



D A L L A S
POLICE & FIRE
PENSION SYSTEM



November 11, 2022

Anumeha
State Pension Review Board
P.O. Box 13498
Austin, TX 78711-3498

RE: PRB notification of the Art. 6243a-1. Pension System For Police Officers And Firefighters In Certain Cities

In accordance with Article 6243a-1, Section 3.01 (j-10), this letter certifies that the information provided to the Pension Review Board is accurate and based on realistic assumptions.

Sincerely,

A handwritten signature in black ink, appearing to read 'Kelly Gottschalk'.

Kelly Gottschalk
Executive Director

Investment Policy Statement 10 13 2022 FINAL



TEXAS PENSION
REVIEW BOARD

P.O. Box 13498, Austin, TX 78711 | Phone: (800) 213-9425 or (512) 463-1736 | Fax: (512) 463-1882 | Email: prb@prb.texas.gov

INVESTMENT RETURNS AND ASSUMPTIONS REPORT **PRB-1000**

Retirement System Profile

| | |
|--|------------------------------|
| Dallas Police and Fire Pension System | (214) 368-3863 |
| System Name <i>Combined + Supplemental Plans</i> | Phone Number: (xxx) xxx-xxxx |
| Kelly Gottschalk | kellyg@dpfp.org |
| Report Contact Name (Please Print) | E-mail Address |

Actual Rate of Return

(Most Recent 10 Fiscal Years)

| Fiscal Year End (MM/DD/YYYY) | Net Return (Percent) | Gross Return (Percent) | Gross Return Methodology | |
|---------------------------------|-------------------------|---------------------------|----------------------------------|--------------------------|
| | | | Not Net of Admin Expenses | Net of Admin Expenses |
| 12/31/2021 | 5.0% | 5.50% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2020 | 1.68% | 2.0% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2019 | 11.59% | 11.89% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2018 | -1.50% | -1.20% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2017 | 5.10% | 5.30% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2016 | 3.20% | 3.60% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2015 | -12.60% | -12.30% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2014 | 4.0% | 4.30% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2013 | 4.40% | 5.0% | <input checked="" type="radio"/> | <input type="radio"/> |
| 12/31/2012 | 11.40% | 12.0% | <input checked="" type="radio"/> | <input type="radio"/> |

Gross Return Methodology - In the last column, please indicate the methodology used to calculate each gross return presented as either: The Gross Return is not net of administrative expenses or the Gross Return is net of administrative expenses.

Actuarial Assumed Rate of Return

(Most Recent 10 Actuarial Valuations)

| Valuation Date (MM/DD/YYYY) | Assumed Return (Percent) | Assumed Return Methodology | | |
|--------------------------------|--------------------------------|----------------------------------|-----------------------------|-----------------------|
| | | Net All Expenses | Net Investment Fees Only | Other |
| 1/1/2022 | 6.50% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2021 | 6.50% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2020 | 7.0% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2019 | 7.25% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2018 | 7.25% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2017 | 7.25% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2016 | 7.25% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2015 | 7.25% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2014 | 8.50% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| 1/1/2013 | 8.50% | <input checked="" type="radio"/> | <input type="radio"/> | <input type="radio"/> |

Assumed Return Methodology - In the last column, please indicate the methodology underlying each assumed rate of return as either: The return is net of all expenses; the return is net of investment fees; or, "Other". If "Other", please describe methodology used in **Additional Comments** section.

Information provided in this document may be based on methodologies assumed to be reasonable by the reporting entity. The information provided herein may be unaudited and is considered the best approximation of the plan at the time of submission. Additionally, the information provided in this document must be based on the fiscal year of the public retirement system submitting the report.



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LONG-TERM RATES OF RETURN **PRB-1000**

Annualized Rolling Rate of Return Information

Please check the appropriate box for the methodology used to calculate the rates of return requested in the following section:

Arithmetic Mean Geometric Mean (Time-Weighted Return) Internal Rate of Return

| Most Recent | 1-Year Period | 3-Year Period | 10-Year Period | 30-Year or Since Inception Period |
|---------------|---------------|---------------|----------------|-----------------------------------|
| Rolling Gross | 5.50% | 6.40% | 3.30% | 6.20% |
| Rolling Net | 5.0% | 6.0% | 2.90% | 5.70% |

*If the system's inception date is less than 30 years from the report date, please enter the inception date:

Date of Inception (MM/DD/YYYY) **1/1/1996**

RETURNS AND ASSUMPTIONS – ADDITIONAL COMMENTS

Please use this text box to provide any additional information or commentary that may help clarify information provided in the previous form.

Prior to 01/01/2016, the actuarial assumed rate was net of administrative expenses. As of 01/01/2016, per the external actuary's recommendation, the methodology was adjusted to have an explicit assumption for administrative expenses. Therefore, the assumed return is net of investment expenses only. Investment expenses include manager fees and other investment related costs such as consultant and custodian fees, legal fees, and due diligence costs and tax and valuation services related to investments.

The returns reported above were calculated by Meketa, DPFP's investment consultant, using a time-weighted rate of return.

Starting in fiscal year 2014, DPFP transitioned the performance calculation methodology to a 'lagged with cash flow adjustments' platform. The change was based on DPFP's prior consultant recommendation, which was founded upon improving the timeliness of reports and implementing industry best practices. This cash-adjusted valuation process accurately represents the best available statement of each account's value at a specific point in time. Under this methodology, the consultant uses the most recent quarterly statement in receipt from each private investment manager and adjusts the ending market value by any capital activity that occurred from the date of the private investment statement through the end of the period. Capital calls are added and distributions deducted from the most recent statement's market value to calculate a current estimate of the market value.

Returns in the top chart for 12/21/2018 - 12/31/2010 are rounded to one decimal point, although the formatting shows two decimal places.

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RETURNS AND ASSUMPTIONS – UNAVAILABLE INFORMATION PRB-1000

Please list any unavailable information requested in this form in the text box below, including an explanation of why the information is unavailable. Completion of this form fulfills the requirements stated in Section 802.108 (c) of Texas Government Code.

Gross returns are gross of investment management fees billed to DPFP, but net of investment management fees and expenses of commingled funds and private market assets. Net returns are net of all investment management fees and investment expenses.

By marking this box, I certify that the information provided is accurate based on the methodology used; and that the retirement system for which this form is being provided agrees to a timely submission of the unavailable information if it becomes available.

CERTIFICATION

I certify that, as an official representative of the retirement system for which this report is being presented, I have the authority to provide the requested information, and that I have verified, to the best of my knowledge, that the information presented is complete, as far as indicated, and accurate. (Note: By typing your name below, you are signing this document.)

Kelly Gottschalk 11/11/2022
First Authorizing Signature Date

Executive Director
Title of First Authorizer

214-638-3863
First Authorizer Phone Number

kellyg@dpfp.org
First Authorizer Email

Ryan Wagner 11/11/2022
Second Authorizing Signature Date

Chief Investment Officer
Title of Second Authorizer

214-638-3863
Second Authorizer Phone Number

ryanw@dpfp.org
Second Authorizer Email

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