

AGENDA



Date: November 5, 2021

The second of two annual public meetings of the Dallas Police and Fire Pension System Board of Trustees as required by Section 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes will be held at **8:30 a.m. on Thursday, November 11, 2021, 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/82993252006?pwd=TUVLM0xsOW1oVUZPUWhiR0s4N09YUT09> Passcode: 905992.** Items of the following agenda will be presented to the Board:

- 1. Report on the health and performance of the Pension System**
 - a. January 1, 2021 Actuarial Valuation
 - b. Projected Change in Net Position Bridge Chart

- 2. Public comment**

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, and Section 551.078 for review of medical records.



DISCUSSION SHEET

ITEM #1

Topic: Report on the health and performance of the Pension System

- a. January 1, 2021 Actuarial Valuation
- b. Projected Change in Net Position Bridge Chart

Attendees: Jeff Williams, Vice President and Consulting Actuary, Segal Consulting
Caitlin Grice, Consulting Actuary, Segal Consulting (on phone)

Discussion:

- a. Jeff Williams and Caitlin Grice of Segal Consulting, DFPF's actuarial firm, will discuss results of the January 1, 2021 actuarial valuation report, including the GASB No. 67 actuarial valuation.
- b. On a quarterly basis staff presents a Change in Net Position Bridge chart based on actual historical data as part of the quarterly financial statement reporting. The Board requested that the same type of information be presented based on projected data. Staff will present similar information contained in the Change in Net Position Bridge chart based on projected data from the January 1, 2021 Actuarial Valuation report.

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes
Required Public Meeting – Thursday, November 11, 2021*



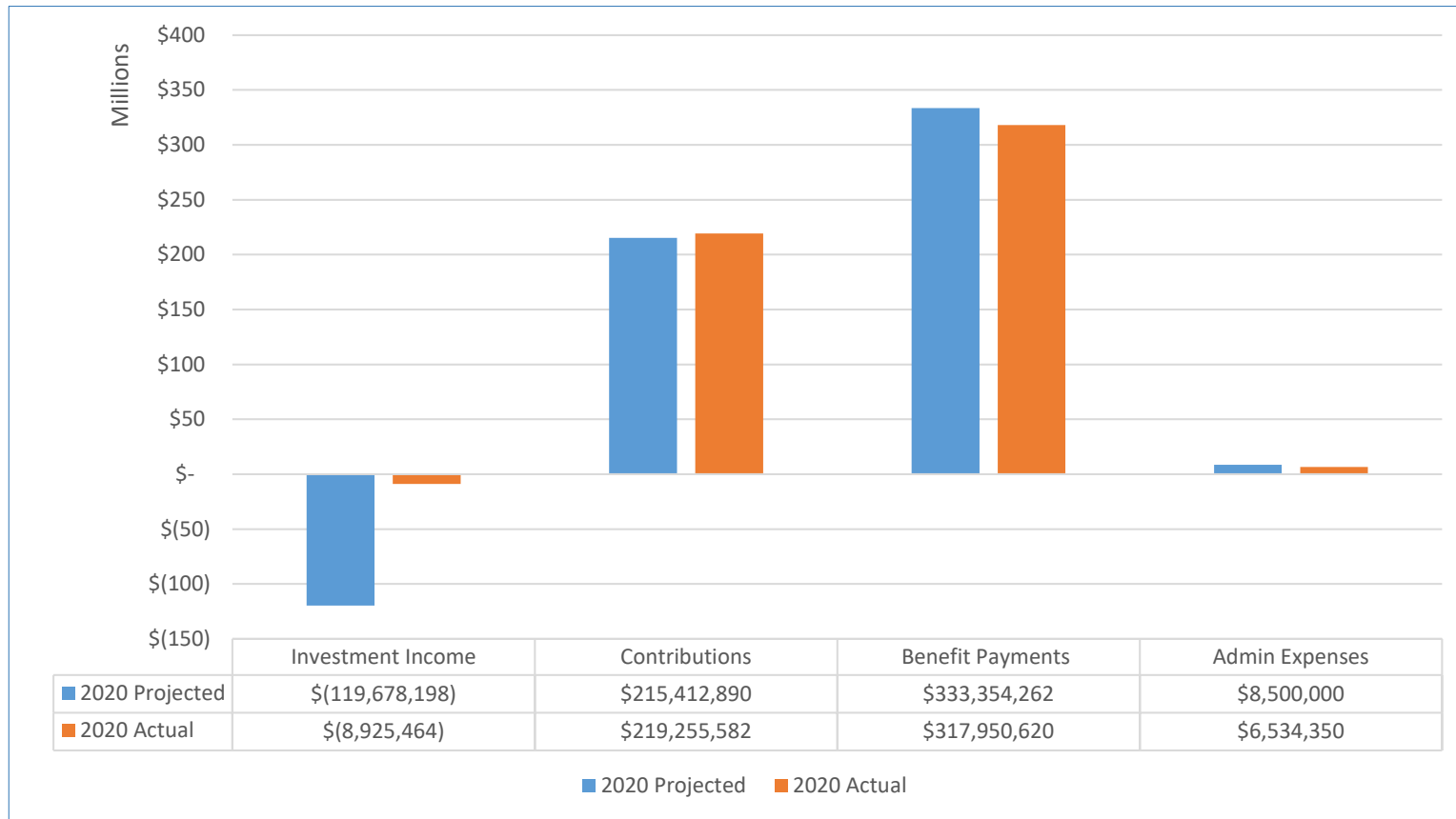
D A L L A S
POLICE & FIRE
PENSION SYSTEM



Projected Change in Net Position Bridge Chart

November 11, 2021

2020 Actual Compared to Data Projections from the 1-1-2020 Valuation



- Ending Net Position

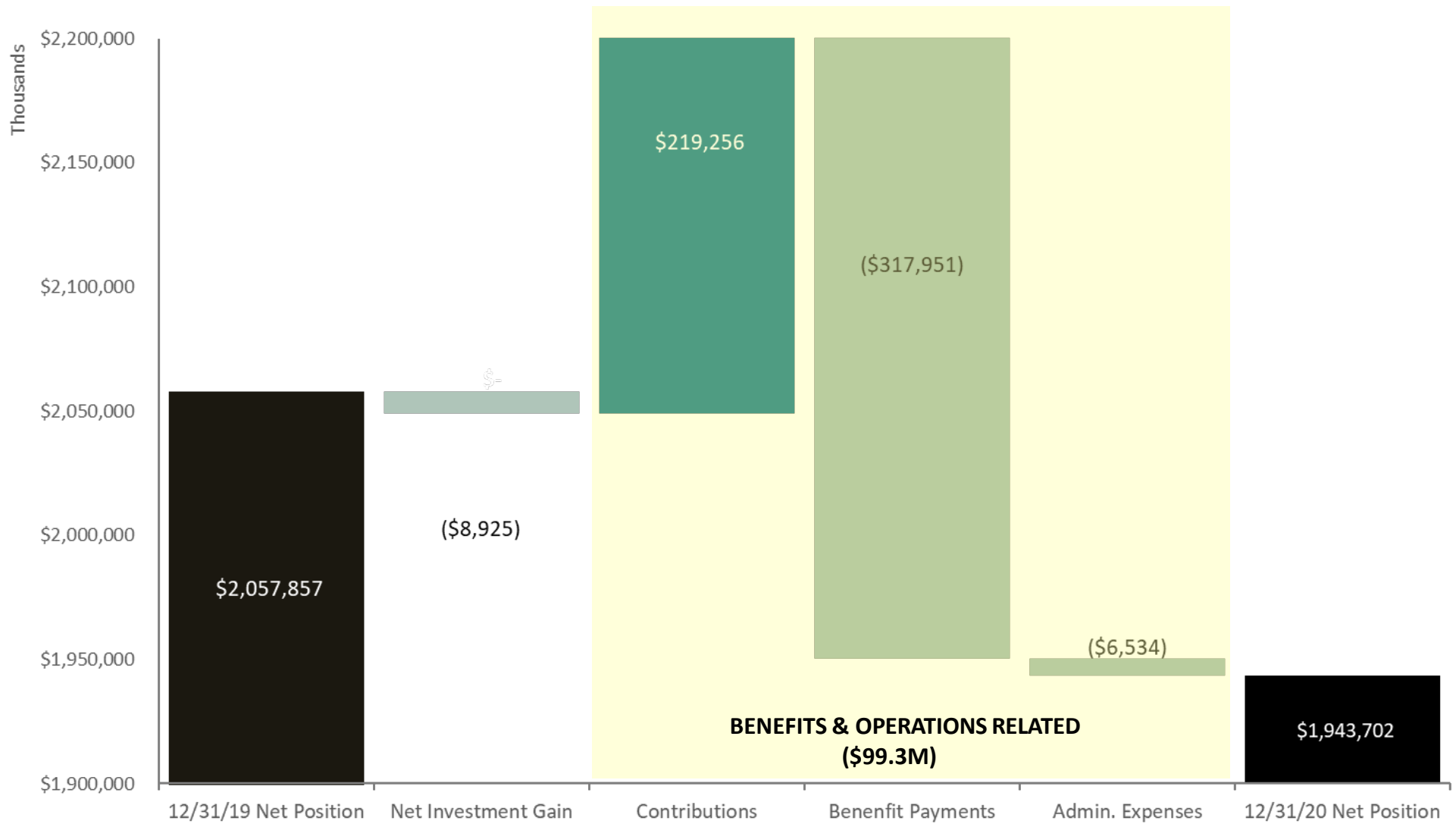
Projection: \$1.81 Billion

Actual: \$1.94 Billion

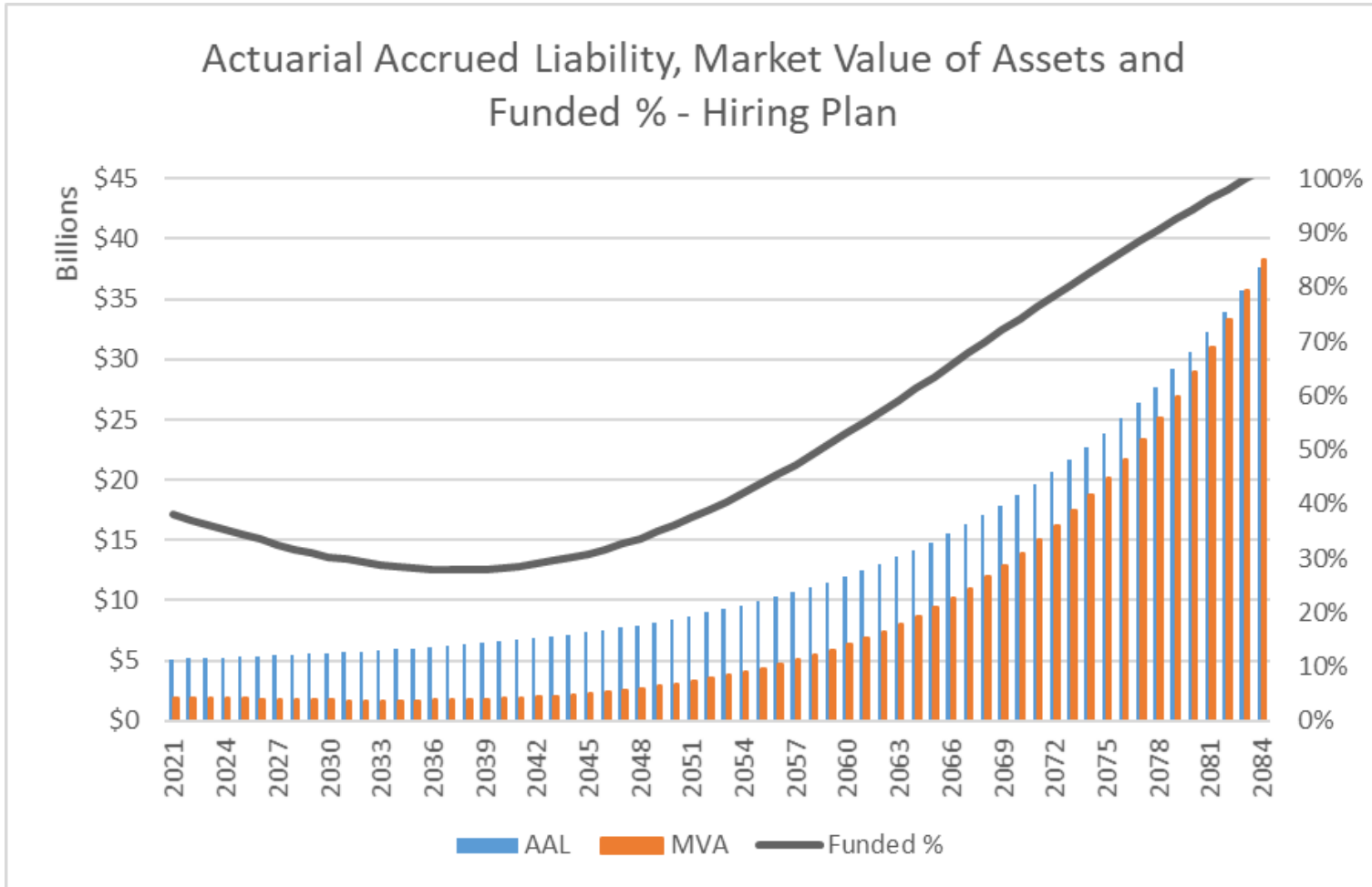
- Actual ending Net Position is \$132 million more than projected in the prior year valuation

2020 Projected Change in Net Fiduciary Position

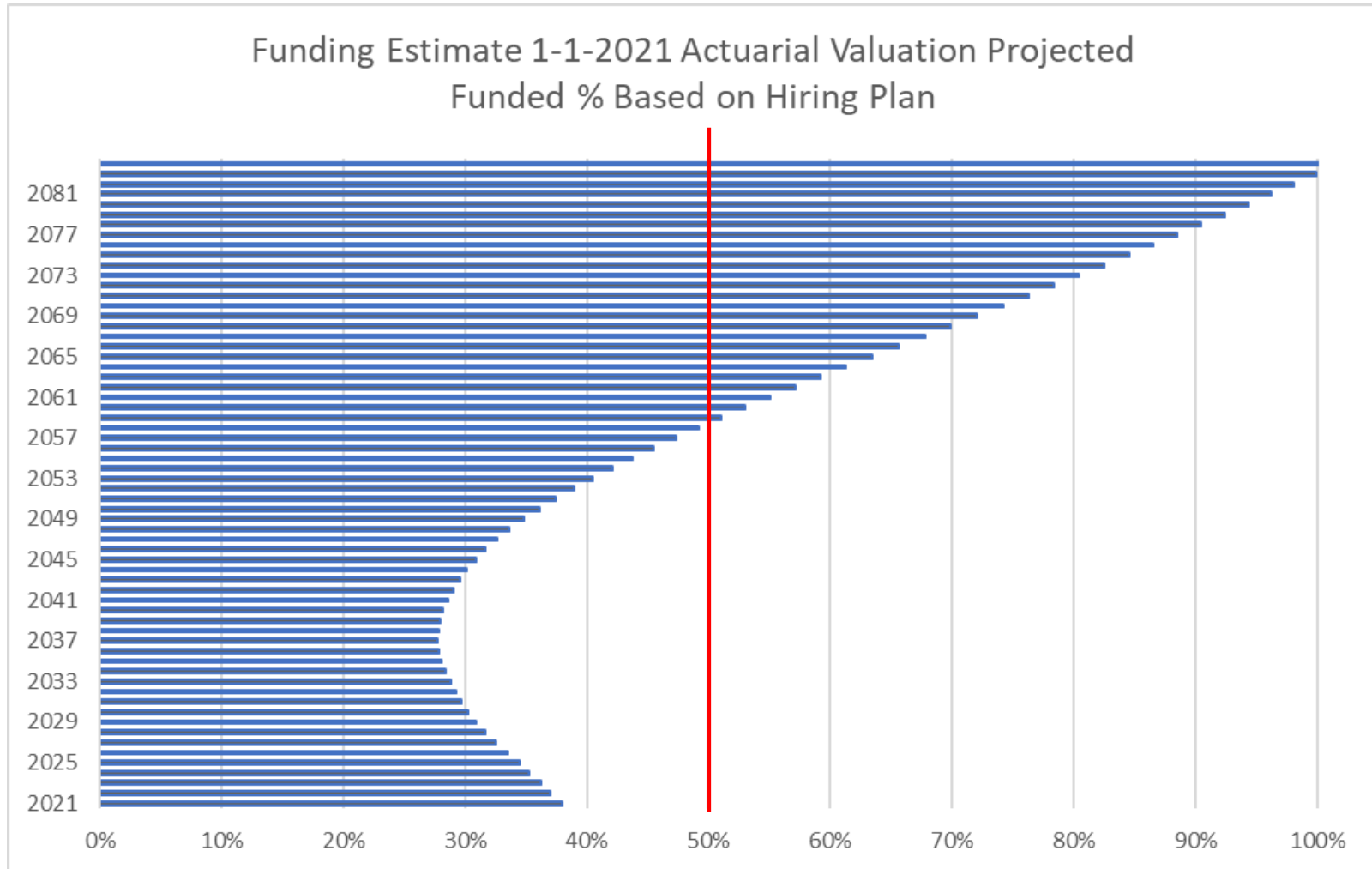
December 31, 2019 – December 31, 2020 – Hiring Plan



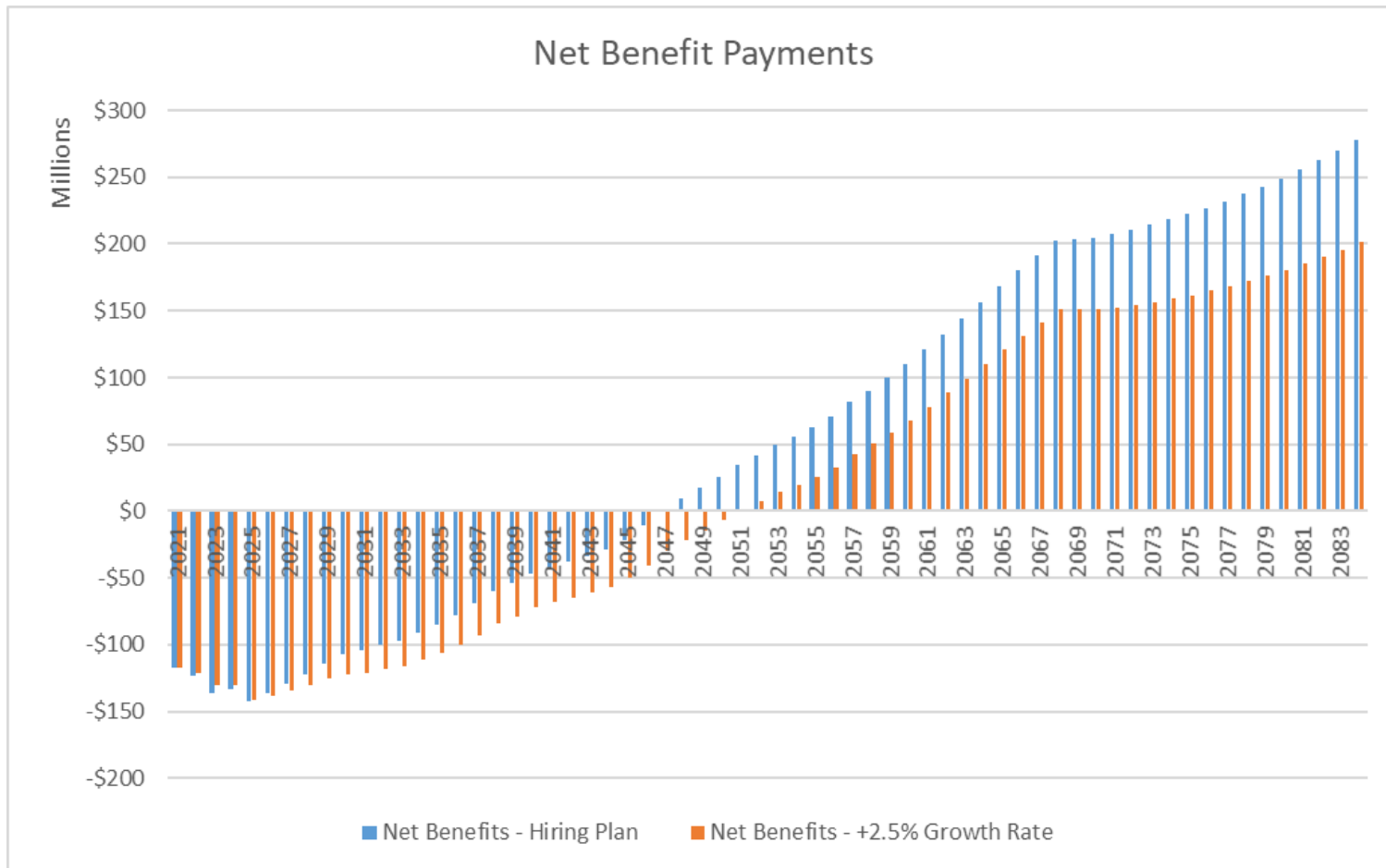
Actuarial Accrued Liability, Market Value of Assets and Funded % Based on City Hiring Plan



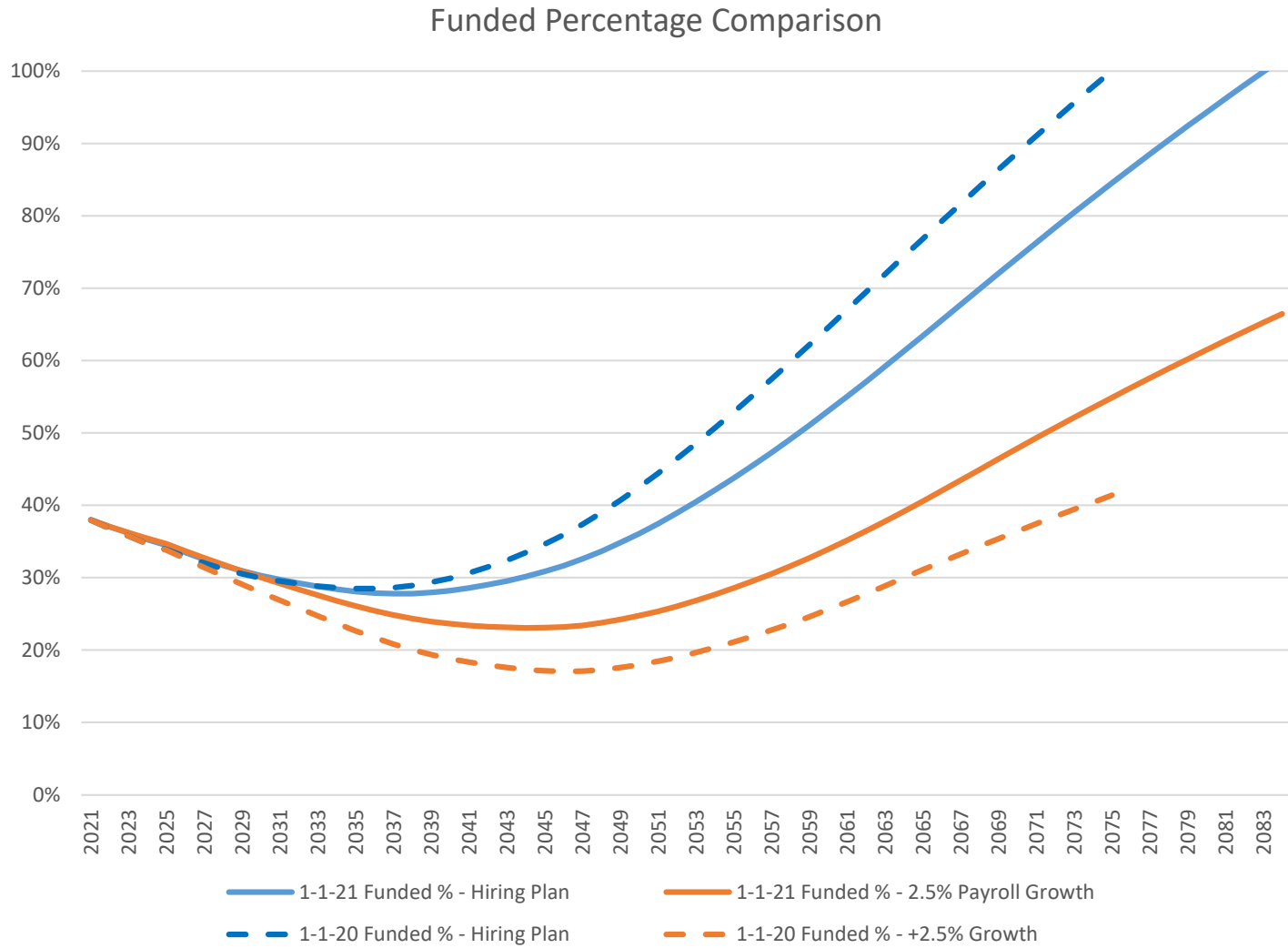
Projected Funded Percentage – City Hiring Plan



Net Benefit Payments - Benefit payments exceed contributions until 2047 or 2051 depending on the payroll assumption



Funded % Comparison



Conclusion

- The projected change in Net Position charts and tables are based on the 1-1-2021 Actuarial Valuation and assumes all assumptions are met.
 - The funded percentage is projected to decline for the next 17 years before it begins to increase.
 - The funded percentage is projected to be below 30% for 13 years, below 40% for 32 years. Projections show the funded level below 50% for 38 years until 2058.
 - The timeline to achieve full funding increased primarily due to the reduction of the Assumed Rate of Return from 7% to 6.5%.
- If the City does not meet the Hiring Plan projections, and contributions are at the actual level plus the payroll growth assumption of 2.5%, the projected results are as follows:
 - The funded percentage is projected to drop below 30% for 26 years and not achieve 40% funded until 2054.
- Takeaway: As we knew when HB 3158 was passed, HB 3158 created a path to solvency, but the path is narrow with many risks and little room for error. Any early disruption in achieving the assumptions (both investment returns as well as hiring projections) could have a catastrophic impact on the funding of the plan.



DISCUSSION SHEET

ITEM #2

Topic: Public Comment

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

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