



City of Grand Forks Pension Plan

Contribution Projections Under Asset Allocation
Glide Path Proposal

Deloitte Consulting LLP
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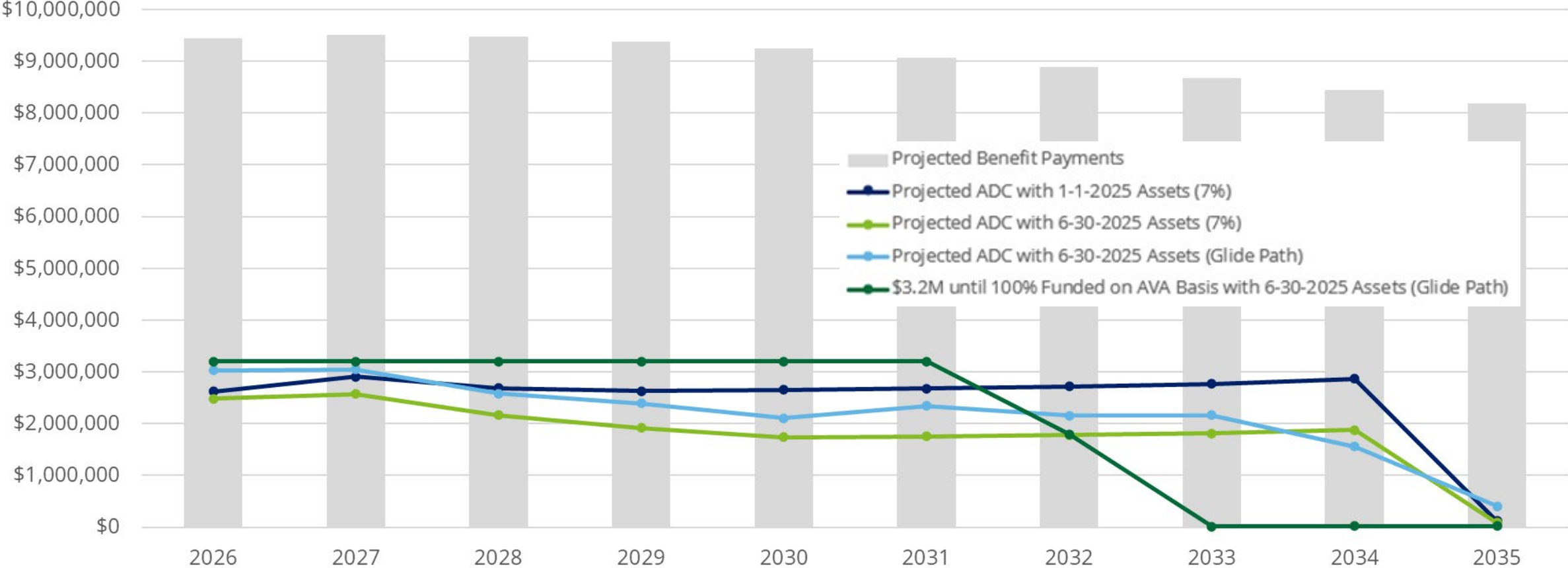
Contribution Projections Under Asset Allocation Glide Path Proposal

| Based on Information From NEPC | | | | Scenario #1 – ADC With Glide Path Discount Rate | | Scenario #2 –\$3.2M With Glide Path Discount Rate | |
|--|---|--------------------------------------|---|---|---------------------------------------|---|---------------------------------------|
| | “Termination Basis” Funded Status at 5.4% | NEPC Asset Allocation Category | Expected Return on Assets / Discount Rate | Projected ADC | Projected BOY AVA Funded Status | Flat \$3.2M Contribution Until AVA Funded Status >100% | Projected BOY AVA Funded Status |
| 2025 | 70.9% | N/A | 7.0% | \$3,152,985 (Actual) | 82% | \$3,152,985 (Actual) | 82% |
| 2026 | 77.5% | 70%-79% Funded | 6.5% | \$3,030,000 | 80% | \$3,200,000 | 80% |
| 2027 | 79.5% | 70%-79% Funded | 6.5% | \$3,050,000 | 81% | \$3,200,000 | 81% |
| 2028 | 81.6% | 80%-84% Funded | 6.4% | \$2,580,000 | 85% | \$3,200,000 | 85% |
| 2029 | 83.7% | 80%-84% Funded | 6.4% | \$2,400,000 | 87% | \$3,200,000 | 88% |
| 2030 | 85.5% | 85%-89% Funded | 6.2% | \$2,110,000 | 90% | \$3,200,000 | 92% |
| 2031 | 87.5% | 85%-89% Funded | 6.2% | \$2,350,000 | 90% | \$3,200,000 | 94% |
| 2032 | 89.6% | 85%-89% Funded | 6.2% | \$2,150,000 | 93% | \$1,800,000 | 98% |
| 2033 | 91.7% | 90%-94% Funded | 6.1% | \$2,170,000 | 95% | \$20,000 | 100% |
| 2034 | 94.3% | 90%-94% Funded | 6.1% | \$1,560,000 | 98% | \$20,000 | 101% |
| 2035 | 96.3% | 95%-99% Funded | 5.9% | \$400,000 | 100% | \$20,000 | 101% |
| Total Projected 10-Year Contributions (2026 – 2035) | | | | \$21,800,000 | | \$21,060,000 | |

Commentary

- **Scenario #1:** Implementing the asset allocation glide path increases the projected ADC necessary to fully fund the plan due to the gradual decrease in the expected return on assets and discount rate assumptions. The plan’s strong asset performance and contribution greater than the ADC in 2025 have worked to offset the projected increases due to the glide path.
- **Scenario #2:** Contributing an amount of \$3.2M each year until the AVA Funded Status reaches 100% accelerates funding by two years if all assumption are met. Consistently contributing more than the ADC, as the City has done for many years, will provide a buffer against potential asset return volatility before 2035.

Contribution Projections Under Asset Allocation Glide Path Proposal



| Total Projected 10-Year Contributions (2026 - 2035) | | | |
|---|--|--|--|
| Projected ADC with 1-1-2025 Assets (7%) | Projected ADC with 6-30-2025 Assets (7%) | Projected ADC with 6-30-2025 Assets (Glide Path) | \$3.2M until 100% Funded on AVA Basis with 6-30-2025 Assets (Glide Path) |
| \$24,660,000 | \$18,180,000 | \$21,800,000 | \$21,060,000 |

Appendix



Key Inputs and Assumptions

- **Projected ADC with 1-1-2025 Assets (7%) Scenario**
 - Based on census data, assets, plan provisions, and assumptions from the January 1, 2025 Actuarial Valuation
 - Projections originally provided in Spring 2025 and based on the City's current funding policy (assumes ADC of \$2,672,022 is contributed in 2025)
- **Projected ADC with 6-30-2025 Assets (7%) Scenario**
 - Reflects actual 6/30/2025 market value of assets from Aetna statements provided by the City and SIB statement available online
 - Reflects the City's actual 2025 contribution of \$3,152,985 (greater than the 2025 ADC of \$2,672,022)
- **Projected ADC with 6-30-2025 Assets (Glide Path) Scenario**
 - Reflects projected changes in expected return on assets and discount rate assumption based on proposed glide path (based on estimated "Termination Basis" trigger points) provided by NEPC and NDSIB in their October 2025 presentation.
 - Please see Appendix for NEPC glide path information used as inputs
- **\$3.2M until 100% Funded on AVA Basis with 6-30-2025 Assets (Glide Path)**
 - Reflects accelerated contributions of \$3.2M annually until 100% funded on an Actuarial Value of Assets (AVA) basis

NEPC Glide Path Allocation Profiles – From October 2025 Presentation

GLIDE PATH ASSET ALLOCATION PROFILES GRAND FORKS EMPLOYEES

| | Current Policy | Actual June 30 | 70-74% Funding | 75-79% Funding | 80-84% Funding | 85-89% Funding | 90-94% Funding | 95-99% Funding | 100% or better Funding |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------------|
| Cash | 1.0% | 0.3% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Total Cash | 1.0% | 0.3% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% | 1.0% |
| Global Equity | 55.0% | 53.5% | 39.2% | 36.7% | 34.1% | 29.1% | 24.0% | 16.5% | 10.0% |
| Private Equity | 5.0% | 7.3% | 7.3% | 5.8% | 4.4% | 2.9% | 1.5% | 0.7% | 0.0% |
| Total Equity | 60.0% | 60.8% | 46.5% | 42.5% | 38.5% | 32.0% | 25.5% | 17.3% | 10.0% |
| US Aggregate Bond | 17.0% | 17.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| US High Yield Corporate Bond | 3.5% | 3.7% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Intermediate Duration Fixed Income | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% | 10.0% | 20.0% | 30.0% | 39.0% |
| Long Duration Fixed Income | 0.0% | 0.0% | 35.0% | 42.5% | 50.0% | 50.0% | 50.0% | 50.0% | 50.0% |
| Private Debt - Direct Lending | 3.5% | 3.5% | 3.5% | 2.8% | 2.1% | 1.4% | 0.7% | 0.4% | 0.0% |
| Total Fixed Income | 24.0% | 24.9% | 38.5% | 45.3% | 52.1% | 61.4% | 70.7% | 80.4% | 89.0% |
| Real Estate - Core | 5.3% | 3.2% | 3.2% | 2.6% | 1.9% | 1.3% | 0.6% | 0.3% | 0.0% |
| Real Estate - Non-Core | 1.7% | 2.6% | 2.6% | 2.1% | 1.6% | 1.0% | 0.5% | 0.3% | 0.0% |
| Private Real Assets - Natural Resources | 1.0% | 1.1% | 1.1% | 0.9% | 0.7% | 0.4% | 0.2% | 0.1% | 0.0% |
| Private Real Assets - Infrastructure | 7.0% | 7.1% | 7.1% | 5.7% | 4.3% | 2.8% | 1.4% | 0.7% | 0.0% |
| Total Real Assets | 15.0% | 14.0% | 14.0% | 11.2% | 8.4% | 5.6% | 2.8% | 1.4% | 0.0% |
| 10-Year Expected Return (Geo) | 6.6% | 6.7% | 6.7% | 6.5% | 6.4% | 6.2% | 6.1% | 5.9% | 5.7% |
| 30-Year Expected Return (Geo) | 7.6% | 7.7% | 7.7% | 7.6% | 7.4% | 7.2% | 7.0% | 6.7% | 6.5% |
| Asset Volatility | 13.3% | 13.7% | 12.0% | 11.5% | 11.2% | 10.4% | 9.8% | 9.3% | 9.0% |
| Sharpe Ratio (10 years) | 0.20 | 0.20 | 0.23 | 0.22 | 0.22 | 0.22 | 0.22 | 0.21 | 0.20 |
| Sharpe Ratio (30 years) | 0.31 | 0.31 | 0.35 | 0.35 | 0.35 | 0.36 | 0.36 | 0.35 | 0.33 |
| Interest Rate Hedge Ratio | 8% | 9% | 36% | 46% | 57% | 66% | 74% | 84% | 93% |
| Liquidity Profile | | | | | | | | | |
| Tier 1 (Daily Liquidity) | 56.0% | 53.8% | 40.2% | 38% | 35% | 30% | 25% | 18% | 11% |
| Tier 2 (Semi-liquid) | 20.5% | 21.4% | 35.0% | 43% | 50% | 60% | 70% | 80% | 89% |
| Tier 3 (Illiquid) | 23.5% | 24.8% | 24.8% | 20% | 15% | 10% | 5% | 2% | 0% |



Note: Funding level noted in top row above is determined on a "termination Basis" with a discount rate based on a high-quality investment-grade yield curve.



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