

## AGENDA



**Date:** April 4, 2025

The regular meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, April 10, 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=OG5CbEFhajN5V0hWaUFJMlhYcHQ2Zz09> Passcode: 923237.** Items of the following agenda will be presented to the Board:

### **A. TRUSTEES**

Welcome newly appointed Trustees and recognition of outgoing Trustees

### **B. MOMENT OF SILENCE**

### **C. APPROVAL OF MINUTES**

Regular meeting of March 20, 2025

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

- 1. Board Chairman, Vice Chairman, and Deputy Vice Chairman Election**
- 2. Non-member Trustee Vacancy**
- 3. Audit Plan**
- 4. Executive Director Approved Pension Ministerial Actions**
- 5. City Contribution Update**
- 6. Board approval of Trustee education and travel**
  - a. Future Education and Business-related Travel
  - b. Future Investment-related Travel
- 7. Board Members' reports on meetings, seminars and/or conferences attended**
- 8. Pension Administration Software Project Update**
- 9. Portfolio Update**

**10. 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.

**11. Legislative 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.

**12. 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.**

## **E. BRIEFING ITEMS**

### **1. Public Comment**

### **2. Executive Director's Report**

#### **a. Associations' newsletters**

- NCPERS Monitor (April 2025)

#### **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.

# Joe Colonna



Mr. Colonna, a Dallas based investor, has 30 years of experience in the private equity industry as both an investor and operator. From 1985 to 1996 he served in a variety of banking and finance roles. From 1997 to 2011, Mr. Colonna worked for Hicks, Muse, Tate & Furst, a nationally prominent private equity firm in the United States, Europe and Latin America. He served as a partner with Hicks Muse beginning in 2003. While at Hicks Muse, Mr. Colonna was active in executing and managing investments valued in excess of \$2.5 billion and worked in 8 countries. Since 2011, he has been the General Partner of HBC Investments, which makes private equity investments in infrastructure and financial services on behalf of a network of family offices in the U.S.

Mr. Colonna served on the Prepaid Higher Education Tuition Board from 2008 to 2013 which has oversight of all of the investments in the Texas Prepaid College Tuition Plans.

In 2011 Mr. Colonna was appointed by Texas Governor Rick Perry and reappointed by Governor Greg Abbott to serve as a Trustee on the Teachers' Retirement System of Texas (Texas Teachers' Board), a \$200 billion investment fund benefiting 1.6 million educators in the State of Texas, where he served for 8 years. Mr. Colonna served as the Chairman of the prominent Investment Committee of the Texas Teachers' Board with oversight across all asset classes.

Mr. Colonna currently serves as the Lead Director for the board of Aris Water Solutions (NYSE: ARIS). Mr. Colonna has held numerous board positions for both public and private companies across the energy, consumer, and financial services industries.

Mr. Colonna graduated from the University of Houston in 1985 and resides with his wife Kimberly in Dallas.

# R. David Kelly



With over 35 years of experience in real estate and capital markets, Mr. Kelly has overseen more than \$50 billion in financial transactions and developed over \$3.5 billion in real estate assets, including \$400 million in public-private partnerships.

His significant governance and strategic planning experience, particularly in the public sector, includes serving as Chairman of the Texas Public Finance Authority from 2002 to 2006 and as Chairman of the Teacher's Retirement System of Texas from 2009 to 2017.

Currently, Mr. Kelly holds the position of lead independent director of TCW Direct Lending, as well as being a director of The Invesco REIT and serving on the Governing Board of Children's Medical Center Plano.

Mr. Kelly earned his bachelor's degree from Harvard University and an MBA from the Stanford University Graduate School of Business.

# Robert C. Walters



Rob Walters is a retired trial and antitrust partner with Gibson Dunn in Dallas. Rob also served as Executive Vice President and General Counsel of Energy Future Holdings (fka TXU Corp.). Rob is a member of the American Law Institute and has served as an adjunct professor at Southern Methodist University School of Law in trial advocacy and at the University of Texas School of Law in energy policy and law.

Rob has served in a range of civic capacities, including as chair of the Dallas Citizens Council and on the boards of the Communities Foundation of Texas, Child Poverty Action Lab, Dallas Council on World Affairs, the University of Texas School of Law, the UT Chancellor's Council, and the University of Texas Plan II Board of Visitors. He is a founder and Vice Chair of Klyde Warren Park. He also serves on the board of Vistra Corporation.

Rob received his Bachelor of Arts degree (Plan II Interdisciplinary Honors) *summa cum laude* from the University of Texas at Austin in 1980 and his law degree from the University of Texas in 1983 *magna cum laude*. He is married to Carolyn Roes Walters and they have two sons, Cav and Chris.



## **MOMENT OF SILENCE**

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

<b>NAME</b>	<b>ACTIVE/ RETIRED</b>	<b>DEPARTMENT</b>	<b>DATE OF DEATH</b>
Walter G. Wilson	Retired	Police	Feb. 22, 2025
Patrick D. Cheshier	Retired	Police	Mar. 4, 2025
James W. Harris Sr.	Retired	Police	Mar. 7, 2025
Ulysses Underwood	Retired	Fire	Mar. 17, 2025
Brett A. Shipp	Active	Fire	Mar. 23, 2025
Randall L. Jones	Retired	Police	Mar. 27, 2025
Donald R. O'Donnel	Retired	Police	Mar. 27, 2025

*Regular Board Meeting –Thursday, April 10, 2025*



**Dallas Police and Fire Pension System  
Thursday, March 20, 2025  
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 8:30 a.m. Nicholas Merrick, Tina Hernandez Patterson, Michael Taglienti, Michael Brown, Tom Tull, Marcus Smith, Matthew Shomer, Steve Idoux

Present at 8:32 a.m. By telephone Anthony Scavuzzo

Absent Nancy Rocha

**Staff**

Kelly Gottschalk, Josh Mond, Brenda Barnes, Ryan Wagner, Christina Wu, Kyle Schmit, John Holt, Nien Nguyen, Milissa Romero

By telephone Cynthia Thomas, Bill Scoggins

**Others**

Aaron Lally, Selina Villareal

By telephone Ken Haben, Neal T. Jones, Eddie Solis, Mark Clark

\* \* \* \* \*

The meeting was called to order at 8:30 a.m.

\* \* \* \* \*

**A. MOMENT OF SILENCE**

The Board observed a moment of silence in memory of retired police officer Raymond C. Nettles, and active firefighter Jose R. Gonzales, and retired firefighters John F. Nichols, John L. Carter, James Mundy, Jesse R. Fields, Merle E. Hutchings.

No motion was made.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, March 20, 2025**

**B. APPROVAL OF MINUTES**

Regular meeting of February 13, 2025

After discussion, Mr. Taglienti made a motion to approve the minutes of the Regular meeting of February 13, 2025. Mr. Tull seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

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

**1. Legislative Update**

Neal T. Jones, Eddie Solis, and Mark Clark of HillCo Partners and staff briefed the Board on pension bills that have been filed which may bear on DPFP.

No motion was made.

\* \* \* \* \*

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

The Executive Director reported on the March pension ministerial actions.

No motion was made.

\* \* \* \* \*

**3. City Contribution Update**

The Executive Director provided an update on the amount of City Contributions received and any shortage since October 1, 2024.

No motion was made.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, March 20, 2025**

**4. 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 Trustee business-related travel or investment-related travel scheduled.

No motion was made.

\* \* \* \* \*

**5. Board Members' reports on meetings, seminars and/or conferences attended**

No discussion was held, and no motion was made.

\* \* \* \* \*

**6. Trustee Terms**

As required by the Trustee Election Procedures, staff presented the draft election schedule and notified the Board that the terms of the following Trustees expire on August 31, 2025:

- Nancy Rocha, Non-Member Trustee
- Anthony Scavuzzo, Non-Member Trustee
- Marcus Smith, Non-Member Trustee

After discussion, Mr. Tull made a motion to adopt the draft 2025 Non-member Election schedule, subject to adjustment by the Nominations Committee, provided the first election is completed prior to the August 2025 Board meeting and a subsequent election, if necessary, is completed prior to the September 2025 Board meeting. Mr. Taglienti seconded the motion, which was unanimously approved by the Board.

\* \* \* \* \*

**7. Portfolio Update**

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

No motion was made.

\* \* \* \* \*

Mr. Scavuzzo left the meeting at 9:33 a.m.

**Regular Board Meeting  
Thursday, March 20, 2025**

**8. Fourth Quarter 2024 Investment Performance Analysis**

Aaron Lally, Principal of Meketa Investment Group presented the Fourth Quarter 2024 Investment Performance Analysis report.

No motion was made.

\* \* \* \* \*

**9. Third Quarter 2024 Private Markets & Real Assets Review**

Staff presented the Third Quarter 2024 Private Markets and Real Assets Review report.

No motion was made.

\* \* \* \* \*

**10. Lone Star Investment Advisors**

The Board went into closed executive session – Legal at 10:07 a.m.

The meeting reopened at 10:34 a.m.

Staff updated the Board on investments managed by Lone Star Investment Advisors.

No motion was made.

\* \* \* \* \*

**11. 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 DPF 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 10:07 a.m.

The meeting reopened at 10:34 a.m.

The Board and staff discussed legal issues.

No motion was made.

\* \* \* \* \*

**Regular Board Meeting  
Thursday, March 20, 2025**

Mr. Idoux left the meeting at 10:31 a.m.

**D. BRIEFING ITEMS**

**1. 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.

\* \* \* \* \*

**2. Executive Director's Report**

- a. Associations' newsletters
  - NCPERS Monitor (March 2025)
- b. Open Records

The Executive Director's report was not presented.

\* \* \* \* \*

Mr. Taglienti stated that there was no further business to come before the Board. On a motion by Mr. and a second by Mr. Shomer, the meeting was adjourned at 10:34 a.m.

\_\_\_\_\_  
Nicholas A. Merrick,  
Chairman

**ATTEST:**

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



## DISCUSSION SHEET

### ITEM #D1

**Topic:** Board Chairman, Vice Chairman and Deputy Vice Chairman Election

**Discussion:** Section 3.01(g) of Article 6243a-1 requires the Board in June of every odd year to elect from among its trustees a Chairman, Vice Chairman, and a Deputy Vice Chairman, each to serve for two-year terms. The Board may elect officers at any time in addition to the requirement to elect officers in June of every odd year.

There are currently vacancies for the Chairman and Vice Chairman positions.

**Staff**

**Recommendation:** Elect new Board officers.

*Regular Board Meeting – Thursday, April 10, 2025*



## DISCUSSION SHEET

### ITEM #D2

**Topic:** Non-member Trustee Vacancy

**Discussion:** Nancy Rocha resigned from her role as a Non-member Trustee. Staff will discuss the Trustee vacancy provisions of the Trustee Election Procedures.

*Regular Board Meeting – Thursday, April 10, 2025*



## **TRUSTEE ELECTION PROCEDURES**

As Amended Through February 14, 2019



## **DALLAS POLICE AND FIRE PENSION SYSTEM TRUSTEE ELECTION PROCEDURES**

**Adopted January 9, 1997  
As amended through February 14, 2019**

### **A. Purpose**

These procedures provide rules governing the election of Trustees of the Dallas Police and Fire Pension Board (the “Board”). Pursuant to Section 3.01(f) of Article 6243a-1 of the Texas Revised Civil Statutes (“6243a-1”), the Board shall adopt rules that govern Trustee elections. All references in these procedures to sections numbers are to sections of 6243a-1. These procedures apply to the election of Trustees under Section 3.01(b)(2), (3) and (4). These procedures do not apply to the six trustees appointed by the Mayor of the City of Dallas under Section 3.01(b)(1).

### **B. Definitions**

(Capitalized terms not defined here have the definition set out in Article 6243a-1.)

**Fire Fighter Trustee:** One trustee that is a current or former Fire Fighter.

**Members:** Police Officers or Fire Fighters in Active Service.

**Non-Member Trustee:** Three trustees who cannot be a Member, Pensioner, a current City employee, a person who was formerly a City employee and who has been separated from the City for less than two years prior to becoming a Trustee or a currently elected City official.

**Nominations Committee:** A committee with voting representation from the organizations named in Section 3.011(b)(2) responsible for vetting, selecting and nominating Non-Member Trustee candidates.

**Pensioners:** A former Police Officer or Fire Fighter who is either on a service or disability retirement.

**Police Officer Trustee:** One trustee that is a current or former Police Officer

### **C. Eligible voters in a Trustee Election**

1. All Members in Active Service are eligible to vote for Non-Member Trustees and the Police Officer Trustee or Fire Fighter Trustee that corresponds with their role as either a Police Officer or Fire Fighter.
2. Pensioners are eligible to vote only for Non-member Trustees.

Trustee Election Procedures  
Amended through February 14, 2019  
Page 2 of 4

**D. Eligibility to Serve as a Trustee:**

1. Pursuant to Section 3.01(b-1) all Trustees must have demonstrated financial, accounting, business, investment, budgeting, real estate, or actuarial expertise.
2. There is no residency requirement for Trustees.

**E. Indication of Candidate Interest to serve as a Trustee**

Candidates interested in serving as a Police Officer Trustee, Fire Fighter Trustee or Non-Member Trustee will indicate their interest by completing and submitting a trustee application packet to the Executive Director in the form prescribed by the Executive Director no later than the established application deadline for the specific election. Applications of interest will not be carried over from a prior election.

**F. Number of Candidates on the Ballot and Election Requirements for the Police Officer and Fire Fighter Trustees**

All Police Officer Trustee and Fire Fighter Trustee candidates deemed qualified by the Board will be placed on the ballot in elections when the Police Officer Trustee and/or Fire Fighter Trustee position is being elected. To be elected a Police Officer Trustee or Fire Fighter Trustee a candidate must receive more than 50% of the votes cast. If no candidate earns more than 50% of the votes cast, a runoff election will be held involving the two candidates receiving the highest number of votes. If there is only one qualified candidate for the Police Office Trustee or Fire Fighter Trustee positions, then the Board shall be authorized to declare that the sole qualified candidate as the person selected for such Trustee position and no further electoral action is required.

**G. Number of Candidates on the Ballot and Election Requirements for Non-Member Trustees**

1. The Nominations Committee will vet, select and nominate one candidate for each open Non-Member Trustee position. If the Board determines that there are no qualified Police Officer Trustee or Fire Fighter Trustee candidates the Nominations Committee will vet, select and nominate a Non-Member Trustee to fill the position.
2. Members and Pensioners will vote YES or NO for each candidate placed on the ballot. Each of the candidates will be voted on individually as either a YES or NO vote. To be elected, the candidate must individually receive more YES votes than NO votes. The election will be repeated for individual candidates, if necessary, until the required number of candidates have individually received a majority of YES votes.

Trustee Election Procedures  
Amended through February 14, 2019  
Page 3 of 4

**G. Number of Candidates on the Ballot and Election Requirements for Non-Member Trustees (continued)**

3. Prior to amending any provision of this subsection G, the Board will consult the Nominations Committee for input on any proposed amendment.

**H. Trustee Terms and Term Limits**

The Police Officer Trustee and Fire Fighter Trustee serve three-year terms with no term limits. The initial term of the Non-member Trustees elected to serve after the effective date of HB 3158 is two-years. Non-member Trustee elected after the initial election will serve three-year terms. The Nominations Committee may alter the two-year and three-year terms for the Police Officer Trustee and Fire Fighters Trustee terms and Non-Member Trustee terms prior to an election. In no event may any Non-Member Trustee serve more than six consecutive years.

**I. Trustee vacancies**

A Trustee vacancy occurring with nine months or more remaining on the Trustee's term will be filled in the same manner as the process for electing the respective Police Officer Trustee and Fire Fighter Trustee or Non-Member Trustee. The elected trustee will fill the remaining term that was vacated. A Trustee vacancy occurring with less than nine months remaining in the term will remain unfilled until the regular election cycle.

**J. Scheduling and Conducting the Election**

1. The Executive Director will coordinate the election process and perform the necessary activities related to conducting the election in conformity with the requirements of 6243a-1, including but not limited to the following:
  - Inform the Board of the Trustee of Trustee terms expiring no later than April 15<sup>th</sup> each year.
  - Develop an election schedule for approval by the Board. The schedule must include a minimum of two months for the Nominations Committee to seek candidate interests, vet, select and nominate Non-Member Trustees if Non-Member Trustees terms are being elected.

Trustee Election Procedures  
Amended through February 14, 2019  
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**J. Scheduling and Conducting the Election (continued)**

- Inform Members and Pensioners of upcoming Trustee elections including the schedule of the election, the Trustee positions up for election, the requirements to serve as a Trustee and instructions on how to submit a candidate interest application.
  - Make the Trustee Election Procedures available to Members and Pensioners.
  - Accept applications and provide information to the Board or the Nominations Committee as applicable.
  - Coordinate the Nominations Committee schedule, meetings and process of vetting, selecting and nominating Non-Member Trustee candidates.
  - Coordinate with the Board to determine if the Police Officer and Fire Fighter Trustee candidates meet the minimum qualifications to serve as a Trustee.
2. The Executive Director will contract with an independent professional election management company to conduct the Trustee election in accordance with the generally accepted principles of elections and secret balloting.
  3. The Executive Director will inform the Board, Nominations Committee, Members and Pensioners of the results of the Trustee elections. Communication to all such parties can be made via email and postings to the DPFP website.

APPROVED on **February 14, 2019** the Board of Trustees of the Dallas Police and Fire Pension System.



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William Quinn  
Chairman

Attested:



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Kelly Gottschalk  
Secretary



## DISCUSSION SHEET

### ITEM #D3

**Topic:**                    **Audit Plan**

**Attendees:**            Karolyn Ladas, BDO Assurance Principal

**Discussion:**           Representatives from BDO, DPFPP's external independent audit firm, will be present to discuss their audit plan for the year ended December 31, 2024.

*Regular Board Meeting – Thursday, April 10, 2025*



REPORT TO BOARD OF TRUSTEES AND AUDIT COMMITTEE

# DALLAS POLICE & FIRE PENSION SYSTEM

2024 AUDIT PLAN



# Welcome

BDO USA, P.C.  
600 North Pearl, Suite 1700  
Dallas TX 75201  
Tel.: 214-969-7007  
www.bdo.com

April 10, 2025

Board of Trustees and Audit Committee  
Dallas Police & Fire Pension System

We look forward to discussing with you the current year audit plan for Dallas Police & Fire Pension System (the System). This report provides an overview of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

We are pleased to be of service to the System, are committed to executing a quality audit, and look forward to discussing our audit plan, as well as other matters that may be of interest to you, during our meeting on April 10, 2025.

Respectfully,

BDO USA, P.C.

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## Your Client Service Executive Team

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The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Board of Directors) and, if appropriate, management of the System, and is not intended and should not be used by anyone other than these specified parties.



# Executive Summary



## Executive Summary

### Audit timeline

- We will perform our audit procedures substantially during the months of May and June 2025.

### Audit strategy, including significant risks identified

- Our audit strategy, including significant risks identified, for the 2024 audit is outlined in the “Areas of Significant Risk”



## Audit Timeline

The following represents our anticipated schedule regarding our audit of the annual financial statements of the System:

	May	Jun	Jul	Aug	Sep	Oct	Nov
Planning	✓	✓					
Year-End Fieldwork		✓	✓	✓			
Release Report on Financial Statements				✓			

# Audit Overview & Strategy



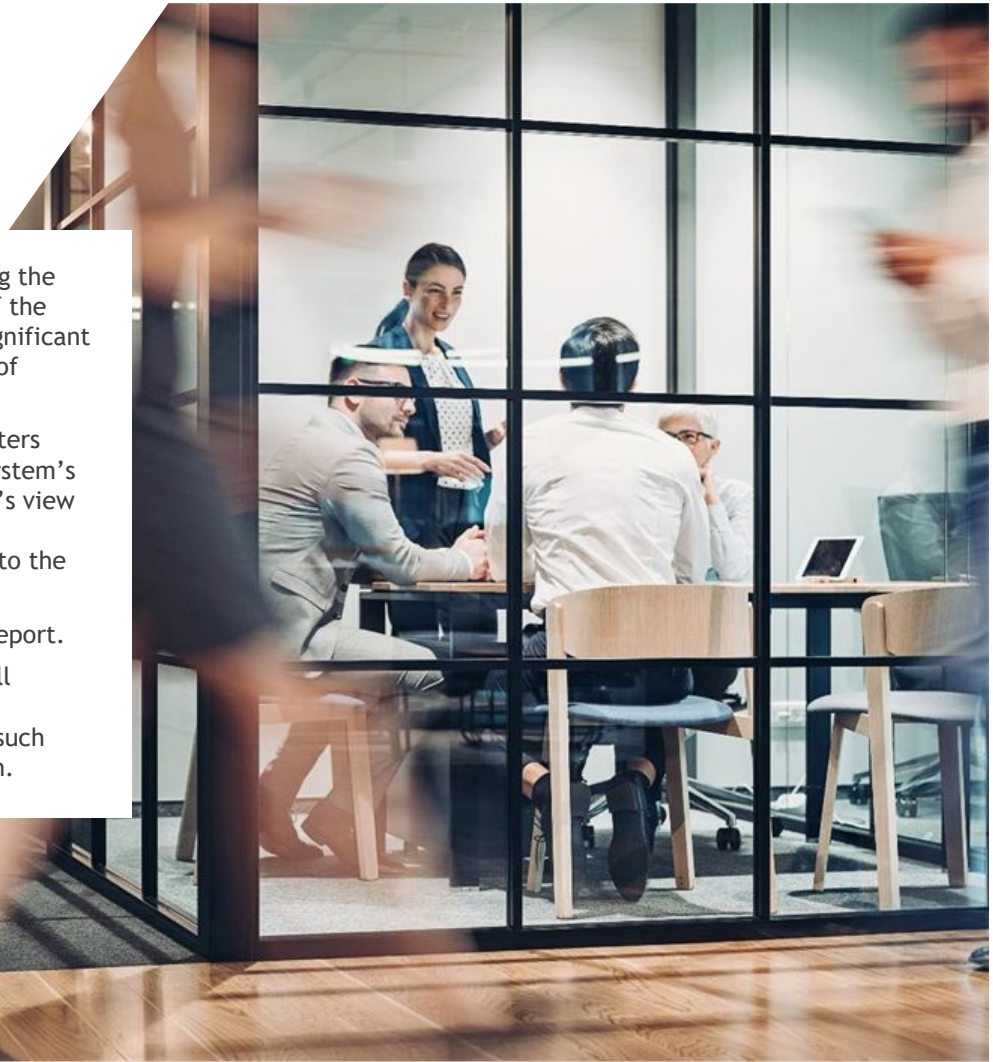
## Overview

Our audit strategy follows a risk-based approach, so that our audit work, including the nature, timing and extent of audit procedures planned, is focused on the areas of the financial statements where the risk of material misstatement is assessed to be significant as well as other areas of the financial statements where we have identified risks of material misstatement.

In preparation for our audit, we have discussed with management significant matters including, but not limited to, market conditions, activities, and changes to the System's business, systems, accounting principles and controls, and obtained management's view of potential audit risk in order to update our understanding of the System. This is important to our identification and assessment of risks of material misstatement to the financial statements and related disclosures.

Key components of our audit objectives and strategy are highlighted within this report.

We will continue to update the resulting assessment throughout the audit. We will communicate to you any significant changes to the planned audit strategy or the significant risks initially identified and communicated herein, and the reason for such changes, as applicable, when we present the results of our audit upon completion.



# Terms of the Audit and Independence

## AUDITOR'S RESPONSIBILITY

BDO USA, P.C., as your auditor, is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with your oversight, are prepared, in all material respects, in accordance with the applicable financial reporting framework. In addition, our audit will be conducted in accordance with standards generally accepted in the United States of America (GAAS) and for financial audits contained in the *Government Auditing Standards* (GAS or Yellow Book), issued by the Comptroller General of the United States.

The audit of the financial statements does not relieve you of your responsibilities and does not relieve management of their responsibilities.

## INDEPENDENCE

- ▶ Our engagement letter to you dated Feb 25, 2025 describes our responsibilities in accordance with professional standards and certain regulatory authorities and *Government Auditing Standards* regarding independence and the performance of our services. This letter also stipulates the responsibilities of the System with respect to independence as agreed to by the System. Please refer to that letter for further information.

## TERMS OF THE AUDIT

Our establishment and understanding of the terms of the audit engagement have been documented in our annual engagement letter, and includes the objectives of the audit along with the responsibilities of both the auditor and of management for your reference.

- ▶ We will plan and perform the audit of the financial statements for the year ended December 31, 2024 in accordance with standards generally accepted in the United States of America and *Government Auditing Standards*.

## Determining Our Planned Audit Strategy

We focus on areas with higher risk of material misstatement to the financial statements, whether due to error or fraud.

Our audit strategy includes consideration of the following:

- ▶ Prior year audit results including discussions with management and those charged with governance regarding the System's operations and risks.
- ▶ Inherent risk within the System (i.e., the susceptibility of the financial statements to material error or fraud) without regard to the effect of controls.
- ▶ A continual assessment of materiality thresholds based upon qualitative and quantitative factors affecting the System.
- ▶ Recent developments within the industry, regulatory environment, and general economic conditions.
- ▶ Recently issued and effective accounting and financial reporting guidance.
- ▶ The System's significant and critical accounting policies and procedures, including those requiring significant management judgments and estimates and those related to significant unusual transactions.
- ▶ The control environment, risk management and monitoring activities, and the possibility that internal controls may fail to prevent or detect a material misstatement due to error or fraud.
- ▶ The use of information systems and service organizations in the financial reporting process and overall IT environment.

We will communicate to you any significant changes to the planned audit strategy, or to the significant risks initially identified, that may occur during the audit due to the results of audit procedures or in response to external factors, such as changes in the economic environment.

# Area of Focus & Audit Strategy





## Planned Scope

Based upon our initial assessment, our audit will entail substantive testing only. The primary areas of focus in our overall audit strategy include the following:

- ▶ *Fraud Risk*
- ▶ *Entity/System Level Internal Controls Over Financial Reporting*
- ▶ *Actuarial Valuation*
- ▶ *Compliance with Plan Documents (eligibility, contributions/contribution receivables, and benefit payments)*
- ▶ *Investments (Existence and Valuation)*
- ▶ *Other Receivables, Payables and System Expenses (including any new debt agreements and amendments that may have been entered into in 2024)*
- ▶ *Investment Income (Loss)*
- ▶ *Evaluation of Related Party Transactions, Including Transactions With Parties-in-Interest*
- ▶ *Other Matters, Including Proper Disclosures, Accounting and Financial Reporting for Pensions, Legal Matter Disclosures*



# Primary Areas of Focus and Audit Strategy

## FRAUD RISK

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Fraud risk may be impacted by the following characteristics:                             <ul style="list-style-type: none"> <li>• Incentive or pressure</li> <li>• Opportunity</li> <li>• Rationalization or attitude</li> </ul> </li> <li>▶ Presence of fraud risk factors and how management’s controls and programs to detect and prevent fraud may mitigate these risks.</li> <li>▶ Risk of management override of controls.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Review System management’s controls and programs relating to fraud and assess operating effectiveness of such programs.</li> <li>▶ Inquire of System management and other sponsor personnel as to their knowledge of any potential fraudulent or alleged fraudulent activities.</li> <li>▶ Inquire of those charged with governance about their views about risks of material misstatements, including fraud risk and whether they are aware of:                             <ul style="list-style-type: none"> <li>• tips or complaints regarding the System’s financial reporting; and</li> <li>• matters relevant to the audit including, but not limited to, violations or possible violation of laws or regulations</li> </ul> </li> <li>▶ Consider additional procedures to address any specific fraud risks identified, including management override of controls.</li> <li>▶ Introduce an element of unpredictability into our procedures by either altering the nature, timing, or extent of the procedures when compared to procedures performed in the prior year.</li> <li>▶ Perform focused procedures on any significant unusual transactions, including gaining an understanding of the business purpose (or lack thereof) for the System entering into the transaction.</li> <li>▶ Obtain an understanding of the System’s financial relationships and transactions with those charged with governance of the System and the System Administrator for risk assessment purposes.</li> <li>▶ Exercise professional skepticism.</li> <li>▶ Communicate with System management, those charged with governance and the System Administrator, as necessary.</li> <li>▶ Perform journal entry testing and fraud inquires.</li> </ul>

# Primary Areas of Focus and Audit Strategy

## ENTITY/PLAN LEVEL INTERNAL CONTROLS OVER FINANCIAL REPORTING

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ System management has controls in place to maintain compliance with applicable rules and regulations and provisions of the Plan Document and Amendments.</li> <li>▶ The Staff or the Executive Director has controls to monitor the activities of the outside service providers.</li> <li>▶ Significant changes to personnel and internal control processes increase the risk that an internal control failure will occur due to either the design or operation of a particular control.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Consider the System’s internal control environment for purposes of planning our audit.</li> <li>▶ Review the System’s control processes in a number of areas to evaluate the design and implementation of controls in place.</li> <li>▶ Review SOC 1 reports for the custodian and the external investment accounting service provider to determine whether adequate controls are in place and functioning effectively.</li> </ul>

## ACTUARIAL VALUATION

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Significant judgement and expertise is required in developing assumptions and performing evaluations.</li> <li>▶ Actuarial valuation data is accurate and consistent.</li> <li>▶ The effects of amendments, terminations, curtailments and other System events on the calculation.</li> <li>▶ Whether the actuarial calculation appropriately applies current standards.</li> <li>▶ Whether actuarial provisions and assumptions are deemed reasonable.</li> <li>▶ Whether disclosures over actuarial assumptions and funding issues are appropriate.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Confirm the actuarial data directly with the actuary.</li> <li>▶ Perform census data reconciliations and review the completeness of the census data submitted to the actuary.</li> <li>▶ Evaluate the professional qualifications of the actuary.</li> <li>▶ With the assistance of the Actuarial Managing Director and Actuarial Manager, review and assess underlying documentation and development of assumptions and methods used.</li> <li>▶ Review funding requirement, actuarial provisions and assumptions used for accuracy.</li> </ul>

# Primary Areas of Focus and Audit Strategy

## COMPLIANCE WITH PLAN DOCUMENTS - ELIGIBILITY

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Whether all covered employees have been properly included in employee eligibility records.</li> <li>▶ Whether accurate participant data for eligible employees was supplied to the trustee/ custodian/service providers.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Test that participating employees are eligible per the Plan Document on a sample basis.</li> <li>▶ Review documentation supporting eligibility.</li> <li>▶ Review participant personnel files.</li> </ul>

## COMPLIANCE WITH PLAN DOCUMENTS - CONTRIBUTIONS/CONTRIBUTIONS RECEIVABLE

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Whether the amounts received or due to the Plan have been determined, recorded, and disclosed in the financial statements in conformity with the Plan document and accounting principles generally accepted in the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Confirm the contributions made in 2024 directly with the City of Dallas.</li> <li>▶ Test and ensure the calculation of employer and employee contributions is in accordance with the Plan Document.</li> <li>▶ Test the reasonableness of contributions receivable.</li> </ul>

# Primary Areas of Focus and Audit Strategy

## COMPLIANCE WITH PLAN DOCUMENTS - BENEFIT PAYMENTS

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Whether benefit payments are in accordance with the Plan Document.</li> <li>▶ Whether benefit payments are made to or on behalf of person entitled to them and only to such persons.</li> <li>▶ Whether transactions are recorded in the proper account, amount, and period.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Verify eligibility to receive the distributions.</li> <li>▶ For DROP distributions agree distribution to proper request.</li> <li>▶ Agree distributions to supporting checks or ACH transfer.</li> <li>▶ Test the proper tax withholdings were made, if any.</li> <li>▶ Review and recalculate benefit payments.</li> <li>▶ Perform data analytics over annuity payments throughout the year</li> </ul>

## INVESTMENTS

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Due to significant valuation issues with certain investments in the industry over the last several years, consider whether investments are properly valued and whether classified in conformity with accounting principles generally accepted in the U.S.</li> <li>▶ Whether investment transactions are recorded in conformity with accounting principles generally accepted in the U.S.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Confirm investments with third-party fund managers and/or custodians.</li> <li>▶ Test fair value of investments at year-end by comparing the carrying value to an outside third-party source, including audited financial statements presented at fair value, real estate appraisals (if applicable), and partnership agreements.</li> <li>▶ Compare the investment income to rates of return per a third-party source, including audited financial statements at fair value, and test earning allocations.</li> <li>▶ Consider management’s policy of reviewing valuation methodologies, inputs and assumptions.</li> <li>▶ Review the System’s investment policy in correlation with the investments in place.</li> <li>▶ Assess the appropriateness of the classification of investment within the fair value hierarchy in accordance with GASB 72, Fair Value Measurement and Application and related disclosures.</li> </ul>

# Primary Areas of Focus and Audit Strategy

## OTHER RECEIVABLES, PAYABLES AND SYSTEM EXPENSES

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Whether receivables and payables are appropriately recorded.</li> <li>▶ Whether liabilities recorded are complete and all expenses are captured.</li> <li>▶ Whether securities lending obligations are appropriately recorded.</li> <li>▶ Whether the System is in compliance with debt covenants and plans to alleviate violations of such covenants if any new ones were entered into in 2024.</li> </ul>	<ul style="list-style-type: none"> <li>▶ For loans payable review maturity schedules and covenants and send confirmations. Review for any new debt agreements in 2024 to ensure compliance with covenants and related disclosures are appropriately included in the financial statements.</li> <li>▶ Review schedules of uncompensated liabilities.</li> <li>▶ Review securities lending arrangements.</li> <li>▶ Obtain forward currency contracts and review the appropriateness of the receivable and payable balances.</li> <li>▶ Perform a search of unrecorded liabilities.</li> <li>▶ Obtain a detail break out of System expenses.</li> <li>▶ Confirm fund management fees in correlation with the investment confirms.</li> <li>▶ Select a sample of expenses and agree them to invoices and payments.</li> </ul>

## INVESTMENTS INCOME

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Whether the realized gain or loss on investments is appropriately recorded.</li> <li>▶ Whether dividends are appropriately recorded by the System.</li> <li>▶ Whether interest earned is appropriately recorded by the System.</li> </ul>	<ul style="list-style-type: none"> <li>▶ For a selection of transactions recalculate the realized gains and losses.</li> <li>▶ For a selection of transactions test dividends received by the System to independent market sources.</li> <li>▶ Test interest earned by recalculating or performing reasonableness tests.</li> </ul>

# Primary Areas of Focus and Audit Strategy

## EVALUATION OF RELATED PARTY TRANSACTIONS, INCLUDING TRANSACTIONS WITH PARTIES-IN-INTEREST

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Consider the System’s relationship and transactions with its related parties and parties-in-interest.</li> <li>▶ Example of related party transactions include those between an entity, affiliates of the entity, other parties that can significantly influence the management of operating policies of the other, management, or members of their immediate families.</li> <li>▶ Consider the susceptibility of the System financial statements to material misstatement (whether due to error or to fraud) that could result from the System’s related party and party-in-interest relationship and transactions.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Assess the risk of material misstatement associated with the System related party and party-in-interest relationship and transactions.</li> <li>▶ Perform inquiry of System management regarding the identity of the System’s related parties and parties-in-interest, the nature of the System’s relationships and transactions with such parties and the System’s process for identifying, authorizing and approving, and accounting for and disclosing such relationships and transactions.</li> <li>▶ Perform inquiry and other procedures deemed appropriate to obtain an understanding of the controls, if any, that System management has established to identify, authorize and approve, and account for and disclose such relationships and transactions.</li> <li>▶ Evaluate whether the System financial statements (1) appropriately account for and disclose identified relationships and transactions the related parties and parties-in-interest and (2) are fairly presented given any such relationship and transactions identified.</li> <li>▶ Communicate to those charge with governance regarding significant matters arising from our audit.</li> </ul>

## OTHER MATTERS

Consideration	Approach
<ul style="list-style-type: none"> <li>▶ Ensure the financial report includes all appropriate disclosures.</li> </ul>	<ul style="list-style-type: none"> <li>▶ Complete a disclosure checklist specific to Pension System and one specific to GASB standards.</li> <li>▶ Review the credit risk disclosure for appropriateness and adequacy.</li> <li>▶ Review legal expenses and obtain legal confirmations for any potential commitments and contingencies and/or litigation that may require disclosure.</li> </ul>

*We will communicate to those charged with governance, in a timely manner, any significant changes to the planned audit strategy initially identified that may occur during the audit to the results of audit procedures or in response to external factors, such as changes in the economic environment.*

# Inquiries of Those Charged with Governance





## Obtaining Information from Those Charged with Governance

We perform inquiries related to fraud and other matters to help inform our audit strategy and execution of our audit procedures. As part of the upcoming meeting with you, we would like to discuss the following topics with you to understand any matters of which you believe we should be aware, including, but not limited to:

- ▶ Your views about the risk of material misstatements due to fraud, including the risk of management override of controls
- ▶ How you exercise oversight over the System's assessment of fraud risks and the establishment of controls to address these risks
- ▶ Your awareness of any actual, alleged or suspected fraud or illegal acts affecting the System
- ▶ Your awareness of tips or complaints regarding the System's financial reporting and your response to such tips and complaints
- ▶ Your awareness of other matters relevant to the audit including, but not limited to, violations or possible violations of laws or regulations
- ▶ Your awareness of noncompliance with laws and regulations to include consideration of noncompliance with provisions of contracts and grant agreements.
- ▶ Your awareness of any investigations or legal proceedings that have been initiated or are in process with respect to the period under audit.
- ▶ Your awareness of any significant communications between the System and regulators
- ▶ Your understanding of the System's relationships and transactions with related parties that are significant to the System
- ▶ Any business relationships between a BDO firm and the System or its affiliates
- ▶ Whether the System has entered into any significant unusual transactions
- ▶ Your awareness of any other information that is important to the identification and assessment of risks of material misstatement

# Other Topics



## BDO's System of Quality Management

An effective quality management system in an audit firm is crucial for supporting the consistent performance of high-quality audits and reviews of financial statements, or other assurance or related services engagements under professional standards, and applicable legal and regulatory requirements.

Accordingly, BDO has implemented a system of quality management designed to provide reasonable assurance that its professionals fulfill their responsibilities and conduct engagements in accordance with those professional standards, and legal and regulatory requirements. The firm's system of quality management supports the consistent performance of quality audits through many ongoing activities including, at least annually, certification by leaders with responsibility for key controls and related processes. Our Assurance Quality Management team performs regular reviews and testing of key controls and processes throughout the system of quality management and identifies and communicates areas for improvement. In addition, our Audit Quality Advisory Council supports our system of quality management by providing guidance and input on audit quality initiatives.

As required by International Standard on Quality Management 1 (ISQM 1) under the International Auditing and Assurance Standards Board (IAASB), BDO has conducted an evaluation of the effectiveness of its system of quality management and concluded, as of July 31, 2023, that, except for certain deficiencies related to the execution of its issuer audits, that system provides the reasonable assurance that our professionals will perform audits and reviews of financial statements or related assurance services engagements in accordance with professional standards, and applicable legal and regulatory requirements. BDO has either implemented or is designing remedial actions to address those deficiencies prior to our next evaluation.



We will continue to provide you with updates on our progress. Currently, you may find discussion of BDO's system of quality management within our annual [Audit Quality Reports](#), the most recent of which is accessible [here](#).

[CLICK HERE TO ACCESS IAASB ISQM-1 IN ITS ENTIRETY >](#)

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## DISCUSSION SHEET

### ITEM #D4

**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, April 10, 2025*

Membership Actions -2025

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	38	27	16	15									96
DROP - Join	2	2	0	0									4
Estate Payments	6	7	8	9									30
Survivor Benefits	4	11	4	9									28
Retirements	7	10	8	9									34
Alternate Payees	0	0	2	1									3
Spouse Wed After Retirement	0	0	0	1									1
Service Purchases	1	1	0	0									2
Earnings Test	0	0	0	0									0

Membership Actions -2024

	January	February	March	April	May	June	July	August	September	October	November	December	YTD Totals
Refunds	23	22	21	26	16	21	13	19	37	18	20	32	268
DROP - Join	1	1	2	0	5	1	1	1	0	1	0	0	13
Estate Payments	2	1	3	5	3	1	4	5	10	7	7	9	57
Survivor Benefits	4	6	3	8	5	4	6	5	3	4	5	3	56
Retirements	10	10	16	9	13	10	9	11	7	5	8	6	114
Alternate Payees	2	0	2	1	1	1	0	0	0	1	0	0	8
Spouse Wed After Retirement	0	0	0	0	0	0	0	0	1	0	0	0	1
Service Purchases	0	2	0	1	7	2	1	2	1	2	5	1	24
Earnings Test*	0	0	0	0	0	0	10	0	0	0	0	0	10

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 #D5

**Topic:** City Contribution Update

**Discussion:** Staff will update the Board on the accumulated amount of City Contributions paid compared to the City Contributions due under the law.

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City Regular Plan Contributions Beginning 10-1-2024				
Pay Period Date	Date Contributions Received	City Contribution Paid (Excluding Excess Benefit Plan Contributions)	City Contributions Due under Based on Current Law as Confirmed by the Court	Contribution Shortage
<b>City Contributions Beginning 10-1-2024</b>				
10/1/2024-10/8/2024	Pro-rated last payroll	\$ 3,814,556.76	\$ 4,727,428.57	\$ 912,871.81
10/9/2024 - 10/22/2024	10/24/2024	\$ 6,588,862.07	\$ 8,273,000.00	\$ 1,684,137.93
10/23/2024 - 11/5/2024	11/7/2024	\$ 6,707,431.25	\$ 8,273,000.00	\$ 1,565,568.75
11/6/2024 - 11/19/204	11/21/2024	\$ 6,612,830.37	\$ 8,273,000.00	\$ 1,660,169.63
City Catch Up based on City Plan - with Errors	12/3/2024	\$ 1,762,120.67	\$ -	\$ (1,762,120.67)
11/20/2024 - 12/3/2024	12/6/2024	\$ 7,790,959.24	\$ 8,273,000.00	\$ 482,040.76
12/4/2024 - 12/17/2024	12/19/2024	\$ 7,708,704.35	\$ 8,273,000.00	\$ 564,295.65
12/18/2024 - 12/31/2024	1/2/2025	\$ 7,787,490.19	\$ 8,273,000.00	\$ 485,509.81
1/1/2025 - 1/14/2025	1/17/2025	\$ 7,884,160.99	\$ 8,273,000.00	\$ 388,839.01
1/15/2025 - 1/28/2025	1/30/2025	\$ 7,899,488.32	\$ 8,273,000.00	\$ 373,511.68
1/29/2025 - 2/11/2025	2/13/2025	\$ 7,913,485.36	\$ 8,273,000.00	\$ 359,514.64
2/12/2025 - 2/25/2025	2/28/2025	\$ 7,934,532.31	\$ 8,273,000.00	\$ 338,467.69
2/26/2025 - 3/11/2025	3/14/2025	\$ 7,904,750.02	\$ 8,273,000.00	\$ 368,249.98
3/12/2025 - 3/25/2025	3/28/2028	\$ 7,912,333.15	\$ 8,273,000.00	\$ 360,666.85
<b>FY 2025 YTD Shortage</b>		<b>\$ 96,221,705.05</b>	<b>\$ 104,003,428.57</b>	<b>\$ 7,781,723.52</b>
<b>FY 2024 Shortage - City Commitment (\$184,733,285 minus \$177,420,111.03)</b>				<b>\$ 7,313,173.97</b>
<b>Total Shortage Through 3/28/2025</b>				<b>\$ 15,094,897.49</b>





## DISCUSSION SHEET

### ITEM #D6

**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.

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**Future Education and Business Related Travel & Webinars  
Regular Board Meeting – April 10, 2025**

		<u>REQUESTED</u>	<u>APPROVED</u>
1.	<b>Conference:</b> NCPERS Trustee Educational Seminar (TEDS) <b>Dates:</b> May 17-18, 2025 <b>Location:</b> Denver, CO <b>Est Cost:</b> \$500	MAS	02/13/2025
2.	<b>Conference:</b> NCPERS Accredited Fiduciary Program (NAF) <b>Dates:</b> May 17-18, 2025 <b>Location:</b> Denver, CO <b>Est Cost:</b> \$900		
3.	<b>Conference:</b> NCPERS Annual Conference & Exhibition (ACE) <b>Dates:</b> May 18-21, 2025 <b>Location:</b> Denver, CO <b>Est Cost:</b> \$1,100		
4.	<b>Conference:</b> NCPERS Chief Officers Summit <b>Dates:</b> June 16-18, 2025 <b>Location:</b> New York City, NY <b>Est Cost:</b> \$1,000		
5.	<b>Conference:</b> TEXPERS 2025 Summer Forum <b>Dates:</b> August 4-5, 2025 <b>Location:</b> El Paso, TX <b>Est Cost:</b> TBD		



## DISCUSSION SHEET

### ITEM #D7

**Topic:** Board Members' Reports on Meetings, Seminars and/or Conferences Attended

**Discussion:** Conference: **TEXPERS Annual Conference & Trustee Training** MB, MS,  
Dates: March 30-April 2, 2025 MAS, MT  
Location: Austin, TX

*Regular Board Meeting – Thursday, April 10, 2025*



## DISCUSSION SHEET

### ITEM #D8

**Topic:** Pension Administration Software Update

**Discussion:** Pension Administration Software (PAS) is integral to carrying out the primary function of any defined benefit pension system. At a high level, PAS provides member tracking, benefit calculations, pension payroll processing, pension payments, contribution refunds, various deductions, and tax withholding.

The last major upgrade of DPFP's PAS was completed in 2003. The vendor has modified the software over the years as our needs/benefits have changed, including implementing the significant benefit and DROP changes from the 2017 legislation. The changes that have been made since the implementation in 2003 have provided the required functionality, but do not take advantage of modern technological advances.

The current DPFP PAS is adequate to correctly process benefits. It is secure and is currently supported by the vendor. However, modern PAS products, including newer versions from our current vendor, would greatly enhance DPFP's ability to administer the pension more accurately and efficiently by automating many of the processes that are now done outside of the PAS and provide better service for the membership in several ways such as enhanced information directly accessible by the member online and quicker answers to questions because of the integration of the member's documents with the

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## **DISCUSSION SHEET**

### **ITEM #D8** (continued)

software. Replacement of a PAS after 20 years would not be inconsistent with what other public plans do.

During the 2024 budget process, the Board asked that staff look further into the available options before committing to either approving funding for a consultant to assist with the selection process or authorizing a project to implement the latest version of our current vendor's software.

Staff will discuss the steps taken and the information learned to date related to the PAS project, and the recommended next steps.

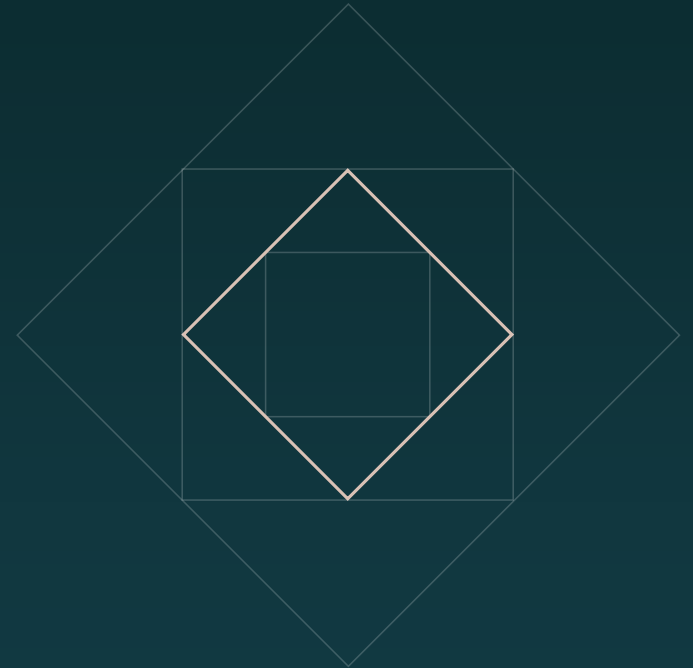
*Regular Board Meeting – Thursday, April 10, 2025*

**LINEA**SOLUTIONS

# Dallas Police and Fire Pension

PAS Modernization Recommendations  
Future State Recommendations

March 28, 2025



# Agenda

- Current State Assessment – Overview
- Current State Assessment – Summary of Key Findings
- Key Future State Requirements and Capabilities
- Features and Functions to Consider
- Strategic Considerations
- Recommendations
- Recommended Next Steps
- Potential Timeline
- Keys to Success
- Questions and Discussion



## Current State Assessment – Overview

An observation of DFPF's current state was conducted to identify and understand critical gaps and areas of improvement.

### Key Areas:

---

- IT Infrastructure and Data Management
  - Imaging (ECM) Integration
  - Web Member Services (WMS)
  - Workflow and Case Management
  - Employer Reporting
  - Member Account Maintenance
  - Service Purchase
  - Deferred Retirement Option Plan (DROP)
  - Benefit Payroll
  - Benefit Setup and Maintenance
  - Batch Processes
  - Member Engagement and Communications
  - Forms and Correspondence
  - Accounting and Finance
  - Reporting, Imports/Exports
  - Product Support
-



## Current State Assessment – Summary of Key Findings

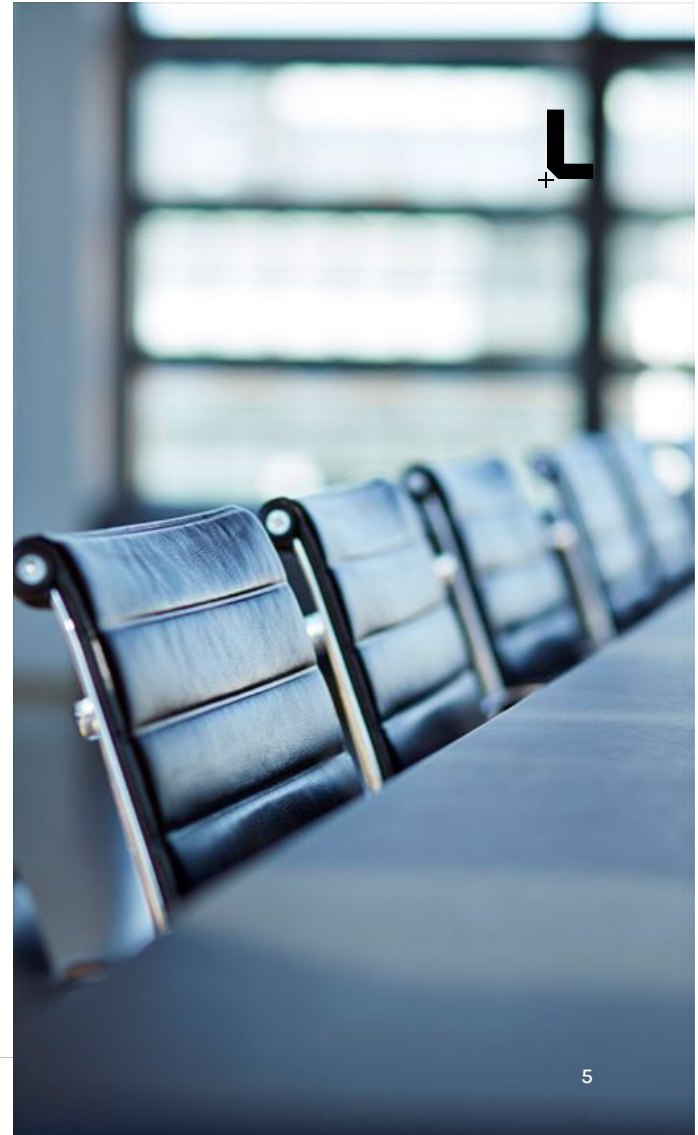
- **DPPF Knowledge and Dedication to Quality:**
  - DPPF has dedicated significant time and effort to ensure calculation accuracy and maintain rigorous quality assurance through multiple levels of review.
  - DPPF has implemented the Asana workflow tool to enhance process management and drive consistent quality improvements.
- **DPPF Reliance on Manual Workarounds and Review:**
  - Lack of system accuracy, trust and completeness leads to multiple reviews, impacting overall timelines and consistency.
  - System limitations and limited administrative flexibility have led DPPF to rely on external systems, worksheets, and other tools for reporting and daily tasks.



## Current State Assessment – Summary of Key Findings

- **PensionGold Version 2 Limitations:**

- System updates and maintenance remain heavily reliant on vendor support, adding complexity and increasing turnaround times and costs for even minor changes.
- Aging technology requires IT to manually update each workstation, resulting in lengthy processing times when updating test data.
- Requires DPFP to use virtual machines to access the test environment.
- Lack of integration with other key systems hinder workflow efficiency, requiring staff to navigate multiple platforms for routine tasks.



## Key Future State Capabilities



- **Real-time data synchronization** across pension-related systems (e.g., member portals) to ensure consistency.
- **Integration** with the document management system and the workflow tool to ensure consistency and efficiency.
- **Improved Administrative Independence**
  - **Configurable business rules** for calculations, eligibility checks, and reporting, reducing reliance on vendor programming for routine adjustments.
  - **User-managed modifications**, such as table updates for contribution rates and COLA adjustments, to minimize wait times for minor changes.
  - **Low-code/no-code customization options** for workflow automation and interface adjustments without requiring vendor intervention. Build and update member communication documents.
  - **Role-Based Access Control** – Restricts document access based on staff roles.
- **Workflow Analytics Dashboard** – Managers should have visibility into case completion times, bottlenecks, and workload distribution.
- **Comprehensive Audit Logs** – Track all changes to purchase calculations, elections, and payments for transparency.

# Features and Functions to Consider



- **Automated Tagging & Indexing of documents** – Enables quick searches by member, document name and type, or transaction type.
- **Optical Character Recognition (OCR)** – Extracts data from scanned forms to reduce manual entry.
- **Batch Scanning & Automated Sorting** – Categorizes incoming documents without staff intervention.
- **E-Signature Integration** – Allows digital form submissions from members and employers.
- **Event-Triggered Workflows** – Processes should start automatically based on system events (e.g., a retirement application submission initiates verification and approval).
- **Automated Retention Management** – Ensures compliance with storage policies and reduces clutter.
- **Real-Time Process Tracking for Members** - Provides members with status updates on submitted documents and/or application requests.
- **Task Reassignment Automation** – Workflows should automatically reassign tasks when staff are unavailable to prevent delays.
- **Automated Member/Employer Notifications** – Provide automated alerts for approaching deadlines, missing information, payment due dates, etc.

# Strategic Considerations

- **Functional fit**
  - Automation and integration
  - System functional improvements to reduce manual workarounds
  - Administrative self-service
- **Service delivery**
- **Cost Benefit Analysis**
  - Balancing the cost of functions and features vs. value add
  - Procurement and implementation vs. upgrade costs
- **DPFP effort and timelines**
  - DPFP efforts required for a procurement and implementation vs. a system upgrade
- **Technology**
- **Market Viability**
  - Limited number of vendors based on DPFP's size
- **Change Management**
- **Risk Management**



# Recommendation



**Overall, Linea Solutions would recommend that DPFPP consider a PensionGold upgrade as its priority option at this time rather than an alternate marketplace vendor.**

The following are the key drivers for this recommendation:

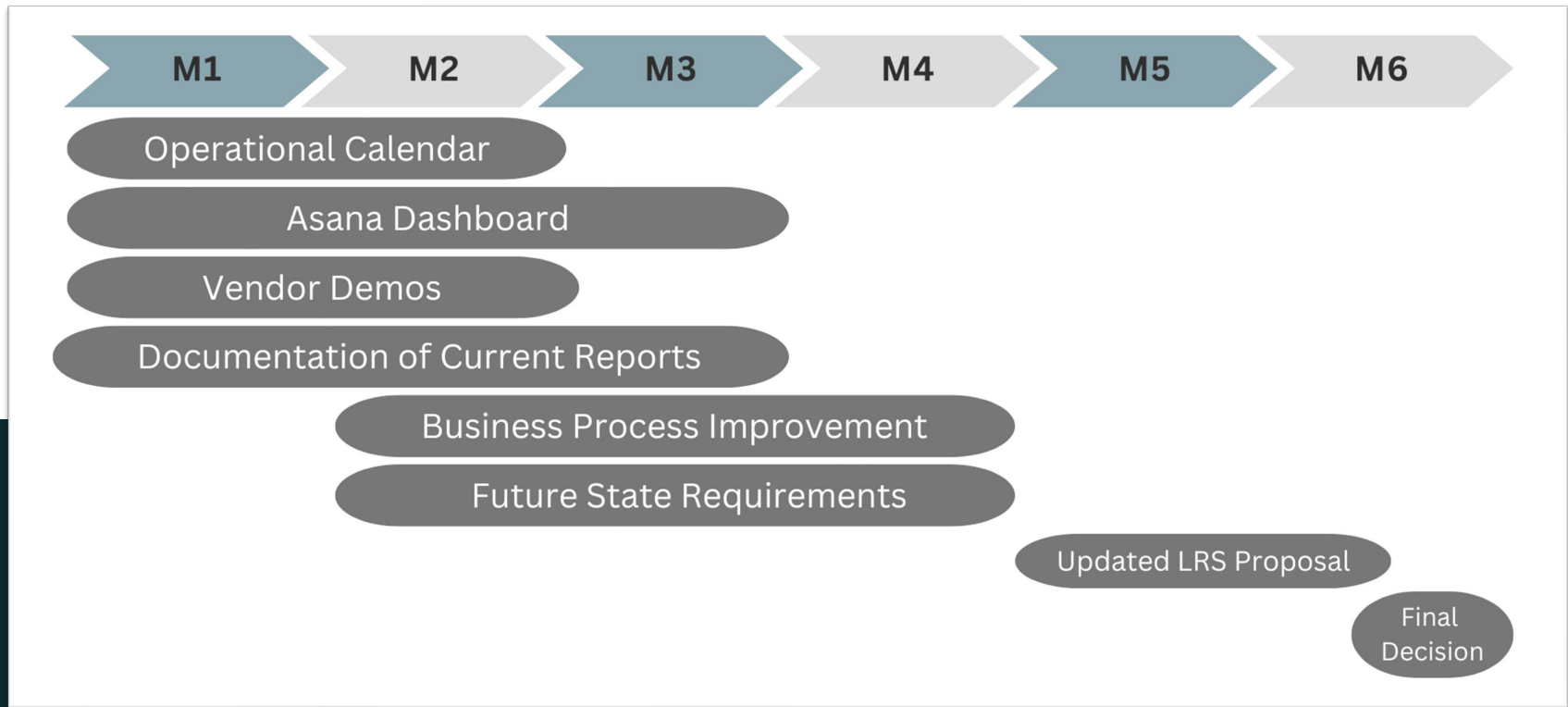
- Both LRS and other marketplace systems can address the current limitations and pain points; however, the cost benefit analysis heavily favors an upgrade approach in consideration of the costs of procurement, implementation, and data conversion.
- DPFPP did not raise any significant service-related concerns with LRS.
- There are a limited number of cost-effective market providers based on the size of DPFPP with varying levels of adherence to the key system features and functions.

## Recommended Next Steps



- Operational calendar – Detail all operational activities to ensure that DPFP has a comprehensive list
- Assess viability and implement Asana dashboard reporting
- Current reporting needs – Consolidate a list of reports required
- Vendor demos
  - LRS Workflow
  - LRS Content Management System (PageCenterX)
  - Other possible vendor(s)
- Conduct business process reviews to map out DPFP’s ideal future state
- Document requirements based on DPFP’s ideal future state
- Obtain an updated LRS proposal based on future state processes and needs (address expiry and limitations of the current proposal)
- Based on the results of the demos and updated LRS Proposal, DPFP can finalize its decision on how to proceed
- Address cyber security oversight services risk

# Potential Initial Timeline





# Keys to Success



LINEA SOLUTIONS - DPPF Modernization Recommendations



- Implementation and conversion projects work best with highly knowledgeable, smaller, and more dedicated teams.
- Successful projects also often benefit from expert assistance in Business Process Improvement and Requirements Documentation
  - Support adherence to best practices
  - Facilitate and based on experience with different systems and plans
- Many projects benefit from expert Project Oversight including:
  - Contract negotiation support
  - Project management, support and consultation
  - Change management
  - Testing support



# Questions and Discussion



## DISCUSSION SHEET

### ITEM #D9

**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, April 10, 2025*



D A L L A S  
POLICE & FIRE  
PENSION SYSTEM



## Portfolio Update

*April 10, 2025*

*Board Meeting*

# Executive Summary

- **Estimated YTD Return (through 3/31):** 0.7% for DPFP Portfolio; 0.3% for Public Portfolio which makes up 78.9% of the assets.
- Staff conducted on-site due diligence meetings with direct lending finalists at the beginning of April. The Private Markets Sub-Committee will review finalists next week and make a recommendation to the Board for approval.
- Staff has started diligence in the multi asset credit space based on the recently approved Public Credit Asset Class Structure that includes a 4% multi asset credit allocation.
- Staff and Meketa are reviewing potential rebalancing actions given the recent equity market drawdown.

# Investment Initiatives – 2025 Plan

## Q1 2025

- Appointment of Private Markets Sub-Committee
- Private Credit Pacing Plan
- Public Equity and Public Credit Asset Class Structure Reviews

## Q2 2025

- Private Equity Pacing Plan
- Sub-Committee Review of New Private Credit Investments
- Initiate Multi Asset Credit Search
- Board Approval of Initial Private Credit Commitments

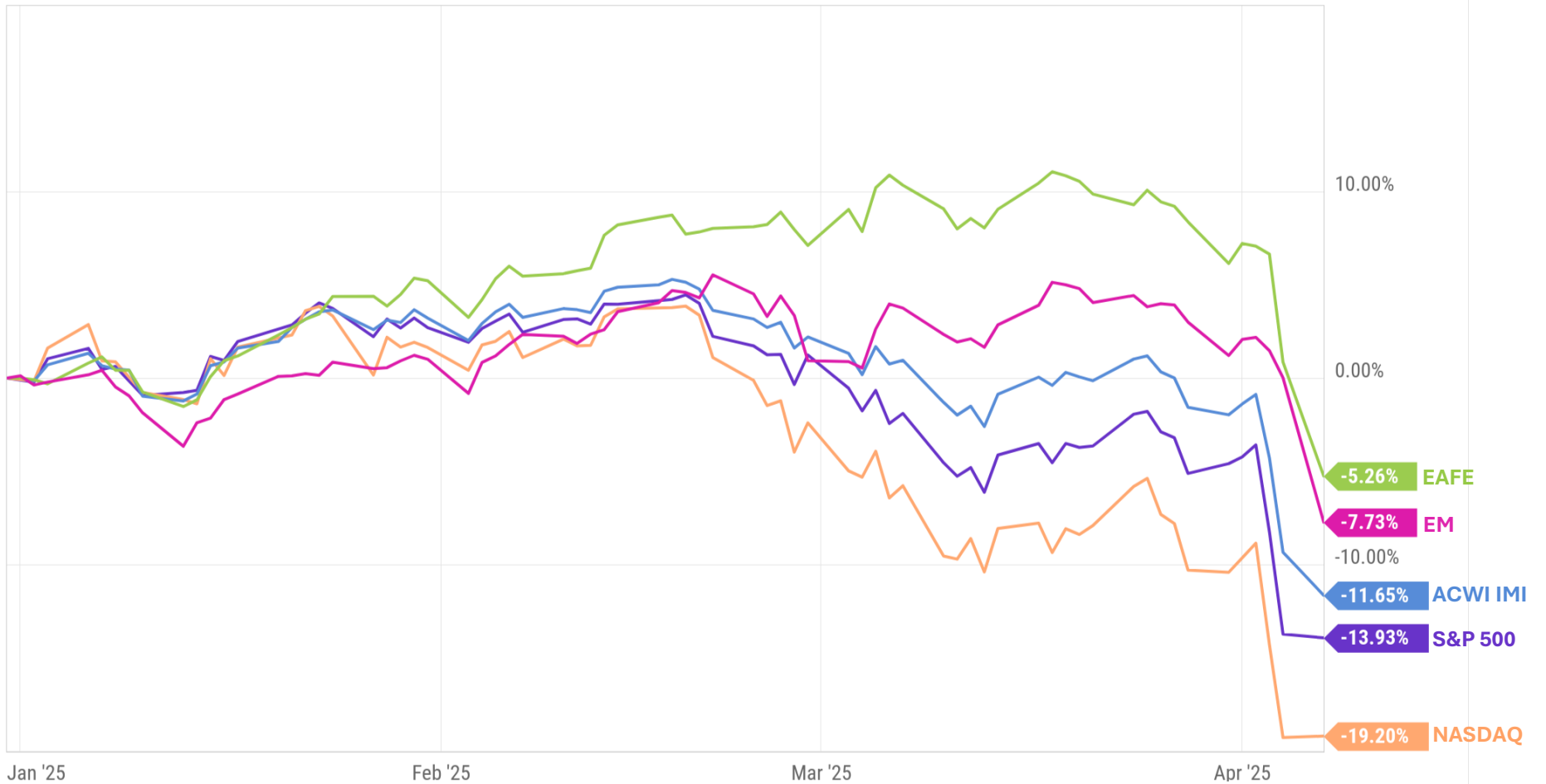
## Q3 2025 & Beyond

- Initial New Private Equity Investments
- Diligence of Additional Private Credit Investments
- Multi Asset Credit Manager Selection and Funding

# Equity Market Returns YTD (Ending 4/7/2025)

**DPFP Public Equities Prelim -9.7%** VAL

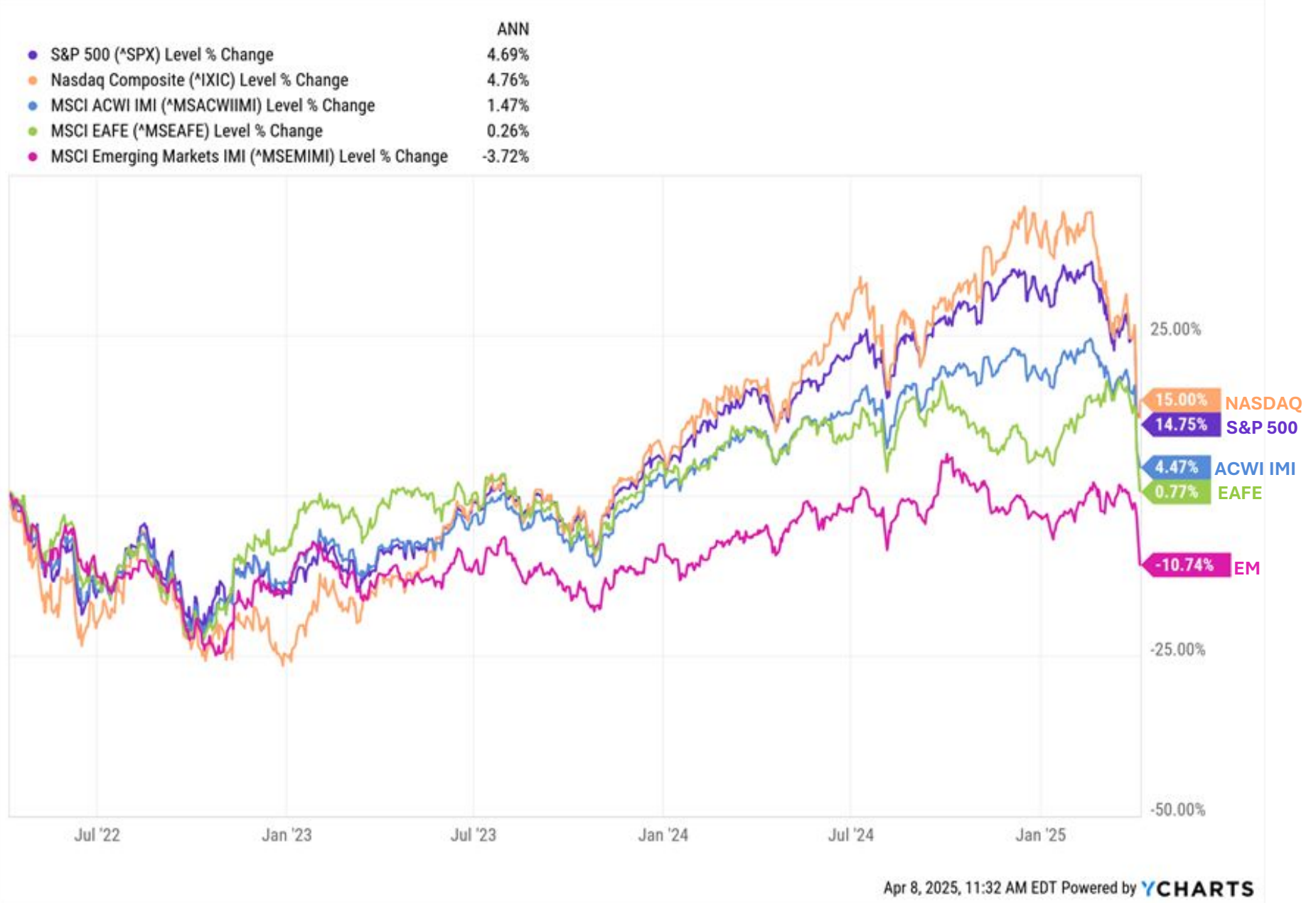
- S&P 500 (^SPX) Level % Change -13.93%
- Nasdaq Composite (^IXIC) Level % Change -19.20%
- MSCI ACWI IMI (^MSACWIIMI) Level % Change -11.65%
- MSCI EAFE (^MSEAFE) Level % Change -5.26%
- MSCI Emerging Markets IMI (^MSEMIMI) Level % Change -7.73%



Apr 8, 2025, 11:28 AM EDT Powered by YCHARTS



# Equity Market Returns (3 Years Ending 4/7/25)



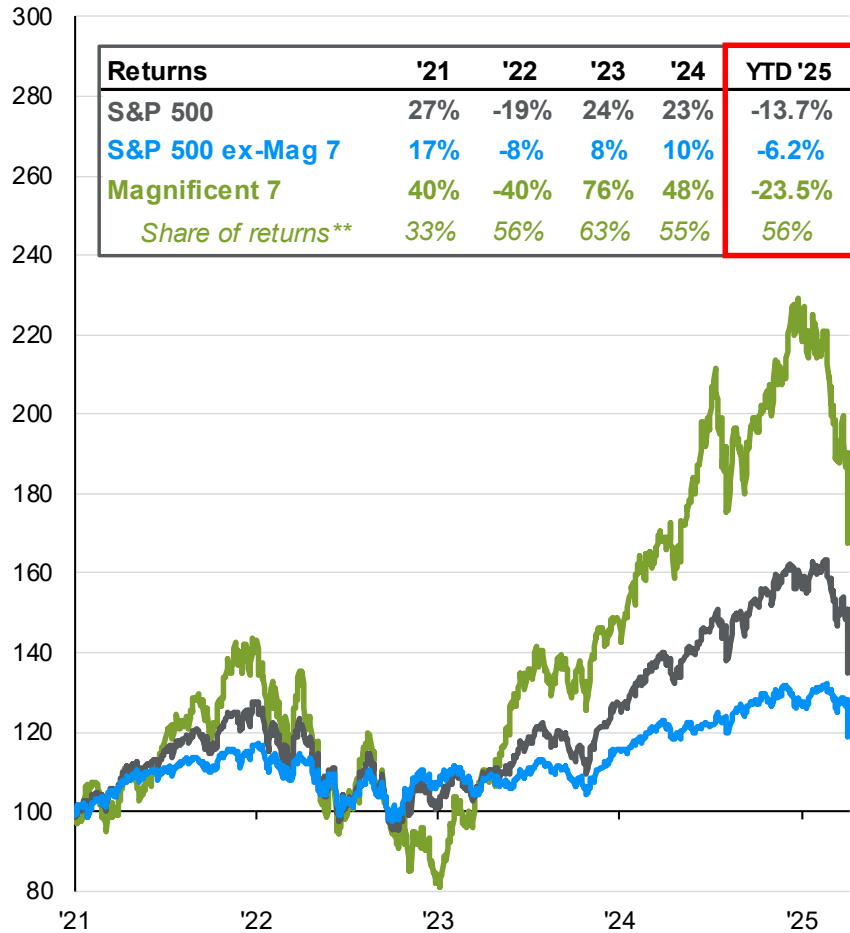


# Magnificent 7 Performance YTD

JPMorgan Guide to the Markets (As of 4/4/25)

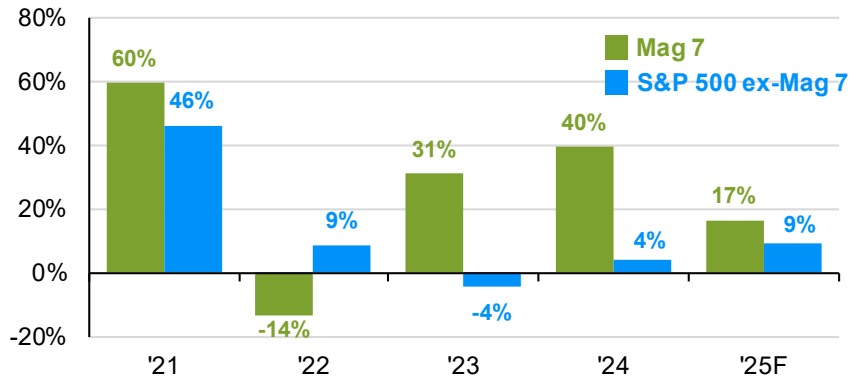
## Performance of “Magnificent 7” stocks in S&P 500\*

Indexed to 100 on 1/1/2021, price return



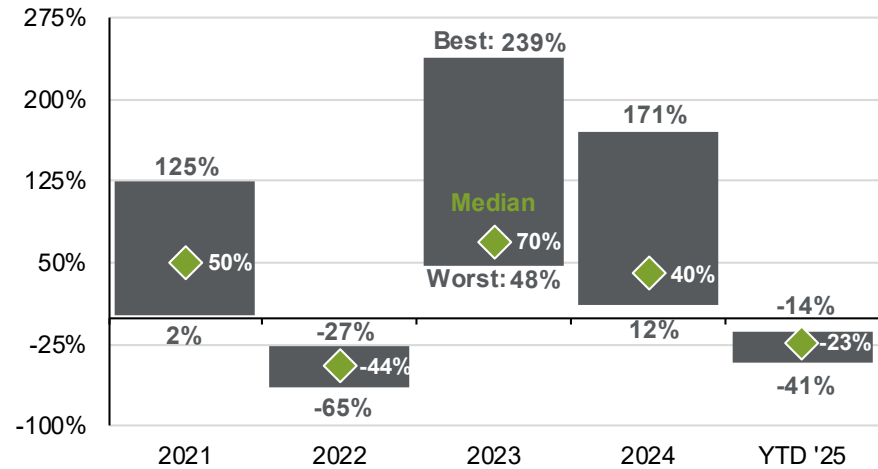
## Earnings growth

Pro forma EPS, year-over-year



## Magnificent 7 performance dispersion

Price returns, best, median and worst performing Mag 7 stock by year



Source: FactSet, Standard & Poor's, J.P. Morgan Asset Management.

\*Magnificent 7 includes AAPL, AMZN, GOOG, GOOGL, META, MSFT, NVDA and TSLA. Earnings estimates for 2025 are forecasts based on consensus analyst expectations. \*\*Share of returns represent how much each group contributed to the overall return.

Guide to the Markets – U.S. Data are as of April 4, 2025.

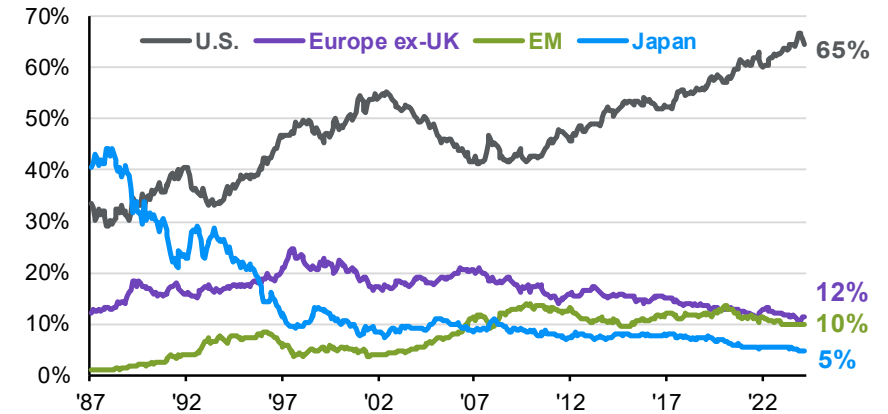
# Global Equity Markets

JPMorgan Guide to the Markets (As of 4/4/25)

Returns	YTD 2025		2024		15-years	
	Local	USD	Local	USD	Ann.	Beta
<b>Regions</b>						
U.S. (S&P 500)	-	-13.4	-	25.0	13.2	1.0
AC World ex-U.S.	-2.2	1.3	13.2	6.1	5.4	1.0
EAFE	-3.4	1.7	11.8	4.3	6.2	1.0
Eurozone	0.6	6.7	10.3	3.4	6.3	1.2
Emerging markets	1.4	1.8	13.7	8.1	3.4	1.0
<b>Selected Countries</b>						
Japan	-10.8	-3.7	21.2	8.7	5.8	0.7
United Kingdom	-0.0	3.3	9.5	7.5	5.6	1.0
France	-1.1	5.0	1.8	-4.6	6.7	1.2
Canada	-5.4	-4.4	23.0	12.7	5.6	1.1
Germany	3.6	9.9	18.4	11.0	6.9	1.3
China	13.3	13.3	19.8	19.7	3.6	0.9
Taiwan	-8.7	-9.7	44.3	35.1	11.3	1.0
India	-5.6	-5.2	15.7	12.4	6.3	0.9
Brazil	3.6	9.2	-11.4	-29.5	-1.6	1.3

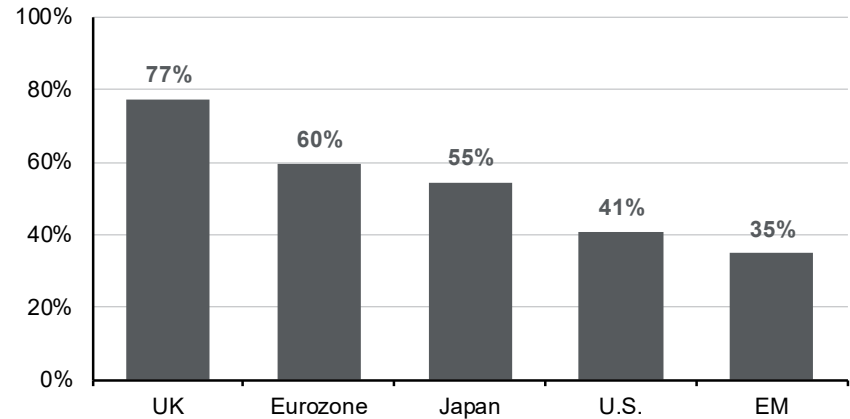
## Share of global market capitalization

% weight in the MSCI All Country World Index, USD, monthly



## Revenue exposure vs. country of listing

% of total revenue derived from foreign countries



Source: FactSet, MSCI, Standard & Poor's, J.P. Morgan Asset Management. (Left) All return values are MSCI Total Return Index (Gross) data. 15-year history based on USD returns. 15-year return and beta figures are calculated using a rolling 12-month period ending with the previous month-end. Beta is for monthly returns relative to the MSCI All Country World Index. Annualized volatility is calculated as the standard deviation of quarterly returns multiplied by the square root of four. Chart is for illustrative purposes only. Please see disclosure page for index definitions. Past performance is not a reliable indicator of current and future results. (Bottom right) Revenue exposure data are as of the previous quarter-end. Guide to the Markets – U.S. Data are as of April 4, 2025.

# Public Markets Performance Snapshot

Public Markets made up 78.9% of DFPF Investment Portfolio.

Asset Allocation & Performance | As of March 31, 2025

Performance Summary Ending March 31, 2025						
	Market Value (\$)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
<b>Total Public Portfolio</b>	1,565,011,424	-2.4	0.3	5.3	5.7	9.8
<i>60% MSCI ACWI IMI Net/40% Bloomberg Global Aggregate Index</i>		-2.1	0.1	5.1	3.2	8.3
<b>Public Equity</b>	1,080,327,788	-3.3	-0.2	5.4	6.6	14.4
<i>MSCI AC World IMI Index (Net)</i>		-3.9	-1.6	6.3	6.3	15.0
Boston Partners Global Equity Fund	126,669,866	0.1	8.6	8.3	9.6	18.8
<i>MSCI World Net</i>		-4.5	-1.8	7.0	7.6	16.1
Manulife Global Equity Strategy	120,928,617	-3.3	1.9	3.2	7.7	14.8
<i>MSCI ACWI Net</i>		-4.0	-1.3	7.2	6.9	15.2
Walter Scott Global Equity Fund	116,859,439	-5.6	-3.6	-2.5	4.5	11.9
<i>MSCI ACWI Net</i>		-4.0	-1.3	7.2	6.9	15.2
WCM Global Equity	118,062,481	-5.8	-3.0	13.9	--	--
<i>MSCI AC World Index Growth (Net)</i>		-6.8	-6.8	5.7	6.8	15.4
NT ACWI Index IMI	405,095,697	-3.8	-1.3	6.8	7.0	--
<i>MSCI AC World IMI Index (Net)</i>		-3.9	-1.6	6.3	6.3	15.0
Eastern Shore US Small Cap	57,282,412	-6.9	-8.1	-1.2	0.2	--
<i>Russell 2000 Index</i>		-6.8	-9.5	-4.0	0.5	13.3
Global Alpha International Small Cap	54,955,806	0.5	3.3	-4.3	--	--
<i>MSCI EAFE Small Cap (Net)</i>		0.5	3.7	3.1	0.9	9.9
RBC Emerging Markets Equity	80,473,468	1.5	2.9	9.2	3.4	8.7
<i>MSCI Emerging Markets IMI (Net)</i>		0.5	1.7	6.6	1.5	8.8

Source: Meketa

# Public Markets Performance Snapshot

## Asset Allocation & Performance | As of March 31, 2025

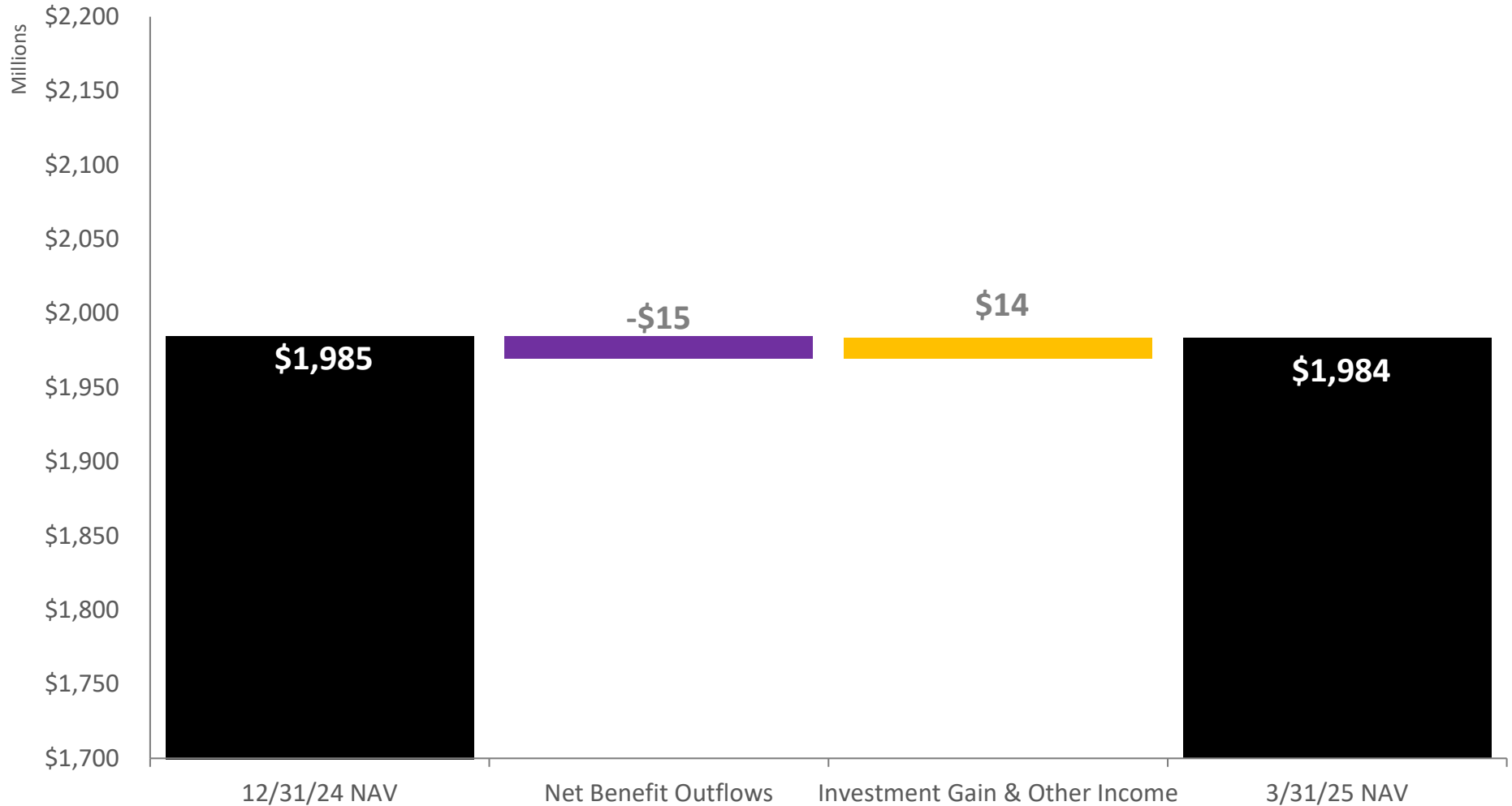
	Market Value (\$)	1 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)
<b>Fixed Income and Cash</b>	<b>269,947,465</b>	<b>0.2</b>	<b>1.7</b>	<b>5.6</b>	<b>2.8</b>	<b>2.2</b>
<i>Fixed Income and Cash Blended Benchmark</i>		0.3	1.8	5.3	2.6	1.2
IR&M 1-3 Year Strategy	125,349,807	0.4	1.6	6.0	3.6	2.4
<i>Blmbg. U.S. Aggregate 1-3 Yrs</i>		0.5	1.6	5.6	3.1	1.5
Longfellow Core Fixed Income	82,066,747	-0.2	2.7	5.3	1.0	--
<i>Blmbg. U.S. Aggregate Index</i>		0.0	2.8	4.9	0.5	-0.4
Cash Equivalents	62,530,910	0.3	1.0	5.1	4.4	2.7
<i>ICE BofA 3 Month U.S. T-Bill</i>		0.3	1.0	5.0	4.2	2.6
<b>Public Credit</b>	<b>214,736,171</b>	<b>-0.6</b>	<b>1.3</b>	<b>7.0</b>	<b>4.6</b>	<b>5.8</b>
<i>Credit Blended Benchmark</i>		-0.4	1.4	7.1	5.5	6.9
Aristotle Pacific Capital Bank Loan	84,526,845	-0.1	0.6	6.4	7.4	8.2
<i>S&amp;P UBS Leveraged Loan Index</i>		-0.3	0.6	7.0	7.1	8.9
Loomis US High Yield Fund	69,426,974	-1.1	1.2	8.9	4.3	--
<i>Blmbg. U.S. High Yield - 2% Issuer Cap</i>		-1.0	1.0	7.7	5.0	7.3
Metlife Emerging Markets Debt Blend	60,782,352	-0.5	2.3	5.8	--	--
<i>35% JPMEMBI Global Index/35% JPM CEMBI Broad Diversified Index/ 30% JPMGBI-EM Di</i>		0.3	3.0	6.3	3.7	3.6

Source: Meketa

# Change in Market Value Bridge Chart - As of 3/31/2025

*In Millions*

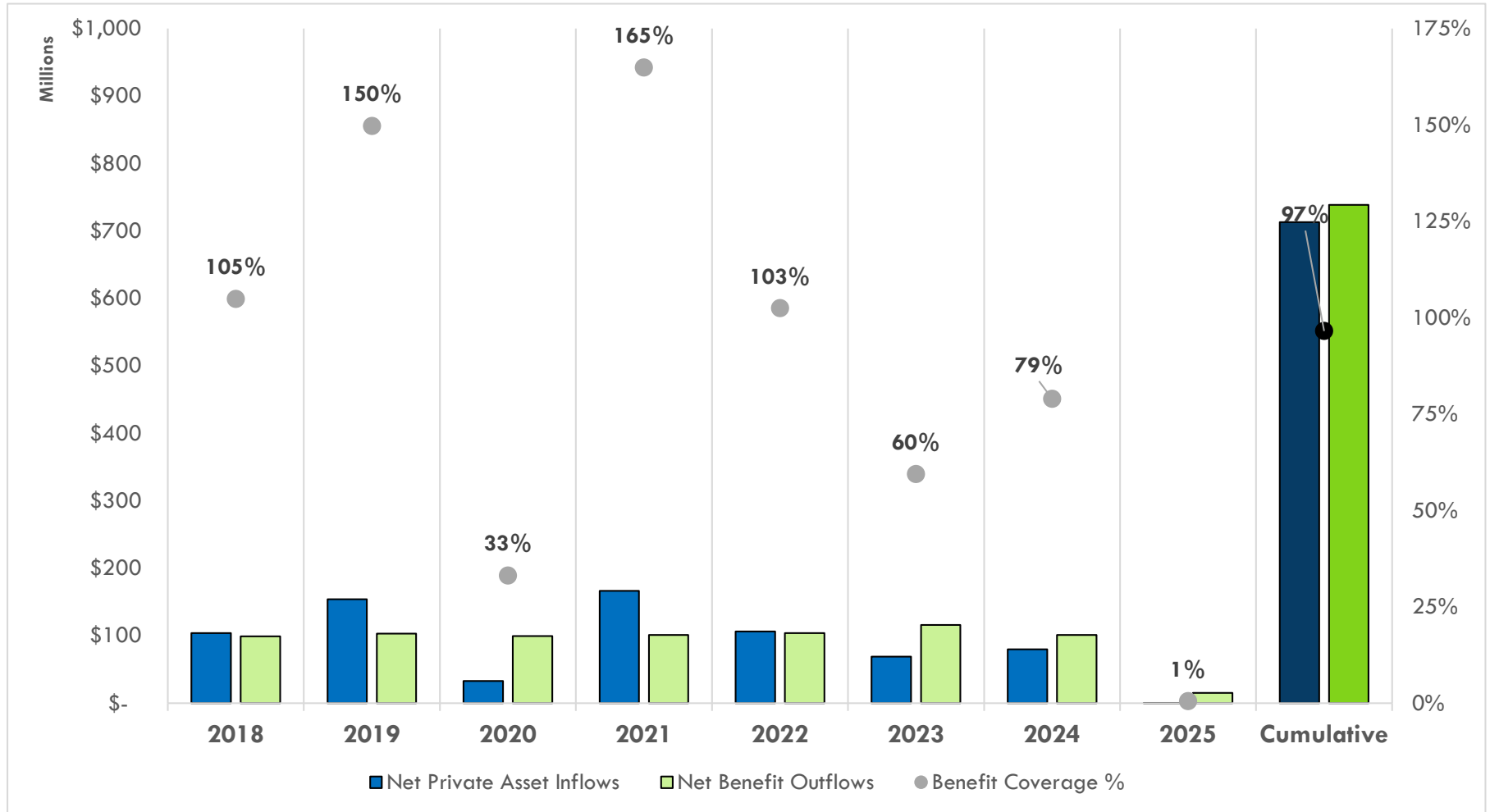
**2025 YTD Preliminary Investment Return estimated at 0.7%**



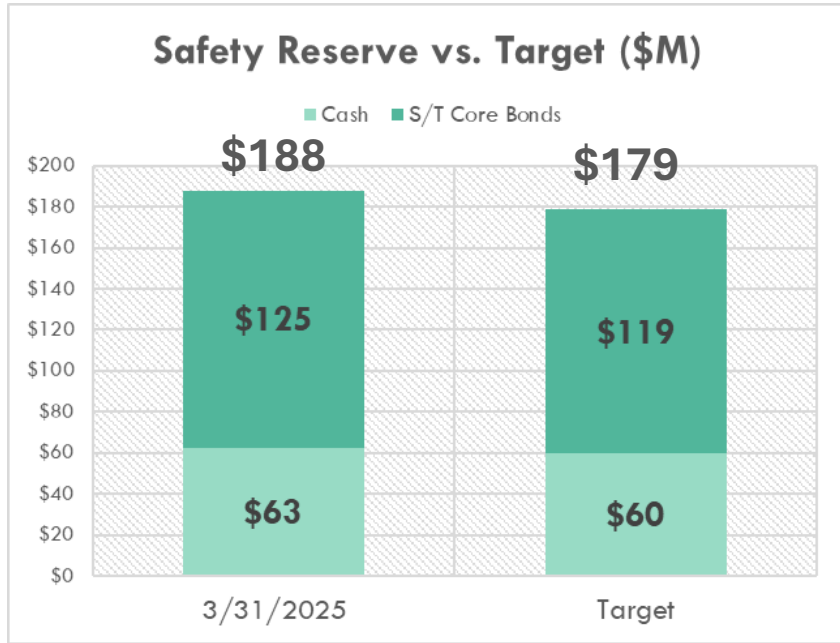
The beginning 12/31/24 value includes a one-quarter lag on private assets.  
 Numbers may not foot due to rounding.

# Benefit Outflow Coverage

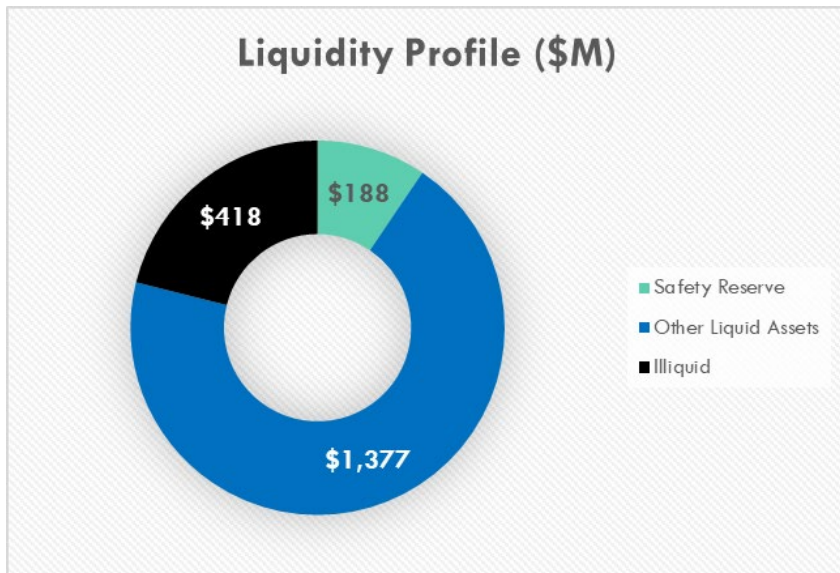
**Since 2018, net Private Asset inflows have covered 97% of net benefit outflows.**



# Safety Reserve Dashboard – As of 3/31/25



Projected Net Monthly outflows of **\$6.4M** per month. Safety Reserve of **\$188M** would cover net monthly outflows for next **29 months** or through **September 2027**.



Expected Cash Activity	Date	Amount (\$M)	Projected Cash Balance (\$M)	Projected Cash (%)
	3/31/25		\$62.5	3.2%
City Contribution	4/11/25	\$10.8	\$73.3	3.7%
City Contribution	4/25/25	\$10.8	\$84.1	4.2%
Pension Payroll	4/30/25	(\$28.9)	\$55.2	2.8%
City Contribution	5/9/25	\$10.8	\$66.0	3.3%
City Contribution	5/23/25	\$10.8	\$76.8	3.9%
Pension Payroll	5/28/25	(\$28.9)	\$47.8	2.4%
City Contribution	6/6/25	\$10.8	\$58.6	3.0%
City Contribution	6/20/25	\$10.8	\$69.4	3.5%
Pension Payroll	6/26/25	(\$28.9)	\$40.5	2.0%
City Contribution	7/4/25	\$10.8	\$51.3	2.6%

Numbers may not foot due to rounding.

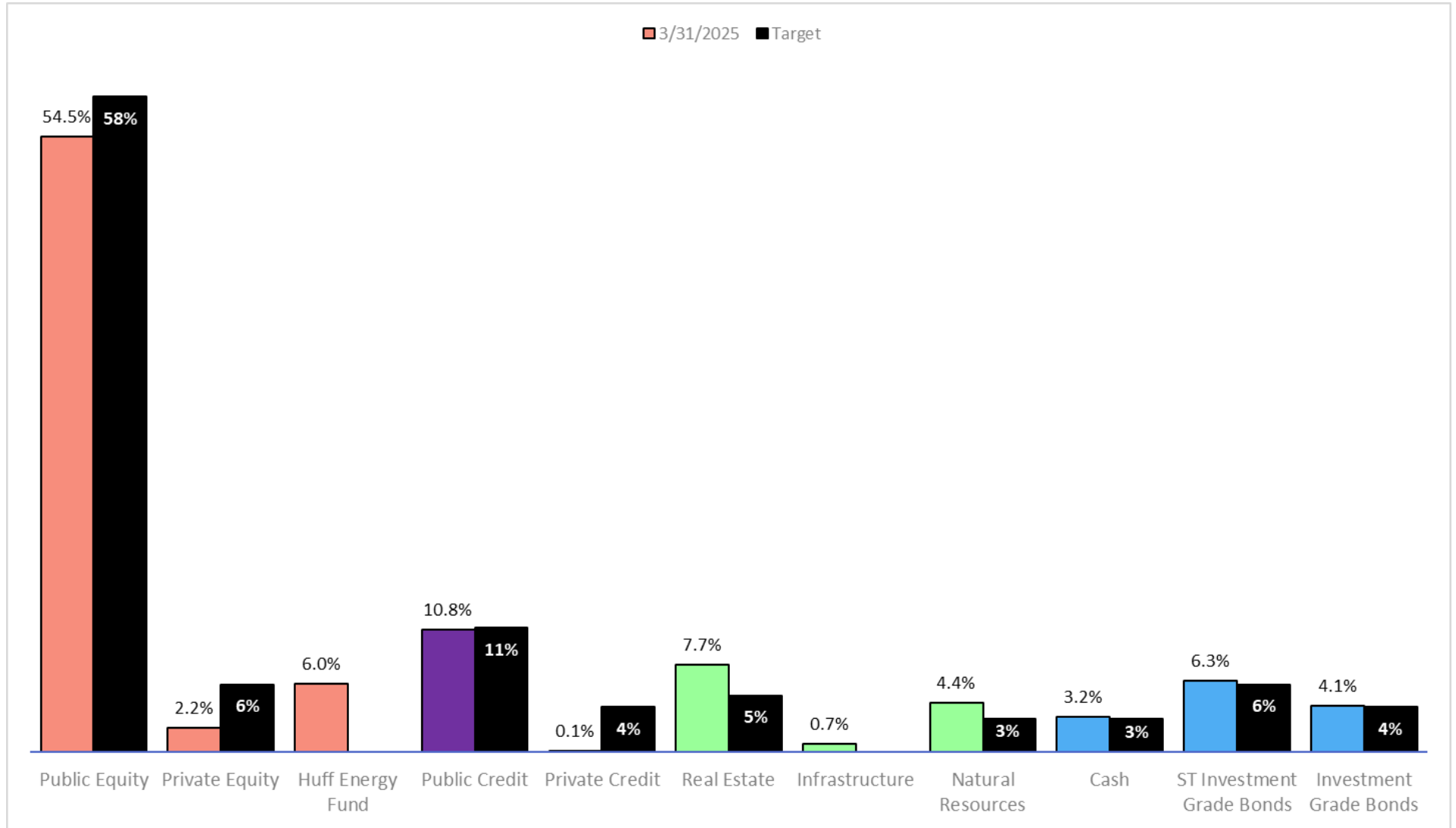
# Asset Allocation Detail

DPFP Asset Allocation	3/31/2025		Targets			Variance	
	NAV	%	\$ mil.	%	% of Target	\$ mil.	%
<b>Equity</b>	<b>1,243</b>	<b>62.7%</b>	<b>1,270</b>	<b>64%</b>	<b>98%</b>	<b>-27</b>	<b>-1.3%</b>
Public Equity	1,080	54.5%	1,151	58%	94%	-70	-3.5%
<i>Northern Trust ACWI IMI Index</i>	405	20.4%	476	24%	85%	-71	-3.6%
<i>Boston Partners</i>	127	6.4%	119	6%	106%	8	0.4%
<i>Manulife</i>	121	6.1%	119	6%	102%	2	0.1%
<i>Walter Scott</i>	117	5.9%	119	6%	98%	-2	-0.1%
<i>WCM</i>	118	6.0%	119	6%	99%	-1	0.0%
<i>Eastern Shore US Small Cap</i>	57	2.9%	60	3%	96%	-2	-0.1%
<i>Global Alpha Intl Small Cap</i>	55	2.8%	60	3%	92%	-5	-0.2%
<i>RBC Emerging Markets Equity</i>	80	4.1%	79	4%	101%	1	0.1%
Private Equity	43	2.2%	119	6%	36%	-76	-3.8%
Huff Energy Fund	120	6.0%	0	0%		120	6.0%
<b>Credit</b>	<b>216</b>	<b>10.9%</b>	<b>298</b>	<b>15%</b>	<b>73%</b>	<b>-82</b>	<b>-4.1%</b>
Public Credit	215	10.8%	218	11%	98%	-3	-0.2%
<i>Aristotle Pacific Bank Loans</i>	85	4.3%	79	4%	107%	5	0.3%
<i>Loomis Sayles High Yield Bonds</i>	69	3.5%	79	4%	87%	-10	-0.5%
<i>MetLife Emerging Market Debt</i>	61	3.1%	60	3%	102%	1	0.1%
Private Credit	1	0.1%	79	4%	2%	-78	-3.9%
<b>Real Assets</b>	<b>255</b>	<b>12.8%</b>	<b>159</b>	<b>8%</b>	<b>161%</b>	<b>96</b>	<b>4.8%</b>
Real Estate	154	7.7%	99	5%	155%	55	2.7%
Natural Resources	87	4.4%	60	3%	146%	28	1.4%
Infrastructure	14	0.7%	0	0%		14	0.7%
<b>Fixed Income &amp; Cash</b>	<b>270</b>	<b>13.6%</b>	<b>258</b>	<b>13%</b>	<b>105%</b>	<b>12</b>	<b>0.6%</b>
Cash	63	3.2%	60	3%	105%	3	0.2%
IR+M Short Term Bonds	125	6.3%	119	6%	105%	6	0.3%
Longfellow IG Bonds	82	4.1%	79	4%	103%	3	0.1%
<b>Total</b>	<b>1,984</b>	<b>100.0%</b>	<b>1,984</b>	<b>100%</b>		<b>0</b>	<b>0.0%</b>
Safety Reserve	188	9.5%	179	9%	105%	9	0.5%
Private Market Assets	418	21.1%	357	18%		61	-2.9%

Source: Preliminary BNY Custodial Data, Staff Estimates and Calculations. Numbers may not foot due to rounding.



# Asset Allocation – Actual vs Target





## DISCUSSION SHEET

### ITEM #D10

**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:** Staff will update the Board on investments with this manager.

*Regular Board Meeting – Thursday, April 10, 2025*



## DISCUSSION SHEET

### ITEM #D11

**Topic:** Legislative 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:** Staff will brief the Board on pension bills that have been filed which may bear on DFPF.

*Regular Board Meeting – Thursday, April 10, 2025*



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



# 2.025 Funding Status Update

April 10, 2025  
Board Meeting

# Plan Funding – 2017 Background

In 2017, the DPFP plan faced near-term insolvency. Following prolonged negotiations, the Legislature enacted HB 3158, which all parties acknowledged was not a permanent funding solution. It was understood that, even if all assumptions were met, the funding level would continue to decline.

Key elements of HB 3158:

- The Mayor was granted the authority to appoint a majority of the Board.
- Members accepted substantial benefit cuts, totaling approximately \$1 billion in present value.
- The City's contributions increased but not to the level required. The City resisted committing to further increases, needing time to plan for increased contributions.
- DPFP agreed to HB 3158 with a fail-safe provision (Section 2.025), ensuring the Board had the authority in 2024 to adopt a plan based on the contribution and benefit recommendations of an independent actuary. If the City-controlled Board failed to act, the Legislature could intervene in the 2025 session.

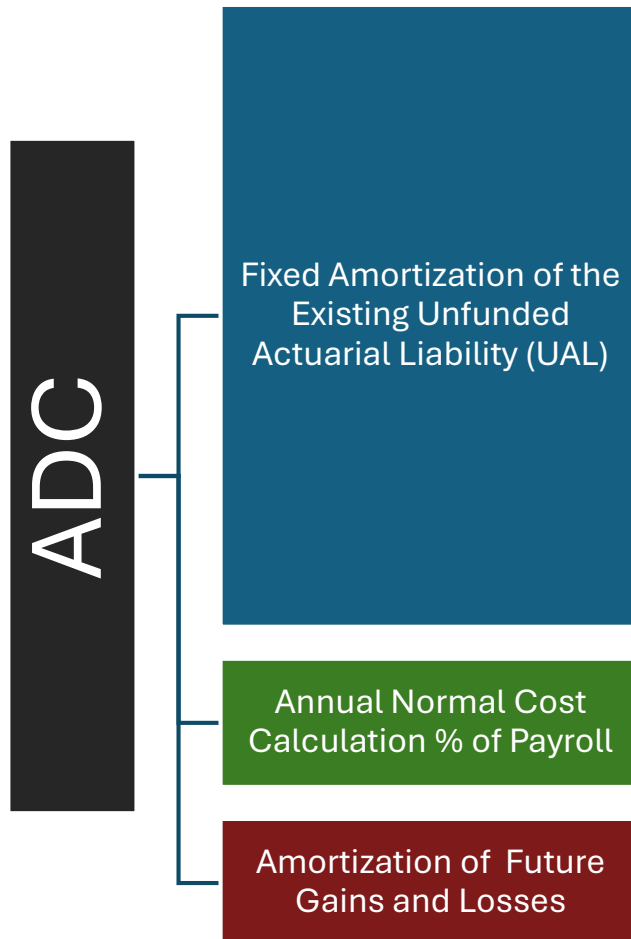
# Plan Funding – Status

- As mandated by Section 2.025, an independent actuary selected by the Pension Review Board conducted an analysis and provided recommendations. The Board adopted a plan based on these recommendations.
- DPF and the City have negotiated for well over a year, and the City has not moved at all on the additional contributions it is willing to put into the pension plan. The City failed to plan for the increased contributions that they knew would be required in 2025.
- In addition to the dollar amount of contributions, the structure of SB 1527 (the City's plan) falls short of the intent to fund a plan based on an Actuarially Determined Contribution (ADC) structure and adds risk to the plan.
- The City continually stated both publicly and privately that they disagreed that a Board-adopted plan under Section 2.025 had the force of law. DPF filed a lawsuit to clarify the legal authority granted to the Board by the Legislature under Section 2.025. Agreement on this authority was necessary even if there was agreement on all aspects of the plan.

# Comparison of the Independent Actuary's Recommendations under SB1527-89th and DPFP Board Adopted Plan Required by HB3158-85<sup>th</sup> R.

Key Recommendations by Independent Actuary	SB1527-89th	HB3158-85th R.- Adopted Plan
<b>1. City Contributions Based on ADC</b> ( <i>Adopt an Actuarial Determined Contribution for annual City Contribution</i> )		
<b>a. ADC Phase-in Period</b>	<input checked="" type="checkbox"/> <b>Time to full ADC: 5-Year Step-Up</b> (Slowest increase, least preferred by Independent Actuary)	<input checked="" type="checkbox"/> <b>Time to full ADC: 3-Year Step-Up (2<sup>nd</sup> slowest increase, 2nd least preferred by Independent Actuary)</b>
<b>b. ADC Based on Independent Actuary's Methodology</b>	<input checked="" type="checkbox"/> No – Deviates in 9 significant ways, increasing the likelihood of causing underfunding and shifting costs to future generations.	<input checked="" type="checkbox"/> Yes – Follows the recommended methodology, ensuring full funding within 30 years.
<b>2. Employee Contribution Rates</b> ( <i>Lower rates as funding improves</i> )	<input checked="" type="checkbox"/> Not included	<input checked="" type="checkbox"/> Not included
<b>3. COLA</b> ( <i>Provide some COLA earlier</i> )	<input checked="" type="checkbox"/> Not included	<input checked="" type="checkbox"/> Very modest CPI-based COLA, adjusted/reduced based upon plan funding level, capped at 1.5% until 70% funded.
<b>Additional Changes Included but Not Part of the Independent Actuary's Recommendations</b>	<input checked="" type="checkbox"/> Includes “governance” factors such as City approval of actuarial assumptions aimed at “controlling” the ADC, which, together with the flawed ADC methodology, would likely lead to underfunding and distort the actual funded level.	<input checked="" type="checkbox"/> None

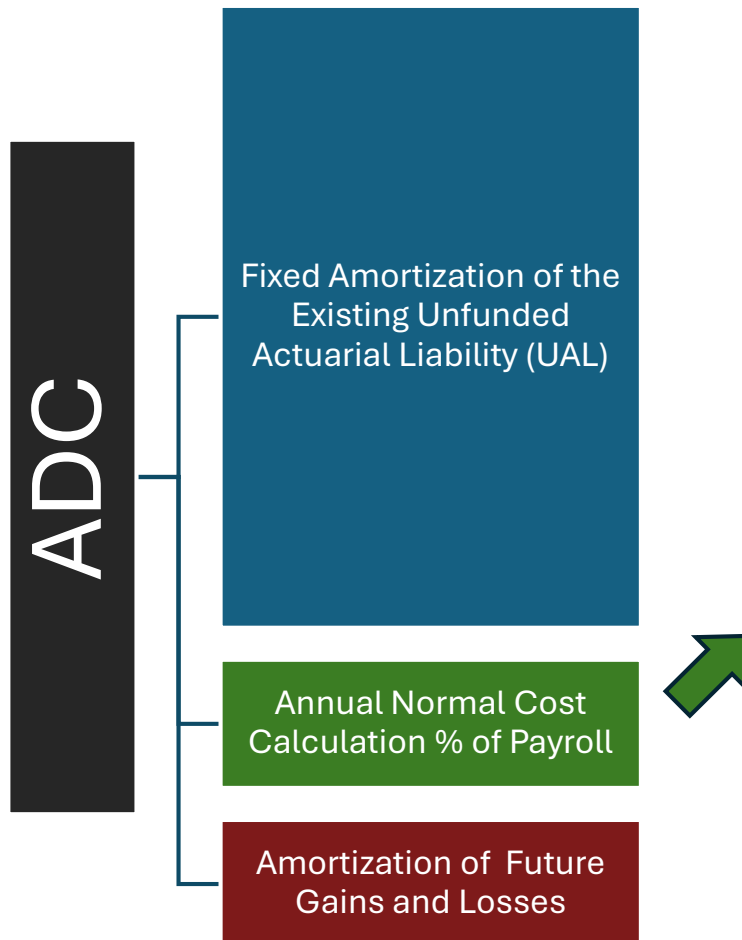
# City Contributions Based on an ADC – Existing Unfunded Liability



- The actuary recommended an annual fixed payment (not tied to payroll) be paid biweekly to cover both the 1/1/2023 UAL and estimated administrative expenses.
- This fixed portion of the ADC is the largest portion of the ADC, currently at 84% and increasing to 88% after full implementation.
- The phase in portion of the ADC applied to this portion of the ADC only.
- The phase in period under SB 1527 is 5 years versus 3 years in the DFPF plan. Both were deemed acceptable by Cheiron.
- In addition to the phase in period, SB 1527 has the following potential issues:
  1. SB 1527 converts the fixed amount to a percentage based on the projected payroll. It is unclear what the intent of this is and how the rate will be used.

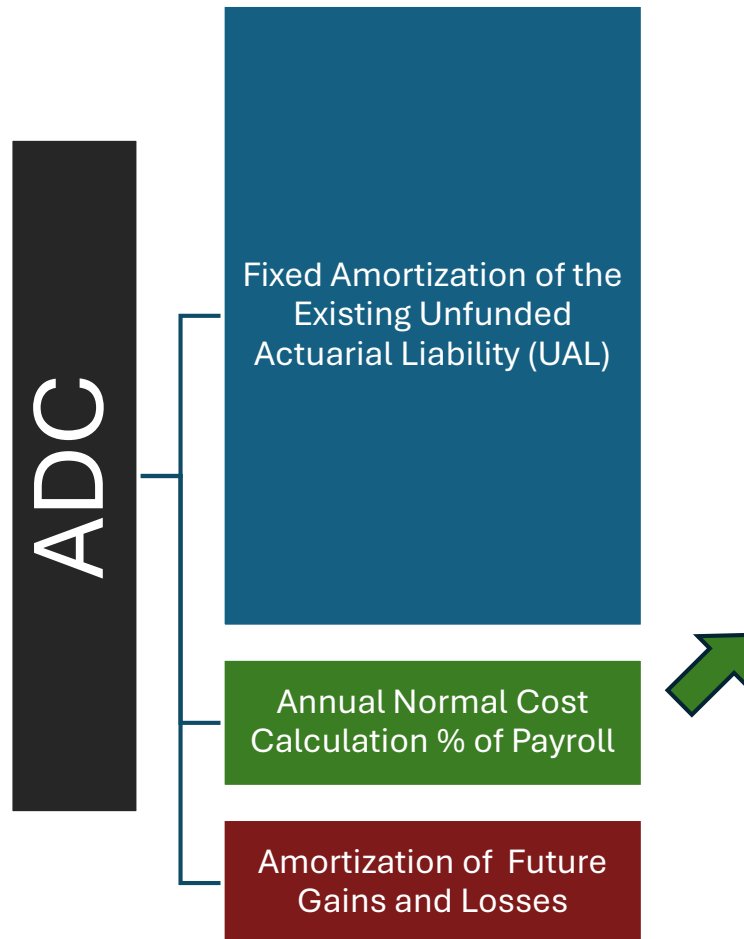


# City Contributions Based on an ADC – Normal Cost



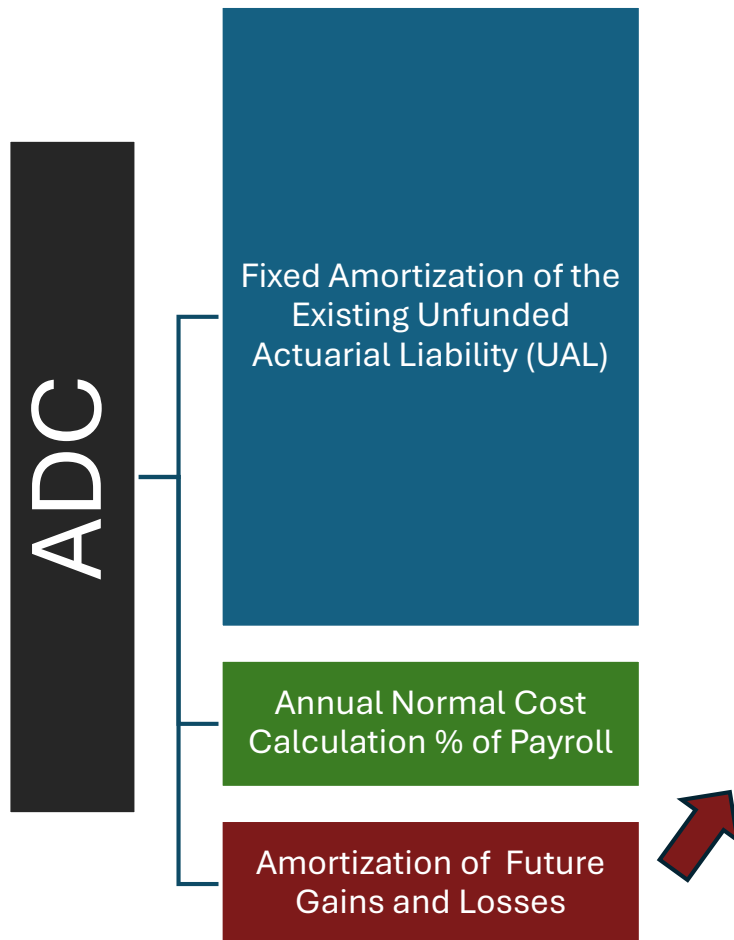
- Normal cost is an annual calculation to determine the cost of benefits attributed to the current year of service for employees.
- The normal cost percentage is multiplied by the actual payroll to determine contributions.
- The employees' contribution is 13.5% of the actual payroll, with the City contribution covering the remaining percentage. The 2025 City percentage is 6.78%.
- The normal cost portion of the City contribution is projected to be the smallest portion of the ADC, 12%, after the full phase-in of the fixed portion of the ADC.
- The differences between SB 1527 and the recommended methodology are included on the following slide.

# City Contributions Based on an ADC – Normal Cost



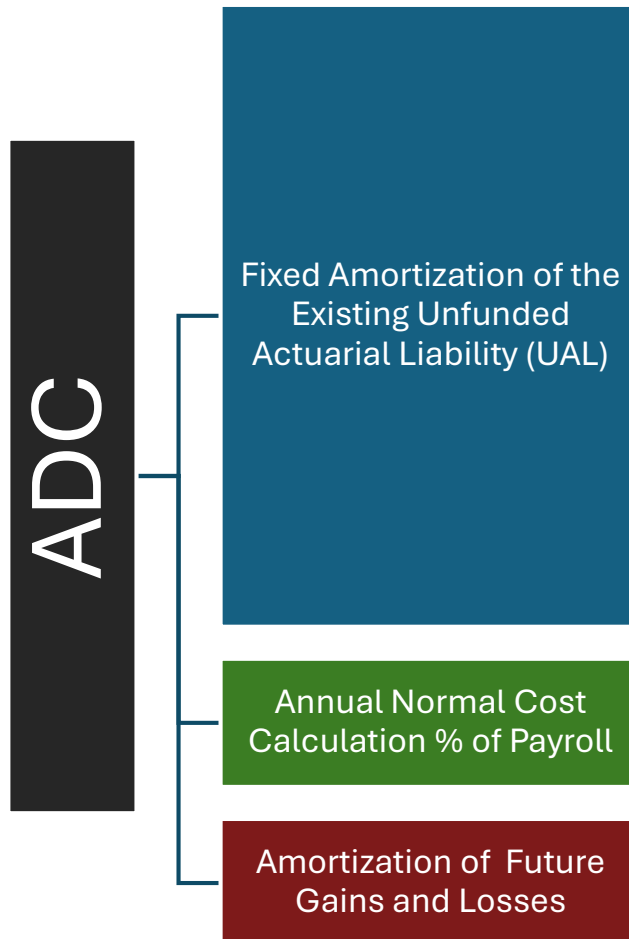
- Deviations from the Independent Actuary's methodology:
  1. In SB 1527, the normal cost is calculated one time for the next 30 years rather than an annual calculation of normal cost.
  2. SB 1527 continues a fixed rate (statutory rate) for contributions for an additional five years, delaying the concept of contributing based on an ADC. Cheiron specifically warned against having a fixed percentage in their report.
  3. Normal cost is paid on projected payroll, not actual payroll. Projected payroll is not defined in SB 1527; however, the CFO has stated that it refers to the projected payroll that Cheiron used in its calculations. It was not the intention that the payroll amount would be hardcoded as part of the calculation. Payroll should be updated annually to reflect both actual experience and future expectations. We know that will be materially short, given the raise history and increased hiring required under Proposition U.
  4. The normal cost rate is limited by a maximum corridor that not only includes normal cost but also future gain and loss layers.

# City Contributions Based on an ADC – Future Gains & Losses



- All pension plans experience gains and losses each year resulting from actual experience differing from assumptions. Assumption and method changes can also result in gains or losses.
- The Actuary recommended amortizing the gains and losses over a period of 20-30 years.
- SB 1527 prohibits any amortization of the gain and losses for the first five years.
- Once amortization begins, the amount of the amortization is combined with the normal cost amount and restricted by the corridor limits hardcoded into SB 1527. If the maximum corridor is breached, the excess is amortized over another 20-30 years.

# City Contributions Based on an ADC – Other SB 1527 Provisions



- Other SB 1527 provisions with potential implications for funding or reporting an accurate funding level of the pension:
  1. Contributions were to be made based on an annual calculation done by the DFPF Qualified Actuary. SB 1527 inserts the concept of averaging the ADC calculations of DFPF and the City’s actuary if the two ADC calculations differ by more than 3%.
  2. The City did not honor its commitment to Cheiron and DFPF to contribute the full budgeted contributions for FY 2024, resulting in a \$7.3 million shortfall and an inaccurate starting point for Cheiron’s analysis.
  3. SB 1527 grants the City Council approval authority over actuarial assumptions despite the council members not being fiduciaries to the plan and having competing interests.

# Cost of Living Adjustment –(COLA)

- Cheiron Recommendation Explained:
  - The 2017 amendments suspended COLAs until the System reaches 70% funding. Based on the proposed ADC, current projections suggest no COLA will be payable until 2046—resulting in 30 years with no COLA. Despite the System’s current low funded ratio, we believe that not providing any COLA for 30 years will seriously hamper the City’s ability to recruit and retain public safety employees. If a COLA is granted before the System reaches 70% funded, the estimated cost of such a COLA should be included in the contribution budget to avoid further inadequate funding. We provided the estimated cost of a range of alternative COLA options for consideration. We did not recommend a specific COLA, as determining the provisions is a policy decision that must balance protecting retirees’ purchasing power with managing the associated costs.
- Pension Review Board – Adopted Principles of Plan Design:
  - Benefits should be designed to place employees on the path to financial security in retirement in consideration of participation or nonparticipation in Social Security. (Principle 5)
  - Retirement benefits should be protected against the erosion of the benefit’s value due to inflation; such benefits should not exceed actual inflation and should be funded in accordance with the Pension Review Board’s Pension Funding Guidelines. (Principle 8)

# COLA – Cheiron Purchasing Power Erosion Table – COLA as is in Statute

- Purchasing Power Erosion:

Purchasing Power – Current DFPF COLA							
Retirement Year	2024	2029	2034	2039	2044	2049	2054
2023	100%	88%	78%	69%	61%	56%	53%
2022	96%	85%	75%	66%	58%	54%	51%
2021	88%	77%	68%	60%	53%	49%	47%
2020	83%	73%	65%	57%	50%	47%	44%
2019	82%	73%	64%	57%	50%	46%	44%
2018	81%	71%	63%	56%	49%	45%	43%
2017	79%	70%	61%	54%	48%	44%	42%
2016	76%	67%	60%	53%	47%	43%	41%
2015	78%	69%	61%	54%	47%	44%	41%
2010	86%	76%	67%	59%	52%	48%	45%
2005	93%	83%	73%	65%	57%	52%	48%
2000	94%	83%	73%	65%	57%	52%	
1995	92%	82%	72%	64%	56%		
1990	90%	79%	70%	62%			
1985	84%	75%	66%				
1980	70%	62%					

# COLA – Adopted in the DFPF Plan

- Prior to 70% funding, a simple COLA is granted annually, capped at 1.5%, and calculated as the funded level of the plan multiplied by the CPI.
  - Based on inflation and funding level projections, it is estimated that the 1.5% cap will not be hit until approximately 2040.
  - The impact of the new COLA on the purchasing for a new retiree can be seen by comparing the following table to the first line from the table on the prior page.

COLA Scenario	Purchasing Power						
	2024	2029	2034	2039	2044	2049	2054
Current + Immediate Partial CPI COLA up to 1.50% until 70%+ Funded	100%	91%	84%	78%	74%	69%	65%

*2.5% Assumed Inflation for All Years*

- SB 1527 has no COLA or stipend.
- Civilian plan members have received 26.5% COLAs since 2017, and police and firefighter retirees have received zero since 2017. Civilian employees will continue to receive annual COLAs, capped at 5%.



***VIA ELECTRONIC MAIL***

April 2, 2025

Texas Senate Finance Committee

***Re: Cheiron's Role and Recommendations for the Dallas Police & Fire Pension System ("DPFP")***

Dear Senate Finance Committee Members:

At the March 19, 2025, Senate Finance Committee hearing, Cheiron's recommendations to the DPFP were misrepresented, creating confusion about our work and tarnishing our firm's reputation. We want to correct the record.

**Background**

The Texas Pension Review Board hired Cheiron to conduct an independent actuarial analysis to provide recommendations regarding changes to benefits or contributions so that DPFP will meet the PRB pension funding guidelines.

Because its funding period as of January 1, 2023, was 82 years, DPFP does not meet the PRB pension funding guidelines. We made the following recommendations to bring DPFP within the guidelines and ensure it remains compliant.

**Most Important Recommendation – Adopt an Actuarially Determined Contribution**

The Dallas Police and Fire Pension System's fixed contribution rate has been inadequate. Our primary recommendation was to switch from the inadequate fixed contribution rate to an Actuarially Determined Contribution (ADC). This means the City's contribution to the pension plan is calculated each year based on the plan's actual financial situation. Using an ADC puts the System on a path to full funding and ensures it always complies with the PRB's pension funding guidelines.

**Additional Considerations and Recommendations**

Benefits under the System were reduced in 2011 and 2017. These changes affected employees and retirees. Based on comparisons to other large public safety systems in Texas, we do not believe that further benefit reductions could be sustained without eroding the City's ability to recruit and retain police officers and firefighters. Consequently, we did not recommend any additional benefit reductions or any employee contribution increases.

In our review of the current provisions, we identified two provisions that may warrant modification to distribute costs and benefits more equitably across generations.



Texas Senate Finance Committee  
April 2, 2025  
Page 2

### **1. Reduce Employee Contribution Rates as Funding Improves**

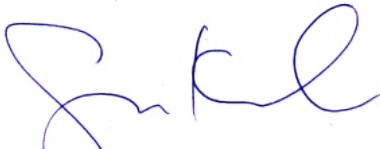
The employee contribution rate of 13.5% of pay currently covers almost 74% of the expected cost of the current year's benefits, which is significantly higher when compared to peer systems. Under the current provisions, once the System is 100% funded, employees would only pay 50% of the cost instead of 74%. We recommend establishing a schedule so that as the funded ratio improves, the employee contribution rate gradually declines to 50% of the cost instead of dropping all at once when the System is 100% funded.

### **2. Cost-of-Living Adjustments**

The 2017 amendments suspended COLAs until the System reaches 70% funding. Based on the proposed ADC, current projections suggest no COLA will be payable until 2046—resulting in 30 years with no COLA. Despite the System's current low funded ratio, we believe that not providing any COLA for 30 years will seriously hamper the City's ability to recruit and retain public safety employees. If a COLA is granted before the System reaches 70% funded, the estimated cost of such a COLA should be included in the contribution budget to avoid further inadequate funding. We provided the estimated cost of a range of alternative COLA options for consideration. We did not recommend a specific COLA, as determining the provisions is a policy decision that must balance protecting retirees' purchasing power with managing the associated costs.

Our complete analysis and recommendations are in the attached Independent Actuarial Analysis report from August 2024.

Sincerely,  
Cheiron



Gene Kalwarski, FSA, EA, MAAA  
CEO & Principal Consulting Actuary

cc: Texas Pension Review Board

Attachment





## **DISCUSSION SHEET**

### **ITEM #D12**

**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, April 10, 2025*



## DISCUSSION SHEET

### ITEM #E1

**Topic:** Public Comment

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

*Regular Board Meeting – Thursday, April 10, 2025*



## DISCUSSION SHEET

### ITEM #E2

**Topic:** Executive Director's Report

- a. Associations' newsletters
  - NCPERS Monitor (April 2025)
- b. Open Records

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

*Regular Board Meeting – Thursday, April 10, 2025*

THE NCPERS

# MONITOR

The Latest in Legislative News

April 2025

NCPERS

Executive Director's Corner



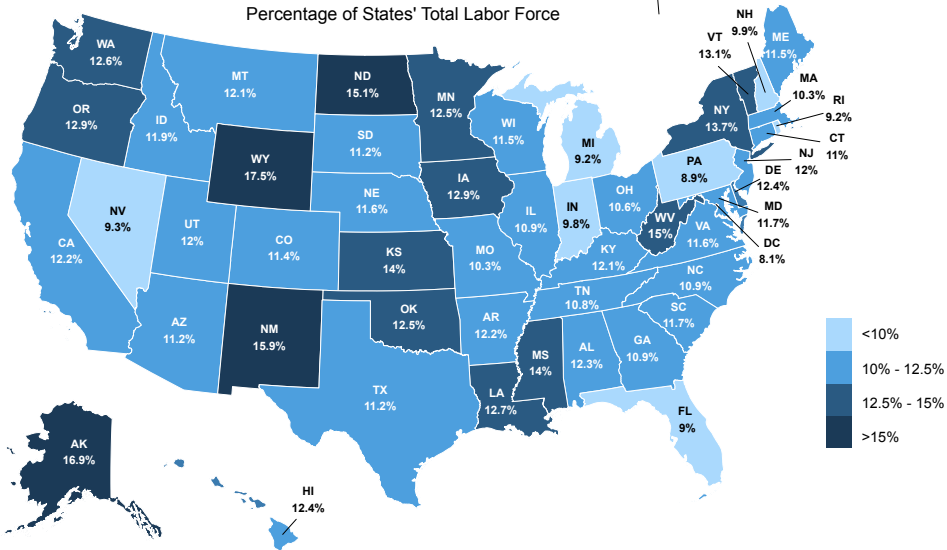
## Why State and Local Government Workers Are Essential to Our Communities (And the Economy)

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

State and local governments employ approximately 20.6 million workers who keep our communities safe, educate our children, and deliver essential services each day. Yet, with an [estimated 222,000 federal job cuts](#) announced so far this year—and similar efforts brewing at the state level—the value of public servants' work has loudly been called into question.

Trust in major governmental institutions has been eroding for decades, and just 22% of Americans hold [favorable views](#) of the federal government. While the sentiment towards state and local government remains higher—[at 50% and 61% favorability, respectively](#)—the widespread attacks on public servants present a major risk to our communities, our workers, and the economy. ☹

State and Local Government Workers  
Percentage of States' Total Labor Force



Source: 2023 American Community Survey

## Economic Impact of State and Local Public Servants, Pensions

From school bus drivers to fire chiefs, state and local public servants make up approximately 13% of the workforce. While transparency and efficiency are important for any organization, a “slash and burn” approach may ultimately drive up costs for taxpayers while reducing the benefits they enjoy.

We’ve seen the harmful effects of shrinking the state and local government workforce before. When firefighters’ jobs were cut during the Great Recession, departments were forced to resort to “rolling brownouts” that led to delayed services and [increased risks to property and citizen lives](#). Similarly, when 350,000 jobs were cut from the K-12 [public education system](#) between 2008 and 2012, we saw lower school completion rates, larger class sizes, and increases in student achievement gaps.

Further, this approach may not account for long-term costs for taxpayers. Largely due to the mission-driven work and incentivized tenure provided by pensions, the public sector has significantly [lower turnover rates](#) than the private sector. The estimated costs for employee turnover can be up to 200 percent of the individual’s salary, meaning any new hires down the road would come with hidden expenses.

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Additionally, widespread layoffs in the public sector may have unintended consequences for the health of public pensions and the economy. With fewer active employees contributing to plans, taxpayers may be on the hook for increased contributions needed to fulfil pension obligations. If benefits are tiered down further, this would also harm the economy in the long run.

Currently, public sector pensions distribute nearly [\\$400 billion in annual benefits](#). When taking into account the impact of pension retiree spending and investment of pension assets, an analysis of 2023 data by NCPERS found that every dollar taxpayers contribute to state and local pensions supports an additional \$13.40 in total economic output.

### State-Led Efforts Against Public Sector Workers

Already, we're seeing a 'trickle down' effect from the efforts to reduce the size and scope of the Federal government. There has been an influx of anti-union activity and at least 11 states have created [DOGE-inspired committees](#).

In February, Utah Gov. Spencer Cox signed into law a bill that will [ban public sector unions](#) from collective bargaining—impacting thousands of teachers, police officers, and first responders. According to the Economic Policy Institute, public sector collective bargaining rights narrow the pay gap between public and private sector workers by [8 percentage points](#). Efforts are currently underway to gather 200,000 signatures to qualify for a referendum, which would give voters the opportunity to [overturn the law](#).

These attacks are not new, unfortunately, and tend to be cyclical. Following the Great Financial Crisis, we saw largescale efforts to undermine public sector unions when fifteen states passed laws [restricting collective bargaining rights](#) in 2011-2012. The recent efforts, though, do represent a reversal of positive momentum in the labor movement including Michigan's [repeal of the right-to-work law](#) in 2023.

NCPERS will continue to keep its members up to date on these developments. Pension fund staff responsible for advocacy efforts are encouraged to join the [Government Affairs Roundtable](#) to connect with peers and share resources.

### Recognizing Public Servants and Attracting New Talent: Public Service Recognition Week

Now is the time to shift the narrative around the vital importance of public service. We invite you to share your stories with us ([communications@ncpers.org](mailto:communications@ncpers.org)) leading up to and during [Public Service Recognition Week](#), held May 4-10, 2025.

- Tell us what you love about working for a public pension.
- Share stories of impact from your plan participants and retirees.
- Post on social media using hashtags #PSRW and #publicpensions, and be sure to tag NCPERS on [LinkedIn](#) or [Facebook](#) so we can help amplify.
- Send your job postings to [membership@ncpers.org](mailto:membership@ncpers.org) to help attract new talent to the public pension industry. [View our latest careers roundup](#). ♦

## Behind the Scenes with FPPA CIO Scott Simon: Investment Opportunities and Challenges for Public Pensions

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



Serving as the CIO for the [Fire and Police Pension Association \(FPPA\) of Colorado](#) since 2007, Scott Simon has seen his fair share of challenging market conditions. But with prudent management and a focus on long-term returns, he has successfully grown the \$7.5 billion fund's investment portfolio during his tenure.

Scott will join two fellow public pension CIOs—Colorado PERA's Amy McGarrity and Denver Employees Retirement Plan's Randy Baum—onstage at [NCPERS 2025 Annual Conference & Exhibition \(ACE\)](#) for a candid conversation on investment challenges, opportunities, and market trends.

Before the panelists take the stage in Denver on May 20, we spoke with Scott about the current investment landscape for public pensions and the strategies FPPA is implementing to mitigate risk amid increasing economic volatility: [🗣️](#)



Scott Simon



### What are the biggest investment opportunities and challenges for public pensions today?

Public plans continue to be provided with diverse opportunities within private markets. We have continued our meaningful commitments to small buyout strategies and venture capital, and we are increasing our allocations to private credit. Hedge fund strategies—particularly global macro—continue to offer attractive risk-adjusted returns.

While we are less sensitive to the continued decline in distributions from private equity, we recognize how this is affecting other investors. A persistent challenge is the need for internal resources to process deal flow, including co-investment opportunities, along with the increased utilization of continuation vehicles by general partners.

### How are you positioning your portfolio to mitigate risk in the face of increasing global economic volatility?

We maintain our focus on implementing our long-term strategic asset allocation, including continuing to add to differentiating strategies within private markets and increasing our overall private credit exposure—in particular with direct lending strategies.

We have increased our overall liquidity and diversified our strategies within our cash allocation. Additionally, we have seen some of our underlying managers positioning into more defensive sectors.

Currently, we are evaluating our criteria to ensure optimal rebalancing during times of increased market volatility.

Learn more at [NCPERS Annual Conference and Exhibition](#), held May 18-21 in Denver. [View the agenda](#) and [register now](#) to join more than 700 public pension professionals at the industry's premier educational and networking event. ♦



## Current Law vs. Current Policy, and Other Budgetary Matters for Pensions to Watch

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



Photo Illustration © 2025 AdobeStock.com

**T**he first two weeks of April will be critical to President Trump and Congressional Republicans as they seek to cement their prospects to enact far-reaching legislation on tax and spending cuts. During this period, House and Senate Republicans will be hard at work on a joint budget resolution which, once adopted by both chambers, will unlock the budget reconciliation legislation.

The budget reconciliation process was enacted as part of the Congressional Budget and Impoundment Control Act of 1974. It allows for expedited consideration of certain tax, spending, and debt-limit legislation. Reconciliation can be used to address most mandatory entitlement spending, including Medicare and Medicaid. The most important procedural aspect of reconciliation is that it is not subject to filibuster in the Senate and may be approved in that chamber by a simple majority vote. It is, therefore, a powerful legislative tool for President Trump and Congressional Republicans to enact their fiscal wish list.

At the top of the list of priorities for the reconciliation bill is the extension and broadening of the Tax Cuts and Jobs Act of 2017 (TCJA), enactment of which was a priority for President Trump in his first term. In addition to the extension of TCJA, President Trump also has emphasized his desire to zero out taxes on tips and overtime income, as well as on Social Security benefits. ☺

Estimates are that a simple extension of the TCJA will result in revenue losses over the next 10 years of \$4.6 trillion. Repeal of taxes on tips, overtime, and Social Security income would result in additional lost revenue of up to \$5 trillion over the next 10 years, according to the bipartisan think tank, the Committee for a Responsible Federal Budget. Fiscal hawks in the House are demanding spending cuts of \$2 trillion. Squaring all of this will require the House and Senate to bridge differences in their approaches to the budget resolution and secure approval from the President.

An intra-GOP debate has emerged in recent weeks over what is known as the “current law baseline” versus the “current policy baseline”. In past budget reconciliation bills, the current law baseline has been the scoring method used for tax changes. What this means is that, if under current law a tax provision has an expiration date, then extending that provision beyond the expiration date would result in a new revenue loss to the U.S. Treasury, of course assuming the provision is favorable to taxpayers.

In contrast, the same example under a current policy baseline method would not result in a new revenue loss because it is simply an extension of current policy, which under this approach is the assumed baseline going forward. Some Senate Republicans seem enamored of the current policy approach for obvious reasons. It would allow them to extend the TCJA without implicating the need to offset the new revenue loss with revenue raisers or additional spending cuts. Fiscal conservatives in the House, however, do not seem favorable to this new approach. The decision on the scoring methodology will be made in the budget resolution, so we will know a great deal about the size of the overall package and the need for revenue raisers in the next few weeks.

There also is disagreement between the House and Senate on how many reconciliation bills to process. The House would pass only one reconciliation bill, which would include all tax, spending, border security, energy policy, and



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defense-related issues. The Senate wants to proceed with a smaller reconciliation bill first. This initial bill would include energy policy, border security, and defense-related provisions, and would leave major tax and spending changes to a larger second reconciliation bill.

If the House and Senate are successful in April in hammering out a joint budget resolution, then the goal would be for the two chambers to begin work on a reconciliation bill or bills in May with an eye toward presenting a bill to the President for his signature sometime in the late spring or early summer.

Further complicating the fiscal front is the need to raise the nation's debt ceiling. The Congressional Budget Office (CBO) estimates that the U.S. Treasury will exceed its statutory debt limit between May and October, but the timing will be greatly affected by the actual tax receipts collected by Treasury. As reported by The Washington Post, anonymous sources at the Treasury Department are suggesting that the cuts to compliance and enforcement personnel at the Internal Revenue Service could lead to taxpayers taking aggressive tax positions beginning with the 2024 tax year filings and, consequently, lowering overall tax receipts collected by as much as 10 percent. Only time will tell.

Be assured that NCPERS will closely monitor the budget process in Congress and report any significant developments to its members. ♦

***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, Nebraska, 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.*



## What's New from NCPERS?

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



Photo Illustration © 2025 iStock.com

**W**ith spring in the air here in our nation's capital, we're spotlighting new resources, announcements, and upcoming events from NCPERS for pension leaders and stakeholders across our membership.

Please be sure to review the full calendar of [upcoming in-person and virtual events](#) to plan for your team's educational needs. And, as always, please email [membership@ncpers.org](mailto:membership@ncpers.org) for more information on our programs, resources, and events available to you as members.

### Save the Date for the 2025 Public Pension Compensation Survey

The [2025 Public Pension Compensation Survey](#) will be distributed to participants on April 8th. Conducted annually by NCPERS and CBIZ, the survey captures in-depth compensation and bonus data on 90 common positions found at public pension funds, as well as details on benefits, fund oversight, salary increase planning, and bonuses. Participants receive complimentary access to the survey data.

Register now for the [informational webinar](#) where the NCPERS and CBIZ teams will walk you through the survey submission process, share best practices, and answer any questions you may have. [Find information on how to participate](#) in the survey or contact [research@ncpers.org](mailto:research@ncpers.org) to learn more.

### Register Now to Save: Annual Conference & Exhibition

We're looking forward to welcoming more than 700 public pension leaders to Denver on May 18-21 for the [2025 Annual Conference & Exhibition](#). From investment insights to cybersecurity and technology trends, the [agenda](#) features more than 40 sessions covering key topics public pension leaders, trustees, and stakeholders need to know. You won't want to miss the industry's leading educational and networking event: Be sure to [register by May 2](#) to secure the discounted early-bird rates. ☺

### **NCPERS University: Leading Trustee Education**

Maximize your learning in Denver with NCPERS University! Held immediately before the Annual Conference & Exhibition on May 17-18, the [Trustee Educational Seminar \(TEDS\)](#) and [NCPERS Accredited Fiduciary \(NAF\) Program](#) are designed to equip you with the knowledge needed to effectively fulfill your fiduciary duties. New trustees and plan staff are encouraged to start with TEDS to master the fundamentals, while NAF provides the opportunity to level up your skills.

### **New Partnership: NCPERS/SOA Public Pension Mortality Study**

We are pleased to announce our [new partnership with the Society of Actuaries \(SOA\) Research Institute](#) to develop a study focusing on U.S. public pension plan mortality data. Sponsored by NCPERS, the study will analyze data from U.S. public pension systems spanning from 2022 to 2026 to create public sector-specific mortality tables for release in 2030.

We know the SOA actuarial data is referenced by many public pension plans and is essential to their long-term planning, so we are proud to be ensuring the continued creation of this essential tool for our community.

### **Join Fellow Public Pension Executives at NCPERS Chief Officers Summit**

Looking ahead, public pension executives are invited to attend NCPERS at the [Chief Officers Summit](#) in New York City. This vendor-free event fosters candid discussions on the public pension industry's most pressing challenges and opportunities, creating a space for open dialogue and actionable insights. [View the agenda](#) and [register now](#) to join fellow public pension leaders in the financial capital of the world on June 16-18.

# Public Retirement Systems Study

## Trends in Fiscal, Operational, and Business Practices

**NCPERS 2025 EDITION**

*Find key insights on public pension trends, including investment and fiscal performance, operations and business practices, and leadership priorities for the year ahead. Plus, explore in-depth data through our interactive dashboard.\**

*\*Exclusively available to NCPERS members.*



**Access Now**

## New Virtual Roundtables: Legal and Government Affairs Professionals

The NCPERS [virtual roundtables for pension plan professional staff](#) continue to expand in 2025. We've added a new Pension Fund Legal Roundtable to bring together pension fund legal staff responsible for investment-related and other securities matters. Please spread the word in your organization; interested pension professionals can [sign up here](#).

In February, we launched a Government Affairs Roundtable to allow members working in advocacy and external affairs to connect with peers and crowd-source solutions to common challenges. Pension fund staff responsible for advocacy efforts and relationships with policymakers can participate by [signing up here](#).

[Learn more](#) about NCPERS Roundtables for pension professionals, including CEOs, CIOs, and Directors of HR, Communications, and Member Services. Participation is free for NCPERS members!

## Reminder: 2025 Public Retirement Systems Study Available

Our thanks to the more than 200 pensions plans that participated in the [NCPERS 2025 Public Retirement Systems Study](#). Each year, this study gathers the latest data on plans' fiscal, operational, and business practices, creating a key resource for public pensions to benchmark their performance against their peers. Members can [access the final report and dashboard here](#).

The final report highlights top takeaways on investment trends and plan practices. The interactive dashboard allows members to customize the data set for comparison by number of staff, assets under management, and more to compare your plan against your peers.

## Pension Industry Careers: Job Listings, Hiring, and Retirement Announcements

NCPERS maintains a homepage for all the latest industry [job listings, new hires, and retirement announcements](#) at our member pension funds, stakeholders, and service providers. We help our members promote their open positions or industry moves by raising awareness through a broad network of contacts.

If your organization has news about staff or is looking to hire, please send your announcement details to [membership@ncpers.org](mailto:membership@ncpers.org) for consideration. ♦

# The Hidden Costs of Pension Reforms:

## Rising Income Inequality, Lagging Economic Growth

[DOWNLOAD THE REPORT](#)



**J**essica Ransome joined the NCPERS' team in January to support the growth of our in-person and virtual [educational programming](#). In her role as Education Associate, she plays a critical role in shaping educational content for the public pension community—working closely with industry experts and speakers to deliver invaluable learning experiences.

With the [Annual Conference & Exhibition \(ACE\)](#) less than two months away, she's busy working to ensure this year's educational program is better than ever! [View the agenda](#) and [register here](#) to join us in Denver.

And keep reading to learn more about what Jessica does as NCPERS' Education Associate:

**Q: What does a typical week look like?**

**A:** Every week is dynamic and varies depending on upcoming events and educational initiatives. A typical week involves coordinating with speakers and panelists for upcoming webinars or in-person programs and working on strategic outreach to ensure members have access to relevant and valuable learning opportunities. I also collaborate with colleagues across different departments to align our educational programming with NCPERS' broader initiatives.

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

**A:** Before joining NCPERS, I was the Associate Director of Outreach & Strategic Partnerships at the American Kidney Fund. Prior to that, I served as an Education Program Manager at the Eastern Shore Area Health Education Center and as a Health Educator at the Osteogenesis Imperfecta Foundation. Throughout my career, I have specialized in curriculum development, program management, data analysis, and stakeholder engagement—skills that have seamlessly transitioned into my current role in public pensions.

**Q: What do you like most about your role as NCPERS' Education Associate so far?**

**A:** Public health has been my wheelhouse for the past 10 years—joining the public pension education realm has been a blast! I really enjoy the opportunity to shape educational programs that make a meaningful impact on public pension professionals. The ability to bring together thought leaders and industry experts to share insights and best practices is incredibly rewarding. I also appreciate the collaborative environment at NCPERS and the chance to engage with members who are passionate about their work in the pension sector. ☺



**Q: Having worked in the public pension industry for a few months now, has anything you've learned surprised you?**

**A:** One of the most eye-opening aspects has been the complexity and importance of pension systems in ensuring retirement security for millions of public sector employees. I've been particularly surprised by the diversity of topics that intersect with pensions, from investment strategies to workforce trends and policy considerations. It's been fascinating to see how education plays such a critical role in helping trustees and administrators navigate these evolving challenges.

**Q: Where are you from originally?**

**A:** I grew up in the Southeast area of Washington, DC.

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

**A:** Outside of work, I enjoy home interior design—as a self-proclaimed maximalist, thrifting is my favorite pastime. I also love spending time with family and friends and exploring new places when I can.

**Q: How can members contact you?**

**A:** Members can reach me via email at [jransome@ncpers.org](mailto:jransome@ncpers.org) or by phone at 202-601-2449. ♦

- ANNUAL COMPENSATION REPORT -

# Public Pension Insights 2024:

## A Comprehensive Survey on Compensation Trends

*Find in-depth compensation data for 88 public pension roles and explore industry recruitment and retention trends.*

**+ Access an Interactive Dashboard**

**LEARN MORE**

For more information visit [www.ncpers.org/public-pension-compensation-survey](http://www.ncpers.org/public-pension-compensation-survey)

**Oregon Bill Proposes to Lower Firefighter Retirement Age to 50**

An Oregon bill that would lower the retirement age for thousands of police officers, firefighters and prosecutors from age 53 to 50 is gaining traction in the Legislature, with two leaders of a Senate committee indicating their bipartisan willingness.

**READ MORE***Source: Fire Rescue 1***New York State Judges Reject Lawsuit Challenging New York City Pension Funds' Fossil Fuel Divesting**

New York state appeals court judges have upheld a lower-court ruling rejecting allegations that three New York City pension funds violated their fiduciary duty by divesting of fossil fuel investments. "The plaintiffs' arguments are speculative," said the 5-0 opinion on March 11 by judges in the appellate division of the New York State Supreme Court.

**READ MORE***Source: Pensions & Investments***Detroit Systems Reveal Amounts for Retirees' Bonus Payments**

The city of Detroit's retirement systems are preparing to issue an extra payment to city retirees by May 1 after a federal bankruptcy court earlier this month approved the move, marking the first time the retirees are getting relief after taking a reduction in their pension benefits in bankruptcy. Police and fire retirees will each get an estimated payment of \$650, while general retirees will each receive a projected \$466 payment.

**READ MORE***Source: The Detroit News***Debate Over Connecticut Pension Calculations Heats Up**

Legislators are renewing a long-running debate about whether overtime earnings should continue to be included when calculating pensions for state employees. A Republican lawmaker who introduced a measure to end the practice, says reform is needed now with state overtime spending on the rise. But labor unions and their advocates argue that the repeal would unfairly penalize employees who increasingly face mandatory overtime assignments.

**READ MORE***Source: CT Mirror***CalPERS Adds Commitment to Labor Issues to Proxy-Voting Guidelines**

CalPERS may withhold votes from director nominees who show failed oversight and/or a lack of commitment surrounding labor issues such as diversity, equity and inclusion, and also announced it is actively engaging with 16 companies regarding their reported rollback of DEI initiatives. The new guidelines reflect CalPERS' "long history of proxy voting and company engagement surrounding HCM issues."

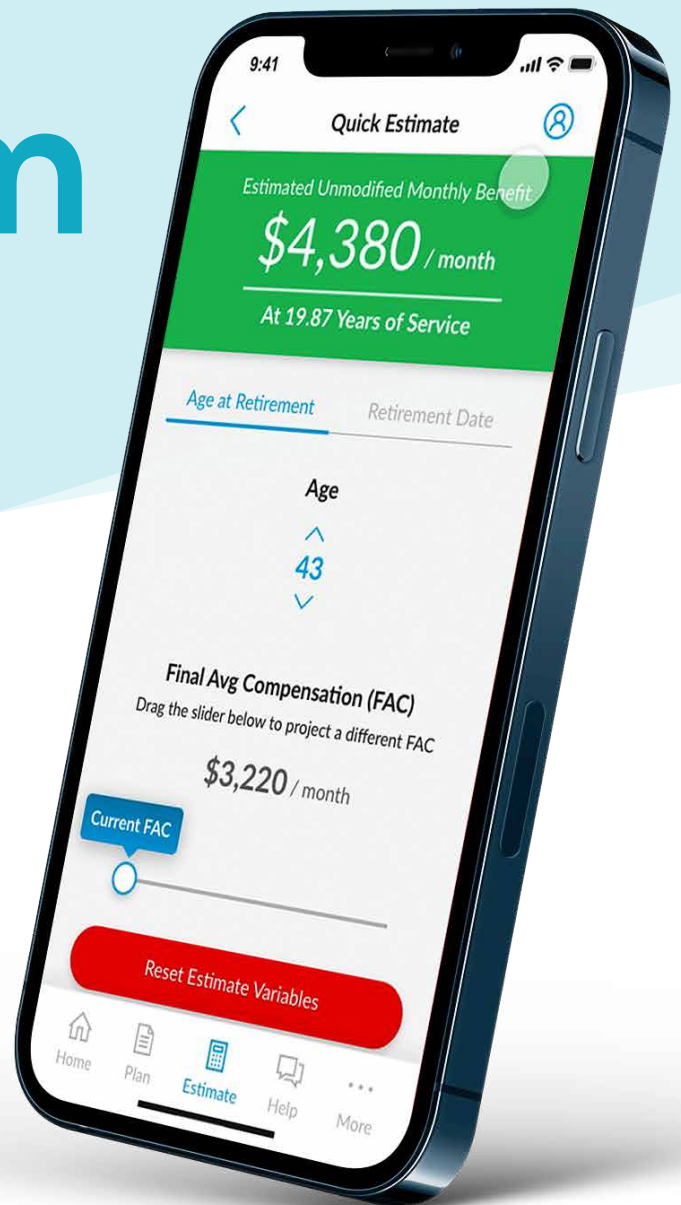
**READ MORE***Source: Pensions & Investments*

# 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)



## UPCOMING EVENTS

### May 2025

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

May 17-18  
Denver, CO

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

May 17-18  
Denver, CO

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

May 18-21  
Denver, CO

### June 2025

#### **Chief Officers Summit**

June 16-18  
New York, NY

### August 2025

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

August 17-19  
Chicago, IL

### September 2025

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

September 24-26  
Philadelphia, PA

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[www.ncpers.org/future-conferences](http://www.ncpers.org/future-conferences).



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