

AGENDA



Date: September 5, 2025

The supplemental meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, September 11, 2025, 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=OG5CbEFhajN5V0hWaUFJMTlhYcHQ2Zz09> **Passcode: 923237**. Items of the following agenda will be presented to the Board:

A. APPROVAL OF MINUTES

Regular meeting of August 14, 2025

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

January 1, 2025 Actuarial Valuation

C. BRIEFING ITEMS

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 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.

**Dallas Police and Fire Pension System
Thursday, August 14, 2025
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room Dallas, TX**

Supplemental meeting, Michael Taglienti, Chairman, presiding:

ROLL CALL

Board Members

Present at 8:32 a.m. Michael Taglienti, Tom Tull, Matthew Shomer, Anthony Scavuzzo, David Kelly, Marcus Smith

By telephone: Michael Brown, Robert Walters, Steve Idoux

Absent Joe Colonna

Staff

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Kyle Schmit, Luis Solorzano Trejo, John Holt, Nien Nguyen, Milissa Romero, Cynthia J. Thomas (by telephone)

Others

Jeff Williams, Caitlin Grice, David Elliston, Suzanne Zieman, Ben Mesches, David Harper

By telephone: Leandro Festino, Colin Kowalski

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The Supplemental meeting was called to order and recessed at 8:32 a.m.

The Supplemental meeting was reconvened at 11:32 a.m.

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A. APPROVAL OF MINUTES

Regular meeting of July 10, 2025

After discussion, Mr. Shomer made a motion to approve the minutes of the meeting of July 10, 2025. Mr. Kelly seconded the motion, which was unanimously approved by the Board.

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**Supplemental Board Meeting
Thursday, August 14, 2025**

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

1. Actuarial Review and Actuarial Valuation Assumptions

- a. Actuarial Experience Review**
- b. January 1, 2025 Actuarial Valuation Assumptions**

Jeff Williams and Caitlin Grice, Vice Presidents and Consulting Actuaries with Segal Consulting presented the results of the Actuarial Experience Review for DPFP for the period of January 1, 2020 to December 31, 2024 and discussed the assumptions for the Board to determine the assumptions to use in the January 1, 2025 actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan.

After discussion, Mr. Shomer made a motion to accept the Review of Actuarial Experience and directed it to be submitted to the Pension Review Board. Mr. Tull seconded the motion, which was unanimously approved by the Board.

After discussion, Mr. Tull made a motion to direct Segal to use their recommended assumptions in preparing the January 1, 2025 actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan. Mr. Shomer seconded the motion, which was unanimously approved by the Board.

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2. 2025 Mid-Year Budget Review

The Chief Financial Officer presented a review of the 2025 Operating Expense Budget detailing expenses for the first six months of the calendar year.

No motion was made.

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3. Quarterly Financial Reports

The Chief Financial Officer presented the second quarter 2025 financial statements.

No motion was made.

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**Supplemental Board Meeting
Thursday, August 14, 2025**

C. BRIEFING ITEMS

Public Comment

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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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Shomer and a second by Mr. Smith, the meeting was adjourned at 11:33 a.m.

ATTEST:

Kelly Gottschalk,
Secretary

Michael Taglienti,
Chairman



DISCUSSION SHEET

ITEM B

Topic: January 1, 2025 Actuarial Valuation

Attendees: Jeff Williams, Vice President and Actuary, Segal

Discussion: Jeff Williams of Segal, DPFP's actuarial firm, will discuss results of the January 1, 2025 actuarial valuation report.

Staff

Recommendation: **Approve** issuance of the January 1, 2025 actuarial valuation report, subject to final review by the auditors (BDO) and review and approval by the Executive Director.

Supplemental Board Meeting– Thursday, September 11, 2025



Dallas Police and Fire Pension System

Annual Valuation Summary as of January 1, 2025

Board of Trustees Meeting – September 11, 2025

Jeff Williams, Vice President and Consulting Actuary

Caitlin Grice, Vice President and Consulting Actuary

January 1, 2025 Actuarial Valuation Highlights

Actuarial Determined Contribution (ADC)

- The ADC for the City's fiscal year beginning October 1, 2026 is \$304.6M, or 52.70% of projected pay
 - The ADC consists of the normal cost payment, i.e., the amount contributed towards the participant's benefits, and a cumulative amortization payment of all gain/loss, assumption and plan changes.
 - The employer normal cost portion of the ADC, including administrative expense assumption, is 10.84% of pay, before adjustment for timing
 - Member contributions are 13.50% of pay

Experience gain/loss

- The total actuarial loss was 1.35% of actuarial accrued liability
 - Gain from investments of 0.72%
 - Loss from demographic/other experience of 2.07%
 - The loss was caused by salary increases greater than expected, partially offset by retirement and turnover experience

January 1, 2025 Actuarial Valuation Highlights

Assumption Changes

- Following an Experience Study for the period January 1, 2020 through December 31, 2024, the Trustees adopted the following assumption changes effective January 1, 2025:
 - All Mortality Tables updated to Pub-2016 and projected generationally using Scale MP-2021:
 - Healthy Annuitant mortality table, multiplied times 1.25 for males and multiplied by 0.8 for females
 - Contingent Beneficiary Mortality table, multiplied times 1.1 for males and multiplied by 1.25 for females
 - Disabled Annuitant Mortality table, set forward five years for males
 - Pre-Retirement Mortality, set forward five years for males and setback two years for females
 - Retirement Rates for the following participant groups:
 - DROP: Lowered age-based rates covering the same age ranges for Fire and Police
 - Non-DROP: Updated age-based rates covering the same age ranges for Fire and Police
 - Terminated Vested: 25% of those who terminate will take a cash out within the first two years after termination. Afterwards, 100% retirement at normal retirement age
 - Age-based Disability rates lowered
 - Service-based Turnover rates updated
 - Spousal age difference updated from females three years younger than males to two years younger
 - Payroll growth increased from 2.50% to 3.50%
 - Salary Scales based on service, with 10-14% increase based on rank in first year, based on 2025 pay scales.
- These assumption changes decreased the actuarial accrued liability by 1.38% and increased the total normal cost by 16.37%
- As a result of these changes, the ADC decreased by \$4.3M

January 1, 2025 Actuarial Valuation Highlights

Funded ratios

- On an actuarial basis, increased from 32.02% in 2024 to 32.21% in 2025
- On a market basis, increased from 33.83% in 2024 to 34.24% in 2025

Financial information

- Actuarial value of assets increased from \$1.83B to \$1.89B
- Market value of assets increased from \$1.93B to \$2.01B
- Cash outflow decreased from -\$114.8M in 2024 to -\$97.8M in 2025
- Currently \$119.1M in unrecognized asset gains
- Rates of return
 - Assumed return of 6.50%
 - Market return of 9.25%
 - Actuarial return of 8.91%



Summary of Key Valuation Results

| Valuation Result | Current | Prior |
|---|------------------------|------------------------|
| Contributions for City's fiscal year beginning | October 1, 2026 | October 1, 2025 |
| • City's actuarially determined contributions | \$304,550,643 | \$ 262,006,650 |
| • City's ADC as a percent of projected pay | 52.70% | 53.47% |
| Actuarial accrued liability for plan year beginning | January 1, 2025 | January 1, 2024 |
| • Retired members and beneficiaries | \$3,701,881,383 | \$3,776,555,918 |
| • Inactive vested members | 39,239,435 | 33,887,507 |
| • Inactive members due a refund of employee contributions | 1,108,763 | 1,891,621 |
| • Active members | 2,132,241,613 | 1,907,045,237 |
| • Total actuarial accrued liability | \$5,874,471,194 | \$5,249,014,813 |
| • Normal cost including administrative expenses for plan year beginning January 1 | 132,457,316 | 101,682,926 |
| Assets for plan year beginning January 1 | | |
| • Market value of assets (MVA) | \$2,011,422,373 | \$1,934,816,560 |
| • Actuarial value of assets (AVA) | 1,892,332,008 | 1,831,293,364 |
| • Actuarial value of assets as a percentage of market value of assets | 94.08% | 94.65% |
| Funded status for plan year beginning January 1 | | |
| • Unfunded actuarial accrued liability on market value of assets | \$3,863,048,821 | \$3,784,563,723 |
| • Funded percentage on MVA basis | 34.24% | 33.83% |
| • Unfunded actuarial accrued liability on actuarial value of assets | \$3,982,139,186 | \$ 3,888,086,919 |
| • Funded percentage on AVA basis | 32.21% | 32.02% |
| • Effective Amortization period on an AVA basis | 28 | 29 |
| • Projected year of full funding | 2053 ¹ | 2053 ¹ |

¹ Assumes the City pays the Actuarial Determined Contribution in each fiscal year

History of Employer Contributions

History of Employer Contributions: 2016 – 2024

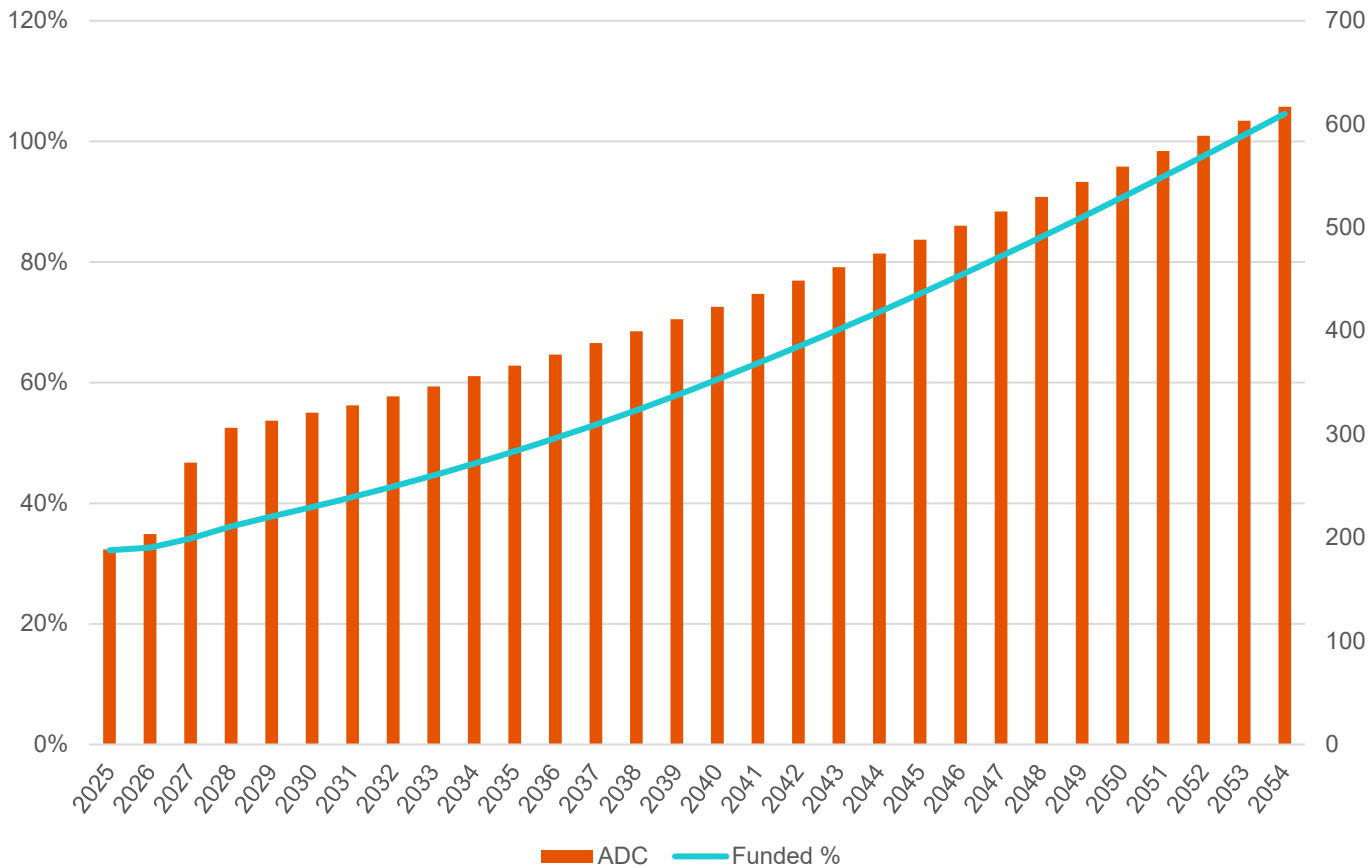
| Year Ended | Actuarial Determined Contribution | Actual Employer Contribution | Percent Contributed |
|--------------------|--|-------------------------------------|----------------------------|
| December 31, 2016 | \$261,859,079 | \$119,423,106 | 45.61% |
| December 31, 2017 | 168,865,484 | 126,318,005 | 74.80% |
| December 31, 2018 | 157,100,128 | 149,356,565 | 95.07% |
| December 31, 2019 | 152,084,297 | 155,721,087 | 102.39% |
| December 31, 2020 | 185,428,764 | 161,950,183 | 87.34% |
| December 31, 2021 | 221,285,746 | 165,541,265 | 74.81% |
| December 31, 2022 | 228,530,758 | 169,911,420 | 74.35% |
| December 31, 2023 | 251,606,424 ¹ | 171,960,839 | 68.35% |
| December 31, 2024 | -- | 188,633,391 | 72.00% |
| September 30, 2026 | 262,006,650 | -- | -- |
| September 30, 2027 | 304,550,643 | -- | -- |

¹ Based on the original January 1, 2023 actuarial valuation, prior to the change in reporting the ADC based on the City's fiscal year.

Schedule of Funding Progress through December 31, 2024

| Actuarial Valuation Date of January 1 | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b) – (a) | Funded Ratio (a) / (b) | Computation Pay (c) | UAAL as a Percentage of Computation Pay [(b) – (a)] / (c) |
|--|-------------------------------------|--|-------------------------------------|------------------------------|---------------------------|---|
| 2015 | \$3,695,273,876 | \$5,792,216,025 | \$2,096,942,149 | 63.80% | \$383,006,330 | 547.50% |
| 2016 | 2,680,124,303 | 5,947,173,998 | 3,267,049,695 | 45.07% | 365,210,426 | 894.57% |
| 2017 | 2,157,799,730 | 4,367,180,454 | 2,209,380,724 | 49.41% | 357,414,472 | 618.16% |
| 2018 | 2,151,039,343 | 4,505,437,185 | 2,354,397,842 | 47.74% | 346,036,690 | 680.39% |
| 2019 | 2,161,899,662 | 4,494,822,504 | 2,332,922,842 | 48.10% | 363,117,415 | 642.47% |
| 2020 | 2,160,125,611 | 4,723,972,480 | 2,563,846,869 | 45.73% | 396,954,743 | 645.88% |
| 2021 | 2,127,834,406 | 5,115,966,592 | 2,988,132,186 | 41.59% | 427,440,530 | 699.08% |
| 2022 | 2,117,978,431 | 5,158,782,340 | 3,040,803,909 | 41.06% | 436,971,384 | 695.88% |
| 2023 | 1,806,567,341 | 5,249,014,813 | 3,442,447,472 | 34.42% | 462,820,226 | 743.80% |
| 2024 | 1,831,293,364 | 5,719,380,283 | 3,888,086,919 | 32.02% | 469,275,612 | 828.53% |
| 2025 | 1,892,332,008 | 5,874,471,194 | 3,982,139,186 | 32.21% | 544,095,176 | 731.88% |

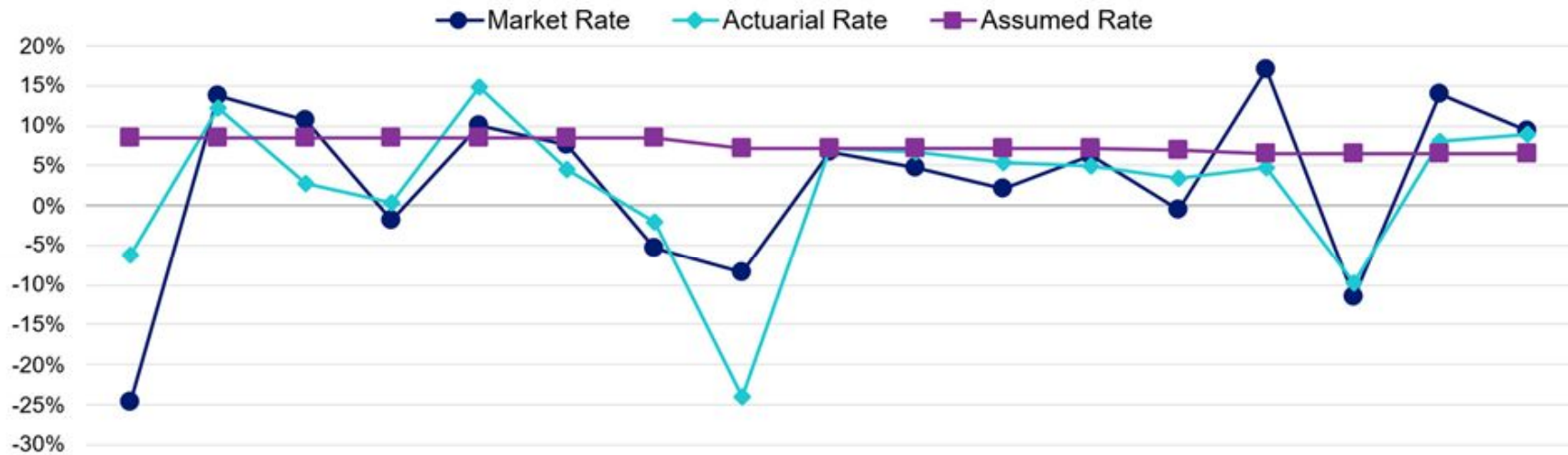
Projection of Funded Percentage and ADC (\$ Millions)



The projection above anticipates that all actuarial assumptions are met in the future and the City contributes 100% of the projected ADC in each of its fiscal years.

Historical Investment Returns

Market and Actuarial Rates of Return versus Assumed Rate for Years Ended December 31



| Legend | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------------------------|---------|--------|--------|--------|--------|-------|--------|---------|-------|-------|-------|-------|--------|--------|---------|--------|-------|
| Market rate ¹ | -24.80% | 13.78% | 10.72% | -1.78% | 9.92% | 7.70% | -5.35% | -8.47% | 6.82% | 4.74% | 2.09% | 6.25% | -0.45% | 16.99% | -11.46% | 13.90% | 9.25% |
| Actuarial rate ² | -6.14% | 12.29% | 2.69% | 0.43% | 14.79% | 4.52% | -1.98% | -24.03% | 7.16% | 6.63% | 5.48% | 5.05% | 3.46% | 4.68% | -9.75% | 7.98% | 8.91% |
| Assumed rate | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% | 7.25% | 7.25% | 7.25% | 7.25% | 7.25% | 7.00% | 6.50% | 6.50% | 6.50% | 6.50% |

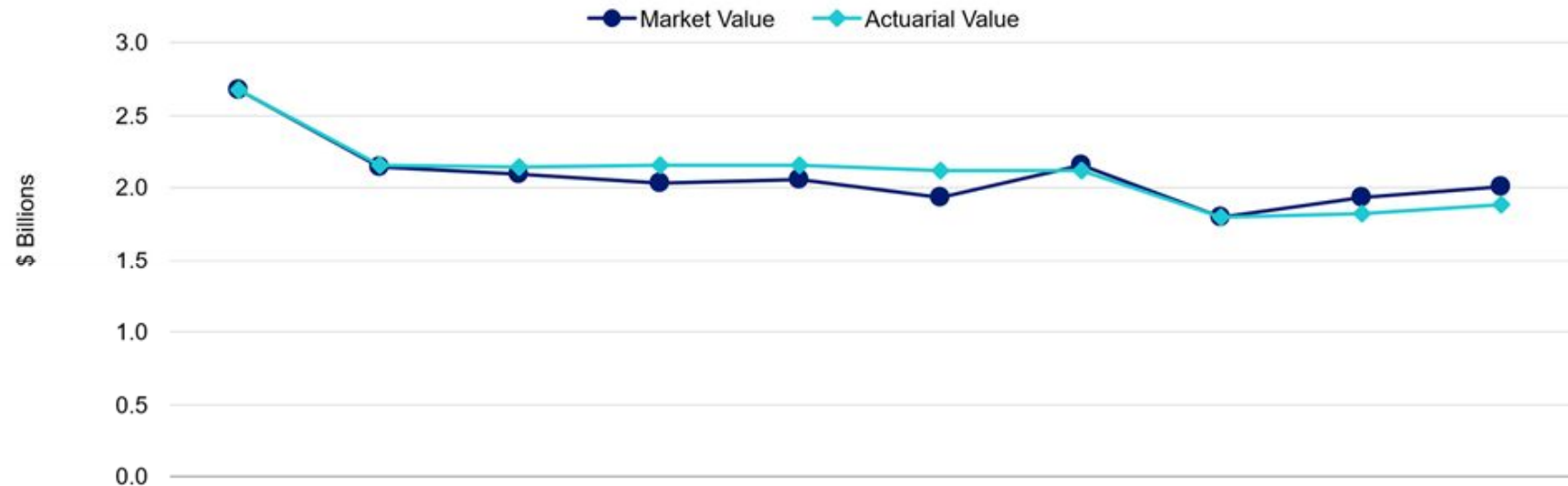
| Average Rates of Return | Market Value | Actuarial Value |
|---------------------------------------|--------------|-----------------|
| Most recent five-year average return: | 5.07% | 0.21% |
| Most recent ten-year average return: | 3.12% | -3.90% |
| Most recent 15-year average return: | 3.48% | -0.44% |
| 17-year average return: | 1.83% | 0.01% |

¹ Returns for 2014 and 2015 include significant write-downs in the System's assets

² Includes a change in asset method for plan years 2012, 2015 and 2023

Asset History for Years Ended December 31

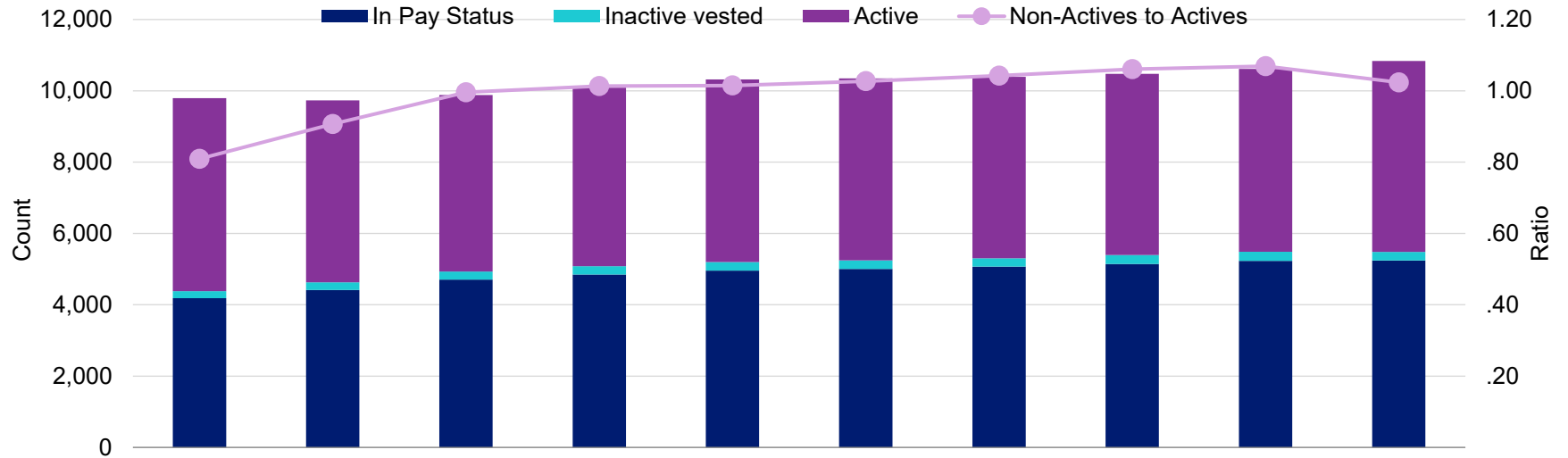
Market Value of Assets vs Actuarial Value of Assets



| Legend | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| ■ Market value ¹ | \$2.68 | \$2.15 | \$2.10 | \$2.04 | \$2.06 | \$1.94 | \$2.16 | \$1.81 | \$1.93 | \$2.01 |
| ■ Actuarial value ¹ | 2.68 | 2.16 | 2.15 | 2.16 | 2.16 | 2.13 | 2.12 | 1.81 | 1.83 | 1.89 |
| Ratio | 1.00 | 1.00 | 1.02 | 1.06 | 1.05 | 1.09 | 0.98 | 1.00 | 0.95 | 0.94 |

¹ In \$ billions

Participant Population as of December 31



| Legend | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|------------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| In Pay Status ¹ | 4,182 | 4,414 | 4,706 | 4,849 | 4,956 | 5,003 | 5,071 | 5,142 | 5,231 | 5,242 |
| Inactive Vested ² | 200 | 215 | 226 | 230 | 242 | 241 | 233 | 252 | 254 | 240 |
| Active | 5,415 | 5,104 | 4,952 | 5,012 | 5,121 | 5,106 | 5,088 | 5,085 | 5,131 | 5,356 |
| Ratio | 0.81 | 0.91 | 1.00 | 1.01 | 1.02 | 1.03 | 1.04 | 1.06 | 1.07 | 1.02 |

¹ Exclude beneficiaries who only have a DROP account.

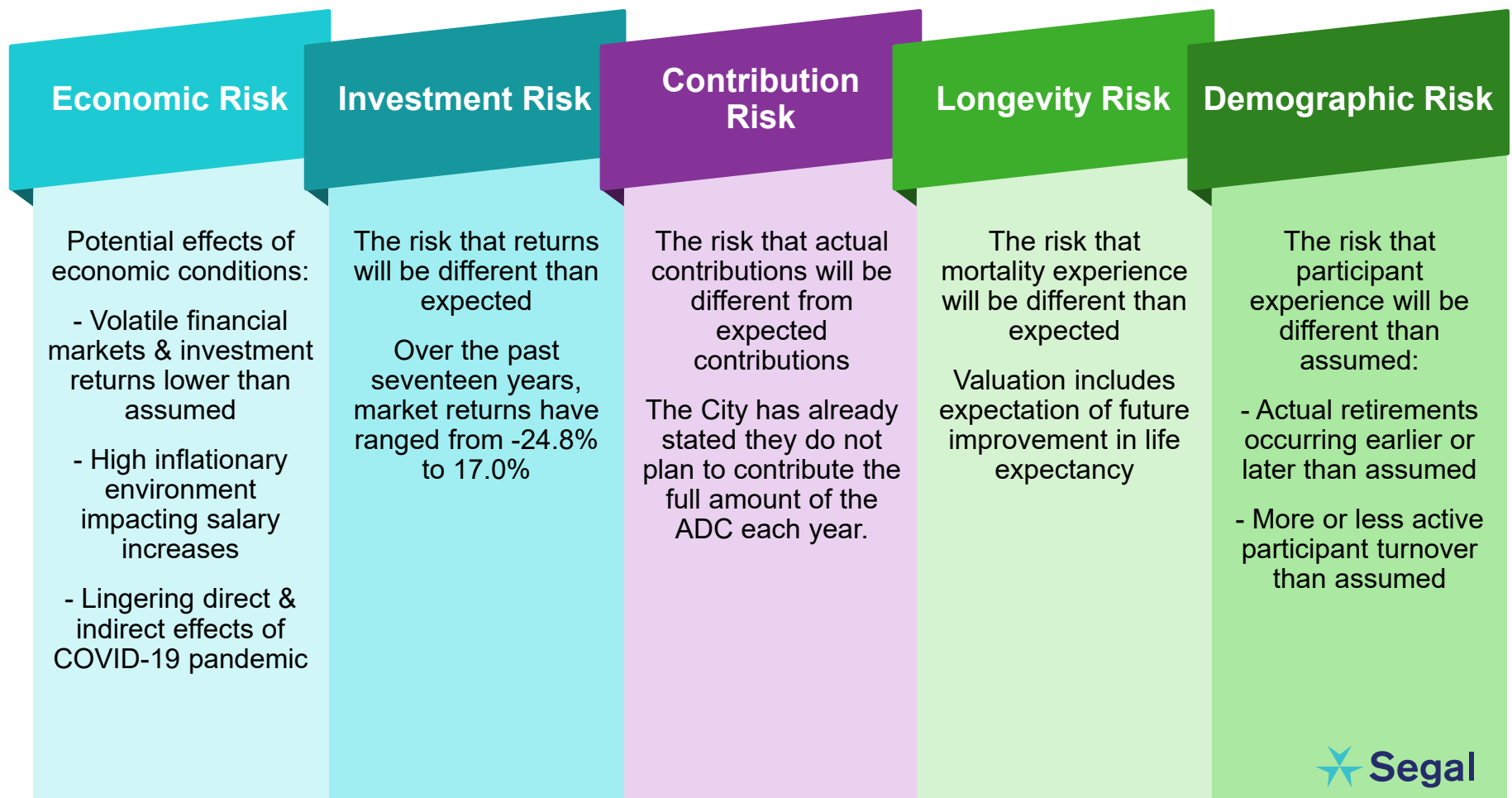
² Excludes terminated participants due a refund of employee contributions.

Plan Demographics

| Category | Year Ended December 31, 2024 | Year Ended December 31, 2023 | Change From Prior Year |
|--|---------------------------------|---------------------------------|---------------------------|
| Active members in valuation: | | | |
| • Number | 5,356 | 5,131 | 4.4% |
| • Average age | 39.9 | 40.1 | -0.2 |
| • Average years of service | 12.4 | 12.6 | -0.2 |
| • Average computation pay | \$101,586 | \$91,459 | 11.1% |
| • Account balances | 490,230,548 | 443,981,246 | 10.42% |
| • Total active vested members | 3,976 | 3,854 | 3.17% |
| Active members in valuation (excluding DROP): | | | |
| • Number | 5,161 | 4,921 | 4.9% |
| • Average age | 39.2 | 39.2 | 0.0 |
| • Average years of service | 11.6 | 11.7 | -0.1 |
| • Average computation pay | \$101,054 | \$91,050 | 11.0% |
| Active members in valuation (DROP only): | | | |
| • Number | 195 | 210 | -7.1% |
| • Average age | 60.1 | 59.6 | 0.7 |
| • Average years of service | 34.1 | 33.4 | 0.7 |
| • Average computation pay | \$115,679 | \$101,046 | 14.5% |
| • DROP Account balances | 78,774,807 | 88,453,699 | -10.9% |
| Inactive vested members: | | | |
| • Number | 240 | 254 | -5.5% |
| • Average age | 42.4 | 42.2 | 0.2 |
| • Average monthly benefit | \$1,324 | \$1,315 | 0.75% |
| Inactive nonvested members due a refund: | | | |
| • Number | 234 | 326 | -28.2% |
| • Accumulated contribution balance | \$1,108,763 | \$1,891,621 | -41.39% |
| Retired members: | | | |
| • Number in pay status | 3,917 | 3,910 | 0.2% |
| • Average age | 68.7 | 68.4 | 0.3 |
| • Average monthly benefit | \$4,971 | \$4,935 | 0.7% |
| Disabled members: | | | |
| • Number in pay status | 98 | 105 | -6.7% |
| • Average age | 68.2 | 69.5 | -1.3 |
| • Average monthly benefit | \$3,554 | \$3,562 | -0.2% |
| Beneficiaries: | | | |
| • Number in pay status | 1,227 | 1,216 | 0.9% |
| • Average age (excludes child beneficiaries) | 73.7 | 72.9 | 0.7 |
| • Average monthly benefit | \$2,619 | \$2,525 | 3.7% |
| Beneficiaries with DROP only: | 203 | 141 | 43.97% |

Risk

The actuarial valuation results are dependent on a single set of assumptions; however, there is a risk that emerging results may differ significantly as actual experience proves to be different from the current assumptions.



Caveats

- This presentation is intended for the use of the Board of Trustees for the Dallas Police and Fire Pension System and is a supplement to Segal's yet-to-be-published full valuation reports for the System as of January 1, 2025.
- Please refer to the full valuation reports for a description of assumptions and plan provisions reflected in the results shown in this presentation. The reports also include more comprehensive information regarding the System's membership, assets, and experience during the most recent plan year.
- Projections, by their nature, are not a guarantee of future results. They are intended to serve as estimates of future financial outcomes that are based on assumptions about future experience and the information available to us at the time the modeling is undertaken and completed. The projected future results included in this presentation show how the System would be affected if specific investment return, salary, mortality, turnover, disability and retirement assumptions are met. Actual results may differ due to such variables as demographic experience, the economy, contribution patterns, stock market performance and the regulatory environment.
- The calculations included in this presentation were completed under the supervision of Jeffrey S. Williams, FCA, ASA, MAAA, EA.

Questions?

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DISCUSSION SHEET

Supplemental ITEM C

Topic: **Public Comment**

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

Supplemental Board Meeting – Thursday, September 11, 2025