

AGENDA



Date: August 8, 2025

The supplemental meeting of the Dallas Police and Fire Pension System Board of Trustees will be held at **8:30 a.m. on Thursday, August 14, 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=OG5CbEFhajN5V0hWaUFJMIhYcHQ2Zz09> Passcode: **923237**. Items of the following agenda will be presented to the Board:

A. APPROVAL OF MINUTES

Regular meeting of July 10, 2025

B. DISCUSSION AND POSSIBLE ACTION REGARDING ITEMS FOR INDIVIDUAL CONSIDERATION

1. Actuarial Review and Actuarial Valuation Assumptions

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

2. 2025 Mid-Year Budget Review

3. Quarterly Financial Reports

C. BRIEFING ITEMS

Public Comment

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

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

**Dallas Police and Fire Pension System
Thursday, July 10, 2025
8:30 a.m.
4100 Harry Hines Blvd., Suite 100
Second Floor Board Room Dallas, TX**

Supplemental meeting, Michael Taglienti, Chairman, presiding:

ROLL CALL

Board Members

Present at 8:30 a.m. Michael Taglienti, Tom Tull, Michael Brown, Matthew Shomer, Joe Colonna, Anthony Scavuzzo, David Kelly, Marcus Smith, Robert Walters

Present at 8:39 a.m. Steve Idoux (by telephone)

Staff

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

Others

David Elliston, Rick Salinas, Suzanne Zieman, Ben Mesches, David Harper

By telephone Ken Shoji, Leandro Festino, Colin Kowalski

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

The Supplemental meeting was reconvened at 10:50 a.m.

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A. APPROVAL OF MINUTES

Regular meeting of June 12, 2025

After discussion, Mr. Kelly made a motion to approve the minutes of the meeting of June 12, 2025. Mr. Walters seconded the motion, which was unanimously approved by the Board.

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**Supplemental Board Meeting
Thursday, July 10, 2025**

B. BRIEFING ITEMS

Public Comment

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

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Ms. Gottschalk stated that there was no further business to come before the Board. On a motion by Mr. Colonna and a second by Mr. Scavuzzo, the meeting was adjourned at 10:51 a.m.

Michael Taglienti,
Chairman

ATTEST:

Kelly Gottschalk,
Secretary



DISCUSSION SHEET

Supplemental ITEM #B1

Topic: **Actuarial Experience Review and Actuarial Valuation Assumptions**

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

Attendees: Jeff Williams, Vice President & Consulting Actuary, Segal Consulting
Caitlin Grice, Vice President & Consulting Actuary, Segal Consulting

- Discussion:**
- a.** Segal has completed an actuarial experience review for DPFP for the period of January 1, 2020 to December 31, 2024. The primary purpose of an experience review is to compare the reasonableness of the demographic and economic assumptions used in preparing the Actuarial Valuation to the actual historical experience as well as expectations for the future. Segal will present the results of their review and may recommend the Board consider modifying certain assumptions.
 - b.** An actuarial valuation is performed to determine whether the assets and contributions are sufficient to provide the prescribed benefits and it is an important part of the annual financial audit. Segal Consulting is preparing the January 1, 2025 actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan. Many economic and demographic assumptions are required to prepare the valuation. Pursuant

Supplemental Board Meeting– Thursday, August 14, 2025

DISCUSSION SHEET

Supplemental ITEM #B1 (continued)

to Article 16, Section 67 (f)(3) of the Texas Constitution, the Board determines the assumptions used in the valuation.

Staff

- Recommendation:**
- a. **Accept** the Review of Actuarial Experience and **submit** the document to the Pension Review Board.
 - b. **Provide** direction to Segal on the assumptions to be used in preparing the January 1, 2025 actuarial valuation reports for the Regular Plan (Combined Plan) and the Supplemental Plan.

Supplemental Board Meeting – Thursday August 14, 2025



DISCUSSION SHEET

Supplemental ITEM #B2

Topic: **2025 Mid-Year Budget Review**

Discussion: Attached is a review of the 2025 Operating Expense Budget detailing expenses for the first six months of the calendar year.

Expense items with significant variances to the prorated budget as of June 30, 2025 are discussed in the attached review.

Supplemental Board Meeting – Thursday, August 14, 2025

DALLAS POLICE AND FIRE PENSION SYSTEM

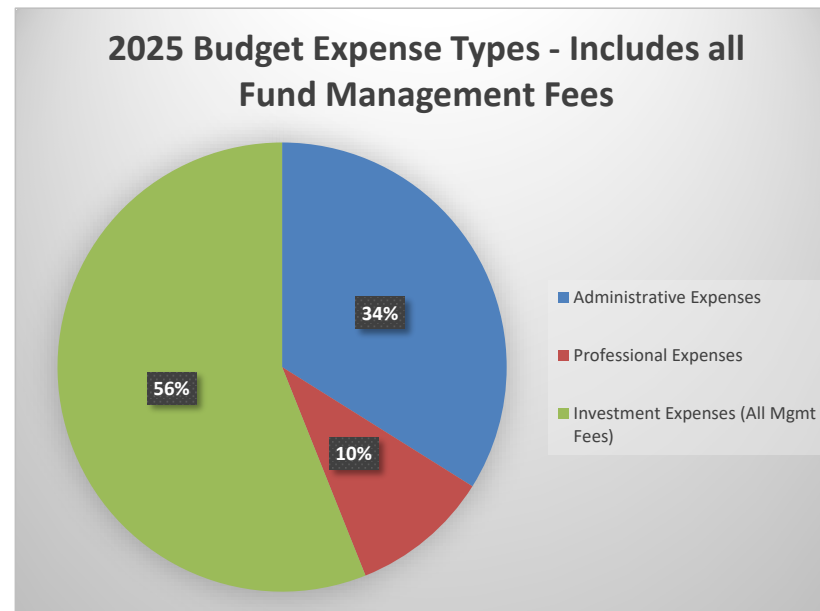
2025 MID-YEAR BUDGET REVIEW

August 14, 2025



2025 Mid-Year Budget Review

- The System budget year is January – December.
- The Budget Adoption Policy requires a mid-year budget review each August.
- The annual budget of \$19.3M is straight-lined over the year.



2025 Mid-Year Budget Review

In the summary budget, we track three broad categories of expenses:

- Administrative Expenses
- Professional Expenses
- Investment Expenses



2025 Mid-Year Budget Review

Summary Budget

Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
Administrative Expenses	\$ 2,974,350	\$ 3,272,697	\$ 2,752,355	\$ (298,347)	(9.1%)
Professional Expenses	851,183	968,833	716,669	(117,649)	(12.1%)
Investment Expenses **	3,343,440	3,408,169	2,864,528	(64,729)	(1.9%)
Total	\$ 7,168,973	\$ 7,649,698	\$ 6,333,552	\$ (480,725)	(6.3%)

** Does not include Indirect Investment Management Fees



2025 Mid -Year Budget Review

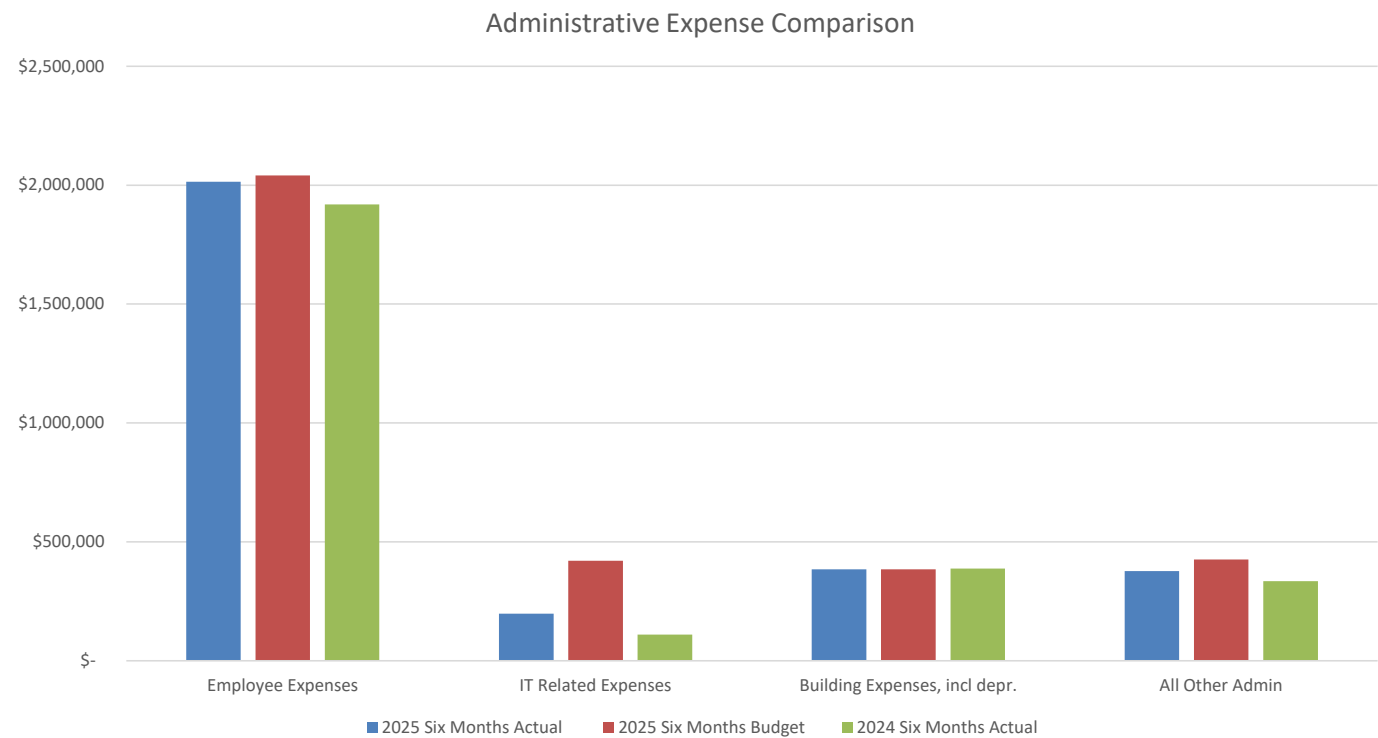
Administrative Expenses

Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
Employee Expenses	\$ 2,014,582	\$ 2,040,744	\$ 1,918,786	\$ (26,162)	(1.3%)
IT Related Expenses	198,068	420,743	110,194	(222,675)	(52.9%)
Building Expenses, incl depr.	384,068	384,789	388,104	(721)	(0.2%)
All Other Admin	377,632	426,421	335,271	(48,789)	(11.4%)
Total	\$ 2,974,350	\$ 3,272,697	\$ 2,752,355	\$ (298,347)	(9.1%)

- IT Related Expenses – Largest variance is related to timing of expenses for the Pension Administration Project. We expect more expenses in the second half of the year.
- Employee and Building Expenses – Actual Expenses are close to budget with overall variances of 1.3% or less.
- All Other Admin Expenses – Liability Insurance is under budget by \$23k as the actual policy renewals came in under budgeted projections.

2025 Mid-Year Budget Review

Administrative Expense Comparison



2025 Mid-Year Budget Review

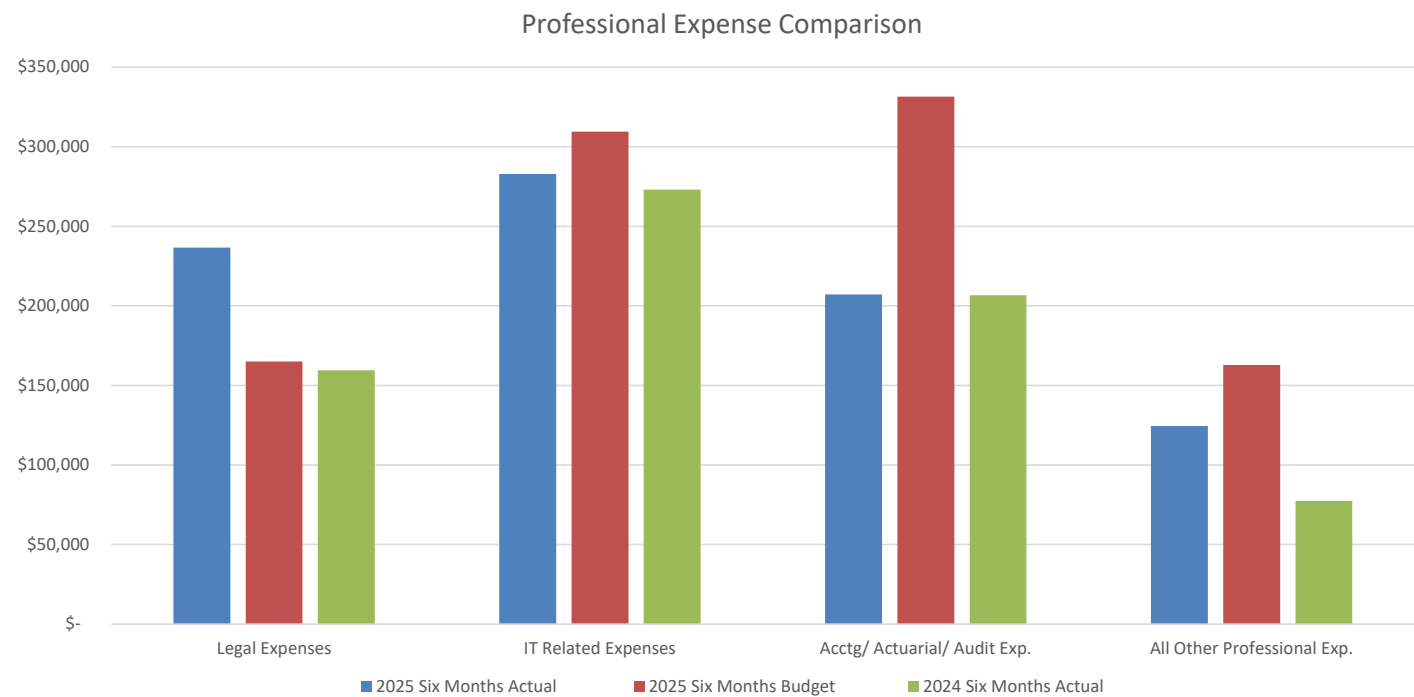
Professional Expenses

Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
Legal Expenses	\$ 236,562	\$ 165,000	\$ 159,578	\$ 71,562	43.4%
IT Related Expenses	282,921	309,500	272,971	(26,579)	(8.6%)
Acctg/ Actuarial/ Audit Exp.	207,124	331,433	206,715	(124,309)	(37.5%)
All Other Professional Exp.	124,577	162,900	77,405	(38,323)	(23.5%)
Total	\$ 851,183	\$ 968,833	\$ 716,669	\$ (117,649)	(12.1%)

- Legal expenses – Variance reflects the current litigation expenses during the first six months of the year.
- Accounting / Actuarial / Audit Expenses – Actuarial expenses are \$116K less than expected due in part to the timing of the work performed.

2025 Mid-Year Budget Review

Professional Expense Comparison



2025 Mid-Year Budget Review

Investment Expenses

Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
Investment due diligence	\$ 31,141	\$ 36,160	\$ 20,787	\$ (5,019)	(13.9%)
Custodian fees	113,500	113,500	108,129	-	0.0%
Investment portfolio operating exp.	727,562	397,000	195,935	330,562	83.3%
Investment consultant and reporting	311,250	307,084	175,000	4,167	1.4%
Fund management fees (direct only)	2,159,986	2,554,425	2,364,677	(394,439)	(15.4%)
Total Investment Expenses	\$ 3,343,440	\$ 3,408,169	\$ 2,864,528	\$ (64,729)	(1.9%)

- Portfolio Operating Expenses – Variance is related to larger than expected legal fees with an investment manager, partially offset by the timing of appraisal, audit and other investment related expenses.
- Fund Management Fees – Less than budgeted due to negotiated fee reductions and the timing of some fees.

2025 Mid-Year Budget Review

Account Detail – sorted by largest to smallest dollar variance

	Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
1	Investment portfolio operating expenses	\$ 727,562	\$ 397,000	\$ 195,935	\$ 330,562	83.3%
2	Legal fees	236,562	165,000	159,578	71,562	43.4%
3	Postage	24,400	13,600	15,183	10,800	79.4%
4	Investment consultant and reporting	311,250	307,084	175,000	4,167	1.4%
5	Bank Fees	9,924	6,500	5,562	3,424	52.7%
6	Bad Debt Expense	2,469	-	-	2,469	100.0%
7	Miscellaneous professional services	20,977	19,375	14,405	1,602	8.3%
8	Printing	3,910	3,425	1,763	485	14.2%
9	Board meetings	1,673	1,300	1,119	373	28.7%
10	Disability medical evaluations	3,500	3,250	-	250	7.7%
11	Subscriptions/Publications	532	470	284	62	13.3%
12	Records storage	1,896	1,868	1,550	29	1.5%
13	Communications (phone/internet)	14,355	14,332	12,594	23	0.2%
14	Custodian fees	113,500	113,500	108,129	-	0.0%

2025 Mid-Year Budget Review

Account Detail – sorted by largest to smallest dollar variance

	Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
15	Leased equipment	10,973	11,000	9,804	(27)	(0.2%)
16	Member educational programs	1,662	2,000	-	(338)	(16.9%)
17	Staff meetings	-	400	461	(400)	(100.0%)
18	Building expenses, incl depreciation	384,068	384,790	388,104	(722)	(0.2%)
19	Business continuity	29,218	30,000	23,249	(782)	(2.6%)
20	Elections	5,912	7,025	-	(1,113)	(15.8%)
21	Network security monitoring	121,051	122,500	110,901	(1,449)	(1.2%)
22	Accounting services	29,500	30,975	29,500	(1,475)	(4.8%)
23	Employee service recognition	509	2,000	908	(1,491)	(74.5%)
24	Salaries and benefits	1,982,455	1,984,163	1,894,013	(1,708)	(0.1%)
25	Memberships and dues	9,459	11,419	10,362	(1,960)	(17.2%)
26	Conference registration/materials - board	2,625	6,000	450	(3,375)	(56.3%)
27	Office supplies	10,250	14,175	12,100	(3,925)	(27.7%)
28	Travel - board	6,003	11,000	762	(4,997)	(45.4%)
29	Investment due diligence	31,141	36,160	20,787	(5,019)	(13.9%)
30	Miscellaneous expense	118	6,000	-	(5,882)	(98.0%)
31	Travel - staff	20,652	26,675	9,476	(6,023)	(22.6%)

2025 Mid-Year Budget Review

Account Detail – sorted by largest to smallest dollar variance

	Expense Type	2025 Six Months Actual	2025 Six Months Budget	2024 Six Months Actual	2025 Actual vs Budget \$ Variance	2025 Actual vs Budget % Variance
32	Independent audit	65,000	71,958	-	(6,958)	(9.7%)
33	Conference/training registration/materials - staff	6,848	14,607	3,840	(7,759)	(53.1%)
34	IT software/hardware	3,461	12,500	9,328	(9,039)	(72.3%)
35	Employment expenses	4,118	13,300	10,549	(9,182)	(69.0%)
36	IT subscriptions/services/licenses	77,570	88,738	65,605	(11,168)	(12.6%)
37	Legislative consultants	94,189	108,250	63,000	(14,061)	(13.0%)
38	Depreciation exp - IT hardware	7,674	25,174	8,622	(17,500)	(69.5%)
39	Repairs and maintenance	24,219	46,331	16,488	(22,112)	(47.7%)
40	Liability insurance	267,519	290,933	259,383	(23,413)	(8.0%)
41	Pension administration software & WMS	132,651	157,000	138,821	(24,349)	(15.5%)
42	Public Relations Expense	-	25,000	-	(25,000)	(100.0%)
43	Actuarial services	112,624	228,500	177,215	(115,876)	(50.7%)
44	Information technology projects	95,008	280,000	14,045	(184,992)	(66.1%)
45	Fund management fees (direct only)	2,159,986	2,554,425	2,364,677	(394,439)	(15.4%)
	Gross Total	\$ 7,168,973	\$ 7,649,698	\$ 6,333,552	\$ (480,725)	(6.3%)
	Less: Allocation to Supplemental Plan Budget*	75,284	83,585	74,210	(8,301)	(9.9%)
	Total Regular Plan Budget	\$ 7,093,689	\$ 7,566,113	\$ 6,259,342	\$ (472,424)	(6.2%)

2025 Mid-Year Budget Review

Any questions?





DISCUSSION SHEET

Supplemental ITEM #B3

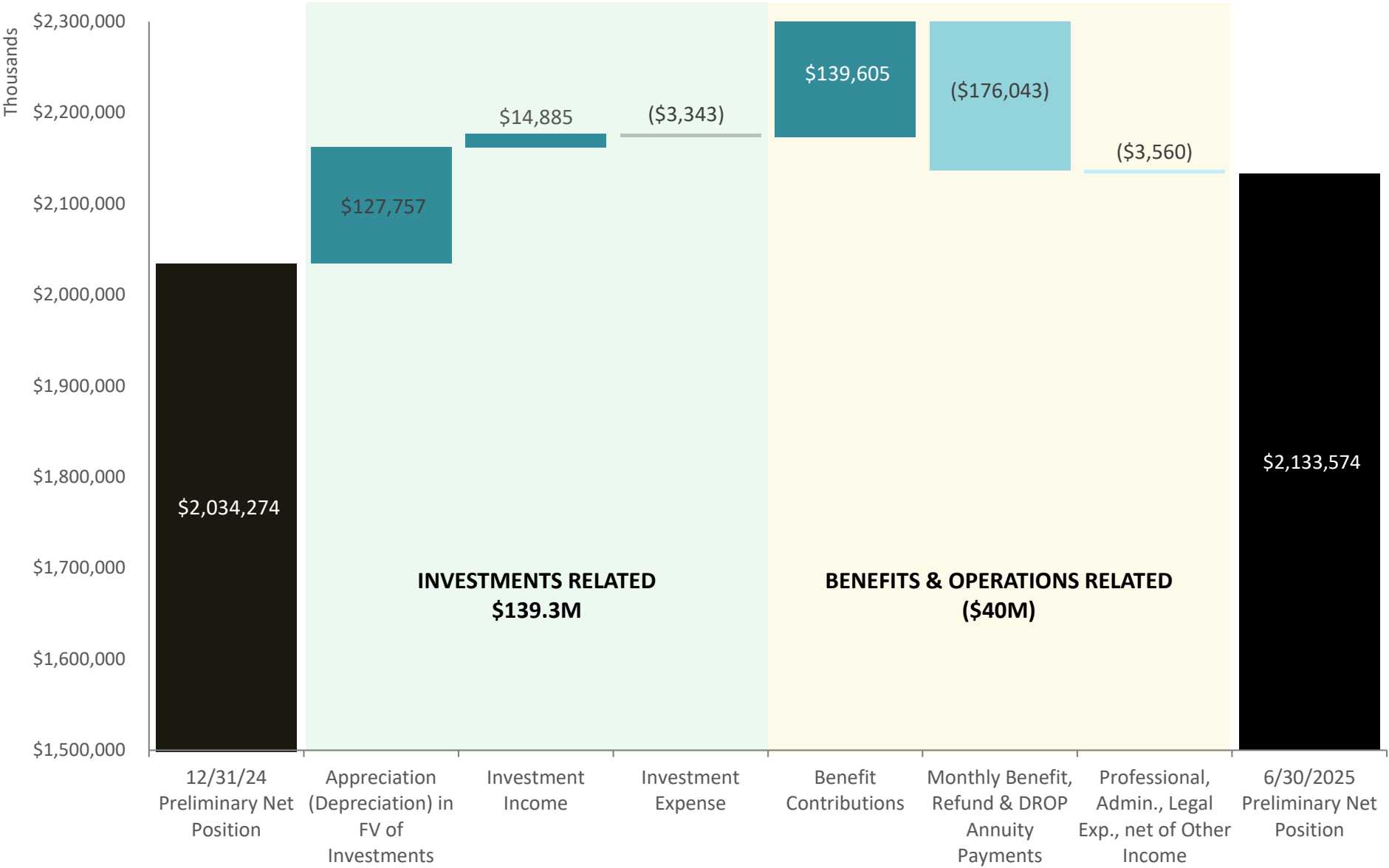
Topic: **Quarterly Financial Reports**

Discussion: The Chief Financial Officer will present the second quarter 2025 financial statements.

Supplemental Board Meeting – Thursday, August 14, 2025

Change in Net Fiduciary Position

December 31, 2024 – June 30, 2025 - Preliminary



Components may not sum exactly due to rounding.

DALLAS POLICE & FIRE PENSION SYSTEM
Combined Statements of Fiduciary Net Position

	June 30, 2025	PRELIMINARY December 31, 2024	\$ Change	% Change
Assets				
Investments, at fair value				
Short-term investments	\$ 19,653,628	\$ 27,946,218	\$ (8,292,590)	-30%
Fixed income securities	424,525,098	406,365,175	18,159,923	4%
Equity securities	1,196,721,061	1,067,813,755	128,907,306	12%
Real assets	241,829,630	250,144,667	(8,315,037)	-3%
Private equity	184,747,245	187,559,581	(2,812,336)	-1%
Forward currency contracts	(586)	(50)	(536)	1072%
Total investments	2,067,476,076	1,939,829,346	127,646,730	7%
Receivables				
City	7,354,403	7,787,490	(433,087)	-6%
Members	2,695,243	2,635,212	60,031	2%
Interest and dividends	5,294,130	4,546,990	747,140	16%
Investment sales proceeds	3,180,662	60,732	3,119,930	5137%
Lease Receivable	2,609,709	2,752,939	(143,230)	-5%
Other receivables	7,886	23,729	(15,843)	-67%
Total receivables	21,142,033	17,807,092	3,334,941	19%
Cash and cash equivalents	45,077,908	72,316,825	(27,238,917)	-38%
Prepaid expenses	957,315	602,217	355,098	59%
Capital assets, net	11,358,518	11,480,088	(121,570)	-1%
Total assets	\$ 2,146,011,850	\$ 2,042,035,568	\$ 103,976,282	5%
Liabilities				
Payables				
Securities purchased	5,985,906	116,339	5,869,567	5045%
Accounts payable and other accrued liabilities	4,182,516	5,206,380	(1,023,864)	-20%
Total liabilities	10,168,422	5,322,719	4,845,703	91%
Deferred inflow of resources	2,269,890	2,438,997	(169,107)	-7%
Net position restricted for pension benefits	\$ 2,133,573,538 *	\$ 2,034,273,852 *	\$ 99,299,686	5%

*The ending period amounts are preliminary and may change as the 2024 results are finalized.

DALLAS POLICE & FIRE PENSION SYSTEM
Combined Statements of Changes in Fiduciary Net Position

	Six Months Ended June 30, 2025	Six Months Ended June 30, 2024	\$ Change	% Change
Contributions				
City	\$ 102,285,631	\$ 91,391,540	\$ 10,894,091	12%
Members	37,318,877	33,658,898	3,659,979	11%
Total Contributions	139,604,508	125,050,438	14,554,070	12%
Investment income				
Net appreciation (depreciation) in fair value of investments	127,757,283	86,691,125	41,066,158	47%
Interest and dividends	14,884,539	12,944,222	1,940,317	15%
Total gross investment income	142,641,822	99,635,347	43,006,475	43%
less: investment expense	(3,343,439)	(2,864,528)	(478,911)	17%
Net investment income	139,298,383	96,770,819	42,527,564	44%
Other income	265,247	225,921	39,326	17%
Total additions	279,168,138	222,047,178	57,120,960	26%
Deductions				
Benefits paid to members	173,934,223	172,186,204	1,748,019	1%
Refunds to members	2,108,695	2,652,138	(543,443)	-20%
Legal expense	236,562	159,578	76,984	48%
Legal expense reimbursement	-	-	-	0%
Legal expense, net of reimbursement	236,562	159,578	76,984	48%
Staff Salaries and Benefits	1,606,517	1,415,433	191,084	14%
Professional and administrative expenses	1,982,455	1,894,013	88,442	5%
Total deductions	179,868,452	178,307,366	1,561,086	1%
Net increase (decrease) in net position	99,299,686	43,739,812		
Beginning of period	2,034,273,852	1,954,624,389		
End of period	<u>\$ 2,133,573,538</u>	<u>\$ 1,998,364,201</u>		



DISCUSSION SHEET

Supplemental ITEM C

Topic: **Public Comment**

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

Supplemental Board Meeting – Thursday, August 14, 2025