

AGENDA



Date: May 3, 2024

The first of two annual public meetings of the Dallas Police and Fire Pension System Board of Trustees as required by Section 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes will be held at **8:30 a.m. on Thursday, May 9, 2024, 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:**

1. Report on the health and performance of the Pension System

- a. Quarterly Financial Reports**
- b. Monthly Contribution Report**

2. Public comment

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

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



DISCUSSION SHEET

ITEM #1

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

- a. Quarterly Financial Reports
- b. Monthly Contribution Report

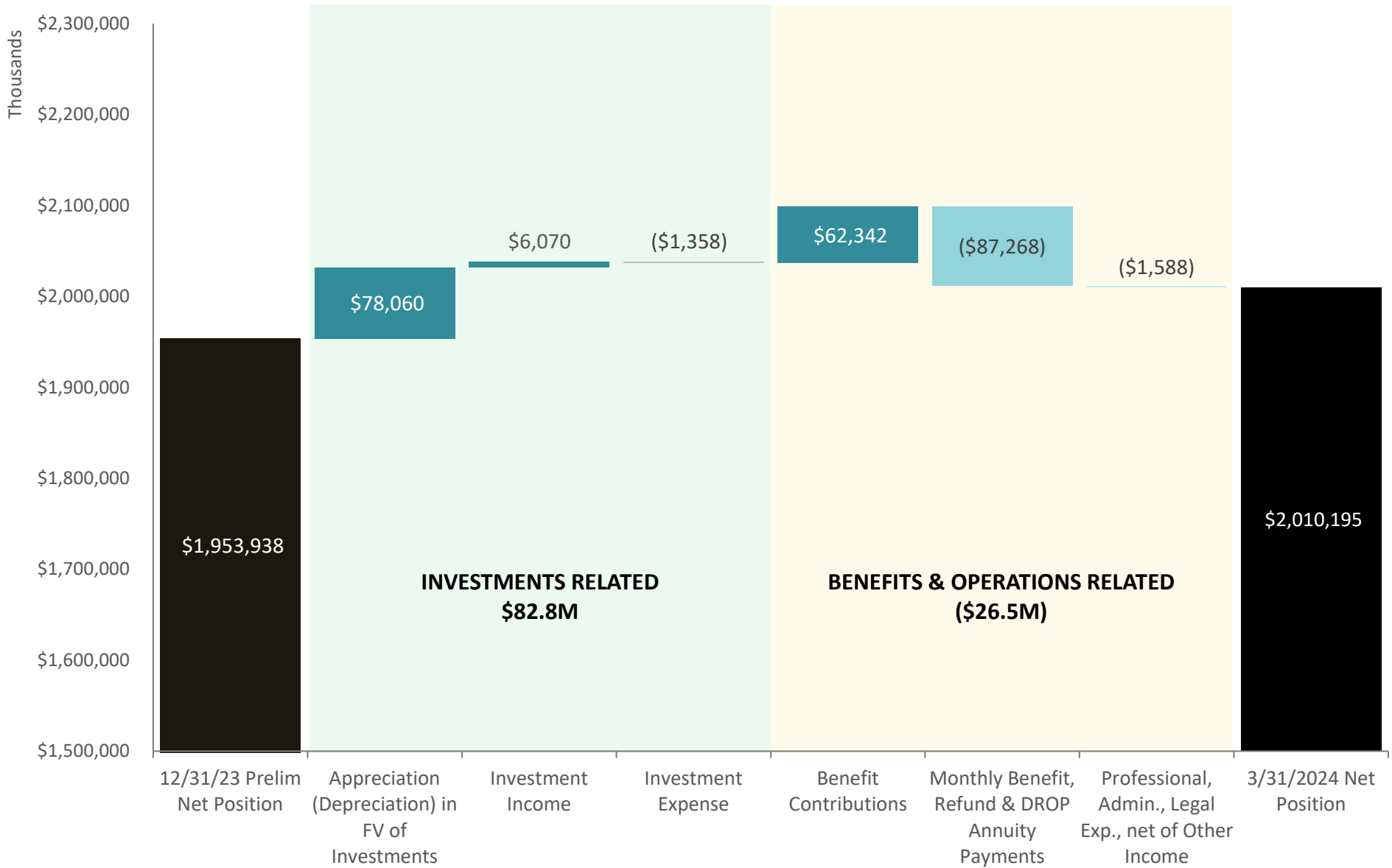
Discussion:

- a. The Chief Financial Officer will present the first quarter 2024 financial statements.
- b. Staff will review the Monthly Contribution Report.

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon's Revised Civil Statutes
Required Public Meeting – Thursday, May 9, 2024*

Change in Net Fiduciary Position

PRELIMINARY - December 31, 2023 – March 31, 2024



Components may not sum exactly due to rounding.

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

	<u>March 31, 2024</u>	<u>PRELIMINARY December 31, 2023</u>	<u>\$ Change</u>	<u>% Change</u>
Assets				
Investments, at fair value				
Short-term investments	\$ 24,918,770	\$ 16,982,561	\$ 7,936,209	47%
Fixed income securities	370,844,861	365,809,375	5,035,486	1%
Equity securities	1,070,495,992	995,629,628	74,866,364	8%
Real assets	278,937,376	279,500,191	(562,815)	0%
Private equity	215,778,463	217,778,463	(2,000,000)	-1%
Forward currency contracts	(177)	-	(177)	0%
Total investments	<u>1,960,975,285</u>	<u>1,875,700,218</u>	<u>85,275,067</u>	<u>5%</u>
Receivables				
City	2,513,732	5,728,687	(3,214,955)	-56%
Members	923,838	2,083,312	(1,159,474)	-56%
Interest and dividends	4,369,172	4,668,499	(299,327)	-6%
Investment sales proceeds	2,230,108	1,963	2,228,145	113507%
Other receivables	115,288	95,848	19,440	20%
Total receivables	<u>10,152,138</u>	<u>12,578,309</u>	<u>(2,426,171)</u>	<u>-19%</u>
Cash and cash equivalents	42,411,699	62,346,331	(19,934,632)	-32%
Prepaid expenses	968,973	561,465	407,508	73%
Capital assets, net	11,446,438	11,455,745	(9,307)	0%
Total assets	<u>\$ 2,025,954,533</u>	<u>\$ 1,962,642,068</u>	<u>\$ 63,312,465</u>	<u>3%</u>
Liabilities				
Payables				
Securities purchased	11,789,764	4,476,298	7,313,466	163%
Accounts payable and other accrued liabilities	3,969,423	4,228,132	(258,709)	-6%
Total liabilities	<u>15,759,187</u>	<u>8,704,430</u>	<u>7,054,757</u>	<u>81%</u>
Net position restricted for pension benefits	<u>\$ 2,010,195,346</u>	<u>\$ 1,953,937,638</u>	<u>* \$ 56,257,708</u>	<u>3%</u>

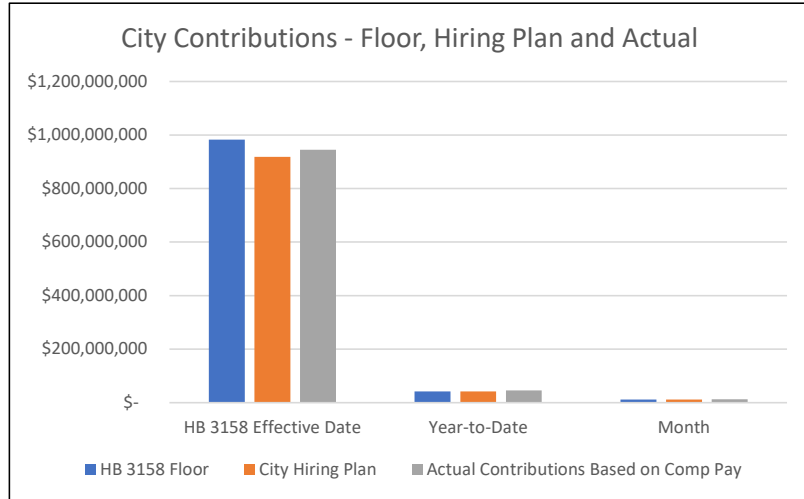
*The ending period amounts are preliminary and may change as the 2023 results are finalized.

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

	<u>Three Months Ended March 31, 2024</u>	<u>Three Months Ended March 31, 2023</u>	<u>\$ Change</u>	<u>% Change</u>
Contributions				
City	\$ 45,558,137	\$ 42,316,896	\$ 3,241,241	8%
Members	16,784,131	15,421,728	1,362,403	9%
Total Contributions	<u>62,342,268</u>	<u>57,738,624</u>	4,603,644	8%
Investment income				
Net appreciation (depreciation) in fair value of investments	78,060,034	71,255,683	6,804,351	10%
Interest and dividends	6,069,586	5,696,968	372,618	7%
Total gross investment income	84,129,620	76,952,651	7,176,969	9%
less: investment expense	<u>(1,357,980)</u>	<u>(1,515,716)</u>	157,736	10%
Net investment income	82,771,640	75,436,935	7,334,705	10%
Other income	99,091	59,767	39,324	66%
Total additions	<u>145,212,999</u>	<u>133,235,326</u>	11,977,673	9%
Deductions				
Benefits paid to members	86,047,464	84,415,207	1,632,257	2%
Refunds to members	1,220,371	1,318,628	(98,257)	-7%
Legal expense	834	139,457	(138,623)	-99%
Legal expense reimbursement	-	-	-	0%
Legal expense, net of reimbursement	834	139,457	(138,623)	-99%
Staff Salaries and Benefits	979,185	980,093	(908)	0%
Professional and administrative expenses	707,437	697,125	10,312	1%
Total deductions	<u>88,955,291</u>	<u>87,550,510</u>	1,404,781	2%
Net increase (decrease) in net position	<u>56,257,708</u>	<u>45,684,816</u>		
Beginning of period	1,953,937,638 *	1,823,207,743		
End of period	<u>\$ 2,010,195,346</u>	<u>\$ 1,868,892,559</u>		

*The beginning period amounts are preliminary and may change as the 2023 results are finalized.

Contribution Tracking Summary - May 2024 (March 2024 Data)

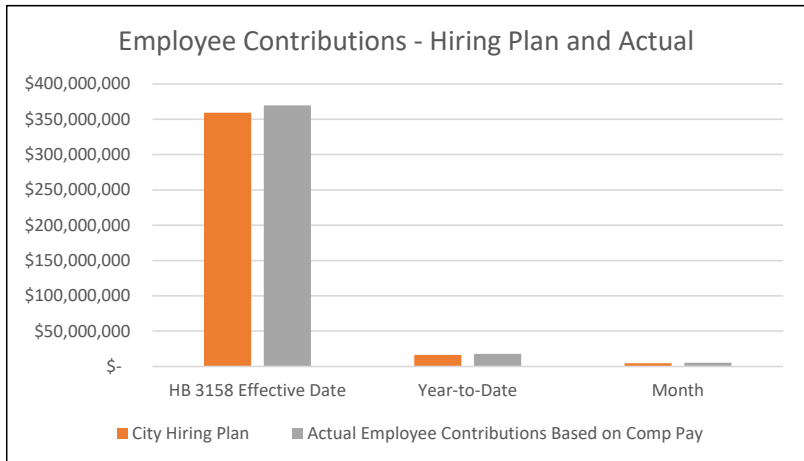


Actual Comp Pay was 103% of the Hiring Plan estimate since the effective date of HB 3158.

The Floor for 2024 is equal to the Hiring Plan estimate of \$6,024,000 per pay period. The Hiring Plan increased by 3.65% in 2024. It is expected that actual contributions will exceed the Floor through 2024.

Through 2024 the HB 3158 Floor is in place so there is no City Contribution shortfall.

The combined actual employees were 17 **more** than the Hiring Plan for the pay period ending April 9, 2024. Fire was over the estimate by 287 Fire Fighters and Police was under by 270 Police Officers.



Employee contributions exceeded the Hiring Plan estimate for the month, the year and since inception.

There is no Floor on employee contributions.

Contribution Summary Data

City Contributions

	Number of Pay Periods Beginning in the Month	HB 3158 Floor	City Hiring Plan	Actual Contributions Based on Comp Pay	Additional Contributions to Meet Floor Minimum	Comp Pay Contributions as a % of Floor Contributions	Comp Pay Contributions as a % of Hiring Plan Contributions
Mar-24							
Month	2	\$ 12,048,000	\$ 12,048,462	\$ 13,161,941	\$ -	109%	109%
Year-to-Date		\$ 42,168,000	\$ 42,169,615	\$ 45,785,014	\$ -	109%	109%
HB 3158 Effective Date		\$ 982,501,000	\$ 918,390,000	\$ 945,141,426	\$ 48,990,866	96%	103%

Due to the Floor through 2024, there is no cumulative shortfall in City Contributions
 Does not include the flat \$13 million annual City Contribution payable through 2024.
 Does not include Supplemental Plan Contributions.

Employee Contributions

	Number of Pay Periods Beginning in the Month	City Hiring Plan	Actual Employee Contributions Based on Comp Pay	Actual Contribution Excess Compared to Hiring Plan	Actuarial Valuation Contribution Assumption	Actual Contributions as a % of Hiring Plan Contributions	Actual Contributions as a % of Actuarial Val Assumption
Mar-24							
Month	2	\$ 4,714,615	\$ 5,152,738	\$ 438,123	\$ 4,236,924	109%	122%
Year-to-Date		\$ 16,501,154	\$ 17,918,387	\$ 1,417,233	\$ 14,829,234	109%	121%
HB 3158 Effective Date		\$ 359,370,000	\$ 369,657,710	\$ 10,287,710	\$ 346,648,912	103%	107%

Potential Earnings Loss from the Shortfall based on Assumed Rate of Return \$ 520,160

Does not include Supplemental Plan Contributions.

Reference Information

City Contributions: HB 3158 Bi-weekly Floor and the City Hiring Plan Converted to Bi-weekly Contributions

	HB 3158 Bi-weekly Floor	City Hiring Plan-Bi-weekly	HB 3158 Floor Compared to the Hiring Plan	Hiring Plan as a % of the Floor	% Increase/ (decrease) in the Floor	% Increase/ (decrease) in the Hiring Plan
2017	\$ 5,173,000	\$ 4,936,154	\$ 236,846	95%		
2018	\$ 5,344,000	\$ 4,830,000	\$ 514,000	90%	3.31%	-2.15%
2019	\$ 5,571,000	\$ 5,082,115	\$ 488,885	91%	4.25%	5.22%
2020	\$ 5,724,000	\$ 5,254,615	\$ 469,385	92%	2.75%	3.39%
2021	\$ 5,882,000	\$ 5,413,846	\$ 468,154	92%	2.76%	3.03%
2022	\$ 6,043,000	\$ 5,599,615	\$ 443,385	93%	2.74%	3.43%
2023	\$ 5,812,000	\$ 5,811,923	\$ 77	100%	-3.82%	3.79%
2024	\$ 6,024,000	\$ 6,024,231	\$ (231)	100%	3.65%	3.65%

The HB 3158 Bi-weekly Floor ends after 2024

Employee Contributions: City Hiring Plan and Actuarial Val. Converted to Bi-weekly Contributions

	City Hiring Plan Converted to Bi-weekly Employee Contributions	Actuarial Valuation Assumption Converted to Bi-weekly Employee contributions	Actuarial Valuation as a % of Hiring Plan
2017	\$ 1,931,538	\$ 1,931,538	100%
2018	\$ 1,890,000	\$ 1,796,729	95%
2019	\$ 1,988,654	\$ 1,885,417	95%
2020	\$ 2,056,154	\$ 2,056,154	100%
2021	\$ 2,118,462	\$ 2,118,462	100%
2022	\$ 2,191,154	\$ 2,191,154	100%
2023	\$ 2,274,231	\$ 2,274,231	100%
2024	\$ 2,357,308	\$ 2,357,308	100%

The information on this page is for reference. The only numbers on this page that may change before 2025 are the Actuarial Valuation Employee Contributions Assumptions for the years 2020-2024 and the associated percentage.

Reference Information - Actuarial Valuation and GASB 67/68 Contribution Assumptions

Actuarial Assumptions Used in the Most Recent Actuarial Valuation - These assumptions will be reevaluated annually & may change.

City Contributions are based on the Floor through 2024, the Hiring Plan from 2025 to 2037, after 2037 an annual growth rate of 2.75% is assumed
 Employee Contributions for 2018 are based on the 2017 actual employee contributions inflated by the growth rate of 2.75% and the Hiring Plan for subsequent years until 2038, when the 2037 Hiring Plan is increased by the 2.75 growth rate for the next 10 years

Actuarial/GASB Contribution Assumption Changes Since the Passage of HB 3158

	Actuarial Valuation	GASB 67/68
YE 2017 (1/1/2018 Valuation)		
2018 Employee Contributions Assumption - based on 2017 actual plus growth rate not the Hiring Plan Payroll	\$ (2,425,047)	*
2019 Estimate (1/1/2019 Valuation)		
2019 Employee Contribution Assumption	\$ 9,278	*
*90% of Hiring Plan was used for the Cash Flow Projection for future years in the 12/31/2017 GASB 67/68 calculation. At 12-31-17, 12-31-18 and 12-31-2019 this did not impact the pension liability or the funded percentage.		

The information on this page is for reference. It is intended to document contribution related assumptions used to prepare the Actuarial Valuation and changes to those assumptions over time, including the dollar impact of the changes. Contribution changes impacting the GASB 67/68 liability will also be included.

City Hiring Plan - Annual Computation Pay and Numbers of Employees						
Year	Computation Pay			Number of Employees		
	Hiring Plan	Actual	Difference	Hiring Plan	Actual EOY	Difference
2017	\$ 372,000,000	Not Available	Not Available	5,240	4,935	(305)
2018	\$ 364,000,000	\$ 349,885,528	\$ (14,114,472)	4,988	4,983	(5)
2019	\$ 383,000,000	\$ 386,017,378	\$ 3,017,378	5,038	5,104	66
2020	\$ 396,000,000	\$ 421,529,994	\$ 25,529,994	5,063	4,988	(75)
2021	\$ 408,000,000	\$ 429,967,675	\$ 21,967,675	5,088	4,958	(130)
2022	\$ 422,000,000	\$ 439,104,541	\$ 17,104,541	5,113	5,074	(39)
2023	\$ 438,000,000	\$ 460,982,051	\$ 22,982,051	5,163	5,136	(27)
2024	\$ 454,000,000			5,213		
2025	\$ 471,000,000			5,263		
2026	\$ 488,000,000			5,313		
2027	\$ 507,000,000			5,363		
2028	\$ 525,000,000			5,413		
2029	\$ 545,000,000			5,463		
2030	\$ 565,000,000			5,513		
2031	\$ 581,000,000			5,523		
2032	\$ 597,000,000			5,523		
2033	\$ 614,000,000			5,523		
2034	\$ 631,000,000			5,523		
2035	\$ 648,000,000			5,523		
2036	\$ 666,000,000			5,523		
2037	\$ 684,000,000			5,523		

Comp Pay by Month - 2024	Annual Divided by 26 Pay Periods	Actual	Difference	2024 Cumulative Difference	Number of Employees EOM	Difference
January	\$ 52,384,615	\$ 56,848,897	\$ 4,464,281	\$ 4,464,281	5,183	(30)
February	\$ 34,923,077	\$ 37,710,735	\$ 2,787,658	\$ 7,251,939	5,166	(47)
March	\$ 34,923,077	\$ 38,150,554	\$ 3,227,478	\$ 10,479,417	5,230	17
April	\$ 34,923,077					
May	\$ 34,923,077					
June	\$ 34,923,077					
July	\$ 52,384,615					
August	\$ 34,923,077					
September	\$ 34,923,077					
October	\$ 34,923,077					
November	\$ 34,923,077					
December	\$ 34,923,077					



DISCUSSION SHEET

ITEM #2

Topic: Public comment

Discussion: This is an open forum for the public to provide input regarding DPFP to the Board and staff.

*Sec. 3.01 (j-9) of Article 6243a-1 of Vernon’s Revised Civil Statutes
Required Public Meeting – Thursday, May 9, 2024*