

## AGENDA



**Date:** March 8, 2024

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, March 14, 2024, in the Second Floor Board Room at 4100 Harry Hines Boulevard, Dallas, Texas** and via telephone conference for audio at 214-271-5080 access code 588694 or Toll-Free (US & CAN): 1-800-201-5203 and Zoom meeting for visual <https://us02web.zoom.us/j/83364156526?pwd=OG5CbEFhajN5V0hWaUFJMlhYcHQ2Zz09> Passcode: 923237. Items of the following agenda will be presented to the Board:

**A. MOMENT OF SILENCE**

**B. APPROVAL OF MINUTES**

Regular meeting of February 8, 2024

**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. Independent Actuarial Analysis and Recommendations and Section 2.025 Update**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

**2. Executive Director Approved Pension Ministerial Actions**

**3. Monthly Contribution Report**

**4. Board approval of Trustee education and travel**

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

**5. Deferred Retirement Option Plan (DROP) Policy**

- a. Approval of a De Minimis Payment
- b. Hardship Request
- c. Revisions to DROP Policy

**6. Portfolio Update**

**7. Fourth Quarter 2023 Investment Performance Analysis and Third Quarter 2023 Private Markets & Real Assets Review**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

**8. Lone Star Investment Advisors**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

**9. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

## **D. BRIEFING ITEMS**

- 1. Public Comment**
- 2. Executive Director's Report**
  - a. Associations' newsletters**
    - NCPERS Monitor (March 2024)
  - b. Open Records**

The term "possible action" in the wording of any Agenda item contained herein serves as notice that the Board may, as permitted by the Texas Government Code, Section 551, in its discretion, dispose of any item by any action in the following non-exclusive list: approval, disapproval, deferral, table, take no action, and receive and file. At the discretion of the Board, items on this agenda may be considered at times other than in the order indicated in this agenda.

At any point during the consideration of the above items, the Board may go into Closed Executive Session as per Texas Government Code, Section 551.071 for consultation with attorneys, Section 551.072 for real estate matters, Section 551.074 for personnel matters, Section 551.076 for deliberation regarding security devices or security audits, and Section 551.078 for review of medical records.





## **MOMENT OF SILENCE**

**In memory of our Members and Pensioners who recently passed away**

NAME	ACTIVE/ RETIRED	DEPARTMENT	DATE OF DEATH
Tommy R. Sneed	Retired	Police	01/25/2024
Quinton M. White	Active	Fire	02/01/2024
Robert D. Wilson	Retired	Police	02/03/2024
Calvin E. Morris	Retired	Fire	02/04/2024
Sinclair F. Mann	Retired	Fire	02/06/2024
Donald W. Goin	Retired	Police	02/08/2024
Leonard L. Taylor	Retired	Fire	02/09/2024
David A. Norberg	Retired	Fire	02/13/2024
Ronnie R. Brown	Retired	Police	02/16/2024
Charles E. Tipton	Retired	Fire	02/16/2024
James H. Browder	Retired	Police	02/22/2024
Kenneth W. Taylor	Retired	Fire	02/25/2024
Reginald W. Pegram	Retired	Police	02/27/2024
Jack A. Lilley, Jr	Retired	Police	03/01/2024

*Regular Board Meeting –Thursday, March14, 2024*

**Dallas Police and Fire Pension System  
Thursday, February 8, 2024  
8:30 a.m.  
4100 Harry Hines Blvd., Suite 100  
Second Floor Board Room  
Dallas, TX**

Regular meeting, Nicholas A. Merrick, Chairman, presiding:

**ROLL CALL**

**Board Members**

Present at 8:33 a.m. Nicholas Merrick, Tina Hernandez Patterson, Michael Taglienti, Michael Brown, Mark Malveaux, Anthony Scavuzzo, Matthew Shomer, Tom Tull

By telephone Steve Idoux, Marcus Smith

Present at 8:38 a.m. Nancy Rocha

Absent None

**Staff**

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Christina Wu, Akshay Patel, John Holt, Nien Nguyen, Milissa Romero, Cynthia J. Thomas, Chelsea Abbott,

**Others**

Jill Svoboda, Matt Liu, Bill Hallmark, Jake Libauskas, Elizabeth Wiley, Jeff Williams, Gay Donnell Willis

By telephone Bohdy Hedgcock, Kevin McCabe

\* \* \* \* \*

The meeting was called to order at 8:33 a.m.

\* \* \* \* \*

**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officers Harvie G. Eady, Sam C. Gonzales, Albert H. Strebeck, Billy E. Shaffer, Paul D. Tilton, Steven Torres and retired firefighters Danny R. Wampler, Dwayne R. McBride, Bobby D. Wade, R A. Mullins.

No motion was made.

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**Regular Board Meeting  
Thursday, February 8, 2024**

**B. APPROVAL OF MINUTES**

Regular meeting of January 11, 2024

After discussion, Mr. Taglienti made a motion to approve the Regular minutes of the meeting of January 11, 2024. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

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**C. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION**

**1. 2022 Financial Audit**

Jill Svoboda, Partner and Matt Liu, Audit Senior Manager, representatives from BDO, DPFPP’s independent audit firm, discussed the results of their audit for the year ended December 31, 2022.

After discussion, Mr. Scavuzzo made a motion to approve the issuance of the 2022 audit report, subject to final review and approval by BDO and the Executive Director. Mr. Tull seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**2. Report on Audit Committee**

The Audit Committee met with representatives of BDO on February 8, 2024. The Committee Chair commented on the Committee’s observations and advice and noted that BDO had no negative comments regarding their dealings with staff.

No motion was made.

\* \* \* \* \*

**3. Independent Actuarial Analysis and Recommendations and Section 2.025 Update**

Section 2,025 of Article 6243a-1 requires the Texas Pension Review Board to select, and DPFPP to hire, an independent actuary to perform an actuarial analysis of DPFPP’s most recently completed actuarial valuation to (i) determine if DPFPP meets Texas statutory funding requirements and (ii) recommend changes to benefits and contribution rates for employees and the City of Dallas. This analysis is due on or before October 1, 2024.

Cheiron, Inc. was hired as the independent actuary and presented the preliminary report based on DPFPP’s January 1, 2022 actuarial valuation in November 2023.

**Regular Board Meeting  
Thursday, February 8, 2024**

**3. Independent Actuarial Analysis and Recommendations and Section 2.025 Update (continued)**

Bill Hallmark, Jake Libauskas, and Elizabeth Wiley of Cheiron reviewed their analysis and recommendations based on the January 1, 2023 actuarial valuation. Jeff Williams of Segal Consulting, DFPF’s actuary since 2016, was present to answer questions.

No motion was made.

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**4. 2022 Annual Comprehensive Financial Report**

Staff presented the 2022 Annual Comprehensive Financial Report.

After discussion, Mr. Tull made a motion to authorize the Executive Director to issue the 2022 Annual Comprehensive Financial Report and to forward the report to the Pension Review Board, the City of Dallas and to post it on the DFPF website. Mr. Taglienti seconded the motion, which was unanimously approved by the Board.

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**5. Quarterly Financial Reports**

The Chief Financial Officer presented the fourth quarter 2023 financial statements.

No motion was made.

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**6. Executive Director Approved Pension Ministerial Actions**

The Executive Director reported on the January pension ministerial actions.

No motion was made.

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**7. Monthly Contribution Report**

The Executive Director reviewed the Monthly Contribution Report.

No motion was made.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, February 8, 2024**

**8. Board approval of Trustee education and travel**

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

The Board and staff discussed future Trustee education. There was no future investment-related travel scheduled.

After discussion, Mr. Taglienti made a motion to approve Ms. Hernandez Patterson’s request to attend the TEXPERS Trustee Training and Annual Conference. Mr. Scavuzzo seconded the motion, which was unanimously approved by the Board.

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**9. TMRS Restricted Service Credit Request**

The Executive Director discussed adopting the Texas Municipal Retirement System (TMRS) Restricted Service Credit resolution to allow prior service to count for vesting purposes only for anyone with prior DFPF service or service with other governmental agencies.

After discussion, Mr. Tull made a motion to approve the resolutions authorizing Restricted Prior Service Credit in the TMRS staff retirement plan for vesting purposes only. Ms. Hernandez Patterson seconded the motion, which was unanimously approved by the Board.

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**10. Potential Budget Amendment – Information Technology**

Staff discussed with the Board the budget amendment proposal to replace and upgrade Boardroom audio/visual equipment.

After discussion, Mr. Taglienti made a motion to approve an increase in the information technology budget by \$80,000. Mr. Brown seconded the motion, which was unanimously approved by the Board.

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**11. Report on Investment Advisory Committee**

The Investment Advisory Committee met on January 23, 2024. The Committee Chair and staff commented on the Committee’s observations and advice.

No motion was made.

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**Regular Board Meeting  
Thursday, February 8, 2024**

**12. Portfolio Update**

Investment staff briefed the Board on recent events and current developments with respect to the investment portfolio.

No motion was made.

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**13. Clarion – Possible Sale of CCH Lamar**

The Board went into closed executive session – Real Estate at 11:01 a.m.

The meeting reopened at 11:59 a.m.

Bohdy Hedgcock and Kevin McCabe of Clarion discussed the proposed sale of DPFPP’s interest in CCH Lamar.

Mr. Merrick recused himself from the discussion and the vote.

After discussion, Ms. Hernandez Patterson made a motion to approve the sale of DPFPP’s interest in CCH Lamar, subject to the final approval of terms by the Executive Director. Mr. Brown seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**14. Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DPFPP and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

The Board went into closed executive session – Legal at 11:01 a.m.

The meeting reopened at 11:59 a.m.

The Board and staff discussed legal issues.

No motion was made.

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**Regular Board Meeting  
Thursday, February 8, 2024**

**D. BRIEFING ITEMS**

**1. Public Comments**

Prior to commencing items for Board discussion and deliberation, the Chairman extended an opportunity for public comment. No one requested to speak to the Board.

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**2. Executive Director’s Report**

**a. Associations’ newsletters**

- NCPERS Monitor (February 2024)
- NCPERS PERSist (Winter 2024)
- TEXPERS Pension Observer (Vol. 1 2024)  
<https://online.anyflip.com/mxfu/wdkk/mobile/index.html>

**b. Open Records**

**c. Staffing Update**

The Executive Director’s report was presented.

\* \* \* \* \*

Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Malveaux and a second by Mr. Scavuzzo, the meeting was adjourned at 12:01 p.m.

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Nicholas A. Merrick,  
Chairman

**ATTEST:**

\_\_\_\_\_  
Kelly Gottschalk  
Secretary



## DISCUSSION SHEET

### ITEM #C1

**Topic:** **Independent Actuarial Analysis and Recommendations and Section 2.025 Update**

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code.

**Discussion:** Section 2.025 of Article 6243a-1 requires the Texas Pension Review Board to select, and DFPF to hire, an independent actuary to perform an actuarial analysis of DFPF's most recently completed actuarial valuation to (i) determine if DFPF meets Texas statutory funding requirements and (ii) recommend changes to benefits and contribution rates for employees and the City of Dallas. This analysis is due on or before October 1, 2024.

Cheiron, Inc., was hired as the independent actuary. In November 2023, Cheiron presented the preliminary report based on DFPF's January 1, 2022 actuarial valuation. In February 2024, Cheiron presented its official report under Section 2.025 based on DFPF's January 1, 2023 actuarial valuation.

Staff will provide an update on the process since the February meeting and is seeking feedback on the Cheiron recommendations.

*Regular Board Meeting – Thursday, March 14, 2024*





# Independent Actuarial Analysis and Recommendations and Section 2.025 Update

March 14, 2024  
Board Meeting

# Agenda

- Review Cheiron's Recommendations
- Board Member Discussion of Cheiron's Recommendations
- City of Dallas Comments and Public Statements
- Recommended Steps for Section 2.025 Plan Approval

# Cheiron Recommendation – Adopt an Actuarially Determined Contribution

- Actuarial Determined Contribution (ADC)
  - Employer contributions based on an ADC, not a fixed rate
  - An ADC ensures continual compliance with the funding guidelines
  - Under current Texas law, every municipal plan will, over time, be funded on an ADC.
  - Observations and Rationale for Recommendations - Page 18, Cheiron 2/8/2024
- Decisions related to the ADC
  - Structural issues
    - Phasing up to the full ADC percentage
    - Phasing down as the funding reaches full funding
      - Options listed on Page 11, Cheiron 2/8/2024
      - Summary of impacts on Page 17, Cheiron 2/8/2024
      - With no phasing ADC is approximately 49-50% over the 30 years, any phasing increases the ADC over the term for the years not in the phase period.
  - Implementation issues
    - Timing of the ADC calculation to contribution start date
      - Page 9, Cheiron 2/8/2024

# Cheiron Recommendation – Reduce Employee Contribution Rate as Funding Improves

- Employee Contribution Rate Reduction as the Funding Improves, Page 20, Cheiron 2/8/2024
  - Begin to reduce the employee contribution rate when the plan is 50% funded and continue to decrease the contribution rate as the funded level improves.
  - Reductions are projected to begin in 2041.
  - In the scenario proposed, the contribution rate would be 9.5% once 90% is funded.
  - Article 6243a-1, as written, has a provision that reduces the employee contribution amount to 50% of the normal cost when the fund is 100% funded. Currently, the normal cost is 16.75% for employees hired after 3-1-2011.

# Cheiron Recommendation – Provide Some COLA Earlier

- Article 6243a-1 has a COLA, which is modeled as a 1.5% simple COLA. With the increased funding due to the ADC it is projected that the COLA will begin in 2046.
  - The COLA is a simple (not compounding) COLA on the base benefit only.
  - The COLA has other restrictions including age minimum or length of time since leaving retirement and portfolio returns.
  - Page 29, Cheiron 2/8/2024, illustrates the decline in purchasing power with the existing COLA.
- Page 28-38, Cheiron 2/8/2024, includes information on 7 COLA options. Other structures could be considered.
- Page 37, Cheiron 2/8/2024, provides a summary of the impacts of the various COLA options.

# Discussion

- Board Member discussion of Cheiron's recommendations
- City of Dallas comments and public statements
- Recommended steps for 2.025 plan approval

# Recommended Steps for Section 2.025 Plan Approval

- Follow up and work with Cheiron on any information requested by the Board.
- April – May
  - Continue to work with the City of Dallas to find agreement on a funding plan.
  - Continue Board discussion and analysis.
- June 13, 2024
  - Board adopts a plan that complies with the provisions of Section 2.025.

# Dallas Police & Fire Pension System



## Independent Actuarial Analysis Recommendations

Preliminary Recommendations  
Based on 2023 Actuarial Valuation

February 8, 2024

Bill Hallmark, ASA, EA, MAAA, FCA  
Elizabeth Wiley, FSA, EA, MAAA, FCA  
Jake Libauskas, FSA, EA, MAAA, FCA



# Agenda



## Background

## Primary Recommendations

- Adopt an Actuarially Determined Contribution
- Reduce Employee Contributions as Funded Status Improves
- Provide Some COLA Earlier

## Questions

## Appendix

## Independent Actuarial Analysis



- Pension Review Board selected Cheiron as the Independent Actuary
- Analysis required
  - Does system meet funding guidelines of Chapter 802 of Texas Government Code?
    - Funding period achieved and maintained  $\leq$  30 years
  - Make recommendations regarding:
    - Changes to benefits
    - Changes to member contributions
    - Changes to City contributions
- Board action by 11/1/2024
  - Complying with funding requirements of Chapter 802
  - Taking into consideration recommendations of Independent Actuary



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February 8, 2024

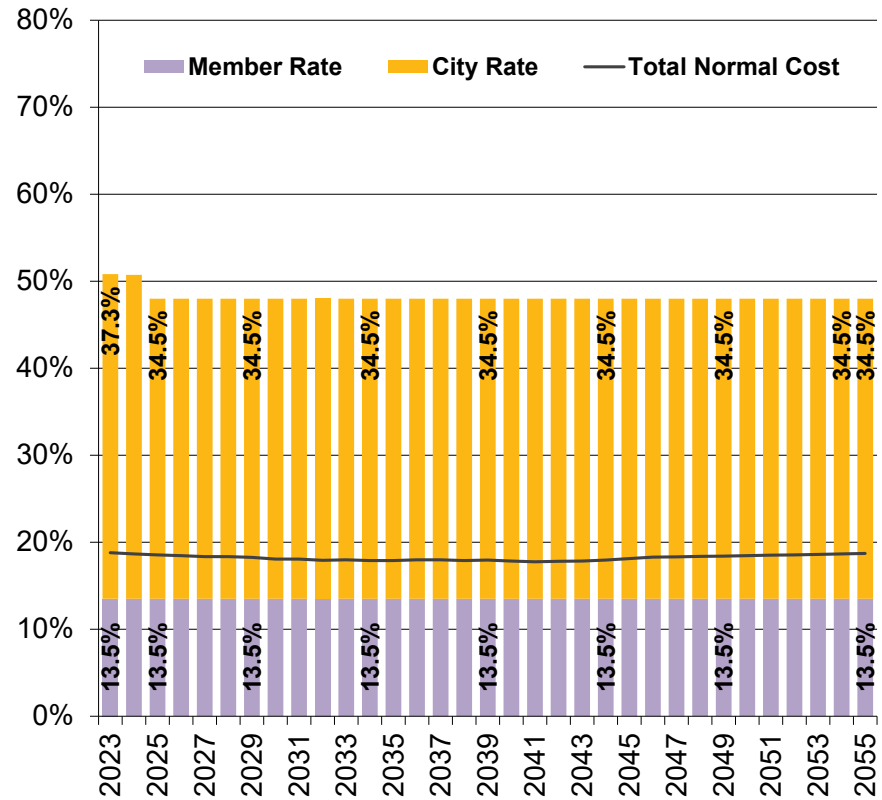
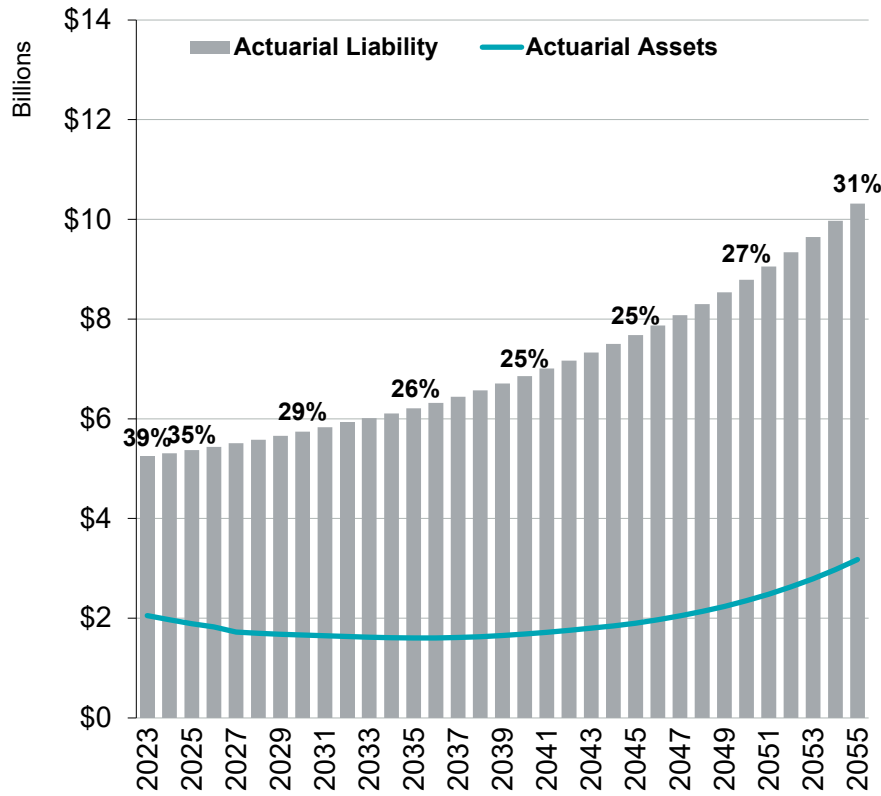
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## Process



- ✓ Replicate 2022 Valuation Performed by Segal
- ✓ Build Interactive Models
- ✓ Develop Alternative Contribution/Benefit Scenarios (At least 3)
- ✓ Draft Report and Presentation Based on 2022 Actuarial Valuation
  - Presented to Board, City, and Pension Review Board
  - Refinement of Options
- ✓ Replicate 2023 Valuation Performed by Segal
  - Preliminary Report and Presentation Based on 2023 Actuarial Valuation
    - Feedback from Board
    - Final refinements
  - Final Report
    - Texas Pension Review Board
    - Dallas Police & Fire Pension System Board
    - City of Dallas

# Baseline Projections – 2023 Valuation



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February 8, 2024

# Primary Recommendations



## Adopt an Actuarially Determined Contribution

- Contribution amounts adjust to circumstances
- Always comply with funding guidelines
- Start contributions effective either 10/1/2024 or 1/1/2025 based on 1/1/2023 valuation

## Reduce Employee Contribution Rate as Funding Improves

- Current rate is high compared to competitors and as proportion of benefit cost
- As funding improves, grade employee rate down to 50% of normal cost rate

## Provide Some COLA Earlier Than Current Provisions Permit

- Members are not covered by Social Security, so they have no inflation protection in retirement
- Lack of COLA is likely to create a recruitment and retention issue



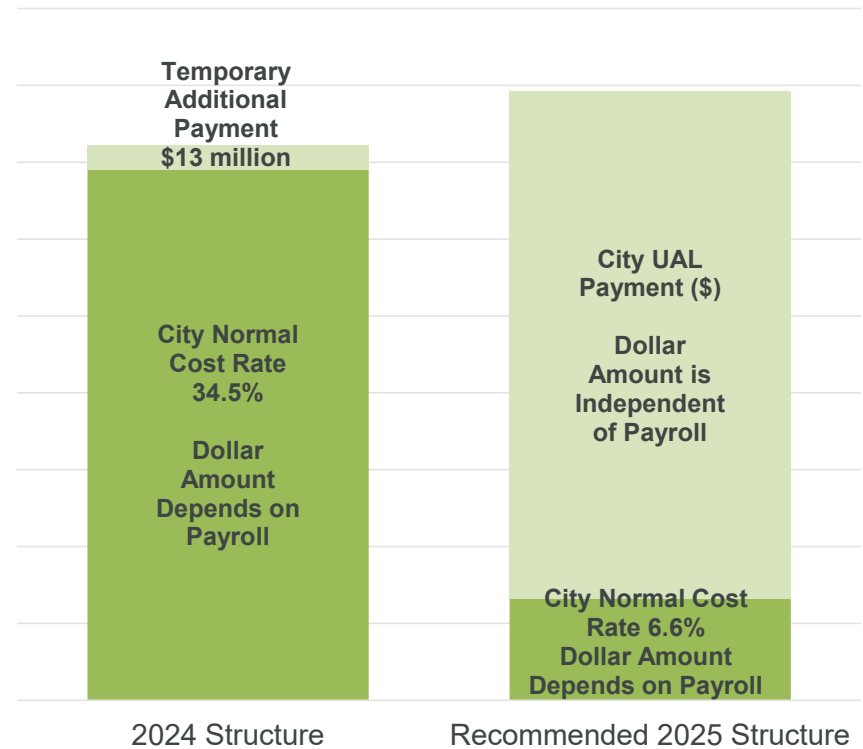
# Adopt an Actuarially Determined Contribution

# Actuarially Determined Contribution (ADC)

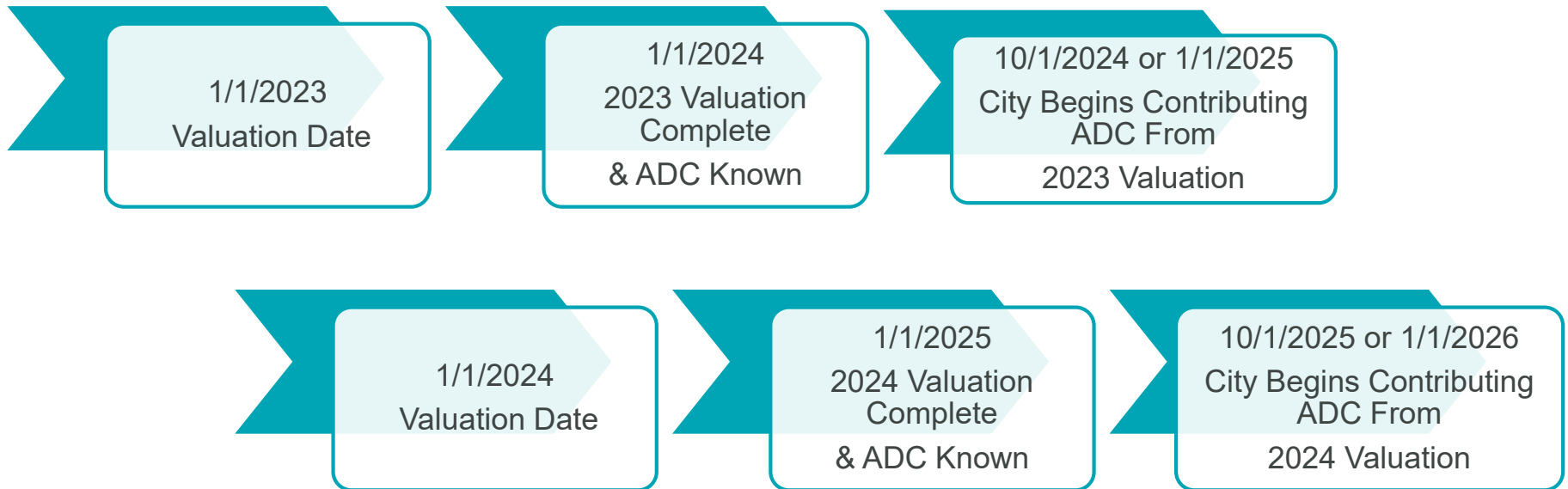


- Current fixed rate implicitly pays:
  - City’s normal cost
    - City’s expected cost of benefits attributable to the current year of service
  - Administrative expenses
  - An amount towards the Unfunded Actuarial Liability (UAL)
    - UAL payment is thus the excess of fixed rate over the City’s normal cost rate and administrative expenses
    - UAL payment is independent of actual UAL
- Proposed ADC consists of:
  - City’s normal cost rate
    - Designed to be a percentage of pay
  - Administrative expenses - a dollar amount
  - UAL payment - a dollar amount based on an amortization schedule
    - Designed to pay off UAL over a specified period
    - Independent of actual payroll

City Contribution Structures

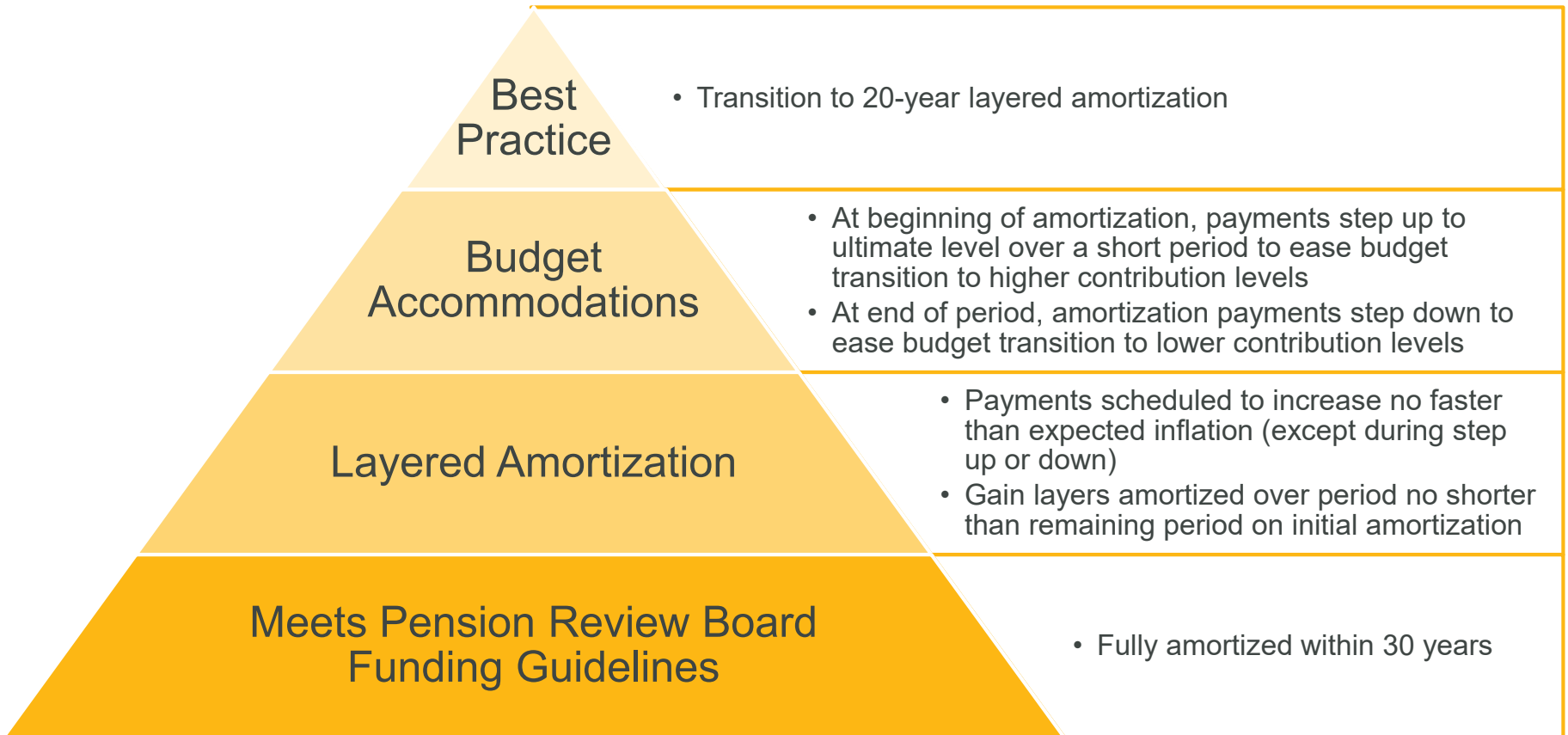


# Timeline of Actuarially Determined Contribution





# Key Amortization Principles Applied



# Modeled Amortization Options



Most Preferred

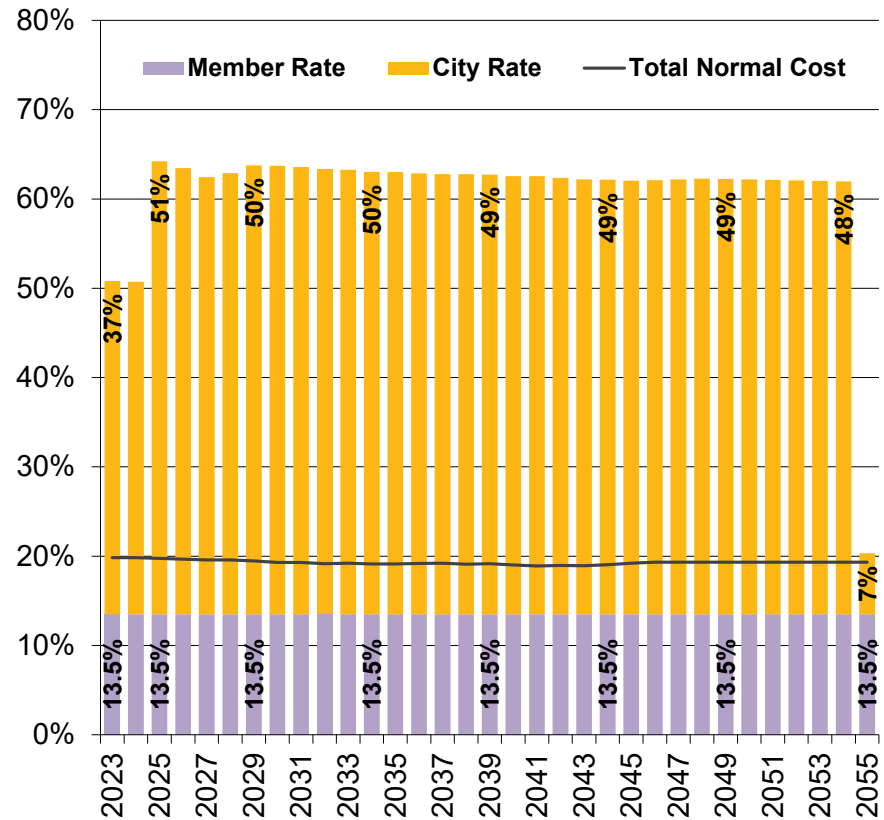
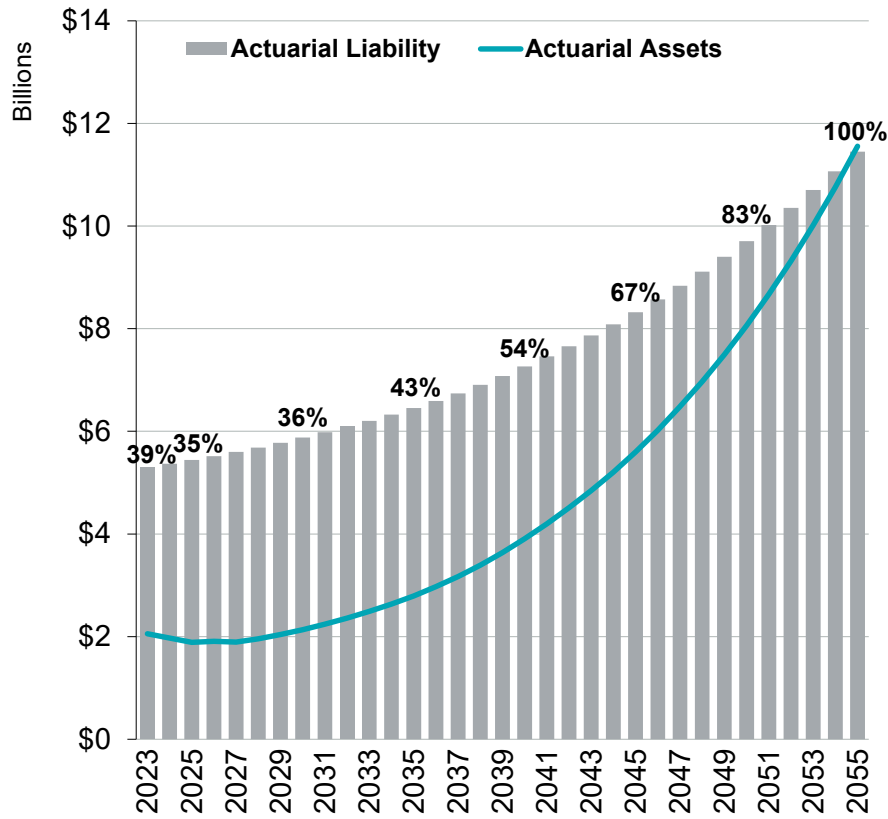
All Are Reasonable

Least Preferred

Traditional	3-Year Step Up/Down	5-Year Step Up/Down	3-Year Step Up	5-Year Step Up
<ul style="list-style-type: none"> <li>• Single initial 30-year amortization layer for entire UAL</li> <li>• 2.5% annual increase in payments</li> <li>• No step up or down in payments</li> </ul>	<ul style="list-style-type: none"> <li>• 30-year base amortization layer approximating current contribution rate for 2024</li> <li>• 2.5% annual increase in payments</li> <li>• 30-year amortization layer for remainder of UAL</li> <li>• Payments step up over 3 years to full payment level</li> <li>• 2.5% annual increase in payments once at full payment level</li> <li>• Payments step down over 3 years at end of amortization</li> </ul>	<ul style="list-style-type: none"> <li>• 30-year base amortization layer approximating current contribution rate for 2024</li> <li>• 2.5% annual increase in payments</li> <li>• 30-year amortization layer for remainder of UAL</li> <li>• Payments step up over 5 years to full payment level</li> <li>• 2.5% annual increase in payments once at full payment level</li> <li>• Payments step down over 5 years at end of amortization</li> </ul>	<ul style="list-style-type: none"> <li>• 30-year base amortization layer approximating current contribution rate for 2024</li> <li>• 2.5% annual increase in payments</li> <li>• 30-year amortization layer for remainder of UAL</li> <li>• Payments step up over 3 years to full payment level</li> <li>• 2.5% annual increase in payments once at full payment level</li> <li>• No step down at end of amortization</li> </ul>	<ul style="list-style-type: none"> <li>• 30-year base amortization layer approximating current contribution rate for 2024</li> <li>• 2.5% annual increase in payments</li> <li>• 30-year amortization layer for remainder of UAL</li> <li>• Payments step up over 5 years to full payment level</li> <li>• 2.5% annual increase in payments once at full payment level</li> <li>• No step down at end of amortization</li> </ul>



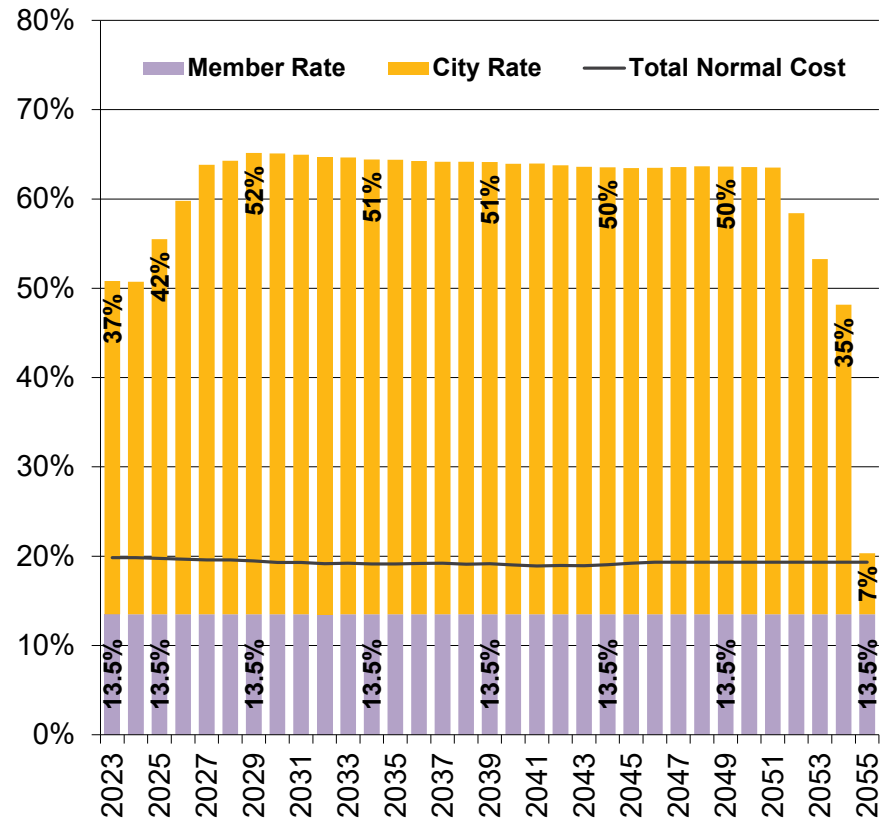
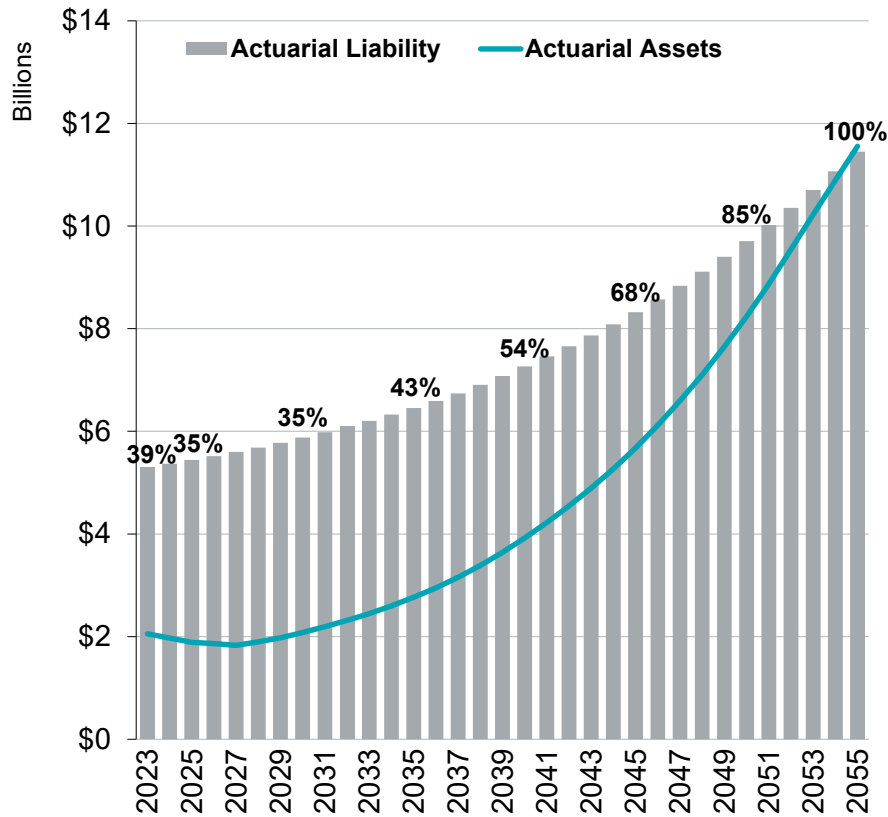
# Option 1A – Traditional ADC



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February 8, 2024

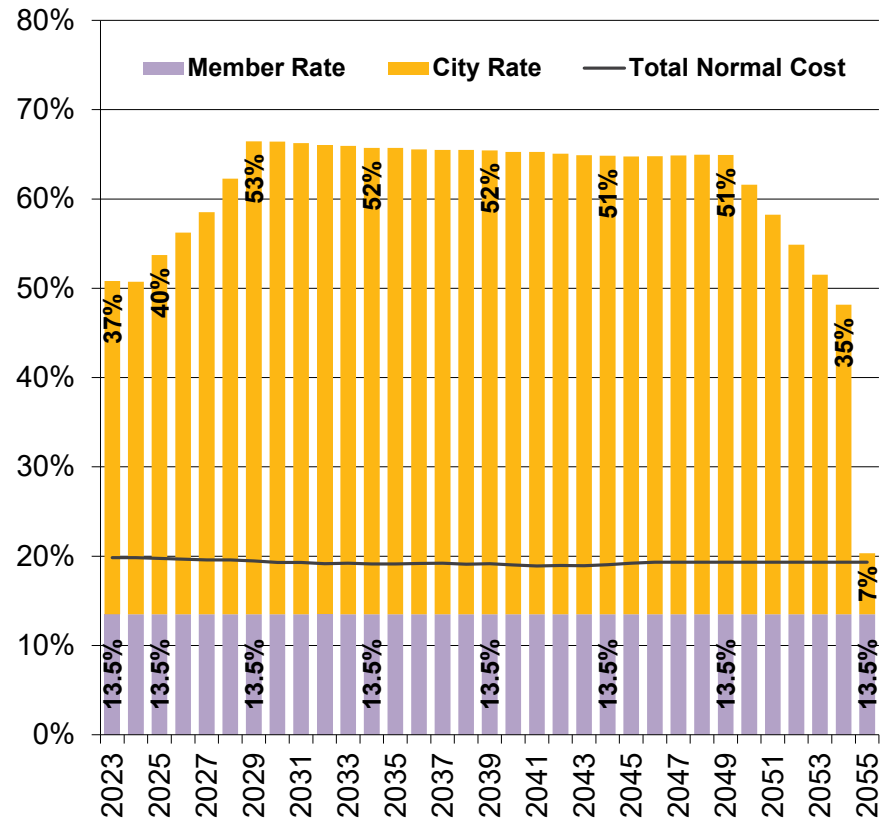
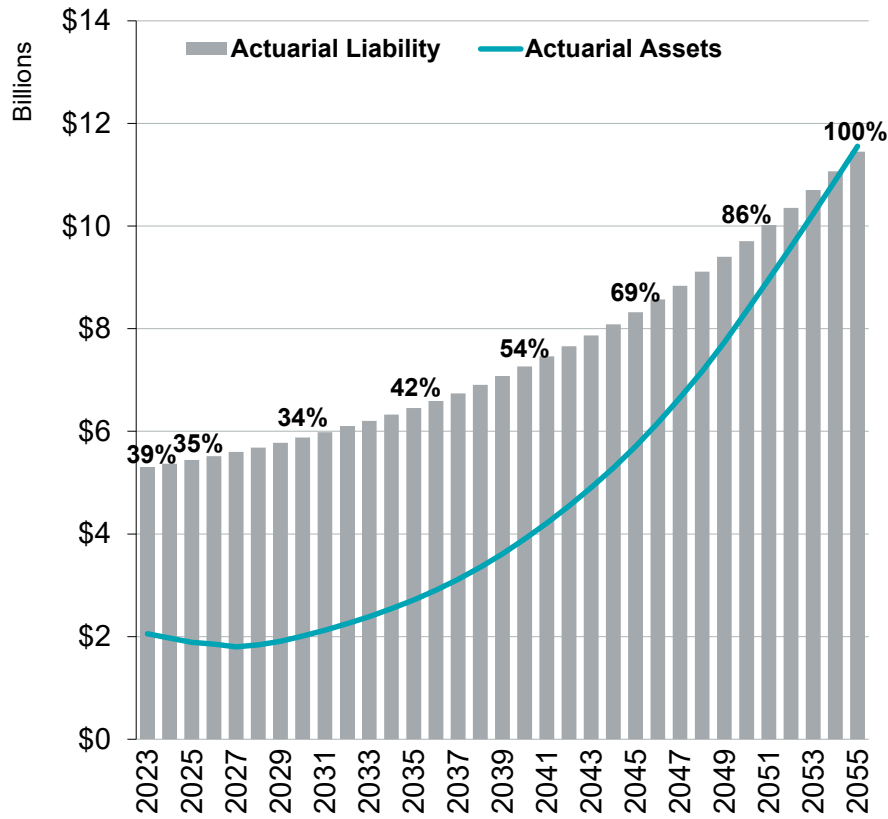
# Option 1B – 3-Year Step Up/Step Down ADC



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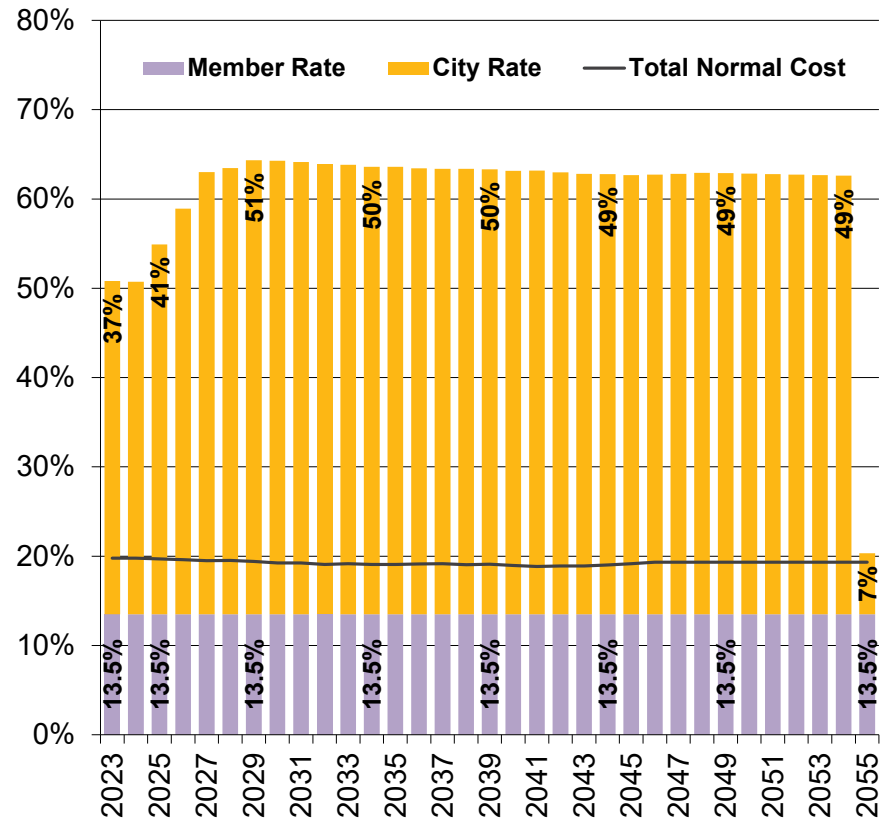
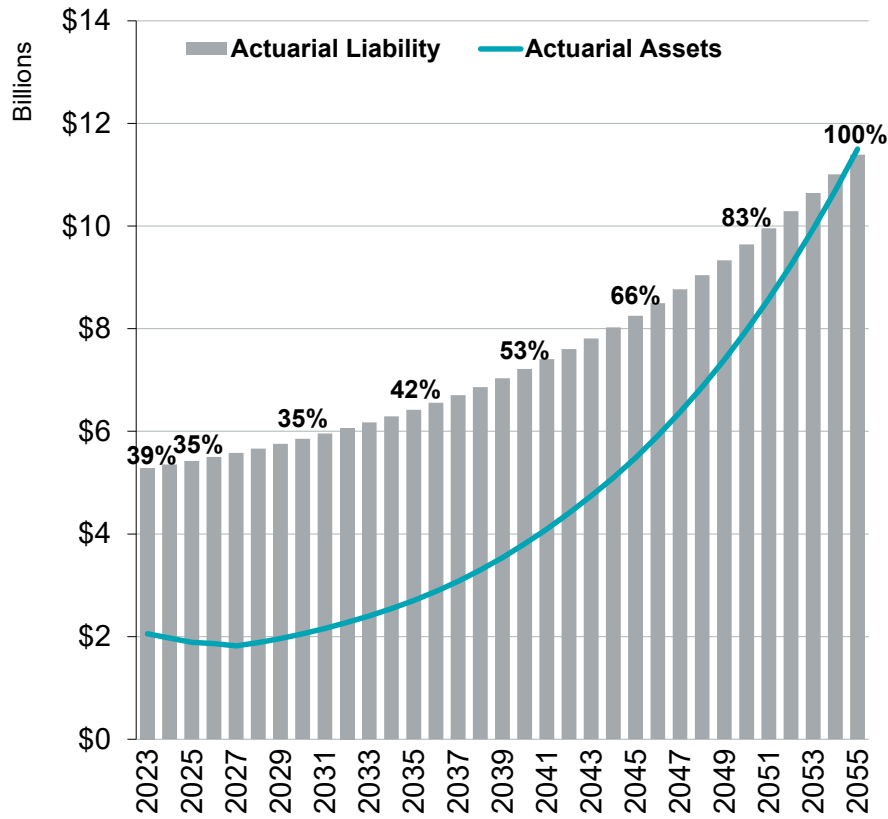
# Option 1C – 5-Year Step Up / Step Down ADC



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February 8, 2024

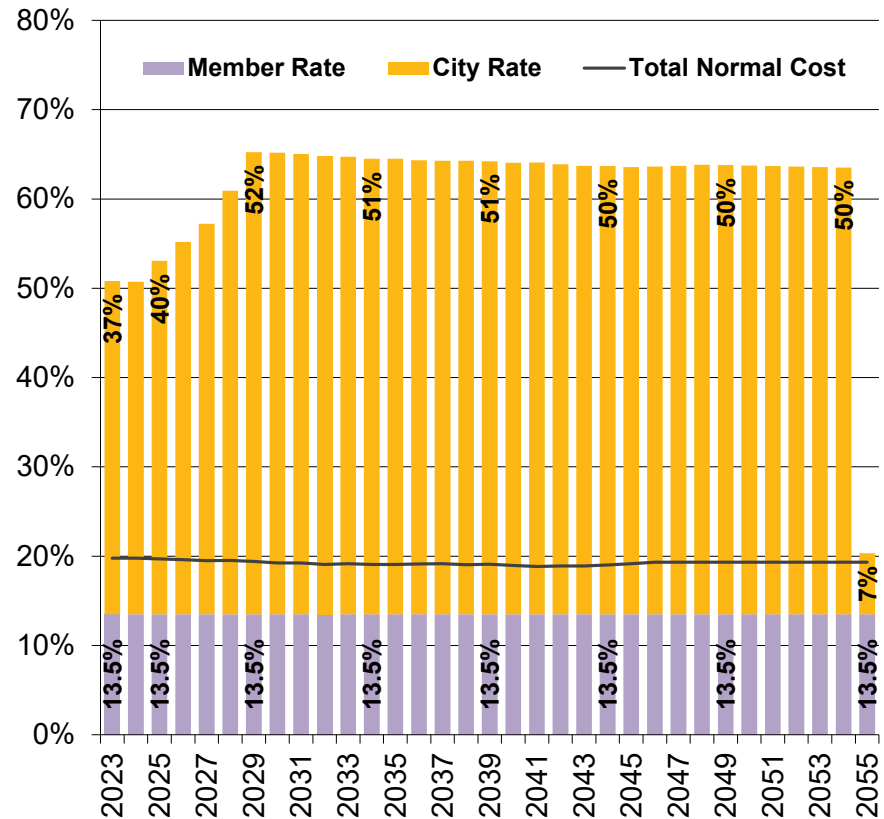
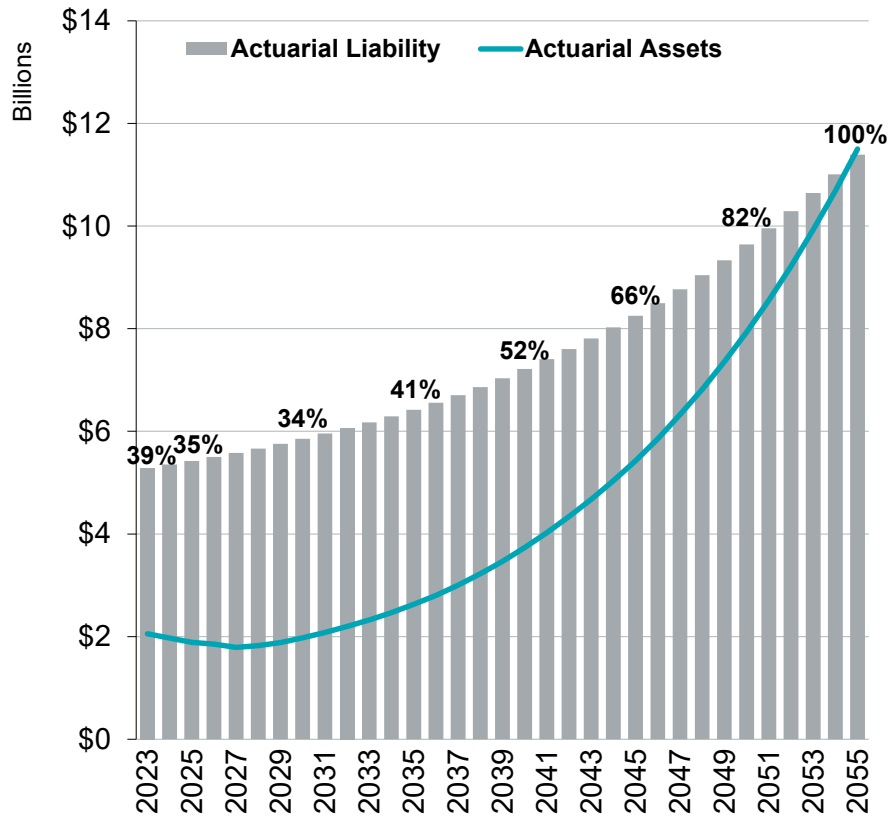
# Option 1D – 3-Year Step Up ADC



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February 8, 2024

# Option 1E – 5-Year Step Up ADC



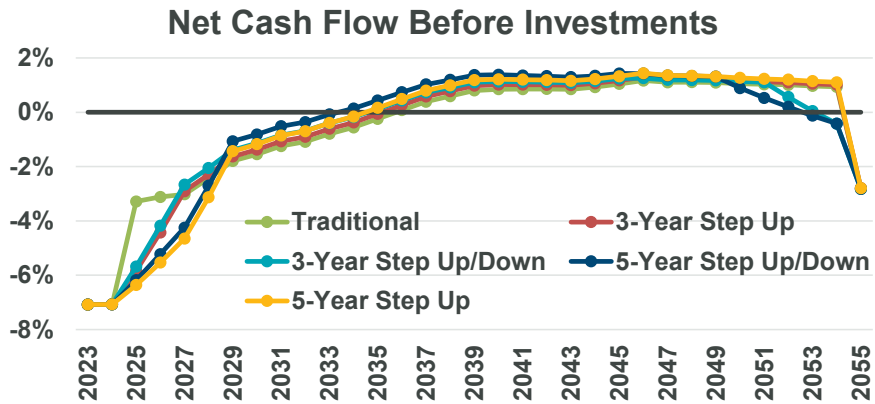
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February 8, 2024

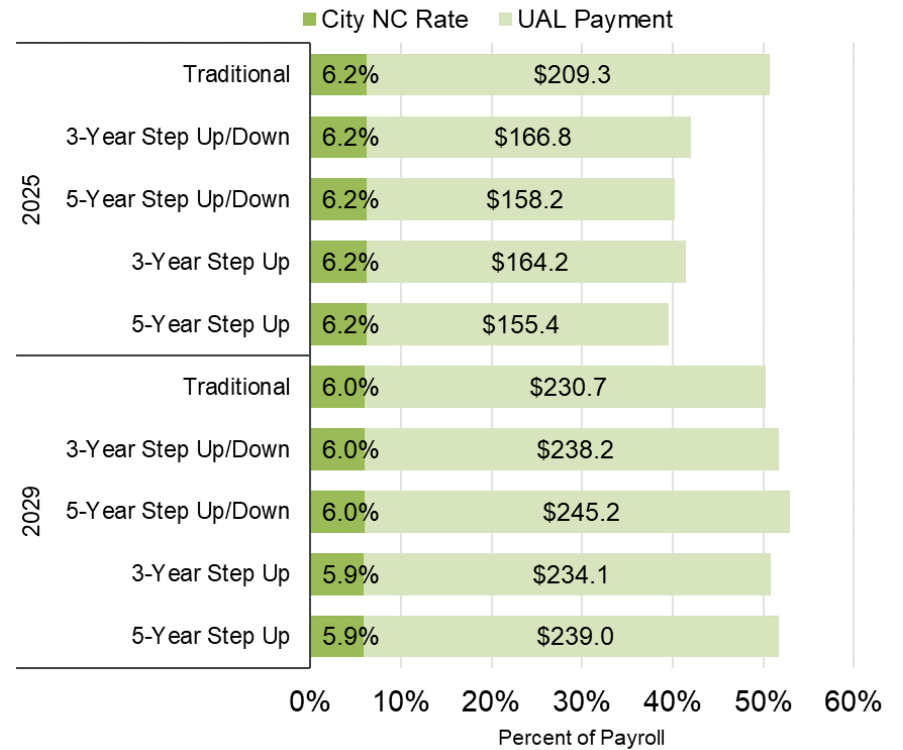
# Comparison of ADC Options



ADC	Minimum Expected Funded Percentage	Year Reach 70% Funded
Traditional	34%	2047
3-Year Step Up/Down	32%	2046
5-Year Step Up/Down	32%	2046
3-Year Step Up	32%	2047
5-Year Step Up	32%	2047



## City Contributions



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February 8, 2024



## Observations/Rationale for Recommendations



- All ADC options are reasonable:
  - Meet the PRB’s funding guidelines
  - Adjust contributions as circumstances change so funding guidelines are always satisfied
  - Improve cash flow
  - Expect to achieve 70% funding in 2046 or 2047
  - Expect to achieve 100% funding by 1/1/2055
- Given the current funded status, we prefer higher contributions as soon as possible
  - Lump sum contributions would reduce future actuarially determined contributions
- To manage the change to a higher level of contributions, we prefer the step up / step down options
  - Step up provides time for the City’s budget to adjust to higher contribution levels while automatically adjusting for experience during the step-up period
  - Step down provides some time to adjust City’s budget to lower contribution levels
    - Most entities facing a significant drop in contribution levels have elected to step them down instead, often extending the amortization period to do so
    - Better to plan for the step down in advance

# Reduce Employee Contribution Rate as Funding Improves



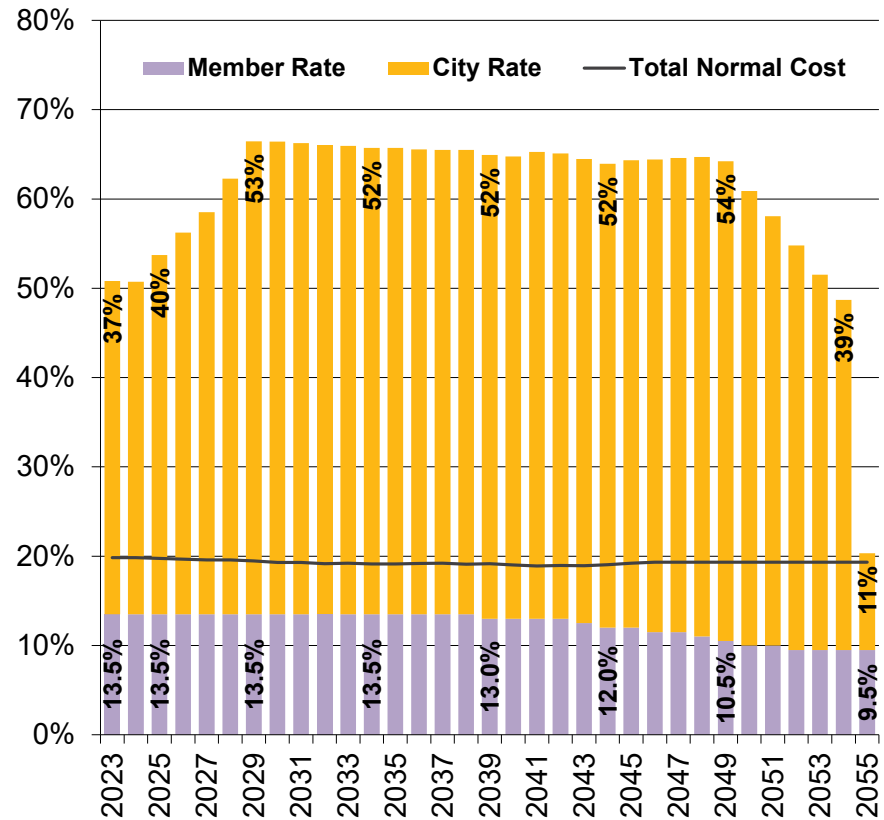
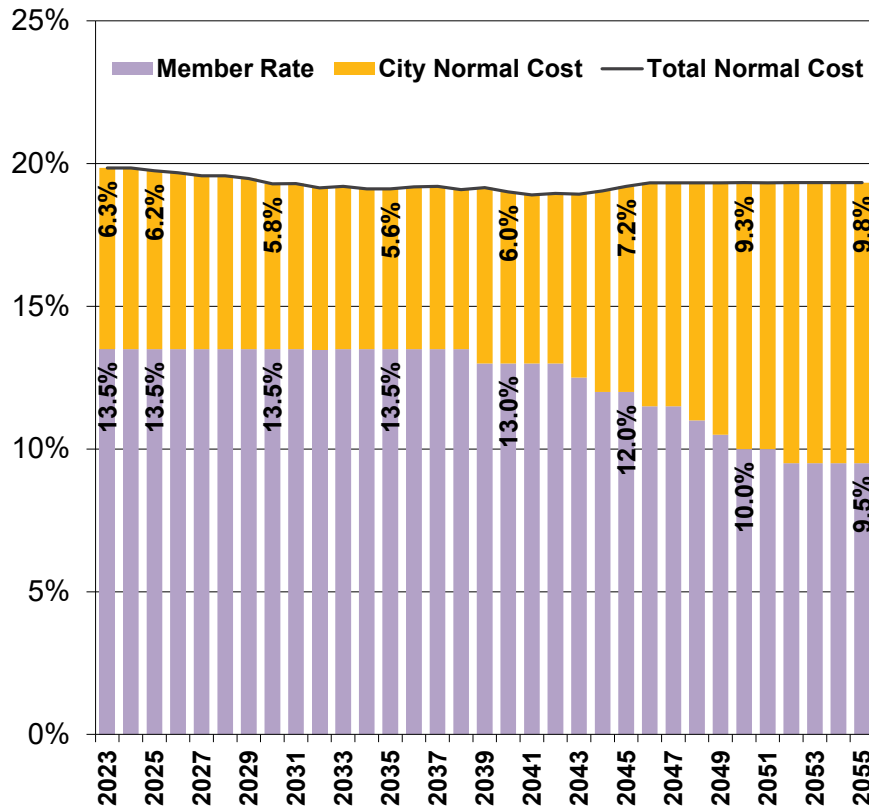
## Scenario 2 – Adjustable Employee Contribution Rate



- Set base employee contribution rate to 50% of the normal cost rate applicable for members hired on/after March 1, 2011
  - Similar to current law once System is fully funded
  - Round to nearest 0.5%
  - 9.5% for this scenario
- Add adjustment designed to maintain current 13.5% contribution rate initially, with rate decreases as the System becomes better funded
- Adjustments proposed for this scenario shown in the table below:

Funded Ratio	<50%	50-59%	60-64%	65-69%	70-74%	75-79%	80-84%	85-89%	90%+
EE Rate Adjustment	4.0%	3.5%	3.0%	2.5%	2.0%	1.5%	1.0%	0.5%	0%

# Scenario 2 – Adjustable EE Rate with 5-Yr Step Up/Dn ADC



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# Provide Some COLA Earlier



## COLA Background

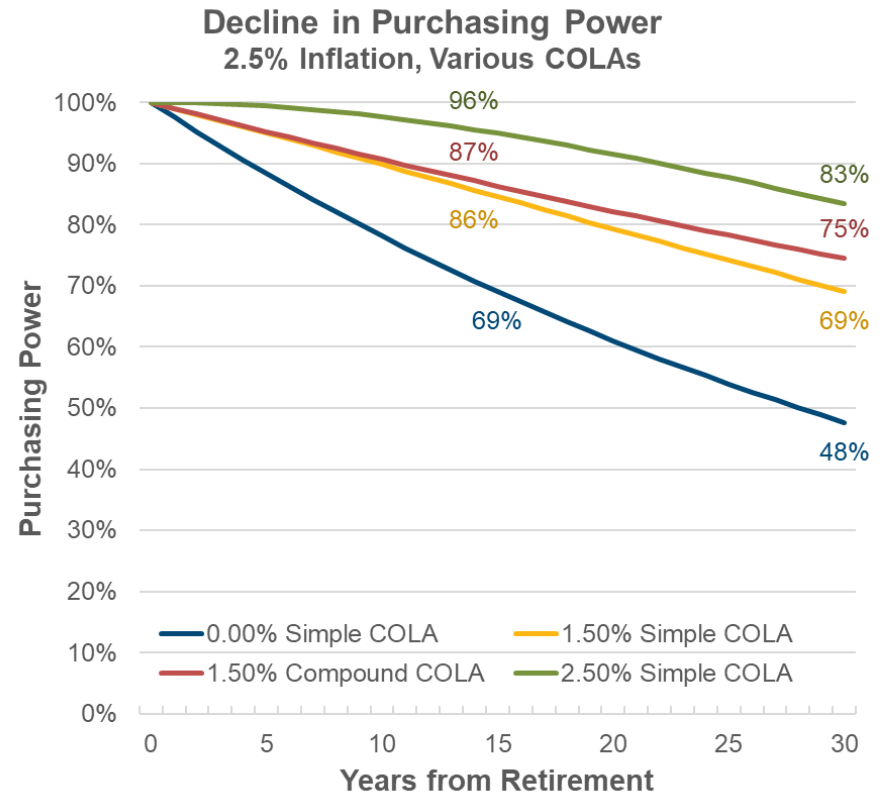


- Prior to HB 3158
  - Automatic 4% Simple COLA if hired prior to 1/1/2007
  - Ad Hoc Simple COLA up to 4% if hired after 12/31/2006
- After HB 3158
  - Ad Hoc Simple COLA that depends on investment returns (not inflation)
    - 5-year average return minus 5%
    - Maximum of 4%
  - COLA can only be granted if funded percentage > 70%
    - 2023 valuation projects first COLA in 2073
    - With revised funding plan, first COLA expected to be paid about 2046

# COLA Provides Purchasing Power Protection



- DFPF members are not covered by Social Security
  - Social Security benefits are fully indexed to inflation
- Over time, COLAs that don't keep up with inflation erode the retiree's purchasing power
- COLAs are expensive





## Why Consider Improving the COLA Now?



- Arguments against improving COLAs
  - System is already poorly funded without improved COLAs
  - COLAs will require additional contributions to fully fund the System
  - Natural response is to exclude consideration of any COLA improvements until funding improves
- However, can Dallas maintain its Police and Fire workforce while offering no COLA for the next 20+ years?
  - No Social Security coverage to provide inflation protection in retirement
  - Remainder of Dallas' workforce receives annual COLAs up to 3.0% (5.0% if hired prior to 2017)
- If COLAs will be needed within the next 20 years
  - Costs should be included in the budget plan now
  - Ignoring or deferring these costs may lead to inadequate funding
  - Options outlined in the presentation provide a spectrum to illustrate the cost/benefit trade-offs, but are not exhaustive of all options available



# COLA Design Choices



## CPI vs. Investment Return Basis

- Retirees living expenses vary with CPI
- Resources to pay for COLA depend on investment returns

## Simple vs. Compound

- Inflation compounds
- Compound COLAs are more expensive than simple COLAs
- Difference is minimal in years shortly after retirement but grows as retirees age
- Savings from simple COLAs come at the expense of the oldest retirees

## Funded Status Requirement

- Automatically reduces or eliminates COLA when plan is not well funded
- Reduces plan costs when the plan most needs it
- May force retirees to go without any COLA for many years, resulting in a significant decline in purchasing power

## Purchasing Power Protection

- Sets a floor (e.g., 70%) for each retiree's decline in purchasing power, providing compound COLAs equal to inflation once a retiree's benefit reaches the floor
- Purchasing power protection limits risk to retirees when COLA is:
  - Simple,
  - Based on investment return, or
  - Subject to funded status requirements

## Expected and Maximum Amounts

- COLAs are usually designed to provide an expected amount with some level of variability
- To control costs, there is often a cap on the amount of any single COLA
- Some plans allow retirees to "bank" any excess amount to use in a future year if the CPI increase exceeds the maximum COLA

# COLA Background



## Dallas Police & Fire Pension System

- After HB 3158 (Effective 9/1/2017)
  - Ad Hoc
  - Simple COLA that depends on investment returns (not inflation)
    - 5-year average return minus 5%
    - Expected 1.5% COLA
      - $6.5\% \text{ expected return} - 5.0\% = 1.5\%$
    - Maximum of 4%
  - Can only be granted if funded percentage > 70%
    - 2023 valuation projects first COLA in 2073
    - With revised funding plan, first COLA expected to be paid about 2046

## Dallas Employees Retirement Fund

- Hired prior to January 1, 2017
  - Automatic
  - Simple COLA equal to CPI
  - Maximum = 5.0%
- Hired after December 31, 2016
  - Automatic
  - Simple COLA equal to CPI
  - Maximum = 3.0%



# Modeled COLA Options



	Current	Dallas Employees Retirement Fund COLA	Immediate Partial COLA	Current + 70% PP	Current + 80% PP	Current Immediate + 80% PP	Compound Current Immediate + 80% PP
CPI vs. Investment	Investment	<b>CPI</b>	Investment	Investment / <b>CPI</b>	Investment / <b>CPI</b>	Investment / <b>CPI</b>	Investment / <b>CPI</b>
Simple vs. Compound	Simple	Simple	Simple	Simple / <b>Compound</b>	Simple / <b>Compound</b>	Simple / <b>Compound</b>	<b>Compound</b>
Funded Status	70%	<b>0%</b>	<b>0%</b>	70%	70%	<b>0%</b>	<b>0%</b>
Purchasing Power (PP) Protection	None	None	None	<b>70% of 2024 PP</b>	<b>80% of 2024 PP</b>	<b>80% of 2024 PP</b>	<b>80% of 2024 PP</b>
Expected Amount / Maximum	1.5% / 4.0%	<b>2.5% / 3.0%</b>	<b>1.5% times Funded % / 4.0%</b>	1.5% / 4.0%	1.5% / 4.0%	1.5% / 4.0%	1.5% / 4.0%



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# Option 3A - Current COLA – Purchasing Power Impact



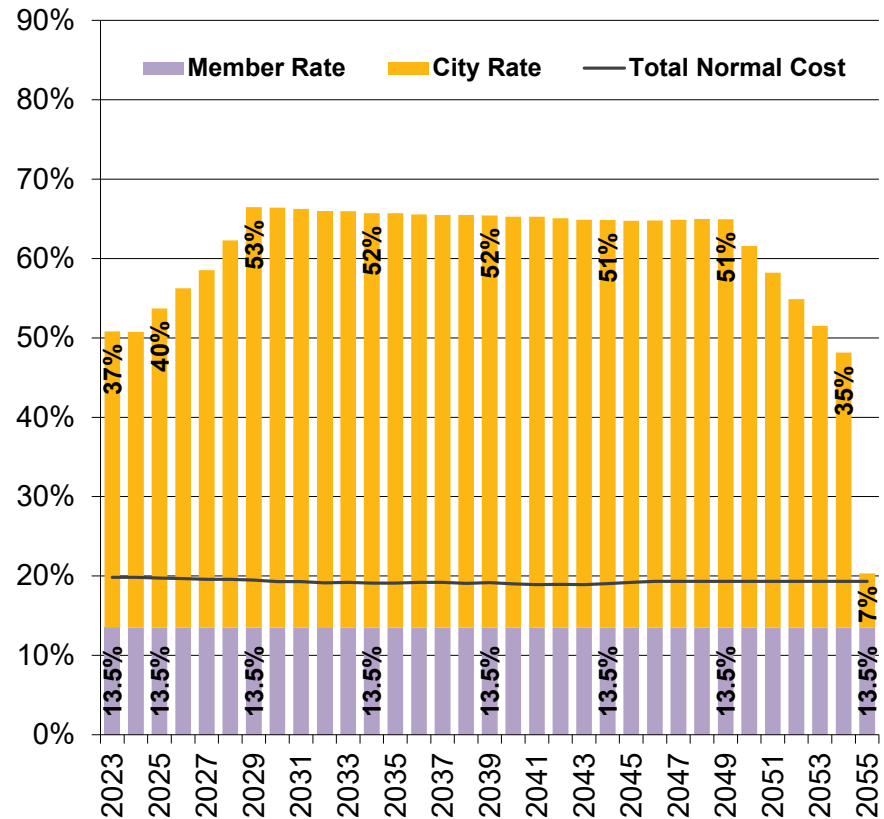
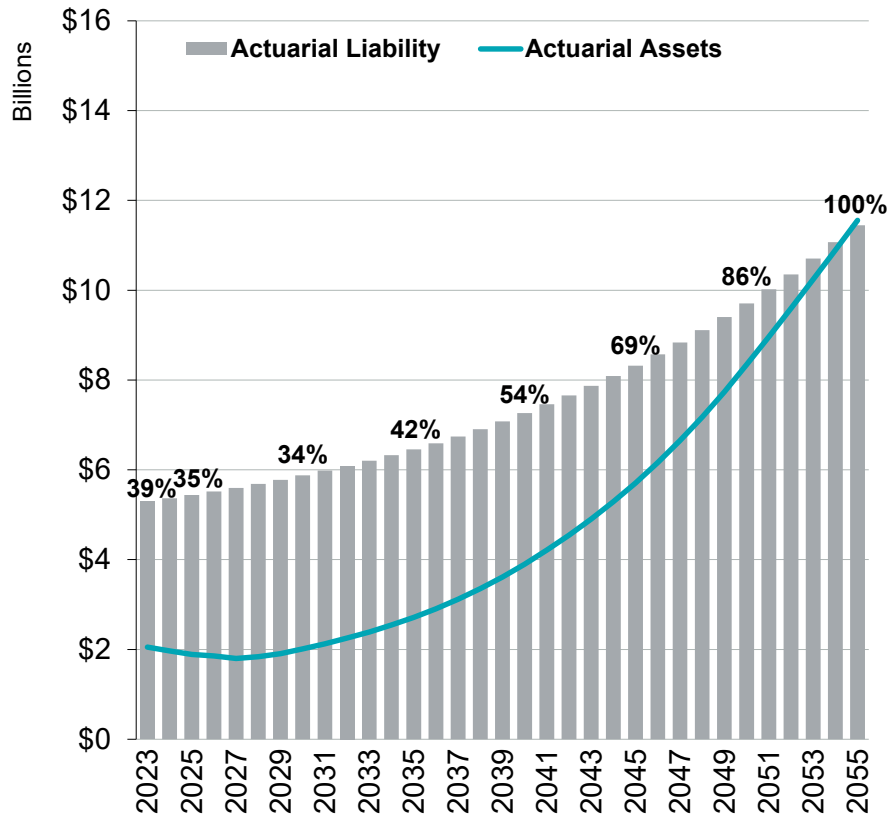
**Purchasing Power**

Retirement Year	2024	2029	2034	2039	2044	2049	2054
2023	100%	88%	78%	69%	63%	60%	56%
2022	96%	85%	75%	66%	60%	57%	54%
2021	88%	77%	68%	60%	55%	52%	49%
2020	83%	73%	65%	57%	52%	49%	47%
2019	82%	73%	64%	57%	52%	49%	46%
2018	81%	71%	63%	56%	51%	48%	45%
2017	79%	70%	61%	54%	49%	47%	44%
2016	76%	67%	60%	53%	48%	45%	43%
2015	78%	69%	61%	54%	49%	46%	43%
2010	86%	76%	67%	59%	54%	50%	47%
2005	93%	83%	73%	65%	58%	54%	50%
2000	94%	83%	73%	65%	58%	54%	
1995	92%	82%	72%	64%	57%		
1990	90%	79%	70%	62%			
1985	84%	75%	66%				
1980	70%	62%					

- Chart shows purchasing power in each year compared to purchasing power at time of retirement
- Future inflation = 2.5%
- Past COLAs
  - 4% simple through 2016
  - 0% 2017 - 2023
- Future COLAs
  - COLAs re-start once plan achieves 70% funding (~2046)
  - Expected COLA = 1.5% Simple



# Option 3A – Current COLA With 5-Year Step Up / Step Down ADC



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# Option 3B – Current Employees Retirement Fund COLA

## Purchasing Power Impact

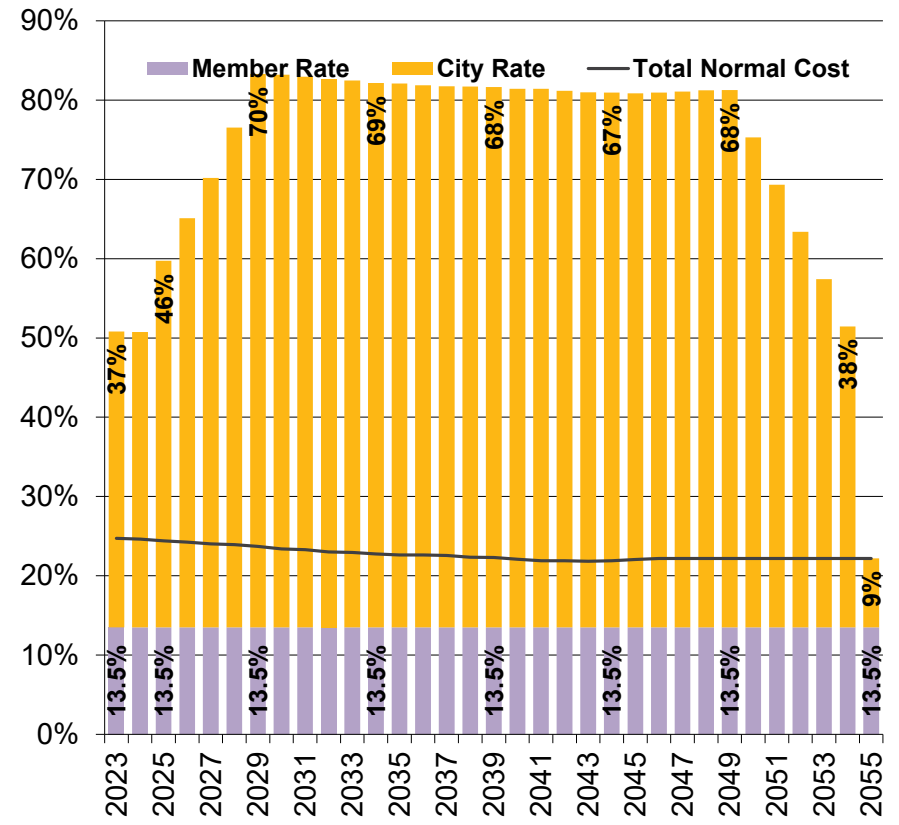
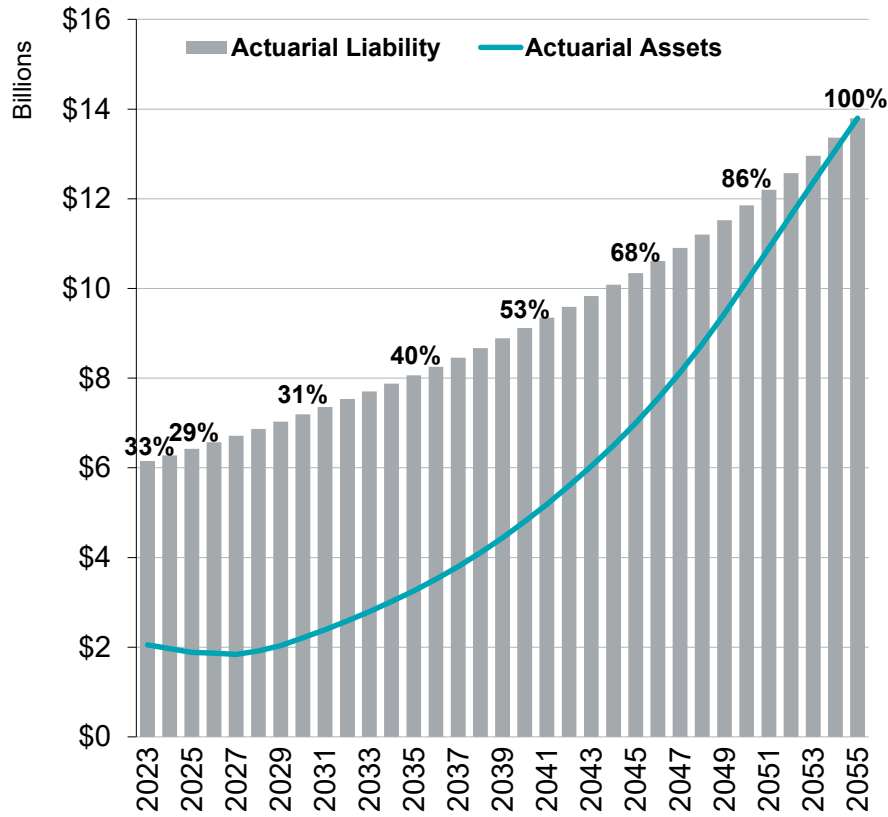


### Purchasing Power

Retirement Year	2024	2029	2034	2039	2044	2049	2054
2023	100%	99%	98%	95%	92%	88%	83%
2022	96%	95%	93%	91%	88%	84%	80%
2021	88%	87%	86%	83%	80%	77%	73%
2020	83%	82%	81%	79%	76%	72%	69%
2019	82%	82%	80%	78%	75%	72%	69%
2018	81%	80%	79%	77%	74%	71%	67%
2017	79%	78%	77%	75%	72%	69%	66%
2016	76%	76%	74%	72%	70%	67%	64%
2015	78%	77%	75%	73%	70%	67%	64%
2010	86%	84%	81%	77%	74%	70%	66%
2005	93%	90%	86%	81%	77%	72%	68%
2000	94%	89%	85%	80%	75%	70%	
1995	92%	87%	82%	77%	72%		
1990	90%	84%	79%	73%			
1985	84%	79%	73%				
1980	70%	65%					

- ERF COLA is expected to better maintain retirees purchasing power
  - 2.5% assumed inflation
  - COLA equals CPI up to a maximum of 3.0% (Tier B)
- Retirees’ purchasing power declines gradually due to simple COLA vs. compound inflation
- Implementing the ERF COLA for DFPF would increase costs significantly

# Option 3B – Current Employees Retirement Fund COLA With 5-Year Step Up / Step Down ADC



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## Option 3D – Current COLA with 70% 2024 PP Protection Purchasing Power Impact

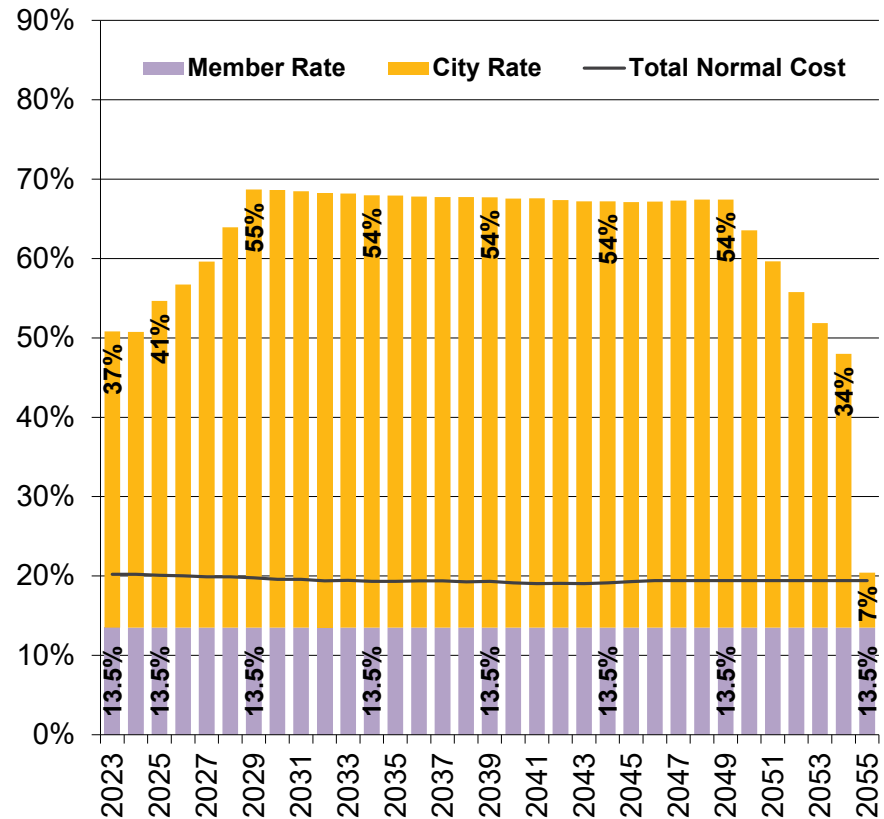
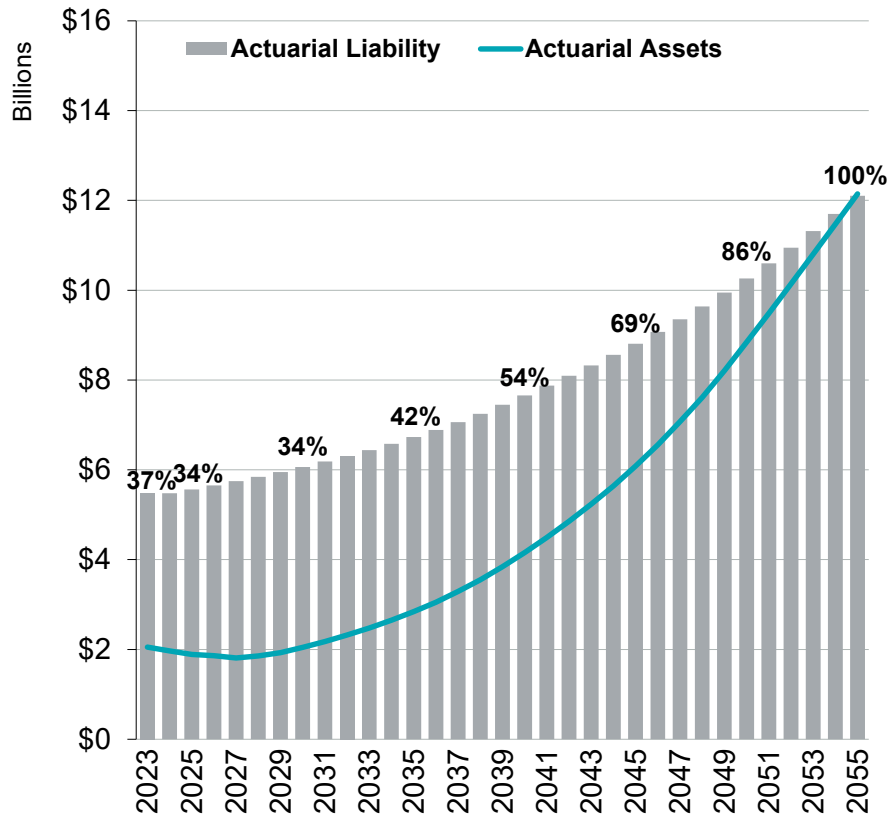


		Purchasing Power					
Retirement Year	2024	2029	2034	2039	2044	2049	2054
2023	100%	88%	78%	70%	70%	70%	70%
2022	96%	85%	75%	67%	67%	67%	67%
2021	88%	77%	68%	61%	61%	61%	61%
2020	83%	73%	65%	58%	58%	58%	58%
2019	82%	73%	64%	58%	58%	58%	58%
2018	81%	71%	63%	56%	56%	56%	56%
2017	79%	70%	61%	55%	55%	55%	55%
2016	76%	67%	60%	53%	53%	53%	53%
2015	78%	69%	61%	54%	54%	54%	54%
2010	86%	76%	67%	60%	60%	60%	60%
2005	93%	83%	73%	65%	65%	65%	65%
2000	94%	83%	73%	66%	66%	66%	
1995	92%	82%	72%	65%	65%		
1990	90%	79%	70%	63%			
1985	84%	75%	66%				
1980	70%	62%					

- Provides floor to protect retirees' purchasing power from declining too far
  - Floor = 70% of the 2024 purchasing power
  - Purchasing power gradually erodes with inflation until it reaches the floor (~15 years)
  - Thereafter, inflationary COLAs are provided to maintain the floor purchasing power level
- Using 2024 purchasing power as the benchmark
  - Limits costs
  - Does not protect all retiree cohorts at the same level



# Option 3D – Current COLA with 70% 2024 PP Protection With 5-Year Step Up / Step Down ADC



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# Option 3E – Current COLA with 80% 2024 PP Protection

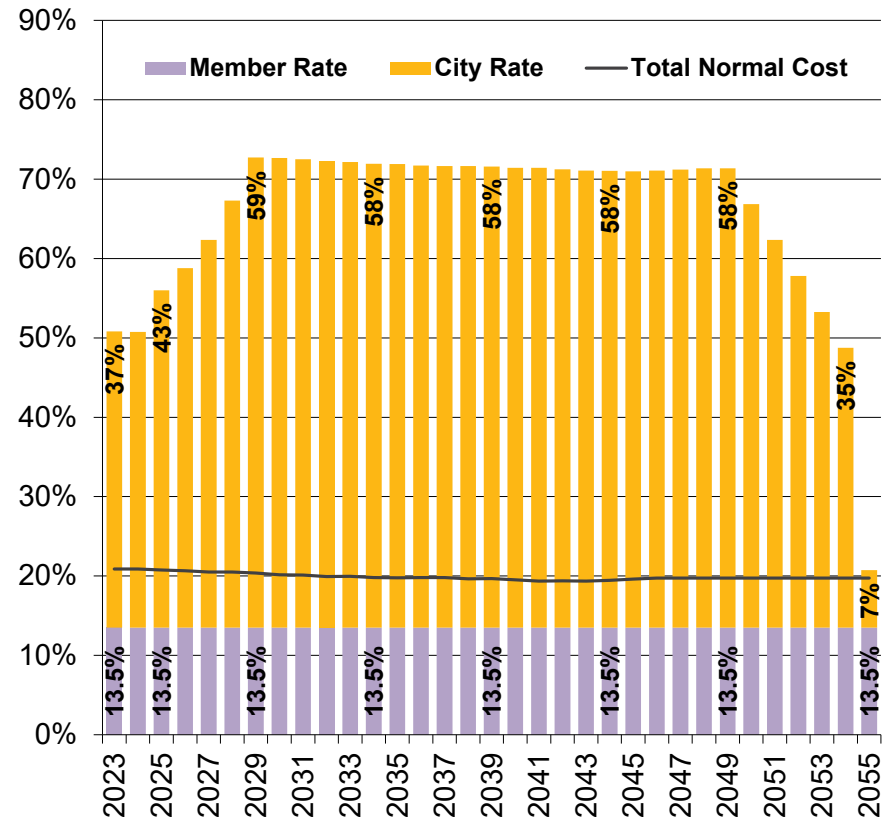
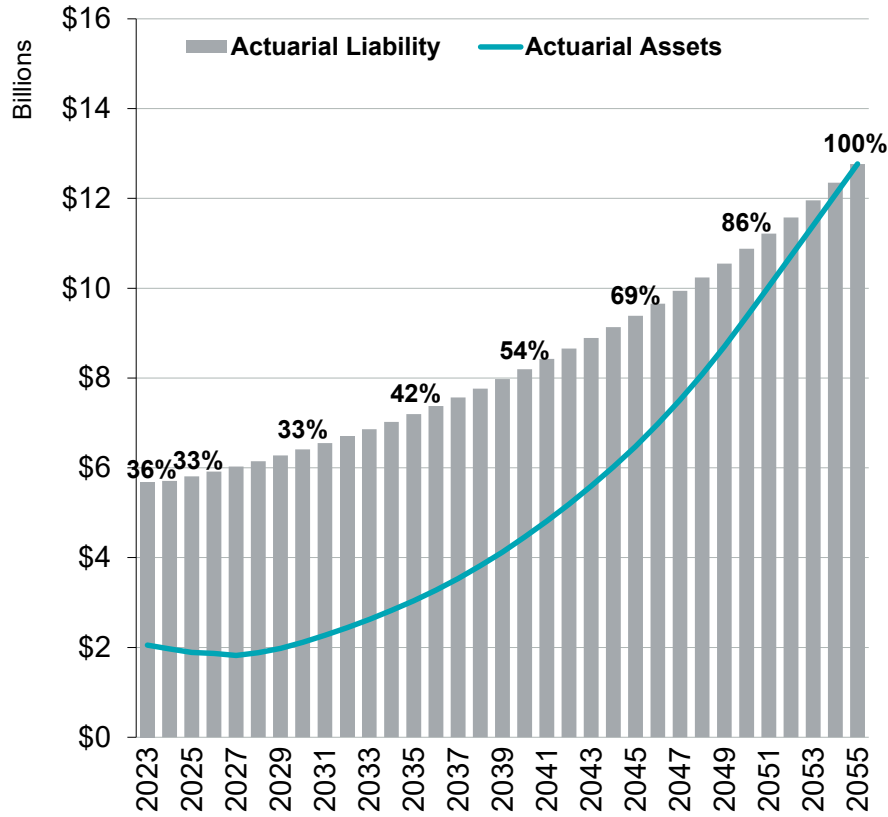
## Purchasing Power Impact



		Purchasing Power						
Retirement Year	2024	2029	2034	2039	2044	2049	2054	
2023	100%	88%	80%	80%	80%	80%	80%	
2022	96%	85%	77%	77%	77%	77%	77%	
2021	88%	77%	70%	70%	70%	70%	70%	
2020	83%	73%	66%	66%	66%	66%	66%	
2019	82%	73%	66%	66%	66%	66%	66%	
2018	81%	71%	64%	64%	64%	64%	64%	
2017	79%	70%	63%	63%	63%	63%	63%	
2016	76%	67%	61%	61%	61%	61%	61%	
2015	78%	69%	62%	62%	62%	62%	62%	
2010	86%	76%	69%	69%	69%	69%	69%	
2005	93%	83%	75%	75%	75%	75%	75%	
2000	94%	83%	75%	75%	75%	75%		
1995	92%	82%	74%	74%	74%			
1990	90%	79%	72%	72%				
1985	84%	75%	67%					
1980	70%	62%						

- Provides floor to protect retirees' purchasing power from declining too far
  - Floor = 80% of the 2024 purchasing power
  - Purchasing power gradually erodes with inflation until it reaches the floor (~10 years)
  - Thereafter, inflationary COLAs are provided to maintain the floor purchasing power level
- Using 2024 purchasing power as the benchmark
  - Limits costs
  - Does not protect all retiree cohorts at the same level

# Option 3E – Current COLA with 80% 2024 PP Protection With 5-Year Step Up / Step Down ADC



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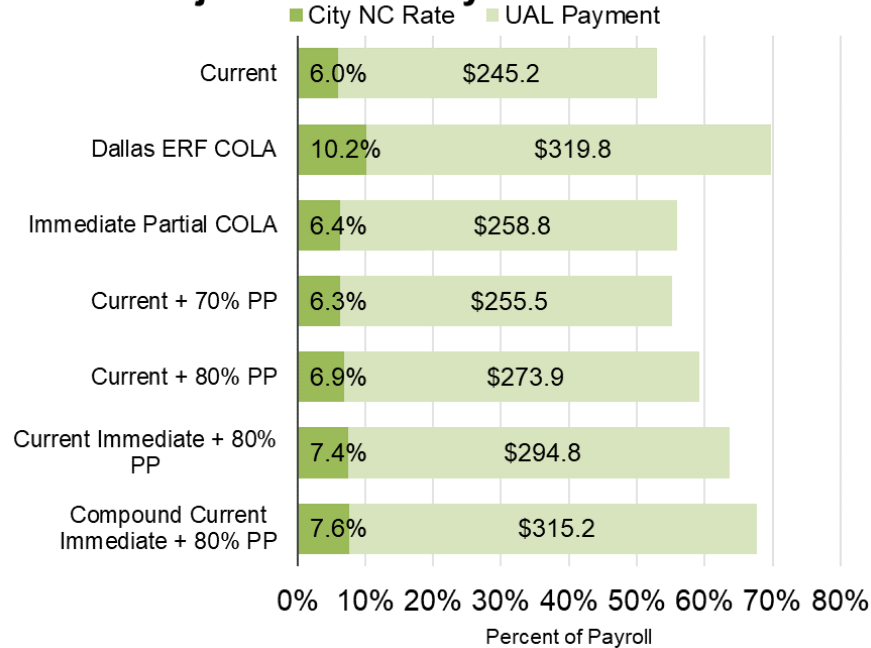
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# Summary of COLA Options



## Estimated Cost Impact

### Projected 2029 City Contributions



## Expected Purchasing Power Comparison 2023 Retirees

COLA Scenario	Purchasing Power						
	2024	2029	2034	2039	2044	2049	2054
Current	100%	88%	78%	69%	63%	60%	56%
Dallas ERF COLA	100%	99%	98%	95%	92%	88%	83%
Immediate Partial COLA	100%	89%	81%	74%	69%	64%	60%
Current + 70% PP	100%	88%	78%	70%	70%	70%	70%
Current + 80% PP	100%	88%	80%	80%	80%	80%	80%
Current Immediate + 80% PP	100%	95%	90%	85%	80%	80%	80%
Compound Current Immediate + 80% PP	100%	95%	91%	86%	82%	80%	80%

COLA Scenario	2023 UAL	2023 Funded %
Current	\$ 3,244	38.8%
Dallas ERF COLA	\$ 4,084	33.5%
Immediate Partial COLA	\$ 3,403	37.6%
Current + 70% PP	\$ 3,424	37.5%
Current + 80% PP	\$ 3,632	36.1%
Current Immediate + 80% PP	\$ 3,803	35.1%
Compound Current Immediate + 80% PP	\$ 4,020	33.8%

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## Observations/Rationale for Recommendations



- COLAs are expensive
  - Often first item cut to save costs
- Can Dallas continue to maintain its Police and Fire workforce while offering no COLA for the next 20+ years?
  - Expect significant reduction in purchasing power for retirees
  - No Social Security coverage to provide inflation protection in retirement
  - Remainder of Dallas' workforce receives annual COLAs up to 3.0% (5.0% if hired prior to 2017)
- Rather than waiting and having new COLAs add to plan costs later, we recommend building the costs into the budget plan now
  - Determine COLA provisions needed for the Police and Fire workforce
  - Balance with additional contributions required to pay for COLA
  - Options outlined in presentation provide a spectrum to illustrate the cost/benefit trade-offs, but are not exhaustive of all options available

# Primary Recommendations



## Adopt an Actuarially Determined Contribution

- Contribution amounts adjust to circumstances
- Always comply with funding guidelines
- Start contributions effective either 10/1/2024 or 1/1/2025 based on 1/1/2023 valuation

## Reduce Employee Contribution Rate as Funding Improves

- Current rate is high compared to competitors and as proportion of benefit cost
- As funding improves, grade employee rate down to 50% of normal cost rate

## Provide Some COLA Earlier Than Current Provisions Permit

- Members are not covered by Social Security, so they have no inflation protection in retirement
- Lack of COLA is likely to create a recruitment and retention issue

# Questions



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# Certification



The purpose of this presentation is to show the initial independent actuarial analysis providing alternative benefit and contribution scenarios that comply with the requirements of Texas Government Code Section 802 to the Dallas Police and Fire Pension System Board. The initial analysis is based on our replication of the 2023 actuarial valuation performed by Segal.

In preparing our presentation, we relied on information, some oral and some written, supplied by the Dallas Police and Fire Pension System. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23. A summary of the data, assumptions, methods, and plan provisions used to prepare our analysis can be found in Segal's 2023 actuarial valuation report supplemented by additional information in the appendix of this presentation.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

This presentation and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinions contained in this presentation. This presentation does not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

This presentation was prepared exclusively for the Dallas Police and Fire Pension System Board for the purpose described herein. This presentation is not intended to benefit any third party, and Cheiron assumes no duty or liability to any such party.

William R. Hallmark, ASA, EA, MAAAA, FCA  
Consulting Actuary

Elizabeth Wiley, FSA, EA, MAAA, FCA  
Consulting Actuary

Jake Libauskas, FSA, EA, MAAA, FCA  
Consulting Actuary



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## Appendix – Basis for Analysis



- The preliminary analysis shown in this presentation is based on the data, assumptions, methods, and plan provisions as summarized in Segal's January 1, 2023 actuarial valuation
- In addition, the following assumptions were used, unless otherwise noted:
  - Investment return for 2023 and thereafter: 6.5%
  - Payroll growth of 2.5% per year
- This analysis would be materially changed if the System receives an adverse result in pending litigation on annual benefit adjustments

## Appendix – Models



Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic projections in this report were developed using *P-Scan*, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the System.

*P-Scan* uses standard roll-forward techniques that implicitly assume a stable active population. Because *P-Scan* does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

# Appendix – 2023 Valuation Replication



Present Value of Benefits			
	Segal	Cheiron	Percent Difference
<b>Actives</b>			
Hired Before 3/1/2011	\$ 1,847	\$ 1,854	0.4%
Hired On/After 3/1/2011	643	656	2.0%
Retirees & Beneficiaries	3,566	3,564	-0.1%
Inactive Members	<u>31</u>	<u>31</u>	0.0%
<b>Total</b>	<b>\$ 6,088</b>	<b>\$ 6,105</b>	<b>0.3%</b>
Actuarial Liability			
<b>Actives</b>			
Hired Before 3/1/2011	\$ 1,454	\$ 1,453	-0.1%
Hired On/After 3/1/2011	198	196	-1.0%
Retirees & Beneficiaries	3,566	3,564	-0.1%
Inactive Members	<u>31</u>	<u>31</u>	0.0%
<b>Total</b>	<b>\$ 5,249</b>	<b>\$ 5,244</b>	<b>-0.1%</b>

Amounts in Millions

Normal Cost			
	Segal	Cheiron	Percent Difference
Hired Before 3/1/2011	\$ 49.7	\$ 50.9	2.3%
Hired On/After 3/1/2011	<u>33.9</u>	<u>33.2</u>	-2.0%
<b>Total Normal Cost</b>	<b>\$ 83.7</b>	<b>\$ 84.1</b>	<b>0.6%</b>
<b>Total Normal Cost with interest to reflect mid-year contribution timing</b>	<b>\$ 86.3</b>	<b>\$ 86.8</b>	<b>0.6%</b>
<b>Payroll</b>	<b>\$ 462.8</b>	<b>\$ 462.8</b>	<b>0.0%</b>
<b>Normal Cost Rate</b>			
Hired Before 3/1/2011	19.7%	20.2%	0.5%
Hired On/After 3/1/2011	17.3%	16.9%	-0.4%
<b>Total Normal Cost Rate</b>	<b>18.7%</b>	<b>18.8%</b>	<b>0.1%</b>

Amounts in Millions

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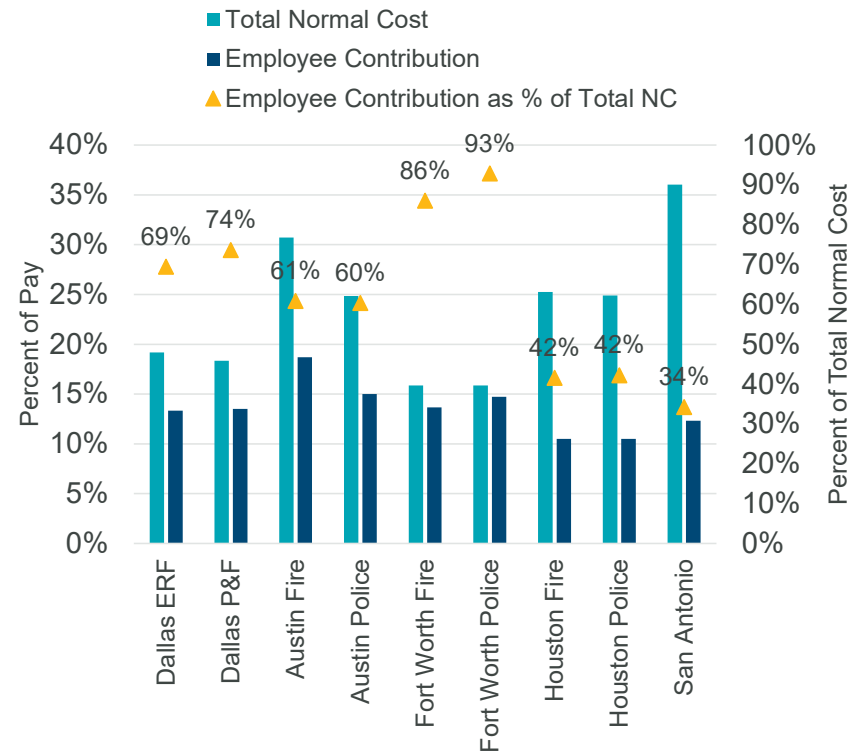
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## Appendix - Employee Contribution Rates (Most Recent Tiers)



- Current DFPF employee contribution rate is over 70% of the total normal cost
  - Even higher percentage for new employees
  - Highest portion of normal cost in comparison group except for Fort Worth
  - Average of group is about 60%
    - Reflecting current temporary increases due to funded status for some Systems
- Hard to reduce employee contributions until better funded
  - DFPF employee rate reduces to 50% of total normal cost once 100%+ funded
- Consider setting the employee contribution rate equal to 50% of total normal cost plus an additional amount based on funded ratio
  - Current rate remains the same
  - As funding improves, employee contribution rate would gradually decline

**Employee Contributions vs. Normal Cost**



Fort Worth valuation doesn't report total normal cost for Police and Fire separate from general employees, but benefits are similar.

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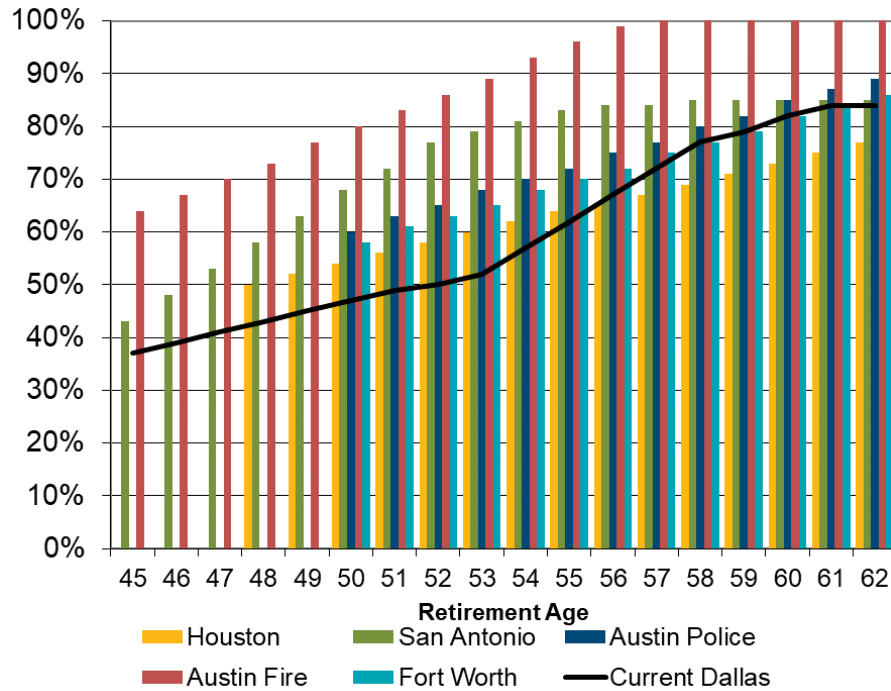


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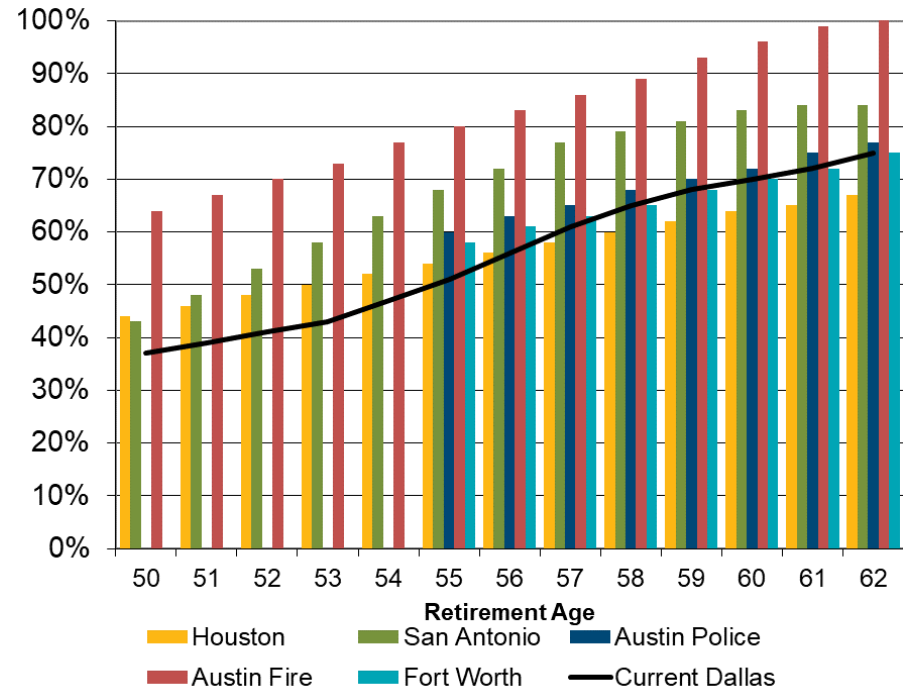
# Appendix - Income Replacement Ratios\* – Most Recent Safety Tiers



## Hired at Age 25



## Hired at Age 30



Fort Worth Police can retire after 25 years of service, but Fire must satisfy the Rule of 80

\*Income replacement ratios are at retirement and do not reflect COLAs after retirement



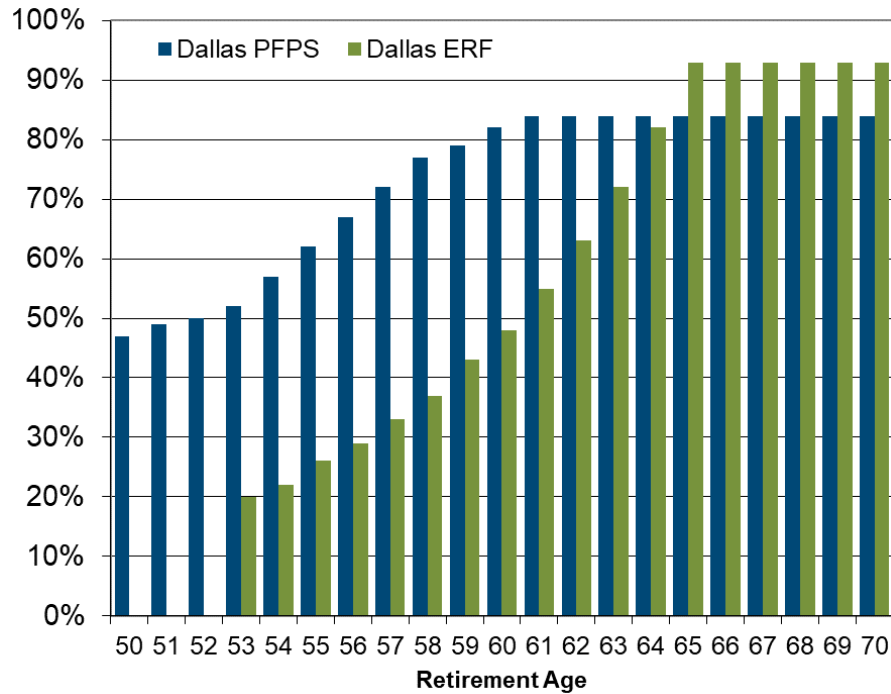
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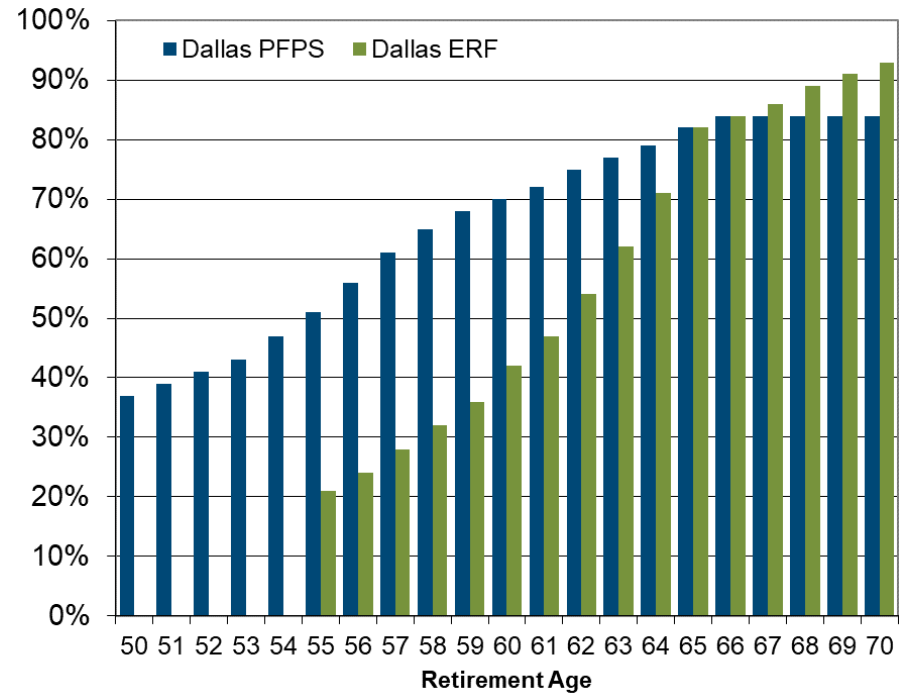
# Appendix - Income Replacement Ratios\* – Dallas Newest Tiers



## Hired at Age 25



## Hired at Age 30



\*Income replacement ratios are at retirement and do not reflect COLAs after retirement



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## Appendix - Other System COLAs – Most Recent Tier



- Dallas Employees' Retirement Fund
  - Simple CPI up to 3.0%
- Austin
  - Police – no COLAs permissible unless statutes amended by Legislature
  - Fire – ad hoc COLAs based on affordability under Board's COLA policy
- Ft. Worth – no COLA permissible without Legislative action
- Houston
  - Five-year average return minus 4.75%/5.00% (Fire/Police)
    - Minimum = 0.0%
    - Maximum = 4.0%
  - No funded ratio requirement
- San Antonio Fire & Police
  - 75% of CPI
  - Possible additional payments
    - 13<sup>th</sup> check if five-year average return exceeds assumption by at least 100 basis points
    - 14<sup>th</sup> check if five-year average return exceeds assumption by at least 300 basis points

# Appendix – Recommended UAL Payment Structure



## Structure and Initial Layers

- Layered amortizations with 2.5% rate of annual payment increases
  - Separate amortization layer for each year of experience, assumption changes, and plan changes
- Start with two initial layers that add up to the full UAL
  - 30-year base layer approximating the current UAL payment
  - Layer that steps into the full contribution over as short of a period as financially possible and steps back down at the end of 30 years

## Future Amortization Layers

- Experience and assumption changes = Maximum of 20 years or remaining period on base layer
  - Prevents any gains from being amortized faster than the base layer
  - Transitions to 20-year layered amortization
- Plan changes
  - Active employees = Average future service of those affected by change or 15 years
  - Retirees = Average remaining lifetime of those affected by change or 10 years
- Lump sum contributions
  - In first four years, first reduce or eliminate any remaining graded increases
  - After four years or after future graded increases have been eliminated, reduce the base layer



# Appendix



## Additional COLA Options



Classic Values, Innovative Advice

February 8, 2024

50

# Option 3C – Immediate Partial COLA

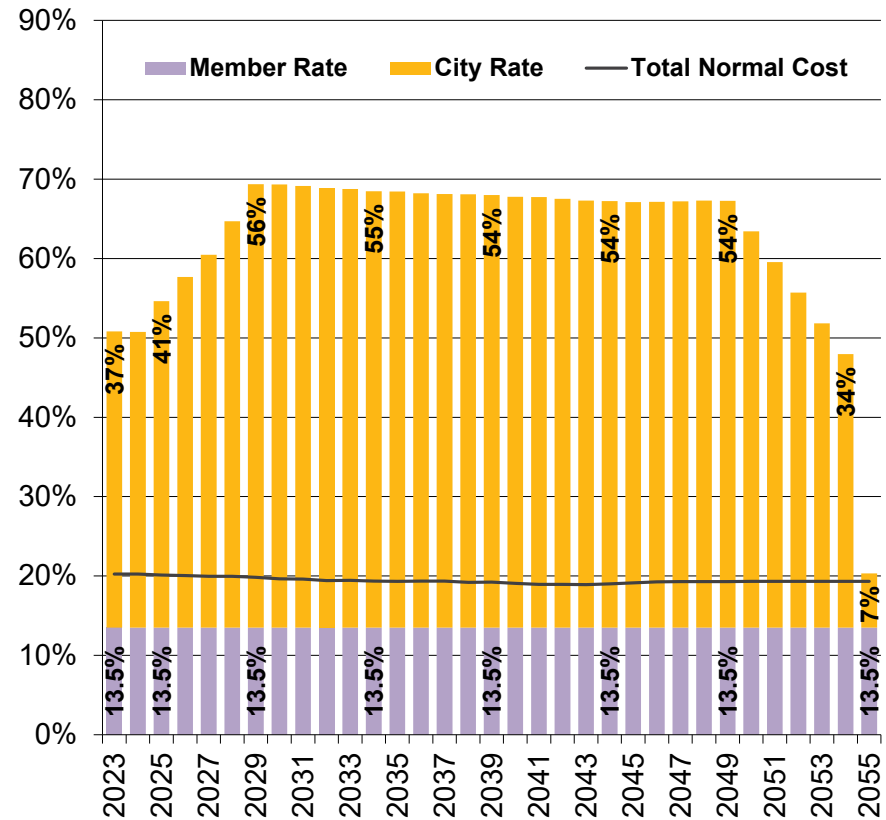
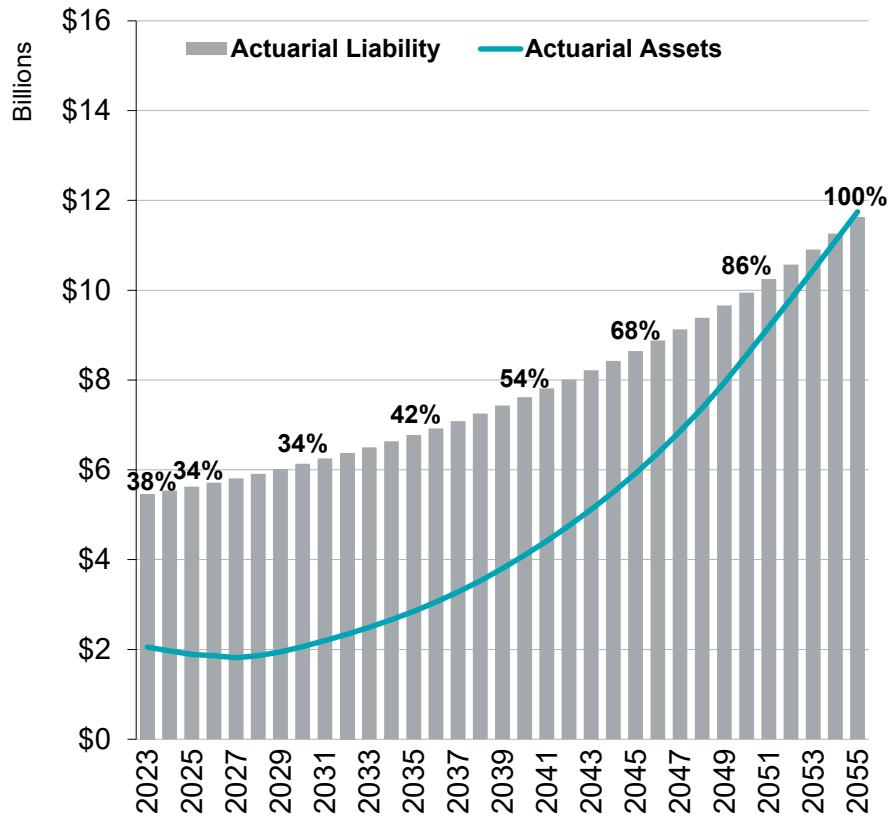
## Purchasing Power Impact



		Purchasing Power					
Retirement Year	2024	2029	2034	2039	2044	2049	2054
2023	100%	89%	81%	74%	69%	64%	60%
2022	96%	85%	77%	71%	66%	61%	58%
2021	88%	78%	71%	65%	60%	56%	53%
2020	83%	73%	67%	61%	57%	53%	50%
2019	82%	73%	67%	61%	56%	53%	50%
2018	81%	72%	65%	60%	55%	52%	48%
2017	79%	70%	64%	58%	54%	50%	47%
2016	76%	68%	62%	57%	52%	49%	46%
2015	78%	69%	63%	57%	53%	49%	46%
2010	86%	76%	69%	63%	58%	53%	50%
2005	93%	83%	75%	68%	62%	57%	53%
2000	94%	83%	75%	68%	62%	57%	
1995	92%	82%	73%	66%	60%		
1990	90%	79%	71%	64%			
1985	84%	75%	67%				
1980	70%	62%					

- Partial COLA provides some minor improvement in purchasing power over the next 20 years
- Partial COLA Formula =  $(5\text{-Year Ave Return} - 5.0\%) \times \text{Funded Percentage}$   
Maximum = 4.0%
- Expected COLA is still substantially lower than assumed inflation

# Option 3C – Immediate Partial COLA With 5-Year Step Up / Step Down ADC



Classic Values, Innovative Advice

February 8, 2024

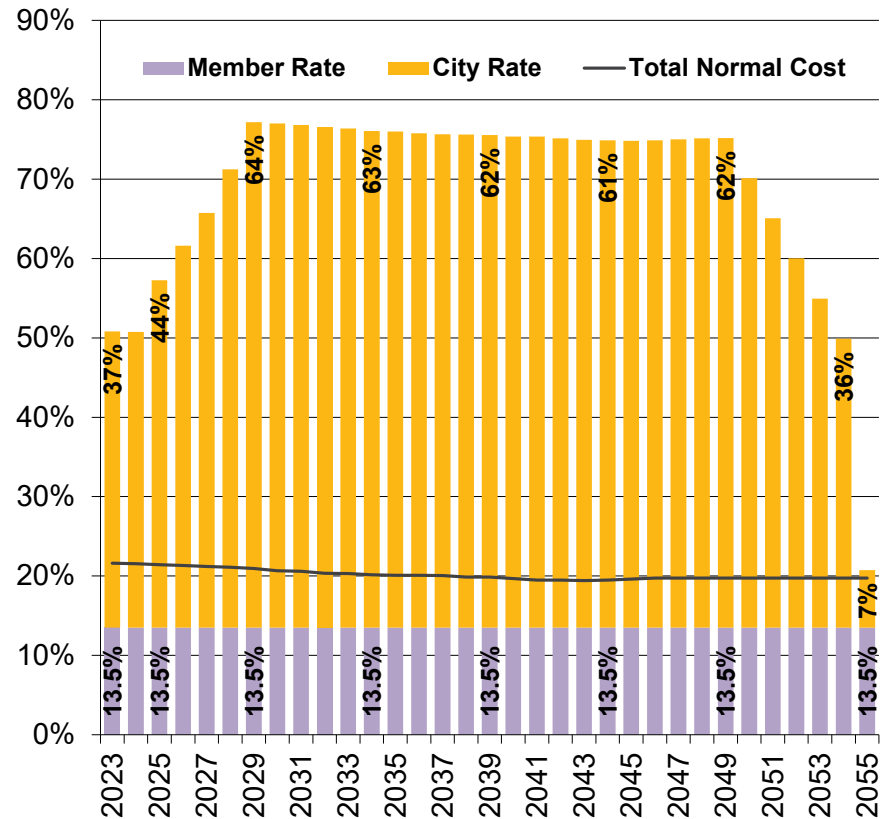
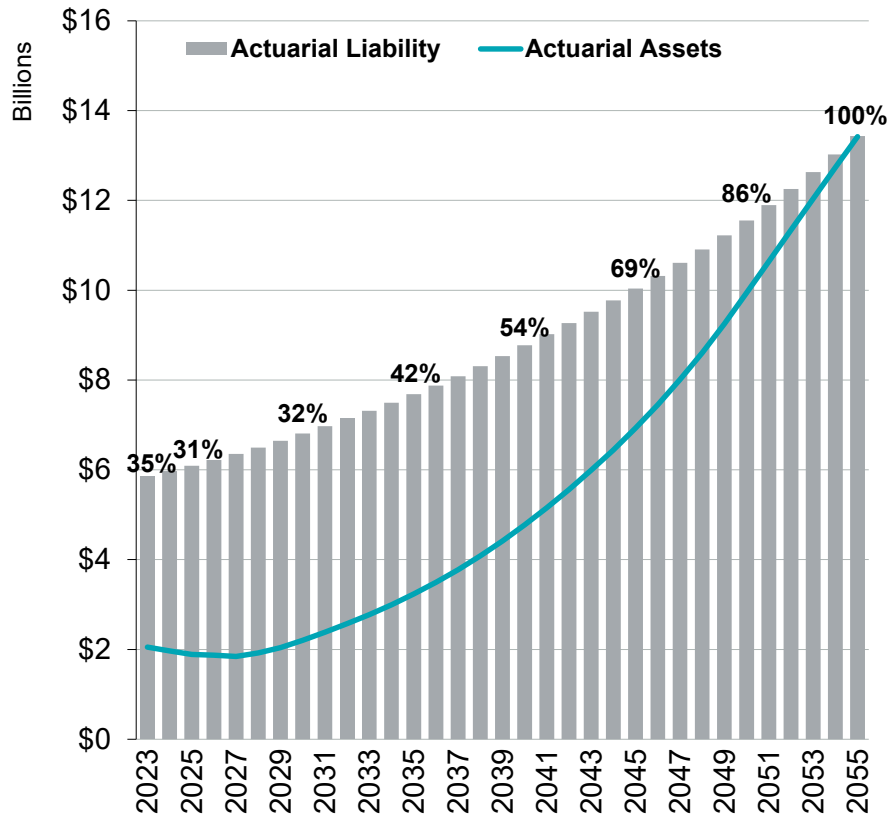
## Option 3F – Current COLA, No Funded Status Restriction, and 80% 2024 PP Protection – Purchasing Power Impact



		Purchasing Power						
Retirement	Year	2024	2029	2034	2039	2044	2049	2054
	2023	100%	95%	90%	85%	80%	80%	80%
	2022	96%	91%	86%	81%	77%	77%	77%
	2021	88%	83%	79%	74%	70%	70%	70%
	2020	83%	79%	74%	70%	66%	66%	66%
	2019	82%	78%	74%	70%	66%	66%	66%
	2018	81%	77%	72%	68%	64%	64%	64%
	2017	79%	75%	71%	67%	63%	63%	63%
	2016	76%	72%	69%	65%	61%	61%	61%
	2015	78%	74%	69%	65%	62%	62%	62%
	2010	86%	81%	75%	70%	69%	69%	69%
	2005	93%	87%	81%	75%	75%	75%	75%
	2000	94%	87%	80%	75%	75%	75%	
	1995	92%	85%	78%	74%	74%		
	1990	90%	82%	75%	72%			
	1985	84%	77%	70%				
	1980	70%	64%					

- Removing funded status restriction provides an expected 1.5% simple COLA immediately
- Investment return based COLA is combined with purchasing power floor to protect retirees from losing too much purchasing power
- Years until purchasing power floor
  - No immediate COLA = ~10 years
  - Immediate 1.5% simple COLA = ~20 years

# Option 3F – Current COLA, No Funded Status Restriction, and 80% Purchasing Power Protection With 5-Year Step Up / Step Down ADC



Classic Values, Innovative Advice

February 8, 2024

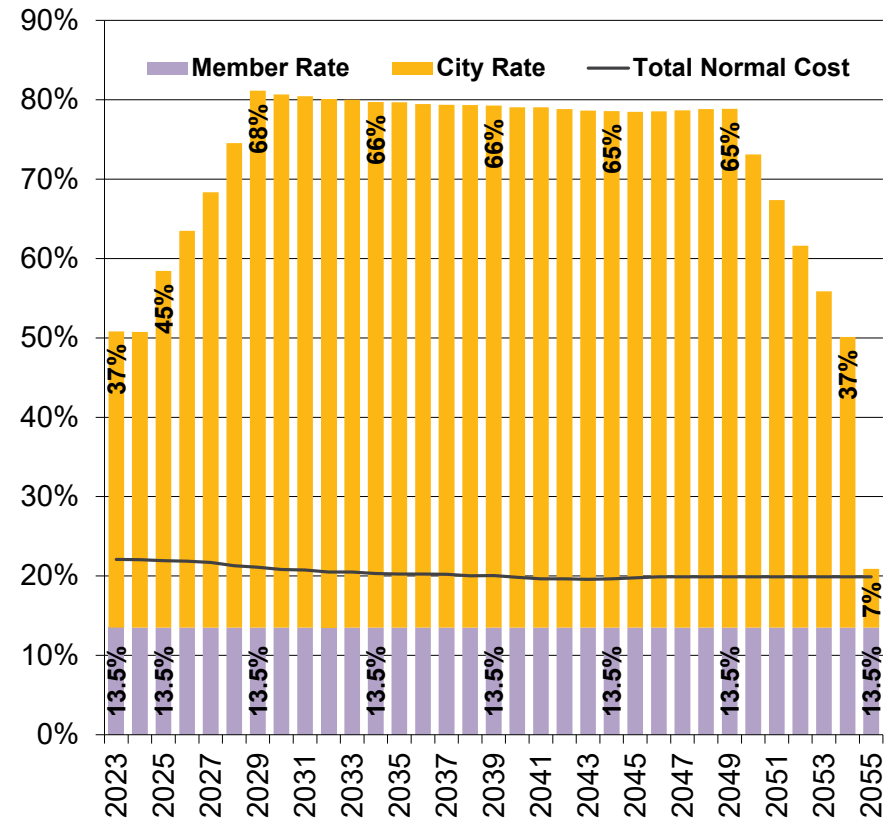
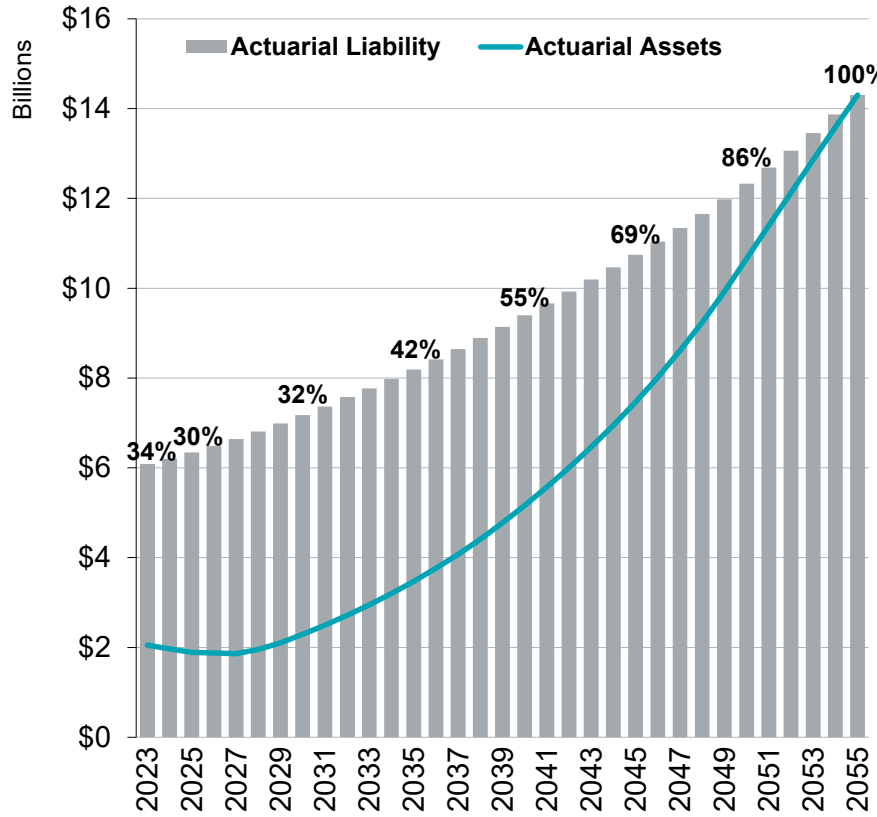
## Option 3G – Compound Current COLA, No Funded Status Restriction, and 80% 2024 PP Protection – Purchasing Power Impact



		Purchasing Power					
Retirement Year	2024	2029	2034	2039	2044	2049	2054
2023	100%	95%	91%	86%	82%	80%	80%
2022	96%	91%	87%	83%	79%	77%	77%
2021	88%	83%	79%	76%	72%	70%	70%
2020	83%	79%	75%	71%	68%	66%	66%
2019	82%	78%	75%	71%	68%	66%	66%
2018	81%	77%	73%	70%	66%	64%	64%
2017	79%	75%	71%	68%	65%	63%	63%
2016	76%	73%	69%	66%	63%	61%	61%
2015	78%	74%	70%	67%	64%	62%	62%
2010	86%	82%	78%	74%	71%	69%	69%
2005	93%	89%	85%	81%	77%	75%	75%
2000	94%	90%	85%	81%	77%	75%	
1995	92%	88%	84%	80%	76%		
1990	90%	85%	81%	77%			
1985	84%	80%	76%				
1980	70%	67%					

- Changes Option 3F COLA from simple to compound
- Years until purchasing power floor
  - No immediate COLA = ~10 years
  - Immediate 1.5% simple COLA = ~20 years
  - Immediate 1.5% compound COLA = ~25 years

# Option 3G – Compound Current COLA, No Funded Status Restriction and 80% 2024 PP Protection With 5-Year Step Up / Step Down ADC



Classic Values, Innovative Advice

February 8, 2024



## DISCUSSION SHEET

### ITEM #C2

**Topic:** Executive Director Approved Pension Ministerial Actions

**Discussion:** The Executive Director approved ministerial membership actions according to the Retirement and Payments Approval Policy. Membership actions approved are summarized in the provided report.

*Regular Board Meeting – Thursday, March 14, 2024*



Membership Actions -2024

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	23	22	21										66
DROP - Join	1	1	2										4
Estate Payments	2	1	3										6
Survivor Benefits	4	6	3										13
Retirements	10	10	16										36
Alternate Payees	2	0	2										4
Spouse Wed After Retirement	0	0	0										0
Service Purchases	0	2	0										2
Earnings Test	0	0	0										0

Membership Actions -2023

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	26	19	12	13	17	14	23	13	57	53	18	21	286
DROP - Join	3	3	0	2	2	2	0	0	3	0	3	0	18
Estate Payments	0	5	7	5	1	2	4	92	5	3	5	9	138
Survivor Benefits	1	6	8	6	4	3	5	6	6	2	3	6	56
Retirements	12	16	11	14	11	12	10	13	10	17	6	12	144
Alternate Payees	0	2	1	0	2	3	1	3	2	0	0	1	15
Spouse Wed After Retirement	1	0	0	0	0	0	0	0	1	1	1	0	4
Service Purchases	2	0	0	1	0	2	0	1	0	0	2	0	8
Earnings Test	0	0	0	0	0	9	0	0	0	0	0	0	9

Data is based on Agenda/Executive Approval Date

Service purchases include Military, DROP Revocation, and Previously Withdrawn Contributions

The increase in Refunds in September 2023 and October 2023 is due to the Refund Project

87 of the Estate Payments in August 2023 are approvals for the Pending Death Project



## **DISCUSSION SHEET**

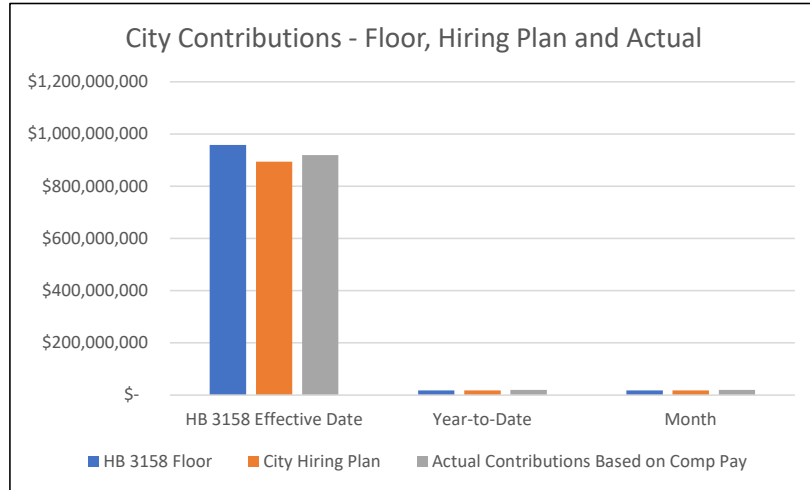
### **ITEM #C3**

**Topic:**                    **Monthly Contribution Report**

**Discussion:**            Staff will review the Monthly Contribution Report.

*Regular Board Meeting – Thursday, March 14, 2024*

**Contribution Tracking Summary - March 2024 (January 2024 Data)**

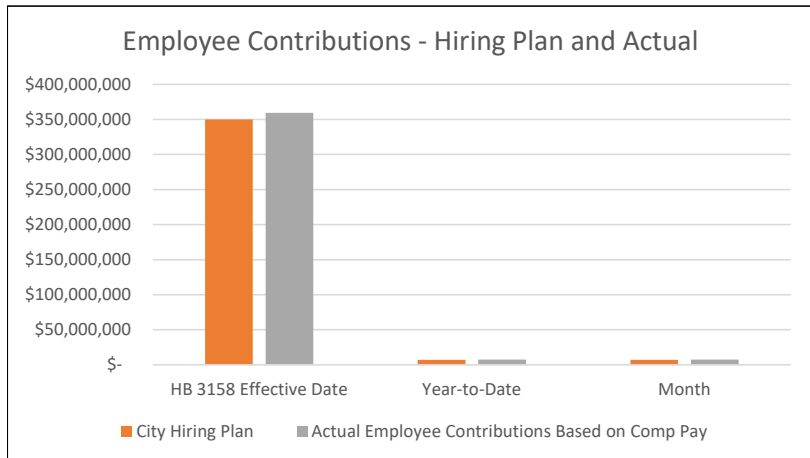


Actual Comp Pay was 103% of the Hiring Plan estimate since the effective date of HB 3158.

The Floor for 2024 is equal to the Hiring Plan estimate of \$6,024,000 per pay period. The Hiring Plan increased by 3.65% in 2024. It is expected that actual contributions will exceed the Floor through 2024.

Through 2024 the HB 3158 Floor is in place so there is no City Contribution shortfall.

The Hiring Plan estimate increased by 50 for 2024. Fire added 44 employees and Police added 3 over the number on the December payroll records. The combined actual employees were 30 less than the Hiring Plan for the pay period ending February 13, 2024. Fire was over the estimate by 245 Fire Fighters and Police was under by 275 Police Officers.



Employee contributions exceeded the Hiring Plan estimate for the month, the year and since inception.

There is no Floor on employee contributions.

**Contribution Summary Data**

**City Contributions**

<b>Jan-24</b>	<b>Number of Pay Periods Beginning in the Month</b>	<b>HB 3158 Floor</b>	<b>City Hiring Plan</b>	<b>Actual Contributions Based on Comp Pay</b>	<b>Additional Contributions to Meet Floor Minimum</b>	<b>Comp Pay Contributions as a % of Floor Contributions</b>	<b>Comp Pay Contributions as a % of Hiring Plan Contributions</b>
Month	3	\$ 18,072,000	\$ 18,072,692	\$ 19,612,869	\$ -	109%	109%
Year-to-Date		\$ 18,072,000	\$ 18,072,692	\$ 19,612,869	\$ -	109%	109%
HB 3158 Effective Date		\$ 958,405,000	\$ 894,293,077	\$ 918,969,281	\$ 48,990,866	96%	103%

*Due to the Floor through 2024, there is no cumulative shortfall in City Contributions  
Does not include the flat \$13 million annual City Contribution payable through 2024.  
Does not include Supplemental Plan Contributions.*

**Employee Contributions**

<b>Jan-24</b>	<b>Number of Pay Periods Beginning in the Month</b>	<b>City Hiring Plan</b>	<b>Actual Employee Contributions Based on Comp Pay</b>	<b>Actual Contribution Excess Compared to Hiring Plan</b>	<b>Actuarial Valuation Contribution Assumption</b>	<b>Actual Contributions as a % of Hiring Plan Contributions</b>	<b>Actual Contributions as a % of Actuarial Val Assumption</b>
Month	3	\$ 7,071,923	\$ 7,676,380	\$ 604,457	\$ 6,355,386	109%	121%
Year-to-Date		\$ 7,071,923	\$ 7,676,380	\$ 604,457	\$ 6,355,386	109%	121%
HB 3158 Effective Date		\$ 349,940,769	\$ 359,415,703	\$ 9,474,934	\$ 338,175,064	103%	106%

Potential Earnings Loss from the Shortfall based on Assumed Rate of Return \$ 422,375

*Does not include Supplemental Plan Contributions.*

**Reference Information**

**City Contributions: HB 3158 Bi-weekly Floor and the City Hiring Plan Converted to Bi-weekly Contributions**

	HB 3158 Bi-weekly Floor	City Hiring Plan-Bi-weekly	HB 3158 Floor Compared to the Hiring Plan	Hiring Plan as a % of the Floor	% Increase/ (decrease) in the Floor	% Increase/ (decrease) in the Hiring Plan
2017	\$ 5,173,000	\$ 4,936,154	\$ 236,846	95%		
2018	\$ 5,344,000	\$ 4,830,000	\$ 514,000	90%	3.31%	-2.15%
2019	\$ 5,571,000	\$ 5,082,115	\$ 488,885	91%	4.25%	5.22%
2020	\$ 5,724,000	\$ 5,254,615	\$ 469,385	92%	2.75%	3.39%
2021	\$ 5,882,000	\$ 5,413,846	\$ 468,154	92%	2.76%	3.03%
2022	\$ 6,043,000	\$ 5,599,615	\$ 443,385	93%	2.74%	3.43%
2023	\$ 5,812,000	\$ 5,811,923	\$ 77	100%	-3.82%	3.79%
2024	\$ 6,024,000	\$ 6,024,231	\$ (231)	100%	3.65%	3.65%

The HB 3158 Bi-weekly Floor ends after 2024

**Employee Contributions: City Hiring Plan and Actuarial Val. Converted to Bi-weekly Contributions**

	City Hiring Plan Converted to Bi-weekly Employee Contributions	Actuarial Valuation Assumption Converted to Bi-weekly Employee contributions	Actuarial Valuation as a % of Hiring Plan
2017	\$ 1,931,538	\$ 1,931,538	100%
2018	\$ 1,890,000	\$ 1,796,729	95%
2019	\$ 1,988,654	\$ 1,885,417	95%
2020	\$ 2,056,154	\$ 2,056,154	100%
2021	\$ 2,118,462	\$ 2,118,462	100%
2022	\$ 2,191,154	\$ 2,191,154	100%
2023	\$ 2,274,231	\$ 2,274,231	100%
2024	\$ 2,357,308	\$ 2,357,308	100%

The information on this page is for reference. The only numbers on this page that may change before 2025 are the Actuarial Valuation Employee Contributions Assumptions for the years 2020-2024 and the associated percentage.

**Reference Information - Actuarial Valuation and GASB 67/68 Contribution Assumptions**

**Actuarial Assumptions Used in the Most Recent Actuarial Valuation - These assumptions will be reevaluated annually & may change.**

City Contributions are based on the Floor through 2024, the Hiring Plan from 2025 to 2037, after 2037 an annual growth rate of 2.75% is assumed  
 Employee Contributions for 2018 are based on the 2017 actual employee contributions inflated by the growth rate of 2.75% and the Hiring Plan for subsequent years until 2038, when the 2037 Hiring Plan is increased by the 2.75 growth rate for the next 10 years

**Actuarial/GASB Contribution Assumption Changes Since the Passage of HB 3158**

	Actuarial Valuation	GASB 67/68
<b>YE 2017 (1/1/2018 Valuation)</b>		
2018 Employee Contributions Assumption - based on 2017 actual plus growth rate not the Hiring Plan Payroll	\$ (2,425,047)	*
<b>2019 Estimate (1/1/2019 Valuation)</b>		
2019 Employee Contribution Assumption	\$ 9,278	*
<i>*90% of Hiring Plan was used for the Cash Flow Projection for future years in the 12/31/2017 GASB 67/68 calculation. At 12-31-17, 12-31-18 and 12-31-2019 this did not impact the pension liability or the funded percentage.</i>		

The information on this page is for reference. It is intended to document contribution related assumptions used to prepare the Actuarial Valuation and changes to those assumptions over time, including the dollar impact of the changes. Contribution changes impacting the GASB 67/68 liability will also be included.

<b>City Hiring Plan - Annual Computation Pay and Numbers of Employees</b>						
Year	Computation Pay			Number of Employees		
	Hiring Plan	Actual	Difference	Hiring Plan	Actual EOY	Difference
2017	\$ 372,000,000	Not Available	Not Available	5,240	4,935	(305)
2018	\$ 364,000,000	\$ 349,885,528	\$ (14,114,472)	4,988	4,983	(5)
2019	\$ 383,000,000	\$ 386,017,378	\$ 3,017,378	5,038	5,104	66
2020	\$ 396,000,000	\$ 421,529,994	\$ 25,529,994	5,063	4,988	(75)
2021	\$ 408,000,000	\$ 429,967,675	\$ 21,967,675	5,088	4,958	(130)
2022	\$ 422,000,000	\$ 439,104,541	\$ 17,104,541	5,113	5,074	(39)
2023	\$ 438,000,000	\$ 460,982,051	\$ 22,982,051	5,163	5,136	(27)
2024	\$ 454,000,000			5,213		
2025	\$ 471,000,000			5,263		
2026	\$ 488,000,000			5,313		
2027	\$ 507,000,000			5,363		
2028	\$ 525,000,000			5,413		
2029	\$ 545,000,000			5,463		
2030	\$ 565,000,000			5,513		
2031	\$ 581,000,000			5,523		
2032	\$ 597,000,000			5,523		
2033	\$ 614,000,000			5,523		
2034	\$ 631,000,000			5,523		
2035	\$ 648,000,000			5,523		
2036	\$ 666,000,000			5,523		
2037	\$ 684,000,000			5,523		

Comp Pay by Month - 2024	Annual Divided by 26 Pay Periods	Actual	Difference	2024 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 52,384,615	\$ 56,848,897	\$ 4,464,281	\$ 4,464,281	5,183	(30)
February	\$ 34,923,077					
March	\$ 34,923,077					
April	\$ 34,923,077					
May	\$ 34,923,077					
June	\$ 34,923,077					
July	\$ 52,384,615					
August	\$ 34,923,077					
September	\$ 34,923,077					
October	\$ 34,923,077					
November	\$ 34,923,077					
December	\$ 34,923,077					



## DISCUSSION SHEET

### ITEM #C4

**Topic:** Board approval of Trustee education and travel

- a. Future Education and Business-related Travel
- b. Future Investment-related Travel

**Discussion:**

- a. Per the Education and Travel Policy and Procedure, planned Trustee education and business-related travel and education which does not involve travel requires Board approval prior to attendance.

Attached is a listing of requested future education and travel noting approval status.

- b. Per the Investment Policy Statement, planned Trustee travel related to investment monitoring, and in exceptional cases due diligence, requires Board approval prior to attendance.

There is no future investment-related travel for Trustees at this time.

*Regular Board Meeting – Thursday, March 14, 2024*



**Future Education and Business Related Travel & Webinars  
Regular Board Meeting – March 14, 2024**

		<u>ATTENDING</u>	<u>APPROVED</u>
1.	<b>Conference:</b> <b>TEXPERS Basic Trustee Training</b> <b>Dates:</b> April 6, 2024 <b>Location:</b> Dallas, TX <b>Est Cost:</b> \$225	MT THP	12/14/2023 2/8/2024
2.	<b>Conference:</b> <b>TEXPERS Advance Trustee Training</b> <b>Dates:</b> April 6, 2024 <b>Location:</b> Dallas, TX <b>Est Cost:</b> \$150	NR THP	12/14/2023 2/8/2024
3.	<b>Conference:</b> <b>TEXPERS Annual Conference</b> <b>Dates:</b> April 7-10, 2024 <b>Location:</b> Dallas, TX <b>Est Cost:</b> \$25	NR, MT	12/14/2023
4.	<b>Conference:</b> <b>NCPERS Trustee Educational Seminar (TED)</b> <b>Dates:</b> May 18-19, 2024 <b>Location:</b> Seattle, WA <b>Est Cost:</b> \$500		

**Future Education and Business Related Travel & Webinars  
Regular Board Meeting – March 14, 2024**

ATTENDING APPROVED

5. **Conference:** NCPERS Accredited Fiduciary (NAF)  
**Dates:** May 18-19, 2024  
**Location:** Seattle, WA  
**Est Cost:** \$900
  
6. **Conference:** NCPERS Annual Conference  
**Dates:** May 19-22, 2024  
**Location:** Seattle, WA  
**Est Cost:** \$1,050
  
7. **Conference:** TEXPERS Summer Educational Forum  
**Dates:** August 18-20, 2024  
**Location:** San Antonio, TX  
**Est Cost:** TBD



## DISCUSSION SHEET

### ITEM #C5

**Topic:** **Deferred Retirement Option Plan (DROP) Policy**

- a. Approval of a De Minimis Payment
- b. Hardship Request
- c. Revisions to DROP Policy

**Discussion:**

- a. A member with a DROP annuity passed away and left a monthly DROP annuity payment of \$5.40 to a beneficiary. The DROP annuity term ends in 2038. No other monthly pension benefit payments are due to the beneficiary. Staff believes it is more cost-effective to pay the annuity in full in a lump sum now rather than on a monthly basis over the next fourteen years and is seeking Board approval to pay the de minimis payment as a lump sum.
- b. Staff will review a hardship request with the Board.
- c. The proposed revision to the DROP Policy allows DROP annuitants who are currently receiving their DROP annuity annually to elect to convert this to a monthly annuity.

*Regular Board Meeting – Thursday, March 14, 2024*

## DISCUSSION SHEET

### ITEM #C5 (continued)

#### Staff

- Recommendation:**
- a. **Approve** the de minimis DROP payment.
  - b. Recommendation will be **available** at the meeting.
  - c. **Approve** the revisions to the DROP Policy.



D A L L A S  
**POLICE & FIRE**  
PENSION SYSTEM



**DEFERRED RETIREMENT OPTION PLAN  
POLICY  
(DROP)**

As Amended Through ~~August 10, 2023~~ March 14, 2024

# DEFERRED RETIREMENT OPTION PLAN POLICY

As Amended Through ~~August 10, 2023~~ March 14, 2024

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## **DEFERRED RETIREMENT OPTION PLAN POLICY**

**Adopted December 10, 1992**  
**Amended through ~~August 10, 2023~~ March 14, 2024**

### **A. PURPOSE**

1. This policy provides rules governing the Deferred Retirement Option Plan of the Dallas Police and Fire Pension System (“DPFP”), as contemplated by Section 6.14 of Article 6243a-1 of Revised Statutes (the “Plan”) and the Supplemental Pension Plan for the Police and Fire Departments of the City of Dallas, Texas (the “Supplemental Plan”) where applicable. It is intended that DROP and the terms of this policy allow for the continued qualification of the Plan under Section 401 of the Internal Revenue Code (“Code”).
2. Any reference in this policy to a provision of the Plan shall also be considered a reference to the comparable provision of the Supplemental Plan if the applicant is a member of the Supplemental Plan.
3. The Executive Director may, if necessary, develop written procedures to implement this policy.
4. This policy may be amended at any time by the Board of Trustees (“Board”), consistent with the terms of the Plan.
5. Any capitalized terms not defined in this policy shall have the meaning ascribed to them in the Plan.

### **B. DEFINITIONS**

1. **DROP** - The program whereby a Member while still in Active Service may elect to have an amount equal to the pension benefit that the Member would otherwise be eligible to receive be credited to a notional account on the Member’s behalf. A Member, as of his or her intended date of participation in DROP, must be eligible to retire and receive an immediate pension benefit. An election to enter DROP is irrevocable except for the one-time revocation window for certain Members that is described in Section D.
2. **DROP Account** - The notional account of a Member, retiree, beneficiary or Alternate Payee created pursuant to Section 6.14 of the Plan which existed or exists prior to any annuitization required under the Plan and in conformity with this policy.



Deferred Retirement Option Plan Policy  
As amended through [August 10, 2023](#)[March 14, 2024](#)  
Page 2 of 12

**B. DEFINITIONS (continued)**

3. **DROP Annuitant** – The holder of a DROP Annuity.
4. **DROP Annuity** – The series of equal payments created when a DROP Account is annuitized as required under the Plan and in conformity with this policy.

**C. ENTRY INTO DROP**

1. The application of any Member applying for DROP participation will be placed on the agenda for a Board meeting as soon as administratively practicable following the date the application is received for consideration and approval.
2. If the Board approves a DROP application, the application will become effective as of the first day of the month in which the Board approves the application.
3. At the time of entry into DROP, the Member irrevocably sets the benefit he or she will receive at the time of his or her retirement with the Member's pension benefit calculated as of the effective date of entering DROP. While on Active Service, these benefit amounts that the Member would have otherwise received if he or she would have retired on his or her effective date of DROP participation will be credited to the DROP Account.
4. Once a Member has elected to participate in DROP, that election is irrevocable.
5. A Group B Member who obtains a rank that is higher than the highest Civil Service Rank for the City of Dallas after the effective date of his or her participation in DROP will not participate in the Supplemental Plan.
6. As of the effective date of his or her participation in DROP, the Member will no longer be entitled to obtain additional Pension Service by repaying previously withdrawn contributions or paying for any Pension Service that could have been purchased under the Plan prior to DROP entry. However, a Member who is entitled, under Section 5.08 of the Plan, to purchase credit for Pension Service for any period he or she was on a military leave of absence may still purchase that Pension Service after entering DROP so long as the required contributions are made no later than the time provided by the Uniformed Services Employment and Reemployment Rights Act ("USERRA") but no adjustment to the Members DROP account will occur as a result of any service purchase subsequent to the Member's entry into DROP.
7. The Board shall interpret the Plan and this policy to ensure that Members' rights are fully protected as required by USERRA.





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**D. DROP REVOCATION**

1. A Member who was a DROP participant on or before June 1, 2017, has a one-time opportunity to revoke his or her DROP election. The revocation must be made before the earlier of February 28, 2018, or the date that the Member terminates Active Service. The revocation must be made by filing with the Executive Director a completed DROP revocation election form that has been approved by the Executive Director.
2. A DROP revocation eliminates the balance in a Member's DROP Account. The Member's benefit will then be established at the earlier of when the Member either (a) reenters DROP or (b) retires with DFPF, and will be calculated at that time under the Plan based upon the Member's total Pension Service and historic Computation Pay (highest 36 consecutive months for Pension Service prior to September 1, 2017 and highest 60 consecutive months for Pension Service on or after September 1, 2017.)
3. Any revocation of DROP participation described in this Section shall be for the entire period that the Member participated in DROP. No partial revocation of DROP participation shall be accepted.
4. No Member shall be entitled to revoke his or her DROP participation if any amount has been transferred out of such Member's DROP Account, except for any transfers related to corrections to DROP Accounts.
5. A Member will be credited with Pension Service for all or a portion (one-half) of the period relating to the revoked DROP participation if the Member who revoked the DROP participation purchases such Pension Service in an amount equal to the sum of: (a) the Member contributions that would have been made if the Member had not been a DROP participant during such period of DROP participation and (b) interest on such Member contributions, calculated on the contributions for the period from the dates the contributions would have been made if the Member had not been a DROP participant through the date of purchase. Interest will be calculated (a) through February 28, 2018 at the monthly rate of change of the U.S. City Average All Items Consumer Price Index (unadjusted) for All Urban Wage Earners and Clerical Workers for the applicable periods and (b) after February 28, 2018 at the interest rate used from time to time in DFPF's actuarial rate of return assumptions, compounded annually. Periods where the monthly rate of change was negative shall be computed as zero interest for such periods. DFPF staff shall be authorized to establish procedures for implementing the interest calculation required in this Section.



**D. DROP REVOCATION (continued)**

6. A Member may purchase Pension Service relating to the period of revoked DROP participation in increments of one-half of his or her total Pension Service during DROP participation. If a Member elects to purchase one-half of his or her total Pension Service available to be purchased following the DROP revocation, (a) a Member may not elect to purchase Pension Service relating to specific time periods during his or her DROP participation and (b) the amount of the Member contributions for purposes of such purchase will be one-half of the total amount required to be paid pursuant to Section D.5. above.
7. If a Member elects to purchase one-half of his or her Pension Service available to be purchased following the DROP revocation, the Member may subsequently purchase the remaining one-half of the Pension Service available, but must complete such purchase prior to any election to reenter DROP or terminating Active Service. The amount to be paid for the remaining Pension Service to be purchased will be calculated pursuant to subsections 4 and 5 above, with interest continuing to accrue on the portion that has not yet been paid at the rate used from time to time in DPFP's actuarial rate of return assumptions, compounded annually, calculated from the date of the original Pension Service purchase through the date of the purchase of the remaining Pension Service.
8. Only full payment will be accepted for the amount of any Pension Service elected to be purchased under this Section. No partial payment will be accepted. Direct rollovers from other tax-qualified plans or similar employer plans, including governmental Section 401(k) (including the City of Dallas 401(k) Retirement Savings Plan) and 457(b) deferred compensation plans and Section 403(b) annuity arrangements will be accepted for payment to the extent such plans permit such rollovers. Payment is not permitted from the Member's DROP account.
9. For the purposes of calculating a Member's pension benefit in the case where a Member purchases only one-half of the total Pension Service available for the period relating to a DROP revocation, the purchased Pension Service attributable to time prior to September 1, 2017 shall be equal to the product of: (a) the amount of Pension Service purchased, multiplied by (b) a fraction of which the numerator equals the Pension Service available for purchase representing periods prior to September 1, 2017, and the denominator equals the total Pension Service available for purchase in connection with the DROP revocation.
10. All DROP revocation election forms must be received by DPFP in proper order by February 28, 2018 and will be considered effective as of September 6, 2017 after approval by DPFP staff that the form is in proper order. Approval of the Board shall not be required for a DROP revocation to become effective.



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## **E. ANNUITIZATION OF DROP ACCOUNTS**

### **1. Methodology**

DPFP staff, with the assistance of DPFP's Qualified Actuary, shall determine the annuitization of all DROP Accounts as required by the Plan and consistent with this policy.

### **2. Interest Rates**

To reflect the accrual of interest over the annuitization period of a DROP Annuity as required under the Plan, the accrual of interest for all DROP Annuities shall be calculated utilizing an interest rate based on the published United States Department of Commerce Daily Treasury Yield Curve Rates ("Treasury Rates") for durations between 5 and 30 years, rounded to two decimal places. If an annuitization period for a DROP Annuity is between the years for which Treasury Rates are established, then a straight-line linear interpolation shall be used to determine the interest rate. The interest rates for purposes of this subsection E.2. will be set on the first business day of each quarter (January, April, July and October) and will be based upon the average of the Treasury Rates as published on the 15<sup>th</sup> day of the three prior months, or the next business day after the 15<sup>th</sup> day of a month if the 15<sup>th</sup> day falls upon a day when rates are not published. Based upon advice from DPFP's Qualified Actuary upon implementation of this policy, interest rates to be used in calculating DROP Annuities with an annuitization period that exceeds thirty years will be the Treasury Rate published for the 30-year duration as Treasury Rates beyond thirty years do not exist.

### **3. Mortality Table**

The Board shall, based upon the recommendation of DPFP's Qualified Actuary, adopt a mortality table to be utilized in determining life expectancy for purposes of calculating DROP Annuities. The mortality table shall be based on the healthy annuitant mortality tables used in the most current actuarial valuation and blended in a manner to approximate the male/female ratio of holders of DROP accounts and DROP annuities. The Board will review this table and male/female blended ratio upon the earlier of (i) the conclusion of any actuarial experience study performed by DPFP's Qualified Actuary or (ii) any change to mortality assumptions in DPFP's annual actuarial valuation. Actual ages used in calculating life expectancy will be rounded to two decimals. The life expectancy will be rounded to the nearest whole year.



**E. ANNUITIZATION OF DROP ACCOUNTS (continued)**

**4. Initial Annuitization of Non-Member's DROP Accounts**

- a. The first payment of DROP Annuities after annuitization of all DROP Accounts in existence on or after September 1, 2017, except those DROP Accounts of Members, shall commence the last business day of the month in which this policy is adopted, or as soon as practicable thereafter.
- b. The initial annuitization of all non-Member DROP Accounts existing on September 1, 2017 will be calculated and implemented on the basis of a monthly annuity. DPFP staff will send notices to the holders of such DROP Annuities to inform them that they have sixty (60) days from the date of such notice to make a one-time election to have the monthly DROP Annuity converted to an annual annuity. If a DROP Annuitant makes such an election, the monthly DROP Annuity payments will cease as soon as administratively practicable, and the first payment of the annual DROP Annuity will begin 12 months after the last monthly payment made to the DROP Annuitant.
- c. For purposes of the initial annuitization described in this subsection E.4., any DROP Account which is held by a non-Member at any time on or after September 1, 2017, but prior to the initial annuitization pursuant to subsection E.4.a. above, shall (i) be adjusted to reflect any distributions to such non-Member after September 1, 2017, but prior to the initial annuitization and (ii) accrue interest for the period from September 1, 2017 through the date of initial annuitization at the same rate as the interest rate applicable pursuant to subsection E.2. in the calculation of the initial DROP Annuity.
- d. Annuitization of any non-Member DROP Account under this subsection E.4. will be based on the age of the holder of such DROP Account as of the first day of the month when the annuitization of DROP Accounts under this subsection E.4. occurs. In the case of a DROP Account which is held by a trust, such DROP Account will be annuitized using the age of the oldest beneficiary of the trust.

**5. Annuitization of Member DROP Accounts**

- a. The DROP Annuity for a Member shall be calculated based upon the Member's age and DROP Account balance on the effective date of the Member's retirement. The interest rate applicable to the calculation of the Member's DROP Annuity will be the interest rate in effect under subsection E.2. during the month the Member terminates Active Service. Payment of the DROP Annuity shall commence effective as of the first day of the month in which the Member's retirement commences.



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**E. ANNUITIZATION OF DROP ACCOUNTS (continued)**

**5. Annuitization of Member DROP Accounts (continued)**

- b. Each Member as part of the retirement process shall be given the opportunity to elect either a monthly or annual DROP Annuity. If no election is made, the Member will be deemed to have elected a monthly DROP Annuity. [Any DROP Annuitant who is receiving an annual DROP Annuity will have a one-time opportunity to convert this to a monthly DROP Annuity.](#)

**6. Annuitization of Alternate Payee's Account**

The DROP Annuity for any Alternate Payee receiving a portion of a Member's DROP Account through a Qualified Domestic Relations Order after the date of this policy shall commence on the earlier of (i) the date the Member's DROP Annuity commences or (ii) the first day of the month the Alternate Payee reaches age 58. Calculation of the DROP Annuity of an Alternate Payee will be based on the age of the Alternate Payee and the interest rate in effect under subsection E.2 upon commencement of the DROP Annuity.

**7. Annuitization and Payments to Beneficiaries**

- a. Upon the death of a Member, the DROP Account of such Member shall be transferred to the Member's beneficiary(ies) pursuant to Section F of this policy. Such transferred account shall be annuitized as promptly as administratively practicable utilizing the interest rate in effect under subsection E.2. and the age of the beneficiary at the time of the Member's death in calculating the beneficiary's DROP Annuity.
- b. Upon the death of a DROP Annuitant, the remaining DROP Annuity shall be paid to the beneficiary designated by such DROP Annuitant and shall be divided if there are multiple beneficiaries as designated by the DROP Annuitant pursuant to Section F of this policy. DPFP shall only be responsible for payments to beneficiaries after DPFP has actual knowledge of the death of a DROP annuitant.

**8. Revised Annuity in the Event of an Unforeseeable Financial Hardship Distribution**

If any DROP Annuitant shall receive a distribution pursuant to Section G hereof, the DROP Annuity of such DROP Annuitant shall be re-annuitized through a calculation using (a) the interest rate utilized in the calculation of the original DROP Annuity, (b) the present value of the DROP Annuity on the date of the unforeseeable financial hardship distribution as calculated by DPFP's Qualified



Actuary, and (c) the remaining number of months in the life expectancy utilized in the calculation of the original DROP Annuity.

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**E. ANNUITIZATION OF DROP ACCOUNTS (continued)**

**9. Annuitization Procedure in the Event of a Rehiring**

If a DROP Annuitant is rehired and becomes a Member, such person's DROP Annuity will cease (the "Ceased DROP Annuity") effective upon the DROP Annuitant resuming Active Service. When the DROP Annuitant leaves Active Service, the Ceased DROP Annuity will be re-annuitized and recommence based upon the original interest rate and the remaining number of years in the existing DROP Annuity. If the DROP Annuitant shall be eligible under the Plan for additional credits to a DROP Account (the "Additional DROP Account") after recommencing Active Service, then upon the DROP Annuitant leaving Active Service, any amount in the Additional DROP Account shall be annuitized pursuant to subsection E.5.

**F. DESIGNATION OF BENEFICIARIES**

1. A DROP participant will have the opportunity to designate a primary beneficiary (or primary beneficiaries) and a contingent beneficiary (or contingent beneficiaries) of his or her DROP Account either when filing the application for DROP participation, or thereafter, on a beneficiary form provided by DFPF for this purpose. A DROP Annuitant who receives a DROP Annuity will have the opportunity to designate a primary beneficiary (or primary beneficiaries) and a contingent beneficiary (or contingent beneficiaries) of his or her DROP Annuity upon or after receipt by the DROP Annuitant of notice that they are entitled to a DROP Annuity. The named beneficiary must be a living person at the time of the filing of the beneficiary form. No trusts may be named as a beneficiary, except for a trust established for a child who is entitled to benefits pursuant to Section 6.06 (n)(1) of the Plan ("Special Needs Trust"). Existing trusts which have a DROP Account as of the date of this policy will be permitted and will be annuitized pursuant to Section E.4. and the age of the oldest beneficiary of the trust will be utilized for purposes of the annuitization. Special Needs Trusts will be annuitized based upon the age of the child.
2. In the case of a holder of DROP Annuity who dies where no living person is named as a beneficiary, the remaining DROP Annuity will be paid to the deceased DROP Annuitant's estate. In the case of a Member who dies with a DROP Account where no living person is named as a beneficiary, the DROP Account will be annuitized based upon the life of the youngest heir to the deceased Member's estate and the resulting DROP Annuity will be paid to the estate.



3. Beneficiaries of a Member's DROP Account are not limited to the Qualified Survivors. Upon request, DFPF will divide a deceased participant's DROP Account or DROP Annuity among the designated beneficiaries at the time of the DROP participant's death.





**F. DESIGNATION OF BENEFICIARIES (continued)**

4. Upon the death of a DROP participant, the DROP participant's DROP Account or DROP Annuity shall become the property of the surviving spouse unless either (i) the surviving spouse has specifically waived his or her right to such funds or (ii) the surviving spouse's marriage to the DROP participant occurred after January 14, 2016 and the participant had already joined DROP and named a beneficiary other than the surviving spouse who was not the participant's spouse at the time of the beneficiary election, and will be transferred to the name of the surviving spouse or such other named beneficiary or beneficiaries. DROP Annuities shall be paid to the designated beneficiaries in accordance with the last beneficiary form on file in the DFPF administrative office upon that office's receipt of sufficient evidence of the DROP participant's death.

**G. HARDSHIPS**

1. Pursuant to the Plan, a DROP Annuitant may apply for a lump sum distribution relating to his or her DROP Annuity in the event that the DROP Annuitant experiences a financial hardship that was not reasonably foreseeable. To qualify for an unforeseeable financial hardship distribution, a DROP Annuitant (or the estate of a DROP Annuitant in the case of subsection G.2.e.) must demonstrate that:
  - a. a severe financial hardship exists at the time of the application (i.e., not one that may occur sometime in the future);
  - b. the hardship cannot be relieved through any other financial means (i.e., compensation from insurance or other sources, monthly annuity benefits, or liquidation of personal assets) unless using those other sources would also cause a financial hardship; and
  - c. the amount requested in the application is reasonably related to and no greater than necessary to relieve the financial hardship.
2. The Board shall only recognize the following circumstances as an unforeseeable financial hardship that is eligible for a lump sum distribution:
  - a. the need to repair damage to a DROP Annuitant's primary residence not covered by insurance as the result of a natural disaster or significant event (i.e., fire, flood, hurricane, earthquake, etc.);
  - b. the need to make significant changes to a DROP Annuitant's primary residence not covered by insurance because of medical necessity;





**G. HARDSHIPS (continued)**

- c. the need to pay for medical expenses of the DROP Annuitant, a DROP Annuitant's spouse, or a dependent child or relative of the DROP Annuitant as described under Code section 152(c) and (d), including non-refundable deductibles, as well as for the cost of prescription drug medication;
  - d. the need to pay for the funeral expenses of a parent, child, grandchild or spouse of the DROP Annuitant, including reasonable travel and housing costs for the DROP Annuitant, their spouse, parent, child or grandchild;
  - e. the need of the estate of a DROP Annuitant to pay for the medical expenses or the funeral expenses of the Retiree Annuitant; or
  - f. other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the DROP Annuitant.
3. DFPF staff will develop procedures relating to the application for an unforeseeable financial hardship distribution, which will include, at a minimum, a notarized statement by the applicant relating to the requirements for eligibility and documentation sufficient to demonstrate such eligibility. Following submission of the required financial hardship distribution application, the notarized statement, and other required documentation as stated in the application form, DFPF staff shall review the materials and inform the DROP Annuitant within thirty (30) days whether any additional information or documentation is required or requested. Once all required and/or requested documentation has been submitted, the Retiree Annuitant shall be informed within thirty (30) days if (i) the DROP Annuitant is eligible for an unforeseeable financial hardship distribution or (ii) the matter has been referred to the Board for consideration at the next regular meeting. After an unforeseeable financial hardship distribution has been made to a DROP Annuitant, a DROP Annuitant may not request an additional unforeseeable financial hardship distribution for ninety (90) days from the date of distribution of any amount under this Section.
  4. The Executive Director shall have the authority to approve an application for an unforeseeable financial hardship distribution. The Executive Director shall submit to the Board for final action by the Board any recommended denial, in whole or in part, of any request for an unforeseeable financial hardship distribution. Determinations of the Board and the Executive Director on applications for unforeseeable financial hardship distributions are final and binding. Once an unforeseeable financial hardship distribution has been approved by either the Executive Director or the Board, payment of the distribution shall be made to the DROP Annuitant as soon as administratively practicable.



**G. HARDSHIPS (continued)**

5. For the purposes of this Section G, the term “dependent” shall mean any person who is claimed by a DROP Annuitant as a dependent on the Retiree Annuitant’s federal income tax return in any year for which a distribution is sought under this Section G.
6. Distributions under this Section G shall only be available for persons who (a) entered DROP prior to June 1, 2017 and (b) who have not revoked a DROP election under Section D. of this policy.
7. No claims for hardship distributions will be accepted for any circumstances which give rise to the hardship where such circumstances occurred more than six months (nine months in the case of a filing by the estate of a DROP Annuitant pursuant to subsection G.2.e.) prior to the date of filing of the application pursuant to subsection G.3.

**H. 100% Joint and Survivor Benefit**

1. Coterminal with entry into DROP, a Member shall have the right to make the election provided for under Section 6.063(a)(1) of the Plan and such an election will not be subject to the requirement set forth in Section 6.063(e) of the Plan.
2. Subsequent to a Member’s entry into DROP, if the Member has not made the election provided for in Section H.1., the Member shall have the right to make the election provided for under Section 6.063(a)(1) and such an election will be subject to the requirement set forth in Section 6.063(e). If a Member shall die while on Active Service within one year after making the election under this Section H.2., then the Member’s DROP Account shall be increased by the reduced benefit amount which is contemplated by Section 6.063(e) to be paid to the surviving spouse.
3. If a Member makes an election under either Section H.1. or H.2., the amount credited to the Member’s DROP balance will be adjusted accordingly.
4. If a Member should remarry while on Active Service after making an election under Section H.1 or H.2, then the Member’s benefit shall be recalculated and adjusted based upon the age of the new spouse, effective as of the date of marriage as if the Member had made a new election under Section 6.063(a)(1); provided however, that (i) if the Member had made the election pursuant to Section H.1., the Member shall not be subject to the requirement set forth in Section 6.063(e) for such remarriage and recalculation and (ii) if the Member had the election pursuant to Section H.2., the one year requirement under Section 6.063(e) shall be deemed to have commenced upon the original election.



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**H. 100% Joint and Survivor Benefit (continued)**

5. Members who are in DROP as of the effective date of this Policy shall be afforded the opportunity through the first to occur of (i) their retirement date or (ii) October 31, 2018 to make the election provided for in Section H.1 and after October 31, 2018, such Members shall be entitled to make the election provided for in Section H.2.
6. Nothing in this DROP Policy shall affect or impair the right of a Member to make the election provided for in Section 6.063(a) upon or after the Member's retirement if the Member shall not make the election provided for in this Section H, provided, however, that any election made by a Member of Pensioner after their entry into DROP, notwithstanding any other provision of Section 6.063, shall be subject to the provisions of Section 6.063(e).

**I. COMMENCEMENT OF RETIREMENT BENEFIT**

For any Member retiring and commencing receipt of their monthly retirement benefit, other than Members who have participated in DROP for ten years or more and are subject to the limitation set forth in the last sentence of Section 6.14(c) (a "10 Year Limitation DROP participant"), such Member's retirement benefit shall commence on the first day of the month such Member's retirement becomes effective. For any 10 Year Limitation DROP participant, such Member's monthly retirement benefit shall commence on the effective date of such Member's retirement.

**J. EFFECTIVE DATE**

APPROVED on [August 10, 2023](#)[March 14, 2024](#), by the Board of Trustees of the Dallas Police and Fire Pension System.

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Nicholas Merrick  
Chairman

**ATTEST:**

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Kelly Gottschalk  
Secretary





## DISCUSSION SHEET

### ITEM #C6

**Topic:** Portfolio Update

**Discussion:** Investment Staff will brief the Board on recent events and current developments with respect to the investment portfolio.

*Regular Board Meeting – Thursday, March 14, 2024*



D A L L A S  
POLICE & FIRE  
PENSION SYSTEM



## Portfolio Update

*March 14, 2024*

*Board Meeting*

## Executive Summary

- **2023 Return:** 10.3% for DPFPP portfolio; 16.7% for Public Portfolio which made up 74% of the assets.
- **Estimated YTD Return (As of 2/29/24):** 2.3% for DPFPP Portfolio; 3.3% for Public Portfolio (ex-Cash) which makes up 72% of the assets.
- **Liquidation of private market assets remains a top focus.**
  - \$2.2M of distributions received YTD, \$69M in distributions received in 2023.
- **Custodian Search:** Staff had initial on-site meetings with Callan in late February to conduct investment operational review and gather information for RFP, which is expected to be issued in April.

# Investment Initiatives – 2024 Plan

## Q1 2024

- Begin Custodian Search
- Initiate 2024 Asset Allocation Study

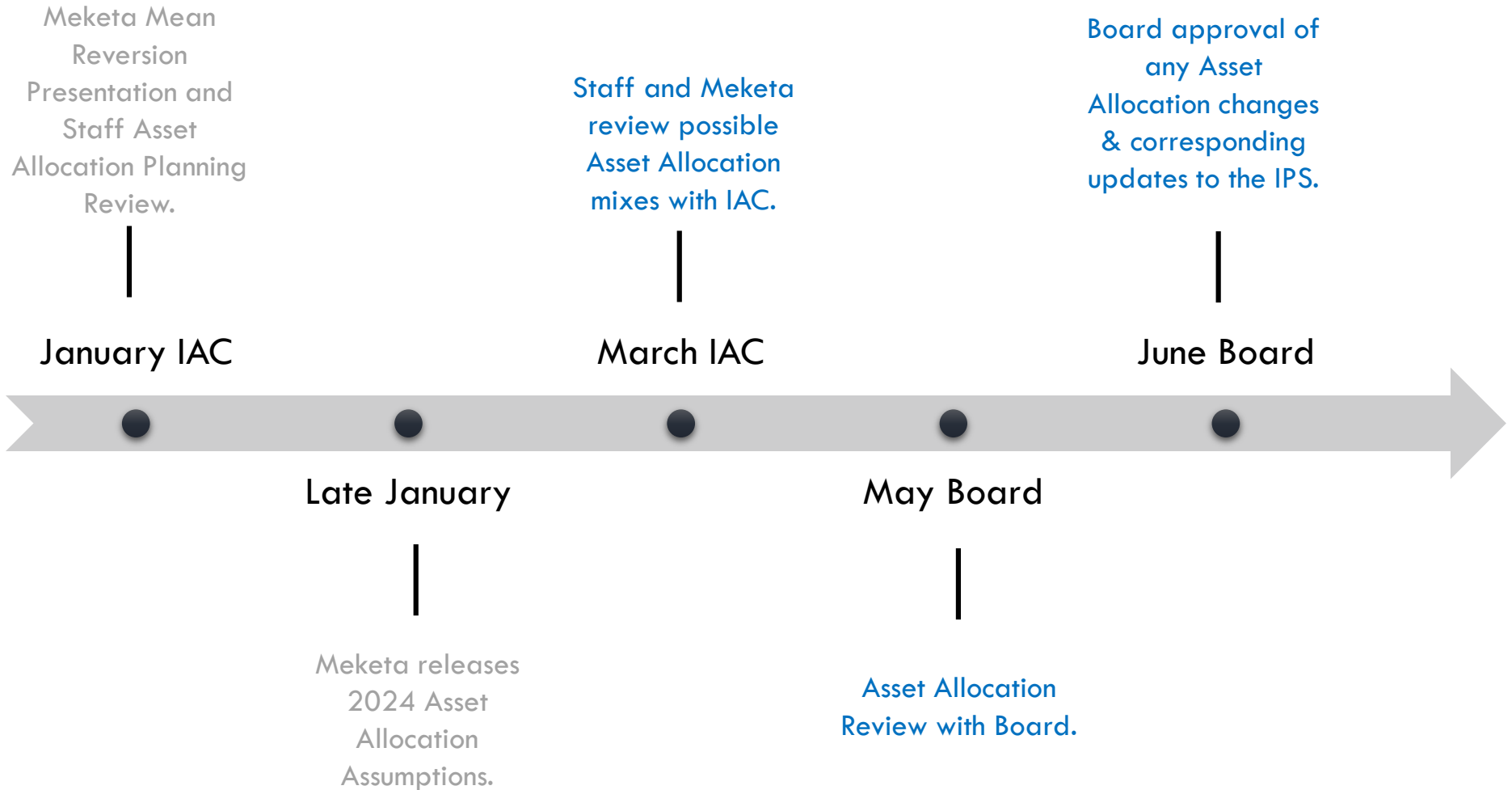
## Q2 2024

- AEW Portfolio Review scheduled for April Board meeting
- Custodian Search & RFP
- Asset Allocation potential changes presented to IAC and Board

## Q3 2024 & Beyond

- Investment Policy Statement review and updates
- Private Market Planning – Update IPS provision, pacing studies, etc.

# 2024 Asset Allocation Study Timeline

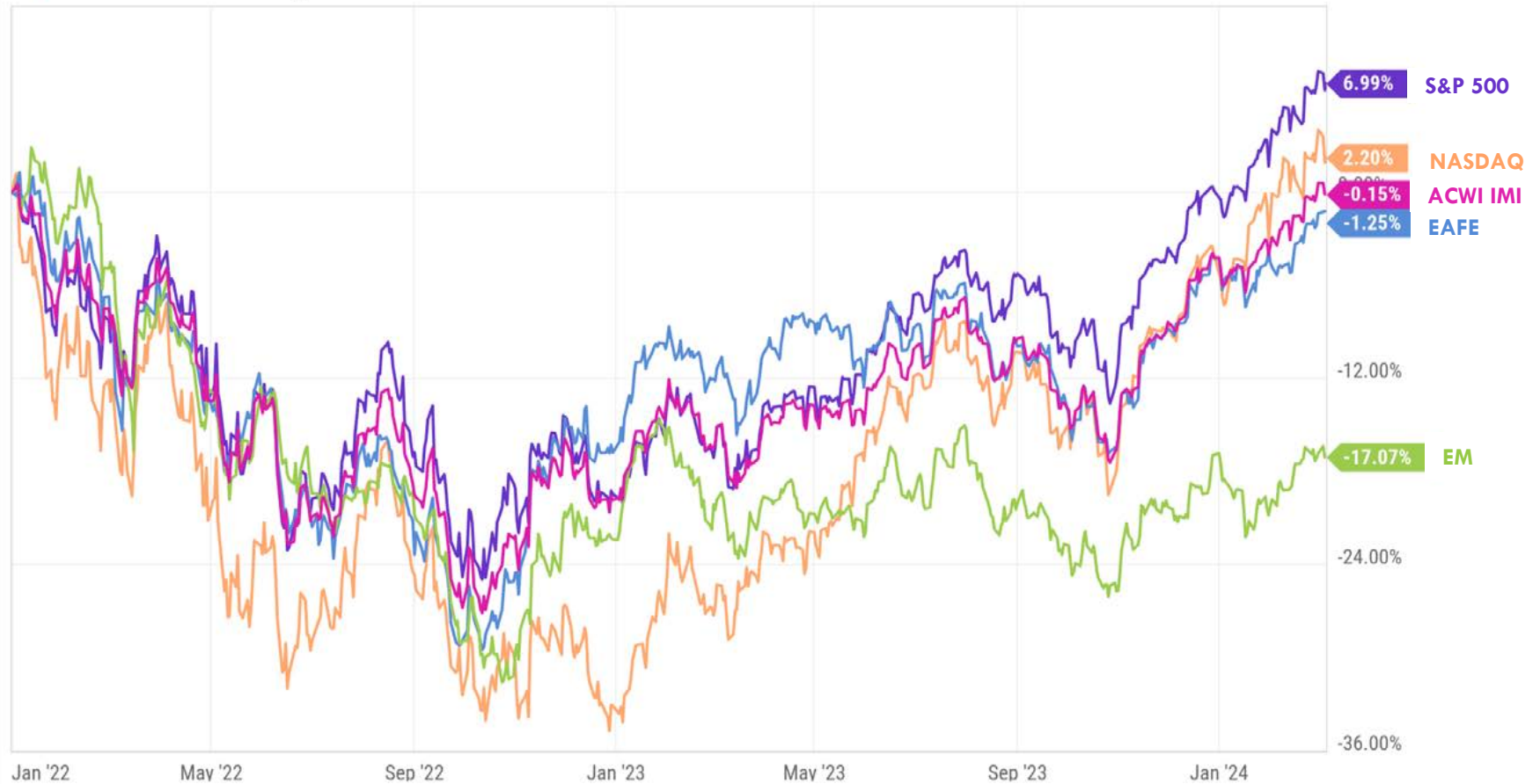




# Equity Market Returns (1/1/22 to 3/6/24)

Equity Indices - Return since beginning of 2022

	ANN
● S&P 500 Level % Change	3.15%
● Nasdaq Composite Level % Change	1.00%
● MSCI EAFE Level % Change	-0.57%
● MSCI Emerging Markets Level % Change	-8.23%
● MSCI ACWI IMI Level % Change	-0.07%

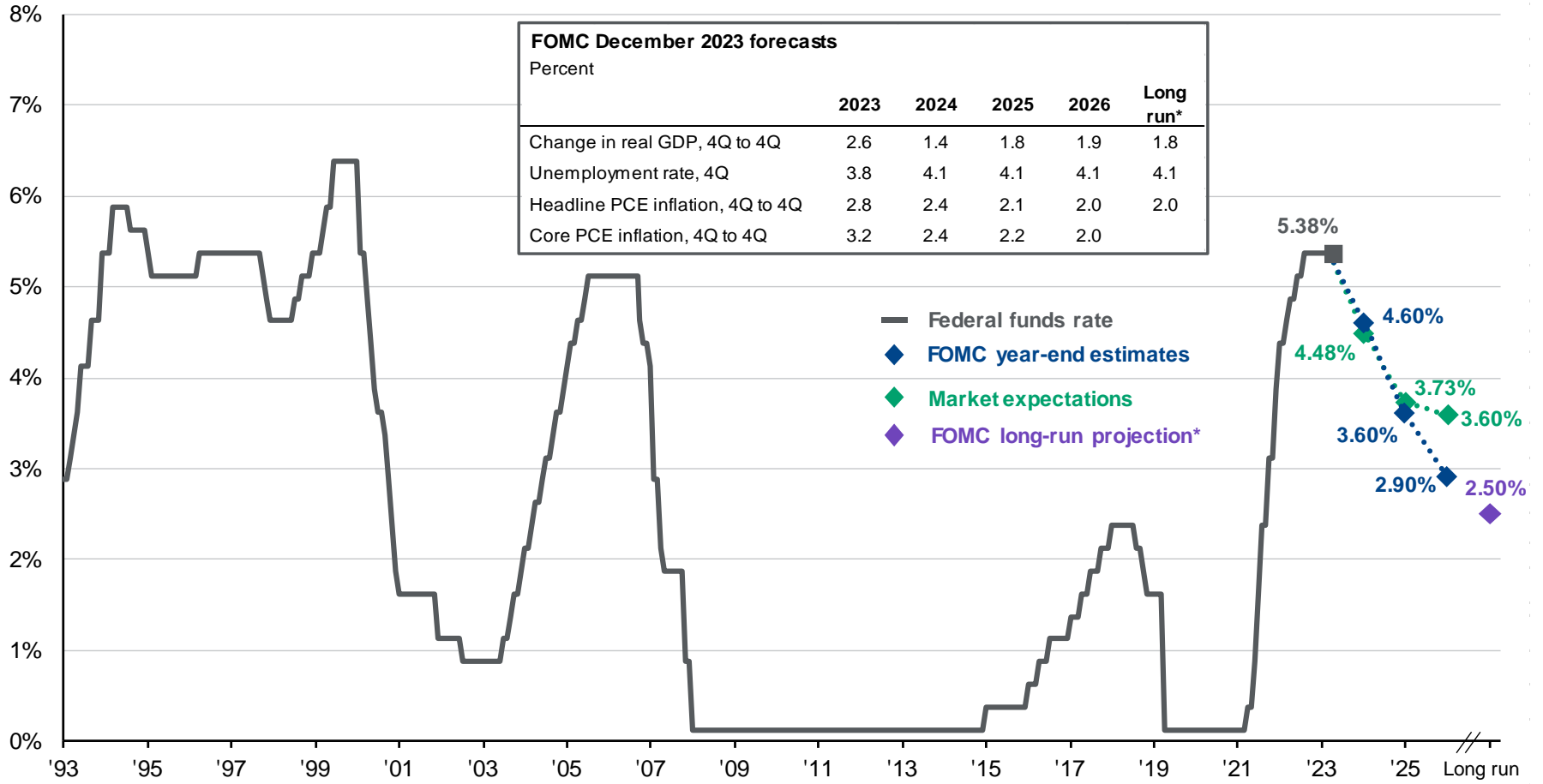


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# The Fed and Interest Rates – JPM Guide to the Markets

## Federal funds rate expectations

FOMC and market expectations for the federal funds rate



Source: Bloomberg, FactSet, Federal Reserve, J.P. Morgan Asset Management.

Market expectations are based off of USD Overnight Index Swaps. \*Long-run projections are the rates of growth, unemployment and inflation to which a policymaker expects the economy to converge over the next five to six years in absence of further shocks and under appropriate monetary policy. Forecasts are not a reliable indicator of future performance. Forecasts, projections and other forward-looking statements are based upon current beliefs and expectations. They are for illustrative purposes only and serve as an indication of what may occur. Given the inherent uncertainties and risks associated with forecasts, projections or other forward-looking statements, actual events, results or performance may differ materially from those reflected or contemplated.

Guide to the Markets – U.S. Data are as of February 29, 2024.

# Public Markets Performance Snapshot

Public Markets (ex-Cash) currently make up 72% of DFPF Investment Portfolio.



Dallas Police & Fire Pension System

DFPF | As of February 29, 2024

Performance Summary					
Ending February 29, 2024					
	Market Value (\$)	1 Mo (%)	YTD (%)	3 Yrs (%)	5 Yrs (%)
<b>Total Public Portfolio (ex-Cash)</b>	<b>1,420,012,812</b>	<b>3.2</b>	<b>3.3</b>	<b>4.1</b>	<b>7.0</b>
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>		<i>2.0</i>	<i>1.6</i>	<i>1.5</i>	<i>5.8</i>
<b>Public Equity</b>	<b>1,051,721,089</b>	<b>4.4</b>	<b>4.4</b>	<b>6.1</b>	<b>10.2</b>
<i>MSCI ACWI IMI Net USD</i>		<i>4.2</i>	<i>4.4</i>	<i>6.1</i>	<i>10.1</i>
<b>Global Equity</b>	<b>959,931,428</b>	<b>4.3</b>	<b>5.0</b>	<b>7.2</b>	<b>10.9</b>
<i>MSCI ACWI IMI Net USD</i>		<i>4.2</i>	<i>4.4</i>	<i>6.1</i>	<i>10.1</i>
Boston Partners Global Equity Fund	118,148,563	2.3	2.2	9.6	10.3
<i>MSCI World Net</i>		<i>4.2</i>	<i>5.5</i>	<i>8.6</i>	<i>11.7</i>
Manulife Global Equity Strategy	120,776,983	4.2	5.1	9.7	10.6
<i>MSCI ACWI Net</i>		<i>4.3</i>	<i>4.9</i>	<i>6.8</i>	<i>10.5</i>
Walter Scott Global Equity Fund	123,163,591	3.0	5.6	8.0	11.5
<i>MSCI ACWI Net</i>		<i>4.3</i>	<i>4.9</i>	<i>6.8</i>	<i>10.5</i>
WCM Global Equity	129,144,724	7.3	10.6	--	--
<i>MSCI ACWI Growth NR USD</i>		<i>5.9</i>	<i>7.3</i>	<i>6.1</i>	<i>13.6</i>
NT ACWI Index IMI	348,769,918	4.2	4.4	--	--
<i>MSCI ACWI IMI Net USD</i>		<i>4.2</i>	<i>4.4</i>	<i>6.1</i>	<i>10.1</i>
Eastern Shore US Small Cap	64,373,715	8.0	5.2	--	--
<i>Russell 2000</i>		<i>5.7</i>	<i>1.5</i>	<i>-0.9</i>	<i>6.9</i>
Global Alpha International Small Cap	55,461,980	2.1	0.5	--	--
<i>MSCI EAFE Small Cap</i>		<i>0.4</i>	<i>-1.3</i>	<i>-1.9</i>	<i>4.2</i>

# Public Markets Performance Snapshot



## Dallas Police & Fire Pension System

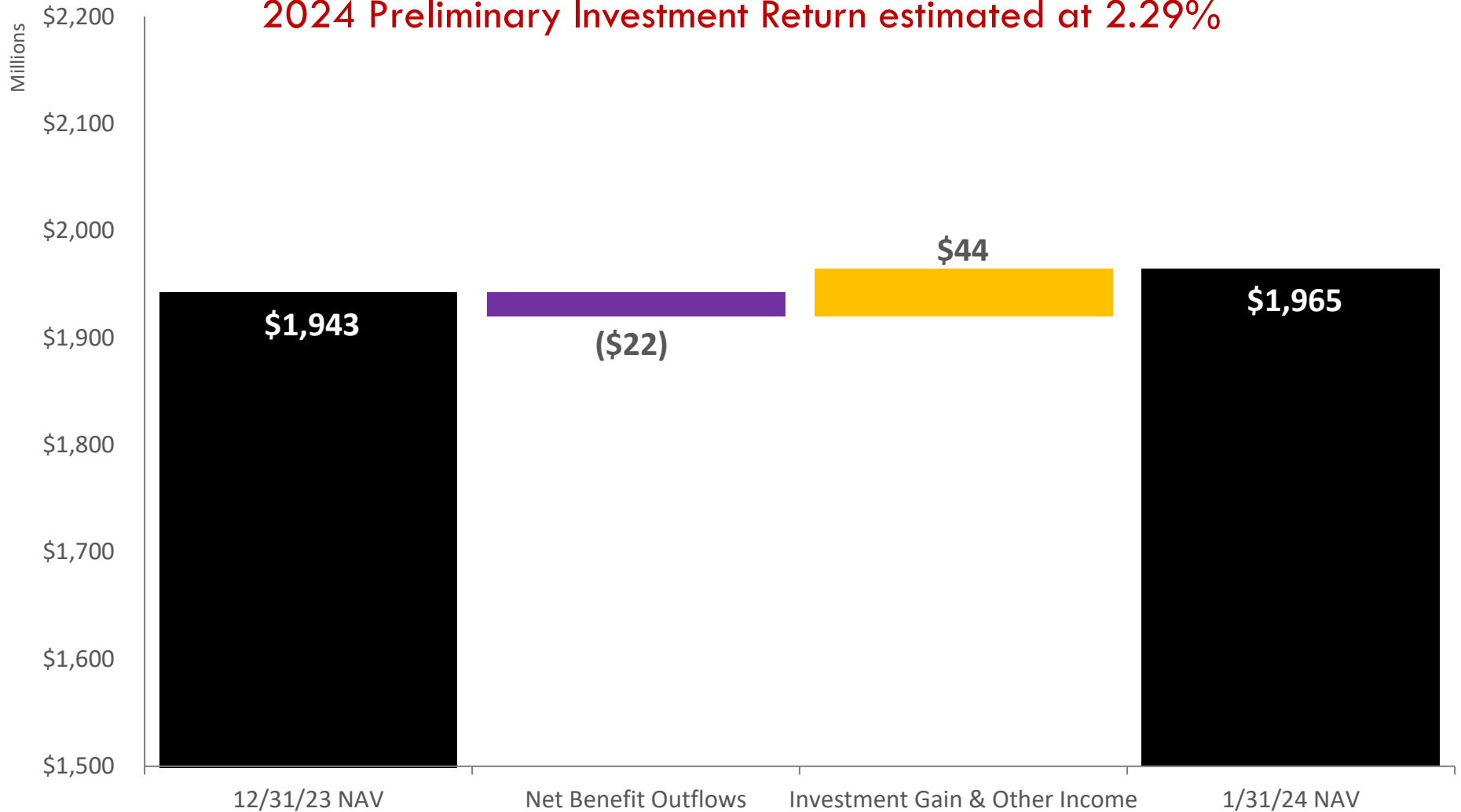
DPFP | As of February 29, 2024

	Ending February 29, 2024				
	Market Value (\$)	1 Mo (%)	YTD (%)	3 Yrs (%)	5 Yrs (%)
<b>Emerging Markets Equity</b>	<b>91,789,661</b>	<b>4.9</b>	<b>-1.0</b>	<b>-4.5</b>	<b>2.9</b>
<i>MSCI Emerging Markets IMI Net</i>		4.5	0.0	-5.0	2.7
<b>RBC Emerging Markets Equity</b>	<b>91,789,661</b>	<b>4.9</b>	<b>-1.0</b>	<b>-4.5</b>	<b>2.9</b>
<i>MSCI Emerging Markets IMI Net</i>		4.5	0.0	-5.0	2.7
<b>Public Fixed Income</b>	<b>368,291,722</b>	<b>0.1</b>	<b>0.2</b>	<b>-0.1</b>	<b>1.8</b>
<i>Bloomberg Multiverse TR</i>		-1.2	-2.5	-5.3	-0.9
<b>IR&amp;M 1-3 Year Strategy</b>	<b>114,891,406</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.5</b>	<b>1.9</b>
<i>Bloomberg US Aggregate 1-3 Yr TR</i>		-0.3	0.0	0.1	1.4
<b>Longfellow Core Fixed Income</b>	<b>63,001,731</b>	<b>-1.3</b>	<b>-1.2</b>	<b>-2.8</b>	<b>--</b>
<i>Bloomberg US Aggregate TR</i>		-1.4	-1.7	-3.2	0.6
<b>Aristotle Pacific Capital Bank Loan</b>	<b>62,072,131</b>	<b>1.1</b>	<b>1.8</b>	<b>6.2</b>	<b>5.4</b>
<i>Credit Suisse Leveraged Loan</i>		0.9	1.7	5.6	5.1
<b>Loomis US High Yield Fund</b>	<b>63,112,480</b>	<b>0.5</b>	<b>0.2</b>	<b>0.6</b>	<b>--</b>
<i>Bloomberg US High Yield 2% Issuer Cap TR</i>		0.3	0.3	1.8	4.1
<b>Metlife Emerging Markets Debt Blend</b>	<b>65,213,974</b>	<b>0.6</b>	<b>0.4</b>	<b>--</b>	<b>--</b>
<i>35% JPMEMBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Diversified Global Index</i>		0.3	-0.3	--	--

# 2024 - Change in Market Value Bridge Chart

*In Millions*

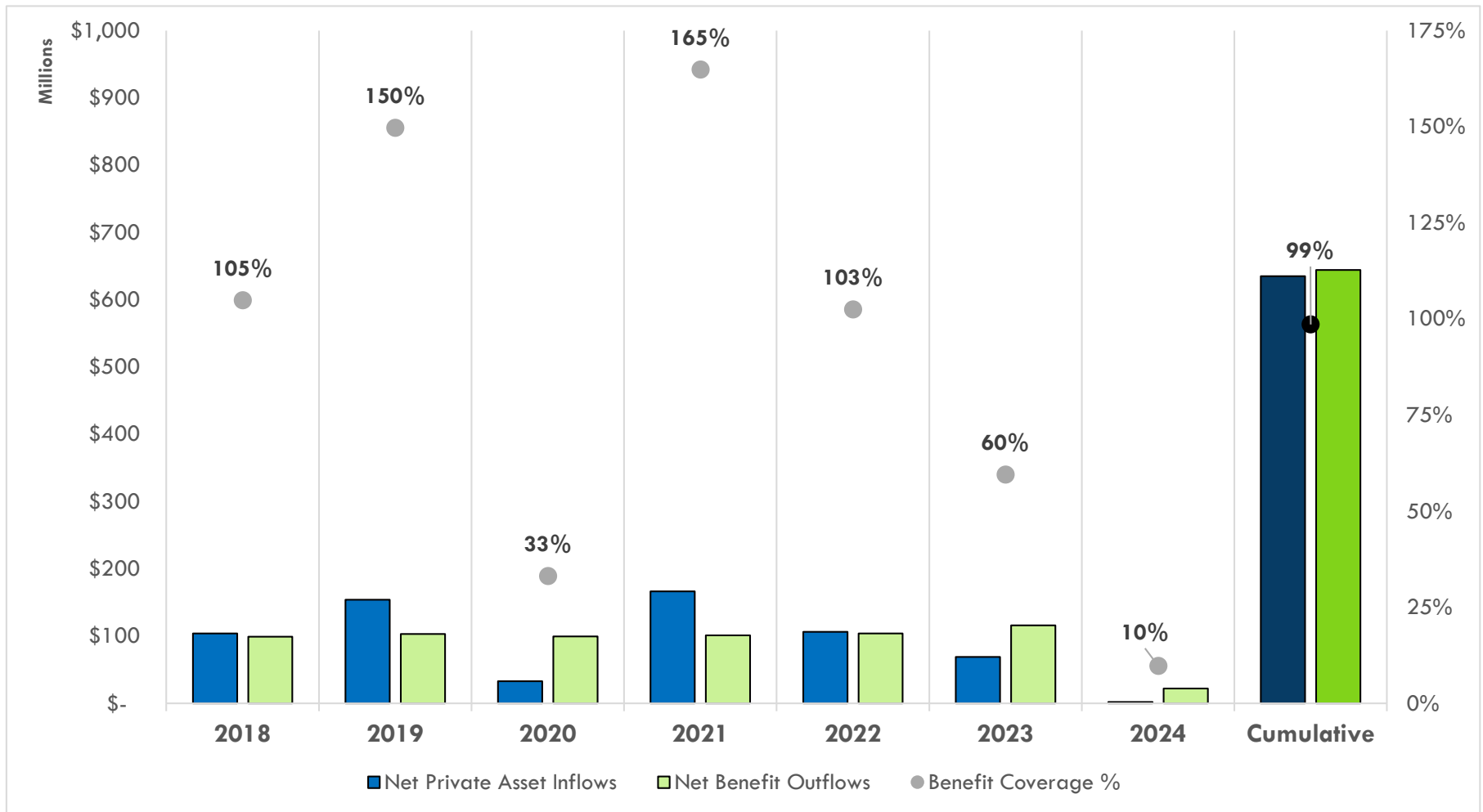
**2024 Preliminary Investment Return estimated at 2.29%**



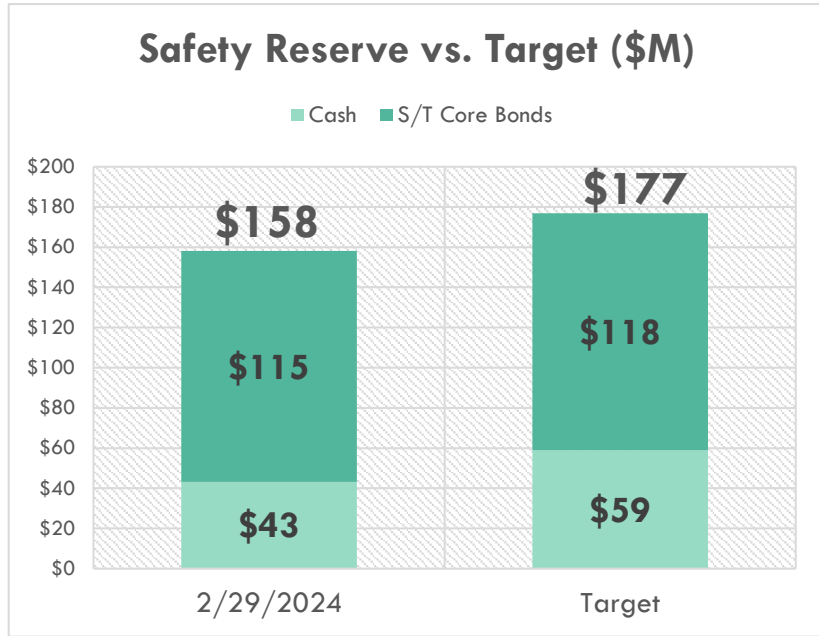
The beginning 12/31/23 value is from the Q4 2023 Meketa Performance Report and includes a one-quarter lag on private assets.  
 Numbers may not foot due to rounding.

# Benefit Outflow Coverage

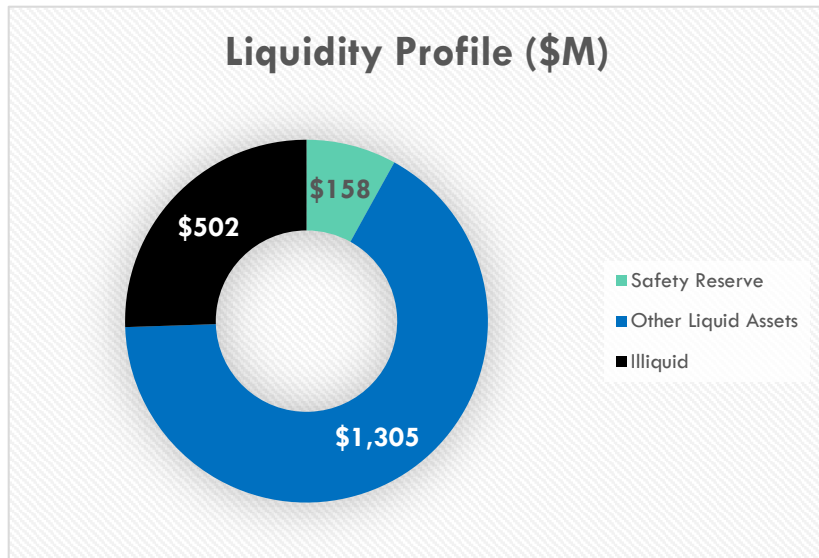
**Since 2018, net Private Asset inflows have covered 99% of net benefit outflows.**



# Safety Reserve Dashboard



Projected Net Monthly outflows of **\$8.6M** per month. Safety Reserve of **\$158M** would cover net monthly outflows for next **18 months** or through **August 2025**.



Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	2/29/24		\$43.2	2.2%
City Contribution	3/1/24	\$9.6	\$52.7	2.7%
City Contribution	3/15/24	\$9.6	\$62.3	3.2%
Pension Payroll	3/27/24	(\$28.7)	\$33.6	1.7%
City Contribution	3/29/24	\$9.6	\$43.1	2.2%
City Contribution	4/12/24	\$9.6	\$52.7	2.7%
Pension Payroll	4/24/24	(\$28.7)	\$24.0	1.2%
City Contribution	4/26/24	\$9.6	\$33.6	1.7%
City Contribution	5/10/24	\$9.6	\$43.1	2.2%
City Contribution	5/24/24	\$9.6	\$52.7	2.7%
Pension Payroll	5/24/24	(\$28.7)	\$24.0	1.2%
City Contribution	6/7/24	\$9.6	\$33.5	1.7%
City Contribution	6/21/24	\$9.6	\$43.1	2.2%
Pension Payroll	6/26/24	(\$28.7)	\$14.4	0.7%

Numbers may not foot due to rounding.

# Asset Allocation Detail

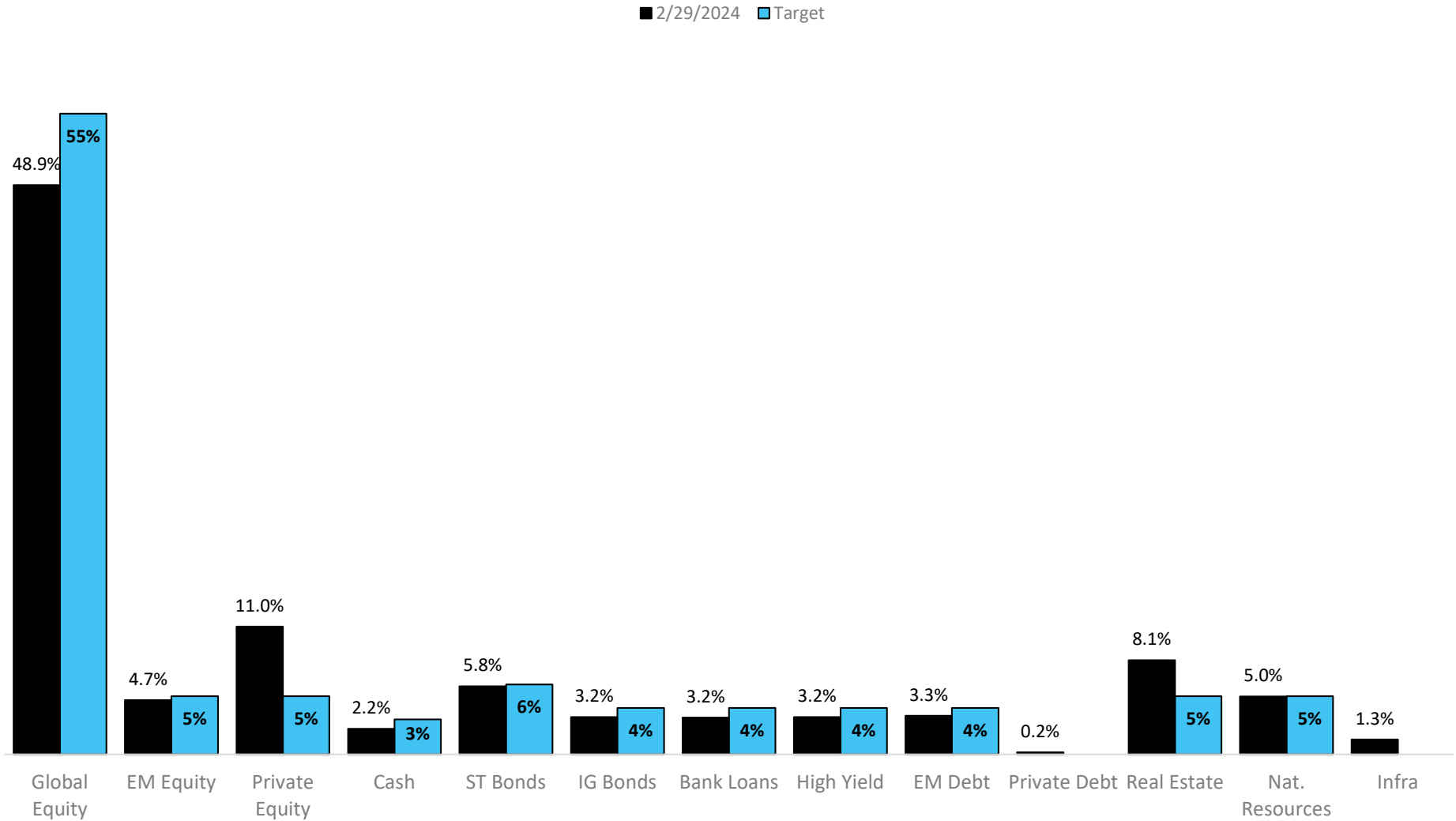
DPFP Asset Allocation	2/29/2024		Targets			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
<b>Equity</b>	<b>1,268</b>	<b>64.5%</b>	<b>1,277</b>	<b>65%</b>	<b>99%</b>	<b>-10</b>	<b>-0.5%</b>
Global Equity	960	48.9%	1,081	55%	89%	-121	-6.1%
<i>Boston Partners</i>	<i>118</i>	<i>6.0%</i>	<i>118</i>	<i>6%</i>	<i>100%</i>	<i>0</i>	<i>0.0%</i>
<i>Manulife</i>	<i>121</i>	<i>6.1%</i>	<i>118</i>	<i>6%</i>	<i>102%</i>	<i>3</i>	<i>0.1%</i>
<i>Walter Scott</i>	<i>123</i>	<i>6.3%</i>	<i>118</i>	<i>6%</i>	<i>104%</i>	<i>5</i>	<i>0.3%</i>
<i>WCM</i>	<i>129</i>	<i>6.6%</i>	<i>118</i>	<i>6%</i>	<i>110%</i>	<i>11</i>	<i>0.6%</i>
<i>Northern Trust ACWI IMI Index</i>	<i>349</i>	<i>17.8%</i>	<i>491</i>	<i>25%</i>	<i>71%</i>	<i>-142</i>	<i>-7.2%</i>
<i>Eastern Shore US Small Cap</i>	<i>64</i>	<i>3.3%</i>	<i>59</i>	<i>3%</i>	<i>109%</i>	<i>5</i>	<i>0.3%</i>
<i>Global Alpha Intl Small Cap</i>	<i>55</i>	<i>2.8%</i>	<i>59</i>	<i>3%</i>	<i>94%</i>	<i>-3</i>	<i>-0.2%</i>
Emerging Markets Equity - RBC	92	4.7%	98	5%	93%	-6	-0.3%
Private Equity*	216	11.0%	98	5%	220%	118	6.0%
<b>Fixed Income</b>	<b>415</b>	<b>21.1%</b>	<b>491</b>	<b>25%</b>	<b>85%</b>	<b>-76</b>	<b>-3.9%</b>
Cash	43	2.2%	59	3%	73%	-16	-0.8%
S/T Investment Grade Bonds - IR+M	115	5.8%	118	6%	97%	-3	-0.2%
Investment Grade Bonds - Longfellow	63	3.2%	79	4%	80%	-16	-0.8%
Bank Loans - Aristotle Pacific	62	3.2%	79	4%	79%	-17	-0.8%
High Yield Bonds - Loomis Sayles	63	3.2%	79	4%	80%	-15	-0.8%
Emerging Markets Debt - MetLife	65	3.3%	79	4%	83%	-13	-0.7%
Private Debt*	4	0.2%	0	0%		4	0.2%
<b>Real Assets*</b>	<b>282</b>	<b>14.4%</b>	<b>196</b>	<b>10%</b>	<b>144%</b>	<b>85</b>	<b>4.4%</b>
Real Estate*	159	8.1%	98	5%	162%	61	3.1%
Natural Resources*	98	5.0%	98	5%	100%	0	0.0%
Infrastructure*	25	1.3%	0	0%		25	1.3%
<b>Total</b>	<b>1,965</b>	<b>100.0%</b>	<b>1,965</b>	<b>100%</b>		<b>0</b>	<b>0.0%</b>
Safety Reserve ~\$162M=18 mo net CF	158	8.0%	177	9%	89%	-19	-1.0%
*Private Market Assets	502	25.5%	295	15%		207	10.5%

Source: Preliminary JP Morgan Custodial Data, Staff Estimates and Calculations.

Numbers may not foot due to rounding



# Asset Allocation – Actual vs Target





## DISCUSSION SHEET

### ITEM #C7

**Topic:** Fourth Quarter 2023 Investment Performance Analysis and Third Quarter 2023 Private Markets & Real Assets Review

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.072 of the Texas Government Code.

**Attendees:** Aaron Lally, Principal - Meketa Investment Group  
Colin Kowalski, Investment Analyst - Meketa Investment Group

**Discussion:** Meketa and Investment Staff will review investment performance.

*Regular Board Meeting – Thursday, March 14, 2024*



# Dallas Police and Fire Pension System

March 2024

Capital Market Expectations



## Dallas Police and Fire Pension System

### Capital Market Expectations

#### Asset Allocation Review Introduction

- In the first quarter of each year, Meketa Investment Group typically prepares its capital market assumptions which serve as the backbone of the MVO (Mean Variance Optimization) analysis.
- The capital market assumptions seek to predict individual asset class returns and volatility over the next twenty-year period.
- They do not predict returns or volatility in any given single year.
- MVO is a very useful tool, but it is imperfect.
- Qualitative analysis must be applied when evaluating the forecasts.



## Dallas Police and Fire Pension System

### Capital Market Expectations

#### Building our forecasts

- Each return assumption is based on the most important factors that drive returns for that asset class.
- The common components are income, growth and valuation.

Asset Class Category	Major Factors
Equities	Dividend Yield, GDP Growth, Valuation
Bonds	Yield to Worst, Default Rate, Recovery Rate
Private Equity	EBITDA Multiple, Debt Multiple, Public Eq Valuation
Real Estate	Cap Rate, Yield, Growth

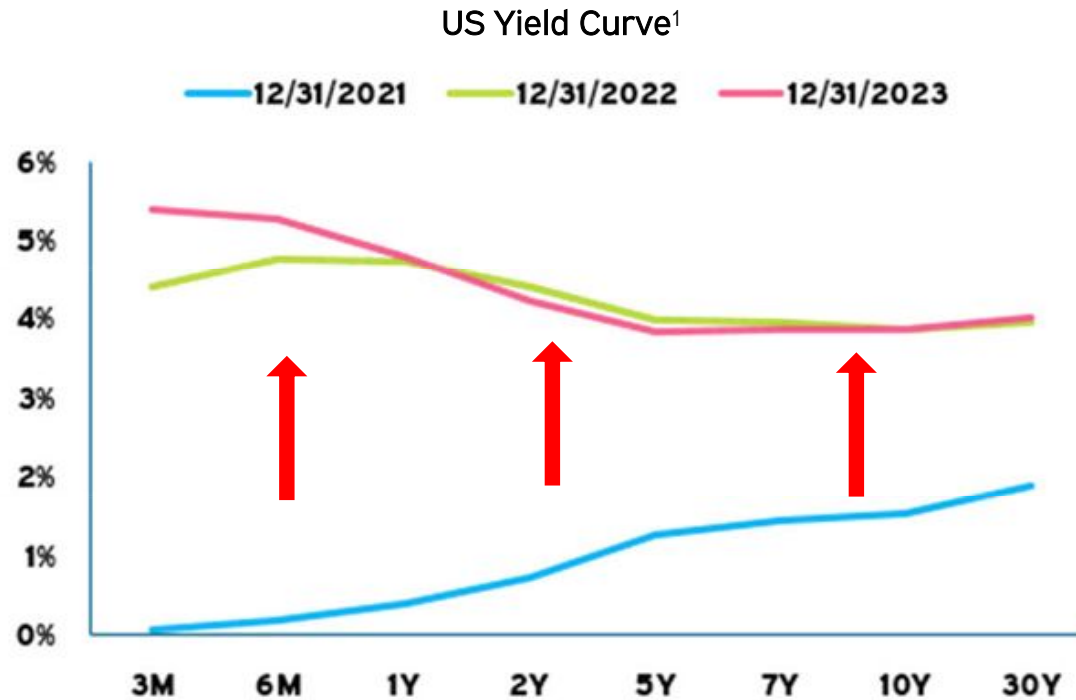


Dallas Police and Fire Pension System

Capital Market Expectations

US Yield Curve

→ The US Yield Curve was much higher in 2022 and 2023. Yield is a major source of the return expectation for bonds, and a building block for most other asset class return assumptions.



<sup>1</sup> Source: Bloomberg. Data is as of December 31, 2023.



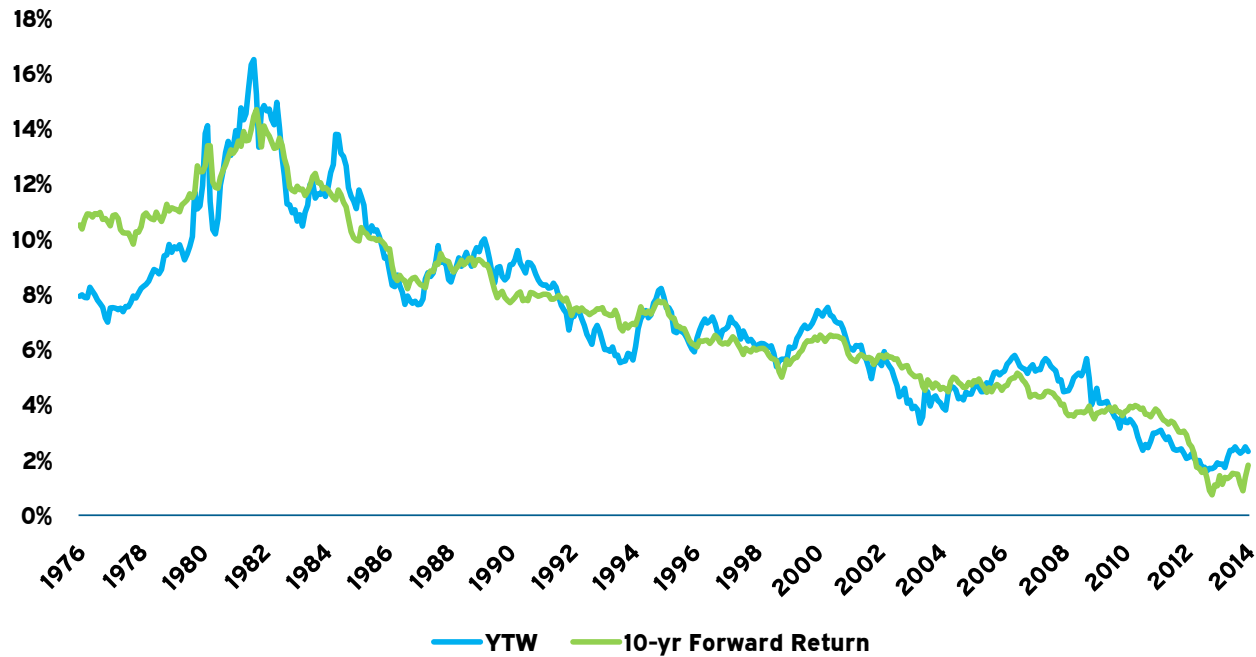
## Dallas Police and Fire Pension System

### Capital Market Expectations

#### Yields Drive Future Returns

→ Changes in interest rates matter because yields are a very good predictor of future returns for bonds, at least over a 10-year horizon.

Yield and Returns of Investment Grade Bonds<sup>1</sup>



<sup>1</sup> Source: Bloomberg. Data is as of December 31, 2023.

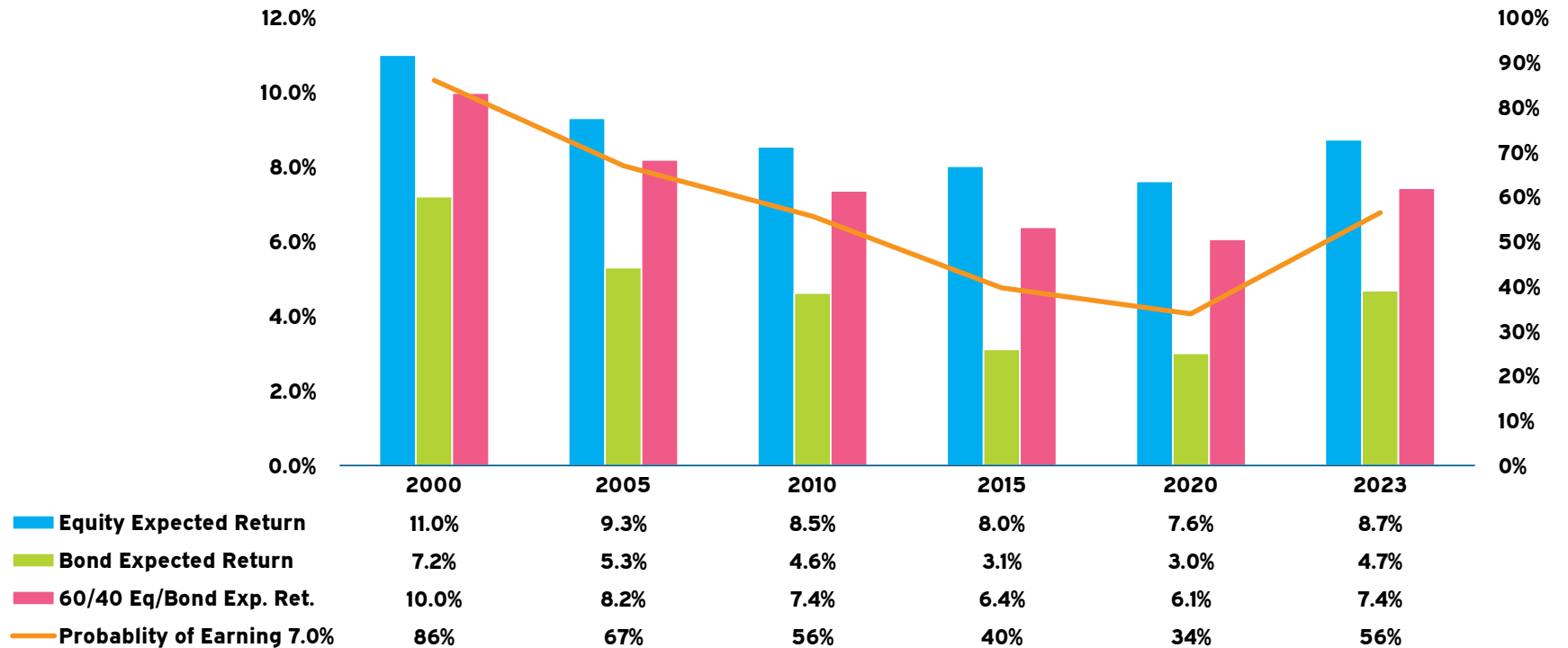


Dallas Police and Fire Pension System

Capital Market Expectations

Secular Decline in Returns: An Inflection Point?

→ After decades of decline, expected returns have increased in Meketa's 2023 Capital Market Expectations.







## Dallas Police and Fire Pension System

### Capital Market Expectations

#### How Have Return Expectations Changed Historically?

- To help evaluate year-over-year changes, we created a weighted average of expected returns for the asset classes that comprise a hypothetical client portfolio<sup>1</sup>.
- The change going into 2023 was the largest change in our 20+ year history of creating CMEs.
- In any given year, the expected return for most pension fluctuates up/down ~0.50% on average.

Year	Weighted Average Expected Return (%)	Change From Prior Year (%)
2024	8.0	-0.2
2023	8.2	+1.7
2022	6.5	+0.4
2021	6.1	-0.7
2020	6.8	-0.6
2019	7.4	+0.7
2018	6.7	-0.2

<sup>1</sup> The weights are as follows: 10% investment grade bonds, 3% LT government bonds, 4% TIPS, 3% high yield, 2% bank loans, 3% EM debt, 3% private debt, 25% US equity, 12% EAFE equity, 8% EM equity, 10% private equity, 10% real estate, 2% natural resources, 3% infrastructure, 2% hedge funds.



## Dallas Police and Fire Pension System

### Capital Market Expectations

#### Next Steps

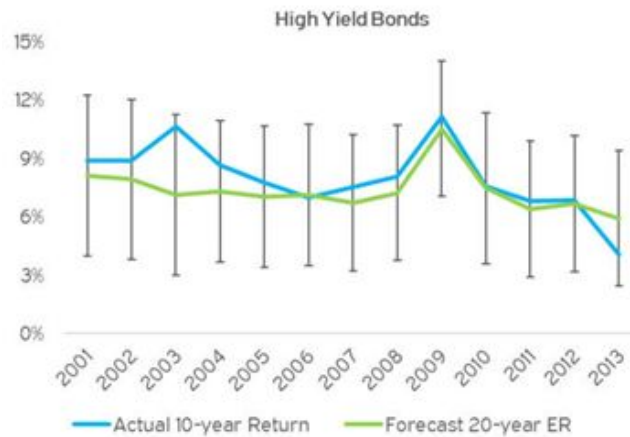
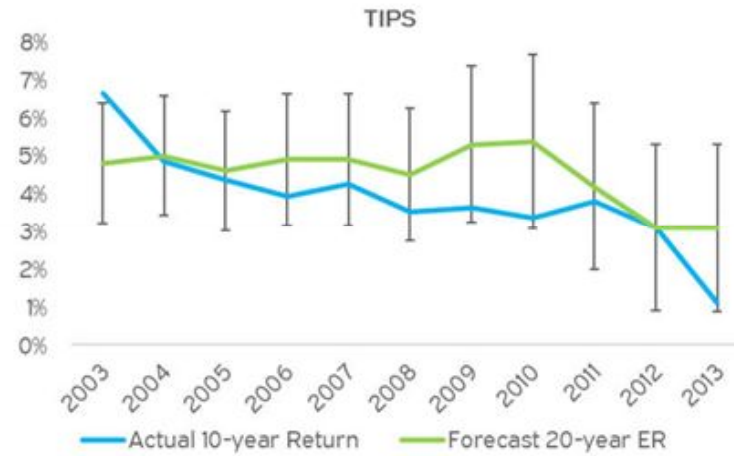
- Using the new 2024 capital market expectations we have been working with Staff to evaluate the current target asset allocation policy and possible minor adjustments.
- We plan to discuss in more depth with the Investment Advisory Committee at the next IAC meeting at the end of March.



## Dallas Police and Fire Pension System

### Capital Market Expectations

#### Our Track Record

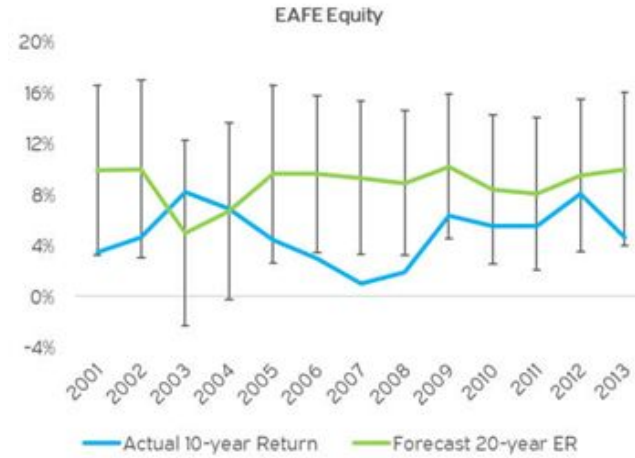




Dallas Police and Fire Pension System

Capital Market Expectations

Our Track Record (continued)





## Disclaimer

WE HAVE PREPARED THIS REPORT (THIS "REPORT") FOR THE SOLE BENEFIT OF THE INTENDED RECIPIENT (THE "RECIPIENT").

SIGNIFICANT EVENTS MAY OCCUR (OR HAVE OCCURRED) AFTER THE DATE OF THIS REPORT AND THAT IT IS NOT OUR FUNCTION OR RESPONSIBILITY TO UPDATE THIS REPORT. ANY OPINIONS OR RECOMMENDATIONS PRESENTED HEREIN REPRESENT OUR GOOD FAITH VIEWS AS OF THE DATE OF THIS REPORT AND ARE SUBJECT TO CHANGE AT ANY TIME. ALL INVESTMENTS INVOLVE RISK. THERE CAN BE NO GUARANTEE THAT THE STRATEGIES, TACTICS, AND METHODS DISCUSSED HERE WILL BE SUCCESSFUL.

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CERTAIN INFORMATION CONTAINED IN THIS REPORT MAY CONSTITUTE "FORWARD - LOOKING STATEMENTS," WHICH CAN BE IDENTIFIED BY THE USE OF TERMINOLOGY SUCH AS "MAY," "WILL," "SHOULD," "EXPECT," "AIM", "ANTICIPATE," "TARGET," "PROJECT," "ESTIMATE," "INTEND," "CONTINUE" OR "BELIEVE," OR THE NEGATIVES THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. ANY FORWARD-LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION ARE BASED UPON CURRENT ASSUMPTIONS. CHANGES TO ANY ASSUMPTIONS MAY HAVE A MATERIAL IMPACT ON FORWARD - LOOKING STATEMENTS, FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS. ACTUAL RESULTS MAY THEREFORE BE MATERIALLY DIFFERENT FROM ANY FORECASTS, PROJECTIONS, VALUATIONS, OR RESULTS IN THIS PRESENTATION.

PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.



## Dallas Police & Fire Pension System

March 14, 2024

Equity Managers Review –  
Non-Global Strategies



## Dallas Police & Fire Pension System

### Equity Managers Review – Non-Global Strategies

#### Equity Strategies other than Global Equity Mandates

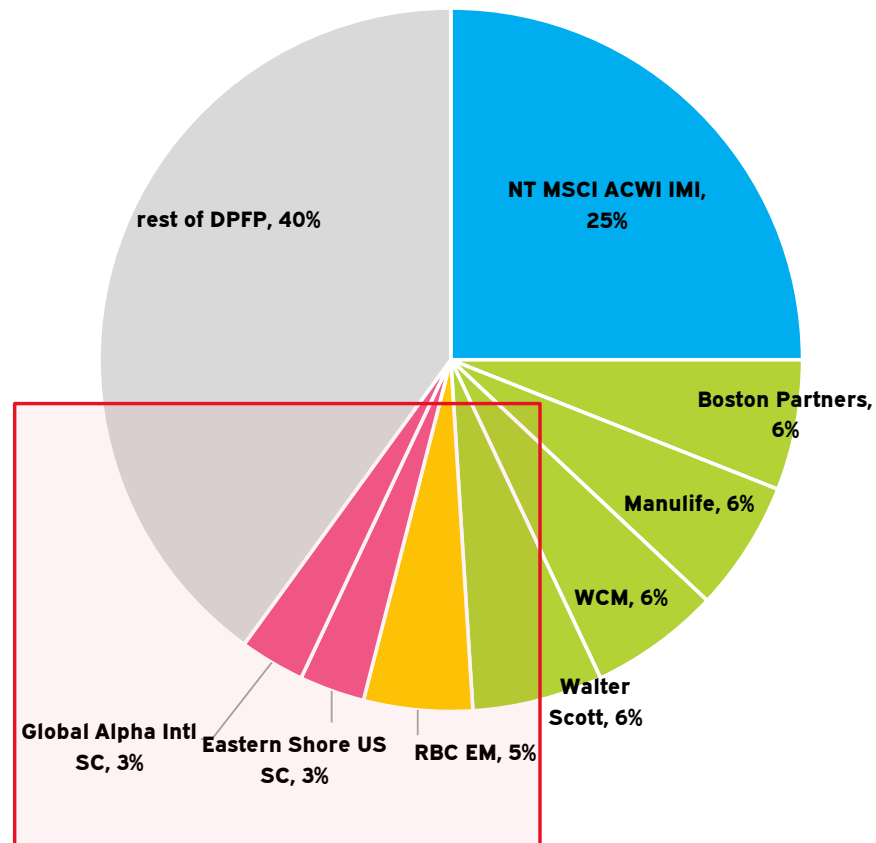
12/31/2023	Market Value (\$)	Current Allocation (%)	Target (%)
Small Cap	116,382,844	5.9	6
Emerging Markets	92,712,557	4.8	5

- Small Cap managers have a total target allocation of 6%. At 12/31/23 they were nearly right on target at approximately 5.9% of the DPFPP Portfolio with a market value of \$116.4 million.
- Emerging Markets Equity has a total target allocation of 5%. Exposure at 12/31/23 was 4.8% of the DPFPP Portfolio with a market value of \$92.7 million.
- These managers serve as a compliment to the global equity managers and fill “gaps” in the exposure as the global equity managers typically have very low exposure to small cap and emerging markets.
- The RBC Emerging Markets strategy was funded in January 2018.
- DPFPP’s exposure to small cap was reviewed in 2021.
  - Eastern Shore US Small Cap and Global Alpha Int’l Small Cap were added in October 2021 and May 2022 respectively.



## Dallas Police & Fire Pension System Equity Managers Review – Non-Global Strategies

### DPFP Target Weighting Allocation







## Dallas Police & Fire Pension System

### Equity Managers Review – Non-Global Strategies

#### Equity Strategies other than Global Equity Mandates as of 12/31/23

	Market Value (\$M)	Current Allocation (%)	Target (%)	Mandate	Focus	Liquidity
Eastern Shore US Small Cap	61.2	3.1	3	Active	Small Cap	Daily
Global Alpha Int'l Small Cap	55.2	2.8	3	Active	Small Cap	Daily
RBC Emerging Markets	92.7	4.8	5	Active	Emerging Markets	Daily

→ All three of the Non-Global managers were close to target weight at the end of the fourth quarter

→ All three have daily liquidity with notice periods that range up to 15 days prior.



## Dallas Police & Fire Pension System

### Equity Managers Review – Non-Global Strategies

#### Small Cap Equity Performance

12/31/23	4Q 2023	1-Yr	SI
<b>Eastern Shore US Small Cap</b>	12.1	15.1	-4.4 (Oct 21)
<i>Russell 2000</i>	14.0	16.9	-2.2
<i>eV US Small Cap Equity Rank</i>	50	61	79
<b>Global Alpha Non-US Small Cap</b>	6.5	6.4	-1.5 (May 22)
<i>MSCI EAFE Small Cap</i>	11.1	13.2	2.6
<i>eV Global Small Cap Equity Rank</i>	99	94	89

12/31/23	Standard Dev SI (%)	Sharpe Ratio SI	Beta SI	Tracking Err. SI (%)	Downside Capture (%)	Upside Capture (%)
<b>Eastern Shore</b>	6.6	-0.32	0.93	5.6	98.9	88.2
<i>Russell 2000</i>	6.9	-0.21	-	-	-	-
<b>Global Alpha</b>	6.5	-0.24	1.0	4.9	103.1	88.8
<i>MSCI EAFE Small Cap</i>	6.3	-0.06	-	-	-	-

→ Both managers only have a short track record, performance has lagged benchmarks so far.



## Dallas Police & Fire Pension System

### Equity Managers Review – Non-Global Strategies

#### Commentary - Eastern Shore US Small Cap

- Eastern Shore believes that companies with quality fundamentals outperform the broader market over the long-term while exhibiting lower volatility than the broad market. Eastern Shore defines quality as high/steady ROE and ROIC, low debt, high margins and compounding free cash flow.
- After the onset of the COVID-19 pandemic, the Small Cap Core strategy had an attractive track record. As of March 31, 2020, the strategy's returns ranked in the top quintile of the small cap core peer group over the trailing 3-year, 5-year, 7-year, and 10-year periods. However, **since then, the strategy has experienced performance struggles as the ensuing market environments have tended to favor either speculative growth stocks or defensive value stocks, neither of which are a focus for this team.**
- The majority of 2023 underperformance occurred in 4Q23 when low quality stocks (higher beta, non-earners) outperformed in the November/December market rally.
- Longer-term underperformance is the result of a poor 2022 when the strategy did not defend as well as would be expected in a market down over 20%.
- Underperformance in 2022 is explained by the combination of the following:
  - Strategy has a slight growth tilt: Value outperformed growth in 2022, particularly energy and utilities.
  - Stock selection. The 5 biggest detractor stocks were roughly 2.4X the size of the 5 biggest contributors.
- **We continue to believe that this team is strong and that the strategy should outperform over a full market cycle.**



## Dallas Police & Fire Pension System

### Equity Managers Review – Non-Global Strategies

#### Commentary - Global Alpha Non- US Small Cap

- Global Alpha's investment approach focuses on high quality growth businesses, which are supported by secular, top-down growth themes.
- The investment team believes that a lack of sell side coverage creates informational and pricing inefficiencies in small cap markets. The team seeks to identify unrecognized growth companies with accelerating earnings, strong balance sheets, high insider ownership, and a misunderstood balance sheet through deep fundamental analysis while incorporating a sector thematic overlay
- **Most of 2023 underperformance occurred in 4Q 2023 when the strategy did not keep pace with the market rally. Stock selection was the biggest driver of underperformance (due to the quality focus), particularly in consumer discretionary and consumer staples.**
- Global Alpha modestly outperformed in 2022 but its best quarter was 1Q22 (DPFP funded the strategy in May 2022).
- The strategy modestly underperformed for the portion of time DPFP was invested in 2022. The worst quarter was 3Q 2022. The strategy failed to defend as well as expected and trailed by 1.5%, net of fees in the quarter.
- **We still believe Global Alpha is an above average international equity small cap manager. Global Alpha's investment team is stable, diverse, and multinational.**



**Dallas Police & Fire Pension System**  
**Equity Managers Review – Non-Global Strategies**

**EM Equity Performance**

12/31/23	QTD	1-Yr	3-Yr	5-Yr	SI
<b>RBC Emerging Markets</b>	8.4	11.2	-2.9	4.7	2.0 (Jan 18)
<i>MSCI Emerging Markets IMI</i>	8.0	11.7	-3.7	4.5	0.9
<i>eV US Small Cap Equity Rank</i>	43	57	48	61	37

12/31/23	Standard Dev 5-Yr (%)	Sharpe Ratio 5-Yr	Beta 5-Yr	Tracking Err. 5-Yr (%)	Downside Capture (%)	Upside Capture (%)
<b>RBC Emerging Markets</b>	18.2	0.2	0.9	4.4	89.4	91.4
<i>MSCI Emerging Markets IMI</i>	19.0	0.1	-	-	-	-

→ The RBC Strategy has performed well on a relative basis since inception.

→ The fund has outperformed the MSCI EM IMI Index over nearly all trailing periods.



## Dallas Police & Fire Pension System

### Equity Managers Review – Non-Global Strategies

#### Commentary - RBC EM Equity

- The RBC EM equity strategy employs a combination of top-down (thematic) and bottom-up research in their selection process to generate a relatively concentrated portfolio of ~50 positions.
- Current themes they see are de-carbonization (i.e. green infrastructure) and de-globalization (and re-localization).
- They seek to find companies with attractive valuations that are benefiting from and contributing to secular global trends.
- **Most of the trailing outperformance occurred in 2022 when markets were down. The strategy outperformed by ~600 bps, which is consistent with its lower downside capture, from its quality bias.**
- Regional weighting decisions have also played a role in outperformance, with an underweight to China and an overweight to India.
- **We maintain our positive conviction in the RBC Emerging Markets Equity strategy.**

## Appendix



## Dallas Police & Fire Pension System

Eastern Shore US Small Cap | As of December 31, 2023

Account Information	
Account Name	Eastern Shore US Small Cap
Account Structure	Separate Account
Investment Style	Active
Inception Date	10/01/21
Account Type	Equity
Benchmark	Russell 2000
Universe	eV US Small Cap Equity Net

Characteristics		
	Portfolio	Russell 2000
Number of Holdings	93	1,961
Weighted Avg. Market Cap. (\$B)	4.8	3.3
Median Market Cap. (\$B)	4.5	1.0
Price To Earnings	19.3	15.9
Price To Book	2.7	2.3
Price To Sales	2.4	1.3
Return on Equity (%)	8.5	4.4
Yield (%)	1.1	1.5
Beta		1.0

Portfolio Performance Summary							
	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Eastern Shore US Small Cap	12.1	15.1	--	--	--	-4.4	Oct-21
Russell 2000	14.0	16.9	2.2	10.0	7.2	-2.2	Oct-21

Characteristics		
	Portfolio	Russell 2000
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	6.4	6.9
Materials	5.5	4.4
Industrials	18.0	17.0
Consumer Discretionary	9.3	10.9
Consumer Staples	4.7	3.4
Health Care	13.1	15.4
Financials	14.4	17.1
Information Technology	11.5	13.6
Communication Services	1.4	2.3
Utilities	2.8	2.8
Real Estate	6.0	6.2

Characteristics		
	Portfolio	Russell 2000
COMPANY SIZE DISTRIBUTION		
Weighted Avg. Market Cap. (\$B)	4.8	3.3
Median Market Cap. (\$B)	4.5	1.0
Large Cap. (%)	0.0	0.0
Medium/Large Cap. (%)	0.0	0.0
Medium Cap. (%)	0.9	0.5
Medium/Small Cap. (%)	59.2	28.3
Small Cap. (%)	39.8	71.1

Top Holdings	
COHEN & STEERS INC	2.1%
TERRENO REALTY CORP	2.1%
EVERCORE INC	2.0%
WINTRUST FINANCIAL CORP.	2.0%
LEONARDO DRS INC	2.0%
COLUMBIA BANKING SYSTEM INC	1.9%
SOUTHWEST GAS HOLDINGS INC	1.9%
INDEPENDENT BANK CORP.	1.8%
VAXCYTE INC	1.8%
SIMPLY GOOD FOODS CO (THE)	1.7%





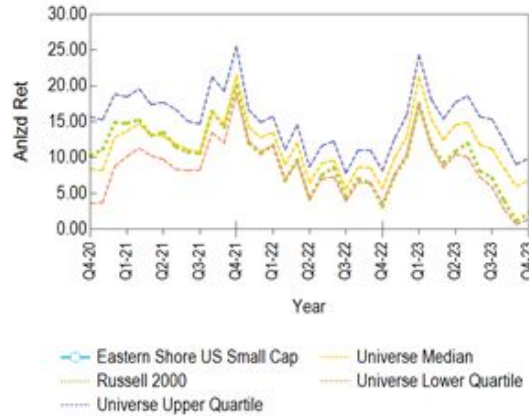
## Dallas Police & Fire Pension System

Eastern Shore US Small Cap | As of December 31, 2023

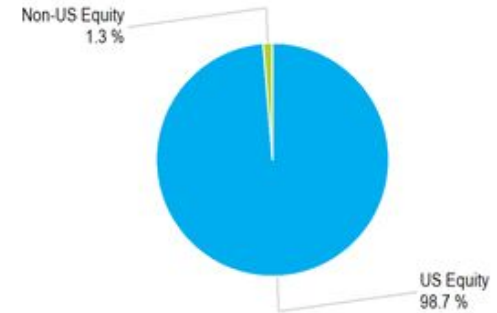
Quarterly and Cumulative Excess Performance



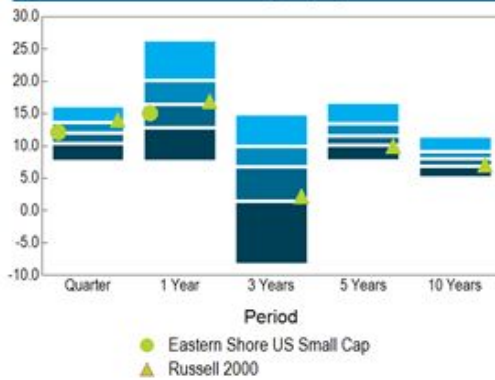
Rolling 3 Year Annualized Return vs. Peer Group



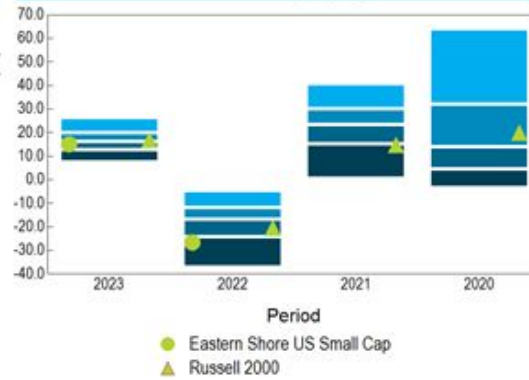
Asset Allocation



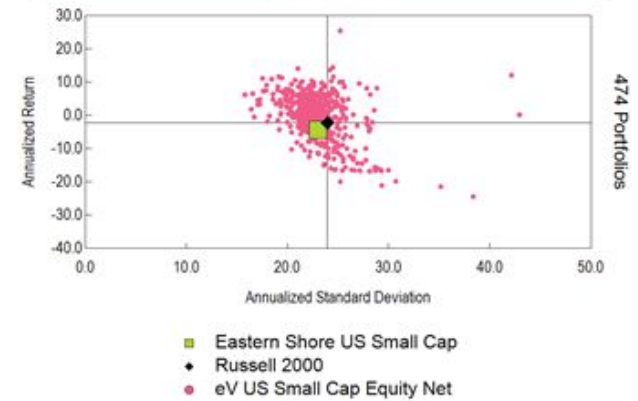
Rolling Peer Group Returns  
eV US Small Cap Equity Net



Calendar Year Peer Group Returns  
eV US Small Cap Equity Net



Risk Reward





## Dallas Police & Fire Pension System

Global Alpha International Small Cap | As of December 31, 2023

Account Information	
Account Name	Global Alpha International Small Cap
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	5/01/22
Account Type	Global Equity
Benchmark	MSCI EAFE Small Cap
Universe	eV Global Small Cap Equity Net

Portfolio Performance Summary							
	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Global Alpha International Small Cap	6.5	6.4	--	--	--	-1.5	May-22
MSCI EAFE Small Cap	11.1	13.2	-0.7	6.6	4.8	2.6	May-22

Characteristics		
	Portfolio	MSCI EAFE Small Cap
COMPANY SIZE DISTRIBUTION		
Weighted Avg. Market Cap. (\$B)	2.9	2.9
Median Market Cap. (\$B)	2.4	1.3
Large Cap. (%)	0.0	0.0
Medium Cap. (%)	0.0	0.2
Small Cap. (%)	100.0	99.8

Top Holdings	
MELIA HOTELS INTERNATIONAL SA	3.9%
SOPRA STERIA GROUP	3.2%
LOOMIS AB	3.1%
SAVILLS PLC	3.1%
INTERNET INITIATIVE JAPAN INC	3.1%
L'OCCITANE INTERNATIONAL SA	3.0%
SAMSONITE INTERNATIONAL SA	2.8%
SEVEN BANK	2.6%
ASICS CORP	2.6%
RAFFLES MEDICAL GROUP LTD	2.5%

Characteristics		
	Portfolio	MSCI EAFE Small Cap
Number of Holdings	65	2,163
Weighted Avg. Market Cap. (\$B)	2.9	2.9
Median Market Cap. (\$B)	2.4	1.3
Price To Earnings	15.0	14.3
Price To Book	2.1	2.0
Price To Sales	1.1	0.8
Return on Equity (%)	10.7	9.7
Yield (%)	2.4	3.1
Beta		1.0
R-Squared		1.0

Characteristics		
	Portfolio	MSCI EAFE Small Cap
INDUSTRY SECTOR DISTRIBUTION (% Equity)		
Energy	3.5	3.1
Materials	5.4	9.4
Industrials	23.4	23.2
Consumer Discretionary	16.3	12.9
Consumer Staples	10.0	6.3
Health Care	8.5	6.4
Financials	5.6	11.6
Information Technology	9.5	9.9
Communication Services	5.3	4.1
Utilities	2.5	2.5
Real Estate	8.2	10.5



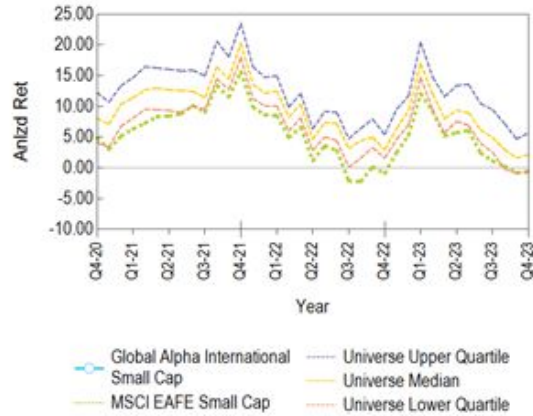
## Dallas Police & Fire Pension System

Global Alpha International Small Cap | As of December 31, 2023

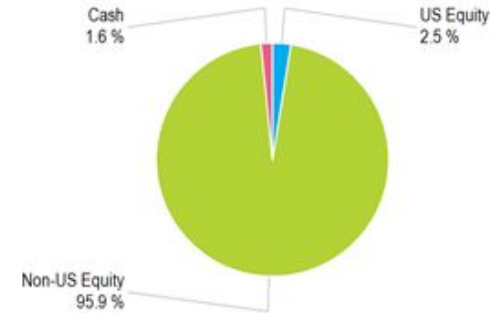
Quarterly and Cumulative Excess Performance



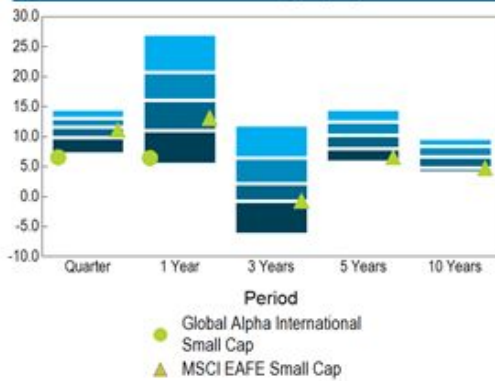
Rolling 3 Year Annualized Return vs. Peer Group



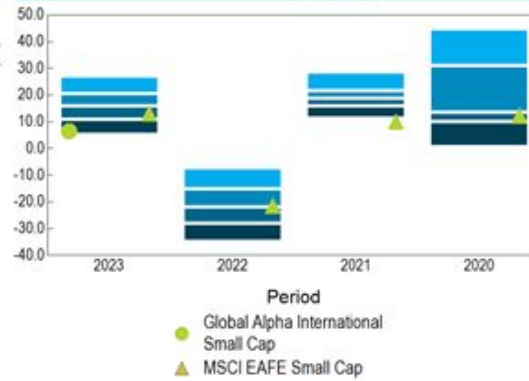
Asset Allocation



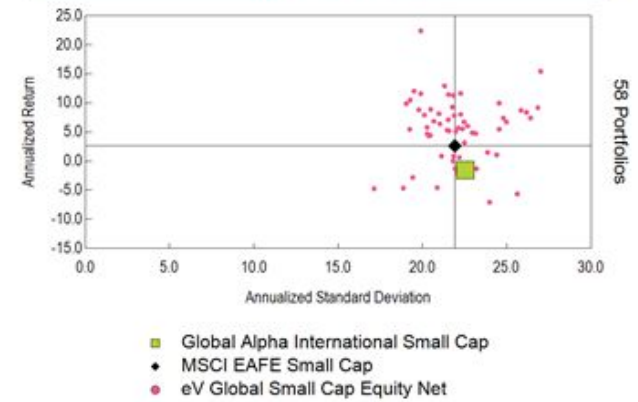
Rolling Peer Group Returns  
eV Global Small Cap Equity Net



Calendar Year Peer Group Returns  
eV Global Small Cap Equity Net



Risk Reward

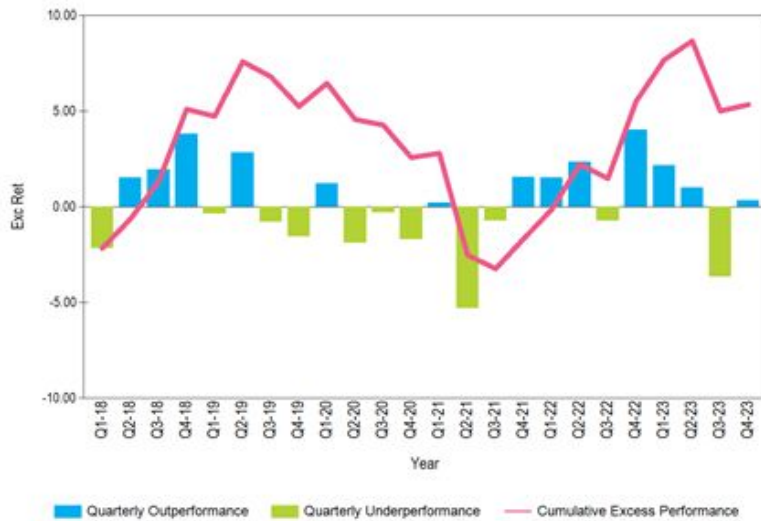




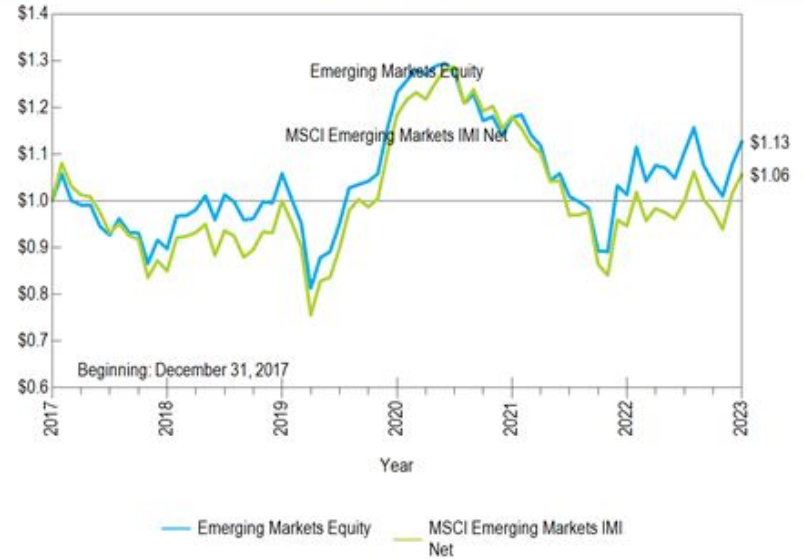
## Dallas Police & Fire Pension System

### Emerging Markets Equity | As of December 31, 2023

Quarterly Value Added and Cumulative Excess Performance



Growth of a Dollar



### Statistics Summary Since Inception

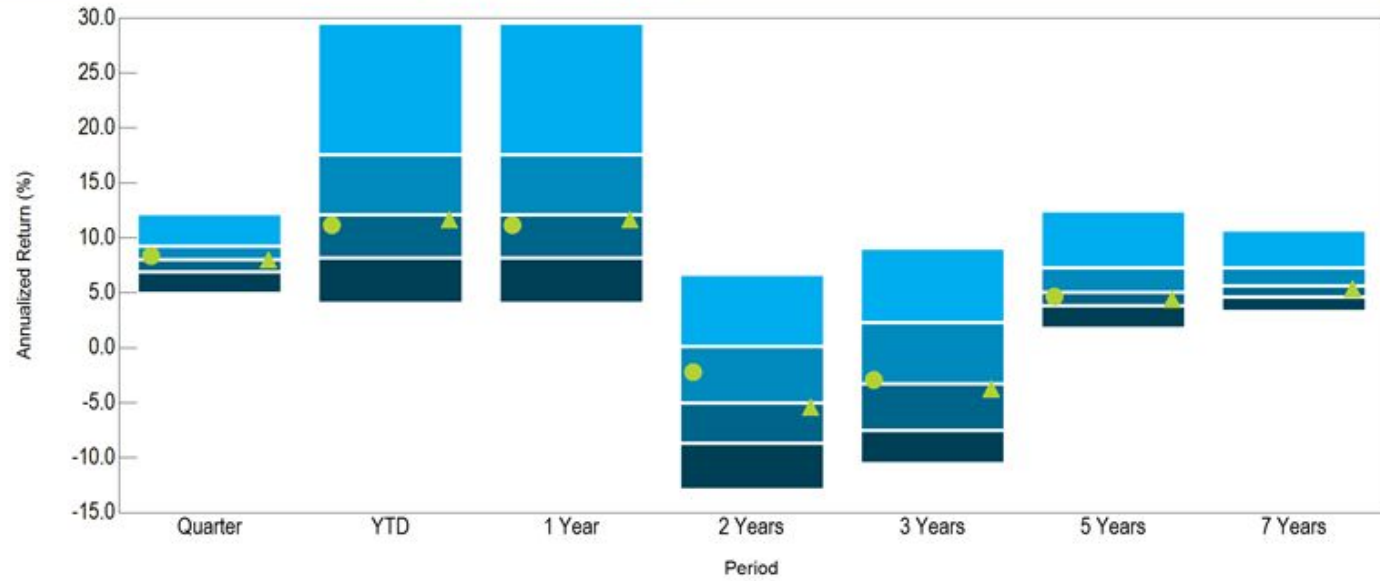
	Total Return	Anlzd Return	Ann Excess BM Return	Anlzd Standard Deviation	Anlzd Alpha	Beta	Sharpe Ratio	R-Squared	Up Mkt Capture Ratio Anlzd	Down Mkt Capture Ratio Anlzd
Emerging Markets Equity	12.6%	2.0%	1.1%	17.6%	1.2%	0.9	0.0	0.9	91.0%	90.6%
MSCI Emerging Markets IMI Net	5.6%	0.9%	0.0%	18.5%	0.0%	1.0	0.0	1.0	100.0%	100.0%



## Dallas Police & Fire Pension System

Emerging Markets Equity | As of December 31, 2023

**eV Emg Mkts Equity Net Return Comparison  
Ending December 31, 2023**



	Quarter		YTD		1 Year		2 Years		3 Years		5 Years		7 Years	
<b>5th Percentile</b>	12.1	29.5	29.5	6.7	9.1	12.4	10.7							
<b>25th Percentile</b>	9.2	17.6	17.6	0.1	2.3	7.3	7.3							
<b>Median</b>	8.0	12.1	12.1	-5.0	-3.3	5.1	5.7							
<b>75th Percentile</b>	6.9	8.2	8.2	-8.7	-7.5	3.8	4.7							
<b>95th Percentile</b>	5.0	4.1	4.1	-12.9	-10.5	1.8	3.3							
<b># of Portfolios</b>	346	335	335	314	303	275	241							
<b>Emerging Markets Equity</b>	8.4 (43)	11.2 (57)	11.2 (57)	-2.2 (32)	-2.9 (48)	4.7 (61)	-- (--)							
<b>MSCI Emerging Markets IMI Net</b>	8.0 (51)	11.7 (55)	11.7 (55)	-5.4 (53)	-3.7 (53)	4.5 (63)	5.4 (58)							



## Dallas Police & Fire Pension System

### RBC Emerging Markets Equity | As of December 31, 2023

Account Information	
Account Name	RBC Emerging Markets Equity
Account Structure	Commingled Fund
Investment Style	Active
Inception Date	1/01/18
Account Type	International Emerging Stocks
Benchmark	MSCI Emerging Markets IMI Net
Universe	eV Emg Mkts Equity Net



Characteristics	MSCI Portfolio Emerging Markets
Number of Holdings	47
Weighted Avg. Market Cap. (\$B)	103.0
Median Market Cap. (\$B)	24.6
Price To Earnings	15.8
Price To Book	3.0
Price To Sales	1.9
Return on Equity (%)	19.7
Yield (%)	2.2

Portfolio Performance Summary							
	QTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
RBC Emerging Markets Equity	8.4	11.2	-2.9	4.7	--	2.0	Jan-18
MSCI Emerging Markets IMI Net	8.0	11.7	-3.7	4.5	3.0	0.9	Jan-18

Characteristics		
	MSCI Portfolio Emerging Markets	
<b>COMPANY SIZE DISTRIBUTION</b>		
Weighted Avg. Market Cap. (\$B)	103.0	
Median Market Cap. (\$B)	24.6	
Large Cap. (%)	76.7	
Medium Cap. (%)	21.6	
Small Cap. (%)	1.7	

Top Holdings	
TAIWAN SEMICONDUCTOR MANUFACTURING CO LTD	7.5%
SK HYNIX INC	6.7%
H D F C BANK LTD	6.5%
TENCENT HOLDINGS LTD	4.5%
FOMENTO ECONOMICO MEXICAN SAB DE CV	4.4%
TATA CONSULTANCY SERVICES LTD	4.1%
ANTOFAGASTA PLC	3.6%
MAHINDRA & MAHINDRA LTD	3.5%
UNILEVER PLC	2.9%
AIA GROUP LTD	2.8%

Characteristics		
	MSCI Portfolio Emerging Markets	
<b>INDUSTRY SECTOR DISTRIBUTION (% Equity)</b>		
Energy	0.0	
Materials	4.9	
Industrials	6.6	
Consumer Discretionary	11.9	
Consumer Staples	15.7	
Health Care	4.9	
Financials	28.7	
Information Technology	22.5	
Communication Services	4.5	
Utilities	0.0	
Real Estate	2.3	

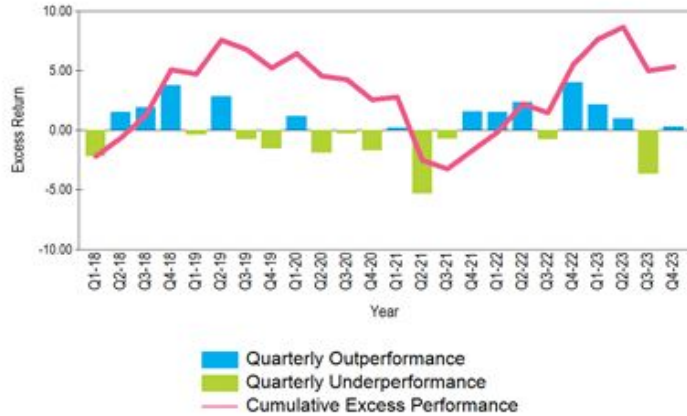




## Dallas Police & Fire Pension System

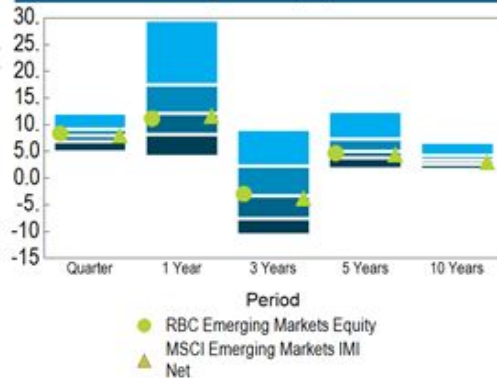
RBC Emerging Markets Equity | As of December 31, 2023

Quarterly and Cumulative Excess Performance

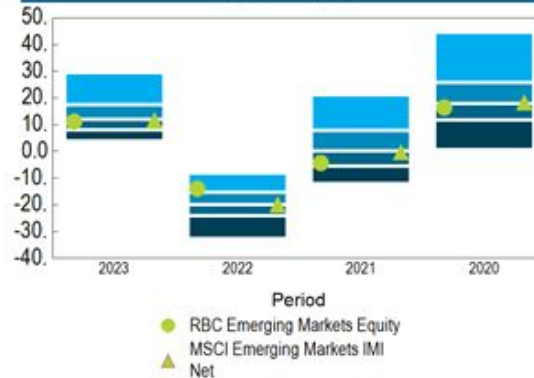


Regional Exposure		
Region	Market Value	% of Total
EM Asia	\$63,114,769.0	66.8%
EM Latin America	\$10,183,706.2	10.8%
EM Europe & Middle East	\$739,357.2	0.8%
EM Africa	\$2,997,812.9	3.2%
Other	\$17,446,465.0	18.5%
<b>Total</b>	<b>\$94,482,110.2</b>	<b>100.0%</b>

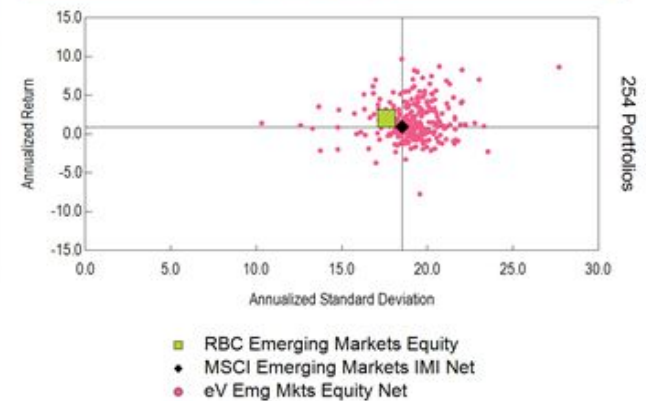
Rolling Peer Group Returns  
eV Emg Mkts Equity Net



Calendar Year Peer Group Returns  
eV Emg Mkts Equity Net



Risk Reward





Dallas Police & Fire Pension System

RBC Emerging Markets Equity | As of December 31, 2023

Statistics Summary										
3 Years Ending December 31, 2023										
	Total Return	Anlzd Return	Ann Excess BM Return	Anlzd Standard Deviation	Anlzd Alpha	Beta	Sharpe Ratio	R-Squared	Up Mkt Capture Ratio Anlzd	Down Mkt Capture Ratio Anlzd
RBC Emerging Markets Equity	-8.5%	-2.9%	0.8%	17.2%	0.7%	1.0	-0.3	0.9	92.7%	93.2%
MSCI Emerging Markets IMI Net	-10.7%	-3.7%	0.0%	16.9%	0.0%	1.0	-0.3	1.0	100.0%	100.0%

Statistics Summary										
5 Years Ending December 31, 2023										
	Total Return	Anlzd Return	Ann Excess BM Return	Anlzd Standard Deviation	Anlzd Alpha	Beta	Sharpe Ratio	R-Squared	Up Mkt Capture Ratio Anlzd	Down Mkt Capture Ratio Anlzd
RBC Emerging Markets Equity	25.6%	4.7%	0.2%	18.2%	0.5%	0.9	0.2	0.9	89.4%	91.4%
MSCI Emerging Markets IMI Net	24.4%	4.5%	0.0%	19.0%	0.0%	1.0	0.1	1.0	100.0%	100.0%

Statistics Summary										
Since Inception										
	Total Return	Anlzd Return	Ann Excess BM Return	Anlzd Standard Deviation	Anlzd Alpha	Beta	Sharpe Ratio	R-Squared	Up Mkt Capture Ratio Anlzd	Down Mkt Capture Ratio Anlzd
RBC Emerging Markets Equity	12.6%	2.0%	1.1%	17.6%	1.2%	0.9	0.0	0.9	91.0%	90.6%
MSCI Emerging Markets IMI Net	5.6%	0.9%	0.0%	18.5%	0.0%	1.0	0.0	1.0	100.0%	100.0%





## Dallas Police & Fire Pension System

### Appendix

#### Domestic Equity Returns<sup>1</sup>

Domestic Equity	January (%)	Q4 2023 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
S&P 500	1.7	11.7	20.8	11.0	14.3	12.6
Russell 3000	1.1	12.1	19.1	9.1	13.5	12.0
Russell 1000	1.4	12.0	20.2	9.8	14.0	12.3
Russell 1000 Growth	2.5	14.2	35.0	10.0	18.0	15.5
Russell 1000 Value	0.1	9.5	6.1	9.2	9.3	8.8
Russell MidCap	-1.4	12.8	6.7	5.5	10.1	9.5
Russell MidCap Growth	-0.5	14.5	15.1	1.2	11.2	10.7
Russell MidCap Value	-1.8	12.1	2.4	7.8	8.6	8.2
Russell 2000	-3.9	14.0	2.4	-0.8	6.8	7.0
Russell 2000 Growth	-3.2	12.7	4.5	-6.0	6.2	7.0
Russell 2000 Value	-4.5	15.3	-0.1	4.5	6.7	6.7

**US Equities: The Russell 3000 increased 1.1% in January with a one-year return of 19.1%.**

- US equities built on their large gains from last year in January. Strong corporate earnings, economic data suggesting a soft landing might be achievable, and hopes for significant interest rate cuts (for most of the month) all drove results.
- Large cap stocks accounted for all the US equity market gains in January. NVIDIA, Microsoft, and Meta Platforms made up nearly 90% of the increase in the Russell 1000 index. Growth stocks outperformed value stocks across the market cap spectrum.
- While US equities advanced as a group, small and mid-cap stocks both declined in January. Banks contributed to this dynamic after a surprise loss at New York Community Bancorp rekindled fears regarding the banking system.

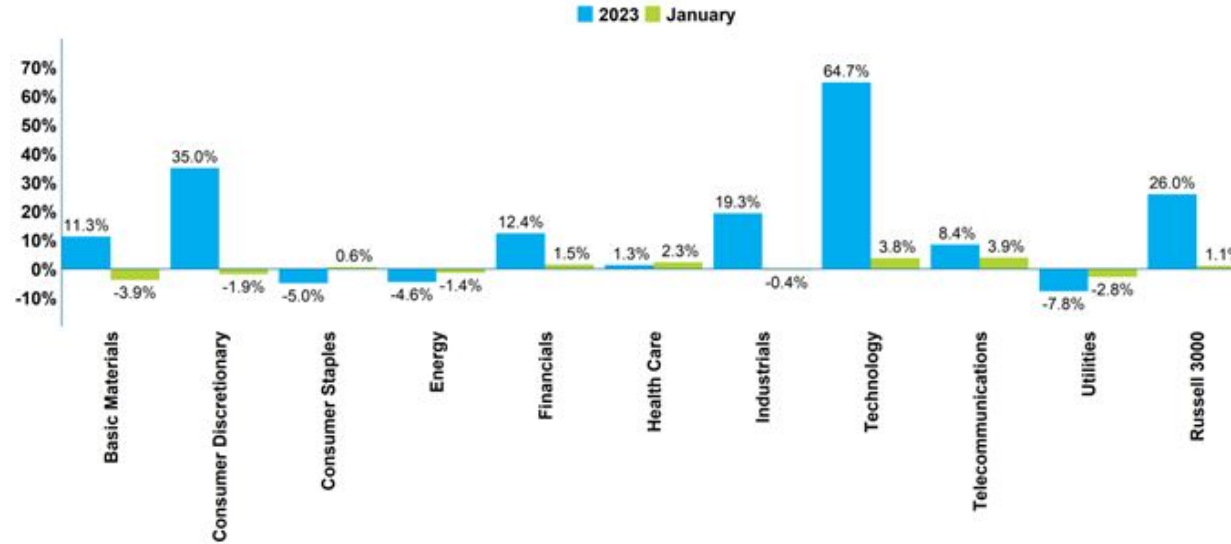
<sup>1</sup> Source: Bloomberg. Data is as of January 31, 2024.



Dallas Police & Fire Pension System

Appendix

Russell 3000 Sector Returns<sup>1</sup>



→ In January, telecommunications (3.9%), technology stocks (3.8%), and health care (2.3%) outperformed other sectors. Traditionally defensive sector utilities (-2.8%) trailed along with basic materials (-3.9%) and energy stocks (-1.4%).

→ In 2023, technology (64.7%) and consumer discretionary (35.0%) sectors had the best results, helped respectively by artificial intelligence optimism and a healthy US consumer.

<sup>1</sup> Source: Bloomberg. Data is as of January 31, 2024.



## Dallas Police & Fire Pension System

### Appendix

#### Foreign Equity Returns<sup>1</sup>

Foreign Equity	January (%)	Q4 2023 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
MSCI ACWI ex. US	-1.0	9.8	5.9	1.1	5.3	4.2
MSCI EAFE	0.6	10.4	10.0	4.6	6.9	4.8
MSCI EAFE (Local Currency)	2.6	5.0	12.1	9.7	8.9	7.2
MSCI EAFE Small Cap	-1.6	11.1	3.6	-1.1	4.6	4.8
MSCI Emerging Markets	-4.6	7.9	-2.9	-7.5	1.0	2.9
MSCI Emerging Markets (Local Currency)	-3.5	5.6	-0.5	-4.9	3.2	5.3
MSCI China	-10.6	-4.2	-29.0	-23.2	-6.9	0.4

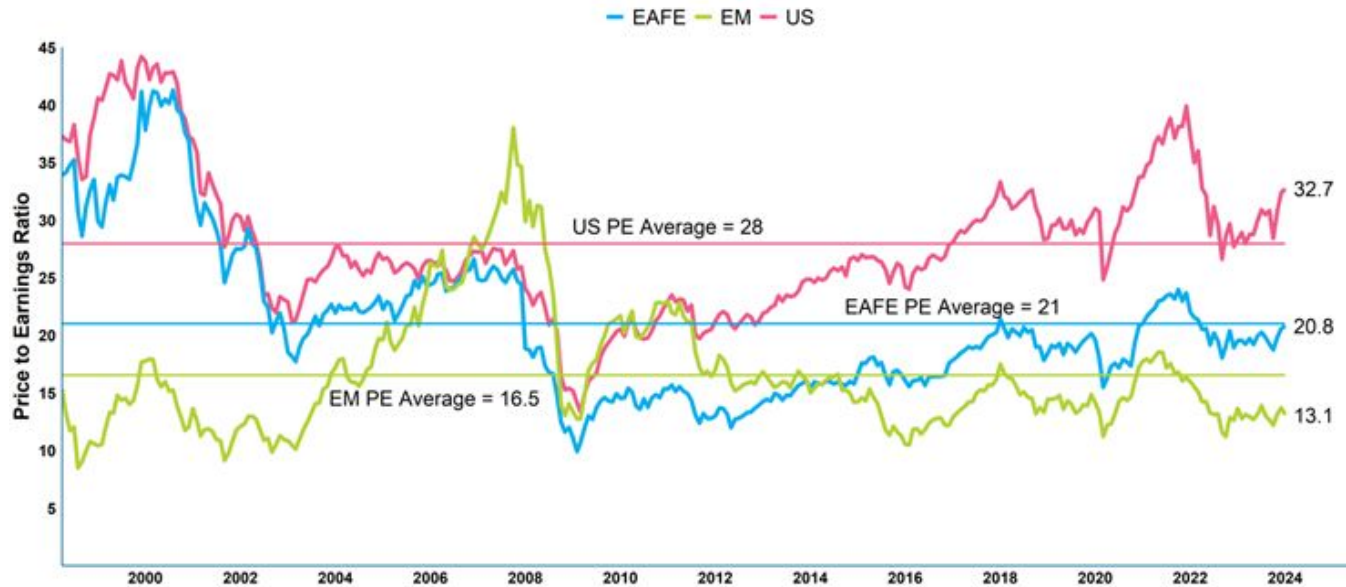
**Foreign Equity: Developed international equities (MSCI EAFE) gained 0.6% in January and had a one-year return of 10.0%. Emerging market equities (MSCI EM) fell -4.6% in January, and -2.9% for the trailing year.**

- International developed equities saw slight gains for the month, while emerging market equities saw large losses for the same period; both were hampered by the US dollar reversing its sell-off from the end of last year. Outside of emerging markets, growth outperformed value for the month.
- Eurozone equities performed well, benefiting from ECB policy expectations, developments in the tech sector, and promising manufacturing data. U.K. equities stalled, as an unexpected increase in inflation pushed out the expected timing of rate cuts. Japan continues to see the highest returns globally over optimism on structural changes, January being no exception.
- EM equities continue to be bogged down by China (-10.6%) despite news of further stimulus by the PBOC.

<sup>1</sup> Source: Bloomberg. Data is as of January 31, 2024.



Equity Cyclically Adjusted P/E Ratios<sup>1</sup>



→ In January, the US equity price-to-earnings ratio increased further above its 21st century average.

→ International market valuations were mixed in January and remain below the US. In the case of developed markets, valuations increased slightly to just below their long-term average, while emerging market valuations declined, remaining well below their average.

<sup>1</sup> US Equity Cyclically Adjusted P/E on S&P 500 Index. Source: Robert Shiller, Yale University, and Meketa Investment Group. Developed and Emerging Market Equity (MSCI EAFE and EM Index) Cyclically Adjusted P/E – Source: Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years. Data is as of January 2024. The average line is the long-term average of the US, EM, and EAFE PE values from April 1998 to the recent month-end respectively.



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# Dallas Police & Fire Pension System

December 31, 2023

Fund Evaluation Report



## Dallas Police & Fire Pension System

### Agenda

## Agenda

1. Executive Summary
2. Performance Update As of December 31, 2023
3. Disclaimer, Glossary and Notes

## **Executive Summary As of December 31, 2023**





## Dallas Police & Fire Pension System

### Executive Summary

#### DPFP Trailing One-Year Flash Summary

Category	Results	Notes
Total Fund Performance Return	Positive	10.3%
Performance vs. Policy Index	Underperformed	10.3% vs. 15.7%
Performance vs. Peers <sup>1</sup>	Underperformed	10.3% vs. 11.7% median (83rd percentile)
Asset Allocation vs. Targets	Negative	Underweight global equity and overweight real estate hurt
Public Active Management	Underperformed	4 of 11 active public managers beat benchmarks
DPFP Public Markets vs. 60/40 <sup>2</sup>	Outperformed	16.7% vs. 15.1%
DPFP Public Markets vs. Peer Plans	Outperformed	16.7% vs. 11.7%
Safety Reserve Exposure	On Target	\$176.1 million (approximately 9.1%)
Compliance with Targets	Yes	All asset classes in compliance

<sup>1</sup> InvestorForce Public DB \$1-5 billion net.

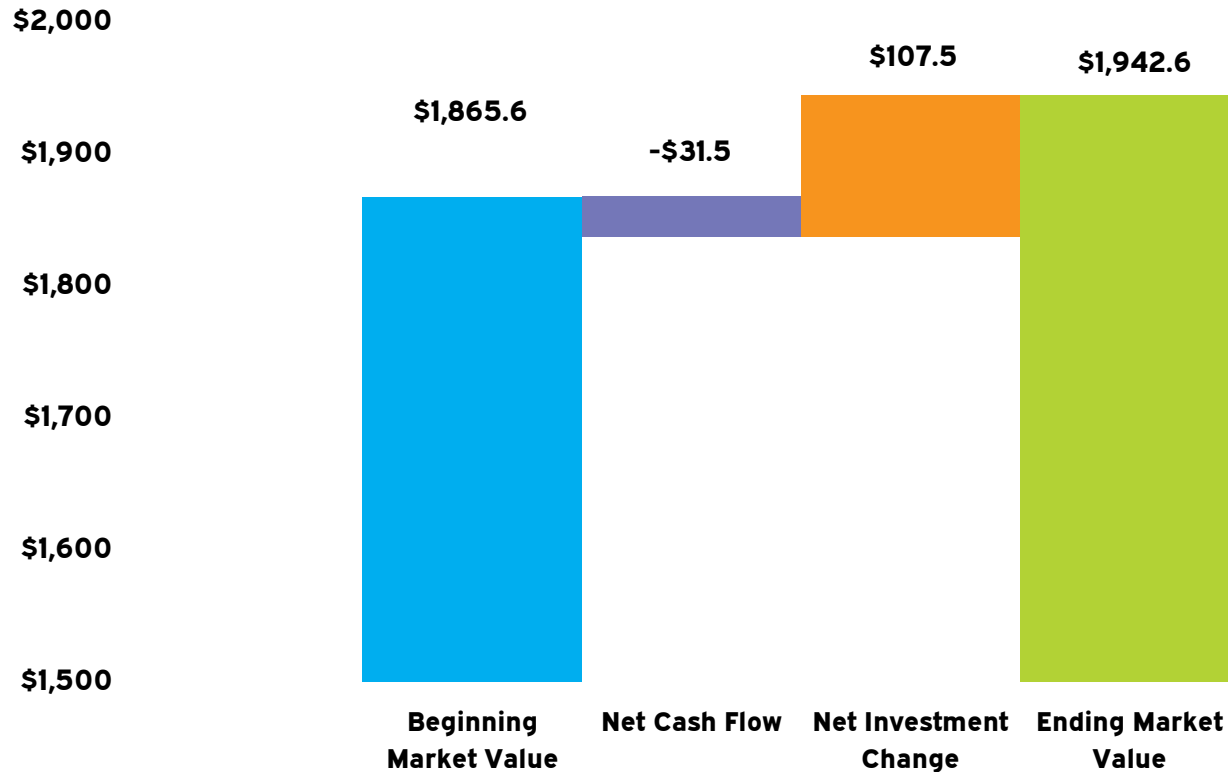
<sup>2</sup> Performance of Total Fund excluding private market investments relative to a 60% MSCI ACWI IMI Net/40% Barclays Global Aggregate Index.



Dallas Police & Fire Pension System

Executive Summary

Quarterly Change in Market Value



→ Total market value increased due to positive investment change despite negative net cash flow.



## Dallas Police & Fire Pension System

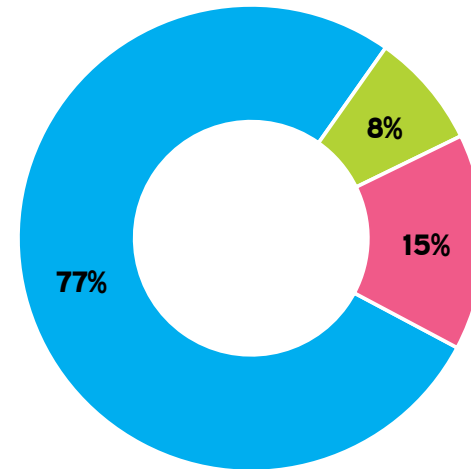
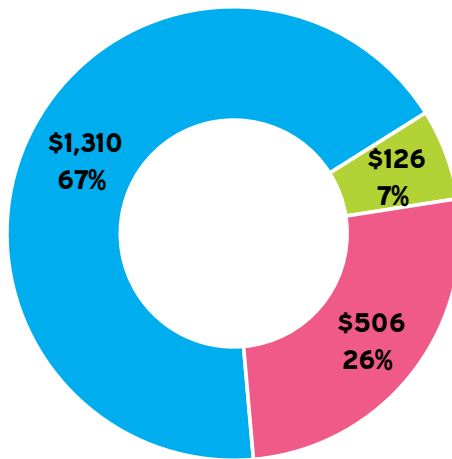
### Executive Summary

### Liquidity Exposure As of December 31, 2023

#### Exposure (\$M) Targets

■ Daily or Weekly ■ Monthly ■ Illiquid

■ Daily or Weekly ■ Monthly ■ Illiquid



→ Approximately 26% of the DPFP's assets are illiquid versus 15% of the target allocation.



## Dallas Police & Fire Pension System

### Executive Summary

#### Quarterly Manager Scorecard

	1-Year Outperformance vs. Benchmark	3-Year Outperformance vs. Benchmark	5-Year Outperformance vs. Benchmark
Boston Partners Global Equity Fund	No	Yes	No
Manulife Global Equity Strategy	No	Yes	Yes
Walter Scott Global Equity Fund	No	No	Yes
WCM Global Equity	NA	NA	NA
Eastern Shore US Small Cap	No	NA	NA
Global Alpha Int'l Small Cap	No	NA	NA
RBC Emerging Markets Equity	No	Yes	Yes
IR&M 1-3 Year Strategy	Yes	Yes	Yes
Longfellow Core Fixed Income	Yes	Yes	NA
Aristotle Pacific Capital Bank Loan	Yes	Yes	Yes
Loomis High Yield Fund	No	No	NA
Metlife Emerging Markets Debt	Yes	NA	NA

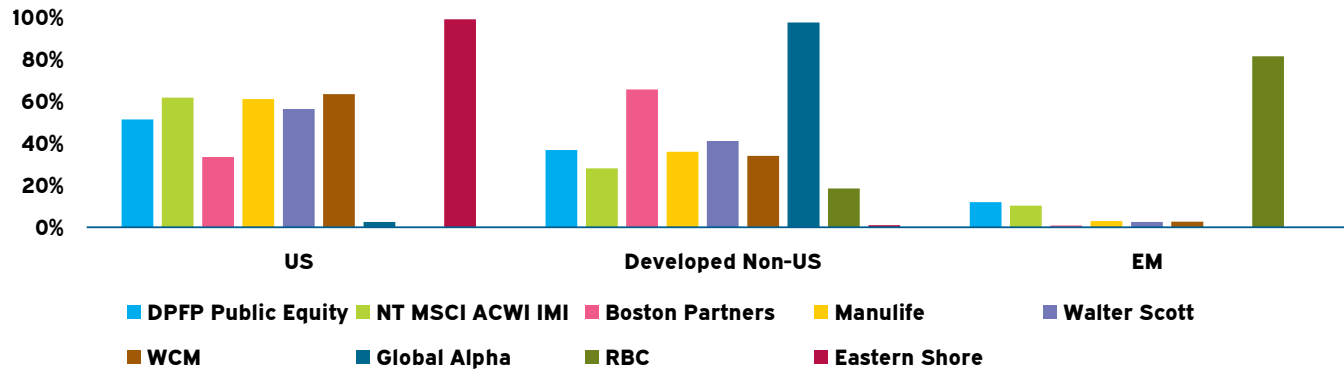


Dallas Police & Fire Pension System

Executive Summary

Equity Regional Exposure<sup>1</sup>

	Market Value (\$)	% of DFPF Public Equity	US (%)	Developed Non-US (%)	EM (%)
NT MSCI ACWI IMI	333,947,312	33	62	28	10
Boston Partners	115,610,308	11	34	66	1
Manulife	114,883,648	11	61	36	3
Walter Scott	116,649,613	12	56	41	3
WCM	116,760,650	12	63	37	3
RBC	92,712,557	9	-	19	82
Eastern Shore	61,178,677	6	99	1	-
Global Alpha	55,204,167	5	3	98	-
<b>DFPF Public Equity</b>	<b>1,007,357,863</b>	<b>100</b>	<b>51</b>	<b>37</b>	<b>12</b>
<i>MSCI ACWI IMI</i>			<i>61</i>	<i>28</i>	<i>11</i>



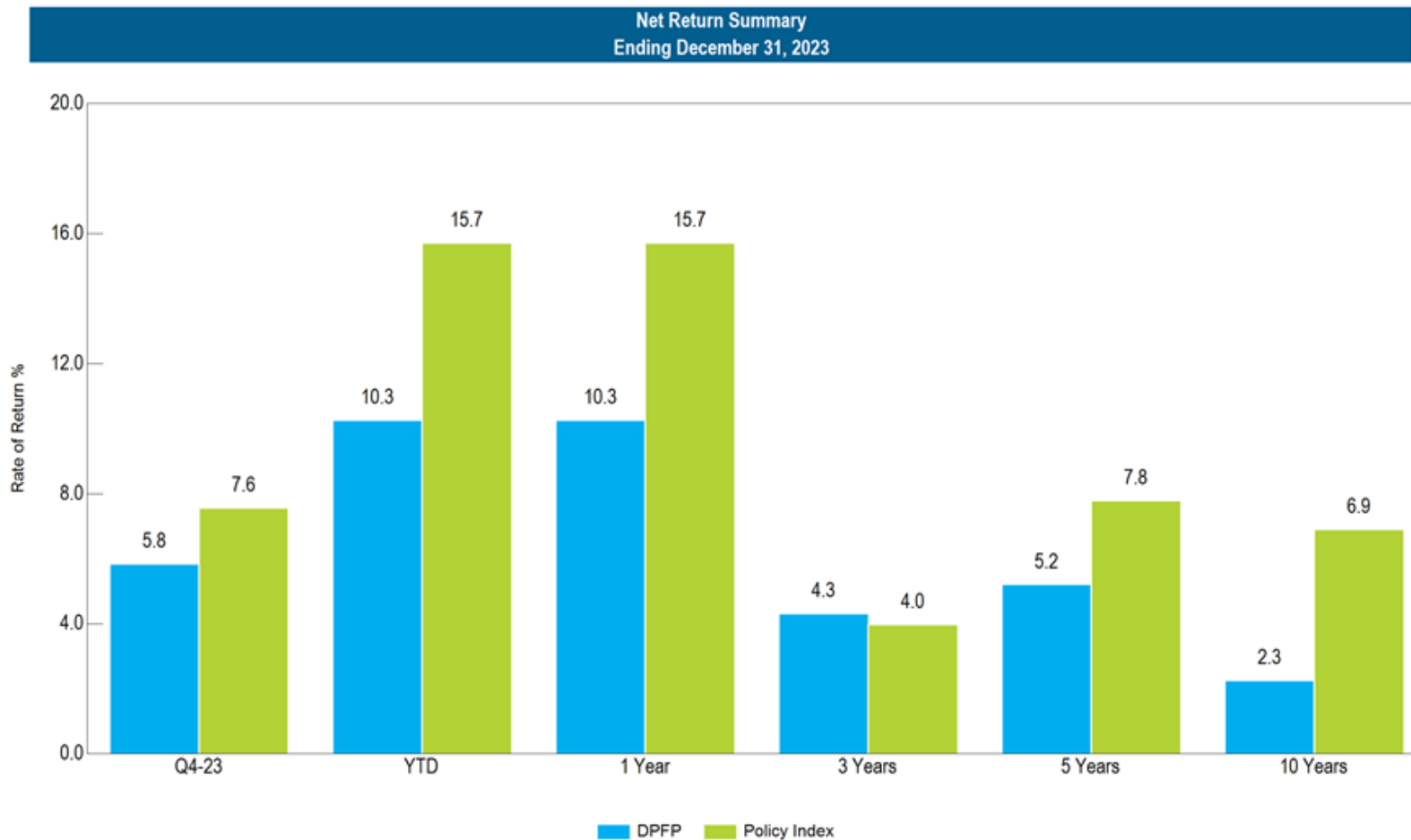
<sup>1</sup> Percentages may not always sum to 100% due to rounding. Given the multinational nature of many of the underlying holdings in these strategies, country allocation is not always clear and can vary between different data sources.

**Performance Update**  
**As of December 31, 2023**



## Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

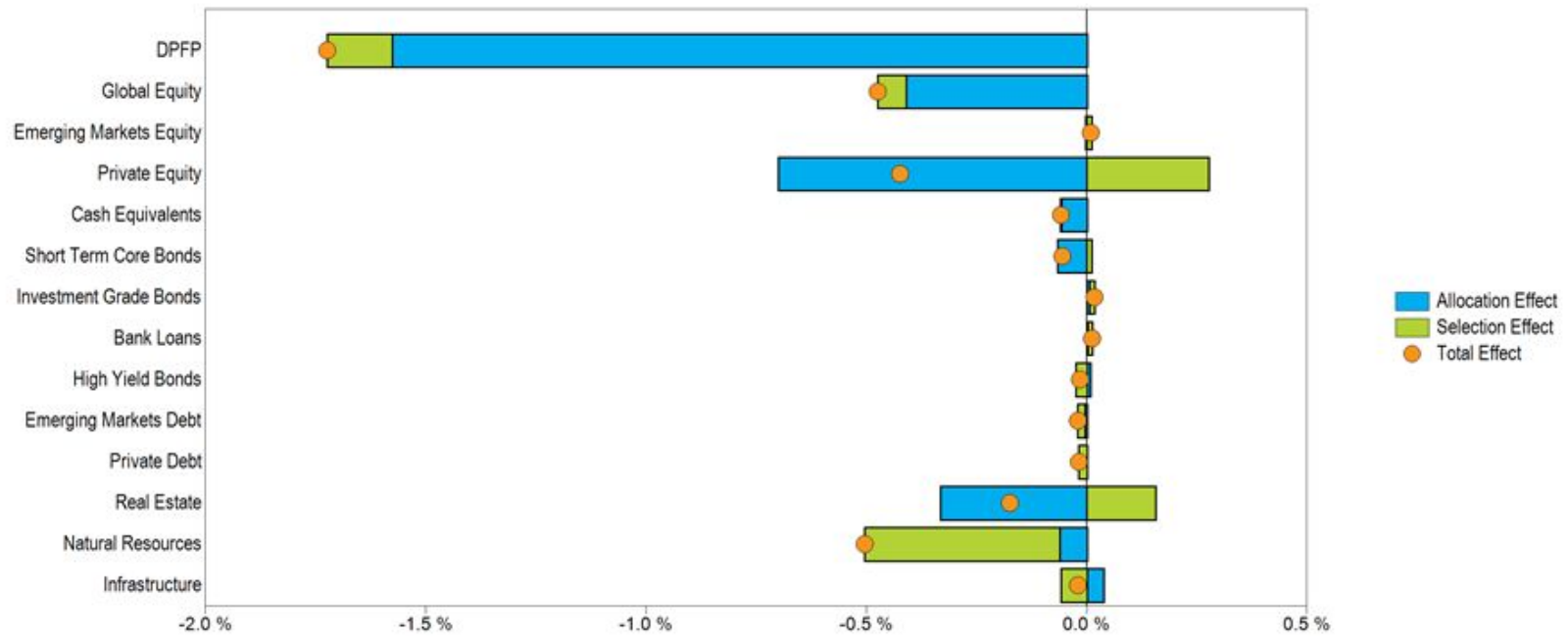




Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

Attribution Effects vs. Policy Benchmark  
3 Months Ending December 31, 2023



Attribution Summary 3 Months Ending December 31, 2023							
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects	
<b>Total</b>	<b>5.8%</b>	<b>7.6%</b>	<b>-1.7%</b>	<b>-0.1%</b>	<b>-1.6%</b>	<b>-1.7%</b>	

The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.

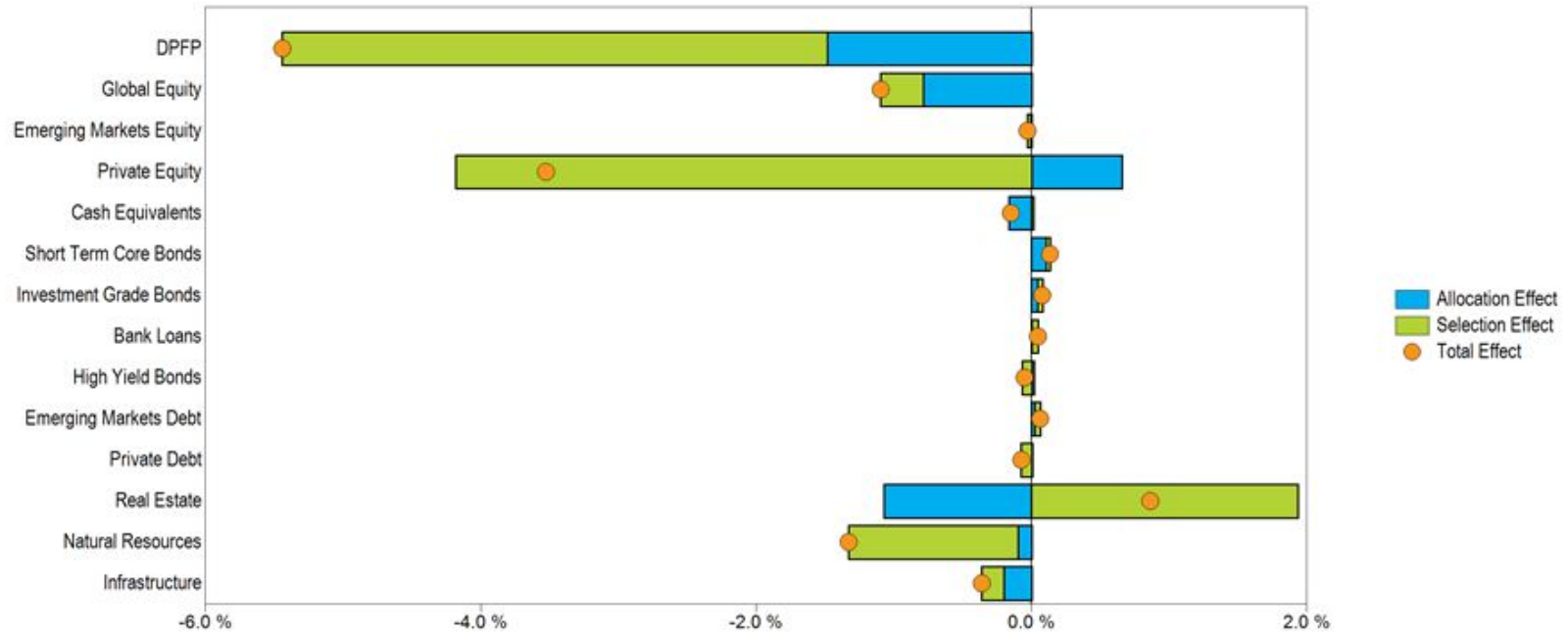




Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

Attribution Effects vs. Policy Benchmark  
1 Year Ending December 31, 2023



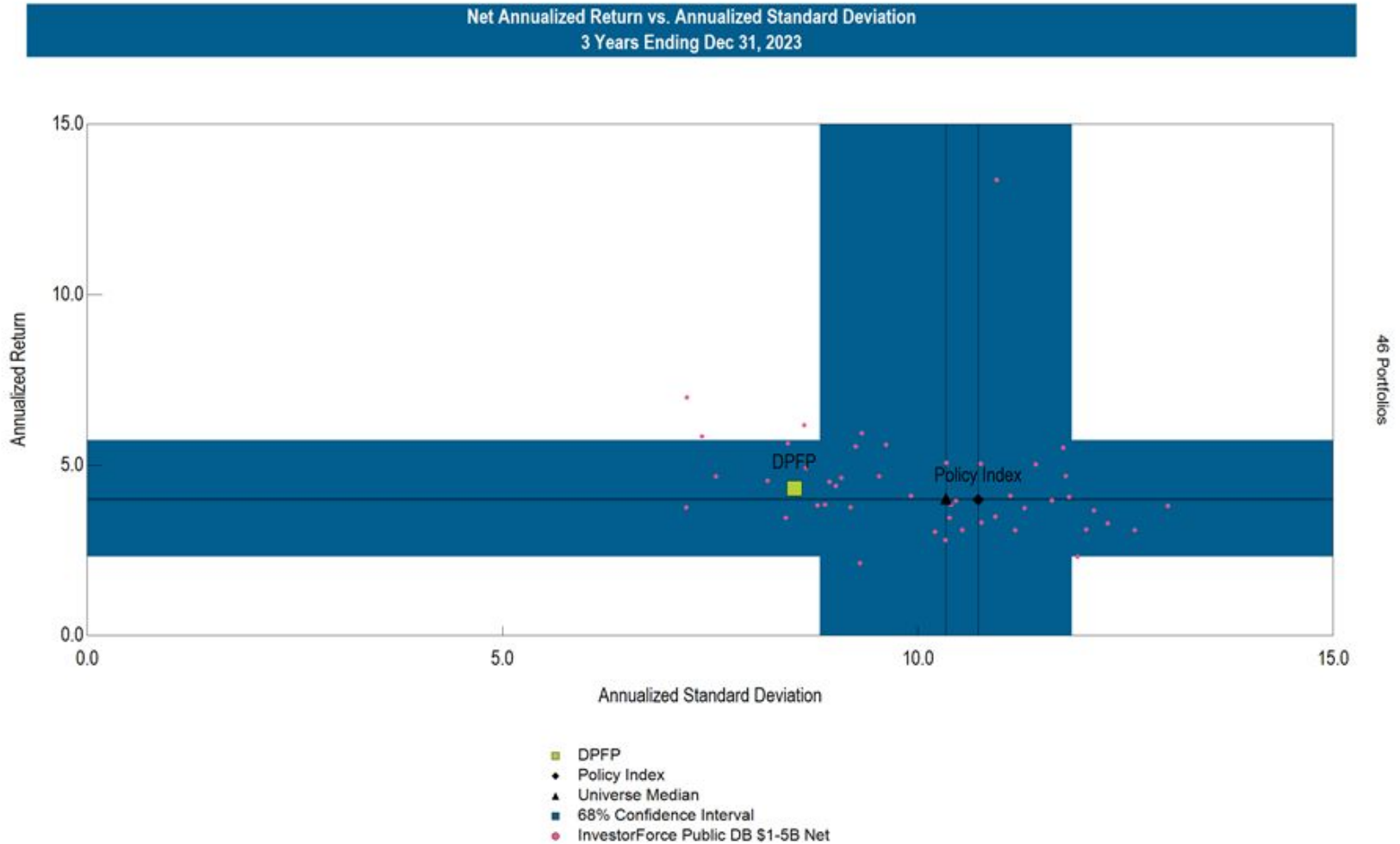
Attribution Summary 1 Year Ending December 31, 2023						
	Wtd. Actual Return	Wtd. Index Return	Excess Return	Selection Effect	Allocation Effect	Total Effects
<b>Total</b>	10.3%	15.7%	-5.4%	-4.0%	-1.5%	-5.4%

The performance calculation methodology in attribution tables is different from the standard time weighted returns (geometric linkage of monthly returns) found throughout the rest of the report. In attribution tables, the average weight of each asset class (over the specified time period) is multiplied by the time period performance of that asset class and summed. Values may not sum due to rounding.



## Dallas Police & Fire Pension System

DPFP | As of December 31, 2023





## Dallas Police &amp; Fire Pension System

DPFP | As of December 31, 2023

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>DPFP</b>	<b>1,942,578,476</b>	<b>100.0</b>	<b>5.8</b>	<b>10.3</b>	<b>10.3</b>	<b>4.3</b>	<b>5.2</b>	<b>2.3</b>	<b>5.6</b>	<b>Jun-96</b>
<i>Policy Index</i>			7.6	15.7	15.7	4.0	7.8	6.9	--	Jun-96
<i>Allocation Index</i>			5.9	11.2	11.2	4.3	6.8	6.7	7.0	Jun-96
<i>Total Fund Ex Private Markets</i>			8.9	16.7	16.7	3.4	7.7	5.5	5.6	Jun-96
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>			9.9	15.1	15.1	1.1	6.9	5.0	5.9	Jun-96
<b>Global Equity</b>	<b>914,645,306</b>	<b>47.1</b>	<b>11.0</b>	<b>20.9</b>	<b>20.9</b>	<b>6.0</b>	<b>12.2</b>	<b>8.8</b>	<b>7.3</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>			11.1	21.6	21.6	5.5	11.5	7.8	6.8	Jul-06
<b>Emerging Markets Equity</b>	<b>92,712,557</b>	<b>4.8</b>	<b>8.4</b>	<b>11.2</b>	<b>11.2</b>	<b>-2.9</b>	<b>4.7</b>	<b>--</b>	<b>2.0</b>	<b>Jan-18</b>
<i>MSCI Emerging Markets IMI Net</i>			8.0	11.7	11.7	-3.7	4.5	3.0	0.9	Jan-18
<b>Private Equity</b>	<b>219,014,071</b>	<b>11.3</b>	<b>-0.2</b>	<b>-8.0</b>	<b>-8.0</b>	<b>11.4</b>	<b>2.7</b>	<b>-3.7</b>	<b>0.2</b>	<b>Oct-05</b>
<i>Russell 3000 + 2% 1Q Lag</i>			-2.8	22.8	22.8	11.6	11.3	13.5	11.4	Oct-05
<b>Cash Equivalents</b>	<b>61,467,466</b>	<b>3.2</b>	<b>1.4</b>	<b>5.3</b>	<b>5.3</b>	<b>2.3</b>	<b>2.0</b>	<b>--</b>	<b>1.7</b>	<b>Apr-15</b>
<i>91 Day T-Bills</i>			1.4	5.0	5.0	2.1	1.8	1.2	1.4	Apr-15
<b>Short Term Core Bonds</b>	<b>114,657,828</b>	<b>5.9</b>	<b>2.8</b>	<b>5.3</b>	<b>5.3</b>	<b>0.4</b>	<b>2.0</b>	<b>--</b>	<b>1.8</b>	<b>Jun-17</b>
<i>Bloomberg US Aggregate 1-3 Yr TR</i>			2.7	4.6	4.6	0.1	1.5	1.3	1.4	Jun-17
<b>Investment Grade Bonds</b>	<b>63,773,538</b>	<b>3.3</b>	<b>7.2</b>	<b>6.4</b>	<b>6.4</b>	<b>-2.8</b>	<b>--</b>	<b>--</b>	<b>0.0</b>	<b>Oct-19</b>
<i>Bloomberg US Aggregate TR</i>			6.8	5.5	5.5	-3.3	1.1	1.8	-0.6	Oct-19
<b>Bank Loans</b>	<b>60,974,825</b>	<b>3.1</b>	<b>3.0</b>	<b>14.1</b>	<b>14.1</b>	<b>6.0</b>	<b>6.0</b>	<b>4.8</b>	<b>4.8</b>	<b>Jan-14</b>
<i>Credit Suisse Leveraged Loan</i>			2.9	13.1	13.1	5.6	5.6	4.4	4.4	Jan-14
<b>High Yield Bonds</b>	<b>63,003,182</b>	<b>3.2</b>	<b>6.5</b>	<b>11.6</b>	<b>11.6</b>	<b>0.7</b>	<b>3.8</b>	<b>3.3</b>	<b>5.0</b>	<b>Dec-10</b>
<i>Bloomberg US Corporate High Yield TR</i>			7.2	13.4	13.4	2.0	5.4	4.6	5.7	Dec-10
<b>Emerging Markets Debt</b>	<b>64,980,734</b>	<b>3.3</b>	<b>8.2</b>	<b>13.1</b>	<b>13.1</b>	<b>-7.8</b>	<b>-2.4</b>	<b>0.0</b>	<b>0.9</b>	<b>Dec-10</b>
<i>50% JPM EMBI/50% JPM GBI-EM</i>			8.6	11.9	11.9	-3.3	1.4	1.6	2.1	Dec-10
<b>Private Debt</b>	<b>3,806,712</b>	<b>0.2</b>	<b>-0.9</b>	<b>-13.7</b>	<b>-13.7</b>	<b>25.0</b>	<b>10.9</b>	<b>--</b>	<b>8.8</b>	<b>Jan-16</b>
<i>Barclays Global High Yield +2%</i>			9.1	16.3	16.3	2.2	6.0	--	7.0	Jan-16



Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

Asset Class Performance Summary (Net)										
	Market Value (\$)	% of Portfolio	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Real Estate</b>	<b>160,052,745</b>	<b>8.2</b>	<b>0.4</b>	<b>11.2</b>	<b>11.2</b>	<b>6.5</b>	<b>3.9</b>	<b>-0.9</b>	<b>3.8</b>	<b>Mar-85</b>
<i>NCREIF Property (1 Qtr Lag)</i>			-1.4	-8.4	-8.4	6.0	5.3	7.4	7.7	Mar-85
<b>Natural Resources</b>	<b>98,194,948</b>	<b>5.1</b>	<b>-7.9</b>	<b>-12.9</b>	<b>-12.9</b>	<b>-3.5</b>	<b>-1.3</b>	<b>0.2</b>	<b>1.8</b>	<b>Dec-10</b>
<i>NCREIF Farmland Total Return Index (1 Qtr Lag)</i>			-0.3	6.0	6.0	7.2	6.2	8.0	10.0	Dec-10
<b>Infrastructure</b>	<b>25,294,564</b>	<b>1.3</b>	<b>4.9</b>	<b>2.6</b>	<b>2.6</b>	<b>23.0</b>	<b>7.0</b>	<b>7.7</b>	<b>7.6</b>	<b>Jul-12</b>
<i>S&amp;P Global Infrastructure TR USD</i>			10.9	6.8	6.8	6.0	7.4	5.7	6.9	Jul-12

<sup>1</sup> Please see the Appendix for composition of the Custom Benchmarks. <sup>2</sup>As of 12/31/2023, the Safety Reserve exposure was approximately \$176.1 million (9.1%).

<sup>3</sup> All private market data is one quarter lagged, unless otherwise noted.



Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

Trailing Net Performance											
	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>DPFP</b>	<b>1,942,578,476</b>	<b>100.0</b>	<b>--</b>	<b>5.8</b>	<b>10.3</b>	<b>10.3</b>	<b>4.3</b>	<b>5.2</b>	<b>2.3</b>	<b>5.6</b>	<b>Jun-96</b>
<i>Policy Index</i>				7.6	15.7	15.7	4.0	7.8	6.9	--	Jun-96
<i>Allocation Index</i>				5.9	11.2	11.2	4.3	6.8	6.7	7.0	Jun-96
<i>Total Fund Ex Private Markets</i>				8.9	16.7	16.7	3.4	7.7	5.5	5.6	Jun-96
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>				9.9	15.1	15.1	1.1	6.9	5.0	5.9	Jun-96
<i>InvestorForce Public DB \$1-5B Net Rank</i>				79	83	83	43	99	99	99	Jun-96
<b>Total Equity</b>	<b>1,226,371,934</b>	<b>63.1</b>	<b>63.1</b>	<b>8.6</b>	<b>13.8</b>	<b>13.8</b>	<b>6.0</b>	<b>8.7</b>	<b>3.8</b>	<b>5.3</b>	<b>Dec-10</b>
<i>MSCI ACWI IMI Net USD</i>				11.1	21.6	21.6	5.5	11.5	7.8	8.2	Dec-10
<b>Public Equity</b>	<b>1,007,357,863</b>	<b>51.9</b>	<b>82.1</b>	<b>10.7</b>	<b>20.0</b>	<b>20.0</b>	<b>5.2</b>	<b>11.7</b>	<b>8.5</b>	<b>7.1</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>				11.1	21.6	21.6	5.5	11.5	7.8	6.8	Jul-06
<i>eV All Global Equity Net Rank</i>				59	45	45	51	48	36	43	Jul-06
<b>Global Equity</b>	<b>914,645,306</b>	<b>47.1</b>	<b>90.8</b>	<b>11.0</b>	<b>20.9</b>	<b>20.9</b>	<b>6.0</b>	<b>12.2</b>	<b>8.8</b>	<b>7.3</b>	<b>Jul-06</b>
<i>MSCI ACWI IMI Net USD</i>				11.1	21.6	21.6	5.5	11.5	7.8	6.8	Jul-06
<i>eV All Global Equity Net Rank</i>				54	40	40	42	39	32	40	Jul-06
<i>NT ACWI Index IMI</i>	333,947,312	17.2	36.5	11.3	22.2	22.2	--	--	--	4.6	Apr-21
<i>MSCI ACWI IMI Net USD</i>				11.1	21.6	21.6	5.5	11.5	7.8	4.1	Apr-21
<i>eV Global All Cap Equity Net Rank</i>				45	38	38	--	--	--	40	Apr-21
<i>Walter Scott Global Equity Fund</i>	116,649,613	6.0	12.8	11.9	22.2	22.2	5.3	12.8	9.6	10.0	Dec-09
<i>MSCI ACWI Net</i>				11.0	22.2	22.2	5.7	11.7	7.9	8.7	Dec-09

<sup>1</sup> All Private Equity market values are one quarter lagged unless otherwise noted.

<sup>2</sup> 60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index composed of 60% MSCI ACWI (Net)/ 40% Bloomberg Global Aggregate in periods before 2/1/1997.



## Dallas Police &amp; Fire Pension System

DPFP | As of December 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<i>MSCI ACWI Growth</i>				12.7	33.2	33.2	3.7	14.6	10.1	10.6	Dec-09
<i>eV Global Large Cap Growth Eq Net Rank</i>				59	56	56	12	42	48	62	Dec-09
WCM Global Equity	116,760,650	6.0	12.8	--	--	--	--	--	--	3.7	Dec-23
<i>MSCI ACWI Growth NR USD</i>				12.7	33.2	33.2	3.7	14.6	10.1	4.2	Dec-23
Boston Partners Global Equity Fund	115,610,308	6.0	12.6	9.3	14.6	14.6	11.2	11.8	--	8.2	Jul-17
<i>MSCI World Net</i>				11.4	23.8	23.8	7.3	12.8	8.6	9.9	Jul-17
<i>MSCI World Value</i>				9.3	11.5	11.5	8.3	8.9	5.9	6.3	Jul-17
<i>eV Global All Cap Value Eq Net Rank</i>				56	65	65	12	23	--	21	Jul-17
Manulife Global Equity Strategy	114,883,648	5.9	12.6	10.0	20.3	20.3	8.1	12.1	--	8.5	Jul-17
<i>MSCI ACWI Net</i>				11.0	22.2	22.2	5.7	11.7	7.9	9.0	Jul-17
<i>MSCI ACWI Value NR USD</i>				9.2	11.8	11.8	7.3	8.2	5.5	5.9	Jul-17
<i>eV Global Large Cap Value Eq Net Rank</i>				30	26	26	49	22	--	21	Jul-17
Eastern Shore US Small Cap	61,178,677	3.1	6.7	12.1	15.1	15.1	--	--	--	-4.4	Oct-21
<i>Russell 2000</i>				14.0	16.9	16.9	2.2	10.0	7.2	-2.2	Oct-21
<i>eV US Small Cap Equity Net Rank</i>				50	61	61	--	--	--	79	Oct-21
Global Alpha International Small Cap	55,204,167	2.8	6.0	6.5	6.4	6.4	--	--	--	-1.5	May-22
<i>MSCI EAFE Small Cap</i>				11.1	13.2	13.2	-0.7	6.6	4.8	2.6	May-22
<i>eV Global Small Cap Equity Net Rank</i>				99	94	94	--	--	--	89	May-22
<b>Emerging Markets Equity</b>	<b>92,712,557</b>	<b>4.8</b>	<b>9.2</b>	<b>8.4</b>	<b>11.2</b>	<b>11.2</b>	<b>-2.9</b>	<b>4.7</b>	<b>--</b>	<b>2.0</b>	<b>Jan-18</b>
<i>MSCI Emerging Markets IMI Net</i>				8.0	11.7	11.7	-3.7	4.5	3.0	0.9	Jan-18
<i>eV Emg Mkts Equity Net Rank</i>				43	57	57	48	61	--	37	Jan-18

<sup>1</sup> WCM Global Equity performance will be shown after first full quarter of performance.



## Dallas Police &amp; Fire Pension System

DPFP | As of December 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
RBC Emerging Markets Equity	92,712,557	4.8	100.0	8.4	11.2	11.2	-2.9	4.7	--	2.0	Jan-18
MSCI Emerging Markets IMI Net				8.0	11.7	11.7	-3.7	4.5	3.0	0.9	Jan-18
eV Emg Mkts Equity Net Rank				43	57	57	48	61	--	37	Jan-18
<b>Private Equity</b>	<b>219,014,071</b>	<b>11.3</b>	<b>17.9</b>	<b>-0.2</b>	<b>-8.0</b>	<b>-8.0</b>	<b>11.4</b>	<b>2.7</b>	<b>-3.7</b>	<b>0.2</b>	<b>Oct-05</b>
Russell 3000 + 2% 1Q Lag				-2.8	22.8	22.8	11.6	11.3	13.5	11.4	Oct-05
<b>Total Fixed Income and Cash</b>	<b>432,664,285</b>	<b>22.3</b>	<b>22.3</b>	<b>4.2</b>	<b>8.5</b>	<b>8.5</b>	<b>0.0</b>	<b>2.2</b>	<b>2.1</b>	<b>4.3</b>	<b>Jul-06</b>
Bloomberg Multiverse TR				8.1	6.0	6.0	-5.3	-0.1	0.5	2.5	Jul-06
eV All Global Fixed Inc Net Rank				89	52	52	34	55	56	27	Jul-06
<b>Cash Equivalents</b>	<b>61,467,466</b>	<b>3.2</b>	<b>14.2</b>	<b>1.4</b>	<b>5.3</b>	<b>5.3</b>	<b>2.3</b>	<b>2.0</b>	<b>--</b>	<b>1.7</b>	<b>Apr-15</b>
91 Day T-Bills				1.4	5.0	5.0	2.1	1.8	1.2	1.4	Apr-15
<b>Public Fixed Income</b>	<b>367,390,107</b>	<b>18.9</b>	<b>84.9</b>	<b>5.0</b>	<b>9.8</b>	<b>9.8</b>	<b>-0.3</b>	<b>2.2</b>	<b>2.7</b>	<b>4.0</b>	<b>Dec-10</b>
Bloomberg Multiverse TR				8.1	6.0	6.0	-5.3	-0.1	0.5	1.0	Dec-10
eV All Global Fixed Inc Net Rank				84	36	36	38	53	45	24	Dec-10
<b>Short Term Core Bonds</b>	<b>114,657,828</b>	<b>5.9</b>	<b>31.2</b>	<b>2.8</b>	<b>5.3</b>	<b>5.3</b>	<b>0.4</b>	<b>2.0</b>	<b>--</b>	<b>1.8</b>	<b>Jun-17</b>
Bloomberg US Aggregate 1-3 Yr TR				2.7	4.6	4.6	0.1	1.5	1.3	1.4	Jun-17
IR&M 1-3 Year Strategy	114,657,828	5.9	100.0	2.8	5.3	5.3	0.4	2.0	--	1.8	Jul-17
Bloomberg US Aggregate 1-3 Yr TR				2.7	4.6	4.6	0.1	1.5	1.3	1.4	Jul-17
eV US Short Duration Fixed Inc Net Rank				57	39	39	43	30	--	27	Jul-17
<b>Investment Grade Bonds</b>	<b>63,773,538</b>	<b>3.3</b>	<b>17.4</b>	<b>7.2</b>	<b>6.4</b>	<b>6.4</b>	<b>-2.8</b>	<b>--</b>	<b>--</b>	<b>0.0</b>	<b>Oct-19</b>
Bloomberg US Aggregate TR				6.8	5.5	5.5	-3.3	1.1	1.8	-0.6	Oct-19
eV US Core Fixed Inc Net Rank				15	17	17	21	--	--	28	Oct-19

<sup>1</sup> All Private Equity market values are one quarter lagged unless otherwise noted.



## Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Longfellow Core Fixed Income	63,773,538	3.3	100.0	7.2	6.4	6.4	-3.0	--	--	-2.0	Jul-20
<i>Bloomberg US Aggregate TR</i>				6.8	5.5	5.5	-3.3	1.1	1.8	-2.5	Jul-20
<i>eV US Core Fixed Inc Net Rank</i>				15	17	17	34	--	--	37	Jul-20
<b>Bank Loans</b>	<b>60,974,825</b>	<b>3.1</b>	<b>16.6</b>	<b>3.0</b>	<b>14.1</b>	<b>14.1</b>	<b>6.0</b>	<b>6.0</b>	<b>4.8</b>	<b>4.8</b>	<b>Jan-14</b>
<i>Credit Suisse Leveraged Loan</i>				2.9	13.1	13.1	5.6	5.6	4.4	4.4	Jan-14
<i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i>				32	13	13	9	8	5	5	Jan-14
Aristotle Pacific Capital Bank Loan	60,974,825	3.1	100.0	3.0	14.1	14.1	6.1	5.9	--	5.0	Aug-17
<i>Credit Suisse Leveraged Loan</i>				2.9	13.1	13.1	5.6	5.6	4.4	4.7	Aug-17
<i>eV US Float-Rate Bank Loan Fixed Inc Net Rank</i>				32	13	13	7	11	--	10	Aug-17
<b>High Yield Bonds</b>	<b>63,003,182</b>	<b>3.2</b>	<b>17.1</b>	<b>6.5</b>	<b>11.6</b>	<b>11.6</b>	<b>0.7</b>	<b>3.8</b>	<b>3.3</b>	<b>5.0</b>	<b>Dec-10</b>
<i>Bloomberg US Corporate High Yield TR</i>				7.2	13.4	13.4	2.0	5.4	4.6	5.7	Dec-10
<i>eV US High Yield Fixed Inc Net Rank</i>				51	66	66	96	98	91	61	Dec-10
Loomis US High Yield Fund	63,003,182	3.2	100.0	6.5	11.6	11.6	0.6	--	--	0.6	Jan-21
<i>Bloomberg US High Yield 2% Issuer Cap TR</i>				7.2	13.4	13.4	2.0	5.4	4.6	2.0	Jan-21
<i>eV US High Yield Fixed Inc Net Rank</i>				51	66	66	96	--	--	96	Jan-21
<b>Emerging Markets Debt</b>	<b>64,980,734</b>	<b>3.3</b>	<b>17.7</b>	<b>8.2</b>	<b>13.1</b>	<b>13.1</b>	<b>-7.8</b>	<b>-2.4</b>	<b>0.0</b>	<b>0.9</b>	<b>Dec-10</b>
<i>50% JPM EMBI/50% JPM GBI-EM</i>				8.6	11.9	11.9	-3.3	1.4	1.6	2.1	Dec-10
<i>eV All Emg Mkts Fixed Inc Net Rank</i>				57	33	33	99	99	94	83	Dec-10





## Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

	Market Value (\$)	% of Portfolio	% of Sector	QTD (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
<b>Metlife Emerging Markets Debt Blend</b>	64,980,734	3.3	100.0	8.2	13.1	13.1	--	--	--	16.8	Oct-22
<i>35% JPMEMBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Diversified Global Index eV All Emg Mkts Fixed Inc Net Rank</i>				7.6	10.7	10.7	--	--	--	14.3	Oct-22
				57	33	33	--	--	--	47	Oct-22
<b>Private Debt</b>	<b>3,806,712</b>	<b>0.2</b>	<b>0.9</b>	<b>-0.9</b>	<b>-13.7</b>	<b>-13.7</b>	<b>25.0</b>	<b>10.9</b>	<b>--</b>	<b>5.3</b>	<b>Jan-16</b>
<i>Bloomberg US High Yield+2%</i>				7.7	15.7	15.7	4.0	7.5	6.7	8.2	Jan-16
<b>Total Real Assets</b>	<b>283,542,257</b>	<b>14.6</b>	<b>14.6</b>	<b>-2.2</b>	<b>0.7</b>	<b>0.7</b>	<b>4.7</b>	<b>2.5</b>	<b>0.1</b>	<b>-0.4</b>	<b>Dec-10</b>
<i>Total Real Assets Policy Index</i>				-0.8	-1.4	-1.4	6.7	5.7	7.7	9.3	Dec-10
<b>Real Estate</b>	<b>160,052,745</b>	<b>8.2</b>	<b>56.4</b>	<b>0.4</b>	<b>11.2</b>	<b>11.2</b>	<b>6.5</b>	<b>3.9</b>	<b>-0.9</b>	<b>3.8</b>	<b>Mar-85</b>
<i>NCREIF Property (1 Qtr Lag)</i>				-1.4	-8.4	-8.4	6.0	5.3	7.4	7.7	Mar-85
<b>Natural Resources</b>	<b>98,194,948</b>	<b>5.1</b>	<b>34.6</b>	<b>-7.9</b>	<b>-12.9</b>	<b>-12.9</b>	<b>-3.5</b>	<b>-1.3</b>	<b>0.2</b>	<b>1.8</b>	<b>Dec-10</b>
<i>NCREIF Farmland Total Return Index (1 Qtr Lag)</i>				-0.3	6.0	6.0	7.2	6.2	8.0	10.0	Dec-10
<b>Infrastructure</b>	<b>25,294,564</b>	<b>1.3</b>	<b>8.9</b>	<b>4.9</b>	<b>2.6</b>	<b>2.6</b>	<b>23.0</b>	<b>7.0</b>	<b>7.7</b>	<b>7.6</b>	<b>Jul-12</b>
<i>S&amp;P Global Infrastructure TR USD</i>				10.9	6.8	6.8	6.0	7.4	5.7	6.9	Jul-12

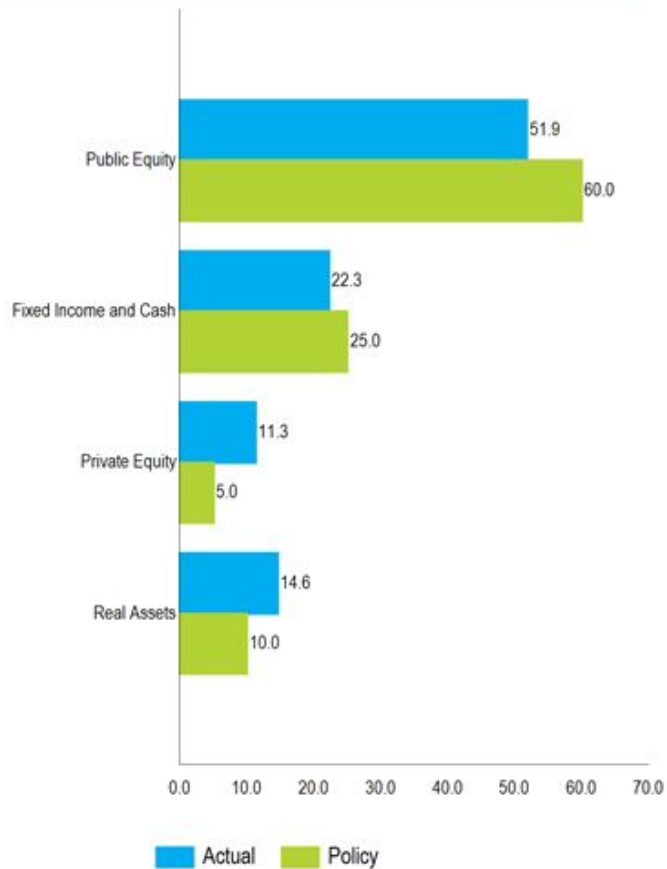
<sup>1</sup> All Private Market market values are one quarter lagged unless otherwise noted.



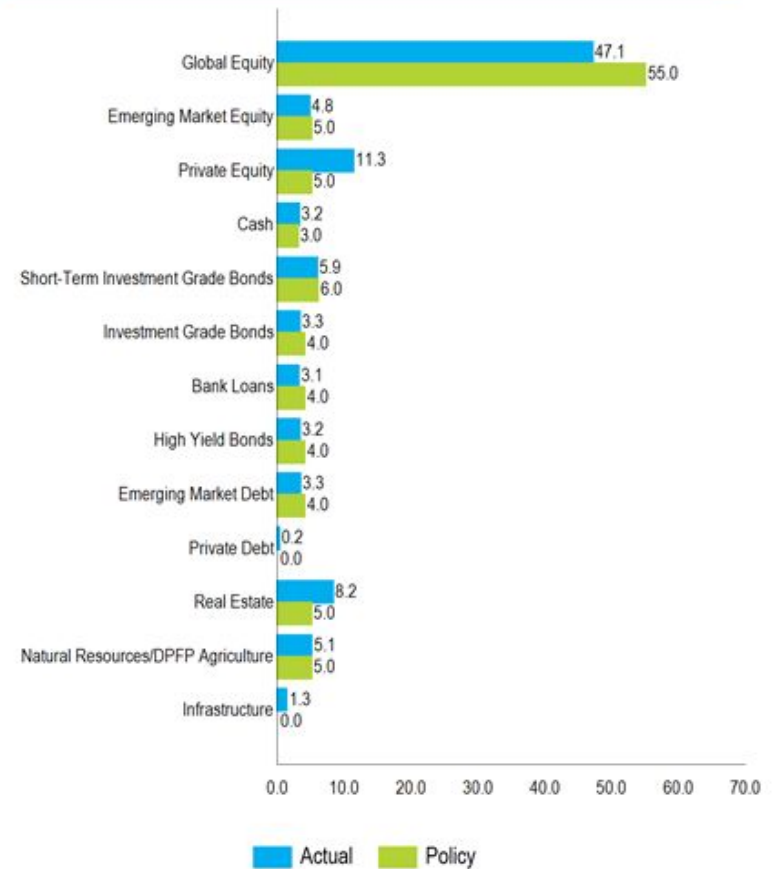
## Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

**Asset Category Actual vs Target Allocation (%)**  
As of December 31, 2023



**Asset Classes Actual vs Target Allocation (%)**  
As of December 31, 2023





## Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

	Current Balance	Current Allocation	Policy	Policy Range	Within IPS Range?
<b>Equity</b>	<b>\$1,226,371,934</b>	<b>63%</b>	<b>65%</b>		
Global Equity	\$914,645,306	47%	55%	36% - 60%	Yes
Emerging Market Equity	\$92,712,557	5%	5%	3% - 7%	Yes
Private Equity	\$219,014,071	11%	5%		
<b>Fixed Income and Cash</b>	<b>\$432,664,285</b>	<b>22%</b>	<b>25%</b>	<b>5% - 40%</b>	<b>Yes</b>
Cash	\$61,467,466	3%	3%	0% - 6%	Yes
Short-Term Investment Grade Bonds	\$114,657,828	6%	6%	0% - 9%	Yes
Investment Grade Bonds	\$63,773,538	3%	4%	2% - 6%	Yes
Bank Loans	\$60,974,825	3%	4%	2% - 6%	Yes
High Yield Bonds	\$63,003,182	3%	4%	2% - 6%	Yes
Emerging Market Debt	\$64,980,734	3%	4%	2% - 6%	Yes
Private Debt	\$3,806,712	0%	0%		
<b>Real Assets</b>	<b>\$283,542,257</b>	<b>15%</b>	<b>10%</b>		
Real Estate	\$160,052,745	8%	5%		
Natural Resources/DPFP Agriculture	\$98,194,948	5%	5%		
Infrastructure	\$25,294,564	1%	0%		

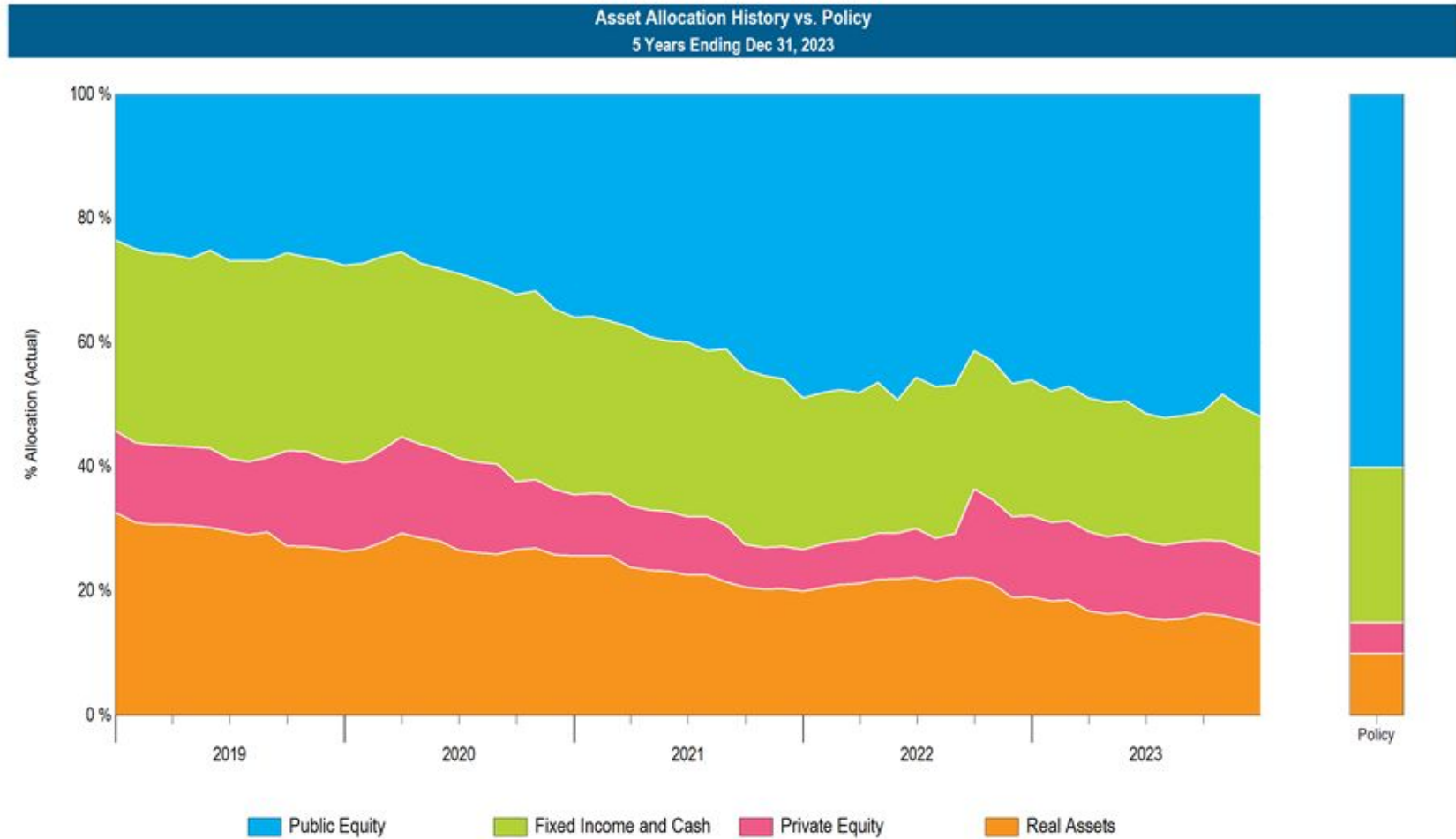
<sup>1</sup> As of 12/31/2023, the Safety Reserve exposure was approximately \$176.1 million (9.1%).

<sup>2</sup> Rebalancing ranges are not established for illiquid assets (Private Equity, Private Debt, Natural Resources, Infrastructure and Real Estate).



Dallas Police & Fire Pension System

DPFP | As of December 31, 2023





## Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

Statistics Summary						
5 Years Ending December 31, 2023						
	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
DPFP	5.2%	8.3%	-0.4	0.6	0.4	6.6%
Policy Index	7.8%	11.0%	--	1.0	0.5	0.0%
Public Equity	11.7%	18.0%	0.1	1.0	0.6	2.2%
MSCI ACWI IMI Net USD	11.5%	18.3%	--	1.0	0.5	0.0%
Global Equity	12.2%	18.4%	0.3	1.0	0.6	2.2%
MSCI ACWI IMI Net USD	11.5%	18.3%	--	1.0	0.5	0.0%
Emerging Markets Equity	4.7%	18.2%	0.0	0.9	0.2	4.4%
MSCI Emerging Markets IMI Net	4.5%	19.0%	--	1.0	0.1	0.0%
Private Equity	2.7%	54.6%	-0.1	-0.5	0.0	61.2%
Russell 3000 + 2% 1Q Lag	11.3%	19.6%	--	1.0	0.5	0.0%
Short Term Core Bonds	2.0%	2.1%	0.5	1.0	0.1	1.0%
Bloomberg US Aggregate 1-3 Yr TR	1.5%	1.9%	--	1.0	-0.2	0.0%
Bank Loans	6.0%	5.2%	0.1	0.7	0.8	2.8%
Credit Suisse Leveraged Loan	5.6%	7.2%	--	1.0	0.5	0.0%
High Yield Bonds	3.8%	10.3%	-1.0	1.1	0.2	1.6%
Bloomberg US Corporate High Yield TR	5.4%	9.5%	--	1.0	0.4	0.0%
Emerging Markets Debt	-2.4%	14.9%	-0.8	1.3	-0.3	4.6%
50% JPM EMBI/50% JPM GBI-EM	1.4%	11.4%	--	1.0	0.0	0.0%



Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

Statistics Summary						
5 Years Ending December 31, 2023						
	Anlzd Return	Anlzd Standard Deviation	Information Ratio	Beta	Sharpe Ratio	Tracking Error
Real Estate	3.9%	4.6%	-0.2	0.0	0.5	7.2%
NCREIF Property (1 Qtr Lag)	5.3%	5.4%	--	1.0	0.6	0.0%
Natural Resources	-1.3%	7.4%	-1.0	0.6	-0.4	7.3%
NCREIF Farmland Total Return Index (1 Qtr Lag)	6.2%	3.3%	--	1.0	1.3	0.0%
Infrastructure	7.0%	15.8%	0.0	0.0	0.3	24.5%
S&P Global Infrastructure TR USD	7.4%	19.3%	--	1.0	0.3	0.0%



Dallas Police & Fire Pension System

DPFP | As of December 31, 2023

Benchmark History		
As of December 31, 2023		
DPFP		
10/1/2021	Present	55% MSCI ACWI IMI Net USD / 5% MSCI Emerging Markets IMI Net / 5% Russell 3000 + 2% 1Q Lag / 6% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
8/1/2021	9/30/2021	55% MSCI ACWI IMI Net USD / 5% MSCI Emerging Markets IMI Net / 5% Cambridge Associates US PE and VC (1 Qtr Lag) / 6% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
1/1/2019	7/31/2021	40% MSCI ACWI IMI Net USD / 10% MSCI Emerging Markets IMI Net / 5% Cambridge Associates US PE and VC (1 Qtr Lag) / 12% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg Global Aggregate TR / 4% Bloomberg US Corporate High Yield TR / 4% Bloomberg US Aggregate TR / 4% S&P/LSTA Leveraged Loan / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% NCREIF Farmland Total Return Index (1 Qtr Lag) / 5% NCREIF Property (1 Qtr Lag) / 3% 91 Day T-Bills
10/1/2018	12/31/2018	40% MSCI ACWI Gross / 10% MSCI Emerging Markets Gross / 5% Russell 3000 +2% Lagged / 12% Bloomberg US Aggregate 1-3 Yr TR / 4% Bloomberg Global Aggregate TR / 4% Bloomberg US High Yield 2% Issuer Cap TR / 4% S&P/LSTA Leveraged Loan / 4% Bloomberg US Aggregate TR / 4% 50% JPM EMBI/50% JPM GBI-EM / 5% Natural Resources Benchmark (Linked) / 5% NCREIF Property Index / 3% 91 Day T-Bills
4/1/2016	9/30/2018	20% MSCI ACWI Gross / 5% MSCI Emerging Markets Gross / 5% Russell 3000 +2% Lagged / 2% Bloomberg US Aggregate 1-3 Yr TR / 3% Bloomberg Global Aggregate TR / 5% Bloomberg Global High Yield TR / 6% S&P/LSTA Leveraged Loan / 6% HFRI RV: FI (50/50-ABS/Corp) / 6% 50% JPM EMBI/50% JPM GBI-EM / 5% Barclays Global High Yield +2% / 5% 60% MSCI ACWI/40% Barclays Global Agg / 3% 60% MSCI ACWI/40% Barclays Global Agg / 2% HFRX Absolute Return Index / 5% Natural Resources Benchmark (Linked) / 5% S&P Global Infrastructure TR USD / 12% NCREIF Property Index / 3% CPI + 5% (Seasonally Adjusted) / 2% 91 Day T-Bills
4/1/2014	3/31/2016	15% MSCI ACWI / 15% S&P 500 + 2% / 10% Total Global Natural Resources Custom Benchmark / 15% Bloomberg Global Aggregate TR / 20% CPI + 5% (Seasonally Adjusted) / 10% CPI + 5% (Seasonally Adjusted) / 15% NCREIF Property Index
Total Real Assets		
12/31/2010	Present	50% NCREIF Property (1 Qtr Lag) / 50% NCREIF Farmland Total Return Index (1 Qtr Lag)

## **Disclaimer, Glossary, and Notes**





## Disclaimer, Glossary, and Notes

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## Disclaimer, Glossary, and Notes

**Credit Risk:** Refers to the risk that the issuer of a fixed income security may default (i.e., the issuer will be unable to make timely principal and/or interest payments on the security).

**Duration:** Measure of the sensitivity of the price of a bond to a change in its yield to maturity. Duration summarizes, in a single number, the characteristics that cause bond prices to change in response to a change in interest rates. For example, the price of a bond with a duration of three years will rise by approximately 3% for each 1% decrease in its yield to maturity. Conversely, the price will decrease 3% for each 1% increase in the bond's yield. Price changes for two different bonds can be compared using duration. A bond with a duration of six years will exhibit twice the percentage price change of a bond with a three-year duration. The actual calculation of a bond's duration is somewhat complicated, but the idea behind the calculation is straightforward. The first step is to measure the time interval until receipt for each cash flow (coupon and principal payments) from a bond. The second step is to compute a weighted average of these time intervals. Each time interval is measured by the present value of that cash flow. This weighted average is the duration of the bond measured in years.

**Information Ratio:** This statistic is a measure of the consistency of a portfolio's performance relative to a benchmark. It is calculated by subtracting the benchmark return from the portfolio return (excess return), and dividing the resulting excess return by the standard deviation (volatility) of this excess return. A positive information ratio indicates outperformance versus the benchmark, and the higher the information ratio, the more consistent the outperformance.

**Jensen's Alpha:** A measure of the average return of a portfolio or investment in excess of what is predicted by its beta or "market" risk.  $\text{Portfolio Return} - [\text{Risk Free Rate} + \text{Beta} \times (\text{market return} - \text{Risk Free Rate})]$ .

**Market Capitalization:** For a firm, market capitalization is the total market value of outstanding common stock. For a portfolio, market capitalization is the sum of the capitalization of each company weighted by the ratio of holdings in that company to total portfolio holdings; thus it is a weighted-average capitalization. Meketa Investment Group considers the largest 65% of the broad domestic equity market as large capitalization, the next 25% of the market as medium capitalization, and the smallest 10% of stocks as small capitalization.

**Market Weighted:** Stocks in many indices are weighted based on the total market capitalization of the issue. Thus, the individual returns of higher market-capitalization issues will more heavily influence an index's return than the returns of the smaller market-capitalization issues in the index.

**Maturity:** The date on which a loan, bond, mortgage, or other debt/security becomes due and is to be paid off.

**Prepayment Risk:** The risk that prepayments will increase (homeowners will prepay all or part of their mortgage) when mortgage interest rates decline; hence, investors' monies will be returned to them in a lower interest rate environment. Also, the risk that prepayments will slow down when mortgage interest rates rise; hence, investors will not have as much money as previously anticipated in a higher interest rate environment. A prepayment is any payment in excess of the scheduled mortgage payment.

**Price-Book Value (P/B) Ratio:** The current market price of a stock divided by its book value per share. Meketa Investment Group calculates P/B as the current price divided by Compustat's quarterly common equity. Common equity includes common stock, capital surplus, retained earnings, and treasury stock adjusted for both common and nonredeemable preferred stock. Similar to high P/E stocks, stocks with high P/B's tend to be riskier investments.



## Disclaimer, Glossary, and Notes

**Price-Earnings (P/E) Ratio:** A stock's market price divided by its current or estimated future earnings. Lower P/E ratios often characterize stocks in low growth or mature industries, stocks in groups that have fallen out of favor, or stocks of established blue chip companies with long records of stable earnings and regular dividends. Sometimes a company that has good fundamentals may be viewed unfavorably by the market if it is an industry that is temporarily out of favor. Or a business may have experienced financial problems causing investors to be skeptical about its future. Either of these situations would result in lower relative P/E ratios. Some stocks exhibit above-average sales and earnings growth or expectations for above average growth. Consequently, investors are willing to pay more for these companies' earnings, which results in elevated P/E ratios. In other words, investors will pay more for shares of companies whose profits, in their opinion, are expected to increase faster than average. Because future events are in no way assured, high P/E stocks tend to be riskier and more volatile investments. Meketa Investment Group calculates P/E as the current price divided by the I/B/E/S consensus of twelve-month forecast earnings per share.

**Quality Rating:** The rank assigned a security by such rating services as Fitch, Moody's, and Standard & Poor's. The rating may be determined by such factors as (1) the likelihood of fulfillment of dividend, income, and principal payment of obligations; (2) the nature and provisions of the issue; and (3) the security's relative position in the event of liquidation of the company. Bonds assigned the top four grades (AAA, AA, A, BBB) are considered investment grade because they are eligible bank investments as determined by the controller of the currency.

**Sharpe Ratio:** A commonly used measure of risk-adjusted return. It is calculated by subtracting the risk free return (usually three-month Treasury bill) from the portfolio return and dividing the resulting excess return by the portfolio's total risk level (standard deviation). The result is a measure of return per unit of total risk taken. The higher the Sharpe ratio, the better the fund's historical risk adjusted performance.

**STIF Account:** Short-term investment fund at a custodian bank that invests in cash-equivalent instruments. It is generally used to safely invest the excess cash held by portfolio managers.

**Standard Deviation:** A measure of the total risk of an asset or a portfolio. Standard deviation measures the dispersion of a set of numbers around a central point (e.g., the average return). If the standard deviation is small, the distribution is concentrated within a narrow range of values. For a normal distribution, about two thirds of the observations will fall within one standard deviation of the mean, and 95% of the observations will fall within two standard deviations of the mean.

**Style:** The description of the type of approach and strategy utilized by an investment manager to manage funds. For example, the style for equities is determined by portfolio characteristics such as price-to-book value, price-to-earnings ratio, and dividend yield. Equity styles include growth, value, and core.

**Tracking Error:** A divergence between the price behavior of a position or a portfolio and the price behavior of a benchmark, as defined by the difference in standard deviation.



## Disclaimer, Glossary, and Notes

**Yield to Maturity:** The yield, or return, provided by a bond to its maturity date; determined by a mathematical process, usually requiring the use of a “basis book.” For example, a 5% bond pays \$5 a year interest on each \$100 par value. To figure its current yield, divide \$5 by \$95—the market price of the bond—and you get 5.26%. Assume that the same bond is due to mature in five years. On the maturity date, the issuer is pledged to pay \$100 for the bond that can be bought now for \$95. In other words, the bond is selling at a discount of 5% below par value. To figure yield to maturity, a simple and approximate method is to divide 5% by the five years to maturity, which equals 1% pro rata yearly. Add that 1% to the 5.26% current yield, and the yield to maturity is roughly 6.26%.

$$\frac{5\% \text{ (discount)}}{5 \text{ (yrs. to maturity)}} = 1\% \text{ pro rata, plus } 5.26\% \text{ (current yield)} = 6.26\% \text{ (yield to maturity)}$$

**Yield to Worst:** The lowest potential yield that can be received on a bond without the issuer actually defaulting. The yield to worst is calculated by making worst-case scenario assumptions on the issue by calculating the returns that would be received if provisions, including prepayment, call, or sinking fund, are used by the issuer.

**NCREIF Property Index (NPI):** Measures unleveraged investment performance of a very large pool of individual commercial real estate properties acquired in the private market by tax-exempt institutional investors for investment purposes only. The NPI index is capitalization-weighted for a quarterly time series composite total rate of return.

**NCREIF Fund Index - Open End Diversified Core Equity (NFI-ODCE):** Measures the investment performance of 28 open-end commingled funds pursuing a core investment strategy that reflects funds' leverage and cash positions. The NFI-ODCE index is equal-weighted and is reported gross and net of fees for a quarterly time series composite total rate of return.

Sources: [Investment Terminology](#), International Foundation of Employee Benefit Plans, 1999.  
[The Handbook of Fixed Income Securities](#), Fabozzi, Frank J., 1991

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Throughout this report, numbers may not sum due to rounding.

Returns for periods greater than one year are annualized throughout this report.

Values shown are in millions of dollars, unless noted otherwise.



# Dallas Police & Fire Pension System

As of September 30, 2023

Private Markets Review



## Dallas Police & Fire Pension System

### Agenda

## Agenda

1. Private Markets Executive Summary
2. Performance Update as of September 30, 2023

**Private Markets Executive Summary  
As of September 30, 2023**



Dallas Police & Fire Pension System

Private Markets Executive Summary

Quarterly Change – Total Private Markets

Total Private Markets	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
6/30/2023	1,179	1,203	881	532	
9/30/2023	1,179	1,203	882	523	
<b>CHANGE</b>			<b>+\$1</b>	<b>-\$9</b>	<b>-1.5%</b>

3Q23 distributions over \$1.0M		
RE	Clarion CCH Lamar	\$2M





Dallas Police & Fire Pension System

Private Markets Executive Summary

Quarterly Change by Asset Class

Private Equity

Private Equity	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
6/30/2023	409	447	241	223	
9/30/2023	409	447	241	223	
<b>CHANGE</b>				<b>\$0</b>	<b>0%</b>

Real Estate

Real Estate	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
6/30/2023	515	507	384	163	
9/30/2023	515	507	384	161	
<b>CHANGE</b>				<b>-\$2</b>	<b>-1.2%</b>



## Dallas Police & Fire Pension System

### Private Markets Executive Summary

#### Quarterly Change by Asset Class (continued)

##### Infrastructure

Infrastructure	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
6/30/2023	97	92	57	39	
9/30/2023	97	92	57	41	
<b>CHANGE</b>				<b>+\$2</b>	<b>+5.1%</b>

##### Agriculture

Agriculture	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
6/30/2023	74	74	178	92	
9/30/2023	74	74	178	83	
<b>CHANGE</b>				<b>-\$9</b>	<b>-9.8%</b>



## Dallas Police & Fire Pension System

### Private Markets Executive Summary

#### Quarterly Change by Asset Class (continued)

##### Timber

Timber	Committed (\$M)	Called (\$M)	Distributed (\$M)	NAV (\$M)	QTR Return (%)
6/30/2023	83	83	21	15	
9/30/2023	83	83	21	15	
<b>CHANGE</b>				<b>\$0</b>	<b>0%</b>

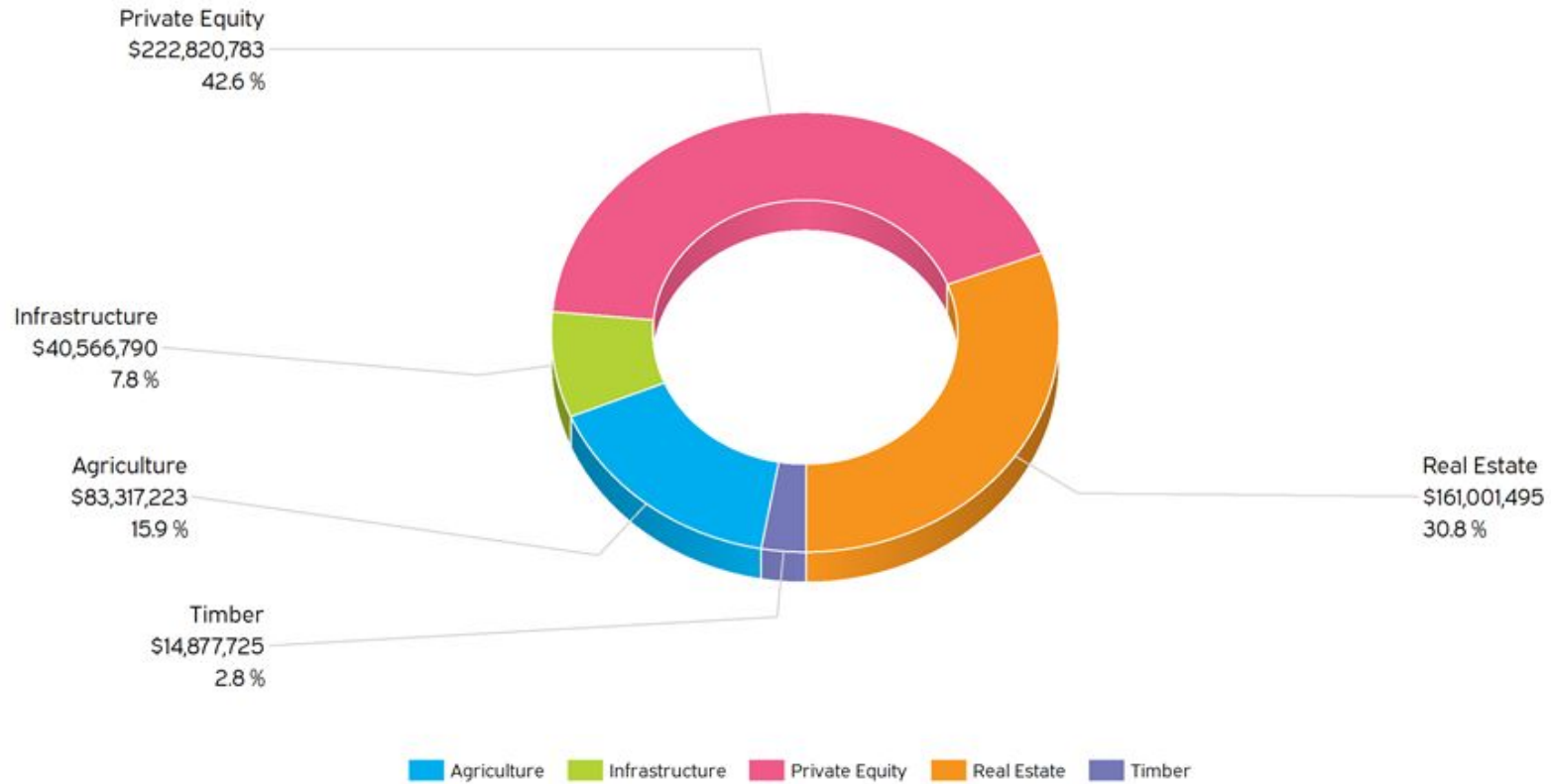
**Performance Update**  
**As of September 30, 2023**



## Dallas Police & Fire Pension System

Private Markets Review | As of September 30, 2023

### Private Market Investments as of September 30, 2023 Market Value Allocation by Asset Class



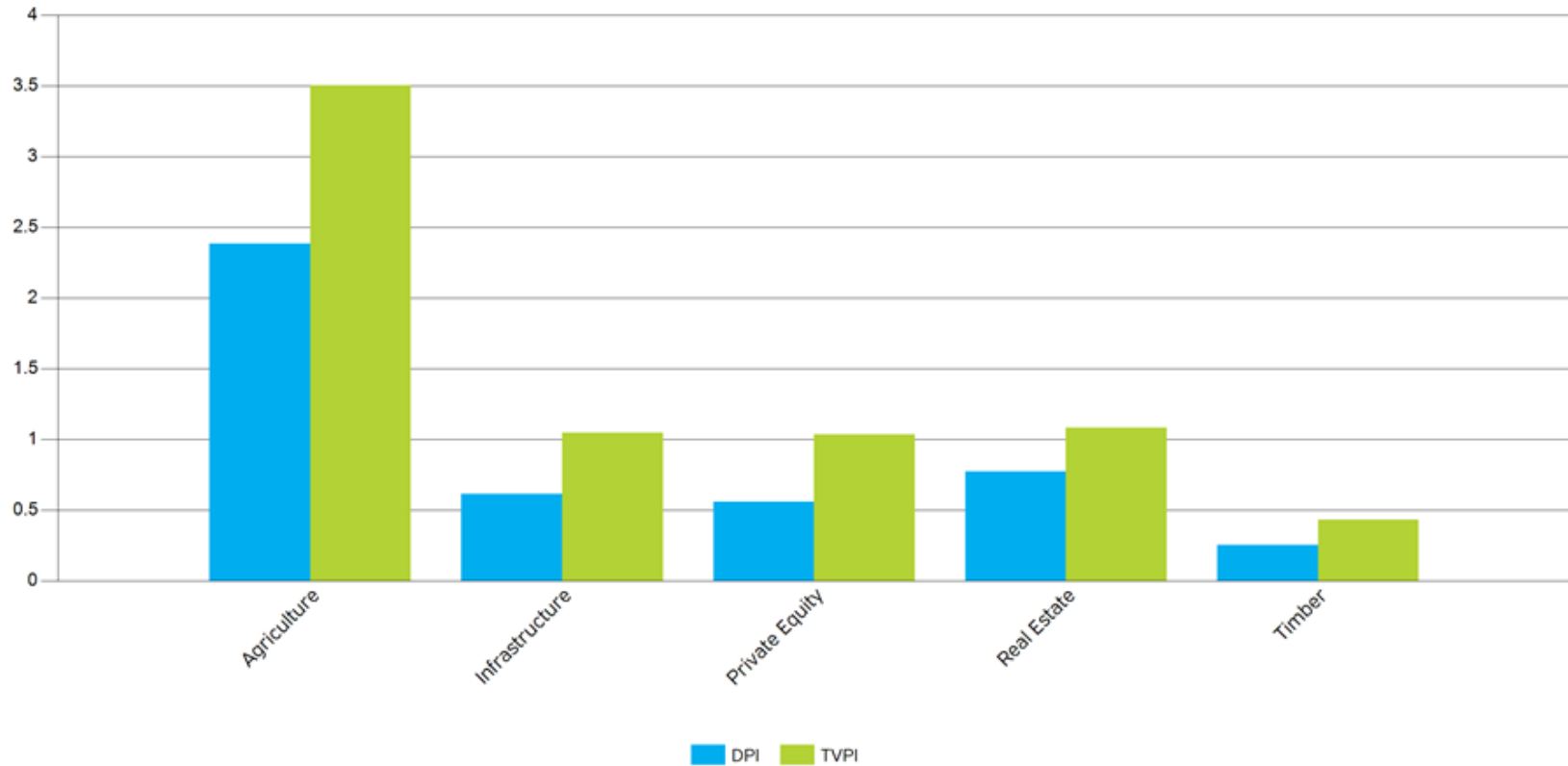
1. Private Equity is composed of Private Equity and Private Debt.



## Dallas Police & Fire Pension System

### Private Markets Review | As of September 30, 2023

Private Market Investments as of September 30, 2023  
DPI and TVPI by Asset Class



- 1. Private Equity is composed of Private Equity and Private Debt.
- 2. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Private Markets Review | As of September 30, 2023

Private Market Investments Overview										
Active Funds	Commitments		Distributions & Valuations				Performance			
Asset Class	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Total Agriculture	74,420,001	74,420,001	177,592,840	83,317,223	260,910,063	186,490,062	1.00	2.39	3.51	14.15
Total Infrastructure	97,000,000	92,393,471	56,882,408	40,566,790	97,449,198	5,055,726	0.95	0.62	1.05	0.57
Total Private Equity	409,251,115	446,591,631	241,400,692	222,820,783	464,221,475	17,629,844	1.09	0.54	1.04	0.44
Total Real Estate	515,368,020	506,758,017	384,296,205	161,001,495	545,297,700	38,539,683	0.98	0.76	1.08	0.86
Total Timber	82,985,536	83,250,533	21,350,000	14,877,725	36,227,725	-47,817,994	1.00	0.26	0.44	-9.79
<b>Total</b>	<b>1,179,024,672</b>	<b>1,203,413,654</b>	<b>881,522,145</b>	<b>522,584,016</b>	<b>1,404,106,161</b>	<b>199,897,322</b>	<b>1.02</b>	<b>0.73</b>	<b>1.17</b>	<b>1.85</b>

1. Private Equity is composed of Private Equity and Private Debt.
2. Private markets performance reflected is composed of active investments only.
3. Commitment value is equal to paid in capital for direct investments made outside of a traditional limited partnership fund structure.



## Dallas Police & Fire Pension System

### Active Funds with Unfunded Commitments Overview | As of September 30, 2023

Active Funds with Unfunded Commitments				
Active Funds		Commitments		
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Unfunded Commitment (\$)
<b>Infrastructure</b>				
TRG AIRRO	2008	37,000,000	35,088,505	1,911,495
TRG AIRRO II	2013	10,000,000	8,663,110	2,240,622
JPM Maritime Fund, LP	2009	50,000,000	48,641,857	1,365,941
<b>Total Infrastructure</b>		<b>97,000,000</b>	<b>92,393,471</b>	<b>5,518,059</b>
<b>Private Equity</b>				
Industry Ventures Partnership IV	2016	5,000,000	3,754,985	485,000
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	514,296
<b>Total Private Equity</b>		<b>15,000,000</b>	<b>15,997,375</b>	<b>999,296</b>
<b>Real Estate</b>				
Hearthstone MS III Homebuilding Investors	2003	10,000,000	1,221,446	1,997,675
<b>Total Real Estate</b>		<b>10,000,000</b>	<b>1,221,446</b>	<b>1,997,675</b>
<b>Total</b>		<b>122,000,000</b>	<b>109,612,292</b>	<b>8,515,030</b>

1. Private markets performance reflected is composed of active investments only.
2. The funds and figures above represent investments with unfunded capital commitments.

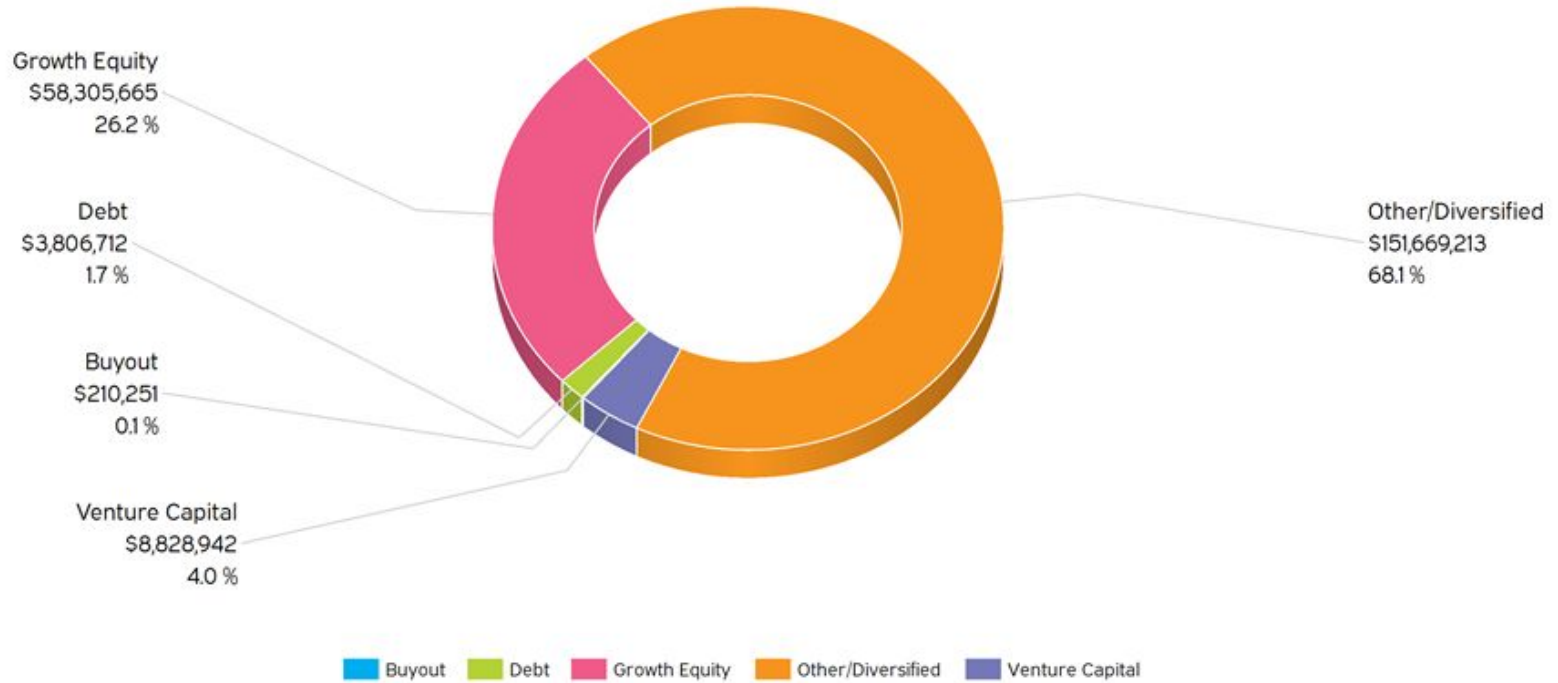




## Dallas Police & Fire Pension System

Private Equity and Debt | As of September 30, 2023

Private Equity and Debt Investments as of September 30, 2023  
Market Value Allocation by Strategy

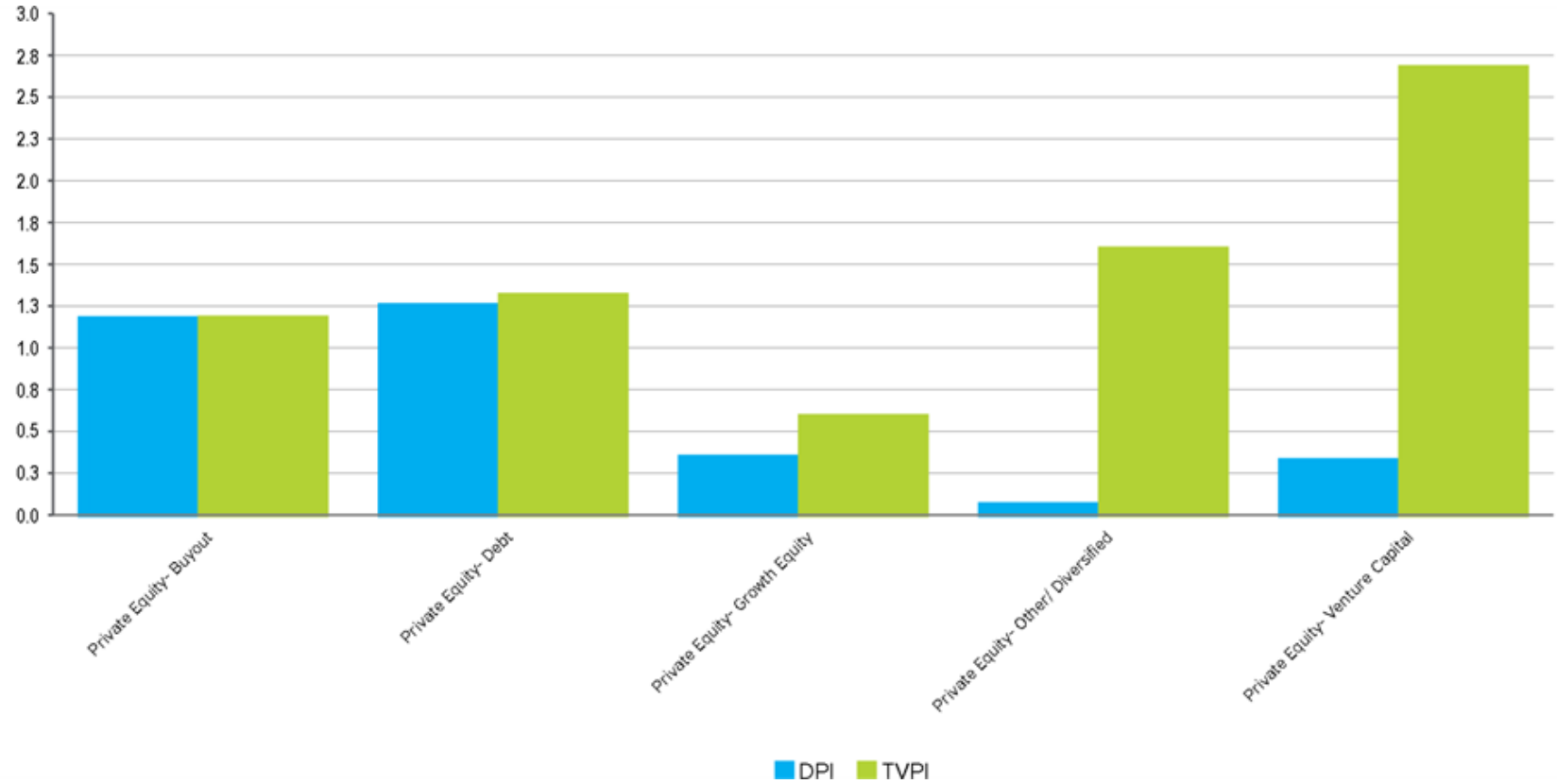




Dallas Police & Fire Pension System

Private Equity and Debt | As of September 30, 2023

Private Equity and Debt Investments as of September 30, 2023  
DPI and TVPI by Strategy



1. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Private Equity and Debt | As of September 30, 2023

Private Equity and Debt Investments Overview											
Active Funds		Commitments		Distributions & Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Buyout</b>											
Huff Alternative Fund	2000	66,795,718	78,833,017	91,299,373	210,251	91,509,624	12,676,607	1.18	1.16	1.16	1.74
<b>Total Buyout</b>		<b>66,795,718</b>	<b>78,833,017</b>	<b>91,299,373</b>	<b>210,251</b>	<b>91,509,624</b>	<b>12,676,607</b>	<b>1.18</b>	<b>1.16</b>	<b>1.16</b>	<b>1.74</b>
<b>Debt</b>											
Highland Crusader Fund	2003	50,955,397	50,955,397	67,245,424	435,814	67,681,238	16,725,841	1.00	1.32	1.33	4.67
Riverstone Credit Partners LP	2016	10,000,000	12,242,390	10,910,241	3,370,898	14,281,139	2,038,749	1.22	0.89	1.17	5.01
<b>Total Debt</b>		<b>60,955,397</b>	<b>63,197,787</b>	<b>78,155,665</b>	<b>3,806,712</b>	<b>81,962,377</b>	<b>18,764,590</b>	<b>1.04</b>	<b>1.24</b>	<b>1.30</b>	<b>4.69</b>
<b>Growth Equity</b>											
Hudson Clean Energy	2009	25,000,000	24,994,470	5,091,517	376,465	5,467,982	-19,526,488	1.00	0.20	0.22	-20.82
Lone Star CRA	2008	50,000,000	60,703,798	34,326,323	49,018,436	83,344,759	22,640,961	1.21	0.57	1.37	5.21
Lone Star Growth Capital	2006	16,000,000	26,679,375	17,064,533	0	17,064,533	-9,614,842	1.67	0.64	0.64	-20.47
Lone Star Opportunities V	2012	75,000,000	75,153,125	531,444	4,000,000	4,531,444	-70,621,681	1.00	0.01	0.06	-35.04
Lone Star Bridge Loan	2020	500,000	3,862,000	0	3,500,000	3,500,000	-362,000	7.72	0.00	0.91	-5.43
North Texas Opportunity Fund	2000	10,000,000	10,000,000	9,249,355	1,410,764	1,407,473	-8,592,527	1.00	0.92	0.14	0.68
<b>Total Growth Equity</b>		<b>176,500,000</b>	<b>201,392,768</b>	<b>66,263,172</b>	<b>58,305,665</b>	<b>115,316,191</b>	<b>-86,076,577</b>	<b>1.14</b>	<b>0.33</b>	<b>0.57</b>	<b>-8.76</b>
<b>Other/Diversified</b>											
Huff Energy Fund LP	2006	100,000,000	99,210,178	4,477,394	151,669,213	156,146,607	56,936,429	0.99	0.05	1.57	3.43
<b>Total Other/Diversified</b>		<b>100,000,000</b>	<b>99,210,178</b>	<b>4,477,394</b>	<b>151,669,213</b>	<b>156,146,607</b>	<b>56,936,429</b>	<b>0.99</b>	<b>0.05</b>	<b>1.57</b>	<b>3.43</b>
<b>Venture Capital</b>											
Industry Ventures Partnership IV	2016	5,000,000	3,754,985	1,159,889	8,828,942	9,988,831	6,233,846	0.75	0.31	2.66	20.51
<b>Total Venture Capital</b>		<b>5,000,000</b>	<b>3,754,985</b>	<b>1,159,889</b>	<b>8,828,942</b>	<b>9,988,831</b>	<b>6,233,846</b>	<b>0.75</b>	<b>0.31</b>	<b>2.66</b>	<b>20.51</b>
<b>Unclassified</b>											
Miscellaneous Private Equity Expenses	2016		202,896	45,200							
<b>Total Unclassified</b>			<b>202,896</b>	<b>45,200</b>							
<b>Total</b>		<b>409,251,115</b>	<b>446,591,631</b>	<b>241,400,692</b>	<b>222,820,783</b>	<b>464,221,475</b>	<b>17,629,844</b>	<b>1.09</b>	<b>0.54</b>	<b>1.04</b>	<b>0.44</b>

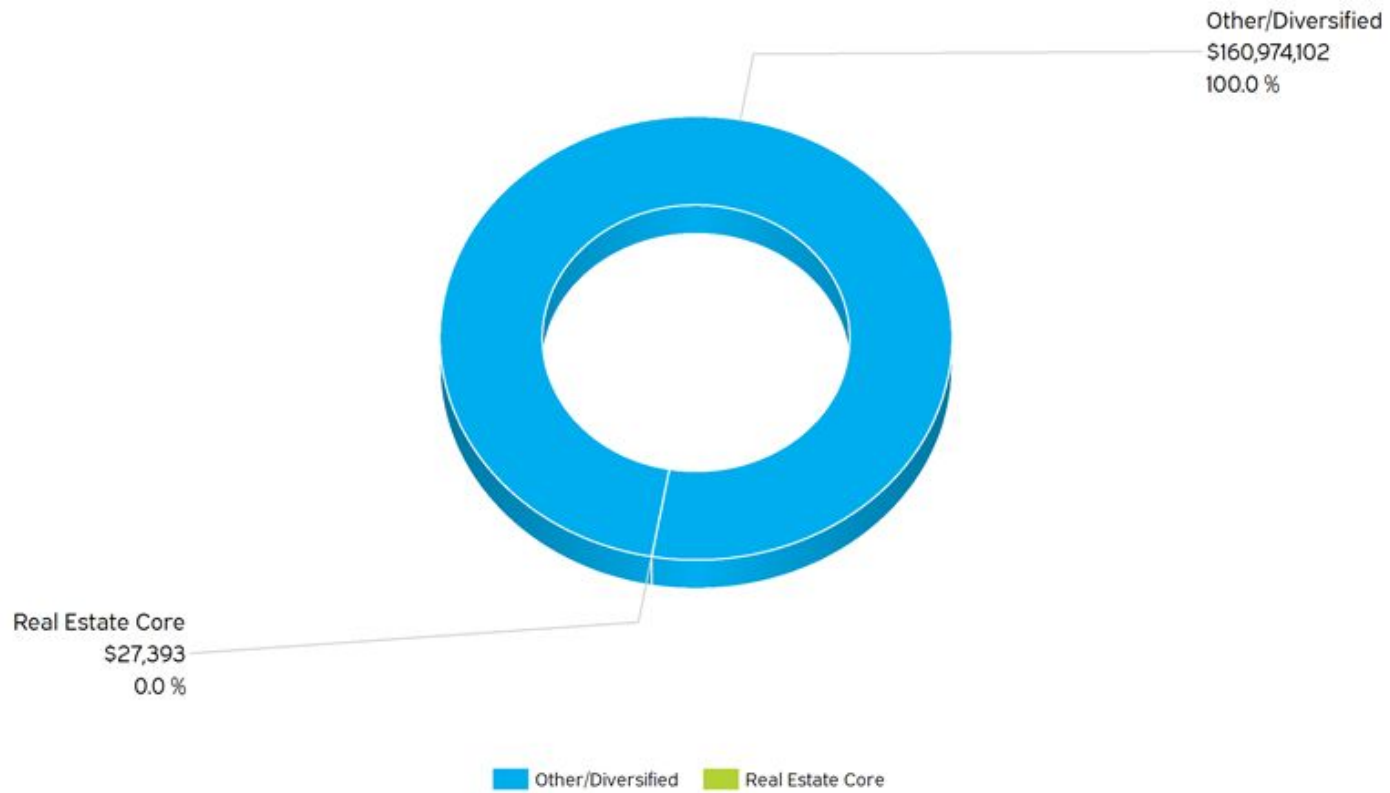
1. Private Markets performance reflected is composed of active investments only.  
 2. The "IRRs" listed for Lone Star Growth Capital and Lone Star Opportunities Fund V are since inception total return figures.  
 3. Hudson Clean Energy and Lone Star CRA shows 12/31/2021 NAVs cash flow adjusted through 9/30/2023.



## Dallas Police & Fire Pension System

Real Estate | As of September 30, 2023

### Real Estate Investments as of September 30, 2023 Market Value Allocation by Strategy

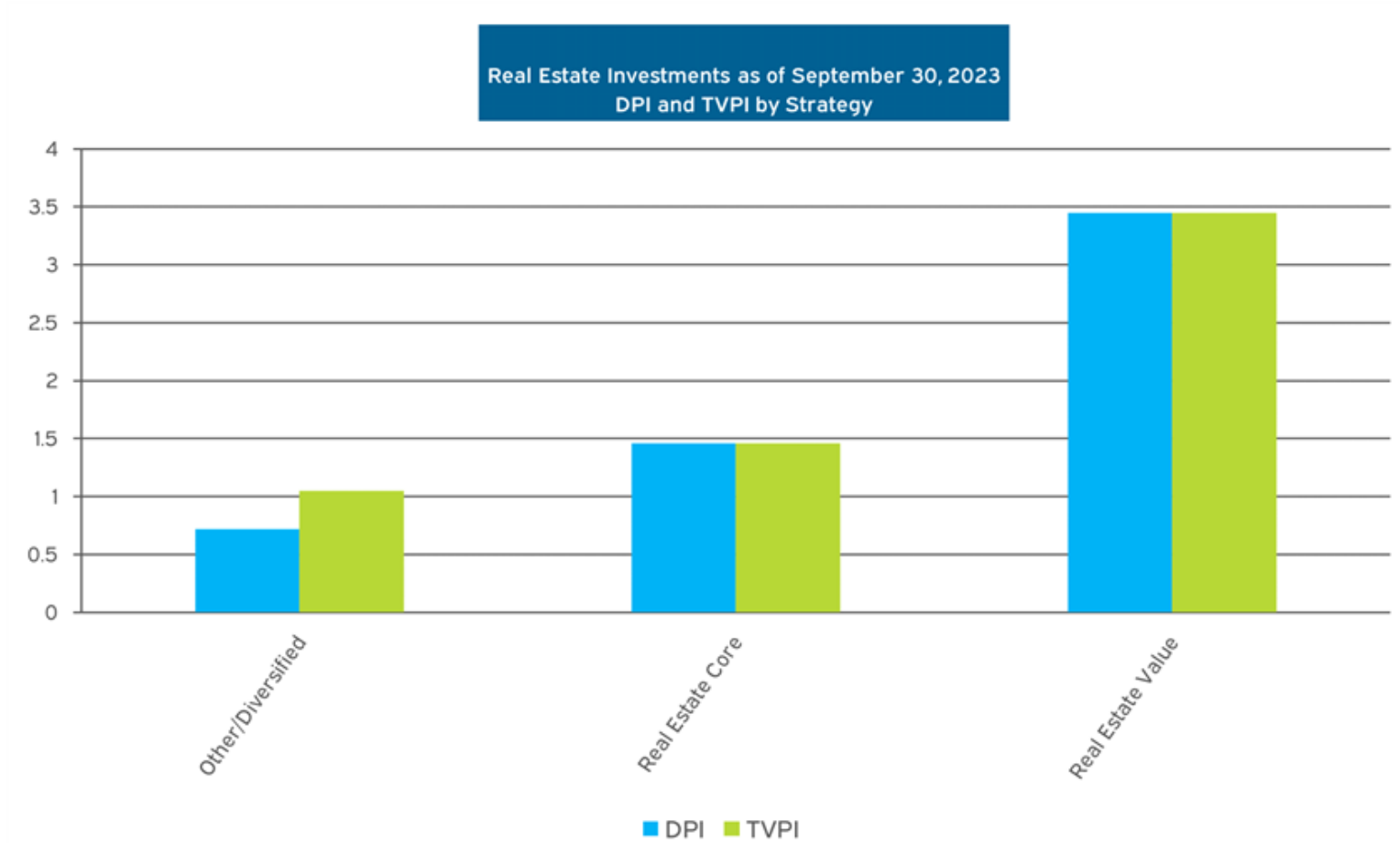


1. Other/Diversified is composed of direct real estate investments made by the fund.



## Dallas Police & Fire Pension System

Real Estate | As of September 30, 2023



1. Other/Diversified is composed of direct real estate investments made by the fund.

2. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Real Estate | As of September 30, 2023

Real Estate Investments Overview										
Active Funds	Commitments		Valuations				Performance			
Investment Name	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
Total Other/Diversified	486,049,173	486,049,173	351,067,711	160,974,102	512,041,813	25,992,640	1.00	0.72	1.05	0.63
Real Estate Core										
Total Real Estate Core	19,318,847	19,318,847	28,234,489	27,393	28,261,882	8,943,035	1.00	1.46	1.46	6.42
Real Estate Value										
Total Real Estate Value	10,000,000	1,221,446	4,217,011	0	4,217,011	2,995,565	0.12	3.45	3.45	24.58
<b>Total</b>	<b>515,368,020</b>	<b>506,758,017</b>	<b>384,296,205</b>	<b>161,001,495</b>	<b>545,297,700</b>	<b>38,539,683</b>	<b>0.98</b>	<b>0.76</b>	<b>1.08</b>	<b>0.86</b>

1. Private markets performance reflected is composed of active investments only.

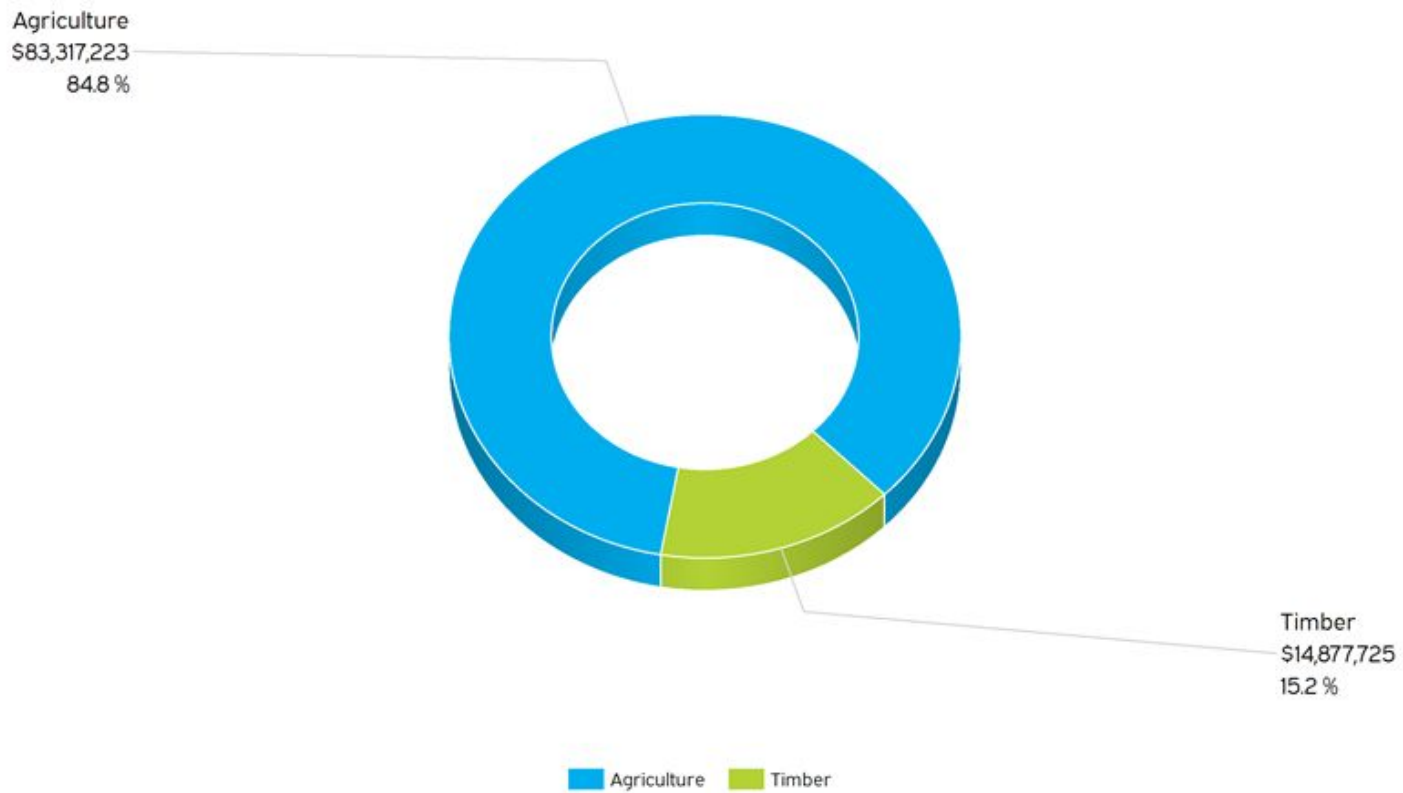
2. Commitment value is equal to paid in capital for direct investments made outside of a traditional Limited Partnership fund structure.



### Dallas Police & Fire Pension System

Natural Resources | As of September 30, 2023

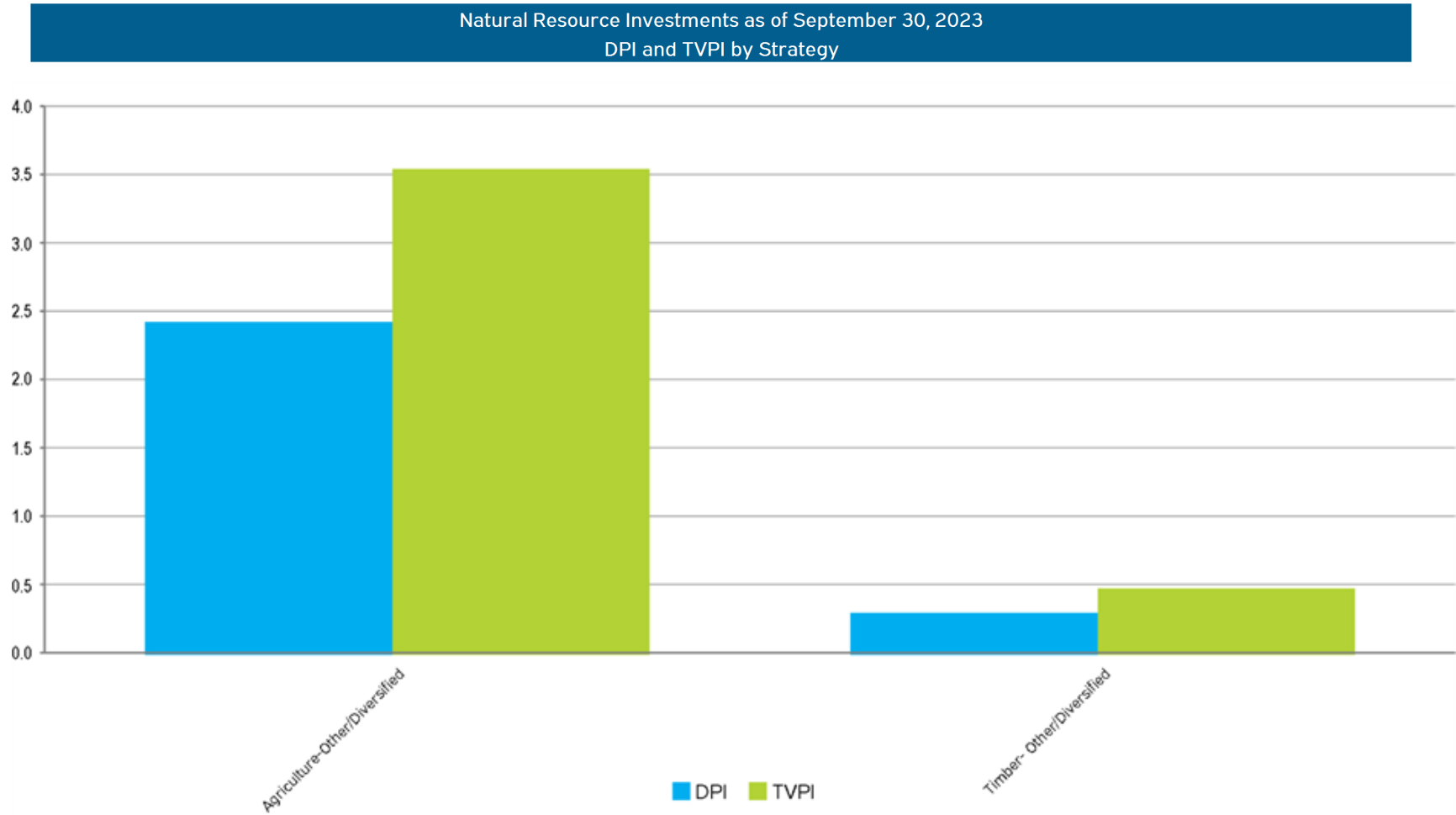
Natural Resources Investments as of September 30, 2023  
Market Value Allocation by Asset Class





Dallas Police & Fire Pension System

Natural Resources | As of September 30, 2023



- 1. Agriculture 'Other/Diversified' is composed of permanent and row crops exposure.
- 2. Timber 'Other/Diversified' is composed of domestic and global timber exposure.
- 3. Private markets performance reflected is composed of active investments only.





Dallas Police & Fire Pension System

Natural Resources | As of September 30, 2023

Natural Resource Investments Overview											
Active Funds		Commitments		Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Unrealized Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Agriculture</b>											
Manulife Agricultural	1998	74,420,001	74,420,001	177,592,840	83,317,223	260,910,063	186,097,312	1.00	2.39	3.51	14.15
<b>Total Agriculture</b>		<b>74,420,001</b>	<b>74,420,001</b>	<b>177,592,840</b>	<b>83,317,223</b>	<b>260,910,063</b>	<b>186,097,312</b>	<b>1.00</b>	<b>2.39</b>	<b>3.51</b>	<b>14.15</b>
<b>Timber</b>											
BTG Pactual	2006	82,985,536	83,250,533	21,150,000	14,877,725	36,027,725	-48,017,994	1.00	0.25	0.43	-9.79
<b>Total Timber</b>		<b>82,985,536</b>	<b>83,250,533</b>	<b>21,150,000</b>	<b>14,877,725</b>	<b>36,027,725</b>	<b>-48,017,994</b>	<b>1.00</b>	<b>0.25</b>	<b>0.43</b>	<b>-9.79</b>
<b>Total</b>		<b>157,405,537</b>	<b>157,670,534</b>	<b>198,742,840</b>	<b>98,194,948</b>	<b>296,937,788</b>	<b>138,079,318</b>	<b>1.00</b>	<b>1.26</b>	<b>1.88</b>	<b>8.46</b>

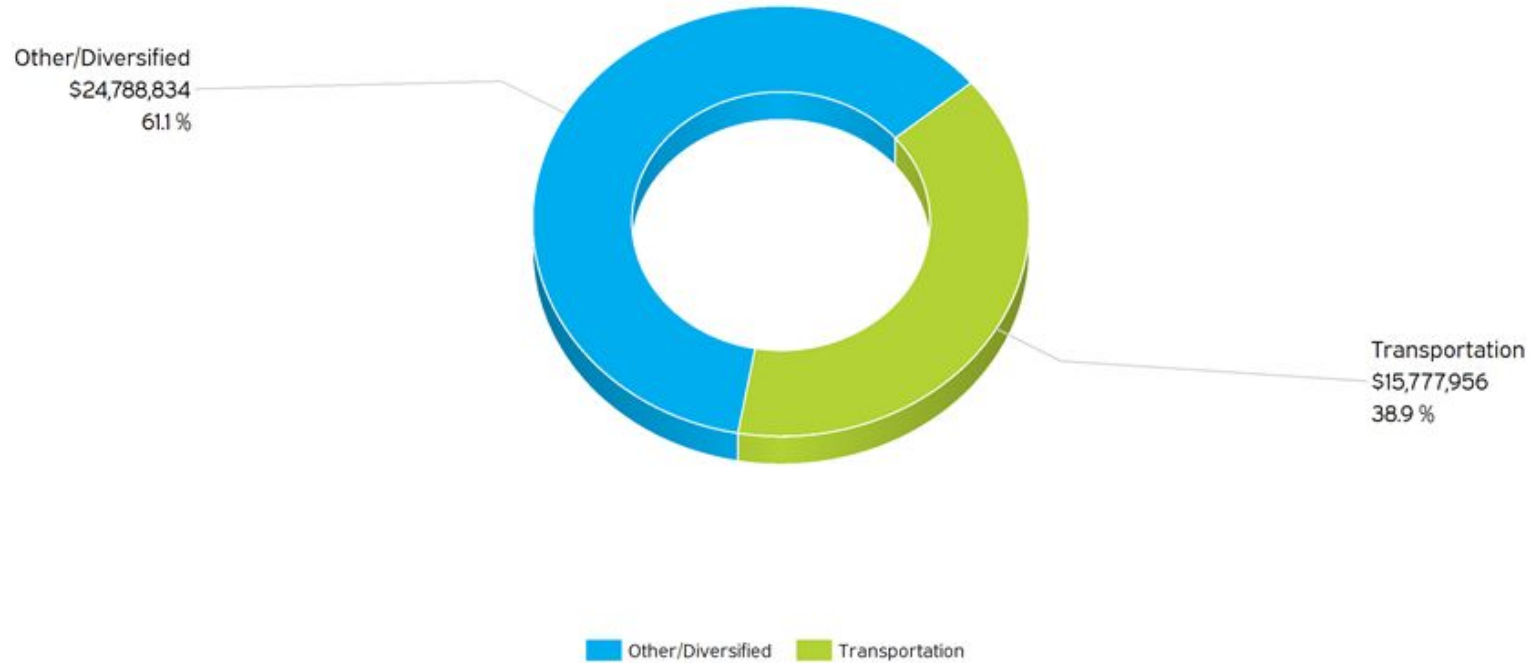
1. Private markets performance reflected is composed of active investments only.
2. Commitment value is equal to paid in capital for direct investments made outside of a traditional limited partnership fund structure.
3. Manulife Agriculture was previously known as Hancock Agriculture Fund.
4. BTG Pactual statements were not available at time of report creation. BTG Pactual value is as of 6/30/2023.



## Dallas Police & Fire Pension System

Infrastructure | As of September 30, 2023

### Infrastructure Investments as of September 30, 2023 Market Value Allocation by Strategy



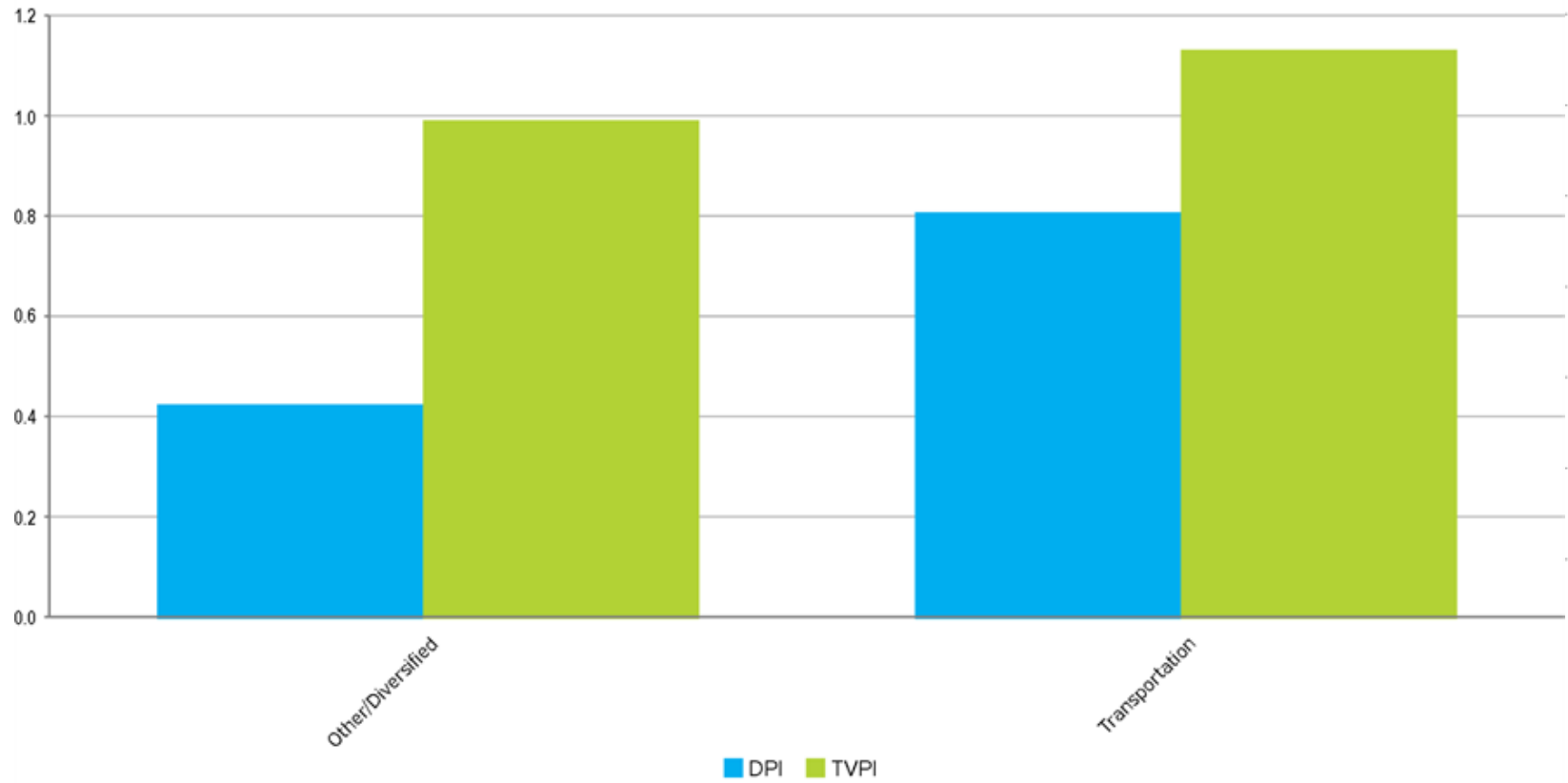
1.'Other/Diversified' is composed of various operating and developing infrastructure project exposure.



### Dallas Police & Fire Pension System

Infrastructure | As of September 30, 2023

Infrastructure Investments as of September 30, 2023  
DPI and TVPI by Strategy



1. Other/Diversified' is composed of various operating and developing infrastructure project exposure.  
2. Private markets performance reflected is composed of active investments only.



Dallas Police & Fire Pension System

Infrastructure | As of September 30, 2023

Infrastructure Investments Overview											
Active Funds		Commitments		Distributions & Valuations				Performance			
Investment Name	Vintage Year	Commitment (\$)	Paid-In Capital (\$)	Distributions (\$)	Valuation (\$)	Total Value (\$)	Gain/Loss (\$)	Call Ratio	DPI	TVPI	IRR (%)
<b>Infrastructure</b>											
TRG AIRRO	2008	37,000,000	35,088,505	18,054,261	18,557,327	36,611,588	1,523,083	0.95	0.51	1.04	-0.73
TRG AIRRO II	2013	10,000,000	8,663,110	58,731	6,231,507	6,290,238	-2,372,872	0.87	0.01	0.73	-1.63
JPM Maritime Fund, LP	2009	50,000,000	48,641,857	38,769,416	15,777,956	54,547,372	5,905,515	0.97	0.80	1.12	1.90
<b>Total Infrastructure</b>		<b>97,000,000</b>	<b>92,393,471</b>	<b>56,882,408</b>	<b>40,566,790</b>	<b>97,449,198</b>	<b>5,055,726</b>	<b>0.95</b>	<b>0.62</b>	<b>1.05</b>	<b>0.57</b>

1. Private markets performance reflected is composed of active investments only.

**Private Markets Review  
List of Completed Funds**



Dallas Police & Fire Pension System

Private Markets Review | As of September 30, 2023

Total Real Assets Program													
Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addnl Fees	Cummulative Distributions	Valuation	Total Value	Gain/Loss	DPI Ratio	TVPI Ratio	IRR	
AEW Creative Holdings	2007	13,035,849	13,035,849	0	0	0	0	0	-13,035,849	0.00	0.00	N/A	
Barings Lake Luciana	2006	95,025,191	95,025,191	0	0	17,872,293	0	17,872,293	-77,152,898	0.19	0.19	-19.89%	
Barings Lake P&G Real Estate	2010	18,112,486	18,112,486	0	0	4,227,991	0	4,227,991	-13,884,495	0.23	0.23	-15.79%	
Bentall Green Oak	2004	20,269,554	20,269,554	0	0	34,650,146	0	34,650,146	14,380,592	1.71	1.71	5.63%	
BTG U.S. Timberland	2007	22,230,000	22,230,000	0	0	33,065,920	0	33,065,920	10,835,920	1.49	1.49	4.82%	
CDK Multifamily I	2014	10,559,876	10,617,376	0	0	10,025,434	0	10,025,434	-591,942	0.94	0.94	-1.99%	
Clarion 1210 South Lamar	2014	10,500,000	10,201,489	0	0	13,214,065	0	13,214,065	3,012,576	1.30	1.30	12.85%	
Clarion 4100 Harry Hines Land	2006	3,088,810	3,092,788	0	0	3,641,946	0	3,641,946	549,158	1.18	1.18	1.69%	
Clarion Beat Lofts	2005	8,729,783	8,730,183	0	0	1,137,817	0	1,137,817	-7,592,366	0.13	0.13	-30.76%	
Clarion Bryan Street Lofts	2005	5,112,048	5,112,048	0	0	4,163,659	0	4,163,659	-948,389	0.81	0.81	-2.23%	
Clarion Four Leaf	2005	16,892,767	16,892,767	0	0	3,733,148	0	3,733,148	-13,159,619	0.22	0.22	-39.69%	
Clarion The Tribute	2007	29,929,676	29,929,676	0	0	47,138,778	0	47,138,778	17,209,102	1.57	1.57	4.84%	
Forest Investment Associates	1992	59,649,696	59,649,696	0	0	104,895,920	0	104,895,920	45,246,224	1.76	1.76	7.4%	
Hearthstone Dry Creek	2005	52,303,043	52,303,043	0	0	8,973,059	0	8,973,059	-43,329,984	0.17	0.17	-38.78%	
Heathstone Project Holdings	2005	155,158,158	155,158,158	0	0	42,739,602	0	42,739,602	-112,418,556	0.28	0.28	-13.40%	
Hearthstone MS II Homebuilding Investors	1999	10,000,000	7,973,058	0	0	10,989,565	0	10,989,565	3,016,507	1.38	1.38	26.70%	
Hearthstone Nampa	2006	11,666,284	11,666,284	0	0	2,562,654	0	2,562,654	-9,103,630	0.22	0.22	-31.90%	
JP Morgan Infrastructure Investments Fund	2007	37,000,000	37,000,000	0	-5,658	44,302,131	0	44,302,131	7,307,789	1.20	1.20	2.48%	
L&B Realty Advisors Beach Walk	2006	33,013,796	33,013,796	0	0	36,752,690	0	36,752,690	3,738,894	1.11	1.11	2.19%	
L&B Realty Advisors KO Olina	2008	28,609,658	28,609,658	0	0	30,529,136	0	30,529,136	1,919,478	1.07	1.07	1.1%	
L&B Realty Advisors West Bay Villas	2007	8,712,411	8,712,411	0	0	3,785,480	0	3,785,480	-4,926,931	0.43	0.43	-8.29%	
LBJ Infrastructure Group Holdings, LLC (LBJ)	2009	50,000,000	44,346,229	0	0	77,892,000	0	77,892,000	33,545,771	1.76	1.76	12.77%	
Lone Star Fund III (U.S.), L.P.	2000	20,000,000	19,827,576	0	0	40,701,250	0	40,701,250	20,873,674	2.05	2.05	31.88%	
Lone Star Fund IV (U.S.), L.P.	2001	20,000,000	19,045,866	0	0	43,898,442	0	43,898,442	24,852,576	2.30	2.30	30.15%	
Lone Star Fund V (U.S.), L.P.	2005	22,500,000	22,275,229	0	0	20,605,895	0	20,605,895	-1,669,334	0.93	0.93	-1.4%	
Lone Star Fund VI (U.S.), L.P.	2008	25,000,000	20,034,018	0	0	31,712,968	0	31,712,968	11,678,950	1.58	1.58	21.76%	
Lone Star Real Estate Fund (U.S.), L.P.	2008	25,000,000	20,743,769	0	0	25,403,707	0	25,403,707	4,659,938	1.22	1.22	5.15%	
Lone Star Real Estate Fund II	2011	25,000,000	22,169,907	0	0	32,789,371	0	32,789,371	10,619,464	1.48	1.48	24.73%	
Lone Star Real Estate Fund III	2014	25,000,000	23,490,784	0	0	26,638,028	0	26,638,028	3,147,244	1.13	1.13	8.20%	
Museum Tower	2006	126,387,820	126,387,820	0	0	133,408,439	0	133,408,439	7,020,619	1.00	1.06	1.79%	
M&G Real Estate Debt Fund II	2013	29,808,841	21,523,663	0	0	17,088,107	0	17,088,107	-4,435,556	0.79	0.79	-15.04%	
NTE 3a-3b	2012	50,000,000	23,794,565	0	0	28,186,978	0	28,186,978	4,392,413	1.18	1.18	16.03%	
NTE Mobility Partners Holding, LLC (NTE)	2009	50,000,000	43,397,054	0	0	105,890,000	0	105,890,000	62,492,946	2.44	2.44	19.33%	
Olympus II-Hyphen Solutions	2007	836,511	836,511	0	0	1,418,149	0	1,418,149	581,638	1.70	1.70	5.96%	
P&G Housing IV	2006	134,015,889	134,015,889	0	0	83,179,802	0	83,179,802	-50,836,087	0.62	0.62	-8.44%	
RREEF North American Infrastructure Fund	2007	50,000,000	50,000,000	0	846,289	55,238,755	0	55,238,755	4,392,466	1.09	1.09	12.59%	
Sungate	2005	6,481,568	6,481,568	0	0	308,624	0	308,624	-6,172,944	0.05	0.05	-22.30%	
Tucson Loan	2014	4,500,000	4,500,000	0	0	5,082,785	0	5,082,785	582,785	1.13	1.13	5.75%	
<b>Total Completed Funds</b>		<b>1,314,129,715</b>	<b>1,250,205,959</b>	<b>0</b>	<b>840,631</b>	<b>1,187,844,734</b>	<b>0</b>	<b>1,187,844,734</b>	<b>-63,201,856</b>	<b>0.95</b>	<b>0.95</b>		





## Dallas Police &amp; Fire Pension System

## Private Markets Review | As of September 30, 2023

Private Equity & Debt Funds												
Completed Funds	Vintage Year	Commitment Amount	Paid in Capital	Capital to be Funded	Addnl Fees	Cummulative Distributions	Valuation	Total Value	Gain/Loss	DPI Ratio	TVPI Ratio	IRR
Ashmore Global Special Situations Fund IV	2007	70,000,000	70,012,300	0	0	39,652,711	0	39,652,711	-30,359,589	0.57	0.57	-10.12%
BankCap Partners Fund I	2007	20,000,000	20,000,000	0	0	24,960,986	0	24,960,986	4,960,986	1.25	1.25	2.58%
BankCap Partners Opportunity Fund, LP	2013	20,000,000	19,587,052	0	0	18,266,454	0	18,266,454	-1,320,598	0.93	0.93	-5.69%
CDK Southern Cross	2008	1,535,316	1,535,316	0	0	0	0	0	-1,535,316	0.00	0.00	-20.08%
Highland Credit Ops	2006	35,348,165	35,348,165	0	0	29,994,190	0	29,994,190	-5,353,975	0.85	0.85	-2.06%
HM Capital Sector Performance Fund	2008	47,300,000	44,354,248	0	1,933,378	39,792,545	0	39,792,545	-6,495,081	0.86	0.86	-4.01%
Huff Alternative Income Fund	1994	40,000,000	40,000,000	0	2,018,676	66,940,198	0	66,940,198	24,921,522	1.59	1.59	17.82%
Kainos Capital Partners, L.P.	2013	35,000,000	30,316,015	0	0	43,263,688	0	43,263,688	12,947,673	1.43	1.43	24.76%
Levine Leichtman Capital Partners IV	2008	50,000,000	38,009,085	0	0	78,916,788	0	78,916,788	40,907,703	2.08	2.08	20.12%
Levine Leichtman Capital Partners V, L.P.	2013	25,000,000	19,181,272	0	-4,405	24,506,336	0	24,506,336	5,329,469	1.28	1.28	15.26%
Levine Leichtman Deep Value Fund	2006	75,000,000	75,000,000	0	11,025,662	88,688,224	0	88,688,224	2,662,562	1.03	1.03	0.73%
Levin Leichtman Private Capital Solutions II, L.P.	2012	25,000,000	17,961,807	0	-175	18,691,764	0	18,691,764	730,132	1.04	1.04	1.30%
Lone Star Fund IX (U.S.), L.P.	2014	35,000,000	24,241,467	0	0	23,459,730	0	23,459,730	-781,737	0.97	0.97	-3.28%
Lone Star Fund VII (U.S.), L.P.	2011	25,000,000	23,469,024	0	0	41,624,566	0	41,624,566	18,155,542	1.77	1.77	47.54%
Lone Star Fund VIII (U.S.), L.P.	2013	25,000,000	22,564,537	0	0	28,017,551	0	28,017,551	5,453,014	1.24	1.24	16.26%
Merit Energy Partners E-I	2004	7,018,930	7,031,052	0	-1,741	14,975,776	0	14,975,776	7,946,465	2.13	2.13	14.48%
Merit Energy Partners F-I	2005	8,748,346	8,749,275	0	0	3,801,206	0	3,801,206	-4,948,069	0.43	0.43	-17.19%
Merit Energy Partners G, LP	2008	39,200,000	39,320,050	0	0	26,756,651	0	26,756,651	-12,563,399	0.68	0.68	-9.96%
Merit Energy Partners H, LP	2010	10,000,000	10,033,415	0	0	6,870,451	0	6,870,451	-3,162,964	0.68	0.68	-13.78%
Oaktree Fund IV	2001	50,000,000	50,000,000	0	0	82,516,590	0	82,516,590	32,516,590	1.65	1.65	28.36%
Oaktree Loan Fund 2X	2007	60,000,000	60,004,628	0	0	65,066,951	0	65,066,951	5,062,323	1.08	1.08	2.24%
Oaktree Power Fund III	2011	30,000,000	16,167,147	0	0	23,839,959	0	23,839,959	7,672,812	1.47	1.47	12.35%
Pharos Capital Co-Investment, LLC	2007	20,000,000	20,000,000	0	0	10,019,157	0	10,019,157	-9,980,843	0.50	0.50	-9.92%
Pharos Capital Co-Investment, LP	2008	40,000,000	40,000,000	0	0	67,459,271	0	67,459,271	27,459,271	1.69	1.69	8.42%
Pharos Capital Partners IIA, L.P.	2005	20,000,000	20,080,306	0	0	17,715,199	0	17,715,199	-2,365,107	0.88	0.88	-2.39%
Pharos Capital Partners III, LP	2012	50,000,000	28,397,038	0	-54,286	20,196,932	0	20,196,932	-8,145,820	0.71	0.71	-19.95%
Yellowstone Capital	2008	5,283,254	5,112,307	0	0	1,465,725	0	1,465,725	-3,646,582	0.29	0.29	-31.26%
<b>Total Completed Funds</b>		<b>869,434,011</b>	<b>786,475,506</b>	<b>0</b>	<b>14,917,109</b>	<b>907,459,599</b>	<b>0</b>	<b>907,459,599</b>	<b>106,066,984</b>	<b>1.13</b>	<b>1.13</b>	



## Disclaimer

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PERFORMANCE DATA CONTAINED HEREIN REPRESENT PAST PERFORMANCE. PAST PERFORMANCE IS NO GUARANTEE OF FUTURE RESULTS.





## DISCUSSION SHEET

### ITEM #C8

**Topic:** Lone Star Investment Advisors

Portions of the discussion under this topic may be closed to the public under the terms of Section 551.071 of the Texas Government Code

**Discussion:** Investment staff will update the Board on investments with this manager.

*Regular Board Meeting – Thursday, March 14, 2024*



## **DISCUSSION SHEET**

### **ITEM #C9**

**Topic:**                    **Legal issues - In accordance with Section 551.071 of the Texas Government Code, the Board will meet in executive session to seek and receive the advice of its attorneys about pending or contemplated litigation or any other legal matter in which the duty of the attorneys to DFPF and the Board under the Texas Disciplinary Rules of Professional Conduct clearly conflicts with Texas Open Meeting laws.**

**Discussion:**            Counsel will brief the Board on these issues.

*Regular Board Meeting – Thursday, March 14, 2024*



## DISCUSSION SHEET

### ITEM #D1

**Topic:** Public Comment

**Discussion:** Comments from the public will be received by the Board.

*Regular Board Meeting – Thursday, March 14, 2024*



## DISCUSSION SHEET

### ITEM #D2

**Topic:** Executive Director's Report

- a. Associations' newsletters
  - NCPERS Monitor (March 2024)
- b. Open Records

**Discussion:** The Executive Director will brief the Board regarding the above information.

*Regular Board Meeting – Thursday, March 14, 2024*

THE NCPERS

# MONITOR

The Latest in Legislative News

March 2024

NCPERS

Executive Director's Corner



## Supporting the Evolving Needs of Public Pension HR Professionals Through Education, Networking Opportunities

By [Hank Kim](#), Executive Director and Counsel, NCPERS



Like many of our member pension funds, NCPERS operates with a small staff. As we've recently grown to six full-time employees, I've started to fully realize and appreciate the challenges that human resources professionals face. From navigating an abrupt shift towards remote work during the pandemic to adapting to a new normal (if that exists) of hybrid/remote/in-person variations, the past few years have not been easy—even for a dedicated HR team.

The public sector has faced long-time challenges with recruitment and retention, and these were only exacerbated by the Great Resignation. In 2021, NCPERS asked its members about these challenges, and found that more than half of public pensions were struggling to attract and retain skilled staff. This led to the development of our annual [Public Pension Compensation Survey](#).

But as I've learned, HR goes beyond just recruitment and retention. It is a complex and ever-evolving field that serves a vital function. So, it made perfect sense to continue to expand our lineup of educational and networking resources to support public pension HR professionals. Late last year, we were thrilled to announce the launch of the [Public Pension HR Roundtable](#). It's been a pleasure learning from this group of nearly 150 HR and DEI professionals ([sign up here](#) to participate).

And it's members of this roundtable that are helping to shape our newest in-person program, the [Public Pension HR Summit](#). Held September 24-26 in Denver, this program will draw public pension HR professionals and administrators from across the country for networking opportunities, peer-to-peer learning, and hands-on training. Both the HR Roundtable and Summit were previously managed by volunteers, and NCPERS hopes to continue to grow the program with its additional resources.

We believe this program will help drive organizational success for public pensions of all sizes. But don't take it from me. One of the 2024 program directors, Steve Hazime, director of human resources, diversity, and inclusion for the Municipal Employees' Retirement System of Michigan (MERS), participated in a recent [Public Pension Profile interview](#) where he shared his perspective on the value of the program and the recent partnership.

*"I believe that public pension HR professionals and administrators stand to gain a great deal from attending the [Public Pension HR Summit](#). The program is designed to address the unique challenges and opportunities facing the industry, offering attendees the chance to learn from experts, network with peers, and gain practical strategies for enhancing their HR practices and driving organizational success. The Summit's focus on networking and knowledge-sharing makes it a valuable opportunity for professionals looking to stay informed and connected within the industry."*

NCPERS is working closely with the program directors to build the agenda, but we also want to hear from you. [Complete this form](#) to share your topics of interest at this year's event. We hope to see you in Denver later this year at the Public Pension HR Summit, so be sure to [sign up here](#) for event updates. ♦

# NCPERS Public Pension HR Summit

September 24-26  
Denver, CO

[LEARN MORE](#)

## Requesting Member Feedback: NCPERS Member Survey Closes March 8

By: [William Whitman](#), Director, Membership & Strategic Alliances, NCPERS

**W**e want your feedback! NCPERS is undertaking a comprehensive member needs assessment to gather opinions and ideas from all segments of the member community about our programs and services. *Where are we hitting the mark? Where could we be doing something new? What are your priorities for us?* NCPERS leadership will be using your answers to these questions to improve the member experience and shape the future of our organization.

**NCPERS members at public pension plans and related stakeholders (unions, retiree organizations, and plan sponsors) are asked to complete our [Fund/Stakeholder Member Needs Assessment](#) by March 8th.** This short online survey should take no more than 10 minutes.

We are requesting responses from each individual within our pension plan and stakeholder members — no matter what role you hold in your organization, your feedback is important to us!

(Corporate and CorPERS Members can contact William Whitman, Director of Membership & Strategic Alliances, by email at [william@ncpers.org](mailto:william@ncpers.org) for instructions on completing the separate needs assessment we've created for our service provider members.)

Thank you very much for participating in our survey! ♦



**2024  
Annual Conference  
& Exhibition (ACE)**

Join over 800 public plan leaders at ACE, the premier educational and networking event for trustees, staff, service providers and stakeholders.

**LEARN MORE**

**May 19–22 | Seattle, WA**



## Recognizing the December 2023 Class of NCPERS Accredited Fiduciaries

By: [Lizzy Lees](#), Director of Communications, NCPERS



**N**CPERS Accredited Fiduciary (NAF) Program is a two-day course designed to educate public pension trustees and administrators about best practices for plan governance, oversight, and administration. Attendees can earn their Accredited Fiduciary designation, recognized nationally as a prestigious symbol of governance excellence.

The next [NAF Program](#) will take place May 18-19 in Seattle, immediately preceding [NCPERS Annual Conference & Exhibition \(ACE\)](#). NAF is hosted twice per year, allowing for small class sizes where participants can freely discuss challenges and opportunities.

In order to earn the Accredited Fiduciary designation, trustees and staff must complete four training modules that cover governance and the board's role; investment and finance; legal, risk management, and communication; and human capital. Upon completion of all four modules, candidates must demonstrate mastery of the content through an exam held in June and December each year. [🔗](#)



We would like to recognize the public pension trustees and staff who most recently earned their Accredited Fiduciary designation, demonstrating their commitment to and knowledge of pension plan governance:

- Greg Abend, City of Coral Springs Firefighters' Pension Plan
- Jason Mantas, Fire & Police Pension Association of Colorado
- Adele Tagaloa Orange County Employees Retirement System
- Keniseli Lafaele, American Samoa Government Employees Retirement Fund
- Saul Polish, New Castle County Employees' Pension Program (NCCEPP)
- Raymond Heck, New Jersey State Policemen's Benevolent Association
- Kimberly Adams, Educational Employees' Supplementary Retirement System of Fairfax County (ERFC)

NAF is part of [NCPERS University](#), a suite of recurring educational programs tailored to the needs of trustees and other fiduciaries at each level of their journey. NAF is intended for experienced trustees and public pension administrators looking to deepen their knowledge of governance and administration best practices. [Learn more](#) about the NAF Program and [enroll in the spring class](#) to start earning your Accredited Fiduciary designation. ♦

# NCPERS Accredited Fiduciary (NAF) Program

SPRING CLASS

May 18-19  
Seattle, WA



Earn your NCPERS Accredited Fiduciary (NAF) designation and become a nationally recognized expert in public pension governance. This two-day course educates public pension trustees and administrators about best practices for plan governance, oversight, and administration.

**REGISTER NOW**

## The SECURE Act 3.0

By: [Tony Roda](#), Partner, Williams & Jensen



Photo Illustration © 2024 iStock.com

**D**uring the presentation by Congressional tax counselors at the NCPERS Legislative Conference in January, the words “SECURE Act 3.0” were uttered. That Congress once again may assemble a major retirement bill should not come as a surprise to anyone.

As a refresher, know that the original SECURE Act was signed into law in December 2019, and was quickly followed, quickly in Congressional terms, by enactment of the SECURE Act 2.0 in December 2022.

So, why should Congress's interest in a SECURE Act 3.0 not be a surprise? Well, let's look at a few statistics. In 2024, 12,000 Americans each month will turn age 65. That equals 4.38 million Americans in this calendar year. Divided by 435 House Congressional districts, that is more than 10,000 people per district. Easily enough to sway a close election.

Turning age 65 triggers eligibility for Medicare. For those still working, reaching Medicare age often prompts a more serious consideration of retirement and all the issues that arise from that decision. Also, older individuals tend to vote more regularly, and many remain politically active. These facts have not been lost on Congress, and in bipartisan recognition, Congress is attuned to the interests of retirees and near-retirees. This rare bipartisanship has led to the SECURE Act, the SECURE Act 2.0, and likely in the not-too-distant future, the SECURE Act 3.0.

The overarching themes of the next retirement bill should roughly parallel what we've seen in its predecessor legislation – savings enhancement and increased coverage, preservation of income, and simplification and clarification. ☺

One major piece of the SECURE Act 3.0 puzzle could be legislation recently introduced by House Ways and Means Committee Ranking Member Richard Neal (D-MA). The Automatic IRA Act (H.R. 7293) would require employers that do not have a retirement plan and have more than 10 employees to enroll them in an IRA through a payroll deduction. Employees can always opt out of the IRA. State and local government plans and church plans would be exempted from the requirement. This version of the auto IRA bill has attracted some industry support, including the powerful American Council of Life Insurers.

Another leading contender for SECURE 3.0 could be the 401Kids Savings Act, which was introduced at the end of January by Sen. Bob Casey (D-PA) and Rep. Don Beyer (D-VA) – S. 3716 and H.R. 7162, respectively. The legislation would build upon the platforms at the state level that manage 529 college savings accounts. The Kids accounts would be managed by state treasurers and the accounts would be for newborns and children under age 18. Families, non-profits, employers, foundations, and others could contribute to the accounts, and the monies could be used for post-secondary education and training, starting a small business, buying a first home, or retirement savings.

It is important to note, however, that both the Automatic IRA Act and the 401Kids Savings Act will need strong bipartisan support for them to be viable for SECURE 3.0.

Specifically related to public sector retirees, in this case retired first responders, the SECURE Act 3.0 could bring about an increase in the annual cap under the [Healthcare Enhancement for Local Public Safety Act](#) (HELPS). The SECURE Act 2.0 made direct payment under HELPS optional and created an alternative to the original method, namely allowing the retirement system to make the distribution to the retired public safety officer. The retiree can now make the premium payment to the insurance provider and remain eligible for the up to \$3,000 per year tax exclusion. ☺

# 2024 Trustee Educational Seminar (TEDS)

May 18-19  
Seattle, WA



New to a pension plan board? This two-day program will educate you on investing principles, actuarial science, board policies, and fundamental concepts that every trustee should know.

**REGISTER NOW**



Successfully fixing the direct payment requirement in SECURE Act 2.0 now allows NCPERS and others in the public safety stakeholder community to focus on increasing the annual exclusion cap. The \$3,000 cap has not been increased since its inception in 2006 despite significant increases in premiums for health care and long-term care insurance over the ensuing 18-year period.

In addition, numerous retirement-related provisions in the tax code are indexed for inflation, including annual limits for contributions to 401(k), 457(b), and 403(b) accounts. This is done as a matter of fairness for taxpayers. During the upcoming consideration of the SECURE Act 3.0, we expect discussions on whether to index the HELPS annual exclusion for inflation for future years.

Also on the first responder front, S. 4267, which was introduced by Sen. Michael Bennet (D-CO) in the 117th Congress, would create a new tax credit for retired first responders for health care premiums of up to \$4,800 per year. This or similar legislation could be considered as part of the discussions on SECURE 3.0.

Finally, an effort may be launched to extend the HELPS tax exclusion to all public sector workers. This proposal could parallel the existing HELPS exclusion or be designed as a tax credit, much like Sen. Bennet's previous legislation.

While we don't expect retirement legislation to be enacted in this 118th Congress, we have important work to do over the next year. We need to refine any new policy proposals, draft legislation, identify bipartisan and bicameral sponsors who serve on the committees of jurisdiction, and introduce the bills. We should look at 2024 as the staging ground for the next round of retirement tax law changes, which will begin to be considered in earnest by the next Congress.

Please be assured that as we learn more about possible components of the next major retirement legislation, we will keep you apprised. ♦

*[Tony Roda](#) is a partner at the Washington, D.C. law and lobbying firm [Williams & Jensen](#), where he specializes in legislative, regulatory, and fiduciary matters affecting state and local pension plans. He represents the National Conference on Public Employee Retirement Systems and state-wide, county, and municipal pension plans in California, Colorado, Georgia, Kentucky, Ohio, Tennessee, and Texas. Tony has an undergraduate degree in government and politics from the University of Maryland, J.D. from the Catholic University of America, and LL.M (tax law) from the Georgetown University Law Center.*

# 2024 Chief Officers Summit

*Where Public Pension Leaders Engage*

June 17-19  
Nashville, TN

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# Public Pension Investment Expenses Fall to Four-Year Low, NCPERS Study Finds

By: [Lizzy Lees](#), Director of Communications, NCPERS

Public pensions reported a sharp decrease in average investment management expenses as strong governance and oversight practices continue to drive performance, new data from the National Conference on Public Employee Retirement Systems ([NCPERS](#)) reveals.

[NCPERS 2024 Public Retirement Systems Study: Trends in Fiscal, Operational, and Business Practices](#) explores retirement practices of the public sector. Nearly 160 public pension funds with more than 13.8 million members and combined assets exceeding \$2.3 trillion participated in the study.

“NCPERS has conducted this study annually for the past 13 years because public pensions are long-term investors who operate in complex environments, so it’s crucial to regularly benchmark overall fiscal and operational performance,” said [Hank Kim](#), NCPERS’ executive director and counsel.

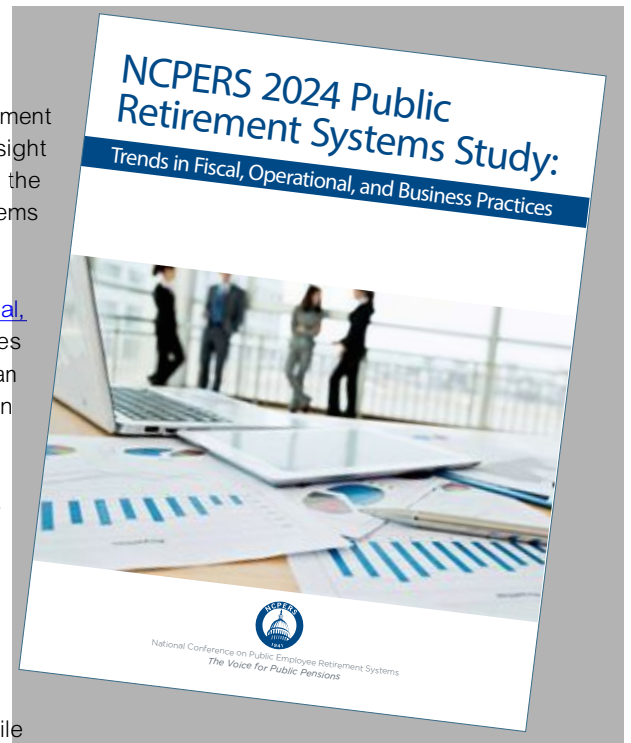
The study found that average investment management expenses fell to 39 basis points, down from 49 basis points the year prior, while administrative expenses remained steady year over year. Investment expenses reached a four-year low, suggesting a return to normalcy from the pandemic.

Sixty-three percent of survey respondents reported receiving their full actuarially determined contribution, up from 57 percent the year before. Notably, the funds that received the full contribution had an average funded level of 79 percent compared to 59 percent for funds that did not receive their full contribution.

In terms of sources of funding of public pensions, in the aggregate for every dollar of pension benefit paid, 63 cents are attributable to investment returns, 28 cents are from plan sponsor contributions, and nine cents are from employee contributions, the study found.

“Through strong governance and oversight practices, public pensions have cut costs while continuing to efficiently deliver retirement benefits to teachers, first responders, and other public servants across the country,” said Kim. “Investment returns make up the vast majority of public pensions’ revenue, but it’s crucial that state and local governments prioritize making their full actuarially determined contributions each year to support funds’ long-term health and ultimately reduce the costs to taxpayers over time,” he added.

In addition to the [report](#), an interactive dashboard is available exclusively to NCPERS members. Pension funds can use this tool to filter survey data in a number of ways to compare their performance, assumptions, and expenses to peer groups. [🔗](#)





Among the key findings from the study:

- Amortization continues to tighten. For responding funds, amortization averages 20.4 years, down from 20.8 years.
- The aggregated average cost-of-living adjustments (COLAs) offered to members was 2.2 percent, which is slightly higher than 2.0 percent last year. Many responding funds did not offer a COLA in the most recent fiscal year. Funds with populations smaller than 10,000 participants had an average COLA that was 0.25 percent higher than larger funds.
- The average investment-smoothing period for respondents increased from 5.2 to 5.7 years.
- Surveyed funds were asked, “How satisfied are you with your readiness to address retirement trends and issues over the next two years?” Respondents provided an overall “confidence” rating of 8.0 on a 10-point scale, up from 7.8 the year prior.
- The average investment assumed rate of return for responding funds increased from 6.85 percent to 6.91 percent.

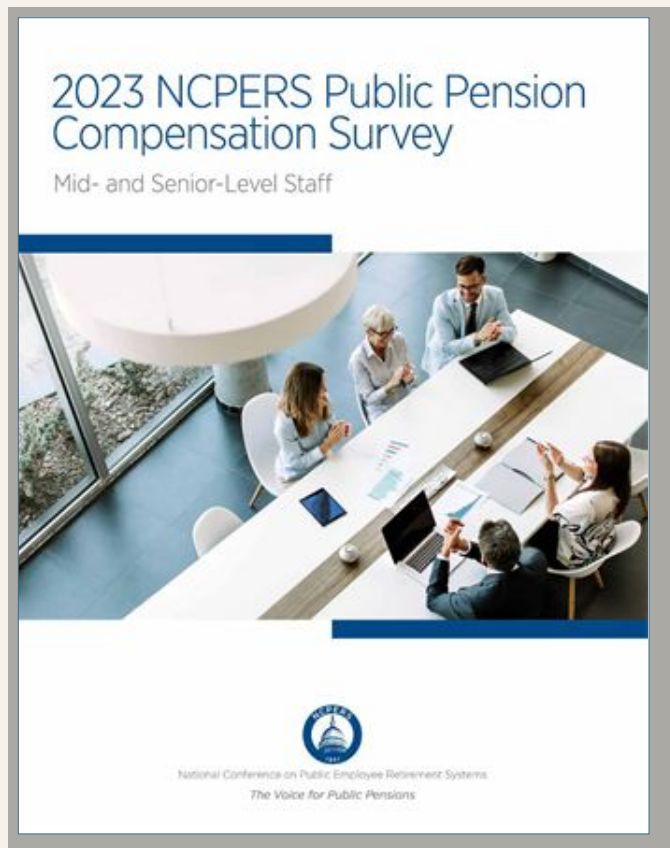
NCPERS hosted a [webinar](#) on February 13, where lead researcher William SaintAmour of Cobalt Community Research discussed the study’s methodology, shared insights into the data, and answered questions from the public pension community. [Watch the replay.](#)

If you have additional questions about the study or need assistance accessing the dashboard, please contact [info@ncpers.org](mailto:info@ncpers.org). ♦

# Order your copy of NCPERS 2023 Public Pension Compensation Survey today.

Access in-depth compensation and benefits data for 13 mid- and senior-level staff positions.

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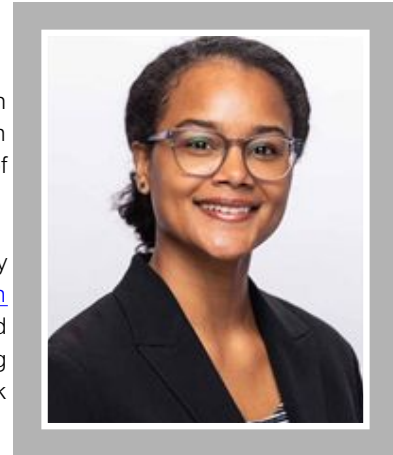


## Meet Hunter Bryant, NCPERS' Education Program Manager

By: [Lizzy Lees](#), Director of Communications, NCPERS

Earlier this month, NCPERS welcomed [Hunter Bryant](#) as the latest addition to its team. Stepping into the newly created role of Education Program Manager, she will be leading the planning, delivery, and evaluation of all NCPERS educational programming.

"NCPERS has provided best-in-class education to the public pension community for decades, and we've recently expanded our in-person and virtual [education programs](#) to meet the growing demand. We're excited to have Hunter on board to help us optimize these educational offerings and best serve the evolving needs of public pension trustees, staff, and industry stakeholders," said Hank Kim, executive director and counsel for NCPERS.



Keep reading to get to know more about Hunter's background and what she'll be doing to support NCPERS' members.

### Q: Where are you from?

A: I'm a proud native of St. Louis, Missouri. Go Cardinals and Go Chiefs!

### Q: What will you be doing as NCPERS' first-ever Education Program Manager?

A: I'm excited to enhance our educational offerings for public pension professionals, ensuring they meet the needs of our community while also fostering its growth. My goal is to maintain our virtual and in-person programs' excellence and attract an even wider audience for future educational programs.

### Q: Tell us a bit about your previous work experience.

A: Before joining NCPERS, I was the lead project manager with a membership organization in DC. I collaborated closely with stakeholders to drive research in higher education, including contributing to the research on advancing women leaders in higher education leadership roles. I also oversaw multiple legacy community groups and supported them in organizing large-scale convenings and virtual engagement opportunities with other higher education leaders and professionals.

### Q: What are you looking forward to most in this new role?

A: I am absolutely thrilled to have the opportunity to not only grow existing educational programs but also to develop new programs that cater to the changing demands of our community!

### Q: When you're not working on NCPERS educational programming, what do you enjoy doing?

A: Fun fact: I'm a budding artist. I picked up oil painting and pastel work during the early years of the pandemic and now have an at-home art studio. I spend my free time visiting art museums, my most recent visits being the Rubell Museum in Washington, DC and the PAAM in Provincetown, Massachusetts.

### Q: How can members get in touch with you?

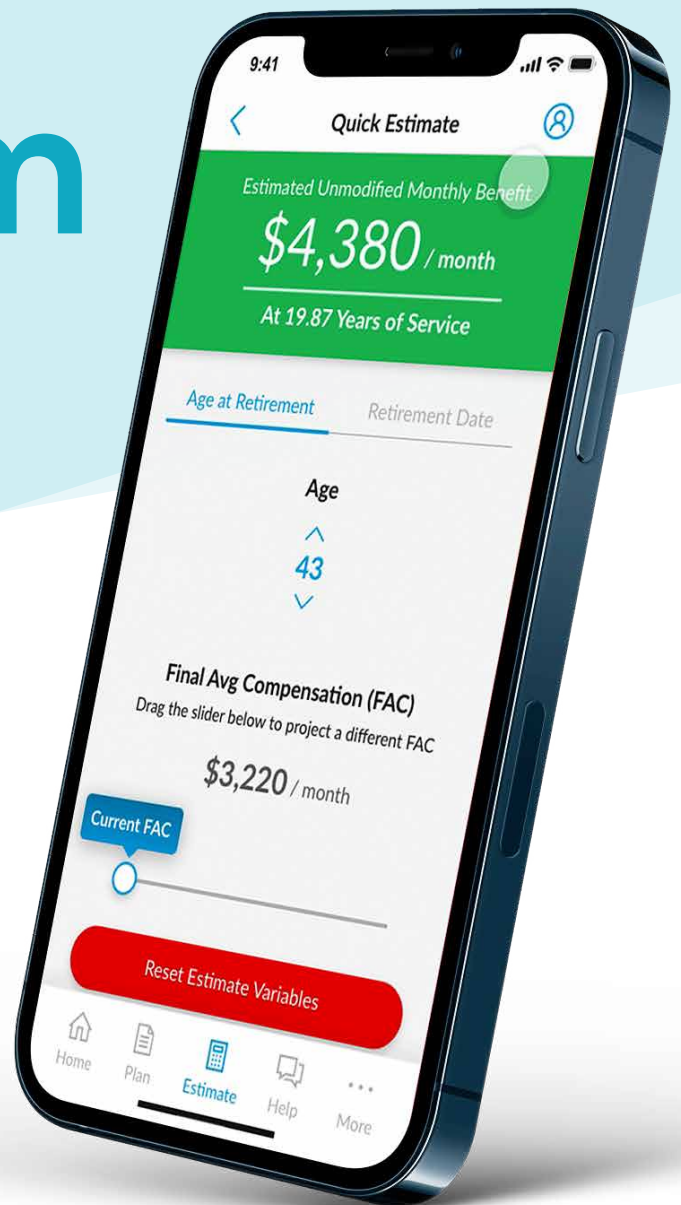
A: Call me direct at 202-601-2449 or reach out by email at [hunter@ncpers.org](mailto:hunter@ncpers.org). Otherwise, catch me at the upcoming [Annual Conference and Exhibition in Seattle!](#) ♦

# NCPERS PensionX Digital Platform

NCPERS has partnered with Digital Deployment to offer its members a **10% DISCOUNT** on PensionX, the premier digital platform that securely enables pensions to engage with active and retired participants via a mobile self-service app and portal.



**pensionX**



Learn more about this new NCPERS member benefit at [ncpers.org/pensionx](https://ncpers.org/pensionx)



**Mississippi Lt. Governor Calls State Pension Problems ‘The Major Issue’ of 2024 Legislative Session**

The system has experienced financial problems for years that many argue have gone largely unaddressed. PERS leaders this year are asking the Legislature for an infusion of cash — which lawmakers traditionally do not provide on an annual basis — to help offset the system’s uncertain financial future.

[READ MORE](#)*Source: News from the States***New Hampshire Senate Rejects Anti-ESG Investing Bill**

The New Hampshire State Senate by voice vote rejected an anti-ESG investing bill that would have placed investing restrictions on the \$11.8 billion New Hampshire Retirement System, Concord, and any state agency that invests taxpayer money.

[READ MORE](#)*Source: Pensions & Investments***Dallas Continues to Look for a Long-Term Plan to Fix Its Pensions**

Dallas’ pensions are underfunded by billions of dollars, and the city is looking for a fix. The police and fire pension has faced financial trouble since 2015, almost folding in on itself in 2017 before the state got involved. Failure to fix pensions could make it difficult to attract or retain employees in the city, including police and firefighters.

[READ MORE](#)*Source: Dallas Observer*

## NCPERS 2024 Public Retirement Systems Study: Trends in Fiscal, Operational, and Business Practices

[LEARN MORE](#)

**Kansas Audit Identifies Weaknesses in State’s Retirement Plan for Public Employees**

The Kansas Legislature’s auditors say the Kansas Public Employees Retirement System plan available to the state’s government employees hired since 2015 has higher worker contribution requirements, a longer vesting period and lower financial rewards than plans in comparable states.

[READ MORE](#)

Source: *Kansas Reflector*

**Illinois Gov. J.B. Pritzker’s Budget Proposal Would Revamp State’s Pension System**

Gov. J.B. Pritzker unveiled a \$52.7 billion spending plan that includes the blueprint for a pension overhaul, funding for the migrant crisis and the creation of a child tax credit.

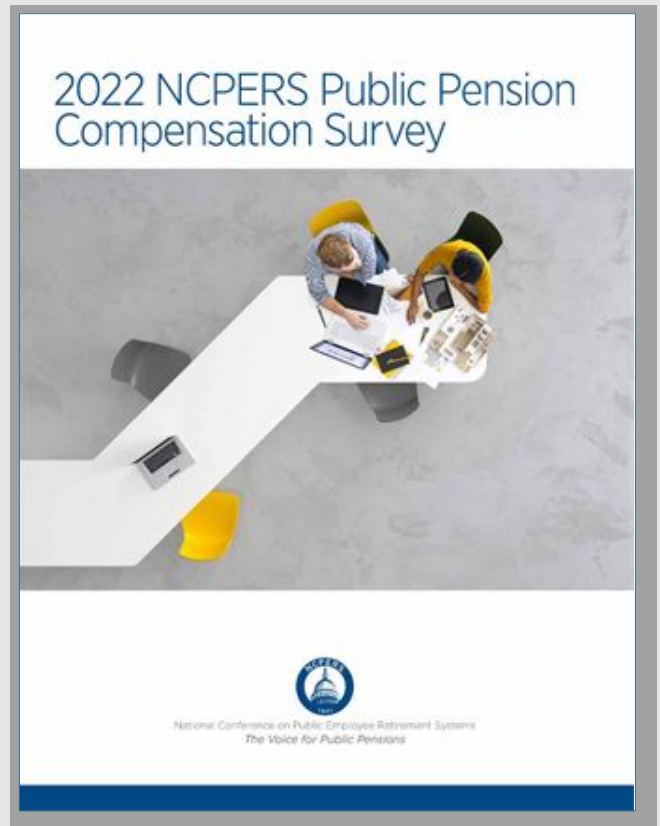
[READ MORE](#)

Source: *Northern Public Radio*

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Access in-depth compensation and benefits data for nine key c-suite positions.

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## Upcoming Events

### May

#### **NCPERS Accredited Fiduciary (NAF) Program**

May 18-19  
Seattle, WA

#### **Trustee Educational Seminar (TEDS)**

May 18-19  
Seattle, WA

#### **Annual Conference & Exhibition (ACE)**

May 19-22  
Seattle, WA

### June

#### **Chief Officers Summit**

June 17-19  
Nashville, TN

### August

#### **Public Pension Funding Forum**

August 18-20  
Boston, MA

### September

#### **Public Pension HR Summit**

September 24-26  
Denver, CO

View all upcoming NCPERS conferences at [www.ncpers.org/future-conferences](http://www.ncpers.org/future-conferences).

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