes
  - Expected correlations between eligible asset classes
  - Modeling constraints on holdings of eligible asset classes

- **Key Output:**
  - Projected 10 year and 30 year Portfolio Return and Risk of the total portfolio
  - Risk should not only be measured using standard deviation, but also in terms of the likelihood of failing to generate sufficient long-run return to amortize projected liabilities

ASSET ALLOCATION DECISION PROCESS



PSPRS ASSET CLASS ASSUMPTIONS

10 Year Geometric Expected Return			
Asset Class	12/31/2025	12/31/2024	Delta
Cash	3.80%	4.10%	-0.3%
Capital Appreciation			
US Large-Cap Equity	4.50%	5.60%	-1.1%
US Small/Mid-Cap Equity	4.70%	5.80%	-1.1%
Non-US Developed Equity	4.30%	5.30%	-1.0%
Non-US Developed Equity (USD Hedge)	4.60%	5.60%	-1.0%
Emerging Market Equity	5.00%	8.00%	-3.0%
Global Private Equity	8.20%	9.82%	-1.62%
Contractual Income			
US Aggregate Bond	4.80%	5.00%	-0.2%
Private Credit	8.10%	8.30%	-0.2%
Diversifying Strategies			
Hedge Fund	5.88%	6.41%	-0.53%

CURRENT ASSET ALLOCATION POLICY & RANGES

	Target	Min	Max	Primary Benchmark	Secondary Benchmark
Capital Appreciation					
U.S. Public Equity	27%	22%	32%	Russell 1000 Index	None
International Public Equity	15%	10%	20%	MSCI ACWI Ex-US IMI Net Index	None
Global Private Equity	26%	21%	31%	Russell 2000 Index + 200 bps 1 quarter lagged	Russell 2000 Index
Contractual Income					
Fixed Income	5%	3%	9%	Bloomberg U.S. Aggregate Index	None
Private Credit	20%	13%	23%	S&P UBS Leveraged Loan Index +150bps	CSFB Leveraged Loan Index
Diversifying Strategies	5%	3%	9%	3-month SOFR + 200 bps	None
Cash	2%	0%	5%	3-month SOFR	None

ASSET ALLOCATION RECOMMENDATION

	Current Policy
Cash	2%
Total Cash	**2%**
U.S. Public Equity	27%
International Public Equity	15%
Global Private Equity	26%
Buyouts and Venture Capital	*19%*
Real Estate	*4%*
Real Assets	*3%*
Total Capital Appreciation	**68%**
Fixed Income	5%
Private Credit	20%
Total Contractual Income	**25%**
Diversifying Strategies	5%
Total Diversifying Strategies	**5%**
Expected Return 10 yrs	**6.68%**
Expected Return 30 yrs	**8.30%**
Standard Dev	**11.71%**
Sharpe Ratio (10 years)	**0.25**
Sharpe Ratio (30 years)	**0.41**
Probability of 1-Year Return Under 0%	**28.4%**
Probability of 10-Year Return Under 0%	**3.6%**
Probability of 10-Year Return Under 7.2%	**55.6%**
Probability of 30-Year Return Under 7.2%	**30.4%**

Based on 12/31/2025 capital market assumptions



BENCHMARK RECOMMENDATION

PRIVATE EQUITY (GPE) COMPOSITE

Long Term Target

	Total Fund Allocation Target
Buyout and Venture	19%
Real Estate	4%
Real Assets	3%
Total	26.0%

	GPE Composite Target
Buyout and Venture	73.1%
Real Estate	15.4%
Real Assets	11.5%
Total	100.0%

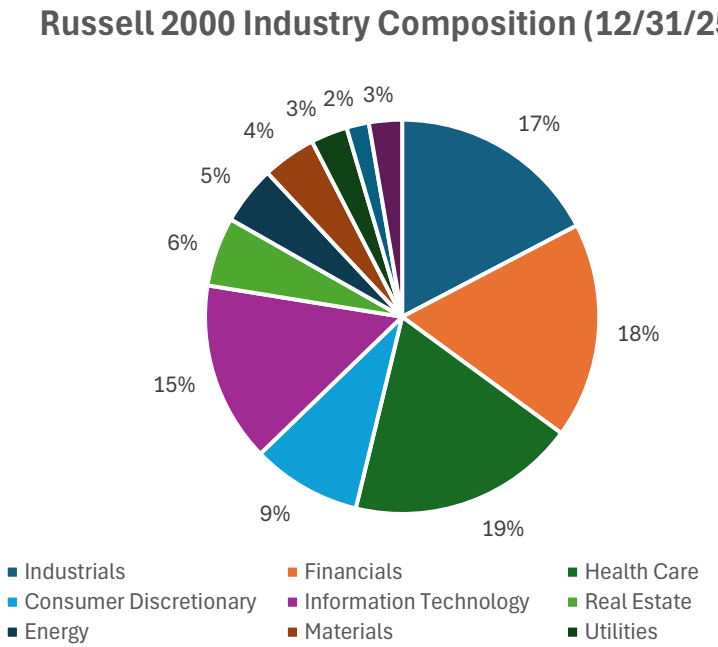
Actual

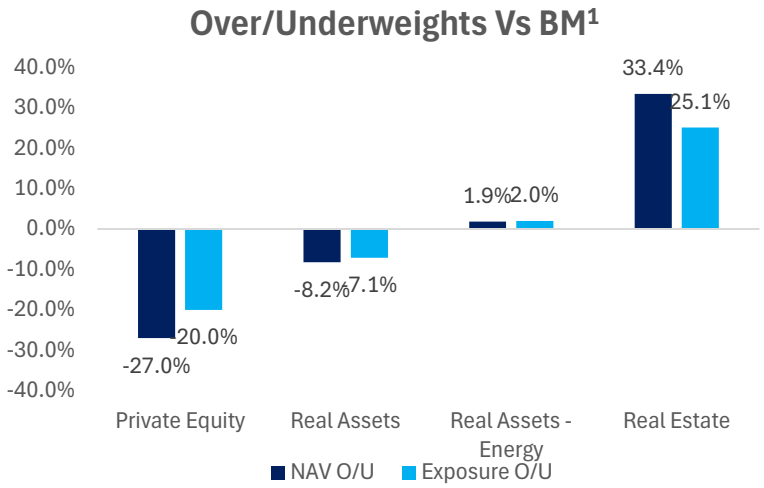
As of Dec 31, 2025	Actual Weight in Total Fund
Buyout and Venture	12.6%
Real Estate	9.1%
Real Assets	2.1%
Total	23.8%

As of Dec 31, 2025	Actual Weight in GPE Composite
Buyout and Venture	48.5%
Real Estate	35.0%
Real Assets	8.1%
Total	100.0%

- 2024 PE benchmark change :
  - ***Russell 3000 + 100bps*** (total stock market plus illiquidity premium) → ***Russell 2000 + 200bp 1 quarter lagged*** (small cap + illiquidity premium) to reflect PE exposure to small private companies / valuation timing
- There is persistent outsized tracking error between GPE and benchmark
  - Private markets allocations are **NOT** manageable to target in the short term
  - There is inherent sector exposure mismatch vs R2k benchmark

PRIVATE EQUITY COMPOSITE BENCHMARK MISFIT





Mapping:
PE = Industrials, Financials, Heal Care, Consumer Discretionary, Technology, and Consumer Staples
RA = Utilities, Telecommunications, Basic Materials
RA-E = Energy
RE = Real Estate

- **Benchmark misfit**
  - Significant overweight to real estate vs. R2K benchmark
  - Different drivers of performance : real estate sensitivity to interest rates
  - Deviates from industry standard : 85% of the 25 largest public plans use some version of the NCREIF ODCE index[2]

1 PSPRS Data as of 6/30/25. R2K Data as of 12/31/2025
2 Capitalization-weighted return index of 38 open-ended commingled core real estate investment funds

BENCHMARK RECOMMENDATION

- **Private equity composite (GPE) benchmark to be a blend of Russell 2000 + 200 bp and an appropriate benchmark for real estate**
  - Buyout & Venture + Real Assets : Continue to use Russell 2000 + 200bps
  - Real Estate : Recommend **NCREIF ODCE as benchmark**
- **RE Benchmark portion of the GPE composite benchmark will be pre-specified annually at start of fiscal year based on actual weight as of the end of previous fiscal year**
  - Example: As of 6/30/26 : Real Estate is 35% of GPE actual allocation

  → NCREIF ODCE weight in GPE composite benchmark is 35%

  GPE Composite Benchmark for FY 2026 -2027 = 65% (R2K + 200bp 1-quarter lagged) + 35% (NCREIF ODCE)
- **Consultant to officially confirm composite weight for RE at beginning of each fiscal year**
- **Tracking error will persist for the near future as it will be implemented on a go-forward basis. However, it is expected to decrease materially over time.**

RECOMMENDED ASSET ALLOCATION POLICY & BENCHMARKS

	Target	Min	Max	Primary Benchmark	Secondary Benchmark
Capital Appreciation					
U.S. Public Equity	27%	22%	32%	Russell 1000 Index	None
International Public Equity	15%	10%	20%	MSCI ACWI Ex-US IMI Net Index	None
Global Private Equity	26%	21%	31%	(Russell 2000 Index + 200 bps 1 quarter lagged) and (NCREIF ODCE Weighted)	Russell 2000 Index
Contractual Income					
Fixed Income	5%	3%	9%	Bloomberg U.S. Aggregate Index	None
Private Credit	20%	13%	23%	S&P UBS Leveraged Loan Index +150bps	CSFB Leveraged Loan Index
Diversifying Strategies	5%	3%	9%	3-month SOFR + 200 bps	None
Cash	2%	0%	5%	3-month SOFR	None



APPENDIX



ADDITIONAL INFORMATION ON ASSUMPTIONS

PRIVATE MARKETS COMPOSITES

PUBLIC MARKET BETA INPUTS FOR PRIVATE MARKETS

PRIVATE EQUITY

Buyout: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap
Secondary: 25% U.S. Large Cap, 75% U.S. Small/Mid Cap
Growth: 100% U.S. Small/Mid Cap
Early-Stage Venture: 100% U.S. Small/Mid Cap
Non-U.S.: 70% International Small Cap, 30% Emerging Small Cap
Composite: 34% Buyout, 34% Growth, 15 % Non-U.S., 8.5% Secondary, 8.5% Early Venture

PRIVATE DEBT

Direct Lending: 100% Bank Loans
Distressed: 20% U.S. Small/Mid Cap, 60% U.S. High Yield, 20% Bank Loans
Credit Opportunities: 34% High Yield Securitized, 33% U.S. High Yield, 33% Bank Loans
Composite: 50% Direct Lending, 25% Credit Opportunities, 25% Distressed

PRIVATE REAL ASSETS

Energy: 30% Comm., 35% Midstream, 35% Public Resource Equity
Infra/Land: 30% Commodities, 70% Public Infrastructure
Private Real Estate Debt: 50% CMBS, 50% Real Estate - Core

10-YEAR RETURN FORECASTS

EQUITY

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
U.S. Large-Cap Equity	4.5%	5.6%	-1.1%
U.S. Small/Mid-Cap Equity	4.7%	5.8%	-1.1%
Non-U.S. Developed Equity	4.3%	5.3%	-1.0%
Non-U.S. Developed Equity (USD Hedge)	4.6%	5.6%	-1.0%
Non-U.S. Developed Small-Cap Equity	5.5%	6.7%	-1.2%
Emerging Market Equity	5.0%	8.0%	-3.0%
Emerging Market Small-Cap Equity	6.1%	7.1%	-1.0%
Hedge Fund - Equity	5.3%	5.8%	-0.5%
Private Equity - Buyout	6.8%	7.1%	-0.3%
Private Equity - Growth	7.7%	8.2%	-0.5%
Private Equity - Early Stage Venture	8.9%	9.3%	-0.4%
Private Equity - Secondary	6.6%	6.8%	-0.2%
Non-U.S. Private Equity	8.8%	9.4%	-0.6%
China Equity	4.8%	8.3%	-3.5%
Global Equity*	4.8%	6.1%	-1.3%
Private Equity*	8.2%	8.5%	-0.3%

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Cash	3.8%	4.1%	-0.3%
US TIPS	4.6%	4.9%	-0.3%
US Treasury Bond	4.4%	4.7%	-0.3%
US Corporate Bond	5.4%	5.7%	-0.3%
US Corporate Bond - AAA	4.9%	5.0%	-0.1%
US Corporate Bond - AA	4.9%	5.2%	-0.3%
US Corporate Bond - A	5.2%	5.5%	-0.3%
US Corporate Bond - BBB	5.7%	5.9%	-0.2%
US Mortgage-Backed Securities	4.6%	4.9%	-0.3%
US Securitized Bond	5.1%	5.4%	-0.3%
US Collateralized Loan Obligation	5.3%	5.7%	-0.4%
US Municipal Bond	3.8%	3.8%	-
US Municipal Bond (1-10 Year)	3.1%	3.4%	-0.3%
US Short-Term Municipal Bond (1-3 Year)	2.8%	-	-
US Intermediate-Term Municipal Bond (3-10 Year)	3.2%	-	-
US Long-Term Municipal Bond (10-30 Year)	4.2%	-	-
US Taxable Municipal Bond	5.5%	5.6%	-0.1%

NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Non-US Government Bond	3.1%	2.5%	+0.6%
Non-US Government Bond (USD Hedge)	3.3%	2.8%	+0.5%
Non-US Inflation-Linked Bond (USD Hedge)	4.1%	3.6%	+0.5%
US Short-Term TIPS (1-3 Year)	4.4%	4.8%	-0.4%
US Short-Term Treasury Bond (1-3 Year)	4.3%	4.6%	-0.3%
US Short-Term Corporate Bond (1-3 Year)	5.1%	5.6%	-0.5%
US Intermediate-Term TIPS (3-10 Year)	4.5%	4.9%	-0.4%
US Intermediate-Term Treasury Bond (3-10 Year)	4.3%	4.6%	-0.3%
US Intermediate-Term Corporate Bond (3-10 Year)	5.5%	5.9%	-0.4%
US Long-Term TIPS (10-30 Year)	5.2%	5.3%	-0.1%
US Long-Term Treasury Bond (10-30 Year)	4.7%	4.8%	-0.1%
US Long-Term Corporate Bond (10-30 Year)	5.3%	5.4%	-0.1%
20+ Year US Treasury STRIPS	4.5%	4.8%	-0.3%
10 Year US Treasury Bond	4.5%	4.8%	-0.3%
10 Year Non-US Government Bond (USD Hedge)	3.1%	2.4%	+0.7%
US Aggregate Bond*	4.8%	5.0%	-0.2%

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

10-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
US High Yield Corporate Bond	6.0%	6.3%	-0.3%
US Corporate Bond - BB	6.5%	6.9%	-0.4%
US Corporate Bond - B	6.1%	6.6%	-0.5%
US Corporate Bond - CCC/Below	-0.2%	-0.2%	-
US Short-Term High Yield Corporate Bond (1-3 Year)	5.4%	5.7%	-0.3%
US Leveraged Loan	7.0%	7.3%	-0.3%
Emerging Market Investment Grade External Debt	5.2%	5.7%	-0.5%
Emerging Market High Yield External Debt	6.4%	7.8%	-1.4%
Emerging Market Local Currency Debt	6.1%	6.7%	-0.6%
US High Yield Securitized Bond	8.6%	9.3%	-0.7%
US High Yield Collateralized Loan Obligation	7.5%	7.8%	-0.3%
US High Yield Municipal Bond	5.5%	4.3%	+1.2%
Hedge Fund - Credit	6.5%	6.9%	-0.4%
Private Debt - Credit Opportunities	8.2%	8.1%	+0.1%
Private Debt - Distressed	7.9%	8.3%	-0.4%
Private Debt - Direct Lending	8.0%	8.2%	-0.2%
Private Debt*	8.1%	8.3%	-0.2%

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

10-YEAR RETURN FORECASTS

REAL ASSETS

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Commodity Futures	3.2%	4.4%	-1.2%
Midstream Energy	5.3%	4.6%	+0.7%
REIT	5.9%	5.3%	+0.6%
Global Infrastructure Equity	4.7%	5.4%	-0.7%
Global Natural Resources Equity	5.0%	7.0%	-2.0%
Gold	3.1%	4.7%	-1.6%
Real Estate - Core	5.5%	5.9%	-0.4%
Real Estate – Value-Add	6.6%	7.1%	-0.5%
Real Estate - Opportunistic	7.7%	8.1%	-0.4%
Private Debt - Real Estate	6.3%	6.5%	-0.2%
Private Real Assets - Natural Resources	7.5%	8.2%	-0.7%
Private Real Assets - Infrastructure	5.4%	6.0%	-0.6%

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30-YEAR RETURN FORECASTS

EQUITY

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
U.S. Large-Cap Equity	6.7%	7.1%	-0.4%
U.S. Small/Mid-Cap Equity	6.8%	7.2%	-0.4%
Non-U.S. Developed Equity	6.5%	6.7%	-0.2%
Non-U.S. Developed Equity (USD Hedge)	6.7%	6.9%	-0.2%
Non-U.S. Developed Small-Cap Equity	7.4%	7.8%	-0.4%
Emerging Market Equity	7.9%	9.1%	-1.2%
Emerging Market Small-Cap Equity	8.2%	8.5%	-0.3%
Hedge Fund - Equity	6.1%	6.3%	-0.2%
Private Equity - Buyout	8.6%	9.3%	-0.7%
Private Equity - Growth	9.3%	10.3%	-1.0%
Private Equity - Early Stage Venture	10.2%	11.2%	-1.0%
Private Equity - Secondary	8.0%	8.7%	-0.7%
Non-U.S. Private Equity	10.3%	10.5%	-0.2%
China Equity	7.7%	9.0%	-1.3%
Global Equity*	7.1%	7.5%	-0.4%
Private Equity*	9.9%	10.5%	-0.6%

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Cash	3.5%	3.6%	-0.1%
US TIPS	5.0%	5.0%	-
US Treasury Bond	4.8%	4.8%	-
US Corporate Bond	6.3%	6.3%	-
US Corporate Bond - AAA	5.8%	5.7%	+0.1%
US Corporate Bond - AA	5.6%	5.5%	+0.1%
US Corporate Bond - A	6.0%	6.0%	-
US Corporate Bond - BBB	6.6%	6.5%	+0.1%
US Mortgage-Backed Securities	5.0%	5.0%	-
US Securitized Bond	5.6%	5.6%	-
US Collateralized Loan Obligation	5.0%	5.1%	-0.1%
US Municipal Bond	4.2%	4.1%	+0.1%
US Municipal Bond (1-10 Year)	3.7%	3.8%	-0.1%
US Short-Term Municipal Bond (1-3 Year)	3.0%	-	-
US Intermediate-Term Municipal Bond (3-10 Year)	3.8%	-	-
US Long-Term Municipal Bond (10-30 Year)	4.5%	-	-
US Taxable Municipal Bond	6.4%	6.4%	-

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30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Non-US Government Bond	3.6%	3.1%	+0.5%
Non-US Government Bond (USD Hedge)	3.8%	3.3%	+0.5%
Non-US Inflation-Linked Bond (USD Hedge)	4.1%	3.6%	+0.5%
US Short-Term TIPS (1-3 Year)	4.5%	4.6%	-0.1%
US Short-Term Treasury Bond (1-3 Year)	4.4%	4.4%	-
US Short-Term Corporate Bond (1-3 Year)	5.3%	5.5%	-0.2%
US Intermediate-Term TIPS (3-10 Year)	4.9%	5.0%	-0.1%
US Intermediate-Term Treasury Bond (3-10 Year)	4.8%	4.8%	-
US Intermediate-Term Corporate Bond (3-10 Year)	6.3%	6.4%	-0.1%
US Long-Term TIPS (10-30 Year)	5.6%	5.4%	+0.2%
US Long-Term Treasury Bond (10-30 Year)	5.3%	5.1%	+0.2%
US Long-Term Corporate Bond (10-30 Year)	6.7%	6.6%	+0.1%
20+ Year US Treasury STRIPS	5.5%	5.3%	+0.2%
10 Year US Treasury Bond	5.4%	5.3%	+0.1%
10 Year Non-US Government Bond (USD Hedge)	3.8%	3.2%	+0.6%
US Aggregate Bond*	5.3%	5.3%	-

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

30-YEAR RETURN FORECASTS

FIXED INCOME

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
US High Yield Corporate Bond	7.5%	7.4%	+0.1%
US Corporate Bond - BB	7.7%	7.8%	-0.1%
US Corporate Bond - B	7.2%	7.3%	-0.1%
US Corporate Bond - CCC/Below	1.3%	1.3%	-
US Short-Term High Yield Corporate Bond (1-3 Year)	5.8%	5.9%	-0.1%
US Leveraged Loan	6.6%	6.7%	-0.1%
Emerging Market Investment Grade External Debt	6.4%	5.7%	+0.7%
Emerging Market High Yield External Debt	8.1%	7.8%	+0.3%
Emerging Market Local Currency Debt	5.5%	5.8%	-0.3%
US High Yield Securitized Bond	8.7%	8.8%	-0.1%
US High Yield Collateralized Loan Obligation	7.4%	7.5%	-0.1%
US High Yield Municipal Bond	5.6%	5.1%	+0.5%
Hedge Fund - Credit	7.1%	7.2%	-0.1%
Private Debt - Credit Opportunities	8.8%	8.9%	-0.1%
Private Debt - Distressed	9.3%	9.7%	-0.4%
Private Debt - Direct Lending	8.9%	8.9%	-
Private Debt*	9.1%	9.2%	-0.1%

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30-YEAR RETURN FORECASTS

REAL ASSETS

Geometric Expected Return			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Commodity Futures	3.9%	3.9%	-
Midstream Energy	6.4%	6.3%	+0.1%
REIT	7.3%	7.1%	+0.2%
Global Infrastructure Equity	6.3%	6.5%	-0.2%
Global Natural Resources Equity	6.8%	7.5%	-0.7%
Gold	4.6%	4.8%	-0.2%
Real Estate - Core	6.3%	6.5%	-0.2%
Real Estate – Value-Add	7.5%	7.8%	-0.3%
Real Estate - Opportunistic	8.4%	8.7%	-0.3%
Private Debt - Real Estate	6.7%	6.9%	-0.2%
Private Real Assets - Natural Resources	8.8%	8.9%	-0.1%
Private Real Assets - Infrastructure	6.7%	6.8%	-0.1%

NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

VOLATILITY FORECASTS

EQUITY

Volatility			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
U.S. Large-Cap Equity	17.5%	17.4%	+0.1%
U.S. Small/Mid-Cap Equity	21.5%	21.4%	+0.1%
Non-U.S. Developed Equity	19.6%	19.6%	-
Non-U.S. Developed Equity (USD Hedge)	17.4%	17.4%	-
Non-U.S. Developed Small-Cap Equity	23.2%	23.3%	-0.1%
Emerging Market Equity	27.2%	27.4%	-0.2%
Emerging Market Small-Cap Equity	30.9%	30.6%	+0.3%
Hedge Fund - Equity	10.7%	10.9%	-0.2%
Private Equity - Buyout	20.8%	20.7%	+0.1%
Private Equity - Growth	31.1%	30.8%	+0.3%
Private Equity - Early Stage Venture	59.1%	48.0%	+11.1%
Private Equity - Secondary	20.8%	20.4%	+0.4%
Non-U.S. Private Equity	29.0%	29.0%	-
China Equity	30.6%	30.4%	+0.2%
Global Equity*	18.2%	18.2%	-
Private Equity*	26.7%	25.8%	+0.9%

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Cash	0.6%	0.6%	-
US TIPS	6.0%	6.0%	-
US Treasury Bond	5.3%	5.5%	-0.2%
US Corporate Bond	7.8%	7.9%	-0.1%
US Corporate Bond - AAA	7.1%	7.0%	+0.1%
US Corporate Bond - AA	6.7%	6.7%	-
US Corporate Bond - A	7.6%	7.7%	-0.1%
US Corporate Bond - BBB	8.5%	8.6%	-0.1%
US Mortgage-Backed Securities	6.5%	6.5%	-
US Securitized Bond	7.7%	7.9%	-0.2%
US Collateralized Loan Obligation	5.5%	6.5%	-1.0%
US Municipal Bond	4.8%	6.0%	-1.2%
US Municipal Bond (1-10 Year)	3.1%	4.5%	-1.4%
US Short-Term Municipal Bond (1-3 Year)	1.7%	-	-
US Intermediate-Term Municipal Bond (3-10 Year)	3.6%	-	-
US Long-Term Municipal Bond (10-30 Year)	6.5%	-	-
US Taxable Municipal Bond	7.4%	7.5%	-0.1%

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VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Non-US Government Bond	9.4%	9.8%	-0.4%
Non-US Government Bond (USD Hedge)	3.9%	4.1%	-0.2%
Non-US Inflation-Linked Bond (USD Hedge)	6.7%	6.7%	-
US Short-Term TIPS (1-3 Year)	3.3%	3.3%	-
US Short-Term Treasury Bond (1-3 Year)	2.1%	2.3%	-0.2%
US Short-Term Corporate Bond (1-3 Year)	2.7%	2.8%	-0.1%
US Intermediate-Term TIPS (3-10 Year)	5.9%	5.8%	+0.1%
US Intermediate-Term Treasury Bond (3-10 Year)	5.3%	5.4%	-0.1%
US Intermediate-Term Corporate Bond (3-10 Year)	7.4%	7.4%	-
US Long-Term TIPS (10-30 Year)	12.5%	12.6%	-0.1%
US Long-Term Treasury Bond (10-30 Year)	12.3%	12.3%	-
US Long-Term Corporate Bond (10-30 Year)	12.4%	12.4%	-
20+ Year US Treasury STRIPS	20.8%	21.0%	-0.2%
10 Year US Treasury Bond	7.6%	7.6%	-
10 Year Non-US Government Bond (USD Hedge)	4.8%	4.9%	-0.1%
US Aggregate Bond*	5.7%	5.8%	-0.1%

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

VOLATILITY FORECASTS

FIXED INCOME

Volatility			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
US High Yield Corporate Bond	11.1%	11.3%	-0.2%
US Corporate Bond - BB	9.6%	9.7%	-0.1%
US Corporate Bond - B	11.6%	11.7%	-0.1%
US Corporate Bond - CCC/Below	20.1%	20.4%	-0.3%
US Short-Term High Yield Corporate Bond (1-3 Year)	8.1%	8.2%	-0.1%
US Leveraged Loan	7.2%	6.1%	+1.1%
Emerging Market Investment Grade External Debt	8.7%	8.7%	-
Emerging Market High Yield External Debt	17.1%	17.5%	-0.4%
Emerging Market Local Currency Debt	12.5%	12.6%	-0.1%
US High Yield Securitized Bond	12.7%	13.0%	-0.3%
US High Yield Collateralized Loan Obligation	18.3%	15.9%	+2.4%
US High Yield Municipal Bond	9.9%	12.0%	-2.1%
Hedge Fund - Credit	9.7%	9.7%	-
Private Debt - Credit Opportunities	14.2%	14.3%	-0.1%
Private Debt - Distressed	14.1%	13.9%	+0.2%
Private Debt - Direct Lending	11.0%	11.0%	-
Private Debt*	11.7%	11.8%	-0.1%

*Calculated as a blend of other asset classes. NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

VOLATILITY FORECASTS

REAL ASSETS

Volatility			
Asset Class	**12/31/2025**	**12/31/2024**	**Delta**
Commodity Futures	18.5%	18.5%	-
Midstream Energy	27.3%	27.7%	-0.4%
REIT	22.2%	22.4%	-0.2%
Global Infrastructure Equity	19.0%	19.3%	-0.3%
Global Natural Resources Equity	22.5%	22.9%	-0.4%
Gold	17.2%	16.6%	+0.6%
Real Estate - Core	15.5%	14.7%	+0.8%
Real Estate – Value-Add	23.9%	23.0%	+0.9%
Real Estate - Opportunistic	27.6%	27.3%	+0.3%
Private Debt - Real Estate	11.9%	11.9%	-
Private Real Assets - Natural Resources	30.5%	32.5%	-2.0%
Private Real Assets - Infrastructure	11.7%	10.6%	+1.1%

NEPC's capital market assumptions reflect proprietary forecasts for expected returns, volatility, and correlations. Return expectations may differ from an investor's realized returns after accounting for fees, taxes, or other aspects that can influence actual returns. Return forecasts and methodology are reviewed on an ongoing basis and are subject to change over time. Source: NEPC

INFORMATION DISCLAIMER

Past performance is no guarantee of future results.

The goal of this report is to provide a basis for substantiating asset allocation recommendations. The opinions presented herein represent the good faith views of NEPC as of the date of this report and are subject to change at any time.

Information on market indices was provided by sources external to NEPC. While NEPC has exercised reasonable professional care in preparing this report, we cannot guarantee the accuracy of all source information contained within.

All investments carry some level of risk. Diversification and other asset allocation techniques do not ensure profit or protect against losses.

This report is provided as a management aid for the client's internal use only. This report may contain confidential or proprietary information and may not be copied or redistributed to any party not legally entitled to receive it.

Key Credit Fund Concepts

	Public BDCs	Private BDCs & Interval Funds	Private Credit
Investor Access	Broad retail and institutional access	Generally accessible to retail and institutional investors	Typically acceredited institutions only
Liquidity	Daily liquidity via stock exchanges	Quarterly via tender offer, typically capped	Limited or no liquidity during fund life
Regulation	SEC-regulated	SEC-regulated	Less standardized
Pricing	Market-based, real-time pricing	Quarterly NAV, daily estimates	Quarterly NAV
Transparency	Extensive public reporting	Some public reporting	Limited public disclosure
Investment Structure	Publicly listed company	Registered closed-end fund	Private partnership

Price

A traded BDC's price is the value at which buyers and sellers are willing to transact on an open exchange.

Net Asset Value (NAV)

NAV is the estimated fair value of a loan portfolio less any liabilities. Common methods of estimating NAV include

- Discounted cash flow (DCF): project loan payments and discount them using current market yields
- Market comparables: adjust value based on pricing of similar traded loans
- Cost-based: use original cost, adjusted for credit events (e.g. impairments)

Recent Developments – Four Stress Signals

01

Redemption Pressure

Non-traded BDC investors withdrew $2.9B in Q4 2025 from large funds, a 200% increase from Q3. Quarterly redemption limits (typically 5% of NAV) were tested. Blue Owl moved to merge OBDC II into its listed BDC, exposing non-traded shareholders to a ~20% paper loss before ultimately dropping the transaction, but not in time to head off a 15% redemption rout. In Q1 2026 Cliffwater's CCLFX received redemption requests for 14% of NAV.

02

NAV Discounts at Public BDCs

The VanEck BDC ETF (BIZD) price fell 20% over the past 12 months. On average, public BDC prices are down nearly 14% since the beginning of 2026. Reported NAVs have changed little. As a result Index-level price-to-NAVs have fallen from par to ~80 cents on the dollar; outliers like FSK trade as low as 51 cents. The gap between stated private credit valuations and public market prices has become a key point of scrutiny.

03

Rising Non-Accruals and Write Downs

Markets are reacting to some public BDCs reporting increases in non-accruals and portfolio markdowns. KKR's FSK posted a 0.5% uptick in non-accruals and an $0.89/share net loss (4.2% of NAV) after writing down names in its tech-heavy portfolio. BlackRock's TCPC reported that nearly 10% of its loans (at cost) are on non-accrual, up from 7% in Q3.

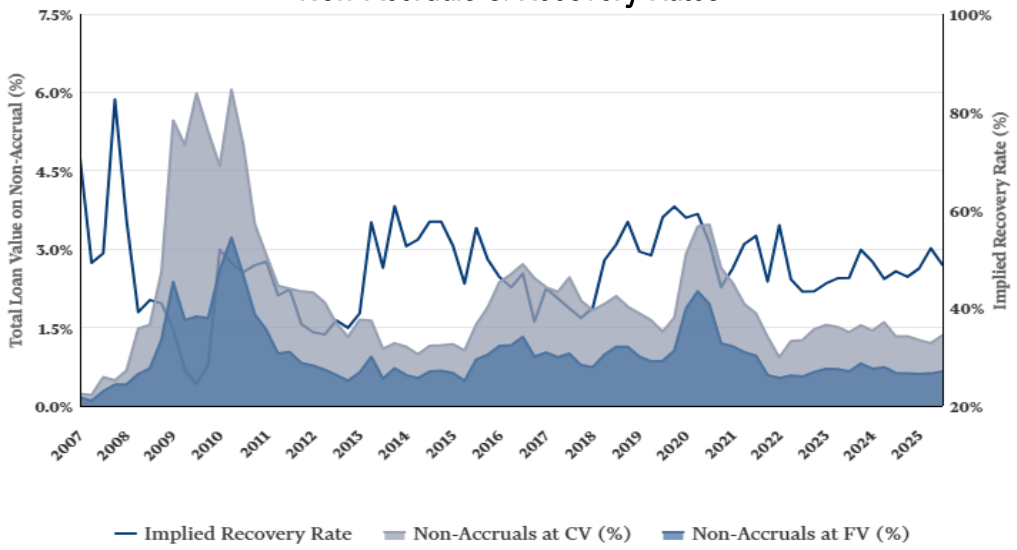
04

Income Compression from Rate Cuts

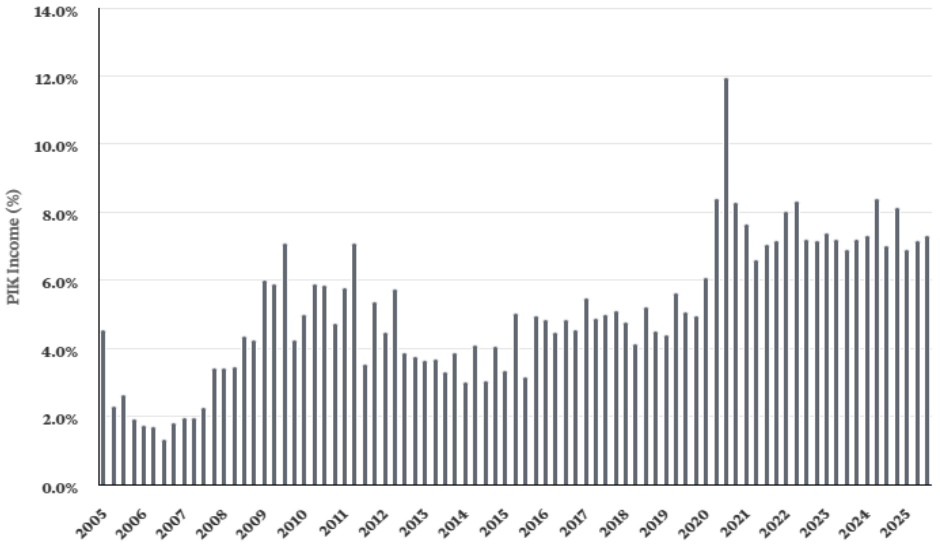
In Q3 2025 Cliffwater Direct Lending Index (CDLI) reported a 1.6% drop in income returns from mid-2024 highs amid strong investor demand for high yielding loans. The Fed has cut rates 75bps since then, bringing the target to 3.75%. BDC and private credit portfolios, nearly all floating-rate, immediately absorbed the impact. Public BDC dividend coverage now averages 75%, suggesting more dividend cuts are coming.

Credit Fundamentals

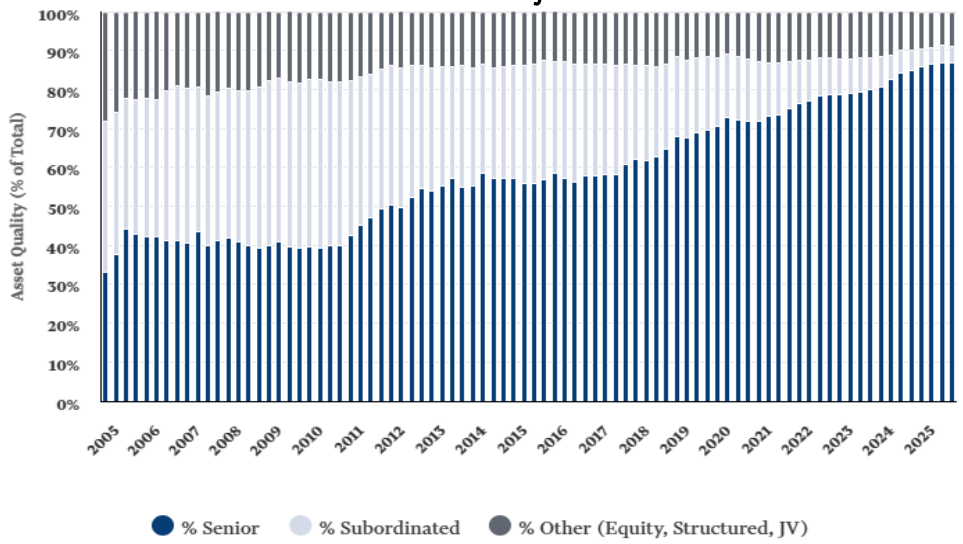
Non-Accruals & Recovery Rates



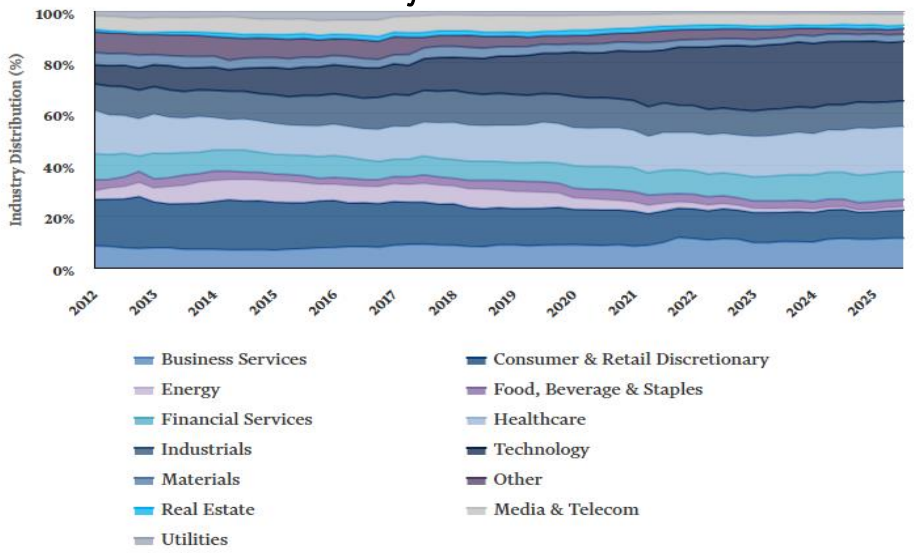
PIK as % of Total Income



Asset Quality



Industry Distribution



Source: Cliffwater Direct Lending Index as of September 30, 2025

Assessment: What This Means for Private Credit

THE GOOD

- Underlying asset quality remains reasonably solid. Most losses are isolated, not systemic
- Portfolio diversification is expected to limit the impact of idiosyncratic challenges
- Yields remain elevated relative to historical averages, supporting income targets
- Elevated redemptions could reduce competition for new deals, stabilizing spreads and benefitting well-capitalized lenders
- Discounts may provide attractive entry points for long-term investors able to purchase existing loans opportunistically

THE BAD

- Rising non-accruals and tighter spreads likely mean lower returns for private credit. This is expected as the double digit returns seen over the last 3-4 years are well above historical averages
- Software sector concentration in existing portfolios is a vulnerability that portfolio company selection cannot fully cure
- Many private credit strategies utilize fund-level leverage to enhance returns. Lender pullback could further reduce returns

THE UNCERTAIN

- Valuation opacity: private marks lag public pricing. Actual deterioration in private credit may be underreported in current NAVs
- Wider macro risks. Magnitude of AI-driven disruption in software borrowers, geopolitical tensions, and potential late-cycle credit losses remains unknown and unevenly underwritten across managers
- Path of base rates: a resumption of cuts would accelerate income compression; a reversal would ease it but potentially stress borrowers
- Manager dispersion widening — aggregate data masks large divergence in underwriting quality and sector concentration

Admin Updates for March 2026

- Local Board Disability training ongoing
- STARS in-person training continues:
    - This past week we taught the following courses (with attendees both in person and via Zoom):
        - The final 2-Part session of Pension Processing
        - Post-Retirement Processing
        - 2 sessions of Court Order Processing
        - Service Credit Purchase
        - Cancer & Retiree Health Insurance Processing
        - Employer Enrollment & Local Board Enrollment and Maintenance
    - Upcoming – final week of in-person 2 sessions:
        - Employer Self Service
        - Billing & Invoicing
        - Managing Payments
    - All materials are being posted for future reference and stakeholders are being made aware of "office hours" for assistance to support group knowledge.
- Expanded Cancer Insurance leg implementation: communications continue; post card sent to +5000 members; PSPRS already has enrolled 60 new members to the Expanded CIPP; staff have fielded 35 calls; staff training and tool provided to Call Center; includes referral for those with expired participation
- Guerra disability matter: PSPRS and member's attorney reviewed drafts; to be filed
- Cancer insurance financials to be presented in April; Funding Policy Analysis to begin in March; past PY reports available online with premiums paid, claims payouts and financial position; CIPP continues to look very strong and solvent
- PSPRS working on Part-time leg implementation that is effective June 30, 2026 and providing guidance to employers after Board discussion and review
- GASB may be ready for April, but if not April then May.
- AEPPP (Section 115 pension prefunding statute) Clark Partridge to present the Annual Report
- DC Provisions adopted by Board re CARES, SECURE 1 & 2.0 optional provisions to be implemented by NRS "as soon as administratively possible" as their system is being updated
    - Section 314 Domestic Violence-coming in 1Q27

    - Section 331 Qualified Federal Emergency-coming in 1Q26
- DC Educ Provider RFP submission date March 6; PSPRS had one submission. As approved by the Board Award date is now listed as “TBD”.

Attached are the updated FY26 employer contacts and additional contributions for PSPRS and CORP employers through 2/28/26. The total additional contributions for PSPRS for FY26 so far are $143.3m. The total additional contributions for CORP for FY26 so far are $500k.

PSPRS Plans

- FY26 additional contributions to PSPRS are $116.1 million. The largest contributions are from the following employers:
    - Phoenix - $46.3m ($29.7m for Police and $16.6m for Fire)
    - Scottsdale Police - $37.5m
    - Mesa - $17.3m ($12.9m for Police and $4.4m for Fire)
    - Chandler - $15m ($12.9m for Police and $4.1m for Fire)
    - Golder Ranch Fire District - $4.5m
    - Yavapai Co. Sheriff - $4m
    - Kingman - $3.7m ($2.4m for Fire and $1.3m for Police)
    - Buckeye - $3.5m ($2.3m for Police and $1.2m for Fire)
    - Lake Havasu - $3.3m ($2.2m for Fire and $1.1m for Police)

CORP Plans

- Yavapai Co. - $500k.

Employer Contacts

FY21, FY22, FY23, FY24, FY 25 & FY 26 Thru 2/28/26

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
001	BISBEE FIRE DEPARTMENT	X	X	X	X	X		
002	CASA GRANDE FIRE DEPARTMENT	X	X		X	X		
003	CASA GRANDE POLICE DEPARTMENT	X	X		X	X		
004	CHANDLER FIRE DEPARTMENT		X			X		
005	CHANDLER POLICE DEPARTMENT		X			X		
006	CLIFTON FIRE DEPARTMENT					X	X	Section 115 Trust
007	DEPARTMENT OF PUBLIC SAFETY	X	X	X		X		
008	DOUGLAS FIRE DEPARTMENT	X	X	X	X	X		
009	DOUGLAS POLICE DEPARTMENT	X	X	X	X	X		
010	FLAGSTAFF FIRE DEPARTMENT	X	X	X	X	X		
011	FLAGSTAFF POLICE DEPARTMENT	X	X	X	X	X		
012	GLENDALE FIRE DEPARTMENT	X	X	X	X	X		
013	GLENDALE POLICE DEPARTMENT	X	X	X	X	X		
014	GLOBE FIRE DEPARTMENT					X		
015	KINGMAN FIRE DEPARTMENT	X	X	X	X	X		
016	MARICOPA COUNTY SHERIFF'S OFFICE	X	X		X	X		
017	MESA FIRE DEPARTMENT	X	X	X		X		
018	MESA POLICE DEPARTMENT	X	X	X		X		
020	NOGALES FIRE DEPARTMENT	X	X	X				Section 115 Trust
021	PHOENIX FIRE DEPARTMENT	X	X	X		X		
022	PHOENIX POLICE DEPARTMENT	X	X	X		X		
023	PRESCOTT FIRE DEPARTMENT	X	X			X		
024	PRESCOTT POLICE DEPARTMENT	X	X			X		
025	SCOTTSDALE POLICE DEPARTMENT	X	X			X		
026	SIERRA VISTA FIRE DEPARTMENT	X	X			X		
027	TEMPE FIRE DEPARTMENT	X	X		X	X		
028	TEMPE POLICE DEPARTMENT	X	X		X	X		
029	TUCSON FIRE	X	X	X	X	X		Section 115 Trust
030	TUCSON POLICE	X	X	X	X			Section 115 Trust
031	WINSLOW FIRE DEPARTMENT							
032	YUMA FIRE DEPARTMENT	X	X	X	X	X		

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
033	YUMA POLICE DEPARTMENT	X	X	X	X	X		
034	YUMA COUNTY SHERIFF'S DEPARTMENT	X	X	X	X	X		
035	GAME AND FISH DEPARTMENT	X	X	X		X		
036	SIERRA VISTA POLICE DEPARTMENT	X	X			X		
037	BENSON POLICE DEPARTMENT					X		
038	BISBEE POLICE DEPARTMENT	X	X	X	X	X		
039	PIMA COUNTY SHERIFF'S DEPARTMENT	X	X	X	X	X		
040	KINGMAN POLICE DEPARTMENT	X	X	X	X	X		
041	ASU PD PSPRS LOCAL BOARD	X	X	X		X		
042	LAKE HAVASU CITY FIRE DEPARTMENT					X		
043	MOHAVE COUNTY SHERIFF'S DEPT.	X	X	X		X		
044	BULLHEAD CITY FIRE DEPARTMENT				X	X		
045	U OF A CAMPUS POLICE DEPARTMENT	X	X	X		X		
046	COCHISE COUNTY SHERIFF'S DEPT	X	X	X		X		
047	SAFFORD POLICE DEPARTMENT	X	X	X	X	X		
049	DREXEL HEIGHTS FIRE DISTRICT	X						
050	WINSLOW POLICE DEPARTMENT					X		
051	PAYSON FIRE DEPARTMENT	X	X	X		X	X	Section 115 Trust
052	PAYSON POLICE DEPARTMENT	X	X	X		X	X	Section 115 Trust
053	NORTHERN AZ. CONSOLIDATED FD #1	X	X	X	X	X		
054	FRY FIRE DISTRICT	X	X	X	X	X	X	Section 115 Trust
055	FREDONIA MARSHALS							
056	NAU CAMPUS POLICE	X	X	X		X		
058	SOUTH TUCSON FIRE DEPARTMENT	X	X	X		X		
059	AVONDALE FIRE DEPARTMENT	X	X			X		
060	PARKER POLICE DEPARTMENT	X	X	X		X		
061	COCONINO COUNTY SHERIFF'S DEPT	X	X	X	X	X		
062	CENTRAL YAVAPAI FIRE DISTRICT							
064	BUCKSKIN FIRE DISTRICT				X	X		
065	SNOWFLAKE POLICE DEPARTMENT							
066	COTTONWOOD POLICE DEPARTMENT	X	X	X	X	X		
067	LAKE HAVASU CITY POLICE DEPT.					X		
069	SOUTH TUCSON POLICE DEPARTMENT	X	X	X		X		

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
070	APACHE JUNCTION POLICE DEPARTMENT	X	X		X	X		
071	NAVAJO COUNTY SHERIFF'S DEPT.	X	X		X	X		
072	MOHAVE VALLEY FIRE DISTRICT	X	X					
073	PEORIA FIRE DEPARTMENT	X	X	X		X		
074	PEORIA POLICE DEPARTMENT	X	X	X		X		
076	PARADISE VALLEY POLICE DEPARTMENT	X	X	X		X		
077	WILLCOX POLICE DEPARTMENT				X	X		
078	SHOW LOW POLICE DEPARTMENT	X	X	X		X		
079	ELOY POLICE DEPARTMENT	X	X			X		
080	NOGALES POLICE DEPARTMENT	X	X	X		X		Section 115 Trust
081	GILBERT POLICE DEPARTMENT		X			X		
083	CLIFTON POLICE DEPARTMENT						X	Section 115 Trust
085	COOLIDGE POLICE DEPARTMENT	X	X			X		
086	HOLBROOK POLICE DEPARTMENT					X		
087	SANTA CRUZ COUNTY SHERIFF'S DEPT.	X	X		X	X		
088	PRESCOTT VALLEY POLICE DEPARTMENT					X		
089	EAGAR POLICE DEPARTMENT	X	X			X		
090	TOLLESON POLICE DEPARTMENT					X		
091	FLORENCE POLICE DEPARTMENT	X				X		
092	SPRINGERVILLE POLICE DEPARTMENT	X	X			X		
093	EL MIRAGE POLICE DEPARTMENT	X				X		
094	SUPERIOR POLICE DEPARTMENT							
095	SAN LUIS POLICE DEPARTMENT	X	X	X	X	X		
096	PAGE POLICE DEPARTMENT		X			X	X	Section 115 Trust
097	PAGE FIRE DEPARTMENT		X			X	X	Section 115 Trust
098	YAVAPAI COUNTY SHERIFF'S DEPT.	X	X	X		X		
100	PIMA POLICE DEPARTMENT							
101	APACHE COUNTY SHERIFF'S DEPT.	X	X		X	X		
102	COTTONWOOD FIRE DEPARTMENT	X	X	X	X	X		
103	LA PAZ COUNTY SHERIFF'S DEPT.	X	X	X		X		
104	PINAL COUNTY SHERIFF'S DEPARTMENT	X	X	X	X	X		
105	CLARKDALE POLICE DEPARTMENT					X		
106	BUCKEYE POLICE DEPARTMENT	X				X		

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
107	MARANA POLICE DEPARTMENT					X		
108	TOLLESON FIRE DEPARTMENT					X		
109	CHINO VALLEY POLICE DEPARTMENT	X				X		
110	SURPRISE POLICE DEPARTMENT	X	X			X		
111	WELLTON POLICE	X	X	X	X	X		
112	GILA COUNTY SHERIFF'S DEPARTMENT	X	X	X	X	X		
113	PINETOP-LAKESIDE POLICE DEPT.	X	X	X	X	X		
114	BULLHEAD CITY POLICE DEPARTMENT							
115	WILLIAMS POLICE DEPARTMENT							
116	MIAMI POLICE DEPARTMENT							
117	THATCHER POLICE DEPARTMENT	X	X			X		
118	YOUNGTOWN POLICE DEPARTMENT	X	X	X		X		
119	DEPARTMENT OF EMER & MILITARY AFF	X	X			X		
120	SURPRISE FIRE DEPARTMENT	X	X			X		
121	CAMP VERDE MARSHALL'S		X		X	X		
122	ORO VALLEY POLICE DEPT.	X	X	X	X	X		
123	GREENLEE COUNTY SHERIFF'S DEPT.	X	X			X		
124	TUCSON AIRPORT AUTHORITY FIRE DPT	X	X			X		
125	TUCSON AIRPORT AUTHORITY POLICE	X	X			X		
126	WICKENBURG POLICE DEPARTMENT	X	X	X		X		
127	EL MIRAGE FIRE DEPARTMENT	X				X		
128	PATAGONIA MARSHALS	X	X					
129	SEDONA POLICE DEPARTMENT	X				X		
130	MAMMOTH POLICE DEPARTMENT	X	X					
131	GLOBE POLICE DEPARTMENT					X		
132	TOMBSTONE MARSHAL'S DEPARTMENT							
133	GOLDER RANCH FIRE DISTRICT	X	X		X	X	X	Section 115 Trust
134	FORT MOJAVE MESA FIRE DISTRICT	X	X	X	X	X	X	Section 115 Trust
136	GOODYEAR FIRE DEPARTMENT				X	X		
137	GOODYEAR POLICE DEPARTMENT				X	X		
139	AVONDALE POLICE DEPARTMENT	X	X			X		
140	GRAHAM COUNTY SHERIFF'S DEPT.					X		
142	GOLDEN VALLEY FIRE DISTRICT							

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
143	DAISY MOUNTAIN FIRE DISTRICT	X	X		X	X		
144	QUARTZSITE POLICE DEPARTMENT							
145	PICTURE ROCKS FIRE DISTRICT							
146	PIMA COUNTY COMM. COLLEGE POLICE					X		
147	NORTHWEST FIRE DISTRICT					X		
148	SUPERSTITION FIRE AND MEDICAL DIS	X	X	X	X	X		
149	GILBERT FIRE DEPARTMENT		X			X		
150	PINE-STRAWBERRY FIRE DISTRICT	X	X	X				
151	ATTORNEY GENERAL INVESTIGATORS	X	X	X		X		
153	ST. JOHNS POLICE DEPARTMENT							
154	PIMA COUNTY ATTORNEY INVESTIGATOR	X	X	X				
155	SUN LAKES FIRE DISTRICT							
156	KEARNY POLICE DEPARTMENT							
157	GREENLEE CNTY ATTY INVESTIGATORS	X	X					
158	NAVAJO COUNTY ATTY'S INVESTIGATOR	X	X					
162	AVRA VALLEY FIRE DISTRICT							
163	SAN LUIS FIRE DEPARTMENT	X	X	X	X	X		
164	AZ DPT. LIQ. LIC. & CONTROL INVST	X	X	X		X		
165	MARICOPA CNTY ATTY INVESTIGATORS	X	X					
166	SEDONA FIRE DISTRICT	X				X		
167	GUADALUPE FIRE DEPARTMENT	X	X	X				
168	MAYER FIRE DISTRICT					X		
169	SOMERTON POLICE DEPARTMENT							
170	NORTH COUNTY FIRE & MEDICAL DISTR							
171	SOMERTON FIRE DEPARTMENT							
172	TUBAC FIRE DISTRICT							
173	LA PAZ COUNTY ATTY. INVESTIGATORS	X	X	X				
174	SAHUARITA POLICE DEPARTMENT	X	X	X		X		
176	FLORENCE FIRE DEPARTMENT	X				X		
177	SUN CITY FIRE DISTRICT	X	X	X	X	X		
178	HAYDEN POLICE DEPARTMENT							
179	GILA RIVER FIRE DEPARTMENT							
180	GILA RIVER POLICE DEPARTMENT							

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
181	SALT RIVER PIMA-MARICOPA FIRE							
182	SALT RIVER PIMA-MARICOPA POLICE					X		
185	PINETOP FIRE DISTRICT	X	X		X	X		
187	YAVAPAI CNTY ATTRNY INVESTIGATORS	X	X	X		X		
188	THREE POINTS FIRE DISTRICT							
190	BUCKEYE FIRE DEPARTMENT	X				X		
192	HEBER-OVERGAARD FIRE DISTRICT		X			X		
193	HELLSGATE FIRE DISTRICT	X	X		X	X		
194	SANTA RITA FIRE DISTRICT (Formerly GREEN VALLEY FD)							
195	SUMMIT FIRE DISTRICT	X	X		X	X		
196	CAMP VERDE FIRE DISTRICT							
197	FORT MCDOWELL TRIBAL FIRE DEPT.							
198	FORT MCDOWELL TRIBAL POLICE DEPT.							
199	HIGHLANDS FIRE DISTRICT	X	X	X	X	X		
200	RIO RICO FIRE DISTRICT	X	X			X		
201	TRI-CITY FIRE DISTRICT					X		
202	MARICOPA COUNTY PARK RANGERS	X	X					
203	VERDE VALLEY FIRE DISTRICT	X	X	X	X	X		
204	ARIZONA STATE PARK RANGERS	X	X	X		X		
206	HUALAPAI INDIAN TRIBE POLICE DEPT							
207	PINEWOOD FIRE DISTRICT	X	X	X				
208	RINCON VALLEY FIRE DISTRICT	X	X			X		
209	TONOPAH VALLEY FIRE DISTRICT							
210	JEROME POLICE DEPARTMENT	X	X	X		X		
211	FORT MOJAVE TRIBAL POLICE DEPT.							
212	BUCKEYE VALLEY FIRE DISTRICT							
213	ELOY FIRE DISTRICT	X	X		X	X		
214	PASCUA YAQUI TRIBE FIRE DEPT.							
215	PASCUA YAQUI TRIBE POLICE DEPT.					X		
216	TOWN OF SUPERIOR (FIRE DEPT)							
217	WICKENBURG FIRE DEPARTMENT	X	X	X		X		
219	BLACK CANYON FIRE DISTRICT							
221	QUARTZSITE FIRE DISTRICT					X		

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
222	RIO VERDE FIRE DISTRICT	X	X			X		
223	SCOTTSDALE FIRE DEPARTMENT	X	X			X		
224	AK CHIN INDIAN COMM. FIRE DEPT.							
225	AK CHIN INDIAN COMM. POLICE DEPT.							
226	CORONA DE TUCSON FIRE DISTRICT					X		
227	GOLDEN SHORES FIRE DISTRICT					X		
228	CITY OF MARICOPA - FIRE							
229	CAVE CREEK MARSHALS	X	X			X		
231	SAN CARLOS TRIBAL POLICE DEPT.	X	X			X		
232	GROOM CREEK FIRE DISTRICT	X	X					
233	MOUNT LEMMON FIRE DISTRICT	X	X					
234	YAVAPAI PRESCOTT TRIBAL POLICE							
235	TOHONO O'ODHAM NATION FIRE DEPT.							
236	TOHONO O'ODHAM NATION POLICE DEPT							
237	WILLIAMSON VALLEY FIRE DISTRICT					X		
238	HARQUAHALA FIRE DISTRICT					X		
239	COOLIDGE FIRE DEPARTMENT	X	X			X		
242	CENTRAL AZ. COLLEGE POLICE DEPT.							
243	CITY OF MARICOPA (POLICE DEPT.)							
244	ORACLE FIRE DISTRICT	X				X		
245	BENSON FIRE DEPARTMENT							
246	DESERT HILLS FIRE DEPARTMENT							
247	QUEEN CREEK FIRE DEPARTMENT	X	X			X		
248	SONOITA ELGIN FIRE DEPARTMENT							
249	CHRISTOPHER-KOHL'S FIRE DISTRICT	X	X					
250	WHETSTONE FIRE DISTRICT					X		
251	QUEEN VALLEY FIRE DISTRICT							
252	LAKE MOHAVE RANCHOS FIRE DISTRICT							
253	HUACHUCA CITY POLICE DEPARTMENT	X	X	X				
254	PALOMINAS FIRE DISTRICT		X					
255	SUN SITES PEARCE FIRE DISTRICT							
256	PONDEROSA FIRE DISTRICT							
257	TIMBER MESA FIRE AND MEDICAL DIST	X						

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
258	CENTRAL AZ. FIRE AND MEDICAL AUTH	X	X	X	X	X	X	Section 115 Trust
259	COPPER CANYON FIRE AND MEDICAL	X	X	X	X	X		
260	MOUNTAIN VISTA FIRE DISTRICT							
261	BEAVER DAM/LITTLEFIELD FIRE DIST.					X		
262	BLUE RIDGE FIRE DISTRICT	X	X			X		
263	ARIZONA FIRE & MEDICAL AUTHORITY	X	X	X	X	X		
264	TAYLOR SNOWFLAKE FIRE & MEDICAL DEPT.							
265	QUEEN CREEK POLICE DEPARTMENT	X	X			X		
266	PARKER FIRE DISTRICT					X		
267	TONTO APACHE TRIBE POLICE DEPARTMENT					X		
268	WILLIAMS FIRE DEPARTMENT					X		
269	YAVAPAI APACHE TRIBAL POLICE DEPARTMENT					X		
270	TOWN OF COLORADO CITY POLICE DEPARTMENT					X		
271	EAGAR FIRE DBA ROUND VALLEY FIRE & I	X	X			X		
500	DEPARTMENT OF CORRECTIONS - CORP	X	X			X		
501	DEPT OF JUVENILE CORRECTIONS-CORP	X	X			X		
502	PINAL COUNTY - CORP	X	X	X	X	X		
503	GILA COUNTY - CORP	X	X	X	X	X		
504	GRAHAM COUNTY - DETENTION					X		
505	MARICOPA COUNTY - CORP	X	X		X	X		
506	CITY OF AVONDALE - DETENTION	X				X		
507	LA PAZ COUNTY - DETENTION	X	X	X				
510	YUMA COUNTY - CORP	X	X	X	X	X		
515	PIMA COUNTY - CORP	X	X	X	X	X		
520	APACHE COUNTY - CORP	X	X		X	X		
525	COCHISE COUNTY - CORP	X	X	X				
530	COCONINO COUNTY - CORP	X	X	X				
535	MOHAVE COUNTY - CORP	X	X	X		X		
540	SANTA CRUZ COUNTY - CORP					X		
545	NAVAJO COUNTY - CORP	X	X		X	X		
550	YAVAPAI COUNTY - CORP	X	X	X		X		
555	PINAL COUNTY - DISPATCHERS	X	X	X	X	X		
556	ORO VALLEY - DISPATCHERS	X	X	X		X		

Plan #	Employer Plan Name	E-mail	Discussion	Presentation	Financing	Unfunded Liability Payment	AEPPP Participant	Notes
557	TOWN OF MARANA - DISPATCHERS					X		
558	GILA COUNTY - DISPATCHERS	X	X	X	X	X		
559	TOWN OF WICKENBURG-DISPATCHERS	X	X	X		X		
560	GRAHAM COUNTY - DISPATCHERS					X		
561	YAVAPAI COUNTY - DISPATCHERS	X	X	X				
562	CITY OF SOMERTON - DISPATCHERS							
563	DEPARTMENT OF PUBLIC SAFETY	X	X	X		X		
564	DEPARTMENT OF PUBLIC SAFETY DETEN	X	X	X		X		
575	ADMIN OFFICE OF THE COURT	X	X	X				
576	APACHE COUNTY - AOC							
577	COCHISE COUNTY - AOC							
578	COCONINO COUNTY - AOC					X		
579	GILA COUNTY - AOC					X		
580	GRAHAM COUNTY - AOC							
581	GREENLEE COUNTY - AOC							
582	LA PAZ COUNTY - AOC							
583	MARICOPA COUNTY-AOC JUDICIAL BR.							
584	MOHAVE COUNTY - AOC							
585	NAVAJO COUNTY - AOC							
586	PIMA COUNTY - AOC							
587	PINAL COUNTY - AOC					X		
588	SANTA CRUZ COUNTY - AOC							
589	YAVAPAI COUNTY - AOC							
590	YUMA COUNTY - AOC							
	Totals	165	161	93	67	192	10	

Additional Contributions for Unfunded Liabilities - PSPRS
FY21, FY22, FY23, FY24, FY 25 & FY 26 Thru 2/28/26

SYS NO	SYSTEM	FY21 Additional ER Contrib	FY22 Additional ER Contrib	FY23 Additional ER Contrib	FY24 Additional ER Contrib	FY25 Additional ER Contrib	FY26 Additional ER Contrib	Cummulative Additional ER Contrib
001	BISBEE FIRE DEPARTMENT	-	11,017,741.56	208,347.00	-	-	-	11,226,088.56
002	CASA GRANDE FIRE DEPARTMENT	-	23,322,507.00	-	274,503.35	759,961.65	-	24,356,972.00
003	CASA GRANDE POLICE DEPARTMENT	-	39,137,631.00	-	173,997.90	35,333.05	-	39,346,961.95
004	CHANDLER FIRE DEPARTMENT	5,226,473.00	7,285,199.00	16,615,640.00	23,150,000.00	5,158,513.72	4,148,000.00	61,583,825.72
005	CHANDLER POLICE DEPARTMENT	9,773,527.00	14,714,801.00	33,384,360.00	49,850,000.00	5,063,191.82	10,852,000.00	123,637,879.82
006	CLIFTON FIRE DEPARTMENT	43,429.00	23,429.00	-	-	-	-	66,858.00
007	DEPARTMENT OF PUBLIC SAFETY	500,000,000.00	420,577,796.42	-	-	-	-	920,577,796.42
008	DOUGLAS FIRE DEPARTMENT	13,588,944.85	-	-	1,080,942.00	-	-	14,669,886.85
009	DOUGLAS POLICE DEPARTMENT	20,728,094.12	-	-	-	5,899.78	-	20,733,993.90
010	FLAGSTAFF FIRE DEPARTMENT	62,199,900.00	-	-	-	695,271.38	-	62,895,171.38
011	FLAGSTAFF POLICE DEPARTMENT	55,060,461.00	-	-	3,200,000.00	220,627.77	-	58,481,088.77
012	GLENDALE FIRE DEPARTMENT	-	82,253,944.34	-	-	-	-	82,253,944.34
013	GLENDALE POLICE DEPARTMENT	-	169,069,815.26	-		-	-	169,069,815.26
014	GLOBE FIRE DEPARTMENT	260,046.59	213,770.23	-	-	1,146,520.00	-	1,620,336.82
015	KINGMAN FIRE DEPARTMENT	-	16,696,253.89	-	127,955.21	190,302.75	2,358,343.00	19,372,854.85
016	MARICOPA COUNTY SHERIFF'S OFFICE	-	40,000,000.00	150,000,000.00	92,000,000.00	35,560,000.00	-	317,560,000.00
017	MESA FIRE DEPARTMENT	433.39	7,619,387.35	3,819,016.86	4,049,899.67	4,206,977.89	4,381,056.23	24,076,771.39
018	MESA POLICE DEPARTMENT	53.79	15,914,229.03	12,685,952.22	12,899,637.27	12,116,780.07	12,878,881.39	66,495,533.77
020	NOGALES FIRE DEPARTMENT	-	-	-	-	-	-	-
021	PHOENIX FIRE DEPARTMENT	9,608,297.29	11,549,949.93	22,889,884.27	22,275,592.05	24,143,047.74	16,614,736.97	107,081,508.25
022	PHOENIX POLICE DEPARTMENT	16,361,491.00	28,104,419.32	47,827,546.79	42,173,814.92	46,942,775.88	29,673,077.74	211,083,125.65
023	PRESCOTT FIRE DEPARTMENT	7,237,815.93	7,117,703.68	4,829,546.04	2,526,000.00	1,000,000.00	1,000,000.00	23,711,065.65
024	PRESCOTT POLICE DEPARTMENT	7,237,815.92	9,145,618.99	3,577,500.75	720,000.00	894,877.78	-	21,575,813.44
025	SCOTTSDALE POLICE DEPARTMENT	767,378.00	35,000,000.01	10,000,000.00	11,460,048.29	161,093.64	37,500,000.00	94,888,519.94
026	SIERRA VISTA FIRE DEPARTMENT	9,690.23	77,778.76	-	1,566,876.91	912,075.00	-	2,566,420.90
027	TEMPE FIRE DEPARTMENT	-	122,993,405.29	-	-	0.01	-	122,993,405.30
028	TEMPE POLICE DEPARTMENT	-	218,143,844.71	-	-	-	-	218,143,844.71
029	TUCSON FIRE	1,754,462.75	-	-	-	-	-	1,754,462.75
030	TUCSON POLICE	-	-	-	-	-	-	-
031	WINSLOW FIRE DEPARTMENT	-	-	-	-	-	-	-
032	YUMA FIRE DEPARTMENT	15,286,149.48	50,217,632.68	-	-	-	-	65,503,782.16
033	YUMA POLICE DEPARTMENT	19,713,850.52	60,156,755.95	-	-	-	-	79,870,606.47
034	YUMA COUNTY SHERIFF'S DEPARTMEN	24,150,257.76	-	-	-	-	-	24,150,257.76
035	GAME AND FISH DEPARTMENT	1,500,000.00	98,243,000.00	-	-	-	-	99,743,000.00
036	SIERRA VISTA POLICE DEPARTMENT	14,803.66	-	-	1,704,062.19	645,028.09	-	2,363,893.94
037	BENSON POLICE DEPARTMENT	-	-	-	-	-	5,268.00	5,268.00
038	BISBEE POLICE DEPARTMENT	-	9,732,258.44	348,651.00	-	-	-	10,080,909.44
039	PIMA COUNTY SHERIFF'S DEPARTMENT	22,804,500.01	203,821,805.97	-	10,000,000.00	-	-	236,626,305.98
040	KINGMAN POLICE DEPARTMENT	0.01	16,640,284.74	-	98,675.92	150,084.39	1,315,639.00	18,204,684.06
041	ASU PD PSPRS LOCAL BOARD	-	23,565,000.00	-	-	-	-	23,565,000.00
042	LAKE HAVASU CITY FIRE DEPARTMENT	-	-	-	1,255,215.00	1,819,507.00	2,175,627.00	5,250,349.00
043	MOHAVE COUNTY SHERIFF'S DEPT.	-	-	10,000,000.00	3,500,000.00	-	-	13,500,000.00
044	BULLHEAD CITY FIRE DEPARTMENT	-	25,029,701.75	-	-	-	-	25,029,701.75
045	U OF A CAMPUS POLICE DEPARTMENT	-	15,645,900.00	-	-	-	-	15,645,900.00
046	COCHISE COUNTY SHERIFF'S DEPT	-	5,285,929.56	520,481.51	2,947,835.24	3,145,425.00	-	11,899,671.31

SYS NO	SYSTEM	FY21 Additional ER Contrib	FY22 Additional ER Contrib	FY23 Additional ER Contrib	FY24 Additional ER Contrib	FY25 Additional ER Contrib	FY26 Additional ER Contrib	Cummulative Additional ER Contrib
047	SAFFORD POLICE DEPARTMENT	-	12,506,994.64	600,000.00	-	-	-	13,106,994.64
049	DREXEL HEIGHTS FIRE DISTRICT	-	-	-	-	-	-	-
050	WINSLOW POLICE DEPARTMENT	-	-	-	70,000.00	70,000.00	-	140,000.00
051	PAYSON FIRE DEPARTMENT	-	300,000.00	150,000.00	150,000.00	150,000.00	-	750,000.00
052	PAYSON POLICE DEPARTMENT	-	900,000.00	450,000.00	450,000.00	450,000.00	845,633.00	3,095,633.00
053	NORTHERN AZ. CONSOLIDATED FD #1	-	3,164,418.42	-	-	-	-	3,164,418.42
054	FRY FIRE DISTRICT	-	16,813,967.85	-	-	-	-	16,813,967.85
055	FREDONIA MARSHALS	-	-	-	-	-	-	-
056	NAU CAMPUS POLICE	-	7,725,600.00	-	-	-	-	7,725,600.00
058	SOUTH TUCSON FIRE DEPARTMENT	-	-	207,105.00	101,792.63	198,047.05	193,765.85	700,710.53
059	AVONDALE FIRE DEPARTMENT	-	-	-	402,021.62	1,271,862.55	-	1,673,884.17
060	PARKER POLICE DEPARTMENT	23,908.04	10,061.50	-	-	-	-	33,969.54
061	COCONINO COUNTY SHERIFF'S DEPT	17,817,697.41	-	-	-	-	-	17,817,697.41
062	CENTRAL YAVAPAI FIRE DISTRICT	-	-	-	-	-	-	-
064	BUCKSKIN FIRE DISTRICT	-	5,586,911.02	-	-	-	-	5,586,911.02
065	SNOWFLAKE POLICE DEPARTMENT	-	-	-	-	-	-	-
066	COTTONWOOD POLICE DEPARTMENT	13,028,599.24	7,156.32	-	-	-	-	13,035,755.56
067	LAKE HAVASU CITY POLICE DEPT.	-	-	-	-	384,705.00	1,123,778.00	1,508,483.00
069	SOUTH TUCSON POLICE DEPARTMENT	0.01	134,038.60	105,000.00	90,711.00	122,702.43	-	452,452.04
070	APACHE JUNCTION POLICE DEPARTME	-	-	26,346,401.00	-	-	-	26,346,401.00
071	NAVAJO COUNTY SHERIFF'S DEPT.	-	14,119,431.66	-	-	-	-	14,119,431.66
072	MOHAVE VALLEY FIRE DISTRICT	-	-	-	-	-	-	-
073	PEORIA FIRE DEPARTMENT	-	7,500,000.00	3,700,000.00	2,703,088.59	3,273,206.56	-	17,176,295.15
074	PEORIA POLICE DEPARTMENT	-	27,500,000.00	1,950,000.00	6,673,041.00	6,175,889.98	-	42,298,930.98
076	PARADISE VALLEY POLICE DEPARTMEN	1,800,000.00	-	-	5,000,000.00	2,500,000.00	-	9,300,000.00
077	WILLCOX POLICE DEPARTMENT	-	4,849,287.95	-	-	-	-	4,849,287.95
078	SHOW LOW POLICE DEPARTMENT	975,000.00	2,000,000.00	750,000.00	501,125.65	358,258.64	-	4,584,384.29
079	ELOY POLICE DEPARTMENT	-	6,000,000.00	421,240.00	-	200,000.00	-	6,621,240.00
080	NOGALES POLICE DEPARTMENT	-	3,896.18	-	-	-	-	3,896.18
081	GILBERT POLICE DEPARTMENT	13,000,000.00	-	-	170,000.00	5,648,163.50	99,130.19	18,917,293.69
083	CLIFTON POLICE DEPARTMENT	-	-	-	-	-	-	-
085	COOLIDGE POLICE DEPARTMENT	5,000,000.00	3,190,413.00	750,000.00	-	-	-	8,940,413.00
086	HOLBROOK POLICE DEPARTMENT	585,000.00	600,000.00	604,555.80	-	-	-	1,789,555.80
087	SANTA CRUZ COUNTY SHERIFF'S DEPT	-	8,800,000.00	-	-	-	-	8,800,000.00
088	PRESCOTT VALLEY POLICE DEPARTME	800,000.00	2,206,064.56	2,000,000.00	2,000,000.00	2,000,000.00	1,000,000.00	10,006,064.56
089	EAGAR POLICE DEPARTMENT	-	-	250,000.00	500,000.00	500,000.00	1,466,938.00	2,716,938.00
090	TOLLESON POLICE DEPARTMENT	400,000.00	700,000.00	1,000,000.00	1,000,000.00	420,000.02	-	3,520,000.02
091	FLORENCE POLICE DEPARTMENT	1,400,000.00	74,973.00	72,387.00	145,368.00	1,251,441.00	-	2,944,169.00
092	SPRINGERVILLE POLICE DEPARTMENT	-	-	-	500,000.00	1,144,461.17	-	1,644,461.17
093	EL MIRAGE POLICE DEPARTMENT	-	1,800,000.00	1,800,000.00	1,800,000.00	3,858,000.00	-	9,258,000.00
094	SUPERIOR POLICE DEPARTMENT	-	-	-	-	-	-	-
095	SAN LUIS POLICE DEPARTMENT	5,731,622.62	-	-	-	-	-	5,731,622.62
096	PAGE POLICE DEPARTMENT	87,949.00	-	-	-	-	-	87,949.00
097	PAGE FIRE DEPARTMENT	59,104.00	-	-	200,000.00	-	-	259,104.00
098	YAVAPAI COUNTY SHERIFF'S DEPT.	4,000,000.00	4,000,000.00	4,000,000.00	-	4,022,061.83	4,000,000.00	20,022,061.83
100	PIMA POLICE DEPARTMENT	-	-	-	-	-	-	-
101	APACHE COUNTY SHERIFF'S DEPT.	12,886,279.63	-	-	-	-	-	12,886,279.63
102	COTTONWOOD FIRE DEPARTMENT	3,794,432.22	-	-	367,047.33	561.87	-	4,162,041.42
103	LA PAZ COUNTY SHERIFF'S DEPT.	-	3,456.40	-	5,000,000.00	1,400,000.00	-	6,403,456.40

SYS NO	SYSTEM	FY21 Additional ER Contrib	FY22 Additional ER Contrib	FY23 Additional ER Contrib	FY24 Additional ER Contrib	FY25 Additional ER Contrib	FY26 Additional ER Contrib	Cummulative Additional ER Contrib
104	PINAL COUNTY SHERIFF'S DEPARTMEN	67,793,217.13	-	-	-	-	-	67,793,217.13
105	CLARKDALE POLICE DEPARTMENT	130,000.00	130,000.00	130,000.00	-	-	-	390,000.00
106	BUCKEYE POLICE DEPARTMENT	400,000.00	-	500,000.00	315,792.70	658,494.47	2,592,750.00	4,467,037.17
107	MARANA POLICE DEPARTMENT	-	-	6,000,000.00	65,888.21	13,592,934.04	-	19,658,822.25
108	TOLLESON FIRE DEPARTMENT	125,000.00	200,000.00	1,000,000.00	1,000,000.00	1,580,000.00	-	3,905,000.00
109	CHINO VALLEY POLICE DEPARTMENT	300,000.00	400,000.00	400,000.00	1,200,000.00	650,000.00	250,000.00	3,200,000.00
110	SURPRISE POLICE DEPARTMENT	127,059.18	-	-	804,501.16	749,665.99	-	1,681,226.33
111	WELLTON POLICE	2,274,703.51	-	-	-	-	-	2,274,703.51
112	GILA COUNTY SHERIFF'S DEPARTMENT	12,982,447.37	-	-	516.74	-	-	12,982,964.11
113	PINETOP-LAKESIDE POLICE DEPT.	-	6,600,000.00	-	-	-	-	6,600,000.00
114	BULLHEAD CITY POLICE DEPARTMENT	-	-	-	-	-	-	-
115	WILLIAMS POLICE DEPARTMENT	-	-	-	-	-	-	-
116	MIAMI POLICE DEPARTMENT	-	-	-	-	-	-	-
117	THATCHER POLICE DEPARTMENT	250,000.00	1,000,000.00	1,300,000.00	-	-	-	2,550,000.00
118	YOUNGTOWN POLICE DEPARTMENT	82,906.00	92,947.00	-	-	-	-	175,853.00
119	DEPARTMENT OF EMER & MILITARY AFI	-	8,542,800.00	-	844.14	6,133.45	-	8,549,777.59
120	SURPRISE FIRE DEPARTMENT	873,948.65	-	-	2,216,821.67	3,386,933.89	-	6,477,704.21
121	CAMP VERDE MARSHALL'S	689.51	2,549,840.69	-	-	-	-	2,550,530.20
122	ORO VALLEY POLICE DEPT.	500,000.00	27,612,366.00	84,144.36	2,500,000.00	1,113,909.75	1,156,498.25	32,966,918.36
123	GREENLEE COUNTY SHERIFF'S DEPT.	1,501,627.52	500,000.01	1,925,914.00	-	-	-	3,927,541.53
124	TUCSON AIRPORT AUTHORITY FIRE DP	12,111,450.00	-	-	-	-	-	12,111,450.00
125	TUCSON AIRPORT AUTHORITY POLICE	15,088,550.00	-	-	-	-	-	15,088,550.00
126	WICKENBURG POLICE DEPARTMENT	3,597,253.00	-	206,407.00	338,489.00	365,305.00	-	4,507,454.00
127	EL MIRAGE FIRE DEPARTMENT	-	200,000.00	200,000.00	200,000.00	-	-	600,000.00
128	PATAGONIA MARSHALS	-	-	-	-	-	-	-
129	SEDONA POLICE DEPARTMENT	467,597.36	329,616.49	1,387,351.63	5,423,661.57	174,399.74	-	7,782,626.79
130	MAMMOTH POLICE DEPARTMENT	-	-	-	-	-	-	-
131	GLOBE POLICE DEPARTMENT	359,116.71	222,339.74	-	-	1,146,520.00	-	1,727,976.45
132	TOMBSTONE MARSHAL'S DEPARTMENT	-	-	-	-	-	-	-
133	GOLDER RANCH FIRE DISTRICT	-	24,930,645.33	-	-	-	4,546,837.00	29,477,482.33
134	FORT MOJAVE MESA FIRE DISTRICT	-	8,157,280.00	-	-	-	-	8,157,280.00
136	GOODYEAR FIRE DEPARTMENT	12,000,000.00	86,404.52	-	1,309,434.61	1,353,138.68	-	14,748,977.81
137	GOODYEAR POLICE DEPARTMENT	12,000,000.00	-	-	1,445,110.09	1,717,715.06	-	15,162,825.15
139	AVONDALE POLICE DEPARTMENT	-	-	-	390,817.49	1,007,143.83	-	1,397,961.32
140	GRAHAM COUNTY SHERIFF'S DEPT.	2,300,000.00	600,000.00	675,550.60	651,373.84	52,700.69	-	4,279,625.13
142	GOLDEN VALLEY FIRE DISTRICT	-	-	-	-	-	-	-
143	DAISY MOUNTAIN FIRE DISTRICT	-	10,909,599.22	-	-	-	-	10,909,599.22
144	QUARTZSITE POLICE DEPARTMENT	-	-	-	-	-	-	-
145	PICTURE ROCKS FIRE DISTRICT	-	-	-	-	-	-	-
146	PIMA COUNTY COMM. COLLEGE POLICE	-	1,300,000.00	975,000.00	1,625,000.00	500,000.00	100,000.00	4,500,000.00
147	NORTHWEST FIRE DISTRICT	-	336,937.53	382,872.28	454,834.61	619,101.31	678,211.66	2,471,957.39
148	SUPERSTITION FIRE AND MEDICAL DIS	-	25,414,644.03	-	-	-	-	25,414,644.03
149	GILBERT FIRE DEPARTMENT	2,000,000.00	-	1,801,911.28	170,000.00	8,276,934.76	62,429.76	12,311,275.80
150	PINE-STRAWBERRY FIRE DISTRICT	-	-	-	-	-	-	-
151	ATTORNEY GENERAL INVESTIGATORS	-	9,117,700.00	-	-	-	-	9,117,700.00
153	ST. JOHNS POLICE DEPARTMENT	-	-	-	-	-	-	-
154	PIMA COUNTY ATTORNEY INVESTIGATC	-	-	-	-	-	-	-
155	SUN LAKES FIRE DISTRICT	-	-	-	-	-	-	-
156	KEARNY POLICE DEPARTMENT	-	-	-	-	-	-	-

SYS NO	SYSTEM	FY21 Additional ER Contrib	FY22 Additional ER Contrib	FY23 Additional ER Contrib	FY24 Additional ER Contrib	FY25 Additional ER Contrib	FY26 Additional ER Contrib	Cummulative Additional ER Contrib
157	GREENLEE CNTY ATTY INVESTIGATORS	-	-	-	-	-	-	-
158	NAVAJO COUNTY ATTY'S INVESTIGATO	-	-	-	-	-	-	-
162	AVRA VALLEY FIRE DISTRICT	-	-	-	-	-	-	-
163	SAN LUIS FIRE DEPARTMENT	2,612,966.54	-	-	-	-	-	2,612,966.54
164	AZ DPT. LIQ. LIC. & CONTROL INVST	-	7,628,900.00	-	41,641.89	2,367.78	-	7,672,909.67
165	MARICOPA CNTY ATTY INVESTIGATORS	-	-	-	-	-	-	-
166	SEDONA FIRE DISTRICT	1,082.24	-	-	-	-	-	1,082.24
167	GUADALUPE FIRE DEPARTMENT	-	-	-	-	-	-	-
168	MAYER FIRE DISTRICT	-	19,323.72	33,361.95	18,511.82	-	-	71,197.49
169	SOMERTON POLICE DEPARTMENT	-	-	-	-	-	-	-
170	NORTH COUNTY FIRE & MEDICAL DISTR	-	-	-	-	-	-	-
171	SOMERTON FIRE DEPARTMENT	-	-	-	-	-	-	-
172	TUBAC FIRE DISTRICT	-	-	-	-	-	-	-
173	LA PAZ COUNTY ATTY. INVESTIGATORS	-	-	-	-	-	-	-
174	SAHUARITA POLICE DEPARTMENT	3,907,510.00	-	-	-	733,019.47	-	4,640,529.47
176	FLORENCE FIRE DEPARTMENT	583,339.60	1,721,930.00	-	188,712.00	773,553.00	-	3,267,534.60
177	SUN CITY FIRE DISTRICT	-	37,370,665.23	-	-	-	-	37,370,665.23
178	HAYDEN POLICE DEPARTMENT	-	-	-	-	-	-	-
179	GILA RIVER FIRE DEPARTMENT	-	-	-	-	-	-	-
180	GILA RIVER POLICE DEPARTMENT	-	-	-	-	-	-	-
181	SALT RIVER PIMA-MARICOPA FIRE	-	-	-	-	-	-	-
182	SALT RIVER PIMA-MARICOPA POLICE	-	7,521.52	-	-	119,678.37	-	127,199.89
185	PINETOP FIRE DISTRICT	-	7,393,556.39	-	-	-	-	7,393,556.39
187	YAVAPAI CNTY ATTRNY INVESTIGATOR	93,942.00	108,255.00	-	-	-	-	202,197.00
188	THREE POINTS FIRE DISTRICT	-	-	-	-	-	-	-
190	BUCKEYE FIRE DEPARTMENT	1,729,756.30	-	500,000.00	6,100.45	603,397.39	1,214,420.20	4,053,674.34
192	HEBER-OVERGAARD FIRE DISTRICT	-	21,347.50	33,257.58	37,966.81	44,628.96	46,662.54	183,863.39
193	HELLSGATE FIRE DISTRICT	45,000.00	1,704,461.00	100,000.00	220,000.00	-	-	2,069,461.00
194	SANTA RITA FIRE DISTRICT (Formerly GF	-	-	-	-	-	-	-
195	SUMMIT FIRE DISTRICT	109,439.90	5,816,059.80	-	94.34	-	-	5,925,594.04
196	CAMP VERDE FIRE DISTRICT	-	-	-	-	-	-	-
197	FORT MCDOWELL TRIBAL FIRE DEPT.	-	-	-	-	-	-	-
198	FORT MCDOWELL TRIBAL POLICE DEPT	-	-	-	-	-	-	-
199	HIGHLANDS FIRE DISTRICT	-	7,251,008.45	-	-	-	-	7,251,008.45
200	RIO RICO FIRE DISTRICT	40,587.16	17,157.53	21,539.91	24,898.82	30,396.56	39,779.50	174,359.48
201	TRI-CITY FIRE DISTRICT	-	-	-	-	-	59,600.00	59,600.00
202	MARICOPA COUNTY PARK RANGERS	-	-	-	-	-	-	-
203	VERDE VALLEY FIRE DISTRICT	119,035.00	8,144,273.72	-	76,478.62	100,436.07	-	8,440,223.41
204	ARIZONA STATE PARK RANGERS	-	8,820,600.00	-	-	2,719.56	-	8,823,319.56
206	HUALAPAI INDIAN TRIBE POLICE DEPT	-	-	-	-	-	-	-
207	PINEWOOD FIRE DISTRICT	-	-	-	-	-	-	-
208	RINCON VALLEY FIRE DISTRICT	41,779.49	162,977.99	-	-	-	-	204,757.48
209	TONOPAH VALLEY FIRE DISTRICT	-	-	-	-	-	-	-
210	JEROME POLICE DEPARTMENT	-	-	-	15,000.00	7,500.00	-	22,500.00
211	FORT MOJAVE TRIBAL POLICE DEPT.	-	-	-	-	-	-	-
212	BUCKEYE VALLEY FIRE DISTRICT	-	-	-	-	-	-	-
213	ELOY FIRE DISTRICT	650,000.00	1,151,536.58	648,200.68	88,586.49	95,719.48	40,743.41	2,674,786.64
214	PASCUA YAQUI TRIBE FIRE DEPT.	-	-	-	-	-	-	-
215	PASCUA YAQUI TRIBE POLICE DEPT.	3.00	-	-	-	-	-	3.00

SYS NO	SYSTEM	FY21 Additional ER Contrib	FY22 Additional ER Contrib	FY23 Additional ER Contrib	FY24 Additional ER Contrib	FY25 Additional ER Contrib	FY26 Additional ER Contrib	Cummulative Additional ER Contrib
216	TOWN OF SUPERIOR (FIRE DEPT)	-	-	-	-	-	-	-
217	WICKENBURG FIRE DEPARTMENT	715,153.00	-	165,959.00	545,956.00	526,554.00	-	1,953,622.00
219	BLACK CANYON FIRE DISTRICT	-	-	-	-	-	-	-
221	QUARTZSITE FIRE DISTRICT	107.80	-	-	-	-	-	107.80
222	RIO VERDE FIRE DISTRICT	495,045.48	125,000.00	9,668.21	-	-	-	629,713.69
223	SCOTTSDALE FIRE DEPARTMENT	273,121.00	5,000,005.63	-	0.15	765.27	-	5,273,892.05
224	AK CHIN INDIAN COMM. FIRE DEPT.	-	-	-	-	-	-	-
225	AK CHIN INDIAN COMM. POLICE DEPT.	-	-	-	-	-	-	-
226	CORONA DE TUCSON FIRE DISTRICT	-	-	-	717.98	-	-	717.98
227	GOLDEN SHORES FIRE DISTRICT	-	-	-	5,098.56	6,642.26	7,841.27	19,582.09
228	CITY OF MARICOPA - FIRE	-	-	-	-	-	-	-
229	CAVE CREEK MARSHALS	0.02	-	-	11,142.00	53,066.00	52,390.00	116,598.02
231	SAN CARLOS TRIBAL POLICE DEPT.	0.01	-	-	-	-	-	0.01
232	GROOM CREEK FIRE DISTRICT	-	-	-	-	-	-	-
233	MOUNT LEMMON FIRE DISTRICT	-	-	-	-	-	-	-
234	YAVAPAI PRESCOTT TRIBAL POLICE	-	-	-	-	-	-	-
235	TOHONO O'ODHAM NATION FIRE DEPT.	-	-	-	-	-	-	-
236	TOHONO O'ODHAM NATION POLICE DEI	-	-	-	-	-	-	-
237	WILLIAMSON VALLEY FIRE DISTRICT	707.58	-	-	-	-	-	707.58
238	HARQUAHALA FIRE DISTRICT	1,379.30	2,816.35	-	-	-	-	4,195.65
239	COOLIDGE FIRE DEPARTMENT	-	-	250,000.00	-	-	-	250,000.00
242	CENTRAL AZ. COLLEGE POLICE DEPT.	-	-	-	-	-	-	-
243	CITY OF MARICOPA (POLICE DEPT.)	-	-	-	-	-	-	-
244	ORACLE FIRE DISTRICT	5,000.00	5,500.00	5,500.00	5,500.00	5,500.00	-	27,000.00
245	BENSON FIRE DEPARTMENT	-	-	-	-	-	-	-
246	DESERT HILLS FIRE DEPARTMENT	-	-	-	-	-	-	-
247	QUEEN CREEK FIRE DEPARTMENT	1,751,972.00	-	-	1,918,265.52	788,990.40	-	4,459,227.92
248	SONOITA ELGIN FIRE DEPARTMENT	-	-	-	-	-	-	-
249	CHRISTOPHER-KOHL'S FIRE DISTRICT	-	-	-	-	-	-	-
250	WHETSTONE FIRE DISTRICT	1,708.58	-	-	-	-	-	1,708.58
251	QUEEN VALLEY FIRE DISTRICT	-	-	-	-	-	-	-
252	LAKE MOHAVE RANCHOS FIRE DISTRIC	-	-	-	-	-	-	-
253	HUACHUCA CITY POLICE DEPARTMENT	-	-	-	-	-	-	-
254	PALOMINAS FIRE DISTRICT	-	-	-	-	-	-	-
255	SUN SITES PEARCE FIRE DISTRICT	-	-	-	-	-	-	-
256	PONDEROSA FIRE DISTRICT	-	-	-	-	-	-	-
257	TIMBER MESA FIRE AND MEDICAL DIST	-	-	-	-	-	-	-
258	CENTRAL AZ. FIRE AND MEDICAL AUTH	-	42,178,027.54	-	-	-	-	42,178,027.54
259	COPPER CANYON FIRE AND MEDICAL	-	5,814,127.49	-	-	-	-	5,814,127.49
260	MOUNTAIN VISTA FIRE DISTRICT	-	-	-	-	-	-	-
261	BEAVER DAM/LITTLEFIELD FIRE DIST.	25,000.00	25,000.00	25,000.00	25,000.00	46,000.03	48,164.23	194,164.26
262	BLUE RIDGE FIRE DISTRICT	-	-	200,000.00	200,000.00	100,186.70	-	500,186.70
263	ARIZONA FIRE & MEDICAL AUTHORITY	-	28,515,124.97	-	-	-	-	28,515,124.97
264	TAYLOR SNOWFLAKE FIRE & MEDICAL I	-	-	-	-	-	-	-
265	QUEEN CREEK POLICE DEPARTMENT		-	6,900,000.00	-	-	-	6,900,000.00
266	PARKER FIRE DISTRICT			9,168.00	-	-	-	9,168.00
267	TONTO APACHE TRIBE POLICE DEPARTMENT				292,038.00	-	-	292,038.00
268	WILLIAMS FIRE DEPARTMENT				259,240.00	-	-	259,240.00
269	YAVAPAI APACHE TRIBAL POLICE DEPARTMENT				1,980,791.00	-	-	1,980,791.00

SYS NO	SYSTEM	FY21 Additional ER Contrib	FY22 Additional ER Contrib	FY23 Additional ER Contrib	FY24 Additional ER Contrib	FY25 Additional ER Contrib	FY26 Additional ER Contrib	Cummulative Additional ER Contrib
270	TOWN OF COLORADO CITY POLICE DEPARTMENT				1,980,791.00	-	643,785.00	2,624,576.00
271	EAGAR FIRE DBA ROUND VALLEY FIRE & MEDICAL DEPARTMENT						122,596.00	122,596.00
	TOTALS	**1,035,186,669.41**	**2,217,052,462.93**	**387,734,421.72**	**342,914,869.02**	**221,364,807.97**	**143,294,583.19**	4,347,547,814.24
	Unallocated and Former Employers							
	CORP Totals	543,174,500.21	632,114,647.69	112,696,365.47	100,005,472.69	52,425,395.74	500,000.00	1,440,916,381.80
	Combined PSPRS & CORP	1,578,361,169.62	2,849,167,110.62	500,430,787.19	442,920,341.71	273,790,203.71	143,794,583.19	5,788,464,196.04

Cummulative Recap by Fiscal Year Additional Employer Contributions:	
Thru 6/30/21	1,578,361,169.62
Thru 6/30/22	4,427,528,280.24
Thru 6/30/23	4,927,959,067.43
Thru 6/30/24	5,370,879,409.14
Thru 6/30/25	5,644,669,612.85

Additional Contributions for Unfunded Liabilities - CORP
FY21, FY22, FY23, FY24, FY 25 & FY 26 Thru 2/28/26

SYS NO.	SYSTEM	FY21 Additional ER Contrib	FY22 Additional ER Contrib	FY23 Additional ER Contrib	FY24 Additional ER Contrib	FY25 Additional ER Contrib	FY26 Additional ER Contrib	Cummulative Additional ER Contrib
500	DEPARTMENT OF CORRECTIONS - CORP	500,000,000.00	474,635,300.00	-	796,403.43	1,502,856.59	-	976,934,560.02
501	DEPT OF JUVENILE CORRECTIONS-CORP	-	73,940,800.00	-	-	155,006.52	-	74,095,806.52
502	PINAL COUNTY - CORP	18,528,507.87	-	-	-	-	-	18,528,507.87
503	GILA COUNTY - CORP	2,564,513.57	-	-	-	47,232.00	-	2,611,745.57
504	GRAHAM COUNTY - DETENTION	50,000.00	-	-	-	-	-	50,000.00
505	MARICOPA COUNTY - CORP	557.87	10,000,000.00	110,000,000.00	98,000,000.00	50,000,000.00	-	268,000,557.87
506	CITY OF AVONDALE - DETENTION	-	-	-	32,633.42	191,773.39	-	224,406.81
507	LA PA COUNTY - DETENTION	-	-	-	-	-	-	-
510	YUMA COUNTY - CORP	10,228,996.54	-	-	-	-	-	10,228,996.54
515	PIMA COUNTY - CORP	7,195,500.00	64,311,859.73	-	-	-	-	71,507,359.73
520	APACHE COUNTY - CORP	1,271,336.04	-	-	-	-	-	1,271,336.04
525	COCHISE COUNTY - CORP	-	-	-	-	-	-	-
530	COCONINO COUNTY - CORP	-	-	-	-	-	-	-
535	MOHAVE COUNTY - CORP	-	-	186,033.47	-	-	-	186,033.47
540	SANTA CRUZ COUNTY - CORP	-	-	-	1,814.33	5,232.53	-	7,046.86
545	NAVAJO COUNTY - CORP	-	2,065,487.96	-	-	-	-	2,065,487.96
550	YAVAPAI COUNTY - CORP	500,000.00	500,000.00	500,000.00	-	500,000.00	500,000.00	2,500,000.00
555	PINAL COUNTY - DISPATCHERS	1,648,670.14	-	-	-	-	-	1,648,670.14
556	ORO VALLEY - DISPATCHERS	-	-	2,010,332.00	-	-	-	2,010,332.00
557	TOWN OF MARANA - DISPATCHERS	-	-	-	1,172,634.00	-	-	1,172,634.00
558	GILA COUNTY - DISPATCHERS	955,704.33	-	-	-	-	-	955,704.33
559	TOWN OF WICKENBURG-DISPATCHERS	230,196	-	-	-	-	-	230,196.00
560	GRAHAM COUNTY - DISPATCHERS	-	-	-	254.58	-	-	254.58
561	YAVAPAI COUNTY - DISPATCHERS	-	-	-	-	-	-	-
562	CITY OF SOMERTON - DISPATCHERS	-	-	-	-	-	-	-
563	DEPARTMENT OF PUBLIC SAFETY	-	6,352,000.00	-	-	979.42	-	6,352,979.42
564	DEPARTMENT OF PUBLIC SAFETY DETENTI	-	309,200.00	-	1,732.93	283.91	-	311,216.84
575	ADMIN OFFICE OF THE COURT	-	-	-	-	-	-	-
576	APACHE COUNTY - AOC	-	-	-	-	-	-	-
577	COCHISE COUNTY - AOC	-	-	-	-	-	-	-
578	COCONINO COUNTY - AOC	-	-	-	-	3,226.33	-	3,226.33
579	GILA COUNTY - AOC	517.85	-	-	-	-	-	517.85
580	GRAHAM COUNTY - AOC	-	-	-	-	-	-	-
581	GREENLEE COUNTY - AOC	-	-	-	-	-	-	-
582	LA PAZ COUNTY - AOC	-	-	-	-	-	-	-
583	MARICOPA COUNTY-AOC JUDICIAL BR.	-	-	-	-	-	-	-
584	MOHAVE COUNTY - AOC	-	-	-	-	-	-	-
585	NAVAJO COUNTY - AOC	-	-	-	-	-	-	-
586	PIMA COUNTY - AOC	-	-	-	-	-	-	-
587	PINAL COUNTY - AOC	-	-	-	-	18,805.05	-	18,805.05
588	SANTA CRUZ COUNTY - AOC	-	-	-	-	-	-	-
589	YAVAPAI COUNTY - AOC	-	-	-	-	-	-	-
590	YUMA COUNTY - AOC	-	-	-	-	-	-	-
591	STATE OF ARIZONA - AOC					-	-	-
	TOTALS	543,174,500.21	632,114,647.69	112,696,365.47	100,005,472.69	52,425,395.74	500,000.00	1,440,916,381.80

Debt Issued by PSPRS Employers

	Financing Details		
Employer	**Amount Financed**	**Term (yrs)**	**Final Year Pmt.**
APACHE COUNTY - PSPRS & CORP	$ 15,190,000	17	2038
APACHE JUNCTION POLICE DEPARTMENT	26,780,000	15	2037
ARIZONA FIRE & MEDICAL AUTHORITY	38,145,000	15	2037
BISBEE FIRE & POLICE	21,650,000	25	2048
BUCKSKIN FIRE DISTRICT	6,005,000	17	2038
BULLHEAD CITY FIRE DEPT	34,980,000	17	2038
CAMP VERDE MARSHALL'S	3,015,000	14	2035
CASA GRANDE FIRE & POLICE	63,260,000	15	2036
CENTRAL AZ. FIRE AND MEDICAL AUTH	53,365,000	17	2038
COCONINO COUNTY - PSPRS	18,160,000	17	2038
COPPER CANYON FIRE AND MEDICAL	6,840,000	14	2035
COTTONWOOD FIRE & POLICE	20,380,000	17	2038
DAISY MOUNTAIN FIRE DISTRICT	11,285,000	25	2046
DOUGLAS FIRE & POLICE	38,885,000	18	2037
ELOY FIRE DISTRICT	1,200,000	8	2030
FLAGSTAFF FIRE & POLICE	131,000,000	20	2040
FORT MOJAVE MESA FIRE DISTRICT	8,405,000	15	2037
FRY FIRE DISTRICT	17,360,000	27	2048
GILA COUNTY - PSPRS & CORP	16,855,000	19	2039
GLENDALE FIRE & POLICE	252,800,000	14	2037
GOLDER RANCH FIRE DISTRICT	28,000,000	16	2037
HELLSGATE FIRE DISTRICT	2,205,000	23	2045
HIGHLANDS FIRE DISTRICT	8,510,000	25	2046
KINGMAN FIRE & POLICE	38,755,000	16	2037
MARICOPA COUNTY - PSPRS & CORP[/1]	500,825,000	2	2023
NAVAJO COUNTY - PSPRS & CORP	16,560,000	17	2038
NORTHERN AZ. CONSOLIDATED FD #1	3,995,000	17	2038
ORO VALLEY POLICE DEPT	17,975,000	17	2038
PIMA COUNTY - PSPRS & CORP	300,000,000	15	2036
PINAL COUNTY - PSPRS & CORP	89,055,000	17	2037
PINETOP FIRE DISTRICT	7,785,000	26	2048
PINETOP-LAKESIDE POLICE DEPT.	6,765,000	26	2047
SAFFORD POLICE DEPARTMENT	12,745,000	24	2046
SAN LUIS FIRE & POLICE	9,215,000	17	2037
SANTA CRUZ COUNTY SHERIFF'S DEPT.	9,170,000	17	2038
SUMMIT FIRE DISTRICT	7,820,000	17	2038
SUN CITY FIRE DISTRICT	44,665,000	26	2047
SUPERSTITION FIRE AND MEDICAL DIS	29,360,000	23	2045
TEMPE FIRE & POLICE	343,000,000	15	2037
TUCSON FIRE & POLICE[/2]	658,055,000	26	2047
VERDE VALLEY FIRE DISTRICT	9,495,000	16	2037
WELLTON POLICE	2,250,000	15	2036
WILLCOX	4,975,000	15	2036
YUMA COUNTY - PSPRS & CORP	35,070,000	15	2035
YUMA FIRE & POLICE	159,475,000	18	2038
Total	**$ 3,131,285,000**		

Notes

[/1]Maricopa County borrowed via a direct placement and repaid over two fiscal years.

[/2]Proceeds from the issuance transferred to Section 115 trust and not directly to PSPRS.

MEMORANDUM

TO: DEAN SCHEINERT, COMMITTEE CHAIRMAN AND ADMINISTRATION COMMITTEE

SCOTT MCCARTY, BOARD CHAIRMAN AND BOARD OF TRUSTEES

FROM: CATHLEEN DAVIS, CHIEF AUDITOR

DATE: MARCH 17, 2026

RE: INTERNAL AUDIT OFFICE UPDATE

Agenda title:
Internal Audit Office Update

Purpose:
To provide Internal Audit Office updates for Committee and Board review and possible discussion.

Updates:

1. FY 2025/26 Annual Audit Plan Status

The Public Safety Personnel Retirement System's Internal Audit Office's Annual Audit Plan for FY 2025/26 was adopted by the Board of Trustees on May 28, 2025 and the Revised Annual Audit Plan for FY 2025/26 was adopted by the Board of Trustees on January 28, 2026.

Tables detailing the status of audits, reviews, advisory services, projects and reports as of February 28, 2026 follow.

Status of Audits, Reviews and Advisory Services as of February 28, 2026

Audits, Reviews and Advisory Services	Phase	Start Date [1]	Report Date [1]
NIST Cybersecurity Framework Risk Assessment	Completed	Dec 24	Aug 25
IT Risk Assessment and Proposed Audit Plan	Completed	Dec 24	Aug 25
Cancer Insurance Policy Program Audit	In Process	Nov 22	FY 26

Status of Audits, Reviews and Advisory Services as of February 28, 2026 (continued)

Audits, Reviews and Advisory Services	Phase	Start Date [1]	Report Date [1]
Cash Receipt Process Internal Control Review	In Process	Jul 23	FY 26
Follow Up on Status of Audit Recommendations	Not Started	- -	- -
Artificial Intelligence (AI) Governance – SME Contract	Not Started	- -	- -
Cancer Insurance Policy Program Retired Members – SME Contract	Not Started	- -	- -
Defined Contributions – SME Contract	Not Started	- -	- -
Investment Risk Assessment - Contracted	Not Started	- -	- -
Local Board Operations Audit	Not Started	- -	- -
Business Continuity and Disaster Recovery Plan - SME Contract	FY 2026/27	- -	- -
Penetration Testing- Contracted	FY 2026/27	- -	- -
SOC 1 Type 2 Readiness Assessment - Contracted	FY 2026/27	- -	- -

[1] Start Date is estimated if "Not Started"; Report Date is estimated if "In Process" or "Not Started".

Status of PSPRS Trust Employer and Local Board Audits as of February 28, 2026

Audits	Phase	Start Date [1]	Report Date [1]
State Agency (Investigators) Audit [2]	Complete	Mar 24	Aug 25
State Agency (Investigators) Audit [2]	Complete	Mar 24	Aug 25
State Agency (Wardens) Audit [2]	Complete	Mar 24	Aug 25
Fire District Audit	Complete	Dec 22	Nov 25
State Agency (Detention) Audit [2]	Complete	Jun 24	Nov 25
State Agency (Detention & Dispatch) Audit [2]	Complete	Jun 24	Nov 25
State Agency (Troopers, Detention & Dispatch) Audit [2]	In Process	Jun 24	Mar 26
Fire District Audit [2]	In Process	Sep 25	FY 26
Fire District Audit [2]	In Process	Sep 25	FY 26
City (Police) Audit [2]	In Process	Sep 25	FY 26

[1] Start Date is estimated if "Not Started"; Report Date is estimated if "In Process" or "Not Started".

[2] The Arizona Auditor General's Office recommended* that the "System should continue including member data in employer and local board internal audits and implement its plans to expand the audit work to include comparing member

* Public Safety Personnel Retirement System Performance Audit and Sunset Review, Report 23-109 (September 2023)

data reviewed to the data provided to the actuaries to help identify inaccuracies in the data." The Internal Audit Office started nine employer and local board audits from March 2024 to June 2024. Each audit has fieldwork objectives that include an expanded review of member census data, including comparing member census data reviewed to the data provided to the System's actuaries.

Status of Projects and Reports as of February 28, 2026

Projects and Reports	Phase	Start Date [1]	Report Date [1]
Integrity Hotline FY 2024/25 Annual Report	Completed	Jul 24	Aug 25
Integrity Hotline FY 2024/25 1Q Update	Completed	Jul 25	Oct 25
Integrity Hotline FY 2025/26 2Q Update	Completed	Oct 25	Jan 26
Internal Audit Guidance (Manual) [2]	In Process	Jan 24	- -
Workiva Audit Management Implementation	In Process	Apr 25	- -
Integrity Hotline FY 2025/26 Annual Report	In Process	Jul 25	FY 27
STARS Implementation Testing and Training	In Process	Jul 25	- -
Integrity Hotline FY 2025/26 3Q Update	In Process	Jan 26	Apr 26
FY 2025/26 Risk Assessment Report	Not Started	Jan 26	May 26
FY 2026/27 Proposed Annual Audit Plan	Not Started	Feb 26	May 26
Internal Audit Office Charter [3] Annual Review	Not Started	Apr 26	FY 27

[1] Start Date is estimated if "Not Started"; Report Date is estimated if "In Process" or "Not Started".

[2] The Institute of Internal Auditor's International Internal Audit Standards Board released the new Global Internal Audit Standards on Tuesday, January 9, 2024; the new Standards became effective in January 2025.

[3] The Internal Office Charter is included as section 9.0 in the *Arizona Public Safety Personnel Retirement System Board of Trustees Governance Manual* approved by the Board of Trustees on January 29, 2025.

Suggested motion:
No action is needed on these items.

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM

FISCAL YEAR 2026

BUDGET REPORT

ACTUAL AND PROJECTED EXPENSES

As of February 28, 2026

All Departments Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
ALL DEPARTMENTS BUDGET SUMMARY					
Personnel Services	19,377,120	10,040,400	5,422,240	3,914,481	20.20%
Education & Training	525,700	152,885	372,453	362	0.07%
Board of Trustees & DCC	1,855,072	786,662	1,110,410	(42,000)	(2.26%)
Professional Services	1,266,300	647,389	618,911	-	0.00%
Legal Counsel	150,000	6,833	143,167	-	0.00%
Communications	193,400	133,808	60,286	(694)	(0.36%)
Contractual Services	836,500	547,314	321,467	(32,281)	(3.86%)
Auditing Services (GASB)	225,000	140,100	84,900	-	0.00%
Investment Consulting	1,102,500	612,500	490,000	-	0.00%
BNY Mellon Expenses	1,350,000	681,511	668,489	-	0.00%
Operating Expenses	35,000	14,613	20,387	-	0.00%
Infrastructure	743,500	412,391	331,109	-	0.00%
Software	1,176,100	947,522	277,529	(48,951)	(4.16%)
Building	290,000	303,074	85,526	(98,600)	(34.00%)
All Departments Budget Total	**29,126,192**	**15,427,003**	**10,006,872**	**3,692,317**	**12.68%**
Special Projects	4,688,958	3,164,155	1,524,803	-	0.00%
All Budget Total	**33,815,150**	**18,591,158**	**11,531,676**	**3,692,317**	**10.92%**

Column Descriptions:

-2026 Budget contains the budget approved by the Board of Trustees.

-2026 Expenses contain actual expenses paid fiscal year-to-date as of report date

-Projected Expenses contain estimated remaining budgeted expenditures yet to be incurred and recurring non-budgeted expenditures;

-(Over) Under compares 2026 Expenses and Projected Expenses to the 2026 Budget.

-(Over) Under Budget % is the percentage of (Over) Under as compared to the 2026 Budget.

Budget Comments:

Administration Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
ADMINISTRATION DEPARTMENT BUDGET					
Personnel Services					
Salaries & Wages	2,017,313	1,103,235	484,313	429,765	21.30%
Spot Incentive	38,619	21,812	-	16,807	43.52%
Payroll Expenses Other	1,059,125	400,923	198,117	460,085	43.44%
Total Personnel Services	**3,115,057**	**1,525,970**	**682,430**	**906,657**	**29.11%**
Education & Training					
Travel Expenses	12,000	11,023	977	-	0.00%
Dues & Subscriptions	40,000	14,488	25,512	-	0.00%
Education & Training	47,600	4,975	42,625	-	0.00%
Total Education & Training	**99,600**	**30,486**	**69,114**	**-**	**0.00%**
Professional Services					
Professional Services	175,000	88,799	83,966	-	0.00%
PSCIPP Direct Charges Prof Services	-	2,235			
Total Professional Services	**175,000**	**91,034**	**83,966**	**-**	**0.00%**
Legal Counsel					
Legal Services	150,000	6,833	143,167	-	0.00%
PSCIPP Direct Charges for Legal Services	-	-	-	-	0.00%
Legal Services Litigation	-	-	-	-	0.00%
Total Legal Counsel	**150,000**	**6,833**	**143,167**	**-**	**0.00%**
Contractual Services					
Contract Services	-	-	-	-	0.00%
Total Contractual Services	**-**	**-**	**-**	**-**	**0.00%**
Software		-			
Software	-	7,288	-	(7,288)	(100.00%)
Total Software	**-**	**7,288**	**-**	**(7,288)**	**(100.00%)**
Total Administration Dept. Budget	**3,539,657**	**1,661,610**	**978,678**	**899,369**	**25.41%**

Notes:

Added a line to show Direct Charges incurred for the PSCIPP, the expenses are included into the FYTD column for legal services

Agency Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
AGENCY BUDGET					
Communications					
Postage	10,000	6,239	3,761	-	0.00%
Printing	5,000	3,997	1,003	-	0.00%
Delivery Service	1,000	534	466	-	0.00%
Total Communications	**16,000**	**10,769**	**5,231**	**-**	**0.00%**
Operating Expenses					
Operating Expenses	35,000	14,613	20,387	-	0.00%
Total Operating Expenses	**35,000**	**14,613**	**20,387**	**-**	**0.00%**
Total Agency Budget	**51,000**	**25,382**	**25,618**	**-**	**0.00%**

Notes:

Building Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
BUILDING BUDGET					
Building Expenses					
Building Maintenance	175,000	110,063	64,937	-	0.00%
Building Management	45,000	24,412	20,588	-	0.00%
Building Insurance	70,000	168,600	-	(98,600)	(140.86%)
Total Building Expenses	**290,000**	**303,074**	**85,526**	**(98,600)**	**(34.00%)**
Capital					
Furniture & Equipment	-	-	-	-	0.00%
Building Improvements	-	-	-	-	0.00%
Total Building Improvements	**-**	**-**	**-**	**-**	**0.00%**
Total Building Budget	**290,000**	**303,074**	**85,526**	**(98,600)**	**(34.00%)**

Notes:

Building Insurance/ADOA Risk Management Payment was higher than previous year.

Board of Trustees Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
BOARD OF TRUSTEES BUDGET					
Board of Trustees Expenses					
BOT Per Diem	9,000	1,200	7,800	-	0.00%
BOT Expenses Other	90,000	4,993	85,007	-	0.00%
Total Board of Trustees	**99,000**	**6,193**	**92,807**	**-**	**0.00%**
Board of Trustees Consultants					
Actuarial Services	800,000	420,782	367,987	-	0.00%
PSCIPP Direct Charge (Actuarial Service)		11,231			
Legal Services Litigation	450,000	276,218	173,783	-	0.00%
Consulting Services	715,000	348,285	366,715	-	0.00%
Total Board of Trustees Consultants	**1,965,000**	**1,056,516**	**908,485**	**-**	**0.00%**
Total Board of Trustees Budget	**2,064,000**	**1,062,708**	**1,001,292**	**-**	**0.00%**
DC COMMITTEE BUDGET					
DC Committee					
DCC Meetings	1,000		1,000	-	0.00%
DCC Expenses Other	19,000	5,882	13,118	-	0.00%
Auditing Services DCC	47,450	89,450	-	(42,000)	(88.51%)
Consulting Services	120,000	25,000	95,000	-	0.00%
Total DC Committee	**187,450**	**120,332**	**109,118**	**(42,000)**	**(22.41%)**
Nationwide Reimbursement	**(200,000)**	**(200,000)**	**-**	-	**0.00%**
Nationwide Prior Year Carryover	**(196,378)**	**(196,378)**	**-**	**-**	
Total DC Committee after Reimbursement	**(208,928)**	**(276,046)**	**109,118**	**(42,000)**	**0.00%**

Notes:

Added a line to show Direct Charges incurred for the PSCIPP, the expenses are included into the FYTD column for actuarial services

Internal Audit and Compliance Office Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
Internal Audit and Compliance Office Budget					
Personnel Services					
Salaries & Wages	685,219	377,837	230,015	77,366	11.29%
Spot Incentive	13,270	6,436	-	6,834	51.50%
Payroll Expenses Other	288,414	167,222	102,163	19,029	6.60%
Total Personnel Services	**986,903**	**551,495**	**332,179**	**103,229**	**10.46%**
Education & Training					
Travel Expenses	12,000	1,423	10,577	-	0.00%
Dues & Subscriptions	6,000	1,785	4,215	-	0.00%
Education & Training	15,000	7,922	7,078	-	0.00%
Total Education & Training	**33,000**	**11,130**	**21,870**	**-**	**0.00%**
Professional Services					
Professional Services	125,000	3,920	121,080	-	0.00%
Total Professional Services	**125,000**	**3,920**	**121,080**	**-**	**0.00%**
Software					
Software	110,000	89,433	20,567	-	0.00%
Total Software	**110,000**	**89,433**	**20,567**	**-**	**0.00%**
Total Internal Aud and Com Off. Budget	**1,254,903**	**655,978**	**495,696**	**103,229**	**8.23%**

Notes:

Finance Department Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
FINANCE DEPARTMENT BUDGET					
Personnel Services					
Salaries & Wages	1,170,496	553,825	330,926	285,745	24.41%
Spot Incentive	22,757	21,481	-	1,276	5.61%
Payroll Expenses Other	493,247	278,661	162,470	52,116	10.57%
Total Personnel Services	**1,686,499**	**853,966**	**493,396**	**339,137**	**20.11%**
Education & Training					
Travel Expenses	5,000	1,615	2,423	962	19.24%
Dues & Subscriptions	3,000	1,210	1,790	-	0.00%
Education & Training	20,000	2,769	17,231	-	0.00%
Total Education & Training	**28,000**	**5,594**	**21,444**	**962**	**3.44%**
Professional Services					
Professional Services	1,800	1,618	182	-	0.00%
Bank Services	8,500	701	7,799	-	0.00%
Consulting Services	150,000	72,407	77,593	-	0.00%
Total Professional Services	**160,300**	**74,726**	**85,574**	**-**	**0.00%**
Auditing Services (GASB)					
Auditing Services	175,000	123,600	34,900	-	0.00%
PSCIPP Direct Charge (Auditing Services)		16,500	-		
Auditing Services (GASB)	50,000	-	50,000	-	0.00%
Total Auditing Services (GASB)	**225,000**	**140,100**	**84,900**	**-**	**0.00%**
Communications					
1099 Distribution	25,000	25,694	-	(694)	(2.78%)
Total Communications	**25,000**	**25,694**	**-**	**(694)**	**(2.78%)**
Contractual Services					
Contract Services	-	-	-	-	0.00%
Total Contractual Services	**-**	**-**	**-**	**-**	**0.00%**
Total Finance Dept. Budget	**2,124,799**	**1,100,080**	**685,314**	**339,405**	**15.97%**

Notes: Added a line to show Direct Charges incurred for the PSCIPP, the expenses are included into the FYTD column for auditing services

Investment Legal Department Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
INVESTMENT LEGAL DEPARTMENT BUDGET					
Personnel Services					
Salaries & Wages	700,000	291,887	130,500	277,613	39.66%
Spot Incentive	14,000	14,850	-	(850)	(6.07%)
Payroll Expenses Other	297,500	107,704	53,371	136,425	45.86%
Total Personnel Services	**1,011,500**	**414,441**	**183,871**	**413,188**	**40.85%**
Education & Training					
Travel Expenses	7,000	1,061	5,939	-	0.00%
Dues & Subscriptions	3,000	880	2,120	-	0.00%
Education & Training	8,000	-	8,000	-	0.00%
Total Education & Training	**18,000**	**1,941**	**16,059**	**-**	**0.00%**
Total Investment Legal Dept. Budget	**1,029,500**	**416,382**	**199,930**	**413,188**	**40.13%**

Investment Department Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
INVESTMENT DEPARTMENT BUDGET					
Personnel Services					
Salaries & Wages	3,166,671	1,531,374	820,755	814,542	25.72%
Spot Incentive	58,925	-	-	58,925	100.00%
Payroll Expenses Other	1,243,745	495,053	288,063	460,630	37.04%
Total Personnel Services	**4,469,341**	**2,026,427**	**1,108,818**	**1,334,097**	**29.85%**
Education & Training					
Travel Expenses	80,000	26,717	53,283	-	0.00%
Dues & Subscriptions	10,000	7,515	2,485	-	0.00%
Education & Training	40,000	8,157	31,843	-	0.00%
Total Education & Training	**130,000**	**42,388**	**87,612**	**-**	**0.00%**
Professional Services					
Professional Services	-	-	-	-	0.00%
Investment Analytics	447,500	260,926	186,574	-	0.00%
Total Professional Services	**447,500**	**260,926**	**186,574**	**-**	**0.00%**
Investment Consulting					
Investment Consulting	1,102,500	612,500	490,000	-	0.00%
Total Investment Consulting	**1,102,500**	**612,500**	**490,000**	**-**	**0.00%**
Software					
Software	820,600	661,153	159,447	-	0.00%
Investment Book of Record	-	-	-	-	0.00%
Total Software	**820,600**	**661,153**	**159,447**	**-**	**0.00%**
Total Investment Dept. Budget	**6,969,941**	**3,603,394**	**2,032,451**	**1,334,097**	**19.14%**
Mellon Direct Expense					
Due Dilligence		99,632			
Legal Counsel		342,194			
Professional Services		69,105			
Appraisals		-			
Total Mellon Direct Expense		**510,931**			

Notes:

Investment Operations Department Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
INVESTMENT OPERATIONS DEPARTMENT BUDGET					
Personnel Services					
Salaries & Wages	838,247	480,202	244,401	113,644	13.56%
Spot Incentive	20,447	11,550	-	8,897	43.51%
Payroll Expenses Other	350,674	211,139	102,439	37,096	10.58%
Total Personnel Services	**1,209,368**	**702,891**	**346,840**	**159,637**	**13.20%**
Education & Training					
Travel Expenses	6,000	84	5,916	-	0.00%
Dues & Subscriptions	2,000	1,452	548	-	0.00%
Education & Training	8,000	2,677	5,323	-	0.00%
Total Education & Training	**16,000**	**4,213**	**11,787**	**-**	**0.00%**
BNY Mellon Expenses					
Mellon Bank Fees	1,350,000	681,511	668,489	-	0.00%
Total Mellon Bank Fees	**1,350,000**	**681,511**	**668,489**	**-**	**0.00%**
Total Investment Operations Dept. Budget	**2,575,368**	**1,388,615**	**1,027,116**	**159,637**	**6.20%**

IT Systems Development Department Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
IT SYSTEMS DEVELOPMENT DEPARTMENT BUDGET					
Personnel Services					
Salaries & Wages	1,218,496	708,688	424,829	84,979	6.97%
Spot Incentive	23,819	-	-	23,819	100.00%
Payroll Expenses Other	514,305	261,317	156,077	96,911	18.84%
Total Personnel Services	**1,756,621**	**970,005**	**580,907**	**205,709**	**11.71%**
Education & Training					
Travel Expenses	12,500	1,669	10,831	-	0.00%
Dues & Subscriptions	-	-	-	-	N/A
Education & Training	10,000	2,099	7,901	-	0.00%
Total Education & Training	**22,500**	**3,768**	**18,732**	**-**	**0.00%**
Contractual Services					
Contract Services	770,000	448,533	321,467	-	0.00%
Total Contractual Services	**770,000**	**448,533**	**321,467**	**-**	**0.00%**
Total IT Development Department Budget	**2,549,121**	**1,422,305**	**921,106**	**205,709**	**8.07%**

Notes:

IT Network Services Department Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
IT NETWORK SERVICES DEPARTMENT BUDGET					
Personnel Services					
Salaries & Wages	1,366,400	746,433	446,163	173,804	12.72%
Spot Incentive	26,463	-	-	26,463	100.00%
Payroll Expenses Other	575,143	339,188	200,183	35,773	6.22%
Total Personnel Services	**1,968,006**	**1,085,621**	**646,346**	**236,040**	**11.99%**
Education & Training					
Travel Expenses	14,000	3,445	10,555	-	0.00%
Dues & Subscriptions	1,000	500	500	-	0.00%
Education & Training	151,000	47,705	103,295	-	0.00%
Total Education & Training	**166,000**	**51,650**	**114,350**	**-**	**0.00%**
Professional Services					
Consulting Services	357,000	216,398	140,602	-	0.00%
Total Professional Services	**357,000**	**216,398**	**140,602**	**-**	**0.00%**
Communications					
Carrier Services	150,000	96,454	53,546	-	0.00%
Internet Reimbursement	2,400	891	1,509	-	0.00%
Total Communications	**152,400**	**97,345**	**55,055**	**-**	**0.00%**
Infrastructure					
IT Hardware	200,000	115,825	84,175	-	0.00%
IT Services	488,500	261,030	227,470	-	0.00%
Disaster Recovery Services	55,000	35,537	19,463	-	0.00%
Cyber Insurance	-	-	-	-	0.00%
Total Infrastructure	**743,500**	**412,391**	**331,109**	**-**	**0.00%**
Software					
Software	113,000	15,485	97,515	-	0.00%
License Renewals	132,500	174,163	-	(41,663)	(31.44%)
Total Software	**245,500**	**189,648**	**97,515**	**(41,663)**	**(16.97%)**
Total IT Network Department Budget	**3,632,406**	**2,053,054**	**1,384,975**	**194,377**	**5.35%**

Notes:

Member Services Department Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
MEMBER SERVICES DEPARTMENT BUDGET					
Personnel Services					
Salaries & Wages	2,180,024	1,299,492	706,298	174,233	7.99%
Spot Incentive	42,502	4,378	-	38,124	89.70%
Payroll Expenses Other	951,300	605,714	341,155	4,430	0.47%
Total Personnel Services	**3,173,825**	**1,909,584**	**1,047,454**	**216,787**	**6.83%**
Education & Training					
Travel Expenses	1,000	215	785	-	0.00%
Dues & Subscriptions	100	700	-	(600)	0.00%
Education & Training	11,500	800	10,700	-	0.00%
Total Education & Training	**12,600**	**1,715**	**11,485**	**(600)**	**(4.76%)**
Professional Services					
Professional Services	1,500	386	1,114	-	0.00%
Total Professional Services	**1,500**	**386**	**1,114**	**-**	**0.00%**
Contractual Services					
Contract Services	66,500	98,781	-	(32,281)	(48.54%)
Total Contractual Services	**66,500**	**98,781**	**-**	**(32,281)**	**(48.54%)**
Total Member Services Department Budget	**3,254,425**	**2,010,466**	**1,060,053**	**183,906**	**5.65%**

Notes:

Special Projects Budget to Actual

Public Safety Personnel Retirement System

Fiscal Year Projections

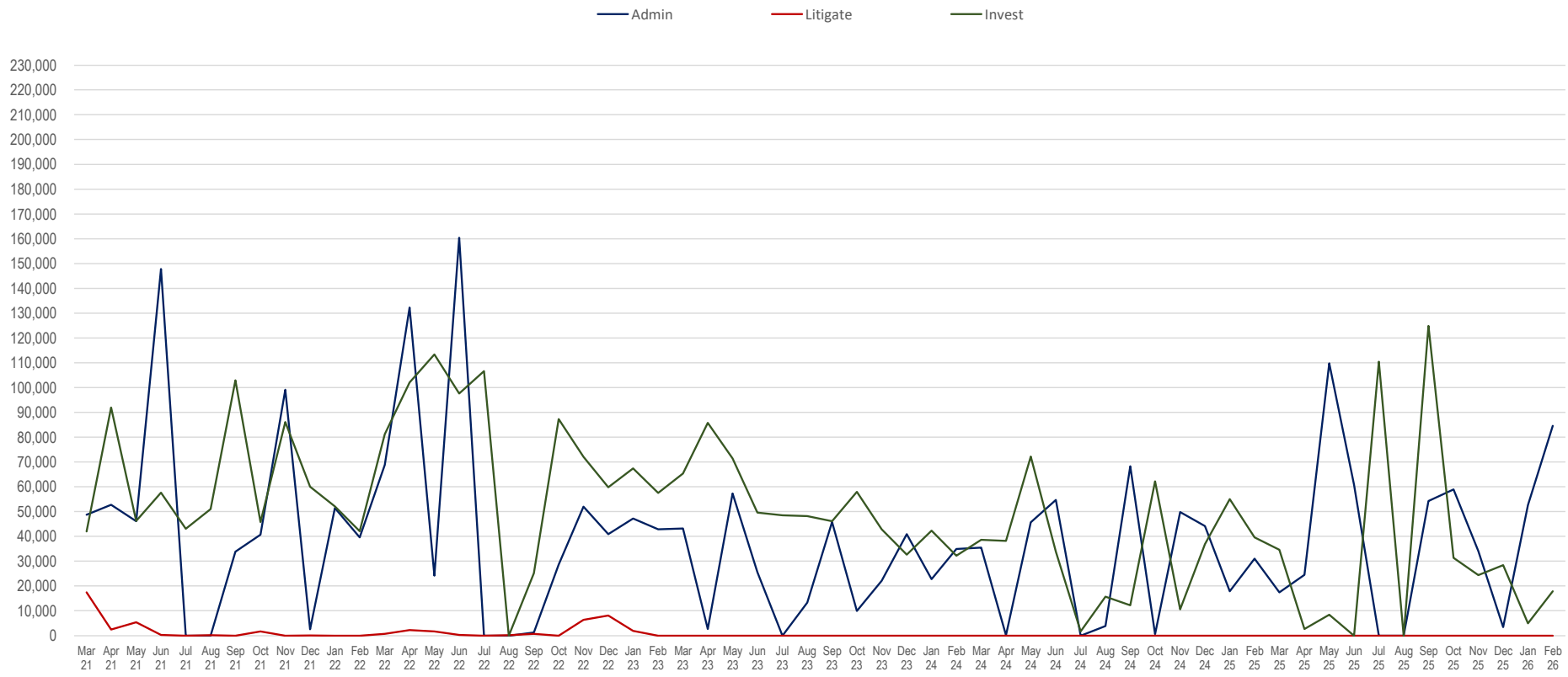
As of February 28, 2026

	2026 Budget	FYTD Actual	Projected Expenses	(Over) Under	(Over) Under Budget %
SPECIAL PROJECTS BUDGET					
Pension Administration System					
Consulting Services	3,627,998	2,858,799	769,199	-	0.00%
Contract Services	640,000	-	640,000	-	0.00%
Infrastructure	390,960	302,944	88,016	-	0.00%
Total Pension Administration System	**4,658,958**	**3,161,742**	**1,497,216**	**-**	**0.00%**
Great Plains Consulting					
Consulting Services	30,000	2,413	27,588	-	0.00%
Total 115 Trusts	**30,000**	**2,413**	**27,588**	**-**	**0.00%**
Total Special Projects Budget	**4,688,958**	**3,164,155**	**1,524,803**	**-**	**0.00%**

PUBLIC SAFETY PERSONNEL RETIREMENT SYSTEM
TOTALS BY VENDOR
FY2026 LEGAL INVOICES PAID IN FEBRUARY 2026

VENDOR TYPE	AMOUNT PAID February 2026	FYTD FY2026
KUTAK ROCK		
Administration	0.00	128.10
Litigation	0.00	0.00
Investment	0.00	0.00
KUTAK TOTAL	**0.00**	**128.10**
FOLEY & LARDNER		
Administration	0.00	1,566.00
Investment	0.00	0.00
FOLEY & LARDNER TOTAL	**0.00**	**1,566.00**
GALLAGHER & KENNEDY		
Administration	81,510.00	276,217.50
GALLAGHER & KENNEDY TOTAL	**81,510.00**	**276,217.50**
CHARLES W. WHETSTINE		
Administration	1,496.00	8,316.00
CHARLES W. WHETSTINE TOTAL	**1,496.00**	**8,316.00**
COHEN DOWD QUIGLEY		
Administration	1,530.50	1,530.50
COHEN DOWD QUIGLEY TOTAL	**1,530.50**	**1,530.50**
NOSSAMAN		
Investment	17,816.00	342,194.00
NOSSAMAN TOTAL	**17,816.00**	**342,194.00**
DLA PIPER		
Investment	0.00	0.00
DLA PIPER TOTAL	**0.00**	**0.00**
Administration	$84,536.50	$287,758.10
Litigation	0.00	0.00
Investment	17,816.00	342,194.00
GRAND TOTAL	**102,352.50**	**629,952.10**

LEGAL FEES REPORT (Rolling 60 months)



2026 March Communications Report
Christian Palmer and Jane Anderson

Additional Cancer Insurance Program updates

PSPRS conducted a comprehensive validation of EPIC (agency's data system) mailing and email records in preparation for the Cancer Insurance Program outreach campaign targeting public safety and corrections retirees immediately eligible for coverage as of January 1, 2026. The review assessed email population rates, mailing address completeness, and overall retiree reachability to ensure campaign readiness and identify potential gaps.

On the week of February 23, PSPRS sent postcards to approximately 5,000 eligible retirees. The majority, 4,700, were public safety retirees. The validity of eligible retiree addresses was found to be exceptionally high – more than 99 percent – while the mailing effort resulted in the return to date of approximately 50 postcards, some with and without forwarding addresses. Address validity is supported by annual use of these records for open enrollment and tax form distribution. PSPRS also conducts periodic outreach encouraging retirees to update contact information, further supporting data accuracy.

The communications team will follow its postcard mailing with an email blast to eligible retirees. As expected, PSPRS has fewer email contact addresses for the eligible retiree population. The overall email coverage rate is approximately 83 percent (about 4,150 of the 5,000 population) and it is likely that a segment of the email contacts will be found to be invalid or no longer existent.

When email results become available (upon sending the email), PSPRS will conduct further review of returned postcards and invalid email addresses to ensure that the entire eligible population has received notification. Still, it remains not unreasonable to assume that the vast majority of those eligible have/will receive notification through at least one of the postcard and email notices.

Population Reviewed
Total mailing population: 5,003 retirees
• PSPRS: 4,703
• CORP: 300

Email Address Validation
PSPRS
• Total retirees: 4,703
• Blank or NULL email entries: 833
• Email contacts: 3,870
• Email coverage rate: 82.3%
• Missing email rate: 17.7%

CORP
• Total retirees: 300
• Blank or NULL email entries: 18
• Email contacts: 282
• Email coverage rate: 94%
• Missing email rate: 6%

Combined Email Coverage
Across the full population of 5,003 retirees:
• Total with email addresses: 4,152
• Total without email (blank/NULL): 851
• Overall email coverage rate: 83%
• Mail-only population: 17%

Physical Mailing Address Validation
• Total mailing records reviewed: 5,003

• Records with complete mailing addresses: 5,000
• Records flagged for formatting issues: 29 (99.4% validity), but corrected and to be mailed separately by PSPRS
• Addresses discovered undeliverable: 45
• Mailing validity rate: Presumed 98-99% deliverable

Overall Reachability
• Reachable by at least one method: 99-100%

STARS: Employer training

The communications team continues to help facilitate employer and local board training via live weekly webinar trainings and question-and-answer sessions. Training, which began February 3, is expected to be completed on March 19. Training to date covered overviews of the STARS system, setting up staff users, entering member demographic and contribution data, establishing bank accounts and making payments, and administering health insurance benefits.

Every Friday, communications emails more than 2,000 employer finance, human resources and payroll personnel with links to the week's session videos and corresponding guidebooks and provides an update of STARS topics to be covered the following week. These resources are also available on the STARS webpage.

On March 10, the communications team targeted approximately 1,700 employer staff member contacts found to have not participated in STARS training. While it is likely that many these contacts have coworkers attending training sessions or will not be tasked with STARS-related duties, the email was viewed as an opportunity to again share STARS related resources and convey the importance of preparing for the anticipated launch in April.

Public Safety Personnel Retirement System
Human Resources Report
March 2026

PSPRS People Update

- **Recruitments**
  - Investment Accountant, Associate Level, offer pending
  - Retirement Specialist Supervisor, interviewing
  - Investment Portfolio Analyst, offer pending
  - Investment Intern, interviewing
  - Associate Investment Counsel, interviewing

- **Hires**
  - Corrina Webster, Retirement Specialist Supervisor, March 2, 2026
  - Diane Carley, Retirement Specialist Supervisor, March 16, 2026

- **Retirements**
  - Peggy Dangler, Retirement Specialist Senior, March 3, 2026
  - Lynn Jahnke, Office Manager, March 27, 2026

- **Other**
  - The annual PSPRS Award nominees and recipients were recognized during an all staff meeting on March 2nd. The included document recognizes all nominees and recipients.

2026 PSPRS AWARD NOMINEES BY CATEGORY
(recipients highlighted)

Peak Performer (individual	Team Player (individual)	Culture Contributor (individual/team)	Service to Others (individual/team)	Project Participator (individual/team)	Administrator
			Individual Nominees		
Jane Andeson	Shawn Berend	Joel Cazares	Joshua Beloshapka	Kurtis Chandler	Jane Anderson
Joel Cazares	Dolores Bernal	Lynn Jahnke	Chris Francis	Cory Davitt	Young Chung
Young Chung	Rachel Chen	Alison Lidstone	Lynn Jahnke	Devin Delap	
Tim Jackson	William Harrison	Brandon Turner	Larry Lopez	Harold Greene	
Jennifer Lybarger	Lynn Jahnke		Susan Soderberg	Sue Johnson	
Jared Mazza	Janel King			William Kelly	
	Larry Lopez			Jennifer Lybarger	
	Jennifer Lybarger				
	Marissa Rich				
	Tally Sturdivant				
			Team Nominees		
		IT Network Team	Call Center &Consult	Cybersecurity Event Remediation	
			Data Science	International Equity Transtion	
			HR & Payroll		
			Retired Members		
			STARS Employer Pilot Program		

Team Members:

IT Network Team: Joel Cazares, Cory Davitt, Derek Duhaime, Chris Francis, Billy Graham, Drew Miller, Charles Pickering, Albert Romero

Call Center & Consult Team: Nicolas Brown, Chloe Guerrero, William Harrison, Guadalupe Hernandez, Larry Lopez, Corina Rubalcaba

Data Science Team: CG Shultz, Owen Zhao, Rachel Chen

HR & Payroll : Andrew Goodwin, Jared Mazza, Young Chung

Retired Members Team: Joshual Beloshapka, Elizabeth Berhane, Tara Davis, Ricky De Le Ree, Kathleen Griffith, Marcus Jones, Pamela King, Jennifer Lybarger, Marissa Rich, Susan Soderberg, Carlos Vasquez

Stars Employer Pilot Program: Chris Francis, Cory Davitt, Harold Greene, Jane Anderson, Joann Lowey

Cybersecurity Event Remediation: Angela Egelhoff, Billy Graham, Chloe Guerrero, Chris Francis, Cloetta Keams, Corrina Rubalcaba, Cory Davitt, Devin Delap, Drew Miller, Guadalupe Hernandez, Jennifer Lybarger, Lakshmi Botta, Larry Lopez, Mark Appel, Nicholas Brown, Shawn Berend, Steve Clark, Sue Johnson, William Harrison

International Equity Transition Team: Alexi Baptiste, Ed Bozaan, Janel King, Jennifer Carlino, Jennifer Rosenbaum, Owen Zhao, Rachel Chen, Tim Jackson, Vaida Maleckaite, William Kelly

MEMORANDUM

TO: DEAN SCHEINERT, CHAIRMAN AND ADMINISTRATIVE COMMITTEE MEMBERS

FROM: MICHAEL AJAMIE, CHIEF TECHNOLOGY OFFICER

DATE: MARCH 16, 2026

SUBJECT: INFORMATION TECHNOLOGY UPDATE

Agenda title:

Update re:

- Accomplishments
- External forces impacting PSPRS

Information only. No requested action.

Recent Accomplishments:

Since the previous IT Report dated November 10th, 2025, IT has accomplished the following:

STARS	EPIC Data Conversions.	29 of 29 Completed. Reconciliation in work.
Finance	STARS – Wells Fargo Integration Design & Testing.	Development Complete. Testing 90% Complete.
Member Services	STARS - Document maintenance procedures for 90+ factor tables.	Complete.
Enterprise IT Support	IT Support & Application Support Consolidation.	Ready to Go w/ STARS Go-Live.
	Transitioned Board Meeting Op.s to IT Support.	Complete.
	STARS Tech Support Plan – Draft & Review.	Complete.
Staffing	Onboard I&O Project Manager, Michael Johnson.	Complete.
	Onboard Vitech Project Manager, Sys. Architect & App. Architect.	Complete.
Audit	Clifton Larson Allen - IT Risk Assessment – FY26 Fixes.	90% Complete.
Info-Sec	AI Acceptable Use Policy - Draft & Approve.	Complete.
	Post Quantum Readiness - Assessment, Planning & Crypto BoM.	Vendor Selected. Contracting in work.
	FY26 InfoSec Roadmap.	7 of 15 Complete. 6 in Work.

External Forces:

PSPRS is tracking and or working to address the following:

Vitech (Majesco) Delays	PSPRS is mitigating this risk with aggressive project oversight, and recruiting Vitech resources thru Agile Progress.
General Ledger Sundown	Microsoft Dynamics/GP Sundown in 2029. PSPRS may elect to extend support licenses to delay system migration.
U.S. ADA Online Enforcement	Must update website forms, instructions and new documents.
Quantum Computing	Emerging security risk impacting technology systems and partners.
Artificial Intelligence	Impact to PSPRS: • Business demands, • Vendor imposed, • Malicious attacks.
AZ Legislation	Cancer Insurance Program Changes. Tracking bills with potential impact to PSPRS: • HB2134 – Ban software, coms & tech produced by Chinese companies. • HB2592 – Audit, report & eliminate restrictions on AI. Prevents critical cyber-security practice. • HB2809 – Mandate *"a statewide cyber security system that uses post-quantum encryption"*. Ignores massive cost, complexity, and impact to business operations.

MEMORANDUM

TO: CHAIR DEAN SCHEINERT AND ADMINISTRATION COMMITTEE MEMBERS

FROM: JACK JORDAN, CFO

DATE: MARCH 17, 2026

RE: FY2027 PSPRS BUDGET REVIEW AND DISCUSSION

Agenda title:
Presentation and discussion regarding FY 2027 PSPRS operations budget.

Issue:
FY 2027 PSPRS operating budget review and discussion

Purpose:
Provide a presentation of the FY2027 PSPRS operating budget and discussion

Background:
The purpose of this agenda item is to review and discuss FY2027 PSPRS budget and changes from the FY2026 operating budget. The FY2027 budget request was developed in support of the Administrator's priorities and the Board adopted strategic plan.

The attached FY2027 budget presentation details the Administrator's budget priorities. The summary slides detail the FY2027 request by account category and personnel services and related costs including FTE count changes by department. The FY2027 increase is reconciled to the current budget and included impacts of the classification and structural changes over the current year's budget. The category increase slides review and provides background for the primary individual items. The FY2027 department level detail with comparisons to the approved FY2026 budget, annual projection and two prior fiscal year actuals are also included.

Suggested motion:
Move to recommend the Board of Trustees approve the FY2027 PSPRS operating budget as presented.

PSPRS

FY 2027 Operations Budget and Priorities

Board of Trustees

March 25, 2026

Interim Administrator Updates - FY2026 Activity

Transition from project management to operational efficiency and data driven management.

- **Planned launch of STARS, 4-year project**

  Phase I – April 13, 2026

- **Employer STARS education and training**
- **Maintain quality and experienced staff**
- **Continue employer audits and internal audit planning**

Interim Administrator Recommendations – FY2027

FY2027 PSPRS Budget based on expanding foundations in place related to the STARS implementation.

- **Planned launch of STARS, Phase II**
- **Continued STARS support and training to employers and members through a centralized customer service model**
- **Expand staff based on needs for structural efficiency, new business processes and flow changes**
- **Continued internal audit planning and testing**

PSPRS FY2027 Budget by Category

SUMMARY PROPOSED BUDGET FY2027

Account Description	ACTUAL FYE 2024	ACTUAL FYE 2025	ACTUAL 11/30/2025	PROJ FYE 2026	Budget 2026	Budget 2026 Adjusted Total	Budget 2027	Increase (Decrease)	Inc(Dec) %
Personnel Services	13,692,230	14,805,904	6,536,183	8,851,477	19,377,120	19,377,120	19,853,740	476,620	2.46%
Education & Training	309,099	262,781	114,206	411,694	525,700	525,700	486,800	(38,900)	-7.40%
Board of Trustees & DCC	1,633,474	1,499,805	289,972	1,579,100	1,855,072	1,855,072	1,857,622	2,550	0.14%
Professional Services	427,252	650,664	595,629	670,671	1,266,300	1,266,300	1,570,500	304,200	24.02%
Legal Counsel	9,904	7,920	4,504	145,496	150,000	150,000	150,000	0	0.00%
Communications	137,021	159,640	114,753	78,647	193,400	193,400	200,400	7,000	3.62%
Contractual Services	946,166	749,399	335,572	500,928	836,500	836,500	811,000	(25,500)	-3.05%
Auditing Services (GASB)	203,228	199,000	81,000	144,000	225,000	225,000	225,000	0	0.00%
Investment Consulting	1,118,000	1,050,000	350,000	752,500	1,102,500	1,102,500	1,102,500	0	0.00%
BNY Mellon Expenses	1,292,830	1,537,639	459,016	890,984	1,350,000	1,350,000	1,380,000	30,000	2.22%
Operating Expenses	704,362	22,513	8,443	26,557	35,000	35,000	35,000	0	0.00%
Infrastructure	482,529	586,964	268,245	475,255	743,500	743,500	942,000	198,500	26.70%
Software	839,701	1,044,577	612,658	563,442	1,176,100	1,176,100	2,227,100	1,051,000	89.36%
Building	267,867	256,388	249,195	139,405	290,000	290,000	390,000	100,000	34.48%
Total Operating Budget	**22,063,664**	**22,833,193**	**10,019,375**	**15,230,157**	**29,126,192**	**29,126,192**	**31,231,662**	**2,105,470**	**7.23%**
Special Projects	5,797,893	4,222,097	1,801,012	2,887,946	4,688,958	4,688,958	6,551,558	1,862,600	39.72%
Special Projects Total	**5,797,893**	**4,222,097**	**1,801,012**	**2,887,946**	**4,688,958**	**4,688,958**	**6,551,558**	**1,862,600**	**39.72%**
Grand Total	**27,861,557**	**27,055,290**	**11,820,386**	**18,118,103**	**33,815,150**	**33,815,150**	**37,783,220**	**3,968,070**	**11.73%**

FY2027 Personnel Budget by Dept

PERSONNEL PROPOSED BUDGET FY2027

DEPARTMENT	FY2027 PROPOSED GROSS SALARY	SPOT INCENTIVE	PAYROLL OTHER	BUDGET FY2027	Budget 2026 Adjusted Total	BUDGET FY2026	Increase (Decrease)	FTE BUDGET FY2026	FTE BUDGET FY2027	Increase (Decrease)
Member Services	2,280,284	45,606	1,003,325	**3,329,215**	**3,173,825**	**3,102,626**	**4.90%**	32	35	**3**
Administration	2,050,836	41,017	1,471,605	**3,563,458**	**3,115,057**	**3,690,244**	**14.39%**	12	13	**1**
Compliance	737,489	14,750	313,433	**1,065,671**	**986,903**	**958,728**	**7.98%**	7	8	**1**
Finance	1,167,127	23,343	496,029	**1,686,499**	**1,686,499**	**1,644,162**	**0.00%**	12	13	**1**
Investments Legal	700,000	14,000	297,500	**1,011,500**	**1,011,500**	**1,011,500**	**0.00%**	4	4	**0**
Investments	2,977,170	59,543	1,190,868	**4,227,581**	**4,469,341**	**4,183,683**	**-5.41%**	16	16	**0**
Investment Operations	776,047	19,960	329,820	**1,125,827**	**1,209,368**	**1,153,298**	**-6.91%**	7	7	**0**
IT Network/Development	2,660,200	53,204	1,130,585	**3,843,989**	**3,724,627**	**3,632,879**	**3.20%**	21	23	**2**
All Personnel Total	**13,349,153**	**271,422**	**6,233,165**	**19,853,740**	**19,377,120**	**19,377,120**	**2.46%**	**111**	**119**	**8**

New FTEs & Personnel Services

Reclassification/In-grade Adjustments $600,000

- **Base budget PS & ERE line only includes one-time lump sum awards**
- **New funds provide operational flexibility for:**
  - Reclassification / Reallocation for when position duties change and/or increase
  - Filling vacancies can have salary requirements at a higher rate
  - Provide in-grade adjustments to retain and reward high performers

New FTEs & Personnel Services

- **Member Services: 3 new positions (Retirement Specialist Lead, Retirement Specialist Senior, Retirement Specialist) - support realignment of MSD operations (e.g. front office customer services & back-office benefit administration), support expanded training and education strategies for Employers, Local Boards and Members, establish a permanent front desk position, support anticipated increase in cancer claim processing with the expanded cancer insurance coverage**

- **Administration: Public Information Officer II – more resources for customer service enhancements and public outreach**

- **Compliance: Paralegal – provide legal support for educational resources**

- **Finance: Accountant II - perform additional needs for financial reporting and reconciliation team due to the complex reporting structure and financial reporting requirements**

- **IT Network: 2 System Administrators - new team responsibilities such as STARS Tier 1 support, support and admin for new SaaS (internet based) software systems, expanded call center reporting and system administration, Post Quantum Readiness Project Support**

Investment Software

Investment Software Increase of $1,040,000

- A new technology infrastructure will focus on a centralized document management system, an enhanced platform for workflow management and investment database, and advanced analytics tools to support decision making.
- Modern infrastructure delivers real-time insights into private investments faster and more accurately than manual processes – providing us fund-level transparency that takes staff significantly longer to build and maintain.
- The objective is to strengthen operational continuity, minimize key-person risk, and deliver scalable reporting and analytics for staff and trustees.

IT Infrastructure & Consulting Services

IT Infrastructure Increase of $198,500

- Increased Microsoft licensing needs for new FTE's and agency growth
- Cloud & Security infrastructure to support new cloud infrastructure for STARS & financial system integrations
- Endpoint Security for remote workstations to facilitate business continuity & disaster recovery

IT Consulting Services Increase of $238,000

- Post Quantum Readiness Assessment to assess quantum computing risk, develop strategy and mitigation plan
- Financial reporting next gen and investment data collection and analysis

Annual Budget Change

Service	$ Increase / (Decrease)	Reason for change
Special Projects	1,862,600	Contractors for STARS project, legislative processes that may arise
Software	1,051,000	INV analytics for alt investments, workflow management and investment database
Personnel Services	476,620	In-grade adjustments, increase in FTE's
Professional Services	304,200	ITN Post Quantum Readiness, fin reporting next gen, investment data collection & analysis
Infrastructure	198,500	ITN AI Workstations, increased costs associated with agency FTE growth and contractual increases
Building	100,000	ADOA risk management charges increased by $100,000~ formula driven
BNY Mellon Expenses	30,000	MSCI and S&P additional costs
Communications	7,000	Contractual increases
Board of Trustees & DCC	2,550	Increase in audit services. New contract price for CLA.
Education & Training	(38,900)	Decrease to ITN needs
Contractual Services	(25,500)	Decrease to ITD needs
	$ 3,968,070	

Date: March 2, 2026

To: PSPRS Executive Board

From: Carter Kimberly, PARS Senior Consultant

Subject: Arizona Employers Pension Prefunding Program (AEPPP) Client Update

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Since onboarding its first client in 2022, the Arizona Employers Pension Prefunding Program (AEPPP) has grown to serve seven PSPRS member agencies. The table below provides an overview of these agencies, highlighting contributions, disbursements, and total assets as of January 31, 2026.

Member Agency	Adoption Date	Contribution Date(s)	Contribution Amount(s)	Disbursement Date(s)	Disbursement Amount(s)	Investment Strategy	Balance as of 1/31/26
Golder Ranch Fire District	1/18/2022	02/2022	$4,000,000	09/2025	$4,546,837	Custom	$289,856
Fort Mojave Mesa Fire District	2/15/2022	06/2022	$100,000	--	--	Target Index Balanced	$140,540
Central Arizona Fire and Medical Authority	3/1/2022	04/2022	$8,000,000	--	--	Target Index Conservative	$10,224,779
Town of Clifton	9/14/2023	10/2023	$660,000	--	--	Government Obligations MMF X	$729,091
City of Page	12/1/2024	01/2022 08/2025	$300,000 $500,000	--	--	Strategic Blend Balanced	$881,092
Fry Fire District	7/22/2025	--	--	--	--	Undecided	$0
Town of Payson	1/14/2026	--	--	--	--	Undecided	$0

Investment Returns

With fully flexible investment solutions, participating AEPPP members can select a strategy that most closely aligns with their underlying goals and risk tolerance level. Below is an overview of the strategies selected, and investment returns (as of 1/31/2026) for each program member:

Member Agency	Strategy	1-Year	3-Year	ITD
Golder Ranch Fire District	Custom	13.98%	10.97%	6.69%
Fort Mojave Mesa Fire District	Target Index Balanced	15.31%	12.31%	9.94%
Central Arizona Fire and Medical Authority	Target Index Conservative	12.40%	9.81%	6.59%
Town of Clifton	Government Obligations MMF X	4.18%	--	4.79%
City of Page	Strategic Blend Balanced	14.59%	--	15.47%
Fry Fire District	Undecided	--	--	--
Town of Payson	Undecided	--	--	--

2026 and Beyond

PARS' goal for both this year and future years is to continue to grow the program in terms of both clients and assets. We have several active prospects that we have met with and are confident will adopt the AEPPP this year. Additional marketing efforts we are undertaking to grow the program include:

- Attendance at conferences across the state (e.g GFOAz, AFDA, League of Cities, AACo etc.)
- Monthly eblasts to prospective agencies across Arizona
- Ongoing calls and sales meetings
- Educational materials and flyers
- Regular reviews with current clients to discuss their accounts, investments and funding goals/sources

MEMORANDUM

TO: SCOTT MCCARTY, BOARD CHAIRMAN AND BOARD OF TRUSTEES

FROM: CATHLEEN DAVIS, CHIEF AUDITOR

DATE: MARCH 25, 2026

RE: ARIZONA DEPARTMENT OF PUBLIC SAFETY, AUDIT REPORT NO. 2024-02.06

Agenda title:
Review, discussion and possible Action regarding acceptance of *Arizona Department of Public Safety,* Audit Report No. 2024-02.06.

Purpose:
To provide *Arizona Department of Public Safety,* Audit Report No. 2024-02.06 for Board review, discussion and possible Action regarding acceptance of *Arizona Department of Public Safety,* Audit Report No. 2024-02.06.

Background:
We performed this audit to determine the Arizona Department of Public Safety's (DPS) and its associated local boards' compliance with relevant provisions of Arizona Revised Statutes (A.R.S.). Specifically, Auditors assessed:

- Pensionable compensation reporting and employer and member contribution payments for 72 of the 1,056 (6.82%) members active during the audit period
- Census data attributes reported to the System's actuaries such as salary, date of hire, date of birth and gender for 43 of the 1,056 (4.07%) members active during the audit period
- Compliance with A.R.S. § 38-847, Local boards

Key observations:
We found that DPS overreported pensionable compensation and made overpayments for one member. Additionally, the System did not apply contributions received for three members during one or more pay periods.

We observed the following regarding DPS's associated local boards:

- The DPS Public Safety local board had two members whose oath of office agreements were completed untimely, two members serving on expired terms, one vacant appointment and one or more members completed the local board training untimely.

- The DPS CORP Dispatch local board had two members whose oath of office agreements were completed untimely, one member serving on an expired term, two vacant appointments and meetings were not held at least twice per year as required by A.R.S.
- The DPS CORP Detention local board is not active.

Additionally, pensionable compensation may have been overreported and overpayments may have been made for some DPS members.

Suggested motion:
Accept *Arizona Department of Public Safety,* Audit Report No. 2024-02.06 as provided by the Chief Auditor.

DRAFT REPORT

INTERNAL AUDIT OFFICE

Arizona Department of Public Safety

Public Safety | Dispatch | Detention

March 2026 Audit Report No. 2024-02.06

The purpose of the Public Safety Personnel Retirement System is to provide uniform, consistent, and equitable statewide retirement programs for those who have been entrusted to our care.

PSPRS TRUSTEES
SCOTT MCCARTY, CHAIRMAN
HARRY PAPP, VICE-CHAIRMAN
CHRISTOPHER HEMMEN
BRIAN MOORE
BRANDON NEE
DEAN SCHEINERT
RANDIE STEIN
NATE WEBER
DAREN WUNDERLE

DRAFT REPORT

Why This Audit Is Important

The Public Safety Personnel Retirement System's (System) Plans were established to provide uniform, consistent and equitable statewide retirement programs for its respective eligible members.

In 2021, the Arizona state legislature provided the System's Board of Trustees with additional requirements and duties related to employers and local boards in Arizona House Bill 2381 (Laws 2021, Chapter 34). Additional authority for "an employer and a local board shall submit any reports, data, paperwork or other materials that are requested by the Board of Trustees for any reason ..." was included.

The *PSPRS Trust Employer and Local Board Audit Program* is one way in which the System ensures correct benefits are paid and the fund is protected for its members. Specifically, the audit program was designed to:

- Promote accurate reporting of payroll information used to calculate benefits for System members
- Assess employer and local board compliance with joinder agreements and Arizona Revised Statutes (A.R.S.)
- Inform and educate employers and local boards on requirements and responsibilities

We performed this audit to determine the Arizona Department of Public Safety's (DPS) and its associated local boards' compliance with their joinder agreements and relevant provisions of A.R.S. Our work involved the cooperation of DPS staff, their associated local boards and System staff in the Member Services, Finance and Information Technology departments.

Key Observations

DPS and its associated local boards are generally in compliance with their joinder agreements and relevant provisions of A.R.S. As of December 31, 2025, no invoices were outstanding for the period reviewed.

During our review, we found that DPS overreported pensionable compensation and made overpayments for one member. Additionally, the System did not apply contributions received for three members during one or more pay periods.

We observed the following regarding DPS's associated local boards:

- The DPS Public Safety local board had two members whose oath of office agreements were completed untimely, two members serving on expired terms, one vacant appointment and one or more members completed the local board training untimely.
- The DPS CORP Dispatch local board had two members whose oath of office agreements were completed untimely, one member serving on an expired term, two vacant appointments and meetings were not held at least twice per year as required by A.R.S.
- The DPS CORP Detention local board is not active.

Finally, pensionable compensation may have been overreported and overpayments may have been made for some DPS members.

All key findings requiring corrective action were addressed through the action plans. The System's response and action plans were approved by Bret Parke, Interim Administrator January 8, 2026.

Background

The Public Safety Personnel Retirement System (PSPRS) Plan was established in 1968 for Arizona's public safety personnel who are regularly assigned hazardous duty. Separate plans for Arizona's elected officials (Elected Officials' Retirement Plan or EORP) and corrections officers (Corrections Officer Retirement Plan or CORP) were created by legislature in 1985 and 1986, respectively. The System provides retirement benefits and programs to nearly 51,000 active members, retirees and surviving beneficiaries.

The System administers retirement programs for approximately 310 employer units throughout the state. The System administers agent multiple-employer defined benefit plans for PSPRS and CORP employers and the employer is responsible for establishing a local board. EORP is a cost-sharing, multiple-employer defined benefit plan that is fully administered by the System.

Additionally, the System provides member census data [1] received from the employer to the System's actuaries for projection of pension liabilities.

DPS troopers joined the PSPRS Plan in July 1968. The DPS dispatch group joined the CORP in July 2009, and their detention group joined the CORP in January 2012. Following the joinders for each plan was the establishment of their associated local boards. DPS [2] is responsible for accurately reporting pensionable compensation and remitting the employer and employee contributions to the System for all eligible employees each pay period. Its local boards are responsible for administering the plans and making System provisions effective for DPS.

As of June 30, 2024, DPS troopers had 829 [3] employees who were actively contributing to the Plan, 89 [3] inactive members, 95 Deferred Retirement Option Plan (DROP) participants and 1,557 retired members. The DPS dispatch group had 9 employees who were actively contributing to the Plan, 4 inactive members and 24 retired members. The DPS detention group had 9 [3] members who were actively contributing to the Plan and 4 [3] inactive members.

~ continued on next page ~

[1] Census data is demographical (e.g., date of birth) and employment (e.g., start date) information of members participating in a pension plan.

[2] DPS reports pensionable compensation and remits contributions through the AZ360-HRM system in collaboration with the Arizona Department of Administration (ADOA).

[3] Active and Inactive totals include Tier 3 members participating in the Public Safety Personnel Defined Contribution Retirement Plan.

Plan	Active	DROP	Inactive	Retired	Total
Public Safety	829	95	89	1,557	**2,570**
Dispatch	9	--	4	24	**37**
Detention	9	--	4	--	**13**
Total	847	95	97	1,581	**2,620**

Findings and Observations

The Internal Audit Office evaluated DPS and its associated local boards' compliance with its joinder agreement and relevant provisions of A.R.S. from July 1, 2023 to June 30, 2024. Specifically, Auditors assessed:

- Pensionable compensation reporting and employer and member contribution payments for 72 of the 1,056 (7%) members active during the audit period
    - 50 of the 1,034 (5%) Public Safety members
    - 11 of the 11 (100%) CORP Dispatch members
    - 11 of the 11 (100%) CORP Detention members
- Census data attributes reported to the System's actuaries such as salary, date of hire, date of birth and gender for 43 of the 1,056 (4%) members active during the audit period
    - 21 of the 1,034 (2%) Public Safety members
    - 11 of the 11 (100%) CORP Dispatch members
    - 11 of the 11 (100%) CORP Detention members
- Compliance with A.R.S § 38-847, *Local boards*

We communicated detailed findings, observations and recommendations to DPS staff and System staff throughout the audit process.

Arizona Department of Public Safety - Employer

1. The Arizona Department Public Safety overreported pensionable compensation and made overpayments for one member.

Member and employer contributions recorded on DPS payroll records did not reflect the System's record of member and employer contributions received for one member for seven pay periods. It was determined that the member ended employment under a Public Safety Plan and began employment as a CORP Defined Contribution participant. For members who are new to the CORP Defined Contribution plan, participation begins 90 days after the member's date of hire. Contributions to the System were received earlier than required, resulting in an overpayment of member and employer contributions. This finding is specifically related to a member included in the sample of this review. As a result, other members may be impacted.

A.R.S. §38-881.01(B) provides that *An employee who is hired on or after July 1, 2018, who is in a designated position as defined in section 38-881, paragraph 13, subdivision (g) and who was not an active, an inactive or a retired member of the plan or a member of the plan with a disability on June 30, 2018 is eligible to participate in the corrections officer retirement plan or the public safety personnel defined contribution retirement plan established pursuant to article 4.1 of this chapter, depending on the employee's election under this section. During the first sixty days of an employee's employment and before the employee makes a decision regarding the individual's retirement plan, the board shall provide each probation and surveillance officer who is hired on or after July 1, 2018 interactive, objective educational training, counseling and participant-specific plan information about both the corrections officer retirement plan and the public safety personnel defined contribution retirement plan options. The employee's participation in either the plan or the public safety personnel defined contribution retirement plan established pursuant to article 4.1 of this chapter begins ninety days after the date the employee is hired. Unless the elections made under this section are made before the ninetieth day after the date of employment, the employee is automatically enrolled in the plan for the remainder of the employee's employment.*

In May 2025, the System adjusted the member's account and provided credits back to the employer for the overpayments of member and employer contributions.

Employer Recommendation:

DPS should ensure the remittance of member and employer contributions reflect the member's participation date and return any over-deducted member contributions back to the member.

System Recommendation:

The System should work with DPS to ensure each impacted member receives written communication related to overreported salary and overpayments.

Arizona Department of Public Safety - System

2. The System excluded salary reported for three Arizona Department of Public Safety members for one or more pay periods.

We reviewed DPS's payroll records against the System's records and identified that salaries were not recorded and contributions were not applied to three member's retirement accounts for one or more pay periods. We determined that the salaries were not applied to each member's retirement account because the members were approaching the statutory compensation limit. After further research, we concluded that the System should have recorded a portion of the reported salaries and applied the corresponding contributions to each member's account as applicable. The remaining contributions deducted from the members' salaries and received by the System should have been credited back to the employer and returned to the members as appropriate. This finding is specifically related to members included in the sample of this review. As a result, other members may be impacted.

In April 2025, the System processed adjustments to the impacted members' retirement accounts and applied credits back to the employer's prepaid account.

System Recommendations:

The System should:

A. Work with the DPS to determine all impacted members, process adjustments and apply credits back to the employers' accounts as applicable.

B. Work with DPS and/or ADOA to ensure each impacted member receives written communication related to account adjustments and/or corrections.

C. Ensure effective communication with State of Arizona employers by timely notifying them that members are approaching the statutory compensation limit to avoid over reporting, overpayments and unnecessary deductions from a member's salary.

Employer Recommendation:

DPS should return any over-deducted member contributions back to each impacted member as applicable.

Arizona Department of Public Safety – Public Safety Local Board

3. The Arizona Department of Public Safety's Public Safety local board has two appointed members serving on expired terms and one vacant appointment.

Auditors identified one appointed position is vacant and two appointed members are serving on terms that may have expired in July 2020.

A.R.S. §38- 847(B) provides, in part, that *on the taking effect of this system for an employer, the appointments and elections of local board members shall take place with one elective and appointive local board member serving a term ending two years after the effective date of participation for the employer and other local board members serving a term ending four years after the effective date. Thereafter, every second year, and as a vacancy occurs, an office shall be filled for a term of four years in the same manner as previously provided.*

Local Board Recommendation:

DPS should work with the Office of the Arizona Governor to receive appointments for the Public Safety local board as required by A.R.S.

4. The Arizona Department of Public Safety's Public Safety local board training requirements were not met by two members.

Based on records provided by the local board for this review, two members did not complete the local board training.

A.R.S. §38-893(C) provides, in part, that *within one hundred eighty days after appointment or election, each board member shall complete local board training as prescribed by the board of trustees, including open meeting laws, ethics, legal review and fiduciary responsibilities and duties.*

A.R.S. §38-847(M) provides, in part, that *within one hundred eighty days after election, the local board's secretary shall complete local board training as prescribed by the board of trustees, including open meeting laws, ethics, legal review and fiduciary responsibilities and duties.*

In January 2025, local board training was completed by both members and support was provided to the System.

Local Board Recommendation:

The DPS Public Safety local board should ensure each reelected and/or reappointed member and secretary completes the local board training as required by A.R.S.

5. The Arizona Department of Public Safety's Public Safety local board had two members whose oath of office agreements were completed untimely.

Based on records provided by the local board, the local board had two members who did not complete their oath of office agreement within ten days of appointment and/or election.

A.R.S. §38-847(C) provides, in part, that *each member of a local board, within ten days after the member's appointment or election, shall take an oath of office that, so far as it devolves on the member, the member shall diligently and honestly administer the affairs of the local board and that the member shall not knowingly violate or willingly allow to be violated any of the provisions of law applicable to the system.*

Local Board Recommendation:

The local board should ensure oath office agreements are completed in accordance with A.R.S. requirements.

Arizona Department of Public Safety – CORP Local Board (Dispatch)

6. The Arizona Department of Public Safety's CORP Dispatch local board has one appointed member serving on an expired term and two vacant appointments.

Auditors identified two appointed positions are vacant and one appointed member is serving on a term that may have expired in June 2013.

A.R.S. §38- 847(B) provides, in part, that *on the taking effect of this system for an employer, the appointments and elections of local board members shall take place with one elective and appointive local board member serving a term ending two years after the effective date of participation for the employer and other local board members serving a term ending four years after the effective date. Thereafter, every second year, and as a vacancy occurs, an office shall be filled for a term of four years in the same manner as previously provided.*

Local Board Recommendation:

DPS should work with the Office of the Arizona Governor to receive appointments for the CORP Dispatch local board as required by A.R.S.

7. The Arizona Department of Public Safety's CORP Dispatch local board did not hold at least two meetings per year as required by A.R.S.

The DPS CORP Dispatch local board has not held a meeting since September 2021.

A.R.S. §38-847(C) provides, in part, that *each local board shall meet at least twice a year.*

Local Board Recommendation:

The DPS CORP Dispatch local board should ensure local board meetings are held at least twice a year as required by A.R.S.

8. The Arizona Department of Public Safety's CORP Dispatch local board had two members whose oath of office agreements were completed untimely.

Based on records provided by the local board for this review, the local board had two members who did not complete their oath of office agreement within ten days of appointment and/or election.

A.R.S. §38-847(C) provides, in part, that *each member of a local board, within ten days after the member's appointment or election, shall take an oath of office that, so far as it devolves on the member, the member shall diligently and honestly administer the affairs of the local board and that the member shall not knowingly violate or willingly allow to be violated any of the provisions of law applicable to the system.*

Local Board Recommendation:

The DPS CORP Dispatch local board should ensure oath office agreements are completed in accordance with A.R.S. requirements.

Arizona Department of Public Safety – CORP Local Board (Detention)

9. There is not an active local board for the Arizona Department of Public Safety's CORP Detention.

Based on discussions with DPS staff, there is not an active local board for DPS's CORP Detention members.

A.R.S. §38- 847(B) provides, in part, that *on the taking effect of this system for an employer, the appointments and elections of local board members shall take place with one elective and appointive local board member serving a term ending two years after the effective date of participation for the employer and other local board members serving a term ending four years after the effective date. Thereafter, every second year, and as a vacancy occurs, an office shall be filled for a term of four years in the same manner as previously provided.*

Local Board Recommendation:

DPS should work with the Office of the Arizona Governor to receive appointments and conduct elections for the DPS CORP Detention local board as required by A.R.S.

Arizona Department of Public Safety - Observation

10. Pensionable compensation may have been overreported and overpayments may have been made for eight or more Arizona Department of Public Safety members.

We reviewed DPS's payroll records, including pay codes, and identified pay codes that are not specifically included in A.R.S.' definition of pensionable compensation. Specifically, DPS and/or the Arizona Department of Administration (ADOA) included *Compensatory Leave* payouts, *Special Duty* stipends and *Work for Secondary Agency* pay in the salaries of eight or more members when it was reported to the System for one or more pay periods. This observation is specifically related to the members included in the sample of this review. As a result, other members may be impacted.

A.R.S. §38-842(12) provides that, *compensation, for the purpose of computing retirement benefits, base salary, overtime pay, shift differential pay, military differential wage pay, compensatory time used by an employee in lieu of overtime not otherwise paid by an employer and holiday pay paid to an employee by the employer for the employee's performance of services in an eligible group on a regular monthly,*

semimonthly or biweekly payroll basis and longevity pay paid to an employee at least every six months for which contributions are made to the system.

A.R.S. §38-881(43) provides that "*Salary" means the base salary, shift differential pay, military differential wage pay and holiday pay paid a member for personal services rendered in a designated position to a participating employer on a regular monthly, semimonthly or biweekly payroll basis. Salary includes amounts that are subject to deferred compensation or tax shelter agreements. Salary does not include payment for any remuneration or reimbursement other than as prescribed by this paragraph. For the purposes of this paragraph, "base salary" means the amount of compensation each member is regularly paid for personal services rendered to an employer before the addition of any extra monies, including overtime pay, shift differential pay, holiday pay, fringe benefit pay and similar extra payments.*

Employer Recommendation:

DPS and/or ADOA should work with the System to determine whether the pay codes identified are pensionable, determine all impacted members and request adjustments and/or make corrections to each impacted member's account, if applicable.

System Recommendations:

The System should work with DPS and/or ADOA to:

A. Determine whether the pay codes identified are pensionable, determine all impacted members and process adjustments and/or make corrections to each impacted member's account, if applicable.

B. Ensure each impacted member receives written communication related to account adjustments and/or corrections.

This audit was included on the fiscal year 2025/26 PSPRS Board of Trustees-approved Audit Plan. This report is intended primarily for the Board of Trustees. However, this report is a public record and its distribution is not limited. If you have any questions about this report, please contact Cathleen Davis, Chief Auditor at (602) 296-2565.

Employer and Local Board Response and Action Plans

1. **The Arizona Department Public Safety overreported pensionable compensation and made overpayments for one member.**

   Recommendation:

   DPS should ensure the remittance of member and employer contributions reflect the member's participation date and return any over-deducted member contributions back to the member.

   Employer: Agree

   Action Plan: DPS Finance will collaborate with Human Resources to obtain participation data along with members' hire dates. DPS will then coordinate with ADOA Benefits to determine the process, as ADOA manages all payments to PSPRS.

   Target Date: 09/30/2025

2. **The System excluded salary reported for three Arizona Department of Public Safety members for one or more pay periods.**

   Recommendation:

   DPS should return any over-deducted member contributions back to each impacted member as applicable.

   Employer: Agree

   Action Plan: DPS will work with ADOA Central Payroll to determine if this is a DPS function or if Central Payroll handles this.

   Target Date: 09/30/2025

3. **The Arizona Department of Public Safety's Public Safety local board has two appointed members serving on expired terms and one vacant appointment.**

   Recommendation:

   DPS should work with the Office of the Arizona Governor to receive appointments for the Public Safety local board as required by A.R.S.

   Local Board Response: Partially agree

   Action Plan: We agree that there are two appointed members serving on expired terms and one vacant appointment. We do not agree that it is the responsibility of the board to make those appointments. The Governor, through the Governor's Office of Boards and Commissions is responsible for appointing members to the local board. The Governor's office is aware of the expired and vacant positions.

Target Date: 01/05/2026

4. **The Arizona Department of Public Safety's Public Safety local board training requirements were not met by two members.**

Recommendation:

The DPS Public Safety local board should ensure each reelected and/or reappointed member and secretary completes the local board training as required by A.R.S.

Local Board Response: Agree

Action Plan: The training was completed and documentation sent to PSPRS in January of 2025. We will ensure each reelected and/or reappointed member and secretary completes the local board training as required by A.R.S.

Target Date: 01/27/2025

5. **The Arizona Department of Public Safety's Public Safety local board had two members whose oath of office agreements were completed untimely.**

Recommendation:

The local board should ensure oath office agreements are completed in accordance with A.R.S requirements.

Local Board Response: Agree

Action Plan: The local board will ensure oath of office agreements are completed in accordance with A.R.S requirements.

Target Date: 04/01/2025

6. **The Arizona Department of Public Safety's CORP Dispatch local board has one appointed member serving on an expired term and two vacant appointments.**

Recommendation:

DPS should work with the Office of the Arizona Governor to receive appointments for the CORP Dispatch local board as required by A.R.S.

Local Board Response: Partially agree

Action Plan: The CORP Board does not have a quorum. The appointed member retired and no Governor appointments have been made. The AZDPS will begin working with the Governor's Office in January 2026 nominating appointments for the CORP Dispatch Board. The identified date of January 30, 2026, may be adjusted.

Target Date: 01/30/2026

7. **The Arizona Department of Public Safety's CORP Dispatch local board did not hold at least two meetings per year as required by A.R.S.**

Recommendation:

The DPS CORP Dispatch local board should ensure local board meetings are held at least twice a year as required by A.R.S.

Local Board Response: Partially agree

Action Plan: The CORP Board does not have a quorum. The appointed member retired and no Governor appointments have been made. The AZDPS will begin working with the Governor's Office in January 2026 to address appointments to the CORP Board. Once the CORP Board appointments are approved and a quorum is achieved, a biannual meeting schedule will be developed by May 2026. The identified date of May 29, 2026, may be adjusted based on several factors.

Target Date: 05/29/2026

8. **The Arizona Department of Public Safety's CORP Dispatch local board had two members whose oath of office agreements were completed untimely.**

Recommendation:

The DPS CORP Dispatch local board should ensure oath office agreements are completed in accordance with A.R.S requirements.

Local Board Response: Agree

Action Plan: Should the Board receive appointments the Secretary will make sure oaths of office are completed timely.

Target Date: 09/02/2025

9. **There is not an active local board for the Arizona Department of Public Safety's CORP Detention.**

Recommendation:

DPS should work with the Office of the Arizona Governor to receive appointments and conduct elections for the DPS CORP Detention local board as required by A.R.S.

Local Board Response: Agree

Action Plan: The AZDPS will work with the Office of the Arizona Governor to receive appointments and will conduct elections for the DPS CORP Detention local board. The AZDPS will begin working on this action plan in January 2026 with an estimated timeline for conducting elections by April 2026. This timeline will be adjusted based on several factors.

Target Date: 04/30/2026

10. Pensionable compensation may have been overreported and overpayments may have been made for eight or more Arizona Department of Public Safety members.

Recommendation:

DPS and/or ADOA should work with the System to determine whether the pay codes identified are pensionable, determine all impacted members and request adjustments and/or make corrections to each impacted member's account, if applicable.

Employer Response: Agree

Action Plan: DPS will confirm with Central Payroll regarding pay codes.

Target Date: 09/30/2025

System Management Response and Action Plans

1. **The Arizona Department Public Safety overreported pensionable compensation and made overpayments for one member.**

   Recommendation:

   The System should work with DPS to ensure each impacted member receives written communication related to overreported salary and overpayments.

   System Management Response: Agree

   Action Plan: Member Services will work with the employer to process contribution adjustments to the member impacted with associated credits being properly applied to the employer account and ensure the member receives a written communication related to the adjustments. Additionally, Member Services will continue to partner with the employer to mitigate any future issues.

   Target Date: 06/30/2026

2. **The System excluded salary reported for three Arizona Department of Public Safety members for one or more pay periods.**

   Recommendations:

   The System should:

   A. Work with the DPS to determine all impacted members, process adjustments and apply credits back to the employers' accounts as applicable.

   B. Work with DPS and/or ADOA to ensure each impacted member receives written communication related to account adjustments and/or corrections.

   C. Ensure effective communication with State of Arizona employers by timely notifying them that members are approaching the statutory compensation limit to avoid over reporting, overpayments and unnecessary deductions from a member's salary.

   System Management Response: Agree

   Action Plan: Member Services worked with the employer to process contribution adjustments to the members impacted with associated credits being properly applied to the employer's account. Additionally, with ADOA taking lead in processing state agency contribution files, any validation warnings associated with reaching compensation limits will be more quickly identified for appropriate resolution. Member Services will continue to partner with the employer and ADOA to mitigate any future issues and ensure members receive written communication related to the adjustments.

   Target Date: 06/30/2026

10. Pensionable compensation may have been overreported and overpayments may have been made for eight or more Arizona Department of Public Safety members.

Recommendations:

The System should work with DPS and/or ADOA to:

A. Determine whether the pay codes identified are pensionable, determine all impacted members and process adjustments and/or make corrections to each impacted member's account, if applicable.

B. Ensure each impacted member receives written communication related to account adjustments and/or corrections.

System Management Response: Agree

Action Plan: Member Services will work with the employer to ensure the overreported salaries are adjusted. This includes partnering with the employer to mitigate any future issues and ensuring all members impacted by the adjustments receive a written communication.

Target Date: 06/30/2026

DRAFT REPORT

Public Safety Personnel Retirement System
Corrections Officer Retirement Plan
Elected Officials' Retirement Plan

Administration Committee

Trustee Dean Scheinert, Chairman
Trustee Brian Moore, Vice-Chairman
Trustee Nate Weber

Internal Audit Office

Cathleen Davis, CIA, CISA, CFE, Chief Auditor
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Olga Cedillo, Auditor

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Warren Petersen
President

Fifty-seventh Legislature

Arizona State Senate

February 2, 2026

Dear Mr. Parke,

I am pleased to inform you that I am appointing Leonard Gilroy to serve as a member of the Public Safety Personnel Retirement System Advisory Committee.

Sincerely,

Warren Petersen
President of the Senate